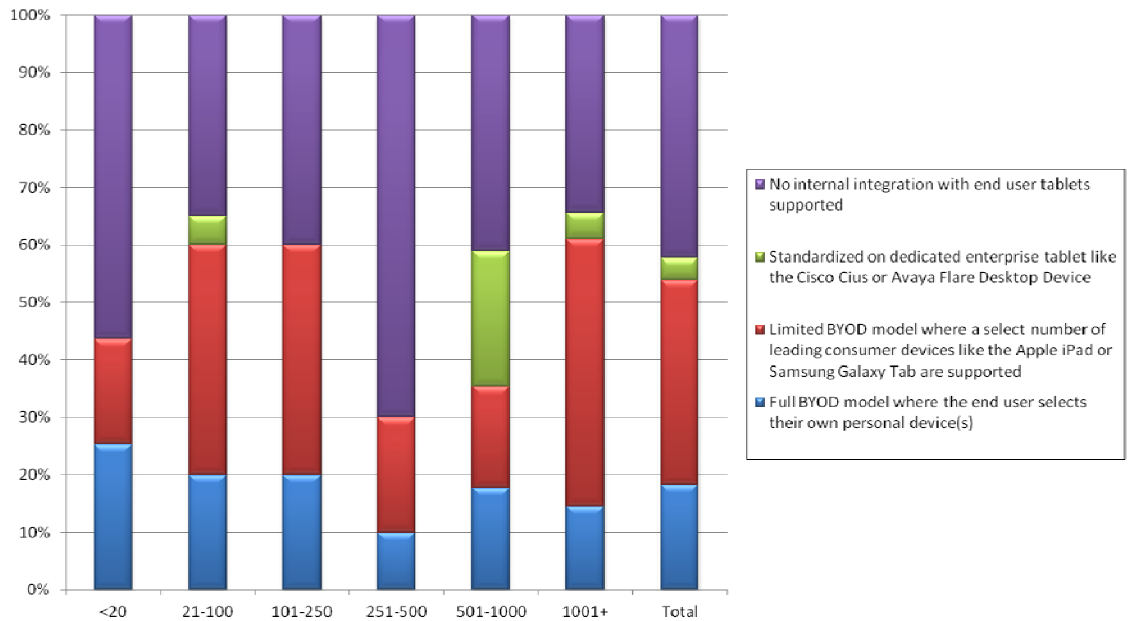
IntelliCom Analytics

IntelliCom Market Dashboard Spotlight:

How Will Rising Acceptance of BYOD Approaches Impact the Positioning of UC?

The rapid rise of the iPad and competing Android-based consumer tablets has led an increasing number of businesses to support **Bring-Your-Own-Device (BYOD)** policies allowing individual employees to bring the tablet, and sometimes smartphone, of their choice into the enterprise environment. Some organizations are still evaluating their options, while others attempt to restrict users to a handful of devices or standardize on a single, IT-approved provider. But as I heard repeated many times at the recent **IT Expo East 2012** conference in Miami Beach, "No one is going to tell the CEO that they can't use their iPad in the office." And based on a survey jointly conducted by IntelliCom Analytics and TMCnet last month, that view is consistent with how the majority of global businesses are now addressing the issue. (See chart below.)

How is your company supporting the integration of user tablet devices in the enterprise?



Percent of Global Decision Makers by Business Size

IntelliCom Market Dashboard SM ***/TMCne*****t Customer Survey (n=329), January 2012**

Although slightly more than 40% of global businesses responding to the survey indicated that they were not currently providing any level of internal support for tablet devices, more than half were already implementing either a limited or full BYOD policy. Respondents planning to standardize on a dedicated business tablet like the Cisco Cius represented less than 5% of the overall responses. The numbers supporting BYOD approaches for mobile smartphones were equally compelling. And while the extent of this support was somewhat surprising to me as the data started coming in, everything I heard in the panel sessions I participated on and vendor discussions I had at IT Expo very much validated these results. So there appears to be overwhelming momentum in favor of BYOD initiatives at present, but what does this mean to the Unified Communications (UC) providers than have been largely pushing desktop phone- and PC-centric approaches to date?

Surging demand for consumer tablets like the iPad and Android-based offerings could lead individual end users to develop an "apps store"-type mentality for how they would prefer to access business process and productivity applications in the future. This could actually be the vehicle that UC providers have long sought through which they could reach the business user directly to build support for applications with specific individual and role-based appeal. The disconnect between the traditional voice infrastructure buyers in the IT organization and the ultimate beneficiaries of productivity-enhancing UC applications has long been one of the key barriers to broader adoption. The license bundling strategies that leading UC providers have developed in response currently leave a lot of entitled capabilities unused, as IT deploys just the specific point applications that drive a particular purchase. UC clients for consumer tablets now being introduced by a number of these providers could result in a surge of activations for capabilities the enterprise is already entitled to, potentially also resulting in incremental server-side infrastructure sales to support this expanded usage as pull from business users increases.

But broad adoption of UC-enabled tablet devices and smartphones from third-party manufacturers could ultimately threaten a key revenue stream of legacy voice providers – the desktop phone. While many have been shifting their business models to the software elements of their solutions in recent years, desktop phones are often still the single largest contributor to revenue resulting from new voice solution implementations. The recent IntelliCom/TMCnet survey indicates that most business users (nearly 70%) today are using smartphones and tablets as incremental devices to their desktop phones rather than in place of them. But much of this is likely attributable to the large installed base of desktop phones already in place as part of legacy infrastructure. It will be interesting to see whether desktop phones continue to be purchased at the same rate in new implementations going forward, particularly among start-ups and other small businesses with limited existing infrastructure and access to a wealth of consumer device and low-cost, cloud-based alternatives to traditional voice and business productivity infrastructure.

Surging support for BYOD approaches isn't exactly good news for Microsoft either – at least at this stage – given its promotion of the PC as a singular user productivity device for desktop business and communication applications. And given how Windows Mobile still trails iOS and Android in the mobile device operating system market, Microsoft is not able to currently take advantage of the BYOD trend the way it otherwise might as a direct player in the segment. While Microsoft can potentially differentiate the Windows Mobile experience by more tightly integrating it with its Office suite, it also has little choice but to provide Lync clients for the iPad and other consumer tablets widely used by the individual end users that it needs to gain direct traction with in order to boost adoption of Lync beyond the trial stage that many customers currently are in. Considering these dynamics in conjunction with renewed enterprise interest in thin-client desktop virtualization solutions as alternatives to PCs, Microsoft faces multiple new challenges to both its UC strategy and core business that have rapidly materialized over the past year.

Growing acceptance of BYOD also raises the challenge to those that are marketing dedicated business tablets. Avaya appears to have positioned its Flare Desktop Video Device fairly narrowly to senior executives of enterprise organizations that might otherwise utilize a high-end IP phone, possibly in conjunction with a desktop PC, to provide voice, video, and web collaboration while at their desk. The survey results discussed earlier certainly support the notion that this is a fairly small niche compared to broader consumer tablets now being deployed in an enterprise context – which Avaya will also support through Flare Experience software clients for the iPad and others.

Cisco has somewhat larger ambitions for its Cius tablet device while also being careful not to position it as competing in the broader consumer market. Because Cius must be linked with a Cisco Unified Communications Manager IP-PBX, Cisco has essentially guaranteed that Cius will be purchased exclusively by enterprises, most likely through the IT organization. Cisco is working with third-party developers to build vertical industry and role-based applications that may help differentiate Cius in specific lines of business and functional areas, but much of its appeal may lie with its traditional IT buyers. The embedded security capabilities and launch of a dedicated, IT-approved apps store for Cius certainly plays to the concerns that many enterprise IT organizations have in trying to grapple with the policy implications of tablet devices being brought into their environments.

Which brings me to the final point – what does the gathering momentum behind BYOD mean in terms of the long-term relevance of IT and the control it is able to exert? Cisco certainly seems to be trying to position Cius to address the concerns of IT that may be holding back adoption of tablets by the 40%+ of the survey respondents not providing any level of support for tablet devices currently. But as mentioned earlier, IT may be fighting a losing battle once the CEO and other senior executives start bringing their personal tablet devices into the office. And combining these consumer tablets and smartphones with web-based productivity applications, end users (especially those working remotely) can access a great deal of functionality without IT's blessing or even knowledge. Certainly some IT organizations are still able to exert more control than others, while others are embracing these changes or being pushed to by their business constituents. But the role of the end user is clearly on this rise, and identifying the extent to which it can influence specific enterprise decisions will be a key challenge – and opportunity – for UC providers and their channels going forward.

Frank Stinson is a Partner and Senior Analyst with IntelliCom Analytics and leads the firm's *IntelliCom Market Dashboard (IMD)* and *IntelliCom Market Performance Dashboard (IMPD)* research programs. In this role, Stinson provides clients with ongoing strategic assessments of the positioning, direction, and market performance of leading Business Communications providers in the context of key trends transforming the industry. The rapidly unfolding shift to software-centric communication architectures now underway is central to this analysis, along with the UC and business application integration initiatives that leverage them.

IntelliCom Analytics is a professional services and business research provider focused on the rapidly evolving Business Communications and Collaboration market. With a broad set of competencies ranging from competitive assessments and benchmarking to highly targeted demand forecasts based on detailed embedded base analyses, IntelliCom Analytics brings a wealth of finely honed skills, expertise and market opportunity insights to client engagements. For further information, visit www.intellicom-analytics.com.

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