Telephony Is Dying: Reprioritize Your Unified Communications Strategies

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Initiatives: Digital Workplace Applications; Digital Workplace Infrastructure and Operations

UC strategies to prioritize telephony must shift to reflect disruptive changes in how people prefer to communicate, collaborate and work. Some roles remain telephony-centric, so application leaders must redefine their UCC portfolio investments to favor collaboration and meeting tools over telephony.

Overview

Impacts

- After the start of the pandemic, the influence of hybrid work and constantly changing business goals has led to a paradigm shift in the use of unified communications and collaboration tools, challenging application leaders to support modern communication preferences and needs.

- The dramatic increase of hybrid working has led organizations to reassess the need for enterprise telephony and collaboration tools; instead, unified communications technologies can follow hybrid users wherever they work.

- The change in UCC architectures has created opportunities for cost optimization. Blanket rollouts of traditional telephony applications, without proper strategic planning, could result in higher-than-necessary spending.

- The telephony needs of some user segments have become simpler and can be addressed through a mobile phone plan alone. This trend further erodes the need for blanket rollouts of enterprise telephony.

Recommendations

Application leaders responsible for managing UCC tools should:
Strategic Planning Assumption(s)

By 2024, 80% of organizations will prioritize collaboration and meeting platforms over telephony when defining a unified communication (UC) portfolio strategy, which is a significant increase from 30% in 2019.

Introduction

The pandemic has necessitated widespread adoption of a work-from-anywhere culture and a growing reliance on collaboration tools. This has led enterprises to question the need for traditional/advanced telephony features, desk phones and PSTN technologies. Early 2020 saw a dramatic rise in unified communication and collaboration (UCC) application use, as well as rapid innovation and accelerated growth in the UCC landscape (see Figure 1). This trend will continue through 2021 and beyond.
Contemporary communications needs are influencing UC application procurement strategies, with some enterprises even removing wireline telephony service due to low usage. Enterprises failing to react to changing UC architecture will pay more for overlapping services and miss out on the benefits associated with the new structure. Those that are not fully invested in a cloud strategy or that rely on a single vendor will struggle to meet their emerging needs.

Impacts and Recommendations

Hybrid Work and Changing Business Goals Have Led to a Paradigm Shift in the Use of UCC Tools

During the past few years, the telephony aspect of the unified communications as a service (UCaaS) market has changed in several key areas. Most knowledge workers no longer use telephony services from their corporate UC applications. Some enterprises determined they must have telephony for:

- Compliance purposes, such as emergency calling and customer service
- Smaller businesses, such as small retail, clinics and insurance offices
- Common area rooms
Since the pandemic, 80% of Gartner clients have expressed a need for only basic enterprise telephony features, while selecting new UCaaS platforms.

When defining a UC strategy, application leaders must act on three primary trends:

- The essence of internal communication has shifted from a traditional four-digit dial to a personalized click-to-call process that includes video.
- There’s a cultural shift in having more scheduled meetings/conversations, compared with ad hoc conversations, which has led to an increased use of collaboration or conferencing tools over telephony.
- Telephony represents the most expensive and least-utilized part of the traditional UC technology stack. Where requirements permit, application leaders should shift investment priorities from telephony to collaboration and conferencing platforms. These platforms can be leveraged for internal collaboration and voice calls.

On either a daily or a weekly basis, 76% of workers use collaboration tools, and 77% of users use the real-time mobile messaging tools for the quick and informal conversations related to work on a daily/weekly basis.

— Gartner’s Digital Worker Experience Survey (see Figure 2) was conducted online during November and December 2020 among 10,080 respondents from the U.S., Europe and the Asia/Pacific (APAC) region. Participants were screened for full-time employment, in organizations with 100 or more employees and required to use digital technology for work purposes. Ages range from 18 to 74 years old, with quotas and weighting applied for age, gender, region and income, so that results are representative of working country populations.
Application leaders responsible for managing UC tools should:

- Support hybrid work by designing a UC architecture that favors the use of collaboration tools over telephony.
- Create a list of contemporary needs instead of following the traditional list of features provided by the traditional UC vendor in three different categories:
  - Enterprise telephony
  - Meetings/conferencing
  - Workstream collaboration
- Ensure that necessary features, such as emergency calling, and other basic needs are covered by the new telephony platform.
Hybrid Work Created Opportunities for Organizations to Reassess the Need of Enterprise Telephony and Collaboration Tools

Digital work styles and current work preferences demand mobility and immersive employee experiences. Gartner’s recent survey revealed that total meeting time has barely increased or remained the same in 2021. However, the time workers spent in virtual meetings outpaced in-person meeting time dramatically (see Figure 3). This clearly identifies the increased relevance of conferencing platforms in 2021. The growing importance of conferencing platforms for internal and external collaboration comes at the direct expense of telephony services.

**Figure 3: Proportion of Actual Time Spent in Meetings in 2021, Compared With 2019**

<table>
<thead>
<tr>
<th>Type of Meeting</th>
<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meetings using audio and video</td>
<td>19%</td>
<td>41%</td>
</tr>
<tr>
<td>Meetings using audio only</td>
<td>18%</td>
<td>27%</td>
</tr>
<tr>
<td>In-person meetings</td>
<td>63%</td>
<td>33%</td>
</tr>
</tbody>
</table>

n = 5811 (2019); 6726 (2021) Excludes not applicable; comparable countries: China, France, Germany, India, Singapore, U.K. and U.S.

Q. In the last week, how much time did you spend in the following types of meetings?
Source: 2021 Gartner Digital Worker Experience 341925_C

Most Gartner clients acknowledge the increased amount of time their users spend on mobile devices, compared with physical desk phones. Most enterprises have a strategy to eliminate 30% to 80% of their desk phones, while selecting the new enterprise telephony platform (see Compare the Costs of Replacing Desk Phones With Softphones in UC).
By 2024, 75% of enterprise users will use softphones over desk phones, which is a substantial increase from 25% in 2019.

The concept of mobility and augmentation of services affects the utilization of PSTN services from UC platforms. Users that require telephony consume, on average, 120 to 300 minutes per month for external outgoing calls. This is much lower than usage in the past, but even this average can be misleading. Some employees go months without using wireline PSTN. Segmenting users based on their telephony requirements provides organizations with more flexibility in addressing their needs and opens the door to potential savings. For example, most enterprises have corporate-issued mobile devices or bring your own device (BYOD) programs to replace traditional telephony for some users.

Application leaders responsible for UC strategies must:

- Quantify the actual usage of physical desk phones and eliminate them wherever possible.
- Ensure that hybrid workers have access to virtual meeting and collaboration solutions.
- Avoid overspending on PSTN services as their relevance declines.
- Use collaboration tools and mobile devices to offset PSTN services for users with basic requirements.

**Changes in UCC Architecture Mean Blanket Rollouts of Traditional Telephony Could Cause Overspending**

Even as telephony is given the lowest priority in the next-generation UC landscape, it can’t be completely ignored. There remains a foundational, though decreasing, base of employees for which classic telephony remains important. Gartner recommends that application leaders evaluate and leverage their existing investments in new work hub/collaboration tools, such as Microsoft Office 365 or Google for telephony. These investments are irrevocable, so application leaders should leverage these tools to address their telephony needs.

Gartner sees two major benefits of using these new work hub/collaboration tools for organizations’ limited telephony requirements:
Cost Savings: Most Gartner clients who have adopted cloud office tools such as Teams for telephony have seen major cost savings, compared with a dedicated, cloud-based telephony specialist platform.

Unified Client Experience: To avoid overspending, enterprises must eliminate overlap in their UCC tools. No UCaaS vendor offers a best-of-breed solution on all UCC fronts; however, all of them are well-suited to serve many rudimentary telephony use cases.

Most new work hub/collaboration vendors offer basic telephony features, but application leaders must determine whether the organization needs all of the advanced features that legacy vendors offer. Among Gartner client interactions on the subject, 80% indicate that they are happy with what has been offered by new work hub/collaboration vendors (see Assess Whether Microsoft Teams Meets Your Telephony Needs). Make a choice based on the cost-benefit analysis and considering the unified user experience at center.

Investing all into a single vendor sometimes raises concerns about the platform’s resiliency and reliability. An outage on that platform could expose the organization to a communication blackout; however, in interactions on the topic, about half of Gartner clients did not express the need for redundant platforms for telephony. They gave the following reasons:

- Improved SLAs (see Negotiate UCaaS SLAs With a Focus on These Key Terms)
- Improved historic overall performances by UCaaS vendors
- Reduced reliance on UC telephony services, unless they are operating in a critical environment

Application leaders responsible for new UC procurement should:

- Evaluate new work hub/collaboration vendors that they are already invested into, such as Microsoft Office 365, to determine whether these platforms meet current requirements.
- Quantify users’ need for and use of telephony service to avoid buying more telephony than is needed across the organization.
- In organizations with a multivendor strategy, ensure minimum overlap in the organization’s broader UC landscape.
Acronym Key and Glossary Terms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>PSTN</td>
<td>Public switched telephone network</td>
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<tr>
<td>SLA</td>
<td>Service-level agreement</td>
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<tr>
<td>UC</td>
<td>Unified communication</td>
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<tr>
<td>UCaaS</td>
<td>Unified communications as a service</td>
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<tr>
<td>UCC</td>
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</table>

Evidence

1. Gartner fielded more than 2,500 client interactions on the topic of UC between January 2020 and April 2021.

2. Gartner's 2021 Digital Worker Experience Survey. The research was conducted online during November and December 2020 among 10,080 respondents from the U.S., Europe and APAC. Participants were screened for full-time employment, in organizations with 100 or more employees and required to use digital technology for work purposes. Ages range from 18 to 74 years old, with quotas and weighting applied for age, gender, region and income, so that results are representative of working country populations.

Results of this study do not represent “global” findings or the market as a whole, but are a simple average of results for the targeted countries covered in this survey.

3. More than 2,500 inquiries about UCC received from Gartner clients between January 2020 and April 2021.


5. Discussions with other Gartner analysts with expertise in this area.

Note 1: Cost Saving Calculations While Already Invested in Cloud Office Suite
The investments already made in cloud office tools like Microsoft Teams are not taken into account when performing the cost comparison, because that has already been done and cannot be revoked.

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**Recommended by the Authors**

Some documents may not be available as part of your current Gartner subscription.

- **Assess Whether Microsoft Teams Meets Your Telephony Needs**
- **Magic Quadrant for Unified Communications as a Service, Worldwide**
- **Critical Capabilities for Unified Communications as a Service, Worldwide**
- **Top 3 Considerations When Moving From Premises-Based Unified Communications to Cloud-Based UCaaS**
- **Hype Cycle for Unified Communications and Collaboration, 2020**
- **Compare the Costs of Replacing Desk Phones With Softphones in UC**
- **Forecast Analysis: Workstream Collaboration, Worldwide**
- **Magic Quadrant for Meeting Solutions**
- **Critical Capabilities for Meeting Solutions**

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