

# UCaaS: Why CIOs are Thinking about Switching from On-premises to Cloud Communications



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## Ch 1. The current state of affairs

It's hard to work in tech (or in any industry, really), without encountering the cloud in some fashion. It's pervasive across multiple areas of the workplace: in our email (Gmail), in our documents (Google Docs), in our cloud storage (Dropbox), in our business infrastructure (Google Cloud Platform), and yes, in our communications, too.

Even the humble telephone isn't immune to this shift to the cloud. But that's not necessarily a bad thing. On-premises communications still have their place, but more and more companies are realizing the benefits of migrating to a UCaaS (Unified Communications as a Service) platform.

For instance: In the [2021-2022 Metrigy Workplace Collaboration](#) study, they found that among organizations still using on-premises or partial on-premises communications, more than 25% of those had planned to move to UCaaS by the end of 2021, and 14.4% were looking to move to the cloud in 2022 or later. That's nearly 40% of businesses using on-prem that want to switch to the cloud and have taken action to do so.

The same report states that in 2021, almost half (47.3%) of the study's 476 respondents said that they're now using UCaaS for at least part of their communication needs.

So what do they know that others don't? Why are they cutting the cord on on-premises PBX systems and shifting to UCaaS solutions?

This guide will look more closely at the main reasons.



## Ch 2. Why should an enterprise care about cloud communications?

The way we work is shifting due to the economy, the global pandemic, and work-life balance expectations. According to a study done by [Global Workplace Analytics](#), the number of people who work from home has increased by 140% from 2005 to 2021. New workforce trends like the Great Resignation and the slow, unpredictable return to office process has left many companies with a hybrid workforce - employees whose locations can change from day-to-day.

The challenge then falls on the IT department, who is now tasked with supporting workers both remotely and wherever they decide to set up shop in the office, giving them the software tools to have a seamless experience regardless of role and breaking down the technology barriers that could cause security issues, loss of productivity and downtime.

Cloud communications solutions, with their decentralized, flexible and scalable approach, become ideal in today's modern hybrid business environment, giving users the ability to access all communications tools and apps from a single, unified platform with a common backend and data source, while giving IT teams the ability to manage licenses and endpoints without them having to be physically present in the same location.

Let's take a look at just some of the ways that cloud communications can benefit your enterprise:

## 1. Work from anywhere

Cloud technology allows people to work from anywhere there's an internet connection: the office, at home, or in a hotel a hundred miles away. But the benefit of a cloud communication system is that you are not being tethered to a desk phone or landline. You and your employees will be able to take calls from anywhere, at any time.

The same can be said for meetings and video calls. With UCaaS, you have access to cloud based video meetings where you can hop into a meeting from any laptop or mobile device—you don't even need to install the app, if you don't want to. All you need is an internet browser and the meeting link.

This is important to a company like [Betts Recruiting](#), a leading recruitment firm that specializes in finding revenue-generating talent. It has an international work-from-anywhere culture, which makes sense considering they have offices in San Francisco, Palo Alto, New York, Austin, and London. This kind of distributed workforce demands cloud-based tools for optimal efficiency.

We needed a more dynamic platform,” explained Radley Meyers, Betts Recruiting’s VP of Sales & Recruiting. “Our goal was to support the way our employees work today. They’re on the move, and they need tools that free them to do their best work from anywhere.”

Betts Recruiting has made a concerted effort to migrate to cloud communications technology over the past four years, and now has 50% of their company working remotely.

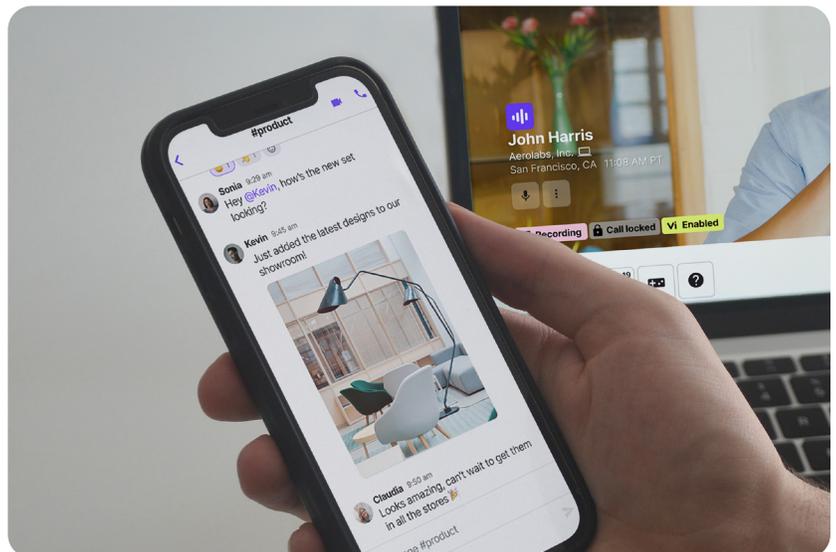


## 2. Better collaboration

Being able to coordinate with other employees in a timely manner keeps projects going and timelines on track. Cloud technology helps them be more efficient and communicate well, whether it's synchronously or asynchronously.

Many UCaaS solutions have chat capabilities, with the option to create topic threads to discuss key projects or concerns, or have a space for teams to communicate in private. Files and images can be shared in these spaces so that people who are working remotely can work off of the same information.

In applications like Dialpad, you can instantly reach out to teammates on a 1:1 voice or video call, or schedule a meeting with multiple attendees from the same platform. Dialpad also has a wide variety of integrations with other important business software, including productivity tools like Microsoft 365 and Google Workspace.



**DIALPAD TIP:** Many UCaaS solutions in the market aren't entirely, 100% unified. Some may be missing a channel or two in their lineup, while others may be sourcing a channel communication feature through a third party, which might not integrate well with the other channels. TrueCaaS is when you have a truly unified UCaaS and CCaaS solution on the same platform that includes all relevant channels, and those channels are built from the ground up to work together perfectly.

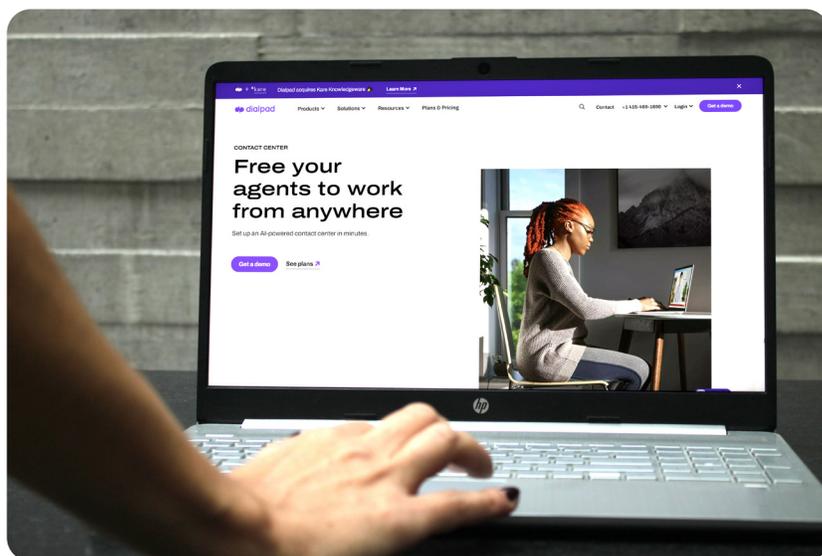
### 3. Reduced infrastructure cost

A cloud communications solution only costs you as much as the subscription fee and your internet connection. There is no need for a high upfront initial investment for hardware to support on-premises systems because everything is in the cloud. Some employees may request for desk phones, but many can use their laptops or other approved devices to download and install the app there.

Some businesses have even gone entirely remote, and only communicate via UCaaS apps. They've completely eliminated their real estate overhead and can now reinvest it in other areas of the business.

Just ask [Xero](#), who managed to save over \$500,000 in annual telephony costs by migrating away from on-premises PBX systems on multiple sites and instead consolidated all of their comms into Dialpad's enterprise business communications platform.

Also, many UCaaS platforms like Dialpad run on multi-tenant architecture, which means that all customers share the costs of maintaining the same SaaS environment. These savings are passed on to the customer, and so the cost is a lot more affordable than an on-premises solution where you shoulder everything.



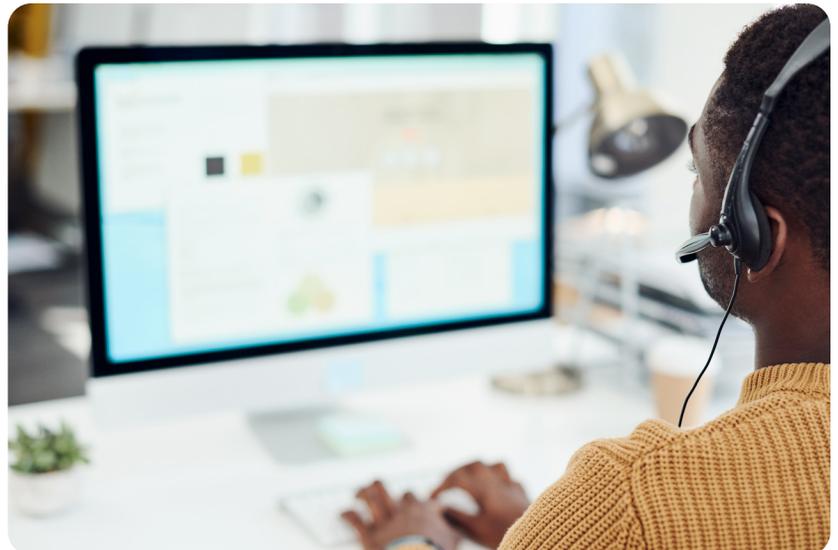
## 4. Less burden on IT

UCaaS platforms tend to be much easier to set up and deploy than on-premises systems. IT can set up new employees in minutes, and all an employee would need to do is register their account and download the app.

Updating and maintaining the software would be a breeze, because the service provider would do all of the work of rolling the update out across all users.

As for IT? They still have to help support with lighter software admin and maintenance as well as technical issues, but they no longer have to maintain the more tedious and manual hardware components. They are now freed up to deal with other, more complicated tasks on their job list.

This is what happened to [Vivint Solar](#), a residential solar energy company with 4,000 employees across 51 locations. When they shifted to Dialpad's business phone system, their IT leadership managed to eliminate the expense associated with managing on-premises PBX. Before the shift to cloud-based communications, they needed five full-time staff to manage the PBX system. Now, they have one individual spending just 5% of his time administering Dialpad.



**CIO TIP:** “Generally, traditional on-premises environments are more costly to implement and maintain, simply because you are 100% responsible for every aspect of it. Hardware, maintenance, upgrades... Unlike with SaaS (Software as a Service) solutions which can provide some load balancing, you don’t have a vendor who will take on the brunt of that upkeep and work.”

**Prashanti Aduma / CIO, Dialpad**

## 5. Reliable service and uptime

Cloud applications (including cloud communications solutions) that utilize multi-tenant infrastructure have multiple data servers to help ensure that their service is always available to clients. In fact, the industry standard for cloud uptime is “[Five 9s](#)”, or 99.999% availability.

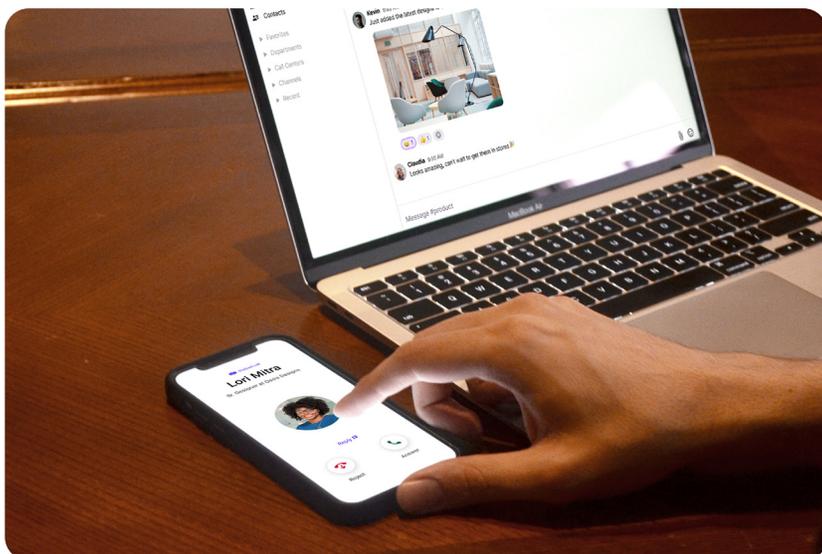
Cloud businesses invest a lot of money and technology in providing clients with reliable and consistent service. When choosing a cloud provider, it's important to make sure they can meet or exceed the Five 9 standard. (Some, like Dialpad, even guarantee an uptime of 100% for Enterprise customers.)



## 6. Scalability

UCaaS platforms have the advantage of being able to scale based on company needs. If you're experiencing a surge in seasonal demand and need to scale up, then it's very easy to add a few dozen seats. If, on the flipside, you need to consolidate manpower and downscale, then it's a simple matter to turn off as many licenses as necessary to fit your new manpower requirements.

This scalability also applies to which features you might need. Many cloud communications platforms are built in such a way that individual functions are provided as microservices—miniature products that are integrated with the whole. Some services can be turned on or off based on what the account needs.



**CIO TIP:** “We’re really seeing the cloud as a strategic piece of [staying on the cutting edge], because it allows us to be secure, expand, and be responsive to the business needs.”

**Karl Martineau / CIO, Legal Aid Ontario**

EF Education First, a global organization with 10,000 employees, required a communications solution that would help them easily scale based on need.

Michael Monteiro, EF Education First's Communications System Manager, says. “With Dialpad, we can set up a new call center in 10 minutes from anywhere. We have the flexibility to manage our call center on our own, and it's easy.”

If you find yourself in need of a specific capability, then a UCaaS platform can simply activate it and make it available to all of your users. Likewise, if you would like to streamline your UCaaS platform and turn off features that you don't need, the service provider will be able to turn off those specific microservices, too.



### Ch 3. The pros and cons of on-premises communications

#### Pros

- 100% control
- Secure
- Not as reliant on broadband connectivity

#### Cons

- Not future-proof
- No flexibility
- High operating expenses
- Difficult to maintain

# 1. Pros

This is not to say that an on-premises PBX system is all bad. In fact, it does hold some slim advantages over cloud-based communications:

## 100% control

There are some organizations for whom control is more important than flexibility. These tend to be large enterprises with complex or dynamic communication needs, who will have to be able to make custom modifications.

Also, in an on-prem setup, all repair, maintenance, and upgrades to the phone system will be done by your IT staff, which makes it easier to manage. There are third-party contractors, of course, but they will still be working on-site where your team will be able to oversee their activities.

## Secure

Because you have total control over the PBX system, your IT team will be able to take actions necessary to secure your infrastructure against intrusion, such as keeping firmware updated, using your own company-approved firewall, and securing the POTS lines. Having said that, though: home SIP trunking isn't safe and can cause security issues/breaches if not managed properly.

## Less reliance on broadband connectivity

If your organization is located in an area with limited or spotty access to high-speed internet, then an on-prem communications PBX system might serve your needs more reliably than a cloud-based solution.

(Although when you consider that [even the Antarctica has internet](#), this isn't really much of a problem.)

## 2. Cons

Despite the inherent advantages of on-prem communications in certain areas, the globalization of the market and the evolving needs of the modern workforce dictate a more flexible and future-proof approach to communication. When compared to all of the advantages of a cloud-based unified communications platform, on-premises solutions simply can't compete.

Here are some of the major downsides to legacy on-premises communications:

### Not future-proof

**CIO TIP:** "We don't know what the future's going to look like... As an organization responsible for the needs of over 100,000 members and their families, we want to effectively decentralize and modernize our technology and communications stack, so that if people must work remotely, or if a prolonged crisis or power outage strikes, the entire IUJAT team and our member services will remain fully functional;"

**Steven Elliot / CIO, International Union of Journeymen and Allied Trades Union (IUJAT)**

It's difficult to be future-proof with on-premises communications, because doing so usually means having to over-purchase based on possible future need. If you only have 750 employees, but purchase for 1,000, those extra 250 unused lines are basically idle cash that could've been used elsewhere.

And if it turns out you never actually reach 1,000 employees, then you're out of luck. Because there's no way you're getting a refund for that (in fact, you'll probably have to spend more money taking those lines out).

But what if you exceed 1000 employees and get to say 1,050? That's a whole different problem, because it's not a simple matter to just hook up another 50 seats. It requires purchasing another piece of hardware that can support the extra 50 users and another high upfront investment. That also means planning, physical modifications to the office, and a lot of extra time and expense—which means you'll have to overbuy again just to make it worth the effort.

### Limited flexibility

To put it bluntly: on-premises communications solutions aren't flexible enough. Let's review some situations that businesses face and how on-prem stacks up:

**Remote work** is a big requirement for modern workforces, whether it's hybrid or fully remote. But working off-site goes against the very nature of an “on-premises” system.

**Fluctuations** can be challenging to optimize for, if you're using an on-premises system. Organizations that work in education, tourism, hospitality, travel, sports, and other industries that see a rise and fall in demand over the course of a year will not be able to get the most of an expensive on-premises setup.

**Communication channels** are very limited in on-premises PBX systems. You basically only have the telephone. That's it. If you don't have access to a physical phone handset, you can't use the on-prem system. Now compare that to a UCaaS solution where you can do voice or video call, host a conference, or send DMs or SMS to people—all from your mobile device—and you'll find on-premises pretty restrictive.

## Unnecessarily high total operating expenses

Cost is one of the biggest and most visible downsides of a legacy communications system. The on-premises telephony system alone costs a mint to install, upgrade, and operate. And that doesn't include the potential disruption to productivity every time someone needs to make room for technicians working in their area.

Then you have the costs of the various services and apps that make up the digital component of the organization's communications infrastructure. It's more difficult for the CIO to balance the budget when he has to pay for multiple software subscriptions for chat programs, VoIP apps, and meeting software. And organizations that are suffering from shadow IT probably even have multiple apps that do the same thing.

Even the act of paying for such services will be a chore—unless you can somehow get all of the services you use to bill concurrently (a feat bordering on impossible) your accounting department will be managing a conspiracy board's worth of renewal dates and license counts.

Now consider the alternative: a unified communications platform where you only have to pay one fee in exchange for all of the above services. Voice, video, SMS and more, all rolled into a single subscription fee for which you can easily budget. Best of all? Since it's a cloud-based solution, there's absolutely no physical infrastructure to build or hardware to buy (beyond computers and mobile devices).

## Painful and complicated maintenance

As mentioned earlier, maintaining an on-premise communications infrastructure can be a bothersome process. In the event of a malfunction or loss of performance in the telephony system, line technicians have to scour the facility inspecting and replacing wires or checking handsets. This can take anywhere from hours to days.

Third-party software has to be carefully managed and tracked by IT. Each employee will likely have a different combination of applications that they are using (especially in the case of unauthorized programs), which could complicate support tickets and open the company up to potential cyber security risk.

If you have all of your communications channels represented in a single app like Dialpad does, however, then that will drastically reduce your IT support times and costs. All of your employees get access to the same UCaaS solution with the same capabilities. Onboarding new employees would be a snap, too—instead of rigging up a line and installing a dozen applications on their machine, you just need to assign them a phone number and give them their Dialpad account—they don't even need to install the app (although they certainly can if they want).

## Limited innovation

On premises systems are built—and often stuck on—outdated technology. In fact, the most significant advancement in PBX technology involves climbing up to the cloud: hosted PBX.

On-premises providers know they have limited options for innovating in the cloud space, so they're partnering with cloud providers to take over that side of the business. Just look at the partnership between [RingCentral and Mitel](#).

**RingCentral** is considered to be an established UCaaS company with a lot of resources, but even they have to partner with other providers and whitelabel their products in order to deliver contact center-focused features for their platform. This marks how difficult it is to create a truly unified communications platform, and how much of an achievement it is that Dialpad has been able to successfully create a TrueCaaS solution across both business communications and customer engagement solutions.



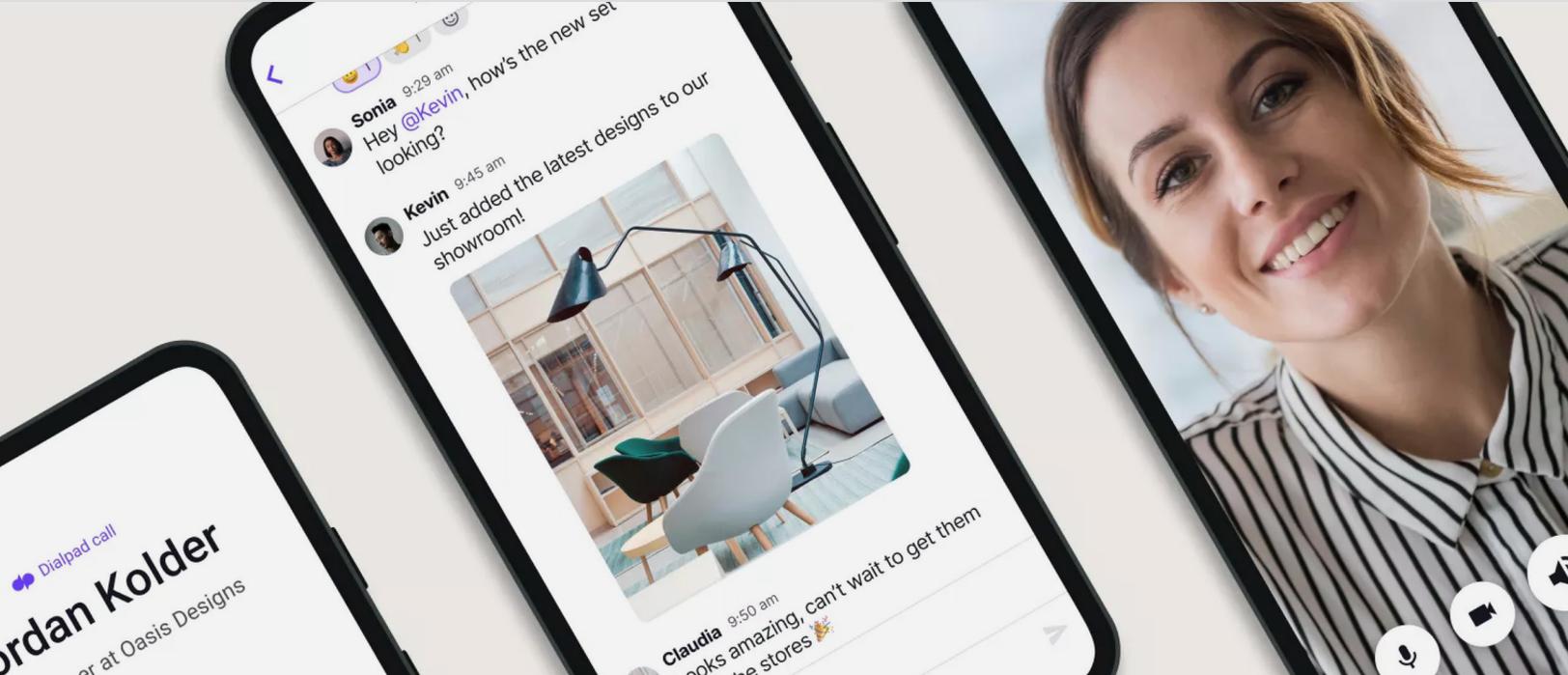
## In summary

On-premise PBX systems still represent a sizable chunk of the communications space, but as you can see, it has trouble stacking up against a scalable, cost-effective, and future-proof UCaaS solution.

When your business shifts to a cloud-based UCaaS platform, you'll be able to:

- Empower your workforce
- Boost productivity
- Increase customer satisfaction
- Reduce overhead costs
- Free up IT resources
- And more

If you want to discover more about cloud communications and what it takes to migrate away from legacy comms systems, just give us a shout and we will be happy to help you.



## About Dialpad

Dialpad is an industry leader in AI-powered communication and collaboration, designed to consolidate all internal and external communication tools (including contact center functionality) into one intuitively designed platform. One account, one login experience, one cohesive interface. Make phone calls, have video meetings, send SMS/MMS + team messages, and more, from a single beautiful app.

[Get a product tour of Dialpad.](#)