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& Operations  
Professionals



# Build A Better Business Case For UC

by Henry Dewing and Art Schoeller , July 25, 2012

## KEY TAKEAWAYS

### **Unified Communications Can Reduce Process Cycle Time**

UC deployments mean that employees can quickly locate the right resource to get to a decision faster. For example, implementing a UC solution for a sales team at an IT consultancy reduced the time it took to produce complex RFP responses by 20%, which helped the firm respond to more RFPs.

### **Identify And Calculate All The Sources Of Hard-Dollar Benefits Of UC**

UC rollouts typically: 1) reduce carrier communications expenses by 30% to 40%; 2) save 10% to 15% on trunking costs by centralizing trunking; 3) reduce infrastructure costs by using virtual machines running on standard servers; and 4) eliminate duplicative collaboration and communication software license costs.

### **Run Profit-Enhancing POCs To Convince Your CFO That Soft Benefits Matter**

I&O professionals should invest in POCs that connect UC to increased revenue or increased profits. Case in point: An oil field services firm trialed UC with the field services staff, who used UC to work closely with headquarters engineers to reduce the number of incorrect parts they shipped out to remote oil rigs.

# Build A Better Business Case For UC

Business Impact: The Communications And Collaboration Infrastructure Playbook

by [Henry Dewing](#) and [Art Schoeller](#)

with [Laura Koetzle](#), [Christopher Voce](#), and Kelley Mak

## WHY READ THIS REPORT

This report outlines Forrester's solution for IT infrastructure and operations (I&O) professionals who are building out communications and collaboration infrastructure. This report is designed to help you define and build the business case for unified communications (UC). The key to success of a UC deployment is delivering benefits to users and business units — not just saving money on infrastructure. Nurturing “collaboration champions” who can validate business-process-based UC benefits will provide the internal testimonials to encourage further adoption. This report will guide IT professionals through the key needs, drivers, and likely benefits of a UC deployment. This report will also predict and quantify ways that a communications and collaboration infrastructure rollout can reduce overall IT cost, drive productivity, and even improve collaboration across the firm.

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## Notes & Resources

Forrester developed this research based on the past two years of inquiries and direct enterprise consulting engagements, helping organizations develop cost justifications for unified communications.

## Related Research Documents

[Unified Communications Purchase Plans 2012](#)

January 11, 2012

[The UC User Dilemma: If I&O Builds It, Will They Come?](#)

August 3, 2011

[The Unified Communications Civil War](#)

April 18, 2011



## COMPETITIVE BUSINESS ENVIRONMENTS REQUIRE BETTER COMMUNICATIONS

We all feel the pace and reach of business expanding year by year. It took Apple 18 months to sell 1 million iPods in 2001; it took them just two months to sell 2 million iPads in 2010.<sup>1</sup> Ford Motor offered employees coaching on how to create and commercialize innovative ideas, and the firm has filed for 30% more patents in the first half of 2012 than in the first half of 2011.<sup>2</sup> Two in five US information workers work outside the office regularly or occasionally.<sup>3</sup> Your business can't afford to rely solely on "plain old" phone calls and emails — to stay ahead of its fast-moving competitors, your firm needs a better, more immediate way to find and connect remote and distributed teams of co-workers, suppliers, and partners.

### Unified Communications Offers Three Classes Of Benefits

Investments in UC aren't just standard technology upgrades to be considered a cost of doing business: Improving communications and collaboration delivers real, incremental business benefit. IT I&O teams assembling a business case for UC should account for three broad types of benefits:

- **Operational benefits.** Often referred to as hard-dollar costs savings, these benefits can include the reduced cost of converged networks, the reduced cost of IT management, or the reduced cost of travel. Some companies will predict and mandate these cost reductions, such as the European high-tech manufacturer that mandated and achieved a 25% reduction in the cost of sales-team travel when it implemented unified voice, video, and instant messaging (IM) communications.
- **Productivity benefits.** Businesses generate value when they use UC to deliver more new products every year, increase customer satisfaction, or reduce sales cycle duration. Unified communication justifications should calculate the business benefits of these shorter cycle times and reduced rework, not just count worker hours saved multiplied by the company's fully loaded labor rate. For example, I&O professionals should calculate potential benefits of UC-driven reduction in product development cycle time by considering the forecast increase in number of annual new product launches and calculating the increase in market share and revenue. One US pharmaceutical company attributes the ability to move an extra drug per year to FDA approval to implementing a UC solution across the R&D organization.
- **Strategic benefits.** UC projects with strategic impact must be sponsored by a senior executive. These executives are often goaled to improve internal collaboration and innovation, increase first-call resolution rates and/or customer satisfaction in contact centers, attract more Millennial workers, and other objectives with unclear financial results. Executive sponsorship of UC initiatives tied to strategic measures will drive not just budget approval but process re-engineering and implementation initiatives as well.

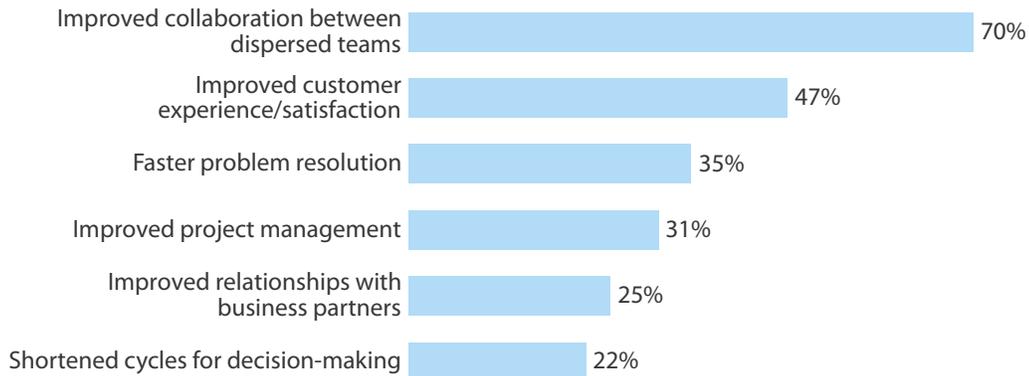
## Defining The Business Value Of UC

UC benefits the business by enabling workers to reach the right person at the right time via the right communication mode. This reduces communication delays and failures, which helps businesses be more productive. The top benefit of UC reported by IT decision-makers is better collaboration (see Figure 1). Shorter process cycles, improved decision quality, and improved collaborative innovation can all be achieved by using UC to keep teams connected:

- **Reduce process cycle time with UC.** Being able to reach the right person the first time reduces the number of voicemail and email messages, reducing time required and frustration experienced by information workers (iWorkers). When iWorkers are able to identify, locate, and understand the availability of key experts, they can get exactly the information they need to make decisions. Implementing a UC solution for the major accounts sales team at a major IT consultancy reduced the time it took to produce complex RFP responses by 20%, which helped the firm respond to more RFPs and thus win more business.
- **Improve quality of decision-making with UC.** Having the wrong people in the room usually means you get the wrong result. Using UC to connect to and collaborate with remote employees allows better decisions to be made in near real time or based on a pre-agreed schedule. For example, a sales team at a high-tech manufacturer used presence to find available members of the product management team to obtain pricing concessions that were crucial to closing big deals.
- **Encourage collaborative innovation with UC.** A good UC infrastructure is able to connect remote team members (whether remote means 100 yards down the hall or halfway around the globe) into a cohesive team structure, leveraging the skills of team members regardless of location. Being able to connect and communicate with IM to share progress statistics, via telephone to discuss schedules, or over video- and webconferencing to brainstorm new ideas allows teams to concentrate on innovating instead of on troubleshooting complicated, unreliable tools. One automotive manufacturer used its UC infrastructure to communicate status and pass project tasks literally around the globe — from Europe to South America to Asia — to reduce the firm's time-to-market for new models.

**Figure 1** The Top Benefit Of UC Is Improved Collaboration

**“What benefits, if any, has your firm experienced from its use of unified communications?”**



Base: 402 North American and European network and technology decision-makers at enterprises (1,000+ employees) that have implemented UC

Source: Forrsights Networks And Telecommunications Survey, Q2 2012

78701

Source: Forrester Research, Inc.

### Despite The Momentum For UC, Enterprises Experience Obstacles To Adoption

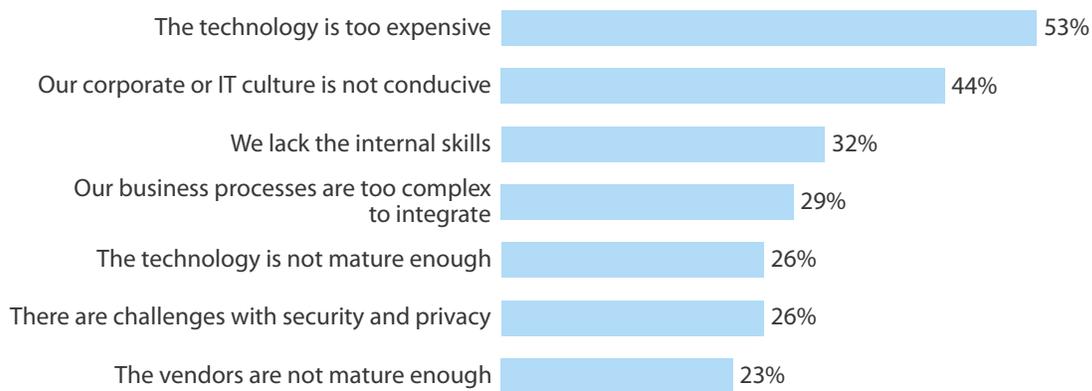
The convergence of voice-, video-, and text-based real-time collaboration that defines unified communications is now more than six years old. Thus, I&O professionals are now confident enough in the maturity of UC suites to incorporate them into their road maps. At the same time, the top obstacle to deployment is that UC is too expensive (see Figure 2):

- **On the surface, migrating to UC looks expensive.** For enterprises that migrate to VoIP as part of a UC project, upgrading their WAN and LAN to support power over Ethernet (PoE) and real-time quality of service (QoS) can seem like an unnecessary expense since existing legacy voice systems are running well despite their age. High-end telepresence systems have high per-room, per-device, and per-network connectivity costs that are difficult for many firms to justify.
- **End users can choose not to adopt UC, since it's not a requirement for their job.** If an enterprise is not culturally oriented to use new technology tools for collaboration, then it's even harder for the infrastructure and operations professional to drive adoption. Other IT systems such as expense reporting, payroll, and order processing are critical to those business processes; individuals have to use them in order to do their job. However, large numbers of users can avoid using the advanced features of UC and still go about their jobs. For example, the use of ad hoc webconferencing increases the ability of teams to jointly author and revise documents in real time during a conference call instead of cycling them around via email. But if the users view the tools as too hard to learn, they will fall back on old ways and behaviors.

- **I&O teams must develop new skills and structures to support UC.** Despite the maturity of VoIP in today's market, many I&O organizations struggle to deploy and support real-time voice over their LAN and WAN. Add the integration necessary to drive a full UC suite and this stretches many I&O teams too far. Traditional desktop, collaboration, network, and telecom teams need to collaborate to deploy and support an integrated UC system for the enterprise.

**Figure 2** The Top Concern Is That UC Is Too Expensive

**“What are the biggest obstacles in deploying unified communications within your organization?”**



Base: 133 North American and European network and technology decision-makers at enterprises (1,000+ employees) that have implemented UC

Source: Forrester's Strategic Planning Forrsights Emerging Technologies Survey, Q2 2012

78701

Source: Forrester Research, Inc.

### **INFRASTRUCTURE SAVINGS CAN PROVIDE THE HARD-DOLLAR BASE FOR UC**

When it comes to cost justification and getting budget approval from enterprise CFOs, the only thing that counts is clear-cut, identifiable hard-dollar savings. I&O professionals can design UC projects that incorporate capabilities that have hard-dollar savings, such as VoIP, along with those that have soft-dollar benefits, such as webconferencing. For example a UC project that highlights hard-dollar savings from deploying VoIP can argue for including webconferencing and IM in the project because these will provide soft benefits at minimal extra cost.

### **Understand And Calculate The Specific Hard-Dollar Benefits Of UC**

I&O professionals need to assess the current-state costs of all functions that a unified communications rollout would replace, including carrier services, hardware and software maintenance costs, projections of future upgrades, and associated IT support staff. Thus, you should include the following in your calculations of the hard-dollar return on your proposed UC investment (see Figure 3):

- **UC can reduce or eliminate carrier communication expenses.** Multi-site enterprises typically rack up 30% to 40% of their long distance charges for internal communications. Moving this traffic to the corporate WAN will substantially reduce this expense. If you deploy your own web- and audioconferencing, you can reduce those service charges even further.
- **Centralizing trunking can save 15% to 20%.** As part of a VoIP project, I&O professionals can centralize their trunks, which increases their use and thus cuts down on the number of trunks needed to carry the same traffic. Session initiation protocol (SIP) trunking with compression can further cut down on the aggregate trunk bandwidth needed to connect the WAN to the carrier. Centralization also allows for a centralized least cost routing (LCR) plan, which further reduces telecom expenses.
- **UC suites can now operate on virtualized servers.** UC vendors have driven costs down by consolidating their suites and supporting their operation on virtualized servers. In the past, the move from legacy PBXes to standard servers did not achieve savings as significant as expected since each UC application required its own physical server, but progress is being made by vendors such as Avaya, Cisco Systems, and Microsoft to squeeze more hardware savings.
- **Consolidating UC capabilities into a suite will optimize software licenses.** Many firms that have deployed UC have licensed overlapping solutions (e.g., deploying both Cisco and Microsoft) and thus paid for the same capabilities twice. As the vendor side of the UC market continues to mature and vendors' suites offer broader capabilities, I&O teams will be able to consolidate their licensing and maintenance costs for additional savings.
- **It can reduce management and staffing costs.** Organizing voice and data teams to work together is hard, but the challenge is worth it in the long run since it drives down overall costs. Moves, adds, and changes are easier to do, and in many instances users can move physical phones to other offices and connect them to the network without assistance. Mobile workers will more readily adopt soft phones, so this reduces the expense of managing an inventory of physical phones.
- **You can make a reduction in travel by using videoconferencing.** Traditionally, high-end videoconferencing cost justification comes from reducing travel expenses. To realize those savings, however, requires executive-level support and governance. For example, a large multinational pharmaceutical firm analyzed the internal travel between key cities for each business unit and documented those costs. These funds were then redirected by the CFO to deploy telepresence in the key cities.

**Figure 3** Unified Communications Hard-Dollar Savings

Savings category	Savings specifics
Carrier toll charges	Intracompany long-distance is moved to WAN
	PSTN access is consolidated over larger, centralized trunk groups
	Centralized SIP trunking reduces carrier access costs
	Instant messaging displaces phone calls
	Fixed mobile convergence reduces cellular minutes
Carrier conferencing	Carrier conferencing per-call costs are eliminated by internal hosting
Travel	Videoconferencing displaces travel costs
Consolidated infrastructure	IP telephony “data center model” centralizes PBX software and hardware
	MAC and other UC staff systems administration FTEs are reduced
	Wiring for voice and data is consolidated
	Physical hardware and server count for UC is reduced
	Software license purchase and use are optimized
	Unified messaging — voicemail and email are consolidated
Devices	Soft phones displace hard phones
	Standardized phones are volume-discounted

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Source: Forrester Research, Inc.

### THE SOFT-DOLLAR SAVINGS — ENGAGING COLLABORATION CHAMPIONS

Unified communications lets businesses be more productive by reducing the time it takes to complete processes, improves decision quality by bringing the right experts and decision-makers into processes, and encourages improved collaborative innovation by keeping teams connected. At the same time, these benefits are more in the realm of “soft-dollar” productivity improvements.

#### Harden Soft-Dollar Benefits With POCs That Support Business Goals

The key to convincing your CFO that the soft-dollar productivity benefits of UC are real is to identify critical business roles and associated processes that can benefit from improved real-time communication with proofs-of-concept (POCs) (see Figure 4):

- Improving sales productivity drives revenue.** Sales teams are a great source of revenue growth UC justification. At the same time, it’s important to ensure that no trial hinders them from achieving their sales goals. Case in point: A global professional services firm competes for very large, complex projects that require collaboration from teams around the globe to develop proposals. Adopting UC tools has reduced proposal development time by an average of 15%. And for consulting firms, producing more proposals means closing more business.

- Every industry has key roles that can be engaged.** Industry-specific roles and processes can help confirm productivity gains. For instance, the insurance industry processes claims through a complex set of decisions, roles, and organizations. Speeding up that process through the use of UC tools saves costs, improves customer satisfaction, and, through more accurate decision-making, drives bottom-line cost savings. Individuals who process claims can find each other via real-time presence, share documents, and resolve issues that in the past may have taken days.

**Figure 4** Unified Communications Soft-Dollar Savings

Savings category	Savings specifics
User productivity	IM/presence reduces “phone tag”
	Document sharing/editing improves speed and accuracy
Staffing	Training staff is more productive using online training tools
	Recruiting and retaining employees is easier
	Skills use and knowledge transfer from Baby Boomers is more productive
Collaboration champions	Win rates increase because proposals are more timely and more impactful
	Improved time-to-market for products improves profitability
	Supply chain collaboration increases inventory turns, provides more accurate orders
	Better collaboration among healthcare staff reduces costs and improves outcomes
	Insurance claims processing times are reduced. Improved accuracy reduces number of disputes

78701

Source: Forrester Research, Inc.

### How I&O Professionals Can Identify Collaboration Champions

Conducting structured trials with collaboration champions will provide the internal endorsement, support, and evidence of UC benefits tied to key business processes and roles. Trials that capture the before-and-after business impact can also be a great source of internal case studies to further promote and drive user adoption across the enterprise. The challenge for I&O professionals is picking the right collaboration champions to trial UC with — because comprehensive trials require budget and resources. Where to trial UC is a haphazard process for many teams largely driven by deployment schedules rather than capturing business value. I&O professionals need to consider the following when prioritizing UC POCs:

- Leverage a positive working relationship with IT.** Infrastructure and operations professionals can build on past successful deployments to get the executive endorsement and resources for a unified communications POC.

Case study: A manufacturing firm in Canada conducted a UC trial with the human resources group, using UC web and audioconferencing to conduct internal training to key individuals and teams in the enterprise. The HR executives agreed to support the trial because they'd had a positive experience with the I&O team during a recent successful deployment of a new HR system. HR was able to conduct more training with the new web- and audioconferencing capabilities, and the virtual classes received higher scores than their in-person courses. Thus, the POC helped establish the value and productivity of using web and- audioconferencing for internal audiences.

- **Consider a key role's or process' level of influence in the enterprise.** Pick an influential group to link up with for your trial, so that the whole firm notices your success. For example, in hospitals, nurses and doctors are core to the delivery of services.

Case study: A large oil and gas services company trialed UC tools to connect field services personnel with engineers in headquarters to resolve differences in equipment specifications prior to shipping expensive parts to those remote locations. When other parts of the firm saw that UC tools helped the company fix customers' equipment faster and more cheaply (because they shipped out the right part the first time), they became UC fans,

- **Take advantage that some teams are already clamoring for UC.** Collaboration champions who are already demanding UC capabilities make great trial candidates. But remember that these teams will still need support to help develop the baseline metrics, tracking, and post-POC results validation.

Case study: The jet fuel futures trading desk at a large airline wanted IM, because all their trading partners used it already. I&O professionals had to investigate and validate for the risk and compliance team that IM was a commonly used tool and that the UC solution could satisfy their needs for interaction tracking with outside partners. Showing the risk and compliance team the UC system recording and eDiscovery capabilities satisfied their concerns.

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## RECOMMENDATIONS

### USE SOLID ANALYSIS OF UC BUSINESS VALUE TO HELP DRIVE ADOPTION

Investing in UC is a discrete decision that the business must weigh against other priorities. Budget-holders will be happy to invest in UC when you can show how it will drive better performance and deliver strategic, productivity, and operational benefits. To drive business benefit with UC, you will need to plan and communicate both what the value is and how it will be achieved:

- **Include detailed before-and-after business benefit analysis in your POCs.** You can't improve what you don't measure, so you must carefully measure your existing costs of operation, forecast

the improvements you anticipate, and measure your results. Many infrastructure and operations professionals will struggle with pulling into place all the associated costs across the entire set of legacy communications products. But to build out the complete set of hard-dollar benefits, it's important to look across all UC capabilities and capture current-state costs and how they will change.

- **It's more than technology — you need process champions, too.** Taking the time to build out a prospect list of collaboration champions will provide the payback of a stronger case of UC benefits. This will help harden what are normally viewed as soft-dollar savings and keep executive sponsorship of strategic initiatives secure through tough budget cycles.
- **Recruit business executives to validate the results of POCs.** Executives with hard P&L responsibilities will be accountable for the business value of UC initiatives. Get their input on potential value and required process changes to ensure alignment across the firm. Only business executives that are accountable for results will drive process change that delivers those business benefits using UC technologies.
- **Engage vendors and service providers who can help develop UC business case analysis.** Many of the UC vendors and service providers have business analysis models and individuals who can assist in driving a solid UC trial and benefits analysis. Many vendors make this analysis a required part of their sales process. A typical approach is that a vendor will propose fees for the engagement but waive them if they win the business. Although some vendors will make over-optimistic projections of benefits, they are expert in identifying processes that can be improved by UC.

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## SUPPLEMENTAL MATERIAL

### Methodology

Forrester's Forrsights Networks And Telecommunications Survey, Q1 2012 was fielded to 2,347 IT executives and technology decision-makers located in Canada, France, Germany, the UK, and the US from SMB and enterprise companies with two or more employees. This survey is part of Forrester's Forrsights For Business Technology and was fielded from January 2012 to March 2012. LinkedIn Research Network fielded this survey online on behalf of Forrester. Survey respondent incentives include gift certificates and research reports. In addition, we recontacted 150 respondents from SMB and enterprise firms on unified communications for Forrester's Strategic Planning Forrsights Emerging Technologies Survey, Q2 2012. We have provided exact sample sizes in this report on a question-by-question basis.

Each calendar year, Forrester's Forrsights For Business Technology fields business-to-business

technology studies in more than 17 countries spanning North America, Latin America, Europe, and developed and emerging Asia. For quality control, we carefully screen respondents according to job title and function.

Forrester's Forrsights For Business Technology ensures that the final survey population contains only those with significant involvement in the planning, funding, and purchasing of IT products and services. Additionally, we set quotas for company size (number of employees) and industry as a means of controlling the data distribution and establishing alignment with IT spend calculated by Forrester analysts. Forrsights uses only superior data sources and advanced data-cleaning techniques to ensure the highest data quality.

We have illustrated only a portion of survey results in this document. For access to the full data results, please contact [forrsights@forrester.com](mailto:forrsights@forrester.com).

For more information about Strategic Planning Forrsights For CIOs, please contact [spfcio@forrester.com](mailto:spfcio@forrester.com).

## ENDNOTES

- <sup>1</sup> Source: "iPod + iTunes Timeline," Apple (<http://www.apple.com/pr/products/ipodhistory/>) and "Apple Sells Two Million iPads in Less Than 60 Days," Apple press release, May 31, 2010 (<http://www.apple.com/pr/library/2010/05/31Apple-Sells-Two-Million-iPads-in-Less-Than-60-Days.html>).
- <sup>2</sup> Source: "Ford Drives Innovation, Intellectual Property Development through TechShop Membership Incentive for Smart Ideas," Ford Motor press release, May 4, 2012 (<http://corporate.ford.com/innovation/innovation-features/innovation-detail/pr-ford-drives-innovation-36446>).
- <sup>3</sup> Source: Forrsights Workforce Employee Survey, Q2 2012.

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« IAN OLIVER, client persona representing Infrastructure & Operations Professionals

