

Yealink

2018 Global IP Desktop Phone
Growth Excellence Leadership Award



2018
BEST PRACTICES
AWARDS

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Background and Company Performance

Industry Challenges

The enterprise IP communications endpoints market has been facing several challenges that are constraining its overall growth potential.

On-premises enterprise communications product sales have been considerably declining due to the dramatic shift towards cloud-based services. In 2017 sales of call control systems and enterprise endpoints on the deployed on the customer premises continued to noticeably decrease. While different businesses have been migrating to hosted/ cloud-based communication services, those that continue to use on-premises solutions have been deliberately refraining from making new investments in call control systems and endpoints, sweating their existing assets.

Furthermore, the software-centric communications and collaboration revolution has been compelling more businesses to shy away from IP desktop devices in favor of USB-enabled endpoints such as professional headsets. While the vast majority of global business users still have a hard phone at their desk, actual usage of business desktop phones has been notably decreasing across the years. Growth in PC-based communications, including browser-based and downloaded soft client interfaces, has been propelling more business to invest in other types of endpoints that are more functional to a software-based conversation. Today, professional headsets are no longer considered accessories, but intelligent endpoints that can significantly augment a software communications and collaboration experience. Triggered by the ever-growing availability of USB and Bluetooth headsets, more businesses have been considering the move to environments without desktop phones.

Finally, and as the value proposition of IP endpoints continues to evolve, businesses that do consider investing in IP desktop phones have been considerably raising their expectations with respect to features and functionality. Since the early days of IP desktop phone penetration in the business space around the year 2000, IP phones have significantly evolved into more intelligent devices. Feature and functionality advancements such as: color displays; Gigabit Ethernet; touch-screen technology; integrated Bluetooth connectivity; USB connectivity; HD audio; and advanced software interfaces well as overall price reductions, have gradually spread down the IP phone spectrum to affect mid- and even low-range models. Today, more business users expect the same experience they have on their consumer devices/endpoints to be replicated in the enterprise communications and collaboration environment. Efforts to keep pace with the agile and ever-changing nature of the workforce has moved many vendors outside of their traditional development, sales and support comfort zones.

In challenging times, a growth excellence leadership position is proof that a company has effectively overcome market restraints and executed strategies that have allowed it to consistently grow year-over-year. It is validation that the vendor has been flexible enough to adjust its course in accordance with changes in customer priorities. A growth excellence leadership position is very well perceived by customers that seek investment protection and a reliable partner. Furthermore, a growth leadership position demonstrates that the company has a strong vision for anticipating needs and delivering greater customer value. This market position inspires customer trust, which translates into more loyal buyers and a stronger partner ecosystem.

Growth Performance and Customer Impact

In 2017 global IP desktop phone shipment grew by 3.0 percent to 23.2 million. Frost & Sullivan is pleased to recognize Yealink, for the second consecutive year, with the Growth Excellence Leadership Award for the company's outstanding performance in the IP desktop phone market. Within the last three years (2014-2017) Yealink did not only grow its IP desktop unit shipments by a compound annual growth rate (CAGR) of 24.7 percent in spite of challenging market conditions, it has also reached the first-place market leadership position in terms of total global open SIP desktop phone shipments, with more than 2.9 million devices shipped in 2017. Additionally, Yealink's noticeable growth resulted in the company doubling its global IP desktop phone shipment market share from 5.0 percent in 2013 to 12.6 percent in 2017. Yealink has consistently accomplished growth excellence leadership through an effective and sustainable strategy, above-market growth rates, sustainability, compelling price/performance value, superior customer service experience, and strong brand equity.

Growth Strategy

Founded in 2001, Yealink's executive team had a shared vision for the organization's future growth: to become a leader in the IP phone market and in the IP endpoints market as a whole. Since then, the company has taken the market by storm, growing as the most popular Chinese brand of IP phones in Western markets and offering one of the largest arrays of continually enhanced IP endpoint models. Today, the company's devices are sold in more than 100 countries and are synonymous with high-quality as well as featuring advanced functionality at compelling prices. Yealink's broad IP phone portfolio ranges from entry-level phones to advanced, smart media phones for senior executives—all at very competitive price points. With a growing team of hundreds of R&D employees, Yealink's IP devices are continually enhanced and updated to meet customers' evolving needs.

Today, there is no doubt that Yealink's growth strategy is paying off, as demonstrated in its position among the leading IP desktop phone brands in the enterprise endpoints market.

Above-Market Growth

Yealink has considerably exceeded the industry's growth rate, with a shipment CAGR of 24.7 percent within the last three years and an amazing growth rate of 50.4 percent in 2017. Today, the vendor ships more open SIP phones than any other market participant, with revenues exceeding USD 165 million.

Today, Yealink's growth in both the independent SIP phone market and the total IP desktop phone market is unmatched. The company's vision is to continue its IP endpoint innovation in order to further address customer needs enhance its market position and continues to expand its market share.

Growth Sustainability

Yealink has consistently sought opportunities for new growth that build upon its core strengths to sustain long-term success. Across the years, the firm not only expanded and continuously enhanced its range of IP desktop phones, from entry-level phone options to advanced smart media phones for managers and executives, but has also expanded its range of business devices to include wireless IP DECT phone options, tabletop audio conference speakerphones, and video collaboration solutions.

Within the last year and a half, Yealink deepened its cooperation with Microsoft to deliver Skype for Business/Microsoft Team HD IP phones; debuted its T5 and T5 S Series of IP media phones with HD voice, video, and various application capabilities; upgraded its T4 IP desktop phone line with the T4S Series, hosting a range of product improvements; released the W41P, a new IP DECT Desk Phone solution for small- and medium-sized businesses, warehouse, retail outlets; announced new tabletop audio conferencing speakerphones CP960 and CP920, featuring Yealink most recent innovations of HD acoustics, Pentagon Meeting Room user interface and Hybrid UC Meeting; launched the Yealink VC200, VC500 and VC800 video conferencing endpoints, the newest generation of Yealink VC series video conferencing solutions; and broadened its overall support, integration, and certifications with a large number of on premise and hosted/ cloud-based communications providers.

From IP endpoints designed for small businesses looking to gain immediate cost savings to cutting-edge devices intended for discerning users with high expectations, Yealink has consistently advanced its IP phone portfolio to effectively meet the requirements of various types of customers.

Price & Performance Value

Yealink is committed to providing the best IP endpoints that deliver a superior user experience at affordable prices. With more than half of its workforce employed as engineers focused on research and development (R&D), Yealink applies strict quality

controls that are consistent with international quality standards. Always adaptive and flexible to customer requests, the company has consistently aimed to deliver the most reliable, functional, cost-effective, and easy-to-use communications products in the industry. In terms of functionality, for example, Yealink has already achieved interoperability and certifications with a large ecosystem of call control providers, including 3CX, Avaya, BroadSoft, epygi, GENBAND, Genesys, Metaswitch, Microsoft, RingCentral, and more.

Yealink products undergo strict standards testing for quality and reliability, striving for the lowest power consumption possible during calls. Yealink products are also cost-effective. The company has set and implemented a uniform manufacturer's suggested retail price (MSRP) globally for each type of phone to ensure consistency in the sales process and in the quality and benefits delivered to users and distributors. A Yealink IP endpoint can cost from as low as USD 50 for an entry-level IP desktop phone and to around USD 460 for an advanced smart Android-based media phone. While already offering a wide range of cost-effective, yet feature-rich solutions, the company continues to focus on improving its performance/price ratio in comparison with other vendors.

Customer Service Experience

A key pillar of Yealink's go-to-market strategy is fast and effective technical support. A large number of professional engineers are fully dedicated to technical assistance, supporting business customers on a daily basis with remote troubleshooting and onsite technical support. Across the years, the company has added regional offices around the world to further expand its technical support resources and enhance its distribution network. Additionally, Yealink's website provides multiple resources aimed to help the company's customers in their purchase journey, including documents and downloads in the Yealink Community and Yealink Opportunity Incentive Program. Frequently Asked Questions, Wikis and Forums are also available for customers that have inquiries or need advice about the company's products. This same customer service experience is also extended to Yealink's partner ecosystem, which is continuously supported with multiple programs, promotions and discount packages. Yealink customers and channel partners appreciate the company's proactive approach, which helps address their needs and challenges effectively and in a timely manner.

Brand Equity

Yealink has already surpassed its days as a newly developing brand in the IP phone industry. Today, the company enjoys one of the strongest brand names in the IP endpoints market. With a strong partner roster, including top carriers around the world such as China Telecom, France Telecom and Telefonica, as well as major customer organizations such as Citibank, KPN and Philips, Yealink conducts tailored regional campaigns to continuously promote its brand. The company's high investment in marketing includes international and local sponsorship of events, a presence at trade

shows and exhibitions, and continuous product marketing support (e.g., new product launch events, marketing support materials, and product training and updates).

Yealink has done a remarkable job to publicize its vision, direction and overall strategy to gain the trust, respect and confidence of a large expanse of enterprise communication customers and partners around the world.

Conclusion

With a broad, high-quality, yet cost-effective product portfolio, Yealink has successfully established itself among the leading market brands in the global IP endpoint market. Frost & Sullivan research confirms that Yealink's leadership position in the IP and SIP desktop phone market is proven by its effective growth strategy, sustainable above-market growth, price/performance value, excellent customer service experience and strong brand equity. Yealink is well positioned to leverage its strength for further success in the enterprise IP desktop phone market.

For its strong overall performance, Yealink has earned Frost & Sullivan's 2018 Global Growth Excellence Leadership Award.

Significance of Growth Excellence Leadership

Growth Excellence Leadership is about inspiring customers to purchase from your company, and then to return time and again. In a sense, then, everything is truly about the customer, and making those customers happy is the cornerstone of any long-term successful growth strategy. Companies that excel in driving growth strive to be best-in-class in three key areas: meeting customer demand, fostering brand loyalty, and carving out a unique, sustainable market niche.



Understanding Growth Excellence Leadership

Companies that creatively and profitably deliver value to customers ultimately set up their businesses for long-term, rapid growth. This is what Growth Excellence Leadership is all about: growth through customer focus, fostering a virtuous cycle of improvement and success.

Key Benchmarking Criteria

For the Growth Excellence Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Growth Performance and Customer Impact—according to the criteria identified below.

Growth Performance

- Criterion 1: Growth Strategy
- Criterion 2: Above-market Growth
- Criterion 3: Share of Wallet
- Criterion 4: Growth Diversification
- Criterion 5: Growth Sustainability

Customer Impact

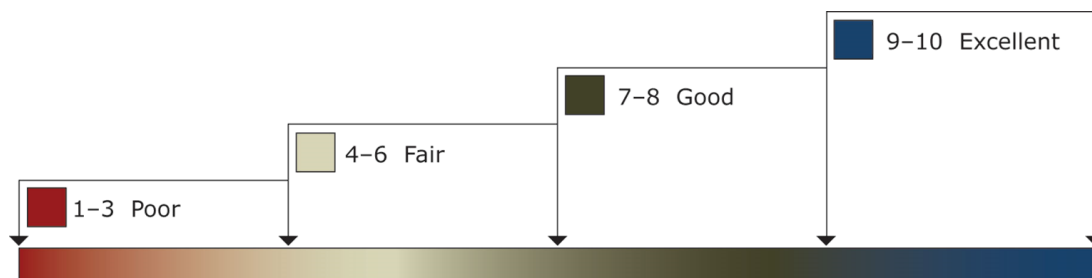
- Criterion 1: Price & Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practices Award Analysis for Yealink

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 Growth Performance and Customer Impact (i.e., These are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion 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 participants as Competitor 2 and Competitor 3.

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Growth Excellence Leadership	Growth Performance	Customer Impact	Average Rating
Yealink	10.0	9.0	9.5
Competitor 2	9.0	9.0	9.0
Competitor 3	8.0	8.0	8.0

Growth Performance

Criterion 1: Growth Strategy

Requirement: Executive team has a shared vision for the organization's future growth and has created and implemented a strategy that is consistent with that vision.

Criterion 2: Above-market Growth

Requirement: Company's growth rate exceeds the industry's year-over-year growth rate.

Criterion 3: Share of Wallet

Requirement: Customers allocate a greater percentage of their total spend to purchasing products or services produced by the company.

Criterion 4: Growth Diversification

Requirements: Company is equally able to pursue organic (e.g., distribution channel optimization, new product innovation) or inorganic (e.g., acquisitions, partnerships) growth opportunities consistent with the long-term objectives of the organization.

Criterion 5: Growth Sustainability

Requirement: Company has consistently sought out opportunities for new growth, enabling the organization to build on its base and sustain growth over the long-term.

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 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

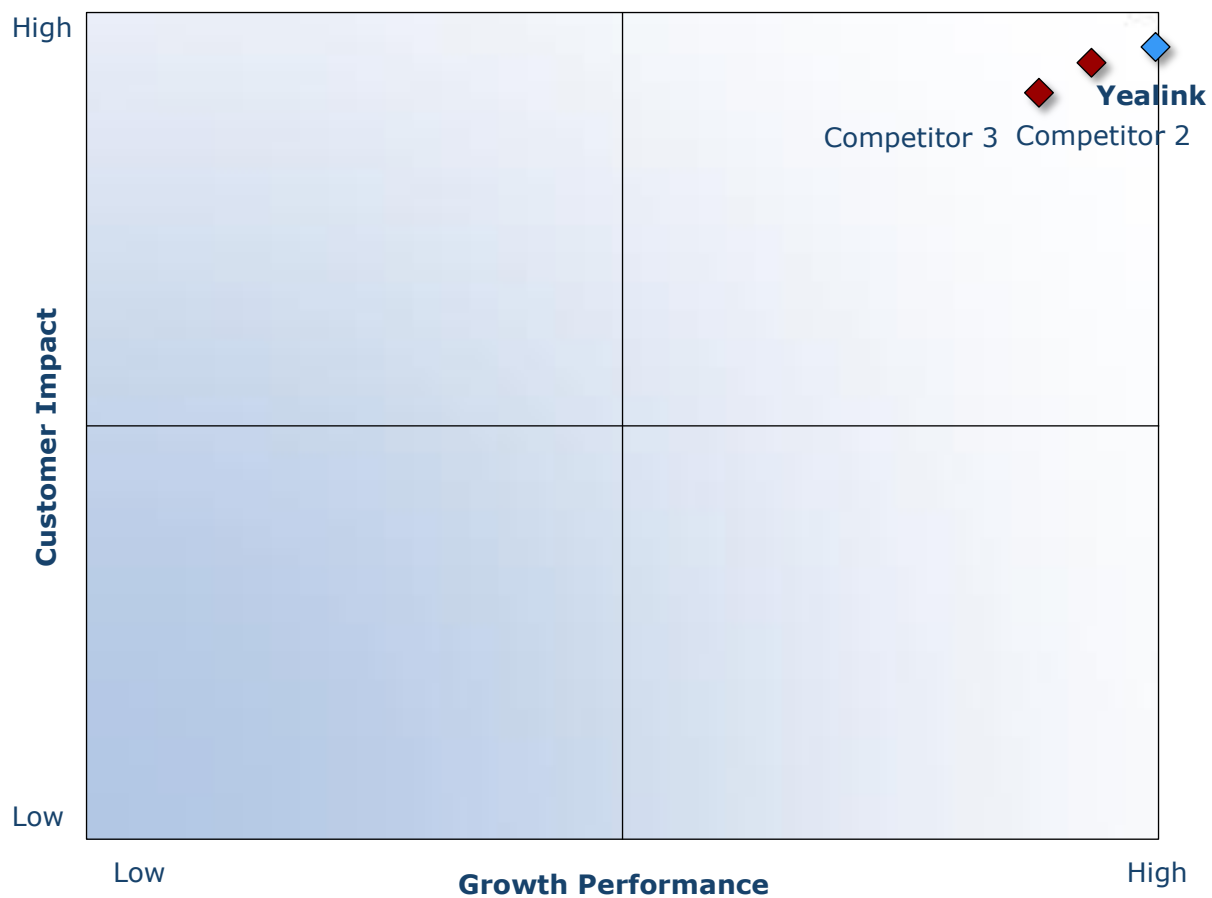
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

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 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.



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 select best practice 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 globe	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice 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	<ul style="list-style-type: none"> • Confirm best-practice 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	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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-practice Award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select recipient 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Coordinate media outreach • Design a marketing plan • Assess Award's role in future 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 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 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, 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 more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.