RingCentral

How much can you save with unified communications?

Hint: It's in the millions.

When we think about cloud technology, we often think about all of the positive ways it's impacted our work lives. From storing important files and documents online to shifting the security burden to providers, it's become an essential part of just about every modern organization.

But one promise of our favorite cloud solutions stands out among the rest: **to lower costs and boost productivity**.

Saving money can come in different forms. For starters, businesses can forgo expensive on-premises hardware and get their services straight from the cloud. And if those solutions are effective, they can significantly improve productivity across the board—generating more revenue in the long run.

Cloud communications and collaboration, in many ways, fall under the same umbrella. Businesses can retire their legacy PBX systems and get phone capabilities delivered through the cloud, while also allowing employees to communicate with each other from their own devices. And that's just the tip of the iceberg when it comes to cost savings. Businesses also save on maintenance, security, downtime, and capital investments, among others.

Unified communications: Lower cost, higher productivity

Did you know?

Adopting a single-vendor approach results in a [56% lower total cost of ownership (TCO)](#) versus a multi-vendor strategy.

Annual operational costs, per license, for unified communications:

Single provider $1,594

Multiple providers $3,128

When businesses first adopted cloud communications, they likely did so as needs arose—meaning they added individual solutions one by one. For example, when COVID-19 struck, many companies added video conferencing to their communications toolkits for the very first time. And in many cases, this multi-vendor approach was a great start.

But there's one big issue with this approach: **multiple vendors cost a lot more than a single vendor**. When you have an app for team messaging, a second for video conferencing, a third for calling, and a fourth for your contact center, that's a ton of added complexity for your IT and finance teams. The costs can get astronomical when scaled across your entire organization.

The following pages are based on numbers from our ROI Calculator, a free plug-and-play tool for businesses to estimate their cost savings based on needs, size, and goals. Give it a spin here.

For example, adding users across multiple vendors requires looking into different contracts, implementation timelines, and bills, not to mention that constantly switching between multiple apps causes a massive brain drain for employees—a phenomenon called app overload. Employees will simply revert to lesser forms of communication (such as emails) or not communicate at all.

It doesn't need to be that way, however. With a unified communications suite in the cloud, costs go down and productivity goes up.

How to estimate your cost savings

The ROI Calculator is a tool that assesses your unified communications needs and generates cost savings based on your entries. You can try it out here.

The tool determines cost savings based on several metrics:

1. The business challenges you ranked
2. Where your costs could be lowered
3. The potential value of increased productivity
4. Other opportunities unlocked by the cloud

We plugged in numbers for a typical mid-sized organization to highlight the potential savings of choosing unified communications. Let's see how much our sample company could save.

Company profile

Organization's name

Marketile

Industry

IT Service

Headquarters location

United States

Total number of employees

1,000

We created a sample company, Marketile, that's based in the US with 1,000 employees. Let's also choose the role of a C-level executive who wants to check every form of communication tool available.
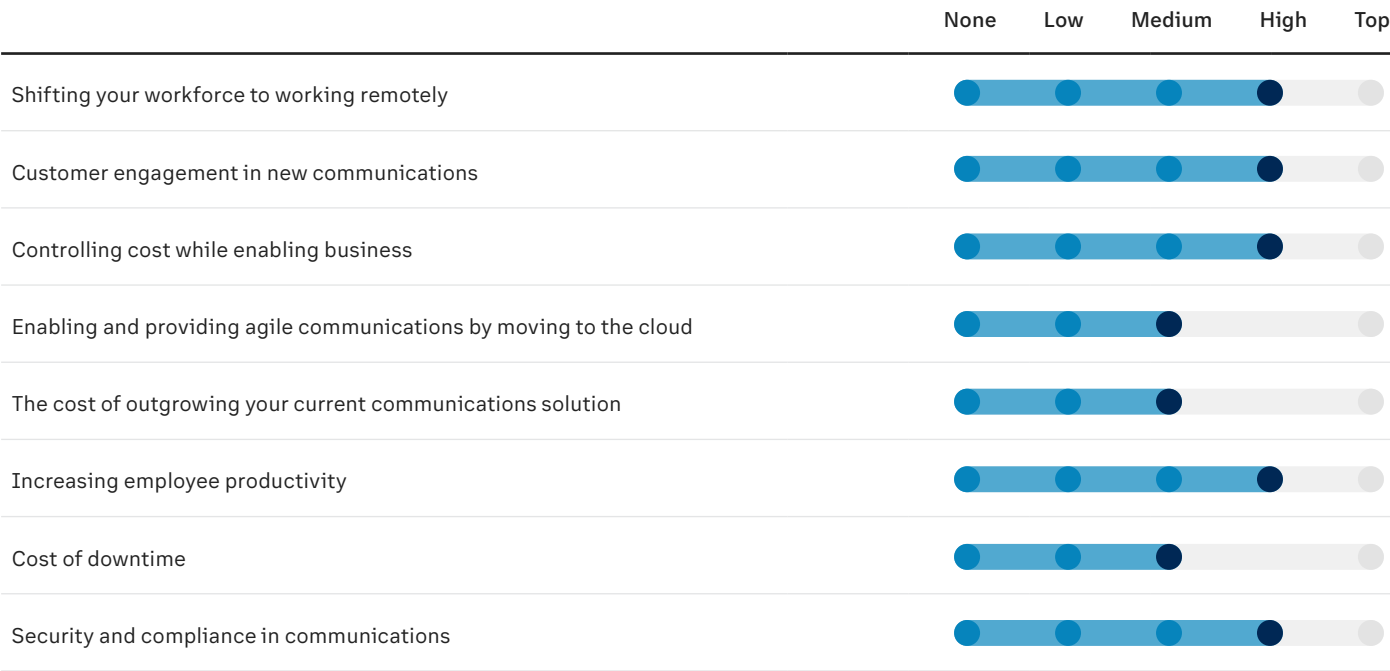
Your role

Current communications solutions that could apply to your business

Challenges

Next, we'll rank Marketile's priorities. The rankings we chose are based on the average results of previous users of the ROI Calculator.

	None	Low	Medium	High	Top
Shifting your workforce to working remotely				●	
Customer engagement in new communications				●	
Controlling cost while enabling business				●	
Enabling and providing agile communications by moving to the cloud			●		
The cost of outgrowing your current communications solution			●		
Increasing employee productivity				●	
Cost of downtime			●		
Security and compliance in communications				●	

Discovery

And finally, we'll enter some details about Marketile's workforce and technology. For example, its annual revenue, employee count, cost per IT worker, and more. We also based these numbers on averages from previous users of the tool.

Revenue

Annual revenue	$100,000,000
Gross profit margin	10%
Current number of customers	1,500
Customer churn rate	7%

Technology

Number of different communication apps/devices per employee	4
Number of communications downtime events per year	4

Security

Are you subject to GDPR compliance?	Yes
Chance of GDPR breach reported to the Information Commissioner's Office	37%
Average annual fine exposure: ICO	$148,000

Staff

Number of work hours per year	1,800
Number of work days per year	255
Number of communications-related downtime hours per year	87.0
Burden rate	36%
Annual salary for office worker	$42,350
Burdened hourly cost for office worker	$32.00
Annual salary for IT workers	$65,561
Burdened hourly cost for IT workers	$49.53

The results

Total first year savings
$8,310,661

Total three year savings
$24,931,983

Based on the information we entered, our sample company is poised to save over **$8 million** in just the first year, with nearly **$25 million** in just three years of unifying their communications. Here's the breakdown:

Lower cost:
$968,822

Increase productivity:
$5,186,839

Enable business:
$2,155,000

Lower cost

Annual hours spent provisioning phones:

300h

24h

Technology cost savings:

$14,860

$1,189

Communications downtime events per year:

4

2

Annual IT hours spent for downtime events:

560

95

Cost for IT staff for downtime events:

$27,740

$4,716

How did the calculator determine these numbers? Let's look at a more detailed breakdown.

Technology Costs

- Annual hours spent provisioning phones: 300 → 24

- Technology cost savings: $14,860 → $1,189

When worker counts change, so do the costs of supplying the technology. For example, when companies add employees, they have to provision more phones, which often becomes time consuming and expensive. But a unified solution means IT teams only have to work with a single vendor for provisioning and management.

In our sample company, that's 20% fewer provisions and 90% fewer IT hours, saving Marketile **$13,672** in just one year.

Downtime

- Communications downtime events per year: 4 → 2

- Annual IT hours spent for downtime events: 560 → 95

- Cost for IT staff for downtime events: $27,740 → $4,716

The more downtime a business experiences, the more it costs for IT to troubleshoot those issues.

RingCentral has a guaranteed 99.999% uptime SLA, which cuts Marketile's downtime events by half. This means a 66% reduction in IT hours spent fixing downtime events, saving the company **$23,024** a year.

IT Integrations and Workflows

- Number of integrations: 20 → 15

- Cost per integration: $15,000 → $11,250

- Total costs of integrations: $300,000 → $168,750

A unified solution like RingCentral blends features together seamlessly, not only by offering out-of-the-box

integrations with key business apps such as Salesforce, Microsoft, or Google, but also by offering robust APIs for custom integrations with proprietary systems

These simpler integrations reduce the complexity and cost of connecting key business apps with your communications solution.

For Marketile, switching to RingCentral reduced the number of integrations from 20 to 15 and the cost per integration from $15K to $11K, resulting in **$131,250** in savings.

Security & Compliance

- Chance of data breach over 12 months: 12.5% → 10%
- Annual exposure cost for data breach: $490,000 → $392,000
- Chance of GDPR breach reported to ICO: 37% → 30%
- Average annual fine exposure: $148,000 → $118,400

As much as businesses try to protect their data, breaches can occur. And when they do, they get costly. RingCentral's award-winning seven layers of security reduces annual exposure for breaches and the potential fines around them. Here, Marketile can reduce data breaches by 20%, saving **$127,600** in one year.

Employee Retention & Engagement

- Reduction in turnover rate with remote employee enablement = 13%
- Reduction in employee attrition due to remote work enablement: 182 → 145
- Total savings in finding new workers: $456,402 → $1,067,278

When employees can work remotely, they're not only much more productive, but also more likely to find their job fulfilling. And happier employees are less likely to resign. That's a lot of savings on recruiting and onboarding, as well as retaining skilled workers

At Marketile, this equates to 37 fewer employees leaving per year, which will save the company **$610,876** in turnover costs.
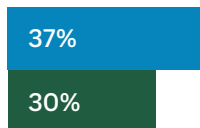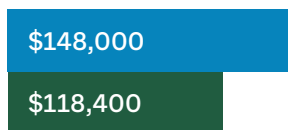

Chance of data breach over 12 months:
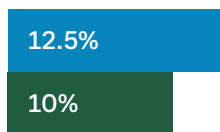
12.5%

10%

Annual exposure cost for data breach:

$490,000

$392,000

Chance of GDPR breach reported to ICO:

37%

30%

Average annual fine exposure:

$148,000

$118,400

Increase productivity

Hours per year that communications
are down or impacted:

| 87 |
| 43.5 |

Value of time lost due to downtime:

| $696,000 |
| $348,00 |

Reducing Communications Downtime

- Hours per year that communications are
  down or impacted: 87 → 43.5

- Value of time lost due to downtime:
  $696,000 → $348,000

Downtime doesn't just affect IT teams—your entire
organization can come to a halt when communications
are down. But RingCentral's 99.999% uptime SLA cuts
Marketile's downtime in half, which results in nearly
$1.4 million annually.

Time Lost to App Overload

- Number of different communication
  apps per employee: 4 → 2

- Number of times per day employees must switch
  focus between communication devices: 20 → 8

- Minutes per day lost per employee: 48 → 19

- Minutes per day lost by all employees: 48,000 → 19,000

Today's workers are inundated by the sheer number of
apps at their disposal. In fact, most workers waste up
to 48 minutes a day navigating between apps. And
when workers are mentally drained from searching
every nook and cranny for the right information, they
can't do their best work.

By unifying them, businesses reduce the number of
times workers have to switch apps, thereby giving
the entire organization a huge boost in productivity.
With Marketile's 1,000 employees, this reduction in
switching apps saves the company **$1,402,800** annually.

Cost of Interruptions

- Number of times a day an interruption in communications source causes a worker to lose focus: 10 → 5

- Number of minutes per day each worker loses productivity: 250 → 125

- Number of hours per year lost for all employees: 937,500 → 468,750

Switching communications sources is one thing, but switching back is another. It's not as simple as clicking back to another app—employees can easily fall into a rabbit hole before regaining their focus. That loss of focus consumes a startling amount of hours lost across an organization. In the case of Marketile, that's 937,500 hours per year.

Since RingCentral combines every communication into one source, employees stay within the same app at all times, which helps each employee maintain that critical focus, which saves Marketile nearly **$3,750,000**.
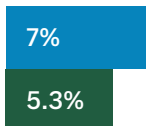
Enable business

Lost opportunities due to employee/agent inefficiency (annual):

150	
0	

Total value of unrealized sales:

$450,000	
0	

Annual customer churn rate:

7%	
5.3%	

Customers lost per year:

105	
79	

Lost profit dollars due to churn:

$700,000	
$525,000	

Recovering Lost Sales Opportunities

- Lost opportunities due to employee/agent inefficiency (annual): 150 → 0

- Total value of unrealized sales: $450,000 → 0

When your contact center is disjointed from the rest of your communication apps, agents and sales representatives lose significant amounts of time switching apps, searching for context, and making sales. In the case of Marketile, that's 150 lost opportunities per year, with each opportunity valued at $3,000.

RingCentral removes these inefficiencies by unifying your contact center with your team messaging, video, and phone solution. With an opportunity to pursue those lost opportunities, Marketile adds **$450,000** in revenue annually.

Customer Churn

- Annual customer churn rate: 7% → 5.3%

- Customers lost per year: 105 → 79

- Lost profit dollars due to churn: $700,000 → $525,000

Lost sales opportunities (above) is one thing, but managing existing customers is another. The more efficient employees are, the better they are at nurturing existing customers, which results in lower churn rates and more revenue retained—to the tune of **$175,000** per year for Marketile.

Increased Customer Satisfaction/Advocacy

- Percentage of customers who are advocates: 5% → 6.7%

- New customers from advocacy: 8 → 12

- New revenue for customers gained through customer advocacy: $500,000 → $800,000

Turning customers into advocates is one of the most effective ways to market your company. With RingCentral, employees have the power to not only collaborate at a deeper level but also provide customers with a better overall experience. When customers appreciate customer service, they're more likely to tell others, who in turn can become new customers. In Marketile's case, RingCentral adds four new customers from advocacy, which translates to roughly **$300,000** in extra revenue per year for Marketile.

Key takeaways

The company can save up to **$5 million in the first year** thanks to lower IT costs, higher employee productivity, and higher customer satisfaction.

Multiple communications and collaboration providers simply bring too many hidden costs that can impact a business's productivity—and that's where much of the ROI for Marketile's use of RingCentral is derived.

As we saw in the ROI Calculator estimates, the company can save up to **$5 million in the first year** thanks to lower IT costs, higher employee productivity, and higher customer satisfaction.

Here are the key takeaways of choosing RingCentral over a multi-vendor approach:

Increased productivity

Constantly switching between communication apps is a major hidden cost that many businesses shouldn't ignore. For example, employees lose 2.4 minutes every time they have to switch between apps and find the context they're looking for. That's **48 minutes per day** lost to just the act of switching alone.

In addition, employees also lose concentration on their current tasks, which gets even more expensive as you look at the numbers. Every interruption takes employees 25 minutes to regain focus, which equates to around **250 minutes of lost focus in a single day**. Considering a business with 1,000 employees, the costs can get astronomical.

Unifying every app allows employees to switch between communication modes without losing any time to switching and interruptions. Our sample company, Marketile, reduces interruption time by 50%, bringing annual hours lost down from 937,500 to 468,750. RingCentral saves the company over **$5 million per year** by increasing productivity.

48

which equates to less than six minutes of downtime a year.

208

uptime equates to more than a business day of downtime a year.

Enable business

Contact center apps are usually separate from the rest of your communications—but they shouldn't be. Employees and agents already juggle a multitude of tools every day, and adding more to their kits just builds more complexity.

If we assume agents lose 48 minutes per day switching between apps, that's 48 minutes per day (or 208 hours per year) they could've spent answering more calls or managing clients.

Because RingCentral integrates Marketile's contact center into the rest of the company's communications, agents can dedicate more time to prospects and nurturing existing customers. This efficiency generates over **$2 million per year** through savings and additional revenue opportunities.

Lower costs

Switching from multiple vendors to unified communications offers some serious technology savings. Fewer vendors means IT teams spend less time provisioning new phones, and reduced communications downtime allows IT staff to focus on other tasks instead of troubleshooting issues all the time. In fact, reducing downtime events by half means Marketile's IT staff spend 60% less time addressing technology issues across the company.

On top of that, tighter integration between team messaging, video, phone, and contact center means workers need fewer business apps to get their jobs done. And the more workers are able to accomplish with their newfound efficiency, the more they're likely to remain at the company. This alone accounts for nearly **$1 million per year** in savings and efficiency gains for Marketile.

Summary of cost savings

But every business has different business needs—and your estimated savings will look different. We're here to help. Try out the ROI Calculator for yourself or contact our specialists to learn more about your total cost of ownership.

For more information, please contact a sales representative. Visit ringcentral.com or call 855-774-2510.

RingCentral, Inc. (NYSE: RNG) is a leading provider of business cloud communications and contact center solutions based on its powerful Message Video Phone™ (MVP™) global platform. More flexible and cost effective than legacy on-premises PBX and video conferencing systems that it replaces, RingCentral empowers modern mobile and distributed workforces to communicate, collaborate, and connect via any mode, any device, and any location. RingCentral offers three key products in its portfolio including RingCentral MVP™, a unified communications as a service (UCaaS) platform including team messaging, video meetings, and a cloud phone system; RingCentral Video®, the company's video meetings solution with team messaging that enables Smart Video Meetings™; and RingCentral cloud Contact Center solutions. RingCentral's open platform integrates with leading third-party business applications and enables customers to easily customize business workflows. RingCentral is headquartered in Belmont, California, and has offices around the world.

RingCentral

775781179 10/2021