



The 2019 State of Corporate Connectivity

From legacy internet service to 5G possibilities, Spiceworks examines the evolution of telecommunications in the workplace

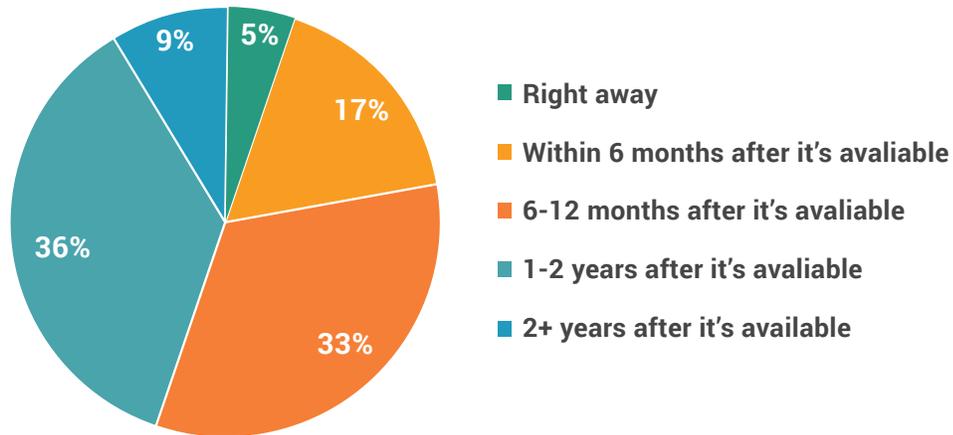
The internet has been a transformative force around the globe, both at home and in the workplace. Organizations rely on internet service providers (ISPs) to provide vital access to email, the world wide web, and cloud services that connect our world. As communications and commerce increasingly take place online, there's no question internet access is crucial to business success. But are businesses happy with the quality of their service?

And with a 5G rollout around the corner, how eager are businesses to adopt devices that support the new wireless standard? Finally, as ISPs position themselves to sell additional IT services and help businesses deploy emerging technologies, are businesses buying? We surveyed more than 700 IT decision makers in organizations across the United States and the United Kingdom to shed light on the current state and future of corporate internet connectivity.

The 5G Future

5G is a potentially disruptive wireless networking technology, capable of speeds rivaling the fastest wired internet connectivity options in use today. Although 5G is currently available in a limited number of test markets and a complete rollout could take several years, many businesses are already interested in adopting the new wireless technology. In fact, according to Spiceworks survey data, 32% of businesses have plans to purchase 5G-enabled devices after the service becomes available in their area. And among these businesses, more than half intend to buy 5G-capable devices within a year of availability.

5G PURCHASE PLANS
(Among all businesses that have plans to purchase 5G-enabled devices when 5G is available in their area)



Our study also indicates smartphones will lead the way in the push towards 5G. Among organizations planning to purchase 5G-enabled devices, 83% plan to buy smartphones, 42% plan to purchase tablets, and 7% plan to purchase IoT devices supported by 5G.

Of note, 5G-capable modems, which could be used to connect corporate networks to online services, have the potential to shake up the ISP market. Our data shows 44% of businesses with 5G purchase plans intend to buy 5G-supported modems. This new connectivity option could help empower mobile workforces, serve as a high-speed secondary internet connection for disaster recovery purposes, or even entice businesses to move away from legacy connection types.

5G-capable modems could also allow ISPs to extend their reach and offer high-speed broadband service to new cities and neighborhoods without having to incur last-mile expenses associated with physically connecting wires to homes and businesses. As a result, a 5G rollout could spark more competition among ISPs, ultimately benefiting customers within 5G coverage zones. However, despite this huge opportunity, there are still unanswered questions in these early days of 5G. For example, many carriers have yet to announce details about their 5G internet service, including speeds, pricing, potential data caps, and coverage areas.

Although high-speed 5G connections are expected to enable new IoT and AI use cases, service providers will have to work hard to educate many businesses on the benefits and possibilities of 5G. Thankfully for ISPs, many will look to them for guidance. For example, 25% of IT buyers believe ISPs can provide valuable expertise about 5G and how it can impact their business.

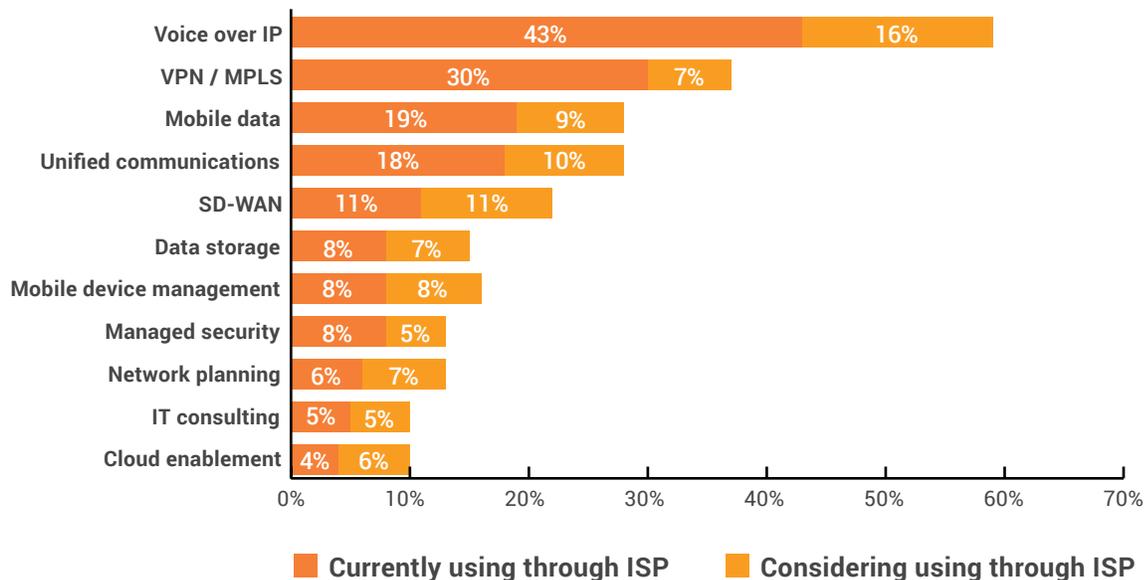
Beyond Internet: Opportunities for ISPs to Grow

In recent years, many internet service providers have branched out by offering additional IT services such as Voice over IP (VoIP), consulting, and managed security services. This trend has been especially important to legacy telecommunications providers facing pressure as customers transition away from traditional landline service. But are organizations buying?

According to our data, most organizations are purchasing or at least considering one or more additional service through their ISP, with VoIP leading the way in current adoption and future consideration. VPN/MPLS and mobile data are the second and third most popular additional services offered by ISPs, followed by unified communications and SD-WAN, which can be used to connect multiple locations together in a more cost effective and flexible manner than similar technologies such as MPLS.

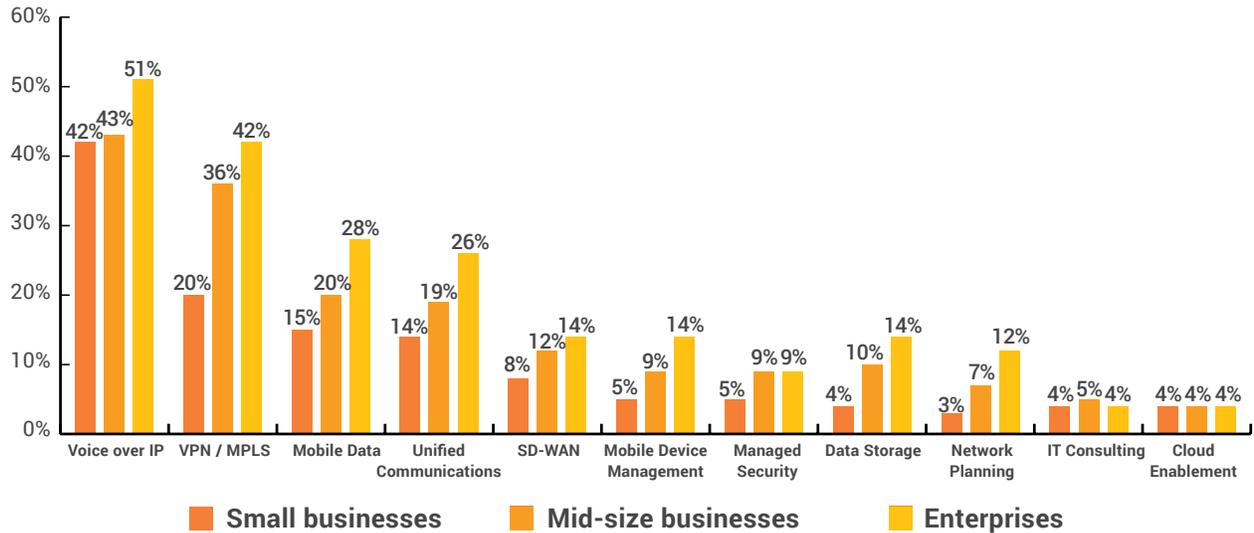
Looking towards the future, adoption of SD-WAN technology offered by ISPs has the potential to double. Additionally, our data shows 26% of organizations believe ISPs can provide valuable expertise on adaptive networking technology such as SD-WAN.

ADDITIONAL SERVICES BUSINESSES ARE USING OR CONSIDERING THROUGH AN ISP (Among all businesses surveyed)



When we examine the data by company size, it's evident that enterprises with 1,000+ employees are even more likely to use additional services through their ISP. For example, compared to small businesses with less 100 employees, enterprises are twice as likely to purchase services relating to VPN/MPLS, mobile data, and unified communications through their ISP. Enterprises are also three times more likely than small businesses to use an ISP for mobile device management, data storage, and network planning services.

ADDITIONAL SERVICES BUSINESSES USE THROUGH AN ISP (By company size)



However, according to our data, only 53% of IT decision makers are fully aware of the additional IT services their ISP offers beyond internet connectivity, which points to an awareness gap. This lack of knowledge presents a challenge for ISPs pushing emerging solutions for IoT, edge computing, AI, or VR technologies.

But the future isn't all bleak. Among emerging technologies ISPs are looking to sell, IoT and edge computing solutions show some promise. Although only about 2% of enterprises are using IoT or edge computing solutions offered by their ISP today, nearly 7% are considering them. And across all company sizes, our data shows 12% of businesses believe ISPs can provide valuable expertise on IoT and 10% said the same for edge computing.

To further drive adoption of these future-looking solutions, ISPs will need to better educate existing customers on how their emerging solutions can help companies achieve their business goals with more specific use cases.

Current State of Internet Connectivity

Now that we've covered future-looking tech, let's examine the types of internet connectivity options available to businesses today. Our data suggests in recent years, newer, high-speed options such as fiber and cable broadband have largely replaced older technologies like DSL and T1 lines. In fact, optical fiber is now the most common internet connectivity option used by 82% of organizations at their headquarters. Additionally, nearly half of businesses use cable broadband (47%) at HQ, compared to less than 20% using wireless broadband (19%), DSL (18%), and T1/T3 (16%). Finally, only 5% use satellite, while 4% use ISDN, and thankfully, only 2% are still using dial-up.

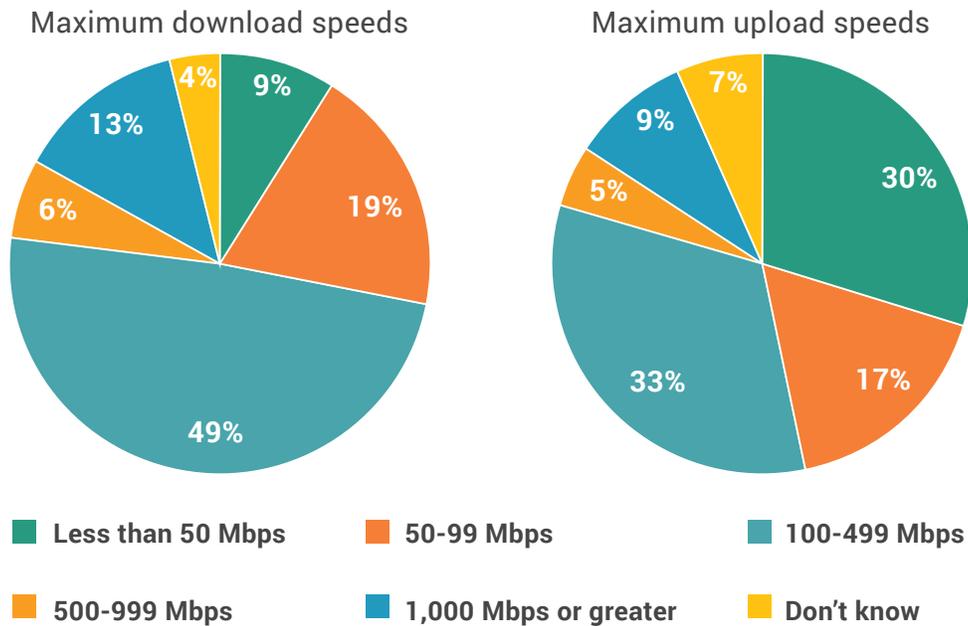
Interestingly, we discovered 62% of businesses make use of multiple internet connections. For example, a business might subscribe to internet service from two ISPs for redundancy, one via fiber, and another via cable.

Internet Speeds

When it comes to corporate internet speeds, our data reveals maximum upload speeds generally lag behind maximum download speeds. For example, 30% of organizations subscribe to internet service with maximum upload speeds below 50 Mbps at their corporate headquarters, compared to only 9% using download speeds below 50 Mbps. This could be problematic for businesses, as adequate upload bandwidth is important for common use cases such as video conferencing, Voice over IP, large file transfers, remote desktop, and VPN.

At the other extreme, 13% of organizations pay for gigabit download speeds of 1,000 Mbps or higher, while 9% pay for gigabit upload speeds.

INTERNET SPEEDS BUSINESSES PAY FOR AT HEADQUARTERS (Among all businesses surveyed)



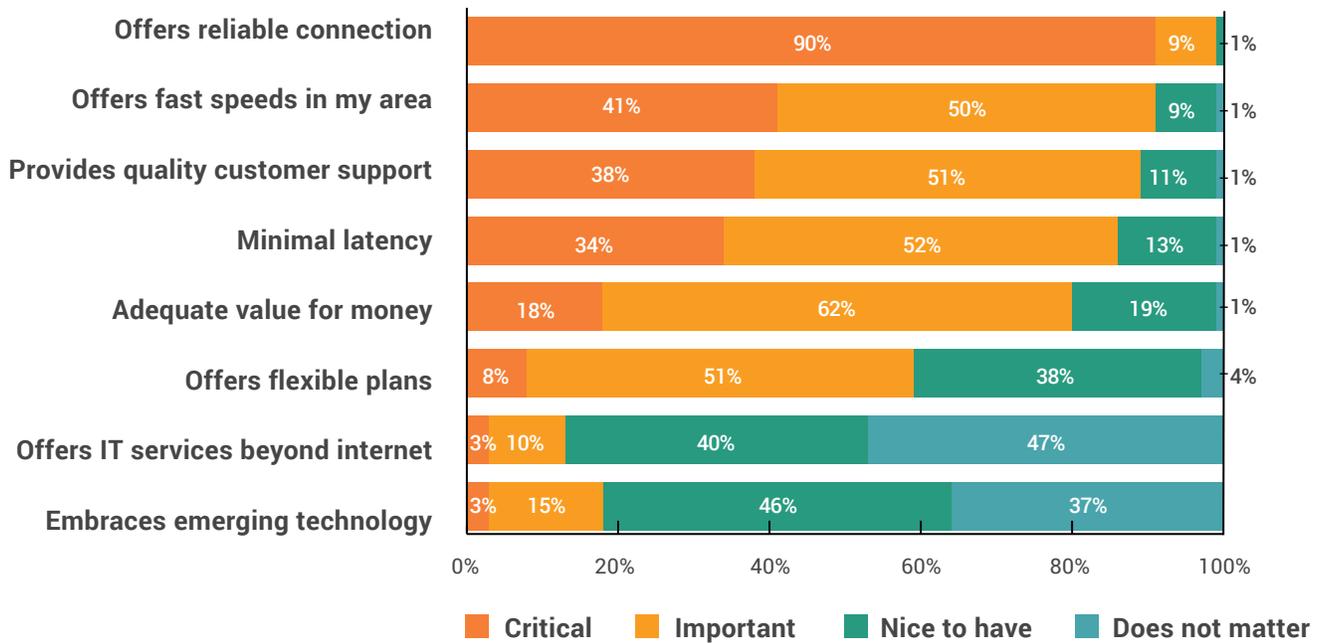
The larger the business, the more users IT departments must support, which puts more demand on internet connections. This relationship explains why enterprises are five times more likely to subscribe to gigabit plans than small businesses. Adoption of gigabit download speeds stands at 32% in enterprises compared to 7% for small businesses. And for upload speeds, 25% of enterprises have gigabit plans compared to only 4% of small businesses.

ISP Purchase Consideration Factors

We also asked IT decision makers about the factors that influence their organization to pick one ISP over the competition. According to our research, 90% of decision makers said a reliable connection is “critical” when considering an ISP for corporate internet connectivity, making it overwhelmingly the most important factor when evaluating a service provider.

Roughly 40% of IT decision makers said fast speeds, minimal latency, and quality customer support are also critical when evaluating an ISP. Although still considered important, fewer decision makers said offering adequate value for money and flexible plans is critical. On the other hand, some attributes fall into the “nice to have” category, including embracing emerging technology that can help future-proof businesses, and providing IT services beyond just internet connectivity. This finding indicates organizations don’t typically choose an internet service provider based on their extended product portfolio. However, as previously discussed, ISPs can have great success selling additional services to existing customers.

IMPORTANCE OF ISP CONSIDERATION FACTORS FOR CORPORATE INTERNET CONNECTIVITY

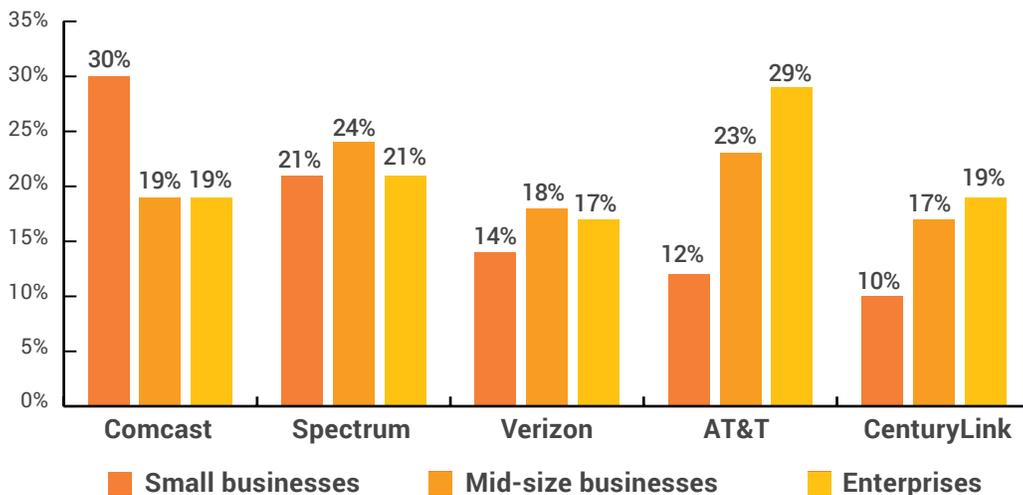


ISP Brand Usage

Now that we understand what businesses look for in an ISP, let's examine which providers are most commonly used at corporate headquarters. Among U.S. survey respondents, Spectrum and Comcast (both used by 23% of organizations at their headquarters) are the most commonly used ISPs, followed closely by AT&T (20%), Verizon (17%), and CenturyLink (15%). Among other players in the U.S. market, 8% of respondents use Windstream, 5% use Xfinity, and 4% use Frontier and Cox Communications, respectively.

While the overall numbers paint a compelling picture, they don't tell the whole story, as certain providers are more commonly used among companies of different sizes. For example, small businesses (1-99 employees) in the U.S. are most likely to use Comcast, while mid-size businesses (100-999 employees) are most likely to use Spectrum, and enterprises (1,000+ employees) are most likely to use AT&T. In fact, enterprises in our study are twice as likely to use AT&T than small businesses. Similarly, CenturyLink also enjoys much higher adoption rates among enterprises.

TOP ISPS BUSINESSES ARE USING AT HEADQUARTERS FOR CORPORATE INTERNET CONNECTIVITY
(Among U.S. businesses surveyed)



Looking towards the future, AT&T is likely to gain ground on the competition. Our data shows the telecommunications giant is currently being considered by 9% of U.S. businesses surveyed, just ahead of Verizon (8%), Spectrum (7%), and Comcast (6%).

It's also worth noting that among businesses headquartered in the U.K., the most popular internet service provider is BT Group, which is used by 40% of businesses headquartered in the U.K., followed by Virgin (28%), TalkTalk (9%), and Vodafone (9%). In terms of future growth, Virgin and BT Group are poised to see the most growth. For example, 16% of businesses headquartered in the U.K. are considering using Virgin, and 12% are considering BT Group.

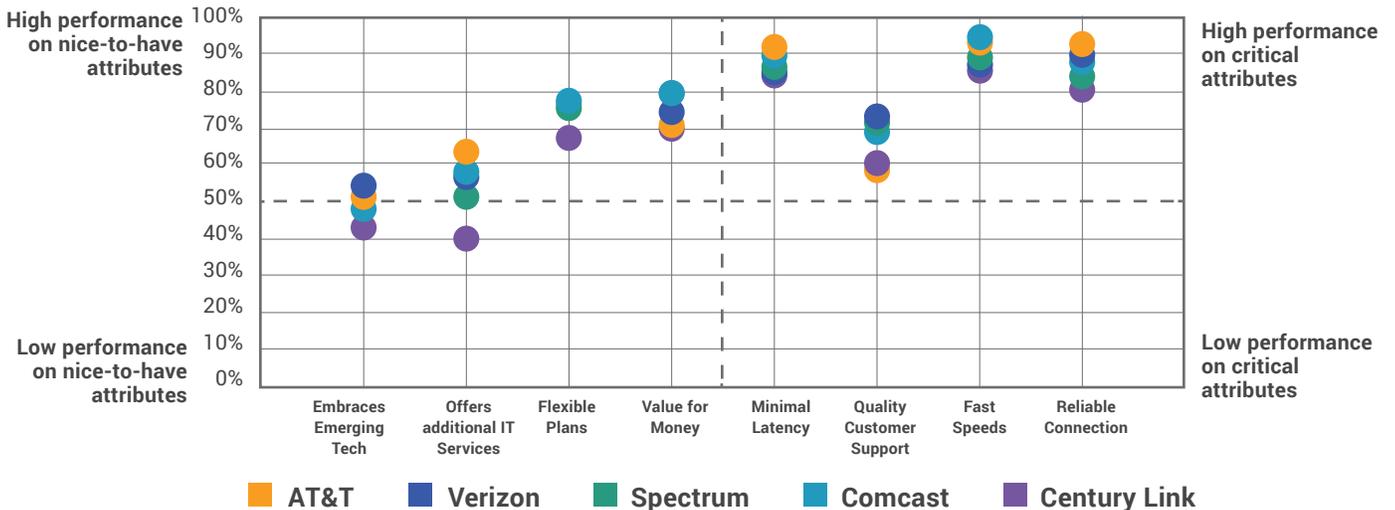
ISP Brand Perceptions

When it comes to overall ISP perceptions, IT decision makers seem to be fairly satisfied: 66% believe their current levels of internet connectivity are effectively meeting the demands of their business, and 62% believe the internet service they pay for matches the performance they actually get.

But as you might expect, how businesses perceive their internet service provider varies across different attributes, and there were some standouts among the five most commonly used ISPs in U.S. businesses. For example, when we asked IT decision makers whether their ISP provides a reliable connection (the most important consideration factor), 93% said AT&T meets or exceeds expectations. AT&T also scored top marks for minimal latency and for providing IT services beyond just internet connection.

Additionally, Comcast scored the highest marks for offering fast speeds (the second most important consideration factor) and for offering flexible plans. Comcast is also tied for the top spot with Spectrum for providing adequate value for money, while Verizon took the top spot for providing quality support (the third most important consideration factor) and for embracing emerging technologies.

ISP BRANDS: ATTRIBUTE IMPORTANCE VS. BRAND ASSOCIATIONS
(Percent of IT pros who believe their ISP provider meets or exceeds expectations for each attribute)



In general, there wasn't a huge difference in how each provider is perceived by IT decision makers across attributes, which could indicate businesses view each brand as relatively interchangeable. However, there are opportunities for ISPs to improve customer support in order to stand out from the competition. There are also opportunities to excel when it comes to offering additional IT services and embracing emerging tech.

Finally, it's worth noting that 65% of IT decision makers believe their experience with an ISP in the consumer market affects how they perceive ISPs in the business environment, which is important considering many ISPs also offer residential internet and consumer-focused mobile data service.

What's Next in Corporate Connectivity

Looking at the big picture, we know 66% of organizations believe their internet connections adequately meet their business demands, which shows there's still room for improvement. Although the most commonly used ISPs scored high marks for reliable service and adequate speeds, no provider stands out when it comes to customer service, so there are opportunities for providers to differentiate themselves.

There's also opportunity for ISPs to pursue additional revenue streams by offering services beyond internet, such as VoIP, unified communications, mobile device management, and managed security solutions. However, only half of IT decision makers are fully aware of the other services offered by their ISP, pointing to an awareness gap. This means ISPs should better educate buyers on the services they offer and how they can benefit businesses in the long run.

Looking forward, the rollout of 5G will also offer opportunities for both organizations and ISPs. Considering nearly a third of companies already plan to purchase 5G devices after the new wireless standard is introduced, this trend will likely spark more competition in the ISP market, while also extending internet service to more businesses and opening the door for new possibilities. But with many unanswered questions on what a 5G rollout will actually bring, we'll have to wait and see the true impact of this promising connectivity technology.

Want to apply these trends to your marketing strategy?

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Methodology

The survey was conducted in February 2019 and included 716 IT buyers in Spiceworks. Respondents represent organizations in the United States (76%) and the United Kingdom (24%) across a variety of company sizes, including 36% from small businesses (1 to 99 employees), 55% from mid-size businesses (100 to 999 employees), and 9% from enterprises (1,000+ employees). Respondents also represent a variety of industries, including education, healthcare, nonprofits, government, finance, retail, construction, manufacturing, and IT services.

About Spiceworks

Spiceworks is the marketplace that connects the IT industry to help technology buyers and sellers get their jobs done, every day. The company helps people in the world's businesses find, adopt, and manage the latest technologies while also helping IT brands build, market, and support better products and services. Founded in 2006 and headquartered in Austin, Texas, Spiceworks empowers people to use technology to make their organizations, their communities, and the world better.