

# What Does the Future Hold for Business Communications?

Insights into UCC, Mobility,  
Teams Phone, and AI Adoption  
Trends

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Technologies Research Team at  
Frost & Sullivan

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# Key Findings



**Planned PBX/cloud PBX and PSTN calling investment increases** signal continued recognition of the strong benefits these capabilities provide to organizations. However, end-user organizations have implemented and will adopt further **a wide variety of UCC applications, services, and endpoints**.

The majority of organizations will have deployed a **cloud/mobile PBX** at some level by the end of 2026. However, **hybrid enterprise telephony environments** will continue to dominate in the next three years.

**Mobile devices, voice and data plans, soft clients and native mobile dialers with business phone numbers** will continue to penetrate customer organizations in the next three years, but it will not be a mobile-only world.

**Microsoft Teams Phone** will maintain strong presence in customer environments by 2026. Operator Connect and Teams Phone Mobile will gain share among PSTN connectivity options.

Most organizations are at the **early stages of evaluating or adopting AI**. Gaining operational efficiencies is the top driver of AI investments.

Source: Frost & Sullivan

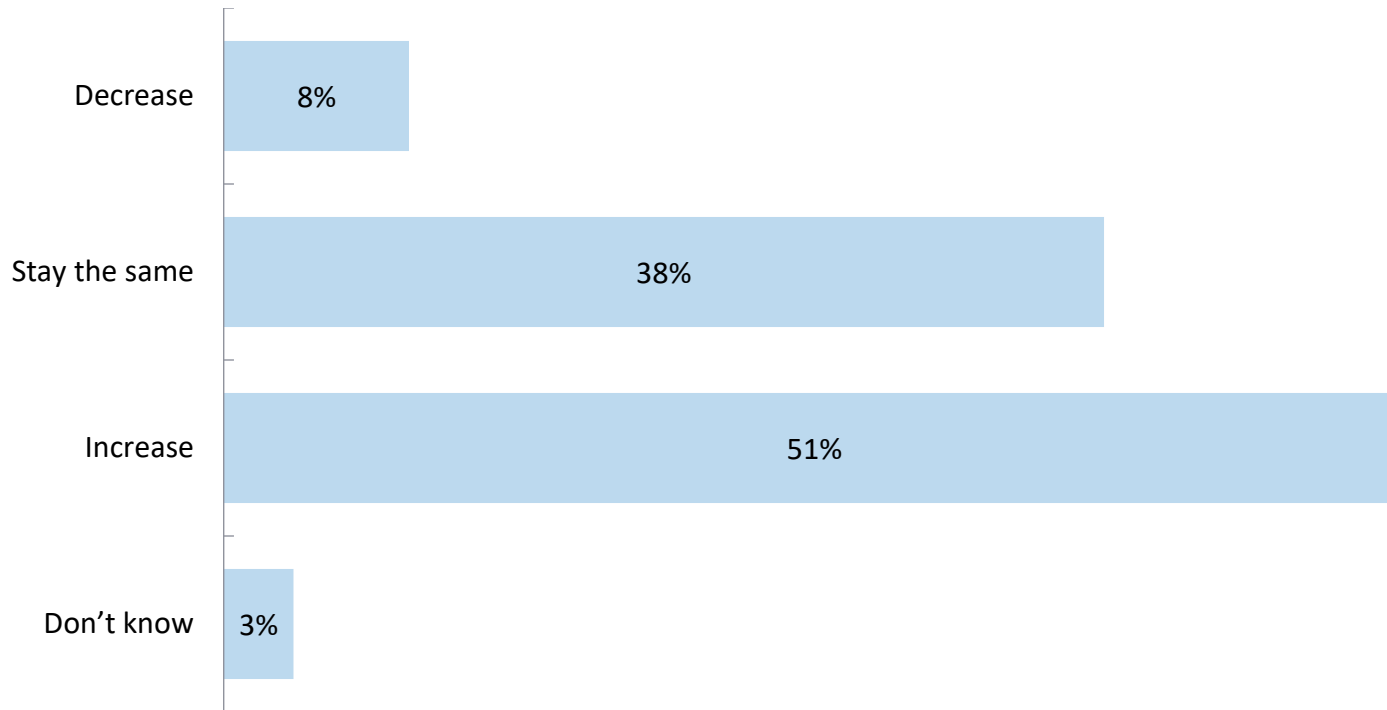


# Evolution of Enterprise Telephony/Business Call Control Environments

# PBX/Cloud or Mobile PBX Investments for Remote Desk Workers

Despite COVID-19 pandemic trends, which might have suggested organizations would choose to rely on video meetings to keep their remote workers connected, only few organizations are decreasing and more than one-half are increasing their investments in PBX licenses for this workforce demographic.

## Expected Change in PBX/Cloud or Mobile PBX Licenses Investments for Remote Desk Workers, Global, 2023–2025



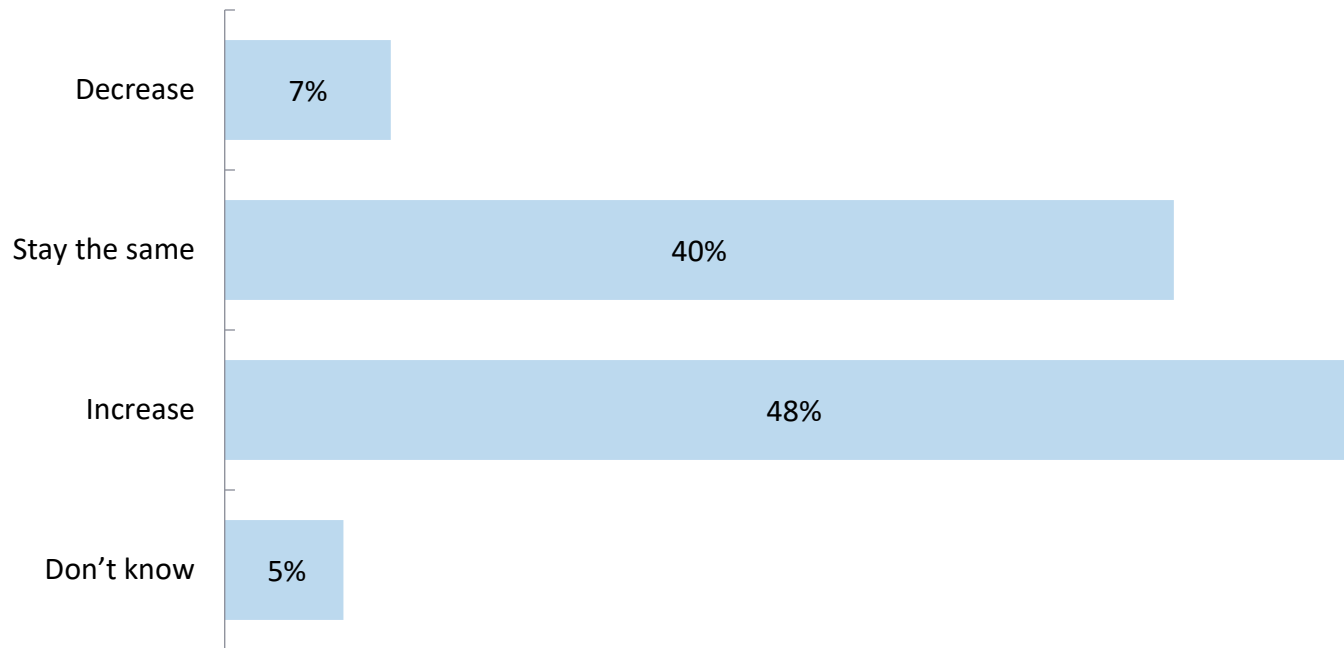
Q31. Thinking about the services you provide to your remote desk workers, how do you expect your investments in the following areas to change by the end of 2025? – PBX/cloud or mobile PBX licenses, n=464.

Source: Frost & Sullivan

# PBX/Cloud or Mobile PBX Investments for In-Office Desk Workers

Somewhat surprising, there is untapped demand for PBX functionality among in-office desk workers as nearly one-half of ITDMs plan to increase their investments in PBX or cloud/mobile PBX licenses. Only few organizations plan to decrease their investments in PBX functionality, which may be due to multiple factors including downsizing, replacing assigned desks with hot desking, or leverage of alternative solutions such as mobile services or video meetings.

## Expected Change in PBX/Cloud or Mobile PBX Licenses Investments for In-office Desk Workers, Global, 2023–2025



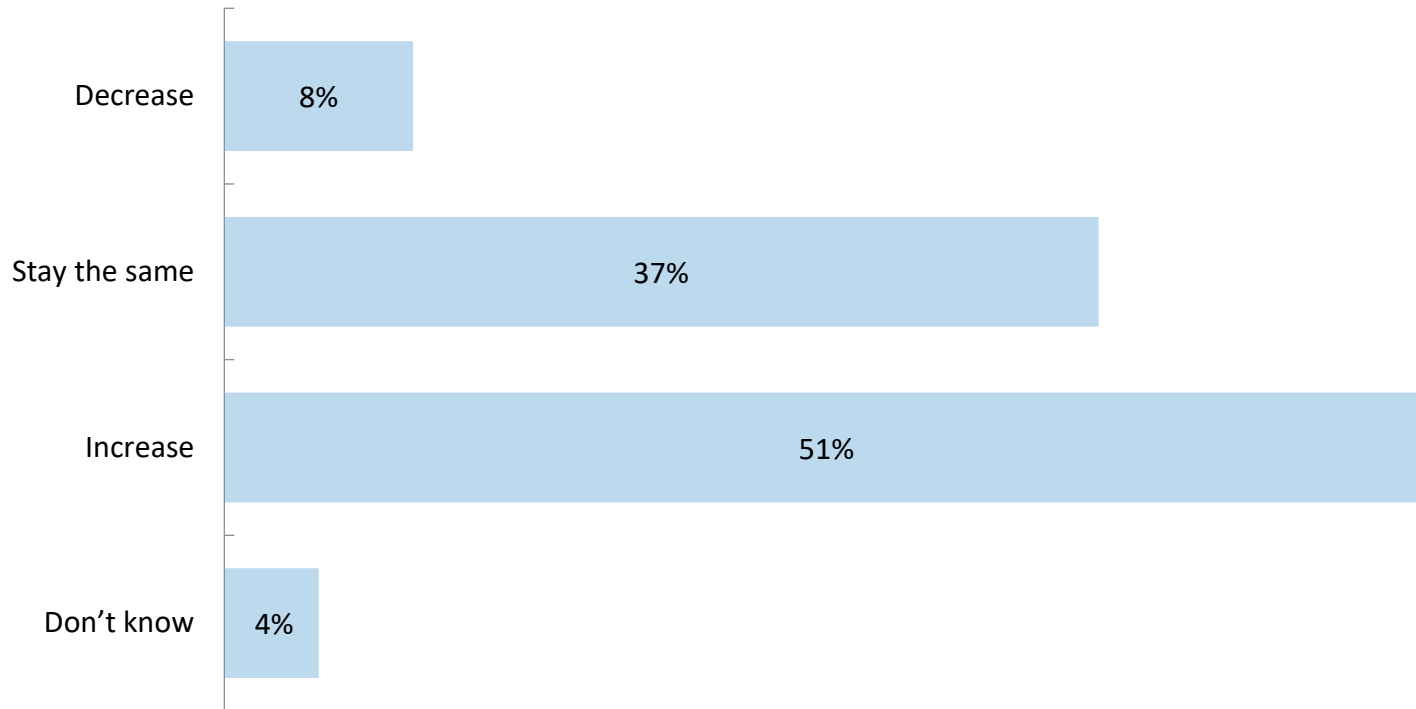
Q32. Thinking about the services you provide to your in-office desk workers, how do you expect your investments in the following areas to change by the end of 2025? – PBX/cloud or mobile PBX licenses, n=493.

Source: Frost & Sullivan

# PBX/Cloud or Mobile PBX Investments for Frontline and Field Workers

Among organizations already providing PBX or cloud/mobile PBX functionality to frontline/field workers, more than one-half plan to increase their investments, indicating a substantial growth opportunity for PBX/cloud PBX providers.

## Expected Change in PBX/Cloud or Mobile PBX Licenses Investments for Frontline and Field Workers, Global, 2023–2025



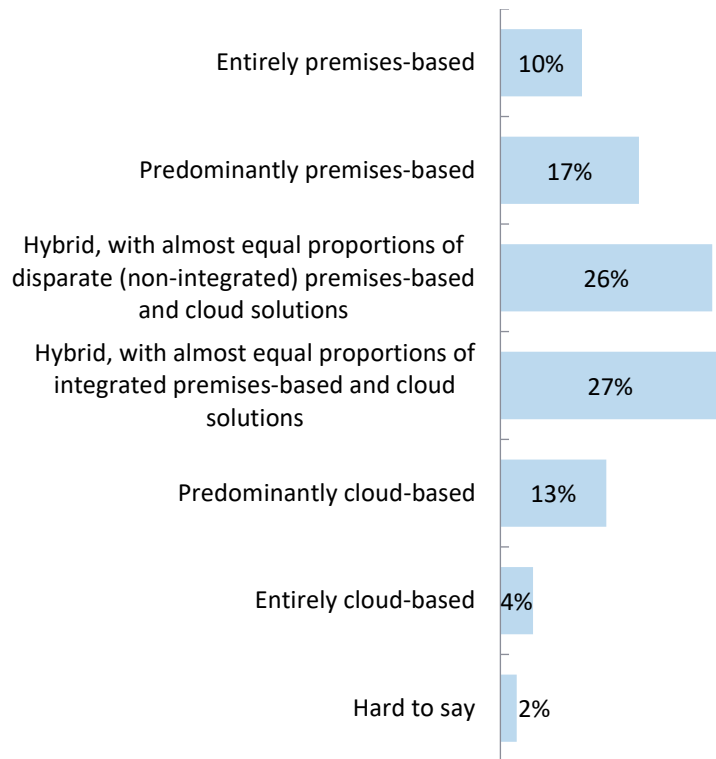
Q33. Thinking about the services you provide to your frontline and field workers, how do you expect your investments in the following to change by the end of 2025? - PBX/cloud or mobile PBX licenses, n=412.

Source: Frost & Sullivan

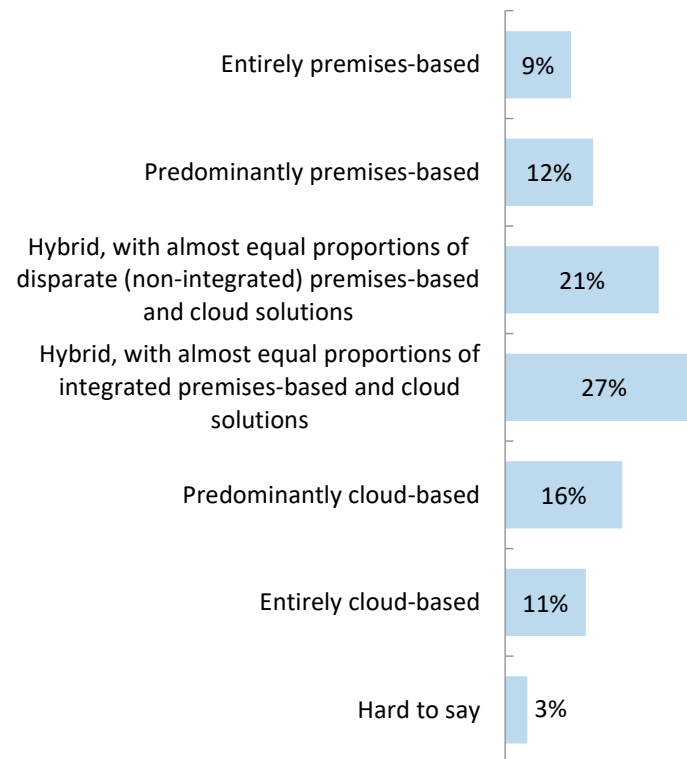
# Current and Future Enterprise Telephony Environments

Despite a notable increase in entirely cloud-based environments, the decline in entirely premises-based deployments is negligible. Hybrid environments will remain dominant from 2023 to 2026, losing only 7% share.

**Current Enterprise Telephony Environment,  
Global, 2023**



**Expected Enterprise Telephony Environment,  
Global, 2026**



Q19. How would you describe your current enterprise telephony/business call control environment? n=500.

Q20. What do you think your enterprise telephony/business call control environment is likely to look like in 2026? n=500.

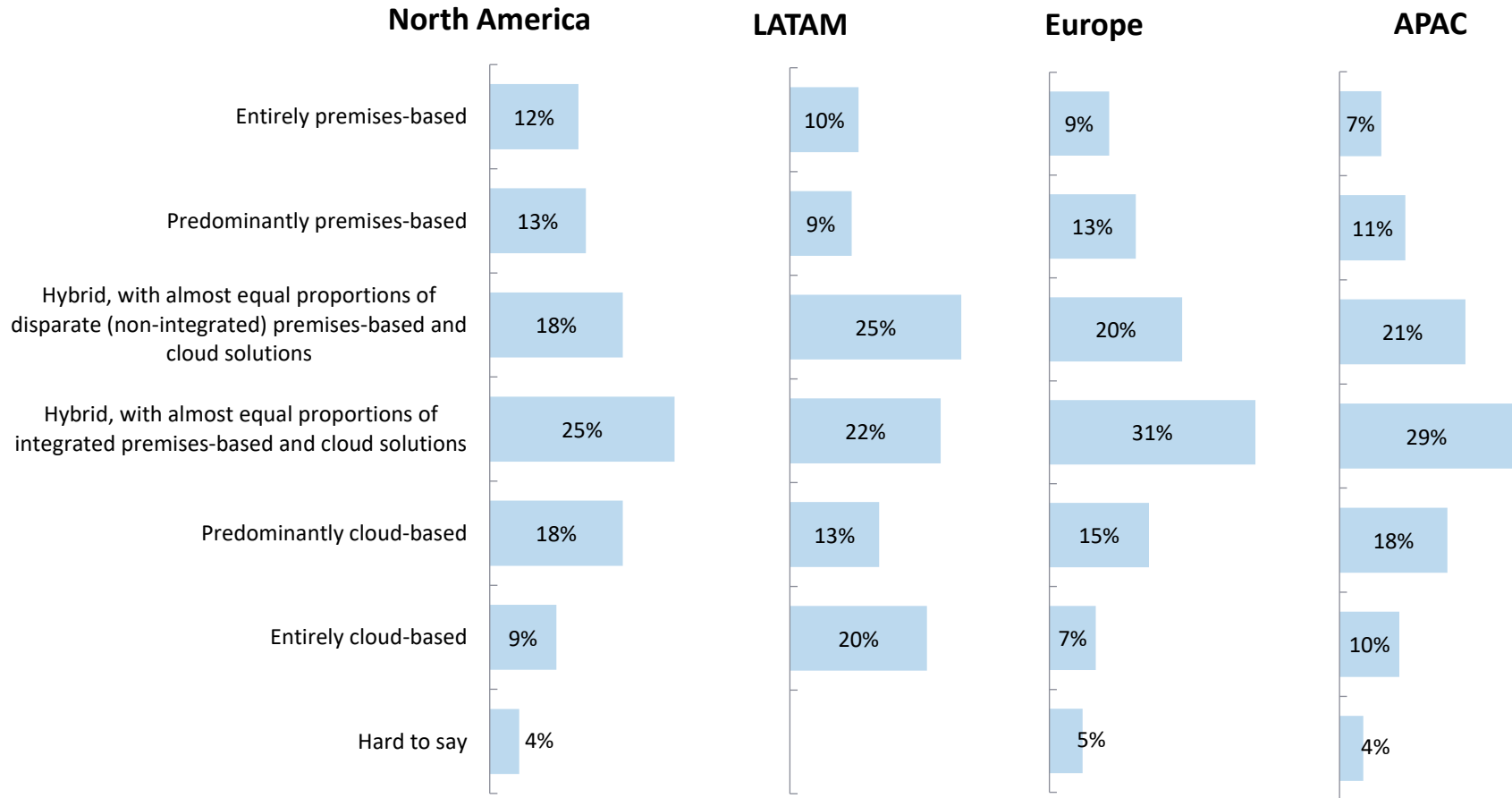
Source: Frost & Sullivan



# Future Enterprise Telephony Environments by Region

By 2026, North America will have the largest proportion of organizations with entirely premises-based telephony environments. Latin America will have the largest proportion of entirely cloud-based telephony environments.

## Expected Enterprise Telephony Environment by Region, Global, 2026



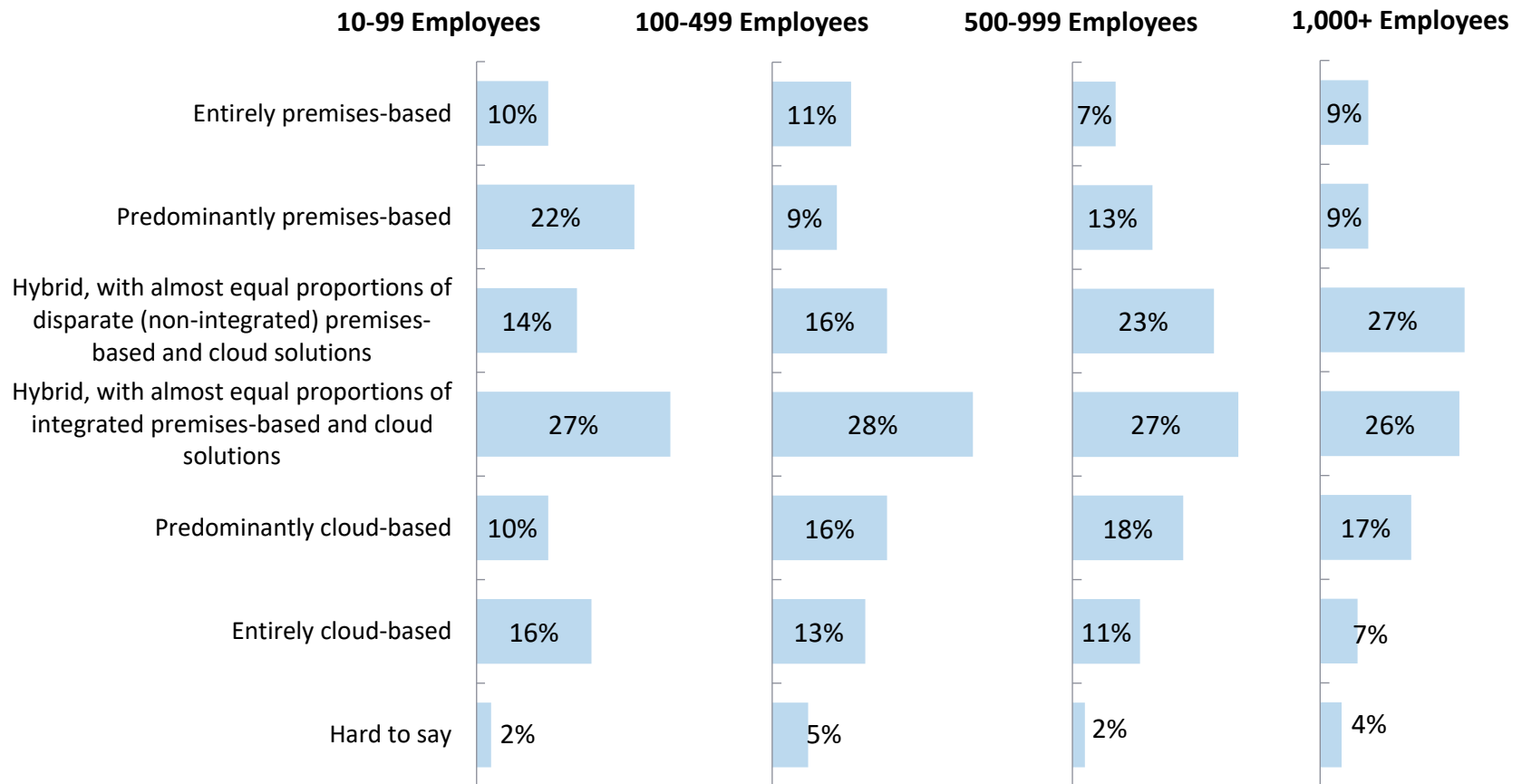
Q20. What do you think your enterprise telephony/business call control environment is likely to look like in 2026? n=500.

Source: Frost & Sullivan

# Future Enterprise Telephony Environments by Company Size

A higher proportion of small and medium-size enterprises (SMBs) compared to larger organizations will migrate to entirely cloud-based environments by 2026. Somewhat surprising, a larger proportion of SMBs will also keep their telephony solutions entirely on the premises.

## Expected Enterprise Telephony Environment, by Company Size, Global, 2026



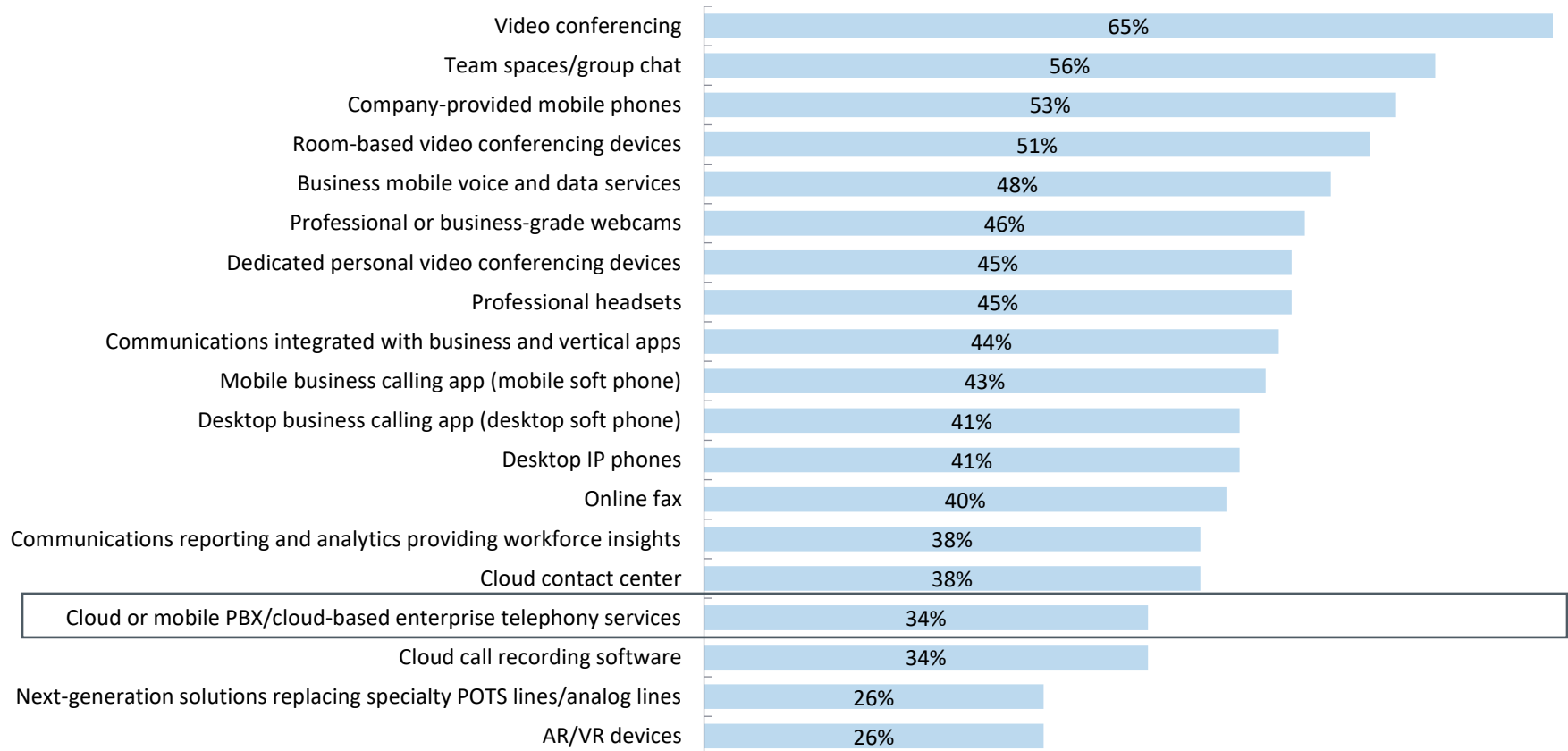
Q20. What do you think your enterprise telephony/business call control environment is likely to look like in 2026? n=500.

Source: Frost & Sullivan

# UCC Adoption is Well Underway

Video conferencing and team spaces have gained significant traction in recent years to top the list of currently adopted UCC solutions. Cloud and mobile PBX telephony services are trailing behind other UCC solutions due to the strategic importance and complexity of migrating enterprise telephony to the cloud.

## UCC Solution Adoption Status, Global, 2023



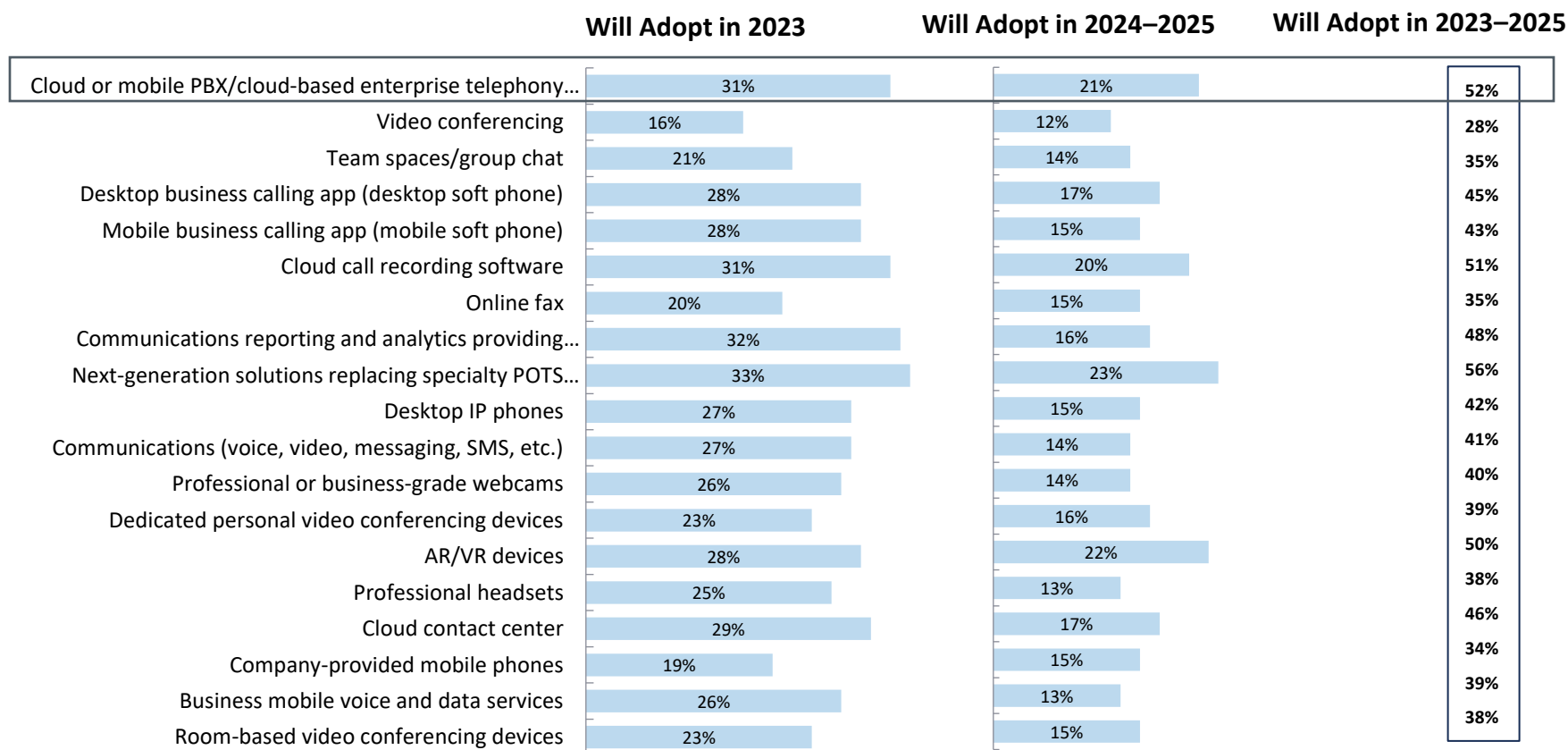
Q5. Which of the following solutions have you adopted already? - Summary - Have adopted. N=1,252.

Source: Frost & Sullivan

# UCC Solution Adoption is Strong

Across all surveyed solutions, more ITDMs plan to adopt UCC solutions in 2023 compared to those who will wait two or three years to do so. Cloud and mobile PBX services will see the second highest adoption among listed UCC solutions by the end of 2025, surpassed only by next-generation solutions replacing specialty POTS lines.

## UCC Solution Adoption Plans, Global, 2023–2025



Q5. Which of the following solutions have you adopted already or are planning to adopt in 2023 – 2025? N=1,252.

Source: Frost & Sullivan

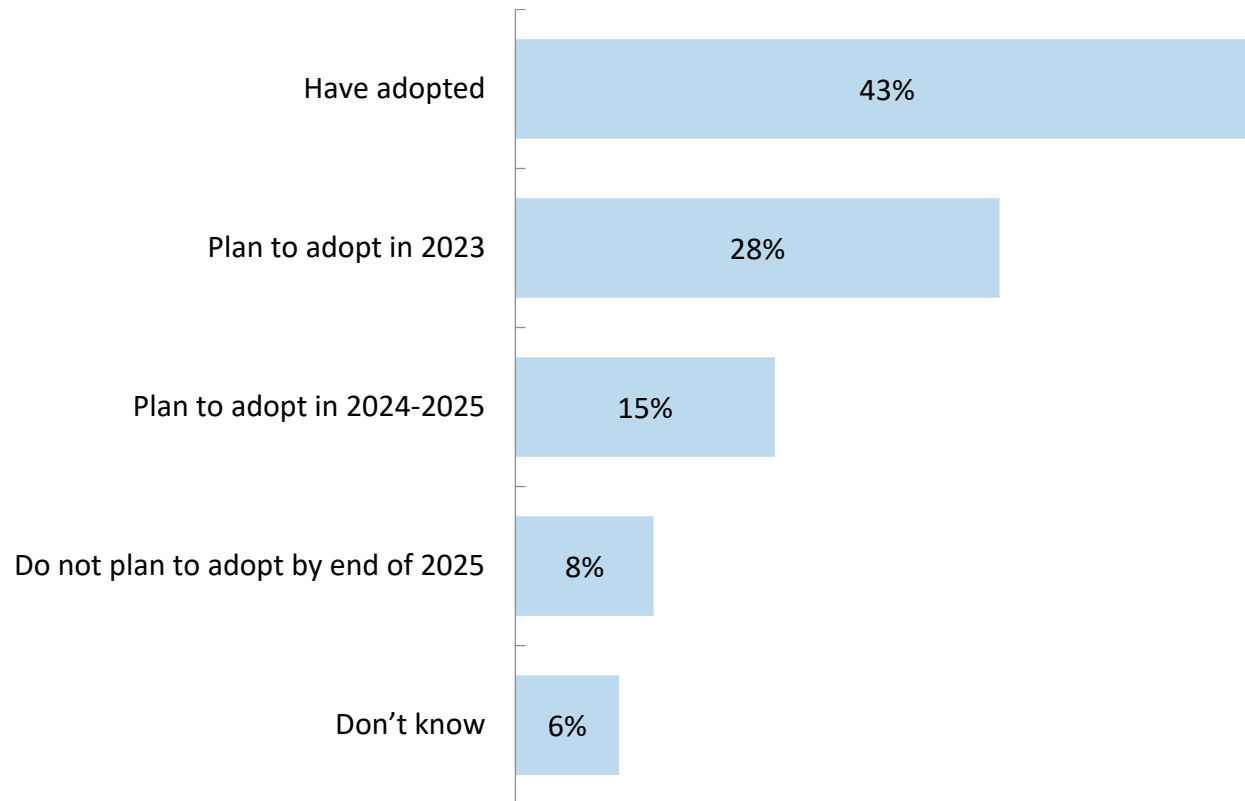


# Mobility Trends

# Mobile Business Calling App (Mobile Soft Phone) Adoption

Mobile business calling apps are seeing strong adoption with the shift to remote work. By the end of 2025, at least 86% of surveyed organizations will be using such apps, which may be partly driven by the growing adoption of cloud PBX and UCaaS solutions, which include mobility as a standard feature.

## Mobile Business Calling App (Mobile Soft Phone) Adoption, Global, 2023–2025



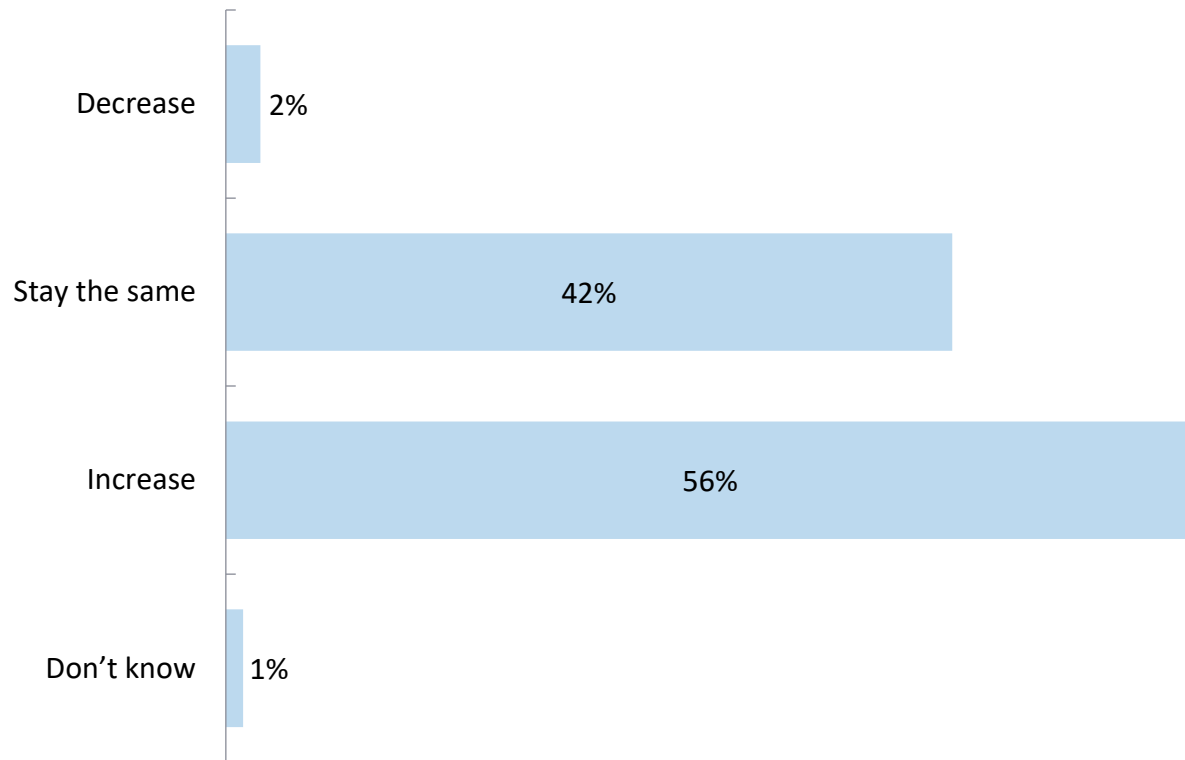
Q5. Which of the following solutions have you adopted already or are planning to adopt by the end of 2025? - Mobile business calling app (mobile soft phone), n=1,252.

Source: Frost & Sullivan

# Mobile Business Calling App (Mobile Soft Phone) Investments Among Current Users

The vast majority of current users will maintain or increase their investments in mobile business calling apps, which is clear evidence of the value organizations see in enabling mobile calling for their workforce.

## Expected Change in Mobile Business Calling App (Mobile Soft Phone) Investments Among Current Users, Global, 2023–2025



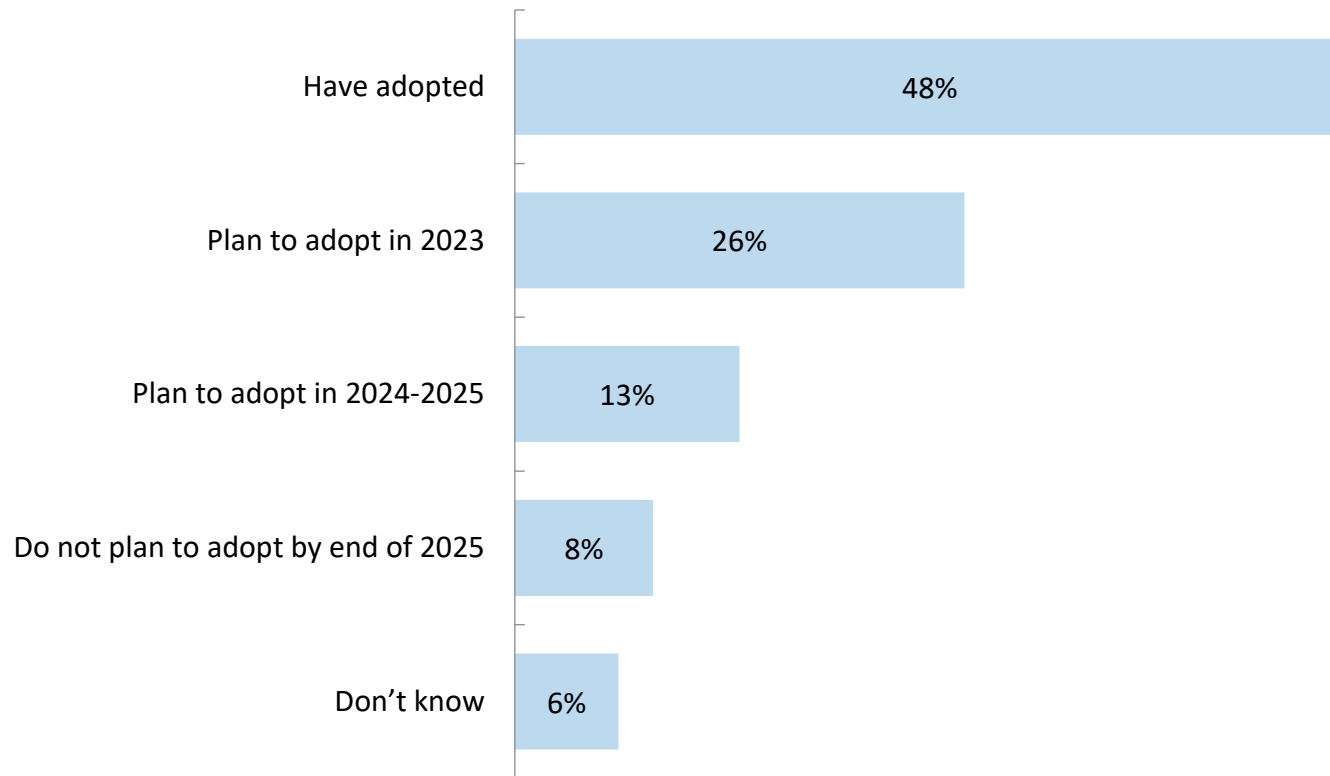
Q6. How are your investments in the following solutions going to change by the end of 2025? - Mobile business calling app (mobile soft phone), n=534.

Source: Frost & Sullivan

# Business Mobile Voice and Data Services Adoption

Business mobile voice and data services will see widespread adoption in the next three years. Flexible work programs and the need to empower frontline and field workers may be some of the drivers behind these investments.

**Business Mobile Voice and Data Services Adoption, Global, 2023–2025**



Q5. Which of the following solutions have you adopted already or are planning to adopt by the end of 2025? - Business mobile voice and data services, n=1,252.

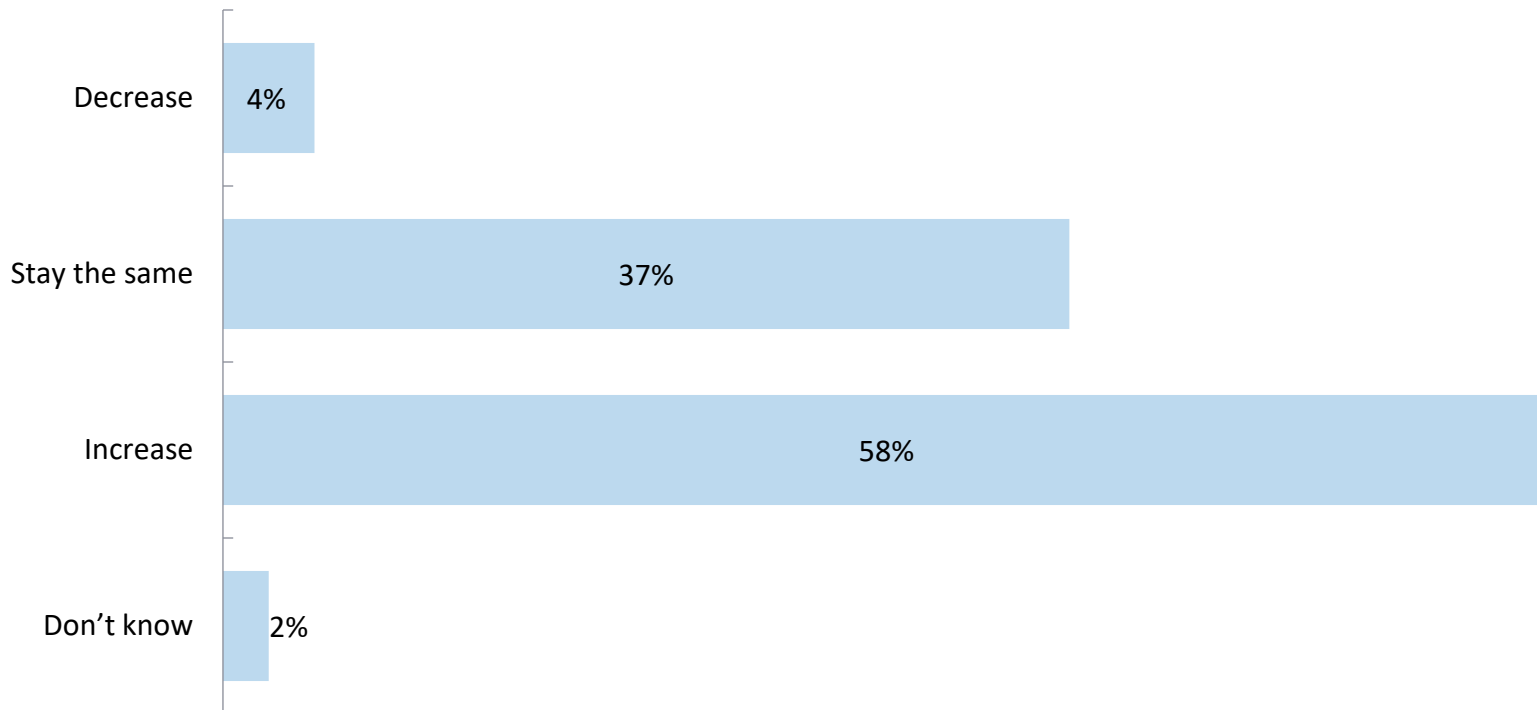
Source: Frost & Sullivan



# Business Mobile Voice and Data Services Investments Among Current Users

The vast majority of surveyed organizations will maintain or increase their investments in business mobile voice and data services in the next three years, most likely to support a larger proportion of remote and hybrid workers.

## Expected Change in Business Mobile Voice and Data Services Investments Among Current Users, Global, 2023–2025



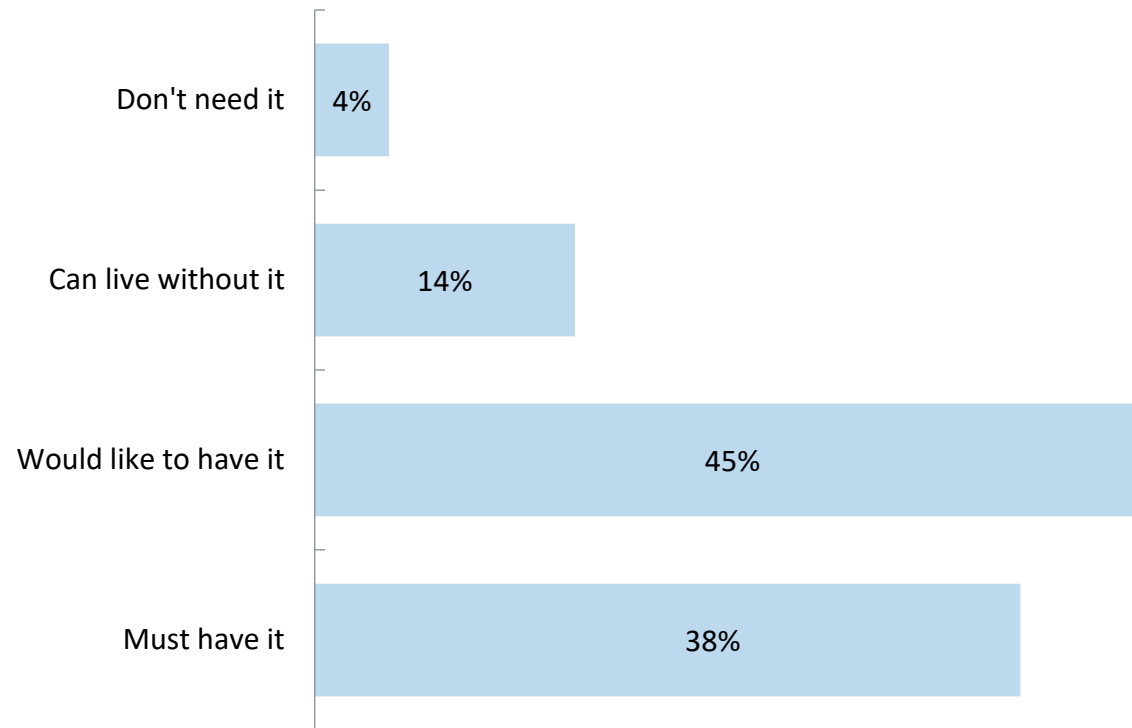
Q6. How are your investments in the following solutions going to change by the end of 2025? - Business mobile voice and data services, n=595.

Source: Frost & Sullivan

# Importance of Soft Phones

As an important enabler of flexible access to business communications services, soft phones are considered a must-have feature by more than one-third of surveyed organizations and a desired feature by another 45%.

**Importance of Soft Phones, Global, 2023**



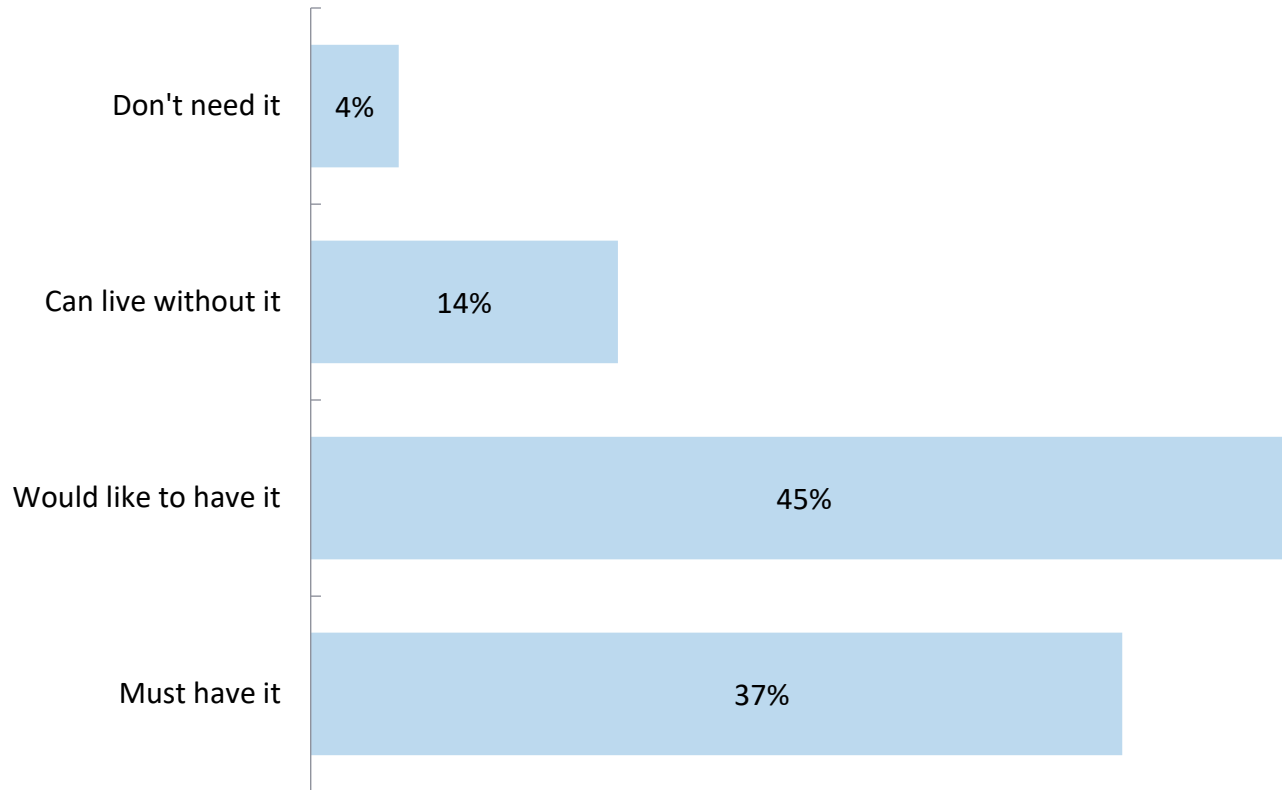
Q28. How important are the following mobility features for your organization? - Soft phone, a downloadable software application that enables external (PSTN) calling but may also show presence status as well, n=500.

Source: Frost & Sullivan

# Importance of a Native Mobile Dialer with a Business Phone Number

Native mobile dialers with business phone numbers are a novelty in most world regions. With 37% of surveyed organizations seeing them as a must-have feature and another 45% as a desired feature, they are likely to see growing adoption in the next few years.

**Importance of Native Mobile Dialer with a Business Phone Number, Global, 2023**



Q28. How important are the following mobility features for your organization? - Native mobile dialer with business phone number, n=500.

Source: Frost & Sullivan



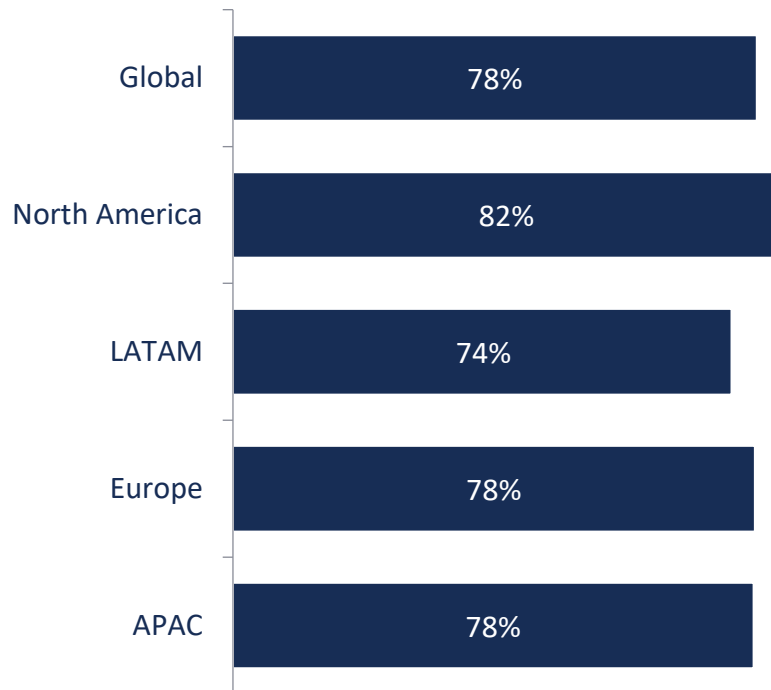
# The Microsoft Effect

# Regional Adoption and Future Plans for Microsoft Teams Phone

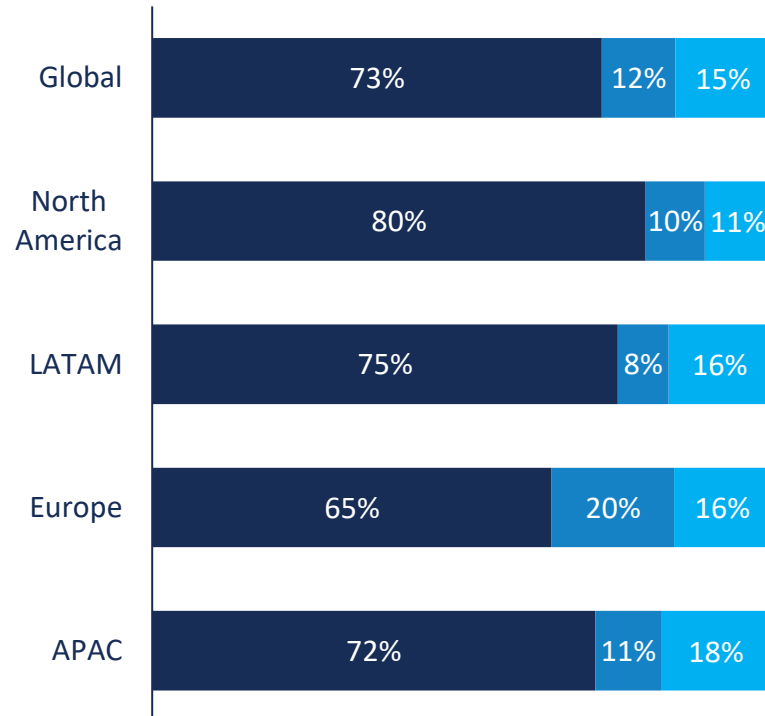
Among IT decision makers that have already adopted cloud PBX services, more than ¾ of organizations globally report using Microsoft Teams Phone in some capacity. Likewise, Teams Phone will continue to see solid adoption across regions in the next two years, with only Europe seeing any significant hesitation in adoption plans.

**Current Adoption and Future Plans for Microsoft Teams Phone, Global, 2023-2025**

**2023**



**2025**



■ Presently use Microsoft Teams Phone for external calling to the PSTN.

■ Yes ■ No ■ Hard to say

Q24. Regarding cloud/mobile phone system and external calling, which of the following best describes your organization? N=178

Q25. Does your organization plan to use Microsoft Teams Phone for external calling to the public telephone network in 2025? N=428

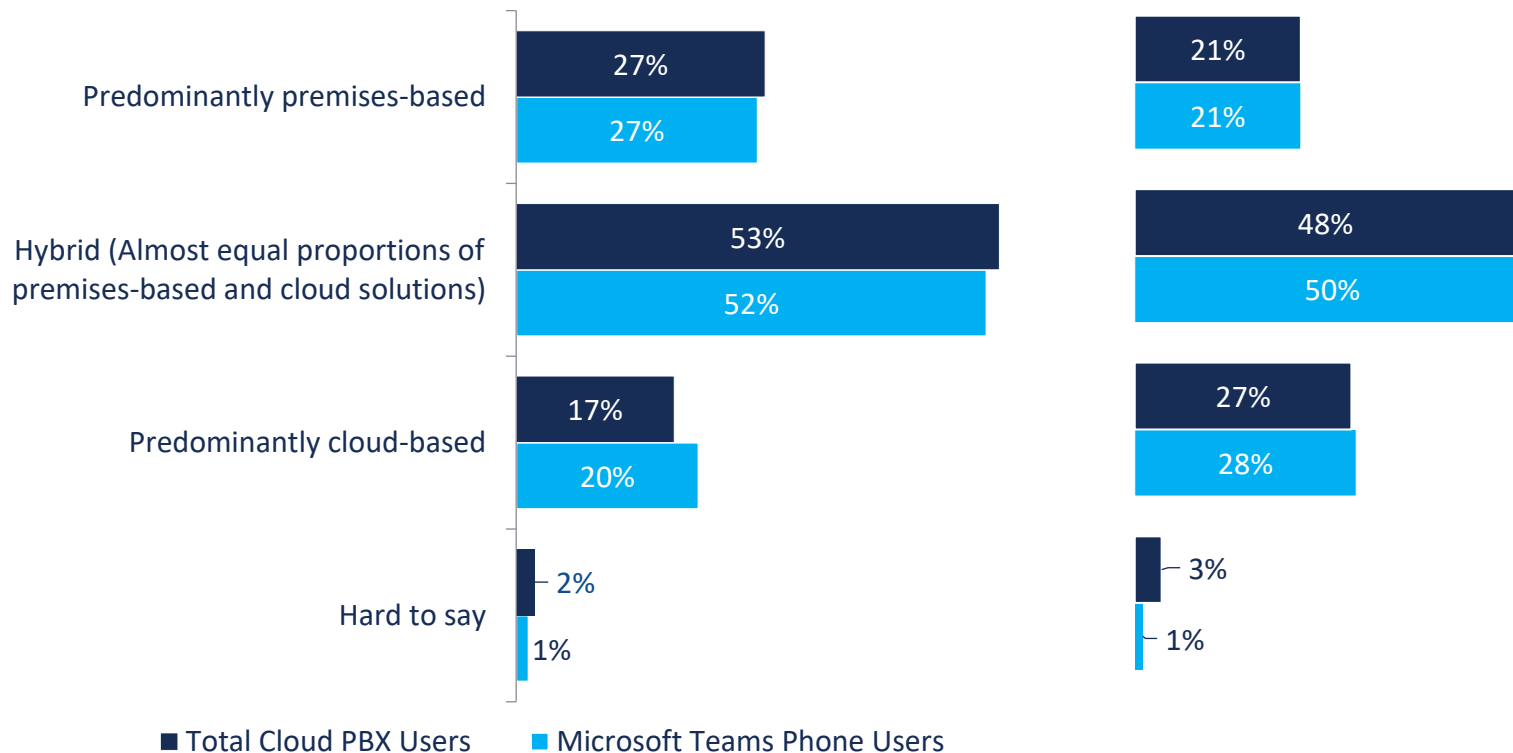
Source: Frost & Sullivan

# Current and Future Enterprise Telephony/Business Call Control Environments With Microsoft Teams Phone In Use

The move to cloud communications will be very gradual, with only slightly over ¼ of ITDMs expecting to be predominantly cloud. Even among current and future Microsoft Teams Phone users, hybrid environments will constitute half of business deployments.

**Current Enterprise Telephony Environment, Global, 2023**

**Expected Enterprise Telephony Environment, Global, 2026**



Q19. How would you describe your current enterprise telephony/business call control environment? N=500

Q20. What do you think your enterprise telephony/business call control environment is likely to look like in 2026? N=500

Source: Frost & Sullivan

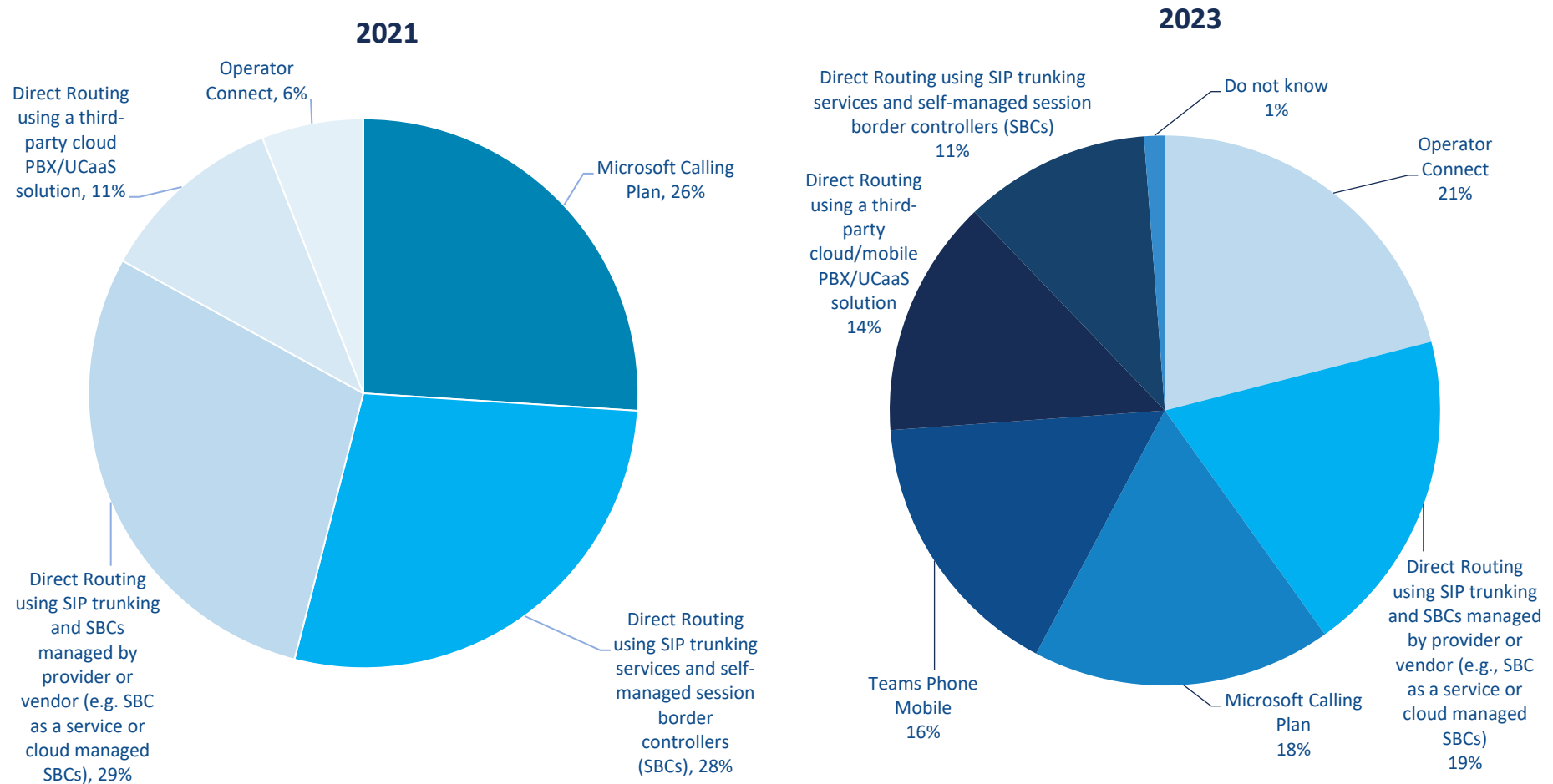
Q19. Filtered by current Microsoft Teams users: How would you describe your current enterprise telephony/business call control environment? N=139

Q20. Filtered by current and future Microsoft Teams users: What do you think your enterprise telephony/business call control environment is likely to look like in 2026? N=329

# Preferred Methods of Connecting Microsoft Teams to the PSTN

The introduction and general availability of Operator Connect and Teams Phone Mobile from several carriers has significantly shifted preferences among IT decision makers.

## Preferred Method to Connect Microsoft Teams to PSTN, Global



2021 - Q27. What is your preferred method of connecting Microsoft Cloud Phone System to the PSTN to enable external calling? N=870

2023 - Q27. Which method do you prefer to connect Microsoft Teams Phone to the public telephone network to enable external calling? N=329

Source: Frost & Sullivan





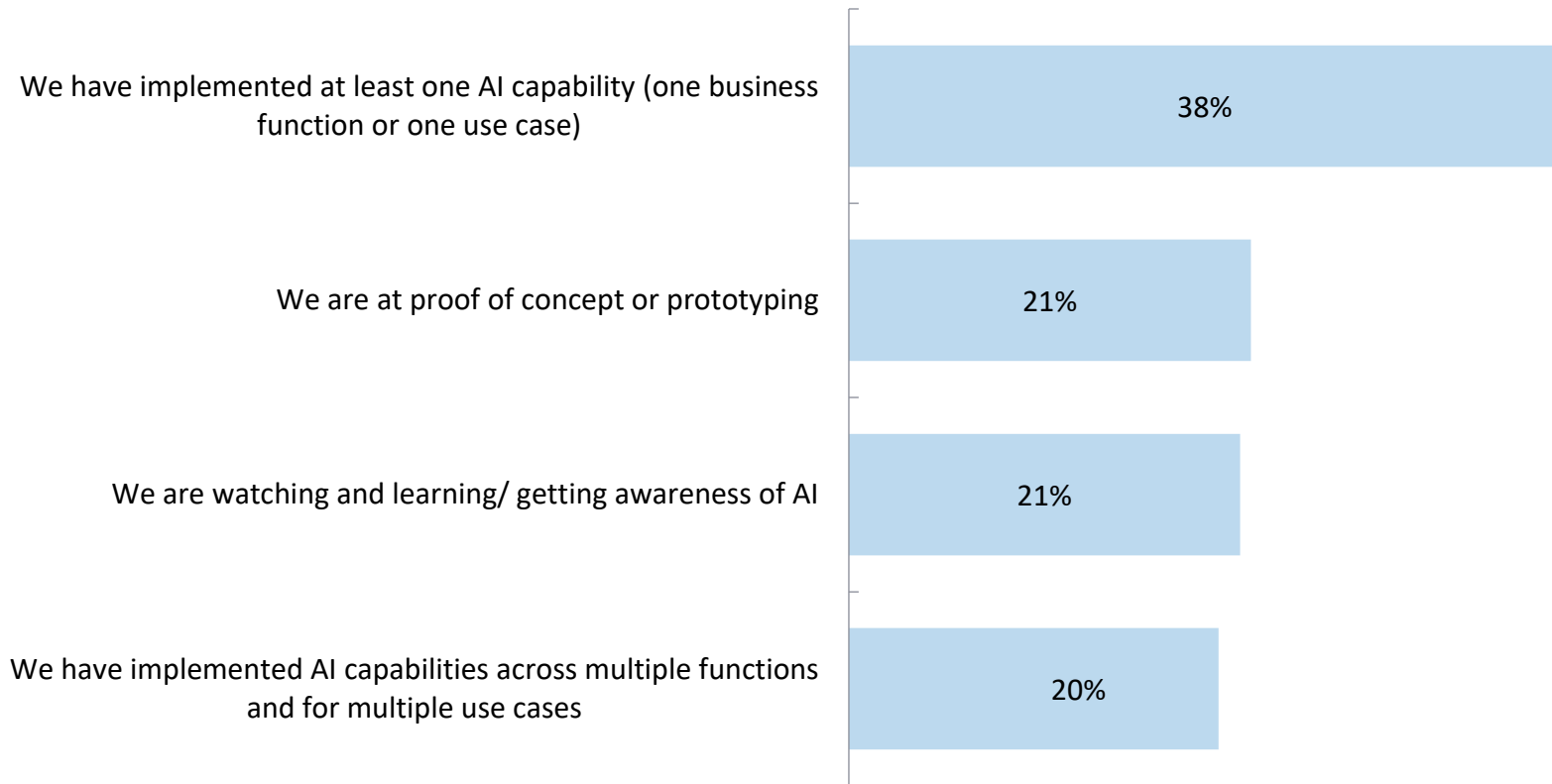
# Stage of AI Adoption



# Current State of AI Solutions Deployment

Most organizations are at the early stages of evaluating and adopting AI Solutions.

## Current State of AI Solutions Deployment, Global, 2023



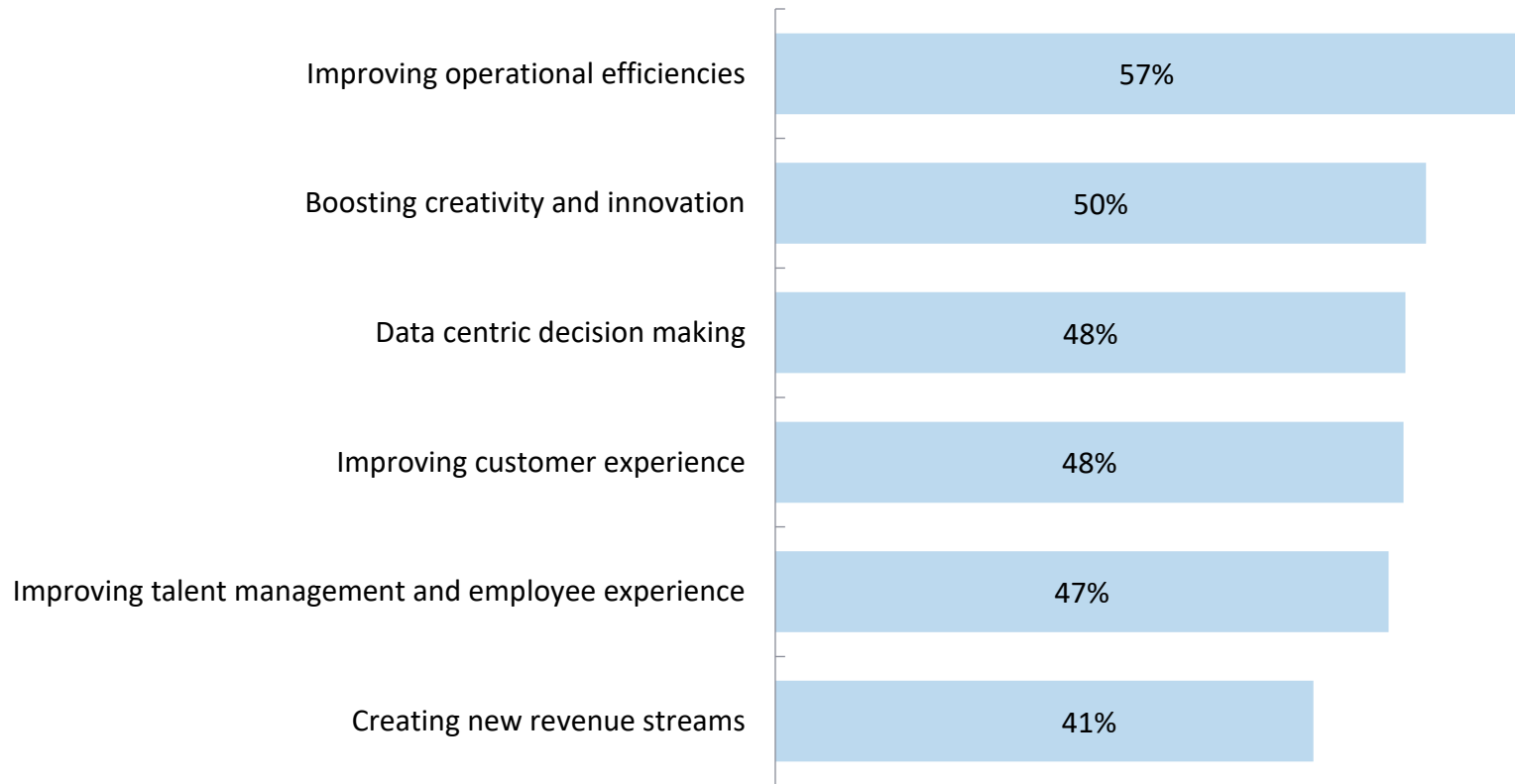
Q38. How do you characterize the current state of deployment of AI solutions in your organization?, n=693.

Source: Frost & Sullivan

# AI Investment Drivers

Multiple factors are driving AI solution adoption; however, operational efficiencies outrank creativity, innovation, and new revenue generation objectives.

**AI Investment Drivers, Global, 2023**



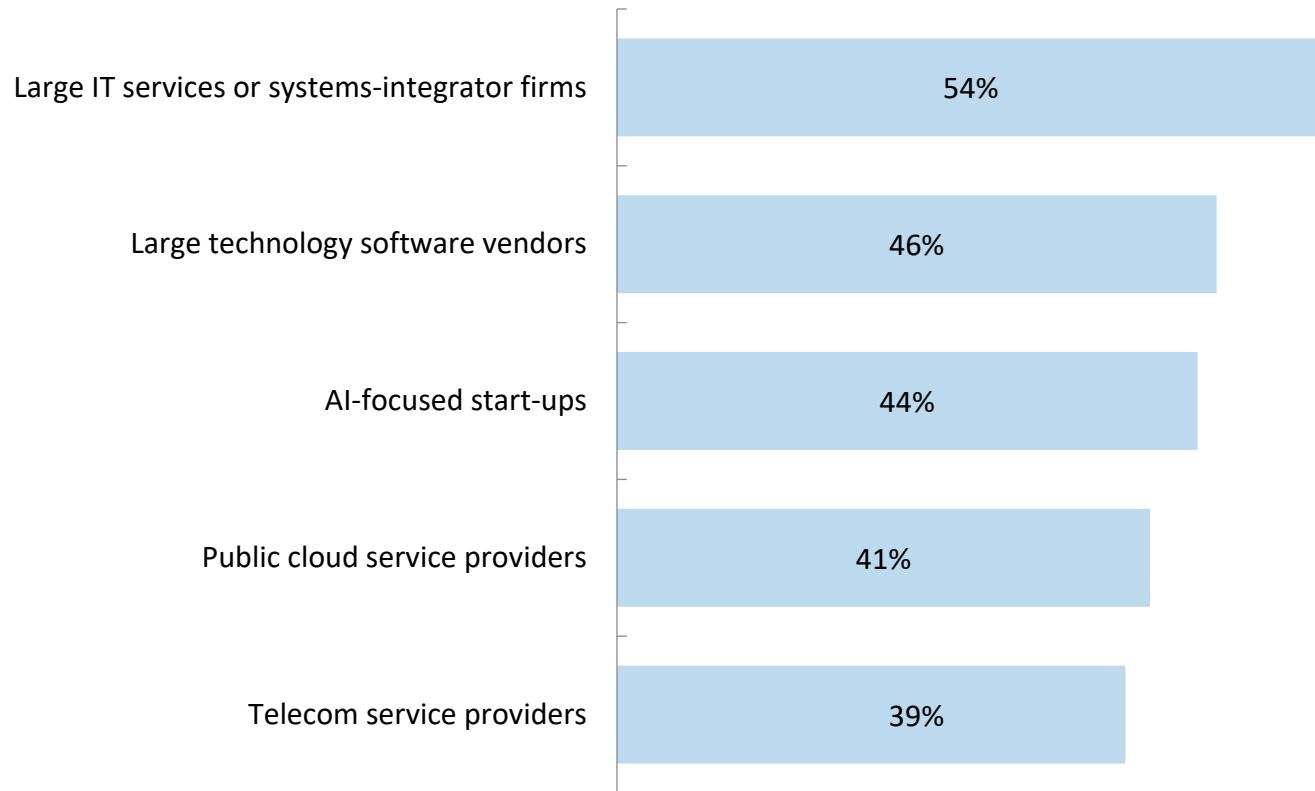
Q42. What are the main drivers for implementing AI technologies in your organization? n=693.

Source: Frost & Sullivan

# Providers Influencing Choice of AI Technology/Platform

Telecom service providers are the least likely ecosystem partners to influence AI technology decisions overall; however, they may play a larger role in communications-related AI decisions.

**Providers Influencing Choice of AI Technology/Platform, Global, 2023**



Q47. Which of these ecosystem providers are most likely to influence your choice of AI technology/ platform? n=693.

Source: Frost & Sullivan



# Growth Opportunities in 2024 and Beyond

# 2024 Growth Opportunities

1. Identifying key use cases accelerates **AI innovation and adoption** of AI-powered capabilities.
2. **Making hybrid work work**: enhancing both in-office and remote work experiences. Focus on DEI and EX highlights the need for immersive and asynchronous collaboration.
3. **Business 3.0**: integrated platforms tie communications investments with business outcomes.
4. **Vertical use cases and frontliner workflows** expand the addressable market for communications technology providers.
5. The **mobile future of business communications**. **MUCaaS**: is there a single right business model and architectural design?
6. **Microsoft Teams impact** on the business communications competitive landscape: opportunities and threats.
7. **Environmental and sustainability considerations**: separating hype from reality.
8. **XaaS and the edge**: the case for edge solutions, improving performance, and network resource management.
9. **Labor crunch versus process automation and robotization**.
10. **Big Data and analytics**: the key to optimized customer experiences and vendor success.

Source: Frost & Sullivan