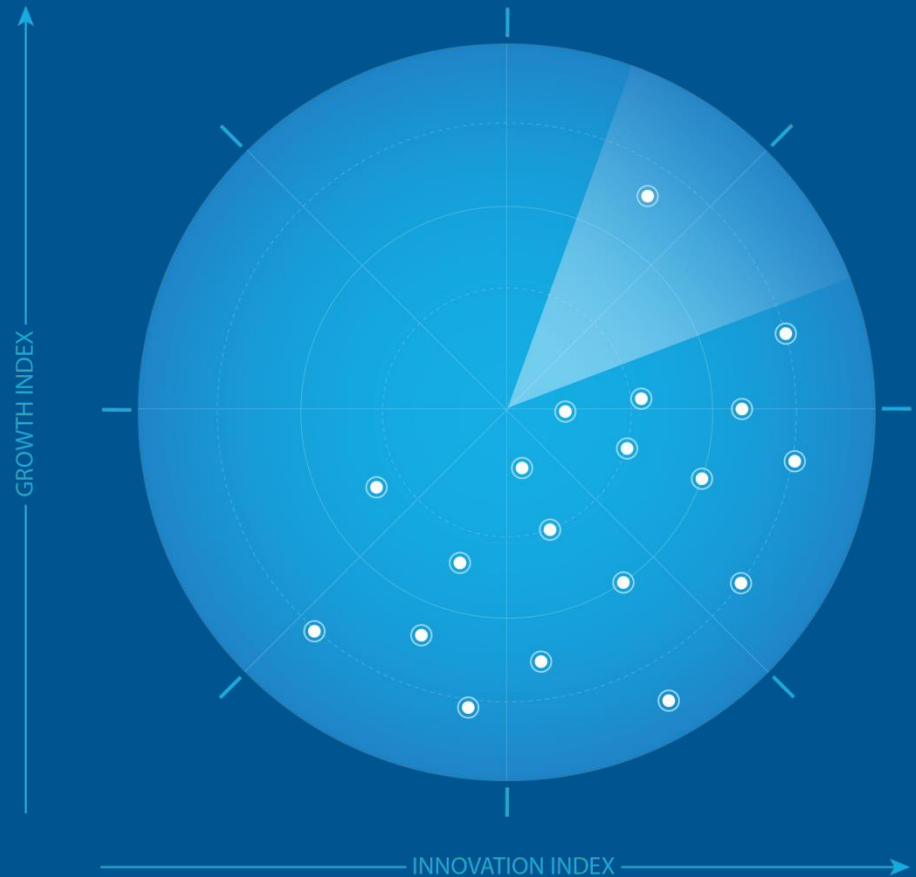


# Frost Radar™: North American Enterprise Cloud Contact Center Market, 2021

A Benchmarking System  
to Spark Companies to  
Action—Innovation that  
Fuels New Deal Flow and  
Growth Pipelines

Global Information &  
Communications Technologies  
Research Team at Frost & Sullivan



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**May 2021**

# Strategic Imperative and Growth Environment



# Strategic Imperative

- In recent years, cloud-based technology designed for the contact center has become more robust, offering access to all of the features that on-premises solutions provide with the added benefit of being hosted over the internet and allowing businesses to quickly deploy services across multiple geographies.
- Cloud is a vital enabler of a mature customer experience (CX) strategy; it offers flexibility in terms of scale, reach, and modularity, and allows capabilities to be introduced using a phased approach. It also is driven by cloud technologies' higher return on investment (ROI), contact center as a service (CCaaS) solutions' greater speed and flexibility, and organizations' need for platforms that ensure uninterrupted business continuity, including the ability to deploy work-at-home-agent (WAHA) models.
- The enterprise (300 seats and above) and large enterprise (1,000-plus seats) contact center was born before the advent of cloud contact centers; therefore, premises-based contact centers comprise a larger percentage of the installed base in North America. As the market has matured, many enterprise customers have looked to the cloud to provide quicker access to enhanced features and as an attractive option to maintaining on-premises systems.

Source: Frost & Sullivan

# Strategic Imperative (continued)

- Enterprise customers (the terms “enterprise” and “large enterprise” are used interchangeably throughout this project) have traditionally been slower to adopt cloud technology yet have increasingly moved to the cloud as initial restraints such as reliability, scalability, and security have been addressed. Yet challenges remain because enterprise cloud contact center (ECCC) requirements can differ from CCaaS. In particular, enterprise-class CCaaS vendors must provide robust outbound solutions that adhere to regulatory and compliance requirements, omnichannel service, and streamlined migration paths.
- Artificial intelligence (AI)-based features; workforce management (WFM), workforce optimization (WFO), and workforce engagement management (WEM) applications; and analytics-related applications are targeted by the majority of competitive vendors.

Source: Frost & Sullivan

# Growth Environment

- The global cloud contact center market generated revenue of \$2.7 billion in 2019, recording 15.4% growth year-over-year from 2018. Frost & Sullivan projects that the market will grow at 15.3% compound annual growth rate to reach \$7.4 billion by 2026. The North American CCaaS market generated \$2.1 billion of that in 2019, and is expected to grow to \$4.1 billion by 2026.
- Small and medium-sized contact centers have been steadily migrating to cloud-based technologies; now, the expansion of hybrid cloud offerings in addition to fewer data security and scalability concerns regarding cloud deployments are driving many large enterprises toward full cloud models.
- Growth in the cloud contact center market will be driven by end-of-life cycles of existing system platforms, new WFO tools, redesigned agent desktops, digital transformation, richer integrations to third-party applications, and new analytics capabilities.
- The increased demand for cloud solutions (along with intense market competition) has led to cloud-to-cloud migration. Numerous new cloud contact center customers in North America and Europe have already implemented cloud solutions from other vendors. Cloud vendors must leverage innovations and showcase their competitive advantages to clients to stay ahead.
- Many enterprises are tied into multi-year contracts for on-premises solutions, limiting their migration to full-cloud options; as these contracts expire, cloud migration will increase. Growth also will be bolstered by enterprise-class providers that offer easy migration plans, hybrid environments, and financial incentives to ease the move from CAPEX to OPEX deployments.

Source: Frost & Sullivan

# Growth Environment (continued)

- The North American CCaaS market is in a mature stage with a diverse set of suppliers; the enterprise market consists of a subset of suppliers. Those with notable presence include 8x8, Aspect, Avaya, Cisco, Enghouse Interactive, Five9, Genesys, NICE inContact, Noble Systems, Talkdesk, and Vonage. Relative newcomers in the CCaaS market (yet adding enterprise accounts) include Edify and Thrio. Newcomers also have introduced reimagined contact center platforms with next-generation development tools and omnichannel workflows.
- The COVID-19 pandemic has compelled almost all contact centers in the region to opt for the WAHA model. This pandemic accelerated the migration to cloud/hybrid setups and created opportunities for leveraging solutions that support a more significant WAHA base, self-service virtual assistants (VA) and intelligent virtual assistants (IVA) and bots, and AI-enabled solutions. The contact center industry quickly responded in kind with the WAHA model, free or trial offers for remote agents, and generous pricing models, even as they dealt with their shift to remote working.

Frost & Sullivan studies related to this analysis:

- Frost Radar™: European Contact Center as a Service Market, 2020
- Frost Radar™: North American Contact Center Workforce Optimization Market, 2019

Source: Frost & Sullivan

# ECCC Inclusion Criteria

Companies with ECCC needs often require support for mixed or hybrid deployments, having a mixture of legacy on-premises systems and cloud applications. These companies also have different requirements when it comes to maintaining their operations in a public or private cloud deployment. Frost & Sullivan considered several factors for a company to be included in this Frost Radar™:

- **Market Presence and Brand Awareness:** A company must demonstrate that it regularly sells into the North American ECCC market. Developing brand awareness through comprehensive, consistent marketing programs is important in the enterprise market. It also assists in developing strong partnership opportunities for sales and product integrations.
- **Global Reach:** A vendor's ability to support enterprises on a regional and global basis is a key weighting factor in this Frost Radar™. However, while it is true that public cloud deployments have been increasing in the large enterprise segment, Frost & Sullivan considers that this is not yet the norm: global corporations tend to select private hosted cloud solutions and single-tenant environments; therefore, a vendor's ability to provide flexibility and choice in enterprise deployment is an important factor.
- **Availability of a Multitenant Offering:** Because this is a cloud contact center Frost Radar™, Frost & Sullivan requires that companies have at least a multitenant offering. However, a variety of cloud-based offerings sets providers apart, and the ability to provide single tenant or single instance options also is an advantage.

Source: Frost & Sullivan

# ECCC Inclusion Criteria (continued)

- **Outbound Customer Contact:** The use of outbound customer contact is more prevalent in the enterprise segment than smaller centers. For instance, in Contact Babel's 2020 *The Inner Circle Guide to Outbound*, technology penetration rate estimates for automated outbound dialing by contact center size showed that 49% of large contact centers of more than 200 seats had outbound capabilities in 2019 (expected to grow 53% by 2023), yet only 37% of medium centers and 17% of small centers had outbound in 2019 (with 2023 growth projections of 19% and 40%, respectively). But with size grows the risk. Solution providers must offer feature-rich, outbound solutions that encompass technology and best practices for enabling organizations to maintain compliance and reduce risk.
- **Deployment Options and Migration Capabilities:** Many organizations seek to fully depreciate their existing contact center investment without the potential cost and complexity of rip and replace. For a number of reasons, many also are reticent to move all of their capabilities to the cloud; for example, it is not uncommon for a company to move the majority of functionality to the cloud yet (for perceived security reasons) maintain contact center recordings on premises. An important attribute in the enterprise market is providing flexible deployment options (whether on premises, cloud, or hybrid), along with easy-to-use migration tools if an enterprise chooses to move part or all of its operations to the cloud.

Leading vendors are those that are able to clearly articulate migration strategies and positioning options for their customers, since not all customers are ready to go “all in” to the cloud.

Source: Frost & Sullivan

# Primary and Secondary Attributes of the Enterprise Market

The following are used to weight evaluation of solution providers in the enterprise market:

## Primary Attributes

- Ability to scale
- Ability to easily migrate to the cloud
- Automated risk mitigation and compliance
- Carrier-grade voice quality
- Full omnichannel capabilities with flexibility to customize
- Multinational support and global deployment coverage
- Reliability and security
- Rich, integrated inbound and outbound capabilities
- Interoperability (open APIs), app stores, partner ecosystems, and deep third-party integrations
- Customer support capabilities including professional services, flexible pricing options, flexible service-level agreements (SLAs), and customer service options

## Secondary Attributes

- Platform maturity (customer references, length of time in the market)
- AI-infused capabilities in the area of process automation, personalization, self-service channels, and WFO
- Capabilities to engage and manage remote workforce
- Integration of unified communications and collaboration (UCC) functionality
- Richer data and analytics capabilities to drive employee engagement and customer satisfaction (CSAT)
- Vertical market focus/expertise (personnel hired from within an industry, best practices, features, use cases, market packages)

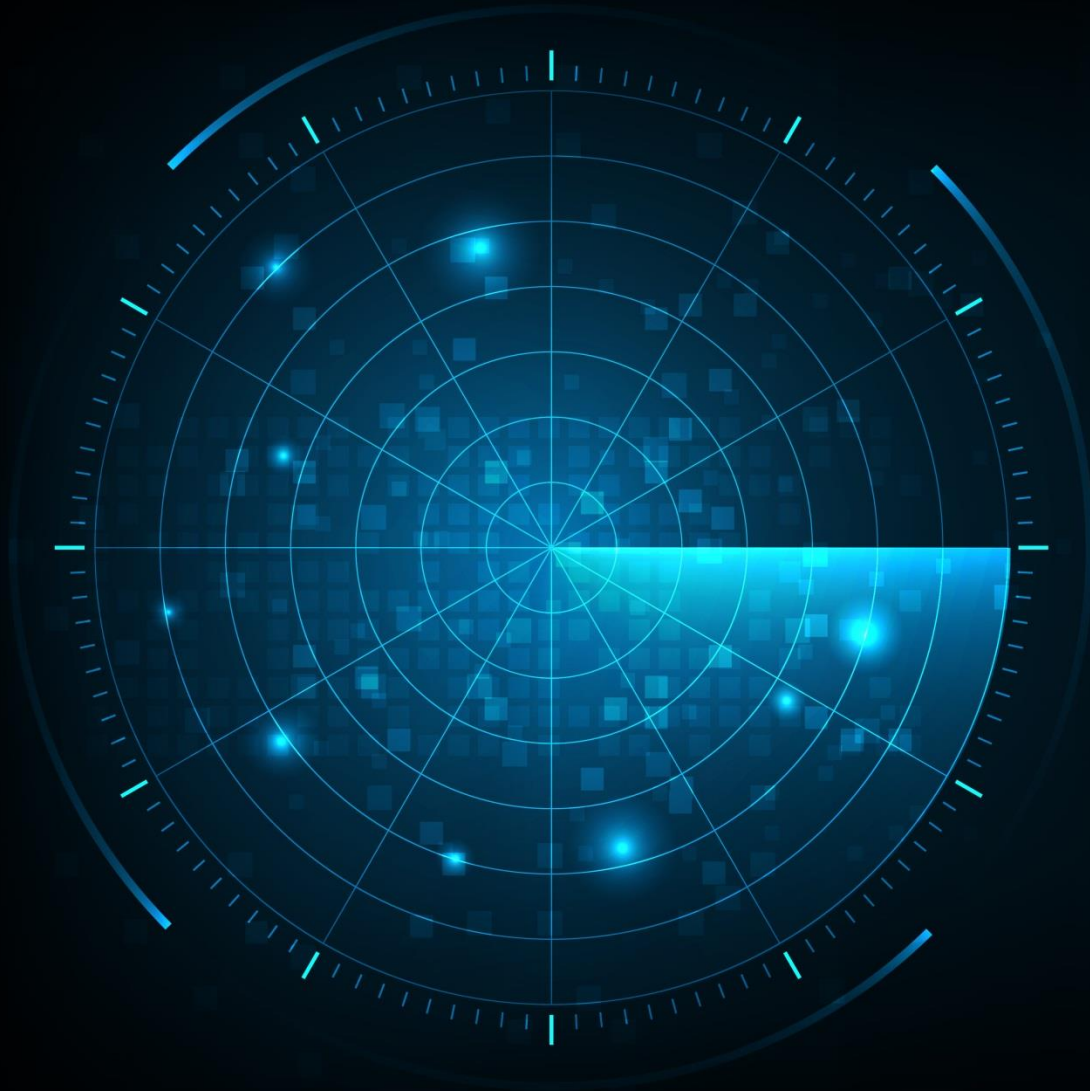
Source: Frost & Sullivan

# Definitions

**Cloud Contact Center:** A network-based service (accessed over the internet) where either a vendor or a service provider hosts a contact center technology platform and provides its functionalities, applications, and features to end users as a service. The customer pays a use-based fee for the service to the vendor or the service provider (including telecom service providers). Pricing is typically on a per-agent/per-month, per-minute, or per-interaction basis. This analysis covers multitenant and multi-instance cloud contact center applications as well as premises-based multi-instance and cloud single-tenant solutions. The contact center platform must in all cases be hosted outside the customer's premises and either accessed over the internet or a dedicated access.

**CCaaS:** A contact center solution licensed on a subscription basis that enables organizations to only purchase the seats and functionality they need and dynamically change the configuration in line with operational needs. Organizations only pay for the technology they have available to use at a given time (hence “as a service”); there is no or limited upfront investment, no additional maintenance costs, and the software is maintained by the provider. Most CCaaS platforms can be subscribed all-in-one including all the basic contact center functionality (although organizations are free to subscribe to specific functionality from other providers).

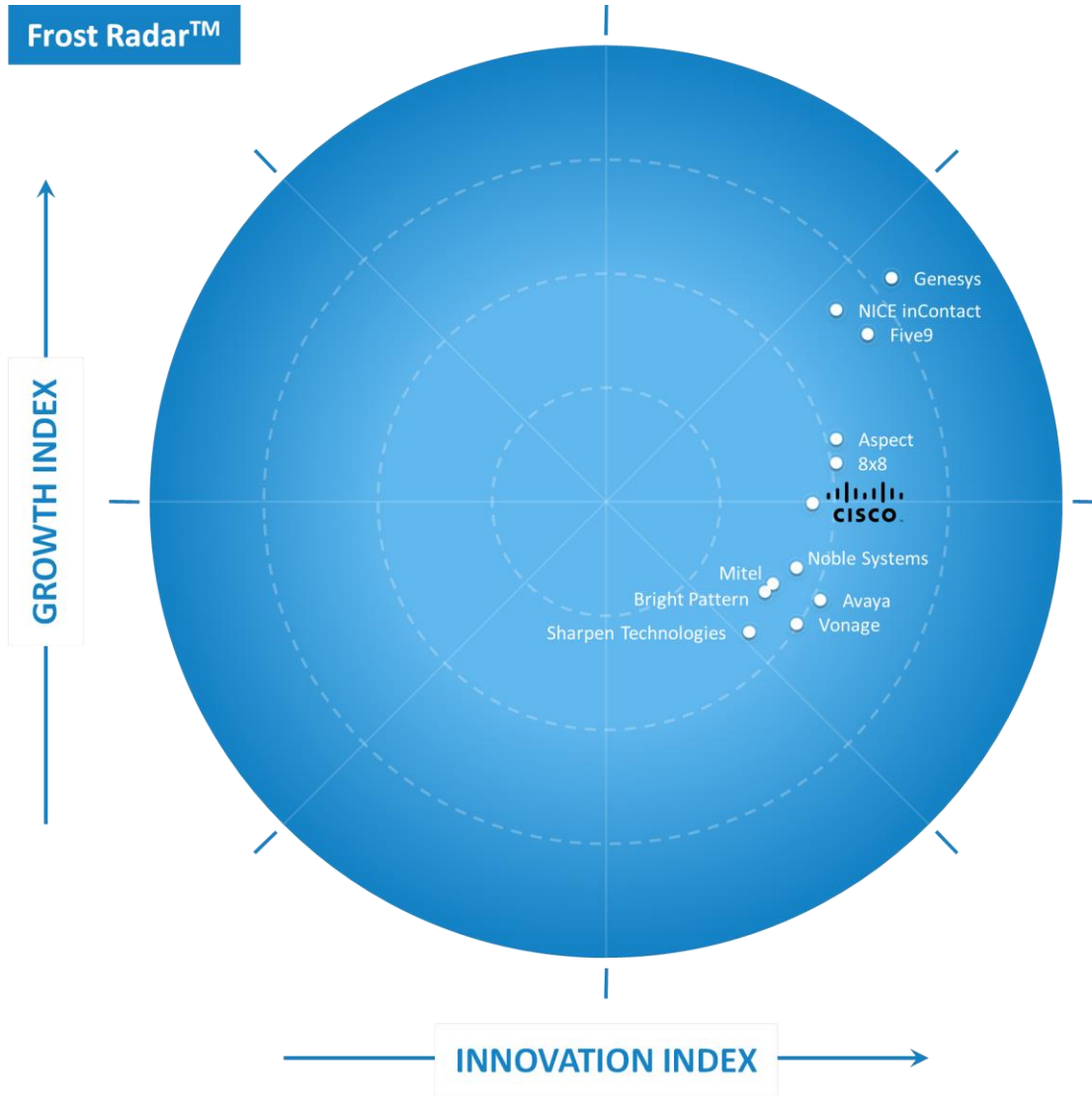
Source: Frost & Sullivan



**Frost Radar™**

**North American  
Enterprise Cloud  
Contact Center Market**

# Frost Radar™: North American Enterprise Cloud Contact Center Market



Source: Frost & Sullivan

# **Companies to Action**

**Companies to Be Considered First for  
Investment, Partnerships, or Benchmarking**

## INNOVATION

- Cisco's contact center portfolio is a true omnichannel offering and integrates voice, video, data, and mobile applications on fixed and mobile networks across a wide range of devices and endpoints.
- Cisco's recent acquisitions of Voicea, CloudCherry, and imimobile provided it with enabling technology that can be applied to customer care. Examples include transcription capabilities during a call and for post-call wrap-up, voice search, and customer journey analytics.
- Cisco further innovated by leveraging AI and machine learning to enable cognitive collaboration via Webex Assistant.
- Webex Experience Management enables creation of more proactive, predictive, and personalized CX. It can track customer journey across 17 channels, capture customer sentiment via "listening posts," and use rich analytics to drive CX.

## GROWTH

- Cisco has increased its focus on the Webex cloud portfolio, which it hosts and manages and delivers to end customers via partners.
- The Webex portfolio has great appeal for businesses looking for an integrated collaboration services suite. The modern, extensible cloud platform delivers a unified user experience via the Webex app and a unified admin experience via Control Hub, and supports third-party solution integration.
- Cisco has seen significant growth in adoption of the Webex portfolio. Globally it claims to have just under 4 million active agents. While the majority of seats are in North America, it is consistently growing in other regions with cloud revenues that are growing at a significant rate.

## FROST PERSPECTIVE

- Cisco Collaboration Flex Plan and hybrid deployments are creating great opportunities for the company to provide a bridge to cloud for its significant base of on-premises communications solutions customers.
- Future Cisco success will be determined by its ability to position Webex as a value-add to all existing platforms and deployment models among its various resellers as enhancements to existing offers, new offers, or to enable unique integrations.
- Cisco has an open platform with existing integrations to all major third-party WFO and CRM suppliers. However, it should continue to build out its own native capabilities to compete with top-tier providers that do both native and third-party.
- Cisco should more heavily market the combined capabilities of UC/contact center, along with its single pane of glass desktop.

Source: Frost & Sullivan

# Strategic Insights



# Strategic Insights

1

The North American ECCC market, as it is defined now, will expand in scope and complexity. Vendors will integrate their solutions with other business applications and CX-related platforms; further expand omnichannel, analytics, WFO, gamification, and AI-based capabilities; and explore new go-to-market partnerships and strategies to increase revenue and distinguish themselves in the market.

2

Growth in the ECCC market will be driven by end-of-life cycles of existing system platforms, new WFO tools, redesigned agent desktops, the addition of AI-based solutions, the continual addition of new channels, richer integrations to third-party applications, and new analytics capabilities.

3

Partnerships with third-party technology providers in the AI space (e.g., Google, IBM, Nuance, and Lumenvox) have accelerated the adoption of AI-infused solutions and process automation, further driven by internal development. Many top-tier solution providers are investing in AI-based R&D to enhance existing or create new applications, and targeted go-to-market strategies to drive awareness.

Source: Frost & Sullivan



## Next Steps: Leveraging the Frost Radar™ to Empower Key Stakeholders

# Significance of Being on the Frost Radar™

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Companies plotted on the Frost Radar™ are the leaders in the industry for growth, innovation, or both. They are instrumental in advancing the industry into the future.

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## GROWTH POTENTIAL

Your organization has significant future growth potential, which makes it a Company to Action.

## BEST PRACTICES

Your organization is well positioned to shape Growth Pipeline™ best practices in your industry.

## COMPETITIVE INTENSITY

Your organization is one of the key drivers of competitive intensity in the growth environment.

## CUSTOMER VALUE

Your organization has demonstrated the ability to significantly enhance its customer value proposition.

## PARTNER POTENTIAL

Your organization is top of mind for customers, investors, value chain partners, and future talent as a significant value provider.

Source: Frost & Sullivan

# Frost Radar™ Empowers the CEO's Growth Team

## STRATEGIC IMPERATIVE

- Growth is increasingly difficult to achieve.
- Competitive intensity is high.
- More collaboration, teamwork, and focus are needed.
- The growth environment is complex.

## LEVERAGING THE FROST RADAR™

- The Growth Team has the tools needed to foster a collaborative environment among the entire management team to drive best practices.
- The Growth Team has a measurement platform to assess future growth potential.
- The Growth Team has the ability to support the CEO with a powerful Growth Pipeline™.

## NEXT STEPS

- **Growth Pipeline Audit™**
- **Growth Pipeline as a Service™**
- **Growth Pipeline™ Dialogue with Team Frost**

Source: Frost & Sullivan

# Frost Radar™ Empowers Investors

## STRATEGIC IMPERATIVE

- Deal flow is low and competition is high.
- Due diligence is hampered by industry complexity.
- Portfolio management is not effective.

## LEVERAGING THE FROST RADAR™

- Investors can focus on future growth potential by creating a powerful pipeline of Companies to Action for high-potential investments.
- Investors can perform due diligence that improves accuracy and accelerates the deal process.
- Investors can realize the maximum internal rate of return and ensure long-term success for shareholders.
- Investors can continually benchmark performance with best practices for optimal portfolio management.

## NEXT STEPS

- **Growth Pipeline™ Dialogue**
- **Opportunity Universe Workshop**
- **Growth Pipeline Audit™ as Mandated Due Diligence**

Source: Frost & Sullivan

# Frost Radar™ Empowers Customers

## STRATEGIC IMPERATIVE

- Solutions are increasingly complex and have long-term implications.
- Vendor solutions can be confusing.
- Vendor volatility adds to the uncertainty.

## LEVERAGING THE FROST RADAR™

- Customers have an analytical framework to benchmark potential vendors and identify partners that will provide powerful, long-term solutions.
- Customers can evaluate the most innovative solutions and understand how different solutions would meet their needs.
- Customers gain a long-term perspective on vendor partnerships.

## NEXT STEPS

- **Growth Pipeline™ Dialogue**
- **Growth Pipeline™ Diagnostic**
- **Frost Radar™ Benchmarking System**

Source: Frost & Sullivan

# Frost Radar™ Empowers the Board of Directors

## STRATEGIC IMPERATIVE

- Growth is increasingly difficult; CEOs require guidance.
- The Growth Environment requires complex navigational skills.
- The customer value chain is changing.

## LEVERAGING THE FROST RADAR™

- The Board of Directors has a unique measurement system to ensure oversight of the company's long-term success.
- The Board of Directors has a discussion platform that centers on the driving issues, benchmarks, and best practices that will protect shareholder investment.
- The Board of Directors can ensure skillful mentoring, support, and governance of the CEO to maximize future growth potential.

## NEXT STEPS

- **Growth Pipeline Audit™**
- **Growth Pipeline as a Service™**

Source: Frost & Sullivan

# Frost Radar™ Analytics



# Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

## VERTICAL AXIS

**Growth Index (GI)** is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline™ system; and effective market, competitor, and end-user focused sales and marketing strategies.

## GROWTH INDEX ELEMENTS

- **GI1: MARKET SHARE (PREVIOUS 3 YEARS)**  
This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.
- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**  
This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.
- **GI3: GROWTH PIPELINE™**  
This is an evaluation of the strength and leverage of a company's growth pipeline™ system to continuously capture, analyze, and prioritize its universe of growth opportunities.
- **GI4: VISION AND STRATEGY**  
This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?
- **GI5: SALES AND MARKETING**  
This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

# Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

## HORIZONTAL AXIS

**Innovation Index (II)** is a measure of a company's ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs.

## INNOVATION INDEX ELEMENTS

- **II1: INNOVATION SCALABILITY**

This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.

- **II2: RESEARCH AND DEVELOPMENT**

This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.

- **II3: PRODUCT PORTFOLIO**

This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.

- **II4: MEGA TRENDS LEVERAGE**

This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found [here](#).

- **II5: CUSTOMER ALIGNMENT**

This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

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Frost & Sullivan

3211 Scott Blvd., Suite 203

Santa Clara, CA 95054

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