



A Small Business Guide to Unified Communications

*Putting Business Benefits
on the Fast Track*

An Executive Briefing Paper

2011 Edition



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What to Expect from this Briefing Paper

As an independent research firm with a deep background in telecommunications, IntelliCom Analytics continuously evaluates communication trends and solutions to assess their potential to help businesses operate more efficiently and profitably. Our goal in this executive briefing paper is to share some perspectives on the specific ways that communications technology can address the business challenges facing small businesses and contribute to measurable performance improvements.

Creating a Level Playing Field for SMBs

The four business priorities below represent fundamental challenges faced by all successful small and mid-sized businesses¹. (SMBs), irrespective of industry vertical or geographic location.

Businesses Challenges

- **Control operational expense and drive cost from the business**
- **Improve the delivery of customer service**
- **Provide a performance “edge” over competitors**
- **Attract and retain valuable employees**

These business priorities are very similar to those larger companies face, but given fewer resources and smaller scale, most SMBs have been at a disadvantage when competing for new customers against their larger counterparts. The use of advanced technology like *Unified Communications (UC)* not only helps SMBs address all four business challenges, but also gives SMBs the ability to “level the playing field” and interact with customers and prospects just as professionally and effectively as larger companies.

Before we review how Unified Communications helps address the four business challenges, let’s first review the capabilities of UC.

¹ For the purposes of this Executive Briefing Paper, we are viewing small businesses as those with less than 50 total employees, and mid-size businesses as having between 50 and 300 total employees across all locations.

What Exactly is Unified Communications?

Traditionally treated as separate technologies, the “convergence” of telephones and computers has brought communication capabilities to a new level. Once largely restricted to large enterprises, cutting edge business tools such as Unified Communications have evolved to the point that powerful and easy to use solutions are now available – and affordable – to even the smallest businesses.

But what exactly is UC?

Typically, when people use the term Unified Communications, they are referring a set of five specific capabilities:

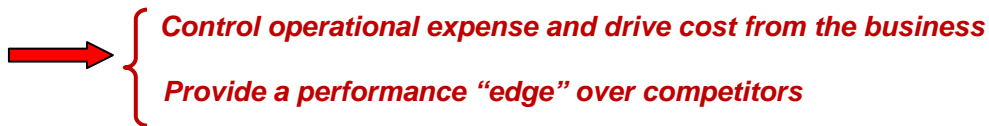
- 1) **IP Telephony** (also referred to as **IPT**) is the contemporary technology for voice communications. With IPT, telephone calls are transmitted in the form of Internet Protocol (IP) packets over a data network, instead of digital “ones and zeros” on the traditional public switched telephone network (PSTN). In addition to IPT systems, contact center capabilities that utilize UC tools are also often included in the voice communications category of Unified Communications. Many UC solutions also include a “soft phone” capability that allows you to use your laptop or desktop PC as an IP phone to launch and receive calls.
- 2) **Instant Messaging** (or **IM**) allows two or more people to communicate with words in a text format using personal computers or other devices such as smart phones or tablets.
- 3) **Conferencing** allows two or more individuals to interact using simultaneous audio (*Audio Conferencing*), combined audio and video (*Video Conferencing*), or a combination of audio, video and visual information sharing -- such as a Microsoft PowerPoint presentation -- using a web browser-based capability (*Web Conferencing*). Businesses of all sizes typically use conferencing to reduce the need for travel, as well as encourage tighter collaboration between employees, customers and partners who may be at different physical locations.
- 4) **Unified Messaging** is itself an integrated set of capabilities which allows users to send and receive voicemails, emails, faxes and text messages using a variety of devices, and then switch back and forth interchangeably between the different message formats.
- 5) **Presence** is the capability of an end user to indicate their current “communications status” to others -- whether or not they are available to communicate, and if so, how they would prefer to be communicated with (for example, “I’m available after 09:30 by email only”).

Instead of being separate stand-alone communication tools (such as a telephone set and a fax machine), UC applications are in fact designed to all work together and provide a single, fully integrated communications experience for the end user.

So what does this all amount to from a business standpoint? In a nutshell, UC is all about enhancing your company’s ability to communicate more rapidly and effectively, and in doing so, making your employees more responsive and productive, and your business processes and procedures more efficient.

How Can Unified Communications Help Small Businesses Be More Successful?

Let's look at each of the business priorities and examine the potential contributions that UC can make.



The adoption of a Unified Communications-enabled IP Telephony solution is itself the biggest single contributor to measurable cost avoidance. Although a new phone system requires initial upfront investment, a IP-based solution allows your on-going operating costs to be significantly reduced or completely eliminated.

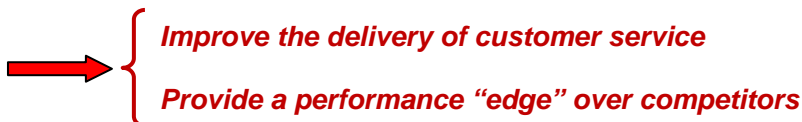
Ways a UC-enabled IP Telephony System Can Lower SMB Communication Costs

- **Simplified system management tools using standard PCs and browsers streamlines on-going administration and performance optimization**
- **Ease of performing Moves, Adds and Changes (MACs) reduces need for outside support**
- **Using IP trunk connections can significantly reduce long distance and local toll charges**
- **Utilizing a single network for voice and data enables you spend less on inside cabling**

Unlike larger enterprise companies that typically have internal telecom and IT resources on staff, most SMBs rely on outside providers for technology support. The ability to lower or eliminate this external spending is a key component in reducing both near-term and long-term operational expense – a major component in lowering your business' *Total Cost of Ownership (TCO)*.

Using a Total Cost of Ownership Tool from Alinean, a leading developer of business case and TCO tools, Unified Communications solutions deliver a 5-year Total Cost of Ownership that is typically at least 30% more cost effective than solutions based on older technologies.

In addition to reducing external spending and achieving a lower cost structure, Unified Communications also impacts the competitive differentiation priority. Freeing up cash flow allows you to redirect those savings in ways that can enhance your competitive positioning, such as improving your products and services, expanding your marketing and advertising, or bringing new talent into the business.



These two business priorities are also grouped together, since UC can impact both in much the same way.

The old saying “*If you don't take care of your customers, someone else will*” remains just as true in today's marketplace, so any technique or tool you can use to improve your customers' experience will likely translate to greater customer loyalty, as well as a strong likelihood of

From the Front Lines

“The differences between our original phone system and our IP Telephony system are pretty dramatic. Not only were we able to trim about \$500 from our monthly phone bill, but everyone in the business loves the new features that we never had before. The new system gives us the ability to dial directly from our address books, and we see ‘screen pops’ that come up on our PCs that show information about a patient's next visit when there is an incoming call. We can personalize all of the features for our phones right from our personal computers, and unified messaging allows us to see and handle voice mail from our e-mail inbox. Probably the most important new capability is ‘Find Me’. This allows callers to find us wherever we are – which is essential for us as a healthcare provider.”

Donna Rayborn, Manager
DeHaven Eye Clinic
Tyler, Texas

continued purchases. As such, there is a powerful link between your approach to customer service and the ability of your business to stand out from the crowd.

The capabilities of Unified Communications to provide *faster and more effective communications* can directly impact your ability to deliver differentiated customer service, and in doing so gain a performance edge over competition.

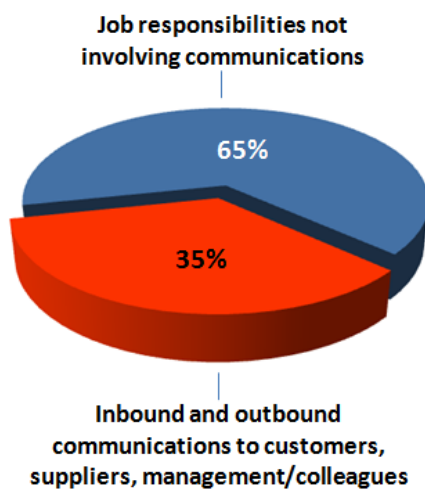
In addition to offering the five essential capabilities that were defined in the last section, high quality Unified Communications systems offer a number of features that can help your employees be more responsive, productive and efficient.

UC Features That Can Provide a Performance Edge

- **Find Me / Follow Me**
Allows you to choose which devices should ring when someone is trying to reach you
- **Call Handing Rules**
Allows you to manage how calls should be routed based on your schedule and availability, as well as who the incoming call is coming from
- **Mobility**
Allows you make lower cost calls from your cell phone just as if it were a phone at the office
- **Click to Call**
Allows you to launch a phone call directly from the contact list on your computer
- **Secure Teleworker**
Allows your remote workers to place calls using a secure connection when away from the office
- **Support for “Road Warriors”**
Allows your employees to place and receive calls through their laptops when traveling
- **Integration with 3rd Party Applications**
Allows important business applications like salesforce.com to operate seamlessly with all of your other UC features

Although the employee make-up of SMBs can vary widely, recent surveys have estimated that skilled professionals represent 50% or more of the workers in a typical small to mid-size business².

Percentage of Weekly Time Spent



Our findings also showed that 35% or more of a skilled professional employee's working time is spent communicating with customers, prospects, suppliers, managers and colleagues. Clearly, any tools that can make those interactions more effective and efficient can have a tangible impact not only on the responsiveness and productivity of the individual workers, but also on the performance of the overall business.

Let's look at a scenario that occurs all-too-frequently in many SMBs. Imagine that you need to get in immediate contact with Tom, your top salesperson, on an extremely short-fused opportunity. You call him on his desk phone but get no answer, then look up his cell phone number and try that. Again, no luck. You then ask the office manager to do whatever it takes to find Tom, and hope that you can connect before the opportunity evaporates.

² IntelliCom Analytics primary research, February 2011

This situation would play out quite differently if you utilized Unified Communications. With UC, the Presence capability of your system would tell you at a glance where Tom was, and also how best to get in touch with him. Using single button “click to call”, the system would connect with Tom by phone, text message, email or Instant Message.

Once you briefed Tom on the opportunity, the UC system would then allow you to immediately launch an “on the fly” conference call and directly bring in other key personnel from the contact list on your personal computer or laptop. To facilitate an even more productive discussion, you and the other conference participants can all collaborate on Tom’s draft sales proposal that he shares in real time from his desktop.

By using UC tools, not only have you, Tom and the office manager saved considerable time and frustration by avoiding multiple rounds of telephone tag, but “the true business of the business” was able to be addressed much faster and efficiently.

Once you see the possibility of using UC tools to provide an incremental boost to the performance of your business – by closing several additional new sales a month, securing more listings, issuing more loans, or converting more prospects into customers – the tangible business value of Unified Communications will start to come into sharp, personal focus.

Attract and retain valuable employees

While employees of all ages and backgrounds appreciate having “the proper tools for the job” -- both in the office as well as remotely when bad weather or personal circumstances dictate -- today’s younger workers as a group have expectations of technology that appear to be far higher than their older colleagues.

The workers born between 1965 and 1980 -- the so-called Generation X segment -- are the first generation to grow up with computers. As a result, Gen-X workers as a group are technology-savvy and have strong expectations of appropriate technology being available to them in the workplace.

The youngest and fastest growing segment of the workforce, termed Millennials or Generation Y, is now in their 20’s. Having grown up with the Internet, their expectations of technology are even greater than those in Gen-X. Generation Y employees expect to be able to rapidly obtain the information they need to perform their jobs, and prefer to communicate using UC tools like Instant Messaging and texting.

The realities of an aging population of 50-something workers means that Gen-X and Gen-Y workers are becoming an increasingly important source of talent in the labor pool. Although SMBs may not be able to always match the salaries and benefit packages offered by larger firms, it’s clear that small employers can take positive steps to attract and retain skilled workers in these age groups. In addition to showing a commitment to your younger workers’ success by making effective business tools readily available, you can also earn “bonus points” by actively encouraging their use and being a strong advocate for the adoption of innovative technology within the company.

Best Practice Considerations for Evaluating a New UC System

Hard and Soft Benefits

Any discussion on the business benefits of Unified Communications needs to include an objective assessment of “hard” benefits as well as “soft” benefits.

From the Front Lines

“We’ve experienced record growth over the past few years -- in large part due to our commitment to delivering exceptional customer service. We got to the point, however, that our phone system was holding us back – both in terms of increasing administrative costs, as well as an inability to scale and keep pace with our growth. After getting some frank advice from our outside telephone advisor, we installed a fully integrated Unified Communications system. The new system is extremely intuitive to use, which meant that the staff took to it quickly – and we started seeing savings the same month it was installed. As far as the UC features, the feedback from the sales staff was particularly strong. Nearly everyone reported a rise in productivity and sales closures.”

Gerry Gorry, Customer Service Manager
Harcourts Blue Realty
Brisbane, Australia

A hard business benefit is the one that is directly measurable – typically in terms of additional revenue generated or operating expense avoided as a result of implementing the technology. Soft benefits, on the other hand, represent those changes to the business that yield a positive impact but are difficult – if not impossible – to directly measure.

The business case for Unified Communications includes a combination of hard and soft benefits. Since no two businesses are exactly the same, the specific benefits will vary from firm to firm. Many reputable providers of UC systems can actually help you assess the benefits that your particular business is likely to receive.

Typical Hard Benefits from Unified Communications

- **Reduction in telephony expenses** achieved by replacing the charges for long distance call with no cost IP Telephony calls over a packet network
- **Reduction or elimination of 3rd party conferencing service charges** by using the in-house conferencing capabilities of your UC-enabled telephone system
- **Reduction in travel expenses** by replacing face-to-face meetings with audio, video and web conferences
- **Lower real estate and facility costs** by utilizing Teleworker and remote worker features of your IP system to reduce the amount of office space needed per employee
- **Reduction of productivity losses** by using Teleworker and remote worker capabilities when employees are unable to come to the office
- **Reduction in mobile long distance charges** by routing calls through the lower-cost calling plan associated with your office IP telephone system
- **Elimination of mobile roaming charges** by using laptop softphones to place calls over the Internet while travelling
- **Reduction of payments to outside support providers** to perform moves, adds and changes by enabling internal personal to perform basic management tasks in-house

The soft benefits of UC come primarily from improvements in employee productivity that result from using the UC features discussed in the earlier Performance Edge section to drive improved responsiveness and efficiency. Although the business value of higher productivity and improved responsiveness to customers is very real, it is often difficult to measure and assign a specific financial impact.

Key Criteria for Evaluating and Choosing a Unified Communications System

Although a number of UC systems and solutions are sold in the SMB segment, you should be aware that they are not all equally “SMB-friendly”. Unless your company has internal resources that can afford to spend a fair amount of their time attending to technology planning, implementation and support, you will want to give particular attention to those UC solutions that emphasize simplicity and ease of use.

Based on our discussions with SMBs and the lessons they have learned from implementing Unified Communications, the following checklist on page 8 contains key evaluation criteria that small business owners found useful in helping them choose the right UC system.

From the Front Lines

“We’re one of the 130 Better Business Bureau branch offices in the U.S., and as a non-profit, there is always a focus on keeping costs as low as possible. Our old telephone system was getting more and more expensive to maintain, and didn’t offer the types of personal productivity features we needed. This was very important to us because we make and receive several hundred calls a day, and we need to handle those calls efficiently. By implementing a new IPT system with built-in UC features, not only were we able to reduce our monthly telecom outlay by more than 40%, but the staff is far more productive and efficient.”

Deanna Liberti, VP of Operations
BBB of Eastern Massachusetts

15 Key Checklist Criteria for Choosing the Best UC System for Your Business

- 1) Is the solution provider reputable?**
*How stable is the company financially?
How long have they been offering UC solutions?
Will they give you local customers to contact?*
- 2) How does the solution provider ensure customer satisfaction?**
Do they measure customer satisfaction? If so, what are their ratings?
- 3) Is the vendor's approach to licensing straightforward?**
Exactly what features and applications are we going to get?
- 4) Is the system easy to implement and configure?**
Is it able to be integrated in a network that has components from multiple manufacturers?
- 5) Is the system easy to maintain and administer?**
Can we do it ourselves or do we need outside support?
- 6) Is the system easy to expand as your business grows?**
How much of the current system can we re-use? How much will need to be replaced?
- 7) Is the system easy for you and your employees to learn and use?**
Is the UC "interface" intuitive? What training support and materials will we receive?
- 8) Is the system capable of supporting all essential UC capabilities described on page 2?**
Exactly what capabilities are we going to get?
- 9) Is the system capable of supporting all "performance edge" UC capabilities described on page 5?**
Exactly what capabilities are we going to get?
- 10) What UC features and services are you getting with the initial system purchase?**
*How much extra will we have to pay to get the features we are likely to want in the future?
Is employee and system administrator training included?*
- 11) What is the cost of a maintenance contract?**
How much will we be charged for software upgrades?
- 12) What are the additional server and hardware requirements and costs?**
What additional investments will be required (now or in the future) for successful deployment?
- 13) What system availability can we expect?**
Is there tangible proof of the vendor's answer?
- 14) Is there a way to add redundancy to the solution if need be?**
Architecturally, how does the system handle redundancy?
- 15) If I expand my business, how does the system handle multi-location networking?**
Can I administer all of my sites remotely using a standard Internet browser?

A few final thoughts...

Scheduling an on-site demo can provide an excellent opportunity for evaluating a UC solution. Be wary of any UC provider that is unwilling or unable to demonstrate their solution. Oftentimes, this can be an indication that the solution is difficult to set up, configure and administer, or has a user interface that is difficult to use and requires extensive training.

Although seeking the advice and experiences (“*If you had to do it all over again, would you make the same choices?*”) of other small businesses that have implemented Unified Communications is always a good idea, there really is no substitute for a hands-on approach to assessing the different solutions. By satisfying yourself that your system of choice earns solid “yes” answers to as many of the checklist items and recommendations as possible, you will be well on the way to a satisfying and successful experience with Unified Communications.

IntelliCom Analytics is a professional services and business research provider focused on the rapidly-evolving intelligent communications market. Key areas of specialty include the measurement and analysis of enterprise purchase decisions, vendor competitiveness, business models and best practices. With well over a century of collective business and leadership experience in the data and telecom industries, *IntelliCom Analytics* brings a wealth of finely-honed skills, expertise and market opportunity insights to client engagements. For further information, visit www.intellicom-analytics.com.

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