

# MarketScope for Unified Communications for the SMB Market, North America

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Unified communications can improve the way that small and midsize businesses interact and perform tasks. With more technology providers offering solutions for this market segment, SMBs should review how this emerging generation of communications can improve their business operations and processes.

## WHAT YOU NEED TO KNOW

This document was revised on 10 May 2010. For more information, see the [Corrections page on gartner.com](#).

Unified communications (UC) is an emerging technology that is starting to gain traction among small and midsize businesses (SMBs). Until recently, many SMBs reluctantly concluded that UC wasn't for them, because they lack the resources (both financial and personnel) to invest in UC. However, this mind-set has been changing, as vendors have introduced affordable UC offerings aimed at this market segment.

Although SMBs have many of the same business needs as their larger-enterprise counterparts, they require IT solutions that are developed with the specific requirements of smaller companies. SMBs require IT solutions that are easy to purchase, implement, and maintain, providing the needed core capabilities with the ability to add on and grow as needed or when they can afford it.

## MARKETSCOPE

This MarketScope focuses on the premises-based UC market for SMBs. For the purposes of this MarketScope, the definition used for SMB is between 20 and 499 employees, which falls within – but doesn't align exactly to – Gartner's broader global definition of up to 1,000 employees.

This MarketScope is different from the Gartner UC Magic Quadrant, because it focuses strictly on those offerings aimed at the needs and requirements of SMBs. The UC Magic Quadrant focuses on solutions for upper midsize businesses, large businesses, very large businesses and multinationals. However, there is some overlap in vendors and offerings between the two. In addition, this MarketScope is focused on premises-based UC offerings, as opposed to the service-based offerings covered in the UC as a service (UCaaS) Magic Quadrant.

SMBs exhibit the following characteristics:

- They are mainstream, as opposed to leading-edge technology buyers.
- They highly value simplicity and ease of use.
- They require affordable offerings.
- They look for a technology provider that is easy to do business with.
- They look at the total customer experience when purchasing technology, so technology decisions are sometimes based on the strength of channel partners/system integrators.

These SMB characteristics formed the basis of this MarketScope's evaluation criteria and provider ratings.

### Market/Market Segment Description

UC is a direct result of the convergence of communications and applications. Differing forms of communications have been developed, marketed and sold as separate individual applications. In some cases, they even had separate networks and devices. The convergence of all communications on IP networks and open-software platforms is enabling a new paradigm for UC, and is changing how individuals, groups and organizations communicate.

Gartner defines UC products (equipment, software and services) as those that facilitate the use of multiple enterprise communication methods. This can include control, management and integration of these methods. UC products integrate communication channels (that is, media), networks and systems, as well as IT business applications and, in some cases, consumer applications and devices.

UC offers the ability to significantly improve how individuals, groups and companies interact and perform. These products may be made up of a stand-alone suite, or may be a portfolio of integrated applications and platforms spanning multiple vendors. For the SMB market, offerings are typically made up of single-server stand-alone suites meant to be plug-and-play ready. This eliminates the need for additional integration costs and complexity, and typically simplifies the maintenance and management for resource-constrained companies.

UC products are used to facilitate personal communications and to support workgroup and collaborative communications. Some UC products may extend outside company boundaries to enhance communications among organizations, to support interactions among large public communities or for personal communication. Additionally, UC is increasingly being integrated or offered with collaboration applications to form UC and collaboration (UCC).

It's useful to divide UC into six broad communication product areas:

- Voice and telephony – This area includes fixed, mobile and soft telephony, as well as the evolution of PBXs and Internet Protocol (IP)-PBXs. This also includes live communications, such as video telephony.
- Conferencing – This area includes separate voice, videoconferencing and Web conferencing capabilities, as well as converged unified conferencing capabilities.
- Messaging – This area includes e-mail, which has become an indispensable business tool, voice mail and UM in various forms.
- Presence and IM – These will play an increasingly central role in the next generation of communications. Presence services, in particular, are expanding to enable aggregation and publication of presence and location information from and to multiple sources. This enhanced functionality is sometimes called "rich presence."

- Clients – Unified clients enable access to multiple communication functions from a consistent interface. These may have different forms, including thick desktop clients, thin-browser clients and mobile PDA clients, as well as specialized clients embedded within business applications.
- Communication applications – This broad group of applications has directly integrated communication functions. Key application areas include consolidated administration tools, collaboration applications, contact center applications and notification applications. Eventually, other applications will be communication-enabled. When business applications are integrated with communication applications, Gartner calls these communications-enabled business processes (CEBPs).

### Inclusion and Exclusion Criteria

To be included in this MarketScope, solution providers must have:

- On-premises products that include three out of the following four UC areas: (1) voice capability, (2) conferencing, (3) messaging, and (4) presence and IM.
- The ability to generate significant interest in the 20- to 499-employee segment.
- The offering must have significant market presence (defined as market share, differentiating innovation, and/or “mind share”).
- Demonstrable UC for SMB portfolio/products with references.
- Specific offerings and support capabilities for a North American-based customer.

### Rating for Overall Market/Market Segment

#### Overall Market Rating: Promising

Our outlook for this market is promising, as this market is still emerging and solutions are still maturing. Vendors differ widely in their ability to deliver and support focused UC solutions for the SMB market, and most vendors are still refining SMB offerings and strategies.

SMB adoption and interest in UC continue to increase; however, adoption rates remain low. This is, in part, because of the difficulty in justifying a business case. The business case frequently is based on a soft return on investment (ROI) or a strategic investment, such as productivity improvements, rather than on hard ROI, such as cost savings. The challenging global economic conditions have also hampered UC spending. Across all regions, end users have re-evaluated their communications budgets and, in many cases, delayed spending on communications technologies. In response to budget pressure, many decision makers opted to extend the life of existing communications equipment instead of investing in new solutions. Although budget pressures are expected to ease in 2010 and 2011, Gartner expects that UC investment decisions will face a high level of scrutiny, which will result in a longer-than-average sales cycle. UC investment is also primarily a regional phenomenon, being considered primarily in mature markets such as North America, Western Europe and parts of Asia/Pacific, including Australia.

The bankruptcy of Nortel and its subsequent acquisition by Avaya created some uncertainty throughout 2009 about the future of Nortel’s offerings and channel partners. However, since the acquisition was finalized in December 2009, Avaya has begun to lay out a road map for the combined entity. We considered the combined entity of Avaya and Nortel in the Avaya section of this MarketScope.

Several vendors offer strong UC solutions but were not included in this MarketScope, because the inclusion criteria require that vendors have strong on-premises offerings. Also, several IP telephony providers were not included, because, from a market share and/or “mind share” perspective, they are not considered as strong a UC player as they are an IP telephony player. Finally, some vendors, such as AT&T, were not included because to be included in this report the UC solutions must be available for deployment on the enterprise’s premises, rather than offered solely as a service. Capabilities of service-based solutions can be reviewed in the separate Magic Quadrant for UCaaS.

### Evaluation Criteria

Table 1. Evaluation Criteria

Evaluation Criteria	Comment	Weighting
Market Understanding	Ability of the technology provider to understand buyers' needs and translate these needs into a UC solution. Vendors that show the highest degree of vision are those that listen and understand buyers' wants and needs, and can shape or enhance those wants with their added vision.	Low
Marketing Strategy	A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and marketing position statements.	Standard
Sales Strategy	The strategy for selling products and services 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.	Standard
Product/Service	Core goods and services offered by the technology provider that compete in/serve the SMB market. This includes current product capabilities, quality, feature sets, skills etc., whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.	High
Overall Viability (Business Unit Financial, Strategy, Organization)	Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit and the likelihood that the individual business unit will continue investing in the product will continue offering the product and will advance the innovation within the organization's portfolio of products.	Low
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 and service-level agreements, etc.	High

Source: Gartner (April 2010)

Table 2. Evaluation Criteria Key Questions

Evaluation Criteria	Comment	Weighting
Market Understanding	How targeted to the SMB market is the provider overall? How well does the provider understand SMBs' needs, such as ease of use, pricing and simple messaging? How well does the provider understand UC requirements? Where on the simplicity versus flexibility scale does the provider fit?	Low
Marketing Strategy	How often does vendor get considered by SMBs? What is the marketing reach? Does vendor do any segmentation such as roles-based or vertical segmentation? Are messages easy to understand? Is the organization and channel aligned in marketing and sales strategy? Is the message consistent globally? How appropriate and innovative are the marketing programs?	Normal
Sales Strategy	How does the provider segment its channel partners? How appropriate are channel partner skill sets? How complete is channel partner support and training? How comprehensive is the channel coverage model? Is there an appropriate mix of direct versus indirect channels? How loyal and engaged are channel partners? How appropriate and innovative are technology partnerships?	Normal
Product Offering	Are the products built specifically for the SMB market? How complete and innovative is the product offering? Does it enable an appropriate amount of choice? How easy is it to use and maintain? What is the pricing? Is it transparent, easy to understand and affordable? How is the reliability? How much legacy equipment can be maintained when an SMB initially buys and when they get larger? What level of expertise is required to run and support the offering?	High
Overall Viability (Business Unit, Financial, Strategy, Organization): Financials	What is the financial health and success of the overall organization and business unit? How likely is the individual business unit to continue to invest in the product, to continue offering the product and to advance its capabilities?	Low
Customer Experience	How easy is the offering to implement, use and maintain? How easy is it to find information or answers to questions? How easy is it to find the appropriate person to respond to issues and questions? How much emphasis is given by the provider on enhancing the overall customer experience? What is the level and feeling of support that the customer experiences?	High

Source: Gartner (April 2010)

Figure 1. Vendor Ratings

	RATING				
	Strong Negative	Caution	Promising	Positive	Strong Positive
Avaya				X	
Cisco			X		
Critical Links			X		
IBM			X		
Interactive Intelligence				X	
Microsoft			X		
Mitel			X		
NEC			X		
ShoreTel					X
Siemens Enterprise Communications			X		
Toshiba			X		

As of 7 April 2010

Source: Gartner (April 2010)

Figure 2. UC for SMB Offerings Size Segment Map

	20-49 Users	50-99 Users	100-250 Users	250-500 Users
<b>Avaya</b>	IP Office, BCM 50	IP Office, BCM 450, SCS	IP Office, BCM 450, SCS	Aura
<b>Cisco</b>	SBCS	SBCS	Cisco Unified CM Express	Cisco Unified CM Business Edition
<b>Critical Links</b>	edgeBOX Office	edgeBOX Business	edgeBOX Enterprise	
<b>IBM</b>	Lotus Sametime, Lotus Foundations Start and Lotus Foundations Reach	Lotus Sametime, Lotus Foundations Start and Lotus Foundations Reach	Lotus Sametime Lotus Foundations Start and Lotus Foundations Reach	Lotus Sametime
<b>Interactive Intelligence</b>			Customer Interaction Center (CIC)	Customer Interaction Center (CIC)
<b>Microsoft</b>				OCS and Exchange
<b>Mitel</b>	Mitel Communications Director (with Mitel Applications Suite and Unified Communicator)	Mitel Communications Director (with Mitel Applications Suite and Unified Communicator)	Mitel Communications Director (with Mitel Applications Suite and Unified Communicator)	Mitel Communications Director (with Mitel Applications Suite and Unified Communicator)
<b>NEC</b>	8000 Series with Business ConneCT (BCT) in EMEA UC for Business (UCB) for Rest of World	8000 Series with Business ConneCT (BCT) in EMEA UC for Business (UCB) for Rest of World	Univerge Spherical	Univerge Spherical
<b>ShoreTel</b>	ShoreTel	ShoreTel	ShoreTel	ShoreTel
<b>Siemens Enterprise Communications</b>	Openscape Office MX	Openscape Office MX	Openscape Office MX, HiPath 3000 with OpenScape HX	HiPath 3000 with OpenScape HX
<b>Toshiba</b>	Toshiba Unified Communications Suite	Toshiba Unified Communications Suite		

Source: Gartner (April 2010)

## Vendor Product/Service Analysis

### Avaya

With the acquisition of Nortel in December 2009, Avaya acquired additional product offerings for the SMB market and a large SMB-focused telephony channel, as well as a large installed base of key Nortel systems, PBX and SMB UC customers. Avaya recently announced a road map for the combined Nortel and Avaya entity, including plans to continue selling and supporting the Nortel heritage products.

For small and lower midsize businesses, Avaya currently has two premises-based UC offerings – IP Office and Nortel’s heritage Business Communications Manager (BCM). As of publication, Avaya has announced that IP Office will become its flagship SMB solution, but the company has not yet announced an end-of-sale date for BCM.

- IP Office is targeted at companies with five to 250 users, although it can scale to 384 users in a single site and 1,000 users in a multisite network. IP Office is sold in roles-based packaging and includes voice, messaging, conferencing, IM (included in Release 6), mobile integration and applications, and a browser-based portal. IP Office is sold in editions: Essential for fewer than 25 users; Preferred for more-advanced UC functionality; and Advanced for SMBs with customer service departments requiring contact center applications. All three versions support both time division multiplexing (TDM) and IP on the same platform.
- BCM is a Nortel heritage, premises-based UC offering. It includes the BCM 50, which supports up to 50 users, and the BCM 450, which supports up to 300 users. These solutions include voice, presence, unified messaging (UM), conferencing, softphone and basic contact center and IVR functionality. Although Avaya has not announced an end of sale date for BCM, the plan is to converge the functionality of IP Office and BCM before retiring BCM. In fact, Avaya has announced another release to BCM in late 2010. Avaya says it will give a minimum of nine months notice before BCM is retired and will then continue to support BCM for an additional three years. During this time, Avaya plans to continue to make upgrade and expansion options available for both hardware and software.
- For midsize businesses, Avaya has Aura and Nortel’s heritage Software Communication System (SCS), both of which it plans to continue investing in and selling.
  - For midsize businesses to large enterprises, Avaya has the virtualized Aura platform. Aura has a sweet spot of 250 to 1,000 users, although it scales to 2,400 users. Aura features more-robust native UC functionality, including: video, IM, audio, video, Web conferencing and messaging. Customers can migrate from IP Office to Aura while maintaining their endpoints, or integrate IP Office into Aura as a hybrid solution.
  - Finally, Avaya has the Nortel SCS. SCS is an open-standards-based (Session Initiation Protocol [SIP] and service-oriented architecture [SOA]) software solution targeted to more IT-centric businesses. It includes presence/IM, video and audio conferencing, unified messaging, contact center and support Web services for communications enablement (using an SOA approach). Although the Nortel heritage SCS has experienced limited traction to date, the solution features robust UC functionality. The open-source SIP-based platform can serve IT-centric, data-savvy SMBs.

### Strengths

- Avaya and Nortel have solid name recognition and reputation in the SMB telephony market. Before the acquisition, both providers had a strong history of selling portions of UC (most notably telephony, messaging and contact center functionality) and being recognized as reliable providers of these solutions. Partly as a result of the Nortel acquisition, Avaya has a very large installed base of telephony and contact center customers to leverage across the globe.
- Avaya’s market pricing for all offerings have become more competitive following aggressive price discounts during 2009.
- Avaya has implemented changes with some internal processes that will likely make it easier for channel partners to sell solutions. It has restructured and simplified portions of its marketing, channel and distribution models, including new role-based bundled offerings that have received positive channel and end-user feedback. Avaya has also reduced the number of stock-keeping units (SKUs) across its product lines and now offers the Avaya EZ Quote quote builder to help channel partners sell IP Office. A similar quote builder tool is expected to be rolled out to support Aura sales. IP Office Release 6 is moving toward a browser-based approach, so installers will not have to load software, which is expected to make selling and installing the solution easier.

- SMBs should consider Avaya offerings if their UC plans include telephony, messaging or contact center requirements, and they are looking for a solid telephony name with an ample selection of channel partners.

### Cautions

- Although Nortel has a strong channel heritage, Avaya's go-to-market strategy has been more mixed between direct and indirect. As of the fourth quarter of 2009, 68% of Avaya's business was indirect before the Nortel acquisition and is currently 74% indirect after the acquisition. (The goal is to have 85% indirect by 2011).
- In February, Avaya rolled out Avaya Connect, a channel program intended to offer consistent channel support on a global level. Avaya will be challenged to ensure Nortel channel partners are rolled into the program and effectively trained in the various certification levels. Most of the UC product development and cultural mentality is being standardized on Avaya, so retaining Nortel's partners – the most direct link to Nortel's installed-base customers – will be a challenging task.
- Integrating two very large telephony organizations, including rationalizing the product lines, channel programs and partners and personnel will require a lot of Avaya's focus. It will have to be seen whether Avaya can pull this off without losing the installed base and the partners that it acquired, and without losing sight of customer needs and support.

*Rating: Positive*

### Cisco

For the SMB market, Cisco offers three UC platforms.

- For small businesses, Cisco has the Smart Business Communication Solution (SBCS)/Small Business Pro. It is meant for the 20- to 50-user segment, and is scalable to 100 users. SBCS includes the UC 500 series platform and UC 500 Call Control. SBCS is an all-in-one offering that includes: voice, data, UM, auto attendant, video, virtual private network (VPN), and wide LAN (WLAN) access.
- Cisco Unified CM Express (CME) is for 50 to 250 users and features the Integrated Services Router platform and the Unified CME Call Control. Functionality includes: voice, messaging, video, data, public switched telephone network (PSTN), FXS, VPN and firewall.

- The Cisco Unified CM Business Edition (CMBE) is for 100 to 500 users and includes the MCS 7828 platform and Unified CMBE call control. Functionality includes: voice, messaging, mobility, and video.

### Strengths

- Cisco has a well-aligned, consistent global marketing message and is able to get its UC messages out to SMBs on a global level. This marketing strength has allowed Cisco to obtain strong mind share among SMBs and SMB channel partners, and allows Cisco to be frequently considered in the SMB UC vendor consideration set.
- Cisco offers a robust and complete portfolio of UC functionality from conferencing to video capabilities. Because of its strengths in development, Cisco can typically offer advanced UC functionality, if the SMB desires specific applications.
- Cisco has strong financial viability and staying power in the global UC market. The previously data-centric organization now has a significant installed base of voice customers to migrate to UC.
- Cisco's channel partner program is strong, and Cisco partners are typically seen as competent and technically capable.
- SBCS is an easy-to-use, inclusive offering for small businesses looking for an all-in-one solution.
- SMBs should consider Cisco UC offerings if they are a small business considering SBCS or if they have a robust network and adequate IT resources, and are looking for more-advanced UC features and functionality.

### Cautions

- The complexity of Cisco's architecture requires certified support personnel for ongoing maintenance. CME and CMBE both require advanced IT skills, which can be expensive for SMBs to hire or outsource. By the time a midsize business migrates to CMBE, it will require two or three Cisco Certified Internetwork Experts (CCIEs), which is an advanced IT specialization that few SMBs will regularly have in-house.

- Cisco's three SMB UC solutions feature different management consoles and platforms, which make migration from one system up to the next very time consuming and expensive. If a small business outgrows SBCS, it must swap out the offering to migrate up to CME and again for CMBE.
- Pricing and licensing can be complex. The positioning of specific applications can be confusing, and the associated costs (license fees, underlying network costs required to run the applications) can be deceptive and, ultimately, expensive. In many cases, the UC solution is designed with multiple boxes and complex system architecture to implement and manage. In addition, Cisco's offerings typically require a robust network that has been kept up to date.
- While Cisco has been able to attract and certify new channel partners around the globe, some of Cisco's partners might not have the resources and capabilities to support their customers through the UC implementation. Small channel partners have a hard time navigating the written support materials intended to guide them through the UC design and implementation process, which means the implementation might be somewhat disruptive for the customer.
- Although Cisco is known by midsize businesses, the company is not known as a provider of technology to small businesses and, so, is not typically in the consideration set. Cisco will have to continue its efforts to market the benefits of SBCS, as well as continue to simplify the experience for small businesses.

*Rating: Promising*

### Critical Links

Critical Links positions edgeBOX, a UC appliance (based on Asterisk) for the 20- to 300-user segment, although the sweet spot is between 20 and 50 users. The solution is geared for price-sensitive small organizations with limited or no in-house IT staff. The UC portfolio consists of edgeBOX Office SOHO (up to 10 users), edgeBOX Office (up to 40 users), edgeBOX Business (up to 100 users) and edgeBOX Enterprise (up to 300 users). Each of the edgeBOX appliances are built as a single appliance and run the same unified interface and management applications.

The edgeBOX solution provides traditional UC functionality such as telephony, conferencing, IM/presence, and messaging (voice, unified and e-mail). Nontraditional UC functionality includes storage capabilities with file-server/shared-directory functionality, an e-mail and Web server and a built-in router with Wi-Fi capabilities that supports up to 100 employees (for larger offices, it supports external Wi-Fi access points). edgeBOX also includes native security features, including a full-fledged firewall (stateful inspection), data encryption, antivirus, anti-spam, content filtering, Web server demilitarized zone (DMZ) and VPN access on all models. For enterprise-grade platforms, it also includes hot-swap redundancy features and dual power supplies. Finally, edgeBOX offers options for service providers, including remote management and administration tools.

The company's headquarters were moved from Portugal to North America, in part, to encourage growth in the United States. Critical Links is increasingly aligning with service providers to get the edgeBOX to market. The company is expanding in markets with a higher penetration of UC, as well as in emerging markets, where pricing and ease of use are especially important.

### Strengths

- Critical Links' edgeBOX solution is a true all-in-one offering and is easy to implement and use. The solution takes minimal time to get up and running, and requires relatively straightforward user and administrator training. Even though the solution is based on open-source software and can be customized by small businesses with programming skills, Critical Links has created a wrapper that hides the complexity associated with open source.
- edgeBOX offers tailored applications called edgePACKs for different vertical market segments, including specialized offerings for the hospitality and education verticals.
- Because each of the edgeBOX offerings use the same unified interface and management applications, it's easier for a growing business to migrate up to the next appliance when it outgrows its configuration.
- The edgeBOX solution is priced very low, which is appealing to many price-sensitive SMBs, as well as those in emerging markets.

- edgeBOX is well-suited to small organizations with extensive file storage and file-sharing requirements, as well as to organizations with employees working from home who require secure access to company servers.
- Small businesses should consider Critical Links, if they are looking for an attractively priced, intuitive, all-in-one solution that includes networking capabilities.

### Cautions

- Critical Links is a small and relatively unknown company with limited brand recognition or channel partner resources. Because of its comparatively small size, Critical Links is not frequently in the UC vendor consideration set.
- Critical Links is a private company and does not regularly make its financial status public. While it indicates that it is operating profitably, SMBs should conduct their own evaluation of viability before making long-term commitments.
- While Critical Links appears to be responsive in deploying resources to assist with sales efforts and implementations in regions with a low saturation of Critical Links employees, the company lacks the support resource bandwidth that some of its larger UC counterparts have in place.

*Rating: Promising*

### IBM

IBM's UC-for-SMB offerings include Lotus Sametime, Lotus Foundations Start and Lotus Foundations Reach. The Foundations offering is fairly recent, having been released in 2009, and competes with Microsoft's Small Business Server. Lotus Foundations Start and Reach are available as stand-alone offerings or as a platform for other telephony vendors' IP-PBX solutions:

- Lotus Sametime: Small businesses with simpler communication and integration needs could be satisfied with Sametime as a stand-alone UC suite. It includes presence, IM, online meetings, voice over IP (VoIP), video and incoming-call control. However, it does not include PSTN voice. For businesses with 300 to 1,000 users, Sametime can be coupled with offerings from 3Com and Avaya (previously Nortel) as a single-server solution on IBM's Power platform.
- Lotus Foundations Start: Foundations Start is a general multipurpose technology platform. It is a hardware and software platform meant to be managed remotely by IBM channel partners to simplify the user IT experience. The offering is positioned to the less than 500-user market with limited or no on-site IT skills, although the typical customer usually has less than 250 employees.
- Lotus Foundations Reach: Foundation Reach is an optional add-on to Foundations Start that leverages Sametime functionality. The combination of Foundations Start plus Foundations Reach provides an integrated, all-in-one small business server for e-mail, collaboration and business applications, file management and storage and security. Lotus Foundations Start combined with Reach is complemented by strong technology partnerships, including close partnerships with ShoreTel, NEC and Mitel. For these third-party UC offerings, Foundations Start and Reach provides automatic installation and configuration from a single interface, which simplifies the installation process, as well as the cost. For example, users can be added once and then automatically provisioned with access to all capabilities of Lotus Foundations and the third-party UC solution. Users are able to self-configure their own office phones by plugging them into an Ethernet jack.

### Strengths

- Sametime and Foundations Reach (which includes Sametime functionality) include a strong collaborations portfolio, including IM, online meetings, VoIP, video, incoming call control and aggregated presence.
- Foundations Start and Reach address the needs of the SMB market where on-site IT skills are either extremely limited or nonexistent. Set-up, configuration and everyday management of the system is autonomic, and applications are also automatically recognized. Simple add-ons are required for telephone and other applications. Skill requirements for users are minimal, and skill requirement for channel partners is very light.
- Channel partners do not have to go on-site to support their Foundations customers, which improves the speed with which they can serve their customers as well as the costs to serve them. Also, end users do not have to pay for expensive on-site support, when problems arise.
- SMBs should evaluate IBM Foundations Start and Reach if they are looking for a technology platform (and not just a telephony system) to minimize the need for on-site IT.

## Cautions

- The Foundations product line is new, although it is based on technology acquired from the Net Integration acquisition in 2008. IBM must now establish the value of Foundations Start and Reach to SMBs and demonstrate that it can meet SMB requirements for simplicity. Also, since Foundations is new, there is a limited universe of experienced users available to give their feedback, recommendations or best practices to SMBs.
- Users have to be committed to the platform to ideally run their entire IT infrastructure. As such, this is not just a telephony consideration, but a more-comprehensive IT consideration. Users must assess the applicability of the platform across their entire organization.
- Sametime with Foundations alone does not include PSTN voice. For this, users will have to add telephony offerings from partners such as ShoreTel and NEC, increasing the expense and complexity of the offering.
- IBM will have to overcome the preconception that, if the customer is not a Lotus Notes/Sametime user, then the Foundations offering doesn't apply to them. As SMBs predominantly use Outlook, IBM will have to ensure that users understand the ability of Foundations to integrate with Active Directory, Outlook and even run Windows.
- IBM will also have to achieve recognition as an SMB provider and overcome the preconception that IBM is solely focused on providing solutions for large enterprises.

*Rating: Promising*

## Interactive Intelligence

The Interactive Intelligence Customer Interaction Center (CIC) is an all-in-one, single-server software offering for midsize businesses and large enterprises, as it scales to 15,000 UC users on a single server. CIC includes telephony, audio conferencing, UM, rich presence with IM, business process automation, a range of client and device options, and the ability to integrate with contact center and other applications. The solution also integrates with leading third-party UC and video solutions. As CIC is a full-featured offering, the sweet spot for CIC is geared to businesses starting at 100 employees.

## Strengths

- CIC has a flexible, modular approach to applications and application licensing that SMBs appreciate. Additional functionality can be added at anytime using a license key, so users do not have to purchase everything all at once. Instead, users can turn on new functionality when the need arises.
- The flexible application program interface and architecture enable customization for vertical applications, while the all-in-one single server approach enables simpler administration and operation. It is also easy to add on or swap seats with Interactive Intelligence's service-based UC offering, which affords additional flexibility.
- Interactive Intelligence has a strong contact center offering and reputation. The product is well-suited to integrating contact center functionality with business UC functionality. It offers a new model for business process integration with contact center flows and for integrating employees into the flow.
- SMBs should evaluate the CIC solution when they are looking for a particularly strong contact-center-based UC offering, or if they are seeking an integrated offering with sophisticated applications.

## Cautions

- CIC has rich functionality, so associated pricing may be more robust than what many midsize businesses are looking for.
- Although the company is profitable and financially secure, it has limited market reach and name recognition.
- Despite progress, the company is still better known as a contact center provider, which reduces its effectiveness in delivering its broader UC product to enterprises.
- Interactive Intelligence's smaller size means that channel coverage is limited outside of key areas. At times, responsiveness to channel partners can be slow because of resource constraints.

*Rating: Positive*

## Microsoft

Microsoft's UC offering for the SMB market is based on Office Communications Server 2007 R2 (OCS 2007 R2) plus Exchange 2010, which Microsoft offers via two acquisition models:

- For the under-250-employee market, Microsoft primarily positions this offering as a UCaaS solution, based on its Business Productivity Online Suite (BPOS).
- The on-premises version of this UC offering is focused on larger SMBs (starting at about 250 employees) and extending to large enterprise customers.

In this MarketScope, we are focusing on the on-premises version of the offering.

Microsoft also leverages strategic partnerships in specific areas, such as live voice/IP PBX and conference bridges, and a growing set of major system integration and channel partners. Although Microsoft touts the ability of OCS 2007 plus Exchange 2010 as a stand-alone premises-based UC offering, it is still typically being implemented as a hybrid solution on top of an existing PBX.

### Strengths

- Microsoft has strong brand name recognition and market reach. Because the SMB market tends to be highly Microsoft-centric in many areas, OCS 2007 R2 plus Exchange 2010 tends to land in the UC consideration set for most midsize businesses.
- Microsoft's historic strength in several UC areas, combined with promising emerging initiatives, results in significant potential. Historically strong areas include clients (desktop, Web and mobile clients), e-mail, collaboration (IM, presence, Web-conferencing, and SharePoint). Emerging areas include increased visibility of SIP trunks from carriers and from IP-PBX providers, significant new end-to-end UC solution providers, such as HP, and increased presence in contact centers.
- Strong partnerships with most of the telephony PBX providers mean that SMBs can incrementally acquire Microsoft UC functionality while still leveraging existing PBX investments. Microsoft's OCS 2007 R2 plus Exchange 2010 can sit behind an existing PBX offering in a hybrid environment, which would limit costs for existing Microsoft shops who want to add on specific UC functionality. This flexibility also extends to applications, allowing SMBs the opportunity to customize the offering for specific verticals or applications.

- SMBs should consider Microsoft's OCS 2007 R2 plus Exchange 2010 if they consider themselves to be Microsoft-centric, are looking to leverage existing PBX investments, and already have solid IT resources to integrate and manage the offering.

### Cautions

- The telephony functionality in OCS 2007 R2 remains in the early stage. Although these have made progress in the past year, they are not yet competitive with best-of-breed products. In addition, there is not as much variety of endpoints that support OCS compared with competitor offerings at this time. However, new phones were recently announced by Polycom and Aastra that are optimized for Microsoft Communicator "14."
- The on-premises OCS 2007 R2 plus Exchange offering requires more IT skill and resources to manage it than competitors' offerings. The high level of flexibility of the system typically means a complex integration (and typically a hybrid environment), which requires a greater budget for integration and dedicated IT resources.
- Many of the OCS 2007 R2 communication functions, such as telephony, video and PSTN integration, require solution integrators and employees with more-advanced telephony skills than most SMBs have. Planners should ensure that their providers and internal staff have relevant experience in key areas.

*Rating: Promising*

## Mitel

The Mitel UC solution is based on the Mitel Applications Suite, Mitel Unified Communicator clients and the Mitel Communications Director. Mitel specializes in the under-500-user segment, although the offering can expand to thousands of users, as needed. Mitel is also particularly strong in the hospitality industry, where it is typically in the UC consideration set. Communications Director provides telephony call control on the 3300 switch or on industry standard servers. The Applications Suite/Unified Communicator client includes support for audio conferencing and Web conferencing, desktop access, presence, IM, UM and collaboration.

## Strengths

- The Mitel UC solution offers a comprehensive software suite and a good global presence. The Mitel UC solution's integrated design, administration and mobility functions provide a coherent single-point solution.
- The suite can be integrated with Microsoft OCS, IBM Sametime environments, and IBM Foundations Start and Reach.
- Mitel offers its UC applications, including Mitel Communications Director, to run in a virtualized environment and is certified on VMware vSphere. Mitel is currently the only vendor with a call control application certified on VMware. The offering can streamline communications infrastructure costs, simplify the implementation and reduce the ongoing operating costs.
- Mitel has had success with its managed services offering in the U.S. market, which is offered through both direct and indirect channels, and which achieves high customer satisfaction rates. It includes Mitel's TotalSolutions managed service offerings with NetSolutions network services.
- SMBs looking for an integrated UC approach, looking to run UC through a virtualized environment or are evaluating telephony communication functionality to go with Microsoft or IBM UC deployments, should evaluate the Mitel UC solution.

## Cautions

- In the past, both the licensing strategy and management console have been seen as confusing and in need of simplification. Mitel launched an updated licensing model in January 2010 that attempts to address this issue. There has also been recent work on enhancing the product administration capabilities.
- To improve its financial position, Mitel has scaled back some of its customer and channel support resources, which has resulted in some clients reporting a negative impact on channel and customer responsiveness.

*Rating: Promising*

## NEC

NEC has two main types of UC offering for the SMB market. The first is NEC's traditional telephony-type offering. This includes UC for Business (UCB), which is the main telephony-based UC offering available globally, except for EMEA. It also includes Business ConneCT (BCT), which is the UC offering available only in EMEA. BCT enables Digital Enhanced Cordless Telecommunications (DECT) integration and multilingual capabilities. Both of these applications operate on NEC's Univerge SV8000 Series Communication Servers and offer an all-in-one single server environment. The sweet spot for UCB and BCT are small businesses with between 20 and 100 users. The second UC option is based on the newer, scalable Univerge Spherical all-software UC solution. The sweet spot for Spherical is between 100 and 250 users. All these solutions offer voice, conferencing, messaging, IM, presence, a range of clients, and support for business process integration. NEC also has strengths in several key vertical markets, including healthcare, education and hospitality.

## Strengths

- NEC is a large, diversified, global firm. Within the communications segment, NEC has solid partnerships, including a recent IBM Foundations partnership with NEC's Spherical offering.
- NEC's UC portfolio is broad and boasts solid and reliable products with a broad range of applications.
- NEC has a strong vertical market focus; its solutions within the healthcare, education, hospitality segments offer specific UC applications tailored for these specific industries. NEC also has internal vertical leads focused on positioning and implementation of these solutions within industry segments.
- NEC is focused on the SMB market and understands and delivers on the need for simplicity and attractive pricing.
- SMBs should consider NEC if they are looking for attractively priced, solid UC functionality geared to small businesses or if they are a part of one of the key vertical markets NEC addresses.

## Cautions

- NEC's UC solutions do not have as much brand recognition as competitors, and isn't in the UC consideration set as frequently.
- Despite attempts to unify NEC's product, marketing and sales operations on a global level, NEC's divisions do not appear to be fully unified in all regions. Some of NEC's divisions including NEC Corporation of America in North America (previously NEC Unified Solution, NEC Infrontia and NEC Corporation of America), NEC Unified Solutions in EMEA (previously NEC Philips Unified) and NEC Corporation (Asia/Pacific) take different approaches in different markets.
- Because NEC is not globally cohesive, NEC offerings are best for single- region SMBs as opposed to multinational SMBs, because the customer experience and channel support will be different by region (and product).
- NEC can be slow to market new technologies, although when the offerings come to market, they typically work well. The management interface could be more intuitive for users.

*Rating: Promising*

## ShoreTel

The ShoreTel 10 UC platform is a predominantly North American-focused solution that offers an appliance approach particularly suited to distributed organizations. The appliance at each site has no hard drives, but uses flash memory, which lowers failure rates. Survivability is ensured with ShoreTel's N+1 failover capability, for which an appliance can fail over to another appliance located anywhere in the network. These remote appliances operate independently, and all switches are configured collectively from a single ShoreTel Director Web application. ShoreTel supports its own phones, as well as SIP phones and SIP trunking.

ShoreTel is focused on the SMB market, with the vast majority of customers falling between 20 and 500 users. The average size deployments cover 80 to 120 users. The ShoreTel offering is suited for SMBs with limited IT staff and distributed offices. Key vertical markets for ShoreTel include state and local government, the financial sector and professional services. ShoreTel recently announced a partnership with IBM to jointly market and develop ShoreTel for IBM Lotus Foundations, targeted to businesses with up to 500 users

## Strengths

- ShoreTel offers a bundled all-in-one UC solution with limited installation and configuration requirements. The bundle includes IM, audio conferencing and Web collaboration, voice messaging that can integrate with third-party e-mail, and its own telephony presence service and client.
- The offering is easy to understand and maintain, so SMBs do not have to hire a highly skilled and expensive person to manage the solution, or even rely as much on their channel partners. Pricing and licensing are also simple and transparent, and typically includes support and maintenance.
- ShoreTel focuses strongly on the customer experience, and channel partners and all ShoreTel employees are compensated on customer satisfaction scores. This results in thorough, regular examinations of key customer touchpoints (both from ShoreTel and channel partners) and encourages efforts to optimize the experience overall.
- SMBs with distributed operations should consider ShoreTel for a cost-effective, highly reliable UC solution.

## Cautions

- ShoreTel is still a predominantly North American-focused company, with more than 90% of revenue coming from the region. As such, global brand awareness is relatively low, and global channel coverage should be examined before deployment.
- While ShoreTel includes most features that SMBs desire in an all-in-one package, the contact center and conferencing capabilities will not be as advanced as other competitor offerings. In addition, ShoreTel's software is not supported on general purpose platforms and, thus, is not meant for operation by SMBs that desire that capability.
- The appliance architecture is less desirable for SMBs with larger, centralized environments.

*Rating: Strong Positive*

## Siemens Enterprise Communications

Siemens Enterprise Communications' flagship SMB UC offering is OpenScape Office, which runs as an application on the HiPath 3000 platform and is built into the OpenScape Office MX platform. OpenScape Office MX is targeted to companies with 30 to 150 users, and is an all-in-one UC offering, including telephony (voice and audio conferencing), UC (presence/IM, contact center, integrated directories and calendars) and data networking (firewall, IPsecVPN, WLAN up to 10 APs, and WAN/LAN/PSTN/ISDN) capabilities. UC functionality is embedded directly into Outlook/Office. Siemens also plans to introduce a newer variation in the coming year: OpenScape Office LX (Large Edition, scalable to 500 users).

### Strengths

- Siemens has a long history of selling voice and advanced communications applications and has an impressive installed base of SMB customers across Europe and Latin America.
- OpenScape Office MX is built as a complete all-in-one voice-and-networking offering for small businesses, reducing the need for separate boxes.
- Although the company lost its bid for Nortel, which would have expanded its North American customer and channel partner base, Siemens is focusing on organic channel expansion efforts instead. Siemens Go Forward channel program, launched in the fall of 2009, is focusing on accreditation and certification of partners. Siemens has acquired new partners to more aggressively to go after the North American market. As part of its channel revamp, Siemens is offering aggressive cash-back promotions (on OpenScape Office as well as OpenStage handsets) to partners to encourage UC sales.
- The OpenScape suite features a rich range of UC applications, including voice, conferencing, voice mail, messaging, mobility, multimedia contact center and presence/IM applications.

### Cautions

- Although Siemens is making efforts to reposition OpenScape Office as an all-in-one branded solution, the solution was not there. The former naming conventions of HiPath OpenOffice and OpenScape Office running on HiPath 3000 were confusing to the market. The new naming conventions of OpenScape Office MX (All in One – Medium Edition), LX (Large Edition) and HX (HiPath 3000 Edition) are new to the market and bring some clarity. The new naming conventions must be well-positioned to channel partners to sell to SMBs where simple, easy-to-understand marketing messages resonate especially well.
- Although Siemens has brand recognition in Europe and Latin America, Siemens has somewhat of a disconnect with the North American SMB market. With the consolidation in the UC market and Siemens' loss of its Nortel bid, Siemens could struggle to gain recognition and improve positioning in this market segment.

*Rating: Promising*

## Toshiba

The Toshiba Unified Communications Suite combines several applications on a single server, including presence, IM, desktop call control from PC, unified messaging, video conferencing and collaboration, one number access, CRM integration and integration with Microsoft applications.

Toshiba's offering is focused on small businesses, from 20 to 100 users, with the sweet spot of 20 to 50 users, because of its price-effectiveness in this market, although it can accommodate up to 1,000 users per system. Toshiba does particularly well in retail, and it has large national retail accounts such as Lowe's and LensCrafters.

## Strengths

- Toshiba is known for producing reliable, solid offerings that work well together. The company is known to focus on its core market and business, which is small business communications, and to produce only those things that are integral to this market.
- Compared with competitor offerings, Toshiba offers very attractive pricing and bundles. It does particularly well in the 20- to 50-user market, because its offering is especially price-effective in this market, and this market is typically not as focused on working with one of the bigger players in the industry.
- Toshiba sells 100% through its channel in the SMB market, and is known for its loyal dealer channel
- Small businesses should consider Toshiba, if they are looking for a reliable and affordable offering geared specifically for the small business segment.

## Cautions

- Toshiba is rarely the first provider to introduce a new feature in its UC offering, so small businesses that are interested in emerging and innovative products may choose to look elsewhere. In addition, UC applications, including conferencing, have more-basic functionality and limited features than competitor offerings.
- Toshiba is relatively new to the UC landscape and is still known more as a telephony provider as opposed to a UC provider. As a result, its rate of consideration as a UC provider is low, and it is not known outside of North America and Asia/Pacific.

*Rating: Promising*

## Note 1

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We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

## Gartner MarketScope Defined

Gartner's MarketScope provides specific guidance for users who are deploying, or have deployed, products or services. A Gartner MarketScope rating does not imply that the vendor meets all, few or none of the evaluation criteria. The Gartner MarketScope evaluation is based on a weighted evaluation of a vendor's products in comparison with the evaluation criteria. Consider Gartner's criteria as they apply to your specific requirements. Contact Gartner to discuss how this evaluation may affect your specific needs.

In the below table, the various ratings are defined:

### MarketScope Rating Framework

#### Strong Positive

Is viewed as a provider of strategic products, services or solutions:

- *Customers:* Continue with planned investments.
- *Potential customers:* Consider this vendor a strong choice for strategic investments.

#### Positive

Demonstrates strength in specific areas, but execution in one or more areas may still be developing or inconsistent with other areas of performance:

- *Customers:* Continue planned investments.
- *Potential customers:* Consider this vendor a viable choice for strategic or tactical investments, while planning for known limitations.

#### Promising

Shows potential in specific areas; however, execution is inconsistent:

- *Customers:* Consider the short- and long-term impact of possible changes in status.
- *Potential customers:* Plan for and be aware of issues and opportunities related to the evolution and maturity of this vendor.

#### Caution

Faces challenges in one or more areas.

- *Customers:* Understand challenges in relevant areas, and develop contingency plans based on risk tolerance and possible business impact.
- *Potential customers:* Account for the vendor's challenges as part of due diligence.

#### Strong Negative

Has difficulty responding to problems in multiple areas.

- *Customers:* Execute risk mitigation plans and contingency options.
- *Potential customers:* Consider this vendor only for tactical investment with short-term, rapid payback.