



**Business
Services**

2009 CIO survey - results

Unified Communications

This paper presents the results of a survey held during the second quarter of 2009 that assessed the awareness, usage and barriers to effectively unifying communications within multinational companies. We surveyed CxO-level decision makers from 600 multinationals in 12 European countries¹, across various industry sectors from financial services, manufacturing and retail to transportation and health care.

The proliferation of multiple communications tools, geographically dispersed organizations and increased business travel are conspiring to make people harder to reach. When this happens to key personnel, it can dramatically affect business processes, causing them to slow down considerably. The result: delays, inefficiency and lost productivity, which translates into lost revenue and customer dissatisfaction.

The goal of the CIO survey was to obtain first-hand knowledge concerning the use, adoption and obstacles for multinationals seeking to unify their communications tools and applications. Unified communications is defined as:

- single user interface showing real-time and non-real-time communications, across multiple devices and media types
- the ability to integrate all communications tools: IM, messaging, telephony, conferencing and mobility
- presence – the ability to quickly determine whether an employee is online and available and the best means of communicating before contacting them

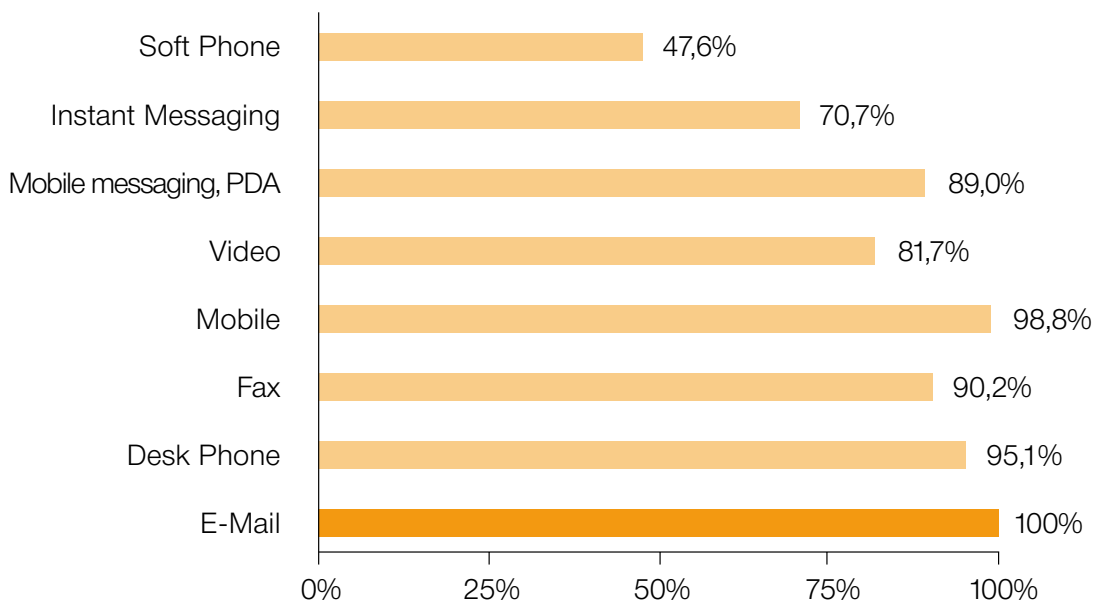
¹ Denmark, Finland, Germany, Iceland, Italy, the Netherlands, Norway, Sweden, Spain, Portugal, United Kingdom and Belgium

a proliferation of communications tools

When asked, “which of the following devices or applications does your company currently use?,” the overwhelming majority of MNCs reported that their employees used over seven different communications tools. The most popular and commonly used include email and mobile messaging (89%). Use of mobile phones (98.8%) actually surpassed the use of desk phones (95%), indicating that some firms are relying more and more on supporting employees wirelessly. New on the horizon, soft phones, a desktop or laptop computer telephony application, represented nearly half of all respondents.

The survey results clearly indicated that European MNCs support a multitude of communications tools and applications in their current enterprise environment. This high number of communication options may pose a challenge for some employees to figure out the best method of contacting a colleague and could result in increased inefficiency if employees must use multiple devices to contact people within their organization. Plus, individuals have their own preferences of how they desire to be reached or what is the best means of communicating before contacting them (e.g., leaving a voicemail for someone who prefers email or sending an email to someone who prefers a call to their mobile phone, etc.).

Nevertheless, many respondents see benefit in the individual communications tools in and of themselves. The overwhelming majority reported that new communications tools have helped make their organization more productive. Over 95% reported increased efficiency as a result.

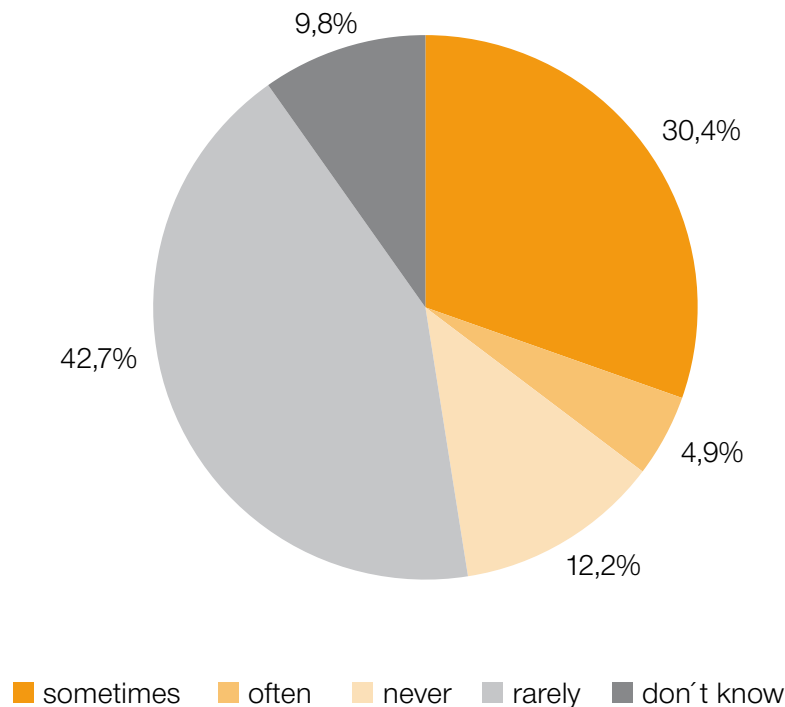


how often are projects delayed or deadlines missed as a result of employees not being able to effectively contact co-workers or decision-makers?

Communications tools are essential to supporting business processes. Typically, processes and projects rely on individuals sharing information, completing an activity or giving approval in order for the process to continue or be completed. Delay is introduced when waiting for an individual to respond.

When asked whether they experience project delays as a result of employees not being able to effectively contact workers or decision-makers, the majority of respondents (55%) stated that this rarely or never happens.

However, another 35%, or one out of three, CxOs indicated that uncoordinated or ineffective colleague contact definitely hampers their organization's ability to complete projects in a timely manner. This results in project slowdown or missed deadlines. Increased inefficiency can result in lost sales and revenue, missing deadlines, slower time-to-market or decreased customer satisfaction depending on the project or process effected.



what could be improved with IT and telecom systems by unifying your communications?

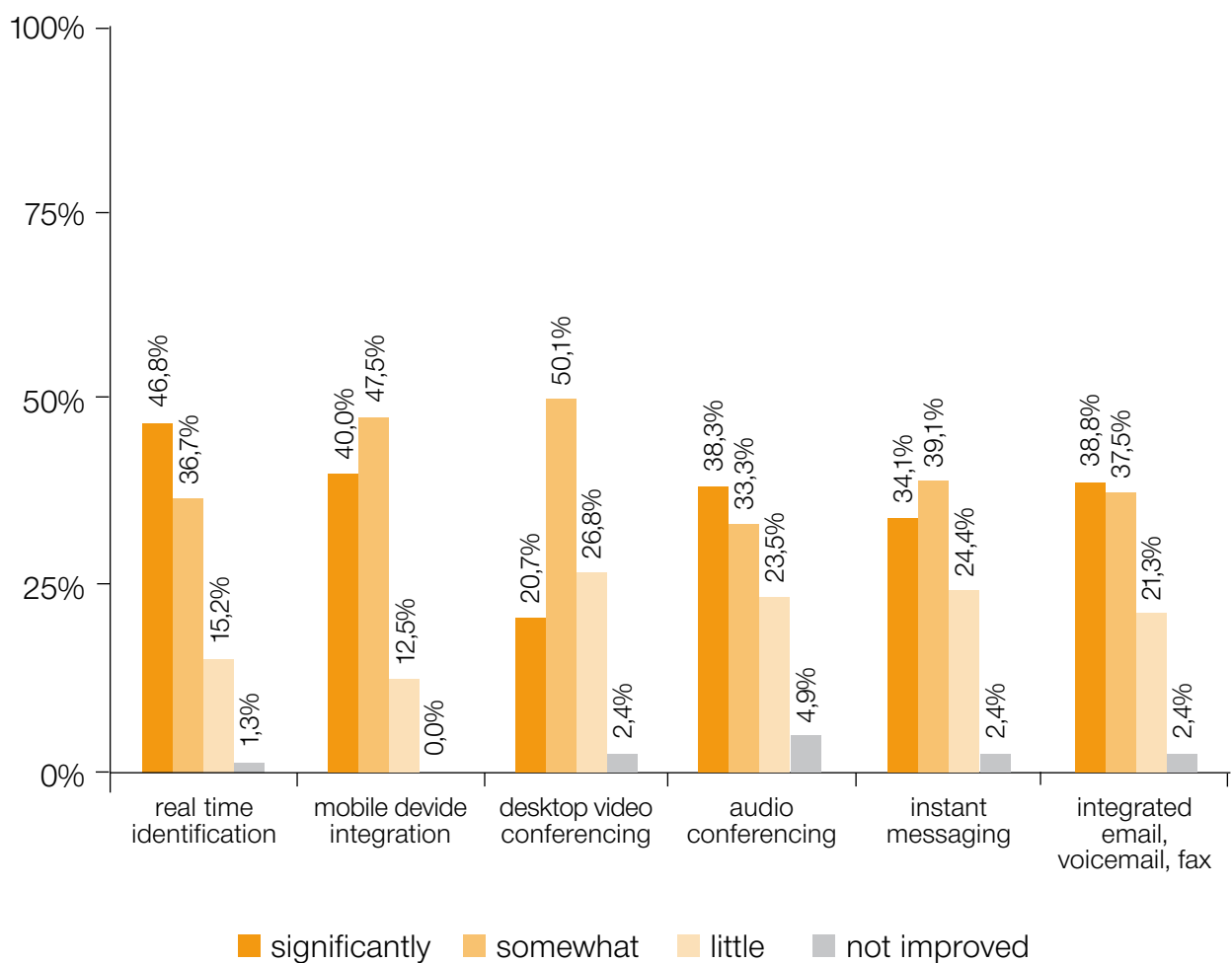
Given that companies must deal with 7-8 communications tools in order to collaborate, the survey next focused on how communications could be improved. When provided with a range of choices, integrating the mobile device into the enterprise was identified as number 1. This could be accomplished a number of ways, such as employing an IP telephony feature which directs calls to both the desk phone and mobile phone simultaneously. This allows you to publish a single number – the office phone number (e.g., if a salesperson leaves the company, his/her customers don't continue calling his/her mobile phone number, but call the office). It allows your employees to be easily reached and never miss an important call. Use the office voicemail system, not mobile phone voicemail (no need to check two voicemail systems). Employees can answer calls from either their office phone or mobile and transfer the call from mobile to office phone or vice versa.

The second most identified way to improve communication would be real-time identification. This involves presence, which provides a status indicator showing the ability (how, which communication tool is best) and willingness of an employee to communicate. Presence information is usually managed through a real-time communications server, such as is found in Microsoft Office Communications Server or IBM Sametime. Typically, it is provided through a user's client based on the devices registered to the server. By making this available for other users to see, the user shows his availability to communicate. This saves a tremendous amount of time by enabling people to locate a resource quickly and establish the best way to communicate.

Beyond mobile integration and presence, respondents cited integrated messaging as the 3rd highest area which could significantly improve communication. Integrating email, voicemail and fax together through a single interface is called unified messaging. Unified messaging relies on a single system to store all messages. It presents all messages through a single user interface, such as an email client like Microsoft Outlook or IBM Lotus Notes. Messages can be retrieved across a number of different devices, desk phone, mobile phone, or email client. The advantage of unified messaging is that voicemail messages appear as an audio attachment to an email, which can be played, stored or forwarded to anyone with an email address. The same with faxes. This greatly simplifies the employee's experience (only one place to check for messages) and can offer new options for business processes such as adding a written message or document to a forwarded voicemail. It also simplifies message storage.

Instant messaging (IM) rounded out the fourth way in which communication efficiency could be improved (73% significantly or somewhat). IM is clearly linked to presence, providing a real-time means to quickly collaborate with a colleague via online chat. Not only can information be confirmed more rapidly, but an electronic manufacturing and components trading company in Asia cut international long distance call costs between their Hong Kong office and the factory by 30% using IM instead. Productivity improved as the customer found that, when using email, responses were sometimes just too slow. IM turned that situation on its head. When overseas customers ask for the production status of a particular component, the manufacturer uses IM to reach the factory and get an update on the spot with an almost instant response, and that's where the productivity increase comes in, which results in higher customer satisfaction.

Audio conferencing and desktop videoconferencing were the last two items which received high mention. While strong collaboration tools in and of themselves, when integrated with unified communications for a "click-to-conference" capability, they provide an immediate and effective way to collaborate between groups

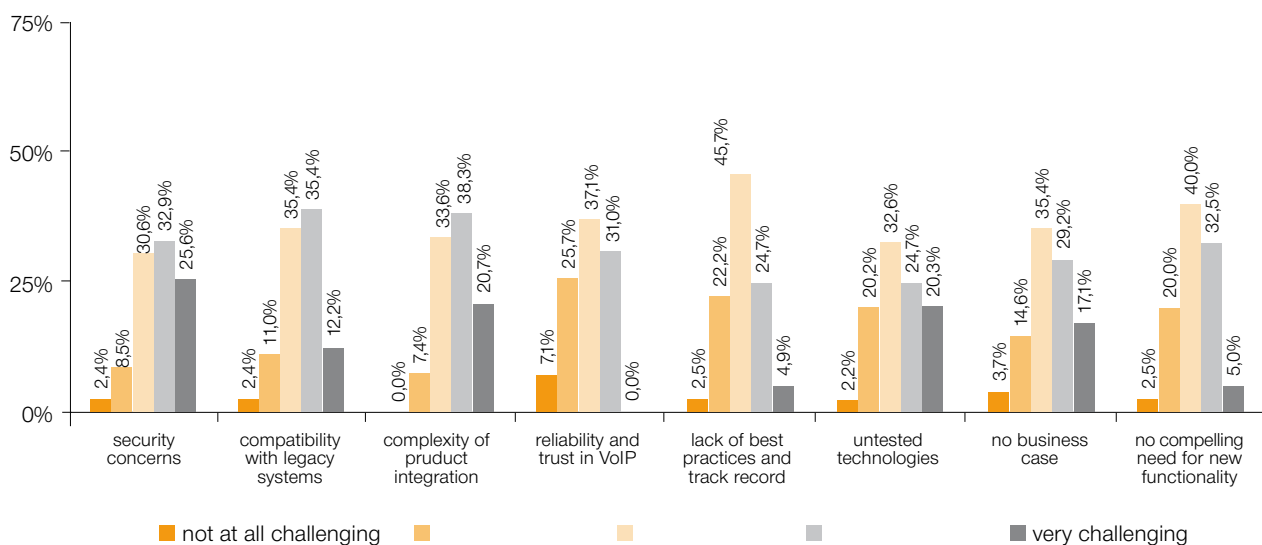


how challenging are the following to an enterprise-wide implementation of an integrated system for your IT and telecommunication tools?

Senior business and IT executives clearly understand how introducing presence or unifying their communications can significantly improve communications and reduce delays in business processes. However, a number of survey respondents identified obstacles to fulfilling this vision.

Security topped the list of challenges faced when integrating IT and telecom tools. This is understandable because previously isolated systems, like voicemail, now have the potential to introduce a virus as an email attachment through unified messaging. Standalone digital telephones now reside as end points on the LAN and could potentially open the system to a denial-of-service (DoS) attack. However, there are clear measures that can be taken to avert a security exploit, such as:

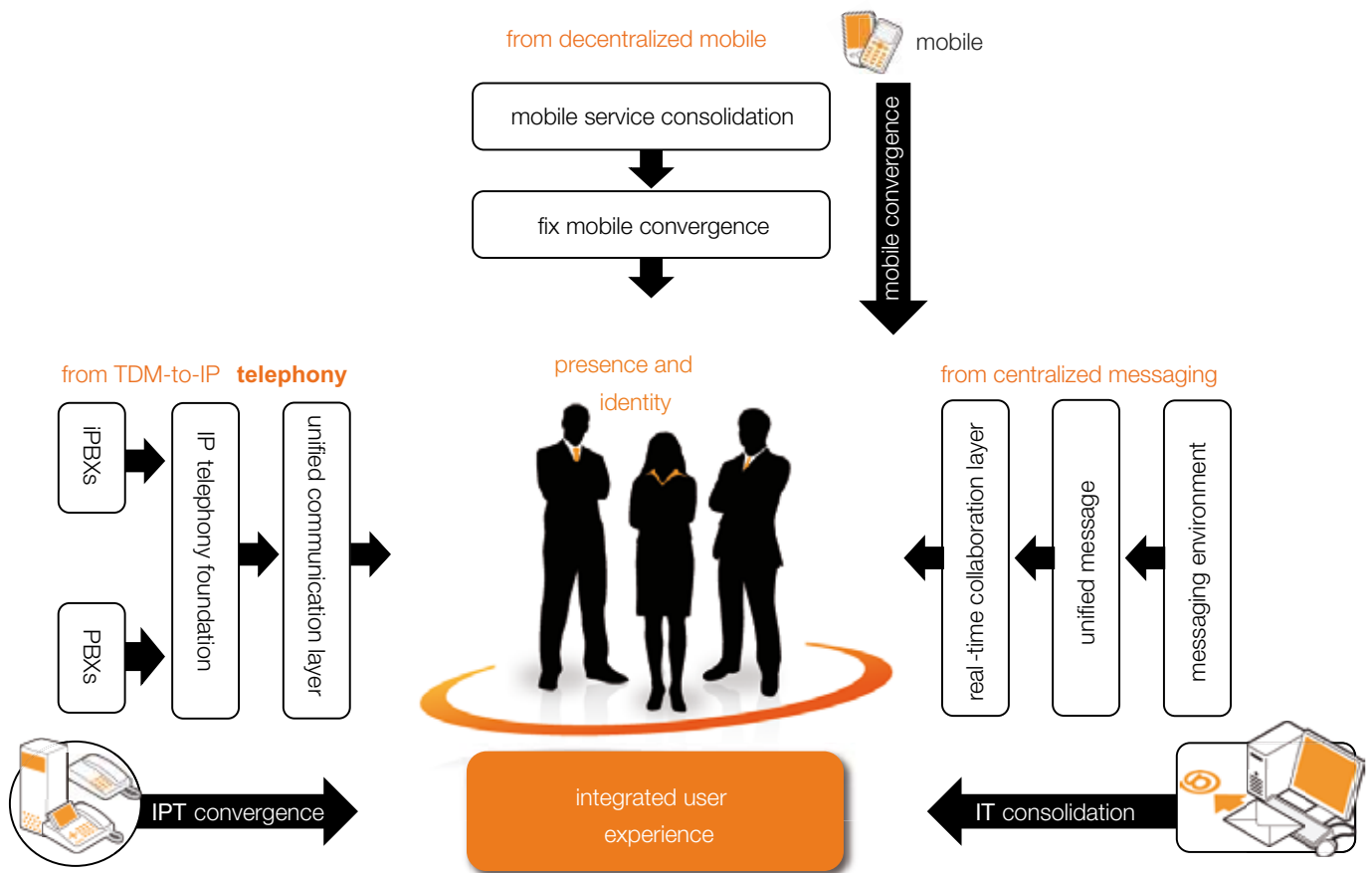
- use the IP PBX and voice gateways to authenticate IP phones via MAC address
- create a separate VLAN to subnet IP telephony traffic and separate it from the LAN data traffic
- turn off automatic phone registration
- place the IP PBX behind a firewall to prevent any UDP/TCP flood attacks
- use an NTP server for accurate logging times for security incident investigations
- employ a private IP addressing scheme for IP phones and NAT on the voice gateway to mask the addresses to the outside world and prevent DoS attacks
- utilize administration security on the IP PBX
- implement intrusion detection and anti-virus software
- route WAN traffic over a private IP network to protect call flow from electronic eavesdropping



The second most frequently mentioned obstacle revolves around complexity of product integration. The main reason for this is because no single vendor makes all of the communications tools and applications envisioned in a complete unified communications solution. Software companies leverage their strength in desktop applications and messaging to add real-time communications, presence and IM. However, their voice service does not meet enterprise standards lacking either features typically found in an IP PBX, emergency services or survivability for remote offices.

On the other hand, traditional IP telephony provides strong voice features, functionality, mobile phone integration and call center capability, but they must integrate into the IT infrastructure for directory services, messaging and applications that reside on the desktop. Therefore, depending on your starting point, a corporation must integrate applications and systems from more than one vendor in order to build a complete solution.

typical customer journey



Compatibility with legacy systems posed the 3rd most frequently mentioned challenge. Enterprises, especially in difficult economic times, strive to maximize the utilization of existing assets. Typically, large new purchases requiring significant capital outlay are postponed. This leads to the necessity to integrate what you have, including legacy. This can be accomplished through mediation servers, gateways or protocols, such as Computer Supported Telephony Applications (CSTA), which leverages existing CTI applications to work with a wide range of telephone devices. The decision factor turns on the cost to upgrade or outfit a legacy PBX to integrate with Microsoft OCS or IBM Sametime.

Lack of a clear business case is very challenging according to 17% of the respondents. The challenge lies in identifying a particular business process or user group that could benefit from unified communications. In some cases, it may be clear cut. For example, Infonavit, a Mexican financial institution with 4,000 employees that handles 60% of the mortgages in that country, uses Microsoft OCS for at least some capabilities. Introducing unified communications provided 30 minutes per day of employee productivity, which enables the bank to process 30,000 more mortgage loans a year or a 6% increase (based on 500,000 mortgages in 2008) based on the time savings from OCS. In this case, output can be clearly measured.

The key is to identify who and where to focus on end-user functions, profiles and locations. Determine what type of solution: instant messaging, presence, telephony enrichment, conferencing, etc., then list and evaluate cost-saving opportunities from travel costs, infrastructure costs and communications cost.

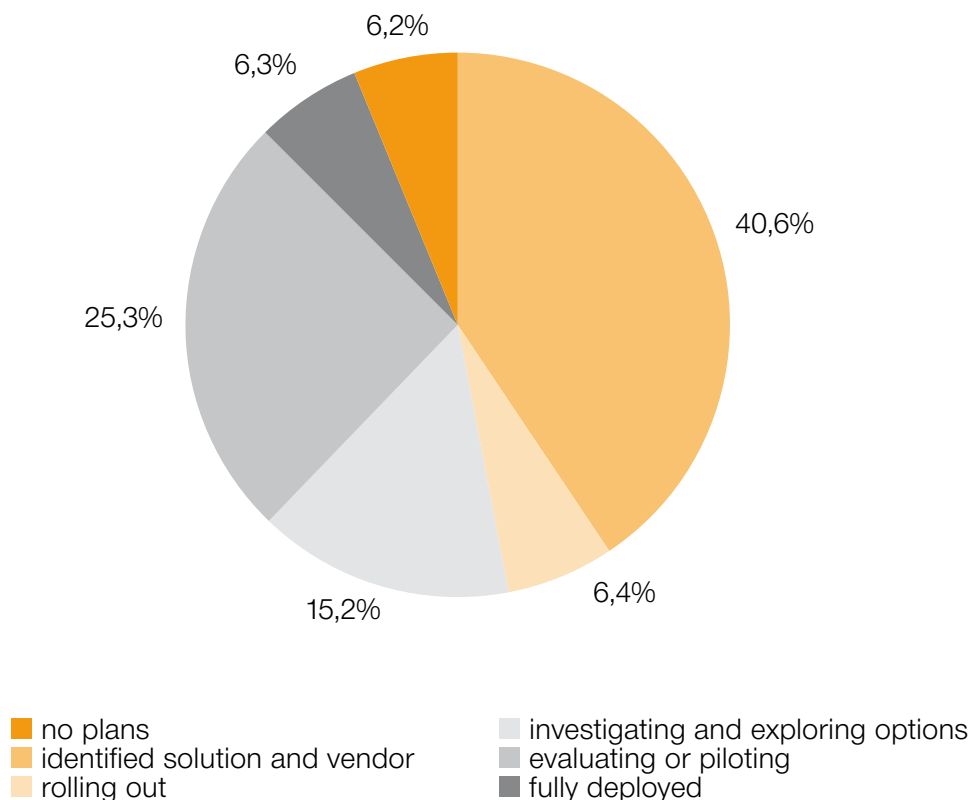
unified communications refers to a trend in business to simplify and integrate all forms of communications. which statement describes the current stage of unified communications in your company?

The majority of respondents, nearly 41%, indicated that they are exploring unified communications at this stage. Another 15% reached the point of evaluating or piloting a UC system, while one out of four moved to deployment and were rolling out UC. Typically, this follows one of two courses or even the two in parallel. Enterprises start down this path by adding IM and presence for real-time collaboration from the same software vendor that they use for messaging. In this case, IBM Sametime and Microsoft OCS lead the market.

Often times in parallel, corporations have undertaken migration of TDM PBX to IP telephony. This moves voice out of isolation as a separate overlay system to an application integrated with your IT infrastructure. All of the IP telephony vendors offer an IP telephony migration path with the option to add unified communications. For example, starting with Unified Communications Manager version 6.x, Cisco added the Unified Presence Service and Unified Personal Communicator to provide presence and unify communications. Cisco Unity Unified Messaging integrates email, voicemail and fax messaging through a single message store.

Finally, reflecting the relatively new nature of the market, only 6% of survey participants stated having fully deployed unified communications. Typical implementations involve one of the two paths described above or a combination of the two. Then unified communications is targeted at a subset of the employee population where a return on investment is clear. For example:

- top and middle management, business professionals, knowledge workers
- sales
- mobile employees, field services
- distributed workgroups
- "expert" agents



how important to your organization is each of the following features?

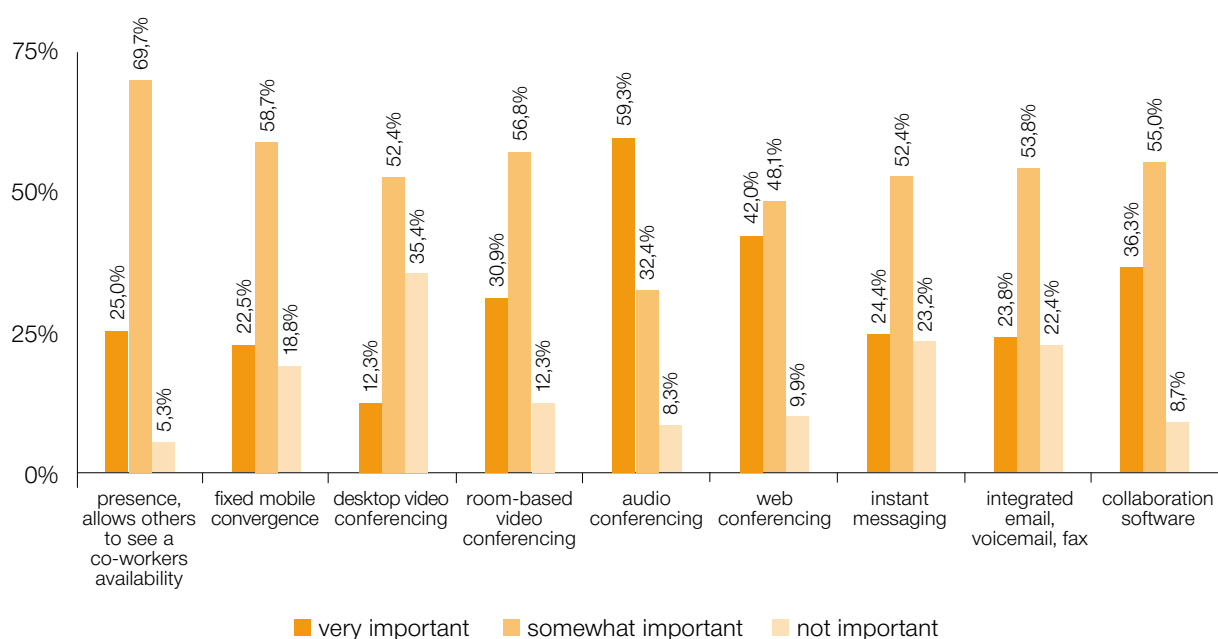
When asked which feature is most important to your organization, audio conferencing topped the list with 59% of business people identifying it as "very important." Audio conferencing is typically fast to implement and easy to use yielding immediate benefits to promoting team collaboration. Personal conferencing bridges for "on demand" audio conferences have proved to be the most popular. Look for a conferencing service provider with good coverage in the area you need it with either local numbers or inexpensive toll free.

Looking at very and somewhat important, presence ranked number 2 overall. For reasons mentioned above, the ability to know a person's availability and the best way to reach him/her are critical factors to efficient collaboration. The reverse is also true, providing the end users with control over their communications tools and when they can be reached is also important to workflow (e.g., the ability to set your status to "busy" or "do not disturb").

In 3rd place, collaboration software was the surprise standout. Software which enables shared workspaces supports collaboration because the workspaces allow teams to store documents centrally and work on them together, wherever they are located. Employees can store and exchange information in real time, either internally or with key partners, suppliers and customers. The result is significantly improved project workflow and increased productivity.

Often integrated with audio conferencing, web conferencing stood out as an important feature or tool. Web conferencing service gives you a shared workspace for when collaboration needs to go beyond audio. Intuitive features give you the ability to effectively share presentations and information with participants. People join a meeting with a one-click entry from an email invitation. You easily see participants who join by web or phone, along with who's speaking. Chat and other controls enable interactive sessions for better collaboration.

Following web conferencing is room-based videoconferencing. Telepresence is being hailed as the next generation of videoconferencing, enabling people to interact with remote colleagues and clients in other parts of the world as if they were in the same room. Businesses are increasingly turning to telepresence and high-definition video solutions to reduce travel time and costs, build better relationships across distances and help meet environmental targets for reduced carbon emissions. According to recent research from market analyst house ABI Research, the worldwide telepresence market, including network services and managed services, is forecast to grow from a 2007 level of just under \$126 million to nearly \$2.5 billion in 2013.



which job functions would benefit the most from unifying your communications?

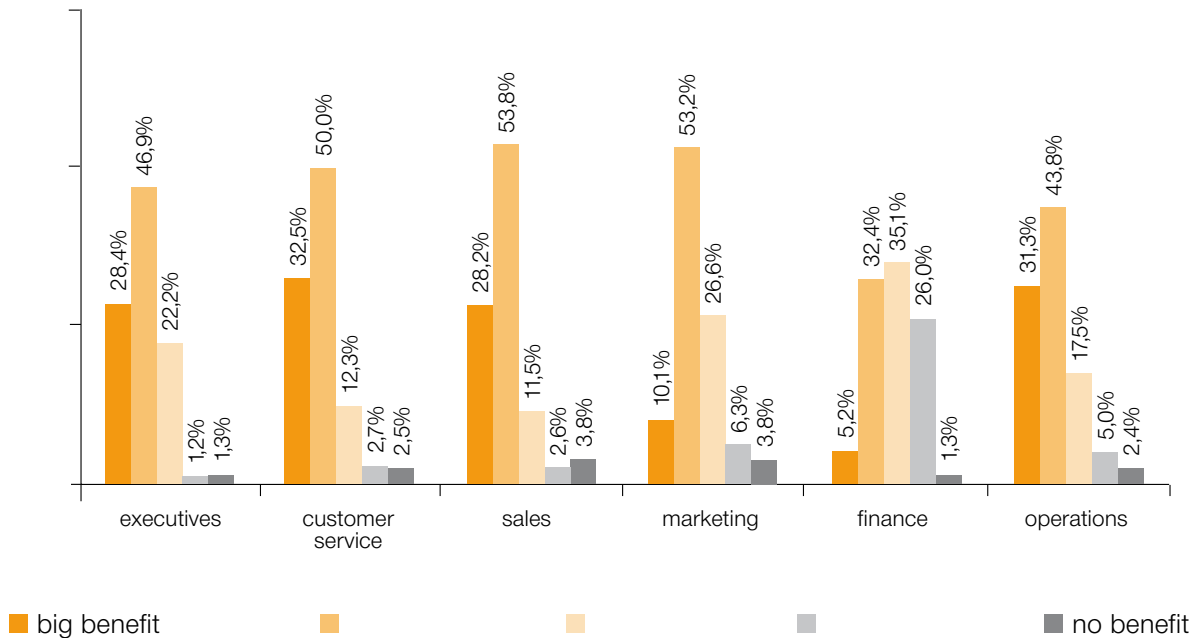
Respondents clearly identified customer service, followed by sales as the major beneficiaries of unified communications. Customer service response time can be improved by giving them access to people who can address customer questions or reporting a problem. In fact, some organizations now extend the customer service organization by creating "expert" agents, who might be in production, engineering or product management, but available on demand to respond to a key customer inquiry.

Anything that can support or increase the sales process and enable the salesperson would be welcome by any organization seeking to increase sales closure rates and revenues. For example, Cisco analyzed a sample of deals that were supported using telepresence to facilitate meetings with customers. Over the past two years, Cisco found that their deal sales cycle time was reduced by 9.7%, from 310 days to 280 days. Note: Deal cycle time is defined as the cycle time in days between the sales opportunity creation date and the last deal approval date.

A related study (Chadwick Martin Bailey, July 2008, Unified Communications Applications Uses and Benefits) reported:

- single user interface with presence - reach workers on first try - 49% of users save 20 minutes daily
- productivity improvement between geographically dispersed teams - over 75% reported improved productivity
- time savings - more efficient message management - 50% of users save 20 minutes daily

Operations (75% big benefit) was followed closely by senior management (slightly less weight on big benefit) as the next two organizations that could profit from unified communications. Interestingly enough, finance, which usually governs the funding for major new initiatives, came in last. This may explain why the business case proved to be a challenge to a number of survey participants!



which of the following vendors would you consider the primary leader in providing a unified communications product?

Cisco (44%) and Microsoft (36%) dominated mindshare among senior business and IT executives as market leaders in unified communications product offerings. Both have invested heavily in developing effective systems based on their area of dominance or leadership.

Cisco approaches unified communications two ways. One involves extending their number one worldwide position in IP telephony with Cisco Unified Communications Manager by adding a presence server, Unified Personal Communicator client and integration with the desktop and IT applications.

The second way is through WebEx Connect, which Cisco acquired in Spring 2007 and is now seeking to expand as a SaaS-based conferencing and collaboration offering, into UCaaS. WebEx allows customers to use the on-line service on demand with no capital investment and the ability to support end users anywhere. Cisco continues to expand the platform with acquisitions to augment the platform with email, calendaring, collaboration tools and enterprise-class instant messaging (PostPath, Xobni, Jabber).

Likewise, Microsoft investment started early with Live Communication Server 2003 and LCS 2005, which offered instant messaging and a presence server. The Microsoft Office Communicator client allowed two users to set up audio or video sessions, application sharing, and transfer files.

In October 2007, Microsoft released Office Communications Server, providing enterprise instant messaging, presence, file transfer, voice and video calling, plus audio and web conferencing. These features are available within an organization, between organizations and with external users on the public Internet or standard phones. Release 2 (R2) added new features, such as group chat and an attendant console.

Beyond Cisco and Microsoft, no vendor garnered more than 4% recognition, including IBM with Lotus Notes and Sametime.

executive summary

European executives must grapple with managing a multitude of communications tools and applications within their environment. The typical company's employees manage seven different tools or devices. Senior management reported that these tools help more than hinder. Nevertheless 35%, or one out of three, CxOs cited that ineffective contact (not knowing how best to contact a colleague) definitely slows their organization's ability to complete projects on time. This results in delays, which can translate into lost sales and revenue, missing deadlines, slower time-to-market or decreased customer satisfaction depending on the project or process effected.

When asked what could be improved by unifying communications, respondents identified the following items in order of priority: integrating mobile devices, real-time identification through presence, unified messaging (integrating email, voicemail and fax) and instant messaging (IM), followed by audio and desktop videoconferencing.

Senior business and IT executives clearly understand how introducing presence or unifying their communications can significantly improve communications and reduces delays in business processes. However, four main obstacles impede fulfillment of this vision:

1. security topped the list of challenges faced integrating IT and telecom tools
2. complexity of product integration
3. compatibility with legacy systems
4. lack of a clear business case

Challenges aside, nearly 41% of CxOs are exploring unified communications at this stage. Another 15% reached the point of evaluating or piloting a UC system, while one out of four moved to actively deploying unified communications. Reflecting the relatively new nature of the market, only 6% of survey participants have fully deployed unified communications.

Audio conferencing topped the list of most important in their UC plans, perhaps because of the collaboration benefits gained compared to ease of implementation. Presence, the ability to show a person's availability and the best way to reach them, followed next, along with collaboration software, web conferencing and desktop videoconferencing.

When asked which employees would benefit most from unifying communications, customer service topped the list, closely followed by sales. Anything that reduces customer response time, whether answering queries, responding to a trouble ticket or speeding the sales process, would be welcome by any organization to increase sales and improve customer satisfaction.

Finally, Cisco (44%) and Microsoft (36%) dominated mindshare among senior business and IT executives as market leaders in unified communications product offerings. Both have invested heavily in developing effective systems based on their area of dominance or leadership.

Based on this, European IT leaders clearly see a problem with the multitude of communications tools and devices. They see benefits to integrating and unifying systems to streamline communications and presence-enabling it. Many are formulating plans as they work through the challenges. The end goal being improvement of business processes and organizational responsiveness, especially among groups that touch their customers in service, sales or operations.

Austria

Heiligenstädter Lände 27c
A-1190 Vienna Austria

Belgium

Leopold Square
Bourgetlaan 44
1130 Brussels

Denmark

Gl .Koege Landevej 57
2500 Valby

Finland

Aleksanterinkatu 7B
P.O.Box 525
00101 Helsinki

Germany

Rahmannstr 11
65760 Eschborn

Italy

v. Tucidide 56 Torre 2
20134 Milano

v. Nicaragua, 10

00400 Pomezia (RM)

Netherlands

Heathrowstraat 10
1043 CH
Amsterdam

Norway

Holbergsgate 1
0166 Oslo

Portugal

Rua Alfredo da Silva n° 8 A,
2610-016 Amadora

Spain

C/ Garcia Martin, 21 Edif A-planta baja
C.P. 28224, Pozuelo de Alarcón – Madrid

Sweden

Solna Strandväg 80
Box 1171 18 Solna

Switzerland

Hardturmstrasse 161
8005 Zurich

Rue de Lyon 89
1203 Geneva

United Kingdom

Betjeman Place
217 Bath Road
Slough
SL1 4AA

for more information, visit
www.orange-business.com