

Microsoft 365 Cloud Voice Improves Employee And Company Performance

Forrester Consulting conducted a Total Economic Impact™ (TEI) study to provide readers with a framework to evaluate the potential financial impact of Microsoft 365 Cloud Voice on their organizations, hereafter referred to as Cloud Voice. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several customers with experience using Cloud Voice.

Through these customer interviews and data aggregation, Forrester concluded that Cloud Voice has the following three-year financial impact: \$9.5M in benefits versus costs of \$2.6M, resulting in a net present value (NPV) of \$6.9M and an ROI of 261%.

Quantified benefits. The following risk-adjusted quantified benefits are representative of those experienced by the companies interviewed and applied to a composite organization with 5,000 users:

- ▶ **Employees save time from telephony being integrated into the Microsoft Teams collaboration platform.** Highly mobile workers, including those moving around within an office, can save 1.5 hours per week from better access to voice calling. Other workers save 38 minutes per week from improved call quality and system performance. The savings over three years for the composite organization totals \$6.4 million.
- ▶ **Improved and integrated voice communication strengthens business outcomes.** Cloud Voice connects employees internally as well as with customers and other external parties. This can help increase sales, reduce time-to-market, and improve decision making. Forrester partly attributes (5%) an additional \$5 million in sales in Years 2 and 3 to better voice communication internally and with prospects. The attributed value totals \$335,274.
- ▶ **Organizations replace previous telephony solutions with Cloud Voice, which eliminates solution and support costs.** Reduced costs for the previous telephony solutions include PBX annual maintenance and support, replacing end-of-life equipment, hardware for new offices, and IT support. The savings over three years totals \$1.8 million.
- ▶ **Telecommunication usage costs are also reduced.** Reduced costs include international mobile roaming and long-distance calling charges. The savings over three years totals \$1.0 million.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

- ▶ **Cloud Voice improves security and compliance.** Examples of easier compliance include ISO 270001, GDPR, and security-related compliance because Cloud Voice is tied into Microsoft's security and access solutions.
- ▶ **Cloud Voice has better uptime and performance than previous solutions and is easily scalable.** Interviewees reported that they had outages and performance problems with previous telephony solutions. More importantly, Cloud Voice easily scales with the business compared to on-premises solutions.
- ▶ **Cloud Voice, as part of Teams, improves employee satisfaction.** Employees like having a modern collaboration experience with telephony as part of a unified solution. This is especially important for younger employees.

METHODOLOGY

The objective of the TEI framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact of Microsoft 365 Cloud Voice, including interviews with Forrester analysts, Microsoft stakeholders, and three current Microsoft 365 Cloud Voice customers. Forrester constructed a financial model representative of the interviews using the TEI methodology.

COMPOSITE ORGANIZATION

This analysis uses a composite organization, based on the interviewees, to present the aggregate financial analysis.

RISK ADJUSTMENT

Forrester risk-adjusted the financial model based on issues and concerns of the interviewed organizations to account for uncertainties in benefit and cost estimates.

"We wanted all of our collaboration solutions, including voice, to be consistent and integrated. Microsoft was the only real solution out there."

– Chief municipal officer,
government



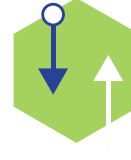
ROI
261%



Benefits PV
\$9.5 million



Costs PV
\$2.6 million



Payback (after go-live)
<3 months

The Microsoft 365 Cloud Voice Customer Journey

For this study, Forrester conducted four interviews with Cloud Voice customers. Interviewed customers include the following:

INDUSTRY	REGION	INTERVIEWEE	NUMBER OF USERS
Video solutions	Headquartered in EMEA	Senior systems administrator	500
Government	Europe	-Chief municipal executive -CIO	1,700
Beverage	Global	Architect	7,000 (expanding to 20,000+)

Key Investment Drivers And Results

The interviewed organizations shared the following investment drivers:

- › **Prior telephony solutions provided limited capabilities at too high a cost and effort.** Interviewees had either on-premises traditional PBX solutions or IP telephony solutions. In both cases, Cloud Voice was said to be both easier to manage and expand in order to support more users and a global presence.
- › **Companies wanted an end-to-end modern collaboration experience that included voice.** In a drive to be more competitive, companies were looking to improve collaboration within and outside the company. Adding Cloud Voice was a logical next step for companies that had previously implemented Teams.

The interviewed organizations achieved key investment results:

- › **Employee and company performance has improved by integrating a better telephony solution into other collaboration solutions.** Cloud Voice provides a wide range of features to support different users' communication methods. New features can easily be rolled out because everything is cloud based. Additionally, the integration with Microsoft Teams makes it easier for users to collaborate and seamlessly switch between computers, softphones, mobile phones, tablets, and meeting rooms.
- › **Total cost of ownership (TCO) has decreased.** Prior telephony solutions cost more to maintain and upgrade, and the amount of required administration, both internally and from consultants, is greater. Cloud Voice eliminates the need for IT resources with specialized telephony-infrastructure skills and/or outsourcing contracts.
- › **Employees are happier.** Employees of all ages enjoy the greater flexibility and mobility that Cloud Voice has given them. This has opened up work-from-home business models and made employees more efficient and effective.

"The main driver was modernizing the workplace to improve user productivity. We wanted everything, including voice, in one place and to give users something they would really like."

– Architect, beverage

"We had to replace the old PBX system. Replacing it with Cloud Voice as part of Teams maximized voice and video adoption and reduced costs. Adding phone systems ensured as many users as possible and made them more productive."

– CIO, government

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization has the following characteristics:

The composite organization is based in Europe and sells its solutions globally. Forrester holds the 5,000-user count constant for the life of the study for simplicity; users are a mix of information workers and firstline workers. There are three main operations centers — one each in Europe, North America, and Asia — and small sales offices are regularly being added. The prior telephony solutions were a mix of on-premises IP and traditional PBX telephony systems, which were nearing end of life and could not support growth. Some locations were migrating from Skype for Business Server to Cloud Voice in Teams.

The composite organization had previously adopted Office 365 and Microsoft Teams and added Cloud Voice. Components included Phone System, Audio Conferencing, Direct Routing, and Teams-certified devices.

Microsoft 365 Cloud Voice Improves Collaboration

Improving communication and collaboration between employees and with outside parties is a top priority for companies. Increased competition, compacted timeframes, and distributed business models mean that everyone needs to be more efficient and effective if the company is to succeed truly. Telephony capabilities have never quite been able to integrate fully into other collaboration solutions, i.e., with telephony being the outlier in this paradigm shift, the challenge has continued to be that it lacks the flexibility to change and expand as the business needs evolve.

Cloud Voice provides the flexibility and scalability that companies need in order to introduce new features and support expansion in a cost-effective way. It also saves workers time and gives them tools to improve business outcomes such as faster time-to-market, increased revenues, and improved operations.

The benefit impact experienced by the composite organization is based on past and current experiences of the interviewed companies. Over three years, the composite organization expects risk-adjusted total benefits to be a present value of \$9.5 million.

“As an IT person with many years of experience, I can say that the phone system infrastructure within Teams is one of the best experiences I’ve ever had. Also, knowing a company the size of Microsoft has your back and is there for you is great.”

– Sr. system administrator, video

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Improved communication	\$1,562,975	\$3,125,949	\$3,125,949	\$7,814,873	\$6,352,887
Btr	Improved business outcomes	\$0	\$212,500	\$212,500	\$425,000	\$335,274
Ctr	Eliminated solution costs	\$722,700	\$745,200	\$749,700	\$2,217,600	\$1,836,128
Dtr	Reduced telecom costs	\$308,750	\$403,750	\$522,500	\$1,235,000	\$1,006,921
	Total benefits (risk-adjusted)	\$2,594,425	\$4,487,399	\$4,610,649	\$11,692,473	\$9,531,210

- › **Better voice communication saves time, increases collaboration, and improves mobility.** Time savings are included in the financial analysis. Interviewees shared examples of how different workers save time from Cloud Voice being part of an integrated collaboration solution. It was estimated that information workers who move around a lot, either between offices or within a single office, can save up to 3 hours per week. A previously commissioned TEI study looking at the value of Microsoft Teams found that improved call quality saves time from having to redial calls or follow up because information was not heard properly. For the financial analysis, Forrester

includes 1.5 hours of savings per week for 10% of the users; the remainder save 7.6 minutes per day because of improved call quality. Only half of the benefit is realized in Year 1 as users become more familiar with the solutions. After applying a 50% productivity capture, this adds up to a net benefit of \$6.4 million.

- › **More effective voice communication as part of an integrated collaboration solution improves business outcomes, such as increased revenues and decreased time-to-market.** Effective communication makes for better and stronger businesses. Interviewees shared many examples of how business outcomes can improve. These include closing more deals, bringing new products to market faster, reducing operating costs, and streamlining operations. One interviewee shared an example of a new multimillion-dollar contract, which required a global support help desk. The company's previous telephony solutions could not support this requirement, and it would not have won the contract without Cloud Voice being in place. The financial analysis includes \$5,000,000 in additional sales in Years 2 and 3 and conservatively attributes 5% of this to improved voice communication. This adds up to a net benefit of about \$335,274. In reality, improved business outcomes are worth much more to an organization; think about ways your organization can benefit from enhanced and integrated voice solutions.
- › **Eliminating previous telephony solutions partially or fully offsets the cost of Cloud Voice.** Interviewed companies replaced a range of solutions from traditional PBXs to other cloud-based VOIP solutions. Replacing them eliminates \$250,000 per year in maintenance, support, and licenses. Thirteen small sales offices are opened over the life of the study that no longer need to have telephony hardware added. Additionally, four FTEs previously supported telephony solutions globally. This is cut in half. These savings add up to a net benefit of \$1.8 million.
- › **Individual user telephony costs are also reduced.** Eliminated costs include \$350,000 in international mobile roaming costs over three years and \$950,000 less in internal, long-distance calling. Forrester attributes this to placing and connecting calls that are connected via the Cloud Voice network rather than through the telecom provider's direct routing solution. These savings add up to a preset value net benefit of \$1.0 million.
- › **Cloud Voice improves security and compliance.** Interviewees said that switching to Cloud Voice improved security and helped with internal and external compliance because it is built on top of Microsoft's security solutions. One interviewee said, "Voice uses Office 365 cloud security, which is a big deal." Security was not a primary driver for moving to Cloud Voice but was still viewed as important. With regards to compliance, interviewees said that GDPR, ISO 270001, and internal requirements were easier to meet. Improved security and compliance were not included in the financial analysis.
- › **Cloud Voice provides better uptime, performance, and scalability than the previous solutions.** Moving to Microsoft's cloud-based solutions resulted in better performance and uptime. Interviewees were especially focused on scalability and flexibility. One interviewee pointed out that "the level of scalability needed was not possible with an on-prem solution." Voice disruptions can have serious downtime costs for an organization, but they were not included in the financial analysis.
- › **Cloud Voice, as part of Teams, improves employee satisfaction.** Providing modern collaboration solutions and everything in one platform makes things easier for employees and improves satisfaction. Avoiding using personal mobile phone numbers helps with "life-work balance." One interviewee surveyed employees about their satisfaction with internal collaboration tools. Prior to Teams with Cloud Voice, only 15% of employees reported being very happy. This increased to 85% after the deployment. The ability to make calls from the mobile app was a large contributor. These benefits were not included in the financial analysis.

"Employees save time because everything is in one place. It is a lot easier to make calls and find colleagues. People like me who have lots of calls and move around a lot can save around 3 hours per week. That's about [15% of the workforce]."

– Chief municipal executive, government

"Cloud Voice with Teams is very powerful. It also ties in with Power BI and the Power Apps platform, which helps people make better decisions faster. We are now using voice strategically."

– Chief municipal executive, government services

"The ability to use actual landline numbers on top of the VOIP infrastructure makes voice a real strategic asset for us, not just a tool."

– Sr. system administrator, video

"We wouldn't have considered rolling out the on-prem voice solution to everyone. Deploying at our headquarters alone would have taken six months. With [Cloud Voice], once you have the numbers, you can set it up in a day."

– Architect, beverage

Internal And External Cloud Voice Costs

The composite organization experienced five categories of cost associated with the Cloud Voice investment. Over three years, the composite organization expects risk-adjusted total costs to be a PV of \$2.6 million.

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Etr	Microsoft Voice solution costs	\$0	\$480,000	\$480,000	\$480,000	\$1,440,000	\$1,193,689
Ftr	Internal effort	\$123,750	\$288,750	\$288,750	\$288,750	\$990,000	\$841,829
Gtr	Professional services	\$131,250	\$52,500	\$52,500	\$52,500	\$288,750	\$261,810
Htr	Training	\$117,893	\$11,239	\$11,239	\$11,239	\$151,610	\$145,843
Itr	Increased bandwidth	\$0	\$78,750	\$78,750	\$78,750	\$236,250	\$195,840
	Total costs (risk-adjusted)	\$372,893	\$911,239	\$911,239	\$911,239	\$3,106,610	\$2,639,011

- › **Cloud Voice license costs \$1.2 million.** Forrester assumes that all 5,000 users have E3 licenses. The US list price for Phone System is an additional \$8 per user per month. If a user has an E5 license, Phone System is included.
- › **Internal effort costs \$765,299.** A proof of concept (PoC) lasted six weeks and required 1.5 FTEs. The global rollout lasted 12 weeks and required three FTEs. There is one week of effort in each subsequent year to make Cloud Voice available to new sales offices opening around the world. Forrester also conservatively estimates that there are two FTEs responsible for supporting Cloud Voice globally even though some interviewees said that they required no additional effort compared to Teams support.
- › **Professional services during deployment and ongoing support cost \$261,810.** Services during implementation were mainly around integrating into various telecom providers direct routing solutions and providing training. Ongoing services are around managing these connections as well as rolling out new features.
- › **Training for users and IT costs \$145,843 in lost work time.** Each end user requires, on average, 30 minutes of training — everyone initially plus new hires in subsequent years. Two IT resources received five days of training.
- › **Increased bandwidth costs \$195,840.** Bandwidth had previously been added to support the move to Office 365 and Teams. Additional bandwidth is added to support increased VOIP traffic globally.

A Cloud Voice Investment Today Can Create Future Opportunities

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement Cloud Voice and later realize additional uses and business opportunities. Interviewees shared the following examples:

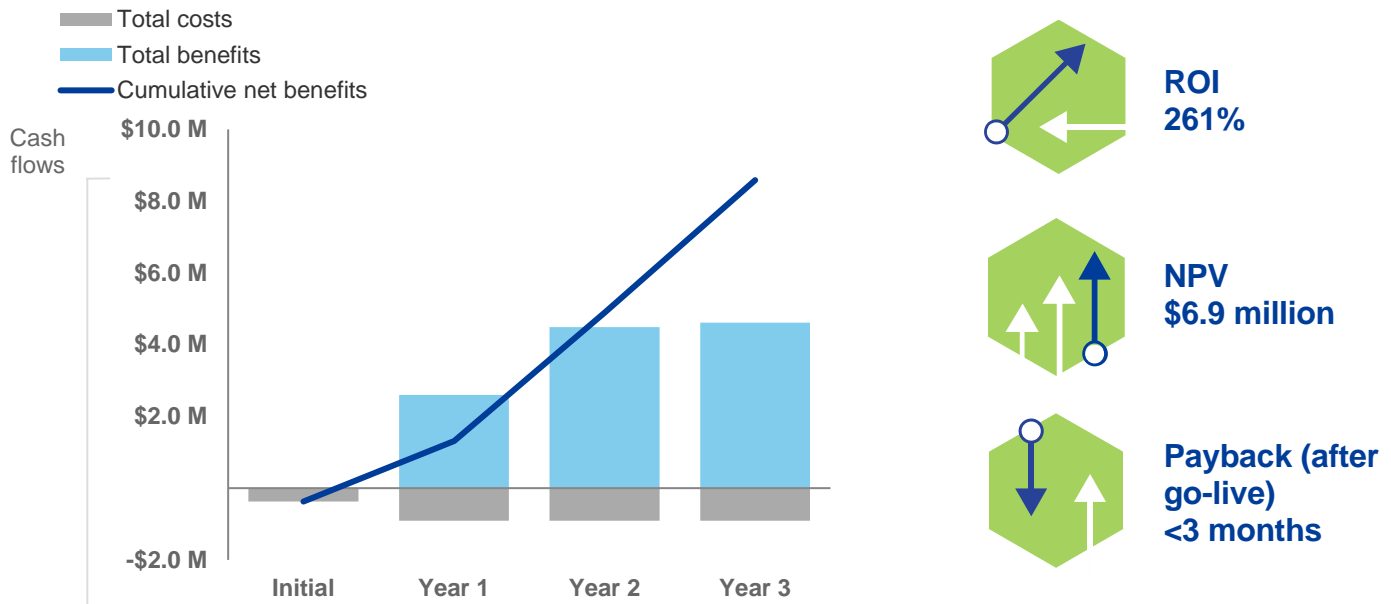
- › “We are following Microsoft’s roadmap and rolling out new features. One we are excited about is call queues.”
- › Expanding into new geographies and the number of users. One company is rolling out to operating companies globally and should grow from 7,000 to 20,000 users.
- › Using Cloud Voice for small call centers.
- › Call recording (in the product roadmap) for the support desk.

Forrester has not included any of these future opportunities in the financial analysis.

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the “right” or the ability to engage in future initiatives but not the obligation to do so.

Financial Summary

The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment in Microsoft 365 Cloud Voice. Forrester assumes a yearly discount rate of 10% for this analysis.



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The reader should be aware of the following:

- › The study is commissioned by Microsoft and delivered by Forrester Consulting. It is not meant to be a competitive analysis.
- › Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Microsoft 365 Cloud Voice.
- › Microsoft reviewed and provided feedback to Forrester. Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning.
- › Microsoft provided the customer names for the interviews but did not participate in the interviews.

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ABOUT TEI

Total Economic Impact™ (TEI) is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders. The TEI methodology consists of four components to evaluate investment value: benefits, costs, risks, and flexibility. <https://go.forrester.com/consulting/content-marketing-consulting/>