The midsize and large enterprise UC markets are now considered by Gartner to be in the early mainstream adoption phase, and the best practices for deployment and end-user adoption are maturing. However, most enterprises currently operate with non-unified communications solutions.

Market Definition/Description

The primary goal of unified communications (UC) is to improve user productivity and to enhance business processes. Gartner defines UC products (equipment, software and services) as those that facilitate the use of multiple enterprise communications methods to obtain that goal. This can include the control, management and integration of these methods. UC products integrate communications channels (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. The UC products may be composed of a single vendor (stand-alone) suite, or enterprises may deploy a portfolio of integrated applications and platforms spanning multiple vendors. In many cases, UC is deployed to extend and add functionality to established communications investments.

UC products are used by individuals to facilitate personal communications, and by enterprises to support workgroup and collaborative communications and business workflows. Some UC products may extend UC outside company boundaries to enhance communications among organizations, and to support interactions among large public communities or for personal communications. UC applications are increasingly being integrated or offered in concert with collaboration applications to form unified communications and collaboration (UC&C) and, in some cases, are being integrated with business applications and workflows, something Gartner calls communications-enabled business processes (CEBPs).

It is useful to divide UC into six broad communications product areas:

- Telephony — This area includes fixed, mobile and soft telephony, as well as the evolution of PBXs and IP PBXs. This category includes options for voice and video that bypass traditional connectivity methods, such as direct Internet-based connections.
- Conferencing — This area includes voice (audio) conferencing, videoconferencing, Web conferencing that includes document and application sharing capabilities, and various forms of unified conferencing capabilities.
- Messaging — This area includes email, which has become an indispensable business tool, voice mail and various approaches to unified messaging (UM).
- Presence and IM — Instant messaging allows individuals to send text and other information to others or to groups in real time. Presence services allow individuals to see the status of other people and resources.
- Clients — Unified clients enable access to multiple communications functions from a consistent interface. These may take different forms, including thick desktop clients, thin browser clients and clients for mobile devices, such as smartphones and tablets, as well as specialized clients embedded within business applications.
- Communications-enabled applications — This broad group of applications has directly integrated communications functionality. Key application areas include collaboration, contact center, notification, and consolidated administration, reporting and/or analytics tools. Eventually, other applications that support business processes will be communications-enabled; these might include integrating UC with hospital applications to improve doctor-nurse collaboration activities, or adding communications to purchasing/order processing applications to improve the accuracy and speed of those processes. When business applications are integrated with communications applications to improve operations, Gartner calls them CEBPs.

The stakes for vendors in the enterprise UC market are exceedingly high and, in some cases, existential. The stakes for enterprise decision makers are also high due to the significant costs, visibility and business impacts of their choice. Five UC characteristics will have an important effect on the success of a UC product and the satisfaction of users:

- User experience (UX) — The quality, intuitiveness and effectiveness of the overall UX across all devices will heavily influence the effectiveness of the solution, its adoption rate, usage and, ultimately, enterprise productivity. While consolidated administration and management are important characteristics of a successful solution, it is the high-quality end-user experience that will drive adoption and productivity.
Mobility — User expectations of how UC solutions leverage mobility continue to escalate. In addition to demanding full UC functionality on mobile devices, users are starting to expect mobile devices to be integrated with desktop devices to allow for a more powerful work environment and to integrate UC with mobile consumer applications. In this year’s Magic Quadrant evaluation, we again place extra weight on mobility as it remains a key differentiator and requirement. Gartner recommends that enterprises consider adopting a mobility-first strategy, where UC applications are designed first around the mobile UX and then extended for PCs.

Interoperability — Enterprises wish to avoid “closed gardens” and vendor lock-in, while enabling intercompany B2B, business-to-partner (B2P) and business-to-consumer (B2C) federation. Additionally, many enterprises will find their needs best-served by using several vendors, either because of legacy investments or to enable a best-of-breed configuration. This research considers how vendors address these critical emerging interoperability requirements.

Cloud and hybrid — Integration of on-premises UC with cloud and hybrid UC services continues to play an increasingly important role as these options mature.

Broad solution appeal — Successful UC solutions must be attractive to a broad and diverse audience of enterprise decision influencers. In addition to the end users, enterprise decision influencers span such diverse groups as IT, telecom, data communications, the audio-visual video group and members of the executive suite.

Magic Quadrant

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Vendor Strengths and Cautions

**Alcatel-Lucent**

The OpenTouch Suite is a fully unified and integrated UC suite. It scales to 5,000 users and 15,000 endpoints. Above those limits, the components can be deployed physically separate, but as a single logical system. The OmniPCX Enterprise Communication Server scales from 100 users to 100,000 users in a single image, and can be deployed along with the OpenTouch Suite. Alcatel-Lucent continues to expand its video capabilities, its mobile UC functionality support and the flexibility of transparently moving conversations between devices in real time (i.e., Session Shift). The vendor has the ability to overlay OpenTouch on third-party switches, providing a migration path for new customers. In the past year, Alcatel-Lucent has also expanded its cloud unified communications as a service (UCaaS) and hybrid UC offers.

Alcatel-Lucent is currently in discussions with China Huaxin, a Chinese investor that has existing partnerships with Alcatel-Lucent and is seeking to buy the majority share of the vendor’s Enterprise unit. This acquisition offers the potential for positive benefits for current and future enterprise customers, as well as risks. Enterprises considering major investments in Alcatel-Lucent should have the company and product direction clarified before proceeding with those investments.

Existing customers should evaluate the OpenTouch Suite if they are looking for a complete software UC suite; however, new potential customers should ensure that Alcatel-Lucent has sufficient service...
and support presence in their market.

**Strengths**

OpenTouch offers a full multiparty, multidevice and multimedia UC suite with a competitive total cost of ownership, and that can operate as a complete solution or as part of a multivendor UC solution.

Alcatel-Lucent UC offers on-premises, cloud and hybrid functions that can be integrated. The cloud offer includes attractive options, such as personal cloud. Together, these new capabilities may enable Alcatel-Lucent to compete in new markets and markets in which it is not well-established.

The vendor has a strong telephony market share in Europe from which to sustain continued investments in broader UC product and market development.

The pending acquisition by China Huaxin is positive in that, if completed, it will resolve uncertainty about the Enterprise business unit's future, rather than let it linger as a less-strategic asset in the Alcatel-Lucent portfolio.

**Cautions**

While Alcatel-Lucent Enterprise has benefited from stability in its management team, and the Enterprise division itself is profitable, the future of the organization is again under question. With the potential acquisition of Alcatel-Lucent's Enterprise unit by China Huaxin, there is again uncertainty about the company's future that Alcatel-Lucent Enterprise will have to deal with as its road map is defined.

Alcatel-Lucent Enterprise lacks significant visibility in North America, limiting its appeal to multinational companies with a strong need to support this market. Furthermore, the impending purchase of a majority stake in Alcatel-Lucent Enterprise by China Huaxin could be negatively perceived by some of Alcatel-Lucent Enterprise's customers and prospects in the U.S. market.

**Avaya**

Avaya has a broad array of communications products. The lead UC product for large enterprises is Avaya Aura Platform, while Avaya IP Office Platform is the lead UC product targeted at small or midsize businesses (which are not the focus of this research). Other key elements in the UC portfolio include Avaya Aura Messaging, Avaya Aura Conferencing, Scopia Video Conferencing and the Avaya Aura Collaboration Environment. Avaya also offers a broad range of UC desktop, mobile, phone and video clients and endpoints. Avaya's lead contact center solutions are Aura Contact Center and Aura Call Center Elite. The vendor continued to advance its UC cloud and managed service offerings, which are based on the same solution as the on-premises version. Avaya continues to reduce, simplify and clarify its pricing model, and now offers UC solutions in several suite configurations.

Consider Avaya Aura if you need to bring together heterogeneous environments (systems, services and devices) or have significant investments in Avaya that you wish to migrate toward a next-generation UC solution.

**Strengths**

Telephony and contact center remain central elements in Avaya's portfolio. The vendor's strength and brand recognition in these areas help it retain market visibility while it continues to strengthen its overall UC portfolio.

Avaya has made progress in reducing its broad array of products by focusing increasingly on specific lead products and services in each area. Similarly, Avaya has made progress simplifying pricing by focusing on suites of functionality, rather than on components. Together, these changes make it easier for partners to position Avaya UC and more effectively increase the penetration of UC across users in an organization.

The vendor is expanding its portfolio in key ways, including Avaya Aura Collaboration Environment for enabling a broader ecosystem of partner applications, expanding middleware integration options and completing its support for virtualized servers, and Aura Cloud Enablement for a partner-led cloud offering.

Avaya continues to expand its integration capabilities, allowing for stronger multivendor UC integration options, including integration with Microsoft Lync.

**Cautions**

Avaya customers report that the sales process and solution are confusing, and the solutions themselves appear as individual point solutions, rather than as a comprehensive UC suite. Buyers should ensure that their Avaya sales and support contacts have the needed skills and focus for the broad Avaya portfolio.

The vendor must continue to demonstrate that it has increased adoption and market momentum for its broader UC portfolio, rather than solely for its telephony and contact center solutions.

Avaya's broad portfolio contains redundant capabilities, thus creating confusion. For example, the vendor must execute on its plans to unify the UC UX by consolidating its Flare Experience, Scopia, Aura Conferencing and Avaya one-X Communicator clients across fixed and mobile platforms.

Avaya has made some progress financially, but recent results have been mixed, with revenue still down year over year, while profitability ratios improved. However, ratios haven't improved as much as expected due to ongoing investments in sales and marketing initiatives. While debt levels remain high, cash balances have improved and the nearest principal repayment isn't until late 2017.

**Cisco**

Cisco offers a full UC suite, as well as a broad range of additional communications functions. Key parts of the UC suite include Cisco Unified Communications Manager; Cisco Jabber, which includes the mobile and desktop client; Cisco Unity Connection; Cisco WebEx, which is now also available as an on-premises server; multiple video options; and a broad range of fixed and mobile client and device...
options. The vendor’s entire portfolio is now offered virtually on VMware, operating on both Cisco Unified Computing System servers and other qualified servers. Cisco offers several virtual desktop integration (client virtualization) options, and offers additional integrated communications and collaboration functionality, including in its contact center, Cisco WebEx conferencing integrated with Cisco TelePresence and via a recent agreement with Jive. Finally, Cisco leverages its UC software into a cloud portfolio branded Cisco Hosted Collaboration Solution (Cisco HCS), which allows Cisco HCS partners to create UCaaS offerings as well as hybrid on-premises-cloud options.

Key additions to the portfolio during the past year include several in the video area, spanning new desktop systems (DX Series), room systems (MX Series), the TelePresence SX10 Quick Set (a rapidly deployed, easily installed room video system), improved packaged offers (Business Edition 6000 for midmarket and Business Edition 7000 for enterprise), and TelePresence Video Communication Server Expressway, allowing teleworkers and remote Jabber users to access services without requiring a VPN connection.

Cisco UC is an attractive solution for midsize, large and multinational corporations requiring strong voice and video capabilities. It is also attractive to enterprises that require full UC client support on leading mobile platforms and on Apple Macs, and those that wish to leverage Cisco’s networking infrastructure.

Strengths

Cisco offers a full UC suite with strong, globally scalable support for IM/presence, video, telephony and multiple conferencing options. Additionally, full UC functionality is available on leading mobile platforms.

Prime Collaboration provides unified management for voice and video networks including automated, accelerated deployment, provisioning, real-time monitoring, proactive troubleshooting, license management and long-term trending and analytics. Prime Collaboration can scale to 150,000 endpoints per server instance.

Cisco's large data infrastructure client base, along with its strong global channel, service and system integration (SI) partners, position it well within enterprise UC buying and decision-making groups, including many IT and operations departments.

Through carrier and service provider partners, Cisco is advancing attractive hybrid on-premises and cloud options. HCS is based on the same software as Cisco’s on-premises offering, and both support the same Jabber client. Additionally, Cisco has agreements for transferring licenses from on-premises to hosted environments.

Cautions

Cisco’s solution is based on a series of separate products and acquisitions over the years, including Cisco Unified Communications Manager, WebEx, Jabber and Tandberg. One result of this is that some user and administrator experiences are fragmented, rather than seamless.

Cisco's Unified Workspace Licensing (CUWL) is a useful package to profile user requirements. It offers attractive pricing, compared with buying competitive UC components separately. However, it’s important to size requirements accurately based on user needs, in order to avoid overinvesting in capabilities that then go unused.

The Collaboration Technology Group must advance new and innovative software and a compelling vision for the UCC industry to retain its strong leadership position. However, this may prove challenging as the group must operate within a company, and with channels, that are heavily focused on network-centric architectures and services.

Huawei

Headquartered in China, Huawei offers a broad portfolio of communications products and services. It is currently increasing its marketing focus, including increasing its partner sales and support channels globally. In the past year, Huawei increased the integration capabilities of its solution, which enabled customization and vertical focus. The Huawei eSpace Unified Communications solution is made up of a broad set of applications, telephony, presence, messaging, multiple conferencing options, video, collaboration and contact center. The vendor increased its worldwide smartphone market share to the Number 3 position, which, over time, could be leveraged to strengthen its overall UC offering. The eSpace solution runs on Huawei servers, standard servers and virtualized platforms. It also offers software APIs for integration with business applications and Microsoft Lync integration.

Consider Huawei when looking for a comprehensive networking solution that includes UCC functionality. The vendor operates in many global regions, although support in North America, Western Europe and Japan is limited. Ensure that any needed local support is available.

Strengths

Huawei had $39 billion in revenue in 2013, is continuing its rapid growth, has a large base of clients, and can leverage its strengths in the network and server business. Its solutions span the carrier, large enterprise and SMB markets across the globe.

The vendor continues to grow its enterprise network and mobile device divisions and presence. It has also made progress in expanding its presence and partners in many global regions, including EMEA.

Cautions

In many global regions, Huawei controls project decision making and operations directly from its offices in China. As a result, this can pose communication challenges for engagements requiring extensive professional services or customization.

The vendor faces political, trade and intellectual property trust issues in the U.S. market.

Huawei has limited public references available in West Europe and North America, customers in these regions should check with local sales or partner first.

Huawei has limited public references available in West Europe and North America; customers in these regions should check with local sales or partners to determine the experience level of in-
IBM

IBM’s Unified Communications core solution is based on IBM Sametime. IBM’s vision incorporates UC functionality into a broader portfolio of collaboration and social functions that include SmartCloud for Social Business, IBM Connections, IBM Notes, IBM FileNet Content Manager and IBM WebSphere Portal Server. Sametime offers presence and IM, audioconferencing, videoconferencing, Web conferencing, and peer-to-peer voice and video. The vendor also offers mobile clients for all the leading devices/OSs. Sametime Unified Telephony provides a telephony middleware layer that can connect to peer PBX or IP PBX providers, such as Unify and Avaya. IBM Sametime desktop video and videoconferences can operate with meeting room systems through partnerships with leading video providers, such as Cisco and Polycom.

IBM approaches UC from a collaborative and social business perspective, which means that enterprises will obtain more value from Sametime when it is deployed as part of the broader portfolio. IBM also offers a range of cloud-based options under its SmartCloud brand. For example, IBM MobileFirst Collaboration Services is a private cloud offering for UCaaS.

Enterprises should consider IBM Sametime products if they have investments in IBM products or professional services that they wish to leverage, or if they are committed to the IBM social business strategy. Additionally, enterprises that must operate in multivendor telephony environments and want a consolidated UC client should consider Sametime Unified Telephony.

Strengths

IBM has leading social software, Web conferencing, portal, business analytics and content management solutions, and is a Leader in the Magic Quadrant for Social Software in the Workplace. Enterprises should consider how they are able to leverage these other IBM capabilities along with the UC solution.

The IBM brand, partner network and professional services organization assist Sametime in obtaining account visibility and marketing presence, executing custom integrations, and delivering vertical-specific solutions.

IBM’s vision for collaboration and social business, as well as its emerging cloud options, provides the vendor with a direction for a next generation of UCC.

Cautions

IBM’s UC deployments, especially those involving telephony, remain limited. While IBM Notes and IBM Connections have a positive effect on Sametime in the market, they have not generated significant Sametime telephony pull-through. Similarly, the plan to integrate on-premises Sametime with cloud-based IBM SmartCloud for Social Business has not yet generated pull-through.

Although Sametime’s PBX-neutral strategy has good points, the leading UC suites in the market all now incorporate fully integrated telephony functionality. This leaves IBM at a disadvantage with enterprises that want to consider single-vendor solutions for the entire suite. In addition, most of IBM’s Sametime telephony partners now offer competing full UC suites.

Interactive Intelligence

Interactive Intelligence’s Customer Interaction Center (CIC) is an all-in-one software solution that offers both contact center and UC functionality. The solution is particularly attractive to enterprises focused on contact centers that also wish to offer integrated UC functionality enterprise-wide for back-office and support functions. The solution includes telephony, audioconferencing, UM, rich presence with IM, and a range of client and device options. CIC also integrates with leading third-party Web conferencing and video solutions, as well as with Microsoft and IBM UC environments. The solution is offered on-premises, in a cloud configuration or as a managed service. Interactive Intelligence also offers an integrated, but stand-alone, business process automation solution called Interaction Process Automation. In 2014, Interactive Intelligence acquired OrgSpan, a company that offers cloud-based enterprise social communication solutions.

Enterprises should evaluate the CIC solution when seeking to integrate UC with contact center functionality, or when looking to augment Microsoft Lync with telephony or contact center functionality.

Strengths

Interactive Intelligence has seen success with its innovative and attractive flexible deployment offering, which allows enterprises to convert on-premises deployments to cloud-based deployments, or vice versa. This flexibility eliminates many perceived risks of either approach, and can be conducted with minimal disruption to users.

The vendor reports that, while it is known for its contact center product, it is finding that 69% of customers purchase both UC and contact center solutions from them.

Interactive Intelligence’s financials are good. It has had several years of very good growth and has managed its investor relations through changes to its profitability metrics as it transitions to a more cloud-based revenue stream. The vendor is profitable, generates cash from its operations and has no debt.

Cautions

The vendor and its UC product have limited visibility in a market that is dominated by larger vendors. Additionally, despite investments in its sales channel program, global coverage remains limited in some regions, such as parts of Eastern Europe and Asia.

CIC is best-suited for enterprises with the contact center as their primary need, but that also wish to have integrated, enterprise-wide UC. As a result, CIC may not be a cost-effective solution for enterprises without strong contact center requirements.
Microsoft

Microsoft Lync offers a full suite of UC functionality that Microsoft continues to improve with each release. It integrates with Office applications, Active Directory and Skype. Microsoft has a broad set of additional business applications that will increasingly be leveraged, including Office Graph (which uses machine learning to define the context and connect users with relevant documents, conversations and people) and Cortana (a digital assistant).

The Lync partner ecosystem expanded at a rapid pace; however, more importantly, the partners’ skill level and experience in complex deployments that include voice and video also improved significantly year over year. Lync’s improved federation capabilities have proven an effective way for groups to collaborate across organizational boundaries. For cloud delivery, Microsoft offers Lync Online as part of the Office 365 suite, as well as in private cloud configurations; in both cases, partners can be leveraged for telephony. However, enterprises should be aware that Lync Online offers only a subset of the on-premises Lync solution, most notably with limited PSTN connectivity.

Enterprises that have a significant number of employees that can benefit from Lync’s collaboration model should consider Lync as a solution and understand how it might change their business processes and worker productivity. Enterprises considering deploying Lync telephony or video should understand the topology and infrastructure requirements, how they will support branch offices, and (if relevant) how they will deploy and obtain global third-party support. Enterprises with advanced telephony feature requirements should also ensure that the needed functions are supported.

Strengths

Microsoft Lync continues to make significant gains in the market and is attractive to a broad range of enterprises. In many cases, it is initially deployed for its IM, presence and Web conferencing functionalities, with gradual incremental deployments of telephony and video added as follow-on phased deployments for specifically targeted groups or regions. The vendor has significantly improved its go-to-market strategy for Lync during the last year, positioning itself to more adequately address the real-time communications requirements of enterprises over the next several years. Microsoft has added video capabilities, including support for Lync room-based video systems and interoperability of standards-based video endpoints.

Customers report that Lync functions can be readily integrated into business processes and applications, providing new, different and effective ways to perform tasks. Often, these new functions are achieved by deploying Lync enhancements from a growing list of ecosystem partners.

Cautions

Few IT managers report that they have completely eliminated their PBXs in Lync implementations. Typically, Lync IM/presence and Web conferencing are deployed across the broader employee base, while telephony is deployed only for a subset of employees. Microsoft’s stated telephony strategy is to leverage partners for functions like endpoints, gateways and contact center; therefore, enterprises interested in PBX-level capabilities should be prepared to also invest in a number of partner solutions to achieve advanced functionality.

Gartner clients report users with non-Microsoft endpoints, such as Mac workstations, are not satisfied with the functionality and quality of the Lync UX. Gartner clients deploying Lync with in-house staff often report that multiple partners are required to obtain a complete deployment, and that this poses challenges (for example, different partners for telephones, gateways, servers, remote support and network monitoring); additionally, it can lead to release-level incompatibilities. This can also result in difficulty obtaining an accurate total cost for Lync service and support.

Some enterprises express concern that Microsoft’s bundling, combined with proprietary protocols, will leave them locked in a closed circle of choices. Bundling includes Exchange, Lync, SharePoint, Office, Skype and Yammer. While the video interoperability is a good sign, it also serves to emphasize the lack of standards-based capabilities in the other areas, such as standard SIP endpoints and WebRTC.

Mitel

In 2013, Mitel rebranded and streamlined its offerings, simplifying how customers understand and buy the solutions. Since then, it has made several acquisitions, one of which — Aastra — had acquired and managed multiple separate brands for telephony, video, call centers and UC over the previous several years. Mitel’s strategy is to continue to offer the MiCollab UC suite as the common UC solution across the various call management platforms, although currently MiCollab supports only the MiVoice Business platform. The primary call management platforms are MiVoice Business, which targets midsize to large enterprises, and MiVoice MX-One (of Aastra heritage), targeted at large and very large enterprises. Other Mitel call processing platforms that it is planned MiCollab will support include A400, A5000 and Clearspan (all of Aastra heritage). As part of the UC platform migration, Mitel plans to introduce key BluStar (of Aastra heritage) UC capabilities into the MiCollab portfolio to further strengthen the UC offering. Mitel intends to continue to maintain the platforms and upgrade the legacy base to MiCollab UC functionality. The vendor also offers a UCaaS MiCloud service directly and through partners, based on MiCollab, MiVoice and MiContact Center, as well as private UC cloud offerings for these and other call control platforms. In the past year, Mitel also has acquired contact center solution providers prairieFyre and Oaisys, as well as a small mobile cloud UC provider, Telepo. Mitel will be incorporating the Aastra video capabilities into the existing MiCollab video option and into MiVoice Video Unit.

Organizations looking for a fully integrated UC approach at an attractive price, those looking for flexible cloud options and those evaluating telephony communications functionality to integrate with Microsoft Lync should evaluate Mitel’s MiVoice and MiCollab UC solutions. Enterprises with existing Aastra investments should consider the MiCollab road map.

Strengths
Mitel has expanded its market reach significantly with the Aastra acquisition, and there is potential synergy across the two companies. The regions and channel partners where Aastra was active, primarily EMEA, were complementary to Mitel's existing base, which was primarily in North America. The acquisition also brings a large installed base that can be upgraded to UC, contact center and cloud offerings. The standards-based approach to desktop and software endpoints allows existing clients to be leveraged.

The Mitel MiVoice, MiCollab and MiContact Center solutions provide a mature and comprehensive software suite. They are based on a common software architecture that can be distributed or centralized in a data center. The solutions run on industry-standard servers, and are certified on VMware-virtualized environments. The same solutions are also available as cloud offerings. Mitel is also offering a UC desktop that can run with multiple desktop virtualization options.

The new Mitel now has significantly more presence and visibility on a global scale. According to Gartner, in 4Q13, the combined company is the Number 1-ranked telephony vendor in Western Europe, Number 4 in North America and Number 4 worldwide. Mitel closed on the acquisition of Aastra in January 2014 and integration activities appear to be off to a good start, as evidenced by raised synergy savings targets and an improvement in the company's debt rating, due in part to integration efforts to date. The Aastra deal improved Mitel's debt-to-earnings before interest, taxes, depreciation and amortization (EBITDA) ratio, and its nearest-term meaningful debt maturity isn't until February 2019.

Cautions
The added Aastra portfolio may create confused marketing messages, complicating Mitel's go-to-market, and may be difficult for channel partners to understand and sell. The expanded portfolio may also stretch Mitel research, development and support resources.

To succeed, Mitel must advance its MiCollab and cloud solutions across the broad base of clients and products. It will be up against strong competition, and must ensure that its channel partners are able to sell more than the base PBX function.

Prospects should confirm that Mitel channel partner references match the architecture and geographical requirements that they intend to deploy. Not all Mitel channel partners have the required skills and expertise to work with the portfolio.

NEC
In the last year, NEC has modified its market approach, situating its UC offering within the broader context of the NEC enterprise portfolio. This has enabled the vendor to expand its channel partner base, opening up discussions within enterprises that encompass enterprise business and infrastructure along with UC.

NEC's Univerge 3C software offers a fully integrated, complete unified communications and collaboration (UC&C) suite. It is offered on a Web- and service-oriented architecture (SOA), and on open standards (XML, WSDL, HTTPS, SIP and XMPP) with enterprise scalability, security, and centralized administration. The suite functionality encompasses telephony, video, and all forms of conferencing, presence, IM and messaging. It includes multiple client options, such as hard phones, softphones and SIP phones, as well as a full set of mobile capabilities for a broad range of mobile devices. The broader NEC portfolio includes integrated support for contact centers, and business application integration and cloud delivery options.

Consider the NEC Univerge 3C solution if you want a complete software UC suite based on SOA that can be extended with the broader portfolio offered by a major global telecommunications infrastructure provider. Enterprises with existing NEC telephony platforms may consider Univerge 3C as a migration path.

Strengths
NEC is a financially strong, global firm with an established UC sales and support channel in multiple regions.

The vendor's broader market message, along with a shift toward global market programs, should help it to advance in worldwide markets.

NEC has a forward-looking UCC architecture that includes a rich set of UC functions in a standards-based SOA environment, backed by a broad communications portfolio. The platform's virtualization capabilities and software architecture, along with the increased SDN and SDDC capabilities of the broader NEC portfolio, make it a good fit for data center environments.

Cautions
NEC is still building on its global brand identity in the market and, as a result, may not be as well-known compared with some of its competitors. To succeed, the vendor needs to continue advancing its global brand marketing.

Some of NEC's channel partners in the North American and European markets are not enabled to support Univerge 3C. To succeed, NEC needs to continue to expand its partner base and its partner enablement programs. Buyers interested in Univerge 3C should work with the vendor to ensure they will be working with a partner that has the needed competencies.

ShoreTel
ShoreTel is transitioning from its separate, nonintegrated on-premises and cloud UC offerings to a single architecture that can be on-premises, cloud or hybrid. The new solution draws from the on-premises appliance model of ShoreTel 14 and the UCaaS cloud solution of ShoreTel Sky, and will include additional cloud functionality. The current ShoreTel 14 solution is well-suited to distributed organizations, and is known for its simplicity of installation and administration. The ShoreTel Communicator desktop client provides integrated IP and UC applications for users, including peer-to-peer video and support for communications to room-based systems from strategic partners. The vendor supports its own IP phones and ShoreTel Dock for iPad and iPhone users, as well as SIP phones, SIP trunking and a full set of mobile options. The vendor offers basic and advanced contact center functionality, as well as Google Gmail and Microsoft Exchange UM integrations.
Consider the ShoreTel offering if your company is a geographically distributed organization with multiple small or midsize locations and wants a cost-effective, basic set of UC functions. However be aware that ShoreTel’s strategic product direction is its new platform, and enterprises should incorporate plans to migrate to the new solution as part of any purchase.

Strengths

ShoreTel 14 offers a UC suite in a distributed, appliance architecture. ShoreTel Sky offers an established cloud UCaaS solution.

Users of the ShoreTel 14 and earlier solutions report high customer satisfaction because the solution is easy to use, has intuitive user and management interfaces, and has simple, transparent pricing and licensing structures. The vendor is planning to incorporate these characteristics into its new product.

ShoreTel’s financial results have generally been stable since the acquisition of M5 Networks, and it has posted top-line growth and non-generally accepted accounting principles (GAAP) profitability in each of the last few quarters. Also, ShoreTel has been generating positive cash from operations.

Cautions

ShoreTel is currently between products. It is investing the majority of its R&D and marketing effort in its new solution; however, the solution will not be fully available on the market for six months. The sales and support channel is also not yet trained on the new solution. As a result, the vendor’s sales may lag during this transition.

The vendor does not have enterprise visibility outside the telecommunications area, which will make it difficult for ShoreTel to gain acceptance in larger enterprises as a full UCC provider, especially as it is competing with large, established providers.

Unify

In October 2013, Siemens Enterprise Communications rebranded itself as Unify. Unify is a joint venture of The Goes Group (51%) and Siemens (49%). In January 2014, it made significant changes to its senior management team, and started an organizational restructuring to better focus the company on software and cloud UC solutions.

The Unify OpenScape UC portfolio offers a full and integrated suite of UC functionality. OpenScape is offered in three configurations, targeted at different market segments and requirements. OpenScape Enterprise is for midsize to large enterprises (200 to 1,000-plus users), OpenScape Enterprise Express is an all-in-one UC solution targeted at midsize enterprises (200 to 1,000 users), and OpenScape Business is targeted at single and multisite SMBs (five to 1,000 users).

Unify continues to advance several forward-looking initiatives. It has also placed a lot of emphasis in the last year on a new solution, called Project Ansible, which will initially be SaaS-based. Project Ansible enables a new user UCC experience that leverages an individual’s “conversational” context, which is to say the individual’s history of communications and conferencing activities, as well as those topics that have been tagged as relevant. The solution is now in beta (general availability will be in 4Q14) and will be available to the entire market as a collaboration solution, with a road map to provide deeper integration to the OpenScape portfolio and later to third-party communications solutions. The OpenScape Fusion integration allows the client to be imbedded within other application environments, including business applications, Google Apps and social media tools (such as LinkedIn, Facebook and Twitter).

Evaluate the OpenScape UC suite if your company is looking for a standards-based, complete and cost-effective UC software suite that can, as needed, be extended via integration with third-party solutions. Enterprises with HiPath 4000 can also consider OpenScape as a migration path.

Strengths

The OpenScape family of UC solutions is mature and offers a full suite of UC functionality. It is available in a variety of configurations targeted at different market segments, and is able to operate with various existing telephony deployments.

Unify continues to emphasize an open and interoperable approach, offering multiple integration options; it is being integrated with leading collaboration and business applications, such as those from IBM, Microsoft and Google.

The vendor is proactively addressing the changes occurring in the telecommunications and communications industry. This includes making organizational and market decisions that allow it to better compete in growth segments, while reducing commitment to markets in decline.

Cautions

In the past 12 months, Unify has undertaken significant management and go-to-market changes. For example, the vendor announced that it plans to reduce half its staff over the next six quarters. It will take time to complete these changes, which could be disruptive internally. While Unify’s customers and channels themselves could be disrupted by the significant organizational and go-to-market changes, these changes will provide an opportunity for an increased sales footprint through channel expansion. Executing successful change in this climate could be challenging, and enterprises should ensure that the vendor is executing well on its plans.

Unify is a new brand for a company that already lacked presence in the large North American market. Additionally, it must increase traction in the rapidly maturing UCaaS market and has to develop new channels to market in order to succeed.

While continuing to enhance its existing OpenScape portfolio, Unify is placing significant emphasis on Project Ansible. Yet, Project Ansible is currently in beta, with a general availability launch in late October 2014, and will need to demonstrate itself to be sufficiently differentiated to attract new buyers.
Vendors Added and Dropped

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

Added

No vendors were added this year. However, Siemens Enterprise Networks rebranded itself as Unify, resulting in a new name in this Magic Quadrant.

Dropped

Toshiba was dropped from this year’s Magic Quadrant. Toshiba focuses on the smaller and midsize enterprise segment while this research focuses on midsize and large enterprises. As a result, it did not qualify for inclusion.

Aastra Technologies was dropped from this year’s Magic Quadrant because it was acquired by Mitel in January 2014.

Inclusion and Exclusion Criteria

To be included in this Magic Quadrant, solution providers must meet the following criteria:

- Offer a unified solution in all six core communications areas defined in Gartner’s UC model.
  Briefly stated, the six areas are: (1) telephony; (2) conferencing (including audio, Web and video, which can be offered via partnerships); (3) IM and presence; (4) messaging (which can be offered via integration with email, voice mail and various forms of UM); (5) clients for multiple environments; and (6) the ability to be integrated with other business and communications applications, such as collaboration software, contact centers and CEBPs.

- Integrate the UC functionality in each area into a complete solution presented via a consistent interface; nonintegrated functionality is not considered part of a unified solution.

- Have a significant market presence in telephony and in three or more of the six core communications areas defined in Gartner’s UC model; market presence can be demonstrated by significant market share or differentiating innovation. Vendor must have a minimum revenue of $150 million from enterprise communications.

- Offer the UC solution in multiple global market regions, including North America, Europe and Asia.

- Provide evidence of sales, revenue and operational investments that support market objectives — this research focuses on the large and very large enterprise market (vendors focused primarily on SMBs are not included).

- Provide five references (three end users and two distribution partners) for enterprise on-premises UC portfolio/products. These references should involve the complete portfolio; references for portions of the UC portfolio are considered, but do not carry as much weight as references with complete solutions.

Evaluation Criteria

Ability to Execute

Gartner analysts evaluate UC product providers based on the quality, efficacy and overall maturity of the products, systems, tools and procedures that enhance individual, group and enterprise communications. Ultimately, UC providers are judged on their ability and success in capitalizing on their vision.

Table 1. Ability to Execute Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product or Service</td>
<td>High</td>
</tr>
<tr>
<td>Overall Viability</td>
<td>High</td>
</tr>
<tr>
<td>Sales Execution/Pricing</td>
<td>Medium</td>
</tr>
<tr>
<td>Market Responsiveness/Record</td>
<td>Medium</td>
</tr>
<tr>
<td>Marketing Execution</td>
<td>Medium</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>Medium</td>
</tr>
<tr>
<td>Operations</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Source: Gartner (August 2014)

Completeness of Vision

Gartner analysts evaluate UC product providers on their ability to convincingly articulate logical statements about current and future market directions, innovations, customer needs, and competitive forces, and how well these map to Gartner’s overall evaluation of the market. Ultimately, UC product providers are rated on their understanding over a multiyear time frame of how market forces can be exploited to create opportunities for themselves and their clients.
Table 2. Completeness of Vision Evaluation Criteria

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

Source: Gartner (August 2014)

Quadrant Descriptions

Leaders

Leaders have a full UC offering and a strong market presence, and demonstrate success in the field. They have a strong presence in related markets to expand their footprint in UC. These vendors and their channel partners have experience delivering UC to a broad range of enterprise types and into most geographic regions.

Challengers

Vendors in the Challengers quadrant offer solutions and capabilities with the potential to move into a leadership position, but are lacking in one or more critical areas. Typically, this lack is in the area of market presence or in not being successfully sold in key regions. In other cases, the vendor is strong in all regions, but has elements of its portfolio that are not selling.

Visionaries

Vendors in the Visionaries quadrant offer a strong and differentiating approach to one or more core areas. However, these vendors have a limited ability to execute across the entire set of requirements and markets, or have marketing and distribution limits to their ability to challenge the leading providers.

Niche Players

Vendors in the Niche Players quadrant offer solutions that are particularly strong in some, but not all, UC areas, or they have a solution that has limited market reach or appeal.

Context

Enterprises developing plans in UC today continue to face difficult choices. At a high level, they must choose between a longer-term on-premises approach versus a cloud strategy. This will have a significant effect on selecting the specific vendors that will make the best partner. Then, as an enterprise develops its specific migration plans, it must determine how it wishes to migrate. The decision for many enterprises is further complicated because integrating existing telephony and video investments with added UC functionality is the most cost-effective approach, but may change the migration plan or pace.

As an early mainstream solution, the best practices for UC users, administrators and system integrators have not yet matured. Key solution deficiencies include lack of important features, lack of integration options, lack of client functionality or missing functions on mobile devices, or lack of scaling for more-demanding environments. Key best practices that are still maturing include those for selecting, pricing and deploying solutions, and those needed for increasing end-user adoption. Gartner believes it will take several years of incremental improvements to address these early mainstream issues.

Enterprise planners must also expect considerable change in technology and requirements as they seek not only to leverage UC investments to make their employees more effective, but also to leverage these investments into new work processes. Areas to consider include:

- Business process integration — Significant advances, such as WebRTC, are making it easier to integrate communications directly into business applications.
- Hybrid UC — Many vendors are advancing solutions that allow mixing of on-premises and cloud options, making the migration choices better.
- Federated UC — Federation will provide some enterprises with significant competitive advantage, as they are able to collaborate more effectively with partners and customers.
- Tactical use of point conferencing solutions — Enterprises are finding that using UC enables considerable savings in conferencing. This is then coupled with specific video solutions for functions that are lacking in the UC solution.
- New generation of UC clients — Many vendors are now working on a new generation of UC client that leverages context, analytics and persistent omnichannel meetings, and which is highly effective on mobile platforms.

Market Overview

The last year saw several significant changes in the vendor positioning in this Magic Quadrant — some driven by strategy, some driven by market performance. In the Leaders quadrant, Microsoft and Cisco
maintained their strong leads in the market. Cisco executed well in the market, leveraging its strong position in network and data center infrastructure, and its well-established channel. However, while Cisco made some improvements to its solution, its broader vision and strategy for advancing in the market over the next several years were less clear. Microsoft's Lync solution continued to experience strong adoption, and the telephony and video capabilities improved year over year. Importantly, the Lync partner network matured, and Microsoft's ability to integrate other enterprise software investments in collaboration and social networks improved its longer-term competitive potential.

Avaya remained in the Leaders quadrant. It made year-over-year improvements in its portfolio and market execution. However, it continues to be selected on the basis of its telephony, rather than the other elements of the portfolio, which keeps it from advancing in the broader UC market. Mitel advanced into the Leaders quadrant with both a good UC vision and market execution. Its acquisition of Aastra expands its market, giving it access to new markets and client bases.

This year, Unify moved from the Leaders quadrant to the Visionaries quadrant. It made several significant organizational changes, including rebranding, reorganizing, modifying its marketing approach and bringing in a new management team. These changes are indicative of a vision for how Unify plans to address the significant challenges in the market, but the vendor will have to execute on that vision to advance back as a Leader. This year, IBM moved into the Visionaries quadrant based on the positioning of UC as part of a broader collaboration and social portfolio.

NEC and Alcatel-Lucent maintained their positions year over year in the Challengers quadrant. Both vendors have full UC solutions, and now need to execute better in the market to advance.

The Niche Players offer strong solutions in specific markets. ShoreTel remains better known for its distributed telephony capabilities; Huawei, while strong in certain markets, is not established in other key markets; and Interactive Intelligence continues to excel where its UC solution can be coupled with its contact center offering.

Several vendors offer strong UC functionality in specific areas, but were not included in this Magic Quadrant, because the inclusion criteria required that vendors have strong on-premises solutions in at least four of the UC technology areas. In the area of conferencing, Polycom and several other vendors offer strong solutions, but were not included because they do not offer solutions in other technology areas. In the area of UM, AVST offers a best-of-breed solution. Esna offers a useful middleware approach for integrating disparate UC environments, including the integration of Google with enterprise telephony and video. Finally, UC service providers (e.g., AT&T, Google, Verizon, Orange and HP) were not included in this research, because they do not offer on-premises solutions, but rather offer UCaaS or UC on a leased basis; those types of UC service solutions are evaluated in "Magic Quadrant for Unified Communications as a Service, North America."

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