

January, 2008

Unified Communications Offers Value To Small And Medium Businesses

*Global Study Indicates Several Benefits For SMB
Manufacturing Firms (Part 2 of 3)*

A commissioned study conducted by Forrester research on behalf of
Cisco Systems



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Executive Summary

Unified communications (UC) provides an intelligent hardware and software platform that links people to people and people to applications, simply, and it reduces delays found in business communications. UC enables organizations to collaborate more effectively by allowing employees to quickly reach co-workers using only a single telephone number or URL across multiple devices. It integrates telephone features with employees' desktops to allow a worker to identify the availability of co-workers and simply point and click on their PC to reach them via telephone, cell phone, PC, or other communication devices. Additionally, employees can launch ad hoc conference sessions — audio, Web, or video — easily from their desktop and know their co-workers' availability beforehand by seeing their status or presence indicator on their PC. While UC increases worker productivity and reduces communication blocks, it also improves existing business processes such as sales support, problem resolution, and access to experts.

To quantify how UC affects the small and medium-size business (SMB) sector, Forrester Consulting surveyed 374 organizations with 125 employees or less and no more than seven locations to determine the significance of UC in this market segment. Business and technology decision-makers in six countries participated in this survey, including the US (34%), France (16%), the UK (19%), Italy (13%), and Australia (18%). The survey included organizations from manufacturing, financial services, and professional services firms. This document focuses only on the manufacturing segment. See parts one and three for detailed findings on the financial services and professional services firms.

The overall survey asked participants how certain UC capabilities would affect their operations but were not given the name of any specific product or company. The following section describes the key findings across the three different vertical markets. Although there were some differences by country and industry, the survey confirmed that:

- SMBs are increasingly challenged to respond quickly to customers, manage rising costs, and attract qualified workers.
- UC enables smaller companies to communicate more effectively and improve core business processes, resulting in greater operational efficiency.
- The study reveals that with unified communications, SMBs could improve responsiveness to customers, decrease time to resolve problems, speed approval processes, and better support mobile workers.

Although there are several benefits among those surveyed, there are also some differences about how each industry benefits from UC. For example, travel costs were not a major perceived value by manufacturers but very important for financial services and professional services respondents. Financial services respondents generally found more value in reaching key managers across multiple devices using a single telephone number. Across all of the categories we surveyed, professional services (PS) respondents found the most consistent business value out of UC.

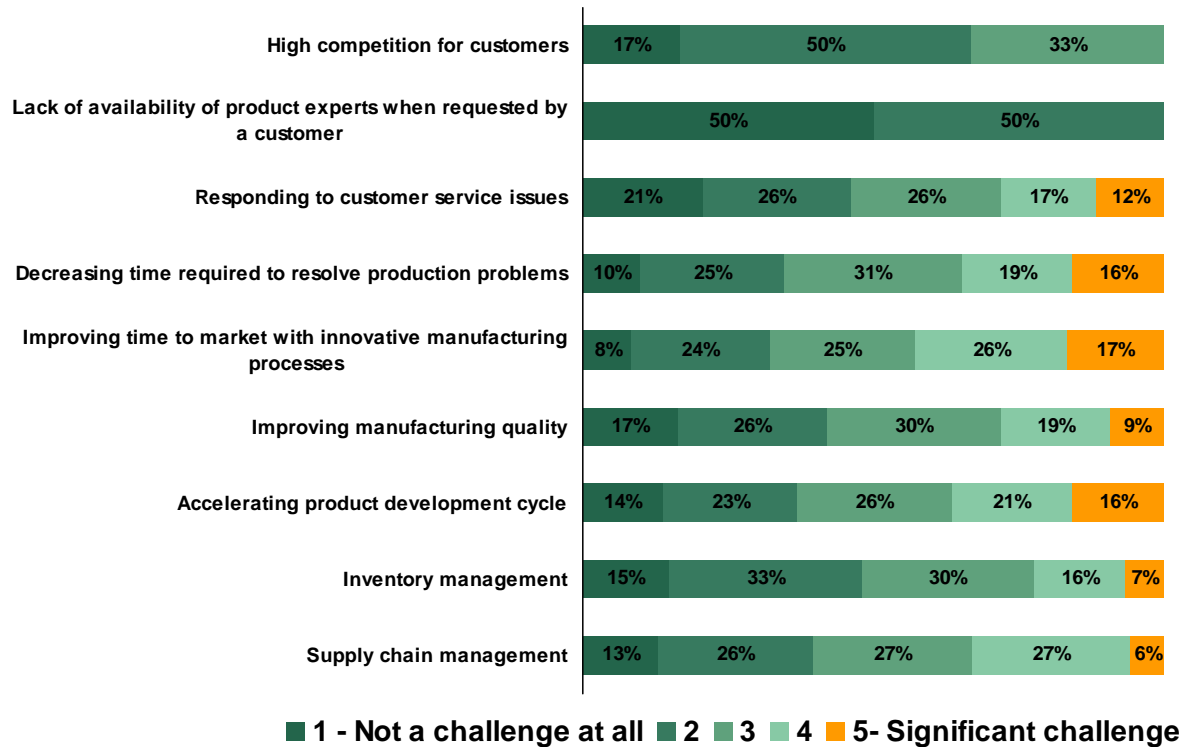
Manufacturing Companies Business Challenges

Small and medium-size manufacturers face several critical issues and pressures to improve their competitiveness and meet changing customer demands. Smaller manufacturers must compete with larger competitors and respond quickly to a changing market environment while managing to control costs. UC provides manufacturers with several capabilities to meet demands for reduced cycle time and improve customer satisfaction. Key areas of concerns for smaller manufacturing companies include:

- **Responding to customer service issues.** Manufacturers need to meet service-level commitments for their customers and address all issues or concerns regarding their product. Poor response time directly affects customer satisfaction.
- **Decreasing time to resolve problems.** Due to the distributed workforce, it is often difficult to locate the right person who can address a problem. The delay to get the appropriate resources together often adds extra hours to resolving issues.
- **Improving manufacturing processes.** Manufacturers are under constant pressure to become more innovative in their manufacturing processes and improve performance. Companies strive to lower costs without sacrificing the quality of the goods and services produced.
- **Improving manufacturing quality.** Delivering quality products while managing operation costs differentiates market leaders and is an important goal for most manufacturing companies.
- **Accelerating product development cycle.** Manufacturers want to release products more quickly to maintain a competitive advantage. Companies that are slow to respond to dynamic market conditions soon fall behind companies that have shortened their product development cycle.
- **Managing inventory and supply chain.** Managing inventory and supply chain are important for cost control. Effective management requires companies to have good communication channels to respond to changes in market conditions.

UC Offers Value To SMB Businesses

Figure 1: Please rate the level of challenge for your organization on a scale of 1 to 5, where 1 is not a challenge at all and 5 is a significant challenge.



Base: 121 manufacturing professionals

*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

Key Findings From The Survey

The survey provided senior managers with a description of UC capabilities across several business areas.¹ Key findings from this global survey include:

- 75% experience delays due to the inability of project teams to reach decision-makers to sign off on projects.
- 69% would improve efficiency and 65% would improve competitiveness with the ability to reduce business delays.
- 63% save time by seeing other's availability on their PC and reaching them across any device by pointing and clicking on their name.
- 77% would improve customer satisfaction if they could transfer complex customer product questions to product support personnel in real time.
- 70% improve pending sales efforts by delivering projects faster and improving project completion times with improved internal communications.

- 77% stated that if their company became known for rapid problem resolution and reduced delays in internal communications, customer satisfaction would improve.
- 68% indicated that the ability to communicate more effectively with one another and customers would improve their ability to attract and retain key personnel.
- 80% would improve organizational efficiency and reduce process time with information portals.

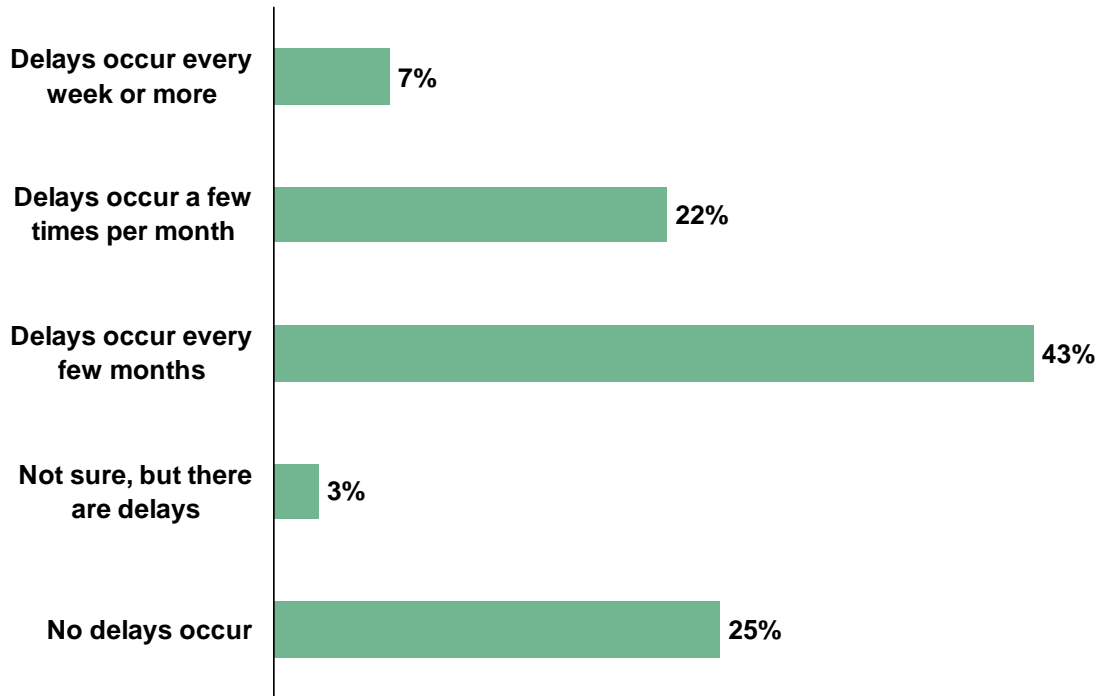
Reaching DM Quicker Accelerates New Product Development And Improves Production Processes

Manufacturing product teams need effective communications to get their projects from design to production. Often, communications slow down when a product development team is unable to reach a decision-maker to give approvals for projects when needed. This can add several days to project delivery times.

Inability To Reach DM; A Frequent Occurrence For 75% Of Companies

Project delays due to the inability to reach decision-makers are common occurrences for many manufacturing companies. Decision-makers are frequently unavailable to sign off on projects due to travel or other business issues. Overall, 75% of respondents indicated that projects are delayed due to the inability to reach decision-makers which includes 72% who indicate delays occur weekly or up to every few months.

Figure 2: How often from product development to production are projects delayed due to the project team's inability to reach the decision-maker (DM) to sign off on the project/milestone?



Base: 121 manufacturing professionals

*Percentages do not total 100 because of rounding

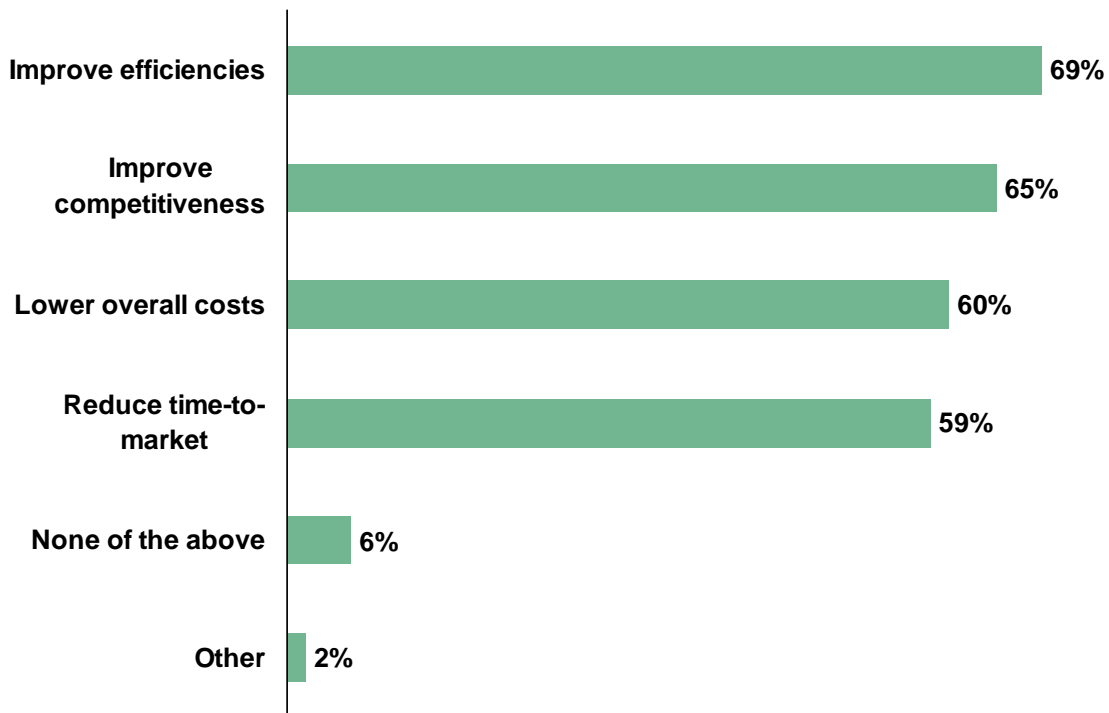
Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

Reduction In Delays Improves Competitiveness And Effectiveness

Reducing delays for product development offers several business benefits. Advantages for contacting decision-makers more easily include the following improvements:

- 69% improve efficiencies.
- 65% improve competitiveness.
- 60% lower overall costs.
- 59% reduce time-to-market.

Figure 3: What is the business effect of reducing the previously mentioned delays for product development?



Base: 121 manufacturing professionals

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Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

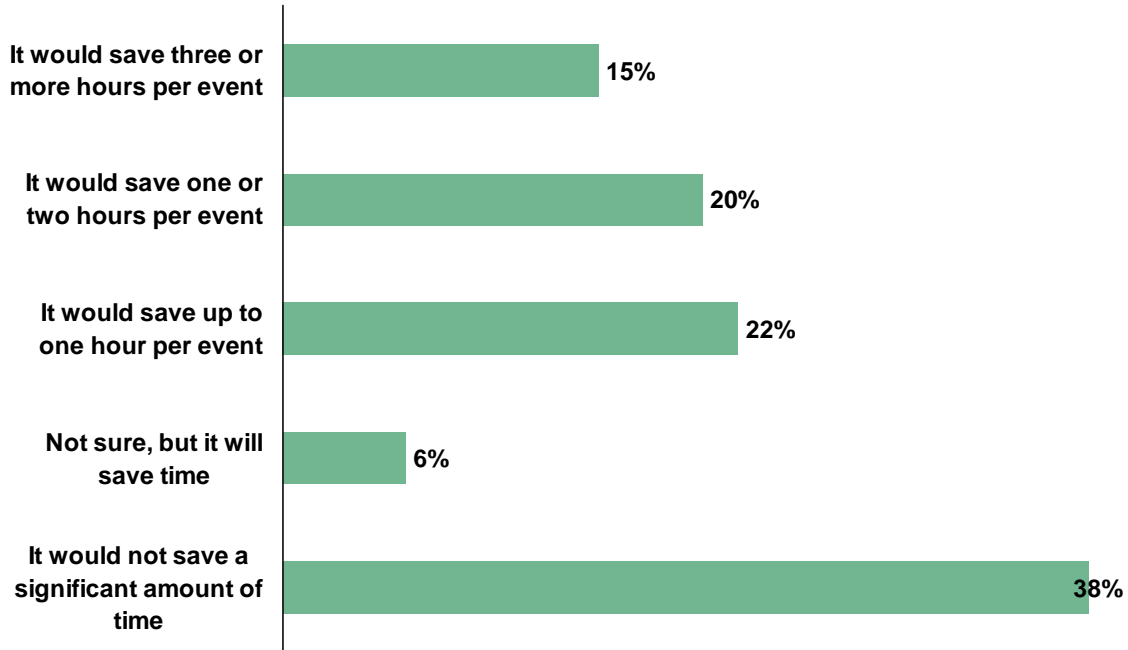
Collaboration And Conferencing Facilitates Product Development

Manufacturers need to respond quickly to changing market conditions and to their customers. This requires that development teams communicate frequently to share information, especially during product development cycles. Often, a distributed work environment adds time in setting up meetings and collaborating among team members.

Reaching The “Right Person” Through Immediate Access Saves Workers Time

There are many instances on time-sensitive issues where employees need to contact co-workers on an immediate basis. Respondents stated that if they had the ability to contact key customers, partners, and members of staff by pointing and clicking on their names and seeing their availability, valuable time would be saved. Sixty-three percent of those surveyed indicated that it would save some time, including 57% of respondents who stated that it would anywhere from 1 hour to 3 or more hours per event.

Figure 4: For time-sensitive issues, if employees could contact key customers, partners, and staff members by pointing and clicking on names from their PC, see availability, and get the right person to respond quickly, would this affect product development and production?



Base: 121 manufacturing professionals

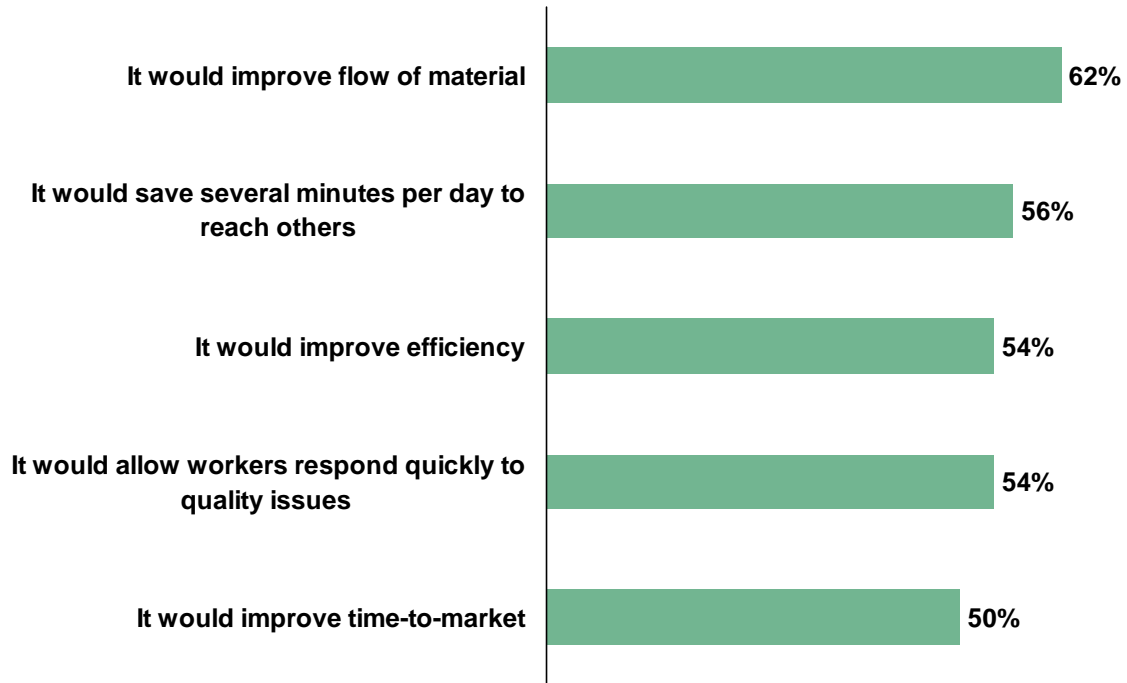
*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

“One Number Access” Delivers Valuable Benefits To Manufacturers

Due to the critical nature of their work, most supervisors and managers carry several communication devices including cell phones, two-way pagers, and PDAs. They also receive messages via email, instant messaging, and on voicemail. In critical situations, this typically results in multiple messages sent across all modes of communication. Manufacturing teams indicated that could the ability to see their team members’ availability on their mobile device and locate them using only a single telephone number has several advantages. Benefits include: improved flow of material (62%), minutes saved per day trying to reach others (56%), improved efficiencies (54%), and quick responses to quality issues (54%).

Figure 5: If manufacturing supervisors and managers would see key team member's availability on their handheld device and could locate them with a single telephone number across any device, how would this affect supply chain efficiency? (Select all that apply).



Base: 121 manufacturing professionals

*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

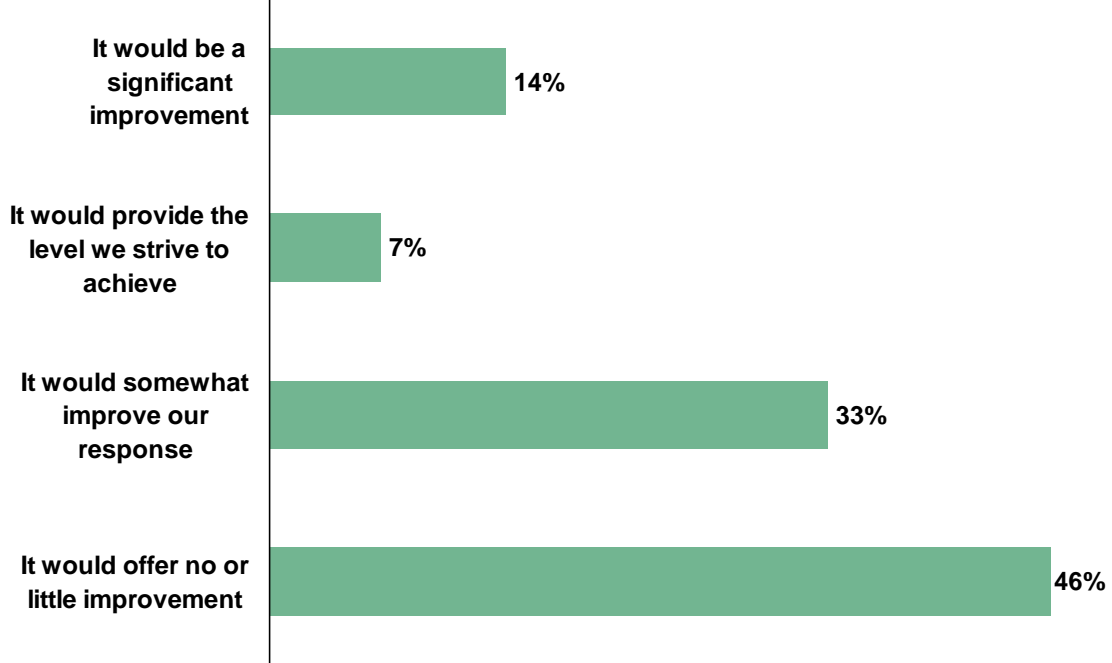
Improved Response Time Promotes Customer Satisfaction

Manufacturers need be proactive in solving customer problems and in delivering sales proposals. However, internal processes may slow down a company's ability to respond quickly to its customers. When manufacturers reduce the internal hurdles that slow down sales and customer support processes they are more responsive to their customers and also improve their overall customers' satisfaction rating.

Real-Time Conferencing Between SME And Prospects Improves Sales Potential

SMEs are often called upon to meet with prospects and customers to provide information on products and services. It is not unusual for a meeting with a SME to take days to set up and leave customers waiting. Fifty-four percent of respondents indicated that in a pre-sales situation, if account managers had the ability to put a SME in touch with a prospective customer for a collaborative meeting by merely a point and click on their PC, it would improve their sales potential.

Figure 6: If in pre-sales situations with your distribution partners, account managers had the ability to put available SME in touch with prospective customer by a point and click to their PC to set up meetings, how much would it improve sales potential with clients?



Base: 121 manufacturing professionals

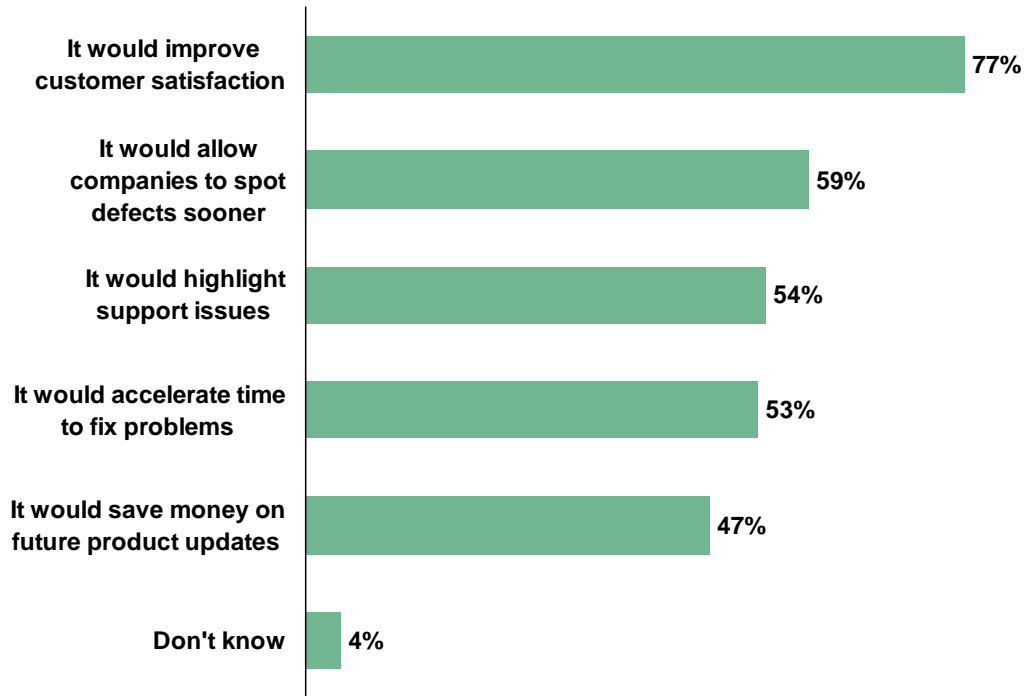
*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

Directly Sharing Product Issues With Experts Offers Multiple Advantages

Often customers call into a company's customer support center and require assistance that goes beyond what the representative can offer. In many instances, when a request is submitted for follow up by the product support team, delays occur. Respondents stated that the ability to directly transfer complex customer product questions to product support personnel who were available to assist customers immediately would provide several advantages, including: improved customer satisfaction (77%), spotting defects sooner (59%), highlighted support issues (54%), and accelerated time to fix problems (53%).

Figure 7: If you could transfer complex customer product questions to product support personnel who can assist them and gain real-time access to problems, how would this affect product development and customer service? (Select all that apply).



Base: 121 manufacturing professionals

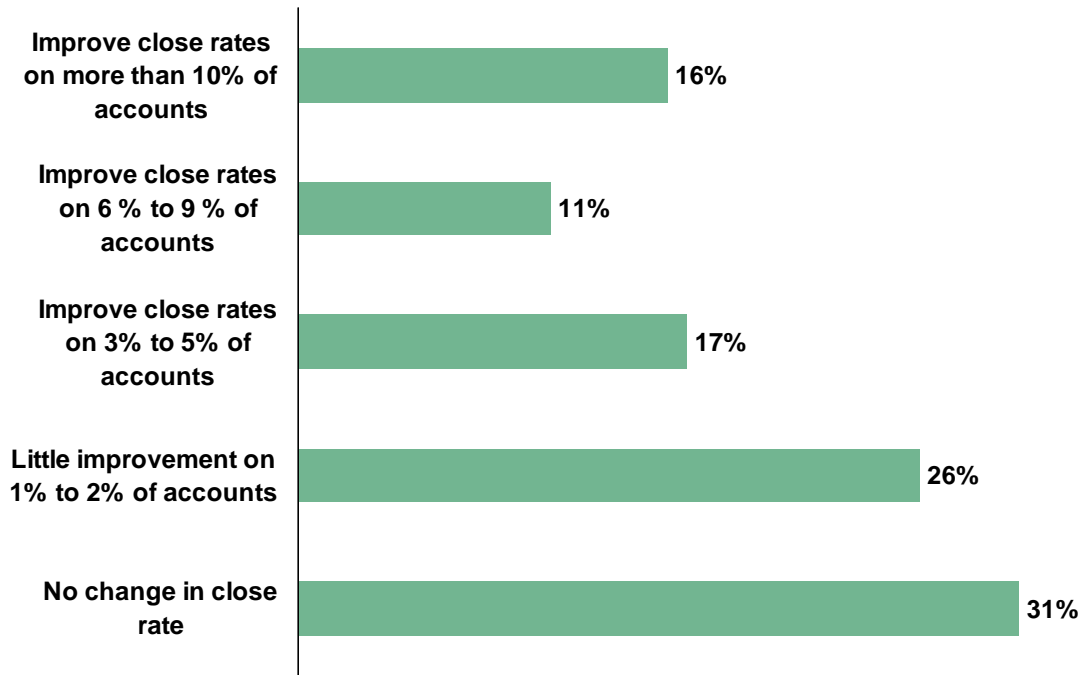
*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

Accelerating Project Completions Improves Sales Efforts For 70% Of Manufacturers

Respondents indicated that the ability to deliver projects faster and improve project completion times by several days would have a positive effect on sales efforts and improve close rates. The majority of manufacturers felt this would be beneficial and suggested that it would improve close rates from 1% to more than 10% of accounts.

Figure 8: By delivering projects faster and improving project completion time by several days with improved internal communications, how much would this improve pending sales efforts and close rates?



Base: 121 manufacturing professionals

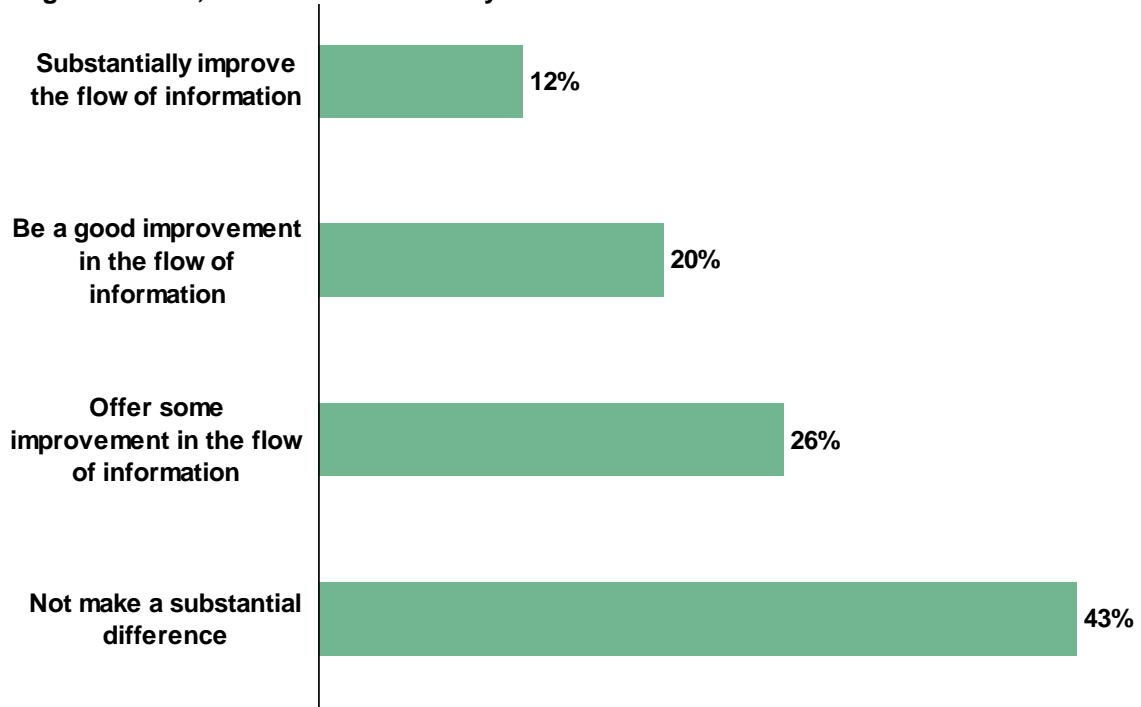
*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

Advanced Conference Features To Deliver Important Notification Improves Field Communications For 58% Of Manufacturers

The ability to notify sales staff and distribution partners of important changes via ad hoc conference calls or video sessions would improve field communications for 58% of respondents. Most indicated that this feature increases the flow of information to remote workers and distribution partners.

Figure 9: If you had the ability to contact sales staff and distribution partners to set up ad hoc conference calls or video sessions to provide immediate notification of important changes or alerts, how would this affect your field communications?



Base: 121 manufacturing professionals

*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

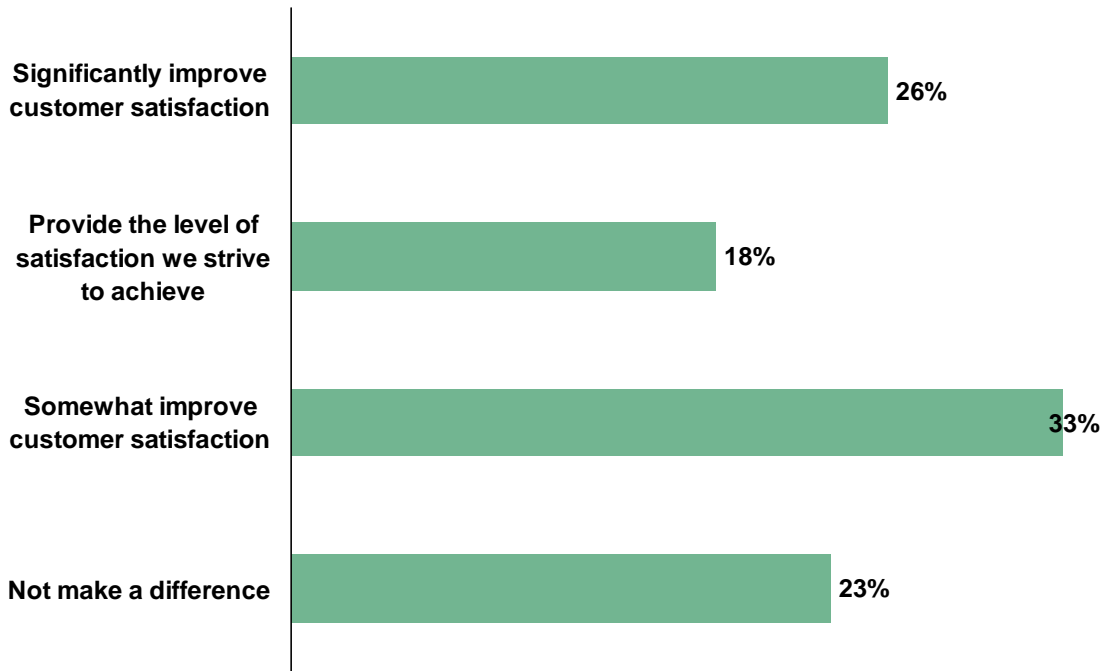
UC Promotes Productivity For Manufacturers

Manufacturers have several processes for contacting others during emergency situations. Due to the number of devices used by key employees, current methods for contacting others often meet delays. UC simplifies outbound emergency contact by enabling the sender to reach all key personnel across any device using a single number.

Rapid Problem Resolution Improves Customer Satisfaction For 77% Of Manufacturers

Manufacturers view business agility and responsiveness as a key differentiator. If their company was known for rapid problem resolution by reducing delays in internal communications, 77% of respondents said it would improve customer satisfaction by shortening the solution delivery time to customers.

Figure 10: If your company could become known for rapid problem resolution by reducing delays in internal communications, what would this mean in terms of customer satisfaction?



Base: 121 manufacturing professionals

*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

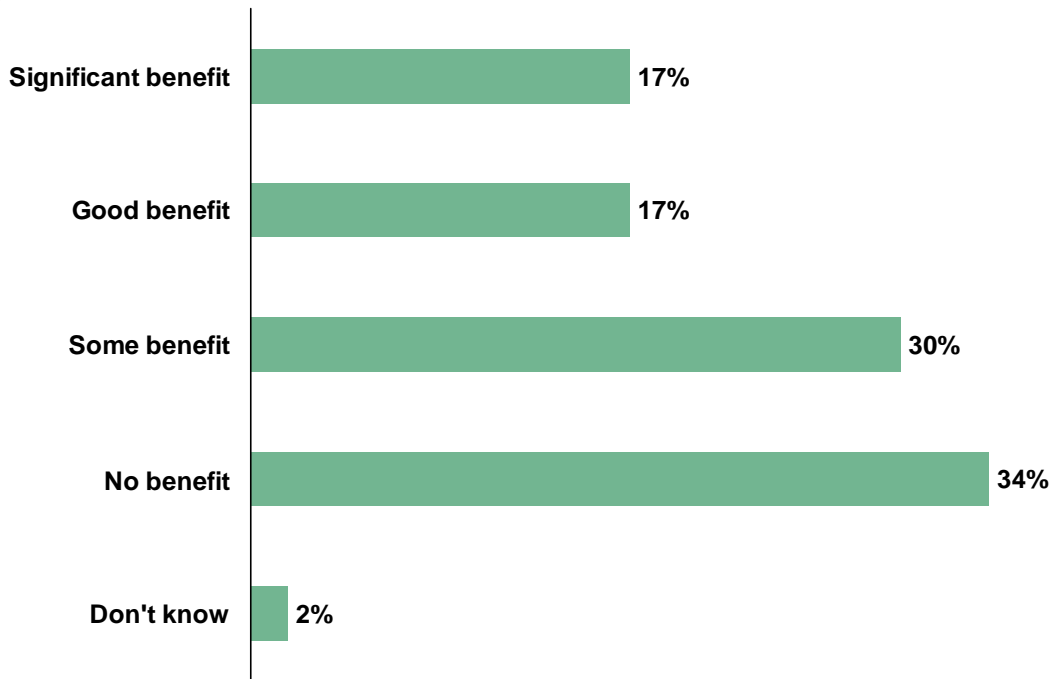
Remote Workers Improve Productivity With UC Access On Mobile Devices

Workers are increasingly mobile, with many employees traveling for business on a regular basis. Typically, remote workers do not have access to the many features available to their co-workers who are located in a centralized office. UC enables remote workers to have the same access to advanced telephone features from their mobile devices and to communicate more effectively with others.

Manufacturers Cite Productivity Gains With Advanced Mobile Device Features

Presence capability allows a worker to know the status of a co-worker to determine their availability for contact. Sixty-four percent of respondents felt that if a traveling knowledge worker had this capability it would be beneficial for their business.

Figure 11: When not in the office how important would it be for a traveling knowledge worker to know team member status from their mobile device and be able to contact them with a single address?



Base: 121 manufacturing professionals

*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

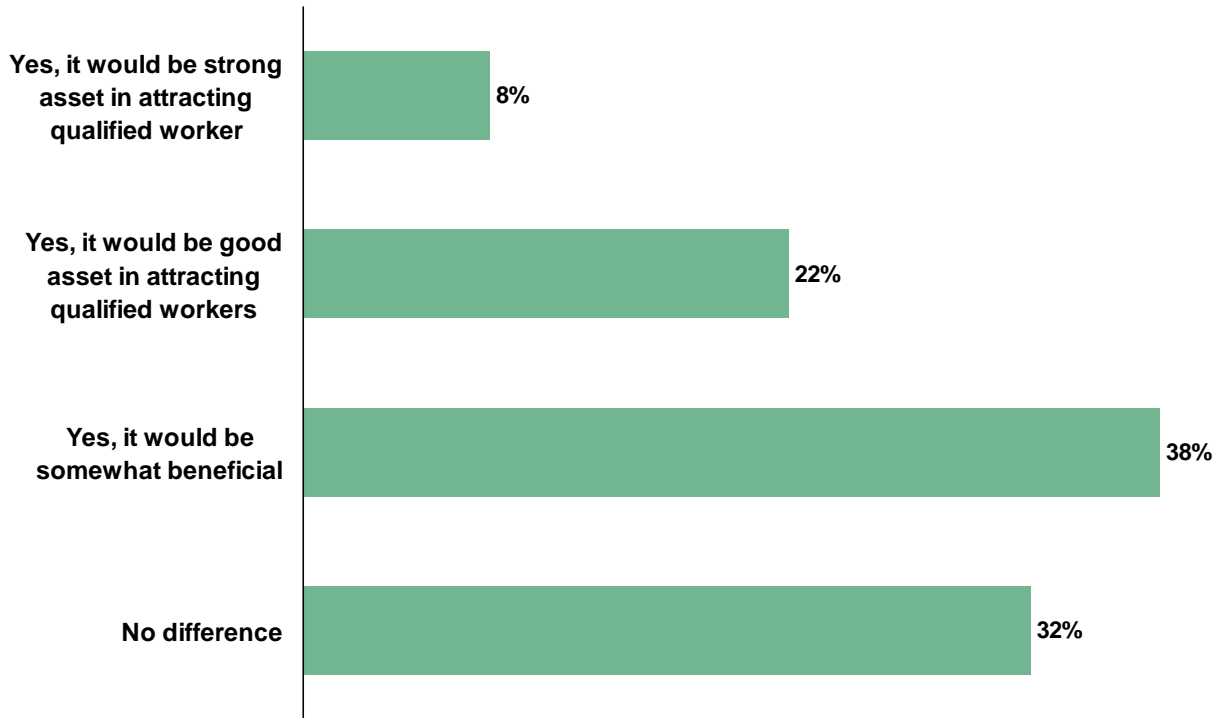
UC Promotes A Favorable Work Environment

Manufacturers strive to maintain a favorable work environment for their employees. This includes providing workers with technical applications that make their work easier and allow them to complete tasks more efficiently. UC offers manufacturing companies new capabilities that facilitate good communication among employees.

Advanced Ability To Communicate Is An Asset In Attracting Quality Employees

According to 68% of respondents, providing effective communications would have a positive effect on attracting and retaining quality employees to their organization and result in stronger organizations with a more experienced workforce.

Figure 12: Do you feel you would have the ability to attract and retain SME and key personnel if they had the ability to communicate more effectively with each other and customers?



Base: 121 manufacturing professionals

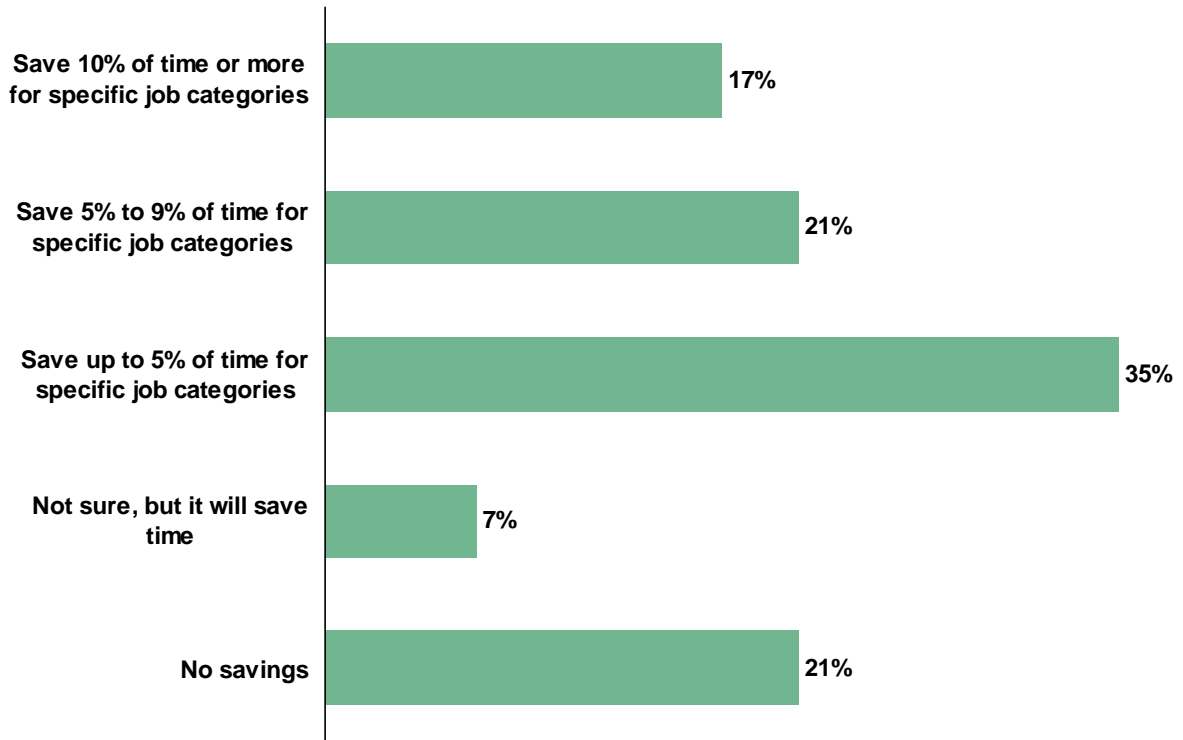
*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

For 80% Of Companies, Information Portals Improve Their Efficiency

Information portals aimed to simplify and automate tasks promote better use of employees' time. Overall, 80% of respondents indicated that this would save time. Seventy-three percent of those surveyed suggested it would save anywhere from 5% to more than 10% of time for specific job categories.

Figure 13: If you could improve your organization's efficiency and reduce process time with information portals for simplifying and automating tasks, what percentage of time could be saved compared with current operations?



Base: 121 manufacturing professionals

*Percentages do not total 100 because of rounding

Source: A commissioned study conducted by Forrester Consulting on behalf of Cisco

Manufacturing Survey Summary

Smaller manufacturing companies face strong competition and need to respond quickly to business partners and customers. Employees need to be proficient in many skills. They need to communicate effectively with co-workers. UC affects several areas for manufacturing — from product development to production — and it enables workers to improve results of core business processes that include:

- **Improved competitive position.** Reducing common delays helps employees communicate more effectively and improves a manufacturer's ability to compete.
- **Increased supply chain efficiency.** The ability to see others' availability on their handheld devices and locate them immediately improves the flow of material and improves time-to-market for most manufacturers.
- **Added access to experts.** Transferring complex customer issues to experts in real time for product support issues improves responsiveness to customers and increases customer satisfaction.

UC Offers Value To SMB Businesses

- **Decreased problem resolution time.** Manufacturers indicated that if they became known for rapid problem resolution by reducing delays in internal communications it would improve customer satisfaction.
- **Reduced process time.** Organizations would improve their organizational efficiency and reduce manufacturing process time with the use of information portals.
- **Increased sales revenue.** With the ability to complete projects more quickly by eliminating blocks in internal communications, manufacturers are better positioned to grow sales revenue.

Appendix: Survey Methodology

¹ Forrester interviewed 121 manufacturing companies in six countries (the United States, the UK, France, Italy, and Australia) to evaluate the benefits of UC for their organization. Survey participants included decision-makers from LOB and IT. Questions provided to the participants asked how UC capabilities would apply to various scenarios and were provided a choice of responses for each situation including a negative response. Sixty-one percent of participants had operations supported in more than one country.