IP Telephony: Cisco’s Approach to ROI

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Agenda

• Convergence the basis of the business
• Solution Benefits
• ROI
• Centralized Calling
• Real examples of ROI
Convergence is...

.. the merger of the physical infrastructure and the applications that run on that infrastructure for enhanced communications and connectivity.
The buzz at VoiceCon, of course, was about IP telephony in general and IP-PBXs in particular. And what was new was that there are no longer any nay-sayers among the equipment vendors. None - and I mean NONE -- of the PBX vendors have a next-gen, circuit-switched, TDM product in the pipeline. They are all betting their futures - and their customers' - on packetized voice.

BCR, March
Next Generation Communication Solution Benefits

- Enhanced productivity
  New apps and services for individuals, workgroups
- Lower total cost of ownership
  Reduced capital layout in new sites
  Big operational savings over time
  Standards based infrastructure hardware
- Generate sustainable competitive advantage
  Superior customer service
  Faster speed to market
- Operational agility
  Reduced time to add new users and services
  Ubiquitous access to services for all users
  Smooth migration path
- New levels of scalability
  Same technology scales from 10 to 100,000 users & multiple sites
Why Cisco IP Telephony?

• Cost Savings
• Scalability
• Increase Productivity
• Mobility
• Choice
• Innovative Business Applications
Reason #1: Cost savings

- Reduced Capital Expenditure & Lower Operational Costs

Converged Infrastructure
Toll Bypass savings
Bandwidth efficiencies
One wire to the desktop
Quicker and Easier Deployment
IP LAN mean Low Cost Moves, Adds and Changes
Web based Management - local or remote
Maximizing the Return on “Network” Investment

To maximize the return on “network” investment companies must:

• Lower the cost of “network” ownership
  - Reduce overall network infrastructure costs
  - Reduce application integration costs
  - Reduce ongoing network administration costs
    Voice Health Monitor 1.0, QPM 2.1 and SMS 2.0
  - Fully leverage existing network investments

• Enhance business communications to create strategic value
  - Improve employee productivity
  - Increase Knowledge Sharing
  - Enhance customer service
  - Enable employee mobility
Cray Inc. ROI Case Study

• Deployment Details
  Global market leader in high-end supercomputers
  Multi-site deployment
  Replaced existing PBX with IP Telephony
  650 phones
  Required data network upgrade to handle time-sensitive voice traffic

• ROI Findings
  Payback—7 months
  ROI Drivers:
  Cost of Cisco IP Telephony and data gear cost the same as PBX
  Improved productivity of network support staff by 33%
  Reduced MAC’s costs by $30K/year
  Reduced inter-office calling charges by $25K/year

ROI Calculator

Summary Sheet
Centrex Case Example

• Deployment Details
  • Existing facility with modest annual employee growth that wanted to move voice in-house
  • 1000 Centrex Lines @ $16/line/month
  • Analysis includes costs of data network upgrade

• ROI Findings
  • Payback – 22 months
  • ROI Drivers
    • Eliminated monthly Centrex line costs
    • Reduced MAC’s costs by $30K/year
    • Reduced inter-office calling charges by $25K/year
### General ROI Findings

- The range of observed paybacks falls between immediate to 4 years with the average being approximately 16 months.
- The principle ROI drivers are determined by a customer’s own unique circumstances, however we have seen some consistent ROI trends.

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<tr>
<th>Rapid Payback Scenarios</th>
<th>Variables Effecting Speed of Payback</th>
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<tr>
<td>- New facility</td>
<td>- Speed of Migration</td>
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<td>- End-of-life for existing PBX in conjunction with a planned data network upgrade</td>
<td>- Remaining lease life on PBX</td>
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<td>- Multiple branch offices converting to a centralized call processing model</td>
<td>- Extent of data upgrade</td>
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<td>- Centrex Replacement</td>
<td>- Ability to quantify strategic value of converged network</td>
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Integration/Interoperability

- PBX & key systems
- Centrex
- Existing WANs
- PSTN
- Voice Messaging Systems
- MS Exchange environments
Centralized Call Processing Overview
What Is Centralized Call Processing

- Cisco CallManager servers and applications servers located at central site
- Routing, switching and IP phones only at branch office
- IP WAN used for call setup
- Local trunking at remote sites (typically)
Old World Telephony at the Small Branch Office

- PBXs deployed at large sites, key switches at small sites
- Small site key switches do not offer all the features available in a large site PBX
- Small sites typically have nonredundant hardware, leading to potential long outages in case of failure
- There is limited or no feature interoperability between key switches and PBXs. As a result, branch office users are not as integrated with the rest of the organization
- Users in small sites are prioritized lower when rolling out new applications across the enterprise
Benefits of Centralized Call Processing

- Give remote users full enterprise-level feature sets across telephony applications, instead of reduced capabilities (PBX vs. key system)
- Does not require IT staff at each remote site
- Deploy telephony to remote sites at a fraction of the time it takes for PBX or key systems
- Ability to rapidly deploy new productivity applications to remote users
- Easy upgrades and maintenance
- Distributed call processing is still a useful and supported configuration
Centralized Call Processing

Key Drivers

- Simplify management
- Reduce capital expenditures
- Reduce maintenance costs
- Reduce overall total cost of ownership
- Seamless WAN connectivity of all branch sites (toll bypass savings)
- Single unified dial plan and one single network
- Greater scalability
Why go IP for Voice?

• Improved productivity, more cost effective administration
• Open interfaces for integration
• Multi-site, multi-vendor
• Application provider choice
• Scalability/End user personalization
• Drives quick-to-market New World applications
• Mobility - User and application geographic independence