

Collaboration Services Rising

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By Kirk Laughlin

Executive Summary

Collaboration solutions are quickly becoming embedded in enterprise environments, spurring a new outlook on how to extend their utility to make a greater impact on the organization. Such solutions are also spotlighting the role of managed service providers in securing, maintaining and driving business value and the overall cost savings and operational efficiencies created by the current class of collaborative tools and technologies. In the report, we detail current perceptions of managed collaboration services and capabilities by analyzing data collected from a recent survey of IT professionals, performed by InformationWeek Research. The findings paint a surprisingly clear picture, given that collaboration's uptake has been difficult to gauge in the past due to a lack of awareness of key features and capabilities by IT decision makers and users and inadequate funding or support from senior management. Adding to the difficulty is a quickly changing market space where commercial applications, socially driven platforms, the perceived complexity of unified communications and a significant migration toward using enterprise-grade mobile solutions have collectively created some confusion about how the enterprise can take fuller advantage of these shifting dynamics.

Our research, however, shows definitive support for collaboration and suggests that IT leaders are becoming far more comfortable acting as advocates toward further adoption. Without

question, the current global economic crisis, which has put increasing pressure on IT leaders to scrutinize operating expenses, shows up as a factor in wringing hard costs out of the traditional ways companies transact and communicate with partners and customers and work together as colleagues. This is especially true in the thriving areas of virtual collaboration, where colleagues come together using audio-, video- or Web data conferencing, or through leveraging team spaces and telepresence-immersive meetings. The data also show that opportunities abound for managed service providers (MSPs) looking to get a deeper foothold in this emerging space, depending on their existing service offerings and their adaptability in proposing bundled, customized packages to meet key customer requirements.

Three significant themes emerge from the research:

- Trusted MSPs are in demand as IT decision makers recognize opportunities for enterprises to simultaneously enhance business process and communication responsiveness and efficiency by relying on partners.
- MSPs are sought after largely because of operational cost efficiencies, but also to help with the multiplicity of offerings, bundling of services, support efficiencies and application integration.
- Multimedia collaboration is making some strides in the enterprise, driven in part by the need for real-time, high-impact interactive capabilities with internal teams and customers.

METHODOLOGY

In February to March 2009 TechWeb Research conducted a survey of 328 IT professionals who qualified as decision makers for collaboration-related applications/services and were using or planning to adopt managed and hosted services. All respondents were from companies with 500 or more employees with two or more sites within the organization.

FIGURE 1: How important are the following benefits of collaboration to your business?



services. More than 90 percent of enterprises noted that enhanced project team efficiency/performance were important or extremely important in prompting the business to adopt new services. More than 84 percent said that cost reduction and convergence were key factors, followed by strong endorsements in improving the quality and speed of employee decision making (75%); partner efficiencies and productivity (internal and external collaboration) (70%); enhanced

The Impact and the Opportunity

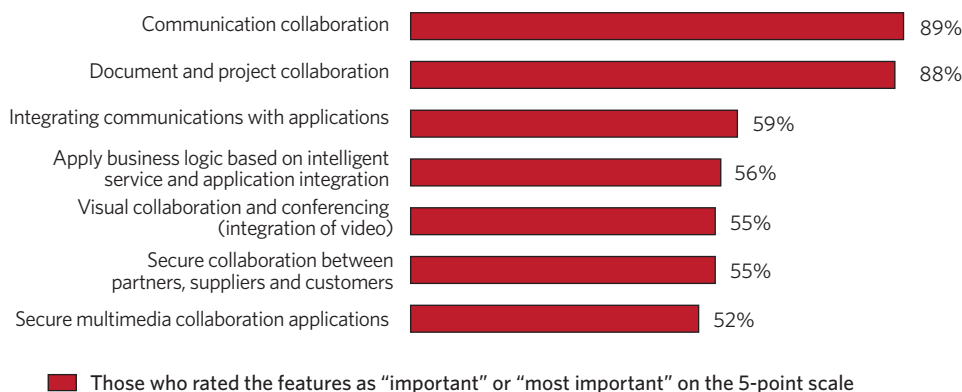
On the one hand, managed collaboration is in full swing, no matter the size of the organization or the industry where the enterprise does business. IT professionals participating in this survey (including CIOs, VPs, managers and MIS leaders) collectively and emphatically told us that collaboration is becoming a central component of IT service delivery to enterprise end users across a span of 14 different industry verticals. The data show that the seeming "big bang" arrival of managed collaboration services is principally due to the growing pervasiveness of audioconferencing, Web data conferencing, and messaging.

There is no question that each enterprise is uniquely defined by its own use of collaboration, the pace at which new capabilities are added, and the level of competitive and regulatory pressures that prompt the ramp-up of new

skill training (66%) and enhanced customer service, including interacting with video/visual collaboration (66%). (See Figure 1)

Speedy implementations, technical depth, better performance monitoring and trouble resolution, and the ability to proactively engage and educate end users are often seen as critical reasons to work with partners. Lloyd Chesney, former CTO at MDVIP, a specialized health-care organization based in South Florida, says that he generally looks for MSPs to improve service delivery with an emphasis on speed. "The time to respond to things has changed dramatically in the last two years. All of our knowledge workers are tied into our server and our PBX," he says. "The time to react and the time to bring appropriate resources to bear have shrunk dramatically... There is a big demand for interacting in real time."

FIGURE 2: How important are the following features to achieve collaboration business benefits?

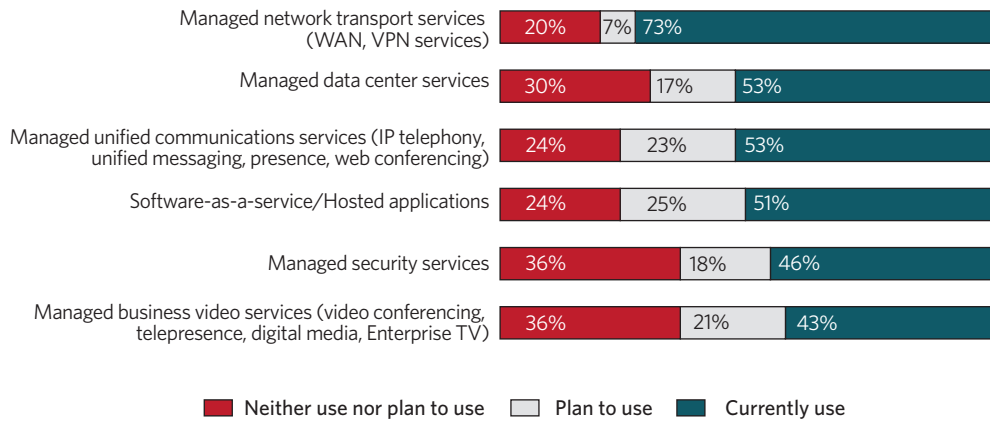


Survey results showed that IT leaders have their eyes particularly fixed on some key features in helping achieve business benefit. Communication collaboration (89%) and document and project collaboration (88%) were rated as vital factors. (See Figure 2) The notion of integrating communications into business process continues to gain momentum. Whether the business process activity

is triggered by an actual event — such as a new product order or automated customer response — or through the intervention of a knowledge

managed data center services (53%) and software-as-a-service (51%). Taking it a step further, this data also enables us to peer into areas where enterprises anticipate deploying specific solutions. More than one-fifth indicated that they have plans to deploy software-as-a-service/hosted applications (25%), managed unified communications (23%), and managed business video services, such as videoconferencing, telepresence, digital media and enterprise TV (21%). (See Figure 3)

FIGURE 3: Which of the following managed or hosted services does your company currently use or plan to use?



Economics and Cost

Exactly when enterprises will deploy these solutions is another matter. The current economic crisis is a factor, both because of practical matters (travel budgets are cut, so Web and videocon-

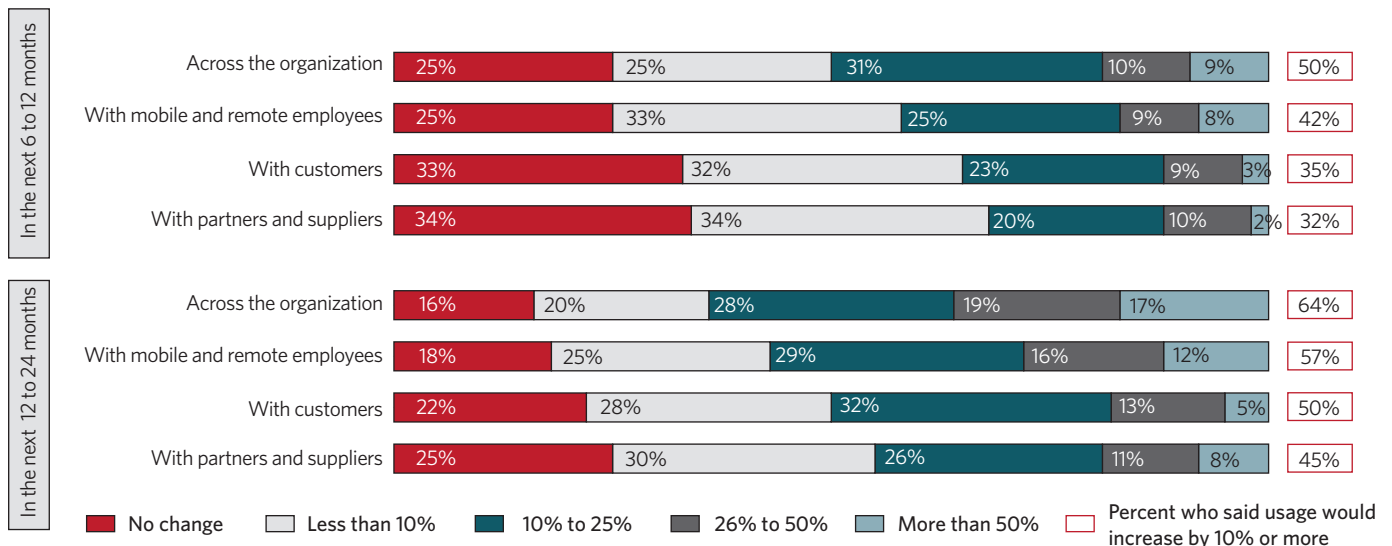
worker, the fact remains that interconnecting communications with internal systems can show up as a measurable benefit in demonstrating the impact of unified communications.

Despite its history of being an overhyped solution at times, IT professionals told us that unified communications is a viable part of their operating fabric. More than half (53%) said they currently use managed unified communications services. Also showing strong usage were managed network transport services (73%),

ferencing should be a natural replacement) and because of increased adversity to risk, when companies are simply unwilling to test the waters on newer technologies because of perceptions — real or imagined — of introducing new network security vulnerabilities and higher costs.

That is likely part of the reason why the survey showed that across 17 unique capabilities companies appear reluctant to adopt specific capabilities, at least during the next six to 12 months. (See Figure 4)

FIGURE 4: To what degree do you expect your company's use of collaboration applications and services (multimedia conferencing, video, document sharing) to increase?



Less than a fifth said they plan to adopt videoconferencing on the desktop (17%), presence (19%), document sharing (18%) and IP telephony (15%). In fact, the biggest increases of collaboration app services will come further

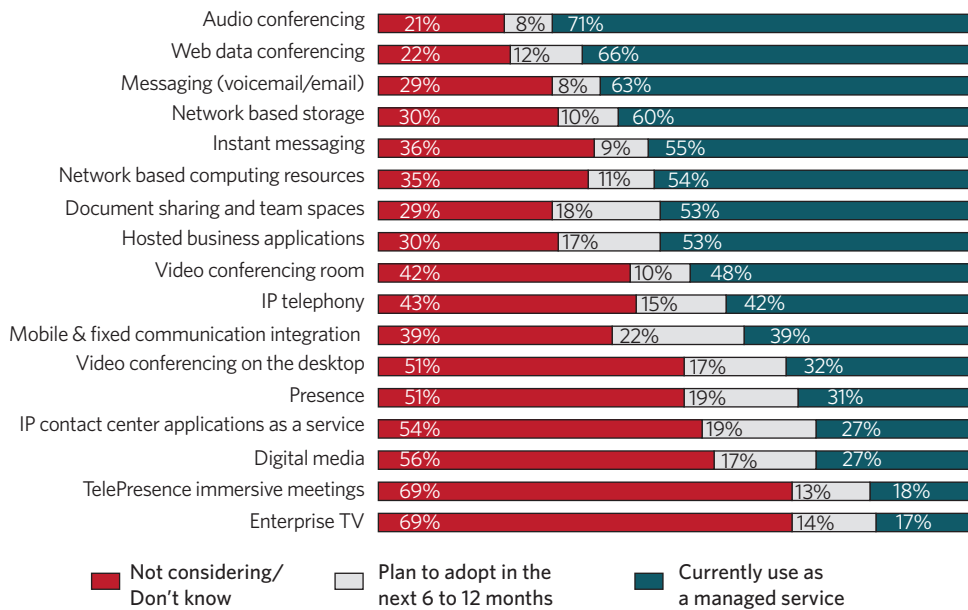
Some of the most popular and well-known managed collaboration capabilities showed up individually in the "haves" classification, where 71 percent of enterprises are using audioconferencing, followed closely behind by Web data conferencing, followed closely behind by Web data conferencing (66%). There

was also majority usage in instant messaging (55%), hosted business applications (53%), network-based storage (60%) and messaging (63%). (See Figure 5)

Illustrating the fact that collaboration is in fact seen as a way to drive more value and potentially reduce costs, a full quarter of respondents indicated that because of the economy they are accelerating or increasing plans to adopt managed collaboration services. (See Figure 6)

Of that quarter of respondents, we asked about the key factors

FIGURE 5: Which of these collaboration capabilities does your company currently use or might be considering as a managed or hosted service?



out, in the next 12 to 24 months, the data show. This may also portray a scenario where the "haves" are content with some assortment of capabilities while the "have-nots" are going to ride out the recession without initiating new MSP partnerships or launching in-house programs.

that will drive them toward adoption. The response? A majority said that variable service pricing (53%) and integrated service bundles (51%) were high on their agenda as they engage with MSPs to work out appropriate deals. Results indicate a strong appetite for integrated collaboration service bundles, as enterprises seek to become more agile, improve service levels and adapt to specific project requirements. (See Figure 7)

FIGURE 6: Given the current economic conditions, have your plans for adoption of managed collaboration services accelerated or increased?

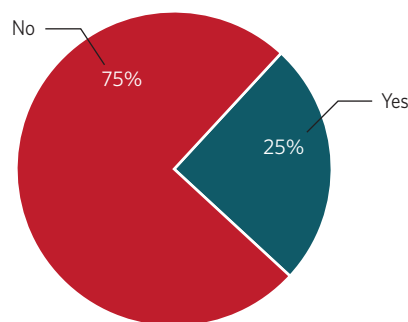


FIGURE 7: What factors have impacted this increase in your adoption plans of managed collaboration solutions?

| | |
|------------------------------------|-----|
| Variable service pricing | 53% |
| Integrated service bundles | 51% |
| Hosted application services (SaaS) | 36% |

Total responses: 83. Question asked only of those who answered "yes" to previous question.

The Right Partner at the Right Time

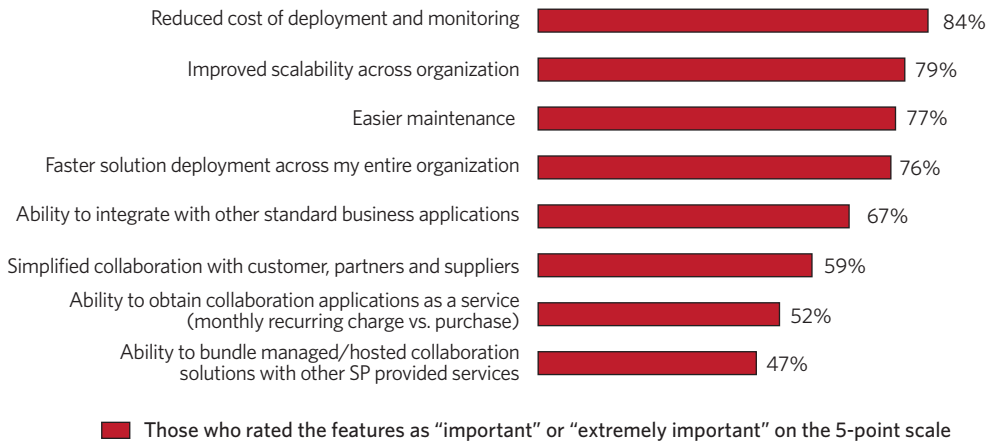
Why is the managed service provider so

going to want to have it managed and operated by someone with whom it's a specialty," says

Andrew Davis, senior partner and analyst at Wainhouse Research, who notes that managed collaboration services should be put in the same classification as outsourced payroll — a vital function where in-house specialization is generally lacking.

Reduced cost of deployment and monitoring (84%) was cited as the leading benefit when deciding to use a managed provider versus going in-house. Improved scalability (79%), easier maintenance (77%), faster solution deployment (76%) and ability to integrate with other standard business

FIGURE 8: How important are each of the following benefits when deciding whether to use managed and hosted collaboration solutions for your company (compared to using an in-house solution)?



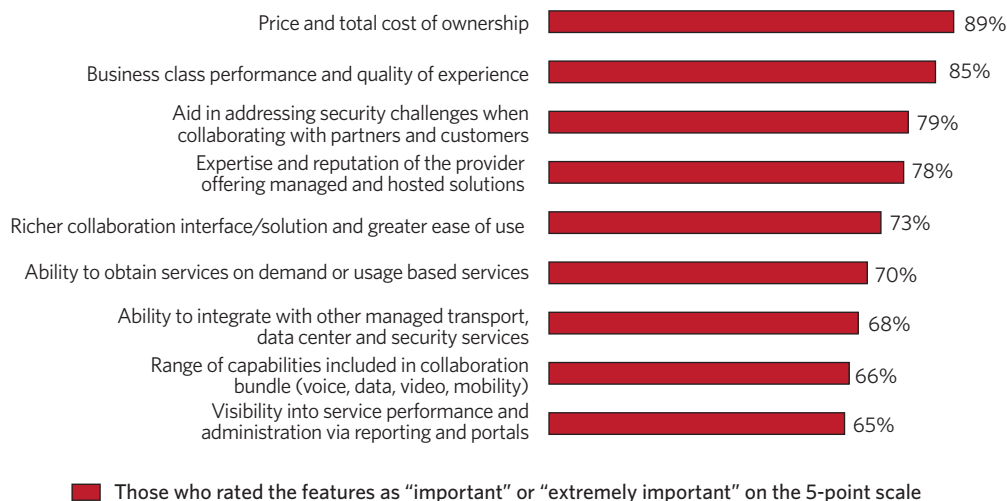
important in provisioning and supporting collaboration solutions? This was one of our central lines of questioning, since managing collaboration solutions can become daunting for IT departments whose principal role is generally to enable profit and revenue growth for the business. "IT people will realize that collaboration — the communication system — will quickly become mission critical. They are saying, 'We are

applications (67%) also pointed favorably toward MSPs. (See Figure 8) As collaboration becomes increasingly mission critical — as Davis points out — enterprises naturally will choose to work with providers that possesses a strong reputation and can address security challenges. The data backs up this assertion.

Selection of actual partners is sharply focused on cost impact. Nine out of ten (89%) said price was the most important factor when choosing an MSP, followed by business class performance (85%). (See Figure 9)

Davis stresses that IT decision makers must understand the enterprise's actual needs before engaging with an MSP. "Every customer has a slightly different set of needs. It's really important to understand that at the beginning, so when you sit down with prospective vendors, you can explain requirements and performance expectations," he says. From

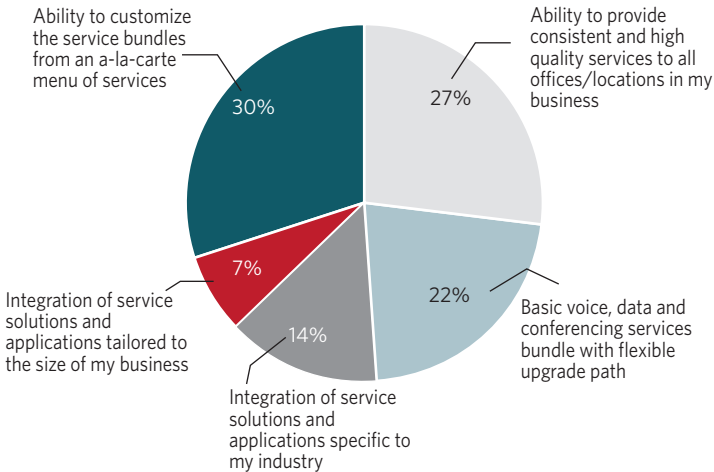
FIGURE 9: How important are each of the following when selecting a managed and hosted collaboration service offer from a service provider?



the MSP perspective, the needs assessment discussion is critical as the MSPs strive to tailor bundled packages to correspond to client requirements. (See Figure 10)

different looks at the appeal of bundled applications, IP telephony, audioconferencing and Web data conferencing were the top choices for enhancing customer service and improving team efficiency. Worth nothing, however, is that document sharing and team spaces ranked highest among applications ripe for bundling in terms of improving team efficiency.

FIGURE 10: What managed service packaging option is the most attractive to your business?



Promise of Multimedia

One of the most striking results from the study was the momentum building around multimedia collaboration. Nearly a third said multimedia has a direct impact in enhancing the business. (See Figure 11)

Another third (37%) indicated that multimedia is “part of the business culture.” Online multimedia is being cited more often as a valuable information exchange platform for corporate trainers running sessions that may span several

The ability to customize service bundles from an à la carte menu was seen as the most popular managed service packaging option, followed by the ability to provide consistent and high-quality services to all offices. Web data conferencing, audioconferencing and IP telephony were among the top applications deemed beneficial to bundle together for enhanced customer service and interaction. Taking several

time zones, marketers promoting a product launch or special event, senior executives using an online town meeting format, and for product teams facilitating customer Web seminars (webinars).

Sean Finley, assistant vice president and deputy IT director at ABM Industries in San Francisco, says videoconferencing has been a staple in his organization for the last eight years. “It builds and supports lines of communications so we can support national-level contracts and sales initiatives. It also lets our people stay on the road more,” he says.

Still, there is a perception that managed video solutions are too costly, according to about two-thirds of participating enterprises. More than one-third said these managed services lack business controls necessary for security and regulatory compliance. (See Figure 12)

Despite those findings, close to half (45%) signaled that they are likely to deploy hosted communications applications integrated with video- and Web conferencing. “Because video is so latency sensitive, it is better for us to have it outsourced,” remarked Finley.

FIGURE 11: How important is multimedia collaboration to your business?

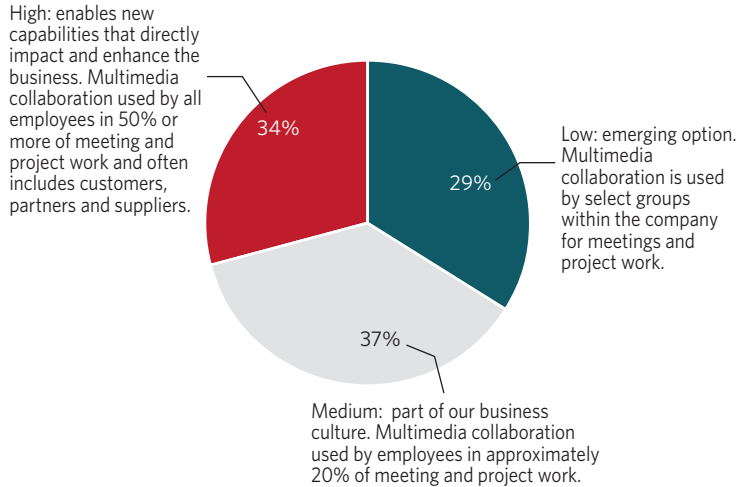


FIGURE 12: How likely is your organization to deploy the following managed and hosted collaboration service scenarios?

| | Percent who rated likelihood 4 or 5 on 5-point scale |
|--|--|
| Shared team space and document sharing integrated with presence | 60% |
| Hosted communications applications integrated with video and web conferencing | 45% |
| Virtual data center and computing resources for application development or data center scalability | 45% |
| Managed and/or hosted visual conferencing with customers and partners (video and Telepresence) | 43% |

Summary / SP Considerations

Based on research findings as well as follow-up interviews with a number of survey takers, we can draw a number of conclusions about the state of managed collaboration in the enterprise and the conditions that will enable MSPs to play a more prominent role, through both technical planning and provisioning and in driving the adoption of managed collaboration solutions.

We can conclude that:

- Enterprises seek managed collaboration service providers for a wide variety of reasons. However, there is clear evidence that the involvement of an MSP frees up valuable internal resources.

- Enterprises seek out MSPs because of the perceived value of bundled packages that together can solve a multiplicity of issues, including maintenance complexity, cost management, scaling to meet varying provisioning levels, both domestically and globally, and the desire to meet specific service level requirements.
- Individual managed service providers have the opportunity to increase their presence in and impact on the enterprise by developing integrated, multi-tiered bundled packages to correspond to this emerging market demand.

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