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# Magic Quadrant for Unified Communications

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## Summary

As the enterprise UC market continues to mature, we expect more consolidation and increased user expectations – prompting an emphasis on vendors' telephony capabilities and financial viability. Enterprise planners must match their own priorities to vendor strengths before committing to a solution.

## Market Definition/Description

**This document was revised on 14 July 2016. The document you are viewing is the corrected version. For more information, see the Corrections page ([http://www.gartner.com/technology/about/policies/current\\_corrections.jsp](http://www.gartner.com/technology/about/policies/current_corrections.jsp)) on gartner.com.**

The focus of this research is enterprise unified communications (UC) solutions that are intended for on-premises deployment. Midsize UC solutions are covered in "Magic Quadrant for Unified Communications for Midsize Enterprises, North America," and cloud UC products are covered in "Magic Quadrant for Unified Communications as a Service, Worldwide." "Critical Capabilities for Unified Communications" (forthcoming at the time of publication) will provide additional information on the solutions reviewed in this document.

The primary goal of all UC solutions is to improve user productivity and to enhance the business processes related to communications and collaboration. Gartner defines UC products (equipment, software and services) as those that facilitate the use of multiple enterprise communications methods to obtain that productivity goal. UC products integrate communications channels (media), and networks and systems, as well as IT business applications and, in some cases, consumer applications and devices.

UC offers the ability to significantly improve how individuals, groups and companies interact and perform. The UC products that enterprises deploy range from a single vendor (stand-alone) suite, to a portfolio of integrated applications and platforms spanning multiple vendors. In many cases, UC is deployed to extend and add functionality to established communications investments.

UC products are used by individuals to facilitate personal communications, and by enterprises to support workgroup and collaborative communications and business workflows. Some products may extend UC beyond company boundaries: to enhance communications between organizations, to support interactions among large public communities, or for personal communications. UC applications are increasingly being integrated with, or offered in concert with, collaboration

applications to form unified communications and collaboration (UCC) solutions and, in some cases, are being integrated with business applications and workflows or are being targeted at vertical user groups.

It is useful to divide UC into six broad communications product areas:

**Telephony** – This area includes fixed, mobile and soft telephony, as well as the evolution of PBXs and IP PBXs. This category includes options for voice and video that bypass traditional connectivity methods such as direct internet-based connections.

**Conferencing** – This area includes multiparty voice (audio) conferencing, videoconferencing, web conferencing that includes document and application sharing capabilities, and various forms of unified conferencing capabilities.

**Messaging** – This area includes email, which has become an indispensable business tool, voice mail and various approaches to unified messaging (UM).

**Presence and instant messaging (IM)** – IM allows individuals to send text and added information to others, or to groups, in real time. Presence services allow individuals to see the status of other people and resources.

**Clients** – Unified clients enable access to multiple communications functions from a consistent interface. These may take different forms, including thick desktop clients, thin browser clients and clients for mobile devices – such as smartphones and tablets – as well as specialized clients embedded within business applications.

**Communications-enabled business processes (CEBPs)** – The ability to integrate the UC solution with other business and communications applications creates significant value for users; for instance, integrating UC with field-service or purchasing applications.

For vendors, the stakes in the enterprise UC market are exceedingly high, because the market is mature and overall growth has slowed. As a result, vendors that do not perform well will experience negative growth and revenue losses, leading them to exit the market. The stakes for enterprise decision makers are also high, due to the significant cost, visibility and business impact of their choices.

Four UC solution characteristics will have an important effect on the success of a UC product and the satisfaction of its users:

**User experience** – The quality, intuitiveness and effectiveness of the user experience (UX) across all devices significantly influence the effectiveness of the solution, its adoption rate and usage and, ultimately, enterprise productivity.

**Mobility** – User expectations regarding mobility continue to escalate. Mobile users now expect a good UX, including video and full UC functionality across a range of devices. Emerging needs for mobile UC that include voice over Long Term Evolution (VoLTE) are also starting to influence planning here.

**Interoperability** – Enterprises wish to avoid "walled gardens" (where the service provider has control over applications, content and media) and vendor lock-in, while enabling intercompany B2B, business-to-partner (B2P) and business-to-consumer (B2C) federation. Many enterprises find

their needs are best served by using several vendors – in order to meet budget and workgroup objectives. WebRTC support continues to advance in importance here.

**Broad solution appeal** – Successful UC solutions must be attractive to a broad and diverse audience of decision influencers. Influencers span the traditional IT audiences, but more recently also include departmental and internal project groups.

Adjacent markets play a critical role in how UC is evolving. The success of UC vendors will therefore be influenced by their success in these adjacencies:

**Cloud and hybrid** – The integration of on-premises UC with cloud and hybrid UC services continues to play an increasingly important role as these options mature. All UC vendors in this report have a cloud UC solution.

**Contact center** – There continues to be significant interest and demand for contact center functionality as an integrated part of a UC solution. This applies to both on-premises and cloud. Most UC vendors in this report have a contact center solution integrated with UC.

**Midsize UC** – There is both product and go-to-market synergy between UC solutions for the larger and more demanding midsize enterprises (100 to 1,000 users) and those for large enterprises (more than 1,000 users). Most UC vendors in this report have a midsize UC solution.

**Work stream collaboration** – As users become more familiar with digital workplace tools, there is increased interest in team and workgroup solutions. Half of the vendors in this year's Magic Quadrant have added this capability to their UC portfolios, typically as part of their unified communications as a service (UCaaS) cloud roadmap.

**Video as a service** – VaaS enables users with different video endpoints to interact. At least three of this year's UC vendors have, or are planning, this type of service.

**Communications platform as a service** – cPaaS is increasingly seen as an important option for partners and clients wishing to develop digital business initiatives. Half of the vendors in this year's Magic Quadrant have, or will have by the end of the year, added this capability to their UC portfolios, typically as part of their UCaaS cloud roadmap.

**Megabundles** – Larger vendors in the UC market are incorporating UC into very large bundled offers, notably, Microsoft Office 365. Enterprises will need to determine if their needs are better met by targeted UC solutions or by a UC solution that is delivered as one part of a large bundle of office functionality.

## Magic Quadrant

**Figure 1.** Magic Quadrant for Unified Communications



Source: Gartner (July 2016)

## Vendor Strengths and Cautions

### ALE

Paris-based ALE (<http://enterprise.alcatel-lucent.com/>), operating under the Alcatel-Lucent Enterprise brand, is 85% privately owned by China Huaxin and 15% owned by Nokia. ALE's Alcatel-Lucent OpenTouch Suite (OTS) is its flagship multidevice, multimedia UC suite, which is available through ALE's partner network – whose main strength is in Europe, but includes global representation.

OTS offers a fully unified and integrated UC solution that scales to 5,000 users and 15,000 endpoints. Above those limits, the components can be deployed physically separately, but as a single logical system. The Alcatel-Lucent OmniPCX Enterprise Communication Server scales from 100 users to 100,000 users in a single image, and can be deployed along with the OpenTouch Suite. ALE has introduced a universal client called Alcatel-Lucent OpenTouch Conversation that operates

across leading devices, consolidating both user experience and licensing. The OpenTouch Suite can be deployed as an overlay on third-party telephony switches, providing a migration path for new customers.

In 2Q16, ALE introduced Alcatel-Lucent Rainbow, a cloud-based service incorporating work stream collaboration functionality that includes presence, voice and video conversations, file sharing, search and tagging as well as chat-bot services. The solution will also offer cPaaS and APIs for extensibility. Currently at an early stage of maturity, Rainbow will increasingly be connected and integrated with OpenTouch solutions as well as third-party platforms.

Existing customers should evaluate the OpenTouch Suite if they are looking for a complete software UC suite. Potential customers should ensure that ALE has sufficient service and support presence in their market.

## **STRENGTHS**

ALE's OpenTouch offers a full multiparty, multidevice and multimedia UC suite with a competitive total cost of ownership. The solution can operate on-premises, in the cloud or with hybrid functions. OpenTouch can operate as a complete UC suite or as part of a broader multivendor environment.

ALE has a strong telephony market share in Europe from which to sustain continued investment in broader UC product and market development.

With the introduction of Rainbow, ALE has clarified important elements of its long-term roadmap and the likely evolution options for its customers.

## **CAUTIONS**

ALE is now an established independent company. In its first year in the market, it executed respectably relative to its peers. However, it must now prove that it can grow market share and expand in this highly competitive market.

ALE continues to lack significant visibility in the large North American market, limiting its appeal to those multinational companies with a strong need for support in that region.

While ALE is introducing promising solutions in the areas of UCaaS, hybrid and work stream collaboration, it must close the gap with rivals that have already introduced similar functionality.

## **Avaya**

Avaya (<http://www.avaya.com/usa/>) is privately held company (by private equity firms TPG and Silver Lake Partners) based in Santa Clara, California, U.S. Avaya's lead UC product for enterprises is the Avaya Aura Platform. Other elements in the UC portfolio include Avaya Aura Conferencing and Scopia Video Conferencing, which Avaya plans to integrate into a single conferencing solution in 2017. Additional UC elements include Avaya Aura Messaging, Avaya Multimedia Messaging and Avaya Breeze (formerly Engagement Development Platform). Avaya also offers a broad range of UC desktop, mobile, phone and video clients and endpoints. Avaya IP Office Platform targets small or midsize businesses (SMBs) with fewer than 3,000 endpoints. Avaya's lead contact center solutions are Avaya Aura Contact Center and Avaya Aura Call Center Elite.

Avaya recently updated Avaya Breeze to offer an e-commerce capability, the Avaya Snapp Store. Breeze enables the development and deployment of communication and collaboration solutions and modules called Snap-ins, that can be used by multiple applications. The Snapp Store was created to facilitate the easy access, sale and reuse of Snap-ins. In May 2015, Avaya acquired Esna Technologies, a communications middleware software company, and leveraged part of this acquisition into new cloud solutions including Zang. Zang is an independent subsidiary offering cPaaS and communications application cloud platform services that enable pay-as-you-go third-party collaboration applications. Zang leverages Breeze – as well as its own communication capabilities – to support independent offers. Although at an early stage, these two solutions provide an indication of future directions for the Avaya portfolio.

Consider the Avaya Aura platform if you have significant investments in Avaya or legacy Nortel solutions that you wish to migrate toward a next-generation UC solution, or if your enterprise has significant contact center requirements or if you are looking for an open system to integrate with business processes and applications.

## **STRENGTHS**

Telephony and contact center remain central elements in Avaya's portfolio and can support requirements spanning midmarket to large and multinational enterprises.

Avaya will offer customization, new applications and work stream collaboration with its recently enhanced Breeze platform, its Snap-in market, the Esna-based integrations and the recently launched Zang subsidiary.

Avaya continues to make progress on its lead UC cloud products and managed service offerings, as well as in simplifying pricing and go-to-market strategy. Together, these changes make it easier for prospects to understand the offers and for partners to position the Avaya UC solution.

## **CAUTIONS**

Avaya has been unable to demonstrate increased adoption and market momentum for its broader UC portfolio, which it must do to succeed. It cannot rely solely on its telephony and contact center solutions.

While Avaya continues to consolidate its UC clients around Avaya Communicator, elements of the user experience remain fragmented.

Avaya continues to manage its cost structure so that its profitability metrics remain favorable despite declines in the last 12 months of revenue. The company's financial rating remains Caution under Gartner's published methodology for rating IT providers' financials. Avaya has engaged advisors to address its capital structure and we expect it to pursue a comprehensive financial plan that could include refinancing, a debt-for-equity swap and/or asset sales (business units and/or intellectual property) and which is likely to be in place by its fiscal year-end (30 September 2016).

## **Cisco**

Cisco (<http://www.cisco.com/>) is a public company based in San Jose, California, U.S. Cisco offers an interrelated set of UC solutions (both recent and mature) that spans on-premises, hybrid and cloud deployment options.

The on-premises solution is based on the well-established Cisco Unified Communications Manager (Unified CM); bringing together voice, video, telepresence, messaging, presence and several forms of conferencing. It also leverages WebEx for web conferencing; Collaboration Meeting Rooms (CMR) Cloud for cloud-based videoconferencing; and its merging portfolio of TelePresence and Acano video solutions for on-premises-based videoconferencing. For on-premises deployment, Cisco offers Unified CM Session Management Edition for large enterprises, and has packaged offers for easier configuration – Cisco Business Edition 7000 (BE7000) series for large enterprises, and Cisco Business Edition 6000 (BE6000) series for SMBs of fewer than 1,000 users. Cisco also offers Unified CM as part of a cloud-based service – Cisco Hosted Collaboration Solution (HCS) – hosted and offered by its partners. Cisco also provides a full range of endpoints, including phones, desktop video endpoints, room video systems and immersive video solutions, plus its Cisco Jabber mobile and desktop client.

Key recent additions to the portfolio include: Cisco Spark, a cloud UCaaS service that offers business messaging, meeting and call capabilities; integration of its CMR Cloud hosted video bridging service with WebEx; and the acquisition of Acano for video scale and interoperability. Cisco has also introduced a cPaaS solution with a developer community of 200,000 that will speed development of communications integrated with targeted vertical and mobile applications.

Cisco's UC solution is an attractive prospect for midsize, large and multinational corporations requiring strong voice, video or conferencing capabilities. Cisco UC is available on-premises, in the cloud and as a hybrid option through a network of global partners.

## **STRENGTHS**

Cisco offers a globally scalable full UC suite, with a quality user experience across all leading mobile devices, plus strong telephony and market-leading conferencing capabilities. During the past year, Cisco has advanced its hybrid UC offering, by connecting Unified CM and HCS with Cisco Spark in the cloud; has integrated WebEx with CMR Cloud; and has acquired Acano for video and added Tropo for embedded communications and customization.

Cisco Prime Collaboration provides unified management for voice and video networks, including automated, accelerated deployment; provisioning; real-time monitoring; proactive troubleshooting; license management; and long-term trending and analytics.

Cisco has a strong financial foundation. Revenue growth in its collaboration business has been good and it earns a Positive rating according to Gartner's financial statement scorecard methodology due to its strong profit margins, ability to generate cash and solid balance sheet.

## **CAUTIONS**

Cisco has overlapping/competing functionality in its UC portfolio and has not clearly articulated the timing of its roadmap. This makes understanding Cisco UC solutions difficult and challenges planners who must determine the best long-term strategy for user experience and pricing.

Cisco's Enterprise Licensing Agreement favors organizations that plan to invest in deeper UC functionality with Cisco, rather than its competitors; organizations with non-Cisco agreements in place risk overpaying for its UC products and services.

Cisco continues to simplify its licensing; however, ordering licenses and solutions can be a complex process. Currently, not all software applications appear in the license management portal, making central license management an issue.

## Huawei

Huawei (<http://www.huawei.com/en/>) is a privately owned company based in China that offers a comprehensive portfolio of communications products and services. During the past year, Huawei has been reorganized: Huawei merged its enterprise UCC research and development (R&D) team and core networking UCC R&D team to develop cloud-based UCC solutions for both enterprise and carrier marketing. Also, the UC department has been combined with the telepresence and videoconferencing department. This realignment provides better convergence of the endpoints – from desktop to mobile to dedicated devices.

The Huawei eSpace Unified Communications solution is made up of a broad set of applications and supports telephony, presence, messaging, chat, multiple conferencing and whiteboard options, video, and collaboration and contact center. Huawei has also released a software-based Unified Session Manager, allowing the solution to operate on standard PC servers. The eSpace solution runs on Huawei servers, standard servers and virtualized platforms. It also offers software APIs for integration with business applications; for example, Microsoft Skype for Business integration via a single Ecosystem Software Development Kit (eSDK) platform.

Consider Huawei when looking for a comprehensive networking solution that includes UCC functionality. Huawei operates in many regions, and although UC support in North America and Japan is limited, its capabilities in Europe are increasing. Huawei reported that 65% of its 2015 revenue was from the Asia/Pacific region and 22% from the Middle East and Africa; enterprises should therefore ensure that any needed local support is available.

### STRENGTHS

Huawei revenue was \$60.8 billion in 2015, with profit of \$5.7 billion. Its solutions span the carrier, large enterprise, SMB and consumer markets across the globe. These strengths provide a broad base across which to grow its UC solutions.

Huawei has a full UC product portfolio and continues to make progress in expanding its presence and partners in emerging markets, including some countries in Europe.

Huawei offers its extensive UC solution set as part of broader bundles of IT services and infrastructure.

### CAUTIONS

In many regions, Huawei controls project decision making and operations directly from its offices in China. This can pose communication challenges for engagements requiring extensive professional services or customization outside of China.

Huawei faces political, trade and intellectual property trust issues in the U.S. market.

Huawei has limited public references available in Western Europe and North America; customers in these regions should check with local sales or partners to determine the experience level of Huawei's in-region partners.

## Interactive Intelligence

Interactive Intelligence (<https://www.inin.com/>) is a publicly held company based in Indianapolis, Indiana, U.S. Its Customer Interaction Center (CIC) is an all-in-one software solution that offers both contact center and UC functionality. The solution is particularly attractive to those enterprises focused on contact centers that also wish to offer integrated UC functionality across the enterprise for back-office and support functions. The CIC solution includes telephony, audioconferencing, UM, rich presence with IM, and a range of client and device options. CIC also integrates with leading third-party web conferencing and video solutions, as well as with Microsoft Skype for Business. The solution is offered on-premises, in a cloud configuration or as a managed service.

In 2015, Interactive Intelligence announced general availability of PureCloud, a multitenant, enterprise-grade cloud solution based on a microservice architecture that leverages Amazon Web Services. PureCloud Collaborate offers collaboration; PureCloud Communicate includes Collaborate and adds the full UC, IP-PBX offer; PureCloud Engage layers on the contact center functionality; and PureCloud Voice is an optional internet-based telephony service. Interactive Intelligence has released a migration tool that configures a PureCloud organization from within a customer's CIC instance. This tool enables CIC customers to use all PureCloud Collaboration features, including synchronized status between the CIC and PureCloud systems.

Enterprises should evaluate the Interactive Intelligence CIC and PureCloud solutions when integrating UC with contact center functionality, or when looking to integrate Microsoft Skype for Business with Interactive Intelligence's contact center functionality.

### STRENGTHS

Interactive Intelligence has seen success with its innovative and attractive flexible deployment offering, which allows enterprises to convert on-premises deployments to cloud-based deployments, or vice versa. This flexibility eliminates many of the perceived risks of either approach, and can be conducted with minimal disruption to users.

Because Interactive Intelligence is primarily known for its contact center product, it targets its UC solution at customers that can leverage UC together with their contact center offering.

While still new to market — yet with significant references — the introduction of PureCloud has clarified how Interactive Intelligence's next generation of UC solutions will evolve.

### CAUTIONS

Interactive Intelligence and its UC product have limited visibility in a market dominated by larger vendors. Additionally, despite investments in its sales channel program, global coverage remains limited in some regions — such as parts of Eastern Europe and Asia/Pacific.

CIC's web-conferencing and videoconferencing capabilities are not as robust as those of its competitors and may not meet the needs of an enterprise that has sophisticated conferencing requirements.

CIC is best-suited to those enterprises with the contact center as their primary need, but that also wish to have integrated, enterprisewide UC. CIC may not be a cost-effective solution for enterprises without strong contact center requirements.

## Microsoft

Microsoft (<https://www.microsoft.com/>) is a publicly listed, global company based in Redmond, Washington, U.S. It offers a broad UC solution set under the umbrella brand of Skype for Business (SfB; formerly Lync). The on-premises UC solution is Skype for Business Server (SfBS; formerly Lync Server). The cloud UC solution is Skype for Business Online (SfBO), which is licensed as part of the Office 365 portfolio. The Server deployment has significantly more PBX and telephony capabilities than the Online configuration, so it is critical that planners distinguish between these two offers. Microsoft also has some additional UC configurations, most notably Skype for Business Hybrid.

Microsoft made some year-over-year improvements to SfBS 2015; notably, an improved client for mobile devices and improvements to its video and meeting capabilities (including the release of SurfaceHub), with plans for an improved Mac client to be released in September 2016. However, the bulk of Microsoft's SfB development and marketing improvements during the past year were targeted at the Office 365 portfolio, including SfBO. Most notably, it added a range of telephony capabilities to SfBO that, while new to market and not proven, represent significant emerging capabilities for that platform.

Microsoft has partners capable of hosting and operating SfB Server for enterprises, both stand-alone or as part of an Office 365 configuration. Although this approach does overcome many of the telephony limitations of SfB Online, it also introduces complexity and cost.

The SfBS solution will be useful to a broad range of enterprises. Enterprises with advanced telephony and video feature requirements should ensure that the necessary functions are supported and, as is true for any VoIP deployment, should undertake a thorough network readiness assessment. Often, working with a Microsoft Skype partner helps to ensure the deployment is as successful as possible.

### STRENGTHS

Microsoft can bundle the SfB product with its broad range of well-established business, collaboration and office products, enabling it to leverage its dominance in enterprise IT and office solutions.

Microsoft offers an attractive roadmap that includes on-premises, cloud and hybrid. It also has a strong partner network with which to address the diverse range of enterprise requirements on a global basis.

Microsoft's financial position is strong. It earns a Positive rating according to Gartner's financial statement scorecard methodology, due to its strong profit margins, its ability to generate cash and its solid balance sheet.

### CAUTIONS

Enterprises regularly report dissatisfaction with the quality and capabilities of the SfB audioconferencing and videoconferencing functionalities and often maintain separate conferencing services for business-critical use cases, as required.

Microsoft now offers several PSTN and telephony options as part of SfBO and Office 365, and is encouraging on-premises customers to migrate to an online deployment. However, the SfBO telephony functionality is new to market and has limited references, so enterprises should use a

"try-before-you-buy" approach to ensure everything works as expected from all their locations.

Skype deployments require selecting multiple partner solutions. Microsoft has more than 900 partners in the SfB certification program (a number that is likely to grow), and while Microsoft is improving its partner program, determining which partner to select remains a challenge for enterprises.

## Mitel

Mitel (<http://www.mitel.com/>) is a global, publicly traded company based in Ottawa, Ontario, Canada. Mitel offers the MiCollab UC suite as the common UC solution across its multiple call management platforms. Mitel's primary call management platforms are MiVoice Business, which targets midsize or large enterprises and MiVoice MX-ONE (of Aastra Technologies heritage), which targets large and very large enterprises. Other Mitel call processing platforms that MiCollab supports include MiVoice Office 400 (June 2016), MiVoice Office 250 and MiVoice 5000 (of Aastra heritage). Mitel supports video natively in MiCollab and on the Mitel MiVoice Video Phone; it also offers integration with Vidyo virtual meeting rooms. Mitel has two contact center offerings – MiContact Center Enterprise (formerly Solidus), which scales to 1,500 agents per server up to a maximum of 15,000 agents for the midmarket and above, and MiContact Center Business (formerly prairieFyre Software), which scales up to 1,200 agents. Its UCaaS MiCloud service is offered directly and through partners, based on MiCollab, MiVoice and MiContact Center, as well as via private UC cloud offerings for these and other call control platforms.

In April 2015, Mitel acquired Mavenir Systems to capitalize on adjacent mobile opportunities (such as VoLTE) and fixed mobile convergence opportunities. In June 2015, Mitel acquired TigerTMS, a provider of hospitality-industry-specific applications, to strengthen its UC hospitality proposition. Mitel has recently introduced MiTeam, a work stream collaboration solution for teams that supports persistent chat, groups, notifications, alerts and document posting, plus integration with its MiCollab meeting and communication functions.

Organizations looking for an integrated UC approach at an attractive price should consider the MiCollab and MiVoice call management platforms; available in multiple offers including virtualized, on-premises, hybrid and cloud. Mitel offers multiple call management platforms, so prospects should understand which option best meets their needs and then select a suitable Mitel partner.

### STRENGTHS

Mitel has increased its overall competitiveness in EMEA and North America during the past two years.

With April 2015 acquisition of Mavenir (Mitel Mobile), which offers a software-based network solution for mobile carriers, Mitel is positioned within market adjacencies for offering value-added communications services for mobile operators as VoLTE comes to market.

The Mitel MiCollab, MiVoice, MiTeam, MiContact Center and MiCloud solutions provide a mature and comprehensive software suite. They are based on a common software architecture and a consistent user experience that can be distributed or centralized in a data center.

### CAUTIONS

Mitel supports multiple platforms under the MiVoice brand that leverage common MiCollab UC functions, but each also requires its own Mitel development and marketing resources.

To expand its success, Mitel must advance and integrate its MiCollab and cloud solutions across a broad base of clients and products. Competition is strong so Mitel must ensure that its channel partners can sell more than the base PBX function.

On a stand-alone basis, Mitel is rated Caution (for the 12 months ending 31 March 2016) according to Gartner's financial statement scorecard methodology.

## NEC

NEC (<http://www.nec.com/>) is a global provider of IT and communications services and products based in Tokyo, Japan. During the past year, NEC has continued to place its UC offering within the broader context of the smart enterprise. This has enabled NEC to accentuate its comprehensive IT portfolio and to expand its channel partner base – opening up discussions that encompass enterprise business and infrastructure together with UC.

NEC's Univerge 3C software offers a fully integrated, complete UC suite. It is based on a web-oriented and service-oriented architecture (SOA) and on open standards, with enterprise scalability, security and centralized administration. The suite's functionality encompasses telephony, video and all forms of conferencing, presence, IM and messaging. It includes multiple client options, such as hard phones, softphones and Session Initiation Protocol (SIP) phones, as well as a full set of mobile capabilities for a broad range of mobile devices. Univerge 3C UC software interoperates with other servers of NEC's communication platform portfolio, such as the Univerge SV9000 servers. The two solutions will be consolidated during the next several years. The broader NEC portfolio includes integrated support for contact centers, and business application integration and cloud through the Univerge Blue UCaaS solution.

Consider the NEC Univerge 3C solution if you want a complete software UC suite based on SOA that can be extended due to the broader portfolio offered by this major global telecommunications infrastructure provider. Enterprises with existing NEC telephony platforms may consider Univerge 3C as a migration path.

## STRENGTHS

NEC is a financially strong global firm with established UC sales, and support channels in multiple regions.

Channel partners consistently report positive relationships with, and strong support from, the NEC organization. Strong support for partners/dealers translates into solid preimplementation and postimplementation sales support experiences for customers.

NEC is in the process of creating seamless migration and interoperability between 3C and its Univerge SV9000 series communications servers. The company is also integrating its UC solutions with its diverse portfolio of IT and data center solutions, such as virtual PC, biometrics, and software-defined networking. These solutions will be optimized for vertical industries such as hospitality, healthcare, education and government.

## CAUTIONS

NEC is still building on its global brand identity in this market and may therefore not be as well-known as some of its competitors outside of Asia/Pacific. It needs to continue advancing the marketing of its global brand.

Some of NEC's channel partners in the North American and European markets, and many outside of those markets, are not enabled to support Univerge 3C. NEC needs to continue to expand its partner base and its partner enablement programs. Buyers interested in Univerge 3C should work with NEC to ensure that they will be working with a partner that has the necessary competencies.

While NEC has global coverage, not all solutions are sold in all geographies, so organizations with sites across the globe should ensure regional coverage during the evaluation process.

## ShoreTel

ShoreTel (<https://www.shoretel.com/>) is a publicly traded company based in California, U.S. In June 2015, ShoreTel introduced its Connect product, which went into general availability in 1Q16. While Connect draws from the existing ShoreTel 14 distributed architecture, it also incorporates significant upgrades that enable the same software to be used in an on-premises, cloud or hybrid configuration. The cloud product, Connect Cloud, replaces the ShoreTel Sky offer.

The on-premises solution, Connect Onsite, uses an appliance-based distributed architecture, or it can be virtualized. The individual appliances operate independently but are managed within a single, distributed directory. The solution supports failover between sites, but not failover to the cloud; however, an enterprise or partner could host a failover node in a separate data center if an active backup is desired.

The ShoreTel UC solution is well-suited to distributed organizations, and is known for its simplicity of installation and administration. The Connect solution supports the full set of UC functionality, from peer-to-peer video and support for communications to room-based systems from strategic partners. The vendor supports its own IP phones, as well as SIP phones, SIP trunking and a full set of mobile options. ShoreTel offers basic and advanced contact center functionality, as well as Google Gmail and Microsoft Exchange UM integrations. In December 2015, ShoreTel acquired Corvisa, a provider of cloud-based communications, including stand-alone contact center functionality. Corvisa operates data centers in the U.K. and Amsterdam. The Corvisa solutions have not yet been integrated with ShoreTel's Connect portfolio.

Consider the ShoreTel offering if your company is a distributed organization with multiple small or midsize locations that wants cost-effective UC functions. ShoreTel is well-established in North America; enterprises planning deployments in other regions should validate service availability.

### **STRENGTHS**

The new ShoreTel Connect Onsite solution is based on the existing distributed appliance architecture. The same software is now also the basis for ShoreTel's UCaaS solution, Connect Cloud. Together, these products enable hybrid deployments as well as redundant appliance deployments, as desired.

The new ShoreTel Connect client offers a good user experience as well as the same user experience across both on-premises and cloud environments.

ShoreTel has harmonized its go-to-market offer across on-premises and the cloud, enabling consistent and transferable licensing for users and partners.

## CAUTIONS

The ShoreTel Connect product is new to the market, so while the vendor does have references, Connect has not yet established a track record. Also, while the sales and support channels have had training, their level of experience with the new product will vary.

While ShoreTel has broad U.S. delivery capabilities, it has a limited presence in other geographies. The Corvisa acquisition should help expand its services in Europe, but IT planners should ensure there is geographic coverage for deployments extending outside of the U.S.

ShoreTel's UC feature set will satisfy the functionality requirements of most midsize businesses, especially lower midmarket organizations; however, the ShoreTel solution is not as feature-rich as some of its competitors. For example, its conferencing capabilities (video, audio and web) might not meet the requirements for some professional-grade conferencing and collaboration.

## Unify

In January 2016, Atos, a provider of IT services (with revenue of about €11.6 billion in the past 12 months) based in Bezons, France, and Munich, Germany, completed its acquisition of Unify (from Gores Group and Siemens). However, Unify (<http://www.unify.com/>), which is based in Munich, Germany, is operating under its own name and retains its current UC product portfolio.

The Unify OpenScape UC portfolio offers a full and integrated suite of UC functionality. OpenScape is offered in three configurations: OpenScape Enterprise is for midsize to very large enterprises (200 to 500,000 users); OpenScape Enterprise Express is an all-in-one UC solution targeted at midsize enterprises (200 to 2,000 users); and OpenScape Business is targeted at single and multisite SMBs (five to 2,000 users).

Unify also continues to advance several forward-looking initiatives. The OpenScape Fusion integration allows the OpenScape client to be embedded within other application environments, including Microsoft, IBM, Google Apps and social media tools. Another significant initiative is Circuit, a SaaS-based work stream collaboration solution that leverages an individual's "conversational" context. Circuit supports rich textual messaging, audioconferencing and videoconferencing, file and screen sharing and other collaborative functions. Unify's roadmap is to provide deeper integration of Circuit into the OpenScape portfolio and into third-party communications solutions.

Evaluate the OpenScape UC suite if your company is looking for a standards-based, comprehensive and cost-effective UC software suite that can be extended via integration with third-party solutions. Enterprises with HiPath 4000 can also consider OpenScape as a migration path. OpenScape is available as on-premises, in the cloud via partners, or as a hybrid solution. Circuit is cloud-based.

## STRENGTHS

The OpenScape family of UC solutions is mature and offers a full suite of UC functionality. It is available in a variety of configurations targeted at different market segments, and is able to operate with various existing telephony deployments.

Unify continues to emphasize an open and interoperable approach with multiple integration options. This flexibility, combined with Atos' existing market alignment, allows Unify partners to target requirements specific to particular verticals, including education, energy, automotive, healthcare, retail, finance/insurance and the public sector.

Unify's Circuit work stream collaboration solution helps demonstrate a forward-thinking approach to communications. During 2015, Circuit was enhanced with PSTN telephony and conferencing capabilities, as well as telephony connectors to both Unify and third-party platforms, in addition to native WebRTC support.

## CAUTIONS

The acquisition of Unify by Atos should provide stability for the company as it progresses with its transformation; however, it also raises questions. Atos is based in Europe and has a solid footprint there. In North America, Atos has an established presence, but it is unclear if and how that will translate into visibility and success for Unify.

Unify continues to put significant resources into Circuit as its next-generation UCaaS solution. The market demand for a work stream collaboration approach to UC has yet to be determined.

Unify's cloud offers are still emerging, and while it has grown its partnerships in this area, it needs to accelerate market adoption in this important growing segment of the market.

## 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

No vendors were added to this Magic Quadrant.

### Dropped

IBM was dropped from the Magic Quadrant this year. Due to the increased focus of this Magic Quadrant on telephony and the shift of IBM's solution toward the broader cloud-based Connections suite, it did not meet the current inclusion criteria.

## Inclusion and Exclusion Criteria

To be included in this Magic Quadrant, vendors must meet the following criteria:

Offer a unified solution in all six core communications areas defined in Gartner's UC model. Briefly stated, the six areas are:

Telephony

Conferencing, including audio, web and video, which can be offered via partnerships

IM and presence

Messaging, which can be offered via integration with email, voice mail and various forms of UM

Clients for multiple environments

The ability to be integrated with other business and communications applications, such as collaboration software and contact centers, as well as application development environments such as cPaaS.

Integrate the UC functionality in each area into a complete solution presented via a consistent interface; nonintegrated functionality is not considered part of a unified solution.

Have a significant market presence in telephony and in three or more of the six core communications areas defined in Gartner's UC model (as above); market presence can be demonstrated by significant market share or differentiating innovation. The vendor must have minimum revenue of \$150 million from enterprise communications.

Offer the UC solution in multiple global market regions, including North America, Europe and Asia/Pacific.

Provide evidence of sales, revenue and operational investments that support market objectives — this research focuses on the large and very large enterprise market (vendors focused primarily on SMBs are not included).

Provide proof of enterprise on-premises UC product capability for a full UC solution.

## Evaluation Criteria

### Ability to Execute

Gartner analysts evaluate UC product providers based on the quality, efficacy and overall maturity of the products, systems, tools and procedures that enhance individual, group and enterprise communications. Ultimately, UC providers are judged on their ability and success in capitalizing on their vision.

**Table 1.** Ability to Execute Evaluation Criteria

| <b>Evaluation Criteria</b>   | <b>Weighting</b> |
|------------------------------|------------------|
| Product or Service           | High             |
| Overall Viability            | Medium           |
| Sales Execution/Pricing      | Medium           |
| Market Responsiveness/Record | Medium           |
| Marketing Execution          | Medium           |

| <b>Evaluation Criteria</b> | <b>Weighting</b> |
|----------------------------|------------------|
| Customer Experience        | Medium           |
| Operations                 | Medium           |

Source: Gartner (July 2016)

### **Completeness of Vision**

Gartner analysts evaluate UC product providers on their ability to convincingly articulate logical statements about current and future market directions, innovations, customer needs and competitive forces, and how well these map to Gartner's overall evaluation of the market. Ultimately, UC product providers are rated on their understanding – over a multiyear time frame – of how market forces can be exploited to create opportunities for themselves and their clients.

**Table 2.** Completeness of Vision Evaluation Criteria

| <b>Evaluation Criteria</b>  | <b>Weighting</b> |
|-----------------------------|------------------|
| 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 (July 2016)

### **Quadrant Descriptions**

#### **Leaders**

Leaders have a full UC offering and strong market presence, and can demonstrate success in the field. They have a strong presence in related markets to expand their footprint in UC. These vendors and their channel partners have experience in delivering UC to a broad range of enterprise types and into most geographic regions.

## Challengers

Vendors in the Challengers quadrant offer solutions and capabilities with the potential to move into a leadership position, but are lacking in one or more critical areas. Typically, this lack is in the area of market presence or in not being successfully sold in key regions. In other cases, the vendor is strong in all regions, but has elements of its portfolio that are not selling.

## Visionaries

Vendors in the Visionaries quadrant offer a strong and differentiating approach to one or more core areas. However, these vendors have a limited ability to execute across the entire set of requirements and markets, or have marketing and distribution limits to their ability to challenge the leading providers.

## Niche Players

Vendors in the Niche Players quadrant offer solutions that are particularly strong in some, but not all, UC areas, or they have a solution that has limited market reach or appeal.

## Context

Gartner considers UC to be a "mainstream solution," which means that complete solutions are available from most vendors. It also means that the best practices for UC users, administrators and system integrators, as well as for service and support partners, are generally defined. Being a mainstream solution also means that buyers and users are familiar with what they can expect. While there is variation in maturity between users and enterprises, the levels of sophistication and overall expectation are those of a mature market.

Maturation of a market has many implications; the key implications for the UC market include:

**A shift in buyer focus and interest.** Interest moves away from what users expect in every solution, to what is new and different. In some cases, this also means a shift in who is actually making the buying decision. For instance, IP-PBX and conferencing decisions (audio, video and web) are increasingly subsumed within the broader UC decision.

In this year's Magic Quadrant, we placed additional importance on telephony capabilities, because companies expect their UC solution to include enterprise-grade telephony.

**An increased level of competition.** Mature markets are characterized by increased price competition, slower growth and more consolidation. Competition also means an increase in acquisitions and in investments targeting adjacent markets.

In this year's Magic Quadrant, we placed additional emphasis on financial viability criteria, leveraging Gartner's financial statement scorecard methodology (see "Understanding the Methodology Behind Gartner's Financial Statement Scorecard for Public Companies" ).

**Increased competition for submarkets.** Submarkets can include vertical industry requirements for UC such as healthcare, transportation or financial services, or functional industry requirements for UC such as solutions targeted to support marketing and sales groups, human capital management or support desks.

In this year's Magic Quadrant we placed additional emphasis on the verticalization capabilities and strategies of the vendors.

The effect of maturation is visible in the introduction, or rapid advancement, over the past year of several capabilities related to the UC portfolio. Briefly stated, these include the integration of premises-based UC with cloud and hybrid variations; the rapid advancement of meeting capabilities; the increasingly widespread introduction of work stream collaboration functionality; the introduction of cPaaS and advanced integration options, in part to address verticalized solutions and communication-dependent digital business initiatives; the use of self-service portals; and the increased focus of UC overall on digital workplace transformation.

## Market Overview

The past year has seen several significant changes in the vendor positioning in this Magic Quadrant – some driven by strategy, some by market performance and some by changes in technology.

In the Leaders quadrant, Microsoft and Cisco have maintained their strong leads in the market. Cisco executed well both in the market and on its strategy for evolving its next generation of UC services. Microsoft's solution continues to attract significant on-premises market growth, while also advancing its Office 365 cloud initiative. However, the increased expectations of enterprises around telephony, coupled with uncertainty about Microsoft's on-premises versus cloud focus, resulted in lower ratings for its on-premises Skype solution. Mitel continued to perform well during the past year, growing globally (both organically and inorganically) in market penetration and product functionality. Avaya's products and vision are strong and make it a Leader; however, its placement in the Magic Quadrant was negatively affected by the current financial rating that Gartner uses in its evaluation, and which indicates that there are critical issues the company must address.

NEC and ALE maintained their positions, year over year, in the Challengers quadrant. Both vendors have full UC solutions and now need to execute better to advance. Huawei, while strong in certain markets, is not established in other key markets such as North America. However, its overall financial strength is an asset in the maturing UC market.

This year, Unify moved from the Niche Players quadrant into the Visionaries quadrant, based on progress enabled by the Atos acquisition in two areas: its Circuit-based work stream collaboration solution and in its verticalization roadmap. ShoreTel moved from the Visionaries quadrant into the Niche Players quadrant, due to the slower than expected advancement of its Connect Onsite on-premises deployments and the increased emphasis in this year's Magic Quadrant on enterprise telephony.

Niche Player vendors typically offer strong solutions in specific markets, but not across the broader spectrum of UC markets. Interactive Intelligence continues to excel where its UC solution can be coupled with its contact center offering.

Several vendors offer strong UC functionality in specific areas, but were not included in this Magic Quadrant, because the inclusion criteria required that vendors have a full on-premises UC solution. In the area of conferencing, Polycom, Vido and several others offer strong solutions, but were not included because they do not offer solutions in other technology areas related to UC. In the area of UM, Applied Voice & Speech Technologies (AVST) offers a best-of-breed solution, but not a full UC suite. UCaaS providers such as AT&T, Google, Verizon, Orange Business Services and Hewlett Packard Enterprise (HPE) were not included in this Magic Quadrant, because they do not offer on-premises solutions; these vendors are evaluated in a separate Magic Quadrant addressing the market for UCaaS.

## Acronym Key and Glossary Terms

|       |  |
|-------|--|
| cPaaS | communications platform as a service     |
| SIP   | Session Initiation Protocol              |
| SMB   | small or midsize business                |
| UC    | unified communications                   |
| UCaaS | unified communications as a service      |
| UCC   | unified communications and collaboration |
| UM    | unified messaging                        |
| UX    | user experience                          |
| VaaS  | video as a service                       |
| VoLTE | voice over Long Term Evolution           |

## Evidence

This research is based, in part, on:

- Feedback from Gartner inquiries

- Providers' responses to questionnaires specific to this Magic Quadrant

- Interviews with the providers' channel partners

- Interviews with the providers' customers

- One-on-one briefings with the providers

- Generally available information, news and data in financial and industry publications

- Discussions with Gartner peers in relevant research communities

- Gartner management critique and peer review, plus vendor review and confirmation

## Evaluation Criteria Definitions

### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability:** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness/Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

### Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

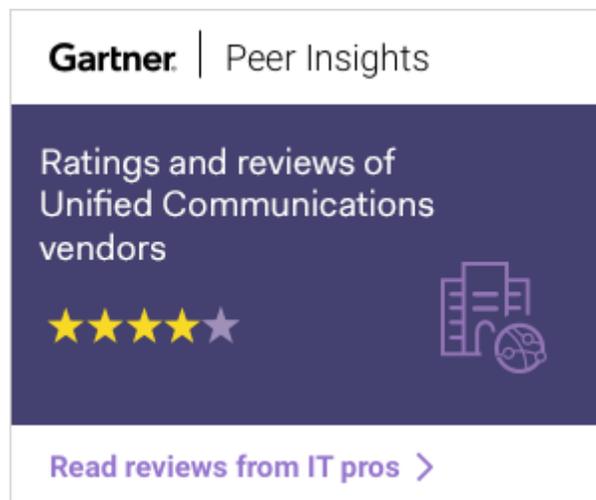
**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.



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