You Need Fewer Calling Plans for Microsoft Teams Than You Think

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Initiatives: Digital Workplace Applications

Application leaders transitioning to Microsoft Teams often overspend by providing external calling to users who do not need it. External calling plans can significantly raise TCO. Use the top practices in this report to reduce TCO by providing external calling plans only to those who need it.

Overview

Key Findings

- External calling plans represent 20-30% of the total cost of ownership (TCO) of cloud unified communications (UC) solutions. Organizations transitioning to Microsoft Teams for telephony are uncertain how to determine which users should be entitled to external calling plans.

- Organizations that have not analyzed the usage of external calling among their users since COVID-19 (1Q20) do not have an accurate understanding of their current need for calling plans. A growing number of employees no longer regularly use the public switched telephone network (PSTN) to make external calls.

- Organizations can duplicate external calling plan entitlements and needlessly increase UC TCO in cases when users are simultaneously members of a corporate bring-your-own-device (BYOD) program or have corporate-issued mobile devices.

- Organizations are frequently unaware that, in some cases, external calling can be substituted with meeting solutions.

Recommendations

Application leaders responsible for digital workplace applications should:
Introduction

Organizations of all sizes migrating to cloud UC have selected Microsoft Teams to make and receive internal and external calls. Typically, organizations provide external calling plans to users after migrating to Teams if the user had a calling plan on the previous UC platform. However, owing to COVID-19, business communication and collaboration have evolved over the past two years, including an increase in the number of corporate liable and BYOD mobile devices. With that said, providing calling plans to all users can be a wasteful duplication of entitlements that have been already purchased.

How can application leaders avoid excess spending when migrating to UC using Microsoft Teams? This research explains how to reduce spending by eliminating redundant service offerings when leveraging Microsoft Teams for cloud-based UC (see Figure 1).

Organizations have an opportunity to reduce spending by completely relying on other real-time communication services, such as mobile devices and online meetings, for external interactions. This can significantly reduce the need to purchase calling plans for use with Microsoft Teams.

- Use call usage reporting from the incumbent platform to segment users into two groups. The first group is composed of users who are predominantly internally facing from a telecommunications perspective, and who have little to no need for external calling. The second group is made up of users with moderate to heavy need for external calling.

- Reduce costs by procuring calling plans only for those users who need them, as indicated by usage reports. Create an opt-in program that enables users to identify their need for external calling with Microsoft Teams Phone System.

- Skip calling plans for users with corporate mobile phones by default. Users with basic external calling requirements (i.e., those who do not need advanced telephony) and a corporate-issued mobile phone or BYOD device can often satisfy their external business calling needs without a Microsoft Teams calling plan.

- Skip calling plans for users who interact with others externally mostly within the context of an online meeting. All meeting solutions have the option to join the audio portion via integrated IP-based audio, which does not necessarily require telephony or a calling plan.
What Is a Calling Plan?

A calling plan is a service that enables a user to make and receive external telephone calls, typically to users outside their organization. With a traditional on-premises PBX, calling plans are typically provided by either a session initiation protocol (SIP) trunking service, an ISDN primary rate interface (PRI) service or a plain old telephone service (POTS). Cloud UC services, also known as unified communications as a service (UCaaS), typically include a “domestic” calling plan as part of the entitlements that come with each seat purchased. With Microsoft Teams, however, calling plans are not included with any enterprise license level (E1/A1/G1/F1, E3/A3/G3/F3, E5/A5/G5) and must be purchased separately.

Organizations have the option to either purchase calling plans directly from Microsoft (now available in 31 countries) or use the bring-your-own-carrier (BYOC) approach. The BYOC approach involves connecting a third-party telecom operator to the organization's Microsoft Teams phone system tenant. There are two options for doing so: through direct routing (using a SIP trunking interface) or through operator connect, which is a preconfigured integrated, operator-managed connection for PSTN calling.

Calling plans typically include an externally dialable telephone number, an allotment of minutes for domestic calling, and PSTN connectivity/access.
Calling plans represent a significant part of the TCO for UC solutions. Calling plans are typically delivered with a SIP trunking service, and sometimes with an ISDN PRI service.

In North America, the U.K., Western Europe and developed regions of Asia/Pacific, the cost of a calling plan from a telecom operator ranges from $1.50 to $6.00 per user per month. The typical price for a calling plan for an organization with 500-2,500 users is around $3.00 per user per month.

Microsoft Teams users who require external calling must have a Microsoft Teams Phone System license. Microsoft Teams Phone System provides telephony features, such as call forwarding, auto attendant, queueing, shared line call appearances, and so on, but it does not include a calling plan. Therefore, the typical total cost to provide external calling to a Microsoft Teams user is about $11.00 ($8.00 for the Phone System license, plus around $3.00 for the calling plan). With discounts, this total price can be reduced to between $6.00 and $10.00 per user per month. This is what would be "saved" by not providing external calling to each user who can do their job without it.

**Segment Users**

The first step in reducing the costs associated with calling plans is to identify which users actually need it to support their workflows. Organizations typically have users who either have little to no need for external calling, or can conduct all necessary calls with a corporate mobile device or meeting solution (e.g., Microsoft Teams meetings, Zoom meetings, Cisco Webex).

**Skip Mobile Phone Users by Default**

Most knowledge workers who need to make regular external calls have relatively simple telephony feature requirements. They do not need advanced telephony features, such as shared line call appearances, delegation, advanced call forwarding or call transfer, hunt groups, queueing or toll restriction. Their needs are satisfied by basic inbound or outbound calling, name and number delivery, voicemail, call logs, hold retrieve, muting, in-call touch tones and a contact list. In most markets, cellular phone services provide all of these features. Cellular services almost always include a voice calling plan and an allotment of minutes of use for domestic use. This means that users with mobile phones already have an adequate external calling plan, and for an increasing number of users (knowledge workers and many service and frontline workers), this plan will satisfy their external business communication needs. Therefore, they do not need a Microsoft Teams calling plan.
Skip Low-Volume Callers by Default

All organizations have users who make few or no external calls. As a rule of thumb, users who make or receive fewer than one call per week are good candidates to include in the group of users not requiring calling plans. To identify these users, you can review the call detail record (CDR) reports from the existing voice platform or PBX. If CDR reports are not available, you can use usage reports from the telecom provider that connects to the voice platform for users with direct inward dialing numbers (DIDs). For users who do not have DIDs, but only have extensions, you may need to conduct a survey to determine the frequency of (and need for) external calling.

Skip Meeting Solution Users by Default

Some users who interact externally on a regular or periodic basis, only do so through an online meeting solution. Historically, the audio portion of an online meeting was accessed by dialing in to a local telephone number or a toll-free number, or by having the meeting call the user's landline. This would require a calling plan.

However, Gartner has observed a marked increase in the use of integrated computer audio among meeting solution providers, which does not require dial-in. Furthermore, due to marked improvements in the performance, reliability and price of data networking services (residential broadband internet, business class broadband internet, dedicated internet, etc), endpoint computing power and codec technology (the software that digitizes, encodes, packetizes and transmits voice over IP networks), the perceived sound quality of integrated computer audio is noticeably superior to PSTN dial-in.

Identify Exceptions

In order to optimize costs, Gartner recommends segmenting users as described, and purchasing calling plans only for those segments deemed to need them.

However, there will be valid exceptions, when users deemed not to need calling plans will have a valid business reason to justify having one with their Microsoft Teams account. For example, a user with a mobile phone may spend part of their work day in a location with poor cellular coverage. A user may make very few external calls, but those calls may be particularly high in priority, which may fully justify the cost of a calling plan. Therefore, Gartner recommends that you not purchase calling plans for the described user segments by default, but build into the migration process a means for such users to request an exception and provide justification.
Evidence

This research was conducted on the basis of 852 client inquiries conducted from January through November 2021, as well as briefings with UCaaS vendors.

Acronym Key and Glossary Terms

| BYOC | Bring your own carrier: Applying this approach, an organization purchases calling plans from a third-party carrier rather than purchasing them directly from Microsoft. This approach is typically chosen to reduce TCO, or if Microsoft is not licensed to sell calling plans in certain locations where organizations need them. |

Recommended by the Author

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

- Compare the Costs of Replacing Desk Phones With Softphones in UC
- Magic Quadrant for Unified Communications as a Service, Worldwide
- Critical Capabilities for Unified Communications as a Service, Worldwide
- Magic Quadrant for Meeting Solutions
- Critical Capabilities for Meeting Solutions
- How Markets and Vendors Are Evaluated in Gartner Magic Quadrants
- Confirm Your Phone System Complies With the Latest U.S. E911 Rules
- Quick Answer: What to Make of Zoom’s Proposed Acquisition of Five9
- Risk and Opportunity Index: Unified Communications
- Sizing the Opportunity for UCaaS Market Segments