issue 1

Investigating UC Vendors

The right technology helps SMBs maximize resources while minimizing costs

Featuring research from

Gartner

Helping SMBs close the technology gap

Unlike large enterprises, which enjoy sufficient resources to make long-term strategic investments in technology, SMBs are often IT-constrained and only able to acquire technology ad-hoc to address pressing needs. Adoption of UC has been increasing, however, with the availability of more affordable, simply packaged, and better-integrated offerings.

Gartner Inc.'s MarketScope for Unified Communications for the SMB Market, North America, dated July 25, 2011, evaluated a dozen such solutions, giving each vendor a rating (along a range from "Caution" to "Promising," to "Positive," to "Strong Positive"). ShoreTel received a "Strong Positive," the report's highest available rating.

Solutions such as ShoreTel's enable SMBs to leverage the same cost-saving and productivity-enhancing benefits of unified communications that large corporations enjoy.○

Source: ShoreTel

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SMBs need easy to implement, full-featured solutions

A need for solutions that are easy to implement, use, and scale

As noted in Gartner Inc.'s MarketScope for Unified Communications for the SMB Market, North America, not only is the SMB market still emerging, but many "solutions are still maturing[1]." We believe this is due in part to the fact that some vendor offerings are legacy systems, or consist of products cobbled together via acquisition – that is, with a number of their UC capabilities "bolted-on" to existing systems. Such solutions are inherently burdened with the complexity and labor-intensiveness that have kept SMBs from adopting unified communications in the first place.

ShoreTel, which received a "Strong Positive" – the highest available rating – offers customers a mature solution. ShoreTel's solution was designed from the ground up specifically for the new age of VoIP. Engineered as if voice were just another app running on the IP network, it addresses the unique needs of SMBs with a flexible, distributed architecture that builds in reliability, ease of management, and ease of use.

Investing in the right technology is key

Given the need for "solutions that are modular and can deliver the core capabilities they need today, with the ability to scale to what they might need in the future[2]," SMBs need to consider carefully the kind of technology on which their UC solution is built.

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[1]Gartner MarketScope for Unified Communications for the SMB Market, North America, July 25, 2011

[2]Ibid

Critically, investing in cumbersome legacy or bolted-together systems – rather than in a streamlined, all-in-one solution like ShoreTel's – will have implications throughout the solution's lifecycle. Most notably:

- a legacy system, or one with bolted-on capabilities, will be more complicated to deploy, use, and manage, leading to more expense. Providers who have built their solutions by acquisition, for example, may require the use of separate management interfaces for the different components of the system.

- that same system, whether legacy technology, or with bolted-on capabilities, will be limiting, restricting an organization's ability to leverage the benefits of unified communications – as well as their investment – as they grow. This is particularly true of providers who offer size-specific solutions, rather than solutions that are suited to businesses of all sizes.

ShoreTel's built-in ease of use

The complex and labor-intensive nature of many unified communications solutions can be an impediment for SMBs, which typically are operating with limited IT resources. Although ShoreTel's all-in-one, streamlined unified communications solution is built to be light on IT resources from end-to-end, this overall ease is evidenced in three primary areas:

(1) Single solution offering ease of scalability
ShoreTel offers one solution for businesses of all sizes. Its single-image distributed architecture enables it to scale up or down readily across locations, whether they are in the same building,

different states, or even different countries. Legacy or bolted-on technologies can condemn the SMB to "rip and replace" when they grow beyond a certain threshold (requiring forklift upgrades and intensive provider involvement).

(2) All-in-one, integration-ready capabilities from day one
With ShoreTel, full-featured unified communications and contact center capabilities are built right in. Other vendors may require that capabilities be added on. Further, ShoreTel offers an open system, so it integrates readily with an SMBs existing business processes and applications, eliminating the cost and hassle of making everything work together.

(3) Streamlined system management
As the Marketscope report notes: "Many providers do not yet have fully integrated UC suites with single administration and management capabilities." ShoreTel, however, does. The ShoreTel solution offers a single, intuitive, browser-based interface, ShoreTel Director, which enables system administrators to maintain their systems from anywhere they have Web access, and with minimal training.

Further, as the Marketscope report states: "Most providers are still enhancing and integrating their UC components but many UC elements are still offered in separate servers which increases the complexity of the communications decision and implementation and increases the overall solution cost. " The built-in simplicity of ShoreTel's solution actually designs out this cost. This inherent from-the-ground-up difference also enables ShoreTel to offer SMBs a measurably lower total cost of ownership. ❍

[3]Ibid

[4]Ibid

Evaluating total cost of ownership (TCO)

Initial system capital cost is only a minor component of the total cost impact that a UC platform can have on a business. The impact of unified communications on business – and thereby the true value of an SMB's investment in it – can be difficult to measure, as this requires that a dollar value be assigned to "soft benefits" such as enhanced employee productivity or improved customer service. As such, these "soft benefits" have a tendency to make a less compelling case than the more readily-grasped empirical evidence that might otherwise support the best UC technology choice.

Given that, a better approach is to focus on "hard benefits" – those that are measurable and quantifiable, such as:

- long-distance charges

- network costs

- electricity consumption

- system management (MACs)

- downtime

- support services

Further, SMBs by their very nature need to factor in the potential hard – and potentially very large – cost of scaling the solution up or down to keep pace with changing growth and demand.

ShoreTel's overall total cost of ownership (TCO)

ShoreTel has developed a TCO assessment tool designed to help organizations calculate and compare the TCO of alternative UC systems over multiple years. This information is key to understanding the costs, risks, and benefits associated with a UC system purchase.

Using ShoreTel's assessment tool, and accounting for all TCO components, a five-year TCO analysis for a mid-size business configuration (500 users across three sites) shows that ShoreTel delivers a TCO that is anywhere from 29-70 percent lower than that of other providers, and nearly 50 percent less than that of

an existing TDM system. In support of the solution's capacity to reduce the costs associated with management-intensive systems, ShoreTel also offers customers a Lowest Total Cost of Ownership Guarantee.

A tool for calculating TCO

All ShoreTel resellers have access to the online tool to develop a custom analysis for any size business. This analysis enables direct cost comparisons between ShoreTel and selected UC alternatives. It can be a particularly useful analysis for SMBs as they move past vetting unified communications vendors, and directly into assessing their potential costs over the long term. To review a white paper on the TCO tool and sign up for an analysis, visit http://www.shoretel.com/resource_center/programs/total_cost_of_ownership_commitment.html.○

figure 1.   ShoreTel TCO Comparison
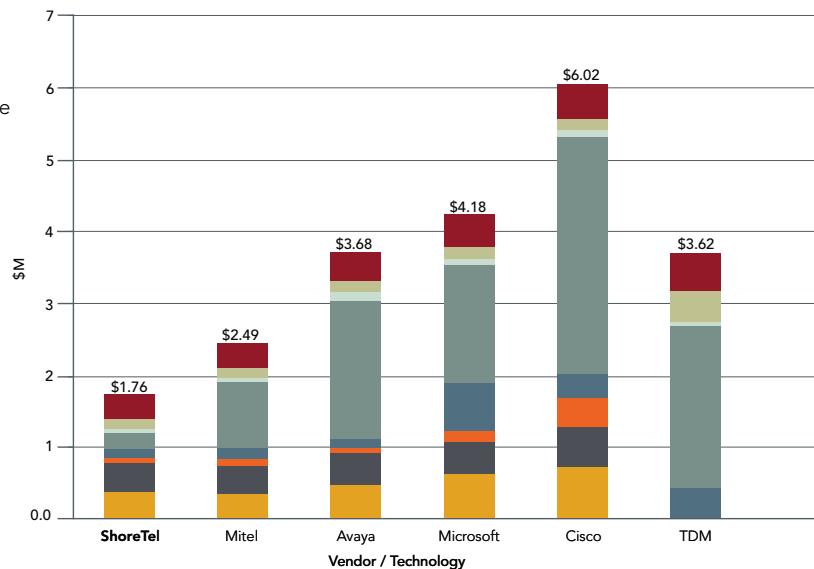
Source: ShoreTel

TCO comparison of major UC system vendors (pre-tax) over a five-year period for a business with 500 employees at three different locations.
Source: ShoreTel, Inc.

From the Gartner Files:

MarketScope for Unified Communications for the SMB Market, North America

The North American small-and-midsize-business UC market continues to evolve, with providers enhancing their portfolios and investing in their sales and marketing strategies.

WHAT YOU NEED TO KNOW

Unified communications (UC) is emerging from the convergence of many previously distinct technologies and is gaining some traction among small and midsize businesses (SMBs). Many SMBs in the past concluded that UC wasn't for them, because they lack the IT resources (both financial and personnel) to invest in UC. However, adoption has been gradually increasing as providers introduce more-affordable, more simplistically packaged and more-integrated UC offerings aimed at this market segment.

While SMBs have many of the same business needs as their larger-enterprise counterparts, they require IT solutions that are designed to be managed in an IT environment that is resource-constrained. Small businesses (organizations with between 20 and 250 employees for the purposes of this research) prefer IT solutions that are easy to purchase, implement, use and maintain. They are interested in solutions that are modular and can deliver the core capabilities they need today, with the ability to scale to what they might need in the future when they need it or can afford it. Organizations with between 250 and 499 employees tend to have more internal IT resources in-house but are still more constrained than their large-enterprise counterparts.

In 2011, providers serving the North American SMB market have been actively enhancing their UC portfolios and marketing and sales strategies. Most providers experienced shifts relative to Gartner's evaluation criteria ratings which caused some vendors to move up or down in their overall MarketScope ratings compared against the previous year. The following provides a summary of notable overall vendor rating changes:

- Alcatel-Lucent – Added to the North American SMB UC MarketScope evaluation due to presence in the region.

- Avaya – Rating dropped from Positive to Promising as a result of a drop in sales strategy ratings (resulting from sometimes-challenging partner support and sometimes-expensive training and certifications).

- Cisco – Rating increased from Promising to Positive partly as a result of effective marketing and increasing rates of SMB UC consideration (as evidenced by the number of channel partners that have added Cisco certifications to work with customers that are increasingly demanding Cisco).

- Digium – Added to the North American SMB UC MarketScope evaluation due to increasing market presence and maturing solution offer.

- Vertical – Added to the North American SMB UC MarketScope evaluation due to maturing product offer.

- IBM – Dropped from the North American SMB UC MarketScope evaluation due to limited market positioning and traction of flagship SMB UC offer, Foundations.

- Critical Links – Dropped from the North American SMB UC MarketScope evaluation because of the limited size of Critical Links and the niche market focus of the EdgeBOX SMB solution. While Critical Links has a unique offer that we wanted to highlight in 2010, it is not large enough to warrant continued coverage in the MarketScope on an ongoing basis.

MARKETSCOPE

This MarketScope focuses on the premises-based (or infrastructure-based) UC market for SMBs. For the purposes of this MarketScope, an SMB is defined as having 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. We chose to limit the scope of this report to the 20 to 499 because of the wide range of SMB offers within this segment.

To support this MarketScope evaluation work Gartner spoke with multiple customer and channel partner references, requested and analyzed UC RFPs (one for a 50-user implementation and one for a 250-user implementation) from each provider, and conducted vendor interviews.

This MarketScope is different from the existing 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 reports. 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 prefer solutions that:

- Are easy to install, configure and manage

- Are simple to use and require minimal customization

- Don't increase demand on already limited IT resources

- Are easy to integrate with existing systems

- Have straightforward and simple pricing

- Come with superior customer service and support

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 Internet Protocol (IP) networks and open-software platforms is enabling a new paradigm for UC, and IT 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 communications methods. This can include control, management and integration of these methods. UC products integrate communications 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 they 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. This eliminates the need for additional integration costs and complexity, and it typically simplifies the IT maintenance and management requirements which are important selection criteria for resource-constrained companies.

UC products are used to facilitate personal communications and to support workgroup and collaborative communications. Some UC products may extend UC 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.

Gartner evaluates UC using a framework of six broad communications functions:

- Voice and telephony – This area includes fixed, mobile and soft telephony, as well as the evolution of PBXs and 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 email (which has become an indispensable business tool), voice mail and unified messaging (UM) in various forms.

- Presence and instant messaging (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 communications 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.

- Communications applications – This broad group of applications has directly integrated communications functions. Key application areas include consolidated administration tools, collaboration applications, contact center applications and notification applications. Eventually, other applications will be communications-enabled. When business applications are integrated with communications applications, Gartner calls them "communications-enabled business processes."

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 UC product design and attributes to generate significant interest (demonstrated by North American mind share and inquiry) 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.

- Offerings and support capabilities for a North America-based customer.

Rating for Overall Market/Market Segment
Overall Market Rating: Promising

Our outlook for this market is promising because this market is still emerging, solutions are still maturing and SMBs are in the early stages of adoption. During the past 12 months, SMB UC providers have been extremely active honing application development, expanding support for mobile applications, training channel partners and working with them on positioning their UC solutions. Vendors differ in their ability to deliver and support focused UC solutions for the SMB market, and providers are still refining SMB UC offerings and strategies. While providers have made strides in their UC suite offers many providers do not yet have fully integrated UC suites with single administration and management capabilities and common user interfaces. Within the small-business segment (20 to 99 employees), all-in-one, easy to

implement, ready to go solutions characterized by integrated and simple management and user interfaces remain a key to market acceptance. The low-end midsize-business segment displays more openness to working with nonintegrated offerings, partly because of greater customization requirements and more capable IT staff. However, the overall buying experience (from the initial consideration process through postsales service and support) for both the small- and midsize-business markets has proven to be best served by solutions that are affordable, do not require excessive customization, have intuitive and consistent user and management interfaces, and are easy to support after the sale.

While SMB adoption and interest in UC continue to increase; adoption rates remain low. Low adoption is a result of four primary factors:

1. Limited maturity of vendor solutions: Most providers are still enhancing and integrating their UC components but many UC elements are still offered in separate servers which increases the complexity of the communications decision and implementation and increases the overall solution cost.

2. Difficulty in business case justification: The business case frequently is based on a soft ROI or a strategic investment, such as productivity improvements, rather than on hard ROI, such as cost savings. A lingering focus on cost containment, conflicting and time-sensitive requirements for hardware and software upgrades, and overall flat IT budgets are preventing organizations from moving ahead with UC implementations.

3. Some SMBs opt for basic communications functionality (basic telephony and voice messaging functionality) instead of advanced UC capabilities.

4. Existing investments in point solutions: Most SMBs have portions of UC in place (telephony, voice messaging and email) and some fail to find the cost or business justification of "unifying" these components – especially when the existing equipment hasn't reached the end of its useful life cycle.

Several vendors offer UC solutions but were not included in this MarketScope because the inclusion criteria require that vendors must have on-premises offerings. For example, BT was not included because its UC solutions are not available for deployment on the enterprise's premises. Capabilities of service-based solutions can be reviewed in the separate Magic Quadrant for UCaaS. There were also several SMB IP telephony providers that 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.

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 SMB UC solutions that uses the appropriate networks of direct and indirect sales, marketing, service and communications 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 SMB UC product portfolio, will continue offering SMB UC solutions and will advance the innovation within the organization's SMB UC portfolio.	Low
Customer Experience	Relationships, products and services/programs that enable clients to be successful with SMB UC offers. 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 (July 2011)		

Vendor Product Analysis

Alcatel-Lucent

Alcatel-Lucent offers two main product offerings for the SMB market. For the small-business market, Alcatel-Lucent has the Office Communication Solution, which includes the OmniPCX Office (OXO) Rich Communication Edition (RCE), the Extended Communication Server (ECS) and My Teamwork Office. The Rich Communication Edition Release 8 (released in December 2010) offers new Session Initiation Protocol (SIP) and wireless local-area network (WLAN) capabilities. It is primarily marketed to companies with 10 to 100 users, although the solution scales to up to 200 users. The solution

is appliance-based and provides the following functionality: voice, network connection, IP phones, UM, rich presence and mobile UC. Fax server and push-mobile services, as well as Web conferencing, are available as stand-alone or bundled offerings. Alcatel-Lucent will position the ECS as an add-on platform for OXO installed-base customers and will position the RCE solution for new SMB customers.

For midsize businesses, Alcatel-Lucent offers the OpenTouch Business Edition – the evolution of Business integrated Communication Solution (BiCS). OpenTouch Business Edition is a multimedia switch that provides full-featured, integrated

Table 2. Evaluation Criteria Key Questions

Evaluation Criteria	Definition	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 role-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 (July 2011)		

figure 1.   Vendor Ratings

	RATING				
	Strong Negative	Caution	Promising	Positive	Strong Positive
Alcatel-Lucent			x		
Avaya			x		
Cisco				x	
Digium				x	
Interactive Intelligence				x	
Microsoft			x		
Mitel			x		
NEC			x		
ShoreTel					x
Siemens Enterprise Communications			x		
Toshiba			x		
Vertical		x			

As of 5 August 2011

Source: Gartner (July 2011)

UC functionality and includes the OmniPCX Enterprise. The solution is targeted to companies with 100 to 1,500 employees. OpenTouch leverages a SIP architecture and provides telephony, conferencing (audio, video and Web) as well as messaging, mobility, presence/IM functionality.

Alcatel-Lucent positions solutions for a broad range of vertical industries but offers customized applications for healthcare, education, hotels (its target is small, private hotels) and local government. The company has also garnered strong recognition in the retail industry segment.

SMBs should consider Alcatel-Lucent if they are seeking a UC offering that is simple, reliable and easy to use or if they are part of a company with European sites (Alcatel-Lucent is headquartered in Europe and has strong delivery and support capabilities there).

Strengths

• Alcatel-Lucent understands SMBs' needs for ease of use and intuitive communications solutions, as well as simplified solution bundling. Alcatel-Lucent makes it easy for its

channel partners to position solutions and offers an intuitive user pricing through its On Demand user Communications (ODC) licensing model.

• Alcatel-Lucent provides a single unified management for all the of the telephony and UC applications within the OpenTouch platform

• Alcatel-Lucent has a reputation for producing reliable and well-engineered telephony products and UC applications. In June 2011, Alcatel rolled out embedded video switching as well as embedded audio and Web conferencing to round out its UC portfolio. Alcatel-Lucent also offers a wide range of handsets and a large portfolio of communications infrastructure and reliable contact center solutions (Genesys).

Cautions

• Alcatel-Lucent has not yet experienced significant traction with its SMB UC portfolio in North America. While Alcatel-Lucent has been able to leverage some brand recognition associated with "Lucent" and "Genesys," the company does

Table 3. UC for SMB Offerings Target Market Size Segment Map

	20 to 49 Users	50 to 99 Users	100 to 250 Users	250 to 500 Users
Alcatel-Lucent	OmniPCX Office Rich Communication Edition (RCE) plus Extended Communication Server	OmniPCX Office Rich Communication Edition (RCE) plus Extended Communication Server	Omni PCX Enterprise + Instant Communications Suite, Business Integrated Communication Solution, OpenTouch Business Edition	Omni PCX Enterprise + Instant Communications Suite, Business Integrated Communication Solution, OpenTouch Business Edition
Avaya	Avaya IP Office 500	Avaya IP Office 500	Avaya IP Office 500	Avaya Aura
Cisco	Smart Business Communications System (SBCS)	Smart Business Communications System (SBCS), Cisco Unified Communications Manager Express	Cisco Unified Communications Manager Express, Cisco Unified Communications Manager Business Edition (CMBE) 3000 and CMBE 5000	Cisco Unified Communications Manager Business Edition (CMBE) 5000 and CMBE 6000
Digium	Switchvox 65			
Switchvox 305, Asterisk	Switchvox 305, Asterisk	Switchvox 305, Switchvox 355, Asterisk	Switchvox 355, Asterisk	
Interactive Intelligence			Customer Interaction Center (CIC)	Customer Interaction Center (CIC)
Microsoft				Lync 2010 plus Exchange 2010 SP1
Mitel	Mitel Communications Director, Mitel Applications Suite, Mitel Unified Communicator Advanced, Mitel 5000 Communications Platform	Mitel Communications Director, Mitel Applications Suite, Mitel Unified Communicator Advanced, Mitel 5000 Communications Platform	Mitel Communications Director, Mitel Applications Suite, Mitel Unified Communicator Advanced, Mitel 5000 Communications Platform	Mitel Communications Director, Mitel Applications Suite, Mitel Unified Communicator Advanced
NEC	UC for Business (UCB) with UNIVERGE SV8000 or Sphericall	UC for Business (UCB) with UNIVERGE SV8000 or Sphericall	UC for Business (UCB) with UNIVERGE SV8000 or Sphericall	UC for Business (UCB) with UNIVERGE SV8000 or Sphericall
ShoreTel	ShoreTel 12 (Small Business Edition), ShoreTel Communicator, ShoreTel Conference and Collaboration	ShoreTel 12, ShoreTel Communicator, ShoreTel Conference and Collaboration	ShoreTel 12, ShoreTel Communicator, ShoreTel Conference and Collaboration	ShoreTel 12, ShoreTel Communicator, ShoreTel Conference and Collaboration
Siemens Enterprise Communications	OpenScape Office MX	OpenScape Office MX, OpensScape Office LX, HiPath 3000 with OpenScape Office HX	OpenScape Office LX, HiPath 3000 with OpenScape Office HX	OpenScape Office LX, HiPath 3000 with OpenScape Office HX
Toshiba	IPedge EC, Toshiba Strata CIX100 IP PBX, Toshiba Meeting Application Server, Toshiba Strata Meeting, Toshiba Unified Communication Suite	IPedge EC, Toshiba Strata CIX200 IP PBX, Toshiba Meeting Application Server, Toshiba Strata Meeting, Toshiba Unified Communication Suite	IPedge EM, Toshiba Strata CIX670 IP PBX, Toshiba Meeting Application Server, Toshiba Strata Meeting, Toshiba Unified Communication Suite	IPedge EM, Toshiba Strata CIX1200 IP PBX, Toshiba Meeting Application Server, Toshiba Strata Meeting, Toshiba Unified Communication Suite
Vertical	Wave IP 500, Televantage	Wave IP 2500, Televantage	Wave IP 2500, Televantage	Wave IP 2500, Televantage
Source: Gartner (July 2011)				

not frequently receive consideration in North American SMB UC bids and as a result has not expanded its North American SMB UC market presence.

- Although Alcatel-Lucent's UC offerings are quite reliable, when issues do occur, some partners have experienced problems with timely and effective next-level support – especially when support needs to be directed to Europe – which can negatively impact the overall customer experience.

- Alcatel-Lucent is transitioning to a UC- and software-focused business but is not yet there to date. While the company has been positioning UC applications for some time the organization is still transitioning its marketing messages as well as its sales and support channels to develop UC expertise. To assist its channel partners through the transition, Alcatel-Lucent is providing UC-related education and training and offering post sales professional services resources to assist with postimplementation issues. The company is also adding some HP channels to its partner mix to expand its market reach and delivery breadth.

Rating: Promising

Avaya

Avaya made significant product and channel changes during the year as the company continued the integration and development of its combined Avaya/Nortel Enterprise Solutions (NES) assets following Avaya's December 2009 acquisition of Nortel's enterprise business. While Avaya was taken private by private equity firms Silver Lake and TPG Capital in 2007, in June of 2011, Avaya announced plans to file for an initial public offering (IPO).

Within the small- and low-end midsize-market segment, Avaya positions IP Office as follows:

- 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 role-based packaging (UC functionality is offered for different worker types) and can support voice, UM, audio and videoconferencing, presence/IM, and notification. IP Office does not natively support Web conferencing; instead, Web conferencing functionality can be obtained through a certified DevConnnect partner. 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 time division multiplexing (TDM) and IP on the same platform. General availability of IP Office 7.0 was announced in March 2011. IP Office 7.0 offers support for most heritage BCM and Norstar phones (both are end of sale) as well as support for a broader range of Avaya devices (note Avaya Desktop Video Device (ADVD) is not currently supported on IP Office), expanded SIP support, and customized applications for the healthcare vertical.

For midsize businesses, Avaya positions Avaya Aura and the Avaya Aura Solution for Midsize Enterprise. Nortel's heritage Software Communication System (SCS) (which was included in Gartner's previous MarketScope evaluation) is no longer positioned in North America but is now being sold in specific country markets including Brazil, Malaysia and Japan. The software solution is emphasized in markets with high import tariffs on equipment hardware. Avaya is in the process of porting the SCS UC features into a new version of IP Office. Given the shift in SCS positioning over the past 12 months, we are no longer including SCS in our evaluation.

- For midsize businesses to large enterprises, Avaya positions the virtualized Avaya Aura platform, an integrated UC and collaboration suite. The Avaya Aura Solution for Midsize Enterprise packages the core elements of the full suite onto a single virtualized server and has a sweet spot of 250 to 1,000 users. Avaya Aura features more-robust native UC functionality than IP Office. Functionality includes: voice, IM/presence, audio, video, Web conferencing, UM, notification and multivendor integration. Customers can migrate from IP Office to Avaya Aura while maintaining their endpoints, or integrate IP Office into Avaya Aura as a hybrid solution. Within the past 12 months, Avaya has added full integration of Avaya Aura Session Manager, Presence Services, Session Border Controller and System Manager into the midsize solution. Additionally, Avaya Aura supports desktop video and videoconferencing with the Avaya Desktop Video Device with the Avaya Flare Experience and Avaya 1000 series of video endpoints, as well as audioconferencing devices in the Avaya B100 series stemming from Avaya's acquisition of Konftel in early 2011.

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

Strengths

- Avaya has strong brand recognition and reputation in the SMB telephony market. Avaya, along with acquired vendor, Nortel, have a history of selling portions of UC (most notably telephony, messaging and contact center functionality) and being recognized as reliable providers of these solutions. As a result, Avaya is frequently included in the SMB UC consideration set.

- Partly as a result of the Nortel acquisition, Avaya has a very large installed base of telephony and contact center customers across the globe. Avaya has the opportunity to leverage these existing and acquired customers and migrate them to Avaya's next generation SMB UC solutions.

- IP Office's 7.0 release support for most heritage Nortel IP and digital phones will improve the company's ability to migrate the Nortel installed-base customers to IP Office. Additionally, the new data migration tool should improve the overall ease of the migration process.

- Avaya is investing in marketing campaigns within the SMB segment, which could strengthen brand awareness. The company has engaged in SMB-focused events, social media and general advertising campaigns, as well as initiated promotional programs to help increase SMB consideration as the company continues its transition efforts.

- Avaya has a broad base of SMB certified channel partners throughout North America which means Avaya has a more extensive reach to SMB end users compared with most competitors.

Cautions

- Following Release 5 of Avaya IP Office, Avaya implemented licensing changes that may discourage some users from implementing UC functionality. Avaya implemented licensing charges for endpoints (previously didn't charge for endpoint licenses) as well as bundles for certain elements that were previously available for purchase through a la carte pricing. Shifts in solution pricing has created the perception among some SMBs that basic telephony functionality through IP Office is price-competitive but advanced UC functionality is price-prohibitive. Avaya is taking steps to correct this perception.

- While integrating the Nortel and Avaya channels, Avaya's channel training curriculum didn't always encourage partners to achieve new certifications. As Avaya began to streamline its training curriculum, channel partners reported the content and curriculum for specific UC-related certifications changed frequently and the price per technician to train could run high. The challenges managing the training courses might have discouraged some partners from having Avaya-certified UC technicians, which could impact the success and ease of some Avaya SMB UC implementations.

- Support to Avaya's SMB channel partners has been reported by some partners to be slow which impacts partners' abilities to respond to implementation or support issues and can negatively impact the overall customer experience. While Avaya effectively supports some of its channel partners, some partners report delays in response times and requirements for submitting lengthy descriptions and traces reports as well as delays in reaching the appropriate support personnel. A new partner help desk, new ticketing system and investments in system engineers to support SME partners have been introduced to address these concerns.

- While Avaya's SMB UC business has achieved significant milestones integrating two large telephony and communications application organizations, the company is still working on product transitions, training channel partners and ultimately migrating Nortel heritage customers to next generation Avaya SMB UC solutions.

- There is some consolidation occurring across Avaya's base of channel partners. SMBs should consider the financial strength and overall stability of the Avaya partner as part of the UC evaluation process.

Rating: Promising

Cisco

For the SMB market, Cisco offers a range of unified communications solutions. For its overall SMB strategy, Cisco segments its SMB customers based on business maturity and business requirements, and this segmentation extends into its go-to-market approach for each segment. Each of these platforms has a different range of capabilities, so the target market segments may overlap between platforms. However, the offering choice for any given customer is based on the customer's specific business requirements for features,

functionality and usability. In 2011, Cisco added a new platform, the UC 300 Series solution, geared for the very small business market; the UC 300 comes standard with 24 user licenses.

The solutions typically targeted to the 20- to 500-user segment include the following:

- For small businesses, Cisco has the Smart Business Communication Solution (SBCS). It is meant for the 20- to 100-user segment and is scalable to 138 users. SBCS includes the UC 500 series platform and UC 500 Call Control. SBCS is an all-in-one offering that includes: voice, data, integrated messaging, auto attendant, video, virtual private network (VPN), and WLAN access.

- Cisco Unified CM Express (Unified 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 solution is ideally suited for small branch office environments.

- The Cisco Unified CM Business Edition (Unified CMBE) is offered in three versions: Business Edition 3000, Business Edition 5000 and Business Edition 6000 – all are positioned in the 100- to 500-user range. The CMBE 3000 offers very basic and limited UC functionality like basic voice messaging, audioconferencing and notification. The solution does not offer IM/presence capabilities or offer support for mobile clients. The Business Edition 5000 offers more advanced capabilities like telepresence and UM, and provides mobile support for Android, BlackBerry and iPhone. Presence/IM support is offered through an adjunct server, or through the Webex cloud. The Business Edition 6000 provides the same features offered through the Business Edition 5000 but adds integrated IM/presence, contact center, and features redundant call processing or redundancy for up to all four co-resident applications.

Small businesses should consider SBCS if they are an organization with up to 100 employees looking for an all-in-one-type UC, VPN, Security, WLAN bundle. Midsize businesses should consider Unified CME or Business Edition 6000 if they have a robust network and adequate IT resources, and are looking for more-advanced UC features and functionality.

Strengths

- Cisco has a well-aligned, consistent global marketing message and is able to get its UC messages out to SMBs and channel partners on a global level. This marketing strength has allowed Cisco to obtain strong mind share among SMBs and SMB partners, and allows Cisco to be frequently considered in the SMB UC vendor consideration set. Gartner has noted an in increase in partners deciding to resell Cisco SMB UC solutions in addition to their existing portfolio because of the increase in customers demanding Cisco UC.

- Cisco has expanded the breadth of its phone portfolio offering a wider range of low-price IP phones. The low priced phones improve the company's ability to compete in the price sensitive SMB market.

- Cisco offers a robust and complete portfolio of UC functionality from conferencing to presence and video capabilities. Because of its strengths in solution development, Cisco can typically offer advanced UC functionality, if the SMB desires customized functionality and/or specific applications. Cisco's partners now have the ability to resell Webex, so SMBs desiring Web/videoconferencing and collaboration capabilities can obtain this functionality through their Cisco channel partner.

- Cisco's channel partner program is strong, and Cisco partners are typically seen as competent and technically capable. Cisco partners can typically provide the network infrastructure, as well as the UC functionality, which can be especially appealing for SMBs as it gives them "one throat to choke" if there are performance issues. Overall, Cisco has increased its support and training programs geared for the SMB market. Cisco implemented a road warriors program: an initiative that puts Cisco representatives in front of smaller partners to help them position solutions. Cisco also introduced Partner Advisor – a program featuring live agents who take calls from partners to talk about promotions and help work through financing and pricing options.

Cautions

- Depending on the platform and level of functionality implemented, the Cisco architecture could require a Cisco Certified Internetwork Expert (CCIE) to implement it, which is an advanced IT specialization that not many SMBs will regularly have in-house. After installation, it typically requires a Cisco Certified Network Associate (CCNA),

backed by the local reseller, for ongoing maintenance. As a result, Cisco installations depend more heavily on channel partner service and support (which can increase the overall cost), with the partner having the certified network engineers on staff rather than the SMB attempting to maintain this expertise in-house.

- Cisco's three SMB UC solutions feature different management consoles and platforms, based on the choice of underlying operating system, which can make migration between solutions more time-consuming and expensive. If a small business outgrows SBCS, it must swap out the main platform to migrate up to Unified CME and again for Business Edition. However, most IP phones and their user licenses – the primary expense component of a solution – can be reused across most platforms, as well as across most switches and routers

- Pricing and licensing can be complex on some of the solutions. While Cisco is making improvements in terms of offering SMB solutions at lower price points, overall solution costs for advanced UC functionality can be expensive and in some cases, the solution is designed with multiple boxes, which can be more time-consuming to implement and more difficult to manage.

- While Cisco has been able to attract and certify new channel partners and improve the sales and support resources for its partners, some of Cisco's partners do not have the capabilities to easily support their customers through the UC implementation. Small channel partners frequently report difficulty with determining appropriate solution configurations and difficulty determining appropriate UC part numbers to order. Additionally, now that Cisco has recruited a vast number of partners there is a high level of competition between channel partners as well as eroding margins for UC solution sales. Challenges on the partner front could negatively impact the overall customer implementation experience.

Rating: Positive

Digium

Open-source provider Digium competes in the SMB unified communications market with Switchvox, an all-in-one, open-source-based platform that Digium has packaged for the SMB market as well as through Asterisk, the toolset that can be customized to create a UC solution. As Asterisk is a

customizable platform instead of an off-the-shelf UC solution, Asterisk will not be included as part of this MarketScope evaluation. Digium was founded in 1999 as the innovator of open-source software Asterisk. Since the company's founding, Asterisk has been deployed in multinational implementations by developers. Additionally, other veteran telephony providers have leveraged the Asterisk platform to build their own open-source communications offerings.

Digium's Switchvox features telephony, audioconferencing, UM, IM/presence, notification, contact center and collaboration functionality. The solution comes in three variations: The Switchvox 65 (supports up to 30 users/12 concurrent calls), Switchvox 305 (supporting up to 150 users/45 concurrent calls) and the Switchvox 355 (supporting up to 400 users/75 concurrent calls). The solution boasts low price points and is easy to implement.

U.S.-based SMBs should consider Digium if they are looking for a price-competitive, intuitive solution with an easy user/management interface and have minimal conferencing requirements.

Strengths

- Switchvox can be implemented out of the box with minimal configuration requirements and with minimal time.

- Digium has leveraged the industry momentum generated by Asterisk and has increasingly drawn users toward its Switchvox solution. Digium offers a free trial for Switchvox on the Asterisk website which is resulting in an increase in Switchvox business. Digium has the opportunity to continue to leverage this brand recognition for its Switchvox solution on a global level.

- The fact that Digium has a large base of developers writing to the Asterisk open-source code provides Digium with opportunities to leverage innovation and ingenuity that can be directed to the Switchvox solution.

- Digium has created an effective training program so bringing on board new sales and channel partners is a simpler process than many UC training programs. Training is Web-based, easy to navigate through, and uses simple language to communicate and explain the material.

Cautions

- Digium does not offer a total communications solution with phones/endpoints, or networking equipment (switches and routers). In most cases Digium's resellers and channel partners will position specific phones (typically Polycom or Snom) as part of the offer. The lack of other complementary in-house equipment means some customers will look to multiple providers (which can increase the complexity) for their communications solution.

- While Switchvox has some innovative features and functionality, the solution has some scalability and language support limitations. Switchvox is limited in terms of the number of users that can be supported concurrently, which limits deployments to organizations of a certain size range (400 users) or to companies with specific phone habits (limited concurrent phone usage). Organizations looking to leverage Switchvox in multinational sites should ensure full language support. As of 2Q11, Switchvox supports English, Spanish, and Italian languages and offers sound packs to allow the phone experience to be localized to a specific country. Additionally, the company lacks the breadth of a broad, international, dedicated base of channel partners to support Switchvox that some larger UC competitors have.

- Switchvox does not offer Web conferencing or videoconferencing functionality. End users desiring these capabilities will have to integrate third-party solutions.

Rating: Positive

Interactive Intelligence

The Interactive Intelligence Customer Interaction Center (CIC) is an all-in-one, single-server software offering (but the media application server is separate) for midsize businesses and large enterprises, as it scales to 15,000 UC users on a single server. CIC includes telephony, audioconferencing, 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 including Microsoft Lync and IBM Sametime. As CIC is a full-featured offering, the sweet spot for CIC is geared to businesses starting at 100 employees. Although we are evaluating CIC as a premises-based offering, CIC functionality can alternatively be acquired as part of a cloud or services-based offering via the company's expanding data center deployments.

Interactive Intelligence has a strong contact center offering and a vertical specialty serving organizations with heavy contact center requirements including insurance agencies, accounts receivable organizations (collections agencies), and banks. In 2010, approximately 73% of its business was generated from North American sales, and the remainder was split between Western Europe and the Asia/Pacific region.

Midsize businesses should evaluate the CIC solution when price is not a top driving factor, if they are looking for a particularly strong contact-center-based UC offering, or if they are seeking an integrated offering with sophisticated applications.

Strengths

- Interactive Intelligence provides robust contact center as well as business process automation functionality. The product is well-suited to integrating contact center functionality with robust business UC functionality.

- While Interactive Intelligence might be smaller than many of its competitors, the company is demonstrating staying power in the industry through multiyear growth – even during the global economic downturn. Interactive grew revenue 27% in 2010 and 8% in 2009 – a year when many organizations struggled.

- 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.

Cautions

- Although Gartner believes it's a positive move that Interactive altered the pricing model in 2010 so that CIC can be offered in a form without the contact center component, the overall price points still make the solution unattainable for a large portion of the SMB market.

- While Interactive Intelligence continues to serve customers in the 100-to-500 market segment, the company is increasingly extending its focus to serve large organizations. This means marketing, product development and support activities will likely follow the shift toward the large-enterprise segment and the overall solution could increasingly lose focus with the SMB market.

- At times, communication regarding product direction is not clear. Some customers report limited insight into the enhancements achieved through service pack updates and are unclear of plans for specific support (integration with Microsoft Outlook) in upcoming releases.

- 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 premises-based UC offering for the SMB market is based on Lync 2010 plus Exchange 2010 SP1 which Microsoft positions for the above-250-employee segment. For the under-250-employee market, Microsoft primarily positions cloud-based services approaches with Office 365 (which includes Lync Online and Exchange Online). In this MarketScope, we are focusing on the premises-based Lync and Exchange solutions.

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 Lync 2010 plus Exchange 2010 SP1 as a stand-alone premises-based UC offering, it is still often implemented as a hybrid solution on top of an existing PBX.

Lync plus Exchange provides conferencing (audio, Web and video), IM/presence, notification, collaboration and messaging and telephony functionality (Lync supports E911 and PSTN calling).

Midsize businesses should consider Microsoft's Lync plus Exchange 2010 SP1 if they have significant investments in Microsoft solutions, are looking to leverage existing PBX investments, and have the required IT resources to integrate and manage the offering.

Strengths

- Microsoft has strong brand-name recognition and market reach. Because the SMB market tends to be highly Microsoft-centric in many areas, Lync plus Exchange 2010 tends to land in the UC consideration set for many midsize businesses.

- Microsoft has added support for a range of phones (Polycom, SNOM and Aastra), which broadens the appeal of the solution. Many users have specific phone preferences relating to type and price; the increased range will help Lync eventually serve as a PBX replacement.

- 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), email, 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.

- Interoperability with most of the telephony PBX providers means that SMBs can incrementally acquire Microsoft UC functionality while still leveraging existing PBX investments. Microsoft's Lync plus Exchange 2010 SP1 can sit behind an existing PBX offering in a hybrid environment, which would limit costs for existing Microsoft shops that want to add on specific UC functionality and reduces the risk associated with moving off of their PBX for voice. This flexibility also extends to applications, allowing SMBs the opportunity to customize the offering for specific verticals or applications.

Cautions

- While the telephony functionality in Lync has improved since our last iteration, it still remains in a relatively early stage of market adoption. Although Microsoft now has customer references using Lync as a PBX replacement, the solution is not yet competitive with best-of-breed telephony products.

- Lync 2010 plus the Exchange offering requires more IT skill and resources to manage than many competitors' offerings. The high level of flexibility of the system can translate to a more complex integration (and typically a hybrid environment), which requires a greater budget for integration and dedicated IT resources.

- Microsoft SMB channel partners often lack experience in UC in general and more specifically in the voice component of UC, although MSFT is launching training programs to bring partners (new and existing) on board with Lync certifications, positioning and implementation strategies.

- Although the "as a service" market is showing growing interest from SMBs, many SMBs prefer to acquire UC in a premises-based/owned model. The price as well as integration complexities associated with Lync plus Exchange does not make Lync an optimal solution for the below 250 market segment.

Rating: Promising

Mitel

The Mitel UC solution is based on the Mitel Applications Suite (MAS), Mitel Unified Communicator Advanced (UCA) and the Mitel Communications Director (MCD). Mitel specializes in the under-500-user segment, although the offering can expand to thousands of users, as needed. Communications Director provides telephony call control on the 3300 switch or on industry standard servers. The Applications Suite includes support for audioconferencing and Web conferencing, desktop access, UM and collaboration functionality. UCA provides video capabilities, presence/IM, notification and client support. Currently the different solutions (MCD, MAS and UCA) have separate software streams, but plans are under way to merge MAS and UCA into a single stream in 2011.

Mitel is undergoing internal restructuring in an attempt to improve profitability and the company's go to market strategy. In January, Mitel named a new CEO, Rich McBee, to lead Mitel. McBee is realigning sales channels and implementing strategic directional shifts. Going forward Mitel will focus R&D efforts on the 100- to 2,500-employee segments and will reduce its R&D focus on the above-2,500 segment. Along with these shifts, Mitel will realign its sales channels from a multiregional focus to a simplified structure consisting of Americas and International sales divisions.

SMBs should evaluate Mitel offers if they are looking for a provider with the ability to run UC in a virtualized environment or evaluating telephony communications functionality to go with Microsoft UC deployments.

Strengths

- As part of Mitel's leadership transition and subsequent restructuring initiatives, McBee indicated an increased focus on the 100- to 2,500-employee segments. Honing the company's efforts more narrowly on this market segment could improve Mitel's ability to deliver innovative solutions and applications to the SMB market.

- Mitel offers its UC applications, including VMware certified Mitel Communications Director, to run in a virtualized environment. The offering can streamline communications infrastructure costs, simplify the implementation and reduce the ongoing operating costs. While most customers don't run their UC solutions in a virtualized environment, SMB interest in virtualization is growing. Mitel has the opportunity to leverage their leadership in virtualization to draw new customers.

- 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. The managed services program provides fixed costs, full service & warranty, and includes software upgrades – appealing components for financially and IT resource constrained SMBs.

Cautions

- The separate software streams for the MAS, MCD and UCA solutions can make running patches and pushing software upgrades a time-consuming and potentially expensive task for channel partners. This means partners' profits can erode while supporting Mitel UC solutions. Mitel has plans in the works to consolidate MAS and UCA software into a single stream in 2011, which should help address this issue.

- Mitel is not currently viewed as a leading UC software provider but instead as a telephony provider. Furthermore, Mitel lacks some of the brand recognition and consideration that some of its large counterparts possess. Mitel will need to continue marketing efforts to grow its perception as a UC provider and increase its consideration in the SMB UC market.

- As part of Mitel's ongoing work to improve its financial position over the years, the company 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 offerings for the SMB market. The first set of offerings are UC for Business (UCB), the main telephony-based UC offering available globally, except for EMEA and Business ConneCT (BCT) the UC offering available only in EMEA. Within the past 12 months, NEC rolled out InUCB or UCB running on the SV8100 or 8300 blade. BCT enables Digital Enhanced Cordless Telecommunications (DECT) integration and multilingual capabilities. NEC recently rolled out BCT support for virtualization. Both of these applications (BCT and UCB) are now preloaded and preconfigured to operate on NEC's Univerge SV8000 Series Communication Servers to 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 Sphericall all-software UC solution. The sweet spot for Sphericall is between 100 and 250 users. The solutions offers voice, audioconferencing, messaging, IM, presence, a range of clients, and support for business process integration. Within the past year, NEC has expanded the availability of Sphericall; it is now offered in most regions.

SMBs should consider NEC if they are looking for attractively priced, solid UC functionality or if they are a part of one of the key vertical markets NEC addresses.

Strengths

- NEC is a large, diversified, global firm with extensive financial resources to leverage for product and channel development purposes.

- NEC offers reliable UC solutions with a range of applications. The recent in-the-skins/embedded integration of UCB and BCT on the SV8100 and SV8300 platforms offers a simpler installation and UC migration path for SMB end users and means a greater number of users will have access to UC applications. The product shift also means partners and end users have fewer servers to configure and administer.

- NEC has a strong vertical market focus; its solutions within the healthcare, education and 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 affordable pricing. NEC features a relatively straightforward UC licensing plan with licenses fees for trunk access license and client licenses.

Cautions

- NEC's UC solutions do not have as much brand recognition as competitors, and NEC isn't frequently in the UC consideration set.

- Postsales support for the UCB solution can be challenging for custom installations. Currently, customers are limited to contacting their dealer's support group and not NEC directly. Additionally, channel partners work with a third party, instead of directly with NEC, for customization and Level 3 support.

- While NEC has made efforts to consolidate its regional operations and standardize naming conventions and business processes, NEC is not as globally cohesive as some of its competitors. NEC offerings can be best for single-region SMBs as opposed to multinational SMBs because the products offered, the customer experience and channel support will be different by region.

- NEC can be slow to market with 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

In May 2011, ShoreTel released the ShoreTel 12, an update to its ShoreTel 11 UC platform. Like ShoreTel 11, the solution 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 enabled 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 appliances are configured collectively from a single ShoreTel Director Web application. ShoreTel 12 expands scalability from 10,000 users up to 20,000 users on a single system image. Furthermore, ShoreTel 12 consolidates previously required servers for conferencing (audio and Web) as well as IM/presence with a single ShoreTel Linux-based Service

Appliance. User functions are integrated within ShoreTel Communicator. ShoreTel 12 extends support for VMware along with additional support and interoperability with Microsoft Outlook and Exchange UM. ShoreTel 12 offers point to point video but does not yet offer multipoint video functionality.

ShoreTel has been successful growing its share of the North American enterprise voice communications market. While the majority of ShoreTel's business is in the SMB segment, the company is focusing growth efforts on the large-enterprise market segment. To support this move as well as to increase support for channel partners serving all market segments, ShoreTel underwent some channel restructuring initiatives in early 2011. ShoreTel implemented a tiered channel model in which smaller resellers/partners are now supported by value-added distributors ScanSource Communications and WestCon. This move is intended to help leverage their partners' logistics, warehousing and reseller capabilities and enable sales and channel growth.

SMBs should consider ShoreTel if they are looking for a reliable, cost-competitive UC solution, have a distributed office setting, or if ease of implementation, ease of use, and ease of management is more important than breadth and depth of features.

Strengths

- ShoreTel effectively addresses IT-constrained organizations' needs for easy-to-use and easy-to-manage communications solutions. The user, administration and implementation simplicity of ShoreTel 12 is well-positioned for most SMBs unified communications needs.

- ShoreTel's ongoing customer satisfaction reviews and partner compensation model which increases margins for partners based on customer satisfaction scores encourages an optimal overall customer experience.

- The company's financials, market share, and product development as well as channel support resources are showing ongoing positive momentum. While the company doesn't have the brand recognition of some of its counterparts, ShoreTel is making positive strides expanding its presence and resources and is demonstrating stable growth and saying power in the unified communications market.

- The offering is easy to use, administer, 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.

Cautions

- ShoreTel is increasingly focusing product, marketing and sales efforts on the 500-user market segment. While the shift offers an expanded addressable market and overall positive opportunities for the company, the move could potentially shift resources away from the company's SMB sweet spot. Many partners serving the SMB market segment are transitioning over to ScanSource Communications and Westcon for support. While we have no evidence that this move has negatively impacted partner support to date, we will be monitoring the shift to determine the ongoing effectiveness of support for partners using the new North American tiered model.

- Compared with most providers in this MarketScope, ShoreTel is a smaller organization (revenue was $148.5 million in 2010) and because of this size has a more limited geographic footprint. Introduction of its value added channel model could expand its North American channel coverage. It should be noted, the company is still a predominantly North America-focused company, with approximately 88% of revenue coming from the region. As such, global expertise and capabilities, while improving, is relatively low; global channel coverage should be examined before international deployments.

- While ShoreTel includes most features that SMBs desire in an all-in-one package, some capabilities are not as advanced as other competitor offerings. For example, ShoreTel's video and contact center capabilities are not as robust as some competitive offerings. Additionally, the appliance architecture can be less desirable for SMBs with larger, centralized environments.

Rating: Strong Positive

Siemens Enterprise Communications

Siemens Enterprise Communications positions its flagship OpenScape Office portfolio in the SMB UC market. OpenScape Office is available in three versions: MX (all-in-one solution targeted to organizations with up to 150 employees);

OpenScape Office LX (the software-based Large Edition supports up to 500 users and can scale up to 1,000 users in multisite networks); and OpenScape Office HX (the UC application for HiPath 3000, which is positioned from 50 to 500 users). The LX offer can run in a virtualized environment and is capable of networking multiple sites; the HX solution will be developed to feature multisite networking.

During December of 2010 and into early 2011, Siemens released several new enhancements to its UC portfolio. Siemens released OpenScape Web collaboration which provides multiparty Web and video collaboration functionality. Siemens also rolled out a suite of collaboration applications for its OpenStage phones. The company expects to release native Web and videoconferencing across the three solutions in the fourth quarter of 2011.

Siemens Enterprise is owned by private equity firm, the Gores Group (51% ownership) and Siemens AG (49% ownership) after a 2008 joint venture. The company sells and markets the LAN switching and networking business of Enterasys and the contact center software business of SER, owned by Gores. In 2010, Siemens incorporated the Enterasys portfolio into the Go Forward! Partner Program, which could improve the range of networking solutions sold as part of the UC portfolio.

SMBs should evaluate Siemens if they are looking for a solid all-in-one communications offer with virtualization capabilities.

Strengths

- Siemens has a long history of selling voice and advanced communications applications and an impressive installed base of SMB customers globally.

- Siemens has the financial backing of private equity firm Gores, which shields the company from making short-term business decisions aimed at meeting quarterly financial benchmarks.

- The OpenScape Office MX and the LX are built as a complete all-in-one UC platform with broad UC capabilities. The newer software-based LX solution provides Siemens with opportunities to grow relationships with software integration companies and new IT partners.

Cautions

- Siemens channel coverage is less extensive in the North American market than it is in many other regions. Furthermore, the company has scaled back on support

resources through internal ongoing cost cutting measures which negatively impacts partners' ability to sell and support Siemens UC solutions. North American channel partners go through North America-based SoTel for support and SoTel in turn liaises with headquarters in Germany for higher level resolution which can result in time delays.

- Siemens has a large installed base of telephony customers throughout North America. The company, however, has more brand recognition as a telephony provider versus a UC and software provider.

- In the past, Siemens hasn't been strong at networking multiple sites together due to product limitations. This has been improved by introducing OpenScape Office version 3, which supports networking (both OpenScape Office MX and LX). As of publication, OpenScape Office HX, however, does not yet feature multisite networking capabilities.

Rating: Promising

Toshiba

Toshiba positions two offerings in the SMB UC market. The first solution is based on the IP-capable Strata CIX telephony platform combined with the Media Application Server (provides VM/UM, notification and contact center functionality), Strata Meeting (provides Web and audioconferencing and collaboration), and the Strata Call Manager (provides presence/IM). The Strata CIX is available in four versions to accommodate different size segments: CIX 100 (20 to 70 users); CIX 200 (50 to 160 users); CIX 670 (100 to 560 users); and CIX 1200 (250 to 1,000 users).

The second and newer offer, released in June of 2011, is based on the Toshiba IPedge. IPedge is a pure IP solution built on a Linux-based platform. IPedge features telephony, VM/UM, IM/presence, and SIP trunking capabilities in a single-server architecture. Initially, conferencing and collaboration are featured as external servers but are expected to be built into the system during the second half of 2011. IPedge is currently available in two versions: the IPedge EC's sweet spot is at 20 to 100 users (200 users maximum); the IPedge EM is for 100 to 500 users (although the EM scales up to 1,000 users).

Although the Strata CIX and IPedge solutions are positioned to customers in the same size segments, both offerings will be supported. The CIX solution supports digital and IP devices while the IPedge is a pure IP-based solution. The solutions can be networked together as necessary.

Small businesses should consider Toshiba if they are looking for a reliable, more voice-oriented offering geared specifically for the small business segment.

Strengths

- Toshiba is known for producing reliable and affordable voice-oriented offerings. The company is known to focus on its core market and business, which is small-business communications, and to deliver solutions that are integral to this market.

- Toshiba sells 100% through its channel in the SMB market, and is known for its loyal dealer channel.

- Toshiba consistently receives positive feedback for its technical training program. The company has developed effective online training resources and videos to help train and educate technicians and end users. Training is typically free so partners are not restricted from obtaining the most up-to-date insight on Toshiba's solutions.

- IPedge offers advancements in terms of UC server consolidation, which improves the ease of partners implementing Toshiba UC (fewer product SKUs and easier implementation via wizards) and enhances the customer experience (automatic system backups, centralized management improvements).

Cautions

- Toshiba's Strata CIX-based UC solution requires the integration of various servers to achieve full UC functionality. While Toshiba's prices for basic voice functionality are price-competitive within the SMB market, the cost associated with the acquisition and integration of multiple servers to obtain additional UC functionality can add significant cost for customers and be more complex for channel partners to implement and support.

- While the IPedge solution improves Toshiba's ability to deliver UC as a more integrated solution as opposed to the implementation of multiple separate server components, IPedge is not yet a mature solution. Additionally, some functionality and interoperability still needs to be addressed. For example, IPedge does not yet support Toshiba's contact center applications natively on the IPedge server but requires an external Media Application Server (although Toshiba expects to be able to offer this support in one to two years via virtualization or other method), and Toshiba is working on the integration of the conferencing and collaboration server as well as the addition of video capabilities.

- 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 some 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.

Rating: Promising

Vertical

Vertical competes in the SMB market with its Wave IP 500 and Wave IP 2500 UC solutions. The Wave IP 500 is targeted for up to 50 users, and the Wave 2500 has a sweet spot of up to 500 users. Wave features telephony, audio/videoconferencing, IM/presence, notification and UM in a single-server appliance-based architecture. Wave does not currently support Web conferencing or collaboration. Vertical also currently offers the Televantage solution positioned for customers with between 10 to 250 users. Televantage will be phased into end of life in the fourth quarter of 2011 as the Wave solution takes over as the flagship offer.

Vertical is a privately held U.S.-based company founded in 2004. The company was formed as the acquisition and integration of four telephony companies: Vertical Networks, Artisoft, Comdial and Vodavi. Vertical has condensed and evolved the product line through the years, migrating installed-base users from legacy acquired key telephone system (KTS) and PBX solutions to IP telephony and now the Wave solution. The company has a strong industry focus on the following verticals: retail, professional services (legal and real estate), healthcare, education and government sectors.

SMBs should consider Vertical if they are looking for industry-specific capabilities with advanced call reporting detail in an all-in-one UC solution.

Strengths

- Vertical has a strong focus on the SMB market segment, and the company's overall approach – channel structure, licensing model and all-in-one solution – is specifically tailored for this market segment. The solution is competitively priced with an array of built-in rich UC functionality.

- The company offers a strong vertical approach with integration into various business/industry-specific applications. Vertical also offers call tracking and reporting capabilities specific to industry segments.

- Vertical has a partnership with LG-Ericsson for research and development as well as the manufacturing capabilities of its solutions. The partnership provides Vertical with additional financial backing to leverage for innovative solution development.

Cautions

- Vertical has had several large software releases for its Wave IP product since its introduction in late 2007. Adoption of new features and content has proven to be challenging for some of Vertical's customers and channel partners. Vertical has invested significant resources to address configuration complexity and technical training for channel partners, which is increasingly improving overall implementation experiences.

- Vertical's channel has roots in TDM-based technologies, and some of the company's acquired customers and channel partners continue to be more comfortable purchasing, selling and supporting TDM KTSs instead of IP-based solutions. Vertical continues to focus efforts on migrating channel partners to its IP and UC-based offerings through technology training and certification programs and is increasingly focusing on growing distribution with new IT-savvy channel partners.

- Vertical has low mind share relative to many larger SMB UC competitors, which means Vertical is not frequently considered in UC solution RFPs. Historically, Vertical has not invested in marketing activities outside of those activities directed at its channel partners. Currently, Vertical is launching a global marketing campaign (including revamping its online presence, expanding engagement at industry events, and increasing its overall marketing budget) to improve brand awareness.

- According to Gartner's latest financial vendor rating model, Vertical received a Caution rating. SMBs should conduct their own evaluation of viability before making long-term commitments. It should be noted that Vertical is backed by private equity and venture capital investors, as well as LG-Ericsson. Overall, the company has raised approximately $75 million in investment capital since its inception. At the time of publication, Vertical was in the process of closing additional financing from investors, which suggests continued support from financial investors.

Rating: Caution

Vendors added

Alcatel-Lucent, Digium and Vertical were added to the 2011 North American SMB UC MarketScope evaluation. While Alcatel-Lucent doesn't have a large percentage of its UC business generated from North American sales, the company does have a presence in North America and a dedicated base of channel partners serving the North American market. Digium, the creator of the open-source Asterisk telephony platform, has experienced increased market interest and uptake of its Switchvox UC solution. Vertical has an SMB-targeted UC solution with its Wave offer.

Vendors dropped

IBM and Critical Links were dropped from the 2011 SMB UC MarketScope evaluation. IBM Foundations is an emerging offering, and because of limited market traction and positioning of the platform, we have decided to remove this from the evaluation. Critical Links is a niche provider with limited market share in North America. While Critical Links has a unique offer that we wanted to highlight in 2010, it is not large enough to warrant continued coverage in the MarketScope on an ongoing basis. ○

Note 1
Vendors Added or 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.

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.

The customer experience & UC case studies

The customer experience

What is certain is that the limitations of any solution have the potential to prevent an organization from fully leveraging their investment in unified communications. We believe that the "Strong Positive" rating ShoreTel received in Gartner Inc.'s most recent Marketscope for Unified Communications for the SMB Market, North America is borne out by the actual experience of ShoreTel customers.

"…with other systems, you could do everything, but it usually required a lot of bolt-ons or a lot of add-ons and complexity…I wanted things to be as simple as possible, and as functional as possible, and I think ShoreTel wrapped it up nicely into one package."

Jonathan Lockwood,
Technology Manager,
Glacier Fish

Overall, ShoreTel's focus on customer satisfaction – which is acknowledged to be a company "obsession" – sets the industry standard for customer care. This is among the reasons why SMBs may want to look closely at ShoreTel.

UC case studies

ShoreTel enjoys the industry's highest customer satisfaction ratings across the board, and ShoreTel's own carefully monitored feedback from customers confirms this. To view full case studies from the customers quoted in this newsletter, go to:

- Glacier Fish Company
  Glacier Fish leveraged the latest IP technology from ShoreTel to redefine their ship-to-shore technology while cutting costs. Read more

- Headquarter Toyota
  This leading auto dealership chose ShoreTel's all-in-one solution to replace a decades-old infrastructure and unite 300 employees across two locations. Read more

- San Francisco Giants
  By replacing their landlines with an IP solution that integrates seamlessly with their CRM system, the franchise saves hundreds of thousands of dollars per year while delivering world-class service. Read more

- Siena Heights University.
  Deploying a flexible VoIP system enables the university to improve communications for faculty and students across their 55-acre campus. Read more

Or, visit the ShoreTel Resource Center for access to a complete archive of customer case studies that can be searched by company name, industry, and size.

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ShoreTel is the provider of brilliantly simple Unified Communication (UC) solutions based on its award-winning IP business phone system. We offer organizations of all sizes integrated, voice, video, data, and mobile communications on an open, distributed IP architecture that helps significantly reduce the complexity and costs typically associated with other solutions. The feature-rich ShoreTel UC system offers the lowest total cost of ownership (TCO) and the highest customer satisfaction in the industry, in part because it is easy to deploy, manage, scale and use. Increasingly, companies around the world are finding a competitive edge by replacing business-as-usual with new thinking, and choosing ShoreTel to handle their integrated business communication. ShoreTel is based in Sunnyvale, California, and has regional offices and partners worldwide. For more information, visit www.shoretel.com.