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BEST PRACTICES

AWARDS

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2020 | BEST PRACTICES AWARD

ufinet

2020 LATIN AMERICAN
FIBER OPTIC WHOLESALE NETWORK SERVICES
COMPANY OF THE YEAR AWARD

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Background and Company Performance

Industry Challenges

Digital transformation continues to shift consumer needs and expectations for both residential and enterprise segments. Thus, communication service providers (CSPs) are looking for ways to upgrade network speed, ensure low latency, and high reliability. In Latin America, factors are coming together (such as enterprise investments in new cloud-based solutions, the proliferation of over-the-top (OTT) services, and the exploding number of connected devices) to form a wave of intense demand for connectivity services.

As broadband penetration continues to reach greater portions of the population, throughout metropolitan and rural areas, the increase in traffic and demand stresses networks and connections. Notwithstanding the last mile connections that CSPs deliver to end-users, overall performance can only be as robust as the network backbone affords. Fiber optic networks are the preferred connectivity options for a strong Internet backbone infrastructure to serve access networks, local loops, backhaul, and national and international connections.

Local, regional, and international CSPs operate in increasingly competitive markets as Latin America's digital footprint and bandwidth demand continue multiplying. Telecommunications companies and CSPs of all kinds must prepare to cope. In Latin America, that translates to denser fiber networks to connect buildings and cellular towers, connect towns and cities, and reach global resources. Consumers are pushing CSPs to adapt and reorganize to be more responsive. At the same time, enterprises are increasingly asking CSPs for more ability to monitor and manage network performance, vertical industry specialization, and efficiency-per cost solutions.

CSPs can add value to offerings by collaborating with ecosystem partners to expand value-adds (such as new service lines to deliver broadband), prepare for 5G mobile networks and Internet of things (IoT) deployments. Fiber-based services (such as direct on-network and direct to home) are showing potential drive revenue growth for CSPs, while fiber-based connections to 5G towers will be essential enablers. As demand pressure intensifies and CSPs fear price wars and margin eroding commoditization, they are looking for avenues to deliver high quality and reliable service to end-users as well as ways to adapt and plan for the more densely connected future.

Visionary Innovation & Performance and Customer Impact of UFINET

As networking technologies and bandwidth traffic are becoming more sophisticated and are in higher demand, UFINETcontinues to impress Frost & Sullivan as an exemplary provider of fiber optic wholesale network services across Latin America. Previously recognized as the leader in 2019 and 2018, UFINETnot only maintains its positioning but also persists in expanding its reach and delivering innovation to wholesale customers in the region. Through its main service lines (capacity, dark fiber, Internet, towering, very small aperture terminal satellite, colocation, FTTH and remote/customer premise services), UFINETserves as a fully neutral and highly reliable Internet backbone provider for CSPs throughout the region. Serving only as a wholesale infrastructure operator,

UFINETleverages a wholly-owned optical fiber and more than 22 years of experience, as well as an impressive growth performance to provide connections in 17 countries. UFINETprides itself on its completely neutral approach and neutral environment, partnering with CSPs and network operators to provide connectivity and never competing for end users.

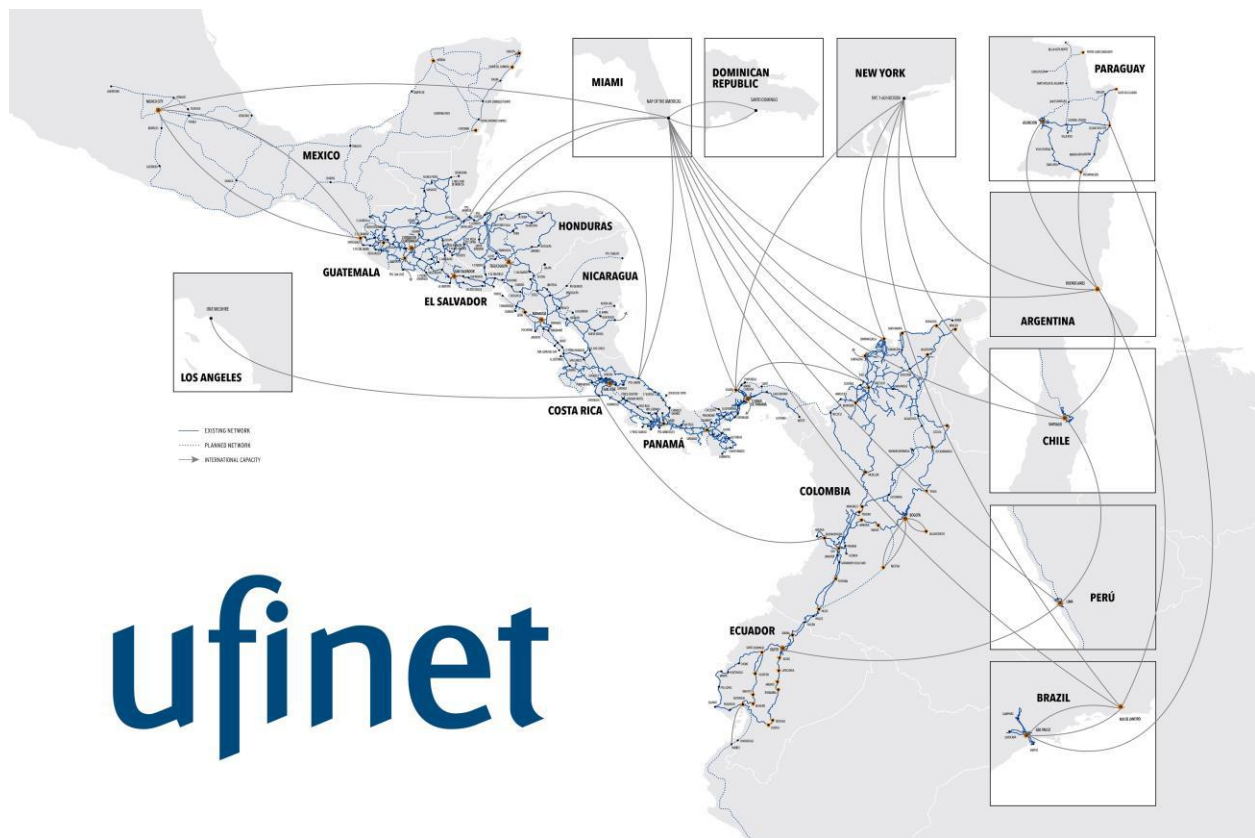**Always Expanding Fiber Network**

UFINET is becoming an internationally recognized neutral reference operator, expanding its network footprint, international presence, and capabilities. With a fully owned and protected network of 70,000 kilometers (km) of fiber optics connecting Latin America and linking with the United States, with points of presence (POPs) in Miami, Los Angeles, and New York City, UFINET prioritizes the necessary reach across the hemisphere. Reaching throughout the region are 70,000 km network with dense capillarity in major cities, as well as 40,000 buildings already on-network (90,000 feasible connection buildings), 4,500 cellular towers (750 poles leased), and more than 2,000 population centers all connected on end-to-end fiber-optic connections. The company's capillarity network delivers robust performance in dense fiber-optic connections in the major cities of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Colombia, Ecuador, Paraguay, as well as Lima, Peru; Chile, Argentina, Mexico; and São Paulo, Brazil. Further, UFINET continues to enlarge the km reach or its fiber optics by 12% year-over-year 2018-2019, as it had added double-digit percentage growth each previous year since 2015. While in the same 2015 to 2019 period, UFINET grew from 6,319 services provided to 30,189, and 220 total employees to 1,064.

In 2019, UFINET made significant steps in the metropolitan network in Santiago de Chile, building out year-over-year growth of 232%. Also coming to fruition in 2019 was UFINET's international connections linking Ecuador and Colombia, through a double ring joining all the main cities; in addition to planning for a terrestrial route associating Ecuador and Peru's population centers. The entire network is prepared for optical wavelength scalability that will enable 100 gigabits per second (gbps) traffic, and deployment in Colombia is already the first 100 gpbs capable network in the country. In the most forward-looking expansion of the last year, the company installed a POP in the Dominican Republic, which enables amalgamating connections more efficiently between the Caribbean and the rest of the Americas.

UFINET is leading the charge to expand opportunities in the Andean market and Southern Cone with terrestrial networks; it expanded operations to six new countries in only the last four years (Mexico, Ecuador, Peru, Argentina, Chile, and Brazil). Indeed, UFINET's move into Brazil arrived by acquiring NETELL Telecom and serves as a foundation to continue expanding geographically throughout the country and capillarity capacity in São Paulo.

New FTTH and 5G Offerings Bring Network Advances Forward

Recognizing demand in the market and demonstrating a continued focus on the future and innovation, UFINET has developed and expounded new service offerings in fiber to the home (FTTH) and 5G towering solutions. UFINET uses an access network architecture to deploy an X version of passive optical network (xPON) technology, to replace copper or coaxial cable technology, and supply the highest possible Internet access speed downstream and upstream, directly to the home or building. FTTH has become a significant growth area for UFINET and supports network operators to reach homes with a true end-to-end FTTH performance.

UFINET white-labels the service and can configure the provisioning to minimize the impact on the customers' systems and tailors the billing to the network operator's priorities and needs. The solution leverage's UFINET's existing fiber infrastructure investments (and permitting/compliance), and can operate with an operator in a passive network or active network model. The operator can provide services to end users without significant capital investment or operating costs, and UFINET handles management, operation, and maintenance. UFINET reports that it has developments underway to have more than 235,000 residential units with capability coverage by the end of 2020 in Bogota, Santiago, Buenos Aires, and São Paulo.

Pushing capabilities forward in another realm, UFINET is meeting the demand for small cell towers required for 5G networks. Options range from infrastructure only (basic); infrastructure, transmission, and energy (integral); a small cell on posts (low impact); and the turnkey solution consisting of complete infrastructure, transmission, energy, and access network equipment (site). Having already placed more than 750 poles across the region, UFINET aids operators with a value add in linking the fiber network to the cellular tower. While retaining a focus on dark fiber optics and neutrality, UFINET is facilitating customers to capitalize on the race to roll out 5G.

Leveraging Network and Expanding the Ecosystem

Moreover, in recent years the company has expanded its go-to-market strategy to partner with additional types of participants in the IT ecosystem, allowing them to leverage UFINET's network to create new revenue streams delivering new services to end consumers. This "Partner Program" enables associating companies in a variety of segments to add UFINET's functions into their own catalog. Enhancing the value proposition of the partner, and broadening the commercial reach of UFINET, the Partner Program expands the addressable market and end-to-end customer loyalty. UFINET reports that the program has seen fast adoption and is already delivering value across the ecosystem, such as:

- System integrators are aggregating services and hardware from multiple providers and creating new products and services for end-customers with UFINET's backbone.

- Managed service and managed security service providers are appreciating UFINET's dedicated Internet access and backbone infrastructure.

- Data centers, cloud service providers, and internet exchange points augment their Infrastructure-as-a-service, platform-as-a-service, and software-as-a-service offerings.

- Media and streaming providers benefit from UFINET's robust network.

- Service providers up and down the IoT value chain are using UFINET's dedicated capacity.

- OTT and content delivery networks can provision services and products and services over the Internet through UFINET's network.

  In these partnering arrangements, UFINET ensures the same high-quality service and high-network availability, as well as supporting partners with training, consultations, and joint marketing efforts.

Focus on Close Relationships

All of UFINET's offerings and abilities depend on the foundational connection with its customers, with a focus on close relationships and attention to truly understanding their needs and concerns. Each customer's key account manager, available 24/7, maintains close contact and sensitivity to the changing obstacles and needs. In addition to UFINET's neutrality, its service portfolio can creatively tailor or bundle to meet the connectivity needs and requirements to ensure agile service delivery. Flexible bundles and configurations can combine technologies, modify architecture, as well as to adapt billing and contracting processes. UFINET prides itself on meeting network customer's key performance indices, meeting demanding service level agreements, and complying with rigorous testing and homologations required for serving industry-leading companies. Network operators have access to real-time monitoring as well as support from UFINET's network operations center. Moreover, UFINET prioritizes frequent and open communication with customers, in 24/7/365 support as well as annual feedback surveys and optional higher level personalized assistance programs.

Finally, amid the COVID-19 crisis, UFINET has sustained its backbone and services without problems. The company is aiding hard-hit hospitals in Guatemala with free connectivity and helping strained healthcare, education, and government services in Panama with expanded bandwidth and technological tools to ensure functionality.

Conclusion

While consumers and enterprises are pushing demand for Internet capacity and performance to higher levels every year, communications service providers (CSPs) need help meeting the expectations. A repeat recipient of Frost & Sullivan recognitions, UFINET remains a steadfast and neutral partner providing fully neutral fiber optic services throughout Latin America. Ceaselessly expanding the reach and capacity of its network, UFINET covers 17 countries with over 70,000 kilometers of wholly-owned network. Impressively keeping an eye on innovation, the company delivers fiber to the home services and 5G cell towering, under a white label so that CSPs can deliver value to users. Collaborating with commercial partners across the information technology ecosystem, UFINET continues to prioritize close and collaborative relationships with customers, ensuring agile delivery and high availability with a flexible portfolio.

With its strong overall performance, expanding network, forward-looking services, and dedication to customer trust and communication, UFINET earns Frost & Sullivan's 2020 Latin America Company of the Year Award in the fiber-optic wholesale network services market.

Significance of Company of the Year

To receive the Company of the Year Award (i.e., to be recognized as a leader not only in your industry, but among non-industry peers) requires a company to demonstrate excellence in growth, innovation, and leadership. This excellence typically translates into superior performance in three key areas—demand generation, brand development, and competitive positioning—that serve as the foundation of a company's future success and prepare it to deliver on the 2 factors that define the Company of the Year Award: Visionary Innovation and Performance, and Customer Impact).

- Acquire competitors' customers
- Increase renewal rates
- Increase upsell rates
- Build a reputation for value
- Increase market penetration

- Earn customer loyalty
- Foster strong corporate identity
- Improve brand recall
- Inspire customers
- Build a reputation for creativity

DEMAND

BRAND

Company of the Year

COMPETITIVE POSITIONING

- Stake out a unique market position
- Promise superior value to customers
- Implement strategy successfully
- Deliver on the promised value proposition
- Balance price and value

Understanding Company of the Year

Driving demand, brand strength, and competitive differentiation all play critical roles in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on Visionary Innovation and Performance to enhance Customer Impact.

Key Benchmarking Criteria

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated each factor according to the criteria identified below.

Visionary Innovation & Performance

Criterion 1: Addressing Unmet Needs
Requirement: Implementing a robust process to continuously unearth customers' unmet or under-served needs, and creating the products or solutions to address them effectively.

Criterion 2: Visionary Scenarios through Mega Trends
Requirement: Incorporating long-range, macro-level scenarios into the innovation strategy, thereby enabling "first-to-market" growth opportunity solutions.

Criterion 3: Implementation of Best Practices
Requirement: Best-in-class strategy implementation characterized by processes, tools, or activities that generate a consistent and repeatable level of success.

Criterion 4: Blue Ocean Strategy
Requirement: Strategic focus on creating a leadership position in a potentially "uncontested" market space, manifested by stiff barriers to entry for competitors.

Criterion 5: Financial Performance
Requirement: Strong overall business performance in terms of revenues, revenue growth, operating margin, and other key financial metrics.

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.

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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• Review analysis with panel • Build consensus • Select winner	Decision on which company performs best against all best-practice criteria
9	**Communicate recognition**	Inform Award recipient of Award recognition	• 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
10	**Take strategic action**	Upon licensing, company able to share Award news with stakeholders and customers	• 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

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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.