NICE purchase of InContact is a game changer for contact centers

Ovum view

Summary

NICE announced a purchase of InContact, valuing the latter at nearly $1bn. The combination of the two companies can utterly transform the contact center infrastructure landscape. NICE will presently control a major interaction routing platform, the one part of the technology stack that it has always avoided. InContact joins an application software powerhouse that provides core WFO (workforce optimization) to about 40% of the world's contact centers. This is a decisive shift that should put to rest any question about the cloud's destiny as the infrastructure platform of choice for the next generation of contact centers.

Pairing of WFO and cloud vendors will be felt throughout the industry

Every legacy technology contact center technology has spent the last five years readying itself for the cloud tsunami. Some have incrementally built themselves new platforms; others have bought their way into the cloud marketplace, or executed some strategic combination of build and buy.

NICE, soon after buying Nexidia late last year (speech analytics with strong cloud delivery), has now taken a major step to solve several existential questions all at once. Cloud or premise? InContact is one of the largest and most sophisticated cloud providers in North America, with serious carrier-quality credentials and a host of its own applications. Applications or platforms? Quite a bit of both, apparently. NICE has spent twenty years building an application suite that dominates the market in an effective duopoly with Verint. While that suite is essential to call center operations, the company has always sat between platform providers, whether they were ACD (automatic call distribution) vendors, network carriers, or providers of CRM solutions or other enterprise platforms. Now NICE is not dependent on someone else's technology to feed into its applications. The company has bet heavily on the development of analytics (both to optimize performance and to understand customers). It now has complete access to a multichannel stream of data, structured and unstructured, upon which it can build applications that merge customer care with marketing, CRM, service, and sales.

NICE and Verint were once mirror images of each other, two close competitors with very similar portfolios and market approaches. But as workforce optimization matured and the easy growth possibilities faded, the two began reckoning with how to ensure a continued fruitful existence in the changed world of customer engagement. Verint bet the farm on CRM and service tracking by acquiring Kana two years ago. NICE has now shown its hand and bet on both cloud and routing platforms. Cloud routing, along with analytics, is the fastest growing segment of the contact center technology industry. Niche no longer, NICE is now in the same league with Avaya, Genesys, Aspect, and Interactive Intelligence.

And it's not incidental that InContact was a partner of Verint, selling Verint's WFO suite to customers who wanted something more sophisticated than its own basic app offerings. Even if that relationship lasts in some form for some time to come (doubtful), the shift is clearly going to have an effect on the way customers of all three vendors make buying decisions.

Appendix

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Ovum Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at consulting@ovum.com.

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