

Customer Value Enhancement Enterprise Voice and Unified Messaging Platform Global, 2011

Frost & Sullivan's Global Research Platform

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Key Industry Challenges

The world enterprise voice and unified messaging (UM) platform market has been facing numerous challenges that have limited its growth rate throughout the years. According to Frost & Sullivan's research, continuous price reductions, increased bundling of solutions, and de-prioritization of messaging investments in favor of other technologies have been some of the main factors impacting the market. Although increasing bundling of UM applications with telephony and unified communications (UC) solutions has boosted overall UM adoption and penetration, this strategy has also reduced the average price per UM seat, thus leading to decreasing vendor revenues. Additionally, intensifying competition and continuous economic pressures have also driven down price points and caused vendors to adjust their business models and pricing structures.

Further, the declining popularity of voicemail, the obsolescence of FAX messages and advancements of alternative solutions, have decreased the value of the traditional VM/UM market. With a growing number of communications tools available to business users, today voicemail is no longer used as extensively as it used to be in the past. Quite frequently, the calling party would seek alternative ways to reach a live person rather than leave a voicemail. In fact, market participants report that some 50 percent of calls are abandoned when the voicemail system is activated, and also that voicemail recipients do not typically check their messages on a regular basis. The same behavior is observed with FAX messages as well. This trend has become a major cause for concern for voice and unified messaging vendors

Last, but not least, the need to continually update product portfolios in order to incorporate support for new communication media, applications, architecture and devices used in businesses, impedes rapid adoption. Messaging vendors have to constantly adapt their offerings to fit evolving customers' needs. Trends such as enterprise mobility, virtualization, hosted email, and UC have resulted in new customer demands and new products and functionalities launched. While innovation in this market is key, sometimes the pressure to deliver differentiating services does not result in additional revenues for the vendor.

At times of intense challenges, having a customer value enhancement strategy in an evolving market provides a vendor with a competitive advantage in terms of visibility, company positioning and overall ability to thrive. With a differentiated product offering, an enterprise messaging vendor is more likely to withstand pricing pressures and commoditization, and enjoy better customer retention and satisfaction rates. Moreover, an enterprise messaging vendor able to demonstrate superior customer value is likely to be more successful in addressing the needs of more demanding customers and thus expand its target audience, generate higher revenues per customer and position itself for sustainable long-term growth in a rapidly consolidating marketplace. Typically, such a company can leverage its accumulated experience and on-going customer feedback for further success. Existing satisfied customers help validate the vendor's value proposition, improve its reputation through word of mouth, and thus grow its revenues and customer base.

Best Practice Award Analysis for Siemens Enterprise Communications

The Frost & Sullivan Award for Customer Value Enhancement is presented each year to the company that has demonstrated excellence in implementing strategies that proactively create value for its customers with a focus on improving the return on the investment that customers make in its services or products. This Award recognizes the company's inordinate focus on enhancing the value that its customers receive, beyond simply good customer service, leading to improved customer retention and ultimately customer base expansion.

Siemens Enterprise Communications' Performance in the World Enterprise Voice and Unified Messaging Platform Markets

Frost & Sullivan's research shows that Siemens Enterprise Communications has been at the forefront of innovation in telecommunication technologies, products and services for businesses of all sizes. With over 1 million enterprise customers and service capability in 90 countries, the vendor offers customers a large portfolio of communication products and services that include all the components of a comprehensive unified communications and collaborations stack. One of the

first UC solutions to be launched, Siemens Enterprise Communications' OpenScape UC Suite has gained the recognition as one of the most open and mature UC&C solutions in the market today. Frost & Sullivan's analysis shows that in the enterprise voice and unified messaging platform markets, Siemens Enterprise Communications is a top market participant in terms of both total messaging revenue and unified messaging seats. Having one of the strongest and most appealing unified messaging portfolios in the market, Siemens Enterprise Communications proactively creates value for its customers through the offering of competitive messaging solutions, a strong focus on open standards, and the delivery of customized packages, programs and promotions.

A Portfolio of Competitive Messaging Solutions

Siemens Enterprise Communications offers competitive messaging solutions that meet different customer needs.

Frost & Sullivan firmly believes that for those customers looking to deploy a comprehensive unified communications solution with advanced unified messaging capabilities, OpenScape UC is the recommended option. The OpenScape UC Suite provides voice, video, UC, contact center, mobility and audio, web, and video desktop conferencing solutions for enterprises. The OpenScape UC Application is an open and customizable UC software set that integrates with all the customer's in-place UC and business applications. If the customer decides to go with the OpenScape UC Application, single-store UM capabilities are available as part of the solution. The OpenScape UC Application provides unified voice messages delivered into the customer's Microsoft Outlook or IBM Lotus Notes inbox. Message access is via the Groupware client, or via the OpenScape UC Application client, or via the OpenScape Voice Portal which can be accessed from any telephone. The option to go with OpenScape UC Application is more appropriate for customers that prioritize a robust set of UC features, such as presence, IM, audio, Web and desktop video conferencing, and do not require rigorous unified messaging capabilities.

On the other hand, for those customers that do require an enterprise-grade, secure and scalable unified messaging solution, Xpressions comes in place. OpenScape Xpressions is the company's full-fledged UM solution that integrates with more than 15 different PBXs including all of its own platforms as well as those from Avaya, legacy Nortel, Cisco, etc. Customers that use Xpressions traditionally require extended unified messaging capabilities such as a dual-store UM deployment option or additional scalability for deployments of over 5,000 users.

Furthermore, in an effort to make it easy for new customers to experience unified communications, Siemens Enterprise Communications introduced Xpressions UC.

Xpressions UC provides another pathway to UC. The solution includes full-featured voicemail, fax, SMS and unified messaging, plus instant messaging, presence and in-house audio and Web conferencing. Siemens Enterprise Communications understands that there could be customers willing to try unified communications features and capabilities, only if offered an easy and cost-effective migration path from their existing messaging system. Integrating with the majority of email and groupware systems (including Microsoft Exchange and IBM Domino), OpenScape Xpressions offers customers the chance to choose between a single- or a dual-message store option on a per-user basis. When configured to do so, voicemail messages can be stored separately in the Xpressions server.

Finally, OpenScape Xpressions and OpenScape UC Application work very well with each other for customers that require both robustness of a full-fledged unified messaging solution and the solid capabilities of a unified communications suite.

A Strong Focus on Open Standards

Almost all Siemens Enterprise Communications' systems and platforms, including OpenScape Voice, one of the more mature UC platforms around, are based 100 percent on open standards such as SOAP, XML, CSTA, and SIP, thus laying the foundation for full, out-of-the-box interoperability. In Frost & Sullivan's opinion, this gives the vendor a solid competitive advantage as customers look to integrate best-of-breed communications applications today and into the future. OpenScape Xpressions, for example, can be deployed within virtually any environment, including numerous third-party telephony systems and SIP-based software switches. Standard IP and SIP connectivity options allow enterprises to evolve their network topology with an open solution that supports infrastructure changes. The OpenScape UC Application, on the other hand, has been built on the Service Oriented Architecture (SOA) as its framework, allowing an open and flexible architecture that can easily integrate and function with practically any existing or new IT infrastructures.

SIP has become the default protocol of most new communications products introduced to the market because of its flexibility for new application creation. SIP is also driving vendors to provide greater value to business customers by offering an application development environment and tools that enable businesses to customize applications and to develop their own applications that integrate with the vendors' platforms. Siemens Enterprise Communications is a frontrunner in the execution of an open communications philosophy and architecture. Frost & Sullivan recognizes that not only did the company design its solutions to interoperate with multiples systems and environments, but it also allows businesses to easily and freely develop customized open applications through the use of internal developer resources and SDK tools. The recently announced OpenScape Fusion Developer Program allows system integrators, VARs,

developers, customers and existing Siemens Enterprise Communications partners to create innovative communications-enabled solutions that add specific value to the businesses deploying them. Composed of an interactive Web-based portal, different developer resources (hosted developer sandbox, sample codes, hands-on tutorials, etc.), different developer services (developer support, lab access, training, etc.) and co-marketing and selling opportunities, the OpenScape Fusion Developer Program is an example of an open environment that allows different communities of partners to develop their own innovative apps, taking advantage of products with open standard interfaces.

The Delivery of Customized Packages, Programs and Promotions

Enterprises invest in technology to improve business efficiencies and to gain a competitive edge. Since no two organizations are alike in their needs, existing assets and personnel resources, a one-size-fits-all approach does not suffice. Therefore, customized choices are a critical success factor for each and every deployment.

Siemens Enterprise Communications not only offers customers the possibility to evaluate different off-the-shelf unified messaging solutions and the ability to customize the solutions based on the level of messaging capabilities required, but it also offers unified messaging as part of its tailored packaged communication bundles. So for instance, if a medium-sized company is interested in migrating to a new IP-based voice solution, and also deploying different UC capabilities, OpenScape UC Server Express is a packaged voice and UC solution that offers Xpressions messaging as part of the bundle. Easy to set up and install, OpenScape UC Server Xpress offers up to 74 percent of software pricing advantage per user when compared to an a-la-carte deployment. Similarly, OpenScape UC Server Enterprise offers mid-to-large enterprises the possibility to move to next-generation communications with an all-in-one voice and UC packaged solution that is a fully scalable, upgradeable, and easily integrated architecture. In addition to ad-hoc conferencing, 2-party video, one number service (ONS), presence and instant messaging, the solution also includes unified messaging capabilities, as part of its OpenScape UC Application software bundle. Frost & Sullivan's research reveals that OpenScape UC Server Enterprise offers up to 46 percent of software pricing advantage per user when compared to an a-la-carte deployment.

Finally, Siemens Enterprise Communications offers a series of updated programs and promotions to help customers migrate to new technologies. As part of the OpenPath strategy, the vendor offers programs that make it simple, easy and affordable for installed-base and legacy 3rd party PBX customers to upgrade to the latest UC&C solutions. OpenPath is the technology migration approach, providing customers with a path to enhanced technologies. In addition, Siemens Enterprise Communications offers a TryUCC program that allows customers to try out the

company's UC&C products for 180 days before making a migration/upgrade decision. Finally, the company offers the Trade In - Trade Up program which gives credit to both competitive and Siemens Enterprise Communication customers for their existing investments when they migrate to a HiPath 4000 or OpenScape Voice solution.

Conclusion

Siemens Enterprise Communications' continuous focus on customer value enhancement through the offering of competitive messaging solutions, a strong focus on open standards, and the delivery of customized packages, programs and promotions is validated by the company being the recipient of the 2011 Customer Value Enhancement Award, recognizing the company's accomplishments in the world enterprise voice and unified messaging platform markets.

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