

Why Premises-Based Communication Systems Make Sense



Why Premises-Based Communication Systems Make Sense


You’ve no doubt read numerous articles about moving your contact center to the cloud – but these articles present a cloudy picture (pun intended) about the true state of premises-based and cloud services. There’s good reason why so many contact centers remain on-prem rather than moving to the cloud, and why there’s even a resurgence in premises-based solutions.

Premises-based contact center solutions offer a level of stability, security, and control that is crucial for many businesses' operations. These solutions are superior to cloud-based options for various customer segments, as they provide mature, dependable, and versatile functionality, meeting their specific needs. While some vendors push for a cloud-only world, it is not always in the customer's best interest, as these solutions may not be able to provide the level of reliability, compliance, and functionality needed for today's contact centers. Public cloud or contact center as a service (CCaaS) offerings are fine for certain types of companies, but depending on an organization's size, industry, and specific requirements, they may not fit the bill.

With many traditional contact center vendors backing off from or sunsetting their premises-based offerings, it's important to work with a vendor that continues to invest in and enhance its on-prem offerings, while providing a path to the future. Avaya is among the few vendors that meets the needs of organizations looking for premises-based solutions that will meet their needs today and in the future.

Table of Contents

- Why Premises-Based Communication Systems Make Sense1
- Why On-prem Contact Centers Make Sense2
- What Goes Around, Comes Around.....3
- Hybrid Cloud – A Happy Medium4
- On-Prem Vendor Options.....4
- Avaya – Innovation Without Disruption.....5
- Ask Your Provider5
- Conclusion6
- About COMMfusion6



For certain types of organizations and vertical industries, on-prem contact centers are the obvious choice, providing the reliability and security that cloud-based systems can't match.

Why On-prem Contact Centers Make Sense

For certain types of organizations and vertical industries, on-prem contact centers are the obvious choice, providing the reliability and security that cloud-based systems can't match. The primary reasons an organization or enterprise business may choose a premises-based contact center instead of a cloud-based solution include:

- **Greater control and customization:** With a premises-based system, an organization has complete control over the system and infrastructure, as well as where the data resides. Conversely, with cloud-based contact centers, the organization is reliant on the provider for infrastructure, technology, and so on. A premises-based solution can be customized to meet a business' specific needs, as the business can customize features and integrations, as well as add new capabilities as needed. While cloud services are touted for being more flexible, this comes at the cost of control and customization capabilities. For example, one potential loss of control issue occurs when software updates are applied across an environment without concern for the customer's specific integrations or seasonal/business cycle concerns. As noted below, security is another area where an organization may not have control over specific security precautions and is reliant on the cloud provider.
- **Security:** Since the organization has complete control over their own infrastructure and data, premises-based contact centers can offer better security for sensitive data. The organization's IT team can address all potential vulnerabilities and risks, which can be critical in industries with strict compliance requirements.
- **Reliability:** Premises-based systems are generally considered more reliable because they are not dependent on an internet connection. If the internet goes down, the company's communication system and contact center will still be operational and continue to function without interruption. For mission-critical contact centers requiring high-quality voice, premises-based contact centers better meet these needs.
- **Costs:** While there are higher upfront costs for infrastructure and equipment, a premises-based solution may be more cost-effective in the long run, especially for large enterprises. Depending on the organization's preference, they may opt for a perpetual license rather than a monthly subscription license, so that there are no ongoing subscription costs and the company can depreciate the system over time. In general and depending on the size of the organization, after three-to-five years, perpetual licenses for premises-based solutions based on an CAPEX model are more cost effective than cloud-based solutions that have ongoing subscription fees. Despite the attraction of subscription models, some organizations – notably non-profits with set budgetary requirements - prefer the CAPEX model of premises-based solutions to the cloud's OPEX model.

Premises-based contact centers are likely to be more beneficial for certain vertical industries that deal with sensitive information or have strict compliance or regulatory requirements, as they may prefer the added security and control premises-based systems provide. As public cloud solutions are multi-tenant and shared by multiple customers, and rely on the public internet, some CCaaS solutions may not meet specific regulatory requirements, such as FedRAMP, PCI DSS, or HIPAA compliance. For international businesses, CCaaS offerings may not meet GDPR requirements.

Businesses in highly regulated industries such as hospitals, utilities, federal government, military, and defense face data privacy and security mandates that are better met through premises-based solutions. Federal, state, and local government agencies need to maintain secure and reliable communication channels and in many cases are prohibited from using the public cloud for important communications. For example:

- Financial services institutions are also subject to strict regulations, including the Sarbanes-Oxley Act (SOX), which require them to protect sensitive customer information and maintain compliance with financial reporting requirements.
- Utility providers, including gas, water, and electric companies, often need to maintain reliable and secure communication channels with customers who may be reaching out during emergencies or outages. Healthcare organizations such as hospitals, clinics, and insurance providers are required to comply with strict privacy regulations, such as General Data Protection Regulations (GDPR) and HIPAA, which mandate the secure handling of patient data. Emergency service providers, police departments, fire departments, and ambulance services, require reliable and efficient communication channels to respond to emergencies quickly and effectively and can't take chances with the public cloud.

Premises-based contact centers can help manage customer inquiries and requests while allowing these organizations to maintain better control over data security and ensure regulatory compliance.

What Goes Around, Comes Around

All the hype over the past few years has made it seem as though cloud services are a cure-all, and that premises-based solutions are dead or dying. The immortal words of the old man in "Monty Python and the Holy Grail," could be applied to premises-based communication systems - "I'm not dead yet."

In fact, on-prem communication and contact center systems continue to represent a sizeable share of the market. The Eastern Management Group notes that premises-based PBX system sales accounted for 40% of the UC market last year. According to COMMfusion, the numbers are similar for contact centers, with CCaaS representing only 30% of the current contact center market.

In fact, there's recently been a backlash against public cloud services as some large enterprises are re-evaluating their move to the cloud and are shifting their business-critical workloads from the cloud back to on-premises. This is happening for various types of workloads, including communication and contact center systems.

Some early adopters of CCaaS are reassessing their decisions, and many businesses that moved their contact centers are having second thoughts. According to a recent Forrester study, "The Frustrating Journey to Cloud Contact Center Success," the road to CCaaS has been bumpy, with capability and usability issues frustrating users. The study found that over 40% of survey respondents have had limited success with their CCaaS migration efforts. Noting the increased complexity of new cloud contact center solutions, combined with a lack of expertise and resources, the study discovered that most organizations find it difficult to optimize CCaaS solutions. A lackluster 23% of respondents acknowledged their migration to CCaaS as being completely successful, with only 43% of respondents' organizations reporting being somewhat satisfied or less with their current CCaaS solution.

Perhaps more important is the impact of the cloud solution on agents and customers. Many of the CCaaS offerings lack the feature functionality of more mature premises-based solutions, resulting in 80% of respondents noting that their CCaaS solutions offer fewer capabilities, and 75% finding less functionality, robustness and usability when compared



By adopting a hybrid cloud solution, businesses can add enhanced functions such as digital channels or artificial intelligence capabilities incrementally, without having to do a rip and replace of their existing equipment and their contact center call flows.

to on-premises software. The result is 37% of respondents saying that they gain no significant customer experience improvements over their previous solution, with 21% experiencing limited operational efficiency gains.

Hybrid Cloud – A Happy Medium

Of course, there are many benefits of cloud-based contact centers, providing flexibility and scalability, along with simpler deployment for organizations that don't have the resources or desire to manage and maintain the equipment.

For some organizations, such as those with legacy systems in place, the cost of migrating to a cloud solution may outweigh the benefits. In these cases, a hybrid cloud solution that layers on and adds modern capabilities may be the best path forward. Hybrid cloud combines some elements of on-premises and cloud services. By adopting a hybrid cloud solution, businesses can add enhanced functions such as digital channels or artificial intelligence capabilities incrementally, without having to do a rip and replace of their existing equipment and their contact center call flows. Many of these contact center call flows have been developed over time and can be costly and time consuming to replace.

Integrating public cloud capabilities with the premises-based contact center platform gives businesses the benefits of control, security, and reliability, while taking advantage of new innovations and features made available through the cloud. Hybrid cloud solutions make it possible to have the best of both worlds. By adopting a hybrid cloud configuration, businesses can add digital capabilities incrementally and strategically, preserving and protecting their existing investment while still benefiting from the stability and voice functionality of premise-based solutions. This approach ensures that businesses are not forced to choose between cloud or premises, but instead leverage the benefits of both in a way that aligns with their unique needs.

On-Prem Vendor Options

As the race to the cloud accelerated over the past few years, there's been a rapid increase in the number of CCaaS providers, along with an exodus of vendors offering both on-prem and cloud-based solutions. Some contact center vendors are doubling down on their premises-based and hybrid offerings, but many are focusing all of their resources and investment on their cloud solutions.

Finding it too difficult to support the R&D and staffing investments required to support both new cloud initiatives and existing on-prem solutions, several vendors have abandoned or will be abandoning their premises-based efforts in order to focus on their cloud offerings. Claiming that cloud is the way forward, several traditional communication and contact center vendors will no longer devote time and resources to their on-prem solutions, and all innovation will be focused on their cloud offerings.

Mexican retailer Central Detallista, Supermercados Calimax uses Avaya on-premises Avaya Contact Center Select, based on Avaya's IP Office Platform, along with the Avaya Social Media Contact Center cloud platform to directly serve more than 80,000 customers. Calimax integrated Avaya Social Media Contact Center from the cloud with its on-premises contact center lets the supermarket and store chain integrate its 1-800 number with social networks such as Facebook, Instagram, WhatsApp, and email to service customers. The next step is to add artificial intelligence with the Avaya Experience Portal to enhance the customer experience. Getting the best of both worlds, Calimax was able to add advanced cloud-based capabilities to its premises-based contact center platform.

Avaya – Innovation Without Disruption

One of a small handful of companies that remains committed to investing in premises-based contact center offerings is Avaya. Avaya continues to innovate, adding new capabilities and functionality to its on-prem offerings, such as a new unified client, digital enhancements for agents and supervisors, enhancing or adding certifications, such as enhancements to its JITC certification, certifications, and more.

In addition to investing in its premises-based contact center offerings, Avaya provides what it calls “Innovation Without Disruption.” Noting that many thousands of its customers want to augment voice-only contact center functionality with new digital channels like chat, text and social, Avaya enables customers to keep their existing assets while bringing in digital channels and services and other innovations via the cloud. Using APIs and Avaya API exchange to connect third-party cloud services, Avaya makes it possible to add cloud-based apps that work side-by-side with your on-premises solution. For example, customers can maintain their voice capabilities on premise and add social and digital, workforce optimization, workforce engagement management, and other capabilities from the cloud to provide connected customer experiences. This helps businesses minimize risk and ensure data sovereignty, security, and compliance.

With the benefit of the stability and control offered by premises-based solutions while also enjoying the advantages of digital capabilities through Avaya's over-the-top or hybrid cloud approach, businesses can protect their investment while keeping up with evolving customer needs and expectations.

Ask Your Provider

When considering a premises-based contact center, be sure you're working with a vendor that will not just support these solutions today, but will continue to invest in, innovate, and enhance their offerings going forward.

Here are some questions to ask your provider:

- Are you continuing to invest in your on-prem solutions or are you phasing them out?
- What are some of the new enhancements and innovations you've added or will be adding to your premises-based solutions?
- How can new capabilities like AI and digital channels be added to your on-prem contact center?
- What is the 1-3 year roadmap for your on-prem solutions?
- What is your migration path to the cloud?
- Do you provide hybrid cloud capabilities – how do you help migrate customers who aren't ready for full public cloud?

These tried-and-true solutions provide organizations with a high level of control and customization, while organizations and industries in certain vertical industries can be assured that their reliability, compliance, and regulatory requirements are met.

Conclusion

Premises-based contact center solutions provide a superior option to cloud-based alternatives in several critical areas, today and for the foreseeable future. These tried-and-true solutions provide organizations with a high level of control and customization, while organizations and industries in certain vertical industries can be assured that their reliability, compliance, and regulatory requirements are met.

Public cloud services aren't for everyone, and Avaya is one of the few companies that continues to not just support, but invest in and enhance its premises-based contact center offerings. This provides organizations a path to the future while ensuring investment protection.

About COMMfusion

Blair Pleasant is President & Principal Analyst of COMMfusion LLC and a co-founder of BCStrategies. As a communications industry analyst, she provides strategic consulting services and market analysis on business communication applications, technologies, and markets, aimed at helping end-user and vendor clients both strategically and tactically. Her primary areas of focus are Unified Communications and Collaboration, Contact Center, Customer Experience, and other business communications technologies.



About Avaya

Businesses are built by the experiences they provide, and every day millions of those experiences are delivered by Avaya. Avaya is shaping the future of customer experiences, with innovation and partnerships that deliver game-changing business benefits. Our communications solutions power immersive, personalized, and memorable customer experiences to help organizations achieve their strategic ambitions and desired outcomes. Together, we are committed to helping grow your business by delivering Experiences That Matter. Learn more at www.avaya.com.