Summary

Catalyst

Ericsson’s proposed $6.2bn acquisition of Vonage, announced in November 2021, signifies the burgeoning role that communications platforms as a service (CPaaS) providers play in the enterprise communications ecosystem. As traditional global connectivity providers for services such as SMS and voice carve out competitive positions, the recent mergers and acquisitions (M&A) among CPaaS providers poses a decision-making challenge for organizations transitioning to the application programming interface (API)-led world of cloud-based communications.

Figure 1: The Omdia Universe for CPaaS platforms

Source: Omdia

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Omdia view

CPaaS platforms emerged in response to the higher cost of traditional telecommunications services such as voice and SMS and the complexity associated with integrating them into organizations’ customer-facing platforms. Typically, specialist business communications providers and SMS aggregators enabled these integrations for their enterprise customers, using processes over which organizations had little control and offering traditional pricing structures, which were not transparent.

By comparison, the CPaaS providers “democratize” access to communications services such as voice and SMS, using programmable APIs, easier access to phone numbers, simplified pricing, and pay-as-you-go (PAYG) business models—all of which are typically available via their websites. Like SMS aggregators and business communications providers, CPaaS companies have also built their own communications networks and/or negotiated interconnection agreements with third parties such as telcos and SMS aggregators to enable connectivity services for enterprises so that these organizations can use messaging, voice, and other services to interact with their customers.

At the outset, CPaaS providers targeted developers working within organizations or as contractors, building up significant resources to attract them to their platforms and providing a relatively friction-free environment to build, test, and deploy communications services. In the early days, this focus on developers influenced the types of companies into which CPaaS services were deployed—typically technology companies/disruptors. For instance, for some years, Twilio reported that a significant proportion of its revenue came from customers such as WhatsApp and Uber.

But CPaaS offerings, and the market itself, have moved on. CPaaS vendors made significant inroads into the traditional SMS aggregator market, with developers and organizations alike attracted by the relative ease with which they could use CPaaS to add SMS and voice connectivity to their customer-facing platforms. The potential of a looming cannibalization of SMS aggregators’ enterprise customer bases, combined with growing downward pressure on revenue from voice and SMS, triggered the aggregators to pivot their platforms and business models into the higher-value CPaaS market.

Meanwhile, the CPaaS pioneers continued to expand their offerings. They added APIs, expanded into value-added services and packaged solutions, invested in their own communications capabilities and emerging technologies (such as AI), built out partner networks to address gaps in their offerings, and developed additional business models and pricing structures—all to broaden their customer base as widely as possible into the enterprise market while, for some, remaining true to their developer roots. And, perhaps most significantly, the focus of the CPaaS industry has very much turned toward platforms that extend more deeply and broadly into enabling omnichannel customer engagement.

The traditional SMS aggregators that have become CPaaS providers—such as Sinch, Syniverse, and Infobip—may still retain an edge over the conventional CPaaS providers such as Twilio and Nexmo with their telco industry credentials, communications network capabilities, and enterprise customer bases. But they are also investing in APIs, value-added services and packaged solutions, partner growth, and emerging technologies to better compete with the CPaaS natives.

And during 2020–21, the investment in CPaaS included M&A, resulting in significant industry consolidation, particularly among those companies that have pivoted from being SMS aggregators.
Analyzing the CPaaS universe

Market definition

Omdia defines CPaaS as a suite of technologies and services that enable developers and organizations to easily integrate communications into their customer-facing platforms across multiple use cases and vertical industries. To qualify as a CPaaS provider, vendors must offer the following base-level capabilities: programmable APIs, phone numbers, cloud-based access to communications networks, developer resources, and PAYG contract-free pricing. However, most CPaaS providers offer additional technologies and services—for example, security and authentication capabilities, packaged solutions (e.g., call center as a service [CCaaS]), and access to a wide range of partners. The CPaaS vendors that Omdia has ranked as market leaders are all providing these additional capabilities.

Organizations use CPaaS to enhance their interactions with customers, employees, and the general public and achieve outcomes such as increased customer satisfaction, faster response times, higher revenue, improved productivity, and more streamlined backend processes. Use cases enabled by CPaaS are extensive and vary depending on the communications channel enabled; they may be similar across vertical industries but can also be tailored to the organization’s requirements. CPaaS providers operate at scale with a comprehensive range of services or in selected markets with a more focused offering.

Omdia has identified a comprehensive set of core capabilities and characteristics for the CPaaS market:

- **Geographic reach**: The number of countries and regions where a CPaaS provider has a local presence for sales and technical support. Geographic capability enables services, such as phone numbers for messaging and voice, into which enterprise customers can terminate traffic on telco networks directly or indirectly. Geographic reach is also vital for CPaaS providers operating at scale, enabling them to provide services to organizations in multiple locations.

- **Connectivity services**: The number of telco networks to which the CPaaS provider is connected for the provision of services such as phone numbers, voice, messaging, and mobile data services (as required), directly or indirectly via aggregators. Connectivity services underpin CPaaS providers’ ability to offer cloud-based communications.

- **APIs, value-added services and packaged solutions**: Offering programmable APIs for communications services is a core capability for CPaaS providers. However, it is also essential for CPaaS providers to offer adjacent value-added services, such as number masking, and packaged solutions, such as CCaaS, especially if they wish to operate at scale.
• **Access and integration:** Simplified access to programmable APIs and the underlying connectivity services is a key differentiator for CPaaS. For example, making APIs and other developer resources available online and offering a PAYG pricing model has brought down barriers to entry that many organizations previously faced when dealing with SMS aggregators.

• **Use cases:** Use cases refer to the number and type of business purposes supported. For example, messaging use cases include appointment reminders and delivery notifications, while voice use cases include number masking and virtual operators.

• **Developers:** Application developers remain the core target market, whether in full-time employment with an organization or operating as a contractor.

• **Professional services:** Professional services teams within CPaaS providers act as a support for developers and organizations, supplementing their customers’ skills and expertise to work jointly on projects or to deliver turnkey services.

• **Technical support:** These teams primarily function to assist enterprise companies with troubleshooting when problems arise.

• **Partnerships:** Partnerships with other technology vendors, systems integrators, and consultants play a key role in helping the CPaaS vendor provide more depth and breadth across their service portfolio.

• **Business model:** The means by which CPaaS vendors go to market and generate revenue; a key differentiator for first movers in terms of providing pay-as-you-price with online payments via credit card. Elements of these business models have been adopted by more recent entrants to the CPaaS market.

### Market dynamics

The initial focus of CPaaS vendors was on enabling communications between organizations and their customers that are more timely, proactive, or responsive, and reliable on the channels that all consumers have access to (i.e., voice calls, messaging, email).

One of the major trends currently underway in CPaaS is the vendors’ transition from enabling communications for better interactions with customers to putting the customer experience at the center of their strategic and technology roadmaps. That means that CPaaS vendors closely examine how consumers wish to interact with their service providers, with communications just one of the (very important) enablers that they can put in place to enable those interactions.

Another key trend stems from digital transformation, its recent acceleration from COVID-19, and the requirement to react quickly to market demands and operational requirements. Today’s business needs look very different from the priorities before the pandemic. Organizations have rapidly accelerated efforts to improve communication and collaboration (both inside and outside the
organization), enhancing customer engagement and developing a more modern, mobile, and digitally-enabled workplace.

Consequently, these needs lead to a demand for a “composable enterprise” platform. This strategic approach focuses on delivering these digital priorities through blocks of functionality and custom applications orchestrated via low-code/no-code interfaces. Typically, the composable enterprise uses a combination of CPaaS, workflow automation, and data integration to provide custom apps and services.

The composable enterprise is a radical shift away from the legacy IT infrastructures and applications found in most businesses today. It requires IT to align itself with business operations to help streamline the creation of new custom apps and systems of engagement (at low cost and operational impact) based on the needs of both customers and the organization.

Solely focusing on communications services limits how a CPaaS vendor can support the development of their enterprise customers’ customer-facing capabilities; it also makes it difficult for CPaaS vendors to achieve a solid profit margin, especially when relying on commoditized services such as voice, messaging, and email. Building scale is one way to grow revenue in a commoditized market, and some CPaaS vendors have acquired companies that help them grow their customer base and expand into new countries. Even so, profitability will still be relatively low if the CPaaS vendor only provides access to APIs and connectivity services.

To more fully address what their customers might need from a customer experience platform, for which they can charge a premium over per-message/per-minute pricing, CPaaS vendors have increasingly turned toward developing, acquiring, or partnering to offer a broad range of higher-value and packaged services. Examples include number insights, security and authentication, analytics, IoT, omnichannel message orchestration, contact centers as packaged solutions, AI integration, and chatbots. The increased complexity associated with offering and integrating these services also provides the opportunity for the vendor to sell professional services and higher tiers of technical support, which they can also charge for.

But M&A among CPaaS vendors is not without its challenges, chief among them being that the CPaaS market shows signs of being overheated, with prices rising and the pool of acquisition targets growing smaller. Ericsson’s proposed $6.2bn acquisition of Vonage is by far the largest acquisition of a CPaaS vendor. However, it appears that Ericsson is more interested in Vonage for development and innovation centered on 5G networks—and not necessarily the customer experience alone.

Leaders in Omdia’s CPaaS Universe are Infobip, Twilio, and Vonage. These CPaaS vendors have articulated a clear strategy and vision for their platforms from an early stage. They have executed this strategy to progressively add the elements required to support a fully-realized CPaaS offering.

During the COVID-19 pandemic, alternatives to voice and messaging gained greater prominence as customer interaction channels. With quarantines and lockdowns restricting movement, video calling services such as Zoom, Microsoft Teams, and Google Meet are now widely used for remote schooling and remote working. The use of video calling on apps such as WhatsApp, Weixin/WeChat, Facebook Messenger, and Facetime also increased, although app-based consumer video calling was popular even before the pandemic. Consumers’ increased exposure to video calling as students and
workers and for personal calls during the pandemic means that they are more open to enterprises using video calling for customer interactions; this represents an opportunity for CPaaS vendors.

Messaging apps represent another opportunity for CPaaS providers to grow their traffic and revenue over the next 1–2 years. Most CPaaS vendors already offer messaging app APIs, but, as with video calling, the pandemic caused a surge in the adoption and use of messaging apps by consumers and enterprises, creating an even more responsive environment for messaging apps as a customer interaction channel. In addition, in 2021, Meta (formerly Facebook), the owner of three of the world’s largest messaging apps by monthly active users, introduced its Messenger API for Instagram and updated its WhatsApp Business API to make it easier for developers and brands to launch and run campaigns on WhatsApp. CPaaS vendors are vital channels by which Meta’s messaging app APIs will be exposed to enterprise customers—alongside APIs for other messaging apps, including Weixin/WeChat, Viber, and Apple’s Messages for Business.

**Figure 2: Vendor rankings in the CPaaS platforms Universe**

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Products evaluated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leaders</strong></td>
<td></td>
</tr>
<tr>
<td>Infobip</td>
<td>Infobip CPaaS</td>
</tr>
<tr>
<td>Twilio</td>
<td>Twilio CPaaS</td>
</tr>
<tr>
<td>Vonage</td>
<td>Vonage Communications Platform</td>
</tr>
<tr>
<td><strong>Challengers</strong></td>
<td></td>
</tr>
<tr>
<td>Avaya</td>
<td>Avaya OneCloud CPaaS</td>
</tr>
<tr>
<td>Bandwidth</td>
<td>Bandwidth CPaaS</td>
</tr>
<tr>
<td>Sinch</td>
<td>Sinch CPaaS</td>
</tr>
<tr>
<td>Syniverse</td>
<td>CPaaS Concierge</td>
</tr>
</tbody>
</table>

Source: Omdia

**Market leaders**

Based on Omdia’s criteria and analysis, Infobip, Twilio, and Vonage are identified as leaders in this report (See Figure 1 and Figure 2).
**Infobip**: Founded in Croatia and headquartered in London, Infobip has been the quiet achiever in the CPaaS market. Its financial efficiency had seen it grow organically and profitably as an SMS aggregator and messaging connectivity services provider before it, like others, more recently started positioning itself as a CPaaS vendor. Privately owned, the company only took its first investment round in July 2020 and a second in November 2021, with which it made strategic investments in four companies in 2021. Before this, Infobip primarily developed products and services in-house, which are in line with the prevailing trend for CPaaS vendors to expand into offering customer experience platforms.

**Twilio**: US-headquartered Twilio is regarded as pioneering and defining the CPaaS market and has significant mindshare. It built substantial market traction through a developer-focused go-to-market strategy and remains committed to that core market. Twilio has also invested in developing or acquiring infrastructure, technologies, and products to grow its revenue from the higher end of the enterprise market by, for example, positioning itself to offer an omnichannel customer engagement platform. Successful execution of this strategy should help Twilio finally achieve profitability; while Twilio generated $2.84bn in revenue in 2021, as of the beginning of 2022, it is yet to turn a profit.

**Vonage**: Alongside Twilio, the US-headquartered Vonage (via its acquisition of Nexmo) is a pioneer in the CPaaS market. Vonage is leveraging its considerable assets in the form of the Vonage Communications Platform (VCP) to provide unified communications as a service (UCaaS) and CCaaS as well as CPaaS. Since Vonage acquired Nexmo in 2016, VCP’s revenue has steadily grown, overtaking Vonage’s revenue from its legacy consumer residential communications business in the US by 2018 and attracting the attention of Ericsson, which, in late 2021, agreed to acquire Vonage. Ericsson’s rationale for acquiring Vonage is to use VCP and its developer network as the foundation of a global communications platform on which enterprises and telcos can build and/or run applications and services that use the 5G network.

**Market challengers**

Avaya, Bandwidth, Sinch, and Syniverse are identified as challengers in this report, based on Omdia’s criteria, analysis, and the information made available to Omdia for the preparation of this report.

**Avaya**: Avaya is a relatively new CPaaS entrant but one with a solid foundation as a CCaaS and UCaaS vendor, which facilitates and complements the addition of CPaaS capabilities. Avaya uses its OneCloud CPaaS platform to help deliver CCaaS and UCaaS for its enterprise customers and offer CPaaS features on a “standalone” basis. As with other CPaaS providers, the company has also brought in partners that can integrate pre-built applications and services and enable developers to build their own using Avaya’s APIs.

**Bandwidth**: Of these four players, the US-based Bandwidth is the only CPaaS vendor included in this report to rank alongside Twilio and Vonage as a born-in-the-cloud CPaaS provider; a fourth company, Plivo, declined to participate. Bandwidth intentionally does not have as wide a set of products as the market leaders but has a solid foundation as a provider of a US-wide IP-based communications network and, in particular, voice services, bolstered by its 2020 acquisition of global cloud-based communications provider Voxbone. Over the top of this network, it has built out a set of enterprise-grade software capabilities and communications services, not just voice, which allow it to support its enterprise customers across multiple solutions and use cases, including UCaaS and CCaaS as well as CPaaS.
Sinch: Sinch has moved assertively into the CPaaS market, using its strong financial position from its background as a global SMS aggregator and technology vendor to make targeted investments that grow its global footprint and product capability. The company has a history of acquiring companies to build scale and capability; under the original brand CLX Communications, it acquired six messaging businesses in 2009–17 before rebranding to Sinch in February 2019 (Sinch was the brand of a previous acquisition). In 2020–21, Sinch acquired another seven businesses, further adding scale geographically and by segment (i.e., small and medium-sized enterprises [SMEs]), as well as by capability (i.e., chatbots and voice bots [Chatlayer]), voice interconnection services (Inteliquent), and email (Pathwire). Sinch clearly faces the challenge of integrating all of these businesses and operating as a much larger entity, but the technology it has acquired positions it firmly as a strong challenger in the CPaaS market.

Syniverse: Syniverse’s heritage is also in SMS aggregation and telco connectivity services; like Infobip and Sinch, Syniverse is seeking to retain as much revenue as possible in a commoditized market and diversify its revenue by offering higher-value services via its CPaaS platform. Twilio’s minority ownership of Syniverse, in a deal that closed in May 2022 and is worth up to $750m, underlines the value of connectivity services to Twilio and the wider CPaaS market. Twilio is a long-standing Syniverse customer and will benefit from continued access to Syniverse’s large application-to-person (A2P) network.

Opportunities
The clear opportunity in the CPaaS market is to move on from being providers of programmable communications APIs only to providing organizations with a “customer experience platform.” That is an omnichannel-enabled platform that allows organizations to engage with their customers and other stakeholders more effectively, using their customers’ preferred communications channel (which is dependent on the use case) and being underpinned by the seamless flow of customer data and information.

Most CPaaS vendors generate a large proportion of their revenue by allowing developers and enterprise customers to simply “self-serve” using programmable APIs and providing connectivity services. But a small yet growing segment of their customer base requires more capabilities and a higher level of customization and orchestration as they move toward providing a “customer experience” instead of merely “customer communications.” Successful CPaaS vendors will offer a complete and continually expanding suite of programmable APIs, connectivity services, value-added services, partner integration, and packaged solutions, more fully supporting their enterprise customers.

Threats
As noted previously, there has been a significant amount of M&A-driven consolidation in the CPaaS market in very recent years. This is not necessarily a threat but may be a short-term inhibitor since the integration of businesses takes time and diverts focus at an executive level and in those parts of both organizations where there is overlap. From a customer-facing perspective, M&A may result in enterprises postponing their decision-making or engagement with a CPaaS provider if the provider is in the process of being acquired. Acquirers will need to ensure that there is minimal disruption to existing enterprise customers’ services while acquisitions are integrated.
Market outlook

Led by Twilio, the CPaaS market is transitioning from vendors providing siloed, cloud-based communications APIs and supporting connectivity and numbering services, from which developers and enterprises could select channels (mostly SMS and voice) to add to their existing customer-facing platforms. Over the coming years, most larger CPaaS vendors will move further toward becoming full-service providers of holistic customer engagement platforms, which entails investment in additional APIs as necessary (e.g., video calling, messaging apps, IoT), connectivity services, value-added capabilities such as service orchestration, access to a wider range of local and global technology partners to fill gaps in their product suites, and packaged solutions across horizontal and vertical industries (for those enterprises looking for a turnkey approach). This approach will be driven as much by enterprise demand as by the need for CPaaS vendors to diversify their revenue base.

CPaaS vendors’ move toward addressing the customer experience more holistically will also attract the attention of vendors in adjacent markets, such as the providers of call centers and unified communications, some of whom are already customers of the CPaaS vendors (for connectivity services).

As the contact center (or front office) becomes more integrated with back-office operations, CPaaS is likely to become more applicable to the broader communication and collaboration needs of the enterprise. A bifurcation of the unified communication and collaboration market is taking place—“best of suite” versus the composable enterprise. Best-of-suite solutions offer highly integrated features and functionality for organizations looking to have consistent, uniform communications and collaboration across their estate. However, the composable enterprise allows organizations to quickly customize their platform to adapt to market demand and changing organizational needs. Omdia expects there will be further M&A as a result.
Vendor analysis

Definition of the categories used for classification

The Omdia Universe uses three dimensions to position a vendor: capabilities, customer experience, and market presence (see Figure 1). The individual vendor diagrams show how the vendor scored compared to the average and maximum for that category. The diagrams show the following categories:

- **Solution capability**: This is the total capability score from all the capability subcategories the vendor was assessed against.

- **Solution breadth**: This is a calculated score based on the percentage of scores the vendor obtained for all questions at partial capability and above.

- **Solution innovation**: This is a calculated score based the percentage of scores the vendor obtained for all questions at advanced capability.

- **Strategy and roadmap**: This capability is an analyst assessment based on a briefing with the vendor and the response to selected questions in the vendor’s submission.

- **Recommendation**: This is the average score from customer feedback survey on the question of willingness to recommend the vendor.

- **Product experience**: This is an average score from the customer feedback survey to a number of questions relating to the product, such as product quality, product usability, etc.

- **Vendor experience**: This is an average score from the customer feedback survey to a number of questions relating to the vendor, such as pricing policy, customer support, etc.

- **Market presence**: This is a measure of the relative size of the vendor in terms of revenue for products in this market.
Vonage (Omdia recommendation: Leader)

*Product: Vonage Communications Platform*

**Vonage should appear on your shortlist if:**

- You want to work with a vendor that has parlayed its pioneering role in the development of CPaaS to grow into a market-leading position as a full-service global CPaaS provider and as a provider of adjacent platforms (CCaaS, UCaaS, and conversational commerce).

- You are an enterprise that is seeking to explore new types of 5G-based use cases for customer care and internal communications.

**Overview**

Vonage tops the leaderboard for eight of the ten categories scored in the Omdia Universe, with all its scores at 65% or above and most at 80% or above. The vendor is classified as a leader, with its highest category score, 95%, in APIs, value-added services, and solutions, followed by 92% in technical support and 88% each in access and integration, use cases, and partnerships.

When these category scores are combined with overarching category scores for solution breadth (95%), solution innovation (77%), and strategy and roadmap (83%), Vonage again comes out on top with a total capability score of 84% (see Figure 15).

Vonage customers also rate the vendor highly, which means it achieved respectable scores in recommendation (87%), product experience (75%), and vendor experience (85%). Finally, Vonage’s 2021 Vonage Communications Platform (VCP) Service revenue of $1.06bn makes it one of the larger CPaaS vendors by revenue, contributing to its market presence score of 80%.
Vonage became a key player in the CPaaS market when it bought the privately-owned Nexmo in 2016; its subsequent acquisitions of TokBox, NewVoiceMedia, Over.ai, and Jumper.ai added video calling APIs, a cloud-based contact center platform (it had previously acquired several UCaaS vendors), conversational AI, and conversational commerce (see Table 4).

Prior to its acquisition of Nexmo, most of Vonage’s revenue came from its US residential VoIP business—$821m in 2013, compared to $8m for VCP, with the VCP revenue likely coming from its acquisition of SaaS vendor Vocalocity in October 2013. In less than a decade, Vonage’s revenue split has seen a significant swing toward VCP. By 2017, Vonage’s consumer VoIP revenue had declined to
Vonage achieved a 95% score in the category of APIs, value-added services and solutions because of its breadth of coverage in these areas. For instance, the vendor offers 17 APIs, categorized into communication, authentication, and management (see Figure 16).

The Communications APIs cover the full gamut of channels that enterprises might need when adding a communications capability to their customer care platform or any other platforms via which an enterprise communicates internally and externally. Meanwhile, the authentication and management APIs further support the enterprise by enabling user and number verification and security and for tracking and reporting of the customer experience.

Within its portfolio of Communications APIs, Vonage offers two products worthy of note—Dispatch API and Conversation API—that can play a key role in enabling enterprises to better orchestrate their interactions with customers. Dispatch API manages communications workflows and helps solve the problem for enterprises of ensuring that the message gets through to their customers on the most appropriate channel for their customers at the time, whether that is SMS, MMS, or WhatsApp, for example. That means those customers who have WhatsApp or Facebook Messenger (for
example) receive messages in those channels, with communications falling back to SMS or MMS for those without WhatsApp or Facebook Messenger. Real-time messaging analytics within Dispatch API is aimed at providing information to enterprises about the effective reach of their communications, allowing them to quickly modify as needed.

Meanwhile, the Conversation API takes orchestration a step further into omnichannel communications (i.e., across voice and messaging and with the addition of context). According to Vonage’s July 2021 survey of 5,000 consumers in 14 countries, 59% of consumers are frustrated when they have to repeat information to their service providers or other organizations, and 35% now expect integrated communications when interacting with organizations. The Conversation API aims to help enterprises eliminate these pain points for their customers and themselves, creating what Vonage refers to as the hybrid customer journey, which brings together the virtual world and the physical world. Various Vonage APIs can be used to enable that hybrid customer journey from sign-up through to post-sale customer support.

Conversational commerce is also emerging as an important component of customer engagement platforms, that is, the ability for customers to use messaging platforms such as WhatsApp, Facebook Messenger, and Apple’s Messages for Business to communicate with enterprises and brands and to make purchases. Messaging apps have almost reached saturation point in terms of penetration among mobile users in many countries, but according to Omdia’s Digital Consumer Insights 2021, they remain the fourth most popular channel by which consumers interact with their service providers, behind email, SMS, and voice. Smoothing the path for messaging apps to be used for conversational commerce and business-to-consumer communications is a role that vendors such as Vonage are well-positioned to take on, given the key role that they play in the A2P SMS ecosystem.

To address the conversational commerce market segment, Vonage acquired the Singapore-based Jumper.ai in October 2021; Jumper.ai provides an omnichannel, AI-based conversational commerce platform, which Vonage will integrate into the VCP.

Complementing its Communications APIs/CPaaS platform, Vonage also offers the Vonage Contact Center (a cloud-based contact center), Vonage Business Communications (a unified communications platform), and an email marketing capability, all of which embed Vonage’s APIs. While Vonage is clearly interested in the replacement market for CCaaS and UCaaS, it also works with enterprises that want to keep their existing contact center or unified communications platform but wish to add functionality that Vonage can provide but their existing supplier cannot.

Vonage’s own AI platform, which includes the Over.ai and Jumper.ai technologies, and AI engines from other companies are also woven into its products and services to, for example, add chatbots, voice bots, and conversational commerce to the customer experience. Vonage integrates with the major global AI platforms and those provided by regional or specialized vendors.
The second-highest scoring category for Vonage is technical support (92%). The vendor has a clearly defined, global technical support program, catering for different levels of criticality of use case, response time requirements, different methods of service, and follow-up responses. It offers three tiers: standard, priority, and enterprise (see Table 5). The first two tiers of technical support are fairly standard in the industry. But the enterprise tier is what starts to set Vonage apart in that, in addition to what is offered in the first two tiers, Vonage adds dedicated personnel including a support engineer and a service manager to help its enterprise customers resolve problems, an uptime service-level agreement (SLA) for which it will issue a refund if not met, and an allocation of professional services. The plan is aimed at helping enterprises reduce time-to-market for their CPaaS deployments and provide ongoing hands-on expertise, especially for those companies that are building mission-critical applications.

Table 5: Vonage technical support tiers

<table>
<thead>
<tr>
<th>Support tier</th>
<th>Price</th>
<th>Inclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>Included with APIs</td>
<td>Email access and response, knowledge base, automatic status notifications</td>
</tr>
<tr>
<td>Priority</td>
<td>$1,500 per month</td>
<td>Standard, plus 24x7 email response, chat access</td>
</tr>
<tr>
<td>Enterprise</td>
<td>Contact Vonage</td>
<td>24x7 email, chat, and phone response with SLAs; dedicated support engineer; service manager for regular check-ins and business reviews; 99.99% uptime SLA with penalties if not met; four hours per month of Accelerate (professional) services.</td>
</tr>
</tbody>
</table>

Source: Omdia

Vonage achieved the same, third-highest score, 88%, in three other categories: access and integration, use cases, and partnerships.
Access and integration relates to how an organization or a developer can access a CPaaS vendor’s APIs, connectivity services, and other products and build or integrate with them. Being a cloud communications vendor, Vonage makes full use of an online delivery model (as other vendors do), allowing developers and organizations to sign up for, access, and self-provision most of its products and services through its online portal, Dashboard. Meanwhile, the capabilities included in its APIs, including representational state transfer (REST), software development kits (SDKs), and command-line interfaces (CLIs), allow Vonage to mask the complexity of connecting to telecoms networks from developers. Vonage also enables developers and enterprises to connect its API platform to their own applications and services using features such as web callbacks for APIs and protocols such as SIP and WebSocket. While its CCaaS, UCaaS, and email platforms can also be self-provisioned, Vonage does offer direct sales and professional services support as needed for more complex deployments.

Use cases refer to the number and type of business purposes supported. VCP enables a wide range of use cases across all its APIs and for multiple vertical industries—again, all the standard use cases an enterprise would expect to see offered by a CPaaS vendor. Where the VCP differs is that it offers use cases that are perhaps not as standard among CPaaS vendors, for example, passwordless authentication, private SMS and voice communications (using number masking), social invites, spam and botnet protection, voice-based critical alerts, campaign tracking (call whispers), and real-time sentiment analysis.

Partnerships with other technology vendors, systems integrators, and consultants play a key role in helping a CPaaS vendor like Vonage provide more depth and breadth across their service portfolio. Vonage has more than 600 partners globally across three main partnership types: application, integration, and technology. It onboards partners through its Vonage Connect program, including five components—enablement, support, sales, marketing, and community—which provide resources such as training, product previews, tutorials and documentation, introductions and sales briefs, marketing toolkits, and access to the Vonage community of platform experts, sales, other partners, and customers. Key criteria for partner selection are whether the partner brings added value in terms of function or technology, their commercial and operational coverage, and whether they align with Vonage’s strategic direction.

Strengths
Vonage performs strongly across almost all categories and leads in most of them (as described above). In addition, the vendor has a wide geographic reach and a robust global communications network, with its APIs available in more than 220 countries and territories and customers in about 116 countries. Vonage has direct connections to 170 mobile operators and another 2,000 indirect connections. The vendor has invested in technology and infrastructure to ensure availability for messaging, voice and video calling, including adaptive routing for SMS, a Message Quality engine (to help reduce latency), and 15 data centers via which it enables regional signaling for voice and video calling, as well as redundancy across all of its services.
Limitations
Given that Vonage has achieved such high scores in the *Omdia Universe: CPaaS Platform Providers, 2022*, it is challenging to find chinks in the armor. One possible area of concern is whether after the acquisition by Ericsson is complete, Vonage can maintain its strategic focus. However, the early indications from Ericsson show that it is likely to maintain the status quo at Vonage for the foreseeable future.
Appendix

Methodology

Omdia Universe
The process for writing a Universe is long and time consuming; it involves the following:

• Omdia analysts perform an in-depth review of the market using Omdia’s market forecasting data and Omdia’s enterprise insights survey data.

• Omdia creates a matrix of capabilities, attributes, and features that it considers to be important now and in the next 12–18 months for the market.

• Vendors are interviewed and provide in-depth briefings on the current solutions and future plans.

• Analysts supplement these briefings with other information obtained from industry events and user conferences.

• The Universe is peer reviewed by other Omdia analysts before being proofread by a team of dedicated editors.

Inclusion criteria

• The solution provides a platform for enabling cloud-based communications services.

• As a minimum, the platform has to include programmable APIs for communications services, enable access to global communications networks and communications capabilities, and offer developer resources.

• The platform has a significant level of recognition among enterprises, covers a range of verticals, and has a presence in multiple geographies

Further reading

*Digital Consumer Insights 2021: Communications Apps and Services* (April 2022)

*Digital Consumer Insights 2021: Messaging App and Social Media Commerce Trends* (January 2022)

2022 Trends to Watch: 5G Consumer Communications Apps and Services (December 2021)


Mobile Messaging Traffic and Revenue Forecast: 2021-26 (August 2021)

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Citation policy

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Omdia consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Omdia’s consulting team may be able to help you. For more information about Omdia’s consulting capabilities, please contact us directly at consulting@omdia.com.

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