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The Forrester Wave™: Network-Based IVR/Voice Portals, Q2 2009

by Elizabeth Herrell

for IT Infrastructure & Operation Professionals



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Tellme And Nuance Are Leaders, With Verizon And Voxeo Close Behind As Strong Performers

by **Elizabeth Herrell**
with Simon Yates and Alex Crumb

EXECUTIVE SUMMARY

In Forrester's 53-criteria evaluation of network services providers for IVR/voice portal (VP) vendors, we found that Tellme and Nuance lead the pack with their all-inclusive platform support for advanced capabilities and innovative solutions. Verizon is the market share leader for deploying solutions on its IVR/VP platform. West and AT&T are also strong performers in supporting customers on their extensive networks. Cost-effective solutions from TuVox and Voxeo are built on open-standards platforms and provide an effective solution for companies that want to take advantage of their pre-built applications and extensive tools for managing voice solutions. With a strong value proposition for minimizing capital expense, network services providers allow companies to scale up and back quickly with services sold on a subscription basis.

TABLE OF CONTENTS

2 **Network-Based IVR/Voice Portals Offer A Strong Value Proposition**

Speech Solutions Are Increasingly Important For Customer Support

3 **Network-Based IVR/Voice Portals Evaluation Overview**

Evaluation Criteria For Network Services Providers

Evaluated Vendors Offer Range Of Choices For Customers

Key Variables For Network IVR/VP Providers

6 **Wave Analysis Reveals Key Differences Among Vendors' Offerings**

8 **Vendor And Product Profiles**

Leaders In Network-Based Voice Portals

Strong Performers In Network-Based Voice Portals

10 **Supplemental Material**

NOTES & RESOURCES

Forrester conducted vendor evaluations in Q1 2009 and interviewed seven vendor companies: AT&T, Nuance, Tellme, TuVox, Verizon, Voxeo, and West.

Related Research Documents

["Ten Steps For Reducing Contact Center Expenses"](#)

March 13, 2009

["Proactive Outbound Notification Saves Money"](#)

February 18, 2009

["Are Home Agents Right For Your Contact Center?"](#)

November 19, 2008

NETWORK-BASED IVR/VOICE PORTALS OFFER A STRONG VALUE PROPOSITION

Forrester evaluated seven vendors that provide services for network-based IVR/VP solutions. These vendors — AT&T, Nuance, Tellme (a Microsoft subsidiary), TuVox, Verizon, Voxeo, and West — cover a broad range of companies from small to very large. Vendors offering premise and hosted solutions were evaluated in the Forrester Wave report for premise-based IVR/VP. AT&T and Nuance also offer premise-based solutions but chose to participate in the network services providers category. Network services providers offer a multitenant solution that allows the provider to share ports across its network. Unlike premise solutions, customers pay for what they use from a network provider and are billed on a per-port or per-minute basis. In addition to usage charges, companies may also pay an upfront development fee for the dual-tone multi-frequency (DTMF) and speech applications that they deploy. The benefits of using a network services provider include:

- **Reliable network support.** Network services providers support their IVR/VP on a carrier class network that provides high availability and redundancy.
- **Scalable networks.** Vendors provide excess capacity to cover sudden surges in traffic, so the user does not have to overprovision for unusual traffic conditions.
- **Multilocation routing.** Network-based routing allows organizations to centrally manage their application and intelligently route traffic as needed. This provides a single company image that allows customers to retain their local telephone number or use a common toll-free number for all locations.
- **Turnkey services.** The provider supports all aspects of the application and will either directly provide or work with its partners to develop DTMF and speech applications.
- **Customers controlling their data.** Most providers link to customer data, and the data sources remain at the company's location, not with the provider.
- **Eliminating capex.** Network services offer a per-port or per-minute fee, so companies can manage their applications as operational expenses instead of making outright purchases.
- **Continuous refresh.** Network services providers provide upgrades on a regular basis, ensuring that companies have the most recent version of software.
- **Services of experts.** Speech applications require experience in creating and developing applications, and most companies don't have these skill sets within their IT organizations. Network services providers offer application services directly through their professional services teams or through partners with experience in speech application development.

Speech Solutions Are Increasingly Important For Customer Support

Although the primary use for IVRs is directing callers to the appropriate destination, DTMF IVRs — and especially voice portals — have an increased importance in helping companies manage communications across any mode of communication. Voice portals provide a voice interface to Web content for retrieval of data and also allow companies to respond to callers with outbound text/SMS and even video.¹ As firms look for new ways to manage operational costs, supporting more complex transactions with voice is an effective way to support customers for many of the services traditionally provided by customer service representatives (CSRs). Importantly, a transaction completed on an IVR/VP is only a small fraction of the cost of providing that same service with human assistance.

Companies that adopt speech applications often support many types of interactions, including:

- **Account management and payment.** Account information can be easily accessible and payments can be made through simple voice prompts.
- **Order status and fulfillment.** Most companies have these types of services on the Web, but customers often find the phone more convenient. They can retrieve information on a recently placed order or find shipping status without live assistance.
- **Information retrieval and company directions.** Callers can request information, and companies can respond with either speech or a text message sent to the caller's mobile device (or even a map to the caller's smartphone).
- **Password reset and address changes.** Users can safely and securely reset their passwords or update their profiles completely automatically from any phone.
- **Appointments, notifications, and scheduling.** Service appointments can be set up and confirmed and reminders sent out prior to the appointment without the need for live assistance.

NETWORK-BASED IVR/VOICE PORTALS EVALUATION OVERVIEW

To assess the state of the IVR/VP network services provider market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top IVR/VP network services vendors.

Evaluation Criteria For Network Services Providers

Forrester evaluated network services providers on specific criteria to reflect their capabilities to support advanced functions on a scalable and secure platform. Vendors were evaluated on three major categories:

- **Current offering.** This category examines the product's features and the services and support delivered by the vendor and/or its partners to support the turnkey delivery of the IVR/VP as a service. Key product criteria include platform and architecture, support functions, standards support, platform management, application services, scalability, and security.
- **Strategy.** This category gauges how well vendors are developing products that meet the needs of customers today and in the future. Evaluation criteria for IVR/VP products and services include vendor road map, product commitment, sales and pricing strategy, value proposition, and costs.
- **Market presence.** This category evaluates how well the vendor and its product are doing in the market. It considers the installed base, customer retention, years of experience, global footprint, and financial stability.

Evaluated Vendors Offer Range Of Choices For Customers

Forrester included seven vendors in the assessment: AT&T, Nuance, Tellme (a Microsoft subsidiary), TuVox, Verizon, Voxeo, and West. Vendors for this network-based IVR/VP Wave evaluation had to meet the following criteria (see Figure 1):

- **Deliver network-based services for IVR/VP.** Forrester required that vendors have a true services offering that allowed companies to pay per port or per minute for services as a shared network service.
- **Have an established presence as an IVR services provider.** Forrester evaluated vendors that had more than five years of experience delivering these services.
- **Support turnkey solutions.** Vendors must deliver all services directly or work with established partners for these services.
- **Offer speech self-service applications.** Vendors need to offer VXML 2.0 solutions and have a presence in delivering speech as a service.

Figure 1 Evaluated Vendors: Product Information And Selection Criteria

Vendor	Product evaluated	Additional product notes
AT&T	AT&T Hosted Integrated Contact Services	— Version: N/A — Launched: March 30, 2009
Nuance	Nuance Service Delivery Platform (SDP)	— Version: 10.0 — Launched: September 2008
Tellme	Tellme Platform	— Version: N/A — Launched: April 2009
TuVox	TuVox On Demand	— Version: 6.8 — Successor to TuVox CVR, launched December 2001
Verizon	Verizon Voice Portal	— Version: N/A — Launched: May 2001
Voxeo	Voxeo Prophecy 9	— Version: 9.0 — Launched August 19, 2008
West	West Interactive	— Genesys VP/Voice Genie 7.1 — Holly Connects v5

Vendor selection criteria

- Deliver network-based services for IVR/voice portals
- Have an established presence as an IVR services provider
- Support turnkey solutions
- Offer speech self-service applications

48400

Source: Forrester Research, Inc.

Key Variables For Network IVR/VP Providers

Network services providers differ greatly in how they support IVR/VP as a services offering. Some of these differences include:

- **Providing IVR software directly.** Vendors like Tellme, Nuance, Verizon, and Voxeo have developed their own IVR software platforms for network services.
- **Partnering for IVR software.** Three companies partner with external IVR software platform providers. AT&T has partnered with Genesys for its GVP 8.0 software but still supports its own VoiceTone platform for existing customers. TuVox also uses Genesys GVP 8.0 software for its platform. West supports both Genesys 7 and Holly Connects IVR software platforms.
- **Developing applications directly.** Most vendors support application development directly and through their partnerships. Companies such as Nuance, Tellme, TuVox, Voxeo, and West have extensive application development expertise in-house but also partner for these services.
- **Using multiple carriers.** Other than AT&T and Verizon, which have their own extensive networks, other providers typically work with multiple carriers for their service transport.

WAVE ANALYSIS REVEALS KEY DIFFERENCES AMONG VENDORS' OFFERINGS

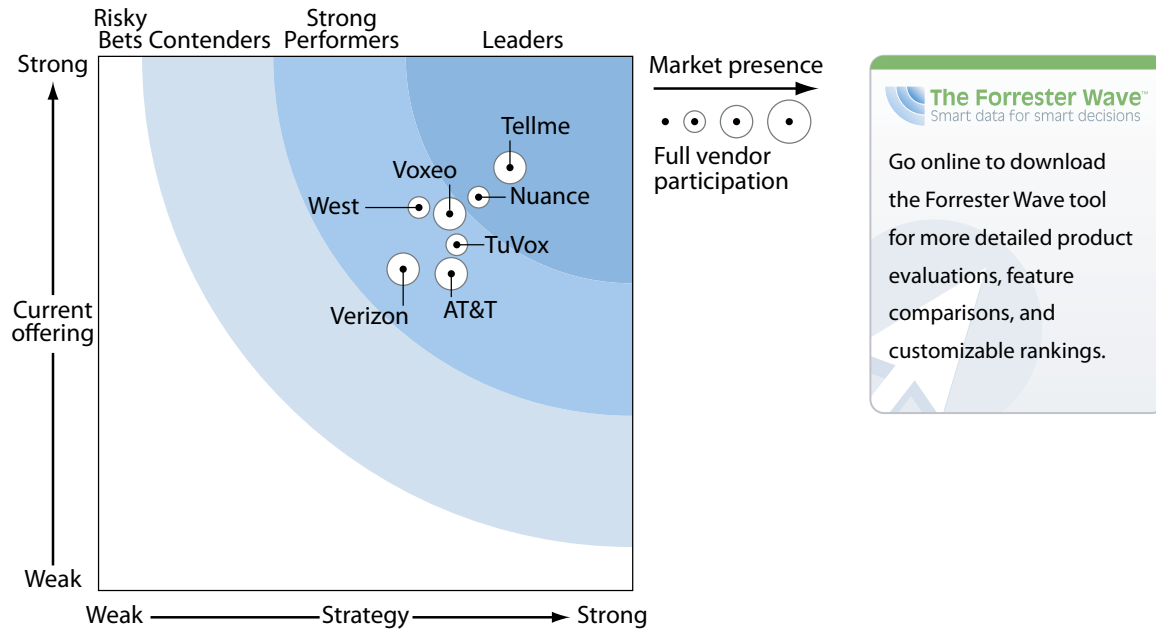
Not only is this market differentiated by the size of companies offering these services, but there are three different types of vendors in this space and each segment offers a different market strategy and approach.

The evaluation uncovered a market made up of (see Figure 2):

- **Innovative solutions built on a vendor's own platform.** Tellme is a Leader in this category for the compelling and innovative applications created and developed on its own highly scalable, open-standard platform. It has a large installed base that will only grow with the addition of its new partners. Nuance also has a strong value proposition with its extensive speech developer capabilities, but it has a much smaller market presence in offering its platform for network-based solutions. Before the acquisition of BeVocal, the Nuance go-to-market model was to support its speech software through partners only. Both Tellme and Nuance have the ability to deliver advanced functionality that integrates the Web and mobile devices for the next generation of products. They are Leaders in this Wave evaluation.
- **Large network providers that offer speech services.** AT&T, Verizon, and West offer extensive solutions on their own networks, and each vendor offers comprehensive professional services capabilities to deploy advanced applications. While these vendors all offer advanced features, they primarily offer more traditional services to their large customer base in creating DTMF and speech applications for contact centers. Verizon has the largest customer base but is more focused on delivering DTMF and speech IVR solutions and has not yet expanded to multimodal support. AT&T is transitioning to the Genesys GVP platform and has a smaller base than Verizon for these services, while continuing to offer premise and hosted IVR/VP alternatives. West has extensive experience in delivering voice solutions that offer a positive customer experience. We include AT&T, Verizon, and West in the Strong Performer category.
- **Specialists in sophisticated and affordable speech applications.** Two smaller vendors, Voxeo and TuVox, offer a strong value proposition with their adherence to open standards support and delivery of lower-cost and highly scalable solutions. Voxeo is unique in that it offers its platform free for developers to create applications and as such has created a large following of developers who use its platform. TuVox offers its customers fast deployment with its prebuilt modules and extensive audio library and reporting capabilities that enable organizations to get advanced speech solutions that are affordable and effective. We include Voxeo and TuVox in the Strong Performer category.

This evaluation of the IVR/VP network services provider market is intended to be a starting point only. We encourage readers to view detailed product evaluations and adapt the criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool.

Figure 2 Forrester Wave™: Network-Based IVR/Voice Portals, Q2 '09



Source: Forrester Research, Inc.

Figure 2 Forrester Wave™: Network-Based IVR/Voice Portals, Q2 '09 (Cont.)

	Forrester's Weighting	AT&T	Nuance	Tellme	TuVox	Verizon	Voxeo	West
CURRENT OFFERING	50%	2.95	3.67	3.93	3.22	2.99	3.50	3.56
Platform and architecture	10%	3.00	3.60	3.70	3.30	1.30	3.70	3.00
Supported functions	10%	2.10	3.35	3.60	2.40	2.25	3.80	3.35
Standards supported	20%	2.80	3.20	4.05	3.20	3.20	3.80	3.40
Platform management	20%	3.60	3.60	4.10	3.40	3.20	3.80	3.40
Application services	30%	3.00	4.20	4.00	3.20	3.20	2.80	4.00
Scalability and security	10%	2.60	3.55	3.70	3.65	3.95	3.90	3.65
STRATEGY	50%	3.30	3.55	3.85	3.35	2.85	3.30	3.00
Product services	100%	3.30	3.55	3.85	3.35	2.85	3.30	3.00
MARKET PRESENCE	0%	3.30	2.65	3.80	2.50	4.00	3.50	2.85
Installed base	100%	3.30	2.65	3.80	2.50	4.00	3.50	2.85

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

VENDOR AND PRODUCT PROFILES

Leaders In Network-Based Voice Portals

- **Nuance On Demand.** Nuance is recognized as the world's largest provider of speech recognition and text-to-speech engines, and its speech software supplies the speech engines for the majority of voice portals sold by its partners. With the merger of ScanSoft and Nuance several years ago, Nuance stopped the direct marketing of its speech platform but decided to enter the market with its acquisition of BeVocal. Since this is a new service offering for Nuance, the installed base on its own platform is much smaller than its market share as a speech engine provider. Nuance staffs many technical resources in-house to fully support its platform and has a team of more than 700 speech scientists for application development and professional services. Nuance is addressing the next generation of customer support with its Web 2.0-based applications that link communication and collaboration applications on open platforms for enhanced user experience. Nuance also supports multimodal applications via the Web and speech using the same business logic. As an innovator in these applications, Nuance will most likely expand its current reach to global destinations. Nuance is a publicly held company and has more than an estimated \$400 million in cash on the balance sheet.
- **Tellme Speech Platform.** Tellme has been an innovator in speech applications and self-service platforms handling more than 2.3 billion calls a year. Recently acquired by Microsoft, Tellme is expanding its global footprint and services partners to provide speech and multichannel solutions to a broader range of companies. Tellme can integrate with any Web-based data service to provide true multichannel services and link to customers' back-end systems. It has deployed many Web 2.0 solutions for customers especially in financial services. Tellme's SIP-based platform supports both native and carrier VoIP connectivity, giving its customers increased flexibility, and its "evergreen platform" provides continuous updates to its customers at no added expense. Tellme offers its customers the Experience Manager, which is Web-based, for real-time application control. Tellme sells directly and has recently expanded its channel partners with companies such as Aspect Software, Dimension Data, and NEC to sell its solutions. Tellme has added much-needed speech expertise to Microsoft, which views speech as an essential component of its unified communications strategy. Tellme's primary market is still the US but is expected to expand with its newly acquired partners.

Strong Performers In Network-Based Voice Portals

- **AT&T Hosted ICS Platform.** AT&T offers its customers a selection of IVR services, including premise-based, managed hosted solutions, and network-based IVR. For this report, AT&T is being evaluated on its network-based IVR solution. AT&T is adding the Genesys GVP 8.0 as its core IVR platform on its network-based solution, but it will still support existing customers on its VoiceTone network solution. As a new partner with Genesys, AT&T is just beginning to offer its customers the GVP platform, so it does not have a sizable base on this newer architecture to evaluate. With Genesys as its IVR provider, AT&T can now offer the strong multichannel

capabilities with extensive support for external speech engines, ACD, and CTI applications. AT&T offers an interactive portal to set up, maintain, and operate complete hosted solutions. With its extensive professional support team and its strong financial standing, AT&T plans to offer VoIP services to its customers on its voice portal.

- **Voxeo Prophecy 9.** Voxeo Prophecy 9 is an open and scalable VoIP platform that supports the largest VXML/CCXML deployment of 72,000 ports. It attracts a loyal developer community that can get free downloads of Voxeo's Prophecy software from its Web site, which includes Voxeo's automated speech recognition (ASR) and text-to-speech engines (TTS). Voxeo supports both premise- and network-based solutions and has a strong vision for delivering multimedia services across the enterprise. It offers affordable speech solutions and actively supports 28 languages. Unlike other providers, it focuses on the reseller market and provides resellers easy access to its platform to deploy solutions and bring in customers. As such, Voxeo is not as visible to the market as vendors that market its brand. With its strong emphasis on standards compliance, it reduces much of the complexity for deploying speech solutions. Although a small private company, it has been profitable for 20 consecutive quarters and continues to grow its base of 500 customers.
- **Verizon Speech Services.** Verizon has a long history of offering speech services and leads its competitors in the number of billable minutes it currently supports. Its large platform supports 20 nodes in the US and two in Europe. Verizon supports several types of services for speech, both premise-based and hosted. It has recently introduced its open hosted platform, where Verizon owns the platform but the customer owns the speech application. With this solution, customers have a choice — they can either manage the application directly or engage Verizon's professional services team. Verizon uses its large network to provide customers with advanced network support, such as allowing customers to retain their local calling numbers while using Verizon's network-based services. Verizon has not yet extended its services to support Web 2.0 applications or multichannel support for SMS and video and lacks innovative applications that blend the Web with voice channels. It offers services primarily in the US and is growing its international support. Verizon needs to do more in the area of multimodal support to gain recognition as an innovator in speech solutions.
- **TuVox On Demand.** TuVox On Demand provides extensive application development and reporting capabilities for its platform. Unlike other providers in this area whose value proposition is their network, TuVox's strength is its ability to deliver the tools and framework for clients to develop innovative applications. TuVox deploys its applications using Genesys GVP 8.0 and relies on the network capabilities of providers such as Tellme and Verizon. It provides clients with prebuilt modules and offers a comprehensive audio library for simplifying its application deployment. It also offers extensive reporting for its platform, including transaction analysis, utterance analysis, trending models, and dashboards for easy analysis. For data integration, TuVox supports SOAP/XML and plug-and-play Web services. Although a small,

privately held company, it experienced 50% growth in billable minutes last year. It has not yet demonstrated support for large, scalable applications on its platform, but it is a company to watch in this space.

- **West Interactive.** West Interactive supports two VoiceXML platforms for its client applications — Genesys GVP 7 and Holly Connects. West supports a native VoIP platform, and its multitenant platform allows customers to run existing TDM connectivity and SIP connectivity on the same system. It supports multichannel interactions for inbound and outbound support. West supports its platform with its own internal services team and offers a full audio production environment and professional services team to manage the applications. West Interactive supports a large client base, supporting 2.2 billion minutes of calls per year, with its largest single deployment supporting 22,000 simultaneous calls. West lacks a global presence, with its primary market in the US, but can support international calls. Its primary market is to support voice calls with only a modest reach into two-way multimodal interactive communications applications. However, it plans further development in this area.

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 2 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used the following data source to assess the strengths and weaknesses of each solution:

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and we encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

- ¹ IVR (interactive voice response system) is defined as the traditional IVR product that is built as a hardware system and supports proprietary applications. These products support TDM call routing and do not support many of the newer protocols for multichannel solutions. They are costly to install, maintain, and customize due to their lack of standards supported and hardware configurations. Voice portals are defined as the software-based solutions and supported open standards such as VoIP, Session Initiation Protocol (SIP), Call Control XML (CCXML), and other related protocols that support speech applications. With standards-based software, companies have more flexibility in creating VXML applications that run on a server and porting them to other platforms as needed. Open-standard platforms attract greater interest in the developers' community to create new applications, which also makes them less expensive to deploy and maintain.

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