

AVAYA

2013 North American Inbound Contact Routing Systems Market Share Leadership Award



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



50 Years of Growth, Innovation & Leadership

Market Share Leadership Award Inbound Contact Routing Systems North America, 2013

Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year of business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360-Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation, and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2013 North American Market Leadership Award in Inbound Contact Center Routing Systems to Avaya.

Significance of the Market Share Leadership Award

Key Industry Challenges

After two years of negative growth in 2009 and 2010, and flat revenue growth in 2011, the market for inbound contact center routing systems took a steep nose dive in 2012. The ICR systems market in particular has been subject to stagnant or declining budgets for several years. The biggest factor has been the lackluster US economy. Most budgets allocated to the contact center was plowed into Agent Performance Optimization (APO) and newer applications such as mobile and social.

While the economy is a key factor, that doesn't tell the whole story. As Frost & Sullivan predicted, the hosted market for ICR continues to increase at a steady pace to the detriment of premise-based system sales. In addition to ICR, IVR, and Outbound dialing solutions, APO applications gained ground in the hosted market as established vendors garnered more share. Meanwhile, new entrants that included legacy premise-based system vendors sporting new hosted offerings entered the fray.

By now a proven option, hosting allows a company to access the latest applications without deep capital expenditures. It also provides on-demand scalability without having to staff for peaks and valleys in call volume. Moreover, as the move toward the omni-channel contact center experience gains momentum, hosting allows companies lacking investment capital to more easily add new customer contact channels.

These dynamics have challenged traditional on-premise ICR systems vendors to more tightly integrate products so that enterprises can more easily embrace the omni-channel model. Indeed, on-premise vendors have simplified and streamlined products in order to make them easier to administer, in the process making competitive headway against hosted providers. Finally, on-premise vendors have improved their consultative approach

to enterprise customers, helping those customers migrate to new applications and channels. All the while, on-premise vendors have strengthened relationships with partners that also provide services on their behalf.

Best Practice Award Analysis for Avaya

The Frost & Sullivan Award for Market Share Leadership is presented to the company that has demonstrated excellence in capturing the highest market share within its industry. The Award recognizes the company's leadership position within the industry in terms of revenues or units, as specified.

Avaya's Performance in Inbound Contact Center Routing Systems

Frost & Sullivan's market analysis of the North American Inbound Contact Routing Systems Market shows that Avaya is the overall market share leader for 2012. For the third year in a row Avaya garnered close to a third of the market share, which is higher than its top two competitors (Cisco and Genesys) combined.

In addition to a large and loyal installed base of customers, Avaya's product roadmap and strategy is resonating well with prospects. The roadmap includes the support of new interaction channels for customers (social, mobile, chat), its focus on Customer Experience Management (CEM), and its vision for the "Aware Customer Experience." Other factors, such as the breadth of the company's portfolio, continue to contribute to its market leadership.

Key Performance Drivers for Avaya

Factor 1: Breadth of Portfolio

With decades of experience in contact center systems, Avaya has built a strong portfolio of products that support all aspects of the contact center. Avaya offers advanced routing solutions for both voice and multichannel leveraging predictive routing algorithms using Business Advocate, and data-driven routing with Experience Portal's Intelligent Customer Routing. For inbound contact center routing, the Avaya Aura Call Center Elite offering supports mid-to-large size contact centers. In 2012, Avaya introduced the Call Center Elite Multichannel Feature Pack, which is a native multimedia enhancement to the Call Center Elite offering. This allows Call Center Elite customers to more easily add on core channels, such as CTI, chat, SMS, Web, and email. Avaya also allows Call Center Elite customers to use Call Center Elite's Call Management System reporting environment. In 2012, one of Avaya's noteworthy successes was their smooth pathway for adding channels without requiring customers to migrate to the Avaya Aura Contact Center or having to add on Avaya Interaction Center.

Meanwhile, the company offers Avaya Interaction Center and Avaya Aura Contact Center for more complex contact centers. In addition, Avaya Aura Orchestration Designer

provides a single application development environment for all channels and workflows. When coupled with self-service, collaboration, mobility, social media, and Agent Performance Optimization applications, Avaya puts forth a truly comprehensive portfolio of products.

Factor 2: Delivering on Their Product Roadmap

One of the key factors propelling Avaya's growth is the product roadmap set forth in 2011. At that time Avaya presented its vision of Customer Engagement Management. By 2012, the company expanded its focus from engagement to experience, and delivered:

- Mobile Customer Collaboration
- Web/Video Customer Collaboration
- Routing Optimization
- Cloud Enablement

The Avaya Customer Experience Framework encompasses all aspects of Avaya's portfolio beginning with the interaction layer (connecting the enterprise to end users over their preferred media), leveraging the experience component (real-time awareness of customer needs, business policies, and match to best resource availability) all of which are captured by the performance component (analytics and reporting). The design component ensures integration with third-party applications and customer databases through its open standards tools. The management layer provides for the centralized administration and management of all the systems, applications, and resources within the framework. By tying all of the pieces of the contact center tightly together, Avaya achieves high visibility into the Customer Experience, and gains the ability to react when necessary and seamlessly change that experience on the fly. The "Aware Customer Experience" takes relevant context of interactions including history, resources, and processes, and tailors the customer's journey by being proactive, personalized, and persistent. In essence, it connects interactions across channels into a truly seamless experience.

Factor 3: Growth Strategy

Avaya's successful growth is due to a number of factors. First, consider its effective delivery on its product roadmap. In support of the vision that drove the Avaya Customer Experience Management Framework, Avaya created a CEM sales specialization, which includes support by pre-sales consultants and solution architects. Avaya also set up a CEM partner certification program and expanded its DevConnect partner ecosystem.

Secondly, Frost & Sullivan notes Avaya's perspicacious set of acquisitions in 2012, which supplemented its organic product development mix. For instance, in late 2011 the company acquired Aurix and Siperia, gaining new capabilities in speech analytics and

session border control. Moreover, Conversive enabled Avaya to integrate virtual chat agents into its channel portfolio, while Radvision expanded Avaya's video/Telepresence capabilities.

Conclusion

The depth of Avaya's product portfolio has always been the key factor enabling it to hold a strong market position in inbound contact center routing. But the roadmap established after the acquisition of Nortel, combined with a fresh vision centered around the Customer Experience, has enabled the company to progress further. Indeed, Avaya has earned the loyalty of a large portion of its installed base as those customers move toward upgrading and replacing legacy systems. And staying attuned to the latest contact center channel development also has fostered growth. It's for these reasons that Frost & Sullivan is pleased to present Avaya with the 2013 award for Market Leadership in Inbound Contact Center Routing.

The CEO 360-Degree Perspective™ - Visionary Platform for Growth Strategies

The CEO 360-Degree Perspective™ model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The CEO 360-Degree Perspective™ is also a "must-have" requirement for the identification and analysis of best-practice performance by industry leaders.

The CEO 360-Degree Perspective™ model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies' growth strategies. As illustrated in Chart 1 below, the following six-step process outlines how our researchers and consultants embed the CEO 360-Degree Perspective™ into their analyses and recommendations.

Chart 1: CEO's 360-Degree Perspective™ Model

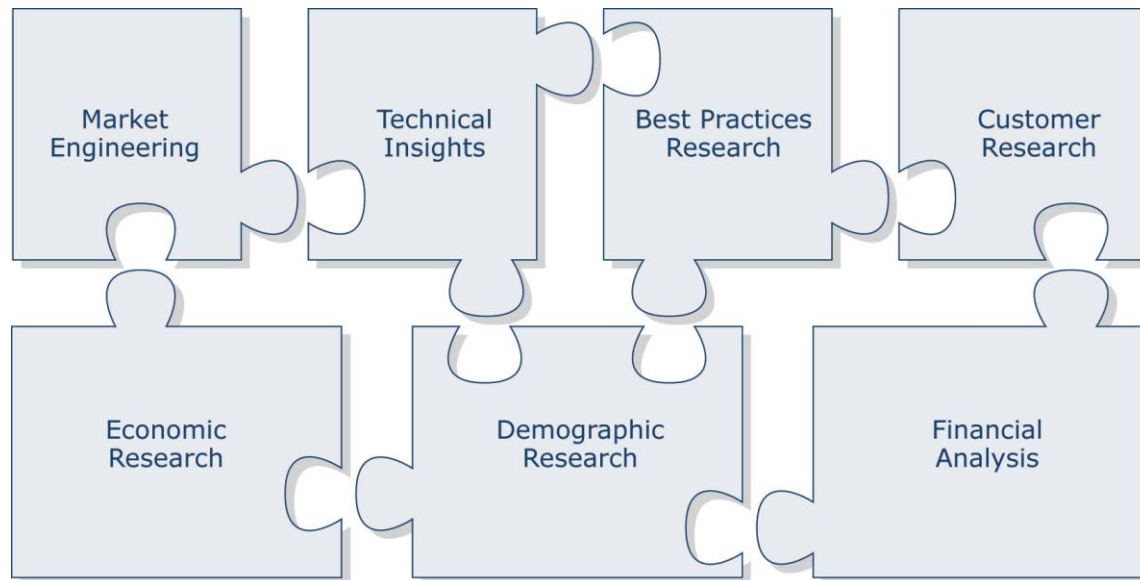


Critical Importance of TEAM Research

Frost & Sullivan’s TEAM 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 seven of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and

commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Chart 2: Benchmarking Performance with TEAM Research



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 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.