AVAYA

2013 North American Omni-Channel Customer Engagement Company of the Year Award

FROST & SULLIVAN

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50 Years of Growth, Innovation & Leadership

Company of the Year Award
Omni-Channel Customer Engagement
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 Company of the Year Award in Omni-Channel Customer Engagement to Avaya.

Significance of the Company of the Year Award

Key Industry Challenges

The concept and practice of Customer Experience Management is not new. But the related idea of Customer Engagement Management is gaining traction. Perhaps the concept of Customer Engagement is a bit more subtle and intricate, yet more comprehensive, and needs more explanation. In essence, Customer Engagement means improving the Customer Experience all throughout the customer's ongoing journey, ultimately increasing the lifetime value of the relationship between buyer and seller. Customer Engagement strives to improve the value a customer represents to the organization over the lifetime of their relationship by optimizing each interaction, incorporating attributes of inbound contact routing, along with self-service and proactive outbound contact, and integrating these assets in concert so that customers can engage with a business in the manner and time of their choosing. It is proactive and ongoing, and encompasses the use of quality monitoring and analytics tools to gain a deeper understanding of the customer profile and why a customer is contacting a particular business. Ideally, such core insights help increase loyalty, retention, and advocacy, in effect deepening the customer relationship.

Obviously, effective Customer Engagement doesn't come easy. Frost & Sullivan research shows that while the phone is still the primary channel of choice, increasingly, customers research on the web and confer with friends and associates before engaging with a business, oftentimes engaging on social media and mobile devices. As the contact center systems industry has matured, warily eyeing increasingly techno-savvy consumers, solution providers have grappled with the issue of creating and integrating new solutions with more mature interaction channels to provide a seamless Customer Experience with reduced customer effort.

One of the critical challenges to fulfilling on the promise of Customer Engagement has been that new channels and functions have often been developed as adjuncts to existing systems and applications, with varying degrees of integration. As a result, siloed customer data from one channel doesn't always get passed onto the next channel, causing breakpoints in the Customer Experience. For instance, all too often a customer will input information into an IVR, but the same information will not be available to an agent when the call is transferred. Similarly, an agent might not know that the customer started their experience on the company's web site before calling. These silos and the resulting breakpoints have made it more difficult to proactively and effectively engage with customers.

This very dynamic has led to a decade long struggle for solution providers in their quest to create effective Multi-Channel strategies – adding on new channels and integrating older ones. During this decade long journey, businesses and solution providers also have realized the importance of viewing Customer Engagement from an even broader perspective – Omni-Channel Engagement. Frost & Sullivan defines Omni-Channel as "ensuring a consistent, high quality Customer Experience regardless of how and where a customer chooses to interact with an organization, and no matter the purpose. It ensures that data and context from initial contact carries over to subsequent channels, reducing customer effort, improving the customer interaction, and enabling the business to tailor the Customer Journey."

An additional challenge therefore arises – integrating all channels of customer interaction on three fronts: first – the actual Customer Journey (with no breakpoints between channels); second – consolidating interaction data from those channels and touch-points, including those that might be from third-party suppliers or the broader enterprise, to gain an actionable and holistic picture of the Customer Journey; third – embedding the concepts of Omni-Channel Customer Engagement and the Customer Journey into the client's corporate culture and cross-organizational operating models so as to create and continuously improve Omni-Channel engagement.

## Key Benchmarking Criteria for the Company of the Year Award

For the Company of the Year Award, the following criteria were used to benchmark Avaya's performance against key competitors:

- Growth Strategy Excellence

- Growth Implementation Excellence

- Degree of Innovation with Products and Technologies

- Leadership in Customer Value

- Leadership in Market Penetration

Decision Support Matrix and Measurement Criteria

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies' performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each Award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and Award category. The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are shown in Chart 1.

Chart 1: Performance-Based Ratings for Decision Support Matrix
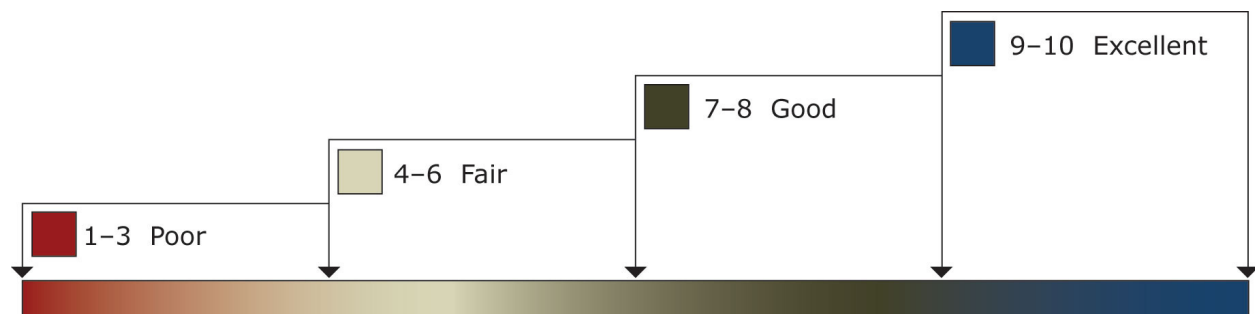
This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

Chart 2: Frost & Sullivan's 10-Step Process for Identifying Award Recipients

Best Practice Award Analysis for Avaya

The Decision Support Matrix, shown in Chart 3, illustrates the relative importance of each criterion for the Company of the Year Award and the ratings for each company under evaluation. To remain unbiased while also protecting the interests of the other organizations reviewed, we have chosen to refer to the other key players as Competitor 1 and Competitor 2.

Chart 3: Decision Support Matrix for Company of the Year Award

Measurement of 1–10 (1 = lowest; 10 = highest)	Award Criteria					
	Growth Strategy Excellence	Growth Implementation Excellence	Degree of Innovation with Products and Technologies	Leadership in Customer Value	Leadership in Market Penetration	Weighted Rating
Relative Weight (%)	20%	20%	20%	20%	20%	100%
Avaya	9	10	8	8	10	9.0
Competitor 1	8	9	9	7	8	8.2
Competitor 2	9	8	8	8	6	7.8

Criterion 1: Growth Strategy Excellence

Avaya set its Customer Engagement strategy in motion several years ago, and has been executing on it across its business units and contact center portfolio ever since. The company understands that Customer Engagement encompasses all interactions along the entire Customer Journey; from the time a prospect first selects a product or service, through renewal or repurchase. Avaya also understands that Customer Engagement is an active process, and that being proactive is critical to success.

In Avaya's 2013 book, "Managing the Customer Experience: How to Maximize the Lifetime Value of Your Most Precious Asset", Brett Shockley, Senior Vice President and Chief Technology Officer for Avaya, had a succinct definition: "Managing the Customer Experience and understanding the Customer Journey are essential both in terms of customer service and customer profitability. To this end, the new discipline of Customer Engagement has been developed. Improving the Customer Experience throughout the customer's journey ultimately results in increased loyalty, retention, and advocacy – and an increased lifetime value. Customer Experience Management (CEM) strives to improve the value a customer represents to the organization over the lifetime of their relationship

by optimizing each interaction and creating an engaged customer relationship. This drives repeat purchases, customer retention, customer referrals, price premiums, and reduced support costs."

Whereas trends come and go in any industry, and vendors often climb aboard the market bandwagon only to change a year or two down the road, Avaya's Customer Experience Management strategy has remained consistent and grown over time.

Avaya also understands that the pinnacle of Customer Engagement is achieved through facilitating Omni-Channel Engagement. Despite being a relatively new concept in contact centers, Avaya evangelizes the movement to Omni-Channel by eliminating breakpoints between channels and getting cross-organizational buy-in on analyzing and changing the Customer Journey for the better.

Criterion 2: Growth Implementation Excellence

Avaya excels in marketing and evangelizing Customer Engagement, wrapping the Omni-Channel strategy into the whole. While top competitors also market their skills in enabling a quality Customer Experience, few make mention of Omni-Channel engagement beyond the classic use of the term, which originated in the retail market. Avaya, on the other hand, has changed the ongoing conversation with customers, weaving the Omni-Channel theme into the concept of Customer Engagement. The result is a powerful message that has strengthened its go-to-market strategy.

Avaya first presented its vision of Customer Engagement in 2011. Its strategy and product roadmap included support of new interaction channels for customers (social, mobile, chat), a focus on the related realm of CEM, and a vision for the "Aware Customer Experience." By 2012, the company was offering:

- Avaya Customer Experience Framework

- Mobile Customer Collaboration

- Web/Video Customer Collaboration

- Routing Optimization

- Cloud Enablement

At the same time, Avaya created a CEM sales specialization, which includes support by pre-sales consultants and solution architects. The company also set up a Customer Experience partner certification program and expanded its DevConnect partner ecosystem.

Avaya's product roadmap was critical to implementation of the strategy. And adding new channels of customer interaction, improving upon existing ones, and adding advanced

analytics capabilities were essential to completing that roadmap. Avaya also supplemented organic growth with several acquisitions that added to solutions focused on the Customer Experience. For instance, in late 2011, the company acquired Aurix, gaining new capabilities in speech analytics. Avaya followed that move with the acquisition of Conversive in early 2012, integrating virtual chat agents into its channel portfolio.

The aforementioned guide, "Managing the Customer Experience: How to Maximize the Lifetime Value of Your Most Precious Asset" (available for download and sent to prospects and customers) is a companion piece to Avaya Innovations Magazine and a video webinar series that delves into six core topics on the Customer Experience. In Avaya's high-level messaging, the need to move to Omni-Channel Engagement is emphasized, supplemented by material explaining how the product portfolio backs that goal. For instance, Avaya delivers the message that talking about self-service without talking about the entire journey is misplaced, as is talking about Multi-Channel without talking about the concept of Omni-Channel.

Avaya's thought leadership is clear. The company, along with its partner BT, published a 2013 study (follow-up to a 2010 study entitled, "The Autonomous Customer 2013") which surveyed 1000 consumers on their attitudes towards channels, communications, and the Customer Experience. Included therein are important sections on the hopes for an Omni-Channel future.

Moreover, Avaya has supplemented its 'Power of We' messaging with an additional theme that speaks to the heart of omni-channel engagement, and was timed with a product announcement of the same theme. "Transforming Your Business One Great Interaction at a Time" messaging was put into play in March 2014 with a new release of the Avaya Aura Experience Portal.

Criterion 3: Degree of Innovation with Products and Technologies

This messaging, along with Avaya's vision of the "aware" Customer Experience is an example of its innovative thinking around Omni-Channel Customer Engagement. In essence, all aspects of the customer interaction including context, history, contact center resources, and processes must work in concert to help positively influence the Customer Experience. Key components of this experience include personalization, proactive customer contact, and persistent conversations across channels. Attributes such as preference management with outbound engagement also are important. For instance, a customer on a web site can be proactively contacted via chat at a point that is relevant to their visit; at the same time, the customer can drop out to do research or continue with a purchase, re-engage with the chat agent without starting over, and escalate to a voice call without loss of context or history.

Avaya's March 2014 release of Avaya Aura® Experience Portal solutions for omni-channel self-service and proactive engagement embodies this innovative thinking. These solutions

will enable companies to easily manage enterprise call routing alongside interactive outbound campaigns and inbound self-service across mobile, SMS, email, phone, video, and other touch points – all from a single platform. Moreover, it will help businesses eliminate the fragmented, high-effort service that jeopardizes customer loyalty and revenue growth. These new and enhanced capabilities increase reach and bring every aspect of the customer experience into a seamless, dynamic stream that simultaneously enables greater, real-time visibility into interactions and contextual information. The end result is a transformative customer experience built one interaction at a time, and hence the messaging theme.

Avaya is at the forefront of technology trends that are impacting Omni-Channel Customer Engagement. Indeed, beyond enhancements to Avaya Aura Experience Portal, Avaya's inclusion of Big Data into its roadmap to better understand the customer, and specifically predictive analytics to help fine-tune the experience, are additional examples. Avaya also delivered solutions through social media and mobility, both of which contain features that further improve the Customer Experience and contribute to Omni-Channel Engagement.

Criterion 4: Leadership in Customer Value

Avaya has introduced products into the market that factor in the Customer Experience across the enterprise, not just within the boundaries of the contact center – a critical component of an effective Omni-Channel strategy. Its CEM framework uses analytics to glean actionable insight into what is happening with the customer, understands customer preferences, and uses that to match the appropriate resource to the customer along with relevant customer data, for example. Design considerations include being able to connect the customer with the right media at the right time in the interaction, but also being able to engage the customer (not just the agent) with the right resource from across the enterprise if required. Additionally, Avaya has introduced analytics tools, such as Avaya Contact Flow Analytics, to enable supervisors and business analysts to gain a more holistic picture of customer interaction, and let users more simply drill down into finite interaction details. The underlying value behind new CEM features is in reducing customer effort and increasing customer satisfaction, loyalty, and engagement.

But Avaya's Customer Engagement growth strategy has several components that provide value to customers, beyond the addition of new products and features. Consider that the company provides a clear path for each client, helping them leverage existing investments where possible, and easily integrate new ones. Clear growth paths are central to creating a coherent Omni-Channel strategy.

Avaya also provides different deployment choices so that clients can best utilize a combination of OPEX and CAPEX funds. It also helps lower the cost to the client through simplified packaging in specific market segments and packaged professional services. This enables companies to add on new channels of interaction.

Criterion 5: Leadership in Market Penetration

Omni-Channel is a goal and strategy that encompasses all components of the contact center, and that is aligned not only with the broader enterprise, but with physical assets and entities outside of the organization.

Market leadership comes from educating clients as to the benefits of pursuing an Omni-Channel Engagement strategy, and then helping those clients execute on it and achieve it. As a market leader in the contact center space, with an impressively large installed base of customers, Avaya is fulfilling on its promise by continuously adding new channels and applications, providing a systems and applications framework for tying existing assets together, and assisting in developing Omni-Channel strategies and organizational support for its clients.

Success in the aforementioned relies on a deep understanding of business needs matched with customer needs. It involves understanding the customer's specific market. Avaya has demonstrated that it excels at all of this, perhaps best reflected in the world class professional services that are critical to bringing together all the components that make up effective Omni-Channel Customer Engagement. Avaya further demonstrates this by educating and handpicking reliable partners that fit nicely into the CEM framework.

Conclusion

Clearly, Avaya is a thought leader that has delivered on its strategy and product roadmap. It knows well how to tie all of the assets of the contact center together to better engage with the customer. Its growth strategy incorporates all assets of the contact center, together with Unified Communications and Collaboration and IP infrastructure. At the same time, Avaya's strategy and approach is focused on helping clients re-engineer their corporate culture and processes so as to achieve true Omni-Channel Customer Engagement. For these reasons, Frost & Sullivan is pleased to present Avaya with the 2013 Omni-Channel Customer Engagement Company of the Year Award.

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 4: Benchmarking Performance with TEAM Research
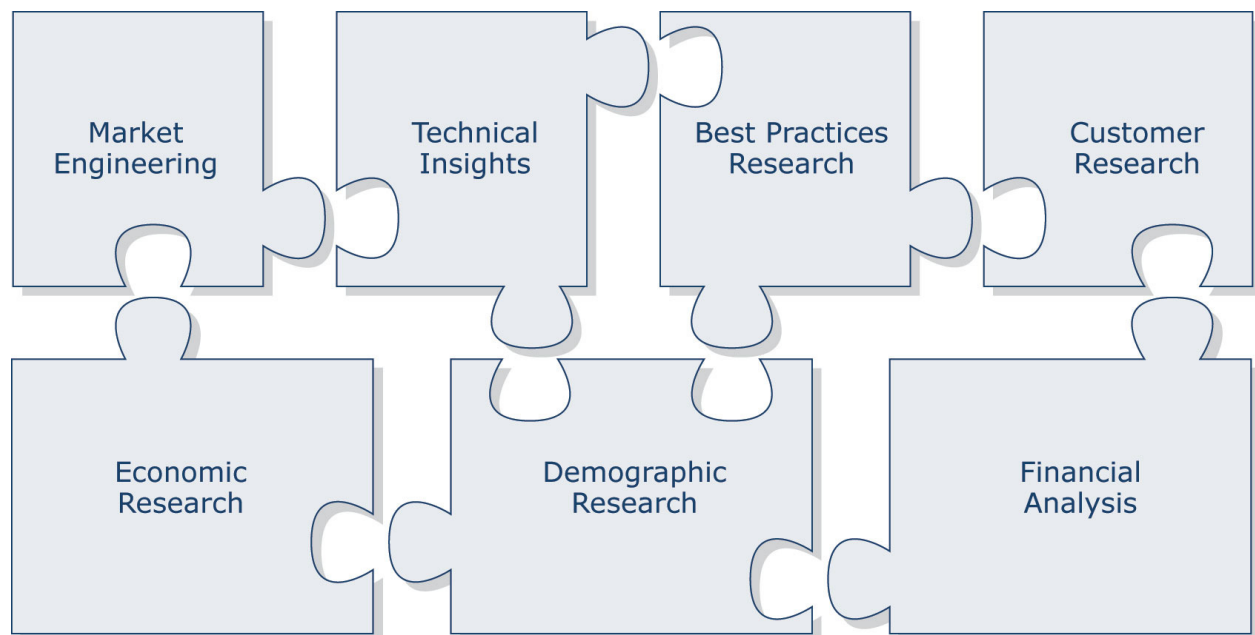
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