

Infobip ups the ante with full-stack communications PaaS

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Introduction

Initially positioned as a mobile messaging aggregator, Infobip has evolved into a full-stack communications PaaS (CPaaS) with a comprehensive portfolio encompassing security, AI-enabled capabilities, payments and conversational commerce. In this report, we look at how Infobip's go-to-market and product strategies – building on a combination of organic growth and strategic acquisitions – are enabling it to expand its global footprint and position as a key global CPaaS player.

The Take

Infobip experienced significant growth in recent years, reporting 90% YoY topline revenue growth in 2021. As it continues to expand its global footprint, it will face numerous challenges, including an increasingly competitive landscape that now includes cloud hyperscalers. Additionally – even though it has evolved into a full-stack CPaaS with a comprehensive portfolio – it is still perceived to some extent as a European-centered mobile messaging aggregator. Nonetheless, Infobip is steadily gaining ground and positioning as a strong contender in this segment. Its acquisition of Peerless Network should help it further accelerate its expansion into the U.S. market and further raise its profile as a global player against key rivals Twilio Inc. and Sinch AB.

Company background

Infobip was founded in 2006 by CEO Silvio Kusic and chief technology officer Izabel Jelenic. It is privately held and headquartered in London, with a core development team based in Vodnjan, Croatia. It currently has over 3,700 employees and more than 70 offices globally.

The company targets four key segments: digital-native companies, enterprise organizations, B2B2C businesses, and other message aggregators and CPaaS firms. Its client base boasts more than 10,500 unique, active B2B customers, including well-known global brands Bolt, Delivery Hero SE, Dior,

Nissan, Uber Technologies Inc. and Unilever. Deutsche Telekom AG, BT Group PLC and Vodafone Group PLC are also counted among its customers. The company has established strategic product partnerships with Adobe, BT, Microsoft and Vodafone.

According to 451 Research's M&A KnowledgeBase, the company has made a series of strategic acquisitions, including global VoIP provider Peerless Network in November 2021 (which is set to complete later this year), A2P messaging firewall provider Anam Technologies in May 2021, and mobile engagement and messaging provider OpenMarket in November 2020. Additionally, it acquired global conference producer Shift Conference in April 2021. 451 Research's CPaaS Market Monitor positions Infobip as a Tier 1 global CPaaS provider, with an estimated annual revenue above \$1.5 billion.

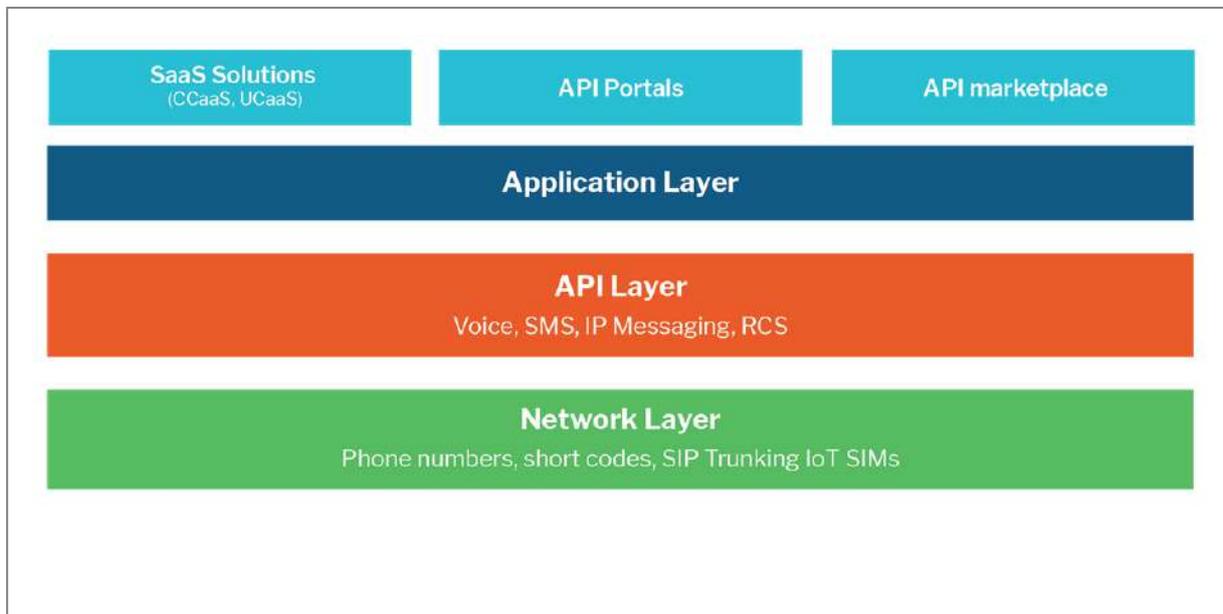
Context

The adoption of digital communications and the digitization of customer and employee experiences accelerated with the COVID-19 outbreak, driving demand for CPaaS – a platform-based approach for delivering real-time communications. According to 451 Research's CPaaS Market Monitor, total market revenue increased by more than 47% in 2020, and will likely continue to grow at a projected CAGR of 23.1% through 2026.

The market opportunity has attracted a wide range of vendors with different approaches for delivering embedded, real-time voice, video and messaging communications. We outline these approaches based on three distinct layers, with vendors competing across more than one layer to differentiate their approach.

- **Network Layer** – Network infrastructure for delivering communications services.
- **API Layer** – API tools and services that provide access to the network layer.
- **Application Layer** – Business and SaaS applications that leverage API and network layer capabilities.

CPaaS Technology Stack



Source: 451 Research

Products and technology

Infobip's cloud communications platform boasts over 40 datacenters (excluding Peerless) and more than 700 direct operator partnerships globally, with a global reach in over 200 countries. Its product strategy positions the company as a full-stack CPaaS platform (i.e., it competes across the three layers outlined in our CPaaS technology stack framework). This approach is a key differentiation, enabling Infobip to provide a broad portfolio of services, including omnichannel communications, security, AI-enabled capabilities, payments and conversational commerce. While the company's product strategy aligns with our framework, its platform architecture provides additional details on its approach.

- **Layer 0: Infrastructure** – Comprises on-premises and cloud-based connectivity and enablement offerings for telecoms, such as short-message service, IoT, rich communication services and voice, in addition to services such as mobile identity and messaging firewall to support trust-based communications.
- **Layer 1: Network** – Network interfaces that provide low-level protocol access for delivering communications services, including an inventory of short- and long-numbering codes across more than 50 countries, available on demand; inventory and management of global IoT SIM cards and data plans, available on demand; number lookup; email validation; number intelligence to support identity verification and fraud detection; and Connect, a set of low-level industry-standard protocols enabling customers to interconnect with the stack (SIP, SMPP, Enum).
- **Layer 2: Programmable channels** – Simple API sets, designed around consuming a single channel or a function from the network layer, including voice, messaging, video, email and authentication services.
- **Layer 3: Building blocks** – Sets of APIs designed around specific use cases orchestrating multiple programmable functions that enable developers to build numerous applications and services. These include People API, a set of APIs that enables developers to build their own customer data platform (CDP), and Conversations, a set of APIs that enables developers to build a modular contact center based on conversational experiences. The company's product roadmap features additional API sets, including multichannel notifications, identity verification, anonymization, automation, conversations and fraud prevention.
- **Layer 4: Software applications** – Low-code, horizontal applications that help with a specific use case – such as People, a CDP application; Moments, an omnichannel customer engagement platform; Answers, an omnichannel chatbot-building platform; and Conversations, an omnichannel cloud contact center platform.
- **Layer 5: Marketplace** – Dual-sided marketplace for developers, systems integrators, independent software vendors, and customers to publish and consume applications built on the Infobip platform.

Competition

Infobip's key rivals include large global CPaaS providers such as Twilio, which announced the acquisition of messaging and customer engagement firm Zipwhip in May 2021; CPaaS vendor Sinch, which in September 2021 bought cloud-based email provider Pathwire in a deal valued at \$1.9 billion; Vonage Holdings Corp. (acquired by Ericsson in November 2021); and MessageBird.

The competitive landscape also includes major cloud providers that have expanded into CPaaS in recent years. These include Microsoft, which in 2020 launched Azure Communication Services, a set of cloud-based capabilities that enable developers to add real-time communication services to their web and mobile applications, and AWS with its Amazon Chime SDK.

Further competition comes from vendors such as Cisco Systems Inc., which purchased CPaaS vendor IMI Mobile in December 2020, laying the foundation for its Customer Experience as a Service offering with innovations such as workflow customization, and CM.com NV, which is aggressively expanding

its global footprint and platform capabilities, looking to help organizations accelerate the digitization of the customer experience.

SWOT Analysis

Strengths	Weaknesses
Infobip has evolved into a full-stack CPaaS, enabling it to provide a broad portfolio of services at scale. This approach is a key strength and an important differentiator for the company.	The company is still perceived to a certain extent as a European-centered mobile messaging aggregator, and could benefit from expanding its outreach and messaging to highlight the benefits of its comprehensive portfolio and global reach.
Opportunities	Threats
451 Research's CPaaS Market Monitor projects strong, ongoing demand for embedded communications, with a projected CAGR for this segment of 23.1% through 2026.	The company faces an evolving and increasingly competitive landscape, with cloud hyperscalers such as Microsoft and AWS expanding into CPaaS in recent years.

Source: 451 Research