

# Best Practices for Moving to Cloud Collaboration at Your Own Pace

Hybrid approaches may enable agility while minimizing disruption

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## Executive Summary

IT leaders are increasingly adopting cloud-based unified communications services to improve agility, support digital transformation, and to provide access to new and emerging features like video-enabled meetings, team collaboration, and contact center in the cloud. As they evaluate cloud-based services, they must do so in the context of their existing environments. Often the best path forward isn't "all or nothing" but rather implementing a transitional strategy that enables integration of cloud-based applications with existing on-premises platforms.

IT leaders should:

- Develop business cases for hybrid cloud-based services, specifically looking at opportunities to simplify provisioning and support for remote and branch workers, and to take advantage of emerging team collaboration and meeting applications that easily integrate into your existing on-premises platforms.
- Evaluate business cases based on identifying tangible business value from adopting new applications that can integrate with existing infrastructure. This could include cost savings, new revenue opportunities, improved productivity, shortened cycles, increased sales, and/or improved customer services.
- Evaluate service offerings based on their ability to integrate with your current environment.
- Continue to stay abreast of provider roadmaps as they add new features to the cloud.

## UC in the Cloud: State of Enterprise Adoption

IT leaders are increasingly driven by the need to continuously improve collaboration and customer engagement capabilities while minimizing spend. They need to support digital transformation efforts, often by embracing emerging technologies that offer the ability to deliver tangible business value by reducing costs, increasing speed, and delivering superior customer experiences. Communication services, delivered from the cloud, are a means to enable organizations to achieve positive business outcomes. By speeding access to new capabilities while minimizing up-front investment, cloud services enable organizations to improve their agility and competitiveness. For many, cloud isn't an all or nothing proposition. Rather, success comes from determining which cloud-based services make sense now, how to best integrate cloud-based applications into existing on-premises platforms, and how to plan for an eventual fuller migration to the cloud.

### ***Defining Cloud-Based Communications***

Nemertes defines cloud-based unified communications as a delivery model in which a service provider owns, maintains, and delivers applications from within their own data centers. Customers buy the applications they need, typically on a per-user subscription-based model, with the service provider handling all application management, provisioning, and maintenance. Customers may pay additional fees for endpoints (e.g. phones, videoconferencing systems, and digital whiteboards), or those may be bundled as part of a subscription fee.

Within the domain of cloud UC are several distinct delivery models, these include:

- **Pure Cloud** services in which multiple customers share the same multi-tenant software platform, with the provider creating individual virtual instances to isolate customer data.
- **Hosted** in which providers create custom instances of a single-tenant platform for each customer.

### ***The March to Cloud***

In 2018, Nemertes conducted a study of enterprise communications and collaboration strategies of 653 IT leaders from organizations around the globe. Figure 1 below provides an overview of participants.

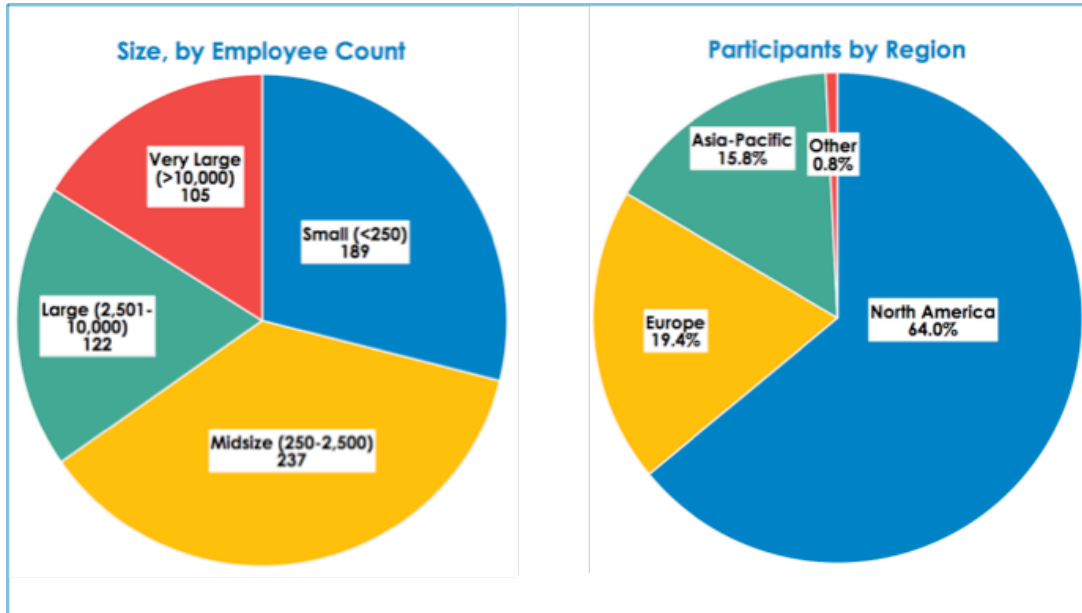
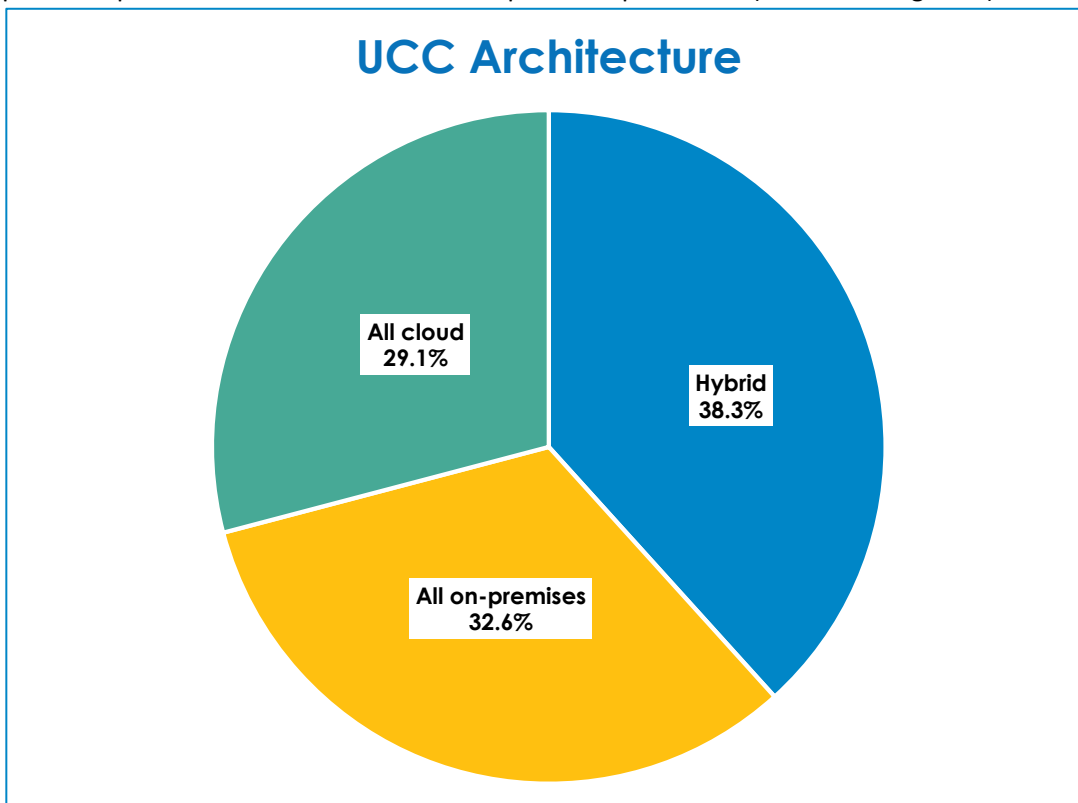


Figure 1: Nemertes UCC Study Participant Profile

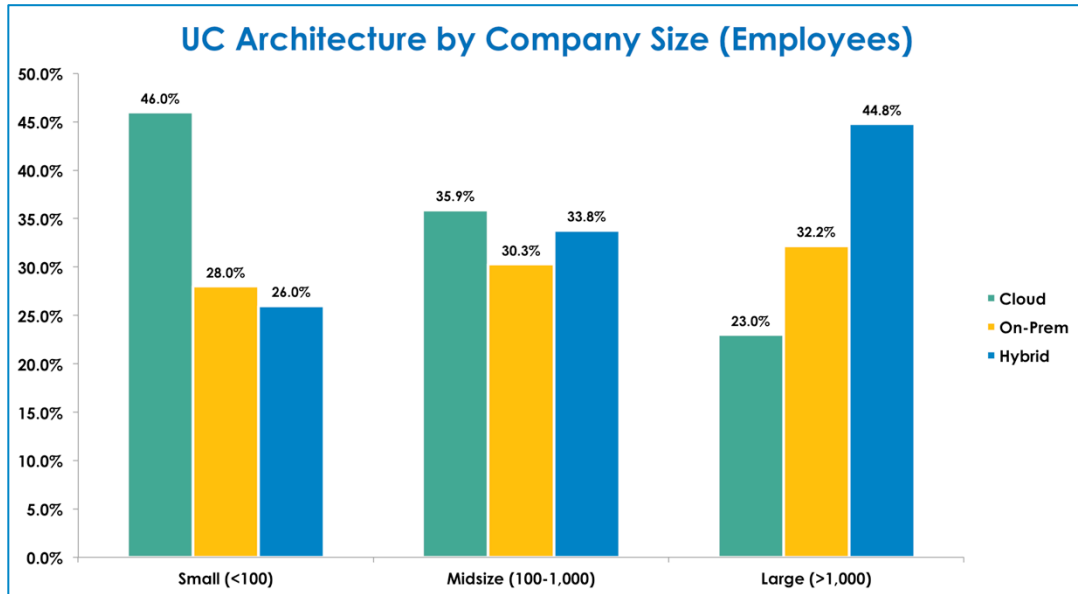
### Cloud UCC Deployment Options

Participants are making broad use of cloud-based collaboration services, with 29.1 percent of participants having fully adopted cloud-based platforms for their unified communications and collaboration needs, while another 38.3% use a mix of cloud and on-premises platforms. Just 32.6% use all on-premises platforms. (Please see Figure 2).



**Figure 2: UCC Architecture**

Cloud-only models are more common among smaller organizations (fewer than 100 employees) and midsize (100-1,000), while large (>1,000) companies tend to prefer hybrid approaches. (Please see Figure 3.)



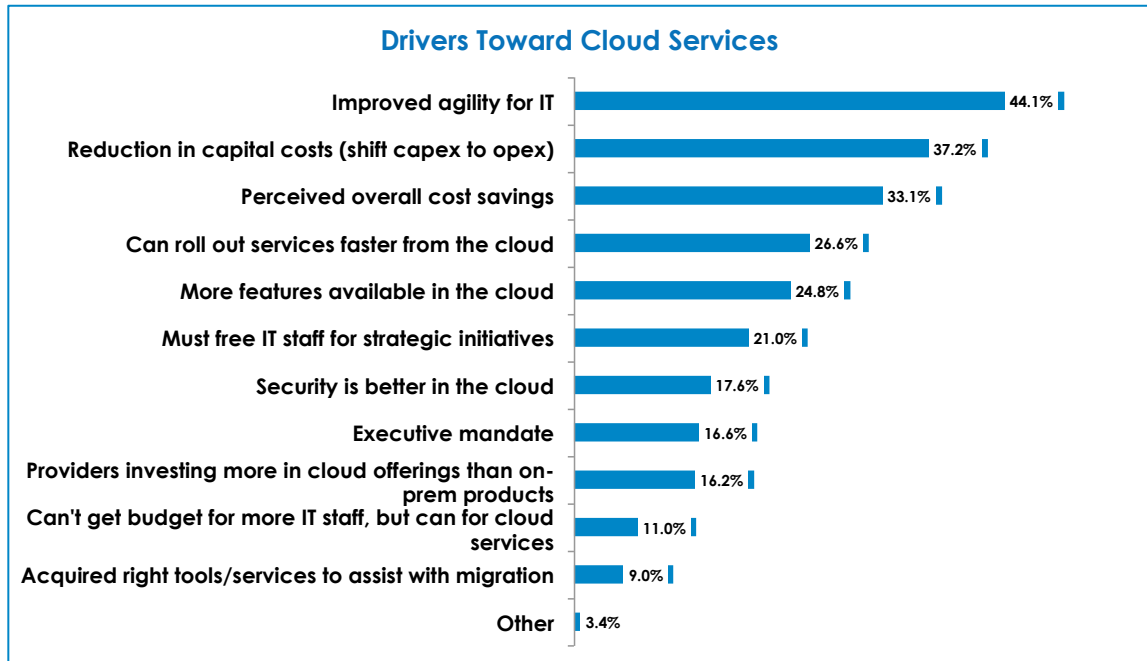
**Figure 3: UCC Architecture, by Company Size**

### ***Drivers for Moving to the Cloud***

IT leaders are shifting to cloud-based services for a variety of reasons, but most important is to improve agility. (Please see Figure 5.) Cloud services make organizations more agile in a variety of ways:

- Enabling customers to rapidly deploy new capabilities like team collaboration, omnichannel contact center platforms, and meeting applications supporting videoconferencing.
- Providing fast access to the latest features and capabilities, including emerging technologies like artificial intelligence, virtual voice assistants, participant recognition, and intelligent bots.
- Freeing up IT staff to focus on driving user awareness and adoption of new capabilities that improve internal and external workflows, or that enable delivery of new capabilities. IT staff spends less time dealing with break-fix, provisioning, and change management, and more time working with business units to deliver measurable business value from technology adoption.
- Reducing operating costs by eliminating operational staffing requirements, maintenance, and complex PSTN access and conferencing contracts.

*“Cloud providers can put more resources into security than we can.”*  
 - Director, Technology Services, Healthcare Provider



**Figure 4: Drivers Toward Cloud Services**

Another primary driver for cloud is the ability to reduce capital costs by shifting to subscription-based pricing models. This has two primary benefits:

- More predictable costs, with the ability to easily support reimbursement models that pass IT costs onto lines of business.
- Elimination of large capital outlays for software updates or to obtain new capabilities.

Additional drivers include potential for cost savings, especially in areas such as maintenance and operational support, faster access to new features delivered typically first by cloud-based providers, and the ability to shift IT resources into roles that better provide tangible business value by supporting strategic initiatives.

### **Cloud Buying Trends**

Most larger organizations purchase cloud-based services through Managed Service Providers (MSP) that either maintain their own cloud platforms or who resell a wholesale platform provided by another service provider or MSP. (Please see Figure 5). This approach allows customers to obtain services including training, implementation, network assessments, monitoring and management, and/or application integration services on top of the cloud platform feature set.



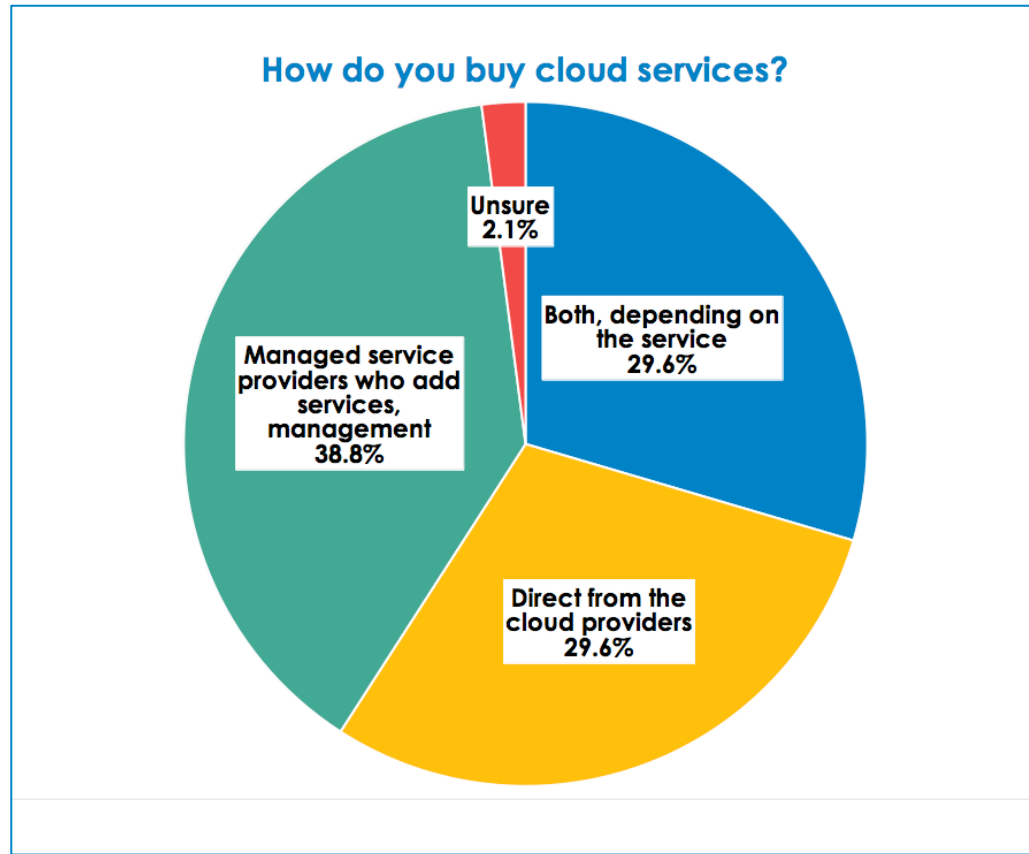


Figure 5: How do you buy cloud services?

## Defining Hybrid Cloud Services

For many organizations, cloud isn't all or nothing. As noted in Figure 1 and 2, a large percentage of organizations, especially those with more than 1,000 employees, adopt a hybrid approach blending cloud services with on-premises platforms. Larger organizations typically do not find it cost-effective to abandon existing, depreciated on-premises systems that are often deeply integrated with existing business applications and processes. However, they wish to take advantage of emerging applications that are typically only available via the cloud. These include:

*"This year, we're moving 80% of UCC apps to the cloud. Voice and video will take a while, though."  
—CIO, financial-services firm*

- Team Collaboration** – Workstream collaboration applications combine persistent messaging, rich media collaboration (e.g. voice/videoconferencing, screen sharing), and integrations into business applications to enable collaboration in context. For example, a team collaboration application may import data from a sales application, giving team members the ability to discuss events in real-time, and take appropriate action. Most team collaboration applications are only available from the cloud; some vendors differentiate their team collaboration offering by supporting integration with on-premises systems. For example, in Cisco's architecture, a Jabber user could make or receive a call from someone using Webex Teams.
- Meetings** – Applications providing voice, video, and web conferencing enable participants to connect from anywhere, on any device, including room video systems and

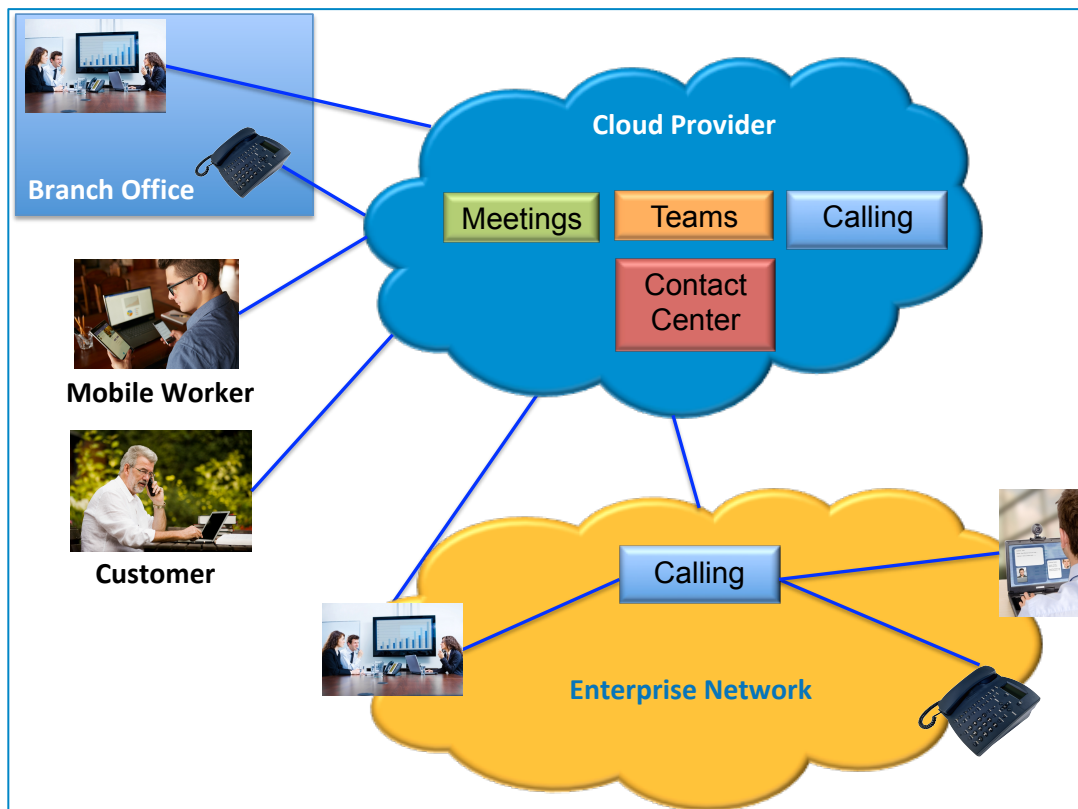


desktops. Hybrid approaches enable organizations to integrate their existing video endpoints, optimize traffic flows to maximize performance, and reduce costs by directly connecting phone systems to the cloud, avoiding PSTN toll costs and SIP-trunking fees.

- **Contact Center** – Emerging technologies in the contact center like AI-assisted bots, intelligent call routing, and omnichannel customer engagement are often only available from the cloud. Mating these features in a hybrid approach with existing telephony and call distribution capabilities enables customers to incorporate cloud-based services with their current telephony and contact center environments.

## Hybrid Cloud Use Cases

An example of a hybrid UC architecture is shown in Figure 6. In this scenario, the customer is able to mate its on-premises calling platform with meetings, teams, contact center, and calling applications delivered via the cloud, taking advantage of the opportunities afforded by cloud-based services to improve internal and customer-facing collaboration.



**Figure 6: Hybrid UC Architecture**

Use cases for hybrid approaches include:

- **Remote Workers** – Individuals operating from home offices, customer sites, or shared workspaces can leverage cloud-based services to avoid having to deploy on-premises equipment, or to take advantage of new features like team collaboration with integrated voice calling.
- **Branch Offices** - A worker in a small branch office, could obtain calling, meeting, team collaboration, and contact center services from a cloud provider whose platform is

integrated with the core enterprise on-premises applications. This approach saves IT the expense of provisioning remote branch equipment (e.g. phones and gateways), and also enables IT to leverage remote service and support services from the cloud provider. Remote offices can leverage the Internet, or SD-WAN (Software Defined WAN) capabilities to ensure high quality voice and video, even over Internet WAN services.

### **Triggers for Moving to the Cloud**

IT leaders cite a variety of events that spark their move to cloud, they include:

- Organizational changes, such as a new CIO, who brings a cloud-first vision to the organization
- End-of-life of existing on-premises systems
- New features or applications introduced that are only available as a cloud-service
- Reaching of capacity limits of existing on-premises infrastructure
- Expiration of contracts, creating an inflection point for evaluation of cloud-based services and subscription pricing models.

### **Building the Hybrid Cloud Deployment Business Case**

IT leaders evaluating UC in the cloud must weigh a variety of factors in determining the right path forward. They include:

- **Agility** – Cloud services help free IT staffs to work on other initiatives because providers handle the initial cloud deployment, as well as ongoing management. Additionally, organizations can add new features and upgrades more quickly and easily because the cloud provider conducts all server upgrades and testing. In a hybrid environment, fewer IT resources can handle the remaining on-premises systems.
- **Cost** – Nemertes continually finds a wide variety in operating costs based on chosen vendors and cloud strategies. Typically, moving to the cloud increases first year costs as organizations move from a perpetual license model, often with fully depreciated hardware, to a subscription purchasing model with fixed license costs on a per-user basis. Beyond the first year, some organizations see a reduction in cloud operational costs due to the reduction in internal staff time to maintain the system, hardware maintenance costs, and reduced PSTN access costs. In hybrid scenarios, maintaining depreciated, on-premises platforms can reduce the operating cost for obtaining new cloud-based features
- **Business Value of Emerging Services** – Seventy-five percent of organizations have, or are planning, a Digital Transformation (DT) strategy designed to take emerging technologies and use them to improve internal business processes; deliver new products or services; and/or to improve customer engagement in an effort to improve competitiveness; reduce costs; and/or expand addressable markets. By evaluating metrics such as improved sales opportunities and close rates, higher customer retention, and shorter process times, organizations can measure tangible business value from their cloud investments. Here again, evaluating new cloud services as a full replacement for on-premises, versus adopting only required features from the cloud, will provide clear insight to potential benefits of hybrid approaches.
- **Determining the Right Mix of Cloud and On-Premises** – Most organizations, especially midsize and large, typically rely on a mix of on-premises and cloud-based applications. Consequently, they will choose service providers based on their ability to

support existing deployed platforms, and integrate those with emerging capabilities while providing an eventual transition from path to cloud.

## Conclusion and Recommendations

Cloud based UC and customer engagement platforms offer enterprise IT leaders tremendous opportunity to reduce costs, improve agility, and deliver measurable business value. But for many, especially larger organizations, the ideal approach for cloud comes from mating emerging cloud-based services with existing on-premises platforms. This enables customers to achieve value today, while moving fully to the cloud over time at their own pace. IT leaders should consider business cases that integrate on-premises platforms with emerging cloud-based services, especially for remote workers and branch offices, and to take advantage of team collaboration applications and advanced customer engagement platforms.

IT leaders should:

- Develop business cases for hybrid cloud-based services, specifically looking at opportunities to simplify provisioning and support for remote and branch workers, and to take advantage of integrating emerging team collaboration and meeting applications.
- Evaluate business cases based on identifying tangible business value from adopting new applications that can integrate with existing infrastructure. This could include cost savings, new revenue opportunities, improved productivity, shortened cycles, increased sales, and/or improved customer engagement from adding and/or moving capabilities to the cloud.
- Evaluate cloud service offerings based on their ability to integrate with your current environment.
- Continue to stay informed on provider roadmaps. Migrate more to the cloud, based operational triggers, evolving needs and cloud provider roadmap.

**About Nemertes:** Nemertes is a global research-based advisory and consulting firm that analyzes the business value of emerging technologies. Since 2002, we have provided strategic recommendations based on data-backed operational and business metrics to help enterprise organizations deliver successful technology transformation to employees and customers. Simply put: Nemertes' better data helps clients make better decisions.