



Anything-as-a-Service Business Model: Transformation and Implementation

The process of implementing an Anything-as-a-Service business model at Hewlett Packard Enterprise

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Executive Summary

Technology enabled as a Service business models have transformed industries. Modern businesses are adopting Anything-as-a-Service (XaaS). With flexible payments and scalable usage, XaaS has enabled greater accessibility to users and broadened company reach. It has changed pricing dynamics and consumer expectations.

There are many attributes driving XaaS adoption. One of the greatest drivers of XaaS are customer's attitudes and behaviour toward business models. Customers have new priorities and are well-informed about their choices. They are able to compare the benefits of a one-time purchase against a recurring subscription. Many prefer the latter for the features that come along, including increased flexibility, accessible technical support, and relaxed commitment. A XaaS subscription model allows customers the opportunity to try a product without devoting a large investment. It is less risky and expensive compared to paying up-front for premium ownership.

Another factor is the desire to increase revenue through innovating new products and services. The digital economy allows organizations to iterate and adapt their products and services quickly. This creates an explosion in the products and services they offer in each market. Changes across the entire portfolio can be made easily. Other factors driving XaaS adoption include the need

for agility, the desire to increase customer lifetime value and build stronger relationships with customers.

XaaS business models require modern billing systems in order to monetize the revenue from the new services. XaaS business models typically enable subscription and usage based billing to charge customers for units of services and consumption of those services.

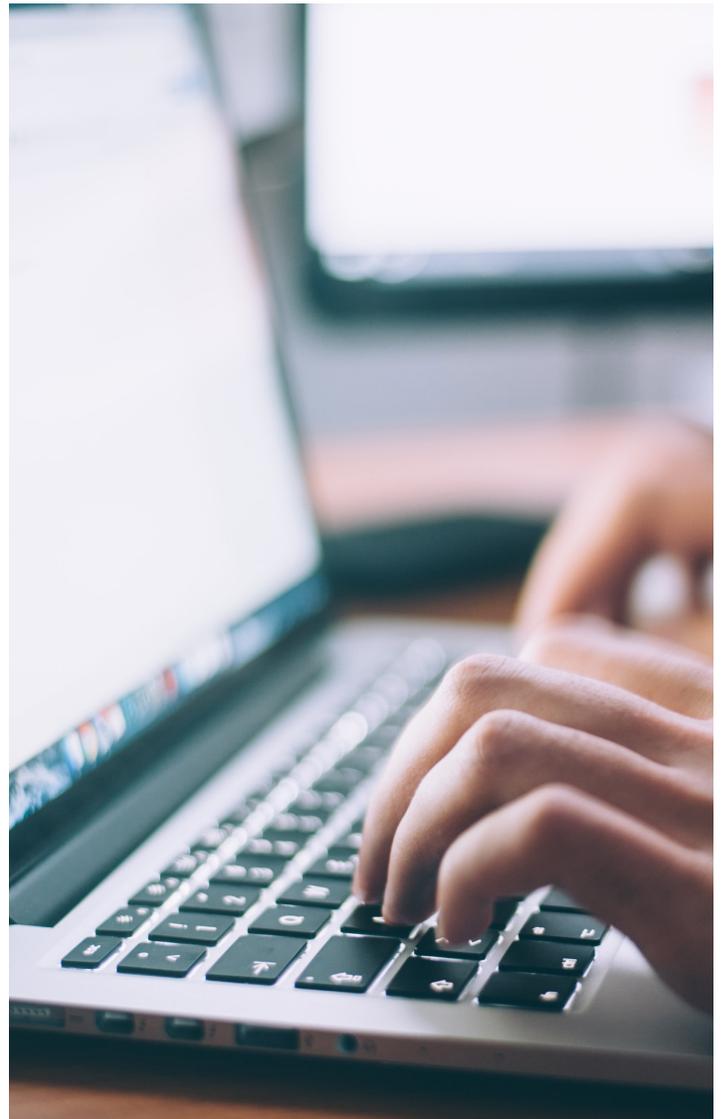
This white paper will give insight into how Hewlett Packard Enterprise (HPE) implemented new services through a Unified Communications as a Service (UCaaS) model to gain a competitive advantage.



Company Background

Hewlett Packard (HP) was founded in 1939 and is currently based in Palo Alto, California. With global operations, the company is well known for their research and development and innovations. HP was recently split into Hewlett Packard which is a consumer brand, most known for their printers and laptops and Hewlett Packard Enterprise (HPE) which focus on their enterprise products and services.

HPE is a global B2B information technology company providing data solutions, helping other companies change their communication infrastructure to digitize their processes. They offer infrastructure products, data storage solutions, networking solutions, and much more.



Problem

In order to remain competitive, organizations must continuously progress and adapt to change. Customers demand new services to improve their own business processes. Competitors are continuously creating new services to remain competitive. Many organizations (customers, competitors, suppliers) are adopting new business models to compete.

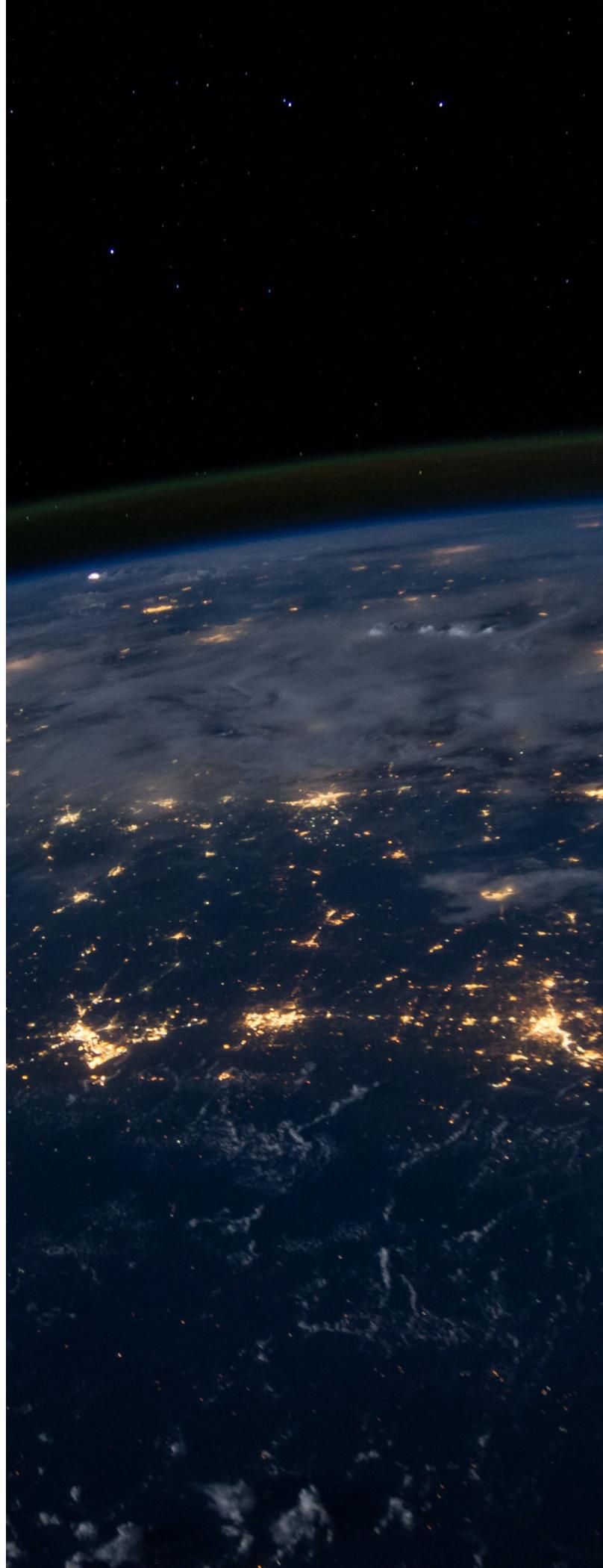
HPE was also pushed to evolve to remain competitive. There were many factors indicating a need for change and sophisticated buyers were pushing for innovations as the industry evolves quickly. Organizations seek opportunities to reduce costs and grow revenue. They look for new solutions to implement that would improve employee experience and increase productivity. For many organizations, Anything-as-a-Service business models allow companies to lower upfront costs which enable customers to easily adopt XaaS solutions.

Adopting XaaS environments have helped companies evolve. Companies can customize plans based on their requirements and reduce their costs. They do not need to expend labour to

modify code for each change in requirement. XaaS applications are flexible and are continuously updated with new features. Information can be accessed conveniently and can be integrated across systems. Furthermore, XaaS enables remote work which can help improve employee experience. All these factors can help increase overall productivity.

HPE recognized that meeting the evolving needs of customers effectively is important and being the first to market can serve as a competitive advantage. As a first mover, the company can become a technology leader. They can gain consumer confidence quickly and capture market share. If customers are using their services for a long period of time, it becomes costly and inconvenient to switch, making them more likely to stay. If HPE wanted to beat their competitors and be a market leader, they would need to offer a unique set of tools and consider being one of the first companies to do so.

As HPE could not predict how the industry would change and did not know what requirements would be needed in the future, an adaptable system that would allow services to be implemented quickly was needed. If they wanted to offer complex features, a modern system was necessary. The desire to increase revenue coupled with sophisticated buyers pushed HPE to consider their current service offerings. What can an organization do to meet the demands of customers and be profitable while doing so? What new services can they provide? How do they evolve?





Solution

HPE needed to determine their service offerings, develop a business model, and create and implement a pricing strategy to monetize their services.

The company decided to introduce HP Enterprise Cloud Services – Unified Communications, a UCaaS offering to their portfolio. Moving in this direction aligned with customers' needs as they shifted to adopt XaaS environments. Furthermore, it aligned with HPE's services as they were offering unified communications and collaboration products but not as-a-Service. UCaaS is a cloud-delivered system that delivers a combination of services. These communication functions include enterprise telephony, meetings (audio/video/web conferencing), unified messaging, instant messaging and presence (personal and team), mobility, and communications-enabled business processes.

Through implementing a UCaaS business model, HPE made their services more accessible. Barriers, such as large upfront costs, that prevented potential clients from trying or adopting their services were removed. Other features unique to XaaS served as motivators for clients. HPE offered a tiered pricing structure for their UCaaS solution. Tiered pricing appeals to a

broad range of customers as it can match different budgets and priorities. It is also beneficial for businesses as revenue increases with higher-volume sales.

Part of the pricing strategy included creating a monetization process for services. HPE recognized that their sales, marketing and billing teams needed to be nimble at accommodating new services. Moreover they required a software solution that would enable quickly turning on new services, managing high volumes, as well as reflecting the varying tax models from the federal, state, and local levels. The system would need to support the accurate invoicing of clients and generate reporting for government audits.

The company was able to implement a modern billing and invoicing system capable of handling complexity. HPE selected Omniware's Dynamics Billing product, which enabled them to monetize and provide accurate information and invoices to their customers. They were able to bill correctly, present accurate invoices, and report on taxation correctly. They were able to implement this quickly and efficiently, making them more competitive as they were the first to market and able to acquire customers quickly.



Conclusion

HPE's quick adoption of UCaaS allowed them to meet evolving customer demands. Through flexible options and plans, their services became more accessible. Being one of the first companies to offer UCaaS helped them become top of mind.

Furthermore, they benefited from offering these services well in advance of the demand for flexibility and remote work dramatically increased as a result of the global pandemic in 2020. They were well prepared to help companies operate by enabling customers' employees to perform their functions remotely through significant circumstances.

There are other beneficial features that XaaS models enable, including data integration and technical support, which all add to improving the overall employee experience.

These new services generated a continuous revenue stream and an ongoing relationship with customers because of the as-a-Service revenue model. Moreover, because HPE implemented an adaptable system, they were able to accommodate and adapt for future uncertainties and industry changes.





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