

Worldwide UC call control shipments to return to growth in 2014

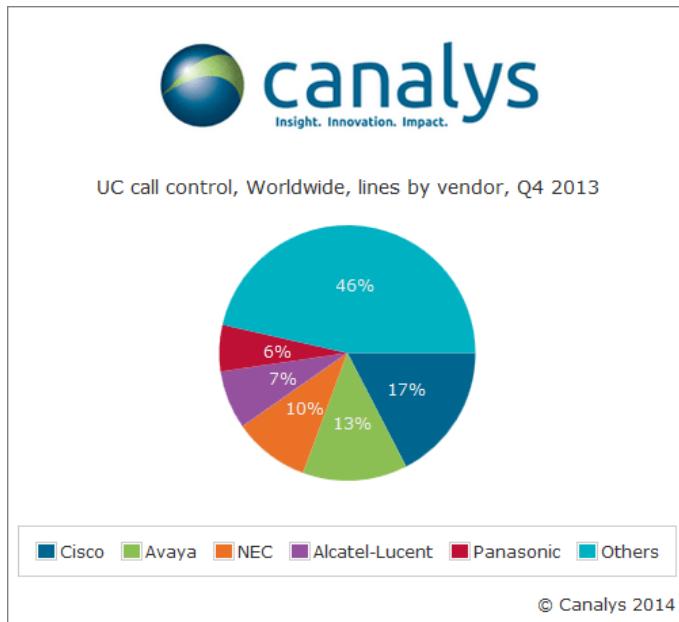
- Vendors and channel partners must empower customers to increase agility to capitalize on opportunities

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Canalys' latest research into the Unified Communications (UC) market indicates on-premises UC call control shipments will grow 3.2% in 2014. This return to growth will follow a worse-than-expected year. Q4 finished 2013 on a low note, with line shipments down 4.1% year on year to 11.9 million. End-user revenue also fell 5.7% to US\$2.1 billion. Overall, line shipments fell 3.1% year on year in 2013. The combination of challenging economic conditions and uncertainty among key vendors - caused by changes in UC purchasing and use, and interest in emerging technologies - were the main contributing factors.

'The vendor landscape began to change in the second half of 2013, with Mitel buying Aastra, Siemens Enterprise Communications rebranding as Unify, and China Huaxin's binding offer to buy Alcatel-Lucent's Enterprise business at the beginning of 2014,' said Phill Pexton, Analyst at Canalys. 'These changes have caused customers and channel partners to pause and evaluate current partnerships, with projects delayed until long-term roadmaps are confirmed.' The launch of Microsoft Lync 2013 earlier in the year also resulted in investment delays, as large enterprises assessed the platform's potential. 'Complexity and cost have so far prevented greater adoption of Lync 2013, though Microsoft is working with hardware partners, including Polycom, Snom, AudioCodes and Logitech, to voice-enable existing licenses and convert small trials into companywide deployments,' Pexton added.

For 2013, the top five call control vendors accounted for 55.1% of total shipments. Cisco took first place with 17.1% of line shipments, followed by Avaya (13.6%), NEC (11.6%), Alcatel-Lucent (6.5%) and Unify (6.3%). The purchase of Aastra will push Mitel into the top three if it successfully integrates its newly acquired business. Outside the top five vendors, ShoreTel continued to make the most gains in North America and the UK.



UCaaS offerings, such as Cisco HCS, ShoreTel Sky, NEC Univerge 3C and Avaya's Cloud Enablement for UC, gained traction in 2013, causing further disruption to on-premises shipments and prompting other vendors to strengthen their offerings. 'It will be the fastest-growing UC sector over the next three years, with total revenue forecast to reach US\$4.1 billion by 2017,' said Matthew Ball, Canalys Principal Analyst. 'Switching completely to UCaaS will not suit every organization due to integration issues, costs and the user challenges that stem from moving to a new solution. Instead, a hybrid approach incorporating both hosted and on-premises options will be predominantly favored. Vendors that can offer both stand the best chance of success.'

Improving economic conditions and the start of a new refresh cycle should see on-premises UC call control shipments resume growth in 2014. 'Current volumes are well below pre-recession levels. Vendors and their channel partners must emphatically demonstrate the value of their solutions by focusing on optimizing IT to drive growth through innovation and enable lines of business within customers to be more agile,' Ball added. 'Using software to integrate with IT and differentiate propositions and enable smarter mobile workforces, as well as engaging with specific stakeholders and influencers, including HR, finance, marketing and sales, will be key for vendors to capitalize on opportunities in 2014.'

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