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Magic Quadrant for Contact Center as a Service, North America

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North America's CCaaS market has matured to provide application leaders responsible for customer service and support with a range of competitive offers to consider as substitutes for traditional on-premises contact center infrastructure. Here, we assess 10 vendors to help you make the right choice.

Market Definition/Description

CCaaS Functional Capabilities

Contact center as a service (CCaaS) solutions offer similar functional capabilities to those of on-premises contact center infrastructure (CCI). The key differences are that with CCaaS: connectivity to other cloud-based applications may be easier; consumption is paid for via monthly subscription; and there is a stronger focus on service capabilities, not just product functionality (see "Critical Capabilities for Contact Center as a Service").

CCaaS solutions are used by customer service and telemarketing centers, employee service and support centers, help desk service centers, and other types of structured communications operations.

Functions and abilities that organizations consider when reviewing their contact center requirements include:

- Automatic call distribution (ACD) and interactive voice response (IVR)

- Universal routing and queuing of voice and internet channels — such as email, web chat, SMS, social media and video

- A chatbot capability — to support self-service and assisted-service interactions and transactions

- Proactive contact — including outbound dialing and SMS, as well as push text and email notifications

- Access to customer data — by connecting to existing web-based applications or CRM solutions via a purpose-built adapter or web technology toolkit

- Support of virtual operations, remote agents and subject matter experts that reside outside the traditional contact center operation

- Customer relationship tracking, management applications and operational support applications — including reporting, analytics, sentiment analysis, self-service portals and workforce engagement management (WEM)

Some of these functions and abilities are provided by CCaaS providers using their own software. Others are provided in partnership with specialist providers (see "Magic Quadrant for Workforce Engagement Management").

The CCaaS market is maturing, with leadership coming from pure-play contact management providers, and a merging of adjacent market applications. There may be some instances where it's appropriate to use a CRM customer engagement center provider to manage the contact center channels. However, in most cases the clients are better served by focusing on a CCaaS provider offering contact management and WEM.

CCaaS Architecture Types

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

- Multitenant — All users share a common (single) software instance

- Multi-instance — Each user receives its own virtualized software instance on shared hardware

Both types of architecture possess the cloud characteristics of shared infrastructure (for example, provisioning tools, portals, data centers, racks, common equipment and servers); per-user, per-month, per-transaction and/or per-minute pricing; and the elasticity to add and subtract users dynamically.

In terms of ongoing support, multitenant architectures can offer a lower total cost of ownership (TCO), because providers manage only a single software instance to support all customers. It is also easier to roll out new features and functions. A key challenge, however, is that this single instance can mean services are more "vanilla" — the result of a one-size-fits-all approach that delivers economies of scale to a large number of customers.

Multi-instance architecture is likely to cost more to support, because there is one software instance per customer, but it can also support more customization where required.

CCaaS Provider Categories

CCaaS suppliers in this Magic Quadrant must have attributes that match Gartner's definitions for cloud services (see "Market Definitions and Methodology: Public Cloud Services"). As customers have started to express a desire for global consolidation, we have also taken this into account in this year's evaluation.

We use four categories to classify CCaaS providers:

- **Application specialists** include companies that are both platform providers and service providers, such as 8x8, Evolve IP, Five9, NICE inContact, Serenova and Talkdesk.

- **Communications service providers (CSPs)** are legacy network service providers with core strengths in voice and data services. There are no CSPs in this Magic Quadrant.

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

- **Software technology providers** include companies such as Aspect, Cisco (BroadSoft) and Genesys. All of these established vendors now provide a CCaaS offering, and many market their solutions directly to end users.

Magic Quadrant

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

Source: Gartner (October 2018)

Vendor Strengths and Cautions

8x8

8x8, based in San Jose, California, U.S., is an application specialist. The 8x8 Virtual Contact Center (VCC) service is based on the vendor's purpose-built multitenant software platform. In 2018, the company launched its X Series offering, which combines VCC with the company's Virtual Office unified communications as a service (UCaaS) offering — which provides centralized provisioning, configuration and management capabilities, as well as team collaboration functionality. 8x8's ContactNow for predictive outbound agent calling support is now part of its integrated X Series

offering. 8x8 provides multiple edition packages within X Series to deliver VCC capabilities in accordance with users' requirements for size and complexity. It sells primarily to midsize contact centers; X Series can scale up to support more than 1,000 agents. Services are provided from data centers in Australia, Brazil, Canada (two), Hong Kong, India, the Netherlands, Singapore, the U.K. (four) and the U.S. (three). All X Series packages support prebuilt integrations with Microsoft (Dynamics), NetSuite, Salesforce and Zendesk. They also support custom integrations with many other CRM systems and third-party systems using 8x8's web-services-based API tools. 8x8 began offering CCaaS in North America in 2011.

8x8 is placed in the Challengers quadrant based in part on the breadth of its capabilities, ability to sell into its installed base of UCaaS customers, and its growing market presence. Consider 8x8 if you are looking for multichannel contact center functionality for midsize contact centers. Its solutions are particularly suited to those wanting to procure CCaaS and UCaaS from a single provider. Its solutions may also be considered for stand-alone CCaaS deployments.

Strengths

- 8x8 can provide both CCaaS and UCaaS functionality natively. It supports single sign-on, shared presence and directories, extension-to-extension dialing, instant messaging and team collaboration through its X Series integration.

- 8x8 uses georouting to the nearest data center to enable global voice quality guarantees. These are based on mean opinion score (MOS) measures and backed by service-level guarantees.

- 8x8's investments in recording, quality monitoring and speech analytics have added functional depth and breadth to VCC without sacrificing the company's focus on ease of use.

Cautions

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

- 8x8's VCC does not natively support a number of key contact center capabilities, including workforce management (which it offers through a third party) and SMS routing. This means it does not control development of these important capabilities, which could delay identification and resolution of the root causes of integration problems in multivendor deployments.

- 8x8 lacks the strong brand recognition of some of its competitors in the North American CCaaS market.

Aspect Software

Aspect Software, based in Phoenix, Arizona, U.S., is a software technology provider. It offers two CCaaS solutions: the Aspect Via multitenant platform, built on refactored components of its premises-based offering, the Unified IP platform; and the Aspect Hosted multi-instance service,

based on Unified IP. The Aspect Hosted service is provided from data centers in Australia, Canada, Hong Kong, India, Singapore, the U.K. (two) and the U.S. (five). Aspect's Via and Hosted solutions support prebuilt integrations with Microsoft (Dynamics) and Salesforce. Aspect began offering CCaaS in 2013.

Aspect is placed in the Niche Players quadrant based in part on the breadth and depth of its solution set, and its smaller market presence than many others profiled in this document. Consider Aspect's Via and Hosted services if you are looking to deploy feature-rich CCaaS capabilities, particularly in large and very large contact centers.

Strengths

- Aspect has established a global sales and support presence, based on its experience in the on-premises CCI market.

- Aspect's Via and Hosted offerings support a broad and rich set of native CCaaS functions, including multichannel self-service, WEM and dialer capabilities.

- Aspect's updated user interface improves usability for a variety of contact center user roles.

Cautions

- In various technology markets, not just CCaaS, vendors shifting from being providers of primarily on-premises solutions to "cloud first" providers encounter financial and organizational challenges that can take years to overcome. Aspect is still in the early stages of its transition.

- Aspect lacks a high profile in the CCaaS market, and adoption of its CCaaS offerings has been limited to date.

- A number of Gartner clients have expressed dissatisfaction with Aspect's ability to sell and support its CCaaS offerings.

Cisco (BroadSoft)

Cisco (BroadSoft), based in San Jose, California, U.S., is a software technology provider. Cisco acquired Broadsoft in 1Q18, and its rebranded Customer Journey Platform and Customer Journey Platform for Salesforce offerings are available as multitenant services on the company's purpose-built software platform. BroadSoft focused on selling UCaaS and CCaaS platforms to service providers that use these platforms to offer services to their own customers, whereas Cisco now also sells these services through its existing network of certified contact center channel partners. Cisco offers its services from data centers in the Germany, the U.K. and the U.S. (two). It offers prebuilt integrations with Microsoft (Dynamics), NetSuite, Oracle (Service Cloud), Salesforce, SugarCRM and Zendesk. It also supports RESTful APIs for integrating with a variety of third-party systems. Cisco

(BroadSoft) began offering CCaaS in North America in 2016, although, through its acquisition of Transera, its service offerings date back to 2007.

Cisco is placed in the Visionaries quadrant based in part on its differentiated approach to analytics-based routing and native integration to Salesforce, balanced by its limited market adoption to date. Although its Customer Journey Platform offerings are aimed at midsize contact centers, Cisco (BroadSoft) may be considered for CCaaS deployments across a variety of deployment sizes, including large and very large complex environments, and particularly for integration with BroadSoft-based UCaaS.

Strengths

- Cisco (BroadSoft) can use its established position in the UCaaS market and network of 1,500 contact center channel partners to help it sell its CCaaS solutions.

- Customer Journey Platform for Salesforce offers tight integration with Salesforce CRM. It is deployed as an extension of Salesforce's software, using Salesforce's management and administrative interfaces (including single sign-on) and reporting database.

- Cisco's Customer Journey Platform can analyze and exploit structured and unstructured enterprise data to support business-intelligence-driven contact routing decisions in real time.

Cautions

- Cisco's Customer Journey Platform offers similar functionality to the company's Hosted Collaboration Solution for Contact Center (also known as Cisco HCS for Contact Center), which is offered through partners. This can create uncertainty for Cisco's prospective customers and channel partners as they work to understand the differences between the offerings and the potential suitability for their businesses.

- Cisco lacks a high profile in the CCaaS market, and adoption of its CCaaS offerings has been limited to date.

- Cisco does not control the product development path for some key technology components for Customer Journey Platform, including SMS routing, predictive dialer, campaign management, WEM and speech-enabled IVR, because these are delivered through partnerships.

Evolve IP

Evolve IP, based in Wayne, Pennsylvania, U.S., is an application specialist. It offers the Evolve Contact Suite (ECS) solution on its own multitenant software platform, which is often bundled with Evolve IP's UCaaS, disaster recovery and data center services. Evolve IP sells primarily to small and midsize contact centers, but can also suit those with more than 1,000 agents. In addition, it can provide services as stand-alone offerings or in conjunction with its UCaaS service. Evolve IP offers services

from data centers in Australia, the Netherlands (two), the U.K. and the U.S. (two). ECS offers prebuilt integrations with Microsoft (Dynamics), NetSuite, Sage, Salesforce and Zendesk. It also supports an open, REST-based API to integrate with a variety of other systems. Evolve IP began offering CCaaS in 2008.

Evolve IP is placed in the Niche Players quadrant based in part on its focus on selling into its broad and varied installed base, and its limited market presence to date. Consider Evolve IP if you want multichannel functionality for price-sensitive small or midsize contact centers, either for stand-alone deployment or deployment in conjunction with the company's UCaaS offerings.

Strengths

- Evolve IP can provide both CCaaS and UCaaS functionality natively, with support for single sign-on, shared presence and directories, extension-to-extension dialing and instant messaging.

- Evolve IP has a reputation for providing high-touch "white glove" service for deployments and ongoing support for clients of various sizes.

- Evolve IP can provide competitively priced, yet fully featured solutions.

Cautions

- Evolve IP lacks the brand recognition of some of its competitors in the North American CCaaS market.

- Evolve IP is slower than most other vendors in this Magic Quadrant in pursuing emerging solutions using artificial intelligence (AI), natural language understanding and chatbots.

- Evolve IP does not have its own WEM offering. This means it does not control the development of this important capability, which could delay identification and resolution of the root causes of integration problems in multivendor deployments.

Five9

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

Five9 is a placed in the Leaders quadrant, based in part on its strong market presence and an offering vision that resonates with many Gartner clients. Consider Five9 for multichannel CCaaS, particularly for small, midsize and large environments, and those needing inbound, outbound and blended functionality.

Strengths

- Five9 has a reputation for providing a high-touch white-glove service for deployments and ongoing support for clients of various sizes.

- Five9 uses its native natural language understanding engine to augment its customer journey analytics. These deliver real-time insights and context to predict customers' behavior and recommend next-best actions.

- VCC supports deep integration with Salesforce CRM systems. Five9 has 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 some vendors in this Magic Quadrant.

- VCC does not have WEM functionality natively integrated into its software stack. Although Five9 has OEM agreements with a number of market-leading third-party WEM suites, it does not control the development of this important functionality.

- Five9 lacks the resources for, and experience of, supporting global CCaaS deployments, in comparison with some vendors in this Magic Quadrant.

Genesys

Genesys, based in Daly City, California, U.S., is a software technology provider. It offers multitenant and multi-instance CCaaS, based on a variety of platforms and aimed at differing customer requirements. These platforms include PureEngage Cloud, aimed at large and very large environments of 750 agents or more and requiring advanced customization, and PureConnect Cloud, aimed at midsize and large customers typically supporting 150 to 750 agents. Also included is PureCloud, aimed at small and midsize customers typically requiring support for fewer than 250 agents and limited customization.

PureConnect Cloud is Genesys' strongest-selling CCaaS offering (by agent seat count). PureConnect Cloud solutions are provided from data centers in Australia (two), Canada (two), Germany, Japan (two), the U.K. and the U.S. (two). PureConnect Cloud supports preconfigured integrations with Microsoft (Dynamics), Oracle (Service Cloud), Salesforce, SAP and Zendesk, and provides REST- and

SOAP-based open APIs for integrating with a variety of third-party systems. PureConnect Cloud services have been available in North America since 2009.

Genesys is placed in the Leaders quadrant based in part on the breadth and depth of its offerings, including both size and functionality, and its strong market presence. Consider Genesys for CCaaS solutions across a wide variety of deployment sizes and requirements for solution customization and integration.

Strengths

- Genesys has strong brand recognition in the broader contact center market as a result of 28 years of selling, marketing and developing its contact center platforms.

- Genesys' acquisition of Altocloud is in line with the market's interest in AI-based solutions. It provides demonstrable cost efficiencies as well as improvements to customer journeys through advanced innovation.

- Genesys has a broad portfolio of cloud services to satisfy the entire contact center market. It has technology to meet the needs of all types of customer.

Cautions

- A number of Gartner clients have expressed frustration about the quality of Genesys' CCaaS deployments and support, particularly for its PureCloud and PureConnect Cloud offerings.

- Some of Genesys' channel partners indicate that their relations with Genesys have become less cooperative and increasingly contentious. This could impair the experience of customers of those channel partners.

- Gartner clients have expressed concern about Genesys' long-term ability and commitment to maintain three separate CCaaS platforms with separate engineering and support organizations.

NICE inContact

Based in Salt Lake City, Utah, U.S., inContact was acquired in October 2016 by NICE of Ra'anana, Israel. NICE inContact is an application specialist that offers the multitenant NICE inContact CXone CCaaS solution, which uses NICE inContact's purpose-built customer interaction management platform, along with cloud-based WEM functionality from its parent company. CXone is a competitive offering for midsize contact centers, and also regularly wins business in larger environments. NICE inContact offers its services from data centers in the U.S. (two) and Germany, as well as from Amazon Web Services (AWS) data centers in Australia, Europe and the U.S. (two). It offers prebuilt integrations with Microsoft (Dynamics), Oracle (Service Cloud), Salesforce and Zendesk. It also provides REST-based open APIs for integrating with a variety of third-party systems. NICE inContact began offering CCaaS in North America in 2002.

NICE inContact is placed in the Leaders quadrant based in part on its strong integration of WEM functionality and its ability to sell into companies of various sizes — particularly larger and more complex environments. Consider NICE inContact if you are looking for multichannel CCaaS, particularly for midsize or larger deployments, and when looking for CCaaS with native integration with enterprise WEM.

Strengths

- NICE inContact has strong brand recognition in the CCaaS sector, particularly for delivering midsize solutions. Of the vendors in this Magic Quadrant, it supports one of the largest installed bases of agents.

- Although still in the early stages of integration with CXone, NICE's investments in customer journey analytics (Nexidia) and predictive behavioral routing (Mattersight) are likely to give it a notable head start in delivering solutions to the emerging AI-enabled contact center market.

- NICE inContact has aggressively expanded its market presence by establishing channel partnerships with telcos such as AT&T, Optus and Verizon, as well as UCaaS providers such as Fuze, RingCentral and Vonage.

Cautions

- NICE inContact lacks a standard multi-instance CCaaS offering, an option that decision makers for some of the larger and more complex contact centers prefer.

- NICE inContact is still in the early stages of exploiting the global reach and large account base provided by NICE, with a view to establishing a strong global sales and marketing presence.

- Some Gartner clients report frustration when working with NICE inContact, due to a lack of account management attention or the use of less-skilled customer support staff, particularly for smaller deployments.

Serenova

Serenova, based in Austin, Texas, U.S., is an application specialist. It offers the Serenova CxEngage multitenant CCaaS solution on its own purpose-built platform. Serenova has experience of supporting customers of all sizes, but is particularly experienced at supporting large and very large deployments. It supports its CxEngage service on AWS's global network of data centers across 12 regions. Serenova provides prebuilt integrations with Infor (Infor CRM, formerly Saleslogix), Microsoft (Dynamics), Salesforce, SugarCRM, Zendesk and Zoho. It also supports open APIs for integrating with a variety of third-party systems. It began offering CCaaS in North America in 2000.

Serenova is placed in the Challengers quadrant based in part on its ability to sell into larger contact center environments, and its growing market presence. Consider Serenova for straightforward

onboarding of CCaaS solutions across a wide variety of deployment sizes, including those with more than 1,000 agents.

Strengths

- Serenova's offerings are designed for ease of deployment, even in large and very large environments. Many deployments are completed using only phone support, with no professional services required.

- Serenova provides good call quality by routing calls directly through a telco while removing some of the telco costs associated with call-rerouting topologies.

- Serenova bundles CSP services with its core offering. This enables services to be activated quickly and supports environments that experience significant bursts in call volume.

Cautions

- Serenova lacks the brand recognition of some of its competitors in the North American CCaaS market.

- Serenova relies on technology partners to deliver functionality in areas such as predictive dialing and analytics (although it added its own quality-monitoring solution in 2018). This means that Serenova does not control the development of these important functionalities.

- Despite its focus on large and very large customers, Serenova lacks the global sales and support presence that help some of its competitors meet the needs of North America-based multinational companies.

Talkdesk

Talkdesk, based in San Francisco, California, U.S., is an application specialist. It offers its CCaaS solution on its own purpose-built multitenant platform. It typically supports midsize contact centers, but can scale down or up as required. Services are provided from AWS's U.S.-based data centers, with agents outside the U.S. being supported by regional media servers. Talkdesk supports prebuilt integrations with Microsoft (Dynamics), Salesforce, ServiceNow and Zendesk, as well as 20 additional CRM/help desk applications. It can also use software development kits and open APIs to integrate with other third-party systems. Talkdesk began providing CCaaS services in North America in 2013.

In 3Q18, Talkdesk secured an additional $100 million in funding.

Talkdesk is placed in the Visionaries quadrant based in part on its innovative approach to providing customers with access to expanded functionality through partnerships and its focus on customer service, balanced by its small but growing market presence. Consider Talkdesk for CCaaS when you

strongly desire rapid implementation, and when you want the option to trial and adopt additional preintegrated functionality from third parties.

Strengths

- Talkdesk takes an innovative approach with its AppConnect partner program; partners must agree to offer one-click installation, pay-as-you-go billing and a 30-day free trial. This makes it easy and low-risk for customers to add functionality such as workforce management, speech analytics and business intelligence.

- Talkdesk has a reputation for providing high-touch white-glove service for deployments and ongoing support for clients of various sizes.

- Talkdesk offers tight integration with Salesforce CRM, including single sign-on, single-user management interface, automated workflows, integrated live and historical reporting, multichannel integration and integrated SMS.

Cautions

- Talkdesk lacks the brand recognition of some of its competitors in the North American CCaaS market.

- Talkdesk has limited experience of supporting large and very large contact center environments.

- Talkdesk does not natively support a number of key contact center technologies, including workforce management (provided through a third party) and email and web chat routing. This means that Talkdesk does not control the development of these important technologies.

TTEC

TTEC, based in Englewood, Colorado, U.S., is a system integrator. It offers the Humanify Customer Engagement as a Service platform as a multi-instance CCaaS solution. Humanify Enterprise is based largely on the Cisco Hosted Collaboration Solution for Contact Center technology. In 2018, TTEC began offering Humanify Connect, with an emphasis on small and midsize deployments. TTEC can also provide contact center business process outsourcing services either separately or in conjunction with its CCaaS services. The company offers its services from three U.S.-based data centers, plus communication hubs in data centers in Australia, Singapore and the U.K. TTEC supports prebuilt integrations with Microsoft (Dynamics) and Salesforce. It also uses custom integration tools from Cisco and other technology partners to integrate with a variety of third-party systems. TTEC began offering CCaaS in North America in 2012.

TTEC is placed in the Niche Players quadrant based in part on its strong ties to Cisco technology for its flagship Humanify Enterprise offering, and its limited market presence to date. Consider TTEC if you are looking to access Cisco contact center technology on a CCaaS basis, or if you want CCaaS

tied into broader UCaaS functionality, particularly for midsize, large and very large contact center environments.

Strengths

- TTEC has strong consultative sales and system integration capabilities as a result of its acquisition of eLoyalty, a significant Cisco channel partner.

- TTEC is expanding its channel partnerships with companies such as Allstream, AT&T, IBM, Telstra and Verizon to broaden its market reach.

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

Cautions

- TTEC's ability to grow its CCaaS business is hampered by a lack of awareness of its brand.

- TTEC's Humanify Connect does not yet have a track record of meeting the needs of companies with small or midsize contact centers.

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

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 in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant 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

- Cisco (Broadsoft), Cisco having completed its acquisition of Broadsoft.

- TTEC, which was formerly called TeleTech, under which name it appeared in the previous edition of this Magic Quadrant.

Dropped

- TeleTech, which now appears as TTEC.

- West did not meet the inclusion criteria for this document, which are more demanding than those of the previous edition, based on its installed base of agent seats and its subscription license revenue.

Inclusion and Exclusion Criteria

To meet Gartner's definition of CCaaS and be included in this Magic Quadrant, providers had to fulfill all of the following requirements:

- They must support a minimum installed base of 24,000 enterprise CCaaS agent seats in North American enterprises (not including business process outsourcing/contact center outsourcing customers). Also, a minimum of $24 million in annual subscription license revenue in the region (excluding network/telecom service and professional services revenue).

- They must supply proof of commercial deployments that support more than 300 concurrent CCaaS agents, and demonstrate use of a broad range of the contact center functions and abilities defined in the Market Definition/Description.

- Services may be offered on multitenant platforms (provider operates a single software instance on which all customers are supported) or be multi-instance (the provider uses separate server software instances for each customer, but supports them 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), or routing of nonvoice interactions (including email, web chat, SMS, social media, video or other channels). Also, IVR/voice portal, WEM, call and/or desktop recording and analytics, knowledge management, workflow routing of noninteraction work items, integration with customer tracking (CRM) and other enterprise databases, and real-time and historical tracking and analytics.

Also included as part of the inclusion criteria are hybrid services. These are services in which some applications or components (most notably voice gateways) are operated on customer-owned on-premises equipment, while other applications meet the other criteria described herein. However, only the licenses and revenue that meet Gartner's CCaaS definition are considered as part of this evaluation.

Gartner's definition of 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 run on the customer's premises, but are managed by a third-party service provider.

- Communications platform as a service (cPaaS) contact center offerings with API-based software platforms that require system programming, rather than packaged software applications that simply require configuration of the existing system.

Evaluation Criteria

Ability to Execute

The CCaaS market in North America is maturing rapidly, and this has influenced the criteria weightings given below. We regard all Ability to Execute criteria as important at this stage in the market's evolution.

The criteria are as follows:

- **Product or Service.** The product platform should include 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, WEM and analytics). This should be included in a self-service capability to implement, manage, revise and report on operational performance.

- **Overall Viability.** Currently, few cloud service providers are profitable. They report strong growth in deferred revenue, because of the utility license model, but need to have enough capital to build the infrastructure 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, being an established player is not a major advantage in terms of securing new business.

- **Marketing Execution.** Providers with strong brand awareness tend to be invited to compete for more opportunities than those without strong brand awareness. This helps them win more business. A comprehensive marketing program is important to attract invitations to bid for opportunities.

- **Customer Experience**. Delivering a differentiated customer experience can help suppliers maintain and grow a CCaaS business.

- **Operations.** Customers expect to hand over the management of CCI to a partner that will deliver a service that is as good as, and ideally better than, what they themselves can deliver. Contact

centers provide critical front-office operations, and organizations need strong operations to support their customer service needs in all countries in which they compete.

Table 1: Ability to Execute Evaluation Criteria

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

Source: Gartner (October 2018)

Completeness of Vision

The CCaaS market in North America is maturing rapidly, and vendors will require a strong vision if they are to succeed in the long term. We regard all Completeness of Vision criteria as important at this stage in the market's evolution.

The criteria are as follows:

- **Market Understanding.** Understanding the role that a contact center plays in an organization's customer service strategy — and how it relates to other capabilities — is important for success.

- **Marketing Strategy.** Communicating a differentiated strategy in an emerging market where technologies are largely similar is crucial to win early mind share.

- **Sales Strategy.** Striking the best balance of direct and indirect approaches to the market is important when the cost of sale 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 to how a vendor proposes to use a combination of direct sales and channel distribution to scale the availability of its service.

- **Vertical/Industry Strategy.** A specific focus on 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 opportunities to differentiate services for customers, either through in-house development or collaboration with innovative partners.

- **Geographic Strategy.** The vendor's strategy for growth outside its home market in order to attract a larger audience is key to meeting the contact center needs of global organizations.

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 2018)

Quadrant Descriptions

Leaders

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

Challengers

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

Visionaries

Visionaries have 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 may be quite large, but have decided to focus on a particular market opportunity, a set of solutions or certain vertical markets. Their products and services may still be undergoing product development, or they may rely heavily on partners to complete their service proposition. Niche Players are likely to be either new or relatively recent market entrants, or suppliers that have yet to build a large customer base.

Context

CCaaS is discussed in approximately 50% of the contact center inquiries Gartner has received from end-user enterprise clients in North America during the past year, up from around 40% in the previous couple of years. A review of these inquiries suggests that demand in the CCaaS market shows stratification (based largely on deployment size), as follows:

- **Small deployments (typically five to 20 agents).** These deployments are generally departmental in nature. Customers may look for integration with business applications such as Salesforce Sales Cloud, Salesforce Service Cloud or Microsoft Dynamics. This segment is a strong adopter of CCaaS.

- **Midsize deployments (typically 21 to 300 agents).** These deployments typically have more sophisticated requirements that often include support for multichannel routing and WEM, and the embedding of agent contact-handling functions into a CRM desktop interface.

  These deployments often require some level of customization of the contact-routing schemas in order to accommodate business rules that are unique to their particular environments. Multichannel needs and providers' support for WEM as a single capability fuel the demand for CCaaS in this segment.

- **Large deployments (typically 301 to 1,000 agents).** These deployments are similar to midsize deployments, but require greater levels of customization and, more frequently, multinational

support. Customers at the top end of this stratum are considering CCaaS increasingly often, over a premises-based solution.

We expect to see the breaking point between "midsize" and "large" deployments move up as CCaaS vendors increasingly provide reference customers with higher agent counts.

- **Very large deployments (more than 1,000 agents).** These deployments have deeper requirements for customization and multinational support. Also, as with large deployments in general, there is a psychological hurdle for clients to overcome — that of becoming comfortable with trusting CCaaS providers to support this size of environment effectively.

  Organizations can gain similar economies of scale at this size of contact center by building private cloud-hosted solutions (not included in our definition of CCaaS); also, security concerns favor private-hosted solutions over CCaaS. However, deployment of CCaaS at this level is increasing, as opposed to not being considered at all, with some exceptions demonstrating certain vendor solutions scaling to many thousands of agents.

Although many vendors can support customers with agents in multiple regions, they typically do so for companies whose multinational operations are really extensions of a primary center serving a primary geographic market. An example would be a company with agents in multiple regions in order to provide 24-hour coverage for its main contact center. Companies needing to support significant operations in multiple regions typically make separate region-specific vendor choices.

Note that Gartner is not currently seeing significant differences in demand by vertical market. Architecturally, the elasticity and scale of cloud computing favor organizations that have to manage unplanned contacts. A key area where CCaaS is proving advantageous is the public utilities sector, where it aids communication in the event of service outages.

Market Overview

Because the contact center market in North America is rapidly maturing, we have again increased the minimum annual revenue inclusion criterion for this Magic Quadrant — to $24 million — and the minimum enterprise seat count to 24,000.

During the past 12 months, there has been a further increase in inquiry from clients regarding global deployments of contact center solutions in the cloud, in particular as a CCaaS solution. Although this Magic Quadrant focuses on North American capabilities, the ability to serve more continents has been taken into account in this year's assessment. What we find is that most suppliers have data center infrastructure in the Americas, Europe and Asia, but are not yet fully engaged in actively selling their services internationally.

The evolution of the contact center to form the basis of the "customer experience center" has changed the dynamics of the CCaaS market. Companies evaluate vendors and select them based on their ability to provide support for nonvoice channels (email, web chat, video chat, social and so on) in their customer service environments. Many look to either their CRM vendors or best-of-breed specialists to provide these customer interaction channels. However, voice-based connections make up a significant portion of interactions in contact centers. As such, as companies have evolved their customer support to become more customer-centric across all interaction channels, the benefits of acquiring both their voice and nonvoice channels as a package from a single vendor have become more compelling.

Very few CRM vendors support phone-based assisted customer service. Benefits include the use of a consistent business rule management capability for routing, queuing and escalating interactions across channels; this enables the company to prioritize customer connections across all chosen channels. Obtaining all interaction applications from a single vendor also makes it easier for companies to manage reporting and staffing across channels, rather than having to integrate operational performance data across separate systems. A single contact center application supporting all channels offers better support for familiar tools applied across all interaction-handling scenarios, and the ability to leverage a cloud application ecosystem to build out more customer-centric capabilities.

Customer interaction desktops are a CEC-related subject that has led to a notable increase in client inquiries. A "single view of the customer" through multiple digital channels is something that most organizations recognize would improve the customer experience. However, with multiple touchpoints for customer contact across disparate application platforms, this "single view" is difficult to achieve without significant development effort by the customer service organization. Many CCaaS providers demonstrate customer interaction desktop capability that is designed to augment a CRM capability in order to provide a more immediate solution to the problem of disparate digital channels. This is only the case, however, if the customer service center routes all the digital channels into the CCaaS provider.

AI is currently a hot topic in most industries, and the questionnaire we presented to suppliers who agreed to participate in our research included questions about the maturity of the services that include AI. The concept of AI for contact centers is not new. Conversational speech for customer voice interfaces has been used successfully for some 11 years (see "Market Guide for Virtual Customer Assistants"). AI solutions such as conversational AI or chatbots are still at a reasonably early adoption stage in contact center deployments. However, we see many more examples of automated voice and digital conversations than we did a year ago, and vendors are offering more complete solutions. As a result of this change, we are now considering this technology as a key aspect of CCaaS applications.

Market Drivers and Inhibitors

The drivers and inhibitors of demand in the North American CCaaS market are similar to those seen in other markets that are shifting to "as a service" delivery models.

Drivers

- **Move from capex to opex.** Many companies currently operate older on-premises platforms that require expensive upgrades. Shifting from a capital expenditure (capex) purchase model to an operating expenditure (opex) purchase model can make replacing the system more affordable than performing an upgrade.

- **IT department's focus on core business.** As contact center systems become more feature-rich, they often become more complex to manage. Many corporate IT staff are opting to focus their efforts on managing core infrastructure (Mode 1 services), while looking to outside expertise to support departmental applications (Mode 2 services).

- **License count elasticity.** For contact centers that experience significant seasonality in their staffing requirements, the ability to make monthly adjustments to agent license counts can deliver significant cost savings in some cases.

- **Rapid deployment.** Some enterprises find that they need to start a new contact center at short notice. This may be to support a new business demand, or because they have delayed critical infrastructure upgrades to the point where their current system will not be supported much longer. Deployment times for CCaaS solutions, including environments requiring customization, are typically much shorter than for on-premises deployments or major upgrades.

- **Ability to trial new functionality.** For on-premises deployments, deploying new and unproven functionality (such as new communications channels) on a trial basis is often too expensive and too much work. Contrastively, trialing new capabilities in a CCaaS model is frequently quicker and less expensive; also, because licenses are committed to for only short periods, the cost of a "fast fail" deployment can be significantly reduced.

- **Support for discrete contact center operations.** Some enterprises need to support discrete operations, such as a small help desk or collections team whose operations and technology requirements differ from those of the larger core customer service operations. CCaaS can be a more low-cost, low-effort way to support smaller and more independent contact center operations within a larger environment.

Inhibitors

- **Total cost of ownership (TCO).** Some contact center decision makers presume that although the initial acquisition costs of CCaaS solutions will be lower than for on-premises solutions, in the long term CCaaS solutions will prove more expensive as the monthly recurring charges add up. Although true in some situations, this will not always be the case — such as in environments with

significant seasonal staffing requirements, or where IT head count can be significantly reduced by shifting responsibilities to the CCaaS provider's staff.

- **Customization**. Some contact center decision makers believe that CCaaS offerings are inherently standardized and cannot be customized to the extent implemented in the on-premises systems they typically replace. The ability to customize CCaaS functionality in order to meet a specific enterprise's needs varies by provider, with some able to provide highly customized solutions.

- **Scalability.** Some contact center decision makers may presume that CCaaS solutions cannot scale to meet the demands of large contact centers, but we are now seeing CCaaS deployments that support several thousand agents.

- **Security.** Some contact center decision makers presume that CCaaS providers cannot support the stringent levels of security required for the handling of sensitive customer data. However, Gartner often finds that CCaaS providers support more rigorous security practices than enterprise IT organizations.

- **Operational disruption**. Enterprises can often minimize any disruption to their operations by upgrading existing on-premises systems, rather than replacing them with other vendors' systems (whether on-premises or CCaaS-based). In large deployments, this can be a compelling argument for staying with an existing vendor. However, this benefit must be evaluated in the context of other drivers and inhibitors, because this approach may impede a contact center's ability to adapt to changing customer and enterprise requirements in the long term. In some cases, an enterprise can minimize disruption by staying with its existing vendor but moving from its on-premises solution to its CCaaS solution.

Acronym Key and Glossary Terms

ACD	automatic call distribution
AI	artificial intelligence
AWS	Amazon Web Services
CCaaS	contact center as a service
CCI	contact center infrastructure
CEC	customer engagement center

CSP	communications service provider
IVR	interactive voice response
SMS	Short Message Service
UCaaS	unified communications as a service
WEM	workforce engagement management

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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