Not all Cloud Solutions are Created Equal

Invest Wisely in Cloud Communications

February 2015

Today's Speakers

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Agenda

- Key Market Trends and Customer Pain Points

- Cloud Communications Benefits and Adoption

- Key Considerations when Selecting a Cloud Solution

- Customer Success Stories

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Key Market Trends and Customer Pain Points

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Market Conditions Create the Perfect Storm for Cloud Communications

Macro-economic uncertainty

Customer focus on flexibility and cost management

Growth of the distributed organization—increasingly remote and mobile workforce

Large and untapped SMB market

Maturing VoIP and cloud technologies

Rapid technology evolution and shorter product life cycles

Increasing complexity of IT/comms infrastructure (virtualization, UC)

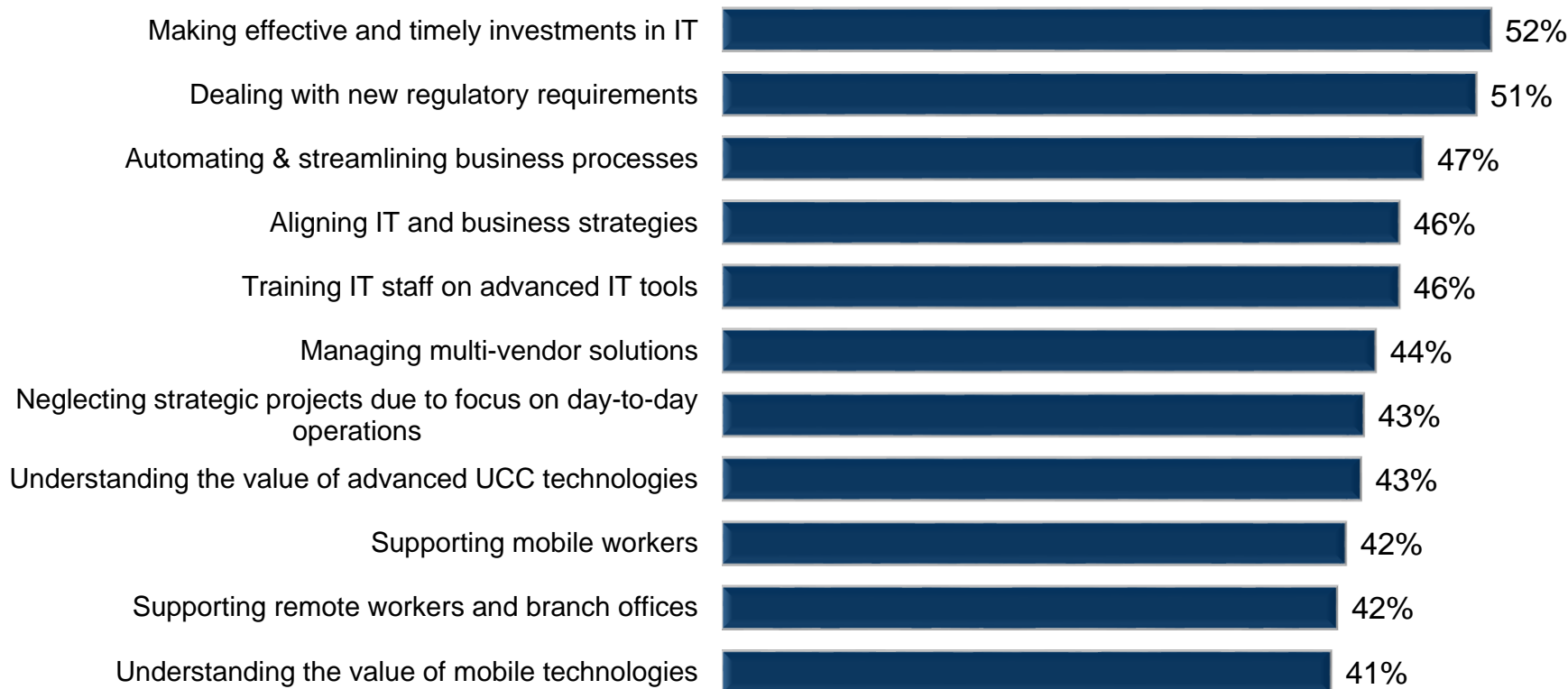**New business models: UCaaS, cloud UCC**

The Perfect Storm for Cloud UCC

Note: SMB refers to businesses of up to 500 users.

The Cloud Helps Address Key IT Management Challenges

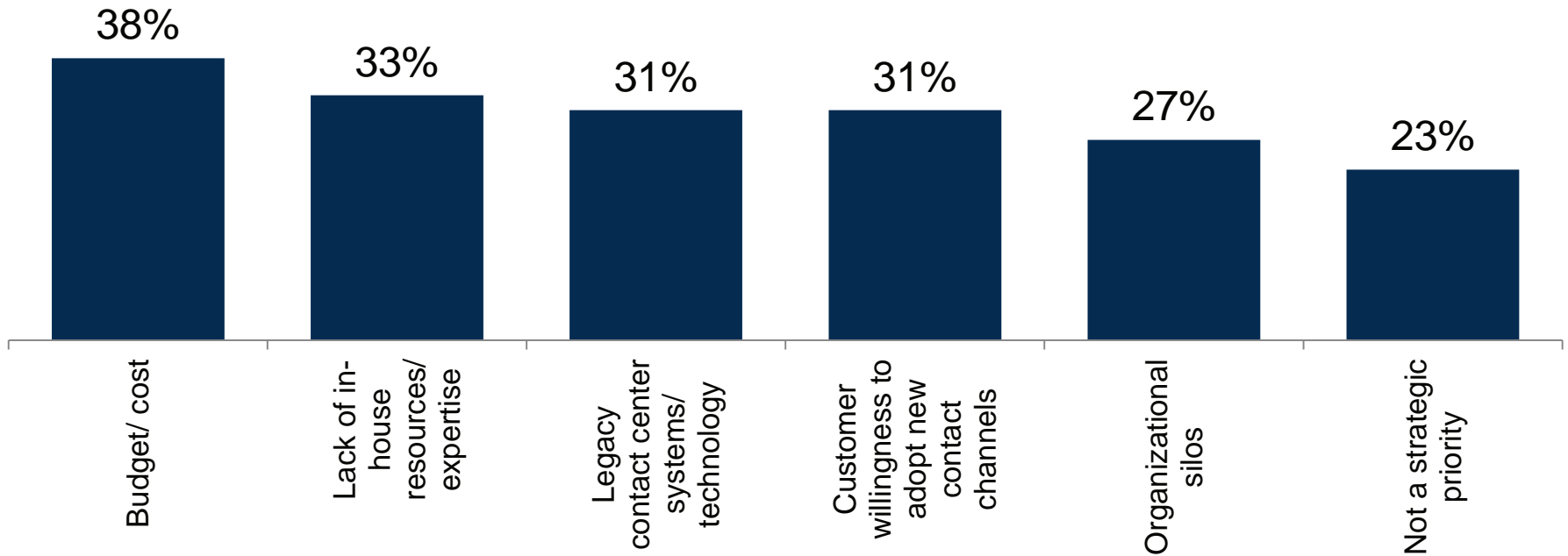**Ratings of Major Challenges for IT —Percent of Agree/Strongly Agree Responses, NA, 2014**

Challenge	Percent
Making effective and timely investments in IT	52%
Dealing with new regulatory requirements	51%
Automating & streamlining business processes	47%
Aligning IT and business strategies	46%
Training IT staff on advanced IT tools	46%
Managing multi-vendor solutions	44%
Neglecting strategic projects due to focus on day-to-day operations	43%
Understanding the value of advanced UCC technologies	43%
Supporting mobile workers	42%
Supporting remote workers and branch offices	42%
Understanding the value of mobile technologies	41%

Base: All respondents (n=501).
Q5. Please rate the level of challenge your IT department faces on the below issues: - Top two box scores

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Businesses Struggle to Provide Multi-channel Customer Support

**Factors Affecting Businesses' Ability to Provide Multi-channel Support
(Percent of Very Much or Somewhat Impact):
North America, 2014**

Factor	Percent
Budget/ cost	38%
Lack of in-house resources/ expertise	33%
Legacy contact center systems/ technology	31%
Customer willingness to adopt new contact channels	31%
Organizational silos	27%
Not a strategic priority	23%

Q14. Using a five-point scale, please rate the following for the impact they have on your contact center's ability to achieve your multichannel customer experience goals and objectives. – Bottom two box scores

Base: All respondents (n=305).

Businesses Invest in IT to Gain a Competitive Edge

Primary Drivers for IT Investment—Percent of Somewhat/Very Important Responses, NA, 2014

Driver	Percent
Improve productivity	75%
Reduce enterprise costs	72%
Stay ahead of the curve	72%
Improve the customer experience	71%
Accelerate decision making	65%
Boost creativity and innovation	65%
Improve collaboration	65%
Improve marketing effectiveness	64%
Gain a competitive differentiator	61%
Attract and retain workforce	59%

Base: All respondents (n=501).
Q6. What are the primary drivers for IT investment? Please rate the importance of each driver below: - Top two box scores
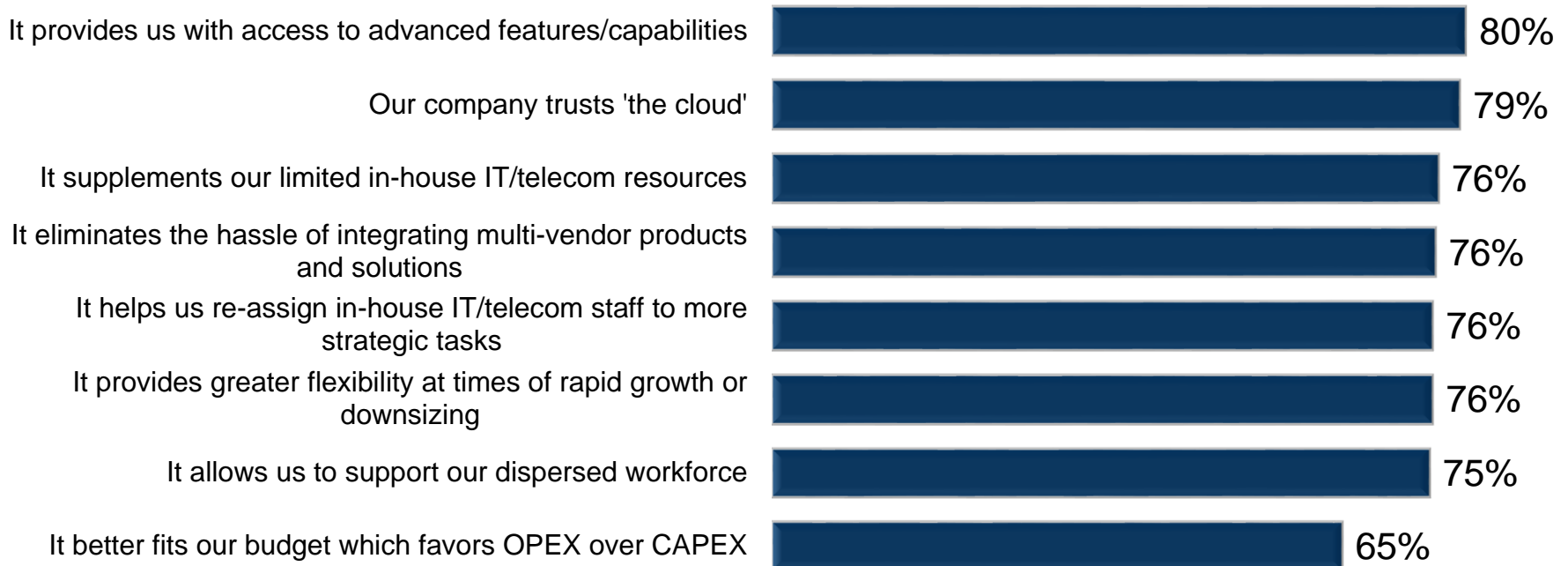
Cloud Communications Benefits

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Cloud Communications Align with IT Investment Priorities

**Attitudes toward Use of Cloud Computing/Hosted Communications—
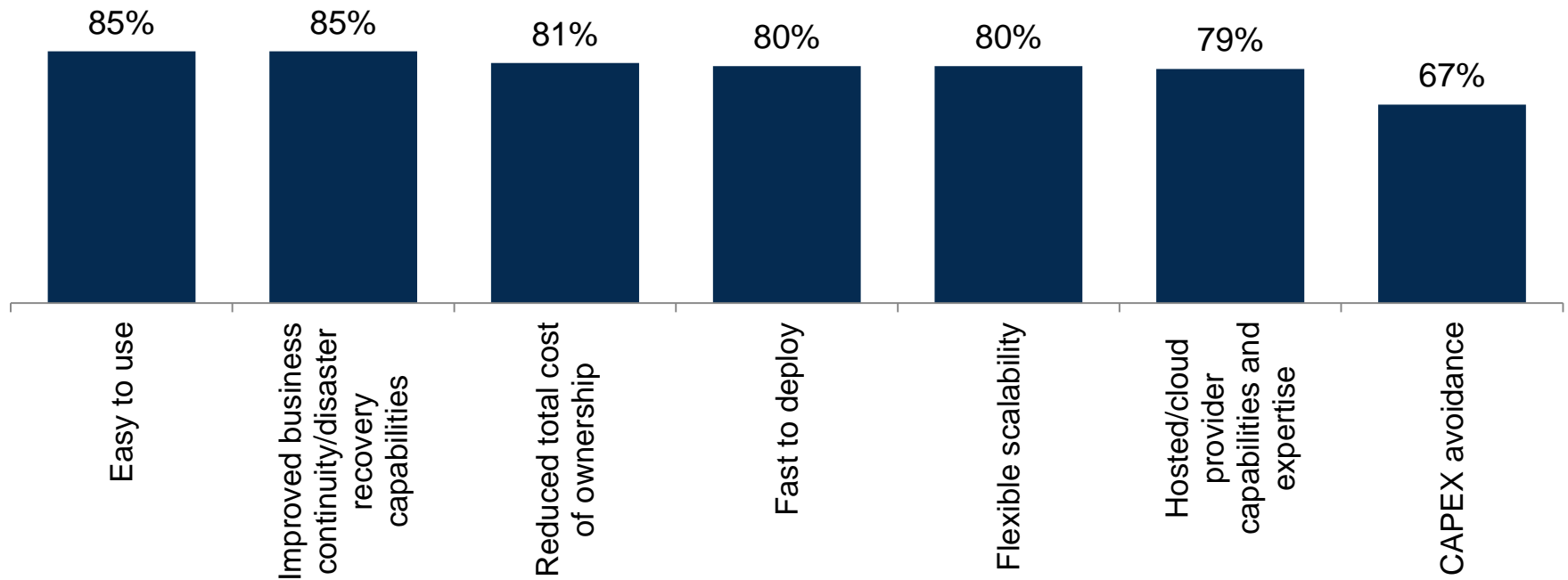Percent of Agree/Strongly Agree Responses, NA, 2014**

It provides us with access to advanced features/capabilities	80%
Our company trusts 'the cloud'	79%
It supplements our limited in-house IT/telecom resources	76%
It eliminates the hassle of integrating multi-vendor products and solutions	76%
It helps us re-assign in-house IT/telecom staff to more strategic tasks	76%
It provides greater flexibility at times of rapid growth or downsizing	76%
It allows us to support our dispersed workforce	75%
It better fits our budget which favors OPEX over CAPEX	65%

Base: Filtered respondents who use cloud computing (n=279).
Q16. Please rate your level of agreement with the following statements related to your organization's use of cloud computing/hosted communications. - Top two box scores

Important Factors in Decision to Move Contact Center to Hosted/Cloud Solutions

Important Factors in Decision to Move to Hosted/Cloud Solutions (Percent Very or Somewhat): North America, 2014

Factor	Percent
Easy to use	85%
Improved business continuity/disaster recovery capabilities	85%
Reduced total cost of ownership	81%
Fast to deploy	80%
Flexible scalability	80%
Hosted/cloud provider capabilities and expertise	79%
CAPEX avoidance	67%

Base: Filtered respondents: those, who use or plan to use hosted/cloud solutions (n=284).
Q22. Using a five-point scale, please rate the importance of the following in your decision to move to a hosted/cloud contact center solution. - Top two box scores

Key Benefits of Cloud Communications

Reduced Costs and Risks

- Upfront hardware and software costs
- Initial configuration and installation
- Integration of disparate technologies
- Business continuity
- Security patches and updates
- Sunk costs
- Technology obsolescence

Streamlined Operations

- Predictable monthly service fees instead of variable infrastructure maintenance
- Flexible and economical capacity adjustments

- More efficient internal resource utilization
- Faster access to technology updates and new features
- Access to superior technology expertise
- UCC feature delivery based on user needs
- Ability to focus on core business activities
- Increased customer satisfaction

Improved Business Agility

The ROI Case for Cloud Unified Communications

Use case scenario: mid-sized business

User profile: 350 users in headquarters, 150 users in branch offices, 120 contact center agents.
Current infrastructure and services: legacy premises-based telephony, messaging and contact center systems; third-party audio, web and video conferencing services.
New communications solution: comprehensive, fully integrated cloud solution including telephony, voicemail, presence, instant messaging, mobility, conferencing, and contact center.

Typical annual costs with current communications solution:

~$40K in system maintenance	~$100K in conferencing costs	~$70K long distance voice costs	>$450K in contact center costs

Potential benefits after switching to a cloud solution:

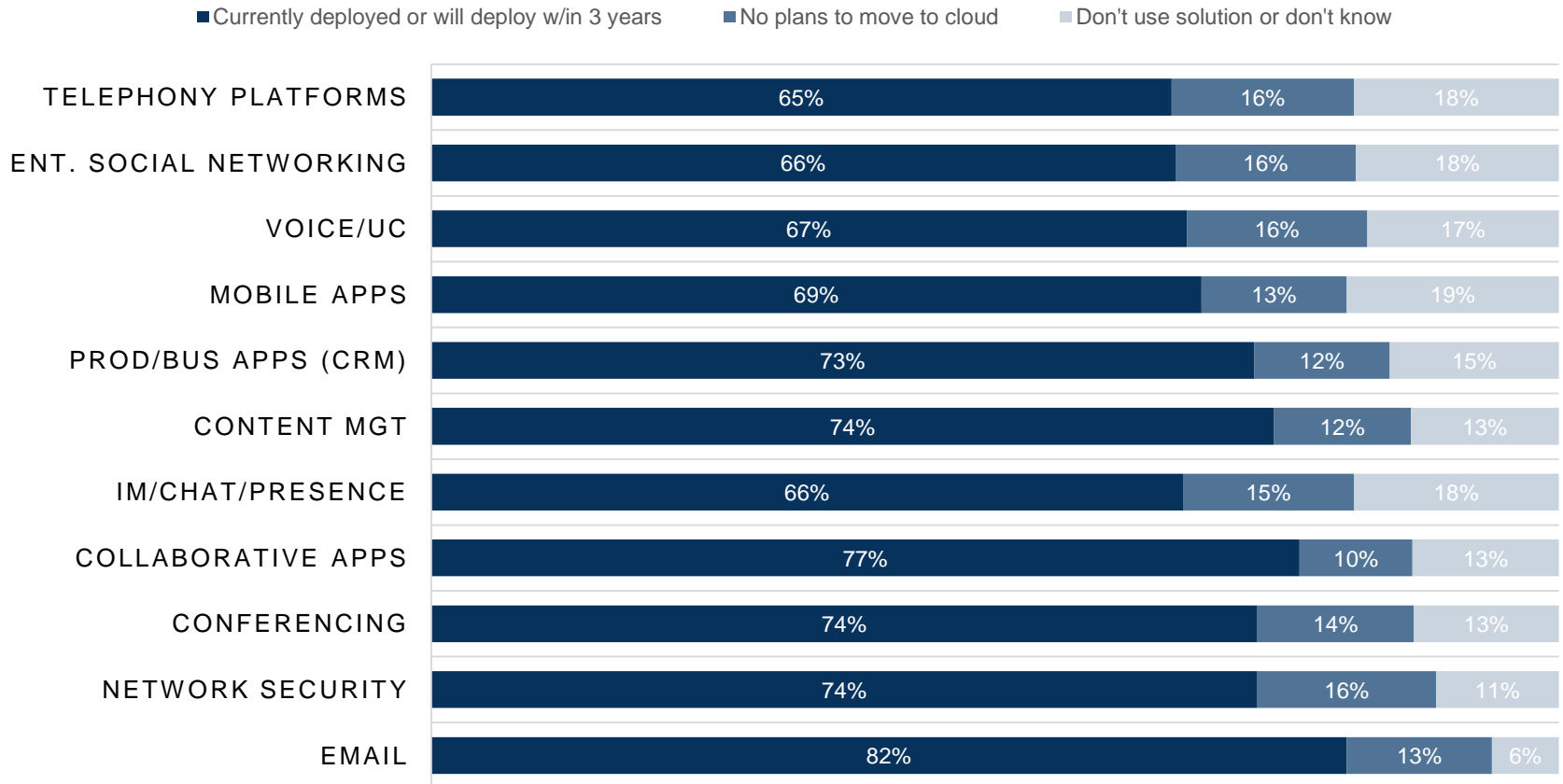| >$650K cash flow savings over a 3-year period	25% 3-year ROI UCC + contact center	5 months payback period

Note: See Frost & Sullivan Cloud Communications Costs and Benefits Calculator for additional details.

Cloud Communications Adoption

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Communications Tools Move to Cloud at Different Rates
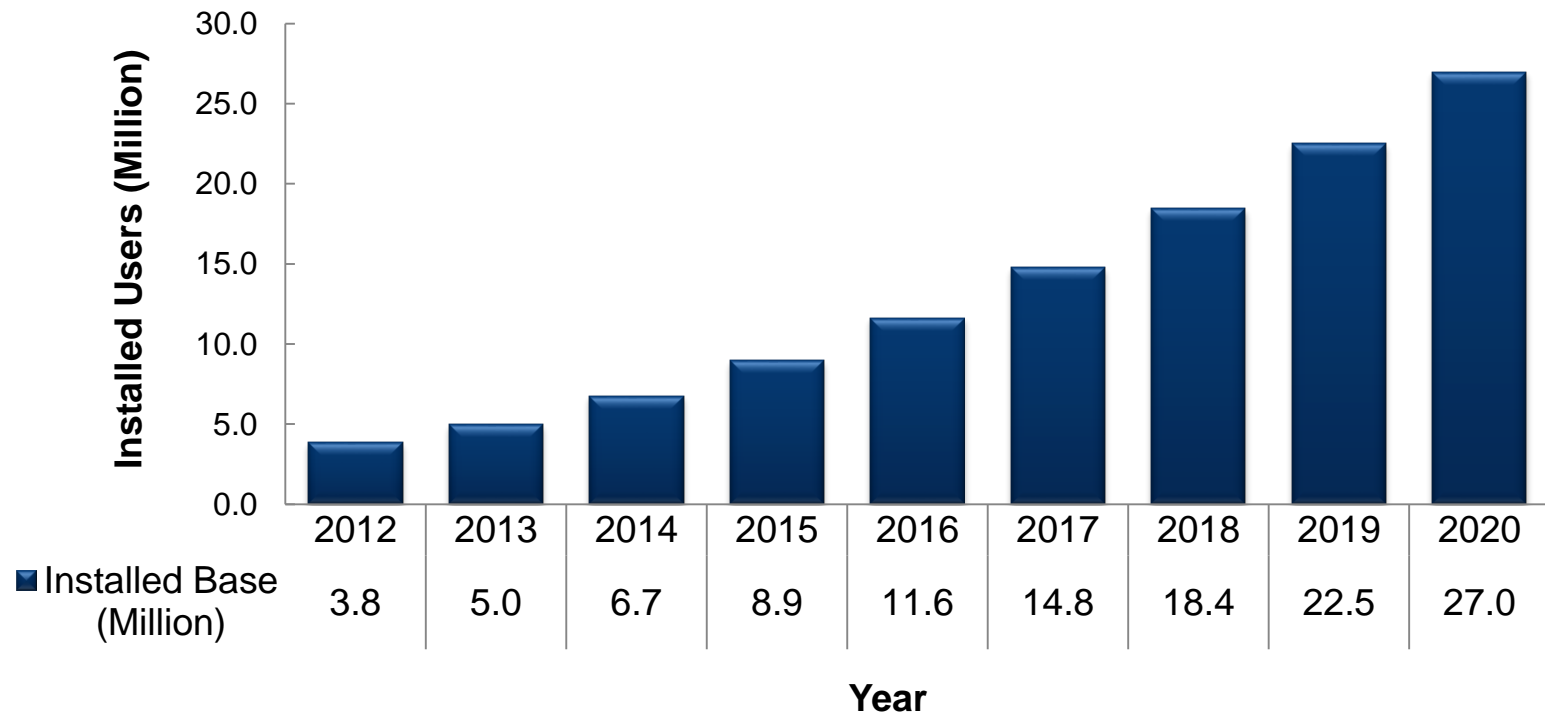
IT Deployment in the Cloud, North America, 2014

■ Currently deployed or will deploy w/in 3 years   ■ No plans to move to cloud   ■ Don't use solution or don't know

Category	Currently deployed or will deploy w/in 3 years	No plans to move to cloud	Don't use solution or don't know
TELEPHONY PLATFORMS	65%	16%	18%
ENT. SOCIAL NETWORKING	66%	16%	18%
VOICE/UC	67%	16%	17%
MOBILE APPS	69%	13%	19%
PROD/BUS APPS (CRM)	73%	12%	15%
CONTENT MGT	74%	12%	13%
IM/CHAT/PRESENCE	66%	15%	18%
COLLABORATIVE APPS	77%	10%	13%
CONFERENCING	74%	14%	13%
NETWORK SECURITY	74%	16%	11%
EMAIL	82%	13%	6%

Base: Filtered respondents (Currently deployed, n=380; within next year, n=313; within next three years, n=202; no plans to move to cloud, n=174; don't use solution, n=111; don't know, n=69).
Q19. Which of the following does your organization already have deployed or plan to deploy "in the cloud" in the future?

Hosted IP Telephony and UCC Services Adoption

Total Hosted IP Telephony and UCC Services Market: Installed Users, North America, 2012–2020
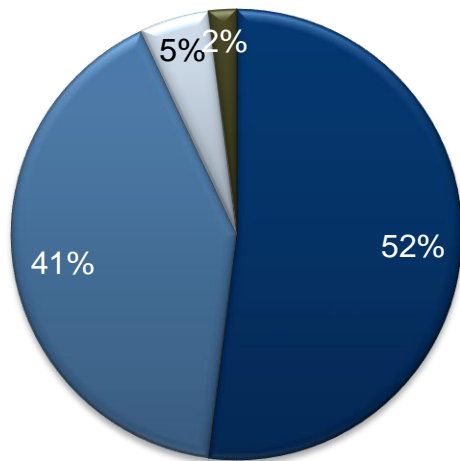
CAGR (2013-2020): 27.4%

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020
Installed Base (Million)	3.8	5.0	6.7	8.9	11.6	14.8	18.4	22.5	27.0

Note: All figures are rounded. The base year is 2013. Source: Frost & Sullivan

Current Use of Hosted/Cloud Contact Center Solutions

Adoption Trends, North America, 2014

- 52%
- 41%
- 5%
- 2%

■ Yes

■ No, but plan to use within next 2 years

■ No, and do not plan to use within next 2 years

■ Don't know

## Adoption Trends by Company Size, North America, 2014

	Large	Medium	Small
Don't know	1%	2%	2%
No, and do not plan to use within next 2 years	5%	4%	8%
No, but plan to use within next 2 years	29%	44%	48%
Yes	66%	51%	41%

0%   20%   40%   60%   80%

■ Large ■ Medium ■ Small

Current Use of Hosted/Cloud Contact Center Solutions

Adoption Trends by Industry, North America, 2014

Legend: ■ Don't know ■ No, and do not plan to use within next 2 years ■ No, but plan to use within next 2 years ■ Yes
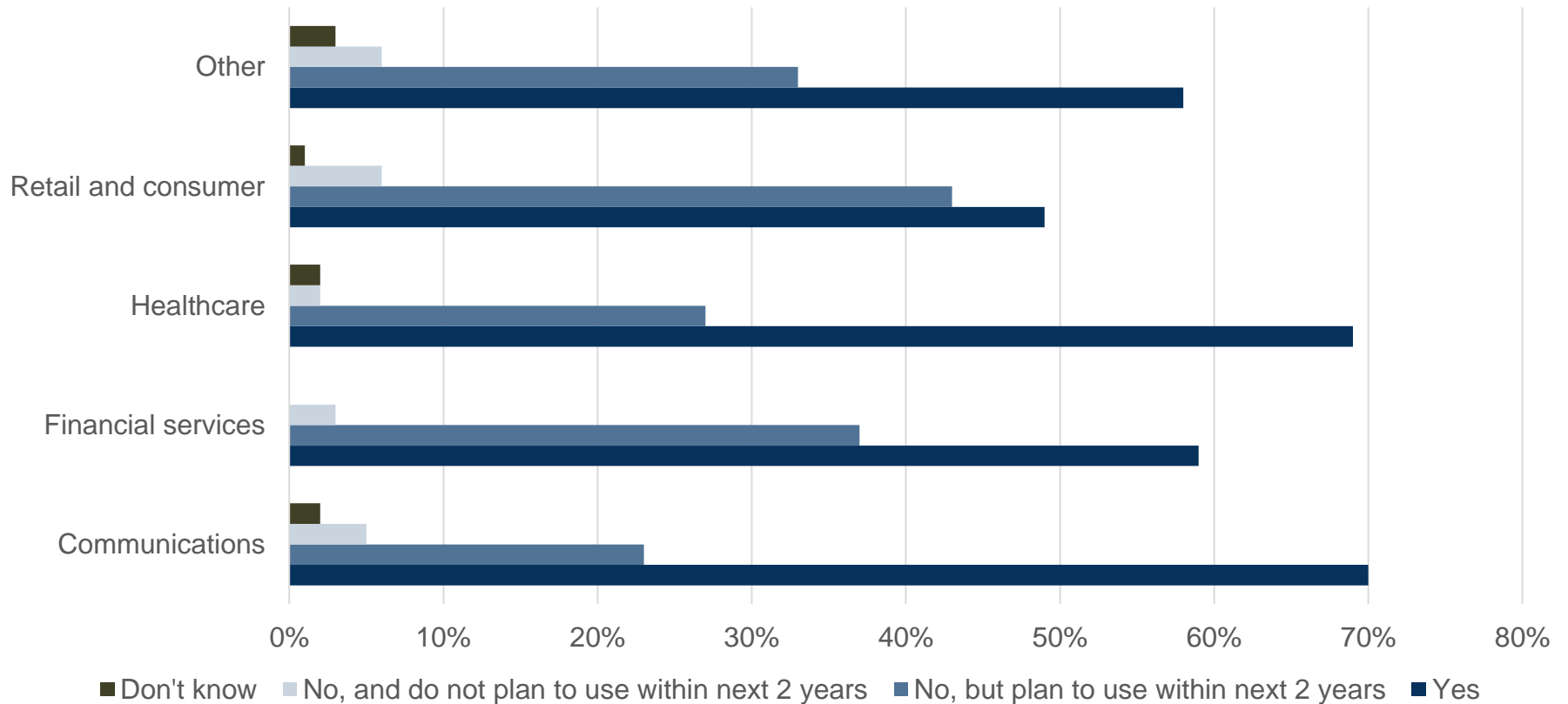
Note: values smaller than 5% are not shown numerically on the chart   Base: All respondents (n=305).
Q21. Do you currently use a hosted/cloud contact center solution?

Key Considerations When Selecting a Cloud Solution

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Criteria When Selecting a Cloud Provider

Criteria When Selecting a Cloud Provider—Percent of Important/Very Important, NA, 2014

Criteria	Percent
Security	84%
Reliability	82%
Price	74%
Vendor reputation	73%
Cutting-edge features and functionality	67%
Scalability	65%
User preferences	62%
Customer testimonials/proven success	61%
Technology evolution roadmap	61%
Open standards and interoperability with third-party solutions	60%
Existing vendor relationship	59%
Part of a broad technology portfolio that allows one-stop shopping	58%

Base: Filteres respondents (n=474).
Q15. Please rate the importance that each of the following has on your decision to select a cloud computing provider. - Top two box scores

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2014 BEST PRACTICES AWARD

NORTH AMERICAN
HOSTED IP TELEPHONY AND UCC SERVICES
CUSTOMER VALUE LEADERSHIP AWARD

- Comprehensive UCC tool set: mobility, video, collaboration, etc.
- Affordable, competitively priced service bundles
- Tightly integrated UCC and contact center
- Industry compliance: FISMA, HIPPA, PCI, etc.
- Proven service reliability and strong SLAs
- Efficient onboarding and ongoing customer support
- Rapid growth and solid financials
- Big data and analytics tools
- Large-enterprise capabilities: keen attention to SMB needs

Key Takeaways

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Key Considerations and Recommendations

1 A structured approach to cloud communications adoption can help future-proof cloud investments. Inventory IT assets and skills and carefully assess business needs and priorities prior to deploying a cloud solution.

2 Set up key cloud provider and solution selection criteria. Demand short-listed cloud communications providers to offer service trials and customer references.

3 Measure success of cloud deployments against key business objectives and key performance indicators. Partner with your provider to gain greater benefits from your cloud solutions.

Source: Frost & Sullivan

Real Life Use Cases

- iCruise
- ChenMed
- Shutterstock

8x8, Inc.

Success Story Facts

- Online travel and hospitality
- Headquartered in Delray Beach, Florida
- 8x8 Products: Virtual Office and Virtual Contact Center
- Favorite 8x8 Features:
  - A real-time API that integrates with in-house CRM system
  - Brand-specific scripting that appears on agents' screens when they answer calls
  - The ability to add or reduce licenses as seasonal business needs change
  - Improved business continuity through off-site PBX hosting
  - Hurricane proof implementation

UF Tukel
Co-President and Founder of WMPH Vacations

"Our 8x8 solution can handle any kind of customer contact: phone, online, chat, voicemail, email. Customers get to choose how they want to communicate and we're able to give each of them the excellent service they deserve."

Cloud Contact Center

8x8, Inc.

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ChenMed

Oliver Degnan
CIO ChenMed

"Our phone system is an integral part of our integrated healthcare delivery model, because it facilitates vital real-time inbound and outbound conversations between the frequent face-to-face appointments patients have with their Chen and JenCare Neighborhood Medical Centers doctors."

Unified Communications

Success Story Facts

- Healthcare
- 38 sites and 1,400 users in Florida and throughout the southern US
- 8x8 Products: Virtual Office
- Favorite 8x8 Features:
  - HIPPA compliance
  - Unlimited local and long distance service
- Time to deploy: 5 weeks

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shutterst‧ck

David Cohen
Director of Information,
Shutterstock

"We have customers in 150 countries and operate in 20 languages with about 60,000 contacts a month. It was essential to have a single vendor for our contact center and phones, who could scale with us."

Unified Communications

Cloud Contact Center

Success Story Facts

- Digital Imagery & Music

- New York, Amsterdam, Berlin, Chicago, Denver, London, Paris, Silicon Valley and San Francisco

- 8x8 Products: Virtual Office and Virtual Contact Center

- Favorite 8x8 Features:
  - Fast, flexible disaster recovery capabilities
  - Supports phone service and contact center on the same telephony platform
  - Real-time API that integrates with Salesforce CRM system

Q&A

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