



Manufacturers Are Retooling Communications to Lower Costs and Improve Customer Service

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Communications for Manufacturers

Top Stories

Lower Telephony Costs and Improve Service—Too Good to Be True?

Hold the Phone! Fire-Up Team Messaging

Video Conference Your Way to Increased Collaboration

Four Manufacturers Using Cloud Communications to Lower Costs and Improve Service



Lower Telephony Costs and Improve Service—Too Good to Be True?

“What are the drivers of real cost savings?” is one of the most frequent questions from companies evaluating the move from on-premise to cloud communications. It’s a fair question, as vendors often include intangible “soft costs” into the equation to demonstrate value. The real motivation behind this type of question goes something like “I’m pretty sure moving to the cloud is a good idea, but I need a clear, defensible business case that senior management will actually believe and support.” A recent Gartner report highlighted that as part of the cloud strategy, CIOs need to educate their CEOs and board of directors about the need to invest in the cloud as a style of computing. It will drive greater speed, agility and innovation through this democratization of IT.

Digital transformation isn’t cheap, so leaders are looking for real dollars they can use to fund the reinvention efforts. Additionally, communications are often overlooked as a source of meaningful savings.

Do any of the following remarks sound familiar to you?

“Considering our current number of employees, it is going to be an expensive and time-consuming process that will be too disruptive to our business”

“Although our system is pretty outdated, we just signed a 3-year maintenance contract with a third party vendor”

“I am worried about the length of the learning curve and the demands it will place on the IT team if we decided to make the switch”

Transitioning to cloud-based communications results in savings—both in hard costs as well as soft costs. But let’s keep the discussion on soft cost savings for another day and focus on the key factors that drive hard cost savings when moving to a single, cloud-based platform for communications.

- 1 Upfront capital investment/initial hardware**
- 2 Annual maintenance and support contracts**
- 3 Scalability and adding new channels of communication**

Because semantics are important, here’s how the International Data Corporation (IDC) defines unified communications and collaboration:

“Unified Communications and Collaboration is a platform that combines IP telephony, messaging, instant messaging, presence, and conferencing with collaborative applications and services, enabling seamless real-time communications and collaboration anytime, anywhere, and on any device. These solutions are designed to provide a way of delivering, managing, and supporting all the various types of IP communications and collaborative applications software and services that an organization requires in both horizontal and vertical industry business processes and applications.”



With this definition in mind, let's get back to reviewing each of the cost drivers in more detail:

1 Upfront capital investment and initial hardware

With a traditional on-premise private branch exchange (PBX) system, there is typically an upfront capital expense required for PBX equipment, software licenses, routers, networking and more. In addition, there is an ongoing monthly charge for service and maintenance.

Organizations with existing legacy PBX systems can move to SIP trunking. That said, if their technology has not been previously used for IP telephony, they need to invest in a VoIP gateway. And the costs simply do not end there; there are additional charges in the form of:

- SIP setup fees
- Number porting fees
- Purchasing IP-compatible handsets
- Monthly service fees

Generally, the monthly service fees include basics like the ability to make and receive local and long-distance phone calls. Additional features, such as conferencing, mobility, interactive voice response (IVR), etc. are charged separately. Also, you are still responsible for costs associated with the upkeep and management of the PBX systems. Then, when it is time to retire the old equipment, you need to invest again.

On the other hand, with a cloud-based communication solution, there is no capital expenditure but only a one-time cost of implementation. Not requiring equipment delivers a substantial reduction in costs that contribute to the overall lower cost.

2 Annual maintenance and support contracts

These include the cost of upgrading licensed products, hardware maintenance, technical support and troubleshooting. The maintenance and support fee is often significant, usually ranging from 17-22% of a customer's software license fee. And they tend to be multi-year commitments. Professional Services fees or paying third-party vendors are often required to support upgrades and enhancements due to "customizations." As you no doubt have experienced, these costs quickly increase with little to no flexibility for negotiation. There are cases where companies provided feedback to suppliers using words like "extortion" and "blackmail" out of frustration. For most traditional enterprise software vendors, support and maintenance business is the cash cow, with profit margins reaching up to 90%.

For a cloud-based solution, the service and maintenance cost is transparent as it's part of a predictable ongoing monthly expense. This transparency and clarity provides organizations with greater control when planning and managing IT budgets.

3 Scalability and adding new communication channels

With on-premise solutions, adding or removing new lines means you need to think about how existing infrastructure is impacted.

If you are a growing organization, and we hope you are, you will have to potentially invest in additional hardware, including new phones and purchase new licenses. If your PBX system is older than 10 years, it's much harder to maintain, repair and/or find replacement parts.

Unlike traditional PBX systems that facilitate only phone calls and basic collaboration, today's communication systems can do so much more. There are a plethora of collaboration and communication applications ranging from chat/instant messaging, audio/web/video conferencing to online meetings and webinars and multiple vendors selling one or two elements from the set of collaboration tools.

Transitioning to cloud-based communications results in savings—both in hard costs as well as soft costs.

What you may not recognize is that by having multiple vendors providing different elements of the collaboration solution, you end up with a bunch of fragmented data silos. As a result, it becomes an extremely challenging and tedious process to extract key business insights into customer behavior when interactions span isolated applications. Research shows that 85% of CIOs estimate that at least two team collaboration apps are in use within their enterprises meaning many companies are struggling with siloed messaging applications.

Now, this is not to say that you cannot realize savings by moving to a hybrid cloud communication model. But it will still be a complex and expensive undertaking for your IT team, both in terms of resources and effort. Additionally, how real are the savings when you still need to staff and manage what you have on-premise? A hybrid cloud model involves all of the pain of moving to a new system but doesn't give you all of the benefits.

This is where 8x8 is unique—a single system of engagement integrated with systems of record for one set of data in one system of intelligence. More specifically, with 8x8's fully integrated cloud communication solution, companies can:

- Easily manage a single application for all engagement needs
- Interact with context
- Integrate the engagement suite with analytics
- Reduce costs while maintaining high-security compliance

Although cost savings and benefits gained differ based on the number of users and each organization's specific needs and costs, a single cloud solution delivers the most favorable TCO (total cost of ownership) compared to on-premise systems or hybrid cloud environments.

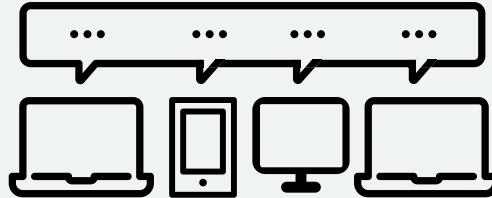
[Check out this ROI calculator](#) to estimate the savings when you move to 8x8's solution. You can create a custom analysis based on your organization's specific communication needs.

Hold the Phone! Fire-Up Team Messaging

Have you ever heard anyone say, “I have to do email?” I’ve looked. Nowhere in my job responsibilities does it say, “Do email.” It doesn’t mean unresponsiveness, it just means the communications world is changing. It’s one of life’s simple pleasures to watch email be replaced with real-time collaboration and communication tools. One of those tools is messaging. To be precise, there are two types of messaging: 1 to 1 messaging and rooms.



1 to 1 messaging
Private between two people



Rooms

Persistent, searchable chat rooms that allow employees to interact and collaborate in real time

But all is not well in the messaging world. What’s happening may be an example of Amara’s Law. This law says we tend to overestimate the impact of a new technology in the short run, but underestimate it in the long run. That may explain the proliferation of messaging applications across enterprises—companies overestimating the impact of messaging. Research shows that 85% of enterprises have 2 or more messaging collaboration apps in use. Yet they can’t communicate with each other.

It’s time for a new approach. One that is able to scale to the entire enterprise while also tying together all those shadow IT messaging apps already in use. 8x8 has created just such a messaging solution. Here’s what makes 8x8 Team Messaging different:

Designed for enterprise-wide deployments. Supporting from 1 to 100s of thousands of employees with no need to manually add users; it ties into your global directory and automatically becomes available to all employees in the organization.

Able to support public and private rooms with the ability to leverage all company contacts. For public rooms, content is accessible and searchable by any current and future employee of a company. It also allows organizations to create a searchable archive of institutional knowledge that assists with training and customer support.

With private rooms, confidential and/or other content can be shared with a limited audience. This capability is often needed for HR, Finance, Legal and other parties that share sensitive information.

Interoperability to 3rd party messaging platforms. The tough stuff at work involves working and communicating with other groups. The challenge is breaking down the barriers between departments. It becomes more difficult when every department uses a different messaging app. Instead of requiring everyone to switch, Team Messaging ties them all together.

Now that all departments can communicate with each other across the entire organization, in real time, regardless of messaging platform, more collaboration is happening with work getting done faster. That means more time to watch email fade further into oblivion.

Video Conference Your Way to Increased Collaboration



There's an unfortunate reality about humans—we can't multitask. Sorry. The American Psychological Association published a [recent article](#) stating "brief mental blocks created by shifting between tasks can cost as much as 40% of someone's productive time."

Yet, and be honest, how many times a week are you doing something else during meetings under the rationalization of "multitasking"? Americans attend 11 million formal business meetings each day. A poll by YouGov found 82% of businesses claim that the majority of internal company meetings are unnecessary. Additional research found that many meetings are unproductive, equating to a waste of about \$37 billion every year in time that could be better invested elsewhere.

So what can you do about it? Video conferencing. Meetings can be a productive way to move projects forward and/or make decisions. The key is conducting effective meetings. There is a massive amount of research done on how to conduct effective meetings, so no need to revisit it here. Let's focus on the technology that makes video conferencing effective.

Video is in our DNA. It's even in our name!

The name '8x8' refers to the basic building block of video compression (8 pixels by 8 pixels), of which we were a pioneer. We've carried this technology leadership forward into communications using our 160+ patents to provide one communications platform that is tried and true, so you can stop wasting time and start meeting—productively. Communications. Transformed.

Here's a quick look at four areas where the right video conferencing solution makes a difference:

- 1. Consolidate multiple apps for video conferencing, messaging and telephony into one.** Instead of asking your employees to download and use three or more apps, they now only need one. With this level of integration, it takes just one click to move from call to chat to video conferencing while maintaining content and context along the way. This level of consolidation also means only one application to administer and configure for IT.
- 2. Connect people across locations, internally and externally.** Enable your teams to collaborate, in HD audio and video, with each other and with suppliers no matter where they're located. 8x8 integrates with your calendar system so you can schedule a meeting with just one click. Share your screen instantly to get everyone on the same page. Record the meeting to reference later or to send to those who couldn't make it.
- 3. Deliver reliable, crystal clear video and audio conferencing quality.** Web conferencing is enhanced through HD quality video and voice for up to 100 participants. Rest assured the quality will be ever-present due to our patented technology. Additionally, all your data is protected by the highest levels of security and compliance.
- 4. Easily video conference from any device to make interactions seem as if you're there in person.** It's almost like you're there in person, even when you can't be. It just takes one click to join or start a meeting from your computer, iPad, iPhone, Android or a conference room phone. Attendees don't even need an app to join.



Ignite Contact Center Agent Performance with Speech Analytics Fuel

Getting the customer support and contact center experience “right” has never been more critical than it is today. Yet, due to the complexity and scale of trying to “get it right” with traditional contact center solutions, many manufacturers continue to treat this topic as an unfortunate cost of doing business. The consequences of this mentality often include a lack of visibility into customer-driven opportunities, lower productivity and higher operational costs, such as:

- Lack of visibility into the root cause of problems and voice-of-the-customer opportunities
- Lower agent productivity is a result of little to no real-time coaching and performance feedback
- Higher operational costs are created by having support reps working on low value activities

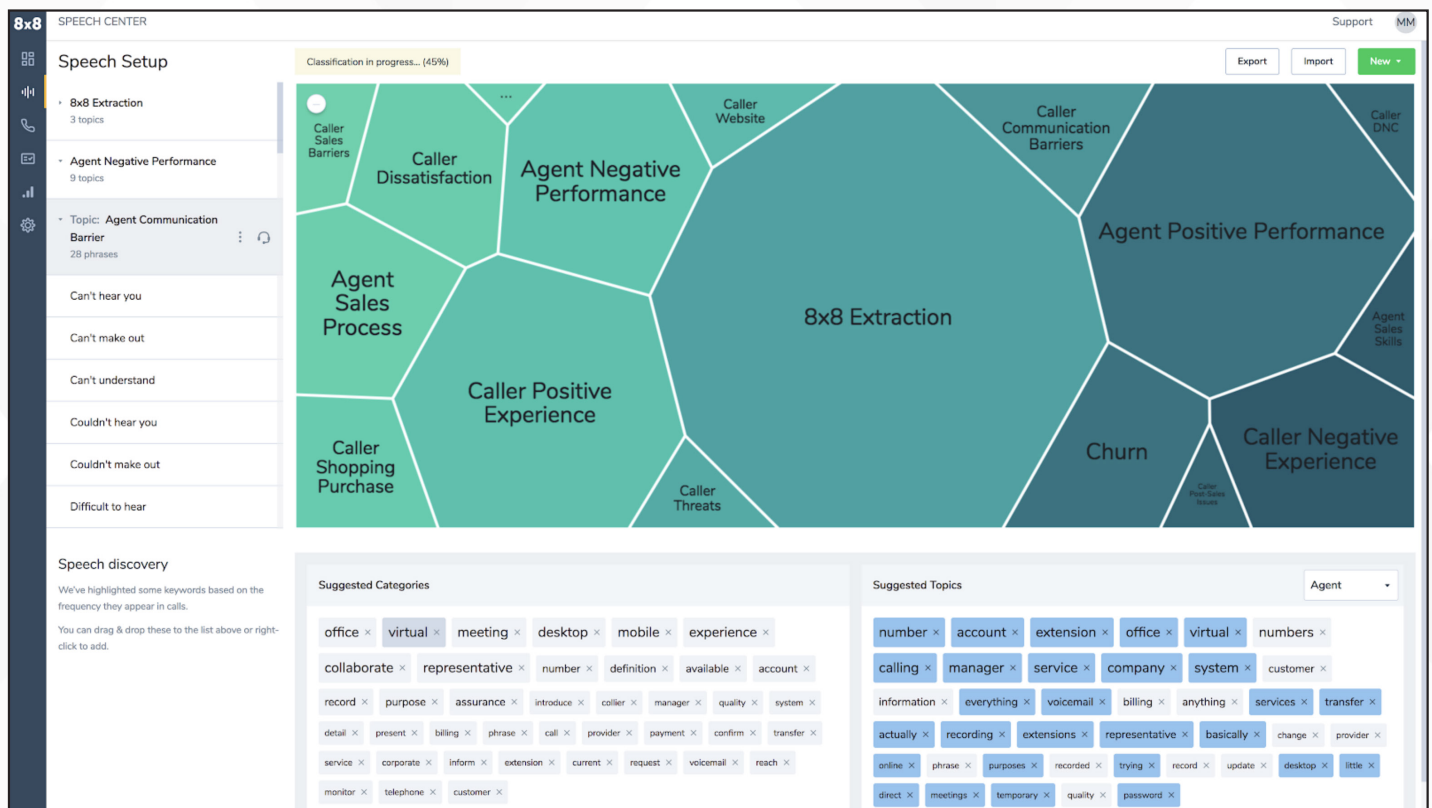
Assume your company has one or more of these characteristics. What do you do about it? Call recording and quality monitoring are a step in the right direction—they provide visibility into the voice of your customers. But effectiveness is often limited by bandwidth. It’s time-consuming to manually listen to calls—and an impossible challenge to select the “right” calls, making it easy to miss critical information. Wouldn’t it be great if you could easily capture insights from all customer calls?

The good news is fast, easy, scalable and inexpensive speech analytics are now available from 8x8. Using a vast library of predefined categories and topics with the ability to add new categories, topics and keywords with just a few mouse clicks, you can be up and running speech analytics in minutes—without professional services.

Now audio data, from 100% of customer calls, can be searched and analyzed for compliance, customer insights and agent performance. Machine learning techniques are applied to the automated speech-to-text transcriptions to extract insights from the unstructured data of the voice conversations. Those insights are then visually presented to enable immediate identification of common issues, new product or process opportunities, customer sentiment and agent coaching topics.

Today your agents may struggle to deliver a differentiated customer experience and your supervisors might struggle to identify the problem and deliver the right training and coaching. Tomorrow, with 8x8 Speech Analytics, real-time insights and a differentiated customer experience will only be a click away.

Contact 8x8 to learn how Speech Analytics can drive success in your business.



8x8 analytics: Recorded customer interactions contain a vast amount of untapped data that gets to the heart of your customers' concerns. With 8x8 Speech Analytics, automated speech-to-text transcription extracts valuable insights from these unstructured voice conversations. Listen to the voice of ALL your customers—search for keywords and phrases and drill down to the details to learn what makes your customers happy...or frustrated.

Four Manufacturers Using Cloud Communications to Lower Costs and Improve Service



Industry leader in the manufacturing and distribution of mobile hydraulic products.

Challenges: High call answer times, abandonment rates, telephony costs and potential for disruption combined with an inability to support their growth drove the need for a new communications solution.

Solution: Cloud communications solution integrated into NetSuite CRM providing business communications, contact center and fax capabilities across all locations.

Results: Reduced call answer times by 15%, call abandonment rates by 70% and telephony costs by 15% while increasing business continuity. [See the details.](#)



104 year old innovative manufacturer of bleached cotton fiber products

Challenges: High failure rate, expensive and difficult to make changes, limited support for remote workers and lack of analytics for visibility into call patterns.

Solution: Integrated cloud-based communications into Salesforce and Microsoft email; deployed 775 lines across all offices, manufacturing facilities and remote workers.

Results: Increased operational efficiency, analytics dashboards, increased collaboration across teams including remote workers and the ability to instantly make changes to support their growth. [See the details.](#) [Watch the video.](#)



The global leader in storage tanks and covers.

Challenges: Organic growth plus acquisitions created a disconnected, distributed environment across 7 countries.

Solution: Cloud-based communications for 500 extensions across North America, UK, Brazil, India, Singapore, Vietnam and Dubai.

Results: One phone system that keeps everyone connected while reducing telephone costs by as much as 25%. [See the details.](#)



Manufacturer of high-performance coatings.

Challenges: Current hardware-based PBX couldn't keep up with global growth.

Solution: 700+ lines and 40 contact center seats with voice, video and contact center functionality providing service worldwide that runs over the open Internet without private voice lines.

Results: Accelerated time to market, unified all sites on one telephony platform, eased the technical staff's workload and ensured ongoing business continuity. [See the details.](#) [Watch the video.](#)



Checklist: How to Spot the Achilles' Heel in Your Communications System

Answering these questions will help you evaluate a cloud communications solution.

- Are monthly phone costs unpredictable...and expensive? (When was the last time you checked?)
- Does IT spend a lot of time administering and maintaining the phone system and related communications applications—the amount of which cannot be quantified?
- Are managers unable to measure performance using metrics like how long customers are kept on hold or how often calls go unanswered?
- Is adding or changing phone numbers or locations burdensome to IT or so slow it becomes disruptive? Does IT require help from one or more third-party vendors?
- Does a fixed number of lines result in customer calls not getting through and/or limits on the number of employees that can be onboarded; is getting an outside line problematic at times?
- Is the company attempting to use their phone system and employees as a contact center, resulting in a poor customer experience?
- Is setting up communications for a new facility or location a major undertaking?
- What other communication services are used besides phone and conferencing (video conferencing, web meetings/webinars, chat applications and collaboration tools like Slack)? How many separate vendors are you managing for these services?
- Do employees use other, non-sanctioned technologies to communicate and collaborate (aka "Shadow IT")?
- What kinds of metrics and insight into customer interactions would help improve your business?
- What is the impact on your business when your phone system goes down?
- What third-party validation is done to ensure compliance with HIPAA and security regulations?
- How do you integrate communication islands across team messaging solutions?
- How is data protected in motion and at rest?
- How are communications integrated with security and compliance policies and procedures?
- Does your current communications solution provide fully automatic disaster recovery?



The 4th Industrial Revolution Calls for One System of Engagement

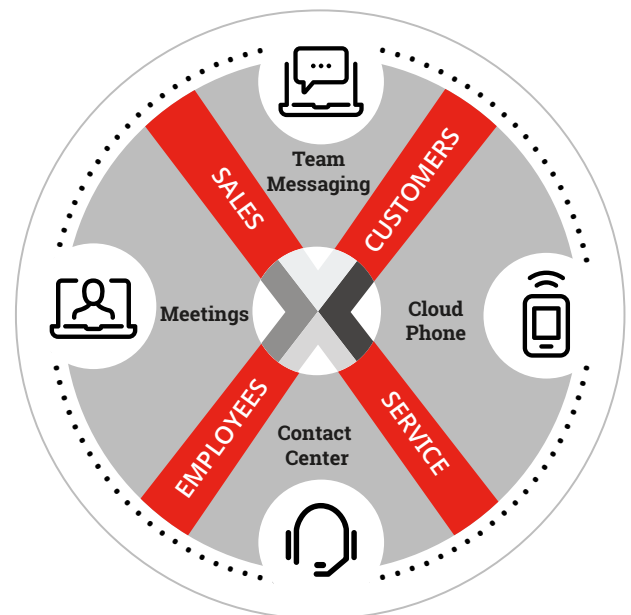
According to the National Association of Manufacturers, the industry is enjoying **strong growth**, almost euphoric sentiment and the highest **productivity improvements** of any industry. It's a great story and I just want to stop here and bask in the glow. But, that little voice of due diligence won't be silent. Although the story is very positive, there is so much more potential, and modernizing communications can help unlock it.

It starts by letting go of the piano.

My high school football coach was fond of shouting, "let go of the piano" to increase hustle. The physics were clear, even for my graduating class. Manufacturers face a similar challenge, with 75% of supply chain practitioners saying digital projects across their companies are not managed under a single governance process, making enterprise-wide integration a challenge, according to a recent Gartner survey. The result is that 70% of manufacturers trying to transform the digital operations of their business will fail to reach full potential due to outdated business models and technology, according to IDC.

Moving your business forward while hanging on to outdated technology is like trying to run with a piano. Manufacturers need to let go.

One System of Engagement





Take a moment for a quick assessment:

- Is your phone service in the cloud?
- Is your meetings and video conferencing app in the cloud?
- Is your team messaging app in the cloud?
- Is your contact center phone service in the cloud?
- How many flavors of each type of application do you have?
- Is your environment all on-premise, a hybrid across on-premise and cloud, all in the cloud but on many clouds or is everything on one cloud platform?

Aggregating the data from companies that have done this type of assessment with us, about 76% are still just starting their journey to higher levels of communication maturity. At best, they have some type of hybrid environment with limited analytics. [See how your company compares.](#)

To be fair, there's no need to call CPS (Communications Protective Services or Customer Protective Services) on these companies. Dial tone works, the phone rings and IT works hard to keep things running. No problem. In fact, business is good, as the growth, increases in productivity and euphoria about the future demonstrate. So why invest in new communications technology?

Well, let's step into the CIO's shoes for a moment. Let's call him Mike (the most common Fortune 500 CIO name). What is on Mike's agenda? Well, to summarize what multiple research studies have found:

- 1 Revenue growth
- 2 That elusive digital transformation initiative
- 3 Increase profitability
- 4 Innovation and support of new products and services

Modern communications technology can help Mike in all four of these areas.

Here's a simple use case to illustrate the possibilities. A manufacturer of small industrial robots used on assembly lines has showrooms in key cities to be close to customers. The company also has an eCommerce website and a contact center with inside sales and customer success agents.

Customers can review the various models on the company's website. They can even configure certain features and place the order, but the robot manufacturer is seeing an extremely high abandonment rate. Management doesn't have the data to understand the interaction between the web, showrooms and contact center to understand the root cause. Although simplified, we hear this type of scenario from many manufacturers. The good news is CIOs can turn to communications to solve this challenge. The outcome looks something like this:

- Customer reviews robots online. Configures one, but has a question. So the customer clicks "Chat" to ask their question.
- The Chat agent answers the question and suggests the customer speak with an expert to verify delivery dates. A "Talk to an agent" button is presented to the customer.
- The customer clicks on the button and is now talking with an agent who has access to the chat conversation, information about the customer and the ability to see what the customer has configured.
- After talking with the customer, the agent is able to determine that the customer would really like to see the robot in action to ensure it will meet the manufacturing line requirements.

- The agent suggests the customer have a quick call with the closest showroom to schedule a demo.
- The customer agrees, so the agent instantly connects the customer with the showroom representative who schedules the demo for that afternoon.
- Each interaction point was captured so now the company can see the customer's journey and the interaction between the web, contact center and showroom. Using speech analytics, they get sentiment analysis based on 100% of calls to use in coaching and training. The robot manufacturer now has the visibility to call activity to better align resources in the contact center and showrooms.
- The company's communication costs are now lower and more predictable, IT has more time to work on innovation and contact center turnover is lower because agents are empowered to better support customers.

The key to delivering this type of experience is using a cloud communication solution based on a single platform that integrates voice, chat and messaging, meetings and contact center capabilities to create one system of engagement. This approach creates the ability to maintain content and context from chat to voice to video conference. With all the capabilities on a single platform, it is also possible to make all the data available in a single data store to create one system of intelligence.

With all this discussion about one cloud platform, it's useful to take a moment and address the topic of best-of-breed vs. suite. Essentially, which is better, one cloud or many clouds. Think of it this way, do you want to manage multiple vendors, SLAs, roadmaps, integrations and potential security risks, or just one? The answer becomes even clearer with three additional points:

- **User experience.** Multiple applications means multiple user interfaces requiring users to switch between them. Additionally, without integration across all applications, it becomes difficult to deliver the necessary and relevant information to your employees so they can provide customers with personalized engagements.
- **Administration and maintenance.** Some manufacturers have gone down the best-of-breed approach, often because they were solving for specific problems so a point solution was put in place. Now they have to maintain multiple applications in multiple environments with each roadmap evolving at different rates. One platform centralizes administration and maintenance making it quick and easy so IT can focus on more high value topics.
- **Analytics.** Having all the data in a single store makes it more complete and accessible in a meaningful timeframe. Retooling communications that includes moving to a cloud-based solution on a single platform will have an immediate and positive impact on Mike's agenda. If your company isn't moving to modern communications fast enough, tell everyone to drop the piano.

A quick aside...

To move or not to move communications to the cloud is not the question. Modern communications are in the cloud. If your company is still contemplating whether or not to move, just stop. You know you need to move. The question is to which cloud. It's true that many companies have had a poor experience with cloud-based communications and now consider the entire idea bad. This generalization will lead you down the wrong path. Cloud communications are no different than other products and services: some solutions are poor, others are good and a few are excellent. If a previous poor experience is causing reluctance to move to the cloud, try a quick evaluation with a leader in call reliability like 8x8.



Ready for the Next Step?

Contact a Solutions Expert to learn more about how one system of engagement that integrates phone, meetings, team messaging and contact center capabilities can lower costs and improve customer service.

Call **1.866.879.8647** or visit **8x8.com/manufacturing**.



8x8, Inc. (NYSE:EGHT) is a leading provider of cloud phone, meeting, collaboration and contact center solutions with over a million business users worldwide. 8x8 helps enterprises engage at the speed of employee and customer expectations by putting the collective intelligence of the organization in the hands of every employee. For additional information, visit www.8x8.com, or follow 8x8 on LinkedIn, Twitter, and Facebook.

