SIP Trunking

Service Provider Scorecard Excerpts

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Top takeaways

In this Scorecard we look at the top SIP trunking providers in North America. Although much of the attention on business VoIP services today is focused on enhanced services such as UCaaS, CPaaS, and CCaaS, SIP trunking is equally important for providers in that it is the next generation of voice connectivity and provides a bridge to these other services. It does not have the glitz and glamour of the suite of XaaS services but is the fundamental backbone of businesses communications.

The bulk of the SIP trunking installed base is concentrated with the large operators, which have continued to get larger through acquisitions in the past few years. In a service market based on lower cost, scale is necessary for a successful business. Incumbent and competitive operators have come to dominate the voice connectivity market; however, a few niche providers have carved out a space for themselves. The name of the game with the large network operators is consolidation, and it has absolutely impacted the top end of the SIP trunking market, resulting in fewer options for businesses.

Although the installed base of SIP trunks is important to the overall leadership score, financial stability through the industry standard z-score and market share momentum set providers apart. With features not a critical component of SIP trunking, there are fewer things that differentiate one provider’s offering from the next. A focus on security, interoperability, pricing, and reliability all remain key attributes.

For the fourth year in a row, CenturyLink leads the SIP trunking market with the largest installed base of trunks and solid growth. CenturyLink has done a lot of work over the past two years, bringing together assets from CenturyLink and Level 3 to have a market-leading service and customer base. Twilio continues to grow its installed base and in this year’s report came in second because of solid market momentum, but its financial score—the highest in the group—set it apart and is what put it in second position. Twilio, widely known as a CPaaS provider, has been a disruptor in the SIP trunking market, offering easy to provision and consume services with no contracts and pricing models that are counter to traditional providers.

Verizon and AT&T round out the top four providers. Verizon continues as the second-largest SIP trunking provider in North America and continues to make enhancements to its service and customer reach. AT&T has been a consistent mainstay in this market, steadily growing its installed base of trunks as it capitalizes on a large installed base of business customers for legacy voice services to migrate to SIP.

This document is an excerpt; please contact IHS Markit for the full report including all provider profiles.
Background

This eleventh annual SIP Trunking North America Service Provider Scorecard complements our VoIP and Unified Communications Services and Subscribers Market Report - Regional.

The purpose of this Scorecard is to determine which service providers currently lead the market for SIP trunking and are best positioned to succeed in the long term based on a set of criteria.

First, we identified the largest service providers measured by number of SIP trunks. We then evaluated them based on the following four criteria:

- Financial strength
- Market share momentum
- Service development
- Support options

Please see Methodology for definitions and weighting for each criterion and a full description of how we evaluated each provider.

We rated each service provider in each of the four areas on a 5-point scale and then applied a weight; see Methodology for the specific rating definitions for each metric and the weights we assign; the following are general definitions:

- 5 = leading the market
- 4 = advancing
- 3 = moderately positioned
- 2 = limited position
- 1 = market laggard

The individual criteria scores for each provider were then tallied to provide their overall leadership score.
SIP trunking service provider leadership scorecard

SIP trunking has become the de facto next-generation voice connectivity solution for businesses in North America. It has come to this point as the market evolved to IP connectivity through a series of VoIP protocols and connectivity types. The competitive landscape in North America is broad with incumbent operators, CLECs, cable MSOs, ISPs, and smaller VoIP providers.

Early on, there was little differentiation in the SIP trunking market. However, there is now a stark difference between traditional trunking services that have a grounding in the old world of contracting for voice networking and the new world of on-demand trunks, pay for what you use, and never worry about capacity planning. Businesses of all sizes are migrating to the more flexible and cost-effective solutions that on-demand SIP trunking provides. This has forced traditional network operators to rethink how trunking services are delivered and consumed while sticking to their core tenants of highly reliable, highly secure services.

A good number of providers in the top 10 fall into the traditional model today, and between them there is little service differentiation with SIP trunking. SIP trunking providers typically offer enhanced user features that put some UC capabilities in the cloud to complement premises-based PBXs that connect to the network with SIP. And to this end, many SIP trunking providers have gotten into full UC cloud services, which also give providers the opportunity to compete for hybrid deployments. We have seen innovation over the past few years in new wireless capabilities, SIP connections over LTE, and SIP connections optimized for specific cloud collaboration services such as Cisco Webex Teams and Microsoft Teams with direct routing. Additionally, most updates that providers have undertaken focus on back-end operations and customer portals. At the end of the day, with a relatively level playing field, businesses are going to choose a provider based on pricing, quality of service, geographic coverage, the ability to migrate to cloud services, and existing relationships.

Many of the top providers consistently continue to do the right things, but most SIP trunking providers’ strategic focus is on higher margin services, particularly UC as a Service (UCaaS) and cloud contact center. In that regard, less work is going into service enhancements with SIP trunking, but work continues on back-end operations, especially in provisioning automation, customer portals, dynamic on-demand trunk delivery, and flexible pricing models.

For the past four years, CenturyLink (formerly Level 3) has been the SIP trunking scorecard leader as it continues to hold its position as the market share leader of SIP trunks. Twilio made yet another jump, landing in second due to a strong financial score. Verizon and AT&T round out the top four providers, with Verizon having an edge in overall installed base and AT&T having stronger market momentum. As acquisitions have slowed in this space over the past year, there are no newcomers to the report, but we recognize strong providers including Bandwidth, Bell Canada, and Cox.

This excerpt profiles CenturyLink only—contact IHS Markit / Informa Tech to obtain the full report.
Exhibit 1  2019 North America SIP trunking leaders

Source: IHS Markit © 2019 IHS Markit
SIP trunking service provider profile

CenturyLink Analysis

With the merger with Level 3 and all the work of consolidating networks and services behind it, CenturyLink has been able to retain its strength in the enterprise communication services market, including SIP trunking. CenturyLink has kept its leadership position in this scorecard by maintaining its position as the largest SIP trunking provider in North America, with strength in large enterprise and multinationals and with Cisco and Microsoft environments.

CenturyLink’s premier SIP trunking service targeted at global enterprises is Voice Complete. Voice Complete works with an extensive list of PBXs including Avaya, Cisco, and Microsoft and supports local and LD calling with local numbers and emergency services. Voice Complete is available in the US and select countries in Western Europe, with additional SIP trunking services in Latin America and Asia. Businesses can simplify their voice networks by centralizing their traffic through a single connection. CenturyLink supports direct ISDN connections to non-IP devices and offers optional feature packs for its customers, including mobility. The provider’s SIP trunking comes with business continuity and disaster recovery built in, as well as the flexibility to use the majority of US domestic numbers at nearly all CenturyLink service addresses. There are an array of enhanced calling services, along with failover and emergency calling offered on top of Voice Complete services.

Pricing for Voice Complete is based on the number of concurrent call paths that can be pooled globally and shared across Voice Complete locations. For access, CenturyLink offers MPLS/IP VPN, SD WAN, dedicated Internet access, or public Internet peering. Alternatively, customers can bring their own bandwidth and purchase just the SIP trunks from CenturyLink.

CenturyLink’s IQ SIP Trunk offer remains in place for the SMB market (companies with fewer than 500 employees) and is an integrated service running over CenturyLink’s IP network with multiple business continuity options offered in centralized and decentralized deployment options. Fiber+Data bundle customers can add 1 to 300 concurrent calls without the need for additional CPE. There are federal, state, and local governments that have adopted IQ SIP trunk scaling well above the sub-500 employee sweet spot. The company offers an over-the-top option to allow customers to use third-party network connections and enable a secure trunking option.

CenturyLink supports hybrid deployments with IQ SIP and Voice Complete along with hosted UC and contact center options. Hybrid customers can utilize the same dial plan and easily migrate between solutions. CenturyLink has made improvements to its administrator and end-user portal to provide single, seamless access to improved self-administration and end-user functionality, including real-time provisioning of sessions, seats, new phone numbers, and features that pass to billing in near real time.

CenturyLink has a set of managed and private cloud UC and contact center services, particularly around Cisco, Amazon, and Microsoft, which build on its SIP trunking services. Building on this, CenturyLink is focusing on direct routing support for Microsoft Teams for Voice Complete and IQ SIP.
An area CenturyLink has made improvements in is its delivery and customer experience, which expedites service installs and simplifies the number portability process. The company continues to invest in areas to improve the customer experience through portal enhancements and to ensure a smooth transition from TDM to SIP. Additionally, CenturyLink is working on enabling customers to consume its cloud-based voice services using its API ecosystem.

CenturyLink has the advantage of a global direct sales force and channel partner program. The company maintains over 100 master/agent/VAR partners. The VARs and select global system integrators provide professional services in migration to the cloud for UC, particularly for Cisco and Microsoft implementations.
Leadership metric definitions

The leadership metrics are defined as follows:

**Installed base**: Determined the top service providers based on number of trunks reported as of the end of calendar year 2018.

**Financials**: An analysis of a provider's financials; a strong financial position improves long-term viability and allows a company to stay ahead of the competition by investing in R&D and/or acquiring other companies/technologies; this score is based on the Altman Z-score non-manufacturing model.

**Market share momentum**: A provider's growth in the SIP trunking market based on trunks.

**Service development**: Continued service development provides the ability to maintain and attract new customers while staying relevant to the market; we look at the degree to which the service provider is enhancing services, upgrading network capabilities, and/or improving backend operations for improved customer ordering, onboarding and management

**Support options**: Business customers' top buying criteria include reputation, reliability, and service and support. Comprehensive service and support policies are critical in maintaining customers and reputation of high quality services will position providers in maintaining customers.
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