Gartner

Magic Quadrant for Unified Communications

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Unified communications offers the ability to improve how individuals, groups and companies interact and perform tasks. Enterprise planners and managers should review how this emerging generation of communications software and systems can improve their business operations and processes.

What You Need to Know

This document was revised on 15 October 2010. For more information, see the Corrections page.

Unified communications (UC) offers the ability to significantly improve how individuals, groups and companies interact and perform. UC also enables multiple communication channels to be coordinated. In some cases, separate servers may be consolidated; however, more frequently, UC adds functionality to existing communication applications. Key technologies include Internet Protocol (IP)-PBX, voice over IP (VoIP), presence, e-mail, audioconferencing and Web conferencing, videoconferencing, voice mail, unified messaging (UM), instant messaging (IM), and various forms of mobility. Another key capability of UC is that it offers a method to integrate communication functions directly with business applications; Gartner calls this

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

capability "communications-enabled business process" (CEBP).

Although there is significant interest in UC from many enterprises, it remains a daunting and confusing topic. As a result, many enterprises find it difficult knowing where and how to start. One approach is outlined in "Developing an Enterprise Unified Communications Road Map." This research advises enterprises to review their inventories of communication equipment and business partners, then develop a vision for where their communication could be in five years. This plan can be accompanied by developing a UC center of excellence; this group brings individuals together from multiple areas, including IT operations, business applications and the line of business. This group then provides broad guidance and direction for the plans.

Despite the emergence of complete UC portfolios, these are still in an early stage, and no vendor product adequately addresses all of an enterprise's UC needs. As a result, a best-of-breed approach remains the surest way of ensuring adequate functionality, and planners should require vendor products to be interoperable. The evaluation in this research focuses on enterprise-premises solutions, and considers how well vendors can work with other vendors and with hosted solutions. Enterprises should consider interoperability as an important criterion. Gartner publishes separate research that reviews UC-as-a-service (UCaaS) solutions.

The term "unified communications" sometimes is misused. This results in confusion. Users should be aware that some products that are labeled as "unified" cannot be integrated with other vendor products into a full portfolio. These mislabeled products are capable of being used only in a stand-alone and nonintegrated manner.

Many leading enterprises are developing UC road maps and plans, and some have trial or phased deployments under way, but few enterprises have a fully integrated communication environment. Adoption should continue to increase through the next several years as UC technology solutions mature and enterprises update their installed bases of communication infrastructures.

This research reviews relevant technologies and vendor offerings that can assist in these goals (see Figure 1).

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

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization's portfolio of products.

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

Market Responsiveness and Track 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 in order 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, thought leadership, word-of-mouth and sales activities.

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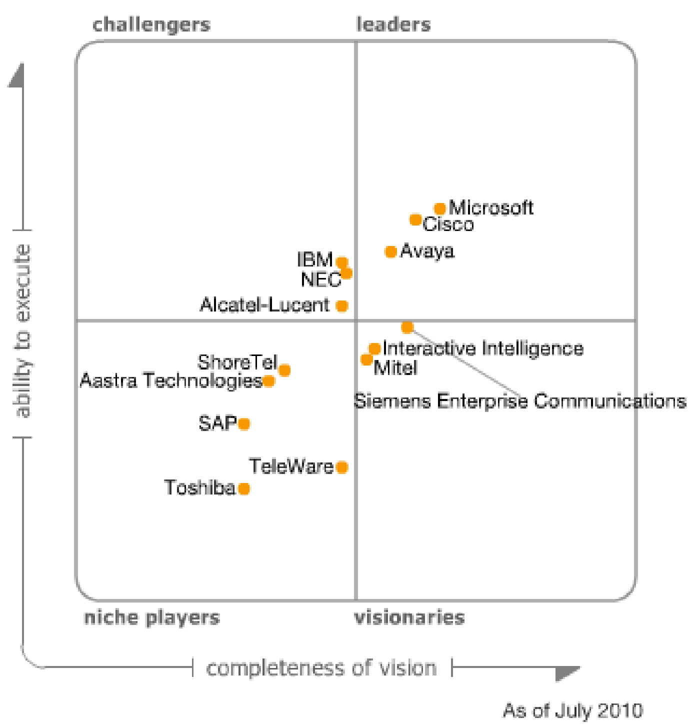
Magic Quadrant

Figure 1. Magic Quadrant for Unified Communications



Source: Gartner (July 2010)

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Market Overview

In 2010, vendor consolidation in the UC market continued with, most notably, Nortel being acquired by Avaya, and Cisco acquiring Tandberg. From a product perspective, Cisco and Microsoft maintained their strong leads, while Avaya continued to strengthen its portfolio. Product functionality overall increased, particularly in the areas of conferencing, mobility, server virtualization and session management. Additionally, we saw the emergence of complete UC suites from single vendors. Although the full suites are not yet competitive with best-of-breed portfolios, they suggest the direction for market leaders. Nonleading vendors will increasingly focus on niche market approaches and on best-of-breed

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, etc.

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 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 product 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 capabilities. Most enterprises continue to leverage their existing strategic communication partnerships, and should expect to have two or three different UC vendors to complete their portfolio. Each vendor has at least one strength, for instance, in e-mail, telephony or networking, and each vendor seeks to expand its footprint within the enterprise. A common vendor strategy is bundling their lesser-known or weaker UC features with their stronger products. Another common strategy is the increased use of discounting and other incentives to allow new products into accounts.

Most enterprises take a longer-term approach to UC. They start by defining their strategy and longer-term direction. They then determine the most effective way to deliver this, while controlling costs, retaining control over their accounts and leveraging existing investments. Often, the UC initiative focuses on a particular project, and as some projects are completed, others are initiated. In this way, UC evolves as a process of continuous and incremental improvement. A strategy for accomplishing this is described in "Focus on UC Projects, Not on UC Technology," "Developing an Enterprise Unified Communications Road Map" and "Developing a Vision for Unified Communications." "Market Share: Enterprise Unified Communications Infrastructure, Worldwide, 2008" describes vendor market shares.

While most solutions today support key standards such as Session Initiation Protocol (SIP), an important distinction is the extent to which they federate and integrate with third-party products. Some solutions are intended primarily to enhance and operate within their own specific environments; although these solutions do work with third parties, their interoperation is often limited. Other products are clearly designed to interoperate in multiple environments, thus are more flexible. Currently, there is no best approach, and no vendor offers everything an enterprise needs for communication. Companies must make decisions by evaluating the emerging options based on their own objectives, and on how the options fit with the business's longer-term strategies.

The adoption of UC in enterprises by enterprises continues to increase; however, actual penetration as a percentage of market, and, in some cases, usage rates across an enterprise, remain low. This is the result of multiple technical and organizational issues, including:

feature set 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 verticals.

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.

- Enterprises have large investments in communication infrastructures that must be preserved; this leads to a slower evolutionary approach, rather than to the faster revolutionary "rip and replace" approach.
- Many applications and products are complex to deploy and may require organizational changes.
- The business case frequently is based on a soft ROI or a strategic investment, such as productivity improvements, rather than on hard ROI, such as cost savings. As a result, in a conservative economy, deployments occur slower, perhaps as part of a broader technology update.

Gartner expects these barriers to be resolved slowly, and during the next several years UC will become an accepted part of enterprise communication road maps and investments. As UC technologies and products are deployed, the challenge will shift from technology issues to organizational and change management.

Several vendors offer strong UC solutions, but were not included in this Magic Quadrant, because the inclusion criteria require that vendors have strong on-premises solutions in at least three of the six key technology areas. In the area of conferencing, Polycom offers strong solutions in conferencing, but does not offer solutions in other technology areas; Tandberg, which also offers a strong conferencing solution, is now part of Cisco. In the area of UM, Applied Voice & Speech Technologies (AVST) offers a best-of-breed UM solution. Finally, service providers, such as AT&T, Google, Verizon and BT, were not included in this document because they do not offer an on-premises solution. UC service solutions are described in the "Magic Quadrant for Unified Communications as a Service, North America."

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Market Definition/Description

UC is a direct result of the convergence of communications and applications. Differing forms of communication have been developed, marketed and sold as separate individual applications. In some cases, they even had separate networks and devices. The convergence of all communications on IP networks and open-software platforms is enabling a new paradigm for UC, and is changing how individuals, groups and organizations communicate.

Gartner defines UC products (equipment, software and services) as those that facilitate the use of multiple enterprise communication methods. This can include control, management and integration of these methods. UC products integrate communication channels (media), 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. These products may be made up of a stand-alone suite, or they may be a portfolio of integrated applications and platforms spanning multiple vendors. In many cases, UC is deployed to extend and add functionality to existing communication investments.

UC products are used by people to facilitate personal communications and by enterprises to support workgroup and collaborative communications. Some UC products may extend UC outside company boundaries to enhance communications among organizations, to support interactions among large public communities or for personal communication. Additionally, UC is increasingly being integrated or offered with collaboration applications to form UC and collaboration (UCC).

It's useful to divide UC into six broad communication product areas:

- Voice and telephony: This area includes fixed, mobile and soft telephony, as well as the evolution of PBXs and IP-PBXs. This also includes live communications, such as video telephony.

- Conferencing: This area includes separate voice, videoconferencing and Web conferencing capabilities, as well as converged unified conferencing capabilities.

- Messaging: This area includes e-mail, which has become an indispensable business tool, voice mail and UM in various forms.

- Presence and IM: These will play an increasingly central role in the next generation of communications. Presence services, in particular, are expanding to enable aggregation and publication of presence and location information from and to multiple sources. This enhanced functionality is sometimes called "rich presence."

- Clients: Unified clients enable access to multiple communication functions from a consistent interface. These may have different forms, including thick desktop clients, thin browser clients and mobile PDA clients, as well as specialized clients embedded within business applications.

- Communication applications: This broad group of applications has directly integrated communication functions. Key application areas include consolidated administration tools, collaboration applications, contact center applications and notification applications. Eventually, other applications will be communication-enabled. When business applications are integrated with communication applications, Gartner calls these CEBPs.

Note that mobility is an element of each area. While there can be synergy in the mobile solutions deployed for each area, there is no one mobile solution for UC; there are many mobile solutions.

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Inclusion and Exclusion Criteria

To be included in this Magic Quadrant, solution providers must have:

- On-premises products with significant market presence in three or more of the six core communication areas defined in Gartner's UC model

- Market presence that can be demonstrated in one of two ways: as significant market share or by differentiating innovation or mind share

- Sufficient sales, revenue and operational presence to support market objectives
- Demonstrable enterprise-premises UC portfolios/products with references
- The ability to enable a complete portfolio, even if the parts are offered via partnerships
- The ability to generate significant interest by leading client market segments

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Added

No vendors were added.

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Dropped

No vendors were removed.

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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 (see Table 1).

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	high
Sales Execution/Pricing	standard
Market Responsiveness and Track Record	standard
Marketing Execution	standard
Customer Experience	standard
Operations	standard