

## PALL CORPORATION CASE STUDY

### CUSTOMER PROFILE

**Client:** Pall Corporation  
**Website:** www.pall.com  
**Industry:** Industrial Manufacturing  
**Headquarters:** Port Washington, NY  
**Annual Sales:** \$2.7 Billion  
**Population:** 11,000



### HIGHLIGHTS

#### Challenge

As part of an ongoing effort to optimize its global operations, Pall Corporation, a leader in filtration, separation and purification, was looking to streamline its communications infrastructure while bringing greater efficiencies to its operational processes.

#### Solution

Pall implemented an open, SIP-based, unified communications solution from Siemens Enterprise Communications. The deployment included OpenScape Voice running on an OpenScape UC Server to serve the company's nearly 11,000 employees. The project deployed more than 8,000 SIP phones.

#### Result

Pall is on track to realize net benefits totaling \$5.2M over five years from its investment in OpenScape Voice and UC. The company will save 32% on enterprise communications per user per year and will see a 53% return on its investment.

### PALL CORPORATION OPTIMIZES COMMUNICATIONS PROCESSES FOR GREATER EFFICIENCY, PRODUCTIVITY, AND SAVINGS; PROJECTS NET BENEFITS OF \$5.2M

#### BACKGROUND

Known as the "the original green technology company," Pall Corporation is a global leader in the high-tech filtration, separation, and purification industry. Led by engineers with a green ethos, Pall has grown into a \$2.7 billion company with nearly 11,000 employees dedicated to helping organizations ranging from municipal water suppliers to hospitals to airlines solve complex fluid management challenges for better health and safety.

As part of an ongoing effort to optimize its global business operations, Pall is continually looking for ways to enhance its communications processes.

In 2008, Pall saw an opportunity to improve efficiency and capture savings by streamlining its intercontinental

communications infrastructure.

The company had been grappling with rising costs and operational complexities associated with the infrastructure, which provides voice, messaging, and collaboration services to its thousands of employees worldwide. At the core of the challenge was a system that had each location separately managing and maintaining its own phone system and related services.

The original architecture included a multi-vendor mix of voice, messaging, and collaboration services that relied on older-generation PBX technology and lacked useful features such as one-number call routing, voice messages to email, and interoperability with mobile phone services. Overhead costs were hard to control because the systems lacked a common

set of equipment and standards, forcing each region to field its own team of maintenance workers. Expensive contracts with outside maintenance firms were the norm.

Pall set out to find a more efficient solution, one that would reduce communications costs while simultaneously improving productivity and service levels at its international offices and facilities.

“We made a decision to streamline our communications processes to improve efficiency and collaboration,” said Josephine Ciurleo, Vice President — IT Global Infrastructure. “We needed a partner that could support us on a global scale, and we wanted a proven solution that we could standardize on.”

In addition, by migrating to a single integrated communications infrastructure worldwide, Pall hoped to significantly improve management visibility into its overall business operations for better decision-making and operational control. With heightened visibility, costs associated with operating and maintaining its telephony, messaging, and collaborations systems would become easier to track and adjust.

**SIEMENS ENTERPRISE COMMUNICATIONS OPENScape SOLUTION**

Following a thorough review of the latest communications technologies, Pall chose to migrate its mix of PBX systems to a

Figure 1

**Scope of Deployment**

The table below shows the scope of the deployment, including the endpoints or communications ports affected in each region.

Region	Total Number of Endpoints	
	Before	After
Asia Pacific	1,263	1,650
Europe, Middle East, Africa	2,827	2,908
Western Hemisphere	3,953	3,874
Total	8,043	8,432

single, globally standardized SIP-based unified communications platform from Siemens Enterprise Communications.<sup>1</sup> The initiative consolidated Pall’s offices on a global wide area network (WAN), deployed more than 8,000 new IP phones, and implemented new communications applications, including OpenScape Voice, OpenScape UC Application, and OpenScape Xpressions.

Moving to a software-based communications model enabled Pall to deploy and manage its voice network in a data-center environment, the same way it was managing its other business applications. The open platform was also simpler to administer and maintain compared to conventional PBX phone systems.

Pall completed the first phase of its OpenScape deployment in November 2011, which encompasses the new SIP-based telephony network across the company’s three regions (North and South America; Asia-Pacific; and Europe, the Middle East, and Africa). The company rolled out OpenScape solutions for audio and video conferencing, which is expected to drive further investment returns by reducing the cost of audio and video conferencing<sup>2</sup>. This phase adds Lotus Fusion integration, which integrates automated identity management for greater security and compliance efficiency. Lotus Fusion has been embedded within all OpenScape UC Servers since January 2012.

<sup>1</sup>SIP (Session Initiation Protocol) is a signaling protocol widely used for controlling multimedia communications sessions such as voice and video calls over Internet Protocol (IP).  
<sup>2</sup>Expected savings from migrating to Siemens Enterprise Communications audio and Web collaboration applications are not included in this study’s ROI analysis.

## BUSINESS BENEFITS

An assessment by Mainstay Salire has projected approximately \$5.2 million in net benefits and savings over five years from Pall's investment in OpenScape. Key sources of savings include significantly lower maintenance and operational costs, reduced local and long-distance tolls, and more economical administration of phone setups and changes. The company also realized a range of related benefits, among them higher system reliability, enhanced data-networking capacity, and more efficient inter-region team collaboration.

The following sections discuss annual savings and benefits the company has gained since deploying the OpenScape platform.

### \$310K Annual Reduction in Phone Tolls

The new SIP-based, unified communications system allows Pall to route most internal phone calls over the same WAN (wide area network), all but eliminating toll charges for local, long-distance, and international calls.<sup>3</sup> In addition, by routing internal calls over a single WAN environment, phone service quality and reliability has become more consistent than before. According to the Mainstay Salire assessment, the unified communications platform is helping Pall cut its toll charges by an estimated \$310K per year.<sup>4</sup>

### \$44K Annual Savings in Local Line and Circuit Expenses

Already Pall has witnessed an additional 8% reduction — about \$44K per year — in expenses related to local phone lines and circuits due to renegotiated rates. Company executives say that further savings — as much as 24% — are possible in regions that can switch to SIP-trunking<sup>5</sup> services.

### \$275K Lower Maintenance Costs

Migrating to a single-vendor global platform enables Pall to dramatically simplify its maintenance agreements worldwide by cutting costs for its outside maintenance agreements by 34%. Instead of a series of local maintenance contracts, Pall now takes advantage of a single global contract for ongoing phone system servicing and upgrades.

The system's comprehensive global warranty program added to the savings by lowering the cost of fixing and replacing faulty gear by 37%.

In general, executives said that OpenScape's software-based environment is easier and less expensive to maintain. Implementing software upgrades, for example, is simpler (and cheaper) compared to replacing PBX hardware. Similarly, supporting the platform's centralized network voicemail service is easier than managing an assortment of local voicemail systems. "Our SIP-based communications infrastructure is inherently more cost efficient," said Pall Director — IT Global Infrastructure, Richard Fairhurst. "We are even finding that we need fewer physical phones because the UC environment allows more of our workforce to go virtual."

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**– Josephine Ciurleo, Vice President — Information Technology  
Global Infrastructure, Pall Corporation**

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<sup>3</sup>The company routes calls through its WAN to the maximum extent possible, using external networks (and incurring tolls) only at the tail end of the call.

<sup>4</sup>This does not include savings from the company's global dialing plan and least-cost routing system.

<sup>5</sup>SIP is Session Initiation Protocol.

## 94% Reduction in Move-Add-Change-Disconnect (MACD) Expenses

Directly after the move, Pall saw immediate savings in the form of lower costs for phone-number setups and administration. Previously, offices running PBX systems paid as much as \$200 to set up a new phone, move a number to a new location, or discontinue service — expenses that have been eliminated now that MACD orders can be handled with a few mouse clicks.<sup>6</sup> Since the switch to Unified Communications, the company is on track to save about \$89K per year on MACD and related maintenance costs.

## Indirect and Strategic Benefits

The assessment identified a number of indirect and strategic benefits resulting from the switch to OpenScape.<sup>7</sup> Among the most significant:

- **Global System Visibility.** The single integrated platform gives management detailed visibility into communications operations worldwide. Built-in reporting tools help the company track system assets and usage, plan for capacity needs, and control communications expenses.
- **Enhanced Data Services.** The company's upgrade to a global WAN allowed it to significantly expand and enhance its data and telephony services, which share the same converged communications network.

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– Richard Fairhurst, Director — IT Global Infrastructure, Pall Corporation

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### • Economical Office Expansion.

Adding voice and data services to new office locations is significantly easier and less costly in the SIP environment.

- **Green Savings.** The software-based communications infrastructure requires less power and cooling, saves on energy bills, reduces CO<sub>2</sub> tonnage, and promotes environmental responsibility.

### Soft Savings

Pall also stands to gain an array of “softer” benefits from the OpenScape solution, including greater employee convenience and connectivity. These improvements, while hard to quantify, will benefit the company by promoting workforce engagement and satisfaction and spurring collaboration. Pall expects to boost productivity further by exploiting the voice solution's ability to support multiple locations. This will enable mobile workers to access the same features as employees working in the company's offices or on the manufacturing floor.

The open solution also makes it possible for Pall to add new applications easily, a factor that could contribute substantial savings depending on how much it decides to invest in new software products to support growth and adapt to changing business conditions. Over time, these soft savings could be almost as compelling as the initial savings from lower telephony expenses and administrative streamlining.

### FUTURE SAVINGS

Looking ahead, Pall expects to garner additional benefits by rolling out SIP-based collaboration systems, including audio and video conferencing tools. Growing adoption of these network conferencing systems in the international business world could help Pall phase out fees and premiums paid to conference service providers and generate additional savings by reducing the need for business travel.

<sup>6</sup>In a PBX environment, phone number moves and changes typically require a technician to move or replace physical cards.

<sup>7</sup>These indirect and strategic benefits were not included in the study's ROI calculations.

Pall is also evaluating the use of SIP trunking in locations where it's available — including North America, Europe, and parts of Asia — to further lower telephony expenses by as much as 20% to 30%. It also is looking at employing virtualization technology to consolidate voice and data storage, thereby improving management of system capacity and costs. Other considerations include boosting IP compression performance and generating savings by converging voice and data on a single leased line. Overall, Pall will continue to investigate ways to direct more communications traffic, including faxes, over the corporate network to further lower costs.

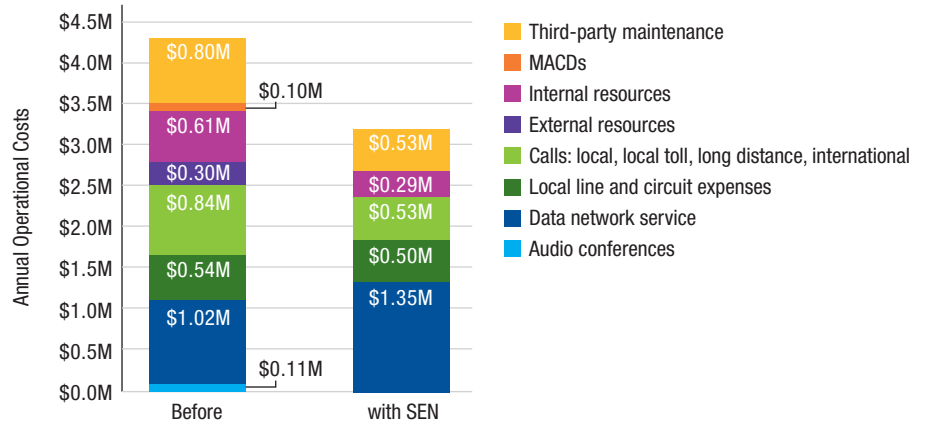
**SAVINGS ANALYSIS**

According to the assessment, Pall is on track to save approximately \$1.54 million per year (net present value) as a result of the move to the global UC platform.

Figure 2 breaks down the annual costs before and after deploying the OpenScope platform.

Figure 2

**Annual Operational Costs Before and After Deployment of Siemens Enterprise Communications OpenScope**





#### **ABOUT THIS CASE STUDY**

Research and analysis for this study was conducted by Mainstay Salire, an independent consulting firm, drawing from interviews with Pall employees, review of planning documents and searches of industry literature. ROI calculations use industry-standard assumptions regarding the time value of money.

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Information contained in this business value assessment has been obtained from sources considered reliable but is not warranted by Mainstay Salire.

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*A special print of a Mainstay Salire study conducted for Pall Corporation issued for Siemens Enterprise Communications.*

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