

# Magic Quadrant for Unified Communications as a Service

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UCaaS providers develop and operate cloud UC services that offer telephony, meetings, messaging, mobility and contact center, and they have begun building AI stories at different layers of these services. Here, we assist I&O leaders in selecting providers that align with their organizations' needs.

## Strategic Planning Assumptions

By 2027, 50% of office workers in the U.S. and Europe will not be provided wireline telephony (i.e., all telephony that is not cellular), which represents significant growth from 10% in 2023.

By 2027, 80% of organizations will use their existing cloud office/collaboration platforms for enterprise telephony, which is a major increase from 20% in 2023.

## Market Definition/Description

Gartner defines unified communications as a service (UCaaS) as a multitenant, subscription-based service. It is cloud-delivered, and it provides business telephony features; external, public switched telephone network (PSTN) connectivity that enables inbound or outbound calling; and collaboration features, such as messaging and meetings. UCaaS services can be consumed by end users with traditional handsets, desktop clients, meeting room systems and mobile apps.

UCaaS is used by organizations to securely communicate and collaborate — both internally and externally. UCaaS providers must offer telephony, messaging and meetings (video). UCaaS providers may offer variations of each of the three modes of communication.

Gartner's definition of meetings for the UCaaS market focuses on the capabilities for internal collaboration, work from home and external presentation meeting use cases only. Other specialized use cases — such as webinar, remote support, distance learning and training — are often available from UCaaS offerings, but are not mandatory for this research. These use cases are part of a separate market defined by Gartner (meeting solutions).

UCaaS is frequently seen by organizations as a replacement option that will enable them to outsource most of the maintenance, support and management of premises-based UC to the UCaaS provider. With most providers, UCaaS is a co-managed service; however, the buyer's share of the management is limited to simpler administrative tasks.

Support for remote and hybrid workers is an important capability that buyers seek from UCaaS. Today, remote and hybrid worker support in UCaaS offerings is a “table stakes” capability.

During the past year, UCaaS vendors have started expanding their offerings to two adjacent spaces. The first is basic, and involves mostly internally facing, call center solutions. These solutions are usually bundled with the UCaaS offering at little additional cost. The second market involves artificial intelligence (AI)-enabled telephony use cases. Gartner sees these two pursuits as important attempts to differentiate in a highly commoditized market. We believe it will take time to see these AI-based features, at least in UCaaS telephony, as a must-have capability.

## Mandatory Features

Mandatory features for the UCaaS market are described in the sections that follow:

**Enterprise Telephony Features:** This functionality must be supported through physical IP phones, physical analog phones; analog devices (e.g., fax machines and fire alarm panels); desktop apps; web apps; or mobile apps. It must include at least the following features:

- Emergency calling services with notifications connectivity to the PSTN.
- Basic internal or external calling
- Call forwarding
- Call transfer
- Shared-line call appearances

- Voicemail
- Call logging
- Encryption
- Account codes
- Hunt groups
- Queues with announcements
- Attendant consoles (for receptionists)
- Delegation (for administrative assistants)
- Auto attendants
- Interactive voice responses (IVR) for self-service
- Hot desking (used in shared workspaces)

**Meeting Functionality:** These features must be accessible via either desktop app, mobile app, web app or meeting room systems. They must include at least the following features:

- Multiparty audio/video conferencing with content sharing (screen and application sharing)
- In-meeting messaging
- File-sharing
- Customizable layouts
- Closed captioning
- Meeting summaries
- Recording
- Virtual backgrounds
- Breakout session support
- Reactions and other features

**Messaging Features:** At a minimum, this must include the following capabilities:

- The ability to enable users to exchange richly formatted instant messages (IMs) with emojis, images, file attachments and links in real time.
- Support for personal messaging for 1:1 communication (also known as “chat”), as well as team messaging for groups using conversational user experiences.
- Support for presence and status indicators that allow users to view the availability and status of other users and resources in their organizations.

## Common Features

Common features for this market include the following.

**Software Apps:** These enable access to all of the communication modalities and collaboration features from a consistent user experience across endpoints. UCaaS providers offer desktop, web and mobile apps for smartphones and tablets, as well as software extensions/plugin-ins that integrate with business applications, such as calendars, email and CRM solutions.

**Contact Center:** UCaaS vendors are following two approaches:

- An integrated contact center can be self-developed by the UCaaS provider, often relying on the same platform that delivers UCaaS telephony services.
- UCaaS vendors can enter into technology partnerships with other market-leading, third-party contact center vendors to offer best-in-class services under the same contract, but not their own technology stack. This enables UCaaS vendors to provide basic, internally facing IT help desk call centers at little or no additional cost within the UCaaS licensing itself.

**Quality of Service (QoS) Monitoring:** Buyers expect UCaaS providers to include at least a basic level of QoS monitoring and reporting, along with advanced features, such as dashboards with graphical representations of the following:

- Details of the underlying data networks being used to deliver UCaaS
- Trending reports with threshold-crossing indications
- Suggestions on corrective actions

- Features to identify root cause

**APIs:** These include features to support the customization, development or integration of discrete UC features, such as voice and video, meetings, messaging and management, administration or reporting, and analytics. Integration options commonly include:

- Contact centers
- Marketplaces
- Collaboration applications
- Workstream collaboration
- Plug-in or extension integrations for leading cloud business applications
- Communication platform as a service (CPaaS) for digital business application integrations
- Integration with business analytics and AI features

**AI-Enabled Features:** With the advent of generative AI (GenAI) and other AI modalities, organizations increasingly look for AI-based features in UCaaS platforms. This includes such optional features as:

- Conversation summary for PSTN/internal calls
- Suggesting next best actions, based on the conversation
- Automatic creation of reminders for follow-up, based on the conversation
- Alerting based on voicemail transcripts

## Magic Quadrant

Figure 1: Magic Quadrant for Unified Communications as a Service





## Vendor Strengths and Cautions

### 8x8

8x8 is a Leader in this Magic Quadrant. The company offers 8x8 Work for telephony, meetings and team messaging, 8x8 contact center and communications platform as a service (CPaaS) capabilities. 8x8's customers tend to be midsize enterprises (MSEs) located almost exclusively in North America (NA) and Europe.

The vendor's latest enhancements include the release of 8x8 Engage, involving integrated unified communications as a service/contact center as a service (UCaaS/CCaaS) capabilities for customer-facing roles; Operator Connect for Teams in more than 20 countries; Proactive

Outreach, which is a no-code solution for messaging and meeting feature enhancements; and artificial intelligence (AI)-based features, such as summarization in meetings and chat.

### *Strengths*

- 8x8 remains well-suited to organizations planning to bundle UCaaS and CCaaS solutions without advanced contact center requirements (typically fewer than 300 contact center agents).
- 8x8 is well-positioned to deliver feature-rich, telephony-centric UCaaS capabilities to organizations that have adopted Microsoft Teams or other cloud office tools for messaging and meetings.
- 8x8 reports a balanced customer base across all market segments. It has strong adoption in NA and the U.K. and, as a result, customers in these regions will benefit from 8x8 by selecting it as a pure-play UCaaS provider.

### *Cautions*

- Despite offering UCaaS service, along with full public switched telephone network (PSTN) replacement in 59 countries, 8x8's geographical, go-to-market (GTM) presence is predominantly focused on NA and Europe (mainly the U.K.), and the vendor is usually not a choice for multinational organizations (MNOs) headquartered outside NA and Europe.
- Despite enhancing its contact center capabilities, 8x8 has not achieved greater adoption in large customer service organizations. 8x8 is also slowly losing its unique proposition of providing a Teams-integrated UCaaS solution. Many leading vendors have begun offering similar integrations, except for the CCaaS.
- 8x8 has faced challenges during the past couple of years that include top leadership changes and retaining its existing clients in the Gartner client base in a hypercompetitive and collaboration-driven UCaaS market. A slight revenue decline last year and declining interest in 8x8 among Gartner clients reflect these challenges. Gartner clients planning to renew or considering 8x8 for UCaaS and CCaaS should consider these changes when making decisions.

## **Cisco**

Cisco is a Leader in this Magic Quadrant. Cisco's Webex suite includes telephony, messaging, meetings, webinars, events, integrated contact center and CPaaS capabilities.

Its customers tend to be large multinational organizations(MNOs) in healthcare, financial services, government and manufacturing.

The vendor's latest enhancements include Webex Meetings "Catch Me Up"; Cisco Room Bar Pro, with support for three displays; Contact Center AI-generated call summaries; third-party endpoint monitoring with ThousandEyes; AI Assistants for Webex Suite, Devices, Contact Center and Control Hub; Webex AI Codec; and Meetings multistream layouts.

### *Strengths*

- Cisco has made extensive investments in AI across its entire UCaaS portfolio during the past 12 months, increasing the ease of use and effectiveness of its contact center, meetings, messaging, calling, devices and administrative portals.
- Cisco recently launched its latest generation of hardware endpoints, including the 9800 Series desk phones, headsets, cameras, meeting room kits and collaboration boards. The enhancements to the desk phones include a new design, AI features, power management and a programmable action button that can be used during emergencies.
- The breadth of the Cisco Webex offering exceeds that of competing UCaaS providers. It includes back-end calling, messaging, meetings, contact center, CPaaS and observability services, as well as hardware endpoints, room meeting systems and gateways.

### *Cautions*

- Many buyers have selected other vendors for their collaboration needs, and seek only telephony from Cisco. However, Cisco leads with the Webex Suite, which includes the full range of collaboration capabilities, along with telephony that may result in overlap in the collaboration products organizations are already using and invested in. This overlap can be trickier to manage for such buyers from both a cost and a vendor management standpoint.
- Cisco relies largely on its channel partner network for support, account management and maintenance for Cisco Webex. Gartner clients report inconsistent levels of support, compared with vendors that perform these activities themselves.
- Small and midmarket Gartner clients often perceive Webex as complex and struggle to leverage all of its capabilities, although Webex does have a separate small or midsize business (SMB) offering with reduced feature set better suited to the SMB market.



## Dialpad

Dialpad is a Niche Player in this Magic Quadrant. Dialpad's offering delivers telephony, meetings, messaging, contact center and sales capabilities. Dialpad's operations are focused mainly in NA and Asia. Its customers are distributed across most market segments.

The vendor's latest enhancements include incremental enhancements to Ai Voice and the underlying capabilities; Ai Recap (meetings summarization and action items), Ai Scorecards (score ratings for customer interactions), and Ai Coaching Hub (dashboard for CSAT and interaction ratings). Dialpad's native large language model (LLM), DialpadGPT, has grown to 6 billion minutes of proprietary training data. The vendor has enhanced handoffs of calls between disparate networks and devices and improved call resiliency in poor network conditions with some technological advancements in the back-end platform.

### *Strengths*

- Dialpad's AI engine is used across its telephony, messaging, meetings, contact center and sales capabilities, extending consistent and seamless, AI-infused experiences across the platform. Additionally, Dialpad's partnership with Google gives the company unique access to Google's generative AI (GenAI) resources.
- Dialpad's services are generally straightforward to acquire. More than 90% of onboarding is accomplished through customer self-onboarding tools, including a combination of guides, videos and tailored one-pagers for onboarding specific user personas.
- Dialpad's user interface (UI) and call transcription/summarization capabilities are commonly cited by Gartner Peer Insights reviewers as attributes that enable an intuitive and innovative communications experience.

### *Cautions*

- Dialpad has limited visibility and brand recognition, compared with leading UCaaS providers. Hence, Dialpad UCaaS services have lower-than-average consideration among communications and collaboration solution decision makers.
- Dialpad's meeting functionality lags its competitors and lacks support for survey/polling, live translation, breakout rooms, online meeting storage integration, support for large meetings (more than 1,500 users) and full HD video resolution (currently capped at 720p).
- Dialpad's solution may not be well aligned for businesses with niche or customized requirements. Although Dialpad is focused on expanding its channel presence outside

NA, it still has limited consultative resources and lacks a deep community of systems integrator (SI) and value-added resellers (VARs), with expertise in implementing unique configurations and capabilities.

## Google

Google is a Challenger in this Magic Quadrant. Its UCaaS offering consists of Google Meet, Google Chat and Google Voice. Its operations are geographically diversified. Its UCaaS customers tend to be SMBs in academia, high-tech and the public sector.

The vendor's latest enhancements include a Quick Access menu in Google Meet for virtual backgrounds and filters; Live captioning in more than 80 languages, 1080p video and recording, adaptive audio. Google Chat now offers voice messages, a new mobile experience, and interop with other messaging platforms. New features also include pairing video tiles in Google Meet to improve accessibility for users with language interpreters, as well as enhanced spam protection through automatic labeling of suspected spam SMS in Google Voice.

*Google did not respond to requests for supplemental information about this document. Gartner's analysis is therefore based on other credible sources.*

### Strengths

- The UCaaS capabilities of Google Workplace, especially those of Google Meet, Google Chat and Google Voice, have been deeply integrated into other Google Workplace applications, such as Gmail, Google Drive and Docs/Sheets/Slides. These integrations provide a rich and simplified experience for teams to collaborate on documents.
- Google is among those technology mega vendors that has invested heavily in its AI offering. Gemini has been integrated with all of Google's offerings, including UCaaS. It is expected that UCaaS buyers will prioritize AI capabilities more highly during the next 12 to 18 months and, therefore, elevate the value proposition of Google's UCaaS offering.
- As a highly diversified company and not solely a UCaaS vendor Google is well-resourced and has limited business risk. This contrasts with many pure-play UCaaS vendors, which have faced the headwinds of a consolidating UCaaS market.

### Cautions

- Google's telephony capabilities may meet the needs of organizations with basic telephony feature requirements. Google telephony may not be optimally aligned with operational communications use cases in organizations with industry-specific or regional regulatory requirements (e.g., healthcare, retail, financial services, large governmental organizations or public utilities). These industries are likely to have unique requirements in support of their regulatory obligations.
- Google does not have integrated UCaaS/CCaaS capabilities. Organizations planning to consider Google's UCaaS solution must have a separate strategy for CCaaS.
- Google's pace of innovation has been more gradual than that of the leading UCaaS competitors. Competitors have introduced meetings, messaging and calling enhancements at a more rapid rate during the past few years than Google has.

## **GoTo**

GoTo is a Niche Player in this Magic Quadrant. GoTo Connect provides telephony, meeting, messaging and contact center capabilities. GoTo's customers are mostly in NA and Latin America (LATAM), and are SMBs, typically with fewer than 100 users.

The vendor's latest enhancements include transcription summaries and captions for GoTo Meeting and GoTo Webinar; a new attendant console to improve customer interaction management; and GoPilot, an AI assistance built into GoTo's admin interface. It also includes an integration package for customer insight data, as well as customer service and support enhancements, including topic and sentiment detection, AI interaction summaries, and AI analysis for chat interactions.

### *Strengths*

- GoTo offers an affordable suite of services that align with most SMB requirements for telephony, meetings and lite customer service capabilities.
- GoTo offers a strong value proposition for businesses in the automotive, small healthcare and education sectors, where the company continues to expand APIs and connect to partners with deep industry expertise.
- GoTo is well-aligned with SMB organizations looking to purchase remote IT support and mobile device management support, along with communications services capabilities.

### *Cautions*

- GoTo may not meet the requirements of large enterprises with expansive geographic footprints that require a customized/consultative approach to implementations, due to its limited geographic presence.
- GoTo's contact center and meetings capabilities may not be well-aligned with organizations that require extensive feature sets.
- GoTo has received some mixed feedback, because its administration portal is not as intuitive as some competing solutions. Gartner clients have provided this feedback, which is also reflected in Gartner Peer Insights reviews.

## **Microsoft**

Microsoft is a Leader in this Magic Quadrant. Its offering, Microsoft Teams, provides telephony, messaging and meetings. Its operations are geographically diversified, and customers are distributed across all business sizes, industries and geographies.

The vendor's latest enhancements include Copilot in Teams for AI-based capabilities; the Queues app for lightweight voice-only call center functionality; an enhanced service-level agreement (SLA) of 99.999% for Teams Phone services; new telephony features include shared calling, private line and multitenant/multiaccount support; introduction of Teams Phone for frontline workers to securely communicate and collaborate with customers, teammates and suppliers; and the launch of Teams Phone-powered solutions in India from select local carriers leverages Operator Connect platforms.

### *Strengths*

- Microsoft Teams continues to be the most popular choice in the UCaaS market, especially for organizations that are already using Teams for internal collaboration. With its enhanced SLA of 99.999%, Teams' telephony will provide organizations with a higher trust factor.
- With Copilot in Teams and Teams Premium, Microsoft leads on offering AI-first capabilities with Teams for meeting, chat and telephony. As a result, clients looking for AI-related features should consider Microsoft, due to its high pace of innovation.
- Microsoft Teams is well-aligned for cloud telephony for large MNOs, with a worldwide presence, due to its flexibility of PSTN connectivity options. The vendor has expanded its Operator Connect in more than 96 countries, including India.

## *Cautions*

- Microsoft's PSTN connectivity options, such as Direct Routing and Operator Connect, along with new options such as Teams Phone Mobile and pay-as-you-go calling plans, can confuse customers. Gartner clients cite challenges in determining appropriate plans for their organizations.
- Organizations with advanced telephony use cases — such as SMS, CRM integration, attendant consoles and advanced call recording — find gaps in Microsoft Teams. Organizations with such requirements for a small group of users often adopt telephony specialist UCaaS solutions, then provide integration with Teams.
- Microsoft Teams does not fully address most customer contact center needs. The recent launch of the Queues application in Teams for lightweight, voice-only call center capabilities is a starting point, but there is more work to do before Microsoft Teams can be considered for more than UCaaS.

## **RingCentral**

RingCentral is a Leader in this Magic Quadrant. Its RingEX and RingCX solutions offer telephony, messaging, meetings and contact center capabilities. The vendor serves customer organizations of all sizes. Most RingCentral customers are in NA, but it also has a strong presence in Europe.

The vendor's latest enhancements include RingSense AI platform enhancements infused across its portfolio, including real-time Smart Notes and follow-up action items; RingCX enhancements, including more-comprehensive CRM integrations, presence synchronization between RingCentral EX and CX, and RingIVA Pro intelligent virtual agent; SMS templates and bulk export functions; POTS support; and meeting enhancements, including support for HD 1080p video.

RingCentral acquired Hopin Events, now branded as RingCentral Events, to support virtual, on-site and hybrid events. RingCentral Events is not yet integrated into RingCentral's broader EX and CX portfolio.

## *Strengths*

- RingSense AI capabilities are infused across its video, messaging, phone and contact center functions, enabling innovative capabilities across its portfolio, including real-time

language translation, postmeeting action callouts, AI detection of sensitive/restrictive content and the creation of topic/content-based video clips.

- RingCentral continues to outpace the market with third-party application integrations to enable the delivery of advanced UCaaS capabilities. RingCentral's App Gallery includes approximately 400 prebuilt integrations, supporting UCaaS buyers with customization requirements via no-code/low-code configurations.
- With RingCX, a native CCaaS offering, RingCentral leads in offering UCaaS and CCaaS for organizations planning to bundle UCaaS, as well as with basic CCaaS services. The vendor continues to offer NICE CCaaS solutions for organizations with advanced contact center needs.

### *Cautions*

- RingCentral's core differentiation continues to be associated with telephony, a segment of the market driving fewer UCaaS decisions, even though cloud telephony still represents the largest total addressable market (TAM) in UC categories.
- RingCentral's partnership investments with certain international legacy UC technology providers have not performed as expected. Organizations using legacy UC platforms that RingCentral partnered with to offer their cloud solution may see limited value in this partnership and more value in a direct approach with RingCentral.
- Gartner clients have reported mixed experiences dealing with RingCentral's customer engagement teams (e.g., sales and support), and some inconsistencies have been evidenced in Peer Insights reviews as well. The company's focus in customer support is showing sustained traction.

### **Sangoma**

Sangoma is a Niche Player in this Magic Quadrant. Sangoma UC supports telephony, meetings, messaging, contact center, software-defined wide-area network (SD-WAN) and CPaaS. More than 90% of Sangoma's UCaaS customers are located in the U.S. and Canada. Sangoma customers are primarily midmarket organizations, especially retail businesses seeking UCaaS bundled with lite contact center and CPaaS. Sangoma also offers managed IT services, 5G, virtual private network (VPN) and data networking.

The vendor's latest enhancements include Health Insurance Portability and Accountability Act (HIPAA) compliance certification, AI transcription and closed captioning for meetings,

the addition of personal meeting room IDs, and added support for Apple CarPlay and Android Auto.

### *Strengths*

- Sangoma's UCaaS offering is competitively priced and offers several adjacent services, including contact center, CPaaS and SD-WAN, enabling the vendor to be a "one-stop shop" for some SMBs.
- Sangoma is one of the few vendors that can deliver a complete UCaaS solution that includes both cloud services and hardware (such as desk phones, headsets and survivable branch appliances). Hybrid deployments are also possible, combining Sangoma's on-premises and cloud solutions.
- Sangoma provides managed services and dedicated customer onboarding teams to help customers. It goes beyond some other providers in the market to extend this program to SMBs. The field service and education verticals are also key focus areas for Sangoma, which has invested in features of specific value to customers in these verticals (e.g., urgent message notifications for education customers).

### *Cautions*

- Sangoma has a limited presence outside NA. Sangoma's cloud and hybrid UC offerings may not be a fit for organizations with a significant presence in geographic locations other than NA.
- Most Sangoma Business Voice deployments center on telephony and voice services. Sangoma's meeting and messaging capabilities still have some gaps in good-to-have features, such as 250 participants allowed in the meeting, PSTN dial-in/out and cloud recording storage. It has received mixed feedback from Gartner clients and Peer Insights, due to user experience (UX) and above-mentioned feature/functionality concerns.
- Sangoma's brand recognition is low among Gartner clients. As the UCaaS market continues to consolidate, vendors with better-established brands continue to see increased adoption at the expense of lesser-known competitors.

## **Vonage**

Vonage is a Niche Player in this Magic Quadrant. Vonage Business Communications (VBC) offers telephony, SMS, messaging and meetings. VBC integrates with Vonage's CPaaS and

CCaaS, which are components of the Vonage Communications Platform (VCP). Vonage has a sweet spot delivering services to SMBs and has been successful expanding upmarket. Vonage continues to have a strong presence in NA, where more than 90% of its users operate, although the company can also support customers in a limited number of European countries.

The vendor's latest enhancements include virtual backgrounds in meetings, block outbound calling for specific extensions (internal only extensions) and a location-based, dial-by-name directory that shows only users in the same location.

### *Strengths*

- VBC is tightly integrated with Vonage Contact Center, and Vonage has a strong CPaaS offering for customers interested in creating customized and integrated microservices. This aligns with the needs of Vonage's mostly SMB and MSE customer base, which frequently bundles CCaaS and other services.
- Vonage places specific emphasis on serving the needs of the healthcare, legal, retail and transportation/logistics industries. Vonage has invested in certifications, product features, marketing campaigns and materials specifically to serve these key customers.
- Vonage has an established track record of providing excellent implementation and migration support. This is supported by customer reviews shared in Gartner Peer Insights that frequently laud Vonage for migration support and cost-effectiveness.

### *Cautions*

- Vonage continues to struggle to gain "mind share" and recognition among large enterprises. Most of Gartner's large enterprise clients do not consider Vonage when sourcing UCaaS.
- Vonage Meetings continues to lag behind competing vendors in its capabilities, making it unlikely that Vonage Meetings can fully support the complex requirements of a large-enterprise customer. The solution supports only a maximum of 200 participants and does not natively support language translation, large events, polling or room integrations.
- Vonage's operations are mainly concentrated in the U.S. As a result, customers outside this region have reported difficulties with support.



Wildix is a Niche Player in this Magic Quadrant. Wildix's "x-bees" offers telephony, meetings and conferencing. x-bees provides a suite of communication tools with AI features designed mainly for organizations that are highly engaged and communicating with their end customers. Wildix also offers Teams integration for organizations looking to enhance their Teams usage with better telephony features.

The vendor's latest enhancements include AI features, such as transcriptions and sentiment analysis for calls, meetings and contact centers, as well as compatibility with Apple Vision Pro.

### *Strengths*

- Wildix continues to have a strong presence in the European market and is expanding into the Middle East. However, compared with 2023, Wildix showed reduced growth in NA.
- Wildix's focus on AI capabilities, such as summarization and sentiment analysis in retail and other frontline-focused industries, makes it an ideal fit for customers advancing their frontline worker strategies.
- Wildix continues to be a telephony-centric SMB vendor, despite enhancing its meeting and conferencing capabilities. It is aligned well for frontline workers and organizations heavily focused on end-customer communications.

### *Cautions*

- Wildix's meetings/conferencing product still has gaps, compared with other collaboration-centric vendors listed here. It also does not have NA-specific security and regulatory certifications, such as FedRAMP and HITRUST. As a result, customers looking for collaboration-centric UCaaS platforms should assess its product feature set and roadmap to ensure compatibility with short- and long-term goals.
- Wildix's primary differentiator is a web-based approach that is designed for end-customer-facing roles, such as sales and support. Despite addressing traditional business communication needs, its focus remains on end-customer roles and features. This focus and positioning of its offering as a sales tool and call center limits its reach in the broader, collaboration-centric UCaaS market."
- Wildix lacks market brand awareness among Gartner clients that are seeking UCaaS solutions. This may result in difficulty attaining market share and could affect its overall growth.

## **Zoom**

Zoom is a Leader in this Magic Quadrant. Zoom's offering includes telephony, meetings, messaging and contact center. Zoom's operations are global and well-suited for organizations of all sizes, including large MNOs. Zoom has had significantly higher new UCaaS telephony sales among its installed base of Meetings customers.

The vendor's latest enhancements include Zoom AI Companion, a digital assistant throughout the Zoom platform for meeting catchup and summaries, whiteboard ideation and organization, SMS summarization and action item generation, language translation, and message composition. Smart Recording for Meetings includes automatic chapter generation, editing of chapters and generation of action items, as well as a "federated" approach to AI that enables Zoom AI models to be combined with partner AI models.

### *Strengths*

- Zoom has emerged as a bundled provider for UCaaS and CCaaS capabilities. Zoom Contact Center offerings are ideally suited for SMBs with customer-facing roles.
- Zoom has an established track record of focusing on support. This has been a significant differentiator, because Zoom was exclusively a meeting solution vendor. Gartner clients consistently give Zoom's service and support high ratings. This aligns with Gartner Peer Insights sentiment.
- Zoom differentiates with its Meetings capabilities. Zoom Meetings has an intuitive UI and deep industry feature support, making the solution a popular choice for users with significant external-facing meeting requirements. This provides a good user base for the company to upsell telephony and contact centers.

### *Cautions*

- Although Zoom's licensing encourages and incentivizes buyers to purchase the entire Zoom Workplace UCaaS offering, Gartner clients often select competing vendors for the collaboration or contact center.
- Zoom's pricing is in line with the market overall; however, a majority of Gartner clients report seeing reduced incentives, deep discounts and promotions it previously extended to them.

- Growth in Zoom's customer base has slowed significantly during the past 12 to 18 months. In part, this is due to a consolidating UCaaS market, but remains a considerable headwind to Zoom's ability to expand.

## Inclusion and Exclusion Criteria

For Gartner clients, Magic Quadrant research identifies then analyzes the most relevant providers and their products in a market. By default, Gartner uses an upper limit of 20 providers to support the identification of the most relevant providers in a market. On some specific occasions, the upper limit may be extended when the intended research value to our clients might otherwise be diminished.

The inclusion criteria represent the specific attributes that Gartner analysts believe are necessary for inclusion in the research. To qualify for inclusion, providers must meet the following criteria:

### **Self-Developed UCaaS Core Software:**

- UCaaS provider must self-develop the core software for calling/telephony.
- UCaaS provider must self-develop the core software for desktop apps, mobile apps and web clients (all of it, not either of them).
- UCaaS provider must self-develop the core software for meetings (audio-, video-, web conferencing).
- UCaaS provider must self-develop the core software for messaging.
- UCaaS provider must self-develop the core software for administrative portals.
- UCaaS provider must offer a bundled contact center that is seamlessly integrated into the UCaaS solution.
- Contact center may be self-developed or may source from a technology partner.
- UCaaS provider must offer quality of service (QoS) monitoring that is seamlessly integrated into the UCaaS solution
- QoS monitoring may be self-developed or may be sourced from a technology partner.

### **Provider Operator Core:**

- UCaaS providers must operate (i.e., manage, monitor, support and upgrade) the core UCaaS software platform for calling/telephony, messaging, meetings and admin portal
- Contact center may be operated by the UCaaS provider or by a technology partner.
- QoS monitoring may be operated by the UCaaS provider or by a technology partner.
- Compute, storage and networking infrastructure for back-end UCaaS services can be operated/managed by the UCaaS provider or by a technology partner (e.g., infrastructure as a service [IaaS] partner, telecom partner) user base.

### **User Base:**

- UCaaS provider must have a total user base of at least 850,000 paying users with telephony entitlements and domestic calling plans.
- Twenty or more current customers must each have 2,500 or more paying users with enterprise telephony feature entitlements and calling plans for domestic PSTN calling.

### **Revenue:**

- A minimum of \$100 million yearly UCaaS recurring revenue as of 31 December 2023. UCaaS recurring revenue is revenue that is directly connected to monthly or yearly recurring charges for UCaaS licenses/seats, and which EXCLUDES one-time charges (OTCs) for consulting services, implementation services for new customers, hardware, etc. Gartner requires a letter of attestation from an appropriate finance executive certifying that the minimum revenue requirements have been met.

### **Geographic Serving Area and User Base Split:**

- Definition of regions:
  - Region 1 — NA: U.S., Canada
  - Region 2 — Europe: the U.K., Ireland, Iceland and Western Continental Europe (Andorra, Austria, Belgium)
  - France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands, Portugal, Spain, Switzerland and Scandinavia (Denmark, Norway, Sweden)

- Region 3 — the Asia/Pacific (APAC) region: Must include three of the following: Australia, New Zealand, India, Hong Kong, Singapore, Japan and China.
- Region 4 — Latin America: Mexico, Central America and South America
- UCaaS provider must have 25,000 or more paying users with telephony entitlements and domestic PSTN calling plans in two or more of the above-defined regions. For example: more than 25,000 users in Region 1, and more than 25,000 users in Region 2.
- UCaaS provider must have 1,000 or more paying users with telephony entitlements and domestic PSTN calling plans in one-third (different region than previous criteria) of the above-defined regions. For example: more than 1,000 users in Region 3.

#### **Sales and Support:**

- UCaaS provider must have 75 or more directly employed sales and support staff in two (or more) of the above-defined regions. For example: more than 75 directly employed staff in Region 1 and more than 75 directly employed staff in Region 2.

#### **Customer Interest Indicator (CII):**

- Rank among the top providers in the Gartner's CII, defined by Gartner for this Magic Quadrant. Data inputs used to calculate Gartner CII factors a balanced set of measures, including:
  - Inquiry volume
  - Gartner Peer Insights competitor mentions in reviews
  - Twitter and LinkedIn followers
  - Gartner.com search volume
  - Google trends
  - Web traffic analysis
  - Overall CII score and ranking

## **Evaluation Criteria**

## Ability to Execute

Gartner analysts evaluate providers on the quality and efficacy of their processes, systems, methods and procedures. These factors enable their performance to be competitive, efficient and effective. They positively affect revenue, retention and reputation, in relation to Gartner's view of the market.

## Product/Service

Core goods and services that compete in and/or serve the defined market. This includes current product and service capabilities, feature sets, skills, etc. This can be offered natively or through OEM agreements/partnerships, as defined in the Market Definition and detailed in the subcriteria.

Key components include:

- UC functionality
- Voice services/telephony
- Personal and team messaging
- Meetings
- Contact center
- Mobility services, desktop and mobile apps

## Overall Viability

Viability includes an assessment of the organization's overall financial health, as well as the financial and practical success of the business unit. We view the likelihood of the organization being able to continue to offer and invest in the product, as well as the product position in the current portfolio.

Key components include:

- Corporate financial health
- Corporate commitment to UCaaS
- Recurring revenue trends

- Retention of existing customers
- New adoption and customer base trends

## **Sales Execution/Pricing**

The organization's capabilities in all presales activities and the processes, resources and structures that support them. These include deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Key components include:

- Conversion rates for sales of full-spectrum UC
- Conversion rates for sales of partial UC services (telephony only, for example)
- Direct sales
- Indirect sales via channel partners

## **Market Responsiveness and Track Record**

Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the provider's history of responsiveness to changing market demands.

## **Marketing Execution**

The clarity, quality, creativity and efficacy of programs designed to deliver the provider's message to influence the market, promote the brand, increase awareness of products and establish a positive identification in the minds of influencers and buyers. This "mind share" can be driven by a combination of publicity, promotional activity, thought leadership, social media, referrals and sales activities.

## **Customer Experience**

Products and services and/or programs that enable customers to achieve anticipated results with the products evaluated. Specifically, these include quality buying experiences and interactions, technical support, and/or account management and support. They may also include ancillary tools, customer support programs, availability of user groups and SLAs.

Key components include:

- Procurement experience/ease
- Customer admin portals experience
- Account management
- Technical assistance tools
- Customer support experience

## Operations

The ability of the organization to meet goals and commitments. Factors include the quality of the organizational structure, skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently.

### Ability to Execute Evaluation Criteria

<i>Evaluation Criteria</i>	<i>Weighting</i>
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	High
Market Responsiveness/Record	Medium
Marketing Execution	High
Customer Experience	High
Operations	Medium

Source: Gartner (October 2024)

## Completeness of Vision



Gartner analysts evaluate providers on their ability to convincingly articulate logical statements about the market's current and future direction, innovation, customer needs and competitive forces, in light of Gartner's view of the market.

## **Market Understanding**

The ability to understand customers' current and future needs and translate them into products and services. Vendors that show a clear vision of their market listen, understand customer demands and can shape or enhance market changes with their added vision.

Key components include:

- Completeness of UCaaS offering across the main pillars: calling, meeting, messaging, contact center and management
- Complementary professional, support, life cycle/change management and managed services
- Track record of UCaaS functionality and services offerings
- Roadmap to evolve the above to anticipate the market's future needs

## **Marketing Strategy**

Clear, differentiated messaging consistently communicated internally and externalized through social media, advertising, customer programs, demand generation and positioning statements.

## **Sales Strategy**

A sound strategy for selling that uses the appropriate networks, including direct and indirect sales, marketing, service, and communication. Partners that extend the scope and depth of market reach, expertise, technologies, services and their customer base. Use of targeted incentive programs to entice new customers and retain existing ones.

## **Offering (Product) Strategy**

An approach to product development and service delivery that emphasizes the following as the map to current and future requirements:

- Market differentiation
- Functionality

- Methodology
- Features

The design, logic and execution of the organization’s business proposition to achieve continued success.

## Vertical/Industry Strategy

The strategy to direct resources (e.g., sales, product and development), skills and products to meet the specific needs of individual market segments, including verticals.

## Innovation

Direct, related, complementary and synergistic layouts of resources; expertise and capital for investment, consolidation, defensive or preemptive purposes.

## Geographic Strategy

The provider’s strategy to direct resources, skills and offerings to meet the specific needs of locations outside the “home” or native geography, directly or through partners, channels and subsidiaries, as appropriate for each given geography and market.

Key components include:

- Ability to deliver full PSTN replacement in multiple global regions and countries
- Localization/country homologation (including supported languages in end-user apps, admin portals and audible announcements)
- Local/regional sales and support
- Local currency contracting/billing
- In-region data center and point of presence (POP) locations to enable data sovereignty and enhance performance

### Completeness of Vision Evaluation Criteria

<i>Evaluation Criteria</i>	<i>Weighting</i>
Market Understanding	High

<i>Evaluation Criteria</i>	<i>Weighting</i>
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	Medium
Innovation	Medium
Geographic Strategy	High

Source: Gartner (October 2024)

## Quadrant Descriptions

### Leaders

Leaders have mature UCaaS portfolios. They have comprehensive and integrated UCaaS solutions that address the full range of market needs, a proven ability to serve large organizations and a commitment to three or more geographical markets. They have defined migration and evolution plans for their products in core UCaaS areas, and they are using their solutions to acquire new customers, expand their geographical footprints and innovate in new functional areas.

### Challengers

Challengers have the ability to deliver UCaaS to large organizations. They have yet to become Leaders, because their UCaaS solutions lack some elements. Their customer support is still evolving, they do not offer differentiated services or most of their users deploy only certain aspects of UC.

### Visionaries

Visionaries have an ambitious vision of the future, and are making significant investments to develop unique technologies. Their services are still emerging, and they have many capabilities in development that are not yet generally available. Although Visionaries may have many customers, they might not yet serve a broad range of use cases well.

Visionaries are close to delivering — or are already delivering — differentiated UC functionality or services, but have not yet established themselves in the enterprise market. This may be due to an inability to support multiple large customers, a lack of proven ability to support panregional UCaaS deployments or limited brand-name recognition. Some providers may be Visionaries because of only one or two shortcomings, such as inconsistent customer service.

## **Niche Players**

Providers may be Niche Players for a variety of reasons. For some, it may be because of limited brand recognition, or because they lack a robust marketing ability to sell beyond their home region. For others, it may be because their customers may be using only a limited amount of UC functionality, their feature set may be weak in certain areas or their customer service may be inconsistent.

## **Context**

Cloud-based UC services have become the de facto everywhere, except some telecom regulated regions — such as the Middle East, Africa and some less-developed parts of the world — due to their functional or commercial benefits when compared to premises-based UC solutions. Vendors of unified communications technology have developed distributed, resilient multitenant, cloud-delivered solutions. Vendors that still have embedded bases of on-premises UC are mostly sustaining their premises-based offerings, especially in regulated regions, and no longer adding features or investing in innovation of these products as the size of these customer bases decline.

Gartner expects that many of the legacy, premises-based UC solutions could be discontinued by vendors over the next five years as they seek to migrate their customers to UCaaS. In developed regions, some vendors are no longer selling net new licenses for premises-based UC systems. With UCaaS, the desktop and mobile app UX, mobile

capabilities, performance and analytics dashboards, collaboration capabilities, and management portals are superior to legacy, on-premises UC solutions.

Furthermore, cloud UC solutions require much less effort, time and expertise from customer administrators, compared with premises-based solutions (premises-based UC requires engineering-level skills to manage, while UCaaS does not). Digital workplace application leaders recognize these advantages and, therefore, almost always prefer UCaaS.

## **SMBs**

With a few exceptions, UCaaS has been the preferred deployment model for organizations with fewer than 1,000 employees for many years (they were the earliest adopters). The exceptions include organizations with 500 to 999 employees that

- Believe their UC users will not require business communication or collaboration modernization over the next three years
- Have the expertise to manage on-premises infrastructure
- Can do so for a total cost of ownership (TCO) lower than the market price for UCaaS

This second case is also rare among Gartner clients. Many of the vendors evaluated in this Magic Quadrant are serving this market mainly.

All SMBs should explore cloud solutions. The market is increasingly competitive, total cost of ownership (TCO) is lower than alternatives in most cases and the cost to maintain on-site options is becoming higher every year. Innovation is strong, and few organizations want to continue self-managing premises-based UC infrastructure.

## **Large Enterprises**

Large enterprises — those with 1,000 to 5,000 users — are well-suited to UCaaS. Many of the vendors evaluated in this Magic Quadrant are suitable choices for such organizations, and have long lists of customer references to prove it. Many UCaaS providers that operate in a single global region (and are, therefore, not featured in this research) can also be good options, assuming the buyer only operates in the same region.

Some large enterprises may operate in a hybrid model of vendors for different architectures. Gartner has seen these types of enterprises start deploying collaboration-centric platforms, such as Teams, for a majority of their users and use a telephony specialist vendor such as

RingCentral for a small number of users who need more advanced telephony features. Some of these organizations may migrate the majority of employees to the cloud, but use premises-based infrastructure in countries with restrictive regulatory requirements or unsuitable data network connections.

## Very Large Enterprises

During the past three years, the adoption of UCaaS among the largest segment of anything more than 5,000 users has become the default desired option.

Very large enterprises that continue to invest in premises-based UC (including ongoing maintenance and support agreements, upgrades and patching) should be aware that vendors are allocating minimal R&D budgets to this technology. If organizations buy a new system today, they are unlikely to see significant innovation or enhancements during a typical five- to eight-year product life cycle. Most future enhancements (such as AI, mobility, analytics and advanced UX) will only be available on UCaaS platforms. Nonetheless, premises-based deployments will persist for reasons of regulation and the unavailability or unsuitability of UCaaS in specific regions.

## Market Overview

Gartner's view of the market is highly influenced by transformational technologies and approaches to meeting the future needs of end users. It does not focus solely on the current market needs.

All leading UCaaS providers have started focusing a bit more on adjacent capabilities of UCaaS such as contact center (lightweight or enterprise grade), collaboration features and AI based use cases more than plain simple telephony. However, only few providers have continued to invest in their telephony offerings in the past year to fill some feature gaps. Other competing providers continue to invest in their roadmaps, but have moderated in the past year compared to the previous.

AI is an area of focus for almost all the vendors evaluated in this research during the past 12 months. Although it's not currently an area of focus for end users or seen as a main point of UCaaS vendor differentiation, Gartner expects to see an increase in demand for AI-related meeting capabilities in the future. Many vendors began focusing on offering lightweight call

center related capabilities, along with UCaaS at a minimal or no additional cost, to address the need for internal IT help desk or basic call center-related users.

UCaaS capabilities are superior to on-premises-based UC functionality in several areas.

## **Team Messaging and SMS**

UCaaS providers have extended the capabilities of team messaging and workstream collaboration services by adding generative AI for drafting messages or replies and chat summarization, integrating business applications, integrating file-sharing services, adding bot frameworks and providing connectivity to mobile SMS messaging services from desktops, web clients and mobile apps.

## **Meetings**

The meeting capabilities included in UCaaS solutions have seen high investment and innovation in the UCaaS market, and have reached parity in many areas with those of stand-alone, cloud-based meeting solutions. Meetings have also been heavily infused with AI in the last couple of years — from scheduling assistants, to meeting summary and action item generation, and automatic chapters in recordings with speaker attribution. Many UCaaS providers also sell stand-alone meeting solutions.

## **APIs, CPaaS and App Marketplaces**

A capability that has seen increasing market demand is the integration of UC capabilities with business applications that make workflows more efficient. Examples of such integration include CRM applications, workforce management, contact center applications, workgroup applications, IT service management applications, and line-of-business applications. Some UCaaS providers have extended their offerings to include CPaaS. This enables the consumption of “atomized” UC capabilities (for example, the ability to send an SMS or initiate a call) by other applications that are enhanced by integrating and enabling communications services.

## **Reporting and Analytics Dashboards**

UCaaS offerings provide administrative tools that visualize availability, failures, performance, diagnostics, usage, user adoption and other key performance indicators (KPIs). Dashboard

reporting can be measured and displayed on multiple levels, such as call, user, business unit and location.

UCaaS offerings have characteristics similar to those of other cloud services. These include:

- Shared infrastructure (e.g., data center, compute and data network resources)
- Shared tools (e.g., provisioning, performance and network management tools)
- Per-user/per-month pricing and nearly unlimited elasticity to increase (or decrease) the number of users without customer-facing impacts on the underlying platform (e.g., expansion does not require procurement of additional platform hardware)

All leading UCaaS providers embrace multitenancy, a microservices architecture and infrastructure as a service (IaaS), to host their UCaaS applications. All users share a common software instance that is distributed across many service nodes that are deployed regionally or globally. In many cases, the UCaaS application nodes (or some components of the UCaaS application) reside in a public IaaS cloud. Other workloads (such as media) may be processed in and routed through traditional data centers to optimize performance and quality of experience.

UCaaS platforms are developed, operated and updated by UCaaS providers in public cloud data centers (such as those of Amazon Web Services [AWS], Microsoft Azure, Google Cloud Platform [GCP] and Oracle Cloud Infrastructure) or in data centers operated by the UCaaS providers.

Administration and management portals, end-user portals, usage dashboards and network performance tools are areas of frequent enhancements to improve ease of use (often specifically for smaller organizations, which often lack administrative skill), or to add flexibility (often for larger organizations that require it, given their complex environments). It is now easier to deploy and manage large groups of users. It is also possible to more precisely monitor the quality of voice and video sessions, and to isolate the root cause of UX issues (whether attributed to network, endpoint or back-end services). However, performance monitoring and management capabilities vary greatly by provider.

Market demand for hybrid and remote work by organizations of all sizes and industries has resulted in a constant demand for UCaaS. It has the inherent ability to deliver communication and collaboration services to users, wherever they are on desktop or mobile apps, that offer a similar experience and feature set as desk phones and offer more



convenience, at no additional cost. The market has clearly moved in the collaboration-centric direction for UCaaS services, given the heavy reliance on meetings and messaging tools for daily communication needs. In fact, the communication culture has changed in the last five years such that users prefer to use mobile devices and collaboration apps to communicate or collaborate with anyone inside or outside the organizations, instead of UCaaS telephony tools.

However, some user roles still need the “old school” telephony features and functionality, and UCaaS telephony has narrowed down to those specific user roles in current situations. The telephony market is almost stagnant from a feature perspective, whereas users are constantly adopting the new features on the collaboration side. These include automatic meeting summarization, next best actions provided from the meeting, in-meeting language translation, suppression of specific sounds (beyond noise suppression), and enhancements to the quality of experience over unmanaged networks.

Although CCaaS is not the core focus of this research, strong links exist between UCaaS and CCaaS, because SMB organizations often purchase them together. A separate market exists for stand-alone CCaaS offerings aimed at larger (typically more than 250 agents), higher-volume and more-complex contact centers (those, for example, with requirements around workforce engagement and management capabilities, interaction analytics, more intricate and deeper integrations with CRMs and line-of-business applications, and more advanced features.

During the past year, many UCaaS providers have started offering lightweight, call-center-related capabilities to bridge the gap of providing basic call center capabilities at almost no additional cost. Some UCaaS providers develop and operate their own CCaaS services with all the advanced contact center capabilities, whereas others have partnerships with leading CCaaS vendors that enable them to bundle CCaaS with their UCaaS offerings.

## ⊕ Evaluation Criteria Definitions

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