Secure Real-Time
Communications

ribbon™

The ROI of Network Edge Orchestration

White Paper

Introduction

There has never been a better time to be a seller of cloud-based Unified Communications. Most prospects no longer need to be convinced to move from a premises-based solution to the cloud. Simple Hosted PBX services have morphed into UCaaS – voice, video, mobile integration, and collaboration tools – that excite customers and help them run their businesses more productively.

However, participating in a growing market like UCaaS brings a set of issues for providers. First, the UCaaS market is crowded with competitors, making differentiating your service difficult. Second, UCaaS can be challenging to deploy and service. In a rapidly growing market, you will need to find ways to deploy more sites efficiently and handle a larger volume of support calls.

If you are actively selling Hosted UC services, you are undoubtedly looking for ways to attract more customers, differentiate your offer, and reduce the cost of doing business. Network Edge Orchestration solutions from Ribbon, including the EdgeMarc Intelligent Edge and the EdgeView Service Control Center, can improve operations, reduce troubleshooting time, and improve customer satisfaction.

Ribbon believes that investing in Network Edge Orchestration delivers a positive Return on Investment, or ROI. To test this thesis, this paper will take an in-depth look at ROI by analyzing the areas where investment in Network Edge Orchestration can drive positive returns. It will examine areas of cost savings, revenue enhancement, and churn reduction to arrive at a cost-benefit analysis for deploying an Intelligent Edge managed by EdgeView at every customer site.

Assumptions

Throughout this analysis, we have used average numbers for labor rates, times for tasks such as installation, and support costs. Your Ribbon account team can provide you with a detailed financial model that can be customized to input your actual costs and generate an ROI for your business.

Installation

The UCaaS installation process is all about efficiency – quickly getting a site turned up so the installer can turn their attention to the next customer. If an installer can squeeze more installs in a week, this can pay big dividends. It can also limit staff cost increases as the same number of installers can turn up more sites.

Integrating EdgeMarc and EdgeView into your UCaaS deployments pays dividends in many ways:

- **Zero Touch Provisioning** – ZTP allows standardized configurations to be pushed to EdgeMarcs, creating a repeatable process for every install. Also, ZTP simplifies the process so installations can be done by less skilled technicians and, for smaller sites, by the customer.

- **Remote Support** – Highly skilled resources in your Network Operations Center can use EdgeView to support your installation teams remotely. EdgeView gives the NOC staff full visibility on both the WAN and LAN side of the EdgeMarc.

- **Deployment Toolkit** – EdgeView can access the EdgeMarc's full diagnostic toolset, including a test call agent, two-way active monitoring protocol (TWAMP) and access to the IP Endpoints at the site.

Problem installations take hours of trial and error and debugging calls back to support teams. EdgeMarc and EdgeView can dramatically reduce the number of problem installations. Centralized control will make for more predictable results.

The cost of a routine installation includes hours of technician time, home office support, and a visit to the customer site. A problem installation that requires extensive testing and debugging can often double those costs.

We assume a normal installation cost of $400 and a problem installation cost of $800. We also assume that using EdgeView and EdgeMarc reduces the number of problem installs from one out of five to one out of ten. As shown in the table below, this reduces the average install cost by 8% or $40 per install.

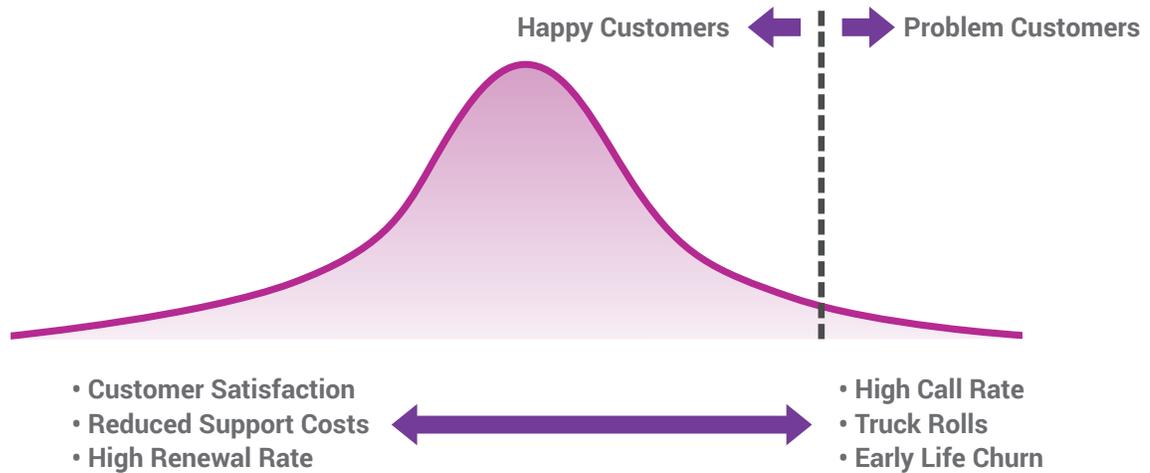|	without EdgeMarc		with EdgeMarc	
	Price	Frequency	Price	Frequency
Normal install	$400	8	$400	9
Problem install	$800	2	$800	1
Average cost/install	**$480**		**$440**	
Dollar savings/install	**$40**			
% savings	**8%**			

Early Life Churn

Early Life Churn is a vexing problem, particularly to over-the-top (OTT) providers. Some OTT providers report customer churn in the first 30 to 60 days as high as 15%. A number of the well known OTT providers call the first 30 days after installation the 'trial period' and offer to switch the customer back to their provider if they are not satisfied with their service.

The cost of early life churn is not just the loss of sales and marketing costs for customer acquisition. These costs are dwarfed by the loss of revenue that the churned customer would have generated. Even a small business with 20 employees might spend $10K-$20K on their UCaaS service over the customer lifetime.

Customers likely to churn early can be easily identified. They are the ones calling customer support, keeping them on the phone for long periods of time, and insisting that a technician come out to solve their problem. They are the problem customers.

The key to reducing early churn is to start with fewer problem customers. Network Edge Orchestration will improve the number of happy customers in the first 30 days, and it will help solve resolve issues of problem customers more readily. This will result in lower early life churn and higher revenue.

Happy Customers ← ┊ → Problem Customers

- **Customer Satisfaction**
- **Reduced Support Costs**
- **High Renewal Rate**

- **High Call Rate**
- **Truck Rolls**
- **Early Life Churn**

The economic analysis is shown below. Because we are looking at saving a future revenue stream, the benefits of reducing early life churn have significant benefits. Even a small improvement in early life churn is impactful.

In the table below, we are assuming that the mix of happy customers to problem customers improves from 75%/25% to 85%/15% with Network Edge Orchestration. In this example, adding Network Edge Orchestration will result in a net benefit of **nearly $650** per customer in the reduction of early life churn.

	without EdgeMarc	with EdgeMarc	Note:
Happy Customers	75%	85%	(Assume none of the happy customers churn)
Problem Customers	25%	15%	
Ability to solve customer issues, day 1-30			
Issue resolved	70%	90%	
Issue not resolved	30%	10%	
Early Life Churn	7.50%	1.50%	= problem customers * issue not resolved
Average Revenue, 36 mo.	$10,800		= 10 seats * $30/mo. * 36 mo.
Average revenue lost	$810.00	$162.00	(Early life churn cost/customer)
Improvement		**$648.00**	

Site Visits (aka Truck Rolls)

Ask any operations manager at a UCaaS provider about what they'd like to reduce or eliminate most, and the likely answer will be customer site visits. A site visit is orders of magnitude more expensive than solving a problem remotely. With EdgeView and EdgeMarc, you might be able to solve a problem remotely for $20-30, even if a tier 3 resource is required. For a site visit, the cost is easily ten times that and likely in the $300-400 range.

Network Edge Orchestration offers the UCaaS provider a suite of remote diagnostic tools to help solve customer issues. Some issues will be caught by the Network Operations Center during deployment shifting the happy/problem customer ratio in the right direction. Other issues occurring in the first 30 days will be quickly resolved without the need for a site visit.

In the example below, we'll use the same ratio of happy/problem customers as above. Since an EdgeMarc will reduce the likelihood of a site visit to a problem account, overall they are reduced to only 1.5% of acquired customers. At an average of $400 per truck roll, there are savings of $27 per customer due to reduced truck rolls.

	without EdgeMarc	with EdgeMarc	Note:
Happy Customers	75%	85%	Assume 0% of these require a site visit
Problem Customers	25%	15%	
Likelihood of a site visit	33%	10%	For problem customers only
% of customers requiring a site visit	8.3%	1.5%	In early life only
Cost of site visit	$400		
Cost per customer	$33.00	$6.00	
Improvement		**$27.00**	

Customer Support

The savings that Network Edge Orchestration offers in customer support come in two dimensions: the frequency that customers call with issues and the time required to resolve their issue. Since a longer duration call generally requires a more senior resource and multiple call sessions, it will be a more expensive customer interaction.

In the table below, we assume Network Edge Orchestration will reduce the overall number support calls and their duration, resulting in a savings of nearly $60 per customer.

	without EdgeMarc	with EdgeMarc	Note:
Typical call volume, yr. 1	150%	70%	this is the probability a customer will contact customer support within a given year (150% = 1.5 calls/customer/year)
Typical call volume, yr. 2	70%	40%	
Typical call volume, yr. 3	25%	20%	
Expected issue duration (min.)	20	8	
Cost/min.	$1.40	$1.10	EdgeMarc will use lower cost resources
Cost per call	$28.00	$8.80	
Expected care cost/customer	$68.60	$11.44	
Improvement		**$57.16**	

Revenue Opportunities

In addition to cost savings, Network Edge Orchestration can deliver revenue benefits as well. Many of our service provider partners monetize the deployment of an EdgeMarc as a "managed service assurance fee," adding a monthly fee of $20-40. This not only shows customers that you are serious about security and service quality, but it also enables you to recoup your investment more directly.

Also, Ribbon services like Survivability and SD-WAN are clear upsell opportunities that enhance the customer experience. Both of these services can be bundled as part of a Business Continuity offering, paired with either analog circuits or a wireless back-up solution. Layering on multiple services such as these increase your value as a provider and reduce the probability of them leaving when their contract is up.

Summary

A summary of the cost savings is as follows. In our example, the addition of Network Edge Orchestration drives nearly $800 in cost savings or revenue improvements due to churn reduction. One would need to offset the cost of an EdgeMarc and EdgeView, but a fully capable Edge Orchestration solution, with EdgeMarcs, EdgeView, and technical support would be less than $800 per site for the 36 months. Note this analysis does not include any revenue enhancements that can make this financial picture even better.

To learn more, visit us at ribboncommunications.com.