Operators should use their strength in the voice market to differentiate their unified communications solutions

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The adoption of unified communications (UC) services among businesses accelerated rapidly during the early part of 2020. Network operators have an opportunity to take advantage of this growth, but face intense competition from new entrants and over-the-top (OTT) providers.

This article highlights some of the findings from our report, *Operator approaches to unified communications: ten case studies*.

The unified communications market is highly competitive

Operators command a strong position in the UC market. Many core voice services that are bundled with UC solutions have historically been delivered by operators; SIP trunks and data connectivity services from operators are often also crucial to UC service quality.

However, established operators risk being disrupted by more-agile challengers and OTT players. New entrants have already demonstrated their ability to disrupt the voice market; players such as Gamma in the UK took a large share of the SIP trunk market at a time when many established operators were aiming to preserve high-margin ISDN services. Similarly, many smaller operators are now targeting revenue growth from cloud-based UC services as businesses' adoption of such services increases.

OTT UC solutions are often based on the public cloud and their popularity has increased considerably over the past few years. Indeed, the recent growth in the adoption of video-conferencing services such as Zoom and file collaboration tools including Microsoft Teams and Slack is well-documented. Many vendors are extending features and integration with PSTN in order to replicate the voice services delivered by traditional operators, and some are partnering with SD-WAN vendors to improve voice quality. In addition, several UC specialists that have established a presence in North America are now pursuing expansion across Europe, the Middle East and Africa (EMEA) and Asia–Pacific (APAC).

Operators have many different options for portfolio design, but basic voice and conferencing services are usually the starting point

The integration of basic voice and conferencing features, often paired with a specialist contact centre solution, is the starting point for most operators' UC portfolio. Some larger operators are able to extend their portfolio well beyond this to include presence, collaboration and integration with third-party cloud and collaboration services. The provision of analytics and monitoring and professional services support are also key aspects of many operators' portfolios, especially those that are targeting large enterprises.

It is notable that many providers now offer very similar features, despite the large number of players that are active in the UC market. Operators' choice of vendors is also surprisingly narrow, and Cisco and Microsoft Teams command a strong position (Figure 1).

Figure 1: Typical vendor choices, by operator type[1]

	Incumbents	Other multinational operators	Domestic challengers
Cisco	✓	often	✓
PSTN for Microsoft Teams	✓	✓	sometimes
Zoom	sometimes	×	sometimes
Proprietary solution	rare	×	rare
Other vendors	✓	×	sometimes

Source: Analysys Mason, 2020

Several approaches to delivering UC services are possible for operators and large operators often adopt different strategies for different market segments. These approaches are closely linked to the vendor choices identified in Figure 1.

- **A complete managed UC solution that is fully integrated with PSTN.** This approach is typically aimed at large enterprises or those with complex communications needs. It provides a broad UC portfolio that is often supported by professional services and custom implementations. Cisco's HCS and Broadworks products, paired with its Webex portfolio, are a popular technology choice for this. Close integration with PSTN services across multiple countries and support for hybrid on-premises/cloud deployments helps operators to differentiate from similar services provided direct from UC vendors. This approach can deliver a lot of value because it addresses a large portion of the UC value chain, but only the largest operators possess the scale and global network capabilities that are necessary to execute it well.

- **A voice-centric solution with some UC features.** This approach is typically aimed at small and mid-market enterprises with simpler needs, though it also includes those that require contact centre solutions. Cisco Broadworks is the most popular technology choice, though some operators including Comcast, Verizon and Windstream have either developed or acquired proprietary solutions. This approach is suitable for a broad range of operators because it enables them to address the core needs of existing voice customers as they migrate to cloud solutions, and facilitates an opportunity to upsell new features and solutions as they are developed.

- **PSTN integration support for third-party UC services.** This is a common approach for operators that wish to support businesses' adoption of Microsoft Teams, but could also apply to other UC solutions. PSTN calling plans are available directly from Microsoft Teams, but their availability and pricing flexibility is very limited. Most major incumbents and multinational operators supply direct routing for Microsoft Teams via a Microsoft-certified session border controller, which enables them to offer enterprises global PSTN integration and flexible pricing. This approach delivers limited value for operators, but is a pragmatic solution to the growing popularity of Microsoft Teams and its displacement of Cisco-based solutions within certain enterprises. It is also a good fit with the strategy of operators such as Colt that focus on connectivity and voice services rather than managed solutions.

1 Not all operators profiled fit this pattern exactly. Details of the vendor choices for individual operators are provided in our report, *Operator approaches to unified communications: ten case studies*.

- **Resale of third-party UC services as a complementary service to voice solutions.** Some domestic challengers offer the resale of third-party UC services (without PSTN integration) to complement their own voice solutions. For example, Vocus in Australia offers Zoom's video-conferencing service alongside its cloud-PBX offering and Virgin Media in the UK has recently announced a partnership with 8x8. Many incumbents, including Orange and Telefónica, as well as more-established alternative operators such as FastWeb in Italy, also offer support for multiple UC vendors in order to address the diverse needs of their broad customer base. Operators can either offer a simple resale service or can support it with custom integrations for large enterprises. This approach delivers the least value for operators, but can help to retain voice customers and requires limited investment.

Operators should use their strength in the traditional voice market to differentiate their UC solutions

The bulk of operators' UC revenue typically comes from voice services, and the integration of UC with PSTN services forms a key point of differentiation from many OTT solutions. Operators could exploit this more by further developing fixed–mobile integration, support for mobile workers and integrated call centre capabilities. For many, this may be a wiser investment than seeking to replicate all the advanced features and functions that are offered by specialist UC providers.