



## IDC MarketScape

# IDC MarketScape: Worldwide Cloud Communications Platforms 2016 Vendor Assessment

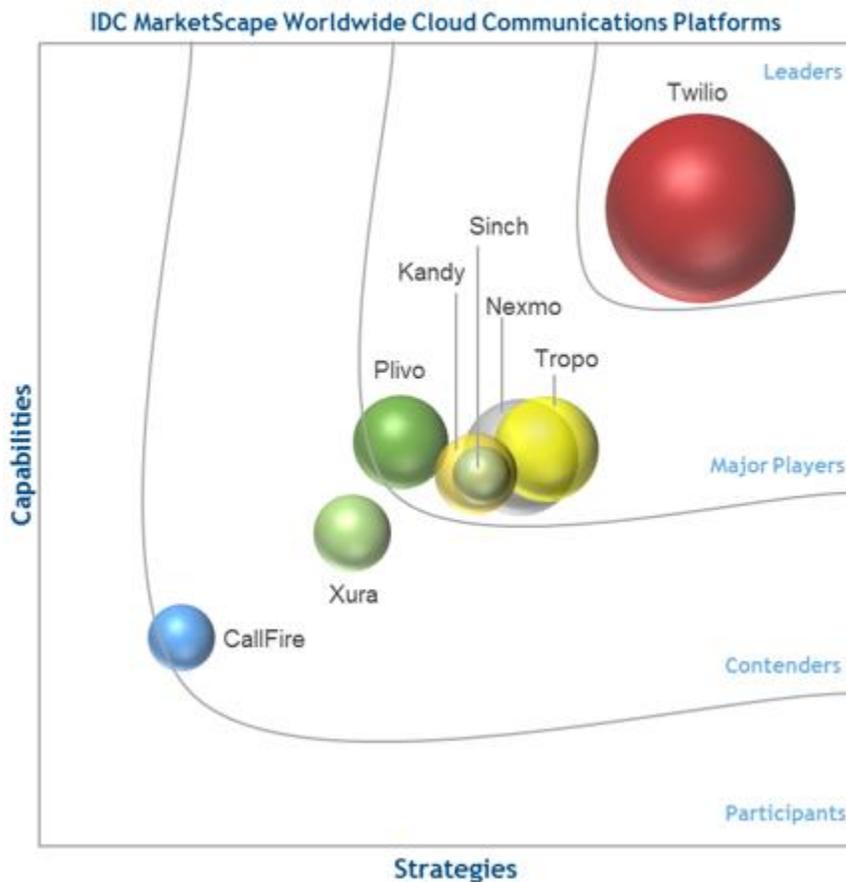
Courtney Munroe

THIS IDC MARKETSCAPE EXCERPT FEATURES: TWILIO

## IDC MARKETSCAPE FIGURE

FIGURE 1

### IDC MarketScape Worldwide Cloud Communications Platforms Vendor Assessment



Source: IDC, 2016

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

## IN THIS EXCERPT

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The content for this excerpt was taken directly from IDC MarketScape: Worldwide Cloud Communications Platforms 2016 Vendor Assessment (Doc #US41275216e). 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

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This study leverages the IDC MarketScape methodology to evaluate several principal global cloud communications providers. IDC identified eight providers by scale and scope of operations, primarily their portfolios and revenue and the ability to provide a platform for developers, ISVs, and corporations (MNCs). The primary focus of this study is the ability of the platforms to facilitate the rapid development of real-time communications services that are easy to create and are scalable. These platforms facilitate embedding voice, messaging, and video into software for cost-effective, flexible, and agile cloud communications. Cloud communications companies, also known as real-time communications platform providers, facilitate real-time communications featuring text messaging, voice, and video formats. The providers in this study offer developers a range of tools that include a multitude of programming capabilities as well as global network gateways and access to local country markets. These networks are scalable, reliable and, most of all, easy to use for a wide range of developers. The most dynamic and successful platforms will nurture developers by providing cost-effective networking and a stable platform and flexible support. The services facilitated by cloud communications platforms include the following:

- SMS/MMS APIs/SDKs for text messaging for internal and external commercial and critical communications
- Voice APIs/SDKs for PSTN calls, WebRTC in-app calls, conference calls, transcription, SIP VoIP enablement, and customer service
- Video APIs/SDKs, real-time video, and IP messaging chat
- Security APIs, authentication, and verification services

## IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

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IDC included cloud platforms with the capability to offer at least voice and messaging API capabilities to developers, enterprises, and ISVs. IDC included providers with at least 500 million minutes or 1 billion API calls in 2015. The following companies are included in this study:

- CallFire
- Kandy (owned by GENBAND)
- Nexmo
- Plivo
- Sinch
- Tropo (now owned by Cisco)
- Twilio
- Xura (forge)

## ESSENTIAL BUYER GUIDANCE

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Developers requiring real-time communications platform providers have a crowded list of companies to choose from small SMS aggregators to diversified platform providers. The latter offers multimedia APIs and SDKs, but also an array of tools and support for developers. Most of the companies assessed in this study cite ease of use as the reason for developers leveraging their platforms. That is mostly true for all the companies listed in this document, largely because the nature of this segment offers standardized, OpenStack, and human language coding tools.

Many of the providers offer regular hackathons, ranging from Twilio's sophisticated SIGNAL events, which bring thousands of developers, partners, and ISVs together, to smaller more intimate events offered by others. Important criteria to keep in mind when selecting a CPaaS offering include the following:

- **Portfolio:** Depending on developer and enterprise requirements, select the platform that offers a diverse range of voice, messaging, video and, most importantly, security services. The preferred provider should offer not just authentication and verification services but network security as well. In addition, the ability to integrate various multimedia APIs is an important consideration that can reduce complexity and personnel costs.
- **Infrastructure:** The best platforms should provide demonstrable, reliable connectivity to telecom carriers on a global basis and local access numbers for all major metro markets. Another key feature should be the scalability and global presence in key countries that have specific IT governance rules.
- **Developer support and on-ramping:** Ease of use in establishing an account is crucial. Twilio has even established a partnership with key Silicon Valley VCs to help fund developers. Ongoing and regional support in various countries is also an important criterion to consider. Most companies will facilitate programming in a multitude of computer languages including HTML, Python, and Java.
- **Partner ecosystems:** The preferred providers will facilitate access to multiple cloud platforms and other channels. Companies such as Tropo and GENBAND (Kandy) have access to CSPs and can leverage channel partners of their parent companies, while other platforms offer in-app integration with major software and OTT players such as Salesforce and Facebook.

## VENDOR SUMMARY PROFILES

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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 challenges.

### Twilio

Twilio is a San Francisco-based cloud communications platform company. Twilio was founded in 2008 and has received several rounds of investor funding. The company offers developers and enterprises an API platform to facilitate voice, messaging, and video communications and authentication for Web and mobile users. Twilio has a global network of hundreds of carriers, dubbed the Super Network that provides global reach to users in virtually every corner of the world. Twilio is a pioneer of the cloud communications segment. It has a deep portfolio of tools and services and has enrolled over 900,000 developers. Twilio now has the largest developer community, creating communications applications on its platform. Twilio is a Leader in the 2016 IDC MarketScape for cloud communications platforms.

Since its inception, Twilio has deconstructed and simplified the creation of embedded communications services. The company believes communications will be embedded in every application and has fostered innovation by implementing a platform with a strong focus on ease of use and simplicity. Twilio's Programmable Communications Cloud facilitates embedding of voice, messaging, connectivity, video, and authentication capabilities into any SaaS and mobile application.

## **Strengths**

One of the key differentiators of Twilio is its strong focus on its simple-to-use APIs. The company has also built a strong support infrastructure for developers and participates in and facilitates over 400 developer events every year. The company's platform is based on the Super Network, which is Twilio's software interconnection to global network service providers. This platform is hosted in 22 datacenters in seven regions around the world and interconnects to hundreds of carrier partner networks.

Twilio's goal is to reach every developer in the world with its platform. Twilio's "developer first" platform has been leveraged by several innovative companies such as Uber, Lyft, and Airbnb. The company also has applications in use by multinational companies such as Coca-Cola, The Home Depot, and Nordstrom. Its platform can be used through six server-side languages, three client platforms, salesforce.com, more than 3,500 open source projects, and Twilio's programming language – TwiML, which provides a simplified language front-end framework to mask complex programming functions.

Another key strength and differentiator for Twilio is its deep communications services portfolio. The company has progressed beyond voice and SMS and also offers SIP trunking, video (WebRTC), IP messaging, and authentication services. In 2015, the company made platform investments to drive faster adoption of enterprise accounts. Twilio acquired Authy, a two-factor authentication API, to offer a comprehensive enterprise solution on the Twilio stack. In 2016, Authy struck a significant enterprise deal with VMware to offer Authy 2FA for VMware Identity Manager. Twilio also launched TaskRouter, an API that simplifies the creation of automatic call distributors (ACDs) for enterprises on the Twilio platform.

Twilio is an active contributor in the cloud ecosystem and is compatible with major cloud platforms such as AWS, IBM's Bluemix, and Microsoft Azure. It also is accessible to major software platforms such as salesforce.com, Oracle, and SAP. Its systems integrator partners include Capgemini, Accenture, and Appirio.

## **Challenges**

During 2016, Twilio will continue to build out its global presence, including in the Asia/Pacific region. The company also recently introduced several direct connect options for enterprises. In response to the growing demand from enterprises for secure cloud connect options, Twilio introduced several options including Internet and MPLS VPN access to its network. It also introduced a dedicated private circuit option and direct connect for AWS customers.

Twilio has led the surging embedded cloud communications platform segment with its dynamic evangelism and has innovated by simplifying development. It has built a strong global presence and differentiates with outstanding support and reliability. The next challenge for Twilio will be to continue to scale and build on its enterprise base.

## APPENDIX

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### 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 to 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

The IDC MarketScape vendor assessment model is designed to provide an overview of the competitive portfolio and positioning of information and communications technology (ICT) suppliers in a given market. The participants in this study offer a range of real-time communications APIs/SDKs to developers to facilitate a multitude of programming capabilities for voice, messaging, and video applications as well as global network gateways and access to local country markets.

## LEARN MORE

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### Related Research

- *Vonage + Nexmo = First UCaaS-CPaaS Combo in Cloud Communications* (IDC #ICUS41249816, May 2016)

### Synopsis

This IDC study presents a vendor assessment of the 2016 cloud communications platforms vendor market using the IDC MarketScape model. This assessment covers eight key cloud communications

service providers (SPs) on a worldwide basis. The assessment is based on current and future capabilities with a view of presenting the most comprehensive analysis of enterprise requirements.

"The cloud communications CPaaS segment has gained substantial momentum over the past 12 months," according to Courtney Munroe, GVP, Worldwide Telecommunications. "This segment will continue to experience rapid growth as enterprises migrate additional applications to the cloud and implement real-time communications applications."

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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