

MARKET INSIGHT | TELEPHONY

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Trends in Business Telephony

Mobility, cloud and increasingly fast network speeds will continue to shape telecommunications in the second half of 2014.

For consumers and businesses alike, life is more connected. Always-on is the new norm.

With an insatiable hunger for connectivity, telecommunications is as vital an organ as ever for all Australian businesses. However, the ways in which people and businesses communicate are changing which is having a significant effect on the wired telecommunications.

Australians now place greater importance on constant connectivity and as such, mobile phones are the dominant form of communication. Voice over internet protocol (VoIP) using apps like Skype is an increasingly common choice for long-distance calls, whether you're at home or the office.

Telco changes

Australia's telecommunications service providers are undergoing considerable change and disruption. Traditional revenue streams have been eroded in favour of the widespread adoption of the mobile phone.

Increased competition and the emergence of voice and messaging services using data such as the communication apps Viber, Whatsapp and Apple's iOS-iOS text messaging services has forced Telco's to lower prices and include more offerings to entice consumers.

So while Telstra continues to dominate the overall Australian telecom market, the makeup of its financial results has changed dramatically. In 2013, fixed-line voice accounted for less than 17% of the company's total revenue.

The biggest challenge facing the telecommunications industry is also its biggest opportunity for growth. Consumers and businesses alike are glutens for connectivity and speed. They can't get enough high-bandwidth applications and services such as video and gaming. With declining revenues from traditional services, providers now have a strong incentive to expand further into data and content services.

Unified communications (UC)

Unified Communications has been emerging for years now. Its basic premise is tying telephony together with different communication applications. Unifying voice with e-mail, instant messaging (IM), conferencing and video, enables users to see each other's status and initiate any form of communications via a single application. As such UC promises productivity gains for users, better team collaboration, and increased agility for businesses.

The ultimate aim of UC is to embed communications into business processes to deliver quicker and better decision making, enhance collaboration across geographically diverse teams, and improve overall efficiency in the business process to make the enterprise more agile and competitive.

In the US, according to the results of the annual Information Week State of Unified Communications survey, in the last 12 months 44% of respondents claim to have deployed or have a UC implementation underway.

CIOs have begun to appreciate the benefits of UC and the value of integrating multiple communication applications. Businesses typically take a phased approach, trying a few applications along with upgrading their telephony or messaging infrastructure. Conferencing and collaboration is the most widespread UC application, followed by IM and mobility.

Cloud

Despite the migration to UC in other markets, Australia's IP telephony (IPT) market is firmly anchored on-premise.

According to Gartner principal research analyst, Bjarne Munch, "By far the majority of all deployments today are on-premise. I would even put my head on the block and say it is beyond 90 percent, perhaps even closer to 95 percent."

However, cloud-based delivery provides an opportunity to overcome UC&C upgrade, implementation and integration challenges. Research firm Telsyte believes the cloud delivery model represents the best opportunity for UC to become a mainstream business service. Rodney Gedda, Senior Analyst, Telsyte, says, "As cloud services mature, UC will become much closer to what people expect from business communications, rather than a premium add-on."

Video

Video, they say, is the new voice and it's expected to become far more pervasive, especially among multinational organisations.

Video conferencing is certainly becoming a much more common tool in the workplace. While initially it was expensive and bandwidth-zapping, video conferencing is now much easier and gentler on networks.

As quality improves, prices fall; video conferencing will become a mainstay of office life. While video has not quite replaced voice, desktop video conferencing is growing, primarily to enable distributed workers to join room-based meetings. In addition, desktop video is now an inherent feature in most UC platforms.

Mobility

Not too long ago, the desk phone was indispensable. It was the primary means for your customers, co-workers, friends and family to reach you. It had a few features such as basic calling, transfer, hold, mute, and highly advanced three-way calling.

Today workers are equipped with their smartphones, corporate and personal messaging, Skype, along with any number of collaboration and conferencing tools.

The myriad of communication options open to any business may render the desk phone and its underlying Ethernet infrastructure obsolete. Yet whereas businesses may be actively planning to extend telephony and UC capabilities to mobile users across a range of smartphone and tablet devices, there certainly isn't a stampede. While the ability to eliminate the expensive desktop phone infrastructure is attractive, mobile voice services pose significant obstacles to wireless LAN (WLAN) architecture. Voice quality on wireless services may also be problematic.