How to Evaluate TCO for IP Telephony Deployments

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Webinar Discussion Highlights

*This transcript contains highlights of the full webinar. For the entire webcast,
please click here for an audio replay.*

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Jack McCarthy: Hello, I'm Jack McCarthy. Welcome to the ShoreTel webinar "How to Evaluate the Total Cost of Ownership for IP Telephony Deployments."

Companies can achieve significant savings when selecting an IP telephony and unified communication solution by looking beyond unit costs as the primary metric to consider the TCO.

In this webinar, we'll examine key elements determining TCO for IP telephony and unified communications and how to select the right vendor. With us today are Andrew Borg, Research Director, Enterprise Mobility & Collaboration, with the Aberdeen Group, and Bernard Gutnick, Senior Director of Product Marketing, ShoreTel.

During the webinar, question blocks will be available to viewers to pose queries, and the participants will answer afterwards.

This webinar is being recorded and will be available online, along with the original Aberdeen report on this subject, as well as additional supporting material. The same URL link used to join the webinar will give access to the material.

Now I'll turn the presentation over to Andrew to start us off. Andrew?

Andrew Borg: Thank you, thank you, Jack. And thank you, everyone, for joining us today. I'm going to share with you some data from a recent study we conducted amongst users of IP Telephony. We're focused today on what we call the SME, or small to midsize enterprise, which we define as being a thousand extensions or less. So the – what we call IPT, IP Telephony mid-market. Our emphasis here is going to be on some of the key findings of this study, and I'm going to share with you in the next slide how we went about conducting the study.

For those of you who are familiar with Aberdeen Group, we're a research-driven marketing services company. We conduct primary research among end users. It is peer driven, that is to say, we conduct online survey instruments and direct person-to-person

Aberdeen Group Research

- **Research methodology:**
  - Peer-driven primary research about end-users for end-users
  - Quantify business value and best practices
  - Surveyed over 300 organizations ≤ 1,000 extensions
- **ROI vs. TCO**
  - ROI (recovery of initial cost through performance improvement over time): purchase justification
  - TCO (cost of acquisition plus projected recurring costs over time): vendor comparison
- **Comprehensive real-world TCO assessment**
  - Free report download : http://bit.ly/ShoreTelTCO

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interviews with peers of yours, those of you attending today's webinar. And it's primary research about end users for end users. Our objective in our research is to quantify the business value and best practices that emerge from the studies. In this case, we surveyed over 300 organizations that had 1,000 IPT extensions or fewer.

I also want to clarify perhaps what might be some confusion out there about what TCO, or total cost of ownership, is and how it's differentiated from another term that it's often confused with, which is ROI, or return on investment. So let's take this – these working definitions here.

Whereas ROI is really used to justify a purchase and talks about recovering the initial costs, or the outlay, through the performance improvement over time that technology acquisition actually allows, versus TCO, which is about comparing the long term, or lifecycle, cost and allows one then to compare not just one investment, but really to compare the offerings of one vendor to another.

Now, I want to be really clear here. I am not actually going to compare vendors. I'm going to compare the end users of various IP telephony systems. So though you'll see in some of the subsequent slides that we call out by vendor name, I'd like to remind you – I will do this now, I would remind you at that time that we're referring to the end users; not to the vendors themselves. So this, again, is purely end user research.

This presentation is based on a research study that is available for a free download. You see here the short link. You can just remember it, even though – or write it down as bit.ly/ShoreTelTCO for total – ShoreTel total cost of ownership. And that is available from the ShoreTel website, but it is an Aberdeen Group published paper. All right, so let's now begin to look at some of the findings.

One of the things that hits you right across the head when you look at the data is that on a pure cost of implementation, by the cost of the IP extension itself, that ShoreTel costs slightly more than all other vendors on average. So here you see that ShoreTel costs approximately
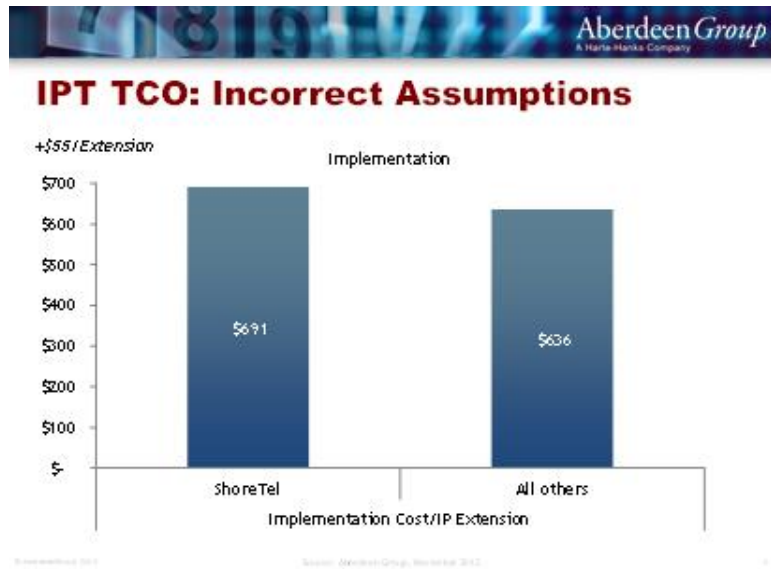
$55 more per extension for the actual implementation – pure implementation costs. And this is why I want everyone on this call to realize that you need to consider the total cost of ownership; because if you're going to compare apples to apples, if you will, you need to think about your total investment over time. It's not just about equipment acquisition costs for example— although surely that's important—but you'll see in a minute that that pales in comparison to the long-term cost. And the reasons why the long-term costs for ShoreTel are – I'm going to just jump to the conclusion here – are considerably less than they are for all as an aggregate. I will look at how that is, why that is, in the subsequent slides.

So if we look at, for example, the core capabilities that are built in to the ShoreTel solution as compared to all others, first let's pay attention to the two blue colors, the dark blue and the light blue. And you can see that when it comes to, if you will, capabilities which are included in

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Built-In (vs. Add-On) Capabilities

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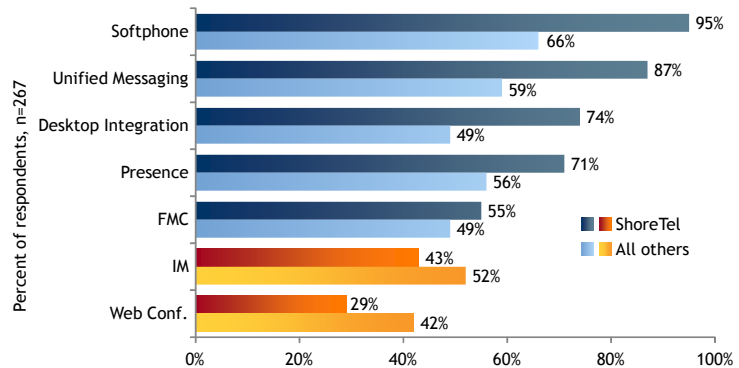Source: Aberdeen Group, November 2012

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the core product versus those that are not included and, therefore, add-on costs for other vendors, you see that in all the cases that you see here in blue, the ShoreTel end users benefit by having those capabilities built in from the ground floor. So right away you see some reduced costs and that it's not just about the equipment costs, for example, but you need to think about the software and add-on costs. You can see that ShoreTel bundles in many of the core capabilities.

Now, if you look at the orange and the yellow there, you notice that there are some areas where ShoreTel does not bundle in those capabilities as frequently. And as Aberdeen is a third-party objective service here, we're giving you the balanced view. There are a couple of areas where we'd like to see ShoreTel improve; and, in fact, I think you'll hear from them directly. They've already addressed some of these issues in their current product offerings as well as some of their recent announcements. So we expect ShoreTel to catch up and surpass, if you will, as they have in other areas, in those two areas of orange and yellow. But at least you see here that this is a balanced view.

But there are some really important capability sets that are part of the core set of ShoreTel and are considered to be add-ons for other vendors. So that's one additional area of cost.
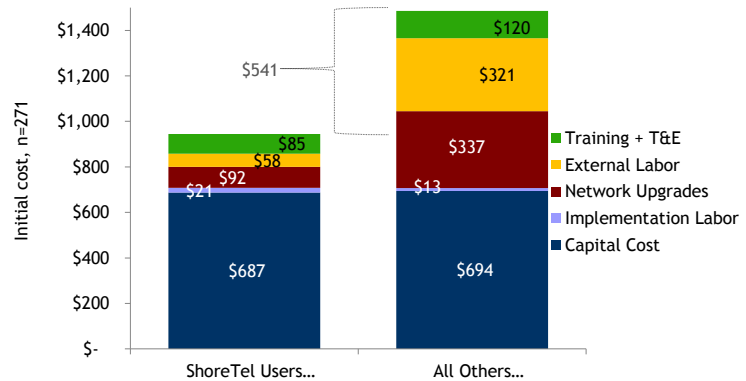
Let's look at some interesting data here. We look at the initial cost, you see that the capital costs are the ones that we looked at a couple of slides ago where you see some variance there. You see also implementation labor, you see network upgrade costs, external

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Initial Costs

Initial cost, n=271

ShoreTel Users...: Capital Cost $687, $21, $92, $58, $85
All Others...: Capital Cost $694, $13, $337, $321, $120

$541

Legend:
- Training + T&E
- External Labor
- Network Upgrades
- Implementation Labor
- Capital Cost

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labor costs, and training and travel costs associated with training. And you can see that the most dramatic differences appear after capital costs. Implementation labor, you know, we're more or less within $7—not a major difference here. But look at network upgrades. So there's an efficiency of the use of the existing network infrastructure that ShoreTel takes advantage of that all others in aggregate, all other of – users of other vendors in aggregate have almost three and a half times the cost required to upgrade their networks. That is not required for ShoreTel. So, again, ShoreTel, if we're looking beyond the capital costs and implementation labor, we see that network upgrades have a big variance here.

And look at external labor costs, the costs associated with both the implementation of the network upgrades as well as general installation costs. This tells us right off the bat that ShoreTel is much more cost effective in terms of labor costs. So, again, we're talking a factor now of almost six times more expensive on average labor costs for other – the experience by the users of other vendors than the users of ShoreTel. So, again, we see the efficiencies in initial cost outlay. But now you can begin to see the pattern.
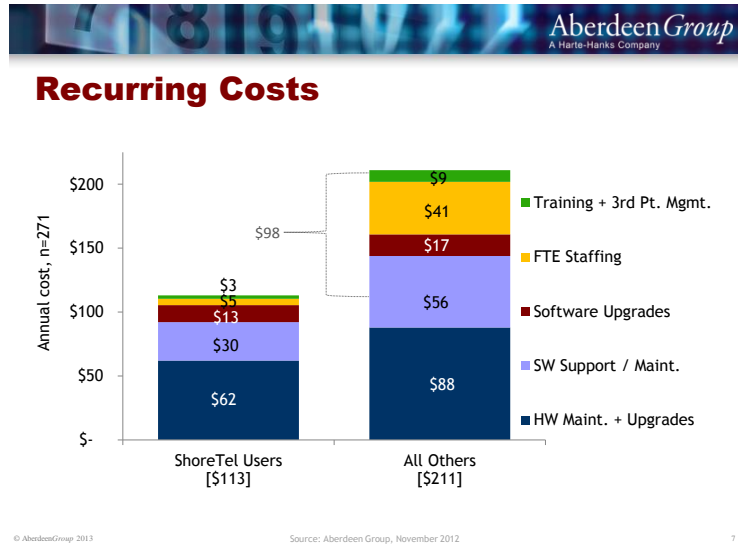
When we add in training, training costs are a little over half what they – for ShoreTel users that they would be for other users.

So in aggregate, for the initial installation, overall – you know, all costs rolled up, you see that on a per extension basis, ShoreTel end users are paying $541 less per extension than on average the users of other systems. So this is the key takeaway from this data is that you've got to look beyond pure equipment cost, and then, if you will, the bundled capital costs which go beyond just the equipment. So the real issue here is, you know, blinders off, let's look at the total cost. And, again, this is not Aberdeen making this determination. This is your peers, real users in real world, real life experience

and in – across 300 organizations surveyed telling us what their actual costs are. This is real data.

All right, so we've talked about initial costs. Let's now look at the cost over the lifecycle, what you – what I consider the recurring cost. So lifecycle cost, or the initial cost, plus recurring cost – so let's talk about the annual recurring costs. On average, you see that end users of ShoreTel have a total cost of $113 per year, per extension versus on average all other users of other systems have a cost of $211, almost twice as much per extension per year. How does this break out? You see it here.

Recurring Costs

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Annual cost, n=271

ShoreTel Users [$113]: HW Maint. + Upgrades $62, SW Support / Maint. $30, Software Upgrades $13, FTE Staffing $5, Training + 3rd Pt. Mgmt. $3

All Others [$211]: HW Maint. + Upgrades $88, SW Support / Maint. $56, Software Upgrades $17, FTE Staffing $41, Training + 3rd Pt. Mgmt. $9, $98

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Hardware maintenance and upgrade, so much less outlay there. Software support and maintenance, software upgrades, staffing – and how – why would staffing be so fundamentally different? Why would on average the ShoreTel user report $5 fulltime equivalent staffing? It's basically the equivalent to a whole (sounds like: headcount). So $5 in whole headcount costs versus $41 by the users of all other systems. This tells us not that – as in the earlier slide we saw that the ShoreTel systems were much more efficient and effective in using existing networking resources. Here this is telling us the ShoreTel system is much easier to operate; and if you look at the ongoing training costs, much easier to learn. So, again, the training costs per extension, a third of that of all the users.

So, again, this is not a marketing statement on behalf of ShoreTel. This is end users telling Aberdeen what their real costs are. And now we can draw the conclusions from that real data to – just to recap that evidently ShoreTel systems are much easier to learn how to operate, therefore they must be more intuitive, better organized, and a better user interface or user experience design, as well as much easier to support requiring, you know, almost an eighth the staffing level per – on a – per extension average basis than users of all other systems.

So let's do the ROI math for 500 extensions. We'll compare ShoreTel customers to all other customers. And, again, this is on average for all other customers. We look at the initial installation cost, so that's the initial times 500; the annual recurring cost, that's the annual of $113 as we

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Do the ROI math for 500 extensions

ShoreTel Customers

- Initial installation:
  - $944 x 500 = $472,000
- Annual recurring costs:
  - $113 x 500 = $56,500
- Average 4-year lifecycle:
  - $56,500 x 4 = $226,000
- TOTAL OUTLAY:
  - $472,200 + $226,000

$698,200

All Others *(average)*

- Initial installation:
  - $1,485 x 500 = $742,500
- Annual recurring costs:
  - $211 x 500 = $105,500
- Average 4-year lifecycle:
  - $105,500 x 4 = $422,000
- TOTAL OUTLAY:
  - $742,500 + $422,000

$1,164,500

Savings = $466,300

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mentioned, times 500; the average – let's assume a four-year lifecycle, and some of you may have much longer lifecycles in mind – some of them are five or seven years – but we thought we'd be conservative and talk about a four-year lifecycle because that's the average four-year lifecycle; and we look at the total outlay of 472 plus 226, and the ShoreTel system will cost $698,000, just under $700,000 for four years for 500 extensions.

Now let's do the quick math for all others on average, and you see here that it really begins to add up. And when we look at the total outlay, we see that the total outlay is over a million dollars, $1.16 million for all others on average for a 500-extension installation with a four-year lifecycle. That's a savings of almost half a million dollars over the lifecycle of that system.

So, as you can see, these – what you might consider to be small incremental costs really do add up, and so you've got to look beyond just equipment costs and capital costs, and you've really got to consider the full lifecycle costs if you're going to do an accurate TCO comparison.

So, with that in mind – like I said, put that in your back pocket. Let's look at a couple of other issues which are less directly related to TCO but are directly related to the end user experience. We talked about training, we talked about ease of use and support and maintenance issues.

Let's talk about performance. Here you see the number of hours of unplanned downtime per cycle.

So if we see here, we're looking at unplanned downtime in hours, you can see that ShoreTel is near the bottom,

Better Uptime

Unplanned Downtime (Hrs)

Downtime, in hours, n=311

Vendor	Hours
ShoreTel	0.5
All others	1.7
Avaya Aura	1.3
Avaya IP Office	2.2
Cisco UC500 or BE 3000/5000/6000	1.2
Cisco UCM	2.0
MSFT OCS/Lync	1.0
Mitel 3300/MCD	0.4
Mitel 5000 v3+	0.7
Other vendors	1.3

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that is compared to – now not just on average, but on a pure user per vendor basis that the unplanned downtime is at the bottom, if you will, the near bottom at the minimum. And so ShoreTel clearly has the performance advantage in addition to the others in terms that it has much less unplanned downtime than almost every other system, according to their end users. So that's another benefit if you will. Perhaps you might think of this as soft TCO versus the hard TCO.
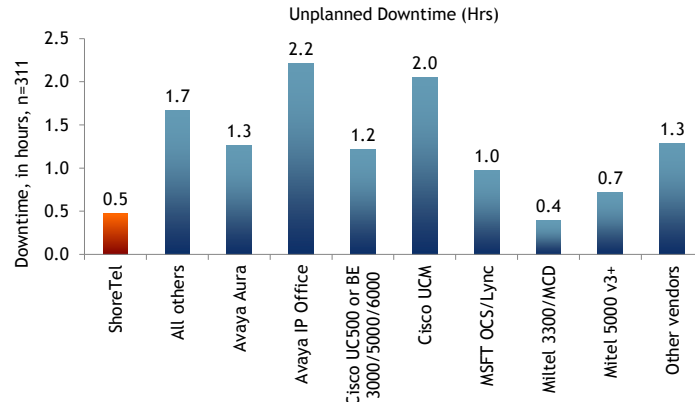
This is a slide which I find fascinating. You can look at this in a number of ways, but let me sort of walk you through the narrative. What are we looking at here? So on the left of those two columns are the reports by ShoreTel end users; on the right, those two columns

Core to the Business

Impact of Unplanned Downtime

ShoreTel Users   All Others

ShoreTel Users: Impact on employee productivity -40%, Impact on revenue -26%
All Others: Impact on employee productivity -23%, Impact on revenue -15%

■ Impact on employee productivity
■ Impact on revenue

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are report by on average all other users. And this is about the business impact of that unplanned downtime. In the dark blue, you see that is the impact on employee productivity; in the light blue the impact on revenue. What this says is that for an hour of unplanned downtime, ShoreTel users report a 40% reduction in employee productivity and a 26% reduction in revenue, whereas all other users have a much less impact on their productivity and revenue. Why is that? Why would ShoreTel users have a
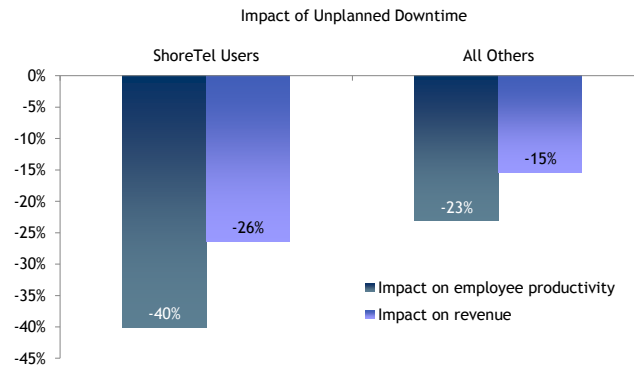
greater impact on overall company performance when their system is down than all other users of all other systems?

The insight that we gained from this is that the ShoreTel system is much more core to the operations of their users in terms of the communications, collaboration, and general workflow efficiency. In other words, they depend more on their ShoreTel system. So it's to ShoreTel's benefit that their unplanned downtime is at the minimum end of the scale, because their end users really rely on their system. Really, if you will, ShoreTel becomes part of their business culture, their workflow processes, where users of other systems are less – if you will, it's less – it's more ancillary, so it's not as core. It hasn't really enabled their operational efficiency and collaboration to the same degree that the ShoreTel system has for their users.

So this is another aspect, if you will, of that soft TCO, which is that apparently ShoreTel users are finding greater value and are more, if you will, it's more about the way their work is conducted. It's more intrinsic to their core company culture and their efficiency than the systems are for other users. Hopefully that makes sense. That's certainly what we see in this data, and it was certainly fascinating to us when we first looked at it. When you first looked at it, it was like, "Well, this might be bad news for ShoreTel users." But, in fact, it's the converse. What it says is that it's that much more essential to their business operations.

So I want to thank you all very much for your time, and I'll turn it over to Bernard Gutnick, who is the Senior Director of Product Marketing for ShoreTel.

Bernard Gutnick: Okay, thank you very much. It's a pleasure to join this webinar, of course. And it's a topic that I find to be quite fascinating because it relates so much to how many of our customers and our guests who joined us today really have to evaluate what the total cost of ownership is going to be for a very important area of their company.

When people are looking at IP telephony solutions and unified communication solutions, they're looking at solutions that they intend to use with their employees for many years. It's not a consumable product. It's one that you have to look at not just simply the

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Defining Total Cost of Ownership

Up-front Costs

A. Capital costs
- Telephony system
- Hardware replacement
- Network upgrade

B. Operational start-up costs
- Implementation
- Training

Ongoing / Annual Recurring Costs

A. UC system costs
- Support services (maintenance and upgrades)
- Moves, Adds & Changes (MAC)
- System management
- Recurring training
- Cost of system downtime
- Electricity consumption

B. Ongoing network costs
- WAN cost
- Voice Trunk Cost (Analog, Tie Line, E1/T1, SIP trunks)
- Long distance charges

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upfront costs, but the anticipated costs for five to ten years as you use these solutions and evolve them and engrain them in the way that you do business. And so I'm really pleased that in the analysis that we're seeing, it's important for customers to understand the – you know, the true upfront costs that are needed to implement a working unified communication solutions, take into account the equipment that's needed for software and for telephones and servers and various different investments, along with the network upgrades that are needed to enable those applications to work, whether it's investing in an MPLS network or a wide area network or, if a vendor requires you to have a single vendor solution, taking all of those factors into account; whereas, of course, at ShoreTel we don't require you to have a specific brand of network. We adhere to the standards and have more flexibility than others outside.

With respect to the upfront cost, it's also part of the implementation and training requirements. You know, what is the overall amount of time that your staff is going to need to become proficient in understanding the systems? And what – do you have to hire new people with new skills to be added to your staff to handle the overall services that you'll be delivering to your employees? I've always believed that the CIO of a company is really viewed as the cloud of offering services to their employees. All the employees want is a service that they can use to become effective in their role and be able to collaborate and communicate effectively. And over many, many years, you'll see that looking beyond the upfront cost, it's all the cost that you'd need to maintain that delivery of service to the employees, all of the necessary upgrades that our guests had mentioned before, the amount of time and effort to do so as you upgrade from one release to the next to the next, to take advantage of the innovations that continue to become introduced. The amount of time for moves, adds, and changes, and all of the effort needed to insure that when you add staff, that they can get up to speed very, very quickly. And the – and to the cost of downtime, if there are interruptions as our guests mentioned for web outages or otherwise, what is the anticipated downtime and cost to your organization in terms of loss of productivity, along with the networking costs for consolidating trunks or consolidating services? These are all factors that you have to combine together.

Now, we're really pleased, of course – one of the reasons why ShoreTel has become one of the leading providers of the unified communications solutions and IP telephony solutions is it's been designed from the very beginning to have a low total cost of ownership. And I'll just share five reasons, as evidenced really by many of the comments that our guests have made, center really on how easy the solution is to really operate. Complexity just simply costs money; and by having a solution that, for example, is easy to manage by using one web application to manage the services that your employees need, result in less effort and less time for your staff to deliver those services. By using ShoreTel Director, you can add a user, give them the telephony capabilities, and unified messaging, and conferencing; and as our guest from Aberdeen mentioned, even instant messaging and conferencing collaboration capabilities, literally in one to two minutes rather

than having to spend hours on end when you have moves, adds, and changes.

In terms of the ease of learning as well, if you have to have, you know, very sophisticated, you know, employees that have got multiple degrees and engineering designations, that adds to the cost of managing the system. With our ShoreTel systems, they're so intuitive and easy to learn and operate, it simply allows them to minimize the amount of training, minimize the amount of downtown that they have to learn about upgrades or otherwise, and focus those staff members on the other areas of the business as well to help them compete and be more effective.

It is part of the overall design of ShoreTel that when you have the ShoreTel technologies introduced into the network and add the technologies, like additional IP telephone resources and unified communication appliances, they are automatically recognized, and automatically those services become available to the users in the company. And so the amount of time to actually get a ShoreTel system from opening the boxes to installing it to being operating is much, much less time and much less demand for your staff.

Same thing for upgrades. It was mentioned earlier about the complexity for doing upgrades. On ours, it's a very, very simple process. We, of course, don't charge for upgrades either, and so when you take an upgrade from ShoreTel, you automatically will look at the phones, for example, that are on your network and automatically be certain that those are upgraded on basically the click of a button. Other vendors that have, you know, third-party components and mixed vendor solutions and such require you to, you know, validate your updates on particular phones, push up a – you know, a .cab file to your server, push it to a phone, test it and see if it works, and then essentially push it to the various different phones you might have. With ShoreTel that product – that problem doesn't really exist. We design our product to be simple to upgrade so that customers can do it with minimal effort, minimal time, and take advantage of the latest innovations we have.

And from a point of ease of scale as to – you know, as the guest from Aberdeen had mentioned, we've had customers that have grown from, you know, ten to hundreds to thousands of users just by simply adding more resources to the system. The beauty of this is that with ShoreTel, you never forego your initial investment. We've had customers who've had multiple sites that have started out with ShoreTel in one location, have basically found that it's tremendous, upgraded the next location, added essentially more ShoreTel software licenses and the technologies to support them, and essentially the users continue to use the same applications and the same experience from the time you add ten users to thousands of users. We only have one model of product that's used by more than 26,000 businesses around the world. There's no model A, B, or C. We basically have one product that goes to thousands of users—up to 20,000 users—and the experience is basically the same for all of them.

And what we really find is that, as our guests have pointed out, you really only find out what the TCO is going to be by putting solutions into production and finding out what the actual cost would be. I would equate this to almost like buying a car. If you went to buy a car and looked at the miles per gallon of one versus another and the sticker price, you might be influenced by finding out that the anticipated tune-up costs a year later is a thousand dollars more for one versus another, and that you need a technician to work on a car at the dealer only. It's exactly the same thing that the customers only learn what the true total cost of ownership will be by putting solutions into production. It's more than just simply putting a system in a lab and measuring the power consumption of a phone and writing that down and saying that one phone does this, one phone does that, or – you know, getting a stopwatch out to see how much you have to – how many seconds it is to add a user. It's much more than that.

When you look at the overall experience over multiple months and years, looking into the overall complexity associated with, you know, WAN issues and the overall administration and the amount of time to train your employees; managing the software updates that may appear to be simple, but may have to also be in sync with the router upgrades that you have to do and keeping those in sync; and the overall capacity planning of what you do to design your system as you expand and add more users over time.

The Aberdeen Group also shared their research on hundreds of customers that really validate why the ShoreTel experience does result in a lower total cost of ownership, as proven in production environments.

Jack McCarthy: All right, thank you Bernard. Next we're going to go to the question and answer session, and we'll try – all our participants will try to answer questions posed during this webinar by our guests. The first one, we'll just continue with you, Bernard. "What would you associate the lower network upgrade costs with?"

Bernard Gutnick: That's a tremendous question. So with ShoreTel, we have designed our product to adhere to industry standards. And so with our solutions, whether you have technologies from one network infrastructure company, we support basically the networking technologies from many different leading vendors, whereas other vendors may require you to replace your existing network with a single vendor-provided solution. And so we have the flexibility to really not force you to have your network infrastructure upgrades in sync with your ShoreTel software licenses, and it just simply results in more autonomy of having ShoreTel for what we do and having more flexibility in your choices of what your networking technologies are.

Jack McCarthy: Thank you, Bernard. A question for Andrew Borg of Aberdeen: "So is the unplanned downtime based on per day, per week, per year, or some other method?"

Andrew Borg: It's based on per year. Thanks for that question. So that's on an annualized basis.

Jack McCarthy: And what – Andrew, what – how important is unplanned downtime in evaluating TCO, would you say?

Andrew Borg: Well, I think it's one of the most important aspects because it tends not to be considered in the hard evaluation, if you will, the hard TCO. But the impact – you know, Bernard talked about the fact that the ShoreTel system was less demanding on network resources. And we believe although, you know, this is more anecdotal than observational, but based upon the consistency of the data, we believe that ShoreTel's actually using the existing resources more efficiently and effectively. So that's really about the level of efficiency.

But in terms of downtime, that's about stability. So unplanned downtown is about system failure typically from the software side; although, you know, it could be related to overburdening of the network in terms of traffic. But typically it's software instability. After all, these are software systems. The – you think about it, the switching is all – is primarily done in software on an IP telephony system. So the – it's really about the stability of the ecosystem. So if you've got a system which has unplanned downtime – you saw in that last line I showed, the negative impact on the business. And we saw a greater impact for ShoreTel customers because they were more reliant on their system than all of the customers on average. So I think – you know, I think it's one of the areas that really needs to be paid more attention to, and I think the data points in that direction.

Jack McCarthy: Okay, thank you, Andrew. "Are these costs for ShoreTel Sky or ShoreTel on-prem solutions?"

Bernard Gutnick: Oh, that's a terrific question. So the guests that we have joining us and the research from Aberdeen today really reflect research done with the customers that have our ShoreTel Premise solution. But the principles apply equally to the service provided in a – as a cloud offer. Our ShoreTel Sky service allows you to have a cloud-based service where you have applications for employees and, you know, desk phones that are basically registering to our cloud infrastructure. The same principles really apply of knowing what is the upfront cost for those phones for the desks, we'll say, for people, the applications that you'll need, and then essentially the monthly recurring costs that you would have with a service as opposed to a product that you purchase and own and operate. And so we have tools that help people to assess which of those is really best for an organization. There's really no simple answer. Every organization is a different belief of what they wish to manage in their company, and we basically can walk people through and have them understand what the advantages and tradeoffs are of owning a system and operating it yourself, or having a ShoreTel sky/cloud service that provides, you know, the – your employees with the same services. So that's a terrific question.

Jack McCarthy: Bernard, there's a couple more ShoreTel-related questions that I'll ask you.

- "Are there any issues with dropped calls?"
- "What is the lifecycle of a ShoreTel phone system, four years, ten years, or more?"

Bernard Gutnick: Well, are there any issues with dropped calls is a bit of a broad question. In our latest release, for example, we have monitoring tools that essentially are available for system managers to monitor the entire network down to the phone, down to the individual packets that are going through, and any dropped calls may be the result of a network issue, or otherwise. Generally speaking, we – you don't really observe that in production settings all that often; and in many cases, it is due to the overall network topology.

In terms of the lifecycle of the phones, our phones are specifically designed to be used in professional settings and be very durable, whether it's the keypad or the buttons being used or the handset or the speakers and such, we've designed them specifically to be lasting for many, many years. The phone I've had at ShoreTel myself, I've had for five years. It's the exact same phone I've had since I've started, and I use it a lot. And so I often hear of customers who've had phones for more than five years, and that's because of the attention we put to make sure that the phones are durable and very easy to use.

Jack McCarthy: Okay. There's one more, Bernard, for you "Is the voicemail system ShoreTel's, or is it one provided from a third-party like a carrier such as Verizon?"

Bernard Gutnick: That's a terrific question. So the unified messaging capabilities are integrated directly within the ShoreTel software itself, whether you run that on a server of your own, whether it's running VMware, or otherwise, that's functionally integrated into the server that runs the ShoreTel Director and can run our ShoreTel Contact Center as well. And so the unified messaging, or voicemail and fax capabilities, are functionally integrated also into the administration environment. And so when I add a user using our web interface, it automatically creates a unified messaging mailbox for the users, the desktop client that they'll have automatically allows you to see the visual voicemail and see the message that are done. And by tightly integrating that into the administration and to the user functions, it makes unified messaging very, very easy to offer to employees and easy for them to use.

Jack McCarthy: One more, Bernard, "We have an in-house call center. How does the ShoreTel system perform in terms of pulling call center metrics, call recording, IVR?"

Bernard Gutnick: Well, we do – ShoreTel does have a integrated enterprise contact center solution that we offer and is used by, you know, thousands of businesses around the world. If you were to have your own contact center, let's say from a different vendor for whatever reason, you can certainly connect those to the ShoreTel system and have calling between them. But in most cases, when a

business is evaluating their overall unified communication strategy, they'll look to ShoreTel's providing a complete IP telephony and UC and integrated enterprise contact center solution. And we have many, many customers that have found by having us provide a single integrated solution for them, it allows their contact center agents, for example, to see the presence of all the employees, all the subject matter experts in the company to be able to IM other people, to get emails sent to other people, and really serve their customers, both internal and external, more effectively. So we have a lot of flexibility for our own solutions and for the contact center solutions that people might already be using.

Jack McCarthy: A couple of questions about compatibility. "Are ShoreTel solutions compatible with Microsoft Exchange/Lync platforms?

Bernard Gutnick: That's a terrific question. So we have many different solutions that are functionally integrated with Microsoft Lync. So, for example, our ShoreTel Mobility solution allows you to have the unified communication capabilities for smartphones and tablets, such as iPhones and iPads and Android devices. And if you have already selected, let's say, Microsoft Lync for your instant messaging and for – you know, for various different Microsoft applications, that same Microsoft solution can be used for the instant messaging platform for your users. And so ShoreTel can – we can have our telephony presence shared with any Microsoft Communicator clients or for Microsoft users in general, and essentially allow you to choose whether you want a Microsoft IM solution or a ShoreTel IM solution. You really have the choice of using either one.

Jack McCarthy: And "Do you have a remote client for when one travels?"

Bernard Gutnick: Well, absolutely. So we have kind of several different options. We have, of course, our ShoreTel Mobility solution which allows you to have a smartphone or tablet become equal to your desk phone, and it's really quite a remarkable product. By using my iPhone, for example, I have both an iPhone 5 and an iPad essentially. I – when I travel, I use that using the hotel wifi service and can essentially place calls and receive calls with the caller ID of my desk. And with my personal iPhone, the one I – you know, ShoreTel didn't buy it for me – when I place a call from it, you as a business recipient would think that I'm calling from Sunnyvale, whereas I could be calling from anywhere in the world. And our ShoreTel Communicator clients for Windows/PCs, also allow you to essentially use that as a soft phone to call from; or, if I want to use my basic analog phone at home, I can use the capabilities to automatically have calls being served by my analog phone at home and place calls from that also, for which the caller ID is my business caller ID, the same number that appears on my desk phone. So we've got solutions for people that have iPads or iPhones or individual remote locations.

And a neat capability that sometimes people find fascinating is that I can also go to any office of ShoreTel, and our customers can, too – our guests

mentioned that they have many different locations. I can walk into my boss's office, who has an office with a door, press a – you know, button on the phone, enter my voicemail number, my password, and that becomes my desk phone when I'm in the room. I place calls from it, receive calls from it; and when I'm done, go back to my cubicle and I basically put the number back. So it's really, really easy to have flexibility to really work anywhere, whether I'm at home, back of a taxi, at a hotel, in an office, someone else's office. When I was in Australia, for example, I was able to assign my phone to one of the numbers in Australia and receive calls there, literally in seconds. So we make it really easy for people to decide who you want to be able to be reached no matter where you are, no matter what device you're using, no matter where you happen to be.

Jack McCarthy: Okay, thank you, Bernard. Well, it looks like we're about out of time, so we'll have to wrap it up. And, again, I'll tell everyone that this webinar is being recorded and will be available online, along with the original Aberdeen report on the subject, as well as additional supporting material. And the same URL link used to join the webinar will give access to the material.

So I'd like to thank all our participants, and thank you all for joining in and listening. And we'll see you next month at our next webinar. Bye now.

THE END