



# Expand Your UC Market with a Cap & Grow Strategy

White Paper

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## Intro

As a service provider in the ever evolving communications industry, you probably ask yourself, should you give up your existing on-premise telecom offering for a new cloud-based platform? While there may be valid arguments that point to no, more and more service providers are realizing the benefits and are saying yes, by adopting a cap and grow strategy: capping investment dollars in their on-premise legacy system and growing by allocating financial and IT resources to new cloud-based technologies. The concept of cap and grow is gaining popularity in the telecom space, as legacy systems can't keep up to speed with customer demands for new features and additional functionality. In addition, the cost of maintaining a legacy system continues to increase while newer, cloud-based systems offer significantly lower costs for both service providers and their customers. This whitepaper will take a deep dive look at what a cap and grow strategy is, key reasons to consider adopting this strategy, and best practices for how to implement your new technology – because it truly isn't as intense or expensive as many assume.

## What is Cap & Grow for UC

In the context of UC, a cap and grow strategy means adding a second platform to your repertoire so that you can “cap” usage of your on-premise communication offering and “grow” with a cloud-based platform from a new and forward-thinking provider. Many service providers and enterprises are implementing this strategy because they are realizing the tremendous value in having two solutions. This is especially true for forward-thinking IT leaders who are bringing in a second platform that provides a myriad of automations, customization and flexibility through APIs, and runs in unison with their already established legacy equipment.

Automations are key, as they reduce operational costs and APIs enable them to offer the features and functionality customers are not just asking for, but are demanding. Furthermore, end users are looking for one platform that can do it all - rather than piecing together multiple systems to get everything they need, which is why there have been a number of recent acquisitions in the UC space. The market is heading toward CPaaS and UCaaS integration, and customers are searching for the best technology that has everything. For established service providers, one of the easiest and most cost-effective ways to bring a leading-edge UC solution to market is through a cap and grow strategy.

## Why Cap & Grow, Not Rip & Replace

Thinking about replacing your current solution outright can be extremely overwhelming and isn't always a practical idea, especially when you have hundreds or thousands of existing customers to migrate. Disrupting your customers can be detrimental to their business – and your relationship. However, legacy systems will need to be retired or evolved in the not too distant future as maintenance costs continue to skyrocket and the technology becomes obsolete. That's why many companies are choosing to cap and grow, rather than rip and replace.

With a cap and grow strategy, existing customers who are using the legacy system can be strategically migrated to the new solution. The key to migrating existing customers is to ensure there is no disruption in their world - implement the migration mindfully and show customers the benefits of migrating, including the new features that will help them do business better. Highlighting how the migration will ensure they receive the service they deserve and have been asking for. Not only will they be happier with more functionality, it'll show that you've been listening to their needs and following through.

## 3 Reasons To Adopt Cap and Grow

Many service providers feel stuck between a rock and a hard place, as customers are demanding more features and lower costs and their legacy system lacks flexibility for customization and incurs high maintenance and operational costs. Adding a more advanced second platform can fulfill asks from customers while helping your business become stronger in the market. Here are just a few of the many reasons to adopt a cap and grow strategy:

### 1. You can significantly enhance your feature set and functionality

It's no secret that legacy systems don't offer much flexibility for customization or opportunity to enhance feature sets. If your existing platform doesn't offer everything your customers are asking for, adding a second platform would be highly beneficial. This is especially true if the second solution offers not just more functionality, but also APIs you can build and customize. Not only will you be able to provide your customers with a solution that fits their needs, making them happier and more loyal, but the enhanced capabilities will also give your business the firepower to expand your market. In addition, adding a second platform that enables you to go to market with a highly customized solution can give you a strong competitive advantage — offering a leading-edge solution in this already crowded market can be a huge differentiator for your business.

### 2. You can quickly maximize your ROI

Going to market with a customized solution and superior feature set can help you win more business and dramatically increase your ROI. Now, you may be thinking about the hundreds of hours and thousands of dollars you've already put into your existing solution, but don't be discouraged. Choosing to add a platform that is easy to implement and offers lower costs is key — easy implementation saves you time and hassle, and will enable you to go to market with the new solution fast. Lower costs mean higher margins sooner and therefore increasing ROI.

### 3. You can set your business up for success now and in the future

Planning for the future is key to business success, especially when it comes to a business deeply rooted in technology. Does your legacy system have what it takes for your business to grow and scale to its fullest potential? As time goes on, legacy systems will become antiquated and obsolete which will leave unprepared businesses scrambling to implement a new solution — all while their customers are jumping ship to providers with newer solutions that can meet their needs immediately. By adding a second platform now, you will not only save time and money while your competitors are searching for a replacement solution, but your customers won't experience a disruption in their service, which will maintain your credibility and reputation, and their satisfaction.

# Choosing a Solution for Maximum Growth

Choosing the right platform to grow with is integral to a successful cap and grow strategy. Without a platform that enables you to grow quickly, all bets are off. To help you select the best addition to your repertoire, here are 4 key aspects to consider.

## 1. Quick and easy implementation

Many service providers spent over a year implementing their current legacy system which can be a huge deterrent when considering adding a secondary platform. Not wanting a repeat experience is completely understandable and isn't necessary with some cloud-based platforms. Find one that is simple and fast to implement so you can stop burning money and resources on your legacy system and can start growing as soon as possible.

## 2. Low upfront costs

In addition to an extremely long implementation process, many service providers have spent tens of thousands – or even millions – just to get their legacy system up and running. Fortunately, there are some cloud-based providers that have adopted a different approach to onboarding and strive to make it as inexpensive as possible to get up and running on their solution. Look for a solution that offers low upfront costs and includes key hardware such as SBCs, so you don't have to buy your own and hire an expert to install it for you, which can save thousands of dollars.

## 3. Simple maintenance and upgrades

One way to lower your operational costs AND offer your customers lower prices is to implement a solution that features the automation of tasks that your team is currently doing manually, such as routine maintenance and upgrades. As a general rule, the more system automation, the better – you can significantly reduce operational costs and better utilize your resources .

## 4. Enhancing your customer's experience

Without customers, your business won't succeed. Without happy customers, you'll always be fighting the uphill battle of attrition. Find a solution that enables you to give your customers the service they deserve along with the functionality they need so they can do business as efficiently and effectively as possible. The bottom line is: add a platform that will make your customers happy.



## Conclusion

As customers are demanding more features, lower costs, and an all-in-one UC solution for their communication needs, more and more service providers are adopting a cap and grow strategy. Adding a second platform to your repertoire allows you to cease sinking thousands of dollars into your legacy system and grow with a lower cost platform with more features and functionality. In addition, a cap and grow strategy allows you to get new technology in the hands of your current customers without disrupting their users, which is the ultimate goal. Going to market with a new, customized solution can help you stay far ahead of your competition and sets your business up for rapid growth and a prosperous future.

*This whitepaper is sponsored by 2600Hz. Learn how adding KAZOO, 2600Hz's advanced carrier-grade UCaaS/CPaaS solution, to your repertoire as part of a cap and grow strategy can help expand your market and give your customers the communication solution they deserve. If you would like to find out more about 2600Hz or set up a demo of KAZOO, please contact our sales team at [sales@2600hz.com](mailto:sales@2600hz.com).*