NICE Recognized as the

2021

Company of the Year

North American
Contact Center Industry
Excellence in Best Practices

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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 company. NICE excels in many of the criteria in the Contact Center space.

Customer Purchase Experience

The contact center has gone through significant shifts in the past decade, experiencing rapid technology adoption and obtaining an increasingly important and extensive role in the organization. While several industries have experienced rapid change, the transformation in the contact center industry is particularly impressive because research and development (R&D) is an expansive endeavor here as it serves all other sectors. Long perceived as a cost center, in the past decade, the reputation of the contact center has dramatically shifted. It is now a multifaceted hub of customer engagement and customer experience (CX) management, fulfilling a broad range of business functions, including customer service, technical support, marketing, sales enablement, and accounts receivables management.

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To be a winner in this increasingly complex industry means providing an extensive array of integrated solutions on a modern platform that takes advantage of the cloud and artificial intelligence (AI) technologies. NICE, a leader in the contact center industry, has long been navigating the waters of technological change. Founded in 1986, with deep roots in analytics and AI, NICE has developed one of the broadest portfolios in the industry, bringing together real-time interaction

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management, advanced analytics, and employee engagement tools with solutions that address all market segments.

The company's product strategy is built around four pillars: the cloud, omnichannel, AI, and analytics. The company promotes a digital-first engagement, empowering agents with process automation and intelligence about the customer.

Customers using the NICE CXone cloud customer experience (CX) platform benefit from decades of continuous innovation. CXone is an enterprise-grade omnichannel contact center as a service (CaaS) solution for contact centers of all sizes that delivers a complete set of application suites, unified as a common interface for customers, agents, managers, and administrators. The platform is powered by Enlighten AI, a purpose-built AI engine designed for CX. NICE CXone is built on a cloud-native Open Cloud Foundation that provides full elasticity, rapid turn up, guaranteed availability, and broad compliance for standards such as the payment card industry (PCI), Health Insurance Portability and Accountability Act (HIPAA), Federal Risk and Authorization Management Program (FedRAMP), Cyber Essentials, and General Data Protection Regulation (GDPR).

NICE ensures that customers can easily add third-party applications. The Open Cloud Foundation offers more than 130 pre-built integrations and access to alliance partners. It also provides an extensive collection of more than 300 representational state transfer application programming interfaces and related interactive documentation.

Addressing Unmet Needs

NICE has been at the forefront of trends, such as the use of AI, but is particularly adept at adding new functionality to customer care before others in the market. For example, it was one of the first contact center providers to make use of Big Data in contact center analytics. Similarly, robotic process automation (RPA) providers initially marketed RPA for the back office. NICE added RPA to its product suite for use in both the contact center and the back office years before most of the market thought to do so. Today, process automation is a key part of contact center strategies across the market.

The company's early years focused on contact center analytics, financial crime prevention, risk mitigation, and compliance solutions. It built its early reputation as a leading provider of contact center analytics capabilities, often partnering with legacy contact center suppliers to provide them with workforce optimization and performance management solutions.

Starting in 2013, NICE initiated a long-term strategic plan with solid financial investment to transform first into an enterprise software company and then a provider of analytics solutions at scale and in the cloud. In March 2016, it acquired Nexidia, a leading provider of analytics known for its patented phonetic approach to indexing and analyzing audio content and applications that integrate with legacy call recording platforms to transform contact center data into business intelligence.

In May 2016, NICE acquired inContact, one of the leaders in the cloud contact center space, becoming a comprehensive contact centre service provider. It then rebranded and expanded the entire cloud portfolio under the NICE inContact CXone brand. The company also made additional investments, specifically to develop core components or branch out into new markets. For instance, NICE's 2017

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acquisition of Sametrix added to its voice-of-the-customer solutions, and its 2018 acquisition of Mattersight added persona-based routing and behavioral analytics. In 2019, NICE acquired Brand Embassy to enable smart digital conversations in the contact center with complete messaging and real-time options for more than 30 channels, including Facebook Messenger, Twitter, Apple Business Chat, WhatsApp, LinkedIn, SMS, email, and live chat. Today, NICE is the organization that covers the most digital channels in one inbox and promotes a digital-first, omnichannel vision with its customers. Rounding out the portfolio, NICE acquired MindTouch in April 2021, obtaining with it a complete knowledge management solution.

The 6-year strategic journey allowed NICE to expand internationally with cloud and analytics offerings; provide a comprehensive, end-to-end integrated analytics-driven suite of customer service solutions in the cloud; and offer high-end omnichannel contact center solutions to the market. The transformation also marked a cultural shift in the company away from a focus on products to a focus on comprehensively meeting customer needs with product, service, and support under a single umbrella, leading with the flagship offering of NICE CXone.

Visionary Scenarios through Mega Trends

Driven by the winds of consumer preference, sentiment, and expectation, NICE has continuously innovated to accommodate a rapidly changing consumer base. Its R&D is particularly attuned to the Mega Trend of the cognitive solutions, with significant resources aimed at process automation and infusion of intelligence across the CXone platform. For example, preference management, sentiment analysis, improving CX with enriched self-service options, and enhanced contact routing are examples of embellishments driven by the addition of AI.

NICE's shrewd acquisition strategy has had a big part to play here. Although the company sports a deep bench of AI talent amongst its 2500 software engineers, it continuously scours the field for potential companies that have built new capabilities in emerging areas. This helps NICE obtain more talent and intellectual property and significantly reduces time to market. Upon acquisition, the company integrates the acquired assets into the platform and develops on top of them.

One example of an acquisition that reduced time to market is in the area of knowledge management, which is critical to fueling tools for both the live and virtual workforce, yet hasn't been widely developed within the industry. CXone Expert, a result of the acquisition of MindTouch, a leader in the knowledge management (KM) space, was incorporated into the CXone platform in 2020. CXone Expert is an AI-powered KM solution that adds intelligence to self-service by providing personalized content and injecting insight for customers throughout the customer journey. It proactively surfaces data on whichever digital channel the customer chooses to start on, like the web and intelligent virtual assistant (IVA) bots, turning these channels into AI-powered agents. NICE also partnered with Amelia to power the CXone SmartAssist IVA, one of the most comprehensive IVAs and bot development platforms in the market.

Customer Ownership Experience

Frost & Sullivan believes that a fundamental reason that NICE is a leader in the market is its regular cadence of development and innovation, concisely matched to the goals behind major industry trends. In fact, the company helps drive those trends, including digital transformation, omnichannel service delivery, personalization, employee and customer engagement, and the infusion of intelligence across an orchestrated customer journey. With NICE, the development in one area is not a solo endeavor but part of a continuum or core areas that achieve these broader goals when tied together.

The announcement of Customer Experience Interactions (CXi) in October 2021 put a name to this mission. CXi embodies all of the components of the CXone platform into an intelligent framework for customer interaction. CXi is a new framework delivered through a unified suite of applications that delivers the CXi on the CXone platform. It uses AI and data-driven self-service, preparing agents to address a variety of customer needs. It enables connected, smart, human-assisted customer engagements, using a combination of CCaaS, WFO, analytics, AI, and digital self-service based on CXone.

The CXone provides customers with a base platform with the core components riding on top, each with a specific purpose, all powered by the brains of the platform, Enlighten AI, the AI engine purpose-built for CX. This makes it easier for NICE customers to make transformative customer journeys as it gives them a path to build on, as shown in Figure 1.

Figure 1: CXone Open Cloud Platform

Source: NICE

Financial Performance

The sudden shift to cloud contact centers started in earnest around 2012, ushering in a raft of new competitors and an influx in venture capital and private equity funding. Since then, many companies have had to fold or have been operating in the red. However, NICE has managed to have stellar financial performance in the contact center space by executing its long-term strategic plan. This included three phases of value creation. In the first phase (2014–2016), NICE provided enterprise software and streamlined operations to improve profitability, increasing its operating margin from 19.3% to 26.5%. In phase two (2013–2019), it greatly expanded its total addressable market (TAM) from $3B to $6.5B by becoming a full suite provider. With new capabilities launched since 2019, growth in TAM is projected at $9B for 2021, increasing to 23.1B by 2026. In the final stage (2019–2020), NICE began a shift to the cloud. Cloud now represents 53% of the company's revenues, and this share is still growing.

NICE ended 2020 with $1.7 billion in revenue (a 5% increase over 2019). Cloud revenue increased to $788 million (up 31% year over year), with $1.3 billion in recurring revenue (up 7% over 2019). The company's market capitalization was $2.3B on December 31, 2014, and $18.2B on September 22, 2021.

Brand Equity

The contact center industry has grown vastly in the past decade, with dozens of new contact center suite providers in the cloud contact center market and hundreds of smaller players in different segments of the industry. For example, Frost estimates that in the self-service area alone, there are over 1000 providers, hundreds of them full suite contact center providers, with more in contact center adjacencies, such as knowledge management (KM) and customer relationship management (CRM). Being a premier contact center provider takes investment, a broad portfolio of solutions, solid partnerships, and a superior go-to-market strategy.

As a top-tier player, NICE has stellar brand equity, with 27K customers, of which more than 85% are Fortune 100 companies. The company added 800 new logos to its brand in the first three quarters of 2021.

Its AI-driven platform, omnichannel service delivery, and customer journey orchestration have enabled NICE to attract and retain a plethora of marquis customers. In particular, the market has responded well to its build-out of AI. Enlighten AI now analyzes over 500 million interactions per year. Brand name companies such as Whirlpool, Hewlett Packard Enterprise, and Verizon have adopted AI and KM from NICE to power digital engagement through conversational AI.

Conclusion

NICE has been a leading provider of contact center solutions for over three decades with continuous year-over-year growth that shows no sign of slowing down. Its strong financial position and investment in R&D in critical areas of customer care, creativity, innovative new solutions, and targeted product roadmap make it a competitive force in the contact center marketplace. With its strong overall performance and growing base of clients across all markets, NICE earns Frost & Sullivan's 2022 North American Company of the Year Award in the Contact Center industry.

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

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The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- Mega Trend (MT)
- Business Model (BM)
- Technology (TE)
- Industries (IN)
- Customer (CU)
- Geographies (GE)