

arkadin[®]
CLOUD COMMUNICATIONS

an NTT Communications Company

**2017 Latin American
Cloud IP Telephony and UC&C Services
New Product Innovation Award**

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

BEST
2017 **PRACTICES**
AWARD

LATIN AMERICAN
CLOUD IP TELEPHONY AND UC&C SERVICES
NEW PRODUCT INNOVATION AWARD

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Background and Company Performance

Industry Challenges

The cloud Internet protocol (IP) telephony and unified communication and collaboration (UC&C) services market is experiencing a rapid growth trajectory in Latin America (LATAM) as organizations increasingly recognize the benefits of cloud-based solutions. Among them are the operational expenditure (OPEX) consumption model that drastically reduces capital expenditure (CAPEX); scalability and flexibility to increase or decrease the number of ports on a per-month basis; increased productivity; greater collaboration within and among teams; faster decision-making processes; and provision of state-of-the-art technology.

At the same time, many service providers (SPs) launched new offerings during 2015 and 2016 in almost every country in LATAM. This has significantly increased the level of competition and the availability of services to customers. Subsequently, the economic crisis that the region has endured over the last few years pushed many organizations to avoid big upfront investments in technology. Instead, they are opting for recurring, subscription-based charges.

However, convincing hold-out organizations of the benefits of cloud IP telephony and UC&C services is a major challenge in the region because some remain content with legacy premises-based equipment. Furthermore, many enterprises are still concerned with security and integration issues regarding cloud developments and with the service level they would receive. This is because the deficient telecommunications infrastructure in the region can complicate compliance with service level agreements (SLAs).

Overall, SPs are increasingly challenged with greater competition in every segment of this market, including small- to medium-sized businesses (SMBs), large enterprises, and government agencies. This includes the ever-increasing demand from customers who request additional features at lower price points as they learn more about the advantages that the cloud creates and the increasing options in the marketplace.

Further, rapid technology evolution in the enterprise realm is forcing technology providers to continuously adjust and enhance their endpoint and client portfolios. Changes are not only feature-specific, but also involve back-end modifications related to the provisioning and delivery of endpoints. For instance, more current business users expect the experience they have on their personal devices to be replicated in the enterprise communications and collaboration environment. Attempts to keep pace with the agile and ever-changing nature of the workforce have moved many vendors outside of their traditional development, sales, and support comfort zones.

New Product Attributes and Customer Impact

Match to Needs

Arkadin is a cloud enterprise communications service provider with global reach. Part of the NTT Group, the company delivers its solutions using a software as a service (SaaS) model and provides audio, Web, and video conferencing services in addition to cloud IP telephony and UC&C services, covering the entire range of medium-sized organizations to Fortune 500 companies. Its global presence in 33 countries with over 50 offices allows Arkadin to effectively serve international customers that have dispersed offices in several countries around the world and are looking to integrate its enterprise communications systems under one vendor. This constitutes a fundamental competitive advantage for the company against local LATAM SPs, which can only fulfill the demands of geographically limited customers. However, unlike other global SPs with a presence in LATAM, Arkadin has dedicated teams in each of the countries where it operates. By having native-speaking employees, Arkadin is able to better communicate and reach out to local accounts, providing stronger sales, implementations, and support and training services.

Addressing Unmet Needs

In October 2016, the company launched Arkadin Total Connect (ATC) in LATAM, a proprietary cloud IP telephony and UC&C solution that fully integrates with Microsoft Office 365 and enables its cloud private branch exchange (PBX) functionality with public switched telephone network (PSTN) connectivity. It does this using local numbers, allowing LATAM customers to enjoy the full-fledged experience of Skype for Business. Ultimately, Arkadin optimizes Skype for Business availability and call quality, drive end-user adoption and satisfaction. Whether the customer is already in the Office 365 cloud or just starting its cloud transformation journey, Arkadin can deliver the optimal Skype for Business environment that meets every requirement. This is a unique value proposition in LATAM, because not many SPs are able to offer cloud PBX services based on Skype for Business with domestic numbering, due to a hard regulatory environment in the region. Therefore, Arkadin is thriving in an unexploited market niche in LATAM that has substantially strengthened the company's competitive position in the region.

Holistic Solution

Arkadin is helping an increasing number of organizations that want to move their enterprise communications to the cloud and still remain under the Office 365 environment. To do this, the company not only provides its proprietary IP telephony and UC&C solution, but also manages the client's licenses for Microsoft Office 365, acquiring, upgrading, and distributing them internally and according to the client's particular needs. Additionally, because Arkadin holds a carrier license in each of the countries in which ATC is available, it provides number portability in every country that approves this modality, including Mexico. This feature is of fundamental importance to organizations that are looking to

transition from one carrier to another without losing their known telephone numbers. Furthermore, for customers with the specific need, the company offers a contact center application built exclusively to work in a Skype for Business environment or with other value-added services, such as cloud fax, recording, and advanced reporting. In addition, Arkadin also offers tight integrations with its conferencing solutions, which are based in several prime UC&C vendors—such as Cisco, Adobe, Vidyo, and BlueJeans—and can complement the tools included in Skype for Business.

Customer Purchasing Experience

ATC's customers often present a variety of pre-existing conditions with regards to communications needs, such as different carriers, a number of Microsoft licenses, and geographically dispersed offices. This means that every new customer has a distinct set of requirements that need addressed before implementing new applications. Consequently, Arkadin develops a tailored solution for every prospect that includes the involvement of an entire team composed of a presales engineer, a project manager, and a technical architect—each with different responsibilities. Moreover, because the implementation of IP telephony systems (and more than that, switching providers) is highly complex and because this application is mission-critical for many organizations, Arkadin puts a special emphasis on providing full transparency to the prospective client during the entire process, which may take up to 4 months. The entire Arkadin sales team is available for the client 24x7 and resolves any concerns or issues, making sure the implementation is 100% aligned with the client's expectations.

Customer Services Experience/User Adoption Services

Arkadin's LATAM team has been repeatedly internally recognized for having the best customer support among all the company's global operations. This is a result of its dedicated service assurance representatives, local language support, and customer-oriented internal culture. However, Arkadin provides an outstanding customer experience beyond supporting its customers through any issue or inconvenience. The company has implemented user adoption services in order to guarantee a comprehensive use of its solutions, thus providing as much value as possible to customers. These services are included in the price of the solutions and are provided in the local language of the client. The services range from a start pack that every user receives once it begins to use the solution, to virtual meetings held between Arkadin's Customer Success Team and the users to make sure they fully understand and leverage the entire set of capabilities of the solution. This is a strong competitive edge for Arkadin because not many providers in LATAM bundle its services with comprehensive user adoption support.

Moreover, Arkadin generates monthly reports based on its internal analytics systems and proactively reaches out to customers if there is any sign that users are not fully leveraging the solutions—helping them understand any potential needs or issues and solving them. As a result, Arkadin's customers extract the maximum value out of its solutions and see

their service expectations exceeded, which ultimately results in higher customer satisfaction marks and lower churn rates for the company.

Implementation of ATC in Latin America

Although ATC is relatively new in the region—it has been available in Mexico since October 2016 and will be available in Colombia and Brazil in the coming months of 2017—it already has some important customers in LATAM. One of them is a global retailer with over 11,000 global users (of which 2,000 are in Mexico), who was looking to integrate all of its branches in Mexico under a unique provider with the goal of reducing the high maintenance and management costs associated with having several disparate enterprise communications systems. The company wanted to unify all of its systems while moving to the cloud and maintaining its Skype for Business environment, and it identified the unique value proposition of Arkadin as best solution for this. Another customer worth mentioning is a high tech company focused on the development of mobile applications. With over 600 users in Mexico, it decided to adopt Arkadin's cloud IP telephony and UC&C solution, ATC.

Conclusion

An increasing number of organizations in Latin America are looking to migrate their on-premises systems to cloud IP telephony and UC&C services while remaining under a Skype for Business environment. Arkadin successfully responded to this need and developed Arkadin Total Connect, adding cloud PBX functionality to Skype for Business while using local numbering and offering numerical portability—something quite innovative for the Latin American marketplace. Hence, the company has disrupted the market with a unique value proposition, paving the way for a larger cloud adoption among mid-size and large companies in Latin America.

With its strong overall performance, Arkadin has earned Frost & Sullivan's 2017 New Product Innovation Award.

Significance of New Product Innovation

Ultimately, growth in any organization depends upon continually introducing new products to the market and successfully commercializing those products. For these dual goals to occur, a company must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding New Product Innovation

Innovation is about finding a productive outlet for creativity—for consistently translating ideas into high-quality products that have a profound impact on the customer.

Key Benchmarking Criteria

For the New Product Innovation Award, Frost & Sullivan analysts independently evaluated two key factors—New Product Attributes and Customer Impact—according to the criteria identified below.

New Product Attributes

- Criterion 1: Match to Needs
- Criterion 2: Reliability
- Criterion 3: Quality
- Criterion 4: Positioning
- Criterion 5: Design

Customer Impact

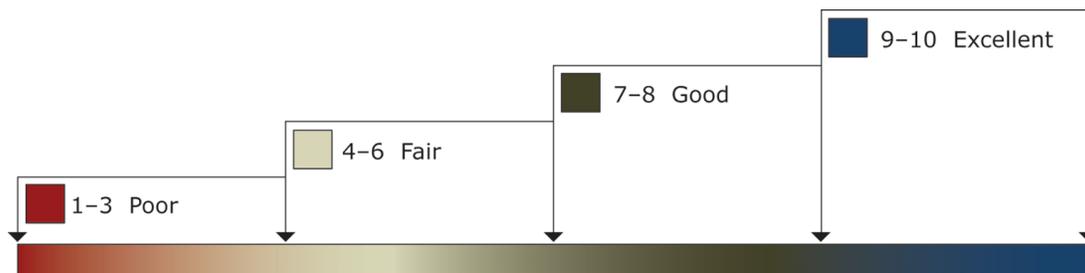
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practices Award Analysis for Arkadin

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 New Product Attributes and Customer 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>			
New Product Innovation	New Product Attributes	Customer Impact	Average Rating
Arkadin	10	9	9.5
Competitor 2	8	9	8.5
Competitor 3	7	8	7.5

New Product Attributes

Criterion 1: Match to Needs

Requirement: Customer needs directly influence and inspire the product’s design and positioning.

Criterion 2: Reliability

Requirement: The product consistently meets or exceeds customer expectations for consistent performance during its entire life cycle.

Criterion 3: Quality

Requirement: Product offers best-in-class quality, with a full complement of features and functionalities.

Criterion 4: Positioning

Requirement: The product serves a unique, unmet need that competitors cannot easily replicate.

Criterion 5: Design

Requirement: The product features an innovative design, enhancing both visual appeal and ease of use.

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.

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
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>.