

INSIGHT

Simplicity, Standards, and Support: A Profile of Voxeo

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IDC OPINION

Telephony is changing its reputation as a siloed service. Communications is becoming tightly integrated with business processes to leverage its capabilities for better efficiency and better communication internally and with customers. Within the last year alone, advancements in how IP communications is delivered as well as the operations within those companies providing IP communications have aided this shift in the industry. Below are a few key factors contributing to the change:

- ☒ **Communications as an application.** The concept that telephony can be provided only by incumbent telecommunications companies is being blown out of the water by solutions like Voxeo's Prophecy Platform. While transport is still needed by those providers, the advanced capabilities of IP communications are available via a hosted application platform.
- ☒ **Open standards.** Using open standards to create solutions that are simple to use is integral to adoption. IP communications gives the industry the ability to make telephony less proprietary and more available to those who need it.
- ☒ **Open developer platforms.** IP communication companies that recognize the talent and expertise outside their office walls are creating environments where innovation is rampant. Those companies, like Voxeo, can then leverage that innovation to provide the best possible solutions to customers. Others hesitant to welcome third-party developers to the table will be left behind.

IN THIS INSIGHT

This IDC Insight profiles Voxeo, an IVR and VoIP platform vendor for enterprises and service providers. The document reviews the company's VoIP portfolio as well as its developer program and dedication to "simplicity, standards, and support."

SITUATION OVERVIEW

Over the last year, discussion around using voice to enable business processes has accelerated. In order to effectively do so, however, nontelephony developers require accessibility to telephony capabilities. In 1999, Voxeo was founded as the result of dissatisfaction with the market's limitations and to fulfill a goal to create a simpler way to integrate and deploy telephony within business services.

Today, Voxeo is arguably the largest worldwide hosting provider for standards-based IVR and value-added services, all of which run on a VoIP platform — the company consumes more than 20,000 SIP trunking lines in order to provide its platform to users. Voxeo customers are mostly United States based. In 2006, the company launched a European subsidiary to address the market overseas. While Voxeo's brand is strongly tied to the IVR market, this IDC Insight is dedicated to diving deeper into the company's VoIP solutions portfolio. Beforehand, however, it is important to discuss Voxeo's strategy.

Simplicity, Standards, and Support

It is difficult to build a telephony application; historically, nontelephony developers shy away from it. Voxeo's strategy is to make it easy to create and deploy telephony applications by leveraging simplicity, standards, and support.

Voxeo believes the best way to make telephony more accessible is to turn the issue from a phone problem into a Web problem. There are myriad more Web developers than there are telephony developers; once Web developers do not have to think about telephony, they can start thinking about how to leverage telephony capabilities to make better Web services.

Standards are a key part of making telephony simple to use. The Voxeo platform has been SIP based since 2001. The platform also integrates with Skype. In addition, Call Control XML (CCXML) runs on the platform. In fact, Voxeo aided in making CCXML a standard. The CCXML engine on the platform hands control of SIP calls over to CCXML applications.

Support is another important part of the Voxeo vision. Technical support is free to developers in order to enable companies to innovate on the platform. Voxeo offers optional professional services support and guarantees 100% uptime on its hosted solutions, with 1% chargeback of a customer's monthly fee for every minute of downtime.

The Voxeo platform is free to developers (either through signing into the platform or through software downloads). This, however, is just one way Voxeo enables the developer community to innovate on its platform.

Developer Program

There are almost 30,000 active developers using the Voxeo hosting site, and more than 20,000 downloads of their software since launch of the premise-based service in August 2006. In addition to the support mentioned above, Voxeo's developer program includes, but is not limited to:

- Free access to Voxeo's hosted XML IVR platforms
- Support for inbound and outbound calling
- Free, direct-dial phone numbers, Skype access, or open SIP access
- Local static Web hosting for voice applications

The following are a few examples of how third-party developers have leveraged the Voxeo platform to provide innovative solutions to their customers:

- ☒ **Jott.** Jott is a voice-to-text service that allows users to send email, instant messages, and text messages by dialing a phone number and recording a message. It also lets users set reminders and organize while on the go.
- ☒ **New Parking.** Its Electronic Parking Payment System allows city drivers to pay for metered parking over the phone. It also sends reminders to drivers when the meter is about to expire. New Parking charges users only for the time spent in the space; users can dial into the service if they are leaving the parking spot early. Drivers receive a monthly bill in the mail.
- ☒ **Ifbyphone.** A hosted voice application and platform company, Ifbyphone offers VoIP and advanced Web-integrated voice applications for businesses, including speech-enabled applications. It is marketed to small and medium-sized businesses (SMBs).

The majority of applications built on the Voxeo platform fall into one of three categories:

- ☒ Customer satisfaction
- ☒ Notification (Sixty percent of calls on the Voxeo platform are outbound.)
- ☒ Personal/group communications

VoIP Platform Portfolio

Voxeo is not looking to be a VoIP carrier. Instead, the company's goal is to enable applications to run voice over a VoIP network. Voxeo's IVR and VoIP solutions are based on the Prophecy SIP Platform. More than 30,000 developers and businesses have used the platform to date.

The Prophecy SIP Platform is offered either as a hosted environment, as premised-based software (includes a softphone), or as a turnkey server. The hosted solution was introduced first and accounts for 65–70% of business. The rate for the hosted platform is per minute; the fee starts at \$0.09 and changes depending on committed volume and transport rates. The premise solution was introduced two years ago and is growing rapidly; pricing is \$779 per port and goes down from there depending on the number of ports. Voxeo also offers an introductory price of \$249 for four ports. Voxeo customers are increasingly buying a hybrid solution that leverages a combination of hosting and on-premise deployment in order to more efficiently achieve redundancy and manage seasonal demand.

The following sections provide a rundown of the VoIP solutions offered on the Prophecy SIP Platform.

Voxeo Prophecy SIP Application Server

Through CCXML, the SIP Application Server allows businesses to create dynamic SIP applications that can do intelligent call routing and management, such as call screening and call transfer. In addition, it allows applications to initiate a SIP VoIP call, including SIP redirect, proxy, and click-to-dial. Included in the solution are ENUM call routing, back-end integration, CTI support, intelligent call progress analysis, standard 24x 7 support, and the option of either a hosted, premise, or hybrid solution that Voxeo offers with all of its solutions.

Voxeo Prophecy SIP Media Server

Built on Voxeo's Host Media Processing engine and enabled by Voxeo's VoiceXML IVR and speech media application engine, the SIP Media Server enables companies to develop any VoIP media, speech, or IVR application. Voxeo's Prophecy SIP Media Server allows developers to create applications that can play prompts, speak synthesized text, and do speech recognition and call recording. Other features include call conferencing, CTI support, intelligent call progress analysis, support for 100% of W3C IVR standards, standard 24 x 7 support, and the option of either a hosted, premise, or hybrid solution that Voxeo offers with all of its solutions.

Voxeo BusinessVoIP Services

Voxeo has partnered with service providers to offer BusinessVoIP Services, VoIP connectivity over the Voxeo VoIP network. The beta version of the service includes virtual SIP lines and trunks, domestic and international calls to or from any local or toll-free phone number, and VoIP server hosting. BusinessVoIP Services is available to customers of the IVR platform. It will be priced per minute as a premium service and include support.

FUTURE OUTLOOK

Competition is ramping up as new entrants take the spotlight. It will become increasingly difficult for veteran players like Voxeo to continue as is and still be competitive.

The converging of Web services and telephony is only going to continue. Voxeo does a great job of juxtaposing these two services, but what lies ahead and how Voxeo handles integrating it into the platform is extremely crucial to sustainability in the future. For example, mobility is becoming an integral part of any communications solution. Is there a way to build into the platform interoperability with mobility, be it through the operating system itself or through a thin client?

At the end of the day, traditional carriers cannot provide everything: transport, services, and applications. Platform providers like Voxeo cannot either. Partnering to leverage each other's strengths and provide the most effective, qualitative solution on the market is strategically advantageous for both platform providers and carriers alike. IDC expects to see more partnerships between such providers in the near future.

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