

IDC MarketScape

IDC MarketScape: Worldwide Unified Communications and Collaboration 2019 Vendor Assessment

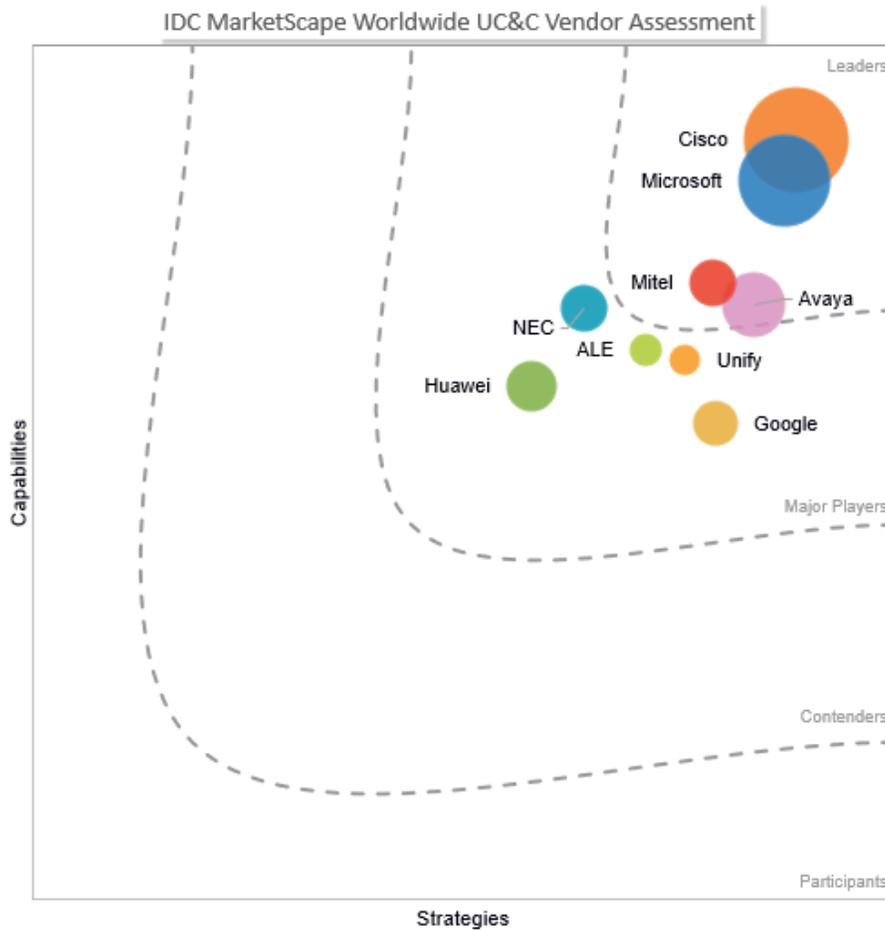
Rich Costello

THIS IDC MARKETSCAPE EXCERPT FEATURES MITEL

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Unified Communications and Collaboration Vendor Assessment



Source: IDC, 2019

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

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Unified Communications and Collaboration 2019 Vendor Assessment (Doc # US45331319). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

IDC is seeing interest in unified communications and collaboration (UC&C) solutions among customers across all business segments now, including enterprise-size organizations. This interest is being driven by a combination of advances in technology, applications, and deployment choices – including private and public cloud offerings, hybrid options, team messaging, team collaboration and mobile applications, and artificial intelligence (AI) and machine learning (ML) capabilities, as well as embedding business processes and applications with communications applications and technology. Recent IDC forecast data highlights that the worldwide UC&C market is forecast by IDC to increase to \$48.3 billion in 2023.

But challenges remain for organizations – capex versus opex decisions, return-on-investment (ROI) concerns, workplace disruption avoidances, pertinent use case identifications, and support skills assessments, as well as understanding the complexities associated with UC&C integration projects. Other challenges for businesses include identifying/selecting the right solutions, features, applications, and UC management tools for the organization and, just as importantly, identifying which sources they should turn to for those solutions (which this document can help with). Fortunately, many of the UC&C suppliers featured in this document can offer a range of deployment options for customers today (on-premises, managed, hosted, public and private cloud, and hybrid), either directly or through channel partners – helping alleviate some of these challenges. This IDC document presents critical success factors for the UC&C market, in the short and long term, along with an assessment of how technology suppliers fair against those success factors.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

In this 2019 IDC MarketScape for worldwide UC&C, three vendors were omitted: Genesys-Interactive Intelligence – most of Genesys' mindshare/market share is in the contact center (CC) market now, with less emphasis on UC&C. ShoreTel – consolidated with Mitel after its acquisition by Mitel in 2018. IBM – announced in late 2018 its intention to sell its Lotus Notes, Domino, and Portal communications products to Indian firm HCL.

IDC evaluated these vendor offerings based on their appeal as broader UC&C solutions, not just based on one or two central components. IDC considered the entire UC&C product portfolio that each vendor provides or enables – including deployment options such as dedicated hosted UC, cloud-based UC (i.e., UC as a service [UCaaS]), and hybrid UC offerings.

IDC invited those vendors and offerings that are available on a global basis, with emphasis on each of IDC's three macroregions – the Americas, EMEA, and Asia/Pacific. Inclusion in this document was also considered for those vendors that participated in at least one of the previous IDC MarketScape evaluations on either UC&C technology and/or enterprise voice telephony.

Note: A separate IDC MarketScape for worldwide UCaaS providers is forthcoming in 2H19. The revenue estimates used in this 2019 IDC MarketScape for UC&C were based on figures published in IDC's Worldwide Quarterly Services Tracker.

ADVICE FOR TECHNOLOGY BUYERS

- To assist in the selection process, C-level, IT staff, and line-of-business (LOB) personnel are encouraged to use Figure 1 along with the associated vendor profiles, buyer guidance, and related research to help in developing a short list of potential suppliers for their UC&C deployment projects.
- Decisions are past due for many organizations that have not yet migrated their legacy voice platforms (i.e., analog, digital, TDM) to new IP telephony, VoIP, or UC&C solutions. Organizations should have already planned for this fundamental shift in business communications.
- UC&C deployment options (on-premises, managed, hosted, public or private cloud, and hybrid) are changing traditional business models. Consider the entire range of UC&C product or services offerings that each supplier provides or enables – including all deployment options. Always consider a supplier with a proven track record of customer UC&C deployments (whether on-premises or in the cloud) as well as a demonstrable professional services expertise.
- A hybrid approach to UC&C can leverage existing equipment investment (e.g., extend the PBX life cycle); enhance an organization's ability to quickly scale in support of more workers, devices, and applications; provide quick access to innovation; and retain a significant level of in-house control and security for the organization, among other benefits. IDC estimates that by 2019, more than 60% of enterprise UC&C implementations will be hybrid (a mix of on-premises and cloud).
- Hosted/cloud offerings are a good way to lower the cost and complexity barriers to UC&C adoption for many businesses, including small and medium-sized businesses (SMBs).
- The future of the UC&C market lies in defining business outcomes by creating a better, more intuitive user experience through real-time communications, integrations with AI and ML capabilities, team messaging and team collaboration with context, as well as integrations with business systems and applications, no matter the location of end users or their devices.
- Line-of-business executives are increasingly active in technology decisions and are having a growing influence on IT budget. Suppliers have been targeting this group for UC&C customer engagement and "solutions selling" initiatives.
- Security concerns continue to be an inhibitor for organizations migrating to cloud, especially among large enterprises. Look for suppliers that can satisfactorily address any and all security, compliance, and regulatory concerns.
- Vendors should seek out suppliers that promote awareness of business use cases for customers (by specific verticals, if possible) to ease project justification and deployment concerns.
- IDC is lately seeing tighter integrations of contact centers and UC environments within organizations (adding the benefits of a UC solution to help solve customer-facing issues, provide access to the right internal resources, etc.).

- Organizations are adapting to disruptive changes in their business models and ecosystems by leveraging digital technologies. At a high level, a digital transformation (DX) strategy can create new business models, products, and services that blend the digital and physical; create new experiences that blend business and customer domains; improve operational efficiencies; and improve organizational performance. As such, comms and collaboration solutions and services today are increasingly considered key components in many DX projects.
- Vendors should consider suppliers that have been able to attract a large, viable partner community and can demonstrate functionality differentiation in the market. To create platform stickiness, many suppliers today offer APIs and SDKs to the developer community for creating ecosystems around their communications and collaboration solutions.
- As demand grows for business applications to be integrated into vertical-specific communications and IT infrastructures, customers should also consider a platform that simplifies those integrations without compromising their networks or application performance. Communications platform as a service (CPaaS) offers a communications-rich and developer-friendly platform for automating and transforming underlying business processes and workflows.

VENDOR SUMMARY PROFILES

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

Mitel

Mitel is positioned as a Leader in this 2019 IDC MarketScape for UC&C. Mitel operates in more than 100 countries in conjunction with more than 4,000 service providers and channel partners, through which it primarily sells. The company is structured around three primary geographic markets:

- Americas (including the United States, Canada, the Caribbean, and Latin America)
- EMEA (including the continent of Europe and Middle East and Africa)
- Asia/Pacific (including the continent of Asia, the Pacific region, Australia, and New Zealand)

To enable growth, Mitel is expanding inside sales globally, broadening distribution coverage in all regions, revamping Mitel.com, and continuing to grow its media signal, digital marketing capabilities, and brand investments. At the highest levels, growth will come from three areas: applications, infrastructure, and services. Mitel has comprehensive plans to evolve its broad application portfolio to help drive growth.

Mitel's strategy is to expand the company's installed base, provide a path to and through the cloud, and enable digital transformation. To accomplish this, Mitel will grow its installed base and take onsite, UCaaS, private, and hybrid cloud share in core markets through organic growth and acquisition, if and as opportunities arise. Through its CloudLink architecture, Mitel links customers' premises-based equipment to the cloud (whether hosted or private) and facilitates their access to next-generation applications using an API layer. This enables communications and collaboration capabilities to be embedded into a host of new applications and workflows that customers will use to digitally transform their businesses, without a technology rip and replace.

Mitel addresses the needs of SMB, midmarket, and enterprise organizations within key target verticals. For example, Mitel's enterprise UC&C solution can scale to address deployments of 500,000 users

and offers customers a choice of on-premises, public, private, or hybrid cloud deployment. Its broad portfolio of solutions is designed to cover virtually every business communication need across any industry. Target markets remain a global focus for Mitel with key verticals including education, financial services, government, healthcare, hospitality/entertainment, manufacturing, nonprofit, professional services, and retail.

In North America, most Mitel sales are conducted through channel partners, with the balance resulting from direct sales. Mitel also maintains a "high touch" sales organization designed to prospect for new business opportunities for Mitel channel partners. In EMEA, APAC, and CALA, Mitel's go-to-market strategy is also mostly based on an indirect channel model, with sales, engineering, training, and marketing resources aligned to support channel partners.

Mitel has several major strategic distribution partners including ScanSource and Jenne for the Americas, TechData for Canada, and Westcon and select regional distributors across EMEA and Asia/Pacific. Through these partners, Mitel has been able to better serve existing VARs, while ensuring proper high-touch end-customer coverage.

As communications are more tightly embedded with business processes and workflows, the introduction of new applications and the refresh of infrastructure require migrations to be carefully planned and scoped and integrations defined and implemented. This creates a need for services. Mitel is leveraging this need by offering services (i.e., both sophisticated support and advanced professional services) around its products to help partners and customers solve their migration and integration challenges and needs.

Core Mitel offerings include MiCloud Connect (UCaaS from ShoreTel acquisition), MiCollab, MiTeam, and MiContact Center. Mitel PBX solutions include the following systems: MiVoice Office 250, MiVoice Office 400, MiVoice Business, MiVoice 5000, and MiVoice MX-ONE (scales to address deployments ranging from 300 users to 500,000 users).

Mitel MiCollab provides cross-platform commonality across MiVoice MX-ONE, MiVoice 400 (for the SMB market), MiVoice Business, and MiVoice 5000 solutions. MiCollab applications are also optimized for performance and experience on portable devices.

Mitel's CloudLink architecture enables the development of applications that integrate with Mitel's UC&C portfolio enabling customers to adopt new cloud-based services while leveraging their existing UC&C investments. Mitel's Open Integration Gateway enables third-party developer applications and integrations to different CRM, IVR, and other business applications with comprehensive call control features that enable access to UC&C applications, contact center solutions, and turnkey integration of other Mitel applications.

Strengths

- To take full advantage of communications applications, many companies will either refresh their aging voice infrastructure or move to cloud. With its broad on-premises, public, private, and hybrid cloud portfolio and CloudLink-enabled cloud application solutions, IDC feels that Mitel is well positioned to gain share either way in an evolving market.
- The acquisition of multiple companies (and brands) over the past several years has enabled Mitel to significantly increase its revenue (almost threefold since 2013) and has given it a greater global presence across new markets.

- Over the past few years, Mitel has spent more than \$1 billion in capital to expand the company's market position and technical capability.

Challenges

- Although it has made great strides in recent years, increasing its global brand awareness and the technical/sales expertise of Mitel's channel continue to be key Mitel initiatives.
- A big challenge for Mitel is continuing to grow (organically and inorganically) and compete in cloud-based services (e.g., UCaaS) on a global basis with the likes of Avaya, Cisco, and Microsoft in telephony, UC, and collaboration markets and increasingly with leading players in markets adjacent to UC markets, such as contact centers. Mitel's recent partnership with TalkDesk and resulting Connect CX product should help in this regard.
- Mitel face two primary external challenges: regional-specific governmental barriers and policies that affect transmission and interconnection of communications platforms and market requirements for multilingual documentation and support for new languages.

Consider Mitel When

You are an SMB (100-1,000 users) or enterprise organization (up to 3,000 users) with communications and collaboration solution requirements (cloud, on-premises, or hybrid) that are global in scale. Although Mitel can certainly go upmarket and support the needs of larger enterprise customers, its sweet spot (like ShoreTel) has typically been in small and medium-sized enterprise (SME) segments (1,000-3,000 users).

APPENDIX

Reading an IDC MarketScape Graph

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

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

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

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

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and

interviews with the vendors, publicly available information, and end-user experiences to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Unified Communications

Unified communications refers to a platform that combines advanced IP telephony calling and management; unified messaging (UM) (email, fax, and voice messaging); web conferencing, audioconferencing, and videoconferencing; instant messaging (IM); and pervasive presence management and awareness – all accessible through common user interfaces on desktop and mobile devices using voice or touch controls. UC solutions are designed to provide a way of delivering, managing, and supporting all the various types of IP communications that an organization or individual requires in both horizontal and vertical industry business processes and applications.

Unified Communications and Collaboration

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

Unified Communications as a Service

UC as a service (UCaaS) includes telephony and/or UC functionality delivered via hosted voice/UC platforms or as a standalone service offering, and typically priced as a flat rate, monthly recurring cost per seat for the customer.

Strategies and Capabilities Criteria

In the IDC MarketScape, the vendor assessment criteria are divided into two primary categories: capabilities and strategies. The capabilities category focuses on the current capabilities of the company and product portfolio. The strategies category focuses on high-level strategic decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans, which in this case is defined as the next three to five years.

For each category, an IDC analyst identifies specific business, products/offerings, and go-to-market factors that are expected to greatly influence the market and, if managed correctly by suppliers, will provide the greatest opportunity for market success. Once defined, these factors are weighted based on the analysts' perspective on the importance of the dynamics and trends that affect a specific market today and will continue in influence over the next three to five years. This section includes an introduction of market-specific weightings definitions and includes a weightings data.

Consequently, based on the weightings, there are several types of criteria that are most influential in predicting success:

- **Globally consistent brand and product/services strategy:** IDC believes that vendors that have a globally consistent brand and product/services strategy will have a clear message for customers, regardless of where they are headquartered and where their other offices may be. A globally consistent strategy will also help scale the distribution of their products and services, as well as help customers integrate their communications solutions across the entire organization. However, some localization of features, products and services (e.g., local language and/or currencies) is to be expected.
- **Strong channel partners:** Each of the UC&C vendors should have strong channel resellers and partners to distribute their message, products, and services. Channel partners continue to migrate their business toward UC&C services, and many of the vendors lack the scale of direct sales and professional service personnel to address the market demand. Vendors must continue to recruit, train, and support channel partners that ensure successful deployments of UC&C solutions, and increasingly more cloud-based offerings.
- **Application development platform with a strong ISV developer community:** As customers increasingly look to integrate business processes and applications with their communications and IT infrastructure, they require a platform that simplifies the integration without compromising their networks or application performance. Most UC&C vendors today have application development partners to help create a strong communications-rich and developer-friendly ecosystem. Mainstream IT-based middleware and web services platforms today are more inclusive of rich, UC&C application development tools.
- **Support for mobility:** Most of the UC&C vendors provide software clients for popular mobile devices (smartphones and tablets). Mobility will continue to tie in closely with the increasing focus on application design and user experience. Consumer devices will continue to set the trend in the UC&C industry with the integration of consumer social and communications platforms (Skype, Facebook, Twitter, YouTube, Google, etc.) with UC&C applications. These platforms continue to be used for select business and communications processes and even provide a common point of reference for facilitating interoperability between UC&C systems from different vendors.
- **Comprehensive UC&C management tools:** The requirement for comprehensive UC&C management tools is growing. The complexity of UC services in today's enterprises is increasing with the use of more collaborative tools and applications, especially regarding mobility and videoconferencing. Consequently, IT organizations are requiring more powerful performance management solutions that can provide comprehensive network views and workflows to triage disruptions for customers deploying UC&C services – both on-premises and in the cloud.

LEARN MORE

Related Research

- *IDC 's Worldwide Unified Communications and Collaboration Taxonomy, 2019* (IDC #US45024219, May 2019)
- *Worldwide Unified Communications and Collaboration Forecast, 2019-2023* (IDC #US45097919, May 2019)
- *Worldwide IP PBX Market Shares, 2018: Phones Up, Lines Down* (IDC #US45041919, May 2019)
- *IDC Market Glance: Unified Communications and Collaboration, 1Q19* (IDC #US44887319, March 2019)
- *IDC's Worldwide Enterprise Networking Predictions, 2019* (IDC #US44873419, February 2019)
- *Worldwide IP PBX Forecast, 2018-2022* (IDC #US44360218, October 2018)
- *Market Analysis Perspective: Worldwide Unified Communications and Collaboration, 2018* (IDC #US44318018, September 2018)

Synopsis

This IDC study provides an assessment of the capabilities and business strategies of nine vendors in the worldwide UC&C market for 2019.

"Organizations have a variety of deployment options to choose from today, but also the challenge of figuring out which offering is most appropriate for them," according to Rich Costello, senior research analyst, IDC's Unified Communications/Enterprise Communications Infrastructure. "UC&C deployment options such as on-premises, managed, hosted, cloud, and hybrid are changing traditional business models. This IDC MarketScape can be helpful as a supplier assessment tool for organizations that are considering a move to a new UC&C solution."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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