

Be prepared to be flexible

In challenging times, communications technology needs commercial flexibility

June 2010

Communications needs for many organisations are changing rapidly. Internally, there are always new technologies appearing and changes in working styles to deal with but there is now, increasingly, the influence of more social and consumer choices affecting the officially deployed systems.

However, unpredictable external factors are also having a significant effect. There are rapid fluctuations in financial and currency markets with ensuing fears of economic uncertainty and downturn. There is disruption to travel from industrial action, terrorism or freak natural events, which create sudden demands and loads on communications systems. Social and political pressures are causing governments to act quickly, sometimes making abrupt changes in legislation, which will have a further significant impact on organisations.

With so many options and diverse demands, it is even harder to make long term decisions about technology solutions. Organisations need to adopt a far more flexible approach to meeting their ongoing communications needs to ensure they have sufficient agility for dealing with shifting commercial, technical, environmental and social issues.

Rob Bamforth
Quocirca Ltd
Tel : +44 7802 175796
Email: Rob.Bamforth@Quocirca.com

Clive Longbottom
Quocirca Ltd
Tel : +44 118 948 3360 ext 200
Email: Clive.Longbottom@Quocirca.com

Table of contents

1. CHALLENGES AND OPPORTUNITIES IN ICT	3
2. BUSINESS NEEDS	4
IMPACT OF NEW TECHNOLOGIES	4
ALIGNMENT TO THE BUSINESS	4
DEMANDS ON SUPPLIERS.....	6
3. A MORE FLEXIBLE APPROACH	7
MOBILE FLEXIBILITY.....	7
COMMERCIAL REALITY	8
4. A TOTAL VALUE PROPOSITION FOR AGILE COMMUNICATIONS	9
THE INDIVIDUAL	9
THE ORGANISATION.....	10
THE COMPETITION.....	10
THE FINANCES	11
5. CONCLUSION	12
RECOMMENDATIONS FOR DEVELOPING AN AGILE COMMUNICATIONS STRATEGY	13
ABOUT AZZURRI COMMUNICATIONS	14
ABOUT QUOCIRCA.....	14

1. Challenges and opportunities in ICT

Most organisations are operating in an increasingly complex and challenging environment. All aspects of media and communications are becoming digital, shrinking the globe and introducing new competitors as well as new opportunities and new ways for individuals to work and collaborate. There is more change and a greater diversity of options in every aspect of ICT (Information and Communications Technology).

Inside and beyond the organisation, systems have become more streamlined, lacking slack or excess capacity; business cycles are more compressed, so disturbances have greater impact and everyone needs to be able to respond faster. This creates a mixture of pain points, but also opportunities for organisations in how they might address their communications needs:

- **Convergence** – is an opportunity to bring multiple modes of communication together as different technologies become integrated and overlap around common standards. However, this creates some challenges as overall solution choices become more complex and specialist roles merge e.g. voice telephony becomes part of IT.
- **Flexible working** – organisations face increasing workforce pressures as legislative and economic pressures demand more workplace flexibility, creating a diversity of working patterns. Managing employees that are frequently away from traditional business premises, but still need access to corporate IT and communications, drives up the requirement for well integrated mobile and remote access. However, this workplace dynamic brings an opportunity to be more flexible and resilient as environmental, weather and fuel pricing pressures affect travel and commuting.
- **Cost challenges** – financial market woes and recessions have cut spending, putting all budgets under increasing scrutiny. Communications costs are under pressure as new applications emerge, usage soars and previously uncontained mobile data costs escalate. This is an opportunity for organisations to identify more flexible payment models and switch the emphasis from ‘lumpy’ capital expenditure to more predictable operational expense.
- **Business driven ICT** – technology investments are more closely scrutinised for quicker returns and immediate impact on the business. This is an opportunity to bring line of business and IT and communications groups closer together, but requires full and open dialogue or risks decisions being made on too narrow criteria rather than broader objectives.
- **User generated demands** – consumer technology choices are influencing employee agendas from social networking and collaboration to communication preferences and device choices. This places new demands on IT and communications functions to use the latest technologies and offer a diversity of choices, yet still keep services under control and safeguard corporate assets.

This report looks at the impact of these issues and investigates the value of agile communications in addressing the challenges and opportunities faced by most organisations. To do this it takes a broader look by outlining a total value proposition (TVP) rather than simply using direct return on investment. The data used comes from recent Quocirca quantitative primary research and from interviews with managers of UK companies having to deal with communications challenges today.

2. Business needs

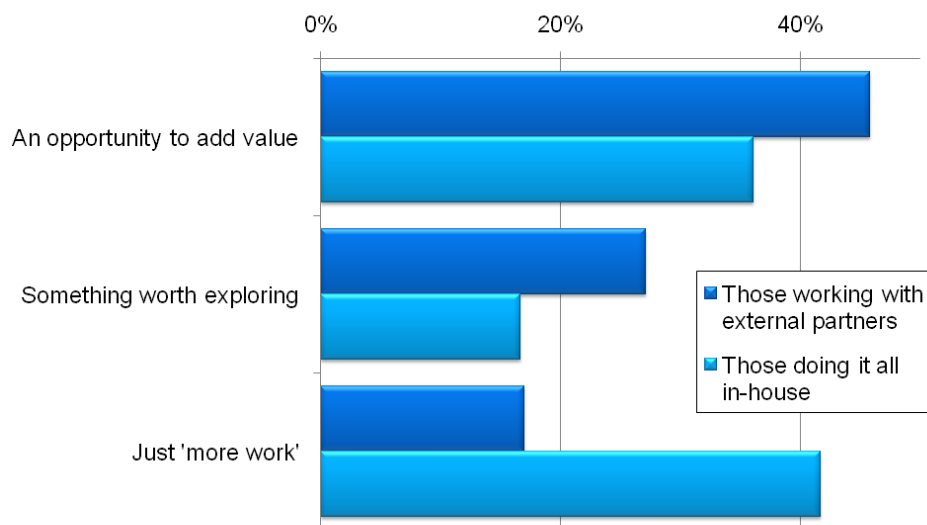
Main Findings:

- Those tasked with sourcing, choosing and running the communications services for their organisation are under increasing pressure. Not only are economic conditions tight, but their internal customers are more demanding.
- Communications product advances, while promising a converged and unified future, are creating a confusing myriad of options and choices.

Impact of new technologies

Although the impact of new technology over time should be beneficial, the speed of change, number of options and difficulty in getting the right combination of business and technical know-how present many challenges. For those companies where they have to deal with all of this without the benefit of external help, it can prove challenging (Figure 1).

Figure 1
How is new technology viewed?¹



Many IT and communications groups are in 'fire-fighting' mode, and so more options does start to look like more work, rather than an opportunity to do more for the rest of the organisation. Finding the right partners means they can capitalise on external expertise and turn technology into a positive advantage for the rest of the organisation.

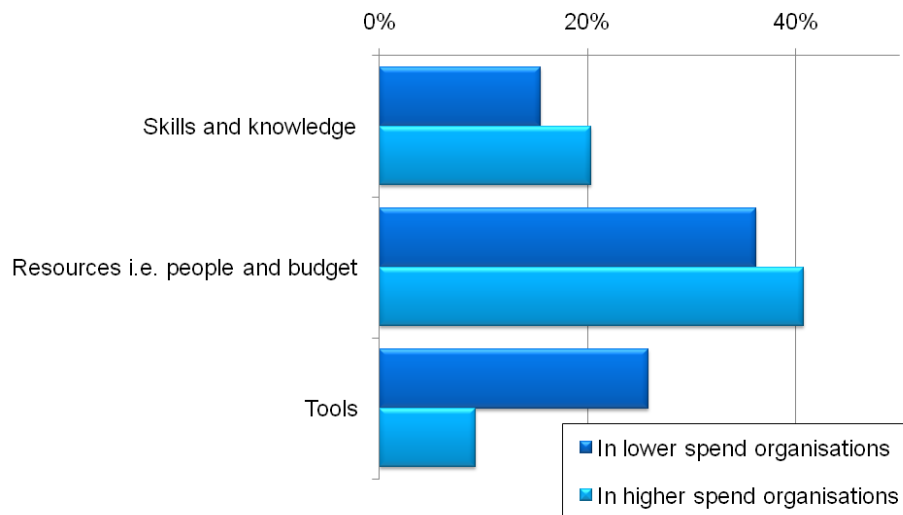
Alignment to the business

Other parts of the organisation are becoming more demanding of IT and communications. They are less forgiving of delays, need new services activated quickly and want to maximise the contribution of all available communications tools to the organisation. There are full and frank exchanges of views between those running communications and IT and the rest of the organisation—leading to increased collaboration—but this still needs the right financial and personnel resources to support it (Figure 2).

Even in organisations with larger IT budgets, lack of resource and people with the right skills is still an issue. The issues are similar for those with smaller budgets, but with consequently lower staffing levels, they are looking for tools and help to automate the processes of managing their communications needs.

Figure 2

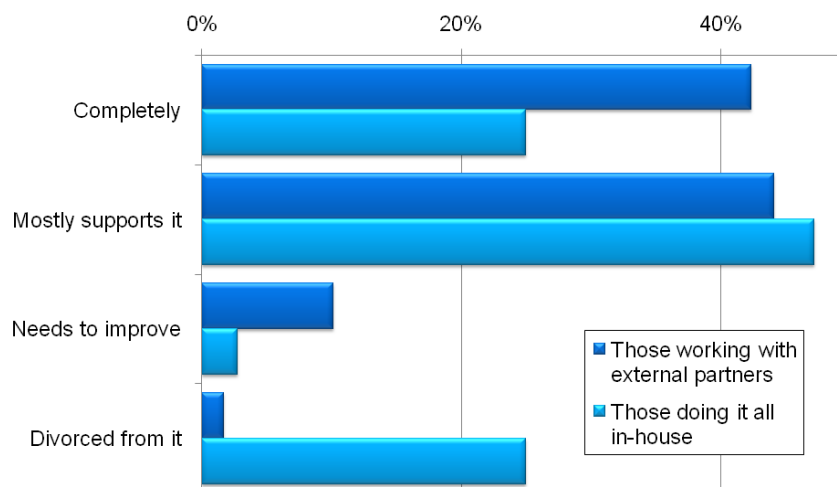
What is required to effectively manage telecoms needs?²



External support to help manage the communications infrastructure and services can come from a number of quarters—suppliers, communications service providers and ad hoc consultants. Providing the right level and kind of external support will free precious resources from day-to-day activities and allow them to take a more forward looking stance. This can then be applied to grow internal relationships and develop projects that add value. This should then ensure that communications services align with the critical needs of the organisation, rather than being something that employees have to ‘work around’ or simply ‘cope with’. Organisations that already work well with external partners find that the perception of IT is that it more closely aligns with the business needs (Figure 3).

Figure 3

How well is IT perceived to align with the business?¹



Demands on suppliers

To ensure that internal needs are met, there is an increase on the demands on suppliers; to speed deployment, service activation or adoption and to protect some services over others—for example dedicating bandwidth or prioritising certain parts of the phone systems.

In a world of increasingly complex communications offerings, where IT and communications managers are already strapped for time, there is also a need to remove complexity in the supply chain. Some suppliers aid this process, becoming easy to integrate with and providing tools that simplify configuring their services and products.

Going a step further may mean consolidating to fewer or even a single supplier, but taken too far this may limit the options for making best of breed selections. However, some form of consolidation or integration under a single umbrella is worthwhile if it reduces complexity, without impacting flexibility.

Case study—agile communications in action at DSG international

DSG international, one of Europe's leading specialist electrical retailing groups, has many demands on its networking services, according to the manager responsible for managing network services and circuits. Bandwidth expectations are soaring along with the need for new services and faster deployment and, due to economic and competitive pressures, the wider business is also less tolerant of delays and rising costs.

Gaining a greater understanding of the business requirements internally has helped enormously by fostering internal collaboration, so both business and technology people have a far greater understanding of each other's constraints and demands.

This has made the relationship with suppliers even more important as, in order to react to the changing internal demands, DSGi is, in turn, expecting flexibility and agility from its communications supplier. Not only does this involve consolidation and integration from a technology direction, but also being even more responsive and innovative with the commercial aspects.

For DSGi this has expanded their perspective regarding network suppliers—"no longer just speeds and feeds, but services". This will have a profound effect over time, as DSGi looks to its communications supplier to provide and take over additional services which are not the core competency of a retailer, but sit firmly in the network.

These could then be delivered as a standard 'cloud' service. This not only enables DSGi to benefit from outsourcing of services that it perceives are no longer a differentiator, but the supplier, too, as these become standardised services that can be offered to other customers. Economies of scale will drive the costs down for supplier and customers alike.

3. A more flexible approach

Main Findings:

- Many technology trends are encouraging a shift towards a more flexible approach.
- This is a move away from monolithic or proprietary systems to an open network where connected services can be combined and accessed from anywhere.

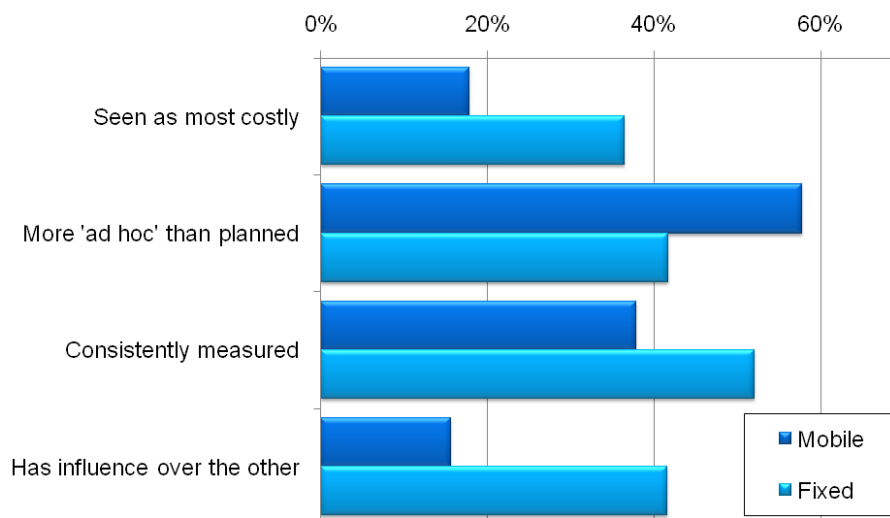
The open services principle of 'anyone, anytime, anywhere on any device', first referred to by Sun Microsystems in 1995 as the 'Martini' principle—alluding to a famous advertising campaign in 1970's UK—builds on the success of open systems in IT in the 1990s and the internet from then into the 2000s. This concept has now spilled over into the telecommunications industry in a number of ways:

- **Converged infrastructure** – Connections and networks are being shared using common internet protocols (IP) rather than being separate or proprietary. Virtualised servers and applications are being delivered as a service.
- **Unified services** – services that were once discrete and analogue are now digital—e.g. Voice over IP (VoIP) telephony and video—and they can be seamlessly combined with other media to provide a unified communication experience.
- **Collaboration** – once seen as difficult to encourage, now made easier by the widespread consumer adoption of social networking and digital media. Creating, sharing and co-operative editing has become easier and widely accepted.
- **The rise of the app** – noticed at the network core where software applications replace dedicated or specialised hardware, and at the edge with smartphones as platforms for novel network-centric data applications. Apple's iPhone App Store already has thousands of business applications from enterprise data access to time scheduling, travel planning and expenses management. Developer program strategies from all smartphone providers are building a growing marketplace of innovative mobile applications.

Mobile flexibility

Mobile telecoms has to be a part of this flexible approach. Its use has become pervasive in consumer and business with data services as well as voice telephony. However, mobile enterprise thinking is still heavily influenced by fixed telecoms, resulting in decisions which are often tactical and generally not well controlled (Figure 4).

Figure 4
Differences between mobile and fixed telecoms³



Mobile telecoms has evolved rapidly as mobile phones have become ubiquitous for consumers and vital business tools for many employees. Now mobile data has overtaken voice on the mobile networks as laptops, tablets and slate-like devices have integrated wireless connectivity, and application-driven smartphones replace the basic mobile handsets.

All too often, mobile deployments are more ad hoc, increasing the complexity of systems that have to be managed. Despite this, mobile data access, with applications on handheld smartphones, laptops and even tablet or slate devices, is becoming an important element in many organisations. What, for many, started as simply mobile email for a few executives or a dedicated application for a service engineers has grown and spread across to many employees.

While mobile telephony and mobile data provides obvious flexibility, it must become more carefully managed as a central element to the communications services. This means more strategic planning of deployments, rather than ad hoc, clearer metrics for success and better controls on security and budgets.

Commercial reality

While technology creates the opportunity to deliver communications services in a flexible way, it must be backed up with the right commercial model and business approach. This means suppliers have to adapt their offers to ensure that their customers' needs are met. There are a number of aspects where suppliers can provide commercial flexibility to communications services that complement the options opened up by technology:

- **Financial flexibility** – Costs set by usage levels and user numbers rather than blanket or upfront charges. This provides an incremental ability to scale up and down, as business needs or budgets change.
- **Contract terms** – short if possible, but, more importantly, allowing breaks and changes during the contract period, rewarding loyalty, without penalising the need for unplanned change.
- **Visibility** – clearer picture of usage, tariffs and costs, providing executive-level overview and communications management control. This should also provide for line of business managers to have insight and control over the discrete elements of communications costs in their cost centres, and even allow employees to have visibility of their usage levels.
- **Consolidation** – bringing several products, services or suppliers under a single umbrella. This allows simplification of supplier management and amortisation across different costs. For example, many companies see mobile call costs rising, but fixed telephony call costs fall, as users switch over to using their mobiles. Consolidation makes it simpler to get a perspective on this and apply some controls.

Case Studies—Connaught and Lewis Silkin

Connaught, the FTSE250 support services company, has consolidated its entire WAN, LAN, IP telephony, 1200 seat call centre and its fleet of mobile devices, with a managed communications service. Connaught wanted to pre-empt future changes to support planned growth and improve its communications infrastructure.

London commercial law firm, Lewis Silkin, believes in investing in a strong relationship with its clients and engendering an enthusiastic and sympathetic attitude. It needed a unified communications solution to introduce new capabilities such as hot-desking and remote working, yet preserve existing investments and minimize disruption and costs. The solution was designed, project managed and implemented within three months.

4. A Total Value Proposition for agile communications

Main Findings:

- A total value proposition takes in more than just a financial perspective; it also looks at the impact on the decision maker, the organisation overall and the competitive impact.
- The management and mitigation of risk rises to be as important a benefit as cost saving and revenue growth, highlighting the real value of flexibility.

With suitably flexible technology and commercial arrangements for their telecommunications, organisations are better placed to deal with the external forces and internal influences that affect them. Increased resilience does not have to come at greater cost, but the value may not show up on a short term or simplistic return on investment model.

This makes it more worthwhile taking a wider look at a total value proposition and considering the impact of adopting a more agile communications strategy in several key areas (Figure 5).

Figure 5
Total value proposition



The Individual

This is the direct impact on the person or roles that are responsible for selecting and managing communications services. They are under increasing pressure for a more flexible approach from the business, which wants to adopt new technologies, and quickly, but without massive upfront investment or a step change in operational costs. They need to be able to do more with less, and react faster, while managing and minimising risk.

According to those facing these problems, a more agile approach to delivering communications gives some breathing space, allowing them to look further ahead and assess the value of emerging technologies and trends. This makes it easier to meet their personal objectives, as well as business needs, and makes working life more interesting. For a little extra upfront effort, they have also helped develop new processes to fit their needs for flexibility, which the supplier can adopt for use with other customers.

The Organisation

A more flexible approach makes the use of communications technology more seamless for the business. New services can be quickly turned on, boosted, constrained or relaxed depending on business demand, removing frustration and delay. Rather than something that creates problems and budget overruns, agile communications offers value.

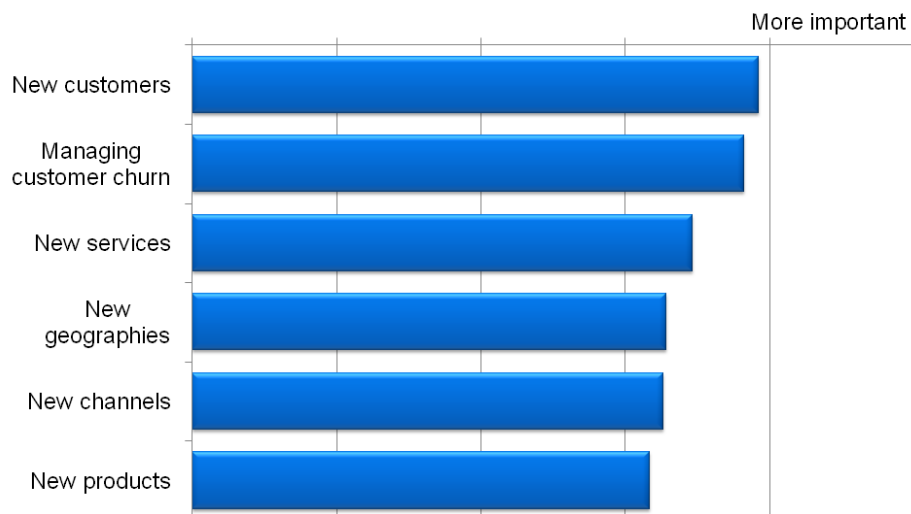
This does not happen without overcoming a few challenges. An open and honest dialog needs to be established between the lines of business in the organisation and the communications provider. After all, how can a flexible approach be offered if demands and constraints are not fully understood up front? Keeping the communication channels going and ensuring that when problems or mistakes occur they are quickly shared, recognised and dealt with ensures that all parties will benefit.

The Competition

In a competitive global market where economic conditions are tough and hardening, companies that adopt a more flexible communications strategy can be more agile than their competitors. Making cuts in costs is important for many, but there is only so much inefficiency that can be cut before core parts of the organisation are affected. Most organisations will need a strategy for growth, and the focus is currently on growing and retaining customers rather than moving to new products, services or regions (Figure 6).

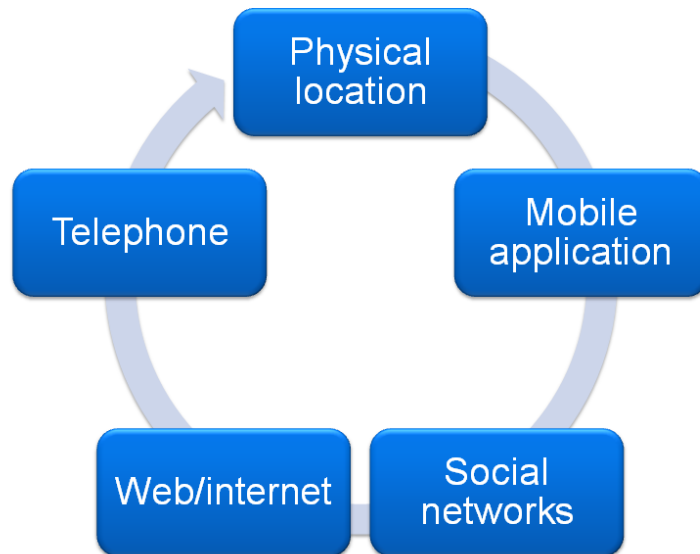
Figure 6

What is important for generating growth?⁴



While some communications costs can be reduced, this should not be to the detriment of keeping in touch with customers and prospects. For example, it is a false economy to pressurise sales staff to reduce mobile phone calls when they are generally trying to contact customers. Similarly, restricting the lines of communication for customers by cutting back on call centre staff, or removing contact mechanisms on websites, can cause real problems. There are many options in the ways to communicate and individuals will use different media depending on their preferences and circumstances at that moment.

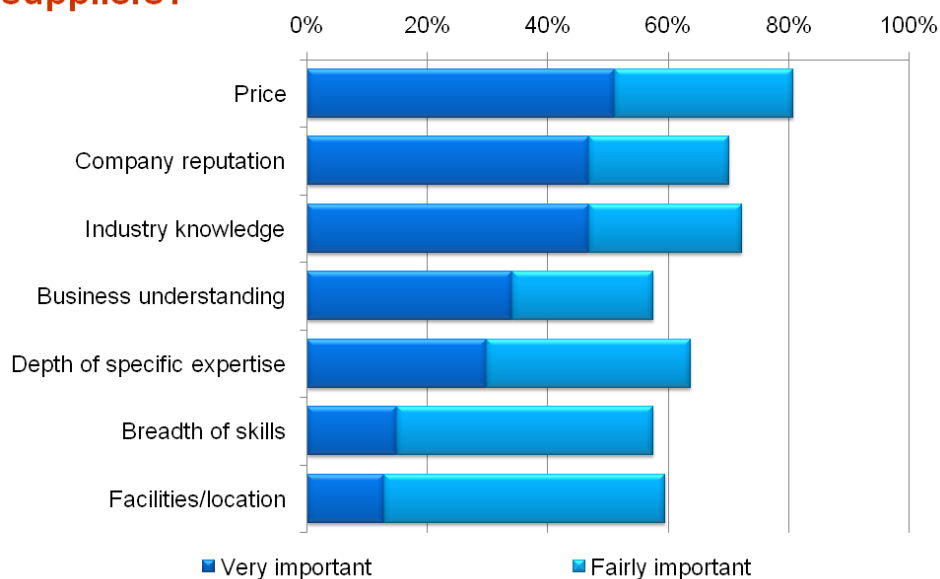
Many organisations want to go a step further to enhance customer communication. Despite some reservations on building new channels, many organisations want to ensure they can offer a multi-channel dialogue with their customers through online, mobile and social networks as well as more traditional telephony and physical presence (Figure 7).

Figure 7**Multi-channel commerce**

Many of these network channels are still evolving and demands can vary widely. In these circumstances an agile communications strategy with supplier flexibility on technology and tariffs becomes a significant competitive differentiator, allowing the business to focus on customer needs enabled by technology.

The Finances

While organisations are always seeking to get the lowest price, other factors are also important to avoid taking unnecessary risks with suppliers of critical services such as IT and communications (Figure 8).

Figure 8**What do growing organisations look for in suppliers?¹**

Communications costs and the elements they comprise—data networks, telephony, mobile—can vary, and the mix can change, as the growth in mobile data use implies. This means that gaining the most competitive contract is no longer simply about obtaining the lowest price at one moment in time, but having a flexible contractual relationship.

This does not imply short contractual terms, as that might not be good for supplier or customer, but it should allow for different financial options to spread, defer or front load payments. To do this effectively requires more intelligent billing and clarity of usage. Traditional billing systems for many communications providers have been a bit of a 'black art'; now flexibility and visibility are vital requirements.

There is also a need for flexibility in the deployment of technology. Not only are usage patterns changing, due to changes in working practices, but also acceptance of technology in the workplace has been amplified by the use of communications technology in the home. Organisations now have to deal with a growing diversity of working patterns, roles and products, including many being chosen by employees themselves.

There are also further enterprise technology advances—high definition video, fixed mobile convergence, touch screen user interfaces, unified communications—which may provide competitive advantages or offer ways to reduce costs or mitigate risks. These will need rigorous investigation rather than blind adoption, as not all new ideas are suitable or even worthwhile for all organisations. However, in competitive and fast paced markets these decisions will need to be taken quickly and, if new technology is endorsed, deployed rapidly. Only an agile strategy and flexible communications partners will help make this possible, as most organisations do not have the luxury of spare internal resources to investigate or make disruptive changes.

5. Conclusion

Suppliers often try to dress up their offerings with perceived advantages or differences against their competitors. They cite how their products or services will deliver improved competitiveness or customer service, increased responsiveness or productivity. While these are all worthy attributes, they boil down to the three tangible benefits that their customer can really gain—reducing costs, growing revenue and mitigating risk.

The first two are clear and are most often addressed in marketing collateral, but the third is often confused with solely being a defence against threats, i.e. security. In reality, it covers flexibility, agility and the ability to adapt to changing situations, not just threats but also opportunities.

Organisations operating in narrow fields, 'steady state' mature segments or regions where market conditions have not recently changed rapidly do not value agility so highly. However, when geographies, industries, supply chains and technologies are becoming more tightly intertwined, or 'converged', most situations become highly tuned systems, vulnerable to shock. This may be financial (credit crunch, market crash), organisational (take-over, budget cut, industrial action), social (war, riot, terrorism), natural (weather, seismic) or utility overload (energy supply, transport).

Recent history has shown these types of once-rare events are now more commonplace, and the integrated nature of the commercial landscape means their effects are more pronounced as they resonate through markets.

Organisations need to have more control over their own destiny, more ability to react to change. They need more flexibility in their entire communications infrastructure—services, tariffs, and technologies. An agile communications strategy addresses this need.

References:

- 1 – Quocirca “Body shop to mind shop” report, May 2009**
- 2 – Quocirca “Total telecom expense management” report, April 2008**
- 3 – Quocirca European telecoms research, 2006–2008**
- 4 – Quocirca enterprise performance measurement research, 2010**

Recommendations for developing an agile communications strategy

Consider communications as a whole: For historical reasons, the responsibilities for different elements of communications may be managed in different places, leading to damaging internal politics and power struggles. This also leads to multiple suppliers, which is not only harder to manage but might mean missing out on wider ranging contracts, bundles or packages. Far better to bring the different strands together under common responsibility, and establish or preserve links to other internal stakeholders—especially lines of business—but also to groups indirectly impacted by communications, such as facilities management and human resources.

Think services not products: Too often, buyers focus on narrow criteria for technology products, which then end up being technical constraints to a business problem. Organisations should adopt a model based on the old adage “measure what’s important, don’t make important what you measure”. Just because technical speeds and feeds are simpler to measure and compare, it does not make them the right criteria to consider. Look to offerings as services, setting required service levels and then measure and police them with suppliers based on metrics derived from the business.

Develop internal understanding: Open, honest and direct communication between IT, communications and business managers is vital. This leads to greater understanding of the needs of the business, and how that impacts the need to be more flexible with communications services. Market uncertainties mean that the business is less forgiving of delays and more demanding of its communications resources. Greater collaboration and engagement between business and technical services groups leads to growing understanding from both sides.

Consider incremental outsourcing: Highly connected and service oriented models allow a finer grained view to be taken of business processes. Even small operations can now be considered for outsourcing if that improves overall business efficiency. All organisations should consider their core competencies and what might be better pushed out to be a service delivered from the ‘cloud’ or network. As a first step, see what incremental services are offered by communications providers, and look at ones that layer on top of, or add value to, the connectivity provided. If there is little differentiation in running these services in-house, use incremental outsourcing to free up internal resources.

Bring mobile into the mix: A shift in working patterns to support and encourage mobile and remote access to applications and data as well as the flexible ubiquity of the mobile phone is increasing mobile budgets. Often as these grow, in either planned or unplanned ways, they take resources from other communications areas. Mobile also changes employee behaviours, offloading some use from fixed networks and, in many environments, making the desk phone increasingly irrelevant. Lack of integration of the mobile into traditional PBXs and switchboards is commonplace. For cost, control and seamless operating reasons, mobile needs to be an integral element of the communications strategy.

Face up to personal usage: All organisations have to recognise that many employees, as consumers, have access to powerful communications technology—mobile phones, broadband internet, social networks—sometimes better than their work facilities. It is naive to expect employees to resist these personal connections during their working day, so organisations have to put appropriate rules and controls in place to ensure security and productivity without alienating individuals or discouraging emerging collaborative working practices.

Demand detailed and understandable billing: With a complex array of communications products and services, along with historically poor clarity of billing, many mistakes have been made. Companies pay for services they no longer or have never used; managers or even employees sign up to products and services with little central control or awareness. Whether it is personal use of mobile phones, ad hoc Wi-Fi in airport lounges or paying for employees’ home broadband for occasional remote use, cost centre managers and employees need to be aware of cost and consequences, and the business needs to have greater levels of detail to make more informed supplier decisions.

Avoid over-consolidation: While most companies would like to reduce the number of suppliers, especially those supplying a similar service but in different locations—such as regional operators—this is often difficult to achieve without compromising best-of-breed decisions in each locale. It is then more important to find a way to deal efficiently with multiple suppliers and accurately compare between them on a like-for-like basis.

About Azzurri Communications

Azzurri specialises in integrating all three disciplines of voice, data and mobile to provide managed connectivity from cloud to desktop, delivering business services at every level from audit, analysis and design to implementation, support and ongoing management.

With increased agility, Azzurri's customers gain a competitive edge and, with dramatic savings and management information, they have total control of their communications infrastructure.

Many customers are major multinationals and household brands; over 25% of the FTSE100 are Azzurri customers.

Azzurri Communications was formed in June 2000 and is headquartered in the UK, offering global access to sales, service and support to customers in 130 countries.

Web: www.azzurricommunications.com

Email: info@azzu.co.uk

Tel: 0845 077 00 71



About Quocirca

REPORT NOTE:

This report has been written independently by Quocirca Ltd to consider the benefits of an agile approach to communications.

The report draws on Quocirca's extensive knowledge of the technology and business arenas, and provides advice on the approach that organisations should take to adopt a more agile approach to communications.

Quocirca would like to thank Azzurri Communications for its sponsorship of this report and the customers of Azzurri Communications who have provided their time and help in the preparation of the paper.

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with firsthand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption—the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at <http://www.quocirca.com>

