What IP Communications Buys SMBs

Research study discloses real-world ROI of converging voice and data networks in small and medium-sized businesses.

Key Findings

Revenue Generation

• Call center agents handle an average of 30 additional inbound calls per day

• Increased call center activity translates into more than a $3,000 increase in revenues per sales agent per month

Improved Productivity

• Employees in IPC environments save an average of 4 hours per week per employee by avoiding "telephone tag"

• IT staff save about 2 hours per user move compared to when moving users with circuit-switched phones

Cost Savings

• SMBs report a decreased reliance on outside vendors and say they are better able to support telephony systems in-house than with circuit-switched systems

• Organizations can keep fewer spares in stock because equipment is standardized and easy to procure

Sage Research, May 2005, N=65 small and medium-sized businesses

Introduction

IP Communications (IPC) involves running voice and data communications together on a common network. By converting voice signals into packets, like data, both forms of communication can travel over the same Internet Protocol (IP) network. Telephony- and data-oriented tasks also can be combined in a single application to make business processes more efficient.

The direct cost-saving benefits of IPC are apparent: there is only one network to own and operate. Merging two networks into one is less expensive than investing in two separate network infrastructures and two staffs with different skill sets.

Now that a substantial number of organizations have experienced the direct savings of running a single converged network, they are moving ahead to take advantage of integrated applications. It has traditionally been more difficult to calculate a quantitative return for this aspect of IPC, though general benefits such as increased efficiency and improved productivity are intuitive.

To gain specific insight into the real-world return on investment (ROI) that small and medium-sized businesses (SMBs) derive from IPC, Cisco Systems® sponsored a global survey, conducted by Sage Research, Inc. The survey aimed to pinpoint the productivity experiences of IPC adopters, expressed in specific time-saving and revenue-generating metrics, to help future planners in developing a complete IPC business case.

Sage Research surveyed technology professionals responsible for evaluating, planning, or managing voice solutions in their organizations in 65 companies with 300 to 999 employees, where voice over IP (VoIP) has been deployed in one or more locations using equipment from various vendors. The resulting report, "Productivity and the IPC Business Case," published in May 2005, revealed that IPC adopters are now at least as driven to adopt IPC to improve employee productivity as they are to save network infrastructure and operational costs.

Translating Efficiency into Dollars

IPC, based on Internet Protocol (IP) standards, contributes to organizational efficiency, according to survey respondents, in part by lowering reliance on external vendors for service and support. It also does so by reducing the number of spares needed in inventory compared to using proprietary circuit-switched telephony systems.

It can be difficult to quantify the overall benefit of a boost in organizational efficiency to a business. The Sage Research study, however, attempted to do just that by translating both indirect cost savings and the ability to generate additional revenues through employee productivity gains into hard dollars and, in some instances, time savings. Individual companies can translate time savings into dollar savings using their own metrics.

Call Center Impact

The survey determined that IPC had a tangible revenue-generating effect on SMBs that operate call centers. Respondents in 81 percent of companies with call centers reported that agents were able to handle, on average, an additional 30 incoming calls each day, which translated into additional sales revenues of more than US$3,000 per sales agent per month. The ability for call center staff to support the increased call center volume derived primarily from two capabilities of IPC:

1) Routing incoming calls more efficiently across geographies, allowing traffic load balancing and the directing of calls to best-qualified agents

2) IPC's support of integrated data and telephony applications, which allows agents to dynamically access customer information and other data electronically so that they can complete transactions and service calls faster

End-User Productivity

Workers using IPC gain mobility without sacrificing functionality. In fact, users actually gain functionality, according to Sage Research, because they are more "communications literate." IPC technology is more intuitive than traditional proprietary circuit-switched systems, which required training and memorization of codes and dial patterns to use features. This resulted in employees using scant few of the features available.

About half the survey respondents indicated an average savings of four hours per week per employee by avoiding "telephone tag"—or repeatedly missing phone calls—using IPC features (see Table). In a company where a mere 100 employees experienced this gain, this would extrapolate out to 2,000 hours per year in additional productivity.

Table. IPC Impact on End-User Productivity

Benefit	Survey Population Receiving Benefit	Average Benefit Level Experienced
Less telephone tag	48%	4.3 hours/week/employee
Improved mobile worker productivity resulting from increased use of features	45%	5 hours/week/mobile employee
Easier/faster employee workspace changes	42%	3 or more moves/year/ employee
Improved remote-office worker productivity resulting from increased use of features	39%	4 hours/week/remote-office employee

IT Staff Productivity

IPC also improves IT staff productivity, which lowers the total cost of ownership of the voice/data network. Faster moves, adds, and changes of user workspaces top the Sage survey respondents' list of IPC benefits to IT staff.

IPC basically eliminates the average two-hour cost of a user move, because the user can simply reconnect the same IP phone elsewhere on the LAN and will automatically be assigned the same access rights and profile information. Unified messaging, enabled by IPC, allows voicemail and fax messages to share a directory with the corporate e-mail system, so administrators can make user changes from one place, eliminating duplicate administration for separate messaging systems.

Because IPC is based on IP standards, in-house IP-knowledgeable IT and networking staff can configure and maintain IPC equipment. This scenario contrasts with the circuit-switched voice environment, which comprises monolithic, proprietary voice equipment that requires potentially costly and time-consuming vendor assistance to configure and upgrade.

Also, IT help desks spend less time assisting users, because IPC functions are more intuitive and don't require training. For example, users can easily set up multi-user teleconferences on their own in an IPC environment without the assistance of IT staff or the cost of third-party services.

Eliminating the need to manage multiple pieces of telephony equipment is another area where survey respondents said their IT staffs save time with IPC. What were once multiple components in the circuit-switched world and required separate management and special integration efforts to work together—PBXs, interactive voice response (IVR)

systems, automatic call distribution (ACD) systems, and voicemail systems, for example—have now merged into a single solution offered by a single vendor. In the case of an IP-based customer call center, for example, the computer-telephony integration (CTI) effort required on the part of a user organization is eliminated.

Bottom Line

IPC is delivering measurable productivity gains in small and medium-sized businesses. The benefits that IPC adopters in SMBs report having experienced fall in three main categories:

• **Organizational efficiency** due to IP standards. Efficiency translates to cost savings as companies rely less on external vendors for service and support, manage fewer vendors, and keep fewer spares in inventory.

• **End user productivity** of call center, remote, and mobile workers—and those employees and customers trying to reach these workers—by reducing "telephone tag" through the use of unified communications and improved communications literacy.

• **IT staff productivity** by using IP standards and integrated systems to accelerate the time it takes to move or add user workspaces. IPC also increases users' ability to support themselves with feature usage, reducing IT help desk loads, and reduces IT time spent managing multiple vendors, integrating multiple vendors' equipment, and managing disparate telephony-related equipment.

Some IP benefits correspond directly to revenue; others are more indirect, but remain relevant to investment decisions. The IPC business case will vary among organizations, depending on factors such as existing technology solutions, organizational structure, and industry and regulatory requirements.