KNOW YOUR OPTIONS BEFORE MOVING TO THE CLOUD

謀 RESEARCH

Mitel
Powering connections

It's imperative for company and IT leaders to understand that the term "cloud" is very broad and can mean different things to different businesses. This report highlights the importance of cloud delivery and provides some insight regarding how organizations should think of the various cloud "flavors" to make the best possible decision. Every business should shift communications to the cloud, **but the question is which cloud?**

Section I:

Digital businesses need to be cloud first

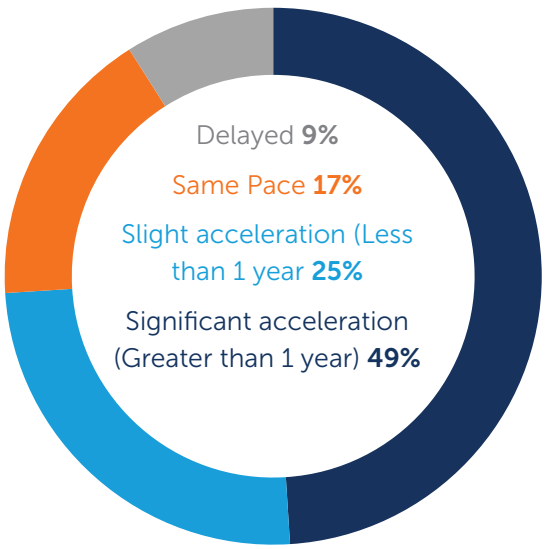
Digital transformation is no longer an option; it's a mandate for today's business and IT leaders. Companies are adopting digital technologies at a furious rate. According to the ZK Research 2019 IT Priorities Study, 90% of organizations worldwide have at least one digital initiative underway (Exhibit 1), up from 68% in 2015. Why the jump in interest? Digital advancements enable companies to quickly create new products, transform business operations, improve customer service and lower costs. This is why digital companies often leapfrog and stay ahead of their most established competitors.

Historically, sustaining market leadership was based on having the best product or the lowest prices. In the digital era, this is no longer the case. Although these factors are still important, today maintaining a competitive advantage is tied to an organization's ability to recognize shifts in the market and respond faster than other companies. Those that can accomplish this will thrive, while those that can't will quickly fall behind and struggle to survive—and many will fail to exist in a few short years.

The accelerated pace at which businesses need to operate requires an agile IT foundation. This has caused them to adopt new technologies such as containers, virtualization, cloud infrastructure and software-defined networking. However, the one technology that should be considered the foundation for digital transformation is communications, as it's at the heart of digital initiatives. Exhibit 2 shows that all the top drivers of digital transformation are enabled by cloud delivery of communications. The top two, enhancing customer service and improving employee productivity, are obvious, but cloud delivery of communications also plays a key role in streamlining operations, speeding up time to market, etc.

Exhibit 1: COVID-19 caused a significant acceleration of digital transformation.

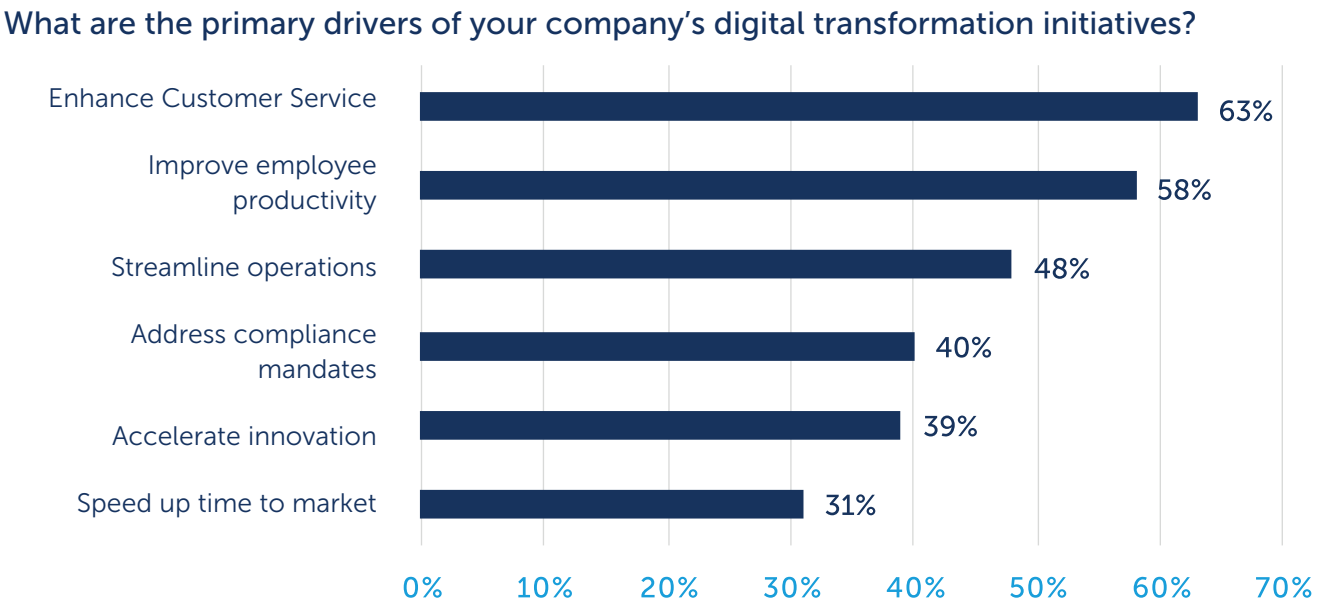
How has the pandemic impacted your digtial transformation plans?



Digital innovation is disrupting businesses, with data and applications as the hub of new business models. And this data needs to travel across the extended network at increasingly high speeds without interruption. To make this possible, organizations are radically redesigning their networks by adopting multi-cloud environments, building hyperscale data centers, retooling their campuses and designing new connectivity systems for their next-generation branch offices.

The increased importance of communications mandates that calling, meetings and other tools be infused into business processes, but that is not trivial with legacy infrastructure. Traditional infrastructure is too rigid to offer the required agility for digital organizations. To achieve success in the digital era, businesses must evolve their communications to a cloud delivery model.

Exhibit 2: Digital transformation initiatives increase the value of communications.



Section 2:
The importance of cloud communications

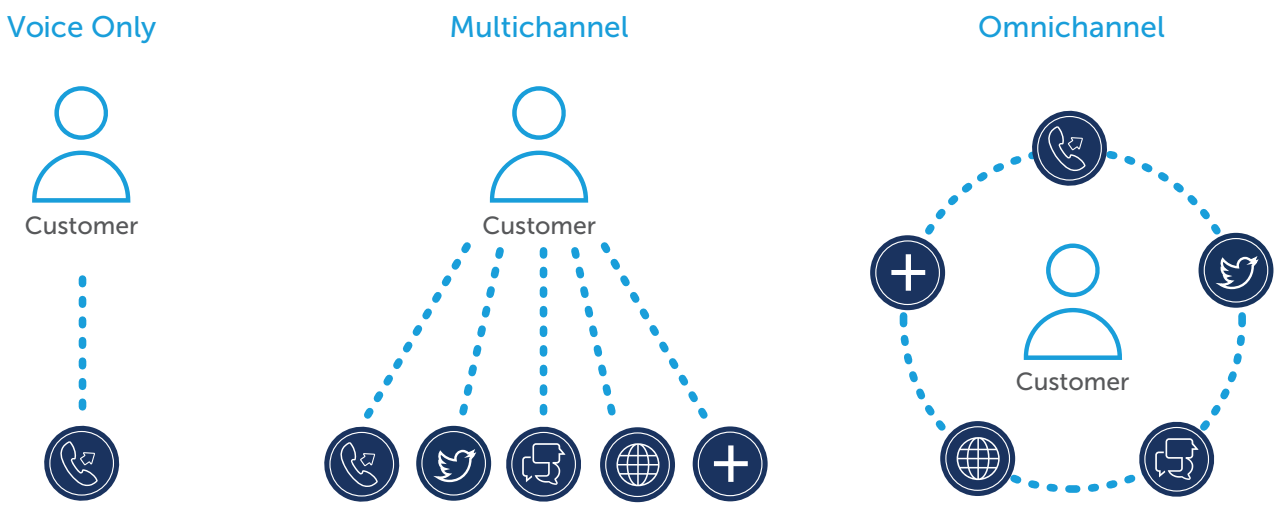
Business communications is a broad term, but the available solutions will fall into one of two categories:

- **Unified communications (UC)** is the coming together of multiple real-time and asynchronous collaboration tools. This includes voice, video, audio and web conferencing, team messaging, mobility, chat and more. The goal of UC is to improve worker collaboration with people inside and outside the organization.
- **Contact center (CC)** is a set of applications from which all customer interactions are managed. These can include a wide range of communications channels such as voice, chat, email, text messaging, interactive voice response (IVR) systems, and now artificial intelligence (AI)-based applications such as bots and speech interfaces.

Neither categories are more important than the other, as they serve different purposes: UC improves the employee experience and CC makes the customer experience better. One of the challenges for businesses has been that UC and CC have evolved more in the past five years than in the three decades before, and the pace of change will continue to accelerate. Keeping legacy systems up-to-date is slow and manually intensive, whereas a cloud solution is built on modern technology, making continuous innovation possible.

Modernized contact centers are built on a concept known as "omnichannel" communications, where an agent can see information across all digital channels at once. This means a customer could begin an interaction with an agent via text message then switch to chat then to voice, and the agent would never need to ask the customer to repeat information. Forthcoming AI features including personalized greetings, speech analytics, natural language processing and real-time translation will create an experience that can wow a customer and further drive brand loyalty. The more advanced the capabilities of a contact center, the more likely the customer will have a positive experience that increases brand loyalty.

Meanwhile, an older, legacy contact center built only on voice can prompt customers to go elsewhere. Customers want the freedom to move between channels, and omnichannel enables that *(Exhibit 3)*.

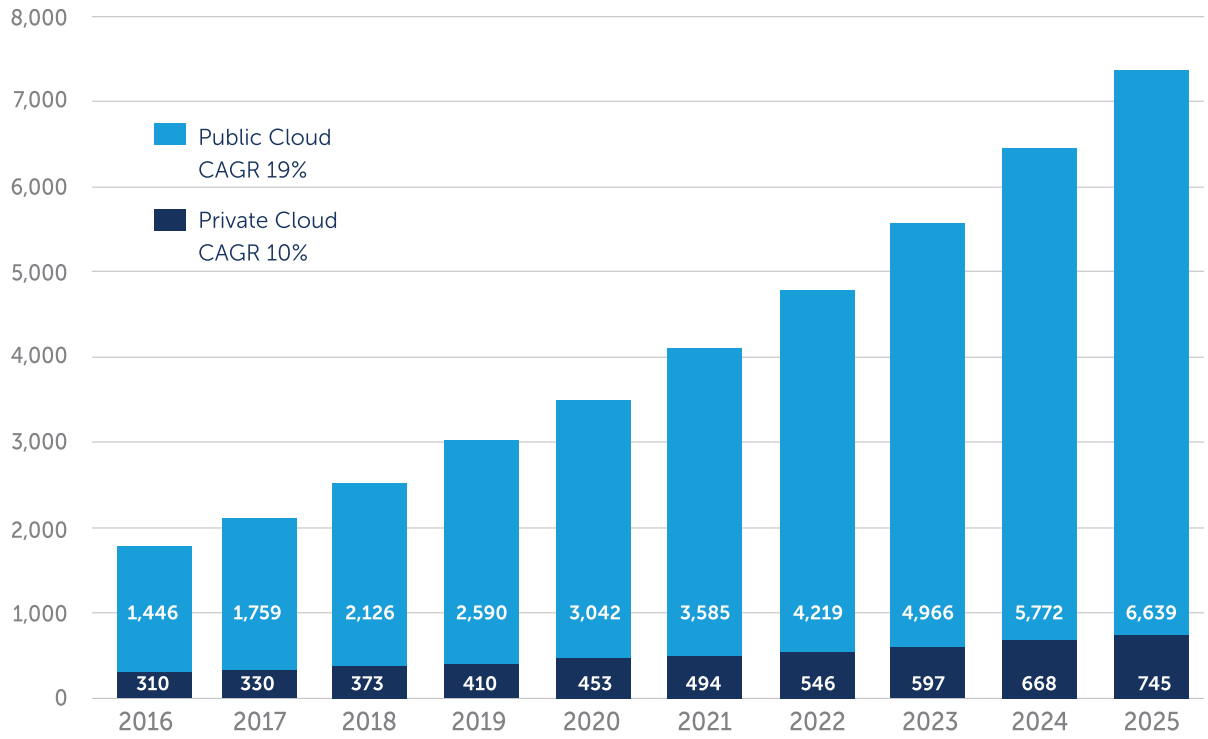


Today's UC solutions enable workers to collaborate quickly and make the best possible decision in the shortest amount of time regardless of where the people involved are located. Disjointed and siloed communications can cause collaboration to be fragmented and inefficient. UC enables workers to seamlessly move between modes of communication to collaborate wherever they are and whenever they need to do so.

A few years ago, businesses were reluctant to adopt cloud-based UC and CC because the systems lacked the reliability or feature breadth of traditional systems. This is no longer true. Modernized cloud solutions can be designed with high reliability in mind and are at feature parity with on-premises solutions. Historically, most IT leaders felt moving communications to the cloud was risky. The reality is, not shifting to the cloud is riskier as businesses will fall behind their peers.

However, if cloud UC and CC were simply at parity with on-premises solutions, the uptake would track—at best—along the replacement cycle of the existing solutions. The ZK Research 2020 Global Cloud UC Forecast shows that UC delivered via a SaaS model is growing at 19% compounded annual growth rate and private cloud is growing at 10% CAGR. At the same time, traditional on-premises systems are flat over the same time period. This demonstrates that customers believe the cloud model is superior to a traditional one *(Exhibit 4).*

Global Cloud Forecast (in Millions of U.S. Dollars)



With traditional compute resources such as storage and CPU cycles, the primary value of the cloud is lower costs. While shifting communications to the cloud does lower costs, business will realize a number of other benefits including the following:

- **Location independence**: Customers can access any feature from anywhere on any device, and the need to go to a physical office is virtually eliminated.
- **Faster innovation:** Customers can use new features as soon as they are available instead of having to wait months or even years to go through the testing and refresh process.
- **Economic efficiency:** Businesses can provision what they need now and then add resources when required.
- **Advanced features built on artificial intelligence:** UC and CC vendors have been using AI to create advanced capabilities. Legacy systems don't have the processing capability to perform AI at the scale necessary to deliver advanced services such as facial recognition and analytics.
- **Rapid deployment of services leading to faster time to market:** Digital transformation requires speed, and legacy communications are the antithesis of speed. Cloud-delivered services can be rolled out as fast as an organization is comfortable doing so.

The time for cloud communications is now, but it's imperative that decision makers choose the best cloud model for their business.

Section 3:

Choosing the right cloud for communications

When it comes to IT infrastructure, communications included, "cloud" is a broad term with multiple definitions. This new computing model can be categorized into the three following types:

Public Cloud

Public cloud, also known as software as a service (SaaS), refers to a cloud computing model in which services are delivered over the Internet from a cloud provider. They are typically charged on a subscription basis or may be offered some services in a "freemium" model. The cloud provider deploys, manages and maintains the pool of computing resources required to deliver applications to multiple clients. The crucial features of public clouds are elastic services, a multi-tenant architecture and a pay-per-use model. In the area of UC and CC, public cloud services have had high appeal with small businesses.

- Advantages of public clouds include the following:
  - Low up-front investment
  - High scalability and flexibility to meet hard-to-predict demands
  - Reduced complexity
  - Subscription pricing (OpEx)
- Disadvantages of public clouds include the following:
  - High utilization can lead to high costs
  - Lack of customization
  - Low control of security
  - Poor visibility into the control of infrastructure
  - Data sovereignty concerns

It's worth noting that not all clouds are the same. Some SaaS providers attempt to stand up their own cloud platforms and that's fine if you're a company with the resources of a Salesforce.com. For most cloud providers, there is a significant benefit in running the software in a name brand public cloud platform such as Google Cloud and Amazon Web Services. This provides the necessary security, reliability and scale that are at the heart of customer concerns.

Private Cloud

Private clouds are clouds where the environment is dedicated to a single organization. The resources can be in the organization's data center or operated by a third party such as a UC vendor, reseller or telecommunications provider. With a private cloud, the infrastructure and data are isolated and delivered over a private network. Private clouds are also customizable and able to meet the business and security needs of any organization, including those in highly regulated industries. Historically, private clouds have appealed to mid-size to large organizations that need the control.

- Advantages of private clouds include the following:
  - Dedicated and secure infrastructure
  - Customizable solution
  - High scalability
  - Flexible to transform based on business needs
  - Control and visibility for IT organization
- Disadvantages of private clouds include the following:
  - Up-front costs, although the level can vary on where the environment is hosted
  - High cost of ownership when utilization is low
  - Sometimes longer deployment times than public cloud alternatives

Hybrid Cloud

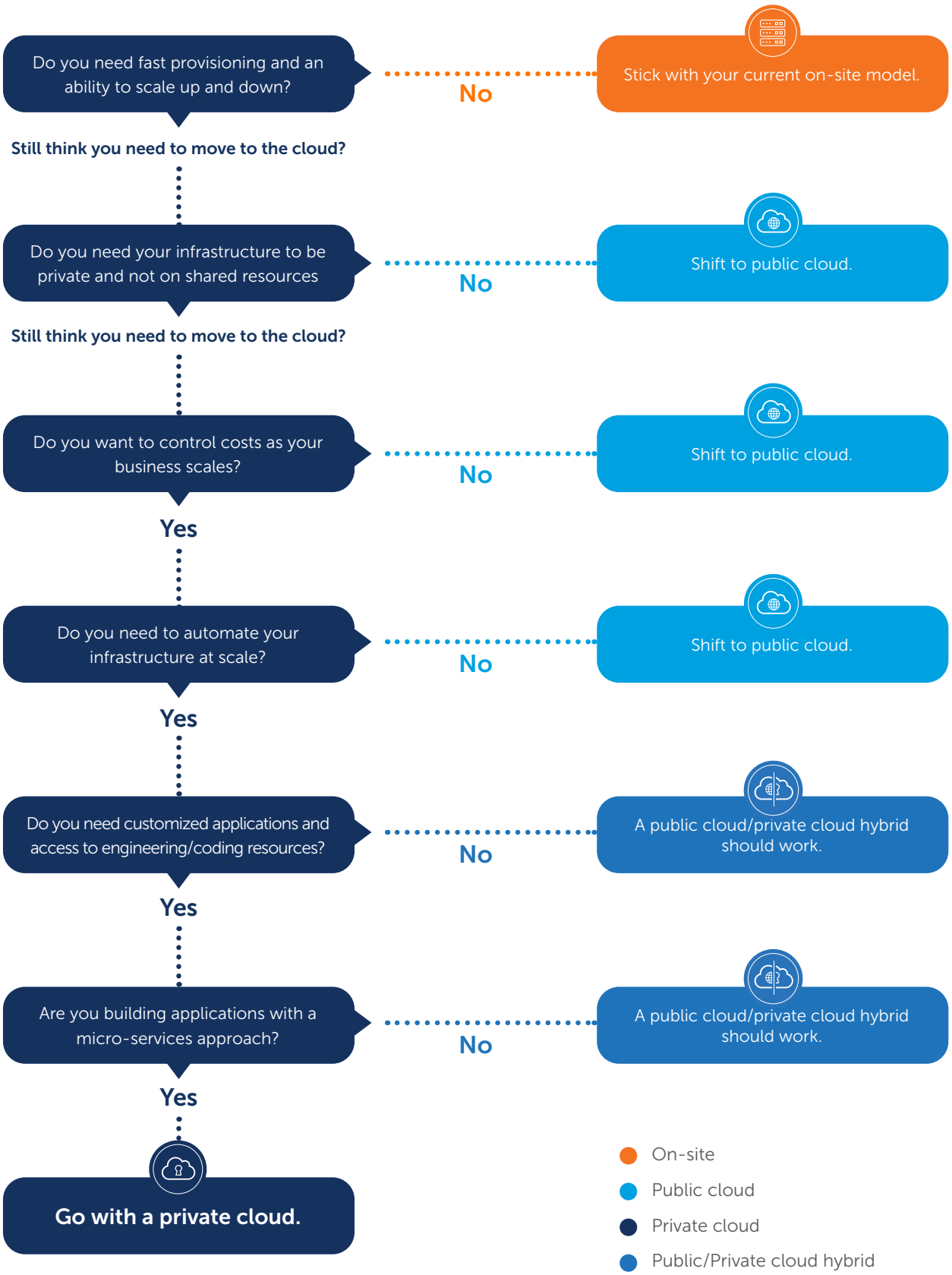
Hybrid clouds follow a model that mixes on-premises, public and private cloud solutions. The resources should be orchestrated to look like a single environment where applications and resources can be shared between the public and private cloud environments.

Public Cloud Infrastructure has changed dramatically in recent years with several leaders emerging that offer the ideal cloud infrastructure, with reliability, security and scale to match the needs of any organization no matter how complex.

How the hybrid cloud is architected varies based on the needs of the organization. For example, a business with a voice-only contact center that has not been fully depreciated may choose to leave the on-site solution in place and then augment that with a public cloud solution for digital channels. Another scenario to consider is using a private cloud implementation for UC for the organization's headquarters and then using UC as a Service (UCaaS) for branches and remote workers. The flexibility gained from using hybrid clouds makes them appealing to mid-size to large enterprises.

- Advantages of hybrid clouds include the following:
  - Deployment flexibility
  - High reliability, as services are distributed across data centers
  - Public cloud scale with private cloud-level security
  - Not locked into one particular architecture
- Disadvantages of hybrid clouds include the following:
  - Orchestration challenges
  - Difficulty calculating costs
  - Complexity of tying two environments together

When deciding between public, private and hybrid clouds, there is no "best" solution. Rather, the right decision will be the one that fits the organization's business model best. Smaller organizations with overburdened or small IT teams may prefer to offload everything to a Contact Center as a Service (CCaaS) or UCaaS provider. Very large companies that need to meet strict compliance mandates will likely seek to deploy a private cloud. The bulk of companies will want the best of both worlds and take a hybrid approach. To help companies make this decision, ZK Research created a public/private/hybrid decision chart, which is on page 8.


Do you need fast provisioning and an ability to scale up and down?
No
Stick with your current on-site model.
Still think you need to move to the cloud?
Do you need your infrastructure to be private and not on shared resources
No
Shift to public cloud.
Still think you need to move to the cloud?
Do you want to control costs as your business scales?
No
Shift to public cloud.
Yes
Do you need to automate your infrastructure at scale?
No
Shift to public cloud.
Yes
Do you need customized applications and access to engineering/coding resources?
No
A public cloud/private cloud hybrid should work.
Yes
Are you building applications with a micro-services approach?
No
A public cloud/private cloud hybrid should work.
Yes
Go with a private cloud.
On-site
Public cloud
Private cloud
Public/Private cloud hybrid

Section 4:

Mitel – a complete cloud communications provider

Mitel is a leader in the business communications industry. The 45+ year old company has had a history of innovation including being a pioneer in cloud communications, which includes unified communications as well as contact center. Some proof points that validate its leadership are:

- Over 1.4 million UCaaS subscribers
- over 5.1 million cloud communications subscribers
- Number 1 in global cloud
- Nearly 1400 patents
- 2.5 million+ new UC users per year
- 100+ countries
- 5000+ partners globally

Mitel enables its customers to migrate to the cloud regardless of which cloud model the business chooses. It has two cloud options for customers to choose from that can meet any business need:

MiCloud Connect is Mitel's public cloud offering. It's a multi-tenant solution that offers shared services for rapid deployments. The Mitel environment is built on Google Cloud and enables customers to provision users and features at the speed of business. Because MiCloud Connect is delivered as a SaaS solution, updates are automatically delivered so customers always have access to the latest feature.

The solution is ideally suited for customers with the following challenge:

- **Turning up a new business.** Companies just getting started need to get up and running as quickly as possible. These organizations need a complete solution but are typically budget constrained. The rapid turn-up capabilities combined with flexible pricing models of MiCloud Connect are ideally suited.
- **Rapid growth.** Fast growing companies need the ability to replicate locations quickly and easily to create a consistent experience across every location. Because MiCloud Connect is delivered as a SaaS solution, customers can deploy any service to every location.
- **Limited IT teams.** Some organizations, such as K-12, healthcare and others, have very small IT teams with limited telecom experience. MiCloud Connect has a number of self-service features that enable users to manage their own experience, offloading this from the IT team.

MiCloud Flex is Mitel's private cloud solution, powered by a single stream of software that is able to be run on-premises or in the Google secure Tier 3+ data centers. MiCloud Flex is built on a single-instance architecture so each customer has their own unique experience and can customize the environment including deep integration into other productivity and workflow tools. With this model, customers control release and features and when they are rolled out. MiCloud Flex is optimal for customers that have the following challenges:

- **Require control over feature releases.** Many organizations build workflows around specific functions in applications. These types of companies want to have a say in when features are released for training and coordination purposes. Also, many companies are always on and can't afford variable maintenance windows. For these types of companies, MiCloud Flex gives companies cloud agility without sacrificing the control they require.
- **Custom requirements.** Many organizations have proprietary software requirements and applications that can't be achieved with the "one size fits all" approach of public clouds. MiCloud Flex is highly customizable and enables businesses to adapt the software to their business needs.

High availability. Organizations that require five-9s of availability for core voice will find MiCloud Flex a strong choice. Systems can be deployed in high availability configurations or even fail over to geo-redundant systems.

Section 5:
Conclusion and Recommendations

Digital businesses need the ability to respond quickly to business climate changes to achieve and sustain market leadership. Companies that are agile and dynamic will lead their industries, while those that cannot will fall behind and struggle to survive.

Communications is foundational to digital success, as it enables workers to collaborate with one another more efficiently, allowing organizations to make better decisions faster. Also, through the contact center, communications can transform the way businesses interact with customers. This is key today, as the customer experience is now the top brand differentiator.

UC and CC are now critical enablers of workforce and customer service transformation, and therefore evolving to a modernized, cloud-centric system must be top of mind for IT and business leaders. The cloud has become the new operating model for digital businesses, but the term "cloud" is broad and solutions can vary widely from vendor to vendor. Decision makers must ensure they are using the solution that fits their organization's workflows best.

ZK Research offers the following recommendations to IT leaders who are currently looking to shift their company's communications to the cloud:

- **Perform a communications audit.** Before transitioning to the cloud, it's critical to understand what the business has and what it needs for success in the future. The audit should encompass infrastructure but also an understanding of current users demands as well as future needs. This will help build a roadmap for the cloud deployment.
- **Invest in the traditional systems where it makes sense to do so.** Although the trend is toward the cloud, it may make sense to continue to invest in on-premises systems. For example, a company may choose to keep its current call control solution in place and to use the cloud for online meetings and team collaboration.
- **Choose a solution provider that offers a range of options.** Don't be force-fed a certain type of cloud solution because it's all a cloud provider offers. Seek out a solution provider, like Mitel, that has a wide range of cloud options to meet the unique needs of your company.

Learn more

Ready to make the move to the cloud? Explore how Mitel's cloud communications solutions can transform your business at mitel.com/solutions/business-need/migrate-cloud

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