



## E - GUIDE

### WHAT YOU'LL LEARN

- ✓ How hybrid models influence TCO
- ✓ Eight cost factors
- ✓ Tips for ROI improvement

# UCaaS + SIP trunking for positive ROI: a cost analysis of hybrid cloud deployments

Enterprises wanting to migrate their communications and contact centers to the cloud are more excited than ever, thanks to hybrid cloud approaches that put some functions in the cloud while others continue to operate on existing on-premises infrastructure. These SIP-trunking-powered solutions make it easier to justify investments in unified communications as a service technologies, but how should IT leaders evaluate the cost-benefit of hybrid cloud deployments? When you need to present tangible financial benefits for executive approval, consider these cost factors and tips to improve your return on investment (ROI).

Eight Cost Factors	Cost Decrease	Cost Increase
IT Staff	✓	
Data Center/Servers	✓	
Maintenance Hardware & Software	✓	
UCaaS Licenses	✓ Legacy cost is lost	✓ Cloud licenses
Internal Network	No change	
Network Access Bandwidth	✓ Eliminate T1 and PRI Connections	
Endpoints	No change	
Cloud Contract		✓

## What do I get from ROI?

Return on Investment (ROI) is expressed as a percentage:

$$\text{ROI} = (\text{Net Profit} / \text{Cost of Investment}) \times 100$$

As shown in the chart above, with a hybrid cloud deployment there will be cost decreases as well as cost increases. Evaluate your costs based on these eight factors. The sum of the costs should produce a positive ROI.

**IT Staff** – Greater efficiency from the cloud may mean that staff can be decreased or reassigned to other projects. For example, using their skills to monitor the cloud service, the SIP trunk performance, and satisfying Service Level Agreements (SLA).

**Data Centers** – It may be hard to reallocate data center space you've already purchased. Leveraging a hybrid infrastructure will probably reduce your energy costs. New savings and data center space could be assigned to other uses.

**Maintenance** – Less hardware and software to maintain means additional cost savings. Review your present maintenance contracts to ensure you have no penalties or long term responsibilities.

**UCaaS Licenses** – Unless you move to a cloud provided by your on-premises UCaaS vendor, you will probably not save money on the licenses and setup. Check to see if there are separate license and setup fees for your proposed UCaaS service. If there are no fees, you will avoid additional costs as you add new users.

**Internal Network** – This should remain constant with no cost increase or decrease.

**Network Access Bandwidth** – This is a technology trade-off. You will definitely reduce costs by retiring your T1 and PRI connections. These connections will be replaced by far cheaper Internet access.

**Endpoints** – User endpoints will remain the same, with no cost increase or decrease.

**Cloud Contract** – This is the new cost of service that will be offset by cost decreases in other areas. Checking for appliance security updates is critical.

## How do I improve the ROI?

While continuing to move more functionality to the cloud will lower your TCO, a smooth transition with SIP trunks will ensure a positive ROI. The benefits will increase if you and your partner(s) manage the project efficiently. Hybrid solutions have a lot of moving parts, meaning that integration, deployment, and any troubleshooting can be complex. Success can be largely dependent upon:

- Partner expertise, alignment and knowledge exchange among key players,
- The interoperation of all components
- The visibility across the entire multi-vendor solution, and
- The ability to easily optimize performance.

Remember that, sometimes a cheap service may be expensive to implement. It's best to compare services on function, support, as well as price.



## How Does Hybrid Influence TCO?

Total cost of ownership is a financial estimate to determine the direct and indirect costs of a product, service, or system. TCO covers the initial purchase/subscription price and the implementation cost (in this case a cloud service and SIP trunk) that considers the full cost over the useful life of the implementation. A high ROI may not produce the best TCO. On the other hand, a low TCO may require a lot of investment thereby lower the ROI. When IT looks for the financial benefits of cloud UCaaS and SIP trunks, there needs to be balance.

There may be a higher initial cost to move to the cloud and SIP trunks, but the costs decrease once the implementation is complete. This delivers a lower TCO over the life of the implementation when compared to the existing implementation (before the cloud/SIP trunk migration). A positive ROI usually means a lower TCO which is better for the enterprise IT budget. This reduces the cash flow for the enterprise as well and it is easier to plan the IT budget.

### Additional resources

- [A Buyer's Guide: Understanding Unified Communications as a Services](#)
- [5 Ways Cloud Communications Can Lower Your TCO](#)
- [SIP Trunking Pitfalls and Resolutions](#)
- [The Hidden Iceberg: Seven Metrics for Evaluating the Network Beneath Your Unified Communications Solution](#)
- [The Next Evolution of Unified Communications: Why Team Collaboration is the New Centerpiece](#)

### About Masergy

Masergy is the software-defined network and cloud platform for the digital enterprise. Recognized as the pioneer in software-defined networking, Masergy enables unrivaled application performance across the network and the cloud with Managed SD-WAN, UCaaS, CCaaS, and Managed Security solutions. Industry-leading SLAs coupled with an unparalleled customer experience enable global enterprises to achieve business outcomes with certainty.