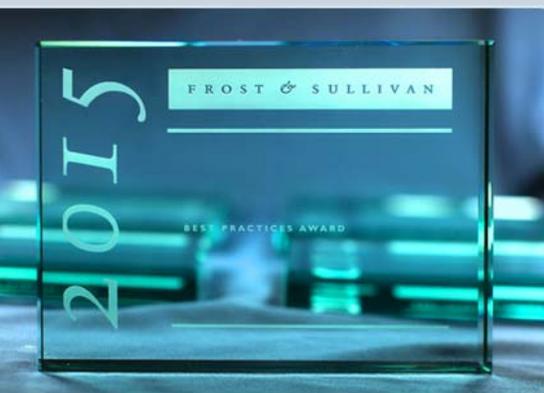




2015 European Conferencing Services  
Competitive Strategy Innovation and Leadership Award



FROST & SULLIVAN



50 Years of Growth, Innovation & Leadership

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## Background and Company Performance

### *Industry Challenges*

Recent research from Frost & Sullivan finds that enterprises increasingly prefer unlimited audio conferencing bundled with web and video conferencing. Stand-alone audio Conferencing Services are declining in demand and the uptake of bundled packages will offset the revenue loss from this segment. The incremental growth expected from this segment can also be attributed to feature enhancements such as mobility and support for BYOD, ability to offer hybrid models of deployment, and expertise to tightly integrate conferencing with UC. Despite the growth potential of the Conferencing Services market, there are certain key challenges that providers need to address to remain competitive in the market.

The Conferencing Services market is primarily challenged by declining price points of audio, web and video Conferencing Services. Though volume growth is expected to be higher than revenue growth, excessive price compression will largely suppress the incremental revenues in this market. Hence, it is necessary for providers to channelize their efforts towards enhancing their product portfolio with rich features and building better coverage across countries.

The Conferencing Services market comprises a mix of participants, from pure-play conferencing, Hosted/Cloud UC and telecom service providers. Compared to pure-play conferencing providers, hosted UC providers have the advantage of offering 'all-in-one' bundles covering all UC applications including conferencing, while telecom service providers typically bundle conferencing along with voice and network services. To edge out competitors, pure conferencing service providers need to build a robust business portfolio that not only includes conferencing but also other allied UC and telecom services. Last but not least, interoperability challenges will hamper user adoption unless addressed appropriately. In the case of audio conferencing, users expect increased flexibility to accommodate participants from PSTN and VoIP networks. In web and video conferencing, the existence of multiple protocols and availability of options spanning from video-centric solutions to content-centric web conferencing solutions make the environment more complex.

Frost & Sullivan has found that Arkadin has overcome these competitive challenges to develop a sound strategy, which has enabled the company to become a leader in the European Conferencing Services market.

### *Strategy Innovation and Customer Impact*

#### **Strategy Effectiveness**

Arkadin's go-to-market strategy in the Conferencing Services market is multi-faceted. First, in a market where competing on price is really challenging, Arkadin combats price compression by offering best-in-class platforms in audio, video and web conferencing. Second, Arkadin is equipped with exceptional infrastructure that helps it to ensure superior performance stability and excellent service uptime. Third, it serves to strengthen its portfolio and build up new products by engaging with/acquiring experts in the field. As customers increasingly prefer a single vendor for all their communication needs, Arkadin has expanded its service portfolio to include UCaaS and Video services offering by way of acquisitions and partnerships.

Frost & Sullivan views Arkadin's strategy as highly effective, designed to address the industry's most pressing challenges.

### **Strategy Execution**

Arkadin's strategy is based around providing a unified meeting experience for its users, and this is reflected in the breadth of the company's product portfolio and integration capabilities. As well as providing proprietary services, Arkadin has partnerships with Cisco, Microsoft, Adobe and IBM and telecom service providers like Orange, Belgacom and Elisa. Arkadin has a sound technology infrastructure supported by 35 datacenters and 53 bridges. As part of the parent brand NTT, Arkadin is equipped with highly secure, advanced technology platforms. The company's private platform is hosted in NTT's Tier-1 fully secure data center that provides it with expansive global MPLS network.

As Mobility and BYOD support are becoming top priorities for enterprises to drive greater employee productivity, Arkadin has launched its mobile applications to meet market needs. All iOS, Android and BlackBerry users can launch and manage their audio and web conferences with this facility.

The penetration of cloud services across unified communication applications and other IT areas is an emerging trend and Arkadin has focused in on this. To bolster its UCaaS offering, Arkadin launched Total Connect Pro; to develop its skills in delivering UCaaS, Arkadin acquired implement.com in February 2014, which offers consulting services to providers for leveraging Microsoft's UC&C technologies. Arkadin intends to leverage on implement.com's expertise to build the required infrastructure to host Exchange, Lync and Sharepoint solutions in Europe and other countries as well.

Arkadin has also positioned itself to address issues around interoperability. Blending users from VoIP and PSTN networks is a key selling point in the audio conferencing market. Arkadin has built capabilities to offer hybrid audio that enables its Lync on-premises customers to interact with users from PSTN and VoIP networks. On the video front, Arkadin's acquisition of Novasight and its partnership with BlueJeans has helped it to resolve interoperability issues between different endpoints.

## Competitive Differentiation

While Arkadin's service mix is in line with the vendor ecosystem, its local presence with a global approach gives it an edge over competitors. The company's local presence gives it an enhanced customer reach by being able to understand the cultural values and customer sentiments better.

In addition, being under the umbrella of NTT Group, Arkadin's financial strength has considerably increased. It can also bundle the conferencing service offering along with voice and data service offering from NTT, thus catering to user's end-to-end service requirements.

Another unique factor that distinguishes Arkadin from the competition is its vendor-agnostic focus that helps it offer a wide range of solutions at varied price points catering to different user profiles: from premium end user segments to small business users, from occasional users to heavy users and from hosted users to on-premises users of communication solutions.

## Customer Purchase Experience

Arkadin's high quality services and sterling reputation has helped it win customers and attain significant year-over-year growth. Arkadin's local presence particularly has been a great advantage in winning customers from its competitors. Recent Frost & Sullivan research suggests that a large number of German companies have migrated to Arkadin for local service provider interaction, local hosting and data center requirements. In addition, Arkadin's dedicated account managers have helped customers develop an efficient collaboration strategy.

Customer testimonials for Arkadin regularly highlight the service provider's ability to offer 24X7 support and ability of the solution to offer a simplified yet superior user experience.

## Customer Ownership Experience

Arkadin's capabilities in delivering customized and integrated solutions, coupled with necessary technical support, have helped the company attain a close following amongst customers. An example of this approach is the company's solution offering to Orange. As part of the digital transformation of small business initiatives, Orange is responsible for improving small businesses' accessibility to the digital advancements via its 'Cloudpro' offering. The solution offering from Arkadin includes a white-labeled product called 'Conference Pro' that is based on Arkadin's proprietary online self-registration service called ArkadinExpress.

The objective of this partnership is to deliver excellent quality and affordable conferencing service to Orange's customers, and Arkadin has been successful in achieving that goal

with the help of its intuitive design and robust architecture. Orange's testimonial to Arkadin states that nearly 70% of free users that sign up for Conference Pro have become regular paid users and the service has also been extended to five more European countries backed by the strong success in France.

Arkadin's ability to provide a simplified user experience accompanied by its strong technical infrastructure adds to its growth in the Conferencing Services market.

### **Brand Equity**

Recognizing the strong brand value that Arkadin holds, the world's largest telecommunication provider NTT acquired Arkadin in 2013 to position the subsidiary as its collaboration arm. (NTT's partnership with Arkadin in 2012 to offer white-labeled video services to NTT's customers had set the stage for the acquisition in the subsequent year.) The company's brand value is expected to increase exponentially as NTT has the best participants from the telecom world as its subsidiaries. Its subsidiary, Dimension Data, is one of the leading system integrators and Arkadin is one of the leading conferencing service providers in Europe and NTT by itself is a key telecom service provider. The combination is expected to provide Arkadin with abundant recognition in the Conferencing Services market.

### *Conclusion*

Arkadin's strong competitive strategy, superior-quality and affordability have enabled it to achieve significant growth in today's Conferencing Services market. Furthermore, its efforts to expand its service presence and develop a strong customer service strategy have helped provide unrivaled value to customers. Because of its strong overall performance, Arkadin is recognized with Frost & Sullivan's 2015 Competitive Strategy Innovation and Leadership in the European Conferencing Services market.

## Significance of Competitive Strategy Innovation and Leadership

Any successful approach to achieving top-line growth must (1) take into account what competitors are, and are not, doing; (2) meet customer demand with a comprehensive, value-driven product or service portfolio; and (3) establish a brand that resonates deeply with customers and stands apart from other providers. Companies must succeed at these three things—brand, demand, and positioning—to achieve best-practice levels in competitive strategy. This concept is explored further below.



## Understanding Competitive Strategy Innovation and Leadership

As discussed above, driving demand, brand strength, and competitive differentiation all play a critical role in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on strategy innovation and customer impact.

## Key Benchmarking Criteria

For the Competitive Strategy Innovation and Leadership Award, we evaluated two key factors—Strategy Innovation and Customer Impact—according to the criteria identified below.

### Strategy Innovation

- Criterion 1: Strategy Effectiveness
- Criterion 2: Strategy Execution
- Criterion 3: Competitive Differentiation
- Criterion 4: Executive Team Alignment
- Criterion 5: Stakeholder Integration

### Customer Impact

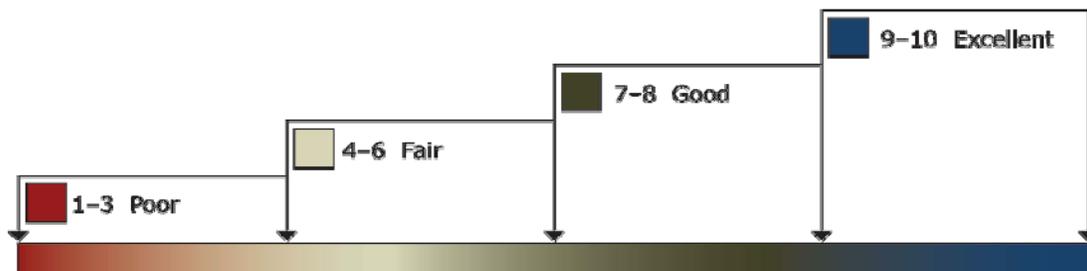
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

## Best Practice Award Analysis for Arkadin

### Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.

#### RATINGS GUIDELINES



The Decision Support Scorecard is organized by Strategy Innovation and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms 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.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key players in as Competitor 2 and Competitor 3.

<i>Measurement of 1–10 (1 = poor; 10 = excellent)</i>			
<b>Competitive Strategy Innovation and Leadership</b>	Strategy Innovation	Customer Impact	<b>Average Rating</b>
<b>Arkadin</b>	<b>9.4</b>	<b>9.2</b>	<b>9.3</b>
Competitor 2	8.7	8.3	8.5
Competitor 3	7.6	7.5	7.6

### *Strategy Innovation*

#### **Criterion 1: Strategy Effectiveness**

Requirement: Strategy effectively balances short term performance needs with long-term aspirations and vision for the company

#### **Criterion 2: Strategy Execution**

Requirement: Adoption of best-in-class processes to support the efficient and consistent implementation of business strategy

#### **Criterion 3: Competitive Differentiation**

Requirement: Unique competitive advantages with regard to solution or product are clearly articulated and well accepted within the industry

#### **Criterion 4: Executive Team Alignment**

Requirement: The executive team is aligned on the organization’s mission, vision, strategy and execution

#### **Criterion 5: Stakeholder Integration**

Requirement: Strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

### *Customer Impact*

#### **Criterion 1: Price/Performance Value**

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market

#### **Criterion 2: Customer Purchase Experience**

Requirement: Customers feel like they are buying the most optimal solution that addresses both their unique needs and their unique constraints

#### **Criterion 3: Customer Ownership Experience**

Requirement: Customers are proud to own the company’s product or service, and have a positive experience throughout the life of the product or service

**Criterion 4: Customer Service Experience**

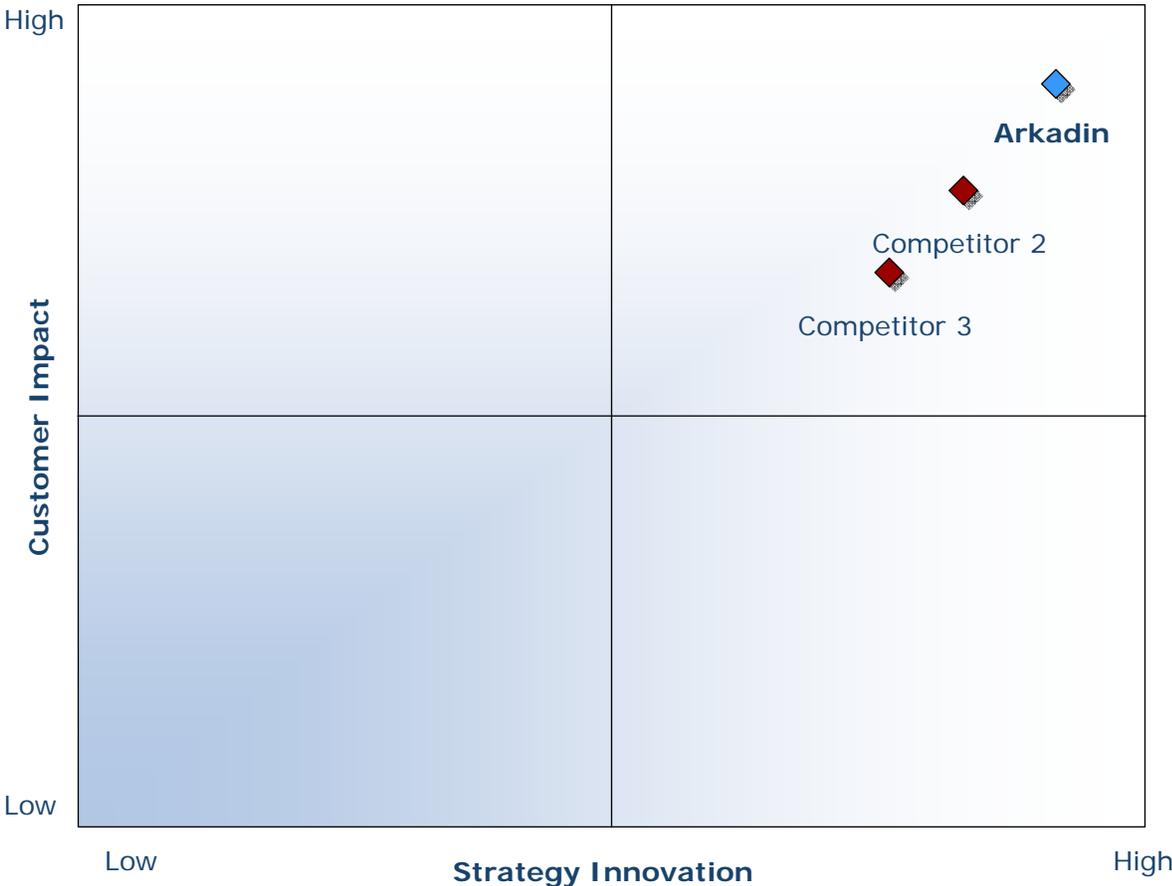
Requirement: Customer service is accessible, fast, stress-free, and of high quality

**Criterion 5: Brand Equity**

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty

*Decision Support Matrix*

Once all companies have been evaluated according to the Decision Support Scorecard, analysts can then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.



## The Intersection between 360-Degree Research and Best Practices Awards

### *Research Methodology*

Frost & Sullivan's 360-degree 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 7 of Frost & Sullivan's research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, leading to 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 players and for identifying those performing at best-in-class levels.

### 360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



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

Frost & Sullivan Awards follow a 10-step process to evaluate Award candidates and assess their fit to best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 <b>Monitor, target, and screen</b>	Identify award recipient candidates from around the globe	<ul style="list-style-type: none"> <li>• Conduct in-depth industry research</li> <li>• Identify emerging sectors</li> <li>• Scan multiple geographies</li> </ul>	Pipeline of candidates who potentially meet all best-practice criteria
2 <b>Perform 360-degree research</b>	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> <li>• Interview thought leaders and industry practitioners</li> <li>• Assess candidates' fit with best-practice criteria</li> <li>• Rank all candidates</li> </ul>	Matrix positioning all candidates' performance relative to one another
3 <b>Invite thought leadership in best practices</b>	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> <li>• Confirm best-practice criteria</li> <li>• Examine eligibility of all candidates</li> <li>• Identify any information gaps</li> </ul>	Detailed profiles of all ranked candidates
4 <b>Initiate research director review</b>	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> <li>• Brainstorm ranking options</li> <li>• Invite multiple perspectives on candidates' performance</li> <li>• Update candidate profiles</li> </ul>	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 <b>Assemble panel of industry experts</b>	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> <li>• Share findings</li> <li>• Strengthen cases for candidate eligibility</li> <li>• Prioritize candidates</li> </ul>	Refined list of prioritized award candidates
6 <b>Conduct global industry review</b>	Build consensus on award candidates' eligibility	<ul style="list-style-type: none"> <li>• Hold global team meeting to review all candidates</li> <li>• Pressure-test fit with criteria</li> <li>• Confirm inclusion of all eligible candidates</li> </ul>	Final list of eligible award candidates, representing success stories worldwide
7 <b>Perform quality check</b>	Develop official award consideration materials	<ul style="list-style-type: none"> <li>• Perform final performance benchmarking activities</li> <li>• Write nominations</li> <li>• Perform quality review</li> </ul>	High-quality, accurate, and creative presentation of nominees' successes
8 <b>Reconnect with panel of industry experts</b>	Finalize the selection of the best-practice award recipient	<ul style="list-style-type: none"> <li>• Review analysis with panel</li> <li>• Build consensus</li> <li>• Select winner</li> </ul>	Decision on which company performs best against all best-practice criteria
9 <b>Communicate recognition</b>	Inform award recipient of award recognition	<ul style="list-style-type: none"> <li>• Present award to the CEO</li> <li>• Inspire the organization for continued success</li> <li>• Celebrate the recipient's performance</li> </ul>	Announcement of award and plan for how recipient can use the award to enhance the brand

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
10 <b>Take strategic action</b>	The award recipient may license the award for use in external communication and outreach to stakeholders and customers	<ul style="list-style-type: none"> <li>• Coordinate media outreach</li> <li>• Design a marketing plan</li> <li>• Assess award's role in future strategic planning</li> </ul>	Widespread awareness of recipient's award status among investors, media personnel, and employees

## 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 almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.