IP Telephony Will Not Reach Its Potential in 2004

Most enterprises continue to implement IP telephony as a one-for-one replacement for a PBX or Centrex service. Consequently, they are missing opportunities to improve business productivity and communication processes.

IP telephony continues to generate excitement, but falls short of being used effectively by most enterprises. The vendors are excited as more enterprises consider the technology and work through the business cases. Too many enterprises, however, are not taking an holistic view of this technology and the overall business opportunity. Enterprises (and actually many of the vendors) are still learning about where IP telephony belongs in the enterprise and the problems it's going to fix.

**Prediction — Users only scratch the surface of IP telephony capabilities in 2004**

Almost all enterprises view IP telephony as merely a replacement for a PBX or Centrex service. They are missing the point. IP telephony is the first step of an evolving process that will redefine communications within business processes (see "IP Telephony Can Revolutionize Business Communications" and "Business Value Drives VoIP and IP-Telephony Layering").

**Strategic Planning Assumption: Through 2004, IP telephony implementations will use less than 15 percent of the technology’s potential (0.8 probability).**

The challenge is for enterprises to recognize the opportunities and to act on them.

The key reasons for much of the failed opportunities include:

**No corporate strategic plan:** Most organizations lack a strategic plan that identifies how technology and communication will improve, fix or change business processes. Many organizations uncover opportunities by chance or because their competitors are using the technology to differentiate themselves. Enterprises need an overall, as well as a network, strategic plan...
to assess the new technologies and to determine how they will improve the business. This involves several groups.

First, the business units need to be involved to bring the business issues to the attention of the decision makers. Second, the network and systems groups need to be involved to introduce the technology perspective (especially the new voice application component). Lastly, application groups need to be involved to highlight the current and planned business application perspective (including how IP telephony — the new voice application — could be interfaced/integrated into applications).

The wrong organization: Most enterprises are excited that the voice and data groups are now under the same management organization and have actually started to work together. This is only the first step in bringing voice and data together on a converged network. Convergence is really the conversion of the separate voice infrastructure into an application that resides on the data network with all the other business applications.

The purchase, implementation, management and operation of voice should have been moved into the network group, where it should remain — for now. The network group has the "voice people" who understand users' needs, the public switched telephone network (PSTN) requirements and the feature sets. The voice people will need to become "application people" who understand the other business applications used in the enterprise. This is also reflected in the strategic plan issues, which show that a relationship needs to be fostered between the voice and application organizations.

The current enterprise organizational structure makes identifying the opportunities and implementing them difficult. Many organizations have just begun to feel comfortable with voice and data people working together. The application people are still viewed as distant acquaintances who only contact network people to complain about response time. Networking people have known for years that they should work closely with the application groups to ensure support for new applications and prevent disruptions to the environment (and the application groups should work with the network group). In reality, the relationship between the networking and application groups is usually confrontational, with a minimum amount of information being shared. This will need to change. Finally, the business units need to understand the potential of the new technology and how it relates to their processes.

IP telephony vendors understand technology, not your business: The IP telephony vendors have added features and capabilities to the technology that they thought (and hoped)
would be useful to enterprises. Vendors and their channels do not understand the intricacies of each enterprise and, therefore, can rarely relate the feature set to the context of the business processes. To add to this dilemma, a vendor’s relationship is with the networking people, whose scope of understanding is networks; once again the "easy sell" becomes a one-for-one replacement solution for voice equipment.

**Change takes time and understanding:** If the technology, application and strategic plans were in place, the respective organizations would have difficulty adapting to the considerable changes. The reality is that the technology, applications and strategic plans are not ready, so there is a window for enterprises to act and prepare users for change.

**Action Recommendation for 2004**

Most importantly, enterprises must have a strategic plan focusing on the evolution of their network (the technology). Next, they must align this plan with their business strategy to ensure that the new applications and business processes can be delivered. The plan should specify the changes that will affect the technology, the network and the organization, and the time frame. Finally, the strategic plan must identify a program and time frame for user training/education.

**Bottom Line:** Equipment vendors need to educate enterprises — the network, application and business units — about the potential capabilities of their products within the context of their businesses. Enterprises must build their strategic plans, assess the technology, work with the application groups and give users time to adjust to the changes. New voice applications such as IP telephony have the potential to dramatically change the way organizations communicate. Prepare properly.