

The Four Big Trends In The Communications Marketplace For 2016

POST WRITTEN BY

Chris Wilder

[Chris Wilder](#) is practice lead in cloud services and enterprise software at Moor Insights & Strategy



(Photo source: Christopher R. Wilder)

2015 was a year of immense change, especially in the communications marketplace. There was a tremendous amount of convergence and consolidation in the space, such as [Avaya Inc.](#)'s acquisition of Esna Technologies, the merger between [Nokia](#) and [Alcatel-Lucent](#), and [Cisco Systems](#)'s [cisco +0.00%](#) acquisition of Acano, [Juniper Networks](#) [JNPR +0.00%](#) and Tropo. Further adding excitement, telecom providers have had to drastically adjust their business models to meet the demands of their customers who want more than just connectivity. 2016, I suspect, will not disappoint in terms of changes and challenges. Below are several trends I've observed and some **What's Hot, What's Not**, and most importantly **Who to Watch** for 2016.

- 1. Enterprises and enterprise applications will continue to focus on configuration over customization**

CIOs are under considerable pressure to provide integrated solutions across the enterprise. This is especially true for those solutions that help employees to collaborate and communicate

more effectively. The explosion of cloud has enabled the organizations to take advantage of new consumption models for deploying applications and communications services. CIOs want to deploy services that do not need in-depth customization, rather they want to have the ability to configure these solutions to meet their business needs. Many software vendors have begun to bring dashboard- and metrics-driven solutions that need little customization while giving a 360° view of the entire business.

- **What's Hot:** Fully integrated solutions deployed via the cloud, on-premise, or hybrid in a fraction of time and development resources
- **What's Not:** Closed, proprietary, siloed solutions that require an army of developers to customize each user
- **Who to Watch:** Dell, IFS AB, [Hewlett-Packard](#) HPQ +0.00% Enterprise, HubSpot, and [Amazon.com](#) AMZN -1.21% Web Services (AWS)

2. Open source will continue to create a significant disruption on how companies engage partners and system integrators

Unless you have been under a rock for the past year, it is impossible to discount how disruptive open source has been within the technology industry. The effects have had a profound impact not just on how companies develop and deploy technology, but how they engage with their partners and systems integrators. Gone are the days of massive 10-figure, never-ending enterprise projects lead by a team of outsourcers and systems integrators. Enterprises have been finding success working with small teams of developers that can take advantage of the open source community to develop and/or deploy the functionality and integration points they need for a fraction of time and cost. Systems integrators and consulting firms have had to change their business models to accommodate these new realities. Many have adjusted their business models to simply provide consulting within specific domains or vertical markets. I believe the impact of open source is, and will remain, one of the key factors causing many service organizations and offshore providers to struggle to break even.

- **What's Hot:** GitHub, open source as a development strategy
- **What's Not:** High-dollar, long-term deployment projects by systems integrators and consultants
- **Who to Watch:** SPAN Systems, Impaq, and DataArt

3. Call centers will make significant investments in human capital and technology to communicate with Millennials more effectively

For many years most call centers have made considerable investments in the latest technologies to manage agents and call center efficiencies. Advances in technology within contact centers have only made incremental advances in overall customer service. In some cases, the use of technology has created chaos and reduced customer satisfaction within many modern call centers. Firms that make significant investments in treating their agents and employees as key members of the team are recognizing considerable competitive advantages and significant returns in terms of productivity, efficiency, and low attrition amongst employees.

In addition to human capital investments, call centers are investing in technologies that help their customers to communicate with [Millennials](#). These companies are leveraging real time communications (RTC) to interact with their customers via virtual queues, SMS, and WebRTC. Millennials don't just want an immediate interaction with customer service, they also want a combination of Tinder and SMS to align the right customer service agent to solve their problem as soon as possible. With Millennials, patience is NOT a virtue.

- **What's Hot:** Call centers that invest in their employees and understand how to leverage technology to create better customer experiences
- **What's Not:** Labor arbitrage as a business strategy in call centers
- **Who to Watch:** FCR (First Call Resolution, LLC), LiveOps, LivePerson, and Dialogic

4. Telephony enabled applications (TEA) will drive much of the innovation within telecoms and the enterprise

Technology enabled applications are communication solutions that go beyond traditional unified communications solutions like Jabber, Microsoft's Skype/Lync, and Google Hangouts. Many companies are finding improved employee production and customer satisfaction by embedding RTC into their application infrastructure. From ERP, CRM, and out to mobile devices, TEA makes it easier to connect. Today, one of the challenges for TEA, and WebRTC for that matter, are a lack of solutions to ensure quality of service (QoS) or service level agreement (SLA)

adherence. Software-defined WAN vendors are working to achieve better statistical smoothing within unified communications and VoIP solutions, but these solutions are limited to the networks and data center environments in which they reside. WebRTC QoS will need to take into account the internet, application throughput, and the interconnection between telecom providers—not an easy challenge to solve.

- **What's Hot:** Integrated TEA & RTC
- **What's Not:** Siloed applications & communications solutions
- **Who to Watch:** Telestax, Fone.do, Velocloud

2016 is shaping-up to be a transformative year. I have observed many trends that are going to make it difficult for some companies to survive in the coming months; other companies will be required to dramatically change their business models to compete. Marketplace consolidation will continue to be a hot trend, and I expect to see several very large deals on the horizon that will validate the above predictions. I also believe that open source's disruption is not complete, as the market continues to put pressure on companies to support openness with both software and networking.

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