

# Perspectives19: Ribbon Communications' Kandy Solutions Look Promising with More Partners Onboard

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## ADVISORY REPORT

### REPORT SUMMARY

Ribbon's Kandy is compelling because it combines UCaaS, CCaaS, and CPaaS to improve collaboration, customer interaction, and workflows. Ribbon has an effective white-labeling go-to-market approach, but more work is needed to raise awareness.

### SUMMARY

#### Issue

Ribbon Communications held its Perspective19 event in Washington, DC from April 28 to May 2, 2019. This annual event brings together partners and customers, including many service providers, technology vendors, and enterprises from around the world. At Perspectives19, Ribbon Communications shared its technology vision and portfolio strategy; provided deeper insights into new areas around analytics and its Kandy portfolio; and presented key findings from its research study on the buying behaviors related to unified communications (UC), SD-WAN, and security. There were also presentations from partners and customers discussing how Ribbon's technology has enabled new business opportunities for partners and can solve business problems for enterprise customers.

This report focuses on the Kandy portfolio, which covers unified communications as a service (UCaaS), contact center as a service (CCaaS), and communications platform as a service (CPaaS). Unlike many UC vendors, Ribbon is taking its solution to market through partners. The report highlights how Ribbon is making this approach successful. In particular, the CPaaS market is evolving and there are tremendous opportunities for service providers to develop service differentiation in the UC market and for enterprises to improve business processes and customer engagement.

## Key Takeaways

- Ribbon Communications is focusing on developing capabilities around edge network, analytics, and UCaaS to take the business to the next level.
- Kandy Business Solutions offer UCaaS and CCaaS that can meet the needs of various types of organizations from small businesses to large enterprises with multiple branch offices.
- Kandy CPaaS will enable Ribbon to differentiate in the market since enterprises are on the journey of automating processes using technology and embedding communications into workflows.
- Ribbon has adopted a white-label approach to offer its Kandy platform to CSPs, system integrators, and ISVs.
- The Kandy platform is designed to provide partners more flexibility in taking the solution to market, and Ribbon is adding more examples of partners leveraging Kandy for their product offerings.

## PERSPECTIVE

### Current Perspective

Ribbon Communications was formed in 2017 through the merger of GENBAND and Sonus Networks to become a major provider of communications solutions with a strong foothold in the session border controller space. Since then, the company has added new capabilities- partly through acquisitions - to stay ahead of the curve in areas such as networking at the edge and AI. In August 2018, Ribbon completed the acquisition of Edgewater Networks, which strengthened the company's solution at the edge with integrated SD-WAN capability. In February 2019, it announced the acquisition of the business and technology assets of Anova Data for security and analytics capabilities. These are strategic moves that enable Ribbon to offer service assurance, simplified provisioning through automation, and analytics for optimization- all crucial aspects for communications solutions. The company aspires to be 'a global software leader in secure and intelligent cloud communications' which is aligned to what an enterprise needs to enable more effective collaboration internally as well as externally with partners and suppliers.

### Kandy Business Solutions (KBS) - UCaaS

As communications evolve from TDM voice to multimodal IP-based solutions, it is a logical step for communications solutions providers like Ribbon to enter the unified communications and collaboration market (UCC). Ribbon's UCC is branded as Kandy Business Solutions (KBS), which was developed by GENBAND and launched in 2014 to enable communications as a service. KBS was developed from the ground up by embracing a cloud-first strategy, with WebRTC, as well as application programming interfaces (APIs) and software development kits (SDKs) to enable developers to embed communications into websites.

KBS offers PBX functionality in the cloud, removing the need for on-premises hardware and maintenance. It offers all traditional PBX features such as call screening, hunt groups, shared line appearance, call routing, auto-attendant, business fax, voicemail, etc. UC features such as video, audio conferencing, IM/presence, and screen sharing are available through a web browser. Ribbon does not make endpoints, but it supports a wide range of SIP-based products from partners such as Poly, Yealink, Snom, Avaya, and Cisco. KBS is designed to support mobility- a single business number for desk phones as well as clients for Windows, Mac, iOS, and Android. Users can access telephony and UC features through their mobile devices, and live calls can move seamlessly from WiFi or mobile data network to a traditional cellular voice call.

While Kandy does not have telepresence rooms for immersive video conferencing (it supports industry-standard room equipment) or team collaboration functionality with persistent chat and file sharing, it meets the needs for most use cases, especially SMBs and branch offices where PBX features and mobility are crucial. Workers are becoming more mobile, and extending telephony and UC capabilities to the smartphone ensures they never miss customer calls or messages. At Perspectives19, Ribbon highlighted car rental company Hertz as a major customer that deployed its UCaaS solution across the U.S., including retail offices, airport service desks, and pop-up locations in shopping malls. Communications is crucial for Hertz's operation and UCaaS is ideal since it provides the flexibility with minimal truck roll and on-site IT support.

### **KBS Cloud Contact Center - CCaaS**

Ribbon also unveiled its own primary research on the buying patterns of businesses and enterprises around UC market trends. Ribbon's study highlights that UC adoption in the small business segment (one to 20 employees) is significantly lower than large enterprise segment (over 1,000 employees): 10% vs. 41%. The adoption of contact center is expected to be lower than UC, especially in the SMB segment due to the high cost of traditional contact center solutions. Cloud-based, cost-effective contact center solutions have emerged to fill this gap. Kandy Call Center, for example, offers a cost-effective automatic call distribution (ACD) solution. Through a partnership with Five9, KBS CCaaS offers omnichannel capabilities and outbound services. A key differentiator is Kandy Link- Ribbon's WebRTC Gateway which connects VoIP and web services. This solution enables click-to-connect buttons on webpages and social media so that customers can start a chat or activate a voice/video call without leaving the site.

### **CPaaS and Go-to-Market**

Kandy CPaaS enables the company to open up new opportunities and drives differentiation for its UCaaS and CCaaS solutions. CPaaS is a cloud-based platform that enables the integration of real-time communications into business applications through APIs. There are now many examples of how CPaaS can improve customer engagement and business operations across different industries. Some simple examples include enabling customers to chat, click-to-call, and interact with a service agent, or enabling real-time messaging between field force workers and dispatch operators to improve workflow. As enterprises continue to transform business operations using digital solutions such as AI and IoT, there will be more use cases for CPaaS to embed communications into workflows.

Like many emerging technologies, the CPaaS market has been driven by early movers such as Twilio and Nexmo (now part of Vonage), and it remains fragmented as many other companies bring offers to market. Ribbon differentiates by adopting a white-label approach and its platform is designed to support partners. With a history of working closely with communications service providers (CSPs) and without the scale of some larger UCC vendors, Ribbon has chosen to be the 'arms dealer' instead of going direct to market. Besides CSPs, Ribbon also enables system integrators and independent software vendors (ISVs) to embed real-time communications into their applications. This means that partners can create their own app marketplace with their own brand leveraging the Kandy platform. Ribbon offers different deployment options including in its cloud, hosted by partners, or a hybrid approach. Another key message to partners is the ability to provision a service in minutes.

Kandy APIs cover a range of communications channels including voice, video, messaging, collaboration, chat, and other features (e.g., two-factor authentication). Since many CSPs do not have experience with CPaaS or do not have a developer team, Ribbon has created pre-packaged applications called Kandy Wrappers as well as a marketplace of ISVs for vertical markets. There are two 'Wrappers' at the moment- Live Support Suite (integrate a support button for a website to enable chat, voice, and video communication to a service agent) and Visual Attendant (integrating a visual menu into a website for visitors to call the right person over a WebRTC voice call). Examples of ISV marketplace partners include Braidio (collaborative learning platform), Over.AI (AI, voice-enabled platform), and Vidyo (video conferencing). It is noted that CPaaS players such as Twilio and Nexmo have a more established ISV ecosystem, and Ribbon should expand its ecosystem and increase the number of apps. Nevertheless, Ribbon is also working with CSP partners to develop an API marketplace. For example, AT&T and KPN have deployed API marketplaces leveraging Kandy (see "**Enterprise Connect 2019: AT&T Jumps into CPaaS with the Launch of AT&T API Marketplace**," March 27, 2019). Besides these two examples, other service provider partners leveraging Kandy UCaaS and CPaaS highlighted at the Perspectives19 event include:

- IBM Connections Cloud offers UCaaS which supported the Hertz deployment across the U.S.
- In October 2018, Optus in Australia launched a mobile-oriented UCaaS solution (branded as Optus Loop Live) to target SMB customers. The solution includes a number of features such as video, messaging, group chat, multi-party video, screen sharing, auto-attendant, and hunt groups. The service is sold, managed, and billed entirely online and set up in less than 15 minutes.
- Hong Kong Broadband Networks' (HKBN) Global Talk app is powered by Kandy. HKBN used Kandy Link to build Global Talk, an OTT app within its Global Phone service to enable customers to make and receive phone calls across 60 countries over the Internet without incurring voice roaming charges. The calls ride on the Global Phone's global data plan.

While Ribbon's Kandy is compelling and gaining traction in the market, there are still challenges ahead since the UCC and CPaaS market is very competitive. Ribbon will face many established players in the UCC market, and in particular, BroadSoft (now part of Cisco) will be a key rival with a similar solution (a cloud-based, software-based solution) and go-to-market approach (selling through many CSPs). In the CPaaS space, there are Twilio, Vonage/Nexmo, and Plivo, which have been in the market for a longer period of time.

## RECOMMENDED ACTIONS

### Vendor Actions

- In some markets, competing service providers often choose to work with different vendors partly to achieve differentiation in the market. While BroadSoft has had success working with many carriers in different markets, Ribbon can be a strong contender for carriers looking for an alternative to BroadSoft. Ribbon needs to maintain the flexibility it offers partners since BroadSoft may start to face challenges as it integrates more closely with Cisco as part of the overall collaboration portfolio.
- The adoption of UCC (including contact center) is much lower in emerging markets, and traditional players are mainly selling to large enterprises due to the cost of solutions. Ribbon's cloud-based solution and its approach to sell through service providers make it easier to target emerging markets. CSPs already sell TDM voice services to many businesses, and the Kandy platform is an attractive option for these providers to offer UCC services as the demand for voice services declines.
- Ribbon Communications' branding remains relatively unknown in certain geographies, and Kandy is also not a strong brand due to the white-label approach. Ribbon can consider hosting smaller regional events to bring in prospects to raise market awareness and promote its Kandy platform.

- CPaaS providers such as Twilio, Nexmo, MessageBird, etc. tend to highlight their carrier partnership and roaming capabilities as a key selling point. Ribbon does have carrier relationships to offer roaming to almost 50 countries, but it can do more to counter competitors in terms of countries covered. This will be crucial for supporting smaller service providers that require roaming but do not have extensive roaming arrangements.
- CSPs should consider the opportunities presented by CPaaS, especially in the B2B segment. Particularly for CSPs with a strong focus on UCC and contact center, adding CPaaS capabilities allows them to create differentiation and help their enterprise customers develop an omnichannel experience. CPaaS also allows CSPs to develop solutions specific to industry verticals and embed communications into their workflows.