



# Microsoft Teams and Telephony: Why Financial Services Firms Must Consider UCaaS Providers

*Lower costs, stronger reliability, advanced features*

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## Executive Summary

Financial services companies that have embraced Microsoft Teams for messaging and meetings must take one critical next step to achieve full benefits of Unified Communications-as-a-Service (UCaaS): integrating calling. They do not, however, need to adopt Microsoft Teams Phone System. In fact, there's a better option: integrated calling services from a UCaaS provider. This option provides them with the best opportunity to minimize telecom costs, maximize reliability, compliance, and security; and provide access to advanced calling features.

If you're responsible for determining how to add calling to your Microsoft Teams environment, you should evaluate the benefits of integrating UCaaS with the Microsoft Teams app. Alternative options include integrating your UCaaS provider's calling capabilities into Microsoft Teams, or using Operator Connect or Direct Routing services from your UCaaS provider to enable your employees to place and receive calls using the Microsoft Teams apps.

Based on Metrigy's data gathered from 43 financial services companies in North America, Europe, Asia, and Australia, we discovered:

- A clear preference for using dedicated UCaaS services for calling, as opposed to Microsoft Teams Phone System
- Significant benefits from using dedicated UCaaS services, including lower costs, greater reliability, and access to advanced calling and call center features.
- For businesses committed to using Microsoft Teams Phone System, an opportunity to achieve additional benefits by using Direct Routing from their UCaaS provider to connect Microsoft Teams to the PSTN (Public Switched Telephone Network).

## The ROI of Improving Communications and Collaboration

Often operating on thin margins, financial services companies must deliver a return on their investments—communications and collaboration being no exception. With little wiggle room on the balance sheet, IT leaders at financial services companies must assure that spending on voice, video, and messaging applications results in measurable business improvements.

Among the 43 financial services companies benchmarked for Metrigy's global *Unified Communications and Collaboration Management and Endpoints: 2021-22* research study, almost 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 apps
- **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 apps. Productivity gains are typically enabled through the introduction of new collaboration capabilities, including integrated phone, team messaging, videoconferencing, and automated workflows.

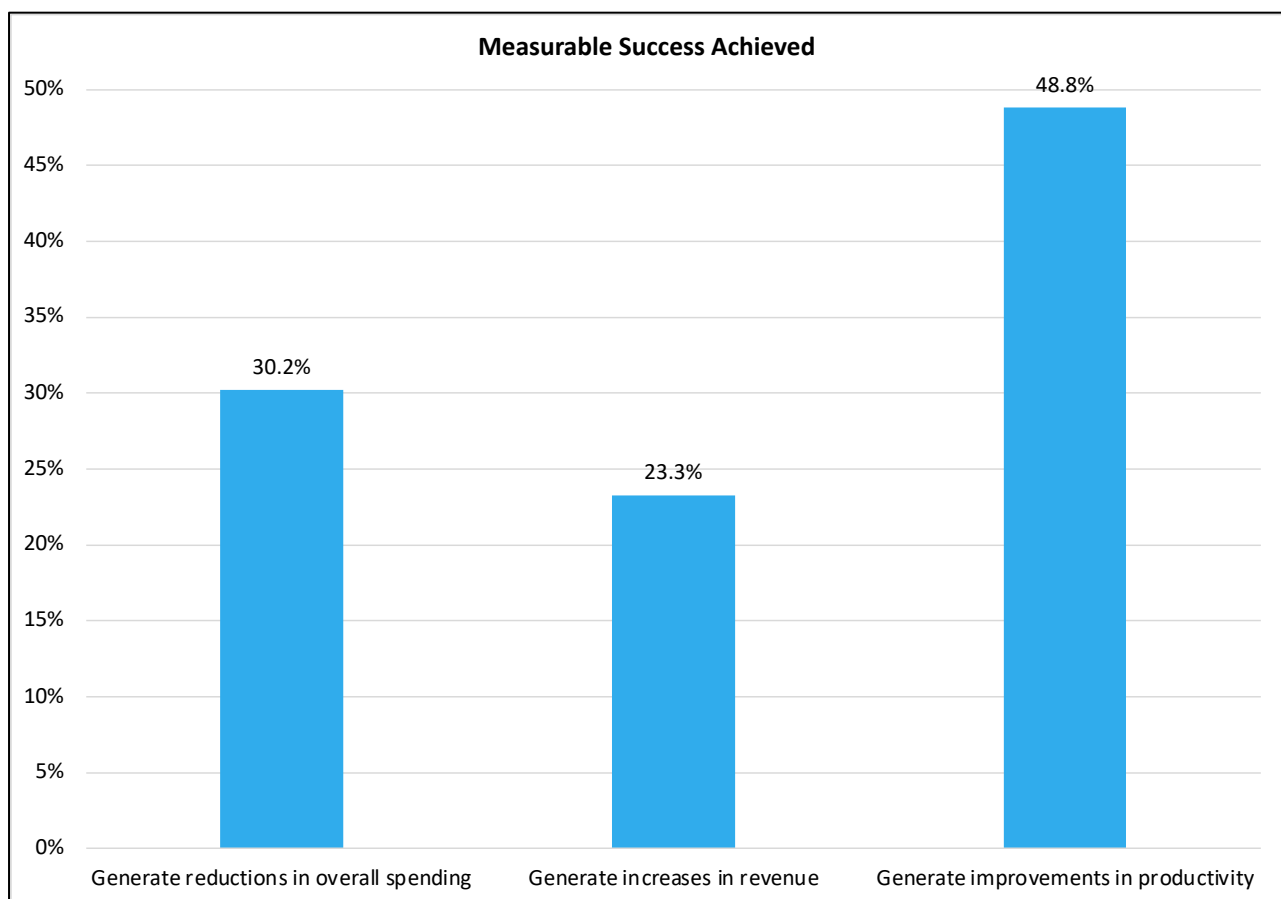


Figure 1: Measurable Success Achieved

## Communications and Collaboration Market Landscape

Financial services firms, like so many others, have needed to reshape their approach to communications and collaboration around the work-from-home (WFH) and hybrid work paradigms ushered in with the coronavirus pandemic. Making sure all employees can communicate and collaborate effectively, from wherever they are working, is an imperative.

Within the financial services sector, the need to support this changing workplace dynamic is leading more and more companies into the cloud for communications and collaboration. Our research shows that among financial services companies, 55.8% now use UCaaS, with an even split between those using UCaaS as their only communications suite and those having a hybrid model that combines UCaaS with an on-premises platform (Figure 2).

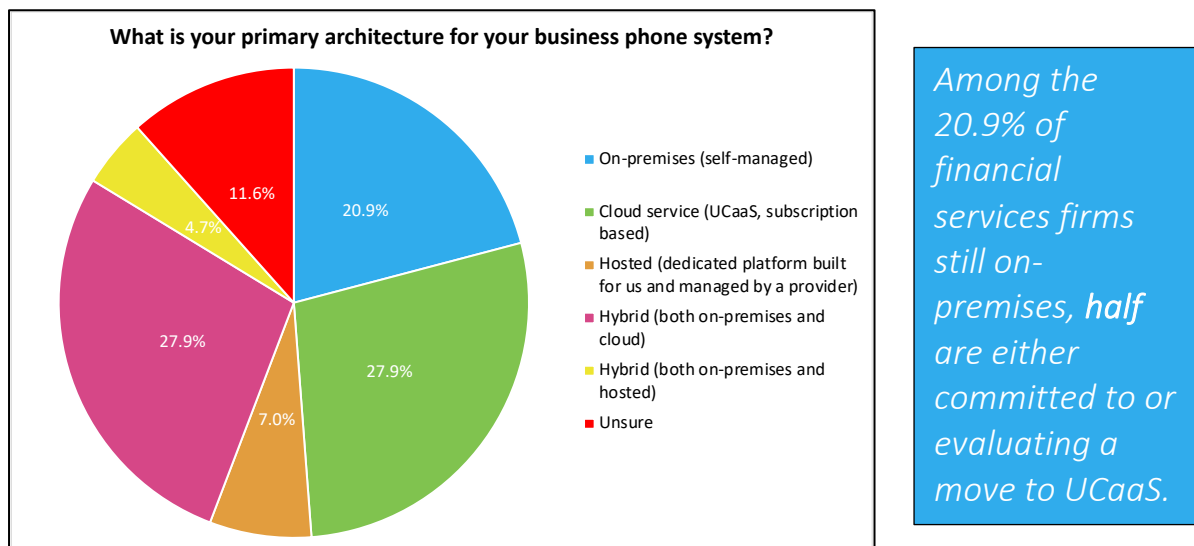


Figure 2: Primary architecture for business phone system

Indeed, the primary driver for UCaaS adoption in this sector is the need to support working from home, cited by 40% of financial services companies. Close followers are scale, with cloud services offering more flexibility for company growth than on-premises systems; and the potential for cost savings, be these associated with hardware, management, staffing, or another factor. Feature availability and contact center integration round out the top five drivers.

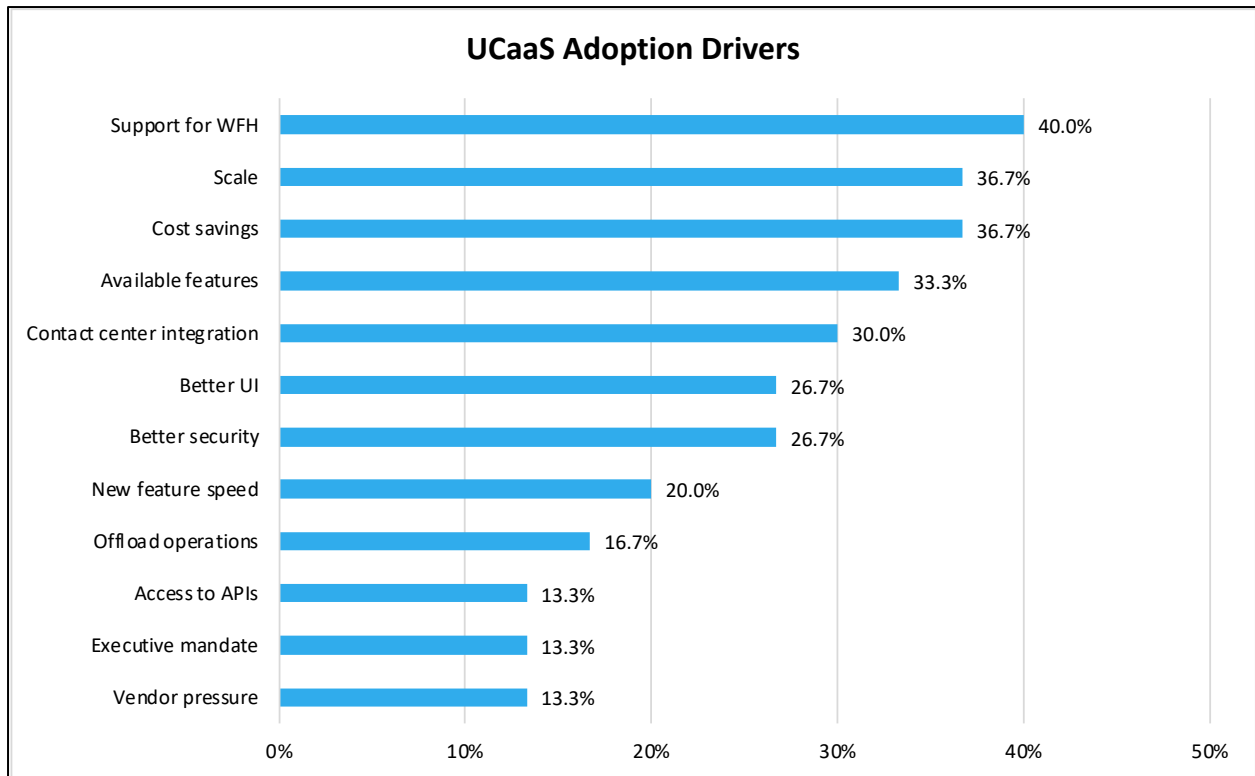


Figure 3: UCaaS Adoption Drivers

Regarding the latter, integrating UCaaS and CCaaS platforms enables seamless conversation between contact center agents and subject matter experts (SMEs) within the business. In the background of a customer interaction, an agent might simply team chat with an SME for information that will shorten time to resolution. Or, depending on implementation and use case, the agent could bring the SME into the conversation or, in cases where customer data privacy is an issue, hand off the customer to the SME for guidance. Generally speaking, companies that leverage a fully integrated UCaaS and CCaaS platform experience measurable benefits across a variety of operational and customer-facing metrics, including customer rating and agent productivity improvements.

Despite the growing popularity of messaging and videoconferencing apps, calling is still a critically important service. In 2021, 39.5% of financial services companies reported that call volumes had increased, often driven by increasing customer inquiries. Employees in some cases see calling as a more informal and less intrusive means of conducting 1:1 conversation, compared to videoconferencing.

**39.5% of financial services firms reported that call volumes continue to increase.**

Finally, UCaaS and CCaaS are fast becoming cornerstones of digital transformation strategies that allow companies to improve internal workflows and customer

engagement. Financial services companies look to enable app integrations and open application programming interfaces (APIs) to improve internal and customer-facing communications.

*Most financial services companies—96%—rate the availability of APIs as highly or moderately important in meeting their business needs.*

Integrations help reduce the need to switch between multiple apps and enable features such as automated messaging for account status or outbound marketing purposes.

## Calling: The Next Step on the Microsoft Teams Journey

With Microsoft Teams included as part of the Microsoft 365 SMB and Enterprise licenses, financial services companies that have adopted the application to support meetings and messaging must determine how best to integrate that third leg of UCaaS—phone calling—into Teams. Microsoft only supports calling in the E5 plan, so companies with any other license (and that's most companies, according to our research) have a choice between two options for adding calling to Teams:

- Integrating a UCaaS provider into the Microsoft Teams app
- Purchasing a Microsoft Teams Phone System license and buying PSTN connectivity separately

### *Option 1: Integration of Microsoft Teams with a Dedicated UCaaS Provider*

With the first option, users can place calls through the Microsoft Teams app while companies maintain their existing UCaaS services. This is typically accomplished through the use of a Microsoft Teams plug-in that routes PSTN calls through the UCaaS provider and gives users access to a full set of UCaaS features.

Benefits of this approach include:

- **Lower cost** — Those using Microsoft Teams Phone System spend an average of **\$1,497** per-user, per-year on operational costs such as licensing, end-user support, and training, compared with an industry average of **\$1,196**, according to our data. Let's look at this from two perspectives: **A 100-person financial services company would save \$30,100 per year and a 1,000-person company \$301,000 per year using an average-cost UCaaS provider rather than using Microsoft Teams Phone System.** Among all UCaaS vendors analyzed by Metrigy, Microsoft Teams Phone System 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 \$8 per-user per-month (for those with E1 or E3 licenses), or upgrading to an E5 license that includes calling. Microsoft Teams Phone System typically costs more to manage and maintain in terms of staff resources compared to other UCaaS providers.
- **Greater reliability** — Microsoft currently offers 99.99% reliability, which equates to no more than 52 minutes of unscheduled downtime per year. For comparison, many other 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 nines 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 UCaaS providers)	5.26 minutes	26.30 seconds	6.05 milliseconds	864.0 milliseconds

But it's not just the number of nines that determines reliability. Businesses that rely entirely on Microsoft Teams for calling, messaging, and meetings will find that an outage takes down all of their collaboration and communications services, negatively impacting productivity, revenue, and customer service. However, those that leverage a separate UCaaS provider, integrated with Microsoft 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 2021<sup>1</sup>, businesses that have all their eggs in the Microsoft Teams basket could face far 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 2022, Microsoft Teams provided calling services for just 33 countries, with support in many of those countries requiring customers to procure their own PSTN access<sup>2</sup>. For this scenario, Microsoft relies on a technology called Direct Routing to enable its customers to connect their own choice of PSTN provider to Microsoft 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 toll-free dialing.
- Innovative calling features** — Dedicated UCaaS providers typically offer a broader set of features and integrations than Microsoft. For example, UCaaS providers often include SMS (to allow for texting from business phone numbers), fax services, call controls, integrated voice response (IVR), call handling, automatic call recording, call queues, advanced reporting and analytics, and integrations with third-party CRM and IT service management apps to enable click-to-call and automated updating of records.

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

<sup>2</sup> <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>



- **App integrations** — To achieve success, financial services companies 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 apps including CRM, help desk, and other custom apps. Today, those using UCaaS are often adopting off-the-shelf and custom integrations to enable calling from their employees' most-used apps. Moving entirely to Microsoft 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 app utilization. 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.
- **Compliance and security** — UCaaS providers can provide a host of compliance and security controls, including AI-based spam blocking, number masking, robocall mitigation using STIR/SHAKEN standards, and more. Additionally, they can enable policy-based calling and call recording. With privacy paramount, financial services firm moving to Microsoft Teams Phone System will need to be particularly mindful of establishing a secure architecture around their calling environment, carefully considering which compliance, security, and policy controls they need to implement for Teams Phone System and assessing whether they can get those from Microsoft or will require third-party sourcing.
- **Integrated call center** — Microsoft only offers a call center integrated with its Dynamics 365 CRM platform. Beyond that, it relies on partners to integrate call center features into Microsoft Teams Phone System. Contrast that with the majority of UCaaS providers that offer fully integrated call center capabilities for inbound and outbound dialing, omnichannel customer interaction, and artificial intelligence (AI) to optimize call routing and customer response.

### *Option 2: Microsoft Teams Phone System Only*

Most financial services companies that participated in our study are not using the Microsoft Teams Phone System as their only calling platform. Those that are already using, or are considering a move to the service, face further choices 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's offered for a fixed monthly per-user, per-month block of minutes. Customers may pool these minutes among all employees, but they are potentially paying for minutes they won't 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 \$15 per-user per-month as an add-on to Business Standard or Business Premium plans and includes 3,000 minutes of calling per-user. Long-distance calling plans are

available at an additional cost. Outside of the United States, calling plan rates vary greatly.

- **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 that have purchased a Microsoft Teams Phone System add-on license at a cost of \$8 per-user, per-month in the U.S. (with varying rates outside of the U.S.) or for those that currently purchase E5 enterprise licenses.
- **Direct Routing** allows Microsoft Teams Phone System customers to “bring their own carrier” and use an approved third-party to connect Microsoft Teams Phone System to the PSTN. Direct Routing services are available from a variety of vendors, including UCaaS providers.

For those using Teams Phone System, Direct Routing is a popular option, driven most notably by cost savings and the ability for companies to maintain control over their phone numbers and call routing plans, among other factors. Our analysis of Direct Routing costs found that companies pay an average of \$7.91 per-license per-month for PSTN access through Direct Routing. Direct Routing service providers typically bill on a per-minute or fraction-of-a-minute basis only for actual calls, meaning companies only pay for the minutes that they actually use.

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

- **Calling features** such as SMS, call recording, and fax support available from the UCaaS provider via Direct Routing
- **Deployment flexibility** that allows the ability for end users to use the Microsoft Teams app only, the Microsoft Teams app plus integrated UCaaS features, or the UCaaS provider’s app. In all cases, companies can administer all users through a common administration console
- **Call center integration** via services natively available from UCaaS providers
- **Greater reliability** by preserving a separate calling provider to ensure that a Microsoft Teams outage doesn’t take down all business communications.

## Conclusions and Recommendations

Financial services companies looking to wrap calling into their Teams environment must carefully evaluate each option described above, and guide decisions on costs, reliability, features, and compliance and security. Option 1 (integration of Microsoft Teams Phone System with a dedicated UCaaS provider) offers the best opportunity to minimize costs, maximize reliability,

assure a steady state around compliance and security, and obtain access to a broader set of calling and customer engagement features.

For those deciding to go with Option 2 (Microsoft Teams Phone System only), carefully evaluate available PSTN options to select the best approach, noting that UCaaS providers are likely to offer a more comprehensive set of calling and customer engagement capabilities and higher cost savings for your business.

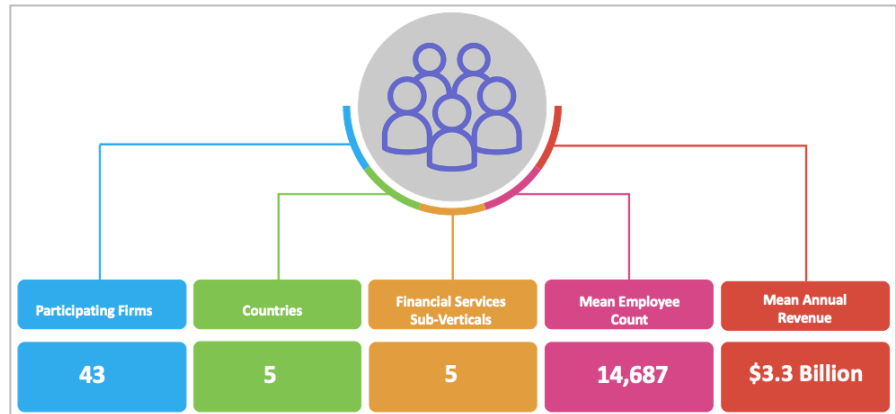
As you navigate your choices:

- Consider UCaaS-delivered calling features, integrated into Teams, as a means of minimizing costs, delivering the highest level of reliability, compliance, and security; and ensuring access to the broadest set of calling features
- Look for the ability to natively integrate UCaaS features into the Microsoft Teams platform, enabling a seamless calling experience for Teams users
- If deciding to adopt Microsoft Teams Phone System, assess Direct Routing services available via UCaaS providers—again on the basis of cost, reliability, and features.

## Research Methodology

Metrigy published our global *Unified Communications Management and Endpoints: 2021-22* research study in September of 2021. We surveyed a total 43 IT leaders who are responsible for operating, and/or purchasing UC solutions at financial services companies in five sub-verticals.

Participants were from organizations headquartered in five countries. 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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