50 Years of Growth, Innovation and Leadership

Learn How Modern Businesses are Thriving with the Cloud

Selecting the Right UCaaS Solution in a Crowded Market

A Frost & Sullivan Executive Brief

FROST *&* SULLIVAN

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INTRODUCTION

Company leaders in all industries are looking to cloud-based software subscription services to address constant pressures to reduce costs, enhance operational efficiencies and improve employee productivity. Cloud services have become a mainstream technology deployment and consumption model as companies can:

- Rapidly access advanced capabilities with minimal CAPEX.
- Avoid the risks of technology obsolescence.
- Outsource complexities of ownership and operation to expert providers.
- Re-allocate internal IT resources to more strategic priorities.
- Receive predictable invoicing; quickly scale up/down.
- Access a more frequent cadence of enhancements delivered from the cloud.
- Remotely manage systems and users.

Cloud-based unified communications-as-a-service (UCaaS) is proving popular for the benefits mentioned above. UCaaS represents a marked departure from yesterday's premises-based business "phone system" that provided only basic voice calling with a handful of call handling features (extension dialing, hold, park, transfer, etc.), voicemail and audio conferencing. In contrast, UCaaS delivers not only enhanced voice capabilities, but also instant messaging (IM) and presence management, PC/Mac and mobile soft clients, graphical operator console, video calling, multimedia conferencing, integrated voice/email/fax messaging, personal and group call routing, rich analytics, customizable reporting, and much more.
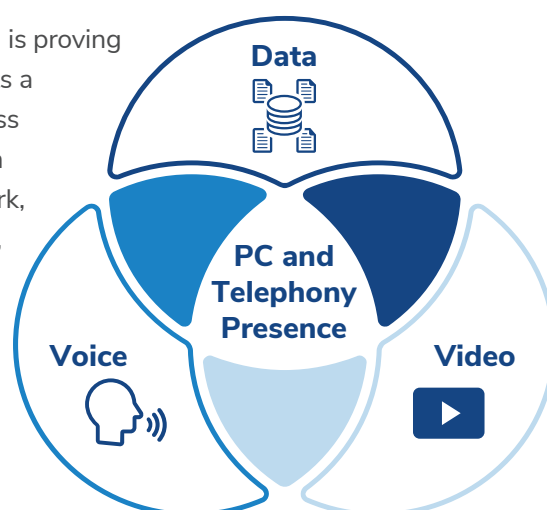
The transformational impact on employee productivity, business agility and operational efficiencies is driving end-user organizations of all stripes to adopt UCaaS.

Frost & Sullivan research shows:
- **In 2018, there were 24 million installed UCaaS users in North America**
- **SMBs accounted for 72% of installed users in 2018**
- **Total installed users will grow by 18% to reach 77 million in 2025**

Strong UCaaS growth potential is compelling an expansive variety of providers and solutions to enter the market. In North America alone there are already more than 150 solutions available. The vastness of choices can make finding the best fit a daunting task. This white paper discusses trends in the UCaaS market and how business decision-makers can narrow their options to find the best provider and solution for their current and future needs.

UCAAS VALUE PROPOSITION

Frost & Sullivan research shows that the top technology investment drivers and restraints are often shared by organizations of all sizes and industries.

Exhibits 1 and 2 below outline the findings of a 2019 Frost & Sullivan survey of 1,636 IT decision-makers worldwide.

EXHIBIT 1: TOP 3 GOALS
WITH TECHNOLOGY INVESTMENTS BY BUSINESS SIZE, GLOBAL, 2019-2020

10-99 employees	100-499 employees
49.2% Improving operational efficiencies	**42.6%** Improving operational efficiencies
43.2% Improving customer experience and satisfaction	**42.8%** Improving customer experience and satisfaction
31.9% Launching new products and services	**33.9%** Enhancing sales and marketing effectiveness

EXHIBIT 2: TOP 3 CHALLENGES
FOR IT/TELECOM DEPARTMENTS BY BUSINESS SIZE, GLOBAL, 2020-2021

10-99 employees	100-499 employees
38.4% Dealing with security concerns	**42.8%** Dealing with security concerns
33.0% Skills shortage; training requirements	**33.4%** Systems integration; managing multi-vendor solutions
29.2% Ensuring network stability and reliability	**32.9%** Ensuring network stability and reliability

UCaaS solutions are well-positioned to satisfy the requirements of most small and mid-size businesses (SMB). Outsourcing communications services significantly reduces the workload for internal support staff, leverages the provider's established security framework, and entrusts an expert technology partner to ensure the communications network's reliability and stability. However, every end-user organization has unique needs, priorities, challenges and expectations in their technology posture—one size does not fit all.

UCAAS LANDSCAPE OVERVIEW

Because of the commonality of baseline requirements, the standard functionality and support available with many UCaaS offerings appears similar. However, prospective buyers must perform their due diligence and investigate at a deeper level. In particular, solutions can easily be evaluated, compared and contrasted in the following areas:

▶ **Infrastructure:** All service providers source their UCaaS infrastructure one of two ways—build or buy. Providers who rely on third parties to supply infrastructure (application servers, processors, etc.) leverage the expertise, technology and marketing resources of developer partners and respective partner ecosystems. Providers that build their own infrastructure have more autonomy over development direction and innovation as they incorporate feedback received directly from customers and partners.

▶ **Access:** There are two types of hosted IP telephony and UCaaS solutions from an access point of view: over-the-top (OTT) solutions utilizing the public internet and managed hosted solutions delivered over private lines. In both scenarios, internet connectivity is of utmost importance as the literal lifeline to cloud services access. It's imperative to ensure the internet service provider offers the bandwidth needed to support delivery of cloud-based, real-time communications applications. The current North American UCaaS installed user base is near equally split between the two access options.

▶ **Applications:** Private branch exchange (PBX), IM and presence, voicemail and auto attendant as well as centralized management capabilities are standard with most UCaaS offerings. Enhanced mobility, web/videoconferencing and contact center are often available for additional cost. All UCaaS solutions integrate with office productivity (e.g., Microsoft Outlook), customer relationship management (e.g., Salesforce, Zendesk) and other business software to automate processes, add context to conversations, enhance employee productivity, and improve customer service.

▶ **Licensing:** Because of the many applications integrated into UCaaS, most providers now bundle functionality to address differing user personas (task, knowledge, power user; executive; campus roamer; road warrior; operator; etc.). In addition to simplifying the quoting, purchasing and provisioning processes, bundles are typically offered at as much as 30% less than the sum of each app purchased separately. Certain providers include line extensions, soft clients and mobile access in their bundles, while other providers charge additional fees. A-la-carte licensing is often still available from many providers, although not typically offered early in sales engagements.

▶ **Endpoints:** Support for a range of desktop voice over IP (VoIP) phones with various functionality (e.g., speaker, HD voice, Bluetooth, embedded browser, color display, touch screen, etc.) and price points is prevalent. Certain providers only support select phone brands whereas others offer more flexibility, including a broader selection of brands and lease terms for phones. Phones can often auto-provision (extension, location, user ID and policies, etc.) when connected to UCaaS. Many providers source phones from third parties. Others develop their own and support third-party phones, with the former supporting a richer feature set through tighter UCaaS solution integration. PC/Mac and mobile soft clients provide access to full UC functions (e.g., contacts, click-to-call/video/conference, call logs, integrated email/fax/ voicemail, IM and presence, etc.) from a single user interface. Certain solutions do not natively support analog devices (fax, paging, door phones, etc.).

▶ **Security and Reliability:** In step with solution maturation, UCaaS security and reliability continue to improve. Most providers offer a minimum of 99.99% uptime, measured over 12 months. Best-in-class providers support 99.999% uptime or only 5.26 downtime minutes per year. Providers leverage mechanisms such as data center and server redundancy, failover to PSTN, intelligent routing and more to ensure uptime. Security policies such as user and admin authentication (TLS), single sign-on (SSO) to endpoints, and media encryption (SRTP, data) are prevalent. Network security best practices include toll-fraud and packet-intrusion prevention, network address traversal (NAT), and more.

> " Most providers offer a minimum of 99.99% uptime, measured over 12 months. Best-in-class providers support 99.999% uptime or only 5.26 downtime minutes per year.

▶ **Minutes of Use:** Providers offer several options for calling minutes. The most popular are unlimited and metered calling plans. Unlimited is a good choice for businesses with high call volumes and those that prefer predictable monthly billing. Metered plans provide a set price per minute per line, with rates varying for toll versus toll-free calls. Contract terms including minutes are typically one to three years or month to month.

SOLUTION SPOTLIGHT: SANGOMA SWITCHVOX CLOUD

[Sangoma](#) believes that choosing a cloud-based solution does not mean you have to sacrifice the features or flexibility of a full-scale unified communications solution. Sangoma's hosted phone service delivers the customer experience businesses demand at an affordable price point. Businesses that subscribe to Sangoma Switchvox Cloud get a full contact center, mobility, call control, and productivity included with every user for the same price. Sangoma utilizes the same software code for both its proven on-premises Switchvox UC platform and successful Switchvox Cloud UCaaS offering. Functionality across the two is essentially the same. In support of its UC portfolio, Sangoma also offers a wide range of its own voice over IP (VoIP) infrastructure technology, including SIP trunking connectivity and fax services, IP phones, networking interconnection products, and other telephony hardware.

In the fast-evolving and dynamic UCaaS industry, Sangoma presents a series of highly differentiated attributes and capabilities:

- ▶ Sangoma brings **30 years of experience and stability** in the business communications space to support its customers and partners, whereas many competitors are inexperienced start-ups or crossovers from other markets (e.g., IT or networking services).

- ▶ **Sangoma is in charge of its own destiny.** Switchvox Cloud leverages technology produced internally and with the support of its large ecosystem of developers. In comparison to competitors relying on third-party infrastructure, Sangoma has greater control over development priorities and can more flexibly incorporate customer and partner feedback.

- ▶ With a portfolio spanning services-oriented software and hardware platforms, gateways, security products, IP phones, and more, Sangoma offers the convenience of a **one-stop shop for customers and partners**, ensures tight integration among its solutions and is accountable for the entire service support lifecycle.

- ▶ Switchvox Cloud delivers **a competitive applications set** that is optimized for workflows established by successful SMBs. Anchored by the Switchboard soft client interface, users and workgroups can customize their environments for ease of use and productivity with access to multimedia calling, personalized routing, group call queues, IM and presence management, integrated messaging, conferencing, contextual call details through CRM and business app integration, and more.

- ▶ Sangoma's licensing approach for Switchvox Cloud is **affordable, simple and future-proof**. Priced well under US market average, each licensed user receives access to all system features. There is no need to mix and match from a licensing perspective—users simply provision the capabilities they need today or features can be activated at any time in the future.

- ▶ Switchvox Cloud supports **best-in-class 99.999% uptime**. Sangoma offers customers and partners US-based 24x7 support and monitoring of all systems—capabilities many providers cannot claim. The company's data center infrastructure leverages high-availability architecture with redundant network equipment, servers, data and carrier connectivity, cooling and power systems, and storage network.

FINDING YOUR BEST FIT

The UCaaS market is entering a new stage as technologies and business models mature, and as customer awareness of cloud solution benefits, in general, and the UCaaS value proposition, in particular, grows.

Frost & Sullivan end-user surveys in 2019 found that 33% have implemented cloud-based enterprise IP telephony and 38% plan to do so in the next two years. Inaction puts your company at risk of falling behind competitors that are becoming more productive, efficient and agile in response to changing market conditions and customer demands.

The time is now to double down on your due diligence and rigorous assessment to ensure your selected solution and provider are the right fit for your business and specific growth objectives.

- Choose a provider with a strong focus on the SMB sector, right-fit and proven technology, a secure and reliable UCaaS offering, extensive UC market experience, a broad solutions portfolio and a robust network.

- Note that large telcos with extensive portfolios can offer one-stop shopping to businesses looking to deploy UCaaS, but often fail to provide sustained attention to address SMB implementation and lifecycle support requirements.

- Recognize big brands such as Amazon and Google, which only recently launched UCaaS, may be unable to provide the complete feature set required by progressive companies.

- Look for uncomplicated licensing that enables you to know exactly what you're getting, to future-proof investments and that doesn't force you to compromise cost versus functionality.

- Understand flashy UCaaS "bells and whistles" only deliver limited results unless backed by excellent service performance. Providers must present evidence of their service uptime, resilience and scalability metrics in addition to their software development prowess.

- Know that poorly coordinated technology deployments create silos of users, teams or sites that restrain ROI. Communications upgrades must be part of a holistic vision accounting for IT staff, executives, line-of-business leaders and user requirements.

- Plan technology investments to avoid the security and cost issues related to "shadow IT" and enable more centralized—and thus more cost-effective—solution and vendor management.

ABOUT SANGOMA

Founded in 1984 and headquartered in Toronto, Canada, Sangoma is a leading voice and Unified Communications (UC) solution provider and the primary sponsor and developer of Asterisk, the world's most widely used open-source communications solution. The company has cultivated over 1.5 million deployments in support of 35 million endpoints globally. Sangoma believes organizations can achieve greater levels of success by having access to powerful, affordable communications solutions from a reliable partner and that building tomorrow's solutions will help the world to connect and collaborate in new ways.

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