

April 24, 2008



Is Anyone Really Buying Unified Communications?

Despite its market hype, Unified Communications (UC) applications accounted for just 6.4 percent of total Business Communication Software (BCS) product revenues in North America last year, according to new research from industry research and analyst firm IntelliCom Analytics. Over the next five years, Providers will now confront new challenges to promote broader adoption.

The results are part of IntelliCom's "Market Performance Dashboard Full Year 2007 Report," a quarterly market tracking service that measures vendor performance across all areas of the Business Communications value stack. The main focus points include core telephony software, platform hardware, end user devices, and emerging Unified Communications applications.

Results are based on manufacturer profits for enterprise collaboration solutions like Web Conferencing, Instant Messaging, and Presence Management tools that combine with traditional communication applications which formed the bulk of BCS shipments and revenues in 2007, such as Call Control, Contact Center, and Unified Messaging.

The study's findings match up with the IntelliCom's customer research findings throughout 2007 which showed that businesses had limited near-term plans for implementing UC applications. "Despite considerable market hype and positioning by vendors, UC adoption is still very much in the emerging stage," states Frank Stinson, Senior Analyst at IntelliCom Analytics.

"There is a fundamental disconnect between where voice application decision-making has traditionally taken place in the enterprise, and the areas in a business where the benefits of UC applications are likely to be the most compelling," explains Stinson.

The IntelliCom report foresees small growth of UC sales over the next three years. Even though UC applications are not expected to exceed 10 percent of total BCS revenues through 2010, the forecast sees UC rising to nearly 20 percent by 2012.

"Vendors face three key challenges to achieve accelerated adoption of UC. First, the productivity benefits of UC applications to individual end users and workgroups need to be articulated in a much clearer way. Providers also need to ensure that their offers include the key architectural enablers for tightly integrating voice applications into the broader IT environment," Mr. Stinson added.

According to Mr. Stinson, vendors need to team up with channels equally knowledgeable in UC positioning, specifically those accustomed to confronting individual clients and integrating complex solutions including voice, desktop, and business applications that are crafted to the client's environment. Today, only a limited number of providers are able to successfully tackle all three challenges.

"Vendors and channels that are accustomed to positioning a technology-oriented value proposition to the IT organization are struggling to connect with the executives and line-of-business managers that will be most receptive to the business process improvements and incremental revenue generation impacts of UC. Unfortunately, awareness of these UC benefits remains generally low among these decision makers," claimed Mr. Stinson.

Michelle Robart is a Contributing Editor at TMCnet. To read more of her articles please visit her [columnist page](#).