

# The Business Value of **Unified Communications**

*By Jim Metzler*

SPONSORED BY



# The Business Value of Unified Communications

## Introduction

In today's global environment, the vast majority of companies experience a set of continually increasing business pressures, regardless of industry or size. While not all companies experience the same pressures, the results are remarkably similar. In order to compete effectively, they must become increasingly agile. In this context, a company is considered to be agile if it can respond in *real time enough fashion* to situations that impact the health and well being of the enterprise and its stakeholders. For example, the Department of Homeland Security has to respond to threats for which they receive little, if any, notice. Hence, for the Department of Homeland Security, *real time enough fashion* means having to respond in a matter of minutes or hours. Large retailers need the ability to modify their supply chain in order to respond to unexpected demands for products at any of its stores. In this situation, *real time enough fashion* means having to respond in a matter of two or three days.

A key component of business agility is the ability to contact the right person in a timely manner. Back when the majority of people spent most, if not all, of their day at their desk and had one communications device, a desktop phone, this was relatively easy to accomplish. Today, however, workers are highly mobile and utilize many different devices and modes of communications. This includes wired phones, wireless phones, PDAs, email, fax, Instant Messaging, text messaging, audio conferencing and video conferencing.

Recent research<sup>1</sup> indicates that in order to become more agile the vast majority of companies are currently making significant changes to at least one business process. The research also indicates that while a wide range of business processes is currently being re-engineered, there is a particularly strong focus on re-engineering any aspect of business that touches the customer. Additional research shows that the factor most likely to cause a company to re-engineer its business processes is the emergence of new, enabling technology.

This white paper focuses on one such emerging technology, Unified Communications. It will explain how companies in three key industries are implementing Uni-

<sup>1</sup> *Business Process Redesign*, [http://www.webtutorials.com/main/resource/papers/netscout/briefs/09-06/Business\\_Process\\_Redesign.pdf](http://www.webtutorials.com/main/resource/papers/netscout/briefs/09-06/Business_Process_Redesign.pdf)

### IT Innovation Report

#### Published By

Kubernan  
[www.Kubernan.com](http://www.Kubernan.com)

#### Cofounders

Jim Metzler  
[jim@ashtonmetzler.com](mailto:jim@ashtonmetzler.com)

Steven Taylor  
[taylor@webtutorials.com](mailto:taylor@webtutorials.com)

#### Design/Layout Artist

Debi Vozikis

#### Copyright © 2007

Kubernan

#### For Editorial and Sponsorship Information

Contact Jim Metzler  
or Steven Taylor

Kubernan is an analyst  
and consulting joint  
venture of Steven Taylor  
and Jim Metzler.

#### Professional Opinions Disclaimer

All information presented and opinions expressed in this IT Innovation Report represent the current opinions of the author(s) based on professional judgment and best available information at the time of the presentation. Consequently, the information is subject to change, and no liability for advice presented is assumed. Ultimate responsibility for choice of appropriate solutions remains with the reader.

fied Communications and describe the resultant business benefits. Unified Communications is an emerging class of applications and services designed to improve communications within the modern organization—to keep workgroups connected, enable them to collaborate effectively, and streamline business processes. Unified Communications is being used by many companies to enhance business processes in large part because it enables effective collaboration independent of the participant's location, preferred communications device or communications mode.

Two companies, JJ Food Service and a Subway franchise, will be referenced by name and described in detail within this white paper. However, corporate policy precludes most companies from being explicitly named in a document like this. To compensate for that, Table 1 lists the industry and the focus within that industry for the other companies that will be referenced in this white paper. Table 1 also indicates the phrase that will be used within the white paper to reference each company.

Table 1: Referenced Companies

Industry/Focus	Reference Phrase
Retail/Electronics	The Electronics Retailer
Financial Services/Diversified	The Diversified Financial Services Firm
Financial Services/Regional Credit Union	The Credit Union
Financial Services/Agriculture	The Financial Services Firm
Manufacturing/Semiconductors	The Semiconductor Manufacturer

## Unified Communications

Over the last several years, the majority of IT organizations have deployed Voice over IP (VoIP). Cost savings drove most of the early deployments of VoIP. Recent market research<sup>2</sup>, however, indicates that while cost savings are still an important driver of VoIP deployment, there are three strategic business drivers that are equally important to companies as they extend their initial VoIP deployments. These three drivers include the ability to enhance business processes, improve employee productivity, and

<sup>2</sup> 2005/2006 VoIP State of the Market Report, Steven Taylor, [www.webtorials.com](http://www.webtorials.com)

enable mobility. As will be shown in this white paper, many companies are achieving these goals by deploying Unified Communications.

A few years ago *unified messaging* solutions became available. These solutions allow a user to have access to e-mail, voice mail and faxes via a common interface on either their computer or on their telephone. Computer users can select and play voice-mail recordings that appear in their in-boxes. Telephone users can both retrieve voice mail and hear text-to-voice translations of e-mail messages. Messages of any type can be saved, answered, filed, sorted and forwarded.

Because of the similarity in the names, it is possible to confuse a unified messaging solution with a Unified Communications solution. The scope of a Unified Communications solution, however, is much broader than the scope of a unified messaging solution. For example, while unified messaging is restricted to recorded messages, Unified Communications is real time. In particular, Unified Communications

allows real-time access to contact lists and availability information, as well as automatic dialing and teleconferencing services.

Another key difference is that the focus of unified messaging is primarily on improving productivity. For example, an employee who has access to unified messaging can use their phone to check their voice and email messages while commuting to work.

Like the use of unified messaging, the use of Unified Communications improves employee productivity. Unified Communications, however, also enables mobility and allows companies to enhance their business processes – the three strategic business drivers that were shown to be of great importance to companies that are looking to extend their IP Telephony deployments.

For example, Unified Communications allows companies to tightly integrate communications into their business processes in part by ensuring that it is possible to contact the appropriate people wherever they are in a timely manner

using their preferred communications devices and communications modes. In the past there have been technical limitations that made it difficult to establish communications in real time with multiple people particularly when many of the people have different modes of communicating. SIP (The Session Initiation Protocol) has eliminated those technical limitations. SIP is an application-layer signaling protocol for creating, modifying, and terminating sessions with one or more participants. These sessions include Internet telephone calls, multimedia distribution, and multimedia conferences.

Today, unified messaging is typically included as part of a Unified Communications solution. Other components of a Unified Communications solution include:

- **IP Telephony**  
The IP Telephony system must be able to effectively scale to support both large and small deployments and should integrate with common business applications.
- **Communications clients**  
To increase usability, the Unified Communications solution must support clients that perform tasks such as intelligently integrating disparate communication applications and services into a single application.
- **Presence**  
Presence information is used to determine the ability, willingness, and preferred communications mode of a potential communication partner.
- **Rich-Media Conferencing**  
By integrating with common calendar programs such as Microsoft Outlook and Lotus Notes, Unified Communications solutions make it easy to schedule a conference that integrates voice, video and Web conferencing capabilities.

- **Mobility**  
Mobility involves a range of features such as the ability to publish a single phone number and have the call routed to the appropriate device, such as the office, home, or cell phone. Another feature is the ability to seamlessly transfer a call from a cell phone to an office or home phone when entering or leaving a building.
- **Customer Contact**  
To drive customer satisfaction and increased revenues, it is important to be able to route calls to the most appropriate agent, based on business rules and objectives. It is also important to provide call-event and customer-profile information to the agent's desktop.

## Retail

Today most retail is transaction-based, an approach that has numerous limitations because it precludes retailers from developing customer loyalty – especially with coveted high-value customers. One of the reasons why a transaction-based approach contributes to this lack of loyalty is that it can prevent retailers from providing personalized attention to their customers. It also fails to create a unique experience that bonds a customer to the retailer.

In addition to precluding the retailer from developing customer loyalty, a transaction-based approach to retail can irritate customers because they typically face information disconnect if they use multiple techniques to interact with the retailer. For example, the information a customer enters into the retailer's Web site is typically not available if the customer later attempts to interact with the retailer either by utilizing the retailer's contact center or by going to one of the retailer's stores. The inability to develop customer loyalty combined with the tendency to irritate customers typically results in customer churn.

Retailers today are motivated to reduce churn, both on the part of their customers and their employees. Les

White, the owner of a Subway franchise, stated that he reduced employee churn by 10 percent through initiatives that were designed to maintain and expand the community culture among employees. One such initiative was the deployment of a Unified Communications system.

One of the key advantages of Unified Communications is that it can help facilitate an interaction-based approach to retailing, using information about the customer to improve loyalty and reduce churn. This shift from “transactions” to “interactions” can help transform the way retailers conduct business. It enables them to use important information about customers in the sales process and acknowledge specific customers when they shop. It also can be used to enhance service, improve support and develop marketing promotions. For example, Subway is planning to create a club for frequent customers and use Unified Communications to stay in touch with those highly valued customers.

Subway is also improving key metrics such as cost per employee and revenue per employee through the deployment of Unified Communications. Subway’s UC system enabled them to deploy time card and shift management applications that reduced cost per employee and resulted in a savings of almost a half million dollars per year. The company is also trialing the capability of sending out a message to employees stating that the team making the most sandwiches or upselling the most cookies that day will receive an extra \$50. White believes that Unified Communications related applications such as these will increase revenue in each store by at least 10% over the next year.

White stated that without deploying Unified Communications he would not be able to promote his culture of personal connection, motivation and communication which would have limited his ability to grow his business. He has since opened seven new restaurants and believes that Unified Communications, along with improved management, and accountability practices, were key factors in his success.

Another company benefiting from Unified Communications is an *Electronics Retailer* operating in Europe. The *Electronics Retailer* deployed 15,000 IP phones in their

stores enabling the company’s small IT organization to centrally manage the company’s phone system. They also deployed IP-based contact center functionality to more than 100 agents.

One of the key benefits of this deployment is that the company can utilize agents who are located anywhere; i.e., working in another store or at home. The company has the flexibility to add agents as needed and to reach out to home workers, a resource pool that the company previously had not been able to tap into.

The *Electronics Retailer* is also deploying small contact centers within each store. One of the features of these local contact centers is that when a customer is being transferred from one person to another, the customer will hear advertising that is specific to the promotions offered in the customer’s geographic region. This provides an experience for the retailer’s customers that is both more personal and more customized. While yet to be proven, this capability is likely to also result in additional sales.

The *Electronics Retailer* also uses rich-media conferencing within their fifteen headquarters sites. As a result of this deployment, it is now faster and easier for the company’s senior managers to set up an audio or a video conference call and to dynamically share documents.

## Financial Services

Over the last decade, the majority of financial services institutions have done a good job of reducing their cost structure. As a result, the focus of most financial service organizations today is on growth. This fact was pointed out in Bank of America’s 2004 Annual Report, which stated “Two great tasks defined our company’s efforts in 2004. First, we accelerated the execution of our organic growth strategy. Second we acquired FleetBank Boston.” Richard Kovacevich, the CEO of Wells Fargo also emphasized the importance of growth when he recently said “Revenue growth [is] the single most important measure of success in our industry now and for at least the rest of this decade.”

## Subway

Subway operates 27,000 restaurants in 86 countries. All of the Subway restaurants are franchised. Les White, whose company Zeus Nestora is headquartered in Tucson, Arizona, owned twenty-six of those franchises when he began evaluating Unified Communications.

Initially White was involved in every aspect of restaurant operations and knew every employee. Being connected to employees created a "Family Culture" and was a key ingredient to White's success. As White added franchises, it was no longer possible to have this level of contact with his restaurants and his employees. As a result, he encountered a variety of issues that limited both his profitability and his ability to expand his business.

One issue that White encountered was time-card management. For example, an employee who should clock out at 4:00 pm might not clock out until thirty minutes later when their ride home arrived. Shift management was also an issue in part because Subway restaurants run with minimal staffing. When someone called in sick, White did not have an efficient way to find a replacement worker when needed. White estimated that issues like these were costing him about fifty dollars per restaurant per day. This equates to almost a half million dollars a year.

As part of deploying Unified Communications, White implemented time card and shift management applications that run on IP phones. For example, if an employee who is supposed to sign-out at 4:00 does not sign-out by

4:05, he automatically gets a phone call. If he still has not signed out by 4:10, the store manager gets a phone call.

In addition to using Unified Communications to improve operations, White is also using Unified Communications to help increase revenues. For example, he is trialing a feature that allows him to send messages from his IP Phone to the IP Phones of his employees to inform them that the team that makes the most sandwiches or upsells the most cookies that day receives an extra \$50.

White also plans to create a club for frequent customers and use Unified Communications to stay in touch with these customers. He is evaluating being able to send a voice or text message to these customers saying "It is Wednesday and you have not been in the restaurant all week. Press 1 for a turkey sub with a large soft drink". The system would then send a message to the customer when their order is ready and automatically debit their account. When the customer shows up at the restaurant, they would be able to pick up their order without having to wait in line.

One measure of the success of White's culture and philosophy is that his restaurants have twice won Subway corporate awards for the highest annual total average sales among franchises its size. Since deploying Unified Communications, White has been able to extend that culture and add another seven restaurants. White now feels that he can continue to grow his business and has plans to open more restaurants.

In order to achieve significant growth in revenues, financial services firms have several objectives that can be enabled by deploying Unified Communications. Some of the key challenges facing retail banks include:

- Increase customer retention
- Improve productivity
- Convert customer interest to sales

### Increase Customer Satisfaction

The *Diversified Financial Services Firm* that participated in this study employs approximately 40,000 employees and has 2,000 offices worldwide. Their products include title and settlement services, mortgage services, as well as insurance and home warranty. One of the factors motivating this firm to deploy Unified Communications is their desire to increase customer satisfaction. To support this objective, they are using their Unified Communica-

tions system to offer click-to-chat functionality on the firm's Web site. This functionality enables customers to get immediate answers to questions and provides an enhanced user experience on the Web.

For customers calling into local offices, the firm also created a virtualized contact center that routes calls to a suitable office when employees at the local office are busy or unavailable. Being able to speak in real-time with a knowledgeable employee has resulted in fewer voice mails for employees and more satisfied customers.

Improving customer satisfaction is also a key goal for credit unions. Specifically, with 42 branches throughout the western U.S., assets in excess of \$1.5 billion and more than 200,000 customers, The *Credit Union* improved customer satisfaction by using their Unified Communications system to better educate customers on products and services and by pushing content out to video screens in the branches. The company is also considering extending their current Unified Communications deployment to provide rich-media conferencing to their members. In particular, they would like to set up conferences between a member and a corporate specialist who is trained in a specific industry with the goal of improving customer satisfaction through faster problem resolution while simultaneously selling more services.

Another company, *The Financial Services Firm*, is also reaping the benefits of Unified Communications. Focusing on agriculture and rural America, this firm provides loans, leases, insurance, accounting, tax services, cash management, and appraisal services. Improving customer retention and satisfaction is one of the primary objectives of this firm. As part of their Unified Communications deployment, they implemented a centralized contact center that is used by customers and the firm's sales force. This contact center helps the firm increase customer satisfaction and cross-sell new services to existing customers. For example, if a call comes into the contact center from an existing customer, the agent's screen is populated with a combination of personal and business information about the client. As a result, the agent will know information

about the client, such as the spouse's name, and can use that information to establish a personal relationship with the client. The agent also will be advised about the history that the client has with the firm and suggestions will be made about how to cross-sell other services.

## Increase Productivity

Another factor driving The *Diversified Financial Services Firm* to implement Unified Communications is their desire to boost employee productivity. The firm has achieved this goal in part by providing find-me, follow-me functionality to their sales force. Customers call a single number and the call is routed to the sales executive independent of the sales executive's location. This functionality ensures that sales executives are able to receive important customer calls whether they are working at home, in the airport, or on the road. Another way that The *Diversified Financial Services Firm* has boosted productivity is by replacing the myriad of disparate conferencing services with an in-house multimedia conferencing solution that is easier to schedule and attend, thereby enabling their employees to collaborate more effectively.

The *Diversified Financial Services Firm* also transformed their employees' phones into vital business tools. For example, it is now possible to access a common directory from any IP phone. Other applications that can be accessed from an employee's IP phone include FedEx/UPS Tracker, Stock Ticker, Flight/Weather Info, Area Code Lookup, and broadcast event notifications.

At *The Credit Union*, they deployed unified messaging as part of their Unified Communications solution. The use of unified messaging enhanced the company's productivity by enabling employees to access e-mail, voice mail and faxes from a single inbox – anytime, anywhere. With unified messaging, they can scan, prioritize, and respond to all messages from their desktop or laptop PC, which saves time every day because they don't have to dial in every time they want to check a voice message. With a glance at the computer screen, they can see all of their messages. In addition, there's no need to make notes

about voice messages because they can save them with their e-mail messages and faxes for a complete record of communications.

*The Credit Union* also uses its Unified Communications solution to remotely train the employees in each of their 42 branch offices. *The Credit Union* believes that this use of Unified Communications has cut their training costs by 10%. The company also credits their Unified Communications solution with fostering a sense of community and common priorities among its employees.

*The Financial Services Firm* also found that Unified Communications can help boost employee productivity. The firm's sales force makes 40,000 visits a year to farmers and businesses in rural communities. Before the firm deployed Unified Communications, the time that the sales force spent in their cars was largely wasted. With Unified Communications, the sales force can use that time more productively by listening and responding to emails over their mobile phones.

In addition, many of *The Financial Services Firm's* employees need access to current information in very specialized industries, such as the pork industry. To provide that access, *The Financial Services Firm's* Unified Communications solution supports rich-media conferencing. This enables them to conduct conferences in which their own in-house expert, or a third-party expert, shares detailed information with the firm's employees without requiring all of those employees to travel to a central site. These virtual conferences have improved productivity and reduced travel costs for the firm.

## Convert Customer Interest to Sales

Because of the time and cost associated with visits made by *The Financial Services Firm's* sales force, it is very important for their sales people to close deals while they are with customers. *The Financial Services Firm* has found that the Unified Communications solution is helping their sales force overcome some of the difficulties associated with closing these types of sales. For example, interest rates change frequently, but now the sales force can

call in to the Unified Communications system and have the appropriate interest rate read to them while they are with the customer. The sales agents can also use their IP phones to move money from one account to another. Knowing the current interest rate and being able to move money from one account to another allows the firm's sales force to close more deals while they are with the customer which increases the firm's revenues and reduces the firm's cost of sales.

## Manufacturing

Most manufacturers have shifted their focus away from merely reducing cost and towards profitable growth. To achieve profitable growth, these manufacturers are focusing on one or more of the following:

- Improving the customer experience
- Maximizing the benefits of innovation
- Increasing the global reach of their operations

One of these manufacturers is JJ Food Service (see insert). JJ Food Service used to run a traditional call center. However, one of the problems with a traditional call center is that it can aggravate customers. For example, in the traditional call center environment, when agents transfer calls, they typically cannot transfer the information that the customer has already provided. As a result, the customer must supply this information again to the next agent.

When customers call JJ Food Service's new contact center, the Unified Communications system queries the company's customer relationship management system and uses the information to route calls to an appropriate agent who can speak the customer's preferred language. Agents also receive valuable information on their screen enabling them to greet customers by name, confirm their address, view credit ratings, and be more effective in their interactions.

Ultimately, JJ Food Service's deployment of Unified Communications has helped the company achieve its

## JJ Food Service

JJ Food Service is a UK-based company that delivers food to restaurants in the UK. The company has approximately 700 employees and annual revenues of one hundred and seventy million dollars. Eighty percent of JJ Food Service's contact with its customers comes in through its call center. As a result, the company receives an average of over two thousand two hundred calls a day, with each call lasting approximately two and a half minutes.

One of the challenges facing JJ Food Service is to continually improve its customer service. In the traditional call center environment, such as the one that JJ Food Service used to run, customers spoke with a different call center agent each time they called in. In many instances, after the call center agent asked the customer for information about their company they determined that the call would need to be transferred to another agent. This was a source of frustration for many customers because the call agent couldn't transfer the customer information along with the call, forcing customers to supply the same information a second time.

JJ Food Service wanted to improve the experience significantly for its customers. Now when customers call JJ Food Service's new contact center, the Unified Communications system queries the company's customer relationship management system and uses the information to route calls to an appropriate agent who can speak the customer's preferred language. Agents also receive valuable information on their screen enabling them to greet customers by name, confirm their address, view credit ratings, and be more effective in their interactions.

By reducing the number of times that agents have to ask for account details, JJ Food Service freed up 1,500 hours of agent time which resulted in over a two mil-

lion-dollar annual productivity gain. Developing this capability took only one day of a Web developer's time. Being able to intelligently route the call to an appropriate agent also reduced the number of times that a call was transferred (or a customer had to be called back) by over 162,000 instances a year. Not only did this improve customer satisfaction, it also resulted in a six and a half million-dollar annual productivity gain. Developing this capability required ten days of work on the part of the JJ Food Service's Web developer.

Every door within JJ Food Service is on access control. As a result, when an employee moves about a building, the location of that employee is known. The JJ Food Service's Unified Communications solution has access to that information and makes it available in real time to the corporate directory, which is accessible using an IP phone. Based on having this access, the corporate directory entry for each JJ Food Service employee has their name, job title, contact information and their current location. This reduces the amount of time it takes to locate a JJ Food Service employee.

In addition, JJ Food Service is considering the use of presence functionality to improve their business processes. For example, the company is selling roughly 150 products at any point in time, and the stock levels for these products are very dynamic. As a result, JJ Food Service sometimes runs short of a product. They would like to have the stock control system flag product shortages and use presence information to send an instant message (IM) to the appropriate employee(s). The IM could give that employee the ability to place an order for more stock, lower the maximum amount that each customer can purchase until the arrival of new stock, or recommend an alternative product, significantly reducing out of stock scenarios and improving customer satisfaction.

goal of profitable growth and improved customer satisfaction. The deployment also brought significant productivity improvements for the company's contact center agents, resulting in annual savings of over eight and a half million dollars.

Another manufacturer that participated in this study is headquartered in the U.S. and has approximately 1,500 employees in 28 facilities worldwide. This *Semiconductor Manufacturer* deployed a SIP-based Unified Communications solution to future proof their investment. The solu-

tion includes IP Telephony (which they have implemented in both wired and Wi-Fi environments), contact center and conferencing capabilities.

Given the global nature of *The Semiconductor Manufacturer's* business combined with the mobility of their employees, the company relies heavily on electronic messaging and voice mail for critical business communications. To help employees respond faster to customers, the company implemented Unified Messaging which gives employees quick and easy access all of their messages regardless of where they are located. They can listen to all of their email, fax, and voice messages over a telephone, so they can manage all of their messages when they are out of the office. They can also travel without a laptop and still be in touch.

In addition, employees in the company's field service organization who are located at a customer site can use their PC or their phone and have access to all of the tools that they would have if they were located at the company's headquarters, which helps them communicate and collaborate more effectively than before.

## Summary

Independent of industry or size, all companies experience a set of continually increasing business pressures. As a result of this pressure, most companies are re-engi-

neering business processes with a focus on the areas that impact customer satisfaction. The majority of companies are also focusing on improving the productivity of their employees, particularly their mobile employees.

While the movement to re-engineer business processes and improve the productivity of employees applies to all industries, many industries experience unique pressures. For example, retailers are under pressure to change their operations from being transaction-based to being interaction-based. Having reduced their cost structure, both the financial industry and the manufacturing industry are now focused on growth. While there are some differences in the approach that each industry is taking to growth, both industries have a strong focus on improving relations with their customers.

Goals such as re-engineering business processes, enhancing employee productivity and improving relations with customers have a common theme – effective collaboration among employees and customers, all of who are increasingly mobile. Because Unified Communication enables effective collaboration independent of the participant's location or preferred communications device or communications mode, Unified Communications is a key component of any enterprise's efforts to achieve these goals.