Cloud Communications Alliance

CloudConnections 2026

Cloud Communications Alliance

AI Is Transforming Cloud Communications

Brian Kornmann – Q Advisors

Agenda

- Market Inflection
- Voice is Valuable Data
- Orchestration
- 2030 Vision
- M&A & Strategy
- Key Takeaways

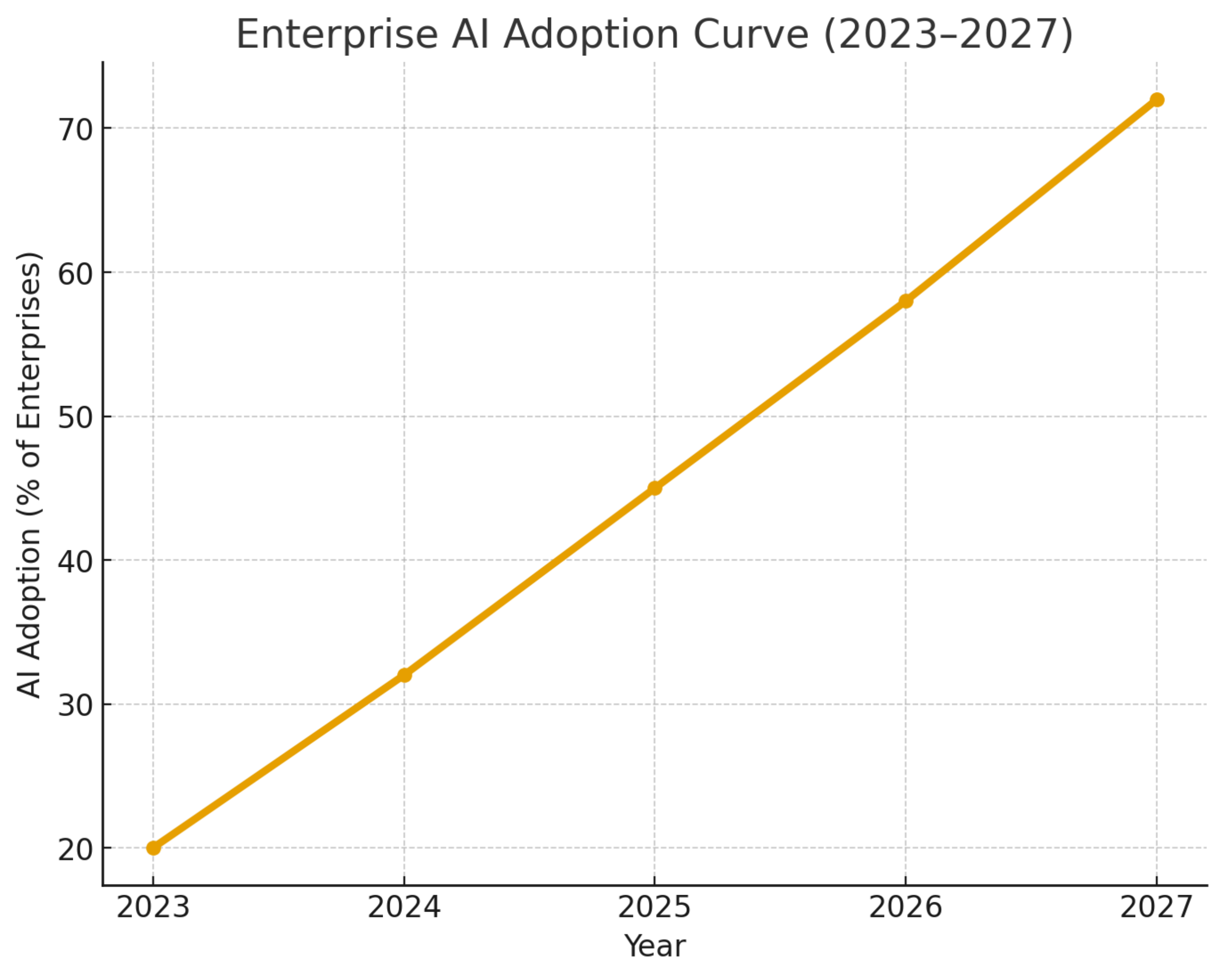
AI is Transforming Cloud Communications

- Shift from focus on feature parity to intelligence differentiation
- Operators increasingly win not because they "support a capability," but because they can:
    - Interpret customer intent in real time
    - Guide agents and automate next steps
    - Predict churn, escalation, or revenue moments
    - Surface business insights rather than raw interaction data
    - Continuously learn from every conversation and interaction
- Applying AI to these capabilities fundamentally reshape UCaaS, CCaaS, CPaaS, routing, and CX delivery

Margins and growth now tied to automation and data capability

Market Inflection: 2025–2030

- AI adoption is accelerating across all cloud comms areas and functions
- UCaaS
  - Real time meeting notes and AI-generated follow-ups with workflow coordination
  - Administration automation
- CCaaS
  - Use of Virtual Agents to handle Tier-1 interactions
  - AI-driven routing based on sentiment, history and business context
  - Scoring of *every* customer interaction
- CPaaS & Programmability:
  - Intelligent callbacks and workflows
  - LLM development allows immediate responses in natural language
- Network & PSTN:
  - Predictive routing based and automated failover
  - AI-driven tools to identify fraud, spam, identity and compliance



Source: Gartner (2023); McKinsey 'State of AI' (2023); IDC Global AI Spending Guide (2024)

- *According to IDC spending on AI systems is increasing at a 28% rate*
- *Enterprise AI deployment rising from ~20% of organizations in 2023 to a majority by 2027*
- *AI investment is expanding across IT, CX, operations, and communications workloads*
- *AI is increasingly embedded inside contact center, collaboration, and voice platforms*

Customer Expectations Have Changed

- The New Competitive Moat
  - Competitive moat will no longer be network footprint or pricing, but the speed and efficiency with which you can apply AI to customer data
  - Cloud remains mission-critical: Scalability, security, and AI are driving investment

- The Intelligent CSP Mandate
  - If you are not an AI company, you are simply a transport company

The Intelligent CSP Mandate: We must transform into AI-First Service Providers

Cloud Communications Alliance

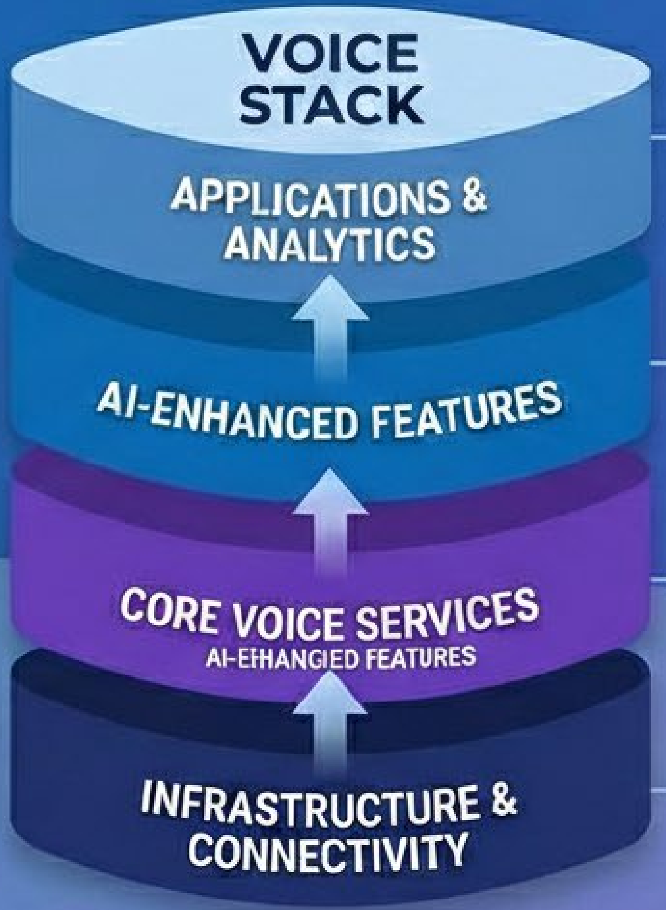
Voice is Valuable Data

Voice is Valuable Data

- Every voice interaction carries sentiment, intent and compliance signals
- Leverage AI in real time to unlock conversational intelligence and insights
    - Call → Transcript →Insight → Automation
- Ability to provide drives both upsell and retention
- Developing LLMs unlocks insight from unstructured conversations

Providers who control voice data can gain a clear strategic and monetary advantage

MONETIZING AI IN THE CLOUD COMIUNICATION VOICE STACK



Focus: *Business insights and end-user software*
Conversation Intelligence & Sales Coaching

Focus: *Features to improve the active call experience*
Real-Time Translation & Smart IVR

Focus: *Smarter routing and identity management*
Voice Biometrics & Intelligent Routing

Focus: *Network reliability and security*
AI-Driven Network Optimization

DRIVING REVENUE THROUGH AI-POWERED VALUE-ADDED SERVICES

Infrastructure & Connectivity

- AI-Optimized Network/Traffic Management
    - **Value:** AI dynamically routes voice traffic, predicts outages, detects network-level fraud (e.g., call pumping), and optimizes bandwidth.

- **Pricing Example:** Monetized by guaranteeing superior quality and protection, reducing customer churn, and generating efficiency gains
    - **Premium QoS Tier:** Charging a **10% - 20% premium** on core minute rates for guaranteed **Ultra-Low Latency** or **AI-protected routes**.

- **Fraud-as-a-Service:** Selling the AI's fraud detection capabilities (developed internally) as a distinct service via APIs to partners (e.g., exposing an API for **SIM Swap verification**).

Core Voice Services

- **Voice Biometric Authentication & Fraud Blocking**
    - **Value:** Uses AI to verify caller identity in seconds by their voiceprint, reducing average handling time (AHT) and eliminating costly fraud/password resets.

- **Pricing Example:** Often decoupled from the core minute rate and sold as a security premium
    - **Monthly Add-on:** A fixed fee **$500 - $5,000 per month** for an organization to enable the Biometrics API/Service
    - **Per-Verification Transaction:** A micro-fee of **$0.02 - $0.08 per successful biometric verification attempt** to ensure a high-value outcome is captured

Other Ideas

- Real-Time Intervention
  - **Product Idea: Premium Sentiment Feeds.** Offer real-time sentiment and tone analysis to contact center customers. **Value:** Allows supervisors to be alerted instantly ("Alerts and keyword triggers") and intervene before an issue escalates or a customer churns.
- Intelligent Routing & Automation
  - **Product Idea: AI-Driven Routing.** Move beyond simple IVR. Use AI to analyze the initial 10-15 seconds of speech (e.g., "I need a refund") and route the call based on both the intent *and* the customer's historical sentiment profile, connecting them instantly to the highest-performing specialist.
- Vertical-Specific BI & Compliance
  - **Product Idea:** For regulated industries (Financial, Healthcare), sell a premium data service that automatically flags, archives, and summarizes calls containing specific regulatory keywords or PII. This is high-margin data compliance as a service.

Cloud Communications Alliance

Orchestration

The Challenge of AI Model Sprawl

- **Problem:** Enterprises use dozens of specialized AI/ML models (e.g., Google for Transcription, Five9 for Sentiment, proprietary LLM for Summarization)
- **Need for Middleware:** The orchestration layer is essential intelligent middleware that connects the voice stream (your service) to multiple external and internal AI models
- **Value of Abstraction:** This layer abstracts the application from the model, enabling **seamless model switching** (e.g., swapping LLM providers) without rebuilding the core application, eliminating vendor lock-in

Industries Driving Adoption (The High-Stakes Sectors)

- **Focus:** The highest and most rapid adoption is in industries where the cost of error or fraud is immense, requiring strong orchestration and policy
- **Key Sectors:**
  - Financial Services: (KYC, Fraud Detection, Loan Origination) Orchestration manages multiple steps: document analysis, credit bureau API calls, and compliance validation
  - Healthcare: (AI Scribing, Triage, Appointment Management) Orchestration ensures strict adherence to privacy laws (HIPAA) by managing access control and data redaction before processing
  - Automotive/Logistics: (Supply Chain Optimization, Telematics) AI agents collaborate to manage complex workflows like parts tracking or predictive maintenance

The Future: Agentic AI and Coordination

- **Agentic AI:** The next frontier involves multiple, specialized AI agents collaborating (e.g., a **Billing Agent** hands off to a **Technical Agent**)

- **Orchestration's Role:** It acts as the "conductor" or central controller, managing handoffs, dependencies, and resolving conflicts to ensure the entire multi-agent workflow is seamless, reliable, and consistent

- **Action for CSPs:** Your orchestration layer must be flexible enough to handle these complex, coordinated, multi-step workflows to fully capture the enterprise AI opportunity

AI Adoption: Where the Revenue Is (Size and Sector)

Large Enterprise (Leading Edge):

- **Focus: Compliance, Security, and Complexity.** They are the largest contributors to AI market revenue, driving demand for sophisticated, auditable Orchestration platforms
- **Sectors:** Financial Services, Healthcare (where the cost of error is highest)

SMB & Mid-Market (Volume Growth):

- **Focus: Cost Reduction and Automation.** Adoption is driven by these firms seeking to automate basic services (e.g., 24/7 reception, simple lead routing) through bundled, affordable packages
- **Sectors:** Legal, Niche Medical Offices, Home Services (high-call volume, low-staff density)

The White-Label Imperative: AI for Scale Partners

AI is the New Baseline: For carriers/MSPs using platforms like Crexendo, Zoom, or others, AI is no longer optional—it is the **core platform architecture.** Carriers must deliver AI-native functionality.

- **Competitive Strategy -** White-label AI allows providers to compete with major players by offering advanced CCaaS and Generative AI features **without the massive R&D costs**

The Orchestration Value: This is where the white-label provider controls the customer experience:

- **Brand Control:** Customize the AI's tone, language, and domain-specific responses, ensuring the solution sounds like the customer's *own* employee, not the underlying platform
- **Speed & Scale:** Enables rapid deployment of sophisticated AI services in **weeks**, not months, allowing for fast revenue capture

Cloud Communications Alliance

Vision: 2030

The 2030 Revenue Stack

Margin will no longer be seat driven but will be defined by the AI-Driven services layered on top of those seats

Revenue Component	2025 (Estimated CSP Average)	2030 (Target CSP Mix)	Business Model Shift
Commodity Connectivity (Voice Minutes, Basic Data)	**~45%**	**~25%**	Decline due to price pressure & maturity
UCaaS/CCaaS Applications (Seats, Base Feature Sets)	**~50%**	**~45%**	Remains strong, but the core UCaaS seat ARPU is declining
AI-Powered Data Services & Intelligence (Analytics, Orchestration, Agents)	**~5%**	**~30%**	**The Growth Engine.** Must capture AI-driven consumption and managed services

Goal: aggressively grow the intelligence segment, mitigating the pressure on core connectivity margins

Strategic Imperative: Converge and Verticalize

The future CSP must solve specific, vertical-based customer problems, not just provide a generic platform

Converge UCaaS, CCaaS, and CPaaS: Enterprise IT leaders expect a **single-vendor, unified communication and collaboration environment**

- **Real Idea:** Offer a unified platform where a CCaaS agent can seamlessly pull internal UC experts into the customer interaction, all within the same AI-monitored system.

Vertical-Specific Solutions: Generic UCaaS is commoditized. Differentiation happens by solving mission-critical regulatory problems

- **Healthcare:** Develop a "HIPAA-Guaranteed Scribing" solution that integrates only with approved, audited LLMs via the **Orchestration** layer, selling a **compliance outcome** instead of a feature.
- **Financial:** Offer a "Trade Floor Voice Compliance" package that uses AI to flag, redact, and archive all conversations mentioning insider trading or specific keywords.

Strategic Imperative: Evolve to PaaS & Managed Services

The highest growth in the telecom cloud market is expected in the **Managed Services** and **Platform-as-a-Service (PaaS)** segments

From SaaS to PaaS: Shift the business model to empower developers and enterprises with your foundational AI and data assets.

Action: Open up CPaaS APIs that allow customers to build their own AI applications using **your enriched voice data feed** (via vCon). This is moving from selling the final app to selling the *ingredient* that enables their innovation.

Managed Services Focus: Customers don't want to manage AI models. They want results.

Action: Fully embrace the **Managed Services** approach for AI. Instead of selling a "Transcription Service," sell "AI Workflow Management" where you take responsibility for maintaining the model accuracy, ensuring data governance, and upgrading the LLMs over time

Strategic Imperative: Master Agentic AI & Ecosystems

By 2030, the market will be dominated by collaborative AI. Your platform must be the central command layer.

Agentic AI: Prepare your infrastructure for **autonomous, multi-agent AI** workflows. The global market for orchestrated agentic AI is expected to reach $35–45 billion by 2030

Action: Build the **Orchestration** layer to manage handoffs between specialized AI agents (e.g., a "Billing Agent" hands off to a "Service Agent"), ensuring smooth, auditable, and secure transitions

The Ecosystem Hub: The hyperscalers (Amazon, Microsoft, Google) will account for nearly 56% of total communications provider revenue by 2030 (Source 1.3). CSPs cannot compete with their scale but must partner strategically

CSP Role: Be the **trusted partner** that provides the local connectivity, compliance layer, and certified orchestration necessary to deploy those hyperscale AI tools in complex, regulated enterprise environments. This leverages your strengths in security and network governance

Cloud Communications Alliance

M&A and Strategy

The AI Valuation Shift: Buying IP, Not Just EBITDA

The traditional UCaaS/CCaaS valuation model is under pressure. AI capabilities are now the dominant force driving deal volume and premium multiples

- **Old Thesis (Pre-2024): Scale and Seats.** Value was based on subscriber count, churn, and high EBITDA multiples on recurring access revenue**Agentic AI:** Prepare your infrastructure for **autonomous, multi-agent AI** workflows. The global market for orchestrated agentic AI is expected to reach $35–45 billion by 2030
- **New Thesis (2025+): Data and Intelligence.** Value is driven by proprietary **Data IP**—the AI/ML models, the data sets used for training, and the **Orchestration layer** that manages them
- **The Multiplier:** Strategic buyers are paying **premium multiples (a 2x to 4x EBITDA premium)** for assets that solve two key problems:
  - **AI Capability Gap:** Acquiring a proven AI feature (e.g., Voice Biometrics, Real-time Coaching) faster than building it internally
  - **Compliance Gap:** Acquiring the Governance and Auditing capabilities necessary to deploy AI in regulated industries

The Strategic Buyer's Playbook: What They’re Chasing

Strategic acquirers (Tier 1 carriers, Hyperscalers, Large CCaaS Platforms) are executing targeted acquisitions to fill their capability stacks

Acquirer Type	Acquisition Target	Strategic Rationale
UCaaS/CCaaS Giants	**Niche AI-First Companies** (e.g., specializing in sentiment, summarization, or WFM)	**Fill-the-Gap Strategy:** Acquiring proven, high-ROI features for immediate deployment across their large customer base
Large Telcos	**Managed AI Service Providers** (specializing in data governance/security)	**De-Risk Strategy:** Acquiring the talent and technology necessary to offer **AI Compliance-as-a-Service** to their enterprise clients
Financial Sponsors (PE)	**Platform Assets with Rich Data**	**Value Creation Strategy:** Buying platforms with massive, clean voice/interaction data sets, then investing heavily in AI **Orchestration** to turn that data into a high-margin product suite

Call to Action

For every CCA member—whether a target or an acquirer—the time to act is now

Sellers (The Targets): Maximize your valuation by immediately demonstrating the following

- **Proprietary Data Moat:** Prove that your Voice Stack data is clean, segregated, and uniquely valuable for training
- **Orchestration Maturity:** Show that your AI tools are governed by a robust, auditable policy layer (your **Compliance IP**)
- **Consumption-Based Revenue:** Highlight high-margin, sticky revenue tied to *usage* (transaction fees, API calls), not just seats

Buyers (The Acquirers): Do not overpay for **Scale**; pay for **Strategy**

Cloud Communications Alliance

Final Takeaways

The M&A 2026 Outlook: Consolidation & Capabilities

- **2026 Deal Flow:** Expect **continued consolidation** in the US TMT sector, driven by a rebound in deal value and a shrinking valuation gap between buyers and sellers

- **The Next Big Target:** Look for the convergence of **AI, Cybersecurity, and Cloud Contact Center** solutions. The ability to secure and govern an AI agent in a customer interaction is the final frontier.

- **Final Call:** The firms that successfully transform their business models to charge a premium for **orchestrated intelligence** will become the **dominant M&A targets** of the next five years.

In Summary...

- AI is redefining the economics of UCaaS, CCaaS and voice services
  - Providers must move from basic connectivity to applied intelligence
- Voice is a GOLDMINE of unmonetized data
  - Owning and activating that data = competitive advantage
- AI is the path to increased margins
- The 2030 operator will look nothing like the 2020 operator.
  - Automation, intelligence, prediction, and proactive workflows will be foundational.
- M&A will reward AI maturity and penalize AI stagnation
  - Companies need clear AI SKUs, measurable ROI, and a strong intelligence layer to win.

Citations and References

#	Topic / Claim Supported	Specific Citation / Supporting Evidence
1.	**AI Revenue Shift (Slide 18)**	Global Cloud AI Market projected to reach **$647.60 Billion by 2030** (39.7% CAGR, Grand View Research). Total Global Communications Providers (CP) revenue projected to reach **$5.6 Trillion by 2030** (Omdia, Oct 2025).
2.	**Orchestration & Agentic AI**	Global Agentic AI market could reach **$35 Billion in 2030** (Deloitte, Nov 2025). Projected to reach up to **$45 Billion** if enterprises orchestrate agents effectively (Deloitte).
3.	**M&A Valuation & Deal Flow**	Global M&A TMT sector led deal activity in Q3 2025 with deals worth **$249 Billion** (GlobalData, Oct 2025). Strategic buyers pay premium multiples for AI-native, security-compliant assets (William & Wall, Oct 2025).
4.	**Verticalization & Compliance**	Healthcare and BFSI verticals are forecast to drive the highest Cloud AI growth rates (**35.61% CAGR** and **29% market share**, respectively), underpinning the need for compliance-focused orchestration (Mordor Intelligence).
5.	**White-Label / MSP Imperative**	White-label AI platforms allow service providers to deploy enterprise-grade AI with reported profit margins ranging from **30% to 70%** and rapid time-to-market (Parallel AI, Dec 2025).
6.	**Market Consolidation & Strategy**	M&A activity surged to decade-high values in Q3 2025, driven by North America (WTW, Oct 2025). Private Equity continues to deploy capital selectively, favoring software and infrastructure (EY, Oct 2025).
7.	**PaaS/SaaS/ IaaS Split**	Telecom Cloud Market forecast shows the **Platforms component segment** (PaaS/IaaS layer) is estimated to account for the largest market share during the forecast period to 2030.