CANADIAN

SIP TRUNKING

MARKET REPORT

2015 EDITION

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Introduction

Over the last 15 years, Session Initialization Protocol (SIP) has emerged from its Internet roots to become the signalling technology of choice for the control of real-time multimedia communication via private and public, wireline and wireless IP networks.

The SIP protocol was first used for presence (the ability to display your current availability to accept telephone calls and messages) and instant messaging because of its ability to easily set up real-time sessions. These Internet applications allow users to check each other's on-line status and converse by sending text messages back and forth.

However, SIP can also enable IP-PBX trunking, peer-to-peer IP telephony, video conferencing, unified communications and other telecommunications applications.

Of these, this report focuses on SIP trunking, which permits convergence of a firm's data and voice traffic — local, long-distance and internal branch-to-branch communications — over a single IP connection that provides access to the organization's wide area network, the Internet and the public switched telephone network (PSTN). This eliminates the need for separate voice and data network connections, offers significant potential savings when compared with multiple PRI (Primary Rate Interface) connections to the PSTN, and enables a plethora of IP-based applications to ride over the same facility.

This is NBI/Michael Sone Associates' fourth annual report on the Canadian market for SIP trunking services that examines the current state, size and composition of the market.

The report provides a separate breakdown for each of retail and wholesale revenues and channel volumes. The market for wholesale SIP services is made up of a variety of telecom providers, from those offering niche applications such as conference calling to others that provide SIP services but lack reach in certain geographic regions. By far, the largest consumers of wholesale SIP services are the hundreds of over-the-top VoIP

providers that lack their own facilities and rely on others for the basic network elements and PSTN connectivity to facilitate their offerings.

This version of the report has been improved in two ways: 1) whereas in previous editions we projected volumes and revenues one year out, in this edition, forecasting has been extended three years (i.e., to 2017); and 2) we have added an Appendix that contains a SIP Attribute Comparison Chart that compares the major providers along four key service and network attributes: Network Redundancy; Coverage; Web Portal; and Trunk Pooling.

There are multiple audiences for this report, including:

- Service providers currently offering, or considering the offering of, SIP trunking services;
- Networking equipment manufacturers offering business telephone systems including key systems, PBXs, and IP-PBXs;
- Interconnects that sell, install and service business telephone systems and associated network services; and,
- Other market participants focused on Internet, data and VoIP services such as cablecos, ISPs, ITSPs and VoIP service providers.

This report is organized into three sections.

Section 1, "*Introduction & Industry Background*", presents an introduction to SIP trunking, the role of signalling in telephony, industry background, challenges experienced by service providers and customers related to SIP signalling, and the business rationale for SIP trunking. This has changed little from previous editions.

Section 2, "*Canadian Market Overview*", shows the state of the market in Canada as of Q3-2015.

Section 3, "*Service Provider Profiles*", presents short descriptions of the leading providers of SIP trunking services active in the Canadian market.

As with all NBI/Michael Sone Associates reports, information has been gathered from primary sources. The information contained in this report is the result of numerous interviews, primarily with the SIP trunking service providers themselves.

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