

Infrastructures for Innovation

A difficult economy is impacting IT investments, but advanced communications infrastructures bring opportunities for innovation and cost savings.

IT LEADERS UNDERSTAND THE NEED TO DRIVE BUSINESS VALUE by leveraging voice, data and network infrastructures. They know that advanced communications services are the backbone of effective customer experiences, providing businesses with quick, efficient and cost-effective ways to reach out and respond to clients and prospects. In that and many other respects, these services contribute to exactly what the business wants in these challenging economic times—lower operating costs, higher revenue, and effective and rapid delivery of new offerings to the market.

Faced with declining funds to invest in these services in a down economy, CIOs must provide their C-level peers with compelling arguments to build new “infrastructures for innovation.” Companies that are still investing see enabling convergence, increasing scalability, and expanding application and information access as efforts that are both vital to opening new frontiers for the business and doing away with the unnecessary costs of legacy environments.

Where Opportunity Lies

Fortunately, both business and IT executives acknowledge that more sophisticated infrastructures bring opportunities for innovation, cost savings and productivity improvements. In a recent survey conducted by IDG Research Services and *Fortune* Custom Publishing, nearly nine out of ten senior IT and business executives say that data, voice and network services can be leveraged to drive innovation, and they cite facilitating remote access to critical applications and speeding up customer service among the top advances these services enable. Both sets of respondents believe that companies that continue to invest in data, voice and network services during slow economic times will gain important benefits, such as improved efficiencies and reduced costs, and better collaboration.

But in the midst of a downturn, nuts-and-bolts considerations often trump hoped-for advantages, especially when ROI may not be immediate or its overall impact is as yet unclear to business executives. A majority of IT and business executives report that economic conditions have slowed or delayed their organization's investments in data, voice and network services compared to 12 months ago. Nearly one-third of CIOs say the slowdown has been significant. With IT budgets shrinking, it's not surprising that available resources tend to get directed to the most pressing needs.



Voice and network services can be leveraged to drive innovation.

About CIO2CEO:

This peer-based thought leadership program analyzes quantitative and/or qualitative research from actual CIOs and CEOs. The resulting insight is then disseminated via IDG Enterprise and Fortune Inc.'s various multimedia assets. To learn more about the CIO2CEO program, please contact Charles Lee at clee@idgenterprise.com.

“There may be some other things that are screaming that they are going to break if they aren’t fixed,” confirms Lynn Willenbring, CIO of the city of Minneapolis. In the city’s case, for example, some applications are in desperate need of an upgrade just to keep operating. Its basic infrastructure, on the other hand, is in pretty good shape, and Willenbring can postpone investments for additional functionality as long as it can sustain current and near-future needs. The city is fortunate in that it is realizing benefits from previous efforts it has undertaken. That includes being the anchor tenant of a Wi-Fi network for city staff usage that will lower costs by eliminating cellular air cards for field workers and improve productivity by enabling police officers to upload video recordings of their shifts from their cars in real time.

CIOs who see further untapped value in upgrading their infrastructure, however, are pressing the issue around the general acknowledgement that improved network and data services are good for the business. They’re providing very specific cases that illustrate how improved and integrated access to data and business processes for employees is critical to today’s speed of business and seamless customer experiences. Making those cases is key to helping business executives grasp how advanced communications services can drive innovation and productivity in some critical ways. The survey reveals, for example, that business leaders are less likely than IT executives to see how advanced infrastructures can support the development of new products and services, or help the company rapidly scale up or down to meet changing needs.

CIO Greg Davidson at Active Aero Group, which manages freight transportation for Fortune 500 clients, knows how to build support for a planned strategic investment in a new Voice over IP (VoIP) infrastructure. He previously proved the value of a more advanced data infrastructure with the renegotiation of a network services contract that cut costs by 40 percent and increased bandwidth eightfold. That gave Active Aero a scalable system platform to increase transaction volumes as well as provide customers access to business intelligence from its SaaS-based transportation management system (TMS). “The telecom investments in the past two years have delivered a significant increase in customer satisfaction that is directly tied to increasing their [customers’] productivity as well,” he says.

Davidson lays out a number of ways in which the planned unified communications infrastructure deployment will keep the company on its growth path, including providing more flexibility to expand the breadth of its services. By linking its TMS and voice systems, service reps will have faster access to customer data, thereby making the company’s call centers even more productive, Davidson says. Also on tap: improved voice tools that give its call centers better ways to measure produc-

tivity; new IP voice technology to provide uninterrupted service even during a crisis; integrated remote offices; and cost savings as a result of leveraging the existing data network and the new voice infrastructure investments.

Indeed, converged voice and data networks provide some of the most obvious and immediate TCO proof points for communications upgrades. They can generate cost savings from day one by eliminating the expenses associated with maintaining separate voice lines and internal calling among branch offices. “We have brought in VoIP, and that has reduced costs between offices,” says an IT support manager at one firm that runs its design projects out of multiple offices. “Sending the calls over the Internet means we can avoid paying for Centrex lines and things like that,” he says.

Converged voice and data networks provide some of the most obvious and immediate TCO proof points for communications upgrades.

They can generate cost savings from day one by eliminating the expenses associated with maintaining separate voice lines.

And that’s just the start of the advantages that companies can reap. According to the IDG Research Services survey, IT and business executives report that, on average, **nearly 50 percent of their investments in data, voice and network services over the past two years have resulted in immediate or short-term cost or productivity savings.** About one-third of these investments have laid the groundwork for future cost or productivity savings, IT leaders say.

Fanning Howey Associates Inc. (FHAI), an architectural design firm that specializes in school buildings, serves as an example of how IT can demonstrate to business leaders that communications services improvements bring with them the ability to better align workforces to support critical project collaborations and data exchanges. Putting in gigabyte connections to the desktop at FHAI has cut down on the amount of time it takes to pass traffic back and forth, and employees throughout its offices now are able to open the very large files the company produces in shorter periods of time, regional support manager David Witte says. The ability to transfer data faster, along with new software, pays off for the customer, too. “That has enabled us to do more high-resolution imaging so the customer can see what the building is going to look like before it’s built,” Witte notes. As a result, clients are able to more quickly get board and community members to make decisions about school designs.

Companies clearly won’t get the most out of distributed workforces unless they support them fully. But

not quite 50 percent of business leaders understand the negative impact of remote and mobile employees' limited access to systems and data, compared to 63 percent of IT leaders. Clearly, business execs need to hear more examples like the success that the Oakland County government has seen. The county has improved efficiencies with its deployment of a WAN fiber network—which it recently upgraded to 1 GB links—that connects it with 62 local governments in its community. The county is able to share data among employees across its networks, be more collaborative and better leverage the Web-enabled applications it's been building, says deputy county executive, CIO, Phil Bertolini. "We provide law enforcement services, tax and assessment systems services. We have all kinds of data that is going back and forth," says Bertolini. "The connectivity has changed everything."

Responding to Concerns

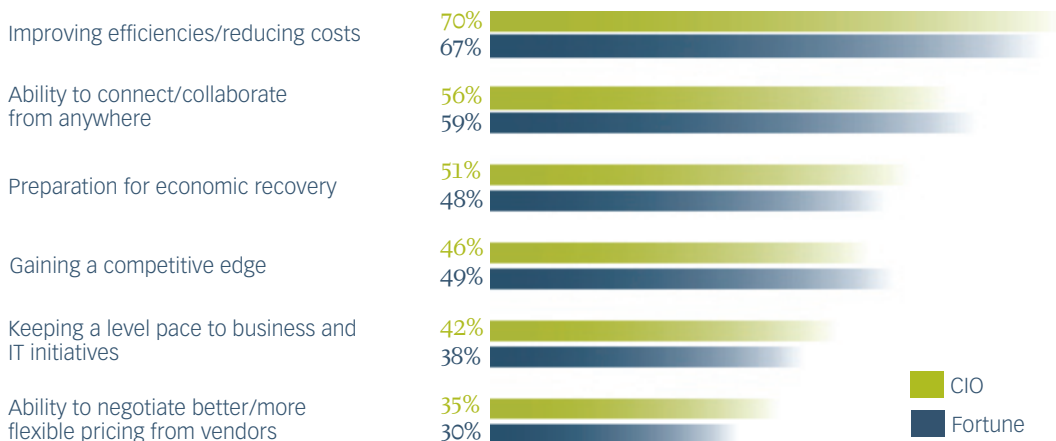
As important as it is to point out the strong ROI that can arise from increased investment in new voice, data and network services, CIOs also need to address business users' concerns about what might stand in the way of those returns actually being realized. In the past, success has not always been assured. Only one-third of companies report they have been highly effective at leveraging technology to facilitate quick and efficient customer service, and a similar percentage of companies report effectiveness in using new, interactive methods of communicating with customers or integrating multiple communication channels to provide a consistent face to customers.

The CIO must be prepared to tackle some obstacles to ensure that expected gains will be delivered. To that end, one of the tasks he or she will face is driving

organizational change around new initiatives based upon an advanced communications infrastructure so that business users are able to fully utilize new services. It will be up to IT leaders to help remove the frictions that exist—both culturally and instantiated in existing business processes—that hamper the technology's promise. One global bank, for example, sees opportunities to use its telecom services to increase revenue by helping customers identify and order the products and services they require. It has put in place a major service quality initiative around standardizing processes so that those customers can order what they need anywhere in the world in the same way. "Utilizing voice and data services with security and software on top of that to be able to provide our external customers with the ability to view account information, to go online and to secure products or other services, or view statements without the intervention of an employee, that is a huge gain," says the vice president of IT at the firm.

Frictions are further reduced—with benefits to customer service, technology costs and IT productivity—when security, administration, troubleshooting and ticket management, and reporting for the applications and data that run over the network are centrally managed. The IT leaders responding to the survey reported, for example, that the ability to address security updates, patches and compliance from a central location makes it easier to enforce security policies and delivers improved productivity for IT staff (66 percent each). More than half of them in each case confirmed that this also led to reduced costs, better service for internal users and an improved ability to produce evidence of compliance, among other features.

The most important advantages organizations could/will gain from continuing to invest in data, voice and network services during slow economic times.



Source: IDG Research, May 2009

As much as possible, CIOs must lead the efforts that will drive these gains from a strategic standpoint. Leaders do not have the personnel resources to delegate requirements around the tactics of communications networks. CIOs themselves cannot afford to get bogged down in these issues, given how corporate competitiveness and success depend on their ability to focus on delivering critical innovations on top of network infrastructures. Measures must be in place to deal with the tactics of maintaining network reliability and speed, and reducing the incidence of internal trouble tickets to support strategic endeavors. After all, today all key business processes run over the network, so applications must seamlessly extend to branch offices and other remote workers, an increasing amount of storage must be provisioned to support the explosion of data and activity, and performance must be consistent, fast and secure.

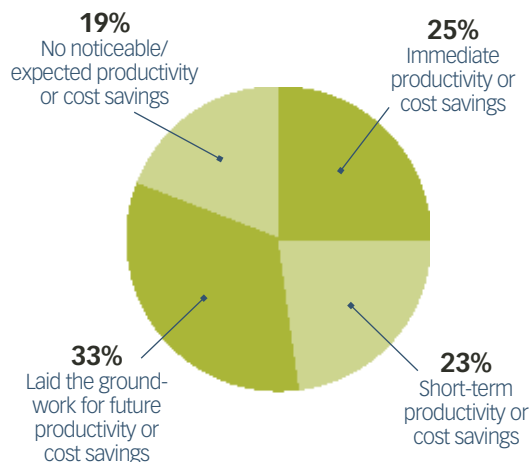
Help Is on the Way

For many CIOs, the solution will revolve around taking advantage of network, voice and data services providers. They require partners who can deliver the level of performance, support and security that frees them and their staffs from the daily headaches of keeping the network up, ensuring that applications run safe and well, and managing trouble tickets. The CIO of the financial services firm says the vendors he'll trust with further investments are those who "stand behind their products, so that if something does go awry they do not abandon you as their customer, but instead they are engaged and are jumping in to help."

Customers want to know their communications providers will react rapidly and intelligently to their issues, agrees Barry Witonsky, Qwest Communications Solutions Marketing group manager. Equally critical is having a partner who can deliver forward-looking insight into how advanced voice, data and networking services can significantly impact their business. Qwest aims to deliver on all counts, offering a broad range of scalable, reliable and secure communications solutions, superior support and consulting, and full-scale outsourcing services.

Survey respondents cite access to expertise and improved quality of service as among the top benefits realized when outsourcing these types of services. They consider cost savings to be the number one benefit, as noted by 39 percent of CIOs and 44 percent of business leaders. In fact—and not surprisingly in today's economic environment—cost considerations arise whether or not customers are contemplating outsourcing data, voice and network services. "What [providers] need to demonstrate is some of the efficiencies or direct cost savings you're going to have by putting in a new solution, but it has got to be real," says city of Minneapolis CIO Willenbring.

Impact of investments on productivity or cost savings.



Source: IDG Research, May 2009

Ideally, companies that make the leap to deploying advanced services will accrue true business advantages now and also be prepared to harness the next wave of network-driven innovations. With the right provider and the right services, their future-proofed infrastructures will support continuing gains, from leveraging interactive voice response-enabled contact centers to enhanced business continuity capabilities for their networks and data.

When CIOs know they have an infrastructure they can rely on for the next few years, it makes it easier for them to take on strategic planning for competitiveness. That's exactly what Active Aero CIO Davidson has achieved with the upgrades he's made—and plans to make—to the company's communications infrastructure.

Says Davidson, "Now that we have the right, scalable infrastructure in place, IT has positioned the company well for the wave of growth we are now experiencing—even in this economy."

For more information on Qwest products and solutions, visit qwest.com/business.

