UCC and SIP Drive Savings in Cost-Conscious Enterprises

September 2011

Sponsored by: Avaya, Inc.

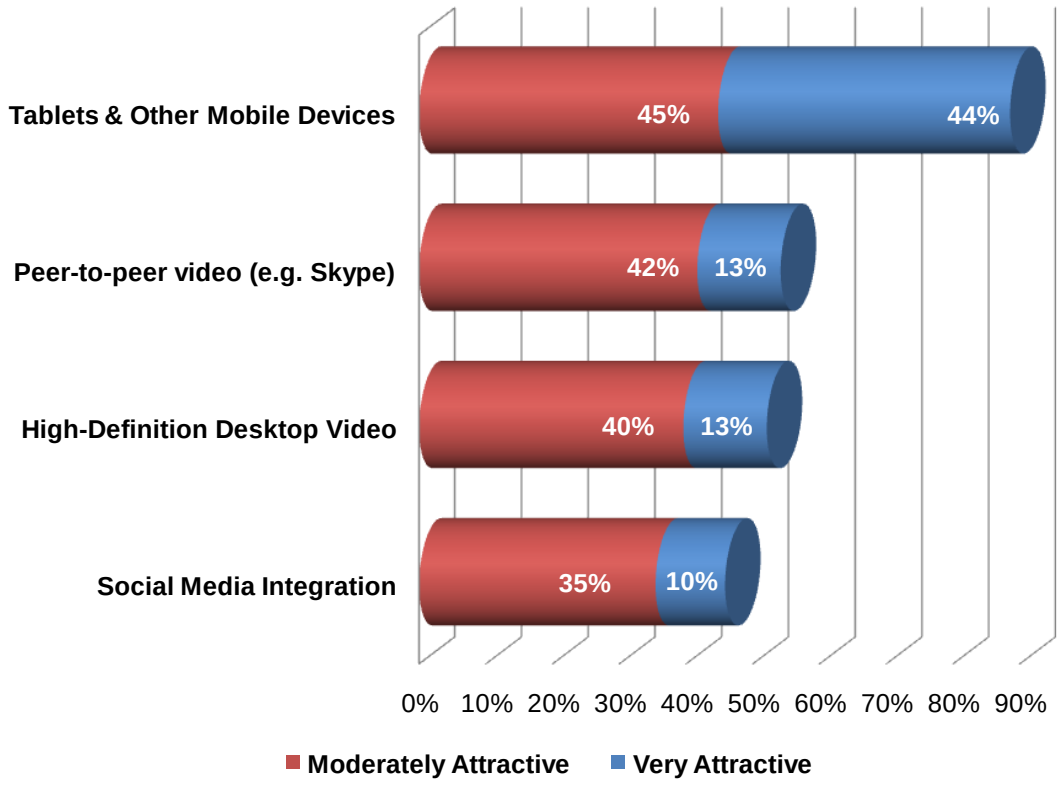
Enterprise UCC At-A-Glance

In May 2011, Webtorials surveyed 136 IT managers in its subscriber base about their experiences, plans and objectives with unified communications and collaboration (UCC) applications and technology. Many of their answers indicated that the respondent base associates certain aspects of UCC closely with what they cited as their primary overall business goal: reducing costs in the enterprise.

UCC software and services provide a consistent user experience across multiple IP communications applications, devices and media types using a common interface. The apps support several productivity-enhancing capabilities; for example, users can read voicemail messages by retrieving them using email and vice versa. They can also share documents with colleagues online during conference calls. And they can click to initiate dynamic audio, chat and video sessions from a range of client device types based on their colleagues' locations and availability. These are just a few applications of UCC.

Most UCC services now have been expanded to run on mobile device platforms, given that smart phones and wireless tablets have quickly begun to outpace traditional wired phones, desktop computers and notebook computers. In fact, 89% of respondents identified tablets and other mobile devices as "very attractive" or "moderately attractive" as part of their UCC deployments going forward (see Figure 1). At the other end of the spectrum, integration with social media was least attractive.

Figure 1: Mobile Devices Join UCC Environment



Please identify the attractiveness of these devices and applications as part of your enterprise's UC&C solution going forward.

The insight gleaned from this research is based on responses from IT professionals who hold IT management, operations and supervisory positions at their companies and are either involved in purchasing IT products and services or influence such purchases. Two-thirds are in companies of 1,000 employees or more.

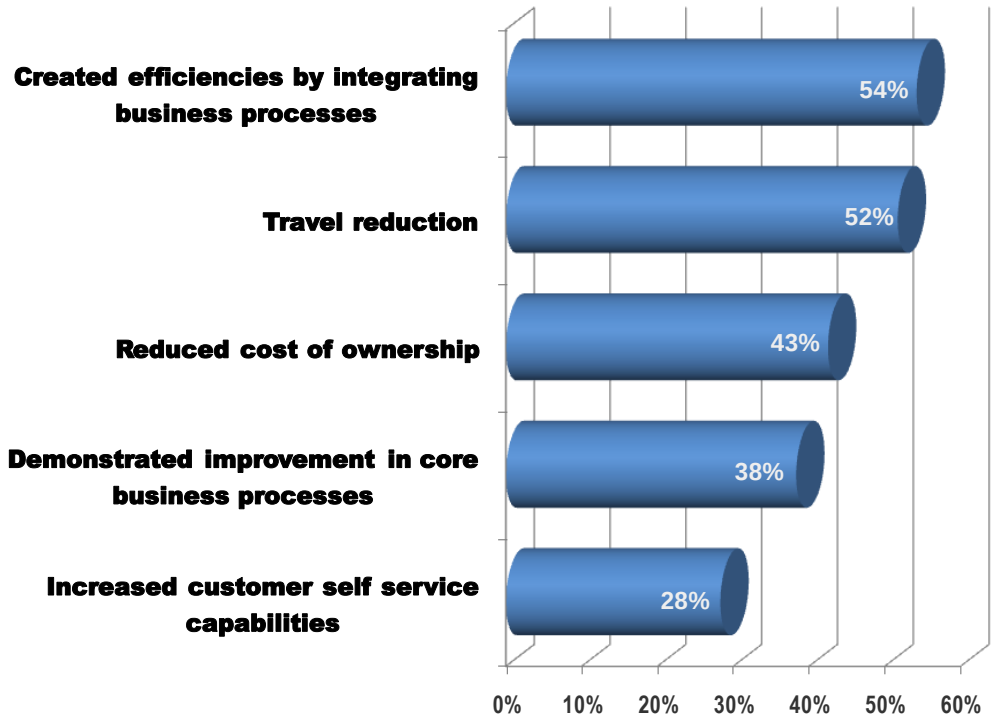
Key Findings

An economics theme prevailed throughout the survey findings. For example:

- ***IT's overriding business goal – even apart from UCC plans – is to reduce costs in the enterprise,*** according to 60% of respondents. Coming in a somewhat distant second at 41% is the desire to improve workforce productivity.

- ***Not surprisingly, the top three business outcomes hoped for through the use of UCC also relate directly to cost*** (***see*** Figure 2). They are, in descending order, creating efficiencies by integrating business processes, travel reduction and reduced total cost of ownership (TCO).

Figure 2: Critical UCC Business Benefits Rankings



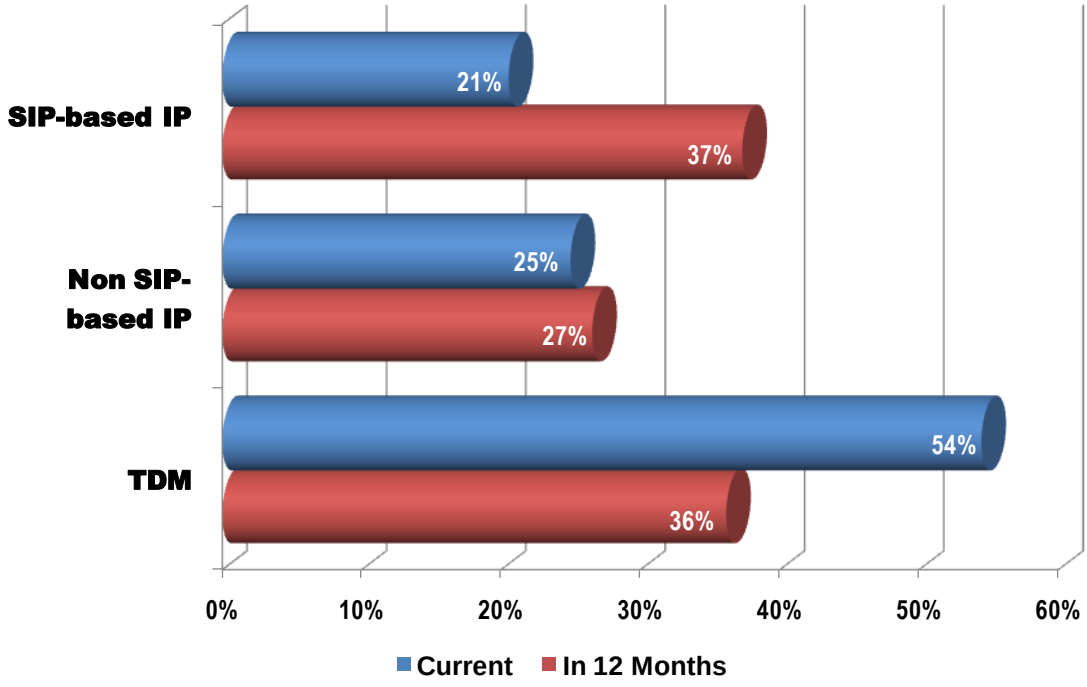
Which business outcomes provided by UCC play an extremely important role in your enterprise's assessment of a successful UCC solution?

- ***Respondents indicated a strong interest in replacing traditional telephony signaling (TDM) with Session Initiation Protocol (SIP)-based connections for cost savings and other reasons.*** Enterprise acceptance of SIP-based transport bodes extremely well for greater adoption of UCC solutions. Let's take a closer look at SIP.

SIP Migration Drivers

IT managers indicated plans for substantial migration toward SIP-based infrastructures during the next 12 months. The percentage with SIP-based IP installed now (21%) is expected to jump 16 points to 37% during the one-year time period, while TDM deployments will plummet from 54% to 36% (see Figure 3).

Figure 3: TDM & SIP Allocation Plans



How do you see your resources for UCC architecture being allocated now and 12 months from now?

SIP acceptance is a strong driver for collaboration and its benefits. According to our survey, those users leading in SIP adoption give a great deal of thought to TCO when considering a UCC solution, indicating that they associate cost efficiencies with SIP.

Why is SIP so important? SIP is a worldwide signaling standard created and supported by the Internet Engineering Task Force (RFC 3261). As such, it is the interoperability catalyst that enables widespread and advanced UCC applications. While some UCC applications have been available for several years, most have been vendor-specific and voice-oriented.

SIP, however, represents a major step forward as a standard and – as its name implies – is *session-oriented*. SIP sessions are not limited to voice; they can be any type of session, including videoconferences and collaborative sessions. And SIP can serve as

the "glue" among all these application types and ease integration and interoperability while reducing complexity.

For example, most respondents said they found it easy to collaborate with others using voice (85%), while less than half as many (about 40%) thought Web conferencing, desktop sharing and videoconferencing were easy. SIP has the potential to alleviate those difficulties as a common signaling protocol for all types of communications.

The industry's standardization around SIP is valuable in several usage scenarios, including the following:

- Intra-company communications with disparate equipment from the same manufacturer
- Intra-company communications with equipment from different manufacturers
- Inter-company communications using equipment from any variety of manufacturers
- Interconnection with a service provider (e.g., a phone company) using a packetized interface for any type of communications, as opposed to relying on TDM telephony trunks

As noted, survey respondents are intensely interested in containing costs. Consequently, the implementation of SIP must have a strong business case behind it. And like all business cases, SIP's must contain both tactical and strategic benefits.

Potential UCC Savings

SIP standards enable greater uptake in UCC, which has the potential for significant cost savings. There are many UCC savings calculators available from various industry sources for estimating cost savings to build the tactical business case. The savings calculator available from Avaya[1], the sponsor of this report, for example, provides some particularly interesting insights.

One version of the Avaya Product Calculator Toolkit is optimized for companies with up to 1,000 employees. In this case, users provide information about their companies' number of employees, number of sites, the percentage of employees who will use basic UCC and the percentage who will use advanced collaboration such as video.

In most scenarios, the majority of the cost savings come from two sources: 1) network optimization paired with a shift to SIP trunking; and 2) travel savings from video. In a sample company with about 1,000 employees, the network savings range from about $240,000 to $270,000, depending on how many branches the company has, regardless of whether the branches are domestic or international.

[1] *Source: Avaya Product Calculator Toolkit*

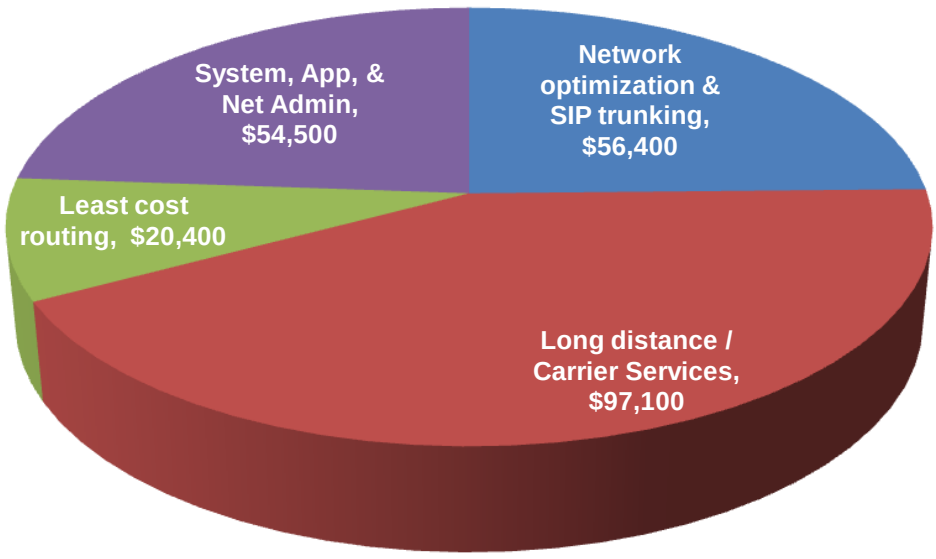
The savings from travel can be tremendous, but they are also highly dependent on the individual company. For instance, according to Avaya's model, this 1,000-person company could save about $500,000 to $1,000,000 per year (depending on the number of travelers and the frequency of travel) with rather modest shifts to video.

Note that these fairly significant savings represent tactical cost containment only derived from reduced travel costs. They do not include the additional increased productivity potential of video used either as a standalone UCC application or in the context of other UCC applications, so the savings could possibly be much larger.

When the number of enterprise employees is greater than 1,000, a different set of assumptions kicks in using the Avaya tool. The questions shift to a focus on the region(s) in which the company is located, the degree to which the company is centralized or distributed and the vertical market.

As shown in the example in Figure 4, the hard tactical savings in larger companies derive from several sources. In this case, it is assumed that the company is a centralized global company with 2,500 employees and six sites. (No specific vertical market is assumed in this example.) The key takeaway is that a number of areas contribute to an overall savings of about $228,400 per year. Note that these savings do not include any travel savings realized by using video (a significant impact) or any soft strategic savings. Perhaps most remarkably, 24% can be saved in reduced system, application and network administration costs.

Figure 4: Sample Savings



UCC can deliver a total estimated $228,400 savings in a global enterprise with 2,500 employees, six branches and a primarily centralized architecture. The savings come from reduced costs in the four operational areas shown.
(Source: Avaya Product Calculator Toolkit)

Mileage will vary, of course, depending on enterprise specifics, but regardless of the exact numbers, the underlying message is clear: ***UCC and by association, SIP, provide a path for tremendous cost savings and productivity increases.***

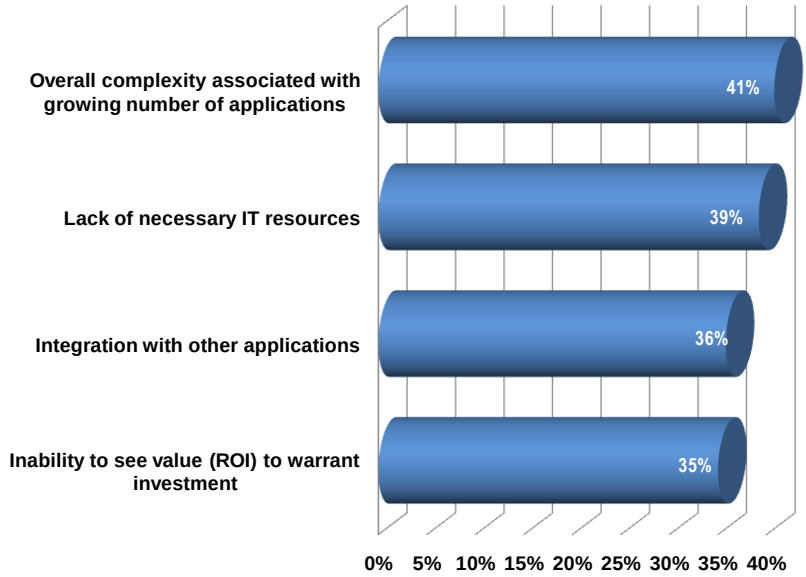
Other Notable Findings

UCC is a highly valued area, but there is plenty of work to do to get it into the shape that enterprises will ultimately consider "mature." The following examples reflect the work-still-in-progress state of UCC:

- ***The most important collaboration tools lack ease of use.*** Respondents cited collaborative tools, such as SharePoint and WebEx, as the most important components of UCC (58%). However, they admitted that such applications were not necessarily easy to use: desktop sharing was cited by just 17% as very easy to use, and even fewer, 13%, said Web conferencing was very easy to use. In fact, 30% found Web conferencing to be moderately or very difficult to deploy, and 38% found desktop sharing moderately or very difficult to deploy.

- ***Complexity barriers to deployment remain.*** While efficiencies drive UCC deployment, complexities are the primary deployment barrier (see Figure 5). At the top of the list of concerns is the overall complexity associated with a growing number of applications, lack of necessary IT resources to handle them and integration with other applications. Moves to IP-based SIP are likely to alleviate at least some of these issues.

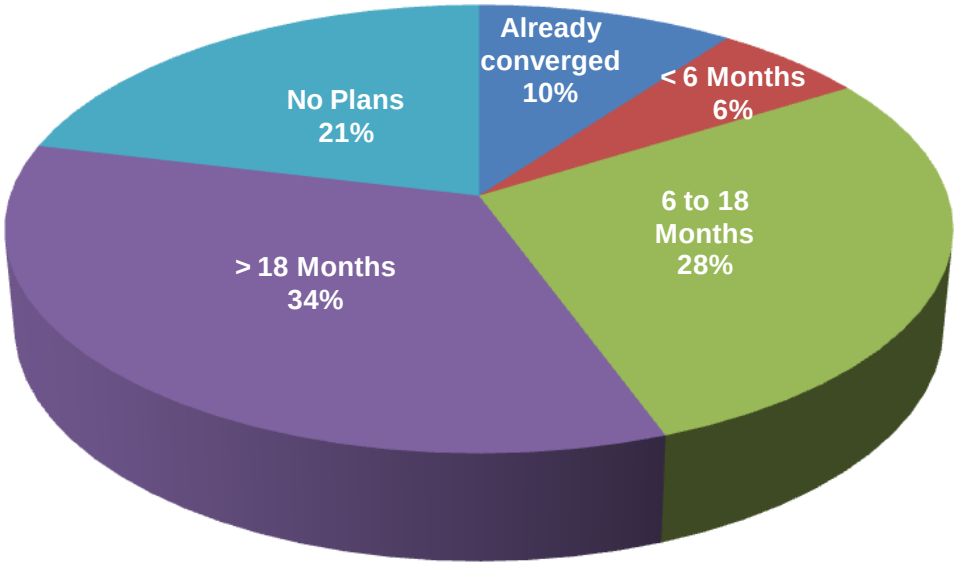
Figure 5: What's Getting in the Way of UCC Deployments?



What are the most significant barriers to broader UCC deployment?

- ***Videoconferencing is still a challenge***.
Videoconferencing apparently remains difficult to deploy, and it has been the least adopted component of UCC. Desktop videoconferencing fell at the bottom of respondent priority lists, showing up on just under one fourth (24%) of respondents' rankings of their most critical collaborative work tools. And though respondents found videoconferencing much more difficult to deploy than voice, nearly half the respondents (44%) do envision converging their video networks with their UCC platforms within 18 months (see Figure 6).

Figure 6: Video, UCC Nets to Merge



When do you envision converging your video network and infrastructure with the UCC network and platform in your enterprise?

Summary

Slashing enterprise costs is top of mind for the IT managers surveyed for this report. Many consider aspects of UCC to contribute to that goal, either indirectly via enhanced communications and information sharing or directly by the elimination of hard costs associated with new SIP solutions.

Enterprises rank integration with mobile devices as a high priority while relegating social networking integration and videoconferencing applications as secondary at this point. The biggest barriers to pulling it all together are difficulty with using certain collaborative applications and the complexities associated with deploying and managing them in an integrated manner. These issues are front and center as the number of UCC applications continues to swell and the status of application interoperability is hit or miss.

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