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Communications Technology Insight: SIP Trunking in the Enterprise is Poised for Growth in 2011 ... But Operational Questions Remain

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**Industry Survey:
SIP Trunking in the Enterprise is Poised for Growth in 2011...
But Operational Questions Remain**

Introduction

In December 2010, *Voice Report*, a publication of CCMI, in conjunction with BizTechReports, an independent reporting agency that covers enterprise technology trends, surveyed 138 executives across dozens of industries regarding their adoption and utilization plans for Session Internet Protocol (SIP) trunking within their enterprises.

With SIP trunking, Internet Telephony Service Providers (ITSPs) deliver connectivity to public switched telephone networks (PSTN) and other applications via enterprise IP gateways instead of traditional PSTN lines. This allows organizations to partially or entirely migrate their communications traffic to the Internet, where a greater range of advanced communications applications are available to them. The objective of this survey is to understand how enterprises of all sizes are approaching the advent of SIP trunking and what benefits they expect to gain.

The results of the survey reveal an enterprise marketplace that is poised to make significant investments in SIP trunking technology – even as executives wrestle with questions about exactly how technology deployments will affect current telecom operations and future initiatives.

- Our survey of enterprise IT decision makers finds that while a little more than one-third of our respondents are currently implementing SIP trunking services in a substantial manner, 56 percent plan to increase their investments in this technology in 2011.
- This is occurring despite the fact that this new wave of investments is occurring in the context of some confusion and trepidation. Significant questions remain on the minds of our respondents about cost, reliability and interoperability.

Moving Beyond Early Adopters

According to respondents, some 35 percent are already using SIP trunking for enterprise communications (Fig. 1).

64 percent are not currently using SIP trunking in their enterprise.

My organization currently uses SIP trunking services for enterprise communications.

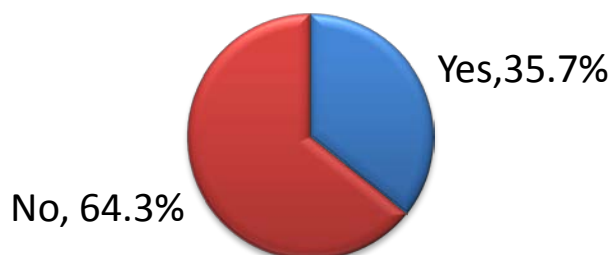


Figure 1

Of the 64 percent that don't currently use SIP trunking, almost 65 percent state they are waiting to see how SIP trunking works for others and 45 percent are concerned about reliability (Fig. 2). Some 28 percent also noted that they are committed to legacy telecom service contracts.

45 percent are concerned about the reliability of SIP trunking services.

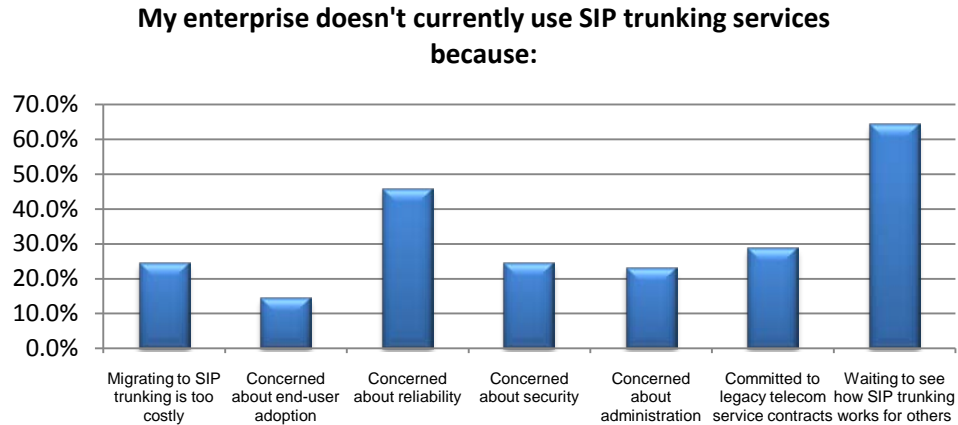


Figure 2

“Data professionals are very wary of new technologies, especially before rolling something out to their whole organization,” notes Graham Francis, CEO of The SIP School, a Vocale Ltd company. “They’d like to see how it works for a while before they would even consider putting something into their business.”

SIP Trunking Benefits

Almost 80 percent of respondents counted cost savings as a benefit they perceive SIP trunking provides over legacy telephone services (Fig 3). Among the other major benefits identified by respondents were consolidation of telecom services (74 percent), integration with IP networks (73 percent), more efficient administration (42 percent), and end-user functionality (39 percent).

74 percent see consolidation of telecom services as a benefit of using SIP trunking services.

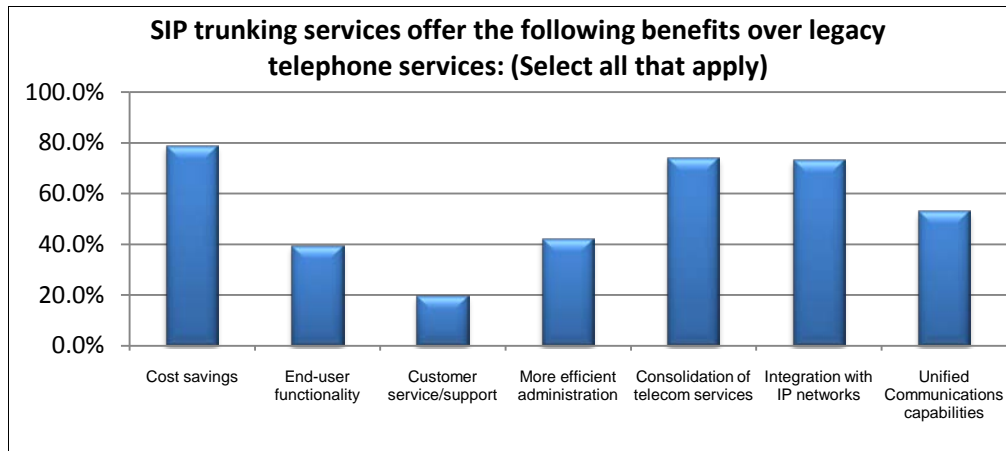


Figure 3

“The major benefit of moving to SIP trunking is for organizations to reduce their operating costs,” according to Joel Maloff of Maloff NetResults, a strategic

consultant specializing in Internet telephony design. "For those who understand how to do it and are willing to spend the time properly configuring, monitoring, and managing the process, SIP trunking is ready for prime time."

While cost savings was the leading benefit cited by respondents, 60 percent of the ones currently using SIP trunking cited savings of 10 percent or more over their previous communications costs (Fig. 4). Some 33 percent of SIP trunking users reported cost savings between 10 and 29 percent, while 39 percent reported saving less than 10 percent.

60 percent of SIP trunking users report savings of 10 percent or more over their previous costs.

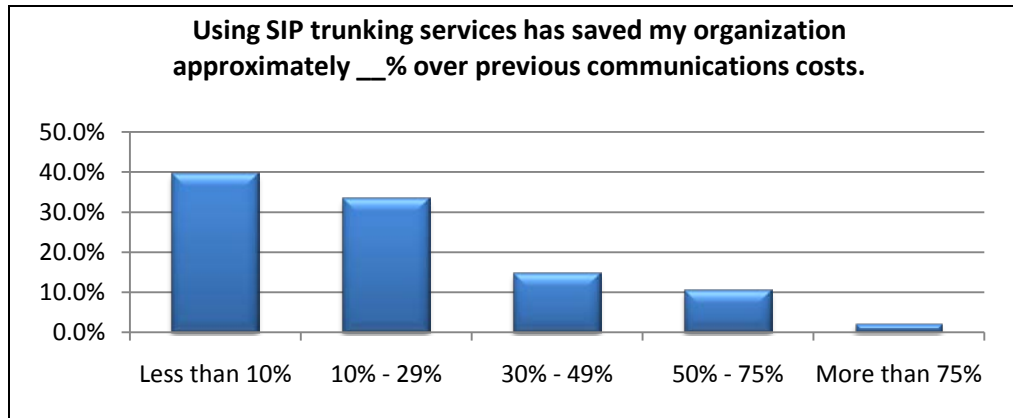


Figure 4

The survey reveals that despite the benefits recognized by users, most are taking a gradual approach to SIP trunking. Of the respondents currently using SIP trunking, most have migrated only a portion of their communications traffic to their SIP trunks. While 25 percent of users have 10-29 percent of their telephony volume running on their SIP trunks, another 38 percent are using SIP trunking for less than 10 percent of their volume (Fig 5). Some 15 percent, however, report that SIP trunking services account for more than 75 percent of their telephony volume.

For 36 percent of users, SIP trunking accounts for 30 percent or more of their communications volume.

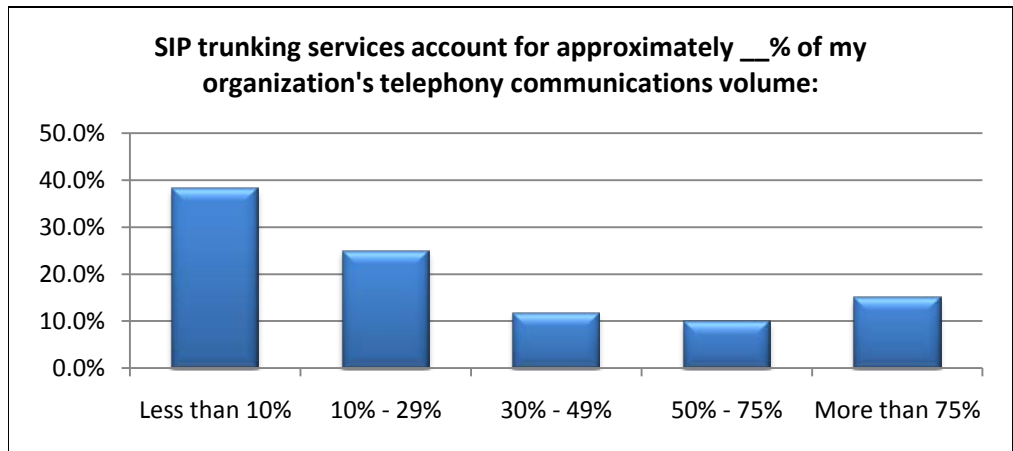


Figure 5

SIP Trunking Investment Plans

While only 35 percent of respondents are currently using SIP trunking services in their enterprises, many non-users indicated that they were in the process of evaluating or initiating SIP services, suggesting that the market will see a marked growth spurt in enterprise SIP deployments in the coming year.

In terms of future spending, a majority of respondents (56 percent) report that their organizations will invest more in 2011 than they did in 2010 on SIP trunking services. By contrast, only 11 percent reported investing more on in 2010 than in the previous year. This suggests that most organizations have only in the past year begun to seriously consider SIP trunking among their telecommunications options, a trend that appears will continue in 2011. Only 9 percent of respondents indicated they would not be investing more in SIP trunking in the year to come.

In 2011, 56 percent plan to invest more on SIP trunking services.

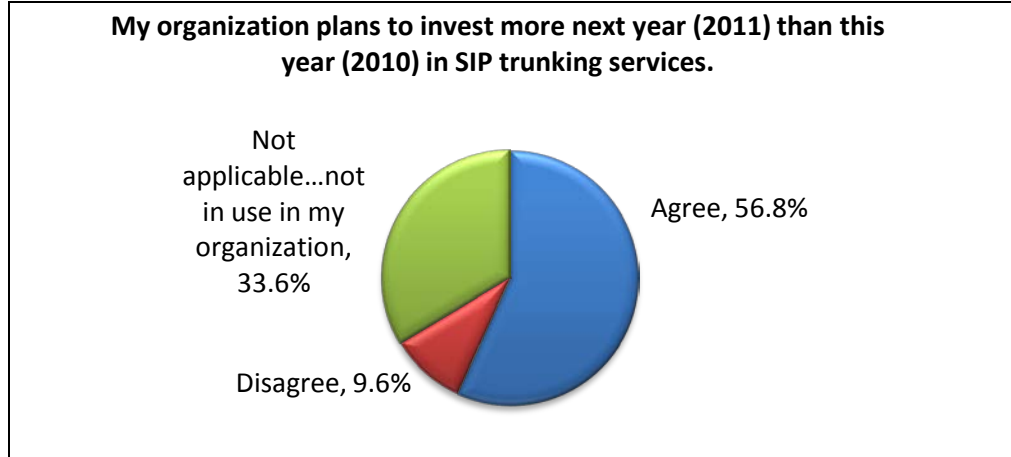


Figure 6

Another indicator that utilization of SIP trunking services is becoming more prevalent among enterprises is deployment to more locations. Some 58 percent of respondents reported that they would be rolling out SIP trunking services to more locations in 2011 (Fig. 7). In 2010, however, only 26 percent reported deploying SIP trunking services to more locations than the previous year. Again this suggests that adoption of SIP trunking services is accelerating and will continue to grow during the coming year. Only 6 percent indicated that they would not be deploying SIP trunking services to more locations in 2011.

58 percent intend to deploy SIP trunking services to more locations in 2011.

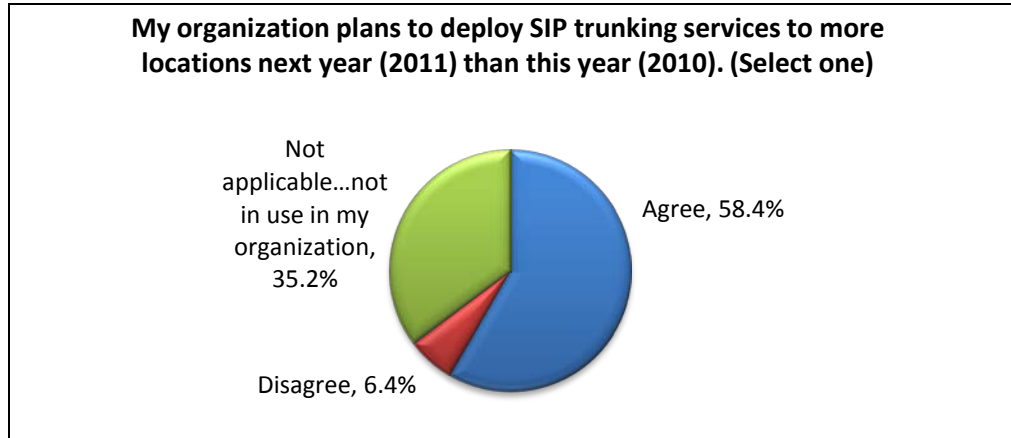


Figure 7

SIP Trunking Challenges

When asked about the challenges faced since deploying SIP trunking services, respondents noted issues in a number of areas. Some 35 percent reported dissatisfaction that they still needed to use their local telephone service provider,

while 27 percent said they had issues with the reliability of their SIP trunking services (Fig. 8).

Other issues cited included end-user satisfaction (17 percent) and frustrations with customer service (17 percent). Some 15 percent cited having issues with security, administration, and unexpected costs. Encouragingly, 37 percent of respondents reported having no issues or problems with their SIP trunking implementations.

27 percent had issues with the reliability of their SIP trunking services.

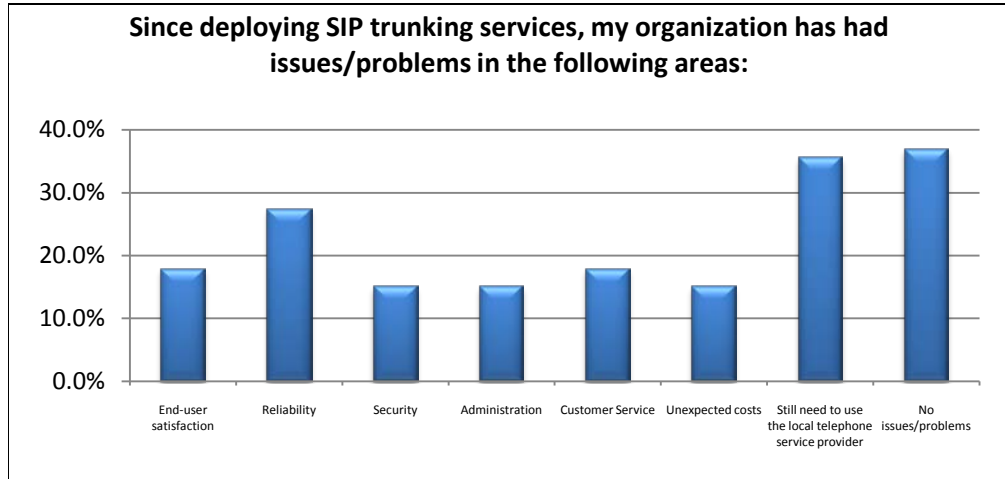


Figure 8

SIP Trunking Applications

Another objective of this survey was to determine what communications applications users want to support with SIP trunking, now and in the future. Some 37 percent reported using SIP trunking services for Voice over IP (VoIP) communications, while 30 percent use it to support IP PBX (Fig 9) functions. Other applications currently used by respondents include conferencing (21 percent), presence (15 percent), contact center (14 percent), and collaboration (12 percent). Only 10 percent reported using SIP trunking services for instant messaging.

21 percent currently use SIP trunking for conferencing service.

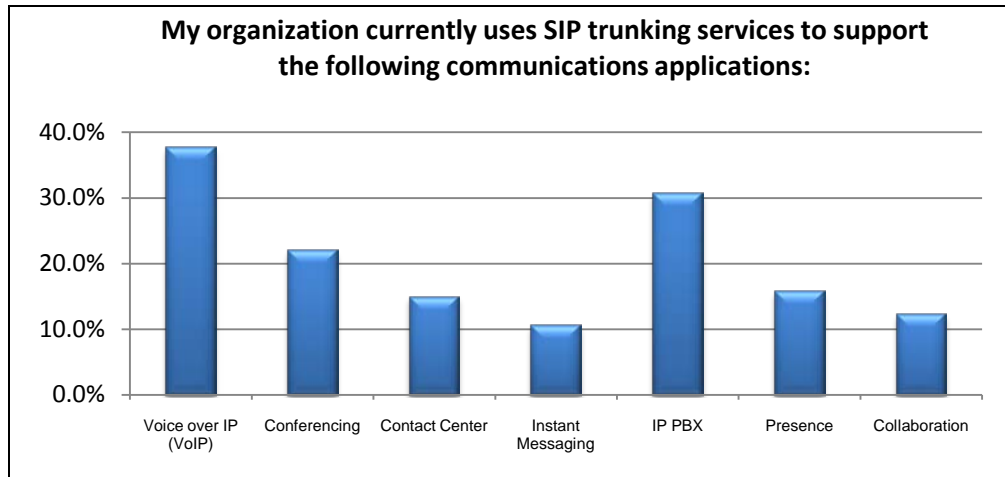


Figure 9

When it comes to future plans, many more respondents appear to be considering SIP trunking applications within the next two years. In that time, 73 percent state they will evaluate SIP trunking services to support VoIP communications, and 54

percent will consider it for IP PBX functions (Fig 10). Other SIP trunking applications that will come under consideration by respondents in the next two years are conferencing (47 percent), contact centers (41 percent), collaboration (40 percent), presence (36 percent), and instant messaging (30 percent). Only six percent reported that they will not be considering SIP trunking services in the next 24 months.

41 percent plan to evaluate SIP trunking services for contact center functions in the next 24 months.

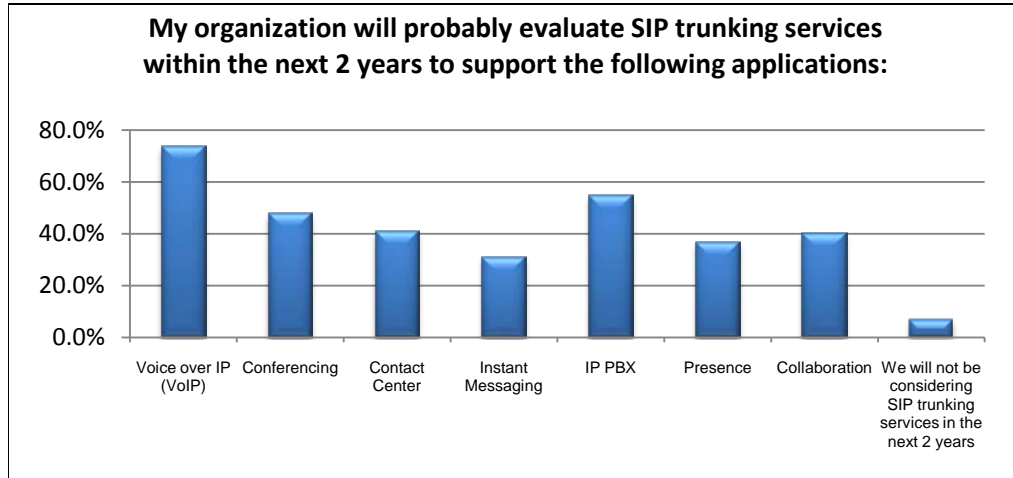


Figure 10

When it comes to deploying SIP trunking to the enterprise, it's better to form a comprehensive strategy that accounts for all the applications and functionality that is desired, notes Maloff. "Organizations want to be creating a comprehensive UC and data strategy, rather than simply deploying pieces. People may do it piecemeal, but to really know where you're going and get the best value, a comprehensive plan is better," he says.

Conclusion

As this survey from *Voice Report* and BizTechReports has revealed, of the 64 percent of respondents that are not already using SIP trunking services, many are poised to begin deploying them in 2011. With a majority of enterprises preparing to evaluate SIP trunking services for a variety of communications applications in the coming year or two, and many users planning to expand their investments and utilizations to more locations, vendors of SIP trunking services have perhaps their best opportunity yet to demonstrate the advantages of their solutions. It will be especially important for them to respond to the issues or problems that current users have identified in their own SIP trunking implementations. Ultimately, this will benefit enterprise users, who it appears, will be looking for the expected benefits of SIP trunking service more closely in the year to come.

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