



UCaaS Buyers Guide

Success requires matching the appropriate solution with critical business needs

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Executive Summary

The Unified Communications as a Service (UCaaS) market has exploded in recent years with new entrants, partnerships, and the rapid shift of traditional on-premises UC providers to the cloud. Buyers today face a dizzying set of choices and must ensure that they select the right solution that best matches their current and anticipated needs to ensure success.

For many companies, adoption of UCaaS corresponds with the lowest annual operating expense compared to on-premises and hybrid platforms, and offers potential to improve productivity and achieve increases in revenue.

IT and business leaders should:

- Investigate the potential of UCaaS to deliver demonstrable business value and return on investment
- Evaluate partners whose capabilities, features, and support offerings best align with need
- Consider options that allow for preservation of existing endpoints
- Determine opportunities to leverage APIs and custom integrations to deliver additional business value by optimizing workflows and enabling delivery of new features
- Plan for UC and contact center integration to realize maximum return on investment.

The State of the UCaaS Market

Unified Communications-as-a-Service (UCaaS) adoption has more than doubled over the last three years as organizations realize the benefits of migrating an often-disparate mix of on-premises and cloud-based applications to a single, unified platform providing calling, meetings, team messaging, and in some cases, contact center. By the end of 2020, we project that 23.0% of organizations will have adopted it, with the highest levels of adoption within the small-medium business market.

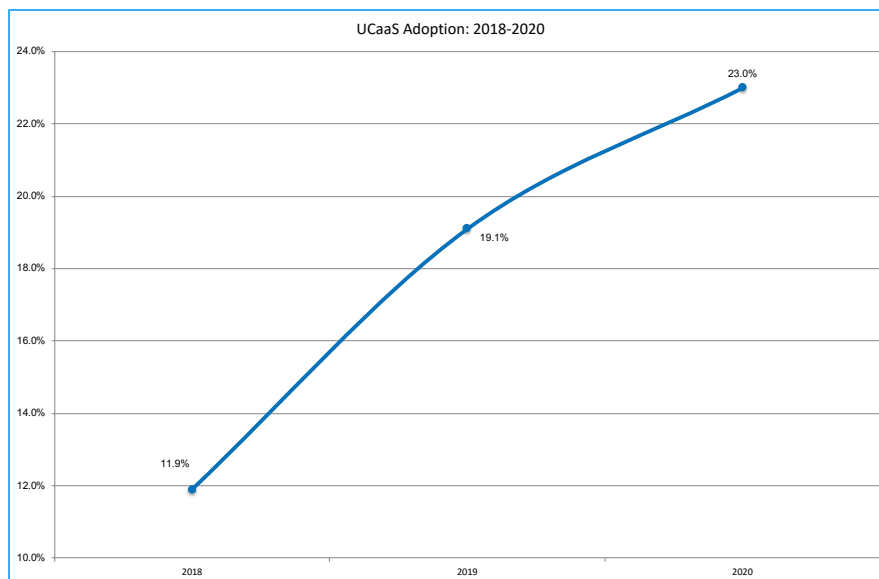


Figure 1: UCaaS Adoption: 2018-2020

UCaaS adoption is likely to grow even faster as a result of the pandemic-driven shift to work-from-home. Almost 65% of the 528 companies benchmarked for Metrigy's *Visual Communications and Collaboration: 2020-21* noted that the pandemic has made them more likely to use cloud services. Key drivers for this shift include:

- Leveraging cloud to scale UC deployments to home workers
- Opportunities to reduce operating costs
- Faster access to new features, such as video conferencing and AI-powered meeting enhancements
- The ability to only pay for licenses needed at a specific time, and to scale and up and down as necessary

UCaaS features including video meetings and team collaboration lead the biggest spending growth areas for 2021.

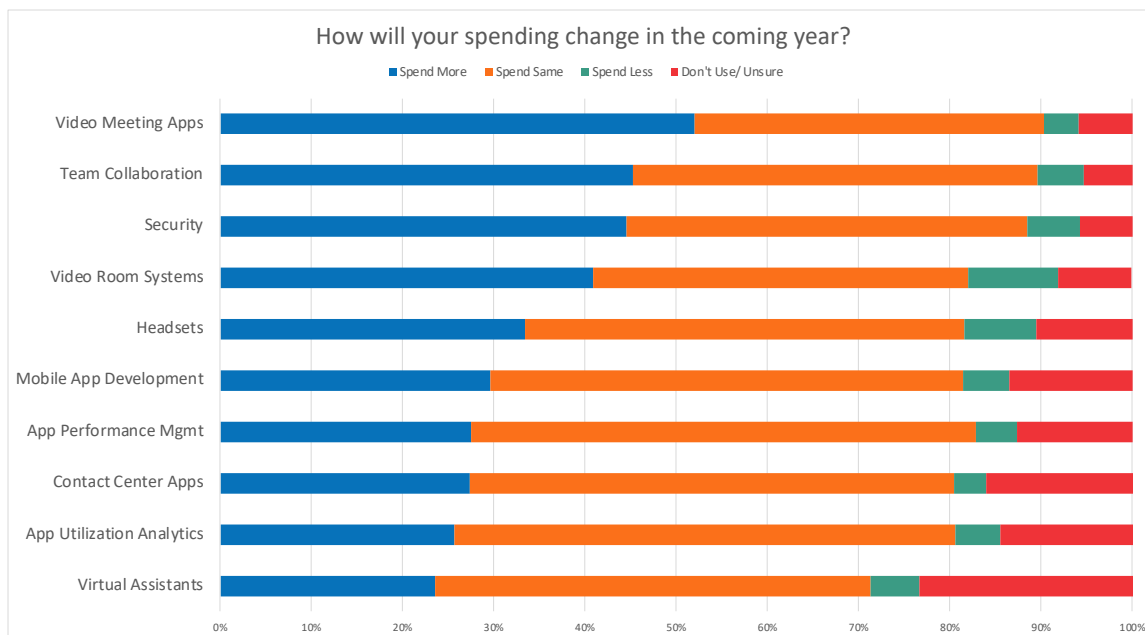


Figure 2: How will your spending change in the coming year?

Achieving Success

The approaches that IT and business leaders have used to measure benefits of their UC investments have shifted over the last several years from IT-focused metrics, such as uptime, performance, and quality of experience, to measurements of user adoption and utilization, to more recently, return on investment and demonstrable business value. Those responsible for collaboration investment and strategy want to know if their new capabilities delivered tangible success in terms of reducing operating costs, improving productivity, and generating revenue. In addition, they want to ensure that collaboration investments minimize risk.

Cost Savings

Cost Savings are derived from reducing the cost, in terms of licensing, staffing, hardware, third-party management services, equipment maintenance, and power, necessary to maintain on-premises platforms. More than 56% of those adopting UCaaS report identifiable cost savings with an average annual reduction of \$304 per-user, per-year, compared to on-premises calling platforms.

Productivity Improvements

UCaaS can improve organizational efficiencies by increasing the ability of remote and in-office workers to collaborate. Specific examples uncovered in our research include:

- Using video conferencing to reduce meeting time and improve the ability to make decisions, share content, and ideate during meetings
- Leveraging team messaging to enable employees to quickly communicate to solve problems, address tasks, resolve customer inquiries or support sales activities

- Integrating external application data into team spaces allowing participants to obtain data from, interact with, and collaborate around apps such as CRM, HR, and ERP
- Creating contextual workflows within team spaces to accelerate repeatable processes, including onboarding and offboarding of employees, conducting software testing, and completing required training
- Enabling better support for remote workers to improve productivity regardless of location
- Delivering integrated experiences that unify calling, team messaging, meeting, and in some cases, contact-center technologies to reduce or eliminate switching between differing modes of communications while maintaining conversation context.

By shortening repeatable processes as well as improving the speed of day-to-day operations, employees can reduce time spent chasing information, and improve overall organizational agility. Almost 55% of UCaaS adopters report associated productivity improvements with an average gain of 22.9%.

Revenue Increases

UCaaS offers the potential to generate new revenue by not only improving the ability of sales people to respond to opportunities, but also to enable them to leverage improved forms of customer engagements. For example, one research participant measured more than 20% increase in close rates for sales personnel who used video conferencing to engage with prospects. Additional revenue opportunities come from the delivery of new services leveraging UCaaS features, or APIs that allow integration of UCaaS features with other applications. Important examples since the start of the pandemic include telemedicine and distance learning services.

Among our research participants, 27.3% report increasing revenue through the use of UCaaS with an average gain of \$3,794 per-year.

Selecting the Right Vendor

The UCaaS market is a crowded one with dozens of providers competing for a slice of the ever-growing pie. Selecting the right provider means carefully evaluating key differentiators to determine which best align with buyer need. Examples include support for transition from existing environment; endpoint capabilities; features; external collaboration capabilities; service and support options; enterprise app integration; contact center and customer engagement capabilities; and cost considerations.

Support for Transition from Existing Environment

Most organizations don't come to UCaaS from greenfield environments. Rather, they currently operate a mix of on-premises and cloud apps, often newly acquired to meet the immediate needs of a workforce that almost overnight largely shifted to home. Buyers should carefully evaluate the capabilities of UCaaS providers to provide seamless transition from old to new,

including porting of phone numbers, minimizing downtime, building application integrations, supporting E911 call location management and routing requirements, and establishing and implementing appropriate security policies. Providers that deliver managed services, either direct or through partners, typically offer a broader array of migration and on-going support capabilities.

Endpoint Capabilities

Almost all providers today offer software apps for desktop and mobile, as well as their own, or partner-provided telephones, headsets, and video endpoints. Providers do differ in their ability to support existing endpoint devices such as IP phones. Organizations can potentially reduce their initial implementation cost (if buying phones) or ongoing costs (if leasing them) if they are able to use existing devices with their new UCaaS provider.

Features

Common among UCaaS providers are calling features that include PSTN connectivity. Providers differ on the additional integrated capabilities they provide including:

- Team messaging providing for contextual collaboration and application integration
- Video-enabled meetings
- AI-enabled features including meeting transcription, audio and video enhancements, and personal virtual assistants for managing calls and meeting.

External Collaboration Capabilities

As workers shift from email to team collaboration as their primary work-hub, many still rely on email for external communications and collaboration. UCaaS providers enabling support for external participants within team channels deliver additional value, especially when team spaces also provide for file storage integration

Service and Support Options

UCaaS providers either sell direct, through partners, or via a combination of approaches depending on customer size and complexity. Service and support options may range from day-to-day performance management and troubleshooting, to full-service implementation, integration, and security management.

Enterprise App Integration

Most UCaaS providers offer some level of APIs to enable integration of UCaaS features into other applications, such as allowing for placing of calls from within a CRM application, integration of calling into office productivity applications like Google Workspace or Microsoft 365, or the feeding of business intelligence data into team channels. Some even offer APIs that customers can use to create their own customized applications, workflows, or call routing. Beyond enterprise app integration, providers differ in their ability to offer developer resources ranging from code libraries, to developer assistance, to customized development services.

Contact Center and Customer Engagement Features

Contact center features including call distribution and queuing for inbound and outbound calling, as well as advanced contact center capabilities such as omnichannel customer engagement, reporting, analytics, and AI-powered inbound call routing. Some providers offer integration with separate on-premises or Contact Center-as-a-Service (CCaaS) platforms. Integration of contact center and UC correlates with overall success in terms of above average return on investment and/or productivity gains. (Please see Figure 3.)

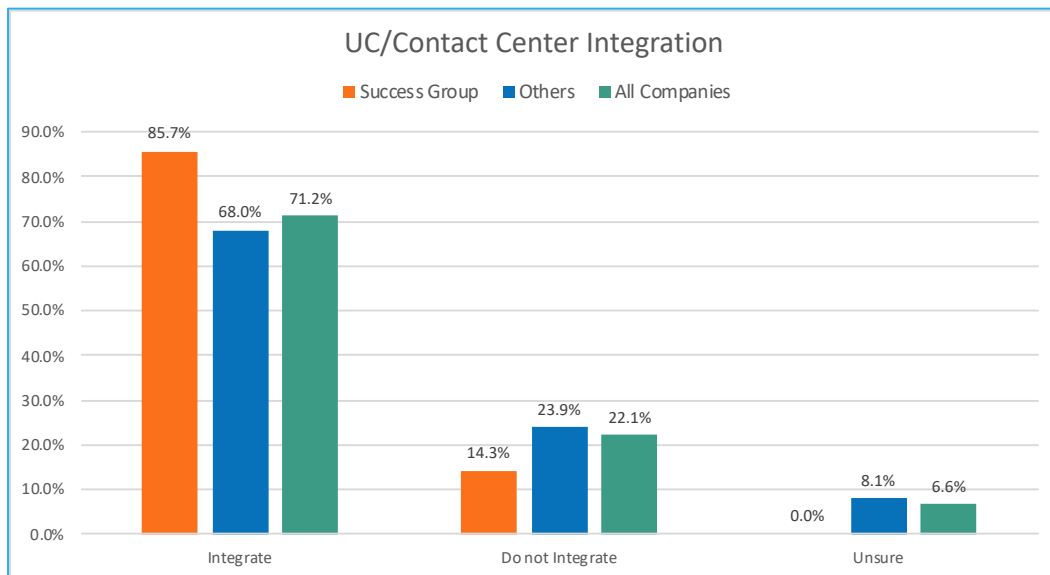


Figure 3: UC/Contact Center Integration

Cost Considerations

As noted earlier, a key driver for adopting UCaaS is the potential to reduce costs compared to operating an on-premises platform. In terms of operational costs (licensing + staffing), UCaaS provides the lowest expense compared with on-premises and hybrid architectures (Please see Figure 4) though for larger roll-outs (>1,000 seats), UCaaS costs are typically initially higher over the first two years during transition.

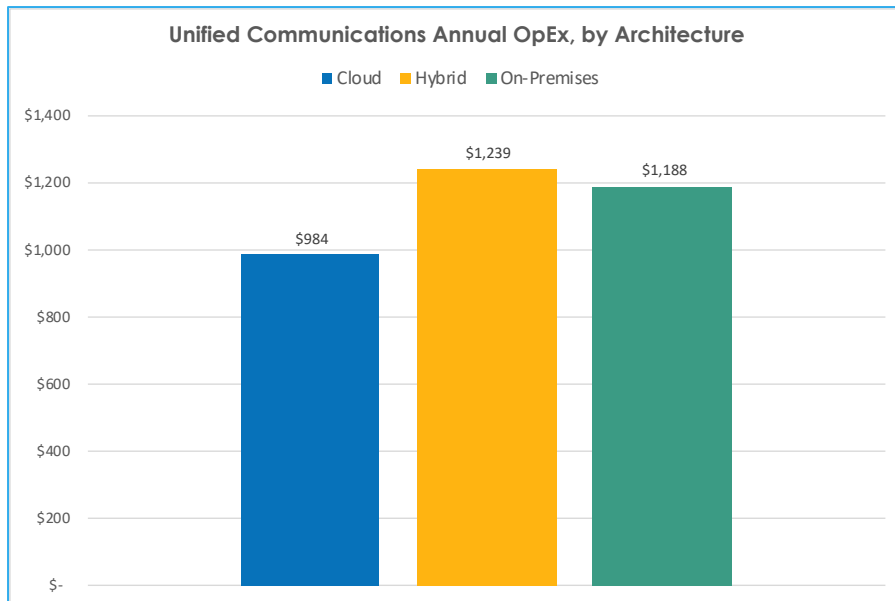


Figure 4: UC Annual OpEx, by Architecture

Conclusion

UCaaS is gaining market share thanks to its ability to reduce costs, improve productivity, and increase revenue. Organizations considering adopting UCaaS have a variety of options and considerations to evaluate to select the ideal partner. IT and business leaders should:

- Investigate the potential of UCaaS to deliver demonstrable business value and return on investment
- Evaluate partners who capabilities, features, and support offerings best align with need
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- Determine opportunities to leverage APIs and custom integrations to deliver additional business value by optimizing workflows and enabling delivery of new features
- Plan for UC and contact center integration to realize maximum return on investment.

ABOUT METRIGY: Metrigy is an innovative research firm focusing on the rapidly changing areas of Unified Communications & Collaboration (UCC), digital workplace, digital transformation, and Customer Experience (CX)/contact center—along with several related technologies. Metrigy delivers strategic guidance and informative content, backed by primary research metrics and analysis, for technology providers and enterprise organizations.