BAROMETER OF CLOUD TELEPHONY ADOPTION IN EUROPE

A New Criterion to Guide Businesses with Migrating to the Cloud

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Introduction and Methodology

This survey was conducted by means of a questionnaire administered by telephone and online between November 2019 and January 2020. In all 1,108 respondents from European companies participated in the survey.

The geographic location and size of the companies is given in detail below. For questions that allowed multiple responses; the percentage totals given may exceed 100%. This is mentioned for all items that allowed more than one response.
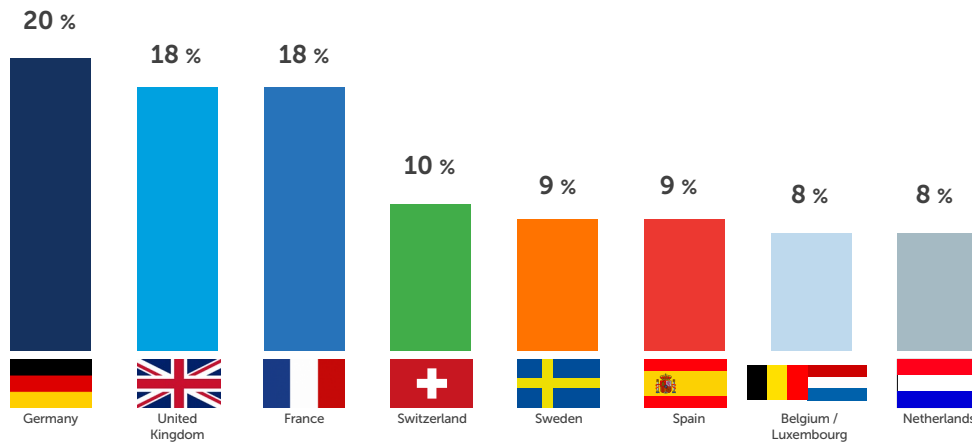
Breakdown of respondents by country

Country	Percentage
Germany	20 %
United Kingdom	18 %
France	18 %
Switzerland	10 %
Sweden	9 %
Spain	9 %
Belgium / Luxembourg	8 %
Netherlands	8 %

Figure 1: Breakdown of respondents by country

Company Size Distribution

- Soho (<250 employees) — 52 %
- Small-Medium (250-999 employees) — 31 %
- Large (1,000-4,999 employees) — 10 %
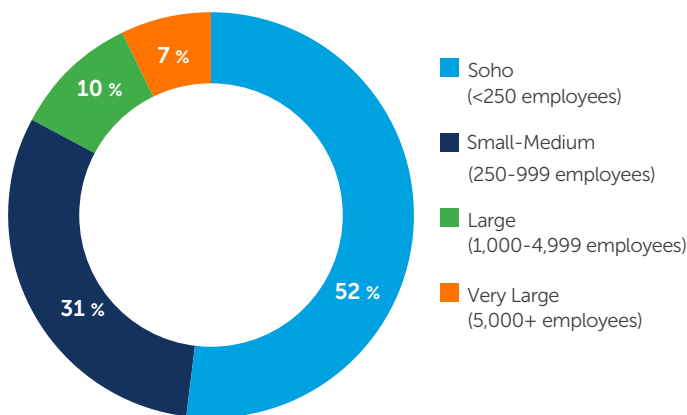- Very Large (5,000+ employees) — 7 %

Figure 2: Breakdown of respondents by company size

Industry Distribution

Targeted respondents were from IT departments or executive officers (CXO), broken down as follows.
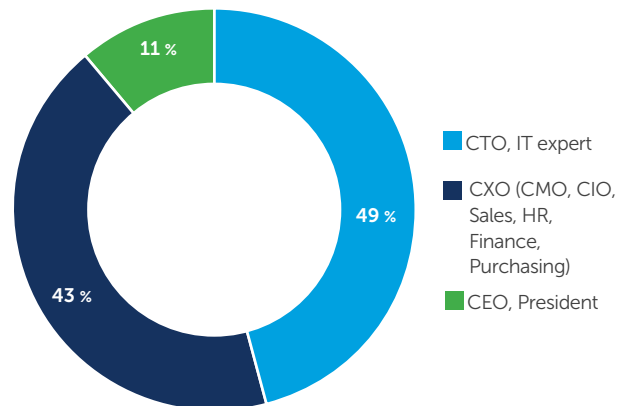

- CTO, IT expert — 49 %
- CXO (CMO, CIO, Sales, HR, Finance, Purchasing) — 43 %
- CEO, President — 11 %

Figure 3: Breakdown of IT and CXO officers

Note: This survey of companies' choices for cloud telephony integration in 2020 was carried out in 2019-2020. It is the third such survey conducted by Mitel, following up on those conducted in 2017 and 2018. On certain points we can compare the findings of this survey with the earlier results.

Distancing technologies will profit in the post COVID-19 period

The economic landscape has shifted considerably with the COVID-19 crisis. An economy based on distancing has emerged following the health crisis that has affected European companies.

For companies this means implementing a broad range of techniques and technologies to reinforce distance working and remote collaboration in all corporate departments. The relationships between businesses and customers have also evolved, as new customer relations services have become necessary in the pandemic context.

In totally digital sectors it has been observed that telephones are used in addition to the conventional digital channel. Likewise, traditional businesses are seen to be accelerating their push for digital relations with customers.

Traditional businesses are seen to be accelerating their push for digital relations with their customers.

Employees and customers have adapted rapidly to new distancing technology, and this is not surprising, for several reasons:

The technological foundations of European companies have proved to be very resilient over the past few months. The telecommunications, information technology and telephone infrastructure put in place in recent years has made it possible to handle a volume of flux and exchange that no one could have anticipated before this crisis.

Clearly, technology providers have good reason to be very satisfied with this demonstration that their capacity for innovation, and that of their customers and partners, ensured this high degree of resilience throughout Europe.

Contradicting conventional wisdom, the COVID-19 crisis did not reveal technology infrastructure to be lagging behind in Europe, nor did it signal over-investment. While European companies of course show varying levels of maturity in terms of technology investment and use, a degree of convergence, thanks to cloud technology, can be seen as we emerge from the crisis.

The findings of this survey also show that European companies were already moving towards cloud technology well before the pandemic crisis.

The crisis will not affect this trend towards new technological models for corporate telephony. This is confirmed by this survey and is seen in other technological areas as well.

As we analyse key figures in this survey, we realise that European companies have advanced through several stages and become more agile, even as they continue to insist on high-quality infrastructure. Even in terms of use, the decision criteria expressed by respondents show a degree of technological and marketing maturity regarding solutions for migration to cloud-based telephone systems.

Looking closely at the survey findings, there remains one high-stake challenge, which is to satisfy the companies' desire for freedom with appropriate sales and marketing strategies.

This desire is a strong one and must be reconciled with a contradictory desire for service quality and infrastructure guarantees. This is a challenge for all technology companies that have moved to the cloud and SaaS; it is one of the major issues raised by this survey.

The COVID-19 crisis, and the subsequent need for ways to organise distance working in the environments of customers and business partners, have undoubtedly pushed suppliers to be more innovative and raised technical standards. This situation also calls for a new dialogue with customers.

European businesses continue to move to cloud telephony: 44% of companies are ready to make the shift

Comparing the 2019-2020 findings with the 2018 survey, we see a pronounced amplification of companies' desire to move to cloud-based telephone systems.
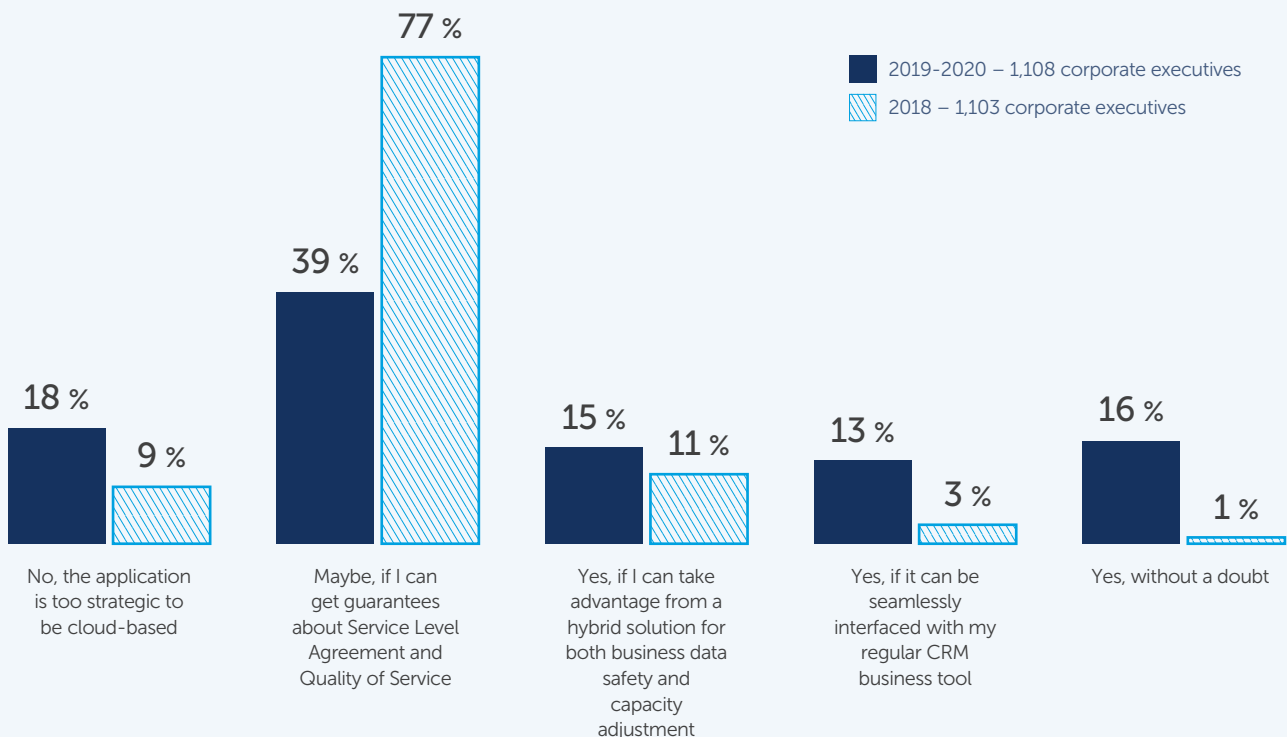
As seen in the breakdown of responses outlined in the graph below, only 39% of European companies express some reservations about moving their call centers to the cloud, compared to more than three quarters of respondents in 2018. Today 18% of companies say these functions are too sensitive to move to the cloud; this is twice as many as in 2018, but may be explained by the fact that the market is growing.

Within a year, corporate reticence has fallen sharply, and decisions are more firmly supported. Now 16% of respondents fully trust cloud technology for their call centers.

Telephony is increasingly integrated into strategic corporate applications, be it for customer relations, service delivery or support functions. It is thus entirely understandable that companies are more open to migration and more demanding of a high level of quality in their cloud environment.

Altogether, 44% of companies are ready to shift their telephone systems to the cloud, with or without reservations or conditions (to take advantage of cloud flexibility, to integrate contact solutions with customer relations management). This is an increase of 29% compared to 2018 for businesses considering moving to the cloud.

European companies considering whether to move to the cloud

2019-2020 − 1,108 corporate executives
2018 − 1,103 corporate executives

No, the application is too strategic to be cloud-based	Maybe, if I can get guarantees about Service Level Agreement and Quality of Service	Yes, if I can take advantage from a hybrid solution for both business data safety and capacity adjustment	Yes, if it can be seamlessly interfaced with my regular CRM business tool	Yes, without a doubt
18 % / 9 %	39 % / 77 %	15 % / 11 %	13 % / 3 %	16 % / 1 %

Figure 4: European companies considering whether to move to the cloud

Freedom of choice, resilience, technology-as-a-service, ROI: the new criteria guides companies' decisions for migrating telephone systems to the cloud

Seeing this increase in the proportion of companies favorable to migration to cloud-based telephone systems, we sought to understand what they are looking for in the new configurations.

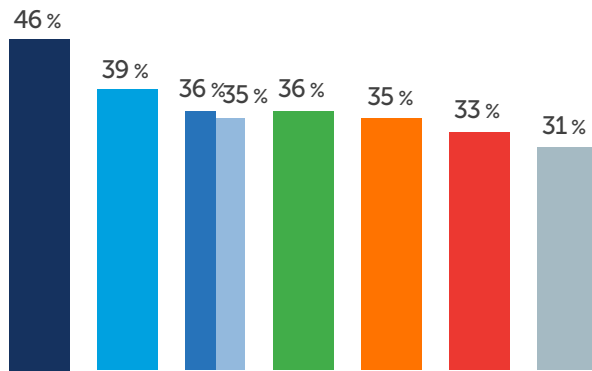## Company requirements for migrating to the cloud

Figure 5: Breakdown by companies surveyed

- 46% stated that they wanted to be able to change supplier if the service contract is not fulfilled. This is the criterion most frequently mentioned by respondents in this survey.

- The second most frequently cited criterion is data availability. 39% said they want their telephone data to be available 24 hours a day and 365 days a year.

- Two main requirements are mentioned for functionality: 36% want functions that extend to all nomad uses, and 35% mention Unified Communications as a Service (UCaaS) as one of the main drivers of their decision for cloud-based telephony.

- Regarding evaluation of the ROI for these solutions, 36% of the companies surveyed replied that their prime criterion was the need to properly account for specific equipment and maintenance costs in their calculations.

- Functional requirements are equally important, as 35% of the companies cite the flexibility and adaptation of solutions to their business needs as determining factors in their decision.

- The resilience of cloud-based telephony is also one of the most significant requirements. Network availability is mentioned as an important criterion by 33% of companies queried in this survey.

- The private cloud option for this type of solution is mentioned by 31% of European companies surveyed.
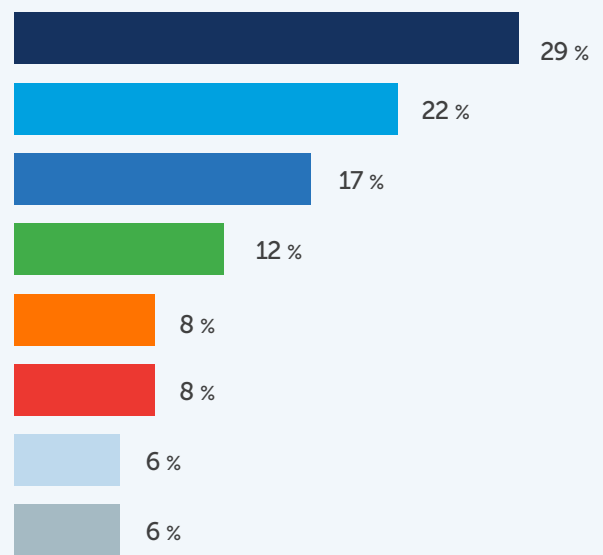
The least important criteria

Figure 6: Breakdown by respondents

- For 29% of respondents, so-called enriched functions are not a determining factor for their choice of migration to the cloud for their projects.

- 22% think that reversibility is an important criterion.

- 17% cite the availability of their applications as important in their migration.

- Only 12% see full IP access as a determining criterion.

- 8% think that it is important to be able to keep the same telephone equipment to ensure full compatibility.

- 8% emphasise that their criteria for choosing a solution include price thresholds based on the number of users.

- Multi-cloud is mentioned as a criterion for their choice by only 6% of respondents.

- Likewise, just 6% mention the necessity of a regional or sovereign host platform.

Criteria related to service continuity and guarantees

The responses to this question show that the prime criterion mentioned is network availability, cited by 33% of respondents. This criterion, which is known to be a major consideration in the world of telephone equipment, is cited more often than the availability of software applications (17%) or of platforms (27%). In a global analysis of the findings of this survey, we think it is important to note the need for resilience that companies express in relation to migration of their telephone service to the cloud. Businesses must be convinced that after this technological transition they will have service quality and guaranteed availability that are comparable to the performance of traditional telephone infrastructure.
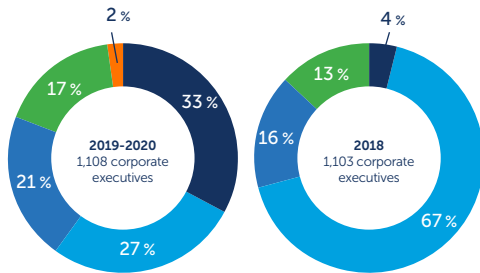

Figure 7: Criteria related to service continuity and guarantees

■ Network availability (Multiple network routes)

■ Platform availability (Fault tolerance servers, high availability, site recovery management)

■ Local survivability (local site can survive in the event of a cloud failure)

■ Application availability (resilience)

■ Other

Migration criteria related to business activity and innovation

The first-ranking criterion in this domain, cited by 35% of respondents, is the opportunity for companies to become more agile thanks to migration solutions. This gives us a good idea of the mature perception that the surveyed companies have of the overall advantages of cloud technology. Two considerations lie behind this criterion. The first is related to the benefits to be gained from the innovative functions of cloud-based solutions. The second is the attractive ROI that stems from the automation and productivity gains offered by these solutions. In this respect 28% of the companies cited the prospect of being able to take advantage of new functionalities without having to invest in added human resources to deploy them.
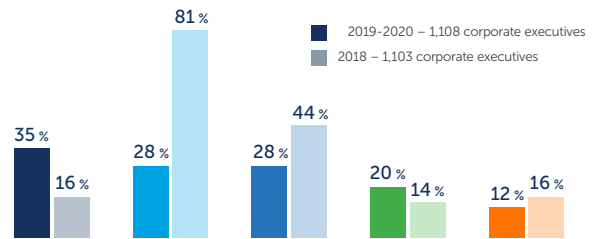

■ 2019-2020 – 1,108 corporate executives
■ 2018 – 1,103 corporate executives

Figure 8: Migration criteria related to business activity and innovation. Multiple responses possible; percentage totals exceed 100%

■ Improve agility to grow your business

■ Benefit from new innovative capabilities not available on traditional solutions

■ Benefit from new innovative capabilities without additional investment in human resources

■ Focus on core business activity by outsourcing communications expertise

■ Access to full-IP and cloud mobile / distributed possibilities

What criteria drives demand for unified communications services?

In our survey we asked a question specifically about companies' criteria for choosing unified cloud-based communications (UCaaS). Quite logically, the specific functions of UCaaS are cited by 35% of the companies surveyed, but this aspect comes just behind criteria related to nomad uses. European businesses are increasingly collaborative. The third-place criterion, at 33% of responses, is the criterion of collaborative services. These responses show that the companies surveyed are well aware of the convergence of technology and services that has accelerated in recent months, as cloud computing becomes more widespread. This trend could pose a problem, however, if companies choose solutions that are too convergent, and potentially restrict functionality and service quality.
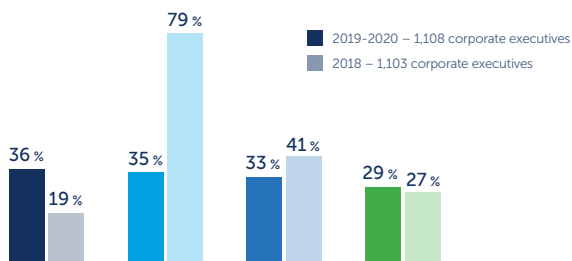

Figure 9: What criteria drive demand for unified communications services? Multiple responses possible; percentage totals exceed 100%

■ Full-mobility integration : single number, BYOD/CYOD, new terminals (tablets), etc...

■ Unified communications : Presence, availability, secure instant messaging, video communications

■ Advanced collaboration tools (Audio conferencing, video conferencing, desktop and application sharing)

■ Feature-rich and reliable voice communications

Criteria for the choice of cloud architecture

The responses to this question are fairly predictable: a relative majority of companies (31%) prefer a private cloud solution. The 16% of respondents who want a private cloud hosted by the data centers of their usual partners can be folded into the first group. Alongside this proportion of 47% who prefer a private cloud, 22% want to deploy hybrid architecture. It should be noted that 20% of respondents mentioned the possibility of a public cloud solution. This proportion seems high, considering the market feasibility of this option, but it reveals an interest in cloud-based telephone services, particularly for smaller companies.
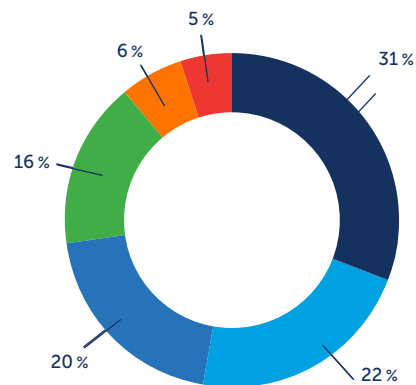

Figure 10: Criteria for the choice of cloud architecture

■ Private cloud, with apps hosted in my own datacenters and dedicated access network

■ Hybrid cloud, with strategic applications and data hosted in my own datacenter or servers, while connecting with 3rd-party cloud-based services when required

■ Public cloud with major vendors (AWS, Google, Microsoft) and OTT access

■ Private cloud, with apps hosted in my regular integrator's or partner's datacenters and dedicated access network

■ Multicloud, with applications and data hosted on 3rd-party cloud-based services, where and when it fits the best

■ Other

Criteria for the choice of contractual relations

Among the European businesses surveyed, 46% said they wanted to be able to change provider if the service contract was not fulfilled. Two other requirements also emerged in the companies' responses: the contractual period and the absence of penalty. Not surprisingly, the development of cloud-based services and software as a service has pushed most companies to seek more flexible and open contractual models. The responses to this question, and the desire for more open contracts, must be set against the demand expressed in other responses for resilience and availability in cloud telephone services. These contradictory requirements will have to be resolved by technology suppliers and business partners alike. In this domain we observe that service quality and resilience are increasingly billed through extra charges, and do not give rise to new contractual clauses.
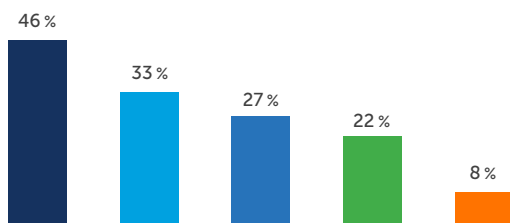

Figure 11: Criteria for the choice of contractual relations. Multiple responses possible; percentage totals exceed 100%

- ■ No delay in changing vendors if delivered service doesn't meet contractual engagements
- ■ Duration of the contract, if any
- ■ No penalty for cancellation
- ■ Reversibility process and conditions if you want to move your data/apps somewhere else
- ■ Minimum seat count or payment thresholds

ROI criteria designated by companies

European companies contacted for this survey were mostly in favor of an expected equipment cost for migration projects. This criterion is closely followed by change management costs and migration costs, with very similar percentages. These responses elicit two comments. Firstly, it appears that the companies surveyed continue to see the migration of telephone systems to the cloud as a classic migration, with a change in equipment. This perception is in contradiction with standard cloud usage, whereby new technology and changes integrated in the cloud are transparent for the companies. The second observation is that the companies surveyed emphasise the importance of management costs to handle change induced by migration to the cloud. This concern echoes the companies' desire to reduce the human resources costs linked to their applications by migration to cloud computing.

The message sent by the respondents is clear in this respect. It provides an opportunity for partners to meet this demand for outsourcing, either by technology automation or by providing appropriate support services. On the other hand, the responses illustrate the sense of complexity that companies manifest regarding telephony applications in general.
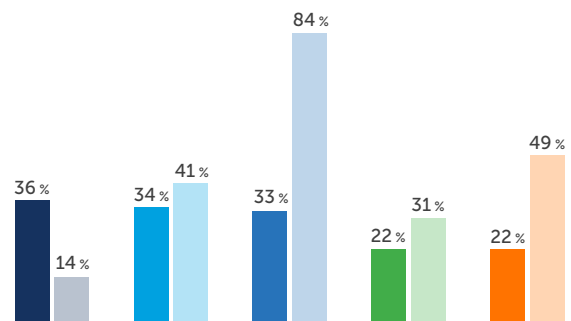

Figure 12: ROI criteria designated by companies. Multiple responses possible; percentage totals exceed 100%

- ■ Cost of specific equipment and maintenance for non IP endpoints
- ■ Change management costs
- ■ Migration costs from on-premise to cloud-based architecture
- ■ Cost of customization / integration (including staffing)
- ■ Reversibility or migrating costs

Priorities for sales and business activity

When queried about cloud migration, European business unambiguously express their desire for telephony applications that are available 24 hours a day and 365 days a year. This criterion is cited by 39% of respondents, the highest proportion in this category. The need for uninterrupted availability is followed by two other criteria: security and data protection in compliance with regulations. These concerns are consistent with companies' data management needs. These issues did not arise with traditional "on-site" telephone systems but are naturally raised by companies in relation to cloud-based telephone communications.
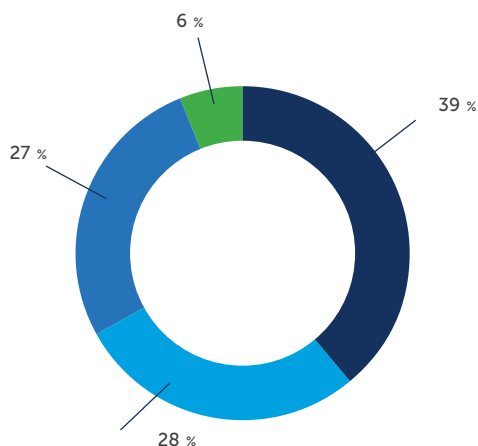

Figure 13: Priorities for sales and business activity

- ■ How about 7 x 24 x 365 days a year availability
- ■ Best-in-class safety, security and recovery processes
- ■ Respect of GDPR framework
- ■ Regional and sovereign hosting

Who do companies want to accompany them in their projects, and how?

Unsurprisingly 29% companies surveyed indicate that they will continue to rely on vendors and specialised partners to work with them on deployment. Their responses do suggest, however, that they wish to be more directly involved in project management. This is one sign of their intent to free themselves from suppliers thanks to simplified cloud-based operations. This intention is confirmed by 21% of respondents who state they want to be able to freely choose their supplier.
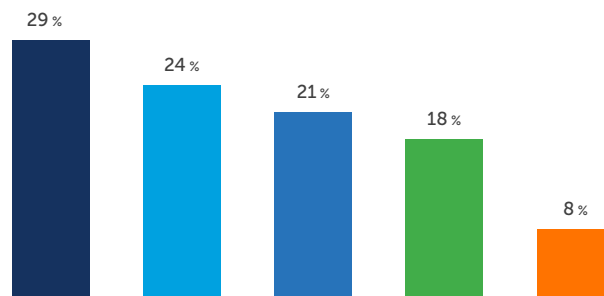

Figure 14: Who do companies want to accompany them in their projects, and how?

- ■ Rely on your regular maintenance vendor to buy and deploy them?
- ■ Buy and deploy the brand and type of SIP terminals yourself?
- ■ Have the choice of any SIP endpoint manufacturer to drive the lowest price?
- ■ Reply on telecom professionals to have them deploy in your offices
- ■ Buy the same equipment vendor's phones to ensure full telephony capability?

Conclusion

This 3rd edition of the Mitel cloud survey confirms the growing maturity of companies considering cloud technologies. The perceived risks are now less associated with the capabilities of cloud-based platforms than with the routing capabilities of networks. Questions about the functional differences between on-premise and cloud-based solutions seem to be fading in favour of more operational issues such as service continuity in mobile situations. With 44% of companies ready to migrate, this trend is particularly popular amongst cloud-based contact centres. On the financial side, companies now have a more comprehensive and refined understanding of the costs and benefits of their cloud projects: migration costs are no longer the sole point of focus when calculating the return on investment.

Ultimately, if certain obstacles are still present - such as the question of the duration of commitment and conditions of exiting a contract - the survey confirms that the 'cloudification' of corporate telephony is underway. With particular focus on the capability of responding to the challenges of productivity, adapting companies' organisational methods and flexibility in customers' new expectations.

About SpokingPolls

SpokingPolls is an automatic polling tool and a firm providing independent analysis. The company proposes services including technical advice, survey design support and analysis of questionnaire results across various respondent databases. SpokingPolls conducts desk research using a range of individual sources or to supplement its investigative field studies. In all its work, SpokingPolls consults and recruits experts who are recognized for their competence in their domain.

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