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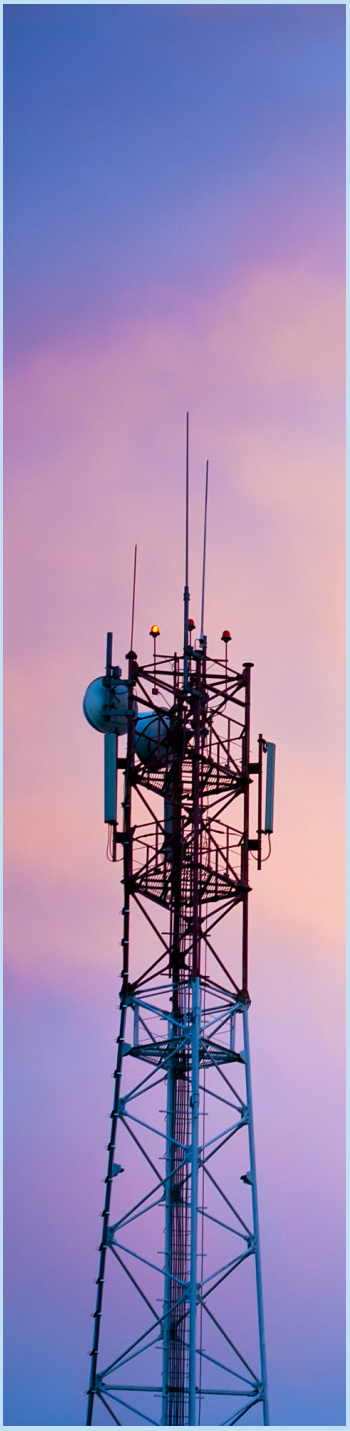

CLOUDS, CROWDS, AND COMMUNICATIONS

Abstract

Even as formerly bustling pre-pandemic offices have shifted out to the new normal of working from home, the requirements of enterprise communications have changed drastically. This whitepaper examines the growing role of Unified Communications as-a-Service (UCaaS) and lays out guidelines for organizations to fully leverage the potential of the cloud for a whole new era of communications.

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The rise of a star

Over the years the telecommunications industry has transformed itself almost beyond recognition. In its early stages, the scope of the industry was limited merely to landline services. With advances in technology however, the portfolio rapidly expanded to include leased lines and various wireless technologies. Then arrived the new concept of voice over IP (VoIP) that integrated telecom and networking advances to revolutionize the costs and quality of voice, data, and video communications.

However, the true potential of the industry was realized only recently when the unprecedented outbreak of COVID-19 compelled many organizations to shift employees from their traditional office spaces to a work-from-home system. Ensuring continuity required businesses to adapt and overhaul their networking systems within a very short timeframe to enable virtual working and telecommuting.

These post-pandemic compulsions brought to the forefront one of telecom's latest offerings called UCaaS, which enables businesses to adapt rapidly through OPEX expenditures rather than through massive CAPEX outlays.

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Understanding UCaaS

Unified communications as-a-service, or UCaaS, is the latest variant of the popular model of cloud computing "as a service," and is similar to Infrastructure as a Service (IaaS), Software as a Service (SaaS), or Platform as a Service (PaaS). In this model, various communication systems are integrated and delivered through a single cloud provider, to support activities such as enterprise or instant messaging, voice calling, data sharing, and video conferencing.

UCaaS, through using the cloud, greatly simplifies the deployment, implementation, and management of all the communication needs of an enterprise. It shifts the burden of hardware and in-house support functions to a service provider who charges a monthly or annual fee based on the quantum of usage of these facilities – or in other words a pay-per-use pricing model.

UCaaS offers several deployment models to choose from, such as private cloud, public cloud, and hybrid models depending on the specific needs of a business. Further, with the optional functionality of contact management software, UCaaS services can be integrated with call center services — such as call routing for high volume inbound and outbound calling services — thus providing a variant of Call Center as a Service (CCaaS).

Weighing the advantages and risks

With its seamless ability to improve productivity, increase mobility, and enhance user experience, UCaaS is undoubtedly a service that is being widely discussed. For businesses considering UCaaS implementation, understanding the benefits and risks will help leverage the technology to its fullest potential. Some notable points worth considering are:

- **Locational benefits:** The use of the cloud greatly simplifies communications management, performance, monitoring, and reporting for multi-location organizations
- **Cost-effectiveness:** UCaaS requiring no large CAPEX investments on hardware or software as it leverages the service provider's infrastructure through the cloud. It uses pure OPEX pricing models such as pay-per-use or pay-per-account
- **Scalability:** It is easily scalable for either growth or downturn scenarios
- **Redundancy:** Since UCaas is cloud-based, it does not require a standby hardware and is handled by the service provider, thereby removing redundancy which further helps in uninterrupted communication and effective disaster recovery..
- **Installation:** Setup and deployment is quick. and hassle-free
- **Versatility:** It supports greater employee mobility and virtual working. through easy configurability on all types of corporate and employee-owned devices. This enables better team collaboration and business continuity in the event of any individual device failing.
- **Futureproofing:** It can integrate with 5G technology

However, UCaaS does come with certain risks that organizations need to be mindful of. Chief among them include security and confidentiality risks due to the increased sharing of information through the cloud. Thus, decision-making on implementation needs to closely weigh in these risks alongside other factors such as the savings potential and requirements for additional connectivity.

For instance, the security aspect can essentially be broken into six main areas: the physical security of the providers data center location, data encryption, communication encryption and protection, strong network security, account access and administration, and continual updates and associated security "patches" or fixes to ward off any new threats or vulnerabilities. Any potential service provider will need to be thoroughly vetted on these aspects.

The communications cloud is growing

In early 2021, Gartner estimated that 74% of organizations will move 5% of their onsite workforce into permanent remote mode. Apart from this inevitable shift towards more virtualized working environments, the rapid advancements in cloud computing, security, storage, and instant messaging technologies will make UCaaS more important than ever before.

Thus, Allied Market Research has projected that the UCaaS market valued at $32,879 million in 2016 will continue growing at a CAGR of 12.6% to reach $74,244 Mn by 2023[1]. While the IT and telephony segment continues to dominate, banking, financial services, and insurance (BFSI), energy and utilities are estimated to provide significant growth opportunities. Also, in terms of market size, while North America dominates currently, Asia-Pacific is expected to witness the highest growth.

Gartner's report[2] has identified Microsoft, Ringcentral, Cisco, Zoom and 8X8 as the current leaders in the UCaaS landscape based on their ability to execute and completeness of vision. However, with a host of niche players and upcoming challengers in the game as well, the evolving market landscape underscores the need for an effective procurement strategy, post any implementation decision.

[1] https://www.alliedmarketresearch.com/unified-communications-market

[2] https://www.gartner.com/reviews/market/unified-communications-as-a-service-worldwide

Criteria for evaluations and contracting

It is important to evaluate the growing list of UCaaS providers based on unique business requirements as well as the impact of the decision on all stakeholders. This requires well-defined criteria that takes into account factors such as those in this non-exhaustive list:

- Location of the call media (e.g., city, state, country, region)
- Platform used for the communications software
- Availability of circuits/connectivity to all business premises
- 5G readiness and support
- Specialization levels in both telecom and network services
- Availability of emergency or E911 services
- Capabilities to support a "phased" migration to mitigate downtime
- Ability to provide PRI or analog lines for legacy devices or systems
- Whether the facilities and data centers are owned and operated by the provider or third parties
- Support for international calling requirements
- Capability to provide all the necessary hardware devices

Developing and negotiating contracts and setting firm service-level agreements (SLAs) and penalties for noncompliance are also paramount. Doing this right will protect the business in the event of a breach of commitment or in case of an unplanned downtime and therefore it is essential to keep the following in mind:

1. Reading all the fine print thoroughly to eliminate the risk of any hidden terms and conditions
2. Comparing SLAs offered between providers to ensure transparency
3. Including performance and support/ training
4. Monitoring systems and performance to ensure compliance

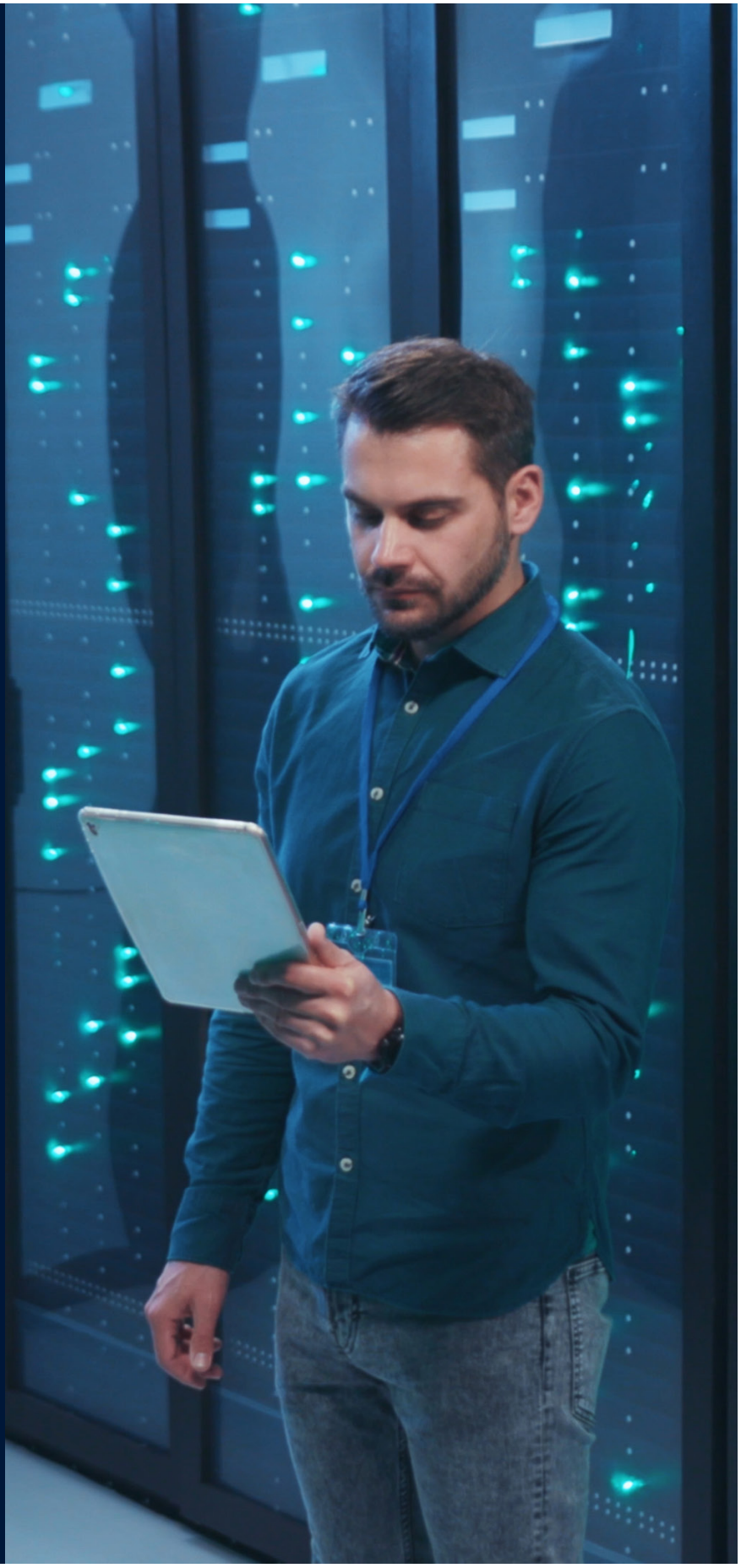
Staying ahead of the cloud

Several procurement professionals who have spent years managing the technology category have clearly foreseen the current trends towards more virtualized working experiences. However, these trends were suddenly "fast-forwarded" due to the outbreak of the pandemic when companies were impelled to quickly invest in infrastructure and support employees in making the shift to working from home.

Going forward, many of these technology investments cannot be simply rolled back. On the one hand, most businesses have witnessed higher productivity as well as cost savings in the technology category as well as in others such as facilities, corporate real-estate, and travel. On the other hand, employees too will prefer to continue to work from home given the flexibility and other benefits the new normal offers.

To cater to these changing realities and to differentiate themselves from competitors, UCaaS service providers are constantly introducing newer and improved features. However, this introduces resultant complexities from a procurement standpoint. As with any services-related buy, it is important that organizations focus on identifying the right reputable provider, for the right price, with features that meets or exceeds the technical and functional requirements of the business.

For businesses that lack in-house skills or resources to successfully navigate all these aspects of UCaas and arrive at an advantageous decision, engaging with a specialist in telecom network consulting will yield good benefits and prevent costly missteps. This is key, because in a world is increasingly becoming virtualized, UCaaS is already a decision that can neither be put off nor lightly undertaken.



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Guru has over 25 years of experience in strategic sourcing, procurement and supply chain management. In the last 14 years, Guru has worked across multiple industry verticals managing strategic sourcing, spend data, and contract management. He currently leads procurement engagement of a couple of retail and logistics clients, with the objective of driving process improvement, process transformation, and timely delivery.

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Ian has over 21 years of experience in sourcing & procurement across global blue-chip organizations. He has led sourcing & procurement organizations across consulting, telecom, power generation, retail, and automotive. He also spearheaded procurement transformation projects for many clients across multiple engagements, including process optimization, platform harmonization, procurement systems implementation, category management establishment, and tail spend management.

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