

F R O S T & S U L L I V A N

Bell

**2017 Canadian
Hosted IP Telephony and UCaaS
Market Leadership Award**

F R O S T & S U L L I V A N

BEST
2017 PRACTICES
AWARD

CANADIAN
HOSTED IP TELEPHONY AND UCAAS
MARKET LEADERSHIP AWARD

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Background and Company Performance

Industry Challenges

Forward-thinking businesses around the world increasingly adopt cloud communications solutions to realize key benefits, as follows:

- reduce upfront costs
- streamline communications expenses
- gain faster access to broad, pre-integrated applications suites
- better support a distributed workforce
- improve business continuity
- reduce technology obsolescence risks
- gain operational efficiencies
- improve business responsiveness

A 2017 global Frost & Sullivan survey of 1,934 IT decision makers and influencers reveals that cloud communications solutions are used by 80 to 95 percent of organizations across industries. Canadian businesses, traditionally more conservative than some of their global counterparts, have also embarked on a cloud migration journey. Among Canadian cloud adopters, 55.7 percent have already moved all or part of their telephony services to the cloud. Top drivers for cloud communications adoption among Canadian respondents include greater flexibility at times of downsizing or rapid growth (38 percent), access to advanced features/capabilities, and ability to re-assign internal IT and telecom staff to more strategic projects (35.4 percent each). Frost & Sullivan expects the Canadian hosted IP telephony and unified communications as-a-service (UCaaS) market, an important segment within the broader cloud communications space, to experience a robust compound annual growth rate (CAGR) of 33.6 percent in terms of installed users from 2016 to 2023.

As cautious Canadian businesses increasingly consider moving their communications solutions to the cloud, they seek to partner with providers that can alleviate their security concerns and meet stringent service quality and reliability requirements. Security ranks the highest among Canadian IT investment decision makers' cloud provider selection criteria with 43.9 percent of survey respondents choosing this factor, followed by price (39 percent) and reliability (37.8 percent). As domestic and international providers increasingly vie for a share of the relatively untapped Canadian hosted IP telephony and UCaaS market, they must demonstrate their ability to deliver highly secure, reliable and cost-effective solutions.

Unlike some other developed communications markets, the Canadian market is dominated by well-established domestic providers with strong brand reputation and large customer bases. Risk-averse Canadian businesses continue to demonstrate a strong preference for solutions delivered by well-known and dependable national brands. Not surprising, leading domestic telcos hold the largest shares in the hosted IP telephony and UCaaS market as

well. In fact, many Canadian businesses delayed their cloud migration projects until their familiar providers launched compelling offerings that they could trust. As cloud technologies mature and businesses become increasingly aware of the powerful benefits of cloud communications competition is intensifying, driven by both incumbent telcos and next-generation providers entering the Canadian hosted IP telephony and UCaaS market.

To earn a market share leadership status in the nascent, but rapidly growing Canadian hosted IP telephony and UCaaS market, a provider must overcome multiple challenges. The market leader has typically invested considerable resources to develop solutions that best resonate with customers' diverse technology preferences. It also often bears the burden of educating businesses about the potential benefits of cloud communications. Furthermore, to become the Canadian market leader, a provider must possess other characteristics such as: a diversified solutions portfolio, financial stability and a brand associated with high service quality and reliability.

Market Leadership of Bell

Bell has maintained its market leadership position in the Canadian hosted IP telephony and UCaaS market for three consecutive years. Key factors that have contributed to its success include a robust cloud communications offering, an effective growth strategy and a powerful brand.

Growth Strategy and Implementation Excellence

Bell was one of the first Canadian providers to tap into the nascent cloud communications space seven years ago. The provider's timely market entry enabled it to quickly attract early cloud adopters and gain a significant head start compared to other prominent telcos. Since then, Bell has evolved its solutions portfolio and strategy to establish itself as the leading cloud communications provider in the country. Originally focused on mid-market and enterprise customers, Bell Total Connect has met with considerable success. The provider's flagship hosted IP telephony offering has enabled Bell to offer Canadian businesses in the retail, financial services, public sector and other industries a compelling alternative to complex and costly premises-based systems, as well as to less feature-rich Centrex services. Based on the solution's initial success and in response to growing customer demand for flexible cloud solutions, Bell Total Connect is now also available to the large and relatively untapped Canadian small and medium-size business (SMB) market.

Recent Bell Total Connect product enhancements, the launch of an SMB product version, and effective sales and marketing strategies leading to several large deployments accelerated Bell's growth rate in the hosted IP telephony market in 2016. In addition to organic expansion, the acquisition of Manitoba Telecom Services (MTS) also boosted Bell's market share in the past year. The addition of MTS helps extend Bell's reach westward and also augments the provider's cloud communications portfolio with a Cisco Hosted Collaboration Solution (HCS)-based UCaaS offering. The Bell MTS UCaaS solution is likely to help Bell more effectively serve businesses with existing Cisco technology investments as well as organizations with more complex customization requirements. Bell Aliant's

Unified Communications offering rounds out Bell's hosted IP telephony and UCaaS portfolio and extends the company's presence in Atlantic Canada.

Bell's strong cloud communications solutions traction, including its extensive internal use of hosted IP telephony, has earned the provider an impressive 40 percent share of the total Canadian hosted IP telephony and UCaaS market. With its large geographic footprint, robust channel network, and highly diversified solutions portfolio, Bell is particularly well positioned to address the needs of a broad spectrum of Canadian businesses. In spite of growing competition, Bell is likely to be able to sustain high growth rates in the future and maintain its leadership position.

Service Quality and Technology Leverage

Bell acknowledges that Canadian mid-market and enterprise customers demand high service performance, availability and security when migrating their mission-critical communications to the cloud. Therefore, it designed Bell Total Connect to meet stringent business requirements, which differentiates the solution from many early hosted IP telephony offerings which failed to deliver the quality and reliability that customers expect.

Bell Total Connect is supported through three geo-redundant data centers in Toronto, Montreal and Calgary. Geo-redundant instances with hot-hot shelf configurations ensure the highest service availability. Multiple gateways throughout Canada provide redundant connectivity with the public switched telephone network (PSTN).

Unlike many over-the-top (OTT) solutions, whereby the provider has little control over the Internet connection, Bell typically delivers Bell Total Connect over its industry-leading multi-protocol label switching (MPLS) network to ensure greater quality. MPLS increases the speed and manageability of network traffic as well as supports traffic prioritization, offering multiple classes of service (CoS) on a per-application basis. With 70 percent more points of presence (POPs) than its nearest competitor, the provider's highly rated MPLS network enables Bell to differentiate its hosted IP telephony offering from those of both domestic and international providers competing in the Canadian market.

It is important to note, however, that Bell provides flexibility to organizations that wish to deploy Bell Total Connect over public broadband access networks to support remote workers. Bell has also recently enabled Bell Total Connect delivery over their Business Internet Service (using Bell's extensive Fiber to the Node and Fiber to the Business network), which allow the provider to deliver more cost-effective services to SMBs.

In addition to MPLS connectivity, Bell also leverages other advanced technologies to ensure high service quality. Bell Total Connect is powered by BroadSoft's industry-leading BroadWorks platform which supports hosted PBX functionality as well as a broad set of other UC and collaboration (UCC) capabilities. BroadWorks utilizes industry standards-based SIP technology, which allows Bell to more rapidly innovate and more easily integrate Bell Total Connect with third-party SIP-based applications and solutions. BroadWorks scales cost-effectively to support millions of users and addresses a broad spectrum of customer requirements. Several tightly integrated platform network elements

enable high levels of service reliability. BroadWorks system functionality is distributed across multiple servers to optimize performance and meet IP multimedia subsystem (IMS) specifications.

Through the MTS acquisition, Bell now leverages Cisco's advanced HCS platform to deliver feature-rich and highly reliable and secure cloud solutions to businesses with a strong preference for Cisco technology.

Their Bell Aliant subsidiary leverages Ribbon (formerly GENBAND) SMART OFFICE technology, which also delivers high service quality and reliability. Overall, Bell effectively combines third-party technology with its own industry-leading network and service capabilities to differentiate from other hosted IP telephony and UCaaS competitors and deliver compelling value to Canadian businesses.

Price/Performance Value

Bell's hosted IP telephony and UCaaS offerings are packaged and priced to appeal to a wide range of Canadian businesses.

Bell Total Connect offers a broad set of features and capabilities in tiered service bundles. Priced in the lower CAN\$20 per user per month for the essential feature set, Bell Total Connect provides a compelling alternative to the less robust Centrex services available in the market today. In addition to basic telephony, Bell Total Connect offers voicemail and unified messaging, PC/Mac soft clients, mobility and more. It allows more flexible service administration through a web portal, including the ability to perform moves, adds and changes (MACs) without service provider involvement.

Bell recently enhanced Bell Total Connect with BroadSoft's new mobile app, UC-One Connect. It allows users to connect to their cloud PBX and UC features via Wi-Fi or the cellular data network using their mobile devices. Other enhancements, including web and video collaboration and persistent chat with team spaces, are pending.

Bell Total Connect integrates with third-party productivity and communications applications, including leading customer relationship management (CRM) software such as Salesforce, Sugar CRM and others, and corporate instant messaging solutions including Microsoft Lync/Skype for Business, IBM Sametime and more. Available APIs allow Bell, customers and third-party technology developers to integrate BroadWorks-based services with custom applications for greater customer flexibility and value. Bell's forward plans are to further integrate other advanced technologies to enhance the benefits of Bell Total Connect for Canadian business customers.

Bell Total Connect can also be bundled with one of Bell's cloud contact center offerings, depending on number of agent seats and technology requirements. A bundled offering can help businesses consolidate bills and vendor management.

Bell Total Connect is available with a selection of Mitel, Panasonic and Polycom desktop phones. In combination with desktop and mobile client options, this variety allows customers to deploy Bell Total Connect with the type of endpoint that best matches their users' needs.

Bundled with MPLS, Bell Total Connect represents a highly appealing solution for mid-market and large customers. Delivered over Fiber, Bell Total Connect resonates well with Canadian SMBs looking for feature-rich, yet cost-effective cloud communications solutions.

Leveraging advanced technologies and its expanded geographic footprint, Bell deliver competitive cloud communications solutions to businesses in all industries, size segments and regions throughout Canada.

Brand Strength

Bell is truly a household name throughout the country. The brand is trusted by both businesses and consumers and is strongly associated with quality, reliability and longevity. Continued focus on technology innovation and customer value enhancement reinforces customer confidence in Bell's ability to deliver compelling services and solutions to businesses looking to gain a competitive advantage through the adoption of advanced cloud communications solutions.

Conclusion

Visionary strategy, effective execution, excellent product quality, leverage of industry-leading technologies, a compelling price/performance value and a strong brand have determined Bell's success in the rapidly growing Canadian cloud communications market.

With its strong overall performance, Bell has achieved a leadership position in the hosted IP telephony and UCaaS market, with a market share of 40 percent of installed users, and Frost & Sullivan is proud to bestow the 2017 Market Leadership Award to Bell.

Significance of Market Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company, and then making the decision to return time and again. Loyal customers become brand advocates; brand advocates recruit new customers; the company grows; and then it attains market leadership. To achieve and maintain market leadership, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding Market Leadership

Driving demand, strengthening the brand, and differentiating from the competition all play a critical role in a company's path to market leadership. This three-fold focus, however, is only the beginning of the journey and must be complemented by an equally rigorous focus on the customer experience. Best-practice organizations, therefore, commit to the customer at each stage of the buying cycle and continue to nurture the relationship once the customer has made a purchase. In this way, they build a loyal, ever-growing customer base and methodically add to their market share over time.

Key Performance Criteria

For the Market Leadership Award, Frost & Sullivan Analysts focused on specific criteria to determine the areas of performance excellence that led to the company's leadership position. The criteria considered include (although not limited to) the following:

Criterion	Requirement
Growth Strategy Excellence	Demonstrated ability to consistently identify, prioritize, and pursue emerging growth opportunities
Implementation Excellence	Processes support the efficient and consistent implementation of tactics designed to support the strategy
Brand Strength	The possession of a brand that is respected, recognized, and remembered
Product Quality	The product or service receives high marks for performance, functionality, and reliability at every stage of the life cycle
Product Differentiation	The product or service has carved out a market niche, whether based on price, quality, or uniqueness of offering (or some combination of the three) that another company cannot easily duplicate
Technology Leverage	Demonstrated commitment to incorporating leading-edge technologies into product offerings, for greater product performance and value
Price/Performance Value	Products or services offer the best value for the price, compared to similar offerings in the market
Customer Purchase Experience	Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints
Customer Ownership Experience	Customers are proud to 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 of high quality

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 with 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"> Present Award to the CEO 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>.