

Butler Group ▶
a **Datamonitor** Company



Unified Communications and Collaboration

Laying the Foundations for Business
Process Flexibility and Innovation

April 2008

SECTION 1: Management Summary

► 1.1 MANAGEMENT SUMMARY

CATALYST

There is an opportunity for organisations, with the deployment of integrated communication services and collaboration tools, to significantly improve employee productivity, augment business processes, and foster innovation.

KEY FINDINGS

- The communications architecture that has evolved over the last 20 years no longer meets the requirements of organisations.
- Collaboration is about much more than tools and technologies: it is also about people and processes.
- Going forward, a single IP-based infrastructure will form the backbone for all data traffic and communication mechanisms.
- Organisations must formulate a communications strategy that employs a service-centric approach.
- The use of Voice over IP (VoIP) and other IP-based standards will form the foundation of next generation networks.
- Unified communications underpins collaboration-intensive business processes.
- Presence is the dial tone of the future.
- Security and end-to-end visibility remain key considerations within the unified communications environment.
- Communications convergence is a key enabler for better collaboration.
- Managed services provision for communication requirements is an option worth considering for many organisations.
- Vendor partnering and alliances are a key aspect of the Unified Communications and Collaboration market.

These are challenging times, with organisations facing continuous change, including the shift to a more agile, virtual organisation, increasingly mobile workers, and the unremitting demands to increase productivity and lower costs. The requirement for a multi-channel IP network and unified communications to support all of an organisation's interaction and collaboration needs has never been more evident.

It is becoming increasingly important for IT management to begin to lay the foundations for the availability of integrated common communication services, either by infrastructure upgrades or through Managed Services. If organisations have not already, then Butler Group recommends that enterprises should put in place the foundation of a converged IP environment, along with exploiting unified communications and the latest collaboration mechanisms.

The term 'convergence' can be misleading. It is not a merger of voice and data networks, but the utilisation of the existing data, fixed, and wireless infrastructure for the provision of IP-based services, including voice, data, video, and storage. Within this all-encompassing environment one of the most important building blocks is the establishment of voice as an application and the use of Voice over IP (VoIP). This fundamentally alters the communications paradigm, enabling the development and integration of many new innovative services.

***Butler Group
recommends that
enterprises should put
in place the
foundation of a
converged IP
environment...***

Business Issues

Business challenges continue to include the requirement for better flexibility, greater mobility, and to continuously improve business processes. In addition, organisations are always on the lookout for ways to reduce costs to keep ahead of the competition. The new breed of communications and collaboration technologies presents an opportunity for companies to realise these objectives.

Many organisations are moving from traditional hierarchies based on command and control, to looser structures utilising collaboration and team work. There is a fundamental shift from one-to-one to many-to-many communication. The integration with the Internet, the increasing mobility of employees, and the move towards virtual organisations, alongside the requirement to always improve profitability and customer service, means that enterprises must embrace the adaptability that services-based communications can provide.

There is a fundamental shift from one-to-one to many-to-many communication.

There are a number of challenges that remain whilst enabling the requirement for providing flexible working for a diverse user community, including the home worker and ‘road warrior’. One of these challenges is to secure the extended environment that most IT managers now need to support. There are many instances of successful attacks and loss of data, which includes finance

companies and government agencies. The issue of security must be adequately addressed when contemplating utilising an IP-based environment. Whilst the introduction of voice and video on to the network presents new security worries, it does not, however, add any new vulnerability that did not previously exist.

Another challenge is providing an opportunity for the interaction of disparate employees and organisations. However, this inter- and intra-company interaction brought about through collaboration is not without its risks – loss of corporate intellectual property and commercially sensitive information, for example. But generally speaking, fostering innovation and a product formed through the collaborative efforts of several minds is likely to be inherently more valuable than the thoughts of a lone individual. Like cogs in a machine, bringing together the right people, at the right time, in the right way is what good management is all about, and in the current working environment this is difficult to achieve without collaborative-working tools.

Effective management is a key capability in the unified environment where policies must drive availability, and visibility moves from individual point solutions to being system wide, along with the shift from fixed asset administration to dynamic asset utilisation. A cornerstone for the provision of multi-modal channels is the ability to deliver intelligent central performance management, enabling efficient use of the available resources. The accessibility of end-to-end Quality of Service (QoS) supporting data, voice, and multimedia, is an important first step in the evolution towards an automated solution.

Effective management is a key capability in the unified environment...

The reach and range of business processes continues to increase as organisations extend and expand their interactions with partners, suppliers, and customers; and so the need to integrate geographically dispersed teams into complex business processes presents something of a challenge for the IT manager. Fax, e-mail, pager, SMS, Web conferencing, video conferencing, and conventional teleconferencing are all in use today, yet many business processes are still hampered by ineffective collaboration. Organisations must therefore re-examine their corporate communication and collaboration strategies in order to better support business activities and objectives.

Technology Issues

Organisations are beginning to expand outside the traditional boundaries found in the past. The extended enterprise now requires a common IP-based infrastructure to capitalise on information mobility and the need to be more flexible. There is a requirement for greater location independence, with remote working becoming more popular and many employees no longer remaining in one place for any great length of time. In order for this flexibility and changes in work practices to be catered for it is becoming apparent that the existing separate silo’ed infrastructures are no longer the answer.

The need for new and enhanced service provision to support business requirements must drive infrastructure and technology deployment. A services-based approach is best suited to this environment to insulate developers and users from the complexity of the infrastructure, and to ease the integration of the different systems and communication mechanisms. There should be a move towards the provision of common integrated communication services, which are ideal for catering for a complex and distributed environment. Web services can also be utilised to mobilise information to all stakeholders.

“There should be a move towards the provision of common integrated communication services...”

Moving away from proprietary solutions for voice and data to a horizontal communications architecture will enable the communications environment to be broken down into separate layers, making use of industry standards to integrate the hardware, common services, and administration elements. This componentisation and services-based approach increases flexibility, enabling services to be developed independent of the equipment. Using IP-based components instead of vendor-dependent solutions improves scalability, along with driving down infrastructure costs with price/performance optimisation.

“There is pressure on the IT manager to provide enterprise presence functionality due to the availability of consumer instant messaging.”

There is pressure on the IT manager to provide enterprise presence functionality due to the availability of consumer instant messaging. Social networking techniques and Web 2.0 functionality used in the consumer environment will be demanded by the enterprise workforce, which will come to expect these new tools and technologies to be readily available at any location, as well as being able to use any device.

To meet these challenges communication technology will need to become more seamlessly integrated with collaboration tools and enterprise applications. Initially this will be communication services, such as personal numbering, instant messaging, and automated directory enquiry, which can be easily provided before deploying more complex communication services.

It is envisaged that next-generation networks will include the ‘Intelligent Dial Tone’, where callers will no longer hear a dial tone when they use the phone but instead a voice browser will ask, “What would you like to do?” The user can then request the service required, such as “Call home” or “Where is the nearest bank?”, and the system will understand, performing the required task, and returning the information using the most appropriate medium.

Market Issues

Many communication and collaboration strategies are primarily initiated to reap the benefits of infrastructure consolidation, such as reductions in operational costs, and to improve levels of service quality. However, although these are useful goals, the real value afforded by unified communications and collaboration solutions ultimately arises from improvements to business processes, enhancement of stakeholder interactions, the optimisation of workflow, and eventually driving innovation in the business.

That being the case IT managers should not run away with the idea that one vendor can offer everything the organisation needs in terms of communications and collaboration capability. Inevitably the issue of integration and alliances must be considered as part of the organisation’s communications and collaboration strategy. Partnerships and alliances make or break vendor solutions, and so one must consider these alongside the organisation’s own list of preferences, existing IT investments, and vendor relationships that are already in place.

Communications play an important role in ensuring businesses function efficiently and it is therefore vital for systems to be effective and easy to use. Enterprises are concerned with both employee and customer satisfaction when deploying communication technologies and are looking to improve productivity through their IP and unified communications investments. Although enterprises are gradually migrating to IP telephony, it will be some time before all telephone systems utilise IP technology. A notable driver of investments will be the end-user.

Technology cycles mean that consumer and enterprise technologies often interconnect and influence one another. Internet telephony, such as Skype, and the use of Instant Messaging (IM) in the home is having an influence on the availability of software and advanced features in the workplace.

Although reliability and security are amongst the most important factors in investment decisions, the cost of implementation is the leading inhibitor. Whilst this is slightly more of a factor for small or medium-sized enterprises with tighter IT budgets, it is still an issue for a majority of the enterprises responding to a 2007

Although reliability and security are amongst the most important factors in investment decisions, the cost of implementation is the leading inhibitor.

Datamonitor survey on Communications Convergence. It is important for vendors to provide price transparency rather than selling solutions on the basis of cost savings as they may have done previously. As IP-based communication solutions become more commonplace and the market begins to saturate, price pressure will cause implementation costs to drop. Vendors should also aim to work more closely with partners to help solve enterprises' cost issues.

From assessing ten vendors in the voice/data convergence market on their technical capabilities, market impact, and end-user sentiment, the conclusion is that four large players dominate – Avaya, Cisco, Siemens Enterprise Communications (SEC), and Nortel. Although each of these vendors has different strengths and weaknesses, all have achieved similar scores and it is

difficult to differentiate one true leader. The market will continue to grow at a steady rate but vendors need to work hard to differentiate themselves as technologies are more widely adopted.

Some of the challengers pose more of a threat than others. Both Ericsson and Alcatel-Lucent offer technical capabilities but they have not been rated as well by their customers. Alcatel-Lucent must work on improving its financial and integration issues before advancing, and Ericsson, although its convergence strategy has a distinctive mobility focus, needs to work on developing management technology and a better marketing strategy.

ShoreTel, Interactive Intelligence, and Teleware are likely to remain at a distance from the leaders mainly due to their size. However, both ShoreTel and Interactive Intelligence have shown rapid growth. ShoreTel's IP telephony and Interactive Intelligence's contact centre solutions are extremely competitive. Teleware in particular has been struggling to grow due to price pressures from the leaders and needs to change its strategy to succeed. NEC, on the other hand, has size and brand strength but should work on improving its product portfolio and strengthening its sales channels outside of the Asia-Pacific (APAC) region.

This Report reveals:

- The business issues driving the need for Unified Communications and Collaboration tools.
- How integrating communications capability with applications leads to business process improvement.
- Why organisations need the foundation of a single, IP-based infrastructure.
- The benefits and barriers identified by organisations evolving to a converged environment.
- How to plan and deploy a unified communications solution.
- The significance of adopting a layered architecture.
- Examples of successful unified communications deployments.
- The key trends within the marketplace.
- A comprehensive review of communication technology providers.

Headquarters:

Europa House,
184 Ferensway,
Hull, East Yorkshire,
HU1 3UT, UK

Tel: +44 (0)1482 586149
Fax: +44 (0)1482 323577

Australian Sales Office:

Butler Direct Pty Ltd., Level 46,
Citigroup Building, 2 Park Street,
Sydney, NSW, 2000,
Australia

Tel: +61 (02) 8705 6960
Fax: +61 (02) 8705 6961

End-user Sales Office (USA):

Butler Group,
245 Fifth Avenue, 4th Floor,
New York, NY 10016
USA

Tel: +1 212 652 5302
Fax: +1 212 202 4684