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Too Many Deaths Foretold:
Why Your Business Still Needs a Unified Communications and Collaboration Adoption Strategy

The "Death" of Everything and the Current State of the Market

Many businesses today are worried whether the technologies they are using for collaboration are "dead." Should we scrap desktop phones? Are on-premises IP PBXs no longer in? Will we still need email once we launch business social networks or messaging apps? Why invest in Skype for Business today if Microsoft is promoting its Teams application?

Industry discourse is feeding these preoccupations. Unified communications as a service (UCaaS) vendors are announcing the death of on-premises, while others suggest that communications platform as a service (CPaaS) will kill UCaaS. Mobile-first providers are announcing the death of fixed communications, and many are expecting the desk phone to go the way of the dinosaurs. Beyond that, new collaborative software products such as Slack, Cisco Spark, and Microsoft Teams have been introduced and promoted as novel ways to collaborate, with the potential to completely replace unified communications.

It is no wonder, then, that some businesses are asking whether they should not park unified communications and collaboration (UC&C) projects and wait for the next future-proof collaboration platform to arrive. While IDC appreciates these concerns, we believe that viewing today's UC&C market as one marked by the stigma of "death" is unrealistic and can be outright damaging for many businesses' operations. The real truth is that UC&C has not died, it has simply matured. So what does that mean?

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IDC surveys show that technology adoption has reached unprecedented levels: 46% of the respondents to IDC's 2017 *European Enterprise Communications Survey* stated that they are already using unified communications (UC). High penetration rates bring commoditization and decreasing average selling prices, with market growth stalling as a consequence.

Market maturity may cause headaches for vendors, but businesses will, by and large, benefit from it. Most users are already familiar with UC&C features, and businesses will avoid unnecessary spending on user training. Competition is pushing vendors to embrace interoperability and to seek new ways of reducing total cost of ownership (TCO). Businesses can now choose best-of-breed UC&C technologies while paying less for integration, support, and management — factors that make these technologies stickier. UC&C technologies will therefore be around for the foreseeable future, and businesses must bear this in mind.

Even at this mature stage there will be challenges. Traditional models of delivering functionalities are transforming, and there are new vendors, technologies, and deployment options to choose from. UC&C installations can become complex when new technologies are deployed on top of legacy systems. To deal with this situation, businesses do not need a single product that "kills" all the rest; rather, they need genuinely future-oriented thinking based on a UC&C adoption strategy. This document provides guidance on the most important decisions that organizations will face in this regard.

The "Death" of Tech: Digital Transformation Brings About a Change of Mind

When a product reaches market maturity, it means that customers are no longer likely to be impressed by cool features. Most features deployed in business communication tools today mirror those that are already available on consumer platforms, and businesses are increasingly purchasing technologies based on the business benefits they provide.

This is because of the challenges posed by digital transformation. Business processes are being reshaped by the arrival of disruptive technological innovations such as cognitive systems, the Internet of things, natural interfaces, and 3D printing. Employee and consumer populations are also changing, with the millennial generation becoming increasingly influential and demanding smart solutions from businesses. This creates an environment that benefits businesses that are flexible and can respond rapidly to change. Whatever helps businesses deal with the challenges of digital transformation is welcome, while technologies and features that do not make a clear contribution toward this goal are likely to receive far less attention.

One could also say that as far as UC&C technologies are concerned, the "wow factor" has expired, and organizations must put greater emphasis on business outcomes instead of just deploying more technology. Successful UC&C projects today must be linked to digital transformation goals. How? First, customer and employee experience is a key competitive differentiator, and business communications must make this a priority. Second, they must support new forms of work and workforce management that allow businesses to recruit and retain the best talent and to keep increasing employee productivity. Third, UC&C projects must feed into a broader digital leadership strategy. Finally, UC&C must help improve operations efficiency and allow businesses to capitalize on information generated by or available to the organization.
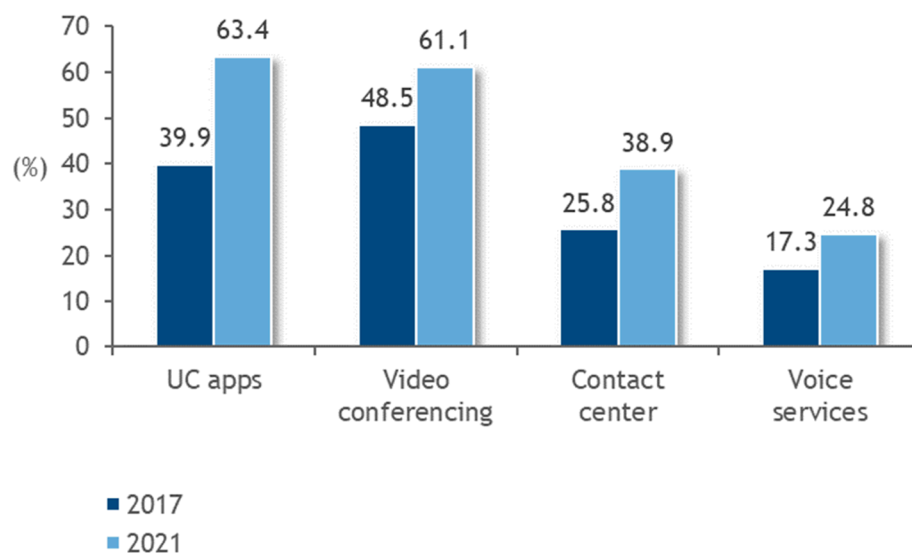
Fulfilling these new priorities requires a radical change of mindset. Communications managers must shift their focus away from connections, systems, and software architectures to business outcomes. This does not "kill" the technical work, but it rather brings it closer to its ultimate purpose. Businesses must mobilize all available resources to succeed and should first take stock of the skills, experience, and know-how that are available internally. Nonetheless, it will also be vitally important to add expertise from partners in the form of case studies, best practices, methodologies, and professional services. Businesses should be actively looking for partners who can offer such resources.

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The "Death" of On-Premises: Hybrid Deployments and Migration Projects

Based on the accelerating migration of the UC&C market to cloud, some market players are predicting the "death" of on-premises installations. However, IDC research paints a different picture. To begin with, while cloud migration is happening across technologies, its pace differs very strongly depending on the specific UC&C technology, as shown in Figure 1 below. While UC applications and videoconferencing technologies generated a high share of cloud revenue in 2017 and will be dominated by cloud products in 2021, cloud and voice platforms are much slower in migrating to cloud, and these will still be predominantly premises-based even in 2021.

Figure 1
Public Cloud as Share of Total Market Revenue Across UC&C Technologies

Source: IDC forecasts for the EMEA market, 2018

This has consequences for organizations. First, businesses will need to be selective about which UC&C technologies they want to move to cloud, and they will have to identify their precise reasons for doing so. While these motives must be tailored to individual business needs, the following three factors will be among the most important:

- <u>Infrastructure consolidation among multiple sites.</u> Cloud platforms will be particularly appreciated by businesses facing major platform upgrades or those that face being merged or acquired. In this type of project, cloud facilitates the migration of sites to the new platform one by one, while the customer appreciates transparent pricing for UC&C functionalities.

- <u>Reduced support and management overhead.</u> Cloud products allow businesses to scale back resources dedicated to the management and support of UC&C solutions. Service providers absorb the cost of support, while solution management is partially outsourced to the provider and simplified with web-based management tools. Businesses may seek to

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utilize these tools both to reduce costs and to free up scarce IT talent for other tasks.

- <u>Quick access to innovation.</u> Cloud products are increasingly preferred over their on-premises counterparts whenever businesses need instant access to technology innovation. While cloud products are continuously updated, on-premises customers only have access to product innovation with the next software release (over the course of months), or — even worse — with paid platform upgrades (over the course of years).

The other impact on businesses is that, based on the different pace of cloud migration by technology, most UC&C environments will be hybrid. In effect, the "death" of on-premises communications simply means that most businesses will be managing complex, hybrid environments during their step-by-step migration from on-premises to cloud. However, there remains business-critical infrastructure that organizations cannot afford to have fail.

Businesses must therefore make platform migration their priority and request the necessary help from solution providers. To respond to this challenge, as a minimum requirement, businesses will want to work with solution providers that can support end-to-end functionality over the entire transition journey. However, some businesses will even want to offload that task to service providers, and will opt for managed services that provide "migration as a service".

The "Death" of Fixed: Multiple Access Modes, Multiple User Types

Mobility has become omni-present in today's UC&C ecosystem, and it is now imperative for businesses to support mobile employees. This may tempt commentators to announce the "death" of fixed communications, but the reality is again different. Mobility is the new default, but instead of replacing fixed communications, it complements them. If this signifies any kind of "death", it is the death of mobility as a premium feature — businesses now can, and should, require solutions that offer mobility as part of the standard package.

Businesses today need to plan for multiple user type network access modalities. The first step is mapping use cases and user profiles. Based on that, organizations must decide which endpoints they need to use or can afford to dismiss. There is no simple answer as to whether desk phones, video rooms, wireless handsets, and other legacy endpoints should still be used. There are only answers appropriate to a given organization and its business processes and plans. In many cases, businesses will find that scrapping legacy endpoints is premature, because they cater for conservative user types, or for use cases that cannot currently be facilitated by smartphones. When making these decisions, businesses must also consider customer mobility, which will be increasingly important in the future.

At the same time, businesses must catalogue requirements for mobile network coverage, quality of service (QoS), and security. This catalogue should also include a vision of future requirements based on the organization's digital transformation strategy. No mobility decision should be taken separately from compliance, security, and network considerations. This means that businesses should closely involve network services providers in decision-making processes, as they can help

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address security issues with the aid of technologies such as software-defined WAN (SD-WAN).

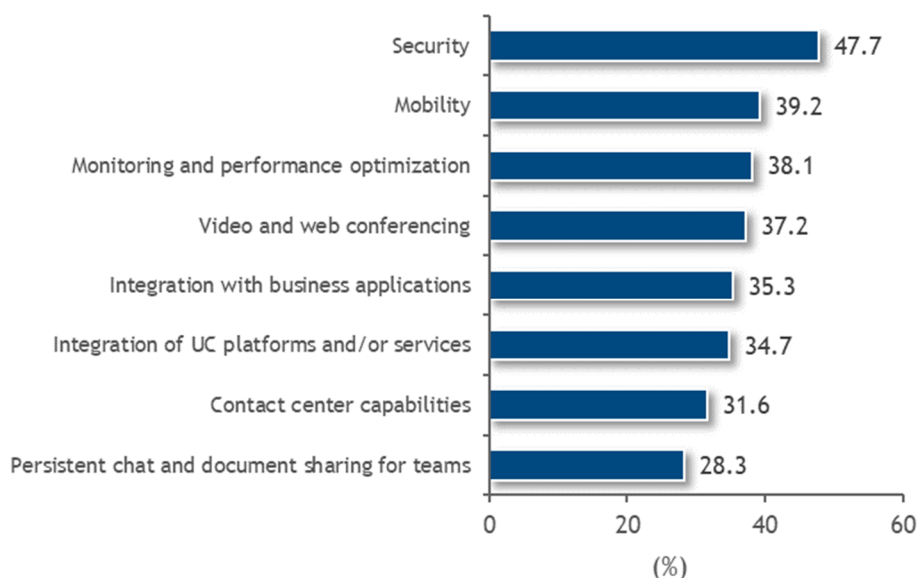## The "Death" of UC: Security and Openness Instead of "Rip and Replace"

Many symptoms suggest that the UC&C ecosystem is undergoing a transformation. Former premium features are being commoditized. Cloud-based competitors are challenging traditional players. Start-ups are creating disruptive innovation and launching "legacy product killers". Businesses are naturally asking whether this is the end of UC as we know it and whether they should park their UC projects until it becomes clear which technology is the new standard.

The UC&C market keeps evolving, and that is exactly why businesses need a forward-looking strategy.

IDC's advice is that organizations should keep calm and carry on. While a "rip and replace" philosophy may work for select cases, most businesses will want to protect their previous investments. As previously noted, most future deployments will be hybrid. This holds true for service delivery (on-premises versus cloud), access (fixed versus mobile), and for adding new features on top of the old ones. The UC&C market keeps evolving, and that is exactly why businesses need to adopt a forward-looking strategy. They will need to provision their existing communications and collaboration capabilities at the best price/performance ratio, keep adding new capabilities flexibly over time, and satisfy their organization's specific business needs. All of this results in a relatively complex landscape of priorities around UC&C projects, as documented by IDC surveys.

Figure 2
UC&C Priorities of Businesses

Q. What will be your organization's key technology priorities around UC over the next two years? (choose all that apply)

Source: IDC's *European Enterprise Communications Survey*, 2017
(n = 901; organizations using or planning on using UC)

Businesses will need to remain open to inevitable future innovations such as synergies between UC&C and artificial intelligence, augmented and virtual reality, and the Internet of things.

Figure 2 above demonstrates that, while some organizations want to deploy persistent chat and document sharing in the next two years, most have no intention of replacing UC with this technology any time soon. Businesses' highest priority is security, which should indeed play a key role in any UC&C deployment strategy. We have already elaborated on the importance of mobility, but let us also consider two other elements that any UC&C deployment strategy should take into account.

Businesses will want to keep the liberty to add functionalities that best suit their business goals and support all their users' requirements. Businesses will also need to remain open to inevitable future innovations such as synergies between UC&C and artificial intelligence, augmented and virtual reality, and the Internet of things. To achieve this, businesses should be selecting modular communications solutions that are interoperable with other technologies and vendor brands, and open to hybrid installations. They should provide for integration with future innovations by selecting solutions that have application programming interfaces (APIs) and software development kits (SDKs). Additional features can also be acquired in CPaaS.

To develop a robust UC&C deployment strategy, organizations must have a vision of the future. That said, it is legitimate to ask similar questions of solutions providers: How will your portfolio integrate future innovations into the ecosystem? How open to integration are your solutions? What security measures do you offer for increasingly complex deployments?

Recommendations

In IDC's opinion, too many "deaths" have been foretold in the UC&C ecosystem. While this is certainly a dynamic market, change is taking place gradually rather than being triggered by sudden terminal events. Therefore, we advise businesses to prepare a future-oriented strategy that defines where they need their communications capabilities to be in two, three, or five years' time, and which then specifies how to get there. IDC's key recommendations for such a strategy are:

- Let business priorities drive your technology decisions, not the other way around.

- Set the right basis for your UC&C projects with security and compliance groundwork.

Although organizations should adopt a calm, step-by-step approach to developing their UC&C capabilities, there is no time to waste. It would be a mistake to freeze for the next couple of months or even years, waiting for the perfect solution to arrive — as it never will.

- Work with a partner that can support your migration to cloud and offers a variety of hybrid deployments.

- One size does not fit all; support all relevant users among employees, business partners, and customers.

- Innovation does not stop today or tomorrow; do not stop evolving and remain open to future innovation.

We believe that cloud services will be increasingly important in providing the agility and rapid innovation that businesses need. According to IDC research, while the worldwide market for on-premises UC&C equipment and software is set to post a negative compound annual growth rate (CAGR) of 5.1% over the 2017–2021 period, the as-a-service segment will record a CAGR of 14.4% during the same time.

Although organizations should adopt a calm, step-by-step approach to developing their UC&C capabilities, there is no time to waste. It would be a mistake to freeze for the next couple of months or even years, waiting for the perfect solution to arrive — as it never will. The business communications and collaboration market will keep evolving, and businesses must continue their digital transformation journeys. This is the most compelling reason for your business to develop a UC&C adoption strategy.

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