

## IDC MarketScape

# IDC MarketScape: Worldwide UCaaS Service Providers for SMB 2021 Vendor Assessment

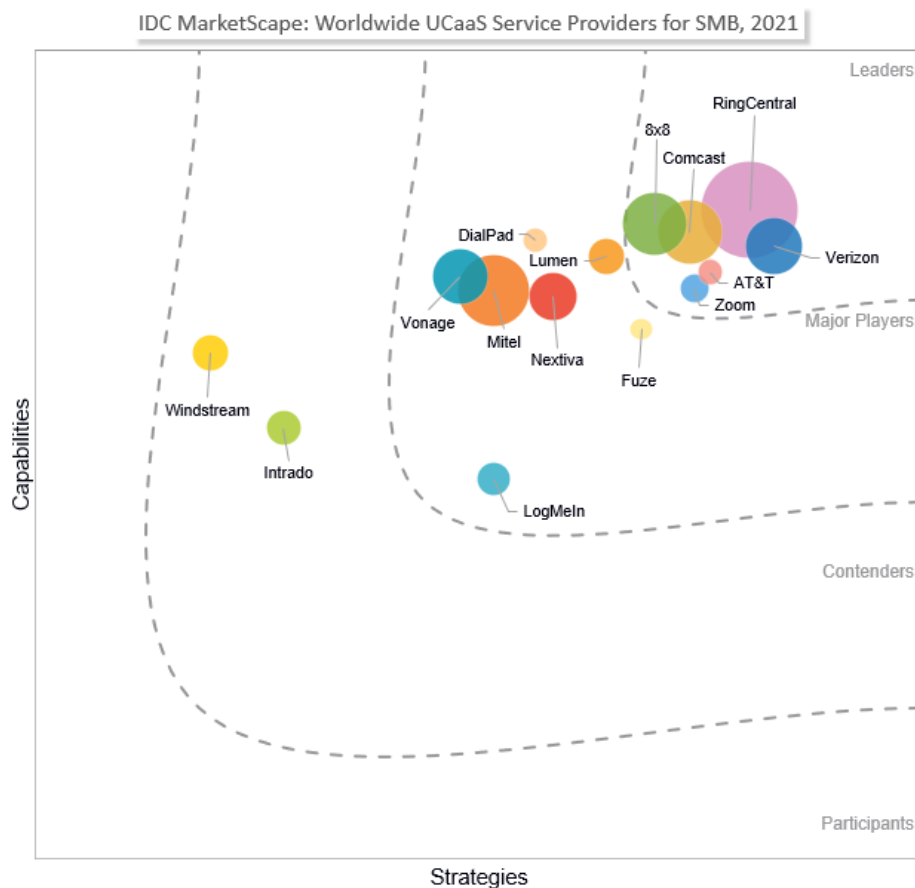
Denise Lund

**THIS IDC MARKETSCAPE EXCERPT FEATURES RINGCENTRAL**

### IDC MARKETSCAPE FIGURE

**FIGURE 1**

## IDC MarketScape Worldwide UCaaS Service Providers for SMB Vendor Assessment



Source: IDC, 2021

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

## IN THIS EXCERPT

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The content for this excerpt was taken directly from IDC MarketScape: Worldwide UCaaS Service Providers for SMB 2021 Vendor Assessment (Doc # US47452421). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

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The unified communications-as-a-service (UCaaS) service provider market continues to be crowded by vendors that are moving upmarket and downmarket to capture share of this rapidly growing space. For small and medium-sized businesses (SMBs), their operational needs are evolving as quickly as they are for enterprises. This requires UCaaS service providers to deliver base-level solutions that include a careful balance of integrated voice, messaging, chat, and meetings features. In addition, they must provide flexible tiered pricing as well as simplified implementation and training options. It is also important that the UCaaS service providers show the capacity to grow with their SMB customers as their needs evolve, such as with more sophisticated analytics and contact center capabilities and a strong vision for how the UCaaS solution fits within the broader unified communications and collaboration (UC&C) solution.

SMBs have faced enormous pressures as a result of the COVID-19 pandemic, resulting in heightened needs for solutions that drive productivity and collaboration among employees who work outside of the traditional four-walls of the office. UCaaS solutions can be a welcome respite for SMBs as they look to maintain business continuity and cost-effective operations. It helps if the solution is easy to use and does not burden overstretched management and technical support personnel in an SMB.

IDC defines a core UCaaS solution as a cloud-based integrated voice, messaging, and meeting services solution delivered via IP in the cloud and sold on a monthly recurring subscription basis. There are numerous service providers, including network carriers, cable companies, and over-the-top (OTT) service providers, that offer these solutions.

Key findings of this IDC MarketScape assessment include:

- Overall UCaaS solution functionality varies, but many vendors' solutions have a base-level set of integrated voice, video, messaging, and meeting services. Features in the base-level UCaaS tier not only vary between vendors but also vary significantly as the SMB buyer looks at higher-level UCaaS solution tiers across the market.
- Differentiators include price, package composition, self-help implementation and support resources, mobile emphasis, and clear path for an SMB to have its needs met by that same vendor over time as its business changes.
- Vendors' vision of a positive user experience (UX) for SMBs is very different, ranging from simplified implementation services to easy-to-use streamlined features within the voice call and chat interface itself. Consumerized experiences are not yet table stakes in the UCaaS solution set being targeted to SMBs.

## IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

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IDC included vendors based on the following key criteria:

- The vendor sells a unified communications-as-a-service solution targeting SMBs as defined by IDC as having fewer than 1,000 employees. Note that vendors in this assessment also target large organizations.
- The UCaaS solution meets IDC's definition of UCaaS as integrated voice, video, messaging, and meeting services delivered via IP in the cloud and sold on a monthly recurring subscription basis.
- The vendor is either a network carrier or a cable operator that sells cloud-based multitenant/multi-instance UCaaS offerings, or the vendor is an OTT UCaaS service provider.
- The vendor has UCaaS revenue of \$20+ million for calendar years 2019 and 2020. Owing to the timing of estimates provided, revenue may differ from market share in forthcoming IDC deliverables.

In addition to the companies profiled in this study, there are several other companies that IDC has included in its *IDC MarketScope: Worldwide UCaaS Service Providers for Enterprise 2021 Vendor Assessment* (IDC #US47452521, February 2021).

## ADVICE FOR TECHNOLOGY BUYERS

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When considering UCaaS solutions, SMB buyers must consider how a vendor's solution augments and can easily become part of their employees' daily way of working and doing business. Consider the UCaaS service providers':

- **Base-level solution functionality.** On the smaller end of SMBs are needs for entry-level UCaaS functionality at a good value. Solutions that offer the fundamentals of hosted and integrated cloud, messaging, and meeting capabilities in a bundle or package that is priced less than more full-featured solutions can be a good place for a smaller SMB to start with UCaaS. Alternatively, a full-featured solution available at an aggressive price point could be a reasonable option for SMBs, but only if the broader feature set does not slow implementation, as features such as large meeting capabilities and perhaps some included contact center capabilities are not a requirement.
- **User experience.** A critical success factor for UCaaS in the SMB environment is an employee user experience that is straightforward and familiar, easy to use and, ultimately, does not require a significant amount of technical support. Many SMBs lack technical resources, particularly in small businesses, to support implementations and drive adoption if the UCaaS solution is too complex to deploy and use.
- **Standardized customer support programs for SMBs.** Self-service tools and educational materials for SMBs are an attractive first step in the implementation process, along with easy-to-use administrator portals that can accommodate changes in the number of seats as SMB needs change. Having the option to add on more advanced, personal support and integration customization services is a good option for SMBs on the larger end of the segment to accommodate for how their business may change over time.
- **Demonstrated ability to deliver a UCaaS solution that fits with a broader set of UC&C elements.** SMBs' needs will change over time, and for many at the larger end of the segment, being able to tie their UCaaS solution into a broader UC&C offering will become a

requirement. UCaaS vendors that have a clear vision for how their UCaaS solution integrates with other UC&C elements, including collaboration software and contact center as a service (CCaaS), can grow with the buyer's organization when its needs expand.

## VENDOR SUMMARY PROFILES

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This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

### RingCentral

RingCentral is positioned in the Leaders category of this IDC MarketScape for worldwide UCaaS service providers for SMB vendor assessment.

RingCentral is a global provider of cloud communications and collaboration solutions to businesses of all sizes. RingCentral owns RingCentral Office, RingCentral Contact Center and Engage, RingCentral Glip used for messaging and videoconferencing in Glip, and the RingCentral Connect Platform. RingCentral also offers partner solutions such as Zoom video and third-party contact center solutions. RingCentral's core UCaaS solution offering is RingCentral Office, a multitenant UCaaS solution combining enterprise-grade telephony, team messaging and collaboration, audioconferencing, HD video meetings, webinars, business SMS/MMS, and fax. RingCentral Glip is a free team messaging and videoconferencing application. RingCentral offers a variety of different RingCentral Office tiers, including Essentials, Standard, Premium, and Ultimate. Essentials is an entry-level offering for small businesses with fewer than 20 users, and Premium and Ultimate tiers add integrations to CRM as well as industry-specific solutions, and its RingCentral Connect developer platform that has 50,000 developers, 5,000 integrations, and apps that include social networking and business process apps and advanced administrative functions.

A key aspect of RingCentral's strategy to shape its UCaaS product road map ensuring alignment with customer needs is to jointly develop the solution for the customer groups with the actual vendors and service providers that own the customers today. For example, RingCentral has established numerous partnerships (i.e., with Atos, Avaya, BT, Vodafone, AT&T, and Alcatel-Lucent Enterprise) to gain access to installed customer bases in key markets, such as EMEA and South America, or the United Kingdom, as part of exclusive arrangements to be the lead UCaaS offer.

### Strengths

RingCentral has built its UCaaS solution with mobile as a major use case, an approach that allows it to be considered by SMBs that have communications and collaboration needs for employees that have broad roles and may work outside of a set office environment.

### Challenges

RingCentral has not been known to be the least expensive solution for a company, posing a potential concern to SMBs. Importantly, RingCentral has made a significant investment in driving awareness of RingCentral Glip with its free videoconferencing and messaging solution entry point to address this challenge.

## **Consider RingCentral When**

SMBs should consider RingCentral when they need a UCaaS platform that has an emphasis on security and reliability and has been integrated across a broad portfolio of unified communications and collaboration solution elements with access to a platform that comes with numerous integrations to enterprise software and services.

## **APPENDIX**

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### **Reading an IDC MarketScape Graph**

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

### **IDC MarketScape Methodology**

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

### **Market Definition**

#### ***Small and Medium-Sized Businesses***

In the Americas region, IDC defines small and medium-sized businesses (SMBs) as businesses with up to 999 employees.

#### ***Unified Communications as a Service***

IDC defines UCaaS offerings as integrated voice, video, messaging, and meeting services delivered via IP in the cloud and sold on a monthly recurring subscription basis. UCaaS service providers and OTT UCaaS service providers make up the bulk of the market, with vendors from the infrastructure side filling in the balance. See *IDC TechBrief: Unified Communications as a Service* (IDC

#US46748020, August 2020) for more information on the four segments of the UCaaS market and an overview of the two segments that make up the UCaaS service provider assessment in this document, namely, network carriers/cable operators with UCaaS solutions and OTT UCaaS service providers. These service provider segments are defined briefly in the sections that follow.

### **UCaaS Service Providers**

These service providers are typically major global network carriers but may also be tiers 2 and 3 network carriers and cable operators that sell cloud-based multitenant/multi-instance UCaaS offerings. UCaaS service provider solutions are often based on a third party-enabling UCaaS platform that the providers sell directly to business buyers or sell indirectly through channel partners. The service provider upgrades, supports, operates, and manages the UCaaS platform either in its datacenter or in a partner's datacenter. UCaaS service provider offerings are most often based on the carrier's or operator's global or regional network infrastructure, but some are based on an OTT UCaaS offering.

### **OTT UCaaS Service Providers**

These UCaaS service providers use an existing broadband data connection as the foundation on which integrated UCaaS capabilities are layered.

## **LEARN MORE**

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### **Related Research**

- *IDC MarketScape: Worldwide UCaaS Service Providers for Enterprise 2021 Vendor Assessment* (IDC #US47452521, February 2021)
- *U.S. Enterprise Communications Services Survey, 2020: Hosted VoIP/UCaaS Adoption and Buying Criteria* (IDC #US46938820, December 2020)
- *U.S. ECS Survey, 2020: Enterprise Investment Priorities* (IDC #US46339220, December 2020)
- *U.S. Enterprise Communications Services Survey, 2020: Top-Line UC&C Results* (IDC #US46372820, December 2020)
- *Direct Routing for Teams: More Than Just Cost Savings* (IDC #US46938620, December 2020)
- *UCaaS Service Providers Market Overview* (IDC #US46747220, August 2020)
- *IDC TechBrief: Unified Communications as a Service* (IDC #US46748020, August 2020)
- *IDC Market Glance: Unified Communications and Collaboration, 1Q20* (IDC #US46094820, March 2020)

### **Synopsis**

This IDC study represents a vendor assessment of service providers offering unified communications as a service (UCaaS) for SMBs using the IDC MarketScape model. The assessment reviews both quantitative and qualitative characteristics that define current market demands and expected buyer needs for UCaaS solutions. The evaluation is based on a comprehensive and rigorous framework that assesses each vendor relative to one another, and the framework highlights the key factors that are expected to be the most significant for achieving success in this market over the short term and the long term.

"SMBs need a service provider that can meet their communication requirements today, grow with them into the future, and deliver an exceptional user experience for employees," says Denise Lund, research director, IDC's Telecom and Unified Communications. "UCaaS solutions that offer a good value entry point are a good way for an SMB to begin the journey."

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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