UCaaS ADOPTION IN THE AGE OF COVID-19

Options Expand for Mid-market Businesses Deploying Remote Workforce Models

FROST & SULLIVAN WHITE PAPER
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BUSINESSES ADOPT CLOUD SERVICES AND UCaaS TO GAIN POWERFUL BENEFITS

Businesses increasingly adopt cloud-based Internet Protocol (IP) telephony and unified communications as a service (UCaaS) to enable remote workforces and enhance operational efficiencies, productivity and customer service.

Small businesses with little legacy infrastructure were quick to embrace cloud solutions such as UCaaS for flexibility and predictable costs. Large enterprises rationalizing infrastructure have launched digital transformation projects to migrate communications and collaboration solutions to the cloud.

To address diverse customer requirements, UCaaS providers are innovating faster than ever. Maturing technologies and business models are driving UCaaS penetration across businesses of varying sizes, verticals and geographies. The global COVID-19 pandemic has dramatically accelerated this trend as businesses seek to leverage the remote collaboration of UCaaS tools for their home-based teams.

Mid-market organizations—with 100 to 2,500 users—can now also choose from a broad array of UCaaS offerings tailored to their unique needs and evolving requirements. To ensure deployment success, businesses adopting UCaaS must carefully consider their priorities and conduct thorough due diligence to select the right technology partner.

82% of North American decision-makers report having moved or are planning to move part or all of their enterprise telephony solutions to the cloud by 2019.

The North American hosted IP telephony and UCaaS user base will grow at a 23% CAGR from 2017 to 2024.

BUSINESS DRIVERS FOR IMPLEMENTING CLOUD SOLUTIONS, GLOBAL, 2019-2021

<table>
<thead>
<tr>
<th>Business Driver</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase app availability/uptime</td>
<td>80%</td>
</tr>
<tr>
<td>Free up IT staff to focus on innovative solutions to business challenges</td>
<td>80%</td>
</tr>
<tr>
<td>Deliver services and applications faster</td>
<td>79%</td>
</tr>
<tr>
<td>Improve business continuity/disaster recovery</td>
<td>78%</td>
</tr>
<tr>
<td>Eliminates hassle of integrating multi-vendor solutions</td>
<td>78%</td>
</tr>
<tr>
<td>Reduce costs</td>
<td>77%</td>
</tr>
<tr>
<td>Support my company’s Digital Transformation initiatives</td>
<td>77%</td>
</tr>
<tr>
<td>“Go Green” – better manage environmental costs and impact</td>
<td>77%</td>
</tr>
<tr>
<td>Reduce hardware/software maintenance</td>
<td>76%</td>
</tr>
<tr>
<td>Position my company to take advantage of new technologies</td>
<td>76%</td>
</tr>
<tr>
<td>Support business agility/market responsiveness</td>
<td>75%</td>
</tr>
<tr>
<td>Shift costs from capital to operating budget</td>
<td>74%</td>
</tr>
</tbody>
</table>

N = 1,266
Important or Very Important
Which of the following factors do you consider important or very important when you deploy solutions in the cloud?

Source: Frost & Sullivan
EVOLVING MARKET TRENDS INDICATE NOW IS THE TIME TO ADOPT UCaaS

Demand for flexible technology consumption and remote capabilities is accelerating. Even before the global pandemic, more than 90% of employees with access to cloud collaboration tools reported using desktop video, web conferencing and messaging tools at least on a weekly basis. UCaaS providers have marketed extensively to small businesses leveraging digital channels, whereas large telcos have educated enterprises using their direct sales forces. However, mid-market organizations have received limited provider attention and lack insight into UCaaS solutions’ continually evolving benefits.

In the past, UCaaS offerings rarely met mid-market companies’ specific requirements. Early UCaaS solutions primarily catered to small businesses looking for simple, plug-and-play communications services, which were inadequate to address mid-market businesses’ needs for more comprehensive functionality and flexible packaging and pricing. More sophisticated solutions for larger enterprises, meanwhile, were out of reach for cost-conscious UCaaS buyers. Thus, mid-market businesses have been left behind as they attempt to balance needs for feature-rich, reliable and secure cloud communications services against IT budget and staffing constraints.

Market conditions are ripe for your mid-market business to move to cloud services. ENHANCE YOUR COMMUNICATIONS AND COLLABORATION CAPABILITIES by adopting UCaaS and aligning your organization with key market trends.

Today, visionary UCaaS providers are filling the gap for innovative UCaaS solutions designed for the mid-market segment. Overall, cloud services and UCaaS adoption are ramping up in all business segments, driven by converging demographic, economic and technological trends, including:

- Ongoing digital transformation within businesses.
- Globalization of business in search of new markets and talent.
- Increasing demand for cutting-edge, multi-modal communications and collaboration capabilities.
- Growing need to reduce IT complexity and allow the company to focus on strategic business operations.
- Emergence of compelling UCaaS solutions offered at affordable prices.
- Increased demand for remote collaboration functionality following the onset of the global COVID-19 pandemic.
- Disruptive new and innovative products, services and business models.
- Growing need for the entire workforce to effectively contribute to customer value creation.
- Ubiquitous and reliable connectivity enabling anywhere, anytime access to IT and communications tools.

Source: Frost & Sullivan
CLOUD COMMUNICATIONS ADOPTION IS CRITICAL FOR LONG-TERM SUCCESS IN THE MID-MARKET

Despite common cloud migration objectives— freeing IT resources to perform more strategic tasks and faster access to advanced features for enhanced workforce productivity—businesses in different customer segments often seek to address dissimilar pain points.

Mid-market businesses leverage UCaaS to augment limited IT resources and access robust functionality while keeping costs under control. Distributed organizations are also looking to deliver the optimal feature sets to deskbound, mobile and remote workers, regardless of their physical location or local voice/data infrastructure. Such organizations typically manage disparate, multi-vendor technologies. By adopting UCaaS, they can deliver consistent functionality to their employees and streamline solutions management.

Mid-market businesses’ ultimate goal, however, is to deliver differentiated products and services and greater customer value. To enable innovation, accelerated decision-making and an excellent end-to-end customer journey, businesses must become highly collaborative, customer-centric organizations. To achieve this goal, they must integrate UCaaS with advanced contact center as a service (CCaaS) to effectively leverage all company resources from sales staff to contact center agents, technical support, knowledge workers and others.

Forward-looking mid-market businesses pursuing digital transformation must incorporate UCaaS and CCaaS adoption in their broader IT vision and cloud migration strategies. As the use of digital technologies leads to intensified competition in all industries, advanced cloud solutions can enable mid-market companies to outcompete nimble and entrepreneurial small businesses, as well as large enterprises with rich IT resources.

Businesses of different sizes and across world regions are prioritizing the CUSTOMER JOURNEY AND OPERATIONAL EFFICIENCY.

CLOUD SERVICES ADDRESS OPERATIONAL CHALLENGES; INTEGRATED UCaaS AND CCaaS CAN HELP IMPROVE THE CUSTOMER EXPERIENCE

<table>
<thead>
<tr>
<th>TOP BUSINESS GOALS, GLOBAL, 2017 TO 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving customer experience and satisfaction</td>
</tr>
<tr>
<td>Improving operational efficiencies</td>
</tr>
<tr>
<td>Launching new products and services</td>
</tr>
<tr>
<td>Enhancing sales and marketing effectiveness</td>
</tr>
<tr>
<td>Boosting creativity and innovation</td>
</tr>
<tr>
<td>Expanding to new markets, to new regions</td>
</tr>
<tr>
<td>Improve collaboration</td>
</tr>
<tr>
<td>Hiring and retaining talent</td>
</tr>
<tr>
<td>Aligning vision and goals across organization</td>
</tr>
<tr>
<td>Satisfying key stakeholders</td>
</tr>
</tbody>
</table>

Q1. Thinking of your company’s business goals, what will be the top three priorities from 2019 to 2020 (aside from revenue growth)?

Percent of Survey: N = 1,934.

Source: Frost & Sullivan
UCaaS PENETRATION AMONG MID-MARKET ORGANIZATIONS IS RISING

Mid-market businesses (100 to 2,500 users) were estimated to account for 43% of total UCaaS users in 2018 and are projected to reach 54% of the total installed base by 2024.

The relatively under-served mid-market UCaaS segment will grow faster than the total market throughout the next six years as more solutions tailored for mid-market businesses become available. Service providers have made significant strides in several key areas pertaining to mid-market technology requirements, including:

- Advanced collaboration functionality (e.g., multimedia conferencing, content sharing), instant messaging and presence, and mobility.
- Integrated UCaaS and CCaaS.
- Greater service reliability and stronger SLAs (e.g., geo-redundant data center infrastructure, end-to-end QoS mechanisms).
- Improved security posture and industry compliance (e.g., HIPAA, PCI).
- Enhanced service provider implementation and support (e.g., assessment, professional and managed services).
- Flexible APIs and greater third-party software interoperability enabling true customization and tighter multi-vendor integration.
- Broader selection of communications endpoints (e.g., desktop and DECT phones, conferencing devices, headsets, PC and mobile soft clients).

Hosted IP telephony and UCaaS users accounted for 17% of the North American addressable market in 2018 and are expected to reach 52% by 2024.

Source: Frost & Sullivan
REAPING UCaaS BENEFITS AMID EXISTING MID-MARKET CHALLENGES

The mid-market has diverse technology requirements. At least two distinct sub-segments—businesses with 100 to 999 users and those with 1,000 to 2,500 users—present notable differences in technology adoption preferences:

Because of these disparate requirements, mid-market businesses frequently settle for UCaaS solutions ill-fit for their specific needs. Common problems include a lack of mission-critical features, poor reliability and security, and limited customization and/or integration with important third-party software.

<table>
<thead>
<tr>
<th>100 to 999 users</th>
<th>1,000 to 2,500 users</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Highly budget-conscious</strong></td>
<td><strong>Highly diverse user base (demographics, job roles and technology needs)</strong></td>
</tr>
<tr>
<td><strong>Favor simplicity</strong></td>
<td><strong>Experienced, highly skilled IT staff typically make IT and telecom investment decisions</strong></td>
</tr>
<tr>
<td>Technology investment decisions often made by business owners or line-of-business (LOB) managers</td>
<td><strong>Increasing role of LOB managers in IT/telecom investments, including “shadow IT”</strong></td>
</tr>
<tr>
<td><strong>Limited legacy infrastructure</strong></td>
<td><strong>Complex IT and telecom environments with disparate multi-vendor solutions</strong></td>
</tr>
<tr>
<td><strong>Less bureaucratic organizational structure</strong></td>
<td><strong>Likely to acknowledge the need for a holistic digital transformation strategy</strong></td>
</tr>
<tr>
<td><strong>Often lacking a strong vision for overall digital transformation</strong></td>
<td><strong>Typically highly distributed organizations</strong></td>
</tr>
<tr>
<td><strong>May be single-site or distributed</strong></td>
<td><strong>Seek IT infrastructure rationalization and operational efficiencies, as well as the flexibility to deliver right-fit functionality to their diverse user base when adopting UCaaS</strong></td>
</tr>
<tr>
<td><strong>Seek productivity and cost-efficiency benefits when investing in UCaaS and other cloud services</strong></td>
<td><strong>Focus on security, reliability, customization flexibility and integration with existing infrastructure when selecting a UCaaS solution and other cloud services</strong></td>
</tr>
<tr>
<td><strong>Focus on ease of use and management, as well as service reliability when selecting a UCaaS solution and other cloud services</strong></td>
<td></td>
</tr>
</tbody>
</table>

IT and communications investment decision-makers must consider the SPECIFIC CHALLENGES AND OBJECTIVES of their organizations to determine the right UCaaS solutions and deployment approach.

Source: Frost & Sullivan
UCaaS SOLUTION CONSIDERATIONS

Underlying technology and architecture, features, packaging and pricing, user and IT admin interfaces, APIs and more differ across UCaaS solutions. Making the right choice among the many options requires investment decision-makers to become familiar with important factors that affect the user experience quality and the company’s return on investment (ROI).

Technology and Architecture:
Multi-tenant architectures enable cost-effective scalability and functionality updates. Multi-instance architectures, typically based on modified premises-based technologies, can be better suited for hybrid (integrated cloud and premises-based) deployments.

Features:
Providers continually enhance their solutions’ functionality, but many still lack advanced features such as enhanced mobility, multimedia conferencing and collaboration, integrated contact center, advanced analytics, etc.

Packaging:
All-inclusive service bundles (i.e., full feature set plus minutes of use) have become the norm. However, some providers offer tiered seat licenses that better fit diverse user types and company budgets. Some providers also offer certain features or usage allowances (e.g., minutes, cloud storage) a la carte for additional fees.

Cost:
Monthly fees, installation and integration costs, additional usage charges and price of a-la-carte features can all affect the UCaaS total cost of ownership (TCO). Businesses must evaluate all cost items to accurately compare various UCaaS options.

User Interface (UI):
The user experience is a crucial innovation frontier for service providers and a top consideration for businesses looking to maximize their UCaaS investments. The most innovative solutions offer rich, contextually enhanced yet highly intuitive UIs that provide a single pane of glass for multiple communications modalities (e.g., messaging, calling, presence, conferencing, content sharing).

Admin Portal:
Many first-generation UCaaS solutions did not provide sophisticated administration capabilities. Providers catering to mid-market and enterprise businesses have developed admin portals, often leveraging artificial intelligence and other tools to enable web-based, multi-site management and multiple permission levels, as well as advanced analytics for current and predictive analyses.

Integration and Customization:
Not all hosted IP telephony and UCaaS solutions support flexible customization and integration with third-party solutions. Innovative providers offer open APIs and communications platforms as a service (CPaaS) that facilitate custom applications development and communications integration with mission-critical productivity and business tools.

Service Performance, Security and Compliance:
Data center setup (e.g., location, geo-redundancy, etc.), security protocols and compliance certifications greatly impact service uptime, resilience and overall customer value. Historical performance data, SLAs, customer references and compliance certification documentation can help accurately assess and validate solution capabilities.

Source: Frost & Sullivan
UCaaS PROVIDER CONSIDERATIONS

Provider capabilities significantly impact solution adoption and effective usage as well as UCaaS ROI. Businesses must carefully evaluate providers to find the best fit for their needs.

Q23. When selecting a cloud or cloud communications provider, what are your top three decision-making factors?

Source: Frost & Sullivan
SUCCESS STRATEGIES FOR MID-MARKET BUSINESSES ADOPTING UCaaS

To future-proof their communications investments, mid-market businesses must make wise choices when adopting UCaaS. The following represent important guidelines for UCaaS investment decision-makers:

Focus on total cost of ownership, rather than solely on price

- Reasonable monthly fees
- Comprehensive service packages, rather than “nickel-and-diming”
- Straightforward contract terms and conditions
- Tiered seat licenses right-fitted for different user types/personas
- Strong reliability, security and regulatory compliance posture to minimize unanticipated costs (e.g., service downtime, security breaches or legal penalties)

Evaluate platform and full breadth of provider capabilities

- Efficient, scalable architectures that provide maximum value in both small and large deployments
- Ability to deploy UCaaS as part of integrated, strategic cloud solutions that also include contact center, security, connectivity, endpoints and other cloud services (e.g., compute, storage)
- Ability to integrate remote collaboration functionality with connectivity and security

Assess the customer experience holistically

- Choose a partner that understands your business, employs a consultative approach pre-sale and takes an advisory role post-sale
- Ensure your selected provider is seeking a long-term relationship and demonstrates effective account management and customer onboarding, training and support

Source: Frost & Sullivan
COMMON PITFALLS TO AVOID

Mid-market organizations must watch out for common errors that businesses make when evaluating and adopting UCaaS solutions.

Don’t be dazzled by the bells and whistles; focus on the essentials instead

Forward-looking businesses are staking their future success on investing in cutting-edge technology to boost productivity, organizational agility and otherwise gain a competitive edge. UCaaS “bells and whistles” only deliver limited results unless backed by excellent service performance. Compel providers to present evidence of their service uptime, resilience and scalability metrics in addition to their software development prowess.

See the forest, not just the trees

Poorly coordinated technology deployments can create silos that prevent your business from gaining the full ROI. Communications upgrades must be part of a holistic vision for your company’s IT and telecom environments, accounting for IT staff, C-level executive, LOB manager and user requirements. Plan technology investments to avoid the security and cost issues related to “shadow IT” and enable more centralized—and thus more cost-effective—solution and vendor management.

Avoid a cookie-cutter approach; flexibility is key to long-term success

UCaaS buyers are sometimes tempted to choose cookie-cutter solutions that may be less expensive or more comprehensive. However, such solutions can prove highly ineffective as the business evolves. Businesses should right-size employee feature sets as needs change. For example, businesses may start with a basic feature set and add more advanced collaboration, mobility or contact center functionality as the need arises.

Platform openness and partner ecosystems are also important. Invest in UCaaS solutions that integrate with productivity, business and vertical software to achieve a more tangible impact on mission-critical workflows.

Provider size and brand matter, but are they the right fit for you?

Large telcos with extensive solutions portfolios can offer a one-stop shop experience to businesses looking to deploy UCaaS, but often fail to provide personalized attention to smaller accounts. Next-generation providers with strong brands and large market shares may not be capable of adequately addressing mid-market implementation and lifecycle support requirements. Big brands such as Amazon and Google, which only recently launched UCaaS, may be unable to provide the complete feature set required by mid-market companies. Conduct due diligence and rigorous assessment to ensure that the selected solution and provider are the right fit for your business and your specific growth objectives.

Source: Frost & Sullivan
CALL TO ACTION: BEGIN YOUR COMMUNICATIONS TRANSFORMATION NOW TO STAY AHEAD

Powerful demographic, macroeconomic and technological trends are impacting the competitive dynamics in all industries.

**EMBRACE DIGITAL TECHNOLOGIES** to address shifting business, employee and customer requirements and transform into a customer-centric, collaborative organization.

Mid-market companies are under tremendous pressure to compete more effectively with nimble small businesses and resource-rich large enterprises.

**ADOPT CLOUD SERVICES** as part of your digital transformation efforts to become more agile, efficient and deliver greater customer value.

Mature UCaaS technologies and provider delivery models adequately address the unique challenges and requirements of mid-market businesses.

**LEVERAGE ADVANCED UCaaS SOLUTIONS** to upgrade your communications capabilities and free internal resources for more strategic projects.

To future-proof their investments, mid-market businesses must carefully assess the various solution and provider options.

**CONDUCT THOROUGH DUE DILIGENCE** to ensure that the chosen solution aligns with your specific needs.

**CHOOSE A PROVIDER WITH A STRONG FOCUS ON THE MID-MARKET;** proven technology; a feature-rich, secure and reliable UCaaS offering; extensive UCaaS market experience; a broad solutions portfolio; and robust network capabilities.

**ENSURE THAT THE UCaaS SOLUTION ALLOWS** the utilization of a greater selection of communications endpoints (e.g., phones, conferencing devices, headsets).
VENDOR SPOTLIGHT: CLARO ENTERPRISE SOLUTIONS

Through its approach and capabilities, the company is well-positioned to deliver compelling customer value to mid-sized businesses seeking UCaaS solutions, particularly to those aiming to enable collaboration among remote teams.

A global technology services company with extensive UCaaS expertise and a broad services portfolio, Claro Enterprise Solutions—a subsidiary of America Movil—has defined a go-to-market strategy around three inter-related elements:

Managed Services

Business as a Service

Internet of Things

Provider Fact Sheet

20 years of market experience

25 countries of presence

UCaaS Solution Details

Industry-leading BroadSoft/Cisco technology foundation

24x7x365 specialized support

SOLUTIONS PORTFOLIO

Managed remote workspace services
Wireline and wireless services
Broadband, SD-WAN, MPLS
Cloud solutions
Security
International toll-free numbers
Digital transformation

COMPREHENSIVE FEATURE SET

Enterprise voice/cloud PBX
Unified messaging
Instant messaging (IM)/presence
Connectivity and security bundling options for remote locations
Collaboration
Mobility
Contextual intelligence
Audio, video and web conferencing
Web portal
Call center
Hoteling
Local and long-distance calling minutes

Source: Frost & Sullivan
KEY BENEFITS OF USING CLARO UCaaS

Businesses Evaluating Claro as their Future UCaaS Provider Must Consider the Following Factors

- **PROVEN TECHNOLOGY** foundation ensures cutting-edge functionality, as well as service reliability, security and scalability.

- **TIERED SERVICE BUNDLES** address different company and user needs with right-sized features and cost.

- **HIGHLY COMPETITIVE PRICING** allows even the most cost-conscious businesses to gain access to robust communications and collaboration functionality.

- **GLOBAL PRESENCE** enables support for multinational businesses.

- **AN INTEGRATED PLATFORM** for both UCaaS and CCaaS enables cost-efficiencies and a better customer journey.

- **MOBILITY AND HOTELING CAPABILITIES** allow businesses to more effectively support mobile workers.

- **A SOPHISTICATED WEB PORTAL** provides visibility and management of the user environment with dashboards and on-demand report generation.

- **OPEN APIS AND THIRD-PARTY SOFTWARE INTEGRATION** enable businesses to leverage communications solutions to more directly impact important business processes and workflows.

- **AN EXTENSIVE SOLUTIONS PORTFOLIO** allows one-stop shopping for businesses with broader technology requirements.

- **MANAGED REMOTE WORKSPACE SERVICES** offering integrates collaboration functionality with connectivity, security and end-user support.

- **THE ABILITY TO SUPPORT INTEGRATION** with Cisco premises-based solutions enables hybrid environments and a paced migration to the cloud for businesses with substantial premises-based investments.

- **A CONSULTATIVE APPROACH**, custom-tailored solution design and robust implementation, onboarding and lifecycle services ensure successful deployments and higher ROI.

Claro

Enterprise Solutions

Through its approach and capabilities, **Claro is well positioned to deliver** compelling customer value to businesses seeking UCaaS solutions.

**VISIT** [WWW.USCLARO.COM](http://WWW.USCLARO.COM)
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