Unified Communications – Making Great Choices in a Time of Transitions

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Things are changing in communications. Most of all, Unified Communications (UC) changes our view and definition to "communications integrated to optimize business processes." In addition, electronic communications now extend far beyond voice, to include e-mail, instant messaging, web conferencing (documents and applications), and recorded and live video. All of these communications, including voice, are now experienced using multimedia endpoints (PCs, smartphones and IP telephones) across a global digital network, mostly via Internet Protocol (IP). Presence awareness across these networks and endpoints is another breakthrough element which is a cornerstone of UC.

One natural consequence of these changes is the emergence of new structures among communications suppliers. This article will observe several of these changes and suggest an approach to making great choices for your communications solutions in these changing times.

Shifting to a User-Centric Model

As communications shift to new forms of endpoints – PCs, smartphones and IP telephones -- new communications experiences can be and are presented to the users, wherever they are at the moment. At the simple level of user productivity and convenience, we find that users rapidly adjust to the benefits of the new tools. For example, with presence indication, users no longer make a phone call, only to hear a busy signal or be transferred to voice mail. Instead, presence provides "the new dial tone" by showing whether a specific person or resource is available and in what mode they can best be accessed. Also, since the communication decision is usually being selected visually in a software-driven interface, the user relies on that software application to make a connection; users no longer dial a number, type an e-mail or enter a URI, they just click on a user name, which the software uses to find the appropriate address in the directory.

Also, like water, users find the path of least resistance. For example, a short instant message (IM) or text message is the natural shortcut to a telephone call. Web conferencing is a natural shortcut to e-mail attachments, since the users can share and edit the document without the delays of message delivery and the difficulty of tracking revisions. Video recordings are a natural shortcut to attending meetings since they provide personalized experiences at the most convenient time, whether via informational clips (think YouTube) or recorded meetings. Cell phone calls and conversations continue in buildings and offices even when a desktop telephone is close at hand, shortcutting the change of modes and interfaces.

At the more advanced (and higher payoff) level of business process optimization, we find that software applications can dramatically improve outcomes, while cutting costs. For example, software can help a customer reach a knowledgeable resource even when their designated sales or service representative is unavailable. For another example, software can search tags and directories to find the best available resource, skill, or knowledge in support of advancing a project or completing a transaction. When more complex work requires ongoing collaboration, the new UC-oriented collaborative workspaces provide an organized space for posting and reviewing the ongoing work, often cutting the total project time by 25% or more.

For users who spend most of their time within a business software application, such as in logistics, health care, finance, or administrative roles, communications can be embedded directly into the software application interface. The optimal communication function can be programmed directly into the software, enabling a single-click, software-assisted completion of the necessary communication task.

A natural consequence of these changes is the shift in the mix of communications tools and choices. We commonly see reports that the number of e-mail messages now exceeds the number of voice phone calls in most business environments. Lately, we read that the number of IM and text messages has surpassed the number of e-mail messages sent each day. Similarly, data are showing that the annual number of landline voice minutes peaked in 2001 and the annual number of wireless minutes exceeded the number of landline minutes in 2007; and this trend to wireless (read cellular and GSM) is continuing.

With all of these changes and advancements, there is a natural change in the network of system and solution providers to deliver UC to the enterprise.

Coping, Expanding, or Innovating

Three kinds of changes can be observed in the communications marketplace at this time of transition.

1. Coping: The traditional communications providers are tending to cope with the situation. Most of the voice systems producers are attempting to add other forms of communication to their system capabilities. Almost all voice systems producers now offer presence and IM services, which they either created, acquired or licensed. Also, the voice systems providers are linking their solutions to other communications tools such as e-mail, calendars, contact lists, and collaborative workspaces. To defend against the wireless network intrusion, most PBX/IP-PBX producers provide interfaces to the wireless network and advocate the use of the enterprise DID as a single point of contact to the user (Cisco purchasing Orative, Avaya buying Traverse). All of the traditional voice system producers have added software integration capabilities to their product portfolio, whether through adaptation of their call center or CTI capabilities or through acquisition (Cisco purchasing Metreos and Audium, NEC buying Sphere Communications). One area where the voice communications producers have made a natural extension is in the area of audio and

video conferencing, a business which is growing rapidly for most producers, whether through innovation, acquisition or alliances.

However, due to the shifts in communications modes mentioned previously, enterprise voice communications systems revenues are relatively flat. The new producers of IP PBXs, especially Cisco with their network-based customer relationships and Asterisk with their open source model, have taken share of this low growth market away from the traditional providers. The natural consequence has been the re-shaping of the voice communications market. Aastra (by purchasing Ericsson's PBX business) and Mitel (by acquiring InterTel) have been consolidating the industry through mergers and acquisitions. Siemens Enterprise Communications was spun out by Siemens AG into a partnership with The Gores Group. Avaya went private in a leveraged buy-out by Silverlake Partners. And Nortel is currently under creditor protection while they pursue business and financial restructuring. All of these actions preceded the current global financial crisis, and are a reflection of the industry much more than of the environment.

2. Expanding: Companies in communications-related sectors are expanding into the adjacent UC markets with the goal of capturing new opportunities. In most cases, this is done by leveraging the company's core business into the communications marketplace. Cisco is a prime example with their very successful acquisition-based move into the IP PBX market. This pattern is continuing for Cisco with the acquisitions of WebEx, PostPath (Microsoft-emulating e-mail software), and Jabber (a leading IM software producer) in an apparent further extension into the desktop software and software-as-a-service communications markets. Research In Motion (RIM) has extended their hugely successful mobile e-mail solution (BlackBerry and BlackBerry Enterprise Server) into the enterprise voice market with the acquisition of Ascendant whose software has been re-packaged as the Mobile Voice System (MVS) to enable a BlackBerry as an enterprise voice end point. Applications providers such as Oracle, SAP and Salesforce.com have been progressively adding voice capabilities to their solutions either through acquisition (e.g. Oracle's purchases of Telephony@Work and BEA Systems) or alliances (e.g. the Salesforce.com suite of PBX integration modules). This trend is also occurring in vertical markets as shown by the communications capabilities now included in McKesson and Cerner software in the Healthcare industry.

3. Innovating: Companies with alternate views of communications are creating new options. The apparent goal of these companies is primarily to create demand for new communications methods rather than simply to take share away from existing producers. A number of examples of this have appeared in the consumer communications markets, such as Skype, Gizmo Project, Vonage, AOL, Yahoo and MSN, all of which offer Internet voice and video communications along with IM and

presence indication. In the enterprise UC marketplace, the two most notable creators of new solutions are Microsoft and IBM. Microsoft is creating new software for enterprise communications supported by a broad ecosystem of technology and systems integration partners, known as Office Communications Server 2007 R2. OCS 2007 R2 provides an alternate, user-centric approach to business communications and provides a rich API set to enable the Microsoft Developer Network to embed communication into business software apps. IBM is building communications into a collaboration-based environment, by adding enterprise communications functions to Lotus Sametime and integrating those functions into Lotus Quickr (a collaborative workspace system) and Lotus Connections (a social network for business). IBM Lotus Sametime is also linked to the IBM WebSphere software to enable business process integration.

Based on reported or inferential results, the companies in the second and third groups are capturing most of the revenue growth in UC and in the enterprise communications market at large. Most of this success is likely attributable to the creation of new communications functionality rather than simply replacing the previous solutions. This pattern of market disruption through innovation is well documented by the books of Clayton Christiansen, beginning with "The Innovator's Dilemma", and the book "Blue Ocean Strategy" by Kim and Mauborgne. An important feature of these innovative approaches is that the new solutions are almost always classified as sub-par when measured against traditional methods, yet they succeed because they meet un-served needs of the user or consumer.

Making Great Choices

Given all of this change, it may seem difficult to make a great choice when selecting and implementing new communications technology and solutions. Fortunately, that need not be the case. Here is a simple principle to guide in making a great choice:

- Select one or more business processes that can be dramatically improved through optimized communications and define the use cases that will make the optimization possible; then, apply the use cases as a guide to selection and implementation of the new UC solutions.

Of course, there are multiple parts to that principle; but each one is still relatively simple. Selecting the business processes that can be improved through optimized communication was a mysterious process only a few years ago, but can now be accomplished by looking at the success stories within your industry (or by asking a UC consultant to provide a summary of those successes). For example, in the manufacturing industry the best opportunities are (1) the improvement of customer interactions during the sales cycle with reported improvements of 20% or more in annual sales per territory; (2) the acceleration of the logistics cycle through software-assisted resource identification and problem resolution; and (3) the reduction in time to market by improvement of collaboration in development and marketing. You can find more examples of these success cases by visiting our UC industry resource site at www.UCStrategies.com.

Defining the use cases is also straightforward, since many of the case studies provide the necessary information. Within your own enterprise, the use case definition is essentially a review of the day-to-day operations of the people and roles in the targeted business processes to determine the before and after modes of operation. The use cases then become the basis for technology selection, professional services statements of work, and implementation steps, especially including user training and adoption support.

The set of suppliers to whom you present these use cases for proposals and bids will become fairly clear once the use cases are complete. For example, if the focus is on logistics improvement you will most likely ask your logistics software application system producer to propose a solution, whether directly or in partnership with a UC or communications system provider. The bid response will almost certainly involve the services of a systems integrator to create and implement a specific functionality required for your business processes. For another example, if the focus is on the effectiveness of the sales organization you can invite bids from both your existing communications systems (PBX) company and your desktop software (Microsoft or IBM) or mobility system (e.g. RIM) producers. Each respondent to your request will offer you a different viewpoint and approach to the solution, which you can then compare and select based on your strategic, economic, and operational criteria.

The two reasons this will result in a great choice are, first, that you will be focusing on an area of your business which is almost certain to produce very high returns on your investment and, second, that you will be inviting proposals from the supplier category which is most appropriate for your needs and which demonstrates success through their use cases. Also, in most cases, you will be purchasing only the increment of technology that is required for your application. Seldom will it be the case that you will need to replace your entire PBX or e-mail or mobile infrastructure in order to implement and capture the benefits of a new Unified Communications solution.

The essential element, of course, is to take action. Even, or especially, in a tough economic climate, a UC investment can be an excellent tool to reduce costs or to strengthen your business during and beyond the down cycle. The companion article on this topic by my consulting partner, Don Van Doren, in this issue of Strategic Path is recommended for your action planning.

We wish you good fortune in your UC investments.