

March, 2010

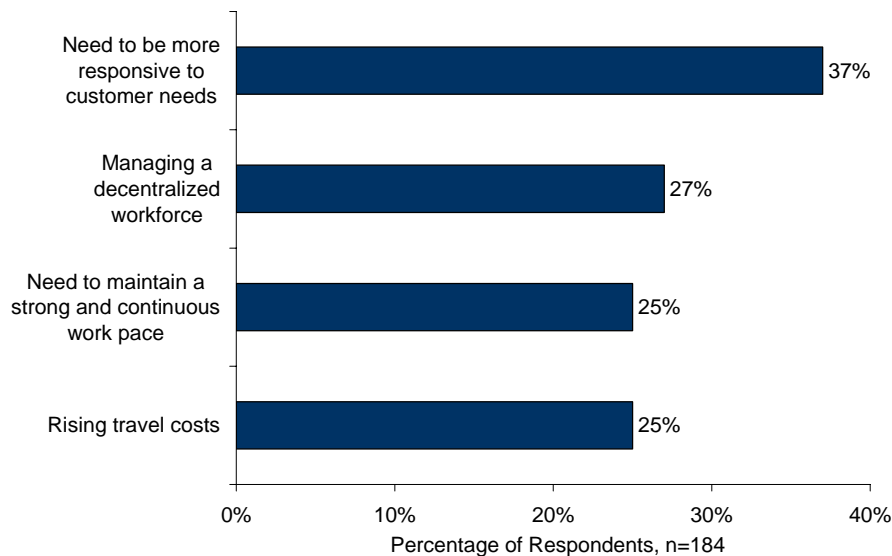
Unified Communications: Unleashing Transformation, Efficiency, Collaboration, and Compliance

With so many potential points of contact -- desk phones, soft phones, voice messaging, e-mail, video conferencing, texting, social media, mobile devices - - how can we ever actually be reached within a reasonable timeframe? How does Unified Communications transform an organization's communications infrastructure, improve efficiency, optimize work processes, and provide for business continuity and compliance? In order to find out, in February and March 2010, Aberdeen Group surveyed 184 organizations in more than 28 countries around the world.

Key Pain Points

Analysis of the respondent data revealed that the primary pressure or pain point driving forward the evolution of the respondents' UC initiatives was the need to be more responsive to customers (Figure 1).

Figure 1: Top Pressures



Source: Aberdeen Group, March 2010

The economic difficulties of recent times have increased competition in global markets; this, combined with shrinking or frozen capital and operational budgets, has forced organizations to look to their installed base for increased revenue, where the cost of sales is lower, and competition is

Analyst Insight

Aberdeen's Insights provide the analyst perspective of the research as drawn from an aggregated view of the research surveys, interviews, and data analysis.

"We don't want to run multiple networks anymore for access control, voice and data. Using the data network makes it more flexible, helps us achieve economies of scale and, of course, there are operational cost savings too."

"It's our philosophy to use open standards where possible in the telephony area, as it makes it easier to integrate different applications and devices."

~ Peter Batey

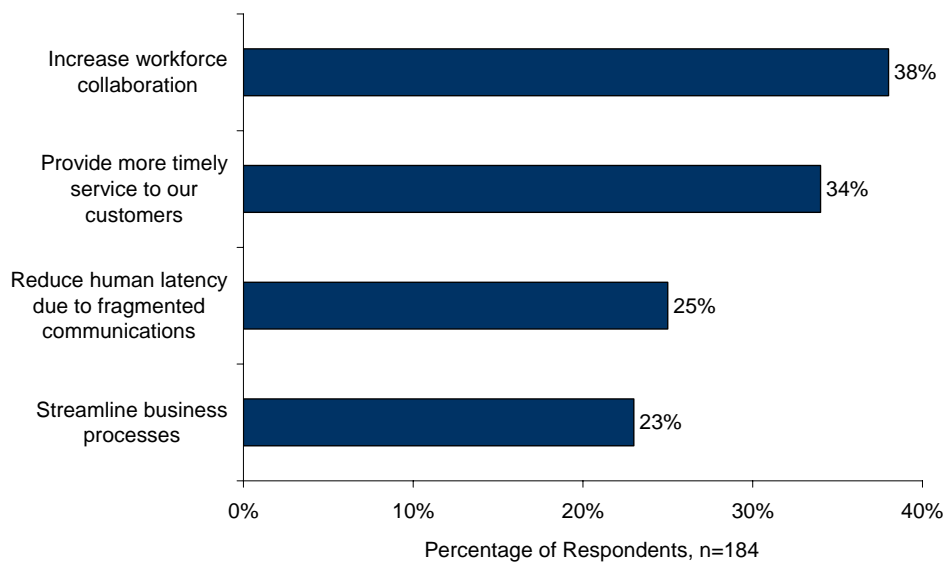
IT Manager, Newcastle NHS
Trust, UK

less of a factor. However, customers don't wait for their solution providers to value their business; if they perceive a lack of responsiveness or unacceptable customer care, they'll quickly take their business elsewhere. By increasing customer responsiveness, organizations lessen customer complaints, increase customer satisfaction and loyalty, and decrease customer churn. They improve customer retention thus reducing the cost of sales. Maintaining a strong and continuous work pace while managing a distributed workforce acknowledges the realities of today's mobile and geographically dispersed global organization. Minimizing travel expense is a logical response to both the need to cut costs as well as reduce the organization's carbon footprint.

Key Strategies

The top strategies chosen in response to these pressures start with the imperative to foster increased collaboration among work teams (Figure 2). As we will see later in this document, there is a direct correlation between collaboration and an increase in productivity and responsiveness, which would facilitate more timely service to customers. The strategy to reduce the "human latency" factor -- or delay in resolution -- caused by the fragmentation of today's communications infrastructure identifies one of the core value propositions of Unified Communications. This document also establishes that the converged communications enabled by UC increases employee reachability, responsiveness, and decision making. This results in streamlined business processes which, in turn, contribute to a higher level of operational efficiency.

Figure 2: Top Actions



Source: Aberdeen Group, March 2010

Defining the Best-in-Class

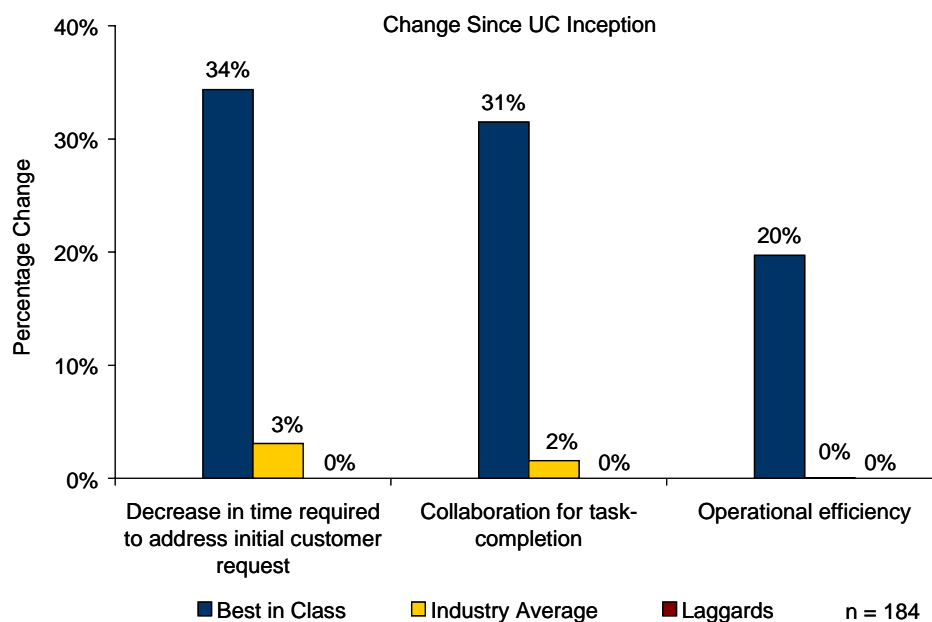
The selection of a well-integrated Unified Communications solution and its integration with business process management systems plays a crucial role in the ability to turn these actions into improved business results. Aberdeen Group analyzed the aggregated metrics of all surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard.

Three key performance criteria were used to distinguish Best-in-Class from Industry Average and Laggard performance:

- Acceleration of time required to address initial customer requests
- Improvement in team collaboration for task-completion
- Increase in operational efficiency

As seen in Figure 3, since the inception of their UC solution, the Best-in-Class leveraged their UC capabilities to become more responsive, decreasing the time required to address initial customer requests by 34%, over 10 times the improvement of the Industry Average, and over 30 times Laggards. They improved teamwork and collaboration by 31%, over 15 times the Industry Average and 30 times Laggards. They increased operational efficiency by 20%, over 20 times the increase of both the Industry Average and Laggards.

Figure 3: Excellence in Responsiveness, Collaboration, Efficiency



Source: Aberdeen Group, March 2010

As is evident in the results described above, the Best-in-Class are achieving dramatic improvements in their ability to respond to customers, manage a

decentralized workforce, and create a strong and continuous work pace, the top pressures identified in Figure 1, above.

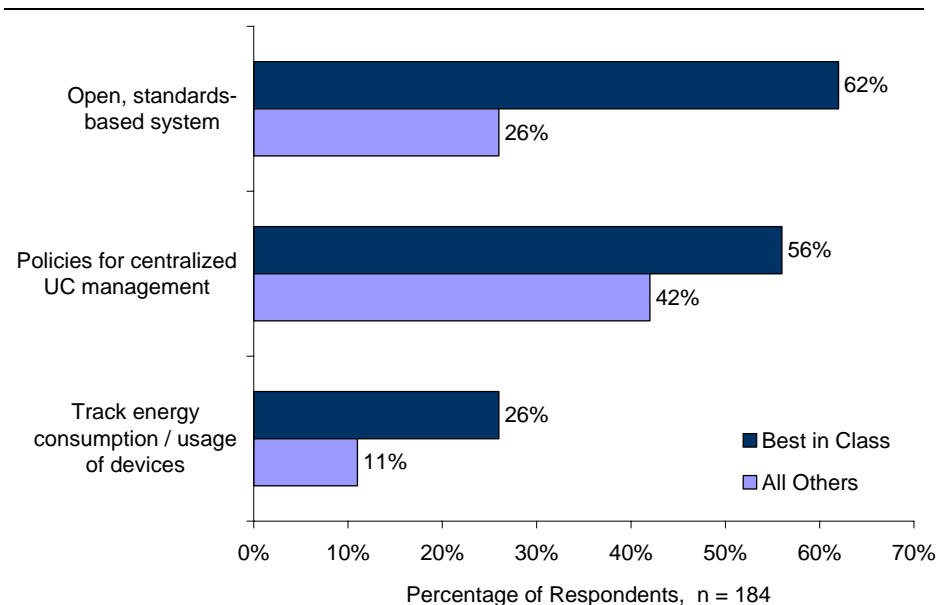
Core Capabilities

Based on the findings described above and interviews with end users, Aberdeen's analysis of the Best-in-Class reveals that the capabilities that enabled these gains fall into four major groupings, which outline the core benefits of a well-integrated UC initiative: infrastructure transformation, cost savings and efficiency, collaboration and process efficiency, and business continuity and managed services.

Infrastructure Transformation

The underlying unification aspect of UC has the power to bring together not only modalities of communication, but also to converge and transform the core infrastructure that underlies it. The capabilities illustrated in Figure 4 below have the potential to lower UC's Total Cost of Ownership (TCO), while simultaneously increasing its scalability and configuration flexibility. 62% of Best-in-Class organizations choose an open standards-based system, almost 2.5 times the frequency of all others. They also lead with clearly delineated policies for centralized UC management, while taking a significant step toward sustainability by tracking the energy consumption of their communications systems.

Figure 4: Transformation Capabilities



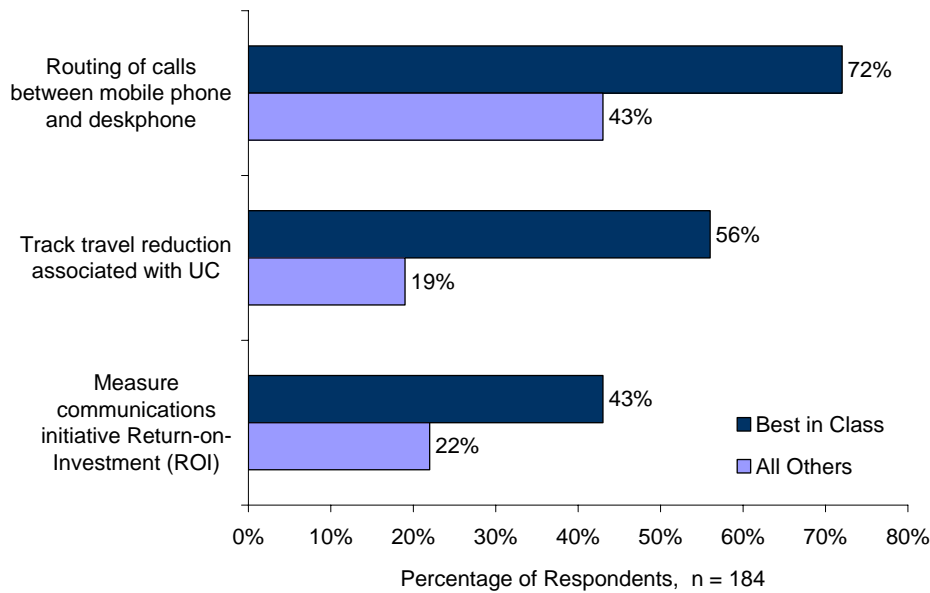
Source: Aberdeen Group, March 2010

Cost Savings & Efficiency

In Figure 5 below, one can see that the Best-in-Class are actively seeking to reduce telecommunications expense by intelligently routing calls between mobile handsets and desk phones. They also keep a sharp eye on travel expenses, tracking closely their ability to reduce cost through the use of real-time collaborative tools, video conferencing, and advanced messaging.

Almost twice as many of the Best-in-Class measure the return on their UC investment, which Aberdeen research has consistently shown to be a best practice in accelerating a break-even Return On Investment (ROI).

Figure 5: Efficiency Capabilities

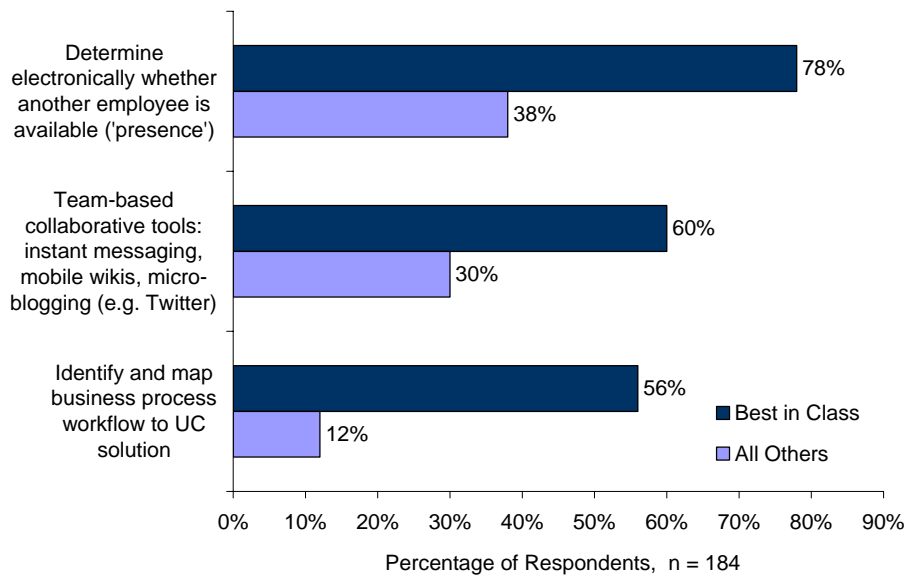


Source: Aberdeen Group, March 2010

Collaboration & Process Optimization

If a robust UC system is the "brains" of a well-implemented communications initiative, and converged communications the "heart", then collaboration must be its "soul". Without improved collaboration, there is little to accelerate ROI, nor, therefore, to improve workflow and process optimization.

Figure 6: Collaboration Capabilities



Source: Aberdeen Group, March 2010

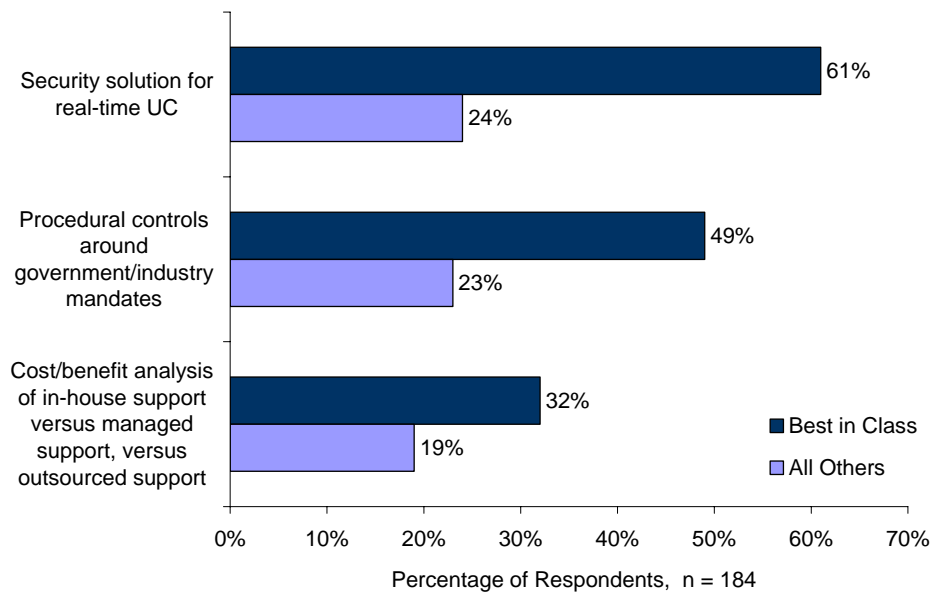
Figure 6 shows that over three quarters of the Best-in-Class can determine remotely whether or not a fellow employee is available, what they're doing, and where they are located at any moment in time. It also shows over half have already adopted team-based social media, which further fosters collaboration.

They also identify and map business process workflow to their UC solution at a far greater rate than all others. This enables them to integrate UC into the broader business context seamlessly, leveraging the power of Communications-Enabled Business Processes (CEBP).

Continuity & Managed Services

This last group of capabilities covers the related issues of data security, governance, risk management, and compliance (GRC), and outsourcing or managed services (Figure 7).

Figure 7: Continuity Capabilities



Source: Aberdeen Group, March 2010

Well over half of the Best-in-Class have an appreciation for the vulnerability of converged communications to malware and security attacks. Real-time communications such as digital voice, video, and even IM are more technically challenging to protect because of their real-time nature and their intolerance for potential latency issues introduced by encryption and decryption cycles. Seventy-six percent (76%) of all other respondents have yet to put in place a more robust security profile.

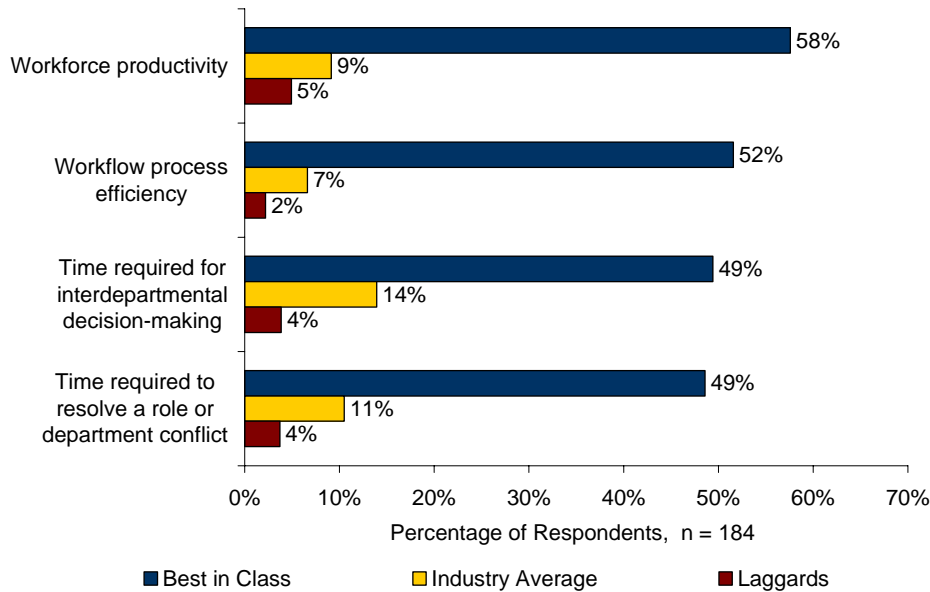
As a consequence, the Industry Average and Laggard organizations are much less prepared for the procedural controls mandated by governance and risk compliance. The implications of failing to meet GRC commitments are far-reaching and affect organizations of all sizes, both public and private. "Green" or sustainable business practices are becoming increasingly important for both the business bottom line as well as image and community relations. Only 12% of Industry Average organizations are tracking energy consumption and the usage of devices, compared to 26% of Best-in-Class. Tracking and archiving all UC transactions is a step in the direction.

Just about one third of the Best-in-Class are actively evaluating a cost-benefit analysis of in-house support of their UC infrastructure, as compared to managed services and outsourcing, be that cloud-based or Software-as-a-Service (SaaS). This is an area where even the Best-in-Class show room for improvement. Only thirty-five (35%) of Best-in-Class are planning to implement cost-benefit analysis of in-house support versus managed support, versus outsourced support.

Performance Results

The concrete performance advantages achieved by the Best-in-Class fall into two broad categories: gains that primarily affect the efficiency and productivity of internal teams and processes, and those that are market-facing and affect customer relations and customer satisfaction.

Figure 8: Internal Performance Gains

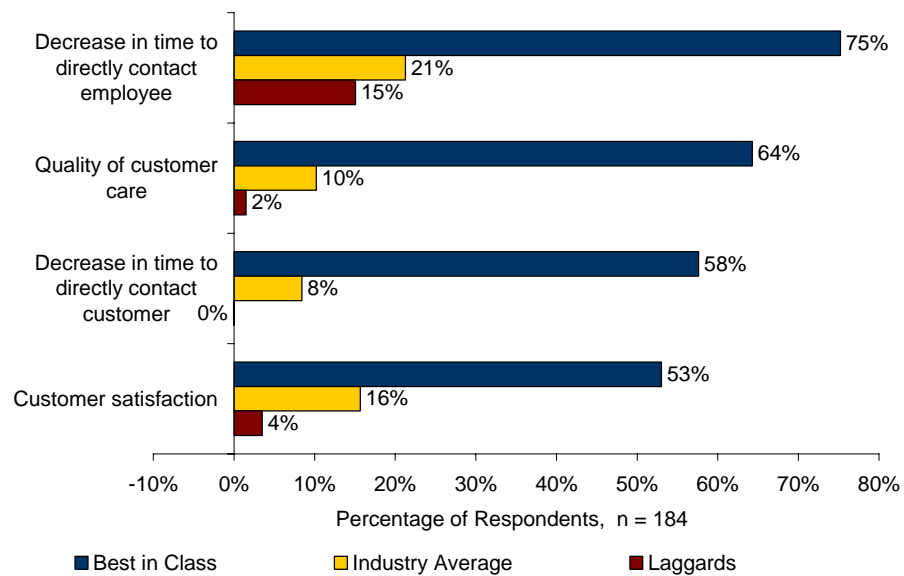


Source: Aberdeen Group, March 2010

As seen in Figure 8 above, the Best-in-Class made dramatic gains in productivity since the inception of their UC solution, over 8 times the Industry Average and 10 times the Laggards. They made similar gains in workflow process efficiency and in the time required for interdepartmental decision making and conflict resolution.

Figure 9 describes the advances that the Best-in-Class made in improving customer responsiveness, decreasing the time required for a customer to directly contact an employee and for an employee to directly contact a customer by 75% and 58% respectively. As a consequence, their quality of customer care grew by 64% and customer satisfaction by 53%.

Figure 9: Market-Facing Performance Gains



Source: Aberdeen Group, March 2010

The selection of the right Unified Communications solution, and its integration with business management systems already in place is directly linked to an organization's ability to turn these strategies into profit.

Case in Point: PepsiCo Argentina

PepsiCo Argentina is headquartered in a province of Buenos Aires, and is spread across eight branch offices throughout the country. It has ten manufacturing plants in Argentina, with three main functions at each branch: Sales, Administration and Warehousing. PepsiCo Argentina also operates in Uruguay, Chile and other Latin American countries.

The large geographical reach of PepsiCo's business - with its snack products production plants in Argentina and Chile, and in its contacts with distributors, wholesalers and direct consumer sales throughout the region – required the integration of a large infrastructure combining several different voice systems, messaging servers, Internet access, and mobile communications platforms. PepsiCo wanted its workers to take advantage of the enhanced productivity and collaboration enabled by integrating multiple mobile device types, from notebooks to smartphones, with both analog and digital voice systems.

As with most distributed companies, PepsiCo's branches needed to maintain real-time contact with the main office in order to remain informed of the business' progress and ever-changing events. And, as occurs throughout the food and beverage industry, their extremely mobile sales personnel, needed to connect with management constantly while on the move.

"We have proved with complete success how to integrate up to 30 people in a videoconference. Plus, we recovered our investment in six months."

~ Sergio Richetti

Coordinator of Infrastructure and Telecommunications for the Southern Cone, PepsiCo

After a rigorous vetting process, PepsiCo selected Siemens Enterprise Communications to implement a solution that updated their infrastructure and rationalized their communications costs, without sacrificing the quality or immediacy of communication. A thorough functional and technological assessment was performed to identify targets for process optimization and streamlining of communications. Siemens' OpenScape open systems approach and robust online presence model propagates worker availability and their preferred modality of communications throughout their affiliated work-groups, reducing delays in decision-making and fostering increased collaboration between PepsiCo's highly mobile upper and middle-management workforce. The system also supports enhanced work group collaboration via large group videoconference calls, supporting up to 30 simultaneous users.

Required Actions

Whether a company is trying to move its performance through Unified Communications from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Documentation of collaboration improvement from UC solutions:** Best practices incorporate performance measurement in order to achieve measurable performance gains. Laggard organizations can rapidly address this short coming by instituting policies and procedures to track levels of productivity of teams over time. The first step is to establish a baseline.
- **Policies for centralized management of UC solutions:** Even Laggard companies can begin to take charge of disparate communications assets by establishing policy and clear guidelines for central management by IT. The next step would be enforcement of these policies.
- **Team-based collaborative tools: instant messaging, mobile wikis, micro-blogging** (e.g. Twitter): Laggard organizations who have not embraced social media and team-based collaborative tools are missing out on the significant productivity boost that comes from an accelerated communications cycle enabled by these tools.
- **Archiving of Unified Communications transactions:** Organizations both large and small, public and privately-funded need to pay attention to the latest local, national, international statutes on archiving of ALL digital communications. This applies to the more temporal collaborative tools described above, as well as the more conventional communications such as email, voicemail, video, SMS, etc.

Industry Average Steps to Success

- **C-level executive support or buy-in:** The power of the executive office extends beyond budget approval and sign off. Engage senior executives in propagating best practices and communicating the productivity and operational efficiency benefits of the organization's UC solution to the broadest possible audience.
- **Provide communications system training for end users:** Although implicitly obvious, many Industry Average organizations are missing out on the opportunity to optimize the use of streamlined business and communication. These opportunities are realized by insuring that end-users are properly trained. If internal resources for training are not adequate consider outsourcing this to a third party.
- **Track travel reduction associated with Unified Communications:** Until the recent economic downturn, the vague promise of advanced communications rendering obsolete all but the most essential travel seemed like a mirage. However, with advanced UC capabilities such as group video conferencing, webinars, and online presence indicators, the dream has now become reality. However, unless the travel reduction is tracked, its benefits will be missed by key stake holders (See C-level support mentioned above).
- **Track energy consumption / usage of devices:** "Green" or sustainable business practices are becoming increasingly important for both the business bottom line as well as image and community relations. Best-in-Class organizations are more than twice as likely to be tracking energy consumption and the usage of devices. UC's contribution to reducing redundant travel as described above is just one aspect; forward-thinking organizations need to be tracking the carbon footprint of their communications architecture. In so doing, they will also be documenting the energy savings captured by their more energy-efficient infrastructure.

Best-in-Class Steps to Success

- **Procedural controls for government/industry mandates**
Best-in-Class organizations need to go beyond archiving of their UC transactions, to full procedural control and enforcement of Governance Risk and Compliance (GRC) regulations (Sarbanes Oxley, HIPAA, etc.) This is no longer an issue just for the largest public companies in certain regulated markets; it now applies to companies of all kinds. Less than half of Best-in-Class organizations have these procedures in place. To maintain their competitive advantage, best-in-Class organizations should focus resources on procedural controls for GRC.
- **Cost/benefit analysis of in-house support versus a managed services approach:** Careful analysis of the trade-offs and benefits

of alternative service delivery models for UC support should be considered. Less than a third of Best-in-Class organizations are currently engaged in this analysis. The remaining two thirds are missing out on an opportunity to outsource to third parties with domain expertise, who can actually lower overall support costs over time. While outsourcing might not be the right strategy for all organizations, competitive advantage can be maintained by doing the analysis and making an informed decision regarding third-party support.

- **Development and use of standardized reports for UC solutions:** Less than a third of top performers take the necessary steps to standardize key workflow processes such as reports and workflow templates. Lack of standardization leads to the missed opportunities for identifying sources of lost efficiency and consistency. Best practices for the Best-in-Class incorporate standardized reports on regular frequency.
- **Regular assessment of the quality of end-user support:** Without consistent visibility to the status of the end-user experience, almost half of Best-in-Class organizations are missing out on the opportunity for continuous improvement. When the end-user experience suffers and is not rapidly addressed, usage levels fall off rapidly. With faltering levels of use, organizational support will typically falter as well. To maintain their competitive advantage and preserve market-share, Best-in-Class organizations must be vigilant and honest in assessing their effectiveness when it comes to the customer experience.

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