Business Value Matrix

Why UCC Management Tool Selection Matters for Operational Cost Reduction, Better App Performance

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Executive Summary

As companies evaluate their Unified Communications and Collaboration (UCC) strategies, many are moving toward cloud-based services, according to the Nemertes Research 2018-19 Unified Communications and Collaboration research study of 653 IT leaders. Only 33% of the research participants are fully on-premises with their UCC solutions today; the rest are either all cloud (29%) or hybrid cloud/on-premises (38%).

The key driver for cloud UCC is improved agility for IT, followed by a reduction in capital costs and perceived overall cost savings. To truly achieve those benefits, IT leaders must evaluate UCC management tools. By leveraging specialty management providers, organizations have documented UCC operational cost reduction, as well as increased employee productivity and better IT agility.

But the reality is that many companies have a mixture of UCC providers and architectures, so selecting management providers becomes more complex. Does it make sense to use multiple management tools—one for each UCC provider? To cover cloud and on-premises services, do organizations have to buy tools for each architecture?

In this report, we focus on UCC administration management tools. Specifically, we evaluate the operational cost savings and other benefits associated with the tools. In addition, we show the Nemertes Business Value Matrix for UCC administration management. The matrix plots UC administration management providers, based on their average customer ratings and UCC operational costs. According to the matrix, Kurmi Software has the lowest overall UCC operational cost and the highest overall customer ratings.

Architecture: Movement Toward Cloud Underway

One of the biggest decisions IT leaders must make when they're developing (or re-developing) their UCC strategies is which architecture to adopt. Architecture is trending strongly toward cloud services in the past year. In 2017, 47% of companies were fully on-premises, but by 2018, that number dropped to 33%. (Please see Figure 1.)

Most of the growth occurred in hybrid architectures (10% in 2017 to 38% in 2018), as companies are a.) in the process of moving from on-premises to cloud and are operating both environments for a while; or b.) have developed a strategy that by design includes a hybrid architecture.

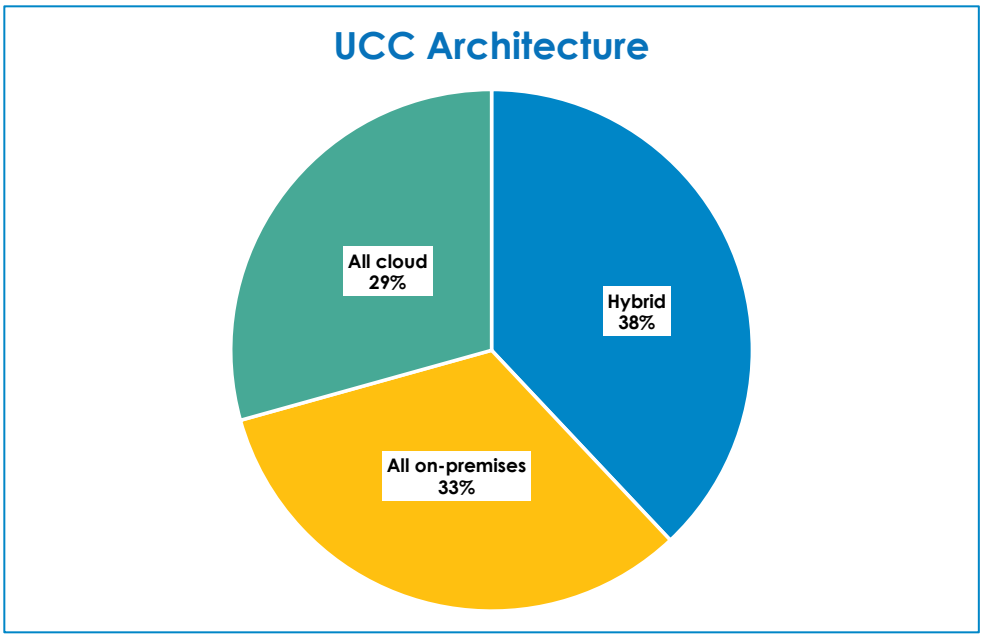


Figure 1: UCC Architecture, 2018

Why Organizations Move to Cloud UCC

Numerous factors drive organizations toward cloud UCC services. In recent years, perceived overall cost savings has been the top driver. However, the top driver has shifted to improved agility for IT, up from 29% in 2017 to 44.1% in 2018. Research participants also cited other agility-related drivers, including the ability to roll out services faster from the cloud, the availability of more features in the cloud, and freeing the IT staff for strategic initiatives. This is key because IT can help with business initiatives (say a sales, marketing, or HR project), vs. keeping the lights on with UCC itself. (Please see Figure 2.)

Though agility-related drivers are key to cloud adoption, cost also plays a role both directly and indirectly. IT leaders cited a shift from capex to opex as the No. 2 driver (37.2%), followed by perceived overall cost savings (33.1%). Another 11% say they can't get budget for more IT staff, but they can for cloud services, and 16.2% say they are attracted to cloud because the providers themselves are investing more in their cloud services than their on-premises products.

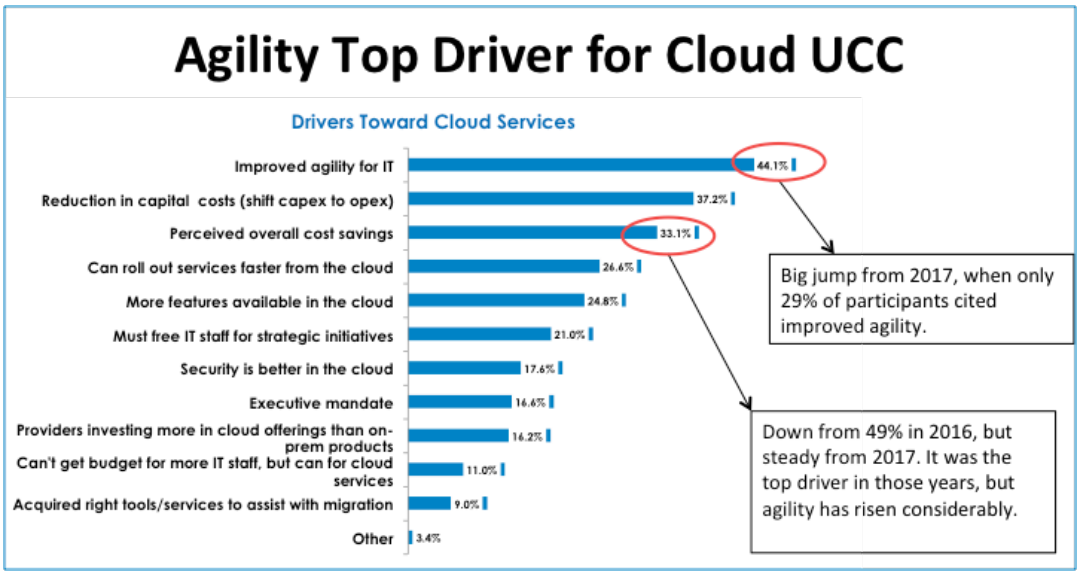


Figure 2: Agility is Top Driver for Cloud UCC

Maximizing agility and cost savings requires a good management strategy. It's important to note the benefits of that strategy are not limited to cloud or hybrid architectures; for years, it has also improved both agility and cost savings for on-premises deployments. Among the key benefits of agility: Rolling out services faster, delivering more features, and freeing the IT staff to handle more strategic initiatives.

Cloud vs. On Premises Management

Many organizations are in the process of migrating to UC as a Service (UCaaS) or are evaluating it. It's worth noting that management requirements may change as companies make this transition; most IT professionals reported a shift in management and provisioning needs.

Some said their needs were simply different; others said cloud-based services shifted the management and provisioning responsibility to the provider handling the day-to-day management of the service. Many said they still needed insight to related apps (cloud-to-cloud integrations and provisioning status, in particular), to the network and associated Session Border Controllers (to avoid finger-pointing among providers), and to the UC service itself (to make sure the provider was meeting Service Level Agreements).

The desired role of management tools also includes provisioning; Moves, Adds, and Changes (MACs); number management; diagnosing; predicting; cx and resolving issues. IT staffs want continued insight into these functions from their administration management provider, but they often ask the cloud partner to take action on them.

Types of Management Tools

There are four primary types of management tools organizations use for UCC. (Please see Figure 3.)

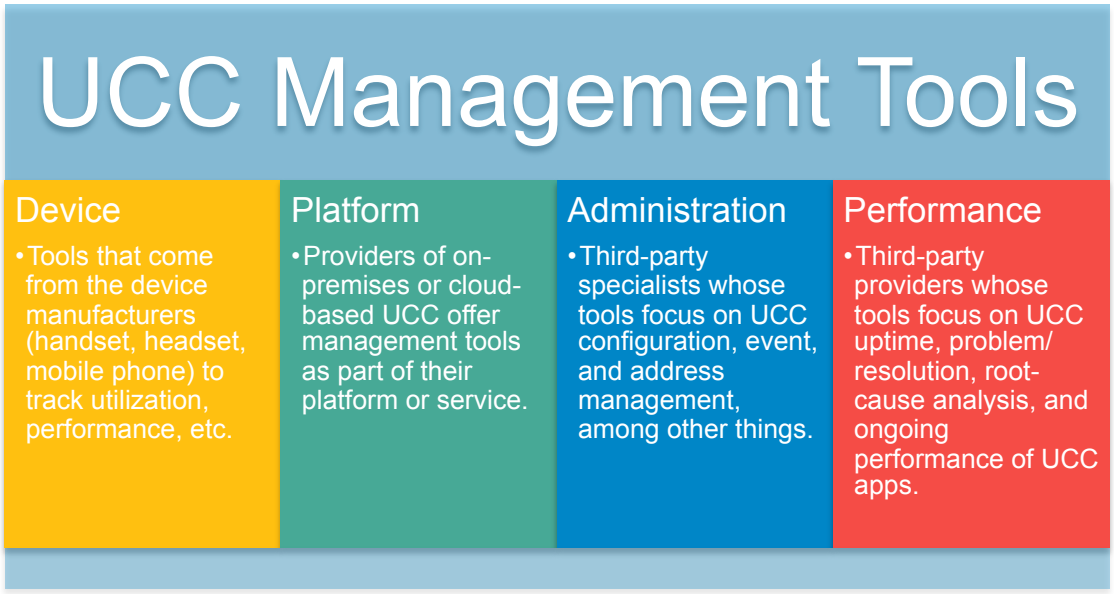


Figure 3: UCC Management Tools

Device Management Tools

These tools come from endpoint device manufacturers, typically headset, handset, mobile phone, and video/audio endpoints. They manage assets, provision, track utilization, and monitor performance, among other things.

Platform Management Tools (On-Premises or Cloud)

These tools come bundled with the UCC platform or cloud-based service. Many enterprise IT professionals use these tools, likely because of the ease of procuring them. There is no need to engage a separate specialty provider, and often, the vendor provides at least a baseline set of functions at no or little cost. Therefore, they are less costly than specialty tools. However, their user sentiment scores are not as high—primarily because they don't have as much functionality and it's not the core expertise of the platform or cloud providers. These tools typically provide basic performance management and operational/administrative management functions for enterprises, though they don't always provide the extensive requirements of a cloud provider.

Administrative Management Tools

Administrative management tools focus on implementation and ongoing management and administration (rather than performance). They manage configuration, system administration, active directory synchronization, phone numbers, and provisioning—all areas required for the initial implementation. They also include user self-service portals, an area of growth as companies try to improve the customer/employee experience. Typically, enterprises pair operations/administrative tools with performance tools.

Operations/Administrative Management tools are most effective when IT staffs use them from the start of an implementation. Realistically, most organizations have existing

networks, equipment, and services, and are using the tools on an ongoing basis. When deployed, the tools have discovery capabilities to indicate configuration status and issues.

Performance Management Tools

Performance tools provide management and analytics of ongoing uptime, event monitoring, root-cause analysis—basically watching the performance of IP telephony or a UC app, and alerting when there is a problem, and helping staff to figure out the root cause in order to fix it.

Administration Tool Adoption

Nearly half (46%) of the research participants said they use administration management tools. The tools come from specialty providers, including Kurmi Software, Riverbed, Unimax, and Voss. As stated, they handle operational functions, such as provisioning, administration, address management, and self-service. Regionally, European companies use the tools most frequently, followed by those with headquarters in North America and the Asia-Pacific.

The biggest benefit of administration tools is reduction in UCC implementation costs, as well as ongoing operational costs.

Benefits to Justify Management Investment

Despite all the benefits, organizations don't always use management tools from the start of a new implementation. Often, they have a tight budget, and specialty management tools are dropped from the plan in order to save money. However, the benefits (cost and otherwise) of the tools outweigh the initial investment.

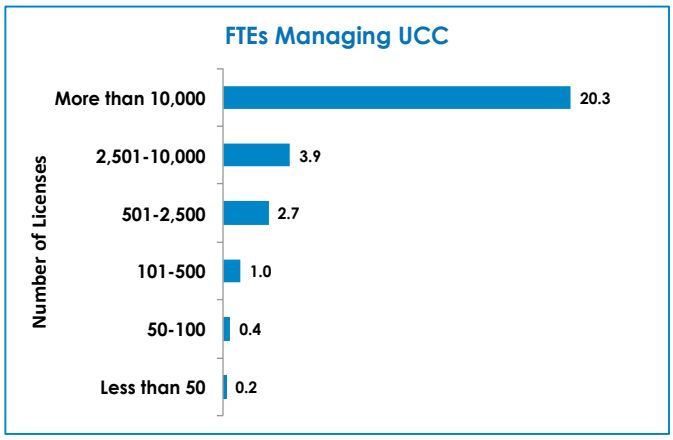
Figure 4: UCC Spending Justification

Those who did not buy at the start ended up doing so one to two years later because they didn't have the insight, automation, and information they needed to effectively manage the UCC deployment, ongoing changes, and new provisioning. In our research, IT leaders

have cited several points of justification for investing in management tools from the start of any deployment. (Please see Figure 4.) The reasons include the following:

Save UCC Operational Costs

Whether factoring one-time implementation costs, or ongoing operational costs, organizations spend less on UCC when management tools are part of the equation. UCC operational costs include the following, all divided by UCC licenses to normalize the data.



- **Internal Staff Time** – Includes the fully loaded (overhead for benefits and taxes) salaries of full-time equivalent employees managing UCC. The figure to the left shows the average number of full-time equivalents (FTEs) companies require, on average, to manage UCC.
- **Equipment Maintenance** – Includes annual costs for equipment maintenance. This can apply to on-premises or cloud deployments, as cloud deployments typically still include maintenance on handsets and servers.
- **Third-Party Managed Services** – Includes total costs for third-party managed services.
- **IT Staff Training and Certification** – Includes instructor fees, travel, course materials, and certification fees.
- **User Training** – Includes third-party training costs and/or the fully loaded salaries for internal staff who train employees on UCC.
- **Cloud Subscription** – Includes monthly subscription costs for cloud UCC services.

When organizations with more than 1,000 employees use administration management tools, they save 31% on ongoing operational costs and 65% on one-time implementation costs by automating many of the provisioning and re-provisioning functions.

Figure 5 shows the annual UCC operational costs per license (as described in the bullet points above) based on the administrative provider in use. When segmented by management provider, Kurmi Software shows the lowest UCC operational costs, followed by Riverbed (tools provided through its acquisition of Opnet/Clarus), Voss, Unify Square, and finally, Unimax, which posts the highest operational cost. Those using Kurmi Software spend, on average, $274 per license annually in UCC operational costs, while Unimax customers spend an average of $433 per license annually. (Please se Figure 5.)

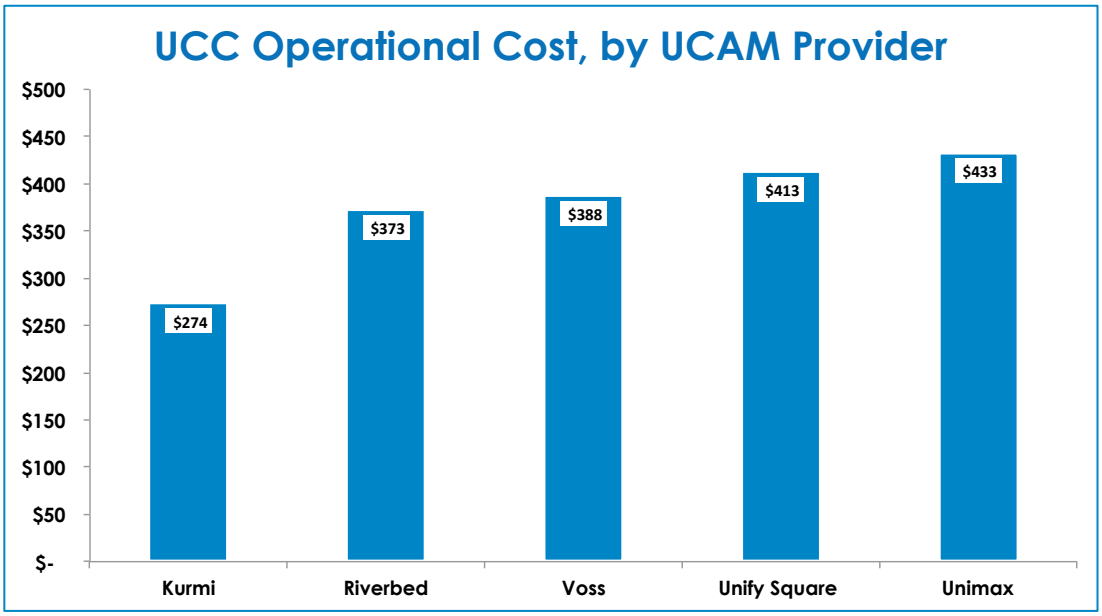


Figure 5: UC Operational Costs, by UCAM Provider

Improve Customer Experience

When the UCC apps, platform, or services run predictably and efficiently, customer satisfaction typically improves. This is becoming more important as companies continue to add new digital channels to customer interactions. For example, when using video to communicate with customers, it's vital they can easily activate the video conference. If not, the customer experience will be worse, not better, with the new channel.

IT staffs also view the "customer experience" with their internal customers, which typically include employees and contractors. If poor performance plagues internal communications, the customer experience degenerates; if it's always performing well, the customer experience stays solid or improves. Management and monitoring tools are critical to achieving such performance levels.

Customer experience also improves when employees are empowered to address their own issues faster and easier than waiting for IT support. For example, self-service features such as call-forward management, password reset, and remote control of phone preferences allow employees to maintain control of their communications capabilities. And the side benefit to IT is reduction of time spent on basic functions.

Enhance UCC Performance

As stated, management tools simply improve UCC performance, which result in many benefits. These include customer experience improvements and productivity gains, along with potential revenue increases when sales teams can rely upon solid performance from video conferencing to close a sale, for example.

Boost Productivity

UCC increases productivity on its own, resulting in 7.8 hours a week of productivity. That productivity increases even more when companies use specialty management tools. Overall, using administration management tools results in a 10% better productivity improvement vs. those who do not use administration tools. Those using administration management tools saw a 21% improvement in employee productivity (vs. 19% for those who did not).

Differentiate Competitively

Companies always want an edge on the competition, and many are trying to leverage UCC apps to improve internal collaboration, as well as external customer experience. When the apps are easily configured, provisioned, and managed, organizations gain an edge not only by saving costs on the implementation itself, but also by delivering top-performing apps.

Business Value Matrix

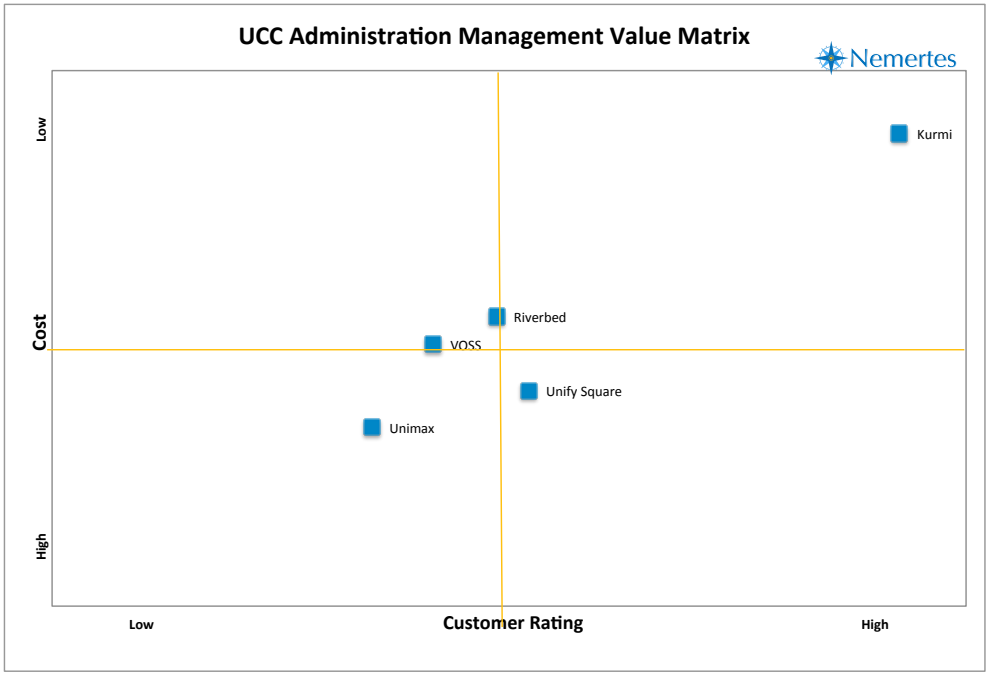


Figure 6: Nemertes UCC Administration Management Value Matrix

Nemertes' Business Value Matrix for UCC administration management tools contains two key components: User sentiment ratings and UCC operational costs. As shown in Figure 6, Kurmi has the highest customer rating and lowest cost.

The operational costs, described above, make up the Y-axis on the Business Value Matrix. Nemertes plots each UCC administration management vendor according to the average operational costs for companies to their UCC products and services.

The user sentiment components make up the X-axis on the Business Value Matrix. Likewise, Nemertes plots each UCC administration management vendor according to the average overall score of its user sentiment ratings. Research participants rated their providers on a 1-to-4 scale, where 1 is poor and 4 is excellent.

User Sentiment Components

What does each of these User Sentiment metrics mean? Here is how we described them:

- **Technology Features** – Rates the technical functionality of the product or service to accomplish the task(s) at hand. Those with higher scores tend to have superior product engineering and feature sets that address customer pain points.
- **Response Time** – Rates how efficiently the customer-service team responds to problems or questions. Those with higher ratings respond quickly and in the manner customers expect.
- **Reliability** – Rates the dependability of the product or service. Those with higher scores tend to have products and services that have little to no downtime, and that meet expectations.

- **Account Team Interaction** – Rates account team interaction, specifically. In other words, is the account team interacting with IT staffs, giving them ideas on how to use the product or service, presenting new features, and providing prompt response to questions and RFPs? Similar to response time, those with high ratings for account team interaction employ attentive account teams who foster the relationships with their customers. The account teams listen to customers' concerns and ideas, and feed those comments back to the appropriate people.
- **Innovation** – Rates how well the provider pushes the envelop with innovative technology capabilities that enable new efficiencies. For example, are they bolstering predictive analytics, using artificial intelligence or bots to automate more functions, or expanding into new areas of management? Those who score well here typically have formal innovation programs and regularly develop products that address an issue or create an opportunity previously unavailable.
- **Digital Transformation** – Rates how well the provider, and the associated products, helps enterprises succeed with their digital transformation initiatives. As businesses focus on digital projects, top-scoring providers help with anything from offloading technical functions to recommending technical solutions to advance digital initiatives.

UC Administration Management Provider Ratings

Provider	Technology	Response Time	Reliability	Account Team	Innovation	DT assistance	Average
Kurmi	3.77	3.77	3.85	3.77	3.77	3.73	3.78
Unify Square	3.02	3.09	3.09	3.05	3.13	3.14	3.09
Riverbed	3.05	3.03	3.13	3.08	2.95	2.92	3.03
Voss	2.86	2.97	2.85	2.89	2.88	3.00	2.91
Unimax	2.69	2.72	2.86	2.79	2.82	2.89	2.80
Overall Average	3.00	3.04	3.07	3.03	3.04	3.07	3.04

Figure 7: UC Administration Management Provider Ratings

Among the administration management providers, Kurmi scored top across the board for all ratings with a 3.78 overall score, followed by Unify Square with a 3.09 overall score, Riverbed (3.03), Voss (2.91), and Unimax (2.80). Several research participants rated Kurmi a perfect 4.0 across all metrics. (Please see Figure 7).

Kurmi's strengths center around reliability, meaning it gets UCC managers the information they need when they need it. Uptime of the tool itself is solid. Both the technology side of Kurmi (i.e., the features, innovation, and help with digital transformation) and the customer service side (i.e., response time when there is an issue or question, and the quality of the account team and its interactions) surpass the ratings of any competitors. Every Kurmi customer in the study said they get enough data from Kurmi to effectively manage UCC, and 93% said Kurmi improves UCC performance.

Conclusion and Recommendations

Investing in a UCC platform or service is a large and complex investment for most companies, and particularly for large enterprises. Management tools help to improve one-time implementation costs, and ongoing annual operational costs. Among IT professionals who use UCC administration management tools, Kurmi Software receives the top ratings across the board. It also reduces the cost to operate UCC more than any other administration management provider, based on data provided by research participants.

We recommend the following for IT professionals evaluating UCC management tools:

1. ***Evaluate management tools along with platforms and/or services.*** Administrative tools are most effective the earlier they're deployed. Many IT leaders said they wished they had deployed tools earlier because it would have saved them time on deployment, as well as repair time when there are performance issues.
2. ***Don't skimp on tools.*** We have documented for several years that use of *any* management tool reduces operational costs. Multiple tools reduce costs even further. The most successful companies use both performance management and administrative management tools (whether from a single provider or multiple providers; the latter more common).
3. ***Evaluate UCC operational cost overlaid with ratings from the IT leaders using the products and services.*** Determine what matters most to your organization. If it's vital to get low cost and high ratings, evaluate the providers in the top right section of the Nemertes Business Value Matrix. If cost only is important, evaluate the providers in the top half of the Nemertes Business Value Matrix. If ratings only are important, evaluate the right size of the Nemertes Business Value Matrix.
4. ***Develop a clear set of requirements for your management tools.*** As you can see, these tools provide a broad portfolio of functionality. Not all tools are equally appropriate for all implementations, so make sure you have selection criteria that map to your organization.
5. ***Match your management selection to your cloud strategy.*** As noted earlier, management requirements may shift as companies move away from on-premises UCC to a UCCaaS model. If such a transition is even potentially in your future, evaluate not only your current needs but also your future requirements for the cloud.

Methodology

Nemertes conducted this research in early 2018 through interviews with 29 IT leaders and surveys of an additional 624 IT leaders. Nemertes conducts stringent integrity checks of all survey data, with line-by-line reviews of every research participant. When participants provide erroneous answers to questions or fail our integrity tests, we remove their answers from the study.

Among the participants, 57% were from North America, 23% from Europe, and 20% from Asia-Pacific. There was a fairly even distribution of small (<250 employees), midsize (250-2,500 employees), and large (>2,500 employees) organizations. A variety of industries also were represented in this research. The top industries included IT (hardware, software, consulting, outsourcing), financial services, manufacturing, education, retain, and healthcare.

Research participants were required to have insight in to UCC decisions. As such, 48.1% influence UCC decisions, 40.4% make decisions, and 27% operate systems, services or apps.

No one sponsored or commissioned this research. It is part of our annual research agenda and is conducted independently.

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