Ring4

The State of VoIP in 2022 / 23
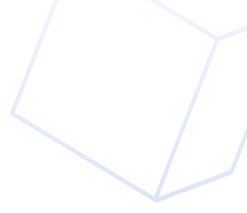
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Introduction

First came the internet, then the art of email, and finally the ever-adapting and growing VoIP industry.

Voice over Internet Protocol (VoIP) is a technology that converts your voice into packets of digital data that can be transmitted online. With your audio converted into data, users can then make calls directly from a computer, a VoIP phone, or other data-driven devices to anyone in the world as long as they are connected to the internet.

You may have used VoIP services like Skype, Zoom, Discord, or similar software before and especially during the COVID-19 pandemic. As the world was sent home, the VoIP market exploded and everyone was clamoring to find means of communicating with family, coworkers, and everyone in between.

The VoIP industry is still changing – these last few years more than ever before. From large corporations to government bodies and even to the ordinary person, people depend on VoIP systems. As the VoIP market grows more competitive, so does innovation in the way VoIP service providers work.

It is with this ongoing evolution in mind that we bring you the state of VoIP in 2022/23.
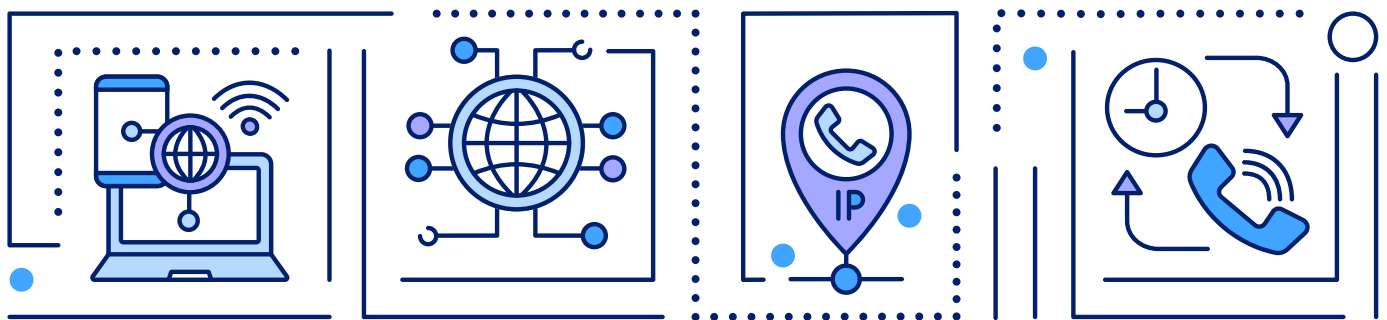
In this insider look at the state of VoIP we'll explore:

- The history of VoIP.

- VoIP industry trends.

- What industries use VoIP (including industries where VoIP is a necessity).

- VoIP industry statistics, and so much more.
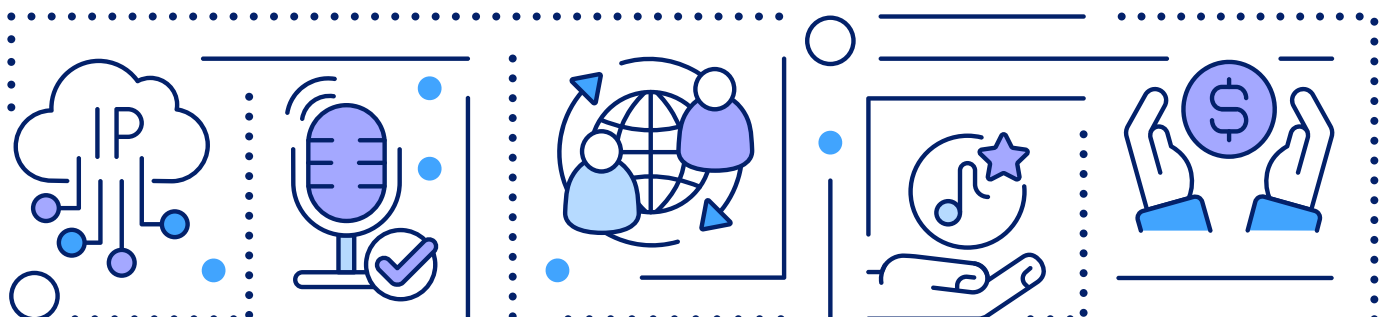
How Did the VoIP Industry Evolve?

To understand the trajectory of the VoIP industry, it's important to understand where it came from. This is a brief look at the history of VoIP - to gain further insights into the history of the communications medium, **read our post on the blog**.

Inventions that made VoIP Possible

VoIP could not have existed without acknowledging three important inventions that came before its time: the telephone, the Internet, and Internet Protocol (IP).

VoIP and a Not-So-Successful Start

VoIP officially debuted in 1995. VoIP started off as a single company known as VocalTec and their first product, the Internet Phone. This software allowed one user to call another through the internet by connecting to the speakers and microphone on each receiving end. There were video features, and both users needed to have InternetPhone on their computers.

In 1996, VocalTec introduced internet voicemails to their VoIP. In 1998, the company went on to create computer-to-telephone and telephone-to-telephone capabilities for their VoIP.

VocalTec

VoIP didn't gain much traction initially. The concept was intriguing, yet the first VoIP wasn't as convenient as many had hoped. While calling was free, users were required to sit through a series of advertisements to continue their call and again once they finished. The unreliable internet at the time (hey, it couldn't be helped) also meant poor sound quality and periods of silence. At this point in time, less than 1% of all voice calls relied on VoIP.

The Rise of New Tech

Luckily, VoIP pushed on. Eventually, a new tech came along that would help take VoIP to the next level.

When broadband Ethernet services became available, this helped VoIP call quality improve while also reducing connectivity issues. When hardware manufacturers started producing VoIP "switches", this meant CPUs didn't have to bear the load of having to turn voice data packets into information that the public telephone network could read.

At the same time, Internet Telephone Service Providers (ITSPs) started upgrading telecommunication capabilities and charging a fee for the increased VoIP quality.

By 2003, VoIP calls leaped up to 25% of all voice calls.

Introduction to Skype and Full-Service VoIP

In 2003, Skype launched its beta version which quickly gained national attention. Skype allowed users to make voice calls over the computer for free and included an instant messaging system – which was also free to use on their platform.

In 2004, Skype added features that allowed users to use Skype to call landlines and cell phones. In 2005, Skype first introduced video chat into its software. Needless to say, Skype was the king of VoIP at the time.

With Skype's success came companies offering full-service VoIP. What this meant was unlimited domestic calling services for a flat rate and users with a VoIP phone could connect to a provider through Wi-Fi, analog telephone adapter, and softphone.
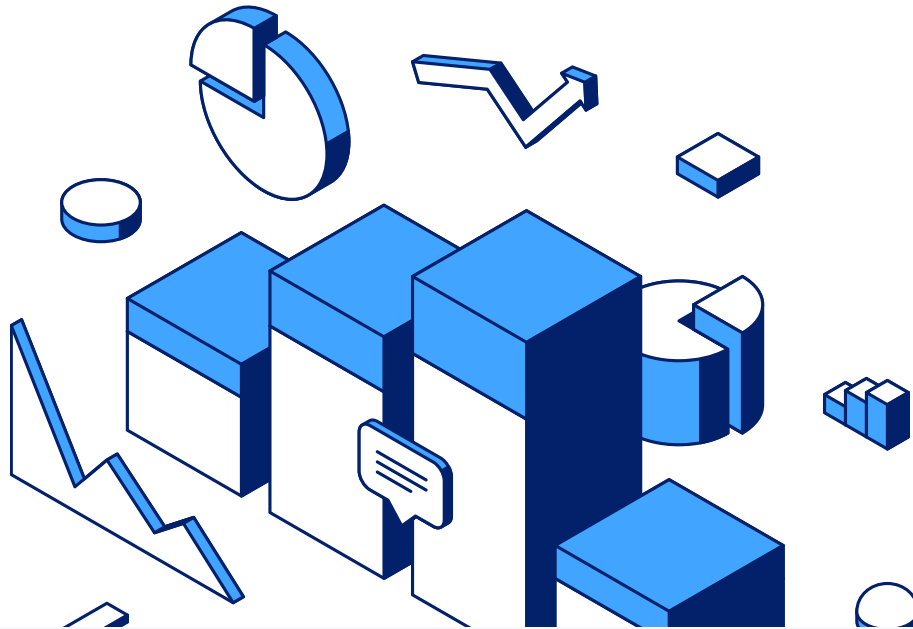
Arrival of SIPs

The last stop we need to hit before the modern VoIP is what's known as a Session Invitation Protocol (SIP). SIP means that a user must initiate a VoIP conversation by inviting another person or group into the conversation.

SIP set a higher standard of security than previously VoIP. SIP also assisted to help developers and creators overcome the limitations of hardware necessity – making VoIP more accessible for everyone.

Well, there you have it. As technology advances, VoIP will continue to transform. That's what the rest of this blog is all about.

5 Types of VoIP Industry Statistics You Need to Know

There are five types of VoIP industry statistics you should be aware of as we come into 2023. These include:

- **General VoIP statistics.**

- **VoIP usage.**

- **VoIP Cost.**

- **VoIP Technology.**

- **VoIP industry during and after the pandemic.**

We covered 35 of them in **a recent blog post**, but five things were made abundantly clear in our research:

1. General VoIP statistics indicate we will see record growth in the next five years.

The VoIP industry is expected to see record growth in the next five years. This is due to the growing popularity of VoIP services and the continued advancement of VoIP technology.

VoIP is a cost-effective and reliable alternative to traditional phone services. It offers many features and benefits that are appealing to businesses and consumers alike. As more people learn about VoIP and its advantages, the demand for VoIP services will continue to grow.

The advancement of VoIP technology is another factor that will contribute to the growth of the VoIP industry. Newer and more powerful VoIP systems are being developed all the time, making VoIP even more attractive to businesses and consumers.

2. VoIP usage statistics show the VoIP industry is booming worldwide, not just in the United States.

Recent data shows that VoIP usage has increased significantly in the past decade, with more than 204 billion people now using VoIP services.

North America will have the highest VoIP market share by 2025, with Europe following closely behind. After that, in order of market share are Asia Pacific, Latina America, and the Middle East and Africa.

3. VoIP cost statistics show the driving force behind the industry's growth.

Simply put, costs are going down making VoIP a very attractive option for small to medium enterprises as large corporations. VoIP was already favored by solopreneurs and micro teams as well as individuals for residential and mobile use. However, with the rising costs of traditional phone plans, more and more people are looking to VoIP options to save money than ever before!

4. VoIP Technology statistics point to an incredibly bright future for the industry.

Cheaper calls, more features, and better call quality. Bottom line - VoIP is **rapidly replacing older technologies**.
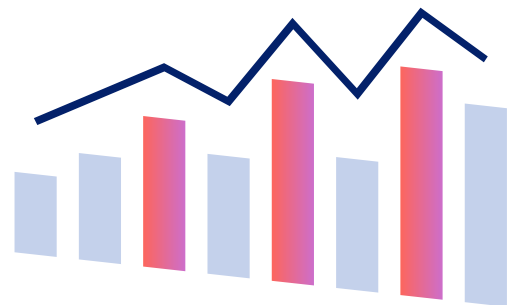
5. VoIP industry statistics related to during and after the pandemic suggest remote work is here to stay.

And with remote work, the demand for VoIP will only continue to rise! Is your team going to be ready to take calls anywhere with WiFi?

What are the Emerging Trends in the VoIP Industry?

We covered the history, now let's dive into the current. Here are the VoIP industry trends that you can expect to see in the final quarter of 2022 and the rest of 2023.
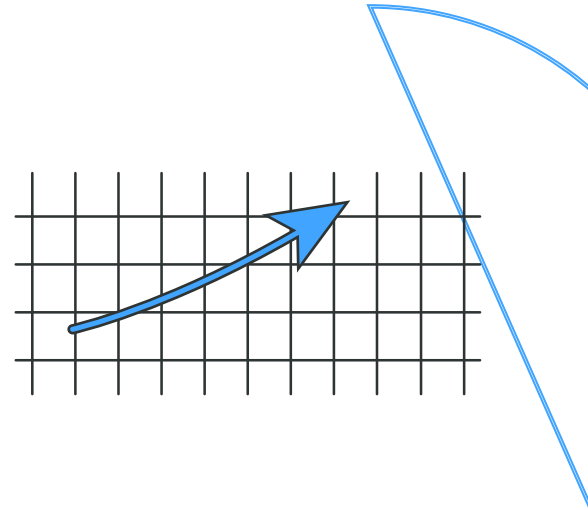
VoIP is Being Adopted by Small Businesses

VoIP is usually equated as something large-scale; it's seen as software that only major corporations with thousands of employees can benefit from. The truth is that VoIP can also benefit small businesses.

Small businesses that adopt VoIP are equipped with a wide range of features that streamline communication processes. There are also no installation or maintenance fees with VoIPs nor do you need physical space to house traditional analog systems. Small businesses usually scale quickly, and as such, require a seamlessly scalable solution in VoIP.

All in all, small businesses experience a 90% reduction in startup costs when they implement a VoIP communication system (**Startupanz**, 2020).

Multi-layer Security for VoIP Systems

Back in 2020, VoIP systems made headlines – and not in a good way. As reported by **ZDNet**, a hacker group attacked the VoIP networks of over 1,200 organizations from 20 different countries. The compromised VoIP networks included industries such as the military, finance, insurance, manufacturing, and even government bodies.

VoIP systems intend to beef up their security against cyber threats in the near future. The use of multi-layered security is a viable option because each layer is designed specially to target certain types of threats. This system also gives VoIP companies more time to react in case of a cyber attack.

Many VoIP companies are also exploring blockchain technology as a way to decentralize control over VoIP. If blockchain technology is implemented correctly, cybercriminals will have a harder time breaching systems and stealing sensitive data.

The More Features, The Better

Rarely do people just call and text nowadays. With the internet being available within arm's reach at all times – there are all sorts of ways to communicate nowadays. Businesses may need to keep up with their consumers across channels, and this has paved the way for more complex VoIP systems. More complex VoIP systems can handle the traditional voice call and SMS, but also email, social media, and video calls.
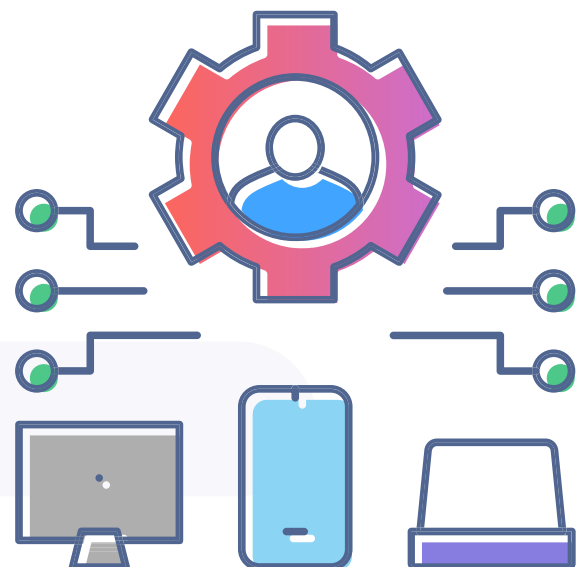
VoIP Systems Are Going Mobile

There's nothing more convenient and mobile than using VoIP solutions on your phone. As mobility becomes an emerging trend, smart device developers are now looking to design devices that are compatible with VoIP. The growing availability of fast cellular data like 5G and hotspots are increasing the demand for mobile VoIP, also known as mVoIP.

The latest VoIP market trends by Research and Markets set the mobile VoIP market to reach $183.7 billion by 2027 (Research and Markets, 2021).

We're Saying Bye to Analog Telephone Systems

This isn't a surprise to many of us, as analog telephone system use has been declining since 2004. In 2004, more than 90% of homes had operational landline phones. In 2022, this percentage will be cut in half (Statistia, 2020). At the rate that landlines are currently being dismantled, they will essentially be extinct by 2050.

Artificial Intelligence Assistance in VoIP

From a Netflix robot that gives movie recommendations to customer support bots, artificial intelligence (AI) is going mainstream. For VoIP, it's just the start. In the next few years, artificial intelligence will work in conjunction with machine learning to automatically route calls and customer queries to the right agents on your team.

VoIP companies will likely invest in automated customer service agents, sales process automation, and threat prevention to start. Automatic virtual assistants can eliminate repetitive tasks for employees while offering convenience to consumers.

We cover these trends more in-depth in our post

5 VoIP Industry Trends That Are Shaping The Future.

What Does the VoIP Market Look Like in the Present Day?

At the end of 2020, there were nearly 200 million people using VoIP in some shape or form. There are currently 34 million VoIP users in the United States, 31 million in Japan, and 22 million in France. These are respectively the highest, second highest, and third highest countries with the most VoIP users (**Finance Online**, 2022)
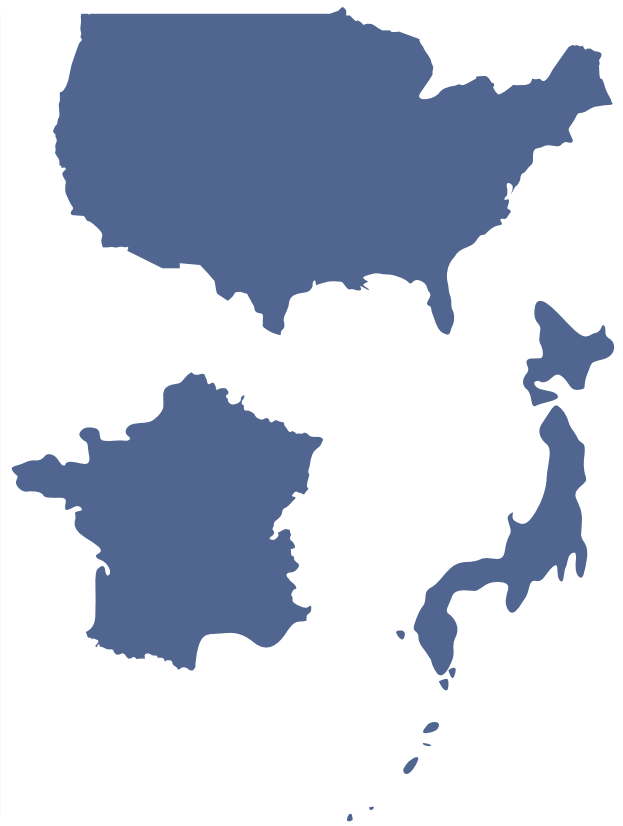
VoIP Key Market By Segment

The VoIP industry market can be divided into segments and subsegments. Segmentation occurs on the basis of call type, service, access, medium, end-user, industry vertical, and region.

VoIP segmentation by call type:

- International VoIP Calls.
- Domestic VoIP Calls Interactive Assessments.

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- International VoIP Calls.
- Domestic VoIP Calls Interactive Assessments.

VoIP segmentation by service:

- Hosted Business IP PBX Service.
- Managed IP PBX Service.
- SIP Trunking Service.
- Other Services.

VoIP segmentation by access type:

- Phone to phone.
- Computer to computer.
- Computer to phone.

VoIP segmentation by medium:

- Fixed.
- Mobile.

VoIP segmentation by end-user:

- Corporate Users.
- Individual Users.

VoIP segmentation by industry vertical:

- IT & Telecom.
- Banking, financial services, insurance (BFSI).
- Government & Public Sector.
- Healthcare.
- Retail.
- Hospitality.
- Others.

Segmentation by region (both segments and sub-segments):

- North America – U.S., Canada, Mexico.
- Europe – UK, Germany, France, Russia, rest of Europe.
- Asia-Pacific – Australia, China, India, Japan, rest of Asia-Pacific.
- LAMEA – Latin America, Middle East, Africa.

Related: You can learn a lot more about the VoIP market share in our post **A Guide On the VoIP Market, Its Share and Market Size**.

Who Are the VoIP Industry Leaders, and How are They Dominating the VoIP Market?

There are hundreds of VoIP companies out there, yet only a few achieve the title of VoIP industry leader. The current VoIP industry leaders include:

- **Ring 4**
- **Nextiva**
- **8x8**
- **Avaya**
- **Cisco**

- **Zoom**
- **Skype**
- **Google Duo**
- **Microsoft Teams Voice**
- **Dialpad**
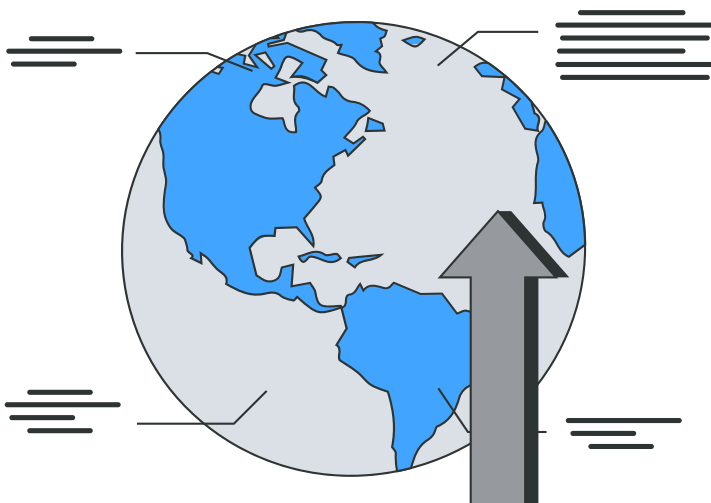
These VoIP industry leaders are the best of the best because they are intuitive and are already following industry trends mentioned above.

During the CoVID-19 pandemic that rocked 2020, thousands of companies transitioned online. These VoIP industry leaders offered intuitive solutions that were easy to onboard with as well. These same companies have implemented emerging trends such as multi-layer security to alleviate consumer concerns while also adding quality-of-life improvements and new features.

To learn more about the VoIP industry leaders and how they measure up, read our post **12 VoIP Industry Leaders That Are Ruling the Market**.

What Are the Industries That Benefit From Using VoIP?

At the end of the day, every business can benefit from the streamlined communication that VoIP systems have to offer.

Still, some can benefit more. VoIP solutions are especially useful for businesses that interact with consumers frequently or those that are constantly on the move.

We cover this more **in-depth on our blog**, but for now, here's a quick look at the industries that benefit from VoIP systems the most:

Construction

Construction is one of those industries where you and your team are always on the move — going anywhere but the office. As such, it can be difficult to stay in touch. VoIP systems take it one step above smartphones because they have streamlined features meant for communication. For instance, VoIP can connect to speaker systems, making communication among workers, management, and customers a seamless process.

Customer Service

When we think of customer service, we think of being on the phone. Customers call to receive personalized solutions so that they can resolve problems and troubleshoot issues.

Hundreds, if not thousands, of calls are being made a day to your company. When call centers make use of a VoIP system, they usually pay a flat rate to make calls instead of by-the-minute. This makes your daily operations more cost-effective.

VoIP features can also improve your call center's efficiency. For instance, you can minimize wait times by automatically routing calls to free agents. Or, you may choose to train agents and collect data about their performance through live call monitoring.

Hospitality

No one likes to wait around, and VoIP makes the calling process a more seamless experience for consumers and staff alike.

For example, many VoIP services offer extension dialing features. This enables guests to reach a specific department or employee right away. There are also auto-attendant features to route guests to the right people without needing real human assistance.

In the case that your guest is put in a call queue, you can customize the "music on hold" to keep entertained.

Air Travel

Unfortunately, airlines have a pretty terrible reputation when it comes to communication. Without adequate communication, both travelers and staff are likely to feel stressed and overwhelmed. VoIP offers a variety of features that can improve air travel communication. This includes having several phone lines, customizable on-hold music, and reliable backup systems.

CHAPTER 7

What is the Future of the VoIP Industry?

In large part because of the global pandemic, the VoIP industry is booming with opportunity and growth. By 2024, industry experts project that the global VoIP revenue will be $194.5 billion (**Persistence Market Research**).

Growth drivers in the current VoIP market include:

- Awareness of the benefits of VoIP brought on by the COVID-19 pandemic.
- Availability of 5G technology.
- Better technology that enables a more promising audio and visual experience.
- Upward trend of mobility in many industries.
- Rise of user-friendly VoIP apps like Skype, Line, Viber, and WhatsApp.

Pitfalls inhibiting the growth of the VoIP market include:

· Limited accessibility of high-speed networks.

· Low acceptance of VoIP by the public.

The VoIP industry will continue to change in the future, and we believe the future is bright. Emerging trends such as multi-layered security will bring back support for VoIPs while general technological improvements will make high-internet networks more accessible.

It's hard to believe that it's been less than three decades since VoIP first came to existence. Now, VoIP is taking over the world — one streamlined communication workflow at a time.

Related: Read our **VoIP Industry Analysis Report [With 3 Bonus Insights]**.

The Future is Looking Bright for VoIP - Are You Ready to Try it For Yourself?

Everything we have learned in preparing this guide to the state of VoIP for 2022/23 for you suggests that more businesses will be hopping on the VoIP train in the coming days. The cost savings alone make it an appealing option. Then, when you add in the ability to take and make calls remotely, set up new phone numbers for team members as quickly as downloading an app, and improve call quality - VoIP is looking less like an option and more of a requirement to make business calls.

Are you ready to make the switch to VoIP?

Businesses that have not made the switch to VoIP are missing out on a lot of benefits. Ring4 can help you switch to mobile VoIP with ease. No upfront investment, no hardware to install, and a pay-as-you-go pricing model.

Or you can opt for an annual plan and save even more! If your business is ready for improved communications at a lower cost, it's time to try Ring4. We'll help you make the switch to VoIP with minimal disruption to your business. **Click here to get started with Ring4 today!**

Try Ring4 Business Phone