Magic Quadrant for Communications Platform as a Service

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CPaaS providers offer cloud-based platforms for developers and other business roles to build communication workflows that digitally operationalize customer engagement and experiences via APIs, SDKs, visual builders and AI. CIOs can use this Magic Quadrant to evaluate providers.

Strategic Planning Assumptions

By 2028, 90% of global enterprises will leverage communications platform as a service (CPaaS) to operationalize CX and engagement, up from 50% in 2023.

By 2028, 80% of enterprises using CPaaS for operationalizing experiences for customer experience (CX) will use generative AI (GenAI)-based conversational AI capabilities, up from 20% today.

Market Definition/Description

This document was revised on 1 July 2024. The document you are viewing is the corrected version. For more information, see the **Corrections** *page on gartner.com.*

Gartner defines communications platform as a service (CPaaS) as a cloud-based platform used by developers, the IT team and other nontechnical business roles to build an array of communications-related capabilities using APIs, SDKs, documentation and no-code/low-code visual builders. The CPaaS tools facilitate access to multiple communications channels

spanning voice, SMS, email, messaging apps, video and conversational capabilities, along with security.

The purpose of CPaaS is to enable enterprises to improve communications workflows by providing simplified access to multiple communications capabilities.

CPaaS enables enterprises to shorten time to market for new products and services, personalize communications, and orchestrate customer journeys across multiple channels. It delivers digital engagement and operationalizes customer experience, while also driving business efficiencies at scale with digital service delivery. It's modular/composable in design and can expand from initial single-use cases to many others as additional business units learn of its value.

CPaaS enables a multitude of use cases such as:

- Basic communications

- Conversational customer experience

- Global enterprise support

- Vertical and horizontal use cases such as campaign management, telemedicine, CDP, contact centers, remote learning, e-commerce and field services

CPaaS capabilities can also be consumed in a wholesale model, powering third-party cloud vendor offerings such as contact center, CRM, multichannel marketing and ERP. There are also wholesale use cases in which CPaaS providers wholesale to each other and telcos.

Mandatory Features

Mandatory features include:

- A standard set of core CPaaS communications APIs for:

  - Voice calls

  - SMS

  - Local and global direct inward dialing (DID)

  - Identity confirmation such as two-factor authentication (2FA)/multifactor authentication (MFA) and flash calling

- Rich communication messaging medium for **at least one other rich communication** such as Apple Messages for Business, RCS, Google Business Messages, MMS, WhatsApp or WeChat

  - Email

- Customer service and support for CPaaS capabilities, including customer onboarding, technical support and usage dashboards

Optional Capabilities

Optional or more advanced CPaaS capabilities (of which a vendor may not have all) include:

- Messaging channel APIs, such as in-app/in-website messages and push notifications, Microsoft Teams LINE, Viber, Telegram, Instagram, Twitter DM, Discord or Snapchat, which can be provided with an omnichannel and orchestrated capability that may leverage AI (including GenAI)

- Conversational bots

- Advanced voice APIs for services such as emergency/E911 communications, contact center, audio conferencing, call queuing, IVR, music on hold, speech to text, NLP, call recording, sentiment analysis and branded calling, along with optional basic voice services such as click to call, WebRTC and calls from within apps

- Video, including programmable video APIs, such as video streaming, in-app video service and video know your customer (KYC)

- Advanced security and privacy, through voice-facial-finger biometrics, call risk scoring, SIM verification, silent mobile verification, call/delivery analytics, call tracking, dynamic route capabilities, anti-phishing and anti-spam, phone number anonymization/number masking, and KYC

- Programmable wireless, including e-SIMs, IoT-packaged solutions and 5G-enabled programmable network and communications APIs

- Network APIs, including one or more from those defined by GSMA's Open Gateway Initiative

- Other APIs for payments, CDP, CRM, AI and foundational/LLM models on the above-mentioned channels

- Advanced support through vendor marketplace, partner marketplace, visual builder, customer success programs, compliances (vertical/horizontal), developer activities (such as events, certifications, blogs) and support for horizontal (such as campaign management) or vertical use-case scenarios (such as banking, healthcare, logistics, retail)

Magic Quadrant

Figure 1: Magic Quadrant for Communications Platform as a Service

Source: Gartner (June 2024)

Vendor Strengths and Cautions

Bandwidth

Bandwidth is a Challenger in this Magic Quadrant. It is publicly held and headquartered in the U.S. Bandwidth's CPaaS strength lies in its global voice and messaging network. Its infrastructure supports many leading UCaaS and CCaaS vendors, and text messaging platforms. It believes that owning its infrastructure provides it with a competitive advantage in quality, customer support, performance, resiliency and cost. In client inquiries, customers cite Bandwidth's expertise in voice and messaging regulatory policies. The company is continuing to build its footprint after its 2020 acquisition of Voxbone. Bandwidth is investing heavily in its Maestro platform that connects its network with third-party partners in UCaaS, CCaaS and CAI.

Strengths

- Bandwidth is well-regarded for its open, vendor-agnostic integration platform. Leading UCaaS/CCaaS vendors and messaging platforms utilize the company's advanced capabilities.

- The Maestro platform has a drag-and-drop tool that enables enterprises and ISVs to orchestrate complex call flows and integrate UCaaS, CCaaS and conversational AI capabilities.

- Bandwidth is starting to make inroads into the enterprise sector as it delivers on network resiliency, SMS/MMS, Maestro and AI.

Cautions

- Bandwidth's offering is highly skewed to voice (including network resiliency, LNP, E911 and SIP trunks) and messaging. The company is lacking in some advanced capabilities such as video and payments, as well as solutions such as e-commerce and campaign marketing.

- Bandwidth was slow to integrate its Voxbone infrastructure. Many of the advanced capabilities only became available in a unified global platform and API at the end of 2023.

- Bandwidth's brand recognition in the enterprise sector is relatively low. Many enterprises subscribing to UCaaS/CCaaS are not aware of Bandwidth's underlying support for their provider.

Cisco

Cisco is a Visionary in this Magic Quadrant. It is a publicly held company and headquartered in the U.S. The Cisco CPaaS brand is Webex Connect, part of Cisco's Webex Collaboration portfolio. The go-to market strategy centers on helping enterprises improve operational efficiency by building automated communications workflows via digital channels like SMS, WhatsApp, RCS and ABM. This approach leverages a co-creation model, where Cisco, the customer and partners work together to build a customized solution. Cisco also offers a self-serve option. Cisco's CPaaS Webex Connect value proposition continues to be enhanced by connecting with other Cisco products like DuO, Meraki, and Webex Contact Center, along with an extensive base of third-party CRM, marketing, ERP, and payment vendors.

Strengths

- The visual flow builder allows nondevelopers to leverage communications channels to improve operational efficiency, facilitated by deep connectivity to many cloud apps.

- Cisco is pursuing a vertical strategy to connect with leading vertical applications such as in healthcare, finance and retail, which enables customers in those verticals to prepare and begin/launch operations more quickly.

- Gartner has noticed an uptick in customer inquiry regarding Cisco CPaaS. This is usually from larger enterprises where Cisco has an existing IT relationship.

Cautions

- Webex Connect adoption lacks global presence and is skewed to North America and the U.K. Cisco has not yet built up dedicated Webex Connect resources outside core markets, but is leveraging local Cisco/Webex resources and partners in markets such as APAC and Latin America (LATAM).

- The Webex Connect CPaaS GTM strategy is focused on large enterprises and is not tuned to developers, which constricts its total addressable market. For example, Cisco hosts limited developer events and is just starting to offer certifications for Webex Connect via partners.

- Webex Connect is market competitive, but it is underperforming because Cisco fails to maximize its assets relative to brand financial health, global coverage and partner ecosystem.

Infobip

Infobip is a Leader in this Magic Quadrant. The U.K.- and Croatia-based and privately held global company delivers a rich base of CPaaS capabilities, including voice, SMS, MMS, RCS, email, and multiple OTT channels; along with marketing engagement, chatbot, and CC solutions. It provides a developer marketplace and a partner program for CSPs, VARs, SIs and ISVs. Infobip's footprint covers EMEA, APAC (including India), North America and LATAM, with local delivery, sales and support.

Infobip continues to invest in automation via its AI Hub and uses AI across its CPaaS stack. It is also investing in Experiences for horizontal- and vertical-specific use cases. It continues to extend its partner and developer ecosystem, network APIs, self-serve capabilities and advanced security features.

Strengths

- Infobip's solution-oriented GTM leverages its own and partners' professional services, which allows it to bring CPaaS to customers daunted by more developer-focused initiatives.

- CPaaS X is used by large organizations for an enhanced CPaaS experience by facilitating, onboarding and compliance, complete with sending and provisioning strategies for reduced integration efforts.

- In Gartner Peer Insights, customers cite Infobip's global reach (with 43 data centers) as a key strength, along with its flexibility, reputation and responsive support.

Cautions

- Infobip's pricing is not always transparent; via Gartner client inquiry, some customers have shared their perception that it is relatively higher than other vendors.

- Infobip's brand awareness in North America continues to be lower than in EMEA and APAC, despite acquisitions of Peerless Network and OpenMarket, but is growing.

- Some customers spearheading innovation report some features need "polishing" before being ready to go live to market.

Mitto

Mitto is a Niche Player in this Magic Quadrant. Switzerland-based and privately held, its CPaaS provides communications (SMS, voice, WhatsApp, Viber, and other OTT messaging

and email) along with 2FA, 10DLC, mobile intelligence, AI-based global routing, and artificially inflated traffic (AIT) detection for SMB to large enterprises and wholesale customers. Mitto supports the U.S., EMEA, APAC and LATAM. Its Campaigns and Conversations APIs can be built or allow for low-code/templated format for transactional use cases, marketing and conversational experiences. Mitto supports CRM and ERP integrations, too.

Mitto has invested in developer resources, routing optimization, telco expertise (with more than 800 direct carrier connections), online presence, sales support and partner integrations as conduits for growth.

Strengths

- Large enterprises, multinational corporations, tech vendors and service providers that require volume with global demand for SMS, 2FA and voice are attracted to Mitto's value proposition.

- Mitto differentiates through its proprietary and proactively monitored AI-enabled network routing, which prioritizes routes for real-time reliability and criticality, along with its capabilities to protect and prevent AIT via algorithms.

- Mitto has dedicated sales, support, architect and customer success teams delivering customized capabilities in the regions it serves, notably in the U.S., EMEA and APAC.

Cautions

- Mitto's visibility is low as identified with Gartner's Customer Interest Indicator (CII), where investment in resources for marketing remains the same as in 2022.

- Mitto has been slower than peers to respond to changing demands for advanced features, like CDPs or contact centers.

- Mitto's operations in some hard-to-reach/emerging countries have revealed that SMS delivery rates in a couple of geographies need improvement according to a customer reference, but Mitto uses its dynamic routing capability to detect these and provide alternative routes.

Route Mobile

Route Mobile is a Niche Player in this Magic Quadrant. India-based and publicly held, it provides SMS, voice and omnichannel support across several OTT messaging apps. Route

Mobile offers OCEAN — an omni-channel communication platform; Roubot — an AI botbuilder; SendClean — for email marketing and APIs; and TruSense — a digital identity product for number scoring and verification. It also provides MNO A2P monetization, analytics and an SMS firewall to detect, analyze and protect from threats.

Route Mobile is primarily focused on the Indian subcontinent, Southeast Asia, the Middle East, Africa and Latin America (notably in Columbia and Peru). Route Mobile plans on monetizing an interactive RCS offering and a white-labeling approach to address SMBs.

Proximus Group recently closed its acquisition of Route Mobile on 8 May 2024, during the process of the research period. Route Mobile had met the inclusion criteria for this MQ, and the completion of the acquisition occurred after the research cutoff date. Route Mobile is now part of Proximus Group's international strategy to become a new leader in digital communications and digital identity benefiting from synergy with Telesign and Proximus. The combined forces of Route Mobile and Telesign will help position the business globally. Gartner will provide additional insight and research to clients as more detail becomes available.

Strengths

- Route Mobile has a strong focus on offering a consolidated platform for insights, conversations and engagements in a simplified view, mainly for large enterprises, from a brand and customer management perspective.

- Route Mobile continues to offer strong capabilities in the Indian subcontinent, and is one of the few CPaaS vendors supporting African countries. It typically has direct sales/support and uses business processes to meet the specific needs of large enterprises that may require custom-made solutions.

- Route Mobile's TruSense digital identity suite provides phone number scoring and verification. It maintains data residency jurisdictions and adheres to regulations where data processing agreements are required with each customer and partner.

Cautions

- Route Mobile has limited support in North America and Europe, but its roadmap and marketing strategy indicates its heavy focus on the Indian subcontinent, Southeast Asia, the Middle East, Africa and Latin America rather than other markets.

- AI strategy and product roadmap are challenges for Route Mobile. It covers mostly basic use cases but misses the detailed vertical/horizontal use cases around GenAI. It does, however, allow third-party platforms to integrate if required.

- Channel support is still limited and does not support Microsoft Teams, LINE, WeChat, MMS and TikTok. Its security capabilities have improved from last year but are still restricted compared with others, and it doesn't yet offer SIP security, Fast Identity Online (FIDO) or biometrics.

Sinch

Sinch is a Leader in this Magic Quadrant. Publicly held and based in Sweden, its CPaaS suite goes well beyond the basics; its worldwide voice and SMS delivery Super Network is impressive and backed with strong SLAs. This suite also includes a wide array of OTT messaging, advanced email messaging capabilities, APIs to upgrade existing SMS-based messages to richer channels, Chatlayer AI chatbot/voicebot capability, the Engage conversational platform, and more than 500 platform integrations, including major CRM vendors. While its roughly 4,300 employees serve customers directly in all major regions, it also supports an array of development partners to build full customer solutions. Of late, Sinch has completed integrating its many recent acquisitions into one coherent organization.

Strengths

- The breadth of Sinch's CPaaS channel coverage, including emerging channels like RCS/RBM, highly regional channels like WeChat and Kakao, and more advanced channels such as video, is rivaled by few other vendors.

- It possesses a geographic and GTM model spread, with both a large array of direct offices and a variety of partner types across individual countries in all major regions, that allows it to meet customers around the world on the terms that they require.

- Sinch's array of partnerships, with a variety of ISVs of different types and sizes, reduces the development burden for potential customers seeking to integrate communications into existing systems.

Cautions

- The combination of high debt levels, an illiquid current ratio, and earnings that are just into the black may raise concerns about Sinch's ability to invest in future product

innovations.

- Effort needed for Sinch to integrate its recent acquisitions appears to have been redirected from innovation, with its introduction of new functionality falling behind some competitors. Sinch has a new unified organization in place and expects to increase its pace of innovation in 2024.

- Sinch's offerings around advanced network APIs (such as SIM swap detection and device location), and payment taking lag the general market.

Tanla

Based in India and publicly held, Tanla is a Visionary in this Magic Quadrant. It has a significant customer base in APAC (notably India and Southeast Asia) and a growing base in EMEA, and serves U.S. customers via partners. In 2023, Tanla acquired ValueFirst from Twilio, adding presence in Saudi Arabia and Indonesia. Tanla serves enterprises, the public sector, ISVs, and telcos, and provides an extensive set of capabilities, including basic and advanced messaging, voice, conversational commerce, marketing automation, integrations, chatbots, vertical and horizontal solutions, and messaging infrastructure products, including gateways and firewalls. Tanla plans to continue investing in digital safety and compliance solutions, AI, generative AI, and verticalized solutions in the coming year.

Strengths

- Tanla offers an extensive set of anti-spam, anti-scam, and compliance products, including Wisely ATP (AI/ML-based anti-phishing), Trubloq (blockchain-based spam control) and Wisely Consent (consent management), to provide safe and secure communications for customers.

- Tanla integrates seamlessly with RCS Business Messaging, TrueCaller business messaging and WhatsApp to streamline omnichannel communications to enhance user experience and facilitate meaningful interactions.

- Tanla's customers give it high praise for its product agility, user friendly interface, and privacy and security features.

Cautions

- While Tanla continues to expand directly in EMEA and in North America via partners, its geographic distribution of revenue, direct support and operations is largely in APAC and growing in MEA.

- In Peer Insights reviews, a limited few customers reported that they would like Tanla to address delays in customer support.

- While Tanla has been expanding its set of SI and professional service partners, it lags behind some of its peers and needs to further scale its partnerships to provide customers more choice and flexibility.

Tata Communications

Tata Communications, an India-based telecom operator and publicly traded, is a Niche Player in this Magic Quadrant. It completed the acquisition of Italian CPaaS provider Kaleyra in October 2023. Via the acquisition, Tata now offers a wide range of CPaaS services, including SMS, WhatsApp, RCS, voice, chatbots, omnichannel customer engagement platform, video and 10DLC to industries (e.g., financial services, healthcare, media). It also offers InstaCC as a contact center, DIGO as an independent platform, and other network offerings, including 5G, IoT and phone numbers. Tata Communications continues to focus on expanding geographical coverage and providing consolidation of the company's strengths to offer a platform for CPaaS, CCaaS and conversational AI with the acquisition.

Strengths

- Tata Communications' acquisition of Kaleyra has expanded Tata Communications CPaaS capabilities by adding 10DLC registration for APAC-based customers that have U.S. activities, and it has launched WhatsApp campaigns in the U.S., EMEA and APAC.

- The acquisition of Kaleyra has added new points of presence and broader geographical support in the U.S., Latin America, and the EMEA region.

- Tata Communications has a strong outlook for security features, voice services and network APIs derived from its operator experience. It also has a strong ecosystem to integrate with third-party CRM and ERP solutions.

Cautions

- Tata Communications' channel strategy does not yet support the wider array of channels that some peers have, such as Apple Messages for Business, Facebook Messenger, WeChat, Telegram, Viber, LINE, and others.

- As a CPaaS provider, it does not have a strong developer focus or ecosystem, nor IDEs to offer.

- According to Gartner's Peer Insights, some customers referenced slow service and support, and high pricing compared to peers.

Tencent Cloud

Tencent Cloud is a Challenger in this Magic Quadrant. The China-based publicly traded cloud provider is also active in infrastructure as a service, platform as a service, SaaS, gaming, digital content and meetings. Tencent also owns WeChat and WeCom. Tencent Cloud's CPaaS platform provides a wide base of services, from SMS and SIP trunks, to advanced capabilities like 5G, IoT and biometric security. It also offers a one-stop shop for audio and video services, which is a big part of its CPaaS business. Tencent Cloud continues to promote RTC and chat for gaming and entertainment, integration of CPaaS capabilities and digital transformation, user-experience-driven UI innovations, and AI strategies for future growth.

Strengths

- Tencent Cloud has prominent audio and video capabilities that can scale to support applications in gaming, meetings, education and social media to serve millions of customers, even in high packet loss conditions.

- It continues to have a strong focus on AI/GenAI use cases primarily designed for the gaming, e-commerce and entertainment industries, along with traditional virtual assistants for contact centers.

- Tencent Cloud has a strong vertical strategy with customer data platform, contact center, telemedicine and e-commerce capabilities uniquely aligned for the healthcare, entertainment and education segments.

Cautions

- Tencent Cloud has expanded its geographic footprint but has a limited presence outside the APAC region.

- In Gartner Peer Insights reviews, customers cited some technical issues around integration with third-party tools, requiring deeper assessments before investment.

- Channel support is limited and does not offer Facebook Messenger, Instagram, LINE, Teams or TikTok, but this is primarily due to the regions it serves.

Twilio

Twilio, a U.S.-based publicly traded company, is a Leader in this Magic Quadrant. It offers a wide range of capabilities, such as omnichannel communications, personalized interactions, and customer experience solutions for enterprises and ISV/VARs. With a majority of its customers in North America and EMEA, Twilio operates globally, and provides extensive scalability, regulatory compliance, and security capabilities. In 2023, Twilio further expanded its anti-fraud capabilities and enhanced its Programmable Voice offering with generative AI and predictive AI. It also launched Unified Profiles and Agent Copilot, which provide customers a natively integrated CDP entitlement to unify data and drive personalization, predictive analytics, and AI workflows, without a full CDP deployment.

Strengths

- Twilio is well-aligned for large enterprise and multinational messaging and voice applications where scalability and global coverage are required, given its extensive carrier network and highly scalable platform.

- Twilio focuses on the overall developer experience, delivering a rich developer ecosystem and support, including APIs, SDKs, documentation, training programs, code samples, tutorials, developer events, blogs and a developer evangelism team.

- Twilio combines its predictive and generative AI capabilities with real-time first-party data in its Segment CDP to deliver capabilities such as improved targeting, campaign accuracy and better business outcomes.

Cautions

- In 2023, Twilio announced that it is sunsetting its programmable video API. While Twilio will continue to support existing customers of the product until December 2026, it is encouraging customers to migrate to Zoom's API.

- Twilio's customer support can be inconsistent, according to Peer Insights reviews, with some customers reporting slow response times and turnover of support teams as issues.

- Twilio has above-average turnover in its executive ranks, but is addressing this with strategic new C-suite hires.

Vonage

Vonage, a Leader in this Magic Quadrant, is a U.S.-based subsidiary of Ericsson, a publicly traded company. Its Vonage Communications Platform (VCP) offers a wide range of capabilities, including messaging, voice, video, email, and security, serving global enterprises and ISVs/VARs. Vonage embeds AI throughout VCP and enables third-party AI integration. In 2023, it incorporated generative AI into its platform, including in its conversational commerce platform and contact center functionality. Vonage also launched Network APIs for CSPs and plans to further invest in AI and anti-fraud capabilities and expand its work with CSPs on network APIs.

Strengths

- Vonage has a strong vertical focus on industries such as finance, education, retail, healthcare, and government, demonstrated not only through its verticalization of products and services for various industries, but also its vertical sales focus, including partner teams, industry-specific product specialists and designated support engineers.

- Vonage emphasizes innovation, as exemplified by such initiatives as adding AI across its platform, growing its Network API offerings, and its continued focus on improving its anti-fraud capabilities and security.

- Vonage provides strong customer support with regional technical support teams that are staffed with product generalists, specialists and support engineers.

Cautions

- While Vonage's revenue growth in 2023 was faster than some peers, its parent company, Ericsson, has seen both revenue decline and unprofitable quarters, and is now being managed for profitability, which may negatively impact Vonage's growth prospects.

- With its increased focus on developer-led go-to-market, Vonage should further expand efforts to attract more developers and accelerate product-led growth to catch up with some of its peers.

- While Vonage does provide integrations with several CRM, CCaaS and ERP solutions, it lags behind some of its peers vis-a-vis the number of integrations, especially with CCaaS systems.

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

- Tata Communications

Dropped

- Alibaba Cloud — This vendor lacks sufficient business outside of APAC to fulfill the global requirements for inclusion.

- LINK Mobility — The recent divestiture of U.S. operations results in LINK Mobility not fulfilling the global requirements for inclusion.

- MessageBird — This vendor was dropped as a result of the directional change in its business model to be a "next-generation CRM for marketing, sales and payments" company and the inability to obtain sufficient information for CPaaS rigorous assessment.

Inclusion and Exclusion Criteria

To qualify for inclusion in this Magic Quadrant, providers need to fulfill all of the following requirements:

- Vendor CPaaS revenue to be $370 million or more for 2023 (January to December) with at least $10 million in revenue billed in at least three of the following four regions:

  - North America

  - Latin America

  - Europe, the Middle East and Africa

  - Asia/Pacific (including Japan)

- Vendor revenue figures must be reported in U.S. constant currency.

- Vendor revenue is for CPaaS services designed for developer consumption. This includes communications-related services delivered through APIs, SDKs, IDEs and documentation. CPaaS revenue excludes revenue from out-of-the-box SaaS-based solutions, which tend to be for nondeveloper roles and do not enable developer access.

- Revenue for a particular global region is allocated to where the CPaaS contract is signed.

- Vendors must have employee personnel (sales, marketing, customer support and R&D), along with proof of operations in the regions in which they cite revenue (e.g., North America, Latin America, Europe, the Middle East, Africa and Asia/Pacific [including Japan]). Proof of operations can include physical buildings cited on the website, local language support, support of local currencies and billing, or website references to customers in that particular market.

- CPaaS vendors must offer the core CPaaS capabilities of APIs for:

  - SMS (to send and receive SMS messages)

  - Voice calls (to place and receive voice calls)

  - Local and global DIDs (to route voice calls via DID)

  - Phone number registration for above-mentioned core capabilities

  - Identity confirmation via methods such as 2FA/MFA or flash calling

- CPaaS vendors must offer at least one other rich communication messaging medium. For example, Apple Messages for Business, RCS, Google Business Messages, MMS, WhatsApp or WeChat, along with email.

- CPaaS vendors must also provide customer service and support for the above-mentioned core CPaaS capabilities, including customer onboarding, technical support and usage dashboards.

Gartner required a letter of attestation from the business leader responsible for the profit or loss of the provider's CPaaS offering to certify that the minimum revenue requirement was met.

A broader mix of CPaaS services in addition to the core above-mentioned capabilities are considered as "optional" capabilities. These include functionality such as:

- APIs for a wider array of messaging channels beyond those mentioned above. This can include messaging channels such as in-app/in-website messages and push notifications, Microsoft Teams, LINE, Viber, Telegram, Instagram, Twitter DM, Discord or SnapChat. These can be provided with an omnichannel and orchestrated capability that may leverage AI (including GenAI). Note: Gartner is aware that vendors may not have all rich messaging channels listed here, but as a core standard, they will need to provide at least one for inclusion.

- Conversational bots.

- Advanced voice — APIs for services such as emergency/E911 communications, contact center, audio conferencing, call queuing, IVR, music on hold, speech to text, NLP, call recording, sentiment analysis and branded calling, along with optional basic voice services such as click-to-call, webRTC and calls from within apps.

- Video — which includes programmable video APIs such as video streaming, in-app video service and video KYC.

- Advanced security and privacy — voice-facial-finger biometrics, call risk scoring, SIM verification, silent mobile verification, call/delivery analytics, call tracking, dynamic route capabilities, anti-phishing and anti-spam, phone number anonymization/number masking and KYC.

- Programmable wireless — E-SIMs and IoT packaged solutions, and 5G-enabled programmable network and communications APIs.

- Network APIs — one or more APIs from those defined by GSMA's Open Gateway initiative.

- Other — APIs for payments, CDP, CRM, AI and foundational/LLM models on the above-mentioned channels.

- Advanced support — vendor marketplace, partner marketplace, visual builder, customer success programs, compliances (vertical/horizontal), developer activities (such as events, certifications, blogs), and support for horizontal- (such as campaign management) or vertical-use-case scenarios (such as banking, healthcare, logistics, retail).

CPaaS vendors that have a wider base of services extending into the optional CPaaS categories will have a richer product portfolio. These related optional capabilities listed above will improve the value of the CPaaS solution to customers and are included in Gartner's ratings.

Inclusion in the CPaaS Magic Quadrant and our CPaaS definition does not extend to vendors whose offerings are predominantly focused on a specific CPaaS service, such as video or IoT. Our CPaaS definition does not extend to out-of-the-box software providers in such areas as UCaaS, CCaaS, and CRM, even if they provide APIs to manage those offerings.

Evaluation Criteria

Ability to Execute

Gartner evaluates providers on the quality and efficacy of the processes, systems, methods or procedures that enable IT provider performance to be competitive, efficient and effective, and to positively impact revenue, retention and reputation within Gartner's view of the market. Ability to Execute is judged by seven main criteria.

Table 1: Ability to Execute Evaluation Criteria

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

Source: Gartner (June 2024)

Completeness of Vision

Gartner evaluates service providers on their ability to articulate logical statements convincingly about the market's current and future direction, innovations, customer needs, and competitive forces, and on how well these correspond to Gartner's position. Ultimately, we rate providers on their understanding of how they can exploit market forces and how well they map to Gartner's view of the market.

Table 2: Completeness of Vision Evaluation Criteria

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

Source: Gartner (June 2024)

Quadrant Descriptions

Leaders

Leaders are in the strongest position to influence the market's direction. They demonstrate a market-defining vision of how CPaaS can be deployed in various use cases. Leaders have the Ability to Execute against that vision through the capabilities of their organization, business model and platform. They have demonstrated business results in the form of customer feedback and growth. They excel in their combination of market understanding, innovation, platform features and overall viability.

Challengers

Challengers have established presence, credibility and viability, and have demonstrated the ability to meet customers' expectations. Challengers often have good technology capabilities, but may lack coverage in selected technology areas, have limited geographic coverage, or not support a broad set of use cases.

Visionaries

Visionaries can deliver innovative capabilities and sophisticated CPaaS experiences, such as vertical-industry-specific use cases or e-commerce services. These vendors embody trends that are shaping the CPaaS market. They may have limitations in terms of brand awareness, ability to support large customers or market sizing compared to their counterparts. Visionaries have strong innovation and roadmaps.

Niche Players

Niche Players may offer selected CPaaS capabilities compelling to certain users, but their solution may have limitations in such areas as:

- Proven financial success

- Breadth of features and functions

- Brand awareness

- Presence to deliver across multiple geographies

- Strong business execution in the market

- Ability to support large-enterprise requirements

Context

This Magic Quadrant evaluates vendors that meet Gartner's inclusion criteria for CPaaS. CIOs seeking to drive digital transformation should use this research as part of their market evaluation. They should align their strategy with that of their application leaders and business unit teams to identify potential CPaaS use cases to drive operational efficiency across the organization. Although many vendors did not qualify for this research, they may be perfectly suited for specific use cases. In addition to vendors in this report, evaluate:

- **Regionally dominant vendors —** Gartner analysts see different shortlists in each country. A regionally strong vendor can be a good choice because it understands the local nuances, culture, language, or relevant and regulatory compliances.

- **Domain specialists —** Some buyers may have specialized needs in a particular area, such as video, IoT, payment and event ticketing, or chat commerce capabilities.

- **Industry-specific —** Vendors may have a deep focus and expertise, and compliance support for a specific vertical industry, such as healthcare, finance, or retail.

- **Vendors delivering wholesale/white-glove CPaaS support —** Select CPaaS vendors can assist other tech vendors in building, branding and promoting a CPaaS solution based on internal and white-labeled functionality.

- **Megavendors of large software suites —** Hyperscalers such as Microsoft and Amazon can provide selected CPaaS elements that fit the needs of a particular customer. Often the buyer leverages existing relationships with prenegotiated price points.

Selecting the best-fit CPaaS vendor for your organization should factor in a number of variables. But the core three filters are:

- **Capabilities —** The CPaaS market covers many different capabilities, spanning voice, messaging, security, solutions, and video, among others. Some vendors may specialize in particular areas like voice or video. Others will offer a broader suite of capabilities. Enterprises should therefore pursue CPaaS vendors fulfilling their requirements.

- **Geography served —** CPaaS providers are typically strong in their home region. But they may or may not support other regions. Look for vendors that can support you through local operations and staffing, in addition to the strength of their partnerships (VARs, SI

and delivery partners). Preferably, they can bill in your preferred currency and have local language support in each region.

- **Compliances, localization and regulatory support —** Buyers increasingly require CPaaS providers to store their data locally, adhere to security regulations and fulfill regulatory requirements. This typically varies by region, vertical and use case.

The second set of filters tend to focus on:

- **Price —** This includes pricing based on API usage, traffic, setup and development costs, and pricing for any additional or customized support needs.

- **Platform scalability and performance —** Metrics such as platform availability, message latency and ability to handle projected traffic volumes are important.

- **Developer environment —** This includes APIs, SDKs, documentation, developer sandbox visual builders and certifications.

- **Professional service support —** Some customers prefer assistance in building their CPaaS offerings, while others use their internal staff.

Market Overview

During 2023, the market for CPaaS slowed to a moderate growth rate of 9.8% in constant currency to reach $12.2 billion in current USD as a result of economic volatility. Into 2024, vendors are focusing on profitability along with investment into CPaaS services that deliver greater value and higher ROIs. Investments include additional omnichannel capabilities (including whole experience orchestration via a CXaaS offering), e-commerce, security enhancements, vertical and horizontal solutions, and AI (including GenAI) to enhance capabilities across the stack.

CPaaS vendors also extended their developer tools, expanded partner capabilities, and enhanced user interfaces and integration to ensure better experiences in deploying and implementing. Furthermore, some vendors are working within ecosystems to extend their developer toolsets into network APIs to engage with telcos.

There have been some divestitures, such as in IoT and in video. Further consolidation is possible; however, M&A activity slowed compared with previous years, with the exception of smaller regional acquisitions in APAC and MEA to extend technical capabilities and footprint.

In 1Q23, CPaaS vendors began planning how to adapt to the emergence of generative AI and large language models. It appears that most CPaaS vendors are taking a partner approach, where they connect their CPaaS toolkit with leading generative AI vendors like Microsoft, Google and Amazon, combined with their own intellectual property. Gartner believes that the huge funding commitments to build and maintain generative AI mean that most CPaaS providers' only realistic option is to partner.

New methods of engagement have become more ingrained in enterprises. Enterprises realize the need to operationalize engagement with their internal stakeholders and external customers, digitally. While foundational SMS and voice retain their dominance in the communications channels used for CPaaS, enterprises are also focused on extending their communications capabilities to deliver personalized and contextual experiences. WhatsApp continues to expand, along with other rich messaging formats. RCS and, to a lesser extent, Apple Messages for Business are being taken more seriously given Apple's announcement that it will allow RCS interoperability on iOS devices. Conversational bots (voice, chat and AI) are becoming increasingly prevalent as developers use them to build new applications or integrate and future-proof existing business systems (in modular form).

CPaaS vendors have expanded their developer toolsets and enhanced their developer relations to extend into CCaaS, CDP, conversational artificial intelligence (CAI) and ERP. Low-code/no-code visual builders are also increasingly available, along with templated solutions and solutions-in-a-box to deliver complex cases with simplified agility to get up and running quickly. CPaaS vendors have also been expanding their horizontal (e.g., campaign management) and vertical (e.g., healthcare, e-commerce, banking and insurance) use cases. Many vendors also provide the underlying messaging capability for some of the world's leading tech companies (e.g., Salesforce), along with driving relevant white-labeled or "powered by" solutions for other leading companies. Uber's technology, for example, has largely relied on CPaaS.

Partnerships at channel/agent, delivery and integration levels deepened as CPaaS shifted from delivering simple use cases to more complex use cases in different areas of the enterprise (e.g., from marketing to customer services or HR applications). CPaaS also assists enterprises in giving personalized and contextualized service to end customers.

Pricing for basic SMS has increased in many markets due to carriers raising their fees and is typically charged on a volume basis. In some cases, this has driven CPaaS vendors to shift from fixed pricing over the length of a contract to "carrier plus" pricing that passes through

underlying cost changes. Pricing has become increasingly complicated as additional elements have been added in, such as voice bots and chatbots, incorporating GenAI, along with additional professional/support capabilities.

Some CPaaS vendors are expanding their network APIs to enable telcos to scale their network, security and other capabilities globally. Vendors are also expanding their security and anti-spam, phishing, governance, and authentication to detect and remove artificially inflated traffic and protect from security threats.

Enterprises should not base their assessment of CPaaS purely on price, but on the capabilities that are available now to fulfill your remit, in the region and with the functionalities needed, such as local support/success teams and integrations they provide. Look at the strength of delivery partners, if required, and their capability to get up and running with CPaaS capabilities, quickly and flexibly, and don't forget Gartner Peer Insights.

⊕ Evidence

⊕ Evaluation Criteria Definitions

Gartner.

POLICIES   PRIVACY POLICY   TERMS OF USE   OMBUDS

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