

Magic Quadrant for Contact Center as a Service, North America

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Summary

The contact center as a service market in North America is growing rapidly. It provides infrastructure and operations leaders responsible for contact centers with a range of viable alternatives to traditional on-premises solutions across various deployment sizes and levels of complexity.

Market Definition/Description

Contact center as a service (CCaaS) solutions offer functions and capabilities that are similar to those required to operate call and contact centers as on-premises contact center infrastructure (CCI), except that they are delivered as a service and paid for on a monthly subscription model.

These types of services are used by customer and employee service and support centers, by inbound and outbound telemarketing services, by help desk services, by government-operated support centers, and by other types of structured communication operations. The functions that organizations consider when reviewing their contact center requirements include, but are not limited to:

- Automatic call distribution (ACD) and computer-telephony integration

- Interactive voice response (IVR) and voice portal

- Universal queuing of internet channels, such as email, web chat, Short Message Service (SMS), social media and video

- The ability to support virtual operations, remote agents and subject matter experts that reside outside the traditional contact center operation

- Proactive contact, including outbound dialing, SMS and email notifications

- Customer relationship tracking, management applications and operational support applications, including reporting, analytics, self-service portals and workforce optimization (WFO)

Some of these capabilities are provided by CCaaS providers as a development of their own software, while other capabilities are provided in partnership with specialist providers (see "Magic Quadrant for Customer Engagement Center Workforce Optimization"). The desire to manage multiple communications channels as a holistic, omnichannel customer experience requires a strong focus on understanding the complexity of the interactions (see "How to Successfully Navigate CRM and CCI Procurement on the Route to Omnichannel Success").

There are generally two types of architecture deployed in the CCaaS market:

The first is multitenant, in which all users share a common (single) software instance.

The second is multi-instance, in which each user receives its own virtualized software instance on shared hardware.

Both the multitenant and multi-instance architectures possess cloud characteristics of shared infrastructure (for example, provisioning tools, portals, data centers, racks, common equipment and blades); per-user, per-month, per-transaction and/or per-minute pricing; and the elasticity to dynamically add and subtract users. While services based on multi-instance technology can generally support greater levels of customization, they tend to do so at higher costs for both software licenses and professional services for configuration and integration, may not include georedundancy and/or hot-standby redundancy (typically standard with multitenant services), and generally require longer timelines for activating services.

To be considered for this Magic Quadrant, CCaaS platform suppliers must have the attributes that are aligned with Gartner's definitions for cloud services (see "Market Definitions and Methodology: Public Cloud Services"). A clearer definition of CCaaS can be found in the Public Cloud Communications Services section of "Use Gartner's Taxonomy for Cloud Communications to Define Service Requirements and Evaluate Offers."

In our analysis of communications as a service (see "Magic Quadrant for Unified Communications as a Service, Worldwide"), we have identified four service categories that we use to identify each provider in the Vendor Strengths and Cautions section below. The four categories (or approaches) are as follows (see the Market Overview section for more details):

Application specialist

Communications service provider (CSP)

System integrator

Software technology provider

Magic Quadrant

Figure 1. Magic Quadrant: Contact Center as a Service, North America

CHALLENGERS

LEADERS

● Five9
● inContact
● Interactive Intelligence

Serenova ●

8x8 ●

Aspect ●

● Genesys

● BroadSoft (Transera)

TeleTech ●

West ●



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Source: Gartner (October 2016)

Vendor Strengths and Cautions

8x8

8x8, based in San Jose, California, is an application specialist offering its Virtual Contact Center (VCC) service, which is based on its own purpose-built multitenant software platform. The company offers multiple versions of VCC packaged in accordance with users' requirements for size and complexity. 8x8 primarily sells VCC into small or midsize contact centers, and occasionally wins deals in larger accounts. Services are provided out of data centers in the U.S. (three), Canada (two), the U.K. (two), Hong Kong, Australia, Singapore, the Netherlands and Brazil. VCC supports prebuilt integrations to Salesforce, NetSuite, Zendesk and Microsoft Dynamics, and can support custom integrations to many other CRM systems and other third-party systems using its web-services-based API tools. 8x8 began offering CCaaS in North America in 2011.

Consider 8x8 for multichannel contact center functionality in small or midsize contact centers. 8x8 solutions are particularly well-suited to those who want to procure CCaaS and unified communications as a service (UCaaS) from a single provider; however, these solutions may also be considered for stand-alone deployments.

STRENGTHS

8x8 can natively provide both CCaaS and UCaaS functionality, supporting single sign-on, shared presence and directories, extension-to-extension dialing, and instant messaging through its Expert Connect integration.

With 8x8 solutions, all reporting data is stored in a data warehouse, supporting strong analytics for operational and customer journey insight, in addition to standard reporting data.

In 2016, 8x8 added EasyConfig, a rapid integration development tool for integrating with third-party CRM systems, as well as a tightly-integrated quality management functionality to VCC through its 2015 acquisition of Quality Software Corporation (QSC).

CAUTIONS

8x8 has limited experience in supporting large and very large contact center environments.

8x8's VCC does not natively support a number of key contact center technologies, including workforce management (provided through a third-party partnership) and SMS routing.

Predictive dialing functionality is provided on 8x8's EasyContactNow, and is not yet fully integrated into its VCC offering in North America.

Aspect

New to this Magic Quadrant, Aspect is based in Scottsdale, Arizona and is a software technology provider offering its Aspect Hosted multi-instance service, which is based on its own purpose-built software platform. Aspect also offers its multitenant Zipwire services on a platform that is a combination of the company's own technology stack and some technology OEM'd from a third-party provider. In late 2016, the company plans to make its Aspect Via CCaaS offering, which is based entirely on the company's own intellectual property, generally available. Aspect Hosted services are provided out of data centers in the U.S. (five), the U.K. (two), India, Hong Kong, Australia and Singapore, while its Zipwire services are supported through Amazon Web Services (AWS) data centers globally. Aspect supports prebuilt integrations to Salesforce and Microsoft Dynamics, while Zipwire supports prebuilt integrations to Salesforce, Oracle Service Cloud, Zendesk and Microsoft Dynamics. Aspect began offering its CCaaS service in 2013.

Consider Aspect Hosted services when looking to deploy feature-rich, multi-instance CCaaS capabilities, particularly in large and very large contact centers. Consider Aspect Zipwire services when looking for a broad set of CCaaS functionality in a multitenant offering.

STRENGTHS

Leveraging the company's history in the on-premises CCI market, Aspect has sales and support presence globally.

Aspect offers a broad set of CCaaS functionality that is designed to address the needs of contact centers of all sizes.

The company's Aspect Hosted offering includes support of Aspect's strong WFO suite.

CAUTIONS

Across a number of technology markets, vendors often find the transition from providing primarily on-premises solutions to becoming a "cloud first" provider creates a variety of financial and organizational challenges that can take years to mitigate. Aspect is still in the early stages of making this transition.

Despite good brand awareness for its on-premises CCI solutions, Aspect lacks market awareness in the CCaaS space.

Aspect's reliance on an OEM partner for part of Zipwire's call and contact routing capability means that Aspect does not control the development path for some key technology areas of its offering.

BroadSoft (Transera)

BroadSoft, based in Gaithersburg, Maryland acquired Transera of Sunnyvale, California in 2016. The company is an application specialist offering multitenant and multi-instance CCaaS on its own purpose-built software platform. BroadSoft has historically focused on selling UCaaS and CCaaS platforms to service providers that then leverage these platforms to offer services to their own customer bases. Contrastively, Transera has historically focused on providing CCaaS services directly to large and very large complex contact centers; it had, however, begun to execute in the midsize contact center space in recent years. BroadSoft offers its CC-One Express, Standard, Premium and Salesforce editions out of data centers in the U.S. (two), the U.K., the Netherlands and Japan. The company supports prebuilt integrations to Salesforce, Oracle Service Cloud, NetSuite, SugarCRM and Zendesk, and supports RESTful APIs for integrating with a variety of third-party systems. Transera began offering CCaaS in North America in 2007.

Consider BroadSoft when looking to support contact center deployments of a variety of sizes, including those that are large and very large complex deployments.

STRENGTHS

BroadSoft has a strong ability to analyze and leverage structured and unstructured enterprise data to support business-intelligence-driven contact routing decisions in real time. A simple example is its ability to prioritize calls from those customers who had previously abandoned a call while waiting in a queue.

BroadSoft's CCaaS solution can function as a stand-alone platform or can overlay existing CCI, enabling consistent routing, business rule decisioning and reporting across an enterprise's entire contact center operations, including business process outsourcing (BPO) services.

Integration into the much larger BroadSoft corporate family provides the former Transera business with much greater financial resources and a much broader global reach through which to expand its business.

CAUTIONS

BroadSoft's reputation in CCaaS is that of a provider of low-complexity solutions designed to be easily sold and provisioned by its service provider customers. This is a very different profile from Transera's typical customers and this may lead to challenges in meeting the functionality and ease-of-use requirements of very different target markets.

BroadSoft has not been well-known as a CCaaS provider, so must develop the necessary brand awareness for this solution in its base and channel partners.

The former Transera's solutions have historically been sold and serviced directly by the company; its former product and support organization will be challenged to adapt to BroadSoft's indirect sales and support model.

Five9

Five9 is based in San Ramon, California and is an application specialist offering its multitenant Virtual Contact Center (VCC) solution leveraging its own cloud platform. The company has historically focused on the small to midsize contact center market, but is gaining traction in larger accounts. Five9 offers services out of data centers in the U.S. (three), the U.K. and the Netherlands. VCC supports prebuilt integrations to Salesforce, Oracle Service Cloud, Microsoft, NetSuite, Velocify and Zendesk, and supports an open, REST-based API to integrate with a variety of other systems. Five9 began offering CCaaS in 2003.

Consider Five9 for multichannel CCaaS, particularly in midsize to large environments and those needing inbound, outbound and blended functionality.

STRENGTHS

Five9 has strong brand recognition in the CCaaS space, particularly for delivering small and midsize solutions, and supports among the largest number of agents relative to other providers in this research.

Five9's system configuration portal is designed around ease of use, allowing many customers to self-configure their solution (without the need for technical assistance), while the company's Premium Support offering helps it to address the more demanding needs of larger and more complex contact center deployments.

VCC supports a deep integration to Salesforce CRM systems; Five9 has cultivated a strong partnership with Salesforce's development and marketing teams and a close working relationship with many Salesforce channel partners.

CAUTIONS

Five9 has less experience of supporting very large contact center environments than a number of other providers in this research.

Although it supports integrations to many market-leading third-party WFO suites, Five9's VCC does not have WFO functionality natively integrated into its software stack.

Five9 lacks resources and experience in supporting global CCaaS deployments compared with other providers in this research.

Genesys

Genesys is based in Daly City, California and is a software technology provider offering multitenant and multi-instance CCaaS based on the same software stack that it sells to its on-premises customers. The company offers multiple versions of its Virtual Contact Center packaged in accordance with users' requirements for size and complexity. Genesys offers services out of data centers in the U.S. (two), Canada, the U.K., the Netherlands, Singapore, Australia and India. The company supports out-of-the-box integrations with

Salesforce, Oracle Service Cloud, NetSuite and Zendesk. It also utilizes RESTful APIs for third-party and back-end system integration and offers an extensive list of Gplus Adapters for specific third-party CRM and workforce management systems. Genesys began offering CCaaS in North America in 2013. In September 2016, Genesys announced plans to acquire CCI and CCaaS competitor Interactive Intelligence in a deal that is expected to close during late 2016.

Consider Genesys for multichannel CCaaS across a variety of deployment sizes, particularly when looking to migrate on-premises Genesys investments to cloud-based services.

STRENGTHS

Pending completion, Genesys stands to improve its CCaaS technology and operational capabilities through its planned acquisition of Interactive Intelligence, a more-experienced and successful CCaaS provider.

Genesys leverages the same software stack across its Premier Edition (cloud-only), Business Edition (on-premises or cloud) and Enterprise Edition (on-premises or cloud) offerings, enabling the company to also support hybrid on-premises/cloud deployments.

Genesys has a strong focus on selling its Premier Edition offering to the small or midsize business (SMB) contact center market.

CAUTIONS

Despite strong brand awareness for its on-premises solutions, Genesys continues to be challenged to drive significant brand awareness in the CCaaS space.

Although Gartner believes that Genesys' acquisition of Interactive Intelligence will bring a variety of benefits to the combined company, we also expect the merging of the two businesses to create operational challenges to both entities in the near term.

Some Gartner clients with large and very large contact center environments express frustration at working with Genesys' sales and support organization in their efforts to coordinate the CCaaS sales process.

inContact

Based in Salt Lake City, Utah, inContact was acquired in October 2016 by Nice of Ra'anana, Israeli. inContact (which will retain its brand) is an application specialist offering its multitenant Customer Interaction Cloud CCaaS solution, which leverages its own purpose-built platform. The company has historically focused on the midsize contact center market, but is now regularly winning deals in larger environments. inContact offers its services out of data centers in the U.S. (two), the U.K. and Germany (two), as well as limited services out of AWS data centers globally. It offers prebuilt integrations to Salesforce, Oracle Service Cloud, Microsoft Dynamics and Zendesk, and provides REST- and SOAP-based open APIs for integrating with a variety of third-party systems. inContact began offering CCaaS in North America in 2002.

Consider inContact for multichannel CCaaS, particularly for midsize and larger deployments, and when looking to bundle CCaaS and carrier services.

STRENGTHS

inContact has strong brand recognition in the CCaaS space, particularly for delivering midsize solutions, and supports among the largest number of agents relative to other providers in this research.

Having been acquired by Nice, inContact now has access to greater corporate financial assets and a global sales network that may enable the company to expand its global footprint and enhance its customer support capabilities.

inContact owns a global, geographically redundant carrier-grade network, and its voice as a service (VaaS) offering for contact centers includes flexible connectivity options at competitive rates.

CAUTIONS

Although Gartner believes that Nice's acquisition of inContact will bring a variety of benefits to the combined company, we also expect the merging of the two businesses to create operational challenges for inContact in the near term.

Although inContact's CSP services business enables the company to support global coverage, including SLAs for call quality, the vast majority of its revenue is generated in North America; the company lacks a strong global sales and marketing presence.

Some Gartner clients continue to report frustrations when working with inContact – resulting from a lack of account management attention and/or working with less-skilled customer support resources, although these instances appear to be largely due to the company's rapid growth.

Interactive Intelligence

Interactive Intelligence, based in Indianapolis, Indiana, is a software technology provider. In September 2016, CCaaS and CCI competitor Genesys announced plans to acquire Interactive Intelligence in a deal expected to close in late 4Q16. Interactive Intelligence offers multi-instance CCaaS, which is branded as "Communications-as-a-Service" (Interactive Intelligence CaaS) and is based on the same software stack that it sells to its on-premises customers. It also offers multitenant CCaaS, PureCloud Engage, based on the AWS microservices framework as its underlying operating system. The company has a strong reputation for supporting contact centers of various sizes and levels of complexity. Interactive Intelligence offers its CaaS services out of data centers in the U.S. (two), Canada (two), the U.K., Germany, Australia (two), Brazil and Japan (two), while leveraging AWS's global hosting service to provide its PureCloud Engage offer. The company offers prebuilt integrations to Salesforce, Oracle Service Cloud, SAP, Microsoft Dynamics and Zendesk, and provides a REST-based API for integrating with a variety of third-party systems. It also can support Security Assertion Markup Language (SAML) to deliver single sign-on integration to a variety of back-end systems. Interactive Intelligence began offering CCaaS in North America in 2009.

Consider Interactive Intelligence's CaaS solution for environments that require significant customization and prefer a multi-instance deployment model. Consider PureCloud Engage solutions in environments that require less customization and where rapid deployment is preferred.

STRENGTHS

Interactive Intelligence has strong experience and brand awareness in midsize, large and very large deployments, and supports a broad set of tightly integrated contact center functionality that is based on the company's own intellectual property.

The greater financial resources available to Interactive Intelligence as a result of its impending acquisition by Genesys are expected to enable Interactive Intelligence to accelerate its roadmap for product development in a variety of areas, as well as increasing its global reach.

Interactive Intelligence has a broad global sales and support presence, which enables it to support customers with multinational coverage requirements.

CAUTIONS

Although Gartner believes that, if completed, Genesys' acquisition of Interactive Intelligence will bring a variety of benefits to the combined company, Gartner also expects that the merging of the two businesses will create operational challenges to both entities in the near term.

Interactive Intelligence's aggressive marketing of its PureCloud Engage offering has created concern among some Gartner clients regarding the company's long-term commitment to its CaaS offering.

Some Gartner clients continue to report frustrations when working with Interactive Intelligence, resulting from relying on less-skilled customer support resources, although these instances appear to be largely due to the company's rapid growth.

Serenova

Serenova, rebranded from LiveOps Cloud in October 2016, is based in Austin, Texas and is an application specialist offering its Serenova Engage and its new CxEngage multitenant CCaaS solutions on its own purpose-built platforms. The company's CCaaS business grew out of its original business offering – contact center BPO services via work-at-home agents. Serenova has experience in supporting customers of all sizes, with particular strength in supporting large and very large deployments. The company supports its Serenova Engage services out of data centers in the U.S. (two), the U.K., the Netherlands, Australia and Singapore, while operating its CxEngage service on AWS's global network of data centers. Serenova provides open APIs for integrating with a variety of third-party systems. The company began offering CCaaS in North America in 2000.

Consider Serenova for CCaaS spanning a wide variety of deployment sizes, including those needing to support more than 1,000 agents.

STRENGTHS

Serenova's offerings are designed for ease of deployment, leveraging lessons learned in the company's past (supporting BPO services). Many deployments are done using only phone support, with no professional services required.

Serenova has experience of supporting very large deployments.

Serenova bundles CSP services with its core offering, enabling services to be activated quickly and supporting environments that experience significant bursts in call volumes.

CAUTIONS

Having recently rebranded as Serenova, the company must aggressively invest in building the market awareness of this new brand.

Serenova relies on technology partners to deliver functionality in areas such as WFO, predictive dialer and analytics. This introduces the risk of delays in problem resolution when determining the root cause of integration problems among technology providers in multivendor deployments.

Although it supports integrations to many third-party workforce management and quality management offerings, Serenova's CxEngage does not have WFO functionality natively integrated into its software stack.

TeleTech

TeleTech is based in Englewood, Colorado and is a system integrator offering multi-instance CCaaS based largely on Cisco technology while also providing Avaya-based CCaaS solutions in select environments. TeleTech primarily serves the midsize to very large contact center market. TeleTech can also provide contact center BPO services either separately or in conjunction with its CCaaS services. The company offers its services out of data centers in the U.S. (three), the U.K. (two) and Singapore. TeleTech supports prebuilt integrations to Salesforce, Oracle Siebel, SAP, Microsoft Dynamics and Oracle Service Cloud, as well as leveraging custom integration tools from Cisco and its partners for integrating to a variety of third-party systems. TeleTech began offering CCaaS in North America in 2012.

Consider TeleTech when looking to access Cisco contact center technology on a CCaaS basis, particularly in midsize, large and very large contact center environments.

STRENGTHS

TeleTech has strong consultative sales and system integration capabilities through its acquisition of eLoyalty (a significant Cisco channel partner).

The company's proprietary icPortal provides a simplified management portal for its Cisco-based CCaaS solutions, including support for a number of Cisco Hosted Collaboration Solution (HCS) technology partner solutions.

TeleTech has experience of bundling CCaaS and UCaaS services for customers requiring a greater breadth of functionality, scale and reliability.

CAUTIONS

TeleTech's ability to grow its CCaaS business continues to be hampered by a lack of brand awareness.

TeleTech's lack of a multitenant CCaaS offering makes its solutions too costly for many companies with small to midsize contact centers.

TeleTech's Cisco-based solution does not natively support functionality in areas such as advanced digital channel support, WFO, campaign management and analytics.

West

New to this Magic Quadrant, West is based in Omaha, Nebraska and is a system integrator offering multitenant and multi-instance CCaaS services on a variety of technology platforms. The most notable of these solutions includes the recently released Cloud Contact Pro (CCPro) and Cloud Contact Center (CloudCC) offerings based on the company's 2015 acquisition of U.K.-based Magnetic North. The company also supports solutions based on Cisco's HCS platform, as well as on the Smoothstone platform (from its 2011 acquisition of Smoothstone IP Communications). West sells CCaaS solutions to small, midsize and large contact centers. Its CCPro offering is supported out of data centers in the U.S., the U.K. (three) and Singapore, while its CloudCC offering is supported out of data centers in the U.S. (two) only. CCPro offers prebuilt integrations to Salesforce and Microsoft Dynamics CRM systems, while CloudCC supports prebuilt integrations to Salesforce, SAP and Oracle Siebel, and supports RESTful APIs for integrating with a variety of third-party systems. West began offering CCaaS services in North America in 2003.

Consider West when looking to access Cisco contact center technology on a CCaaS basis, particularly in small, midsize and large contact center environments.

STRENGTHS

West's CCaaS platform, added through the acquisition of Magnetic North, brings a feature-rich all-in-one solution.

West supports a wide variety of enterprise communications offerings including CCaaS, UCaaS, conferencing, notification services and Enhanced 911.

West is moving rapidly to implement a "One West" operational model in an effort to more fully integrate its various stand-alone business units and solutions.

CAUTIONS

West's ability to grow its CCaaS business continues to be hampered by a lack of brand awareness.

West offers services on several platforms, including those gained through the acquisitions of Magnetic North and Smoothstone, as well as its solution based upon Cisco's HCS for Contact Center. This approach may create uncertainty for customers as to whether product and support investments will be maintained on the Cisco and Smoothstone platforms, especially when the company has said that CCPro and CloudCC will be its primary offerings.

West has a long history of operating as a set of separate business units and solution sets. If the company fails to ingrain its One West initiative across all its operations, it risks failing to capitalize on the synergies among its offerings and risks being relegated to the position of a marginal solution provider by competitors with a more cohesive mindset.

Vendors Added and Dropped

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

Added

Aspect and West were added to our coverage this year, because they met all the inclusion criteria.

Dropped

CentruryLink was dropped from our coverage this year, because it failed to meet the installed base size criterion.

Inclusion and Exclusion Criteria

To meet Gartner's definition of CCaaS and be included in this Magic Quadrant, solution providers must show all of the following capabilities:

Providers must support a minimum installed base of 15,000 concurrent CCaaS agent seats in North American enterprises (not including BPO/contact center outsourcing customers) and a minimum of \$15,000,000 in annual subscription license revenue in the region (excluding network/telecom service and professional services revenue).

Provide proof of commercial deployments that support more than 300 concurrent CCaaS agents, and demonstrate using a broad set of the contact center functionality as defined in the Market Definition/Description section of this research.

Services may be offered on multitenant platforms (the provider operates a single software instance on which all customers are supported) or be multi-instance (utilizing separate server software instances for each customer, but supported on shared system server hardware). Contact center seat license ownership must be retained by the service provider. Customer contracts must allow

for elasticity of usage (enabling customers to scale agent license counts up or down as usage demands change, and contracts may define minimum agent counts that must be maintained).

At least 50% of CCaaS seats and/or subscription revenue must be inbound voice agent licenses (ACD). Other licenses may include outbound voice (predictive, progressive or preview dialing), routing of nonvoice interactions (including email, web chat, SMS, social media, video or other channels), IVR/voice portal, workforce management, call and/or desktop recording and analytics, knowledge management, workflow routing of noninteraction work items, integration to customer tracking (CRM) and other enterprise databases, and real-time and historical tracking and analytics, among others.

Hybrid services (see "Use Gartner's Taxonomy for Cloud Communications to Define Service Requirements and Evaluate Offers") – in which some applications are operated on customer-owned on-premises equipment, while other applications meet the other criteria described herein – are included; however, only the licenses and revenue that meet Gartner's CCaaS definition will be considered as part of this market evaluation.

Critically, CCaaS does *not* include:

Hosted contact center services, in which system hardware and software are dedicated to individual customers and the right-to-use licenses are assigned to customers.

Managed services, in which the hardware and software are dedicated to a particular customer and are run on the customer's premises, but are managed by a third-party service provider.

Honorable Mentions

The following vendors did not meet the inclusion criteria for this Magic Quadrant based on the size of their current operations in terms of installed base and/or revenue, but they are appropriate for certain situations and they sometimes compete against vendors that are included in this Magic Quadrant:

CenturyLink

NewVoiceMedia

Noble Systems

Spoken

Talkdesk

Evaluation Criteria

Ability to Execute

The CCaaS market in North America is in the early stages of growth and this has influenced the criteria weightings, described below. We regard all Ability to Execute criteria as important in this early market evolution:

Product or Service: The product platform should encompass the ability to offer (on a consumption basis) all contact center services expected in a suite platform (for example, IVR and speech, inbound and outbound multichannel contact routing, WFO, and analytics). This should be encompassed in a self-service capability to implement, manage, revise and report on operational performance.

Overall Viability: Few cloud service providers are profitable currently. They report strong growth in deferred revenue, because of the utility license model, but need to have enough capital to build out the infrastructure that is necessary to support new customers.

Sales Execution/Pricing: The market for CCaaS is still emerging so there are many opportunities for new sales. We expect suppliers to be able to demonstrate better than 20% annual growth with a good selection of references from large or well-known organizations.

Market Responsiveness/Record: With a number of new entrants to the CCaaS market taking market share, it's clear that being an established player is not a major advantage in securing new business.

Marketing Execution: Being "the best-kept secret" does not support the sales opportunity to get ahead in an early market opportunity. A comprehensive marketing program of communication and influence is the key to being invited to bid for service.

Customer Experience: A differentiated customer experience can be a winner for suppliers in growing and maintaining their CCaaS business. In a developing market, however, it is not something that has sufficient priority to greatly influence buying decisions.

Operations: This is a service. Customers therefore expect to hand over the management of CCI to a partner that will deliver a service that is as good as, but ideally better than, what the customer itself can deliver. This is a critical front-office operation and organizations need the confidence factor of strong operations to support their customer service needs in all countries of operation.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	High

Evaluation Criteria	Weighting
Sales Execution/Pricing	High
Market Responsiveness/Record	Medium
Marketing Execution	Medium
Customer Experience	High
Operations	Medium

Source: Gartner (October 2016)

Completeness of Vision

The CCaaS market in North America is in the early stages of growth, where long-term success is influenced by a strong vision for growth. We regard all Completeness of Vision criteria as important in this early stage of the market's evolution:

Market Understanding: Understanding the role the contact center plays in organizations' customer service strategies, and how it relates to other capabilities, is a key requirement of market success.

Marketing Strategy: Communicating a differentiated strategy in an emerging market where the technology is largely the same is crucial to winning early mind share with new prospects.

Sales Strategy: Attaining the optimum balance of a direct and indirect approach to the market is important where the cost of sales can be very high and compensation impacts cash flow.

Offering (Product) Strategy: The approach to product and service development and delivery that highlights industry requirements, and the speed at which differentiated or innovative services are added to the platform.

Business Model: The relevance of the commercial model in how a vendor proposes to leverage direct sales with channel distribution in order to scale the market availability of its service.

Vertical/Industry Strategy: A specific focus on vertical markets or industries is an opportunity to increase mind share in key target markets, in contrast to a horizontal, all-encompassing market vision.

Innovation: The vision to see the opportunities to differentiate services for customers, either as an in-house development or with innovative partners.

Geographic Strategy: The strategy to develop both a service and sales strategy to grow outside the home markets and target the larger audience – a key requirement in meeting a global organization's contact center needs.

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	Medium

Source: Gartner (October 2016)

Quadrant Descriptions

Leaders

Given that the CCaaS market in North America is still maturing, Leaders can best be described as those suppliers with a strong multichannel product and service capability that have already amassed a large installed base of both large and small customers. They also benefit from being able to support varying levels of deployment complexity, including multichannel deployments and integration to a variety of third-party systems.

Challengers

Challengers may also have large installed bases of customers, although typically not as large as those seen in the Leaders quadrant. These providers may have more recognized strength in serving customers in particular size segments. They generally lack the CCaaS brand awareness enjoyed by those vendors in the Leaders quadrant.

Visionaries

Visionaries are suppliers with strong multichannel product and service capabilities and a clear strategy for sales, marketing and business development. They differentiate themselves by adding unique functionality and/or delivery capabilities.

Niche Players

Niche Players are suppliers that may be quite large, but have decided to focus on a particular market opportunity, a set of solutions or vertical markets. Their products and services may still be undergoing product development, or they may be relying heavily on partners to complete the overall service proposition. Niche Players also are likely to be either newer market entrants or those that have yet to build scale in their customer base.

Context

In reviewing enterprise client inquiries in North America (CCaaS is a topic of discussion in approximately 40% of inquiries from Gartner end-user enterprise clients in this region), we see demand in the CCaaS market as creating its own natural stratifications (based largely on deployment size), as described below:

Small deployments (typically five to 20 agents). These deployments are, typically, very basic in nature – often requiring only phone-based "call center" functionality (using basic menu trees to make call routing decisions and first-in, first-out call queuing) and sometimes requiring basic call recording and possibly low-complexity email and/or web chat routing. These accounts may or may not require the ability to support basic computer-telephony integration (CTI) screen-pop, but they rarely require call routing based on customer data. While most of the providers covered in this research have the ability to service these accounts, most do not put significant business focus on them; there is typically little profitability in servicing these accounts, due to heavy price competition resulting from the lower technology barriers to entry.

Midsize deployments (typically 21 to 300 agents). These deployments typically have more sophisticated requirements than those seen in smaller deployments, often requiring support for more feature-rich multichannel routing, broader WFO functionality, and frequently needing to embed their contact-handling functionality for agents within a CRM vendor's agent desktop interface. Although these are typically North America-only deployments, it is not uncommon for them to have some level of requirement to include support for agents in other geographic regions. Often, these deployments will also require some level of customization of the contact routing schemas in order to accommodate the business rules that are unique to their particular environments. The level of customization is, however, typically less than that seen in the larger strata.

Large deployments (typically 301 to 1,000 agents). These deployments tend to have traits similar to those seen in midsize deployments, although they often require greater levels of customization and more frequently require multinational support. It is important to note that the 301 agent count defining the lower end of this grouping is largely influenced by the level of comfort shown by Gartner clients in considering CCaaS solutions relative to on-premises ones. We fully expect to see the break point between midsize and large deployments move up in size as CCaaS solutions continue to gain acceptance in the market and as providers are increasingly able to supply reference customers with higher agent counts.

Very large deployments (more than 1,001 agents). These deployments are typically similar to those seen in large deployments, although often with even greater requirements for customization and multinational support. As with large deployments, there appears to be yet another "psychological hurdle" for clients to overcome – that of becoming comfortable with trusting CCaaS providers to support environments of this size.

The CCaaS market is still in the early phases of mainstream adoption, so there are few providers that can offer sales and support presence in multiple geographic regions. As such, while many vendors can support customers with agents in multiple regions, this is typically done for those companies whose multinational operations are really extensions of a primary center serving a primary geographic market. An example would be having agents in multiple regions to provide 24-hour coverage for a company's main contact center. Currently, companies needing to support significant operations in multiple geographies will typically make separate geography-specific vendor choices.

It should be noted that Gartner currently does not see significant differences in demand by vertical market. Architecturally, the elasticity and scale of cloud favor organizations that have to manage unplanned contacts. Service outages in public services are a key example of where CCaaS is proving to be advantageous.

Market Overview

The contact center vendor landscape saw some notable consolidation during the past 12 months, which has the potential to accelerate growth in the CCaaS market. In April, WFO specialist Nice announced plans to acquire CCaaS specialist inContact (see "inContact Deal Will Expand Nice's Footprint in an Evolving Market"). The transaction is expected to be complete in 4Q16. This

combination is expected to bring much-needed cloud expertise to Nice, while enabling inContact to leverage Nice's greater financial resources and existing enterprise contact center relationships to accelerate its global growth plans.

In September 2016, Genesys announced plans to acquire Interactive Intelligence, with the transaction scheduled to complete in late 4Q16. Both vendors compete in both the on-premises contact center market and the CCaaS space. While Interactive Intelligence can be expected to benefit from greater financial resources under the new ownership, Genesys hopes to leverage Interactive Intelligence's greater depth of experience in the rapidly growing CCaaS space as well as in the sub-500-agent on-premises contact center market.

Additional smaller, yet still notable, acquisitions impacting the CCaaS market include West's acquisition of the formerly U.K.-based Magnetic North (completed in November of 2015), and ShoreTel's acquisition of Corvisa (completed in January 2016). At the time of publication, it is not clear how contact center industry giant Avaya will manage its looming debt load (due in 4Q17). This is creating uncertainty among Avaya's very large contact center installed base; causing some to evaluate alternative vendors and potentially driving a faster-than-planned shift to CCaaS services.

One of the factors slowing the growth of the CCaaS market in North America has been the lack of significant direct participation in the market from on-premises CCI vendors (such as Avaya and Cisco). For many of these vendors, the transition from on-premises solutions to CCaaS-based solutions is very challenging due to a number of factors including:

- Gaining acceptance from corporate ownership to transition from a capital expenditure to an operating expenditure revenue recognition model

- Evolving their solutions architecture to support multitenancy, and rapidly maturing their service-provisioning capabilities

- Changing their compensation models so as to motivate sales to pursue deals in which revenue is recognized over a period of years rather than as large, upfront payments

- Changing corporate culture to adopt a cloud solutions mentality

- Establishing brand awareness and a track record of success in CCaaS

Avaya offers CCaaS both directly to large enterprises and also through select service provider/system integration (SP/SI) partners around the world. Avaya's large enterprise offers are based on multitenant versions of its Elite and Breeze technologies. The company also supports larger accounts via its hosted/managed contact center services offered on dedicated platforms. Avaya SP/SI partners in North America include Windstream and Telus, among others. The company also supports CCaaS for small and midsize deployments on its IP Office Contact Center platform through partners including Westcon, ScanSource and Agilent.

Cisco takes an indirect approach to participating in the CCaaS space, by selling its cloud-optimized Hosted Cisco System (HCS) for Contact Center platform to service providers such as TeleTech, Cameo Global and West, which then market the services under their own brands.

Most other CCI vendors with significant CCI operations in North America also offer CCaaS-based solutions, either directly or through partnerships, yet most have not seen significant enough market success to warrant inclusion in this document.

Types of Providers

Gartner groups the providers of CCaaS offerings into four main categories. This Magic Quadrant includes all of them:

Application specialists include companies that are both the platform provider and the service provider, such as 8x8, Five9, inContact, Serenova and Transera.

CSPs include companies such as CenturyLink. These are the legacy network service providers with core strength in voice and data services.

System integrators include companies such as West and TeleTech (through its acquisition of eLoyalty). System integrators usually provide CCaaS by running commercial unified communications applications (often from Avaya, Cisco or Genesys) out of their own data centers.

Software technology providers include companies such as Aspect, Genesys and Interactive Intelligence. All of these well-established vendors now provide a CCaaS offering, and many of them market their solutions directly to end users.

In some cases, a given company may have attributes that fit into multiple types of CCaaS provider. Gartner categorizes such companies in the group to which they are most-closely aligned.

Acronym Key and Glossary Terms

ACD	automatic call distribution
AWS	Amazon Web Services
BPO	business processing outsourcing
CCaaS	contact center as a service
CCI	contact center infrastructure
CSP	communications service provider
IVR	interactive voice response

UCaaS	unified communications as a service
WFO	workforce automation

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. 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.

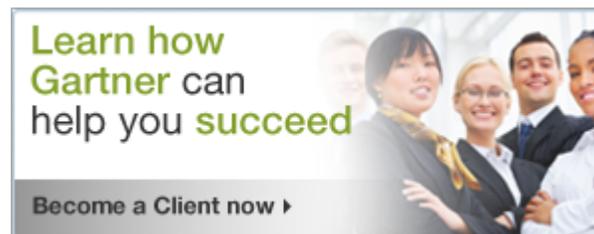
Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

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.



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