

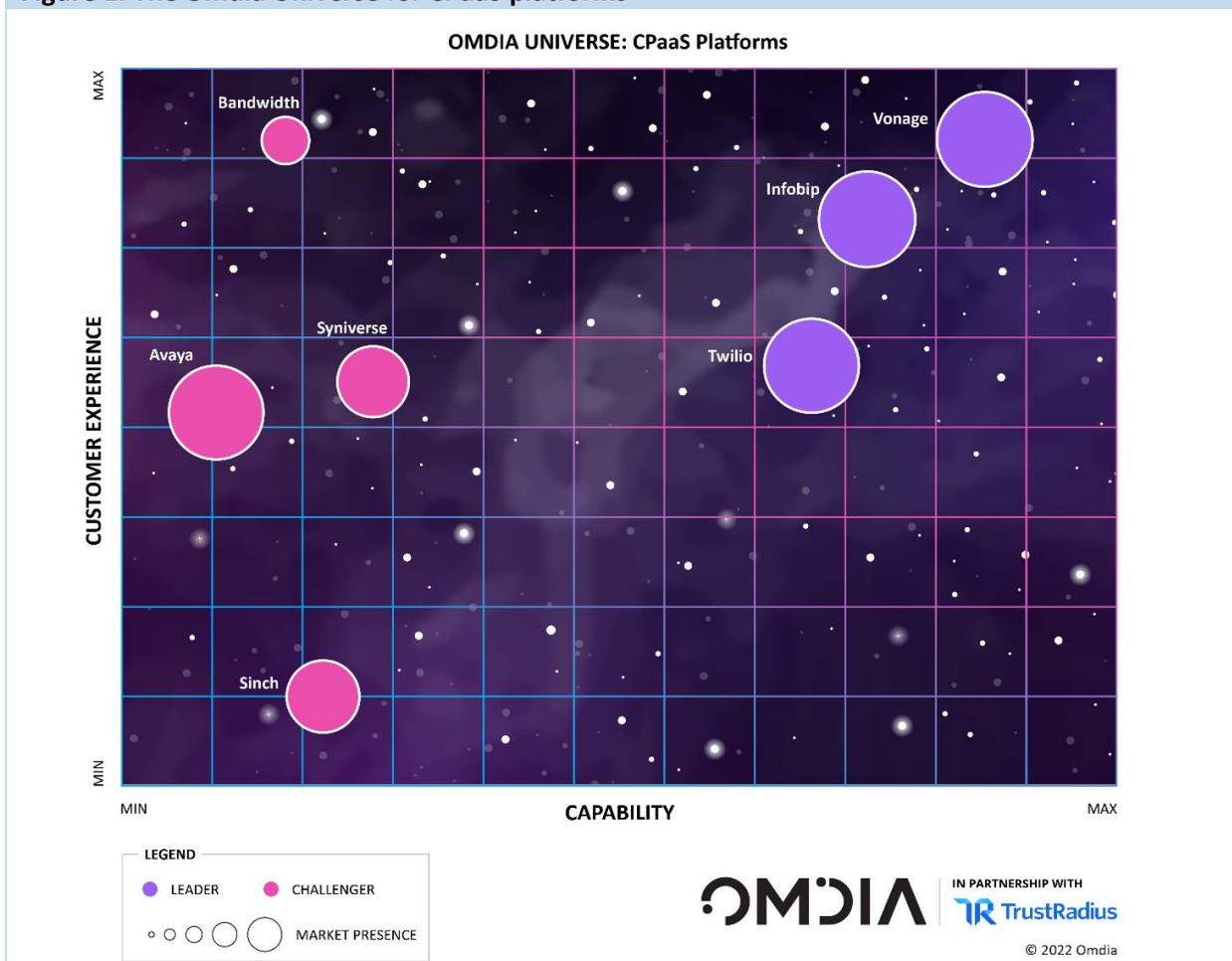
Omdia Universe: CPaaS Platform Providers, 2022–23

Summary

Catalyst

Ericsson’s proposed \$6.2bn acquisition of Vonage, announced in November 2021, signifies the burgeoning role that communications platforms as a service (CPaaS) providers play in the enterprise communications ecosystem. As traditional global connectivity providers for services such as SMS and voice carve out competitive positions, the recent mergers and acquisitions (M&A) among CPaaS providers poses a decision-making challenge for organizations transitioning to the application programming interface (API)-led world of cloud-based communications.

Figure 1: The Omdia Universe for CPaaS platforms



Source: Omdia

Omdia view

CPaaS platforms emerged in response to the higher cost of traditional telecommunications services such as voice and SMS and the complexity associated with integrating them into organizations' customer-facing platforms. Typically, specialist business communications providers and SMS aggregators enabled these integrations for their enterprise customers, using processes over which organizations had little control and offering traditional pricing structures, which were not transparent.

By comparison, the CPaaS providers “democratize” access to communications services such as voice and SMS, using programmable APIs, easier access to phone numbers, simplified pricing, and pay-as-you-go (PAYG) business models—all of which are typically available via their websites. Like SMS aggregators and business communications providers, CPaaS companies have also built their own communications networks and/or negotiated interconnection agreements with third parties such as telcos and SMS aggregators to enable connectivity services for enterprises so that these organizations can use messaging, voice, and other services to interact with their customers.

At the outset, CPaaS providers targeted developers working within organizations or as contractors, building up significant resources to attract them to their platforms and providing a relatively friction-free environment to build, test, and deploy communications services. In the early days, this focus on developers influenced the types of companies into which CPaaS services were deployed—typically technology companies/disruptors. For instance, for some years, Twilio reported that a significant proportion of its revenue came from customers such as WhatsApp and Uber.

But CPaaS offerings, and the market itself, have moved on. CPaaS vendors made significant inroads into the traditional SMS aggregator market, with developers and organizations alike attracted by the relative ease with which they could use CPaaS to add SMS and voice connectivity to their customer-facing platforms. The potential of a looming cannibalization of SMS aggregators' enterprise customer bases, combined with growing downward pressure on revenue from voice and SMS, triggered the aggregators to pivot their platforms and business models into the higher-value CPaaS market.

Meanwhile, the CPaaS pioneers continued to expand their offerings. They added APIs, expanded into value-added services and packaged solutions, invested in their own communications capabilities and emerging technologies (such as AI), built out partner networks to address gaps in their offerings, and developed additional business models and pricing structures—all to broaden their customer base as widely as possible into the enterprise market while, for some, remaining true to their developer roots. And, perhaps most significantly, the focus of the CPaaS industry has very much turned toward platforms that extend more deeply and broadly into enabling omnichannel customer engagement.

The traditional SMS aggregators that have become CPaaS providers—such as Sinch, Syniverse, and Infobip—may still retain an edge over the conventional CPaaS providers such as Twilio and Nexmo with their telco industry credentials, communications network capabilities, and enterprise customer bases. But they are also investing in APIs, value-added services and packaged solutions, partner growth, and emerging technologies to better compete with the CPaaS natives.

And during 2020–21, the investment in CPaaS included M&A, resulting in significant industry consolidation, particularly among those companies that have pivoted from being SMS aggregators.

Analyzing the CPaaS universe

Market definition

Omdia defines CPaaS as a suite of technologies and services that enable developers and organizations to easily integrate communications into their customer-facing platforms across multiple use cases and vertical industries. To qualify as a CPaaS provider, vendors must offer the following base-level capabilities: programmable APIs, phone numbers, cloud-based access to communications networks, developer resources, and PAYG contract-free pricing. However, most CPaaS providers offer additional technologies and services—for example, security and authentication capabilities, packaged solutions (e.g., call center as a service [CCaaS]), and access to a wide range of partners. The CPaaS vendors that Omdia has ranked as market leaders are all providing these additional capabilities.

Organizations use CPaaS to enhance their interactions with customers, employees, and the general public and achieve outcomes such as increased customer satisfaction, faster response times, higher revenue, improved productivity, and more streamlined backend processes. Use cases enabled by CPaaS are extensive and vary depending on the communications channel enabled; they may be similar across vertical industries but can also be tailored to the organization's requirements. CPaaS providers operate at scale with a comprehensive range of services or in selected markets with a more focused offering.

Omdia has identified a comprehensive set of core capabilities and characteristics for the CPaaS market:

- **Geographic reach:** The number of countries and regions where a CPaaS provider has a local presence for sales and technical support. Geographic capability enables services, such as phone numbers for messaging and voice, into which enterprise customers can terminate traffic on telco networks directly or indirectly. Geographic reach is also vital for CPaaS providers operating at scale, enabling them to provide services to organizations in multiple locations.
- **Connectivity services:** The number of telco networks to which the CPaaS provider is connected for the provision of services such as phone numbers, voice, messaging, and mobile data services (as required), directly or indirectly via aggregators. Connectivity services underpin CPaaS providers' ability to offer cloud-based communications.
- **APIs, value-added services and packaged solutions:** Offering programmable APIs for communications services is a core capability for CPaaS providers. However, it is also essential for CPaaS providers to offer adjacent value-added services, such as number masking, and packaged solutions, such as CCaaS, especially if they wish to operate at scale.

- **Access and integration:** Simplified access to programmable APIs and the underlying connectivity services is a key differentiator for CPaaS. For example, making APIs and other developer resources available online and offering a PAYG pricing model has brought down barriers to entry that many organizations previously faced when dealing with SMS aggregators.
- **Use cases:** Use cases refer to the number and type of business purposes supported. For example, messaging use cases include appointment reminders and delivery notifications, while voice use cases include number masking and virtual operators.
- **Developers:** Application developers remain the core target market, whether in full-time employment with an organization or operating as a contractor.
- **Professional services:** Professional services teams within CPaaS providers act as a support for developers and organizations, supplementing their customers' skills and expertise to work jointly on projects or to deliver turnkey services.
- **Technical support:** These teams primarily function to assist enterprise companies with troubleshooting when problems arise.
- **Partnerships:** Partnerships with other technology vendors, systems integrators, and consultants play a key role in helping the CPaaS vendor provide more depth and breadth across their service portfolio.
- **Business model:** The means by which CPaaS vendors go to market and generate revenue; a key differentiator for first movers in terms of providing pay-as-you-pricing with online payments via credit card. Elements of these business models have been adopted by more recent entrants to the CPaaS market.

Market dynamics

The initial focus of CPaaS vendors was on enabling communications between organizations and their customers that are more timely, proactive, or responsive, and reliable on the channels that all consumers have access to (i.e., voice calls, messaging, email).

One of the major trends currently underway in CPaaS is the vendors' transition from enabling communications for better interactions with customers to putting the customer experience at the center of their strategic and technology roadmaps. That means that CPaaS vendors closely examine how consumers wish to interact with their service providers, with communications just one of the (very important) enablers that they can put in place to enable those interactions.

Solely focusing on communications services limits how a CPaaS vendor can support the development of their enterprise customers' customer-facing capabilities; it also makes it difficult for CPaaS vendors to achieve a solid profit margin, especially when relying on commoditized services such as voice, messaging, and email. Building scale is one way to grow revenue in a commoditized market, and some CPaaS vendors have acquired companies that help them grow their customer base and

expand into new countries. Even so, profitability will still be relatively low if the CPaaS vendor only provides access to APIs and connectivity services.

To more fully address what their customers might need from a customer experience platform, for which they can charge a premium over per-message/per-minute pricing, CPaaS vendors have increasingly turned toward developing, acquiring, or partnering to offer a broad range of higher-value and packaged services. Examples include number insights, security and authentication, analytics, IoT, omnichannel message orchestration, contact centers as packaged solutions, AI integration, and chatbots. The increased complexity associated with offering and integrating these services also provides the opportunity for the vendor to sell professional services and higher tiers of technical support, which they can also charge for.

But M&A among CPaaS vendors is not without its challenges, chief among them being that the CPaaS market shows signs of being overheated, with prices rising and the pool of acquisition targets growing smaller. Ericsson’s proposed \$6.2bn acquisition of Vonage is by far the largest acquisition of a CPaaS vendor. However, it appears that Ericsson is more interested in Vonage for development and innovation centered on 5G networks—and not necessarily the customer experience alone.

Leaders in Omdia’s CPaaS Universe are Infobip, Twilio, and Vonage. These CPaaS vendors have articulated a clear strategy and vision for their platforms from an early stage. They have executed this strategy to progressively add the elements required to support a fully-realized CPaaS offering.

During the COVID-19 pandemic, alternatives to voice and messaging gained greater prominence as customer interaction channels. With quarantines and lockdowns restricting movement, video calling services such as Zoom, Microsoft Teams, and Google Meet are now widely used for remote schooling and remote working. The use of video calling on apps such as WhatsApp, Weixin/WeChat, Facebook Messenger, and Facetime also increased, although app-based consumer video calling was popular even before the pandemic. Consumers’ increased exposure to video calling as students and workers and for personal calls during the pandemic means that they are more open to enterprises using video calling for customer interactions; this represents an opportunity for CPaaS vendors.

Messaging apps represent another opportunity for CPaaS providers to grow their traffic and revenue over the next 1–2 years. Most CPaaS vendors already offer messaging app APIs, but, as with video calling, the pandemic caused a surge in the adoption and use of messaging apps by consumers and enterprises, creating an even more responsive environment for messaging apps as a customer interaction channel. In addition, in 2021, Meta (formerly Facebook), the owner of three of the world’s largest messaging apps by monthly active users, introduced its Messenger API for Instagram and updated its WhatsApp Business API to make it easier for developers and brands to launch and run campaigns on WhatsApp. CPaaS vendors are vital channels by which Meta’s messaging app APIs will be exposed to enterprise customers—alongside APIs for other messaging apps, including Weixin/WeChat, Viber, and Apple’s Messages for Business.

Figure 2: Vendor rankings in the CPaaS platforms Universe

Vendor	Products evaluated
Leaders	
Infobip	Infobip CPaaS
Twilio	Twilio CPaaS
Vonage	Vonage Communications Platform
Challengers	
Avaya	Avaya OneCloud CPaaS
Bandwidth	Bandwidth CPaaS
Sinch	Sinch CPaaS
Syniverse	CPaaS Concierge

© 2022 Omdia

Source: Omdia

Market leaders

Based on Omdia’s criteria and analysis, Infobip, Twilio, and Vonage are identified as leaders in this report (See **Figure 1** and **Figure 2**).

Infobip: Founded in Croatia and headquartered in London, Infobip has been the quiet achiever in the CPaaS market. Its financial efficiency had seen it grow organically and profitably as an SMS aggregator and messaging connectivity services provider before it, like others, more recently started positioning itself as a CPaaS vendor. Privately owned, the company only took its first investment round in July 2020 and a second in November 2021, with which it made strategic investments in four companies in 2021. Before this, Infobip primarily developed products and services in-house, which are in line with the prevailing trend for CPaaS vendors to expand into offering customer experience platforms.

Twilio: US-headquartered Twilio is regarded as pioneering and defining the CPaaS market and has significant mindshare. It built substantial market traction through a developer-focused go-to-market strategy and remains committed to that core market. Twilio has also invested in developing or acquiring infrastructure, technologies, and products to grow its revenue from the higher end of the enterprise market by, for example, positioning itself to offer an omnichannel customer engagement

platform. Successful execution of this strategy should help Twilio finally achieve profitability; while Twilio generated \$2.84bn in revenue in 2021, as of the beginning of 2022, it is yet to turn a profit.

Vonage: Alongside Twilio, the US-headquartered Vonage (via its acquisition of Nexmo) is a pioneer in the CPaaS market. Vonage is leveraging its considerable assets in the form of the Vonage Communications Platform (VCP) to provide unified communications as a service (UCaaS) and CCaaS as well as CPaaS. Since Vonage acquired Nexmo in 2016, VCP’s revenue has steadily grown, overtaking Vonage’s revenue from its legacy consumer residential communications business in the US by 2018 and attracting the attention of Ericsson, which, in late 2021, agreed to acquire Vonage. Ericsson’s rationale for acquiring Vonage is to use VCP and its developer network as the foundation of a global communications platform on which enterprises and telcos can build and/or run applications and services that use the 5G network.

Market challengers

Avaya, Bandwidth, Sinch, and Syniverse are identified as challengers in this report, based on Omdia’s criteria, analysis, and the information made available to Omdia for the preparation of this report.

Avaya: Avaya is a relatively new CPaaS entrant but one with a solid foundation as a CCaaS and UCaaS vendor, which facilitates and complements the addition of CPaaS capabilities. Avaya uses its OneCloud CPaaS platform to help deliver CCaaS and UCaaS for its enterprise customers and offer CPaaS features on a “standalone” basis. As with other CPaaS providers, the company has also brought in partners that can integrate pre-built applications and services and enable developers to build their own using Avaya’s APIs.

Bandwidth: Of these four players, the US-based Bandwidth is the only CPaaS vendor included in this report to rank alongside Twilio and Vonage as a born-in-the-cloud CPaaS provider; a fourth company, Plivo, declined to participate. Bandwidth intentionally does not have as wide a set of products as the market leaders but has a solid foundation as a provider of a US-wide IP-based communications network and, in particular, voice services, bolstered by its 2020 acquisition of global cloud-based communications provider Voxbone. Over the top of this network, it has built out a set of enterprise-grade software capabilities and communications services, not just voice, which allow it to support its enterprise customers across multiple solutions and use cases, including UCaaS and CCaaS as well as CPaaS.

Sinch: Sinch has moved assertively into the CPaaS market, using its strong financial position from its background as a global SMS aggregator and technology vendor to make targeted investments that grow its global footprint and product capability. The company has a history of acquiring companies to build scale and capability; under the original brand CLX Communications, it acquired six messaging businesses in 2009–17 before rebranding to Sinch in February 2019 (Sinch was the brand of a previous acquisition). In 2020–21, Sinch acquired another seven businesses, further adding scale geographically and by segment (i.e., small and medium-sized enterprises [SMEs]), as well as by capability (i.e., chatbots and voice bots [Chatlayer]), voice interconnection services (Inteliquent), and email (Pathwire). Sinch clearly faces the challenge of integrating all of these businesses and operating as a much larger entity, but the technology it has acquired positions it firmly as a strong challenger in the CPaaS market.

Syniverse: Syniverse’s heritage is also in SMS aggregation and telco connectivity services; like Infobip and Sinch, Syniverse is seeking to retain as much revenue as possible in a commoditized market and diversify its revenue by offering higher-value services via its CPaaS platform. Twilio’s minority ownership of Syniverse, in a deal cemented in March 2021 and worth up to \$750m, underlines the value of connectivity services to Twilio and the wider CPaaS market; Twilio is a long-standing Syniverse customer. While Syniverse has already developed its own CPaaS platform and products, the investment will give it access to Twilio’s enterprise and API services expertise; in return, Twilio will benefit from continued access to Syniverse’s large application-to-person (A2P) network and with the quasi-addition of the roster of much larger enterprise customers.

Opportunities

The clear opportunity in the CPaaS market is to move on from being providers of programmable communications APIs only to providing organizations with a “customer experience platform.” That is an omnichannel-enabled platform that allows organizations to engage with their customers and other stakeholders more effectively, using their customers’ preferred communications channel (which is dependent on the use case) and being underpinned by the seamless flow of customer data and information.

Most CPaaS vendors generate a large proportion of their revenue by allowing developers and enterprise customers to simply “self-serve” using programmable APIs and providing connectivity services. But a small yet growing segment of their customer base requires more capabilities and a higher level of customization and orchestration as they move toward providing a “customer experience” instead of merely “customer communications.” Successful CPaaS vendors will offer a complete and continually expanding suite of programmable APIs, connectivity services, value-added services, partner integration, and packaged solutions, more fully supporting their enterprise customers.

Threats

As noted previously, there has been a significant amount of M&A-driven consolidation in the CPaaS market in very recent years. This is not necessarily a threat but may be a short-term inhibitor since the integration of businesses takes time and diverts focus at an executive level and in those parts of both organizations where there is overlap. From a customer-facing perspective, M&A may result in enterprises postponing their decision-making or engagement with a CPaaS provider if the provider is in the process of being acquired. Acquirers will need to ensure that there is minimal disruption to existing enterprise customers’ services while acquisitions are integrated.

Market outlook

Led by Twilio, the CPaaS market is transitioning from vendors providing siloed, cloud-based communications APIs and supporting connectivity and numbering services, from which developers and enterprises could select channels (mostly SMS and voice) to add to their existing customer-facing platforms. Over the coming years, most larger CPaaS vendors will move further toward becoming full-service providers of holistic customer engagement platforms, which entails investment in additional APIs as necessary (e.g., video calling, messaging apps, IoT), connectivity services, value-added capabilities such as service orchestration, access to a wider range of local and

global technology partners to fill gaps in their product suites, and packaged solutions across horizontal and vertical industries (for those enterprises looking for a turnkey approach). This approach will be driven as much by enterprise demand as by the need for CPaaS vendors to diversify their revenue base.

CPaaS vendors' move toward addressing the customer experience more holistically will also attract the attention of vendors in adjacent markets, such as the providers of call centers and unified communications, some of whom are already customers of the CPaaS vendors (for connectivity services). Omdia expects there will be further M&A as a result.

Vendor analysis

Definition of the categories used for classification

The Omdia Universe uses three dimensions to position a vendor; capabilities, customer experience, and market presence (see **Figure 1**). The individual vendor diagrams show how the vendor scored compared to the average and maximum for that category. The diagrams show the following categories:

- **Solution capability:** This is the total capability score from all the capability subcategories the vendor was assessed against.
- **Solution breadth:** This is a calculated score based on the percentage of scores the vendor obtained for all questions at partial capability and above.
- **Solution innovation:** This is a calculated score based the percentage of scores the vendor obtained for all questions at advanced capability.
- **Strategy and roadmap:** This capability is an analyst assessment based on a briefing with the vendor and the response to selected questions in the vendor's submission.
- **Recommendation:** This is the average score from customer feedback survey on the question of willingness to recommend the vendor.
- **Product experience:** This is an average score from the customer feedback survey to a number of questions relating to the product, such as product quality, product usability, etc.
- **Vendor experience:** This is an average score from the customer feedback survey to a number of questions relating to the vendor, such as pricing policy, customer support, etc.
- **Market presence:** This is a measure of the relative size of the vendor in terms of revenue for products in this market.

Infobip (Omdia recommendation: Leader)

Product: Infobip CPaaS

Infobip should appear on your shortlist if:

- You are looking for a CPaaS provider with a solid heritage in providing high-quality messaging services to enterprises, developers, partners, and telcos globally.
- You are an existing Infobip customer for A2P SMS but are seeking to architect a customer engagement platform that integrates additional communications channels, and/or you are looking for additional software as a service (SaaS) capabilities, such as a CDP.

Overview

Infobip is one of the more consistently high-performing vendors in the Omdia Universe, with all its category scores at 50% or above and most within around a 20% band ranging from 75% to 92%. The vendor is classified as a leader, achieving the highest score outright in one of the ten categories—business model (80%)—and equal highest ranking for partnerships (88%) and professional services (83%).

When these category scores are combined with overarching category scores for solution breadth (96%), solution innovation (74%), and strategy and roadmap (78%), Infobip’s total capability score is 81% (see **Figure 7**).

Infobip customers also rate the vendor highly, which means it achieved respectable scores in recommendation (82%), product experience (60%), and vendor experience (75%). Finally, Infobip’s 2021 revenue of \$1.36bn makes it one of the larger CPaaS vendors by revenue, contributing to its market presence score of 80%.

Figure 7: Omdia Universe ratings – Infobip



© 2022 Omdia

Source: Omdia

Infobip could also be regarded as one of the quiet achievers in the CPaaS market. As a 16-year veteran SMS aggregator and connectivity services provider, Infobip has solid communications network credentials, giving it a category score of 82% for connectivity services, only just behind Twilio at 83%.

Infobip has the capacity to reach more than seven billion mobile devices and “things” and is directly connected to over 700 operator networks in more than 190 countries.

Ownership and/or access to communications networks are essential to the provision of high-quality CPaaS on a global scale. But Infobip has invested in other network elements, contributing to its

ability to deliver communications traffic at low latency and high quality, which is essential for time-sensitive traffic such as that associated with enterprises’ communications with customers. These elements include SS7 connectivity to telco networks, local infrastructure (e.g., Infobip has more than 40 data centers in the 70 countries where it has offices), and a routing and compliance engine, which is the product of more than a decade’s development and iteration.

The vendor has further expanded its communications network and capabilities with the acquisitions of US-based messaging provider OpenMarket in November 2020; it also agreed to acquire another US-based company, the global VoIP provider Peerless Network in November 2021 (see **Table 1**). The acquisitions will give Infobip new or expanded customer relationships, including US-headquartered global brands that operate in other countries. In addition, OpenMarket makes Infobip a Tier 1 provider for messaging in the US where it has 40% of the US short code market. Likewise, when the acquisition of Peerless is finalized—expected to be at the end of 2Q22—it will make Infobip a Tier 1 provider for voice in the US; Peerless has its own IP-based telecom backbone in the US with more than 4,500 interconnections.

Table 1: Infobip CPaaS-related acquisitions since 2020

Acquisition	Date	Amount	Rationale
OpenMarket	November 2020	\$300m	Build US footprint
Shift Conference	April 2021	Undisclosed	Bolster Infobip’s development community
Anam	May 2021	Undisclosed	Increase SMS firewall business
Peerless Network	November 2021	Undisclosed	Expand global VoIP capabilities

Source: Omdia

In addition, Infobip has a well-established SMS firewall business. Offering a solution that combats SMS fraud and vulnerabilities at a network level provides reassurance to Infobip’s potential CPaaS enterprise customers that the vendor is working with the wider telco industry to keep the SMS channel as clean as possible. SMS still generates a hefty share of CPaaS traffic and revenue as it is the communications channel with which most enterprises, especially the long tail of SMBs, are familiar. Telcos are also keen to protect SMS, as it remains a significant source of revenue for them on the enterprise messaging side.

Infobip’s 2021 acquisition of SMS firewall vendor Anam Technologies strengthened its position in the SMS firewall market. The two companies have 230 deployments for their SMS firewalls (Infobip has 90 and Anam 140), which means Infobip is now the largest player in the SMS firewall market (it was previously second-largest, after Anam).

However, messaging apps have already achieved significant reach among consumers, which makes them an attractive channel for business messaging. Messaging apps such as WhatsApp have been customers of SMS aggregators and CPaaS providers such as Infobip since their inception, using them for use cases such as sending SMS notifications to messaging app users. More recently, CPaaS vendors have partnered with messaging apps to offer APIs, which allow enterprises to interact with

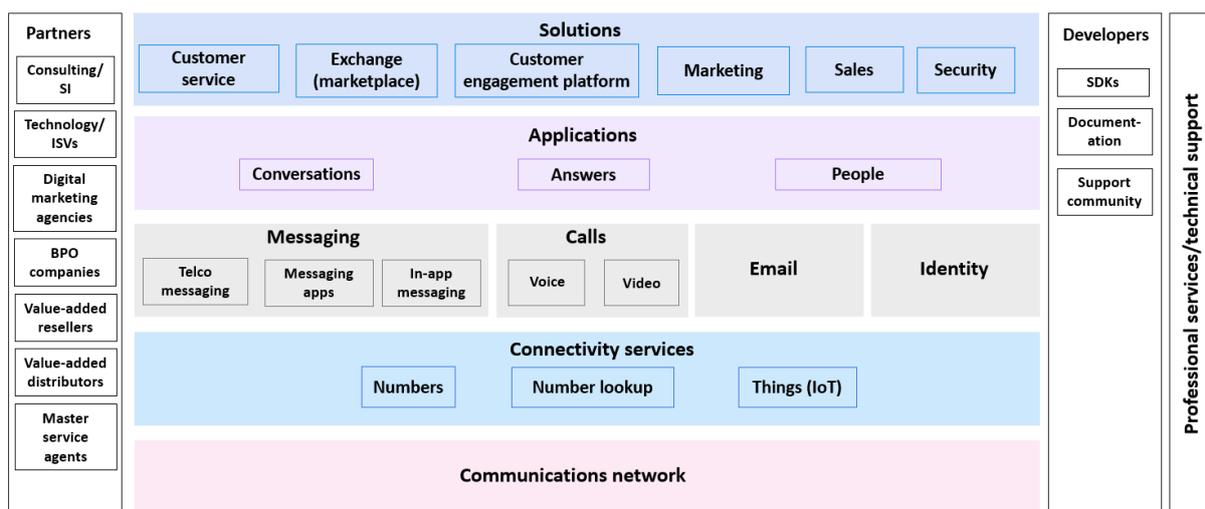
their customers using these apps. Most vendors are only offering the WhatsApp Business API and perhaps APIs for one or two others. But Infobip is offering APIs for 11 messaging apps, including “local” apps such as Line, KakaoTalk, Weixin/WeChat, and Zalo, in line with its strategy of working with these apps as partners and not just customers. This commitment to its local markets will stand Infobip in good stead as messaging apps play a greater role in enterprises’ interactions with their customers. Most recently, Infobip added support for Apple Messages for Business.

Overlaying Infobip’s communications network, connectivity services, and programmable APIs—which include all the usual suspects you would expect from a Tier 1 CPaaS provider—are products that extend up the stack and into the more lucrative software-based services such as customer engagement platforms, contact centers, chatbot builder, data analytics, and security (see **Figure 8**).

Commoditized products that generate traffic at scale, such as APIs for SMS and voice, are important building blocks for CPaaS; currently, most CPaaS providers generate the bulk of their revenue from these APIs. But SMS and voice are typically lower-margin products.

However, email is a higher-margin product, and it is also a key customer communications channel, which means it is an essential element of any customer engagement platform. Infobip appeared to realize that it was important to include email in its platform fairly early on, developing its own email API around 3–4 years ago, well before other CPaaS vendors started acquiring email companies. That capability is now included in its Moments customer engagement platform, and Infobip has secured marquee customers for it.

Figure 8: Infobip product stack



Source: Omdia

One of the other ways that Infobip is mitigating against commoditization and/or low-margin products is by providing packages of APIs, which are aligned to specific use cases and can potentially deliver higher-margin business. In addition to the Moments customer engagement platform, these

packages include the Conversations cloud-based contact center, the Answers chatbot building platform, the People customer data platform, and Security (authentication and verification capabilities). Infobip's API packages can also be aligned to specific solutions, such as customer service, security, marketing, and sales.

CDPs will likely play a key role in ensuring the effectiveness of an enterprise's contact center/customer engagement platform. Consumers are increasingly intolerant of having to repeatedly provide the same information to the different agents or departments they might be transferred to within a single call or contact. A CDP helps break that cycle by ensuring that the customer's data and any information associated with their call or contact with the organization accompanies them right throughout the interaction and is handed on between agents as needed. Offering a CDP underlines Infobip's commitment to helping enterprises improve their engagement with their customers.

As an SMS aggregator turned CPaaS vendor, Infobip's focus has been more on the enterprise market, rather than developers, which was the initial key target market for CPaaS pioneers such as Twilio, Nexmo (now part of Vonage/Ericsson), Bandwidth, and Plivo. The vendor does offer online resources for developers, like other CPaaS providers. The challenge Infobip faces, of course, is encouraging developers to use its APIs to build services on its platform. However, the gamechanger for Infobip (so far as addressing the developer market is concerned) is its April 2021 acquisition of the tech conference business Shift Conference, which attracts thousands of developers and Infobip will leverage to build its new Developer Experience business. Infobip will use Shift as a platform to reach out to developers, which will enable it to reach a wider audience. The acquisition of Shift gives Infobip experienced people to head its developer relationship program, which will complement its move toward building products that can be delivered in a self-service model. While much of Infobip's revenue is currently derived from a direct sales model, self-service delivery will be an important emerging channel to market.

Strengths

Infobip performed most strongly in the area of solution breadth, where it achieved a score of 96%, largely due to its provision of a set of capabilities and products, which are comprehensive both horizontally and vertically. The company has used its strong heritage in providing A2P SMS messaging and messaging connectivity services to enterprises and carriers to expand its communications network capabilities into voice and video calling, IP-based services, and IoT via development and acquisition. That breadth of product offerings continues up the stack into connectivity services, APIs, value-added services, applications, and solutions and into partnerships, professional services, and technical support.

Indeed, the company's next-highest score was for technical support at 92%. Infobip scored highly in this category for its offering of a range of packages that are available across all its products, with multiple options for availability, response time, and support channels (e.g., email, chat, voice). Other features include a monthly service report, escalation path (up to the CCO), and a named support engineer.

Infobip's third-highest score was for partnerships at 88%. The company has a broad set of partnerships in its Infobip Partner Connect Program, spanning systems integrators, independent software vendors, consultants, digital marketing agencies, and value-added resellers, among others.

Enhancements to this program in 2021 saw the number of partners in this program triple to 280. Infobip's partnership program is well-defined in terms of how it sources partners (i.e., finding partners that offer products or services that complement what Infobip offers but target the same industry verticals as Infobip) and how it works with them in terms of integrations and business models (for example, offering a fixed price per message or sharing revenue). The program offers a dedicated partner development manager, tools, and support teams.

Infobip achieved a score of 83% for its professional services, making available an onboarding package of project management, solution implementation and training, and add-on services that include consultancy services aimed at optimizing the customer experience, general consultancy, migration services, and custom integrations. The professional services offered suggest that Infobip is committed to helping its enterprise customers resolve any challenges that arise as they develop and deploy CPaaS-based services.

Limitations

Until its April 2021 acquisition of Shift Conference, Infobip was less focused on attracting developers, which would have helped it better target the long tail of SMEs and potential tech disruptors and potentially allowed the company to tap into another level of innovation. However, even the acquisition of Shift Conference may not immediately resolve this limitation, as developers associated with this conference before its acquisition by Infobip may not have been aware of the vendor and its CPaaS platform—and even after the acquisition, developers attending Shift may choose not to develop to Infobip's CPaaS platform. Infobip will likely still have some evangelizing to do. While Infobip still achieved a relatively high score in the developers' category at 75%, the score is at the lower end of the scale for the vendor.

Meanwhile, Infobip's acquisition of four companies in 2021 will require some diversion of attention and effort toward integration and product harmonization, which may, in the short-to-medium term, impinge on a number of other functions within the company, including product development.

Appendix

Methodology

Omdia Universe

The process for writing a Universe is long and time consuming; it involves the following:

- Omdia analysts perform an in-depth review of the market using Omdia’s market forecasting data and Omdia’s enterprise insights survey data.
- Omdia creates a matrix of capabilities, attributes, and features that it considers to be important now and in the next 12–18 months for the market.
- Vendors are interviewed and provide in-depth briefings on the current solutions and future plans.
- Analysts supplement these briefings with other information obtained from industry events and user conferences.
- The Universe is peer reviewed by other Omdia analysts before being proofread by a team of dedicated editors.

Inclusion criteria

- The solution provides a platform for enabling cloud-based communications services.
- As a minimum, the platform has to include programmable APIs for communications services, enable access to global communications networks and communications capabilities, and offer developer resources.
- The platform has a significant level of recognition among enterprises, covers a range of verticals, and has a presence in multiple geographies

Further reading

Digital Consumer Insights 2021: Communications Apps and Services (April 2022)

Digital Consumer Insights 2021: Messaging App and Social Media Commerce Trends (January 2022)

Messaging Apps: User, Traffic, and Revenue Forecast 2021–26 (January 2022)

2022 Trends to Watch: 5G Consumer Communications Apps and Services (December 2021)

Mobile Messaging Traffic and Revenue Forecast Report: 2021–26 (October 2021)

Mobile Messaging Traffic and Revenue Forecast: 2021-26 (August 2021)

Author

Pamela Clark-Dickson, Principal Analyst, Advanced Messaging and Communications

askananalyst@omdia.com

Citation policy

Request external citation and usage of Omdia research and data via citations@omdia.com.

Omdia consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Omdia's consulting team may be able to help you. For more information about Omdia's consulting capabilities, please contact us directly at consulting@omdia.com.

Copyright notice and disclaimer

The Omdia research, data and information referenced herein (the "Omdia Materials") are the copyrighted property of Informa Tech and its subsidiaries or affiliates (together "Informa Tech") and represent data, research, opinions or viewpoints published by Informa Tech, and are not representations of fact.

The Omdia Materials reflect information and opinions from the original publication date and not from the date of this document. The information and opinions expressed in the Omdia Materials are subject to change without notice and Informa Tech does not have any duty or responsibility to update the Omdia Materials or this publication as a result.

Omdia Materials are delivered on an "as-is" and "as-available" basis. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in Omdia Materials.

To the maximum extent permitted by law, Informa Tech and its affiliates, officers, directors, employees and agents, disclaim any liability (including, without limitation, any liability arising from fault or negligence) as to the accuracy or completeness or use of the Omdia Materials. Informa Tech will not, under any circumstance whatsoever, be liable for any trading, investment, commercial or other decisions based on or made in reliance of the Omdia Materials.

CONTACT US

[omdia.com](https://www.omdia.com)

askananalyst@omdia.com