



Whitepaper

# Clouds Are Exceptional

Clouds Are Exceptional,  
Not Exceptions

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Cloud services have shifted from intriguing to compelling. Consistently, studies show this migration is taking place very quickly – indeed faster than predicted. Organizations around the world are turning to cloud services as the preferred delivery model for computing, communications, collaboration, email, storage, payroll, HR, and CRM.

Researchers are confirming that communications applications are leading this migration toward the cloud.

In a 2013 Wainhouse Research study, “Migrating to the Cloud,” researchers summarized the shift as follows:

*The questions posed by the IT decision maker have turned from ‘what’ – what solutions are available within the cloud? – to ‘how’ – how do I leverage the cloud to enable advanced collaboration solutions?”*

The benefits derived from cloud-based communications and collaboration are compelling, while the risks are disappearing. The migration to the cloud makes intuitive sense, and the data provided in recent research makes the point emphatically.

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## Why Adopt Cloud?

Organizations consistently cite multiple reasons for favoring cloud solutions for voice and collaboration. In “Cloud Collaboration Drives Business Value Across Industries,” researchers at Current Analysis (CA) found that top motivations include cost savings, flexibility, scalability, access, and development acceleration.

Cloud collaboration increases an organization’s ability to be nimble, responsive, and productive. Cloud services also unite geographically distributed organizations with consistent services across locations – including mobile users and home teleworkers. The CA research found:

- Alignment with business objectives was an important theme, particularly among health care organizations, which are under considerable pressure to do more with less. Cloud collaboration offers operational efficiencies and compliance with medical privacy regulations without large capital expenditures.

Today’s mid-to-large size enterprise is looking to replace aging, siloed communication platforms ... with a unified and updated communications platform. [And] the demand for cloud-based communication and collaboration solutions is seeing a sharp increase – one that we expect to continue over the next five years.

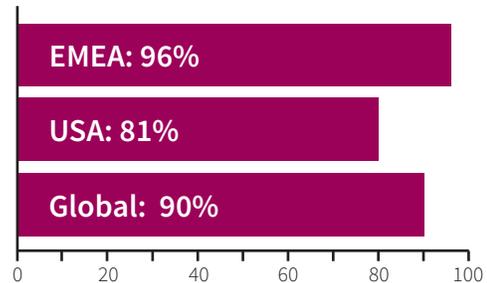
—*Migrating Collaboration to the Cloud*  
Wainhouse Research. 2013.

- Banking, finance, and insurance organizations place more emphasis on the need for flexibility, likely because those industries are undergoing significant regulatory and structural changes.

IDG’s 2013 “Global Market Pulse” study, which included responses from more than 200 US and European organizations, found similar motivations, plus the attraction of “pay-as-you-grow” video and regularly upgraded technologies.

- Cloud services are typically “evergreen,” in that the underlying infrastructure and applications are kept current at a predictable cost.
- The cost of updating on-premises software is inherently difficult to budget because upgrade frequency, urgency, and complexity can’t be predicted.
- Accordingly, enterprises with premises-based equipment are frequently caught between the costs of ongoing updates and the limitations and security risks of non-current software.

### Hosted Web Conferencing Adoption



Percentage of respondents either already using web conferencing in the cloud, or planning to investigate it as a cloud service within 2 years.

Source: IDG Global Market Pulse IT Leaders’ Viewpoint: Cloud-based Communications and Collaboration, September 2013

IDG also found that the top criteria for evaluating cloud ROI differ among IT and business unit respondents. Business leaders focus on top-line revenue growth in the ROI evaluation. Because cloud solutions facilitate responsiveness for mobile and remote workers, they potentially increase revenue. IT leaders, on the other hand, focus more on the costs of delivering services and technology. Cloud solutions are increasingly winning on both fronts. However, ROI doesn’t fully quantify the full value of how cloud services mitigate risk.

### Most Popular Cloud Applications Under Consideration

1. Telepresence
2. Video Communications
3. Mobility Services
4. Customer Collaboration

Source: IDG Global Market Pulse IT Leaders’ Viewpoint: Cloud-based Communications and Collaboration, September 2013

For instance, it is difficult within an ROI analysis to quantify the value of flexibility. Any long-term capital commitment includes multiple foundational assumptions about the future such as growth, technology viability, future requirements, and available alternatives. With cloud-based solutions, the accuracy of these assumptions becomes a burden of the provider rather than the customer. Unleashed from the commitments of long-term premises-based investments, organizations realize more flexibility and potentially significant savings as future needs unfold.

According to the IDG study, 70 percent of respondents indicated plans to evaluate cloud-based communications and collaboration solutions next year, and 49 percent were using the cloud already for email solutions. The survey indicated that the most popular application areas for consideration were telepresence, customer collaboration, and mobility. European firms ranked telepresence and mobility equally, with an impressive 47 percent indicating deployments over the next 12 months. While there are many similarities between US and European cloud adoption patterns, IDG found US firms tend to go with broader, enterprise-wide deployments, and European firms are quicker with point solutions across departments and groups.

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## Why Now?

Cloud has been around for nearly 10 years, but adoption has accelerated only recently. To understand what's changed, it is first important to understand that the premises-based approach didn't originate by choice.

- Viable alternatives began emerging about a decade ago. VoIP eliminated the distance restrictions of telephony, and then communications expanded to include new modes such as presence/Instant Messaging and video.
- Over the past five years smartphones changed expectations and capabilities around mobility.
- Broadband networking became more prevalent at both businesses and homes.

When it comes to the strategy and practice of collaboration, nothing can compete with next-generation cloud-delivered tools and processes.

—*Forbes Insights: Collaborating in the Cloud*

Throughout all this, cloud solutions were developing and maturing.

What really occurred over the past few years is that cloud services matured. Top providers offer robust solutions with reliability, availability, features, and security as good as and often better than on-site solutions. The experimental trial-and-error phase has ended. Cloud service providers no longer need to re-engineer premises equipment, but instead can acquire hardware and software designed, built, tested and audited for reliable hosted services. Increasingly, cloud-based delivery is recognized as a best practice technically and financially.

The workplace has changed dramatically too. Since teams are more geographically dispersed, new solutions are necessary to foster teamwork. Collaboration solutions accomplish this with updates of availability, multiple modes of real-time communications (IM, voice, and video), and tools that enable content to be shared. Modern collaboration offers multiple modes of communications to accommodate different situations and personalities enabling richer engagement than email and traditional telephones permit.

Cloud services clearly facilitate collaboration, but sometimes indirectly. Forbes conducted a study that revealed 39 percent of organizations say they are making extensive use of cloud-based applications to enable greater workforce flexibility. The study found cloud-based collaboration an essential means to bring peers, even customers and suppliers, closer together.

*“Cloud-delivered tools including video, voice, email, IM, data management as well as access to related core business processes can help workers share and access information and work on an anywhere, anyplace, anytime basis,” Forbes concluded.*

Cloud services can facilitate richer communications for international organizations. This was the case for D+M Group in Asia. John Jackson, VP for Global Infrastructure & Vendor Management, has noted, “We have a large presence in Japan, and that takes us to where we have people who aren’t fluent in English.” The company’s engineers and marketing staff use cloud-delivered telepresence with whiteboarding for presentations. “It’s just amazing what that can do to improve collaboration across time zones and languages,” Jackson said. Such technologies aren’t particularly new, but cloud services make them more accessible, both financially and technically.



In the CA study, the highest inhibitors to cloud adoption were reliability and security. These two areas have experienced significant improvements over the past few years. It is now increasingly difficult for premises-based solutions to affordably match the reliability and security of enterprise-class services. Security is mission-critical for hosted providers, which generally have large teams, advanced equipment, and disciplined practices to mitigate risks. Studies consistently show that firms which migrate to the cloud realize improved availability.

Ironically, many of the initial objections to cloud adoption are now used instead to justify cloud implementations.

- Earlier cloud services were silos, but today they can represent a holistic, end-to-end architecture that reduces the number of elements requiring management. In other words, cloud services can enable simpler designs and faster deployments.
- Cloud services frequently include at-a-glance dashboards and reports, and foster integrations via improved openness and interoperability.

The result is an improved organizational readiness to test, experiment, and adopt market transitions such as mobility, chat/IM, presence, video conferencing, and BYOD.

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## Selecting a Provider

The business of providing cloud services has undergone significant evolution from the original small, often local ISPs or equipment dealers. Today, it is a major commercial business backed by some of the largest names in telecommunications and computing.

- Enterprise communications and collaboration are typically considered mission-critical.
- Third-party certifications and audits provide assurances that providers can and do deliver the services they promise.
- Tremendous choice among providers offers enterprises unprecedented flexibility with both a la carte and bundled services.

### Check certifications

When choosing a provider, companies should be sure to validate marketing claims against actual performance. In addition to offering customer references, many providers undergo certification programs. There are multiple types of cloud certifications.

- AICPA (American Institute of Certified Public Accountants) offers SSAE 16 which primarily relates to financial reporting, but can be applied to privacy, security, and availability.
- The CloudTrust certification addresses data protection, identity verification, service security, business practices, and legal protections.
- Some manufacturers offer cloud providers certifications as well. Cisco offers partners the Cisco Powered designation which validates the provider has its own operations center; offers dedicated, certified staff; and passed an independent third-party audit for security, performance and architecture.

Certifications reduce the need to conduct separate assessments, but the scope of certification programs vary.

### Look for vertical-specific services

Increasingly, providers are tailoring services and marketing efforts to target specific verticals. For example, providers that target banks will place more emphasis on security. Providers also offer a considerable amount of customization within their plans. IDG reports that most providers spotlight performance, reliability guarantees, availability, and price.

### Involve business and IT

It is important to recognize that the selection process for a communications and collaboration provider is best accomplished with representatives from both business units and the IT team.

Involving the business units will not only increase eventual buy-in and adoption, but likely stimulate how best to apply the new capabilities of collaboration.

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## Getting the Greatest Benefit

Selecting a cloud-based collaboration solution is not like picking a new phone system. Avoid the trap of replacing what already exists. The true potential of cloud-based communications and collaboration lies in updating practices and processes. It will likely be worthwhile to review how other organizations have realized benefits from cloud-based collaboration. Documented case studies reveal a steady stream of successful examples of cloud communications and collaboration driving results in organizations of all sizes across multiple industries.

Many case studies emphasize agility and flexibility. Consider the seasonal demands placed on Scotts Lawn Service. Its old system hindered its ability to onramp hundreds of temporary employees during the peak season. After moving to cloud services, the company easily accommodates seasonal fluctuations. This is particularly visible at the centralized call center supporting 65 offices. The firm now adds new call center agents on-demand from a web portal.

Scalability is a common theme, and so are mobility, legacy replacement, feature standardization across locations, and reduction of communications TCO. Here are a few highlights:

- 3M implemented a cloud solution to improve collaboration among 20,000 employees spanning 75 sites in 25 countries. The CIO indicated the solution was simple to implement and manage, provides effective cost control, and increases 3M's ability to adapt to changing requirements.
- Perspectives Charter Schools serves 2,300 students in five locations with a single cloud-based communications solution. The e-Rate funded solution freed up time for its IT staff of two, and the school estimates it delivered a 25 percent drop in TCO.
- City of Charlotte, N.C., had less than a year to prepare for the Democratic National Convention in 2012. It consolidated multiple systems into a single cloud-powered solution, netting annual savings at an estimated \$100,000 per year.

Cloud-based communications and collaboration are no longer unproven. It is surprising how many "normal" processes were designed around in-office staff and limited communications. Reviewing case studies and other best practices may help identify opportunities for process improvements.



TOP BENEFITS FROM CLOUD COLLABORATION:

- SCALABILITY
- MOBILITY
- LEGACY REPLACEMENT
- FEATURE STANDARDIZATION ACROSS LOCATIONS
- TCO REDUCTION

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## Find Competitive Advantage in the Cloud

The saying goes that the only constant is change, and technology is no exception. In the past, this has been discouraging, because it meant all IT purchases became obsolete – mainframes, minis, software, and more were all assets that, when planned correctly, would be worthless on schedule. What's encouraging today is a major disruption to that cycle. There's a new, better option. Instead of buying and depreciating equipment, organizations can simply acquire technology services that stay current.

That's exactly what is happening globally and quickly. The best technologies are those that provide a competitive advantage – that drive competitive differentiation and innovation. Cloud-based collaboration offers the transformative benefits of collaboration as well as the economics and ubiquity of the cloud. Though the technology is ready for prime-time, ongoing improvements are expected to outpace the premises-based alternatives. The best strategy is to find a cloud partner with the right roadmap and enjoy the ride.

The search for a cloud provider should start with existing trusted partners, according to Wainhouse Research, which recommends a formal procurement process with emphasis on the following attributes:

- Experience: Examine the provider's track record and financial staying power.
- Footprint: Very few providers serve every market, though partnerships can improve coverage. Align the provider's coverage footprint with organization needs for regional, national, or multinational services.
- Core Competencies: Not all providers have the same perspective on Unified Communications as a Service (UCaaS) – they usually come from different areas with different competencies. Several prominent categories include: Network Providers, Mobile Operators, Collaboration Service Providers, System Integrators, and various Hybrids.
- End-to-End Expertise: Look for partners with deep expertise across the solution. This includes planning, provisioning, voice, network, collaboration, desktop services, support, and training.
- Big Thinking: Use the cloud to transform and reinvent processes

Not all cloud providers offer the same level of security, equipment, and availability. Insist on a partner with a demonstrable and validated commitment to delivering services as promised. Specifically, insist on providers that complete audited certifications.

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## The Time is Now!

Cloud services offer a radical, game-changing shift. Companies were right to be cautious at first. There were kinks to work out, and cloud security and availability had to mature. Being first or early in IT transitions always presents inherent risk, but there's also risk in being too slow. Today, it's clear the transition is real. Organizations around the world are shifting to cloud-delivered communications and collaboration – and they have the results that prove and reaffirm the value of that decision.

## About the Author



Dave Michels is a well-known and respected enterprise communications analyst. He is the founder and principal analyst at TalkingPointz.com which researches and interprets trends and developments in unified communications and collaboration. Additionally, Dave frequently contributes to enterprise oriented sites such as InformationWeek, NoJitter, GigaOm, and UCStrategies. Dave is also a frequent presenter at industry events, and oversees Enterprise Connect's Innovation Showcase, which spotlights new and innovative vendor companies within the industry.