

Customer Communications Report:

How Businesses Use Cloud

Communications to Fuel Growth

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What is Cloud Communications/CPaaS?

Cloud communications are functionalities such as SMS/text, video, voice, and push notifications that are embedded in websites and mobile apps. Some examples are appointment reminders, shipping notifications and one-time passcodes. Cloud communications are also known as Communications Platform as a Service/CPaaS.

Introduction

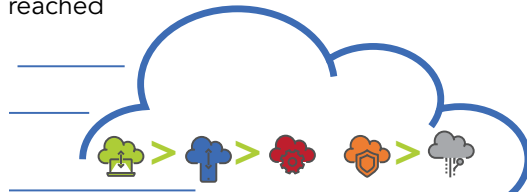
In the digital marketplace, change happens with breathtaking speed. Companies that fail to meet growing customer expectations and deliver experiences they love are discovering how quick and easy it is for their customers to switch to competitors. Businesses are turning to cloud communications to stay competitive, transform customer engagement, improve customer satisfaction and propel financial success.

The cloud communications industry is experiencing significant growth. This study benchmarks the current and future use of Communications Platform as a Service/CPaaS, identifies why companies are adopting it, and estimates the impact of its use. In August, 2017, we surveyed 502 U.S. executives, directors and managers who are responsible for customer communications in their organizations. Participants came from companies that have 100 or more employees, offer consumer goods and services (B2C), and currently embed (or plan to embed) communications functions in consumer-facing applications or websites.

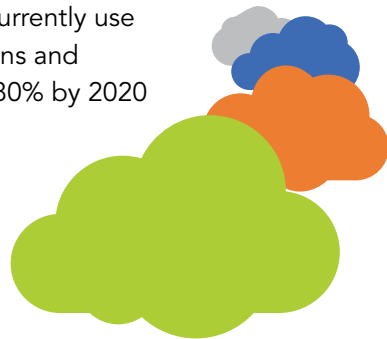
The research shows that nearly all companies are in the process of digital transformation and nearly a third have adopted cloud communications. Companies are using cloud communications as a way to accelerate digital transformation and improve customer experience, and those that have adopted cloud communications are seeing higher customer satisfaction and revenue growth.

KEY FINDINGS

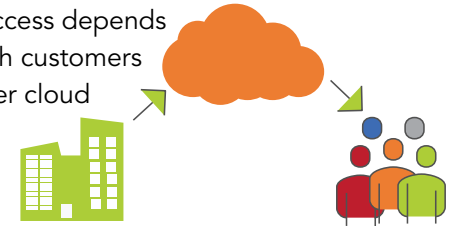
1 99% of companies are in the process of digital transformation, but only 29% have reached advanced stages



2 32% of businesses currently use cloud communications and adoption will reach 80% by 2020



3 87% say their company's success depends on the ability to connect with customers via SMS/text, voice and other cloud communication channels



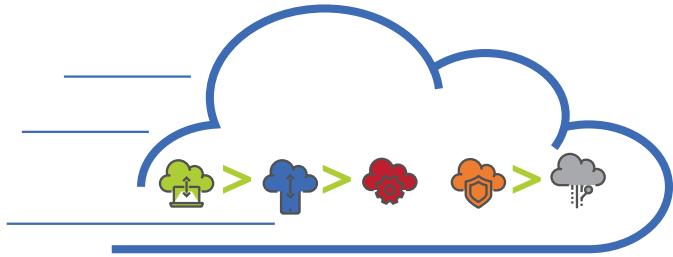
4 Improving customer experience is the main driver for adopting cloud communications



5 Companies that use cloud communications report higher customer satisfaction with their communication channels and higher revenue growth



LAWLESS RESEARCH



What is Digital Transformation?

Digital transformation is dramatically changing customer engagement, workforce communications, and team collaboration through mobile connectivity, cloud consumption, and self-service channels to create new ways of operating and growing your business.

Non-Digital

No plans or steps taken for digital transformation

Early

Planning for, or beginning, digital transformation

Intermediate

Digital transformation completed in some areas of the company

Advanced

Digital transformation achieved in all or most areas of the company

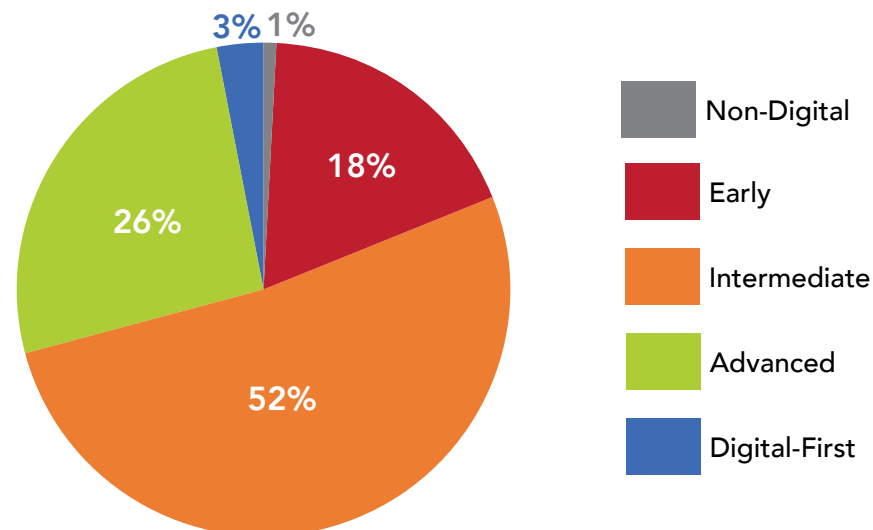
Digital-First

Created as a digital company

Key Finding 1: 99% of companies are in the process of digital transformation, but only 29% have reached advanced stages

Nearly all companies are working toward digital transformation. Only 1% of companies have taken no steps to digitally transform their businesses. Fewer than two out of ten companies (18%) are planning or beginning digital transformation; 52% have completed transformation in some areas of their company; 26% have achieved digital transformation in most areas; and 3% say their companies are digital-first.

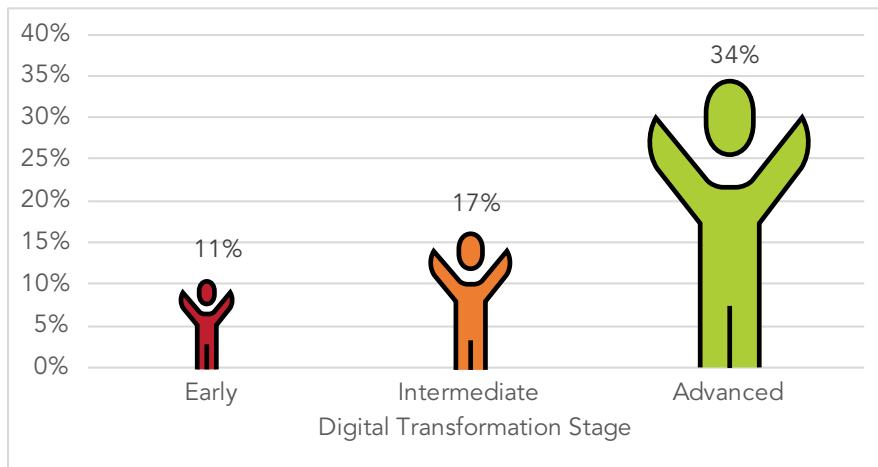
What level of digital transformation best describes your company?



Companies in advanced stages of digital transformation report three times the level of high customer satisfaction with communication channels.

Digital transformation raises the level of customer satisfaction. Over a third of advanced stage digital transformation companies say their customers are “very satisfied” with the channels they use to communicate with them: 34% vs. 11% of early stage companies.

Companies Whose Customers Are “Very Satisfied” with Channels



We believe business survival is tied to the ability to engage customers in delightful experiences where, when and how they want to be reached.

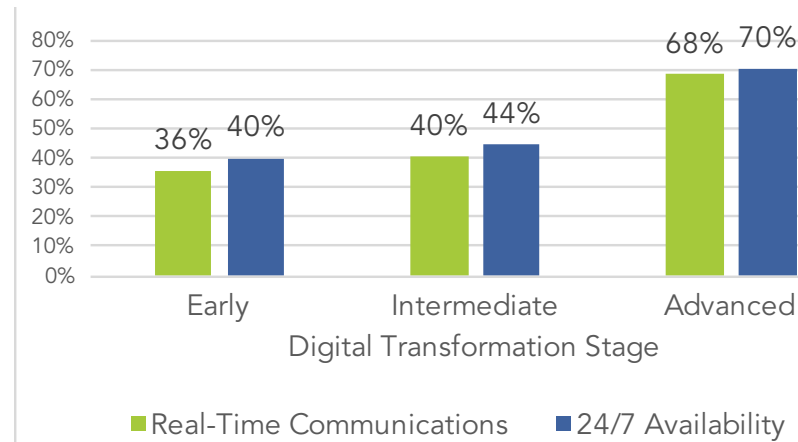
-Aled Miles, CEO of TeleSign

Companies in advanced stages of digital transformation are meeting demands for real-time communications and 24/7 communication availability.

Seven out of ten advanced stage companies are completely meeting customer expectations for 24/7 availability (70%) and real-time communications (68%).

Companies still in early stages of transformation are struggling, with 64% not meeting customers' expectations for real-time communications and 60% not meeting the demand for being available 24/7.

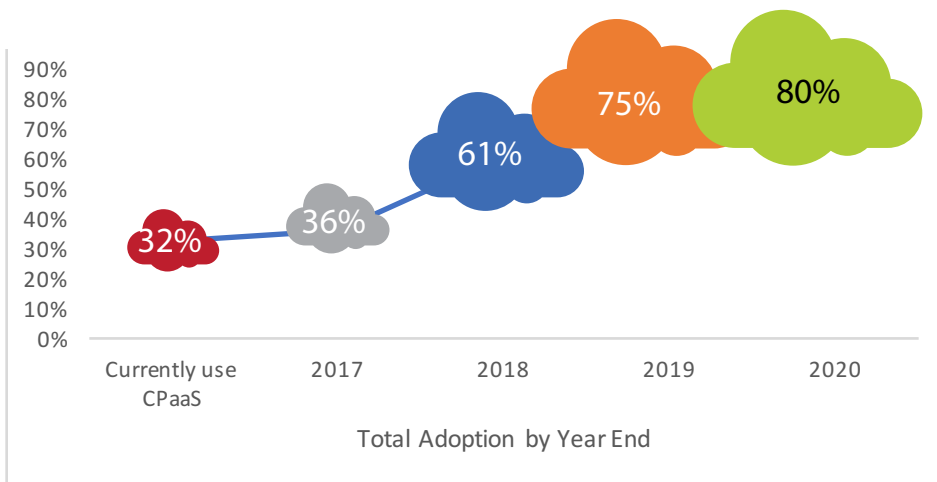
Companies Completely Meeting Expectations for Real-Time Communications and 24/7 Communication Availability



KEY FINDING 2: 32% of businesses currently use cloud communications and adoption will reach 80% by 2020

Nearly one-third of companies currently use cloud communications, with adoption rising to 80% by 2020. Although the cloud communications industry is emergent, 32% of B2C companies are currently using a cloud-based platform to interact with consumers. Adoption will rise slowly throughout 2017, jump to 61% in 2018, and reach 80% in 2020.

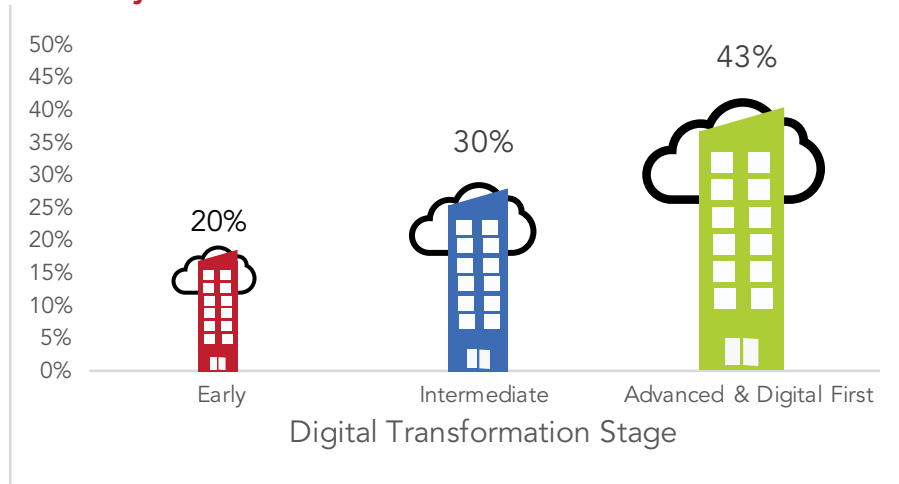
Cloud Communications Adoption



Cloud communications adoption is twice as high in advanced stage digital transformation companies.

Among companies that have achieved advanced digital transformation, 43% use cloud communications, compared with only 20% of companies in early stages of digital transformation.

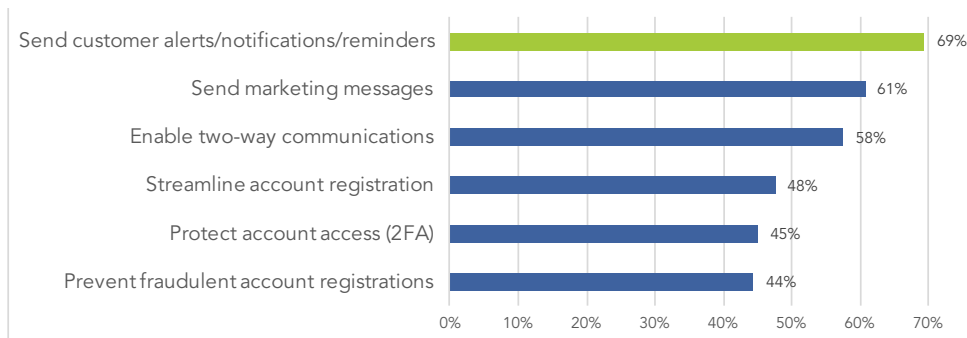
Currently Use Cloud Communications/CPaaS

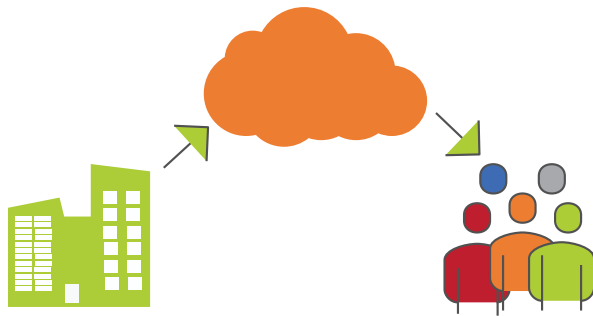


The primary use for cloud communications is sending alerts, notifications and reminders to customers.

Among cloud communications users, more than half use it to (1) send customers alerts, notifications and reminders, (2) send marketing messages, and (3) enable two-way communications.

Use Cases Among Cloud Communications Users

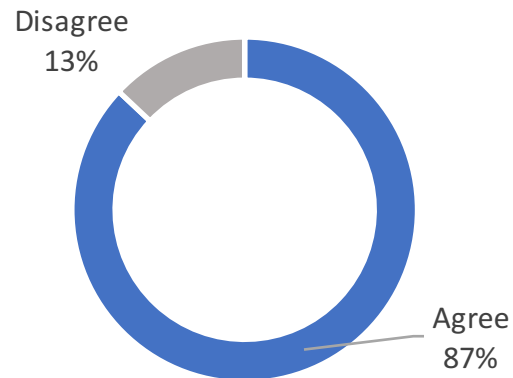




KEY FINDING 3: 87% say their company’s success depends on the ability to connect with customers via SMS/text, voice and other cloud communications channels

Almost nine out of ten companies tie their success to the ability to connect with consumers using cloud communications. Advanced stage digital companies link cloud communications with success even more strongly: 93% vs. 84% of early stage digital companies.

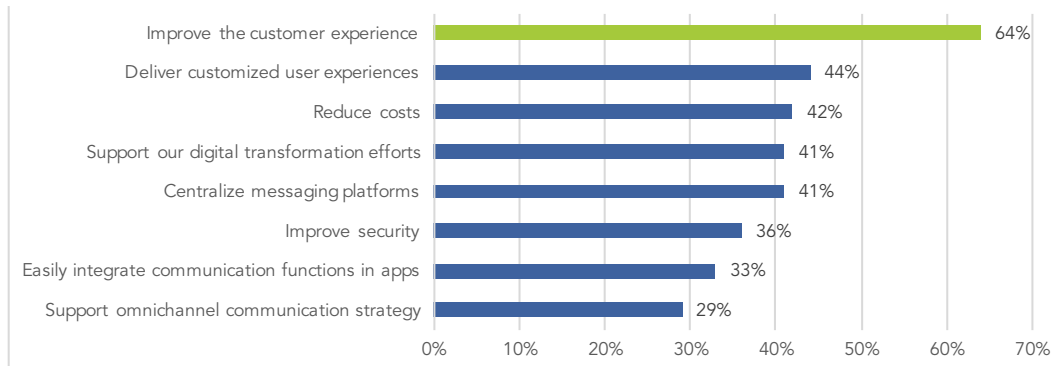
My company’s success depends on our ability to connect with customers via cloud communications.



Key Finding 4: Improving customer experience is the main driver for adopting cloud communications

More than six out of ten (64%) current and future cloud communications users say improving the customer experience is the top reason to use cloud communications. Four in ten businesses cite the following reasons for adopting cloud communications: deliver customized user experiences, reduce costs, support digital transformation, and centralize messaging platforms.

Reasons for Using Cloud Communications/CPaaS



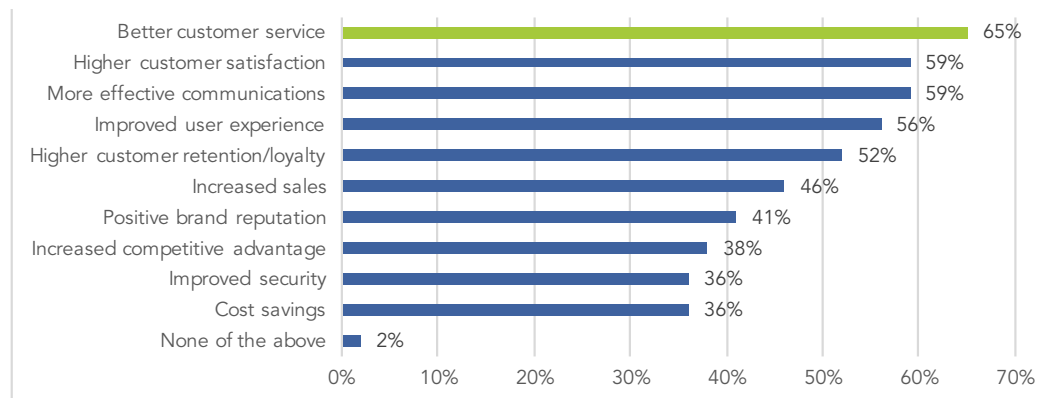
More cloud communications users say improved security is a benefit of cloud communications.

48% of those using cloud communications say a benefit of it is better security (vs. 30% of non-users).

Better customer service is the top benefit of cloud communications.

Six out of ten companies identify better customer service as a benefit of cloud communications. More than half say higher customer satisfaction, more effective communications, improved user experience, and higher customer retention or loyalty are benefits of using cloud communications.

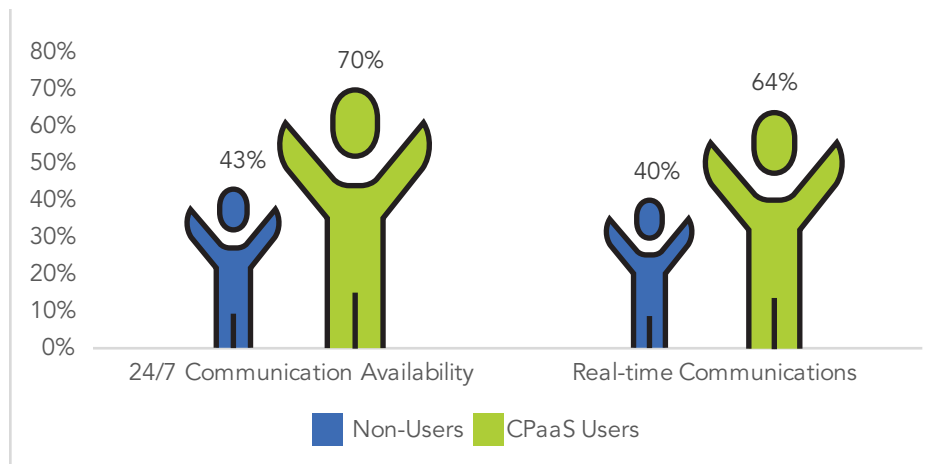
Top Benefits of Using Cloud Communications/CPaaS



Companies that use cloud communication are better able to meet customer expectations for 24/7 availability and real-time communications.

Among companies that use cloud communications, 70% are completely meeting customers' expectations to communicate 24/7 (vs. 43% of non-users) and 64% are meeting customer expectations for real-time communications (vs. 40% of non-users).

Companies That Are Completely Meeting Customer Expectations

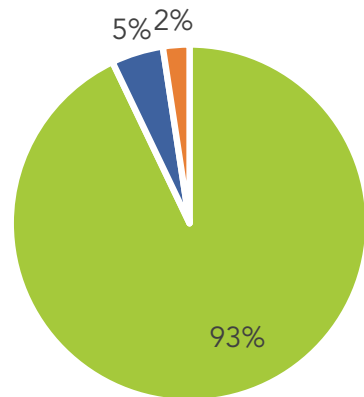




KEY FINDING 5: Companies that use cloud communications report higher customer satisfaction with their communications channels and higher revenue growth.

Companies that use cloud communications are twice as likely to have customers who are very satisfied with the channels used. 93% of cloud communications users say their company's embedding of communication functions in consumer-facing websites and mobile apps led to higher customer satisfaction.

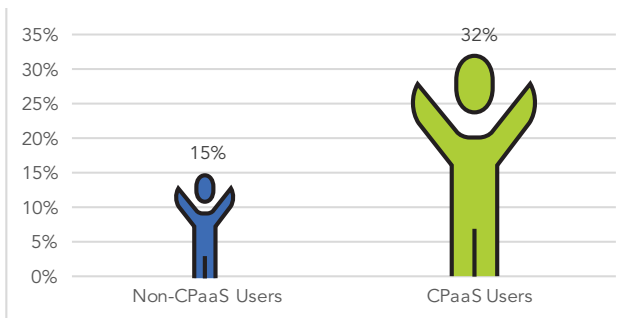
Has your company's embedding of communication functions in consumer-facing websites or mobile apps led to higher customer satisfaction?



■ Yes ■ No ■ Don't know

CPaaS Users

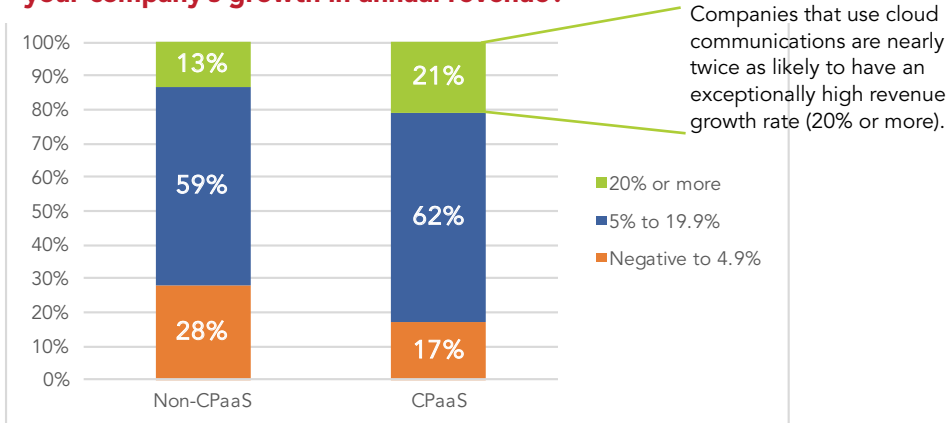
Companies with Customers Who Are Very Satisfied With Communications Channels



Annual revenue growth is higher in businesses that communicate with consumers using cloud communications.

Companies that use cloud communications/CPaaS are 1.6 times more likely to have annual revenue growth of 20% or more.

Between year-end 2015 and 2016, approximately what was your company's growth in annual revenue?





Respondent Demographics

Job Level

Manager	66%
Director	23%
Executive or C-level	11%

Responsibilities

Managing communications	52%
Establishing strategies for communications	47%
Creating communications sent to consumers	47%
Selecting technologies for communications	29%

Function or Department

Sales	28%
Customer Service or Support	17%
Marketing	13%
Executive Leadership	11%
Operations	9%
Information Technology	5%
Corporate Communications	4%
Product Management	4%
Ecommerce	2%
Public Relations	2%
Engineering	1%
Mobile Solutions	1%
Web/Software Development	1%
Other	2%



Company Demographics

Company Size

100 to 999	41%
1,000 to 4,999	27%
5,000 or more	32%

Primary Industry

Retail and ecommerce	15%
Financial services	12%
Healthcare	10%
Consumer goods	9%
Education	8%
Technology, software, or hardware	8%
Hospitality	7%
Manufacturing	6%
Professional services	4%
Real estate	4%
Automotive	3%
Non-profit	3%
Energy	2%
Media and entertainment	2%
Personal services	2%
Government	1%
Other	4%

Customer Type

Consumers only	25%
Both businesses and consumers	75%

Age of Business

1 to 4 years	4%
5 to 9 years	13%
10 to 19 years	20%
20 or more years	63%

Geographical Markets

North America	75%
Global	22%
Europe	10%
Central America	7%
South America	6%
Asia Pacific	5%
Middle East/North Africa	2%
Other	1%

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Annual Revenue Growth

Negative	2%
0%	2%
0.1% to 4.9%	19%
5% to 9.9%	27%
10% to 14.9%	19%
15% to 19.9%	9%
20% to 24.9%	6%
25% or more	8%
Don't know	8%

2016 Financial Goals

Exceeded financial goals	35%
Met financial goals	49%
Fell short of financial goals	14%
Don't know	2%

METHODOLOGY

TeleSign commissioned Lawless Research to design and conduct a study about B2C cloud communications practices. Between August 1 and August 7, 2017, 502 managers and above who currently have or plan to add communications functions in consumer-facing applications or websites completed the 10-minute online survey. The survey was hosted by Qualtrics and Research Now provided respondents from their online panel. Tests of significant differences were conducted at the .01 level (99% probability that the difference is real, not by chance).

ABOUT TELESIGN



TeleSign is a communications platform as a service (CPaaS) company, founded on security. Since 2005, TeleSign has been a trusted partner to 20 of the top 25 global websites and mobile applications, helping secure billions of end-user accounts. Today, TeleSign's data-driven, cloud communications platform is changing the way businesses engage with customers and prevent fraud. Get started at www.telesign.com and follow us @TeleSign for more information.

ABOUT LAWLESS RESEARCH

The Lawless Research logo is a red square with the words 'LAWLESS RESEARCH' in white, uppercase, sans-serif font, stacked vertically.

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RESEARCH

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