

CAT Foundations 2007: Making Speech Matter

In an era of tepid IT spending growth (a modest 5%-7% for 2007, according to most estimates), speech-enabled self-service and associated application software and services is growing in excess of 20%. Much of the growth is a reflection of top management's heavy involvement in technology purchases. Executives now find that a higher return on investment (ROI) and lower total cost of ownership (TCO) result from effectively deploying self-service resources that leverage IP-telephony and Web services investments, extending speech processing access over traditional telephones and mobile devices.

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Key Findings:

This should be the year of the Big Refresh/Restart. During this time of enterprise IT transformation, the mission is to Make Speech Matter:

- **Enterprise spending on Conversational Access Technologies continues to grow impressively** – In 2006 spending on hardware, software and services reached \$1.2 billion and will more than double by 2011.
- **Implementers take accuracy for granted** – Core speech recognition and text-to-speech “engines” are at high levels of accuracy both inside the network and embedded in devices.
- **Speech enablement is not the Prime Directive** – Meeting business objectives are; thus, attention is rightly turning toward sale of software frameworks for performance monitoring, analytics and application tuning which provide the foundation for improving user experience.
- **High value gravitates toward integrators** – Because success is largely application-driven, the entities that build or host successful solutions from existing piece parts bring the highest value to enterprise customers and their employees, customers and other stakeholders.
- **Mobile communications, IP-telephony and unified communications drive demand for embedded resources** – “Skinny” clients communicating over broadband IP-based links help deliver on the promise of unified offerings. That means greater attention to embedded speech processing.
- **Solutions must make the most of masking complexities** – Prospective implementers are still confronted with too many choices and a plethora of solutions with options that include premises-based, hosted, integrated or point.
- **Third-party integrators and providers of hosted or managed services have growing importance** – Half of CAT spending goes toward hosted or managed service providers. Their role is to smooth the transition to new platforms and architectures. Telco-affiliated hosting companies will vie with teleservices organizations, VoiceXML “pure plays” and even traditional premises-based solutions providers to gain share.
- **Speech processing is becoming a commodity; speech-enabled solutions are not** – Making speech matter is about forming partnerships that extend enterprise IT infrastructure and applications, like ERP, CRM or just plain messaging to a multiplicity of devices using speech recognition and text-to-speech rendering.

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