

REGION FOCUS: ASIA PACIFIC, MIDDLE EAST & AFRICA

# Digital Transformation in Global Financial Services

## The Role of Unified Communications and Collaboration



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# Where UC&C becomes mission critical

The new normal for banking, finance and insurance organizations is pushing them to rely more heavily on unified communications & collaboration (UC&C) systems and services. In the process, service assurance of UC&C services is being redefined.

**Creation of digital experiences is accelerating**

In 2022, a third of organizations were already integrating business applications (e.g., CRM and ERP) with video collaboration – via APIs or communications platform as a service (CPaaS) – and this will continue to grow as organizations are viewing these integrations as a core requirement for many businesses today.<sup>1</sup>

**Increased spending on UC&C**

By 2027, organizations will be spending over \$80 billion for UC&C systems and services.<sup>2</sup> Latin America (11.2%) and APJ (10.0%) regions will experience higher CAGRs over the 2021–2026 period than EMEA (7.8%) and even the United States, as adoption momentum builds after previously lagging behind the United States and EMEA.

**Cloud as main driver**

There is significant demand for hybrid UC solution implementations with much importance placed on enabling seamless communications and collaboration across organizations and extending out to customer interactions<sup>3</sup>. About 38% of enterprise UC&C implementations were on UCaaS in 2022<sup>3</sup>, forecasted to still increase as hybrid cloud adoption in financial services increase.

**Organizations are enhancing their UC&C capabilities**

About 45% of organizations are increasing investment into new capabilities such as AI/ML that enhance the employee and customer experiences of integrated UC.<sup>4</sup> Investment into network performance management systems is expected to grow at a robust CAGR of 5.2% through to 2026.<sup>5</sup>

**UC&C SERVICES**

**Four foundational pillars of the future**

<p><b>Extreme availability</b></p> <p>UC&amp;C is mission critical. Ensuring services are available 24/7 for customers, prospects, partners, vendors, and employees.</p>	<p><b>Choice of deployment options</b></p> <p>Simpler deployment model which supports cloud, hybrid, and on-premises platforms.</p>
<p><b>Openness and compatibility</b></p> <p>Complete view and control of multivendor UC&amp;C environments.</p>	<p><b>Transparency, visibility, and control</b></p> <p>Identification of bottlenecks and granular insight for root cause analysis.</p>

<sup>1</sup> IDC Five Areas to Watch in UC&C for Technology Buyers, 2022; <sup>2</sup> IDC Worldwide Unified Communications and Collaboration Forecast, 2022-2026; <sup>3</sup> IDC Quarterly Unified Communications and Collaboration Tracker, 2023; <sup>4</sup> IDC Five Key Unified Communications and Collaboration Trends for 2023; <sup>5</sup> IDC Worldwide Enterprise Network Performance Management Forecast, 2022-2026

## ASIA PACIFIC

# User and customer experience more critical than ever

Financial organizations have accelerated the change in the way they operate to thrive in the digital world. Digitalization and hybrid working are transforming unified communications performance management from a nice-to-have to a business essential.

UC&C vendor revenue in Asia Pacific organizations is projected to **increase by 9% to over \$15 billion** in 2024.<sup>1</sup>

Organizations in the Asia Pacific region are increasingly adopting unified communications as a service (UCaaS) or managed communication solutions, with **spending projected to reach over \$4.5 billion** by 2024.<sup>1</sup>

In the Asia Pacific region, the sum of units/lines/licenses/seats for managed/hosted voice/UCaaS technology will **grow by 13%** in 2024.<sup>1</sup>

Banking, financial services, and insurance (BFSI) organizations in Asia Pacific say the top technologies that will have a major impact on collaboration are **Internet of Things (IoT) (48%) and automation (35%)**.<sup>2</sup>



### Regulations and compliance

Across the Asia Pacific region, regulators have laid down stringent procedures for data capture, privacy, trade surveillance, and timely detection and action on suspicious matters. There has also been a significant increase in regulatory reporting and record-keeping requirements of customer onboarding interactions, especially since the emergence of the pandemic.



### Sheer rise in transactions and interactions

The increase in digital adoption and usage amid the early 2020's great disruption calls on financial services firms to proactively monitor all interactions to ensure a consistent customer experience.

- All improvements in areas such as call centers and collections will result in a 25% increase in transaction volumes and an almost 10% reduction in servicing expenses.<sup>3</sup>
- About 54% of the region's banks are investing in digital banking channels to improve customer experience.<sup>4</sup>
- Customer experience transformation is the top business priority for 62% of banking and financial services institutions<sup>4</sup>, as the acceleration of digital expands the competitive landscape and raises the bar in providing holistic experiences, driven by seamless and omni-channel interactions for banking customers.



### Impact to investments

Optimizing IT investments by keeping a close tab on cost-to-income ratios.

- About 63% of BFSI organizations in the region expect to increase planned spending on collaboration in 2024.<sup>2</sup>



### Data heavy

Gaining customer intelligence based on actual real-time data from the customers themselves.

- About 43% of banks in Asia Pacific (excluding Japan) are shifting their focus toward a public-cloud technology architecture in the next 24 months, creating an upward shift in data in motion.<sup>4</sup>
- Asia financial services companies are prioritizing data modernization, big data and analytics (BDA), and AI initiatives to provide a more personalized experience to their clients. These are the top spending growth areas after security.<sup>4</sup>



### New customer focus delivered by distributed teams

Adopting a distributed ecosystem while delivering a seamless development and support framework.

- About 76% of Asia Pacific BFSI organizations say that their employees work away from the physical office/store/worksite at least one day per week, with 22% saying employees work away from the office more than 50% of the week.<sup>2</sup>



### New modalities of customer interactions

Remote digital engagements like self-managed transactions, pre-staged interactions, co-browsing, consent-driven interactions, and advice- and recommendation-driven interactions.

- One third of Asia Pacific BFSI companies say a top 3 driver for investing in UC&C is to enable the digital transformation of their businesses.<sup>2</sup>
- About 86% of these companies say they are using UC&C tools for collaboration with customers.<sup>2</sup>

<sup>1</sup> IDC Quarterly UC&C Tracker, 2023; <sup>2</sup> IDC Asia Pacific Collaboration Survey, 2023; <sup>3</sup> Generative AI in Retail Banking: Opportunities and Use Cases, 2023; <sup>4</sup> IDC Playbook Tech Sales Leaders: State of the Financial Services Industry, Investment Outlook, and Market Opportunities in Asia Pacific 2023; <sup>5</sup> Financial Cloud Trends in Asia Pacific, 2023

## MIDDLE EAST &amp; AFRICA

## Customer focus critical amid digital growth

Like other parts of the world, accelerated digital usage has financial services organizations in the Middle East & Africa prioritizing UC&C for consistent customer experience.

About **61%** of CIOs in the Middle East, Turkey and Africa (META) region say that **digitalizing operations is a key priority** and 40% say that enabling hybrid work is a key priority<sup>1</sup>

The financial services sector will be the fastest growing when it comes to digital spending, with a **CAGR of 18%** by 2026. RPA-based claims processing will be the fastest growing use case.<sup>2</sup>

Expect platform-led innovation in the region. Spending on **cloud-based data management and AI platforms** will grow by a robust CAGR of **40%** from 2021 through to 2026.<sup>1</sup>

Customer experience related spending in Saudi Arabia, the United Arab Emirates, and Qatar will focus on **mobile apps and progressive web apps** (57%), AI-based workflow automation/augmentation (55%), and customer privacy and consent management (46%).<sup>3</sup>



#### Regulations and compliance

Financial industry regulators across Middle East and Africa (MEA) have laid down regulations around digital record keeping of all actual or intended transactions with customers as well as inter-bank dealings. Digital record keeping is also an integral part of the service charter of banks.



#### Sheer rise in transactions and interactions

The increase in digital adoption and usage amid the early 2020's great disruption calls on financial services firms to proactively monitor all interactions to ensure a consistent customer experience.

- About 44% of BFSI organizations in MEA are digitally transforming in-branch and physical customer experiences.<sup>4</sup>
- Some 77% of Middle East financial institutions are focusing on scaling up the customer experience on mobile and online platforms, while 63% are developing customer journeys by leveraging digital capabilities.<sup>5</sup>



#### Data heavy

Gaining customer intelligence based on actual real-time data from the customers themselves.

- Investing in data excellence is the top strategic IT capability that Middle East financial organizations (58%). This includes developing data strategies, classification processes, and data stewardship plans.<sup>5</sup>
- About 42% of Middle East BFSI organizations are significantly increasing their investments into personalizing services and improving customer analytics by leveraging analytics and AI/ML.<sup>6</sup>



#### Impact to investments

Optimizing IT investments by keeping a close tab on cost-to-income ratios.

- Finance organizations in the region will increase spending on collaborative applications by a CAGR of 16% between 2021 and 2026<sup>6</sup> as companies seek to become more resilient and agile. This spend includes incorporating AI into existing solutions for extended usability and enhanced value.



#### New customer focus delivered by distributed teams

Adopting a distributed ecosystem while delivering a seamless development and support framework.

- Nearly half (44%) of Middle East financial institutions say enabling employees to work in a hybrid model for the long term is one of their top 3 priorities.<sup>6</sup>



#### New modalities of customer interactions

Remote digital engagements like self-managed transactions, pre-staged interactions, co-browsing, consent-driven interactions, and advice- and recommendation-driven interactions.

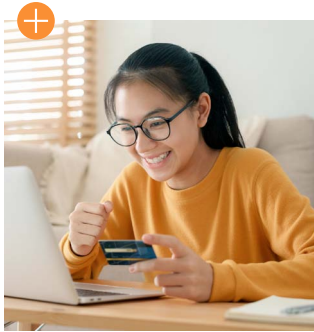
- Over 70% of banking, financial services, and insurance (BFSI) organizations across the META region plan to invest in scaling up their digital platform experiences over the next 12-18 months.<sup>4</sup>

<sup>1</sup> IT Market Trends in the Middle East, Türkiye, and Africa Region; May 2023; <sup>2</sup> Where EMEA digital spending is Going in 2023, January 2023; <sup>3</sup> Customer Experience Transformation Strategies and Tech Adoption Trends in Saudi Arabia, the UAE, and Qatar;

<sup>4</sup> Banking & Financial Services Organizations Ratchet Up ICT Spending in Bid to Become Digitally Resilient, June 2022; <sup>5</sup> Finance Leaders 2022 Digital Agenda: Middle East Perspective, June 2022; <sup>6</sup> Industry Market Forecast, EMEA Financial Services, 2023

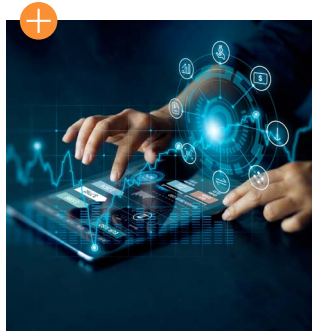
# Mission critical everywhere

Across many segments in financial services, UC&C is now crucial in delivering a new way of financial services.



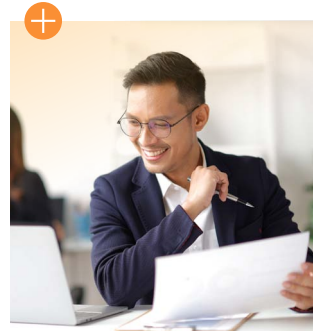
## Enabling new business models

Where banks move into advisory services, building new business models away from interest income to fees and commissions by providing recommendations, facilitation, and lifestyle platforms.



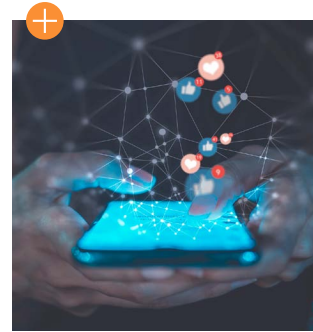
## Supporting Open Banking

Where unified communications is extended to Open Banking by allowing functionalities, applications, and data to trusted third parties.



## Enterprisewide Insights

Where the enterprise becomes one as data, insights, and actions can be standardized across multiple units and silos across the organization.



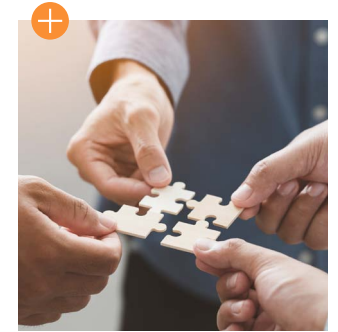
## New customer engagement models

Where financial institutions launch new modalities of customer engagement which include elements of pre-staging, self-direction, collaboration, and proactive outreach.



## Empowering people

Where it is about institutionalizing new modalities of staff work which include elements of automation, pre-staging, intelligence – all with collaboration at the core.



## Building a more agile business environment

Where business agility begins with a new wave of intra-organization integration and collaboration – DevOps, DataOps, risk-finance integration.

# Emerging trends impacting UC&C management

As financial services organizations continue to invest more in UC&C systems and services, the need to have better control over the UC&C environment, and the user and customer experience, is critical.

**1** Integration of business processes and apps remains crucial with a focus on APIs, ecosystems, and IoT.

**2** While hosted/cloud solutions are growing, hybrid environments remain. The choice for the BFSI industry involves considering security and data privacy risks.

**3** Emphasis is on use cases, including customer experience, simplicity, and ease of-use.

**4** Outdated equipment and user dissatisfaction with their current legacy system are driving demand for modernized UC&C systems.

**5** Lines of business influence IT budgets and participate actively in tech discussions.

**6** Video integration and web real-time communication (WebRTC) are still prevalent in UC&C environments.

**7** Mobile and remote office workers are driving demand, while true fixed-mobile convergence/mobile UCaaS is emerging.

**8** Team collaborative apps integrated with AI/ML capabilities enable new intelligent solutions, improving productivity, and transforming the workplace. Generative AI use cases are nascent but emerging fast.

**9** Migration from time division multiplexing (TDM) to VoIP continues, driven by the desire to save costs, attain greater scalability and to support hybrid working.

**10** Shifting emphasis on solutions, not siloed products.

By 2024 **75%** of enterprises will leverage cloud-based APIs to create customer engagement applications that **integrate UCaaS/CPaaS platforms with multichannel options to improve customer experience.**

By 2026 **40%** of enterprises will **double investments in hyperconnected digital spaces** to increase productivity, improve collaboration, and boost energy efficiency.

With GenAI as a catalyst, by 2027 **40%** of enterprises will rely on **interwoven IT architectures across cloud, core datacenters and edge platforms** to support dynamic, location-agnostic workflow priorities.

By 2027, the **need for human operations intervention** will be reduced by **70%** as **AI-enabled automation** will ensure consistent digital infrastructure configuration, performance, cost, and security and improving service-level objectives (SLOs).

<sup>1</sup> IDC FutureScape: Worldwide Future of Connectedness 2023 Predictions; <sup>2</sup> IDC FutureScape: Worldwide Future of Digital Infrastructure 2023 Predictions

# UC&C service assurance still has challenges

Banking, insurance and securities investment organizations face a slew of regulatory and operational challenges as they strive for better business and communications outcomes.



## Real-time monitoring & alerting

Real-time visibility into each UC&C user's experience, and actionable performance information for faster issue resolution.



## End-to-end visibility

Ensuring real-time visibility, trouble-shooting, and reporting across multi-vendor platform, network, and endpoint environments.



## Multiple vendor

The ability to better manage complex workflows of multiple applications/ devices, hybrid-cloud, and multi-vendor UC&C environments, with ease.



## Outside-in Testing

Proactive testing of UC&C environment to gain comprehensive insights into the performance, availability and quality to maximize the customer experience.



## Regulatory compliance

Call recording to ensure quality management and to support compliance requirement.



## Historical analytics

Historical analysis to improve user experience and to support management, and decision-making.

## Creating empowered financial services organizations



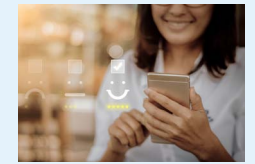
### Ensuring secure and scalable communications

The global COVID-19 outbreak forced financial services firms to strengthen their digital resilience by offering better remote support to both employees and customers by provisioning secure and scalable communications and collaboration tools and applications.



### Empowering the contact center

Going digital doesn't negate the human touch. Improving contact center capabilities is an ongoing imperative to positively impact remote interactions and response times to ensure client satisfaction.

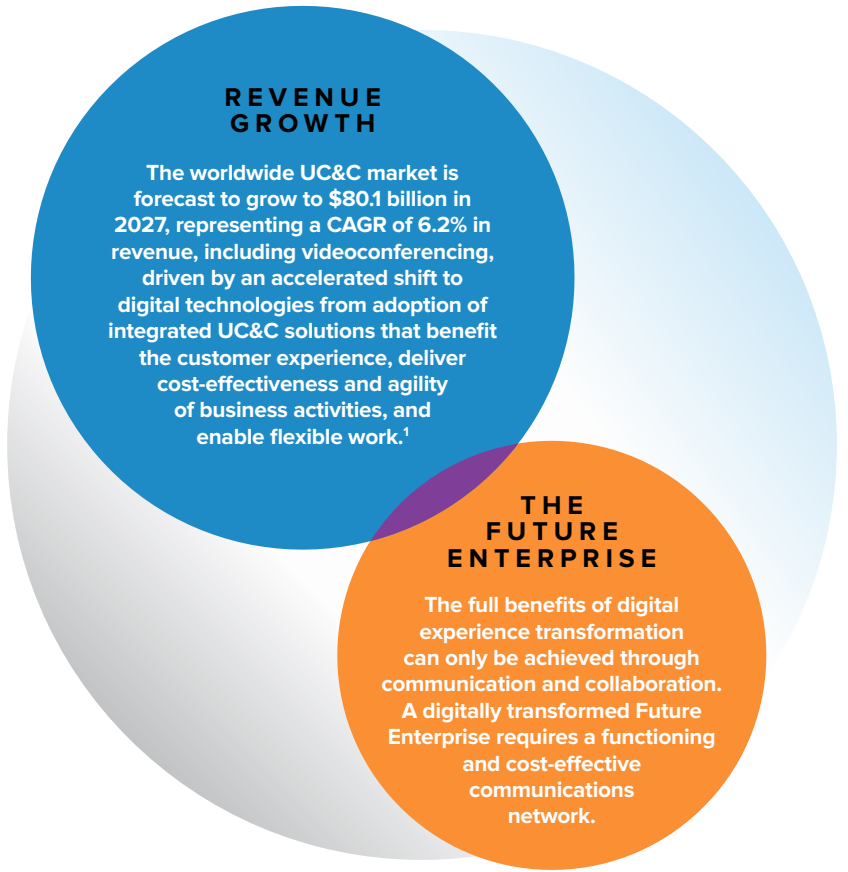
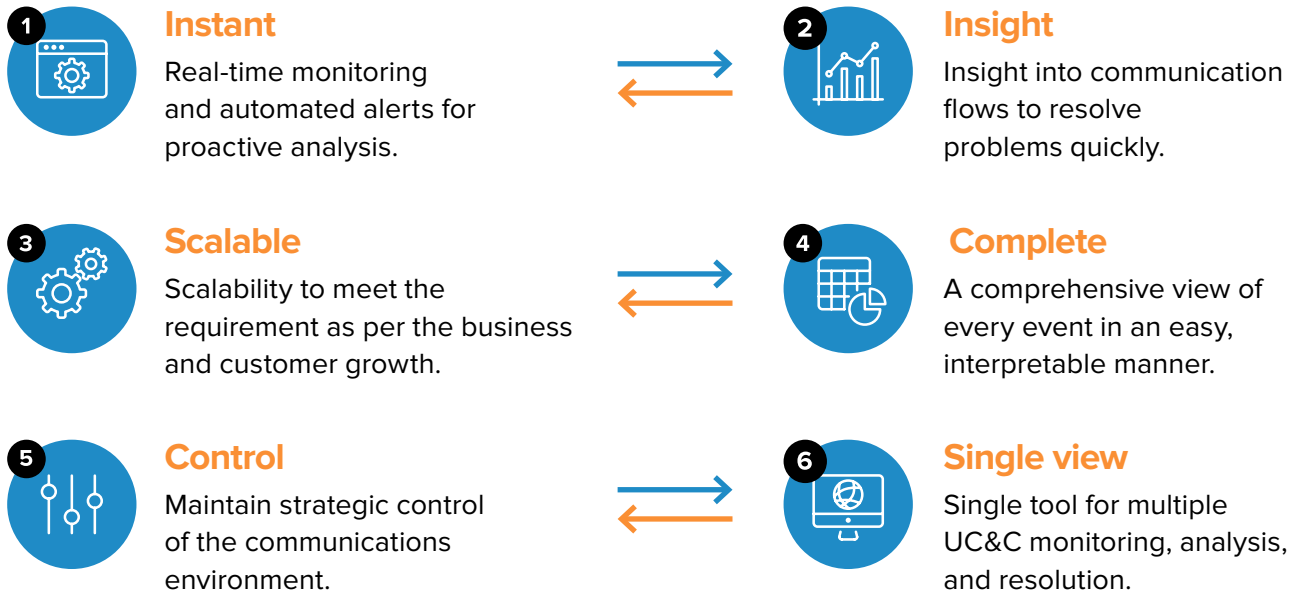


### Beyond the technology

The goal is to add value to the business and address organizational issues, such as building the workplace of the future, integrating communications with applications, enhancing collaboration among lines of business, and addressing customer churn.



# Six components of UC&C performance management to deliver true business value to financial services



<sup>1</sup> Source: IDC COVID-19 Impact on IT Spending Survey (July 20-31, 2020)-IDC# US46794120

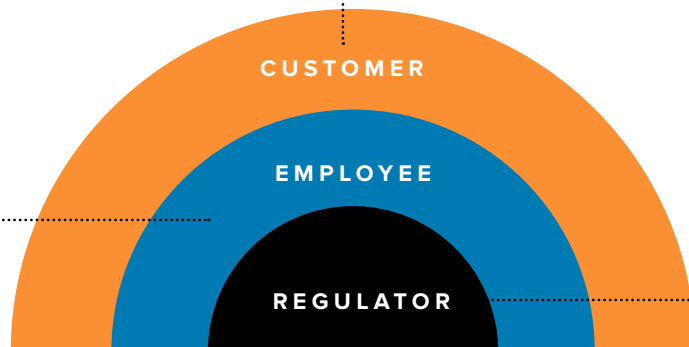
# Prospering amid new working realities of the post-pandemic business era

Gain visibility and insights to enhance customer experience, to support employee engagement, and to comply with regulatory guidelines.

Work norms and cultures are changing, driving financial services organizations to reevaluate business processes to drive new levels of hybrid collaboration. Many employees are working from home one or more days a week, including customer support and technology teams, bringing into focus the criticality of UC&C service assurance.

Customer-centricity is one of the top trends driving financial services organizations to find better and reliable ways to interact with customers. This include conducting advance testing and validating of UC&C environments to proactively identify issues before they impact customers

The financial services industry is heavily regulated because of its fiduciary responsibility and potential for data theft and related fraud. Besides customer confidentiality, organizations are required to maintain records of all customer communications, not only to meet regulatory mandates but also for any legal remedies



## Leveraging emerging technologies

to optimize the UC&C ecosystem to meet the expectations of customers, employees, and regulators



### Microservice

Enable flexibility in UC&C services



### Cloud

Expand UC&C ecosystem using cloud



### Data Insights

Collate and analyze data of UC&C ecosystem



### Expand intelligence

Deep, real-time insights into UC&C user experience and call quality

# About the IDC analyst



## **Nikhil Batra**

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Nikhil Batra is an Research Director for the regional telecommunications team in IDC Asia/Pacific. Based in Australia, Nikhil focuses on Telecom Service Provider and tech vendor strategies, along with enterprise services across the A/P region. In his role, Nikhil works with the regional telecom teams to produce intelligence reports, market insights, and contributes to various consulting projects for leading regional telcos and tech vendors.

[More about Nikhil Batra](#)

# Message from the sponsor



## IR Collaborate simplifies the complexity of modern unified communication environments

Leading financial institutions rely on IR Collaborate to identify and resolve performance issues in real time, across on-premises, cloud, and hybrid environments.

**Monitor, alert & identify** issues in real time with end-to-end visibility across your entire UC ecosystem.

**Troubleshoot & diagnose** the root-cause of problems to proactively prevent recurring issues.

**Analyze & report** on performance to understand trends, adoption, and usage to make better decisions.

**Test & validate** your environment to ensure you can deliver seamless interactions under any conditions.

**Enhance customer experience**  
Ensure high-quality interactions through digital and voice channels to aid customer confidence, satisfaction, and retention.

**Innovate, scale & capacity plan**  
Improve IT agility, capacity plan effectively, deploy new technologies, and ensure your infrastructure evolves with your needs.

**Enable remote workforces**  
Deliver a reliable, highly available UC&C experience to facilitate connectivity, adoption, and productivity, from anywhere.



Visit [ir.com/collaborate](https://ir.com/collaborate) to find out more

# Message from the sponsor



## IR and Cisco – Partners for UC&C Success

IR and Cisco have a long-standing partnership, working together for over 20 years to help workplaces thrive and deliver seamless collaboration and communication experiences.

As UC environments grow in complexity with multiple vendors, visibility diminishes, causing longer troubleshooting and challenges in determining system availability. IR Collaborate simplifies this complexity.

Collaborate enables comprehensive experience management, performance monitoring, troubleshooting, and optimization for Cisco voice, video, contact centers (CC), and Webex Meetings, as well as broad coverage of other vendors, network components, and infrastructure.

Whether you're using Cisco systems alone, or as part of a hybrid UC&C environment, ensure a flawless and productive user experience with IR Collaborate.

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