

Do you know the total cost of ownership of your communication solution?

 By [Paul Fick](#)

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Converged communication solutions have become critical to the enterprise for productivity reasons amongst others. However, while organisations have invested large sums of money into communication technology, they often fail to realise the full value of their investment, as they do not know the total cost of ownership (TCO) of the solution and, therefore, cannot see the cost versus benefits that are being delivered.

While cost is an important aspect, TCO is not simply about the amount of capital paid. In order to gain the full value of converged communication solutions, organisations need to have always-on, reliable, scalable, flexible and efficient solutions. Understanding the TCO of communication technology and solutions is the key in leveraging the investment and in ensuring that any future investment will deliver on the value needed.

One of the main reasons that organisations fail to leverage full value from their converged communication solutions is that they do not adequately understand and document their requirements, which results in them purchasing a "one size fits all" product or solution that may not meet their exact needs, and in fact does not fit at all. They are then faced with the challenge of closing the gap between their requirements and what the solution can actually deliver. Organisations also focus heavily on the purchase price of a solution, attempting to save money without looking at the long-term value and implications, including availability, the cost of repair if the solution breaks down, the cost of maintenance and the ability of the product to fulfil required functionality and integration, amongst others.

Make strategic decisions based on all factors

TCO involves many more factors than the initial cost and the first year of the maintenance agreement. In order to leverage value it is necessary to have a forward-thinking approach and make strategic decisions based on all factors. TCO involves many aspects, including interoperability with other solutions, open standards or the lack thereof, and avoiding vendor lock-in scenarios, as these can contribute to making a solution more costly than the benefits they deliver. Other areas that make up TCO include monthly support and maintenance, service and upgrades, ease of use, ease of integration and changes, reliability, flexibility, scalability, automation, complexities of processes involved, energy efficiency and more.

The cost of downtime is another critical factor to consider, as this will not only cause direct loss of productivity, but also lost opportunities. If communication systems are not working, even for a single day, the savings achieved with the technology investment can quickly be eroded, yet this is something that is not often factored in when a purchasing decision is made. Ultimately, organisations today rely heavily on their communication solutions to function. Take, for example, a call centre with 1000 agents, who are each earning R10 000 a month. This means that the monthly cost of labour is R10 million. If you divide this by the average 21 working days in a month, this cost adds up to almost half a million rand every day. If these agents are not able to work for one day, the business has immediately lost half a million rand. The average maintenance fee for a 1000-agent solution is around R6.5 million per annum, which is the equivalent of 12 days of downtime. Organisations looking to take shortcuts on maintenance can easily lose more money than they save, simply through downtime.

Downtime can cost millions more

The availability of the system on an ongoing basis is critical. And this scenario does not factor in the cost of lost opportunities, which are more difficult to quantify. Downtime can cost millions more, eroding customer satisfaction, creating customer churn and steadily eating away at an organisation's bottom line. Downtime can also expose an organisation to risk, especially in terms of legal and compliance risk, if the communication system is used to keep a record of transactions. These records need to be made while people are making calls and communicating, and must also be accessible after the

fact, something which downtime can have serious implications on.

Another factor to consider in TCO is ease of use. As labour is the biggest cost of any contact centre, if the solution is difficult to use, the organisation is wasting its resources' time trying to operate the system, losing money as a result. There is also often a lot of agent churn within the contact centre industry and if your solution is difficult to use, a significant amount of training is required at a cost, on an ongoing basis, every time new agents join the organisation. Adopting an easy-to-use industry standard platform means that organisations can more easily recruit agents and have them up and running, and productive, sooner, with less cost. Communication solutions also need to interoperate with other systems, such as accounting, customer relationship management, work-flow solutions and so on. Organisations should, therefore, also look at open standards as part of TCO, as systems and solutions are difficult and costly to change if they have been specifically customised using non-standard integrations.

Choose reliability

Organisations need to examine their requirements and then ensure that they choose technology that has proven itself to be reliable. This may be a more expensive initial investment, but will cost far less in the long term. It is also vital to ensure that the chosen implementation partner meets the businesses requirements and can integrate the solution to ensure that it functions optimally. Communication solutions also need to be maintained on a proactive basis, with regular health checks, trend watching, system monitoring, capacity monitoring and so on, to prevent problems before they can cause expensive downtime.

Choosing the right solution is important, but hand in hand with this is choosing the right partner for the delivery and implementation. Technology is a fantastic enabler, but if it does not meet requirements it is useless and a costly waste of time. No organisation can afford to have full-time resources to handle every aspect of the organisation and, as such, they need a specialised provider to partner to ensure that solutions deliver value and are the enabler they should be for business processes.

Technology, especially communication technology, should enable a business to deliver to its customers and this, in turn, relies heavily on the right skills for integration, implementation, maintenance and keeping the solution running at the lowest possible TCO. Instead of focusing solely on the purchase price and rewarding decision makers who cut immediate costs at the long-term expense of the business as a whole, organisations need to make communication technology a strategic decision, and one which factors in all of the aspects of TCO.

ABOUT PAUL FICK

Paul Fick is the chief technology officer for The Jasco Group. He became a part of the Jasco Group in 2010 with the merger of Spescom and Jasco. Email Paul at paul.fick@jasco.co.za and follow him on Twitter at [@pfick100](https://twitter.com/pfick100).

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