

# SIP Trunking in Europe: Adoption Progress and Challenges

## Dynamics in enterprise demand drive the wholesale market

### In a nutshell

Here we focus on the unique aspects of SIP trunking service adoption in Europe and wholesale dynamics. Availability and adoption of SIP trunking in Europe is clearly behind the US market. This brief explains some of the use cases, applications and wholesale dynamics.

### Ovum view

There has been progress in the availability and adoption of SIP trunking in Europe compared to the situation as described in our report in 2009 (*SIP Trunking: US and European Trends*). However, the incumbent carriers and regulatory complexity continue to stall the availability and adoption of SIP trunking, except for large enterprise customers and in a select group of countries.

The good news is that more providers are offering SIP trunking service in Europe than in previous years. There has also been an improvement in the availability of wholesale SIP trunking services, which is enabling more competition in the region and providing more choice for customers. The foreign carrier entrants and even the European incumbents (outside their home countries) have expanded coverage into more countries, with most carriers offering service in 10 to 13 countries. This is clearly progress but the progress has taken well over three years and the wholesale providers are providing increased coverage to promote this progress.

## Recommendations

### Providers

- Use wholesale providers to expand into other countries and build up the base of customers until the volume supports the investment to get licenses and regulatory approval for additional countries.
- Early applications were voice-centric implementations (e.g. hosted voice services) but now deployment includes service providers of all kinds including cloud service providers, contact center providers, conferencing providers and web applications that require voice integration.

# SERVICE AVAILABILITY

## SIP trunking service is concentrated on a core group of countries

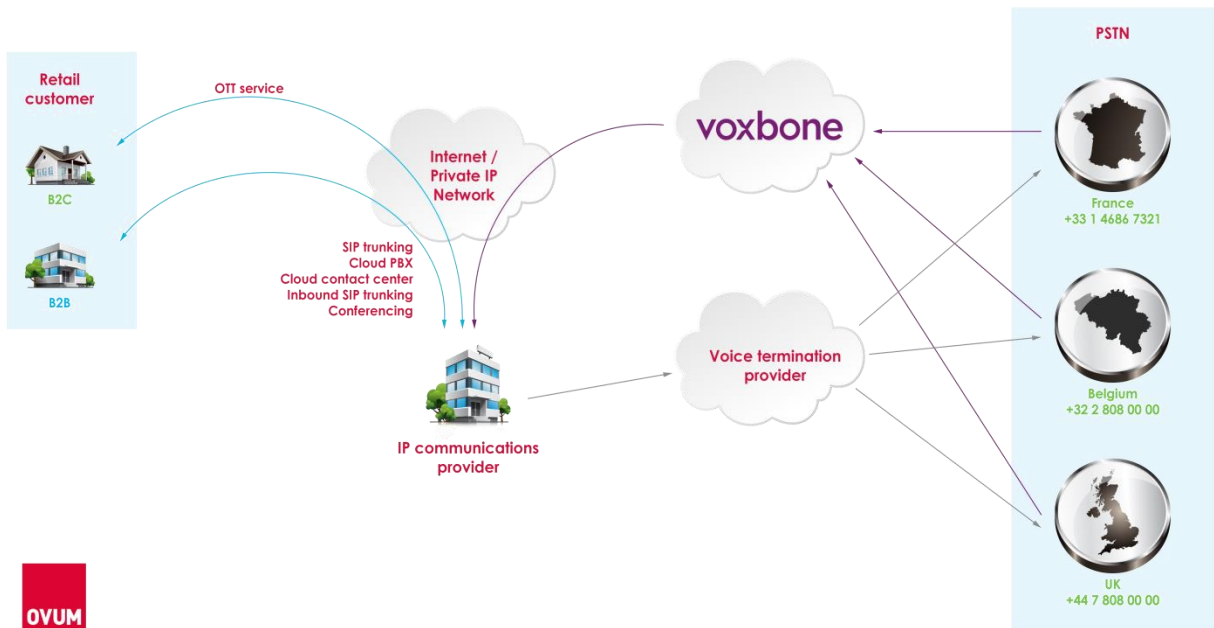
### Most service providers have service in at least 10 countries

The service providers surveyed concentrated SIP trunking service coverage on 10 countries in Europe, and the average coverage was 10.9 countries among the providers. In our survey, we defined service availability as the availability of local origination voice services (full PSTN replacement) in addition to the standard, on-net voice service termination capabilities. So SIP trunking service availability includes provision of local phone numbers and access to the emergency services. The 10 countries are Belgium, France, Germany, Ireland, Italy, Netherlands, Spain, Sweden, Switzerland and the UK. Based on the survey, the countries with the highest growth potential are France, Germany, Ireland, Spain, and the UK.

### Wholesale standouts in overall European coverage

Orange Business Services, Colt, and Telefonica are the top three retail service providers in terms of country coverage for SIP trunking service (17, 13, and 13 countries respectively). But Voxbone (a wholesale provider only) has availability in the 27 EU countries and reach into other European countries. Voxbone provides wholesale SIP trunking services in Europe and it is likely that many retail service providers and large enterprise customers use them for extended reach in Europe.

**Figure 1: Wholesale Provider Overview**



Source: Voxbone

### **The incumbent carriers are not promoting SIP trunking services**

SIP trunking is available from the incumbent carriers, but in most cases it is not promoted and may not be a standard, generally available offer. This is similar to the US market, where in the early adoption stages of SIP trunking, the incumbents initially kept SIP trunking service as a custom offer, until demand pushed them to standardize it and offer it more generally. Interestingly, most European incumbent carriers that are downplaying SIP trunking availability within their home country do actually promote it within their global services business units that cater to global customers. This is one of the main reasons that wholesale providers like Voxbone are popular with customers and providers who want to have services in Europe.

## **DRIVERS AND USE CASES**

### **Drivers for adoption**

Customer adoption of SIP trunking has been driven by consolidation and convergence of data and voice networks. Contact centers, IVR, and conferencing services and service providers are driving demand in Europe. There are many examples of these use cases driving the early demand and deployment today.

## **APPENDIX**

### **Methodology**

Ovum created this brief as an excerpt of the SIP Trunking in Europe report for Voxbone

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