

# Generating Value From A Microsoft Teams Voice Practice

Since the onset of the pandemic, the growth of Microsoft Teams has been stratospheric, with over 320 million monthly active collaboration users and 20 million connected to PSTN calling. Teams is dominating the collaboration market, but such a large market creates fierce competition with the associated price pressure on mature services.

**320+ million**

active Microsoft  
Teams users



**20 million**

of those users are  
connected to PSTN



According to the analyst company Cavell, in the past 24-36 months, the average price for direct routing has dropped by 30% in the US and major European markets. In the UK market, the price for direct routing varies considerably, with the highest price for direct routing being 70% above the lowest. Direct routing is now starting to look very similar to the SIP trunking market of ten years ago, with ever-lower standing charges and revenue recovery on minutes.

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*"We looked at this in 2021 and average price PUPM for DR was \$9.30 then when we last looked in 2023 it was \$6.16 so a really significant 30%+ price consolidation over 2-3 years"*

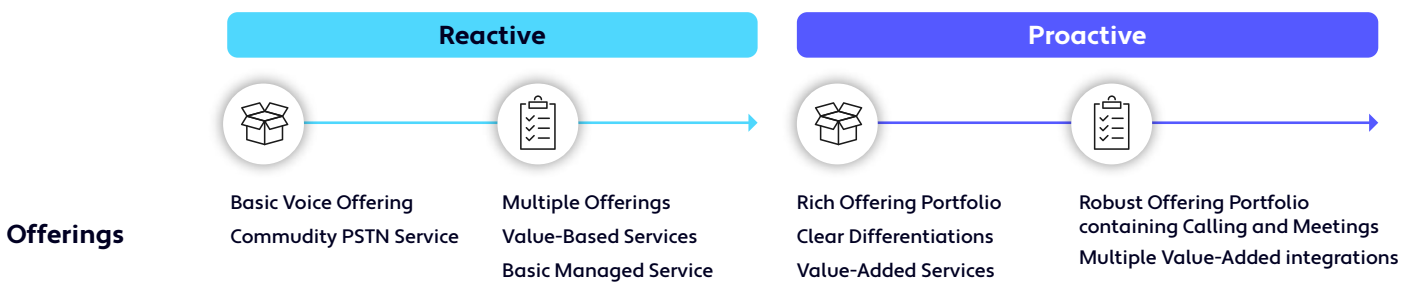
Paul Watson, Head of Research Cavell

# Creating Additional Value With Microsoft Teams

Within their operator guide, Microsoft lays out a structure to create value from a Teams offering, covering the investment needed to truly create a differentiated portfolio in market. This creates an

investment/return dilemma for service providers wishing to build a comprehensive Teams voice practice. How much should be invested upfront, and when will the returns arrive?

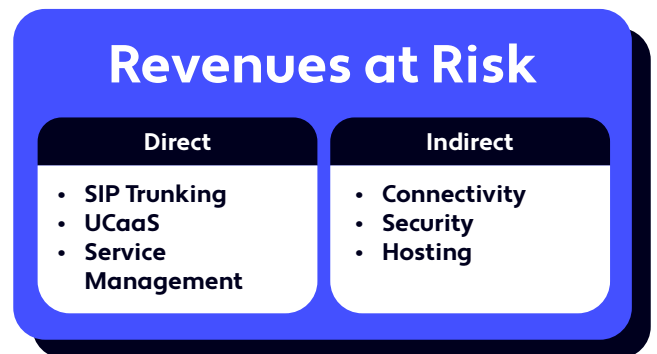
## Go-To-Market Engagement



Source: Microsoft Operator Guide 2024

## Investment Strategy

Teams investment strategies centre on the amount of revenue at risk to Teams, alongside the growth potential from the overall Teams market. Service providers with significant exposure to Teams migration via their SIP trunking services, managed PBX, or legacy UCaaS offerings will need to build a robust Teams practice to protect current revenue streams. Beyond the voice components, service providers should consider the wider impact to connectivity services like MPLS//SD-WAN, which they may also be bundling. Not offering a comprehensive Teams voice portfolio exposes service providers to the threat of total customer churn beyond voice into connectivity, hosting and security services.



Teams also presents an excellent attack surface for service providers looking to enter the business voice market. By investing in Operator Connect, which positions the service provider in the Teams portal for would be customers, there is a fast-track route to revenues.

# Building A Portfolio Of Value-Added Services

Service	Average price per seat per user/month	Penetration rate
Call analytics	\$4-6	10-20%
CRM Integration	\$6-12	10-15%
Call recording/transcription	\$5-30	5-10%
Lite contact center	\$5-15	5-10%
Full contact center	\$30-150	5-10%

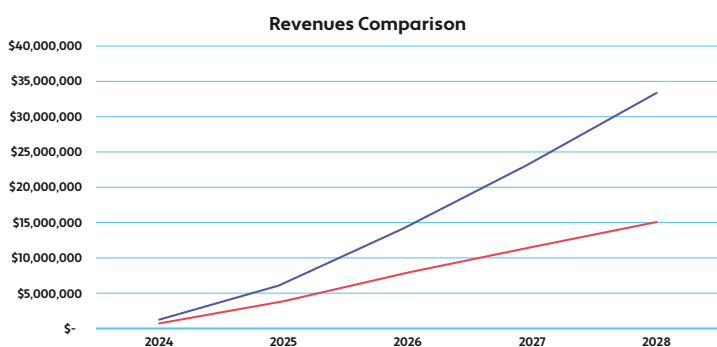
The easiest way to offset the erosive consequences of competition is to build a portfolio of value-added services to accompany your Teams calling offerings. The common services that are added include call analytics, CRM integration, call recording and contact center. These services can add anywhere between \$3 and \$10 per user per month, lifting average account revenue by as much as 40%.

The amount of uplift depends on the mix of value-added services employed on an account-by-account basis, with the highest frequency attachments being call analytics and business management integration.

*“Call analytics and reporting is a highly sought-after service bolt-on for Gamma’s Operator Connect and direct routing services, offering valuable insights that enhance customer communications and operational efficiency.”*

**Paul Craft, Product Manager – Strategic Partnerships at Gamma**

## Example Business Case



Below is an example of a Teams phone practice that has grown to over 450,000 seats and is generating approximately \$28 million in revenues from direct routing and Operator Connect. By employing two value-added services, revenues are almost doubled from \$15 million to nearly \$35 million. Over a four-year period, the value-added services generate an additional \$40 million in revenues.

This simulation creates such a large dichotomy between the VAS and non-VAS revenues because of a number of factors.

- The VAS services contribute \$12 million of revenue in their own right
- By having VAS, the churn rate is significantly reduced compared to the non-VAS
- The VAS example will also grow more as the service is more competitive in the market compared to the non-VAS service.

Note that in the example, we have not factored in the loss of other services like connectivity and security, so the likelihood is the revenue impact will be even more significant.

These figures will vary depending on the local market conditions, but suffice to say if you are in one of the leading Teams voice markets, then having a portfolio of VAS is mandatory to maintain competitiveness.

# Attach Or Embed?

As the market matures, service providers have begun changing their approach with value-added services to embed them into the service itself. This has been a common practice in the traditional UCaaS market, where players bundled a range of capabilities into a good, better, best approach. The diagram on the right shows an example from TPX’s existing UCaaS offer, where a range of call reporting features are broken out and offered in various different packages to the market. This is likely how the market will develop over the coming years, with increasing numbers of value-added capabilities being embedded into Teams calling bundles alongside the basic calling service.

Feature	Historic*	Basic	Advanced
Historic call logging and reporting	■	■	■
Cradle-to-grave call visibility	■	■	■
Trend analysis by timeframe	■	■	■
Scheduled reporting	■	■	■
Dashboard view	■	■	■
Real-time call analytics		■	■
Mobile app (Android and iOS)		■	■
Adandoned call recovery		■	■
Monitor extension activity		■	■
Call control		■	■
BLF view		■	■
Alarms for key performance metrics		■	■
Wallboard		■	■
List view		■	■
Chart view		■	■
Financial statistics		■	■
Analysis by Hunt Group			■
Agent reporting and control			■
Account/disposition code statistics			■

# Serious About Teams Calling? You Need Value-Added Services

Three years ago, it was possible to be competitive in the Teams calling market by having a reasonably priced direct routing offer. However, today there are over 300 service providers offering this product, alongside almost another 100 offering the Microsoft-certified alternative, Operator Connect. Consequently, differentiation is increasingly moving from the basic service and management to the suite of value-added capabilities that can be attached to the service. Service providers looking to remain competitive in the Teams calling market will need to invest in a range of value-added capabilities to bolster their basic services. Akixi can assist service providers in developing their VAS strategy by developing the business rationale, service selection, and ultimately the service roll-out into market.

*“To remain competitive and retain significant value from the Teams calling market, service providers need to invest in a portfolio of value-added services.”*

Cavell