



SOLUTION BRIEF

The ShoreTel TCO Tool

AN IMPORTANT GUIDE TO ASSESSING THE BUSINESS AND FINANCIAL IMPACT OF UNIFIED COMMUNICATIONS SYSTEMS

BENEFITS

- Provides an objective measure of the total business impact of the UC purchase decision
- Captures the organizational impact of UC product and system management complexity
- Improves financial planning and accountability
- Improves organizational decision making, efficiency and alignment
- Offers powerful insight, regardless of deployment size
- Maximizes cash flow and long-term shareholder value

Legacy time-division multiplexing (TDM) and hybrid IP telephony solutions have come under increased scrutiny in recent years as their maintenance costs rise, and they increasingly fail to deliver the productivity benefits of modern IP-based unified communications (UC) solutions. Now, there is an intensifying level of focus on these existing costs, and a renewed urgency and attention on applying technology to drive out these inefficiencies.

Total cost of ownership (TCO) has become an important metric for assessing and tracking the risks, costs and benefits of UC solutions under evaluation. So to help prospective customers understand the business and financial impact of UC systems, ShoreTel has developed the ShoreTel TCO Tool. By analyzing TCO, organizations can compare competing solutions on an equal footing—like for like—and align those solutions with business needs, while understanding the effects of future requirements and functionalities.

Insight into unanticipated costs

TCO calculations include costs that may not turn up in initial budgets or initial statements of work, but may still have a significant impact on future business operations—for example, recurring labor costs. As a result, systems with the lowest purchase price ultimately may not have the lowest TCO.

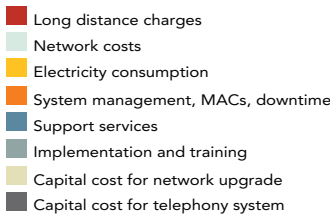
The TCO tool draws on third-party data and full competitive coverage to compute UC system costs based on each organization's specific configuration requirements. This includes annual recurring costs such as hardware replacement, training, support, software upgrades, moves adds and changes, system management, energy consumption, network and long distance charges, as well as up-front capital and implementation costs.

UC vendor solutions vary greatly according to their product and system management complexity. The TCO tool ensures that the impact of this complexity on implementation, maintenance, reliability, system management and power consumption is fully captured and valued. Once the tool has been configured for a specific customer's circumstances, it enables a customer to calculate and compare the TCO of alternative UC systems over multiple years—information that is key to understanding the costs, risks and benefits associated with a UC system purchase.

Proven TCO advantage

ShoreTel has a deep, competitive and sustainable TCO advantage, and has been able to consistently demonstrate a TCO between 50 percent and 75 percent lower—including an energy footprint up to 62 percent less—than competing vendor solutions.

10-year analysis based on 1,500 users across 3 sites



Source Data: Ferris Research, Inc., Wainhouse Research, Nemertes Research, Alinean Research, The Tolly Group

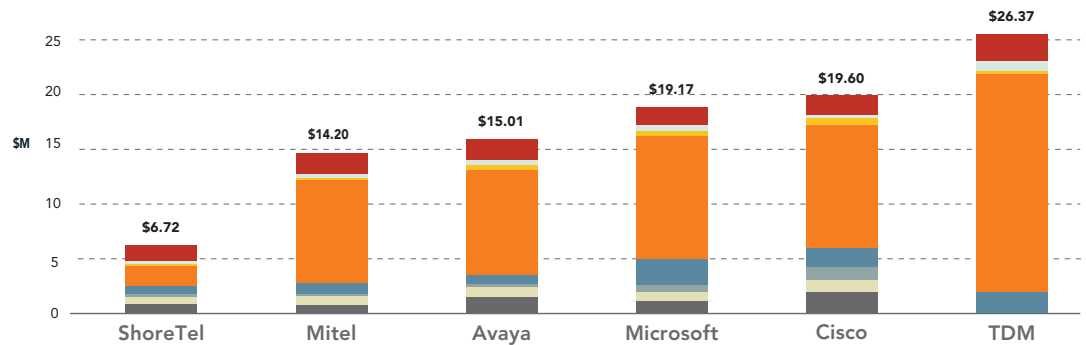


Figure 1: TCO comparison of major UC system vendors (pre-tax)

As an example, the result of a 10-year TCO analysis for a large enterprise configuration (1,500 users across three sites) is shown in Figure 1. Based on cash flow projections for each solution, the TCO tool assesses key financial ratios such as payback period, return on investment (ROI), internal rate of return (IRR) and net present value (NPV), important for assessing the long term financial merits of each UC solution. (See Figure 2)

This fundamental advantage is driven by ShoreTel's unique single-image, distributed software and embedded switch-based call routing architecture, which results in structurally lower product capital cost, network upgrade cost, implementation and training cost, maintenance, MAC, system management, long distance charges and

energy consumption.

ShoreTel's comprehensive TCO assessment also provides valuable insight into the long-term financial viability of each UC vendor. Unnecessarily complex ecosystems lead to higher TCO, lower levels of customer satisfaction, and result in lower margins throughout the value chain. In recent times, such complexity has led to and exposed critical weakness in the financial sustainability and viability of certain "older technology" UC vendors.

When it comes to reducing costs on a highly reliable and scalable platform that has been architected for business growth, many organizations are finding that they simply can't afford not to choose ShoreTel.

For more information on how to use the ShoreTel TCO Tool, contact your ShoreTel sales representative or certified ShoreTel Partner. To receive a copy of the ShoreTel white paper, "Assessing the Business and Financial Impact of IP Unified Communications Systems," visit www.shoretel.com/resources/whitepapers.

UC Financial Ratios	TDM	Cisco	Microsoft	Avaya	Mitel	ShoreTel
TCO advantage (post-tax)	74.27%	65.50%	64.74%	55.01%	52.45%	
Payback period (months)		46 months	39 months	28 months	23 months	16 months
Return on investment (ROI) (%)		27.7%	31.3%	42.5%	53.6%	74%
Internal rate of return (IRR) (%)		21.4%	27.6%	41%	53.1%	75.3%
Net present value (NPV) (\$M)		\$4.591M	\$4.873M	\$7.693M	\$8.252M	\$13.378M

Figure 2: Financial ratio comparison by vendor

About ShoreTel

ShoreTel is a provider of business communication solutions whose brilliantly simple unified communications platforms, applications and mobile UC solutions promise a new rhythm of workforce engagement and collaboration. With costly complexity eliminated by design from its award winning, all-in-one IP phone system, UC and contact center solution, and its industry leading hosted business phone system, workers enjoy a freedom and self-reliance that other providers can't match. Users have full control to engage and collaborate, no matter the time, place or device, for the lowest cost and demand on IT resources in the industry. ShoreTel is headquartered in Sunnyvale, California, and has regional offices and partners worldwide. For more information, visit shoretel.com or shoretelsky.com



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