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Gartner

## Magic Quadrant for Unified Communications

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### VIEW SUMMARY

During the past year, UC vendors advanced their increasingly full suites of functionality, with particular progress in the key areas of mobility, video and hybrid deployment options. 2012 has seen vendors increasingly leverage price, bundles and standards to improve competitive positioning.

### Market Definition/Description

The convergence of all communications on Internet Protocol (IP) networks and open-software platforms is enabling a new paradigm for communications, and is changing how individuals, groups and organizations communicate and collaborate.

Gartner defines unified communications (UC) products (equipment, software and services) as those that facilitate the use of multiple enterprise communications methods. This can include the control, management and integration of these methods. UC products integrate communications 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 composed of a single-vendor (stand-alone) suite, or customers may deploy 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 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 communications. UC applications are increasingly being integrated or offered in concert with collaboration applications to form unified communications and collaboration (UCC).

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

- Voice and Telephony** — This area includes fixed, mobile and soft telephony, as well as the evolution of PBXs and IP PBXs. It also includes live communications, such as video telephony.
- Conferencing** — This area includes voice conferencing, videoconferencing and Web conferencing capabilities, as 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 IM** — These will play an increasingly central role in the next generation of communications. Presence services, in particular, are expanding to enable the aggregation and publication of presence and location information between (from and to) multiple sources. This enhanced functionality is sometimes called rich presence.
- Clients** — Unified clients enable access to multiple communications functions from a consistent interface. These may have 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 Applications** — This broad group of applications has directly integrated communications functionality. Key application areas include collaboration applications, contact center applications, notification applications, and consolidated administration, reporting and/or analytics tools. Eventually, other applications that support business processes will be communications-enabled; these might include integrating UC with hospital applications to improve doctor-nurse-patient coordination, or adding communications to purchasing/order-processing applications to improve the accuracy and speed of the process. When business applications are integrated with communications applications to improve operations, Gartner calls these communications-enabled business processes (CEBPs).

The stakes for vendors in the enterprise UC market are exceedingly high. The stakes for enterprise decision makers is also high. Four UC characteristics will have an important effect on the success of a UC product and the satisfaction of users:

- Mobility** — Users are demanding full UC functionality on mobile devices. In this year's Magic Quadrant evaluation, particular weight was placed on support for mobile clients because this is increasingly a key differentiator. Users increasingly expect full UC functionality across all mobile platforms and operating systems.
- Openness** — Enterprises wish to avoid "closed gardens" and weak support for standards to ensure choice and control. Support for standards is a critical consideration, as enterprises wish to integrate their UC deployments with business partners, customers, business applications and third

### EVALUATION CRITERIA DEFINITIONS

#### Ability to Execute

**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.

**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,

-party products. In particular, enterprises expect good-quality support for SIP, XMPP and H.323 integrations, as well as a clear longer-term commitment to intervendor interoperability and federation. Users will increasingly look beyond a closed partner ecosystem, seeking vendors that have open interoperability.

**Cloud** — Integration of on-premises UC with cloud and hybrid UC services will play an important role as unified communications as a service (UCaaS) solutions become more widely accepted. UCaaS solutions are reviewed in detail in the UCaaS Magic Quadrant. UCaaS is also introducing significant new vendors into the UC market, such as Google.

**Broad solution appeal** — Successful UC solutions depend on influencing a broad and diverse audience of enterprise decision makers. Success will require advancing a full set of UC capabilities within enterprises, which will result in the displacement of those long-term incumbents that lack broad appeal. The enterprise decision makers span such diverse groups as telecom, data communications, IT and the audio-visual video group, as well as business users with a range of bring your own device (BYOD) mobile requirements.

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## Magic Quadrant

Figure 1. Magic Quadrant for Unified Communications



Source: Gartner (August 2012)

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## Vendor Strengths and Cautions

### Aastra Technologies

Aastra Technologies is using BluStar as a client to integrate new UC functionalities with its multiple call managers. The MX-One is the primary enterprise call manager and is sold across markets as Aastra's UC offering; however, in addition to MX-One, BluStar also supports functions on other Aastra telephony platforms, including Aastra 5000 and Aastra Clearspan. The BluStar client operates on PCs, iPads and iPhones. It also supports video. Aastra offers other applications for specific roles or needs, including InAttend for the attendant console, Solidus eCare for multimedia contact centers, OneBox for UM, the Aastra Mobile Client (AMC) for fixed mobile convergence (FMC) and audioconferencing as part of the CMG application suite. Consider the Aastra suite if your organization is primarily focused on lower-cost telephony and UC functionality. Enterprises that wish to migrate existing Aastra telephony platforms toward UC should understand how their current environments will need to evolve during the next several years.

#### Strengths

Aastra leverages open standards to support application integration with other vendors' UC applications and solutions.

Aastra offers a broad array of cost-effective SIP clients and integrates at the client level with Microsoft Lync.

#### Cautions

Although Aastra is adding new channel partners, the market share for its UC product in key markets such as North America remains limited. Some partners may have limited experience supporting UC functionality.

Aastra actively sells multiple telephony platforms and remains primarily known for that function. Although Aastra has a UC convergence option based on BluStar, enterprises should ensure that the vendor's road map is consistent with their intended direction and needs.

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 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.

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### Alcatel-Lucent

The OpenTouch Suite is a fully unified and integrated UC suite. In addition, elements of the UC portfolio are offered separately for scaling purposes or when desired as stand-alone solutions. Elements include the OmniPCX Enterprise (OXE) Communication Server for analog, digital and SIP-based telephony functions. The suite operates on virtualized servers and supports a range of hard, soft and SIP-based clients, the functionality of which is also available on a range of mobile devices. Centralized administration is available via the Alcatel-Lucent OmniVista 8770 Network Management System. In 2011, the vendor announced it was exploring the sale of its Enterprise Business Group, which included its UC product portfolio and Genesys contact center business. On 1 February 2012, Alcatel-Lucent confirmed the sale of its Genesys contact center business to private-equity firm Permira for \$1.5 billion, but indicated that Alcatel-Lucent would retain a reseller role with Genesys solutions. Evaluate the OpenTouch Suite if you are looking for a complete software UC suite, and particularly if your organization has investments and commitments with Alcatel-Lucent.

#### Strengths

OpenTouch offers a full multiparty, multidevice and multimedia UC suite, which can be integrated with the broader Alcatel-Lucent carrier communications portfolio.

The improving Alcatel-Lucent data networking portfolio allows the vendor to directly counter Cisco's end-to-end single-vendor infrastructure argument, as well as to offer stronger single-shop options for smaller organizations where that might be attractive. This also positions Alcatel-Lucent to strongly address the BYOD trend from an end-to-end perspective.

Alcatel-Lucent's enterprise products can span carrier and enterprise environments, which may prove useful for cloud-based and hybrid carrier offerings, and for penetrating existing markets where it is not yet well-established (in particular, the North American market).

#### Cautions

OpenTouch is in controlled introduction. As a result, it is not yet a fully market-proven solution, it is new to channel partners and support expertise is in short supply.

Although the Alcatel-Lucent enterprise division has some strong North American references, it struggles to gain visibility and traction in that important growth market. Its already-limited North American market share has dropped each year during the past three years. The sale of the Genesys contact center business has further reduced Alcatel-Lucent's visibility in North America. As a result, the vendor remains better-known as a European telephony vendor than as a broad UC provider.

Based on Gartner's financial analysis methodology, Alcatel-Lucent remains challenged when it comes to its credit metrics and must show improvement in these ratios over time. However, it is in a net cash position and appears to have the means to meet its principal repayments in 2014 through 2016.

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### Avaya

The Avaya UC solution is based on the Avaya Aura solution set and includes several client and application integration options. Key Aura components include Session Manager, Conferencing, Messaging, and avatar-based collaboration and presence services. Key clients include Avaya Flare and Avaya one-X. Application integration with business applications happens via the Agile Communication Environment (ACE) Toolkit. Avaya also offers leading contact center solutions that fully leverage its UC solution. During the past year, Avaya has completed the normalization and stabilization of its products, and the management team has started to execute on its consolidated marketing strategy since the 2010 acquisition of Nortel Enterprise Solutions. Avaya continues to evolve and expand its solution portfolio, including its acquisitions of Sipera for security, Radvision for video capabilities and Persony for Web conferencing capabilities, as well as via in-house development relating to the scaling of IP Office Server Edition for midsize enterprises, the addition of AvayaLive Connect cloud offering, and the advancement of its Avaya Global Connect and DevConnect channel partner options. Consider Avaya Aura if you need to bring together heterogeneous environments (systems, services, devices), require a contact center as part of UC, need mobility and business application integration, or have significant investments in Avaya that you wish to migrate toward a next-generation UC solution.

#### Strengths

Voice and telephony is a critical element in any UC portfolio: Avaya's strength in this area helps it retain market visibility while it continues to strengthen its overall UC portfolio.

Avaya has a large installed base of customers and is a recognized market leader, which provides it with the brand awareness and industry presence to receive frequent consideration in large, midsize and small UC bids viewed by Gartner.

Avaya has made progress moving beyond the Nortel Enterprise Solutions acquisition related to product stabilization and distribution channel issues that have caused lower customer satisfaction. This has allowed Avaya to expand its UC portfolio and marketing in key areas, thus increasing its competitiveness.

#### Cautions

Avaya is known for its core voice services. To succeed, the vendor must gain credibility, acceptance and adoption from enterprises for the newer and lesser-known elements of its UC portfolio, which includes IM and presence capabilities, and recent video and cloud services. Avaya must also establish acceptance of a common UC software client; current clients include Avaya one-X and Avaya Flare, its gesture-oriented user interfaces.

Avaya must prove that it can regain market momentum by winning new Avaya Aura business that includes the full UC family of functionality and re-establishing a strong full UC position in many accounts.

Avaya continues to receive a Caution financial rating according to the Gartner methodology. Despite slow and steady improvements since the acquisition of Nortel assets, Avaya reported a year-over-year revenue decline of 9.6% in its most recent quarter. It reports that the decrease in revenue was, in part, driven by limited quality issues in its infrastructure solutions product portfolio, which have now been addressed. Avaya's financial performance needs to be monitored given its high debt level.

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## Cisco

Cisco offers a full UC suite, as well as a broad range of additional communications functions. Key parts of the UC suite include Cisco Unified Communications Manager; Cisco Jabber, which includes the desktop client; Cisco Unity Connection; Cisco Unified Presence; Cisco TelePresence Conferencing Solutions (TelePresence Conductor, TelePresence Server, TelePresence MCUs, Gateways); and a broad range of fixed and mobile client and device options. Cisco offers significant portions of its software on VMware, which can now operate under the Cisco UCS servers and other qualified servers. Cisco integrates email options, like Gmail and Zimbra, via the Cisco Jabber Software Development Kit (SDK). Cisco offers several virtual desktop integration (VDI; client virtualization) options, and offers additional integrated communications and collaboration functionality, notably its contact center products and Cisco WebEx conferencing and WebEx Social (formerly Quad) products. Cisco leverages its UC software into a cloud portfolio branded Hosted Collaboration Solution (HCS), which allows Cisco HCS partners to create subscription-based as-a-service UC offerings. Evaluate the Cisco UC solutions when you have or plan to acquire Cisco for key voice, video and conferencing functions, or if you require full UC client support on Apple and Android products.

### Strengths

Cisco offers a fully integrated UC suite with strong, scalable support for IM/presence, video and telephony conferencing. It also supports full UC functionality, including video and telephony, on a broad range of clients, including Apple laptops, iPads and iPhones, as well as on Android platforms. The UC and contact center functions can also be integrated.

Cisco's large telephony and data infrastructure client base, along with its strong global channel, services and system integration (SI) partners, position it well within enterprise UC buying and decision-making groups, including many IT and operations departments.

Cisco is advancing attractive hybrid on-premises and cloud options. The HCS is based on the same software as Cisco's on-premises offering and both support the same Jabber client. Additionally, Cisco has agreements for transferring licenses from on-premises to hosted environments.

### Cautions

Cisco has made progress on simplifying, consolidating and unifying its massive communications portfolio; however, clients report that elements of its portfolio remain complex to understand and manage. One effect of the complexity is that obtaining accurate configuration and price quotes can be difficult, and final configurations and pricing may vary from initial quotes.

Gartner clients regularly report that they are strongly encouraged, or even required, to use Cisco data communications network infrastructure, and, in some cases, even the Cisco data center solution (UCS), to achieve an optimal UC deployment.

Cisco's Unified Workspace Licensing (CUWL) is a useful package to profile user requirements and offers attractive discounting, compared with buying UC components separately; however, it's important to size the requirement accurately, based on user need. Unless you have a clear road map for CUWL as your primary UC solution, Gartner advises against the five-year Cisco Unified Communications Software Subscription (CUCSS) term, because the three-year term better fits most enterprises' planning and upgrade cycles.

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## Digium

Digium develops and maintains the Switchvox UC product, which is geared for the small or midsize business (SMB) market. Switchvox is built using the open-source Asterisk telephony software. It enhances the Asterisk base by adding telephony and administration functions, a user client, and UC capabilities. The UC functionality includes audioconferencing, video calling, IM via integrated open-source Jabber, voice mail and several UM options, as well as a range of hard, soft and mobile SIP device options that include no-cost native iPhone and Android clients. Digium offers point-to-point video, and Web and videoconferencing via partnerships, some of which are open source. The Switchvox solution is geared for smaller deployments (fewer than 400 subscribers). Consider Switchvox if your organization is an SMB (fewer than 400 subscribers) looking for a cost-effective UC solution that's easy to install and use, and if you do not need all the UC functionality of the market leaders.

### Strengths

Switchvox can be implemented out of the box with minimal configuration requirements and in minimal time.

Digium is expanding its phone portfolio to help decrease dependence on third parties for a full communications solution. The release of Digium's three phones in April 2012 is a positive move that has the potential to improve the integration of Switchvox and to decrease the cost/time associated with acquiring phone feature packs to hook into third-party devices.

Digium has a loyal partner community and has developed effective lead generation and training to support its partner base. Digium utilizes Web-based programs to educate and train partners.

Furthermore, video programming is available for partners to host on their websites to help promote Switchvox.

#### Cautions

Digium is primarily known for the telephony functions offered by Asterisk, and is geared for the small enterprise and custom-application markets. The Switchvox UC solution has not yet gained broad market acceptance and does not scale in a single server beyond approximately 400 users.

The Switchvox solution does not offer a full UC suite (e.g., lacks Web and videoconferencing). In these cases, integration with other options would be needed, such as open-source options from BigBlueButton or cloud options, such as WebEx, GoToMeeting or Adobe.

Switchvox is primarily known in the North American market, and has limited support for European languages (Spanish, Italian and U.K. English) and no Asian languages; although it does offer support in certain Asian regions, such as Malaysia.

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#### Huawei

Headquartered in China, Huawei offers a broad portfolio of communications products and services, and addresses the market through its new enterprise networking division. The UC application, branded eSpace, is based on the SoftCo family of hardware and software platforms. The solution offers telephony (IP PBX) functionality, conferencing, PC client and UM, as well as contact center functionality and integration options with Microsoft, IBM and others. In 2012, Huawei added collaboration functions to the eSpace solution. Consider the Huawei UCC solution in regions where its carrier and large-enterprise business resources are significant enough to provide capable support — primarily in China and some countries in the Asia/Pacific region, Middle East, Eastern Europe, Africa and South America.

#### Strengths

Huawei had \$32 billion revenue in 2011, a large base of clients, and can leverage its strengths in the network and server business. Its solutions span the carrier, large enterprise and SMB markets across the globe.

Huawei continues to emphasize growth in its enterprise network and mobile device divisions, and is expanding its presence in EMEA and North America.

#### Cautions

The capabilities of Huawei's broad communications portfolio and its support model can be challenging to understand. This difficulty can be compounded by cultural differences that occur because most global regions are managed directly from China. Engagements requiring extensive professional services can be particularly challenging.

Huawei faces political, trade and intellectual property trust issues in some regions. To succeed in those markets, the vendor needs to increase the confidence of decision makers.

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#### IBM

IBM's Unified Communications core solution is based on IBM Sametime, IBM Sametime Unified Telephony and IBM Lotus Notes. IBM approaches UC from a collaborative and social software perspective, thus includes IBM Social Business Enterprise Strategy Accelerator and the IBM Connections Suite in its UC solution set. The IM and presence, messaging, Web conferencing, and client UC functions are provided by the Sametime modules. Telephony and video are offered through partnerships that integrate leading vendor products. IBM Sametime Unified Telephony Lite offers a low-cost way to turn the client into a basic audio and video SIP client that will work with SIP-compliant environments. Enterprises should consider IBM Sametime products if they have investments in IBM products that they wish to leverage, including Lotus Notes. Enterprises that must operate in multivendor telephony environments and want a consolidated UC client should consider Sametime Unified Telephony. Enterprises wishing to leverage Sametime for use with a standards-compliant telephony server should consider the Sametime Unified Telephony Lite client option.

#### Strengths

IBM is a Leader in the social software Magic Quadrant and the Web conferencing Magic Quadrant. This provides an opportunity to introduce its Sametime UC solutions to a broad range of environments.

IBM has a strong brand, partner network and professional services organization, all of which assist Sametime in obtaining account visibility and marketing presence. In addition, IBM has now removed the Lotus brand and is calling the product IBM Sametime, which is likely to strengthen the product's appeal in non-Lotus Notes email environments.

IBM has integrated GPS and other location services in the client, so that Sametime presence and other applications can more easily leverage the location-providing capability.

#### Cautions

Sametime has not established itself in the UC market. Its UC deployments, especially those involving telephony, remain limited. IBM Lotus Notes email has not generated significant Sametime telephony pull-through and the plan to integrate on-premises Sametime with cloud-based IBM SmartCloud for Social Business (formerly LotusLive) has not yet established itself as an attractive offer.

Although Sametime's PBX-neutral strategy has good points, the leading UC suites in the market all now incorporate fully integrated telephony functionality. This leaves IBM at a disadvantage with

enterprises that want to consider single-vendor solutions for the entire suite. In addition, most of IBM's Sametime telephony partners now offer competing full UC suites.

IBM is consciously slowing down the Sametime releases, with no major release planned for 2012. This suggests a reduction in R&D spending in this key element of its UC portfolio, which will further slow its advance in the market.

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### Interactive Intelligence

Interactive Intelligence's Customer Interaction Center (CIC) is an all-in-one software solution. It includes telephony, audioconferencing, UM, rich presence with IM, business process automation, and a range of client and device options. The solution also integrates with leading third-party UC and video solutions. The UC function is often used in conjunction with the CIC contact center solution, and increasingly with the vendor's recently introduced communications-based process automation solution called Interaction Process Automation (IPA). Enterprises should evaluate the CIC solution when seeking to integrate UC with contact center functionality, or when looking to augment Microsoft Lync with telephony or contact center functionality.

#### Strengths

Interactive Intelligence has shown strong and consistent financial growth during the past 10 years, and has an established record for delivering successful products and innovations in the UC market.

The CIC solution is attractive primarily when combined with its contact center functionality or with elements of the Microsoft Lync product.

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

#### Cautions

The vendor and its UC product has limited market visibility in a market that is increasingly dominated by larger vendors. Additionally, availability in some global regions, such as parts of Eastern Europe and Asia, may be limited.

The solution lacks Web conferencing and videoconferencing functionality, although these are available through partners.

The CIC mobile clients are limited and are based on mobile Web access, rather than on more-capable native clients.

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### Microsoft

Lync 2010 offers a full suite of UC functionality, and Microsoft continues to improve and evolve its offering with each release. The vendor offers integrations with Office, SharePoint, Exchange and Skype. It also offers a limited set of cloud-based Lync Online capabilities via Office 365. The Lync partner ecosystem continues to grow at a rapid pace. Enterprises that have Microsoft Exchange and other Microsoft products should consider the Lync solution and, at a minimum, understand how it might change their business processes and worker productivity. Enterprises considering deploying Lync telephony and video should understand its limitations and infrastructure requirements, how they will support branch offices, and how they will obtain global third-party support if they need it.

#### Strengths

Microsoft has had an impressive and growing list of Lync and Exchange UM deployments, from small (fewer than 300) to midsize to very large (more than 10,000) enterprises, in both centralized and distributed network configurations. Although some Lync deployments report that they have completely eliminated their PBXs, many current deployments use Lync telephony and the full Lync suite of functions for some employees, while other employees use IM/presence and Web conferencing on Lync, but use the existing PBX for telephony.

Microsoft integration of Skype with Lync, along with the Lync Online offering (which will offer several public switched telephone network [PSTN] trunking options in the future), suggest that Lync will mature as a comprehensive and hybrid UC product.

Companies report that, once deployed, Lync functions can be readily integrated into business processes and applications, providing new, different and effective ways to perform tasks. In some cases, these new functions are achieved by deploying Lync enhancements from a growing list of ecosystem partners.

#### Cautions

Enterprise planners should understand that Lync's telephony and video functionality are new and are deployed at fewer sites than traditional PBX vendors. As a result, in many cases, a phased or trial deployment approach may be an effective way to ensure that the system and the underlying network provide the requisite functionality, quality and performance.

Clients report that working with multiple Lync partners to obtain a complete solution can be difficult (e.g., different partners for telephones, gateways, servers and video multiprotocol conferencing units [MCUs]). This difficulty also extends to identifying, evaluating and obtaining pricing from Lync service and support partners, especially when an on-site support contract is desired.

Some enterprises express concern that Microsoft's bundling, combined with proprietary protocols for SIP, will leave them locked in to a closed circle of choices and few options in the future. Bundling includes Exchange, Lync, SharePoint, Office, Skype and perhaps Yammer. A related area

of concern is Microsoft's longer-term commitment to supporting the same level of functionality of the Lync mobile client on non-Windows mobile platforms, such as Android and iOS.

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### Mitel

Mitel offers a full UC suite. The Mitel Communications Director (MCD) provides call control and voice services, while the Mitel Applications Suite (MAS) provides key applications on a single server. Mitel also offers many of the UC functions as separate, stand-alone solutions. In particular, Mitel UC360 Collaboration Point makes available unified conferencing functionality as a stand-alone capability. Mitel was an early leader in offering fully operable and certified virtualization server functions with VMware, and now offers real-time support for VDI in multiple environments. Mitel also interoperates with VMware's email solution, Zimbra. Mitel supports integrated provisioning, administration and maintenance of its solutions, and contact center functionality. Organizations looking for a fully integrated UC approach at an attractive price, and those evaluating telephony communications functionality to integrate with Microsoft Lync, should evaluate Mitel's UC solution.

### Strengths

Mitel offers a mature and comprehensive UC software suite. Based on a single, cloud-ready software stream, it can be distributed or centralized in a data center system, with solutions running on industry-standard servers, and can be certified on VMware virtualized environments. Mitel is also offering a UC desktop that can run with multiple desktop virtualization options.

The vendor offers its platform in a configuration for service providers that offer UCaaS based on Mitel. This allows enterprises more options in their planning.

The solution incorporates comprehensive single-point administration and capable mobile client options, including GPS location service integration.

### Cautions

Although Mitel has developed a strong product, it is taking time to develop the brand awareness against stronger competition in the large business segment. As a result, the vendor continues to struggle to establish needed market momentum.

Prospects should confirm that Mitel channel partner references match the architecture and geographical requirements that they intend to deploy, and should verify that support personnel have been trained and certified on current UC product releases. While the Mitel product works well in a data center configuration, not all channel partners have the skills needed to work with larger data center architectures.

Mitel has roughly \$300 million of debt as of April 2012. Gartner believes that this debt may constrain Mitel's ability to innovate new products. Additionally, planners should monitor the vendor's ability to make principal payments or refinance this debt during the next several years.

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### NEC

The NEC UC product, rebranded in 2012 as Univerge 3C software, offers a fully integrated, complete UC suite. It is based on a Web and service-oriented architecture (SOA), on open standards (SIP, XMPP) and centralized administration. The suite functionality encompasses telephony, video, all forms of conferencing, presence, IM and messaging. It includes multiple client options, such as hard phones, softphones and SIP phones, as well as a full set of mobile capabilities for the iPhone, Android and several tablets. The broader NEC portfolio includes integrated support for contact centers and business application integration. Univerge 3C operates on VMware and on Microsoft Hyper-V Server virtualization software. Consider the NEC Univerge 3C solution if you want a complete software UC suite based on an SOA that can be extended with the broader portfolio offered by a major global telecommunications infrastructure provider.

### Strengths

NEC is a financially strong, global firm with an established presence in all regions and a strong sales and support channel in many regions.

NEC has developed a forward-looking UCC architecture that includes all UC functions in a standards-based, SOA environment, backed by a broad communications portfolio. The platform's virtualization capabilities and software architecture make it a good fit for data center environments, and the API and SDKs make it suitable for integration with business applications.

### Cautions

NEC's UC solutions do not have as much brand recognition as leading competitors in the North American and European markets; as a result, NEC isn't frequently in the North American UC consideration set. To succeed, NEC needs to focus on more brand marketing for Univerge 3C as a full UC suite solution.

Some of NEC's channel partners in the North American and European markets for the Univerge 3C product lack the experience and skills needed to sell and deliver this broader product. To succeed, NEC needs to continue to expand its partner training programs. Buyers interested in Univerge should contact NEC to ensure that they are aligned with a partner that has the needed competencies.

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### ShoreTel

The ShoreTel product offers a UC portfolio in an appliance architecture that is particularly well-suited to distributed organizations. The solution is known for its simplicity of installation and administration.

Survivability is provided via the ShoreTel's N+1 switch failover capability; in this configuration, a switch can fail over to another switch anywhere in the network. UC services, such as IM, conferencing and application sharing, are provided by ShoreTel's Service Appliances integrated with its switch-based IP voice services. All switches and appliances operate independently, but are configured from a single ShoreTel Director Web application. ShoreTel's desktop Communicator client provides integrated IP and UC applications for users. 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 2012, ShoreTel acquired M5 Networks, a UCaaS provider, although, at this point, the M5 solution is not integrated with the on-premises offering. Consider the ShoreTel product if your company is a geographically distributed organization that wants a cost-effective, full set of UC functions, with an emphasis on telephony and mobility.

#### Strengths

ShoreTel offers a full UC suite in an appliance architecture. The enhancements in 2012 include the increased capacity of appliances, making it easier to scale to midsize enterprises.

The vendor continues to experience impressive and consistent market growth. Although primarily known in North America, it is now also experiencing strong international sales.

Users report satisfaction because the solution is easy to use, has intuitive user and management interfaces, and has simple, transparent pricing and licensing structures.

#### Cautions

Although ShoreTel is experiencing strong growth, it is a relatively small vendor (less than \$200 million annual revenue) in a market increasingly dominated by the behemoths. This can make it difficult to gain visibility and sustain growth.

ShoreTel products are primarily sold indirectly through resellers, many of which are new to ShoreTel and new to UC, and so may not have experience with users' requirements in the broader UC market, nor with large enterprises.

ShoreTel does not have enterprise visibility outside the telecommunications area. This will make it difficult for it to gain acceptance in midsize and large enterprises as a full UCC provider.

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### Siemens Enterprise Communications

The Siemens Enterprise Communications OpenScape UC Application is a full and integrated suite of UC functionality. The application is offered in a range of configurations, including OpenScape Office for SMBs, OpenScape UC Server Xpress for the midmarket, OpenScape UC Application for a scalable enterprise UC suite and OpenScape Cloud Services for software as a service (SaaS) UC deployments. The solution includes presence management, IM, one-number service, audioconferencing, videoconferencing, Web conferencing, UM, and a range of hard, soft and SIP-based clients, the functionality of which is available on a range of mobile devices, including dual-mode handsets. The vendor has made particular efforts to ensure that its solution is open to key interoperability standards. Evaluate the OpenScape UC suite if your company is looking for a standards-based, complete and cost-effective software UC suite that can, as needed, be extended via integration with third-party solutions.

#### Strengths

OpenScape is a mature, fully functional, all-software, all-SIP UC solution. It is being certified to work in a virtual VMware environment and supports several virtual client (VDI) options. Although the suite is complete, elements of the portfolio are also offered as stand-alone solutions. The suite can also be integrated with leading collaboration applications and third-party UC solutions, such as those from IBM, Microsoft and Google. The suite can be integrated on any standard SIP product without additional license costs or fees.

As an early entrant into the all-software UC suite market, the OpenScape product has been proved effective as a complete and scalable software-based solution for several years. The vendor continues to expand its offering with innovative and differentiating functionality.

#### Cautions

Siemens Enterprise Communications' lack of visibility in the large, high-growth market of North American has resulted in slow adoption and acceptance of the OpenScape portfolio in that region. However, the vendor is investing in new channels and marketing programs to improve visibility and penetration.

The vendor's recent UCaaS offering, which can be a hybrid complement to the on-premises offering, is intended to assist Siemens Enterprise Communications in entering the North American market. It must prove itself and prove effective, as it is entering a market that is rapidly being filled with large, established cloud vendors.

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### Toshiba

Toshiba's UC suite is made up of the Strata CIX family of IP business telephone systems. In addition to telephony, Toshiba has leveraged technology partners to create a bundled UC functionality that includes several variations of UM: audioconferencing, Web collaboration and videoconferencing (up to eight parties), telephony-focused presence and IM, contact center functionality, CRM integration, and a range of client options, including Web and SIP. In June 2011, Toshiba announced its IPedge solution, which offers the same functionality as the Strata CIX, except that some UC applications (Call Manager CRM and UM) are built into the IPedge server, instead of running on the Media Application Server (MAS) connected to the system. The MAS runs contact center applications for either IPedge or Strata CIX systems. IPedge runs on standard Linux servers and operates in virtual environments. SMBs looking for a cost-effective, telephony-centric UC solution should consider the Toshiba UC offering. New customers

should consider the IPedge over the Strata CIX, unless they must accommodate both IP and digital telephones.

#### Strengths

Toshiba has an established reputation for cost-effective and reliable IP telephony solutions. Although the Toshiba UC solution scales up to 1,000 users, it does particularly well with small businesses of fewer than 100 users, partly because the vendor is especially cost-effective in this range.

The Toshiba UC solution systems are simple for users to understand and operate.

#### Cautions

The UC functionality requires the IPedge or Strata CIX telephony environment, and this provides less UC functionality than many competitors. For example, conferencing functions and presence do not integrate with third-party solutions, so separate investments are needed if larger or more-extensive capabilities are required.

Most of Toshiba's sales efforts are concentrated in Japan and North America. The references provided for this research were all primarily focused on using the basic telephony functions, not the fuller UC suite.

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## 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.

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### Added

No vendors were added this year.

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### Dropped

TeleWare was dropped from this year's Magic Quadrant. It no longer positions its Intelligent Connect and Intelligent Mobile products as UC solutions, and the solutions do not meet Gartner's inclusion criteria.

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## Inclusion and Exclusion Criteria

To be included in this Magic Quadrant, solution providers 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: (1) telephony; (2) conferencing (including audio, Web and video, which can be offered via partnerships); (3) IM and presence; (4) messaging (including integration with email, voice mail and various forms of UM); (5) clients for multiple environments; and (6) the ability to be integrated with other applications, such as collaboration and contact centers, and to CEBPs.

Integrate the UC functionality in each area into a complete solution; 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; market presence can be demonstrated by significant market share or differentiating innovation. Vendor must have a minimum revenue of \$150 million from enterprise communications.

Offer a solution in multiple global market regions, including North America, Europe and Asia.

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 five references (three end users, two distribution partners) for enterprise on-premises UC portfolio/products — these references should involve the complete portfolio; references for portions of the UC portfolio are considered, but do not carry as much weight as references with complete solutions.

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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.

**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

Source: Gartner (August 2012)

**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 of how market forces can be exploited to create opportunities for providers and their clients.

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

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Standard
Sales Strategy	Standard
Offering (Product) Strategy	High
Business Model	Standard
Vertical/Industry Strategy	Standard
Innovation	Standard
Geographic Strategy	Standard

Source: Gartner (August 2012)

**Quadrant Descriptions**

**Leaders**

Leaders have a full UC offering, strong market presence and 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 delivering UC to a broad range of enterprise types and into most geographic regions.

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**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; these solutions are not being successfully sold in key regions. In other cases, the vendor is strong in all regions, but has elements of their portfolio that are not selling.

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**Visionaries**

Vendors in the Visionaries quadrant offer a strong and differentiating approach to one or more core areas. However, these vendors have 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.

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**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.

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**Context**

The enterprise UC market once again matured and evolved during the past 12 months. The two most salient changes were the introduction of hybrid and cloud UC deployment options by multiple vendors

and the increasingly important role of mobility. Two other important trends were the increased capabilities overall of single-vendor suites and improvements in video integration.

A final area of change was the increasingly transparent use of pricing, bundling and standards to make offers more attractive to new customers and to expand the footprint within existing ones. Introductory, basic IM and presence functionality at no, or low, cost allows vendors to introduce their UC solutions into accounts. Role-based pricing and bundles then allow enterprises to expand functionality based on the functional requirements of different types of workers (e.g., traveling workers versus desk-bound workers). Gartner believes that role-based bundling provides an attractive way for enterprises to purchase specific configurations based on groups with common work and communications requirements.

Vendors are also using standards, or the lack of standards, to create captive accounts, or closed gardens. This practice has significant longer-term strategic implications for enterprise planners. While all UC vendors offer standards-based capabilities, some clearly deprecate public standards in favor of proprietary variations of software, hardware or networks. Conversely, other vendors clearly work hard to support the most public versions of standards and environments. This is a strategic issue for enterprise planners because if enterprises have committed to proprietary approaches, they may find their options limited. For example, fixed and mobile clients supporting HTML5, Web Real-Time Communication (WebRTC) or all-software video MCUs that support public streaming video codecs (SVC) will offer significant price, performance and choice advantages; these options may not be as readily available from vendors where the UC solution has created captive accounts.

In larger organizations, UC should be perceived as a process of continuous improvement. Gartner recommends that enterprises prepare their UC plans so that they know where and how they might evolve their environment and what the benefits would be. Planners should take a long-term view of their UC solution and expect considerable evolution during the next three years as the market responds to new technology influences. Key market influences include new mobile capabilities, consumer-based offerings, integrated cloud offerings and new standards based on HTML5.

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## Market Overview

From a competitive perspective, in the Leaders quadrant, Cisco and Microsoft maintained their strong leads. Both these vendors have large installed bases into which they can sell UC functionality; Cisco leverages its position in network infrastructure, while Microsoft leverages its email and Active Directory solutions. These two vendors compete fiercely in the market and both made significant advances during the past year. Cisco advanced client capabilities based on the Jabber client, including video, and now offers fully capable client options for the Mac, iPad and Android. Cisco also continued aggressive marketing and sales programs. Microsoft advanced Lync's capabilities, including stronger mobile support and the announced support of Lync-Skype integrations in the Lync 2013 release.

Other Leaders were Avaya and Siemens Enterprise Communications. Avaya consolidated its Aura UC solution and improved its video, IM/presence and Web conferencing capabilities through acquisitions. It has also advanced a stronger market and support initiative, allowing it to regain credibility in its customer and distribution base. Siemens Enterprise Communications advanced the standards-based and open-integration focus of its OpenScape product and created stronger marketing programs in North America. This resulted in improved sales and the development of some market momentum.

The vendors in the Challengers quadrant each pose threats to the Leaders in different ways, although all are large, well-established companies. NEC, a strong global company, rebranded its capable and standards-based UC offer as Univerge 3C. To advance its position, it needs to execute more strongly in the North American and European markets. Alcatel-Lucent sold the Genesys Contact Center business unit in 2012 and has renewed its commitment to the OpenTouch UC suite. To advance, it needs to re-establish confidence in its road map and create growth in key markets, such as North America. IBM approaches UC from a collaborative and social software perspective, coupled with an orientation toward interoperability in telephony. To advance in the UC market, IBM needs to increase the adoption of its Sametime Unified Telephony solution. Huawei offers the eSpace UC solution, which operates on the vendor's SoftCo family of hardware and software. Huawei has moved from Niche Player to Challenger this year. To further improve its position, it needs to continue to increase its visibility and sales in key markets, such as North America and Europe.

Mitel is the sole vendor in the Visionaries quadrant. It offers a full UC suite, a broad range of mobile and integration options, and a leading approach to client and server virtualization.

The Niche Players quadrant has vendors that offer strong solutions for some areas or regions. The Interactive Intelligence UC solution is particularly effective for enterprises with contact center and UC requirements. ShoreTel, Aastra Technologies, Digium, and Toshiba remain better-known for telephony than for a broader UC portfolio.

As part of this research, vendors were asked to estimate the costs of a 1,000-subscriber deployment and a 10,000-subscriber deployment. They were also asked to detail what they were including in their estimates and how they handled support. In general, server and user license pricing varied from a low end of \$250 to \$350 per subscriber to a high end of \$350 to \$450; these were estimates for a full UC suite without messaging, which means telephony (no handset), IM and presence, and conferencing. There were some exceptions; notably, Siemens Enterprise Communications is listing its full UC suite, with advanced capabilities, at \$177 per user license. Hardware costs, including server and a hard phone, typically doubled the cost per user. Installation and professional services were often \$75 to \$100 per user. As a rough estimate, UC total costs averaged \$750 to \$1,000 per user, including hard phone and installation, but not messaging. However vendors are often prepared to offer significant discounts, which vary according to the competitiveness of the bidding process; discounting of 40% to 50% is common. Vendors offered support in several forms, making direct comparisons difficult;

however, the most common response was that service costs average 12% to 15% of the purchase price. its website,

The adoption of UC 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:

Enterprises have large investments in communications infrastructures that must be preserved; this leads to a slower evolutionary approach, rather than a faster revolutionary "rip and replace" approach.

Many applications and products are complex to deploy, and responsibilities for different product areas may be spread throughout different parts of an organization.

The business case is frequently 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 slowly, perhaps as part of broader technology renewals.

The diversity of mobile clients and the increased use of BYOD has caused some enterprises to reconsider their UC decisions in light of the potential requirement to support multiple clients.

Gartner expects these barriers to be resolved slowly, and, during the next several years, UC will become an accepted part of enterprise communications road maps and investments. As UC technologies and products are deployed, the challenge will shift from technology issues to organizational and change management (for more details on growth, see "Forecast: Enterprise Unified Communications Infrastructure, Worldwide, 2006-2015").

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 strong on-premises solutions in all six UC technology areas. In the area of conferencing, Polycom and Avistar offer strong solutions in conferencing, but do not offer solutions in other technology areas. In the area of UM, AVST offers a best-of-breed solution. Finally, UC service providers (e.g., AT&T, Google, Verizon and CSC) were not included in this research, because they do not offer on-premises solutions, but offer UCaaS or UC on a leased basis; those types of UC service solutions are described in "Magic Quadrant for Unified Communications as a Service, North America."

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