

2021 Frost & Sullivan Competitive Strategy Leadership Award

Global Strategic Partnerships in the UCaaS Industry
Excellence in Best Practices

Congratulations!

Frost & Sullivan is proud to present RingCentral with this year's Best Practices Competitive Strategy Leadership Award for excellence in developing effective strategic partnerships in the UCaaS industry.

Frost & Sullivan's global team of growth pipeline experts continuously identifies and evaluates growth opportunities across multiple industries, technologies, and regions of the world. As part of this on-going effort, we identify companies that consistently develop new growth strategies based on a visionary understanding of the future, and, thus, more effectively address new challenges and opportunities. This approach involves deep strategic deliberation around best practices and the development of core analytics across the entire value chain of specific products and services. Against the backdrop of these analytics, Frost & Sullivan recognizes RingCentral for its valuable achievement.

Frost & Sullivan strictly reserves this recognition to companies at the innovation and growth forefront in their respective industries. These companies consolidate or grow their leadership position by continuously innovating and creating new products and solutions that serve ever-evolving customer needs. These companies are also best positioned to expand the market by strategically broadening their product portfolio. Driving innovation and growth is never an easy task. Still, it is one made even more difficult considering today's strategic imperatives, from disruptive technologies and value chain compression to industry convergence and new business models. In this context, RingCentral's recognition signifies an even greater accomplishment.

Moreover, this recognition is the result of many individuals (employees, customers, partners, and investors), making critical decisions every single day to support the organization and meaningfully contribute to its future. Frost & Sullivan enthusiastically acknowledges and celebrates their contributions.

Once again, congratulations on your accomplishments, and we wish you great success in the future

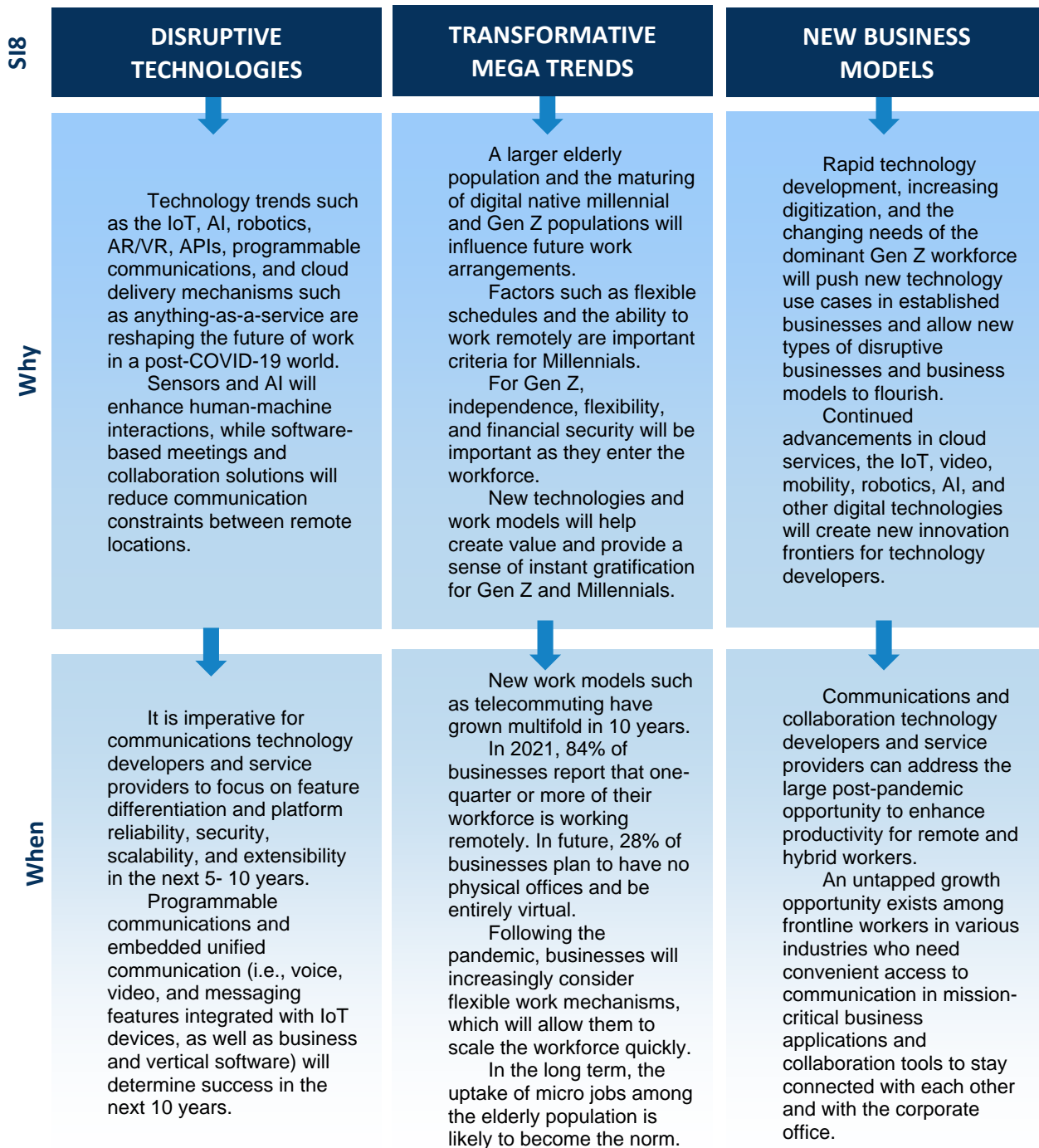
Sincerely,



Darrell Huntsman
Chief Executive Officer
Frost & Sullivan

Strategic Imperatives

Frost & Sullivan identifies three key strategic imperatives that impact the Connected Work industry: disruptive technologies, transformative Mega Trends, and new business models. Every company that is competing in the Connected Work space is obligated to address these imperatives proactively; failing to do so will almost certainly lead to stagnation or decline. Successful companies overcome the challenges posed by these imperatives and leverage them to drive innovation and growth. Frost & Sullivan’s recognition of RingCentral is a reflection of how well it is performing against the backdrop of these imperatives.



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best-practices criteria across two dimensions for each nominated company. RingCentral excels in many of the criteria for developing effective strategic partnerships in the UCaaS space.

AWARD CRITERIA	
<i>Strategy Innovation</i>	<i>Customer Impact</i>
Strategy Effectiveness	Price/Performance Value
Strategy Execution	Customer Purchase Experience
Competitive Differentiation	Customer Ownership Experience
Executive Team Alignment	Customer Service Experience
Stakeholder Integration	Brand Equity

State of the UCaaS Market

The unified communications-as-a-service (UCaaS) market remains on a steady growth trajectory as social and macro-economic factors accelerate demand for flexible cloud communications and collaboration solutions. A large variety of technology developers and service providers are seeking to capitalize on the opportunity, which is intensifying competition. While the pace of technology innovation in the UCaaS market remains high, it is becoming increasingly challenging for service providers to differentiate and capture market share solely based on unique solution features and capabilities. Similarly, while growth opportunities still exist in most parts of the world, certain customer segments (e.g. small businesses) and countries (e.g., the US, the European Nordics) are maturing fast. New and innovative go-to-market strategies are needed for providers to boost growth rates and gain a competitive edge.

Robust channel programs and effective reseller partnerships have now become key differentiators for market participants that often determine provider ability to penetrate new customer segments and geographies. Many next-generation providers leveraged direct sales when they first launched their solutions because the channel was not yet ready to embrace cloud services. As cloud communications

technologies and businesses models matured, telecom agents, value-added resellers (VARs), managed services providers (MSPs), Internet services providers (ISPs) and other channel partners gradually added UCaaS solutions to their portfolios. Today, resellers add considerable value to UCaaS deployments and are helping to accelerate market growth. Successful UCaaS providers are capitalizing on the power of the channel to capture market share.

However, UCaaS providers that aspire to become global leaders are compelled to think outside the box and identify unique strategies to expand their addressable market. They are creating new types of strategic partnerships to more effectively differentiate and tap into new market segments. More specifically, they are partnering with telecom operators and premises-based solution vendors that are looking to fill gaps in their portfolios.

Originally focused on building their own UCaaS solutions, many telcos and private branch exchange (PBX) vendors now acknowledge the benefits of partnering with innovative next-generation UCaaS providers. Perceived benefits include greater speed to market, ability to focus on customer relationships rather than technology development, and opportunities to concentrate on other complementary areas of expertise. Strategic partners typically complement third-party UCaaS offerings with their core capabilities, which include wireline and wireless connectivity services, network services, managed security, migration tools, expertise in premises-based infrastructure, professional services and more. Telecom operators and PBX vendors are best positioned to ensure success of enterprise telephony and other real-time communications deployments where quality of service (QoS), service uptime, security, compliance and integrations with important business and vertical software are critical.

Going forward, strategic partnerships will determine which UCaaS providers will become global market leaders. They will provide scale, boost brand recognition for both parties and enhance the total solution value for end customers.

Strategy Effectiveness and Competitive Differentiation

RingCentral has recently emerged as a leader in developing effective strategic partnerships in the global UCaaS market. Strategic partnerships also appear to be a cornerstone in the provider's future go-to-market strategy, as it has committed substantial resources, including staff and budget, to identifying and onboarding new partners and effectively supporting existing ones.

RingCentral has maintained a leadership position in the North American UCaaS market for several years and is poised to rapidly grow its market share in other world regions as well. Key factors that have propelled RingCentral to the number-one spot in the highly contested North American UCaaS market include innovation velocity and compelling packaging and pricing. RingCentral solutions' appeal is also enhanced by the integration and customization capabilities supported by its extensible platform, which provides flexible application programming interfaces (APIs) and supports integrations with a plethora of third-party solutions.

RingCentral fully acknowledges that growth opportunities are bound to become more limited in the fast-maturing domestic market and has set out to accelerate its international expansion. The provider has already developed strong presence in world regions outside its native North America by building data centers and acquiring phone numbers in different countries and launching global service plans. However, RingCentral recognizes that to compete effectively in today's UCaaS market it needs to scale rapidly. Its strategy is based on leveraging a solid core product and consistent packaging and pricing across geographies and customer segments, while differentiating through additional capabilities provided by the right partners. To expedite new-market entry with the ability to address specific customer needs and use cases, the provider is developing strategic partnerships with established premises-based communications solution vendors and telecom operators.

Building on its initial success with AT&T, BT and TELUS in the US, the UK and Canada, respectively, RingCentral has more recently partnered with Alcatel-Lucent Enterprise, Atos, Avaya, Deutsche Telekom, Horizon Telecom, Verizon, Vodafone, and several select other service providers. These partnerships mark a new phase in the UCaaS industry's evolution as they highlight an important shift in operator and vendor strategies. To stay competitive in an increasingly dynamic marketplace, established market participants need the agility to constantly adapt their solutions offerings and business models based on evolving customer and competitor trends. Building their own solutions (whether based on proprietary technologies or third-party platforms) is no longer an effective option. It is becoming increasingly evident that resale partnerships with nimble cloud services providers can enable greater flexibility than UCaaS solutions built and managed by telcos or PBX vendors. Feature and security updates and upgrades can be performed much faster, which enables greater speed to market for participants looking to always deliver cutting-edge functionality. Strategic partnerships also highlight the unique benefits that different participants can gain by leveraging each other's capabilities.

While this type of partnership strategy is not entirely unique in the industry, RingCentral is differentiating from other UCaaS providers with its ability to address many diverse partner needs and expand its partner roster more rapidly than its competitors. While partner requirements and objectives vary, most telecom operators and PBX vendors are looking to partner with UCaaS providers offering pre-packaged and easy to deploy and use services. In the past, most UCaaS resellers had to build complex, tailored solutions at the back end, which they used to offer either shrink-wrapped services or build complex, custom solutions based on unique customer requirements. Today, most businesses and partners demand greater simplicity in terms of core feature set, packaging and pricing, but greater flexibility in terms of integrations with customer-specific workflows.

Many telecom operators are using aging cloud PBX platforms and are unable to effectively address evolving customer needs. RingCentral is helping telcos fill important portfolio gaps:

- Fixed-mobile convergence (FMC) and/or native mobile UCaaS
- Advanced collaboration (video meetings, team messaging)
- Cloud contact center
- Tailored offerings for small and medium-size businesses (SMB) or distributed enterprise
- Presence in new geographies

- APIs and UCaaS customization and integration with customer systems and services
- Digital customer journey with automated quoting and provisioning

Most PBX vendors, on the other hand, have failed to develop competitive public-cloud offerings on their own. By partnering with RingCentral they can address growing demand for feature-rich, pre-packaged cloud communications and collaboration solutions that they were previously unable to deliver.

Key capabilities that telcos and PBX vendors bring as RingCentral partners include:

- Tremendous expertise in delivering real-time communications, collaboration and contact center solutions
- Extensive professional and managed services capabilities
- Deep implementation, integration, lifecycle management and customer success services expertise
- End-user devices, networking and infrastructure solutions (e.g., gateways, session border controllers (SBCs))

Telcos also boost the value of UCaaS offerings with:

- Adjacent technologies including wireless and wireline connectivity, multi-protocol label switching (MPLS), software-defined wide area network (SD-WAN), direct connects into popular public cloud services, session initiation protocol (SIP) trunking and security
- Monitoring, management, analytics and reporting tools
- Dedicated network operations centers (NOCs) and security operations centers (SOCs)
- Financially-backed service level agreements (SLAs) covering service quality, reliability and security

PBX vendors help differentiate UCaaS offerings with:

- Tailored migration tools for their existing customers
- Knowledge of businesses' premises-based infrastructure and solutions
- Existing expertise in technology transitions with the ability to support private and public cloud deployments, as well as hybrid environments
- Compelling commercial models to enable smooth and cost-effective cloud migration, including subscription plans for both premises-based and cloud solutions
- Worldwide ecosystem of resellers providing implementation, integration and solution lifecycle management services locally, as well as additional value (e.g., devices, infrastructure)

Overall, strategic partnerships are proving mutually beneficial to RingCentral and its partners. While specific benefits vary by partnership, RingCentral's flexibility and commitment to partner success are evident in all.

Strategy Execution and Stakeholder Integration

RingCentral's seat and revenue growth rates have consistently exceeded industry averages for years. Even as many of its competitors began experiencing slower growth due to intensifying competition and macro-economic factors such as the recession during the recent pandemic, RingCentral has maintained revenue growth rates in excess of 30 percent. Strategic partnerships have contributed to the provider's impressive growth rates in the past and will contribute even more substantially in coming years as partner offerings ramp up. Long-standing partners are reporting accelerated growth rates due to market conditions favoring RingCentral's solutions, as well as RingCentral adding new capabilities, such as digital contact center. New partners are experiencing growth rates that exceed original projections as well as typical competitor growth rates within the first year of service launch.

Due to exceptionally strong growth rates, RingCentral has solidified its market share in the North American market and is quickly increasing its share in international markets, particularly Europe. The partnership with RingCentral has also already earned more prominent positions in the UCaaS market for new partners such as Avaya and Atos.

Key factors driving success for both RingCentral and its strategic partners include RingCentral UCaaS solution ease of use and deployment, rapid technology innovation, frequent software releases and great solution fit for current market needs, as well as:

- RingCentral operational flexibility and efficient partner engagement enabling fast partner onboarding and launch of new solutions and solution upgrades.
- RingCentral investments in partner organizations including upfront cash infusions in the form of prepaid commissions, stock purchase and patent acquisition.
- Ongoing commitment to partner success in the form of compelling partnership financials, partner sales-force training, marketing support, joint selling, strict rules of engagement and more.
- Branding flexibility including partner ability to co-brand the joint solutions and respective software user experiences.
- Joint ventures and roadmap co-development aimed at optimizing the value both for the partner and end customers. This includes developing unique customer solutions leveraging RingCentral's platform APIs as well as envisioning new applications and use cases for the combined RingCentral and partner capabilities.
- Differentiated value for different partners based on their specific needs and requirements:
 - Internet Protocol Multimedia Subsystem (IMS) integration for mobile operators
 - Monetization use cases for Long-term Evolution (LTE) and 5G networks
 - Centrex, Plain Old Telephone Services (POTS) and Integrated Services Digital Network (ISDN) base migration options for wireline telecommunications carriers
 - Architectural flexibility including provider ability to overlay certain capabilities (e.g., meetings and messaging) on top of existing third-party cloud PBX solutions

- Flexibility with regard to connectivity, phone numbers and calling plans, including “bring your own carrier” options
- SMB and enterprise offerings based on partner portfolio gaps
- Vertical approach for partners ready to elevate the conversation to address industry-specific digital transformation goals
- Migration tools, integrations with backend systems, and support for partner-specific proprietary systems, which enables frictionless transition to the cloud

Varying value propositions across partner solutions clearly demonstrate RingCentral’s ability to integrate different stakeholder needs and requirements in building strategic partnerships. Unlike most competitors, RingCentral is prepared to custom-tailor its approach for different partners to ensure greater success for all parties involved: RingCentral, partners, their resellers and end customers.

Price/Performance Value and Customer Purchase and Ownership Experiences

RingCentral has assembled one of the most comprehensive cloud services suites in the industry—from a robust cloud PBX to app-based and native IMS mobility, meetings, persistent chat and team spaces, SMS, and contact center. Available as all-inclusive bundles or modular services—e.g., RingCentral Office, RingCentral Video, Engage Voice and Engage Digital—the company’s cloud communications, collaboration and customer experience solutions equip partners with flexible go-to-market options. A partner (e.g., Deutsche Telekom) can start with just RingCentral Video, for example, and later add other RingCentral solutions. Similarly, partners can first launch a wireline solution (e.g., AT&T Office@Hand) and then add a native-mobile, IMS-based offering (e.g., AT&T Office@Hand Wireless). Additionally, in another scenario, a partner (e.g., BT and TELUS) can first launch RingCentral-based solutions for SMBs and then expand into the large-enterprise customer segment. Freemium messaging and meeting solutions offer partners opportunities to familiarize customers with new cloud collaboration experiences and eventually move them to higher service tiers. Certain partners (e.g., Vodafone) can also choose to launch services based on RingCentral’s complete portfolio from the start and position different capabilities for distinct customer segments and geographic markets.

RingCentral’s solutions are priced competitively when compared to similar comprehensive feature sets. Four pricing tiers (with pricing varying by country and currency) allow partners to address diverse user requirements for features and capabilities, as well as accommodate different customer budget scenarios. Bundled calling plans as well as options for telecom partners to provide their own calling plans further enhance both partner and customer value.

RingCentral’s platform APIs represent a major differentiator compared to other UCaaS providers. RingCentral partners cite APIs and programmability as key factors in their decision to collaborate with RingCentral. A flexible platform supporting 5,000 integrations and 40,000 developers enables RingCentral to co-create with partners as well as envision new use cases with customers. This capability is particularly valuable to partners pursuing vertical strategies or seeking to address customers’ broader

transformational goals, both of which require communications and collaboration solutions to be more strategically integrated into essential workflows.

RingCentral's worldwide presence and Global Office Plan represent another key factor in partner decisions to become RingCentral resellers. As competitive intensity increases, telecom operators, PBX vendors and other RingCentral partners need to capture demand in more countries, as well as address the needs of distributed organizations. The ability to offer a consistent feature set across customer sites and geographies, while providing domestic calling plans and ensuring compliance with different country and industry regulations are important capabilities that make RingCentral the partner of choice for a growing number of UCaaS market participants. Strategic partners such as ALE, Atos and Avaya typically launch services based on RingCentral's platform in the markets where they have the largest installed bases that can be migrated to cloud solutions and then move into other markets to capture a broader addressable market.

Centralized administration from anywhere with robust analytics and reporting tools also enhances RingCentral's value to partners. Furthermore, digital customer journey capabilities enabling businesses to purchase and onboard users leveraging online tools has also become a key priority for partners selling UCaaS to digital natives and decision makers that work remotely, particularly during the pandemic lockdowns. Also important, SD-WAN support is enabling RingCentral and its partners to deliver better service performance (with regard to reliability and security) at a lower cost compared to private networks and multi-label protocol switching (MPLS) networks. Increasing leverage of AI and other advanced technologies are further enhancing RingCentral's value proposition. Overall, RingCentral's commitment to continually augment its platform's capabilities will enable the provider to maintain a strong appeal with both existing and future partners.

Brand Equity

The RingCentral brand has accumulated considerable equity over the years. Today, well-established telecom operators and communications solutions providers are proud to partner with RingCentral and are confident that its brand will also provide them with leverage in developing opportunities with customer organizations. Publicly visible high growth rates, market share leadership, frequent product launches, effective marketing and rebranding, and growing international presence are further augmenting RingCentral's already-strong reputation. Success with existing partnerships is also boosting brand power when building new ones. Going forward, RingCentral and its partners will benefit from its brand strength as it will affect customer evaluation and selection of UCaaS solutions.

Conclusion

RingCentral has proven highly effective in building strategic partnerships that boost both its own and partners' growth rates and visibility. A powerful combination of technological and strategic capabilities enables RingCentral to address unique partner challenges and objectives and fill important gaps in their portfolios.

For its strong overall performance, RingCentral is recognized with Frost & Sullivan's 2021 Competitive Strategy Leadership Award.

What You Need to Know about the Competitive Strategy Leadership Recognition

Frost & Sullivan's Competitive Strategy Leadership Award recognizes the company with a stand-out approach to achieving top-line growth and a superior customer experience.

Best Practices Award Analysis

For the Competitive Strategy Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Strategy Innovation

Strategy Effectiveness: Effective strategy balances short-term performance needs with long-term aspirations and overall company vision

Strategy Execution: Company strategy utilizes Best Practices to support consistent and efficient processes

Competitive Differentiation: Solutions or products articulate and display unique competitive advantages

Executive Team Alignment: Executive team focuses on staying ahead of key competitors via a unified execution of its organization's mission, vision, and strategy

Stakeholder Integration: Company strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly 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 high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

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