



IMPACT REPORT

TeleStax launches RestcommONE Marketplace for CPaaS enablement

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TeleStax is the company behind Restcomm, an open source platform that provides developers with the tools to integrate, voice, video and messaging functionality into their web and mobile applications.

The company recently launched the RestcommONE Marketplace, which gives service providers access to real-time messaging, voice and video applications that can be sold to enterprise customers. TeleStax seeks to help them transition into becoming communication PaaS (CPaaS) providers so they can reenter the value chain for embedded real-time communications.

The 451 Take

TeleStax is building on its experience with communications services, and coming to market with the right product at the right time. The emergence of CPaaS vendors like Twilio and Nexmo, and their role behind the scenes supporting disruptive companies like Uber and Airbnb, signal that demand for embedded communications will continue to grow. TeleStax has done the work on the product side, but this is only part of the equation. The company will face an uphill climb on the business side. Telecoms and service providers have been slow to respond to the OTT opportunity, and it is notoriously challenging to gain traction in this market. TeleStax's CPaaS enablement technology and revenue share model add up to a compelling value proposition. This represents an attractive opportunity for service providers to reinsert themselves into the value chain of a market that is hugely profitable. TeleStax has laid the groundwork; success will depend on the execution of its go-to-market plan.

Context

TeleStax is a provider of real-time communications technology based in Palo Alto, California. The company was founded on October 20, 2011, by CEO Ivelin Ivanov, COO Amit Bhayani and CTO Jean Deruelle. TeleStax has raised \$1.2m backed by private investors. The company currently has approximately 80 employees.

Named clients include Norwegian-based telecoms provider Telenor, Pakistani mobile operator Ufone, cloud communications provider Unifonic, internet telephony service provider Vonage, mobile operator T-Mobile, French telecoms provider Orange, Ping An Bank (a commercial bank based in China) and MetTel.

TeleStax is the company behind Restcomm, an open source communications platform that gives developers the tools to integrate voice, video and messaging functionality into their web and mobile applications. TeleStax says that, based on the number of real-time communications companies and products that utilize all or part of Restcomm, the platform is used by 90% of the Fortune 1000 companies.

The company believes that the business model for service providers is being challenged by the emergence of CPaaS technology providers such as Twilio and Nexmo (Vonage), which have inserted themselves into the value chain for real-time communications. As a result, rather than directly charging the end customer the transaction rates for sending and receiving messages, service providers find themselves negotiating lower pass-through rates with CPaaS vendors. TeleStax contends that to remain relevant, service providers must transition into becoming CPaaS providers themselves.

TeleStax seeks to help communications service providers address this challenge with RestcommONE, a CPaaS enablement platform, and the recently launched RestcommONE Marketplace, which provides access to real-time messaging, voice and video applications that can be sold to enterprise customers.

Products

RestcommONE is the company's CPaaS enabling technology. It provides REST APIs and a visual design tool with drag-and-drop programming capabilities for building real-time messaging, voice and video applications and services. The platform supports cloud, on-premises and hybrid deployment configurations.

Key features include SDKs and templates for web browsers, iOS and Android, as well as a comprehensive RESTful API layer for voice, video and messaging that supports all telecom protocols including SS7, SIP and SMPP. The platform provides an administration interface that enables users to access their account for tasks such as purchasing phone numbers, configuring their RestcommONE clients and checking activity logs.

In addition to the sample code and applications provided in the SDK, a number of tutorials are available for creating sample applications that cover common use cases in a variety of languages for users to download and test.

The platform provides capabilities that range from voicemail systems to a complete communications CPaaS. Voice capabilities include advanced call center and IVR features such as playing music on hold and call queueing, call recording, call conferencing, text-to-speech with support for multiple languages, and live call modification. SMS capabilities include two-way SMS, message concatenation that will automatically split and reassemble long messages, and throttling for controlling the number of messages sent per minute.

RestcommONE Telecom provides the low-level protocols, integration points and servers needed for creating telephony and communications applications and services. These include sending and receiving SMSs, locating users and devices for location-based services, connecting to mobile and landline networks, and delivering high-quality audio and video services.

The RestcommONE Marketplace

In May, the company launched its RestcommONE Marketplace to enable service providers with their own CPaaS offering. The Marketplace targets mobile network operators, mobile virtual network operators, carriers and providers of VoIP.

The marketplace gives service providers access to real-time messaging, voice and video applications that can be sold to enterprise customers. These include applications for contact center integration, alerts and notifications, two-factor authentication, order delivery and money transfer, and transaction alerts.

A key component of TeleStax's value proposition is the revenue share model for the RestcommONE Marketplace. The company contends it's more compelling for service providers than the one typically favored by CPaaS vendors. The marketplace allows service providers to white-label their own CPaaS offering to compete with other branded offerings.

Competition

Other cloud communications providers that have development platforms include companies like Twilio; the largest of the CPaaS provider, Cisco, which acquired Tropo in May 2015; GENBAND with its Kandy CPaaS platform; and Vonage, which acquired Nexmo in May 2016.

SWOT Analysis

Strengths

Technology is a key differentiation for TeleStax. Along with its revenue share business model, that adds up to a compelling value proposition for service providers.

Weaknesses

TeleStax is by no means a newcomer, but the company lacks the name recognition and mindshare in the US market that other 'old timers' like Twilio have, particularly in the developer community. The revenue share model represents an attractive value proposition for service providers, but experience has shown that this does not always translate into adoption.

Opportunities

The launch of the RestcommONE Marketplace comes at a pivotal moment for the industry. Demand for embedded communications is expected to grow in the next five years, and will be a critical component for digital transformation initiatives. The value proposition presented by the RestcommONE Marketplace puts service providers in a good position to support these initiatives and benefit from this growing opportunity.

Threats

Vendors like Cisco, GENBAND and Vonage are gaining traction as CPaaS providers. Given their legacy and market footprint in telecom, they could seek to challenge TeleStax by expanding into CPaaS enablement.

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M&A ACTIVITY BY SECTOR

Enterprise networking / Enterprise VoIP & telephony / General (44) (https://makb.the451group.com/results?basic_selected_sectors=598)

Mobility / Mobile application development / Development tools (103) (https://makb.the451group.com/results?basic_selected_sectors=557)

Application software / Customer relationship management / Customer service automation (97) (https://makb.the451group.com/results?basic_selected_sectors=82)

M&A ACTIVITY BY ACQUIRER

Airbnb Inc. (13) (https://makb.the451group.com/results?basic_acquirers=Airbnb+Inc.)

Cisco Systems Inc. (130) (https://makb.the451group.com/results?basic_acquirers=Cisco+Systems+Inc.)

France Telecom - Orange (9) (https://makb.the451group.com/results?basic_acquirers=France+Telecom+Orange)

GENBAND Inc. [One Equity Partners] [JPMorgan Chase] (11) ([https://makb.the451group.com/results?basic_acquirers=GENBAND+Inc. \[One Equity Partners\] \[JPMorgan Chase\]](https://makb.the451group.com/results?basic_acquirers=GENBAND+Inc.+One+Equity+Partners+JPMorgan+Chase))

More Mobile Relations (32) (https://makb.the451group.com/results?basic_acquirers=More+Mobile+Relations)

T-Mobile USA (5) (https://makb.the451group.com/results?basic_acquirers=T-Mobile+USA)

Twilio Inc. (3) (https://makb.the451group.com/results?basic_acquirers=Twilio+Inc.)

Vonage Holdings (6) (https://makb.the451group.com/results?basic_acquirers=Vonage+Holdings)

Figures shown indicate number of transactions

COMPANY MENTIONS (PRIMARY)

TeleStax (/search?company=TeleStax)

COMPANY MENTIONS (OTHER)

Airbnb , Cisco , GENBAND , Nexmo , Orange , Pivotal , T-Mobile USA , Telenor , Tropo , Twilio , Uber Technologies , Ufone , Vonage (/search?company=Vonage)

CHANNELS

Customer Experience & Commerce , Development, DevOps & IT Ops , Mobile Telecom , Networking , Workforce Productivity & Compliance (/dashboard?view=channel&channel=13)

SECTORS

All / Enterprise networking / Enterprise VoIP & telephony / General (/search?sector=598)

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