WHITE PAPER

UNIFIED COMMUNICATIONS: TOTAL COST OF OWNERSHIP VS. RETURN ON INVESTMENT
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Introduction

Enterprises choose a unified communications solution for the benefits they provide. Advanced IT hardware and programs are de rigueur in today’s modern workforce, especially when it comes to UC applications. People commonly use single applications to make voice calls and send text-based messages; they expect employers to jump on the bandwagon.

“Imagine arriving at the office each morning and taking care of all of your emails, voicemails and other communications in a fraction of the time you spend responding and reaching out now,” research company Ziff Davis stated in a white paper. “Picture yourself connecting with colleagues, customers and partners when and how it’s most convenient for you. Imagine how much of your workday you could salvage from the many interruptions that stanch your productivity, so you could spend the bulk of your time in the office getting actual work done. Now picture a strategy that not only helps you achieve all this, but also enables you to collaborate faster, more effectively and more efficiently with your staff and customers.”

But the route that companies take to get there is never the same. Organizations have differing needs, so they require individualized deployments based on crucial considerations. One of the most important things to account for is the size of the investment in question. The total cost of ownership, or TCO, will undoubtedly play a role in how a business will move forward.

While the TCO might seem initially like a steep financial step, unified communications initiatives are supported and justified by their potential return on investment, or ROI. The ROI is where a network proves its value as a cost-saving asset. There are many areas around an enterprise where UC can effectively slow spending, allowing it to “earn its keep,” so to speak. This will ultimately be a major way that UC systems are rationalized when pitched to upper-level managers.

It is clear that businesses need to invest in unified communications. Many companies already deploy some type of such a system because they understand that UC is essential – with customers and employees alike demanding its benefits in some form. Thanks to the flexibility that is inherent of this technology, any organization can find a way to adopt it. Some businesses will choose to go full-on, hosted cloud right out of the gate while other will instead launch their own solutions onsite. Yet another segment of companies will opt instead to keep some of their assets in-house while deciding to go with hosted solutions for others. This may have to do with the state of ROIs on certain systems versus others. It all depends on what’s going to work best for the entity in question.

With a thorough understanding of the differences and relationships between ROI and TCO, all enterprises can successfully implement unified communications and enjoy the advantages.
How ROI Relates To TCO

The key to using ROI advantageously lies in making sure it is greater than – or at least equal to – the TCO. Total cost of ownership can seem like a heavy load to bear if other factors are not considered – including the idea that this is a significant investment, not a loss that the business will have to suffer. Those who believe they cannot deploy these systems may not have studied the numbers.

“ROI analysis (when applied correctly) is a powerful tool for evaluating existing information systems and making informed decisions on software acquisitions and other projects,” wrote Alexei Botchkarev and Peter Andru, authors of a study on ROI for the Interdisciplinary Journal of Information, Knowledge and Management. “Decades ago, ROI was conceived as a financial term and defined as a concept based on a rigorous and quantifiable analysis of financial returns and costs. At present, ROI has been widely recognized and accepted in business and financial management in the private and public sectors.”

Another issue that may have people confused on the actual ROI might come from misunderstanding the different kinds of UC deployments that can be pursued. In terms of unified communications, one major factor when generating ROI against TCO is where the system is actually going to be located. Some companies may think of UC and assume they have to go with a hosted cloud provider. But there are a number of different avenues that can be traveled down to unified communications – each with their own impact on any particular organization’s ROI and TCO.
ROI: Hosted vs. On-Site

There are two different kinds of unified communications networks – one distinction, known as an OPEX deployment, is provided remotely through the cloud by a third party, while the other is managed and maintained in the same facility as the company using it. The latter choice, also known as a CAPEX deployment, involves existing staff members handling upkeep while the former involves a team of professionals working on behalf of the UC provider. These two unified communications methods have their own advantages in various instances. Reaping the benefits associated with these different deployment styles is generally tied back to the quality of an enterprise’s existing solutions.

Not understanding the different ways that UC is implemented can be one of the biggest challenges for a business that is convinced it cannot afford to shoulder the TCO of a unified communications network. Should an organization have a system that is still fully functional and has yet to meet its own ROI, there will obviously be hesitation involved regarding the abandonment of legacy circuits. While it is true that those still tethered to failing networks should consider moving to hosted cloud UC, those looking to preserve their existing infrastructure have another option in SIP phone service.

The process of SIP trunking allows for landline telephones to be converted to cloud-ready VoIP telephony. Given that most other forms of communication currently exist in cyberspace, the siloed nature of traditional business telephone solutions has been a significant obstacle for many organizations in need of UC. Implementing SIP trunking, however, effectively negates this issue and can facilitate the creation of mobile UC clients that can be accessed through smartphones and tablets. Sometimes, on-site deployments like these can be used in tandem with aspects of hosted solutions. This hybrid model of deployment allows those with only some channels available to them to add to their resources via off-site providers.

Once the correct deployment method is selected, decision-makers can start to examine the different ways in which ROI will actually be accomplished. There are several aspects of unified communications that are able to streamline operations and noticeably improve productivity.
Mobility A Source Of ROI

The benefits of unified communications are some major selling points, indeed. Not only do they allow the quality of work to improve, but UC systems cut costs in many areas of any enterprise. Chances are that some organizations might not even realize just how much they can save before sitting down and actively examining how far UC’s financial benefits can actually reach. According to Infosys manager Anil Kumar, much of this comes from enterprise mobility – an inherent aspect of unified communications.

“While doing an ROI analysis, companies should consider objectives like (a) increase in customer and business partner satisfaction; (b) reduction in sales cycles; (c) streamlining workflow with added visibility; (d) increase in productivity and efficiencies; (e) reduction of operational costs; and (f) improvement in data collections and accuracy,” Kumar wrote in a white paper for Infosys. “The total cost of ownership for enabling enterprise mobility in an organization is primarily a summation of two components: (i) external cost that includes wireless plan, software, mobile devices and AMC cost with network and device vendors; and (ii) internal cost includes administrative costs, enterprise support and IT operations’ costs and costs incurred on deployment of hardware and software for the mobility service.”

This phenomenon is most commonly found in the technology’s mobility. Being able to take office networks on the go is an incredible advantage – one that is increasingly being expected from organizations by their employees. This is something that is mostly true for companies that are looking to expand. Because UC exists in the cloud, there is no need to wire another building or pay for additional services. As long as every employee has a smartphone or a computer with the applicable software, they can have access to the infrastructure as if they were in the same facility.

This same concept can be applied to travel expenses. Fees associated with cellular service can be reduced through the use of an app. In many instances, having to drive and fly to satellite offices might not even have to occur if proper video connections are in place. This can save organizations an incredible amount of money and further contribute to the overall ROI.
Uptime can also be increased through the use of cloud unified communications. Some employees can be perfectly capable workers but have hectic personal lives that can require them to call in sick with a higher frequency than others. This can often be for reasons that might not actually be keeping them from working, but just being in the office. A great example of this is caring for a sick child – while the staff member themselves is not incapacitated, they have to stay home in order to administer care. Unified communications, however, can allow them to fulfill the obligations they have to their job and their family without missing a beat – something that many modern employees wish to be capable of. This also lets other staffers remain on-task in their own responsibilities without having to cover the work of anyone else.

This is the kind of support that modern employees are beginning to expect in increasing numbers. The consumerization of IT has shown office workers a new level of productivity and capability that they never knew existed. A perceived lack of attention from their employers on this front could be seen as negative in a number of ways – either the enterprise is out of touch or they simply don’t care about enabling their staffers in the ways that will let them succeed. Given that other companies are implementing unified communications systems every day, this unwillingness to adopt new technology could lead to a loss in top talent as team members begin to search elsewhere for organizations with up-to-date infrastructures.

“In an ever more mobile world, voice and video communications will increasingly be launched from – and connected to – mobile wireless devices,” Ziff Davis stated. “By integrating voice and real-time communications services with core enterprise communications, mobility allows end-users to do their jobs regardless of location.”
An Investment In The Future

Like most major assets, there is a price tag associated with unified communications. But the same thing can be said about success. Organizations have to be willing to invest in the tools that will enable their workers and foster innovation – something that UC is able to handle in spades. However, it is important to remember that unified communications are not a cost that must be incurred but are an opportunity to increase efficiency, both financially and in terms of daily operations. While many companies may believe the total cost of ownership will ultimately prevent them from obtaining modern communications, all it takes is a careful analysis of all potential cost savings that can contribute to the overall return on investment.

But more than the financial aspect, the biggest advantage to unified communications is how it aids employees. The workforce is becoming more technologically apt every day, and capitalizing on these skills can help to propel an organization into the future. Resisting these developments is counterproductive in a lot of ways – namely when considering how rapid the pace of business has become. Being able to act with agility is increasingly essential as patience for downtime continues to plummet.

“As task workers and information workers adopt mobile device technology in a massive wave, the ROI of mobile investments will continue to accelerate,” wrote Hanna Hurley, Eric Lai and Lori Jo Piquet, authors of an enterprise mobility guide. “There are many reasons, but the key one is higher employee productivity. Users cannot be effective in their roles if they must wait until they’ve returned to their desks – or even their laptops – before they can make a decision, provide an approval or given managerial guidance and feedback. In the modern enterprise, there is zero tolerance for delays.”

It is this need for instant gratification within business interactions that is requiring unified communications to be put into place. So long as the numbers are crunched properly, there is often little that is directly preventing companies from using a UC network.

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