



Siemens Enterprise Communications OpenSmart Best Practices Case Study Summary

Global Deployment Proves Business
Value of OpenScape Unified
Communications Suite

INTRODUCTION

Goal:

- Showcase the value of next generation Unified Communications and Collaboration based on a private cloud
- Showcase OpenSmart Best Practices for deploying a large UCC production system in a live enterprise
- Cut annual operating costs by more than 50% by consolidating office platforms and reducing the total number of communications and IT vendors and outsourcers
- Improve productivity, collaboration, flexibility, scalability, and mobility

Solution:

Implemented a full range of OpenScape solutions at 134 sites worldwide, including new applications for voice, web, and video conferencing, mobile communications, contact center and system administration.

Result:

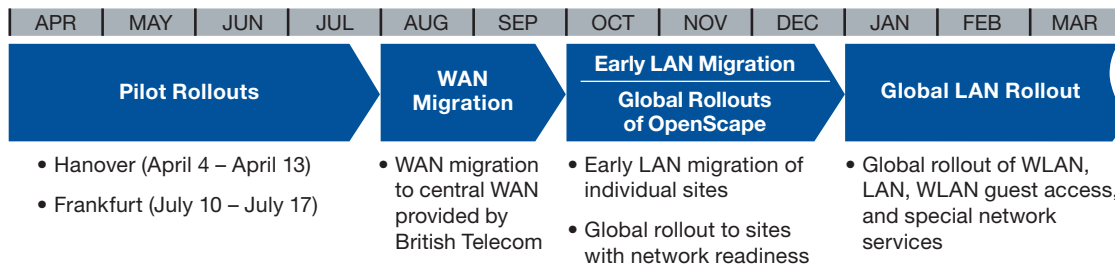
- Reduced IT and communications costs
- Streamlined system management
- Improved workforce productivity
- Realized net savings of €30.3 million (US\$43.0 million) and a ROI of 114% over five years

Siemens Enterprise Communications is a leading provider of Unified Communications and Collaboration (UCC) solutions using session initiated protocol (SIP) technology and open standards. Jointly owned by The Gores Group and Siemens AG, the €2.4 billion (US\$ 3.4 billion)¹ company employs over 10,000 people, operates in 90 countries and serves more than a million customers.

After expanding to every corner of the globe, the company found that it was facing many of the same business challenges shared by its largest customers: a communications infrastructure that was growing increasingly fragmented and expensive to maintain; a workforce that needed better tools to collaborate more effectively; and a management team that needed better visibility and control over widely distributed operations.

The logical solution for Siemens Enterprise Communications (SEN) was to become a proving ground for its own unified communications and collaboration technology – specifically its suite of voice, video, mobility, contact center, messaging and collaboration solutions known as OpenScape. The result was the launch of an ambitious transformation project in 2009, with the goal of migrating 134 offices in 30 countries onto a single global, cloud-based communications platform based on OpenScape’s session initiated protocol (SIP) technology, open, standards-based software architecture, and full range of next generation products and services.

Project Timeline



A standards-based Open Communications Architecture was ideally suited for the project, ensuring seamless interoperability within the company’s multi-vendor environment while providing the scalability and flexibility to integrate with public cloud-based services – including social media platforms like Twitter and LinkedIn. Delivering its OpenScape UC Suite services through a private cloud would allow people to consume communications on demand – from any device, in any location – and increase user and asset productivity.

After piloting the concept in Germany, SEN executed a four-step project plan to roll out the solution worldwide. To keep the project on track and minimize business disruption, while focusing on the reliability, security, serviceability, and manageability of the solutions, the company used its OpenSmart Best Practices methodology, a set of Information Technology Infrastructure Library (ITIL) based best practices, and planning strategies that have proven successful at many of the company’s largest customer engagements.

1. Using a €1 to \$1.42 exchange rate.

The migration replaced hundreds of premise-based locally managed voice, data and contact center services with a single consolidated cloud-based communications platform powered by economical SIP trunking technology, a global wide area network (WAN), and two redundant, fault-tolerant data centers on two continents.

62% REDUCTION IN OPERATING COSTS

Significant business benefits, including cost and productivity savings, were achieved within months of the OpenScape deployment and will be sustained for years, according to a recent business assessment by Mainstay Partners. The savings came from both IT operations and business users across the company.

- IT savings due to hardware consolidation and more efficient systems administration
- End user savings from standardizing communication and collaboration tools and using SIP trunking to reduce external costs for service providers

Overall, the move to the consolidated OpenScape cloud-based platform resulted in a 62% reduction in annual communications infrastructure operating costs – from approximately €8.5 million (US\$12.1 million) to €3.2 million (US\$4.5 million) per year.

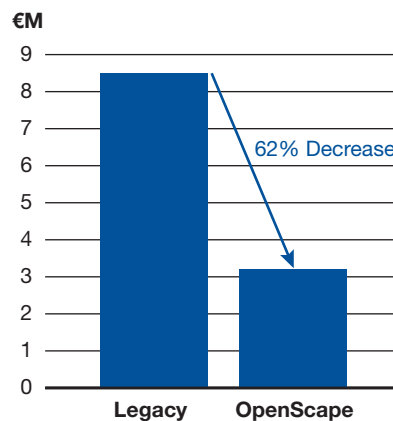
IT Savings

The new private cloud-based architecture enabled Siemens Enterprise Communications to consolidate most of its communications hardware at two global data centers, eliminating about 60% of the telephony gear formerly housed at local sites. For example, instead of 134 PBX servers, the company now manages two SIP-based voice servers running on industry standard hardware.

Standardizing on OpenScape generated a host of IT operating savings. Formerly time-consuming system-management tasks such as move-add-change (MAC) orders are now fulfilled in less than an hour – largely because the software-based platform can integrate seamlessly with the company's ADP human resources database and Microsoft Active Directory.

A big portion of the IT savings came from a new cloud-enabled network architecture designed and built by Enterasys Networks. This new backbone for the OpenScape platform covers 28,000 LAN ports and 340 WLAN access points across 120 company sites – all managed from a single central facility by the company's Global Managed Services team. The move has cut network costs from 10€ to 4€ per port, saving 168,000€ (US\$238,560) per year.

**Infrastructure Consolidation Savings
(Legacy vs. OpenScape)**



End User Savings

"OpenScape not only makes us more cost efficient, but our end users are more productive because their communication tools are unified and closely integrated with the business applications they use every day."

*– Andreas Talkmitt
Global Project Manager*

The company has recorded additional savings by using OpenScape Mobility to plug its mobile workers into the economical SIP network. The service allows mobile callers to connect to the OpenScape platform so they can avoid per-minute charges as well as expensive roaming rates that impact international travelers. The company estimates that the mobility solution saves about \$186 per trip, generating savings of about €1.6 million (US\$2.2 million) annually.

Moreover, with a suite of UCC applications at their disposal – including OpenScape UC Application, OpenScape Video, and OpenScape Web Collaboration – employees now have a real alternative to costly business travel. Already the company estimates that it has cut travel costs by about €2.4 million (US\$3.4 million) per year as a result of employees taking advantage of these tools.²

BOOSTING PRODUCTIVITY

OpenScape solutions increase worker productivity in several ways:

- Employees communicate using the same standard set of reliable and flexible communications tools across the globe
- The solution can easily integrate with core business applications to create communications-enabled business processes (CEBP) that accelerate workflows and collaboration
- The solution's easy to use audio, web and video conferencing enhances collaboration and helps to minimize travel
- Getting in touch with colleagues has become even easier with One Number Service and Presence capabilities
- Teleworkers can cost-effectively and conveniently communicate from home offices

Communications-Enabled Business Processes

Since OpenScape can be integrated with popular business applications such as Microsoft Outlook and Salesforce.com, it has opened up opportunities for enhancing these applications with communication and collaboration capabilities. For example, the company embedded new communications features in its Outlook email and calendaring systems, including click-to-call, presence, contact lists, and audio, web, and video conferencing.

Similar communications capabilities were enabled in the company's Salesforce.com solution, including the ability to click-to-call and click-to-conference directly from within the Salesforce.com user interface. In fact, with OpenScape UC Application, communications capabilities can be integrated into almost any business application to extend its value.

2. The savings are based on the conservative assumption that 20% of employees are engaged in customer-facing activities requiring travel.

Multi-media Conferencing

OpenScape's conferencing capabilities are generating significant productivity enhancements at Siemens Enterprise Communications, by enabling geographically dispersed teams who collaborate regularly, to quickly and easily schedule and launch audio/web/video conferences, while improving project collaboration and accelerating decision making.

With OpenScape Video, the company is more effectively utilizing its talent pool, regardless of where employees are located. Employees report that launching or participating in a video conference is as easy as making a phone call – and many say that it has left them with more time to build customer relationships.

Unifying Multiple Devices

With One Number Service (ONS), each employee publishes only one phone number, and regardless of which phone they are using, all their calls are routed to their preferred phone or device. Employees no longer need to keep track of multiple phone numbers for colleagues or leave multiple voice mail messages, resulting in fewer missed calls, voice mails, and emails.

Empowering Mobile Employees and Teleworkers

OpenScape has proven to be an ideal platform for providing mobile employees and teleworkers a cost-effective and convenient way to work from anywhere, including their home offices, and have full access to all enterprise communications tools. With its rich Presence, multi-media conferencing, and One Number Service, employees are just as easily accessible while mobile or at home, as they are in the office.

In addition, teleworkers have the option to plug an IP phone into their home network to access the OpenScape Voice system, or alternatively they can use a soft phone, their home phone, or mobile phone for all incoming and outgoing voice communications, improving their productivity and eliminating the need to track and expense their voice usage back to the company.

EFFICIENT SIP-BASED CONTACT CENTERS

The global initiative also targeted the company's regional contact centers for a major system transformation. Because they had been built and operated by local teams, the centers had developed independent sets of business processes, workflows, and software, making global system integration difficult. The project sought to capture savings and increase performance by integrating and standardizing the centers on a single SIP-based private cloud solution – OpenScape Contact Center.

Today, over 660 agents in 14 countries are running on a single global UC communications platform, generating savings from economical SIP trunking and phasing out costly local ISDN service providers. Setting up a new agent is simple in the cloud-based environment and provides tremendous flexibility,

Savings with SIP Trunking and Least Cost Routing

- *Eliminate the reliance on PSTN phone networks – with the advent of software-based communications technology, more companies are cutting telecom costs by taking advantage of SIP trunking and IP Least Cost Routing*
 - *Reduce toll charges – using SIP trunking, companies can reduce their toll charges, especially for international calls, by utilizing one network for voice and data*
 - *Use Least Cost Routing to optimize calling costs – calls are routed in the most efficient and cost effective way based on the originating site and destination area code. Even calls outside of a company's network can be routed through the company's WAN or to a SIP service provider in the destination's country, and be billed as a local call*
 - *Service provider level security and reliability – using redundancy, set SLAs, and best-in-class security, companies can create a highly resilient and reliable system while providing carrier quality voice and data*
-

such as enabling the hiring of home-based agents, providing better geographic coverage and customer access, and enabling the rapid scaling up or down of resources as needed.

ENSURING HIGH RELIABILITY

Two data centers serve as the global operational hubs for the UC platform with full backup capabilities and redundancy. One center, based in Germany, serves Europe, the Middle East, Africa and Asia; the other, in the U.S., covers North and Latin America. There are no single points of failure in either data center, including network components and power supplies.

In China and Brazil, OpenScape Branch assures continuance of local communication services even if the link to the data center is severed or disrupted. End users can use the same SIP service even when the WAN fails, while branches add just a small incremental cost for the single-server solution.

MINIMIZING BUSINESS RISK WITH BEST PRACTICES

While the OpenScape solutions enable both end users and IT to gain financial and productivity gains, the structure and process that SEN followed, using its OpenSmart Best Practices approach, gave the company that extra advantage.

OpenSmart is a unique best practices methodology the company developed for its own customer engagements to keep projects on track while focusing on the reliability, security, serviceability, and manageability of the solutions. The methodology includes activities and tasks such as project design, project management, processes, testing, and automation.

The OpenSmart approach also incorporates ITIL best management practices to ensure reliability and zero downtime before solutions go into production. These practices include using a full duplicate environment to test products before rollout. Given the global scale of the project, the company was careful to minimize business risk by employing industry best practices and methodologies during the implementation. In the company's view, OpenSmart was the only responsible way to deploy a communications platform of this scale and strategic importance.

ROI SUMMARY

According to Mainstay Partners' business assessment, Siemens Enterprise Communications' investment in its OpenScope platform is projected to yield a total ROI of approximately 114% over five years.

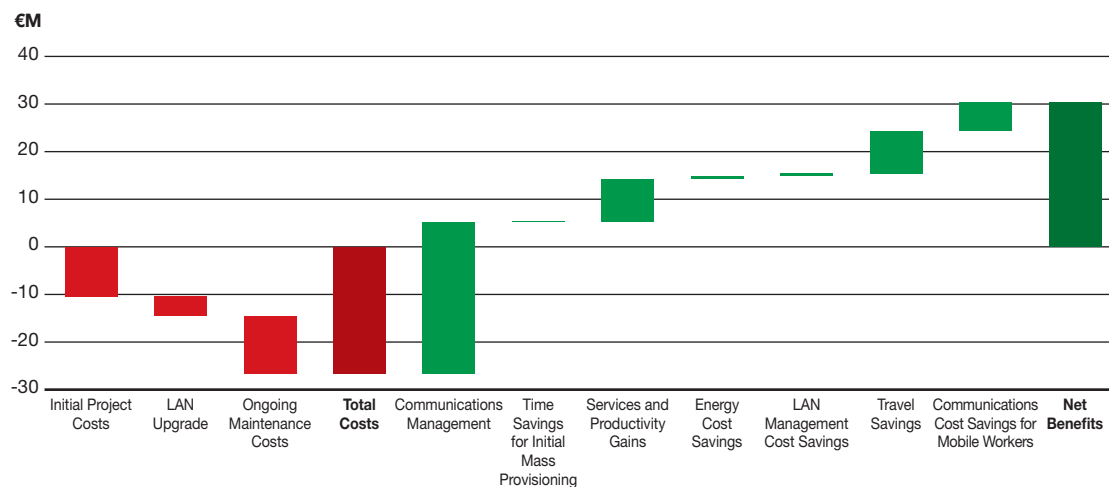
ROI Benefits Summary (5 Year Discounted Totals)

Communications Infrastructure Operating Costs	€31.8 Million (US\$45.2 Million)
Service and Productivity Gains	€9.0 Million (US\$12.8 Million)
Time Savings for Initial Mass Provisioning	€93K (US\$133K)
Energy Cost Savings from Server Reduction	€479K (US\$680K)
LAN Management Costs	€629K (US\$893K)
Travel Savings	€9.0 Million (US\$12.7 Million)
Communications Costs for Mobile Workers	€5.9 Million (US\$8.4 Million)

Return on Investment Summary³

Total Net Return on Investment (Over 5 Years)	€30.3 Million (US\$43.0 Million)
Internal Rate of Return (Over 5 Years)	78%
Return on Investment (Over 5 Years)	114%
Initial First Year Investment	€14.6 Million (US\$20.7 Million)
Total Benefits (Over 5 Years)	€56.8 Million (US\$80.7 Million)

5 Year Net Present Value Summary



3. 5 Year discounted using WACC of 10.5%.

ABOUT SIEMENS ENTERPRISE COMMUNICATIONS

Siemens Enterprise Communications serves over 1 million customers in 90 countries with 10,000 employees and \$3.4B revenues. The company is a premier provider of end-to-end enterprise communications, including voice, network infrastructure and security solutions that use open, standards-based architectures to unify communications and business applications for a seamless collaboration experience. This award-winning “Open Communications” approach enables organizations to improve productivity and reduce costs through easy-to-deploy solutions that work within existing IT environments, delivering operational efficiencies. It is the foundation for the company’s OpenPath® commitment that enables customers to mitigate risk and cost-effectively adopt unified communications. Jointly owned by The Gores Group and Siemens AG, Siemens Enterprise Communications companies include Siemens Enterprise Communications, Cycos, and Enterasys Networks.

This case study summary is a synopsis of the full study, titled “Siemens Enterprise Communications OpenSmart Best Practices Case Study: Global Deployment Proves Business Value of OpenScape Unified Communications Suite.

For more information about Siemens Enterprise Communications please visit www.siemens-enterprise.com

ABOUT THE AUTHORS

Research and analysis for this study was conducted by Mainstay Partners LLC, the leading boutique management consulting firm focused on quantifying and communicating the business value of technology. Mainstay Partners has performed hundreds of studies for leading information technology providers including Siemens, Oracle, SAP, Microsoft, Dell, Lexmark, HP, Cisco, EMC, NetApp, Fortify Software and HP for the past decade. This white paper was based on interviews with Siemens Enterprise Communications’ business executives, IT executives and IT project personnel; review of project planning documents and financial reports; and other external industry literature. ROI calculations use industry standard assumptions regarding the time value of money. Information contained in the publication has been obtained from sources considered reliable, but is not warranted by Mainstay Partners LLC.

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