Magic Quadrant for Unified Communications as a Service, North America With Additional Regional Presence

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VIEW SUMMARY

Selecting the right UCaaS provider can improve your company's communication productivity and cost structure. The 21 providers evaluated vary in terms of geographic coverage, richness of services and scalability. Each provider supports UCaaS in North America and at least one other global region.

Market Definition/Description

This document was revised on 4 September 2014. The document you are viewing is the corrected version. For more information, see the Corrections page on gartner.com.

Unified communications as a service (UCaaS) supports the same functions as its premises-based unified communications (UC) counterpart. Only the delivery model is altered. Therefore, Gartner uses the same six broad communications functions for both (see Note 1 for detailed definitions):

Voice and telephony, including mobility support

Conferencing — Audioconferencing, videoconferencing and Web conferencing

Messaging — Email with voice mail and unified messaging (UM)

Presence and instant messaging (IM)

Clients — Including desktop clients and thin browser clients

Communication applications — For example, integrated collaboration and contact center applications

There are two types of architectures deployed in the UCaaS market. The first is multitenant, in which all users share a common (single) software instance. The second is virtualized, in which each user receives its own software instance. Both the multitenant and virtualized architectures possess cloud characteristics of shared infrastructure (for example, data centers, racks, common equipment and blades), per-user-per-month pricing, and elasticity to dynamically add and subtract users.

Users (particularly larger businesses with more than 1,000 employees) in general prefer a separate software instance — sometimes marketed as "private cloud" — because of perceived security, integration and customization benefits. However, most implementations to date are with the multitenant architecture because it is typically easier to support, manage and deliver. In contrast, it takes more administration to manage each user's separate software instance in the virtualized architecture.

Mobility, through both smartphones and tablets, plays an increasingly prominent role in the UCaaS ecosystem. UC clients that are downloaded to mobile smartphones (or tablets) can have a business-grade PBX feature set. Businesses are now starting to deploy location-based services (LBSs) and contextual information on the mobile devices to develop communications-enabled business processes (CEBPs). There is also increasing demand for disparate businesses (for example, businesses in a supply chain) to federate with one another.

Magic Quadrant

Figure 1. Magic Quadrant for Unified Communications as a Service, Multiregional

NOTE 1
UCAAS DETAILED DEFINITIONS

Voice and telephony. This area includes fixed, mobile and soft telephony, as well as the evolution of PBXs and IP PBXs. This also includes live multimedia communications, such as video telephony.
Conferencing. This area includes separate audioconferencing, videoconferencing and Web-conferencing functions, as well as converged unified conferencing capabilities.
Messaging. This area includes email, which has become an indispensable business tool, voice mail and UM in various forms.
Presence and IM. These play an increasingly central role in next-generation communications, enabling the aggregation and publication of presence and location information from and to multiple sources. This enhanced functionality is sometimes called "rich presence."
Clients. Unified clients enable access to multiple communication functions from a consistent interface. These may have different forms, including thick desktop clients, thin browser clients and mobile PDA clients, as well as specialized clients embedded within business applications.
Communication applications. This broad group of applications has directly integrated communication functions. Key application areas include consolidated administration tools, collaboration applications, contact center applications and notification applications. Eventually, other applications will be communication-enabled. When business applications are integrated with communication applications, Gartner calls these "communication-enabled business processes."

EVALUATION CRITERIA DEFINITIONS

Ability to Execute
Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change.

Source: Gartner (August 2014)

Vendor Strengths and Cautions

8x8

Northern California-based 8x8 is a UCaaS specialist with more than 10 years of experience, and it provides cloud voice over IP (VoIP), UC and contact functionality. Its UCaaS offering is branded as "Virtual Office," and it is delivered via a homegrown, multitenant platform. 8x8's core market is North America (the U.S. and Canada). In the past year, 8x8 has marketed its services to U.K.-headquartered businesses (and also supports the European offices [in approximately 20 other countries] of the U.K.-headquartered companies). A Hong Kong data center was added in the first quarter of 2014 to support regional Asia/Pacific offices. Gartner estimates that 8x8 is one of the largest UCaaS providers, with more than 350,000 employees supported, mainly in North America.

8x8 has historically focused on the small or midsize business (SMB) market (less than 1,000 employees), but it has gradually added a higher proportion of smaller enterprises (1,000 to 2,000 employees) each year. Evidence of enterprise commitment includes certifications for E-Rate, Federal Information Security Management Act (FISMA), Health Insurance Portability and Accountability Act (HIPAA) and Payment Card Industry (PCI). The company recently added project management and customer service staff to better support accounts above 500 employees. 8x8 is also expanding its channel base to complement its traditional direct sales force.

8x8 is well-positioned for SMBs seeking a cost-effective UCaaS solution. 8x8 is also well-suited for U.S. and U.K.-based businesses with regional offices in Europe and Asia/Pacific.

Strengths

8x8 provides a rich set of UC and contact center capabilities at a competitive price. Many 8x8 users leverage a broad mix of UC functions, including VoIP, UM, mobility, IM and presence.

The company has a good pace of innovation, with recent developments emphasizing APIs (such as those from salesforce.com, Zendesk, Google and Facebook), improved branch office support, and an enhanced contact center experience (for example, Teleopti for workforce management).

Users report that 8x8 has good customer service and a proven, intuitive customer portal.

The company is increasingly global, with local infrastructure in North America, Europe and Asia/Pacific.

Cautions

8x8 is still new to the enterprise market, and it does not have accounts above 2,000 employees.

The Virtual Office video is weak in terms of resolution, endpoints supported and ease of use. Similarly, some users report that the Web conferencing capability is only adequate (but this capability is getting a late third-quarter refresh that is now being tested by selected partners).

8x8's cloud contact center and UCaaS solutions are not fully integrated and presently require parallel user sign-ons and separate clients (8x8 announced plans to improve this integration, along with single sign-on, in the fourth quarter of 2014).

Gartner is concerned about whether 8x8's historically strong customer support can be maintained, given last year's global expansion on top of next year's planned expansion. Customer support in the newly entered European market is a step lower than in North America.

This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

Arkadin

Arkadin is a Paris-based global provider with a background in audioconferencing, Web conferencing and videoconferencing services, with redundant points of presence, in North America, South America, Europe and Asia/Pacific. During the past year, Arkadin added support for Lync UCaaS. Arkadin was acquired by the Japanese telecommunications firm NTT Communications in the first quarter of 2014. Arkadin is operated as an independent business unit of NTT Communications, which enables it to leverage capabilities of Dimension Data.

Arkadin's core conferencing business is stronger in Europe than in North America. But Arkadin introduced Lync UCaaS in both North America and Europe (the U.K. and France) in 2013. Arkadin is rolling out 10 additional Lync UCaaS country deployments in 2014, and it plans a rollout in Japan for 2015.

The Arkadin Total Connect brand is made up of several Lync UCaaS offerings, including multitenant Lync, private cloud Lync, Office 365 integration and related professional services. These offers can include public switched telephone network (PSTN) and PBX integrations.

Arkadin UCaaS is a good fit for small and midsize deployments seeking Lync technology tied to related Microsoft applications, led by Exchange and SharePoint.

Strengths

Arkadin leverages its existing global network, operational infrastructure, related service offerings and experience (from conferencing services) for the broader UCaaS offering.

Feedback from Arkadin users is that customer support is good.

Arkadin partners with Clarity Connect for contact center as a service (CCaaS). The Clarity Connect software is run by Arkadin in Arkadin data centers and integrated with Lync.

Arkadin has strong brand recognition in Europe, Asia/Pacific and Japan for conferencing services.

Cautions

Arkadin is new to UCaaS and, in particular, the Lync market, and it is still maturing its processes and skills.

The company offers many parallel conferencing services — Arkadin (internal), Adobe Connect and Cisco WebEx — which can potentially limit Arkadin's ability to scale UCaaS.

Arkadin's acquisition by NTT Communications is very recent, and it will require significant management attention as Arkadin adjusts to working with its new parent firm.

Arkadin has limited presence and visibility in North America, compared with Europe. Many of Arkadin's North American telephony customers are accounts with fewer than 250 employees.

AT&T

AT&T is a global communications service provider (CSP) headquartered in Dallas, Texas. While its UC services are strongest in North America, AT&T has global operations and a global footprint, and it continues to expand its UC capabilities, including with European accounts. However, enterprises expecting AT&T services outside of North America should verify that AT&T is capable of supporting all required country markets.

AT&T Unified Communications Services includes virtualized cloud-based solutions and hybrid cloud-premises deployments. The AT&T UC Voice offering is a cloud solution based on either Microsoft Lync or Cisco Hosted Collaboration Solution (HCS), accessed via the Microsoft Lync client or the Cisco Jabber client, respectively. Functionality supported includes presence, IM, conferencing and UM. In addition, AT&T offers a range of its own native audioconferencing, Web conferencing and videoconferencing services. AT&T also markets hosted, managed and premises-based services for Lync, Cisco and Avaya UC solutions, as well as UC integrations to Google and IBM Sametime.

AT&T's UCaaS solutions suit midsize to large enterprises that have an existing strong relationship with the service provider and desire a cloud UC solution based on Microsoft or Cisco technology.

Strengths

AT&T's UCaaS benefits from the firm's strong brand-name recognition, global networks, security services and global data centers.

AT&T has developed a strong suite of UC solutions based on Cisco's and Microsoft's UC that leverage AT&T's conferencing (audio, Web and video) and professional services, including AT&T's UC consulting practice.

A recently announced offering that combines Microsoft Office 365 with AT&T IP Flexible Reach. This includes committed quality of service (QoS) and availability SLAs for Lync voice, video and conferencing when operated by AT&T.

AT&T is developing a UC federation service to enable disparate organizations (such as partners, suppliers and customers) with dissimilar UC tools (from such vendors as Cisco, Microsoft and IBM) to interoperate. AT&T has yet to announce further details.

Cautions

AT&T has previously experienced delays when bringing its UCaaS offerings to market. It is currently entering the market with an aggressive deployment agenda, but must prove that it is able to advance its portfolio in a timely manner.

Some customers report that billing and service problems with AT&T can be difficult to resolve. In addition, some customers report that final costs are higher than planned costs because of unanticipated requirements (which carry additional fees).

Gartner believes that the majority of current deployments is VoIP-focused (AT&T UC Voice), rather than on the broader UC solution set.

The impact of the proposed $48.5 billion acquisition of DIRECTV (presuming this is approved by the regulators) will have on AT&T's product enhancement investments in UCaaS is unclear.

Avanade

Avanade, a global system integrator headquartered in Seattle, Washington, was founded by Accenture

and Microsoft. The company provides Microsoft-focused managed, cloud and consulting services. The UCaaS offering emphasizes Microsoft-focused messaging, collaboration and UC services. In the past 12 months, Avanade has retooled its UCaaS offering to focus on large accounts. Avanade has UCaaS infrastructure in North America and Europe, targeting both North America- and Europe-headquartered companies. There are also gateways in Asia/Pacific to support the Asia/Pacific offices of North American and European accounts.

Avanade's go-to-market UCaaS strategy centers on virtualized Microsoft Lync, with Lync replacing the client's PBX infrastructure. Proprietary management and virtualization tools are used to cloud-enable Lync in Avanade data centers. Customers not seeking PBX replacement can be ported to Lync Online (part of Microsoft Office 365).

Avanade is suited for large North America- or Europe-headquartered enterprises seeking a Microsoft-based UCaaS offering.

Strengths

- Avanade has extensive Microsoft IT experience and has homegrown tools that can cloud-enable Lync, Exchange and SharePoint. Avanade can also integrate with Microsoft Office 365.
- Avanade has improved its Lync cloud UC reference architecture in the past year to include network performance, session border controllers (SBCs), headsets, room video systems and network services.
- The company has strong consulting and professional services that leverage Lync UCaaS to improve business processes. Avanade is especially strong in Lync-enabled business process improvement in the healthcare and transportation sectors.
- Avanade is particularly strong with large-enterprise accounts in the 10,000-plus-employee range.

Cautions

- Avanade does not target small and midsize UCaaS accounts that lack complex environments. Most Avanade UCaaS customers are above 10,000 employees.
- The company's UC skill set is Microsoft-centric, with limited expertise in offerings from such vendors as Avaya, Cisco and Unify (formerly Siemens Enterprise Communications). Similarly, Avanade does not possess a broad package of APIs to third-party IT software.
- The Avanade UCaaS portal is not mature, and it does not enable users to automatically make most IT change requests (instead, it relies on traditional service requests or customized integration between Avanade and the customer provisioning toolset).
- Avanade does not support a complementary CCaaS offering. It does, however, support integrations with contact centers from Aspect, Clarity and ComputerTalk.
- Some customers report that the Avanade's contracting and legal departments can be bureaucratic and time-consuming to deal with.

CSC

CSC is a system integrator headquartered in the Washington, D.C. metro area, with a deep base of large public-sector and private accounts. The company has completed a transformation of its business model, with the objective of becoming more efficient and profitable by streamlining its product offerings, data centers and service management centers. CSC MyWorkStyle is the brand name under which CSC's workplace offerings are marketed and includes UCaaS. Delivery can be via the cloud, on-premises or hybrid.

The CSC MyWorkStyle UCaaS offering centers on virtualized Microsoft and virtualized Cisco technologies, complemented by Polycom video and Cisco CCaaS. CSC has been investing heavily in Microsoft Lync technology during the past 18 months. The objective of MyWorkStyle is to offer a cost-competitive UCaaS offering based on branded solutions, complemented with CSC's security, service management and service startup services. CSC has a global reach, with UCaaS marketed to North American, European and Asia/Pacific businesses. While the CSC target market has traditionally been above 5,000 employees, the industrialization of MyWorkStyle now enables CSC to target accounts down to 1,000 employees. All sales are direct.

CSC UCaaS is well-suited for large enterprises seeking a cloud solution based on Cisco or Microsoft technology.

Strengths

- CSC has a cloud-centric, go-to-market vision for industrializing IT services, including UCaaS (with customer premises equipment [CPE] delivery serving as the backup).
- The CSC MyWorkStyle offering has an ambitious road map centered on Cisco and Microsoft solutions. This road map includes semiannual product releases for additional functionality.
- Users can now acquire Cisco-based HCS UCaaS that is packaged with Cisco WebEx and Cisco contact center (Unified Contact Center Enterprise).
- CSC has approximately 10 large UCaaS customers (a combination of U.S.-only and multiregional) in the 5,000-employee range.
- CSC is strong in the public sector, and it understands the public-sector culture and regulatory environment.

Cautions

- Developing and launching CSC MyWorkStyle has taken a long time to roll out. In the meantime, CSC lost momentum signing up new UCaaS customers.
- CSC has not traditionally targeted the sub-5,000-employee market space (although the new MyWorkStyle model seeks to expand target accounts down to 1,000 employees).
- Some clients report that it can take CSC a long time (roughly a month) to onboard subject matter experts for a project, particularly for high-demand skill sets such as Microsoft Lync.
- Some enterprise accounts have a negative perception of CSC. In most cases, these are former CSC customers that experienced a CSC-led IT project that did not meet expectations.
- The UCaaS portal is still maturing. Some users report that they do not have all of the automated

administrative capabilities that they would like.

Google

Google is based in Northern California and provides a broad base of consumer, and now business, IT tools. Gartner believes that the business market is an important, strategic cog to Google's future growth. Google has UCaaS infrastructure in North America, Europe, Asia/Pacific and Latin America. It actively targets accounts in each of these markets.

Google provides multitenant cloud delivery of such UC functions as email, UM, IM/presence, videoconferencing and Web conferencing, and mobility. Cloud IT offerings beyond UC include Google Docs (spreadsheets, documents and presentations), Google Calendar, and Google Drive (storage). The majority of Google's sales are direct, complemented with sales from an expanding base of channels. Most Google customers use a broad set of these UCaaS and IT services, and they report that the Google UC suite is intuitive for their user base to deploy.

Google's UCaaS provides an intuitive, cost-effective solution, and users are likely to leverage the full UC suite. However, Google customers must have alternative methods of securing enterprise voice.

Strengths

Google's prices are very competitive, with annual fees ranging from $50 to $120 per user (the higher levels include enhanced security, administrative tools and e-discovery features).

Google continues to innovate in UCaaS and tangentially related capabilities. Notable recent enhancements include integration with UberConference for PSTN audioconferencing, Chromebox for meetings (for high-resolution video devices [for example, those of Polycom]), Google Drive, and Vidyo and InterCall integration.

Customers range from very small businesses all the way up to multinational corporations of 50,000 employees or more.

Google has a rich community of partners and developers that provide value-added functionality. Google offers APIs from which partners can develop mashups for telephony, video, social, business analytics and so forth. The Google Apps Marketplace is a tool for connecting users with the Google partners.

Companies leverage Google UCaaS for cost-efficient business productivity improvements (for example, using a Google Hangouts video to troubleshoot a malfunctioning gas pump).

Cautions

Some IT managers would like Google to enhance its reporting capabilities. Similarly, Google should educate IT managers on the available provisioning tools to help them operate more efficiently.

Some IT departments have difficulty adapting to the pace of change and innovation offered by Google. They also report that they do not get sufficient visibility into the road map of future Google development (Google is attempting to address this concern via its quarterly Google Enterprise Connect program).

Google does not support enterprise voice. The Google Voice offering is a consumer service that is available only in North America and that Gartner believes is being integrated into Google Hangouts. Enterprise voice can be supported via middleware solutions from Esna and gUnify, but we have yet to see significant adoption among Gartner's clients.

Google Hangouts is insufficient for large meetings or formal meetings with external partners. Currently, Google Hangouts can support only 15 simultaneous sessions (although an individual session can be a large video monitor viewed by many employees).

The Google service-level agreement (SLA) for availability is 99.9%, with network connectivity provided over the top (OTT), which does not provide a QoS guarantee.

HP

HP Enterprise Services is the multinational IT infrastructure and service business unit part of HP, which is headquartered in Palo Alto, California. The company uses a standard reference architecture with a structured approach to project management that is designed for large enterprises and global-scale projects. HP Enterprise Services has seven practice areas, and while UC is related to many of them, organizationally, the core UCC functionality is part of the Mobility and Workplace Services practice. HP has UCaaS capabilities in the four main global regions (North America, Europe, Asia/Pacific and Latin America), and it is registered as a telecom provider in more than 20 countries; it continues to add countries through an ongoing telecom registration program.

HP offers cloud, premises and hybrid configurations of UC. All sales are direct. HP offers virtualized Lync, Lync Online and related Microsoft solutions. In addition, HP offers Avaya UC integrations, security, mobility, analytics and identity management, as well as other functions into a UC offering. HP also has strong UC professional services, consulting, and service desk practices, as well as a full set of HP network management tools.

HP UCaaS is well-suited for midsize to large organizations that have complex integration requirements and global UC deployment plans. While HP supports multiple UC and telephony environments, its primary UCaaS offering relies on Microsoft Lync.

Strengths

HP UCaaS is available globally and is capable of addressing complex enterprise deployment and integration issues. The company already has more than 10 multinational corporation (MNC) UCaaS accounts.

HP offers a broad spectrum of UC services that includes private cloud UCaaS, professional services, network management and application integration with UC.

HP offers centralized Session Initiation Protocol (SIP) trunking management, voice routing for global numbering plans and in-region disaster recovery.

UCaaS deployments usually come with consulting services to promote mobility, improved business productivity and CEBP.

Cautions

HP focuses on large and global enterprises, in which UC is part of a broader professional services and IT project. Small and midsize accounts are not actively targeted.

The HP approach to UCaaS (promoting consulting, integration and network QoS) leads to a premium solution, at an associated higher price, compared with some competing options (promoting standardization).

Some users report difficulty resolving complex problems that require coordination across the multiple HP lines of business used to fulfill Lync UCaaS.

HP is comparatively new to the UCaaS market. The offering has been generally available for roughly two years at the time of publication.

iCore

iCore is a privately held network and UCaaS provider headquartered in the Washington, D.C., metro area. Founded in 2001, the company originally offered cloud VoIP based on the BroadSoft platform (multitenant) delivered over an internally provisioned IP Multiprotocol Label Switching (MPLS) network. During the past three years, iCore has been extending its communications offering to include contact center, video, mobility, audioconferencing and video conferencing. iCore has been investing in Microsoft Lync expertise since 2013. The vast majority of iCore business is in the United States, although iCore has recently added channels for Asia/Pacific clients.

In addition to UCaaS and network services, iCore provides complementary IT services tailored to the midmarket, including security, hosted Exchange, hosted SharePoint and virtual desktop. However, Gartner believes that the majority of iCore's revenue is derived from core network and cloud VoIP services. iCore's sales activities are led by an internal account team, although iCore has been developing a channel sales effort in the past 15 months.

iCore is well-suited to small and midsize enterprises with significant operations in the eastern half of the U.S.

Strengths

iCore can support UCaaS accounts in the 1,000- to 5,000-employee range. Gartner estimates that iCore's revenue has been growing above 20% for the past two years.

iCore has an agile business model that enables it to perform basic customizations for its midsize and larger accounts. Customers report that iCore's pricing is very competitive.

iCore offers a cloud contact center offering based on a combination of BroadSoft technology and proprietary solutions developed by iCore.

The company offers a good mix of tangentially related IT services, such as security, well-suited to midmarket accounts.

Cautions

iCore's business base and brand recognition are skewed to the U.S. Mid-Atlantic region (although it does market to the broader North American market). iCore international support is nascent.

iCore is one of the smaller UCaaS providers in terms of number of employees and revenue. iCore will require stellar execution to stay a viable player as the UCaaS market matures, scales and consolidates during the next three years.

iCore is still maturing its project management and change management processes. Some customers indicate that iCore has difficulty quickly resolving complex issues.

To scale and effectively deliver all the IT services that iCore now offers its customers (including UCaaS, contact centers, networks, security and virtual desktops), iCore needs continued focus on project management, implementation and customer support capabilities.

Intermedia

Intermedia, based in Northern California, provides a broad suite of cloud services with a strong combination of Microsoft products, proprietary products and third-party products. Until 2013, Intermedia's UC solution was based on Microsoft Exchange, Lync and SharePoint, all integrated with a proprietary Hosted PBX (multitenant) product. In 2013, Intermedia acquired Telanetix and replaced its homegrown Hosted PBX with the acquired AccessLine Hosted PBX platform. It also expanded its voice portfolio capabilities to include SIP trunking and related voice services. Intermedia has an installed base of more than 1 million subscribers and offers the full UC solution in the U.S. and Canada. It recently extended UCaaS support to the U.K. (a new market), although telephony is not yet available in the U.K.

Intermedia's Office in the Cloud includes email, voice, file sharing, security, and access management. The UCaaS portion is based on hosted email for Exchange Unified Messaging, Intermedia telephony and audioconferencing, as well as Lync-based IM, presence, videoconferencing and Web conferencing. All of Intermedia's services are integrated into a single control panel for easier client administration.

Intermedia is well-positioned for businesses looking for a UCaaS solution based on a combination of Microsoft applications and Intermedia's enhanced telephony (North America only) and IT capabilities. Compare Intermedia's offering with those from other Microsoft Office 365 partners.

Strengths

Intermedia provides a deep portfolio of IT services beyond UCaaS that includes security, storage, SIP trunking, file sharing and mobile device management, as well as identity and access management.

Intermedia receives favorable client satisfaction ratings and has a good reputation for responsiveness.

The Intermedia customer portal is an effective tool for delegating decision making and changes to account administrators and channel partners.

Intermedia builds its UC competency from significant Microsoft Exchange and Lync experience, as well as from recently acquired telephony capabilities.

Cautions

Although Intermedia has some clients in the midsize range (1,000 or more employees), the vast majority of its clients are enterprises with less than 250 employees.

Some users report that the recently introduced cloud VoIP offering (the Telanetix acquisition) is not well-integrated with the Lync client experience.

The IT portal for end users (as opposed to IT administrators) does not enable the degree of control that some users would like.

Intermedia does not currently offer a cloud contact center service or high-end video solution.

Intermedia may have trouble maintaining long-term differentiation against Microsoft Office 365 in terms of price, services and performance.

Microsoft

Microsoft is based in Redmond, Washington, and it provides a broad base of IT applications used by businesses, educational establishments and consumers. Key to Microsoft's cloud strategy is Office 365 (which is multitenant), and it includes Lync Online, Exchange Online, SharePoint Online and Office Professional. Office 365 is supported in 127 markets worldwide and 97 languages. Microsoft has two or more data centers in the North American, European and Asia/Pacific regions, as well as one in South America. Microsoft actively targets customers in each of these four regions.

This evaluation focuses specifically on Microsoft's Lync Online UCaaS offering; the service is operated by Microsoft out of Microsoft's global data centers. It also includes the UM capabilities of Exchange Online. Both Lync Online and Exchange Online are part of Microsoft's Office 365 suite of cloud-based IT applications. While Microsoft Office 365 does experience isolated service incidents, customers report overall good service availability, and the Office 365 user base is growing fast in the midsize- and large-enterprise segments. Users report an improved IT portal for Lync Online administration and management.

Lync Online offers strong presence, IM and Web conferencing capabilities, along with more limited videoconferencing, audioconferencing and telephony capabilities (relative to on-premises Lync). While Microsoft intends to maintain the cloud and premises versions at the same release level, the functionality between the offers differ significantly. Lync Online offers only Lync-to-Lync, Lync-to-Skype and, recently, limited PSTN voice calling. Most enterprises will need to work with a Lync partner to obtain their required telephony functionality. Gartner expects continued improvements to Lync Online's native telephony and interoperability with on-premises video equipment; so far, however, improvements have been slow to emerge.

The Microsoft Office 365 UCaaS solution is suitable for organizations of all sizes seeking cost-effective IM, presence and Web conferencing. Most Lync Online users also have Exchange Online and other elements of Office 365. Enterprises that wish to accelerate telephony or video functionality must use a Microsoft Lync Online partner.

Strengths

Lync Online gained market momentum through 2014 as Microsoft expanded its marketing, technical and channel resources, with particular focus on partners augmenting telephony, including those for midsize and large enterprises.

Improved hybrid options (between the cloud and on-premises infrastructure), including support for on-premises Lync Server with Exchange Online, split user domains between Lync Server and Lync Online, and integration with standards-based video endpoints.

Office 365 and Lync Online are low cost, easy to administer (for example, with Active Directory), and possess a deep base of employees familiar with the applications.

Businesses are attracted to the Lync federation and Skype integration capabilities — both those that are available now and those that are announced.

Cautions

Enterprises planning to deploy Lync Online should carefully evaluate the features, functions, support and road maps of the partner offerings because the capabilities, costs and regional coverage vary significantly.

The Lync Online audioconferencing and Web conferencing capabilities do not always provide robust performance because they do not go over WAN networks with class-of-service support.

Connectivity from the user to Lync Online data centers is over the Internet, which does not provide QoS. This is usually not a problem in North America, but some users report performance degradations in Europe, Asia/Pacific and Latin America.

While Microsoft does have a set of APIs for developers to use to build applications, customers are asking for more integration options to services such as WhatsApp.

An SMB business-grade telephony feature set for Lync Online has been delayed until 2015.

Mitel

Mitel, based in Ottawa, Ontario (Canada), markets its MiCloud UC suite based on the virtualization of its premises-based platform. Key elements of MiCloud include MiVoice (telephony), MiCollab (collaboration) and MiContact Center. In the first quarter of 2014, Mitel acquired UC supplier Aastra and European cloud UC supplier Telepo, which will enhance Mitel's European brand awareness. In addition, Mitel acquired call recording provider Oaisys to buttress its contact center capability.

MiCloud is offered directly by Mitel in the U.S. and Canada (its two core markets), and it has since expanded to the U.K. (newer market). Mitel can also support remote offices in approximately 10 other country markets. Gartner expects Mitel to expand UCaaS support to three or four additional country markets per year. UCaaS is a strategic Mitel service (with a separate financial reporting structure), with UCaaS revenue nearly doubling during the past year.

In addition, Mitel has global partners that operate and market MiCloud technology on their own. These channel partners extend Mitel's UCaaS availability across Europe and Asia/Pacific.

The MiCloud solution is well-positioned for midsize UCaaS deployments in the U.S., Canada, and the U.K.

Strengths

Mitel's UCaaS business has made strides during the past 12 months in terms of increased RFP activity, channel partner expansion and even enterprise deployment.

Mitel R&D enhancements in the past year include a stronger Oria portal, Vidyo partnership for video, API mashups (for example, with Google) and LiveOps partnership for complex CCaaS requirements (there is also the internally supported MiContact Center for simpler requirements).

The cloud and premises-based UC functionalities offered by Mitel are nearly identical. This provides users with greater choice, along with the option for hybrid delivery (whereby some users are in the cloud, and others are on-premises).

Mitel has industrialized its UCaaS delivery approach in terms of R&D, sales and customer support.

Cautions

The rationalization and integration of the Aastra and Telepo offerings will most likely require management and investment resources, which Gartner believes could potentially impact UCaaS investment.

Users purchasing Mitel UCaaS via channel partners spanning North America, Europe and Asia/Pacific can expect varying service levels. Some partners host Mitel's infrastructure internally, while others integrate value-added services, and yet others are resellers. Obtaining truly global UCaaS from Mitel is possible but also complex because it requires the integration of multiple MiCloud partners, each of which has specific countries it supports.

Some users reveal that the MiCloud offering and its new portal is not intuitive.

The MiCloud customer service and support is not as strong in Europe (which it entered only recently) as it is in North America.

Orange Business Services

Orange Business Services is a global service provider based in Paris, France. The company brands its UCaaS offering as Business Together as a Service, which can be delivered via Cisco HCS infrastructure or Microsoft private cloud Lync (both of which are virtualized). Orange has developed a reference architecture for its UCaaS offerings with a defined set of SBCs, gateways, headsets, handsets, routers, video endpoints and switches. UCaaS is a core business for Orange, and the company has spent significant resources industrializing the processes, R&D and customer support. Business Together as a Service UCaaS is sold primarily via direct sales, complemented with a limited number of channels.

Orange now has seven UCaaS data centers, with three added in the past year. This includes a new Washington, D.C., data center to mirror the existing Atlanta, Georgia, data center. As a global CSP, Orange complements its UCaaS offering with network services, SIP trunks, managed services, mobility, security, data storage, and billing and number portability. The Cisco version of Business Together as a Service can now be integrated with Google and Jive. Europe is Orange's primary market, but it has numerous accounts and a proven offering in North America and Asia/Pacific.

Orange is well-positioned for midsize or larger enterprises seeking UCaaS support across two or more global regions. Orange does not generally target customers based solely in North America.

Strengths

Orange provides both Cisco and Microsoft UCaaS offerings. In the past 18 months, Orange has significantly invested in its Microsoft UCaaS offering.

Orange can support UCaaS customers with global needs, including those with sites in Latin America, Asia/Pacific, the Middle East, and Africa. Services are available in more than 55 countries, with support for 29 languages.

Orange has demonstrated success in supporting highly branded MNCs (that have more than 1,000 employees) with UCaaS. Gartner believes that Orange supports more than 40 Cisco UCaaS enterprise accounts and 10 Microsoft UCaaS enterprise accounts. Many of these accounts deploy a deep base of UC services (including UM, IM, presence and conferencing, as opposed to just VoIP).

Orange's UCaaS can be integrated with Orange CCaaS (two versions are available — one based on Cisco Unified Contact Center Express and one based on an internal branded solution).

Cautions

Orange has limited brand and marketing resources in North America compared with its capabilities in Europe and Asia/Pacific.

Orange does not pursue smaller and midmarket accounts. The company's emphasis is for larger accounts with 1,000 employees and above.

Some customers report that Orange can be bureaucratic to work with and does not have all of its workgroups well-aligned. It can also take a long time (multiple weeks) to get the required subject matter expert (for engineering and design) onto a particular account.

Orange offers minimal customization with its UCaaS deployments, with the view that customization negatively impacts Orange's ability to scale and keep prices competitive (customers requiring customization are instead steered to dedicated managed and hosted offerings).

RingCentral

Northern California-based RingCentral is a UCaaS application specialist with a legacy in SMB telephony and mobility. The U.S. is RingCentral's core market, and it has expanded to Canada and the U.K. during the past 18 months (platform infrastructure is located in the U.S. and U.K. as well). RingCentral has industrialized processes for inside sales, customer support and technical support. Gartner believes that RingCentral is one of the largest global UCaaS providers with more than 300,000 companies (many are small) supported.

The company uses a homegrown, multitenant solution branded as "RingCentral Office." In the second half of 2013, RingCentral expanded its platform functionality to include Web conferencing and videoconferencing, aided by a technology partnership with Zoom. RingCentral succeeds at getting its customer base to use the full suite of UC functions, as opposed to just VoIP. Increasingly, RingCentral has expanded its use of channel partners to AT&T, BT and Telus. The U.K. market is served both directly and via channels. Most customers connect via broadband, for which RingCentral has invested in significant OTT QoS performance management capabilities.

RingCentral is a strong option for SMBs seeking cost-effective UCaaS optimized for mobility. RingCentral currently supports North America- and, more recently, U.K.-headquartered businesses, along with

regional office support of roughly 40 countries.

Strengths

RingCentral has significant capital and personnel resources devoted solely to UCaaS. It is now expanding its customer support and sales support office in Denver, Colorado.

The company is a market leader in mass-market advertising and branding. Few UCaaS providers have the resources and priority to make such a commitment.

RingCentral is aggressive in supporting APIs (to such IT applications as salesforce.com, Marketo, Google, Box and Zendesk). Channel partners can also leverage these APIs to develop custom capabilities.

The RingCentral Office offering is intuitive and well-suited to mobility (iPhone and Android smartphones) and bring your own device (BYOD) environments. It also supports separate smartphone and tablet visual experiences.

Cautions

RingCentral is new to the enterprise market, and it lacks accounts with more than 2,000 employees.

Some midsize customers report that RingCentral should mature its processes, project management capabilities and toolset capabilities for larger deployments.

RingCentral does not have an internal contact center capability but, instead, relies on partnerships with Five9 and inContact. These contact center solutions are capable, but they are not tightly integrated and will result in a higher total price point.

The company has experienced occasional difficulties keeping up with its high growth (Gartner estimates its revenue grew by about 40% in 2013), as evidenced by some users' reports of occasional slow portal response and customer service glitches.

ShoreTel

ShoreTel is a publicly held company based out of Northern California. The firm's cloud UC offering, ShoreTel Sky, was acquired from M5 Networks in 2012. There is a separate CPE-based UC platform well-established in the midsize market, with a reputation for being simple to deploy and manage. Currently, the CPE and cloud offerings run on separate platforms. However, ShoreTel announced that it will consolidate the two platforms, including the contact center, by mid-2015.

The ShoreTel Sky offering is offered both directly and via channel partners in North America. Customers in Europe and Asia/Pacific secure the service via channel partners. But businesses seeking support across multiple global regions must deal with two or more ShoreTel Sky service providers. Through 2013, there was significant management turnover in ShoreTel, although this turnover appears to have stabilized in 2014.

ShoreTel Sky is a viable alternative for small to midsize enterprises of up to 5,000 employees seeking a combined cloud UC and contact center capability. Most ShoreTel Sky users will be focused on the cloud VoIP, UM and mobility components.

Strengths

ShoreTel's UCaaS revenue growth surpassed 25% in the past year, possesses a top 10 North American market share position, and has a solid brand in a fragmented UCaaS market.

The company continues to add accounts with more than 1,000 employees. Gartner estimates that 10% of the ShoreTel Sky endpoints are for customers with more than 1,000 employees.

ShoreTel Sky's sales distribution base expanded in 2014. More ShoreTel CPE representatives and third-party channels are now equipped to sell ShoreTel Sky.

The UCaaS offering is strong in mobility, has APIs to CRM and HR applications, and supports an integrated (VoIP-focused) contact center functionality.

Cautions

The pace of product innovation in the past year for ShoreTel Sky was limited. Its IM/presence, Web conferencing and videoconferencing capabilities are not feature-rich (although a video client update is expected in the fourth quarter of 2014).

Future ShoreTel Sky innovation is predicated on ShoreTel successfully executing on its announced cloud and premises-based UC platform integration.

The ShoreTel Sky client for the Apple Mac has limited functionality. The portal is not as automated as IT administrators would like.

Customer support has dropped slightly in the past year. It is still good, but no longer excellent.

Sprint

Sprint is based in Overland Park, Kansas. The company brands its UCaaS offering as Sprint Complete Collaboration, supporting the two leading UC vendor solutions — from Cisco and Microsoft (both versions are virtualized) — and packaged with integrated SIP trunks. The Cisco HCS UCaaS version has been available for roughly two years, while the private cloud Lync offering became available in the first quarter of 2014. As a CSP, Sprint can add wireless and wired network services, security and managed mobility. Sprint's target market is businesses with between 250 and 5,000 employees (three years ago, Sprint was still marketing heavily to accounts with more than 5,000 employees). All Sprint Complete Collaboration UCaaS sales are direct.

The majority of Sprint UCaaS customers are located in North America. Sprint has started to target European Cisco UCaaS accounts with North American operations, following the deployment of European infrastructure in the first quarter of 2014.

Japan-based SoftBank made a $21.6 billion investment in Sprint in third quarter of 2013, and it now has an established Silicon Valley (Northern California) presence focused on strategic planning. Gartner believes that SoftBank invested in Sprint in pursuit of a long-term global wireless offering. A new CEO, Marcelo Claure, was appointed in the third quarter of 2014 to replace Dan Hesse.

Sprint is a viable option for midsize businesses with a mobile workforce that seeks a strong wireless

integration. A minority of North American accounts are opting for purely wireless deployment.

Strengths

Sprint's UCaaS differentiator is mobility. Sprint enables combined wireless and wireline procurements.

Sprint has largely completed a significant 4G LTE wireless upgrade, which should address quality issues that some users have reported.

Sprint has improved its UCaaS project management, processes, portal and road map.

UCaaS services are now available in 12 Western European markets.

Cautions

Sprint is a comparative newcomer to the UCaaS market, with services available since the first half of 2012. It is still therefore maturing its sales, marketing, engineering and customer support execution in comparison with the market leaders.

The Sprint UCaaS offering is just starting to offer APIs to third-party software (such as from salesforce.com). However, Google Apps integration is planned in the fourth quarter of 2014.

Many Sprint UCaaS users just deploy VoIP and UM. Sprint has been slow in getting its customers to deploy the broader suite of UC functions.

Sprint's wireline business, of which its UCaaS offering is a part of, has experienced annual revenue decreases of about 10%. While many CSPs are experiencing revenue attrition, Sprint's attrition is above the market norm (Sprint's planned migration away from wholesale voice services contributes to this revenue attrition).

Sprint's Cisco HCS platform does not have in-region geographical redundancy yet (however, geographical redundancy is planned for the first quarter of 2015).

Star2Star Communications

Star2Star Communications, based in Sarasota, Florida, uses channel partners to sell its UCaaS solution across its core markets of U.S. and Canada. It added European infrastructure in the second quarter of 2014, and it now targets Europe-based accounts via channel partners. Star2Star's European support is therefore nascent.

Star2Star's UCaaS solution is well-suited to organizations with multiple distributed sites. The architecture combines a centralized multitenant UCaaS service with a survivable appliance installed at each site. The on-premises portion of Star2Star's solution, the StarBox Cloud Connection Manager, comes in multiple sizes, depending on the number of users and trunks to be supported locally. If the network becomes unavailable, the StarBox can continue to provide full functionality. When connected to the centralized services, more advanced (including dynamic) routing can be supported. The solution also includes an inbound contact center capability.

Star2Star is well-suited to small and midsize organizations with multiple sites looking for a cost-effective UCaaS solution. Star2Star is also well-suited to large retail deployments that are VoIP-centric.

Strengths

Star2Star provides a highly reliable offering with strong local survivability and a protocol optimized to work well over networks with limited broadband, which is well-suited to highly distributed organizations.

Star2Star has a cost-effective solution and some significant brand-name customers, including well-established retail chains (some with more than 10,000 employees).

The company has found its business niche with distributed environments, and it has experienced more than 40% revenue growth in the past 12 months, supporting multithousand-employee accounts. Star2Star's account base is loyal and provides favorable customer support reviews.

Cautions

The UC feature set has numerous limitations, lacking Android support and screen sharing. The Web conferencing and video capabilities (no support for high-end endpoints such as those from Cisco, Polycom and Lifesize) are behind those of competing UCaaS providers. Many installations are VoIP- and contact-center-centric.

Customer service and support can get stretched at times, given the growth that Star2Star has experienced.

Star2Star is a company with limited brand recognition and visibility, which will pose a challenge as it competes with the megavendors in this market.

The "galaxy" branding is complicated to understand; example product names include StarSIP, Galaxy, StarBox, StarContact, StarRecovery, StarSystem, StarVideo, StarView, StarPhone and Starlets.

Telefonica

Telefonica, a global CSP headquartered in Madrid, Spain, has operations in Europe, Asia/Pacific, North America and South America. It is the world's sixth-largest communications network provider, with significant MNC clients. Other services that can be bundled with Telefonica UCaaS include IP MPLS networks, security and managed mobility. Most MNC and corporate sales are via a direct sales force.

Telefonica's core UCaaS business is in Europe and Latin America. It also targets U.S.-based corporations with significant operations in these regions.

Telefonica's approach to UC is based on managed telephony over IP (ToIP), enhanced with its network and communication application services. Its main UCaaS offering is based on virtualized Cisco HCS and Unify (formerly Siemens Enterprise Communications). But Telefonica also supports UCaaS and managed UC in selected country markets with Microsoft, BroadSoft, Alcatel-Lucent and Avaya platforms. Additionally, Telefonica offers IM services based on Genband and IBM Sametime. Telefonica complements its UCaaS offering with a variety of premises-based and cloud contact center services.

Telefonica's UCaaS solutions are good for enterprises with a strong presence in Latin America or Europe. North American locations are supported via UCaaS infrastructure in Miami. The specific focus of

Telefonica's solution varies by region, so organizations should understand the specific UCaaS capabilities in their target countries.

Strengths

Telefonica has a proven ability to support UCaaS accounts with more than 10,000 employees spanning multiple global regions.

Telefonica is a major provider of UCaaS, telecom and mobility services across Latin America.

Telefonica supports a broad range of UC vendors and related offerings, including contact center, mobility and telepresence video.

Cautions

Telefonica has limited brand awareness in North America, particularly in the western half. Its North American UCaaS offering is still maturing.

Telefonica is still maturing its UCaaS reporting and change management capabilities.

Gartner is concerned about Telefonica's ability to support so many different cloud and premises-based UC platforms as this can result in users receiving a less-unified experience. In contrast, most UCaaS providers focus on one, or possibly two, platforms so that they can master them, support APIs and even develop CEBPs.

The backup UCaaS platform may be located in a different geographic region from the primary UCaaS platform (for example, the North American backup platform for Cisco HCS is in Brazil).

Telefonica did not provide the required number of references to describe their UCaaS experience, although it did provide customer case studies. Telefonica cited that potential customer references had already been used for other industry research. Customer references contribute to Gartner's assessment of a provider's Ability to Execute, and Telefonica's rating reflects its inability to provide sufficient references.

Telesphere

Telesphere is headquartered in Phoenix, Arizona, and during the past 10 years, it has built its own private IP MPLS network to deliver bundled VoIP, contact center, conferencing (audio, Web and video), contact center and CRM integrations. The Telesphere solution supports the two lead mobile platforms — iPhone and Android. Telesphere operates throughout North America, its core market. Support has expanded to include European accounts in the second quarter of 2014, following the deployment of U.K. infrastructure. European account support, available both directly and through channels, is nascent.

The Telesphere UCaaS solution is based on multitenant BroadSoft technology, to which it adds proprietary capabilities, such as Microsoft Lync integration. Telesphere has developed a partner provisioning portal and a role-based customer self-management and reporting portal. Telesphere sells both through channel partners and direct. Telesphere reports that the majority of its accounts are in the sub-250 subscriber range, but that it has larger accounts as well, including some in the 5,000-plus subscriber range.

Telesphere is suitable for North American enterprises looking for a cost-effective UCaaS offering that includes bundled network services.

Strengths

Telesphere provides a cost-effective cloud solution supported via its Zeus portal, with particular emphasis on telephony, contact center and IP MPLS network services.

The company has strong technical and operational expertise, and it receives good customer support reviews.

Telesphere has won multiple enterprise UCaaS accounts with more than 1,000 employees. Many of its accounts are multisite and supported over a carrier-grade, MPLS network.

Cautions

Telesphere has limited brand recognition and competes in an increasingly crowded market. It will have to scale its business quickly to flourish in the long term.

Telesphere will have to manage its growth as it expands to support its broad array of services in both North America and Europe.

Much of Telesphere's business is centered in the Western United States, with customers that are VoIP- and network-centric. Many Telesphere customers do not use the broader set of UC functions, such as mobility, Web conferencing and videoconferencing.

The Zeus portal is capable, but IT administrators may require some training to fully understand and leverage the portal.

Thinking Phone Networks

Thinking Phone Networks is a privately held UCaaS provider based in Cambridge, Massachusetts. It uses a proprietary multitenant platform that includes open-standards-based Web APIs to facilitate UC application integration. Thinking Phone Networks' UCaaS offering is branded as "ThinkingSuite."

North America is the core UCaaS market for Thinking Phone Networks. In the past year, data centers have been added in the U.K., Germany and the Netherlands to support European accounts. European service coverage includes North American accounts with European locations, as well as businesses headquartered in the U.K. Through 2014 and 2015, Thinking Phone Networks plans to target a broader set of Europe-headquartered companies via channel partners. Thinking Phone Networks does particularly well in the high-end retail and realty sectors, and with businesses that use UC to track employees' productivity. The company has invested in stronger security processes, including PCI compliance, to support retail accounts.

Thinking Phone Networks is well-suited to midsize UCaaS deployments, which are open to using an internally developed platform, spanning North America and Europe.

Strengths

Thinking Phone Networks has three years of experience supporting enterprises with more than 1,000 employees, and it continues to win additional enterprise contracts.

Thinking Phone Networks provides a fast pace of innovation that includes an outbound contact center, strong mobility experience, employee productivity analytics, and expanded API integration (including Lync and Google).

Thinking Phone Networks has a reputation for solid customer service. However, this customer experience is not as strong in Europe, where the company is still ramping up its business.

IT administrators and end-user employees praise the intuitiveness of the UCaaS workflow.

Many customers opt for Thinking Phone Networks because of its combined cloud UC and contact center functionality. The analytics capabilities enable businesses to evaluate employee productivity and best practices.

Cautions

Thinking Phone Networks is one of the smaller UCaaS providers, with approximately 200 employees. At this size, it will be difficult to keep pace with the breadth of larger competitors.

Thinking Phone Networks continues to struggle with brand awareness in a highly fragmented market.

Thinking Phone Networks does not have an internal Web conferencing capability. Integrations with third-party tools, such as Citrix GoToMeeting, Cisco WebEx and PGi iMeet, require a secondary purchase.

The complementary CCaaS capability lacks the features and functions required by some bigger accounts. There is no separate mobility interface for tablets, which instead use the smartphone interface (a tablet interface is expected in the fourth quarter of 2014).

Verizon

Verizon is a global CSP, headquartered in New York City, that supports two UCaaS offerings. The lead UCaaS offering is based on the virtualized Cisco HCS platform and marketed to customers with more than 500 employees. This Cisco cloud offering is available in North America, and in the first quarter of 2014, it was introduced to Europe (including in-region infrastructure located in the U.K.). All Cisco HCS sales are via a direct sales force.

Verizon's second UCaaS offering, Virtual Communications Express (VCE), is based on the multitenant BroadSoft platform, and it focuses on the SMB market below 1,000 employees. Sales are supported directly via Verizon and through channels. VCE is available only in North America. There is an option to integrate VCE with Google Apps.

In the first quarter of 2014, Verizon acquired full ownership of Verizon Wireless from Vodafone. This acquisition has the potential to enable Verizon to provide more integrated wireline/wireless UCaaS solutions. However, it is too early to speculate on Verizon's commitment and ability to exploit this opportunity.

Verizon's UCaaS is a viable option for enterprises seeking a cloud UC offering with strong mobility capabilities. Services are available for both North America- and Europe-based customers.

Strengths

Verizon has enhanced its UCaaS project management, pricing models, consulting services and sales support. It has also added integrated wireline/wireless project management.

Verizon possesses a strong brand across the enterprise sector and often appears on UCaaS RFI shortlists. Verizon also wins its fair share of bids, including wins with large enterprises with more than 5,000 employees.

As a global CSP, Verizon is well-positioned to complement UCaaS with related offerings in SIP trunks, wireless, security, managed WAN/LAN and data center services. These bundles can result in a reduced total cost of ownership for the combined service.

Verizon has expanded its UCaaS to include APIs to salesforce.com, Google and Jive.

Cautions

Some end-user feedback reveals pockets of midsize and even larger businesses have a negative perception of Verizon, often due to unsatisfactory customer service.

The IT management portal (Cisco-based) is still catching up with all the new capabilities Verizon has added to its UCaaS offering, and does not yet support full self-service (the end-user portal does, however, support self-administration).

Some customers reveal that Verizon has struggled to integrate its BroadSoft offering with Google Apps.

The Verizon UCaaS offering still does not fully maximize all Verizon's assets in terms of global coverage, wireless infrastructure, security, consulting services and financial strength. For example, some users report an inability to secure combined wireline/wireless bills.

West

West, based in Omaha, Nebraska, offers two UCaaS solutions across a common delivery platform. Marketing is focused on the midsize- to small-enterprise market, typically with 500 to 5,000 employees. Services are now available in Western Europe. In addition to UCaaS, West offers a range of communication and network infrastructure solutions, including conferencing and collaboration, public safety, telecom and agent services, CCaaS, interactive voice response (IVR), and notifications/mobile solutions.

West's lead UCaaS offering, VoiceMaxx CE, is based on virtualized Cisco HCS for businesses wanting the full UC suite. In the past year, West has expanded its base of Cisco HCS channel partners (some of which were planning to manage their own HCS platforms but have partnered with West instead). North America is the core Cisco UCaaS market for West. In 2013, it added European infrastructure and is now targeting European accounts. West also has a Microsoft Lync practice (the Lync offering is not delivered as UCaaS and therefore not evaluated in this Magic Quadrant) that provides integration with VoiceMaxx and VoiceMaxx CE.

West's legacy UCaaS offering, VoiceMaxx, is based on the company's acquisition of Smoothstone IP Communications in 2011. This multitenant offering is marketed to West's smaller customers, which focus

on telephony and low price. It is available only in North America.

West is an established UCaaS provider for midsize enterprises of up to 5,000 employees. West can support North American, European and Asia/Pacific sites.

Strengths

West has the tools, processes, experience and infrastructure to consistently deliver a UCaaS solution. West possesses a deep base of well-known, midsize UCaaS customers.

West has finally allowed its InterCall (conferencing services) sales team to pursue UCaaS opportunities. This has the potential to significantly accelerate awareness of its UCaaS offering.

West continues to augment its UCaaS solution, most recently in the areas of high-end videoconferencing and Lync integration.

West's reference customers report good customer service. West is also known for its willingness to provide limited UCaaS customizations for simpler client requirements.

Many of West's UCaaS customers value its integrated CCaaS and IVR offerings (Gartner estimates that 70% of UCaaS customers take such adjunct services).

Cautions

West does not maximize the collection of corporate communications capabilities that it owns (because many divisions are run separately and are not well-integrated). This reduces West's ability to deliver more complex UCaaS solutions that include CEBP and industry-specific solutions.

West lacks a strong UCaaS brand. Many prospective UCaaS customers are not familiar with West, even though it is a strong UCaaS provider in the 500- to 5,000-employee space.

West does not typically pursue installations for more than 10,000 employees, as such deployments have long sales cycles and require significant customization.

Some customers report that the new staff hired to support recent UCaaS growth do not yet provide the same high level of support as the core team.

West offers many parallel CCaaS and IVR offerings (from Genesys, Smoothstone and Interactive Intelligence as well as homegrown ones). Gartner is concerned about West's ability to support so many platforms.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor's appearance in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

The following vendors were added to the 2014 Magic Quadrant.

Arkadin

HP

iCore

RingCentral

Star2Star Communications

Telefonica

Telesphere

Dropped

The following vendors were dropped from the 2014 Magic Quadrant.

Broadview Networks

Evolve IP

Inclusion and Exclusion Criteria

For inclusion in this Magic Quadrant, solution providers must support the following capabilities:

The UCaaS delivery model. Typical characteristics include a shared multitenant or virtualized (aka multi-instance) UC infrastructure that is owned, maintained and hosted by the provider. Users then purchase a flexible service (paid via the SaaS model) that is typically based on a per-user, per-month fee.

A UCaaS offering that includes VoIP, with integrated conferencing (audio, video and Web), IM/presence, UM, and mobility.

The UC functions must be well-integrated with a consistent interface; specifically, VoIP-centric solutions are not considered.

Related capabilities, including support for cloud contact center and collaboration, will be considered, but they are not a prerequisite.

The UCaaS solution must be offered in North America and at least one other major region (for example, Europe, Asia/Pacific or Latin America):

The support must include in-region infrastructure and active selling to regional accounts (that is, active customers in Europe, Asia/Pacific or Latin America by the first half of 2014).

Support for three or more regions will be considered favorably.

A significant panregional market presence (including North America). This can be demonstrated in one or more of the following ways:

UCaaS annual revenue exceeding $35 million

Ability to generate significant interest by leading client market segments

Demonstrated ability to support customers above 1,000 employees.

Demonstrable UCaaS portfolio with five references.

References should use a broad set of UC capabilities.

References should be from at least two of the global regions.

References for larger customers of more than 1,000 employees utilizing the full UC portfolio will be given extra weight.

Evaluation Criteria

Ability to Execute

Gartner analysts evaluate UCaaS providers based on the breadth, quality and overall maturity of their applications, processes, tools and procedures that enhance individual, group and enterprise communications. Ultimately, UCaaS providers are judged on their Ability to Execute in capitalizing on their vision.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	High
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	Medium
Customer Experience	Medium
Operations	Medium

Source: Gartner (August 2014)

Completeness of Vision

Gartner analysts evaluate UCaaS providers based on their ability to convincingly articulate logical statements on current and future market directions, innovations, customer needs and competitive forces and how well these map to Gartner's overall understanding of the marketplace. Ultimately, UCaaS providers are rated on their understanding of how market forces can be exploited to create opportunities for providers and their clients.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	Medium
Innovation	Medium
Geographic Strategy	High

Source: Gartner (August 2014)

Quadrant Descriptions

Leaders

Vendors in the Leaders quadrant have been delivering complete UCaaS solutions for multiple years, have clients with more than 1,000 employees supported and have more than 200,000 total employees supported. These vendors have their accounts implementing a comprehensive and integrated UCaaS solution set that addresses the full range of market needs, along with the proven ability to service large accounts. These vendors have defined migration and evolution plans for their products in core UCaaS areas and are using their solution sets to acquire new clients, as well as to expand their footprints in their client bases to new functional areas.

Challengers

Vendors in the Challengers quadrant have the potential to deliver to large national enterprises, and they are poised to move into the Leaders quadrant but have not yet done so. They have yet to bridge this gap because their UCaaS solution is missing selected elements, they are unable to provide references on the full suite, they are still evolving their customer support, or the majority of their users deploy only a segment of UC.

Visionaries

Vendors in the Visionaries quadrant are close to, or are already, delivering differentiating UC functionality or services but have not yet established themselves in the enterprise market (for example, they may not yet have numerous accounts above 1,000 employees supported). For instance, a Visionary may offer

useful social or collaboration functionality to its portfolio, APIs for third-party applications (such as CRM), unique mobile UC capabilities, superior video integration capabilities or exceptional customer service.

Niche Players

Vendors may be in the Niche Players quadrant for different reasons. Some may have elements of their portfolio not unified or may lack important functionality in their solution. Others may be in the Niche Players quadrant because they are an on-premises UC vendor that is largely unproven in the UCaaS market. Finally, some vendors are in the Niche Players quadrant because, despite their full UC solution, they do not have the brand recognition or marketing ability to sell regionally (that is, beyond their core territory), their UCaaS offerings are still maturing, or they have inconsistent customer service.

Context

2014 is the first year in which North American MNCs should consider UCaaS as a mainstream, viable alternative for UC deployment. Multiple UCaaS providers support North America, Europe and, more recently, Asia/Pacific (Gartner expects Asia/Pacific coverage to expand in 2015 as more UCaaS providers build in-region network operation centers). Some providers even support Latin America as well. Enterprise planners must, however, perform due diligence with their UCaaS provider to ensure that the service can be delivered in all of their critical office locations.

Larger enterprises, particularly those with more than 5,000 employees, have a preference toward branded solutions from Cisco, Microsoft and Google. UCaaS market interest with Microsoft Lync picked up substantially in 2014, with the belief that Lync UCaaS telephony is "good enough," given Lync's strengths in IM, presence, mobility, Web conferencing and ease of use. Note that Lync telephony is viable only from partnerships with providers such as CSC, HP, Orange and Arkadin. Users opting for Lync Online (direct from Microsoft) will not have telephony support for now.

Enterprises continue to adopt Cisco HCS technology as well. AT&T, CSC, Orange, Sprint, Telefonica, Verizon and West are all picking up new accounts. Users seeking a strong voice offering are the major adopters of Cisco HCS. Gartner is starting to see greater Cisco HCS demand now that providers are packaging it with a cloud contact center offering. Nonetheless, Cisco HCS demand is reduced because users have not embraced the Cisco Jabber client (especially when compared with the Microsoft Lync client). We may see improved acceptance of the Cisco Jabber client now that it is easier to provision and use on mobile devices.

Businesses of all sizes, including larger enterprises, are adopting Google as well. Google UCaaS is strong in IM, presence, UM and mobility. Google also works well for internal workgroup Web conferencing and videoconferencing. However, enterprise telephony is not supported, and businesses seeking robust large-scale Web conferencing and videoconferencing must procure separate services.

SMBs, and even smaller enterprises (1,000 to 3,000 employees) should carefully consider UCaaS from application specialists, such as 8x8, RingCentral and Thinking Phone Networks. These platforms are easy to deploy and are cost-effective. In most cases, users leverage the full UC functionality. Customer service is usually strong, and in many cases, the application specialists will provide a limited amount of customization for the end user. Midtier premises-based UC providers such as Mitel and ShoreTel now offer cloud solutions direct to customers as well. While the majority of Mitel and ShoreTel customers are SMBs, they have multiple accounts in the 3,000-employee range as well.

The 2014 requirement for panregional UCaaS support resulted in the loss of last year's Magic Quadrant participant Evolve IP (based in the Philadelphia, Pennsylvania, metro region), although Evolve IP is strong in the midmarket sector with a combination UCaaS/CCaaS offering. In 2015, we may consider BT and Dimension Data as UCaaS Magic Quadrant participants now that they are maturing their cloud Cisco and Microsoft UCaaS offerings.

Market Overview

There are four types of providers from which enterprises can secure UCaaS. They are:

CSPs — These include companies such as AT&T, Orange Business Services, Sprint, Telefonica and Verizon. These are the legacy telecom providers, with core strength in voice and data services.

Technology vendors — These include companies such as Google, Microsoft, Mitel and ShoreTel. All these well-established vendors now provide a UCaaS offering that they market directly to end users. Note that this vendor-direct model is occurring on the contact center side as well, with both Genesys and Interactive Intelligence providing CCaaS.

Application specialists — These include companies such as 8x8, Star2Star Communications, Thinking Phone Networks and RingCentral that are both the platform provider and the service provider. Gartner also groups companies such as iCore and Telesphere, which append their own value-added functionality onto the BroadSoft platform, into this group.

System integrators — These include companies such as Avanade, Arkadin, CSC, HP, Intermedia and West. System integrators usually provide UCaaS via running commercial UC applications (often Cisco or Microsoft) out of their own data centers.

In some cases, a given company may have attributes that fit into multiple types of UCaaS providers. Gartner categorizes such companies in the group that they are most correlated to.

The four key trends identified in this research were mobile-only deployments, improved customer service, fuller UC adoption and channel expansions.

Mobile-only deployments — The biggest trend identified by UCaaS vendors, as well as the references, was the adoption of pure mobile solutions. There are now isolated cases in which an entire company will not procure a hard phone and, instead, will rely solely on wireless and softphones. This situation, however, is more the exception than the rule. More often than not, it will be a certain percentage of employees, or perhaps a certain business function (for example, sales), which does not procure a hard phone. Lync UCaaS deployments are noted for having a disproportionate number of mobile-only deployments. Whether users choose to adopt a mobile-only deployment depends on a number of factors, including employee age, business vertical and geographic location. Employees who are younger (below 40), who are in verticals such as high tech, realty and entertainment, and who work on the East Coast or West Coast of the United States are statistically stronger mobile adopters. Gartner expects the mobile-only trend to increase.

Improved customer service — The customer references were stronger in 2014 than in past years. Gartner attributes the improved customer scorecards to greater UCaaS maturity. It usually takes at least three years for a provider to get competent with UCaaS, and five years to get really good. We did note, however, that UCaaS providers expanding into a new region score lower in the new region while ironing out the kinks. For example, 8x8, RingCentral, Thinking Phone and West, all have a strong reputation for good customer service. However, now that they are all in Europe, it takes time to bring the European customer service to the North American level.

Fuller UC deployment — Another key trend identified in this research is the greater deployment of the UC suite. Increasingly, Gartner sees users deploy not only VoIP and UM, but also mobility, Web conferencing and videoconferencing. Companies providing Lync UCaaS and the application specialists have had the most success in securing wide-scale UC adoption. Some UCaaS providers are even working on CEBP, whereby UC is used to make the business run more efficiently. On a related note, UCaaS with integrated cloud contact centers resonates well with businesses with less than 3,000 employees (and, particularly, less than 1,000 employees).

Channel expansion — The UCaaS market is now highly fragmented with more than 100 providers. As some providers merge (for example, Fusion acquiring Broadvox), even more new ones enter the market (for example, Dimension Data and SendHub). Many UCaaS providers (and their investors) believe that market share is critical to long-term sustainability. They are increasingly looking to third-party distribution channels as their vehicle to greater market share. Notable examples of UCaaS providers promoting channel partners include Mitel, ShoreTel, RingCentral and Thinking Phone Networks. In most cases, the UCaaS provider runs and operates the platform, with the channel partner focusing on sales, marketing and, sometimes, customer service. These offerings can be "white labeled," making it difficult for the end user to identify who is actually running the platform.

Channel partners are quite often used when a UCaaS provider enters a new region. Mitel, ShoreTel, RingCentral and Thinking Phone Network leverage channels in Europe.

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