REDUCING UC COSTS AND INCREASING BUSINESS PERFORMANCE IN THE CLOUD WITH UCaaS

Spiceworks survey reveals IT pros' perceptions of UCaaS advantages, concerns – and projects doubling of adoption

NEC

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UCaaS: UNIFIED COMMUNICATIONS MADE SMB-ACCESSIBLE

Businesses today communicate in more ways, using more technologies, than ever before. Calls are as likely to take place on mobile devices and computers as they are on desk phones, and communication methods now include not only traditional one-on-one voice calling, but also Internet calling; conferencing and collaboration; and messaging and instant messaging. As communications continue to evolve, so too will the number and complexity of devices and formats – along with the challenge of using them effectively and cost-efficiently.

When today's small or midsize business (SMB) considers how to meet employees' increasingly diverse communication needs, it makes sense to look to premise-based unified communications (UC). As the name suggests, UC unifies different types of communications into a single networked whole, enabling people to move seamlessly between them and allowing businesses to manage them as one streamlined entity. This can result in faster communications, higher employee productivity, better use of mobile technology, and better collaboration. At the same time, however, UC solutions can be expensive and complex to implement, time consuming to manage, and challenging to keep current with rapid advances in tools and technology.

Unified Communications as a Service (UCaaS) addresses the major barriers to SMB adoption of UC by providing a hosted solution for consolidating communications.

This enables companies to:

- Offload equipment costs
- Shift communications budgeting from a CAPEX to an OPEX model
- Simplify management and cost tracking
- Increase scalability
- Increase IT speed and agility
- Improve disaster recovery and business continuity

Even given these advantages, though, there remain some concerns about adopting a UCaaS solution. A recent Spiceworks survey of 267 IT pros in North America (11% of whom have already implemented UCaaS in their organization) points to availability and performance of a hosted solution as the greatest concerns.
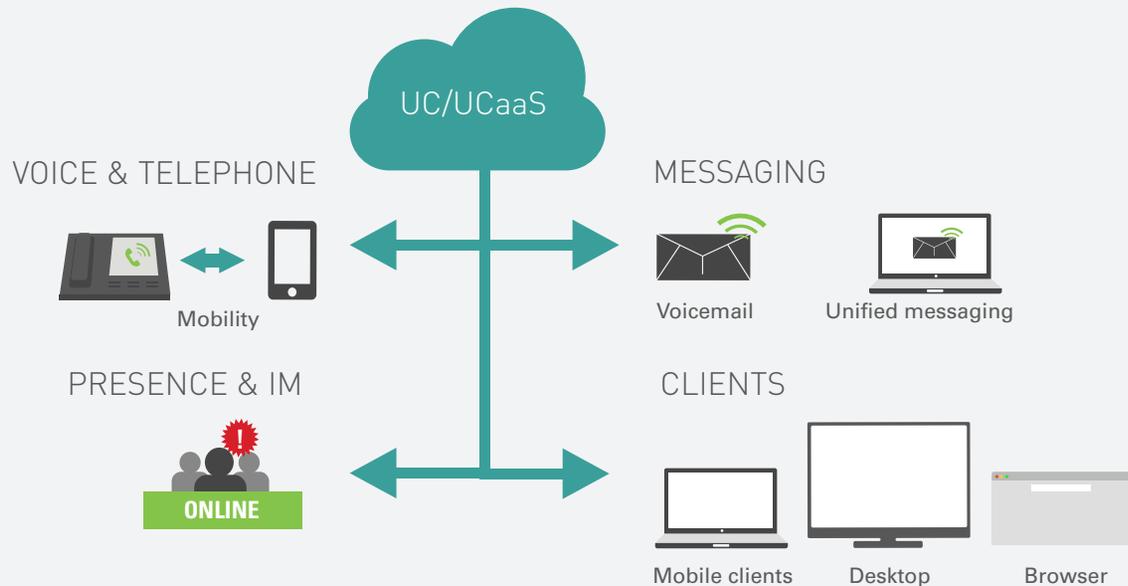
How can SMBs ensure that the benefits of UCaaS outweigh any potential issues of concern? The purpose of this paper is to help by educating IT pros on UCaaS, specifically by further defining the delivery model, examining adoption trends, exploring both the advantages and concerns associated with the model, and offering guidance for evaluating UCaaS solutions.
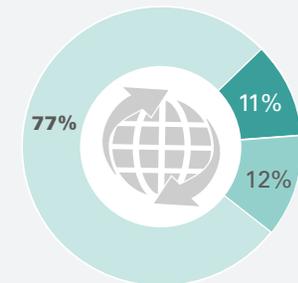
THE GROWING MARKET FOR UCaaS

UCaaS is essentially a delivery model for UC. It serves exactly the same purpose as traditional premise-based UC, i.e., to combine multiple communications means and methods into a single, unified whole, as illustrated below. UCaaS delivers UC as a hosted service rather than as a component of a company's own internal communications infrastructure, typically in user subscription packages with UC features available on an a la carte basis.

UC / UCaaS COMPONENTS

UC/UCaaS

VOICE & TELEPHONE

Mobility

MESSAGING

Voicemail

Unified messaging

PRESENCE & IM

ONLINE

CLIENTS

Mobile clients

Desktop

Browser

CURRENT AND PLANNED UCaaS SOLUTION USAGE

77%

11%

12%

- Yes
- No, but plan to implement one in the next 12 months
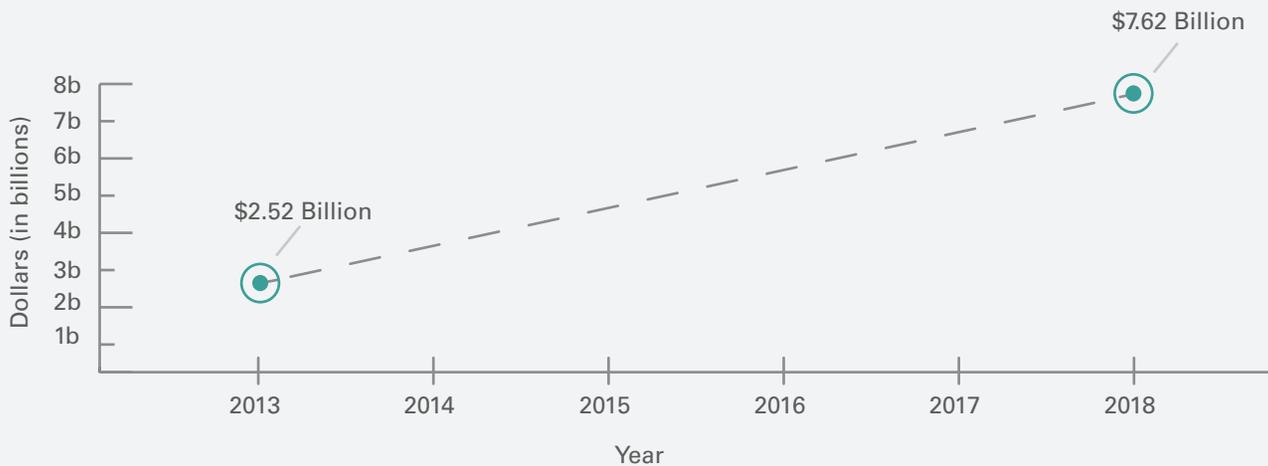- Nope, and no immediate plans to implement one in the next 12 months

Having emerged relatively recently as an alternative to traditional on-premises UC solutions, UCaaS remains the province of early adopters. Among IT pros responding to the Spiceworks survey, 11% had adopted UCaaS. However, another 12% indicated they are planning to adopt it in the next year, which will more than double the number using UCaaS.

THE GROWING MARKET FOR UCaaS

This projected growth tracks with expectations of UCaaS market growth reported in 2013 by the research and consulting company MarketsandMarkets. Their report on the UCaaS market projects that the global UCaaS market will grow from $2.52 billion in 2013 to $7.62 billion by 2018, at an estimated CAGR of 24.8%.[1]

To account for the projected dramatic increase in adoption, some point to growing confidence in hosted solutions in general; as Irwin Lazar of Nemertes Research has pointed out, "more than 90% of companies now use software as a service (SaaS) applications."[2] At the same time, UCaaS' potential to create uninterrupted communications across communication devices and methods appeals to companies whose employees are increasingly seeking seamless 24/7 access to communications. According to Denise Culver, research analyst and author of a recent Heavy Reading Insider report on UCaaS, "As UCaaS continues to be viewed from the lens of a solution that cuts the landline cord and eradicates the need for a traditional PBX, it will be looked at as a business enabler, rather than a simple phone system."[3]
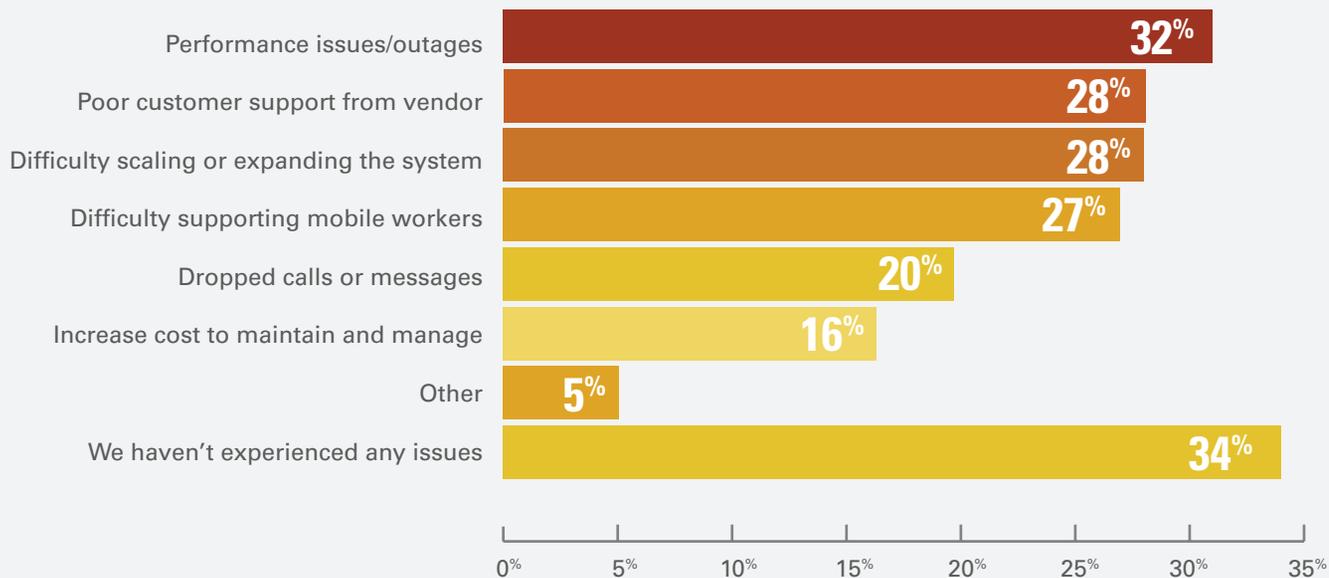
EXPECTED GLOBAL UCaaS MARKET GROWTH[1]

$7.62 Billion

$2.52 Billion

Dollars (in billions)

8b
7b
6b
5b
4b
3b
2b
1b

2013   2014   2015   2016   2017   2018

Year

THE ADVANTAGES OF UCaaS OVER ON-PREMISES SYSTEMS

One compelling reason to adopt UCaaS is to address some of the problematic issues associated with on-premises systems. The majority of IT pros responding to the Spiceworks survey (83%) indicated that they have an on-premises communications solution; of those respondents, 66% indicate that they have had an issue with their on-premises solution in the last 12 months.

CHALLENGES WITH CURRENT ON-PREMISES COMMUNICATIONS SOLUTIONS

Challenge	Percentage
Performance issues/outages	32%
Poor customer support from vendor	28%
Difficulty scaling or expanding the system	28%
Difficulty supporting mobile workers	27%
Dropped calls or messages	20%
Increase cost to maintain and manage	16%
Other	5%
We haven't experienced any issues	34%

THE ADVANTAGES OF UCaaS OVER ON-PREMISES SYSTEMS

According to Zeus Kerravala of ZK Research, "UCaaS has the power to change the way people work, streamline business processes and increase corporate productivity, all at a lower cost than legacy commitment systems."[4]

UCaaS HAS THE POWER TO CHANGE THE WAY PEOPLE WORK THROUGH:

RELIABILITY

UCaaS will deliver higher levels of resiliency and redundancy more cost-effectively than is generally possible with an on-premises system.

SCALABILITY

With UCaaS, companies pay only for what they need, rather than unnecessarily dedicating resources to unused capacity. Solution providers can help them scale by offering the flexibility to add more seats to accommodate growth – and to reduce users if growth slows.

SERVICE LEVEL AGREEMENTS (SLAs)

UCaaS solution providers can be held to strict SLA requirements for uptime and availability.

ACCESS TO NEW FEATURES AND TECHNOLOGY

It can take months or years to roll out feature enhancements to on-premises solutions; hosted solutions can make new features available immediately and selectively to those users who need them the most. ROI can thus be realized sooner and the "technology refresh" cycle more effectively managed.

SUPPORT FOR MOBILITY

UCaaS is browser-based, enabling it to accommodate a variety of devices and operating systems (unlike an on-premises UC, which is likely to be desktop-optimized and OS-specific).

LOW TOTAL COST OF OWNERSHIP

The high initial cost to deploy an on-premises UC is a major challenge for SMBs. UCaaS lowers this capital expense (CAPEX) by eliminating hard costs, other than phones. It also lowers ongoing operating expense (OPEX) by consolidating connectivity and other costs into a per-user monthly licensing fee. There may also be significant cost savings from eliminating the monthly costs of multiple voice/data circuits by consolidation, particularly if the provider offers MPLS/SIP connectivity with the cloud.

SUBSCRIPTION PRICING

A recurring subscription cost to access UCaaS capabilities provides SMBs with predictable pricing that aids in budgeting and planning.

REDUCED IT BURDEN

The burden of maintaining the technology infrastructure for UC rests with the UCaaS solution provider rather than with the SMB's internal IT team.

BUSINESS CONTINUITY AND DISASTER RECOVERY

Building redundant architectures that help ensure continuity of communications can be cost-prohibitive for an SMB. UCaaS shifts this investment to the solution provider.
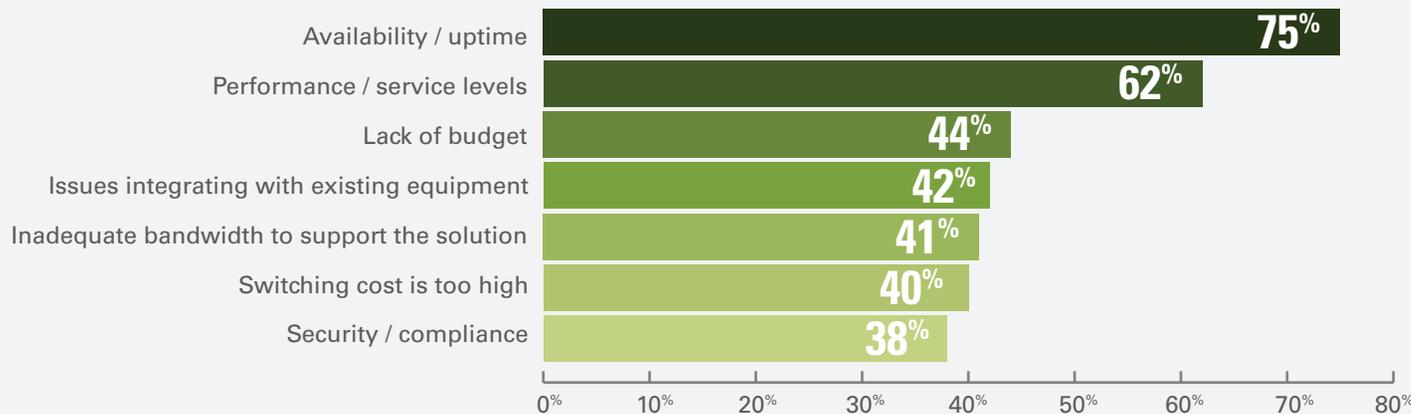
CONCERNS ABOUT UCaaS AMONG TODAY'S IT PROS

While choosing a UCaaS solution frees SMBs from the need to invest major resources in establishing and maintaining an on-premises UC system, it also requires them to cede control over UC operations to a solution provider and become dependent on this third party. This can give rise to a number of concerns. Bill Claybrook once summed up the problem in a general discussion of delivering software as a service: "Customers are entrusting their data to a third-party SaaS provider; what happens if the SaaS provider fails?"[5]

In the context of UCaaS, a failure on the part of the solution provider could result in unacceptable levels of application downtime or in poor application performance. IT pros who responded to the Spiceworks survey overwhelmingly identified availability/uptime and performance/service levels as their top concerns with implementing a UCaaS solution, far ahead of issues such as budget, integration, bandwidth adequacy, switching costs, and security.

"CUSTOMERS ARE ENTRUSTING THEIR DATA TO A THIRD-PARTY SaaS PROVIDER; WHAT HAPPENS IF THE SAAS PROVIDER FAILS?"

-BILL CLAYBROOK, MARKETING RESEARCH ANALYST[5]

CONCERNS ABOUT IMPLEMENTING A UCaaS SOLUTION:

Concern	Percentage
Availability / uptime	75%
Performance / service levels	62%
Lack of budget	44%
Issues integrating with existing equipment	42%
Inadequate bandwidth to support the solution	41%
Switching cost is too high	40%
Security / compliance	38%

Because availability and performance are issues of such great concern, it's important for the SMB to thoroughly assess its needs, establish the criteria for a successful solution, and then identify the right UCaaS partner based on those criteria.

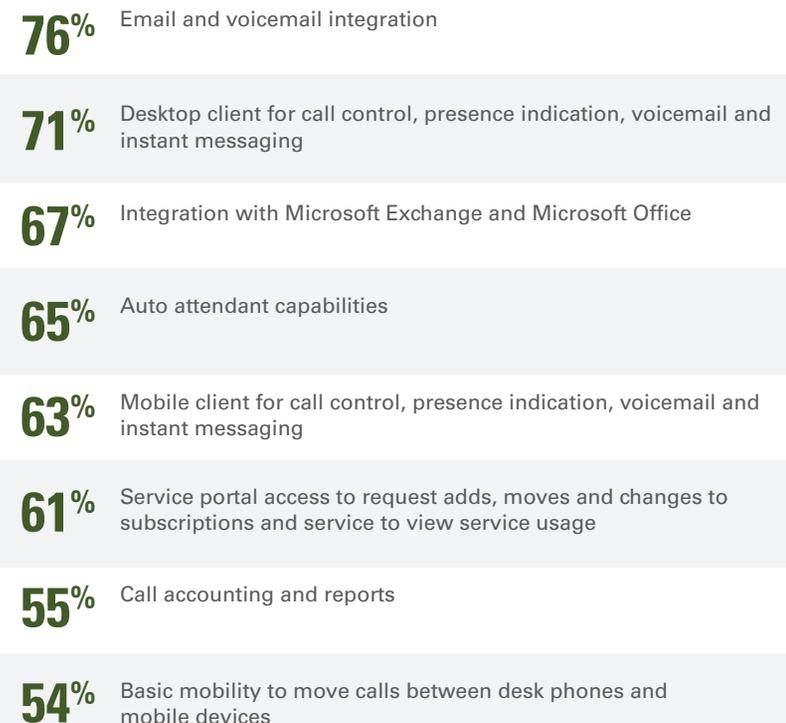# FINDING THE RIGHT UCaaS PARTNER TO MINIMIZE CONCERNS AND MAXIMIZE ADVANTAGES

When asked about evaluating a UCaaS solution provider, respondents in the Spiceworks survey identified the vendor's history in providing telecommunications solutions as the most important of all criteria to consider. This was followed closely by customer references and the vendor's training and support infrastructure. All of these qualities testify directly to a vendor's ability – or inability – to deliver a successful solution.

Beyond showing itself to be a proven resource for UCaaS, a prospective solution provider should also offer specific features and capabilities that are important to SMBs. Participants in the Spiceworks survey identified the following as the most important features and capabilities available from a UCaaS solution provider.

IMPORTANT VENDOR CRITERIA WHEN CONSIDERING A UCaaS PROVIDER:

73% Vendor's history in providing telecommunications

66% Customer references and testimonials

64% Vendor's training and support infrastructure

51% Vendor's financial stability and strength

46% Vendor partnerships with trusted technology

41% Ability to provide on-premises and hybrid public/private solutions

IMPORTANT FEATURES AND CAPABILITIES OF A A UCaaS PROVIDER:

76% Email and voicemail integration

71% Desktop client for call control, presence indication, voicemail and instant messaging

67% Integration with Microsoft Exchange and Microsoft Office

65% Auto attendant capabilities

63% Mobile client for call control, presence indication, voicemail and instant messaging

61% Service portal access to request adds, moves and changes to subscriptions and service to view service usage

55% Call accounting and reports

54% Basic mobility to move calls between desk phones and mobile devices

FINDING THE RIGHT UCaaS PARTNER TO MINIMIZE CONCERNS AND MAXIMIZE ADVANTAGES

Once the criteria for evaluation have been established, here are some key questions to ask prospective solution providers.

KEY QUESTIONS TO ASK:

- ? What kind of business telephony experience do you have? How long have you been providing these types of solutions?

- ? What specific features and capabilities are available as part of the solution set you offer?

- ? Are your data centers safe, secure, and geo-redundant? Are they monitored 24x7?

- ? What encryption and security protocols are in place to protect data?

- ? What levels of resiliency and redundancy are available to increase reliability?

- ? Is there a service level agreement? What levels of availability and uptime does it promise?

- ? What type of circuit connectivity do I need to connect to the cloud? Can you provide a circuit (e.g. MPLS) tailored to my usage needs? Can I choose to use my existing bandwidth?

- ? How are long distance and local call charges handled?

- ? What is the incident support process?

- ? Is it easy to scale up to more seats quickly if growth warrants it? Conversely, is there a penalty for scaling back the number of subscriptions?

- ? What costs and fees are billed other than monthly subscriptions?

- ? What do your packages and terms look like?

A ROBUST SOLUTION FROM A PROVEN SOURCE: NEC

UCaaS from NEC's UNIVERGE Cloud Services is a feature-rich UCaaS offering from the leader in global enterprise communications. Because NEC is a consistent top-tier provider of communications, with a proven track record of product reliability and longevity, SMBs can be confident in the company's ability to meet their UCaaS needs both now and for the long term.

NEC's offering enables true collaboration, with communication anywhere and access anytime on any device. It has one of the richest UCaaS feature sets available, including:

- Unified messaging, with one phone number for all types of contact, and all email and voicemail messages sent to one inbox for easy retrieval from anywhere
- Microsoft Office Outlook integration to ensure that all UC functionality is compatible with Microsoft Outlook
- Support for mobility, including uninterrupted call transfers to or from mobile devices, call twinning to ring multiple (including mobile) devices, and Find Me/Follow Me capabilities to route calls to the right location or device
- Presence capabilities that instantly show whether a co-worker is available and that can route calls to different locations and devices based on the user's schedule
- Conferencing and collaboration including comprehensive voice, video, and web collaboration

NEC puts concerns about availability and performance to rest with a global network of data centers that offers instant backups and data mirroring to ensure a reliable foundation for business communications. 24/7 support is available to address any issue, and powerful disaster recovery options provide the ability to take redundancy up to 100%.

Flexible packages make it easy to tailor features and capabilities to a business' specific needs, and the ability to easily scale subscriptions up or down allows businesses to adapt quickly to changes in business growth. NEC also provides a choice of cloud environments – private, hybrid, or public – and experienced guidance to help with the transition to the cloud.

Unlike solution providers whose expertise weighs more heavily in UC or cloud, NEC draws on a history of industry leadership in both.

CONCLUSION

UC affords today's SMB an unprecedented opportunity to enjoy more efficient, productive communications and collaboration among employees, no matter where they are or what devices they're using. But it also comes with a high price, due to costly, complex deployment and ongoing management requirements of on-premises UC solutions.

UCaaS removes the main barriers to adoption by locating UC in the cloud, as part of a set of managed services, rather than as a traditional on-premises implementation. And while some IT pros have voiced concerns about the uptime and performance of UCaaS solutions, there is every reason to believe these can be overcome through careful evaluation and selection of a provider.

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