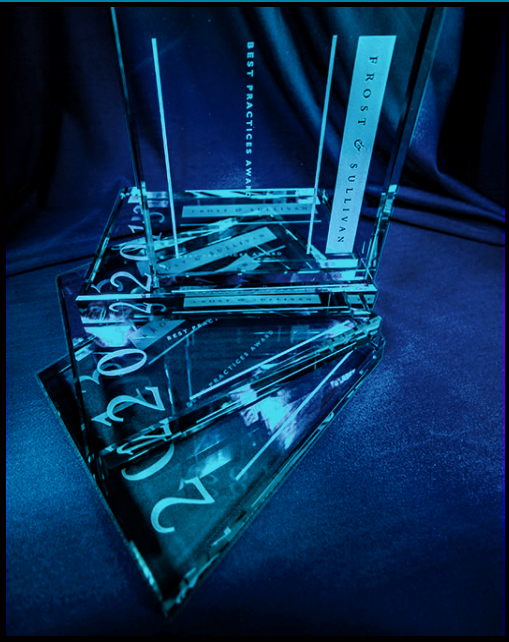


FROST & SULLIVAN



2015 Global  
Unified Communications  
Price/Performance Value Leadership Award



FROST & SULLIVAN

BEST  
2015 PRACTICES  
AWARD

GLOBAL  
UNIFIED COMMUNICATIONS  
PRICE/PERFORMANCE VALUE LEADERSHIP AWARD

2015  
BEST PRACTICES  
AWARDS

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## Background and Company Performance

### *Industry Challenges*

The enterprise communications market is undergoing a fundamental transformation. Previously disparate, proprietary, hardware-based communications systems are giving way to integrated, open-standards, software-based solutions. Market evolution is driven by customer need to lower communications infrastructure costs and improve business agility. Forward-thinking businesses have already replaced their monolithic time division multiplexing (TDM) telephony systems with Internet Protocol (IP)-based communications solutions that support a broad array of advanced communications tools such as unified messaging, instant messaging (IM) and presence, conferencing, web collaboration, video, mobility and more. Many are now looking to further rationalize their communications environments by integrating applications into unified communications (UC) architectures that help streamline IT operations and deliver a superior end-user experience.

Next-generation IP technologies allow vendors to innovate more rapidly and deliver new and unique features and capabilities to their business customers. However, accelerated technology development is also intensifying competition and creating price pressures and differentiation challenges for solution providers. UC vendors are fiercely striving to out-value each other in terms of solution functionality, price, flexibility, ease of use, delivery models and other key factors that impact customer investment decisions. However, in their quest to differentiate and deliver greater customer value, UC vendors are often increasing solution complexity as well as customer confusion.

Another key factor impacting the enterprise communications market is the growing popularity of cloud delivery models. Businesses increasingly acknowledge cloud solutions benefits including flexible capacity adjustments, more frequent and cost-effective feature upgrades, access to greater technology expertise, and ability to focus on core business tasks. Communication solution vendors are responding to this challenge by developing their own cloud solutions and introducing subscription-based software pricing for their customer premises-based deployments.

It has been particularly challenging for traditional private branch exchange (PBX) vendors to adjust to evolving market trends. Most have adapted their solutions to better fit into converged IP-based voice, data and video environments. However, many of these architectures are complex, which raises deployment and management costs. Additionally, frequent use of proprietary technologies limits interoperability.

Emerging innovative and entrepreneurial solution developers are challenging more established vendors with flexible, economical and feature-rich solutions with unique pricing and delivery models. Some of these next-generation providers have also embraced the move to cloud solutions and have launched compelling cloud communications offerings.

A price/performance value leader is a company that has excelled in terms of user features, architectural flexibility, ease of use and management, and price. Such a company is well

positioned to capture growing customer demand for innovative solutions that provide a competitive edge while reducing the burden on internal resources. Through a compelling value proposition, a price/performance leader is better able to address changing market requirements and increasing competitive pressures.

### *Price/Performance Attributes and Customer Impact*

3CX stands out among unified communications vendors with its innovative technology, compelling feature set, competitive pricing, and ability to respond to evolving market conditions and customer demand.

#### **Functionality**

Over the past decade communications vendors have greatly expanded their feature sets to surpass those of traditional communications systems. Instant messaging, presence and advanced collaboration features have complemented basic PBX and voicemail functionality. Now, the technology innovation frontier has extended to mobility, video, and contact center. 3CX is on the cutting-edge of this innovation.

3CX Phone System for Windows offers a robust feature set, including:

- PBX
- Voicemail and fax to email
- Instant messaging and presence
- Audio and video conferencing
- Web collaboration
- Mobility
- Contact center

Similar to most business communications solutions, 3CX Phone System provides PBX and messaging functionality. However, the system also delivers advanced video conferencing and web collaboration capabilities. Using WebRTC technology, 3CX enables users to conveniently launch conferencing and web collaboration sessions directly from the web, without the need to download clients on their computing devices. This functionality is particularly appealing to geographically distributed organizations looking to improve team collaboration and accelerate decision making without increasing travel costs.

3CX is also responding to growing business need to better support mobile workers. Android, iOS and Windows clients enable users to chat and talk over WIFI or 3G/4G connections and easily escalate conversations to WebRTC calls or video conferencing sessions. Use of PUSH technology in mobile clients allows 3CX customers to preserve mobile device battery life and speed up call response.

3CX recognizes businesses' need to provide more effective customer care and has integrated a contact center capability with 3CX Phone System. Agents and supervisors can

listen to, barge in, whisper and record calls. Customer relationship management (CRM) and Microsoft Exchange messaging server integration enables contact center agents to see customer names rather than caller IDs, thereby improving the quality of customer-care interactions. In addition, the 3CX contact center provides advanced queue monitoring, in-built web conferencing for more effective issue resolution, as well as detailed agent and salesperson reporting for enhanced assessment and management of customer support and sales resources.

### **Ease of Use**

As a software-based solution, 3CX Phone System is easy to deploy and manage. It runs on standard server hardware and several Windows OS versions. The system can be virtualized and deployed on VMWare or Hyper V infrastructure for hardware reduction and manageability. As a Microsoft Windows-based solution, 3CX Phone System does not require staff retraining in organizations with existing Microsoft technology skill sets. It can be deployed and configured in minutes. Automatic provisioning of supported IP phones as well as automatic voice over IP (VoIP) gateway and Session Initiation Protocol (SIP) trunk configuration save time and further simplify solution deployment.

A web-based console enables business IT staff to easily and conveniently manage the solution without the need to use third-party professional services for routine tasks such as moves, adds and changes (MACs). IT staff can also use the console to manage IP phones across the entire network and to configure smartphones remotely. By providing a single point of support for the whole solution, the web-based system management interface helps businesses streamline IT operations and reduce related costs.

3CX Phone System provides end users with an intuitive experience and a choice of communications endpoints. Depending on their physical location (e.g., in the office, on the road) or other factors, users can choose a desk phone, a mobile device or a PC soft client to message, call and conference others. Soft-client interfaces for desktop computers and smart devices allow users to easily access and manage their communications capabilities anywhere, anytime. Shared presence capabilities across devices and applications allow users to select the most appropriate communications and collaboration tools based on their contacts' availability status. WebRTC-based conferencing features provide convenient access to video conferencing and web collaboration to eliminate the hassle of downloading thick clients to enable this functionality.

Compared to most other communications solutions, 3CX Phone System provides a greater ease of deployment, management and use for both IT admins and end users.

### **Prioritization of Features**

The extensive 3CX Phone System feature set appeals to a broad range of business organizations. 3CX has successfully aligned technology development with key customer trends, such as:

- Growing user demand for mobile device integration with corporate communications and collaboration applications
- Increasing pressure within virtual (highly distributed) organizations to improve collaboration among remote workers and branches
- Burgeoning user demand for a more tightly integrated UC tool set with shared presence across multiple applications
- Perceived value of an integrated UC and contact center solution based on the same underlying technology

A 2014 Frost & Sullivan survey of 1,002 North American and European IT investment decision makers shows that 67 percent of surveyed North American businesses and 61 percent of European companies are using smartphones for business purposes. A significant 42 percent of North American respondents and 41 percent of European participants report that supporting their mobile workforce is a major IT challenge.

The same survey shows that 65 percent of surveyed North American businesses and 67 percent of European companies state that improving collaboration is one of their top IT investment priorities. Supporting remote workers and branch offices ranks high among IT decision makers' challenges in both regions.

Frost & Sullivan's survey also shows that worldwide businesses are looking to rationalize their communications infrastructure by moving from loosely integrated multi-vendor architectures to more tightly integrated multi-vendor or end-to-end single-vendor solutions.

3CX's compelling feature set and continuous innovation resonate well with business customers. 3CX Phone System capabilities such as advanced messaging, presence, mobility, contact center, conferencing and collaboration effectively address evolving customer requirements. Planned solution enhancements around deeper WebRTC integration with existing SIP technologies, greater HIPAA and PCI compliance, and more detailed reporting have the potential to further expand the 3CX Phone System appeal. An upcoming Linux-based version can create opportunities among partners and customers with existing Linux-based skills and assets.

### **Perceived Value**

Strong performance metrics show that customers perceive considerable value in 3CX UC solutions. More than 50,000 businesses have deployed 3CX Phone System, earning the vendor a spot among the top 15 UC solution providers in the world. 3CX reports 40 percent revenue growth over the past two years, which is another strong testament of its ability to deliver superior customer value.

Customers appreciate the broad feature set, ease of use and unique pricing structure of 3CX Phone System.

Businesses of all sizes and industries use 3CX's comprehensive UC capabilities to support their diverse workforce. All-inclusive license bundles allow customer organizations to economically deliver advanced features (e.g., video conferencing, soft phones) to their entire user base.

As a software-based solution, 3CX Phone System enables flexible and cost-effective deployments. This helps reduce not only hardware and software costs, but also related IT admin training and operational costs. Additionally, open standards enable tighter integration with third-party platforms and solutions, such as email and CRM platforms, which helps improve business processes. 3CX partners report successful integration with salesforce.com, Microsoft Dynamics, Sugar CRM, Sendesk, Autotask, as well as various enterprise resource planning (ERP) and human resources (HR) solutions.

A compelling pricing model further enhances the system's perceived value. 3CX license fees are based on concurrent call paths rather than per user, seat or extension. This pricing structure allows partners and customers to scale much more economically than they could with alternative solutions. Furthermore, the first 2 licenses are free for 3CX end customers, which provides a unique value proposition to micro businesses. Prices for larger installations vary by system edition and number of call paths but remain much lower than those of competitor solutions. For example, a small installation using the 3CX Mini Edition with 4 lines and up to 10 phones costs \$495 in software license fees, which is a highly competitive price for the extensive functionality provided.

Customer testimonials show high satisfaction. ArcelorMittal Tailored Blanks, a Belgium-based supplier of high-quality steel products, which deployed 3CX Phone System in 2011, states: "We chose 3CX due to the fact that it's easy to manage and maintain by our own System Engineers as well as 3CX having the great advantage of running in our High-Availability Clustered environment."

Distributors and resellers also see considerable value in partnering with 3CX. A compelling feature set along with competitive commission programs, high margins and the possibility to deliver hosted services using 3CX Phone System enable partners to differentiate, diversify revenues and stay profitable in an increasingly challenging marketplace.

### **Customer Purchase Experience**

3CX delivers its UC solutions entirely through a reseller channel. A network of over 10,000 partners extends the vendor's reach to businesses around the world while providing customers with local support and additional value-added services.

3CX partners are enabled to offer flexible deployment options. Businesses can have 3CX Phone System installed on their premises or their partner can host it for them. Through virtualization, 3CX Phone System version 14 enables resellers to cost-effectively scale deployments across multiple businesses. 3CX offers various incentives to hosting partners (for instance, the first \$15,000 worth of licenses may be free of charge to the reseller), which allows channel partners to offer competitively priced hosted services while maintaining profitability.

The hosted solution provides the same functionality as the premises-based 3CX Phone System which enables customers to capitalize on the benefits of either model without compromising on features. The virtual 3CX Phone System provides each customer with a dedicated software instance, which appeals to businesses with more stringent security requirements. Furthermore, the single software stream allows businesses to easily and cost-effectively switch from premises-based to hosted deployments or mix and match both in hybrid architectures.

Hosted and premises-based 3CX Phone System customers appreciate the convenience of all-inclusive license pricing. Most UC solution vendors and UC-as-a-service (UCaaS) providers charge extra for more advanced features (e.g., mobility, contact center). 3CX's comprehensive licenses enable more businesses and more end users to benefit from advanced UC functionality. This model also simplifies customer budgeting as it makes costs more predictable.

Through partnerships with Fanvil, Htek, snom, and Yealink, 3CX offers customers a broad range of IP phone models. 3CX Phone System is also interoperable with media gateways from BeroNet, Patton and Welltech, as well as with SIP trunking services from multiple providers such as AT&T, Bandwidth.com, SwissCom and Time Warner Cable.

Overall, 3CX provides an excellent purchase experience for its customers through extensive partners support, flexible deployment options, and a choice of devices and other equipment.

### **Customer Ownership Experience**

The customer ownership experience of a UC system or service is determined by operational metrics (e.g., ease of management, cost-effective scalability) as well as broader business outcomes (e.g., better customer service, improved collaboration, enhanced mobile user productivity).

The ability to easily and economically deploy and manage the system provides 3CX customers with significant benefits. It saves them money in software, hardware, IT staff headcount, IT-admin and end-user training, professional (e.g., integration) and maintenance (e.g., MACD) services costs, and more. Furthermore, advanced system functionality enables businesses to improve worker productivity, accelerate decision making, improve customer service and gain a competitive edge.

Belorussian company City Trade, a major wholesale and retail construction materials supplier reports having gained considerable benefits from deploying 3CX Phone System: "For us it was very important to be able to be connected with our remote offices and warehouses. Thanks to 3CX, it became possible! Now our company operates as a unified mechanism!"

Suzenergo, a leading producer of pipeline fittings in the Ukraine also reports tangible business benefits realized through the deployment of 3CX Phone System: "3CX is a PBX miracle; filled with useful Unified Communications features allowing any organisation to



build a fully mobile workforce utilizing a fully supported bring-your-own-device philosophy. There are 3CX clients available for every major OS and mobile platform on the market. With crystal-clear connection quality, extended reach beyond the office environment and a massive 50% cost saving when compared to other options 3CX's revolutionary Windows-based software PBX is truly the stuff of dreams."

### *Conclusion*

3CX's expanding customer base and double-digit annual revenue growth rates demonstrate its ability to deliver superior price/performance value in a dynamic and challenging market. Comprehensive UC functionality, ease of use, ability to prioritize feature development to address evolving customer needs, perceived value and excellent customer purchase and ownership experiences are key factors driving 3CX's success.

With its strong overall performance, 3CX has earned Frost & Sullivan's 2015 Price/Performance Value Leadership Award.

## Significance of Price/Performance Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from your company, and then making the decision to return time and again. A key component of customer retention is the delivery of a high-quality product at a reasonable price. To achieve these dual goals (customer engagement and price/performance), an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



## Understanding Price/Performance Value Leadership

Best-in-class organizations are particularly successful in two critical areas: first, helping customers to appreciate and enjoy the product at every price point; and second, ensuring that customers perceive a demonstrable difference in performance features at every escalating price point. Ultimately, this balance allows companies to profitably deliver a variety of product options to customers, differentiate the product suite, and compete at every level of the market.

## Key Benchmarking Criteria

For the Price/Performance Value Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Price/Performance Attributes and Customer Impact—according to the criteria identified below.

### Price/Performance Attributes

- Criterion 1: Functionality
- Criterion 2: Ease of Use
- Criterion 3: Product/Service Quality
- Criterion 4: Performance Reliability
- Criterion 5: Prioritization of Features

### Customer Impact

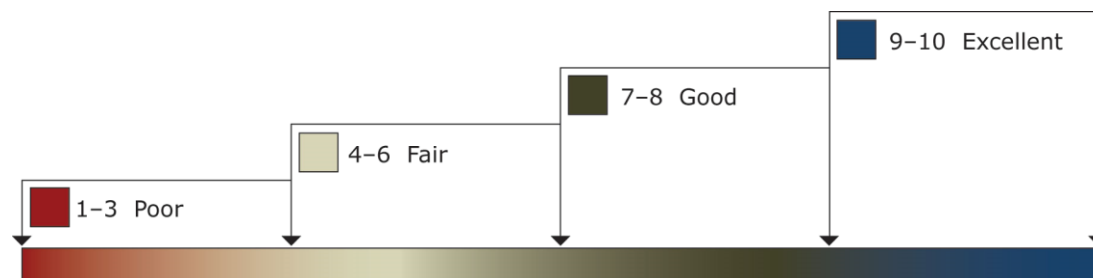
- Criterion 1: Perceived Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

## Best Practice Award Analysis for 3CX

### 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 Price/Performance Attributes and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria 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 players as Competitor 2 and Competitor 3.

DECISION SUPPORT SCORECARD FOR PRICE/PERFORMANCE VALUE LEADERSHIP AWARD

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
<b>Price/Performance Value Leadership</b>	Price/Performance Attributes	Customer Impact	Average Rating
<b>3CX</b>	<b>10.0</b>	<b>9.8</b>	<b>9.9</b>
Competitor 2	<b>9.6</b>	<b>9.4</b>	<b>9.5</b>
Competitor 3	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>

*Price/Performance Attributes*

**Criterion 1: Functionality**

Requirement: The product offers enhanced functionality to serve the broadest range of applications

**Criterion 2: Ease of Use**

Requirement: Customers typically feel that the products are easy to use to generate optimal performance

**Criterion 3: Product/Service Quality**

Requirement: Products or services offer the best quality for the price, compared to similar offerings in the market

**Criterion 4: Performance Reliability**

Requirement: The product consistently meets or exceeds customer expectations for performance over its life cycle

**Criterion 5: Prioritization of Features**

Requirement: The features that customers most value and expect are most commonly available and most aggressively priced

*Customer Impact*

**Criterion 1: Perceived Value**

Requirement: Customers typically feel that they received more from the product or solution than they paid for it

**Criterion 2: Customer Purchase Experience**

Requirement: Customers feel like 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

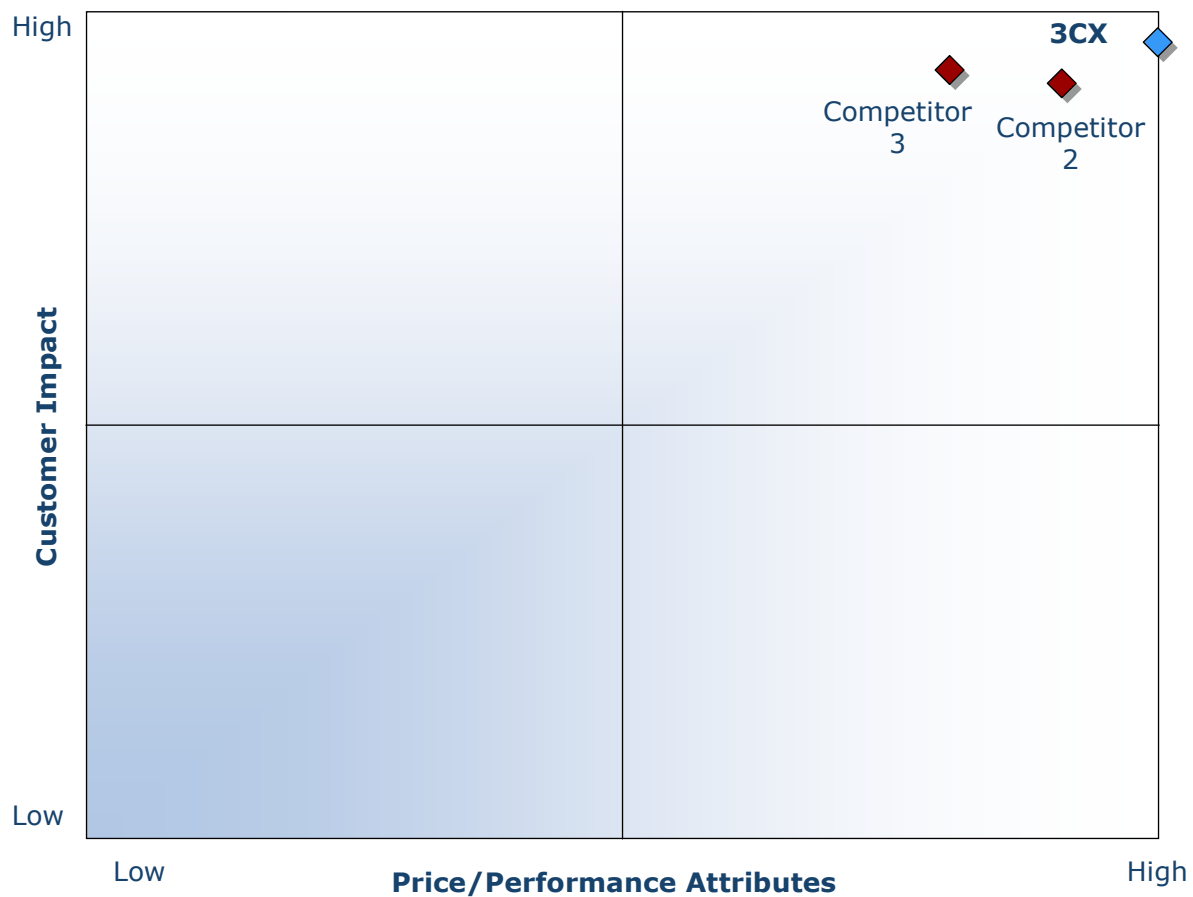
**Criterion 5: Brand Equity**

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 can 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.

DECISION SUPPORT MATRIX FOR PRICE/PERFORMANCE VALUE LEADERSHIP AWARD



## 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 players and for identifying those performing at best-in-class levels.

### 360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



## Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards 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 <b>Monitor, target, and screen</b>	Identify award recipient candidates from around the globe	<ul style="list-style-type: none"> <li>• Conduct in-depth industry research</li> <li>• Identify emerging sectors</li> <li>• Scan multiple geographies</li> </ul>	Pipeline of candidates who potentially meet all best-practice criteria
2 <b>Perform 360-degree research</b>	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> <li>• Interview thought leaders and industry practitioners</li> <li>• Assess candidates' fit with best-practice criteria</li> <li>• Rank all candidates</li> </ul>	Matrix positioning all candidates' performance relative to one another
3 <b>Invite thought leadership in best practices</b>	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> <li>• Confirm best-practice criteria</li> <li>• Examine eligibility of all candidates</li> <li>• Identify any information gaps</li> </ul>	Detailed profiles of all ranked candidates
4 <b>Initiate research director review</b>	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> <li>• Brainstorm ranking options</li> <li>• Invite multiple perspectives on candidates' performance</li> <li>• Update candidate profiles</li> </ul>	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 <b>Assemble panel of industry experts</b>	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> <li>• Share findings</li> <li>• Strengthen cases for candidate eligibility</li> <li>• Prioritize candidates</li> </ul>	Refined list of prioritized award candidates
6 <b>Conduct global industry review</b>	Build consensus on award candidates' eligibility	<ul style="list-style-type: none"> <li>• Hold global team meeting to review all candidates</li> <li>• Pressure-test fit with criteria</li> <li>• Confirm inclusion of all eligible candidates</li> </ul>	Final list of eligible award candidates, representing success stories worldwide
7 <b>Perform quality check</b>	Develop official award consideration materials	<ul style="list-style-type: none"> <li>• Perform final performance benchmarking activities</li> <li>• Write nominations</li> <li>• Perform quality review</li> </ul>	High-quality, accurate, and creative presentation of nominees' successes
8 <b>Reconnect with panel of industry experts</b>	Finalize the selection of the best-practice award recipient	<ul style="list-style-type: none"> <li>• Review analysis with panel</li> <li>• Build consensus</li> <li>• Select winner</li> </ul>	Decision on which company performs best against all best-practice criteria
9 <b>Communicate recognition</b>	Inform award recipient of award recognition	<ul style="list-style-type: none"> <li>• Present award to the CEO</li> <li>• Inspire the organization for continued success</li> <li>• Celebrate the recipient's performance</li> </ul>	Announcement of award and plan for how recipient can use the award to enhance the brand
10 <b>Take strategic action</b>	Upon licensing, company may share award news with stakeholders and customers	<ul style="list-style-type: none"> <li>• Coordinate media outreach</li> <li>• Design a marketing plan</li> <li>• Assess award's role in future strategic planning</li> </ul>	Widespread awareness of recipient's award status among investors, media personnel, and employees

## 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 almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.