Corporate telephony is a mature market that plays a critical role in enterprise communications. Telephony platforms are migrating to software-based solutions that are tightly integrated within a UC suite. This research can help IT managers select the best vendor for their telephony requirements.

Market Definition/Description

This Magic Quadrant reviews corporate technology vendors that design, manufacture and distribute on-premises corporate telephony solutions for 1,000 or more users. The telephony solutions can be centralized or distributed platforms dedicated for use by a single company, whether provisioned as stand-alone solutions or as part of a unified communications (UC) suite. Enterprises looking to upgrade legacy systems can use this research to decide whether to stay with an incumbent vendor or consider alternative suppliers.

The corporate telephony market is evolving from a focus on innovation in proprietary hardware to use of commodity hardware and standards-based software. While most telephony solutions shipping today are Internet Protocol (IP)-enabled or IP-PBX solutions, the associated endpoints are a mix of time division multiplexing (TDM) and IP. In 2013, 44% of new desktop phone shipments were still TDM-based (see "Market Share Analysis: Enterprise Telephony Equipment, Worldwide, 2013"). Enterprises are changing the mix of desktop phones and softphones, with some enterprises moving a significant number of employees to softphones and mobile phones.

Decision criteria for corporate telephony platforms should focus on high-availability, scalable solutions, which support Session Initiation Protocol (SIP), desktop and softphone functionality and the ability to integrate with enterprise IT applications while delivering toll-grade voice quality. Enterprise telephony and procurement managers should be aware that a small subset of telephony services can drive the majority of the decision criteria for new systems. These requirements can include:

- Very high availability — 99.999% availability to provide dial tone with access to emergency services when power and/or WAN connectivity is lost at the facility
- Analog support — Legacy phone, fax and modem devices, and elevator alarms, including phones that work where Ethernet is not available
- 911 — Ability not only to provide E911, but also to observe, record and notify enterprise security personnel when an emergency service call is made
- Softphone — Support for softphones on tablets, mobile devices and desktops with functionality equivalent to desktop phones
- Attendant consoles — An operator or administrative assistant who has to answer and transfer many calls quickly and efficiently, with the option of phone paging
- Auto attendant — Automated system to answer and direct incoming calls

Magic Quadrant

Figure 1. Magic Quadrant for Corporate Telephony

Source: Gartner (October 2014)
Vendor Strengths and Cautions

**Alcatel-Lucent Enterprise**

Alcatel-Lucent Enterprise is the sixth-largest corporate telephony vendor, with 5.7% of the global market in 2013. Alcatel-Lucent Enterprise is an independent French company, headquartered near Paris, that was formed recently by the sale of the former Enterprise division of Alcatel-Lucent to China Huaxin, a Chinese technology investment firm; Alcatel-Lucent retains a 15% stake in the new company. Customers and prospects should seek clear strategic plans for the enterprise group from Alcatel-Lucent Enterprise’s management team to satisfy any concerns about investment protection.

OmniPCX Enterprise is the vendor’s primary platform for corporate telephony. It supports analog, digital and IP endpoints, and can scale to 25,000 IP terminations per server and 100,000 endpoints per single-system image. The platform provides centralized intelligence, network management and user applications delivered across single- or multiple-site deployments, with a virtualized deployment requiring less space and a lower total cost of ownership (TCO). Alcatel-Lucent markets the OmniPCX Enterprise platform as a stand-alone telephony system and as part of its OpenTouch UC suite. The OmniPCX product line is a proven telephony system with a UC road map and strong support for wireless and mobile applications.

Alcatel-Lucent Enterprise is providing its legacy TDM base with incentives to upgrade to voice over IP (VoIP) to ease the transformation process. This effort includes simplifying the complex licensing, hardware and software upgrades required when migrating to VoIP, and adding additional UC features. Enterprises in EMEA should consider Alcatel-Lucent Enterprise where it is a dominant player.

**Strengths**

- Alcatel-Lucent Enterprise has a comprehensive software offering that is optimized for running on virtualized servers and can support high availability across multiple data centers.
- Architecturally and commercially, the OmniPCX Enterprise is available as an on-premises-based perpetual license or in a scalable, hosted and cloud-based utility model from selected service providers and channel partners.
- OmniVista, the vendor’s network management platform, provides a unified management capability that enables telephone and voice mail administration changes from a single, common interface.

**Cautions**

- OpenTouch UC requires OmniPCX Enterprise, which means Alcatel-Lucent Enterprise will need to succeed in selling upgrades to the installed exchange equipment and desk phones to drive growth in revenue from its customer base.
With the acquisition by China Huaxin, there is continued uncertainty about the company’s future that Alcatel-Lucent Enterprise will have to address by communicating its road map and investment strategy.

Enterprises with offices in North America should research Alcatel-Lucent Enterprise-certified sales and support capabilities.

Avaya

Avaya is the second-largest corporate telephony vendor worldwide, with 12.1% market share in 2013. While Avaya’s overall revenue has been declining, sales in corporate telephony and contact centers remain strong. Avaya is evolving its sales strategy to focus on communications solutions that provide business value versus a product orientation focused primarily on cost.

The Avaya Aura Platform is Avaya’s flagship telephony solution for large organizations. Its foundation is Avaya Aura Communication Manager, which provides rich voice, video, mobility, messaging, contact center and collaboration capabilities on a resilient, distributed network natively supporting SIP, H.323, digital and analog endpoints. Avaya has an open, standards-based platform that integrates with multivendor solutions, primarily through SIP. A single Avaya Aura Communication Manager server supports up to 36,000 users with a system handling up to 250,000 users. Avaya has succeeded in virtualizing its communications platform as it evolves into a software-based company.

Consider Avaya Aura for large, heterogeneous voice environments that have significant contact center and sophisticated telephony feature requirements, or that have an existing significant investment in Avaya. Avaya’s IP Office is a cost-effective solution for small or midsize businesses (SMBs). Avaya provides global coverage through its 1,000-plus partners, where it derives approximately 80% of its revenue.

Strengths

- Telephony and contact centers remain cornerstones in Avaya’s portfolio, as the company maintains brand recognition in these areas while continuing to strengthen its overall UC portfolio. Avaya has continued its investment in integration with Microsoft Lync and is a step ahead of its competition.

- Avaya Aura Collaboration Environment provides a rapid application development platform and a robust, scalable runtime environment that allows developers to focus on business opportunities with ease and speed.

- Avaya is making progress reducing its broad array of products by focusing increasingly on specific lead products and services in each area. Similarly, Avaya has simplified pricing by focusing on suites of functionality, rather than components, enabling its channel partners to streamline proposals.
Cautions

- While Avaya has solid enterprise telephony technology, it has been late to market in meeting demand for user-friendly solutions, virtualization and differentiated cloud offers.

- Although Avaya is focused on consolidating its portfolio, its portfolio still contains redundant capabilities, creating confusion with its go-to-market strategy. For instance, Avaya must execute on its plans to unify the user experience by consolidating its Flare Experience, Scopia, Aura Conferencing and Avaya one-X clients across fixed and mobile platforms.

- Avaya financially stability has made some progress, with recent financial performance results showing revenue still going down year over year, while profitability ratios have improved.

Cisco

Cisco is the industry leader in the corporate telephony global market with 70 million IP phones shipped since 1998, and a 14.5% global market share in 2013. Its success is based on Cisco Unified Communications Manager (Unified CM), which is Cisco’s core telephony platform, scaling to 80,000 users in a megacluster. Cisco also introduced Packaged Collaboration Solutions, a portfolio of turnkey, single-server, centrally managed platforms, known as Cisco Business Edition 6000 (BE6000) and Business Edition 7000 (BE7000), that offer a common set of core applications including Cisco Unified CM, Cisco Prime Provisioning and Cisco TelePresence running on Cisco UCS servers. These platforms are ordered with single SKUs and arrive ready to activate, which simplify the purchasing, installation and support.

BE6000 is designed for midsize businesses with up to 1,000 users, while BE7000 is for enterprises with more than 1,000 users and uses a building-block approach to scale by stacking servers to increase system capacity without limits. By leveraging virtualization, organizations can architect communications solutions for distributed survivability across data centers, as well as cloud environments. Cisco continues to improve on its core telephony offerings, with a recent example of the release of the Cisco VG350 Analog Voice Gateway supporting analog devices, including those requiring distances up to 18,000 feet away.

With its global distribution network and comprehensive product portfolios, Cisco is a strong contender in enterprise voice communications infrastructure. Enterprises should consider Cisco if they are inclined toward using a single vendor for end-to-end solutions that include network gear, servers, video and collaboration requirements.

Strengths

- Cisco benefits from its leadership position in data networking and relationships with IT professionals, business unit leaders and the C-suite. Cisco has been successful in adapting to market trends, such as virtualization and cloud, and customizing its solutions to drive business value.

- Through carrier and service provider partners, Cisco is advancing attractive hybrid on-premises and cloud options. Cisco's Hosted Collaboration Solution (HCS) is based on the same software
as Cisco’s on-premises offering, Cisco Unified CM, enabling deployment choices without sacrificing functionality.

- The standard version of Cisco’s collaboration network management solution, Prime Collaboration, ships with all new orders of Cisco Unified CM, offering monitoring, diagnostics, provisioning and change management for VoIP devices in a single platform with a scale to 150,000 endpoints.

Cautions

- Gartner clients report that choosing Cisco as sole-source provider for IP telephony, UC, data networking, Web conferencing and video can lead to reduced negotiating leverage.
- Jabber is Cisco’s UC client including a softphone that can run on smartphones, tablets, Macs and PCs. Users who require advanced desktop phone features or want to use Cisco Prime Collaboration should use traditional Cisco endpoints, such as the 7900 or 8800 series.
- Enterprises not selecting Cisco’s Packaged Collaboration Solutions, BE6000 or BE7000s, tell Gartner that Cisco’s telephony solution is complex to order and install, and expensive to maintain.

Huawei

Huawei is the eighth-largest corporate telephony vendor, with 3.6% of the global market share and strong double-digit growth, especially in Asia/Pacific. Huawei has been successful providing complete network and communications solutions for enterprises. Huawei continues to increase the breadth and depth of its corporate communications products and services, including telephony.

Huawei’s corporate telephony solution eSpace is based on its U1900 and U2900 series of hardware and software communications platforms. Its modular design makes it scalable, with references of between 50,000 and 400,000 users in China. In 2013, Huawei added a unified session manager and a unified management platform for its eSpace enterprise networking products, taking it closer to its goal of a more tightly integrated solution suite.

Consider Huawei telephony solutions in regions where its carrier and large-enterprise business resources are significant enough to provide capable support, especially Asia/Pacific and EMEA markets.

Strengths

- Huawei has strong user and administrative interfaces from one single management application (Huawei eSight) which is globally available and supports multiple languages.
- Huawei has increased its worldwide smartphone market share to the No. 3 position, which is contributing to its strong growth in corporate telephony.
- Huawei’s eSpace solution is highly scalable, runs on virtualized platforms and offers software APIs for integration with business applications and Microsoft Lync.
Cautions

- Growth for Huawei in North American and selected Western European enterprise telephony markets has been difficult, despite growing the number of its global channel partners. Some IT planners in the U.S., the U.K. and Australia have expressed concerns to Gartner regarding the Chinese government’s potential influence on Huawei.

- Huawei needs to continue its expansion of its global support model and logistics capability for managing and delivering spare parts, as well as its ecosystem for hardware and software upgrades for the enterprise market.

- Huawei has approximately 350 telephony features — more than the features offered by new entrants to the market, such as Microsoft, but half as many as those offered by mature vendors, such as Avaya.

Microsoft

Microsoft is the seventh-largest corporate telephony vendor with 5.1% of the global market in 2013 with significant annual growth of 106% in 2013. Microsoft continues its strong growth in 2014 and is being chosen by more enterprises as their strategic corporate telephony platform.

Microsoft continues to develop Lync as a corporate telephony solution, although organizations generally select it initially for presence, instant messaging (IM) and conferencing needs, and then evaluate it as a replacement for their legacy PBX platforms. The architecture for Lync is highly scalable, with references of 200,000 users. Microsoft has a strategy of delivering software-only solutions and creating an ecosystem of partners to provide solutions such as desktop phones, media gateways, session border controllers (SBCs) and paging systems. The all-software strategy enables Microsoft to deliver a market-leading UC platform with strong messaging, conferencing, presence, telephony and mobile functionality. At the same time, enterprises must work with multiple vendors when deploying a Microsoft telephony solution.

Choosing the right Microsoft partners is critical to providing features and high availability required for corporate telephony. The addition of communications competency in the Lync partner program will help users validate partner competencies, specifically for telephony and UC. There are currently 79 certified Lync support partners worldwide, ranging from the large telecom operators and system integrations to regional or country-specific value-added resellers.

Lync 2013 represents an important step to adding further high-availability support and integrating voice, video and content sharing to Lync Mobile clients on Windows Phone, iOS and Android operating systems. Lync is a strategic UC choice for many organizations, and potentially an alternative to replace legacy PBX installations.

Strengths

- Organizations with a Microsoft volume licensing agreement usually consider Lync financially competitive compared with other telephony solutions for basic telephony needs. This is
especially true if the enterprise primarily adopts, or plans to adopt, softphones and deploys few desktop phones.

- Microsoft has strong brand awareness for UC. It deploys Lync for IM, voice, video and Web conferencing. The company is building a strong global portfolio of Lync partners to help clients execute on telephony and UC strategies.
- The Lync 2013 mobile client works on Microsoft, Apple and Android operating systems and is a strong solution for those enterprises seeking a UC and telephony client for their mobile devices.
- Skype integration enables Microsoft to offer multiple tiers of service for those seeking an enterprise-grade and a best-effort service that competes with other freemium services from Google, Zoom and Fuze.

Cautions

- Without a volume licensing agreement, Gartner clients indicate Lync is not financially competitive compared with other telephony solutions, especially for a user base that demands desktop phones.
- The complexity of Microsoft Lync telephony installation and support deters some enterprises from migrating from legacy PBX systems, which satisfy basic telephony needs.
- Gartner clients report challenges in providing high availability with Microsoft Lync for basic telephony. Poor call quality, dropped calls and system outages plague some implementations that did not utilize a qualified Microsoft Lync integrator.
- Availability of Microsoft Lync telephony features depends on the third-party desk phones. Clients report limitations associated with features such as music on hold, multiple appearances of the same directory number on the same phone, local intercom calling between managers and staff, and recording calls.

Mitel

Mitel is the fourth-largest corporate telephony vendor, with 8.2% of the global market in 2013. Mitel’s acquisition of Aastra, along with its solid organic growth, positions the company well in the corporate telephony market for years to come. Approximately 93% of Mitel sales are through channel partners in the global telephony market.

For larger enterprises, MiVoice MX-ONE (from the Aastra and Ericsson heritage), is Mitel’s standard platform, which scales to 500,000 users. MiVoice MX-ONE is targeted at customers that require high-availability features, including stateful failover. Mitel enables users to access Mitel UC functionality through the Mitel Applications Suite (now Mitel MiCollab), which supports a UC client for desktops and mobile devices. Mitel MiVoice and associated components can be deployed on-premises, hosted, in the cloud or in a hybrid configuration.

Enterprises should consider Mitel if they want a corporate telephony platform at the forefront of several industry shifts. These include the shift from premises to cloud and hybrid deployments, moving away from capital products toward services and consumption, from hardware to software-
based solutions, from voice-centric desktop communications toward rich multimodal communications, and from a desktop to a mobile-first strategy.

**Strengths**

- Mitel is a strong global player, especially in EMEA and North America, with over 1,500 channel partners.
- Mitel’s experience supporting virtualized environments can streamline communications infrastructure costs, simplify implementation and reduce ongoing operating costs.
- Mitel offers MiCloud for the delivery of cloud-based solutions that support telephony, UC and videoconferencing, which can also complement on-premises MiVoice deployments. Service providers and Mitel dealers can build and deploy hybrid cloud capabilities using the same software that supports Mitel’s on-premises enterprise platform.

**Cautions**

- Mitel’s global brand awareness lags other vendors in the large-enterprise segment. Mitel has acquired a number of companies as part of its growth strategy and folded them into the Mitel brand.
- Mitel’s dual portfolio of telephony products may hamper R&D. While Mitel has done an effective job of integrating various UC products through a common desktop application, full integration of the two telephony platforms is not as far along.
- Mitel has an aggressive growth strategy based on adding new products and features. Based on the limited success of acquisitions by its competitors, it is prudent to monitor Mitel going forward to ensure its execution remains on track.

**NEC**

NEC is the third-largest corporate telephony supplier, with 10.3% share of the global market in 2013. NEC has a large installed base of customers, especially in Asia/Pacific. NEC customers have been slow to migrate to VoIP; half of the phones that NEC sold in 2013 were traditional TDM phones.

NEC’s SV9500 platform has high reliability standards and will scale to 192,000 users. NEC positions different solutions in different regional markets with the SV9000 family as a software-based telephony platform that runs on virtualized servers. The SV9000 family combines the feature functionality of the appliance-based approach of the Univerge SV8000 series with the hybrid TDM and IP telephony platforms of the Univerge 3C series. The SV9500 is offered in three flexible delivery models: software only, prepackaged virtual server and a purpose-built appliance. The software-based approach appeals to enterprises of all sizes, particularly in North America.

Consider NEC when scalability, high availability and multiple levels of redundancy with a good migration path to UC are strategic requirements or if there is an existing large investment in NEC.
Users in industry verticals such as hospitality, healthcare, education and government may also be attracted to NEC's specific sectorial solutions.

**Strengths**

- NEC is a large, diversified global supplier of information and communications technology, products and solutions, including corporate telephony. It has significant financial strength, extensive internal resources and established channel partners in North America, EMEA, Latin America and Asia/Pacific, including master distributors, communications service providers (CSPs) and dealers.
- NEC has sustained its strengths in selected vertical markets such as hospitality, healthcare, government and education, with standardized solutions. It provides customized and scalable telephony solutions based on Univerge SV Series appliances or Univerge 3C software.
- NEC uses multiple servers and virtualization for Univerge 3C software solutions deployed in various network locations for dynamic load balancing. Its range of media gateways reliably provides remote-site survivability. NEC’s SIP implementations are certified with major CSPs.

**Cautions**

- NEC technology is robust and highly scalable. However, NEC’s marketing is not as robust as its competitors', and brand recognition for corporate telephony is lagging in the North American market.
- Enterprises should investigate the experience and skills of NEC’s partners, since not all of NEC's dealers offer comprehensive support for NEC’s full array of on-premises, hosted, distributed, centralized and cloud telephony solutions.
- NEC’s extensive product lines are targeted for both SMBs and large enterprises. Large enterprises should validate NEC’s dealers’ experience in designing, installing and supporting large deployments.

**ShoreTel**

ShoreTel is the 10th-largest corporate telephony vendor globally, with 1% of the market in 2013. ShoreTel's technology has been particularly well-suited for SMBs with distributed communications requirements. It continues to make progress among enterprises with more than 1,000 centralized users or enterprises that have many branch offices and remote sites.

ShoreTel 14.2 is the latest release, which scales to 20,000 users on a single platform, which can be run on a VMware server. The ShoreTel architecture is particularly well-known for its simplicity of installation and administration. Survivability is provided via ShoreTel's N+1 switch failover capability; a switch can fail over to another switch anywhere in the network. ShoreTel also supports a full set of mobile options. ShoreTel 14 supports video connectivity with room-based systems supported by video providers, such as Polycom and Lifesize. ShoreTel’s one-click access to join conference calls is a popular feature reported by Gartner's clients. ShoreTel Sky is its cloud offering.
and runs the same software as the premises-based systems, offering enterprises multiple deployment options. Utilizing the cloud for redundancy is gaining popularity.

Consider ShoreTel if your company is distributed and is looking for telephony and mobility capabilities that are easy to install; have intuitive management for administration, a simple user interface, and a low TCO; and have offices based in North America.

**Strengths**

- ShoreTel’s focus on customer satisfaction throughout the implementation cycle and beyond translates to generally high satisfaction ratings from its channel partners and customers.
- Enterprises can expand ShoreTel’s system capacity for software, trunks and users by adding switch modules that can be administered from a centralized interface, regardless of where the modules are physically located.
- ShoreTel offers low TCO based on simplicity of administration, no expensive licensing and hardware dependencies, an investment protection plan, and competitive pricing models for the SMB market.

**Cautions**

- ShoreTel does not have much visibility outside of the telecommunications market, and its brand recognition lags that of its competitors.
- ShoreTel has had a complete change in its senior management team in the past two years. The new leaders are driving ShoreTel’s cloud and new services strategy, but it is too early to tell how successful they have been.
- ShoreTel’s market share is a lot smaller, with fewer resources and less brand awareness outside North America, compared with other vendors in the market. Organizations should evaluate geographic coverage and local support capabilities early in the sales process.

**Toshiba**

Toshiba is the 11th-largest corporate telephony vendor globally, with 0.6% of the market in 2013. Toshiba is a large diversified manufacturer and marketer of electronics and electrical products. Toshiba Telecommunication Systems Division sells corporate telephony to many vertical markets, including automotive/transportation, education, entertainment, financial/business services, government, nonprofit, healthcare/medical, and retail chains. Toshiba also has a large national accounts program.

The Toshiba Strata CIX series and IPedge telephony platforms support up to 1,000 users, with the latter built on a Linux-based platform that includes telephony, voice mail, unified messaging, IM/presence and SIP trunking capabilities in a single-server architecture. Although the Strata CIX and IPedge solutions are positioned to customers in the same size segments, the Strata CIX solution supports digital and IP devices, while IPedge is a pure IP-based solution. The solutions can be
networked together. Toshiba offers a cloud-based VoIP service called VIPedge. The same Toshiba distribution network sells Toshiba on-premises and cloud solutions.

Toshiba products appeal to organizations with centralized requirements or that need to support remote sites in vertical markets (such as retail, automotive, banking, financial services and government), including locations that cross geographic boundaries. The company offers a unique, centrally managed national accounts program that includes uniform pricing for multisite deployments in multiple regions.

**Strengths**

- All Toshiba Strata CIX series systems use the same applications, endpoints, cabinets and interfaces, with capability to support a wide range of wired and wireless devices and softphones. Toshiba offers a seven-year manufacturer’s warranty that is unique in the industry.
- Toshiba has IPedge-certified dealers in every major and secondary market in the U.S. and Canada, as well as distribution in Mexico.
- For cloud-based communications, Toshiba positions VIPedge as a virtualized version of IPedge with similar capabilities that is operated in its network operation centers and charged through a monthly service-based subscription fee.

**Cautions**

- Although Toshiba is a large diversified manufacturer and marketer of electronics and electrical products, its communications business does not have any presence in the large-enterprise market in EMEA, nor does it have a global strategy that focuses on IP telephony requirements outside the U.S., Canada, Mexico, the U.K., parts of the Asia/Pacific region, and Japan.
- Toshiba’s installed base is composed of approximately 80% small and midsize organizations with fewer than 1,000 users. Enterprises with sites that have more than 1,000 users may want to consider other platforms that scale higher.
- In the event of a failure, a compatible gateway is required to automatically reroute incoming calls to an alternative Strata CIX or IPedge system.

**Unify**

Unify, formerly Siemens Enterprise Communications, is the fifth-largest global corporate telephony vendor, with 6.2% of the market in 2013. Unify is in the process of restructuring to reduce expenses and drive the company toward a software-based business. Unify telephony shipments dropped 18.7% in 2013. The new top management team, with roots in distribution, sales and marketing, is focused on transforming its go-to-market strategy and establishing momentum in North America.

OpenScape Enterprise is Unify’s enterprise flagship platform, scaling to 100,000 users in a single node configuration and 500,000 in a network. It supports private, hybrid or public cloud deployments, and may be virtualized with VMware or any open virtualization, format-compliant hypervisor. Unify also offers OpenScape Enterprise Express, a comprehensible all-in-one solution...
for up to 1,000 users with preconfigured applications, which include UC, contact center, session border controller (SBC) and management. Unify maintains a strong presence in Europe and Latin America and is working to improve coverage in North America. Project Ansible is a new software-as-a-service overlay of a communication solution that enables a team- and task-oriented way of interworking. Ansible’s planned release is in 4Q14 and represents Unify’s long-term strategy of becoming a software-only company.

OpenScape Enterprise solutions support midsize to very large enterprise requirements, and they are an obvious choice for customers that want to upgrade their existing installed base. Large organizations should consider OpenScape Enterprise for its ability to be deployed globally as a single, highly resilient system that customers can manage centrally from different locations.

Strengths

- Unify has successfully made the transition to a software-oriented supplier and is well-placed to offer competitive licensing formats, such as perpetual right to use, as well as subscription-based licenses, allowing the solution to grow with customers' needs.

- The company offers vertical-specific solutions. OpenScape Xpert is targeted at financial services organizations and includes trading turrets. The solution enables customers to benefit from the networking capabilities of OpenScape Enterprise.

- OpenScape Enterprise supports private, hybrid and public cloud deployments, and it may be virtualized. Unify maintains a strong presence in Europe and Latin America.

Cautions

- Unify is wagering on Project Ansible to provide market differentiation and buzz to generate sales in large global enterprises. To be successful, in addition to the announced "connectors" to existing Unify platforms, Unify will need to provide a cost-effective path to encourage enterprises to adopt Ansible.

- Some Unify customers tell Gartner that response times are variable for product and technical support in regions where coverage needs improvement, such as Asia/Pacific and North America.

- In North America, distribution and support are limited, compared with its main competitors in that region.

Vendors Added and 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's appearance 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. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.
Inclusion and Exclusion Criteria

To be included in the corporate telephony Magic Quadrant, solution providers must meet the following minimum criteria:

- Demonstrate an IP-based corporate telephony application that provides enterprisewide call routing and management for enterprises with more than 1,000 voice users, including switchboard operations across multiple wired and wireless networks.
- Have a product that includes the management of legacy telephony environments, including media gateways; the connection of IP with circuit-switched-based networks; and functions such as call admission control, survivability, codec management, echo cancellation, and access to emergency services and agencies. The systems must integrate with UC functionality — not only telephony, but also conferencing (including audio, Web and video); IM and presence; messaging; and UC end-user clients for multiple environments.
- Have a significant market presence in telephony that can be demonstrated by significant market share or differentiating innovation. Vendors must have minimum annual revenue from enterprise communications of $150 million.
- Offer systems in multiple global market regions, including North America, Europe, Central America, Latin America and Asia.
- Provide evidence of sales, revenue and operational investments that support market objectives. This research focuses on the large and very large enterprise markets. Vendors focused primarily on SMBs are not included.
- Provide multiple references for enterprise on-premises portfolios/products.

Evaluation Criteria

Ability to Execute

This research provides guidance for planners responsible for updating or replacing a telephony system. Gartner analysts evaluate corporate telephony solution vendors based on the breadth, quality and overall maturity of their applications, processes, tools and procedures that enhance individual, group and enterprise communications. Ultimately, these vendors are judged on their ability and success in capitalizing on their vision:
Product/Service: Core products providing telephony capabilities, offered by vendors that compete in and serve the enterprise market segment. This category includes the vendors' current product capabilities as defined in the market definition, as well as the respective road maps that vendors offer that enable organizations to migrate to UC.

Overall Viability: Includes an assessment of the organization's overall financial health, as well as the financial and practical success of the business unit, especially under current market conditions. Also included is the potential of the business unit to continue to invest in and offer the product, and advance the state of the art in the company's broader portfolio of products.

Sales Execution/Pricing: The vendor and channel capabilities in all presales activities and the operational structure that supports them. This category includes deal management, value selling, pricing and negotiation, presales support, and the overall effectiveness of the sales channel (direct and indirect).

Market Responsiveness/Record: The ability to respond to current market conditions and the disruptive influences of UC. This evaluation assesses how a vendor might change direction or modify its portfolio to achieve competitive success, as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of market responsiveness, as tracked in Gartner market share and sizing research.

Marketing Execution: The clarity, quality, creativity and efficacy of marketing programs designed to deliver the organization's message to influence all markets, promote the brand and business, increase product awareness, and establish a positive identification with the product, the vendor and the channel among buyers. This mind share can be driven by a combination of publicity, promotions, thought leadership, word of mouth and sales activities, as well as Gartner's inquiry process.

Customer Experience: Sales and support relationships, products and programs that enable customers to have a positive experience and achieve their respective goals for a corporate telephony implementation. This assessment includes the availability of technical and account support, and the number of channels through which this is available. Also included are customer support programs (and their quality), and the availability of user groups and SLAs. We include feedback from Gartner clients through the inquiry process in our analysis.

Operations: The ability of the organization to meet its goals and commitments, especially in the current climate. Factors include the quality of the organizational structure, especially global operations, skills, experiences, programs, systems and other vehicles that enable vendors to operate effectively and efficiently on an ongoing basis (see Table 1).
Table 1. Ability to Execute Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
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<tr>
<td>Product or Service</td>
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<td>Overall Viability</td>
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<td>Market Responsiveness/Record</td>
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<td>Customer Experience</td>
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<tr>
<td>Operations</td>
<td>High</td>
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Source: Gartner (October 2014)

Completeness of Vision

Gartner analysts evaluate telephony solution providers based 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 understanding of the marketplace (see Table 2). Ultimately, these providers are rated on their understanding of how market forces can be exploited to create opportunities for providers and their clients:

- **Market Understanding**: The vendor’s understanding of how customer needs are changing (for users and the IT group responsible for managing telephony). It was especially important to see how vendors proposed to complement, or compete with, UC collaboration solutions.

- **Marketing Strategy**: A clear, differentiated set of messages for telephony and enhanced communication consistently delivered by executives and senior employees, and promoted through websites, advertising, customer programs and positioning statements.

- **Sales Strategy**: The strategy for selling telephony products that uses an appropriate and profitable balance of direct and indirect sales, marketing, service, and communications affiliates that extend the scope and depth of market reach to selective markets.

- **Offering (Product) Strategy**: The vendor’s approach to telephony product development and delivery, with road maps for consolidation where necessary. Important factors include the migration to software, support for SIP and the ability to build scalable solutions that are consistent with the needs of target markets.

- **Business Model**: The logic of the vendor’s underlying business proposition for the direction of the communications market.
- **Vertical/Industry Strategy:** Articulated as a specialization by leveraging intellectual capital, technology or products, as when a company manufactures its own integrated circuits for incorporation into electronic components or devices that it markets.

- **Innovation:** Demonstrating the necessary innovation to capture market share and grow in associated markets, with a combination of technology and services to grow revenue beyond the market average. The IP telephony market has reached maturity.

- **Geographic Strategy:** Demonstrating how the vendor directs resources, skills and product offerings to meet the needs of international clients, directly or through channels, to market to the needs of clients. The telephony market has historically been fragmented, with most players receiving income from their traditional home markets. The requirements of many of Gartner's end-user clients are global.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
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<tbody>
<tr>
<td>Market Understanding</td>
<td>High</td>
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<tr>
<td>Marketing Strategy</td>
<td>High</td>
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<tr>
<td>Sales Strategy</td>
<td>Medium</td>
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<tr>
<td>Offering (Product) Strategy</td>
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<tr>
<td>Business Model</td>
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<td>Innovation</td>
<td>Medium</td>
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<tr>
<td>Geographic Strategy</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: Gartner (October 2014)

**Quadrant Descriptions**

**Leaders**

Leaders are high-viability vendors with broad portfolios, significant market shares, broad geographic coverage, a clear vision of how telephony needs will evolve and a proven track record for delivering telephony solutions. They are well-positioned with their current product portfolio and likely to continue delivering leading products. Leaders do not necessarily offer a best-of-breed solution for every customer requirement. However, overall, their products are strong and often have some exceptional capabilities. These vendors provide solutions that present relatively low risk for enterprise use.
Challengers
Challengers are vendors with strong market capabilities and good solutions for specific markets. However, overall, their products lack the breadth and depth of those in the Leaders quadrant. Challengers do not always communicate a clear vision of how the telephony market is evolving, and they are often less innovative or advanced than Leaders. Vendors in this quadrant often have excellent telephony functionality, but lack brand awareness in the market.

Visionaries
Visionaries demonstrate a clear understanding of the telephony market and provide key innovations that point to the market’s future. However, these vendors may be relatively new to the telephony market, with the potential to grow while in the process of expanding their regional and global sales and support capabilities.

Niche Players
The vendors in this quadrant offer telephony solutions that focus on a segment or segments of the market, or a subset of telephony functionality. Customers aligned with the focus of a niche solution provider may find its offerings to be a good match for their limited needs. Niche Players often offer strong products for particular geographical or vertical-market subsets, but may have some weaknesses in one or more important areas.

Context
Companies are increasingly focusing their business strategies and acquisition decisions around unified communications and collaboration (UCC) technology; it is supplanting the historical domain of corporate telephony (see “Agenda Overview for Enterprise Communications Markets, 2014”). This shift presents IT planners with new user needs and technological integration challenges, especially as telephony applications become more mobile, and as knowledge workers increase their reliance on conferencing, video, IM and collaboration tools to fulfill group tasks.

Organizations will continue to invest in IP telephony platforms after having mapped out telephony’s role in a clear UC strategy. As users’ communication habits evolve, infrastructure and operations leaders should consider new telephony and UC vendor relationships, as well as the use of managed services, outsourcing, hosted and cloud-based solutions. Employment of IP-PBXs will vary according to current investments, maturity of an organization’s network infrastructure, and incumbent vendor strategy.

Market Overview
Key trends in corporate telephony include:

- Uncertain economic conditions that persist globally are affecting the market share growth of most corporate telephony vendors.
Growing vendor investment in cloud telephony portfolios, more-mature cloud offers, and increased acceptance of alternative acquisition models are increasing market awareness and the opportunities for acceptance of cloud telephony offers. An increasing number of IT decision makers are evaluating the potential value of cloud telephony in an enterprise communications strategy.

Virtualized telephony has become increasingly popular among enterprises, with most vendors investing to meet this need, while also addressing IT leaders’ needs to improve the enterprise’s resiliency and disaster recovery capabilities, and to reduce server and operations costs (see "Communication Server Virtualization" — Note: This document has been archived; some of its content may not reflect current conditions).

The bundling of communications licenses and capabilities includes voice, presence, IM, conferencing and mobility functionalities. While offers may look attractive and are often appropriate for some users, the added cost of software subscriptions means buyers likely will be overpaying for features that a minority of users access.

Continued aggressive discounting (ranging from 50% to 65% for corporate telephony systems) has been ongoing since 2009, especially for large global telephony deals. This trend reinforces the need for buyers to use the RFP process and be strategic about vendor selection (see "Toolkit: Sample RFP for Unified Communications").

With users becoming more mobile, organizations are interested in connecting incoming corporate telephony calls at the desktop with mobile devices (see "Critical Capabilities for Corporate Telephony"). Enterprises are gaining buying power with mobile operators. They are able to negotiate on-net rates for lower-cost or flat-rate calling between mobile users and their enterprise networks. As IT welcomes mobile devices to the enterprise, organizations will demand solutions that integrate the mobile phone more tightly into the corporate telephony solution and employees’ preferred smartphones.

The Future of Telephony Vendors

The enterprise voice market includes the provisioning of holistic voice communications for all wired and wireless users. Typically, architectures support distributed on-premises solutions, as well as centralized, virtualized and hosted platforms dedicated to a single organization.

Some technology providers may not meet all your organization’s requirements as they refine their strategies for profitability and sustainability. Evaluate a telephony vendor’s ability to support one or more of the following future directions and capabilities:

- Supports real-time voice, video and conferencing capabilities across the enterprise network, integrated with collaboration capabilities, such as IM, email and desktop sharing. Migrating between different communications channels should be seamless for users and offer a lower TCO for the IT group than managing separate communications channels.
- Demonstrates the value of session management and control, and supports policies for the ways that sessions are established between network endpoints across multiple technology platforms and managed for quality and cost controls. This approach elevates the role of the corporate
communications platform to that of network and session manager. It is an alternative option to creating a homogeneous voice platform integrated with multiple communications channels across the business. Evaluate vendors with this approach for their ability to offer enhanced routing capabilities and to extend contact center technologies as a value-added component of communication beyond the customer service center.

■ Offers an open telephony platform that supports integrations and partnerships with conferencing and collaboration applications from disparate vendors. Vendor solutions should focus on managing voice across wired and wireless endpoints.

■ Enables system integration with and support for competitive UC products to complement and supplement their telephony solutions. Over time, enterprises will need a global capability to support knowledge worker groups in diverse geographies.

■ Provides a scalable hosted alternative that supports capabilities for service providers to offer communications-as-a-service solutions.

■ Includes established network and system management tools that leverage the efficiencies and opportunities for cost savings afforded by IP technology, such as managing voice and data communications through a common Web-based UI; remote provisioning of new extension users; and performing moves, adds and changes without relying on technicians.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"How Gartner Evaluates Vendors and Markets in Magic Quadrants and MarketScopes"

"Critical Capabilities for Corporate Telephony"

"Magic Quadrant for Unified Communications"

"How to Choose a Corporate Telephony Vendor in a Turbulent Market"

"The Business Case for IP Telephony Revisited: Five Reasons Why the Time to Evolve Is Now"

Evidence


This research is based, in part, on:

■ Feedback from Gartner inquiries, which amounts to approximately 1,000 end-user client discussions per year

■ Vendor responses to detailed questionnaires specific to this Magic Quadrant research

■ Vendor references
■ Periodic vendor briefings
■ Generally available information, news and data in financial and industry publications
■ Attendance at vendor analyst conferences and industry tradeshows
■ Discussions with Gartner peers in research communities
■ Gartner management critique, peer review, and vendor review and confirmation

Evaluation Criteria Definitions

Ability to Execute

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

**Overall Viability:** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

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

**Market Responsiveness/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 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 initiatives, 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 and so on.
**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 to 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 products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor’s approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets 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 vertical markets.

**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.