Unified Communications - changing the marketplace

Unified Communications is driving the evolution of the traditional PBX and IP PBX market at a more rapid pace than anyone had imagined. This is particularly in the way these systems will be implemented in the future and also their integration into business applications at both the office productivity level and within vertical market business applications. This rapid change will see product revenue move away from a hardware-based revenue model to more of a software and services-oriented revenue model.

At the same time enterprises are becoming increasingly interested in VoIP applications. Particularly if they can bring increased efficiency in the workplace or offer the ability to become more competitive in a marketplace.

Despite past and present mass evangelisation by network equipment vendors with regards to VoIP applications the market for this technology is still fragmented and in its early stages, but the growth potential is huge.

The move to a software application led market is on the back of an acceptance that IP is now the predominant way of connecting the telephony desktop.

Massive growth is also being experienced in the video conferencing market which on a parallel technological track has now moved implementations away from traditional ISDN onto IP networks. With the addition of HD technology and more robust network availability video is now a realistic commercial reality and an essential component of any serious UC strategy. Video, whilst widely adopted within the large corporate enterprise community is now moving down through the enterprise sector into the upper-mid market and indeed onto the PC desktop.

In the early days of convergence resellers from both the voice and data channels got involved with selling the new IP PBX solutions. The depth of involvement however has been variable with many traditional voice players only selling IP PBXs as replacements for TDM based systems at a lower price and margin. Most of these companies are now in a perilous state and looking to sell out or just market hosted solutions.

More astute voice resellers realised that the only way to make any money from convergence was to get involved with applications. Some initially thought that just getting involved with IT architecture like networking would suffice but rapidly learned that applications are the key if you need to retain margin.

Many of this breed of reseller have also moved to a solution provider business model and learned how to sell the whole services package around their 'converged' solution from consultancy to managed services.

Many of the traditional network and system integrators were also early entrants into the convergence market. Those who just thought IP PBX systems were an extension to their infrastructure solutions really 'caught a cold' not realising the criticality of voice solutions and the importance of applications.

Some of these infrastructure companies quickly backed out of convergence, others bought voice companies and others rapidly adopted application software such as Contact Centres and mobility solutions.

The channel status at present is that successful convergence solution providers come from both voice and data backgrounds but to be really successful they need to focus on applications such as CRM and Contact Centres, and have considerable video integration skills.

There has been a lot of 'hot air' expounded about Unified Communications being the next step of convergence with all vendors stating their position with slight variations. There is no doubt however that Unified Communications is much more than a step

up; it is a real step change. It is characterised by two fundamental issues, pervasive communications and business application integration.

Mobility has become a fundamental part of business life with home workers, 'road warriors' and remote offices now an integral part of the work environment. Unified Communications is both the catalyst for this mobility and being shaped by it.

The functionality of conferencing and collaboration applications enables workers, wherever they are located, to be an active part of the work force. This however demands that these applications embrace all types of communications architectures and devices.

Delivering applications across any media to any device requires a new way of writing application software and delivering it. The real intelligence of the application must not reside in the device because that requires conformity of device and restricts the flexibility of the solution. Applications therefore are being rewritten in a SOA architecture using web services delivery methods and often an SaaS (Software as a Service) business model.

With this kind of delivery architecture underpinning convergence solutions applications can be delivered to any device at any location.

The next stage of Unified Communications is the integration of the convergence applications into traditional business applications. This is a very important step if Unified Communications is to really take hold because it takes the deployment into another sphere where justification is based on the impact to the business not on an ROI basis.

All businesses already have a telephone system therefore, why should they change, if there is no compelling reason. It is very difficult for an IT manager to justify change purely to support mobility or for some immeasurable metric like ease of use.

Many of the cost saving of IP Telephony can be achieved by adding IP trunking to existing telephony systems or just taking extension lines through an IP gateway to deploy to remote and mobile workers. There are many reports coming out now with findings that the deployment of Unified Communications is stalling because of the inability of IT managers to make a real business case for its deployment.

It will be the change of focus of Unified Communications away from simplifying communications for its own sake to enabling better business process and better customer communications that will really accelerate its deployment.

The challenge facing all IP PBX vendors, with their sophisticated conferencing and collaboration solutions, is to combine these with the myriad of business process and customer relationship applications in the marketplace.

Their first reaction to this demand has been to integrate their products into Microsoft's Live Communications Server (LCS) and just about every major IP PBX vendor now has a relationship with Microsoft to create conferencing and collaboration solutions around LCS. Strategically every vendor needed to do this, however there is very little differentiation in their resulting solutions.

Purely in the office productivity and email market this only addresses a third of the opportunity as organisations world wide equally use IBM Lotus suites and independent solutions.

Outside of the office productivity arena integration to other applications is hardly addressed by anyone. This however is where the huge opportunity exists.

The majority of computer users spend most of their working time in a business application. That could be at the enterprise level in a SAP or Oracle based environment, at a corporate level in a vertical industry application and at the SMB

level in a Sage or Microsoft Dynamics tailored solution. Unfortunately for the IP PBX vendor their current channels do not address any of these growth areas.

Their traditional channels of voice resellers and infrastructure data resellers do not have the skill sets or knowledge to take advantage of this opportunity. A new breed of partner will need to be recruited, developed, trained and supported in order to deliver a more integrated solution and to support the new (mainly software driven) products.

These partners will need to be addressed by a distributor that understands the technology they deal with and is equipped to help them develop and deliver on a Unified Communications strategy. Horizon, with its vast experience of the software, network and visual communications sectors, believes it is the ideal Channel Development Partner (CDP) to perform this role and is currently assembling a specialist UC team (including voice specialists) within its Horizon Solutions Division to address and support this market.

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