# BT WHOLESALE

# Exploring Voice and Telephony Options for Microsoft Teams

**Whitepaper**

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# About Cavell Group

Cavell Group is an EMEA & USA focused Research, Consulting, Engineering and Education Services business with offices in the USA, Amsterdam, Brussels, and London as well as remote associates worldwide. Cavell has built a strong reputation as leading Analysts of the Cloud Communications market, providing Strategic Consulting and Research in EMEA and the USA to Service Providers, Vendors, Manufacturers and Private Equity firms.

Cavell Group was formed nearly 20 years ago, by a team of Senior Executives, who had been instrumental in building the early internet market both at UUNET and Level 3. Since 2003 the firm has delivered Consulting Services, Research, Due Diligence and Professional Services solutions in over 50 countries around the world.

# Foreword

Cavell Group has been examining the communications market alongside the propositions of service providers for more than 15 years and in conjunction with BT Wholesale this whitepaper has been created to assist providers who are considering adding a Microsoft Teams telephony solution to their portfolios.

The rising popularity of Microsoft Teams has made telephony enablement solutions an area that cannot be ignored by service providers. With a number of options available, demystifying the nuances of each deployment option is a key strategic exercise. This whitepaper, as well as outlining the market opportunity for Teams telephony, overviews each deployment option and evaluates service provider options from technical, operational, and partnership perspectives.

Cavell Group and BT Wholesale would be delighted to discuss or review details of any of the research or analysis included within the document.

**Patrick Watson**
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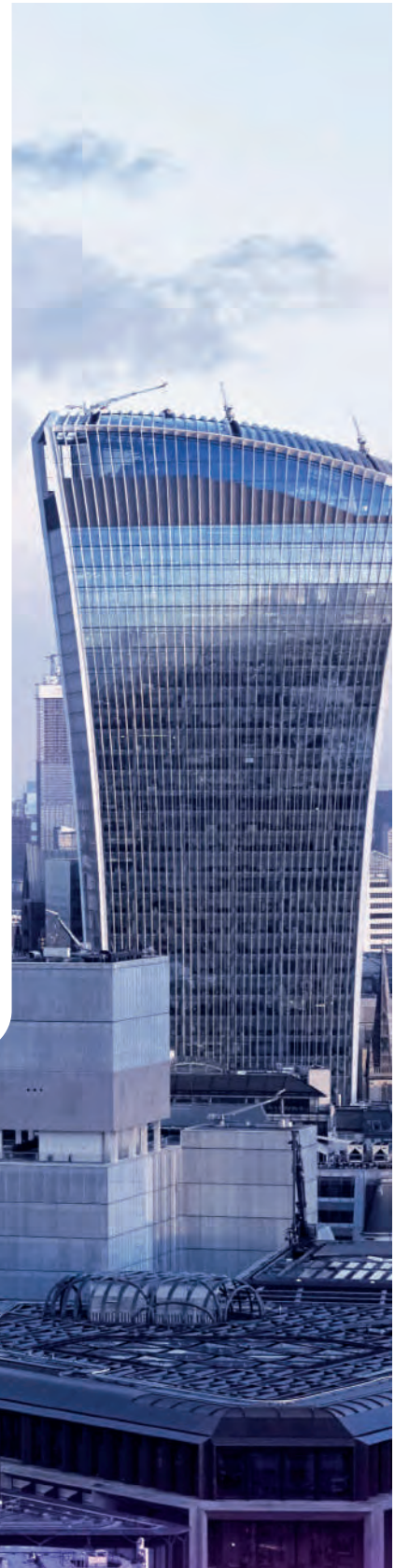
# Introduction

Small business requirements for communication technology services have transformed dramatically over the past two years. Changing workforce dynamics and other external factors have forced businesses to embrace a new era of hybrid working.

Small businesses are now in a process of evaluating their approaches to working habits, technology provision, and management to ensure their future success.

Ensuring efficiency and enabling productivity with an increasingly disparate workforce is one of the most vital considerations for any small business. The requirement to connect a remote workforce has led to a boom in demand for collaborative communication services.

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**Definition** - Collaboration solutions consolidate various communication mediums – including messaging, video and audio conferencing, telephony, and productivity tools - into a single application or system which can improve workflow, reduce complexity, and improve efficiency for end users.
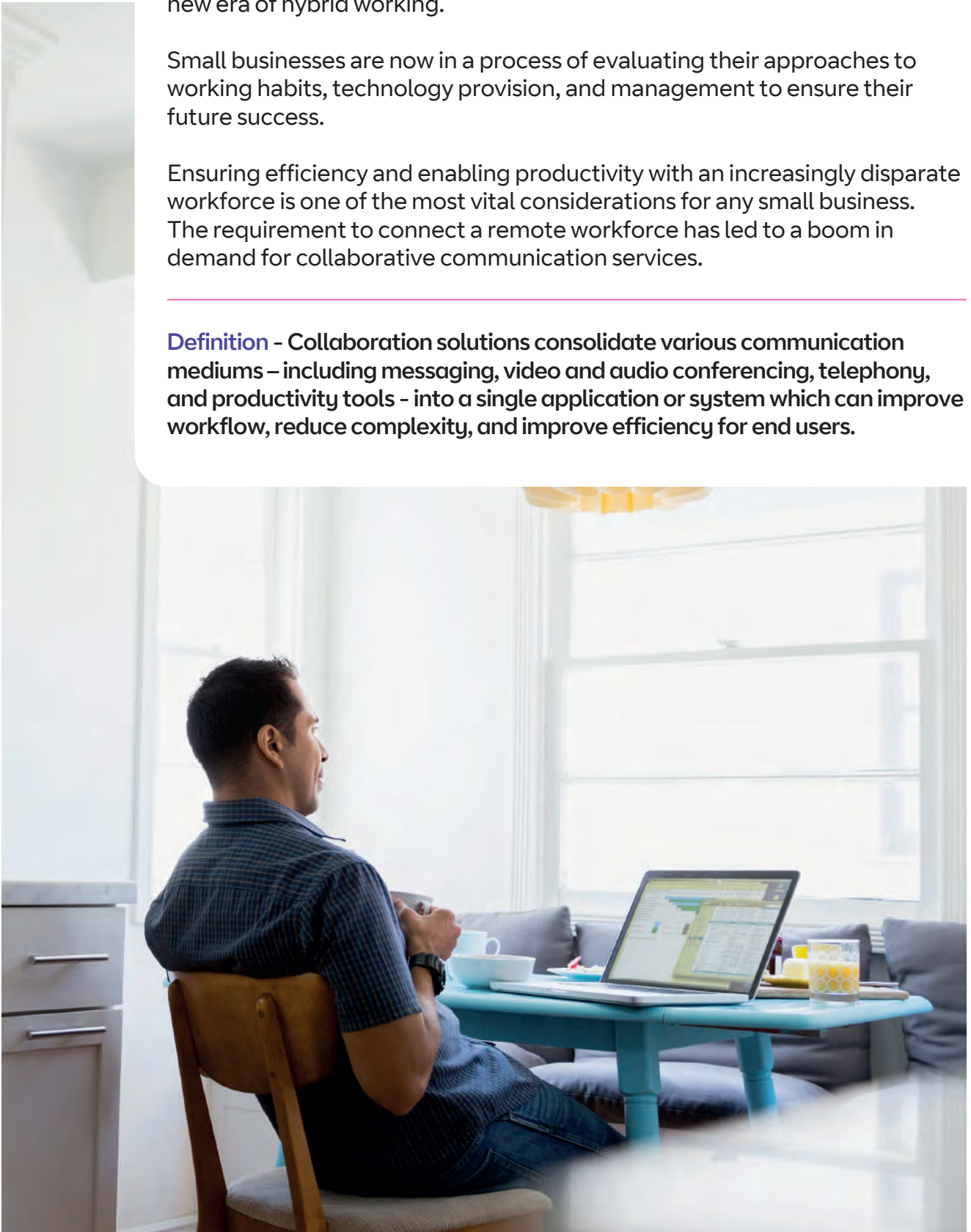
The world's most popular collaboration solution is Microsoft Teams. The number of Microsoft Teams active users nearly doubled from April 2020 to April 2021 as businesses globally looked to the platform for assistance in a new era of hybrid working. There are now more than 270 million monthly active users, many of which are in small businesses.

Microsoft Teams as standard includes all of the collaboration essentials, but telephony capability is not included. Phone calls are still one of the most popular communication tools used by small businesses and provide a key pillar of their communication strategies. Small businesses are looking to communication service providers to assist them with integrating telephony capability into their Microsoft Teams environments. This process provides a sizable market opportunity.

This whitepaper will use research and data to explore the different options available to service providers for telephony enablement within Microsoft Teams, highlighting the positives and negatives associated with each deployment method. Data will also be utilised to demonstrate the size of the relevant available market for Teams telephony enablement and help service providers choose the right option to ensure that they are best placed to seize the opportunity.
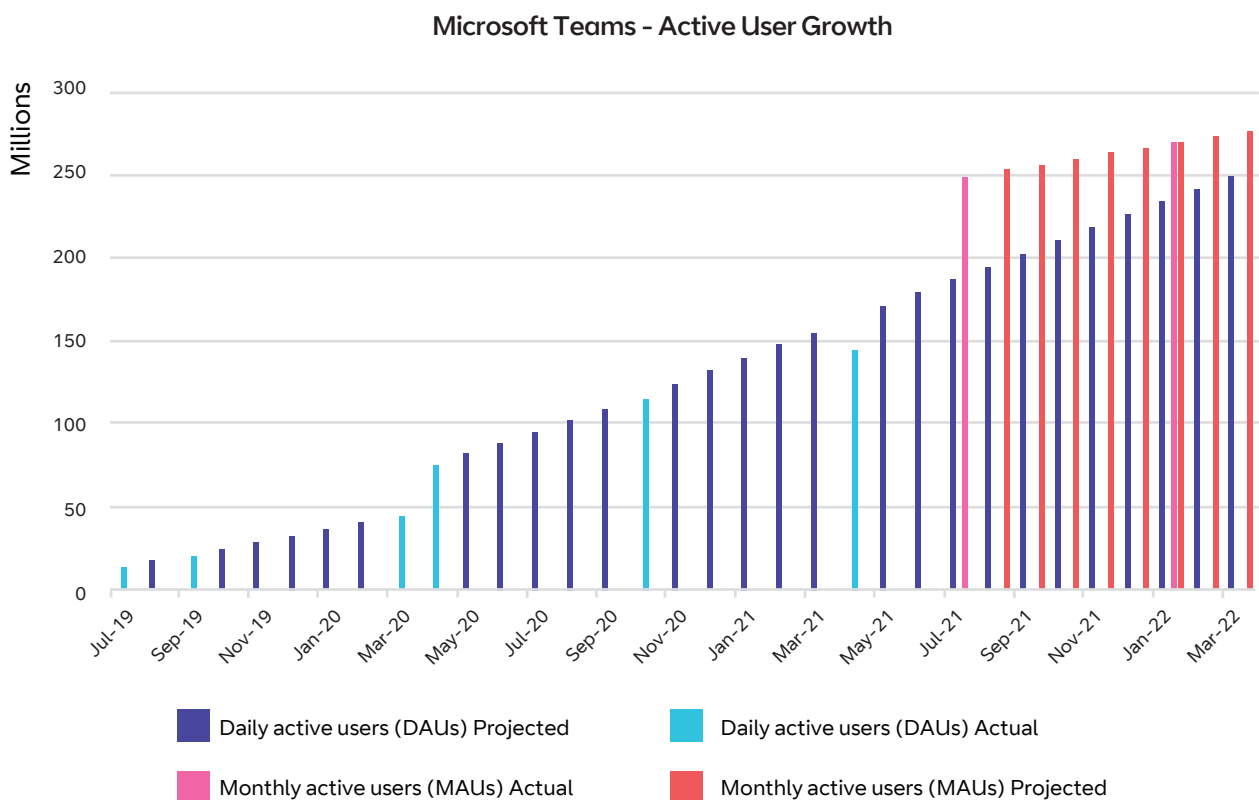
**Microsoft Teams - Active User Growth**



- ■ Daily active users (DAUs) Projected
- ■ Daily active users (DAUs) Actual
- ■ Monthly active users (MAUs) Actual
- ■ Monthly active users (MAUs) Projected

Figure 1. Cavell Group Microsoft Report for Service Providers 2022

## Understanding Microsoft Teams voice/telephony options

As Microsoft Teams does not include telephony integration as standard, organisations require additional licences and solutions to allow a user to make a phone call from Microsoft Teams. To enable telephony in Teams individual users require a Microsoft Phone System licence which is available either as an add on licence or as part of a bundle within certain Microsoft 365 packages. Each user also needs connectivity to the public switched telephone network (PSTN) which provides a phone line and calling minutes.

There are currently three ways to enable this within Microsoft Teams: Microsoft Calling Plans, Direct Routing, and Operator Connect.
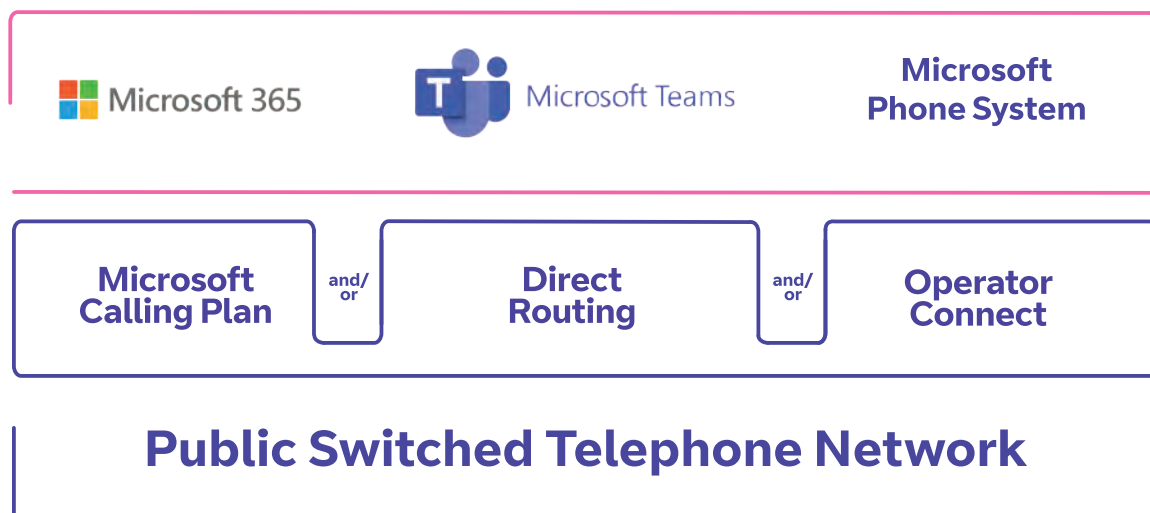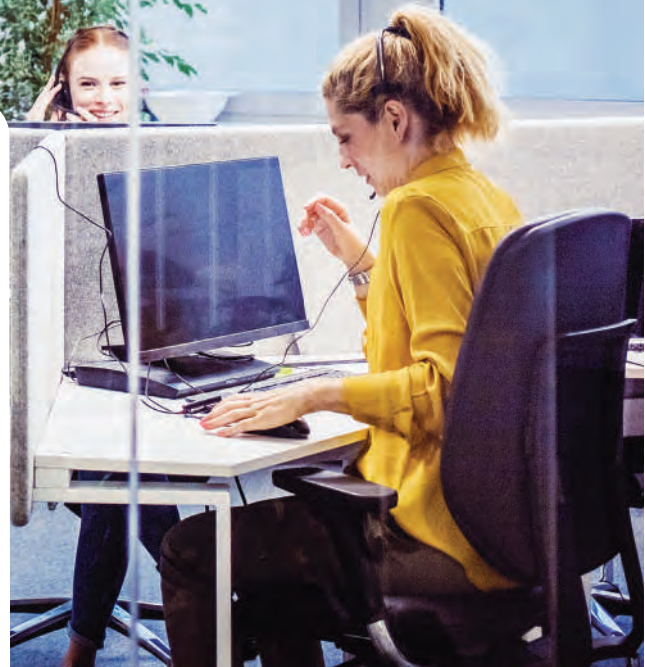
Figure 2. Cavell Group Microsoft Report for Service Providers 2022

**Microsoft Calling Plans**

Microsoft offers organisations the option to utilise them as a telephony carrier using Microsoft Calling Plans. Microsoft Calling Plans provide a user with a phone number and a bundle of international or domestic minutes.

This is a simple option for a business to add telephony functionality into Microsoft Teams with Microsoft providing the entire service end-to-end. Although a simple process, there are some restrictions with the use of Microsoft Calling Plans, including their geographic coverage and limited availability of PBX functionality and features.

**Direct Routing**

Currently, the most popular telephony enablement option within Microsoft Teams is Direct Routing. Businesses can use Direct Routing to connect Teams to a third-party telephony carrier which provides their users with phone numbers and calling minutes. The enablement is managed using a Microsoft-certified session border controller (SBC) which manages the traffic between the third-party and Teams.

This option allows businesses to utilise their existing telephony partner relationships and take advantage of cheaper call rates, greater flexibility, and better support. Although this route provides greater flexibility Direct Routing setup can be costly with SBC management an additional OPEX expenditure on top of the required Microsoft licensing.

**Operator Connect**

Last year Microsoft added a third option for telephony enablement in Operator Connect. Operator Connect allows a business to consume phone numbers and telephony services directly from a third-party PSTN carrier or operator. This can be administered directly from within the Teams Admin Centre (TAC). Microsoft has certified a number of operators to be part of the Operator Connect programme.

There is direct peering between the operators and Microsoft providing technical support and service level agreements which would allow a business to use their preferred carrier for geographical coverage or other commercial reasons.

Operator Connect provides a middle ground between Microsoft Calling Plans and Direct Routing offering a simple way to administer telephony enablement in Teams. There are some potential drawbacks with the administration, configuration, and management required.

Figure 3. Microsoft Operator Connect Partners March 2022

### Evaluating the Teams telephony options

Each telephony enablement option provides its own unique set of benefits, but also has its potential drawbacks. Individual businesses will each have specific requirements for Teams telephony and one solution may not be suitable for all types of business.

Communication service providers and resellers need to ensure that they have a solution that can enable telephony in Microsoft Teams due to the overwhelming market demand. Service providers must then select the option that provides the most suitable route for provisioning services to their end customers.

As Microsoft Calling Plans are sold directly as Microsoft licenses, with little margin or customisation available, most service providers will choose between Direct Routing or Operator Connect as the best options to offer services to their end customers.

**Evaluating Teams Telephony Enablement options for service providers**

| | Microsoft Calling Plans | Direct Routing | Operator Connect |
|---|---|---|---|
| **Positives** | • Easy to resell and manage Microsoft Partner | • Open to all service providers who use Microsoft-certified SBCs<br><br>• Can integrate with existing network, OSS/BSS and PBX solutions<br><br>• Lots of areas for supplementary services and further revenue streams | • Access to a growing telephony enablement market directly from within Teams<br><br>• Utilises Teams customer self-serve approach<br><br>• Can build reputation within Microsoft customer base |
| **Negatives** | • Must be a Microsoft partner to resell licenses<br><br>• Limited margin opportunity<br><br>• Limited areas for supplementary services and revenue streams | • Must use a Microsoft-certified SBC<br><br>• Increasingly competitive market<br><br>• Requires technical knowledge of SBCs & PowerShell for configuration<br><br>• Requires self-promotion, marketing, and sales | • Lengthy application process<br><br>• Strict contractual agreement required with Microsoft<br><br>• Rigorous network and infrastructure requirements required across connectivity and Azure<br><br>• Requires technical knowledge of API and development capability to automate processes |

Figure 4. Cavell Group Microsoft Report for Service Providers 2022
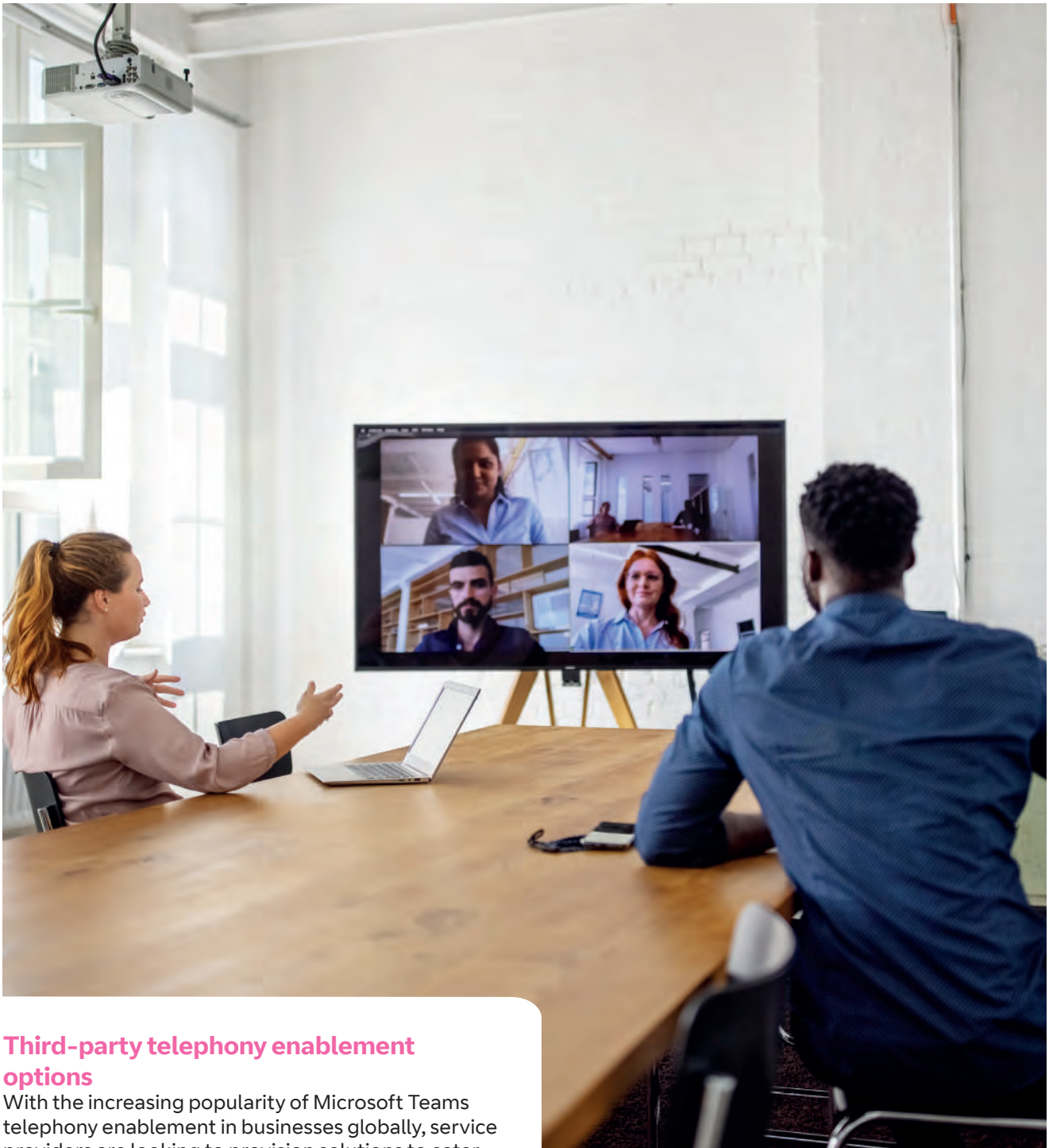
## Third-party telephony enablement options

With the increasing popularity of Microsoft Teams telephony enablement in businesses globally, service providers are looking to provision solutions to cater for customer demand in this area.

Many service providers are encountering obstacles when developing their own Direct Routing solutions or when they consider joining the Operator Connect programme. These obstacles can come in a variety of different forms. The financial, logistical, technical, development, and personnel requirements can all be extensive.

There is now increasing market demand for third-party solutions that assist service providers in provisioning Teams telephony enablement and that help them overcome some of the potential obstacles associated. These solutions cover a selection of different options catering for specific service provider requirements.

These third-party solutions range from providing basic white-label solutions for SIP connectivity to more comprehensive services that either include a wholesale direct routing as-a-service offering or assistance with managing Operator Connect integrations and automations.

Direct Routing is the most popular area for third-party service provider solutions as there are certain elements of Operator Connect where third-party solutions cannot assist such as the infrastructure requirements and the contractual agreements with Microsoft.

For service providers looking to provision a Microsoft Teams telephony enablement solution selecting the right product and partner is vital. Here are the key areas that service providers should consider to deploy the right Microsoft Teams telephony enablement solution:

### Features and functionality:
End customers place rigorous demand on their phone systems. The functionality enabled in Microsoft Teams, through Microsoft Phone System, may not meet end customer specific requirements. Service providers should evaluate third-party telephony enablement solutions that augment the existing capability of the Microsoft systems or allow the service provider to connect to their existing systems to ensure robust functionality.

### Integration capabilities:
Businesses have wide ranging communication requirements and service providers should look for solutions that allow them to address as much of the available market as possible. Looking for third-party solutions that offer integrations into multiple voice platforms that cover a variety of end customer requirements will be critical.

## Automation:

Some of the key obstacles for service providers when it comes to Teams telephony enablement solutions involve the administration and management overheads, in terms of cost and resources.

Service providers should look for third-party solutions that automate as many of the provisioning and management processes involved as possible, removing the requirements for this to be managed internally.

## Partner capabilities:

Many service providers and resellers, while being experts in communication services, do not possess huge resources when it comes to IT or Microsoft specific capability. The management of a Teams telephony solution requires PowerShell knowledge and potentially development capability.
Those organisations looking for third-party Teams enablement solutions should consider products from partners that possess such expertise, removing the associated internal requirement and costs.

## Support provision:

With potentially limited IT and Microsoft capabilities in house, service providers should ensure they only consider third-party Teams telephony enablement solutions from partners who can support them fully. Providers who are both communications experts and accredited Microsoft partners will be able to offer support for the Direct Routing aspect of the solution and assistance with the Teams-related components.

# Key conclusions

As we've seen from this report, communication service providers and resellers cannot afford to ignore the growing relevance of Microsoft Teams within the UK market.

Currently, the penetration of Microsoft Teams telephony users into the overall cloud calling market in the UK is 13% but this is forecast to rise significantly with Microsoft Teams expected to represent more than 25% of the market, constituting more than 3 million users, by the end of 2025.
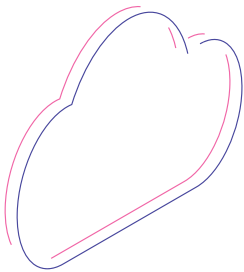
**2021**      **2025**

# 13% → 25%

Increase of Microsoft Teams telephony users in the UK cloud calling market
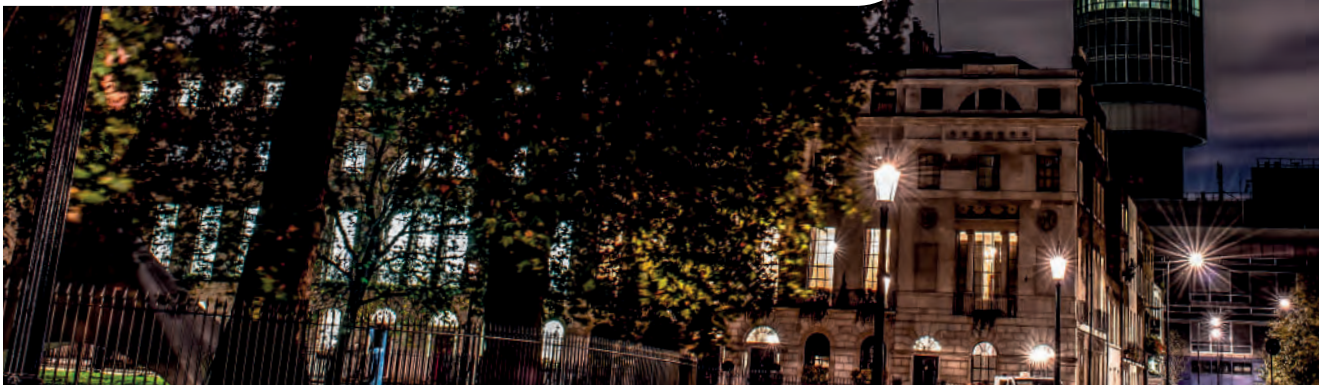
We are passionate that service providers and resellers must ensure they can access this growing market by providing their own customers with a viable and effective Teams telephony enablement solution – which is why we've launched WHC Teams Direct Connect, to overcome some of the potential headaches associated with this type of solution provision.

We want to make it as easy as possible for our partners to have solutions that can be offered and set up in a matter of minutes, without needing specialist IT support or long wait times.

We want to enable our partners and their customers to feel the benefits of Microsoft Teams, and offer a solution that has the right features, integration capability, automation, and support provision.

We believe any provider of a third-party Teams telephony enablement solution should have extensive communications expertise with a well-established reputation – which is exactly what we have at BT Wholesale.

This is needed in conjunction with specific Microsoft and IT experience so service providers and resellers should look for solutions provided by companies that are accredited Microsoft partners.

*WHC Teams Direct Connect offers a seamless, easy-to-install solution that can be set up in a matter of minutes. No specialist IT support needed.*

We bring you an end-to-end voice and hosted communications solutions. WHC, our white-label unified communication service (UC) combines a Hosted SIP, Hosted PBX and MS Teams voice solution into one cloud service. Evaluating this whitepaper and exploring some of the key considerations included will help service providers leverage a growing and accessible market and ensure that they have the right solutions within their portfolios to address it.

Our goal is to always ensure we are offering our partners and their customers the best solutions available on the market helping them to stay ahead of the curve. This whitepaper highlights the clear need for service providers to support their partners with ensuring efficiency and enabling productivity across workforces, to empower a hybrid workforce and ensure they are connected.



**By Paul Enright**
Voice and Hosted Propositions
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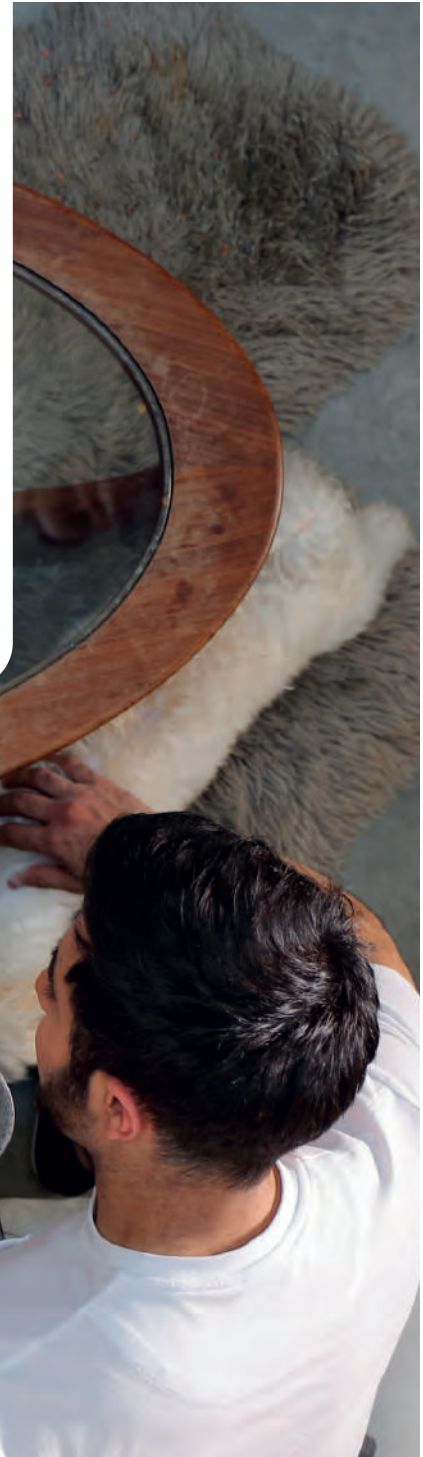
*BT Wholesale offers hassle-free, end-to-end voice and hosted communications solutions.*

# About BT Wholesale

The way businesses communicate is changing. As the ISDN switch-off gathers pace in 2022, legacy systems need to be replaced with digital technology. BT Wholesale is offering a partnership that will take you and your business further, as you move your customers to a digital future. Together, we can transform your sales potential with a single, scalable solution and equip you with the knowledge you need to sell.

BT Wholesale's Voice & Collaboration portfolio includes Wholesale Hosted Communications (WHC) a white-label unified communication service (UC) to enhance your own propositions and reduce your cost to serve. WHC natively combines a Hosted SIP, Hosted PBX and MS Teams voice solution into one cloud portfolio. BT Wholesale can offer resellers and their end customers the choice of UC services that is best suited for their needs. Our WHC solution allows for multiple end-user cases in a single company such as fully Hosted PBX, mix of PBX / SIP solution and other users on a MS Teams can all be connected through our powerful WHC platform.

As a BT Partner Plus member you'll also receive continuous support in product developments, marketing, and training resources from the Digital Learning Platform. This all adds to the assurance of greater resilience from the most reliable fixed and mobile network that protects the UK's critical national infrastructure.

We're the network the UK relies on. We're always on, always secure, and always there. By partnering with us, you'll be able to help your customers transform with confidence, while growing your market share and increasing sales volumes.

Partnering with BT Wholesale also brings you and your customers greater protection from fraud with 24/7 monitoring as well as access to products from industry leading security vendors. We are here to transform your digital offering and the way Britain's businesses communicate, together.

BT Wholesale

If you would like to hear from one of our specialists, please do not hesitate to get in touch with us in one of the following ways:

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