

Magic Quadrant for Contact Center as a Service, North America

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CCaaS solutions are becoming the preferred deployment model for many contact centers in North America, replacing traditional on-premises contact center infrastructure. We assess nine vendors to help application leaders responsible for customer service and support technology make the right choice.

Strategic Planning Assumptions

By 2022, contact center as a service will be the preferred adoption model in 50% of contact centers, up from approximately 10% in 2019.

By 2023, customers will prefer to use speech interfaces to initiate 70% of self-service customer interactions, rising from 40% today.

Market Definition/Description

Contact center as a service (CCaaS) is a SaaS-based application that enables customer service organizations to manage multichannel customer interactions holistically (using self- and assisted-service) from a customer-experience and an employee-engagement perspective. 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; portals and dashboards are more capable; 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. CCaaS solutions are typically deployed as an integral part

of a broader customer service and support technology ecosystem (see “Customer Service and Support Technology Primer for 2019”), addressing the four key pillars for delivering great customer service:

- Getting connected — Focusing on delivering a channel-agnostic, architected design to create customer service journeys, including intelligent self-service.
- Process orchestration — Supporting increasingly complex and personalized customer engagements.
- Resource management — Developing and maintaining engaged and empowered staff based on the understanding that engaged employees power a stronger CX.
- Knowledge and insight — Delivering customer and operational insights, and recommending next best actions across all functional groupings.

CCaaS solutions offer technology that mostly aligns with the “getting connected” pillar of great customer service, providing foundational capabilities that include:

- Automatic call distribution (ACD) and interactive voice response (IVR)
- Blended routing and queuing of voice and digital channels such as email, web chat, SMS, social media and video
- A conversational assistant capability — to support self-service and assisted-service interactions and transactions, including chatbots and virtual customer assistants
- Proactive contact — including outbound dialing and SMS, as well as push text and email notifications
- Support of virtual operations, remote agents and subject matter experts that reside outside the traditional contact center operation
- Application and communication connectivity, providing voice and data access (telco “points of presence”) as well as application hosting on public and/or private data centers to support client access, including in markets where the provider supports connectivity but does not actively market and sell its services

However, CCaaS solutions frequently include capabilities surfaced from adjacent technology areas, supporting other pillars, such as:

- Process orchestration — Accessing customer data by connecting to existing web-based applications or CRM solutions via a purpose-built adapter or web technology toolkit
- Resource management — Tightly integrating workforce engagement management (WEM) functionality, such as agent scheduling and forecasting, and call/contact recording and agent quality monitoring, into the CCaaS offering
- Knowledge and insight — Capturing real-time and historical contact center performance data, and surfacing insights using analytical tools, as well as leveraging curated knowledge bases to provide more effective self- and assisted-service interactions

Core to the CCaaS proposition is the ability to scale service requirements up and down on an on-demand basis, incrementing applications relevant to managing customer experience as well as employee engagement. Multichannel queuing, routing, reporting and administration capabilities — as well as WEM — capabilities are managed by customer service and IT leaders through a single administration portal. Within that portal, registered users can revise service subscriptions, routines and resources in line with operational requirements.

Gartner has made two important changes to the way we define the CCaaS market and the providers covered in this report this year. First, we are only including multitenant solutions, in which all users share a common (single) software instance, and are no longer including multi-instance solutions, in which each user receives its own virtualized software instance on shared hardware. This change has been made to better align with Gartner's broader definition of SaaS solutions (see "Market Definitions and Methodology: Software"). The second important change to this document relative to previous versions is that we are only including technology providers that sell technology solutions based largely on their own intellectual property (IP), specifically for functionality associated with the "getting connected" functional grouping defined earlier. As such, we are no longer including providers that resell another vendor's core routing platform, even if that provider adds extra functionality to the solution using its own IP.

Magic Quadrant

Figure 1. Magic Quadrant for Contact Center as a Service, North America
 Source: Gartner (October 2019)



Vendor Strengths and Cautions

8x8

8x8 is based in San Jose, California, U.S. It offers its 8x8 Contact Center (8x8CC) either stand-alone or as part of X Series, which combines the contact center solution with the company's unified communications as a service (UCaaS) offering. 8x8 Dialer provides

predictive outbound agent calling support and is also part of the vendor's integrated X Series offering.

8x8 provides multiple product packages to deliver 8x8CC capabilities in accordance with users' requirements for size and complexity. 8x8CC sells primarily to midsize contact centers, although it 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).

8x8 Contact Center supports prebuilt integrations with Microsoft (Dynamics), NetSuite, Salesforce, Zendesk, ServiceNow, and HubSpot. It also supports custom integrations with additional CRM solutions and third-party systems using 8x8's web-services-based API tools. 8x8 began offering CCaaS in North America in 2011.

8x8's status as a Challenger is based in part on the breadth of its capabilities, the 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. This vendor's offering is particularly suited to those wanting to procure CCaaS and UCaaS from a single provider. Its solution may also be considered for stand-alone CCaaS deployments.

Strengths

- 8x8CC, when deployed as part of X Series, provides both CCaaS and UCaaS functionality natively. It offers single sign-on, shared presence and directories, extension-to-extension dialing, messaging, videoconferencing, and team collaboration. It also allows for centralized reporting, analytics provisioning, configuration, and management capabilities.
- Client inquiry and customer surveys indicate positive reviews for 8x8CC's customizability, support for multichannel functionality and multinational support.
- 8x8's Dynamic Integration Framework improves 8x8CC's ease of use for integrating with a variety of third-party systems, which further enables context-sensitive self- and assisted-service support.

Cautions

- 8x8 has limited experience of supporting large and very large contact center environments. Customers migrating from a large-scale legacy environment may find that this lack of experience increases deployment times and complexity.
- 8x8 Contact Center does not natively support workforce management (it supports it through third parties). This means it does not control development of this important capability, which could delay identification and resolution of the root causes of integration problems in multivendor deployments. Users indicate that 8x8 can face difficulties in supporting WEM and optimization.
- Users also indicate that 8x8 does not provide a rich set of prebuilt third-party integrations. Customers looking for more of an ecosystem-based solution should favor vendors with an application marketplace and community.

Aspect Software

Aspect Software is based in Westford, Massachusetts, U.S. It offers the Aspect Via multitenant platform, built on refactored components from its premises-based offering, the Aspect Unified IP platform. Aspect Via is provided from data centers in Australia, the U.K., Ireland, Germany and the U.S. (two). It provides multichannel customer interaction management and supports prebuilt integrations with Microsoft (Dynamics) and Salesforce. It also supports custom integrations with many other CRM systems and third-party systems using web-services-based API tools. Aspect began offering CCaaS in 2013 with its Voxeo acquisition, and with Via in 2017.

Aspect Software's status as a Niche Player is based in part on its comparatively small market presence, relative to other vendors profiled in this Magic Quadrant. It also reflects the company's strong focus on converting its existing base of on-premises customers to Aspect Via, and limited focus on attracting new CCaaS customers. Consider Aspect's Via platform 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 platform supports a broad and rich set of native CCaaS functions, including multichannel self-service, WEM and dialer capabilities. It draws on a common set of

shared services, which enables development of tightly integrated self- and assisted-service customer interaction flows.

- Aspect's platform has a strong ability to model and forecast staffing requirements in multiskill, multichannel contact center environments.

Cautions

- Reference customers for Aspect scored the solution poorly across a wide variety of functional and support categories. Prospective customers should check customer references to ensure they are satisfied with Aspect's ability to meet their product and support needs.
- Aspect customers have been slow to move their contact center software solutions to its CCaaS offering to date, with the vendor adopting a strategy of offering it as a platform. Aspect is yet to prove it can support customer requirements for SaaS-based contact centers as a core offering.
- Aspect's focus on enabling customers to extend the lifetime of its legacy on-premises technology will be a priority, along with pursuing net new customers in a rapidly expanding CCaaS market.

Evolve IP

Evolve IP is based in Wayne, Pennsylvania, U.S. It offers the Evolve Contact Suite (ECS) solution, which is often bundled with Evolve IP's UCaaS, desktop 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. Evolve IP offers services from data centers in Australia, the Netherlands (two), the U.K. (two) and the U.S. (two). ECS has 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's status as a Niche Player is based in part on its focus on selling to its installed base, and its limited market presence. 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 vendor's UCaaS offerings — including those with moderate to strong requirements for customization.

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, and its reference customers scored the offering highly across a wide variety of functional and service-related criteria.
- Evolve IP can provide competitively priced CCaaS with full-featured solutions.

Cautions

- Evolve IP lacks the brand recognition of some of its competitors in the North American CCaaS market. This can limit the vendor’s ability to fund investment in its business.
- Evolve IP is slower than most vendors in this Magic Quadrant to pursue emerging solutions using artificial intelligence (AI), natural language understanding and chatbots. Prospective customers with plans to deploy this level of functionality should evaluate Evolve IP’s contact center roadmap to ensure that their requirements will be met.
- Evolve IP does not have its own WEM or analytics/business intelligence offerings. 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 is based in San Ramon, California, U.S. It offers its Five9 Genius 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). Five9 Genius supports prebuilt integrations with Microsoft (Dynamics), NetSuite, Oracle (Service Cloud), Salesforce (including Desk.com), ServiceNow, SugarCRM, 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’s status as a Leader is based in part on its strong market presence and ability to win deals across a variety of deployment sizes. Consider Five9 for multichannel CCaaS,

particularly for small, midsize and large environments, and for those needing inbound, outbound and blended functionality.

Strengths

- Five9 Genius solution 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.
- Five9 Genius now offers expanded scalability to support thousands of agents on a single tenant domain.
- Five9 uses its native natural language understanding engine to augment its customer journey analytics, delivering real-time insights and context to predict customers' behavior and recommend next best actions.

Cautions

- Five9 has less experience of supporting very large contact center environments than some vendors in this Magic Quadrant. Prospective customers migrating from a very large-scale legacy environment may find that this lack of experience increases deployment times and complexity.
- Five9 lacks an application marketplace and peer user community, which may deter customers looking for more of an ecosystem-based solution.
- Five9 lacks resources for, and experience of, supporting global CCaaS deployments, in comparison with other Leaders in this Magic Quadrant. Prospective customers with multinational requirements should check Five9's performance in relevant regions.

Genesys

Genesys is based in Daly City, California, U.S. Its PureCloud platform is aimed at small and midsize customers typically requiring support for fewer than 250 agents and limited customization, although it can scale to support customers with thousands of agents. Although PureCloud is the only one of Genesys' offerings that met the inclusion criteria for this Magic Quadrant, the company also offers multitenant and multi-instance private cloud, as well as premises-based, solutions on its PureEngage platform (it aims these at large and very large environments that require advanced customization). It also offers

PureConnect as a multi-instance or premises-based solution aimed at midsize and large customers.

PureCloud is hosted in Amazon Web Services (AWS) data centers in Germany, Japan, Australia, Ireland and the U.S. (two). PureCloud supports preconfigured integrations with Microsoft (Dynamics), Salesforce and Zendesk. It provides REST-based open APIs for integrating with a variety of third-party systems, as well as a number of integrations offered by development partners on Genesys' AppFoundry application marketplace. PureCloud services have been available in North America since 2015.

Genesys' status as a Leader is based in part on the breadth of its offering, including its size and functionality and 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 nearly 30 years of selling, marketing and developing its contact center platforms.
- Genesys' ability to support global companies on a CCaaS platform is among the strongest in the market.
- The company's "Genesys Cloud" strategy is intended to ensure there is a consistent technology set across the breadth of its cloud offerings. Added to the company's strong AppFoundry partner ecosystem, this should bring significant functional richness to a variety of elements in PureCloud, including in areas such as WEM, analytics and AI enablement.

Cautions

- Genesys' typical pricing models make supporting environments that require the ability to adjust agent license counts up and down more expensive than is the case with most other vendors in this Magic Quadrant. Customers with requirements for elasticity in their license counts should request a monthly recurring option and closely evaluate the financial implications of Genesys' PureCloud pricing alternatives.
- Some Gartner clients indicate that PureCloud's reporting capabilities are less rich than they expected, particularly when moving from an on-premises system. Prospective customers should ensure that their reporting requirements will be fully met.

- A number of Gartner clients continue to express frustration about the quality of Genesys' PureCloud deployments and support. Prospective customers should check with reference customers of similar size and complexity to ensure they are comfortable with the level of support provided.

NICE inContact

NICE is headquartered in Ra'anana, Israel, while its NICE inContact CCaaS business is based in Salt Lake City, Utah, U.S. The company's CXone offering uses NICE inContact's multichannel customer interaction management platform, along with cloud-based WEM functionality from its parent company, NICE. 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 AWS data centers in Australia, Europe and the U.S. (two). It offers prebuilt integrations with Bullhorn, Microsoft (Dynamics), NetSuite, Oracle (Service Cloud), Salesforce, SAP, ServiceNow, Sugar CRM, 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's status as a Leader is based in part on its strong integration of WEM functionality and its ability to sell to companies of various sizes — particularly those with large and 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 North American CCaaS market, particularly for delivering midsize and larger solutions. Of the vendors in this Magic Quadrant, it supports one of the largest installed bases of agents.
- At the time of writing, NICE inContact is the only CCaaS vendor with FedRAMP certification, which gives it virtually unchallenged access to CCaaS opportunities offered by U.S. federal government. It also provides additional confirmation of CXone's security capabilities for nongovernment environments.
- NICE inContact has expanded its solution set through its 2Q19 acquisition of digital channel provider, Brand Embassy, continued improvements to its cloud-based WEM

functionality, and its breadth of solutions available through partners in the company's CXexchange partner ecosystem. This enables the company to address the needs of a wide variety of contact center requirements across all four functional groupings in Gartner's customer service and support technology landscape.

Cautions

- NICE inContact sometimes struggles to get its "heritage" NICE sales executives to articulate the benefits of CXone to existing WEM accounts that are poised to migrate premises-based contact centers to CCaaS. Prospective customers should be prepared for a difference of approach across sales teams, to the extent that it feel as though they are buying from two separate vendors in some cases.
- 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. Prospective customers with fewer than 150 agents should check references to ensure they are satisfied that their needs will be met, and should consider working with NICE inContact's channel partners.
- Some Gartner clients indicate that NICE inContact is not as advanced in its pursuit of AI-driven virtual customer assistants. This could slow the pace of progress for those looking to differentiate through customer service innovation.

Serenova

Serenova, based in Austin, Texas, U.S., offers Serenova CxEngage to 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's status as a Challenger is based in part on its ability to sell to large 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 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 communication service provider services with its core offering. This enables services to be activated quickly and supports environments that experience significant bursts in call volume.
- A number of Gartner clients have reported positive experiences using CxEngage's native recording and quality monitoring functionality.

Cautions

- Serenova lacks the brand recognition of some of its competitors in the North American CCaaS market. This could limit its ability to fund investment in its business.
- 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 it does not control the development of these important functionalities, which could delay identification and resolution of the root causes of integration problems in multivendor deployments.
- Some Gartner clients indicate that they find CxEngage challenging to customize and administer. Those operating small and midsize contact centers should carefully assess their level of comfort with CxEngage tools during proof-of-concept testing.

Talkdesk

Talkdesk is based in San Francisco, California, U.S. It typically supports midsize contact centers but can scale down or up as required. Services are provided by its Dublin, Ireland, and Frankfurt, Germany, data centers, as well as AWS in the U.S.

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 (SDKs) and open APIs to integrate with other third-party systems. Talkdesk began providing CCaaS services in North America in 2013.

Talkdesk's status as a Leader is based in part on its innovative approach to providing customers with access to expanded functionality through a robust partnership ecosystem, growing market presence and strong customer satisfaction across a variety of aspects of product and support. Consider Talkdesk for CCaaS if you need "white

glove” customer service, including for small and midsize deployments, and when you want the option to trial and adopt additional preintegrated functionality from third parties.

Strengths

- Talkdesk’s CCaaS suite incorporates workforce management (WFM), reporting and analytics capabilities, complemented by a broad set of AI-powered features. It is packaged as one application with a cost-effective commercial model.
- Reference customers scored Talkdesk good or excellent for most critical capabilities. It excels in customer service and support, adding credence to a 100% platform SLA and real-time availability being highly visible via its website-based trust center.
- Talkdesk has a very well-defined application marketplace, as well as visibility in third-party marketplaces. AppConnect technology partners must agree to offer one-click installation, pay-as-you-go billing and a 30-day free trial. It is easy and low-risk for customers to add functionality such as WFM, speech analytics and business intelligence.

Cautions

- Talkdesk has limited experience of supporting large and very large contact center environments. Prospective customers migrating from a large-scale legacy environment may find that this lack of experience increases deployment times and complexity.
- Talkdesk has only recently released its own native-built offering for multichannel routing, in addition to supporting functionality from partners. Prospective customers should check whether they are being offered a partner- or native-built solution, the relative maturity of the offering, and their level of comfort with Talkdesk’s control over the offering’s product development path.
- Talkdesk does not have the global presence of some other providers in this Magic Quadrant, outside of North America and Western Europe. It may find it challenging to support the needs of customers with multinational requirements in other regions.

Vonage (NewVoiceMedia)

Vonage is based in Holmdel Township, New Jersey, U.S. It acquired Basingstoke, U.K.-based NewVoiceMedia (NVM) in 4Q18, and now offers the NVM Platform.

The NVM Platform solution is operated from data centers in the U.K., Germany and the U.S., with additional access nodes in Australia and Singapore. It offers prebuilt integrations with Salesforce (Service Cloud and Sales Cloud), SAP, ServiceNow, Zendesk, and Zoho. It also provides REST-based open APIs for integrating with a variety of third-party systems.

Historically, sales of NVM solutions have been made directly, although the business has grown rapidly in the U.K., Europe and the U.S. with the help of a strong partnership with Salesforce and a range of system integrators. The NVM Platform was launched in North America in 2012, although it has been available in Western Europe since 2006. Vonage launched its CX Cloud Express, which is aimed at midmarket accounts, as an extension of its Vonage Business Cloud UCaaS offering in 2019.

Vonage (NewVoiceMedia)'s status as a Visionary is based in part on its strong integration with Salesforce CRM solutions, its relatively small installed base and lack of brand recognition in North America. Consider Vonage's NVM offering if you are looking for tight integration with Salesforce CRM systems, particularly when you also want to acquire CCaaS and UCaaS solutions from a single source.

Strengths

- As part of Vonage, NVM has access to better funding to expand its global presence, as well as the ability to sell in conjunction with Vonage's UCaaS services.
- Reference customers had a strong propensity to recommend the NVM Platform and expressed strong satisfaction with the service's value for money.
- NVM's Global Voice Assurance service uses a decoupled voice and control data center architecture that supports international locations of global companies with a single software instance. Its trust site provides a transparent view of performance across EMEA, North America and Asia/Pacific.

Cautions

- Vonage's strategy for selling the NVM Platform with Salesforce Service Cloud and Salesforce Sales Cloud means there are considerably fewer reference customers using other leading CRM vendor solutions. Companies whose contact center operations are not centered on Salesforce technology should check references to ensure comfort with Vonage's ability to support their environment.

- Gartner has seen a notable decline in the number of clients mentioning the NVM Platform as a solution they are considering since NVM's acquisition by Vonage. Prospective customers should evaluate Vonage's operational plans to ensure they are satisfied that implementation and support services will not be disrupted during the integration of NVM into the broader Vonage offering set.
- Organizations looking for multiregional deployments need to ensure that Vonage can deliver services to all their current and planned countries

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

- Vonage (NewVoiceMedia)

Dropped

- Cisco (BroadSoft) — According to Gartner's internally developed estimations, Cisco (BroadSoft) 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.
- TTEC — This vendor primarily offers services based on a multi-instance version of Cisco technology and no longer meets the definition of CCaaS for this Magic Quadrant.

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:

- Support a minimum installed base of 24,000 named or 18,000 concurrent enterprise CCaaS agent seats in North American enterprises (not including business process

outsourcing/contact center outsourcer customers). Support a minimum of \$24 million in annual subscription license revenue in the region (excluding network/telecom service and professional services revenue).

- Provide 10 enterprise reference customers that support more than 300 concurrent agents and demonstrate using a broad set of the contact center functionality defined above.
- Offer services on multitenant platforms (i.e., the provider operates a single software instance on which multiple customers can be supported).
- Retain contact center seat license ownership. 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).
- Have at least 50% of CCaaS seats and/or subscription revenue as 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).

Gartner's definition of CCaaS does *not* include:

- Hosted contact center services — System hardware and software are dedicated to individual customers, and the right-to-use licenses are assigned to customers.
- Managed services — The hardware and software are dedicated to a particular customer and run on that customer's premises, but are managed by a third-party service provider.
- Communications platform as a service (CPaaS) contact center offerings — 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, a number of cloud service providers are not yet profitable. They report strong growth in deferred revenue, because of the utility license model, but need to have enough capital to continue to fund operations and the ongoing development of their solution set, and to build or access 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.** Developing a reputation for consistently delivering reliable services and 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.
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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

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 and broader customer experience 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 or other segmentation, such as contact center size, 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

Quadrant Descriptions

Leaders

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 or some other customer classification. 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 has been discussed in more than half of all contact center inquiries that 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. This segment is also a strong adopter of CCaaS.
- 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.

- Deployment of CCaaS at this level is increasing, as opposed to not being considered at all, as has historically been seen, with some exceptions demonstrating certain vendor solutions scaling to many thousands of agents. At this size range, CCaaS faces strong competition from private cloud-hosted solutions (not included in our definition of CCaaS), often due to perceptions of stronger security in single-tenant environments.

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.

Market Overview

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. Gartner forecasts that global end-user spending on CCaaS licenses will grow at a 27.3% compound annual growth rate (CAGR) from 2018 to 2023, while spending on on-premises licenses will show a negative 9.5% CAGR over the same time period (see “Forecast Analysis: Contact Centers, Worldwide”). 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 today. 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 (see “Select the Best Approach for Connected Customer Service Experiences”). 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 customer engagement center (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 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.

Artificial intelligence (AI) is a hot topic in most industries, and gaining increasing interest in the area of customer experience (see “Survey Analysis: Customer Experience Maturity and Investment Priorities, 2019”). The vendor questionnaire circulated in preparation for this Magic Quadrant featured 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 are seeing 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 AI a key aspect of CCaaS applications.

In this year's companion Critical Capabilities note, we added application marketplace integration. This reflects the importance of the application marketplace to enable CCaaS providers to offer customers a catalog of preintegrated applications to make service deployment more agile and innovative. An application marketplace is viewed as essential to the ongoing support of application leaders for customer service who want to break free from cyclical technology refresh cycles and be able to realize the benefits of a fluid application ecosystem.

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 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.

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.

By Drew Kraus, Steve Blood, Simon Harrison