

Q2 | 22



metrigy

# How Small and Midsize Companies Benefit from Cloud Communications

*Integrated solutions deliver measurable cost savings revenue, productivity, and customer engagement benefits*

Brought to you by  VONAGE



metrigy

# How Small and Midsize Companies Benefit from Cloud Communications

*Integrated solutions deliver measurable cost savings,  
revenue, productivity, and customer engagement  
benefits*

**Q2 2022**

**Irwin Lazar**

*President and Principal Analyst  
Metrigy*

## Table of Contents

<b><i>Executive Summary</i></b> _____	<b>3</b>
<b><i>The Business Need for Modernized Communications</i></b> _____	<b>4</b>
<b><i>Why Small and Midsize Businesses are Choosing Unified Communications</i></b> _____	<b>4</b>
<b><i>The Importance of Choosing an SMB-focused Provider</i></b> _____	<b>6</b>
<b>Ease of Migration</b> _____	<b>7</b>
<b>Integrations and Extensibility</b> _____	<b>7</b>
<b>Scale</b> _____	<b>7</b>
<b>Security and Compliance</b> _____	<b>8</b>
<b><i>Conclusions and Recommendations</i></b> _____	<b>9</b>

## Executive Summary

Cloud communications offers tremendous benefits to small and medium-sized businesses (defined as those with fewer than 500 employees), enabling rapid digital transformation that leads to improved internal and customer-facing communications. Metrigy's research, obtained from hundreds of companies, shows that those still operating on-premises phone systems or using multiple, separate apps for meetings, messaging, and contact center can achieve measurable benefits by adopting a unified, cloud-based platform for calling, meetings, messaging, and customer engagement. These benefits include cost savings, increased revenue, improved productivity, and increases in customer engagement metrics, and are all achievable while delivering a high level of security and easy access to new features as they emerge.

Therefore, SMB IT buyers should:

- Evaluate potential providers for their ability to offer a broad set of integrated communications and collaboration features, supporting both internal and customer-facing engagement
- Consider providers' capability for supporting scale and migration to their services in a way that minimizes disruption and cost, and supports business growth
- Evaluate the ability of providers to integrate their features with other business applications, and to deliver additional features that may support customer interaction as well as sales and marketing activities
- Assess security and compliance capabilities to ensure that providers are both operating highly secure services and are able to meet the security needs of your organization, especially if it operates in regulated industries or regions

## The Business Need for Modernized Communications

The world of business has undergone drastic change in the last two years. Today, just 21% of companies benchmarked by Metrigy require employees to work from traditional office locations. Meanwhile customers increasingly demand to communicate via their own preferred channel, whether it be text, video, social media, or phone, across desktop and mobile devices. To survive, and thrive, small and midsize businesses, defined as those with fewer than 500 employees, now more than ever need a modern and robust communications platform that enables seamless interactions among employees as well as with customers. They require an integrated platform that eliminates separate apps for employee and customer engagement. And, they require easy access to advanced features that allow for the optimization of internal and external communications. Those companies that are able to successfully transform their environments to remove engagement barriers are the ones that will succeed while those that fail to modernize their communication capabilities, will not.

## Why Small and Midsize Businesses are Choosing Unified Communications

Unified communications (UC), which integrates calling, meetings (with video conferencing), and messaging, offers significant potential for quantifiable business benefits. These include:

- **Cost savings** through elimination of the need to operate separate servers and apps
- **Revenue increases** via better customer service and support, more effective sales calls, and the ability to take on more work
- **Productivity improvements** from eliminating barriers to effective communications and collaboration, and by enabling additional features

Today, modern UC services are delivered from the cloud, allowing companies to easily purchase and deploy the features they need. Buyers increasingly prefer cloud-based services for a variety of reasons, as shown in Figure 1 on the next page. However, just 17.5% of SMBs currently purchase solutions that include integrated calling, meetings, team messaging, and contact center features.

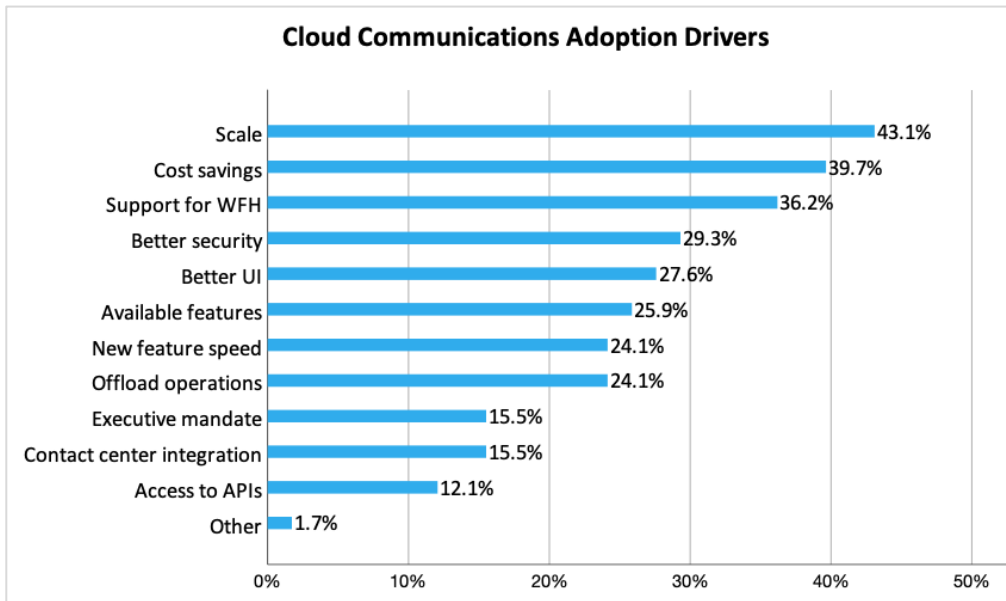


Figure 1: Cloud Communications Adoption Drivers

Adopting cloud-based communications and collaboration services provides the opportunity to achieve measurable business benefits. Metrigy’s global *Unified Communications and Collaboration Management and Endpoints: 2021-22* study of 187 small and midsize businesses found that almost half (47.1%) had identified productivity gains associated with their UC investments (see Figure 2). Additionally, more than a quarter saw improvements in revenue and almost 31% identified tangible cost savings.

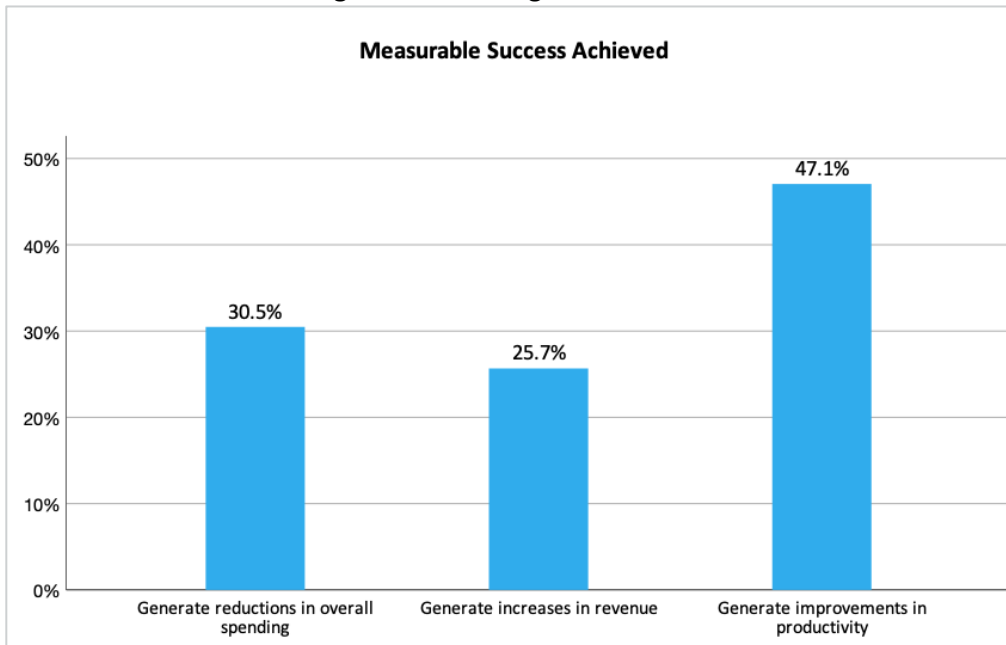


Figure 2: Measurable Success Achieved

Among those measuring return on investment, average improvements are shown in Figure 3 below:

Annual Per-Employee Improvements (<500 Employees)		
Cost Reduction	Revenue Increase	Productivity Improvement
\$ 3,497	\$ 8,080	28.3%

Figure 3: Annual Per-Employee Improvements (<500 Employees)

Additional benefits are possible by using services that integrate contact center features into the UC platform. In Metrigy’s *Customer Engagement Transformation: 2022-23* research, customer satisfaction scores improved by nearly 12% for the 201 organizations using an integrated UC and contact center platform. Overall, 56% of SMBs are either already using, planning to use, or evaluating integrated UC and contact center platforms (see Figure 4). Primary drivers are a desire to simplify billing, ensure consistent analytics across all platforms, and simplify end-user experiences.

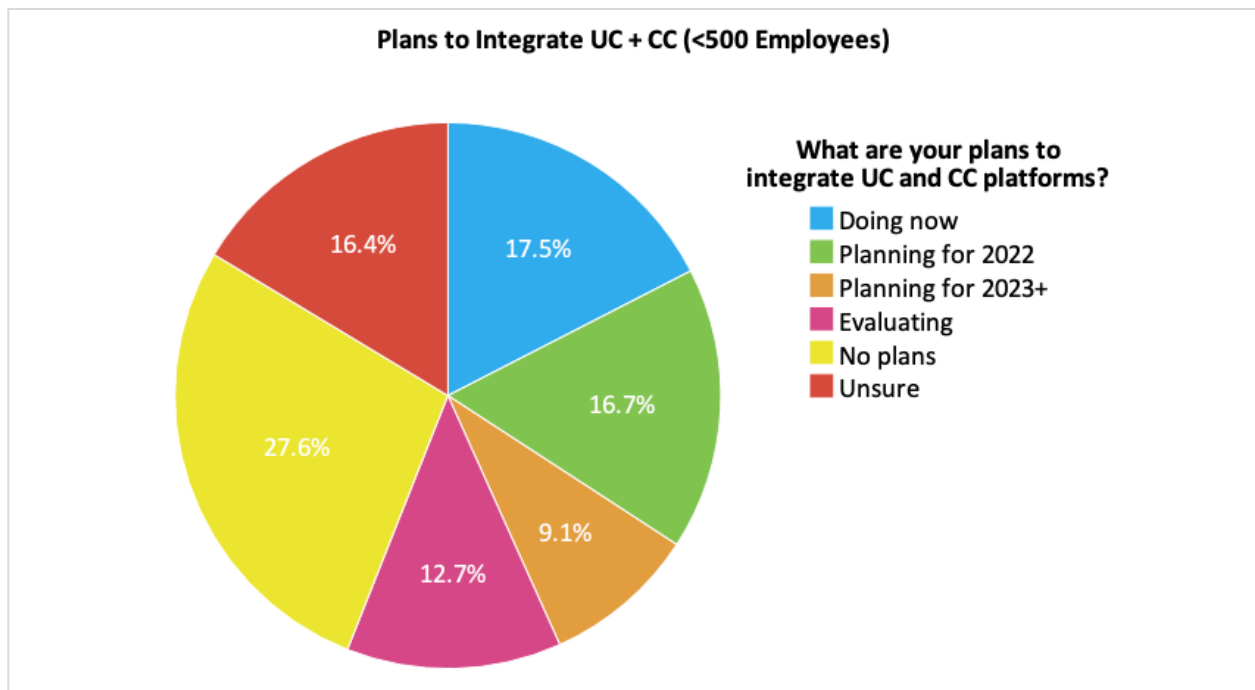


Figure 4: Plans to Integrate UC+CC (<500 Employees)

## The Importance of Choosing an SMB-focused Provider

Business and IT leaders have a lot of choices when it comes to picking the right communications services partner. The first requirement is to look for a provider that specializes in supporting the needs of the SMB to include design, migration, implementation, and training support, often with the assistance of partners. SMB-focused providers are more likely to understand the specific needs of smaller businesses and custom tailor a variety of capabilities to the industry in which the business operates than are providers focused on larger enterprises.

Metrigy has identified the following four criteria that should be top of mind when evaluating UC providers.

### *Ease of Migration*

Many SMBs today are still operating legacy calling services, and may have obtained a variety of new apps over the last several years to enable remote work. Often companies use separate providers for calling, meetings, team messaging, and contact center. A provider that offers simple migration via porting of phone numbers, dial plans, call queues, IVR flows, and other in-place configurations will simplify the transition, ideally with no or minimal downtime. Providers that also offer the ability to migrate separate apps, for example calling, meetings, and messaging, into a unified set of features available via a common interface will also have an advantage over those that deliver separate apps. Finally, providers that allow reuse of existing phones will offer a cost advantage compared to those that require purchase of new devices.

### *Integrations and Extensibility*

Small and midsize businesses use a variety of different apps to conduct business. Most commonly these include office suites such as Microsoft 365 or Google Workspace; customer relationship management (CRM) apps for sales, marketing, and customer service; and potentially apps for HR, IT support, and project and workflow management. UC providers offering native integrations will enable their customers to integrate calling, meetings, and messaging directly into these other apps, enabling capabilities including scheduling of video meetings from within a calendar, call logging and call placement from within a CRM, and automated provisioning of phone numbers during new employee onboarding. Buyers should look for both native integrations and open programming interfaces that allow for custom integrations and integration of additional capabilities. For example, a health care provider may find value in a UC service that offers the ability to text patients with appointment reminders, via an integration with a patient management system. Companies across all industries may find value in leveraging a provider that can integrate inbound and outbound messaging into sales and marketing platforms for campaigns, account status updates, purchase reminders, and after-purchase feedback.

Additional extensibility features may include the ability to integrate apps with phone numbers for personalized voice response or the ability for customers to leverage voice interfaces for tasks such as scheduling meetings or call-back.

### *Scale*

The communications and collaboration needs of SMBs often change rapidly. As previously noted in Figure 1, the ability for a provider to support a business's changing needs is a primary reason why SMBs purchase cloud-based communications. Buyers will want to evaluate potential providers based on their ability to support growing numbers of users, call and meeting volumes, and chat messages. Buyers should also evaluate a provider's ability to support potential



international expansion by enabling services including messaging and local phone numbers wherever necessary.

### Security and Compliance

The shift to hybrid and remote work has created significant security challenges as businesses no longer can rely on perimeter-based approaches to ensure security. Increasingly, companies of all sizes are implementing Zero Trust security controls that mandate end-to-end encryption and other capabilities for ensuring that communications between employees are secure, regardless of device or location. Buyers should conduct due diligence on their providers to understand available security features, including security and access controls, as well as how the provider protects customer information. At a minimum, buyers should ensure that potential providers have obtained third-party security and compliance certifications including ISO 27001, SOC, and other relevant certifications. And, they should look for availability of capabilities to minimize the threat of toll fraud and robocalling.

Buyers should ensure that providers leverage trusted third-party services to ensure and audit certifications, and they should ensure that providers support applicable requirements such as support for the General Data Protection Regulation (GDPR) in the EU, as well as standards such as HIPAA and PCI-DSS for customer transactions.

Beyond security features and compliance certifications, buyers should conduct due diligence to understand how potential providers manage security on an on-going basis, including testing processes, vulnerability management, and the use of external testing services.

Primary components of a communications security strategy for small and midsize businesses are shown in Figure 5 below:

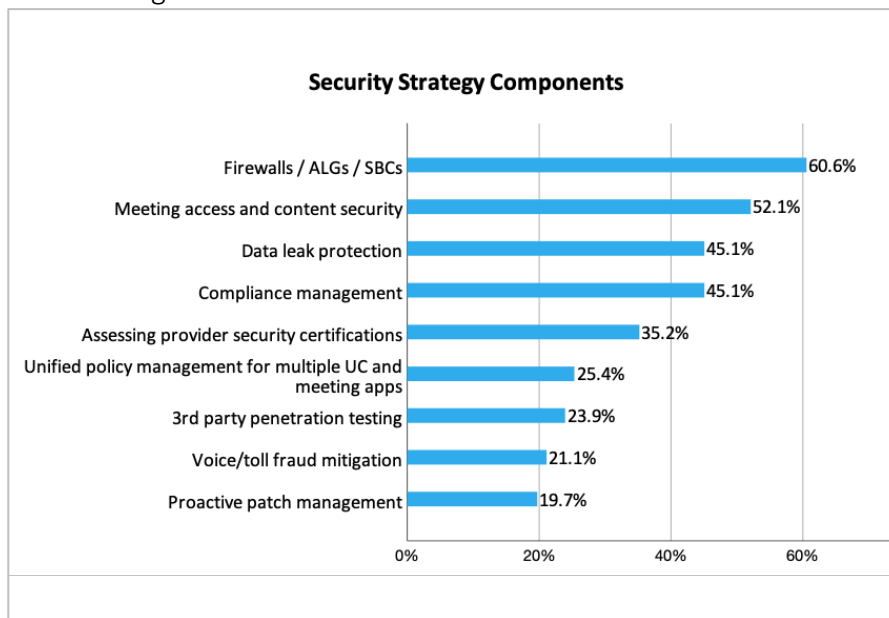


Figure 5: Security Strategy Components

## Conclusions and Recommendations

Cloud communications, integrating calling, meetings, messaging, and contact center, has the ability to deliver measurable value by enabling SMBs to optimize both internal and customer-facing communications and collaboration. Potential benefits include cost savings, revenue increases, productivity gains, and customer service improvements. To achieve the highest value, IT buyers should:

- Evaluate potential providers for their ability to offer a broad set of integrated communications and collaboration features, supporting both internal and customer-facing engagement
- Consider providers' capability for supporting scale and migration to their services in a way that minimizes disruption and cost, and supports business growth
- Evaluate the ability of providers to integrate their features with other business applications, and to deliver additional features that may support customer interaction as well as sales and marketing activities
- Assess security and compliance capabilities to ensure that providers are both operating highly secure services and are able to meet the security needs of your organization, especially if it operates in regulated industries or regions

---

ABOUT METRIGY: Metrigy is an innovative research firm focusing on the rapidly changing areas of Unified Communications & Collaboration (UCC), digital workplace, digital transformation, and Customer Experience (CX)/contact center—along with several related technologies. Metrigy delivers strategic guidance and informative content, backed by primary research metrics and analysis, for technology providers and enterprise organizations.