The Nature of Mobility in SMB Workforces

Communication Habits, Goals, Stumbling Blocks

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September 2011

Background: The State of Mobility in SMBs

Companies with up to about 250 employees are fairly mobile in nature and try to avoid hefty capital investments in real estate, IT infrastructure and other traditional must-haves associated with larger, established companies. There are several related reasons:

- **Economic conditions** are such that large, upfront capital outlays in office facilities, IT equipment and staff, simply aren't feasible for most growing companies that need to conserve cash to optimize operations.

- **The mobile Internet coupled with cloud services** makes it possible to minimize those real estate, equipment and software licensing expenses that would otherwise be a barrier to entry for many small and mid-sized businesses (SMBs).

- **Smart mobile devices** mean that not every worker necessarily requires a fixed, static workspace all his own at the office. Some users can carry their offices with them in the form of a wireless smart phone or tablet computer, much like a turtle totes his house on his back. For those who need to park themselves at the office to work for part of the day, organizations can set up a handful of time-shared workspaces and save quite a bit of money on real estate and office equipment.

Nonetheless, organizations of all sizes need certain traditional business capabilities, regardless of how they have set up their offices and intend to ultimately deliver service. For example, the desire to empower mobile employees to deliver customer service and support tops the SMB priority list for what mobile users generally need to be able to do, according to a Webtorials survey conducted in August 2011 of 161 SMBs, defined as organizations with 10 to 250 employees.

These trends and other survey results are discussed in further depth in the remainder of this State-of-the-Market report.

Findings: The Upshot

SMBs seem to feel their competitive value lies in remaining fairly nimble while being able to deliver customer service at least on par with – if not faster and better than – larger companies with generously sized internal IT and network footprints (see Webtorials report, "The Impact of UC on Customer Service," June 2011). According to our August survey, mobility plays a pivotal role in those goals.

Specifically, we drew the following primary conclusions from the Webtorials research into the mobile habits, expectations, and concerns of SMBs.

1. **SMB workers rely heavily on mobility. Consequently, SMBs will suffer costly productivity hits if worker access to company resources when outside the office is inferior to on-site access.**

2. **Of UC functions, it's most important for mobile SMB workers to have access to corporate directory, calendaring and collaborative document sharing. Meanwhile, related mobile call/contact center capabilities are also growing in importance.**

3. **Smartphone and notebook use will be giving way to tablet computer use during the next 18 months.**

4. **Mobile networks are both an enabler and a stumbling block in SMB companies.**

Let's take a closer look at each finding.

1. Location-Independent Access

The biggest reason that SMBs implement mobility is to enable their employees to work wherever the job demands according to 75% of respondents. Increasingly, that means that those workers are in the field.

- ***Half of respondents' workforces are mobile at least some of the time, and those employees work outside their employers' office areas for nearly half their workdays. That means a typical SMB has a full one-quarter of their staff working outside the office at any given time.***

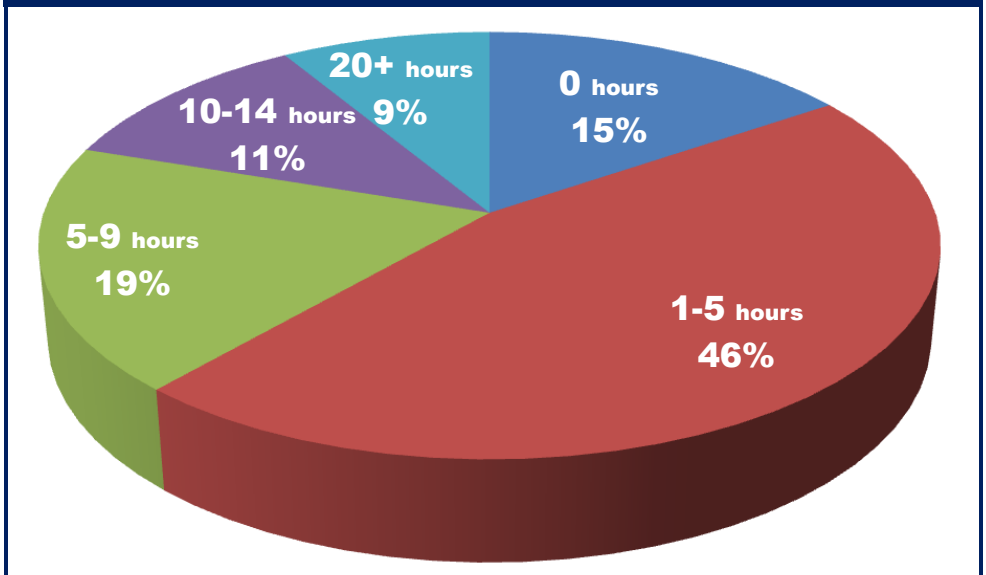
These findings paint a picture of a fairly fluid SMB environment, in which work is conducted where the action is, and that isn't always in a static office or cubicle.

Given that so much time is spent working away from the office, establishing a way to optimize mobile workers' access to applications, services and collaboration is critical to the SMB bottom line. SMBs say they need their mobile employees to be able to provide customer service and support, access customer

information and use the same business applications they have available when at an office workstation.

- ***Respondents also said mobile users in their companies waste large amounts of time because access to corporate resources isn't consistent inside and outside the company. They estimated that on average, each mobile employee wastes between 5 and 6 hours per week, or an hour-plus per business day, because of a lack of consistent access to corporate resources when out of the office (See Figure 1).***

Figure 1: Wasted Weekly Time Per Mobile Employee



How many hours do you estimate a given mobile employee wastes each week because of inconsistent network resource access when out of the office?

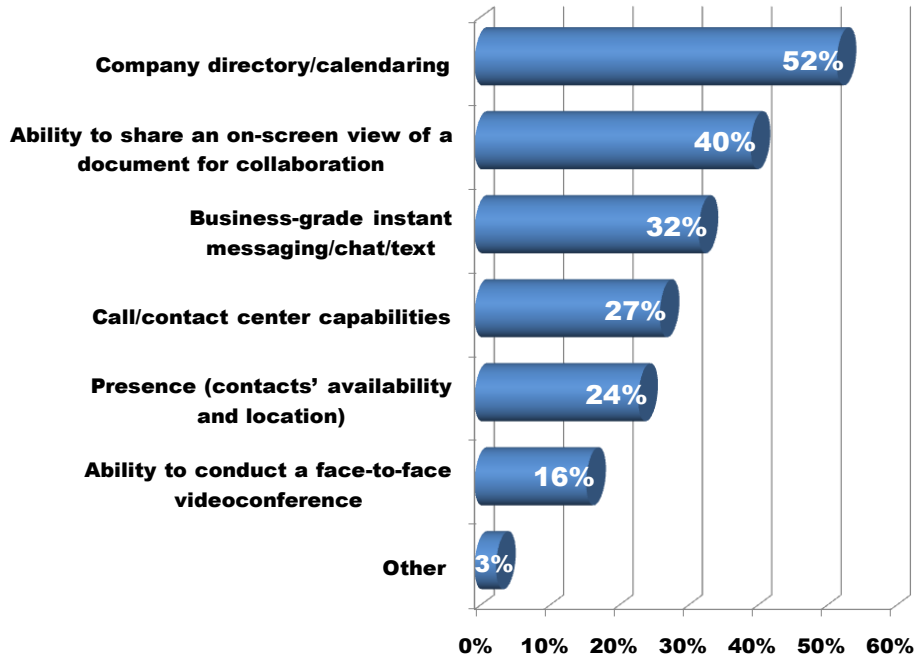
What does this inconsistency mean? When you take what an employee costs per hour, including both salary and benefits, and multiply that figure by 48 (the approximate number of per-user workweeks in a year), you end up with a significant chunk of downtime for that worker. Total the amount for each mobile worker, and you'll see a substantial portion of worker pay going down the drain.

Appendix 1, for example, calculates the cost of mobile worker downtime to a hypothetical company of 137 employees, 67 of which are mobile. These figures reflect the average company size of the respondents to our August SMB survey. The calculation estimates that such a company could recover a time value of roughly $700,000 per year (or over $10,000 per mobile employee per year) in increased productivity by bringing mobile users' abilities on a par with in-office users. (See Appendix 1 for detailed calculations.)

2. UC and Call/Contact Center Imperatives

A third or more of respondents cited access to the corporate directory and calendaring functions as the top two UC capabilities their mobile users need, aside from traditional phone calls, voicemail and email. More than a quarter of respondents cited contact center capabilities as one of two "most important" UC capabilities for mobile users to have (see Figure 2).

Figure 2: Most Important UC Capabilities



While smaller and highly mobile companies don't necessarily perceive the need for a full-blown, physical call/contact center, the need for contact *center functions* – the ability to access customer information, consult with superiors, check inventory and generally respond to customer needs quickly and accurately – will likely never dissipate. And that requires an economical way of delivering UC and related call/contact center capabilities to the employees who need them – many of whom are now mobile a good percentage of the time, as the survey responses show.

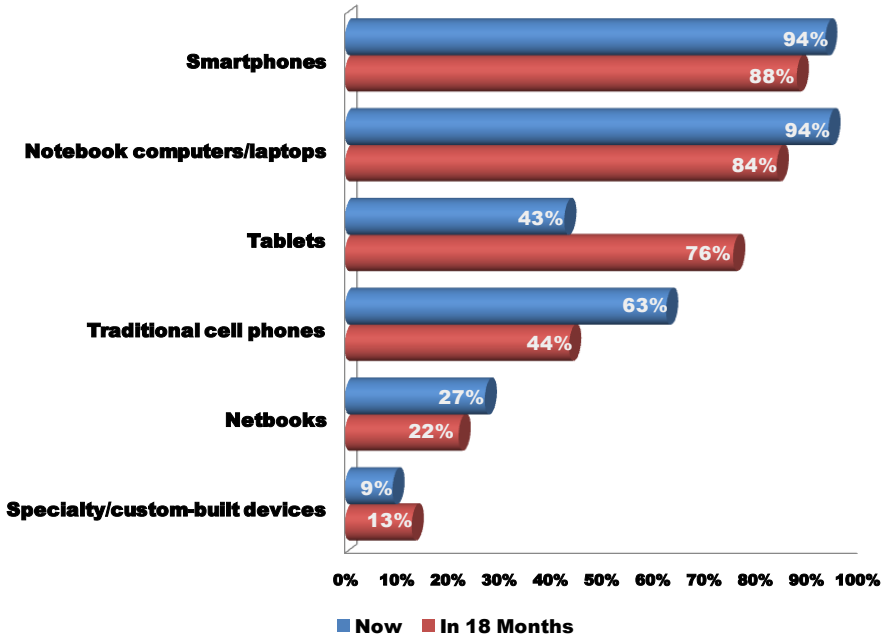
One customer service imperative called for by about two-thirds of respondents, for example, is the ability to route callers and Internet visitors to customer service experts within the company in ways other than having stationary agents sit in expensive, physical call centers to handle customer queries. Of the various types of contact center capabilities, access to customer escalation was voted the most

desired in mobile solutions, followed by skills-based routing and queue management.

3. Device Trends: Tablets out in Front

Smartphone use, as well as notebook computer use, is likely to soon be undercut by SMB workers' use of tablet computers. While 94% of respondents said users in their organizations currently use smart phones such as the Apple iPhone, Google Android-based devices, RIM BlackBerry and others, the number is expected to drop to 88% in 18 months. During the same time period, tablet use will jump from 43% currently to 76%, and notebooks will drop from 94% to 84%. (See Figure 3)

Figure 3: Most Popular Mobile Devices



This shift is being driven by the successful arrival of tablets in the marketplace, kicked off by the Apple iPad, followed by several Android based devices like the Motorola Xoom and Samsung Galaxy Tab and even a contribution from business-centric mobile device maker Research In Motion, which has offered up its PlayBook tablet. The ability of the tablet to usurp the smart phone and, in particular, the notebook computer, however, likely depends on building up the wealth of business-productivity application availability for the tablet form factor.

Smartphone size makes it difficult to successfully run traditional business applications, such as word processing, spreadsheets and so forth. While the industry has yet to offer many business productivity apps for tablets, those apps

are expected to soon be coming, if not in a traditional, locally loaded format, in the form of SaaS, or cloud, services.

When that happens, SMB users who are mobile much of the time can use the tablet of their choice to perform many of the functions typically associated with a desktop computer or notebook computer but in a far more portable form factor. The look-and-feel of data apps on a lightweight, slim tablet is much more similar to the familiar notebook or desktop-with-monitor experience and the experience is far easier on the eyes than the smartphone form factor.

4. The Role and Status of Mobile Networks

Most SMBs surveyed are expanding the coverage breadth of their mobile deployments across additional sites. But they also note that a lack of network coverage in all areas needed is a sticking point. In fact, lack of network coverage in all areas needed ranked fairly high as an inhibitor to SMB mobility deployments, second only to management and security issues.

This is potentially why, when rating mobile device attributes, having multiple wireless connectivity options ranked the highest on user priority lists. Topping the list was a Wi-Fi connection (78%), followed by 3G/4G connectivity (73%).

Nearly half (46%) of business cell phone calls are made from areas where employees also have Wi-Fi access, according to SMBs surveyed. There are a couple of implications here. First, the more types of mobile networks a given device can connect to, the higher the probability that the user will get coverage from one of those networks in any given area.

Second, from a voice perspective, if Wi-Fi infrastructure is in place where users are making a call, there are potentially cellular-bypass savings to be had by placing calls over the Wi-Fi infrastructure and avoiding cellular minutes. This benefit is highly dependent on a number of factors, though.

One is that, for users making calls within the office, the Wi-Fi network needs to have been designed and built out sufficiently to support voice calling from every nook and cranny where employees might be. Wi-Fi as a data network is fairly reliable so long as it covers typical work and conference areas. Phone users, though, walk and talk, and may need more robust coverage and hand-off capabilities.

Second, depending on the cellular plan the SMB has negotiated – perhaps involving free internal calls and/or free mobile-to-mobile calls – if the Wi-Fi infrastructure is not completely voice-ready, it might be less expensive to pay a bit for cellular than to invest in Wi-Fi backbone components. The caveat with the cellular option, of course, is that the in-building signal strength is strong enough to make reliable, high-quality calls.

Conclusions and Recommendations

SMBs, particularly smaller ones, tend to have highly mobile user populations. They are lean on IT staff and budget, yet they need to deliver many of the same capabilities as businesses with far deeper pockets. For example, they need to collaborate, deliver customer service, escalate customer issues and use both off-the-shelf and possibly custom business applications just like their larger peers.

With limited resources to invest in IT infrastructure and expertise, SMBs are finding that mobile employees, who are out of the traditional office site about 50% of the time, waste significant amounts of time fiddling with getting access to network resources. ***The reason is that mobile access works differently than when users are directly connected to the local network. Getting the capabilities in and out of the office onto a par with one another is desirable because of the substantial savings possible with recapturing the productivity of those work hours***. Savings that might range from about $150,000 to $700,000 per year for an average size SMB of 137 employees with 67 mobile workers (see Appendix 1).

A quick and cost-effective way to bring mobile capabilities onto a par with local capabilities is through the use of cloud services. In fact, of those survey respondents indicating plans to deploy mobile applications, 43% said they planned to deploy them in a cloud-based or hosted setup.

Cloud services are more or less a ready-made infrastructure, run by a third party, that allows SMBs to pay as they go and avoid their own upfront investments in capex and IT expertise. They also don't have to worry about maintaining the infrastructure or patching software and updating security holes. SMBs trying to resolve the differences in access methods should at least explore cloud services, which can serve as a "great equalizer." In doing so, SMBs should evaluate vendors primarily on their security infrastructures, depth of network visibility and troubleshooting capabilities, breadth of application services and financial stability.

Appendix 1 – The Cost of Inferior Mobile Access

This section provides a template for calculating losses when inconsistent network capabilities are available to mobile users inside and outside the office. Viewed another way, it can serve as a template for calculating that savings associated with creating egalitarian access to corporate resources for local and mobile users.

Translating these costs into in real dollars can be difficult to quantify because there are a large number of variables and no "typical" SMB. Furthermore, compensation for an SMB employee may very well be based on a factor not typically accounted for: equity interest in the company. The mobile worker in an SMB, in other words, may be working for a smaller salary in exchange for the expectation that at some point they will have an equity interest in the company.

With these conditions in mind, we created a prototype small business with 137 employees, of whom 67 are mobile workers. Of the 67 mobile workers, we assumed a wide range of salaries ranging from $40,000 per year to $110,000 per year, with the number of employees weighted to the less expensive employees.

> ***Based on these relatively conservative assumptions, the prototypical company with 67 mobile workers is able to recover a time value of roughly $700,000 per year in increased productivity.***

The exact value for our fictional company is $678,066. But realizing these savings by taking applications mobile is non-trivial. The implementation of mobile solutions is quite intensive in terms of IT staff services, and the expense of the IT staff is inordinately high for SMBs. This leads us to a discussion of the importance of cloud-based services. Also called "software as a service," cloud application services represent a pay-as-you-go model. They avoid capex investments in application servers, compute infrastructure, software licenses, support, software upgrades and patches, and so forth.

> ***In fact, the best method, and in some cases the only method, for smaller and younger SMBs to turn this time value and increased productivity into "real" dollars with a significant ROI is by the use of cloud-based services.***

Assumptions and Methodology for Calculating Savings

Calculating the potential cost savings for a "Mobility for SMB" implementation is an inexact science, because each company has different needs. And mobility implementations do not consist of an exact set of comparable components.

Thus, this appendix made a set of assumptions, described below, which could possibly serve as a template for calculating your own cost savings.

In the survey, the participants were asked:

About how many employees are there in your organization?

The average company size for the respondents was 137.

> ***How many hours, if any, would you estimate a given mobile employee in your organization wastes <u>each week</u> because he or she doesn't have consistent access to corporate resources when out of the office?***

The average time estimated was 5.4 hours per week.

> ***About what percentage of your workforce is mobile at least some of the time?***

Respondents estimated that 49.2% of their company's employees were working outside 43.55% of the time.

To monetize this 5.4 hours per week of recovered time per mobile worker:

There are no standards, and our anecdotal research ranged from a typical salary of $40,000 per year to over $100,000 per year depending on a wide range of factors, including industry and geographic location. Additional research indicated typical ranges from roughly $60,000 per year to $120,000 per year.

Rather than arbitrarily assigning "typical" values, we produced a simple table, Table 1, which demonstrates the value of the recovered time at a range of salaries from $40,000 to $110,000. The second column, "Salary with Benefits," represents an industry-typical 30% addition to the base salary.

The "Salary with Benefits" was then converted to an hourly rate, based on 1,920 hours worked per year. These hours assume 48 weeks of 40-hour weeks, allowing for vacation time, holidays and sick time, and are what we consider to be conservative estimates. The benefits are then reflected in the "Weekly Savings" and "Yearly Savings" for each base salary.

For our prototypical company, we assigned 67 (49.2% of 137) mobile workers at various salary levels[1]. This was very heavily weighted toward the lower end of the compensation range. These are shown in the "Number of Mobile Workers" column, with the resulting "Recovered Time Value" in the right-most column.

Table 1: Potential Recovered Time Value

Base Salary	Salary with Benefits	Weekly Savings	Yearly Savings	Number of Mobile Workers	Recovered Time Value
$40,000	$52,000	$146.25	$7,020	22	$151,416
$50,000	$65,000	$182.81	$8,775	16	$141,953
$60,000	$78,000	$219.38	$10,530	13	$141,953
$70,000	$91,000	$255.94	$12,285	5	$66,245
$80,000	$104,000	$292.50	$14,040	3	$37,854
$90,000	$117,000	$329.06	$15,795	3	$47,385
$100,000	$130,000	$365.63	$17,550	3	$52,650
$110,000	$143,000	$402.19	$19,305	2	$38,610
				67	**$678,066**

Productivity that could be recouped by giving employees seamless access to resources whether they are on a stationary, local network or mobile inside or outside the office.

[1] This weighting is extremely conservative in that it is reasonable to assume that more highly compensated employees tend to be more mobile.

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Published by Webtorials Editorial/Analyst Division
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