White Paper

Text Messaging Is Leading Edge for Business Efficiency

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IN THIS WHITE PAPER

This white paper highlights how text messaging has evolved from what was primarily a popular consumer app for social messaging to one that is now a critical business communications tool. Text messaging's simplicity, convenience, low cost, and high read and response rates make it an ideal solution for customer engagement and internal workforce communications. This white paper characterizes how leading-edge companies are using business-grade messaging solutions today to improve business productivity, operational efficiency, and customer engagement. This white paper reviews what companies not yet using such solutions should consider and closes with an overview of AT&T's business-grade messaging solutions.

Text Messaging's Evolution to a Widely Used, Effective, and Efficient Business Tool

Text messaging, also known as short message service (SMS), continues its impressive growth in today's market as a bona fide business messaging tool among leading-edge companies. It is successful because it is always on, visible, and takes little time to manage. Over the past 20 years, text messaging gained widespread adoption by mobile phone users and is now second nature for millions of Americans, despite the range of other messaging and communications tools available. SMS is widely considered a faster way to communicate between two parties compared with other options like email or voice. Email often requires more layers of log-in by the sender and the recipient and lengthier written discussion, which takes time. It also assumes that recipients read the message in email inboxes, which are often stuffed with spam and nonurgent messages. Mobile websites and native mobile applications require lengthier interactions as well. Instant messaging, including over-the-top (OTT) messaging apps such as WhatsApp, is connected to the internet and requires participants to be members of the same community or applications to communicate. Similarly, voice calls require that the recipient is available to take the incoming call, otherwise it can result in a series of voicemails and phone tag. Simply put, text messaging is the most reliable and wide-reaching communications tool around, and it works equally well on smartphones and basic feature phones and is independent of mobile device operating system.

Companies increasingly encourage the use of text messaging for quick worker-to-worker notes and messages. Businesses save significant time and expense by increasingly using applications to automate the sending of text messages (aka application-to-person [A2P] messaging) to workers for information or safety updates and to customers for appointment confirmations, service scheduling, order status, account activation, password reset, and marketing promotions.

Incorporating text messaging as part of business communications approaches has significant benefits, including:

- Eliciting an urgency to read and respond that is lacking in other communications tools
- Delivering cost and time savings in highly scalable A2P text messaging solutions
- Increasing acceptance among recipients who often have unlimited texting as part of their work or personal mobile voice and data monthly rate plans
- Aligning with worker and customer preferences, as text messaging is the preferred mobile communications tool among employees and the most frequently used messaging type among consumers

The availability of business-grade solutions is catalyzing text messaging's growth at work. Options currently exist for premise-based, web portal, and programmable API deployments (message delivery that is handled securely and per operator network quality standards) and even text-enabled business lines (the use of landlines or toll-free numbers as a replacement for short codes) and internet-based (IP) messaging applications.

IDC's estimate for A2P messaging provides evidence of the interest companies have in using text messaging to drive scale and automation into workforce and customer engagement. The worldwide market for automated A2P text messaging services will grow from $27.2 billion in 2016 to $34.3 billion in 2019, or 26% in just four years (see Figure 1).

FIGURE 1

Worldwide Application-to-Person SMS Revenue, 2016-2019
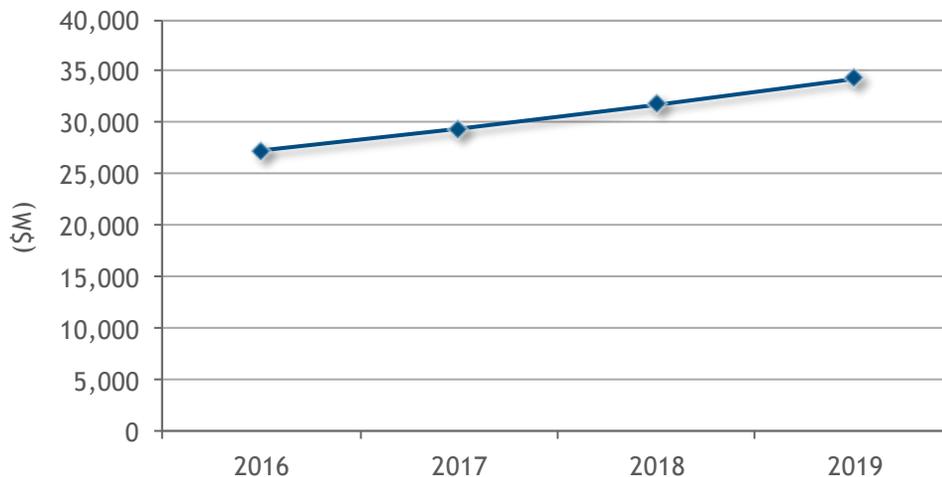
Source: IDC, 2017

SMS drives better response rates from customers because of its familiarity and *preferred* status. Further, because SMS requires no app download and usually occupies prime home-page real estate on individuals' mobile devices, it is fast becoming a mainstream business communications tool.

The Two Major Uses for Business-Grade Messaging Solutions at Work

SMS and IP Messaging applications bring ease of integration into a company's workflows and processes, driving operational efficiencies (i.e., productivity improvements for the involved personnel), and into customer relationship management systems, driving timely responses. Using business-grade messaging solutions at work can save management and individual employees time and angst when business pressures mount.

Workforce Communications: Ripe for Productivity Improvement and Operational Efficiencies

- Workers who rely on email and voicemail to communicate and collaborate waste precious time in the creation, delivery, and read and reply cycles. Company management, human resource, and IT teams that rely on email and voicemail can never be sure that workers read critical safety/incident, management, or business updates. Using text messaging, particularly A2P text messaging, companies save time reaching workers and ensure that critical messages are read.

- Business-grade SMS, text-enabled business lines, and IP Messaging applications allow for management and record keeping of the communications, particularly when workers are using a managed internet-based messaging app. In addition, message data encryption can help meet regulatory compliance requirements (e.g., HIPAA, FINRA, FISMA, FIPS, Dodd-Frank). In highly regulated industries, the use of business-grade encryption and messaging tools mitigates the risks that arise when organizations must rely on employees to remember not to send sensitive data in haphazard ways. Further, SMS and IP Message storage and archiving keeps companies prepared for legal discovery and compliance.

- Employees are intimately familiar with and accustomed to using texting and short messaging tools. In fact, according to IDC's research, 80% of 18- to 34-year-olds use text messaging as a key form of engagement in their daily lives, so the incorporation of this familiar tool into daily business communications requires no learning curve.

Customer Engagement: Reliable Two-Way Interactions

The use of SMS in business has evolved from initial shotgun-blast broadcast messages to personalized content delivery via location tagging, customer preferences, and context. Not only is this brevity of interaction well aligned with customer behavior, but it also aligns well with customer preference for flexibility in choosing when to respond. Whereas voice calls can burden individuals to step away from their activity at hand, SMS does not. SMS elicits a quicker response than email and voice messaging.

Companies are building SMS into their day-to-day interactions with customers to provide information such as account changes, package delivery notifications, two-factor authentication (2FA), and travel updates. There has truly been an explosion of applications in customer service and customer engagement activities. IDC estimates that currently at least 60% of A2P messaging traffic is oriented toward business processes around customer service. These customer engagement usage examples include:

- eCommerce websites and online retailers use SMS to communicate order and shipping status to consumers.

- Services firms, such as clinics and hospitals, restaurants, real estate agencies, accountants, and salons, use SMS for appointment notifications and follow-ups.

- Banks, financial services firms, and credit card companies use SMS for transaction alerts, balance alerts, and payment reminders and to issue one-time passwords (OTPs) for user authentication.

- Travel and hospitality firms use SMS for a wide range of customer engagement activities after the initial point of sale, including reservation confirmations, check-in and checkout, travel alerts, and flights changes.

- Healthcare organizations use SMS to connect with Internet of Things (IoT) and smart personal devices (i.e., smart health monitors, smart watches), bringing new data cost effectively in-house for improved management of patients' health.

- Clinicians use mobile devices in patient rooms as a collection point for information. Specialist doctors increasingly use SMS to schedule appointments with patients.

- Healthcare organizations use secure messaging solutions for the communication of personal healthcare information.

- Financial institutions, mobile applications vendors, and OTT mobile applications vendors use SMS to authenticate users via 2FA, using SMS to send a one-time password.

With mobile devices overwhelmingly intertwined in our daily lives, commonplace behaviors and response patterns from personal lives are becoming the norm and preference for two-way communications with businesses. Internet companies experiencing hypergrowth are among the biggest users of A2P messaging to acquire, convert, and retain customers. Companies such as Uber, Airbnb, Expedia, Snapchat, Instagram, WeChat, and LINE are consuming and will continue to consume enormous SMS volumes to convert app downloads to app users and to improve and protect their ongoing engagement with customers. Business-grade messaging services take the burden of encrypting employee message traffic and transmissions off IT. Enterprise customers in financial services, healthcare, government, and other major industry segments expect this environment.

Messaging in Businesses Is Not Without Risk Today

Companies are concerned with the data loss and security breaches because of stolen or lost mobile devices and the potential for hacking of mobile devices. The concerns are not unfounded, with 37% of businesses indicating they have had mobile devices containing sensitive data lost or stolen. In addition, 44% of businesses indicate they have suffered regulatory/compliance issues (i.e., HIPPA, PCI, SOX, GLBA) because of mobile use in the business.

Enterprise-grade security in messaging offerings, as well as the ability to wipe and manage device access to such features remotely when devices are lost or stolen, is increasingly on the top of enterprises' minds. When messaging tools used for business are encrypted, treated as business communications on the mobile operators' network and, in the case of IP Messaging, separated from employees' personal messaging tools, the enterprise can protect sensitive data successfully. Companies avoid losing customer relationship history data when sales personnel leave when they can archive messages.

FUTURE OUTLOOK

Text messaging's evolution is well under way to becoming a critical business communications tool, but it requires that companies manage it securely and cost effectively. Business-grade messaging solutions are clearly game changers for the leading-edge companies that have integrated them into their workforce and customer engagement activities.

One only must consider the number of use cases and departments inside just one company to get a sense of the value of using business-grade messaging tools. For example, A2P messaging vendors are seeing exponential growth in text messaging use cases, with many adding two to five use cases initially in one department, which quickly expands to a wider array of use cases across multiple departments. IDC recently interviewed a software product company that has 64 products and learned that the company intends to message enable all of those products with chat capabilities, or text reply capabilities, and so forth – up from four products that are enabled today. It is clear that the opportunities are exponential.

Many employees and companies continue to use messaging solutions that are not business-grade, secure tools. Adoption of containerized communication apps in businesses is a gauge of the room for improvement that exists in securing quick messaging in businesses. Consider that only 30% of small businesses and roughly half (48%) of the largest businesses are using containerized suites of email, collaboration, and personal information management (PIM) apps to help mitigate security risks. Industry regulations strictly control the transmission of sensitive data, such as personally identifiable information (PII) of customers, including credit card or bank account information, medical records, or health details. Businesses could face fines or other penalties if it is discovered (via investigation or in a compliance audit) that employees may have used messaging apps or texts to send or share such data with coworkers or outside entities.

Business messaging concepts will continue to expand in interesting ways, such as in the case of Google's click-to-text from website capability. In addition to this type of customer engagement, there will be a growing emphasis on streamlining customer workforce communication. This type of customer engagement and workforce communication will require business-grade messaging platforms that include:

- An easy-to-use, nonintrusive messaging experience that is proven to drive high degrees of communication that is read and responded to
- Protection of enterprise data through separation of business text messaging from personal messaging and other means (i.e., remote wipe, lock), as well as through encryption and appropriate treatment in transmission over the mobile operator's network
- Ease of management that includes options for A2P automated or push messages, and a management portal that allows for management and employee text messaging grouping, storage, retrieval, and reporting, similar to business email messaging
- Marketing services for customer engagement activities that are available as pre-integrated add-ons

Many companies are just beginning the journey to understand that business-grade text messaging and related solutions drive productivity and operational efficiencies and improved customer engagement. Companies should look to vendors that bring business-grade messaging solutions with a major emphasis on security and business process support to meet regulatory and data loss mitigation needs and scalability in terms of deployment, management, and message archiving and retrieval.

AT&T BUSINESS MESSAGING SOLUTIONS OVERVIEW

AT&T provides businesses with a wide range of messaging services that combine several critical features relative to security and compliance. These messaging services include a wide set of features and capabilities that improve mobile worker connectivity, collaboration, and responsiveness:

- **Message Archiving for improved compliance:** Regulated industries such as finance, healthcare, and legal can be required to retain all electronic communications of employees, including texts. Message Archiving is a secure system that stores business messages and allows for their retrieval from a web portal, helping businesses manage communications and interactions with clients. Message Archiving keeps records in a way that is similar to business email archiving, making it feel familiar while meeting compliance demands. Additional features include the ability to store on-premise or in the cloud, with options for different levels of service.

- **Highly secure Business Messaging for employee communications:** AT&T Business Messaging is an enterprise-grade worker-to-worker or one-to-many communication and collaboration platform. The service integrates with a wide range of messaging protocols and endpoints, from basic SMS to SMTP (email) and entrenched mobile messaging protocols such as WCTP and TAP with the ability to text up to 1,000 characters and scale up to 20,000 employees at once. Security features include optional end-to-end encryption, remote wipe, and a secure app for end users.

- **Global Smart Messaging Suite that scales to reach employees and customers virtually anywhere:** Global Smart Messaging Suite is a messaging platform that allows for business text messages to be integrated with the applications and other communications through APIs. This functionality will allow for businesses to integrate text messaging solutions with customers, employees, IoT, and smart devices. The platform also allows for businesses that have geographically diverse employees to send and receive texts around the world. Security features include two-factor authentication, secure messaging application enabling end-to-end messaging encryption, storage, and administration tools.

- **Messaging Tool Kit that enables businesses to develop and/or enhance sales and promotional activities:** Messaging Tool Kit helps manage and send text messages using simple, easy-to-use features for employee productivity and promotions. Administration functions are simplified with the web-based interface.

- **Landline texting that leverages the investment of your existing phone number or toll-free number:** Text-enable existing/landline phone numbers so that when they send and receive text messages, the viewer always sees the business number. Administration is managed from desktop, smartphone, or tablet — keeping all messages current.

AT&T enterprise-grade messaging solutions can help improve engagement, integrate with existing applications, and meet security demands. These messaging solutions allow you to engage employees and customers the way they prefer, which in turn can increase engagement, satisfaction, and productivity while helping drive cost out of your business.

CONCLUSION

The rapid pace at which the business communications landscape is changing demands that companies evaluate the benefits and risks to text messaging usage in business. The future of timely, relevant customer engagement and internal workforce communications through business-grade SMS and IP Messaging is already in use at some of the world's leading companies. Companies that do not

plan for the explosion of messaging use cases in their business will unnecessarily lose out on its many cost, time, and two-way interaction benefits. Companies that do not think creatively about how to integrate SMS and IP Messaging with key business applications and IoT risk losing to competitors that are already well on their way to improving their operational efficiency, reducing their operating costs, and making their customer engagement more meaningful and relevant. In some industries, companies that do not implement a compliance plan for business messaging are squarely at increased security and regulatory risks. Finding a business partner that can help provide the scale and security to effectively deal with the messaging trends facing businesses today will be critical to every business' future.

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