Magic Quadrant for E-Service Suites

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Gartner's 2009 Magic Quadrant for E-Service Suites shows a fairly saturated market of solutions and offerings, each focusing on gaining market share in a down economy. References to the customer interaction hub are also starting to increase.

WHAT YOU NEED TO KNOW

The Magic Quadrant for E-Service Suites presents some of the main software vendors that should be considered by organizations seeking to develop any of the following self-service channels:

- Knowledge base for self-service
- E-mail response management
- Web chat
- Collaborative browsing
- Virtual assistants
- Short Message Service (SMS) and multimodal communication
- Interaction recording

The strategy for the deployment of the above channels in an attempt to deflect costs from expensive service channels to less-expensive channels is not a new approach. What is new is the amount of integration starting to happen between these channels in an attempt to build a "one correct answer" irrespective of the channel used. The initial slow and gradual move to the concept of a customer interaction hub (CIH; see Note 1) is starting to see an increased focus as vendors start to socialize the concepts. Advances in multichannel functionality have also created a growing landscape of possible vendors from which to select solutions, with two new vendors appearing this year and two more preparing for an e-services Magic Quadrant listing in 2010.

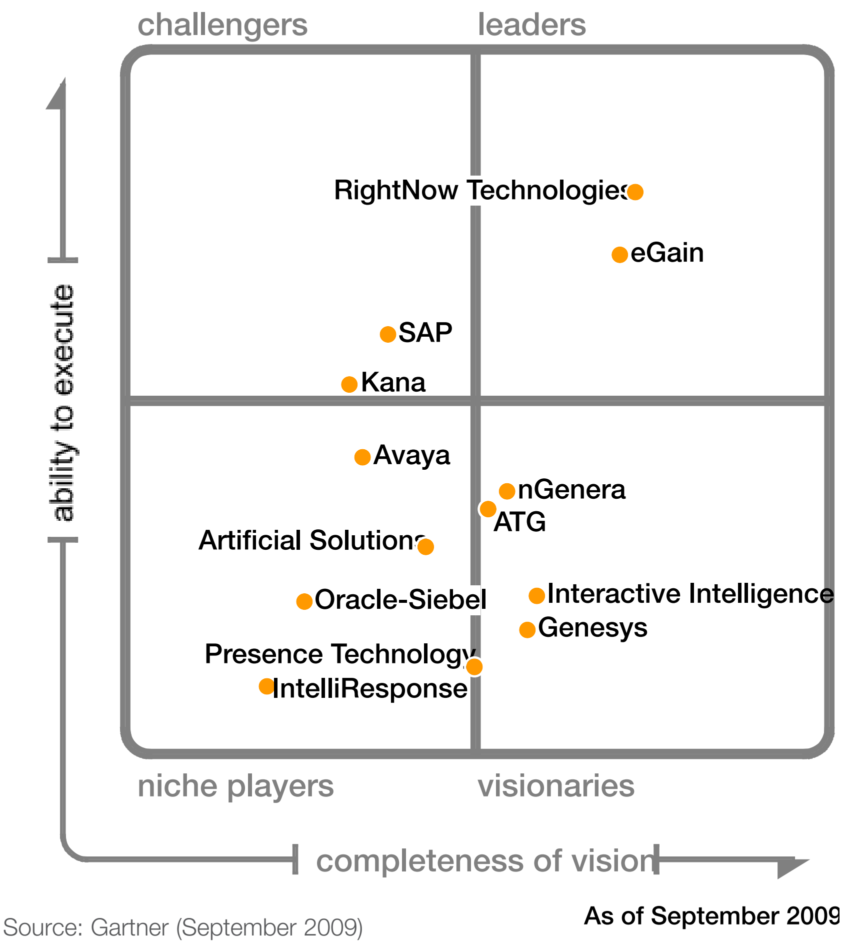
Gartner

With a number of niche vendors providing solutions in the above channels (see "The Gartner CRM Vendor Guide, 2009" for other e-service vendors not included in this Magic Quadrant), Gartner has once again observed that, during the past 12 months, 87% of multichannel product buyers preferred an e-service suite solution as opposed to a stand-alone single-channel or point-based product. Initially, buyers only require support for two to three channels; but, as time goes by and organizations mature, the other channels get switched on. Buyers in 2009 are anticipating this and buying solutions that will support multiple channels from the outset. The RFPs typically include the requirements for multiple channels that will be deployed in the future, even though a single channel is needed in the short term.

The trend of selecting now based on future requirements is being driven by:

- The avoidance of high costs associated with trying to integrate multiple channel software from different vendors
- The increasing governance associated with channel recording and the difficulty of integrating recordings from different vendors
- The need for a consistent customer experience across all channels and a "one correct answer" scenario

Figure 1. Magic Quadrant for E-Service Suites



Source: Gartner (September 2009)

It is easier to build an integrated service experience using tools from a single e-service suite provider than it is to integrate service channels from a number of different niche players. In 2009, more emphasis has been placed on integrating across all channels of process and functionality. Where OEM channels do not exist, integration is lacking, and recording or channel interactions are difficult, often resulting in high costs paid to professional service organizations to conduct integration activities.

As a result of the current economic conditions, the 12 months that have passed since the previous e-service Magic Quadrant have not seen many merger and acquisition (M&A) activities, but a number of strategic partnerships were announced (i.e., Genesys and InQuira, IntelliResponse and LivePerson, and eGain and Cisco), and we estimate that, by 2012, fewer than 60% of current products will exist in the same format as they do today.

RightNow Technologies is the leader in e-service; however, several vendors are closing the gap and gaining on the leaders. nGenera (who bought Talisma) and eGain are most often on suppliers' shortlists. Kana has mostly finished with its redevelopment and has started upgrading clients to its new service-oriented architecture (SOA) solution. It continues to be the finalist in most large-scale, on-premises implementations. Genesys is starting to focus on the e-service space and is a new entrant to the e-service Magic Quadrant, together with Presence Technology.

Each industry and each business or organization has its own unique customer service processes and service channels, making it unlikely that a single e-service vendor will dominate any given industry. Organizations must, therefore, be selective in choosing an e-service vendor, because the biggest investment is often in the building out of the knowledge base for self-service. This knowledge base is reused across multiple self-service channels and is extremely difficult to port between different vendors' products.

The positions and commentary in this research are based substantially on three sources:

- Customer perceptions of each vendor's strengths and challenges derived from e-service-related client inquiries with Gartner
- Reference calls made to vendors' clients
- A vendor-completed questionnaire and briefing about each vendor's e-service strategy and operations

Like all Gartner Magic Quadrants, the Magic Quadrant for E-Service Suites (see Figure 1) is not meant to be used as the sole tool for creating a vendor shortlist. Use it as part of your due diligence, in conjunction with consultations with Gartner analysts.

MAGIC QUADRANT

Market Overview

The e-service suite market is maturing very well, with vendors increasingly refining their marketing message and becoming creative with license options. Most of the product offerings have a good, solid foundation in e-mail response management and Web chat. The knowledge base for self-service is the most important component of the e-service stack, and the niche players and visionaries typically do not have a strong offering in this space. Because the delivery of "one right answer" is extremely critical in self-service channels, the vendors that fill some channels through partners and external integration often struggle in this area.

The current economy has resulted in an accelerated focus on self-service initiatives, and Gartner is seeing an increase in vendor deals being closed. Virtual assistants and SMS/multimodal communication are not yet in mainstream adoption, but are appearing on a large number of organizational road maps. In essence, there is a drive toward making e-service offerings part of a larger, integrated CIH, where the contact center and the e-service channels integrate and are no longer stand-alone products.

What is notable this year is the number of contact center infrastructure vendors that are increasingly entering into the applications space.

Market Definition/Description

The e-service framework consists of seven primary building blocks:

- **Knowledge base for self-service:** Web-based self-service using a knowledge-management-type solution that is accessed via a website or Web storefront
- **E-mail response management systems (ERMSs):** E-mail management environment with optical character recognition (OCR), e-mail routing, a virtual e-mail agent and more
- **Web chat:** Online, Web-text-based chat with a live agent, or speech-based interaction with a virtual assistant
- **Collaborative browsing:** Simultaneous browsing of a website to assist with a shopping cart or forms completion
- **Virtual assistant:** Interaction with a "virtual person" via the Web, SMS, messenger and other interfaces
- **Multimodal services:** Service notification and requesting via a mobile device or smartphone using data and an SMS channel
- **Interaction recording:** Ability to record all the above channels and play back the recordings

The knowledge base for self-service building block is often enhanced with natural language and advanced search, and the strength of this solution would depend on the functional richness of these components. The virtual assistant building block depends on speech-based applications in situations where voice processing is enabled.

Although not considered in this Magic Quadrant, the e-service suite needs to link strongly to enterprise feedback management, because all customer interaction channels need to be monitored for a consistent experience using a consistent feedback mechanism for surveying and experience monitoring.

Inclusion and Exclusion Criteria

Market Traction and Momentum

- The vendor can provide five new customer references that have gone into production during the past four rolling quarters with the e-service suite functionality, as defined in the market definition. In addition, the vendor is worldwide, and sells and supports multiple industries.
- The vendor has generated at least $3 million in packaged-application, new-customer revenue for e-service in the past four rolling quarters — most of which, typically, is from large enterprises.
- The vendor must have a minimum of five of the seven components identified as the building blocks of the e-service framework as OEM products and as part of the vendor's integrated solution. Two of the other components can be partnered or tightly coupled.
- The vendor must have its own sales team and could also use a partner sales team. Deal management, pricing and negotiation must be done centrally, and the vendor must provide presales support to system integrators (SIs).

Short-Term Viability

- The vendor has at least enough cash to fund one year of operations, given current burn rates.

- The vendor has sufficient professional services to fulfill customer demands during the next 12 months.

Added
This e-service suite Magic Quadrant focuses on the e-service suite framework and the players in the market. It does not focus on the stand-alone or best-of-breed solutions in any of the seven framework areas. Two vendors were added this year: Genesys and Presence Technology.

Dropped
Talisma was acquired by nGenera and now features under the nGenera listing.

Evaluation Criteria

Ability to Execute

Product/Service Functionality: A robust e-service suite is a combination of several subsystems. The implication is that a key evaluation criterion is the existence of an SOA. The SOA, based on Web services standards, will simplify integration with other applications. The e-service application should have out-of-the-box, self-service functionality, which means a strong set of industry- and process-specific business logic and data. Through process design or functional breadth, the system must support end-to-end, Web-based customer service processes. Published application programming interfaces (APIs) are critical to connect (or expose) an application's customer service functionality with that of another system or process. Vendors are assessed on the ability of their current product releases to support customer service, as well as their technical support of multichannel and cross-channel environments. The vendor rating is developed by weighing specific functionality: knowledge base self-service (30%), e-mail response management (12%), interaction recording (12%), Web chat (12%), virtual assistant (12%), collaborative browsing (10%) and multimodal services (12%). The vendor must have a stable product development team for all the products it sells. Partnerships were not included in this evaluation, only OEM solutions were included.

Overall Viability/Financial Viability: The ability of the vendor to ensure continued vitality of a product, including a strong product development team to support current and future releases, as well as a clear road map regarding the direction that the product will take until 2011. The vendor must have the cash on hand and consistent revenue growth during four quarters to fund current and future employee burn rates and to generate profits. The vendor is also measured on its ability to generate business results in the e-service market.

Sales Execution/Pricing: The ability of the vendor to provide global sales and distribution coverage that aligns with marketing messages. It must also have specific experience selling its e-service to the appropriate buying center. The strength of the management team is key as well. In addition, the ability of the vendor to offer consistent and comprehensible pricing models and structures, including contingencies such as failure to perform as contracted, or mergers and acquisitions, is important. The vendor is measured on its flexibility to support multiple pricing scenarios, such as on-premises licensing (40%), as well as application on-demand offerings, such as hosted and software as a service (SaaS; 60%).

Market Responsiveness and Track Record: The ability to perceive evolving customer requirements and articulate that insight back to the market, as well as create products for readiness as demand comes online.

Marketing Execution: The ability of the vendor to consistently generate market demand and awareness of its e-service solution through marketing programs and press visibility. In e-service, the marketing execution ought to be less critical than some other factors; however, the business reality is that marketing success can fuel future growth and improvements.

Customer Experience: The vendor must produce a sufficient number of quality clients and references with varying levels of sophistication to prove the viability of its product in the marketplace. References are used as part of the evaluation criteria for the vendor's ability to execute and create a vision for how customers can improve customer service. Included in this are implementations (40%) and support (60%). The vendor must be able to provide internal professional-service resources or partners with SIs with vertical-industry expertise, e-service domain knowledge, global and localized country coverage, and a broad skill set (such as project management or system configuration) to support a complete project life cycle. The critical point on customer experience is to ascertain the degree of change management that accompanied the implementation. Often, the end user experiences discomfort not from the new software, but from the change processes that were introduced with the new system.

Operations: This involves the vendor's ability to meet its goals and commitments. Factors include the quality of the organizational structure, such as skills, experiences, programs, systems and other vehicles, which enables the vendor to operate effectively and efficiently. This includes management experience and track record, and the depth of staff experience, specifically in the e-service market. The most important factor in this category is customer satisfaction throughout the sales and product life cycle. The vendor must have sufficient professional services (in-house or through third-party business consultants and SIs) to meet evolving customer requirements.

Completeness of Vision

Market Understanding: The market for customer service is highly diverse because of the multichannel nature of customer interactions and the wide range of processes that need to be supported. To succeed, a vendor must demonstrate a strategic understanding of current and future e-service opportunities unique to its target market. This may be new application functionality, evolving service models or in-line analytical capabilities for unique customer segments. There is also a requirement to demonstrate process integration across multiple channels (for example, where a customer starts in one channel and finishes in another).

Market Strategy: The vendor can describe its go-to-market strategy as something other than as growing until it is acquired by a larger company. Even with this as the end game, it must be clear how prospects will be protected or even benefit from such a strategy. We look for a well-articulated strategy for revenue growth

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	standard
Sales Execution/Pricing	high
Market Responsiveness and Track Record	standard
Marketing Execution	high
Customer Experience	high
Operations	low
Source: Gartner (September 2009)	

and sustained profitability. Key elements of the strategy include a sales and distribution plan, internal investment priority and timing, and partner alliances.

Sales Strategy: The vendor delivers products and services in line with the needs and capabilities of the buying centers. For this Magic Quadrant, the product must be appropriate for large and midsize businesses. This includes pre- and post-product support, value for pricing, and clear explanations and recommendations for detection events. Building loyalty through credibility with full-time enterprise e-service staff demonstrates the ability to assess the next generation of requirements.

Offering/Product Strategy: Specific vision criteria include business process management (supporting a threaded service task across functional areas, regardless of channel) and providing for the creation of content about the most likely customer intentions and how to solve them, based on continuously variable business scenarios. “Continuously variable” means that, depending on the business context of the interaction, the steps and decisions in a service procedure may vary. The vendor openly communicates to its customers and Gartner a statement of direction for the next two product releases that keeps pace or surpasses Gartner’s vision and our clients’ vision of the e-service market. The vendor has a sufficiently broad set of products to ensure the success of the product. Without an advanced SaaS product plan (realizable within 12 months), a vendor cannot be considered visionary.

Business Model: To be a leader through 2011, the vendor will have a SaaS and an on-premises application option. Application modules are tightly integrated and have business process modeling capabilities and advanced workflow. The company has a strategy to appeal to its key vertical industries — that is, it integrates with systems that are unique to an industry, as well as delivers packaged functionality and workflow for an industry (such as those for the telecommunications, automotive and consumer goods industries), and business-to-business as well as business-to-consumer interactions.

Vertical/Industry Strategy: The vendor has solutions for specific vertical industries.

Innovation: Innovative vendors will begin to incorporate concepts that extend to consumer technologies, virtual assistants and customer service functions embedded in virtual worlds, such as the more than 3.5 million participants on the online site, Second Life. The vendor understands major technology/architecture shifts in the market and communicates a plan to use them, including migration issues it may cause for customers on current releases. The architecture is built to operate in a SaaS delivery model, and the application integrates or includes contact center functionality or application links. We examine how well the vendor articulates its vision to support service-oriented business applications.

Applications must fully support SOA and have aspects of a smart client by the end of 2011. They must be designed to collect data to supply a feedback loop for corporate performance management (to be visionary). They will help optimize a predictive customer analytics system. These predictive analytics alert management when service patterns are detected that might signal the need to adjust a business strategy or direction, or indicate that the likelihood of a particular business scenario occurring has changed (for example, customers responding to a notice on defective parts, an accident or financial news). The vendor will be measured on the ability of its architecture to support global rollouts and localized international installations. The vendor must have tools for IT and business users to extend and administer the e-service application.

Geographic Strategy: The vendor understands the needs of the three largest markets — the European Union, North America and the Asia/Pacific region — and knows how to build a strategy to focus on aspects of the overall market, directly or through partners. The company delivers products and services in line with the needs and capabilities of the buying centers. For this Magic Quadrant, the product must be appropriate for large and midsize businesses, and for at least three vertical industries.

Leaders

Leaders demonstrate market-defining vision and the ability to execute against that vision through products, services, demonstrable sales figures and solid new references for multiple geographies and vertical industries. Leaders provide functionally diverse and rich e-service suites that can be deployed and supported globally, and have at least five of the six e-service components supported by OEMs. They are suitable for all sizes and complexities of enterprises, and have broad industry coverage. Revenue is strong, and new references are readily available. When asked, their clients reply that this product has affected the organization’s competitive position in the market.

Challengers

Challengers demonstrate a high volume of sales in their chosen markets. They understand their clients’ evolving needs, yet may not lead customers into new functional areas with their strong vision and technology leadership. They often have a strong market presence and tend to be viable, with good global execution, but might lack depth of full functionality in all the six areas of the e-service suite. They have not yet demonstrated a clear understanding of the e-service market direction or are not well-positioned to capitalize on emerging trends. They may not have a strong worldwide presence or deployment partners.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	standard
Marketing Strategy	standard
Sales Strategy	standard
Offering (Product) Strategy	high
Business Model	standard
Vertical/Industry Strategy	high
Innovation	high
Geographic Strategy	low
Source: Gartner (September 2009)	

Visionaries

Visionaries are ahead of potential competitors in delivering innovative products and/or delivery models. They anticipate emerging/changing customer service needs and move into the new market space. They have a strong potential to influence the direction of the e-service market, but they struggle to meet the needs of all organizations because of geographic limitations, company size constraints or specific product omissions. Typically, their products and market presence are not yet complete or established enough to challenge the leading vendors.

Niche Players

Niche players offer solid solutions for e-services, and support only some of the overall suite functionality and components. They may offer components of the complete portfolios but demonstrate weaknesses in one or more important areas. They could also be regional experts, with little ability to extend globally. They are focused on and can support large enterprises, rather than small and midsize businesses. They may offer complete portfolios, but focus only on one size of organization or primarily on one regional expert.

Vendor Strengths and Cautions

Artificial Solutions

Artificial Solutions remains a niche player due to its primary focus in one geographical region and its continued reliance on partners to fill the gaps in its e-service solution set.

Strengths

- **Growth:** The extensive investments made in 2007 in infrastructure assisted with the growth of Artificial Solutions during a declining economy. There was also an internal focus on the establishment of efficient internal management structures, which have created an operationally efficient internal environment.

- **Deployment:** The solution is very flexible and can be hosted by Artificial Solutions, or deployed and hosted on premise at the client site.

- **Compliance:** Customers exploit the option where Artificial Solutions will keep the self-service knowledge base updated with all legislative and tax-related issues.

- **Advanced Functionality:** Although third generation in its appearance, the virtual assistant is advanced in its functionality, and well-integrated with the knowledge base. SMS is also delivered as part of the standard OEM product set.

Cautions

- **Geographic Coverage:** Artificial Solutions almost exclusively focuses on Europe. Its plans to extend operations to the U.S. in 2009 have been pushed out to 2010, and the U.S. is still being serviced from Europe.

- **Functionality:** Artificial Solutions mostly relies on its knowledge base for self-service to drive sales, and has still not developed an OEM solution for Web chat or collaborative browsing. Gartner has observed that, when a client is looking for a fully integrated solution, he or she would rather select a more fully functional rich supplier and not be concerned with multiple vendor contracts, release planning and potential integration issues.

- **Analytics:** Although there is good reporting available in the solution set, a good analytics engine with a cross-channel analytics capability would be an excellent addition. Gartner expects this to be a focus of the next release.

ATG

ATG has just moved into the Visionaries quadrant due to its extensive analytic offering. Unfortunately, the decision to stop development on the e-mail response management solution acts against this vendor rating higher in e-services.

Strengths

- **E-Commerce Focus:** If you are looking for a multichannel solution and you have strong e-commerce requirements, then ATG should feature on your shortlist.

- **Search:** ATG can use multiple search methodologies to deliver personalized answers and responses to customers' queries on the self-service website, making the solution extremely customizable for a variety of business scenarios.

- **Analytics:** Multichannel analytics is a well-structured and integrated set of ATG's data mart and reporting capabilities to monitor and analyze commerce and customer care performance across multiple channels of interaction.

Cautions

- **Functionality:** ATG has stopped development and sales of its e-mail response management solution. If this is a strong requirement, then you might need to look at alternative products to integrate to your contact center or multichannel environment. Support for the existing customer base will, however, continue, but do not expect new functionality to be developed.

- **Multimodal Communications:** ATG does not have an SMS solution, but is currently involved in projects to build this functionality out. Gartner expects to see this available in the early 2010 product releases.

- **Architecture:** ATG handles text-to-speech interactions via the ATG Form to Phone service, but does not have any offering in the virtual assistant space. The virtual assistant offering is also not currently on the company's road map, and it does not partner with any virtual assistant service providers.

- **Product Strategy:** ATG Self-Service, Knowledge, Search and Commerce Service Center are available only in on-premises licensed models or in an outsourced, managed service provider model. There is no SaaS option available for these offerings.

Avaya

Avaya remains in the Niche Players quadrant, but has moved up slightly. However, the lack of a deep functional knowledge management solution that is integrated with the other channels restricts further movement at this stage.

Strengths

- **Contact Center:** Avaya provides e-service solutions via its market-leading contact center product set.

- **Functionality:** The e-mail response management product has an excellent rule engine that can be configured for a number of different processing methods. Compositions of auto acknowledgements, as well as personalized responses, are possible with the Avaya solution.

- **Recording:** Interaction recording not only of the voice channel, but also for multichannel interactions, is integrated and stored in an easy-to-use, consolidated repository.

- **Integration:** Overall, Avaya offers a well-integrated solution across the voice and e-service channels, with future release planning focused on building out the e-service channel functionality further and moving toward a CIH.

Cautions

- **Usability:** Unless you are a current Avaya client, you will not be able to use the e-service multichannel functionality, because the functionality is not viable outside the Contact Center product.

- **Functionality:** No virtual assistant is available, but Avaya can integrate with other third-party products. Avaya offers Avaya one-X Speech, a speech-based portal for frontline field and customer service support.

- **Analytics:** The knowledge base self-service focuses extensively on frequently asked questions (FAQs) and has good search facilities, but it is still not yet in the same category as some of the advanced knowledge base self-service tools available in the market.

- **Deployment:** No hosted or SaaS offering is available from Avaya, but its strategic plans for the future look promising.

eGain

eGain remains in the Leaders quadrant, with excellent wins in the past 12 months. It continues to be the vendor with the most complete e-service offering on the market.

Strengths

- **Search:** eGain's Case Base Reasoning solution for knowledge base self-service is among the best in the market. eGain is currently busy with R&D for this tool to continue its leadership in this area.

- **Functionality:** Its conversational, emotionally and culturally tailored virtual assistant is the best-integrated offering among the participants in this Magic Quadrant and can be tailored to deliver service experiences that are consistent with the company's brand. The virtual assistant can also help users transition to an agent-assisted service to ensure a good cross-channel experience.

- **Recording:** eGain's CIH platform for self-service, virtual assistant, social knowledge and easy-to-use widgets makes customer interaction across every channel a consistent user experience.

- **Full Functional Solution:** eGain is the only e-service vendor that has a full functional, rich and well-established OEM solution in each of the seven Gartner e-service framework areas, with all the other vendors in this Magic Quadrant missing one or more framework components.

- **Customer Interaction Hub:** eGain is actively advocating the architecture behind the CIH, and positioning its solution as part of the architecture.

Cautions

- **Market Strategy:** A significant investment in the expansion of the eGain partnership network was planned for 2009, but, due to economic conditions, this has not materialized. eGain did, however, enter into a partnership with Cisco.

- **Product Strategy:** eGain's platform is based on 100% pure Java Platform, Enterprise Edition (Java EE), and implements an SOA. There is an API available, but no .NET solution is available or planned for the future.

Genesys

This is the first time Genesys has appeared on the e-service suites Magic Quadrant, and it makes its debut in the Visionaries quadrant. Genesys still lacks functionality in some areas, however, with the most notable being the absence of a knowledge management product.

Strengths

- **Geographic Coverage:** Genesys is listed in the Leaders quadrant in the contact center infrastructure Magic Quadrant, with well-established global infrastructure and presence. The vendor's partnership and system integration network is well-managed, and certification and recertification takes place on a regular basis to maintain SI standards.

- **Integration:** Genesys has a well-integrated solution, and links the multichannel to the voice solution.

- **Vision:** Genesys has a strong vision for the future multichannel self-service, and for extending contact center capabilities into an integrated self-service experience that stretches beyond the contact center.

Cautions

- **Functionality:** The knowledge management solution from Genesys is not very strong; therefore, the vendor has partnered with InQuira to fill this product gap. This partnership typically results in multivendor contracts that often have different release cycles that need to be managed.

- **Marketing and Sales:** Genesys has been slower than most organizations in this space, and the marketing of the Genesys e-service solution set is still poor. If you already own Genesys for your voice solution, then consider asking about its e-service functionality — often, Genesys' sales executives will not have offered it to you. Extensive training and awareness campaigns should see this problem corrected by 2010.

- **Customer Experience:** Customer references reported challenges with engaging the correct people for support in the Genesys organization, due to the siloed approach taken by the separately managed sales organization, service organization and support organization.

IntelliResponse

IntelliResponse remains in the Niche Players quadrant due to its ongoing reliance on partners to fill all the components of e-service functionality. The relative small size of the company is also limiting the geographic coverage of the organization.

Strengths

- **Financial:** IntelliResponse is a small company on the world stage, with limited marketing resources for increasing awareness of its brand. However, despite the 2008 economic conditions, it is still seeing triple-figure growth, has added 16 new clients to its portfolio in the past 12 months, and is forecasting a record year by all measures.

- **Partnerships:** A strong partnership network exists with a multitude of suppliers to fulfill the functionality in e-service that is not available as part of the OEM solution, like e-mail response management and Web chat.

- **Architecture:** Web services enable IntelliResponse's Answer Agent to deliver the same, single, consistent answer to customer questions, regardless of the channel deployed.

Cautions

- **Functionality:** IntelliResponse does not have native Web chat or collaborative browsing functionality, and partners with LivePerson, eStara (now part of ATG) or InstantService to provide this functionality.

- **Recording:** Recording is not unified across all the interaction channels, because IntelliResponse does not provide all the channels as part of the OEM solution. Customers will have to rely on alternative methods for recording interactions through partner channels.

- **Deployment:** There is no on-premises option. IntelliResponse only offers a hosted or SaaS solution, which only supports a Microsoft SQL database.

- **Geographic Coverage:** IntelliResponse has limited ability to provide e-service solutions for global deployments.

Interactive Intelligence

Interactive Intelligence continues to surprise with the number of new innovations taken to market in the past 12 months. Its move to the Visionaries quadrant is well-justified.

Strengths

- **Integration:** All functionality in Interactive Intelligence's Customer Interaction Center (CIC) software suite is "organically grown," thus simplifying the implementation, as well as any future upgrades, thus allowing the client to switch on the additional channels as the business requirement presents itself, making for great flexibility and return on investment (ROI).

- **Geographic Coverage:** Interactive Intelligence's reach throughout Europe, the Middle East and Africa (EMEA) has expanded as new partners have been taken on to service the ever-increasing client demand.

- **Deployment:** The solution supports on-premises and hosted deployments (communications as a service [CaaS]), and customers can easily migrate from a CaaS solution to an on-premises solution.

- **Analytics:** Wrap-up codes on e-service channels can be drawn from the same tables as those used in the telephony channel to standardize reporting across channels.

Cautions

- **Usability:** The e-service functionality is primarily part of its integrated CIC solution, and is not viable outside the CIC infrastructure environment.

- **Functionality:** Despite initial plans for the release of a virtual assistant, there is still no offering available. The SMS solution requires a custom handler and needs a developer to build the flow, as there is no configurable functionality in this area yet.

- **Search: T**he eFAQ knowledge base is in line with a strong FAQ database, but it lacks the advanced features one would find with a full self-service knowledge management deployment.

- **Marketing and Sales:** At the recent EMEA partner conference, there was very little evidence that Interactive Intelligence has focused on packaging and selling its e-service solution set capabilities, so if you have this vendor deployed in your contact center, then ask about its capabilities in the e-service space.

Kana

Kana has moved up slightly into the Challengers quadrant, despite some financial challenges. Its singular focus on an on-premises solution without a SaaS-based offering will, however, keep the vendor from moving to the Leaders quadrant.

Strengths

- **Functionality:** Kana's strong knowledge management for self-service solution is very flexible in the application, and the vendor focuses on proactive engagement with customers before, during and after the service experience, to avert escalations and ensure a high level of customer satisfaction.

- **Customer Experience:** Customer references indicate above-average user experiences, with excellent support from Kana. The vendor is responsive to customers' needs and has a strong vision for the future.

- **Market Strategy:** Kana has strong brand recognition and respect among decision makers and influencers. It also has a broad global reach for sales and support, focusing primarily on serving large Global 2000 organizations with large customer bases.

- **Partnerships:** In Europe, almost every deal is led by IBM, and Kana relies on IBM heavily.

Cautions

- **Deployment:** Kana does not provide a SaaS solution, but will provide managed services and hosting. Most Kana deployments are on-premises at large corporate implementations.

- **Financial:** Kana obtained very few new clients during the past 12 months, and most of its revenue came from its existing client base. The vendor did report some financial challenges in the earnings call in August 2009.

- **Product Strategy:** The strategic corporate direction to focus primarily on large enterprises and on-premises solutions has resulted in the exclusion of small and midsize businesses. This has left a lot of money on the table for the other service providers in the e-service space.

- **Viability:** Most of Kana's revenue growth for 2010 will come from existing customers while it focuses on deploying new SOA releases.

nGenera

nGenera replaces Talisma from the 2008 e-service suites Magic Quadrant, but remains in the Visionaries quadrant due to its lack of capability in some of the e-service building blocks.

Strengths

- **Market Strategy:** The established Talisma customer base will provide an excellent growth opportunity for nGenera CIM to mine and build out, and for selling additional and new features and functions into.

- **Search:** The flexible, self-learning knowledge base for Web self-service is integrated with the e-mail response management and Web chat solutions. This captures and presents information to customers in a Web self-service mode, and to agents through a flexible portal in a single-screen agent interface.

- **Customer Experience:** nGenera gets highly positive feedback from customers in relation to solution deployment and technical support.

- **Architecture:** All products in the nGenera CIM suite are available for on-premises and hosted/SaaS environments, with the features and functionality being identical in both environments.

Cautions

- **Functionality:** nGenera CIM does not provide any virtual assistant or SMS capabilities, and organizations looking for solutions in this space will have to look at alternative service providers.

- **Market Strategy:** nGenera is built entirely on the .NET platform, and there is no Java EE option available. This will provide challenges for customers that do not have this as an architecture standard.

- **Geographical Coverage:** nGenera CIM is much stronger in the U.S. than it is internationally, and has limited ability to provide e-service solutions and support for global deployments.

Oracle-Siebel

Oracle-Siebel remains in the Niche Players quadrant despite its strong showing on other Magic Quadrants. This is primarily due to a lack of functionality in a number of e-service building blocks, with the most notable being the absence of a knowledge management solution with advanced features to support the e-service channels.

Strengths

- **Geographic Coverage:** Oracle-Siebel is a highly visible company in terms of its financial position and global representation, directly and via partnerships. It has a significant Oracle customer database to mine for cross-sell and upsell opportunities.

- **Market Strategy:** Oracle-Siebel has an extensive vertical-industry offering for a variety of industries, ranging from automotive to finance.

- **Partners:** Oracle-Siebel has an extensive system integration partnership around the globe with Accenture, BearingPoint, Capgemini, IBM and others.

- **Analytics:** The extensive analytics capabilities allow detailed knowledge extraction from all the channels that Oracle-Siebel has available.

Cautions

- **Functionality:** Oracle-Siebel does not have a collaborative browsing capability, and there is no virtual assistant in place. Gartner could not confirm vendor plans to provide this functionality anytime in the future, and the complete road map for the vendor's e-service offering is unknown.

- **Market Focus:** The solution is primarily focused on large organizations, leaving smaller organizations looking elsewhere for an e-service solution.

- **Deployment:** Oracle-Siebel does not have a SaaS solution available for e-service suite functionality.

- **Knowledge Self-Service:** The FAQ solution is not functionally rich, so Oracle-Siebel relies on InQuira for its knowledge management for self-service solution set.

Presence Technology

This is the first time Presence Technology has appeared on the e-service suites Magic Quadrant. We list it in the Niche Players quadrant due to the lack of a proper knowledge management solution that can support the e-service channels and some gaps in the other building block areas.

Strengths

- **Deployment Options:** The full solution or just one module can be provided on-premises or hosted/SaaS. Front ends can be installed on-premises (fat client) or can be centrally hosted via Presence Technology's thin-client Web agent.

- **Customer Experience:** Customer references indicate good support of all implemented systems and components. Requests for changes and modifications are dealt with efficiently and are typically incorporated into future releases of the product.

- **Architecture:** The product was developed using Delphi, C/C++, Java EE and .NET. The architecture for new development is .NET. Presence Technology is also focused on upgrading all existing components to .NET to provide a dual-focus solution architecture.

Cautions

- **Functionality:** Gartner views the knowledge base for self-service as the most important building block for e-services. Unfortunately, Presence Technology does not have an OEM solution available in this area and relies on third-party products to support this feature. For the virtual assistant solution, Presence Technology also relies on a third-party service provider.

- **Financial:** Presence Technology is a small company on the world stage, with limited marketing resources for increasing awareness of its brand. Focusing primarily in EMEA, the vendor has a smaller installed base compared with other players in this market, and must, therefore, focus on the harder task of attracting new customers.

- **Geographic Coverage:** Presence Technology has limited ability to provide e-service solutions for global deployments.

RightNow Technologies

RightNow Technologies still remains the worldwide leader in e-service market share in the e-service space, and continues to grow.

Strengths

- **Viability:** RightNow has a good reach and presence in the entire primary market (and some secondary markets), directly or through a network of SIs. It has a good global reach for sales and support, and a strong market share worldwide. The brand recognition is growing, and RightNow is growing its installed base aggressively.

- **Analytics:** Due to the e-service suite using a common set of application development, management and reporting tools across all the channels, the analytics engine provides a variety of solutions for customers to better understand their interactions across all the channels and to measure customer experience.

- **Recording:** All interactions and outbound e-mail marketing are stored in the same database, which provides for an integrated quality-assurance solution.

- **Professional Services:** Strong professional service capabilities are provided either by RightNow directly or through its system integration partners.

- **Defense- and Government-Ready:** RightNow is the only vendor to launch a defense- and government-ready SaaS product set that adheres to the stringent security and compliance requirements as set out by the various U.S. government regulating bodies.

Cautions

- **Functionality:** There are some channel areas where RightNow still does not have a proven and robust OEM solution. These functional gaps are for the virtual assistant and for the multimodal communications and SMS channel.

- **Recording:** With RightNow not having an OEM solution in the above two channels, the recording of interactions is not unified across all the interaction channels. Customers will have to rely on alternative methods for recording interactions for the virtual assistant and multimodal communications and SMS channels when partner or third-party solutions are used.

- **Functionality:** RightNow must ensure that enough R&D is put in place to build out the market-leading knowledge base for self-service, because Gartner did not see any future development plans or road map for a knowledge base for self-service beyond 2009.

SAP

SAP remains in the Challengers quadrant due to not having a SaaS offering available for the e-service product set. The vendor also lacks functionality in the areas of collaborative browsing and virtual assistants.

Strengths

- **Viability:** SAP has strong brand recognition and respect among IT decision makers and influencers. It also has a broad global reach and a growing market share worldwide. SAP's strong viability resulting from the combination of company size and worldwide market penetration will provide extensive opportunity for future growth in the fast-growing e-service market.

- **Integration:** With most organizations buying a pre-integrated e-service suite solution, as opposed to a stand-alone product, the fully integrated e-service from SAP will deliver extensive value without the challenges associated with making different vendor products communicate with one another.

- **Market Strategy:** SAP has a strong vision for extending the e-service functionality deeply into SAP CRM applications, including both on-premises and on-demand offerings.

- **Solution Set:** SAP Business Communications Management (BCM) is an all-software suite that includes multichannel e-services, inbound and outbound voice, interactive voice response (IVR), call-recording and quality-monitoring capabilities, and strong integration with mobile devices.

Cautions

- **Functionality:** SAP plans to leverage a solution from its ecosystem to support collaborative browsing and virtual assistant capabilities in the future; however, SAP provides NetWeaver Voice, which can be used for the development of voice-based interactions.

- **Product Strategy:** The e-service functional components are primarily part of the SAP Web Channel offering, which is a component of SAP CRM and typically is not deployed as a stand-alone solution.

- **Deployment:** SAP's e-service solutions are only available in an on-premises deployment model. However, the SaaS deployment model is on the vendor's road map and will be available in the future.

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

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Note 1

Customer Interaction Hub

The CIH is an integrated customer interaction framework that provides a real-time, thorough view of the customer across telephony and e-service channels to all relevant customer-facing employees and partners. This will include a segmented, analytical evaluation of the specific customer and the intent of the customer in initiating the interaction, along with a determination of the level of service resources to apply to the customer based on the customer's profile. This hub enables the enterprise to identify the inquiry from the client; determine the best way to answer the inquiry for the customer or employee (self-service, assisted or secret service); and access the necessary content, business rules and customer information to provide the expected solution in the shortest time. The information delivered to the agent will be personalized to the agent's role and information needs.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.