UCX

MARKET INSIGHT REPORT

Rounding off the state of the unified communications and collaboration industry after the unprecedented events of 2020.

JANUARY 2021

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UC EXPO: Market Insight Report
Contents & Introduction

A Year of Transformation

The year 2020 has been transformative for people, economies and industries around the world, and Unified Communications and Collaboration (UC&C) is no exception. Under the weight of the global Coronavirus pandemic, people and businesses have risen to the ultimate challenge of staying connected and productive in a time where the rules for human interaction have been rewritten entirely.

Necessary social distancing and stringent lockdown measures have paved the way for a mass activation of remote working like never before. Inevitably, this unforeseen operational and cultural shift has seen businesses race to deploy a range of new tools and technologies in an effort to keep their employees connected and businesses operational as they weather the storm of change. This has caused many interesting nuances across the UC&C landscape over the last few months, which now look set to shape the future of work as we enter 2021.

In December 2020, UC EXPO carried out its latest market insight survey to understand the continued developments in UC&C as 2020 draws to a close. The survey replicates the market insight survey conducted back in April, to explore the latest trends in cloud and collaboration amongst businesses and the impact Coronavirus has had on the progression of UC&C strategy and decision making, throughout what has been an ever-changing year.

Drawing comparisons between the two studies, the report considers the attitudes towards UC&C during the first stages of the pandemic, exploring how these have evolved over time and illustrating the challenges and priorities now influencing UC&C decision making as we look ahead to the new year.

When asked to identify the top strategic UC&C objectives, user experience (27%), employee well-being (18%) and enhanced customer engagement (19%) took significant precedence over more operational objectives such as cost reduction (4%), revenue generation (14%) and revenue protection (4%)

USER EXPERIENCE RANKED AS TOP STRATEGIC OBJECTIVE

27%

One of the most inspiring outcomes of the COVID-19 pandemic has been the resilience of people. The impact of the outbreak on employees over the world has been profound and the working conditions have challenged many businesses to find new ways to foster their workforce and build culture digitally - and to do so quickly. This has caused a dramatic shift in UC&C objectives.

Earlier this year, collaboration software (messaging, team tools, etc.) was outlined as the main UC&C priority for businesses (64%). This result from our April survey is very much a sign of times, given that many businesses were still very much in the formative stages of their UC&C adoption strategies. However, in the latest survey, the three most important objectives identified by respondents for 2021 each revolved around people.

When asked to identify the top strategic UC&C objectives, user experience (27%), employee well-being (18%) and enhanced customer engagement (19%) took significant precedence over more operational objectives such as cost reduction (4%), revenue generation (14%) and revenue protection (4%). Not only does this perfectly illustrate the

UC&C priorities of many businesses as we look to 2021, but also reflects the ongoing commitment to maintaining an engaged, inclusive and collaborative culture above all else.

Where UC&C technology is concerned, many organisations are looking beyond cultural change as a whole and more into what this means for their people. Back in April, 81% of those surveyed identified culture as the biggest collaboration software concern. However, in such difficult and unforeseen circumstances, these cultural challenges have evolved one step further, with many organisations now honing in on health and well-being as a critical challenge that they are now experiencing when building their UC&C strategies.

The importance of mental and physical health has been a huge challenge for society as a whole. Naturally, this has also been a true driving force for many of the changes we've seen in organisation across all industries - and this was reflected in the results.

Not only has **health and wellbeing become one of the biggest UC&C challenges, it is now ranked as the most important focus for businesses, above productivity and hybrid office setups as employees increasingly share their time between the home and office.** These results reinforce the transition of focus away from operational and growth gains and towards nurture, placing health and well-being at the forefront of technology decision making as we look to a more permanent state of remote and hybrid working.

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What's more, such recognition of health and well-being as a UC&C challenge not only shows the value that organisations expect from these technologies, it also casts a positive light on the awareness amongst UC&C decision makers about the role they play in helping to protect the health and well-being of their people both now and in the future.

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Collaboration & User Experience

Maintaining collaboration amongst a workforce through digital means has been uncharted territory for many organisations worldwide. Prior to the pandemic, virtual collaboration initiatives were generally pioneered by larger, multi-market organisations who relied on digital communication amongst a global workforce, operating across many time zones. Yet, like many other aspects of our lives, this trend was turned on its head and quickly became an essential part of every organisation, big and small.

Companies not only grappled with the overnight need for virtual collaboration opportunities, but also the pace at which these strategies had to be built when COVID-19 rapidly took force. **Earlier this year, user adoption had been rapidly overtaken by collaboration software (messaging, team tools, etc.) as the main UC&C priority for businesses (64%).** This, we concluded, likely reflects the pandemic's impact, whereby adoption of such technologies went from 'nice to have' to 'business-critical' and any sceptics quickly became users by sheer necessity.

However, as events have unfolded over the course of the year, we've seen these priorities shift once more. According to our latest research, the focus is no longer on the choice of collaboration software or even encouraging user adoption. Instead, it is now based on user experience (UX), and making the UC&C solutions tools now in place both easy and enjoyable

> **Our latest research shows that focus is now based on UX and making the UC&C solutions tools now in place both easy and enjoyable to use.**

to use. As this technology becomes ingrained in modern working practices, more than a quarter (27%) of respondents identified enhanced UX as the top priority for their UC&C strategies in 2021. Companies are certainly rising to the challenge of better digital experiences. Inevitably, these priorities are also having a direct impact on the technology investment decisions planned for the year ahead and beyond. When looking at future technology planning, collaboration software (39%) and collaboration hardware (34%) were amongst the top three areas

of UC&C tech procurement for the next 6 months, outpaced only by cloud communications solutions (40%). Rather unsurprisingly, this remains consistent with the level of investment in collaboration software (71%) that we saw back in April.

What remains clear is the focus on perfecting fundamental collaboration experiences, with more visionary technologies taking a back seat. In our latest survey, we asked respondents about what horizon technologies they predict will be the future of UC. We found that **"improved collaboration tools that are easier to use" (61%) are considered more important than other options, including the use of VR for meetings, virtual assistants taking over some tasks and enhanced video collaboration using AI.**

These results highlight a 'back to basics' approach to UC&C, with a focus on providing simple collaboration tools that are easy to use rather than more intricate technologies that will require cultural change and heavy investment to achieve their maximum potential.

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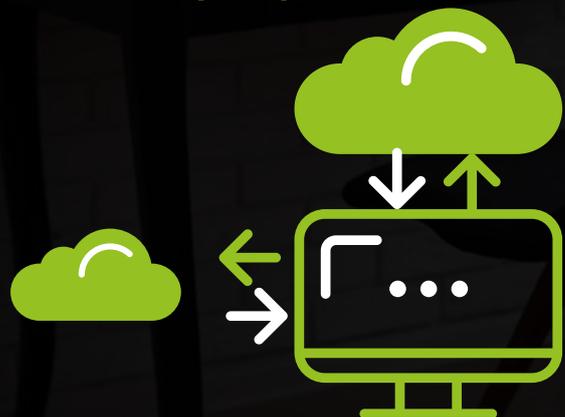
We've discussed people and culture, and we've looked into collaboration and user experience - now let's take a look into the changing demand for technology.

Tech demand has shifted significantly over the second half of 2020. Spending has taken a sharp U-turn away from progressive technologies into simply survival mode - a need to survive over the need to be innovative and thrive. Businesses halted investment in 'nice-to-haves' almost overnight, trimming the fat off of their spending until they were investing in the only very essential technologies. Essentially, what was an exceptionally affluent year for progressive technologies in 2019 turned into a simple survival of the fittest in 2020 - all technologies that weren't strategically necessary were cut from the spend.

Technology demand has been a key indicator of the technology usage over the past six months, and what areas are going to be investment hotspots over the next six. One of the areas where companies haven't invested recently is AV, which corresponds with the lack of people in offices and meeting rooms. We however expect this to increase when more and more people return to the office due to the need for more meeting space.

Looking at what technologies businesses plan to invest in over the next six months, we know that investment in cloud communication (39%), collaboration software (39%) such as messaging systems, and collaboration hardware (31%) such as home office equipment rank as the top three. **These are the same as the previous Market Insight Report, showing that actually businesses aren't investing in *different* technologies** since the COVID-19 pandemic, but are rather investing in them in a different way to achieve UC&C goals.

❝ **Just 22% have identified UC&C security as an investment area for the next six months, compared to 35% in the April report.** ❞

Security was a huge concern at the start with many high profile breaches in the press. However many of the systems now come with added security features, making them safer to use. As we transition to a hybrid form of work, we do however expect security concerns to be more prevalent again.

In terms of technology that is going to become more popular moving into 2021, there is an **expectation for collaboration tools to continue its high demand.** However, the focus will specifically be on tools that are easier to use. This would suggest that actually businesses have found a point where the collaboration tools they are currently investing in are 'doing the job', but they're looking for technologies that are easier to use, easier to implement, and get the job done in a more straightforward way.

There is also a clear appetite for tools which better integrate with the wider operating systems such as Teams (Windows) and Slack (Salesforce).

TOP 3 FUTURE TECHNOLOGIES

31%
COLLABORATION HARDWARE

39%
CLOUD COMMUNICATION

39%
COLLABORATION SOFTWARE

BUDGETS FOR 2021

Increase 34%

Same 32%

Unsure 22%

Decrease 10%

34%

The two biggest sectors for growth in 2021 are cloud communications and collaboration. This growth of cloud communications isn't unexpected, especially in the previous six months where businesses have shifted from an office based to remote working capacity. Businesses are investing in the smooth transition and longevity of 'working-from-home' technology, building plans to continue the remote working process into part of everyday life.

Despite businesses being hit hard in a financial capacity, 34% of businesses are seeing their budgets for UC&C rise in 2021. Of those who aren't expecting to see their budgets rise, 32% of businesses are expecting their budgets to stay the same, and 22% don't know where their budget is going to go. This leaves a tiny 10% of businesses that expect to see their UC&C budgets drop in 2021.

The good news is that a rise in budgets would suggest that businesses may begin to look into some more progressive technologies in the new year, looking to pick up where 2019 left off.

Within this budget adjustment, **42% of decision makers are predicting that money saved from other areas during 2020** (such as travel expenses) will be shifted into the UC&C budget, proving that businesses are throwing all additional resources into their biggest investment opportunity: UC&C.

As discussed previously, there has been a slow down in the focus on security. However given the rapid increase in cyber attacks in 2020, alongside the transition to a hybrid model of work in 2021, we wouldn't be surprised to see security spend increase as we enter a 'zero trust' era.

The results show that business leaders are focusing on the future, both short and long term, investing in the necessary technology, but are also looking to speculate to accumulate with future investments.

There has been a far greater focus placed on people within a business, benefiting the migration from office based working to home based - a transition we're never going to see return to normal. There is an understanding now that nurturing staff and keeping the workforce happy will in turn help productivity to thrive, so there is a real focus in just keeping staff healthy, happy, and motivated - enhanced productivity is now being recognised as a by-product

User experience has also become a keen focus for business leaders, recognising the need for flawless functionality, expertly crafted marketing strategies, and the ability to keep customers and clients engaged is key. There is an understanding that it is vital to cut through the noise of crowded markets.

> **Unsure of the future landscape, businesses need to be ready to deploy different tactics and technologies through the next twelve months and beyond in what looks set to be an unpredictable 2021.**

Right now, businesses are fine-tuning their spend, looking at where they can re-establish future spending and beginning to take a more forward-focused approach. **Instead of streamlining and removing any unnecessary expenditure, businesses are now looking to refresh their interest in future spending, increase their budgets for UC&C spending in 2021, and take a fresh outlook into what is supposed to be a significantly more positive twelve months.**

However, the effects of 2020 will be felt long into the future, none more so than the continuation of investment into cloud communications and collaboration technology. Instead of businesses investing in short term technologies and then waiting for offices to reopen, they are shifting to adopt a hybrid-working strategy, embracing working from home and incorporating it into future plans.

Overall, 2020 has been an unforgettable year for businesses, but unfortunately in many cases for the wrong reasons. Technology providers have had to pivot (if not U-turn) in their approach to keeping businesses engaged and investing. Technology demand hasn't specifically changed the areas businesses are investing in, but the reasons for investment and the way the tech is implemented has shifted dramatically, becoming far more people focused with the economy drive playing second fiddle.

UC&C continues to play a major role in ensuring businesses can function and its importance continues to grow. Unsure of the future landscape, businesses need to be ready to deploy different tactics and technologies through the next twelve months and beyond in what looks set to be an unpredictable 2021.

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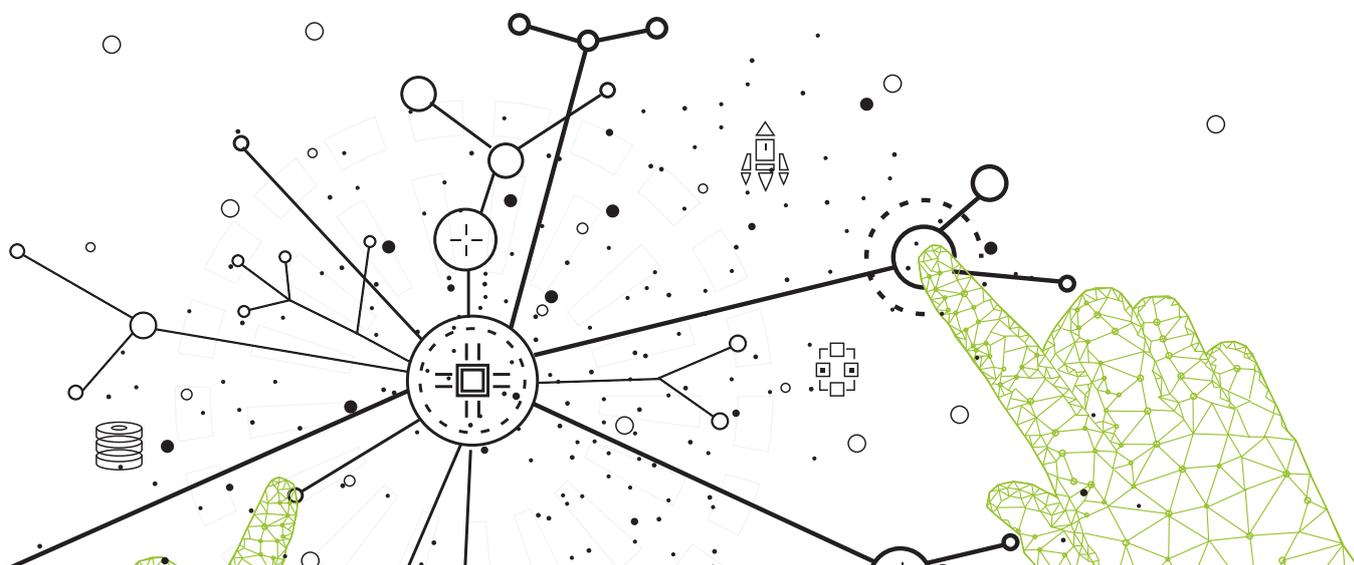
Join the UCX Community

Here at UC EXPO we thrive on making valuable connections. Being part of a community is more important than ever before and as an enabler of the future of work we would love for you to join ours!

The UCX Community has been created to keep you informed, updated and educated on everything unified communications and collaboration, while meeting and connecting face-to-face is put on hold!

From fortnightly newsletters and first access to exclusive UC EXPO content like this, to a comprehensive digital calendar of events including insightful webinars and networking opportunities galore, there really is no better community to be a part of.

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