

Osterman Research Executive Summary

Enterprise VoIP Market Trends, 2004-2007



Report Focus

Voice-over-Internet Protocol (VoIP) is one of the most important messaging technologies currently facing SMB and enterprise IT and business decision-makers. VoIP represents a fundamental shift away from the circuit-based telephony architecture that has been the backbone of the telecommunications infrastructure for more than 100 years and carries with it a number of important implications for the management of data networks, security and telecommunications systems. Because VoIP sends information as packets like other Internet traffic, and because VoIP is not nearly as regulated as conventional telephony, it offers several potential advantages to organizations of all sizes.

This 49-page report examines the results of a study undertaken by Osterman Research to understand the current and future market for VoIP in North America. The study was supported by two primary market research surveys conducted with decision-makers at organizations of varying sizes and across a broad array of industries in North America.

Key Findings Presented in this Report

- Voice and data networks continue to be separately managed entities in most organizations. Only one in six organizations has either converged these networks or has mostly completed the convergence effort. One in four organizations has no plans to merge their voice and data networks.
- Only about one-third of organizations have deployed a VoIP system and only 10% of users currently employ VoIP in a workplace setting. However, Osterman Research anticipates that VoIP penetration will reach 45% of users by late 2007 barring any significant changes to the regulatory landscape, major and unexpected economic shifts, etc.
- The leading concerns about VoIP focus on network bandwidth constraints in existing data networks, the possibility that potential cost savings from VoIP might not be realized, poor quality of service and the initial cost of the VoIP infrastructure. One-half of organizations are concerned about VoIP causing them to lose some or all of their existing telecommunications investments and an almost equal number of organizations are concerned about the reliability of VoIP.
- The most important motivators for migrating to VoIP are the desire to reduce telephone costs, to provide better communications for remote users and to

improve end user productivity. Three out of five organizations believes that VoIP would reduce their telecommunications costs.

- Despite the importance of standards, a large percentage of IT decision-makers are not sufficiently familiar with existing VoIP-related standards. Correcting this lack of understanding will require continued education efforts on the part of VoIP vendors and others.
- Most organizations will want to integrate VoIP with their enterprise messaging systems, although substantially fewer organizations will want to integrate VoIP with line-of-business and productivity applications.
- Organizations would be most likely to procure VoIP solutions from telecommunications equipment vendors, not carriers, value-added resellers or messaging server software vendors.

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About Osterman Research, Inc.

Osterman Research, Inc. provides market research, cost modeling, benchmarking and related services to vendors of technology-based products and services.

We help vendors, IT departments and other organizations make better decisions through the acquisition and application of relevant, accurate and timely data on markets, market trends, products and technologies. We also help vendors of technology-oriented products and services to understand the needs of their current and prospective customers.

Part of what makes us unique is our market research panel: a large and growing group of IT professionals and end-users around the world with whom we conduct our research surveys. This allows us to conduct surveys quickly and accurately.

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