



Hosted and Cloud Communications

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To Start – a Story...



Burden Waterwheel at
Burden IronWorks


1851:

- The largest, most powerful waterwheel in the world
- Built by Henry Burden to power Burden Ironworks

“Focus on your Core Business - Not Your Chore Business”

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The Importance of Cloud and Hosted Services

Fundamental Market Shift

- Clear Shift in Communications Market to the Cloud
- Fewer PBXs, more Cloud-based services
- Infonetics Research – PBX sales growth behind hosted
 - PBX Q3 2010 QoQ Growth: **12%**
 - BroadSoft (hosted market leader) customers Q3 2010 QoQ Growth: **51%**
- Explosive growth of SaaS companies i.e. VMWare, Salesforce.com, etc.



With little or no Capital Investment for the business user

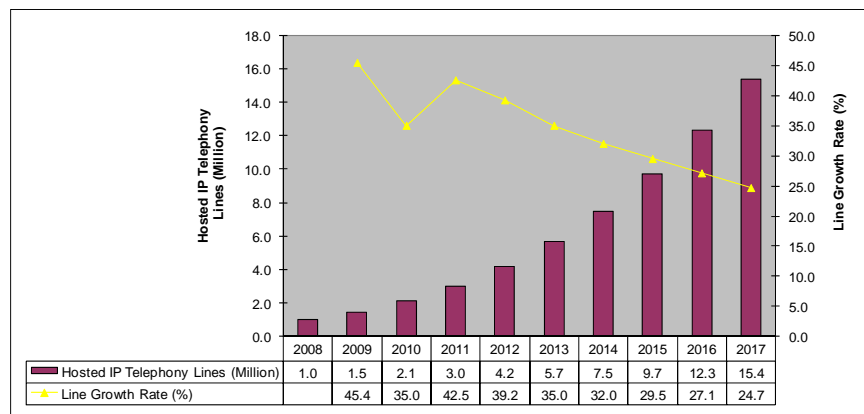
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Demand Forecasts

Hosted IP Telephony and UC Services Market: Installed Lines 2008-2017



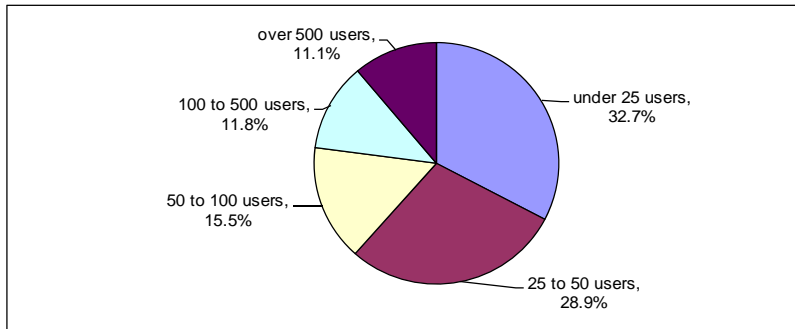
CAGR (Installed Lines), 2010-2017: 32.7%
(North America)

Note: All figures are rounded; the base year is 2010. Source: Frost & Sullivan



Demand Analysis: Trends by Business Size

Hosted IP Telephony and UC Services Market: Installed Lines by Business Size (North America), 2010



Note: All figures are rounded; the base year is 2010. Source: Frost & Sullivan



Demand Analysis: Business Types

Early Adopters: Mostly SMB



Professional Services Firms:
Financial Services, Real Estate, Law
Firms, Consulting, IT/high-tech



Retail

Later Adopters: SMB and Large Distributed Organizations



Education and Government




Large Distributed Firms with a Mix of Small and Large Sites


Source: Frost & Sullivan




What's Driving the Market Shift?



Economics
Predictable Costs
OpEx v. CapEx
"Utility" Purchase





Technology
Complexity
Upgrades
Mobility



Demographics
Remote/Flex Working
Green Initiatives
Multi-Location

Growth of Unified Communications Services to Dwarf Products Growth





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Hosted & Cloud is More Strategic

- ✦ "Core" vs. "Context" concept – *Geoffrey Moore*
- ✦ Focus on your **Core Business**, not your **Chore Business**
 - Use/Buy only what you need
 - Better allocate IT resources
 - Better/faster disaster recovery




"You're not going to be a better Law Firm by running your PBX better than the law firm down the street."



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Large Enterprise Case Study – Insurance: DAK (Germany) – 18K seats

| | | |
|------------|-----------------|------------|
| Business | Customer Care | Marketing |
| Operations | Human Resources | Finance |
| IT | Legal | Compliance |



- **2nd Largest Insurance Company in Germany**
 - 18K users; 1,000 branch offices
- **Hosted PBX + Hosted Call Centers**
 - Massively multi-site
 - Complex Call Centers & Queues
 - Shared/Collaborating Receptionists
 - Web 2.0 Integration with 3rd Party Systems
- **Customer Needs**
 - Multi-site integration
 - Cost Reduction
 - Better Customer Service – intelligent inbound call centers


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Large University Case Study: Texas A&M University (10K Seats)

| | | |
|------------|-----------------|------------|
| Business | Customer Care | Marketing |
| Operations | Human Resources | Finance |
| IT | Legal | Compliance |

CASE STUDY
Communications Solutions




Texas A&M and Verizon Partner to Enhance Academic Experience



- **Large US University**
- **Campus Wide Solution**
 - 10K+ seats
 - Single network for voice & data
 - Collaboration Solutions
- **Customer Needs**
 - “Extended Campus” – worldwide presence
 - Voice & Video Network
 - Cost Savings
 - Conferencing & Collaboration

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Small Business Case Study: Donato's Pizza (~80 lines)

| | | |
|----------------|-----------------------------------|---------------------------------|
| Business Lines | Disaster Recovery | Smart Call Routing |
| Cost Savings | Reliability and Disaster Recovery | One Provider – Uniform Solution |

- ✦ **Multi-Site Restaurant Chain**
 - Restaurants across 5 US States

- ✦ **Solution**
 - Business Lines
 - Disaster Recovery
 - Intelligent “Front Office”
 - eVolve Online Dashboard


- ✦ **Customer Objectives & Needs**
 - Cost Savings
 - Reliability and Disaster Recovery
 - Smart Call Routing
 - One Provider – Uniform Solution







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BroadSoft's Cloud Services via Service Providers




**BROADSOFT
BroadCloud**




BROADCLOUD
**Instant Messaging
& Presence**




PacketSmart




BroadSoft
BroadWorks




BROADCLOUD
Video




BroadCloud
**Text
Messaging**



BROADCLOUD
Web Collaboration



BROADCLOUD
FamilyCenter



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Cloud versus Premise “The Waterwheel Analogy”



Burden Waterwheel @
Burden IronWorks




- 1851 – Henry Burden builds *the most powerful waterwheel in the world* to power his Ironworks plant
- Burden invests, builds, maintains his own power machinery → builds expertise in hydraulics, drive shafts, suspension engineering
 - At first, Self-Generation of Power was a **Competitive Advantage**
- By 1890 → Completely Abandoned
 - Power obtained cheaper, easier, better in a utility model
 - Burden focused instead on their core business: Ironworks

“Focus on your Core Business, Not Your Chore Business”
“Are you going to be a better <law firm/design firm/etc> by running your PBX better than your competitors?”



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THANK YOU!



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