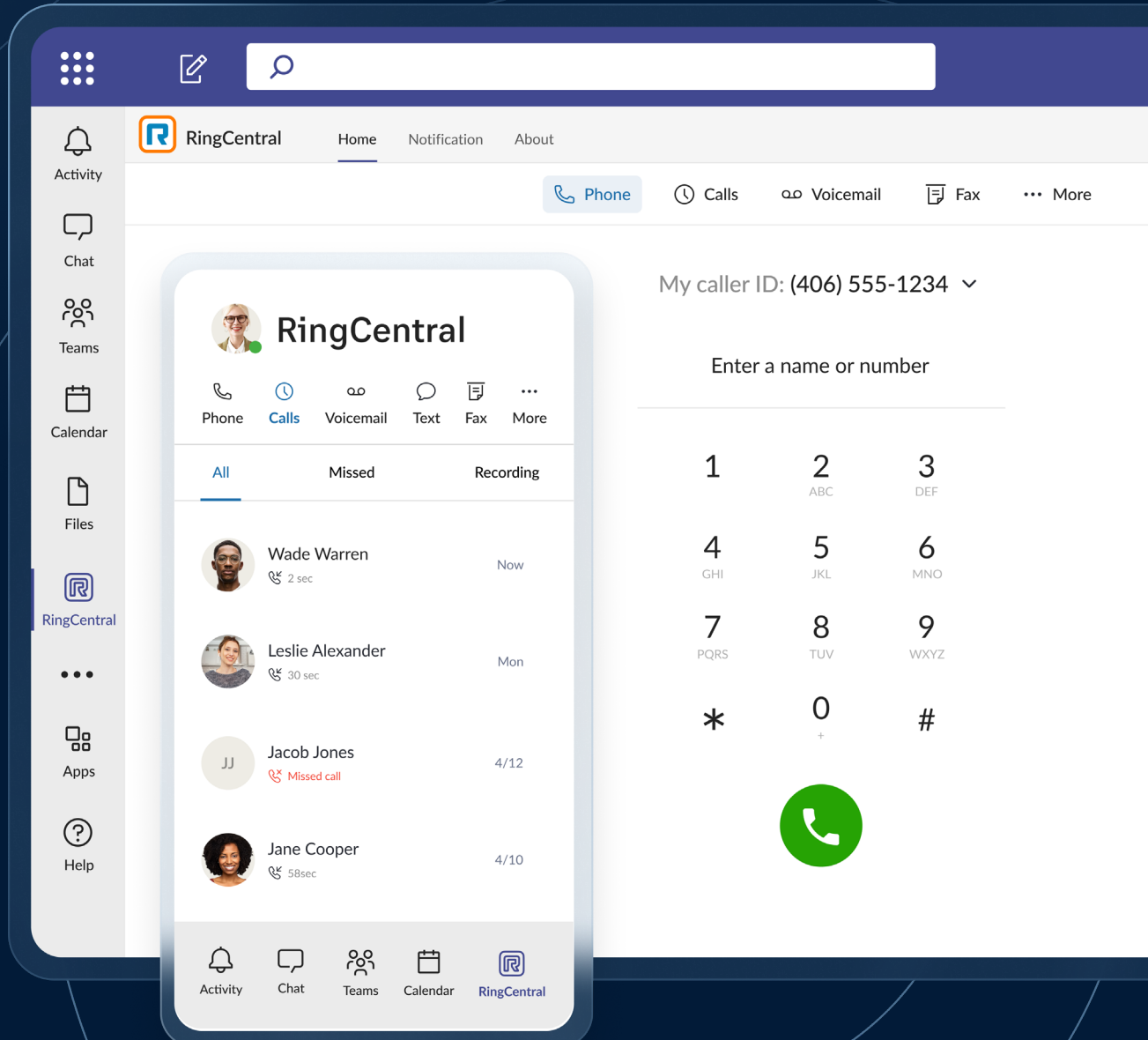


Why third-party Teams telephony solutions lead the market

May 2023



Introduction

So, your organisation has decided to use Microsoft Teams as a collaboration solution to help you be more productive as a business. You are not alone. Teams is Microsoft's fastest growing business application of all time, with more than 300 million users globally.

But how do you make the most of the application to ensure your collaboration is as efficient as possible? Well, combining Microsoft Teams and telephony could help you.

Telephony is still – alongside email – the most popular communication channel used by businesses for both internal and external communication.

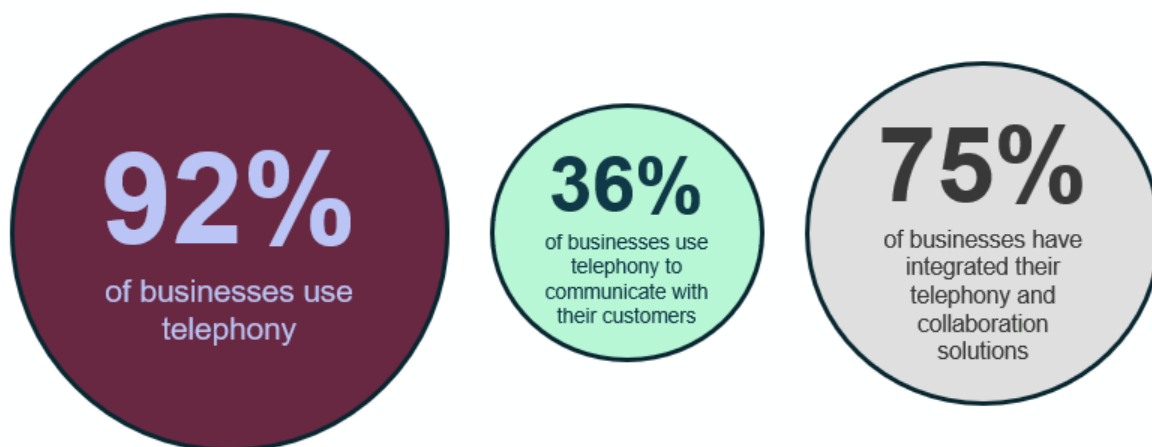


Figure 1. Telephony and collaboration stats – Cavell Group Enterprise Telecoms Buyer Report 2022 & Cavell Group Contact Centre Enterprise Insight Report 2022

Combining collaboration and telephony solutions can increase efficiency, enhance productivity, and improve customer and employee experiences. Don't take our word for it. Around three quarters of businesses have already integrated their collaboration and telephony solutions to try and harness these benefits.

Understanding Microsoft Teams

telephony options

To enable telephony in Teams, individual users need a Microsoft Phone System licence which is available either as an add on licence or as part of a bundle within certain Microsoft 365 packages. There are several ways to enable telephony within Microsoft Teams, including: Microsoft Calling Plans, Direct Routing, Operator Connect, and third-party application integrations. Let’s explore some of the options in more detail:

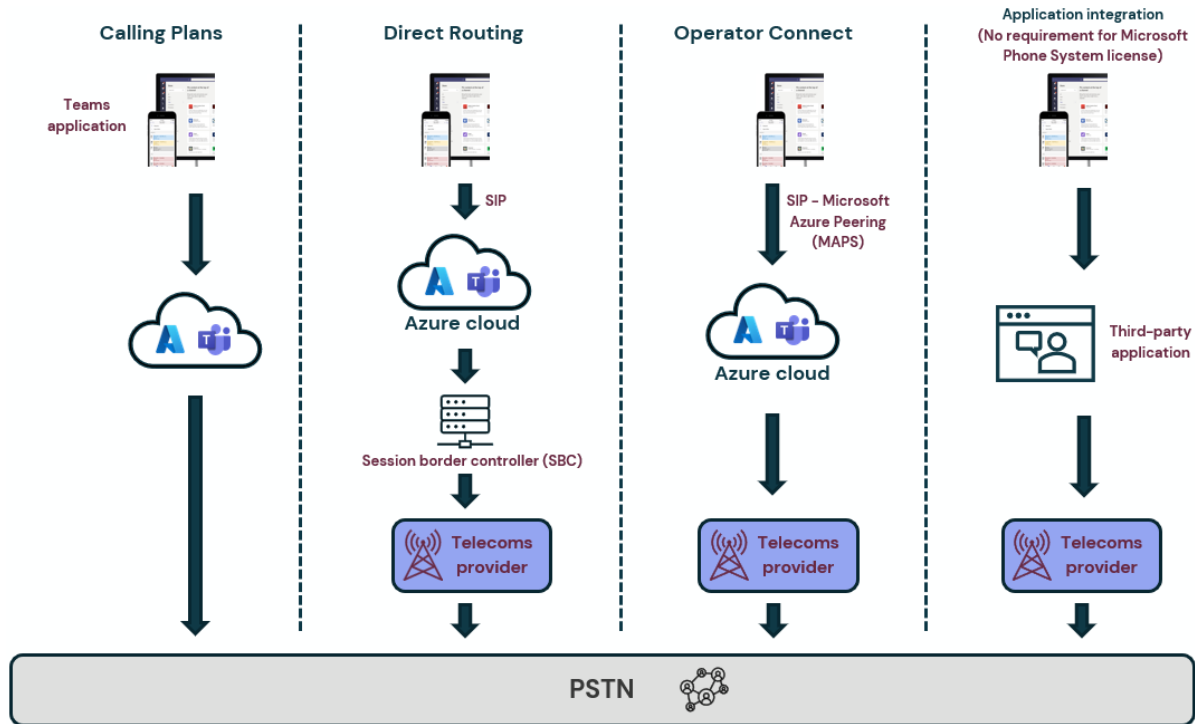


Figure 2. Microsoft Teams telephony enablement options high-level topology – Cavell Group Microsoft report for Service Providers Q1 2023

With **Microsoft Calling Plans**, you use Microsoft as your telephony carrier. This means you get a phone number and a bundle of international or domestic minutes. It is a straightforward process, but keep in mind there are some restrictions and drawbacks – Microsoft only offers full carrier capabilities in 33 countries.

Now, let's talk costs. If you are used to per-user pricing, Microsoft Calling Plan bundles might not be as competitive as other telecom providers. For small businesses, they could be a good option, but if you have got more than 5 users, it might not be worth it.



*Average price for 'stand-alone' domestic minute bundle of 1200 minutes or more

Figure 3. Cavell Microsoft Report for Service Providers Report 2022

Direct Routing is another option that many businesses prefer. This lets you connect Teams to a third-party telephony carrier. You can use your existing telephony partner and get cheaper call rates, more flexibility, and better support. However, it can be pricey to set up and manage.

To make it work, you'll need to use a special SBC device and have PowerShell knowledge. This approach can be pretty technical and costly, though, so not everyone will want to go with this route. You might need to work with a third-party partner and incur added professional services costs to get telephony in Microsoft Teams set up.

Microsoft has added a third option In **Operator Connect**. This lets you consume phone numbers and telephony services directly from a third-party carrier, and you can do it all from within the Teams Admin Centre. There are about 60 operators in the program, and once you're in, you can assign phone numbers provided by the different operators to individual Teams users.


There are some limitations if you use Operator Connect. To start, you'll have to exclusively use Microsoft Phone System for PBX call control, which might limit some of the features and functions available to your users. You may also need to manage a selection of different carrier relationships if you want to use Operator Connect across different countries internationally.

Another option is a **third-party application integration**. This means using a unified communications provider to enable telephony in Teams. It can save you some money on licensing, but you should carefully consider both end user experience and functionality when evaluating potential solutions.

In any case the majority of businesses, especially larger enterprises, mix and match their Teams telephony solutions to meet the needs of individual users. You don't have to choose one option for your entire organisation.

Is Microsoft's Phone System right for your business?

Microsoft Phone System is one of the most important tools in Teams because it lets you make and receive phone calls and provides voice services within Teams. Phone System is essential for all native Teams telephony solutions. If you've got the right license package, you can use it as a full-on phone system, complete with real phone numbers and the ability to call out to any number you need.



Microsoft Phone System

Phone System is a Microsoft's cloud-based PBX system. It's got all the basics you'd expect, but keep in mind that it's still a work in progress.

Depending on what your company needs, the features might not be enough – especially if you've got some complicated telephony requirements.

Even some basic PBX features such as hunt groups, call flows, caller ID management, call barring, and call reporting are not included in Microsoft Phone System.

Another thing to bear in mind is that some of the features of Microsoft Phone System are built into Microsoft Teams and Office 365. That means they work a bit differently from traditional PBX systems, so your team might need some extra training and support to get the hang of it all.

If you want to get really fancy with your call flows, you'll need to have some development skills. PowerShell, Microsoft's programming language, is the name of the game if you want to get into the more complex configurations.

Microsoft's Phone System is what makes this all work. It lets you control calls and do all the things you'd expect from a traditional PBX system, all within the Microsoft 365 cloud and Teams. If you are looking to compare it to other cloud PBX platforms, this is the one you'll want to check out.

If you use Operator Connect or Microsoft Calling Plans to enable telephony for a Teams user, you must use Microsoft Phone System for that user's PBX call control and can't use it alongside another system. With Direct Routing you still need a Phone System licence but, you can integrate the solution with premises-based PBX or third-party cloud-based PBX systems if you need extra features or functionality.

Only third-party, non-native, Teams telephony solutions bypass the requirement for a Teams Phone

System license – which costs \$8 per user per month as an add-on licence. This does mean your Teams users have to use another third-party application either as a plug-in app within Teams or as a separate application all together.

Why are third-party Teams telephony solutions so popular?

Not having telephony as a standard feature in Teams is a pretty big deal. Calling is one of the most popular communication tools used all over the world, and if your business doesn't have it, well, you're missing out on a key asset. It's a critical issue that needs to be addressed and there are reasons why more than **80%** of Microsoft Teams users who have telephony enabled use third-party solutions.

Microsoft doesn't really have a background in the communications industry. Microsoft has been working hard to catch up by buying up other companies – including Skype – and adding to their capabilities.

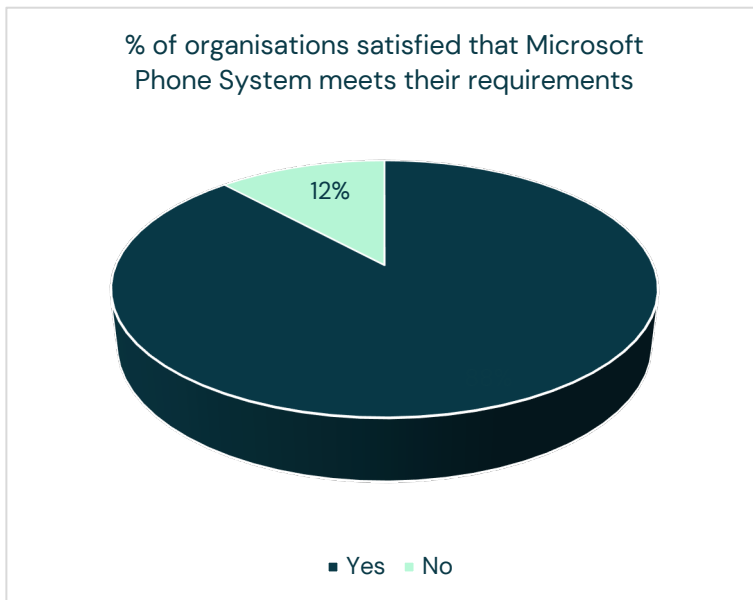
Communications and telephony require some serious expertise, so Microsoft has had to bring in outside help to manage customer requirements that fall outside their traditional business units. Microsoft has only recently started offering capabilities like number porting, provisioning, and management as part of their support. So, some organizations prefer to get help from third-party experts who specialize in these telephony capabilities.

Getting telephony up and running in Teams is no small feat. There are some technical and financial considerations businesses need to keep in mind. Most options require PowerShell expertise, which is basically Microsoft's way of automating tasks and configuring Teams. It's pretty powerful stuff, but not every business has the skills to use it properly.

These factors, combined with the limited functionality of Microsoft Phone System and restrictions in the Microsoft telephony enablement methods, generally mean that businesses that value telephony look to third parties to help them maximise their investment in Teams. If your businesses would find it challenging to configure, maintain, or manage a Teams Phone System, Direct Routing, or Operator Connect deployment, you might want to consider a third-party integration to get telephony enabled in Teams. Don't stress yourself out trying to do it all alone.

What to look for in a third-party Teams telephony solution

So the vast majority of businesses adding telephony to Teams use a third-party expert to help them. But what are the key criteria you need to consider when selecting your Teams telephony partner? Cavell Group has collated some of the most important factors to consider when you are exploring the market:



Features and functionality: Your phone system needs to keep up with your business requirements. Microsoft Phone System might not have all the features you need as standard – like sending text messages and faxes from the same platform or advanced PBX capabilities like call recordings and queues. More than 10% of organisations who already use Teams telephony don't think Microsoft Phone System meets their needs.

So, be sure to gather the telephony requirements that your users need to be most productive and cross-reference the list against the capabilities of third-party integration providers that can give a boost to your Microsoft setup.

Figure 4. Cavell Group Microsoft Teams Enterprise Insight Report 2023

requirements and use a variety of different technology systems every day. Customer relationship management (CRM) software, specific line-of-business systems, contact center solutions, and a host of other software systems play vital roles in each and every business. Some of the Microsoft Teams telephony options restrict integration capabilities, making interoperability between apps difficult. Additionally, Microsoft has focused their integration strategy on bringing third-party apps into Teams. Embedding Teams into apps that could benefit from an integrated communications platform, like a CRM, is challenging.

Integration capabilities: Businesses have wide ranging communication

Did you know? 38% of businesses that use Teams for telephony have integrated Teams into their contact center solution in some capacity – Cavell Group Microsoft Teams Enterprise Insight Report 2023

Integrated Contact Center: Teams has become a popular tool with contact center agents to foster internal collaboration. But Microsoft doesn't offer a native contact center solution, leaving organisations to search for third party solutions to integrate into Teams. If you've got a need for both a contact center solution for your customer care agents and a telephony solution for the remainder of your workforce, it may make sense to try to find a single partner who can provide both.

Analytics: One thing that's super important in the world of communication solutions, especially when it comes to Microsoft Teams, is analytics. The market for this is set to hit \$25 billion by 2025, so it's a big deal. Companies all over the world need tools that can give them a ton of metrics across different areas like security, QoS, and even user performance and satisfaction. If you're looking at native telephony analytics capabilities, Microsoft's offering is a bit weaker than average when it comes to diagnosing issues. Microsoft does offer interesting capabilities when it comes to user behavior and usage analytics, so it depends on what you're looking for.

But here's the thing – Microsoft's analytics tools are located in different places within its software eco-system. There are three different areas where you can find UC analytics – Teams Admin Center (TAC), Viva (which costs an extra \$5 per user per month), and the Call Quality Dashboard (CDQ). And, if that's not enough, they're also available through APIs. It can be confusing and troublesome to manage.

Microsoft is also missing telephony data for line of business leaders. For example, some organisations find it valuable to analyse metrics like call volume in prior, comparable periods to forecast both potential revenue and labour needs. This data can help drive the bottom line, which is top of mind for most these days.

Reliability and SLA: When it comes to third-party Teams telephony products, people often forget about support and service levels. Microsoft Teams promises a 99.99% uptime SLA, but that still means users could experience almost an hour of downtime per year in a system that's supposed to run 24/7. Microsoft has added number porting, provisioning, and management to its support offerings, but they're still playing catch-up.

So, if you run a business, it's super important to find third-party telephony products that can match or beat Microsoft's SLA. If you settle for anything less, you're risking a lot – like losing revenue and damaging your reputation due to system downtime. And let's be real, nobody wants that.

According to Uptime Institute's 2022 Outage Analysis Report over 60% of outages cost more than \$100,000, an increase from 39% in 2019

When it comes to external communication with customers, the cost can be even higher. That's why it makes sense to explore third-party products with better support offerings and higher reliability that are dedicated to telephony issues. That way, you can ensure better levels of service, end-user satisfaction, and productivity.

Covering all the bases: Most Microsoft Teams telephony deployments are hybrid. This means that businesses use a selection of different telephony options across Direct Routing, Operator Connect, and third-party integrated applications depending on the requirements their individual users have.

So, if you are considering third-party Teams telephony partners it makes sense to look at providers who can offer options in each of the different areas so they can help you with all of your different deployment types.

About RingCentral

RingCentral provides Microsoft Teams customers with business calling to help them expand their global reach, integrate flawless employee and customer experiences, and connect the apps they depend on. RingCentral offers a complete phone system with a rich set of integrated capabilities for Microsoft Teams. You'll also get the broadest and deepest set of pre-built telephony integrations to plug in your phone system to all the different apps your business runs on – like Salesforce, Hubspot, Zendesk, ServiceNow, and many more. Additionally, IT and business analytics unlock insights and simplify troubleshooting – wherever your teams are located. RingCentral provides phone service that is 99.999% reliable, cost effective, and designed to meet even the most advanced business phone needs.

Flexible deployment options ensure that you can deliver an experience that balances business needs, end user demands, and an exceptional customer experience. RingCentral's embedded app brings powerful, integrated cloud calling into Microsoft Teams – no E5 or Teams Phone license

needed. RingCentral Direct Routing works behind the scenes to power reliable calling and an expanded global reach, all while users leverage the familiar Teams interface.

About Cavell Group

Cavell Group is an EMEA & USA focused research, consulting, engineering and education services business with offices in the USA, Amsterdam, Brussels, and London as well as remote associates 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.

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 around the world.