North American Call Centers Market Share and Forecast, 2002 (Executive Summary)

Executive Summary

Publication Date: July 11, 2002

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This document has been published to the following Cluster codes:

TELC-WW-EX-0371

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Market Overview

In 2001, the North American economy continued to show lackluster performance following the dot-com bust of late 2000, and was further struck particularly hard by the terrorist attacks on Sept. 11. The call center industry was not insulated from these forces and showed a resulting decline in new agent shipments of 12.3 percent relative to 2000. Particularly hard struck was the midsize systems segment (21 to 75 agents), which showed a decline in new agent shipments of 37.3 percent year over year. Similarly, the number of new call center systems shipped in North America declined by 16.1 percent as compared with 2000. This marks a heretofore unprecedented second consecutive year of declining shipments of new agents and systems to the North American market.

Despite the down economy, Nortel had a particularly strong year in call centers, actually showing an increase in new agent and system shipments, including numerous replacements of its installed base of systems in the very large systems (more than 400 agents) segment. As a result, the company moved into the top market share position in both of these categories. Avaya slipped to the No. 2 share position, while Cintech (the majority of whose systems are shipped with Nortel's Norstar phone system) maintained the No. 3 spot. The majority of vendors in the market showed continued declines in new agent and system shipments.

2001 Market Summary

The North American call center market showed declines of 12.3 percent and 16.1 percent in new agent and system shipments, respectively. The drop in new agent shipments was buoyed somewhat by an increase of 9.4 percent in new agent shipments among very large systems. This segment made up 41.7 percent of total new agent shipments in 2001. However, as many of the shipments to the very large systems segment were replacements of existing agent positions (primarily by Nortel), the increased shipments did not necessarily equate to true "market expansion." The decline in system shipments in 2001 was influenced greatly by a 6.7 percent decline in small systems, which made up 55.9 percent of the total market. Tables 1 and 2 show North American shipments of new agents and systems in 2001, respectively.

Table 1
New Agent Shipments by Segment to North America, 2001

	2000	2001	2000-2001 Growth (%)
Total 1-to-20-Agent Segment	64,762	52,159	-19.5
Total 21-to-75-Agent Segment	126,900	79,604	-37.3
Total 76-to-400-Agent Segment	221,436	185,595	-16.2
Total More-Than-400-Agent Segment	207,594	227,100	9.4
Total Call Centers	**620,693**	**544,458**	**-12.3**

Source: Gartner Dataquest (July 2002)

Table 2
System Shipments by Segment to North America, 2001

	2000	2001	2000-2001 Growth (%)
Total 1-to-20-Agent Segment	5,230	4,877	-6.7
Total 21-to-75-Agent Segment	3,482	2,421	-30.5
Total 76-to-400-Agent Segment	1,439	1,147	-20.3
Total More-Than-400-Agent Segment	237	272	14.6
Total Call Centers	**10,389**	**8,717**	**-16.1**

Source: Gartner Dataquest (July 2002)

2001 Market Share Summary

Nortel moved into the top market share position in 2001, holding a 39.1 percent share of new agent shipments and a 31.6 percent share of system shipments. In an otherwise down year, the company increased shipments of new agents and systems by 80.3 percent and 73.6 percent, respectively, as compared with 2000. Nortel's performance was impacted by the introduction of its BCM Call Center product addressing the small systems market and sales of its Symposium Call Center Server into the company's installed base in the very large system segments. As a result, Avaya slipped to the No. 2 share position in new agent shipments and to No. 3 in system shipments. NEC maintained its No. 3 market position in system shipments while Cintech moved up to the No. 2 position in system shipments. While Nortel posted improved shipments in 2001, the majority of other players showed declining shipments of new agents and systems, ranging from 18 percent and 50 percent. Tables 3 and 4 show the top 10 vendors in North America in terms of new agent and systems shipments, respectively.

Table 3
Top 10 Companies' Shipments of Total Call Centers New Positions to North America, 2001

	2000	2001	Change (%) 2000-2001	2000 Market Share (%)	2001 Market Share (%)
Nortel	118,235	213,129	80.3	19.0	39.1
Avaya	272,402	175,031	-35.7	43.9	32.1
NEC	45,791	34,831	-23.9	7.4	6.4
Siemens BCS	36,349	27,376	-24.7	5.9	5.0
Cintech	31,166	25,550	-18.0	5.0	4.7
Aspect Communications	40,113	23,880	-40.5	6.5	4.4
Rockwell International	26,287	17,839	-32.1	4.2	3.3
Interactive Intelligence	9,799	6,897	-29.6	1.6	1.3
eOn	4,526	2,799	-38.2	0.7	0.5
CellIT	1,136	1,177	3.6	0.2	0.2
Others	34,889	15,947	-54.3	5.6	2.9
Total	**620,693**	**544,456**	**-12.3**	**100.0**	**100.0**

Source: Gartner Dataquest (July 2002)

Table 4
Top 10 Companies' Shipments of Total Call Centers Systems to North America, 2001

	2000	2001	Change (%) 2000-2001	2000 Market Share (%)	2001 Market Share (%)
Nortel	1,589	2,758	73.6	15.3	31.6
Cintech	2,143	1,756	-18.1	20.6	20.1
Avaya	2,693	1,660	-38.4	25.9	19.0
NEC	892	729	-18.3	8.6	8.4
Siemens BCS	783	526	-32.8	7.5	6.0
Toshiba	462	236	-48.9	4.4	2.7
Interactive Intelligence	173	199	15.0	1.7	2.3
Aspect Communications	296	169	-42.9	2.8	1.9
eOn	156	108	-30.8	1.5	1.2
Rockwell International	120	84	-30.0	1.2	1.0
Others	1,082	492	-54.5	10.4	5.6
Total	**10,389**	**8,717**	**-16.1**	**100.0**	**100.0**

Source: Gartner Dataquest (June 2002)

Market Forecast Summary, 2002 Through 2006

Gartner Dataquest expects that the North American call center market will show modest growth, registering a compound annual growth rate (CAGR) in new agent shipments of 10.6 percent from 2002 through 2006. Shipments of add-on agent are expected to be particularly strong while the economy is soft (during the early stages of the forecast period), as companies opt to grow existing systems rather than replace them with new ones. Similarly, system shipments are expected to increase at a CAGR of 8.8 percent over the same forecast period, increasing gradually as the economy recovers.

Gartner Dataquest Perspective

The economic forces described earlier had a dramatic impact on the call center market, as capital purchases in general are receiving higher levels of scrutiny. Compounding the impact of a slow economy, companies are continuing to be slow to adopt the emerging Internet Protocol (IP) telephony-based call center systems offered by vendors. While the vendors and their customers recognize that these systems represent the architecture of the future, doubts remain as to the technology being mature enough to be exposed to companies' customers. In addition, the lack of a "killer application" or compelling return on investment (ROI) model results in little push for rapid adoption. Gartner Dataquest expects that IP telephony will be implemented by midsize to large customers as an add on to their existing systems, while shipments of systems based on pure IP platforms will receive greater acceptance among smaller call centers.

Detailed information regarding system and agent shipments and market forecasts by industry segment is available in Gartner Dataquest's Market Statistics report "North American Call Centers Market Share and Forecast, 2002" (TCEC-WW-MS-0239).