

# GENESYS RECEIVES THE 2023 COMPANY OF THE YEAR AWARD

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*Identified as best in class in the North American  
sustainability contact center industry*



## 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. Genesys excels in many of the criteria in the sustainability space.

AWARD CRITERIA	
<i>Visionary Innovation &amp; 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

### *Visionary Scenarios Through Mega Trends*

In 2015, the United Nations set its 2030 agenda for sustainable development (17 goals and 169 targets).

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**– Nancy Jamison, Senior Industry Director, Information and Communications Technologies**

Sustainable development goals (SDGs) fall under the broader global environmental, social, and governance (ESG) umbrella. The trend of companies signing on to achieving SDGs continues to accelerate globally and is an important Mega Trend. Sustainability is particularly important in the contact center industry and increasingly used as a competitive differentiator for companies, driven by customer, investor, and employee demand.

Genesys is a global cloud contact center market leader using cloud, digital, and artificial intelligence (AI) solutions for customer experience orchestration and to positively impact employee and customer experiences. Genesys is working toward its vision of creating empathetic customer experiences at scale on its

Experience as a Service platform. Its products put empathy at the center to create better customer service interactions impacting the well-being of employees and customers alike. The company embraces a broader vision of using technology for the good of the planet and its people, continuously striving to achieve sustainability goals and assisting customers and suppliers to do the same.

Since the arrival of Tony Bates as Chairman and CEO in May 2019, the company has elevated sustainability as one of its four primary strategic priorities. Its operational model is based on growth, profitability, sustainability, and experience, with significant sustainability efforts across ESG. The company published its first sustainability report in 2021.

In 2022, Genesys joined Amazon's 2040 Climate Pledge, along with more than 300 other companies, with the goal to achieve net-zero carbon emissions throughout operations, 10 years earlier than the Paris Agreement. In 2021, the company signed the CEO Action for Diversity and Inclusion to act on supporting a more inclusive workplace, as well as the Terra Carta charter, through which it commits to the goals of protecting the world's biodiversity under each of the three ESG pillars by 2030.

- ✓ Environment: committed to becoming carbon neutral
- ✓ Social: positively impact lives, and promote diversity, equity, and inclusion in its workforce and supply chain
- ✓ Governance: maximize security, availability, and compliance

Genesys has the right kind of employees in place to meet Bates's ESG goals. For instance, Peter Graf, the company's Chief Strategy Officer, previously worked for SAP as Executive Vice President and General Manager of its Sustainability Software division. Furthermore, in 2020, Genesys developed a sustainability council comprising 20 workers and chose Bridgette McAdoo as the company's first Global Sustainability Officer. It also hired Eric Thomas as its first Global Diversity, Equity, and Inclusion Officer.

### ***Best Practices Implementation***

Frost & Sullivan believes that ESG initiatives are now a business necessity, and companies should not only practice what they preach in achieving them, but also assist others. Companies that create a culture embracing ESG strategies and carrying out initiatives to support them can assist in driving this change throughout their organization, supply chains, and customers.

Genesys has embraced this commitment to support ESG by building corporate responsibility and social and environmental best practices earlier than most players in the contact center industry. Its dedicated sustainability team works closely with an internal sustainability council with leaders from across the function.

The Genesys 2021 Sustainability report published mid-2022 highlighted numerous accomplishments toward its sustainability goals throughout 2021:

#### **Environment**

- Achieved a 22% year-over-year reduction in greenhouse gas (GHG) emissions compared to FY21
- Implemented a Green Travel Policy to help reduce carbon emissions from employee travel

**Social**

- Positively impacted thousands of lives by giving back to communities through causes its employees care about most and using technology for good in the areas of community engagement, reskilling and awareness, crisis, and product for good
- Encourages employee volunteering with paid volunteer time off
- In the US, achieved a 9.1% year-over-year increase in the percentage of employees in underrepresented groups across its workforce and by 7.9% in leadership roles

**Governance**

- Achieved 99% availability and 100% compliance
- Conducts compliance training and anti-corruption audits and has its own Anti-Corruption Policy

Since establishing its sustainability program in 2020, Genesys has increasingly garnered solid ratings from trusted validators of corporate sustainability. The Carbon Disclosure Project (CDP) awarded Genesys a B grade in FY23, moving up from D the prior year. Jumping two grade levels in its CDP rating in just one year, Genesys now ranks among the top in the customer experience industry. In addition, Genesys earned an EcoVadis gold rating in FY 2023, improving from a bronze rating in less than two years and placing it in the top 5% of the more than 100,000 companies assessed and the top 1% in the software provider industry.

A large part of Genesys attaining its environmental goals is in moving its customer base from premises-based systems to the cloud and adding new customers to the cloud to reduce carbon emissions. Genesys estimates that 83% of its GHG footprint comes from customers using its premises-based products, so converting them to the cloud has an immediate impact. It is on a solid path to do this. The company reported that this transition is well underway as 90% of its new bookings in FY 2022 were cloud and subscription-based—an increase of 15% over 2021 and 37% greater than in 2019.

Ongoing efforts for the company include creating the workplace of the future with sustainable features. For example, in 2022, the company decreased its reliance on corporate real estate by shifting to a work-at-home model and created mass transit initiatives for employees. It also moved its corporate headquarters from Silicon Valley to Menlo Park, CA, in a pedestrian-friendly neighborhood near a train station. The building incorporates LED lighting and uses Forest Stewardship Council-certified wood finishes. Similarly, its 36,000 square foot office in Galway, Ireland, is in a sustainably focused commercial center. The building is designed and constructed according to the One Planet Living framework, which incorporates customized social, economic, and environmental elements. Both offices achieved Platinum Leadership in Energy and Environmental Design (LEED) certification.

In addition to encouraging and educating employees on sustainable practices, Genesys has also developed sustainable procurement guidelines aimed at conserving natural resources and focusing on the purchase of recycled, recyclable and renewable materials. Genesys also offers a sustainable procurement course to guide its sourcing and procurement team in fair competition, green purchasing, and supplier diversity practices. In 2022, the company diverted 35,000 pounds of e-waste from a landfill through an IT asset disposal project, avoiding 19 metric tonnes of carbon emissions.

## Addressing Unmet Needs

Companies increasingly choose partners that share mutual corporate values. In Frost & Sullivan's 2023 Contact Center Decision-Makers Survey, respondents viewed sustainability and corporate social responsibility (CSR) as core priorities. When asked how important sustainability and CSR are for their organization over the next two years, 60% of 751 respondents marked them as their top one or two priorities.

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Genesys provides programs that map its corporate goals with SDGs. The SDGs the company intently aligns with are SDG5: Gender Equality, SDG8: Decent Work and Economic Growth, SDG10: Reduced Inequalities, SDG11: Sustainable Cities and Communities, and SDG13: Climate Action.

The company's notable projects to address these goals include creating a supplier diversity policy, a sustainable sourcing document, and sustainability software to assess the health and welfare of the

supply chain. It is part of the Supplier Diversity Coalition, which prioritizes diversity across supplier partnerships. The program enables Genesys to survey its suppliers to track minority ownership and gain insights into the representation of women, racial minorities and LGBTQ individuals within each supplier's employee base, leadership team, and board of directors. This data is then factored into vendor selection and contract renewals.

To help facilitate carbon reduction, Genesys Cloud CX services are deployed in Amazon Web Services (AWS) Regions and AWS Availability Zones, thereby utilizing a partner that is deeply aligned with the same net-zero climate goals. Genesys recently expanded Genesys Cloud CX to 12 core regions and four satellite regions around the world, with three new satellite regions launched in Paris, Jakarta, and Hong Kong.

## Financial Performance

Globally, Genesys is in the top tier for revenue in the contact center market. It achieved impressive financial results for its fiscal 2023 (February 1, 2022, to January 31, 2023), generating total revenue of more than \$2 billion, with approximately 45% from outside North America. It continues to make substantial gains in cloud, with Genesys Cloud CX revenue greater than \$800 million, up approximately 50% year-over-year, and Genesys Cloud CX net revenue retention exceeding 120% in the fiscal fourth quarter.

The company is particularly attractive to the enterprise market space, with more than 400 customers that have more than \$1 million in annual recurring revenue (ARR), including 200 Genesys Cloud CX customers. Genesys Cloud CX software also achieved a gross margin of greater than 80%. The company also reported strong profitability and liquidity, delivering mid-20s adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) margin and ending the year with over \$500 million in cash and cash equivalents.

### ***Customer Purchase Experience***

In furthering its commitment to reach its ESG goals, Genesys uses its cloud-based portfolio to assist customers in achieving their sustainability objectives, which includes initiatives to move them from premises-based systems to the cloud. This evolution was accelerated during the pandemic and Genesys quickly moved existing premises-based customers to the cloud, helping organizations shift to remote or hybrid work while also aiding them in lowering their carbon footprint. The pandemic also served as an opportunity to further lower carbon reductions as Genesys adjusted its approach to corporate business travel and its workforce strategy which lessened employee commuting long-term. Additionally, the company continues to work with clients in reassessing the best blend of remote work moving forward.

Genesys products also support SDG3: Good Health and Well-being. SDG 3 focuses on people's physical and emotional well-being, which corresponds to an important contact center industry trend—improving the employee experience to enhance the customer experience as both go together. One example is using machine learning and AI to create more intelligent self-service channels to free agents from performing tedious, repetitive, and time-consuming tasks, allowing them to focus on more complex customer interactions. The company also develops powerful workforce management packages that offer flexible scheduling applications to better accommodate agents' needs and positively impact work-life balance.

In addition, Genesys keeps up a regular cadence of communication with customers on issues related to sustainability through multiple channels, including letters, emails, social media, web chats and meetings, and an online portal available 24/7 for support.

### ***Brand Equity***

Genesys is one of the most recognized brands in the contact center industry, with over 7,000 customers across 100+ countries. Today, more than 800,000 customer service agents work on Genesys Cloud platforms, orchestrating billions of customer experiences every year. Its workforce comprises 6,000 employees, 28% of whom are women; this number keeps growing as the company seeks to achieve its diversity and inclusion goals. These employees play a significant role in increasing brand awareness of the company's sustainability goals as they volunteer on ESG projects globally. In fact, Genesys has over 100 sustainability ambassadors creating monthly activities and participating in World Cleanup Day and other ongoing projects. The company was voted Great Place to Work in 10 countries and increased US employees in underrepresented groups by 9.1% and 7.9% in leadership roles in FY 2022.

The Genesys installed base extends from small businesses to large enterprises, including highly recognizable global brands. For instance, more than 50 Fortune 100 companies use Genesys products. It continuously innovates in areas such as workforce engagement and workforce optimization that impact the health and well-being of its employees and customers, improve business operations and profitability, and assist in achieving SDG goals, growing its brand reputation.

## Conclusion

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Genesys has strongly embraced sustainability and inculcated a deep culture within its business to imbue a sense of purpose with its employees, customers, and partners in achieving them. Its cloud portfolio directly impacts ESG through aspects such as carbon reduction and features that enhance the health and well-being of employees, enterprises, and their customers.

For these factors, along with its strong overall financial performance, Genesys is recognized with Frost & Sullivan's 2023 Company of the Year Award for sustainability in the North American 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



## About Frost & Sullivan

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## The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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### Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



## 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)**

