IDC MarketScape

IDC MarketScape: Worldwide Hosted and Cloud Contact Center 2016 Vendor Assessment

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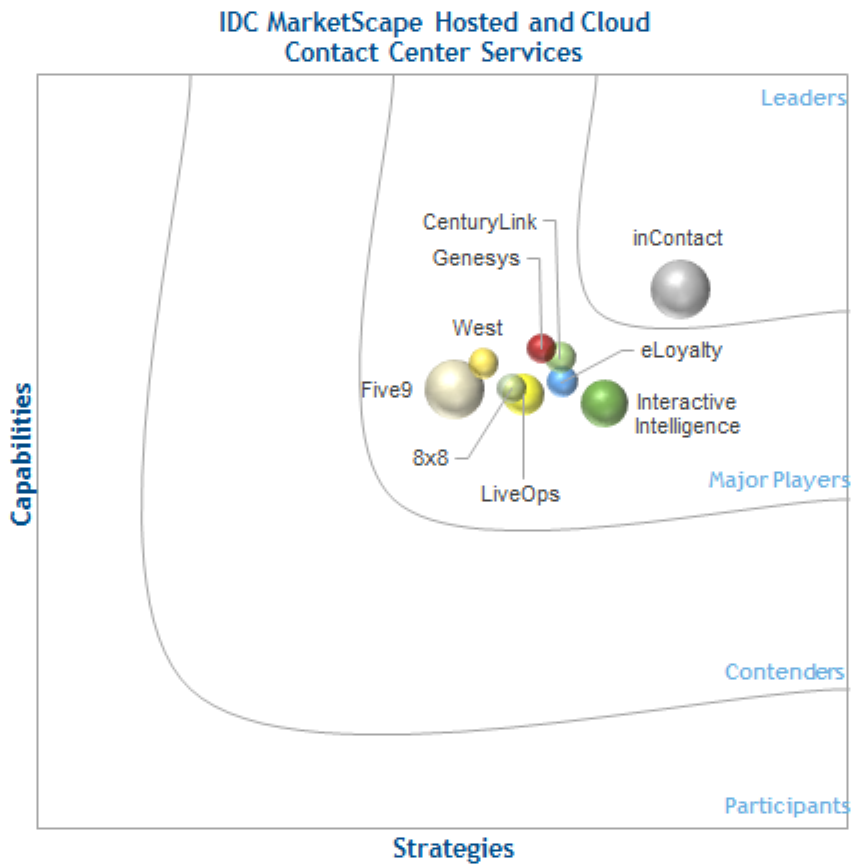
THIS IDC MARKETSCAPE EXCERPT FEATURES: 8X8

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Hosted and Cloud Contact Center Vendor Assessment



Source: IDC, 2016

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

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IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Hosted and Cloud Contact Center 2016 Vendor Assessment (Doc #US40732515). 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

This IDC study presents a vendor assessment of the hosted and cloud contact center services market through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in this market. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and highlights the factors expected to be the most influential for success in the market in both the short term and the long term. The cloud contact center (CCC) services market is growing and maturing quickly. IDC estimates that U.S. spending on hosted contact center (HCC) services will increase at a CAGR of 10.8% until 2019. Consumer communication preferences and demands and contact center buyers' needs for greater efficiency and flexibility are forces driving growth in this market. In summary:

- **Organizations are challenged to deliver a consistent multichannel experience.** In IDC's 2016 *EXPERIENCES Survey,* organizations identified that the key factor in achieving a superior customer experience was delivering a consistent customer experience across multiple communications channels. Unfortunately, this response was also the top challenge in delivering a superior customer experience (see *IDC's 2015 EXPERIENCES Survey: The Challenges and Key Factors in Achieving Superior Customer Experiences,* IDC #US40343915, December 2015).
- **Consumers have a greater breadth of communication channels and higher expectations.** The rise of digital communications — in particular, consumers' desire to interact via social and mobile — is driving hosted and cloud contact center services. As enterprises aim to keep up with rapidly changing customer preferences, hosted and cloud contact center solutions offer quicker access to new channels as customers demand support on these channels. However, IDC consumer survey data shows that the majority of customers are dissatisfied with the breadth of channels available to interact with companies they do business with (see *2014 U.S. Consumer Communication Preferences Study Results,* IDC #253705, January 2015).
- **Cost efficiency and flexibility are driving cloud contact center growth.** Reducing costs consistently comes up at the top of corporate imperatives in IDC demand-side surveys. Companies are looking to do more with less and expecting service providers to be nimble and flexible in delivering services that keep up with the pace of change in business, in particular as it relates to customer interactions (see *2014 U.S. Business Process Outsourcing Buyer Study Results Customer Care BPO Responses,* IDC #250194, July 2014). In addition, according to IDC demand-side data, a majority of companies are "using or evaluating a hosted or cloud solution for their contact center." End-consumer demands combined with a need for speed, flexibility, and cost reduction are all driving companies to evaluate hosted and cloud solutions.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This study includes an analysis of nine worldwide vendors selling hosted and cloud-based contact center services to end users and service providers. In this study, IDC included global vendors active in several countries with direct sales or indirect partner strategies.

Hosted and cloud contact center services automate functions related to customer service and customer experience. These services include a customer service representative (CSR) or an agent desktop interface, management, administration, and analytics. Services in this category are automatic call distribution (ACD), predictive dialing, telephony integration, universal queuing, administration and management applications, and desktop clients. Basic capabilities of the vendor offering should include automatic lead selection or lead intended to improve efficiency, for both inbound and outbound calls to be directly routed to the appropriate agent for the task, minimizing wait times for people calling in, but they may include other types of customer contact as well, including email, Web chat, and mobile text messaging. The solution also provides the ability to generate historical reports and supervisory capabilities.

The nine worldwide hosted and cloud contact center vendors profiled in this study are:

- 8x8
- CenturyLink
- eLoyalty
- Five9
- Genesys
- inContact
- Interactive Intelligence
- LiveOps
- West

ESSENTIAL BUYER GUIDANCE

IDC research indicates that while the majority of companies are still using on-premise contact center solutions, the majority of companies are also either using or evaluating a hosted or cloud contact center service. According to IDC's 2014 *Customer Care BPO Demand-Side Survey,* 39% of respondents were using a hosted or cloud service and 38% of respondents were evaluating a hosted or cloud service. Only 23% of respondents were using an on-premise system and not evaluating a hosted or cloud model.

Hosted and cloud contact center services can include any number of the following capabilities: ACD, IVR, skills-based routing, speech recognition, reporting and metrics tools, CTI and CRM capabilities and/or integration, workforce management, online recruiting and training platforms, and other capabilities that support contact centers and customer care processes. Often, much of the functionality is optional and/or provided through partnerships. These services are often the platform for supporting communication with end customers on many channels, including phone, email, chat, and social media.

As consumers continue to have greater expectations with communicating with companies and enterprises continue to demand speed, flexibility, and cost reduction, hosted and cloud contact center services must continue to evolve. Customers of hosted and cloud contact center services should evaluate their potential provider with the following in mind:

- **Partner with providers that have appropriate sales force structures and support.** The requirements of consumers of contact center capabilities vary widely depending on whether the company is an SMB, a large organization, or in a specific vertical. Providers are recognizing this fact and are in many instances reorganizing to address the unique needs that these different classes of organizations require. Seek validation through case studies, reference accounts, and the partner ecosystem that your provider has a track record with organizations of your size or classification. In addition, the hosted model affords providers the opportunity to demonstrate their specific capability easily with a sample of your own data.
- **Select providers that study consumer channel trends and prepare for the future.** In the past 10–15 years, contact center providers have covered what has become the basics (voice, email, and chat). However, social and mobile are on the rise. As organizations move to incorporate these capabilities within their environments, they are forced to add the services or functionality on top of existing systems. As the demand for social and mobile as customer care channels becomes increasingly mainstream, it is important for these capabilities to be part of the overall solution set. Understanding and analyzing these trends will be very important for contact center services providers to deliver for the customers of the future.
- **Ensure a value proposition complementary to CRM.** It is essential to creating a seamless customer experience so that information between CRM systems and the contact center works well together. The contact center should be a system of engagement to augment CRM, which is traditionally a system of record. This means that cloud contact center providers must have CRM capabilities and/or easily integrate with leading CRM systems. This will further enable the clarity of contextual information and allow for a more personalized experience.
- **Help customers be able to design journeys for their customers.** As the contact center becomes the primary system of engagement for customers of the enterprise, it plays an important role in the way that customers experience the brands. Cloud contact center services providers must ensure that the features provided are able to help their buyers design how that experience should be for their customers.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in this 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.

8x8

8x8, incorporated in 1987, offers Internet Protocol (IP) voice, video, and data communication technologies via the software-as-a-service (SaaS) model. The company went public in July 1997 as a maker of videoconferencing chips and videophones and IP-based telecommunications technology, gradually broadening its product line and then shifting toward IP-based software applications. It offered its first contact center product in July 2007. In September 2011, 8x8 acquired Contactual, a provider of cloud-based call center and customer interaction management solutions, and began offering the 8x8 Virtual Contact Center solution to business customers.

Based in San Jose, California, 8x8 (Nasdaq: EGHT) reported on its fiscal year ending March 31, 2015, with revenue growth of 26% compared with that in the previous year. For the first nine months of its fiscal year ending March 31, 2016, 8x8 reported a $4.0 million loss on sales of $152.0 million. Sales of services grew 29% compared with that in the same period the previous year.

8x8's cloud services platform was developed from internally owned and managed technologies and is positioned to serve midmarket and enterprise businesses making the shift to cloud-based unified communications (UC). 8x8 offers cloud telephony, contact center services, videoconferencing and Web conferencing, analytics, and reporting. It has more than 40,000 customers distributed in all major global regions.

IDC positioned 8x8 as a Major Player in this IDC MarketScape. The 8x8 Cloud Contact Center platform was evaluated for this IDC MarketScape.

Strengths

Among the strategies criteria, 8x8 rated strongly in:

- **Functionality.** The near-term road map (with some items already completed between the initial interview time and the publication date of this study) includes integration between Virtual Contact Center and Virtual Office, a global contact center that allows global contact centers to be managed as one unit, new business intelligence capabilities, and co-browse that will allow agents and customers to collaborate on a Web page. The road map will also focus on providing omni-channel customer experience without requiring significant professional services or programming, new quality management based on the acquisition of QSC and its Quality Rocket product, and VCC Easy Configure for Salesforce integrations — allowing administrators to define and change the precise function of a CRM integration without services or programming.
- **Delivery model.** 8x8 is planning to boost the level of automation in ordering, onboarding, sales, and support to allow smaller organizations to self-deploy.
- **Portfolio.** The goal is to allow enterprises to stand up and manage the contact center internally using configuration tools that are embedded with best practices for contact center interactions.
- **Innovation.** 8x8 Virtual Contact Center has APIs that make 8x8 solutions extensible and allow customers to customize the platform.

Among the capabilities criteria, 8x8 rated strongly in:

- **Functionality.** 8x8's road map includes skills-based routing/ACD, IVR, integrations, and APIs for custom and external CRMs as well as a native CRM, FAQ/knowledge base, monitor/barge/agent supervisor chat, call recording and management, WFO, reports and real-time analytics and supporting inbound and outbound phone calls, proactive Web chat, email, social media, Web callback, and virtual queueing.
- **Cost competitiveness.** 8x8's pricing is $100–150 per seat per month.
- **Scalability.** Typical deployments take three to four weeks; upgrades minimize disruption.
- **Sales/distribution structure.** The sales/distribution structure includes a pure cloud services sales model with SMB inside sales using phone and Web, channel partners selling to different sized organizations, midmarket targeted by the field sales group, and referral partners getting a finder's fee when a deal is closed.
- **Customer service.** The security compliance office is led by a security leader with more than 20 years of experience in the security industry. 8x8 is HIPAA, PCI, Safe Harbor, SAS 70, SOC 1/2, ISO 27001, FIPS, SSAE 16, CPNI, and FISMA certified.

Customers gave 8x8 high marks when asked about the breadth of channels, fairness and competiveness of pricing, scalability, flexibility, and speed of implementation and whether the service helped the customer with regulatory compliance, overcome competitive pressures, improve customer experience, improve agent experience, reduce costs, drive innovation, collect and analyze customer information, manage risk, improve efficiency, leverage talent, and integrate with the CRM system. Customers indicated they were likely to increase spending in the next 6–18 months with 8x8 and would be very likely to recommend it to both internal and external executives.

Among the strengths cited by customers were ease of use for the end user, a unified platform, strong customer service, innovation, and meeting SLAs.

Challenges

8X8 maintains a solid, but middle of the road, product offering as evidenced by customer ratings and IDC's analyst assessment. The company has a solid foundation to build upon but generally rated in the midrange in 8 of 13 strategies categories and in 8 of 13 capabilities categories.

8x8 was in the middle tier of recognition in IDC's 2015 demand-side HCC survey, which asked respondents to name three vendors they are currently using or would consider using. 8x8 was short-listed less often than most of the vendors in this IDC MarketScape by customers we interviewed.

APPENDIX

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 a review board 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

Hosted contact center services vendors manage the technology environment on behalf of their customers on either a dedicated (single-tenant) or a shared (multitenant) basis. Technologies provided can include but are not limited to the following: ACD, IVR, CTI, and desktop CRM. This segment addresses management and hosting of the technology only and does not include management of the process or agents.

Often, much of the functionality is optional and/or provided through partnerships. These services are often the platform for supporting communication with end customers on many channels, including phone, email, chat, and social media.

LEARN MORE

Related Research

- *Cloud Contact Center Services Profile: LiveOps* (IDC #255179, April 2015)
- *Hosted Contact Center Services Profile: West Corp.* (IDC #254314, March 2015)
- *IDC's Worldwide Services Taxonomy, 2015* (IDC #254824, March 2015)
- *2014 U.S. Consumer Communication Preferences Study Results* (IDC #253705, January 2015)
- *Market Analysis Perspective: Customer Care BPO, 2014* (IDC #253150, December 2014)
- *2014 U.S. Business Process Outsourcing Buyer Study Results Customer Care BPO Responses* (IDC #250194, July 2014)
- *Worldwide and U.S. Outsourced Customer Care Services 2014-2018 Forecast* (IDC #248257, May 2014)
- *2014 U.S. Business Process Outsourcing (BPO) Buyer Study Results* (IDC #248275, May 2014)
- *U.S. Hosted and On-Demand Contact Center Services 2014-2018 Forecast: Customer Experience Driving Contact Center Interactions to the Cloud* (IDC #246546, February 2014)

Synopsis

This IDC study presents a vendor assessment of the hosted and cloud contact center services market through the IDC MarketScape model. The assessment discusses both quantitative and qualitative characteristics that explain success in this market. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and highlights the factors expected to be the most influential for success in the market in both the short term and the long term.

"Customer centricity is a driving force in organizations seeking differentiation in markets increasingly separated from face-to-face interactions such as social media, digital commerce, and other online activities," says Mary Wardley, research vice president, CRM Applications and Customer Experience at IDC. "The buyers of hosted and cloud-based contact center products have an opportunity to rapidly deploy technologies that directly impact their customer-handling models to achieve the required market differentiation through service."

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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