The real costs of doing nothing

Achieve future savings quickly with cloud communications

8x8

The real costs of doing nothing
Achieve future savings quickly with cloud communications

Introduction

As local councils try to balance their yearly budgets, hold reserves and plan future savings, they face growing pressures to provide better services to citizens and local businesses. According to the Local Government Association, councils will have suffered a reduction of core funding of nearly £16bn – a loss of 60p in every £1. This reduction, combined with increased services demand, mean councils must focus on protecting front-line services from significant cuts and identify savings from back-office efficiencies, new income and reducing demand.

At the same time, citizens expect always-on, relevant and consistent service experiences from councils just like popular online brands. The challenge for local authorities is to understand how to serve their constituents across different communications channels seamlessly, instead of keeping them waiting, often for long periods to speak to an advisor. Apart from providing connected experiences, councils also need to reduce the cost to serve and get the best value for money without impacting local services or the citizen experience.

Today, large on-premises communications systems in local government organisations are commonplace. With significant capital sums invested in these platforms, any talk of moving to modern cloud communications comes with resistance, over cost and complexity concerns with cloud technology. The reality is that on-premises platforms are expensive to maintain and upgrade, and doing nothing costs councils more in licensing, hardware and support fees, hindering future savings targets.

The real cost of on-premises communications

On-premises communications systems offer local councils' full control over the hardware and configurations, but require specialist staff to provide system maintenance making it costlier than cloud communications.

Integrating on-premises platforms with other business systems also incurs substantial costs, considerable manual activity, and the possibility of human error, which adversely impact staff productivity and risk reputational damage as customer complaints increase.

Trying to wrestle new functionality from an on-premises communications system is expensive and an unending struggle. Next-generation on-premises converged communication systems are more adaptable than their predecessors, but they can cost millions of pounds – an investment that councils can ill-afford. However, those systems still lack the agility, functionality and hassle-free advantages of cloud alternatives.

- Typical costs of on-premises communications system range between £800 - £1000 per employee, but other commonly overlooked areas are: High upgrade costs associated with keeping server environments up-to-date
- Slow responses to increased customer call volumes during busy periods
- Specialist in-house IT staff needed to provide maintain and support
- Lost productivity costs from system outages and unplanned downtime
- Line rentals from telecommunications service providers
- Additional services and associated fees, e.g. unified conferencing and video collaboration
- Connectivity service fees, e.g. MPLS Circuits, VPN Connectivity, Backup Circuits.

Delivering better citizen outcomes and achieving savings targets

Cloud communications can accommodate the broadest range of local government communication needs. Increasingly, forward-thinking local councils are embracing cloud communications not only across bundled services for voice, video, messaging and contact centre but also through embedded communications integrated into critical business applications and workflows to drive employee productivity and service efficiency to deliver savings and better citizen outcomes.

8 Ways to achieve savings and efficiencies with cloud communications

1 Eliminate line rentals

All cloud-based voice, video, messaging and contact centre communications flows across the internet, eliminating the need for expensive communications lines and circuit rentals.

2 Predictable costs

Regular monthly fees based on users and features, allow you to get rid of costly license fees, network upgrades and implementation costs.

3 Reduce specialist staff

Cloud system upgrades and maintenance are automated and don't require expensive in-house telephony experts. Anyone in the IT team can configure system changes, add new devices, users or numbers.

4 Secure evergreen updates

Cloud communications providers provide system updates at regular intervals keeping council users safe, which reduce operational expenses.

5 Built-in CRM integrations

Out of the box integrations with popular business apps and CRM platforms minimises the need for costly integration and expensive professional services engagements.

6 Handsets rentals and free calls

Rent the latest business phones without committing to long term contracts and make free calls between different council sites and office locations.

7 Desk compression through flexible working

Reduce desk space and lower real estate costs by giving council staff the flexibility to work from home or remote locations.

8 Continuity and redundancy as standard

Business continuity is included with cloud communications services, to ensure councils can continue to interact with citizens from anywhere on any device in the event of a disaster, power outage or some other business-interrupting event.

On-premises vs Cloud

Critical factors every council need to consider

Should councils move their on-premises communication into the cloud? The latest research all conclude that cloud communications solutions can help organisations reduce costs, drive productivity improvements and deliver business efficiencies.

Articulating the benefits of the cloud to key stakeholders in local government and convincing them to take that step requires hard numbers to build the justification.

That's where it gets tough because obtaining cost-comparison information is difficult and complicated.

This example calculates measurable outcomes for a local council using real-world data and considers information that is critical for making an informed decision.

Local Council Profile

Council name: Loamshire District Council*

Employees	Total
Total employees across all locations	340

Communications & Collaboration Profile	Total
Number of main office locations	2
Number of remote locations	8
Average number of phones at each main office location	50
Average number of phones at each remote location	30
Total monthly costs:	
Phone line costs	£1,386
Outbound international calling costs	£3,291
Conferencing calling costs	£1,126
Conferencing costs - web meeting / collaboration	£1,126
Service, maintenance and support contract costs	£970
Facilities costs on hardware / PBX (including space, cooling, power)	£443

Contact Centre Profile	Total
Number of call centre locations	2
Total number of call centre agents	40
Number of call centre agents that are concurrently working	18
Number of call centre supervisors	5
Total monthly costs:	
Phone line costs	£7,512
Outbound international calling costs	£673
Service, maintenance and support contract costs	£1,743
Facilities costs on hardware / PBX (including space, cooling, power)	£313

Potential Benefits with 8x8 Cloud Communications

8x8 Cloud communications solutions enable local councils to eliminate upfront capital expenditures and minimise monthly expenses while transforming the customer experience.

With citizens and council staff interacting on one system of engagement, it provides the ability to intelligently and quickly collaborate across any channel and provides an optimal citizen experience with one system of intelligence.
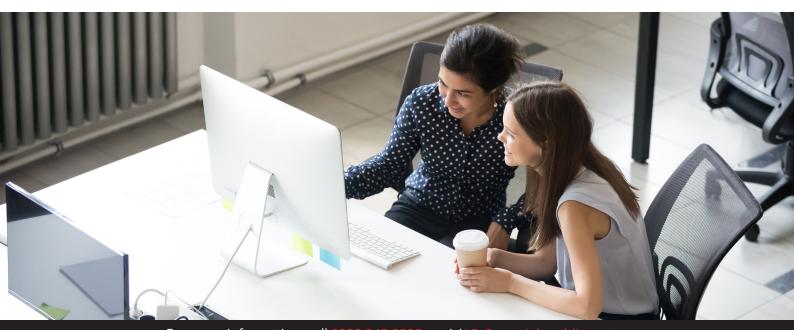
Based on the above profile information, Loamshire District Council can realise the following potential savings with an 8x8 cloud communication solution.

Cost Reductions	One-Time	Monthly Recurring	Annual Recurring
Capital cost reduction with 8x8	£197,386	£0	£0
Operating expense improvement	-£22,244	£12,759	£153,102

Strategic Benefits	One-Time	Monthly Recurring	Annual Recurring
Improve support for mobile workers	£0	£2,180	£26,165
Improve support for remote locations	£0	£6,332	£75,987
Improve business agility	£0	£10,642	£127,701

Business Benefits	One-Time	Monthly Recurring	Annual Recurring
Improve employee productivity	£0	£3,957	£47,490
Improve business continuity & disaster recovery	£0	£4,189	£50,268
Accelerate workforce collaboration	£0	£1,583	£19,002

Benefits in Year 1	One-Time	Monthly Recurring	Annual Recurring
Total	**£175,142**	**£41,643**	**£499,714**

Detailed calculations
Capital Cost Reduction for Communications and Collaboration

Premise based systems require an upfront investment (capital expense) for equipment and software licenses. Capital costs for Loamshire District Council's current solution include a per-user fee for phones and software licensing costs. For the central equipment, a capital expense accounts for each location consisting of the primary phone system PBX, central software, networking and routers.

With the proposed 8x8 cloud-based communications solution, Loamshire District Council can pay for users as needed, avoiding the substantial upfront capital investment required for the central equipment/ infrastructure and software. Research indicates that 32% of phone users switch to softphones or multi-handset phones with the 8x8 solution, reducing the number of traditional phones purchased.

Main Office	Current	With 8x8	Savings with 8x8
Total number of phones at main office locations	100	68	32%
Average one-time cost per phone	£91		£91
One-time capital cost	£7,874	£5,354	£2,520
Number of main office locations	2	2	
One-time cost per location	£18,898	£0	£0
One-time capital cost	£37,795	£0	£37,795

Remote Office Locations	Current	With 8x8	Savings with 8x8
Total number of phones at remote locations	240	163	32%
Average one-time cost per phone	£79		£79
One-time capital cost	£18,898	£6,047	£12,850
Number of remote locations	8	8	
One-time capital cost for each remote location	£5,118	£0	
One-time capital cost	£40,945	£0	£40,945
Total one-time capital cost reduction			£87,307

Capital Cost Reduction for Contact Centre

Premise based contact centre systems require an upfront investment (capital expense) for equipment and software licenses. A cloud contact centre from

8x8 enables Loamshire District Council to pay for customer service agents as needed, with less cost upfront and more value for each agent.

Contact Centre locations	Current	With 8x8	Savings with 8x8
Number of contact centre locations	2	2	
One-time cost per location	£16,535	£0	
One-time capital cost – contact centre locations	£33,071	£0	£33,071

Contact Centre Agents	Current	With 8x8	Savings with 8x8
Number of contact centre agents	40	40	
One-time capital cost per agent	£2,323	£0	
One-time capital cost – contact centre agents	£92,913	£0	£92,913

Contact Centre Supervisors	Current	With 8x8	Savings with 8x8
Number of contact centre supervisors	5	5	
One-time capital cost per supervisor	£2,323	£0	
One-time capital cost – contact centre supervisor	£11,614	£0	£11,614

Contact Centre Cost Reduction	Current	With 8x8	Savings with 8x8
One-time capital cost – call centre	£137,598	£0	
Multi-channel capability impact	-20%	0%	
Multi-channel capability adjustment to total	£110,079	£0	
Total one-time capital cost reduction – contact centre			£110,079

Operating Expense Improvement for Communications and Collaboration

The cost per user for a true cloud solution is an expense distributed over the system usage and based on the feature set entitlements. This cost is considered an operating expense for some situations since the total costs are not in the initial contract but distributed over the length of time in use.

Maintenance costs are included in the recurring charges and are considered part of the recurring value of the cloud communications and collaboration solution. Providing a financial alternative to communication costs is part of the value of moving to a cloud environment.

Loamshire District Council can expect the following one-time implementation/deployment cost with the 8x8 solution for cloud communications and collaboration.

Total Monthly Costs	Current	With 8x8	Savings with 8x8
Phone line costs for communications and collaboration solution	£1,386	£1,317	5%
Outbound international call costs for communications and collaboration solution	£3,291	£1,128	63%
Conference calling costs	£1,126	£0	100%
Conferencing costs – web meeting / collaboration	£1,126	£0	100%
Conferencing costs for service, maintenance and support contracts	£970	£0	100%
Facilities costs for hardware	£443	£0	100%
Total monthly costs	£8,342	£2,534	£5,807
Total number of phones at all locations	340	340	
Operating cost per phone per month	£0.00	£0.00	
Operating cost per month – users	£0	£0	£0
Total monthly operating expense improvement		£5,807	
Total number of phones at all locations	340	340	
One-time implementation / deployment cost per phone	£0	£39	
One-time implementation / deployment cost	£0	£13,386	-£13,386

Operating Expense Improvement for Contact Centre

The calculation below considers maintenance cost as part of the recurring value of the cloud contact centre solution.

Loamshire District Council can expect the following one-time implementation/deployment cost with the 8x8 cloud contact centre.

Total Monthly Costs	Current	With 8x8	Savings with 8x8
Phone line costs for contact centre	£7,512	£1,502	80%
Outbound international call costs for contact center	£673	£249	63%
Service, maintenance and support contract costs for contact center	£1,743	£0	100%
Facilities costs on hardware / PBX	£313	£0	100%
Total monthly costs	£10,242	£1,751	£8,490
Number of concurrent agents / supervisors	23	23	
Operating cost per concurrent agent / supervisor per month	£0.00	£66.93	
Operating cost per month - agent / supervisor	£0	£1,539	-£1,539
Total monthly operating expense improvement			£6,951
Number of call center agents and supervisors	45	45	
One-time implementation / deployment cost per agent / Supervisor	£0	£197	
One-time implementation / deployment cost	£0	£8,858	-£8,858

Improve support for mobile workers

8x8's single solution for voice, video, messaging and contact centre will enable employees from Loamshire District Council to work and collaborate from anywhere on any device improving the productivity and support-ing flexible working initiatives.

Supporting Mobile Employees	Total
Total number of phones at all locations	340
Percentage of council staff that are mobile	15%
Number of mobile users	50
Productivity improvement for mobile phone users from using 8x8	1.0%
Average burdened monthly salary per user	£4,397
Monthly productivity improvement for mobile workers	£2,180

Improve support for remote offices and locations

8x8's Cloud communications solution provides a 99.99% SLA guaranteed end-to-end service uptime, reliability, and call quality over any broadband network giving your staff and customers a consistent quality experience even from remote offices and locations.

Supporting Remote Offices	Total
Total number of phones at remote locations	240
Productivity improvements at remote locations from using 8x8	1.0%
Average burdened monthly salary per user	£4,397
Productivity improvement at remote locations from using 8x8	£10,554

Improve business agility

An on-premise solution requires significant hardware and software investment, with specialist telephony support staff needed to provide updates and fixes to their system while in place.

A cloud solution has the advantage of being a centralised software environment, allowing feature updates and new capabilities to be added to the system infrastructure as soon as the features are released, without affecting users.

Business Agility Impacts – All Users	Total
Total number of phones at all locations	340
Productivity improvement from using 8x8	0.5%
Average burdened monthly salary per user	£4,397
Monthly productivity impact from improved business agility	£7,476

Business Agility Impacts – Contact Centre	Total
Number of call centre agents and supervisors	45
Productivity improvement from using 8x8	2.0%
Average burdened monthly salary per call centre employee	£3,518
Monthly productivity impact from improved business agility	£3,166

Improve employee productivity

8x8 provides continuous communications anywhere and with any device to improve employees' productivity, by providing faster collaboration with internal teams and service delivery partners and suppliers, as well as quick re-sponses to citizens.

Remote users included as part of the mobile worker productivity benefit reduce the expected percentage of phones using the productivity features.

Productivity Improvements	Total
Total number of phones at all locations	340
% of phones where productivity features will be leveraged	53%
Number of phones impacted	180
Productivity improvement from using 8x8	0.5%
Average burdened monthly salary per user	£4,397
Monthly user productivity improvement	£3,957

Improve business continuity and disaster recovery

Centralised cloud infrastructure offers Loamshire District Council the advantage of inherent system redundancy with-out requiring extra hardware for the individual on-premises installations. The redundancy solution for on-premise systems is to add additional hardware, network sites and data storage locations.

The cloud-based communications solution provides these as part of the underlying architecture. 8x8's

cloud solution is available across multiple data centres with broadband connectivity, data backup and recovery built into the architec-ture.

Assuring dial tone, maintaining citizen information, offering immediate switchover is within the feature capabilities required by Loamshire council. System re-liability and feature flexibility are critical advantages included with the 8x8 cloud communications solutions.

Business Continuity and Disaster Recovery Savings: Communications and Collaboration	Total
Total number of phones at all locations	340
Business continuity and disaster recovery cost per phone per month	£4.92
Savings with 8x8	100%
Monthly business continuity and disaster recovery savings	£1,673

Business Continuity and Disaster Recovery Savings: Contact Centre	Total
Number of call centre agents and supervisors	45
Business continuity and disaster recovery cost per user per month	£55.91
Savings with 8x8	100%
Monthly business continuity and disaster recovery savings	£2,516

Accelerate workforce collaboration

8x8 Cloud communications solution combines voice, video, messaging, and contact centre in a typical architecture, which can provide Loamshire District

Council users extended features based on their unique com-munication needs and job requirements.

Number of call center agents and supervisors	45
Productivity improvement	1.0%
Average burdened monthly salary per user	£3,518
Monthly productivity impact from accelerating workforce collaboration	£1,583

Next steps

A significant majority of councils are clearly "cloud-aware" and actively evaluating the benefits of cloud communications on a case-by-case basis. This approach helps them understand the technological and fiscal hurdles to avoid so communications can run efficiently and affordably while reducing risks.

Forward thinking councils using cloud communications are realising not only reductions in costs and operational expenses but are also spending less time setting up IT hardware, adding employees, and training. However, it's not just about the cost – regular system and security updates, guarantee the latest functionality enabling teams to work together whether in the office, in the contact centre or the field from any device or location.

8x8 Cloud communications enable local government organisations to accelerate the shift to digital and better serve citizens. One system of engagement for voice, video, collaboration and contact centre and one system of intelligence on one technology platform, allows councils to communicate faster and smarter with citizens leading to better outcomes and deliver savings.

8x8

For more information, call 0333 043 8888 or visit 8x8.com/uk