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Service provider trends outlook 2022

Produced by

Matthew Townend & Patrick Watson

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1. Introduction

After two years of substantial change, 2022 will see the next major shifts in the global communications landscape. Hyper-acceleration of communications solutions to address hybrid working have driven a fundamental transformation in service provider offerings to meet customer demand. As a result, 2022 marks the start of a period of reassessment of the solutions deployed in the first wave of the pandemic and the continued and rapid evolution of service provider business models. These new models address the continuing need to hold and grow revenue, improve operating performance, and drive retention and differentiation.

This paper highlights key trends and potential paths forward for service providers.

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About Cavell Group

Cavell Group is an EMEA-focused research, consulting, engineering and education services business with offices in Amsterdam, Brussels, London, and remote associates worldwide. Known as a leading provider of insight into the cloud communications and managed services markets, a key source of market intelligence for service providers, vendors and potential investors, Cavell Group was formed nearly 20 years ago, by a team of senior executives, who had been instrumental in building the early internet market both at UUNET and Level 3.

Since 2003, the firm has delivered consulting services, research, due diligence and professional services solutions in over 50 countries worldwide. Cavell has built a strong reputation as leading analysts of the cloud communications market, providing strategic consulting and research in EMEA and the USA to service providers, vendors, manufacturers and private equity firms.

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2. Key service provider trends

2.1

Providers seek differentiation as market structure changes

Service providers are facing significant changes in the market, often seeing increased competition on several fronts, with OTT providers, hyper-scalers, vendors, fibre players and cloud/IT MSPs (Managed Service Providers) challenging their role.

With the fundamental move from traditional telephony to cloud and SIP, new margin models and commercial approaches are challenging existing business approaches and plans. So, with this, we are seeing service providers look for ways to leverage their position to provide future differentiation.

2.2

Pandemic has led businesses to reconsider communications solutions

Cavell recent enterprise customer surveys show approximately 30% of businesses are considering a new communications provider in the next 12 months. The most significant factor they consider is the product features offered, followed closely by price. During the pandemic, they may have band-aided inferior products and now want to ensure solutions are fit for the future.

2.3

Hybrid working is here to stay, and Enterprises seek new solutions to address new challenges

Cavell's enterprise research demonstrates that globally, the workplace has changed, and hybrid working is here to stay. This is supported by recent research by Dubber, which highlights the significant technology gaps in meeting the demands of hybrid working.

Businesses also have to recognise the individualistic requirements of their employees as employees' relationship with work has changed forever. With this change, there is a massive opportunity for service providers to offer services that enable workers and employers to thrive in this new world.

2.4

Market Consolidation

Rapid growth in Unified Communications (UC) platforms drove corresponding growth in the size and scale of Tier 2 providers and consolidation will accelerate in 2022-2024 with the emergence of new hyper-scale and regional UC provisioners and providers. Those providers will enable an ever-increasing spectrum of products and services for revenue, retention and differentiation.

3. Providers look at new ways to create value

Opportunities exist for service providers to address these trends through a multi-pronged strategy. One strategy alone will be insufficient, and the routine of the present and regret of the past must be challenged.

3.1
Go up the stack

With the increasing convergence of IT and communications, service providers are considering moving up the stack, offering broader IT solutions in productivity and enterprise software areas. This approach often challenges service providers' fundamental business cases, as there are often limited product margins available with value created in professional services, etc.

3.2
Value to be created in voice data

An area that providers are starting to recognise is the data they have within the services they offer. They are unlocking this with AI & ML technologies to help provide insight to customers from their voice conversations.

3.3
Analytics unlocking customer value

As hybrid working is here to stay, enterprises are seeking ways to manage the distributed workforce, and analytics will play a key role in enabling this. Enterprises will have to face up to the challenge of both overseeing, motivating, and caring for a distributed workforce. Analytics has and will continue to play an important role in understanding the relationship between the enterprise and its customer, with concepts previously seen in contact centre appearing in all businesses.

3.4
Zero trust security approaches & GRC offerings

Post- the race to deploy workable communications solutions at the start of COVID, the new phase is in driving assessment, replacement, and enhancement of solutions to better meet Governance Risk and Compliance (GRC) and security mandates globally. In addition, growth in security threats like Ransomware and DDoS (Distributed Denial of Service) attacks will make enterprises focus on security approaches across all major infrastructure, including communications.

3.5
Integration of services drive value and customer Retention

Cavell research shows one of the key reasons enterprises do not move communications providers is they feel they are too integrated, with approximately 40% of large enterprises saying it would be too hard to replicate their solution. Enterprises will continue to seek to integrate their cloud applications to improve productivity, with CRM and customer engagement being a key focus.

We will continue to see a focus on integrating areas such as CCaaS (Contact Centre as a Service), UCaaS (Unified Communications as a Service) and CPaaS (Communications Platform as a Service), and common platform approaches in areas such as recording and analytics across all platforms.

4. Emerging trends driving new strategy

While addressing current trends is the immediate priority for service providers, pathways needs to be created now to address emerging trends that best position service providers to meet market demand as it grows.

Successful service providers will be driven by leaders who move at the speed of the market now, addressing short-term opportunities to seize untapped growth with a holistic approach to transformation.

4.1

Creating immersive experiences

Communication and collaboration solutions will continue to try and recreate in-person experiences. Vendors are focusing on creating solutions that enable empathy, sensation and connection between participants. One trait that human beings share is the ability to understand non-verbal, and verbal signals that indicate the mood, or feelings being presented by the individual they are communicating with. As we hear talk of the Metaverse, service providers have to consider how to reflect the core values of communicating in their key solutions.

4.2

User-driven Interactions Preferences

Customer and employee interaction preferences continue to invade the enterprise, creating both risk and opportunity. With customers demanding communication on their terms, service providers are compelled to develop and provide solutions that enable new ways of communicating on the customer's terms, across WhatsApp, Telegram, Signal and more.

4.3

Fragmentation of communications channels

While the initial focus of enterprises was the number of employees bringing their own app to work (BYOA overlaying BYOD), the new trend accelerating is the increasing number of apps with embedded communications solutions resulting in a fragmentation of communications pathways. Slack, Hubspot Calling, and Calling from Figma are just the beginning. Soon every app will be a communications gateway exposing both opportunity and risk for service providers, with an opportunity in offering recording and analytics across all services..

4.4

Identification will be a key battle ground

In previous years and decades, what may have identified us was a telephone number; in collaboration that might be our email addresses. In the future, we may see a new set of "secure identifiers" emerge. Who controls these identification platforms may have a crucial role in how the industry develops. One thing that is certain is that "Remote access needs to be secure access".

5. Summary

As much as the internet and 4G revolution changed the world - Covid changed it again.

The rapid rise of Unified Communications and proliferation of communications channels has shifted the strategic planning of every service provider, increasing the pressure to create new sources of revenue and buttress margins; and to drive differentiation and retention.

A set of new trends are poised to reshape the service provider landscape again. But this time, carriers are positioned to capture the value they create and monetize the value of content flowing on their networks.

About Dubber

Dubber is unlocking the potential of voice data from any call or conversation.

Dubber is the world's most scalable Unified Call Recording service and Voice Intelligence Cloud adopted as core network infrastructure by multiple global leading telecommunications carriers in North America, Europe and Asia Pacific.

Dubber allows service providers to offer call recording for compliance, business intelligence, sentiment analysis, productivity and more from any endpoint. Dubber is a disruptive innovator in the multi-billion-dollar call recording industry, its Software as a Service offering removes the need for on premise hardware, ties to specific applications or costly and limited storage.

Dubber's fully compliant solution can be switched on with a click, and is infinitely scalable in the cloud – with no hardware requirements. Every conversation is captured automatically, stored securely in the cloud and available instantly to replay. Voice AI provides transcriptions, real-time search, sentiment analysis, alerts and more.

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