



IDC MarketScape

IDC MarketScape: Western Europe Video Cloud Services for MNCs 2015-2016 Vendor Assessment

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THIS IDC MARKETSCAPE EXCERPT FEATURES: BT

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Western Europe Video Cloud Services for MNCs Vendor Assessment



Source: IDC, 2015

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Western Europe Video Cloud Services for MNCs 2015-2016 Vendor Assessment (Doc # EMEA40766115). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

As demand for video collaboration continues to increase, cloud-delivered video offerings will be a key contributor to growth, with many enterprises finding video as a service (VaaS) attractive due to its flexibility, scalability, and insufficient resources to invest in hardware MCU solutions. These benefits not only apply to enterprises that are looking to add video to their existing communications infrastructure but also to those that are looking for a new video solution (and delivery model) to replace their existing video deployments about to reach end of life.

However, challenges remain for these potential customers, such as determining or reassessing the business value of video, return on investment (ROI) concerns, use case identification, and support skills assessment, in addition to understanding the complexity of video integrations and end-user disruption in case of greenfield deployments. Other challenges include identifying/selecting the right video cloud solution(s), type of cloud infrastructure (private, public, or hybrid), video collaboration features, tools, services, and unified communications (UC) integration levels for their organizations, and more importantly the right source they should turn to for these selections.

Fortunately, there is a large ecosystem of providers (e.g., global carriers, video collaboration service providers, systems integrators) that can offer a range of video cloud deployments (either directly or via channel partners) to help address these challenges. This research presents IDC's critical success factors for the video cloud services market in the short and long term, along with a rating of how providers fare against requirements that apply in particular to multinational corporations (MNCs). This IDC MarketScape includes 13 key providers that offer these services to MNCs in the European market today.

- IDC expects that the revenue of the video cloud services market in Europe will increase from \$276.9 in 2014 to \$618.7 million in 2019, growing with a CAGR of 17.6%.
- According to IDC's *EMEA Enterprise Communications Survey, 2015: Attitudes Toward Videoconferencing* (IDC #CS01X, July 2015), 35% of MNCs said they will deploy VaaS, whether from a dedicated or multitenant cloud infrastructure, whereas 25% plan to use VaaS within one year.
- Providers of video cloud solutions are seen to partner and complement each other's capabilities from a technology and services point of view to offer a well-balanced video cloud portfolio as well as a global reach, which is often required by multinationals. This also applies to the participants in this MarketScape.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

In this IDC MarketScape, we will analyze the video cloud solutions offered by global telecom operators, cloud video providers, systems integrators, and conferencing service providers to large enterprises (MNCs) headquartered in Europe.

In total, 13 video service providers (in alphabetical order) have been evaluated in this IDC MarketScape: Arkadin, ATT, Blue Jeans Network, BT, Dimension Data, Orange Business

Services, StarLeaf, Talk & Vision, Tata Communications, Telefónica, T-Systems, Verizon, and VisionsConnected.

IDC evaluated these video cloud-enabled offerings based on their appeal as a broader video managed services platform and not merely on the basis of complying to typical features of video cloud-enabled services (or VaaS), such as a virtualized bridging infrastructure, self-provisioning (via web portals), and a per user per month license fee. IDC also considered additional services and features that are highly intertwined with video cloud services and prove vital in a holistic video managed services suite for large enterprises. In particular, in the case of MNCs, it is important for video cloud service providers to have a global reach in terms of network capacity, video infrastructure, and support services but with a local touch. This can be realized on its own but also by working together with the right partners to provide a video cloud service that meets specific requirements of multinationals.

Inclusion criteria to participate in this IDC MarketScape are:

- The video cloud solution has been available since 2012.
- The provider's installed multinational customer base consists of at least four European MNCs (headquarters in Europe with >5,000 employees). MNCs should be located in at least two European countries.
- The provider's video cloud service is available and supported in more than 10 countries outside Europe (through own video nodes/points of presence (POPs) or in combination with partner's POPs) and in more than one region outside Europe (i.e., the Americas, the Middle East and Africa, Asia/Pacific).

The revenue estimates used in the scoring for this IDC MarketScape apply to the Europe and are based on financial information provided by the participants. For companies that do not publicly disclose this revenue, IDC estimates revenue and growth rates based on public information and knowledge of the industry.

ESSENTIAL BUYER GUIDANCE

- **Focus on your video collaboration needs.** Enterprises need to focus on their specific needs and actual goal(s) to use video collaboration. This may differ in many ways: for instance, in the number of locations that need to be video enabled, assessment of average users, the types of video solutions (immersive rooms, desktop videoconferencing, and mobile video), level of customization, and intra- and intercompany usage. It also involves the type of video sessions (e.g., scheduled or instant, face to face, and/or large scale events) and how these sessions can be accessed (via VPN or perhaps Internet). These are basic questions that need to be taken into account when evaluating the strategic video deployment and how it will be most suitable for the company's requirements and provide the highest value proposition.
- **Choose a cloud delivery model that is right for you.** When video collaboration needs are determined, the enterprise should (re)assess its current infrastructure and which type of video cloud service provides the best fit. This assessment is to be done to understand which video cloud offering:
 - Aligns best with the existing (voice, data) infrastructure to allow a better integration and more features.
 - Aligns best with the type of vertical industry, its products/services, business-critical processes, level of security, and/or regulatory conditions which all need to be taken into account to determine which type of cloud (i.e., public, private, or hybrid) provides the best delivery model (with or without preference for a specific vendor technology).

- May be in fact based on open software technology and can enable enterprise users to place and receive video calls beyond corporate firewalls and across standard-based and proprietary video platforms. These offerings are evidently delivered as a public cloud offering but can be combined with service providers' securely managed VPNs if needed.
- **Assess pricing models and price points.** Closely aligned with the choice of video cloud delivery is the pricing model. In essence, VaaS pricing models feature operational costs that range from usage-based pricing (per license per month) or flat fees. These licenses consist of monthly recurring service charges for management, maintenance, and other services. Some pricing models take into account a minimum level of licenses and/or usage, but most providers offer enterprise volume discounts on a per customer basis. The type of video solution, type of cloud delivery (public cloud is often cheaper than a private cloud solution), size of the deployment, and used end points/devices will determine whether the video cloud service is the most suitable from a price point and model perspective.
- **Consider the global reach and local services support.** Considering the global nature of the multinationals and the high level of globally dispersed locations, these large enterprises should evaluate the extent to which video cloud services provider can provide global sales, support, and (vertical-specific) video consultancy overlay services, as well as a single point of contact to simplify the deployment process, aside from professional installation and support by local specialists, speaking the local language and operating in the same time zone and culture of the remote location. It is worthwhile to investigate in which other regions the service providers can provide this local level of service aside from their presence in Europe.
- **Determine the level of services needed.** Managed video cloud services apply to the design, installation, maintenance, monitoring, and reporting management of the endpoints and video sessions. It can also be required for the concierge services and (business-to-business) exchange services which are offered to support the video meeting (scheduling, monitoring, exchange, etc.) or any other additional features and services such as HD audio, streaming, editing, recording, and storage. It is advisable to determine the time-range intervals (24 x 7, follow-the-sun models, or perhaps only 10 x 5) of the managed and customer support services, and whether these are backed up by sharp service-level agreements (SLAs).
- **Consider benefits of an end-to-end solution.** In many cases where business network services are already provided by one service provider, it may be worth to investigate its ability to extend its existing services stack with video. This will evidently bring forth a number of synergy benefits and add video as part of an end-to-end solution. Extra benefits include free or very low pricing for on-net audio during video sessions or customer services calls.
- **Develop your video collaboration and unified communications and collaboration (UC&C) strategy.** The adoption of videoconferencing within a UC&C platform is gaining traction. When video is integrated into the communications infrastructure and other UC applications, this will increase the efficiency and effectiveness of video and the communications platform as a whole. Companies should assess their UC&C needs and determine which video cloud solutions are a best fit in this UC&C play from a functionality and vendor technology (integration) perspective.
- **Build the business case for video.** Most video service providers can offer professional services to assist enterprises with this assessment and alignment and help increase the value proposition of video collaboration. They can help build a business case that focuses on solving (vertical-specific) business process or collaboration challenges which are more likely to receive funding and support than those that do little more than cut travel costs.

- **Use the IDC MarketScape as a reference.** To assist in the service provider selection process, end users are encouraged to utilize the visual graphic in this IDC MarketScape research, along with the vendor text profiles, to help come up with a short list of potential video cloud services providers to consider for their strategic video deployment project(s).

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and opportunities.

BT

BT is rated as a Leader in this IDC MarketScape. BT is a British multinational telecommunications services company headquartered in London, England. It has 88,500 employees in 60 countries and provides services in more than 170 countries. In fiscal year 2014, it generated \$28.04 billion in revenue, and it is on track to see revenue growth in fiscal year 2015.

BT Global Services (BT GS) is the largest line of business by revenue, generating 38% of the group's external revenue. The U.K. is its largest region by revenue and represents the majority of its MNC customers in Europe. Financial institutions, government, and healthcare customers are particularly important in this market. Outside the U.K., the service provider has a strong focus and presence in Continental Europe, including Belgium, France, Germany, Italy, the Netherlands, and Spain. In this region, BT serves a large number of customers in the consumer, finance, industrial, consulting, and oil and gas industries.

BT's videoconferencing products sit within the BT One Collaborate, BT One Cloud (hosted UC) and BT One Enterprise (on-premises UC) portfolios, all under the umbrella of BT One, its voice and unified communications portfolio. Earlier in 2015, BT completed the integration of its (video) conferencing division into BT Global Services, putting conferencing at the heart of the BT division that provides managed network services to MNCs worldwide. BT believes that the organizational transformation of BT's video collaboration services to BT GS will further enhance BT's product offers by integrating (video) conferencing products with other GS products in the BT One, BT Connect (global network services), and BT Contact (contact center services) portfolios. Synergy benefits are evidently also found in common product management and sales objectives that will enhance team collaboration and enable BT to better position its offers to the MNC base.

BT offers a full range of videoconferencing solutions and deployment models, from on-premises-based managed services (infrastructure/endpoints) to dedicated cloud-based video bridging services managed on-premises or delivered from BT's globally dispersed datacenters/points of presence. Its video cloud and managed service offers are based on Acano, Cisco, and Polycom infrastructure and endpoint portfolios. BT's Global Video Exchange interconnects Cisco telepresence communities around the world, with clients connecting to BT at services nodes located in London, Denver, and Hong Kong. BT delivered 285,000 video meetings during the 12 months ending on May 30, 2015 – a 20% increase over the similar period from the previous year. The meetings reflect usage from 85,000 certified video devices attached to BT's video services on May 30, 2015, an 8% increase over May 30, 2014.

BT's Video Bridging 3.5 Unified service is one of its One Cloud video services that unifies cross-vendors' infrastructures, technologies, and devices. Clients can choose between self-service, assisted service, and custom events with unlimited video connections. The latest One Cloud video release is BT MeetMe video, which is one of the company's reservation-less video solutions that allows customers of the audio MeetMe platform to add video using the same user credentials. BT's

other reservation-less video solution is Cisco's CMR (collaboration room) cloud offering, which is focused on Cisco WebEx users and integrated with BT's Dolby voice. As part of its unified meeting portfolio, the company also offers the BT Engage Meeting Manager application for its conferencing/collaboration users. This easy-to-use web-based software application enables users to schedule, launch, monitor, and control BT video/web/audio meetings from a PC or iOS/Android-based smart device. BT offers a 24 x 7 help desk in conjunction with hardware vendor support where applicable. Customer support is multichannel, including web-portal access for clients to monitor first, second, and third line process issues conform applied SLAs.

BT offers a variety of payment options. "Pay per usage" is a popular option for smaller companies. The "call pack option" on both the Global Video Exchange and Managed Video Services seems preferred by large enterprises/multinationals as they can commit to higher consumption and in return receive more discount while subscribing to a maximum number of calls over a given period. "Flat rate pricing per endpoint" is also available for Global Video Exchange and (Unified) Video Bridging, which gives the customer unlimited use of that site for an annual fee. For the cloud reservation-less solutions MeetMe video and CMR Cloud, BT offers a "named host pricing" (a specific number of users at a single fixed rate per user). For MeetMe video, pay per usage is also available. For the CMR Cloud offering, enterprise licensing is also available.

BT's video cloud solutions are a key component of its UC cloud portfolio and can be easily added to its hosted UC solutions (e.g., Cisco HCS and MS Lync 2013). Polycom is usually deployed when Lync integration is a key requirement. It is evident that the provider's strategic partnerships with regard to video collaboration evolve around Cisco, Polycom, Microsoft, and Acano, and it will continue to develop its video cloud and managed service capabilities in pace with technological enhancements from these UC/video vendors. One Cloud is a building block of BT's Cloud of Clouds technology vision. In September this year, BT introduced BT One Cloud video and enhanced BT One Cloud Microsoft and BT One Cloud Cisco. With these three cloud offerings, BT aims to provide its customers using Microsoft, Cisco, or other vendors' video solutions with simplified, enhanced integration of collaboration tools and services across disparate technology platforms and from different vendors. BT Advise professional services provide customers with consulting, integration, testing, and management services, especially for new or upgraded UC/video deployments. The collaboration between BT Conferencing and BT Advise expertise applies across multiple verticals with a particular focus on its target market segments that are also known as the service provider's Industry Practices.

Strengths

- BT's suite of collaboration services (including video) sit within a broad portfolio of networked IT solutions, virtualization, security, consulting, and network services, all underpinned by the provider's extensive global IP Connect MPLS and PSTN network. Shared access between its cloud platforms and IP network enables BT IP Connect customers to deploy BT's video services as well, which is a clear advantage (including on-net calling) for existing customers. This value proposition is even more powerful for local multinational customers.
- Due to the magnitude of BT's global network and presence in terms of sales and services offices, its cloud video services are available from many service hubs located in Europe, the Americas, and Asia. As a result, MNCs can rely on BT as the one service provider for their global video deployments but with local services support.
- BT's video suite of services is comprehensive with regard to deployment options, level of managed services, features, and pricing. The provider's services expertise of video/UC solutions from Cisco, Polycom, Acano, and Microsoft is profound. BT's strategic focus is on business transformation and cloud as a key driver of change. This is clearly reflected in

its Cloud of Clouds vision and combined One Cloud Video, Cisco, and Microsoft UC proposition.

- The organizational move of BT Conferencing into Global Services enables BT to better integrate (video) conferencing products with other GS products in the BT One, BT Connect, and BT Contact portfolios. Supported by a strong and vertically segmented professional services team, it is able to provide large enterprises with powerful end-to-end collaboration solutions that are backed up by business-critical SLAs – an important decisive factor for MNCs.

Challenges

- BT's strong expertise in Acano, Cisco, Polycom, and Microsoft is especially compelling to enterprises whose existing or newly deployed voice/video and/or UC solutions are based on or linked to these vendors' solutions. For enterprises that are not interested in these brands, its strong focus on these UC/video vendors might also be an inhibitor to offer highly customized video/desktop UC services for other vendors' solutions, or at least create this perception.
- BT's global reach in terms of network, video nodes, support, and (professional) services workforce comes at a certain price. Although it also offers cheaper video cloud services, it will need to increase awareness of these offerings to attract those enterprises that are looking for a global video solution but are happy to settle for a service offering that provides adequate quality, security, and features but at lower price points.
- Although BT supports WebRTC, it is not very visible in its UC/video solutions suite as of today. In light of its focus on innovation and support of open standards, this is something BT might want to further integrate into its collaboration solutions and services moving forward.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is with customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC

analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Video Cloud Services

Video cloud services are built on a cloud architecture located at the service provider's facilities or on customer premises. Cloud services are generally characterized by main features such as virtualization of resources and self-service provisioning accessible via web clients. Video cloud services can be delivered from a private (dedicated) or public (multitenant) cloud infrastructure. A hybrid model involves both cloud infrastructures. In the case of VaaS, it usually includes supporting the customer's on-premises video team.

Video as a Service

Video as a service (VaaS) includes videoconferencing services delivered from a platform used simultaneously by many customers or exclusively by the end user. Videoconferencing services are managed by the provider, housed at their facilities, and typically priced as a per-port flat rate or pay-as-you-go model as well as a monthly recurring cost per seat for the customer.

Video Managed Services

Video managed services include all video services that are needed to deploy a video solution and conduct point-to-point and point-to-multipoint video meetings. They typically include connectivity services (including unique ID provisioning, private network connectivity, simplex/full duplex video streaming, firewall traversal, and endpoint-to-endpoint connectivity), video management services (including implementation software updates, configuration, reporting/analytics, monitoring) meeting services (including concierge services, editing, recording, large-scale video events), maintenance services (including software updates, remote support, onsite engineering) and professional services (including installation, design, and training services).

VaaS Adoption Trends

VaaS is a good alternative for businesses that may not have the infrastructure, expertise, budget, or desire to support corporate videoconferencing services. Although VaaS is especially suitable for smaller companies that do not have the (IT) resources and/or infrastructure to deploy a video solution, we also see midsize companies and large enterprises turn to VaaS to enable employee collaboration and customer-facing services without having to worry about the conference participants' underlying networks and technologies. According to the results of the *EMEA Enterprise Communications Survey* of July 2015, 31% of companies in Western Europe said they purchase video as a service, and 43% said they have plans to do so in one to three years. Compared with survey results in 2014, the percentage of VaaS deployments shows a high increase. From the 2014 results, 58% of enterprises indicated that they have their own video solutions located onsite and managed in-house. According to the 2015 results, this is the case for 44% of companies. This decline aligns with the trend to shift toward deploying VaaS.

LEARN MORE

Related Research

- *EMEA Unified Communications and Collaboration 2015-2019 Forecast* (IDC #CEMA23106, September 2015)

- *Market Analysis Perspective: EMEA Unified Communications and Collaboration, 2015* (IDC #CEMA23103, September 2015)
- *EMEA Enterprise Communications Survey 2015: Attitudes to Unified Communications and Voice* (IDC #CEMA23035, August 2015)
- *EMEA Conferencing Services Forecast Pivot, 2015-2019* (IDC #CS53X, July 2015)
- *EMEA Videoconferencing Equipment Forecast Pivot, 2015-2019* (IDC #CS52X, July 2015)
- *EMEA Videoconferencing and Telepresence Equipment Market Shares, 2014* (IDC #CS02X, July 2015)
- *EMEA Enterprise Communications Survey, 2015: Attitudes Toward Videoconferencing* (IDC #CS01X, July 2015)
- *EMEA Enterprise Communications and Collaboration Market 2015 Top 10 Predictions* (IDC #CEMA22293, February 2015)

Synopsis

This IDC MarketScope study provides an assessment of the capabilities and business strategies of 13 providers in the video cloud services market consisting of European multinationals for 2015-2016.

"Organizations today have a variety of video cloud services to choose from, but they are challenged to figure out which offering is most appropriate for them," said Melissa Fremeijer, senior research analyst, IDC Enterprise Communications and Collaboration. "Video cloud services provide companies a means to overcome common barriers to video adoption, such as high capital expenses, complexity, infrastructure, bandwidth management, and scalability challenges. This IDC MarketScope can be helpful to multinational corporations in Europe that are considering new video deployments to replace their legacy video infrastructure or those that are new to video and evaluating which video cloud services are best suitable to enrich their business communications going forward."

About IDC

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