



Microsoft Teams & Telephony

Why Businesses Prefer UCaaS Providers

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Executive Summary

When organisations use calling services from a UCaaS provider, integrated with Microsoft Teams, they have the best opportunity to minimise telecom costs, deliver advanced calling features and get higher levels of reliability. In fact, almost 88% of those using Microsoft Teams for messaging and meetings, with a separate UCaaS provider for calling, plan to maintain those calling services.

Those responsible for Microsoft Teams planning and operations should evaluate the benefits of integrating UCaaS with their Teams app. Alternatively, organisations can implement a hybrid environment using integrated UCaaS provider capabilities into Teams, as well as Direct Routing from their UCaaS provider to support those only using the Teams app for calling.

Based on Metrigy's data gathered from 396 end-user organisations in North America, Europe, Asia and Australia, we found:

- A clear preference for maintaining separate UCaaS provider for calling even when using Microsoft Teams for messaging and video
- Significant potential benefits when using a separate UCaaS provider, including lower costs, greater reliability, and access to broader calling and contact centre features
- For organisations committed to using Teams Phone System, an opportunity to achieve additional benefits by using Direct Routing from their UCaaS provider for PSTN connectivity.

The ROI of Improving Communications and Collaboration

Gone are the days when IT leaders simply judged the success of their application deployments using only performance-related metrics such as uptime and trouble-tickets. While these are still valuable means of measuring reliability:

IT leaders now must demonstrate that their investments in messaging, video, phone services and other communications and collaboration applications provide tangible positive business value.

Among the nearly 400 companies benchmarked for Metrigy's global *Unified Communications and Collaboration Management and Endpoints: 2021-22* research study, more than half now measure business value of communications and collaboration spend, typically in one of three ways (Figure 1):

- **Cost savings** through reduction of spend on legacy and disparate applications
- **Revenue increases** from enabling improved sales team support and business capacity
- **Productivity gains** from improving speed of repeatable processes, shortening project cycles and reducing the need to switch between applications. Productivity gains are typically enabled through the introduction of new collaboration capabilities, including integrated team messaging, video and automated workflows

Measurable Success Achieved

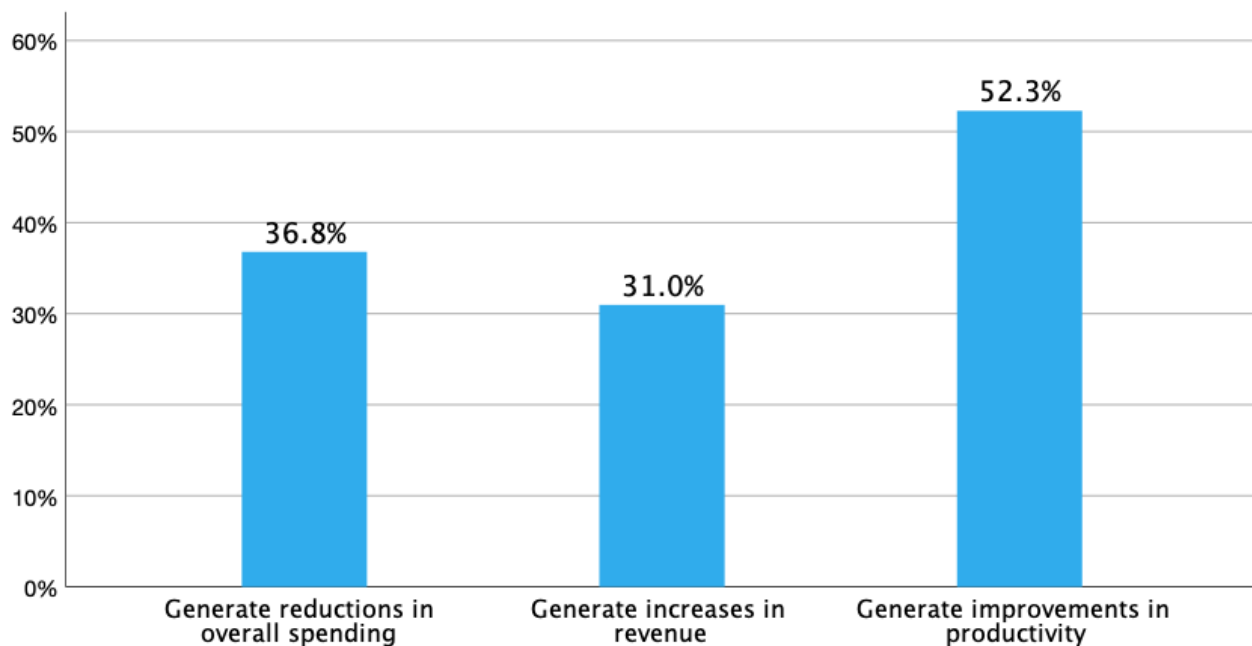


Figure 1: Measurable Success Achieved

Further analysing the companies reporting measurable benefit for their communications and collaboration spend, Metrigy identified a success group of 68 companies that achieved better-than-average results in at least one of these three areas. Broken down by company size, Figure 2 shows the average improvements.

Annual Per-Employee Improvements by Company Size (Success Group)			
	Cost Savings	Revenue Increase	Productivity Gain
Small (<250)	£1,893	£6482	28.1%
Midsize (251-2,500)	£953	£8938	23.0%
Large (2,501 – 10K)	£1,037	£10,950	34.0%
Mean (All Sizes)	£1,295	£8,789	28.4%

Figure 2: Annual Per-Employee Improvements by Company Size (Success Group)

These data points serve as a guide for IT decision-makers responsible for communications and collaboration strategy within their own organisations, and underscore the potential real-world benefits of investments that improve the ability of employees to engage with one another, partners and customers.

Communications and Collaboration Market Landscape

The rapid shift to remote and hybrid work that began in early 2020 accelerated the migration to cloud-based UCaaS and Contact Centre-as-a-Service (CCaaS) that had long been underway. Among Metrigy’s research participants, 47.3% now use UCaaS either as their only UC platform or in a hybrid fashion in combination with a legacy on-premises platform (Figure 3). Among the 28.6% still entirely on-premises, 39.8% are either committed to moving to UCaaS or are evaluating such a move.

Calling Architecture?

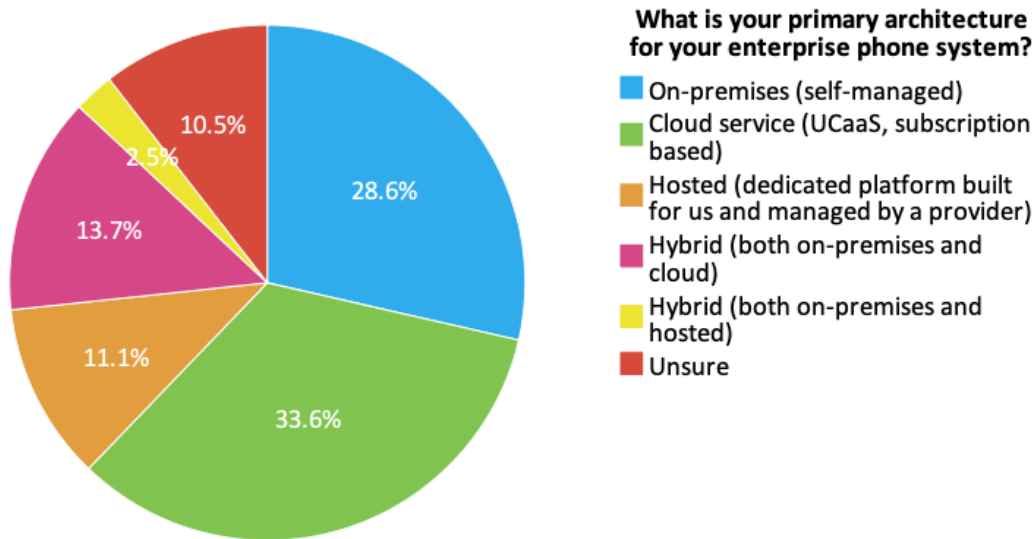


Figure 3: Calling Architecture?

Adoption of UCaaS is typically driven by a desire to reduce operation costs. Other drivers include the ability to offload responsibility for security policy monitoring and enforcement to service providers, especially for toll-fraud prevention and to better support remote employees. The ability of UCaaS providers to easily scale to support customer growth and access to advanced communications and collaboration features are also notable drivers for UCaaS adoption.

UCaaS Adoption Drivers

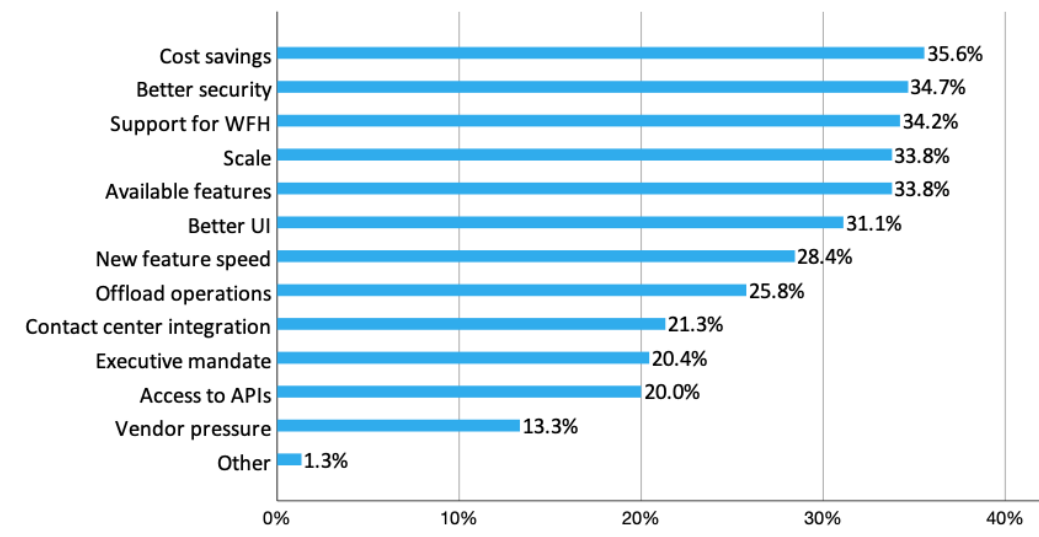


Figure 4: UCaaS Adoption Drivers

In addition to growing UCaaS adoption, more than 38% of companies are now using cloud-delivered Contact Centre-as-a-Service (CCaaS). On average, those who use a fully integrated UCaaS and CCaaS platform experience measurable benefits across a variety of operational and customer-facing metrics (as shown in Figure 5.)



Figure 5: Benefits of UC and Contact Centre Integration

Despite the growing popularity of messaging and video applications, phone / telephony is still a critically important service. In 2021, 50.3% of organisations reported that call volumes continue to increase, often driven by increasing customer inquiries. And, in some cases, they see calling as a more informal, and less intrusive means of conducting 1:1 conversations compared to video conferencing.

50.3% of organisations reported that call volumes continue to increase

Finally, UCaaS and CCaaS are fast becoming cornerstones of digital transformation strategies thanks to the availability of APIs, often via integrated Communications Platform-as-a-Service (CPaaS) offerings. Nearly 84% of our research participants rate the availability of APIs as important or critical in meeting their business needs.

Calling: The Next Step on the Microsoft Teams Journey

Many organisations using Microsoft Teams for messaging and meetings are at an inflection point as they consider a go-forward strategy for integrating phone calling into Teams.

Microsoft offers Teams as part of its Microsoft 365 SMB and Enterprise licences. However, with the exception of E5 licences, none include calling. Our research shows just 11.1% of Microsoft 365 users currently purchase E5 licences.

Companies wishing to add calling to Microsoft Teams have two options:

- Integrating a separate UCaaS provider into the Microsoft Teams app, or
- Purchasing a Microsoft Teams Phone System licence and separately buying PSTN connectivity

Option 1: Integration of Teams with a Separate UCaaS Provider

Option 1 provides companies a way to maintain their existing UCaaS services, while allowing users to place calls through the Teams app. Typically this is accomplished through the use of a Teams plug-in that routes PSTN calls through the UCaaS provider and gives users access to the full set of UCaaS features.

Among organisations currently using Teams and UCaaS from another provider, nearly 88% plan to maintain the relationship with their dedicated UCaaS provider.

Benefits of this approach include:

- **Lower cost** – Those using Microsoft Teams Phone System for calling spend an average of £1,139 per-user, per-year on operational costs such as licensing, end-user support, and training, compared with an industry average of £910, according to our data. Among all UCaaS vendors analyzed by Metrigy, Microsoft is continually the most expensive to operate. Part of the additional cost comes from the need to upgrade licensing to obtain the Phone System feature set, typically at an add-on cost of £7.50 per-user per-month (for those with existing E1 or E3 licences), or upgrading to an E5 licence that includes Phone System. For example, a 1,000-person company would save £229,000 per year using an average-cost UCaaS provider rather than using Microsoft.
- **Greater reliability** – Microsoft currently offers 99.99% reliability, which equates to no more than 52 minutes of unscheduled downtime per year. For comparison, many UCaaS providers offer five-nines, or 99.999%, reliability, meaning no more than five minutes and 26 seconds of downtime per year. The below table provides further granularity into the difference between four and five 9’s of reliability.

Availability %	Downtime Per-Year	Downtime Per-Month	Downtime Per-Week	Downtime Per-Day
99.99% (Microsoft)	52.60 minutes	4.38 minutes	1.01 minutes	8.64 seconds
99.999% (Other providers)	5.26 minutes	26.30 seconds	6.05 milliseconds seconds	864.0 milliseconds

But it’s not just the number of nines that determines reliability. Organisations that rely entirely on Teams will find that an outage takes down all of their collaboration and communication services, whereas those that use a dedicated UCaaS provider, integrated with Teams, will still be able to place and receive calls through the UCaaS provider in the event of a Teams outage. Considering the multi-hour outages Microsoft

Teams experienced in both March and April 2021¹, organisations that have all eggs in the Teams basket could face the potential for more significant business disruptions than those using a dedicated UCaaS provider with Teams.

- **Intuitive Teams experience** – By integrating UCaaS natively into Microsoft Teams, users can enjoy the same Teams interface they've been using with no additional downloads, bots or plugins. Users get the best of both Microsoft Teams and their dedicated UCaaS platform in one app, improving productivity and making adoption simple since no retraining is required.
- **Larger global coverage** – As of February of 2022, Microsoft Teams provided calling services for just 33 countries, with support in many of those countries requiring customers to procure their own PSTN access². For this scenario, Microsoft relies on a technology called Direct Routing to enable its customers to connect their own choice of PSTN provider to Teams Phone System. For comparison, UCaaS providers typically offer support for more than 40 countries, without the need to procure separate PSTN connectivity services. UCaaS providers typically also offer broader global support for freephone dialing.
- **Innovative calling features** — Dedicated UCaaS providers typically offer a broader set of features and integrations than does Microsoft in Teams. For example, UCaaS offerings often include fax services; and integrations with third-party CRM and IT service management apps to enable click-to-call and automated updating of records, Integrated Voice Response (IVR), automatic call recording, call queues.
- **Application integrations** — To achieve success, organisations must ensure that their communications setup meets both internal and customer-facing interaction needs. This means supporting not just calling from desktop phones and softphones, but also integrating calling into applications including CRM, help desk and other custom applications. Today, those using UCaaS often adopt off-the-shelf and custom integrations to enable calling from their employee's most-used applications. Moving entirely to Teams Phone System may require rewriting custom integrations, deploying new pre-built integrations or a loss of functionality.
- **Advanced analytics** – UCaaS providers can offer advanced analytics to allow IT and business leaders to gain insights into call performance and application utilisation. Migrating to Microsoft Teams Phone System may require additional investment in third-party call monitoring, management and analytics features to obtain the same level of insight.
- **Integrated contact centre** — Microsoft only offers a contact centre integrated with its Dynamics 365 CRM platform. Beyond that, it relies on partners to integrate contact centre features into Teams Phone System. Contrast that with the majority of UCaaS providers that offer fully integrated contact centre capabilities for inbound and outbound

¹ <https://www.theverge.com/2021/4/27/22405300/microsoft-teams-down-outage-worldwide-issues>

² <https://docs.microsoft.com/en-us/MicrosoftTeams/country-and-region-availability-for-audio-conferencing-and-calling-plans/country-and-region-availability-for-audio-conferencing-and-calling-plans>

dialing, omnichannel customer interaction and Artificial Intelligence (AI) to optimize call routing and customer response.

Option 2: Microsoft Teams Phone System

For organisations that decide to use Microsoft Teams Phone System as their only calling platform, further choices await in terms of how to connect Microsoft Teams Phone System to the PSTN. Microsoft offers three options: Calling Plan, Operator Connect and Direct Routing.

- **Calling Plan** provides phone numbers and PSTN connectivity directly from Microsoft. It is offered for a fixed monthly per-user, per-month block of minutes. Customers may pool these minutes among all employees, but are potentially paying for minutes they do not use. Our research shows companies only use an average of 60% of the Calling Plan minutes they buy. In the United States, Microsoft Teams Phone with Calling plan retails for £9.00 per-user per-month as an add-on to Business Standard or Business Premium plans and includes 1,200 minutes of calling per-user. International calling plans are available at an additional cost. Operator Connect allows Microsoft Teams Phone System customers to obtain their own PSTN connectivity through the Teams operator console by choosing from a list of certified providers. Operator Connect is only available to those who have purchased a Microsoft Teams Phone System add-on licence at a cost of £7.50 per-user, per-month in the UK or for those who currently purchase E5 enterprise licences.
- **Direct Routing** allows Microsoft Teams Phone System customers to “bring their own carrier” and use an approved third-party to connect Teams Phone System to the PSTN. Direct Routing services are available from a variety of vendors, including UCaaS providers.

Direct Routing services are available in several flavors, both from Session Border Controller (SBC) vendors and managed service providers, as well as via UCaaS providers. Among our research participants, just 28.6% use Microsoft’s own Calling Plan for PSTN access (see Figure 5). *Note that at the time Metrigy collected this data, in August of 2021, Operator Connect was not yet generally available. At that time, just 16.7% of those using Microsoft Teams Phone System planned to use Operator Connect.*

Teams Phone System to PSTN Connectivity

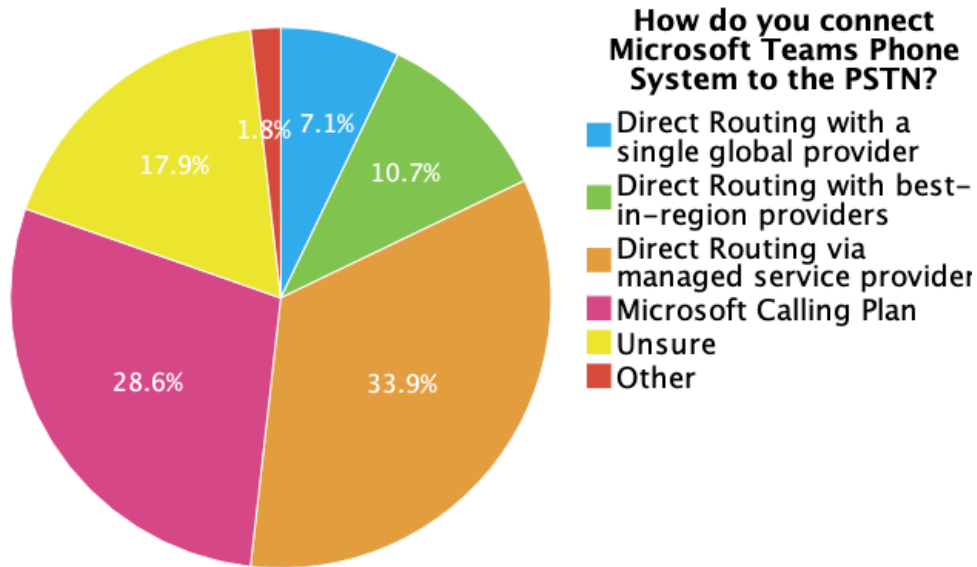


Figure 6: Teams Phone System to PSTN Connectivity

Direct Routing popularity is driven by a variety of factors, most notably cost savings and the ability for enterprise customers to maintain control over their phone numbers and call routing schemes. Our analysis of Direct Routing costs found that companies pay an average of £6.02 per licence per-month for PSTN access through Direct Routing, compared with either £9 for Microsoft's domestic Calling Plan, or £18.50 for international support. Both of the Teams Calling Plans provide a fixed block of monthly calling minutes that an organisation often might not fully utilise, whereas Direct Routing service providers typically bill on a per-minute or fraction-of-a-minute basis only for actual calls.

For those using non-Microsoft UCaaS, switching to Teams Phone System and Direct Routing doesn't necessarily mean migrating fully away from the existing UCaaS provider. **UCaaS providers often have their own support for Direct Routing**, providing a number of benefits versus using only Teams Phone System and a stand-alone Direct Routing provider. These include:

- **Calling features** such as call recording and fax support available from the UCaaS provider via Direct Routing

- **Deployment flexibility** allowing the ability to support either advanced UCaaS-delivered telephony features where required or those only using Teams Phone System, all via a common administration console and PSTN access contract
- **Contact centre integration** via services natively available from UCaaS providers
- **Greater reliability** by preserving a separate calling provider to ensure that a Microsoft Teams outage does not take down all enterprise communications.

Among organisations currently using a dedicated UCaaS provider that are also planning to implement Microsoft Teams Phone System, 45.7% plan to use Direct Routing services from their UCaaS provider while another 17.1% are evaluating doing so. Just 25.7% have no plans to use Direct Routing service from their UCaaS provider.

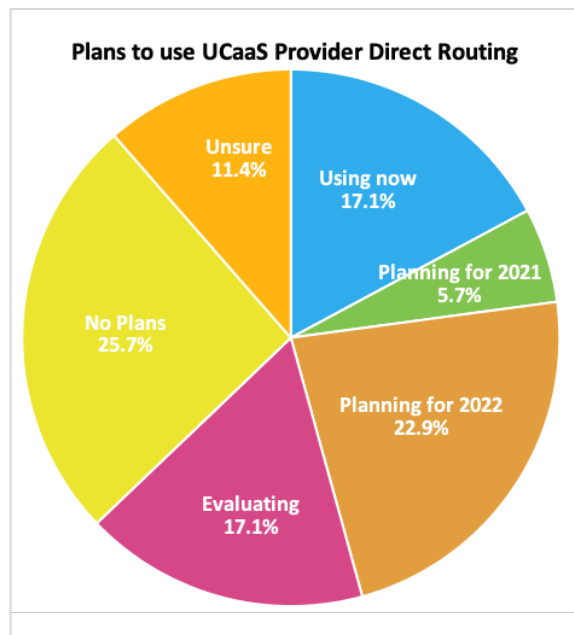


Figure 7: Plans for UCaaS Provider Direct Routing

Conclusions and Recommendations

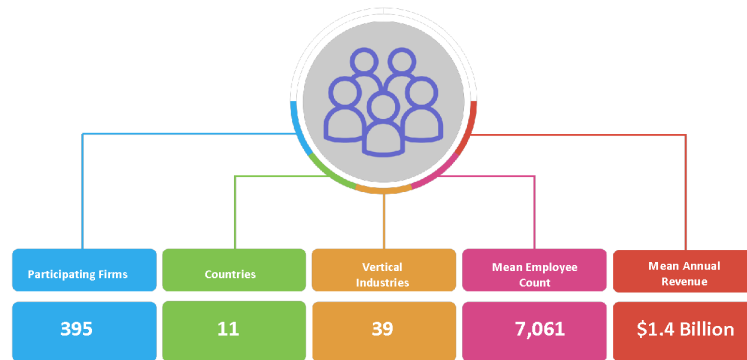
Evaluating Teams Phone System should start with an assessment of whether or not it provides the necessary reliability, features and cost savings versus calling features from a UCaaS provider that can be natively integrated with the Teams client experience. For those deciding to go the Teams Phone System route, a careful evaluation of PSTN connectivity options is necessary to determine the ideal approach based on features, reliability and cost. UCaaS integrated options provide the best opportunity to minimise costs, maximise reliability and obtain access to a broader set of calling and customer engagement features.

Therefore, IT leaders should:

- Assess Microsoft Teams Phone System versus UCaaS integrated options based on potential cost savings, access to calling and contact centre features and anticipated reliability
- Use approaches that natively integrate UCaaS features into the Teams client, enabling a seamless calling experience for Teams users
- If ultimately deciding to adopt Teams Phone System, assess Direct Routing service available via UCaaS providers, again on the basis of cost, features and reliability.

Research Methodology

Metrigy published our global *Unified Communications Management and Endpoints: 2021-22* research study in September of 2021. We survey 395 IT leaders responsible for operating, and/or purchasing UC solutions for their organisation. Participants were from organisations headquartered in 11 countries across 39 vertical industries. We gathered detailed data on plans for Microsoft Teams adoption and management, to include licensing, endpoint, management and PSTN connectivity strategies.



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