

# Bringing Unity to SMB Communications

A THREE-PART WHITE PAPER SERIES FROM 1TO1 MEDIA AND MITEL



PART ONE

## The Economics of Unified Communications

SMBs find new options for workforce and operations upgrades



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Technology has redefined what it means to be a small to medium-sized business (SMB). The Internet and all its communications applications for telephony allow SMBs to look and act like their much bigger counterparts. At the heart of this technology is a concept called “Unified Communications.” It represents the intersection of traditional IP Telephony and advanced Internet applications and can launch SMBs into more valuable and efficient consumer communications, customer relationships and employee teamwork. This white paper series will reveal how Unified Communications can connect SMBs to their most valuable customers.

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## Changes In Attitude

The leading edge of technology is rarely a comfortable place for most SMBs. With a one-person or non-existent IT department, and limited capital budgets, the prevailing wisdom has dictated that mid-market firms cannot take advantage of advanced technologies such as Unified Communications. But that prevailing wisdom is changing.

Unified Communications are essential to the future of customer strategy and workforce relationships for SMBs. What is it? The official definition from PC Magazine says it is “the

real-time redirection of a voice, text or e-mail message to the device closest to the intended recipient at any given time.” That means a text message intended for the mobile phone will show up in an email window, if that’s where the recipient is active. Email intended for a desktop mailbox could be sent to the user’s PDA or turned into speech for a phone message. Unified Communications enables new applications such as remote worker technology, multiple extension access (calling dozens of numbers with one call), and the ability to use one phone number regardless of whether the user is on mobile, landline, or PC-based phone service. In addition, Unified Communications is cheaper to maintain. Instead of paying for each call, and paying various rates depending on time spent and distance covered, Voice-over IP, a technology enabling Unified Communications, is also billed at a per month/per employee basis. Also, attaching videos, email chains, or large documents can accompany a Unified Communications call.

For SMBs, the advantages of Unified Communications have everything to do with employee relationships, customer retention, customer service, and customer acquisition. The ability to contact customers frequently without concern for cost lowers the barriers between a

### Key Takeaways

- SMBs can migrate to Unified Communications without perceived limits of budget and personnel. They can become more customer-centric rather than “budget-limited” through new choices available in equipment and functionality.
- The three fastest developing areas of communications choice are technology, purchase options, and pricing.
- Unified Communications offers expanded customer acquisition strategies for SMBs. It connects them to a larger, and even global customer base. It could be one of the most profitable choices the technology enables.

company and its customers. The pharmacy that wants to send its customers alerts when a prescription is refilled can do that to the landline, cell phone, and email address without incurring additional costs. The auto dealer trying to jump start a new model year can reach out to potential customers and list a return phone number with guaranteed accessibility, regardless of the salesperson's location. And because time and place barriers are low, the amount of markets and customers within a company's reach is increased dramatically.

The biggest change is in the perception that Unified Communications requires a big up-front investment and a large staff to manage complicated implementations. New developments in recent years mean that SMBs migrating from older digital or analog systems to Unified Communications now find a wide variety of choices in equipment and functionality. In addition, many of the latest solutions have been designed specifically for the requirements of SMBs. These are being offered through a menu of buy-or-lease options that can match the economic needs of any business model.

"Many of the current communications solutions are specifically built for SMBs, making them a lot

simpler to implement and manage than they were a couple of years ago," says Sanjeev Aggarwal, an analyst with New York-based research firm Access Markets International (AMI) Partners Inc. Based on these market shifts, research from AMI Partners and others shows SMBs moving to Unified Communications in droves. A recent report from AMI predicted the market for worldwide SMB IP communications (the term for the platform on which Unified Communications operates) and services will grow at a rate of 38.1 percent through 2010 to reach \$12.7 billion.

For the purposes of this whitepaper, SMBs are defined by the number of employees (less than 100 for small business, and 100-500 on the medium side). While SMBs have lagged behind larger enterprises in their adoption of Unified Communications, the path is paved for them to quickly make up any lost ground. "We are seeing a massive ramp up in the deployment and purchase of IP technology and Unified Communications among SMBs," says Doug Michaelides, Vice President of Global Marketing at Mitel. "We attribute this in part to current market forces as well as a greater confidence and familiarity with the technology."

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## Making The Switch

The three fastest growing areas of communications choice are in technology, buying options, and pricing. New developments in these three areas can allow SMBs to focus on being more proactive and customer-centric rather than focusing on limitations. "Small and mid-sized businesses tend to 'buy on pain'," says Michaelides. "They have so many things to focus on and such limited resources compared to *Fortune* 500 companies that they only manage to pay attention to the latest crisis. Until recently, there hasn't been an urgent need to adopt Unified Communications. "But now that their own competitors are employing the technology, it has become imperative to use it to communicate

more effectively with customers and employees."

The "imperative" as Michaelides calls it, is driven by the obvious and immediate benefits of Unified Communications. It allows more communication touchpoints with customers to be upgraded quickly and it's cheaper than traditional networks. So SMBs are migrating toward it, just as big companies have adopted it. Competition is a driving factor. A September 2007 Forrester Research survey of 516 IT decision makers showed that 54 percent are increasing their Unified Communications capabilities. Thirty percent said they are evaluating or testing IP upgrades or pilot programs. That means companies that have the efficiencies of global

communications via Unified Communications will be the norm rather than the exception.

As they migrate to Unified Communications, SMBs are looking for experts who can help make the process painless. Fortunately the switch to Unified Communications is much less disruptive to a company's operations than it was two years ago. It also costs less to operate but companies still need to plan for increased spending on hardware, software, and maintenance (though the mix within that spending set have changed dramatically).

Analysts point out that the needs and services vary depending on whether the business falls on the "small" or "mid" side of the scale. For instance, a Needs Assessment Report from AMI Partners

found "Simple Plug and Play" installation is critical for businesses with 1-4 employees. Businesses with 20 or more employees are looking for upgraded systems and features such as auto attendant and integration with mobile devices. On the technology/hardware side, equipment costs for the small business will most likely include PC add-ons, handsets, and software updates. Larger businesses may need to consider IP Private Branch Exchange (PBX) hardware, which is a server that manages Unified Communications.

Budgets are the biggest concern. To provide options that fit the various needs of different SMB clients, some vendors offer a menu of flexible purchasing options that address economic considerations. (See table below.)

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<b>Options Expand for SMBs</b>	
<b>Option</b>	<b>Advantage</b>
<b>Purchasing Through Value Added Reseller (VAR)</b>	This is the most common scenario for SMB buyers. Most VARs have a strong regional presence and have the advantage of fast local service. In addition, VARs often tailor or customize Unified Communications systems, integrating them with email systems or other mission-critical business processes.
<b>Purchase/Lease Direct From Manufacturer</b>	For mid-market firms with more complex business models and the budget to buy a system outright, the option of buying direct from a supplier is sometimes preferred. The company can own the equipment. Many providers focused on the mid-market, including Mitel, offer this option.
<b>Hosted Solution</b>	For those businesses where capital is limited and predictable costs are the main concern, a hosted model is a popular option. Also: Low monthly costs and no investment in the PBX equipment.
<b>Managed Service Model</b>	This outsourcing model promises the best of both worlds. The SMB agrees to a long-term, exclusive contract with fixed monthly payments for hardware, software, training, and insurance of equipment. Designed to support current communications, as well as account for future needs. Well-suited for companies that would rather focus their efforts on what they are good at—running their business. Managed services programs may provide a complete package for network services, maintenance, and any ongoing technology updates.

## Global Game Planning

Unified Communications also offers expanded customer acquisition strategies for SMBs. It connects them to a larger, even a global, customer base. It could be one of the most profitable choices the technology enables. With Unified Communications the boutique apparel chain based in Chicago can connect to buyers in France without investing in new office space overseas, new telephony hardware, or customer service expansions. For those SMBs that subscribe to author Thomas Friedman's theory that technology is one of the drivers that mean "the world is flat," the good news for SMBs is that this new world will bring customers from around the world as well as around the corner. The other reality of globalization is that even a local business has to compete with companies from all corners of the world.

Given the increased magnitude of connectivity in this business environment, choosing the right

communications platform is one of the most significant choices SMBs will make as they set their course in the global economy.

"In the age of cheap long distance, the Internet and online business, everyone is really competing on a world stage," says Michaelides. "Even if businesses are not truly competing for the sale, they are being benchmarked against global competitors. Now that customers have a wider array of choices, companies are competing on the basis of innovation, price, and service level with companies around the world. Therefore, there are business challenges, and opportunities to succeed that haven't existed before. Companies are realizing that their customer base and future profitability is really at stake."

That profitability can be helped by using Unified Communications in customer-facing operations and that will be the topic for the second white paper in the Mitel SMB series.

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### Five Communications Upgrade Indicators

The triggers for upgrading or replacing a communications system are different for every business. However, there are some common intersections where the timing and circumstances are particularly well-aligned to start the migration process. Based on feedback from industry analysts, we narrowed the list to five scenarios.

**1. Office/Business Expansion:** "A physical move is a great time to evaluate your current communications needs," says Intellicom Analytics' Mark Ricca. "You are already in the midst of rewiring and replugging, and there is a good chance you are in a growth mode."

**2. Experiencing Business Performance Issues:** "If you are seeing customer indices dropping or you are not closing as many sales as you used to, there is a good chance your communications system is at least part of the problem," says Mitel's Michaelides.

**3. Bottlenecks in Mission Critical Business Process:** These signals will vary depending on the industry. A hotel may not be checking in guests at the expected rate or wait times for a contact center may be

increasing. Any issues that are caused by the challenge of coordinating activities or bringing resources to bear on a problem are common indicators your current system is failing.

**4. Equipment Obsolescence:** The fear of Y2K problems was the last big driver for businesses to upgrade their communications systems. Unfortunately, many businesses are still using those same systems today. "A lot of the old digital systems were real workhorses, but they are really past their useful life," Ricca says. "As companies try to integrate advanced applications, they are realizing that they can't be integrated."

**5. Upgrade of Data Network/Email Infrastructure:** This is a perfect opportunity to get on a common platform and move to a single system.

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### Mitel

Companies don't make decisions, people do. That is why Mitel is leading the way toward a new and more personalized approach to communications for enterprise and small business. Our innovative solutions, applications and desktop appliances enable you to access, process and control your communications and information naturally, simply and efficiently. Our solutions allow you to collaborate over distance and time and to interact with your customers, colleagues and partners as never before. By combining the power of voice, data and video over converged high speed networks, Mitel provides you with flexible and personalized tools that let you leverage the latest advances for personal and organizational advantage.

More information is available at: [www.mitel.com](http://www.mitel.com) or 1-866-641-8082.

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