



2014 Global Unified Communications Product Differentiation Excellence Award



F R O S T &



50 Years of Growth

Product Differentiation Excellence Award, Unified Communications Deployment Strategies Global, 2014

Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360-Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2014 Global Product Differentiation Excellence Award in Unified Communications to Alcatel-Lucent Enterprise.

Significance of the Product Differentiation Excellence Award

Key Industry Challenges Addressed by Product Differentiation Excellence

The once static, predictable and mundane enterprise telephony market is a distant memory. The era of IP-based communications is well established and has evolved to usher in a new breed of technologies—after years of build-up, the time of true software and services-based unified communications (UC) solutions has finally arrived. Specifically, the emergence of cloud, social networking and mobile technologies has changed the paradigm and heightened enterprise customer expectations.

Unified communications solutions developers today are challenged to address a myriad of enterprise demands that may sometimes conflict. Businesses require robust capabilities, yet also seek simplicity and cost effectiveness. They wish to meet employee demands for personalized capabilities but still need enterprise-grade functionality, security and control. Furthermore, businesses seek to benefit from new technology while leveraging the value of existing investments. Finally, they want the benefits of next-generation functionality without the traditional capital expense and risk of product obsolescence.

Many UC vendors are attempting to satisfy these complex and diverse enterprise demands, however a majority of them have taken similar approaches that have led to the establishment of a new status quo. Most UC solutions today are pitched to enterprises in much the same way—with similar value propositions, checklist functionality and pricing models that have remained largely unchanged for the past five years.

A vendor that breaks away from the status quo to solve these challenges is best positioned to achieve product differentiation excellence. Such recognition means that a vendor has clearly put customers first rather than forcing its own agenda, while remaining on the cutting edge of technology. In an increasingly crowded and rapidly evolving unified communications market it is critical to create a differentiated stance and a unique message in order to gain visibility, earn enterprise customer trust and establish long-term

relationships. A vendor that achieves product differentiation excellence, therefore, is better positioned to not only survive, but to thrive as customer requirements and technology continue to evolve.

Key Benchmarking Criteria for Product Differentiation Excellence Award

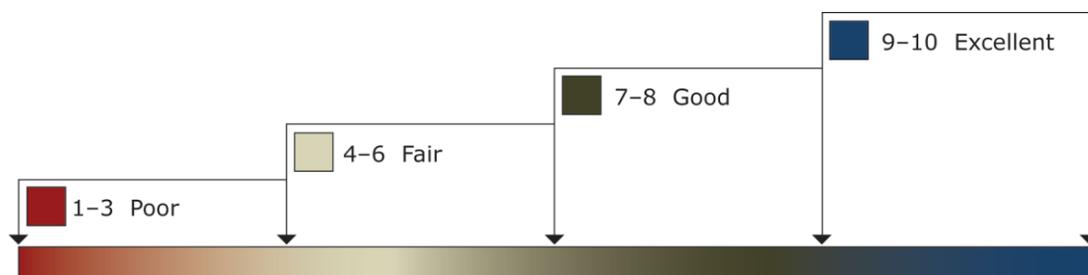
For the Product Differentiation Excellence Award, the following criteria were used to benchmark Alcatel-Lucent Enterprise's performance against key competitors:

- Unique Features/Functionality
- Quality/Complexity
- Customization
- Matched to Target Markets Needs
- Brand Perception of the Uniqueness of the Product

Decision Support Matrix and Measurement Criteria

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

Chart 1: Performance-Based Ratings for Decision Support Matrix



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

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



Best Practice Award Analysis for Alcatel-Lucent Enterprise

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

Chart 3: Decision Support Matrix for Product Differentiation Excellence Award

<i>Measurement of 1-10 (1 = lowest; 10 = highest)</i>	Award Criteria					
	Unique Features/Functionality	Quality/Complexity	Customization	Matched to Target Markets Needs	Unique Name/Brand Recognition	Weighted Rating
Relative Weight (%)	20%	20%	20%	20%	20%	100%
Alcatel-Lucent Enterprise	9.8	10	9.7	10	9.2	9.7
Competitor 1	8.9	9.8	9.7	9.1	8.8	9.0
Competitor 2	8.7	8.5	8.0	8.8	9.5	8.7

Criterion 1: Unique Features/Functionality

In the competitive UC landscape it is imperative for providers to offer a variety of deployment and consumption models for their applications, including: server and appliance-based software for premises deployment, virtualized software for premises or cloud services deployment, and hybrid configurations leveraging a mix of these. Because no two customers are the same, such a range of options is necessary to address a broad spectrum of requirements.

In attempts to provide the required deployment diversity many providers have established siloed development programs for their platforms targeting different market segments. As a result many providers today offer distinct products for specific segments with inconsistent functionality and support requirements across them. This can be a significant drain on resources for the provider's ecosystem of sales, service support, integration, and technology partners.

Alcatel-Lucent Enterprise has not followed this easier path of the status quo. Instead, the company develops a single software stream for its flagship OpenTouch UC platform, allowing it to be efficiently right-sized for businesses of all sizes without compromise. The same software can be deployed in hardware-centric, appliance-based, virtual or hybrid configurations for small and mid-size businesses (SMB), mid-market companies, as well as enterprises of all sizes. Further, OpenTouch is enabled to operate as a highly scalable and reliable platform that supports cloud/hosted UC services delivered by Alcatel-Lucent Enterprise partners, including a US nationwide cloud service launched in early 2014 by Icon Voice Networks.

Further, Alcatel-Lucent has introduced a streamlined set of just two user applications bundles, OpenTouch Connection and OpenTouch Conversation, which offer a variety of call control, UC, mobility, messaging, conferencing, and other functionality to meet the requirements of most user worker types and workstyles. The majority of alternative providers offers distinctly different packages and licensing models across their respective SMB, mid-market, enterprise, and hosted/cloud services-based platforms. Alcatel-Lucent Enterprise is unique in its approach. OpenTouch Connection and Conversation licensing is available to businesses and enterprises of any size, no matter their deployment or consumption model.

The overall platform, applications and licensing consistency across the Alcatel-Lucent Enterprise portfolio and addressable market segments stand out in an otherwise crowded field of alternative options.

Criterion 2: Quality/Complexity

Developing and supporting a single software stream creates efficiencies and optimizes resources for the entire Alcatel-Lucent Enterprise ecosystem. It reduces support certification

requirements for sales and service partners and empowers them with a singular focus to leverage across a number of different market segments. Alcatel-Lucent Enterprise and its roster of technology partners can devote R&D to a streamlined portfolio as well as more readily qualify and maintain a high level of multi-vendor interoperability.

Equally important, the Alcatel-Lucent Enterprise user licensing strategy delivers what customers and partners are asking for today. The streamlined set of OpenTouch Connection and OpenTouch Conversation bundles offer consistent pricing no matter the OpenTouch deployment size or consumption model. Partners have a comprehensive and consolidated set of offerings to sell and support. Customer administrators are free to provision the entire package or specific features from each bundle to tightly meet role-based user requirements and the freedom to move users between the two to match a user's current working style. The OpenTouch user licensing structure simplifies and speeds the sales, purchasing and deployment processes for all deployment type.

Since its inception, a major barrier to UC adoption among customers has been the inherent complexity of technology and business models that increase costs and discourage widespread deployment and usage. Alcatel-Lucent Enterprise has made great strides to reduce complexity and accelerate adoption through intuitive, engaging interfaces, consistent across the various user devices which encourage partners and customers alike to move forward with greater confidence.

Criterion 3: Customization

Alcatel-Lucent Enterprise has not stopped its initiatives at enabling flexible deployment models and licensing that simplify life for customers and partners. Rather, the innovative vendor is delivering on a progressive vision to meet emerging demands that promise to accelerate with further technology advancements and shifting workforce demographics.

Chief among these emerging demands is the concept of highly personalized communications experiences for individual users. In the past, a high level of individual customization and personalization was cost-prohibitive. Software and services-based solutions have changed the paradigm.

A key demand driver for personalization is the "bring your own technology" (BYOT) movement. Essentially, BYOT is a result of employees using technology in their personal lives and recognizing the potential value and applicability of those tools and devices in the workplace. Many businesses see and agree with BYOT value propositions but have valid concerns about security, control and possible distraction.

Alcatel-Lucent Enterprise has answered the call with a number of options. First and foremost from an enterprise organization level is the vendor's portfolio of platforms that address businesses of any size and deployment type. Next, OpenTouch Connection and Conversation licenses fill a personalization need by giving users access to their communications tools set from a variety of devices and interfaces (desktop, WiFi and DECT phones; PC and web

clients; and smartphones and tablets). This allows users to individually choose the best endpoint for their tasks, environments and personal comfort.

Alcatel-Lucent Enterprise has reaffirmed its commitment to personalized communications capabilities and is encouraging device flexibility and use by delivering a new range of IP deskphones, new and refreshed PC clients, a new web conferencing client and new user interfaces for web and Android mobiles, as well as VoIP support for iPhone. A unique OpenTouch capability is Session Shift, which enables communications and collaboration interactions to be seamlessly moved mid-conversation from one device to another as calls are escalated/de-escalated among IM, voice, video and content communication modalities.

The BYOT movement is not just about devices; applications are equally, if not more important. Accordingly, Alcatel-Lucent has launched Personal Cloud, which provides a catalogue of pre-qualified applications that individual users can procure and access on a transactional basis under an Apps-as-a-Service delivery, consumption and support model. Personal Cloud gives users the perception and flexibility of autonomous choice of functionality based on their individual needs. At the same time it allows IT to retain control over what apps are accessible within Personal Cloud and to whom, as well as the ability to automate provisioning or to centralize these tasks under their domain.

Alcatel-Lucent is satisfying demands for personalization and customization with a multitude of options. These capabilities will drive user satisfaction and utilization while still giving the organization assurances of quality, security and control.

Criterion 4: Matched to Target Markets Needs

All providers in the UC market are striving to satisfy current and emerging requirements driven by both business decision makers and their respective user bases. However the majority of providers are struggling to break from the status quo as they simultaneously tackle demands for personalization, virtualization and simplification without sacrificing functionality, security or control.

In a side-by-side comparison with other top-tier vendors, Alcatel-Lucent Enterprise has not only addressed major industry trends in a timely manner; the company has gone beyond checklist infrastructure and feature requirements.

Despite the maturity of IP-based communications solutions many customers remain challenged to find a smooth migration from legacy to modern communications functionality. Alcatel-Lucent Enterprise is helping end-user organizations with this challenge. The company's assistance comes in the form of licensing that allows organizations to accommodate changing workstyles. OpenTouch Connection and Conversation can satisfy the needs of many different worker roles and requirements. Both license bundles are available for the same price, and the vendor allows no-cost transfer from one license type to another at any time. This allows organizations to efficiently and cost-effectively transition users from

Connection to Conversation licenses as the organization and individual users progress toward more advanced requirements.

Furthermore, flexible platforms and consumption model transformation encourages customers to migrate to next-generation platforms at their own discretion. Customers can integrate and leverage legacy, H.323, and SIP assets and consume functionality in product, full service or hybrid delivery models according to their own shifting business and budget requirements.

Alcatel-Lucent Enterprise clearly recognizes that the move to unified communications is a journey that each customer must make at its own pace.

Criterion 5: Brand Perception of the Uniqueness of the Product

Alcatel-Lucent Enterprise is playing to its strengths as it addresses shifting market conditions and customer demands. The company is well established in the marketplace with a global base of 500,000 customer accounts of all sizes which together comprise 40 million installed users of Alcatel-Lucent Enterprise call control, messaging, customer care, UC, mobility and other mission-critical communications applications. These customers and end users are supported by a worldwide network of 3,000 Alcatel-Lucent Enterprise partners. As such, the Alcatel-Lucent brand will well recognized and respected.

The company is leveraging proven technologies as the foundation for its next-generation OpenTouch architecture and applications portfolio. The value proposition is to lead customers and partners onto the path of next-generation capabilities with smooth and flexible migration plans.

Current and prospective Alcatel-Lucent Enterprise customers, as well as the partners supporting them can be confident knowing they can add new value to existing assets and skill sets, and be assured of their provider's proven long-term commitment to product longevity and sustained advancement. Such backing and long-term vision is critical as they progress to reap the benefits of virtual, cloud, and hybrid solutions in order to effectively take on BYOT and other challenges that the future may bring.

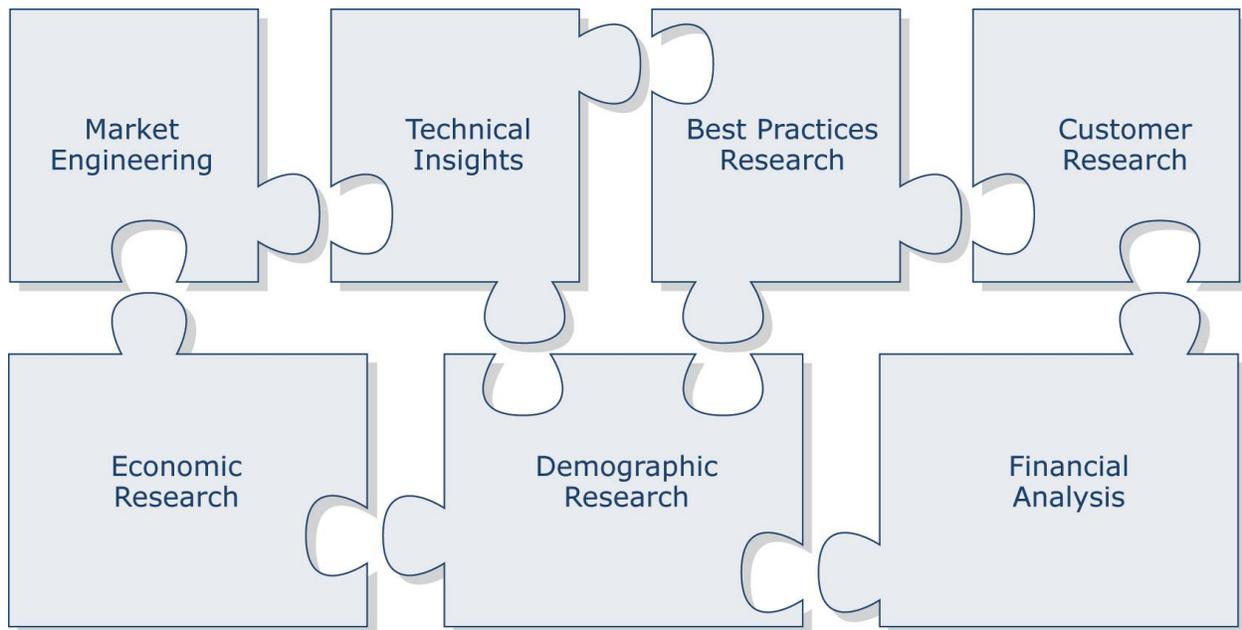
Conclusion

In the rapidly evolving unified communications market demand for right-sized platforms and personalized user experiences are on the rise. Still, numerous providers are addressing the opportunity with a legacy approach. Alcatel-Lucent Enterprise is differentiated from the crowded field with its flexible OpenTouch platform which enables business customers and their respective users to deploy what they want, how they want and without compromise for maximum benefit. Frost & Sullivan is proud to recognize Alcatel-Lucent Enterprise with the 2014 Global Product Differentiation Excellence Award in Unified Communications Deployment Strategies.

Critical Importance of TEAM Research

Frost & Sullivan's TEAM Research methodology represents the analytical rigor of our research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all seven of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Chart 4: Benchmarking Performance with TEAM Research



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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 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.