



SIP Trunking Service Provider Scorecard: *Excerpts*

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Top takeaways

In this *Scorecard*, Omdia examines 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 XaaS services, but it is the backbone of businesses communications.

While the large network operators have long held dominant positions in business voice connectivity, a host of competitive and non-network-based providers have risen with SIP trunking. This market has been marked by 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 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. As features are 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, with flexible provisioning growing in importance.

For the fifth year in a row, Lumen (formerly CenturyLink) leads the SIP trunking market with the largest installed base of SIP trunks and solid growth. Lumen has done a lot of work over the past three years, bringing together assets from CenturyLink and Level 3 to build a market-leading service and customer base. Only 0.6 points separate the second, third, and fourth place providers (Verizon, Inteliquent, and Twilio) as the market tightens and competitive providers such as Inteliquent and Twilio prove businesses are looking for new and flexible ways to connect voice.

Verizon continues as the second-largest SIP trunking provider in North America, followed closely by Inteliquent. Inteliquent is a standout in this year's report with the largest growth in 2019. Although Inteliquent has a long heritage through its founding companies, over the last 10 years it has focused on selling business voice services in compelling ways.

Twilio rounds out the top four providers through continued growth of its installed base and a strong financial score. Twilio, widely known as a CPaaS provider, has been a disruptor in the SIP trunking market, offering services that are easy to provision and consume with no contracts and pricing models that run counter to those of traditional providers.

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

Background

The twelfth annual *SIP Trunking Service Provider Scorecard* complements Omdia's *Business VoIP and Unified Communications Services and Subscribers Market Report*.

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.

Omdia identified the largest service providers measured by number of SIP trunks and then evaluated them based on the following four criteria:

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

Please see *Methodology* section of this report for definitions and weighting for each criterion and a full description of how Omdia evaluates each provider.

Omdia 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 assigned. 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, populated 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 based 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 tenet of providing highly reliable, highly secure services.

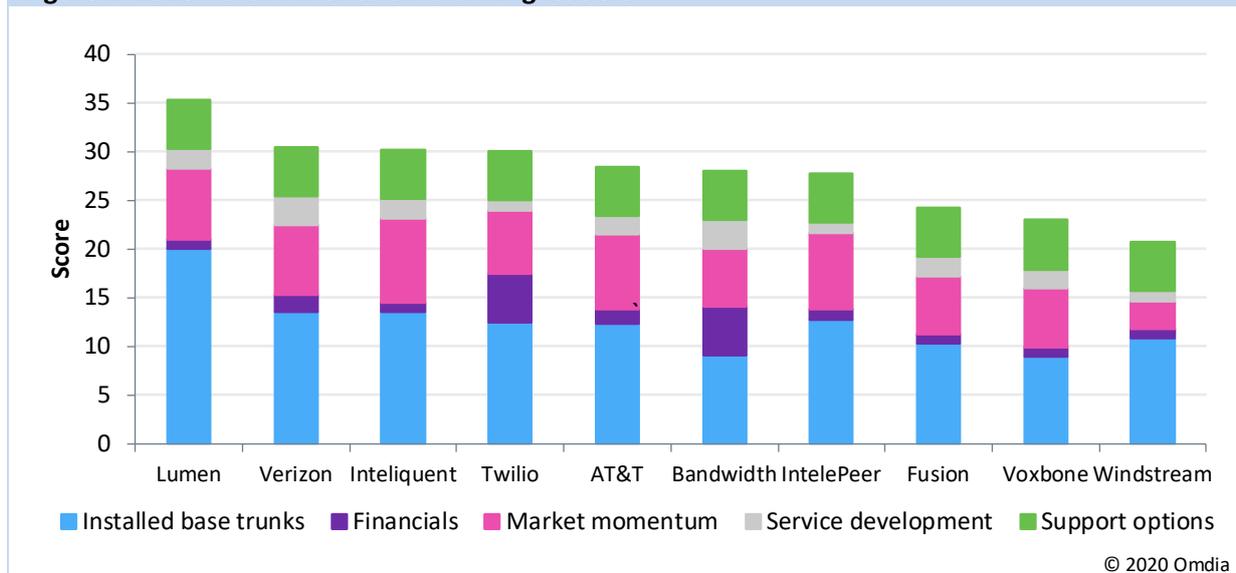
Half of the providers in the top 10 fall into the traditional model, and between them there is little service differentiation with SIP trunking. SIP trunking providers typically offer enhanced user features that put some UC capabilities in the cloud to complement premises-based PBXs that connect to the network with SIP. And to this end, many SIP trunking providers have gotten into full UC cloud services, which also allow providers 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 or bring your own trunks. 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 focus 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 five years, Lumen has been the SIP trunking scorecard leader as it continues to hold its position as the market share leader by SIP trunks. Verizon moved back into second position on the strength of its overall installed base and solid growth. Inteliquent (previously Voyant) made the biggest jump in 2019, outpacing the market and ending the year with the third-largest installed base, which placed the company at third overall in this *Scorecard*.

Twilio rounded out the top four SIP trunking providers, ending 2019 with solid growth and a strong financial score. Bandwidth and Voxbone were newcomers to the report while Sprint and Rogers fell off. Providers just missing the cut include Bell Canada, Masergy, Rogers, Sprint, and ThinkTel.

This excerpt profiles Lumen only—contact Omdia to obtain the full report.

Figure 1: 2020 North America SIP trunking leaders

Source: Omdia

SIP trunking service provider profile

Lumen

With the merger with Level 3 and CenturyLink complete and all the work of consolidating networks and services behind it, **Lumen** has been able to retain its strength in the enterprise communication services market, including SIP trunking. Lumen has remained a leader 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.

Lumen's premier SIP trunking service, which is 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 long-distance calling with local numbers and emergency services. The service 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. Lumen also supports direct ISDN connections to non-IP devices and offers optional feature packs for its customers, including mobility. The provider's SIP trunking service comes with business continuity and disaster recovery and offers the flexibility to use the majority of US domestic numbers at nearly all Lumen service addresses. Lumen provides 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, Lumen offers MPLS/IP VPN, SD-WAN, dedicated Internet access, and public Internet peering. Alternatively, customers can bring their own bandwidth and purchase just the SIP trunks from Lumen.

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

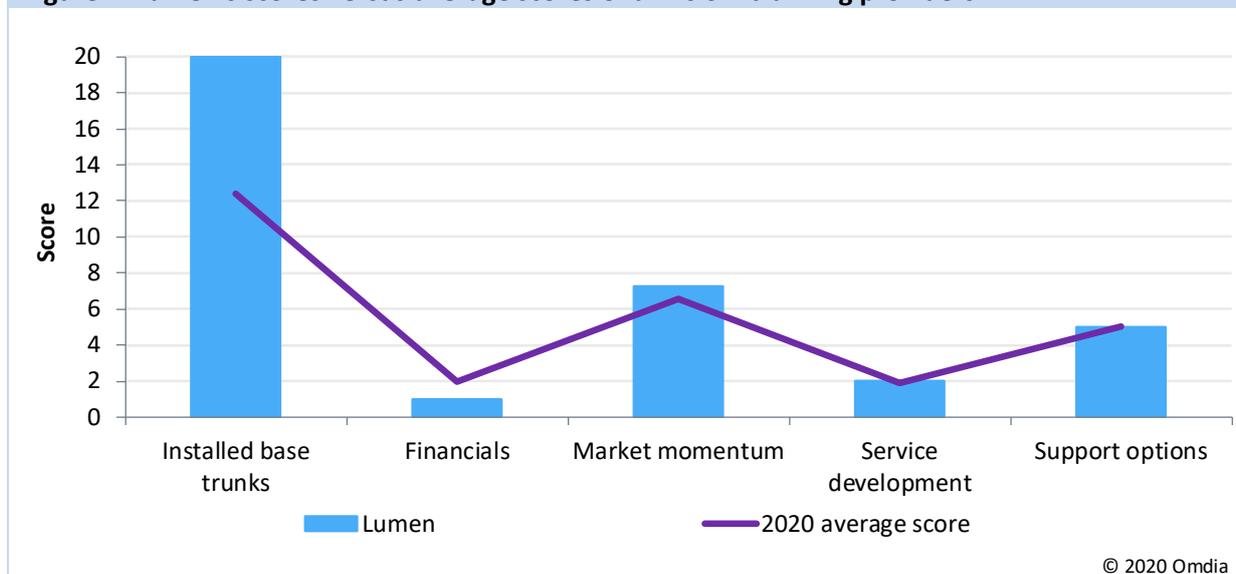
Lumen supports hybrid deployments with IQ SIP and Voice Complete along with hosted UC and contact center options. Hybrid customers can utilize the same dial plan and easily migrate between solutions. Lumen has made improvements to its administrator and end-user portal to provide single, seamless access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

Lumen has a set of managed and private cloud UC and contact center services, with a focus on Cisco, Amazon, and Microsoft, which build on its SIP trunking services. To this end, Lumen is focusing on direct routing support for Microsoft Teams for Voice Complete and IQ SIP.

Lumen has focused on improving its delivery and customer experience, which expedites service installs and simplifies the number portability process. The company continues to invest in portal enhancements and to ensure a smooth transition from TDM to SIP. Additionally, Lumen is working on enabling customers to consume its cloud-based voice services using its API ecosystem. The API program is building on existing customer APIs to enable faster ordering, ticketing, and key service management transactions.

Lumen has the advantage of a global direct sales force and channel partner program. The company maintains over 100 master, agent, and 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.

Figure 2: Lumen’s scores versus average scores of all 10 SIP trunking providers



Source: Omdia

Appendix

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 2019.

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; Omdia looks 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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