WHITE PAPER

Unified Communications and Collaboration as a Service: Business Drivers and Advantages for a Carrier-Based Cloud Delivery Model

Sponsored by: Orange Business Services and Cisco

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IN THIS WHITE PAPER

Conducting business in today's increasingly global and ever-changing business environment requires not only integrated, real-time telephony, data, and video communications but also collaboration. At the same time, the rise of cloud and "as a service" solutions is opening the door to new service delivery models. Business communications are evolving, and enterprises are looking for ways to control costs, manage complexity, and improve productivity. The result is expanding enterprise interest in and adoption of unified communications and collaboration (UCC) solutions, particularly when they are delivered in a hosted or cloud-based UC-as-a-service (UCaaS) model.

This IDC White Paper explores the rapidly developing market for UCaaS. It outlines the capabilities and uses of UCaaS and discusses the benefits and advantages of implementing a carrier-based UCaaS solution for enterprise customers, including flexibility, cost efficiency, and end-to-end support and service capabilities.

SITUATION OVERVIEW

### Unified Communications and Collaboration Trends

The nature of business communications is evolving rapidly. Enterprises are redefining their business models to achieve greater agility and flexibility, reduce costs, and improve productivity. At the same time, the integration of real-time voice, data, and video communications and the increased emphasis within the enterprise on collaboration are becoming essential aspects of conducting business in today's ever-changing and increasingly global business environment. Key drivers of this evolution include increasingly distributed, mobile, and virtual workforces; diminishing bandwidth constraints; imperatives for partnerships and ecosystem development; and the rise of cloud and as-a-service delivery models.

IDC sees rapidly expanding interest in and adoption of unified communications among enterprises, driven by businesses' desire to more effectively control costs and manage complexity, drive productivity and efficiency gains, and improve collaboration both internally and externally. Survey results support the notion that enterprises are looking to invest in UCC — according to IDC's *2011 U.S. WAN Manager Survey*, 32.1% of businesses surveyed currently use UCC, and more than one-fourth of respondents said their organization plans to implement UCC in 2012 (see Figure 1).

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Unified Communications Usage and Intent to Use

Q. Are you currently using unified communications? By this, we mean a system that integrates multiple communications platforms including telephony, messaging, conferencing, and mobility with presence and other features and is accessible from almost any desktop or mobile device.
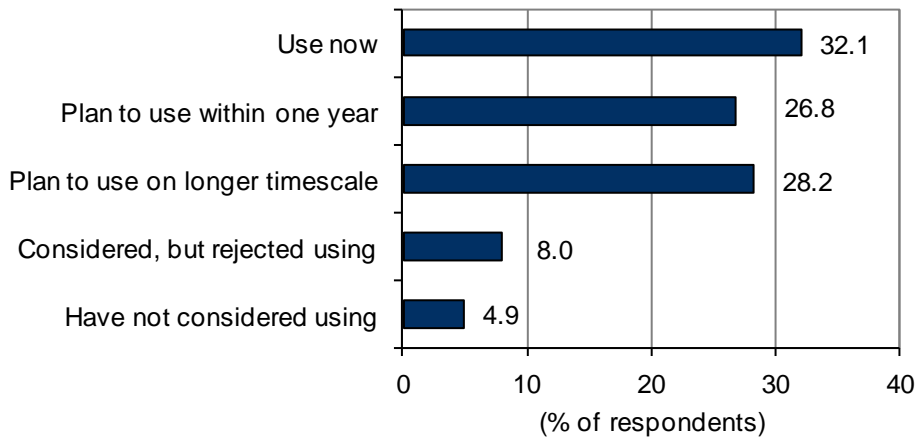
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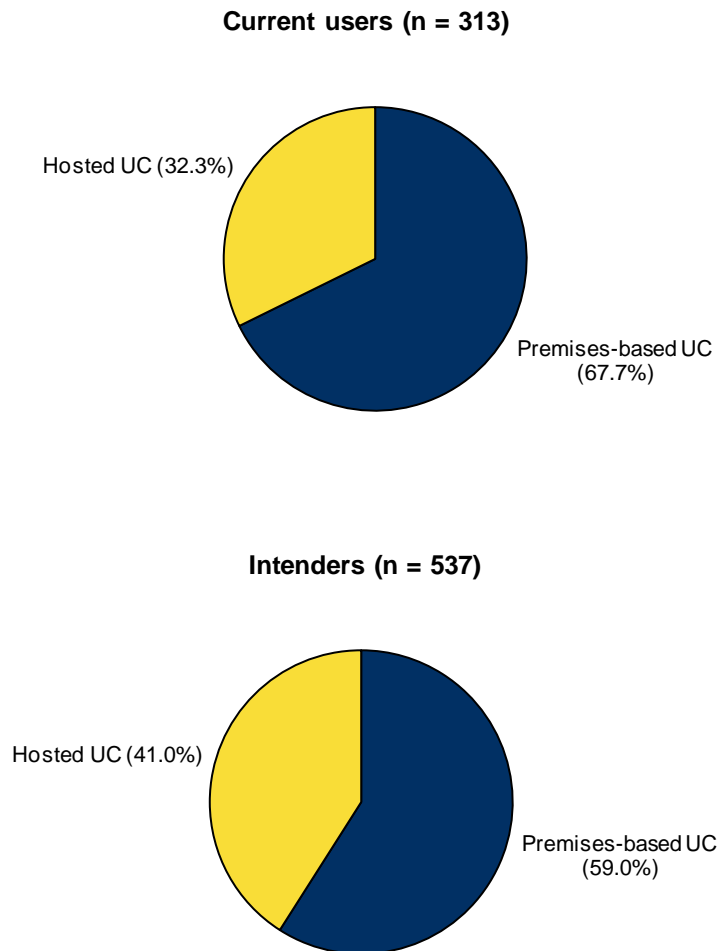Source: IDC's *2011 U.S. WAN Manager Survey*

Many businesses are also evaluating their current and future communications infrastructure investments and deciding whether to invest further in capital-intensive premises-based solutions or to move some or all of their communications services to the cloud. Larger businesses or enterprises within vertical markets such as financial services generally favor on-premises solutions because they prefer to retain ownership of their infrastructure, have the IT staff and skills necessary to manage an on-premises implementation, and are concerned about security. Conversely, hosted or cloud-based UCC appeals to businesses that want a service provider partner to manage the UCC infrastructure, services, and applications for them, either in a scenario where the equipment is dedicated to one customer or in a shared, multitenant delivery model where the service is priced on a per-seat basis and can easily be scaled up or down as the enterprise's needs dictate.

To date, premises-based solutions have garnered the lion's share of attention and account for the bulk of UCC deployments. However, cloud and as-a-service solutions have opened the door to new service delivery models and are propelling enterprise evaluations, trials, and adoption of hosted UC and UCaaS forward at an accelerated pace. As Figure 2 shows, 67.7% of businesses with UCC have deployed a premises-based solution; but among UCC intenders, 41% said they would consider deploying hosted UC or UCaaS.

FIGURE 2

Type of UC Deployed by Current Users and Intenders

Q. Which of the following best describes your organization's current or intended UC implementation?

Current users (n = 313)

Hosted UC (32.3%)

Premises-based UC (67.7%)

Intenders (n = 537)

Hosted UC (41.0%)

Premises-based UC (59.0%)

Source: IDC's *2011 U.S. WAN Manager Survey*

One way in which service providers are responding to increased demand for UCC is by building out their UCaaS capabilities (i.e., delivery of cloud-based, integrated communications capabilities spanning telephony, messaging, conferencing, presence, and mobility), which enables them to tap into the new and incremental revenue opportunities that cloud-based services present. Based on an on-demand, pay-per-use model, cloud solutions must be scalable and elastic, expanding and contracting as demand varies.

IDC anticipates that UCC revenue growth will be driven increasingly by the implementation of hosted UC and UCaaS solutions as enterprises look to retain capital, reduce costs, and improve productivity and as service providers refine their UCC strategies and product portfolios. Other factors including the still sluggish economy and the preponderance of as-a-service models may contribute to an even faster uptake of UCaaS than anticipated as businesses that might have previously deployed an on-premises solution opt instead to deploy UCaaS.

For enterprises that have already invested in on-premises UCC elements, service providers should consider promoting a hybrid model that combines the cost savings and other advantages associated with UCaaS with the customer's existing premises-based assets. Such an approach is likely to appeal to a broad swath of the market because it allows enterprises to choose the components they want to use, to set the pace of their migration to IP and UCC, and to adopt a solution specifically tailored to their requirements that delivers immediate cost savings by leveraging their existing on-premises investments.

UCaaS Drivers

UCC is well suited to delivery via a hosted or as-a-service model. Drivers of UCaaS adoption include the following:

☑ Service availability can be easily extended to mobile and remote office workers

☑ Increased flexibility and scalability, delivered by an as-a-service model, enable enterprises to easily add or reduce the number of users on demand

☑ Cost savings from reduced telephony and travel expenses

☑ Capex and opex savings

☑ Minimized risk of technology obsolescence related to premises-based solutions

☑ Improved collaboration and communications both internally, particularly for remote and mobile workers, and externally with clients, partners, and suppliers

☑ Increased efficiency and productivity related to reducing latency in business processes and improved quality of work product

☑ Enhanced disaster recovery capabilities and business continuity planning

- ⊠ Increased enterprise familiarity with cloud-based delivery models through the implementation of other cloud-based ICT applications, which could exert a "halo" effect on enterprises' willingness to adopt UCaaS

- ⊠ Enhanced business competitiveness

UCaaS Inhibitors

UCaaS is well suited to an as-a-service model, but there are several inhibitors to widespread UCaaS adoption. It is also important to keep in mind that not all UCaaS solutions are created equal.

- ⊠ UCaaS can be complex to implement, particularly when deployed in a hybrid setting where an enterprise's existing on-premises investments must be integrated with the hosted UC solution.

- ⊠ Mobility is a key differentiator and driver of UCaaS adoption; however, few providers have deployed true FMC capabilities, which means that mobile integration is still nascent and difficult to achieve.

- ⊠ Interoperability across the various UCaaS platforms remains a key challenge.

Orange Business Services' UCaaS Solution

Orange Business Services, France Telecom's brand dedicated to B2B services, is a global communications solutions provider serving multinational corporations (MNCs). It offers a comprehensive portfolio of communications solutions that includes cloud computing, enterprise mobility, unified communications, and video conferencing to enterprise customers worldwide in more than 220 countries and territories.

In late 2010, Orange Business Services announced its cloud computing strategy as part of its **conquests 2015** program. The provider's goal is to make it easy for enterprises to access the network and IT resources they need by providing a "one-stop shop" for a range of cloud computing services. By assuming an integrated approach to service delivery, Orange is able to deliver network and IT solutions with end-to-end service-level commitments to its customers. Orange Business Services' UCC capabilities and recently launched UCaaS solution are part of its Business Together portfolio and are key components of the company's overall cloud computing strategy.

Orange Business Services has more than 10 years of experience in the UCC segment. The company currently has more than 300 UCC customers with 6,000 VoIP-enabled sites and 1.2 million IP telephones deployed. It operates in more than 100 countries with "owned" network facilities in 15 countries that facilitate PTT bypass.

Orange Business Services provides a comprehensive solution that includes UCC interoperability and software release management. The company partners with all the major vendors in the UCC segment, including Cisco, Microsoft, Avaya, and Alcatel-Lucent as well as Aastra in France. It also has a joint venture with longtime partner SITA, which provides the infrastructure platform for Orange's Cisco-based UCaaS offering.

Using its extensive global network as a foundation, Orange Business Services has developed a new UCaaS offering — Business Together as a Service — that enables enterprises to collaborate more efficiently on any device. The UCaaS offering, based on Cisco's Hosted Collaboration Solution (HCS) platform, is part of a suite of services that forms the basis of the company's UCC platform and includes the following pillars: Cloud, Mobility, IPT/UC Convergence, UCaaS, Optimized End-to-End Business Services, and Social Media Capabilities.

Business Together as a Service incorporates features ranging from basic telephony to advanced collaborative applications. User needs are defined according to five predefined profiles based on the use case. Key aspects of the solution include the following: No capital expense; based on a "pay as you grow" flexible and scalable service model that allows enterprises to add or reduce users based on business need; and mobility, which is positioned as an essential component of the solution.

Orange Business Services hosts and manages the UCaaS platform in its datacenters, thereby eliminating the need for enterprises to manage the solution themselves. The UCaaS solution can be implemented as a shared, dedicated, or hybrid solution depending on the needs and constraints of each customer. As a dedicated solution, the application is dedicated to one customer, whereas with the cloud-based service, infrastructure is shared among multiple customers, thereby lowering the cost of the service. Pricing is on a per-user, per-profile basis.

The Orange Business Services portal enables administrators to manage users and easily assign one of several predefined user profiles to new users. Because the portal allows customers to attribute services instantly to individual users, customers are able to immediately realize time savings and reduce costs associated with provisioning.

The company currently offers UCaaS with VPN and SIP Trunking on a global basis to enterprises in more than 40 countries. Inbound and outbound voice calling are currently offered in most European Union (EU) countries and will be rolled out to additional countries in the next 18 months. The UCaaS road map also includes end-to-end SLAs and plans to enrich the Business Together as a Service solution with B2B social applications in 1H13. In addition, Orange Business Services plans to introduce cloud-based messaging services and Microsoft Lync services in 2013.

Orange Business Services has amassed substantial experience in provisioning UCaaS services to the enterprise segment. The company provides comprehensive end-to-end capabilities from consulting and design to in-country implementation and support. Orange has more than 100 specialists that can provide presales consulting and design services to enterprise customers. Once a contract is signed, Orange has more than 250 certified project managers, 1,500 field engineers, and 350 specialists around the world who provide local support and ongoing management and maintenance.

Technology Partner: Cisco

Cisco's HCS platform enables partners such as Orange Business Services to deploy multiple collaboration applications on one server in a virtualized environment and to host those applications for multiple client organizations. The solution is designed to be run from partner datacenters as a subscriber-based, as-a-service offering. Cisco HCS is available in a hosted environment whereby users can experience the same rich collaboration feature set whether the application resides on the customer's premises or in the provider's datacenter, or a combination of the two.

The Cisco HCS architecture enables providers to differentiate their offerings with SLAs, which are crucial to successful delivery and adoption of UCaaS and cloud-based services. Service providers are also able to create differentiated service bundles to generate additional revenue, optimize capex, and lower opex to ensure services are delivered at the lowest cost possible.

CASE STUDY: DEVOTEAM

Devoteam is a leading European network and systems infrastructure consulting firm. It operates in three complementary sectors: Business Consulting, which includes strategy and organization, master planning, sourcing, and program management; Technology Consulting, providing clients with design, integration, audit, and technical expertise; and Operations, which includes facilities management, outsourcing, implementation, and support.

Devoteam had 4,817 employees based in 23 countries across Europe, the Middle East, and Africa at year-end 2011. It generated revenue of 528 million euros in 2011.

Challenges

The delivery of high-quality voice services to the desktop is a priority for Devoteam because its employees must be able to communicate effectively and efficiently with each other and with clients. In 2008, Devoteam chose to outsource its phone system and service to a French operator. According to Christophe Merckens, Devoteam's CIO, the experience "was a nightmare for two years." The company struggled with loss of call quality and a general lack of service options. In 2011, when the contract was up for renewal, Devoteam decided to adopt Orange Business Services' fully managed and outsourced UCaaS solution — Business Together as a Service.

Solution

In partnership with Orange Business Services and Cisco Systems, Devoteam deployed Orange Business Services' Business Together as a Service solution, powered by Cisco.

The primary reason Devoteam selected Orange Business Services was its ability to provide a quality voice service, which was the company's number one priority. Although Devoteam indicated that cost was not a key factor in its decision to go with Orange, it was still important to the decision-making process, particularly the flexible and predictable pay-per-use service fee model of the UCaaS solution. Additionally, because Orange's Business Together as a Service solution is fully managed and hosted,

Devoteam was not involved in the implementation or management of the solution, another key factor in the company's decision to work with Orange. In fact, Orange was responsible for all the infrastructure, design, architecture, and equipment purchases, making it a very simple and easy implementation for Devoteam.

Additional factors influencing Devoteam's decision included the belief that because Business Together as a Service is architected on Cisco's HCS platform, good collaboration exists between the two companies. Devoteam's management team also viewed both Orange Business Services and Cisco as "trusted advisors," particularly because Merckens had worked with both companies previously and was familiar with their solutions and approach to communications services delivery.

Results

For Devoteam, benefits of implementing Orange Business Services' UCaaS solution included:

☑ Pay-as-you-grow model that required no capex

☑ Simple price-per-user (profile) catalog

☑ Flexible and predictable budget

☑ Benefits of UCC without integration complexity

☑ Quick, incremental, and easy deployment

Devoteam has seen a tremendous improvement in voice service quality since implementing Business Together as a Service. Although the company did not realize significant cost savings with the move to Orange Business Services, largely because it had negotiated a favorable contract with the previous provider, Devoteam's main objective for outsourcing its voice communications to Orange was to improve voice quality. Once the solution was in place, Orange delivered a number of features that improved efficiency, increased internal collaboration, and reduced costs.

CHALLENGES/OPPORTUNITIES

In today's ever-changing business environment, collaboration is assuming greater importance. Through expertise and resources in network and communications platforms, cloud services, and IP multimedia integration, carriers such as Orange Business Services are well positioned to meet growing enterprise demand for UCC solutions.

This section discusses the opportunities and challenges facing Orange Business Services' Business Together as a Service UCaaS solution.

Opportunities

Orange Business Services delivers a compelling UCaaS solution that can be customized to meet the needs and budget constraints of its customers. Key strengths of Orange's UCaaS solution include the following:

☑ The scale and scope of Orange Business Services' global network is a key differentiator for the operator, enabling it to offer a comprehensive suite of UCC solutions that includes UCaaS. Orange has perhaps the most comprehensive global network of any global service provider. It has leveraged this asset to offer IP services capabilities such as IPT and IP VPN services, which form the foundation of Orange's UCC capabilities.

☑ Orange's UCaaS solution is fully hosted, scalable, and flexible and requires no capex to deploy. It can be delivered as a shared, dedicated, or hybrid solution that can be easily customized to meet the needs of each customer.

☑ Business Together as a Service incorporates global UCaaS capabilities with a flexible, usage-based model, making it easy and quick to deploy.

☑ The Orange UCaaS solution is based on Cisco's next-generation HCS platform.

☑ A key differentiator for Orange Business Services is its ability to offer monitoring and provisioning via its Web portal, something that many of its competitors are not doing today. UCaaS is delivered across a broad service delivery platform with multiple components, making quality of service critical to UCaaS service delivery and to the user experience. Cloud services consumption is also a dynamically changing environment where users will tolerate minimal disruption to daily business activities. Thus, the Web portal and monitoring and provisioning capabilities are key differentiators for Orange Business Services. Key attributes of the portal include its "multilayer" administration capabilities, which offer both global and regional management layers. Its self-provisioning capabilities include the ability to import user data directly from corporate directories. It facilitates the ability to add, modify, or delete users automatically and instantly, delivering services immediately to the employee and saving time and reducing provisioning costs for the enterprise. Most importantly, billing is automatically integrated into the Orange billing system.

☑ Orange Business Services developed the Business Together as a Service solution with Cisco and began early field testing in 2010, in advance of many of its competitors. This effort, coupled with the early launch of Business Together as a Service in Europe, not only has given Orange more than 30 customers wins in France and internationally but also has placed the company at the forefront of the nascent UCaaS market and given it first-mover advantage globally.

Challenges

Orange Business Services faces the following challenges:

☒ Several competitors, led by Verizon, have entered the market with similar solutions based on Cisco HCS, while others, including AT&T, are in the process of launching their Cisco HCS-based UCaaS solutions. Even though Orange has been delayed in rolling out its UCaaS solution in North America and South America and in Asia/Pacific, its early launch of Business Together as a Service in Europe and internationally means that Orange remains an industry leader in terms of global UCaaS availability.

☒ Orange offers a broad portfolio of UCC capabilities ranging from premises-based solutions to UCaaS. However, because most enterprises today still associate UCC with Cisco, Avaya, and premises-based solutions, not with service providers, Orange needs to focus its efforts around educating enterprises about its UCC capabilities and product portfolio. In particular, it should emphasize its deep and ongoing relationship with Cisco, which extends far beyond the recent UCaaS offering. Doing so not only will expand and enhance enterprises' perception of Orange as a UCC industry leader and trusted advisor but also will help spur adoption of UCaaS and other Orange UCC solutions.

☒ Orange must grapple with and overcome the inertia often associated with enterprise adoption of new technologies and services. In addition, it must allay enterprise concerns about reliability, security, interoperability, and the loss of control that comes with moving from existing on-premises solutions to next-generation cloud-based solutions such as UCaaS.

CONCLUSION

IDC offers the following recommendations for users who are evaluating Orange Business Services' UCaaS solution:

☒ **Prioritize service delivery capabilities.** UCaaS is delivered across a broad service delivery platform with multiple components, making quality of service critical to UCaaS service delivery and to the user experience. Regardless of whether an enterprise chooses to implement a shared, dedicated, or hybrid UC approach, one of the most important considerations in determining which approach to pursue is the selection of a provider with proven service management capabilities to ensure reliable service. A key differentiator for Orange Business Services is its ability to offer monitoring and provisioning via its Web portal.

☒ **Leverage global capabilities.** Not all UCaaS offerings are created equal, even those based on Cisco's HCS platform. Orange Business Services developed its Business Together as a Service UCaaS solution with Cisco. More importantly, although a number of service providers currently offer or are about to offer UCaaS services based on Cisco HCS, few have the global scale and scope necessary to meet the diverse needs of MNCs. Thus, key differentiators for

Orange are its integrated approach to service delivery and its comprehensive global network, making it uniquely positioned to deliver a range of UCaaS capabilities that meet the diverse and often global needs of MNCs with end-to-end service-level commitments on a global basis.

⊡ **Remember every customer is unique.** Every enterprise is unique, with a different set of needs and existing network, IT, and communications environments. Therefore, it is essential for enterprises implementing UCC to partner with a service provider such as Orange Business Services that has a broad and deep portfolio of UCC capabilities ranging from premises-based and hosted UC solutions to hybrid solutions, plus the ability to offer basic and enhanced features and functionality, managed and unmanaged operations, and a commitment to service delivery.

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