Business Communications Transformation:
Best-in-Class Communications Can Be a Competitive Advantage

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EXECUTIVE SUMMARY

Enterprises are using digital technologies to transform their businesses, identify new sources of revenue, improve customer experience, and implement new sources of competitive differentiation. IDC-defined 3rd Platform technologies, centered on cloud, mobile, social, and big data and analytics, are fundamentally changing the way business is accomplished. It's essential for businesses to implement these technologies thoughtfully and to integrate them into existing enterprise infrastructure and applications. The combination of unified and contextual cloud communications is a critical digital transformation (DX) enabler. When deployed effectively, these cloud-based solutions can provide new options for customer-facing and internal communications to improve revenue, profitability, customer satisfaction, customer retention, and employee productivity. Nonetheless, many companies and decision makers still don't understand how communications can help drive business.

IDC characterizes companies' communications technology selection and usage and groups firms by communications technology maturity. The four categories of communications technology maturity are communications powerbrokers, communications respecters, communications skeptics, and communications unaware.

Higher-maturity companies use more communications technologies and depend on more recent technologies such as SMS or instant messaging (IM) than older technologies such as voice telephony and audioconferencing. These companies run more advanced environments incorporating cloud infrastructure communications platform-as-a-service (CPaaS) platforms and are more likely to integrate communications platforms into their DX initiatives. Higher-maturity companies show better business results than lower-maturity companies, according to every key performance indicator (KPI) measured in IDC's research, indicating that communications technology is an important driver of business success.

Companies seeking to improve their use of communications technology should follow these guidelines to improve both internal workforce communications and external customer communications:

- Approach technology decisions thoughtfully, including assessing the technology's contribution to business needs and the overall business mission.
- Consider use cases and apply the technology that's best for each case.

- Always connect with customers in their preferred manner, considering the context of each interaction (such as text, web, chat, or voice) rather than forcing customers to channels they wouldn't naturally use.
- Evaluate where the organization falls on the communications technology maturity scale, and learn how to advance in maturity level using IDC's Communications Advantage Index communications technology self-assessment tool.

About This Study

IDC recently conducted a study among communications technology decision makers and recommenders from more than 800 firms with at least 250 employees across various industries. Qualifying executives held either a corporate IT role or a customer-facing role. The study enabled a broad measurement of firms' communications technology use. By correlating responses to actual performance on key customer service and business metrics, IDC determined the communications technology behaviors that correspond to business success. IDC grouped respondents into four categories of business communications maturity and measured the overall behavior of groups to discover differences between leaders and laggards in communications performance. The outcome of this effort is IDC's Communications Advantage Index.

IN THIS WHITE PAPER

Enterprises today exhibit diverse usage of and attitudes toward the capabilities they provide for communication among employees, partners, vendors, and customers. Enterprises often differ in the type and number of technologies they invest in and what they seek from these technologies.

IDC's Four Levels of Communications Technology Maturity

IDC divided enterprises into four categories of communications technology maturity, with a set of predictable attitudes and behaviors toward communications technology for each (see Table 1):

- **Communications powerbrokers** use the most communications technologies of all four categories. They emphasize newer media such as social networks, texting, and chat and are likely to have completed DX efforts. Powerbrokers actively use integration, automation, CPaaS, and public cloud for their environments. They boast the best business and customer service KPIs of the four categories.
- **Communications respecters** understand the value of communications technology to drive results. They are slightly behind powerbrokers in the breadth and advanced use of communications technology, public cloud, integration, and automation. Respecters lag behind powerbrokers in their use of CPaaS, but they expect to close this gap. Most respecters are in the process of DX or have completed DX initiatives. They enjoy healthy improvement in KPIs.
- **Communications skeptics** lag behind respecters in the variety and sophistication of communications technologies they use. Most skeptics rely on older technologies such as web conferencing and videoconferencing and typically host communications systems on-premises. Less than half have DX under way, and less than one third will use CPaaS within two years. They see mediocre improvement in KPIs.
- **Communications unaware** firms use the fewest communications technologies and still view traditional voice telephony as a key communications medium. Less than one fourth have DX plans, and almost none plan to use CPaaS. This group's KPI improvement is the lowest of the four categories.

TABLE 1

Communications Technology Maturity Level

	Communications Unaware	Communications Skeptics	Communications Respecters	Communications Powerbrokers
Sample (%)	16	36	34	14
Representative industries	▪ Real estate, government, education, energy, utilities	▪ Media, insurance, manufacturing	▪ Banking, telecommunications	▪ Retail, transportation, IT, resource industries
Communications technologies	▪ Use/plan to use the fewest technologies ▪ On-premises systems dominant ▪ Very low use of automation and integration	▪ Use/plan to use lower-than-average number of technologies ▪ On-premises systems in the majority ▪ Low use of automation and integration	▪ Use/plan to use higher-than-average number of technologies ▪ A mix of public and private cloud dominant ▪ High use of automation and integration	▪ Use/plan to use the most technologies ▪ Public cloud dominant ▪ Very high use of automation and integration
Digital transformation	▪ More than 75% have no DX plans	▪ 40% have completed or are in the process of DX	▪ More than 70% have completed or are in the process of DX	▪ A majority have completed DX; nearly all have completed or are in the process of DX
CPaaS for communications	▪ 1% use CPaaS today ▪ <2% will use within 24 months	▪ <10% use CPaaS today ▪ <30% will use within 24 months	▪ >30% use CPaaS today ▪ >60% will use within 24 months	▪ >70% use CPaaS today ▪ >90% will use within 24 months
Results	▪ Poor customer support and communications ▪ Poor business and customer service KPIs	▪ Mediocre customer support and communications ▪ Mediocre business and customer service KPIs	▪ Good customer support and communications ▪ Good business and customer service KPIs	▪ Superlative customer support and communications ▪ Superlative business and customer service KPIs

Source: IDC's *Business Communications Thought Leadership Survey,* 2017

# High-Maturity Firms Have Greatly Superior Business Outcomes

Communications maturity correlates with positive business results. Among surveyed companies, high-maturity firms enjoy much better improvement in KPIs than low-maturity firms (see Figure 1). For example, over the past three years, communications powerbrokers have realized a 47.3% improvement in time to market for new products and services, while communications unaware firms have achieved only a 16.1% improvement on that metric. Firms with high communications maturity realize this fact: 99.9% of powerbrokers stated that communications solutions are "very important" for workforce communications, and 97.7% of powerbrokers said they are "very important" for customer interactions (refer to Figure 2).

Communications powerbrokers and respecters view communications technology as a driver of innovation and top-line business results, whereas communications skeptics and unaware firms emphasize that cost is more important than control (a focus on "keeping the lights on"). Communications unaware enterprises consider reducing cost more than any other KPI surveyed, including revenue growth, new customer acquisition, and customer satisfaction. Conversely, powerbrokers consider cost reduction the least important KPI of all eight KPIs in the survey. The most important KPIs to powerbrokers are (in order) customer satisfaction, new customer acquisition, and improving employee productivity.

Companies with greater communications maturity experience achieve more success in customer service results as well. Over the past three years, powerbrokers decreased time to resolution for customer service events by 36.5%, whereas unaware firms decreased time to resolution by just 4.2%. Powerbrokers also decreased hold/wait times by 32.9% and improved case resolution rates by 29.7%; conversely, unaware firms decreased hold/wait times by 9.7% and improved case resolution rates only by 11.5%.

FIGURE 1

**Average Business KPI Improvement by Maturity Level Over the Past Three Years**
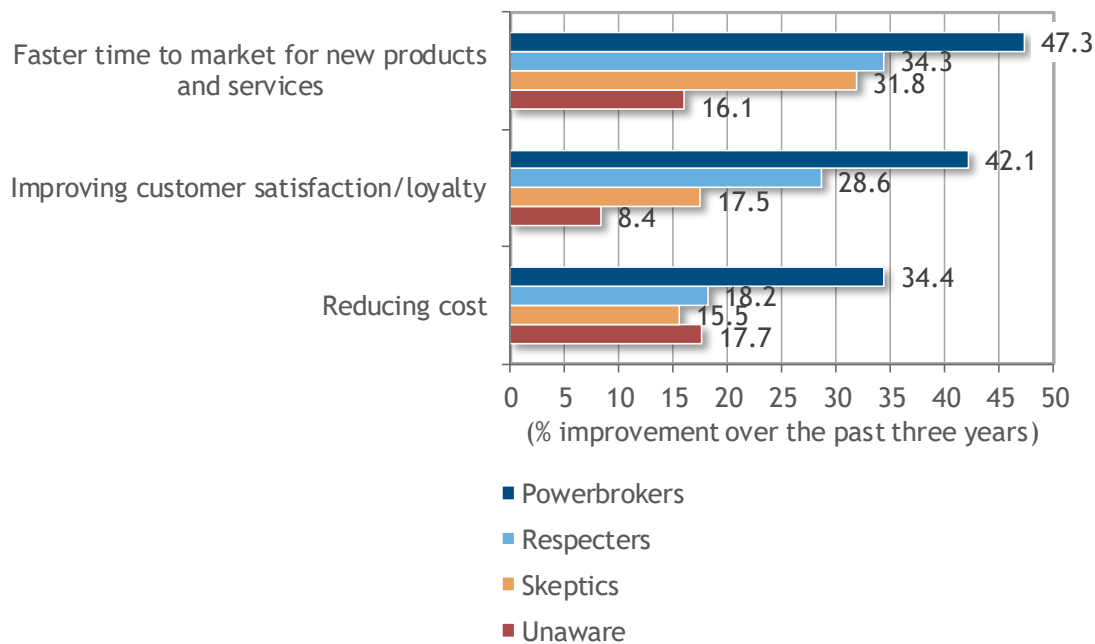
Source: IDC's *Business Communications Thought Leadership Survey,* 2017

High-Maturity Firms Focus on Communications as a Key Business Enabler

Higher-maturity firms think more strategically about business communications: How to use business communications to address business goals and to improve customer experience? 99.9% of powerbrokers rated a common communications platform as "very important" for workforce communications, and 97.7% of them rated it as "very important" for understanding more about customers (see Figure 2).

FIGURE 2

**Enterprises Rating a Common Communications Platform as "Very Important"**
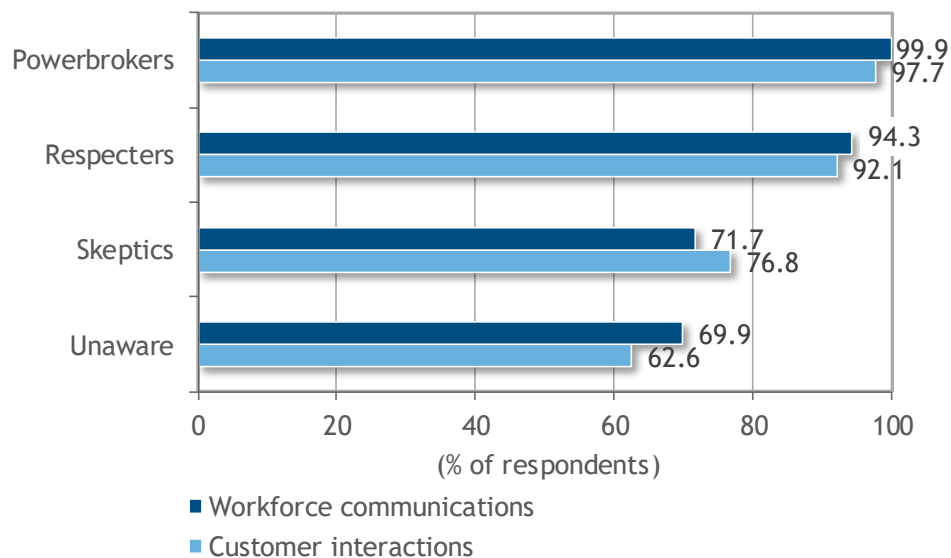
Source: IDC's *Business Communications Thought Leadership Survey,* 2017

Recognition of the importance of communications inspires high-maturity organizations to a more hands-on approach. Powerbrokers are twice as likely to manage their own communications environments in-house than unaware firms (see Figure 3).

FIGURE 3

Enterprises Managing Communications Environments In-House
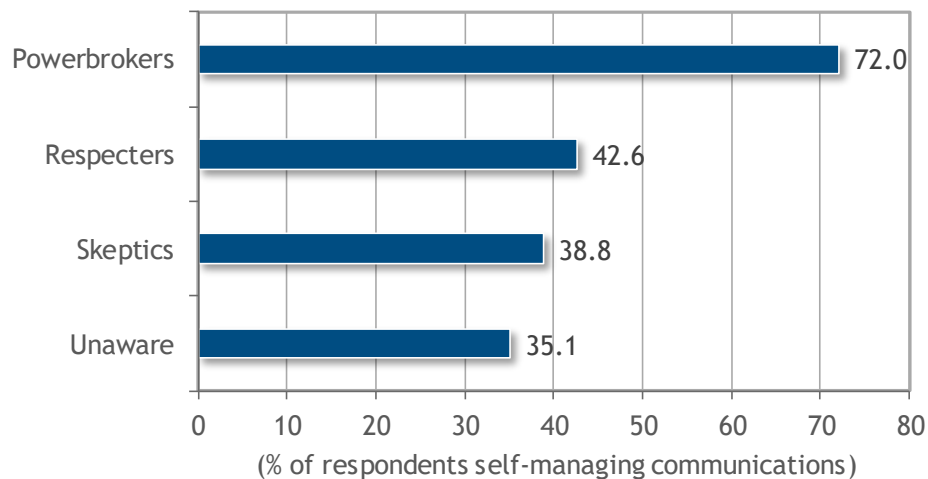
Source: IDC's *Business Communications Thought Leadership Survey,* 2017

THE CHANGING NATURE OF BUSINESS COMMUNICATIONS

Dependence on telephony as the cornerstone of business communications has been giving way to a diverse set of media, including social platforms, text/IM, chat applications, and videoconferencing and audioconferencing. Telephony is no longer considered the sole communications technology in the enterprise. Business communications today serve two purposes: enhancing internal communications and collaboration for employees and developing tools for deeper, more meaningful engagement with customers. Today, companies consider audioconferencing and web conferencing to be more important than telephony and IM, videoconferencing, and text messaging to be almost as important as telephony. Such technologies can blend with modern voice telephony systems to enable increased mobility, efficiency, and productivity for employees and, ultimately, enable better customer relationships.

These attitudes reflect not only the emergence of these technologies as robust options but also changing customer preferences. Fortune 1000 companies, for example, are finding their main phone lines swamped with text messages. To succeed, companies now must use the media their customers prefer, and they must cross over to different media when an individual customer's circumstances cause a different medium to become the preferred communication channel.

Successful companies have noted this requirement and are using a wide range of media, but in most instances, they are not the tech-savvy, "born in the cloud" Silicon Valley firms many imagine. In fact, larger established businesses in many industries are on the leading edge of business communications technology. Conversely, companies with low communications maturity have yet to realize this trend and still focus on telephony.

Communications powerbrokers rank telephony near the bottom (eight out of nine) in terms of importance of communications technologies, whereas unaware firms rank telephony second in importance (see Figure 4).

FIGURE 4

Perceived Importance of Communications Technologies
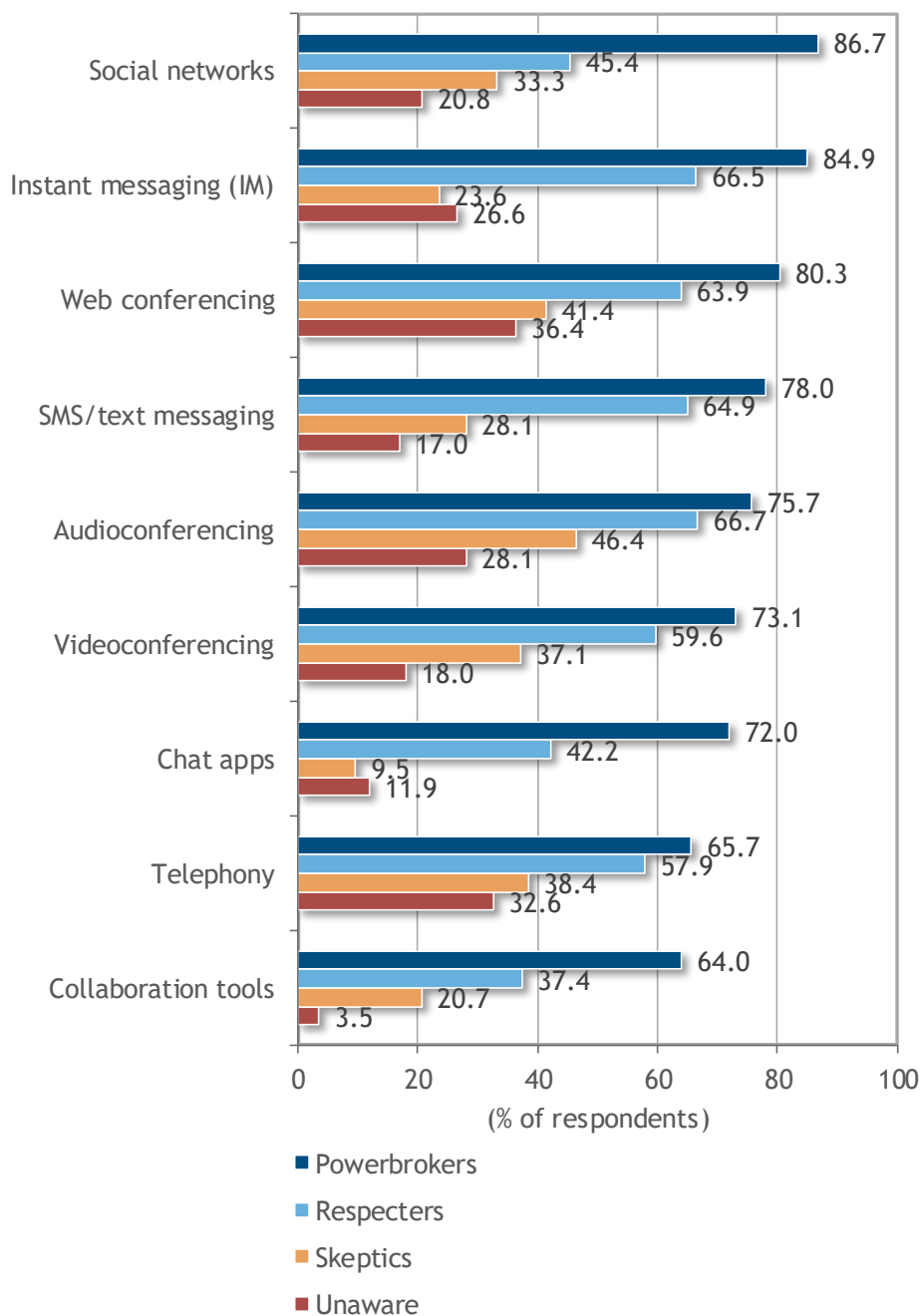
Note: Responses show top 2 box on scale, where 1 = not at all important and 5 = extremely important.

Source: IDC's *Business Communications Thought Leadership Survey,* 2017

A MODERN APPROACH TO BUSINESS COMMUNICATIONS

Successful companies are adopting a modern approach to business communications as exemplified by four key behaviors:

- Use of cloud for communications platforms
- Integration with existing business systems
- Multimodal communications
- Context-aware communications

Use of Cloud for Communications Platforms

Higher-maturity companies deliver communications by cloud: 85.8% of powerbrokers use cloud architecture for communications environments, and 79.2% use cloud as their exclusive platform. Comparatively, 25% of unaware firms use cloud for communications, and only 12% use it exclusively.

Mature companies also use more public cloud infrastructure as a service (IaaS). 63.8% of powerbrokers run their communications systems on public cloud, whereas a mere 2.4% of unaware firms employ public cloud. The use of cloud by high-maturity firms is not surprising because it offers greater flexibility, scalability, chargeback, and other benefits in an affordable, pay-as-you-go business model (see Figure 5).

FIGURE 5

Use of Cloud for Communications Environments

(% of respondents)

- Use public cloud communications platform
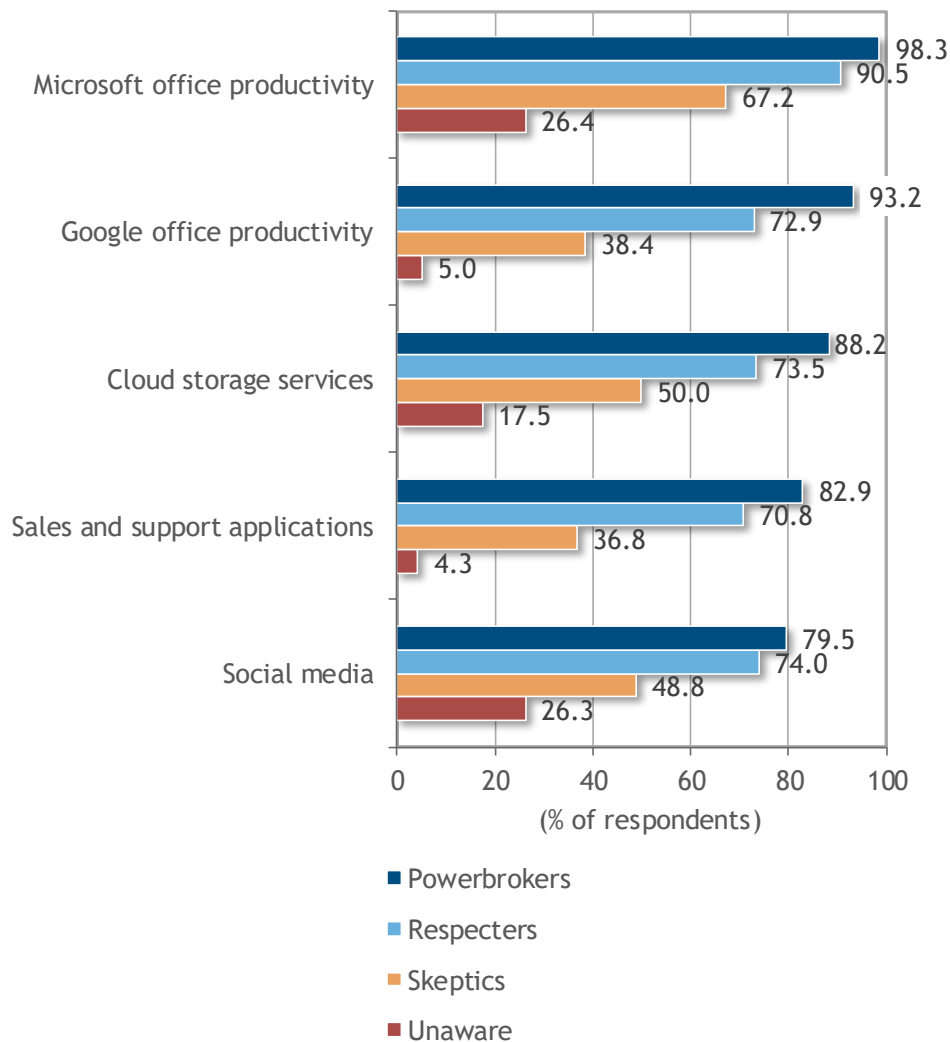- Use private cloud communications platform
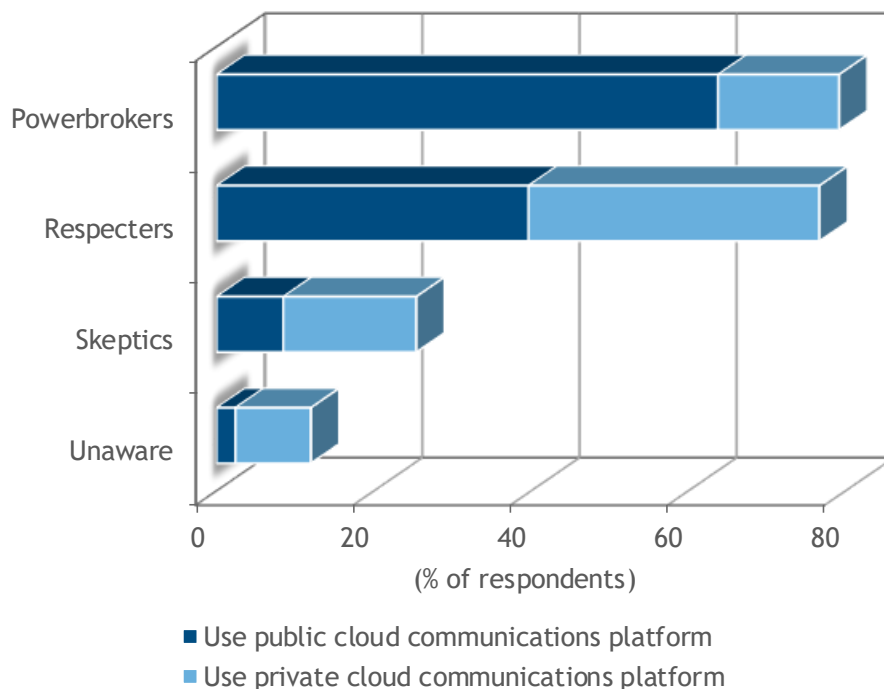
Source: IDC's *Business Communications Thought Leadership Survey,* 2017

Integration with Existing Business Systems

Companies that approach communications strategically integrate platforms with critical business systems such as CRM, website, ERP, billing, and invoicing. In addition, powerbrokers attribute greater importance to integration than do unaware firms (see Figure 6).

FIGURE 6

Communications Environment Integration with Business Applications

Category	Powerbrokers	Respecters	Skeptics	Unaware
Microsoft office productivity	98.3	90.5	67.2	26.4
Google office productivity	93.2	72.9	38.4	5.0
Cloud storage services	88.2	73.5	50.0	17.5
Sales and support applications	82.9	70.8	36.8	4.3
Social media	79.5	74.0	48.8	26.3

(% of respondents)

- Powerbrokers
- Respecters
- Skeptics
- Unaware

Source: IDC's *Business Communications Thought Leadership Survey,* 2017

Figure 7 illustrates that nearly 100% of powerbrokers make and receive calls directly integrated into work applications, modernizing the use of voice communications with cloud workflow tools. In contrast, only 18.1% of unaware firms have similar integrations.

FIGURE 7

Enterprises Considering Communications Capabilities "Very Valuable"
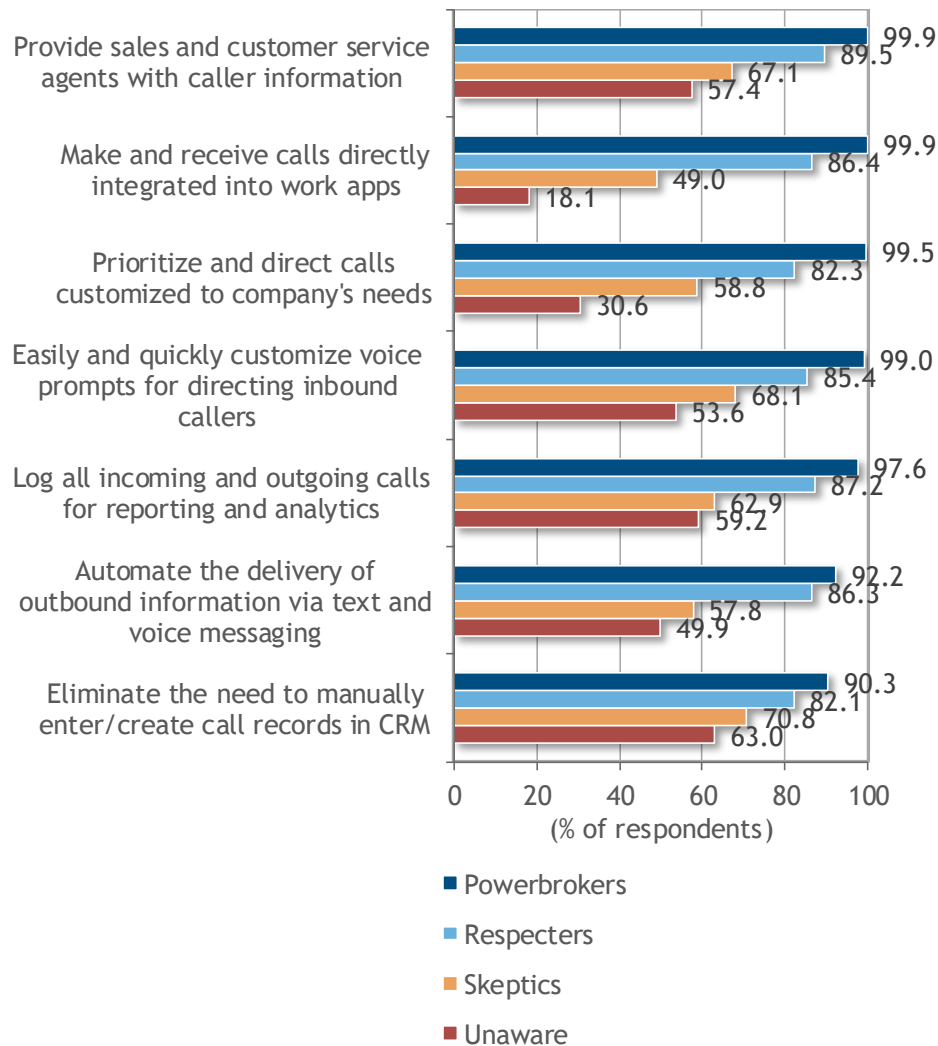
Note: Responses show top 2 box on scale, where 1 = not at all valuable and 5 = extremely valuable.

Source: IDC's *Business Communications Thought Leadership Survey,* 2017
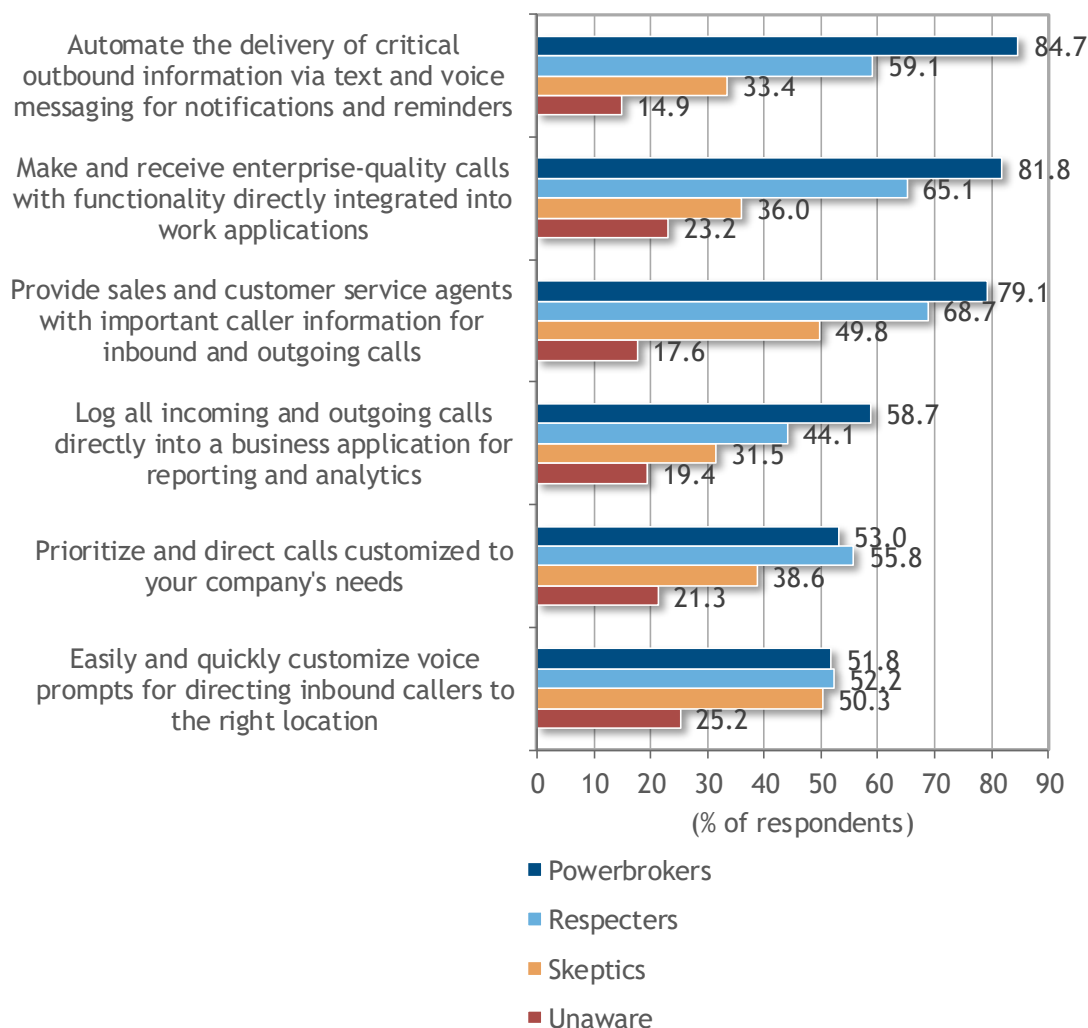
Multimodal Communications

Successful companies use a mix of unified and contextual cloud communications, including traditional telephony, social media, IM/chat, web conferencing, and audioconferencing. The objective is to engage with customers via the medium that is most effective for each interaction. Customers use different media based on circumstances, with the availability of the right medium at the moment

delivering the best customer experience. Higher-maturity firms attribute greater importance to technologies across the board and choose a broader range of technologies than do low-maturity firms. With the cloud, all business communications modes (such as voice, video, and messaging) are unified. Businesses can embed traditionally complex communications solutions via very simple micro-applications, resulting in seamless connection of external, customer-facing communications with internal employee communications as well as integration with productivity tools such as CRM.

Use of advanced communications technology is another hallmark of high-maturity companies. On average, 84.7% of powerbrokers use automated delivery of outbound information, whereas on average, 14.9% of communications unaware firms use that same capability (see Figure 8).

FIGURE 8

Enterprise Use of Business Communications Capabilities

Source: IDC's *Business Communications Thought Leadership Survey,* 2017

Context-Aware Communications

Cloud, business systems integration, and multimodal communications give organizations the capability to establish context-aware communications and enable them to handle each customer contact using the most effective medium for that circumstance. Because the same customer may use different media for different touches, a context-aware company can seamlessly transition between different media for a single, integrated experience. Moreover, all communications will integrate with appropriate business systems, including the availability of relevant customer or transactional information.

PICK THE RIGHT APPROACH FOR EACH INTERACTION TYPE

Enterprises have a variety of communications platforms available to them, each with its strengths and weaknesses. Consider the pros and cons of different approaches up front when evaluating platforms. The three primary approaches are:

- Prepackaged, off-the-shelf, cloud-based solutions
- Customizable development platforms (CPaaS)
- Hybrid platforms

Prepackaged, Off-the-Shelf, Cloud-Based Solutions

These solutions enable companies to get up and running quickly with all necessary functionality packaged in a friendly end-user experience. Prepackaged, cloud-based solutions offer standardized, continually updated, and secure communications with little need for customization or advanced integrations. These solutions make the most sense for parts of a company's business not essential to the company's core, differentiated value proposition because they can be an efficient and effective way to quickly deploy needed applications.

Customizable Development Platforms (CPaaS)

These open, cloud-based platforms offer a significantly more customized communications experience, along with APIs for integration into back-end systems, that enables businesses to differentiate offerings and engage with customers. Today's CPaaS platforms also enable fast and easy application creation using existing web development skills so that applications are easy to build and integrate with business systems.

CPaaS is often chosen by communications-mature enterprises. More than 70% of communications powerbrokers use CPaaS today, and more than 90% will use CPaaS two years from now. In contrast, communications unaware firms have virtually zero CPaaS usage: 1% of unaware firms use CPaaS today, and less than 2% have plans to use it two years from now (see Figure 9).

FIGURE 9

CPaaS Adoption for Communications
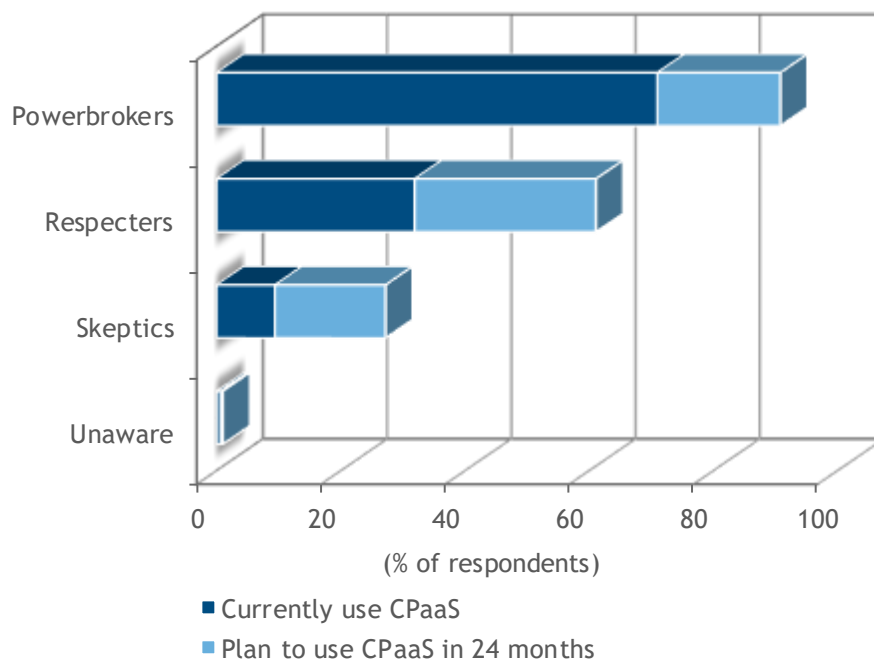
Source: IDC's *Business Communications Thought Leadership Survey,* 2017

Hybrid Platforms

We are witnessing the emergence of hybrid platforms that combine pre-packaged cloud solutions and customizable CPaaS platforms. Hybrid platforms offer the best of the two approaches in a single solution from a single vendor. Hybrid platforms offer fast time to production yet still enable long-term business optimization through true customized applications.

ESSENTIAL GUIDANCE

This IDC study demonstrates that mature use of communications technology corresponds to better customer service and bottom-line business results. Companies seeking to improve their communications maturity should:

▪ **Think strategically.** When designing communications platforms and processes, consider each situation holistically and focus on how communications can give you the best overall result. In short, look at business needs and not just communications needs.

Preventive care technology leader MedXM applies this concept to improving patient care through intelligent integration of communications technology components. For instance, taking this approach to communications, MedXM can enable home prescription drug delivery through a seamless, automated blend of voice telephony, SMS, geolocation, and back-office integration. When a prescription is due for refill, the patient receives a phone notification and can elect delivery or pickup or even hold off on fulfillment and instead speak voice to voice

with a physician. MedXM also can automatically prompt patients scheduled for hospital visits via their phones to offer them rideshares from Lyft. The patient can accept or decline the offer, receive notification when the car arrives, and even connect directly by phone with the driver while keeping the contact information of both parties private, to work out directions or other logistics all through an automated application.

- **Pick the right communications platform.** Explore each use case separately to choose the platform that makes sense for the circumstances. Consider these questions:
  - **Does it require differentiation or customization?** In many instances, off-the-shelf applications are sufficient because they allow you to quickly and efficiently deploy applications as needed. But when customization is required, you will want the versatility of a CPaaS solution.
  - **Is it static, or will it be changing?** If you expect capabilities and usage to evolve over time, the programmability of CPaaS may more effectively serve your long-term goals. Also consider a hybrid platform that combines the ease of use and convenience of a prepackaged solution and the customization capabilities of CPaaS in a single solution from one vendor.
  - **What systems integrations will you require?** Before selecting a communications solution, be sure it can support the application integrations you require today and into the future. Otherwise, you may incur extra expense and have trouble upgrading or replacing the previous communications systems.
- **Be available on the customer's preferred medium.** Ensure that you communicate with customers using the media that work best for their context. Remember that customers will prefer different media based on where they are and what they are trying to accomplish. A single customer service case can move freely between media such as SMS, chat, voice, and video in the moment. The best experience is when customers can convey and receive information using the handiest channel for them at the time.
- **Take IDC's self-assessment.** Take advantage of IDC's Communications Advantage Index to find out where your organization falls on the communications maturity scale and how to reach the next level.

CONCLUSION

As technology continues to shape how companies operate, from how their systems are connected to how they track and improve customer interaction, it is reshaping not only the way that effective companies communicate but also how they conduct business. Companies taking a more advanced and mature approach to communications technology enable better customer service and better overall business results. Better communication aids business operations in many ways, especially for customer experience. Particularly important is to provide customer communications media that account for the customer's context, for the differing circumstances that may alter what information the customer wants to send and receive and how the customer wants to do so. As a best practice, companies should provide the range of communication options necessary to match these requirements.

Companies exhibiting greater communications maturity use more types of communications technology including advanced capabilities. They attribute high importance to providing the best possible communications both for interfacing with customers and for internal and partner communications. These companies take advantage of the cloud and integrate communications with other business systems. High-maturity companies connect with customers using whatever medium the customer chooses for any given interaction.

Enterprises seeking to climb the communications maturity scale should take a strategic approach to technology decisions. They should consider the whole business to enable the best overall outcome and pick the appropriate platform for each use case rather than take a one-size-fits-all approach. Businesses should also implement systems across any channel that customers choose and enable the same customer to use different media under different circumstances. They should embrace next-generation communications solutions with the same commitment and rigor they have for other forms of technology.

Take IDC's self-assessment

TAKE ADVANTAGE OF IDC'S COMMUNICATIONS ADVANTAGE INDEX TO FIND OUT WHERE YOUR ORGANIZATION FALLS ON THE COMMUNICATIONS MATURITY SCALE AND HOW TO REACH THE NEXT LEVEL

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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