

Licensed for Distribution

## Magic Quadrant for Enterprise Conversational AI Platforms

6 March 2023- ID G00765368- 58 min read

By Bern Elliot, Gabriele Rigon

---

Enterprise conversational AI platforms automate multiple chatbot use cases within the enterprise, across their life cycle and across multiple business units. Application leaders responsible for conversational AI should use this Magic Quadrant to evaluate suitable vendors.

### Market Definition/Description

Gartner defines the enterprise conversational AI platform market as the market for software platforms used to build, orchestrate and maintain multiple use cases and modalities of conversational automation. This includes the use cases and domains of:

- Customer service
- Customer support
- IT service desk
- HR
- Call center automation
- Orchestration of multiple enterprise chatbots — using text-based chat
- Rich multimodal input/output
- Microapplications
- Voice and telephony

The enterprise conversational AI platform consists of:

- A capability layer providing runtime capabilities that include:
  - Natural language understanding (NLU)
  - Dialogue management
  - Channel integration
  - Back-end integration
  - Access control for platform users

- Life cycle management
- A tooling layer geared toward business users that includes:
  - A no-code environment for building and maintaining applications
  - Analytic tools for understanding dialogue flows
  - NLU intent and entity tuning tools
  - A/B flow testing tools

Currently, within the single broader enterprise conversational market, there are three submarkets, outlined below. While some vendors may be successful in addressing the needs of all three, it is likely that many will focus on one or two of these. It should be noted that the base, or underlying, conversational capabilities will be common across all solutions, though the auxiliary functionality differs:

- Customer experience, customer care and front office. This set of functions covers voice and omnichannels, no-code interfaces for agent-in-the-loop training, the ability to scale to thousands of intents, the ability to support large-scale loads, and support for complex, personalized applications.
- Employee facing and back office. These use cases require a different set of prebuild functionality and governance needs, such as the ability to orchestrate many bots supporting different internal groups and to offer a discovery mechanism for them.
- Enterprise natural language processing (NLP) resource. This use case takes the investments in the language models for conversational AI and natural language and reuses them for broader use cases across the enterprise. These might include document processing, speech and conversation analytics, meeting transcriptions, insight, augmented analytics, and large language models (LLMs) such as ChatGPT. Application leaders should consider how they will leverage best-in-class language resources across the enterprise.

What is certain is that there will be significant evolution expected in vendor capabilities and growth over the next three years (as evidenced by the latest and numerous vendor movements in this Magic Quadrant report). As a result, application leaders should anticipate a changing landscape and determine how their chosen vendor(s) are best positioned to address the market forces as they occur.

## Magic Quadrant

Figure 1: Magic Quadrant for Enterprise Conversational AI Platforms



## Vendor Strengths and Cautions

### [24]7.ai

[24]7.ai is a Niche Player in this Magic Quadrant. It is a privately held company headquartered in California, U.S. It primarily sells in the North American market, with additional sales in Western Europe and Australia. It also has a development center in India. In addition to the [24]7.ai Engagement Cloud set of functions, the company offers a range of customer service business process outsourcing (BPO) functions. Clients can use a combination of their own, third-party or [24]7.ai agents.

The [24]7.ai Engagement Cloud offers a suite of applications for managing human and automated conversations across both live and message-based digital and voice channels. [24]7 Conversations is the company's brand of conversational AI platform. Additional related applications include: [24]7 Assist, which offers context-aware agent desktop assistance for, among other things, live chat escalation; [24]7 Answers for FAQ functionality; and [24]7 Target, which supports personalizing interactions.

### Strengths

- Experience in contact center environments: [24]7.ai has conversational self-service deployments in multiple large contact centers, and can handle complex off-shore and on-shore deployments that include BPO telephony integrations.
- Large professional services organization: [24]7.ai has a large and experienced professional services organization. This allows it to assist clients in developing and integrating self-service solutions. It can also assist with agent and customer service BPO.
- Agent escalation function: The [24]7 Assist function offers escalation of voice and text self-service to agent assistance that includes context. It works with the [24]7 Conversation application and with third-party self-service platforms. The agent platform also provides suggested responses and information from the FAQ.

### Cautions

- Professional services focus: [24]7.ai generates a significant portion of its revenue from professional services. While the company offers tools that enable customers to develop solutions, enterprises interested in doing a significant portion of the development in-house with the no-code tool should ensure that the tool offers the needed functionality without coding.
- Non-customer-service use cases: [24]7.ai's offering targets customer service operations. Enterprises with significant requirements targeting non-customer-service use cases should verify that needed support and integrations are available.
- Low-code product use by nonexperts may be challenging: The low-code modules have limited support for advanced functionality. Data scientists and advanced designers may be required to complete most projects.

### Aisera

Aisera is a Niche Player in this Magic Quadrant. Aisera is a privately held company headquartered in California, U.S., with additional offices in North America, Europe and Asia. Aisera has raised a total investment of \$172 million, including a latest round of \$90 million in August 2022.

Aisera offers a broad service suite targeting IT service desk, HR, sales and marketing, as well as customer service and support areas. It has prebuilt support for a range of verticals including financial services, high tech, retail, healthcare, telecom and travel/hospitality. The solution offers support for wide-ranging use cases across digital and voice channels, such as self-service experience through knowledge answers, automation actions to complete user requests, and proactively reaching out to users. It also provides solid and well-documented admin functionalities and deployment options, as well as advanced

escalation capabilities, which cover escalation prediction functionalities in ITSM, customer service and customer support, sales and marketing scenarios.

#### Strengths

- **Focus on use cases:** Aisera has a significant focus on use cases such as those associated with common customer service and IT service desk functions. These include out-of-the-box integration with popular customer service ticketing systems.
- **Industry strategy:** Aisera leverages its Enterprise Domain Packs (EDPs). These are prebuilt conversational modules leveraging dedicated ontologies (hierarchical organization of entities and associated synonyms, abbreviations and contractions) and taxonomies (intents and intent phrases). They can assist in the speed and accuracy of intent and entity model development. Domains include IT service desk, HR, sales and marketing, finance, and legal.
- **Overall viability:** Aisera is a strong organization with a good revenue stream. It is improving both in terms of geographic presence — it opened multiple offices worldwide in 2022 — and headcount. The recent round of investment provided the vendor with additional financial stability to sustain its growth.

#### Cautions

- **No-code environment:** Aisera's development, maintenance and human-in-the-loop tools are not as intuitive as found in the leading vendors in this research. Planners should ensure that elements such as dialogue management and NLU maintenance can be supported with only limited technical assistance, should that be an objective.
- **Fast growth:** Aisera is growing fast, while it has also grown its partner networks and support operations. Clients should therefore ensure they are able to get the attention they require.
- **Complex pricing:** Aisera's pricing options are more complex than that found in the leading vendors in this research. It offers multiple options including those based on subscription, usage, consumption and completion. Users should make sure they compare pricing and total cost of ownership with that of other vendors.

### **Amazon Web Services**

Amazon Web Services (AWS) is a Challenger in this Magic Quadrant. It is a subsidiary of Amazon. AWS offers a broad set of global cloud-based products and services including computing, storage and machine learning. It has a large worldwide customer base.

Amazon Lex, AWS's conversational platform, is a stand-alone service that can easily integrate with, and leverage, any AWS AI service. A sample set of services include Amazon Kendra, Amazon Polly and Amazon Translate. Lex offers voice, text and omnichannel functionality, and provides both a developer-centric approach and a no-code option. Lex's native integration with Amazon Connect — AWS's omnichannel cloud contact center — and other third-party contact centers provides an end-to-end conversational experience.

#### Strengths

- **Global sales and marketing strategy:** Amazon Lex's sales and marketing is able to leverage the Amazon brand, its reputation in AI and customer experience, the breadth of developers skilled in Lex, and the global reach of its cloud infrastructure and partner networks. This allows it to deliver strong messages, high scalability of conversation volumes and high availability.
- **Innovation:** AWS has a strong AI research base and leverages leading technology in its conversational platform. For instance, businesses can use its state-of-the-art automatic speech recognition (ASR) and NLU capabilities, or its automated chatbot designer.
- **Product:** AWS is able to offer Amazon Lex as part of a broader customer service solution set. Besides Amazon Connect, this includes transcription, analytics, Contact Lens for Amazon Connect, and other functions. Together, these increase Amazon Lex's visibility and market reach.

#### Cautions

- **Integration strategy:** Amazon Lex integrates with Amazon Connect and other third-party contact centers like Genesys and Talkdesk. Enterprises planning to use Amazon Lex independently of other elements of the portfolio should ensure the needed integrations and functionality are available.
- **Pricing:** Amazon Lex can be used on its own with a straightforward usage-based model, but if organizations choose to also leverage other services, then they must understand and forecast volumes in order to accurately predict their total cost of ownership.
- **Development and operation:** Amazon Lex can be used as an independent service via its no-code interface, but when using more than just the Amazon Lex service, architectural dependencies require a more disciplined approach. In such scenarios, having a DevOps practice will help with solution design and maintenance.

#### Amelia

Amelia is a Leader in this Magic Quadrant. Amelia, formerly IPsoft, is headquartered in New York City. It has 13 offices in multiple countries in the Americas (North and South), Europe (western and eastern) and the Asia/Pacific region.

Amelia is a comprehensive, enterprisewide conversational AI platform that enables the creation of multichannel, multimodal conversational AI agents with sophisticated NLU capabilities and advanced context awareness. The platform includes strong analytics and continuous optimization capabilities. In addition, the Amelia portfolio offers complementary components to assist with IT management such as AIOps. Voice and translation services are provided at no additional cost, leveraging deeply integrated third-party services.

#### Strengths

- **Product capabilities:** Amelia's platform provides a distinctive multithreaded approach to NLU that combines semantic understanding, domain ontologies and deep neural network classification. The no-code user interface offers good usability and granularity in the design of dialogue flows. The analytics module uses a number of metrics to generate deep insights for supporting reporting and continuous optimization.

- **Product strategy:** Amelia has a solid R&D team with a good track record for delivering innovative, leading functionality. Amelia's offering fully embraces the digital worker concept, so that the conversational AI platform is designed to leverage common automation technologies (e.g., robotic process automation [RPA], API integration framework, orchestration engine), which are also used for AIOps.
- **Marketing execution:** Amelia is producing high-quality marketing material across numerous channels, including social media, videos, webinars and blog posts, as well as events. Such work illustrates its value proposition around automation and successfully positions Amelia among the thought leaders in the conversational AI space.

#### Cautions

- **Customer feedback on integration and service:** Customer feedback on Amelia's integration and services tends to be lower than average for vendors in this Magic Quadrant. Amelia must continue to improve its integration framework tooling to increase users' satisfaction and self-service.
- **Growth strategy:** Amelia will need to overcome fundraising and organizational barriers in order to execute its ambitious growth strategy. Both of these will pose challenges.
- **Anthropomorphic metaphor:** Amelia's innovation messaging revolves around "building a human mind." This anthropomorphic approach is deeply embedded in the platform's interface and tooling. As much as it is fascinating, it could set false expectations for buyers.

#### **Avaamo**

Avaamo is a Leader in this Magic Quadrant. Avaamo is a private-venture-backed company headquartered in the U.S., with offices also in India and the U.K.

Avaamo Conversational AI is a SaaS platform focused on the coverage of the whole life cycle of conversational AI implementations. It leverages prebuilt enterprise connectors, conversation analytics and conversational validators designed to speed up the execution of design-to-deployment life cycles. It is an enterprise-ready environment that targets automated conversations for a broad spectrum of audiences (customers, employees and partners) and provides native, advanced speech-to-text/text-to-speech (STT/TTS) technologies, including custom voice development.

#### Strengths

- **Industry strategy:** Avaamo offers a broad set of "enterprise skills," which are prebuilt accelerators that can be immediately leveraged in a number of industry-specific use cases to improve business outcomes and reduce time to market. The company offers very deep expertise in healthcare and is effective in attracting customers from other industries too, such as financial services and manufacturing.
- **Innovation and differentiation:** Avaamo invests heavily in R&D, is starting to hold a good amount of patents for its size and understands the synergies with other NLP and adjacent technologies such as RPA, intelligent document processing (IDP) and enterprise applications. Compliance and

certifications are key to the company's offering, which is expected given that healthcare is a strong vertical for Avaamo.

- **Voice capabilities:** The Avaamo Conversational AI platform provides proprietary speech recognition, voice biometrics, speech analytics and speech synthesis tools. Integrations with third parties are available and are highly configurable and flexible. Customization of speech synthesis models, as well as speaker recognition and diarization, are supported.

#### Cautions

- **Clarity of positioning:** Avaamo has extended its message and offering over the past year to meet enterprise needs across verticals and functions, but it has roots in healthcare and an articulated offering dedicated to that industry. This can potentially create confusion in the way Avaamo is positioned in the broader cross-industry market.
- **Visibility in Europe:** Although Avaamo improved its presence in EMEA and has a physical presence in the U.K., the majority of its sales and operations are bound to North America, and the U.S. in particular.
- **Bot orchestration:** Avaamo Conversational AI is able to support bot orchestration use cases, but with a lower level of sophistication and less prebuilt tools compared with other leading vendors in this research. This can limit its ability to expand in complex, multibot, employee-facing implementations.

#### **boost.ai**

Boost.ai is a Challenger in this Magic Quadrant. Boost.ai is a privately held company, founded in 2016 and headquartered in Stavanger, Norway, with additional offices in the Nordics, London and Los Angeles. It has implementation partners throughout Europe and the Americas.

Boost.ai primarily aims to meet the scalability requirements of enterprise-grade virtual agents. It provides a sophisticated chatbot orchestration approach, as well as advanced capabilities to handle escalation of conversations to live agents. The platform supports the common digital channels, has prebuilt industry modules and counts on a comprehensive, flexible agent escalation approach. Recent additions to the boost.ai NLP portfolio include object-related intent management and intent discovery capabilities (Automator). Boost.ai's virtual agent network (VAN) enables it to address the requirements of large organizations, such as governments, with distributed responsibilities.

#### Strengths

- **Implementation scalability:** Boost.ai offers features specifically dedicated to the rapid development and continuous optimization of massive implementations covering thousands of intents, where it is key for the virtual assistants to be able to handle a broad scope of topics and gain a deep understanding of each subject.
- **Live agent chat integration:** The platform comprises a native live-chat product and supports the integrations with leading CRM and contact center systems. It is able to provide agents with sound and exhaustive conversation data, making the escalation smooth and effective.



- **Ability to operationalize:** Boost.ai has a strong track record of projects that moved from proof of concept to production. The company has a clear understanding of the maturity scale of users approaching conversational AI technology, and is able to effectively empower clients and partners in the different phases of implementation.

#### Cautions

- **Geographic strategy:** Boost.ai is a Nordics-centric organization that covers the demand in the Northern Europe market very well, with increasing coverage in the U.S. However, it has more limited sales and execution reach elsewhere, especially in the Americas (outside North America), the Middle East and Asia/Pacific.
- **Voice capabilities:** Although boost.ai improved its voice offering in 2022, it still has limitations relative to leading vendors in this research. For instance, it does not provide native STT/TTS capabilities, nor deeply embedded integrations with third-party providers of such technologies, which limits some of the advanced speech functions it can offer.
- **Growth and platform strategy:** Boost.ai is focused on key use cases and industries in mature markets (such as Northern Europe and North America). To win more opportunities, it will need to keep pace with leading vendors in terms of meeting the needs of multichannel and multimodal CX use cases, especially in emerging markets.

#### Cognigy

Cognigy is a Leader in this Magic Quadrant. Cognigy is a privately held, venture-backed company headquartered in Düsseldorf, Germany. It has offices in the U.S., Australia, the U.K., Japan, Spain, the UAE and Korea, in addition to a large international partnership network.

Cognigy.AI is a conversational AI platform for customer and employee service automation at scale. Cognigy.AI comes packaged with Cognigy Voice Gateway to provide voice capabilities, Cognigy Insights to get a stand-alone analytics tool and Cognigy Agent Assist to enable agent augmentation. The product offers a comprehensive no-code toolset for business users to create, run and deploy multichannel and multimodal virtual assistants. It can also optionally use a variety of use-case-specific third-party components; for example, for voice or machine translation.

#### Strengths

- **Industry strategy:** Cognigy's offering provides solid and well-documented coverage in terms of prebuilt components across many industries, in the form of "solution accelerators." Manufacturing is where Cognigy offers the deepest level of expertise. It also covers financial services, retail, travel/hospitality and utilities. Cognigy's partner network is particularly effective at supporting its industry-specific marketing execution.
- **Customer feedback:** Cognigy.AI continues to receive consistently good feedback from its customers, who especially praise the usability of the platform, support, deployment options, training and documentation. Cognigy is also among the vendors with the clearest product architecture in this research, which helps provide users with a seamless experience.

- Sustainable business model: Cognigy's business model is based on its platform's proven capabilities and on the successful retention of, and expansion within, current clients. It also leverages a sound network of sales and implementation partners to generate a consistent revenue stream, and can take a significant part of the professional services workload.

#### Cautions

- Contact-center focus: During the past year, Cognigy's focus has been substantially redirected toward enterprise contact center automation. This will reduce its opportunities to expand into organizations looking at a strategic adoption of conversational AI across a number of customer-facing, but also employee-facing, use cases in ITSM and HR.
- Geographic strategy: Cognigy's client base is deeply rooted in Europe and North America. It is investing less in emerging markets such as Asia/Pacific and Latin America.
- Size: For its capabilities and position, Cognigy's number of developers and revenue stream are on the low side compared with competitors in this Magic Quadrant. Cognigy needs to accelerate its growth and improve its investment in R&D to remain competitive.

#### eGain

eGain is a Niche Player in this Magic Quadrant. Headquartered in California, eGain is a cloud-based software company, primarily known for selling a suite of knowledge-based customer engagement applications to contact centers and customer service. The eGain solution integrates out of the box with leading CRM, telephony and content management solutions.

The eGain software suite is based on three groups of apps: a Knowledge Hub, a Conversation Hub and an Analytics Hub. These hubs are built on a common, componentized platform, powered by AI, ML, analytics and a bring-your-own architecture. The Conversation Hub includes a unified set of applications for digital-first customer engagement with prebuilt connectors to CCaaS platforms. Central to the suite is the Knowledge Hub, which includes content management, search, virtual assistance and conversational guidance. Conversations are guided by an AI reasoning engine, ML and personalized knowledge. The Conversation Hub includes live chat, messaging, email, social and digital notifications unified into an advisor desktop.

#### Strengths

- Contact center experience: eGain has two decades of experience augmenting contact center operations, implementing related integrations and working with leading contact center platform providers. It is experienced with telephony, CRM and ECM integrations, and 80% of its customers deploy the agent assist module.
- Integrated knowledge management: The Conversation Hub is tightly integrated with the eGain Knowledge Hub, allowing an integrated question and answer functionality.
- Clear marketing message: The eGain product architecture — a novel approach that blends conversational AI, ML and reasoning with knowledge content on a componentized platform — is clear, as is its value proposition and pricing.

#### Cautions

- Use for applications outside of customer service: eGain is primarily known to start client engagements in the customer service area and expand into other parts of the enterprise. Planners should ensure any non-customer-service use cases can be addressed.
- Use of the platform by business rather than technical users: Given the company's enterprise clientele, the eGain solution is oriented toward low-code, rather than no-code, use of Conversation Hub and Knowledge Hub. Development and maintenance by nontechnical business professionals may be challenging. Planners should review how the solution offers the development and maintenance functions they require.
- Application development and maintenance: The eGain conversational designer uses a case-based approach, while the NLU uses a supervised batch-processing approach to tuning. These approaches are different from those used by the majority of providers in this market. Similarly, eGain terminology and concepts are different from other providers and may need clarification. Planners should review and ensure application design and NLU maintenance functions meet expectations.

## Google

Google is a Leader in this Magic Quadrant. Google is a subsidiary of parent holding company Alphabet. It is headquartered in California, U.S., with offices around the world. Google provides compute, storage and networking services through its data centers in over 20 countries and 35 locations worldwide.

Google offers a comprehensive conversational approach, from its first-party CCaaS offering — Contact Center AI (CCAI) Platform — to its self-service (Dialogflow) and assisted live agent functionality (CCAI Agent Assist). In the past year, Google has launched CCAI in additional markets, expanded access to custom NLU and advanced bot building capabilities, added agent assist and chat summarization functionality, and improved its analytics capabilities. The core conversational assistant function is based on Dialogflow, Agent Assist AI, Insights AI, Speech-to-Text, and Text-to-Speech.

### Strengths

- Top-tier R&D AI and cloud operations: Google has one of the strongest AI research capabilities in the world. Major elements of this R&D are applied to enhancing the CCAI portfolio. Google also operates a highly scalable global cloud architecture.
- Technology-leading features: Google continues to enhance its conversational solution with features like agent assist, post-call summarization, added STT model improvements, and advanced neural BERT-model-based TTS.
- Highly scalable, low-latency cloud architecture: Using Google's cloud infrastructure, customers can set up ML environments quickly, automate orchestration, manage large clusters and set up low-latency applications worldwide while supporting diverse ML workloads with varying hardware needs.

### Cautions

- Increased interdependence of components: Dialogflow can be used independently or as part of Google's broader solution set. The market and product direction for Google is to bring together a

full CCAI portfolio. Planners should expect increased interdependence of Dialogflow with those elements.

- Complex projects may benefit from working with a Google partner: To address the need for Google professional services involvement, Google has introduced new solutions reducing onboarding and development complexity. Planners should ensure they have the needed skills and tools.
- Maturing focus on employee-facing conversational use cases: While Google offers prebuilt intents for HR, IT and sales, it has focused considerably less on these domains than on the customer service area. Enterprises planning to leverage Dialogflow for employee-facing use cases should ensure they have the required no-code tools to develop and maintain these use cases at a departmental level.

## **IBM**

IBM is a Leader in this Magic Quadrant. IBM is a multinational corporation headquartered in Armonk, New York, with more than 130 offices related to sales, software development and support in 96 countries. IBM's operations cover all major global regions, and the company has a global partner network that addresses a full range of enterprise requirements, as well as its own services through IBM Consulting.

Watson Assistant is part of and leverages IBM's broad AI and NLP portfolio, such as Watson Speech to Text/Text to Speech, Watson Discovery (Insight Engine), Watson Language Translator and IBM App Connect (prebuilt no-code connectors to various types of back-end systems). IBM is among the vendors providing the most solid and prolific R&D organizations in this Magic Quadrant, in terms of patents and academic contributions in NLP and AI.

### Strengths

- Innovation: IBM Research owns over 2,700 patents across speech, NLP and conversational AI, of which around 400 were obtained in 2022. It collaborates with IBM Software, IBM Consulting and IBM Hybrid Cloud business units, as well as other researchers and partners outside its organization, such as MIT and its research lab in Cambridge, Massachusetts. IBM has programs specifically designed to translate this research into NLT and conversational-related products and services.
- Geographic strategy: IBM offers a sound and broad geographic coverage in terms of field and partner presence. It operates in every continent and can count on a network of both sales and services partners with a worldwide reach.
- Product capability: Watson Assistant offers comprehensive agent-escalation capabilities that comprise a very clear set of prebuilt integrations and flows, as well as a competitive conversation analytics suite and very flexible deployment options.

### Cautions

- Sales focus: IBM Watson Assistant primarily focuses on the needs of customer care leaders, which makes the product less visible for meeting the automation needs of employee-facing use cases; for example, in the HR and ITSM domains.
- Shortage of prebuilt components: Watson Assistant offers fewer free quick-start templates to create virtual agents and fewer prebuilt channel integrations than other solutions in the market.
- Lack of an industry-generic marketplace: IBM is still not offering a marketplace for users to exchange virtual assistants' dialogue modules and connectors. This forces users to invest more in development.

## **Inbenta**

Inbenta is a Niche Player in this Magic Quadrant. It is a privately held company headquartered in Texas, U.S., with regional offices in Europe, Brazil and Japan. Inbenta was founded in Barcelona, Spain in 2011. It initially focused broadly on natural language technologies and professional services, so this resulted in the ability to incorporate a broad set of capabilities within its conversational platform.

The Inbenta platform comprises four modules: a conversational AI platform; a knowledge management service that includes a large lexicon of word relationships; a semantic search engine; and a messenger service, which is an omnichannel ticketing and live chat solution. The modules are offered separately or integrated into a single solution. The platform is primarily offered as a public SaaS subscription and can be deployed as a container in other environments.

### **Strengths**

- Natural language technology: The Inbenta platform utilizes its own NLP engine and a large lexicon developed over the past 15 years. The lexicon enables the preexisting identification of alternate ways of stating intents or entities, such as a place, time or some other contextual clue. The result is that conversational applications can be launched rapidly with limited new training data.
- Flexible language options: Inbenta leverages third-party products for elements of its platform, including STT and TTS. It has a range of leading providers preintegrated, enabling users to determine the optimal specific speech option matched to their requirements.
- Question answering: Chatbots can answer questions based on semantic search results from external sources of content, including knowledge bases in leading CRM services.

### **Cautions**

- Limited geographic and market breadth: Inbenta is primarily focused on the EMEA market and has limited presence in North America, Asia/Pacific and Latin America. Enterprises in those regions should ensure they have the needed vendor support.
- Sales and implementation reseller channel expansion: While Inbenta has some strong sales and implementation relationships, such as with CRM services and core system providers, there is an opportunity for it to grow its channel to reach an even broader market. Planners should ensure they have access to the systems integrator support that they require.

- Voice call center depth: While Inbenta does have call center deployments and integrations with leading customer service platforms, these deployments are primarily text based. Planners anticipating rigorous telephony requirements should ensure the needed capabilities and experienced integrators are available.

## **Kore.ai**

Kore.ai is a Leader in this Magic Quadrant. Kore.ai is a privately held company headquartered in Orlando, Florida, with additional offices in India, the U.K., Japan, Mexico, South Korea, Australia and the UAE. It has a sizable network of sales and implementation partners that gives it a broad geographic presence.

Kore.ai Experience Optimization (XO) Platform is a no-code platform for conversational AI focused on enabling citizen developers in building sophisticated virtual assistants. The product architecture is clear and the distinction between the company's Customer Experience and Employee Experience solutions is among the sharpest found in this research. Such solutions are built on top of the SmartAssist, AgentAssist, WorkAssist and SearchAssist modules. Kore.ai leverages a comprehensive toolkit for NLP, as well as a complete portfolio of connectors and integrations with channels and leading back-end systems.

### Strengths

- Market understanding: Kore.ai has an excellent understanding of the major enterprise use cases and the requirements of customer versus employee experience implementations. Market demand and technology trends are monitored very closely. Such vision of the conversational AI space has allowed the company to translate prominent customer needs into products and services, such as an increasing set of enterprise-ready prebuilt solutions.
- Product capabilities: Kore.ai keeps offering an extensive feature set and capabilities that are available to non-developers and non-data scientists in no-code tooling. This makes implementations easier to operationalize by a variety of users across different business units.
- Development organization: Kore.ai leverages its large developer and data scientist base, which gives it the bandwidth to stay up to date with the R&D trends and emerging demand for capabilities.

### Cautions

- Limited footprint in EMEA: The vast majority of Kore.ai customers are in North America and the company has less visibility in EMEA compared with other leading vendors in this research. Prospective buyers in EMEA should evaluate Kore.ai's ability to support and service this market.
- Advanced voice capabilities setup and usability: Some advanced voice-related capabilities of the platform — in particular IVR integration, initial voice prompt configuration, and STT and TTS customization — are very feature-rich but can be less intuitive to set up for nontechnical business users.
- Partnership sales network: The amount of indirect sales through partners is significantly lower for Kore.ai than the average of the amounts reported by all the other vendors covered in this research. Kore.ai will have to improve this sales channel, especially in the regions where it is located, to make its sales strategy more effective and sustainable.

## Laiye

Laiye is a Niche Player in this Magic Quadrant. Laiye is a venture-backed company headquartered in Beijing, China, with offices across China, the U.S., the U.K., France and Singapore. Laiye leverages a global and extended partner network that supports sales and implementations worldwide. In 2022, Laiye acquired Mindsay, a French company specialized in conversational AI, which is now the basis of its SaaS chatbot offering.

The Laiye Conversational AI (CAI) platform is part of the broader Work Execution System and Intelligent Automation solutions suite, which also includes RPA and IDP. The CAI product, in particular, is very usable and provides good no-code tooling for dialogue management. It also has interesting analytics capabilities and multiple deployment options.

### Strengths

- **Geographic strategy:** Laiye is rooted in China, but it does business in all regions and, following the Mindsay acquisition, has improved its footprint in Europe. Laiye is building a widespread, global partner network to broaden its worldwide operations. The company's geographic presence and its coverage of the South East Asia market stands out against the other vendors in this Magic Quadrant.
- **Overall viability:** Laiye's overall employee base, across all departments and products, is large compared with that of other vendors in this research. Laiye completed a \$160 million Series C funding in April 2022, which will accelerate its growth and help consolidate its assets in the next few years.
- **Analytics capabilities:** Laiye's platform analytics and optimization capabilities meet market expectations in terms of reported metrics, which include CSAT and NPS scores. Laiye stands out for the issue tracking and logging functionality that helps project managers monitor the optimization process.

### Cautions

- **Innovation and research investment:** The resources dedicated to research into conversational AI are lower for Laiye than for the majority of other vendors in this Magic Quadrant. Laiye will have to invest more in this area and grow its CAI research team to stay competitive and innovate.
- **Industry strategy:** Laiye's offering primarily focuses on the travel, transportation and retail sectors. This represents fewer industry-specific, prebuilt conversational components relative to the market average. This impacts Laiye's ability to improve efficiency in the building phase, as well as to provide a lower entry barrier to business users.
- **Unbalanced focus on use cases:** Laiye's SaaS chatbot offering is primarily focused on customer service and sales use cases. Employee-facing functions, such as ITSM and HR, are supported only in its on-premises offering targeted at large enterprise customers. The company will have to consolidate its offering across deployment options and use cases to improve its capability to meet strategic needs of enterprises.

## Omilia

Omilia is a Leader in this Magic Quadrant. Omilia is a privately held company headquartered in Cyprus. It was founded in 2002 and has offices in Cyprus, Greece, North America (the U.S. and Canada) and eastern Europe. Omilia has significant experience working with contact centers and bringing digital engagement to customer service operations. It has prebuilt integrations for leading contact center platforms and CRM applications.

Distinguishing functionality includes Omilia Cloud Platform (OCP) miniApps, which enables encapsulation and granular control over interactions and reporting. Omilia also has significant experience with telephony integrations, the integrated passive voice biometrics, and an extensive set of out-of-the-box prebuilt tasks. OCP offers advanced NLU capabilities using an ensemble of AI techniques, as well as a pretrained ontology of thousands of intents across eight industries.

#### Strengths

- Voice capabilities: OCP provides no-code, feature-rich integration with any third-party telephony services, as well as with a number of CCaaS platforms. Omilia's voice biometrics technology is native, as are its STT and TTS capabilities, but additional third-party speech services are also found deeply integrated into the platform. Its approach to continuous optimization, which allows to retrain the NLU and STT models simultaneously, is advanced and rarely productized in such a no-code fashion in other vendors' offerings.
- Architecture-enabling reusable modules: The OCP miniApps architecture makes it possible to modularize tasks and skills. Based on this capability, Omilia offers an extensive set of prebuilt modules, intents and entity types for a broad range of industries, including banking, financial services, insurance, healthcare, telecom and retail. These are then reusable and further customizable. Omilia offers these at no cost.
- Contact center experience: The Omilia platform, installed base, professional services and partner network have extensive experience with midsize and large-scale customer service operations. Omilia has contact center deployments in over 17 countries, representing 28 different languages. It also has a network of partners in those regions that are experienced in customer service.

#### Cautions

- Few enterprise use cases outside of customer service: Enterprises that do not have requirements that align with Omilia's customer service focus may find it is not the best fit for their needs.
- Limited market presence in some North American markets: In North America, Omilia's brand recognition is largely limited to voice conversational AI use cases for large enterprise contact centers. This will slow its pace of growth.
- Sales and marketing innovation: The chatbot market is highly competitive, with many vendors clamoring for visibility. To keep pace with leading vendors in this research, Omilia must continue to expand in adjacent opportunities, like its current voice food ordering solution for drive-thrus.

**OneReach.ai**



OneReach.ai is a Leader in this Magic Quadrant. It is a privately held company headquartered in the U.S., with offices in Europe and London, as well as Latin America. OneReach.ai was an early market entrant focusing on conversational experiences and working with multiple NLU engines as middleware.

Communication Studio G2 is a microservices-based voice-first conversational AI platform targeted at enterprise implementations, with a focus on voice-based telephony customer service implementations. It leverages a composable architecture and utilizes best-of-breed third-party components. OneReach.ai has a large partner network to implement the platform for end users and is also deployed in a white-labeled fashion.

### Strengths

- **Market understanding:** OneReach.ai demonstrates a good grasp of the market and its direction. In terms of technology, it was among the early adopters of large language models and knowledge graphs, and one of the first in the market to provide openness to third-party components. Its messaging is shifting beyond contact center automation into a more holistic “intelligent digital worker” concept.
- **Sound support for multichannel and multimodal initiatives:** OneReach.ai provides an array of prebuilt connectors to different channels, and advanced features (e.g., session management) to seamlessly create multichannel and multimodal virtual assistants. Avatars and gesture controls are also supported. The platform includes a dedicated no-code module for telephony integration that is well-integrated into the dialogue flow design component.
- **Customer experience and usability:** OneReach.ai was rated highly by users in terms of platform capabilities, customer support and professional services. This included the overall usability of the no-code tooling made available in Communication Studio G2.

### Cautions

- **Little visibility outside of the U.S.:** OneReach.ai’s primary market is the U.S. and it has little presence outside of this region.
- **Relatively low advanced R&D:** OneReach.ai has lower levels of patents and original research than the megavendors in this Magic Quadrant. Despite its clear innovation in its products, the company will need to expand in R&D to continue to lead in innovative methods.
- **Reliance on third-party AI capabilities:** OneReach.ai offers external components from multiple third-party vendors for its AI capabilities. This can create architectural dependencies and increased maintenance complexity.

### **Openstream.ai**

Openstream.ai is a Visionary in this Magic Quadrant. Openstream.ai is a privately held company headquartered in Somerset, New Jersey, with offices in the U.S., Canada, the Middle East, India, Australia and Latin America. Since its founding in 2000, OpenStream.ai has carried out research on AI-enabled multimodal interactions and automation for enterprises.

Its platform, Eva, addresses complex B2B, B2C and B2E use cases, employing advanced AI technologies such as plan-based dialogue systems and knowledge graphs built via the ingestion of structured and

unstructured data. Openstream.ai differentiates in its ability to develop rich multimodal, context-aware conversational AI applications empowered by sophisticated NLU approaches.

#### Strengths

- **Context-aware dialogue management:** Openstream's plan-based dialogue system is an innovative and differentiating capability of the platform. Such a system is able to infer the end user's plan or goal dynamically during the conversation and adapt the dialogue beyond the simple identification of the user's intent.
- **Comprehensive multimodal dialogues:** Openstream.ai's virtual assistants enable multimodal conversations driven by speech inputs and their tone, as well as by midair gestures and gaze. They can continuously monitor the user's mental states and react to them in a realistic way; for instance, via real-time rendering of avatar expressions.
- **Vision for the future of conversational AI:** As Openstream.ai experiments with numerous adjacent AI technologies, like IDP and image recognition, it is pioneering innovative synergies between conversational AI and non-CX-related markets that are currently largely unexplored, such as behavioral analytics and mental health assessment.

#### Cautions

- **User interface consistency and usability:** Some components of the platform — for example, related to admin or life cycle management — need refreshing or deep integration to offer users a consistent layout experience. Other functionality, such as the testing tools, appear to be not quite low-code/no-code so as to be immediately usable by citizen developers.
- **Barrier to entry and marketing strategy:** As much as Openstream.ai's vision is innovative, the high sophistication of some of the platform's capabilities may be difficult to grasp for average enterprise users. Adapting the messaging and the product's packaging to a less R&D-oriented audience is critical to attract a larger customer base.
- **Methods of selling:** Openstream.ai is still growing its partner network. Though it has a partner program, it does not provide self-service signup, nor is present in any marketplaces. Lack of such selling methods reduces the company's chances of gaining visibility and generating revenue streams from mass adoption.

#### Sinch

Sinch is a Niche Player in this Magic Quadrant. Sinch is a publicly held communications platform as a service (CPaaS) provider headquartered in Sweden. It has expanded its geographic footprint and product portfolio via acquisitions (reportedly 17 since 2016) and via organic growth. Sinch is one of the largest CPaaS providers across Europe, North America, Asia/Pacific and Latin America, with revenue of more than \$1.5 billion.

Sinch's conversational platform is called Chatlayer. In addition to the Chatlayer service and the integrated Agent Dashboard, Sinch offers an array of complementary services including a campaign tool, a live chat platform (Contact Pro) and an AI knowledge base search tool.

#### Strengths

- **Viability and market execution:** The Chatlayer product is part of a broad suite of cloud-based communications middleware. This breadth allows enterprises to have a single provider for many of their message and voice communications.
- **Vertical industry focus:** Sinch offers a good set of prebuilt industry and domain models. This includes a total of 97 intents for telco, hospitality, insurance, banking and travel. It also includes intents for five enterprise domains.
- **Analytics and continuous optimization:** Chatlayer offers a complete analytics suite that meets all of the most relevant user requirements in terms of historical dialogue browsing and access, usage metrics and dashboarding capabilities. The analytics module is well-documented. For QA and testing, Chatlayer is complemented by the integration with Cyara Botium, an innovative and capable chatbot testing solution.

#### Cautions

- **Marketing execution:** While Sinch is a global and established CPaaS provider, its lack of brand recognition to many buyers responsible for customer service and enterprise chatbot decisions is limiting. While its channel partners can address this in part, the lack of visibility reduces its competitiveness.
- **Mixed market focus:** Sinch currently differentiates with communications capabilities. As the conversational market matures, differentiation will increasingly revolve around business process improvement and customer-centric requirements. Sinch will need to continue to establish itself as bona fide in these areas.
- **Product capabilities:** Sinch's capabilities, including those for contact center automation, are not as competitive as those of Leaders in this Magic Quadrant. For instance, Chatlayer has more limited functionality in the following areas: visual dialogue flow building, prebuilt back-end integrations, and ease of no-code. It also lacks an agent assist module. Planners should ensure their required capabilities are available in the Sinch offering.

#### **Sprinklr**

Sprinklr is a Challenger in this Magic Quadrant. Sprinklr was founded in 2009 and became a publicly traded company in June 2021. Its headquarters are in New York City and it has offices across all regions, including North America, Europe, the Middle East, Asia/Pacific and Latin America. Sprinklr provides a SaaS customer experience management (CXM) platform named Unified-CXM.

The Unified-CXM platform comprises different products like Modern Care, Modern Research, Social Engagement & Sales, and Modern Marketing & Advertising. The conversational AI offering is part of Modern Care, which is a broad CX solution for contact center automation. Strongly oriented toward outbound communications and usability, Modern Care provides solid agent escalation and augmentation capabilities, analytics and optimization functionalities.

#### Strengths

- **Dialogue management:** Modern Care offers a good, flexible GUI to build dialogues and a broad set of prebuilt industry-specific dialogue components. Automation of outbound communications

is among the most distinctive use cases that the company supports, achieved through sophisticated, proactive behavior-handling capabilities.

- **Agent escalation and augmentation:** Modern Care offers a Live Chat product that is fully integrated with conversational AI implementations, as well as a complete Agent Assist module where agents can instantly analyze conversations and receive suggestions, insights and alerts.
- **Innovation and research:** Sprinklr has a clear, pragmatic vision of where its conversational AI offering is headed, in terms of technology trends adoption, use case coverage and partnership with other providers of adjacent solutions. The R&D organization appears to be solid enough to realistically sustain the company's roadmap and innovation goals.

#### Cautions

- **Messaging and positioning:** Sprinklr's product is not very visible in the conversational AI space, because the company is more associated with CX and content marketing solutions, and is mostly targeting customer care.
- **Deployment options:** Modern Care offers fewer deployment options than the majority of products from other evaluated vendors. On-premises deployments are not supported and the choice of predefined cloud providers is limited.
- **Ability to operationalize:** Sprinklr's ability to operationalize at scale is strictly bound to its own capacity, because the vendor does not leverage implementation partners on a regular basis and adopts a traditional approach to customer onboarding and coaching. Such an operationalization model will become less sustainable as the number of implementations grows.

#### **Yellow.ai**

Yellow.ai is a Challenger in this Magic Quadrant. Yellow.ai is a privately held and venture-backed company founded in 2015. Headquartered in the U.S., it also has offices in Asia (India, Philippines, Malaysia, Singapore) and in the Middle East.

The Yellow.ai solution is a broad conversational AI platform focused on fast time to value and ease of use. It encompasses customer engagement, customer support, ITSM, HR and conversational commerce. It supports needed channels, multimodal interactions and a fresh approach to multilingual NLU. Yellow.ai also offers prebuilt conversational components for multiple industries, as well as a marketplace (Hub) where full Dynamic agents (template bots) and third-party functions/integrations can be reviewed and purchased.

#### Strengths

- **Market understanding:** Yellow.ai has a focused view of buyer personas and customers' needs. Especially during the last year, the company has effectively leveraged this understanding in pursuing the enhancement of capabilities that are aimed at satisfying requirements, such as faster development, ease of use, accuracy and confidence.
- **Sales strategy:** Yellow.ai has an effective partner strategy in place for sales and services, and ranks high in terms of diversification of selling methods. It provides a self-service signup with a freemium tier, has its own marketplace, but is present in many leading third-party ones too.

- Service and operations: Yellow.ai has almost doubled the size of its employee base in one year. A significant portion of its employees work in professional services. This gives it broad bandwidth to cover the service needs of its clients, especially in the emerging markets where it is more present and can also leverage its network of implementation partners.

#### Cautions

- Research team and track records: The relative size of Yellow.ai's research team and the amount of patents and academic publications are smaller compared to the average of the vendors covered by this research, megavendors excluded. This may impact its position in terms of innovation leadership in the conversational AI landscape.
- Exponential growth: Yellow.ai has grown rapidly over the last several years and has aggressive growth plans. Managing rapid expansion and growth is always accompanied by risk. Although it has succeeded in establishing a solid customer base in the geographies that it targets, enterprises should ensure that Yellow.ai continues to execute on its roadmap before making significant commitments.
- Voice capabilities: Yellow.ai's voice capabilities are less advanced compared with leading vendors in this research. For example, its deeply embedded integration with third-party STT systems is less feature-rich than that offered by vendors that score high in voice, and that sometimes also offer native modules. Additionally, its speech analytics features are limited. Planners should ensure their required voice capabilities are available in Yellow.ai's offering.

#### Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

#### Added

The following vendors were added because we believe they met the inclusion criteria:

- eGain
- Inbenta
- Laiye
- Sprinklr

#### Dropped

The following vendors were dropped because we believe they did not meet the inclusion criteria:

- Aivo
- Oracle

- Rasa
- Senseforth.ai
- SmarTek21
- Verint

#### Inclusion and Exclusion Criteria

To qualify for inclusion, providers had to meet all of the following inclusion criteria:

1. Platform: Must be a stand-alone platform:
  - The platform must be able to be bought and deployed without a required and larger software suite, like a CRM or ERP system, messaging system, ticketing system, telephony system or call center platform.
  - The platform must not require outsourcing of call center or customer service operations.
  - Customers must be able to buy the platform and operationalize it within their existing customer service organization, and without having to replace existing investments in CRM, ERP, ticketing system, interactive voice response (IVR)/telephony system, and call center infrastructure and/or platform.
  - These criteria must be covered by a single platform offering (if a vendor has multiple products that are mutually exclusive, they need to pick one offering that forms the basis for the Magic Quadrant evaluation).
  - The offering may use first-party or third-party components, as long as they are integrated into and administered by the platform that the vendor is providing.
  - Implementation and/or resale of another third-party platform is a professional service and integration project, and those projects are excluded from consideration in these criteria.
2. Business performance: Must have revenue of at least \$5 million from sale of its conversational AI platform in the 12-month period ending 31 May 2022; must also have contracted annual recurring revenue of at least \$7 million for the next 12 months starting 31 May 2022.
  - Excluding revenue from reselling, implementation and integration of other conversational AI platforms from other vendors.
3. Market performance: Must have at least 40 customers that are actively using the conversational AI platform and paying for it.
  - Must not have 70% or more revenue from customers in the same industry (industry categories are e-commerce, education, financial services, government, healthcare, information technology, manufacturing, media, retail, telecom, travel and hospitality, utilities).

4. Geographic spread: Must demonstrate sales, market and operational presence, and have active and paying customers in at least two of these regions: North/South America, Europe, Middle East/Africa and Asia/Pacific.
  - Must not have over 70% or more revenue from a single region (regions are North/South America, Europe, Middle East/Africa and Asia/Pacific).
  - Must have English and an additional 20 languages for text-based bots.
  - Must have English support for voicebots.
5. Proven enterprise viability: Required to have the following types of chatbots/virtual assistants in production for clients:
  - Must have at least 10 customers with informational text-based NLU chatbot with multiturn dialogue in production for clients.
  - Must have at least 10 customers with transactional text-based NLU chatbot with multiturn dialogue and integration into back-end transactional systems in production for clients.
  - Must have at least 20% of clients with deployed production use cases that have an internal employee audience.
  - Must have at least 40% of clients with deployed production use cases that have an external customer audience.
6. Proven voicebot capabilities:
  - Must have at least three customers with a fully interactive voicebot in production for a client (supporting multiturn speech without agent intervention).
  - The three installations of the voicebots (in the above bullet) have to be telephony bots deployed in a contact center organization with over 50 human agents.
  - Must support integration with at least three different IVR, voice gateway or telephony vendors for fully interactive, phone-based voicebot deployments.
7. Partner ecosystem: Must offer professional services for implementation and integration of the product through at least three external implementation partners (vendor may still offer professional services as well).
8. Administration: Must have a dedicated administration interface that allows customers to administer access to the platform for:
  - Multiple users
  - Multiple user roles
  - Granular access to features for each user/role defined

9. No-code capabilities: Must have a no-code environment available to customers that supports multiple users/roles and granular access to features as defined in the admin interface.

The no-code interface should offer the users the following, at a minimum:

- Ability to define custom intents
- Ability to train custom intents with training utterances
- Ability to define custom entities
- A visual designer that can design dialogue without code:
  - Should be able to design an informational dialogue entirely in the visual designer
  - Should be able to design a transactional dialogue entirely in the visual designer
- Access to analytics (either native or third-party white-labeled)

10. Agent capabilities:

- Must support escalation to a human agent.
- Must support agent assist mode where the chatbot is giving answers to the agent instead of the user.

#### Honorable Mentions

Alibaba Cloud is based in China. It has an extensive cognitive services stack. The chatbot offering, AliMe, was introduced in 2015 and provides a shopping guide and assistant for both sellers and customers. The platform rivals many of the offerings of vendors evaluated in this research. It is not included in this Magic Quadrant due to lack of presence outside of China.

Artificial Solutions is headquartered in Sweden, with customers primarily in Europe and the U.S. It has been in the market for over 21 years and holds several patents on conversational AI. Artificial Solutions has recently been through a major consolidation and pivot, and now primarily delivers its conversational AI platform Teneo in a SaaS model. It is not included in this Magic Quadrant due to having too few active customers at the time of inclusion.

Creative Virtual is headquartered in the U.K., with offices in the U.S., Australia, India, Singapore, Hong Kong and Germany. Its V-Person solution is a full conversational AI platform with all of the capabilities required. For the Magic Quadrant, Creative Virtual did not meet the criterion of having enough telephony-based implementations in production at the time of inclusion.

Microsoft is based in the U.S. and has a large product portfolio. At the time of research for this Magic Quadrant, Microsoft did not offer a singular, stand-alone platform, so it did not qualify for inclusion. Its conversational AI offerings include Power Virtual Agents, Azure Bot Service, and Bot Framework. In 2022, Microsoft acquired Nuance — a U.S.-based provider of conversational AI (Nuance Mix), speech recognition and ambient technologies — for \$19 billion, adding conversational capabilities to its portfolio. These collective conversational capabilities are being incorporated into a new Microsoft offering called Microsoft Digital Contact Center Platform.



ServisBOT is based in Ireland and the U.S. Among other capabilities, it provides a sophisticated chatbot orchestration layer, which allows it to handle complex “armies of bots” developed within the platform itself or with third-party technologies, and a suite of AI insights and accuracy tools for third-party bots. At the time of research for this report, ServisBOT did not meet the inclusion criteria for minimum revenue.

Evaluation Criteria

Ability to Execute

Table 1: Ability to Execute Evaluation Criteria

Enlarge Table

- 

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	Medium
Customer Experience	High
Operations	Medium

Gartner categorizes a weighting as High if it’s between 1.6 and 3.0. For this Magic Quadrant, all evaluation criteria rated as High had a weighting of 1.6, except Product/Service, which was weighted at 3.0.

Source: Gartner (March 2023)

## Completeness of Vision

Table 2: Completeness of Vision Evaluation Criteria

Enlarge Table

- 

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	High
Innovation	High
Geographic Strategy	Medium

Gartner categorizes a weighting as High if it's between 1.6 and 3.0. For this Magic Quadrant, all evaluation criteria rated as High had a weighting of 1.6, except Innovation, which was weighted at 3.0.

Source: Gartner (March 2023)

## Quadrant Descriptions

## Leaders

Leaders are in the strongest position to influence the market's direction. They demonstrate a market-defining vision of how conversational AI can be deployed. Leaders have the Ability to Execute against that vision through capabilities of their organization, business model and platform. They have demonstrated business results in the form of references and growth. They excel in their combination of market understanding, innovation, platform features and overall viability.

While maintaining a well-established base of long-term customers, Leaders show a consistent ability to win new deals and deliver successful implementations. Their customers are deployed in the most geographic regions, and they cover a wide variety of industry verticals and sizes of organization.

Leaders are often the vendors that other providers measure themselves against. They are suitable vendors for most organizations to evaluate, but should not be the only vendors evaluated.

## Challengers

Challengers have established presence, credibility and viability, and have demonstrated the ability to meet customers' expectations. Challengers tend to have a good technology vision, but may not have the vision to define the future market and uses of conversational AI.

Challengers are well-placed to succeed in the market. However, they have not demonstrated the same thought leadership or innovation that the Leaders have. They are often a good choice for organizations that value execution and a broader integrated product suite over vision.

## Visionaries

Visionaries are ahead of most potential competitors in delivering innovative capabilities and sophisticated conversational experiences. These vendors embody trends that are shaping the conversational AI market. There may be some lack of awareness of the overall market and concerns about Ability to Execute the full extent of their vision. Visionaries have strong innovation and roadmaps.

Visionaries are a good choice for organizations that want innovation and are willing to push the boundaries of what's perceived as possible. Visionaries that manage to add additional execution power to their innovative platform can become Leaders. The Visionaries are the vendors most likely to be acquired by larger platform vendors.

## Niche Players

Niche Players offer compelling conversational AI platforms, but their solutions may also:

- Be limited in terms of cross-industry adoption
- Be limited in architectural and deployment flexibility
- Lack some functional components
- Lack presence and ability to deliver across multiple geographies
- Lack strong business execution in the market
- Lack the ability to support large-enterprise requirements or complex global deployments

Niche Players can often offer the best solutions to meet the needs of a particular and well-defined conversational AI use case. When a Niche Player is a good fit, it is likely to offer a much better price-to-value ratio and also a time-to-market advantage. Niche Players are not winning new customers across multiple regions or industries at the same pace as vendors in the other quadrants.

Some Niche Players demonstrate a degree of vision that suggests they might become Visionaries, but they might struggle to make this vision compelling. They may also struggle to develop a track record of continual innovation. Other Niche Players may have the opportunity to become Challengers if they continue to develop their platforms with a view of improving their overall execution.

## Context

This Magic Quadrant evaluates vendors that met Gartner's criteria for enterprise conversational AI platforms. Application leaders responsible for conversational AI should use this research as part of their market evaluation. Although many vendors did not qualify for this research, they may still be a better choice due to a regional, language, industry or domain focus. There is no one-size-fits-all approach in the conversational AI market.

In addition to vendors in this report, evaluate:

- Regionally dominant vendors. Gartner analysts see different shortlists in each country. A regionally strong vendor can be a better choice because it understands the culture, language and you as a customer better than larger worldwide vendors.
- Domain specialists. For a particular domain like ITSM, HR or finance, there are many vendors that only serve that particular use case and may have more turnkey solutions with shorter time to market to deliver within their niche.
- Industry specialists. For a particular industry like finance or e-commerce, there are many vendors that only serve that particular industry and may have more turnkey solutions with shorter time to market to deliver for customers in that industry.
- Vendors with the capabilities of larger software suites. For use cases involving an existing ERP or CRM system, ticketing system or something similar, the vendors of those platforms commonly also provide conversational AI deeply integrated into their platform capabilities. This might be a good choice that has a lower price point and quicker time to market.

Key considerations and recommendations for assessing best fit should account for the following criteria from the companion [Critical Capabilities for Enterprise Conversational AI Platforms](#):

- Channel integration: This functionality allows the platform to engage with voice, text and multimodal channels like phones, browsers, email or messaging applications. Integrating with live-agent chat services is also a capability to consider.
- Application building and testing: This includes the design, build and test functionality needed to deliver tools to build chatbot applications and the supporting conversation and workflows. Leading platforms support no-code, graphical design tools and APIs; intent and entity definition identifying and maintenance tools; and version management, test tools and testing metrics.

- **Prebuilt chatbot component:** Prebuilt capabilities are vendor-provided accelerators or assets to improve the time to develop and quality of chatbots being built. These can span a broad range of functionality, including reusable content, common or domain-specific dialogue flows, and language models.
- **Application integration:** Most chatbots require some form of integration. For instance, with CRM systems and databases, as well as other knowledge sources and business applications, integrating with live-chat applications or routing applications is necessary.
- **Data integration:** Solutions must support a wide range of options for ingesting and exporting data from the platform, with API calls being the most common. At a minimum, they must have the ability to import or export entities, intents and conversational flow, as well as integrate with data and web sources.
- **Natural language understanding (NLU):** This function parses incoming information and extracts elements like intents and entities, and analyzes associated sentiment.
- **Response generation:** This function creates the output message and/or action, and transmits it to the appropriate channel. In most cases, the response is predefined sentences based on slots in a template. Advanced capabilities are nascent.
- **Management:** This function provides tools and services to manage content, dialogues and workflows of chatbots. This includes managing conversations and interactions and their history and logs; publishing releases; and managing, correcting and updating the utterances, and mapping missed utterances to existing intents.
- **Reporting and analytics:** Solutions must provide managers with visualization of users, flow and interaction metrics for the chatbots. The function can include GUI-type dashboards and programmatic capabilities, and requires integrations with data and visualization tools. Solutions must offer a strong set of predefined functionality.
- **Platform administration and security:** These functions offer the ability to manage platform access, user accounts and security. This is often done via an administration console.

## Market Overview

The chatbot market has seen increased interest and rapid adoption over the last five years. During that time, the products and platforms enabling the building of chatbots have been extremely diverse and have evolved considerably.

The range of conversational implementation approaches in the chatbot market can be categorized into three groups:

- A toolkit approach enables a high degree of customization, which is desirable for integrating conversational capabilities within other business applications. Toolkits are good for organizations with unique business, end-user or integration requirements.
- Targeted services or point-solution providers focus on an industry-specific use case or a particular domain or process requirement, such as adding a conversational interface to an

existing enterprise application or addressing a specific end-user requirement (like channel or language support). They are easy to integrate and quick to deploy, but are difficult to customize.

- A platform-based approach provides centralized operations and conversational management while covering a broad range of use cases, from simple to complex. However, these platforms require greater effort to implement if prebuilt chatbots (with prebuilt intents, entities and conversation flows) are not provided.

While all approaches have pros and cons, enterprises are increasingly looking toward platform-based approaches in order to address multiple enterprise use-case requirements. As a result, this Magic Quadrant focuses on that segment. Enterprises find that this approach allows better leveraging of investments. Additionally, the use of prebuilt intents and flows allows enterprises to more quickly address multiple requirements from different business functions with the same platform. Leading vendors are now developing more open and vendor-agnostic application marketplaces for their platforms. Enterprise buyers can then consider, for instance, purchasing a separate ITSM chatbot application from a third party for their platform.

The trend toward prebuilt intents and flows has resulted in three areas of emerging functionality:

- Language-portfolio-centric, where vendors offer unbundled natural language functionality. This functionality can include advanced insight and search or natural speech generation models.
- Business-automation-centric, where vendors offer prepackaged automation of enterprise processes, such as for HR or ITSM workflows with high session volumes.
- User-experience-centric, where vendors offer integrated analytics of customer data and behavior models to deliver personalized experiences. Examples include sentiment analysis and next-best-offer tool integrations.

#### Evidence

Surveys. For this year's 2023 and last year's 2022 Magic Quadrant reports, Gartner has looked at over 300 vendors in the conversational AI space and invited over 125 of those vendors to the prequalification survey. This prequalification survey was completed by over 100 vendors and helped form the inclusion criteria.

Client inquiries. Gartner analysts involved in this research conducted more than 3,000 inquiries about the chatbot market over the last two years.

Vendor demonstrations and due diligence. The final set of vendors completed the Magic Quadrant survey, supplied demonstrations of their platform and showed use cases that covered the major capabilities. In addition, Gartner collected feedback from clients, and relied on secondary sources and inquiry to complete the data gathering.

#### Evaluation Criteria Definitions

##### Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or

through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability:** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness/Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

#### Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

© 2023 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates. This publication may not be reproduced or distributed in any form without Gartner's prior written permission. It consists of the opinions of Gartner's research organization, which should not be construed as statements of fact. While the information contained in this publication has been obtained from sources believed to be reliable, Gartner disclaims all warranties as to the accuracy, completeness or adequacy of such information. Although Gartner research may address legal and financial issues, Gartner does not provide legal or investment advice and its research should not be construed or used as such. Your access and use of this publication are governed by [Gartner's Usage Policy](#). Gartner prides itself on its reputation for independence and objectivity. Its research is produced independently by its research organization without input or influence from any third party. For further information, see "[Guiding Principles on Independence and Objectivity](#)." Gartner research may not be used as input into or for the training or development of generative artificial intelligence, machine learning, algorithms, software, or related technologies.

- [About](#)
- [Careers](#)
- [Newsroom](#)
- [Policies](#)
- [Site Index](#)
- [IT Glossary](#)
- [Gartner Blog Network](#)
- [Contact](#)
- [Send Feedback](#)