



Navigating the future of business communications

How IT providers can maximise growth opportunities with Microsoft Operator Connect

Whitepaper



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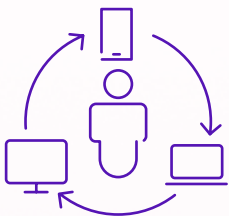
Fast facts

Market evolution: Cloud-based communication technologies, including unified communications as a service (UCaaS) are evolving the UK voice market, creating new opportunities for IT providers.



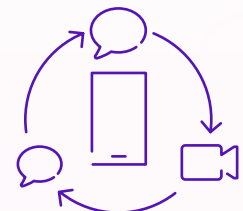
Growth projections: The UK cloud communications market is expected to **exceed £1.83bn** by 2028, with a compound annual growth rate (CAGR) of about 4.8%.

Microsoft Teams and Operator Connect: Teams has over **350 million users globally**, but only 20 million are telephony-enabled, highlighting a significant growth opportunity.



Integrated communication solutions: Remote work, digital transformation, and customer experience enhancements are driving demand for integrated communication solutions. IT providers can meet this demand with UCaaS solutions, including telephony for Microsoft Teams via Operator Connect.

Technology convergence: The convergence of voice, video, messaging and collaboration tools within UCaaS platforms creates a unified framework that enhances functionality and user experience.



IT providers have a unique opportunity to capitalise on the evolving UK voice market by using Operator Connect to offer integrated communication solutions.

Embracing these advancements can help IT providers to enhance their service portfolios, drive revenue growth and deliver unparalleled value to their customers.



More than 2 million new Operator Connect users are forecast to be deployed in the UK market over the next five years, creating a direct annual **revenue opportunity of more than £12m**. This also creates an additional value-added services revenue opportunity for IT providers.



Big opportunities in a shifting market

For decades, the UK voice market has been dominated by communications specialists who cater to businesses seeking reliable and efficient communication solutions. These specialists thrived in a landscape where traditional telephony and proprietary communication systems were ubiquitous. However, the advent of cloud-based communication technologies and the rise of UCaaS have begun to shift this paradigm, offering new avenues for specialist IT providers to penetrate and capitalise on this lucrative market.

The UK cloud communications market is poised for significant growth. Projections indicate it will surpass **£1.83 billion** in value by 2028, reflecting a CAGR of approximately **4.8%**, as reported in the Cavell UK Cloud Communications Market Report Q2 2024.

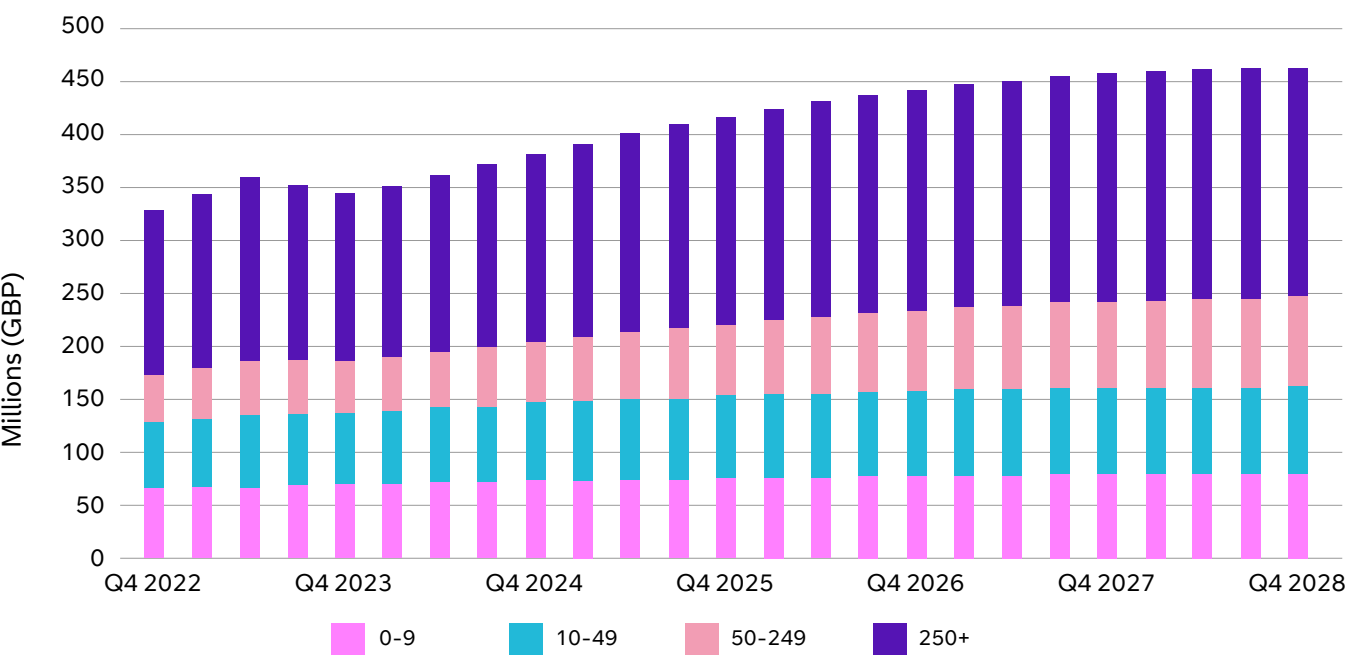


Figure 1: Cloud comms revenue forecast - Cavell UK Q2 2024 Cloud Comms Market Report

The power of Teams

Market growth has been particularly strong due to the rapid adoption of voice-enabled collaboration tools such as Microsoft Teams and the telephony add-on **Operator Connect**. Globally, Teams boasts over **350 million users**, but less than 10% (20 million) of those are telephony-enabled users, underscoring the immense potential for IT providers to benefit from these platforms. The popularity of Microsoft Teams voice solutions, such as Operator Connect, is bringing the worlds of IT and communications together.

The increasing prevalence of remote work, digital transformation initiatives and an emphasis on enhancing customer experience have accelerated demand for integrated communications. IT providers now have a unique opportunity to meet this demand by offering comprehensive UCaaS solutions, including telephony for Microsoft Teams. Unlike traditional communication specialists, IT providers can seamlessly integrate voice, video and collaborative tools within a unified framework, thereby addressing the evolving needs of modern organisations.



By embracing these advancements, IT providers can not only position themselves as key players in the UK voice market but also enhance their service portfolios, drive revenue growth and deliver unparalleled value to their customers. This whitepaper will explore the strategies and opportunities available to IT providers as they navigate this transformative landscape, ensuring they're ready to get the most from Operator Connect.

Convergence: A gateway to new opportunities for IT providers

Types of providers and technology convergence

The landscape of business communications has undergone a seismic shift, driven by the rapid evolution of cloud-based technologies and the increasing adoption of UCaaS. Historically, the market was fragmented, with specialised providers catering to distinct communication needs – voice, video, networking, security, productivity and collaboration – often in isolated silos. Traditional telephony providers focused on voice solutions, while other ‘IT specialists’ specialised in email, productivity software and infrastructure solutions.

However, comprehensive UCaaS platforms have paved the way for a more integrated approach. This convergence of technologies has blurred the lines between previously siloed communication services, creating a unified framework that enhances functionality and user experience.

Traditionally viewed as enablers of infrastructure and network services, IT providers now find themselves at the forefront of delivering complete communication solutions – encompassing voice, video, messaging and collaboration tools. Establishing customer loyalty has taken IT providers decades, so it’s critical to ensure they can retain their customers and provide them with the services they need.

Convergence in action

An example of this convergence can be seen in the healthcare industry, where IT providers implement unified communication solutions to streamline operations. Unified communication systems can be integrated directly into NHS patient management systems, automatically updating records with the latest information regarding patient care and removing the need for manual data entry.

Hospitals and clinics use these integrated platforms to facilitate real-time communication between medical staff, enhance patient care coordination and improve efficiency. By integrating voice, video and messaging into a single platform, healthcare providers can reduce response times and ensure that critical information is shared promptly.



The impact of Microsoft Teams voice solutions on the UK market

Microsoft Teams has emerged as a game-changer in the UK communications market, exemplifying the convergence of traditionally separate communication channels. With its robust voice solutions, Teams has successfully integrated telephony into its suite of collaboration tools, effectively bridging the gap between unified communications and traditional voice services.

The market penetration of Teams voice solutions is significant, with over **20 million telephony-enabled users globally**. Cavell's data shows there are already more than two million telephony-enabled Teams users in the UK alone, and this number is forecast to exceed six million by 2028. This creates a massive opportunity for the UK IT channel.

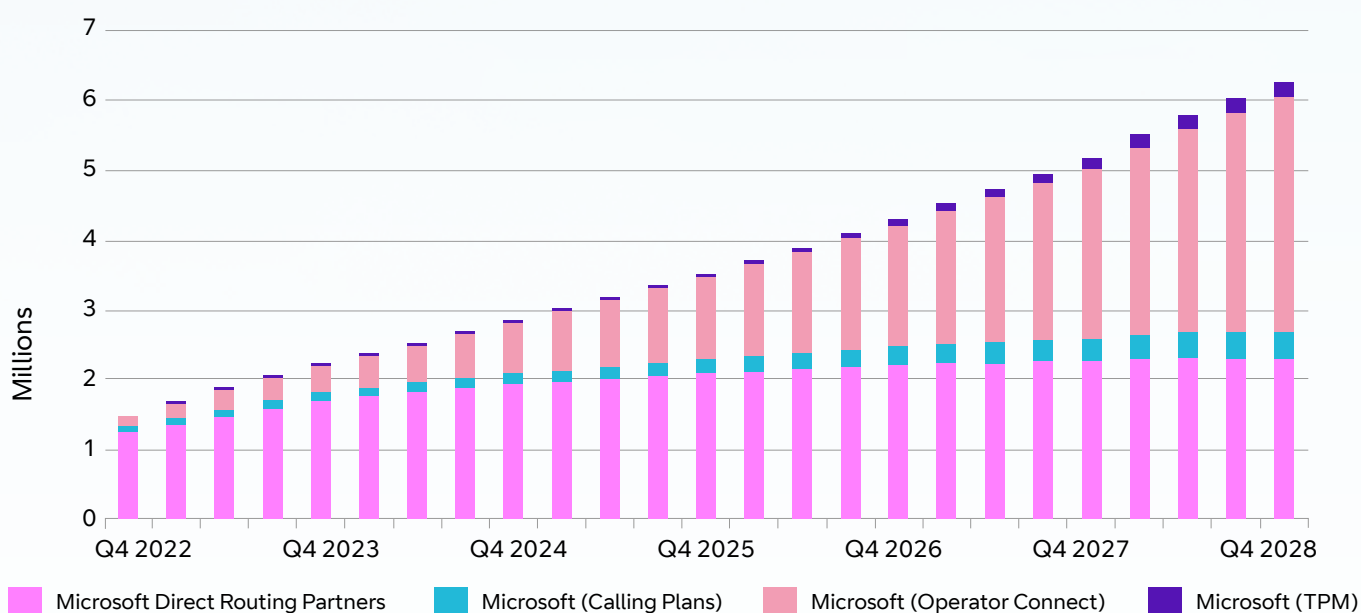


Figure 2: Microsoft telephony user forecast UK - Cavell UK Q2 2024 Cloud Comms Market Report

This widespread adoption underscores the platform's ability to meet the diverse communication needs of modern organisations, facilitating seamless collaboration and communication across various channels. By converging voice, video and messaging into a single platform, Teams has dismantled the silos that once characterised business communications, offering a cohesive and efficient solution. Technology providers must embrace this convergence and ensure they can provide converged solutions across the entire Microsoft stack, including its telephony options.

“There are 2,156 technology providers who publicise Microsoft 365 services in the UK, but only 891 of those providers also advertise telephony solutions”

Cavell Channel Insights Q2 2024

The number of providers who sell Microsoft 365 but don't offer PBX-related solutions creates a huge opportunity for a new cross-sell between the IT stack and communications solutions.

A notable example of this cross-sell opportunity is observed in the financial services sector. Banks and financial institutions have adopted Teams to enhance internal communication and improve client interaction. The integration of voice solutions within Teams allows financial advisors to conduct secure, high-quality voice and video calls with clients, ensuring confidential information is communicated effectively. This convergence has enabled financial institutions to offer personalised services while complying with regulatory requirements.

Microsoft Teams voice options: Market sizing and revenue potential

Microsoft Teams offers several voice options, each catering to users' and businesses' individual needs and preferences. The primary options include Microsoft Teams Calling Plans, Direct Routing and Operator Connect.

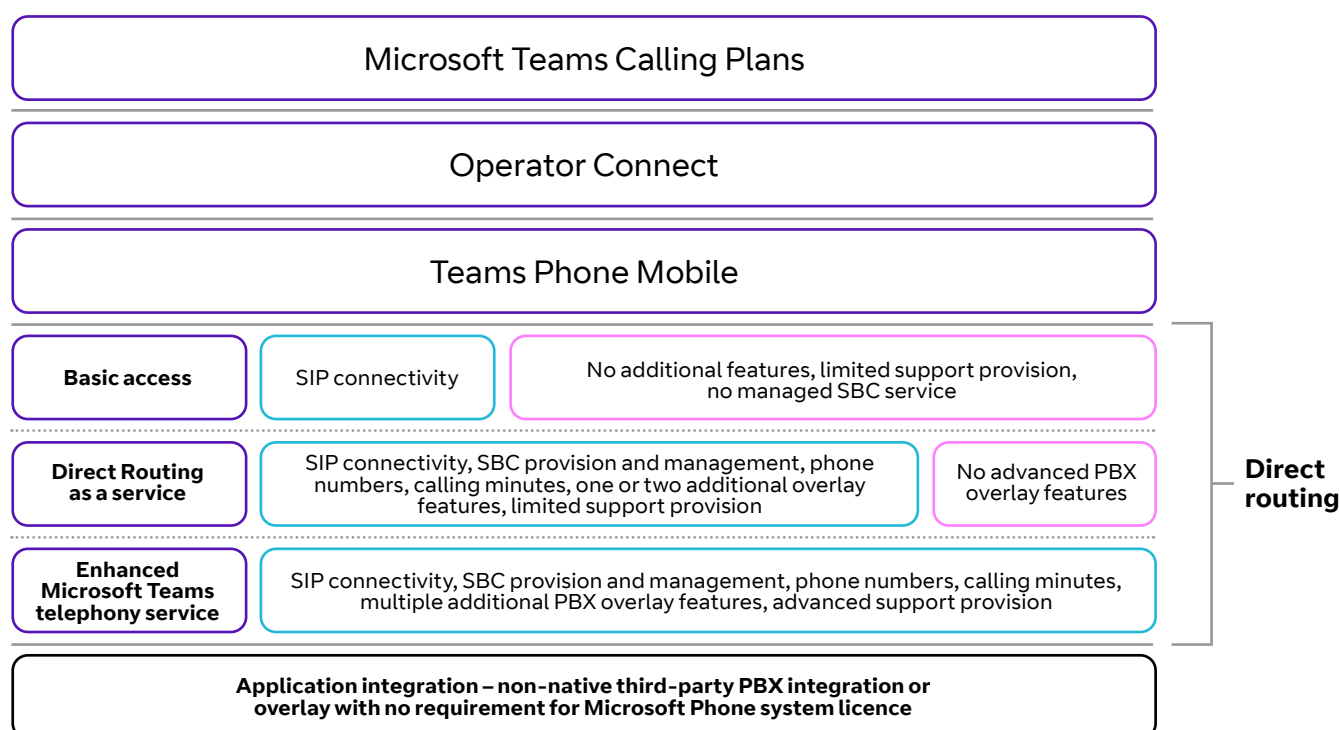


Figure 3. Cavell definitions and sub-categories of telephony options in Microsoft Teams

Operator Connect provides a straightforward route for integrating telephony services into Teams by partnering with certified telecom operators. This approach combines the convenience of Microsoft Calling Plans, in terms of their easy consumption and provisioning capability, with the flexibility of Direct Routing, delivering a seamless and scalable solution.

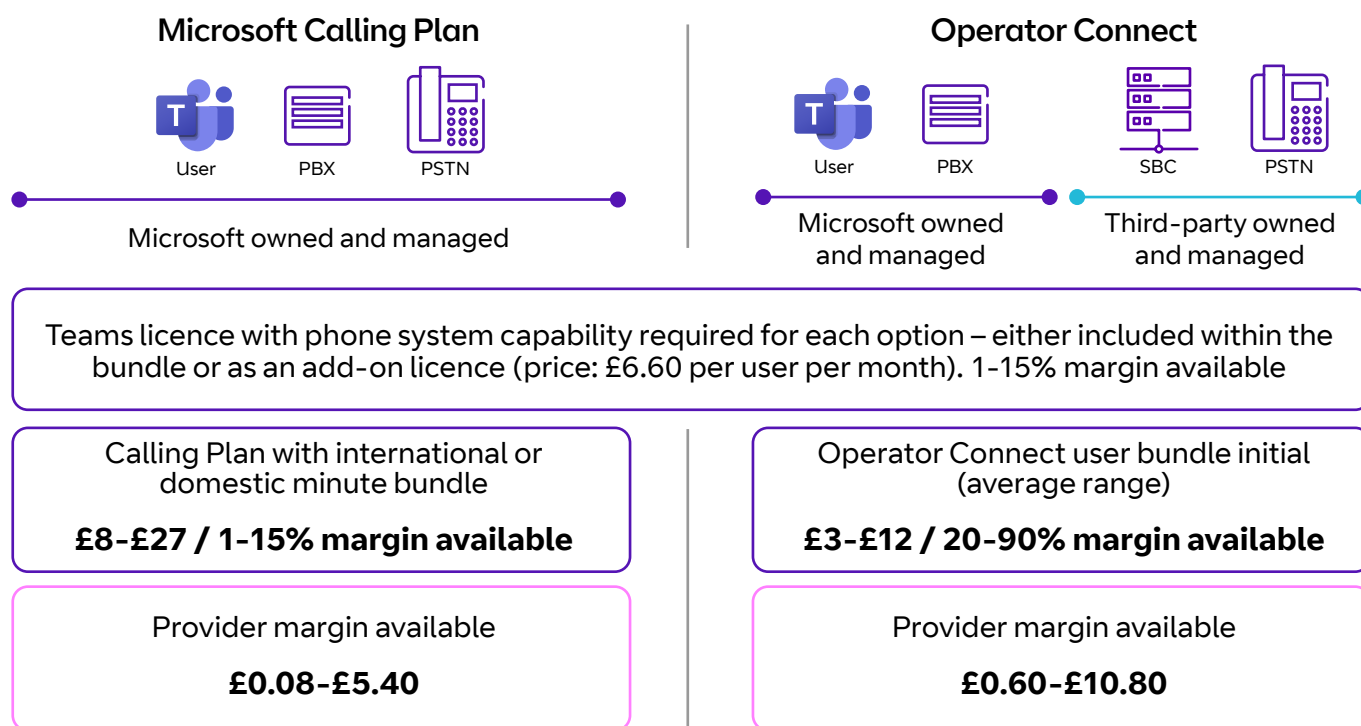
The market for these voice solutions is substantial. Microsoft Teams voice solutions let IT providers tap into this burgeoning market, offering value-added services that enhance client communication and collaboration. Cavell predicts that by 2028, more than **two million users in the UK** will add telephony capability to their Teams application through Operator Connect alone. This opportunity could be worth more than **£12 million**, not including all the additional revenue streams that could be generated by supporting value-added services.

The commercial opportunity

Arguably, the most important aspect for technology providers will be the commercial opportunity an Operator Connect solution will provide them. Traditionally, the resale margins available for providers on Microsoft licences have been limited in an extremely competitive market such as the UK, ranging from as little as 1% to 10%. This has required IT providers to look at offering supplementary solutions alongside professional and managed services to maximise their earning potential. A developed Microsoft telephony offer, such as a wholesale Operator Connect solution, offers Microsoft 365 providers potentially valuable additional margin and revenue streams.

How does the pricing compare?

Cavell has conducted a pricing analysis of Microsoft telephony solutions and has outlined hypothetical examples that explore the commercial opportunities available for IT providers – comparing an offer of Microsoft Teams Calling Plans with a wholesale Operator Connect solution.



Pricing based on current UK offers on 'per user, per month' PUPM subscription

Figure 4. Cavell pricing comparison - Microsoft Calling Plans vs Operator Connect

Cavell's pricing comparison shows that the possible margins available to providers offering a wholesale Operator Connect solution far exceed those available through reselling Microsoft Teams Calling Plans. The wide range of margins available depends on the individual provider's commercial agreements with wholesale partners or Microsoft, but the potential within Operator Connect is greater.

In addition to its margin benefits, Operator Connect offers communication providers a host of other potential revenue and margin expansion streams. These include the ability to attach connectivity services, managed and professional services, and value-added services such as call recording or analytics.

Overcoming challenges and delivering value

Despite the benefits of Teams voice solutions, many organisations face challenges in implementing and managing these services. This is where Operator Connect stands out, providing a streamlined solution that addresses common pain points. By partnering with wholesale telecom firms, IT providers can offer Operator Connect to their clients, delivering several key benefits:

- **Simplified integration:** Operator Connect simplifies the integration of telephony services into Teams. By drawing on the expertise of certified telecom operators, IT providers can ensure a smooth and hassle-free setup, minimising downtime and disruption.
- **Enhanced reliability and support:** Partnering with reputable telecom operators ensures high-quality service and robust support. Clients can benefit from the reliability and expertise of established telecom providers backed by comprehensive service level agreements (SLAs).
- **Scalability and flexibility:** Operator Connect offers scalable solutions that can meet the needs of the business. Whether a small enterprise or a large corporation - organisations of all sizes can easily expand their telephony capabilities without significant infrastructure investments.
- **Familiar context for IT providers:** Operator Connect aligns with IT providers' core competencies in network and infrastructure management. This familiarity enables IT providers to offer a value-added service that complements their existing offerings, driving revenue growth and enhancing client satisfaction.

The convergence of communication technologies presents a unique opportunity for IT providers to expand their service portfolios and capitalise on the growing demand for integrated communication solutions. With Operator Connect, IT providers can deliver seamless, scalable and reliable voice solutions that meet the evolving needs of modern enterprises, positioning themselves as key players in the UK communications market.

As IT providers navigate this transformative landscape, they can use successful implementations in various sectors as a blueprint for innovation and growth. By embracing technology convergence and Operator Connect, they can drive value, enhance customer experiences, and secure a competitive edge in the dynamic communications market.

How IT providers can benefit from Operator Connect

The role of IT providers in business communications

IT providers play a pivotal role in the evolving landscape of business communications. Their deep-rooted expertise, coupled with established relationships with clients, positions them uniquely to drive the adoption of innovative solutions like Operator Connect. By drawing on their knowledge in networking, infrastructure management and the broader Microsoft technology stack, IT providers can offer a seamless transition for businesses looking to integrate advanced telephony within their existing Microsoft Teams environments.

This capability not only enhances operational efficiency but also ensures that organisations can maintain uninterrupted communication with their stakeholders, irrespective of their geographical location.

IT providers are being threatened by a new range of providers, including communication specialists, who have already developed telephony solutions for Teams. These providers are often US-based firms that enter the UK as a stepping stone to Europe. Their simplistic communication solutions target smaller businesses already using Microsoft software elsewhere in their IT stacks.

To ensure that UK-based IT providers can meet their customers' requirements and avoid having those customers look at alternative solution providers, IT specialists must embrace Teams telephony options such as Operator Connect.

Once IT providers have added Operator Connect solutions to their portfolios, they can combine this new skill and revenue stream with their other areas of expertise. IT managed services, as well as connectivity, networking and cloud infrastructure solutions, can be combined with next-generation telephony to create bundles that meet an organisation's technological needs.



Case studies: Challenges and triumphs

Consider a mid-sized IT provider that has traditionally offered network solutions to small and medium-sized businesses. As remote working gains popularity, the firm's clients increasingly demand integrated communication solutions. The IT provider faces significant challenges, primarily due to its lack of expertise in voice and telephony services. Despite its proficiency in network management, integrating telephony services into Microsoft Teams proves daunting, leading to missed opportunities and client dissatisfaction.

In another scenario, a large IT provider serving enterprise clients struggles with the scalability of its solutions. Its existing telephony infrastructure cannot support the rapid expansion needs of its clients, resulting in lost opportunities and revenue. The complexity of integrating diverse communication tools further compounds its challenges, as its clients require robust support and seamless integration to maintain productivity.



In both examples, becoming an Operator Connect partner directly is unrealistic. The process of joining Operator Connect can take anywhere between three and 12 months and cost upwards of £100,000, depending on the applicant's existing assets. That's where a wholesale partnership with an already certified Operator Connect provider comes in. This sort of partnership allows IT resellers to market Operator Connect without the need for substantial upfront investment and time-consuming infrastructure upgrades.

Simplified integration

Operator Connect simplifies the integration of telephony services into Teams, reducing the complexity that IT providers typically encounter. With the support of certified telecom operators, IT providers can ensure a smooth and hassle-free setup, minimising downtime and disruption for their clients. Some certified Operator Connect providers have developed wholesale Operator Connect solutions that remove all the complexities for IT providers.

Enhanced reliability and support

Partnering with reputable telecom operators guarantees high-quality service and robust support. Clients benefit from the expertise and reliability of established telecom providers, backed by comprehensive service level agreements (SLAs) that ensure consistent and dependable communication services.

Scalability and flexibility

Operator Connect offers scalable solutions that grow with the customer's needs. Whether serving a small enterprise or a large corporation, IT providers can easily expand their telephony capabilities without significant infrastructure investments. This scalability is crucial for addressing the diverse requirements of different market segments, from small businesses to large enterprises.

With Operator Connect, IT providers can overcome the challenges associated with voice and telephony integration and deliver seamless, scalable and reliable communications. This approach enhances customer satisfaction and positions IT providers as key players in the dynamic business communications market. As the demand for integrated communication solutions continues to grow, IT providers equipped with Operator Connect will be well-positioned to seize new opportunities and drive growth in the industry.



What to look for in an Operator Connect partner

When navigating the future of business communications and leveraging Operator Connect, it's crucial to select the right partner, to ensure seamless delivery and enhanced value to customers. Here are key attributes to consider when evaluating potential partners.

Simplification of Operator Connect delivery

It's essential to choose a partner who can streamline the implementation and management of Operator Connect. The ideal partner should have a proven track record of simplifying the integration process, minimising technical complexities and ensuring a smooth setup. This allows IT providers to offer their clients a hassle-free experience, reduce downtime and enhance user satisfaction.

Support and supplementary solutions

A comprehensive partner will not only facilitate Operator Connect delivery, but will also provide and support supplementary solutions that complement Operator Connect, such as connectivity, security and compliance services. These additional offerings are vital to create a robust and integrated communication ecosystem. Look for partners who can deliver reliable connectivity, ensuring a seamless and uninterrupted communication experience.

Certification, experience and expertise

Certification and experience are non-negotiable when selecting a partner. Ensure that the partner is certified by Microsoft and has extensive expertise in UCaaS and collaboration solutions. Their experience deploying and managing Operator Connect across various business sizes and verticals ensures optimal performance and seamless integration. Furthermore, the partner should possess a deep understanding of market dynamics and technological advancements, letting them address unique business challenges effectively.

By focusing on these criteria, IT providers can forge strong partnerships that will drive the successful implementation of Operator Connect. This will enable them to give their clients exceptional value and innovative communication solutions.

A plan for success

The principles outlined in this whitepaper underscore the critical importance of selecting the right partner to ensure the successful implementation and management of Operator Connect. This process involves key criteria such as simplification of Operator Connect delivery, comprehensive support and supplementary solutions, and a partner's certification, experience and expertise.

The potential opportunities for IT providers that adopt Operator Connect are substantial. As communication technologies evolve, embracing UCaaS and collaboration solutions becomes not just an option but an imperative. This transition opens up vast opportunities for enhanced efficiencies, superior customer experiences and significant competitive advantages, especially as the market for legacy and traditional services continues to diminish.


Key solution and partner selection criteria highlighted in this paper include the ability to provide robust and scalable solutions that meet diverse business needs, rapid deployment capabilities, reliable infrastructure, telephony expertise, impeccable reputation and platform stability with strong service level agreements (SLAs). IT providers can ensure operational success and deliver exceptional customer value by focusing on these aspects.

Accelerating change

The urgency for technology providers to embrace next-generation communications platforms such as Operator Connect cannot be overstated. As the competitive landscape intensifies and technology demands evolve, the strategic adoption of these solutions will be essential to stay ahead and thrive in the dynamic market environment. **More than 600,000 users in the UK have already migrated to Operator Connect,** with millions more expected to move over the next five years.

The selection of a next-generation voice distribution partner is a critical decision that requires a thorough evaluation of several key factors. This whitepaper has highlighted the importance of expertise, support, reliability, innovation and comprehensive solutions in ensuring operational success and customer satisfaction.

IT providers are ideally positioned to take this opportunity, thanks to their expertise and customer relationships. Access to Operator Connect through wholesale solutions is now possible, allowing IT providers to succeed in a previously unobtainable multi-million-pound market.



600,000 UK users in the UK have already
moved to Operator Connect

Now is the time for Teams

The rise of cloud-based communications has transformed the business landscape, shifting from fragmented, siloed solutions to fully integrated ecosystems. However, many businesses have yet to get the full range of benefits from these technologies. While video conferencing has been widely adopted, value-added services such as call recording, fraud management and analytics remain underutilised, despite their ability to enhance customer experience and generate additional revenue for IT providers.

Our Operator Connect solution offers a gateway into this previously untapped, multi-million-pound market. As well as replacing traditional PSTN services, it maximises the value of Microsoft tools, helping businesses stay connected and productive from anywhere. IT providers can also get customers up and running within minutes by ordering Wholesale Operator Connect from Microsoft's AppSource store.

The scalable nature of Operator Connect means businesses can expand their telephony capabilities without major infrastructure investments. That, in turn, makes it easier for IT providers to offer a customer-focused approach and tailored solutions that evolve with their clients' needs.

Ultimately, Operator Connect makes it simple to deliver scalable, affordable and reliable voice solutions that meet the demands of modern enterprises – giving IT providers a strong foothold in a growing market.

Gavin Jones

Channel Partners Director, BT Wholesale



Why BT Wholesale?

Although the move to digital phone lines is well underway, there's still work to be done. You need a partner who has your back today and tomorrow – one who understands your business in the context of the wider market and how to best serve your customers so you can maximise growth.

As part of the world's first communications company, we understand more than anyone how to weather the winds of change and come out stronger. That's why we offer an end-to-end portfolio of future-ready solutions. Whether you're looking for digital phone services, connectivity or professional services, we give you everything you need to support your customers on the journey to digital.

Our network stretches right across the UK, delivering high-speed internet and telephony to millions of homes and businesses. Every year, we invest £3.7bn in our infrastructure, making sure it offers you and your customers speed, reliability and security. Part of that investment includes expanding our full fibre network to 25 million premises by the end of 2026 – enabling not only IP technology but many other aspects of workplace innovation.

The business world is moving rapidly towards digital technologies, so we're dedicated to helping you keep pace. Our cloud voice solutions cover a broad range of use cases, letting you deliver fast, effective transformation for businesses of all sizes. Plus we're working with leading industry partners like Microsoft, so you can deliver value-added services that empower your customers, while strengthening your reputation and profitability.

By working with BT Wholesale, you're not only getting cutting-edge products – you're gaining the support of our experts, network, experience and reputation. Together, we can enable your customers to thrive in the digital age, while securing long-term, sustainable growth for your business.

About Cavell

Cavell is a leading research and consulting firm specialising in the telecommunications industry. Its particular focus is on business communications technologies, including UCaaS, collaboration, contact centre and customer engagement software, business messaging, and Microsoft Teams.

Cavell provides insights, analysis, and advisory services to help clients navigate and succeed in these rapidly evolving sectors.

Cavell's team combines years of accumulated telecoms industry experience with enterprise and SMB surveys and proven market intelligence to provide a suite of services, including market research, commercial and technical due diligence, strategy advisory services and leading industry events.

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