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FROST & SULLIVAN BEST PRACTICES AWARD

HOSTED IP TELEPHONY AND UCAAS - NORTH AMERICA

Market Leadership 2019

RingCentral®

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2019 BEST PRACTICES AWARD

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The North American market for hosted Internet Protocol (IP) telephony and unified communications-as-a-service (UCaaS) is entering a new stage as technologies and business models mature. Raised customer awareness of cloud solutions benefits, in general, and the UCaaS value proposition, in particular, is driving rapid adoption across businesses of varying sizes, industries, and communications technology postures. Many providers are shifting their focus from small businesses, which represented the early cloud services adopters, to mid-market and enterprise organizations. Enterprises are now beginning to acknowledge the agility and productivity benefits of outsourcing their communications and collaboration capabilities to a trusted provider with considerable next-generation services expertise and resources. Overall, solution options are expanding to address diverse customer needs.

Despite the large number of brands already offering hosted IP telephony and UCaaS solutions in the North American market, the significant growth opportunities that still exist are attracting a variety of market participants, including next-generation service providers, large telcos, cable operators, Internet service providers (ISPs) and new entrants from the software-as-a-service (SaaS) and broader cloud services spaces. As a result, competitive pressures are rising, which is compelling providers to innovate faster, maintain affordable prices and constantly look for new growth opportunities.

To increase their solutions' appeal, forward-looking providers are adding new capabilities such as contact center as a service (CCaaS); video conferencing; web conferencing and content sharing; team messaging and collaboration; analytics; automation; and enhanced customization and integration support. Advanced technologies, such as WebRTC, artificial intelligence (AI), machine learning (ML) and bots, flexible application programming interfaces (APIs) and others, are laying the foundation for the next wave of UCaaS innovation.

However, solution enhancements alone do not guarantee success in this dynamic market. To thrive and maintain or grow market share, providers are looking to expand internationally and more effectively leverage the reseller channel. Mergers and acquisitions are often sought as means to increase market power and gain access to innovative technologies.

Providers are also strengthening their data center infrastructure and networks to improve service quality, reliability, security, regulatory compliance and scalability. Finally, providers are ramping up their customer service and support capabilities to ensure an excellent customer journey from sales to provisioning, onboarding, training, integration and lifecycle management.

Overall, to fully capitalize on the substantial untapped opportunities in the North America, providers need both visionary strategies and excellent execution. Maintaining a leadership position in this highly competitive market is becoming exceptionally challenging and can be earned only with a laser focus on key market trends and customer value.

Market Leadership

In the past few years, RingCentral has exemplified innovation prowess and growth vision among North American hosted IP telephony and UCaaS providers. The company has maintained its market leadership position despite competitor consolidation, as well as disruptive new solutions and business models from both existing market participants and new entrants. With approximately 2 million users globally and revenue compound annual growth rate (CAGR) of approximately 33 percent in the past five years, RingCentral is the clear market leader in the region. The provider also received the highest total score in the 2019 Frost & Sullivan Radar based on its innovation and growth ratings using a robust methodology of 10 distinct evaluation criteria.

Growth Strategy and Implementation Excellence

Founded in 1999, RingCentral has evolved considerably over the years, while remaining committed to its vision to deliver comprehensive, secure and reliable communications solutions to businesses. Its success is predicated on its ability to identify and embrace important mega trends and adjust its products and strategies accordingly. More specifically, RingCentral's portfolio and business model evolution has been shaped by:

- globalization of business and the rise of highly distributed organizations

- increasing worker demand for mobile access to company software and services

- growing user preference for messaging-based collaboration tools

- rising demand for visual communications to improve team efficiency, boost innovation and creativity, and enhance engagement among remote workers

- customer need to integrate communications and collaboration functionality into mission-critical workflows to achieve more tangible business outcomes

- increasing recognition among business leaders of requirements to transform their companies into collaborative, customer-centric organizations

Many providers acknowledge the key demographic, social, economic, technological and other trends that are affecting the way people work. However, RingCentral has been faster to address shifting customer requirements. The company has consistently differentiated from competitors with its ability to remain nimble in the face of constant change.

RingCentral's solutions were designed from the start to adequately cater to the needs of mobile workers. Over time, RingCentral enhanced its portfolio to meet the requirements of global businesses with geographically dispersed teams. These businesses need globally harmonized communications capabilities and robust collaboration tools (such as video, file and screen share, persistent messaging, etc.) that keep employees connected and productive. As businesses increasingly seek to become customer-centric organizations leveraging all company resources to deliver strong customer value, RingCentral is responding with advanced contact center and customer experience capabilities integrated with its UCaaS solutions.

Another key factor driving RingCentral's success is the provider's relentless pursuit of growth opportunities. From portfolio enhancements aimed at serving new business segments (e.g., mid-market and large organizations) to international expansion and greater focus on the reseller channel, RingCentral persistently employs strategies that enable it to maintain or accelerate growth rates despite increasing market maturity and intensifying competition.

Over the years, RingCentral has significantly expanded its international presence and has launched RingCentral Global Office, which is available in 41 countries today and addresses the needs of larger, distributed enterprises, including multi-national organizations. Each Global Office account receives 1,000 minutes of in-region calling credits per month per user, based on location. The minutes are pooled and shared among all users worldwide. In addition to the 1,000 in-region calling credits per month, all users have unlimited US, Canada and extension-to-extension calling from anywhere in the world. The new offering facilitates otherwise costly and time-consuming processes of provisioning extension-to-extension dialing, number porting, billing, reporting, localized languages with global support, etc. for businesses with multiple locations scattered around the world. RingCentral covers 80 percent of the globe on its own, and leverages its gateway solution in countries such as India, China and the Philippines to provide international virtual numbers and local dialing plans in 190 countries.

RingCentral also has considerably strengthened its channel sales program, whereby partners get paid 100 percent commissions on all deals and receive access to vertical and segment-specific subject-matter experts. The Channel Harmony: One to Infinity sales program covers all deal sizes, from one to infinity in terms of users. To ensure success, RingCentral's direct sales and sales engineering teams assist partners in closing deals. RingCentral additionally provides a partner portal for easy order entry and access to collateral and marketing tools, online learning and live sales training, as well as product certification-all at no cost to the partner. RingCentral has earned high satisfaction ratings among partners, 98 percent of whom rank RingCentral Partner Support as "exceeding expectations."

RingCentral demonstrates a powerful vision, as well as highly effective execution, that enable the company to secure market share leadership time and again.

Product Quality and Differentiation

RingCentral stands out with one of the richest UCaaS feature sets in the market. The provider's service bundles comprise a broad array of communications and collaboration services, including: cloud private branch exchange (PBX); voicemail and visual voicemail; instant messaging and presence (IM/P); short messaging service (SMS); online fax; audio, video and web conferencing; mobility; contact center; call recording; team collaboration, and more. RingCentral's comprehensive solutions enable the provider to address a broad spectrum of customer needs, including highly demanding organizations with complex collaboration or customer contact requirements.

RingCentral aims to stay on the cutting edge of technology development and continually augments its portfolio with new capabilities. Integration with third-party software has represented a key focal area for the company in recent years as businesses increasingly seek to streamline key business processes with appropriate communications functionality.

In 2019, RingCentral introduced several new capabilities, including RingCentral Embeddable and an extended application programming interfaces (API) library. RingCentral Embeddable allows developers to quickly and easily embed communications features into business applications. Key capabilities include account record screen pop with inbound calls, click-to-dial, click-to-SMS, access to softphone settings, messages and call history. New APIs include E-Discovery, which generates reports for all messages, and Message Retention, which enables administrators to extract messages for various purposes. RingCentral also reported that its open platform is seeing strong momentum and has more than 20,000 developers and over 2,000 integrations.

RingCentral also acknowledges that businesses using Internet connections for mission-critical voice services frequently experience service issues due to connectivity challenges. RingCentral Persist launched in 2019 to help businesses retain communications services in the case of an Internet failure and thus avoid productivity losses. More specifically, businesses can still call the local Public Safety Answering Point (PSAP) via a public switched telephone network (PSTN) connection, as well as receive call-backs during an emergency. Using RingCentral Persist, extension-to-extension dialing, outbound calling to the PSTN, and inbound calls to a set of designated users are maintained at times of Internet outage.

RingCentral has made important investments in building out its contact center practice, including a significant support organization, dedicated sales and marketing resources, and a contact-center-focused professional services team. The company has enabled unique integrations between its UC and contact center products, as follows:

- Pulse, which leverages intelligent bots to monitor contact center events, subsequently sending alerts to RingCentral's team messaging and collaboration tool for instant action in response to changing conditions in the contact center

- On-net calling, which is enabled with a direct connection between RingCentral and InContact data centers to provide high-quality connections and significant telephony savings

- Shared presence, which allows agents to see the availability of experts and others in the broader company

- Integration with team messaging and collaboration, which automatically creates team chats based on agent groups, thus allowing agents to easily access other teams and experts across the business to collaborate with and solve specific technical problems

- Chrome plug-in softphone, which is a WebRTC-enabled softphone that simplifies the agent experience

The new capabilities will help RingCentral tap into new use cases as well as provide greater assurances to customers with more stringent or unique requirements. The functionalities are also likely to help RingCentral differentiate among UCaaS providers and more effectively attract and retain customers.

Technology Leverage

RingCentral's proprietary cloud-based platform is at the foundation of its UCaaS offerings. Platform ownership enables the provider to innovate more rapidly and maintain a competitive edge against providers reliant on third-party technologies. RingCentral supplements internal development with strategic technology acquisitions and partnerships. Team messaging, video collaboration and customer engagement are some of the key areas RingCentral has enhanced over time, leveraging partners and acquired technology knowhow.

In 2015, RingCentral acquired Glip, adding persistent chat and team collaboration capabilities to its portfolio. Today, it provides a contemporary user interface for businesses deploying RingCentral UCaaS and looking to enhance team collaboration.

RingCentral has a long-standing partnership with business video collaboration leader Zoom to deliver advanced video conferencing capabilities as part of its UCaaS portfolio. The partnership enables both providers to cross-sell and deliver greater value to their customers.

To provide more options to businesses with diverse contact center and customer experience requirements, RingCentral partners with NICE InContact for robust multi-channel contact center solutions. RingCentral is additionally ramping up its internal customer engagement capabilities through a series of acquisitions.

In 2018, RingCentral acquired Dimelo and subsequently launched RingCentral Engage Digital—a solution that enables businesses to integrate and centralize all of their communications across multiple channels into a single platform. This results in a more consistent customer experience across all channels and helps optimize agent capabilities to provide a better service.

In early 2019, RingCentral also acquired Connect First, which added outbound and blended customer engagement capabilities, as well as workforce optimization and analytics tools to RingCentral's portfolio and resulted in the launch of RingCentral Engage Voice. Connect First's cloud-native solution leverages a highly scalable and reliable micro-services architecture that runs on top of Amazon Web Services infrastructure. All Connect First capabilities are also available through web-based APIs that support integration with a wide variety of third-party solutions. The platform's touted "triple-redundancy" enables excellent scalability and reliability.

RingCentral acknowledges that many businesses prefer best-of-breed technologies for their different communications and collaboration needs. Also important, most businesses operate complex IT environments with multiple business and productivity applications alongside their communications solutions. Accordingly, the RingCentral Connect Platform

enables businesses to integrate RingCentral voice, SMS, fax and reporting capabilities into third-party applications to create more tailored and tangible business outcomes.

The platform comes with APIs and an SDK. RingCentral also provides a portal and a sandbox for developers to test the new applications prior to deployment. In addition, the RingCentral App Gallery provides out-of-the-box integrations with popular customer relationship management (CRM) solutions such as Zoho and Salesforce, as well as storage solutions such as Dropbox.

In 2019, RingCentral announced a strategic agreement with Avaya, in which RingCentral and Avaya will introduce a new solution, Avaya Cloud Office by RingCentral, which will be the exclusive UCaaS solution marketed and sold by Avaya. This partnership leverages respective strengths of each company, aligning Avaya's strong market presence and worldwide go-to-market capabilities with RingCentral's leading global UCaaS platform.

RingCentral also announced that they are expanding its relationship with AT&T. Under this agreement, AT&T Office@Hand powered by RingCentral will be a lead UCaaS solution for AT&T. In addition, AT&T and RingCentral will jointly develop global capabilities and technologies that will further integrate with AT&T's network for better overall customer experience.

These partnerships with Avaya and AT&T present a major opportunity for RingCentral, as well as partners and customers, to benefit from modern UCaaS functionality, mobile-first usability and overall TCO savings.

A solid technological foundation ensures that RingCentral possesses the wherewithal to continue to innovate, scale operations, deliver excellent service performance and continually enhance customer value.

Customer Purchase and Ownership Experiences

RingCentral's comprehensive services are offered in four different service bundles priced based on a number of factors, including: calling minute allowances, number of conference participants, and so on. Prices also vary based on the size of the deployment, with significant discounts available for a larger number of users. Unlike many of its competitors, RingCentral does not "nickel and dime" customers in terms of features. Instead, most bundles include both essential functionality (e.g., cloud phone system, voicemail) and advanced features (e.g., video conferencing, mobility). The capabilities in various RingCentral packages match or exceed those offered by other market participants for similar price points. RingCentral includes both desktop and mobile soft clients with all of its services bundles, which allows users to access their communications capabilities anywhere, anytime on the device and network of their choice. All-inclusive feature bundles combined with tiered and affordable prices enable customers to more easily make purchase decisions.

The customer ownership experience is typically determined by the service performance—service uptime, security posture, regulatory compliance and so on. RingCentral reports

consistent service availability of 99.999 percent in the past four years, which is rare in the UCaaS market.

RingCentral ensures compliance with various industry regulatory requirements in order to provide secure services to its customers. It complies with HIPAA with respect to customers who are eligible and enrolled in the HIPAA BAA Program. For customers that do not enroll in a HIPAA BAA Program, RingCentral's unique HCS (HIPAA Conduit Setting) option ensures that the customer will not impact its own HIPAA compliance by using the RingCentral service.

RingCentral also undertakes SSAE-16 SOC 2 Type II audits and makes the audit reports available to customers. The audit goes beyond the data center, focusing on RingCentral service operation controls. Since this audit report is a Type II, it examines the effectiveness of the provider's security controls over time and includes information from the third-party auditors on their control tests and any findings.

Historically, RingCentral delivered cloud services over the top (i.e., over the public Internet). In 2015, RingCentral introduced RingCentral Direct Connect, which provides a number of managed-bandwidth options to address the needs of mid-market and large-enterprise customers for assured quality of service (QoS). Businesses can choose from the following:

- Customers of AT&T Managed Internet Service (MIS+) automatically gain end-to-end QoS by bundling RingCentral services

- For an additional charge, RingCentral provides an interconnect into nearly any carrier's MPLS network

- A physical (fiber or Ethernet) link is available in scenarios where RingCentral and customers share data center facilities

- RingCentral also supports virtualized connections leveraging software-defined wide area network (SD-WAN) technologies

While the majority of RingCentral customers continue to prefer over-the-top connections, the new managed-bandwidth options enable RingCentral to serve businesses with more stringent service reliability, security and quality requirements.

To ensure its cloud solutions deliver the desired outstanding user experience, RingCentral provides robust IT management capabilities and administrative controls. Furthermore, sophisticated analytics tools allow businesses to accurately assess service utilization and quality, and preempt potential service issues. Launched in 2017, RingCentral Quality of Service Analytics allow IT staff to closely monitor voice quality globally and troubleshoot before critical problems arise. Mean Opinion Score (MOS) information, as well as jitter, latency and packet loss data, help IT staff prevent disruptive service degradation. RingCentral Live Reports additionally enable line-of-business managers to track customer interactions in real time to ensure a high-quality customer experience. Both tools come with powerful dashboards with graphical representations of various metrics, including: call quality, call volume, employee availability and customer hold times, among others.

High user growth rates attest to RingCentral's ability to offer excellent customer purchase and ownership experiences. Continued improvements in the areas of service quality, management and deployment options will enable RingCentral to further improve customer satisfaction and loyalty.

Conclusion

RingCentral continues to show unwavering commitment to technology innovation, while simultaneously maintaining robust growth rates.

With its strong overall performance, RingCentral has achieved a leadership position in the hosted IP telephony and UCaaS market in terms of user and revenue market share, as well as the highest total innovation and growth excellence score in Frost Radar. Frost & Sullivan is proud to bestow the 2019 Market Leadership Award to RingCentral.

Significance of Market Leadership

Ultimately, growth in any organization depends on customers purchasing from a company, and then making the decision to return time and again. Loyal customers become brand advocates, brand advocates recruit new customers, and the company grows, and then attains market leadership. To achieve and maintain market leadership, an organization must strive to be best in class in 3 key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding Market Leadership

Driving demand, strengthening the brand, and differentiating from the competition all play critical roles in a company's path to market leadership. This three-fold focus, however, is only the beginning of the journey and must be complemented by an equally rigorous focus on the customer experience. Organizations that demonstrate best practices, therefore, commit to the customer at each stage of the buying cycle and continue to nurture the relationship once the customer has made a purchase. In this way, they build a loyal, ever-growing customer base and methodically add to their market share.

Key Performance Criteria

For the Market Leadership Award, Frost & Sullivan Analysts focused on specific criteria to determine the areas of performance excellence that led to the company's leadership position. The criteria include (although are not limited to) the following:

Criterion	Requirement
Growth Strategy Excellence	There is a demonstrated ability to consistently identify, prioritize, and pursue emerging growth opportunities.
Implementation Excellence	Processes support the efficient and consistent implementation of tactics designed to support the strategy.
Brand Strength	The brand is respected, recognized, and remembered.
Product Quality	The product or service receives high marks for performance, functionality, and reliability at every stage of the life cycle.
Product Differentiation	The product or service has carved out a market niche, whether based on price, quality, or uniqueness of offering (or some combination of the three) that another company cannot easily duplicate.
Technology Leverage	There is a commitment to incorporating leading-edge technologies into product offerings for greater product performance and value.
Price/Performance Value	Products or services offer the best value for the price, compared to similar offerings in the market.
Customer Purchase Experience	Customers feel they are buying the optimal solution that addresses both their unique needs and their unique constraints.
Customer Ownership Experience	Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service.
Customer Service Experience	Customer service is accessible, fast, stress-free, and of high quality.

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

Frost & Sullivan analysts follow a 10-step process to evaluate award candidates and assess their fit with best practices criteria. The reputation and integrity of the awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 **Monitor, target, and screen**	Identify award recipient candidates from around the world	• Conduct in-depth industry research • Identify emerging industries • Scan multiple regions	Pipeline of candidates that potentially meet all best practices criteria
2 **Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best practices criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3 **Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best practices criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4 **Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best practices positioning paper
5 **Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized award candidates
6 **Conduct global industry review**	Build consensus on award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible award candidates, representing success stories worldwide
7 **Perform quality check**	Develop official award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8 **Reconnect with panel of industry experts**	Finalize the selection of the best practices award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best practices criteria
9 **Communicate recognition**	Inform award recipient of award recognition	• Present award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of award and plan for how recipient can use the award to enhance the brand
10 **Take strategic action**	Upon licensing, company is able to share award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess award's role in strategic planning	Widespread awareness of recipient's award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of the 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, resulting in 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 participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, helps clients 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 practices models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on 6 continents. To join Frost & Sullivan's Growth Partnership, visit http://www.frost.com.