

TAP Web Survey Executive Summary

In March, In-Stat conducted a TAP web survey that focused on the adoption of VoIP in businesses markets. In addition, the survey queried opinions regarding the adoption of wireless local area network (Wi-Fi), and the future introduction of dual-mode cellular/WiFi handsets.

There were a total of 374 respondents to the survey. The respondents were evenly distributed by business size, segmented by number of employees. The segments included 1-4 (SOHO), 5-19 (SMB), 20-99 (SME), 100-999 and 1000+ (Enterprise). All respondents were knowledgeable on telecommunications equipment/services and actively participate in buying decisions.

The findings and conclusions are summarized below.

- Approximately 50% of enterprise respondents currently are operating a TDM-based PBX at one or more of their corporate sites. 34% of respondents are operating a converged PBX, with 33% operating an IP PBX. Only 12% of the SOHO and SMB respondents operate an IP-based voice communication system. This supports the fact that enterprises are currently driving the IP PBX market.
- About 30% of respondents in the SMB, SME and Enterprise segments indicated they will be replacing their voice communication systems over the next twelve months. In contrast, only 8% of the SOHO business respondents will replace their voice systems next year. These findings support the anticipated expansion of the IP PBX market into SME and SMB segments beginning in 2005.
- 43% of enterprises looking to replace their voice systems favor the purchase of a pure IP PBX. In contrast, only 23% of SOHO, SMB and SME businesses favor this approach. The SME businesses favored converged PBX solutions over hosted IP services. Both the SOHO and SMB segments favored hosted IP services over premise-based systems. These findings correlate to the presence of IT departments, or in-house technical resources. Enterprises, with in-house technical knowledge, favor pure IP PBXs much more than smaller organizations that lack in-house expertise. This may be a limiting factor to the deployment of IP PBXs in down-market segments.
- 55% of converged or IP PBXs are configured with less than 20% IP end points. Only 15% of these installations are configured with greater than 75% IP end points. This data supports the marketing strategy of many legacy PBX vendors that seek to migrate their embedded customer base without a large investment in new IP endpoints. It also infers that IP-based user applications are not being used at the majority of sites.
- In-Stat inquired about the office-in-a-box, integrated voice and data solution that is being introduced in 2005. Enterprises prefer separate voice and data devices

over integrated solutions, 54% to 46%. SME businesses have a slight preference for the integrated solution. SMB business overwhelmingly favor the integration solution by a 70%/30% margin. SOHO respondents appear evenly split on the topic. These findings correlate to our analysis that the office-in-a-box solution is best targeted at the SMB segment. Enterprises will also adopt this solution for branch office applications.

- Regarding the purchasing of bundled packages of CPE, transport facilities and managed services vs. buying separately, enterprises appear evenly split. SME customers favor bundled packages slightly, while 67% SMBs favor bundled solutions. SOHO respondents are equally split. SMBs and to a less extent, enterprise branch offices will be the target for bundled packages.
- In-Stat asked the question, “In an IP environment, should every employee should be equipped with an IP phone and softphone?” There appears to be no consensus on this topic. Enterprises favored the concept slightly, whereas SMBs were evenly split. In-Stat expects end-points will be deployed by user need, rather than blanket corporate policies.
- Approximately 50% of enterprises currently use Wi-Fi technology and another 20% will be installing wireless devices in the next 12 months. Over 60% of SMBs currently use Wi-Fi, with 24% planning to add wireless devices. This data supports the tremendous growth of WLAN technology in businesses of all sizes.
- Of those respondents using Wi-Fi, only 15% use it for voice communication. 19% of enterprises with Wi-Fi employ VoWLAN. Only 11% of SMBs use VoWLAN. Approximately 33% of Wi-Fi users indicated they plan on using VoWLAN in the future. These statistics support other In-Stat market data, and confirms that wireless IP voice will be a high growth market sector in the near future.
- There appears to be strong interest in dual-mode cellular/Wi-Fi handsets across all business segments. Nearly 78% of enterprises expressed an interest in dual-mode sets. 64% of SMBs expressed interest. Within a few years, In-Stat believes, every cell handset will be IP-enabled. This may jump-start the mass migration to consumer/small business VoIP.
- There was also strong interest in having the cellular and IP networks interwork, to allow for the hand-off of calls. 78% of enterprises indicated it was important to have calls handed off between networks. Nearly 80% of SMBs thought the capability was important. 35% of enterprises would pay more for this capability, while only 15% of SMBs would pay additional charges. These findings suggest that network interworking is a nice to have, but only corporations may be willing to pay extra for it. How the carrier interworking agreements are structured may determine when this becomes reality.