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UC&C solutions are at the cusp of a transformation, increasingly turning into end-to-end integrated offerings developed via strong partnership ecosystems and interoperability. The companies that put together the most secure, reliable, and innovative solutions will thrive in this return-to-work era.

The Future of Work Is Hybrid — Enabled by Integrated and Secure UC&C Solutions Built on Strong Partnership Ecosystems

October 2023

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Introduction

Employee experience has long been a top priority for businesses across industries. However, post-pandemic, organizations worldwide have displayed a renewed focus on employee experience, as organizational leadership along with their IT functions strive to improve and deliver new employee experiences for enhanced collaboration and productivity in the remote setup. The days when work was largely confined to the office or the field are long gone, and communications between employees (and even customers) are not restricted to voice-based channels anymore. Today, it is far more common for one out of every two employees to be working part of their day or week outside of the traditional office environment. The enterprise fabric is now inherently hybrid, driving the need for robust multichannel communications over cloud, including voice calling, audio/video/web conferencing, and messaging. Complete with features such as presence and collaboration tools, AI capabilities are moving beyond the hype and imaginary use cases to real, value-driving deployment in cloud-based unified communications and collaboration (UC&C) solutions. As such, UC&C solutions are increasingly capable of driving new and significant productivity and collaboration benefits throughout today's hybrid work environments.

AT A GLANCE

KEY STATS

- » The UC&C market is now purely driven by cloud-based calling, collaboration, and conferencing solutions.
- » Unified communications as a service (UCaaS) and UC collaboration collectively account for 89% of the UC&C market, and both are expected to grow steadily at a 7% CAGR for 2023-2027.

WHAT'S IMPORTANT

» Forming strong partnerships is necessary to effectively deliver end-to-end UC&C solutions underpinned by security and innovation.

KEY TAKEAWAY

» Customers must choose vendors that are capable of continuous innovation and enhancements through integration with new capabilities, whether built in-house or plugged in via external partners. In this Spotlight, we discuss how IT and business leadership should evaluate and select the right UC&C solution for their organization. With a decision-making framework that is grounded in what businesses prioritize based on their experiences and vision for UC&C operational and strategic impacts, we aim to make the selection process clearer and more streamlined.

Definitions

UC&C and UCaaS are defined as follows:

- >> Unified communications and collaboration is an integrated UC/UCaaS and UC collaboration solution, wherein UC collaboration applications comprises software- and services-based solutions for conferencing (audio, video, and web), messaging (voice messaging [VM], unified messaging [UM], instant messaging [IM], and chat), presence, team messaging, and team collaboration. These solutions enable groups of people to work together by sharing collaborative data and processes.
- >> Unified communications as a service combines advanced internet protocol (IP) telephony calling and management, unified messaging (email, fax, and voice messaging combined), audio/video/web conferencing, team chat, instant messaging, and pervasive presence management and awareness — all accessible through a common user interface (UI) on desktop and mobile devices using voice or tactile controls. UC solutions are designed to provide a way of delivering, managing, and supporting all the various types of IP communications that an organization or individual requires in both horizontal and vertical industry business processes and applications.

The UC&C market is also made up of videoconferencing systems and IP phones as well as other solution parts and services. The components of UC&C as defined by IDC are further discussed in *IDC's Worldwide Unified Communications and Collaboration Taxonomy, 2023* (IDC #US50517323, April 2023).

Cloud Voice, Conferencing, and Collaboration Are Driving the Majority of Customer Spending in the UC&C Market

According to IDC's Worldwide Quarterly Unified Communications and Collaboration Tracker, the UC&C market is growing on the back of cloud-based UCaaS and UC collaboration solutions that offer integrated calling and collaboration features across mobile, personal, and workplace devices. Worldwide UC&C revenue is expected to grow 8.2% year over year (YoY) to \$64.2 billion in 2023, driven by strong growth in these segments, while the hardware-based and premises-based IP PBX and videoconferencing systems will witness continued decline.

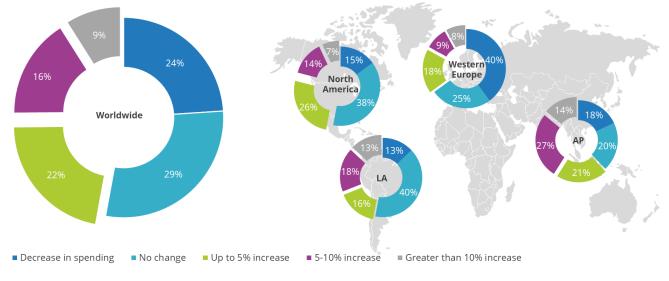
The rise in demand for UC&C services was catapulted, unsurprisingly, by the pandemic, which turned hybrid work from an optional good-to-have capability to a necessity. Now, it is an essential and basic expectation from employees all over the world. Businesses demand seamless connectivity in every physical space — whether at home, in the office, or on the go — and across channels and devices with easy switching. This need for seamless omni-channel connectivity will lead the future growth in the market as it stabilizes to single-digit annual growth rates.

According to IDC's January 2023 *Future Enterprise Resiliency and Spending Survey, Wave 12*, nearly half (47%) of the enterprises worldwide plan to increase spending on UCaaS services in 2023 (see Figure 1). Employee productivity, external communications with customers, and hybrid work are the top factors influencing investment in UC&C solutions, according to IDC's August 2022 *U.S. Enterprise Communications Services Survey*.



FIGURE 1: UCaaS Spending Plans

Q Compared with your organization's final spending in 2022, how is your organization's planned 2023 spending on connectivity services purchased from service providers changing?



n = 1,032 worldwide (North America: 354; Western Europe: 200; AP: 370; and LA: 108) Source: IDC's Future Enterprise Resiliency and Spending Survey, Wave 12, January 2023

Evolving Hybrid Work Expectations Demand UCaaS Solutions with Integrated Voice and Collaboration Environments for Enhanced Flexibility, Productivity, and Employee Experience

Solutions in the UC&C market are now integrated in ways that elevate the value to businesses. Cloud-based communications such as telephony, conferencing, audio-visual meetings, and instant messaging leverage broader UCaaS and collaboration features such as presence, screen sharing, whiteboarding, file sharing, collaborative authoring, and other brainstorming tools. These solutions can enable seamless device- and network-agnostic connectivity, and all the vendors are unanimously focused on cloud as the way forward to drive the next phase of productivity and collaboration.

In addition, UC&C providers increasingly emphasize intuitive administrative platform features that centralize usage data for employees and devices, providing insights that further optimize the UC&C solution. Such integrated, end-to-end UC&C solutions provide the following key benefits to admins:

- » Streamlined management and issue resolution with a single point of contact for customers
- » Centralized visibility into all the pieces of the solution for easier monitoring and control
- » Faster transitions to upgrades and new capabilities



Partnerships and Interoperability Have Taken Center Stage in the Pursuit of Superior User Experiences

Traditionally, the procurement function at businesses would typically prefer using providers that had the in-house capability to deliver the end-to-end communication needs of their employees and customers. However, with the fast pace at which technology has evolved over the past few years, particularly post-pandemic, the market dynamics have changed and no single organization can keep up with the in-house development of the varied capabilities desired by users. Now, even the leading end-to-end, in-house solution providers have turned to partnerships to survive and/or thrive in the market.

Today, businesses are better off leveraging the core competencies of different vendors that integrate with each other seamlessly and still make it feel like a centralized, in-house, end-to-end offering. For instance, Zoom and Microsoft Teams offer a comprehensive range of hardware devices via partners to facilitate meetings in the traditional workplace meeting rooms, in addition to remote collaboration across mobile and desktop devices. On the other hand, traditionally hardware-focused Cisco, which has already developed a strong cloud-based offering in Webex, is still partnering with the likes of Microsoft to deepen its market presence. Leveraging these partnership ecosystems enables businesses to not only facilitate collaboration across all remote and workplace settings and devices but also gain timely access to innovative capabilities (e.g., Al-based enhancements) that help improve employee (or customer) experience.

Truly unified experiences are agnostic of devices, workplace settings, user types, and interaction modes (e.g., chat, voice, video, and screen/file sharing). With such a level of integration, enterprises can potentially achieve a faster return on investment (ROI) and improved performance on communication quality metrics.

The Complexity of Navigating the Return to the Office Is Bigger Than Anticipated for Most Organizations

The ways of working have transformed irreversibly. What was driven by a necessity is now a basic expectation from employees worldwide. But deep down, it isn't as simple as calling employees in a few days a week and letting them work remotely on the other days of the week. Empty office buildings are pushing companies to move to smaller workspaces, utilize desk booking tools to ensure availability for those who want or need to come to the office, and bring coworking spaces into the mix as well — while still figuring out the best mix of a hybrid model that works for them.

This trend is affecting the design and space allocated for meeting rooms and desks, the purchase decisions for office equipment for those desks and meeting rooms, and consequently, the budgets that organizations allocate toward these efforts. There are no right or wrong options anymore; it all comes down to landing on an optimized hybrid model that best encapsulates an organization's cultural, technical, financial, and business needs. It starts with understanding what employees want, objectively defining the business need for employees to be in office versus covering for their needs at home, and then creating a physical workplace that has enough to offer while achieving high utilization rates.



Security and Compliance Continue to Be Top Priorities for Customers

With each passing year, the number of security incidents that businesses face continues to grow. Despite concerns of a recession and a slowdown in the global economy, "security, risk, and compliance" continues to be the area of investment that is the most immune to budget reductions, according to IDC's June 2023 *Future Enterprise Resiliency and Spending Survey.* Responding to the market need for continuously advancing security measures, vendors are striving to strengthen their security and compliance services with new initiatives.

Presently, most companies are deploying AI toward this objective. Vendors are increasingly taking a security-first, zero trust approach to inherently integrate security features in UC&C solutions to help prevent fraud and spamming and to comply with the GDPR and other regional telecom industry regulations. Users also gain better experiences when a single provider is held accountable for connectivity network-related quality including the security aspects.

AI Is Transforming UC&C Solutions and Driving Increased Productivity

Organizations, IT staff, and employees are increasingly expected to do more with less, particularly during these times of economic and geopolitical uncertainty. This is driving a constant push toward initiatives that make UC&C solutions simpler and more effective.

Recent announcements around AI by Microsoft, Google, Cisco, and other UC&C players have indicated how the future of communications and collaboration at work is likely to shape up, regardless of where the users are located (in or out of the traditional office setting). The future includes the evolution of how meetings are conducted and processed and how users collaborate pre-and post-meeting, all with benefits to employee productivity and experience as well as to customer experience. The major AI capabilities showcased by UC&C companies, so far, include live language translations, automated transcriptions, and the creation of meeting notes or summaries, email drafts, documents, graphical presentations, and tables in office productivity applications. UC&C companies with their own large language models (LLMs) are expected to drive innovation in the area of AI.

Through these new ways of accessing, consuming, and analyzing information, organizations will likely witness improved speed and quality in their decision-making processes. Further, new uses cases and scenarios will continue to emerge with advancements in training and processing of AI models.

Managed Services Coupled with a Complete UC&C Solution Deliver More Value

The UC&C ecosystem complete with the growing list of adjacent and integrated technologies can be complicated for buyers to navigate through. From the UC&C perspective, it consists of the following (among others):

- » Telecom companies that provide the core network and connectivity
- » UC&C players with their own specific focus areas such as calling, collaboration, conferencing, and even workspace productivity applications
- » Managed services providers or systems integrators that help simplify the ecosystem by making different components work in tandem
- » Other niche platforms such as collaborative brainstorming tools that help improve productivity and experience



A lot of these players have been encroaching on each other's traditional boundaries during the past decade, which has made it difficult for technology buyers to evaluate the right mix of procurement for UC&C services. However, this healthy competition has turned out to be very beneficial for buyers because it is pushing every player in the ecosystem to innovate as well as integrate better with other providers as they strive to defend their place in the market. This trend led to the emergence of multiple end-to-end UC&C solutions brought together by multiple companies focused on delivering the following benefits:

- » Support throughout the cloud migration process, from assessment to change management to migration to deployment to management to monitoring
- » Unified applications for all collaboration workloads (calling, meeting, messaging, conferencing, content sharing, etc.) as well as applications with specific capabilities (such as calling) that plug in to other applications via APIs
- » The ability to manage multiple UCaaS products
- » The ability to cater to all customer types such as small and medium-sized businesses (SMBs) and global enterprises
- » Seamless connection without voice degradation due to the network infrastructure
- » Enhanced security and compliance
- » Centralized analytics hubs for proactive monitoring and commitment to best-in-class service-level agreements (SLAs)
- » Faster ROI realization through best-in-class adoption and change management tools and practices
- » Business continuity enabled by a fully reliant network infrastructure

In this dynamic market, UC&C providers continue to strive to deliver more capabilities at the best price and in the simplest combination possible to deliver maximum productivity gains. Telcos are well placed to effectively serve customers in this space. According to IDC's August 2022 *U.S. Enterprise Communications Survey*, nearly half of businesses have a telecom service provider or wireless operator as their primary UC&C solution provider (see Figure 2).



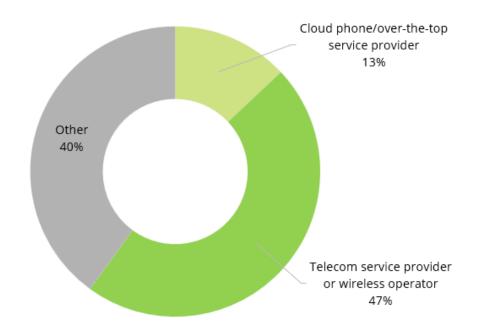


FIGURE 2: Share of Enterprise Users by Their Primary UC&C Solution Provider

n = 574

Base = Respondents that indicated that their organization uses an on-premises/cloud-based or integrated hybrid UC/UC&C solution or currently does not use one but is planning to use

Source: IDC's U.S. Enterprise Communications Survey, August 2022

Considering Tata Communications as an End-to-End UC Solutions Provider

Tata Communications provides cloud, networking, cybersecurity, connectivity, and unified communications solutions globally, in addition to owning and operating a large subsea fiber network. Its UC solutions include GlobalRapide, a UCaaS suite of services.

The company offers employee experience-focused UCaaS solutions such as:

- Cloud voice infrastructure: SIP trunking solutions including hosted, managed, voice over IP (VoIP) calling and bringyour-own-carrier calling to plug into customers' existing UC, conferencing, or contact center platforms
- » UC platforms and applications: For cloud-based messaging, video, voice, and conferencing in partnership with Microsoft Teams and Cisco Webex and via another no-frills, in-house, calling solution called JAMVEE
- Managed services: For end-to-end migration, management, and automation of UCaaS solutions including services such as migration and deployment, monitoring and measurement, endpoint management, and cloud video interoperability services



Tata Communications claims to provide benefits such as quick and easy deployment as an end-to-end services provider, secure and compliant communication networks, and smooth user experience through better voice quality and faster network resolutions. It also deploys AI for fraud prevention in its <u>Global SIP Connect</u> offering as a part of the GlobalRapide solution. The company addresses customer needs in a contextual and market-driven manner through a well-laid-out partner strategy.

IDC interviewed a customer of GlobalRapide who stated that the major benefit of adopting this solution has been the ability to be independent of buildings. Now, their employees can take a phone call from wherever they are, which the business sees as a great step forward, considering that 92% of its workforce works remotely. Further, after the adoption of the GlobalRapide solution, the customer witnessed enhanced "operational resilience," which resulted in "increased customer satisfaction."

Challenges

Businesses are rapidly adopting new and enhanced solutions to meet their employees' needs for communication and collaboration across hybrid work settings. Tata Communications faces the growing challenge of not only strengthening its ecosystem of UC&C partners but also communicating the value and expertise it brings with its managed services portfolio to effectively reach out to customers.

IDC believes that Tata Communications can leverage its infrastructural strengths (e.g., its subsea fiber network) along with its brand name and wide global presence to form closer partnerships with not only the existing associates such as Microsoft and Cisco but also other leading players in different regions and geographies. With AI capabilities about to transform the UC&C space, it's key that Tata Communications gets a foot in the door through its existing partners and adds on more unique capabilities to attract potential customers. Rapid innovation is essential for Tata Communications to make a space for itself in this market.

Conclusion

The UC&C market is headed toward an inflexion point with upcoming AI capabilities and the convergence of the ecosystem through strategic partnerships enabling secure end-to-end solutions.

In these times, the companies that innovate well and form valuable partnerships are the ones that will be able to deliver on customers' needs effectively. Often, buyers will even see competitors coming together to serve the market, focusing solely on delivering value to the customer.

As far as AI innovation is concerned, the UC&C companies that own and operate their own LLMs are expected to drive innovation, while other providers will have to rely on the former or independent LLM developers to create or plug in AI capabilities. However, The companies that innovate well and form valuable partnerships are the ones that will be able to deliver on customers' needs effectively.

buyers don't just want new shiny capabilities. They want reliable, secure, and always available communications that improve employee experience (and thus customer experience).

To deliver on that expectation, UC&C players can be expected to build themselves into trusted partners that are available when needed, have the strengths to resolve security and networking issues, and are future proofed with continuous innovation.



About the Analysts



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Denise Lund is a research vice president on IDC's Worldwide Telecom team. Her research focuses on advanced communications services including VoIP and UCaaS. She provides coverage of voice communications including fixed and legacy voice (local, long distance, and PRI ISDN) and IP voice (hosted VoIP with or without UC, SIP trunking, and IP phone) as well as emerging migration and usage trends that are occurring in the voice market.



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Jitesh Gera is a research manager within IDC's UC&C Continuous Information Service (CIS) research practice. He tracks developments across the UC&C market including conferencing and UC collaboration solutions integrated with unified communications as a service (UCaaS), internet protocol (IP) telephony, including and a broad range of software/SaaS and hardware solutions.

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