

F R O S T & S U L L I V A N

FROST & SULLIVAN BEST PRACTICES AWARD

HOSTED IP TELEPHONY AND UCAAS FOR
MULTI-NATIONAL CORPORATIONS - EUROPE

Customer Value Leadership Award
2019



**Business
Services**



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Background and Company Performance

Industry Challenges

A growing number of European businesses are moving their communications and collaboration solutions to the cloud. In a 2017 Frost & Sullivan survey of 602 European IT and telecom decision makers and influencers, 86 percent of respondents stated that they were using a cloud communications provider. Out of 516 European organizations using cloud services, 51 percent have moved part or all of their enterprise telephony workloads to the cloud and 32 percent plan to do so in the future. Key benefits of cloud technologies driving user adoption in Europe include faster access to advanced features/capabilities (42 percent of respondents), ability to supplement in-house IT/telecom resources (36 percent of respondents) and greater flexibility at times of rapid growth or downsizing (35 percent of respondents).

However, the move to cloud remains a daunting task. One-quarter of European IT/telecom decision makers and influencers report that developing a cloud strategy is one of the top three IT challenges they face. Some businesses hesitate to replace their tried and tested premises-based systems with cloud solutions managed and delivered by a third party. Frost & Sullivan research shows that reasons for not adopting cloud solutions vary among respondents. Half of survey respondents presently not using cloud services perceive cloud solutions as a security risk and express preference for maintaining full control over their communications capabilities. Also significant, 36 percent of European cloud non-users prefer to deploy their communications solutions on the premises for tighter integration with other solutions and 17 percent believe that premises-based solutions allow for a greater degree of customization.

Despite the challenges, the European hosted Internet Protocol (IP) telephony and unified communications-as-a-service (UCaaS) user base is expanding at double-digit rates each year as the benefits outweigh any associated risks. Many providers are responding to the demand by launching flexible, cost-effective, reliable and secure cloud communications solutions. The rapidly intensifying competition is creating challenges for both established and emerging market participants. With UCaaS penetration among small and medium-size businesses (SMB) increasing, providers are turning their attention to large enterprises in pursuit of new growth opportunities.

Many small and more specialized service providers, however, struggle to gain traction among larger organizations with more stringent security, integration and customization requirements and preference for greater control over their communications environments. Such businesses also prefer to partner with providers that offer a broad array of services, including wireline and mobile connectivity, enterprise communications and collaboration applications, multi-protocol label switching (MPLS), session initiation protocol (SIP) trunking, security, cloud compute and storage, and more. Distributed organizations and multi-national corporations also look for providers delivering global services with

centralized management, yet also enabling localization in terms language, features, support, etc. Furthermore, larger businesses with more complex IT and communications environments require a more consultative, white-glove approach throughout the entire solutions lifecycle—from initial assessment, to implementation and ongoing solution maintenance and management.

Few providers can deliver robust capabilities across multiple European countries to address the needs of multi-national corporations (MNCs) and other distributed organizations. The customer value leader in the European MNC market has developed the key assets and skill sets required to design and deliver sophisticated, reliable, secure and customizable UCaaS solutions that resonate with businesses in this customer segment. To succeed among European MNCs a provider must possess a comprehensive portfolio of services and solutions and a large geographic footprint. An effective strategy, excellent execution and a strong brand are also critical for success in the highly-demanding MNC market.

Customer Impact and Business Impact

Orange Business Services stands out among European hosted IP telephony and UCaaS providers with its ability to deliver compelling solutions to large distributed organizations and MNCs. Key factors driving Orange Business Services' success in this market include excellent customer purchase and ownership experiences, powerful brand, robust financial performance and customer acquisition, and considerable growth potential.

Customer Purchase and Ownership Experiences

Unlike the majority of its competitors, Orange Business Services built its hosted IP telephony and UCaaS strategy around the needs of large organizations and MNCs from the start. To deliver superior value to its target customers, Orange Business Services assembled a compelling services portfolio based on industry-leading technologies. Cisco Hosted Collaboration Solution (HCS) and Microsoft Skype for Business / Microsoft Teams power Orange Business Services' two flagship offerings: "Business Together as a Service Cisco" and "Business Together Microsoft". Both platforms deliver a robust feature set including voice; voice messaging; chat/instant messaging (IM) and presence management; audio, web and video conferencing; team collaboration; mobility; contact center and more.

Businesses looking to move their communications to the cloud can choose the solution that provides the best for their needs based on solution architecture, existing investments in premises-based or cloud technologies, vendor reputation, existing relationships, budgets, roadmaps or other factors. Flexible license tiers allow businesses to select the right feature set and price level for different users within the organization. Customers have the flexibility to adjust features and capacity as their needs evolve to maintain optimum performance while keeping costs at bay.

To ensure implementation success, Orange Business Services delivers a broad array of professional services that include customer needs assessment, custom solution design, comprehensive onboarding and training, and extensive customer support throughout the solution lifecycle. End-to-end managed services, from the design stage to delivering actual business value, differentiate Orange Business Services from competitors. The provider acts as more than a technology vendor—it becomes a true transformation partner taking the cloud migration journey with customers. With its substantial technology expertise and extensive vendor certifications, it helps businesses navigate through complex vendor technology roadmaps and often confusing portfolios.

MNCs often require a balanced mix of globalization and localization when deploying cloud solutions. Unlike most small and/or domestically-focused providers, Orange Business Services' global reach enables the provider to deliver a global cloud voice solution in multiple countries, as well as launch services in new countries based on customer demand. As a diversified telecom service provider, Orange Business Services can also offer network, security, SIP trunking, MPLS, and other services under the same terms in all countries of presence, which provides consistency and simplicity for businesses with multi-national operations.

Orange Business Services additionally acknowledges that services must be localized to offer a cultural fit within each country to ensure broad adoption and maximize value within customer organizations. Therefore, Orange Business Services provides local support services, language localization and user adoption services which are tailored for each country to match the way people learn in different cultural environments—e.g., via video, face-to-face, via instruction manuals, self-help or any mix of these options.

With its well-diversified portfolio Orange Business Services is well-equipped to address the needs of businesses anywhere on the cloud adoption spectrum: from those choosing to retain their premises-based investments for the foreseeable future to those fully embracing cloud, as well as those with hybrid deployments. The provider's strong systems integration capabilities also ensure that customers' communications solutions are integrated with third-party software to enhance mission-critical workflows and deliver more tangible business outcomes. Furthermore, Orange Business Services leverages a robust partner ecosystem to support the entire customer experience including communications endpoints (e.g., phones, headsets, and video devices), gateways, contact center, call recording and a plethora of other commonly required appliances, applications and services.

Overall, Orange Business Services delivers compelling customer purchase and ownership experiences, tailored for distributed enterprises and MNCs.

Brand Equity

Orange Business Services owns one of the strongest brands in the European telecommunications realm. With an impressive track record in delivering industry-leading IT and communications services, Orange Business Services' brand is associated with high quality, reliability and overall market power. Larger organizations typically exercise great caution when adopting new technologies and choose partners that have demonstrated the ability to deliver both top-notch solutions and excellent customer service and support.

With 28 years of market success, the Orange brand has earned customer trust and often positions the provider more favorably for customer consideration than the brands of newer competitors. Building on several decades of technology innovation and expertise that go beyond the formation of the Orange brand in 1990 and the Orange Business Services brand in 2006, the provider is well positioned to attract and retain even the most demanding customers. Customer logos in Orange Business Services' UCaaS roster include: APL Logistics, Constellium, EMAS, JTI, Primagaz, and PwC, among others.

Financial Performance and Customer Acquisition

Despite industry-wide challenges in the telecom sector, Orange Business Services has reported growth in the past couple of years that demonstrate the strength of its growth strategy and the ability to overcome market challenges. In the hosted IP telephony and UCaaS space specifically Orange Business Services has maintained double-digit growth rates for several consecutive years. In 2017, the provider reported 20 percent growth in global UCaaS seats and 15 percent growth in global UCaaS revenue. In that year alone, it acquired an impressive 13 new MNC customers. In 2018, Orange Business Services thus far reports an increase in the average UCaaS customer account size including notable presence of businesses with over 50,000 users.

With unwavering commitment to continued service enhancement and performance excellence, Orange Business Services is poised to capitalize on growth opportunities in the untapped European MNC market. Various strategies, including new user profiles, better pricing, and enlarged ecosystem will enable the provider to accelerate customer acquisition and improve customer retention.

As a highly diversified service provider, Orange Business Services can deliver the single pane of glass (i.e., tightly integrated user experience) that businesses increasingly demand. Many specialized providers, whether from a conferencing services or UCaaS background, are unable to deliver a unified user interface that provides access to voice, messaging, conferencing, business applications, vertical software, and more. Furthermore, unlike less experienced service providers Orange Business Services has earned the reputation of a trusted advisor which raises its profile among businesses with complex communications and IT environments, such as most MNCs. Orange Business Services' services wrap leverages the provider's open labs, ecosystem and extensive experience in

global fulfillment and support, meeting and network optimization, room-based systems and other areas of importance to MNCs. With a vast array of advisory/consulting, design, project management, custom application development and integration, adoption, operations/ maintenance and management services Orange Business Services stands out among competitors and is likely to experience higher growth rates in the MNC customer segment than the majority of its competitors.

Growth Potential

Cloud migration is increasingly a key part of digital transformation initiatives within European businesses, which is driving hosted IP telephony and UCaaS adoption. Integrated Services Digital Network (ISDN) decommissioning is also compelling businesses to launch voice upgrade projects and move to pure IP environments, which is boosting growth of voice over IP (VoIP) access and cloud communications services. The European hosted IP telephony and UCaaS market is expected to expand at double-digit growth rates, in terms of both installed base and service provider revenues, over the next seven years, creating a significant growth potential for Orange Business Services and other innovative service providers.

As vendor portfolios evolve, Orange Business Services is well-suited to support customer adoption of additional services or migration to newer-generation vendor solutions. Because Orange Business Services' hosted IP telephony and UCaaS portfolio for MNCs is based on Cisco and Microsoft technologies, it stays at the forefront of technology innovation to better support customers on their continued technology upgrade journeys. Leveraging its strength in HCS-based services, Orange Business Services has added support for Cisco Webex Teams (formerly Spark) to deliver greater customer value through the integration of voice with team messaging and advanced conferencing services. Orange Business Services is also supporting Cisco Collaboration Flex Plan, which enables customers to more flexibly and cost-effectively roll out cloud services.

Building on its Microsoft Skype for Business expertise, Orange Business Services is now enabling customers' transition to Teams as well as integration with Office 365. For businesses adopting Microsoft Cloud Phone System and Teams, Orange Business Services provides SIP connectivity and dial plans via Microsoft Direct Routing services. To better support Microsoft technology-based deployments, Orange Business Services has become certified on Practical Guidance for Cloud Voice. It partners with third-party technology developers and infrastructure (i.e., gateways and session border controller (SBC)) vendors to deliver advanced analytics and hybrid voice connectivity for Microsoft cloud communications customers. Orange Business Services also is a leading Microsoft partner for PSTN calling and connectivity for Office 365.

Additional cloud and connectivity services, either based on the same technology foundation as its UCaaS solutions or in adjacent areas, enable Orange Business Services to enhance the customer experience and address customer needs more holistically, as well

as enable the provider to boost revenue growth by upselling and cross-selling in its customer base. New user profiles and pricing options, however, also allow Orange Business Services to offer more cost-effective alternatives to businesses requiring messaging-only, single-device or soft client-only licenses. Furthermore, Orange Business Services ensures that customers have the flexibility to deploy Cisco services with third-party SIP devices.

Orange Business Services also acknowledges that communications and collaboration solutions provide greater value to businesses when they are integrated with mission-critical workflows. As such, it offers flexible APIs and communications platform-as-a-service (CPaaS) capabilities to enable operational efficiencies, improve user productivity and deliver more tangible business outcomes. The provider aims to integrate its services with other fixed and mobile providers, IoT partners, vertical/specialized partners, and software/collaboration partners. Orange Business Services' mission is evolving its portfolio from traditional technology-based services to a full digital co-construction of business-oriented customer solutions in order to better respond to evolving market trends and more effectively capitalize on emerging growth opportunities.

Conclusion

Leveraging its global footprint, extensive wireline and mobile assets, robust expertise in business communications applications, highly competitive hosted IP telephony and UCaaS portfolio and trusted brand, Orange Business Services is well positioned to address the stringent and constantly evolving requirements of the European MNC segment.

With its strong overall performance, Orange Business Services has earned Frost & Sullivan's 2019 Customer Value Leadership Award.

Significance of Customer Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. Delighting customers is, therefore, the cornerstone of any successful growth strategy. To achieve these dual goals (growth and customer delight), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding Customer Value Leadership

Customer Value Leadership is defined and measured by two macro-level categories: Customer Impact and Business Impact. These two sides work together to make customers feel valued and confident in their products' quality and long shelf life. This dual

satisfaction translates into repeat purchases and a high lifetime of customer value.

Key Benchmarking Criteria

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Customer Impact and Business Impact—according to the criteria identified below.

Customer Impact

- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Business Impact

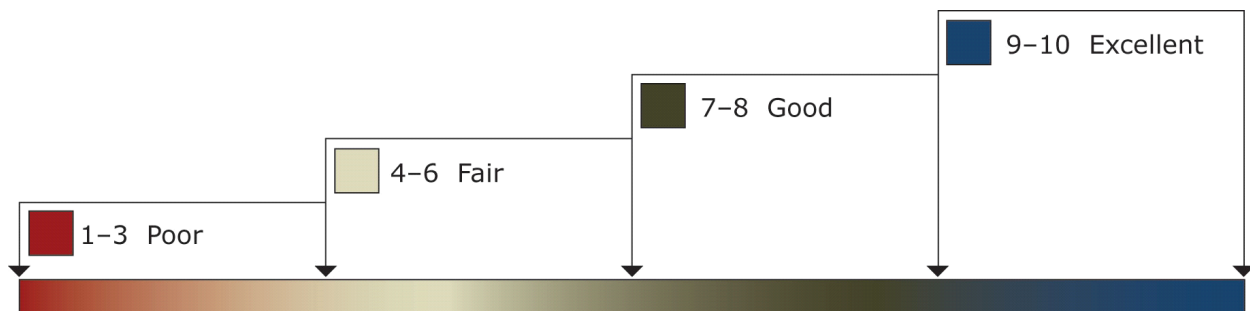
- Criterion 1: Financial Performance
- Criterion 2: Customer Acquisition
- Criterion 3: Operational Efficiency
- Criterion 4: Growth Potential
- Criterion 5: Human Capital

Best Practices Award Analysis for Orange Business Services

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES



The Decision Support Scorecard is organized by Customer Impact and Business Impact (i.e., These are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard.). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key participants as Competitor 2 and Competitor 3.

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Customer Value Leadership	Customer Impact	Business Impact	Average Rating
Orange Business Services	10.0	10.0	10.0
Competitor 2	9.7	9.6	9.7
Competitor 3	9.7	9.5	9.6

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience

Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Business Impact

Criterion 1: Financial Performance

Requirement: Overall financial performance is strong in terms of revenues, revenue growth, operating margin, and other key financial metrics.

Criterion 2: Customer Acquisition

Requirement: Customer-facing processes support the efficient and consistent acquisition of new customers, even as it enhances retention of current customers.

Criterion 3: Operational Efficiency

Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.

Criterion 4: Growth Potential

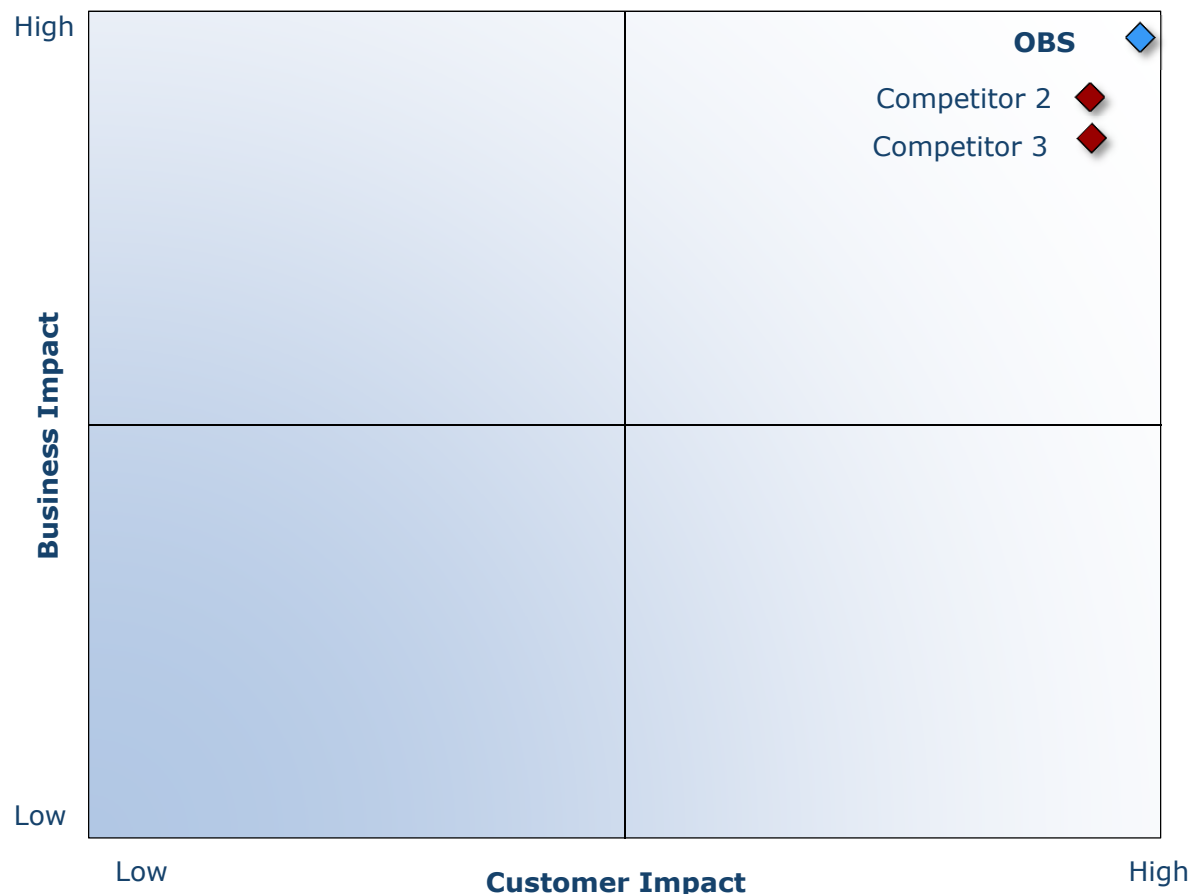
Requirements: Customer focus strengthens brand, reinforces customer loyalty, and enhances growth potential.

Criterion 5: Human Capital

Requirement: Company culture is characterized by a strong commitment to quality and customers, which in turn enhances employee morale and retention.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.



Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify Award recipient candidates from around the globe	<ul style="list-style-type: none"> Conduct in-depth industry research Identify emerging sectors Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> Interview thought leaders and industry practitioners Assess candidates' fit with best-practice criteria Rank all candidates 	Matrix positioning of all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> Confirm best-practice criteria Examine eligibility of all candidates Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> Brainstorm ranking options Invite multiple perspectives on candidates' performance Update candidate profiles 	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> Share findings Strengthen cases for candidate eligibility Prioritize candidates 	Refined list of prioritized Award candidates
6 Conduct global industry review	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> Hold global team meeting to review all candidates Pressure-test fit with criteria Confirm inclusion of all eligible candidates 	Final list of eligible Award candidates, representing success stories worldwide
7 Perform quality check	Develop official Award consideration materials	<ul style="list-style-type: none"> Perform final performance benchmarking activities Write nominations Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best-practice Award recipient	<ul style="list-style-type: none"> Review analysis with panel Build consensus Select recipient 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> Present Award to the CEO Inspire the organization for continued success Celebrate the recipient's performance 	Announcement of Award and plan for how recipient can use the Award to enhance the brand

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
10 Take strategic action	Upon licensing, company is able to share Award news with stakeholders and customers	<ul style="list-style-type: none"> Coordinate media outreach Design a marketing plan Assess Award's role in future strategic planning 	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.