

Many companies view digital transformation (DX) as a strategic imperative now, especially with the COVID-19 pandemic becoming a driver for accelerating the transformation to digital technologies. DX is at the heart of change in communications and collaboration globally and is the foundation for how to stay relevant in the future.

Digital Transformation Powers the New Unified Communications Work Experience

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Introduction

Customers, employees, and partners are demanding a more user-driven communications experience, defined by end users and line-of-business (LOB) leaders — an experience that fits into how they work instead of changing how they work. The rigid experience historically driven by IT is becoming a thing of the past. The new communications experience is characterized by solutions that are accessible on browsers, integrated with user applications, and ready to go on mobile devices of choice for calling, messaging, meeting, and sharing content with one-touch response capabilities. Digital transformation (DX) is driving evolution in the worldwide unified communications and collaboration (UC&C) market.

This IDC Technology Spotlight explores important trends, benefits, and solutions beyond the traditional desktop workspace in the evolving UC&C market. It discusses the key role that Avaya plays in this increasingly strategic area — making UC a natural part of how we connect, communicate, and collaborate on devices and within the applications and browsers people use every day.

In just a few short decades, IT has moved from the back office to the front office, driven by what IDC defines as 3rd Platform technologies — mobile, social business, cloud, and big data/analytics — and "innovation accelerators" such as Internet of Things (IoT), artificial intelligence (AI), machine learning (ML), natural language processing (NLP), and augmented (AR) and virtual reality (VR). There is no doubt that digital technology has already begun embedding itself into nearly every aspect of people's business and personal lives. We've entered an era where the distinction between the technologies and processes that businesses deploy is so tightly linked to customers and markets that the boundary between an enterprise's internal operations and external ecosystem (e.g., customers, markets, competitors, partners, and regulators) is rapidly disappearing.

Enterprises today are compelled to take their competitive abilities to the next level — that of a digital business player and/or disruptor. IDC feels that with the advent of COVID-19, the need for a long-term commitment to a DX strategy has become even more acute. The new competitive edge uses digital technologies coupled with organizational, operational, and business model innovation to create new ways of operating and growing the business. As digital leaders drive market disruption, industries are shifting to the digital world. Former leaders risk falling through the cracks created by the

AT A GLANCE

KEY STATS

In a recent IDC survey, 83% of respondents said their digital transformation efforts have accelerated or remain the same due to COVID-19.

WHAT'S IMPORTANT

Customers should refocus on leveraging digital technologies for enabling a digital transformation strategy in their organizations.

disruption in their markets. The only way to compete now is via digital transformation, which enables organizations to drive changes in their business models and ecosystems by leveraging digital competencies.

An informed DX strategy, in conjunction with the appropriate communications and collaboration solution and/or services, can help organizations and their end users innovate and compete more effectively. Therefore, organizations of all sizes must have a viable DX strategy in place, especially regarding their communications and collaboration solutions.

In vertical market businesses, because so much disruption is happening with traditional verticals exploiting new digital technologies, numerous initiatives are in play to make sure organizations are relevant in the DX era and providing innovation in their marketplaces.

For example, there's an interesting intersection of DX, IoT, and video in the healthcare sector, where home and personal medical devices for monitoring patients' health can be linked into a clinic or hospital system. Integrating the data from monitoring devices with a real-time communications system enables medical professionals to remotely share and explain real-time data in context. The wearables market has also attracted vendors from multiple vertical markets, including IT, healthcare, and fashion. There are several very recognizable uses for wearable technology in business and public sector applications, including wearable cameras in such areas as healthcare (e.g., surgical procedures and examinations) and law enforcement. Earwear, too, is becoming smarter (i.e., earwear that includes a smart assistant). As smart assistants gain greater salience in the wearables market, they are expected to become more hands free for earwear, like what is already possible on smartwatches.

Definitions

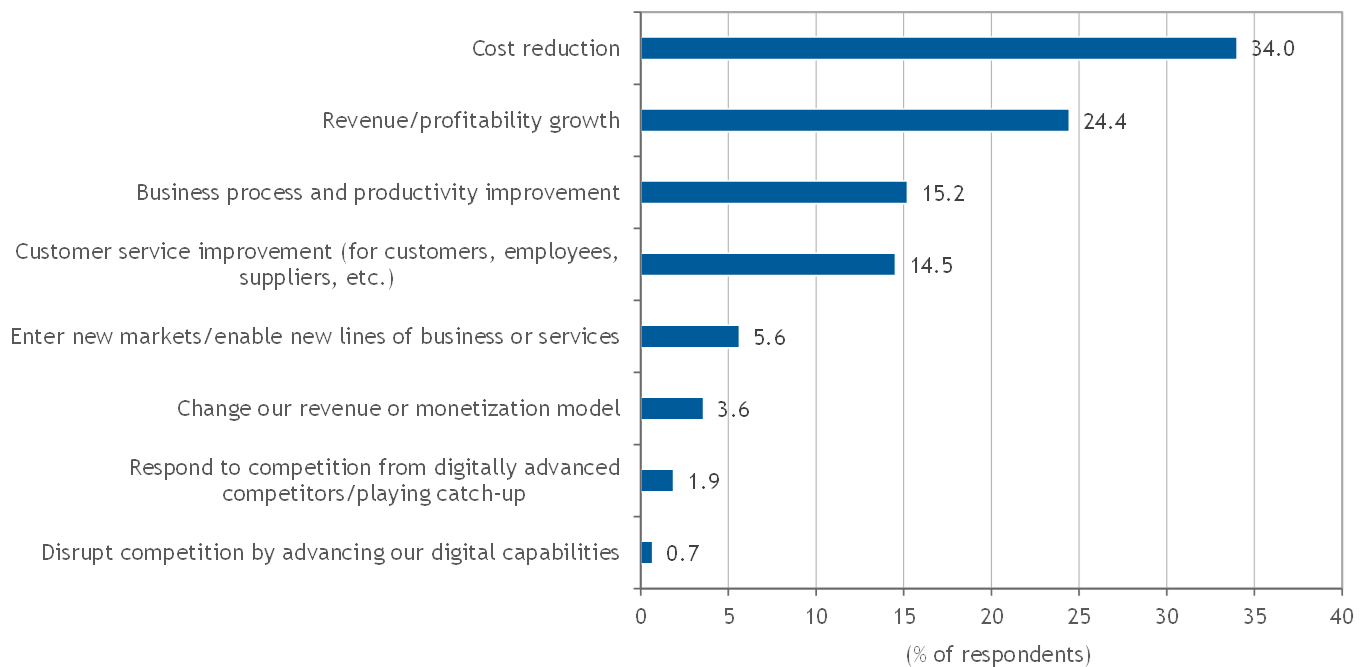
The term *digital transformation* has become so pervasive in business circles that it can easily be dismissed as generic. However, IDC believes that business leaders who recognize the real impact of digital technologies on their companies, industries, customers, partners, and business practices stand to gain a real advantage over their competitors in the race to the digitally enabled enterprise. At a basic level, organizations deploy digital technologies (i.e., electronic tools, systems, devices, and resources that generate, store, or process data) coupled with organizational, operational, and business model innovation to create new ways of operating and growing their businesses.

Benefits

The data in Figure 1 corroborates the observations made in this document. IDC's 2019 *U.S. Enterprise Communications Survey* asked organizations with DX initiatives already in place or planned to rank their top DX objectives in order of importance, as shown in Figure 1.

FIGURE 1: **Top Digital Transformation Objectives**

Q Considering your organization's digital transformation initiatives, please rank your top objectives in order of importance.



n = 585

Base = respondents who indicated their organization has DX initiatives in place/planned

Notes:

The survey is managed by IDC's Quantitative Research Group.

Data is not weighted.

Use caution when interpreting small sample sizes.

Source: IDC's U.S. Enterprise Communications Survey, September 2019

Several or possibly all the objectives shown in Figure 1 can be realized by designing/implementing communications and collaboration solutions for the digital transformation era. However, the impact on digital transformation efforts in 2020 due to COVID-19 is a concern, as evidenced by the following responses to IDC's *COVID-19 Impact on IT Spending Survey* (conducted during the July 20–July 31, 2020 period), which asked 664 respondents about the current pace of their organization's digital transformation efforts in light of the COVID-19 pandemic:

- » 49% indicated their digital transformation efforts are on the same path.
- » 34% indicated they have accelerated their digital transformation efforts.
- » 17% indicated they have paused their digital transformation efforts.

One thing that has become apparent to many businesses and organizations since the COVID-19 outbreak is the acute requirement to provision secure, scalable communications and collaboration solutions, tools, and applications to support a sudden, significant rise in the number of work-from-home (WFH) employees. But beyond the emergency short-term investment in collaboration solutions as a result of COVID-19, IDC feels that many companies view DX as an even greater strategic imperative now — in light of COVID-19 — with the pandemic becoming a driver for accelerating business transformation to digital technologies. DX is at the heart of change in communications and collaboration globally and is the foundation for how organizations will stay relevant in the future. The previously mentioned survey data regarding COVID-19's impact on DX efforts seems to bear that out.

IDC highlights the following compelling benefits that organizations can realize via their DX-designed UC&C solutions:

- » Delivering new ways to work via digital transformation initiatives can provide significant communications- and collaboration-related increases in employee engagement and productivity by leveraging digital technologies. "Increased productivity" is an often cited benefit that IDC consistently sees as a top driver, if not the top driver, in organizational decisions to invest in UC.
- » Deploying team collaborative applications — an integrated set of web-based tools for ad hoc, unstructured, document-centric collaboration between groups or individuals between known domains — is a cloud-based, new-way-to-work approach that has been gaining significant market traction.
- » Transforming the end-user desktop environment and moving business applications to a browser facilitate ease of use, skipping the software download or plug-in and collaborating directly in a browser. This best-in-class browser experience can eliminate migration challenges for organizations in the process of transitioning desktop business applications to the web and/or shifting applications to the cloud.
- » Rationalizing and simplifying an organization's UC&C environment down to a single platform solution can significantly reduce an organization's overall cost and complexity.
- » Using APIs/SDKs to embed real-time communications (i.e., voice, video, messaging) into existing code allows business processes, back-end systems, and/or web- and mobile-based applications to trigger automated calls, messages, notifications, confirmations, etc. This natively enhances agent/worker productivity, responsiveness, and efficiency and is especially pertinent for more customized vertical market use cases such as healthcare, retail, and manufacturing that enable a more focused agent/worker response to situations.

- » Many communications and collaboration solutions and applications today have been developed with a mobile-first design and a focus on the end-user experience. Mobile apps are designed to boost overall productivity and ensure a consistent experience across devices and applications so that users can enjoy common experiences (such as meetings or conferences) across platforms regardless of their mobile client or communications modality.

For many organizations today, mobile UC&C solutions and applications have become central to improving employee productivity. Mobility has changed how information is accessed and exchanged, creating new revenue streams for organizations and enabling remote/flexible working solutions, among other benefits. With mobility as a core part of the UC&C story, vendors can offer end users, no matter where they are located, capabilities not only to communicate but also to collaborate just as effectively as onsite workers, internally as well as externally, in real time.

In today's global business environment, companies large and small have mobile workforces in varying degrees that include executives, knowledge workers, telecommuters, sales staff, service personnel, and field workers. Although many businesses tend to be cautious about investing in technology, according to a recent IDC enterprise communications survey, about one-third of organizations indicated a current or planned commitment to providing employees with support for mobile devices and mobile applications as part of their UC&C strategy.

Key Trends

UC&C Trends

Data from IDC's 2019 *U.S. Enterprise Communications Survey* indicates that about 95% of 800 survey respondents have deployed (51%) or plan to deploy (44%) UC&C solutions. As the proliferation of UC&C technology continues, IDC notes the following trends driving the market:

- » Digital enablers drive future UC&C growth (e.g., cloud, video/collaboration, mobility, analytics, IoT, AI/ML, SD-WAN, 5G).
- » COVID-19 is accelerating the transformation to digital technologies for many companies.
- » Exponential growth in video and collaboration users in 1H20 indicates more growth to come in 2020 and beyond.
- » In 2021, organizations expect a rise in permanent WFHers (i.e., 41% of 100 respondents to IDC's June 2020 [V1] *COVID-19 Tech Index Survey* said up to 25% of workers; 37% said between 25% and 50%; 17% said between 50% and 75%; and 5% said 75% or more).
- » Demand for cloud-based solutions is expanding to the enterprise segment due to a growing level of comfort with cloud-based services.
- » Hybrid UC implementations are popular with many larger organizations for migrating to cloud. According to IDC's 2019 *U.S. Enterprise Communications Survey*, 75% of respondents said they are taking or considering a hybrid approach to cloud for UC&C.
- » Integrations of communications technology with business processes, apps, and so forth are increasingly becoming a core requirement for organizations via APIs, communications platform as a service (CPaaS), ecosystems, and IoT.

- » Collaboration integrated with AI, ML, NLP, AR/VR capabilities supports "intelligent" solutions to enhance the modern workplace (e.g., digital assistants, live transcriptions, voice-enabled searches, language translations).
- » In a blended UC/contact center approach, IDC is starting to see tighter integrations of contact center (CC) and UC environments within organizations (i.e., blending the capabilities of CC and UC&C solutions to help solve customer-facing issues, provide access to internal expert resources, make everyone agent capable). Organizations are also considering video, social, and data analytics for their contact centers to improve customer satisfaction and lead generation.

CPaaS, as mentioned previously, is a newer, cloud-based approach for organizations that have more specific feature/functionality requirements (versus a UCaaS solution). With CPaaS, developer resources are typically applied to integrate or embed real-time communications (i.e., messaging, voice, or video) into a business workflow or application via API building blocks. CPaaS can be a good choice for companies that want to quickly launch differentiated services for customer engagement. For example, in contact centers, CPaaS can make it easier to embed click-to-call and click-to-text buttons into web pages and mobile devices so that customers can contact a business at the click of a button.

Mobile UC&C Trends

For enterprises, the mobility disruption calls for digital transformation, new business models, and a compelling user experience for consumers, customers, partners, and employees. For IT, mobility is increasing infrastructure needs by an order of magnitude. Each smartphone is designed to draw computing resources from the enterprise or public infrastructure. And each new mobile device introduced in the enterprise has consequences for the cost, performance, integrity, and security of the IT environment. Traditional approaches are inadequate to support mobility as the number of apps explodes, while development and distributions of those apps require new skills, new processes, and new platforms.

Key trends that IDC recognizes in the mobile UC&C market include the following:

- » Vendor development activities are centered on closer/tighter integration of communications and collaboration components (e.g., easier one-touch or swipe-type switching between application environments).
- » Single-number access is available for multiple mobile user devices.
- » Mobile video collaboration — with support for HD video — is more prevalent today.
- » Many vendors now include mobility as part of the UC&C license cost — employees are increasingly utilizing mobile devices for business as the cost barriers come down.
- » Mobile device independence is trending — this is where features, functions, and rules are mostly associated with the user, not the device.

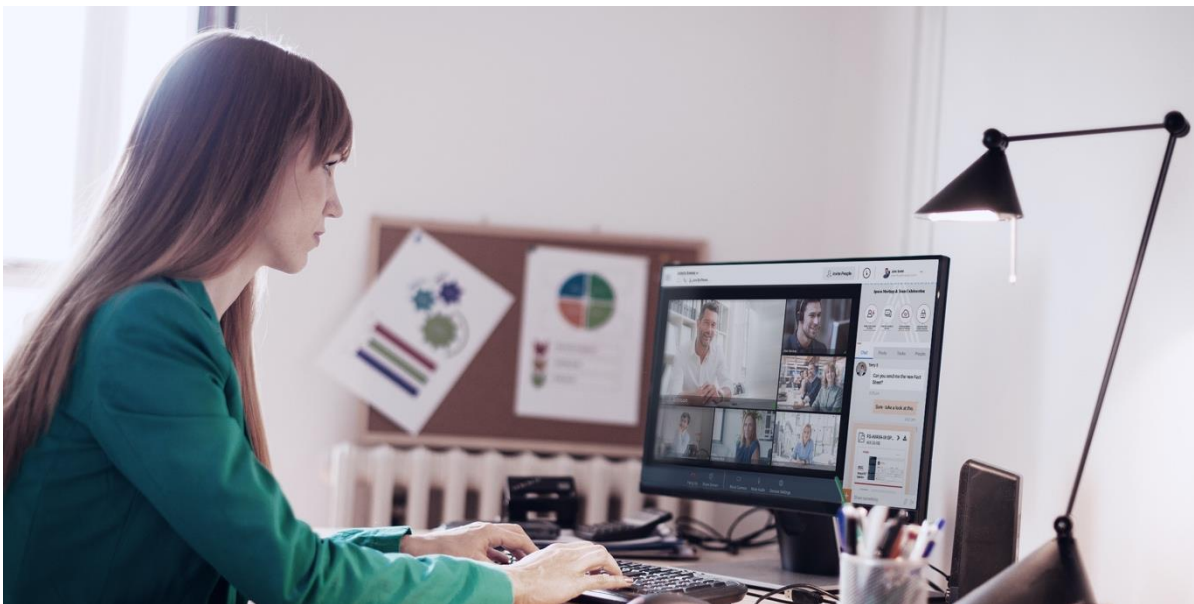
Considering Avaya

DX has begun to radically redefine business communications. Voice is no longer the only way — or even the preferred way — to stay in touch with customers and colleagues. Instead, video, content sharing, and messaging are now fundamental. Just as important, employees expect more than just desktop communications. They want a seamless communications experience that fits into how they work instead of changing how they work — helping them stay in touch on their device of choice as they move throughout their day.

Avaya OneCloud UCaaS provides unified communications and team collaboration capabilities to empower staff to meet, message, collaborate immersively, and get things done in today's work-from-anywhere culture. The all-in-one cloud communications solution empowers employees with always-on continuous collaboration with flexible experiences for the work world of today and tomorrow (see Figure 2). Some key attributes of Avaya OneCloud UCaaS are as follows:

- » Enables work to be from anywhere and supports the fluid nature of problem solving
- » Delivers the experiences users have outside of work, inside of work with collaboration that crosses devices, touch points, and modes
- » Keeps everyone connected and informed, enabling fast decision making and empowering teams to act in the moment
- » Provides a simple, flexible cloud deployment model that makes it easy to get new features and upgrades, including subscriptions that meet business needs

FIGURE 2: **Avaya OneCloud UCaaS Meeting**



Source: Avaya, 2020

Avaya also offers a complete range of solution-optimized devices, including multimedia touchscreen systems, desktop IP phones, conference phones, headsets, USB cameras, and videoconferencing huddle systems. These devices bring unique capabilities when mated to Avaya OneCloud UCaaS and are available through Avaya's device-as-a-service plan, removing the up-front cost and replacing it with a monthly subscription.

Avaya has several ways to deploy UCaaS based on business needs and preference, including both all-in-one solutions and solutions to enhance existing investments. Avaya's deployment methodology ensures investment protection and eases any transition. Avaya OneCloud UCaaS is available in public cloud, private cloud, and subscription models. Integrated hybrid designs are also available from Avaya and are popular deployment models where collaboration is in the public cloud, while telephony and other UC capabilities are delivered via subscription in the organization's datacenter. Avaya customers have flexibility and choice for what's best for their enterprise.

Organizations can also tap into Avaya's extensive ecosystem of partners, APIs, and 3,000 certified professional consultants to mold Avaya OneCloud UCaaS to any workflow required.

Challenges

IDC believes Avaya faces the following market challenges:

- » **DX and IoT initiatives.** DX and IoT initiatives are central to the core strategies of many organizations. Methods for the dissemination of digitized and/or real-time IoT information to the right people, with the right context, in real time can be fully embedded into Avaya solutions. As the world moves toward digital transformation, Avaya is well-positioned to break down the traditional barriers that have existed between UC and CC to offer complete solutions that support enterprisewide business objectives in a holistic fashion. Avaya's challenge will be to convince its customers to break down the internal silos that exist between UC and CC groups within the enterprise.
- » **Cloud migration.** Companies today seek technology that helps them lower total cost of ownership (TCO) and increase deployment speed and application agility, including a variety of public, private, and hybrid cloud solutions. They also seek to shift away from a complex, proprietary capital-intensive model to a model that is more open and efficient. The cornerstone of Avaya's future growth strategy is centered on the challenge of transitioning the company's customers to the cloud at a pace and with the applications that make sense for them.
- » **Ability to fully embrace enterprise transition to digital business.** Avaya corporate messaging must help establish the company's thought leadership in DX by presenting Avaya solutions as platforms that will be foundational to customers realizing their digital transformation aspirations. By combining the existing capabilities of these solutions with its vision of future road map developments, Avaya must demonstrate a tangible value proposition that customers can both comprehend and dovetail with their own strategic plans.

Conclusion and Essential Guidance

Digital transformation is a foregone conclusion for most, if not all, organizations. The choices for businesses today are whether to hunker down and try to weather the disruptions that are occurring (in UC&C and across all markets); develop digital transformation competencies and become a disruptor; or split the difference and become a fast follower of the disruptors.

Vendors, partners, and communications service providers should focus on enabling DX projects for customer organizations or be prepared to lose both revenue and market share. Organizations continue to need education and assistance with defining and successfully implementing DX projects from knowledgeable sources who correctly view this as a great opportunity to assist customers and provide value-add to increasingly essential digital transformation projects.

IDC believes that with Avaya OneCloud UCaaS, Avaya fully addresses today's compelling UC&C market trends and recognizes the challenges around moving customers to its new solution. At the same time, Avaya believes that its solution can help position its customers to proactively take advantage of the opportunities associated with the DX-based disruption happening in the UC&C market.

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About the Analyst



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Rich Costello is a senior research analyst with IDC's Enterprise Communications Infrastructure (ECI) service and is a leading member of IDC's Unified Communications and Collaboration (UC&C) research team. He assesses the development of UC&C products and solutions among vendors in the market and evaluates the adoption of the technology by enterprise customers contemplating the migration of their existing solutions.

MESSAGE FROM THE SPONSOR

About Avaya

Businesses are built on the experiences they provide and every day millions of those experiences are built by Avaya (NYSE:AVYA). For over one hundred years, we've enabled organizations around the globe to win—by creating intelligent communications experiences for customers and employees. Avaya builds open, converged, and innovative solutions to enhance and simplify communications and collaboration—in the cloud, on premise, or a hybrid of both. To grow your business, we're committed to innovation, partnership, and a relentless focus on what's next. We're the technology company you trust to help you deliver Experiences that Matter. Visit us at www.avaya.com.



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