

The Great British Switch Off

Business Communications
for a New Era





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Executive summary

The data which forms the basis of this research study was derived from a survey conducted amongst 100 CEOs and 400 IT decision makers in large businesses and 500 IT decision makers in small business enterprises (SMEs) during August and September 2022. For the purpose of this report, a large business is considered one with 250+ employees and an SME is considered as having between 1 and 249 employees. This whitepaper is the second iteration of The Great British Switch Off, following on from 2020's report.

The intention of this paper is to determine an understanding of how prepared businesses are for the upcoming changes to the UK's telecoms network, namely the stop sell of the Public Service Telephone Network (PSTN) and related Integrated Services Digital Network (ISDN) products and services in 2023 and their end of life in 2025. These changes will have a fundamental impact on how businesses communicate with a move away from traditional telephony as we know it.

The report also explores the dynamics around flexible working and how both cultural and digital transformations will be amongst the key drivers in this next era of business communications.

Our research found:

- ✓ **Traditional telephony systems are no longer the backbone of business communications**, with email (30%) being the most popular channel for customer communications.
- ✓ **Businesses appear to be well informed about the impending changes to the UK telecoms network which are driving a move away from traditional telephony.** Almost all (97%) of business leaders surveyed say they are aware that ISDN and PSTN products will stop being sold in 2023, as well as switched off in 2025.
- ✓ **However, there is a gap in how prepared different sized businesses are with SMEs seemingly most at risk.** Only a sixth (15%) of SMEs say they are aware of the stop sell in 2023 and already have a solution in place, compared to a fifth (20%) of large businesses.
- ✓ **Meanwhile, a temporary shift to remote working as a result of COVID-19 has now resulted in a permanent hybrid workforce for most.** During 2022, the proportion of hybrid working increased while the number of those working from home exclusively has fallen, when compared to 2019. Around one in seven working adults (14%) worked from home exclusively this year, while nearly a quarter (24%) both worked from home and travelled to work – this was 12% before the pandemic.
- ✓ **A hybrid working model is the most popular working practice for over a third (36%) of businesses**, rising to nearly half (45%) of large businesses compared to just 30% of SMEs.
- ✓ **This shift seems to be boosting productivity.** Over three quarters (81%) of businesses think employees are more effective when working from home compared to in office. Similarly, many organisations think a transition towards a remote world is set to continue, as over half (58%) agree there will be a shift to permanent remote working for office-based workers in the future.
- ✓ **Some business leaders are facing challenges in the adaptation to hybrid working.** For example, over a fifth (22%) of businesses say that one of the main challenges they are facing is security concerns.
- ✓ **Most businesses have already made impressive ground and are early adopters of enabling technologies.** Over half (56%) of business leaders are already using a cloud-based communication to integrate their communications channels, up only slightly from 50% in 2020.
- ✓ **Others are open-minded about adopting new communications.** Over a third (37%) say they do not currently use a cloud-based solution but would consider it, so are likely using on-premise phone systems that will become ineffective following the switch off.



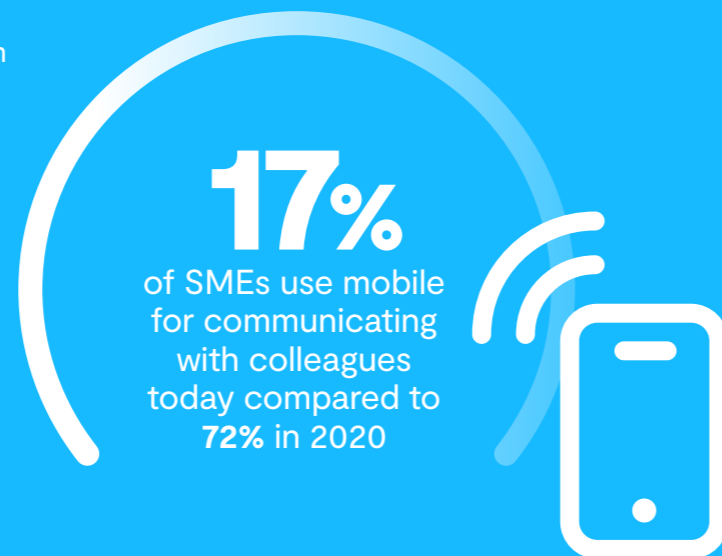
The updated state of play

The 21st century has seen a proliferation of communications tools brought to market. Today, different modes of communication can be drawn upon depending on the audience, urgency and purpose of the information being delivered. This provides a level of choice and flexibility when it comes to communicating with different stakeholders.

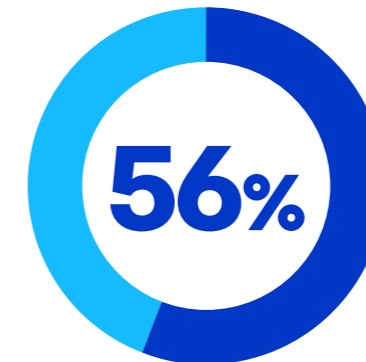
1.1 Traditional telephony: A shift in business communications

In 2020, traditional telephony systems remained the backbone of business communications for the majority, with almost three quarters (72%) of businesses using it for customer communications. Fast forward to today, and email is now the most popular channel of communication. Almost a third (30%) use it for customer communications, followed by partners / suppliers (26%) and engaging with colleagues (27%). Indeed, the evidence suggests organisations are separating themselves from reliance on traditional telephony and instead welcoming more diverse options.

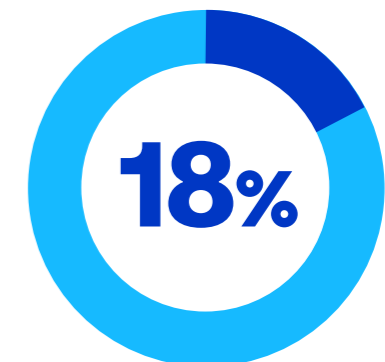
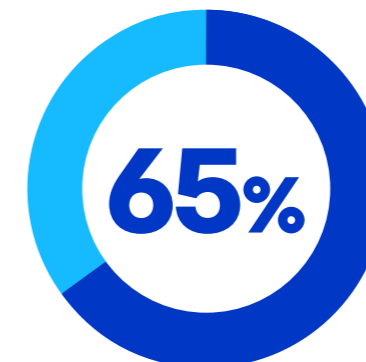
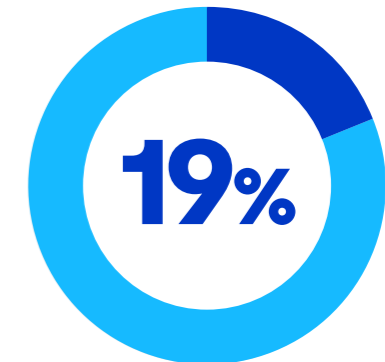
Whilst this pattern is consistent across small and large businesses, large businesses appear even more reliant on Zoom and Microsoft Teams to communicate with their customers. Nearly a quarter (24%) of large businesses say they use Microsoft Teams and Zoom for communicating with customers, compared to just over two fifths (22%) of small businesses.



2020:
Use of traditional telephony systems:

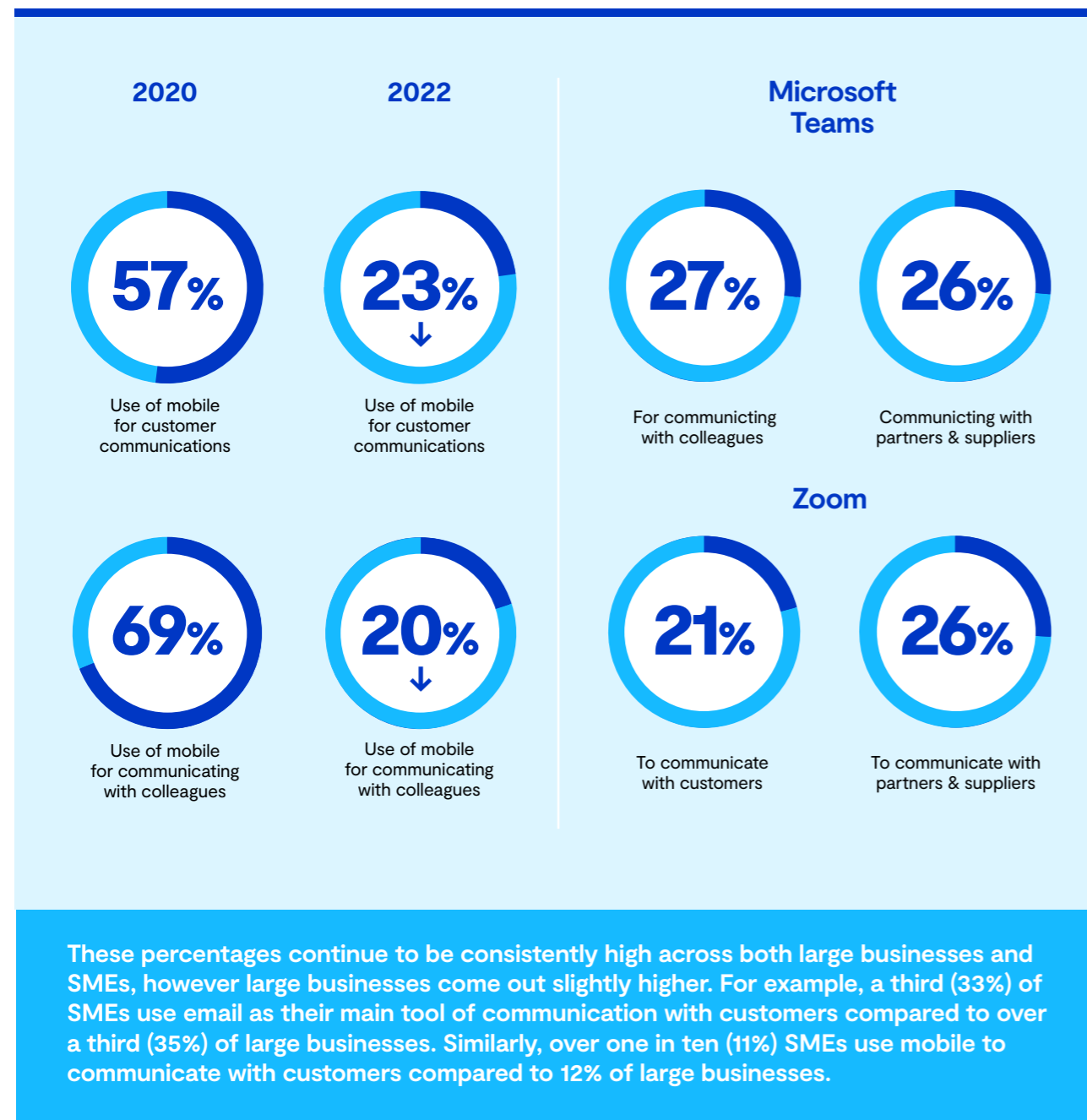


2022:
Use of traditional telephony systems:



1.2 Diversifying Communications

Our research gives a clear indication that the majority of organisations now favour newer technologies for communicating with stakeholders. As well as this, they are also avoiding the overreliance on one single tool so if the system fails there are other options to fall back on. These most recent figures also suggest there is a growing demand for cloud communications.



While our previous research showed that businesses were using growing technologies – such as video conferencing – for more specific purposes, such as communicating with colleagues as opposed to communicating with customers, it seems businesses now use these technologies for most communication requirements. This is reflective of the ever-growing remote world, where businesses are continuing to predominately shift their presence online following the pandemic and introduction of flexible working.

As traditional methods of communicating continue to be phased out, other tools are becoming more popular. Interestingly, platforms such as WhatsApp, Slack and Skype – once rare forms of communication in the workplace – appear now to be widely accepted, with over a sixth (17%) using these mediums for both customer communications and for communicating with colleagues. However, their popularity differs slightly depending on the size of the organisation. Nearly two fifths (38%) of SMEs use these platforms to communicate with colleagues compared to just a quarter (24%) of large businesses.

Over a sixth (17%) use WhatsApp, Slack and Skype for communicating in the modern workplace.





The Great British Switch Off

2.1 Making the switch

Whilst the usage of traditional telephone systems by businesses has reduced significantly since 2020, over one in ten are still reliant on them, highlighting that many still need to identify and implement alternatives. This is despite the fact that the UK's telecoms networks are set to undergo a substantial change in the coming years, as the nation's infrastructure is updated.

As of 2025, the country's traditional telephone network – the Public Switched Telephone Network (PSTN) – will be switched off and withdrawn from service. In preparation, prior to that, in 2023, products which use the PSTN network – such as Integrated Services Digital Network (ISDN) – will stop being sold and no longer be used for line installations.

The change will offer potential benefits as the UK looks to modernise its communications infrastructure. Transitioning away from traditional telephone networks to newer digital technology – which carries communications over the internet – introduces a scalable and adaptable system for modern demands, which is also fit for the future.

Nick Thomas, Managing Director at telecoms reseller RHM Telecom, said:

“Our industry is facing a massive disruptive event at the end of 2025 when BT/Openreach plan to switch off the old legacy network. The old PSTN and ISDN business lines are going to be physically switched off and that date's looming now. Working back from that, in September 2023, you will no longer be able to order PSTN or ISDN lines and it is going to impact on millions of customers across the UK. We are proactively helping our customers get ready for that by migrating to VoiP based telephony services, moving from FTTC across to SoGEA, and where available, getting customers onto fibre to the premises services.”

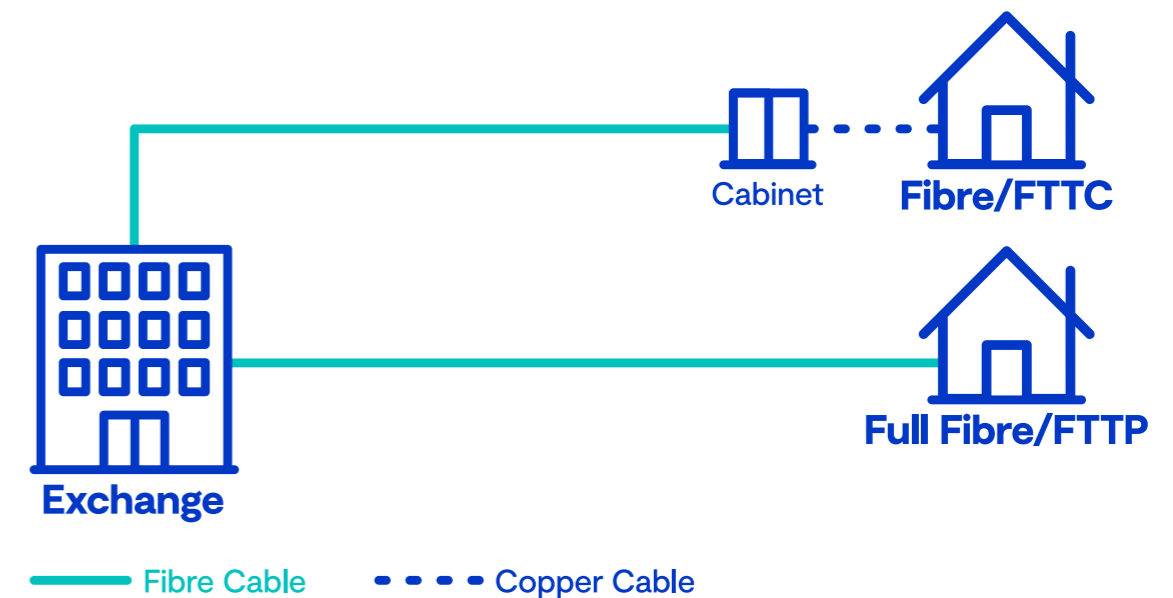
PSTN and ISDN at a glance

Public Switched Telephone Network (PSTN) is an analogue system, powered by a copper wire network. It is traditionally thought of as a landline service. A single PSTN line has one telephone number allocated to it, and allows one call at any one time.

Integrated Services Digital Network (ISDN) allows the simultaneous delivery of both voice and data services, and has been able to support early video conferencing systems at the same time as an analogue phone line.

For the technology of the 20th century, PSTN and ISDN served their purpose very well. However, now we are well into the 21st century, technology has moved on and old telephone solutions are lagging behind the alternatives in an increasingly fast paced digital world.

As of 2025, PSTN will be switched off and withdrawn from service. Prior to that, in 2023, products which use the PSTN network – such as ISDN products and services – will stop being sold and no longer used for line installations. In some areas this change will have already occurred, with Openreach already having announced the stop sell of legacy analogue services in 100+ locations across the UK by June 2021 – and is now a reality for 181 fibre exchanges covering around 2m premises across the UK.



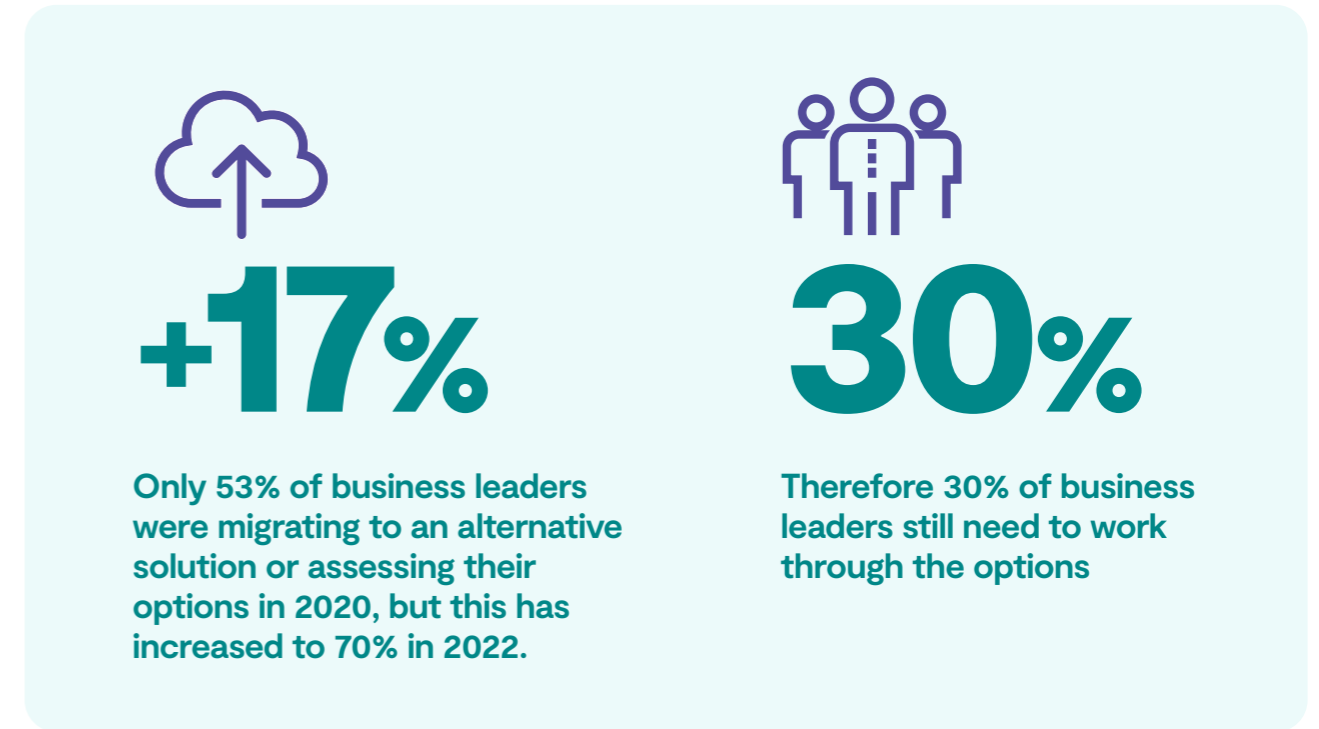
2.2 Future proofing your Business Communications

Organisations appear to be well informed about the impending changes to the UK telecoms network. A large majority (97%) of business leaders are aware that ISDN and PSTN will be switched off in 2025, as well as the stop-sell in 2023. This is a significant increase from three in four (76%) business leaders that declared they were aware of it in 2020. However, a third (33%) of businesses admit they are still using ISDN within their organisation.



Surprisingly, the increased awareness has not led to business leaders seeking alternate solutions. Only one in five (17%) businesses say they have an alternative solution already, the same as in 2020, however, those either migrating to an alternative solution or assessing their options (70%) has increased from half (53%) in 2020.

Only one in 5 businesses say they have an alternative solution ready.



Nick Thomas, Managing Director at telecoms reseller RHM Telecom, said:

“We’ve converted quite a section of our base already onto a cloud-based telephony service or SIP trunk service connected to traditional phone systems so many of our customers are already well placed for that event. However, there are still a number that haven’t migrated.”

Despite this, there are signs that businesses will be able to rethink their long-term business communication following changes to the network – ensuring they are not tied to modes of communications that will become outdated. For example, nearly half (47%) of businesses will be able to terminate their traditional telephone system contract within the next two years, whilst almost one in five (19%) will be able to do so within the next year. Surprisingly, comparisons suggest most businesses renewed their traditional telephone contracts in 2020 as,

for example, over half (54%) of businesses were able to terminate their contracts within the same time frame in 2020.

In terms of telephony equipment, over half (51%) of businesses say they will be able to terminate contracts in the next two years, whilst a fifth (20%) expect to be able to do it within the next year. Similarly, this is only up 1% from 2020.



15%
of SMEs are aware
PTSN and ISDN will
stop being sold
in 2023

2.3 Don't get left behind

While many organisations many organisations are showing signs of being prepared for the stop sell and switch off, others are less prepared to manage the transition.

Nearly one in ten (9%) businesses are aware of the stop-sell, but don't know their next steps.

3% are completely unaware of the changes to the network.

There is still a perceived gap in the preparedness of different sized businesses, with SMEs seemingly most at risk:

15% of SMEs are aware PTSN and ISDN will stop being sold in 2023 and already have a solution in place, compared to a fifth (20%) of large businesses. This is up from 6% (SMEs) and 10% (large businesses) in 2020.

12% SMEs and 8% of large businesses that are aware of the stop sell do not know their next steps – up from 10% (SMEs) and 2% (large businesses) in 2020.

This indicates that there could be a growing number of businesses tied to communications agreements which are set to become obsolete as the industry reaches the stop sell and switch off dates. Nearly half (48%) say that the next possible point of contract renewal / termination with their traditional telephone supplier is more than three years away, with nearly one in 10 (8%) needing to wait more than six years.

When it comes to actual telephony equipment, nearly half (45%) of businesses say that the next possible point of contract renewal / termination is more than three years away. The danger here is that once the stop sell and switch off dates come around, a significant number of businesses will be spending money on legacy communications systems which are no longer functional in practice.

The time is now for businesses to consider their options and identify their best approaches.

2.4 The countdown has begun

Whilst a considerable amount of the business community has simply not considered the implications of the stop sell and switch off, there are still others who are aware, yet actively continue to invest money in traditional forms of telephony.

A third (33%) of businesses are still spending £10,000 or more a year on their traditional telephone systems, even though the ability to use such a system – assuming it is underpinned by the legacy PSTN infrastructure – will be cut in (2023). This is the same number of businesses who were investing in 2020 (35%).

The data also shows nearly one in ten (9%) large businesses are spending between £5,000 and £40,000 a year on their traditional phone systems, compared to 7% of SMEs. With their often more sophisticated requirements, multiple locations and greater number of users

to support, it's no surprise that larger businesses might be spending more – but it also shows the scale of the change that some organisations will need to make.

These figures suggest that a proportion of the business community remains ill-prepared for the impending shift in the UK's telecommunications landscape. Such businesses will be in the most need of support when the time comes to transition to newer technologies.

£10,000

The amount spent annually by a third of companies on traditional telephone systems



The Modern Workforce

The rise of remote and hybrid working will generate opportunities for organisations as they look to shift their communications in light of the upcoming ISDN stop sell in 2023 and PSTN end of life in 2025.

3.1 Reimagining the workplace

Rapid acceleration in digital transformation has led to more choice when it comes to where people work. Rather than being regimentally tied to an office desk, advancements in technology – coupled with cultural change – have meant that employees are able to embrace the benefits of remote working.

A temporary shift to remote working as a result of COVID-19 has now resulted in a permanently remote or hybrid workforce for most. According to the Office for National Statistics (ONS), during 2022, the proportion of hybrid working increased, while those working from home exclusively has fallen. Around one in seven (14%) working adults worked from home exclusively, while a quarter (24%) both worked from home and travelled to work – this was 12% before the pandemic.

The adoption of diverse working environments has certainly increased since the height of the pandemic – whether that be employees working from anywhere, in an office, or both. Emphasising the varying working operations across businesses, the Zen research found well over a third (36%) follow a hybrid

working model, followed by a similar number working from the office full-time (35%) and a fully remote model (29%). These numbers differ slightly depending on the size of the organisation. For example a bigger proportion of large businesses (45%) work in a hybrid fashion compared to small businesses (32%), while a larger percentage of smaller businesses work full-time in offices (45%) compared to large businesses (31%).

Three quarters (74%) of businesses say their current working model is perceived positively across the company, with only a small number (5%) admitting their model is unfavoured.

It is not surprising that employers are increasingly warming to remote and hybrid working. Businesses from across the world reference the benefits.

The benefits of remote and hybrid working



Increase in productivity



Save money on office space



Drop in sick days



Happier employees

Whilst it's clear a remote or hybrid model is unlikely to work for every business and personality type, a growing number of employers and their employees appear to be taking advantage of the enabling technologies which provide the foundation of this working set-up.

Home working is increasing efficacy

Amid the mass transition to embrace remote working, it seems employers are becoming increasingly productive as a result. Nearly three quarters (71%) of businesses believe their employees are more effective when working from home, compared to a tenth (10%) who believe they are less effective.

There is some discrepancy between large businesses and SMEs here. Larger businesses seem to be more hesitant when it comes to the effectiveness of their employees working at home, with two thirds (66%) admitting they're more effective compared to four fifths (80%) of smaller organisations.

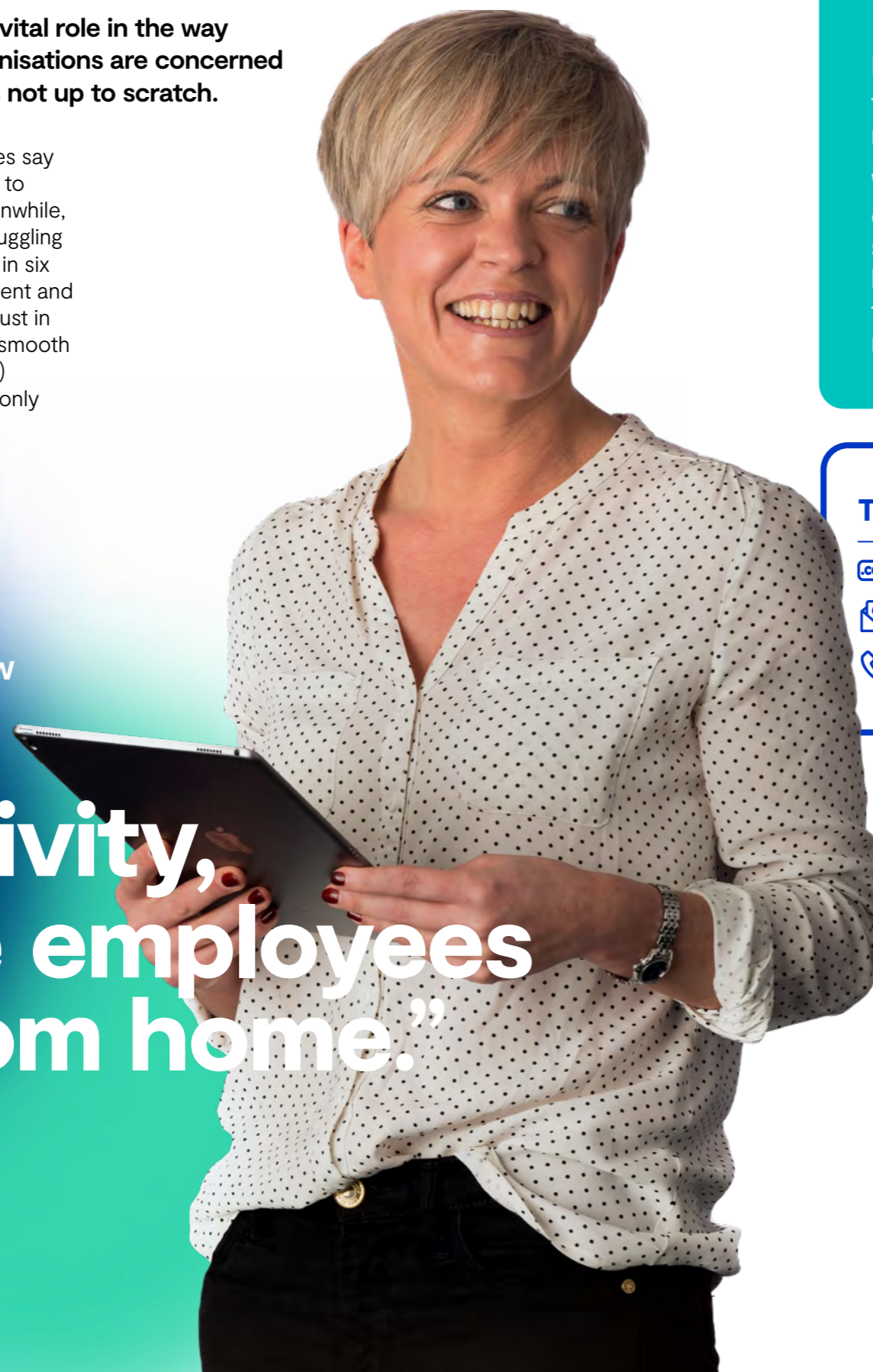
3.2 Teething issues

With connectivity playing such a vital role in the way that businesses operate, UK organisations are concerned that the relevant infrastructure is not up to scratch.

Alarmingly, over a fifth (22%) of businesses say that one of the main challenges they see to hybrid working is security concerns. Meanwhile, one in five (20%) also say that they're struggling to ensure networks are fully secure. One in six (17%) businesses flag employee engagement and the perception that there is decreased trust in how staff are performing as barriers to a smooth hybrid working model. One in seven (14%) also note that their current technologies only accommodate office-centric or fully remote models, not hybrid.

(2014)
Harvard Business Review

“To raise productivity, let more employees work from home.”



Secure working in ‘the new normal’

Hybrid working is likely here to stay, and with calls for flexible working to be made available to staff where possible, it's only going to become more widespread.

Whilst businesses may not save direct costs by switching to cloud computing, IT leaders recognise the opportunities provided by the cloud for savings compared with on-premise systems when used by a workforce no longer based in the office. Crucially, the cloud enables businesses to remain flexible and efficient which is vital in this landscape of uncertainty and rapidly changing customer demands.

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 Visit: zen.co.uk/business

 Email: sales@zen.co.uk


 Call our team: 01706 902 583

3.3 Embracing hybrid working

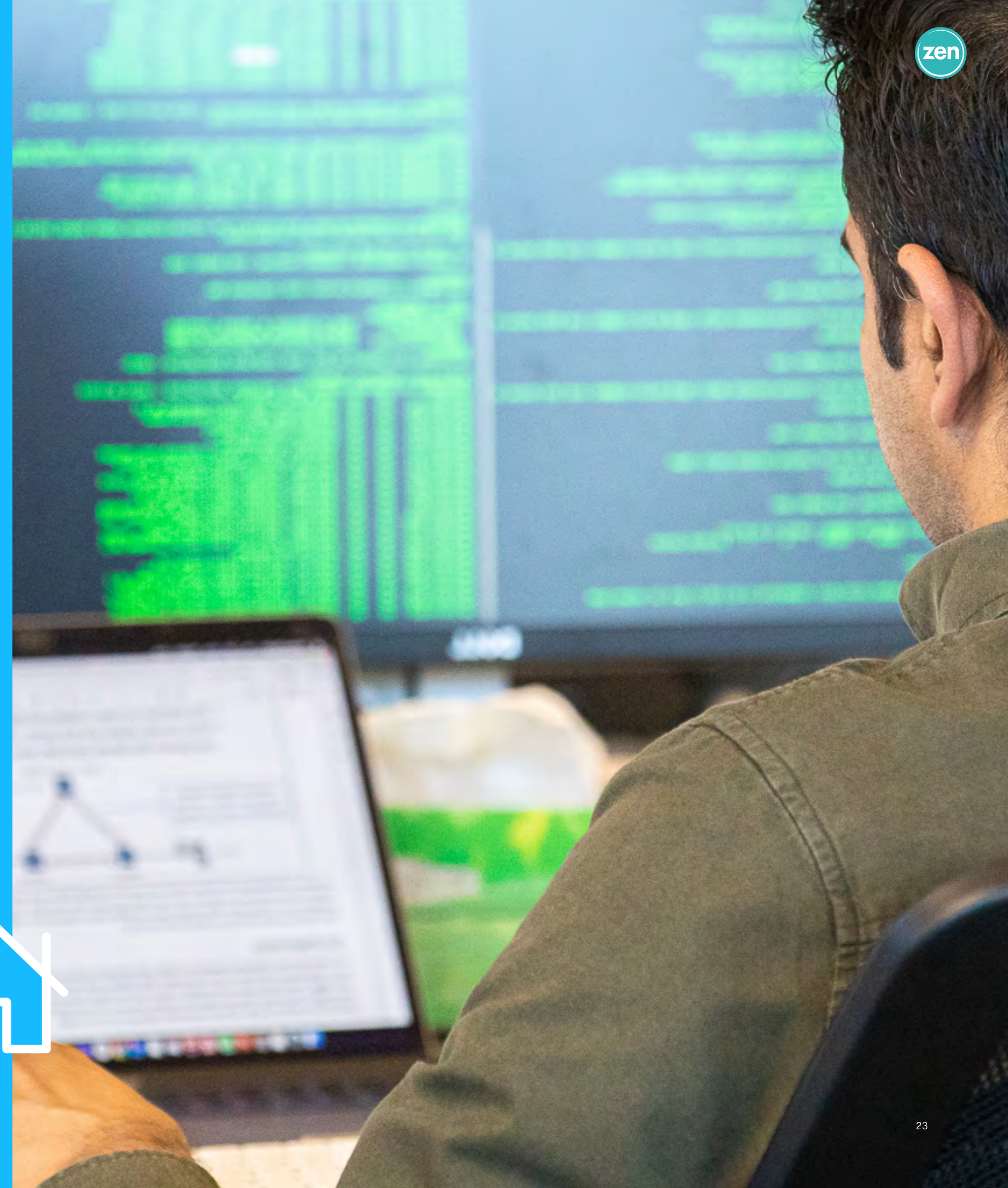
Irrespective of the challenges associated with hybrid working, many organisations are still seeking its benefits.

The Zen research data suggests that a significant number of businesses still want to grab the opportunities it presents with both hands – continuing the transition to a remote working world.

Adamant in the way workplaces will continue to adjust, three fifths (58%) of businesses agree there will be a shift to permanent remote working for office-based workers in the future, and a similar number (59%) are already reducing the number of offices or amount of office space they operate from.

58% 

of businesses agree we will continue to see a shift to permanent remote working for office-based workers in the future



4

The cost of communications

Over the course of the next three years and beyond, the parameters of how organisations communicate with stakeholders around them are set to shift significantly.

On the one hand, legacy telecoms systems such as PSTN and associated ISDN products will be phased out, whilst, on the other, the trend towards remote working will continue. At the same time companies will continue to diversify the communications they use – increasing their reliance on video call and web chat – meaning a unified communications system that can integrate multiple platforms is essential to every business operation.

As such, businesses must adopt alternative, sustainable methods of communication by drawing on enabling technologies which effectively respond to the changes around them.

4.1 Getting ahead before it's too late

Most businesses have already made impressive ground and are early adopters of enabling technologies which will help to future-proof their business operations as the stop-sell looms.

While the urgency doesn't correlate with uptake in the past two years – half (50%) of businesses used a cloud-based solution in 2020 – over half (56%) of business leaders confirmed they already use a cloud-based communications solution to integrate their communications channels.

Meanwhile, over two fifths (41%) of businesses say they use unified communications in their organisation.

Many are probably already using technology such as Session Initiation Protocol (SIP) or Hosted Telephony services for Voice over Internet Protocol (VoIP) – allowing users to make voice and video calls on a global scale using computer and mobile devices with an internet connection.

These cloud-based systems mean businesses no longer need to be tied down to a fixed line at a fixed location. Instead of having an old copper line connection that carries both voice and data, it facilitates a single, fast data connection which

also carries voice calling and can facilitate unified communications software tools. For example, Zoom, Microsoft Teams and Skype continue to be popular workplace collaboration tools.

New technologies for a new era

As the UK telecoms network will halt the sale and use of traditional telephony, businesses must be well versed in the pros and cons of the alternative systems available that they could migrate to.

Session Initiation Protocol (SIP) and Hosted Telephony services for Voice over Internet Protocol (VoIP) are two of the main options.

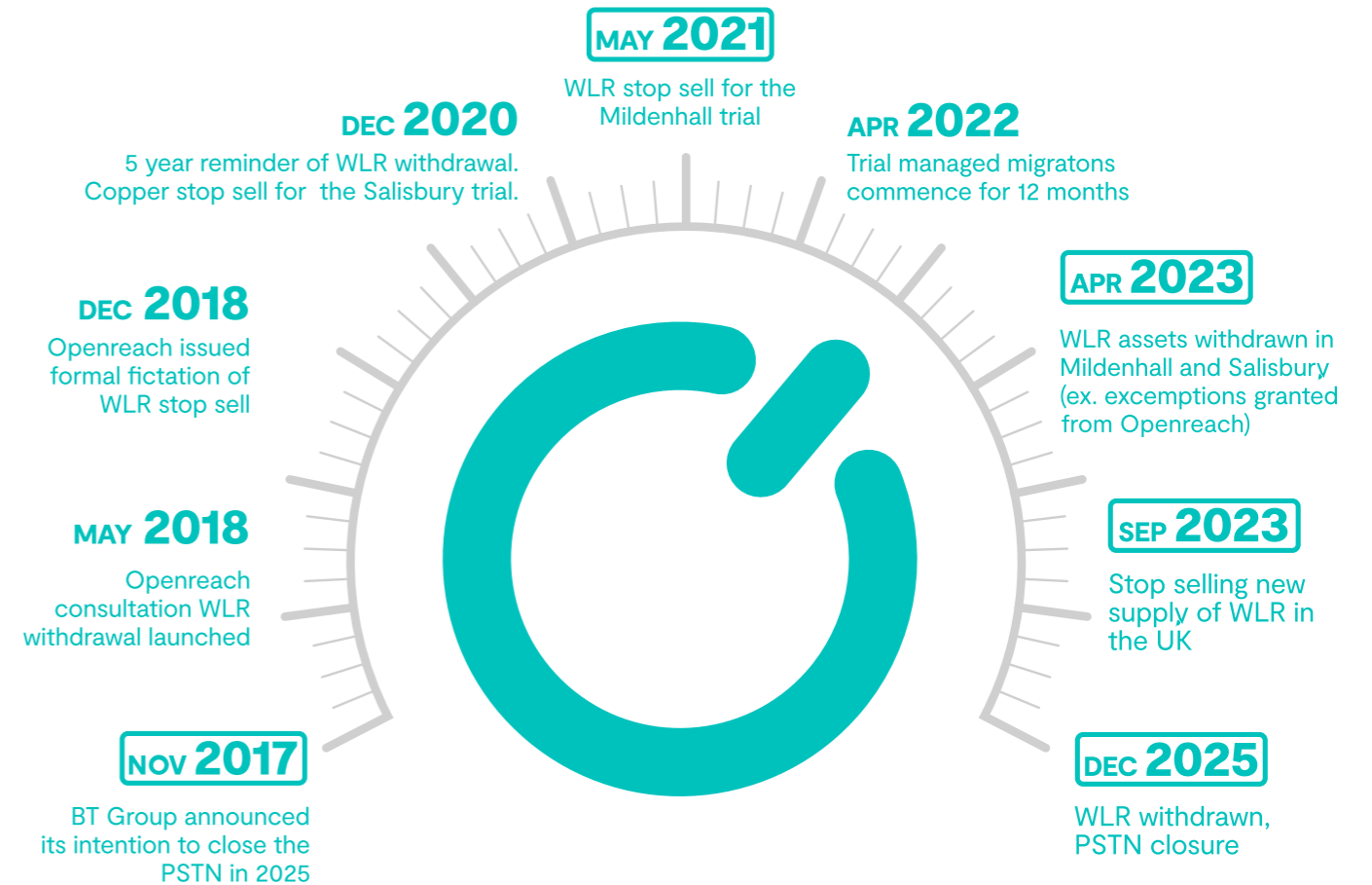
SIP uses virtual phone lines rather than physical lines, whilst Hosted Telephony systems use an internet line – meaning the user effectively rents a phone system.

Each of the two options has different benefits worth considering. SIP enables the user to flexibly add and remove telephone lines, whilst lowering overall call costs. On the other hand, Hosted Telephony is a good option for those who do not want to commit to, or retain, an on-premise phone system.

Both options are cloud-based systems which do not use a copper line. Instead they use a fast data connection and will be very much dependent on a reliable connection to underpin the technology.



Key switch off dates to be aware of:



Nick Thomas, Managing Director at telecoms reseller RHM Telecom, said:

“We’ve converted quite a section of our base already onto a cloud-based telephony service or SIP trunk service connected to traditional phone systems so many of our customers are already well placed for that event. Some of the legacy services for internet access rely on a traditional phone line so this is why we’ve proactively looked at what we can migrate onto an internet only service that no longer needs the phone line that sits underneath it. One of the solutions to our customers will be to move to a fibre to the premises solution – the golden standard for cost effective internet access. We are making sure we keep in touch with what’s available so our clients can gear up for the big switch off in 2025”

4.2 Embracing modern technologies

Other organisations that do not yet use a cloud-based solution continue to be open-minded about adopting new communications, with well over a third (37%) saying that although they do not currently use a cloud-based solution they would consider doing so. This is also reflected when it comes to future intentions, as a third (32%) of businesses are looking to prioritise investing in cloud communications in the next five years, as well as smart devices (30%), data storage (27%) and Ethernet/full fibre (26%).

- ✓ **Cloud Communications (32%)**
- ✓ **Smart Devices (32%)**
- ✓ **Data Storage (27%)**
- ✓ **Ethernet/Full fibre (26%)**

The evidence paints a similar picture when it comes to business's specific responses to the PSTN and ISDN changes. Of those aware that ISDN products will stop being sold in 2023 and are currently assessing options for alternatives, over half (54%) will look to transition to cloud communications / unified communications – positioning it as the favoured choice of business communications technology in the long term. This compares similarly to over nearly half (45%) of businesses who say that a hybrid phone system will be the most likely options for them – an increase from a fifth (22%) in 2020 – and surprisingly, more businesses are planning on adopting a hybrid phone system as two fifths (38%) say that this solution will be used in lieu of PSTN and ISDN – an increase from a fifth (19%) in 2020.



In 2022
45%

of businesses believe a hybrid phone system would be a likely solution, up from 22% in 2020.

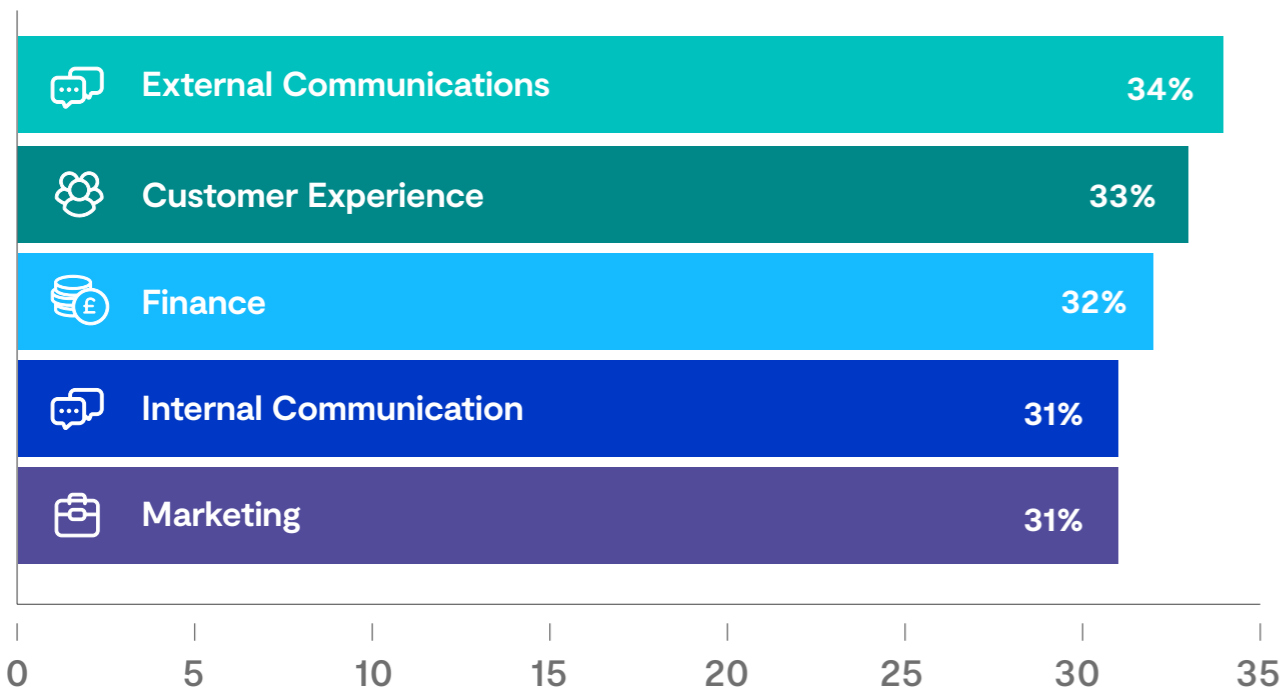
4.3 Facing the financial hurdles

Despite the increasing priority of business investment across cloud solutions and technologies, the current economic climate is holding organisations back from achieving their investment targets.

Three in five businesses (58%) say the rising cost of living is negatively impacting their future business investment, and unsurprisingly this is impacting SMEs (58%) more than larger organisations (48%). This is also having a wider effect on employees too, with three fifths (60%) of businesses agreeing rising costs are also having a negative impact on employees. Similarly, this is having a bigger impact on employees from SMEs as two thirds (64%) are being impacted negatively compared to just over half (53%) of employees from larger organisations.

Ultimately, the pause on business investment is affecting the trend towards cloud communications, which previously looked set to accelerate. For example, in 2020, a fifth (21%) of businesses said that over the next year they would prioritise investing in unified communications as a whole. In 2022, over half (53%) agree that their digital transformation scaling has now been put on hold.

Nevertheless, over a third of businesses say that when focusing on their communications modernisation efforts, external communication is an area of top priority, followed by:



As a result, the main benefits will be:



29%
Remote Working



30%
Security



26%
Improved Efficiencies

Communication and collaboration

With crystal clear audio and video communications, multiple device options and 24/7 management and monitoring, the right unified communications strategy can help provide a modern solution for powerful, flexible, cost-effective business communications.

In fact, it can provide a single platform for managing all your customer interactions – with seamless integration between cloud, data and voice. This ensures better collaboration, scalability, accessibility and efficiency – all whilst replacing outdated voice systems with one single unified solution.

To find out more about what Zen can do for your organisation:

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Cloud Comms and Security

The security of cloud comms solutions is largely in the hands of organisations themselves. Over half (53%) of businesses say they or their internal IT team are responsible for ensuring all their network and cloud applications are secured, compared to a quarter (25%) who rely on their cloud comms service provider to ensure it remains secure.

When looking at measures in place to ensure cloud communications within the business remain secure, over two in five businesses (43%) undergo regular testing, such as pen testing, to assess the strengths and weaknesses of the system to improve its overall posture. Elsewhere, two fifths of businesses are also outsourcing to third parties such as a cyber security partner, as well as enforcing strong password protocol policies (38%).

While these security measures seem to be equally enforced across all organisations regardless of size, surprisingly, there is a noticeable difference in those using firewalls as a means of ensuring their cloud communications remain secure. For example, nearly two in five large businesses (37%) use this measure to protect their cloud comms compared to just a quarter (24%) of SMEs.

Over half (53%) of businesses say they or their internal IT team are responsible for ensuring all their network and cloud applications are secured, compared to a quarter (25%) who rely on their cloud comms service provider to ensure it remains secure.



37%

of businesses use firewalls as a means of ensuring their cloud communications remain secure.






Conclusion

Businesses rarely face a stable operating environment for very long. Whether it's changing customer or employee demands, pressures on the funds available for investment, or changes to the way the businesses themselves are structured and run, ultimately the communications systems they have in place must also evolve. They need to be the right fit and work for the various customers, suppliers and partners a business needs to interact with on a daily basis in order to run an effective business operation.

It's promising to see greater awareness and preparation amongst businesses for the ISDN and PSTN stop-sell and switch-off updates since the last iteration of this research was conducted in 2020. But a third (33%) are still using ISDN for their communications, highlighting how it can be more challenging for some businesses to make changes to the way they operate than others, or that perhaps, it is simply not a business priority. But time is quickly running out for this upgrade. Updating communications infrastructure can be as much about cultural change as it is about the financial and resource investment.

Leaders are making these decisions for not just their customers, but employees too – so they must take the time to carefully consider and take a range of perspectives and inputs on board before making any decisions. While there are some looming deadlines, you don't have to face these alone. Trusted partners can help make sense of the latest enabling technologies, and advise on choosing the right communications mix that will suit your specific business requirements.



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