

# Enterprise SBCs

*Excerpts*

Quarterly Market Tracker: Q1 2020

Publication Date: 08 June 2020

Diane Myers

## Table of Contents

Top takeaways .....	3
Enterprise SBC market size, forecast, and drivers .....	3
eSBC market at \$115 million in 1Q20.....	4
Oracle led enterprise SBC market lead in 1Q20.....	4
Category definitions.....	5

## List of Figures

Figure 1: Enterprise SBC revenue market size and forecast .....	4
Figure 2: SBC revenue market share.....	5

## Top takeaways

Enterprises have several options for voice connectivity, but in the IP world it generally comes down to VoIP gateways and enterprise SBCs (eSBC). Enterprise SBCs are becoming widely deployed in all regions worldwide but especially where SIP has become mainstream. In 1Q20, worldwide eSBC revenue declined 12% YoY to \$115.4 million, and 7.1 million sessions shipped. The drop in eSBCs is related to a single vendor—Huawei—which discontinued its enterprise SBC with no apparent vendor alternative filling the gap in the near term. Outside of Huawei, other vendors posted solid YoY growth in eSBCs as COVID-19 related demand for cloud-based services with UC and contact center drove requirements for SIP and eSBCs.

The competitive landscape within the enterprise SBC market remains dynamic, with over 10 vendors offering some form of SBC functionality, either integrated in another network element or as a standalone device. In 1Q20, Oracle led with 18% revenue share, followed by AudioCodes with 17% as Huawei stepped away from the market altogether. Oracle's strength in the eSBC space comes from mid-market and large enterprises where it has been able to leverage its relationships along with a strong focus on security and cloud services.

## Enterprise SBC market size, forecast, and drivers

eSBCs are used as a border element on the enterprise premise to protect the enterprise network from intrusions via the service provider network, handle NAT and firewall traversal, and for interworking between different VoIP protocols, if necessary. The SBC market is predominantly driven by medium and large enterprises deploying **SIP trunking services** as a way of consolidating, centralizing, and increasing the utilization of their trunking infrastructure.

A secondary driver of the enterprise SBC market is **interconnection between disparate systems**, such as PBXs and UC, video telepresence systems, and contact center platforms. In this scenario, the SBC is primarily handling interworking between different VoIP protocols, or different vendor implementation of standards. Mergers and acquisitions are directly driving the need to interoperate between different manufacturers PBXs, as companies are trying to integrate operations post-merger/acquisition. Perhaps not surprisingly, the financial sector has been often cited as the top vertical—they are the perfect storm of mergers/acquisitions, size, and large number of distributed sites.

A third driver is **UCaaS** where an SBC is used in a similar manner as a SIP trunking service. Another application is **connecting remote employees** so they can use softphones and deskphones outside of the enterprise network. The primary use case is to eliminate the need for a separate VPN appliance when deskphones are used at remote offices or employees' homes, with the SBC taking care of enterprise border traversal. However, most of the time people use softphones and VPN software and buy VPN appliances for the few high-value employees that need them. In addition, many IP phones have VPN support built-in, diminishing the need for VPN appliances or SBCs.

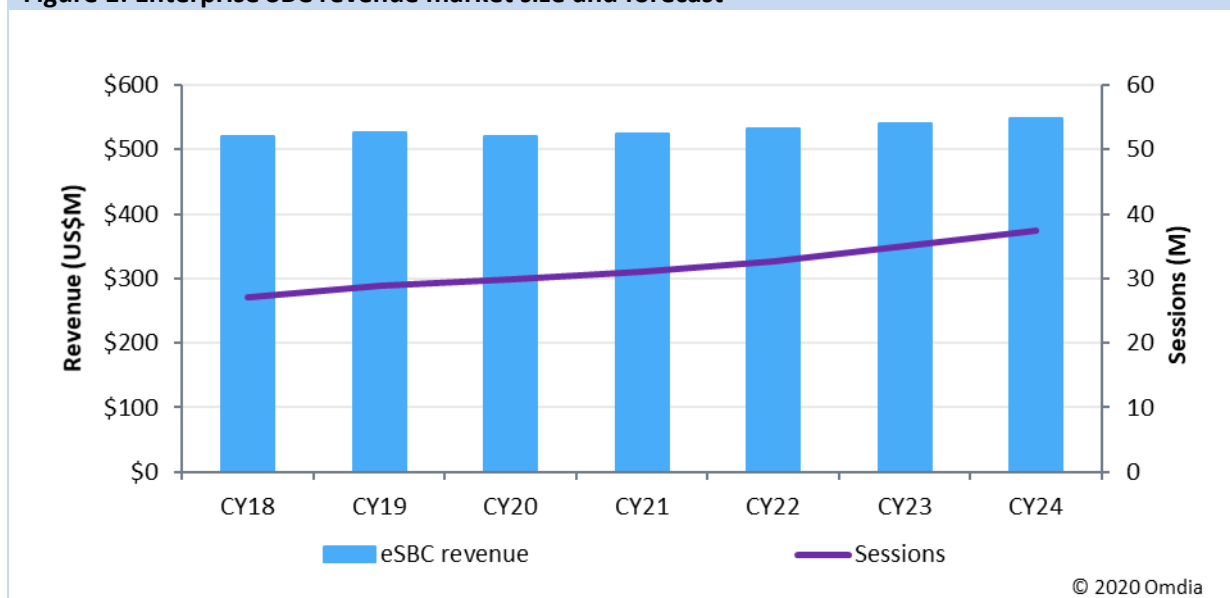
## eSBC market at \$115 million in 1Q20

Enterprise SBCs are mainstream items in developed markets that have healthy SIP trunking and UCaaS or CCaaS availability. In 1Q20, revenue was \$115.4 million, down 12% YoY from 1Q19, with 7.1 million sessions shipped, up 10% YoY. The decline is largely attributed to Huawei discontinuing products in this area and no competitors filling the gap during the quarter. Average revenue per session was \$16, down 20% from 1Q19, which also affected revenue growth in the quarter.

SBCs are affected by the growth in SIP trunking and the migration of businesses to IP PBXs and UC. The number-one pull for SBCs is SIP trunking. In our September 2019 *SIP Trunking and eSBC Strategies North American Enterprise Survey*, the top reasons respondents have not deployed SIP trunking are existing service contracts not being up for renewal, satisfaction with existing voice services, and moving to UCaaS where SIP trunks are included. If there are no measurable or perceived benefits—cost or other—businesses will stick with what they have.

Omdia expects the enterprise SBC market to grow only slightly over the coming years. Average annual revenue growth between CY19 and CY24 is 0.8% with CY24 revenue reaching \$548 million. Session growth has a 5.3% CAGR, growing to 37 million sessions in CY24.

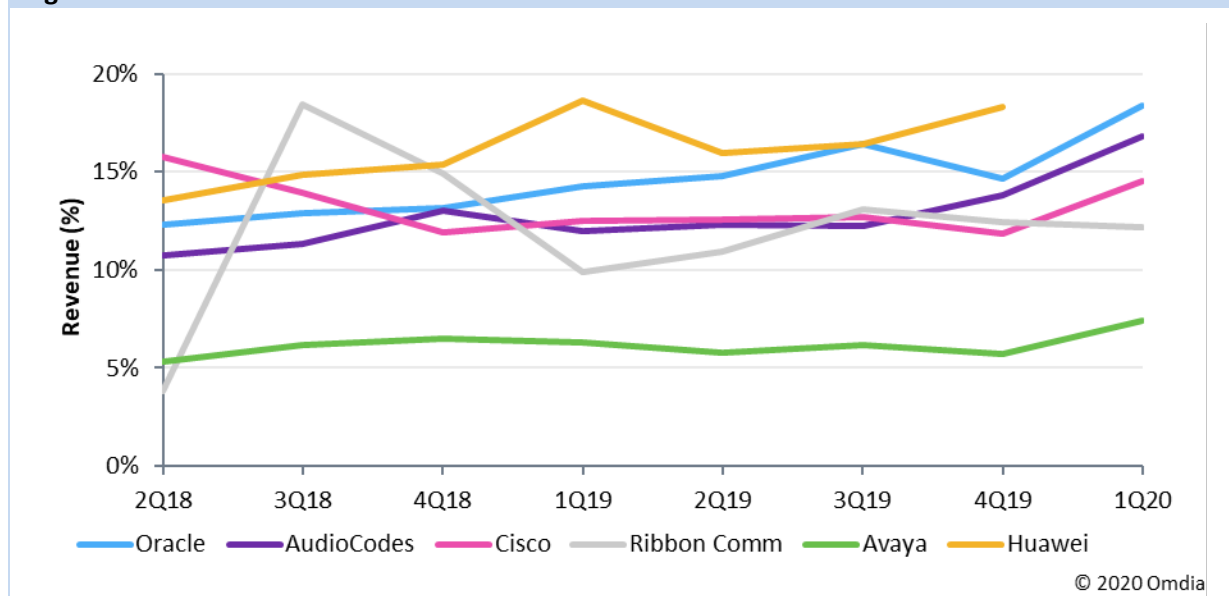
**Figure 1: Enterprise SBC revenue market size and forecast**



Source: Omdia

## Oracle led enterprise SBC market lead in 1Q20

There are providers that supply shipment and/or revenue data under non-disclosure agreements, but Omdia reports on the vendors whose revenue share we can show. At the end of 2019, Huawei exited the market, leaving an opening for a change in leadership. In 1Q20, Oracle took the lead with 18% revenue share, followed by AudioCodes with 17%. Cisco and Ribbon Communications rounded out the top four vendors in the quarter. Oracle has consistently been a leading vendor in the eSBC market establishing a position years ago and is still considered a technology and market leader in the space by businesses worldwide.

**Figure 2: SBC revenue market share**

Source: Omdia

**Oracle** entered the SBC market through its acquisition of Acme Packet in 2013. Initially, the company served the enterprise market via its lower-density carrier class SBCs but eventually moved to platforms better targeted at the enterprise market. Oracle is selling its full suite of SBCs into enterprises, with sales distributed across the product portfolio. Oracle's Acme Packet 1100 targeted at medium enterprises and remote/branch offices of larger enterprises supporting 5 to 360 sessions. The 1100 is sold through select managed service providers in EMEA. Oracle launched the Acme Packet 3900 in 2016, which replaces the 3820 and extends session support up to 8,000 sessions.

## Category definitions

Below are the definitions for the products included in this service. Please see *Methodology* in the market size/share/forecasts Excel file, located in the service portal section for this report.

**Enterprise session border controllers (SBCs):** Network elements that control and manage real time multimedia traffic flows between IP networks, handling signaling and media; perform native IP interconnection functions required for real-time communications such as access control, NAT/firewall traversal, bandwidth policing, accounting, signaling interworking, transcoding, and packet processing for QoS; the borders between IP networks include inter-enterprise borders (peering borders) and enterprise-service provider borders (access borders)

## Appendix

### Author

Diane Myers, Chief Analyst, Enterprise Collaboration

[askananalyst@omdia.com](mailto:askananalyst@omdia.com)

### Copyright notice and disclaimer

Copyright © 2020 Omdia. All rights reserved. Reprinted with permission from Omdia. Content reproduced or redistributed with Omdia permission must display Omdia legal notices and attributions of authorship. The Omdia reports, data and information referenced herein (the “Omdia Materials”) are the copyrighted property of Informa Tech and its subsidiaries or affiliates (together “Informa Tech”) and represent data, research, opinions or viewpoints published by Informa Tech, and are not representations of fact. The Omdia Materials reflect information and opinions from the original publication date and not from the date of this document. The information and opinions expressed in the Omdia Materials are subject to change without notice and Informa Tech does not have any duty or responsibility to update the Omdia Materials or this publication as a result. Omdia Materials are delivered on an “as-is” and “as-available” basis. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in Omdia Materials. To the maximum extent permitted by law, Informa Tech and its affiliates, officers, directors, employees and agents, disclaim any liability (including, without limitation, any liability arising from fault or negligence) as to the accuracy or completeness or use of the Omdia Materials. Informa Tech will not, under any circumstance whatsoever, be liable for any trading, investment, commercial or other decisions based on or made in reliance of the Omdia Materials.

## CONTACT US

[ondia.com](https://www.ondia.com)

[askananalyst@ondia.com](mailto:askananalyst@ondia.com)