

## The Marketplace Race:

### How Integration and Customization Will Redraw the UCC Landscape

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Topic: Communications and Collaboration

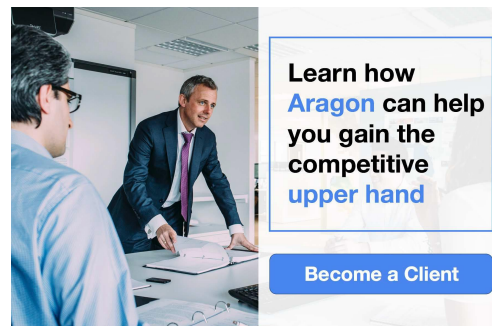
**Issue:** What trends will affect the evolution of communications and collaboration?

**Key Finding:**

**Prediction:** By YE 2022, app marketplaces will be a characteristic of leading UCC providers (.7 probability).

### Summary

Enterprises are looking for new ways to communicate and collaborate inside and outside of the enterprise. Unified communications and collaboration (UCC) platforms are now shifting to adding integrated app marketplaces that can automate the addition of third-party capabilities—which can give the enterprise a competitive advantage and deliver faster outcomes.



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## Introduction

The UCC market is evolving and while the platform play is here, the new focus is on leveraging these platforms with third-party partner offerings to enable new solutions that meet the needs of more buyers. The rise of marketplaces in UCC is a growing trend and this note examines this shift and the reasons for it.

This research note discusses how the UCC market is shifting to platforms that will enable innovation via API-enabled application marketplaces.

## Seamless, Integrated Communications Is the New Normal

Although voice and email communication dominate within the enterprise today, the shift to omni-channel communication is already taking place. This shift includes video and messaging-based UCC, which are becoming easier to use on a daily basis. Business leaders are helping to drive both demand and faster adoption of these channels, because they know that different UCC modalities are needed for different business situations.

The growth of consumer communication applications, such as Apple's FaceTime and iMessage, has proven that people expect to communicate via any method at any time. Walk around any big city and you will see more and more people FaceTiming with others—something that was predicted years ago but is only now becoming a reality from a usage perspective.

This matters because it proves that the hesitation or limitation around multi-modal communications is becoming obsolete. It's now becoming a must-have set of capabilities that is still emerging in the enterprise.

The key trend for UCC today is opening up the architecture and enabling fast, easy, and seamless integration with other enterprise applications. This means that providers need to make their offerings more fully integrated between voice, video collaboration, and messaging.

## **Business Leaders Put Technology at The Center of Customer Engagement**

Business leaders know they can leverage technology to gain a competitive advantage. This knowledge is propelling the demand for advanced UCC platforms that can help unify disparate workflows to improve efficiency. Communication and collaboration is one of the most critical technology segments when it comes to customer engagement. More importantly, business leaders know that communication needs to be integrated with other line-of-business applications to maximize productivity and the flow of information.

In a digital era, the old way of isolated communication stacks won't work. The digital enterprise needs an always-on communication platform.

### **Collaboration, Communications, and Integration**

At its core, UCC is about enabling collaboration and communication, and integrating those capabilities into the enterprise. UCC allows for calls that are both voice-based and video-based. It enables meetings with users and rooms. It is about the shift from instant messaging to mobile messaging, which we have termed "mobile collaboration." However, not all have been quick to recognize these changes in the market.

One of the capabilities that more-integrated UCC offerings offer is the ability to switch modalities seamlessly, i.e., the ability to chat and then launch into a video or voice call. While this is not a new capability, newer offerings will do it more automatically in real-time.

The bigger challenge that UCC promises to solve is the ability to eliminate the need to manually stop work processes to manually call or text a business contact. As UCC platforms become more integrated with existing business applications, such as CRM, the ability to click-to-call or message becomes a standard capability. This means that the productivity of users goes up dramatically, as does the ability to associate contact information within a business record.

This is why enterprises must look beyond core UCC capabilities to the integration capabilities vendors provide. The challenge today is that UCC applications (voice, video, collaboration, and messaging)

are still coming together. Differences in functionality sometimes outweigh the need to look at the integration.

### **Cloud-Based UCC: APIs Enable Marketplaces**

There is a shift occurring in the communication and collaboration market, in part because enterprises need to move fast and on a global scale. There is a growing recognition that cloud-based UCC services are faster and easier to deploy. They also provide more flexibility for remote use cases.

What is under the hood of these UCC offerings is connectivity enabled by application programming interfaces (APIs). These API-enabled platforms are the glue that enable the connectivity with applications mentioned earlier. The new way forward is offering pre-configured connectors that leverage APIs.

The API-based connectors are now offered in online exchanges that help to make the core UCC platform more attractive to buyers, and now as a result of the API layer, more providers are shifting to offer app marketplaces (see page 12).

There are still vast differences in offerings from technology providers. There are more cloud-based, best-of-breed UCC providers emerging, but not all can provide all of the capabilities that business users need. Regardless, as demand for cloud UCC offerings grows, so does the pressure on traditional on-premise PBX suppliers.

### **Meetings and Calls: The Evolution of Voice**

As enterprises operate in a digital era, the need for voice-based calls and meetings is as great as it has ever been. The cloud revolution has opened up new opportunities to integrate business applications and associated workflows. Cloud is one of the few ways to enable fast integration of collaboration and communication with business applications.

The cost to deploy on-premise is diminishing as cloud-based UCaaS offerings offer full PBX capabilities without the hardware and staff overhead associated with traditional on-premise approaches.

Additionally, mobility, voice quality, and the ability to switch communication capabilities to video on the fly means that the days of standalone best-of breed offerings are declining, as is the need for on-premise hardware, other than endpoints (e.g., phones and video displays).

### **Enterprise Video Is on the Rise**

The growing use of video has raised workplace expectations for seamless, high-quality, real-time video interaction with business colleagues. Bring-your-own-device (BYOD) and consumerization trends have made video accessible to anyone, anywhere, anytime. People want the same level of access in their professional lives as they have in their consumer lives to get their work done.

### **Team Collaboration: Going Beyond Messaging**

Team collaboration isn't just about providing a messaging platform; it is now a means to get work done, particularly for workers on the go. In 2019, providers have put team collaboration front and center, with new use cases and features that are particularly focused on the mobile worker. Despite the success of consumer messaging applications, there is still a need for secure team collaboration platforms in the enterprise.

With team collaboration as the center of work, individuals and teams can quickly jump onto a call or even start a meeting. This makes team collaboration a growing part of the people-centric collaboration story.

One of the biggest opportunities for team collaboration is work automation, where chatbots and digital assistants come into play. Today, it is not enough just to have a team collaboration offering. Providers also need to help the enterprise with solutions that address this automation need.

### **Messaging Is Critical to Speed-Up Customer Journeys**

We have seen a trend in which buyers want to be able to communicate quickly when conducting a transaction. At the same time, managers and their team must be able to take action. Messaging enables both aspects of customer journeys and promotes more efficient experiences.

This is particularly true for mobile workers who need to be able to accept tasks and provide progress updates, and for times when an important discussion needs to take place that might go from a messaging conversation to a group call. In some cases, a company-wide announcement can be shared faster via message than email because people tend to be more responsive to phone notifications.

Team collaboration is at the heart of a simpler and faster journey for all of these examples. When communication is expedited, work can be accomplished faster. This is one of the reasons that Aragon sees team collaboration growing even faster as a category.

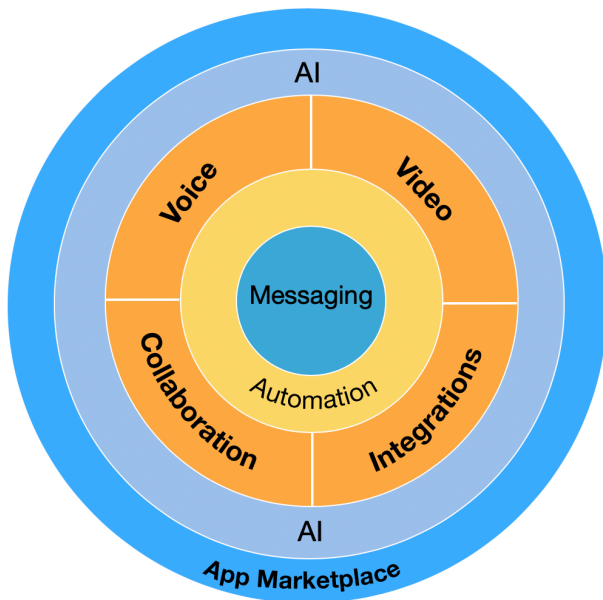


Figure 1: The key elements of the new unified communications and collaboration market.

This shift means that the power struggle to own mobile collaboration is on. Inevitably, this will have a growing impact on the UCC market.

### **People-Centric Collaboration Is About Making All Modes Seamless**

Aragon feels that the market is starting to put people at the center of UCC—more people-centric collaboration than channel-specific

UCC. Use cases will help to drive this, as will the addition of intelligence via predictive and prescriptive analytics. There are many business use cases for UCC because of the increased demand for omni-channel forms of communication. For example, sales reps know that today's customers are busy, and trying to schedule a sales appointment has become much more difficult. Customers might not have time to look over every email or return a missed phone call—and they might not want to, either.

When it comes to outreach, the focus should be on omni-channel communication that takes into account the technology that customers increasingly want to use—such as messaging and video. Voice and email are only part of the communication equation. A UCC platform provides different areas of the business with multiple forms of outreach capabilities to successfully compete in today's digital world.

As product suites begin to look similar, the ones that succeed in making work seamless have the best chance of allowing people to accomplish work in a way that fits their own personal style—versus being forced to work the way the platform dictates. Aragon feels that messaging will be one of the starting points for the way people work and because of its immediacy of reaching others, it threatens email—which has been a dominant work tool for the last 25 years.



*Figure 2: People-centric collaboration means being able to seamlessly switch to the right method of interacting with others.*

One of the providers who is focused on an integrated UCC platform is RingCentral (see Note 1). There will be multiple angles to the platform, and many will try to leverage their core strength.

There has been a flurry of activity by UCC providers to acquire PaaS capabilities that allow customers to embed communication and collaboration into business applications, processes, and services. The appetite for CPaaS (Communications Platform as a Service) is not slowing down. That's why we see so many new players emerging that have well-developed offerings that scale on a national or global basis.

Just as the impact and viral adoption of consumer IM services forced enterprises to include IM in their communication and collaboration strategies to meet user demand, mobile collaboration is also evolving due to consumer trends. IM and presence eventually evolved to become the central element of UC and a launching pad for all types of modalities.

In the telecom industry, mobile messaging and communication apps have been a disruptive force, by way of challenging existing distribution and revenue models. It was only a matter of time before this trend would collide with enterprise messaging and collaboration strategies.

### UCC Integration and Automation

The go-forward approach to UCC will be an integrated offering that allows people to collaborate and communicate in a more seamless fashion. The need for real-time communication is growing and for that reason alone, we see team collaboration gradually becoming the primary work modality rather than email.

While team collaboration has been growing by leaps and bounds at the team and department level, we have seen a lag in full enterprise adoption in large enterprises—in contrast, SMBs and universities (due to alerts) have already gone there. The demand for team collaboration is expected to grow as product functionality and better integration with other UCC modalities becomes commonplace.

Automation of arranging meetings and calls is part of the modern UCC approach. Enterprises need more than a collection of features

#### Note 1: RingCentral at a Glance

RingCentral is a full-service UCaaS and contact center provider that offers global capabilities to organizations of all sizes.

**Headquarters:** Belmont, CA

**CEO:** Vlad Shmunis

**Revenue (2018):** \$673.62M

**Availability:** Available now

#### Key Offerings:

**RingCentral Office:** RingCentral's core cloud-based UCaaS platform combines team messaging, calling, and HD audio and video meetings in one integrated platform.

- Single app for mobile and desktop
- Open platform with 180+ out-of-the-box integrations and 20,000 developers
- Advanced call management and analytics

**Global Office:** Full UCaaS service in more than 40 countries, and inbound virtual numbers in 119 countries.

**Contact Center:** Contact center with omnichannel routing and analytics.

**Engage Digital:** Digital and social engagement platform.

**Engage Voice:** Outbound customer contact center.

**Website:** [www.ringcentral.com](http://www.ringcentral.com)

bundled into a suite. It is clear that the market is starting to deliver on this promise.

### **Task-Specific Chatbots Come Online**

One of the key use cases emerging for team collaboration is chatbots. Chatbots and team collaboration are intertwined, because chatbots can use text or voice to communicate with a human.

Today, major team collaboration providers offer a chatbot engine, and we expect others to partner with a chatbot provider or acquire chatbot capabilities in 2020. One mistake many buyers and vendors make when it comes to utilizing a chatbot is that they don't understand that it is a window into an application.

The success of chatbots is often tied to limiting the expectations for what they can do. Chatbots still need to mature to become complete digital assistants. While the vision for people-centric collaboration is to have a communication digital assistant (i.e., an AI chatbot) with the ability to perform different functions (e.g., make calls and schedule and launch meetings), the reality today is that successful chatbot deployments use more limited functionality. By focusing on one particular function, such as questions and answers, the potential for success is higher.

### **Context and Performance Are Key**

With so many communication tools and so much content in use, people can become overwhelmed. One ramification of that is a loss of context in conversations as users jump from one tool to the next. While content is critical to collaborative interactions, context is the component that configures those interactions. Context should be used as the guidepost to reach desired goals and outcomes in regard to content creation and sharing.

Performance is also key. For many enterprises and development teams, the complexity of building real-time capabilities and also getting them to perform at a high level (99.99% uptime) is a challenge. This, too, is where Platform as a Service (PaaS) meets the need.

The key collaboration and communication capabilities that PaaS providers offer include:

- **Voice**
- **Video**
- **Team Collaboration**
- **API integration**

Most of all, the need to deliver these capabilities in a mobile fashion is an imperative. Mobile is the one thing that makes all of these services more difficult to deliver.

### **Workplace Infrastructure & Productivity, Provisioning**

For the digital workplace, the flexibility offered by a cloud UCC platform means auto-provisioning and easy call-routing, all from a central location. Out-of-the-box integrations and the ability to do custom integrations via APIs and SDKs will further simplify the burden on IT.

With cloud UCC, the IT staff requirements are minimal and can be done from a single, central location. This is a far cry from the way many are managing their communication infrastructure today—where there are often multiple IT staff focusing on UCC in every location. The flexibility of a cloud-based UCC platform means that provisioning can be faster and more automatic.

### **How UCC-Powered Marketplaces Will Enable Customization and Faster Outcomes**

With the advent of the smartphone and the revolution in mobile apps that led to a surge in innovation in various markets, app marketplaces have become the de facto low-code way to extend platforms.

This is true in UCC as well, with the advent of Communication Platform as a Service—which in the first generation focused on embedding UCC functionality (SMS messages, voice, and video) into other applications. That often took development work.

The more popular way of delivering apps is low-code app marketplaces that enable new capabilities to be enabled with limited configuration and integration by the enterprise.

In UCC, we see marketplaces as a growing trend. In sales, for example, the need might be to add UCC capabilities to an existing CRM application, such as Salesforce. By having an app in a marketplace, a user can select it, buy it, and turn on the integration in their instance of Salesforce.

### **App Marketplace and CRM**

For inside or outside sales teams, the ability to auto dial from within the CRM panel means maximum productivity. Call center features also mean more powerful features, such as auto and power dialing.

It is important to realize that communications modalities are changing. Being able to email or to text with a client is often a better alternative and Aragon feels that after a relationship is established with a client, they are more open to texting, in part to speed-up communications.

### **The New Race in UCC Is Customization via Marketplaces**

Aragon sees that a new innovation race could emerge with the advent of marketplaces tied to UCC platforms. Marketplaces are easier to create than ever before, but it takes a commitment by the provider and the partners that will participate in the marketplace.

**Prediction:** By YE 2022, app marketplaces will be a characteristic of leading UCC providers (.7 probability).

Marketplaces enable better employee and customer engagement. By adding a marketplace that allows a UCC platform to be customized, it changes the experience to one that is more tailored to the work that needs to get done. This leads to a more positive experience and can make the solution much more desirable in the enterprise.

### **Marketplaces and Digital Labor**

One of the biggest areas we see as offering potential is a marketplace for pre-configured chatbots. We see a huge potential for different types of preconfigured chatbots that would be offered in conjunction with UCC and contact center offerings. This will become more important between now and 2025.

**Getting Started with UCC**

Enterprises need to evaluate existing providers and, in some cases, look at exit strategies for those firms that are not evolving their offering to include all of the critical components of UCC. Many are still focused only on voice or video. Enterprises need the full UCC stack going forward.

While sales, service, and support continue to be the most customer-centric areas, knowledge workers are one of the most critical areas to UCC-enable. As organizations are increasingly distributed, the need to foster employee engagement to prevent retention issues and to drive productivity is of paramount importance.

Integration is a key part of the power of UCC. By leveraging the power of marketplaces, voice, video, and messaging use cases can all be embedded into more applications than ever before. Marketplaces are the new way forward, and this will make buyers look at UCC providers in a different light.

**Aragon Advisory**

Forward-thinking enterprises need to look at their communication strategy at both an infrastructure and application level. Specifically, they need to:

- Evaluate UCC platform providers that can support all communication and collaboration modalities.
- Understand that workplace practices will shift to more of a team collaboration approach.
- Evaluate UCC providers that offer an open platform approach and a complete app marketplace.

**Bottom Line**

The UCC market is large and evolving fast. UCC platforms are here and with them comes the scalability and integration capabilities needed for a modern workforce. The ability to streamline an employee or customer experience via a marketplace should not be overlooked. Enterprises need to carefully evaluate legacy investments and begin to develop exit strategies for legacy communications providers.