

## 2010 Hosted/Managed Service IVR Market Report

DMG Consulting's second annual **Hosted/Managed Service Interactive Voice Response (IVR) Market Report** gives contact center and IT managers the vendor, product, functional, technical, market share, pricing and return on investment (ROI) information they need to help determine if a hosted/managed service IVR is right for their organization. It also reviews the state of the market, growth projections, best practices and innovations that have been delivered over the last year. This 257-page report is the most complete guide to the hosted/managed service IVR technology market, and will help organizations select the best solution and vendor partner to meet their current and future needs.

While sales of IT infrastructure solutions generally fall during a recession, as was the case with sales of automatic call distributors (ACDs) during 2009, the IVR market held its own during the worst of the recession. 2009 revenue increased slightly over 2008. DMG Consulting estimates that 2009 IVR revenue was \$2,164.9 million, up \$.3 million from \$2,164.6 million in 2008. So, although the market did not grow between 2008 and 2009, it also did not shrink.

However, the IVR sector is in transition, with premise-based IVR vendors losing revenue to the highly competitive hosted/managed service sector. The recession has forced organizations to make cutting costs a top priority, which has more companies looking to hosted solutions to help accomplish that goal. DMG Consulting estimates that sales of premise-based IVR solutions decreased by 8% between 2008 and 2009, while revenue from hosted/managed service inbound and outbound applications grew by 6% and 13%, respectively, during the same time period. DMG Consulting expects the IVR market in general to continue to grow modestly through 2012, and believes the trend toward adoption of hosted/managed service IVR offerings will continue even after the recession ends. DMG Consulting predicts that revenue from hosted inbound solutions will exceed revenue from the premise-based IVR market in 2012.

The highly competitive nature of the hosted/managed service IVR market and the more than 95 vendors vying for customers put end users in a strong position to negotiate an outstanding deal. This pattern is expected to continue for the

next few years, although hosted/managed service IVR providers are putting forth enormous effort to compete on factors and functionality, besides price. Some are focusing on their analytics and reporting capabilities while others are pushing IVR optimization services. Some competitors are offering "gain sharing" arrangements where the vendor earns additional revenue if they exceed service level and automation rate objectives. Now is a great time for end users to take advantage of what a hosted/managed service IVR may be able to do for their organization.

The **2010 Hosted/Managed Service IVR Market Report** focuses on full-service providers – vendors that offer both inbound and outbound hosted/managed service IVR solutions – and covers all aspects of this market and its competitors. It provides a detailed analysis of the five leading and contending vendors, including Convergys, Nuance, Tellme, USAN and Vail, as well as a comprehensive listing of the 95+ worldwide IVR competitors. Verizon, a network service provider that is coming on strong in the hosted/managed service IVR arena, is also covered at a high level.

In addition, this year's Report includes two new sections. The vendor satisfaction analysis provides valuable insights into how end users rate hosted/managed service IVR vendors and products across seven different categories; end-user satisfaction is a key area of differentiation among the providers. The second new section looks at the future of proactive customer care, giving readers a detailed analysis of the growing multi-channel outbound notification sector.

## Key Reasons to Buy This Report:

- ⇒ **Thorough evaluation of the state of the market:** Overview of the state of the hosted/managed service IVR market, including revenue and market share, trends, challenges and projections by IVR segment.
- ⇒ **In-depth review of the competitive landscape:** A detailed look at the IVR competitive landscape including market segmentation, vendor categories, market outlook, mergers and acquisitions, and partnerships. The Report presents offerings and capabilities by vendor, and reviews the available inbound and outbound packages. The company and financial reviews of the leading and contending competitors, including their pricing, corporate and go-to-market strategy and positioning, give users the competitive information they need to identify the right solution and vendor for their company.
- ⇒ **Examination of IVR product innovation:** A review of the new functionality and capabilities that have been delivered to the market during the past year, what's expected, and what end users are asking vendors to deliver.
- ⇒ **Best practices:** Vendors reveal best practices for

hosted/SaaS and managed service IVR performance, implementation and operations. The Report also delves into the role, benefits and best uses of proactive customer care and outbound notification services.

- ⇒ **Definition clarification and value proposition assessment:** DMG Consulting provides vendor definitions for hosted and managed service IVR solutions to help prospects understand the various offerings. The Report also takes a look at the proven benefits, value proposition and ROI for hosted/managed service IVR.
- ⇒ **Vendor satisfaction analysis:** Unparalleled access to what end users think of the top five leading and contending hosted/managed service IVR providers, with ratings across seven essential categories.
- ⇒ **Extensive product, company and technical analyses:** Detailed side-by-side analyses of the vendors' technical, functional and implementation capabilities, as well as company reports and product assessments for the five top leaders and contenders.
- ⇒ **Pricing:** Pricing ranges for hosted and managed service offerings to help end users plan and negotiate the best deals.
- ⇒ **Comprehensive IVR vendor directory**

## Report Highlights:

- **IVR sector revenue remained steady in 2009, despite the recession:** DMG Consulting estimates that 2009 IVR revenue was \$2,164.9 million, up \$3 million from \$2,164.6 million in 2008. While the market did not show growth between 2008 and 2009, it also did not lose ground.
- **The IVR market is in transition; end users are showing an increasing preference for hosted/managed service solutions over premise-based solutions:** With companies looking to cut costs and conserve cash, sales of hosted/managed service offerings are growing while sales of premise-based solutions are declining. DMG Consulting estimates that sales of hosted/managed service inbound and outbound applications grew by 6% and 13%, respectively, between 2008 and 2009, while sales of premise-based solutions decreased by 8% during the same time period. DMG predicts that revenue from hosted inbound solutions will exceed revenue from premise-based IVR solutions in 2012.
- **It's a great time for end users to purchase hosted/managed service IVR:** Due to the highly competitive nature of this market, and the 95+ companies battling for business, end users are in a strong position to negotiate favorable terms and prices.
- **Hosted/managed service IVR vendors are pushing the boundaries of innovation:** Over the past three years, a significant amount of the innovation introduced into the IVR market has come from the hosted/managed service providers. Vendors are working hard to differentiate themselves in areas other than price, including analytics and reporting and optimization, much of which is not available from the premise-based IVR providers.

## Sample Figure:

### Hosted/Managed Service IVR Vendor Landscape

Source: DMG Consulting LLC, August 2010



<sup>1</sup> Acquired by Enghouse

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