Migrating Collaboration to the Cloud

An Objective Guide on How to Move Forward

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Contents

Figures

Executive Summary

There has never been a more exciting – though perhaps confusing – time to be an IT decision maker. The sheer number and types of communication tools have exploded over the last five years, providing users with access to presence-enabled directories, several forms of synchronous and asynchronous text-based communications, and access to IP-based audio, video, and data collaboration solutions. The delivery and support options for these evolving tools has shifted from premises to cloud and, in some cases, back to premises again. Moreover, the movement to unified communications (UC) has provided a consolidated and intuitive user experience, and made it easier for IT teams to support and deliver communications via a unified platform.

Although the term became popular in the mid 2000's, "the cloud" has been around for quite some time as a powerful option to deploy a variety of enterprise applications. Service providers have long delivered hosted audio, video, and web conferencing services from data centers spread across the globe. Over time, hosted email and productivity applications have found their way into the service provider's cloud, and the delivery of these asynchronous communication tools has become almost commonplace in the cloud collaboration discussion. As UC has enabled the enterprise to deliver a next generation communications experience, it has also empowered the service provider to deliver a next generation UC-as-a-Service (UCaaS) experience.

There are two key variables at play in this conversation. First, today's mid-to-large enterprise is looking to replace aging, siloed communication platforms (i.e. TDM PBXs, stand-alone video conferencing systems) with a unified and updated communications platform. Second, the demand for cloud-based communication and collaboration solutions is seeing a sharp increase – one that we expect to continue over the next five years. Enterprise demand for UCaaS solutions has shifted materially as new solutions have been introduced, improved, and expanded. The questions posed by the IT decision maker have turned from "what" – what solutions are available within the cloud? – to "how" – how do I leverage the cloud to enable advanced collaboration solutions?

This paper will explore a number of enterprise trends that we have observed over the previous twelve months. After a brief UCaaS market overview and review of the value propositions of today's cloud providers, the paper will explore the key trends within the enterprise that are proving successful for realizing actual deployments: application prioritization, methodologies to embrace, and roadblocks and challenges to look out for. This paper provides a summary of trends and best practices emerging from the early adopters in the next generation of cloud collaboration solutions, and will serve as a guide for the IT team who have decided that cloud based collaboration is right for them but may be unsure as to how to best proceed.

Methodology

Wainhouse Research (WR) has covered the cloud-based communications and collaboration market for well over a decade. Through the course of our research, we receive data from over 200 equipment vendors and service providers. We field regular surveys targeted at enterprise users and decision makers, which allows us to quantify the current state of technology adoption within the collaboration market. In addition, we consult with many enterprise customers, providing objective guidance on UC roadmaps and technology decisions. In total, these activities generate a large base of both objective and subjective market data.

In addition, and in direct support of this paper, we conducted interviews with a number of leading UCaaS suppliers including Orange, Vodafone, West IP Communications, KPN, and Telstra. These suppliers are representative of the larger set of UCaaS providers that is now comprised of nearly every tier 1 network provider, several collaboration service providers, system integrators, professional service providers, and others. These focused interviews reinforced and augmented the research that we have gathered to date, creating a detailed, up-to-date view of the mid-to-large enterprise's approach to migrating communications and collaboration solutions to the cloud.

The Current State of the Hosted Collaboration Market

Over the last decade, WR has observed a dramatic and increasing evolution in the hosted collaboration market. This marketplace originally consisted of hosted audio conferencing, video conferencing, and web conferencing services. Over time, however, we have seen a dramatic growth in more advanced UCaaS services.

The introduction of UCaaS services is partially to blame for a shift in revenue away from traditional audio, video, and personal web conferencing solutions. As shown in Figure 1, hosted audio and web conferencing services are expected to grow at a very moderate rate over the next five years, while the revenue associated with video is shifting towards personal video solutions. Overall, WR expects the most growth to

5 Year CAGR - Revenue

UCaaS	43%
Video - Personal	26%
Video - Services	11%
Personal Web Conferencing	6%
Automated Audio Conferencing	4%

0% 10% 20% 30% 40% 50%

Figure 1 – 5 Year CAGR across audio, video, web & UCaaS markets[1]

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[1] Source: Wainhouse Research Market Sizing and 5-Year Forecasts

occur in the UCaaS segment, in which we forecast a 43% compound annual growth rate (CAGR) over the next five years.

As noted, the growth of the UCaaS market is coming at the expense of traditional, stand-alone audio conferencing services. Many enterprises target a reduction in hosted audio conferencing costs to help justify their UC roadmap, and, as a result, work aggressively to move users onto their new UC platforms. UC solutions currently account for an estimated 9% of all audio conferencing minutes today. As shown in Figure 2, WR expects this number to grow, with UC solutions accounting for over 25% of the total audio conferencing services market in 2016.
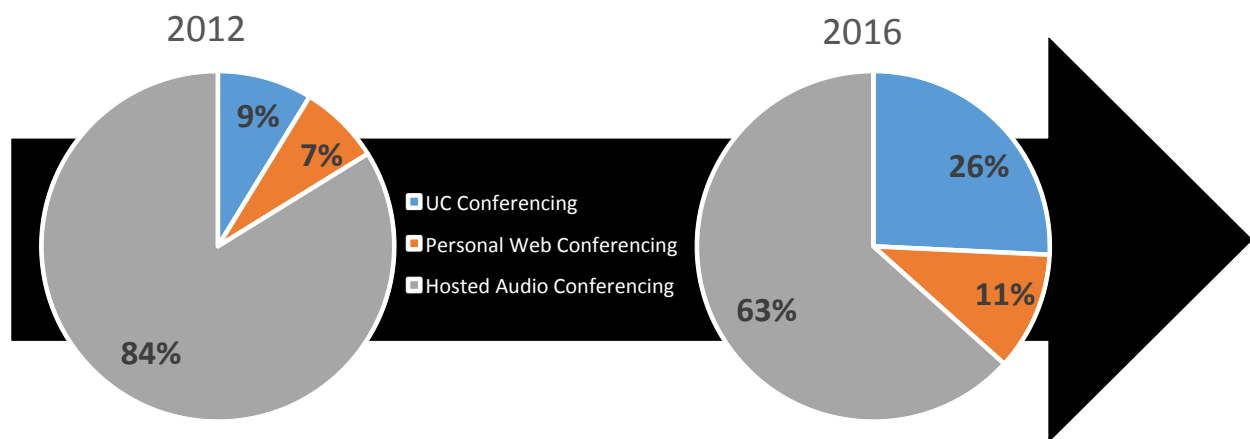

Figure 2 – UC impact on audio conferencing 2012 to 2016[2]

Cloud champions – Who is driving today's conversation

It may seem obvious to state "executive sponsorship is the key to any cloud migration", but this point was reinforced often during the provider interviews. The fact is, the decision to move to the cloud requires strong executive sponsorship to ensure the business is aligned with the project's direction.   The CIO is still the de-facto champion in most cases, however, the CFO is also commonly engaged to help guide the cost side of the conversation.

While these two roles – CIO and CFO – are often top-of-mind in a cloud conversation, migrating collaboration to the cloud commonly requires broad, cross-functional engagement. The actual departments required for the discussion will vary depending on the specific nature of each migration, but one point resonated across all discussions: the more services being 'unified' into the cloud, the more departments that should be expected to get involved up-front in the project. A telephony-specific

> Today's UCaaS migration discussion includes a strong focus on the benefits of business transformation. Be prepared to engage cross-functional business units early and frequently in the process.

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[2] Source: Wainhouse Research 2012 Worldwide Audio Conferencing Service Market Size & 5-Year Forecast

migration, for example, may be managed primarily by the IT team. However, as you begin adding software clients, instant messaging, desktop video, data sharing and conferencing services, you can expect a larger number of stakeholders will need to provide input. In most cases, cloud migration deployments involve IT, HR, procurement, and legal teams at a minimum.

For cloud migration deployments that focus on a short-term PBX replacement, the discussion often primarily centers on economic drivers – and thus quickly becomes an IT discussion. However, as the discussion becomes more strategic and transformative, the more critical it becomes to engage business units across the organization.

Value proposition – What do today's "cloud migrators" look for in a cloud-communications provider?

Regardless of the stakeholders involved, most potential cloud engagements start with a value discussion. This generally includes an analysis of the economic value of moving to the cloud, and often a larger exploration of the opportunities for business transformation associated with the new UCaaS experience. Each provider has adapted their value proposition to match their core competencies and existing product lines – for example, most network providers position their UCaaS offering within a larger voice- and network-based solution. This said, we have found the following value propositions to be the most interesting to the enterprise decision maker.

Improved cost models: Every cloud conversation has a cost element associated with it, and many enterprises expect to reduce their total cost of ownership (TCO) by migrating collaboration services into the cloud. The cost discussion includes a combination of short-and mid-term cost savings, including a view of related solutions that will require time and money to refresh every two to three years.

The UC TCO discussion has proven to be a challenge for many decision makers. Today's discussions tend to stay away from hard-to-quantify productivity-related savings, and instead target hard costs associated with personnel, upgrades, training, power, equipment, telecom, and maintenance. A good cloud partner can add value to this discussion by helping to create an objective TCO model that resonates with the way you conduct business.

The financial constraints that many IT leaders must live with can be mind-boggling. During a recent consulting engagement with a successful, 50,000 person multinational company, the Senior Vice President of IT noted "I have been held to a 'no growth', zero-sum capital budget over the past 5 years." This leader is making conscious decisions about what not to fund, and he is not alone. Lower annual capital budgets are, in large part, fueling the demand for Opex vs. Capex cost models, which allow funds to be

> Have the right expectations – the cloud is not a guarantee for lower TCO. Savings will depend on the size of the organization, service mix, and enterprise-specific complexities.

allocated efficiently over a number of years. A growing number of enterprises are willing to accept a zero-gain TCO equation if it gives them the opportunity for a Capex to Opex conversion as part of migrating collaboration to the cloud.

The standard UCaaS model also delivers the ability to pay for only the resources needed at any given point in time. The requirement to overbuild a platform to accommodate a 3-5 year growth projection, or lock an organization into a multi-year enterprise licensing agreement are premises-based headaches as most UCaaS providers offer flexible, pay-as-you-go consumption models. The ability to scale services quickly by adding and removing licenses as needs change, is a key UCaaS advantage.

Reduced complexity: Migration to the cloud generally includes an element of vendor consolidation. The prominent UCaaS providers offer a range of services including network, managed services, mobile services, and a range of hosted applications. WR has seen very few stand-alone application migrations as mid-to-large enterprises are looking to gain efficiencies by consolidating and reducing the number of vendors their IT resources need to manage.

The cloud services providers have invested substantial resources into their UCaaS platforms in order to deliver scalable, high performing, and reliable environments. As every IT decision maker is well aware, a fully-enabled UC environment is a complex proposition, requiring a range of telephony, video, and conferencing-related elements. The ability to leverage a purpose-built, pre-existing platform is a key UCaaS benefit. Furthermore, the ability to reduce planning and deployment timeframes and add users and features at a faster pace is a key catalyst in many UCaaS discussions.

Evergreen opportunities: Evergreen models refer to a vendor's ability to maintain current, up-to-date versions of the hosted applications. This is especially attractive in the UC discussion as platform vendors are delivering new versions and incremental features at a rapid pace.   Service providers are expected to manage a rapid upgrade cycle better than a dedicated enterprise IT team. This being said, UCaaS providers should have a flexible release process so that features can be deployed at a pace that makes sense for their individual enterprise customers.

Security: Traditionally a mid-to-large enterprise concern, cloud services providers have turned the security conversation into a differentiator. Every UCaaS provider has a security position that meets the needs of the average mid-to-large enterprise. In fact, without a solid security track record, these hosted providers would quickly find themselves out of business. Some have elected to take the security discussion to another level and use it as an opportunity to differentiate. Options include specialized certifications meeting vertical industry or governmental requirements, or the location of data centers in strategic geographies in order to meet regional regulations.

Innovation: Some UCaaS providers are promoting the unique ability to engage in strategic, business transformation discussions. These providers have aggregated a collection of best practices gained through real-world experience with what works and what doesn't work with enterprise customers over time. The ability for UC to transform the way a particular business communicates has been a long

sought-after goal – and one that most enterprises struggle to achieve. Working with the right UCaaS partner can lead to these transformative, strategic conversations.

The UCaaS marketplace is becoming increasingly competitive. As a result, service providers are differentiating their services based on their unique, existing competitive advantages. A few examples:

> A leading provider goes beyond delivering services by helping an enterprise identify their unique drivers and determining their success factors for migrating to the cloud.

- Mobility: Providers that have a background in delivering mobile services have worked to achieve very tight integration between hosted UC applications and their mobile experience. For example, the ability to deliver a single number that sends voice calls to a mobile device, desk phone, and UC client is an attractive proposition for many enterprise users.

- Contact Center: If upgrading from a TDM voice service to an IP-based UC experience sounds daunting, the same conversation can be applied to contact centers. There are a growing number of UCaaS providers who have core competencies delivering and supporting a hosted contact center and are extending their UCaaS offering into this space. Depending on the size and complexity of the enterprise's contact center, looking to a UCaaS provider for assistance can prove to be extremely valuable.

- Integration: The opportunity to integrate communications into business processes or existing workflow solutions has long been the Holy Grail of the UC industry. This said, the complexities and developmental requirements associated with this integration are often too daunting for many organizations. A growing number of UCaaS providers are creating centers of excellence around integration by providing custom APIs, off-the-shelf integration with standard CRM or productivity tools (i.e. SalesForce.com), and professional services for custom integration when needed.

Application Prioritization – What applications are leading the charge to the cloud?

When evaluating and prioritizing applications for potential migration to the cloud, the first question should be "What applications are already in the cloud?" In our experience, the majority of mid-to-large enterprises use hosted audio and web conferencing services. While this might have an impact on vendor selection (Can I consolidate additional services with my existing hosted conferencing services provider?), it does not seem to have an impact on application prioritization. Every provider interviewed for this paper explained that the mix and priority of applications targeted for a cloud migration is unique to each enterprise, and most often depends on the size of the organization and their strategic drivers. This being said, the most common paths to a UCaaS environment can be summarized as either "voice driven" or "instant messaging driven".

Voice / telephony driven

Voice, and more specifically telephony, is universally viewed as a business critical service. While WR believes mobility has introduced a growing tolerance for a variable range of voice quality, tolerance for downtime remains low – especially when discussing B2B, B2C or executive voice communications.

The demand for telephony-enabled UCaaS solutions is the fastest growing segment in the hosted UC applications stack – driven by the need to replace a large number of aging, increasingly unsupported TDM and VoIP PBXs. Not coincidentally, most UCaaS providers have built their hosted solutions around an existing voice service and related infrastructure. For example, the network providers who offer UCaaS solutions have extensive voice solutions, complete with gateways, VoIP backbones, PSTN connectivity, etc. On the other hand, collaboration services providers have global voice routing networks complete with international services as part of their hosted audio conferencing services offering. In each case, these providers consider hosted VoIP services a logical extension of their product line and thus an opportunity to leverage their existing infrastructure.

As noted, migrating voice to the cloud is often considered a more tactical, infrastructure related exercise fueled by an aging PBX infrastructure. Thus these projects quickly enter the planning phase after a vendor decision is made. The features included in a hosted voice solution are the same as those expected in a premises-based voice deployment: providing dial tone, porting DID numbers, LD and ILD packages, on-net calling plans, etc.

After telephony, the next round of applications that are most often prioritized for migration or consolidation include audio and web conferencing, mobility solutions, video conferencing, and the contact center. Hosted instant messaging and presence may also be part of the cloud migration discussion; however, most providers report that many organizations already have an established enterprise IM solution. In these cases, the discussion invariably turns to integration instead of hosting – i.e. how will the new hosted telephony solution integrate with our existing premises-based IM solution?

Special note should be given to the growing demand for hosted, IP-based contact center solutions. Several service providers specialize in hosted contact center solutions and are quick to point out that there are a growing number of enterprises who actually start their hosting discussion with the contact center application. This may seem counter intuitive as the contact center is invariably a more complicated topic than enterprise telephony. However, this is the exact point made by the hosted contact center providers – for the customers that have the requirement, this complexity drives the demand for a carrier-class, hosted, next-generation contact center solution. The installed base of aging TDM PBXs is not just relegated to enterprise telephony – there are a large number of contact centers with stable but old or outdated TDM PBX-based solutions in place. For these users, upgrading to a new IP-based hosted or on-premises contact center solution is not simple. A hosted provider with experience in deploying a contact center solution that leverages an established, purpose-built cloud can solve a number of challenges that an enterprise would face deploying a similar on-premises solution.

Instant Messaging driven

While voice is generally viewed as a complex but business critical application, instant messaging is almost viewed as the opposite: simple to deploy, commodity based, and not-yet-business-critical. Those enterprises that have been using a hosted IM solution within the previous 24 months in most cases have typically migrated email and/or content management services to the cloud as a means to "test the waters".

A number of UCaaS providers note a distinct difference between voice and instant messaging driven projects – specifically, trials are much more common in the hosted IM discussion, whereas hosted voice migrations are more project oriented. However, once the initial hosted application is in place, the follow-on applications become more consistent as enterprises turn to audio, web, and video conferencing, mobility, contact center, etc.

Moving past voice and IM: Conferencing and Collaboration

Once a voice or IM foundation has been established via a UCaaS platform, audio, video, and web collaboration services are often targeted for migration based on cost savings objectives. While this approach is not unique to the cloud – many premises-based UC deployment projects include conferencing consolidation – it is a very common follow-on to hosted voice or IM discussions.

From a feature viewpoint, every UCaaS platform provides at least some form of simple desktop and application sharing. Audio conferencing may incur additional costs (specifically around PSTN calls), but the cost savings generated by using the UCaaS platform in place of a traditional hosted audio conferencing service is often too compelling not to entertain migrating these services to the hosted UC platform. Video conferencing is generally the most complex feature in the UC applications stack, and therefore may be the last to migrate. In addition to requiring a closer look at LAN / WAN network capabilities, video conferencing requirements often include the integration between UC desktop clients and established room-based video systems.

> Not every UCaaS platform delivers all of the audio, video and web collaboration features required by all users – ensure that niche needs are understood and a solution is in place (ideally from the UCaaS provider) otherwise users may plug these gaps by introducing their own rogue applications.

Cloud migration methodologies

Just as the application prioritization discussion is unique to each enterprise, so is the methodology used to migrate each application to the provider's cloud. There are, however, several common approaches that primarily depend on the specific enterprise's application mix, existing infrastructure, and strategic drivers.

Trials vs. structured migrations: Trial-based migrations tend to be departmental in nature, with a segment of the IT team generally being the first "guinea-pigs" to use the new hosted service before the enterprise commits to deploy it to a larger population. On the other hand, structured migrations take a

methodological approach which involves selecting which users will receive the new hosted service, with subsequent deployment being handled as a project-planning exercise. Most mid-to-large enterprises following a structured migration will include some small scale trial of the service to vet the solution – and, as noted, most providers report that hosted IM migrations commonly start as a basic trial, while hosted voice migrations follow the structured migration approach

Hybrid vs. wholesale: Every provider interviewed for this paper reinforces that there are very few, if any, 'forklift to the cloud' wholesale migrations taking place with mid-to-large enterprises. On the contrary, enterprises are taking a methodological approach to cloud migration by creating a hybrid environment between existing premises-based services and new services in the provider's cloud.

> Ensure your provider has an answer for any hybrid deployment needs – this may include integration to existing legacy PBXs or IM solutions.

Depreciation-based migration: The most common approach to migrating voice to-the-cloud is to prioritize depreciated PBXs for replacement. Many mid-to-large enterprises already have a mix of PBXs in the field, with some users still serviced by outdated-but-working TDM switches, and other users behind newly-deployed VoIP solutions. A common approach prioritizes sites with depreciated and unsupported infrastructure, while moving sites with yet-to-be depreciated equipment to the end of the migration schedule.

Strategic migration: Telework, shared office, and flexible workspaces are becoming commonplace - especially in Europe. These trends are often associated with efforts to downsize the enterprise's real-estate footprint. Enterprises that are migrating to an enhanced UCaaS platform with a goal of delivering flexible, find-me-follow-me communications capabilities often couple the migration with sites targeted for reduced footprint.

Traditional migration: A traditional VoIP migration often targets smaller satellite sites for initial migration in order to validate and "burn-in" the VoIP-based solution, then quickly turns to core sites in order to maximize savings compared TDM-based solutions. These best practices also apply directly to cloud-based migration.

Roadblocks and challenges – What to look out for

The road "to the cloud" can be riddled with bumps and obstacles, some of which will be unique and unanticipated, but others that are more common and obvious. The following list provides some of the most common cloud migration challenges as reported by service providers and enterprises alike.

Policy mistakes: Does the organization have a formal outsourcing policy? Are there critical regulations governing where company and employee information can be stored, or who can have access to this data? What about customer data? Can contact center recordings be archived in the cloud, or do they

need to be in the company's data center? While some of these policies are well known, others may not be. It's best to involve legal and HR teams early in the cloud migration planning process.

Internal crowdsourcing: Also known as "the boardroom taffy-pull", this refers to the direct correlation between a project's duration and the number of decision makers involved. Migrating a PBX to the cloud should be tactical and project oriented, thus only requiring the direction of the telephony and network teams. However, moving from a traditional voice-centric service to a UC-centric service may involve network and telephony teams, desktop support, HR, and often multiple business units. Moreover, teams may have a justified or unjustified bias around platform, solution, feature requirements, look and feel, and vendor.

> Be sure to engage and have buy-in from the key business units that will be using the new UCaaS solution.

The more decision makers that get involved, the harder the decision process becomes. Therefore it is critical to separate "requirements gathering" from "platform decisions" whenever possible. Ensuring that the project has an executive sponsor is also critical to cutting through the red tape.

Security concerns: Every hosted communication and collaboration provider has a security position, and we recommend every organization ask their provider for detail on its security related policies and practices. In reality, the combination of private IP VPN networks and logically-segmented applications will meet most organization's security requirements. Additional considerations may include the provider's policy and process around employee access to data, data archiving, geographic location of storage and data center facilities, and specific security certifications required for vertical industries or governmental organizations.

Changes to the user experience: Migrating communication and collaboration services to the cloud may require a change to the existing user experience.   This may include changes to an existing dialing plan, terminal layouts, conferencing numbers / PINs, desk phones, and the new service will likely introduce new software clients. Ensure that the expected changes are discussed, and have a solid understanding of the impact of the change – what changes can your users adapt to, and more importantly, what must stay the same?

Control concerns: IT teams may be concerned about losing control over key communications. It is important to understand where this concern is valid – can the provider deliver the same end-user experience that the IT team can? Does the IT team retain the admin controls that are needed? – vs. the un-objective: does this mean the IT team is less valuable? That someone might lose their job? In response to these concerns, a number of UCaaS providers allow the enterprise IT team to control as much of the application experience as they desire, including end-user provisioning, group policies, and support. For those concerned about quality or stability, look for a provider who will honor penalty-based service level agreements (SLAs).

Integration requirements: Whether the discussion is about hosted or premises-based UC services, hybrid environments requiring the integration of multiple vendors across various communications elements are a reality. Moreover, the benefits of UC are maximized when the new communications services are seamlessly integrated into existing workflows and business process. These requirements

can become onerous, especially when considering advanced communication services such as video conferencing and contact center functionality.

Cloud confusion: There are still many misconceptions surrounding what the communication and collaboration cloud really is. Some believe all clouds consist of an automated Software-as-a-Service (SaaS) experience, while others expect a utility model which allows them to pay only when a service is used. Start the cloud provider discussion by articulating your organization's current needs and drivers, gain an understanding of what the provider has to offer, and partner together to create an optimal UCaaS solution.

> There are a growing number of providers who provide custom APIs and offer professional services in support of custom integration – ask about these capabilities early in your UCaaS discussions.

The cloud vendor decision – What to look for in a service provider to best match your needs

The number and types of cloud communications and collaboration providers has grown dramatically over recent history as many network operators, conferencing services providers, system integrators, and PBX vendors have added UCaaS offerings to their portfolio. Therefore, a search for a cloud provider should start with a look at the trusted partners that are currently engaged in your business to leverage the benefits of service consolidation, related cost savings, and established trust.

This being said, it's rarely a bad idea to survey the landscape via an RFP or other formal procurement process. The following list of vendor attributes may be key in your search for a qualified UCaaS provider:

Experience: The growing technology-based revenue opportunities presented by the UCaaS market can attract a number of well-intentioned but opportunistic start-ups. Look for a provider with an established track record and financial staying power. The last thing an organization wants is to find themselves faced with another migration activity based on a UCaaS provider shutting their doors.

Footprint: Mid-to-large enterprises often have a multinational footprint and thus need a provider with a matching geographic footprint. When it comes to hosted voice services, very few service providers have the ability to deliver telephony services in every major market. In these cases it is not uncommon for the service provider to partner with another provider to deliver the required international voice service. Ensure that you understand where these partnerships support your needs, and understand any impact this may have on SLAs, cost models, and resolution times.

Core Competencies: As hosted UC services have proliferated into industry categories serviced by various vertical providers, WR finds each vendor positioning their unique value proposition based on their existing core competencies. Several key and prominent industry categories follow:

- Network providers: UCaaS is often embedded in an MPLS and Voice Services product offering – which can provide price benefit when these larger services are bundled together

- Mobile operators: Creative UCaaS offerings can start with a mobile discussion – Relevant mindset: 'my mobile number can also ring a UC client on my PC'

- Collaboration service providers: Enables tight integration with an existing hosted audio conferencing solution, allowing organizations to migrate users to a new UCaaS--based conferencing solution at the customer's preferred pace

- System Integrators: Often a trusted partner for IT outsourcing, many system integrators are expanding their managed service offerings to include hosted UCaaS deployments

- Hybrid: Some providers have competencies across several of the above disciplines, while others are effectively partnering to deliver a broad solution

End-to-end expertise: A successful migration to UCaaS requires a broad expertise across multiple technologies and disciplines including planning, provisioning, voice, network, collaboration, desktop services, support, and user adoption. Finding a provider with deep expertise across these disparate technologies and processes is critical.

Big thinking: Implementing a UCaaS solution should be viewed as more than just an opportunity to improve an organization's telecom cost structures. UCaaS represents an opportunity to transform or reinvent the way employees communicate. A successful provider has already worked with a number of enterprises and should bring to the table a broad, well developed view of what works and what doesn't. The best UCaaS providers understand that UC is not "just a phone system replacement" and can prove their ability to help leverage UC to transform an existing business. Let's face it: business transformation is not a skill in which most IT teams or business units natively understand or excel.

Summary

Both the number and flavors of UCaaS providers is growing at an amazing rate. Network providers, mobile operators, system integrators, conferencing services providers – all are working to add value to their core product offerings and gain synergies with existing core competencies by expanding their portfolios to include new UCaaS services.

Throughout our research for this paper, WR found the following drivers to be common across mid-to-large enterprises and fueling the growth of UCaaS moving forward:

Aging PBXs: As depreciated PBXs become candidates for replacement, IT decision makers are taking the opportunity to create and justify a larger UC roadmap by adding functionality to the traditional stand-alone telephony experience.

Mature UCaaS offerings: Whether talking about Orange, Vodafone, West IP Communications, KPN, Telstra, or their peers, it is apparent that these service providers have been working aggressively to make their UCaaS offerings mature. While still early in the product adoption curve, the suppliers in this discussion have hardened their respective offerings over the last 36 months.

IT openness: The cloud and UCaaS solutions are becoming a natural extension of many UC roadmaps, due in large part to the increasing availability of mature offerings. This quote from an IT decision maker sums the situation well: "I want my IT team to manage vendors, not provision users". It's increasingly apparent that the cloud is being viewed as a strategic component to the future of the UC discussion.

Financial drivers: The cloud's ability to potentially deliver lower TCO, shift Capex to Opex, remove the need to invest in capacity, and/or enable pay-per-user models is timed right for many IT organizations struggling to fund core solutions.

Cloud value: In addition to an improved financial model, enterprises expect to gain the benefit of current features via an evergreen model and resource relief across support and training teams.

User adoption: Faster adoption is a key benefit to a successful cloud partnership. The benefit of leveraging a provider's existing environment, expertise, best practices, and hardened training and communication programs will ultimately yield faster user adoption – which, in turn, enables the enterprise to quickly achieve its financial and business transformation goals.

Migrating collaboration to the cloud does not need to be an overly daunting process. A logical place to start is with an initial needs assessment. What are your organization's unique drivers over the next 3-5 years? Are they primarily cost oriented? What strategic initiatives are likely to fuel your next generation of communications? How do your users communicate today? What do they like, dislike, and what is missing? Is your migration more likely to be voice driven or IM driven?

A technology assessment is the next logical step. What core technologies are in place across your organization's network, voice, and desktop environment? Which vendors support these technologies? What does your depreciation schedule look like? The cloud offers an opportunity for Greenfield solutions, but they must work well with your existing infrastructure.

Review the providers in which you already have a trusted business relationship. Chances are an existing partner has expanded their offerings to deliver the solution you are looking for. Tier 1 network providers (i.e. Orange, KPN, Telstra), Mobile operators (i.e. Vodafone), and leading hosted collaboration providers (i.e. West IP Communications / InterCall) all have established best-in-class UCaaS services over the past 24 months.

It is always prudent to expand your options by conducting a formal RFP process. Ask your current set of technology vendors for introductions to additional UCaaS providers – they should be able to recommend the service providers that best support their solutions.

Overall, WR feels that UCaaS solutions provide an excellent opportunity for today's mid-to-large enterprises by presenting a compelling option for deploying faster, cost effective adoption of UC solutions. The ideal scenario, however, is to find a partner who can engage in the "bigger picture" discussion, serving as a catalyst for realizing truly effective business transformation. The right partnership should open the door to these opportunities and more.

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About Wainhouse Research

Wainhouse Research, www.wainhouse.com, is an independent market research firm that focuses on critical issues in the Unified Communications and rich media conferencing fields, including applications like distance education and e-Learning. The company conducts multi-client and custom research studies, consults with end users on key implementation issues, publishes white papers and market statistics, and delivers public and private seminars as well as speaker presentations at industry group meetings. Wainhouse Research publishes a variety of reports that cover all aspects of rich media conferencing, and the free newsletter, *The Wainhouse Research Bulletin*.