Magic Quadrant for Contact Center as a Service

Published 9 August 2021 - ID G00740493 - 35 min read

By Analyst(s): Drew Kraus, Pri Rathnayake, Steve Blood

Initiatives: Customer Service and Support Technology

> Spurred by the pandemic, demand for CCaaS solutions is moving upmarket as these offerings are commonly used to meet complex and multiregional requirements. This research will help application leaders responsible for customer service find the right provider for their geographic and functional needs.

This Magic Quadrant is related to other research:

Critical Capabilities for Contact Center as a Service

View All Magic Quadrants and Critical Capabilities

Market Definition/Description

Gartner's view of the contact center as a service (CCaaS) market is focused on transformational technologies and approaches to meet the future needs of end users. It is not focused on the market as it is today.

Gartner defines CCaaS as a software as a service (SaaS)-based application that enables customer service organizations to manage multichannel customer interactions holistically in terms of both customer experience and employee experience.

CCaaS solutions are largely systems of differentiation. They enable an adaptive, flexible delivery model with native capabilities across the four pillars of great customer service (see "core capabilities" below) and productized integrations with partner solutions through application marketplaces.

The core capability of a CCaaS solution relates to:

- **Getting connected** — with a focus on delivering a channel-agnostic, architected design to create customer service journeys, including intelligent self-service. Services are consumed on a per-seat, per-concurrent-user or transaction basis.

The optional capabilities of a CCaaS solution are:

- **Process orchestration** — supporting increasingly complex and personalized customer engagements.

- **Resource management** — developing and maintaining engaged and empowered staff based on the understanding that engaged employees power a stronger customer experience.

- **Knowledge and insight** — delivering customer and operational insights and recommending next best actions across all functional groups.

CCaaS solutions are used by customer service and telemarketing centers, employee service and support centers, help desk service centers, and other types of structured customer-centric communications operations. They are now the go-to technology for most organizations procuring sub-500-seat contact center environments, particularly where routing of voice-based interactions plays a critical role. They are also starting to be deployed in environments with thousands of seats, although these environments may be composed of smaller entities. This reflects the desire of customer service organizations to consolidate stand-alone environments and move forward with a single, strategic supplier. CCaaS solutions are typically deployed as an integral part of a broader customer service and support technology ecosystem.

Magic Quadrant

Figure 1: Magic Quadrant for Contact Center as a Service

Source: Gartner (August 2021)

Vendor Strengths and Cautions

8x8

8x8 is a Challenger in this Magic Quadrant. Its 8x8 Contact Center is delivered via the 8x8 Experience Communications Platform, which integrates CCaaS, unified communications as a service (UCaaS) and communications platform as a service (CPaaS). It is offered either as part of the X Series UCaaS/CCaaS communications suite or as a stand-alone solution.

8x8 has a strong global footprint as a result of its leadership in the UCaaS market. Its sweet spot for CCaaS is addressing the needs of small and midsize businesses (SMBs), but it can also meet the needs of large enterprises in environments that do not require a great deal of sophisticated functionality.

8x8 has made good progress in terms of strengthening its commitment to the four pillars of great customer service, with partnerships for workforce engagement management (WEM), virtual customer assistants (VCAs) and knowledge management.

Strengths

- **UCaaS/CCaaS:** 8x8 can provide UCaaS and CCaaS on a single platform. This allows for strong support for tracking activity in informal centers and for contact center contributions from subject matter experts outside the contact center.

- **Geographic strategy:** 8x8's global reach as a UCaaS provider enables it to meet the needs of organizations' contact center users in multiple regions, particularly where there is a requirement to support both UCaaS and CCaaS.

- **Service vision:** 8x8 uniquely offers a combination of UCaaS and CCaaS that integrates with Microsoft Teams UCaaS to extend its capabilities.

Cautions

- **Sales strategy:** 8x8 focuses on selling its CCaaS capabilities along with UCaaS, but much of this business comes through third-party sales channels, not all of which have strong contact center expertise.

- **Operations:** Some clients indicate that 8x8's reporting capabilities lack the granularity and flexibility expected by large customer service organizations.

- **Service strategy:** 8x8's sweet spot is with midsize contact centers, which means that for organizations with contact center requirements above 500 seats, 8x8 Contact Center may not be the most suitable platform, as advanced features may be lacking. Prospective customers with large customer service requirements should check that 8x8's feature set will meet the needs of their customer services business unit.

Amazon Web Services

Amazon Web Services (AWS) is a Visionary in this Magic Quadrant. Amazon Connect is a specialized CCaaS offering that draws on the broader infrastructure and software capabilities of AWS. Amazon Connect is sold both directly and through an expanding set of large channel partners, notably Salesforce (following its 2020 launch of Service Cloud Voice, which includes an embedded version of Amazon Connect).

AWS launched Amazon Connect on the market in 2017, having developed it internally to serve its own Amazon.com retail customers. It has since been adopted by businesses of all sizes, from startups to very large global businesses, but especially by customers that use AWS as part of a DevOps strategy for service delivery.

AWS continues to develop Amazon Connect as a contact center solution with a graphical user interface (GUI) and an extensive set of APIs, which are used by partners and customers to meet customized customer service requirements.

Strengths
- **Agile pricing:** Amazon Connect's consumption-based pricing approach is the most agile in the CCaaS market. It enables organizations to experiment with voice, chat and self-service at low cost without license commitments.

- **Product strategy:** Amazon Connect solutions can be configured to exploit AWS's extensive portfolio of innovative capabilities in areas such as artificial intelligence (AI), natural language understanding (NLU), machine learning (ML) and analytics.

- **Geographic strategy:** AWS draws on the global reach of its cloud infrastructure to host its contact center platform with very high levels of availability.

Cautions

- **Service offering:** Amazon Connect's feature set is still maturing. Customers looking to fulfill highly complex or customized use cases will need to draw on capabilities exposed as APIs either through their own development efforts or by using AWS Professional Services or development partner services. Organizations should catalog use cases and associated development costs to meet user requirements.

- **Pricing:** Amazon Connect's consumption-based pricing model requires that organizations understand contact volumes in detail to ensure that "pay as you go" does not result in a higher cost of ownership, compared with other CCaaS solutions.

- **Service strategy:** Organizations that don't already have an AWS DevOps practice are less likely to be comfortable with the "toolkit" approach to extending and customizing the native features available today.

Content Guru

Content Guru is a Challenger in this Magic Quadrant. Its storm CONTACT offering is a specialized CCaaS platform offered to customers through direct and indirect channels.

Since launching in the U.K. in 2005, Content Guru has extended its footprint in Europe, but it still has limited presence in the North American and Asia/Pacific markets. It is favored by organizations with larger, more complex contact center requirements, and is most likely to meet the needs of European-headquartered multinational organizations. The company does, however, also offer storm Lite for SMBs.

Its vision focuses on large organizations with deep integration and customization needs, and those with stringent system resiliency requirements.

Strengths
- **Service offering:** Content Guru's storm CONTACT offering is a highly scalable cloud platform that offers broad integration and automation capabilities through the storm FLOW service builder portal.

- **Sales execution:** Content Guru has extensive experience of meeting the customer service needs of large and complex deployments.

- **Service strategy:** Content Guru continues to strengthen its commitment to the four pillars of great customer service in terms of native CRM and IT service management functionality, knowledge management, and resource management.

Cautions

- **Operations:** Most of Content Guru's operations are centered in Europe. Support in other regions is limited, requiring organizations to provide greater internal investment to manage the relationship.

- **Pricing:** The complexity of the storm CONTACT platform means that organizations need to spend time understanding the "a la carte" licensing components and their charges, which add to the total cost of ownership.

- **Marketing execution:** Content Guru lacks brand recognition, which may limit its ability to fund growth in the CCaaS market in the face of increasing competition from well-funded new entrants.

Evolve IP

Evolve IP is a Niche Player in this Magic Quadrant. Its Evolve Contact Suite is a CCaaS offering integrated with a native UCaaS offering, or with Cisco for unified communications and Microsoft for collaboration. It is delivered as a capability on Evolve IP's OneCloud services platform.

Evolve IP launched its CCaaS offering in 2008. Its footprint covers North America and Europe. The offering is aligned with the target markets for Evolve IP's UCaaS business, which include midsize IT departments.

Evolve IP's vision of deeper integration with Microsoft Teams, and alignment with its own flexible Workspaces offering, works well for organizations that desire to increase the amount of remote working done by customer service advisors.

Strengths

- **Pricing:** Evolve IP's CCaaS pricing is often very competitive, whether the offering is sold as an integrated solution with UCaaS or on a stand-alone basis.

- **Service offering:** Evolve IP's service proposition incorporates a broad set of collaboration capabilities. This is attractive to IT departments with responsibility for managing both UCaaS and CCaaS.

- **Service strategy:** Evolve IP's tight integration with Cisco UC environments represents an interesting option for Cisco UC customers looking for an alternative to Cisco's CCaaS capabilities.

Cautions

- **Geographic strategy:** Evolve IP's operations span North America, the U.K. and the Netherlands, but the vendor may struggle to support clients with operational requirements elsewhere.

- **Marketing execution:** Evolve IP lacks brand recognition, which may limit its ability to fund growth in the face of increasing competition from new entrants with strong customer service brand recognition.

- **Market responsiveness:** Evolve IP has been slower than its competitors in this Magic Quadrant to pursue emerging solutions. Organizations may find Evolve IP less able to keep pace with the innovation of larger providers with bigger budgets.

Five9

Five9 is a Challenger in this Magic Quadrant. Its Intelligent Cloud Contact Center is a specialized CCaaS platform offered to enterprises through a dedicated sales team and key system integrator partnerships. Five9's acquisition of Inference Solutions in November 2020 gives it core competencies in self-service and automation.

Five9 has 20 years' experience of meeting the needs of organizations. It initially served those in North America, but now also sells to customers in Europe and Latin America.

With its multiregion platform footprint and growing sales presence, Five9's execution favors organizations of all sizes in the Americas, including U.S. multinational organizations.

Strengths

- **Service strategy:** Five9 has made progress integrating key acquisitions made to bolster its commitment to the four pillars of great customer service in relation to WEM, process orchestration and AI/NLU.

- **Pricing:** Five9 offers competitive prices across a broad set of native and partner product and service capabilities.

- **Market responsiveness:** Five9 continues to execute well in terms of adding new customers, both in the U.S. and internationally. Growth in its sales to the international offices of U.S.-based customers remains a highlight.

Cautions

- **Geographic strategy:** Five9's international growth has, historically, come from its strategy of extending service for U.S.-headquartered customers. Non-U.S. organizations considering Five9 should ensure their multiregion contact center platform rollout aligns with its geographic strategy.

- **Pricing:** Although Five9 will offer consumption-based pricing to select customers when requested, this pricing model is not actively promoted, and some clients assume it is not available. Organizations considering Five9 should proactively request this option and weigh its applicability to their specific environment.

- **Operations:** Five9 has only recently invested in expanding regional support for its customers outside North America. Some organizations that choose Five9 may find that service and support requires greater internal investment to manage the supplier relationship.

Genesys

Genesys is a Leader in this Magic Quadrant. Genesys Cloud CX is a specialized CCaaS platform, offered to organizations through a mix of direct sales and channel partner relationships, which vary between regions.

Genesys was founded in 1990 and in the following 31 years has established a global sales, marketing and operations presence. It has been largely successful in using its business foundation to sell and support Genesys Cloud CX, which launched in 2015.

With Genesys Cloud CX, the vendor demonstrates a strong commitment to the four pillars of great customer service with a vision for more agile, on-demand service.

Strengths

- **Geographic strategy:** Genesys has an extensive operational and channel presence in multiple regions. This geographic reach makes it a strong contender for consideration by organizations interested in contact center platform consolidation.

- **Market understanding:** Genesys' strong customer journey analytics and orchestration capabilities enable highly customized customer experiences, which can be extended to influence customer sales and marketing journeys.

- **Pricing:** In addition to proactively marketing the availability of consumption-based pricing, Genesys has added flexibility to its previously highly prescriptive pricing bundles for Genesys Cloud CX. It has also made notable improvements to its policies for compensating customers in the event of missed SLA commitments.

Cautions

- **Service offering:** Some Genesys Cloud CX customers have indicated dissatisfaction with the functionality of the system's support for digital interactions and digital self-service. The company's recent acquisition of Bold360 may help to address these shortcomings.

- **Service offering:** Organizations looking to migrate from other Genesys platforms should work with their relevant business unit(s) to ensure Genesys Cloud CX can meet all functional requirements.

- **Support:** Some Genesys Cloud CX customers have reported delayed responses from Genesys' account management and support staff — largely, they think, because the vendor's resources are being stretched thin. This issue is not unique to Genesys, however, as it also affects customers of some other vendors that have grown significantly in the past year.

Lifesize

Lifesize is a Niche Player in this Magic Quadrant. Its CxEngage offering is a specialized CCaaS cloud platform offered directly and through channel partners.

Lifesize entered this market in 2020, following a merger with Serenova. The combined company rebranded itself as Lifesize, an integrated video and contact center provider.

Lifesize demonstrates strong commitment to the four pillars of great customer service through acquisition and integration of partners' offerings. Lifesize's vision for deeper video and collaboration channels with CxEngage is likely to address some new niche, but important, market opportunities.

Strengths

- **Service offering:** Lifesize's investment in CxEngage WEM capabilities is evolving its solution into an integrated service offering.

- **Business model:** The merger of Lifesize and Serenova in March 2020 created a larger, combined company with some intellectual property with which to target vertical-specific applications.

- **Geographic strategy:** Lifesize's network of channel partners provides additional routes to market for CxEngage.

Cautions

- **Market understanding**: The postmerger decision to operate under the Lifesize brand, and the new entity's efforts to position itself as a UC platform provider, deviate from the customer service focus of a market in which Leaders specialize in supporting customer experiences.

- **Operations**: Although the merger has created a bigger company with more geographic presence, organizations still need to confirm that Lifesize's CCaaS is available for deployment in their region.

- **Sales strategy**: Following the merger, Gartner is seeing Lifesize win business more consistently from SMBs, but also a decline in its success with large customers.

NICE CXone

NICE CXone (formerly NICE inContact) is a Leader in this Magic Quadrant. CXone, its specialized CCaaS platform, is offered both directly and through a channel program that involves international partners. One of the key channel partners is RingCentral, a leading UCaaS provider that bundles CXone within an SMB offering.

CXone started out in 2002 as inContact, and was acquired by NICE in 2016. This acquisition provided the foundation for further investment, acquisitions and international growth. It also made CXone a stronger service proposition by enabling the integration of contact center and WEM functionality. It is now sold to over 60 countries.

NICE CXone's commitment to the four pillars of great customer service has been bolstered by its acquisition of MindTouch (a vendor of knowledge management software) and its vision for a more integrated approach to service delivery.

Strengths

- **Service vision:** NICE CXone's Enlighten AI capability can draw on the company's vast amount of data about customer intents and actions through NICE's WEM interaction recordings to build and refine self-learning customer interaction models. Though still maturing, this capability can quickly discover and execute AI-driven customer journeys and workflows.

- **Service strategy:** NICE CXone has a comprehensive service strategy that spans all four pillars of great customer service, thanks to multiple investments and product developments.

- **Geographic strategy:** NICE CXone's geographic reach — with operational presence and channel partnerships across the globe — make it an attractive choice for organizations planning to consolidate contact center platforms.

Cautions

- **Service offer:** NICE CXone's CCaaS offering includes a full cloud-native suite and optional WEM capabilities that are not fully integrated into the CXone platform. In some cases, these best-of-breed products provide specialized capabilities, but they may require additional resources to manage, if chosen. Organizations that need more capabilities than the platform provides should ensure they understand the service proposition differences of the best-of-breed products.

- **Service execution:** Some Gartner clients have reported sporadic instability in relation to CXone's availability and performance when hosted on a public cloud. Prospective customers should confirm with NICE CXone that the public cloud server clusters that they would use have shown consistent uptime over the past year.

- **Operations:** Some Gartner clients that have experience of working with NICE's legacy WEM offerings have been hesitant to consider CXone because of poor experiences with NICE's sales and support. Prospective clients should be aware that CXone-related operations generally do not pose the same challenges — indeed, customers generally express strong satisfaction.

Odigo

Odigo is a Visionary in this Magic Quadrant. It offers its specialized Odigo CCaaS platform to select markets, mostly by means of direct selling but also via its former owner, Capgemini.

Originally formed in 2001, the company was known as Prosodie until a 2019 rebranding exercise separated it from association with Capgemini and it was sold by Capgemini to private equity ownership in 2020. Odigo's strongest proposition is for European multinational organizations.

Odigo has a strong vision for the development of natural language capabilities and automation as part of its contact center platform. It has a strong commitment to the four pillars of great customer service, mostly through in-house development.

Strengths

- **Sales execution:** Despite the spin-off, Odigo and Capgemini continue to work well together. This partnership helps Odigo execute well in selling to, and supporting, Europe-centric enterprises.

- **Service strategy:** Odigo has a good vision for co-innovation with customers. It aims to develop new customer experiences using proofs of concept from multiple innovation centers around the world.

- **Scalability:** Odigo offers system scalability and operational expertise to support very large contact centers, including those with many thousands of agents.

Cautions
- **Geographic strategy:** Odigo's business operations span many parts of Europe and North America, but it may struggle to support clients with operational requirements outside these regions.

- **Service offering:** The highly customizable nature of Odigo's platform can lead to complex implementations that some clients find difficult to self-administer.

- **Customer experience:** Odigo is a "one-stop shop," as it also offers consulting and professional services. This limits organizations' ability to switch to a different Odigo provider. Organizations adopting Odigo should pay special attention to its ability to meet their operational needs.

Talkdesk

Talkdesk is a Leader in this Magic Quadrant. CX Cloud, the vendor's specialized CCaaS platform, is offered both directly and through channel partners.

Founded in 2011 in Portugal, Talkdesk focused initially on the U.S. market, before investing further in international expansion. Talkdesk has a strong service proposition for multiregion organizations headquartered in North America or Europe.

Talkdesk demonstrates a strong commitment to the four pillars of great customer service, with a good vision for analytics-driven engagements for both customers and employees.

Strengths
- **Sales execution:** Talkdesk continues to achieve strong customer growth, fueled by attractive prices and strong commitment to the sales engagement process.

- **Vertical strategy:** Talkdesk has launched a program that includes industry-specific products and solutions for key vertical markets: financial services and insurance, healthcare and life sciences, retail, e-commerce and consumer goods, travel and hospitality, communications, media and entertainment, and government and education.

- **Vision:** Talkdesk's AI capabilities have advanced recently. The vendor has launched an AI Trainer offering that enables nontechnical staff, such as agents and supervisors, to fine-tune AI models, thus reducing dependency on IT staff and data scientists.

Cautions

- **Geographic strategy:** Although Talkdesk has platform capability in multiple regions, its sales and support organizations are primarily based in the U.S. and Europe. Organizations with users outside these regions should ensure there is adequate support for their needs.

- **Operations:** Most customer reviews of Talkdesk CX Cloud on Gartner's Peer Insights platform are from businesses with annual revenue of less than $1 billion. Prospective customers migrating from a large-scale legacy environment may experience challenges in terms of project duration and parity of functionality.

- **Support:** Some Talkdesk customers have reported delayed responses from account management and support staff — largely, they believe, because the vendor's resources are being stretched thin. This is, however, an issue also faced by customers of some other vendors that have grown significantly in the past year.

Vonage

Vonage is a Challenger in this Magic Quadrant. Its Vonage Contact Center is part of a broad "programmable communications platform" strategy incorporating UCaaS and CPaaS capabilities.

Vonage Contact Center is sold mostly through direct relationships with referrals from Salesforce and Salesforce's channel partners.

Vonage acquired NewVoiceMedia — a U.K.-based CCaaS provider — in 2018. Vonage's largest market is still Europe, but it is using its global coverage to increase its growth in the Americas and Asia/Pacific. It is most likely to meet the needs of European multinational organizations.

Consistent with other UCaaS players, Vonage's vision is for an integrated platform to meet all the communications requirements of its customers, not just customer service needs.

Strengths

- **Service offering:** Vonage Contact Center has an integrated user and administration interface. Customers consistently give it very high ratings on the Salesforce AppExchange.

- **Product strategy:** Vonage's expansion of its support for digital channels and analytics capabilities help make its offering more interesting to increasingly sophisticated contact centers.

- **Marketing strategy:** Vonage's repositioning of its solutions as an integrated, programmable communications platform to meet an organization's full communications requirements is likely to be received positively by midsize contact centers.

Cautions

- **Customer experience:** Some users indicate that the support Vonage offers outside Europe is weak. Organizations with operations in the Americas and Asia/Pacific may need to invest more resources in managing service issues, if they choose Vonage.

- **Market understanding:** The all-encompassing branding approach to addressing organizations' communications requirements could dilute Vonage's messaging about the key requirements of customer service organizations. Customer service leaders will need to ensure their requirements are specifically dealt with in any new proposal.

- **Marketing execution:** Vonage's all-encompassing programmable communications platform approach is unlikely to resonate with application leaders responsible for customer service. Before choosing Vonage, they should ensure they are sufficiently confident that Vonage will maintain its focus on the customer experience.

Worldline

Worldline is a Niche Player in this Magic Quadrant. Its specialized CCaaS platform, WL Contact, is offered exclusively through direct sales relationships.

WL Contact was launched in Europe in 2002, and extended to North America, Asia/Pacific and Middle East/Africa in 2017. Worldline was divested from Atos in 2019 and is developing its CCaaS platform as part of a customer engagement portfolio. Europe is by far its strongest market.

WL Contact's alignment with a broad set of payment solutions can make it an attractive choice for niche, but important, service processes.

Strengths

- **Market understanding:** Worldline has a strong history in payment solutions, given its background as a business process outsourcing (BPO) provider. It can build on this to target existing and new customers with its CCaaS platform.

- **Industry strategy:** WL Contact's strongest market proposition is as a complementary service to Worldline's solution portfolio, which spans e-commerce, payments and digital banking.

- **Innovation:** Worldline has a differentiated approach to increasing the skills of its customers, so that they can configure and manage its contact center platform internally. Its focus is on this, rather than on growing its professional services business.

Cautions

- **Market responsiveness:** WL Contact is smaller than many of its CCaaS competitors. Organizations may find it is less able to keep pace with the innovation of larger vendors with bigger budgets.

- **Operations:** The majority of Worldline's operations are centered in Europe, which means that customers operating in other regions may need to make greater internal investments in service and support.

- **Marketing execution:** Worldline lacks brand recognition. This may limit its ability to fund growth in the face of increasing competition from new entrants with strong customer service brands.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant 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.

Added

None.

Dropped

Vocalcom, which did not fulfill the inclusion criteria for financial achievement.

Inclusion and Exclusion Criteria

To qualify for inclusion in this Magic Quadrant, providers needed to fulfill all of the following requirements:

- A minimum of $36 million in total revenue, as of 31 December 2020, must have been generated from concurrent licenses, named-user licenses and application consumption. This revenue had to come from enterprise customers and not include BPO or contact center outsourcing business. We required a letter of attestation from the business leader responsible for profit/loss of the provider's CCaaS offering certifying that the minimum revenue requirement was met.

- Sales, market and operational presence had to be demonstrated in North America and Europe and, optionally, any of the following regions:

  - South America (including Central America)

  - Asia/Pacific

  - Middle East and Africa

- Services must be offered primarily on multitenant platforms and on multiple instances of software, as required to meet the needs of customers across multiple geographies. (The term "multitenant software" relates to a service provider's operation of a single software instance on which multiple customers can be supported.) To be included in this Magic Quadrant, vendors needed to show how their CCaaS platform is designed to support organizations with customer service teams serving anything from 25 users to many thousands of users. This must be evidenced by the vendor's strategic intent for its CCaaS platform, contract reviews by Gartner analysts, and analysis of the company sizes associated with the vendor on Gartner's Peer Insights and Digital Markets platforms. Providers also had to demonstrate how, irrespective of the architecture employed, their software inherently provides all customers with transparent access to the same set of services irrespective of location. Additionally, software updates must be simultaneously "pushed" to all customers, regardless of location, thus avoiding the "major upgrade" cycles typical of on-premises or single-tenant hosted/managed deployments.

- Contact center seat license ownership must be retained by the service provider. Customer contracts must allow for elasticity of usage (enabling customers to scale agent licenses or consumption up or down as usage demands change).

- At least 50% of CCaaS service revenue must be from inbound voice agent licenses (automatic call distribution [ACD]). Other licenses may include outbound voice (predictive, progressive or preview dialing) or routing of digital interactions (including email, web chat, SMS, social media, video or other channels). They may also include interactive voice response (IVR)/voice portal, WEM, call and/or desktop recording and analytics, knowledge management, workflow routing of noninteraction work items, integration with customer tracking (CRM) and other enterprise databases, and real-time and historical tracking and analytics. The service must provide prepackaged agent, supervisor and reporting applications, although their environments may be extended using a GUI-based interface or open APIs.

Gartner's definition of CCaaS excludes:

- Hosted contact center services, in which system hardware and software are dedicated to individual customers.

- Managed services, in which hardware and software are dedicated to a particular customer and run on that customer's premises or third-party data center, but are managed by a third-party service provider.

- Enterprise server software repurposed as CCaaS offerings.

Evaluation Criteria

Ability to Execute

Product or Service: The product platform should include the ability to offer (on a subscription basis) all contact center services expected in a suite platform (for example, IVR and speech, inbound and outbound multichannel contact routing, WEM and analytics). It should include a self-service capability to implement, manage, revise and report on operational performance.

Overall Viability: Several cloud service providers have yet to achieve profitability, as rapid growth and business expansion plans require investment in technology, people and infrastructure to fulfill business growth plans. Many CCaaS providers are private entities or business units of larger companies, and thus do not report detailed balance sheets that enable examination of their financial viability. Revenue indications and growth are important factors for this criterion, as is the overall business strategy for success, which is more readily available for assessment.

Sales Execution/Pricing: The market for CCaaS has yet to reach saturation, so there are plenty of opportunities for continued growth. We expect suppliers to be able to demonstrate better than 20% annual growth year over year (though figures for 2020-21 will likely be much lower), with a good selection of references from large or well-known organizations, including those with more than 300 agents. Cloud services are elastic and licensing terms should reflect this, enabling a customer to scale up and down in line with business requirements. Although minimum commitments to licenses are to be expected, customers should have the flexibility to vary consumption. Usage-based licensing (per minute/per transaction) is a useful addition that is emerging from some providers.

Market Responsiveness/Record: With several new entrants to the CCaaS market taking market share, being an established player in the on-premises market is often not a major advantage in terms of securing new business. COVID-19 represents an opportunity for CCaaS providers to demonstrate their agility in responding to unprecedented demand for their services.

Marketing Execution: CCaaS providers with strong brand awareness tend to be invited to tender for more opportunities than those without. This helps them win more business. A comprehensive marketing program is important to attract invitations to bid for opportunities. Brand awareness is also key to developing channels with system integrators, which are less likely to go to market with providers unknown to their customers.

Customer Experience: Developing a reputation for consistently delivering reliable services and delivering a differentiated customer experience can help suppliers maintain and grow a CCaaS business. This is especially important as customers commit to strategic CCaaS providers for multiple regions, but still expect to be supported in a timely fashion by local support organizations.

Operations: Contact centers provide critical front-office operations, and customers need to be confident that their CCaaS will be supported by talented, experienced and motivated staff. As customers select strategic suppliers for multiregional needs, CCaaS operations will need to be localized.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	High
Sales Execution/Pricing	High
Market Responsiveness/Record	Medium
Marketing Execution	Medium
Customer Experience	High
Operations	Medium

Source: Gartner (August 2021)

Completeness of Vision

Market Understanding: Understanding the role that a cloud contact center plays in an organization's customer service and broader customer experience strategy — and how it relates to other capabilities — is important for success. Market understanding includes anticipation of market consolidation, new competitors such as CRM players, and how to defend as well as grow relevance.

Marketing Strategy: Communicating a differentiated strategy in a market where technologies are largely similar is crucial to win mind share. Gartner clients are increasingly asking about using a single provider across multiple geographies, which should be reflected in a CCaaS provider's marketing strategy.

Sales Strategy: Striking the best balance between direct and indirect approaches to the market is important when the cost of sale can be very high and compensation impacts cash flow. As customers select a strategic provider for CCaaS, providers must balance customers' desire to deal directly and centrally for contract terms but be managed locally for regional needs. Managing internal conflict between local sales offices is key to developing strategic relationships with customers.

Offering (Product) Strategy: Vendors should be able to demonstrate an approach to product and service development and delivery that highlights industry requirements, and the speed at which differentiated or innovative services are added to the platform. Customer communities will be increasingly important as sources of information to influence product development as vendors scale up their operations.

Business Model: An important criterion is the relevance of the commercial model to how a vendor proposes to use a combination of direct sales and channel distribution to scale the availability of its service. Partners also need recurring revenue, and the model by which they can profitably resell and support CCaaS customers will be key to a CCaaS provider's success.

Vertical/Industry Strategy: A focus on specific industries or other segments, such as contact centers of a certain size, creates opportunities to increase mind share in key target markets, in contrast to a horizontal, all-encompassing market vision. For CCaaS providers with lower marketing budgets and reduced overall mind share, the best opportunity to compete and win against larger providers lies in a differentiated vertical/industry strategy.

Innovation: This requires the vision to see opportunities to differentiate services for customers, through in-house development or collaboration with innovative partners. Providers' innovations should reflect the future of applications as APIs and marketplace strategies.

Geographic Strategy: A vendor's strategy for growth outside its home market in order to attract a larger audience is key to meeting the contact center needs of global and multiregional organizations. CCaaS providers' geographic strategy will be critical for profitable growth.

Table 2: Completeness of Vision Evaluation Criteria

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

Source: Gartner (August 2021)

Quadrant Descriptions

Leaders

Leaders are best described as suppliers with strong support for the four pillars of great customer service, and with an ability to serve multinational organizations with local sales and support organizations. Leaders are more likely to serve customers through channel partners and have strong brand recognition, which has resulted in a large installed base or above-average market growth as a result of customer demand. Leaders also benefit from being able to support varying levels of deployment complexity, including integrations with partners through established marketplaces.

Challengers

Challengers may have large installed bases of customers, but do not necessarily have the brand awareness or adoption of Leaders. Challengers are often less mature than Leaders in their multiregional market approach, preferring to focus on strengths in a subset of markets. They may have recognized strengths in serving customer-size segments or specific vertical markets. But they are also most likely to have less developed product capabilities than Leaders, or to lack marketplace representation.

Visionaries

Visionaries have strong multichannel product and service capabilities and a clear strategy for sales, marketing and business development. They differentiate themselves by adding unique or innovative functionalities and/or delivery capabilities, which gives them some brand awareness in target markets. Visionaries tend to be smaller than Leaders and Challengers overall, and have more limited investment potential for international expansion.

Niche Players

Niche Players may be quite large or experiencing relatively strong growth, but have decided to focus on a particular market opportunity, a particular set of solutions or certain vertical markets. Their products and services may still be undergoing development, or they may rely heavily on partners to complete their service proposition. Niche Players are likely to be either new or relatively recent market entrants, or suppliers that have yet to build a large customer base.

Context

As CCaaS solutions continue to be sold to larger and more complex accounts, client organizations are increasingly consolidating their contact center platforms across multiple regions with a single provider. This Magic Quadrant places emphasis on CCaaS providers' abilities to meet the multiregional needs of organizations headquartered in North America and Western Europe. It includes evaluations of North American and Western European vendors' support for their clients' regional divisions in countries outside North America and Europe. Although we recognize that many providers in this Magic Quadrant also sell to organizations in other regions, its evaluations reflect the needs of most of Gartner's audience for CCaaS, which is in North America and Europe.

Market consolidation will enable customer service organizations to meet their technology needs across the four pillars of great customer service with a smaller number of providers. Over the past 12 months, CCaaS providers have continued to acquire adjacent technology in order to offer a broader suite of capabilities. Although the core capability of a CCaaS solution is to support getting customers connected, vendors assessed in this Magic Quadrant scored better if they also had native capabilities in the other three pillars, namely process orchestration, knowledge and insight, and resource management.

Market Overview

Halfway into 2021, a few select regions, including North America and parts of Western Europe and Asia, appear to be emerging from the worst of the COVID-19 pandemic. As organizations plan for postpandemic recovery, many CCaaS providers continue to invest in the most in-demand capabilities — those that will redefine customer service. We expect CCaaS to remain a dominant aspect of contact center decision making through 2021 and beyond.

The market for CCaaS solutions encompasses cloud-based technologies that support customer service strategies. Buyers are focused on replacing premises-based and server-based contact center infrastructure with SaaS-based capabilities. Early adoption of CCaaS focused on integrations with cloud-based customer engagement center vendors.

The primary goal of customer service leaders with CCaaS is to deliver an agile, elastic capability for the telephone channel. Other considerations are the ability to support digital channels WEM, and knowledge and insight management. Additionally, the opportunity to reduce the number of vendor relationships for the entire stack of customer service technologies is highly attractive. CCaaS providers offer this opportunity as part of a differentiated approach to premises-based technology providers, thereby fueling strong double-digit growth (see Forecast Analysis: Contact Center, Worldwide).

This Magic Quadrant, like the prior edition, is a multiregional analysis oriented toward Gartner's clients in North America and Western Europe. CCaaS providers in this Magic Quadrant are evaluated on their ability to sell to multinational organizations based in North America and Western Europe. They achieve this ability by having an operational presence in multiple countries, including countries outside North America and Western Europe.

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.

Document Revision History

Magic Quadrant for Contact Center as a Service - 9 November 2020

Recommended by the Authors

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

How Markets and Vendors Are Evaluated in Gartner Magic Quadrants

Critical Capabilities for Contact Center as a Service

How to Choose Your Best-Fit Vendor for Contact Center as a Service

Customer Service and Support Technology Primer for 2021

Toolkit: RFP Template for Contact Center and Workforce Engagement Management Applications

Market Guide for Digital Customer Service and Support Technologies

Use Speech Analytics to Optimize Contact Center Costs With Self-Service, Process Improvement and Deeper Engagement

How to Negotiate a Favorable Contact Center as a Service Contract

2021 Strategic Roadmap for Customer Service and Support: 10 Dilemmas

Infographic: Artificial Intelligence Use-Case Prism for Customer Service

---

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	High
Sales Execution/Pricing	High
Market Responsiveness/Record	Medium
Marketing Execution	Medium
Customer Experience	High
Operations	Medium

Source: Gartner (August 2021)

Table 2: Completeness of Vision Evaluation Criteria

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

Source: Gartner (August 2021)