# FROST & SULLIVAN

Frost Radar™: European Contact Center as a Service (CCaaS) Market, 2021

A Benchmarking System to Spark Companies to Action—Innovation that Fuels New Deal Flow and Growth Pipelines

Global Information & Communications Technologies Research Team at Frost & Sullivan
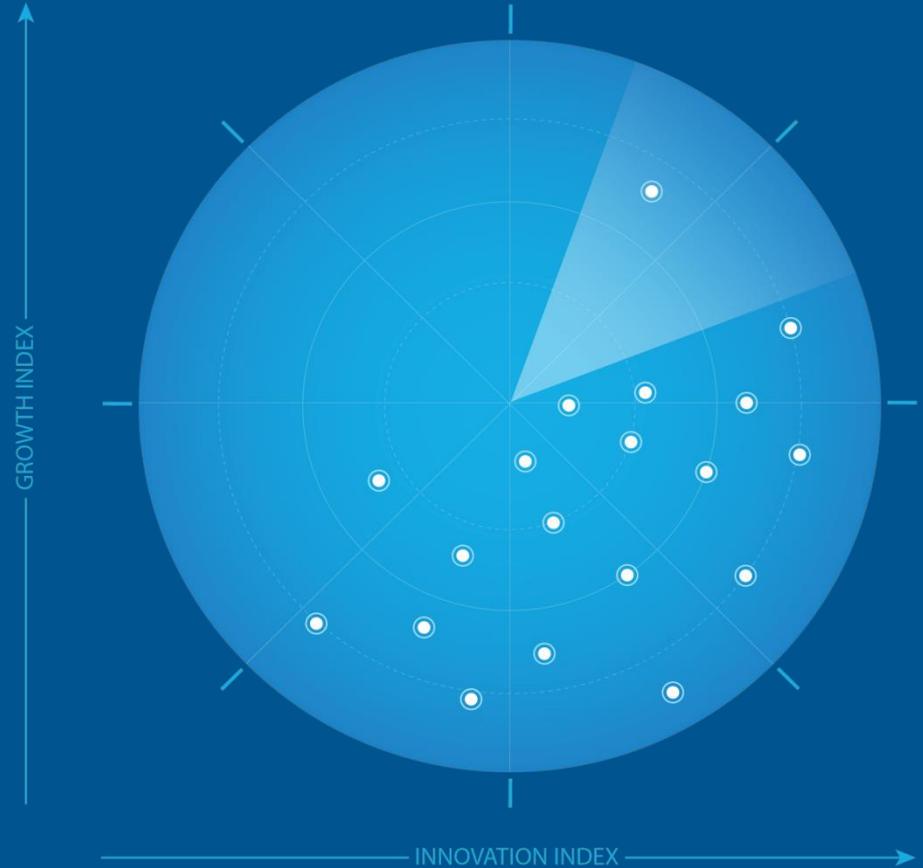
Strategic Imperative and Growth Environment

Strategic Imperatives

- In recent years, cloud-based technology designed for contact centers (CCs) has become more robust, offering access to all of the features that on-premise solutions provide but with the added benefit of being hosted over the Internet. This has allowed businesses to deploy services across multiple geographies quickly.

- Cloud is a vital enabler of a mature customer experience (CX) strategy; it offers flexibility in scale, reach, and modularity and allows capabilities to be introduced using a phased approach.

- The COVID-19 pandemic has pushed every contact center in Europe to embrace the work-at-home-agent (WAHA) modality and move employees out of offices to their homes (i.e., 68.8% of the outsourced agents serving European companies were working remotely by the end of 2020).

- CCaaS vendors and service providers quickly responded to remote working needs, provided free/trial offers for remote agents, positioned aggressive pricing models, and accelerated the migration to the cloud or hybrid deployment alternatives in a remarkably short period.

- The drastic variations in demand for several services during quarantine periods required flexible, scalable, and fast-to-implement solutions. The cloud was able to prove its value by providing those features in an agile and efficient manner, ensuring uninterrupted business continuity.

- Customers demand cloud-based CC solutions that deliver robust levels of security and privacy, flexible deployment, 24/7 availability, intuitive interfaces, and advanced integration capabilities.

- Artificial intelligence (AI)-based features, workforce optimization (WFO) platforms, and analytics-related applications are the technologies being targeted by the majority of competitive vendors.

Source: Frost & Sullivan

Strategic Imperatives (continued)

- The increased demand for cloud solutions, together with intense market competition, has led to cloud-to-cloud migration. Several new cloud contact center customers in Europe have already implemented cloud solutions from other vendors. Cloud vendors must harness innovations and showcase their competitive advantages to clients. Over a third of new customers for CCaaS providers already had another CCaaS solution in place.

- Frost & Sullivan notes an increasing convergence process across UC and CC, taking multiple forms. Many vendors are offering bundled solutions, and the market has seen a rise in the number of acquisitions and integrations between UC and CC players. The convergence between these solutions improves the agent and back-office experience by unifying communications, simplifying the customer journey, and reducing the effort needed to find adequate people or information.

Source: Frost & Sullivan

Growth Environment

- In 2020, the European CCaaS market attained €920.1 million in revenue, representing a 31.7% increase from 2019. This solid performance was due to increased sales in every geography, but particularly in Germany at 35.3% and the Rest of Europe region at 34.6%.

- The migration to the cloud accelerated across Europe in 2020, and concerns about multi-tenant cloud deployment of mission-critical applications have largely dissipated. The contact center has always been at the forefront of this development, which accelerated in 2020 due to the pandemic. Although the European CCaaS market was just shy of reaching total revenues of €1 billion, the growth trajectory is not flattening. Frost & Sullivan projects a 17.2% compound annual growth rate to reach €2.38 billion by 2026.

- The European CCaaS market comprises more than 150 vendors of varying size. These vendors offer solutions to companies and organization across a broad range of verticals, with financial services, healthcare, public sector, utilities, retail, education, and insurance among the most prominent.

- Business and financial services (BFS) is the largest vertical, accounting for 23.3% of the European CCaaS market, followed by outsourcers, which accounted for 15.7%. Other important verticals in terms of CCaaS adoption include retail, telecommunications, and the public sector.

- In contrast with other regions (such as North America, LATAM, and APAC), the European public sector is one of the most promising verticals for CCaaS vendors. It endeavors to satisfy citizens' increasing expectations without consistent budget increases. In 2020, the growth of the European public sector CCaaS was further boosted by the high demand for vaccination campaign support and pandemic-related citizen services, including new hotlines.

Source: Frost & Sullivan

Growth Environment (continued)

- CC Cloud penetration varies across the different countries and regions in Europe. Nevertheless, countries that had comparatively lower CCaaS penetration are catching up. Market growth rates differ by country, highest in DACH and Eastern Europe. In contrast, the Nordics region experienced the lowest growth rates as it is the most mature CCaaS market in Europe, and almost the entire industry is already in the cloud.

- France and the UK are the most significant markets in terms of revenue. Together, they represented 37.4% of the overall regional revenue in 2020. The UK and France markets registered 33.6% and 33.4% YoY revenue growth, respectively, mainly contributed by the aggressive expansion of leading global platforms, such as Genesys, NICE inContact, and Aircall, and the push from local companies, such as Odigo, Content Guru, and Worldline.

- Germany experienced the highest increase in revenue among the European markets during 2020. The need for scalable, flexible, and cost-effective solutions to better manage the increasingly distributed workforce paved the way for massive migration. In addition, higher confidence in the cloud among local companies, the increase of cloud-agnostic offerings, and the installation of new data centers in Frankfurt fostered this migration.

- Providers must prepare to compete in a high-intensity environment. Not surprisingly, vendors and service providers are having difficulty positioning competitive differentiators in Europe; this will become even more challenging as new offerings enter the market.

- Vendors should consider elevating the quality and the delivery of their managed and professional services, offering a full stack of enterprise-grade solutions and creating tailored value propositions for clients, leveraging global best practices and local expertise.
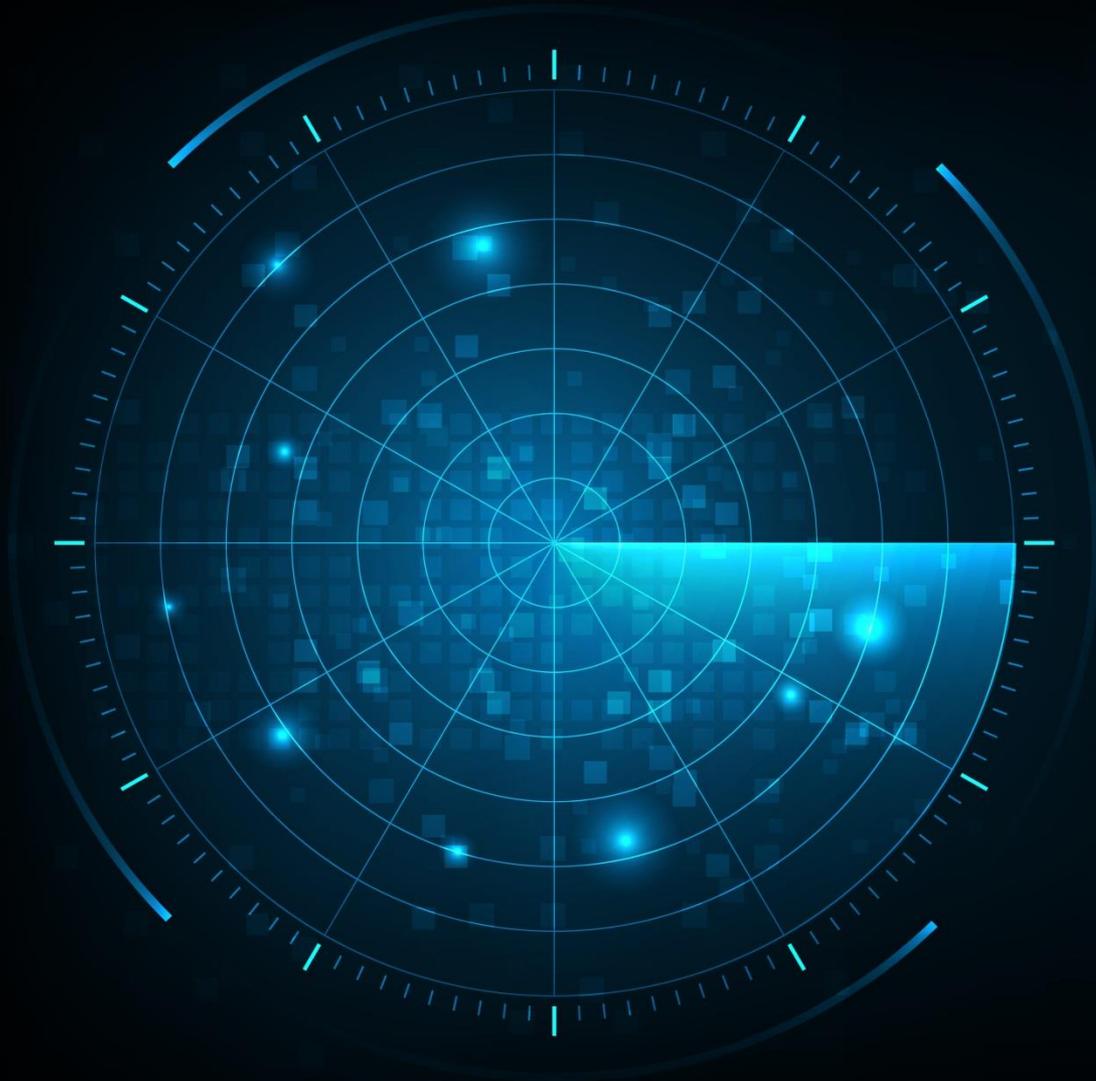
FROST & SULLIVAN

Frost Radar™

Contact Center as a Service (CCaaS) Market

Frost Radar™: Contact Center as a Service Market
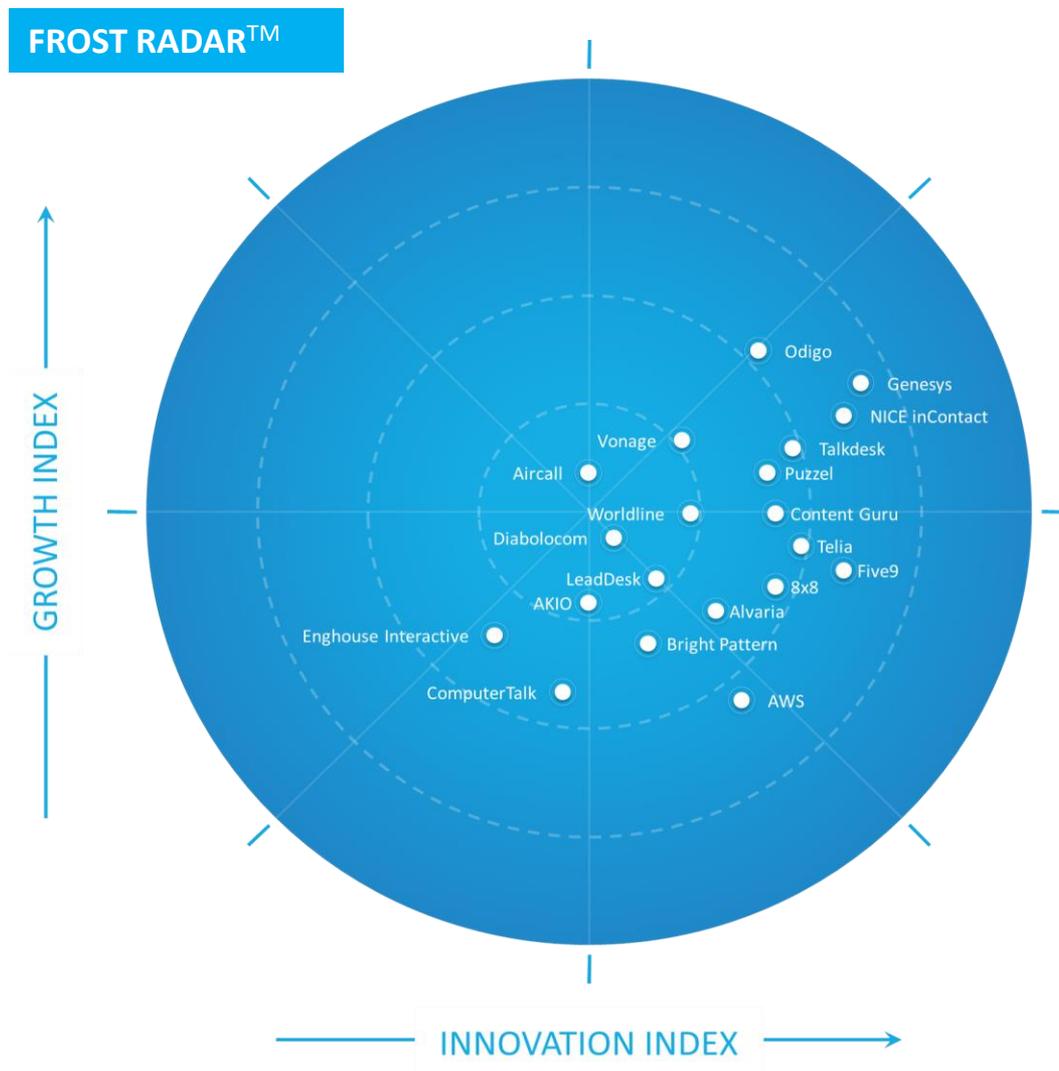
Source: Frost & Sullivan

Odigo

INNOVATION	GROWTH	FROST PERSPECTIVE
• Odigo offers an all-in-one, cloud-native, and multi-tenant contact center solution, supported by a large set of features spanning analytics, advanced routing flow, conversational AI, monitoring, and advanced user management.	• Odigo is the market leader in Europe. The company leverages its direct go-to-market strategy, fast-growing channel network (e.g., Capgemini, IBM), long-time market experience, and customer referrals. It also offers a comprehensive proprietary portfolio to gain an extensive presence in France, Belgium, Spain, Germany, and the UK.	• The backing of Apax Partners, a leading private equity firm, provides Odigo with the financial and managerial resources to support its growth plans.
• Odigo's developed one of the best-automated routing systems of the market. Its platform allows handling large volumes of queries in a timely and efficient manner.	• Odigo offers a highly reliable, scalable, and flexible CCaaS platform optimally designed for large contact centers. 24/7 availability is ensured by Odigo's ten private PoP and data centers.	• Odigo upholds a highly flexible and human ethos that ensures it delivers the solutions and supports its customers' needs.
• Odigo is an open platform by design. It features native desktop integration of 3rd party business tools, Javascript SDK, and over 250 APIs.	• The company offers a consumption-based pricing model that allows customers to pay only for what they use, enabling a true SaaS and cost-effective proposition.	• The company is well-positioned to take advantage of the increasing CCaaS demand by large enterprises. It should continue building a sound marketing strategy around scalability, connectivity, and reliability capabilities, especially in some geographies outside France where it is gaining brand awareness.
• The company has added new capabilities to enhance agent experience (AX) and usability. New features include customized UI, unified console, bots, interactive widgets, workforce management, and quality management.	• The company has achieved high organic growth rates by expanding existing contracts via well-organized cross/upsell strategies and winning several new leading logos.	• Odigo will do well to continue building on the openness of its platform by adding new connectors and expanding its partners' ecosystem to retain its competitive differentiation.

Source: Frost & Sullivan

Frost Radar™ Analytics
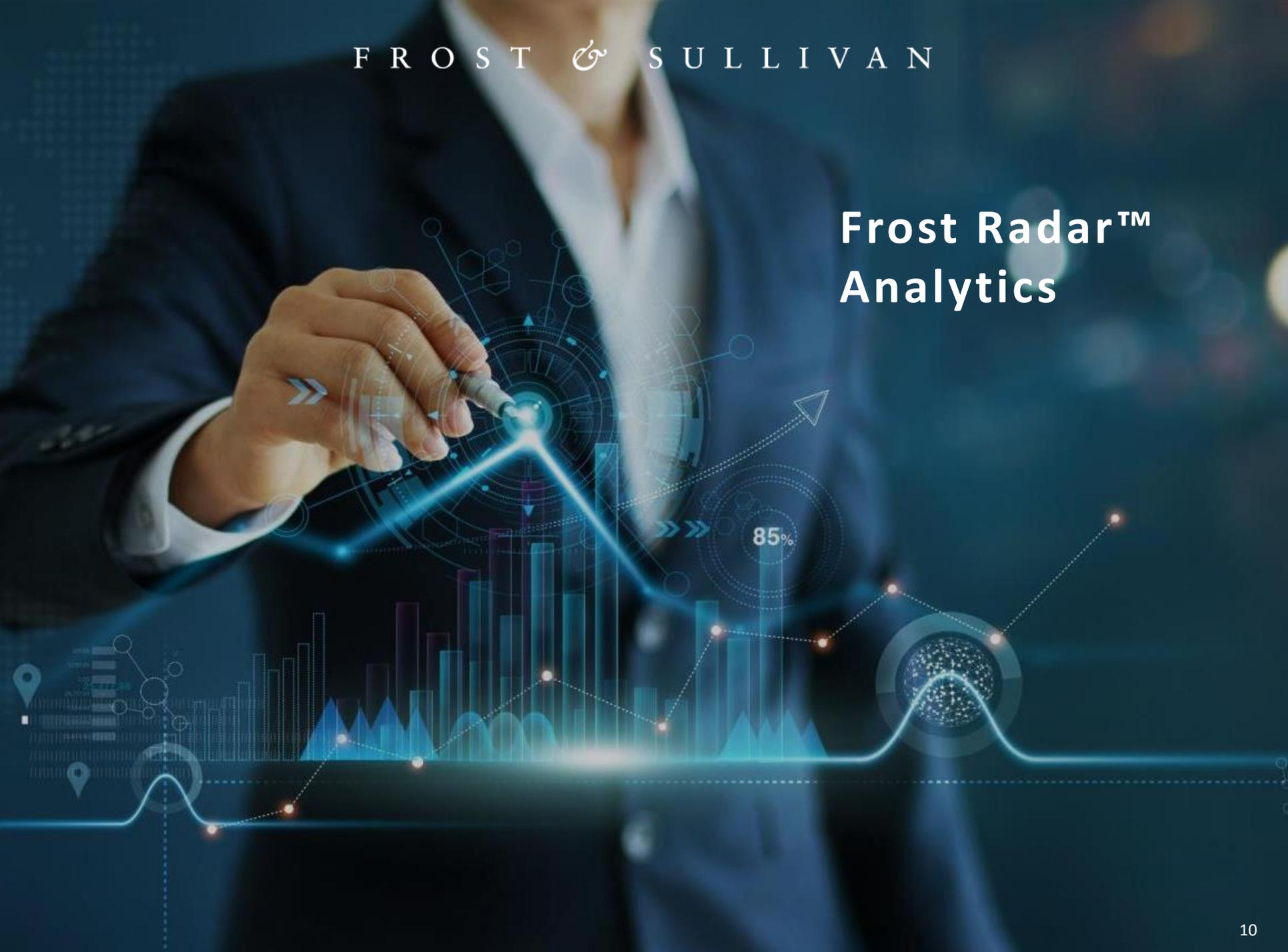
Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

GROWTH INDEX ELEMENTS

VERTICAL AXIS

Growth Index (GI) is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline™ system; and effective market, competitor, and end-user focused sales and marketing strategies.

- **GI1: MARKET SHARE (PREVIOUS 3 YEARS)**
  This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.

- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**
  This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.

- **GI3: GROWTH PIPELINE™**
  This is an evaluation of the strength and leverage of a company's growth pipeline™ system to continuously capture, analyze, and prioritize its universe of growth opportunities.

- **GI4: VISION AND STRATEGY**
  This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?

- **GI5: SALES AND MARKETING**
  This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

Frost Radar™: Benchmarking Future Growth Potential
2 Major Indices, 10 Analytical Ingredients, 1 Platform

HORIZONTAL AXIS

Innovation Index (II) is a measure of a company's ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs.

- **II1: INNOVATION SCALABILITY**
  This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.

- **II2: RESEARCH AND DEVELOPMENT**
  This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.

- **II3: PRODUCT PORTFOLIO**
  This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.

- **II4: MEGA TRENDS LEVERAGE**
  This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found here.

- **II5: CUSTOMER ALIGNMENT**
  This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

Legal Disclaimer

Frost & Sullivan is not responsible for any incorrect information supplied by companies or users. Quantitative market information is based primarily on interviews and therefore is subject to fluctuation. Frost & Sullivan research services are limited publications containing valuable market information provided to a select group of customers. Customers acknowledge, when ordering or downloading, that Frost & Sullivan research services are for internal use and not for general publication or disclosure to third parties. No part of this research service may be given, lent, resold, or disclosed to noncustomers without written permission. Furthermore, no part may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the publisher.

For information regarding permission, write to:

Frost & Sullivan

3211 Scott Blvd., Suite 203

Santa Clara, CA 95054