

# State of CPaaS

CPaaS  
Acceleration  
Alliance

20  
23

## About CPaaS Acceleration Alliance

CPaaS Acceleration Alliance (CPaaSAA) is accelerating growth and adoption of communications platforms. We bring together CPaaS platform and service providers, enablers, technology vendors, sales partners, advisory partners, industry experts and media to collaborate for mutual success and growth. We help build the strategies, partnerships and best practices that will power the CPaaS industry from \$16B in 2022 to \$100B+ by 2030. We are the global Alliance for the CPaaS industry.



# THE STATE OF CPAAAS

## PREPARING FOR LIFT OFF

The communications industry is at a critical point.

Telecom providers are under pressure to monetize recent 5G and network investments.

Businesses and consumers continue to move towards over the top services, putting pressure on profits from traditional voice and SMS services.

And both Unified Communications & Contact Center as a Service are experiencing a growth hangover after three years of pandemic-driven sales acceleration.

The industry is looking for what is next.

Enter CPaaS.

CPaaS has changed significantly from its early days of simple SMS and calling APIs. It has become the glue that ties together UC, CC, Business Applications & Processes.

Today CPaaS is helping businesses around the world create better customer & employee experiences, increase revenue and decrease expenses.

As growth slows in other areas of the industry, CPaaS is poised to grow from USD 16 billion in 2022 to USD 100 billion by 2030. It is the fastest growing segment of the global communications industry.

This inaugural 2023 State of CPaaS report touches on what's driving this growth, why you should care about it, and what you can do to thrive in this accelerating market.

We hope this report inspires you to take the next step in your CPaaS journey as our market prepares for lift off.



**Rob Kurver**  
Founding Partner



**Kevin Nethercott**  
Managing Partner



**Robert Galop**  
Partner



**Gert-Jan Huizer**  
Partner

# WHAT IS CPAAS?

## IT'S MUCH MORE THAN SMS AND APIS

### CPaaS has evolved rapidly

Over the past 5 years CPaaS has grown from simple APIs for sending text messages to include additional communications channels, orchestration & automation tools, and many other value-added services.

The result has been a mix of views on "What is CPaaS" from industry analysts, providers, and customers. In turn it has been difficult to find one market forecast and one set of strategies for using and deploying CPaaS.

Successful business leaders are looking at the market holistically.

CPaaS is Network, Voice, Messaging, Video, APIs, Orchestration, Applications, & Analytics working together to create better experiences.

### Common Use Cases

#### Transactional Notifications

For customers, patients, partners, and employees

#### Embedded Omni-Channel

Add calling, texting, and messaging to applications

#### Contact Center & Support

Enable self-service via phone and messaging

#### Workflow Automation

For business processes and communications

#### IoT

Device monitoring and status notifications

### Customers



In Store



Mobile



Online

### CPaaS

Communications-Enabled Applications

Analytics

No-Code / Low-Code Orchestration & Automation Tools

Developer APIs

Network APIs, Connectivity, and Orchestration

Voice, Messaging, Video, Data

### Enterprise



Contact Center



Unified Communications



Applications

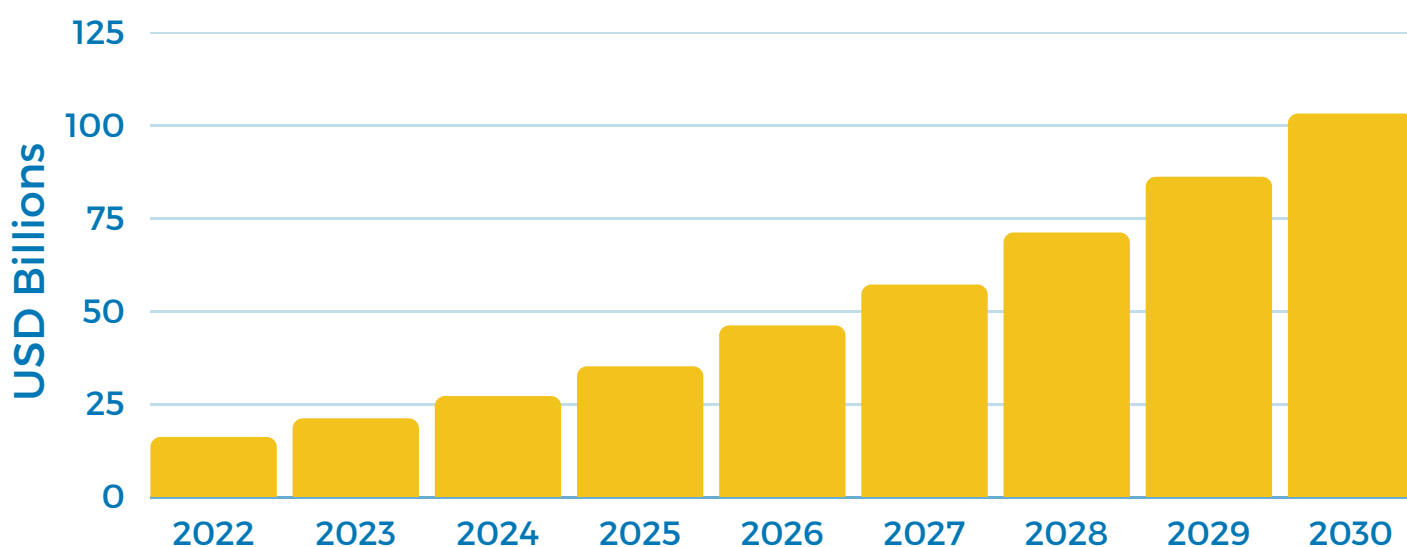
# THE MARKET OPPORTUNITY

## CPAAS GROWTH OUTLOOK

Analysts predict rapid CPaaS growth and opportunity for everyone

The global CPaaS market will grow from USD 16 billion in 2022 to USD 100 billion in 2030 according to forecasts from analysts including S&P Global, IDC, and Gartner. Rather than setting up a zero-sum game, analysts agree this growth is an opportunity for ecosystem participants to collaborate for success.

### CPaaS Market Size Estimates 2022-2030



### Near-Term Market Insights

According to S&P Global Market Intelligence's CPaaS Market Monitor, the CPaaS market will benefit from post-pandemic momentum, but an ongoing economic slowdown in the US will have a near-term impact. Several factors should offset the impact of an economic slowdown – namely, accelerated growth outside of North America and pent-up demand from SMEs. These factors signal an important opportunity for Telcos in mobile-first regions.

### Top Growth Segments & Channels

#### CSPs & Channel Partners

Telco adoption will significantly expand the overall CPaaS market opportunity.

- S&P Global Market Intelligence

#### Small and Mid-Size Enterprises

43% of SME digital transformation projects started within the past 2 years.

- S&P Global Market Intelligence

#### Large & Global Enterprises

By 2026, 90% of global enterprises will leverage CPaaS as a strategic IT skill set.

- Gartner, Market Guide for CPaaS 2022

# KEY MACRO TRENDS

## 5 TRENDS IMPACTING CPAAS

The following 5 industry & consumer macro trends are directly impacting the CPaaS market. These trends will create opportunities across all three market growth segments & channels: CSPs & Channel Partners, SMEs, and Large & Global Enterprises.

1

### COVID-19 accelerated the transition to mobile

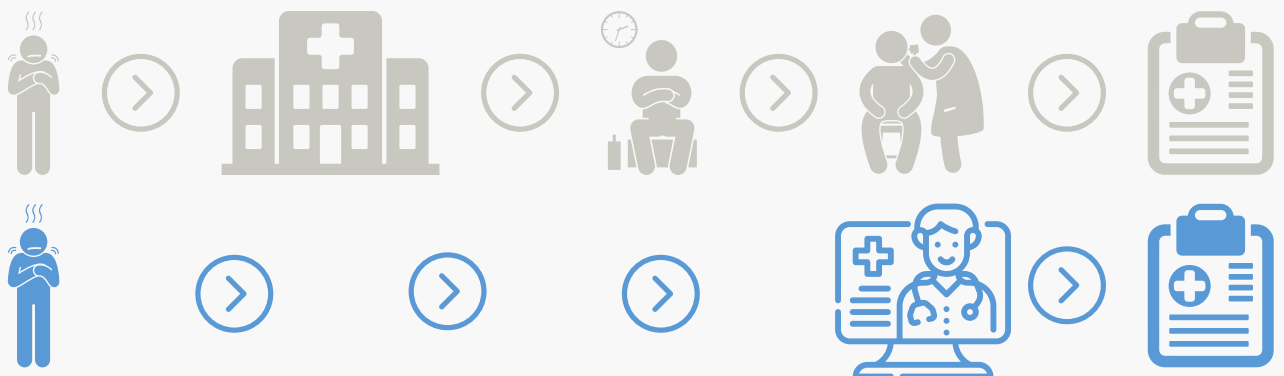
Consumer access to payments, goods, and services were impacted globally by COVID-19. This accelerated existing mobility & digitalization trends that are directly enabled through CPaaS communication channels, connectivity, and automation.

*Globally consumers are accessing twice the number of industries online, on average, as they did before the pandemic, even after an expected leveling off of digital adoption numbers.*

McKinsey, October 2022

### A Consumer Healthcare Use Case

A 2023 Stanford Medical / Rock Health survey found 80% of respondents had accessed telemedicine services in 2022, up from 72% in 2021. Prescription refills and minor illnesses were the leading telemedicine use cases. In this use case, common health concerns are now handled remotely via video and messaging, improving access to care & reducing the need for time-consuming office visits.



# KEY MACRO TRENDS

## 5 TRENDS IMPACTING CPAAS

### 2 Enterprises are utilizing CPaaS in a growing number of ways

Business users and smaller companies are increasingly utilizing CPaaS through ready-to-use applications, no-code & low-code tools, and click-and-configure integrations.

Global market intelligence firm IDC identifies the following business application use cases currently being enabled by CPaaS:

- Contact Center Solutions
- Basic IVR
- Email Templates & Automation
- Customer Data Platform (CDP)
- Marketing Campaigns for SMB
- Survey Solutions
- Business Analytics Tools

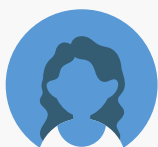
*The top enterprise communications use cases in the US and Europe include security (authentication/verification) followed closely by customer services (e.g. notifications (35%) and internal communications/operations (32%)).*

IDC Enterprise Communications Survey 2022 (US, EU)

### A Restaurant Use Case

A restaurant owner purchases a communications module that enables table reservations & orders over WhatsApp.

With no development, an automated bot is deployed to handle scheduling, freeing up restaurant staff to spend more time with customers.



# KEY MACRO TRENDS

## 5 TRENDS IMPACTING CPAAS

**3 AI-enabled technologies are supporting rich workflows**  
AI is mature and easily integrated with CPaaS. Speech recognition, chatbots, and image recognition have reached high accuracy levels that enable critical workflows via phone, chat, and messaging.

An increasing number of providers are offering solutions such as AI-powered chatbots for customer & agent support, as well as workflow automation that utilizes AI to monitor for and respond to dangerous or out-of-compliance scenarios.

*Companies achieving the highest levels of success with CPaaS are powering CX with AI functionality. Two examples: 65% are using workflows to guide agents on upsell/cross-sell and 52% are using virtual assistants in self-service channels.*

Metrigy, Advanced API & CPaaS Development 2023

### A Contact Center Use Case

Forbes reports that 64% of businesses believe artificial intelligence will help increase their overall productivity. This demonstrates the growing confidence in AI's potential to transform business operations.

An example use case is AI automatically creating post-call transcripts and saving them to customer records, reducing unproductive agent time between calls.



# KEY MACRO TRENDS

## 5 IMPORTANT TRENDS FOR CPAAS

4

### Service providers are embracing API standardization

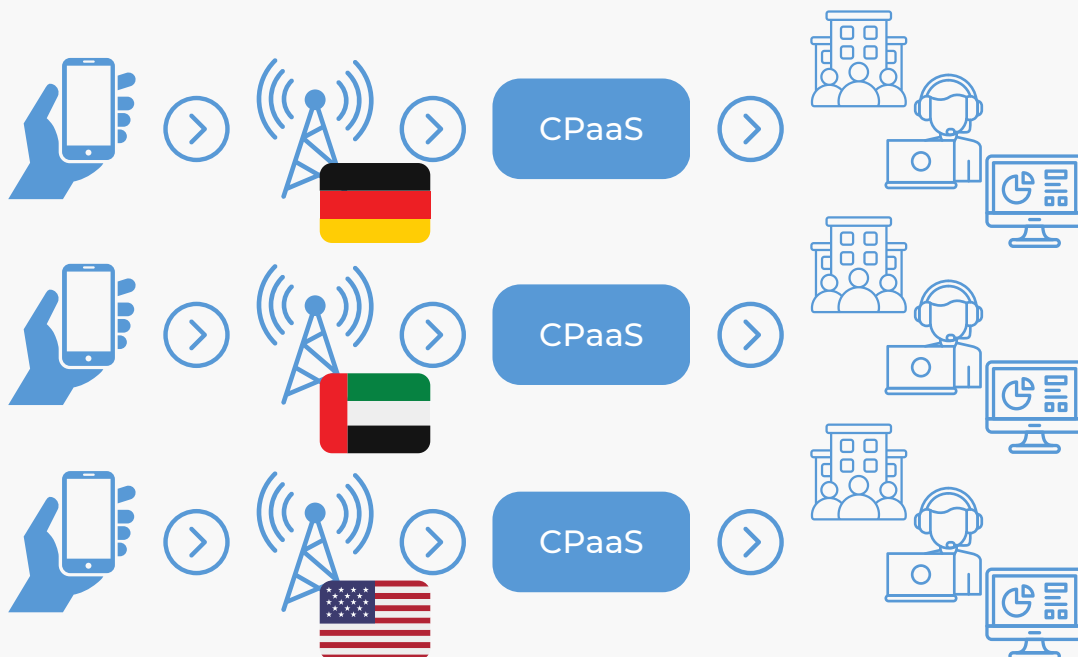
Communications service providers and network operators are allocating resources and budget to Project CAMARA and GSMA's Open Gateway Initiative. STL Partners notes that although there is a lot of activity around technical standardization through consortia like CAMARA, much work remains around the monetization and commercial model that will enable the scaled adoption of network APIs with developers and enterprise customers.

*The top 11 network APIs currently in development will drive revenues of more than US\$22 billion by 2028.*

STL Partners, May 2023

### A CPaaS Enablement Use Case

A CPaaS Enabler launches a new automated network provisioning capability that was previously impossible to implement because of differences between national communications providers. The feature is immediately made available to enterprises through their communications providers.





# KEY MACRO TRENDS

## 5 TRENDS IMPACTING CPAAS

5

### Global growth and market consolidation continue

Gartner's most recent IT Spending Forecast identifies three important market trends for product planners and strategists:

#### IT Budget Allocation

CPaaS is forecast to be the fastest growing area of IT spend in 2023, outpacing all other CX technologies by at least 9 percentage points.

#### Industry-Specific IT Spending

Online Entertainment, Hospitals, and Health Insurance industries are forecast to increase IT spending the most in 2023.

#### Regional Economic Growth

China, Emerging Asia Pacific, and Middle East / North Africa are forecast to lead the world in real GDP growth in 2023.

Investment bank Q Advisors identifies the following trends driving consolidation and M&A activity in the CPaaS market:

**CPaaS providers enhancing capabilities across CX, digital, security**  
Example: Twilio's acquisitions of Boku Identity and Ionic Security.

**CPaaS providers achieving scale and geographic expansion**  
Example: Infobip's acquisition of Peerless to gain US market access.

**International Telco & UCaaS players acquiring CPaaS capabilities**  
Example: Ericsson's acquisition of Vonage.

*These market dynamics are expected to drive continued M&A as CPaaS, UCaaS, traditional telcos, and now CX players look to capture a meaningful piece of the fast-growing CPaaS market.*

Jordan Rupar, Q Advisors

# CPAAS VALUE PROPOSITION

## EVOLVING TO CREATE MORE VALUE OVER TIME

Macro trends have accelerated the CPaaS market through three distinct phases. Each phase has created increasing value for CSPs, Vendors, and Customers alike. Today CPaaS 3.0 supports the entire enterprise with fast time to value and delivery of rich experiences for customers & employees.

	CPaaS 1.0	CPaaS 2.0	CPaaS 3.0
What Is It?	APIs connected to global SMS and Phone services	CPaaS 1.0 + No/Low-Code Automation and Templates	CPaaS 2.0 + End-User Apps and Vertical Solutions
Example	A lost Uber driver finds their rider by texting with them over a masked cell number	A contact center enables callers to find order status without talking to an agent	A physician uses a Virtual Assistant to schedule visits via text & phone call
Who Can Use It?	Developers & Large Enterprises	Analysts & Developers, Large & Mid-Sized Enterprises	Sales, Marketing, Contact Center, & Developers, any Enterprise
Value to Enterprise	★★☆☆☆ New ways to communicate with customers	★★☆☆☆ Automate common interactions without developers	★★★★★ Quickly deploy bespoke experiences without developers
Value to Provider	★☆☆☆☆ Commodity voice and messaging	★★☆☆☆ Improved retention, 2X+ CPaaS 1.0 LTV	★★★★★ High retention, 5X+ CPaaS 1.0 LTV
How is Value Created?			

# ACCELERATING CPAAS SALES

## 3 CHALLENGES & HOW TO OVERCOME THEM

Successful providers accelerate sales of CPaaS throughout the enterprise by proactively addressing these 3 common Product and GTM challenges.

### Challenge: Building solutions for non-IT buyers

1

Small & mid-sized enterprises, sales, marketing, and other business teams all have varying needs and expectations for software solutions - all quite different from those of IT buyers.

#### How to address this challenge

##### Bring in Outside Expertise

Engage industry experts who understand target verticals & users.

##### Add No-Code / Low-Code Interfaces

Create no-code interfaces and user experiences that integrate seamlessly into existing business workflows and applications.

##### Leverage Partnerships

Partner with best-of-breed business applications to deliver complete end-user solutions rather than individual features.

### Challenge: Capturing buyer attention

2

Small & mid-sized enterprises, sales, marketing, and other business teams know very little about CPaaS. Often they aren't even looking for "CPaaS" solutions.

#### How to address this challenge

##### Focus on the Buyer, not the Product

Move beyond features lists, and connect with business buyers by talking about problems solved, business benefits, and use cases.

##### Add New Ways to Reach Buyers

Team up with trusted advisors and strategic partners to create external validation and reach buyers in new ways.

# ACCELERATING CPAAS SALES

## 3 CHALLENGES & HOW TO OVERCOME THEM

### Challenge: Closing the deal

3

Selling CPaaS-enabled business solutions is often quite different from selling IT solutions. They involve larger buying committees with different expectations for return on investment.

### How to address this challenge

#### Design the Sales Process for the buyer, not you

Design the purchasing, implementation, use, and support experiences from the perspective business buyers and users. This includes how the product is sold: direct vs. channel vs. marketplace. It also includes buyer and end-user onboarding, adoption, and ongoing support.

#### Focus on Questions to be Answered

Multiple stakeholders will be involved in the decision making and buying process, and each will have specific questions to be answered before giving their approval. Design online content, sales collateral, and sales engagement to make sure these questions are answered quickly and effectively.

### Bonus Challenge: Simplifying the State of the Art

4\*

AI, automation, security, and other technologies are advancing so fast that it's difficult for enterprise buyers to keep up. They don't understand the changing landscape & how it helps them.

### How to address this challenge

#### Speak in Business Terms, not Technology Terms

Providers that simplify how they talk about the latest technology, and show it can be used to improve CX and EX will become trusted advisors to the market and to their customers.

# MARKET EXAMPLES

## COMPANIES INNOVATING WITH CPAAS

The CPaaS market consists of a wide array of vendors:

- Communications Service Providers and Mobile Network Operators
- CPaaS Providers
- CPaaS Enablers
- Application Service Providers
- CCaaS Providers
- UCaaS Providers
- Channel Sales and Implementation Partners

Here are 7 CPaaS Acceleration Alliance members who are innovating and creating value for their customers in the CPaaS market. Each example includes two keys to success and a customer success story.



### Application & Service Provider

#### Vertical Focus and Solutions

Braidio builds solutions for verticals with overlapping needs: Healthcare, Financial Services, Field Services, and Pet Wellness.

#### Built for Smaller Enterprises

Templatized solutions get smaller businesses up & running quickly with services such as Websites, Live Chat, and Video Calling.

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#### Example Customer Story

Braidio has partnered with e& enterprise to enable local restaurants to take mobile & delivery orders directly from customers over WhatsApp. Going direct to customers helps restaurants make more money by avoiding fees charged by third party order delivery companies.

# MARKET EXAMPLES

## COMPANIES INNOVATING WITH CPAAS



### ICT Service Provider

#### Creating Room to Innovate

After 47 years in telecom & technology, e& created the separate enterprise business named *e& enterprise* to focus specifically on enterprise solutions.

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#### Example Customer Story

e& enterprise offered turnkey customer engagement solutions including marketing campaign & contact center solutions, APIs, and AI chat bots for a major logistics company operating in UAE, resulting in increased agent productivity, reduced operating cost, and improved customer experience.

#### Focus on Complete Solutions

e& enterprise leverages internal experts, partners and solutions from e& enterprise's CPaaS, CCaaS, Cloud, Cybersecurity, IOT, and AI to create turnkey solutions for customers.



### CPaaS Enabler

#### Turnkey Solution Delivery

Radisys offers bespoke solution delivery, addressing the fact that most of their service provider partners don't have teams that can deliver complex customer solutions.

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#### Example Customer Story

Radisys has added its CPaaS services directly on top of its operator stack that is currently used by 200 operators and 2 billion subscribers. Operators create new revenue streams by offering these new services directly to their customers with the support of Radisys professional services.

#### White-Label No-Code Capabilities

Radisys' Engage Digital Platform enables non-developers to create intelligent communications experiences with Conversational AI and Audio/Video AI & Analytics.

# MARKET EXAMPLES

## COMPANIES INNOVATING WITH CPAAS



### CPaaS Provider

#### Focus on Video and Mobility

EnableX offers multiple communication channels and class-leading video capabilities. Real-time video AI enables creation of remote & mobile customer workflows.

#### Direct and Indirect Go to Market

EnableX sells to enterprises, but also enables Telcos & SIs with white-labeled modules, low code customization, and public/private deployments.

#### Example Customer Story

One of the world's largest fintechs needed a privately-deployed micro-video platform for their digital banking solution. They partnered with EnableX to deliver their Know Your Customer solution that now processes up to 30K daily interactions via live agent & automated image processing.



### Communications Provider

#### Built From the Ground Up

BICS built their APIs and services from the ground up on their existing global data, voice, and messaging network to deliver best-in-class performance and reliability.

#### Focus on Expertise & Consultation

BICS supports multi-national customers with global regulatory expertise and a consultative approach for solution design and delivery.

#### Example Customer Story

BICS supports Everbridge's worldwide mass notification system. Everbridge relies on BICS' global network to deliver mission-critical & life-impacting notifications quickly and reliably, including to remote and difficult-to-reach geographies.

# MARKET EXAMPLES

## COMPANIES INNOVATING WITH CPAAS



**Luware**

**CCaaS Provider**

### Tight Ecosystem Partnership

Fully integrated with the Microsoft's Azure cloud, Luware's Extended CCaaS leverages and extends the powerful Microsoft ecosystem.

### Low-Code & Custom Development

Luware enables multi-channel custom development and low-code automation through Microsoft ACS and Microsoft Power Automate.

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### Example Customer Story

The Cambridgeshire and Peterborough NHS Foundation Trust (CPFT) implemented Luware to improve emergency services communications. After implementing Luware, CPFT saw a 26% reduction in calls needing ambulance assistance and realized an estimated £4.6M in savings.



**CPaaS Enabler**

### Simple. Convenient. Agile.

SIPPIO innovates simple, convenient, and agile solutions that work. We empower partners to offer business calling in Microsoft Teams & Zoom in 74 countries worldwide.

### Flexible. Powerful. Easy.

SIPPIO is fully modular and can fully automate existing network services. The global footprint can be used to augment and expand service reach to new markets.

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### Example Customer Story

SIPPIO empowers partners and carriers to grow quickly & profitably in new & emerging markets. Thanks to the composable nature of their platform, one of the largest global CPaaS providers recently chose SIPPIO for delivery, management, and billing of over 50,000 numbers in the US.

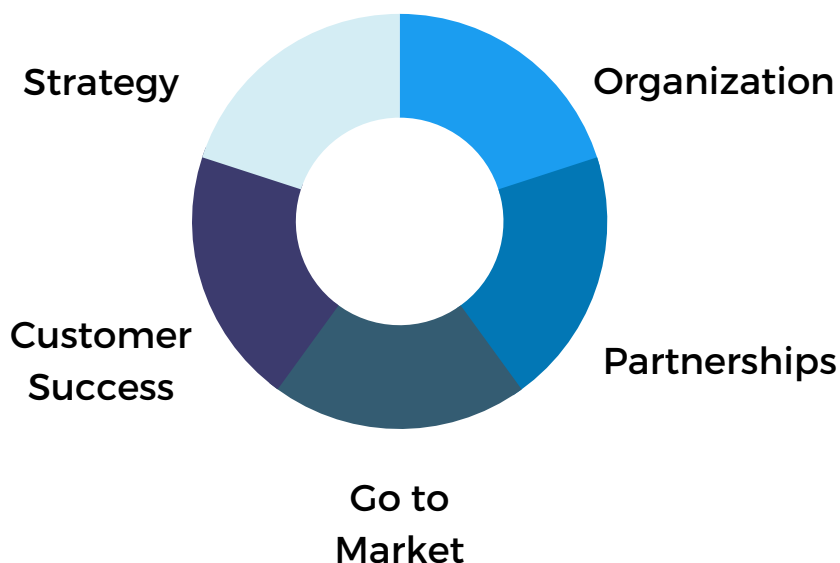


# CPAAS ACCELERATION ALLIANCE

## HOW WE SUPPORT THE INDUSTRY

The CPaaS Acceleration Alliance supports members in 5 key business areas.

CPaaS platform and service providers, vendors, sales partners, industry experts and media collaborate through Alliance, Advisory, and Academy activities to accelerate success in each of these areas.



### Alliance

- Learn from other providers via meet-ups & events
- Connect with product, sales, and implementation partners
- Create buyer awareness with over 650,000 subscribers
- Share your experience & expertise with other members



### Advisory

- Get expert help with strategy & execution, go-to-market, and customer success
- Engage expert advisors for custom strategy workshops, partner & vendor evaluation, go-to-market planning



### Academy

- Access exclusive content, industry research, and top analyst insights
- Stay up to date on buyer needs, market trends, and vendor capabilities
- Leverage sales enablement content, templates, and training

# 2023 ALLIANCE ACTIVITIES

## 2023 Areas of Focus

2023 CPaaS Acceleration Alliance content and activities will be focused on helping the CPaaS industry move forward in these 4 areas:

Targeting SMEs & non-IT Buyers: Use Cases & Solutions

Moving beyond UCaaS & CCaaS with CPaaS

AI & Other Enabling Technologies in Communications

Network API Standardization & Monetization

## Content, Workshops, and Thought Leadership

Members contribute to and have access to the following alliance activities:

- **Weekly** video panels with analysts, CSPs, vendors, and other experts
- **Weekly** thought leadership blog posts
- **Monthly** industry insider podcasts
- **Quarterly** CSP and Vendor executive round tables

## Industry Events & Meet-Ups

CPaaS Acceleration Alliance attends the top global communications industry events and is hosting the first-ever CPaaS industry event this year.

## CPaaS Showcase Challenge

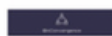
Members are invited to participate in CPaaS Showcase Challenge sessions that are held at multiple global events.

## Full Activity Calendar

View the full CPaaS Acceleration Alliance event calendar online at:

<https://cpaasaa.com/events/>

# Special thanks to our Members & Partners



Visit and follow us to learn more



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