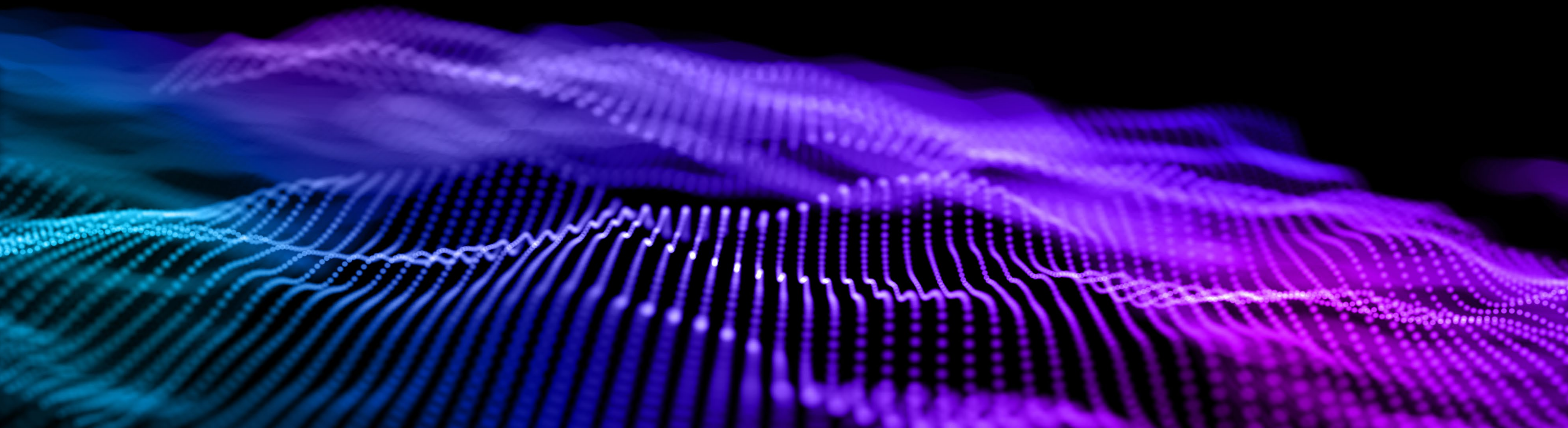# Bringing AI to Main Street

AI + Voice: A strategy for growth

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Leveraging AI for the future of telco

Artificial intelligence (AI) has exploded in recent years, transforming industries by putting data and content at our fingertips and driving unprecedented levels of innovation. This surge in AI's capabilities presents a unique opportunity to challenge the status quo—particularly in industries like telecommunications, which haven't traditionally been at the center of innovation.

Recently, much of the focus on AI in telco has been on improving internal operations and customer service through solutions like contact centers. However, **the tides are turning**: more than 75% of communication service providers (CSPs) expect to offer AI-enabled services to customers within the next two years.

87%
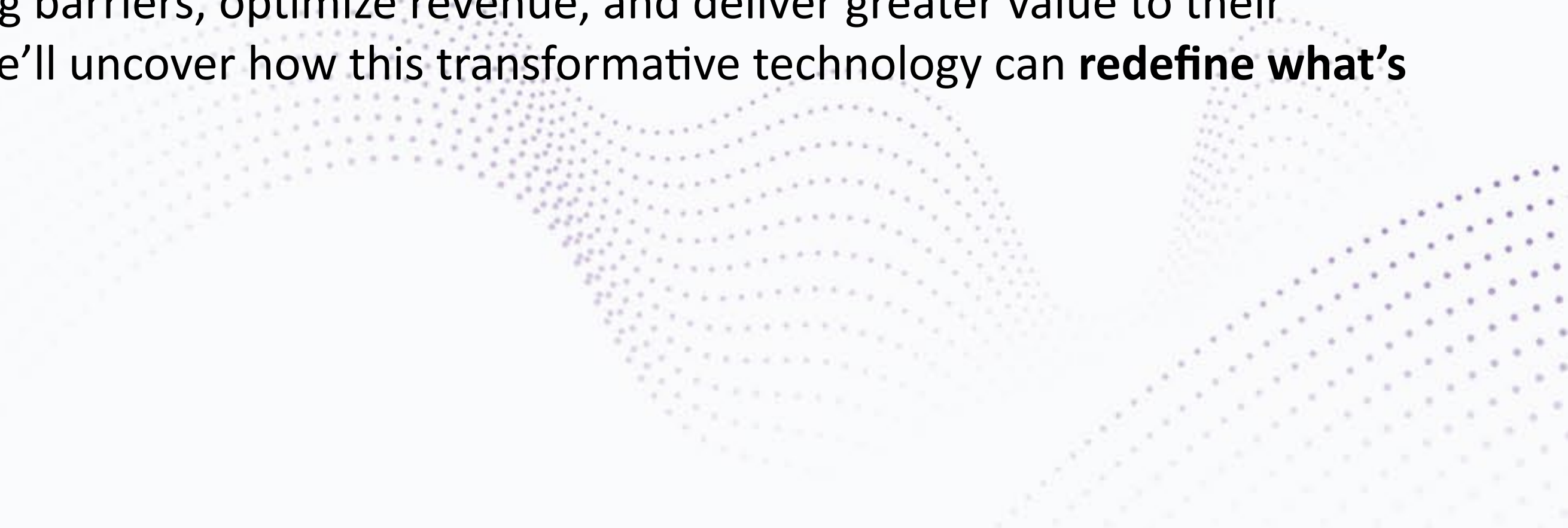of service providers expect to AI-enable **internal** operations within the next 24 months.

76%
of service providers expect to AI-enable communications services to **customers** within 24 months.

This is a welcome shift. Leveraging AI for more impactful, customer-centric solutions—like voice—is critical. Voice remains a cornerstone for many small and medium-sized businesses (SMBs), with more than 50 million phone lines still in use. However, despite the significant role voice plays in SMB operations, little has been done to improve those services in recent years, as CSPs have been hesitant to fully capitalize on the opportunity. Challenges such as geographic diversity, resource limitations, and competing investment priorities have made it difficult to modernize and enhance voice services at scale.

However, voice services powered by AI have the potential to reshape the way SMBs operate, driving efficiency and enhancing communication capabilities. At the same time, these advancements present CSPs with an opportunity to break through long-standing barriers, optimize revenue, and deliver greater value to their customers. By exploring the benefits AI-driven voice services can bring to SMBs and CSPs alike, we'll uncover how this transformative technology can **redefine what's possible** in the communications landscape.

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An opportunity to reinvent traditional voice

Once a foundational offer from CSPs, many telcos consider voice to be a declining service today, maintained and managed as cost-effectively as possible. It is rarely considered an innovation center or growth-driver for the CSP, despite the fact that they have a large base of SMB customers for which these services are a critical communication channel for their own customers.

71%
Service providers that agree/strongly agree voice is dying.

87%
Service providers that agree/strongly agree cloud migration is critical to avoid becoming "dumb pipes."

Providers know they must take action to protect their customer base and develop new revenue opportunities. But when considering the value of upgrading services, CSPs often focus on the development of UCaaS offerings that combine voice with messaging and other tools. Enhancing traditional voice services is rarely a consideration.

Transformative possibilities for SMBs
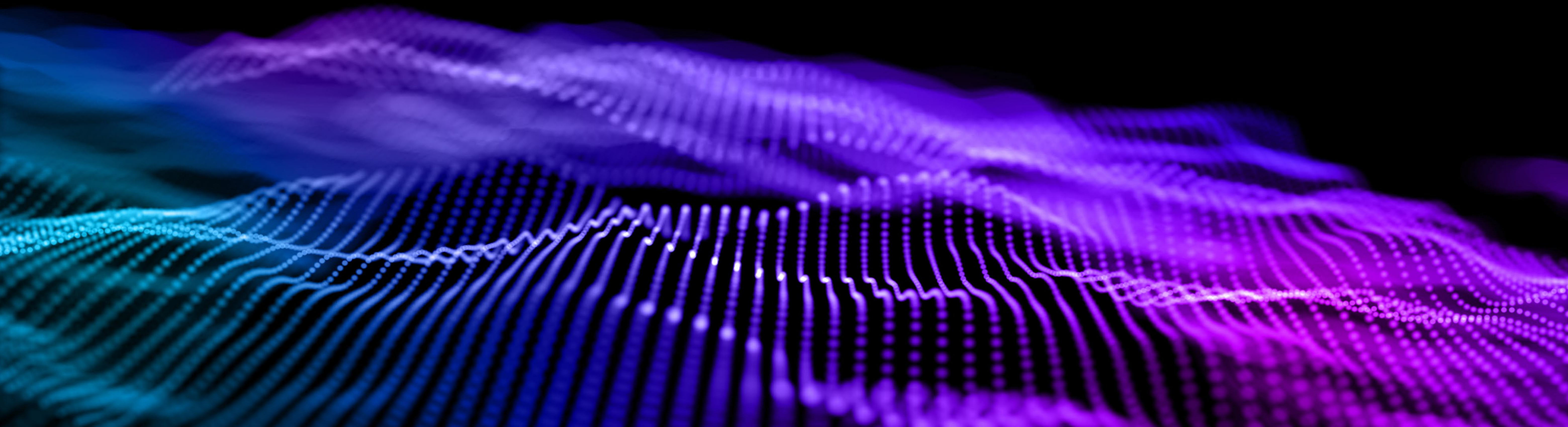
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SMBs want Voice + AI

SMBs rely on traditional voice services to run their business: an Omdia survey found that 91% of SMB respondents claimed voice was either important or critical to their day-to-day operations. Voice calls are often the primary communication path between an SMB and its customer. These businesses may not have the resources to buy and manage a complex enterprise communications solution, but they want to optimize their current tools to meet internal needs and serve their customers well.

46%
SMBs for which voice is
CRITICAL to their operations

45%
SMBs for which voice is
IMPORTANT to their operations
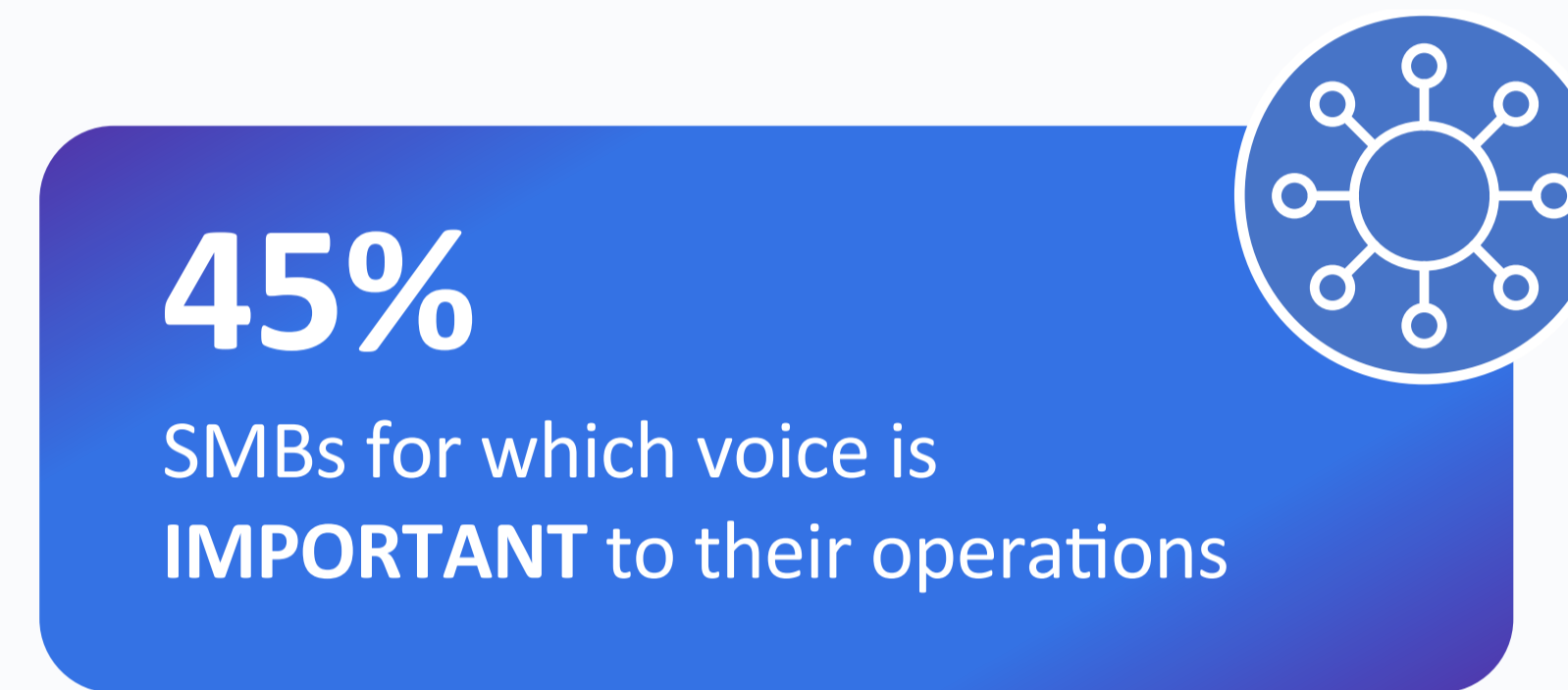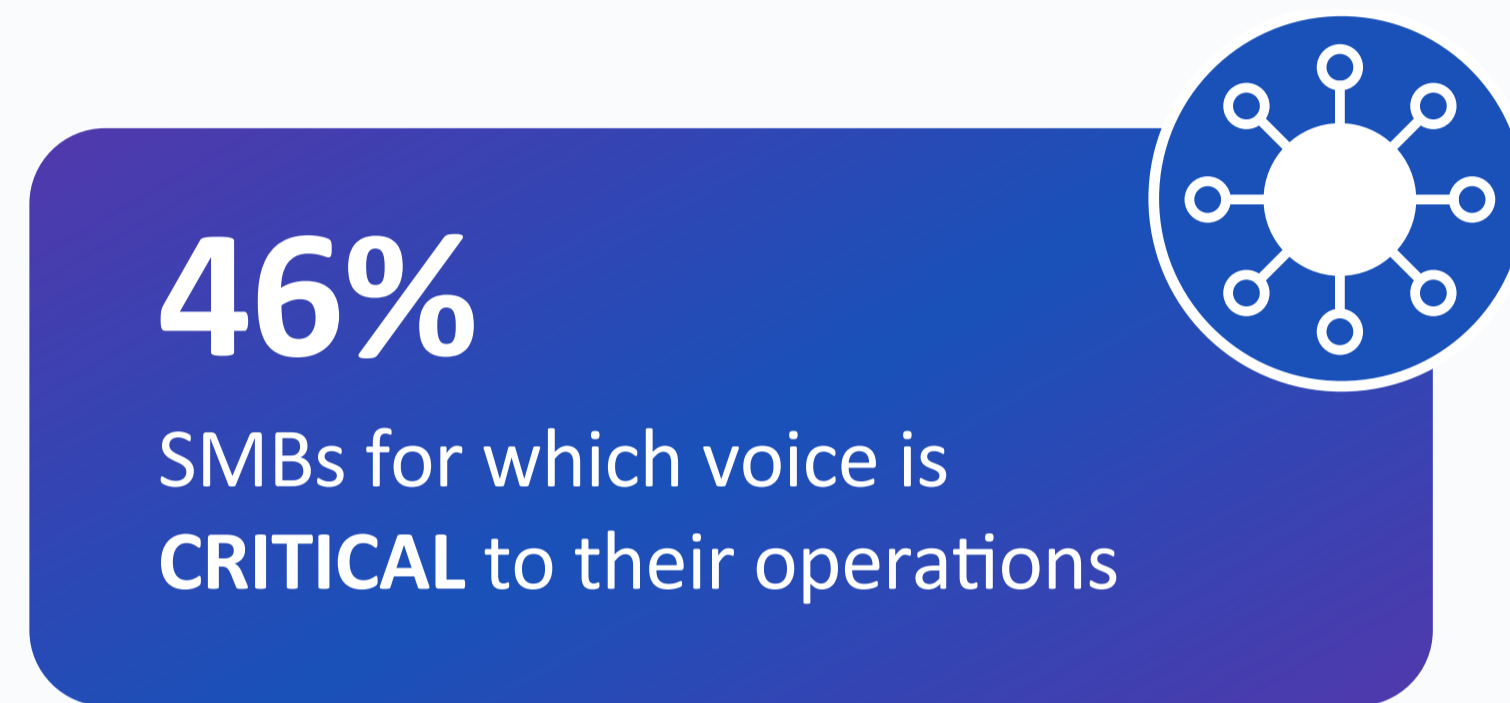
Notes: n=54
Source: Omdia

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However, SMBs' ambitions don't stop at what they have now. They believe AI-enabled voice solutions that provide actionable call data would be a valuable addition to their business.

48%
Very valuable

43%
Valuable

Notes: n=54
Source: Omdia

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CSPs that maintain the status quo with their traditional voice services risk losing an opportunity to innovate, differentiate, and grow revenue by adding service features that will be attractive to this base.

Mitigating AI security concerns

Despite their interest in AI-enabled solutions, SMBs have concerns about the security of these new options. Data breaches are a regular occurrence, and securing business data has emerged as a top concern for nearly half of the businesses surveyed. A hack or other attack can ruin a business reputationally and financially, and SMBs have limited expertise and resources to combat these threats.

SMBs must make sure that customer interactions are secure and that critical information such as customer financial data, health information, or other sensitive data is not compromised. SMBs will look to CSP partners to help them ensure the security of their own data and that of their customers.

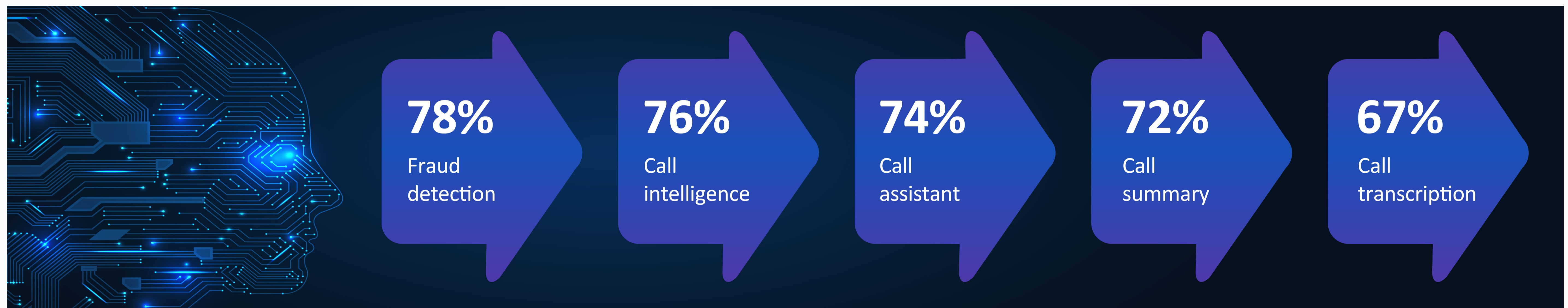**Security concerns can slow SMBs' AI adoption**

46% Business security and confidentiality

22% Caller security and confidentiality

20% Fraudulent use of information

Enabling SMB efficiency with AI-driven insights

AI-enabled voice offers a host of potential benefits for this market segment that can help run businesses more efficiently. CSPs can help SMBs make these benefits a reality.

Capabilities that SMBs consider to be critical to their business

| 78% Fraud detection | 76% Call intelligence | 74% Call assistant | 72% Call summary | 67% Call transcription |

Notes: n=54
Source: Omdia

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Fraud protection: SMBs want to protect their business and their customers. Data breaches and fraud are commonplace today and can compromise a business's brand and finances. AI-driven fraud-detection capabilities can protect businesses and their customers from nefarious activity.

Data insights: SMBs want actionable data to help them improve their business. This includes insights on buying trends, customer sentiment and traffic, recurring problems with products and services, and day-to-day interactions. AI-enabled voice solutions can provide them with the intelligence, summaries, and transcriptions needed to enhance operations.

Call assistant: SMBs often juggle in-person customer needs with incoming calls, making it challenging to provide seamless service to both. AI-enabled call assistants can help by managing call volume and delivering fast, accurate responses. This includes handling common inquiries like store hours, available inventory, order tracking, and more, ultimately freeing up staff and ensuring a positive customer experience.

Achievable benefits for CSPs
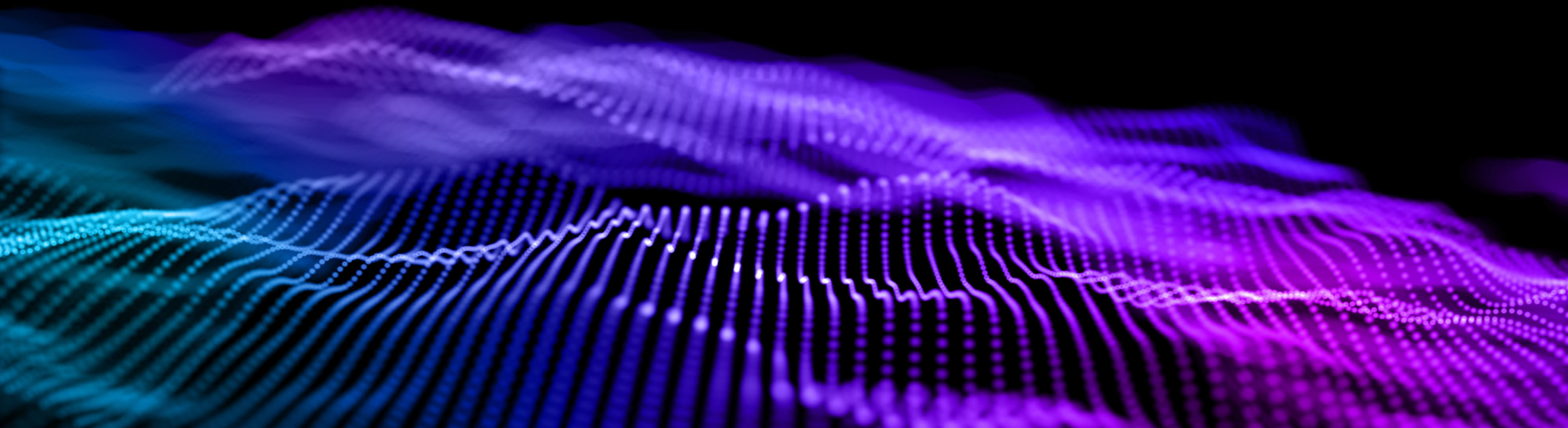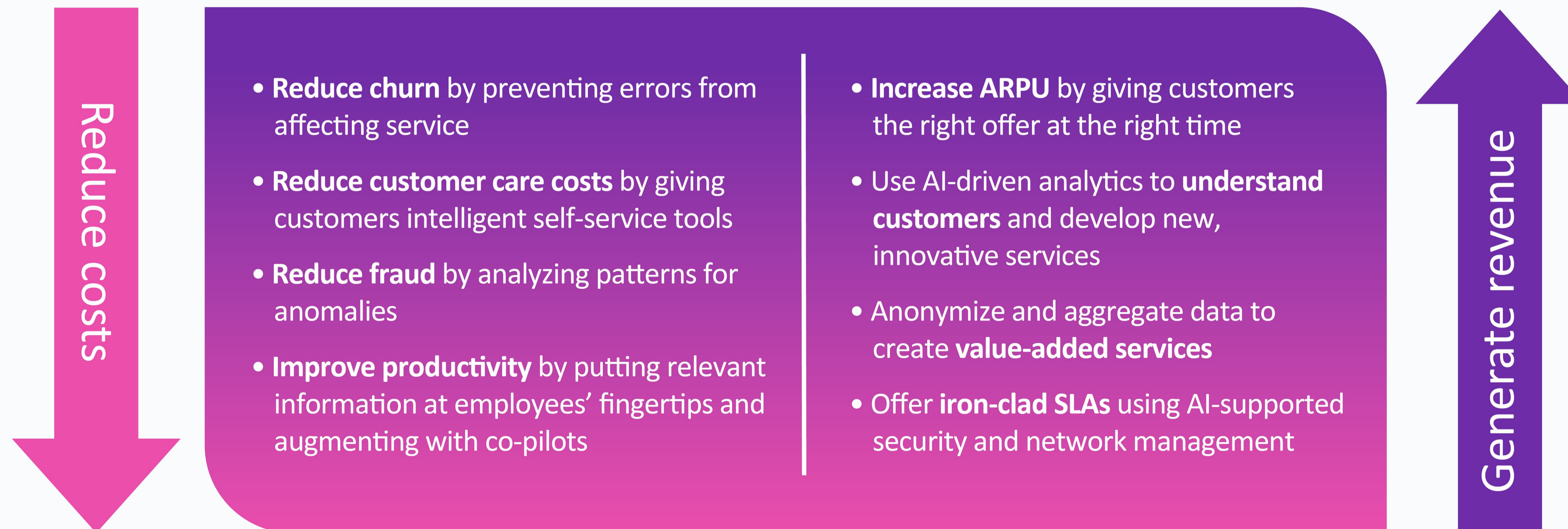
Unlocking AI's revenue potential for CSPs

AI has dominated the headlines since 2022. The hype has been deafening, and business technology decision-makers are wondering when the big payoff from implementing AI will arrive.

CSPs have seen how AI is already delivering on the operations side. CSP operations teams have deployed AI and machine learning (ML) to reduce errors and fraud, while also bringing more intelligence to customer care for agents and customers alike.

These activities are important in reducing costs and potentially improving customer satisfaction scores, but they will not significantly move the revenue needle.

What CSPs really need is for AI to help them innovate to create new services and offers. AI-enabling legacy voice services can support a differentiated service offer that enables the upsell of features and attracts new customers, offering the potential to increase revenue.

AI can benefit CSPs operationally and financially

Reduce costs

- **Reduce churn** by preventing errors from affecting service
- **Reduce customer care costs** by giving customers intelligent self-service tools
- **Reduce fraud** by analyzing patterns for anomalies
- **Improve productivity** by putting relevant information at employees' fingertips and augmenting with co-pilots

Generate revenue

- **Increase ARPU** by giving customers the right offer at the right time
- Use AI-driven analytics to **understand customers** and develop new, innovative services
- Anonymize and aggregate data to create **value-added services**
- Offer **iron-clad SLAs** using AI-supported security and network management

Notes: n=61
Source: Omdia

Delivering differentiated communication services

Omdia's research demonstrates that when applied to legacy services such as voice, AI delivers a much-needed boost, with innovation transforming a mature service with limited growth into a differentiated solution that will be attractive to current and prospective users to drive new revenue. Through AI-enabled voice communications, CSPs minimize the risk associated with managing old infrastructure.

Nearly 85% of CSPs anticipate that AI-enabled services will be important or very important in generating revenue growth in the coming years.

However, turning this expectation into reality will rely on critical elements:
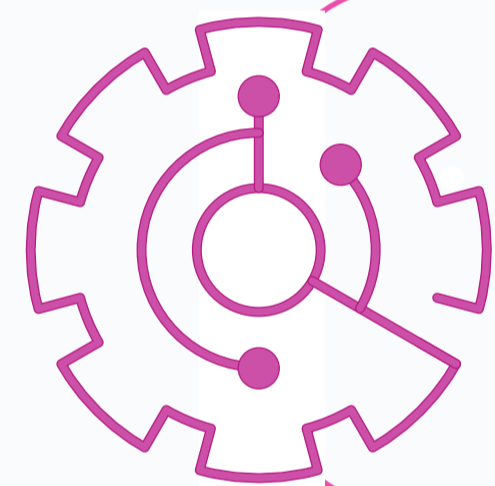
A flexible infrastructure that allows CSPs to innovate and deliver differentiated services to customers

Rock-solid security to protect the CSP and its customers from a constantly changing threat landscape

How important do you believe AI-enabled services will be to your future revenue growth?

16%
Somewhat important

34%
Important

50%
Very important
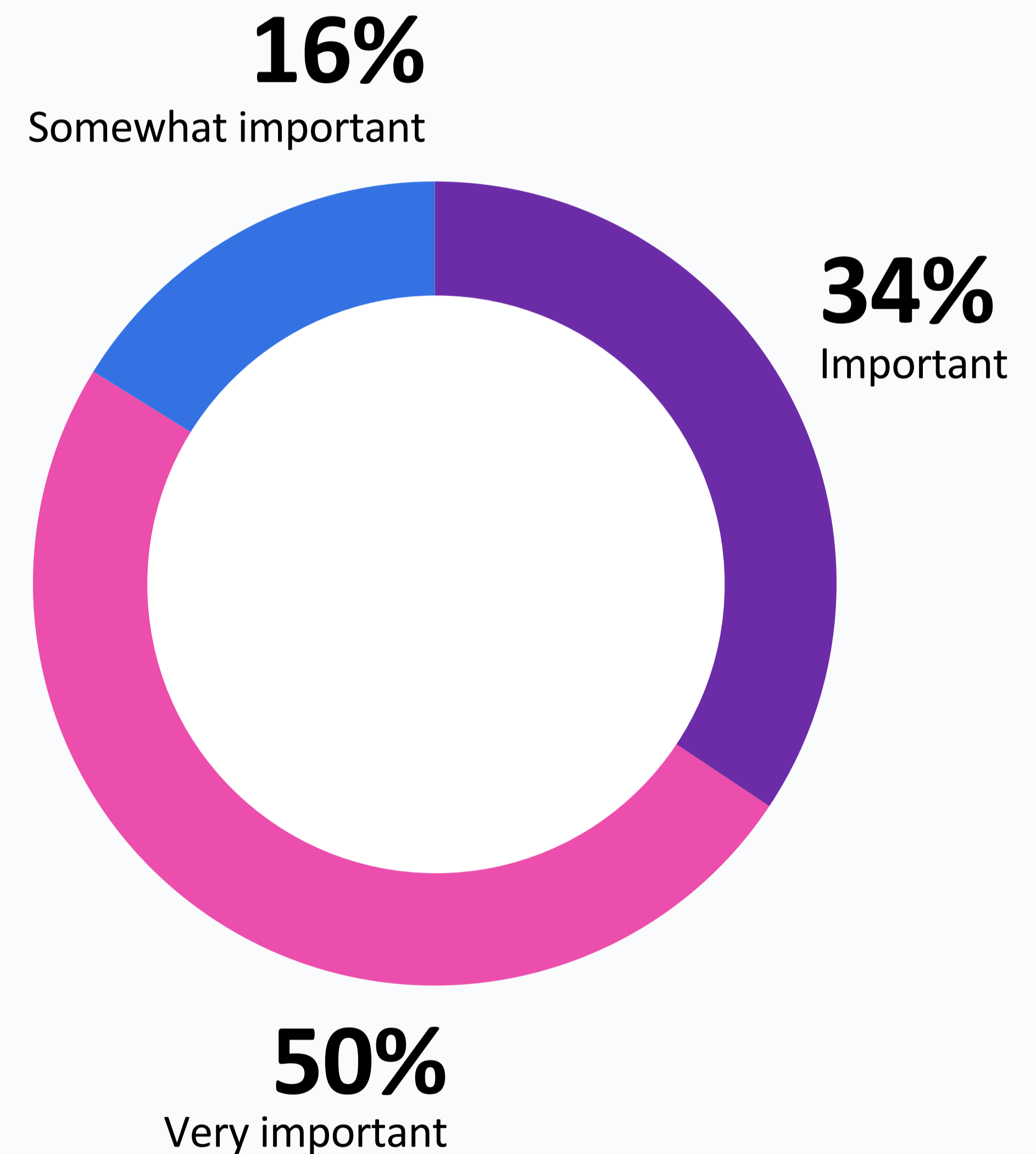
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Source: Omdia

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Navigating the path forward: Legacy roadblocks

AI-enabling legacy services, such as traditional voice, require innovation, and innovation requires a flexible, modern infrastructure. As a result, CSPs are finding that their aging infrastructure can stymie their AI plans.

How is legacy infrastructure impacting your AI adoption?

25%
Some impact
In some domains, legacy infrastructure is limiting AI enablement

16%
Total impact
Legacy infrastructure is preventing AI enablement

3%
No impact
Current infrastructure will support AI enablement

56%
Broad impact
In many domains, legacy infrastructure is preventing AI enablement
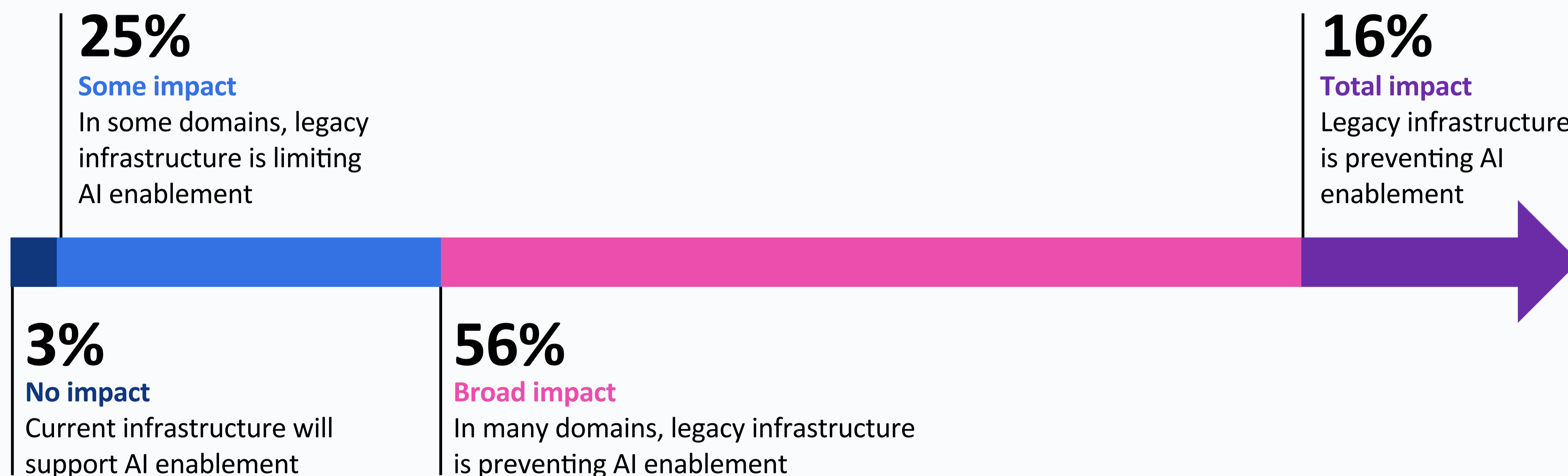
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Source: Omdia

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Delaying migration from legacy voice infrastructure carries risks that will only increase over time:

- The underlying equipment will become difficult and expensive to maintain.
- Today's containerized network functions, OSS/BSS, analytics, AI/ML tools, and the data feeding those systems are in the cloud. Integration with legacy infrastructures may be possible, but it is unlikely to be elegant.
- A vendor may discontinue development on a platform, leaving CSPs with few options to improve the service and protect their customer base.

Navigating the path forward: Secure AI adoption

Security and data privacy are always top of mind for CSPs. Omdia's research finds that these are substantial hurdles as CSPs consider moving to new platforms and technologies.

Security concerns can impede CSPs' AI adoption

52%
Security is a hurdle to modernizing voice communications platforms and services.

39%
Security is a hurdle to adopting AI-enabled capabilities within the network.
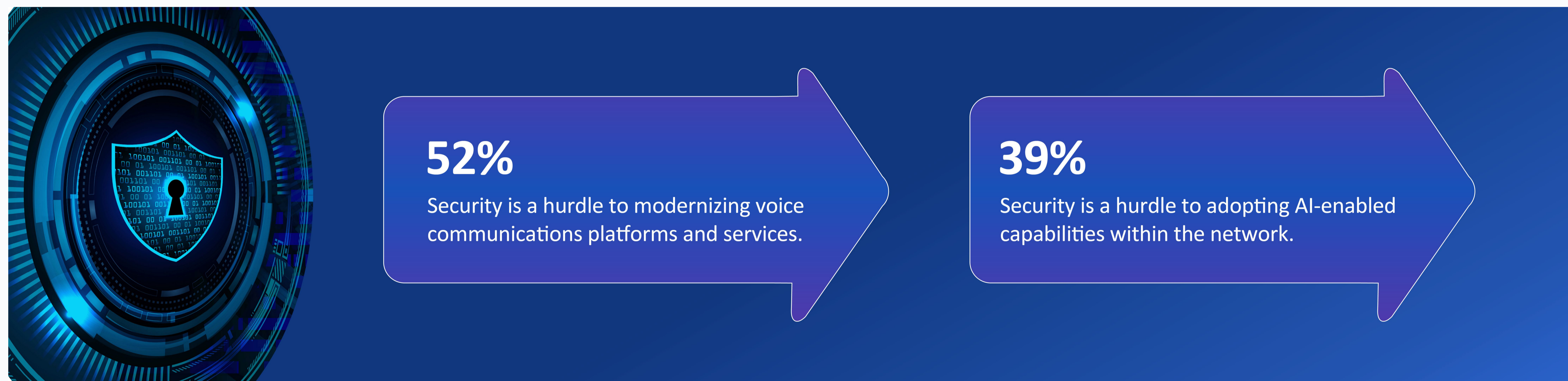
Source: Omdia

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CSPs are concerned that these new models and technologies will create security vulnerabilities, leaving them open to hacks, ransomware attacks, and other security threats. However, legacy infrastructure is not immune to security breaches, and implementing AI-enabled solutions can strengthen the ability to detect and prevent threats. AI systems support the creation of policies and controls that ensure data is protected and only available to people who should have access.
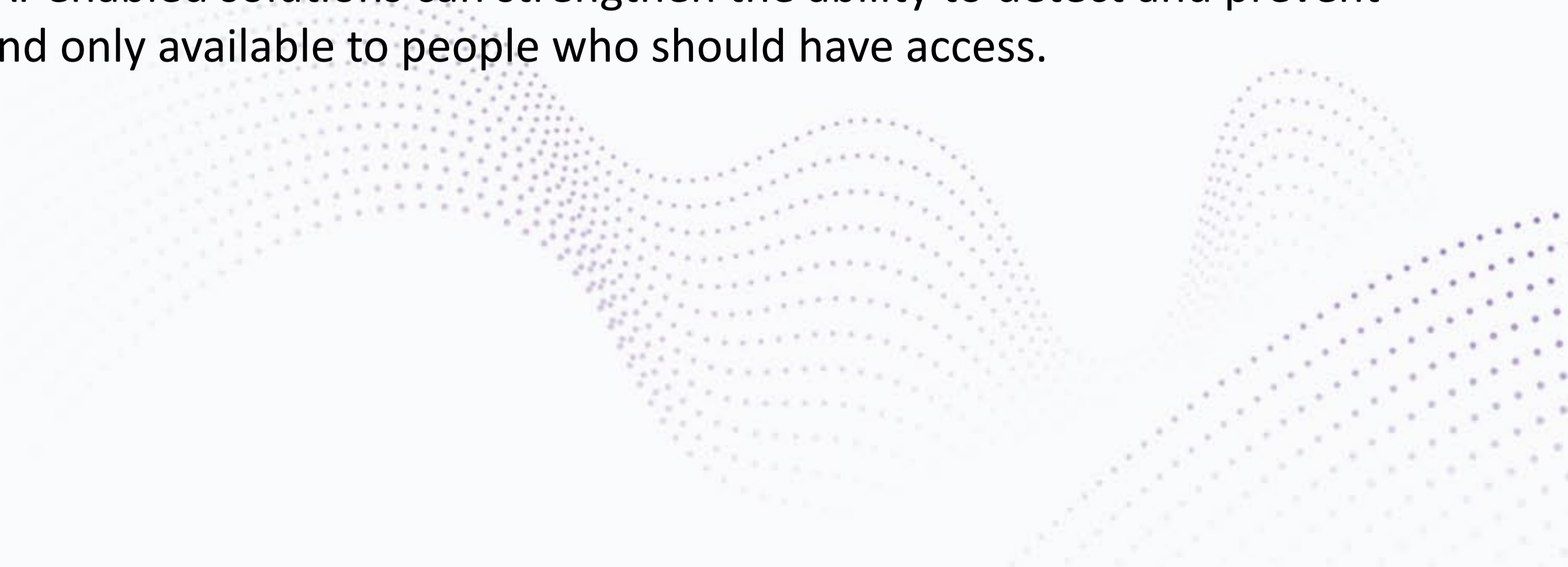
Key considerations for CSPs

CSPs must start thinking about the next steps today. Omdia's research finds that a cloud-based approach can give CSPs the flexibility and agility to innovate and develop new services and features that will increase revenue from this segment.

Key metrics that CSPs must consider when evaluating a move to the cloud include:

- ✓ Will it increase revenue from a service?
- ✓ Will a cloud infrastructure reduce operational expenses, and by how much?
- ✓ Will the new platform help the CSP streamline operations? How and by how much?
- ✓ Can the new platform allow the CSP to remove obsolete equipment to create a modern infrastructure?

Top drivers for CSPs when migrating voice to the cloud

45% Revenue growth

34% Lower opex

29% Technology obsolescence

26% Streamline operations
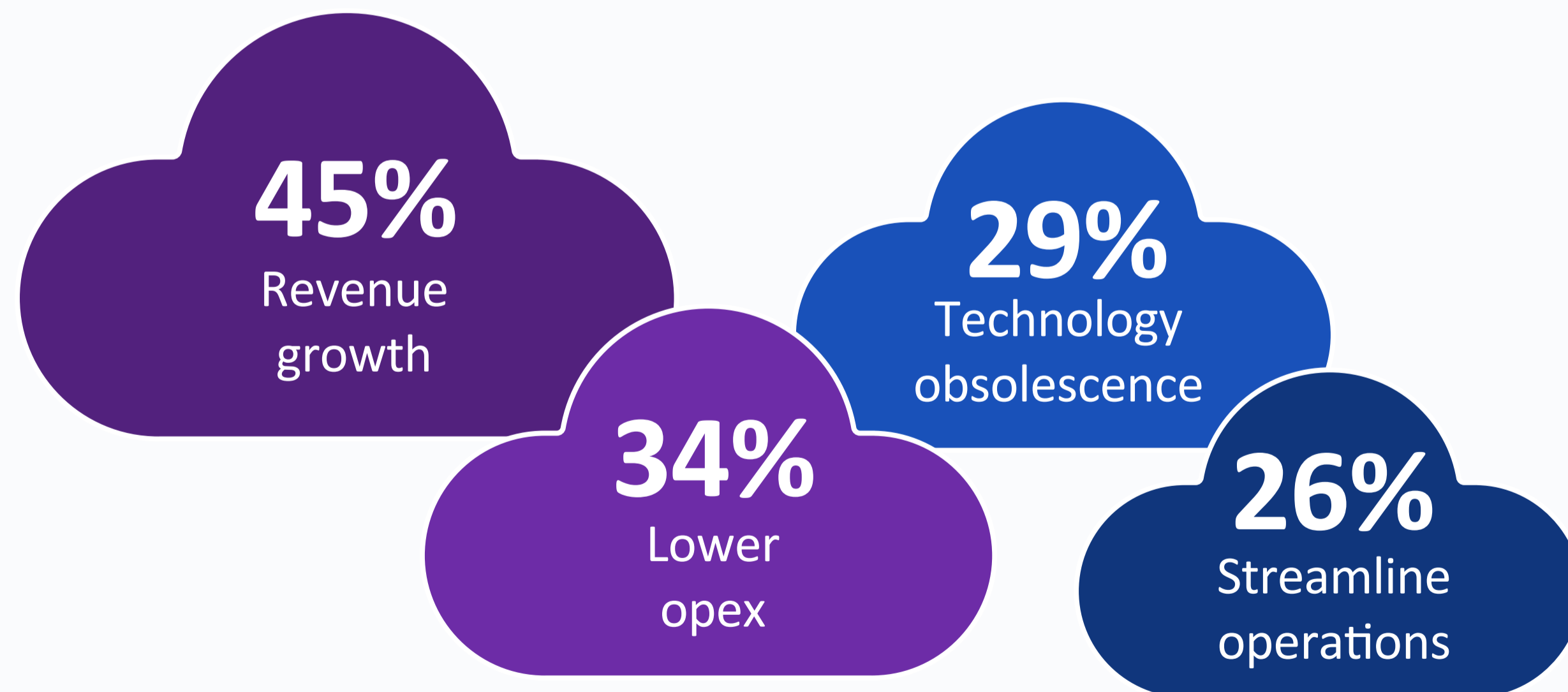
Source: Omdia

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Once CSPs decide to move to the cloud, they must consider options and migration strategies:

- ✓ They must understand the Total Cost of Ownership (TCO), which is the cost of all elements of the solution.
- ✓ They must determine how AI-enabled services can differentiate the service and improve customer experience.
- ✓ Carrier-grade infrastructure is a must for consistent, reliable service.
- ✓ Suppliers must demonstrate that they have the expertise to manage complex migrations.

Key considerations for CSPs when evaluating a move to the cloud

49% TCO

33% Innovative AI offers

31% Migration expertise

30% Carrier-grade infrastructure
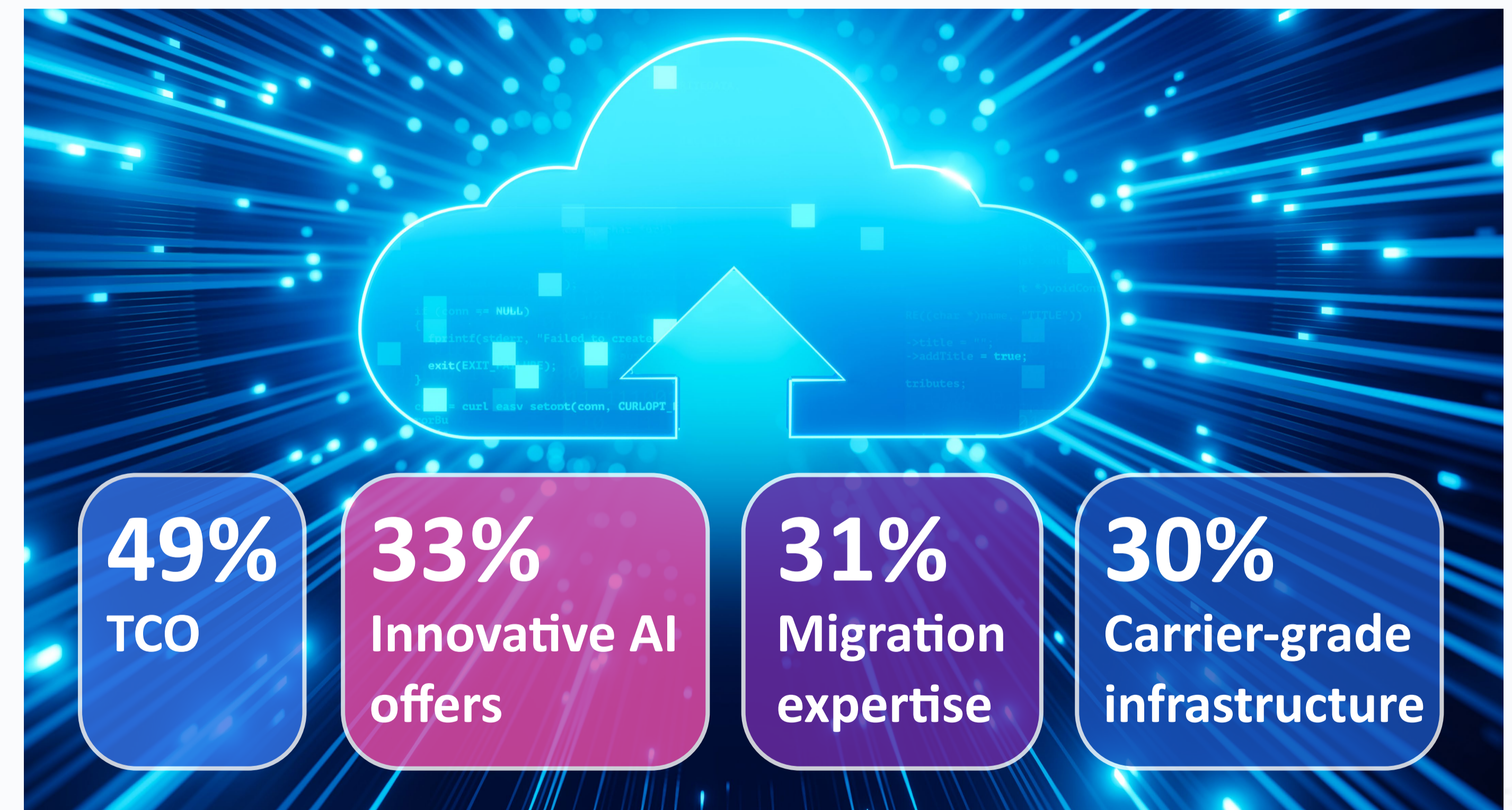
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Modernizing CSPs with a cloud-based platform

Moving to a new infrastructure that supports AI-enabling voice services gives CSPs the opportunity to innovate and create differentiated services.
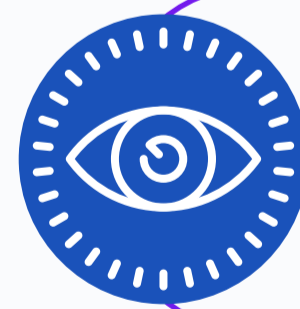

Streamline operations → Remove obsolete technology → **Service differentiation**

This platform would support service innovation and key differentiators:

Portfolio expansion: A cloud-based voice and communications infrastructure offers providers the opportunity to utilize AI to support new voice capabilities that will differentiate the service.

New applications: AI can play a key role in supporting use cases such as fraud detection, predictive analytics, business call transcripts, translations, summaries, and deep insights into calls.

Improved customer experience: Cloud-based, AI-enabled voice offers can help the provider increase customer retention and even attract new customers. CSPs can offer a sophisticated customer experience with significantly lower overhead compared to legacy solutions.

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Will you seize the opportunity for growth with AI-enabled voice?
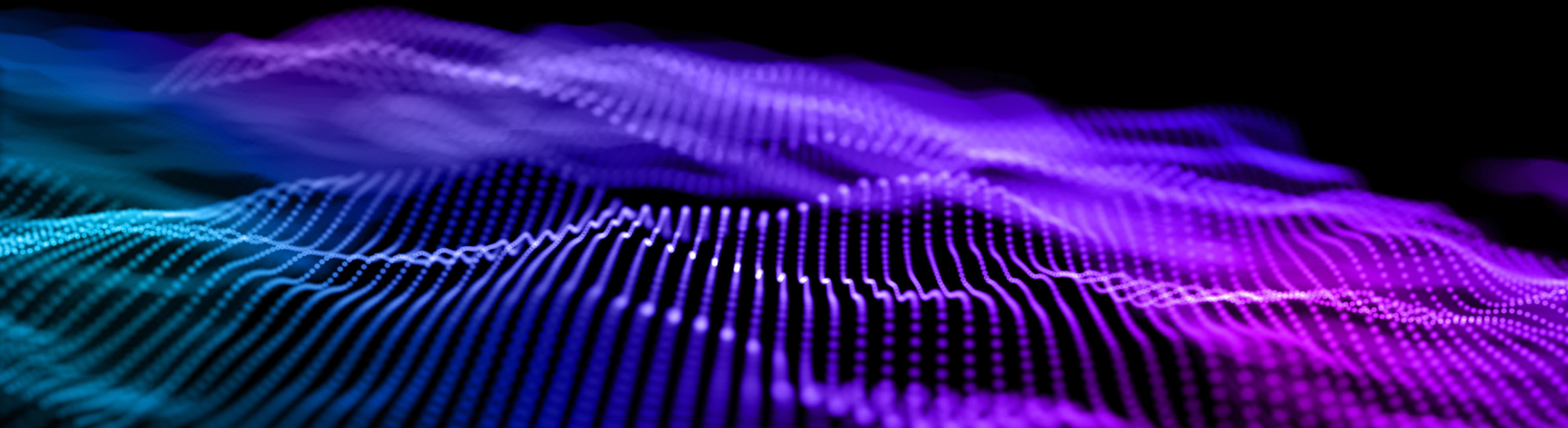
Realizing the value of AI in voice

CSPs have a choice when it comes to voice: do they lean into AI to radically enhance this core service, or do they ignore a future of possibility by maintaining the status quo and managing a slow but steady decline?
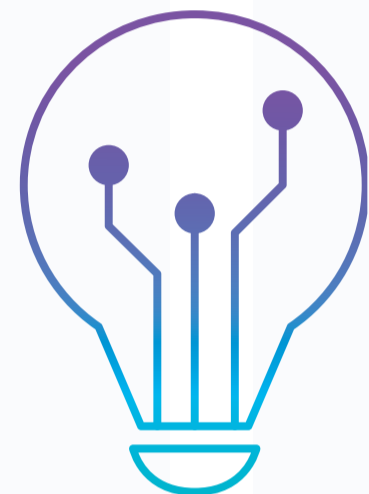
Although overall **demand for traditional voice is slowing**, it remains a critically important service for the SMB segment. CSPs' legacy voice infrastructure constrains innovation, and **a new approach is needed** to optimize these offers. A cloud-based, AI-enabled infrastructure allows CSPs to integrate with the burgeoning cloud ecosystem and reap the service and analytics benefits it provides.
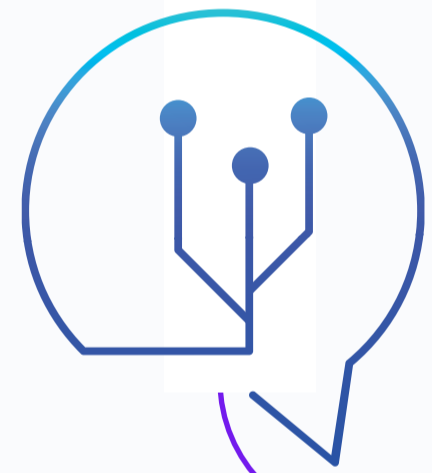
SMBs face unique challenges in serving their customers. They need to provide **top-level customer service** to remain competitive, but they lack the extensive technical expertise and financial resources to implement a full UCaaS solution. They need a **reliable, easy-to-use service** that allows them to respond quickly to customers, protect their data and their customers' data, and gain trend insights from customer calls. By AI-enabling traditional voice, CSPs give them this service.
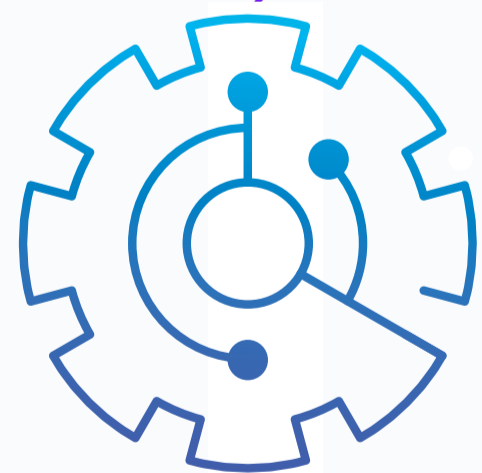
Moving to a cloud-based, AI-enabled voice communications infrastructure gives CSPs the opportunity to embrace AI in a low-risk way, **improve the customer experience** for an often-underserved SMB segment, and **deliver the innovation** to drive differentiation and much-needed growth.
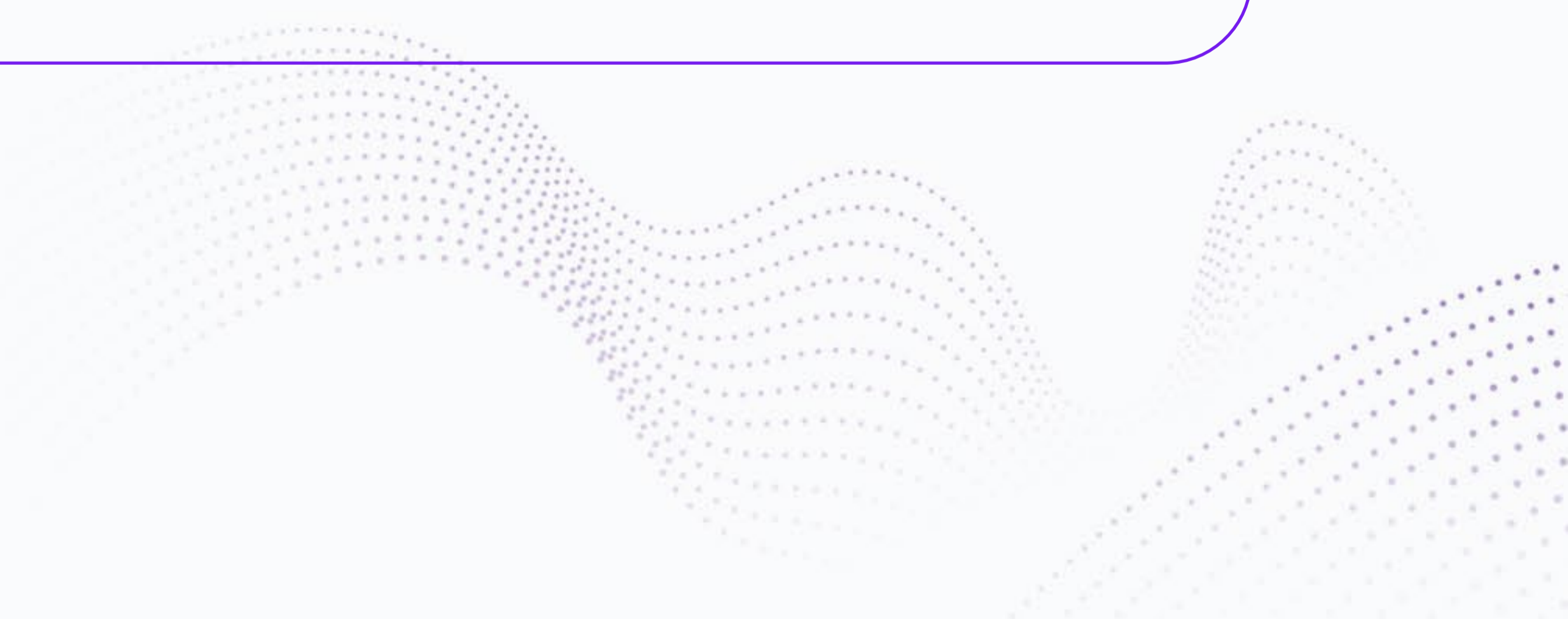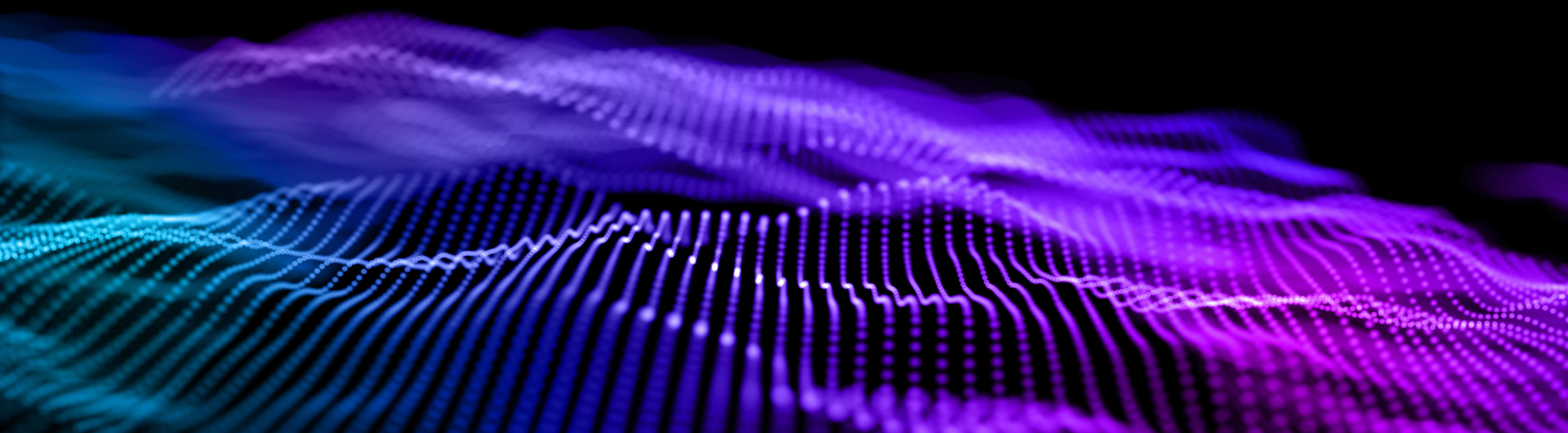
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Methodology

The survey and related report were created by Omdia as part of a custom engagement commissioned by Alianza. The survey of decision-makers from 54 SMBs and 60 communication service providers was conducted by Omdia and a third-party survey provider during 3Q24 to understand their opinions regarding voice and the use of AI to enhance voice solutions.

Cindy Whelan, Practice Leader

Roz Roseboro, Principal Analyst

Get in touch

www.omdia.com

askananalyst@omdia.com