



# SIP Trunking Service Provider Scorecard: North America – 2021

*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 UC as a service (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 solidified their position in SIP trunking. This market continues to be marked with mergers and acquisitions. In a service market based on lower cost, scale is necessary for a successful business. While traditional incumbent and competitive operators have come to dominate the voice connectivity market, a few niche providers have carved out 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 businesses using a host of different options from relatively smaller, alternative providers.

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, fewer things differentiate one provider's offering from the next. A focus on security, interoperability, pricing, and reliability remain key attributes, with flexible provisioning, APIs, and self-service portals all growing in importance.

For the sixth year in a row, Lumen (formerly CenturyLink) leads the SIP trunking market with the largest installed base of SIP trunks and solid growth. Over the past year, the company turned a page in its merger integration with the rebranding of itself as Lumen. Only 0.4 points separate the second, third, and fourth place providers (Verizon, Bandwidth, and Twilio, respectively) as the market tightens and competitive providers such as Bandwidth, Twilio, and Inteliquent 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, Twilio, and AT&T. Bandwidth is a standout in this year's report with the largest growth in 2020 as it completed its acquisition of Voxbone and has a strong position around APIs for its partners and enterprise users.

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 for several years, 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 thirteenth 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 the *Methodology* section of this report for definitions and weighting for each criterion and complete descriptions of how Omdia evaluates each provider.

## SIP trunking service provider leadership scorecard

SIP trunking has become the de facto 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, competitive carriers, cable MSOs, ISPs, CPaaS providers, UCaaS providers, 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 delivering highly reliable, highly secure services. Additionally, specific UCaaS providers like Microsoft dictate the requirements for SIP trunks into Teams, which adds another set element for SIP trunking providers to work around for that business.

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 complement premises-based PBXs that connect to the network with SIP. To this end, many SIP trunking providers have gotten into full UC cloud services, which allow providers to compete for hybrid deployments. Omdia has 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. With a relatively level playing field, businesses will choose a provider based on pricing, quality of service, geographic coverage, the ability to migrate to cloud services, professional service needs, additional managed services, and existing relationships.

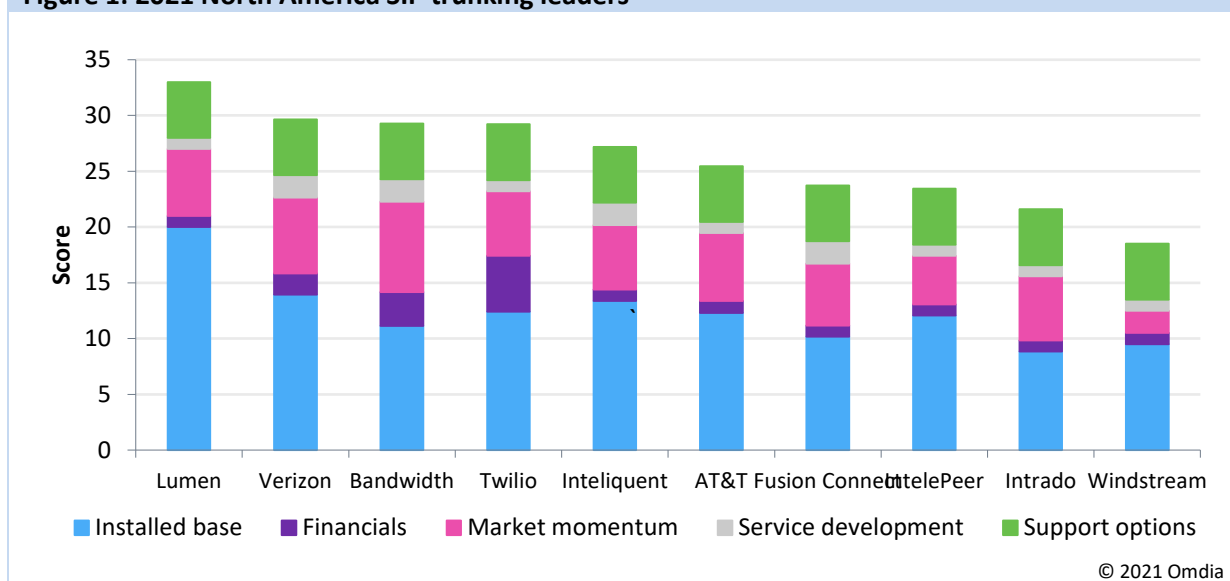
Many top providers consistently continue to do the right things, but many SIP trunking providers focus on higher-margin services, particularly UCaaS and cloud contact centers. In that regard, less work is going into service enhancements with SIP trunking. Still, work continues on backend

operations, especially in provisioning automation, customer portals, dynamic on-demand trunk delivery, and flexible pricing models.

For the past six years, Lumen (formerly CenturyLink) has been the SIP trunking scorecard leader as it continues to hold its position as the market share leader of SIP trunks. Verizon maintained its second position on the strength of its overall installed-based and above-average growth. Only 0.4 points separated Verizon from Bandwidth and Twilio. Bandwidth made the most significant jump in 2020, with market-leading growth and strong financials as it capitalized on its acquisition with Voxbone to expand its reach internationally and leverage its strong API capabilities.

Twilio rounded out the top four SIP trunking providers, ending 2020 with solid growth, a strong financial score, and the fourth-largest installed base of SIP trunks. Intrado is the one newcomer to the report as Voxbone dropped off because of its acquisition from Bandwidth. Providers just missing the cut include Bell Canada, Comwave, Masergy, Rogers, Sprint, and ThinkTel.

**Figure 1: 2021 North America SIP trunking leaders**



Source: Omdia

## SIP trunking service provider analysis

### Lumen

In September 2020, CenturyLink rebranded itself **Lumen Technologies** (“Lumen”) to represent the shift the provider has taken away from being a traditional telco, which the CenturyLink brand had come to signify. Lumen has worked to strengthen its position in the enterprise 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, Microsoft, and Zoom 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, the UK, France, Germany, Belgium, and the Netherlands, with additional SIP trunking services in Latin America and other parts of the EMEA region. 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.

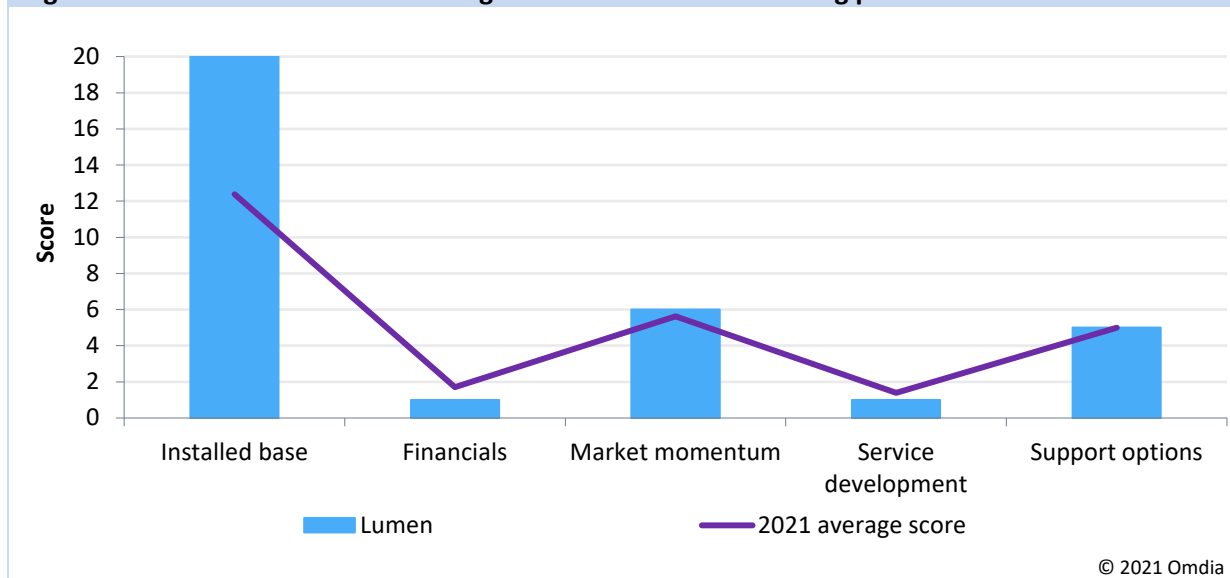
Lumen's SIP Trunking offer (formerly IQ SIP) is an integrated service running over Lumen's IP network across the US, with multiple business continuity options offered in centralized and decentralized deployment options; it remains available for the SMB market (companies with fewer than 500 employees). Fiber+Data bundle customers can add 1–300 concurrent calls without the need for additional CPE, and through the administrative portal, customers can make real-time capacity changes. Lumen also markets the service to the federal, state, and local government sectors, focusing on voice encryption.

Businesses using hybrid on-premises and hosted PBX are supported through Lumen's SIP Trunking and Voice Connect with dial plans and a migration path 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, and offers dual-layer security authentication protocols.

Lumen supports deployments of Voice Complete along with hosted UC and contact center options, 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 Lumen SIP Trunking.

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 has enabled customers to consume its cloud-based voice services using its API ecosystem. The API program builds on existing customer APIs to enable faster ordering, reporting, and key service management transactions.

Lumen has the advantage of a global direct sales force and channel partner program. The company maintains more than 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 the number of trunks reported as of the end of the calendar year 2020.

*Measurement:* Share of trunks in relation to the other service providers studied.

**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.

*Measurement:* Altman-Z score for every publicly traded company. Private companies are evaluated based on longevity and current funding.

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

*Measurement:* Omdia determines the average market growth and how many standard deviations each provider's growth deviates from the market average; 1 standard deviation equals 1 point on the rating scale, and the market average is set to a score of 3; therefore, growth 1 standard deviation below the market average results in a score of 2.

**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.

*Measurement:* First, determine if the service provider has made enhancements to its service and/or network in the past year. If no new developments have been made, then this would warrant a 0, and

if there is a roadmap or vision for moving in that direction, then a 1 rating applies. Second, for providers that have made minimum improvements over the past year, a rating of 2 applies, with an increased level of functionality and capabilities moving the rating up along the scale to a 5.

**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 the reputation of high-quality services will position providers in maintaining customers.

*Measurement:* At a minimum, service providers must offer 24/7 telephone support and a customer self-service portal, which would garner a 3 rating. Lacking either of these options brings a rating to 2; lacking both brings it to a 1. Beyond the 2 core support options, a 5 rating includes options such as online chat support, self-diagnostic tools, and SLAs, and a 4 rating would have 1 or 2 of these additional options.

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