

# Why people are talking about Talkdesk

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## Ovum view

### Summary

Since Tiago Paiva founded Talkdesk some seven years ago, the company has experienced 10 times year-over-year growth in revenues, raised more than \$120m from venture capitalist investors, and reached a market valuation of \$1.2bn. Today, the San Francisco-based cloud contact center company employs 500; has 1,400 customers spread over more than 60 countries, with nine data centers serving the world; and has three times year-over-year growth in enterprise-size (50+ agents) bookings. Talkdesk has also reported competitive contact center displacements of Avaya, Cisco, Genesys, inContact, and Five9. While a few other vendors, including Amazon and Twilio, have been referred to as significant disruptors in this rapidly evolving market, Talkdesk is certainly a company to watch given its recent multitude of accomplishments and rapidly expanding position in the industry.

### Despite heavy competition, Talkdesk has emerged quickly

The barriers to entry in the contact center marketplace have been reduced since cloud has become the major delivery platform of choice for purchasers of automatic call distribution solutions for businesses. All-software solutions delivered and accessed via the public or private cloud have lessened purchase, implementation, and operational startup processes from five or six months for monolithic hardware-based solutions to a matter of weeks, or in some cases even days. This has resulted in a flurry of new entrants to the customer care industry and has caused several disruptive waves in this previously stable industry over the past five or six years.

The current cloud contact center industry leaders are a mix of traditional hardware-based providers transitioning to cloud-based solutions and a host of first-generation cloud market entrants that have come on the scene as formidable cloud-based competitors in a relatively short time. The most successful cloud participants, identified as market leaders by Ovum its *Ovum Decision Matrix: Cloud Contact Center Solutions, 2017–18*, include Five9, Genesys, and NICE inContact. To accomplish their level of success, they saw the opportunity in the cloud environment and shaped their products through internal development or acquisition to position their companies to capitalize on the market movement to the cloud. Five9 quickly reshaped its offerings to meet new market requirements; Genesys acquired Interactive Intelligence while moving its original set of offerings to the cloud; and NICE acquired the successful inContact company to quickly jump into the marketplace.

Although Talkdesk was founded in 2011 by now-CEO Paiva, who believed he could simply do a better job designing a system from scratch than the competitors had done to date, the company was relatively unknown in North America until 2017. Paiva used his newly earned engineering and software development degrees while capitalizing on the abundance of talent available in his native Portugal to design the Talkdesk solution and begin selling it to a growing list of impressive logo companies in Europe and North America.

### While the winners are too close to call, Talkdesk is a good bet

At Talkdesk's Opentalk 2018 customer and partner conference, held in November in San Francisco, Talkdesk executives summarized the company's successes since coming to market and reviewed its

strategic initiatives, planned new announcements, and future investment plans for the recently completed B round of venture capital financing, which totaled an impressive \$100m.

Successes observed and discussed at a year-end analyst session included major hiring plans, global expansion efforts, channel initiatives, and other major accomplishments and announcements as summarized below.

## Notable accomplishments

- **Talent expansion** – Talkdesk has made more than 50 key industry hires to expand and strengthen its executive and product management teams, which were recruited from major competitors including Genesys, NICE inContact, Five9, 8x8, NewVoiceMedia, Mitel, ShoreTel, and Serenova. In addition, the company is on schedule to double its engineering team to exceed 1,000 full-time-equivalent employees by year-end 2020, with a focus on accelerating product delivery plans.
- **Marketing team focus** – Talkdesk's marketing team now exceeds 20 people, covering events, demand generation, customer and channel marketing, product marketing, marketing operations, social media, and public relations. Many of them were recruited from major competitors, including NICE inContact, Five9, NetSuite, and Salesforce. There is a noticeable focus on company awareness, channel and field marketing, and analyst/consultant relations.
- **Global reach** – In addition to significantly expanding its North American footprint, Talkdesk is continuing to grow its presence in EMEA. The company has achieved 3x year-over-year growth in the region, now operating in 28 countries in the region, and will employ more than 50 in the UK alone in 2019. Talkdesk systems offer global coverage operating across nine data centers located in the US (Oregon and Virginia), Brazil, Ireland, Germany, Singapore, China, Japan, and Australia.
- **Channel development** – Talkdesk made major inroads into channel development in 2018. The company expanded its channel coverage to include seven US territories (NE, SE, SC, NC, MT, NW, SW), hired channel managers in each, and added three major Master Agents (Intelisis, Telaris, and Avant) that provide access to more than 10,000 subagents to sell Talkdesk's offerings. During its first three quarters of fiscal 2018 (February through October 2018), sales through these channels resulted in more than 160 net new customer opportunities, approximately 15,000 new agent seats, and an impressive set of new customer logos, including OpenTable, Guardant Health, and Peloton.
- **Talkdesk AppConnect ecosystem** – Touted as "the world's first enterprise app store," Talkdesk's innovative application unites best-in-breed software with businesses wanting to integrate third-party applications (e.g., voice analytics, workforce management) with their call center platform on a 30-day trial basis prior to purchasing the software. AppConnect is distinct from other app marketplaces in that partner solutions are preintegrated with the Talkdesk platform and can be activated with the click of a button. Today, this app store includes 50 partners, is growing 10% monthly, and is averaging three partner application downloads per customer.

## Talkdesk announcements

- **100% uptime SLA** – Introduced as the first 100% uptime service-level agreement offering in the customer engagement industry, Talkdesk rolled out the guarantee to its customers in late

2018. The plan offers a prorated cash refund of monthly fees paid for anytime the customer experiences downtime with a Talkdesk contact center solution.

- **\$10m Talkdesk Innovation Fund** – As a direct result of the recent infusion of \$100m in venture capital funding, Talkdesk is dedicating \$10m to advance the development of customer experience solutions designed to improve the customer experience. The fund supports the contact center industry by nurturing technology advancements that will help modernize the industry and create future-proof solutions by providing forward-thinking companies, many of them early startups, with the resources and product feedback they need to bring advanced solutions to the market at a more rapid pace.
- **Talkdesk iQ series of products** – Talkdesk announced a series of product offerings to be available in 2019, powered by Talkdesk iQ, a new layer of artificial intelligence built into the Talkdesk platform that simplifies the complexities of data and machine learning and gives businesses the power of AI without the requirement to have their own data scientists. Talkdesk iQ learns from data on the billions of interactions already available in Talkdesk across all the channels and makes AI-based discoveries, predictions, recommendations, and insights. These insights are then seamlessly surfaced in Talkdesk products to help employees and businesses make smarter decisions, engage in a smarter way with customers, and ensure smarter operations. Talkdesk iQ-powered products include the following:
  - Talkdesk Mobile, which provides customer engagement anytime, anywhere, in any channel, using any device
  - Talkdesk Omnichannel, which provides customer support using channel of choice: SMS, live chat, email, social messaging, social listening, and chatbots
  - Self-service SDKs to assist customers in helping themselves
  - Talkdesk Studio, an interactive visual designer to configure, design, and manage IVR call flows
  - Talkdesk Analytics, which provides both automatic monitoring to optimize performance using real-time reporting and historical reporting
- **TDX Innovation Lab** – TDX is a new innovation lab based in Coimbra, Portugal, that will be focused on AI and other advanced technologies as they apply to the contact center.

## Competitive providers must recognize Talkdesk's potential

Despite its relative newness to the industry and the North American market, Talkdesk has moved quickly to gain market recognition and to establish its brand as a serious contender for market share in the global customer engagement marketplace. The company has a reputation for rapid contact center deployment (two to four weeks), instant user and phone number provisioning, browser-based IVR configurations, and agent training delivered within an hour of installation. Talkdesk prides itself on having one of the most robust Salesforce integrations in the industry, as well as on its ability to integrate its contact center solution with a broad set of applications through APIs, providing "one-click installation" of applications with more than 50 partners.

Talkdesk is attempting to differentiate itself from the competition by means of its strength as a provider of global carrier access services that can demonstrate its competencies in real-time jitter, packet loss, and high availability, while providing network redundancy via use of both Amazon Web Services and Google platforms. These strengths, combined with its ability to provide an open platform

architecture, true cloud-native microservices capabilities, unlimited elasticity, and instant access to new features through multitenancy, will, no doubt, position Talkdesk as a formidable competitor in the future. Most recently, an enhanced enterprise focus, global expansion, continued investment in R&D and product innovation, channel and partnership expansions, and continued investments in sales and marketing aimed at gaining broader market recognition have pushed Talkdesk into a rapid growth mode that will result in increased market share. In the Ovum Cloud Contact Center Decision Matrix mentioned previously, Talkdesk matched or scored very close to many of the seasoned vendors, with relatively high and consistent scores in product quality, hosting reliability, features and functionality, deployment time, and product usability.

The recent \$100m Series B investment of capital venture money, led by Viking Global Investors, will support Talkdesk's plans to expand its enterprise focus and move upstream into even larger average agent seat size opportunities, further fund the company's global expansion plans, and accelerate investments in innovation through R&D efforts. A portion of the funds has also been tagged to support partnership expansion and further investments in Talkdesk's sales and marketing efforts.

Ovum acknowledges that the customer engagement/contact center marketplace has changed significantly in the past decade in terms of platform technology, industry participants, and customer expectations and that the industry will evolve as the marketplace continues to develop. However, barring any major unforeseen market disruptions, Ovum's overall assessment is that Talkdesk is on a path for success and will continue to advance its industry stature and market share, and will attain an increasingly strong competitive position in the customer engagement marketplace.

## Appendix

### Further reading

*Ovum Decision Matrix: Selecting a Multichannel Cloud Contact Center Solution, 2017–18*, INT001-000005 (November 2017)

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