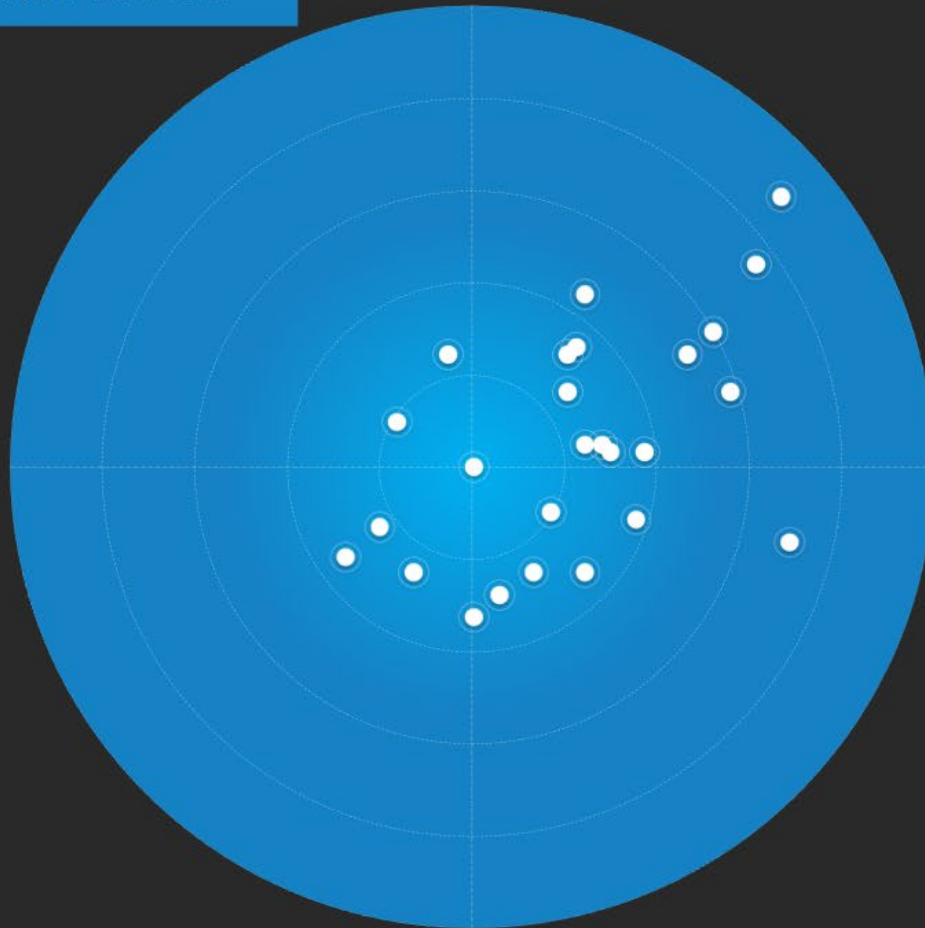


FROST RADAR™

GROWTH INDEX ↑



INNOVATION INDEX →

Frost Radar: North American UCaaS Market, 2022

A Benchmarking System to Spark Companies to Action - Innovation That Fuels New Deal Flow and Growth Pipelines

Analyst Name: Elka Popova

Date: October 2022

Frost Radar™: North American UCaaS Market, 2022

Strategic Imperative

Innovative business models are reshaping the UCaaS industry and compelling providers to adapt to boost their competitive edge. More specifically, the following key trends are determining long-term success among market UCaaS participants:

- Integrated platforms delivering UCaaS, CCaaS and CPaaS are at the foundation of next-generation business communications solutions. To address customer needs holistically and tailor functionality for different user personas, providers must leverage integrated, micro-services-based platforms with flexible APIs.
- Increasing disintegration of the value chain (apps + connectivity) is creating new challenges and opportunities for service providers. Provider strategies must capitalize on their core competencies to deliver both complete UCaaS and tangential services (e.g., connectivity, direct inward dial (DID) numbers, calling plans, managed services) for third-party UCaaS.
- Fixed-mobile convergence (FMC) is in the spotlight again with the rise of highly distributed organization. Each UCaaS solution must provide some form of FMC, whether app-based or native/core-based to enable anywhere access to communications.

Growth Environment

Advanced market maturity is resulting in slower installed-base and revenue growth due to slower adoption among more conservative buyers and net new seats representing a smaller percentage of the base. Furthermore, we expect to see worsened political and macro-economic conditions in the near term, primarily due to the aftermath of the COVID-19 restrictions and the war in Ukraine. Fear of stagflation or recession is likely to dampen the momentum the industry has garnered in the past couple of years. Strong recognition of UCaaS benefits—including improved business continuity and enhanced remote/hybrid workforce productivity—is likely to be offset by budget tightening, delayed investments, and re-evaluating technology investment priorities.

However, we expect most available ICT budgets in North America to be allocated to cloud services, including UCaaS, due to its ability to improve business continuity and allow flexible capacity adjustments in uncertain times. This may be in contrast with other world regions, where security and provider origin or viability concerns may favor on-premises deployments for the near term.

Organizations embracing flexible work styles and supporting a large number of remote and hybrid workers are leveraging UCaaS and cloud collaboration solutions to enable flexible and cost-effective connections among employees and between employees and various external parties. Increased diversity of offerings in terms of features, price, design, and architecture, including mobile UCaaS and highly customizable solutions, are driving broad penetration among the entire customer spectrum. Improved performance in terms of security, reliability, and quality of service, due to leverage of software-defined

Frost Radar™: North American UCaaS Market, 2022

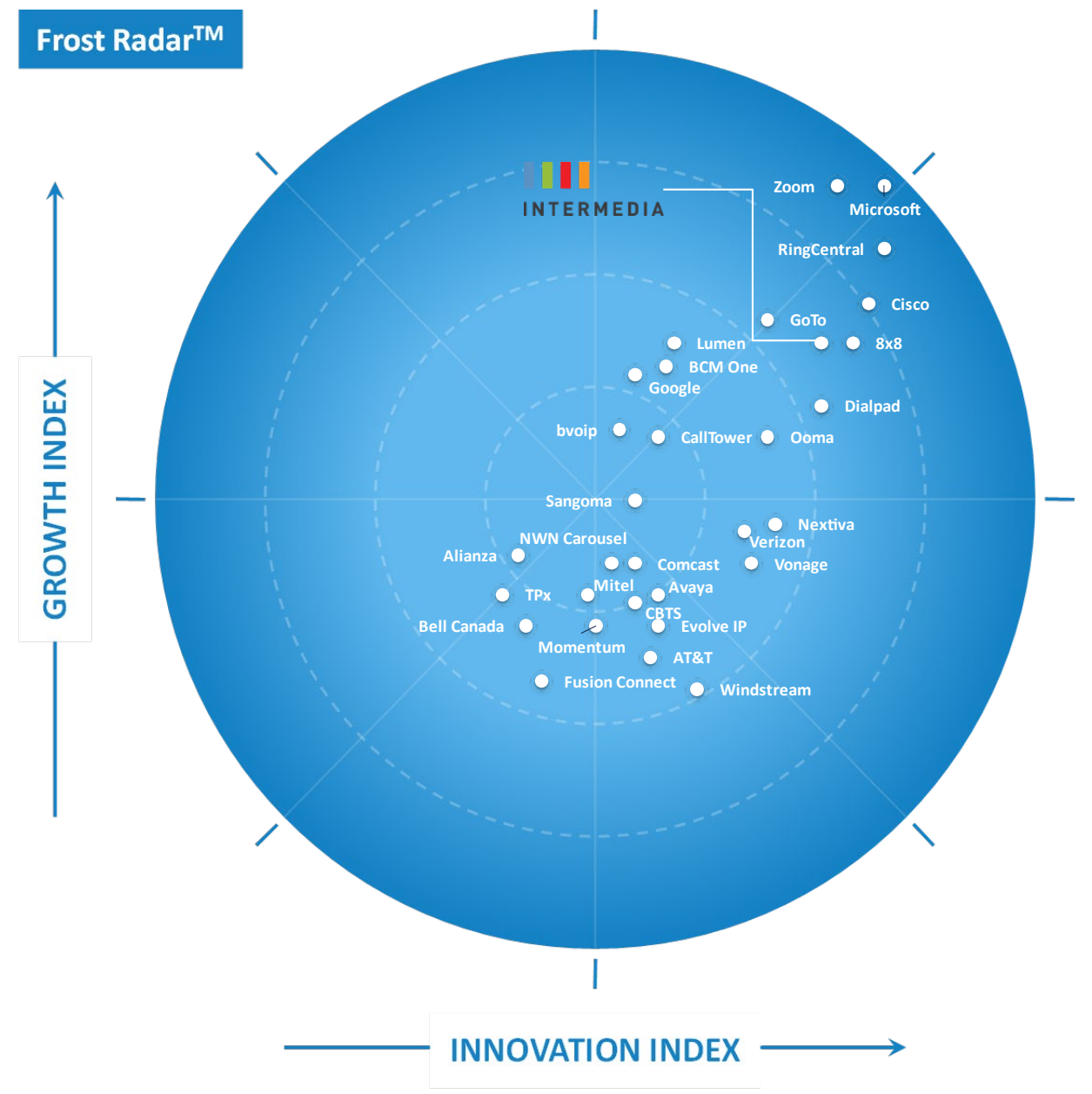
wide area network (SD WAN) services, redundant data centers, and maturing technologies, is enhancing UCaaS appeal among more demanding buyers. Diverse business models, including fully digital customer journeys, white-glove customer engagements and a variety of reseller/partner models (agency, white-label wholesale, strategic partnerships, and bring your-own carrier (BYOC)), are also expanding providers' market reach. Enhanced value propositions, including vertical/frontliner-workflow improvements and talent-utilization optimization, are boosting UCaaS adoption in organizations pursuing broad digital transformation.

Overall, UCaaS adoption will remain strong throughout the forecast period. Although churn among UCaaS providers is expected to be relatively high, churn away from UCaaS to other types of solutions—e.g., premises-based enterprise telephony systems, consumer services or free/freemium communications solutions—will remain extremely low.

Frost Radar™: North American UCaaS Market, 2022

The Frost Radar: North American UCaaS Market, 2022

Exhibit 1: Frost Radar: North American UCaaS, 2022



Source: Frost & Sullivan

Frost Radar™: North American UCaaS Market, 2022

Frost Radar Competitive Environment

As the North American unified communications-as-a-service (UCaaS) market matures and competition intensifies, it is becoming increasingly important for market participants to accelerate innovation and develop sustainable growth strategies. This market analysis provides a perspective on key market trends as well as an assessment of 30 growth and innovation leaders. The Frost Radar plots the selected UCaaS providers based on a set of 10 growth and innovation criteria, which comprise both qualitative and quantitative factors. The quantitative metric used to evaluate providers' performance in this market is hosted Internet Protocol (IP) telephony/cloud private branch exchange (PBX) or UCaaS seats. The size of the providers' North America UCaaS installed bases is used to determine the top 30 market participants to include in this evaluation.

Both technology developers leveraging their own proprietary platforms to deliver services and resellers providing their own branded UCaaS offers based on third-party platforms are included in this analysis. Services based on both pure-cloud/multi-tenant and multi-instance platforms are taken into account when evaluating providers' market position and innovation and growth capabilities. Certain industry classifications recognize hosted offerings as true "cloud" only when a high degree of automation is present. For the purposes of this study, we consider all multi-instance and multi-tenant hosted IP telephony and unified communications offerings to be cloud solutions. The supporting infrastructure can be hosted in a servicer-provider or third-party data center or in a public cloud environment (e.g., Amazon Web Services, Google Cloud, Microsoft Azure).

The research service does not include customer premises-based multi-instance solutions or hosted single-tenant solutions. Also, this research service does not include cloud VoIP services that are primarily targeted at consumers and residential users—such as those delivered by Skype and Google.

*Frost Radar™: North American UCaaS Market, 2022***Intermedia****INNOVATION**

- Intermedia Unite, a full-stack UCaaS solution, features an enterprise-grade PBX fully integrated with video/web meetings, team collaboration and a unique blend of file sync, share, and backup—all accessible through mobile and desktop applications.
- Intermedia's proprietary CCaaS solution is built to stand alone or easily layer on omni-channel functionality for both small and large teams. When purchased with Unite, users receive a single application for unified communications and contact center.
- Intermedia's focus on a completely integrated user experience across all devices and communications modalities is enabled by its end-to-end ownership of the UC, collaboration, and contact center applications. This integrated approach makes user adoption quicker and easier for both users and IT admins.
- Continued solution enhancements via partnerships, acquisitions and internal development represent a key pillar of Intermedia's technology development strategy. Intermedia Unite, further integrates enterprise user and contact center user agent experiences and simplifies solution administration via a single interface for adding and managing users, single sign-on, and the ability to provide contact center capabilities to any user with a single click.
- Intermedia continues to leverage its partnership with NEC, in which NEC resells Intermedia Unite as NEC UNIVERGE BLUE CONNECT (UCaaS) and ENGAGE (CCaaS). The services have been rolling out globally since the launch in May of 2020 and provide Intermedia with a major OEM partner and a large installed base of NEC on-premises PBXs (est. 80M users) that can be upgraded to cloud communications.
- Intermedia and NEC recently launched UNIVERGE BLUE HYBRIDCONNECT BRIDGE, which enables NEC customers to overlay Intermedia collaboration and mobility services on top of their premises-based communications solutions. Users can access calling, messaging and meetings in a single app available both in mobile and desktop environments. Leveraging the optional NEC Cloud Gateway, businesses can access more sophisticated calling capabilities (concurrently ringing multiple phones, call transfer to both in-office and remote users, bi-directional call flip across mobile and desktop devices, etc.) in addition to those available on their premises-based systems.
- Recent innovation also includes the launch of Interaction Analytics that uses artificial intelligence (AI) to improve customer satisfaction by making it easier for supervisors to ensure every frontline employee is meeting customer expectations. Supervisors can use AI-powered sentiment analysis to easily search and evaluate voice conversations with the biggest business impact. They can also automate the search process by setting up rules that flag conversations for evaluation, if they contain key phrases. This comes with a completely refreshed evaluation
- UI that makes it easier for supervisors to quickly provide more feedback to their frontline employees.

*Frost Radar™: North American UCaaS Market, 2022***GROWTH**

- Intermedia's compelling portfolio and robust and differentiated channel program have enabled it to maintain steady double-digit growth rates over the past few years.
- Intermedia reports a roster of over 7,200 active channel partners, including VARs, MSPs, distributors, and telco carriers.
- Intermedia continues to invest in enhancing its partner programs and capabilities to more effectively serve a wide spectrum of partners, from agents to white-label resellers, and thus broaden its customer reach and accelerate growth.
- Intermedia's growing partnership with NEC is likely to help the provider tap into NEC's large dealer channel and 80+ million-user installed customer base and thus boost customer acquisition domestically and gain international exposure.
- Recent and upcoming NEC launches in Europe and APAC are likely to positively impact Intermedia growth rates in the future.

FROST PERSPECTIVE

- Intermedia will continue to capitalize on strong demand for cloud communications, collaboration and IT solutions among SMBs and Mid-Market.
- Intermedia is further enhancing the UCaaS feature set (e.g., via expanded team collaboration) to deliver greater customer value and tap into companies of all sizes.
- Concerted marketing and sales efforts will help to leverage the NEC partnership to expand UCaaS services internationally and drive growth domestically. Enabling hybrid cloud and premises-based deployments for existing NEC customers can be a powerful growth driver among more conservative businesses or those in more regulated industries.
- Increased focus on white-label and co-branded resale partnerships can extend Intermedia's reach into new geographies and customer segments and accelerate customer acquisition.
- The recent launches of Intermedia Unite Extend (a set of out-of-the-box integrations), the Extend API platform and the Extend API Development Portal will enable Intermedia to deliver better users experiences and automate customer workflows.

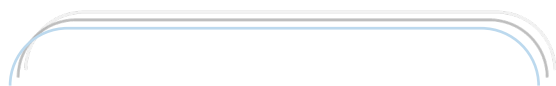
Frost Radar™: North American UCaaS Market, 2022

Legal Disclaimer

Frost & Sullivan is not responsible for any incorrect information supplied to us by manufacturers or users. Quantitative market information is based primarily on interviews and therefore is subject to fluctuation. Frost & Sullivan research services are limited publications containing valuable market information provided to a select group of customers. Our customers acknowledge, when ordering or downloading, that Frost & Sullivan research services are for customers' internal use and not for general publication or disclosure to third parties. No part of this research service may be given, lent, resold or disclosed to noncustomers without written permission. Furthermore, no part may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the permission of the publisher.

- For information regarding permission, write to:

Frost & Sullivan
3211 Scott Blvd, Suite 203
Santa Clara, CA 95054

*Frost Radar™: North American UCaaS Market, 2022***Next Steps: Leveraging the Frost Radar™ to Empower Key Stakeholders****Significance of Being on the Frost Radar™****GROWTH POTENTIAL**

Companies plotted on the Frost Radar™ are the leaders in the industry for growth, innovation, or both. They are instrumental in advancing the industry into the future.



Your organization has significant future growth potential, which makes it a Company to Action.

BEST PRACTICES

Your organization is well positioned to shape Growth Pipeline™ best practices in your industry.

COMPETITIVE INTENSITY

Your organization is one of the key drivers of competitive intensity in the growth environment.

CUSTOMER VALUE

Your organization has demonstrated the ability to significantly enhance its customer value proposition.

PARTNER POTENTIAL

Your organization is top of mind for customers, investors, value chain partners, and future talent as a significant value provider.

Frost Radar: 2 Major Indices, 10 Analytical Ingredients, 1 Platform**Vertical Axis – The Growth Index:**

Growth index is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline system; and effective market, competitor, and end-user focused sales and marketing strategies.

Frost Radar™: North American UCaaS Market, 2022

- **GI1: Market Share (previous 3 years):** Market share relative to its competitors in a given market space for the previous three years.
- **GI2: Revenue Growth (previous 3 years):** Revenue growth rate for the previous three years in the market/ industry/ category that forms context for the given Frost Radar.
- **GI3: Growth Pipeline:** This is an evaluation of the strength and leverage of the company's growth pipeline system, to continuously capture, analyze and prioritize its universe of growth opportunities.
- **GI4: Vision and Strategy:** This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments the company is making in new products and markets consistent with the stated vision?
- **GI5: Sales and Marketing:** This is a measure of the effectiveness of a company's sales and marketing efforts in helping the company drive demand and achieve its growth objectives.

Horizontal Axis – The Innovation Index:

Innovation index is a measure of a company's ability to develop products/ services/ solutions that are developed with a clear understanding of disruptive Mega Trends, are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs. Key elements of this index include:

- **II1: Innovation Scalability:** This determines whether the organization's innovation(s) is/are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.
- **II2: Research and Development:** This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.
- **II3: Product Portfolio:** This is a measure of the product portfolio of the company, focusing on the relative contribution of new products to its annual revenues.
- **II4: Megatrends Leverage:** This is an assessment of a company's proactive leverage of evolving long-term opportunities and new business models, as the foundation of its innovation pipeline.
- **II5: Customer Alignment:** This evaluates the applicability of a company's products/ services/ solutions to current and potential customers (7-year horizon), as well as how its innovation strategy is influenced by evolving customer needs.