



I D C V E N D O R S P O T L I G H T

Enabling Integrated Cloud Solutions for Business

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Adapted from *U.S. Business Hosted IP Voice Services 2013–2017 Forecast* by Amy Lind, IDC #240901

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How businesses communicate is evolving as the enterprise voice market migrates from legacy telephony systems to new integrated IP- and cloud-based solutions. At the same time, growing comfort with cloud delivery models is accelerating business adoption of managed, hosted, and cloud-based communications solutions such as hosted VoIP, unified communications (UC), and UC as a service (UCaaS). Businesses are turning to cloud-based VoIP and UC in an effort to control and reduce costs, manage complexity, increase productivity, and encourage collaboration both internally and externally with suppliers, partners, and others. But for many organizations, VoIP and UC implementations can be complex and challenging to manage; thus, having a cloud-based solution managed by a communications service provider (CSP), a reseller, or some other provider helps remove the complexity and alleviates the need for internal investments in IT staff to manage and maintain the solution. IDC anticipates that business adoption of hosted VoIP and UC solutions will continue to expand as CSPs further ramp up their efforts around marketing, promoting, and expanding the features and functionality available with their hosted VoIP and UCaaS solutions. This Vendor Spotlight examines these trends and discusses the role that Broadview Networks plays in the cloud-based VoIP and UC market.

Introduction

Voice communications have been and will remain an essential aspect of conducting business in today's fast-paced and global environment. But how businesses communicate is evolving from the siloed legacy platforms of old to new integrated IP- and cloud-based solutions. Much of this evolution is being driven by business migration from TDM-based telephony services to emerging VoIP and UC solutions.

Businesses are also redefining how and where their employees work. The proliferation of mobile devices and BYOD, the consumerization of IT, and the increasingly distributed, mobile, and virtual nature of workforces are key drivers of this shift. The growing popularity of video conferencing and social business applications, along with increased demand for integrated cloud-based solutions, is further transforming workflow processes.

In addition, growing comfort with cloud delivery models is accelerating adoption of managed, hosted, and cloud-based communications solutions such as hosted VoIP, UC, and UCaaS. Businesses are turning to cloud-based VoIP and UC solutions in an effort to control and reduce costs, manage complexity, increase productivity, and encourage collaboration both internally and externally with suppliers, partners, and others.

VoIP and UC Trends

The transformation of business voice is well underway. Business adoption of VoIP has expanded dramatically in the past few years as companies seek new ways to reduce costs, decrease complexity, and increase productivity. Voice migration from legacy telephony systems to cloud-based VoIP solutions is also driving adoption as businesses reevaluate their existing solutions and consider the benefits of moving to a cloud-based model.

As a result, hosted or cloud-based VoIP is one of the fastest-growing VoIP segments. Hosted VoIP is a scalable, fully managed hosted or cloud-based IP voice solution that CSPs are marketing primarily to businesses that want the functionalities of a premises-based system without the associated capital expenditure, lease, or management and maintenance costs of an on-premises solution.

Adoption of hosted VoIP has accelerated in the past 12–18 months because such solutions provide measurable cost savings, simplify the delivery and management of communications, and facilitate migration to a converged network. Uptake of hosted VoIP is also expanding because it is often viewed as a key foundation for UC. Many businesses see UC in their future and have begun laying the foundation for implementing it by initially deploying a hosted VoIP solution. In fact, some IT managers are deploying hosted and cloud-based UC or UCaaS not because they believe their users will leverage the advanced features and functionality immediately but because they are able to deploy the solution in a cost-effective manner today, with the realization that the added features and functionality will be there when they are eventually needed.

The popularity of mobility, video, social business, and communications-enabled business applications and processes is also contributing to growing demand for cloud-based solutions that seamlessly integrate UC capabilities with advanced voice capabilities, mobility, collaborative applications, and other cloud services. Businesses are considering how UC can enable new applications, help solve business process challenges, and enable users to communicate and collaborate whenever and wherever they want using any device. However, these applications and services must be easy to deploy and manage as well as intuitive and simple to use.

Over the past few years, CSPs have refined their hosted VoIP and UC solutions and laid the foundation for UCaaS. They did this by integrating unified messaging (email, voice, and fax messaging), IM, conferencing (Web, audio, and video), presence, mobility, and communications-enabled business processes with the underlying advanced telephony and call management capabilities already resident on the hosted VoIP platform.

As a result, the UC delivery and deployment options available to businesses have expanded far beyond the premises-based solutions that dominated the market several years ago and now include managed, hosted, and cloud-based offerings and hybrid solutions. Although enterprises will continue to invest in on-premises solutions, growing comfort with cloud service delivery models, coupled with investments by CSPs in their hosted and cloud-based product portfolios, has led to faster-than-expected uptake of hosted and cloud-based VoIP and UC solutions.

Recent IDC survey data supports the view that hosted and cloud solutions will continue to gain significant traction at the expense of premises-based deployments. Among the organizations surveyed in 2014 that had deployed VoIP, one-third of respondents said they had a hosted VoIP solution, and an additional 29.6% indicated they planned to implement hosted VoIP in the future. Moreover, 41.7% of current UC users said their organization had deployed a premises-based UC solution. Conversely, 61% of respondents planning to implement UC in 2014 said they planned to implement a multitenant hosted/cloud UC or UCaaS solution, compared with 30% of respondents who said that they intended to implement a premises-based UC solution.

The Benefits of Cloud-Based VoIP and UC

Cloud-based solutions are appealing to businesses of all sizes. The primary reason most organizations cite for moving to a hosted or cloud-based VoIP or UC service is that such solutions provide measurable cost savings. Many businesses realize immediate cost savings by outsourcing the management and maintenance of their telephony system as well as by reducing spending on voice calling as a result of efficiencies achieved by moving to IP-based voice. Other benefits include ease of use and management, improved employee productivity and collaboration, and increased feature functionality.

VoIP or UC solutions can be complex and challenging to manage and maintain. Thus, deploying a hosted or cloud-based solution that is fully managed by a CSP, a reseller, or some other provider removes much of the complexity associated with deploying VoIP and UC and alleviates the need for internal investments in IT staff to manage and maintain the solution. Among the main appeals of a cloud-based solution are the benefits of simplification and convergence. Having a solution managed by a CSP simplifies the delivery and management of communications and makes maintenance contracts unnecessary because management is fully outsourced to a secure central location. Other benefits include reducing or eliminating challenges related to dealing with multiple vendors and inefficient service and support processes.

Small and medium-sized businesses (SMBs) in particular benefit from cloud-based VoIP and UC. Adopting technologies and capabilities that traditionally have been limited to larger enterprises can enable SMBs to become more competitive. At the same time, SMBs can avoid costly capital and operational expenses and mitigate the technology obsolescence risks often associated with premises-based solutions.

Survey results support the many drivers of and benefits associated with moving to a hosted or cloud-based solution. Specifically, the top reasons respondents cited for their organization's decision to move to a hosted VoIP solution included cost savings (i.e., reducing opex and voice spend) as well as ease of management and improved productivity. For respondents at organizations that had implemented a hosted/cloud-based UC solution, the key drivers behind the decision were similar, with increased productivity ranked first, followed by cost savings or reducing operational expenses and improving employee collaboration.

Considering Broadview Networks

Broadview Networks is a privately held provider of cloud-based solutions primarily serving SMBs. Broadview offers a suite of cloud services, based on its own software and platform, that leverages the flexibility and scalability of the cloud. Because Broadview's platform is based on a shared, multitenant architecture, it does not require the deployment of premises-based hardware.

The company has experienced rapid growth since its founding in 1996 and believes it has a large untapped opportunity to serve multilocation customers with cloud-based solutions and access services. Broadview currently serves more than 200,000 business users; specifically, within the core SMB segment, the company is aggressively pursuing organizations with 50 to 1,000 employees and/or phones. In December 2013, the company reported \$64 million in cloud revenue and support for more than 200,000 licenses across all channels.

Broadview has a strong local presence in the Northeast. However, with businesses in 49 states currently using the company's flagship solution, OfficeSuite Phone, companies located outside the Northeast region are Broadview's fastest-growing segment. Additionally, even though the majority of Broadview's revenue comes through the retail channel, the company has more than 300 agent partners nationwide. Broadview owns and operates its own advanced converged network based on a redundant fiber-optic backbone. Broadview's offerings include OfficeSuite Phone, a fully integrated,

cloud-based unified phone system; cloud-based data storage and backup; cloud-based servers and desktops; cloud-based HD video and Web conferencing; and private cloud options for hosted datacenter services.

Broadview also offers traditional business and T1 lines, private dedicated circuits with guaranteed quality, and Internet access solutions including cable modem, T1, Ethernet, and fiber. Additionally, the company offers customers multiple ways to connect sites or locations to their phone system. Unlike many of its competitors, Broadview supports customer-provided Internet access (i.e., bring your own bandwidth [BYOB]), which enables customers to mix and match their preferred connection type based on their business needs.

OfficeSuite Phone is designed to be a highly scalable, easy-to-deploy, and easy-to-manage business VoIP phone system that is hosted in the cloud. It requires no capital investment in phones or phone system hardware and no investments in maintenance; upgrades and new features are automatically delivered when they become available. Administrators are able to easily add, change, and customize users and departments as business needs change, without having to purchase additional hardware or software licenses. OfficeSuite also offers a "hot desking" feature that provides more robust remote worker options than the more basic hoteling capabilities offered by many competitors. OfficeSuite Phone is a cloud-based solution designed to allow businesses considering upgrading and/or retiring their legacy phone systems to quickly and easily make the transition to the cloud.

OfficeSuite Phone includes the following:

- Unlimited local and long distance calling
- Basic features such as call forwarding, call redial, three-way conferencing, internal directory, and call transfer as well as advanced features such as mobile twinning (simultaneous ring), unlimited auto attendants, call recording, custom greetings, hot desking, and Outlook integration
- HD video, Web, and audio conferencing
- Android and iPhone applications for mobile access
- Online fax services including fax to email
- IP phones with large LCD screens
- Toll-free phone service

Key differentiators for Broadview Networks are its 100% cloud-based system with no intelligence in the phone, its comprehensive cloud solutions portfolio, and its commitment to delivering a quality customer experience. Other features that differentiate OfficeSuite include log-in capabilities that do not require prior setup for use through any phone or device and extension dialing options. These are designed to help drive productivity gains and increase intercom options available across multiple sites.

On the customer experience front, Broadview recently launched MyOfficeSuite, a user-centric online portal that combines all communications and hosted services into a single, easy-to-use Web site accessible from anywhere and any device with Internet access. The portal is designed to seamlessly integrate with Broadview's OfficeSuite product portfolio and gives the company a competitive advantage over many of its competitors in terms of features, functionality, and ease of use. Broadview also recently succeeded in beating the B2B Telecom Benchmark for Consumer Engagement, further demonstrating its commitment to the customer experience.

Challenges

The cloud-based VoIP and UC market is highly fragmented with a large and diverse array of competitors. Additionally, several deployment models coexist and contribute to the fragmented nature of the market, with no one solution, provider, or model dominating. Premises-based vendors pose a near-term threat, particularly those that have enhanced their product portfolios with the addition of cloud solutions, often designed as a complement to their existing on-premises solutions. CSPs also are a threat because many have broad portfolios of hosted and cloud-based VoIP and UC solutions that place them in direct competition with Broadview Networks.

For Broadview Networks, increasing brand awareness in an already crowded and competitive market that serves SMBs will remain an ongoing challenge. This is particularly relevant because a number of competitors have already garnered significant mindshare and market share among small businesses, a key target audience for Broadview. The company should consider expanding its target market by moving upmarket and penetrating more deeply into the medium-sized and large business segments. Broadview's newly launched customer portal will likely go a long way toward executing on that goal; however, Broadview is not the only CSP that has made a significant portal investment in an effort to deliver a more compelling customer experience. Moreover, while SMBs may readily move to the cloud to gain the benefits that a cloud solution offers, larger businesses may be less willing to scrap their existing, often significant on-premises investments to do so.

Conclusion

One of the fastest-growing communications market segments is hosted or cloud-based VoIP. Adoption of hosted VoIP in particular and cloud-based UC to a lesser extent has accelerated in the past 12–18 months because such solutions provide measurable cost savings, simplify the delivery and management of communications, and facilitate migration to a converged network.

Broadview Networks is a CSP that offers a suite of cloud-based services, based on its own software and platform, that leverages the flexibility and scalability of the cloud. Its new MyOfficeSuite portal features additional capabilities designed for greater ease of use. To the extent that Broadview can address the challenges outlined in this paper, IDC believes that the company is well positioned for success in the cloud-based VoIP and UC market.

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