FROST & SULLIVAN

Business Cloud Communications

The Cornerstone of Digital Transformation

50 Years of Growth, Innovation and Leadership

INTRODUCTION

Technology is at the core of nearly every business today, and the best companies leverage technological innovation to create new opportunities and even new markets for themselves. To compete, organizations of all sizes and in all industries are undertaking digital transformation efforts to streamline business processes and improve business agility. Digital transformation is the process of using digital technologies, including advanced communications, to remove cumbersome obstacles to growth that have built up in an organization over time. Digital transformation initiatives aim to position businesses to not only better serve their existing customers, but also develop the capacity and capabilities to capitalize on new opportunities and markets. By rethinking and reimagining every step in the customer journey, from initial engagement through customer lifecycle management, businesses across the board are finding ways to leverage technology to improve or speed up the work they do.

As solutions vendors and services providers revamp their portfolios and strategies, and restructure their organizations to more effectively address customer concerns and objectives, the business communications market is also undergoing a profound transformation. Powerful, cloud-based communication and collaboration tools deliver unprecedented possibilities to connect with colleagues, customers, and partners. Frost & Sullivan believes that effective business communications, tightly integrated with core business workflows and applications, are fundamental to the success of every company. While this fact should encourage businesses to make communications a focal point of their digital transformation efforts, communications solutions are frequently overlooked when businesses launch their transformation projects.

This paper highlights key areas where an organization's communications strategy intersects with its digital transformation efforts, as well as the benefits that communications transformation will bring to businesses. This paper also identifies the key factors to consider when evaluating cloud communications providers.

COMMUNICATIONS TRANSFORMATION DRIVES BUSINESS PRODUCTIVITY

The invention of the telephone was, in many ways, the first digital transformation for businesses, as it fundamentally reimagined how organizations conducted business. For decades, the phone was the preferred means of communicating with internal teams, suppliers, vendors, and most importantly, customers. However, the evolution of the business phone system has been relatively slow. On-premises communication infrastructure, from the PBX system itself to the phones on users' desks, has remained isolated and independently supported from the rest of the mission-critical business applications and services. Enterprise voice communications were driven by a relatively simple deployment model: telecommunications services connecting to private branch exchange (PBX) platforms, audio conferencing bridges and other premises-based solutions. It has only been in recent years that data-centric communications services, such as instant messaging and presence, as well as video and web conferencing, coalesced with voice communications to form the unified communications (UC) applications stack with the goal of delivering a common set of communications tools to business users. When an organization deploys UC solutions, business users see almost immediate benefits. By connecting all business locations and users on a common platform, UC solutions foster more seamless communication among employees by enabling communication in the modality in which users are most comfortable. Users can chat over instant messaging or team collaboration tools, or escalate to real-time voice, video or web as needed. UC, as a set of integrated tools, has been proven to foster greater collaboration and faster decision making within organizations that deploy it.

While businesses have already seen the benefits of deploying UC applications and platforms, the nature of on-premises UC platform deployments can still represent a challenge in digital transformation efforts. Developed under traditional software deployment models, most on-premises platforms receive quarterly or annual updates published by the software vendor and deployed by the organization's IT staff, creating a significant backlog and slowing innovation.

Cloud-based UC services, or unified communications as a service (UCaaS), can offer a compelling alternative to on-premises platforms and are often well-positioned to be the best fit for organizations undertaking digital transformation. With a cloud service, software and application updates are managed by a service provider that can deliver a nearly continuous stream of innovation to business customers. Through agile development processes, these updates occur every couple of weeks, rather than every quarter, typically without the involvement of the business's IT staff, allowing the team to focus on other transformational projects. An organization gains the best of all worlds by leveraging UCaaS: an enhanced communications and collaboration experience for users, a service provider that is committed to continuous innovation, and an IT staff with time to work on other digital transformation projects.

UCaaS also delivers significant benefits compared to on-premises UC platforms in terms of integration. To assist businesses that struggle with integrating UC applications into business software and end-user workflows, cloud UC providers offer simplified processes to plug their communications services into the most popular business applications for a given market vertical. With UCaaS, businesses can quickly and easily enable click-to-call features, capture detailed call records and customer interactions, and ultimately make communications part of a user's daily workflow, rather than an activity that occurs outside of it.

For more complex business application integrations, forward-thinking service providers have launched communications platform as a service (CPaaS) solutions alongside their UCaaS offerings. Frost & Sullivan defines CPaaS as any cloud-based platform that enables developers to programmatically embed voice, video, chat and messaging services within their business or consumer applications. In the case of cloud UC service providers, CPaaS provides application programming interfaces (API) for the provider's core communications services, including, but not limited to, voice calling and short message service (SMS) messaging. Understanding the need for even tighter integration, a few service providers are unifying their UCaaS and CPaaS offerings to enable, for example, CPaaS-level application access to UCaaS resources, such as the user's business number, predefined hunt groups, and location-specific details.

As businesses undertake digital transformation efforts, many will see the value in leveraging a wholly formed communications cloud that incorporates both UCaaS and CPaaS capabilities. Frost & Sullivan defines a communications cloud as a purpose-built, high-quality network, married to a full suite of unified communications applications and communications APIs. Ultimately, Frost & Sullivan believes that communications services that include all three elements of the communications cloud will be well positioned to best improve employee productivity and collaboration, accelerate decision making, and automate business workflows.

COMMUNICATIONS TRANSFORMATION IS THE FOUNDATION OF DIGITAL TRANSFORMATION

To push towards the ultimate goal of digital transformation, business communications must be tightly integrated with the business applications that employees use daily when implementing a consolidated unified communications and collaboration solution that can increase employee productivity and business agility. Revenue growth, driven by customer satisfaction and loyalty, as well as customer relationship management (CRM), enterprise resource planning (ERP), and vertically focused solutions – such as those for practice management applications in markets like legal and healthcare – can gain an added level of context and engagement when paired with an organization's communications services.

Understanding the link between the use of advanced communications and overall digital transformation efforts is best seen in real-world scenarios, as follows:

HEALTHCARE

Innovative healthcare services now frequently leverage mobile applications and text messaging or SMS services to communicate with patients, send appointment reminders and notify patients of prescriptions. This interaction can go beyond notification, as the combined platforms can even ask the patient to confirm the reminder or accept the appointment. Machine-to-person interactions spare both the patient and the medical office staff the manual and time-consuming process of delivering phone reminders. In addition, when a patient does have to call in to schedule an appointment or simply ask a question, the communications platform identifies the caller to the business, enabling the office staff to automatically have full visibility into the patient's health and appointment history. This improves the time-to-issue resolution for the patient, the staff's efficiency, and their ability to handle more calls.

Retail

Establishing a strong relationship with shoppers is a critical factor in the success of today's retailers, as is creating a friendly experience inside the store. A communications transformation can help retailers achieve both. Technology-savvy retailers are integrating communications platforms with their customer management systems and loyalty programs to deliver personalized, targeted marketing and promotional campaigns directly to customers via SMS. In addition, by leveraging SMS and other collaboration tools, in-store staff or contact center agents can more effectively address customer questions or concerns, escalate issues to managers, or even better coordinate work schedules to ensure proper coverage.

Legal

For law firms, regardless of size, every interaction with a client is a billable opportunity but one that is often bogged down by manual logs and data entry. A communications cloud that is integrated with the firm's billing application can automate this process, associating every inbound and outbound call with the specific client. Furthermore, UCaaS enables the firm's staff to stay connected and reachable, whether in the office or on the way to court. In addition, law firms can leverage machine-to-person interactions with SMS reminders to ensure that clients are kept abreast of approaching deadlines or scheduled meetings.

A tight integration between cloud-based UCaaS/CPaaS services and the organization's chosen business applications can drive these types of positive business outcomes in nearly every vertical market or industry and within businesses of any size or organization structure. As such, it is incumbent on businesses to carefully consider their existing communications infrastructure and services as a particular area of emphasis when undertaking digital transformation efforts.

COMMUNICATIONS TRANSFORMATION AS A COMPETITIVE ADVANTAGE

It is clear that consumers are embracing personal communications technologies in their daily lives. Along with traditional calling, most of us rely on a wide range of consumer-friendly applications and technologies, including SMS text messaging, third-party messaging apps, social media and video chat apps, to connect with friends, family, and work colleagues. Consumers, particularly the Millennial generation, have become increasingly comfortable being "on camera" and engaging in virtual face-to-face interactions. In this context, it is not surprising to find that customers and prospects are increasingly gravitating toward businesses that connect and communicate with them in ways that are most comfortable and convenient for them. No longer content with calling into a contact center or emailing, customers are seeking rich and contextual interactions via corporate websites, online chat (with audio or video capabilities), as well as social media and messaging platforms. Most business customers are using myriad technologies to interact with companies, including smartphones, tablets, and social media, as well as more traditional telephony, desktop hardware and web browsers. Increasingly, technology-savvy customers, rather than the business, are dictating the modality in which they engage. Businesses seeking to improve customer loyalty and satisfaction are beginning to acknowledge the shortcomings in both their current UC solutions and business processes.

Businesses that continue to rely on legacy PBX and traditional telecommunications services are at a disadvantage in an increasingly competitive and global marketplace. These companies are missing out on opportunities to create richer, more personalized and more meaningful connections with customers and partners. On-premises unified communications platforms and legacy PBX systems were never designed to support today's highly dynamic business landscape, which will only continue to evolve. With dedicated network interfaces and infrastructure, hardware PBX are often static solutions, deployed to the

exact requirements at that moment and eventually only address "lowest common denominator" needs. While often highly reliable, these platforms are rarely updated and left with little room for expanding beyond their core capabilities. Similarly, on-premises UC platforms, despite being largely software-driven, follow a traditional application model focused on internal vendor roadmaps and priorities, making innovation a constant challenge.

Many businesses, service providers, and on-premises UC vendors were caught off guard as customers gravitated toward new modalities, such as Facebook Messenger, WhatsApp and iMessage. Service providers that offer CPaaS solutions, however, quickly added messaging capabilities from these sources, enabling their business customers to become first movers in terms of expanded customer engagement. It is clear that a communications cloud that delivers CPaaS-driven APIs alongside UCaaS applications offers tight integrations to business applications and customer interactions, thus addressing specific business needs today while laying the foundation for the future.

UBIQUITOUS CONNECTIVITY SUPPORTS TRANSITION AND BEYOND

A key value proposition of cloud-based UC services is the ability to provide high-quality voice, video and web services to end users, regardless of the location, device or office environment. This aligns closely with some of the most important aspects of digital transformation—making employees more productive and effective from anywhere. Cloud UC offers centralized management for IT while creating a consistent communications and collaboration experience for business users.

For office-bound workers, the most capable service providers can link their UCaaS solutions closely to a business's high-speed corporate or Multiprotocol Label Switching (MPLS) networks, ensuring a high quality of service (QoS) for mission-critical communications. For remote sites, a few providers offer software-defined wide-area network (SD-WAN) services alongside their UCaaS solution. SD-WAN technologies are a game changer for both providers and the businesses they serve, allowing for a higher level of QoS, reliability and redundancy over more cost-effective broadband access services, rather than costly network services. For businesses, UCaaS delivered over an SD-WAN managed network can match or even exceed the performance and reliability of legacy PBX and telecommunications services.

Highly distributed enterprises are particularly well-positioned to take full advantage of cloud-based UC services. Connecting disparate enterprise locations, remote workers and highly mobile workers to legacy telephony and on-premises UC platforms is a lengthy and cumbersome process. Cloud solutions significantly improve distributed organizations' ability to support mobile and remote workers by eliminating the need to deploy or maintain complex on-premises virtual private network (VPN) or session management infrastructure. Cloud architectures also enable businesses to deliver the right capabilities to various workers and teams within the organization based on user skill sets and job requirements independent of their physical locations.
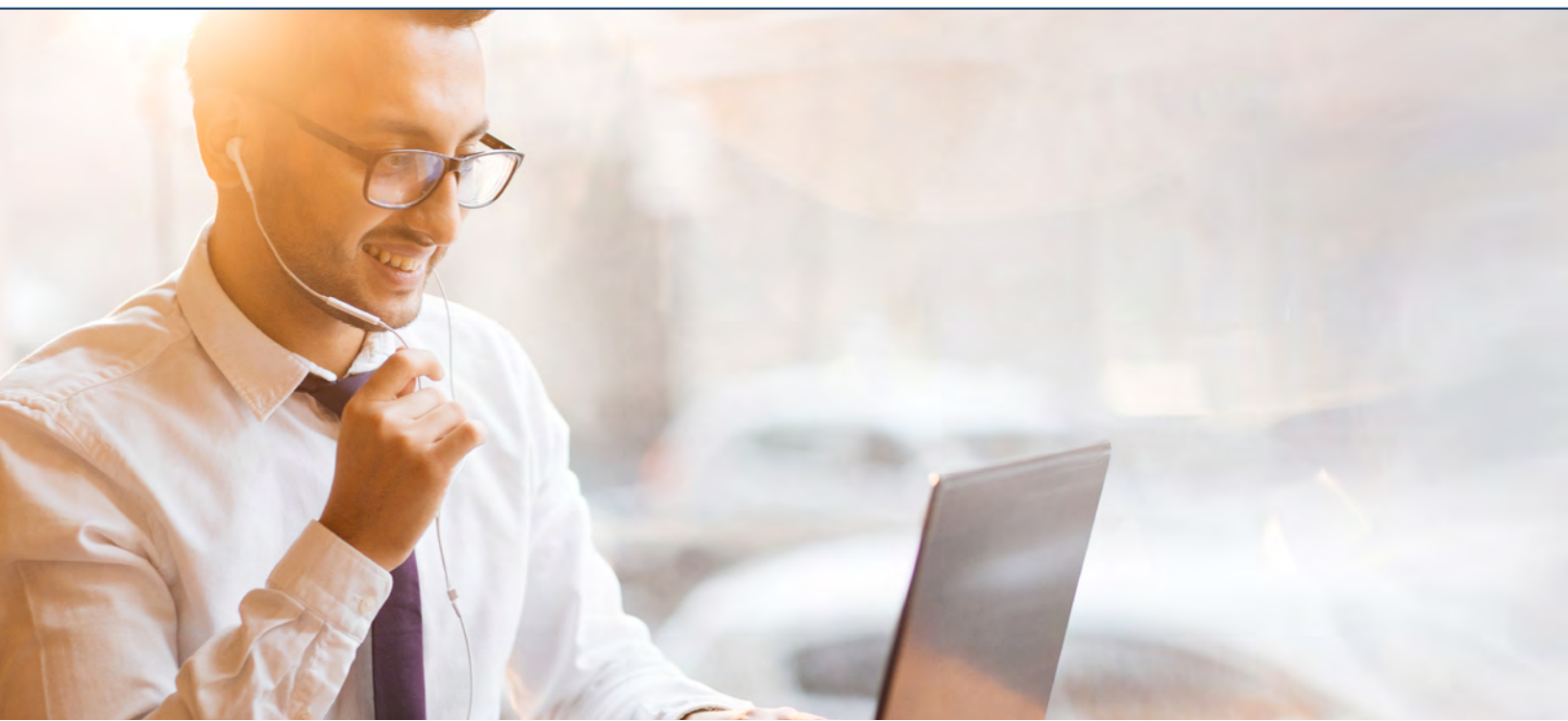
In terms of communications and broader digital transformation efforts, it is also important to understand that most businesses cannot always "flip a switch" to enable a new communications platform for all users but may instead have to take a phased approach, moving offices or users in stages, while simultaneously also managing the existing communications infrastructure through the transition. It is incumbent upon service providers to offer customers transitional communications services. For example, a forward-thinking service provider should be able to support users on legacy PBX and UC platforms not ready for migration to cloud by offering session initiation protocol (SIP) trunking services to link the legacy platform or application with the communications cloud.

The benefits of this are two-fold. First, providing a bridge to these platforms allows a business to take advantage of a consistent dial plan and a similar pricing structure throughout the organization. In addition, transition services allow business users to migrate over to the cloud UC set of services as an overlay to their current platform. Users on legacy platforms can take advantage of instant messaging, conferencing, and other collaboration tools right away, while moving their telephony and voice services over time. Ultimately, transition services can remove some of the obstacles that may stand in the way of businesses achieving the benefits of communications and data transformation.

Furthermore, for some businesses, it may not be feasible or cost-effective to replace portions or even their entire existing communications infrastructure, which may appear to be a showstopper in terms of digital transformation. For example, not all cloud UC providers offer support for legacy systems such as FAX, overhead paging solutions, or even some analog or digital enhanced cordless telecommunications (DECT) wireless phones. While digital transformation efforts focus on rethinking business processes, it does not mean abandoning the workflows and technologies that are still effective and delivering value. In this way, businesses engaging with cloud UC service providers must ensure that the provider can adapt to the organization's way of doing work, not the other way around.

Some cloud service providers can even take it to the next level. By leveraging their integrated CPaaS offers, a cloud provider can overlay a highly programmable communications service layer on top of a business's legacy communications infrastructure. This approach allows customers to achieve some of the advantages of communications transformation, including automated call distribution and workflows, SMS messaging, etc., even if they are bound to legacy infrastructure due to budget or other challenges that make a retrofit or "rip and replace" not possible.

CONCLUSION

Understanding how businesses communicate internally, as well as with customers, suppliers and partners, is a critical but often overlooked element when planning productivity improvements or seeking new growth opportunities. It is for this reason that Frost & Sullivan suggests that businesses embark on a communications transformation as part of broader digital transformation efforts by partnering with best-of-breed providers who have embraced game-changing technologies across UCaaS and CPaaS. The evaluation and selection process is critically important for communications transformation success, as few providers can deliver robust UCaaS capabilities and innovative CPaaS solutions to drive greater value for the business and, ultimately, better business outcomes. Finding the right communications cloud provider that can deliver the desired benefits in terms of communication, collaboration and support is the first step in realizing the value of digital transformation.

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