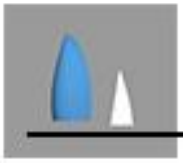

Smith's Point Analytics, LLC

WebRTC and Cloud RTC Platforms:

Communications as a Feature

February 2014

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Executive Summary

Disruption in the communications ecosystem is creating a market opportunity for Cloud Real-Time Communications (RTC) platforms. We expect this market to represent a $4.5 billion opportunity by 2018. Cloud RTC Platforms are cloud services that enable mobile and web developers to integrate communications into their applications with just a few lines of code. Via REST APIs and SDKs Cloud RTC Platforms enable developers to easily integrate voice, messaging and video calling into mobile and web applications supporting more contextual conversations. These tools have the potential to change in how we interact with each other in the future.

In the past experienced telecommunications developer were the only ones with the skills to build applications that included communications features. With technology such as WebRTC and Cloud RTC platforms, communications infrastructure is being exposed and communication interfaces much more flexible. Innovators will combine traditional forms of communications to create new more collaborative and interactive experiences.

The increasing ease in implementing in-app communications is disrupting the traditional value chain in delivering communications services. Application developers are gaining more control of the communications market. Many are building communications stacks on top of operator networks, bypassing their service offerings eating at revenues and limiting their ability to add value. Operators are desperately looking for new strategies to play a bigger role in the application ecosystem; embracing WebRTC and engaging with Cloud RTC Platforms is an increasingly viable option. By providing standardized cross platform APIs and developer relations, Cloud RTC Platforms are providing an opportunity for operators to participate in the ongoing market innovation.

Competition in this market will be fierce and we expect technology and software vendors throughout the web and telecom ecosystem to bring solutions to market. Competitive differentiators will revolve around vendors' ability to provide premium quality of service or superior developer and customer service. Our user survey found that the weighted average premium developers were willing to pay for better quality of service and reliability was 14% for voice, 18% for messaging, and 20% for integrated video and voice. Vendors with background in telecommunications will be better positioned to provide superior quality of service while companies with roots in the web will be better able to interface with developers. Hence, we expect a fair amount of coopetition between gateway vendors, bringing to market WebRTC gateways exposing IMS features, and web focused RTC platforms players, that bring developer relations and flexible business models.

While Cloud RTC Platforms are growing fast, 2014 will be an important year in more mainstream adoption of in-app communications. With Cloud RTC platforms just beginning to make communications much more accessible, the business case for the technology or killer app has yet to clearly emerge. Increasing awareness and outreach is needed to ensure that innovative developers find new ways to wrap context around communications.

Demand for in-app messaging presents the greatest shorter term opportunity, with many apps already providing OTT messaging services. We also expect significant demand for voice in the short term with demand for video expected to overtake voice in the coming years. Developing regions are also representing a significant share of the market with the Asia Pacific region making up a disproportional share of the market.

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Companies Mentioned

46 Elks
8X8
Acme Packet/Oracle
Aculab
Adobe
Airbnb
Alcatel-Lucent
Apidaze
Appcellerator
Appery.io
Apple
Asterisk
AT&T
Avaya
Broadsoft
Browsetel
Callfire
Cisco
Clickatel
Crocodile Rich Comm.
Deutsche Telekom
Ericsson
FaceTime
FreeSwitch
Fring
FrisB
GenBand
Genesys
Google
Grand Central
Huawei
ifbyphone
KDDI
Layer
Live Foundry
Mavenir Systams
mBlox
Microsoft
Mozilla
Nexmo
Nuance
Open DNS
Opera
Orange
Ozonetel
PhoneGap
Plivo
Requestec
Sencha
Shoretel
Skype
Startel
TelAPI
Telefonica
Telestax
TenHands
Throughpoint
Tizen
TokBox
Tropo
Twilio
Uber
Unity
Voxeo
Voximplants
Weemo
Worklight
Zingaya