

BEST STRATEGIES TO GROW YOUR BUSINESS AS A UCaaS RESELLER

*Winning in the Mid-Market with a Compelling
Private-Label UCaaS Offering*

FROST & SULLIVAN EBOOK

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RESELLERS EMBRACE UCaaS TO CAPITALIZE ON GROWING CUSTOMER DEMAND

THE RIGHT STRATEGIES CAN ENSURE LONG-TERM SUCCESS

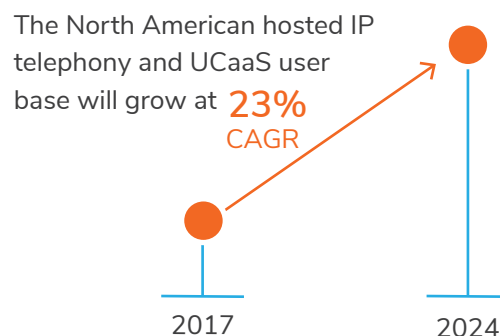
Unified communications as a service (UCaaS) offerings optimized for resellers can enable **up to three times higher margins** than competing solutions, faster revenue growth rates and stronger customer relationships. Value-added resellers (VARs), systems integrators (SIs), managed services providers (MSPs) and other resellers must **evaluate providers carefully to select partners** that provide both feature-rich solutions and flexible resale options that benefit their businesses.

- Frost & Sullivan data show that businesses are adopting UCaaS solutions as they move various software workloads to the cloud to reduce deployment costs, facilitate adoption of advanced features and gain operational flexibility.
- Service providers are responding to **growing customer demand** with a plethora of compelling UCaaS offerings for customers to choose from.
- Intensifying competition is driving accelerated innovation from providers as well as keeping costs down for business buyers.
- However, proliferating options make it difficult for business decision makers to identify the provider and solution that represent the best fit for their specific requirements.
- To ensure long-term success, business leaders are looking for **trusted partners with the right solution and skill set**, as well as a strong focus on customer service excellence, to assist them with UCaaS implementation, operation and solution lifecycle management.
- Big telcos and next-generation UCaaS providers cater effectively to small and very large businesses, but often lack the capabilities to accommodate unique mid-market (50 to 500 users) business needs.
- Many resellers acknowledge that **there exists untapped potential in the mid-market customer segment** that they can address. Forward-looking resellers are capitalizing on growing demand for cloud communications by partnering with service providers to deliver compelling UCaaS solutions.

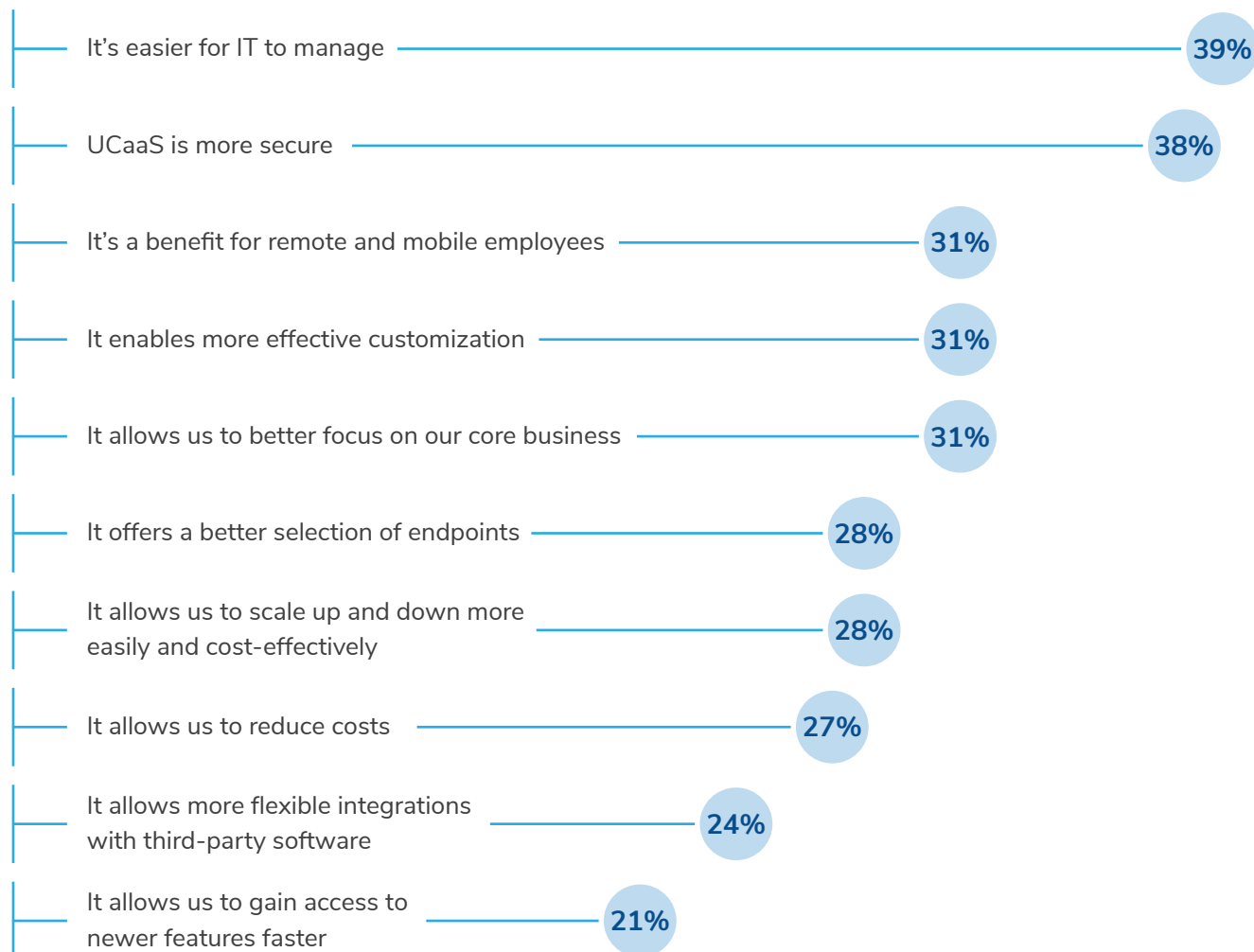


COMPELLING VALUE IS DRIVING UCaaS MARKET GROWTH

There are sizeable opportunities for UCaaS providers and resellers to address growing customer demand for cloud-based communications solutions managed by an expert third party.



MYRIAD BENEFITS COMPEL BUSINESSES TO CHOOSE UCaaS OVER PREMISES-BASED COMMUNICATIONS SYSTEMS



Source: Frost & Sullivan survey of North American IT/telecom investment decision makers

BUSINESSES NEED TRUSTED PARTNERS FOR THEIR CLOUD MIGRATION JOURNEY

Deploying UCaaS and other cloud services remains a considerable endeavor as businesses seek to address stringent requirements, including: high service quality, reliability and security; an optimum feature set; flexibility to customize capabilities; and options to integrate with third-party software, as needed.

The **vast number of UCaaS offerings** available today expands buyer choices, but frequently **overwhelms investment decision makers** when comparing multiple solutions against key benchmark criteria.

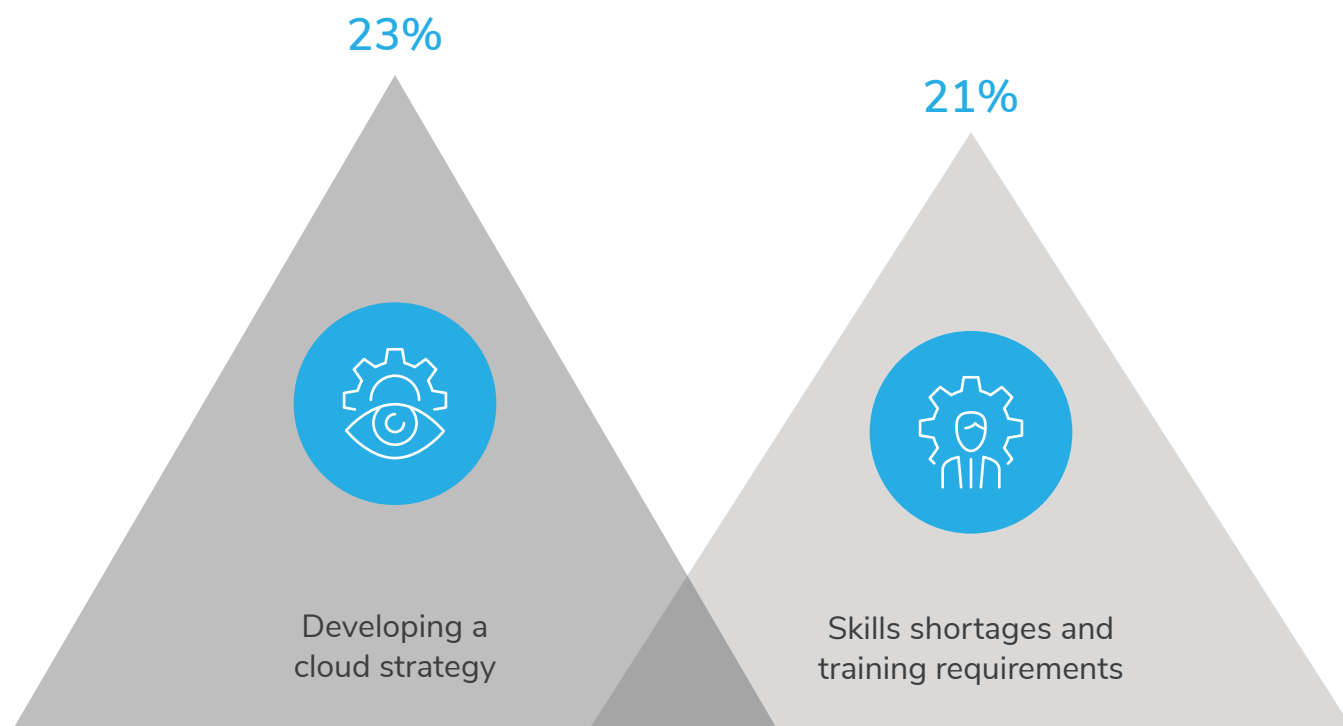
Growing IT/telecom buyers' technology savvy appropriately heightens the scrutiny they apply in solution and provider selection.

Despite improving UCaaS solution maturity in terms of functionality, performance, packaging, pricing and delivery, **service providers often have substantial gaps** in their solution portfolios and skill sets.

Resellers can add ample value in UCaaS deployments and address customer preference for a one-stop shop for both equipment and services that are not commonly delivered by telcos and other service providers.

Resellers are becoming the partner of choice as many UCaaS adopters demand that a single party take charge of their end-to-end deployment to ensure a higher return on investment (ROI) and an excellent user experience.

TOP IT CHALLENGES



Source: Frost & Sullivan survey of North American IT/telecom investment decision makers

ABUNDANT OPPORTUNITIES AWAIT RESELLERS AS THE MARKET MOVES TO CLOUD

Many VARs, SIs, MSPs and local interconnects are tapping into the substantial cloud communications market growth opportunities by partnering with technology developers to **launch differentiated UCaaS offerings** that best fit their target customers' needs.

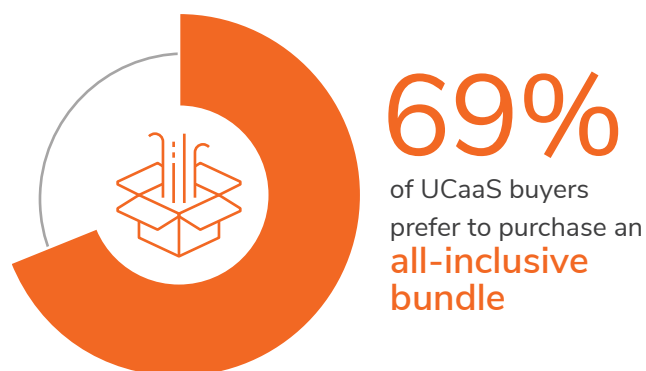
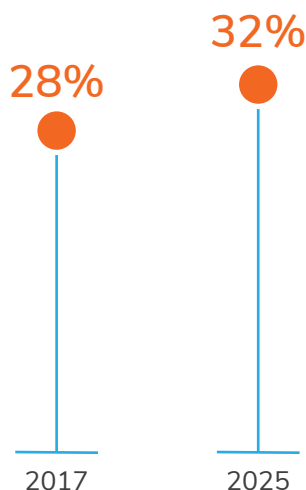
UCaaS and other cloud services (email, file share and storage, security, etc.) can deliver **predictable recurring revenue streams**, which help better manage the business and hold a high appeal to the investor community, as they generate greater net worth for the company over time.

To compete more effectively, deliver a compelling customer experience and generate higher monthly recurring revenue (MRR) resellers **NEED GREATER CONTROL** of their UCaaS offerings than certain partner models allow.

Resellers can also leverage their strength in a variety of product and services areas to **deliver higher customer value and generate additional revenues** by providing the following:

- customer IT/telecom infrastructure and needs assessments
- implementation and integration services
- customer onboarding, training and adoption services
- solution lifecycle management
- user devices, networking gear, gateways, session border controllers (SBCs) and other products to ensure higher cloud services performance
- additional software (e.g., productivity and vertical applications) that can be bundled and/or integrated with UCaaS

UCaaS REVENUE GENERATED THROUGH THE CHANNEL



Source: Frost & Sullivan survey of North American IT/telecom investment decision makers

VARS AND MSPS ARE BEST POSITIONED TO ADDRESS THE UNDERPENETRATED MID-MARKET

Small businesses with minimal legacy infrastructure and limited or no IT staff were the first to entrust their communications solutions management to an expert third party. Most **large enterprises** with complex communications and IT environments have already launched digital transformation projects that typically entail migration to cloud services as well.

Many **mid-market businesses** are left behind in the pursuit of a digital technology-enabled competitive edge as they struggle from the budgetary and IT resource perspectives to adopt the more sophisticated communications, collaboration and contact center solutions they need to compete.

As cloud technologies and business models mature, **more reliable and feature-rich UCaaS solutions are available at price levels that mid-market businesses can afford**, which will drive rapid adoption in the next decade.

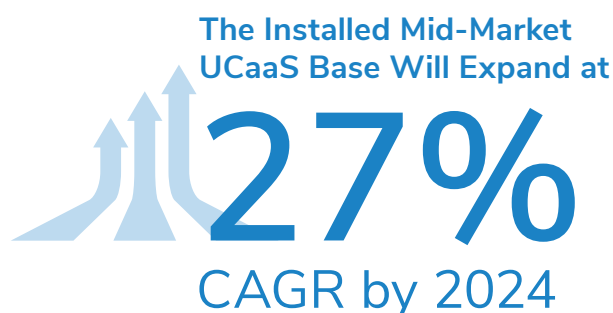
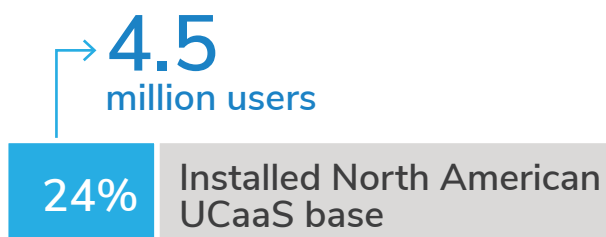
Unlike small businesses, which typically prefer digital self-service channels for speed and convenience, and large organizations, which possess considerable internal IT expertise to ensure successful deployments, **mid-market businesses require more extensive support from their providers throughout the migration and lifecycle of their UCaaS solutions.**

To place full confidence in a VAR or MSP UCaaS provider, mid-market businesses need to know that **THE PARTNER HAS CONTROL** of the technology roadmap, solution packaging and pricing.

Mid-market customers implementing UCaaS typically partner with VARs and MSPs for the following reasons:

- one-stop shopping for a variety of equipment and services
- unique partner skill sets (e.g., implementation, integration, vertical-specific)
- greater attentiveness to customer needs (e.g., custom features, extended technical support and customer assistance)
- better knowledge of the customer environment (e.g., existing systems and integrations)
- familiar brands and trusted relationships

MID-MARKET SEGMENT (2017)



Source: Frost & Sullivan

A MENU OF BUSINESS MODEL OPTIONS FOR RESELLERS TO CHOOSE FROM

IT, data and telecom resellers that do not possess the capabilities to deploy and manage home-grown or third-party UCaaS platforms can choose among several different partnership models offered by UCaaS providers, as follows:



PRIVATE-LABEL RESALE Greatest Margins and Brand Equity

Pros: Greatest customer ownership and ability to:

- create and deliver additional customer value
- maintain control of solution functionality (including user apps and IT admin portal), packaging and pricing
- generate repeat business and higher margins
- achieve fastest breakeven and highest ROI
- control marketing/messaging and customer expectations
- build and amplify brand equity in the UCaaS space
- remove or reduce customer confusion related to multi-party accountability in UCaaS deployments

Cons: Requires greater commitment and responsibility related to UCaaS solutions delivery. Typically must handle all provisioning, taxes, billing and solution management, as well as address potential issues. These concerns can be alleviated by a provider with a robust partner platform and excellent customer support.

Best Fit: Larger VARs, SIs and MSPs with broad geographic presence, the skill sets to deploy and manage more complex solutions, and existing brand recognition and customer relationships to leverage in launching a new solution.



CO-BRANDING Solid Margins and Brand Equity

Pros: Ability to leverage the strength of both the UCaaS provider and reseller brands to boost customer confidence in the solution's capabilities, as well as the capability of the UCaaS provider and partner to jointly deliver an optimal customer experience.

Cons: There may arise some confusion and conflict of interest, if service performance or solution roadmap issues need to be addressed.

Best Fit: VARs, SIs and MSPs with strong brands, portfolios and existing customer relationships partnering with UCaaS providers with strong company brands and well-recognized and widely adopted UCaaS solutions.

Private-label and co-branding models **DELIVER HIGHER AND MORE SUSTAINABLE MARGINS** than other partner models—60% to 70% on average.

MORE BUSINESS MODELS FOR RESELLERS TO CHOOSE FROM



RESALE UNDER THE UCaaS PROVIDER BRAND

Lower Margins and Limited Brand Equity

Pros: Provides an additional revenue stream, typically a percentage of recurring UCaaS revenues. Extensive training and collateral are available from the UCaaS provider. Ownership of customer contracts and ability to provide additional products and services help to deliver higher customer value, differentiate the business, and generate additional revenues.

Cons: Limited or no control over the technology roadmap, solution packaging and pricing. Lower brand visibility and customer mindshare due to lack of a privately-branded UCaaS offering.

Best Fit: IT, data or telecom VARs looking to supplement existing business (often declining premises-based solutions sales) with cloud services revenues. Typically possess relevant and/or transferrable skills sets (e.g., IP network, voice, business apps).



AGENT MODEL

Lowest Margins and No Brand Equity

Pros: Provides an additional revenue stream via one-time commissions or recurring residuals. Typically entails few quota or certification requirements by the UCaaS provider and no contractual obligation to the customer.

Cons: Agents generate lower margins due to limited value-add and have no control over solution quality, packaging or pricing. The service provider retains brand and customer ownership, as well as full control of the solution roadmap.

Best Fit: Businesses (telecom resellers, office space or logistics companies, etc.) and entrepreneurs (e.g., IT/telecom consultants) that seek to diversify revenues but prefer to limit their commitment post-deployment.

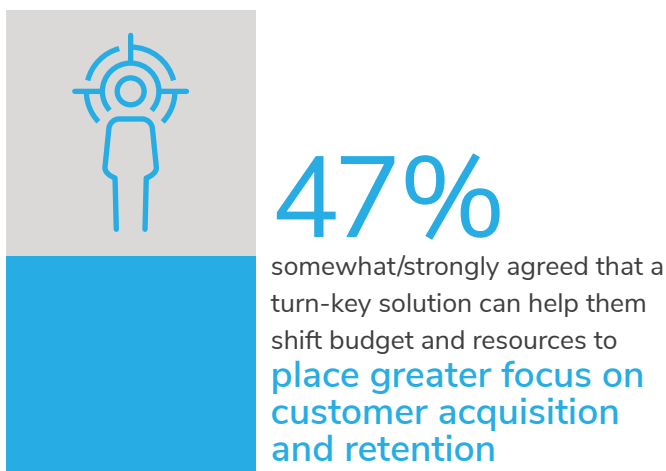
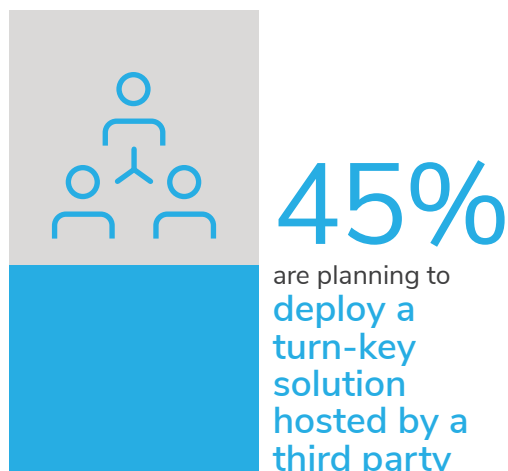
HOW TO SUCCEED WITH A PRIVATE-LABEL UCaaS OFFERING

To secure a strong competitive position against a growing variety of UCaaS providers, resellers must offer feature-rich, secure and reliable solutions that **meet customers' stringent requirements today, yet create opportunities to launch additional capabilities in the future.**

It is critical for reseller success in the UCaaS market to **select a partner that meets the following essential criteria:**

- **PLATFORM OWNERSHIP:** enables flexible and rapid innovation and reduces costs to deliver higher margins for both the UCaaS provider and resellers.
- **SOLID TRACK RECORD IN NEXT-GENERATION SERVICES:** demonstrates commitment to customer value and partner success.
- **FINANCIALLY STABLE AND GROWING:** proves strategy viability and execution effectiveness.
- **STRONG TECHNOLOGY VISION AND ROADMAP:** provides a sustainable competitive edge and ability to forge long-term customer relationships.
- **ROBUST CHANNEL PARTNER PROGRAM:** reseller success and satisfaction are determined by UCaaS provider sales incentives, as well as partner education, training and ongoing support.
- **VARIOUS RESALE OPTIONS:** private-label and co-branding options provide greater flexibility and power to the reseller, as well as address mid-market brand preferences.
- **AUTOMATED PARTNER PLATFORM:** enables frictionless quoting, sales, provisioning, onboarding, billing, taxation and support.
- **CONTRACT-FREE RELATIONSHIP:** provides flexibility to switch providers, if customer or reseller needs change.

For greater sales effectiveness, resellers must pitch not just their UCaaS solution capabilities, but also the **BENEFITS OF THEIR UNIQUE SKILL SETS.**



Source: Frost & Sullivan survey of North American IT/telecom investment decision makers

RESELLER CALL TO ACTION: DON'T MARGINALIZE YOUR BUSINESS BY ACTING AS AN AGENT

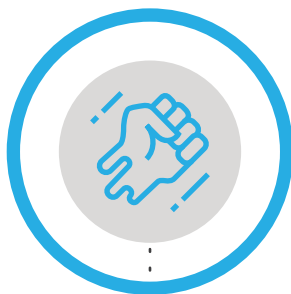
Resellers must capitalize on the considerable growth potential in the UCaaS market. To do so, they **must leverage partner programs that are optimized for their unique business models** and capabilities.

With UCaaS providers serving small businesses via digital channels and catering to large enterprises via their direct sales force, resellers **will find the largest growth opportunities in the underpenetrated and rapidly growing UCaaS mid-market customer segment.**

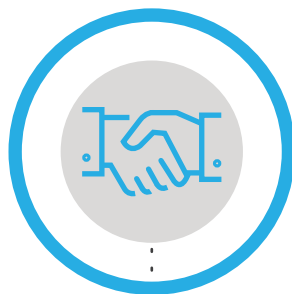
Mid-market customer requirements for a broad feature set, reliability, security and extensive support are **best met by trusted VARs and MSPs** with the ability to provide a one-stop-shop experience for multiple services and devices and exercise greater control over the solution packaging, pricing and support.

Private-label solutions empower partners to provide the best of both worlds—a robust third-party solution combined with the unique partner portfolio and skill set—thus enabling partners to generate new recurring revenues at high margins.

THE UCaaS RESELLER MANDATE



Break free from your upstream partner and control your destiny



Differentiate from resellers that cannot provide Tier 1 and Tier 2 support



Avoid uncertainty and stop chasing one-time bonuses and commissions

Source: Frost & Sullivan

VENDOR SPOTLIGHT: INTERMEDIA

Intermedia's compelling cloud services portfolio resonates strongly with its over 120,000 small and mid-market business customers in North America. It stands out among competitors with its strong capabilities, as follows:

COMPREHENSIVE UCaaS OFFERING

Intermedia Unite™, the provider's flagship cloud solution for SMBs comprises:

- cloud PBX
- voicemail and voicemail transcription
- audio, web and video conferencing
- team chat/instant messaging (IM) and presence
- online fax and traditional fax machine support
- desktop and mobile soft clients
- file collaboration and file backup
- unlimited local and domestic long-distance calling
- up to 5 communications endpoints (e.g., desktop phones, soft clients)

BROAD PORTFOLIO

Intermedia offers a one-stop shop for a variety of additional services, such as:

- business email and productivity services (based on Microsoft Exchange or Office 365)
- file sync, share, and backup
- email archiving and encryption
- Session Initiation Protocol (SIP) trunking
- identity and access management
- standalone video conferencing and webinar services

INTERMEDIA ADDRESSES TOP MID-MARKET CUSTOMER CONCERNS

Mid-market businesses value Intermedia's ease of use, service quality and reliability, and excellent customer service and support.

EASE OF USE AND MANAGEMENT

Unite Management Portal empowers SMBs to easily retain control of their communications and collaboration solutions through a single pane of glass. The portal enables users and IT admins to manage service settings and features and perform common tasks, such as:

- set up auto attendants
- enable and disable call recording
- configure hunt groups and call treatment for call queues
- configure phone displays and line keys

STRONG COMMITMENT TO SERVICE QUALITY AND RELIABILITY

- Financially backed SLAs of 99.999% service uptime
- Actual core platform availability of 100% in the past 3 years

CUSTOMER SERVICE, SUPPORT, AND SECURITY EXCELLENCE

Intermedia's unwavering commitment to customer satisfaction benefits partners too:

- Signature "worry-free experience" founded on five pillars—security, reliability, onboarding, support and regulatory compliance
- Customer data in an SOC 2-audited cloud
- Industry regulatory requirements including those stipulated by FINRA, SEC, NASD, the Gramm-Leach-Bliley ACT and Sarbanes-Oxley
- Cloud Concierge, a team of onboarding experts available 24x7x365 to ensure cloud migration is conducted expediently and in a non-disruptive manner
- Intermedia's Strategic Client Services Manager (SCSM) program leverages Intermedia's Center of Excellence, which focuses on leadership, best practices, support, voice of the customer, training and research
- Recognized by J.D. Power for its outstanding customer technical support 3 years in a row



INTERMEDIA THRIVES ON PARTNER SUCCESS

A partner-centric market approach ensures that Intermedia and its partners jointly deliver a stronger and more differentiated value proposition to customers.

COMPELLING PARTNER PROGRAM

A comprehensive and well-designed partner program delivers everything partners need to succeed:

- Over 6,600 total resellers—multiple options for customers to choose a partner based on location, reputation, portfolio, existing relationship or other criteria.
- Partners include agents, VARs, MSPs and other types of partners, as well as retail outlets such as Costco.
- Reseller white-label and co-branding programs, as well as an advisor model, available to provide the best fit for partners based on their skill sets and solutions portfolios.
- Full library of branded and customizable marketing and sales materials.
- Intermedia University, extensive training, and tailored certifications ensure that partners are knowledgeable about Intermedia's portfolio.
- An advanced partner portal and partner systems integration via ConnectWise provide partners with the support they need to effectively promote Unite and its benefits to customers.
- Intermedia removes the communications tax burden by handling all telephony taxes on behalf of partners. Reseller invoices include the cost of the UCaaS service, as well as the appropriate taxes for each user location.
- Via mandatory certifications partners gain faster access to product experts within Intermedia for assistance with matters related to product, billing or customer concerns.
- Considerable discounts and MDF programs offered by Intermedia to partners ensure that partners generate robust margins and have an incentive to more eagerly promote Unite to businesses.

With its strong portfolio and commitment to customer service excellence, **Intermedia is a desirable solutions provider** for SMBs and the VARs and MSPs striving to deliver compelling UCaaS solutions to these businesses.

www.intermedia.net



NEXT STEPS



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