



Business Communications Market Primer

5 Essentials for Success to Grow Beyond Telecom

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Introduction

Chances are that telephony has been the center of your communications universe for as long as you can remember. You're not alone, and this still holds true for the vast majority of small-to-medium businesses, and even large enterprises. However, even with just a bit of research, or simply watching your kids, it's easy to see that lots of changes are underway. Many are taking place faster than you may realize, and you need to keep pace, not just to understand the new technologies, but to make your business more productive.

More than ever, communications is a competitive driver, and to take advantage, you need a vision that goes beyond telecom. The landscape is much broader today, and this primer has been prepared to give you a practical overview of communications technologies as well as the essentials you'll need to successfully bring them into your business.

As a starting point, this primer will outline the various modes that define today's business communications landscape, as well as the delivery models used to provide them. This sets the stage for further considerations around how these modes should actually be deployed in your business, from which value proposition scenarios can be developed. After reviewing these scenarios, the primer will then summarize the key vendors across these modes, and conclude with a checklist analysis of five essentials you need to address in order to grow beyond conventional telephony.

In addition to the hosted services included in this guide, numerous solutions exist to self-host this technology on-premises. Increasingly, web conferencing is part of integrated solution associated with unified communications or other business applications. For example, Salesforce.com and Broadsoft recently acquired web conferencing vendors to bolster their offerings. Several unified communications vendors include web conferencing in their portfolios. This report focuses on stand-alone service providers offering web conferencing which generally includes capabilities for online meetings, webinars, and audio communications.

Communications Definitions

There are two basic elements that define communications in a business environment, and together they define the value propositions offered by the various vendors. Each element is evolving in its own way, and to make decisions that go beyond telephony, you need to understand how these paths are unfolding.

Communications Modes

The three core modes are voice, data and video, but within each, several variations exist.

Voice

Telephony has long been the mode of choice in business, and will remain so, even as it continues to evolve. The desk phone has typically defined voice, and in most businesses this takes the form of either a PBX (private branch exchange) or a KTS (key telephony system). Both are switched solutions, meaning that all lines and extensions are managed from a centralized system. These systems are highly efficient and reliable, but operate independently from other communications modes in the workplace.

With the advent of IP (Internet protocol), these foundations began to shift, with the most important change being the ability to route voice calls over the same network used for the other modes – data and video. This gave rise to IP telephony, which is now the basis for most all new installations or replacements of legacy-based systems that have reached end-of-life.

All of these variations are for fixed line telephony, which is still the norm throughout the office. Increasingly, however, fixed line voice has had to share time with wireless telephony, which is gaining momentum for a variety of reasons. Mobility is practically ubiquitous, and as cell phones give way to smartphones, employees are doing more business talking here than ever before.

Yet another option for voice is the softphone, which replicates the desk phone experience on a PC. This may not be the best choice at the office, but in many ways is the next best thing for remote locations, especially when traveling. Other PC-based variations of voice exist, but these will be mentioned in the next section.

The main point here is that voice takes many forms in a business environment, and even though desk phones are dominant, they are losing ground to these other alternatives. They all need to be considered when thinking about how best to deploy voice in the world of IP-based communications.

Data

This refers primarily to text-based modes that traverse the data network. Email would certainly be the most popular, and after voice, is the most important communications tool. Aside from being efficient, easy to use and very low cost, IT likes email because it consumes relatively little bandwidth. In terms of drawbacks, however, the sheer volume of messages - including spam - is the main concern, but that does not seem to discourage everyday use. More important is the fact that email is not real-time, so it is not ideal for urgent communication.

IP-based communications has given rise to other data modes that address that concern, with chat, text and instant messaging (IM) being the most popular. The tradeoff with these is having real-time contact, but only for short, informal text-based sessions. These forms have long been used with mobile devices, but on a data network, presence gives them great value. Presence is the ability to share your online availability status with others on the network, which ensures more direct contact in real-time. This is a defining characteristic of IP-based communications, and IM is really just the starting point. Many IP-based communications platform support other modes that are presence-enabled, namely voice (VoIP), video and file sharing.

Video

There are two basic forms of video, personal and group-based. Like telephony, video has historically been in its own world, separate from other modes and dependent on complex technology. Advances in IP have changed all that, and today video is much more accessible for all employees and not just executive management. Video is the most engaging of all modes, and as more people become comfortable with it, demand will keep growing.

This is especially true for personal video, which is typically used on a PC. Newer models have built-in webcams, and for older models, adding an external camera is easy to do. One-to-one video is very intuitive and not much different than making a phone call. As smartphones and tablets gain traction in the office, they will also serve as endpoints for video sessions.

Group-based video is more structured, and often requires planning to ensure everyone is available and has access to video-enabled devices. These sessions often take place in conference rooms where people can gather and participate via a large screen that everyone can see. At this level, video systems can be very costly, especially when an immersive experience is desired. This usually means high definition (HD) audio and video, both of which require considerable bandwidth. The experience, however, is very impressive, and is ideal for high impact situations such as sales presentations, product demonstrations, new launches, shareholder meetings, etc.

Communications Delivery Models

Two basic delivery models exist for business communications – premise-based and hosted.

Premise-based

This is the dominant mode for both conventional and IP-based modes, and works very well for businesses that prefer to own and operate their own equipment. In this environment, the communications infrastructure is located on-premise, and the network is managed by IT. This is especially common in large enterprises, where they have the means to support an IT staff.

Prior to the advent of IP, telephony systems were hardware-based, capitalized assets, where ownership was the norm. As all modes of communication become more software-based – voice, data and video – the rationale for premise-based becomes less certain, giving rise to alternate delivery models.

Hosted

This is the most common term for the second delivery model, with “managed services” and “cloud” also being widely used. Each term is a bit different, and none are well understood in the business marketplace. The technical differences are beyond the scope of this primer, and the focus here is on the overall importance of this model and how it compares to premise-based solutions.

In the hosted model, IT takes a smaller role in both managing the network as well as having to own equipment. With so many communications modes becoming software-based, it is becoming practical now to offer them on a hosted or virtualized basis. In this model, the vendor and/or service provider hosts the services and the business simply consumes them. As such, communications shifts from a product to a service.

This model is especially attractive to SMBs, who typically have limited IT resources, and could previously not afford legacy solutions. With hosted, they do not need a high level of IP communications expertise or capital outlay to acquire these capabilities. Now they can compete on a level playing field with large enterprises, and for that reason alone, hosted is attractive. Being an outsourced service, the main drawback is loss of control along with ongoing expense that comes from leasing instead of owning. Given how quickly communications technologies are evolving, the tradeoff is worth it for businesses that want to have the latest solutions.

Value Proposition Scenarios

When considering all these modes and deployment models, the value proposition around business communications becomes more complicated. There are two basic scenarios to consider here – a la carte or integrated – each is outlined below.

Scenario 1 – a la Carte

Building from what you have long done with telephony, voice has had its own value proposition, but that is getting difficult to defend now. In most businesses, voice, video and data are very much a la carte services with their own network silos and cost structures. This has served businesses well, but with so many new, low cost alternatives for all these modes, the overall cost-benefit analysis says otherwise.

So long as you want to manage voice, data and video separately, a la carte makes perfect sense. Your business can perform very well relying on standalone services across the board – IP telephony, mobile applications, video conferencing, audio conferencing, etc. Whether it's convenience, contractual commitments with vendors/operators, or political expediency, the status quo can be maintained, but the economics cannot. If you are willing to move beyond a telecom-centric mindset, a simple math exercise to tally up to total cost of these a la carte services should convince you there is a better way.

Scenario 2 – Integrated

This is the second path, and the more extensively you want to adopt all these IP-based communications modes, the more sense this makes. The key here is to take a holistic view of your environment, and stop thinking about voice, video and data as being in separate spaces. Shifting from TDM to IP is powerful not just for reducing costs, but by providing a common network framework to support all these modes together. Not only do they work more efficiently this way, but IP allows them to work concurrently, providing employees with new capabilities to make them more productive. These gains may be difficult to quantify, but they clearly make for a stronger value proposition.

By sharing network resources across voice, data and video, the integrated value proposition has superior economics to a la carte. Once you start thinking about pooling these services and applications, you gain leverage with vendors and service providers for better pricing and contractual terms. An integrated approach also allows IT to maintain more control over costs and aligning network resources with business-wide needs across all modes.

With an integrated approach, the objective is to define the communications value proposition in terms of the overall benefit to the business. This means looking at three stakeholder groups – end users, management and IT. To do this across all the various modes discussed herein, an integrated model is the way to go.

You can choose to develop your own formula for integrating all the pieces, especially if your needs are pretty basic. However, if you have multiple vendors, technologies and applications to support, the situation will more likely point to some form of a Unified Communications solution. Unified Communications is emerging as a distinct category, which will be fully explored in future papers. For this primer, we will simply note that most vendors in the communications sphere have some form of a UC offering. Vendors understand the appeal of an integrated solution, and your challenge is to determine which one makes the most sense for the business.

Vendor Landscape

Moving beyond telephony entails the full gamut of voice, video and data applications. Taken together, they represent the broader spectrum of IP communications, for which there is a multitude of vendors. To help you understand the landscape, this section summarizes the key vendors for each mode. This should be seen as a starting point, as there are many other vendors in the market, along with adjacent product categories for these modes that may require further exploration. Also note that hosted or cloud-based based voice providers (many of which also offer Unified Communications) are not included, as the list would be extensive, and is not core to the focus of this primer.

Voice Vendors

Wireline IP telephony vendors are the focus here, as they dominate the communications market. These vendors primarily offer IP PBX systems and/or switching infrastructure, and all offer various forms of Unified Communications for a more integrated solution. Adjacent categories for research beyond the scope of this primer include wireless/mobile vendors and voice-based applications such as softphones or Web-based VoIP.

- Aastra
- Adtran
- Avaya
- Cisco
- Mitel
- NEC
- Panasonic
- Polycom
- ShoreTel
- Siemens
- Toshiba

Video Vendors

These vendors either have dedicated video conferencing solutions or provide standalone cloud-based video services that businesses can directly subscribe to.

- BlueJeans
- Cisco (acquired Tandberg)
- Glowpoint
- LifeSize (owned by Logitech)
- Magor
- Polycom
- Vidtel

Data Vendors

In the context of this primer, these would mainly be the software vendors driving the desktop. The core elements to consider would be business applications such as email, a presence-enabled contact directory, and integration with IP communications tools such as chat, VoIP and desktop video.

- Google
- IBM
- Microsoft
- Yahoo!

Essentials Checklist

5 Things not to Miss

Once you have considered the full range of solutions and vendors on the market, some criteria will be needed to guide your decision-making. This is a more complex process than upgrading or replacing a phone system, and you need to think strategically about how the entire business will be impacted. Here is your essentials checklist to get that process started.

Essentials #1 – Honest Assessment of Current Communications Capabilities

This may be harder to do than it looks. To move your business beyond telephony, you need to understand the current state of all the tools being used today, and your assessment needs to be honest. How well is your phone system holding up? Can it manage expected growth over the next few years? What about employee PCs? Can they support desktop video? Is the audio quality sufficient for conference calls? What about your equipment for group calls in the conference room? Are employees doing more communicating on their personal smartphones or tablets? These are just some of the questions you need to ask to determine if the business is adequately equipped to embrace the broader spectrum of IP communications.

Essentials #2 – Proper Network Assessment

You may already have shifted telephony from a voice network over to the LAN. If so, you should have realized some operational efficiencies by now and become acclimatized to running telephony over a data network. Packetized voice only consumes 64 kb of bandwidth, so the impact of VoIP will be minimal. Moving beyond telephony, however, places greater demands on the network, and you'll need to understand the bigger picture. Depending how far you want to go, there may be several new requirements for the network to support, such as multiparty conferencing, video calling, mobile integration, and extending the LAN to new branches or home-based workers. In short, the more real-time applications you layer on with telephony, the greater the demands will be on the network.

Essentials #3 – Evaluate IT’s Value-Add Against Overall Business Plans

The broader you extend IP communications beyond telephony, the greater the impact this will have on the business, and by extension your ability to add value to company performance. To do this, you need full visibility into management's business plans and operational objectives – and from there identify how these new communications capabilities will drive results. This requires IT to play a more strategic role by providing tools that enable employees to work more effectively as opposed to simply operating a network at the lowest possible cost. Ultimately your ability go beyond telephony will be tied to how well management believes this can add value to the business.

Essentials #4 – Align Deployment Plans with Employee Needs

Employees may be the most important stakeholder group since they are the ones using these tools. To get the most from IP communications, you need a bottom-up approach where the needs of end users dictate what you deploy. There is no point in adding more desk phones if everyone is living on mobility. If you are fixed on a telecom-centric mindset, chances are good you will not be in touch enough to understand how employees really communicate today. This has to change to get beyond telephony.

Essentials #5 – Rethink the Changing Nature of Communications

Voice will always remain central to how we communicate in business, but in the broader world of IP, it is just one of many modes. Equally important is the fact that voice now can be integrated with other modes and used in applications other than telephony. This could be the most essential item in this checklist, as you are really the driver for getting beyond telephony. The more fully you understand how IP communications is evolving, the better able you will be to deploy solutions that can transform the business as opposed to just making it run a little more efficiently.

Conclusion

The key message from this primer is that IP communications is diverse and constantly changing. If IP PBX is your idea of a complete system, you are not serving your employer's best interests. With today's technologies, communications is as much a proactive activity as it is reactive. This adds value in new ways, as it enables employees to be more responsive, collaborative and engaged – whether at their desk, walking to a meeting, on the road, at a customer site or even from home. Just as IP communications is evolving, so too is the nature of work, and they impact each other in fundamental ways.

Once you get past the notion that the above realities cannot be addressed with telephony alone, you will be ready to embrace the richer path of IP communications. You will need a broader vision and deeper skill set, but both are within your reach. This primer represents a good starting point, upon which you can add deeper knowledge from our more specialized guides which will be published in the coming months.

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