

Forrester Consulting

HELPING BUSINESS THRIVE ON TECHNOLOGY CHANGE

Prepared For Cisco

August 2005

Unified Communications Transform Business Communication

By Elizabeth Herrell

FORRESTER®

FORRESTER®

Headquarters

Forrester Research, Inc., 400 Technology Square, Cambridge, MA 02139 USA
Tel: +1 617/613-6000 • Fax: +1 617/613-5000 • www.forrester.com

Table Of Contents

Executive Summary	3
Communication Hurdles Impair Businesses' Ability To Meet Their Objectives	3
Internal Decision Delays Costly To The Workforce	3
Business Costs Can Be High With Delayed Communications	4
A New Paradigm For Employee Communications.....	6
Unified Communications Evolve To Support Many Channels	7
Elimination Of Message Tagging Saves A Lot Of Time	8
Conferencing Emerges As A Powerful Collaboration Tool.....	9
Coworkers' Status Visibly Enhances Cooperation	11
Unified Communications As A Competitive Imperative	12
Business Benefits Of Unified Communications Adoption	12
Recognizing The New Capabilities Produced By Unified Communications	13
Why Unified Communications Now.....	13

© 2005 Forrester Research, Inc. Circulation or disclosure in whole or in part of this report outside the authorized recipient organization is expressly forbidden without the prior written permission of Forrester Research, Inc. Forrester, Forrester Oval Program, Forrester Wave, ForrTel, WholeView 2, Technographics, TechRankings, Total Economic Impact, and TEI are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change.

Executive Summary

Business communications often fail to keep pace with the demand for real-time communications to address mission-critical business needs. Unified communications offers new flexibility and manageability across multimodal applications to deliver unprecedented levels of connection for the distributed workforce. They unravel communication bottlenecks, tie together applications with a simple user interface, and support closer collaboration across the enterprise. Unified communications also provides a competitive differentiator by enabling employees to reach others more quickly and eliminate delays caused by the inability to reach key decision-makers.

Communication Hurdles Impair Businesses' Ability To Meet Their Objectives

Today's business leaders understand they must respond rapidly to changing developments to meet customer demands and improve profitability. Business communications have become more complex, and despite investments in technology, such as instant messaging and mobile devices, companies still have difficulties contacting key decision-makers in a timely manner. To maintain a competitive edge and grow profitably, companies need to respond more quickly to their employees and customers and must avoid communication obstructions.

The need to respond in a timely manner to crucial business demands crosses all industries; delays often result in serious financial consequences. An example of how this would impact a company is found in the transportation industry where time to market for perishable goods is essential. If the driver finds that he can no longer reach a destination, the shipment must be redirected immediately or lose its value. The driver needs the ability at any time of day to reach key decision-makers who can direct the shipment to an alternative destination to avoid a major financial setback. The nature of the critical delivery schedule varies by industry, but for most businesses a major delay in a product or service delivery ends up costing the company revenue by missing market commitments or causing delays in meeting customers' service expectations.

Internal Decision Delays Costly To The Workforce

For many organizations there are now more employees who work away from the headquarters than those who are stationary. This increases the difficulty in reaching others when needed, which causes work delays during times of critical decisions. Companies find the following situations all too common in their business.

- **Inability to reach mobile and remote workforce slows down decisions.** Many companies chase others through a variety of devices and leave multiple messages in an attempt to reach others. This is ineffective and wastes the time of the person who is sending the messages, as well as the recipient who must sort through numerous messages from the same person.
- **Dispersed workgroups lack the ability to initiate spontaneous collaboration.** It often takes several days to contact coworkers and set up conference calls and work sessions. This causes work to be held up while scheduling impromptu team meetings.
- **Worker's lack visibility into the availability of a coworker.** This leads to interruptions and frustration, as employees can only guess if they are reaching others at a time when they are available. Annoying disruptions also result in decreased employee productivity.

- **Key decision-makers' whereabouts are unknown.** This is a growing problem for global companies with distributed workforces across multiple time zones. Trying to locate others often puts projects on hold until the person responds.
- **Scheduling issues for collaborative work sessions.** Trying to arrange a spontaneous work session is close to impossible for most companies. The inability to collaborate as needed impacts high-priority projects and leads to more internal business travel.

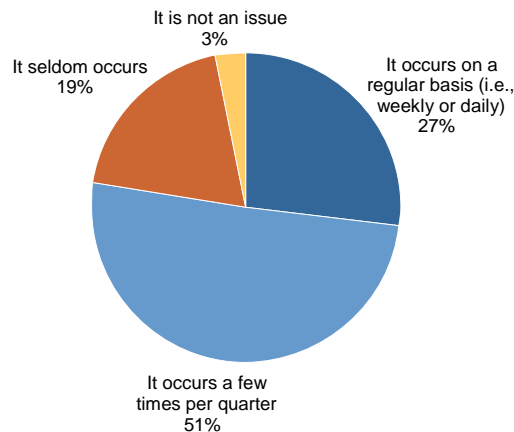
Business Costs Can Be High With Delayed Communications

Companies are often unaware of the high cost to their business caused by delayed communications that are considered a normal part of the workday. According to a recent Forrester survey of IT decision-makers, more than 50% of companies' knowledge workers experience project delays on a weekly basis due to the inability to reach key decision-makers (see Figure 1). This has a direct impact on both business outcomes and individual worker productivity.

The cost to business caused by communication delays can be substantial. Workers experience frustration when they cannot continue a project without proper approvals. Even more significant is that the project actually comes to a complete halt, as reported by 25% of our survey respondents, when work teams wait to receive necessary approvals. An additional 63% of IT decision-makers indicated that these delays caused work to slowdown, which obviously impacts time to market. A very high portion — 88% according to our research — indicate that projects face slow down or stoppage due to the inability to communicate effectively within an organization (see Figure 2). These delays cause companies to miss deadlines or delivery dates, which may result in loss of business or financial penalties.

Figure 1: Project Delays Occur More Frequently Than Anticipated

“How frequently does a project get delayed due to difficulty in reaching key decision-makers when needed?”



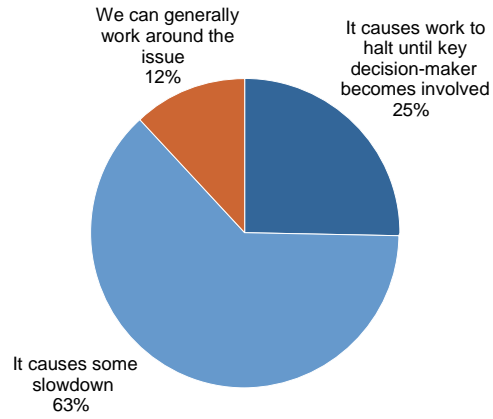
Base: 67 North American IT decision-makers

Source: Forrester's March 2005 Next-Generation Communications Study

Source: Forrester Research

Figure 2: Delays In Reaching Decision-Maker Causes Work Slow Down

“What is the impact on the business when workgroups experience delays in reaching key decision-makers for critical issues?”



Base: 67 North American IT decision-makers

Source: Forrester's March 2005 Next-Generation Communications Study

Source: Forrester Research

A New Paradigm For Employee Communications

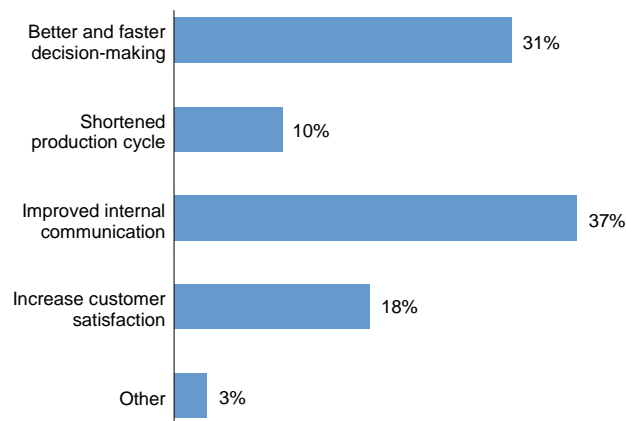
Unified communication applications simplify communications and allow employees to reach each others and not just an unattended communication device. Unified communications offer several benefits for streamlining communications:

- **Reaches out to each other using a single address.** Employees only need one phone number or Internet address to find the other person, which eliminates the need for multiple addresses.
- **Integrates collaboration and communication technology.** Unified communications links together collaboration technology such as email, instant messaging, and calendaring with communication devices such as telephones, voice messaging, and video.
- **Supports advanced find-me capability.** Because unified communications is independent of the media used and is based on Session Initiation Protocol (SIP), it has the ability to be media independent and locates others on whatever device is most appropriate.
- **Provides easy user interface with advanced desktop functionality.** This allows the user to point and click to set up collaboration sessions and conference with others blending audio, Web, and video as needed within the same session.

IT decision-makers who we surveyed identified improved internal communications as their leading benefit. They also cited better and faster decision-making with real-time connectivity to others as being very important. Decision-makers identified several additional benefits for reaching others in real time (see Figure 3).

Figure 3: Improved Communication, Faster Decision-Making Cited As Major Benefits

“What would be the most important benefit for real-time connectivity?”



Base: 67 North American IT decision-makers

Source: Forrester's March 2005 Next-Generation Communications Study

Source: Forrester Research

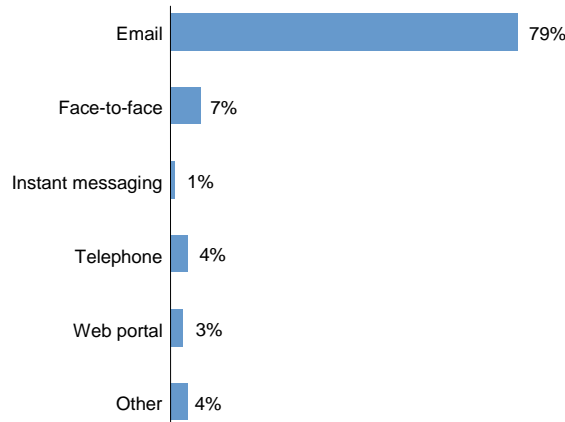
Unified Communications Evolve To Support Many Channels

In the typical workplace, how workers communicate with each other continues to change. Most knowledge workers use multiple forms of communications within a business day. With a distributed workforce, face-to-face meetings and telephone calls are far less popular than a decade ago. Face-to-face often means time-consuming travel for participants, which make it an expensive option for remote workers. Telephone calls are still important for external communications but are less prevalent for internal communications. Email has become the most common form of internal communications among knowledge workers, but with increased loads of messages, many workers find they cannot respond as quickly as needed (see Figure 4). Instant messaging among work teams offers a way around the message log jam but this is also being overused as a form of daily contact.

Despite the many advances in communications, most workers find that they must use multiple channels to contact others. To validate this, key decision-makers surveyed were asked how common was it to use more than one mode of communication to reach another person, and a large majority — 93% of those surveyed — indicated that it was common or extremely common (see Figure 5).

Figure 4: Email Dominates As Primary Form Of Internal Communications

“What is the dominant form of internal communication in your organization?”



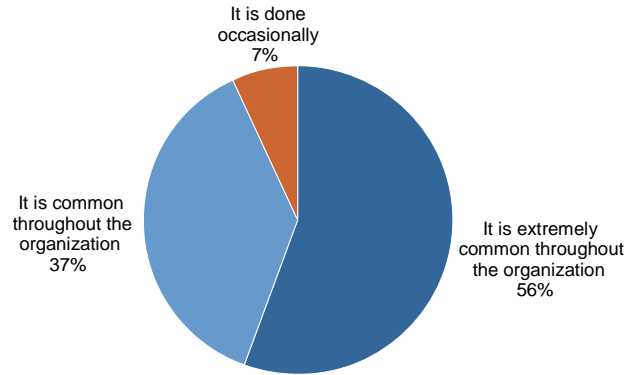
Base: 67 North American IT decision-makers

Source: Forrester's March 2005 Next-Generation Communications Study

Source: Forrester Research

Figure 5: Majority Of Workers Rely On Multiple Forms Of Internal Communications

“How common is it for members of your work group to use more than one means to contact a coworker?”



Base: 67 North American IT decision-makers

Source: Forrester's March 2005 Next-Generation Communications Study

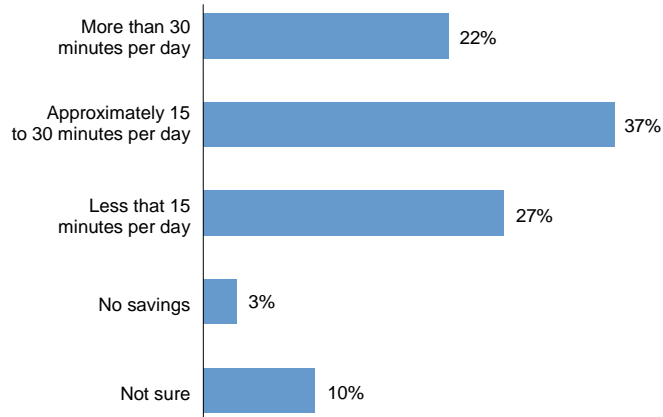
Source: Forrester Research

Elimination Of Message Tagging Saves A Lot Of Time

Most workers find the current system of voicemail and email message tag to be highly unproductive, as knowledge workers spend hours each day checking and responding to messages. Although it is difficult to quantify, decision-makers were asked how much time they would save if they could reach another person on the first attempt. A sizable majority of workers said they would save more than 15 minutes per day if they could do this (see Figure 6). When 15 minutes is multiplied by the number of employees within an organization, this begins to represent a sizable number of hours per week.

Figure 6: Message Tag Costly In Terms Of Time Lost

“Please estimate how much time you would save in the course of a day if your coworkers were immediately reachable with a single address (either URL or telephone number) regardless of their location?”



Base: 67 North American IT decision-makers

Source: Forrester's March 2005 Next-Generation Communications Study

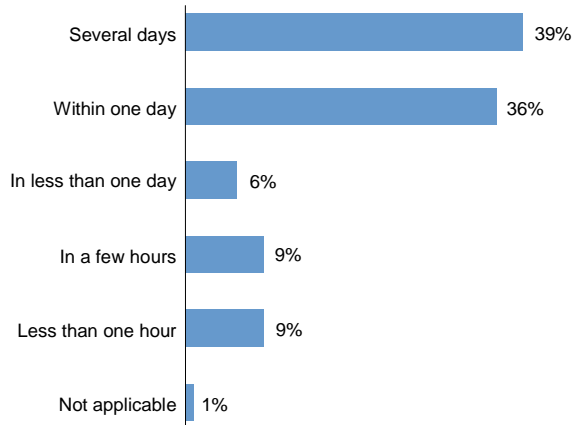
Source: Forrester Research

Conferencing Emerges As A Powerful Collaboration Tool

Project teams and workgroups need to collaborate on a regular basis and most workers engage in several prescheduled conference calls per week. However, when issues come up many workers find it difficult to quickly assemble their team in real time to discuss a critical problem. Trying to schedule informal or unplanned conference calls often results in delays while waiting for others to respond. As 74% of workers surveyed indicate, it typically takes up to a full day to schedule and confirm conference calls (see Figure 7). Unified communications provides presence and point-and-click conferencing capabilities, so conference sessions could be set up sooner by pointing to a team member's name. This also promotes the use of more sophisticated conference applications by seamlessly integrating Web and video conferencing sessions (see Figure 8).

Figure 7: Multi-Party Conference Calls Difficult To Set Up In Less Than One Day

“Do your regularly schedule meetings or conferences with coworkers? If yes, what is the average time span required for scheduling and receiving confirmation for multi-party meetings?”



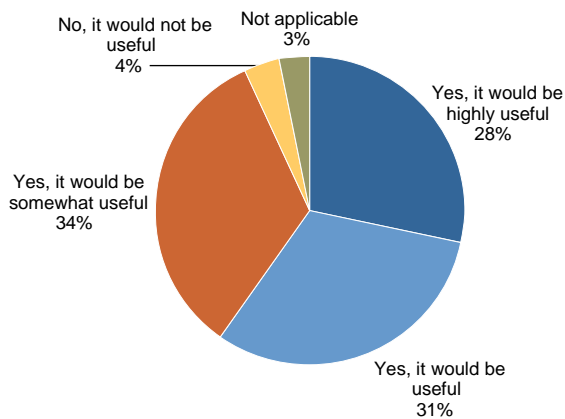
Base: 67 North American IT decision-makers

Source: Forrester's March 2005 Next-Generation Communications Study

Source: Forrester Research

Figure 8: Simplified User Interfaces Encourages Use Of Conferencing Tools

“Would your workgroup initiate more Web and video sessions if the set up and user interface were simplified, such as point and click to initiate a Web or video conference session?”



Base: 67 North American IT decision-makers

Source: Forrester's March 2005 Next-Generation Communications Study

Source: Forrester Research

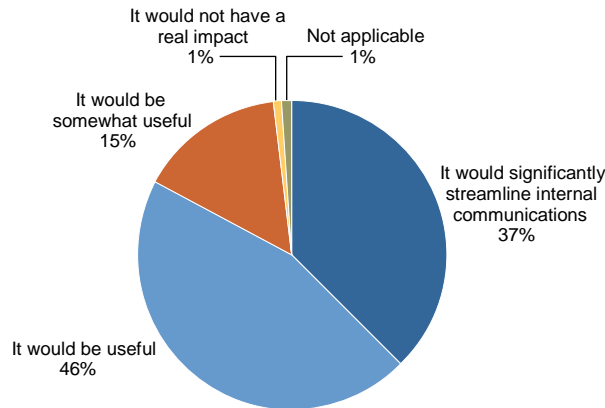
Coworkers' Status Visibly Enhances Cooperation

Presence is the concept that allows employees to know the status of another person prior to contacting them. Instant messaging is the most basic form of presence today, which indicates if another member of a workgroup is online. However, more advanced presence capabilities provide additional information about the status of a coworker, allowing others to know if a work team member is in the office, on their PC, on their telephone, or out of the office. This knowledge greatly assists coworkers in reaching each other by having their call or email directed to the right location. For example, if a coworker is attending a meeting, the message is automatically routed to the device of choice of the recipient who retrieves it when he or she became available.

Most employees respect other's time and do not want to intentionally disrupt a coworker for non-urgent situations. This is true for the vast majority of workers who indicated that they wanted to know the status of another prior to contact (see Figure 9). While some employees express concern that allowing others to know their status appears intrusive, it is also important to note that the individual worker has the ultimate control over who accesses this information and the manner in which they want to be contacted.

Figure 9: Workers Want To Know Status Of Coworker Prior To Contact

“How valuable would it be for you and your coworkers to see each other's current status prior to contacting them?”



Base: 67 North American IT decision-makers

Source: Forrester's March 2005 Next-Generation Communications Study

Source: Forrester Research

Unified Communications As A Competitive Imperative

Midsized and large companies often spend millions of dollars per year to provide quality customer support and they know that unparalleled service provides a compelling competitive advantage. For example, a soft goods manufacturer knew it required more than a competitive price to compete in a crowded market place. With unified communications, this manufacturer is winning the loyalty of its customer by responding more quickly to changing market conditions and accelerating the delivery of services by improving the flow of information throughout the organization. This company notes that when a customer reported a product defect, unified communications enabled key product managers to set up a collaborative discussion across several time zones to discuss a remedy for the problem. With real-time connectivity the technical team resolved the problem within hours and avoided a major recall for the product.

Business Benefits Of Unified Communications Adoption

Unified communications provides a technical solution that solves real business problems. Worker productivity is a sign of well-managed business, and companies need to look more closely at their internal communications to eliminate problems of lack of growth in employee productivity and customer attrition. Business benefits for unified communications include:

- **Improved accessibility of information and experts throughout the enterprise.** The easier it is for workers and customers to access information and experts, the better they can resolve issues and complete tasks.
- **Flexible workgroups, which enable faster problem resolution.** Collaboration among workers accelerates decision-making and provides a faster remedy to issues that arise.
- **Better value from existing internal applications.** Employees use multiple forms of communication but often do not fully use the tools provided due to their complexity. As user interfaces become simpler, employees will better use tools provided to them.
- **Faster response to customer requests.** Customers feel that the company is looking out for their best interests with an immediate response to their problems.
- **Avoidance of project delays due to communication silos.** Companies find their workers often hampered by communication silos that are not connected to other applications and back-end systems, which often leads to projects slipping on their deadlines. By providing a fully integrated experience across all applications, workers can more readily respond to critical issues.
- **Greater control over work schedules and timeline adherence.** Business managers have now eliminated one major obstruction in the slowdown of work efforts with real-time connectivity among employees.

Recognizing The New Capabilities Produced By Unified Communications

Unified communications is more than just an emerging IP application — it represents a new generation of sophisticated applications and services not previously available. Unified communications based on SIP ties together multimedia and collaboration applications onto a single platform. This improves how business communicates and delivers new capabilities. Unified communications delivers:

- **Greater flexibility enabled by media independence.** Because SIP is neutral to type of media used, it unifies dissimilar applications onto the same platform and simplifies the user interface so that workers can easily communicate with others any time and any place with any device.
- **Faster integration of new applications.** Unified communications is standards based, which makes it less complex for integrating multiple applications on a single platform. Developers can connect to existing applications more easily resulting in low costs for integration.
- **Improved coworker communication interfaces.** Unified communications introduces new capabilities not found in previous applications. These include mixed media that seamlessly blend collaborative and communication applications, and advanced desktop capabilities for launching applications through intuitive PC interfaces with presence indicators.

Why Unified Communications Now

Communication technology will continue to evolve and new features and benefits will be added. However, in a fast-paced market, companies need to take advantage of the tools available today and need to start deploying them within their work place or risk falling behind competitively. Knowledge workers will find that they are spending more time doing productive tasks than waiting for others to respond. This will accelerate the productivity of the individual, the work group, and ultimately the entire corporation. Unified communications helps firms make better use of existing application investments and at the same time provides the ability to tie the applications together to create a more effective collaborative work experience for its employees. Firms in highly competitive markets should evaluate how unified communications can accelerate a company's time to market and create a more productive workforce.