

Maximizing the Power of the Cloud

Integrating Communications with Business Applications

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By Research Director Diane Myers



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INTRODUCTION

The enterprise telephony market is undergoing a transition as more businesses adopt unified communications (UC) and as the lines between telephony and UC blur. UC is on the rise, integrating communication tools such as voice, messaging, presence, and collaboration. As workforces are increasingly mobile and are using highly integrated applications in their personal lives, the expectation of being able to chat, talk, video conference, and share documents from a single application is increasing. And we want these tools across any device, anywhere, and at any time, making UC ideal for a cloud deployment model. In truth businesses have been steadily migrating voice and UC to a hosted model for a number of years. We forecast hosted UC seats to grow 27% worldwide to 35.5M in 2015. That installed base has only begun to tap the potential, with over 150 million premises-based PBX seats installed.

More business applications and tools are available as cloud services than ever before. Businesses have proven comfortable outsourcing to cloud providers critical functions such as e-mail, customer relationship management (CRM), collaboration, and security. Applications or software as a service gives businesses access to a variety of applications without the risk of purchasing software or developing their own applications; however, for the most part business applications remain in their own silos filling individual requirements.

Exhibit 1

Application Silos



The integration of business applications—off the shelf and custom built—with voice communication has been building over the past several years. A prime example is CRM with services such as Salesforce.com that integrate with a business's phone system to automatically record call details tied to specific customer records. The integration provides increased levels of productivity and efficiency by making two disparate tools more valuable through integration. Though more applications and communication infrastructure move to the cloud, we are at an ideal juncture to break down silos and enter a new era of business communications through seamless integration.

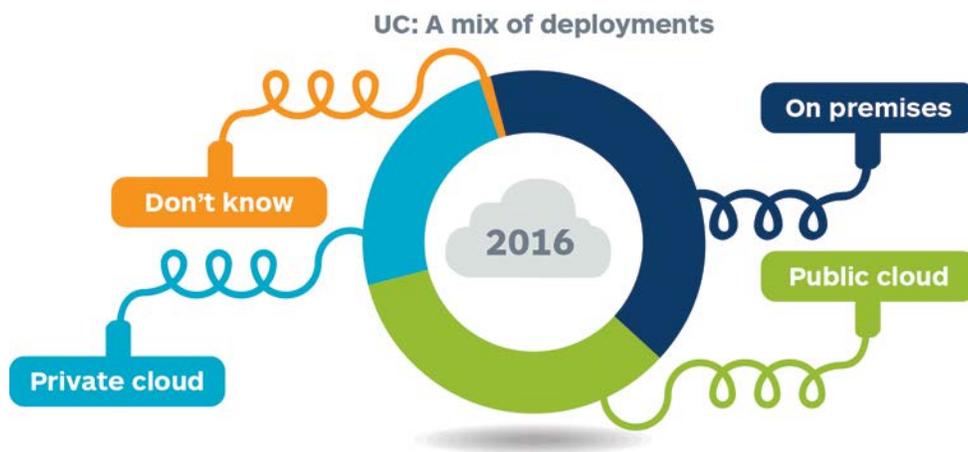
COMMUNICATIONS AND APPLICATIONS MOVING TO THE CLOUD

In the last decade, we have seen a tremendous rate of adoption of new types of communication, making today's communication experience richer than ever before: we send emails, text messages, and instant messages, make phone calls over the Internet, and enjoy high quality video calls. The general idea behind UC is to organize this arsenal of tools and integrate the various fragmented modes into a single communication experience. Instead of connecting phone numbers or devices, why not connect people in the manner most appropriate to the situation. Cloud solutions drive the complexity of implementing a UC solution into the hands of the service provider, which is appealing to a number of businesses.

By 2016, according to our March 2015 survey, more than 50% of businesses will have some part of their UC applications in the cloud (public or private). There are more hosted options available from a variety of sources than ever before to fit a growing set of needs.

Exhibit 2

UC: A Mix of Deployments



Source: IHS Infonetics UC Cloud and On-Premises Strategies and Vendor Leadership: North American Enterprise Survey, March 2015

Improving response time and employee productivity are the top drivers for UC adoption, according to our enterprise surveys. It is all about creating more efficient and agile organizations. Giving employees tools that allow them to communicate more effectively should in theory make them more productive, leading to an overall competitive edge. But by taking UC one step further and integrating communication tools with business applications, further benefits can be realized.

Leading business applications and vendors

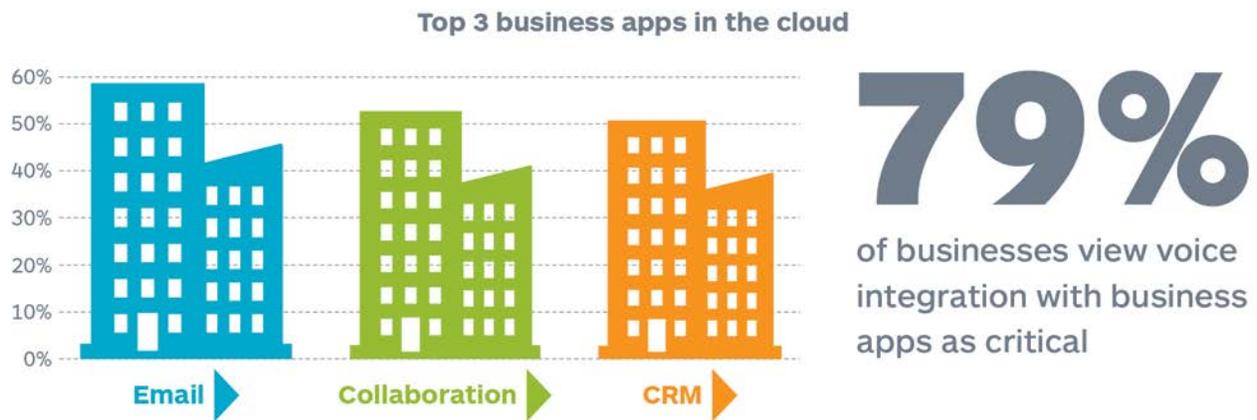
“Business applications” is a broad category that includes off-the-shelf and custom built software. Many applications are complex, and the benefit of using an application is not always clear to an enterprise without an extensive trial. SaaS allows businesses to mitigate the risks by reducing upfront costs. Categories of applications that have found success in the cloud include CRM such as Salesforce.com, business productivity such as email and desktop applications with Office 365 or Google for Work apps, and data storage or repositories such as Dropbox.

Email leads the way with business applications in the cloud, and through the leading providers—Microsoft and Google—desktop productivity applications are being pulled along. Microsoft has been able to leverage its market position with branded software products to launch SaaS offerings such as Office 365. Microsoft is a leading provider, with over 12.5M paid business subscribers using Office 365; the company is moving aggressively to convert its Office licensing business to Office 365 subscriptions, fueling growth in the future. On the other hand, more than 5M organizations use Google for Work apps, including free business users (organizations with fewer than 10 users don’t pay).

INTEGRATING UC WITH BUSINESS APPLICATIONS IN THE CLOUD

We are still in the early days of integrated cloud UC with business applications. Most of the work has been in CRM, usually salesforce.com, but there are solutions that integrate toolbars with Microsoft Outlook or Google for Work apps. And of course Microsoft is a leading UC vendor on the premises with Lync and now Skype for Business, which gives them an advantage. But regardless of the provider or the applications, businesses are recognizing the value of integrating voice with key applications. In a July 2015 survey of North American enterprises, respondents told us which applications they will use as a service (SaaS) by 2017; email, collaboration, and CRM top the list.

In a March 2015 survey of North American enterprises, we asked respondents what capabilities they deem important in choosing a UC solution; 79% said the ability to integrate voice with business applications is “very important.” It is no longer enough to have a communication tools unified; it’s necessary to bring those tools to individual applications, to launch communication sessions—chat, voice, and video—directly from an address book, for example. Having one truly integrated directory to launch calls rather than having to scroll through a list of extensions seems so simple but does not exist for most people. And though we have become used to click-to-dial within email or webpages from our mobile devices, the same is not true of our desktops.



Source: IHS Infonetics

UC Cloud and On-Premises Strategies and Vendor Leadership: North American Enterprise Survey, March 2015 and Cloud Service Strategies: North American Enterprise Survey, July 2015

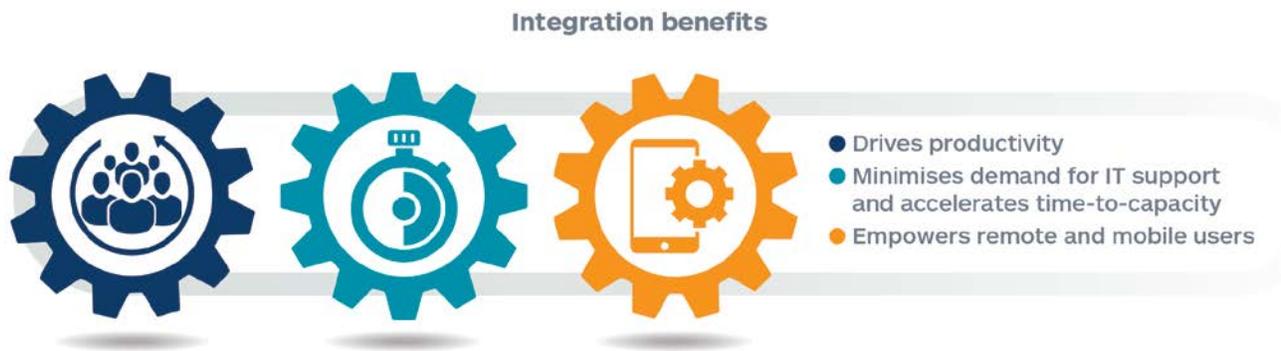
One companies move toward the cloud UC and Office 365

The benefits and opportunities for businesses are best summarized by one company that uses cloud UC from RingCentral and Microsoft Office 365. Binswanger Glass is a large installer of glass in the commercial, automotive, and residential markets, with over 66 retail locations in 14 states. The company began its move to the cloud to better serve its employees while having a limited IT staff of four people. With a highly distributed workforce, Binswanger Glass couldn't be onsite at every location to manage phones and desktop applications.

It first began with Office 365 for email almost three years ago, then migrated its phone system to RingCentral with 550 extensions. Moving to cloud UC allowed the company to be on one system and have a common set of features and capabilities. Previously Binswager Glass had various phone systems spread across its organization, many of them old and outdated. One of the key requirements the IT staff considered in choosing a hosted provider was integration of voice and fax, which RingCentral was able to handle.

The company is moving toward integration of its RingCentral service with Office 365. Through trials, Rob Parsons, Binswanger Glass' Director of IT, has been able to immediately recognize the benefits for his staff, which he summed up in one word: "Productivity." Tying Office 365 and RingCentral together has made the two applications better. The integration provides a speed dialer with click-to-call from phone numbers in email or contact lists, the company can use a single directory including phone extensions, and screen pops with incoming calls provide the employee with valuable information.

In moving to the cloud for business applications and UC, Parsons articulated the benefits for Binswanger Glass as fast implementation, ease of deployment, simplification of management and usability for employees, and flexibility to support workers in the office and home employees. This matches what we find in surveys. In our March 2015 UC survey, 86% of respondents said flexibility was a very important driver for moving to the cloud.



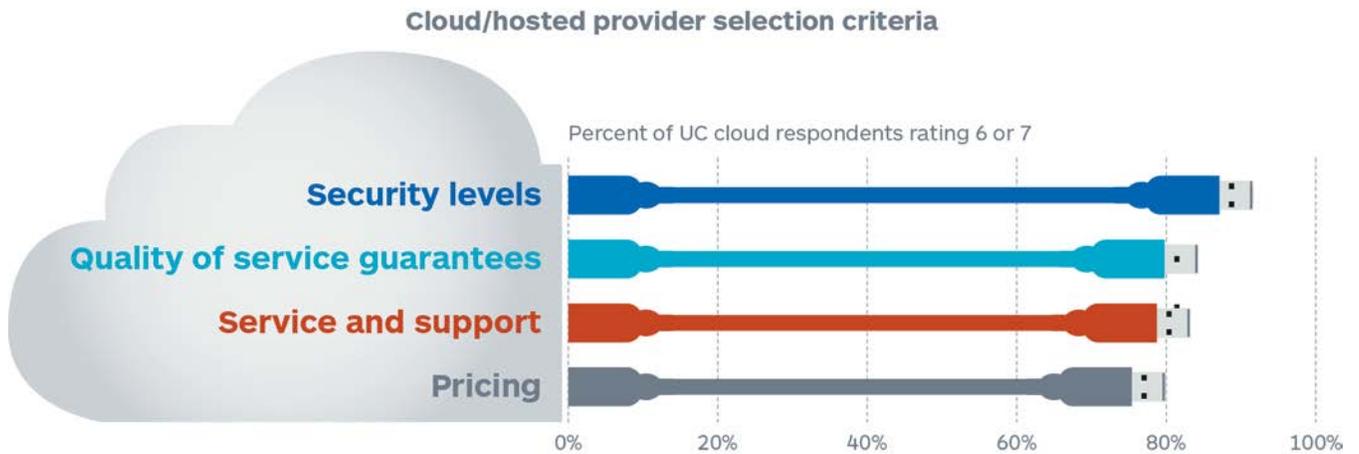
KEY CRITERIA IN EVALUATING CLOUD PROVIDERS

The cloud offers tangible benefits for enterprises for a variety of application requirements and UC needs. With APIs and application integration, businesses can gain further synergies by marrying applications, but one of the challenges is finding a provider that best fits your company's requirements.

From our *UC Cloud and On-Premises Strategies and Vendor Leadership* enterprise survey we ask respondents about the most important criteria in selecting a cloud provider. Security tops the list as businesses want to ensure the UC is being delivered in a secure environment and with high quality

Service and support is the third most important criteria and has long been an area Infonetix considers in determining leadership criteria. Without high quality service and the accompanying support, businesses will quickly churn away from providers. In discussions with enterprises that are evaluating or have selected cloud providers, a consistent theme is the need for responsive account managers and proactive support teams. Aside from the necessary features and capabilities and a high quality service, the interaction with account and support teams is critical for businesses.

In terms of offering application and UC integration, key considerations in evaluating providers include what level of integration is currently available: pre-integrated solutions with specific applications versus just APIs to do your own integration. Each business needs to decide what it is comfortable undertaking and what needs to be plug and play. Additionally, as more applications go to the Web, businesses need to review if integrated applications support the corporate browser of choice and if mobile support for specific operating systems is available or on the roadmap.



TAKEAWAYS

Applications and communications are migrating to the cloud, but in most cases it is only the deployment model that has changed. Email is still just email to the corporate user; where it resides and who manages the application is only of concern to the IT staff. Little has changed regarding cloud services for the business user. However, we are in the early days of integrated communication, with advances coming through open APIs and Web technologies.

Businesses recognize the value of integrating communications and business applications. The opportunity to bring the two pieces together creates greater work flow efficiencies while opening up the number of touchpoints for communication to occur. With voice and video capabilities enabled within everyday applications, the possibilities for rich data and insights become more impactful.

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Commissioned by RingCentral to educate the industry about the integration of business applications, this paper was written autonomously by analyst Diane Myers based on IHS Infonetics' independent research.

ABOUT IHS INFONETICS

Infonetics Research, now part of [IHS](#) (NYSE: IHS), is an international market research and consulting analyst firm serving the communications industry since 1990. A leader in defining and tracking emerging and established technologies in all world regions, Infonetics helps clients plan, strategize, and compete more effectively.

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