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BEST PRACTICES

AWARDS

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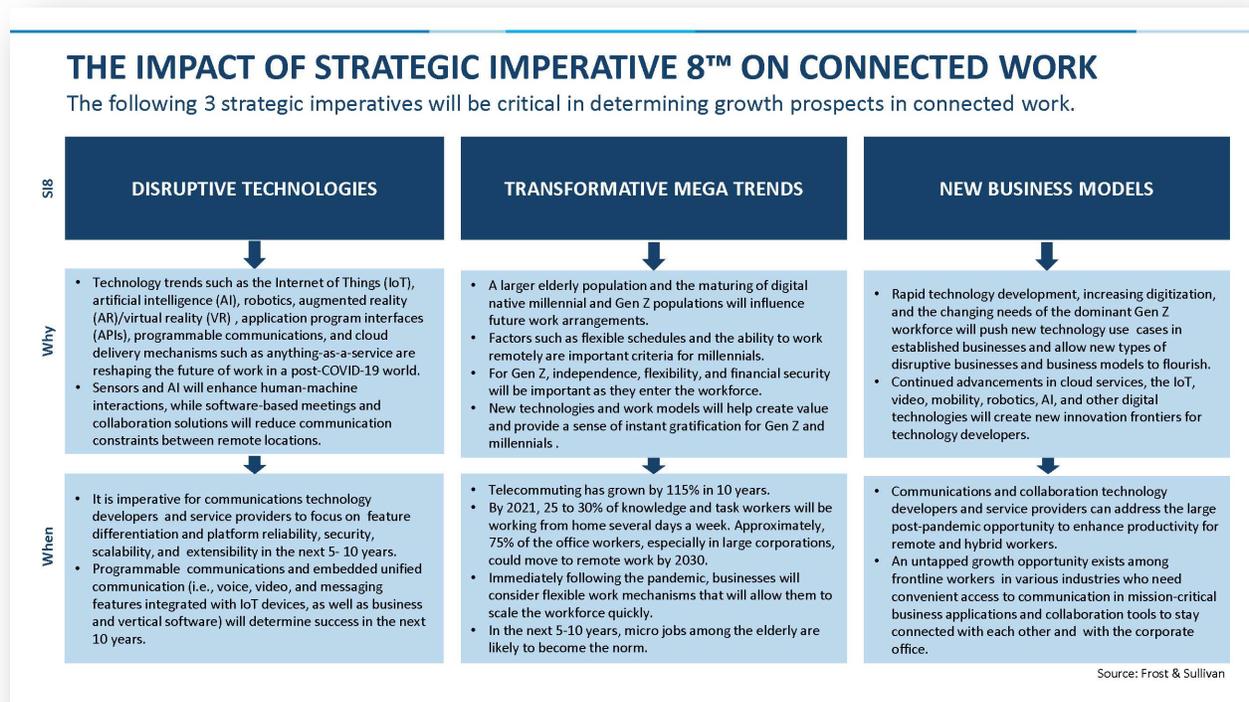
2020 BEST PRACTICES AWARD

zoom

2020 GLOBAL
CONNECTED WORK
COMPANY OF THE YEAR AWARD

Strategic Imperatives

Frost & Sullivan identifies three key strategic imperatives that impact the connected work industry: disruptive technologies, transformative Mega Trends, and new business models. Every company that is competing in the connected work space is obligated to address these imperatives proactively; failing to do so will almost certainly lead to stagnation or decline. Successful companies overcome the challenges posed by these imperatives and leverage them to drive innovation and growth. Frost & Sullivan’s recognition of Zoom Video Communications, Inc. is a reflection of how well it is performing against the backdrop of these imperatives.



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated companies. Zoom excels in many of the criteria in the Connected Work space.

AWARD CRITERIA

<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Addressing Unmet Needs

Founded by a group of visionary leaders, Zoom is on a mission to completely overhaul business video communications by removing the unnecessary complexity that has traditionally stymied adoption and usage. Since its inception, the company success has been predicated on the persistent ability to recognize and address unmet needs.

Zoom’s exponential adoption proves the company’s effectiveness in providing timely solutions to existing customer pain points, as well as accurately anticipating future customer demands. Zoom Meetings have served as a critical lifeline amid the COVID-19 shutdowns of businesses, educational institutions and government agencies. In April 2020, Zoom reported that 300 million daily meeting participants were leveraging the platform to remain engaged and productive, which represented a monumental increase compared to 10 million daily meeting participants in December 2019.

Zoom is also proving successful with its unified communications as a service (UCaaS) offering, which includes Zoom Phone and Zoom Chat. Zoom Phone launched in late 2018. Today, more than 500,000 seats of Zoom Phone have been deployed, representing a growth rate that is more than nine times the market average growth from December 2018 through October 2020. Zoom Phone adoption has been greatly aided by increasing international demand, which Zoom is addressing with the service now being offered in over 40 countries. During the company’s virtual Zoomtopia user conference in October 2020, Zoom stated that roughly 22% of new customer wins include Zoom Phone as a service. The strong pull-through demonstrates satisfaction and loyalty among Zoom’s existing base of Meetings customers and their trust in Zoom to support their mission-critical voice communications needs.

Zoom continues to expand and enhance its portfolio on a regular basis, adding new capabilities across Zoom Meetings, Phone, Chat and Webinars to deliver what customers are asking for. Importantly, the latest enhancements also include industry-specific programs and functionality for healthcare, education, financial services and government that address essential requirements in these large, often under-

served verticals that that endured significantly strained resources amid the COVID-19 pandemic. Further advancements in customization capabilities, such as enhanced SDKs for developers to integrate high-quality Zoom video, audio, chat and other features directly into their custom-built apps for Android, iOS, and web browsers enable solutions to be more tightly matched to each customer's unique needs. Furthermore, the Zoom Marketplace and a growing portfolio of integrations demonstrate that Zoom remains steadfastly focused on bringing more value to its solutions to address continuously-shifting customer requirements.

Continued Innovation

Zoom's popularity and high usage rates stem from the company's ability to consistently recognize and address changing market demands in a timely manner. Continued success has not compelled Zoom to rest on its laurels. The company's R&D expense in Q2 2020 was approximately \$29 million, up 128% year over year. Zoom has publicly committed to invest more in R&D in 2021 to drive innovation across its portfolio.

Zoom company leaders have remained committed to a vision of making rich communications secure, accessible and simple everywhere, for everyone. This vision builds upon the initial successful framework of Zoom Meetings and is today proving to be in sync with market needs. Examples include Zoom for Home, Hardware as a Service (HaaS), OnZoom and Zoom Apps, among others.

When the global COVID-19 pandemic sent masses of workers and students home in 2020, they found Zoom Meetings to be an ideal solution that enables people to observe social distancing mandates while still moving forward with their jobs and education. With exposure to a significantly-expanded base of potential users, Zoom has quickly become prevalent both in people's professional and personal lives. Today the term "Zoom" has become synonymous with cost-effective and easy-to-use, yet high-quality

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- Robert Arnold, Principal Analyst

communications, with Zoom Meetings leveraged for everything and anything from virtual book clubs, happy hours and yoga classes, to neighborhood gatherings, religious services and much, much more.

Acknowledging the heightened need for robust security, Zoom doubled down on enhancements in this area. Company leadership took a strong, no nonsense stance that included a three month moratorium on other developments so that more resources could be devoted to rapidly enhance capabilities such as privacy,

access, encryption, data governance, regulatory compliance and others. Zoom's platform and applications are now more secure and the company is has already accelerated momentum with security-conscious customers in highly related markets, such as financial services and healthcare.

The summer 2020 launch of Zoom for Home is an innovation that brings the professional online meetings experience into homes on a dedicated endpoint device, while also fulfilling personal use cases and thus greatly enhancing the value of Zoom to users. Simplified licensing with plug-and-play deployment of dedicated Zoom conferencing devices make Zoom for Home a spot-on fit for home-based

workers who recognize that more frequent working from home will be a likely future reality. Zoom for Home effectively addresses the blended work-life use cases that people now expect.

OnZoom, announced at Zoomtopia in October 2020, brings to market an innovative solution providing an online events platform and marketplace for paid Zoom users “who want to create, host, and monetize classes, concerts, or fundraisers via the Zoom Meetings platform”. The OnZoom platform fills a void in the market for reliable, feature-rich virtual events leveraging a broader toolset that users are familiar with and invested in. Overall, the availability of OnZoom paves the way to creating critically-important new business models in the post-pandemic era.

As end-user organizations increasingly gravitate toward OPEX over CAPEX deployment and consumption models, Zoom Hardware as a Service (HaaS) was launched in mid-2020 to deliver the OPEX and support that customers need as they deploy Zoom Rooms in meeting spaces of all sizes. The option to subscribe to Zoom HaaS enables customers to streamline purchasing through a single, consistent monthly invoice for both Zoom hardware and software at a reduced upfront cost with simplified device management and software upgrades backed by a three-year warranty.

Zoom Apps create new opportunities to integrate and consolidate the user experience for enhanced workflows. The Zoom experience is easily customizable through integration of popular business apps with the Zoom platform. The integrated capabilities reduce distracting and inefficient app switching by allowing users to access and use third-party apps such as Atlassian, Asana, Box, Dropbox, PagerDuty, Slack and others directly within their Zoom clients. As such, Zoom Apps is truly differentiated in the market and brings forward the unified business and IT environment that users increasingly seek.

Leadership Focus

In the early stages of the COVID-19 pandemic, Zoom leadership quickly saw the urgency to help those in need of engaging collaboration services available wherever people are located. Accordingly, the company lifted the time restriction for Meetings sessions for its education users, among other actions, to ensure working and learning from anywhere take place with fewer limitations. As a result of Zoom’s timely approach, more than 100,000 K-12 schools signed up to use the Zoom platform for free during the pandemic.

The company has established a number of other initiatives aimed at supporting important social causes.

- Over 35,000 individual educators, school administrators and IT professionals worldwide joined the free virtual Zoom Summer Academy, the company’s largest educational event to date, focused on thought leadership in remote learning, practical training and networking opportunities.
- Zoom Cares, a new philanthropic entity, builds on Zoom's commitment to making an impact on education, social equity and climate change through funding and employee involvement.
- The Zoom grants program helps to fund education organizations’ technology initiatives for access to schooling.
- The Zoom for Non-Profits program provides discounted products to non-profit organizations in partnership with Tech Soup.
- WePledge provides a framework for Zoom employees to commit time and resources to positively impact causes.

- A matching gift program matches employee contributions to causes dollar for dollar. Zoom also encourages employee volunteerism to actively serve local communities.

Zoom is setting a strong example for the industry on best practices as it shares its success and resources, which makes customers proud to be affiliated with the company.

Financial Performance

Zoom was already set on a strong growth trajectory as it exited 2019, one year out from the launch of Zoom Phone and with consistently expanded adoption of Zoom Meetings and Chat.

With calendar year 2020 coming to a close, it is shaping as a record year for cloud unified communications and collaboration services adoption and usage. Zoom was particularly well positioned to address the challenges that end-user organizations of all types faced in the widespread move to remote work and virtual learning. Due to its freely-available service options and intuitive licensing model, combined with ease of use and streamlined onboarding, Zoom's portfolio has become ubiquitously adopted and continues to keep people connected worldwide.

Following a banner performance in the first quarter of 2020, Zoom bested its own results in the second quarter of the year with key data points including:

- Total revenue for the second quarter of \$663.5 million, up 355% year-over-year.
- 370,200 customers with more than 10 employees, up 458% year over year.
- GAAP income from operations of \$188.1 million, compared to \$2.3 million in the second quarter of the previous fiscal year.
- Year-over-year growth in revenue primarily driven by new customer subscriptions, which accounted for approximately 81% of the increase.
- Revenues from the Americas region grew at a rate of 288% year-over-year.
- Combined APAC and EMEA revenue grew 629% year-over-year and represented approximately 31% of revenue.

Financial stability and resources that lend to long-term viability are essential attributes customers seek in technology providers. Zoom stands extremely well situated in this regard.

Brand Equity

Customers perceive the Zoom brand positively and exhibit high brand loyalty. Ease of use, free or affordable and engaging functionality have exposed Zoom services to multiple millions of professionals and students worldwide to "Zoom" at home, in the classroom, for work, and in their personal lives. Now firmly established with worldwide brand recognition, Zoom conferencing has become the de-facto benchmark experience in the business collaboration market.

As Zoom continues its momentum, the company is finding success in all market sectors. In its Q1 2021 (ended April 30, 2020), Zoom announced a new customer win in the highly-regulated banking industry that purchased 175,000 licenses. In its Q2 2021 (ended July 31, 2020), Zoom reported that 19% of its revenue growth was driven by continued expansion within its existing customer accounts, a testament to a high level of customer satisfaction and loyalty. Also in Q2, Zoom highlighted a win with Fortune 500 brand Activision Blizzard, as well as ExxonMobile and an expansion with existing high tech customer

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ServiceNow among its many competitive successes within even the most challenging customer environments.

Buoyed by consistent advancements and reliable performance, Zoom can address the most common use cases, as well as the most complex ones, which is helping the company to compete for more

opportunities than ever before—and Zoom is winning more than its share.

Conclusion

Since its inception, Zoom has demonstrated impeccable timing to address emerging communications needs across industries and user demographics. Founded upon its robust, versatile and easy-to-use cloud video conferencing solution, Zoom now offers a ubiquitous tool set that addresses a much-wider berth of user requirements to keep them fully connected whenever or wherever they work and learn.

For its strong overall performance, Zoom is recognized with Frost & Sullivan’s 2020 Company of the Year Award.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends: Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first to market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

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

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

