BT Means Business

Making the switch

Realise the benefits of IP technology ahead of the digital 'switch-on'

April 2023

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Executive summary

In the UK, the switch to a digital phone network using IP (Internet Protocol) technology has started. In certain parts of the country, the Public Switched Telephone Network (PSTN) will be switched off as soon as April 2023. By 2025, the PSTN, including the ISDN (Integrated Services Digital Network) – which has delivered UK telecommunications for decades – will be switched off for good. An IP fibre-based network and infrastructure will take its place, meaning an exciting transformation for all organisations.

The switch is mandated by the UK government in response to the growing demand for faster broadband and other digital communications services. This is an opportunity to move communications to digital and cloud-based services, and get more streamlined phone, conferencing, video, chat and other collaboration tools running on the internet or private networks, with all the speed and flexibility that comes with that.

We conducted a survey to assess how British businesses and public sector bodies are embracing this future of communications. We found that organisations need to make more of an effort to ensure that they are fully prepared for the move, and that their vital IT services do not go dark once the PSTN is switched off.

Digital and internet-enabled technologies have become so woven into our professional and personal lives, it is perhaps easy to imagine that migrating to an entirely internet-based, digital infrastructure will be as simple as flicking a switch. Most people can set up digital devices, streaming services, smart meters and more at home – so how hard can it really be?

It can be tempting to see this as something of a lesser priority, particularly in an uncertain economic climate.

But with some areas switching off PSTN within a few months, this is something that should be high on the agenda for every organisation in the UK. As this report makes clear, the de-prioritisation of this move to IP solutions is common to many organisations. From confusion over who is responsible for what to misaligned IT and wider organisational goals, there is a worrying complacency evident in almost every sector and in every region of the country.

There is also evidence that attention and investment are being directed to enticing new technologies. The appeal of the new is understandable, but budget would be better spent on the essential foundational work of establishing an underlying infrastructure that can support multiple IP-based communication solutions.

The good news is that the organisations that took part in our survey do have a firm grasp on what digital transformation can deliver, from

better working cultures to more sustainable businesses and more cost-efficient operations.

The move to a digital network gives organisations the opportunity to simplify their systems, keep on top of costs, and make it easier for their people to do what they need to get done, quickly – as well as enabling a much more flexible workplace.

What is needed now is a greater understanding of the relationship between the digital transformation of individual businesses and the digital transformation of the telecoms network. Preparing effectively for external changes to the national network will ensure that internal digital initiatives will continue to deliver. Making the move in plenty of time before the deadline means organisations can enjoy the benefits sooner and avoid disruption in the future.

In this report we look at why organisational leaders and IT teams need to come together, develop clear project plans, engage with partners and vendors and lead their organisations to success – and why the time to start is now.

Methodoloy

We commissioned an independent survey of 400 IT managers and 400 business leaders/CEOs in organisations with more than 500 employees in the following sectors across the UK: councils, finance, healthcare, hospitality, manufacturing and utilities, retail, travel and transport. The survey was carried out online between 25 November and 2 December 2022.

1

Business strategy and digital dependence

We live in a world where instant access is expected. Long gone are the days of walking around with a brick phone in the air trying to find service – and thinking that was okay. As such, it's crucial that the proper infrastructure is implemented to support ever-increasing data demands. That's where IP technology comes in. Delivering faster speeds, reliable connectivity and greater flexibility, IP solutions are built for the modern workforce.
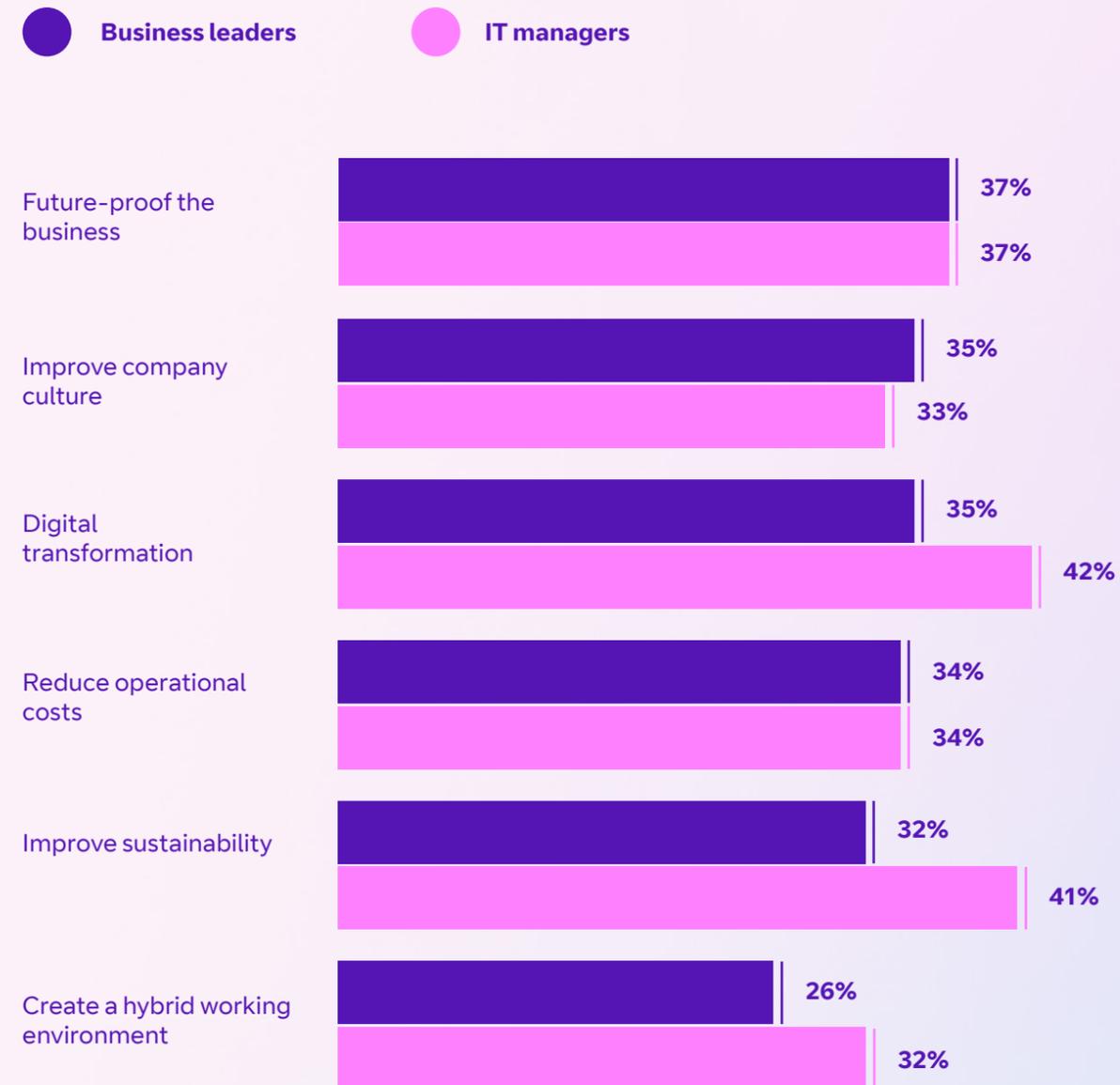
Understandably then, digital transformation is the most important strategic goal for the next five years for around four in ten organisations, just ahead of their next priority – improved sustainability. Preparing for a move to all-digital networks is a key tactic for achieving those goals. However, it's IT directors that pushed digital transformation into the top spot. CEOs and other leaders are prioritising efforts to future-proof their organisation and improve team culture – they put digital transformation in third place.

Of course, it can be hard to separate many of these strategic goals. Sustainability, reducing operational costs and improved company culture are all benefits associated with the move

to more digital operations. Equally, a future-proofed organisation has both sound financial foundations and digital capabilities that enable it to respond quickly to new people, new ideas, new technologies and new customers.

The results from both groups of respondents reflect both the interconnected nature of these goals as well as some subtle differences in perspective and responsibility. Business leaders and CEOs are understandably more concerned with the economic outlook than their IT directors and have a broader view of the challenges their organisation faces. Equally, creating a sustainable IT estate has been front of mind within the technology sector for some time.

What, if any, are your organisation's top strategic goals for the next five years?

● Business leaders   ● IT managers

Goal	Business leaders	IT managers
Future-proof the business	37%	37%
Improve company culture	35%	33%
Digital transformation	35%	42%
Reduce operational costs	34%	34%
Improve sustainability	32%	41%
Create a hybrid working environment	26%	32%

Greater internal collaboration will help smooth the path to a fully digital network.

That said, there are a couple of areas where the differences between senior business leaders or CEOs and their IT teams are more stark - most notably around questions of how well IT and business teams work together.
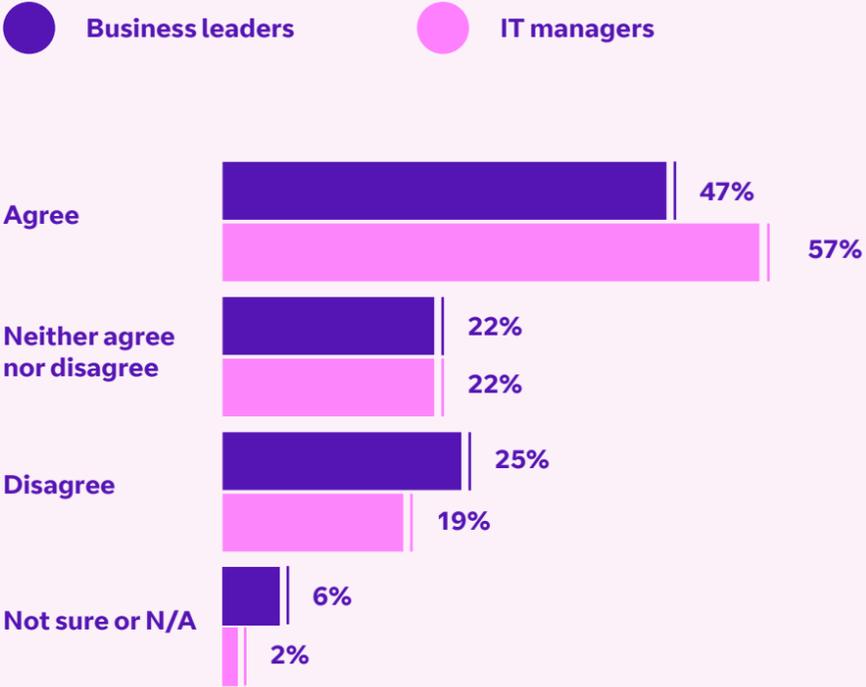
For example, nearly 60% of IT heads feel that their team is aligned with wider business goals, but less than half of all business leaders and CEOs agreed with them. What's more, IT directors were more likely than business leaders to say that there's a mutual understanding of each other's priorities.

When business leaders were asked whether they and their colleagues make an effort to understand the day-to-day work of technology projects, less than half said yes. This is not a new issue. But addressing it by finding ways for greater internal collaboration will help smooth the path to a fully digital network.
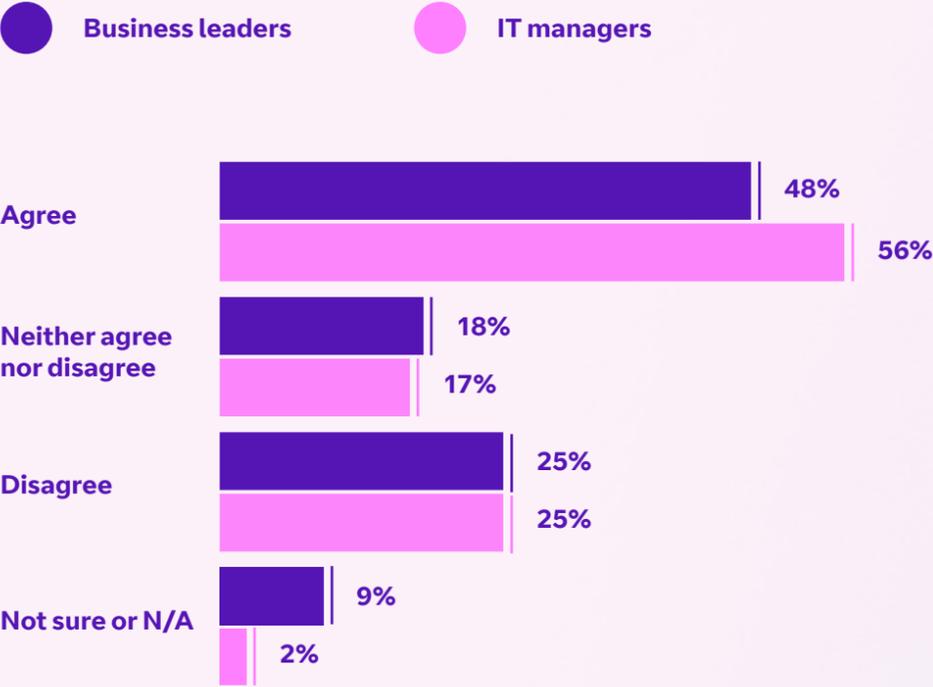
We asked business leaders and IT managers to what extent, if at all, do you agree or disagree with the following statements about your company's business strategy and operations?
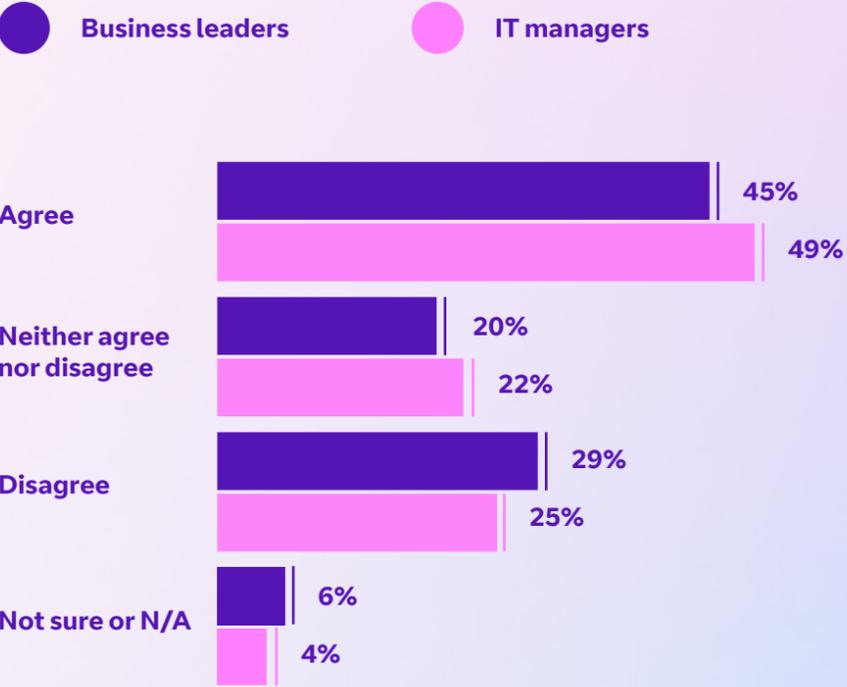
I feel my organisation's IT team is aligned with the wider business goals

● Business leaders   ● IT managers

Agree	47%
	57%
Neither agree nor disagree	22%
	22%
Disagree	25%
	19%
Not sure or N/A	6%
	2%

Business leaders and IT teams understand each other's priorities

● Business leaders   ● IT managers

Agree	48%
	56%
Neither agree nor disagree	18%
	17%
Disagree	25%
	25%
Not sure or N/A	9%
	2%

Business leaders in our organisation do not make an effort to understand the day-to-day of technology projects

● Business leaders   ● IT managers

Agree	45%
	49%
Neither agree nor disagree	20%
	22%
Disagree	29%
	25%
Not sure or N/A	6%
	4%

Communications built for the modern workforce

As for organisational culture, more than half of all respondents agree that helping to create the best possible environment for employees – whether they are remote or on-site – is important to them. The same number agree that technology upgrades are crucial to their organisation's culture and the future of work.

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Currently, different working styles – hybrid working, remote working and in-person working – are equally represented

across all organisations. In total, 53% of respondents want the future of their organisation to be – or to remain – hybrid, with enthusiasm for off-site working slightly higher among IT teams than business leaders. In this sense, IT workers reflect the wider workforce. In 2022, the ONS found that **more than eight in ten workers** who had to work from home during the pandemic said they planned to continue doing so through hybrid work.

Organisations want cost-effective, digitally enabled and sustainable operations that are fit for the future.

In fact, the pandemic acted as a 'moment of truth' for many organisations, revealing if they were prepared for the future of work. It spurred organisations on to switch their communications to the cloud; those that accelerated the move experienced a much easier transition to home working in comparison to organisations still using traditional solutions.
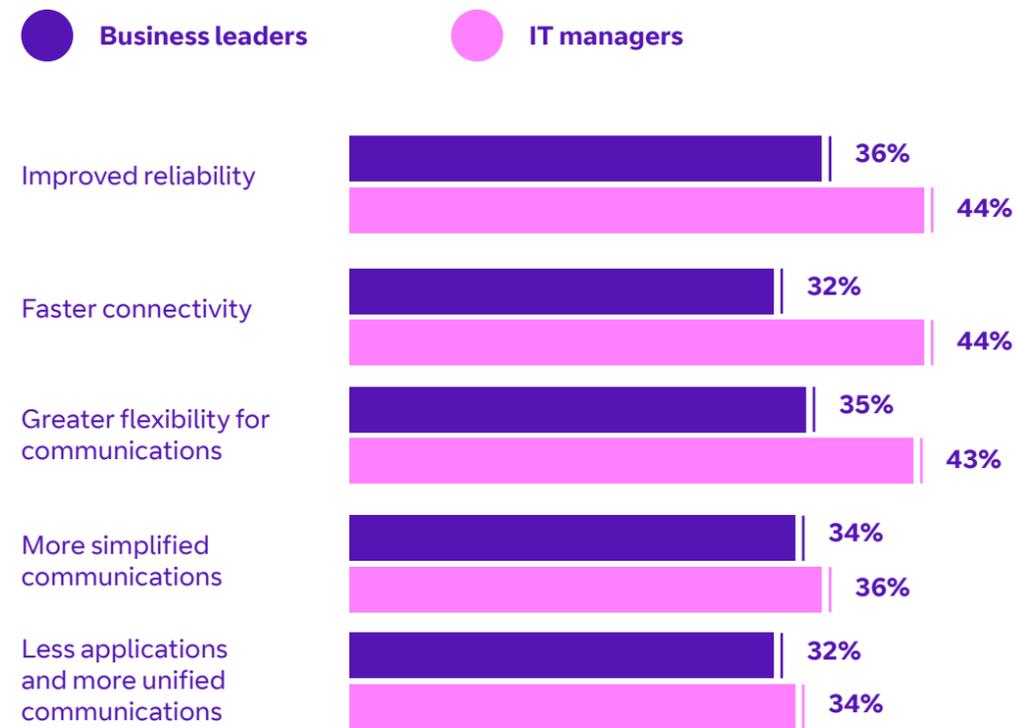
Again, this is a key advantage of moving to a fully digital network. It enables organisations to use the tools that fit around employees' actual working lives – allowing them to make calls and use video, chat or apps on any device, from any location, with all the necessary information at their fingertips – rather than tying them to their desk. The majority of organisations, therefore, want to see the benefits of moving to more cost-effective, digitally enabled, and sustainable operations that are fit for the future.

2

Staying ahead of the switchover

Making the move to the cloud early means making the most of all the benefits early. Organisations that switch sooner rather than later will be ready to embrace new business models and meet the unpredictable head-on.

What motivated, or what is motivating, your organisation the most to move to the cloud or a digital voice solution?

● Business leaders   ● IT managers

Improved reliability
- Business leaders: 36%
- IT managers: 44%

Faster connectivity
- Business leaders: 32%
- IT managers: 44%

Greater flexibility for communications
- Business leaders: 35%
- IT managers: 43%

More simplified communications
- Business leaders: 34%
- IT managers: 36%

Less applications and more unified communications
- Business leaders: 32%
- IT managers: 34%

Top three motivating factors for moving to a digital phone network are: improved reliability, greater flexibility for communications, and faster connectivity.

The benefits afforded by cloud or digital voice solutions are recognised. Survey respondents said that their top three motivating factors for moving to a digital phone network are: improved reliability, greater flexibility for communications, and faster connectivity. It is an opportunity to streamline the complexity of the current suite of communication tools and bring it all into one simple system, making it easier to analyse performance, allocate budget and stay current.

But not everyone sees the link between these benefits and the wider organisational priorities. The commitment to better working culture and a desire for more remote working options is certainly evident in the survey and, as discussed above, a fully digital network is key to enabling remote working in all types of commercial and public sectors. Yet less than half of all respondents agree that a failure to migrate to the digital phone network will negatively affect company culture and the future of work.

The time is now

There are also signs of complacency when it comes to the upcoming PSTN switch-off. Nearly 60% of all business leaders and more than 70% of all IT staff surveyed think that moving their communications to the cloud or a digital voice solution will be easy.

It's a strong suggestion that many are underestimating the size and scale of such a migration project. This lack of urgency is given extra weight by the fact that only 6% of all organisations surveyed say that moving their communications to the cloud or a digital voice solution is already underway – only slightly more than the number of businesses that are waiting up to a year to start their own migration (5%).

More than half (57%) propose to start their move within the next six months. The rest are opting for a six-to-twelve-month timeframe. But time is ticking: the process is a complex one and the switch-off is getting closer. We would encourage those organisations waiting more than six months to start their move, to bring their start date forward to minimise potential disruption and to begin reaping the benefits as soon as possible. Especially because the reality is that more than half (52%) agree that their organisation is struggling for a consistent strategy and execution for moving communications to the cloud or a digital voice solution across all its sites.

Only 6% of all organisations surveyed say that moving their communications to the cloud or a digital voice solution is already underway

Any organisation that has not completed its transition will find that its systems and solutions will no longer work from December 2025. That will create immense problems for IT teams and will also stall plans for future-proofed and digitally transformed organisations.

When do you plan to move your communications to the cloud or a digital voice solution?

- It's already in the process of being moved
- 1-2 months
- 3-4 months
- 5-6 months
- 7-8 months
- 9-10 months
- 11-12 months

6% 7% 18% 32% 22% 10% 5%
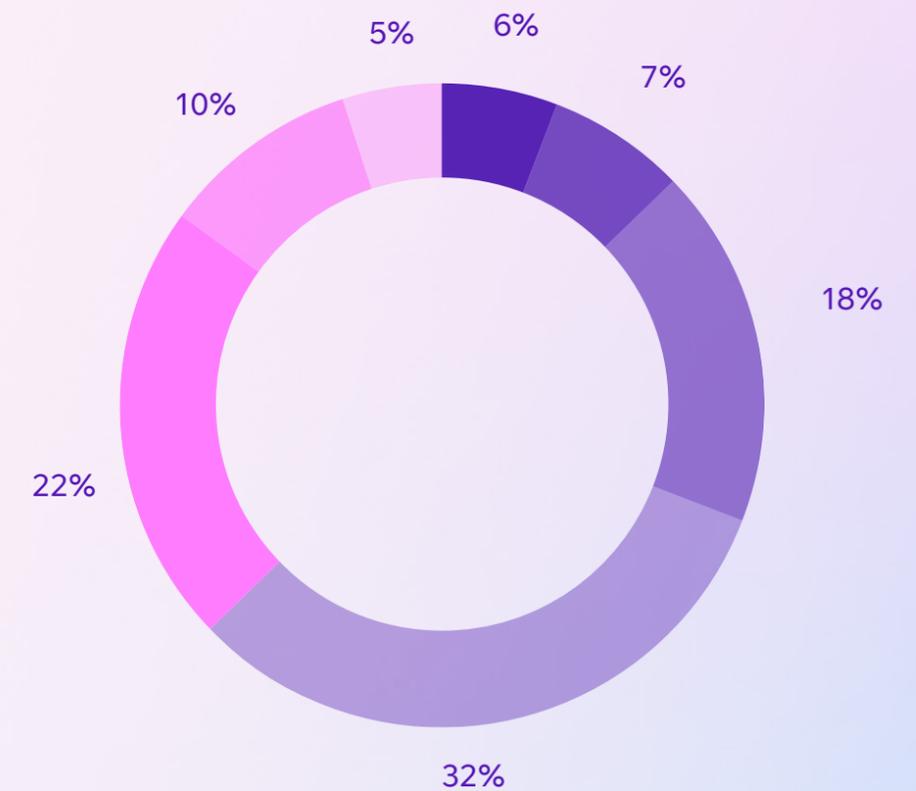
Collaborating for success

Action needs to be taken to ensure a smooth and successful transition to fully digital solutions, and any successful migration plan must understand and overcome barriers to change – both real and perceived.
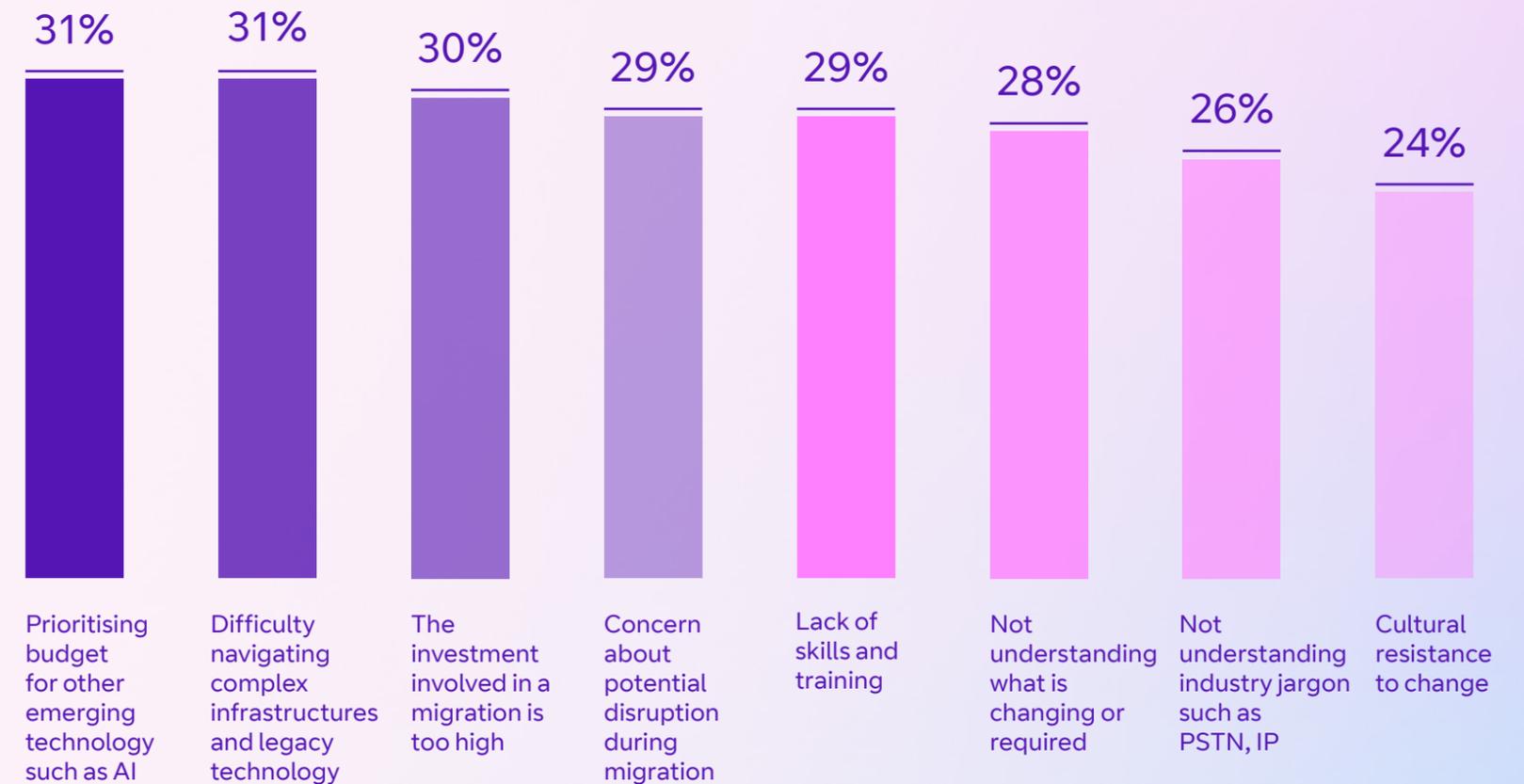
Although many respondents said that moving their organisation's communications to a fully digital network would be easy, they can still acknowledge the challenges involved. When asked which barriers are preventing (or have prevented) them from making the move, the top three answers were: the difficulty of navigating complex infrastructures and legacy technology; the high level of investment required in the current economic climate; and the desire to prioritise budget for other, emerging technologies such as AI.

There's a lot to unpack here. The complexity of the move is a reason to start now, not in six months' time. The attraction of other, perhaps flashier, technology is understandable but there is a compelling case in favour of getting the fundamentals sorted out before bringing in the latest technology. There is also a strong argument that embracing the move to a digital phone network now means the time to benefit will be shorter and organisations will be in a much stronger position to build a more streamlined, digitally enabled and sustainable operation.

Top barriers preventing moving to a digital network are: difficulty navigating complex infrastructures, high investment and prioritising budget for other emerging technologies

What, if any, are your organisation's top strategic goals for the next five years?

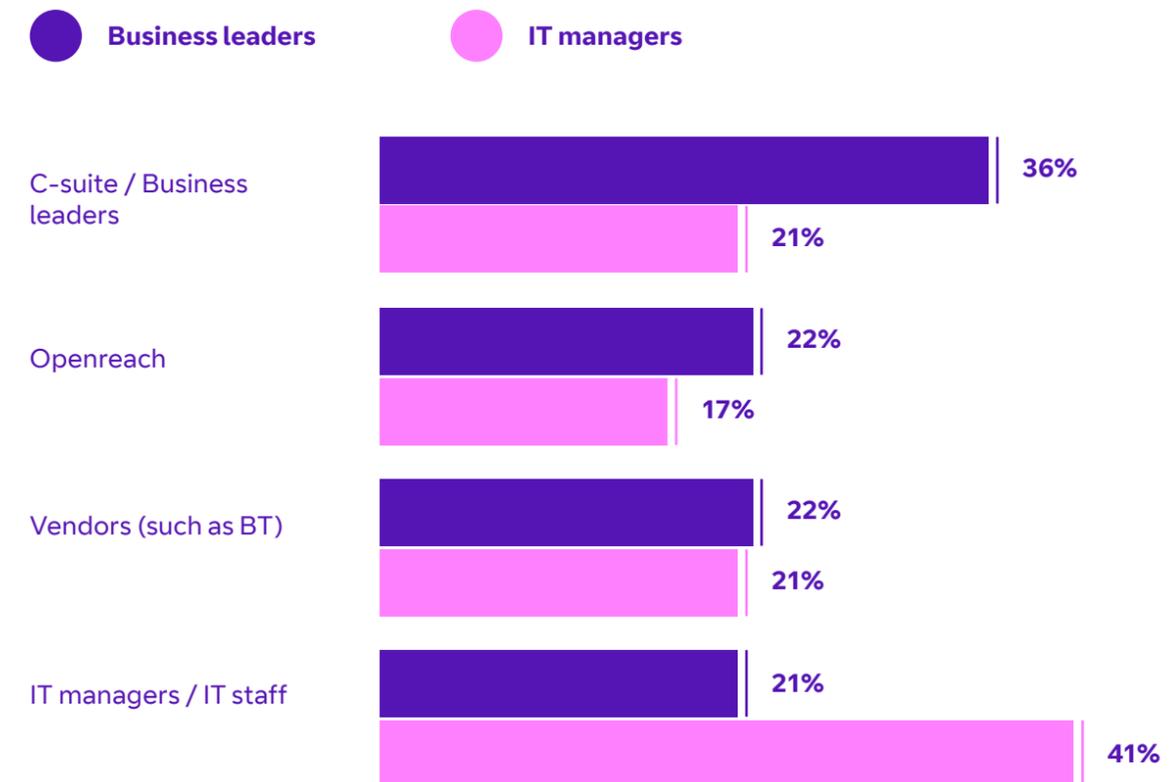| 31%	31%	30%	29%	29%	28%	26%	24%
Prioritising budget for other emerging technology such as AI	Difficulty navigating complex infrastructures and legacy technology	The investment involved in a migration is too high	Concern about potential disruption during migration	Lack of skills and training	Not understanding what is changing or required	Not understanding industry jargon such as PSTN, IP	Cultural resistance to change

Interestingly, the biggest difference between the two groups was concern about potential disruption during migration: a third of IT respondents said this was a barrier to migration, but only a quarter of business leaders agreed. It's another subtle indication that business leaders in particular are underestimating both the potential benefit and the scale of the work that is required.

This is important because 36% of business leaders state that they are mainly responsible for driving the migration of their organisation's communications to the cloud or digital voice solutions. Another 44% think it's external third parties, and only 21% think it's their IT team. This is almost entirely reversed among IT respondents: 41% believe they and their team are responsible for driving migration, and 21% think it's the C-suite.

As we've seen, moving communications to the cloud is no mean feat. There's a clear opportunity for collaboration between these two job roles to ensure a clear strategy is defined and there's enough time to plan.

Who do you think is mainly responsible for driving the migration of your communications to the cloud, or digital voice solutions for your organisation?

● **Business leaders**   ● **IT managers**

	Business leaders	IT managers
C-suite / Business leaders	36%	21%
Openreach	22%	17%
Vendors (such as BT)	22%	21%
IT managers / IT staff	21%	41%

3 Kickstart the switch with a plan

This is a complex project with a strict and shortening timeframe. It requires coordination, collaboration and leadership from within.

The move to a digital phone network will enable organisations throughout the UK to meet their stated strategic ambitions and their technological goals. Improved sustainability, reduced operational costs, and a company culture that suits today's workforce are all on offer; as is faster, more reliable, and more efficient connectivity. Creating a future-proof organisation able to respond to new challenges and make the most out of technology solutions is very much dependent on successfully moving to a digital phone network.

Key steps to success

To minimise the disruption and greatly enhance the chances of success, businesses need to act now. The key steps to success are:

1 Assign clear leadership that incorporates both organisational and technology perspectives and can communicate clearly with all parts of the business.

2 Identify the specific benefits for your organisation, what you hope to achieve from migration, and how this aligns with strategic goals in the short and longer term.

3 Identify the potential pitfalls that your organisation could face, who will be affected within your organisation, and mitigating strategies to minimise disruption.

4 Develop a roadmap for action and communicate it regularly to the wider organisation.

5 Most of all, engage with the available support and guidance. We want you to know we're here to help.

Begin with us today

The future of IP is here and following these steps will help ensure a successful move to the cloud or a digital voice solution. However, for organisations that are looking at this monumental task and don't know where to start, an audit of your current estate is recommended.

First, organisations must identify site locations, circuit types, associated phone numbers and fibre availability amongst other things to get a lay of the land. What's needed is an audit of all technology, including phones all the way to CCTV and alarm services, to understand what systems still use PSTN and ISDN. Then, organisations must figure out what fully-digital solutions can be used to replace them, from Unified Communications to Contact Centres. For help with this, we offer professional and managed services to help you audit technology and expertly design and deploy solutions.

As this report has shown, leaders understand the many benefits of IP solutions and are keen to engage in transforming their organisations for the future. However, they also often have misaligned business and IT priorities, are confused about who's responsible for what, and are underestimating the size and scale of migration projects. That's why we're here to help. No matter what stage of your IP journey you're at, we're here to support you every step of the way.

To find out how BT can help your business prepare for the PSTN switch-off and the move to a digital phone network, visit **bt.com/global-voice** or contact your account manager.

About BT

BT Group is the UK's leading provider of fixed and mobile telecommunications and related secure digital products, solutions and services. We also provide managed telecommunications, security and network and IT infrastructure services to customers across 180 countries.

BT Group consists of three customer-facing units: Consumer serves individuals and families in the UK; BT Business* covers companies and public services in the UK and internationally; Openreach is an independently governed, wholly owned subsidiary wholesaling fixed access infrastructure services to its customers - over 650 communication providers across the UK. British Telecommunications plc is a wholly owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on the London Stock Exchange.

For more information,