



Top 10 Factors to Consider When Selecting a Cloud Communications Provider

A Frost & Sullivan White Paper

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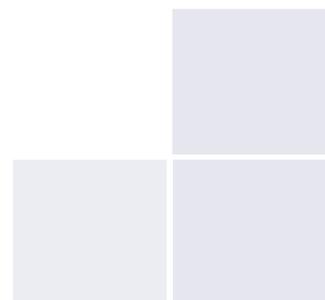
50 Years of Growth, Innovation and Leadership

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INTRODUCTION

Businesses acknowledge that advanced information technologies (IT) and modern communications tools can provide a competitive advantage. As they embark on digital transformation projects, businesses increasingly adopt cloud communications solutions to gain faster and more cost-effective access to cutting-edge features and capabilities. With continued technology advancements and a growing array of cloud communications options becoming available, businesses must ensure that they choose the right cloud solution and provider in order to future-proof their technology investments. This white paper discusses key service provider attributes that businesses must consider when deploying cloud communications solutions.

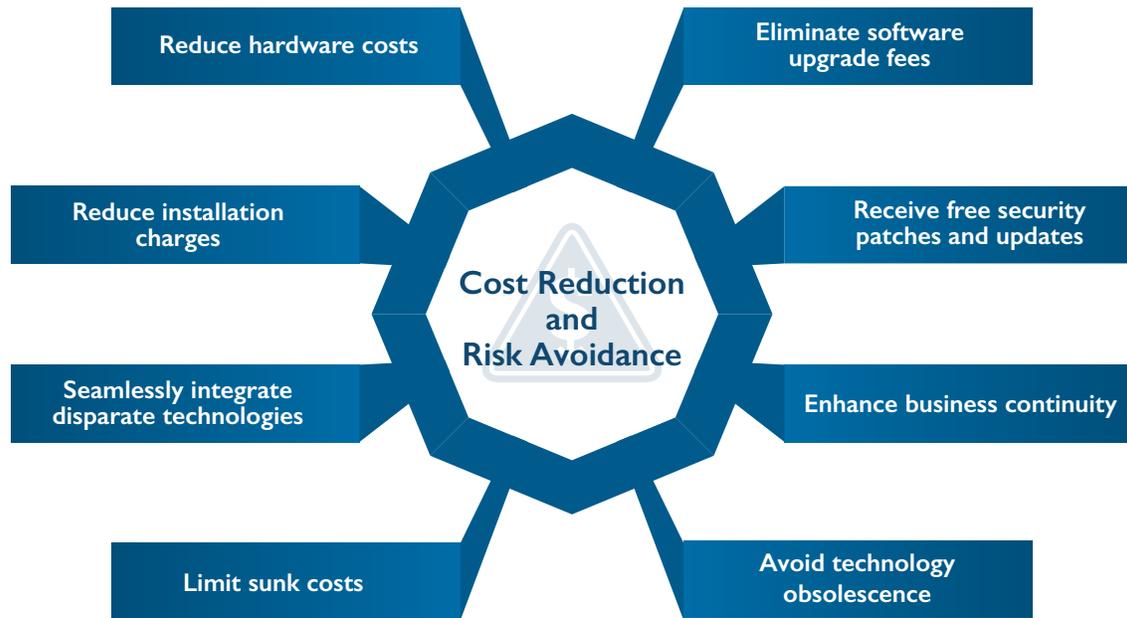


BENEFITS OF CLOUD COMMUNICATIONS

Accelerated technology development and proliferation of advanced communications and collaboration tools compel businesses to more frequently update and upgrade their technology investments, which raises costs, disrupts workflows and reduces the organization's ability to focus on core business tasks. By moving communications solutions to the cloud, businesses can realize significant cost and efficiency benefits, as follows:

Cost Reduction and Risk Avoidance

Cloud solutions greatly reduce upfront expenses—e.g., hardware, installation—associated with standing up an advanced communications infrastructure. All-inclusive monthly charges eliminate ongoing software upgrade fees, as well as costs related to security patches and updates. Also important, pre-integrated cloud communications solutions comprised of broad unified communications (UC) feature sets alleviate the cost and hassle of integrating typically disparate technologies, including telephony, messaging, mobility, conferencing and contact center. Redundant provider infrastructure with automatic failover capabilities helps ensure greater service availability and business continuity. Finally, flexible cloud consumption models help businesses avoid sunk costs in unused capacity or obsolescent technology.



Operational Efficiencies

Cloud communications solutions enable businesses to realize considerable operational efficiencies. Predictable monthly fees eliminate the anxiety from IT budget planning. Furthermore, flexible and economical capacity adjustments allow the organization to better align communications resources with actual demand. The elasticity of the cloud model appeals strongly to rapidly growing businesses, as well as companies in distress needing to downsize their communications resources. Similarly, cloud solutions allow businesses to adjust capacity based on seasonal or cyclical changes in communications patterns. Finally, by outsourcing routine communications management to an expert third party, businesses can re-allocate internal IT staff to work on more strategic projects and thus better leverage their company-specific knowledge and expertise.



Greater Business Agility

Cloud communications benefits extend beyond cost reduction and IT staff efficiencies to encompass broader strategic advantages for the organization. Faster access to advanced capabilities and more frequent technology updates ensure that users can leverage cutting-edge communications tools to be more productive and better perform their jobs. Cloud solutions also enable organizations to deliver different feature sets to different users based on job roles or preferences, rather than on geographical location. Furthermore, advanced collaboration tools included in more feature-rich cloud communications bundles enable mobile and remote users to more effectively collaborate, which facilitates faster, more informed decisions to improve overall business agility. In most customer scenarios, outsourcing communications solutions enables business leaders and IT to better focus on their core company operations while leveraging service providers' superior technology expertise to ensure higher service availability and up-to-date functionality. Company ability to re-allocate internal resources to sales, marketing and customer support can also lead to more effective customer engagement and greater customer satisfaction. By focusing on value creation instead of internal operations, businesses can also better respond to market and customer shifts and increase average revenue per employee, thus creating a competitive advantage.



FUTURE-PROOFING CLOUD COMMUNICATIONS INVESTMENTS WITH THE RIGHT PROVIDER AND SOLUTION

Before selecting a cloud communications solution, businesses must evaluate the service provider's vision and capabilities holistically. A long-term partnership can deliver greater benefits to both the customer and the service provider as they can more tightly align their roadmaps. Continuity is key. Frequent changes of the communications infrastructure and the service running across it can be disruptive and expensive. Therefore, businesses must have confidence in the service provider's long-term viability.

Case studies, customer references, and other evidence of the service provider's track record are essential. Most hosted cloud communications providers in North America are private companies, sharing little information about their financial performance publicly. Prospective customers can leverage third-party resources, including customer and partner references, to obtain proof of provider financial stability and trustworthy business practices. Service provider size and market share also matter. As the customer organization grows, it may need support in multiple geographic locations. The service provider's geographic footprint and channel network can determine whether a multi-site

business can consistently deploy the same cloud solution in all locations and receive appropriate levels of support. Furthermore, as competition intensifies, a larger installed base and more stable revenue streams can help ensure the service provider's longevity.

Customer service and technical support throughout the due diligence and sales processes and, potentially, trial phases are valid indicators of the service provider's competency and readiness to address specific customer needs and challenges. Knowledgeable sales and customer/technical support staff can make the experience smoother and actually reduce costs related to implementation, troubleshooting, user and IT staff training, and so on. Digital transformation and the transition to cloud communications typically affect the customer's IT infrastructure, and the people and processes within the organization. Provider attentiveness to customer concerns and change management capabilities (talent, policies and processes) are crucial to enable an effective cloud migration journey.



Top 10 factors to consider when selecting a cloud communications provider:

I. Service Quality and Reliability



Businesses consistently rank reliability as one of their top cloud provider selection criteria. As they entrust their mission-critical communications solutions to a third party, businesses must be assured that there will be no disruptive service outages. Service availability track record from previous months and years, as well as information about data center architecture (e.g., geo-redundancy) and business continuity and disaster recovery (BCDR) options (e.g., analog line failover, backup and recovery) can help determine whether the cloud solution will meet stringent reliability requirements. Businesses may also need to inquire about Mean Opinion Scores (MOS) and provider service-quality monitoring tools before they make their final selection. MOS data show user perceptions of the provider's voice and/or video services quality. The use of device probes, quality-of-service (QoS) sensors and other VoIP-quality monitoring tools is important to guarantee that the provider has the ability to closely monitor real-time communications traffic and react promptly to any indications of potential call quality degradation. It is also critical to ensure that the provider can prove a strong track record of rapid response and issue resolution in case of service disruption or any other customer concern.

2. Customer Experience



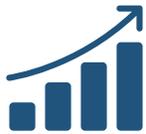
A positive customer experience is the key to a greater return on communications investments. From the initial consultation to the end of the solution lifecycle, businesses require considerable support from their service providers in order to make the best choices and most effectively leverage their communications solutions. Therefore, they must partner with a provider that demonstrates unwavering commitment to customer value and satisfaction. Such a provider focuses on reducing friction in customer interactions and delivering superior customer service and support throughout all phases of customer engagement: business and IT goals assessment; solution design, implementation and onboarding; integrations and customization; feature updates and upgrades; and ongoing solution maintenance and management. To properly assess provider dedication to customer service excellence, businesses must inquire about provider internal policies and processes that ensure rapid issue resolution, reward employees who excel in customer satisfaction, and tightly align company strategies with customer engagement key performance indicators (KPIs). Providers with a proven track record of customer service excellence typically publicize performance metrics such as response time, first-call resolution and customer satisfaction survey results. Customer service leaders also do not spare resources to assist their customers. Such providers typically assign a dedicated manager to each customer account and provide 24/7, multi-tiered support involving customer services reps, engineers, various internal departments (e.g., accounting) and even the C-level suite.

3. Features and Speed of Innovation



Many businesses are moving their solutions to the cloud to more quickly and economically access advanced communications and collaboration functionality. Service providers' cutting-edge features, speed of innovation, agile software development processes, available integrations, and broader solutions portfolios are critical factors for businesses to ensure that their communications solutions will provide a competitive advantage in the long run. In addition to core private branch exchange (PBX) features, businesses must look for cloud solutions that provide a broad UC feature set, including instant messaging and presence; voicemail and unified messaging; audio, web and video conferencing; mobility; contact center; and more. Providers offering a tightly integrated telephony, UC, contact center and analytics solution can help businesses leverage the power of advanced tools without the cost and hassle of integrating multiple disparate technologies on their premises. Also important, businesses must ensure that providers can deliver the right feature set to different users within the organization, regardless of user location, network or device.

4. Analytics and Reporting



To ensure that cloud solution investments deliver the desired benefits, businesses must be able to track and analyze important metrics such as communications and collaboration tools usage by employee, feature, date/time and other parameters. Advanced analytics tools can provide customers with useful historical data, as well as predictive insights so they can properly allocate resources and become more responsive to customer and market trends. Businesses with more complex communications requirements may choose to invest in robust analytics tools, typically integrated with contact center solutions. Small businesses with more limited budgets may need to look for innovative cloud-based reporting tools that offer similar benefits for a fraction of the price of the traditional analytics suites. In some scenarios, such tools can even serve as a replacement for more complex and expensive contact center solutions, enabling small businesses to better serve customers and more effectively manage employees.

5. Simplicity and Ease of Use



Even the most feature-rich, reliable, secure and cost-effective solution can fail to deliver the anticipated benefits without extensive adoption and usage within the customer organization. Frequently, businesses pay for cutting-edge functionality; however, it is too complex to gain broad adoption. Simple and easy to use does not necessarily imply lack of robustness or sophistication. Rather, simple and easy-to-use communications and collaboration tools mask complexity from users to help reduce training costs and shorten the time to value by driving faster ramp-up and consistent usage.

Simple and easy-to-manage back-end administration tools should also be considered in cloud solution evaluation. Even in cloud deployment scenarios, customer IT staff and other stakeholders often remain involved in managing users, features and devices. Intuitive and comprehensive admin portals with multiple permission levels can empower customer staff to more effectively and cost-efficiently manage company communications capabilities.

6. Total Cost of Ownership (TCO)



Price is a key consideration in any purchasing decision. However, forward-thinking businesses look beyond price to assess the total cost of ownership associated with a new communications solution. In a cloud deployment scenario, flat monthly fees allow for an easy comparison across solutions and providers. However, businesses must also consider other potential services costs, such as network assessment, installation, integration, customization, and training. Also important are customer premises equipment (CPE) costs pertaining to communications endpoints and networking devices (e.g., routers, switches, gateways). Long-distance calling charges may or may not be included in the monthly service fees and should be taken into account when calculating TCO. Provider offerings may vary significantly with regard to these additional expenses.

It's likely that small businesses and large enterprises will have defined TCO requirements. While CAPEX avoidance is of primary concern for most small and medium-size businesses (SMB), larger organizations are much more likely to focus on infrastructure consolidation and broader operational efficiencies. Depending on their size and specific needs, businesses must investigate service provider capabilities to deliver the most compelling TCO benefits to their organization.



7. Communications Integration with Workflow Apps



Businesses increasingly acknowledge that communications and collaboration solutions deliver greater value when integrated with key business and productivity applications. Communications-enabled customer relationship management (CRM), enterprise resource planning (ERP), human resources (HR), help desk, office and vertical applications can help enhance user productivity, reduce workflow latency and error, accelerate decision making and greatly improve business agility. Businesses must ensure that their cloud communications providers offer off-the-shelf integrations with third-party software as well as flexible application programming interfaces (APIs) for custom integration based on specific customer requirements.

8. Security and Industry Compliance



Security is typically the most important cloud solution assessment criterion and is often a key reason why businesses choose not to move their communications solutions to the cloud. Provider encryption technologies, data center policies and other security measures can alleviate customer concerns. For example, customers may wish to ensure that the provider portal is protected with 256 bit SSL (Secure Socket Layer) encryption, which helps encrypt the data that passes between a user and the provider database. Businesses in certain regulated industries such as healthcare, government and financial services must also inquire about solution compliance with key industry regulations. Additional security measures and regulatory compliance certifications can help ensure that a business's communications infrastructure does not create vulnerabilities that may adversely affect its operations.

9. Partner Ecosystem



Accelerated technology evolution and intensifying competition are compelling providers to develop broad ecosystems in order to deliver end-to-end solutions and engage more holistically with customers. The underlying communications platform is a key part of a provider's ability to innovate and promptly respond to evolving customer needs. Leverage of industry-leading, standards-based enabling technologies, combined with internal software development, can enable a provider to deliver differentiated value to customers. Often providers deploy third-party, best-of-breed, call-control platforms, which they enhance with internally developed applications (e.g., analytics tools, customer interfaces) for a superior customer experience. Partnerships with third-party technology developers can also help providers add unique features and capabilities (e.g., APIs) to their portfolios, as well as strengthen roadmaps for customers. Desktop phones, as well as other communications endpoints (digital enhanced cordless technology (DECT) phones, Wi-Fi phones, audio conferencing phones, and headsets) represent an important component of an end-to-end communications solution. Provider partnerships with leading endpoint manufacturers can ensure that businesses can choose from a broad spectrum of reliable, best-of-breed communications endpoints, including simple and affordable phone models, as well as high-end, feature-rich media phones. The provider ecosystem is completed by a robust reseller channel that can provide additional products (e.g., communications endpoints, networking gear) and services (e.g., installation, integration) to ensure deployment success.

10. Financial Performance



A long-term partnership with a cloud communications provider can help avoid disruptive transitions to new and unplanned communications software, devices and user experiences. To select the best partner for the long run, businesses must evaluate provider financial stability using metrics such as revenue growth, customer installed base expansion and churn, profitability, and market share. A provider's overall ability to thrive and compete is also impacted by portfolio diversification and geographic footprint. Businesses must request performance data as well as customer references to better assess provider viability and market strength.



CONCLUSION

Businesses must look for a trusted, long-term partnership. Communications are critical for business performance, and businesses need guidance and support in order to gain maximum benefits from their communications investments. Businesses must align themselves with service providers with vision and technology roadmaps that best meet their long-term objectives. Service providers that understand broader industry trends and evolving customer needs are better positioned to continually innovate and deliver greater value. A comprehensive and integrated UC, contact center and analytics solutions portfolio can ensure that the provider can offer a one-stop shop to businesses looking to move mission-critical workloads to the cloud. Service provider partnerships also represent an important evaluation criterion as they facilitate value creation beyond providers' core areas of expertise. Technology partnerships and ecosystems can give customers access to a broader set of capabilities and thus a more viable long-term roadmap. Overall, businesses should seek to partner with providers that can demonstrate both visionary strategies and effective execution.

NEXT STEPS



Schedule a meeting with our global team to experience our thought leadership and to integrate your ideas, opportunities and challenges into the discussion.



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