



White Paper

Cloud Communication Solutions by the Numbers

A Guide to Ensuring Future Success and Revenue for Communication Service Providers

Contents

- 3 Overview**
- 4 The Time is Now**
 - 5 Maintaining Legacy Gear is Expensive and Inflexible
 - 5 Tremendous Market Demand for Unified Communications
 - 5 Increased Competition
- 7 The Economic Value of Moving to the Cloud**
 - 7 Savings at Every Step
 - 8 Low Barrier to Entry
 - 9 Pay For What You Need and Want
 - 10 Grow as You Go
- 11 Get the Cloud VoIP Solution That's Right for You**
 - 11 Proven Experience with Migrations
 - 13 Choose The Right Business Model
 - 14 Accelerate Revenue Growth
 - 16 Proprietary Full-Stack Platform
 - 17 An Eye for Automation
- 18 Alianza Is *The Clear Choice***



Overview

Communication service providers (CSPs) of all sizes are looking for ways to increase their revenues and margins, which often means expanding into new markets or developing new service offerings. Forward looking CSPs are looking for how they can leverage the power of cloud-native platforms to shorten the time to market (TTM) and reduce total cost of ownership (TCO) for network expansion and new offerings.

Voice continues to be a key service offering for CSPs to generate new revenue streams, whether it's by adding a new service offering to an existing portfolio or increasing average revenue per user (ARPU) on new system builds. However, legacy voice platforms are capital intensive to build and maintain and produce unpredictable costs and margins over time. **CSPs need to find a better way to deliver voice service offerings that create value and bring in more customers with less capital than legacy voice platforms can deliver.**

Large and nationwide CSPs with established networks and widespread footprints can see the tremendous market opportunity in adding complementary service offerings like voice to help justify their investment in expansion, but they need more than a legacy voice platform can provide – they need a solution with low upfront costs and healthy, predictable margins.

CSPs that already have voice service offerings realize not only that voice is essential to their business and target markets, but also that operating a **legacy voice platform is expensive, inflexible, and can limit their ability to be competitive.**

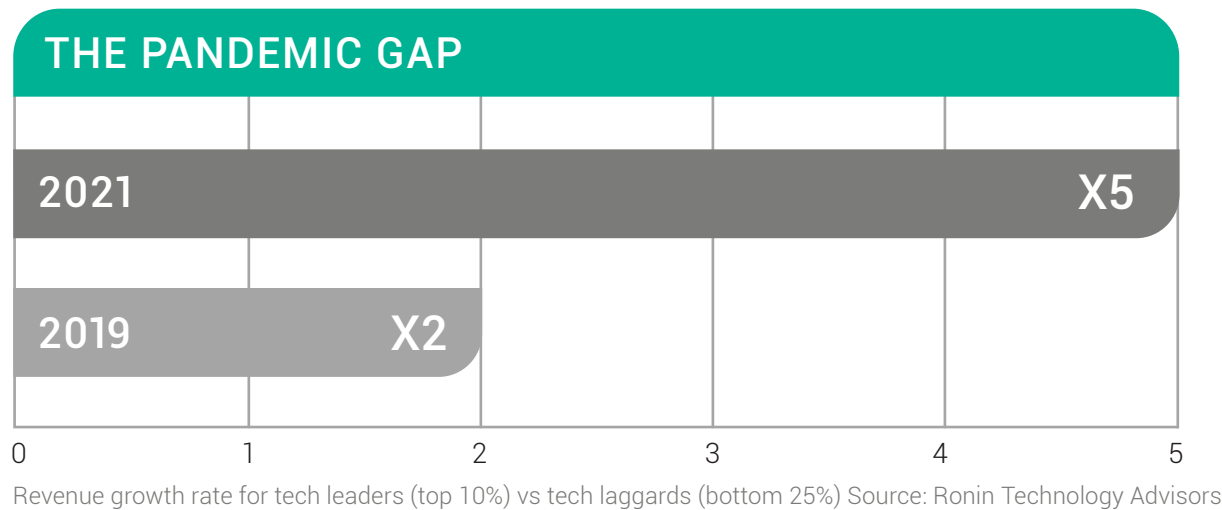


The good news is that there is a cloud communications solution that offers the ability to deliver turnkey voice service offerings at a lower cost, freeing up internal resources and capital to focus on network expansion and company growth.

In this white paper, we explore these current market trends and why they indicate that now is the time to move to the cloud. We address the economic benefits of a cloud communications solution, as well as what to look for in a great solution and some key things to avoid. **Finally, we explore what a great cloud communications solution will do for your business.**

The Time Is Now

For CSPs looking for ways to expand into new markets, improve business operations, and generate more revenue, now is the time to move to the cloud. In 2019, CSPs that embraced the digital transformation **grew at twice the speed of their competitors**, and just **two years later that gap has increased to five times**. Delaying the move will cost customers, market share, and limit your growth.



Modernizing legacy infrastructure can reduce IT costs by **74%**ⁱ



CSPs embracing digital transformation are growing revenue **5X faster** than CSPs that aren't.ⁱⁱ

Inflexible IT infrastructure is the number one barrier to digital transformation.^{iv}

70% of SMBs increased their use of their existing collaboration solutions during the pandemic.^{vii}

Since the global pandemic, over 50% of companies increased their spend related to video and team collaboration applications.^{viii}

There are three key reasons to make the move now versus later:

① Maintaining Legacy Gear is Expensive & Inflexible

The cost to maintain legacy equipment is increasing. A typical budget includes annual expenses for switch maintenance, licenses, data center space and power, and all the internal resources required to keep it running. This is before any new applications or features can be added. On average, most CSPs spend over 60% of their budgets on maintaining legacy gear.ⁱⁱⁱ Maintaining legacy infrastructure is the number one challenge for CSPs because it diverts capital and time away from their vital digital transformation.

In the past, federal and state organizations provided funding to support traditional voice services, but available **funding has declined 63% over the last two decades.** As recently as November 2021, there were proposals to change the way Universal Service Fund (USF) subsidies are calculated to support broadband instead of voice, which would **reduce voice funding for low-income and high-cost areas from 30% to 4%.**^{vi} Soon, CSPs won't be able to count on government funding, and their expensive and inflexible business models will have to stand on their own.

② Tremendous Market Demand for Unified Communications

The market demand for unified communication (UC) is exploding. As millions of workers moved to full-time or part-time remote work, organizations of all sizes had to embrace and invest in tools and applications that keep their teams connected, collaborative, and productive.

③ Increased Competition

Over-the-top (OTT) competitors are having tremendous success in the market by leveraging the power of the cloud to quickly deliver the services the market wants at an unprecedented scale.

Their results speak for themselves:

The key differentiator is that OTT providers don't have to account for any access ownership in their deal economics. Instead, they connect customers by using other providers broadband. OTT providers are great examples of how the cloud can be leveraged to generate growth and take market share.^{xii}

Now is the time to consider moving to a cloud-based communications platform, and the good news is there are best-in-breed options. The first step is understanding the economics of what moving to the cloud will mean for your business.

“Alianza’s solution was a major portion of our survival during the pandemic. We were expecting a 10% uptick in revenue, but Voice Connect accounted for over 50% of our sales in 2020.”

— Craig Drinkhall, Director of Products and Sales Engineering, Horizon Telcom



Read Case Study



Expects annual growth in excess of 20%^{ix}

8x8

Reports a 19% total revenue increase year-over-year (YoY) to the tune of \$532 million^x



Increased their subscription revenue in 2021 by 38% to \$385 million^{xi}

Cloud adoption is expected to **unlock \$1T** in enterprise value.^{xiv}



12–19% increase expected in 2030 EBIDTA for CSPs by moving to the cloud.^{xvi}

The Economic Value of Moving to the Cloud

The cloud is a game changer for virtually every industry. **A forecasted \$1 trillion (in organizational value) is up for grabs for those migrating platforms and applications to the cloud.**^{xiii} Like you, other service providers are looking to the cloud to gain operational efficiencies, penetrate new markets quicker, improve their margins, and scale for growth. **The sooner organizations make the move to the cloud, the faster they realize the numerous economic benefits.**

Savings at Every Step

A cloud-native platform allows organizations to gain efficiencies and savings across every aspect of their business, from product development to customer support, marketing, sales, and more. These operational benefits increase the earnings before income taxes depreciation and amortization (EBITDA).

SAVE WITH THE CLOUD ^{xv}

5–10%

the average annual cost savings on product development

15–20%

the average annual savings on customer support

10–20%

the average annual savings on marketing and sales

Our solution allows service providers to consolidate disparate departments, such as network operations and customer support, giving each group increased functionality and enhanced tools to better manage the business — and more EBIDTA means more value.



The average annual TCO savings our customers realize when moving to our platform is 25–50%.^{xvii}

Low Barrier to Entry

The key driver in the growth of cloud solutions has been the low barrier to entry. Gone are the days of massive upfront infrastructure investments of money, time, and personnel to launch new capabilities. **Now, any service provider can adopt a new cloud platform with very little upfront investment, lower costs and risks, and reduced time to market.**

Service providers that offer voice services on a cloud-based platform can customize the solution to meet their needs and be up and running in just a few weeks — no new servers, operating systems with hypervisors and orchestrators, switches, routers, firewalls, or additional bandwidth needed. Full-featured services connect to end users and run entirely from the cloud.

Speed matters, and there are benefits to delivering services faster for less.

Whether you're expanding into new markets or want to migrate customers to a lower-cost infrastructure, Alianza will work with you to find the solution that best fits your vision.



32.8% increase in end user spending for cloud system infrastructure as a service (IaaS).^{xxxiii}

If a product is more than 6 months late to the market, a company earns **33% less profit** on that service during the next five years.^{xviii}



40–80% reduction in cost to deliver services through the cloud.^{xix}

Legacy VoIP platforms are designed and built so they require a minimum of 2X the investment to have 1:1 resiliency vs a cloud platform that generates the same resiliency at 25% of the price.^{xx}

CSPs can realize a 40% savings in CAPEX by moving to virtualized, cloud-based architectures.^{xxi}

Pay Only for What You Need & Want

In addition to the upfront infrastructure costs associated with legacy VoIP platforms, there is also the matter of getting subscriber licenses, or seats, at a reasonable rate. Purchasing is typically done at scale, meaning you must prepurchase all the licenses you'll need (and more) to get the vendor to reduce the price per license to something your business model can support. This often leads to overextension, where service providers buy more licenses than they'll ever need to get a rate to fit their model, only to find that they can't use them all, and their model breaks before they begin.

CSPs typically overbuy licensing by 50% to prepare for growth. If you need 1,000 licenses, you buy 1,500.

Legacy VoIP platforms are designed and built using a decades-old approach to resiliency, which traditionally required service providers to buy twice as much capacity as needed, so if one side fails completely, the other side can support the whole subscriber base (1+1 or 1:1 redundancy). This expense is unnecessary with cloud platforms, which can quickly leverage spare capacity without it costing you or your customer anything at all. In other words, **you maintain the uptime you would expect from a redundant design — at 25% of the price.**

Last, and most importantly, cloud platforms give service providers the flexibility to spend CAPEX on other priorities, like building out their broadband network instead of maintaining and supporting outdated legacy infrastructure and platforms that don't deliver on what they need to compete in today's market.

With Alianza's cloud communications platform, there are no upfront purchases of licenses so you can scale seats up and down to meet your customer needs. Service providers save on upfront fees and eliminate overspending since licensing is tied to activate subscribers. Our platform is cloud-native, with a zero-downtime architecture, network resiliency and redundancy included — which frees up capital for connecting customers to your network.

Grow as You Go

A true cloud-native voice solution enables you to add subscribers in increments (as small as one at a time), which allows you to grow into your solution. Also, due to cloud economics, each subscriber will contribute to revenue growth in a steady and predictable way. Therefore, if you're not able to migrate your entire subscriber base right away, or want to test out the solution first, you can cherry-pick which subscribers to add to the cloud communications platform until you're ready to migrate all of them.



We've successfully migrated our CSP customers from virtually every switching platform on the planet.^{xxii}

Our customers range in size from small, regional ILECs to multinational North American providers. This is possible due to the aforementioned cloud economics that allow our service provider customers to ease into the solution at their own pace or migrate tens of thousands of subscribers at a time.

Beyond economics, your choice in a cloud communications partner is vital for building a voice business that generates the results you're looking for.





Get the Cloud Communications Solution That's Right for You

Getting the right cloud-based offering is about understanding not only the options available, but also how to differentiate between okay and great solutions based on the migration experience, business model, automation capabilities, and how they can help accelerate your revenue growth.

Proven Experience with Migrations

With a traditional cap-and-grow approach or softswitch replacement, adding new customers to a new platform is relatively easy, but migrating existing customers to a new platform is one of the most expensive endeavors a CSP can take on. The cost in both time and money is doubled because each subscriber must be added to the new platform and deleted from the old one. There is also the prohibitive cost of maintaining both the old and new platforms while the migration is underway, putting both platforms below critical mass for most of the migration. The longer the legacy infrastructure must be kept in place, the higher the costs and lower the margin – not to mention the risk of losing subscribers along the way.

An inexperienced or new solution provider won't have the depth of knowledge needed to understand what can go wrong during migrations or how to avoid it. However, an established full-service cloud provider like Alianza – who has successfully migrated providers from virtually every switching platform on the planet – will know how to mitigate risk and move subscribers over safely. We have migrated hundreds of thousands of subscribers for our customers to our cloud communications platform, including bulk migrations as large as 10,000 subscribers in a single day.



10,000

The number of lines Alianza has migrated in 24 hours.^{xxiii}

25%

Reducing churn by 5% can increase profitability by 25%.^{xxiv}

4-8%

increase in CAGR for services offerings with a better customer experience.^{xxxvi}

Alianza is the only provider that offers you a service provider-built platform with cloud-native solutions, won't treat you as a channel, or compete against you.^{xxvi}

At Alianza, we help service providers navigate the entire migration process and stand with them shoulder-to-shoulder (virtually nowadays) to deliver that safe migration. **We describe the transition to the cloud as the last migration a service provider will ever have to make.**

Choose the Right Business Model

Selecting the right business model is a key decision that will affect not only your bottom line but your potential for future revenue growth. In fact, most other cloud communications providers also compete against you for the same prospective end user subscribers. While they offer you their solutions for resale or as a channel, they also undercut your ability to win business by selling directly to the same customer base and controlling the pricing on both ends. In addition, many vendors won't permit requests to change features, packaging, pricing, or other customizations that does not align with their vendor strategy or could impact their competitiveness against your in-house offerings.

“Alianza's approach is to enable our service provider customers to leverage our modern cloud communications platform and scale, not compete with them.”

— Kevin Dundon, EVP Sales and Marketing, Alianza^{xxv}

At Alianza, we will never compete with our CSP customers for end user subscribers. We will never enter the direct sales market or have end user subscribers, it's not in our DNA. All of our subscribers are the end users of our CSP customers, and that's how it will remain. That is what keeps us focused on the success of our service provider customers without creating a conflict of interest.

Accelerate Revenue Growth

The demand for unified communications is tremendous. Every day, companies and end users are moving toward UC solutions as they remotely work, learn, and collaborate. It's a rapidly growing and competitive market.

In a competitive market, accelerating revenue requires two key components:

① Great Product-Market Fit

Alianza's cloud communication platform and carrier-grade products benefit everyone:

- a. Service Providers.** Manual setup is obsolete with our streamlined deployment, simplified customer onboarding, and management tools. Increased speed to market means you can bring on new customers quicker and see an immediate return on investment (ROI).
- b. SMBs and Enterprises.** Superior flexibility and mobility support increased productivity and employee satisfaction. In addition, organizations gain significant real estate and hardware savings with workforce mobility and endpoint flexibility.
- c. End Users.** By complementing your voice network with cloud communications and mobile applications, end users get the same experience on their personal laptops, smartphones, or tablets as they do in the office, which increases employee collaboration and desktop productivity.

② Comprehensive Sales Enablement

Your teams can't effectively sell what they don't understand.

Alianza's comprehensive Help Center provides extensive market-ready sales sheets, user guides, and marketing enablement materials to reduce your training time, customer acquisition, asset development costs, and, ultimately, increase your speed to market.

The US unified communications market has a **14.3%** compound annual growth rate (CAGR) 2021–2028.^{xxvii}

In a September 2021 INCOMPAS survey, senior operation telecom leaders said their **biggest challenge was accelerating revenue.**^{xxviii}

Companies that execute best-in-class sales enablement as a strategy, experience an increase of almost **14%** in their annual contract values and overall deal size.^{xxx}

55% of C-suite executives say that sales enablement solutions are the top technology investment necessary to boost sales productivity.^{xxxi}

Product-market fit is how well the alignment is between a company's product offer and their target market. The key benefit of a good product-market fit is that it reduces sales friction, and less friction means the sales machine can go faster. It must account for the products end users have come to rely on today, like reliable, high-quality voice calling, while keeping up with the demand for new features like messaging, video conferencing, or even a replacement for plain old telephone system (POTS) lines.

In 2021, we surveyed over 500 SMB decision makers to get a better understanding of what they were looking for in a UC solution.

KEY TAKEAWAYS^{xxix}

71%

of SMBs would prefer to purchase phone and cloud communications from their broadband provider, if the VoIP features met company requirements.

48%

of SMBs believe their existing communications tools are adequate for work-from-home.

82%

of respondents said they use or are interested in using business text messaging.

70%

of respondents said they saw an increase in the use of existing collaboration solutions during the pandemic.

49%

of SMBs would prefer to add collaboration services to their voice service - as opposed to adding voice to their collaboration solution.

Having a good product is only one component of a successful solution offering; the other is having the tools and resources to get the commercial and support teams excited about it and moving in the right direction.

Alianza has invested in your success, and to prove it, we offer turnkey sales enablement, customized marketing collateral, and training for all customer facing teams so you can hit the ground running and quickly go-to-market. **Our product training and sales enablement resources will enable you to yield more signed deals with higher total contract values (TCV).**

Proprietary Full-Stack Platform

Legacy switching platforms like Metaswitch (now Microsoft), Genband (now Ribbon), and BroadSoft (now Cisco) have evolved into conglomerates with various software and hardware components. Over time, changes and customizations on these platforms can be expensive, time consuming, and sometimes not allowed. While there are other proprietary and highly customizable platforms, many lack the scalability or resources to deliver changes rapidly enough to address shifts in the market and keep up with functionality demands. **The best antidote for changing markets is innovation.**

At Alianza, we developed our own, in-house, full-stack cloud communications platform for service providers. Rather than trying to bend the market to us, we work with our CSP customers to adapt our platform to their needs. This approach yields significant advantages for our customers, especially when it comes to features, capabilities, and customizations they can't get from larger third-party providers. In addition, we give our customers the opportunity to work directly with our platform development team to create unique capabilities for their voice service offerings, which gives them a more distinct offer in the market and a competitive advantage.



By 2021, at least 30% of organizations will accelerate innovation to support business and operating model reinvention, fast-tracking transformation programs to future-proof their businesses.^{xxxii}



Enterprises that apply cloud and legacy modernization solutions typically see a 33% faster time-to-market.^{xxxiii}





More than 50% of our customers are using our API.^{xxxiv}

An Eye for Automation

When application programming interface (APIs) were new, customer usage was often in the single digits. Few customers understood the power of APIs, and fewer still were able to take advantage of its benefits. **APIs are a key component of digital transformation initiatives.** So, as APIs have grown in scope and market share and customers have grown more savvy, usage has steadily increased. Any cloud platform that doesn't have an API (or has a mediocre one) will not provide you with the capabilities to integrate business systems and workflows needed to sell, manage, support, and bill end users – let alone those needed for future development, innovation, and scale.

How do you know if an API provides value? Look at how many customers are using it. **Our APIs are in use by over 50% of our customers.** This is a tremendous vote of confidence in our service and our capabilities, and it's something we are very proud of.



Companies that have embraced digital transformation are 26% more profitable than their average industry competitors and they enjoy a 12% higher market valuation.^{xxxv}

Alianza Is *the* Clear Choice

If you've ever considered moving your voice service offerings to a cloud communications solution, now is the time to do it. The cloud communications market is growing at a rapid pace, and there is a tremendous opportunity to add unified communications and collaboration services that enable work from anywhere. Companies with cloud infrastructure will be best positioned to capitalize on it.

There are five reasons we believe Alianza is the clear choice:

① Experience You Can Leverage

Since 2009, our teams have been migrating CSPs and their end users to the Alianza cloud communications platform from virtually every switching platform on the planet. Whether you are migrating from a legacy VoIP platform or looking to augment your current market offerings, we are focused and adept at building and launching new voice and communication service offerings.

② A True Partner

We are your partner, not your competitor. Your success is our success. Having the right platform is great, but, like you, we know there is a lot that goes into making a product successful. We believe in empowering our customers with the right tools. The combination of your team with Alianza's cloud-native solutions and our curated sales, marketing, and training resources is the winning recipe for a wildly successful product launch.



③ Speed to Market

Get the cloud-scale benefits of our cloud-native solution so you can move quickly in the market and capitalize on opportunities. From our resilient carrier-grade, cloud-native infrastructure to our extensive public switched telephone network (PSTN) integration footprint and our clearly powerful APIs, **Alianza is positioned to help you become a market leader.**

④ Feature Rich Solution

Our cloud communications product suite is what the market wants today and in the future. From video conferencing and collaboration tools to our most recent Business Text Messaging offering, Alianza's product teams are hard at work listening to the market and developing the next generation feature set to enable our customers.

⑤ Enable Digital Transformation

Alianza's platform leverages the power of cloud-native infrastructure into a complete offering that allows CSPs to automate and reduce the operational costs to deliver a superior unified communications product to the market.

Our market-leading, full-stack, feature-rich, service provider-built platform meets all your needs for voice service offerings today and in the future. And, with our extensive PSTN integration footprint, it will go with you wherever you want to go without treating you like a channel for our products or, worse, openly competing with you for end user customers. We will remain hyper-focused on you and your communication service needs.

Call us today and let's talk about how we can help accelerate your business.



Get Started!



To learn more about how a cloud communications platform can add a powerful, profitable, and sought after solution to your network, **contact our sales team today.**



- ⁱ Retrieved 03 February 2022 from Nagarro - Legacy System Modernization Approaches
- ⁱⁱ Retrieved 03 February 2022 from Accenture - The Tech Driven Telco 2021
- ⁱⁱⁱ Retrieved 03 February 2022 from Ronin Technology Advisors
- ^{iv} Retrieved 03 February 2022 from Accenture - The Tech Driven Telco 2021
- ^v Retrieved 03 February 2022 from Market Watch - Federal Funding in Jeopardy
- ^{vi} Retrieved 03 February 2022 from SHLB - Organizations Call for USF Contributions Reform
- ^{vii} Retrieved 07 February 2022 from Alianza - 2021 SMB Cloud Communications
- ^{viii} Retrieved 07 February 2022 from Alianza - 2021 SMB Cloud Communications
- ^{ix} Retrieved 07 February 2022 from Ericsson - Press Release: Ericsson to Acquire Vonage
- ^x Retrieved 07 February 2022 from Investors - Fourth Quarter and Fiscal 2021 Results
- ^{xi} Retrieved 07 February 2022 from Ring Central - Press Release: Third Quarter 2021 Results
- ^{xii} Retrieved 07 February 2022 from Gartner - UCaaS Magic Quadrant 2021
- ^{xiii} Retrieved 08 February 2022 from McKinsey - Technology Media and Technology Insights
- ^{xiv} Retrieved 08 February 2022 from McKinsey - Technology Media and Technology Insights
- ^{xv} Retrieved 08 February 2022 from McKinsey - Advanced Electronics
- ^{xvi} Retrieved 03 February 2022 from McKinsey - Five Fifty Cloudy with a Chance of Billions
- ^{xvii} Retrieved 03 February 2022 from Alianza
- ^{xviii} Retrieved 07 February 2022 from Go Beyond - The Importance of Time to Market and How to Reduce it with Cloud Deployment
- ^{xix} Retrieved 07 February 2022 from Accenture, A More Resilient Future with Automation
- ^{xx} Retrieved 07 February 2022 from Ronin Technology Advisors
- ^{xxi} Retrieved 07 February 2022 from Accenture - The Tech Driven Telco 2021
- ^{xxii} Retrieved 03 February 2022 from Alianza
- ^{xxiii} Retrieved 03 February 2022 from Alianza
- ^{xxiv} Retrieved 07 February 2022 from Bain & Company - Prescription for Cutting Costs
- ^{xxv} Retrieved 03 February 2022 from Alianza
- ^{xxvi} Retrieved 03 February 2022 from Alianza
- ^{xxvii} Retrieved 07 February 2022 from Grandview Research - Unified Communications Market Size
- ^{xxviii} Retrieved 07 February 2022 from Incompas - Sept 2021 Executive Survey
- ^{xxix} Retrieved 07 February 2022 from Alianza 2021 SMB and Medium Business Cloud Communications Survey
- ^{xxx} Retrieved 07 February 2022 from G2 - Sales Enablement Statistics
- ^{xxxi} Retrieved 07 February 2022 from HubSpot - Marketing Statistics
- ^{xxxii} Retrieved 07 February 2022 from IDC - IDC Reveals 2021 Worldwide Digital Transformation Predictions
- ^{xxxiii} Retrieved 07 February 2022 from Ernst and Young, 2021 Cloud and Legacy Modernization
- ^{xxxiv} Retrieved 07 February 2022 Alianza
- ^{xxxv} Retrieved 07 February 2022 from MIT Center for Digital Business