

The Road to Cloud UC and Collaboration

How Australian businesses
can benefit from emerging
collaboration technologies

A Telsyte report commissioned by NEC Australia



Contents

Introduction 3

The Australian business communications technology landscape 4

Enterprise communications: direct to cloud or a hybrid path? 6

UC and collaboration shapes the modern workplace 10

The UC cloud opportunity 14

Telsyte recommendations 15

About this report 16

Introduction

This report analyses the Australian business communications landscape and suggests alternative approaches when moving from simple voice communications to modern Unified Communications (UC) and collaboration.

It explores how cloud-based communications, either through a cloud-only or a hybrid approach, can assist in reducing the cost and complexity when moving to UC and collaboration. It outlines the factors to consider with cloud-based communications and how individual company circumstances should dictate the best way forward. The report highlights the challenges with UC in the past and how these can be overcome with cloud UC.

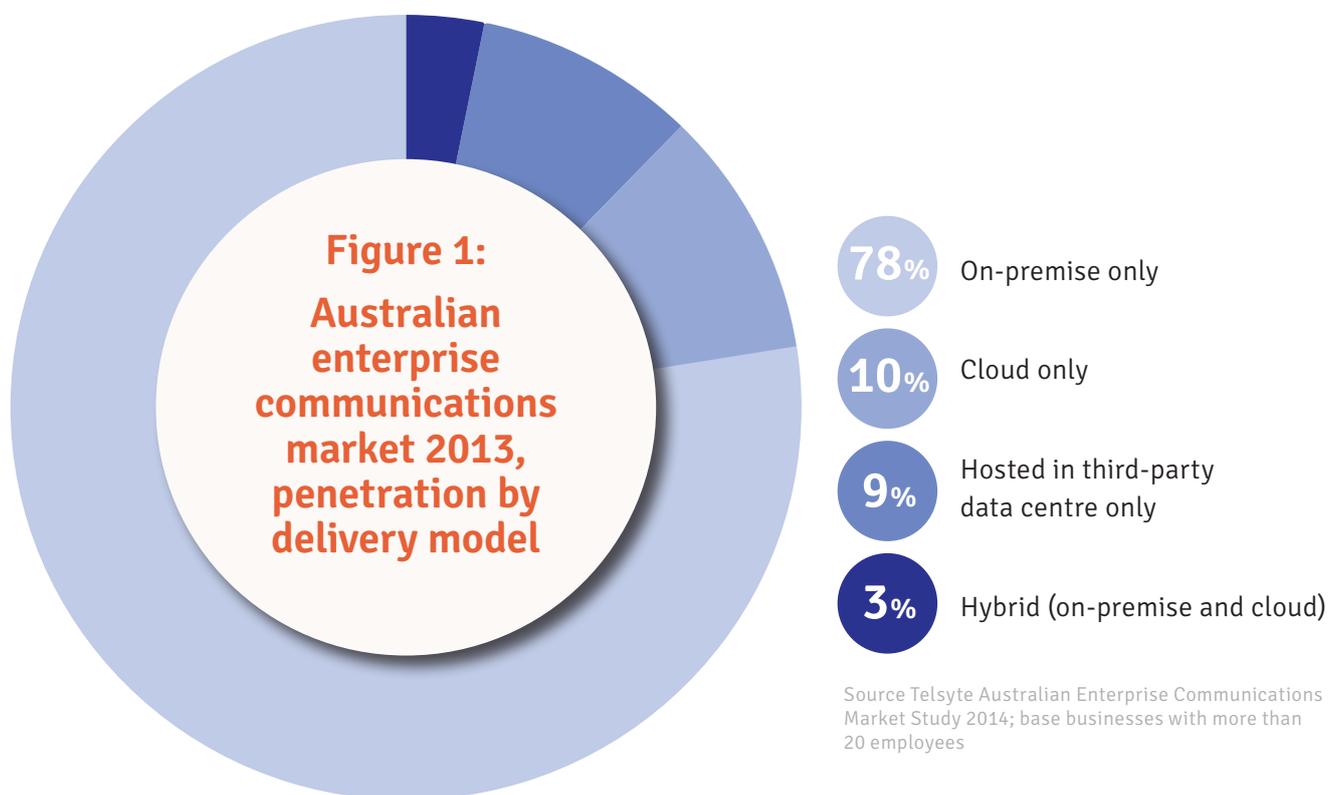
Lastly, it looks at the imperatives of UC for a modernised workforce, and how it is critical to meet the demands of the next generation of workers.

The primary research contained in this report is sourced from the Telsyte Australian Enterprise Communications Market Study 2014.

The findings are based on an online survey of more than 300 IT and business decision makers in Australian organisations with 20 to 20,000+ staff across a representative sample of vertical industries. The survey topics covered a range of business ICT infrastructure and technologies and trends, including enterprise telephony and UC. Respondents identified their key business challenges, technology use and intentions and views on UC – both on-premise and as-a-service.

The Australian business communications technology landscape

Australian businesses have a variety of existing investments in communications systems and each type of system has its merits. There is no one-size fits all. Systems can be procured as a product and managed by the organisation (either on-premise or in data centres) or as a managed service where the organisation subscribes to the service and does not own the infrastructure. The latter model is known as “cloud” communications. It is gaining interest because of its potential to reduce capital and operational costs and eliminate the complexity involved in managing equipment and software.



Telsyte’s research indicates most Australian organisations mainly use on-premise enterprise communications systems. However, 22 per cent have already moved all or part of their communications infrastructure to the cloud or a third-party data centre. Of this growing segment, “cloud-only” makes up nearly half of the market. Of those with on-premise only, 34 per cent are looking at moving all or some of their enterprise communications to the cloud within the next two years. Clearly a cloud-based approach is proving to be a viable option for Australian organisations.

Whatever the delivery model, a modern business communications system should offer more than just a desk phone. Calls can be traversed over data networks to reduce toll charges and applications and mobile devices can be integrated with voice and video communications to enhance employee productivity. The integration of multiple forms of communication – from messaging to voice and video is termed Unified Communications (UC) – and is shaping the future of enterprise communications.

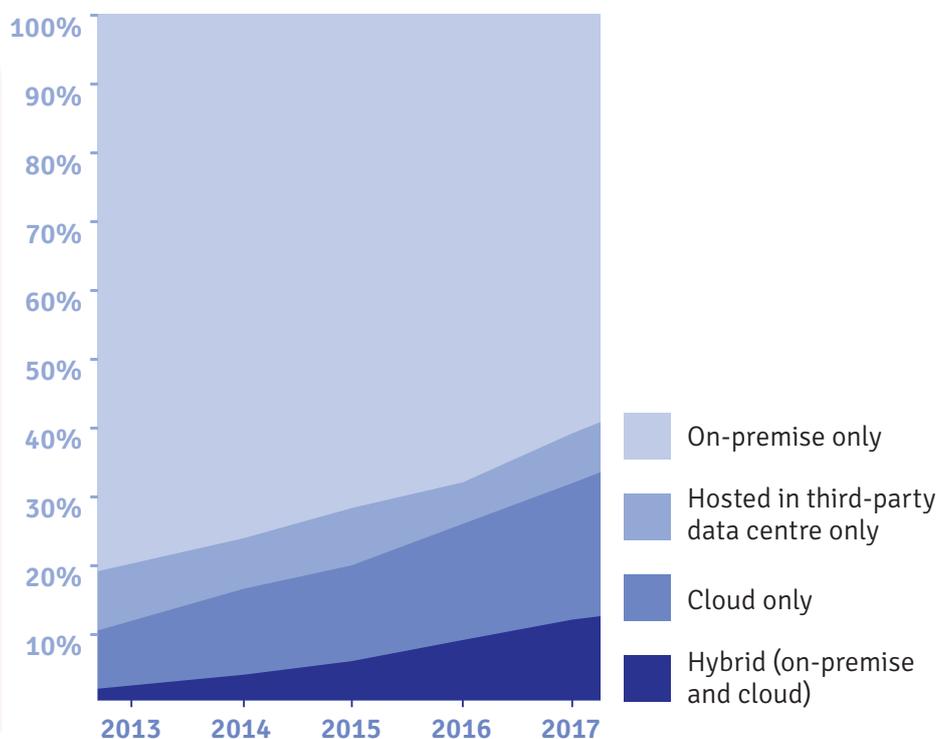
However, the rate of adoption of UC is still immature with less than 10 per cent of businesses

currently using UC. UC solutions have been available for more than a decade, but a number of factors have hampered its uptake. Capital-intensive implementations, challenges integrating with existing on-premise equipment, disparate application deployments and lack of proven ROI have all resulted in the slow uptake of UC. Despite this, Telsyte estimates UC uptake will rise to at least 20 per cent by 2015 aided by more options for organisations such as cloud UC.

Today, better product offerings and maturing cloud-based solutions have made UC much more attractive to organisations. Cloud is expected to be a critical driver for UC adoption, however an all-in approach to cloud is not necessary to get the business advantages of UC.

Telsyte forecasts that four times as many Australian organisations will be using a “hybrid” approach to enterprise communications by 2017 as organisations look to combine traditional on-premise telephony with some cloud services. Telsyte believes cloud UC will be the main driver for UC uptake as it can deliver more value-adding applications sooner and cheaper, and at a lower risk than capital-intensive solutions.

**Figure 2:
Australian
enterprise
communications
market forecast
2013-17 by
delivery model**



Source: Telsyte data and forecast estimates
n.b. penetration only, not number of lines

Enterprise communications: direct to cloud or a hybrid path?

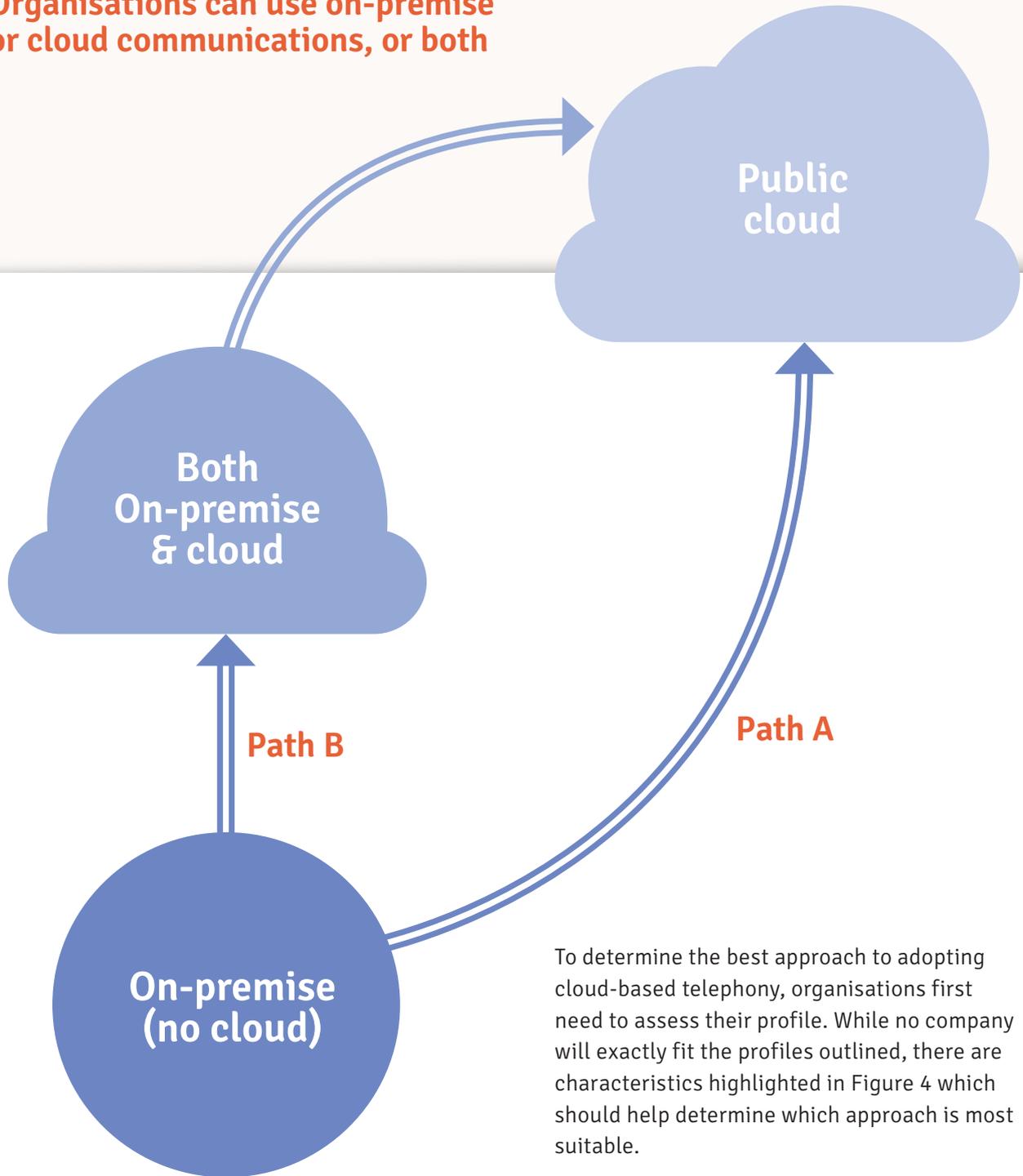
While cloud-based solutions are not for every organisation, many businesses can see considerable benefits from adopting either a complete public cloud solution (no equipment owned by the organisation) or elements of cloud UC in their enterprise communication strategy. Respondents to Telsyte's enterprise communications survey indicated that factors relating to lower operating costs were the main benefit of moving to cloud communications. However, factors that relate to reliability were also rated highly with respondents, such as better uptime (16%), indicating it is not just about cost.

With cloud-based enterprise communications solutions increasingly a viable option, businesses need to consider the best path to cloud. Organisations have two ways to migrate to a full cloud service, or they can simply move to a hybrid approach.

The first approach is to completely replace an aging on-premise system with a public cloud solution. This is often called a forklift replacement and is signified by Path A in Figure 3. Path A has some significant benefits for organisations that most closely fit the profile outlined in Figure 4. However, a more conservative path to cloud communications is a blended approach, signified in Path B, where on-premise components are combined with cloud, with a view to moving more applications to the cloud over time.

Organisations looking to go to cloud directly from an on-premise systems are characterised by end-of-life equipment, a low-risk migration profile, smaller company size, numerous office locations and high telecommunications bills. Conversely, organisations looking for a blended approach have viable existing investments in infrastructure, are typically larger in size, have multiple sites, have a high-risk profile, and often have call centres, existing application integration and possibly some UC.

Figure 3:
Organisations can use on-premise or cloud communications, or both



To determine the best approach to adopting cloud-based telephony, organisations first need to assess their profile. While no company will exactly fit the profiles outlined, there are characteristics highlighted in Figure 4 which should help determine which approach is most suitable.

Figure 4:
Profiles of organisations moving to cloud communications



Organisation A
direct to cloud

- On-premise systems close to end-of-life
- Low-risk voice communications profile
- Smaller businesses
- Start-ups and innovative departments
- High telecom costs
- Only basic communications currently available
- Subject to mergers and acquisitions
- Cash flow constrained
- Single or few sites
- Looking to fix problematic or broken systems



Organisation B
hybrid approach to cloud

- On-premise system not near end-of-life
- On-premise systems working well
- Voice critical to business, high-risk profile
- Larger businesses
- Some level of telephony-application integration
- Investment in on-premise UC
- Complex environments including call centres
- Multiple sites and locations
- Security and sovereignty concerns

A phased transition from on-premise is rated very important by 60% of organisations looking to move communications to the cloud

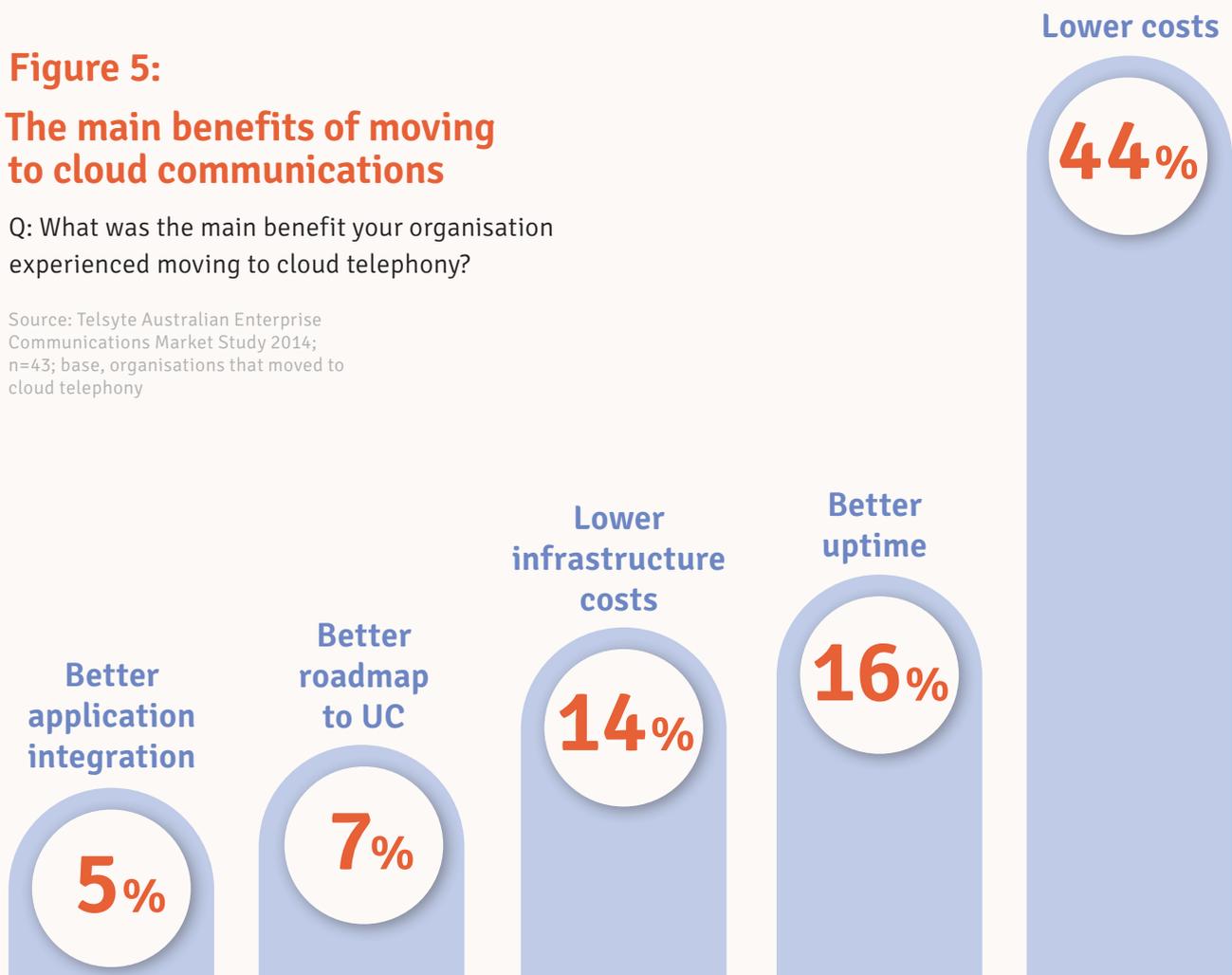
Telsyte asked businesses that had moved to a cloud telephony about the benefits they had experienced.

Most respondents rated lower costs as the number one benefit, followed by better uptime. With cost and reliability key factors when choosing an enterprise communications system, cloud services appear to be a compelling alternative to on-premise systems.

Figure 5: The main benefits of moving to cloud communications

Q: What was the main benefit your organisation experienced moving to cloud telephony?

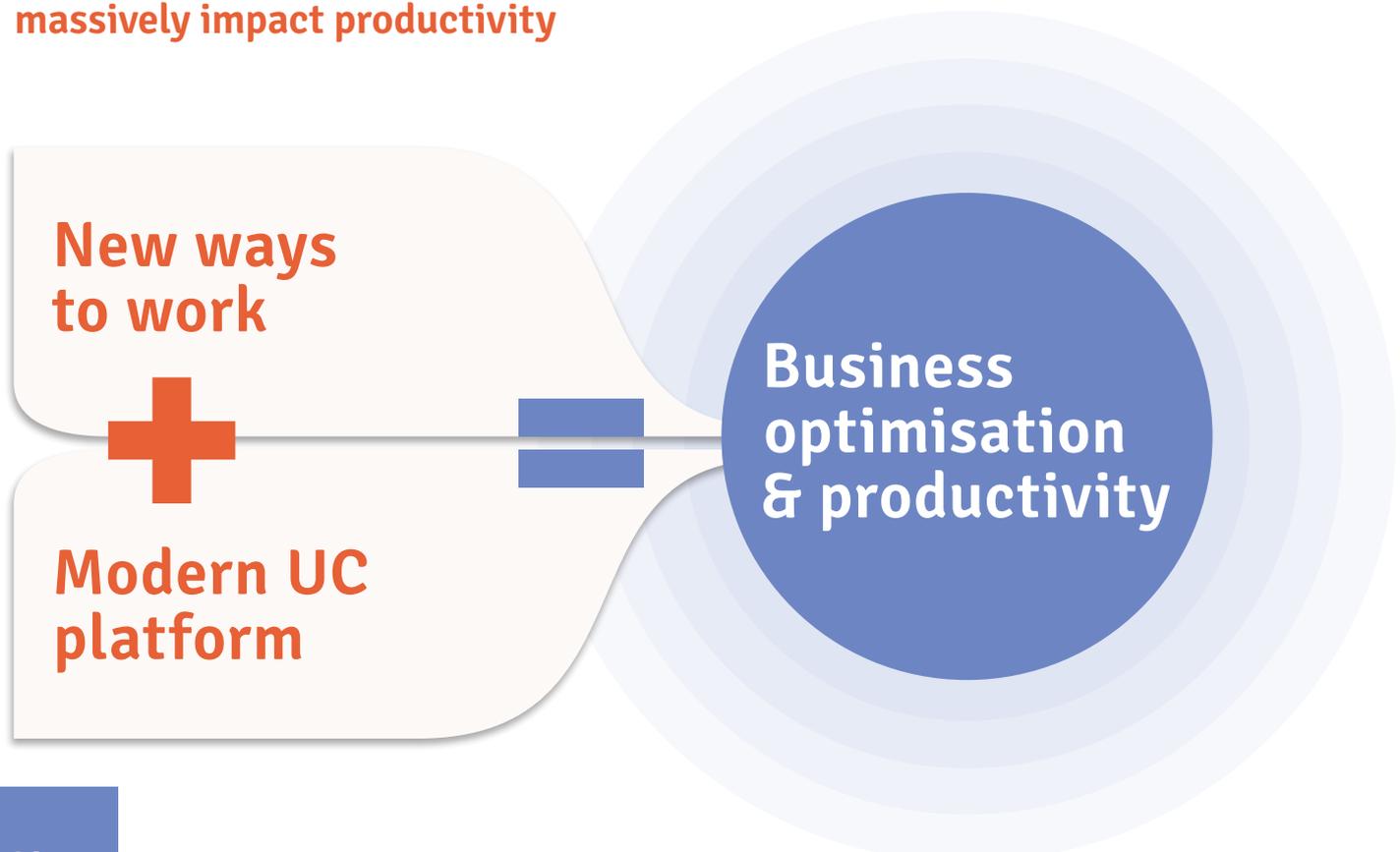
Source: Telsyte Australian Enterprise Communications Market Study 2014; n=43; base, organisations that moved to cloud telephony



UC and collaboration shapes the modern workplace

UC is used to describe how multiple communication channels like instant messaging, email, voice and video can be brought together for an integrated user experience. A key benefit of UC above regular, siloed communications is the opportunity for better collaboration between staff and external parties.

Figure 6:
Better collaboration can massively impact productivity



UC and collaboration solutions bring together workers in ways single-channels cannot. For example, UC allows people to conduct a video conference and share a working document in one environment. Another popular feature is the comprehensive integration of voice communications and e-mail.

UC offers business enhancements such as the ability to optimise processes, integrate multiple communications channels, utilise smartphones and tablets and integrate business applications, including those used for customer service and partner management.

UC paves the way for a more modern workplace where bring-your-own-device (BYOD) and bring-your-own-apps (BYOA) are enabling greater levels of productivity. A new generation of mobile and cloud-savvy workers are entering the Australian workforce. These employees have an expectation of online collaboration gained from consumer applications such as Facebook and various Google Apps. A modern UC platform goes a long way to meet these expectations.

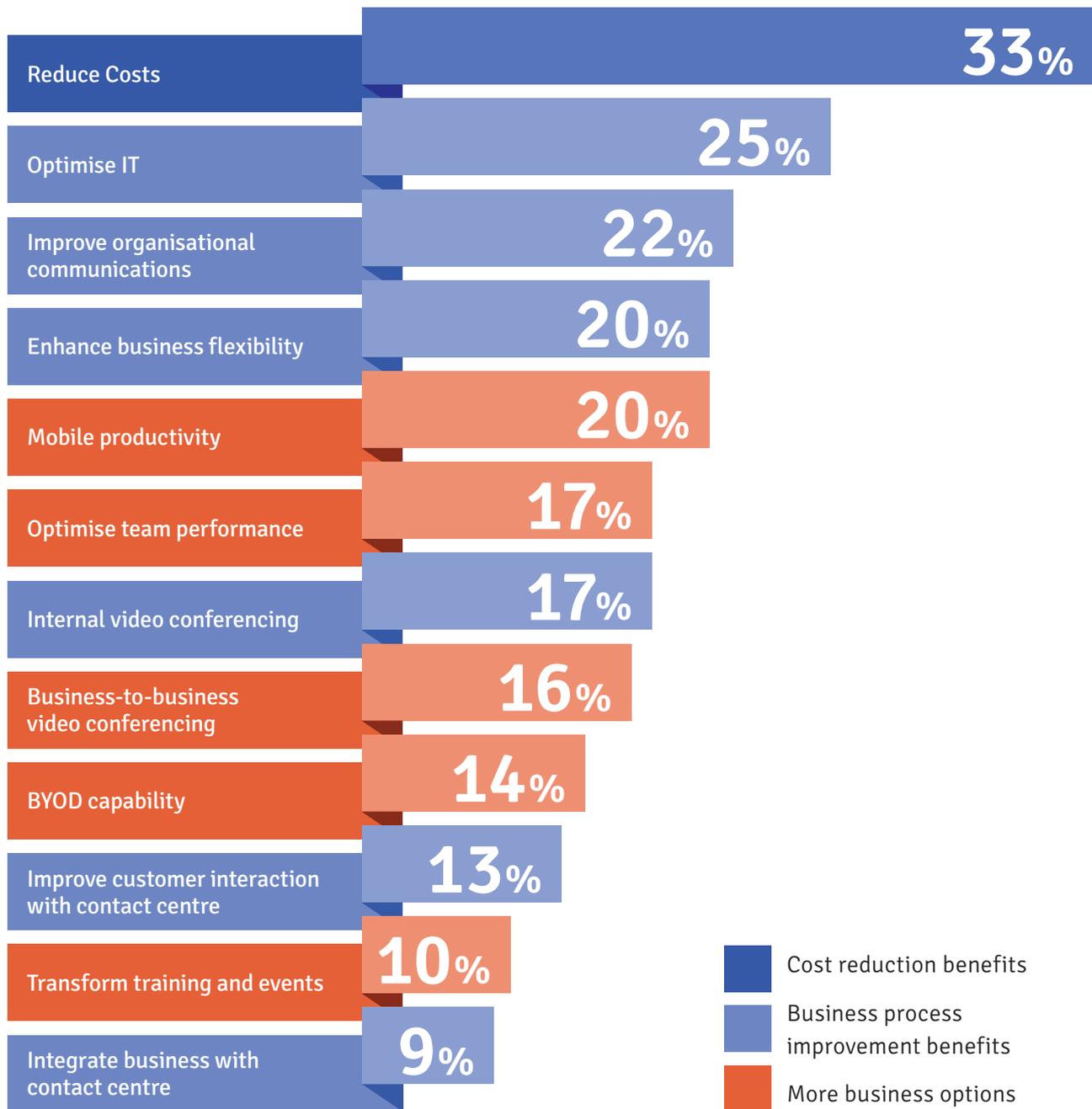
Businesses need to provide a platform that allows these new employees to collaborate at work like they do in their personal lives.

This makes business-grade UC all the more strategic for organisations looking to take advantage of the collaboration expertise of next generation employees, who increasingly demand public-cloud service levels at work.

Telsyte asked IT decision makers about the main business drivers for UC and collaboration. After cost reduction (33%), optimising IT (25%) is an important benefit, followed by improving organisational communications (22%). Enabling mobile productivity is also high on the list of desired UC outcomes. This shows collaboration and business processes –including those outside the office – are top of mind when assessing the benefits of UC.

Figure 7: Business drivers for UC and collaboration

Q: What are your main business drivers for UC and collaboration?



Source: Telsyte Australian Enterprise Communications Market Study 2014; n=319, multiple selection

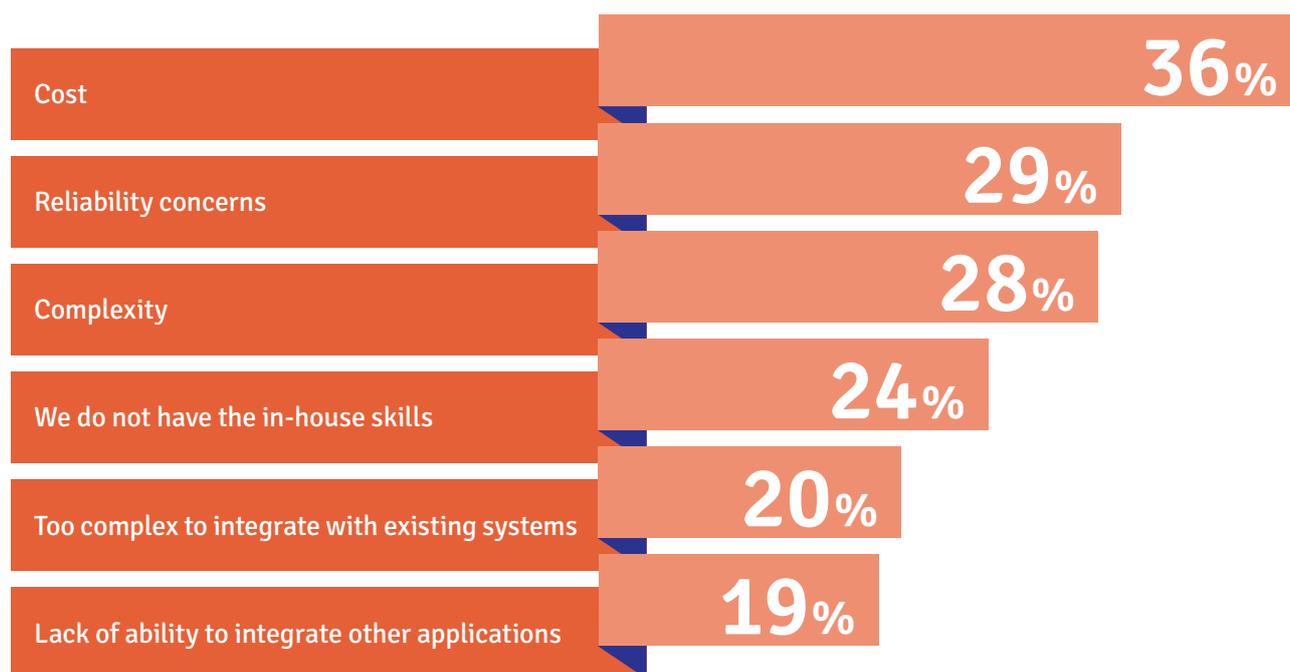
The ability to bundle voice and network services is critical to 20% of organisations seeking cloud UC

With IT leaders identifying that UC can improve business processes and optimise IT, Telsyte investigated what was preventing more organisations from adopting UC.

With existing on-premise architectures, UC capabilities are usually sold as “add-ons” to a regular IP-PABX or as a completely new system that requires the old system to be replaced. Unfortunately for many businesses the upgrade path to UC was seen as too complex or too costly. In fact, Telsyte research indicates the biggest barrier to UC adoption is cost.

Figure 8:
Barriers to adopting unified communications

Q: What is preventing your businesses from adopting UC?



Source: Telsyte Australian Enterprise Communications Market Study 2014; n=289; Base: organisations without UC; multiple selection

This cost-complexity barrier represents an opportunity for UC to follow enterprise telephony into the cloud where businesses subscribe to a service without owning the infrastructure.

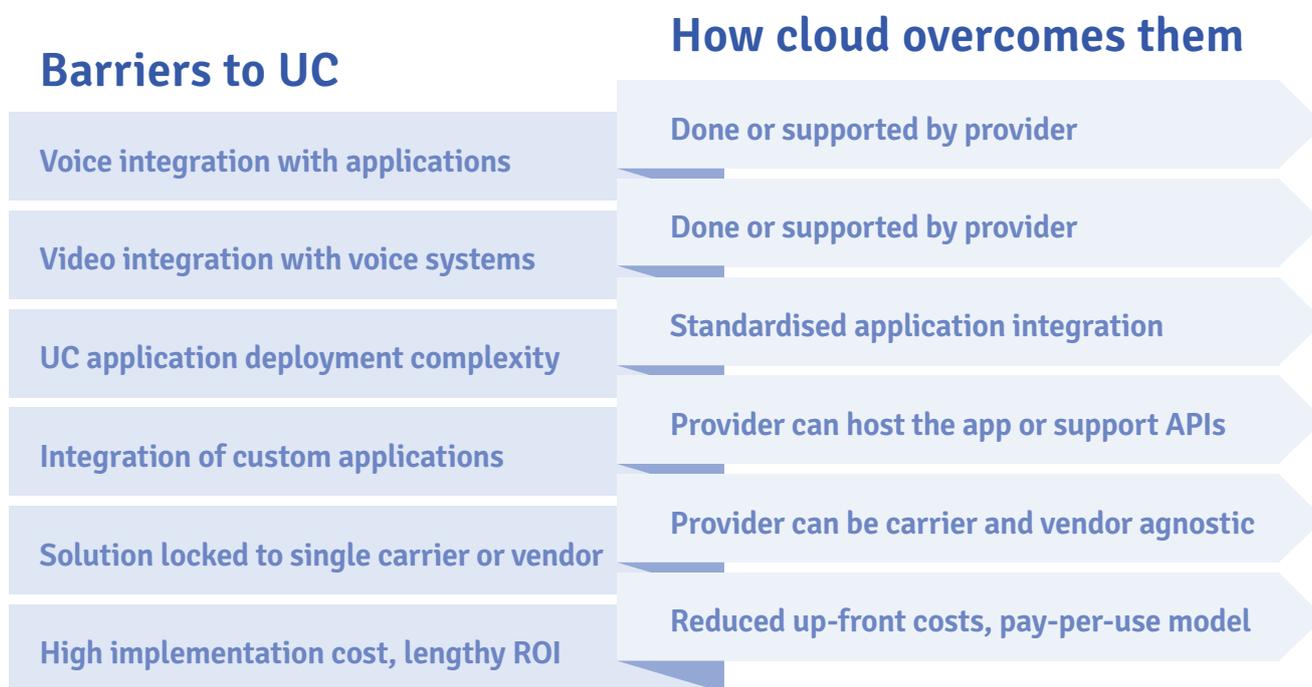
Telsyte views cloud UC as critical to resolving the cost and complexity barriers and driving the overall uptake of cloud-based enterprise communications.

The UC cloud opportunity

Like enterprise telephony, UC has traditionally been viewed as an on-premise technology architected with vendor-supplied equipment. UC implementation strategies have more or less followed that of enterprise communications (like Figure 1). However a number of new local cloud services are now providing Australian organisations with a viable alternative to

on-premise UC. Cloud UC has the potential to convince IT and business decision makers to avoid on-premise capital investment and costly integration work. Telsyte believes more options for UC in the cloud will also result in more organisations eventually moving away from on-premise only telephony.

Figure 9: Barriers to UC and how cloud overcomes them



Telsyte believes the cloud delivery model represents the best opportunity for UC to become a mainstream business service. As cloud services mature, UC will become much closer to what people expect from enterprise communications, rather than a premium add-on.

Integration with existing systems and applications is critical for 27% of organisations eyeing cloud UC

Telsyte recommendations

Cloud-based enterprise telephony and UC is growing because it reduces management complexity and does not require significant capital investments in order to realise a return to the business. Telsyte recommends adopting cloud-based enterprise communications in accordance with the risk and usage profile of the organisation.

Telsyte forecasts around half of Australian organisations will be using a cloud or combination of on-premise and cloud-based approach to enterprise communications by 2017.

Telsyte recommends businesses have a view on moving more enterprise communications to cloud services over time as the benefits are realised, equipment comes to end-of-life and reliability is proven.

Cloud-based UC is an opportunity to overcome many of the implementation and integration challenges of monolithic UC projects. It can

provide standard voice communications as part of the service in addition to applications like presence, unified messaging and video.

Australian businesses cannot ignore UC as it enables future communications. It supports collaboration in the modern workplace. It is also compatible with other emerging trends like BYOD and public cloud applications.

A new generation of mobile and cloud-savvy employees have a high expectation of collaboration in the workplace – gained from applications like Facebook to Google Hangouts – they know how to exploit emerging technologies for business benefit. This makes business-grade UC all the more strategic for organisations looking to take advantage of the expertise of future staff, who increasingly demand public-cloud levels of service and availability.

About this report

This report was commissioned by NEC Australia and independently produced by Telsyte. The findings and insights contained in this report were derived from the Telsyte Australian Enterprise Communications Market Study 2014. The views contained in this report represent the collective experience of the Telsyte analyst team without bias or influence from any third-party.

NEC

NEC Australia is a leading technology company, delivering a complete portfolio of ICT solutions and services to large enterprise, small business and government organisations. We deliver innovative solutions to help customers gain greater business value from their technology investments. We specialise in information and communications technology solutions and services in multi-vendor environments. Solutions and services include: IT applications and solutions development, unified communications, complex communications solutions, network solutions, display solutions, identity management, research and development services, systems integration and professional, technical and managed services.

For additional information on NEC, please visit au.nec.com

Telsyte

Telsyte delivers strategic insights and advisory services to businesses that are producing, or are impacted by, disruptive technologies. Telsyte publishes studies into emerging consumer and business markets and provides custom research and advisory services. Our market leading coverage includes emerging technologies, mobility, enterprise IT, digital media and telecommunications. Telsyte is a wholly-owned, independent business unit of UXC Limited. UXC is an ASX- listed Australian IT services company and the largest Australian-owned ICT consultancy firm with over 2,500 customer organisations in the private and public sectors across Australasia.

For more information about Telsyte, please visit www.telsyte.com.au

Report licence and disclaimer

The content in this report is copyright protected, and is property of Telsyte. The contents in this report cannot be re-purposed for re-sale by any organisation. Any non-commercial citations, including media, must include Telsyte as the source of the data.

All surveys, forecasts, projections and recommendations made in this study are made in good faith on the basis of information available to Telsyte at the time; and Telsyte disclaims any liability for any loss or damage caused by errors or omissions, whether such errors or omissions resulted from negligence, accident or other causes. Neither Telsyte nor its agents will be liable for any loss or other consequences (whether or not due to the negligence of Telsyte or their agents) arising out of use of information in this report.

