IDC ITMarketScape

IDC ITMarketScape: Worldwide UCaaS Service Provider 2015 Vendor Assessment
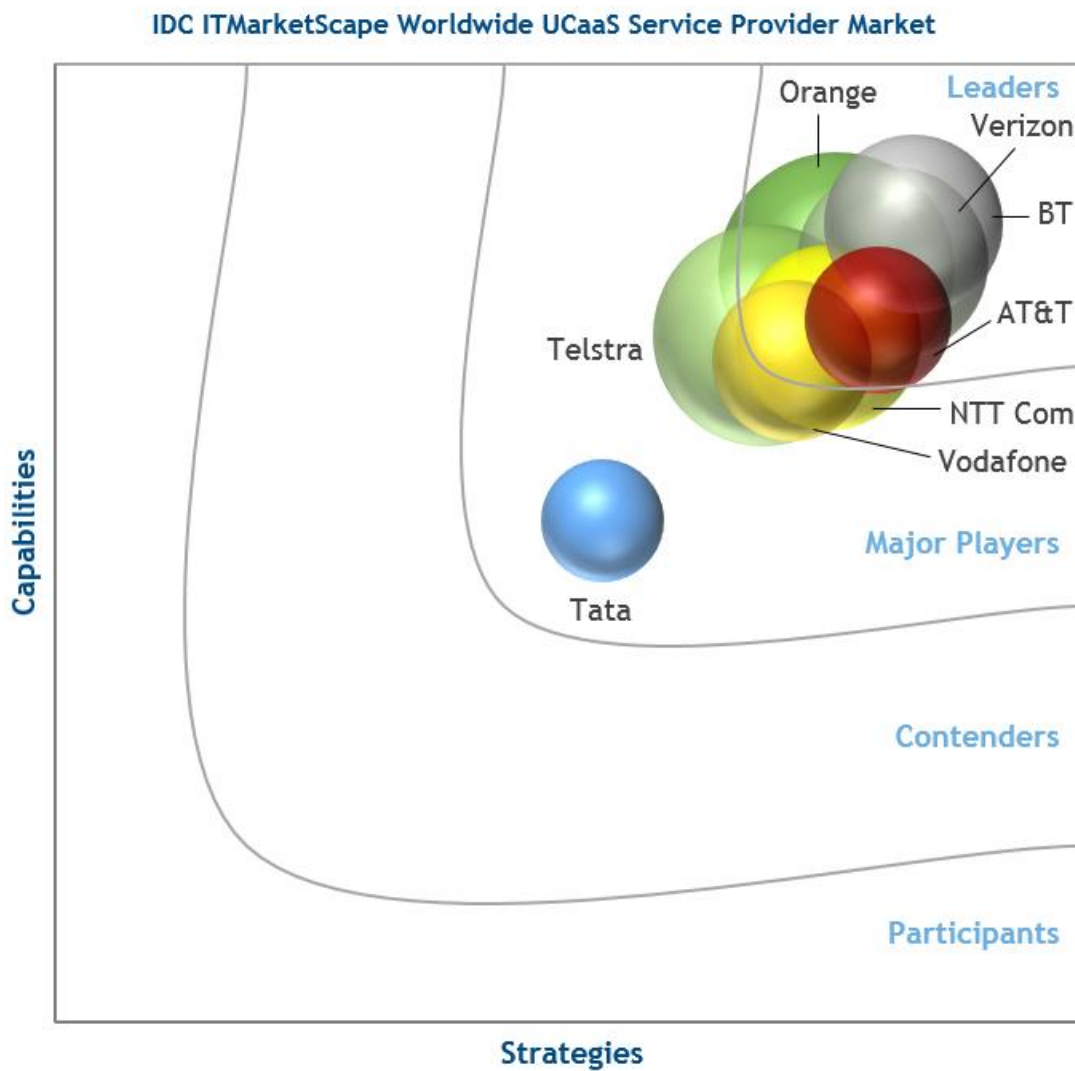
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THIS IDC ITMARKETSCAPE EXCERPT FEATURES NTT Com

IDC ITMARKETSCAPE FIGURE

FIGURE 1

IDC ITMarketScape Worldwide UCaaS Service Provider Vendor Assessment

Source: IDC, 2015

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC ITMarketScape: Worldwide UCaaS Service Provider 2015 Vendor Assessment (Doc #US40612315). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC ITMarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Unified communications and collaboration (UC&C) made its debut more than a decade ago but, until recently, adoption lagged and UC&C failed to deliver on its promise of transforming how businesses communicate, collaborate, work, and share information. However, enterprises – large and small – are showing renewed interest in UC&C, with many moving beyond the exploration and trial phases of the past several years and beginning to implement UC&C in earnest. Mobility and BYOD, the growing popularity of videoconferencing, and exploding demand for collaborative applications and cloud delivery models are fueling much of the current market momentum. At the same time, most enterprises are still in the midst of migrating from legacy telephony systems to new IP-enabled, applications-focused, and mobile-centric UC&C platforms. This study leverages the IDC ITMarketScape methodology to evaluate leading global communications service providers' (CSPs') unified communications-as-a-service (UCaaS) offerings. IDC identified eight global CSPs by scale and scope of operations, global coverage, and ability to provide UCaaS to multinational corporations (MNCs). A major qualification was offering UCaaS based on Cisco's Hosted Collaboration Solution platform in one or more countries or regions outside the global CSP's home country to MNC customers. Furthermore:

- CSPs spent much of 2012 and 2013 refining their existing hosted UC&C solutions and laying the foundation for cloud-based UCaaS offerings. As a result, the UC&C delivery and deployment options available to businesses of all sizes have expanded far beyond the premises-based solutions that dominated the market a few years ago and now include managed, hosted, and cloud-based as-a-service solutions. Although enterprises will continue to invest in on-premises solutions, cloud-based UC&C and UCaaS solutions will continue to gain traction at the expense of premises-based deployments.

- Adoption and usage challenges still remain – including identifying and deploying the technologies, features, and applications that are most appropriate for each organization and promoting usage of deployed UC&C capabilities. Specifically, top-of-mind usage challenges include lack of end-user training and the inherent complexity of UC&C. However, the shift toward less capital-intensive, easier-to-deploy, and more IT-friendly UCaaS solutions will address some of these challenges.

IDC ITMARKETSCAPE VENDOR INCLUSION CRITERIA

In total, eight CSPs (in alphabetical order) have been evaluated in this IDC ITMarketScape: AT&T, BT Global Services, NTT Communications, Orange Business Services (OBS), Tata Communications, Telstra Corp., Verizon Enterprise Solutions, and Vodafone.

To be included in this IDC ITMarketScape, CSPs must offer a comprehensive UCaaS solution based on Cisco's HCS platform to MNC customers in multiple countries and/or regions outside the CSP's home market. The CSP must offer UCaaS based on a shared multitenant or virtualized/multi-instance UC infrastructure that is managed and maintained by the provider. Cisco HCS enables partners

certified to offer Cisco Powered cloud services to deliver Cisco Collaboration as a cloud-based UC&C service to enterprise users. CSPs host Cisco HCS within their own environments and bundle it with their own services and solutions to market their own unique and differentiated UCaaS offering.

IDC evaluated these CSPs based on the breadth and depth of their UCaaS offering as well as the comprehensiveness of their broader UC&C portfolio. The UCaaS offering must conform to IDC's definition of UC, which is a platform that supports advanced telephony calling and management; unified messaging; Web, audio, and videoconferencing; instant messaging (IM); and pervasive presence management — all accessible through common user interfaces on desktop and mobile devices using voice or touch controls. Although the UCaaS solution is not required to support contact center, mobility, collaborative applications, or integrations with other value-added services and applications, we took into account CSPs' efforts to focus on integrating one or more of these advanced capabilities into their UCaaS offering and overall UC&C portfolio. A global organizational sales and support structure was also an important element in the inclusion process. A key criterion was the ability of CSPs to implement a centralized global account and support management team to offer a consistent global experience.

ESSENTIAL BUYER GUIDANCE

Communications service providers have progressed steadily over the past several years in terms of their UCaaS capabilities and offerings. While no one provider has succeeded in becoming the sole global enterprise UCaaS provider, many CSPs are offering MNCs strong regional UCaaS coverage. Although the CSPs are offering UCaaS based on a standardized platform — namely, Cisco HCS — each CSP has chosen to differentiate the offering according to its key strengths. Vodafone has chosen to differentiate its offering by leveraging its strong position as a mobile operator and incorporating mobility and mobile UC into its UCaaS offering. Some CSPs like AT&T, NTT, and Telstra are primarily focused on meeting the needs of MNCs in their home market, while others have become strong players in other regions (e.g., Verizon in Western Europe). Still other CSPs — namely, Orange Business Services and, more recently, BT — have made significant investments in building a global UCaaS offering.

Among the CSPs included in this IDC ITMarketScape, telephony services are the most widely adopted UCaaS capability. We anticipate this will continue to be the case, particularly as many enterprises are just starting or are still in the midst of migrating from TDM to IP services. The conferencing market is mature as most CSPs already have well-developed conferencing solution portfolios. Mobility, videoconferencing, and collaborative applications will be key growth areas going forward, with CSPs focusing much of their efforts around expanding and enhancing their capabilities in these segments. Another area of growth is contact center services, although the CSPs likely to focus on developing their capabilities here will be those that already have strong contact center practices, such as Tata Communications.

Selecting a global UCaaS provider depends on key enterprise requirements and how well the CSP's UCaaS offering meets the enterprise's needs:

- **Global coverage.** The CSPs in the Leaders quadrant provide excellent regional coverage. Orange Business Services provides the widest spread of local country presence, but BT, Verizon, and NTT are actively expanding their global UCaaS presence.
- **Mobility.** While mobility is not a required element of an UC&C offering, the proliferation of mobile devices and the BYOD phenomenon, coupled with the fact that workers are more mobile and distributed than ever before, mean that demand for mobile collaboration has skyrocketed as enterprises look for mobile UC as a key component of an UCaaS solution. CSPs have responded to the growing demand for mobility by extending key UC features and functionality to mobile devices, with this trend expected to continue going forward.

- **Collaboration and CEBP.** A business case for UC has to include a mix of IT and business benefits. Consequently, business cases that focus on solving business process or collaboration challenges are more likely to receive funding and support than those that do little more than reduce costs. In addition, in the past year, a growing trend among CSPs looking to expand their UCaaS portfolios is the integration of UCaaS with best-of-breed collaborative applications such as Salesforce and Box. Further, CSPs are increasingly supporting vendor diversity including Cisco and Microsoft.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC ITMarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

BT Global Services

BT Global Services is a Leader in this IDC ITMarketScape. BT is a global CSP headquartered in London, serving roughly 6,500 large corporate and public sector customers in more than 170 countries. BT has a "global" model that enables it to bring best practices to its customers across vertical segments and geographies to deliver end-to-end services across their local operations. The company has made tremendous gains in automating global service delivery and support mechanisms and has established a strong presence outside of its home market in Europe and with expansion into the Asia/Pacific (A/P) and the Americas regions.

BT offers a comprehensive range of hosted voice and UC solutions under the BT One brand. BT offers UCaaS based on Cisco HCS (One Cloud Cisco), Microsoft Lync 2013 (One Cloud Microsoft Lync), and the GENBAND C20 platform. One Cloud Cisco delivers HD voice and video and supports the Jabber client to enable collaboration from a range of fixed and mobile endpoints. BT has dual datacenters for the One Cloud Cisco UCaaS solution in Europe, Asia/Pacific, and the United States, which serves Latin America as well. BT completed the global rollout of One Cloud Cisco in early 2015 with the expansion of its datacenters in North America and Asia/Pacific.

BT was an early entrant in managed services and has evolved as a major player in the cloud space most recently with its "Cloud of Clouds" vision. BT also has a robust voice portfolio including One Voice, One Cloud (hosted VoIP), and One Voice SIP Trunking. BT's SIP services are available in 75 countries, with full PSTN replacement available in 17 countries and rollouts planned in additional countries. BT also offers a wide range of mobile device, applications, and security management capabilities. In early 2015, the CSP launched an integration of One Phone with One Cloud Cisco offering customers a rich fixed/mobile convergence (FMC) solution with full UC.

BT emphasizes what it calls "UC Readiness," which is a framework for helping customers develop a business case for and road map to UCaaS including migrating to IP and leveraging existing legacy investments. BT's UC portfolio is supported globally by BT Advise, BT GS' advanced professional services team. BT Advise delivers public, private, and hybrid cloud deployments and ensures the UCaaS solutions operate end to end and meet customer requirements.

BT's target market is larger UCaaS deployments of 5,000 seats or more, particularly with MNCs that have a large user base in Europe, although it will deploy BT One Cisco to customers with fewer than 1,000 employees.

Strengths

- BT has a broad portfolio of services that complement its UCaaS offerings, including network services, SIP Trunking and voice solutions, and security, hosting, and managed services. BT also offers a range of UCaaS solutions including One Cloud Cisco and One Cloud Microsoft

Lync – both of which are available globally to MNCs and large enterprises. BT believes its commitment to a multivendor UC strategy is a key differentiator.

- BT's UC portfolio is supported globally by BT Advise, BT GS' advanced professional services team. BT Advise delivers public, private, and hybrid cloud deployments and ensures the UCaaS solutions operate end to end and meet customer requirements.

- BT is a strong Cisco partner and one of a few global CSPs that have Cisco Master UC certification. BT supports a range of Cisco solutions including HCS, Unified Contact Center Enterprise, WebEx, and Collaboration Meeting Rooms.

- A key differentiator for the operator is the introduction of global, flat-rate pricing for UCaaS across all geographies and a no term commitment contract.

Challenges

- BT was slow to deploy BT One Cloud Cisco globally, only making UCaaS available in North America and Asia/Pacific in the past year. However, not only has BT evolved as a major player in the cloud space, most recently with its "Cloud of Clouds" vision, but it has also quickly moved into a leadership position in the global UCaaS market.

- Portal capabilities – particularly self-service capabilities – were previously lacking, but BT is investing in and expanding its portal capabilities.

- BT must overcome the challenge of growing its revenue base as it winds down its legacy service base.

NTT Communications

NTT Communications is a Leader in this IDC ITMarketScape. NTT Communications has embarked on a number of acquisitions in the past five years in an effort to expand its global reach and capabilities beyond the Asia/Pacific region. In January 2014, NTT Com acquired UCaaS provider Arkadin in a move designed to strengthen its global UCaaS and collaboration capabilities. As a result of the Arkadin acquisition, NTT Communications has two UCaaS brands serving different market segments that allow the company to capitalize on the existing brand equity of NTT Com and Arkadin. NTT Com's offering, Arcstar UCaaS, is targeted to global MNCs and large enterprise customers typically with more than 500 employees, while Arkadin Total Connect is targeted to SMBs, with an emphasis on midmarket customers. Initially based on Cisco's HCS platform, Arcstar UCaaS has been expanded to include Microsoft UCaaS. Arkadin Total Connect is based on Microsoft's UC stack.

Given NTT Com's success in expanding its geographic coverage and its multibrand UCaaS approach, IDC believes NTT Com is well positioned to meet the UCaaS needs of MNC and large enterprise customers that have a significant presence in Japan and Asia/Pacific as well as in North America and Europe.

Strengths

- NTT Com has a strong, diversified portfolio that extends the brand from networking to cloud and collaboration services. Arcstar UCaaS can be bundled with network services, datacenter, SIP Trunking, conferencing, and end-to-end management to create a seamless ICT solution based on NTT Com's "Global Cloud Vision." Arcstar UCaaS integration with Arcstar SIP trunking is available in Japan, North America, and Europe.

- UCaaS integration with NTT Com's global network, Arcstar Universal One, is a key differentiator because there are no additional connection charges.

- Arcstar UCaaS is a robust UCaaS offering that includes standard UC features (telephony, IM, presence, etc.) as well as mobile/FMC and collaborative applications integration (WebEx conferencing offered as standard offer with Arcstar UCaaS). Integrations with other third-party applications and mobility are also on the UCaaS road map.

- NTT Com has an expanding global presence that extends beyond Japan and Asia/Pacific and encompasses North America and Europe. It has also invested in sales and support teams, enabling rapid growth beyond its home region.
- NTT Com has a global UCaaS partner ecosystem for delivery and sales capabilities and it supports multivendor UCaaS environments (Cisco, Microsoft), which are contributing to strong UCaaS growth in Asia/Pacific and North America.
- NTT Com has expanded and enhanced the capabilities on NTT Com Business Portal, including adding services and expanding functionality (single sign-on, self-service, etc.).
- Professional services capabilities and support are available for large enterprise customers migrating from TDM to IP. NTT Com also offers hybrid integration – TDM migration and integration with UCaaS and on-premises UC capabilities.

Challenges

- Although NTT Com and Arkadin UCaaS offerings are targeted to different segments of the market, some confusion may arise about which brand to implement, particularly with Arcstar Microsoft UCaaS and Arkadin Total Connect. In addition, as NTT Com expands Arcstar UCaaS with the addition of Microsoft Type, potential for further confusion exists. As of now, NTT Com and Arkadin have separate UCaaS road maps.
- NTT Com has expanded its global presence and supports MNCs in Europe and North America; however, the lack of brand awareness outside of Japan and Asia/Pacific remains a challenge. NTT Com is actively expanding awareness of its brand, particularly UCaaS, outside of its home region through acquisitions such as Arkadin; however, because Arkadin predominately serves midmarket customers, penetrating and gaining mindshare among MNCs may continue to be a challenge.
- As with other large CSPs, a sizable portion of NTT Com's Arcstar UCaaS customers have yet to deploy the full suite of UCaaS functionality, with many having only deployed VoIP to date. NTT Com's challenge going forward is enticing MNCs to move beyond basic VoIP and ramp usage of more advanced UCaaS capabilities.

Orange Business Services

Orange Business Services is a Leader in this IDC ITMarketScape. Orange Business Services (Orange) is a global CSP headquartered in Paris, France. Unlike most global providers, Orange offers service to more than 220 countries and territories around the world, and one of its key differentiators is that it has a network and/or sales presence in approximately 160 countries. It has a class-leading MPLS/VPN network; strong security, datacenter, and cloud capabilities; and a large presence in mobile connectivity and applications. Orange also has a robust global account management structure and processes that offer one of the best customer experiences available.

Using its extensive global network as a foundation, Orange has developed its UCaaS offering, branded as Business Together as a Service and delivered via Cisco HCS and Business Together Microsoft Skype for Business. Orange has spent significant resources deploying Cisco UCaaS and was one of the first CSPs to offer it on a global basis. Orange has seven UCaaS datacenters located in the United States, Europe, and Asia/Pacific.

Orange has a comprehensive services portfolio that complements its UCaaS offerings including network services, voice services, managed services, mobility, videoconferencing including desktop video integration, and collaboration-application sharing. The company offers UCaaS with VPN and SIP Trunking on a global basis. Orange also provides comprehensive end-to-end capabilities ranging from consulting and design to in-country implementation and support as well as full support for customers' TDM to IP migration strategy.

Key UCaaS service enhancements include integration with Google and Jive software, the addition of new countries for Business Together as a Service Cisco, and new service features including mobility, advanced switchboard, and global active directory. Orange Business Services' Contact Center

portfolio covers both on-premises and cloud services models available globally. In addition, Orange offers one Contact Center profile via Business Together as a Service Cisco.

Europe is Orange's first UCaaS market, but Orange offers the service globally. Even though uptake is stronger in Europe, Orange has been successful serving MNCs headquartered in North America and Asia/Pacific. The target market for Business Together as a Service is large enterprises and MNCs looking for a truly global UCaaS offering.

Strengths

- Orange Business supports MNCs with global needs as its UCaaS offering – Business Together as a Service – is available in more than 80 countries in Europe, Asia/Pacific, the Americas, and the Middle East and Africa.

- Orange has developed its own UCaaS customer portal; as a result, its portal is more robust and intuitive than many of its competitor's portals. The CSP also has focused on delivery of the best possible customer experience.

- Orange provides comprehensive end-to-end professional services and support capabilities, from consulting and design to in-country implementation and support as well as full support for customers' TDM to IP migration strategy.

Challenges

- Although Orange has a truly global presence, uptake of its UCaaS offering is stronger in Europe; thus, while it serves MNCs globally, it does have a more limited presence and less brand recognition in the United States and other key regions than some of its competitors.

- As with other CSPs, many of Orange's Cisco UCaaS customers have deployed Business Together as a Service primarily for VoIP rather than the full suite of UC capabilities. Recently, Orange has seen greater market demand for Microsoft-based solutions, so it has shifted its attention accordingly.

Verizon Enterprise Solutions

Verizon Enterprise Solutions is a Leader in this IDC ITMarketScape. Verizon is a global CSP headquartered in New York. It has a network and sales presence in more than 80 countries and services 99% of the Fortune 500 MNCs. In addition, it has a broad and deep portfolio of managed and professional services, network services, and cloud, mobility, IoT, and security services as well as voice and collaboration capabilities.

Verizon has two UCaaS offerings: Its flagship offering, branded UCCaaS, is based on Cisco HCS and is targeted to enterprises/MNCs with 500 or more employees. Verizon also has a BroadSoft UCaaS offering targeted to SMBs in North America that is marketed under the brand name Virtual Communications Express. Verizon's HCS-based UCCaaS offering was initially launched in the United States and is now available in North America, Europe and, more recently, Asia/Pacific, with supporting datacenters in the United States, the United Kingdom, the Netherlands, Hong Kong, and Singapore.

In the past year, Verizon has expanded its partnership with Cisco and co-markets and co-sells UCCaaS with Cisco globally. Verizon also supports WebEx, Collaboration Meeting Rooms, and Cloud Connected Audio.

Strengths

- Verizon has a very strong brand recognition in the U.S. enterprise market with its VoIP and UC portfolio. In addition, it is an innovator in SIP trunking and has recently achieved some notable successes with UCCaaS. It also complements its UCCaaS offering with key solutions, including SIP trunking, contact center, wireless, security, managed services, and datacenter services.

- Verizon has recently expanded its partnership with Cisco, which should enable it to more quickly expand its portfolio — including expanding the geographic reach of UCCaaS as well as integration of collaborative applications and business processes with UCaaS.

Challenges

- Verizon has a well-developed footprint in key countries in North America, Western Europe, and Asia/Pacific. Although Verizon's UCCaaS footprint is not as well developed in South America and the Middle East and Africa, the company's expanded partnership with Cisco positions the CSP to meet customer demand in these regions as the UC&C market develops..

- Although Verizon was one the first UCaaS CSPs to focus on mobility/mobile UC, it was slow to leverage its strong mobile position in the United States. However, Verizon has significantly stepped up its efforts around integrating mobility more fully into its UCaaS offering — with the launch of UCCaaS Expressway, Verizon UCCaaS can run on any mobile tablet or smartphone virtually anywhere. Further, with UCCaaS Mobile First, UCCaaS customers can run UCCaaS (voice, video, conferencing, WebEx/videoconferencing, and IM) on their Verizon Wireless tablet or smartphone and use Verizon tablets in place of a landline phone.

- As with other global CSPs offering UCaaS, Verizon initially struggled to get customers to adopt the full suite of UC&C capabilities beyond basic voice that its UCCaaS solution is capable of delivering. Now, however, almost all of Verizon's UC&C customers use the UC capabilities — not just VoIP — available with the solution.

APPENDIX

Reading an IDC ITMarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC ITMarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC ITMarketScape Methodology

IDC ITMarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC ITMarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Unified Communications

Unified communications (UC) is a platform that combines advanced IP telephony calling and management; unified messaging (email, fax, and voice messaging); Web, audio, and videoconferencing; instant messaging (IM); and pervasive presence management and awareness – all accessible through common user interfaces on desktop and mobile devices using voice or tactile controls.

Unified Communications and Collaboration

Unified communications and collaboration (UC&C) is a term that emphasizes the increasingly important role that collaborative applications and services are playing in support of the UC market. Collaborative applications software and services provide the user interfaces, repositories, and computer logic required for individuals and groups of users to interact, coordinate tasks, and share information in real-time and non-real-time models.

Unified Communications-as-a-Service

Unified communications as a service (UCaaS) encompasses UC&C capabilities that are network-embedded services delivered via shared infrastructure hosted by a service provider at its central office or datacenter and delivered in a cloud-based/as-a-service model. UCaaS is fundamentally a cloud service dependent on an alternative solution composition, delivery, and consumption model. The cloud model goes well beyond prior online delivery approaches by combining efficient use of shared resources, radically simplified solution packaging, self-service provisioning, highly elastic and granular scaling, flexible pricing, and broad use of Internet-standard technologies. UCaaS is offered on a per-seat basis and typically includes a standard suite of UC features as part of the monthly seat cost.

CSPs, including the ones profiled in this study, are going to market with UCaaS offerings based on Cisco's Hosted Collaboration Solution (HCS) platform. Cisco HCS enables Cisco partners to deploy multiple collaboration applications on one server in a virtualized environment and then to host those applications for multiple client organizations.

About IDC

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