



2018 North American SIP Trunking Services
Market Leadership Award



2018
BEST PRACTICES
AWARDS

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Background and Company Performance

Industry Challenges

After more than a decade of availability on the market, Voice over Internet Protocol (VoIP) services are reaching a tipping point, becoming the first choice of business customers and displacing traditional telecommunications services throughout North America. The move to end-to-end IP communications makes sense, as businesses can gain significant cost benefits and overall business agility by converging their voice, data and video services over a single IP network. Frost & Sullivan notes that broad adoption and the maturing of the VoIP access and SIP trunking services market create a distinct set of challenges for market participants.

Market share success in the maturing SIP trunking marketplace requires a balancing act for service providers, addressing both the high and low ends of the market with the right set of features and pricing options. IP-based services have become the norm for many customers, creating a real risk of SIP trunking services devolving into a commodity market. As VoIP services have matured, two types of business buyers have emerged. On one hand are businesses seeking to take full advantage of the features and capabilities that IP-based services allow, such as failover, redundancy and mobility. Conversely, there are businesses that are only seeking basic VoIP services at the lowest possible costs. In order to capitalize on the greatest opportunities, service providers are forced to develop approaches that serve both types of customers.

Additionally, Frost & Sullivan points out that the VoIP services market continues to be highly fluid; mergers, acquisitions and overall consolidation are redrawing the competitive landscape on a nearly monthly basis. While this level of competitive activity creates significant opportunities for churn or displacing competitors, it also means that new entrants and competitive threats can appear suddenly and take valuable market share away from more established VoIP providers.

The market share leader in the VoIP access and SIP trunking services market is well positioned to address these ongoing challenges. With an established installed customer base, the market leader can focus efforts on improving the value that their IP-based services deliver to customers, with the goal of maintaining or increasing customer spend. A broad base of customers also creates an important feedback loop for the market share leader which enables customers and helps to shape future product and feature roadmaps rather than following what competitors offer. Furthermore, market share leadership brings with it the resources a provider needs to seize the best opportunities for growth through mergers and acquisitions. Finally, market share leadership provides the necessary visibility and brand recognition to stand out in customer evaluations.

Market Leadership

Growth Strategy Excellence

Verizon has a storied history in the telecommunications market and a significant installed base of customers using the last generation of voice services. Recognizing the value of transitioning its customers to IP-based services, Verizon took a proactive approach with its customers by advising them on the inherent advantages of VoIP over legacy telecommunications services. Rather than resting on its laurels and its sizable installed base, Verizon's growth strategy properly centers on nearly continuous enhancements of its IP Trunking suite of voice services. By offering a diverse range of foundational offerings, as well as an increasing number of value-added service options, Verizon not only enriches VoIP access and SIP trunking services for its established customers, but also attracts new customers. Through continuous enhancements, Verizon's IP Trunking services can meet the specific needs of nearly any business - regardless of size or requirements.

Beyond VoIP access and SIP trunking, Verizon's business services portfolio includes a full range of voice and data services, such as: hosted IP telephony; cloud-based software as a service (SaaS) solutions; and a broad array of wide area network (WAN) connectivity choices. Verizon leverages this myriad of services to garner a significant pull-through advantage. Customers may engage with Verizon initially for data access services, and in the process, migrate their traditional telecommunications services to Verizon SIP trunking or hosted IP services. Alternatively, existing voice customers migrating to a next-generation VoIP trunking or hosted service will quickly see the value of unifying their voice and data services on a single IP-based network.

Frost & Sullivan observes how Verizon's growth strategy of nearly continuous product innovation and delivery of new services enables the provider to land new customers and expand with existing ones.

Implementation Excellence

Frost & Sullivan believes that Verizon clearly stands out among its other competitors in the VoIP access and SIP trunking services market in the breadth and depth of its VoIP services, as well as the capacity to deliver these services in a way that best meets customers' unique requirements.

Verizon's VoIP access and SIP trunking platform provides industry-leading functionality, scalability and reliability. By leveraging standards-based session initiation protocol (SIP) technologies, the platform supports flexible interoperability with other SIP-based platforms and devices.

Verizon Business Connection and IP Integrated Access (IPIA) services are marketed as analog or TDM trunking replacement alternatives. Now comprising less than half of Verizon VoIP deployments, these two services offer businesses with legacy voice key systems or PBXs the ability to leverage next-generation VoIP services - without an expensive forklift of their telephony solutions.

Verizon offers IP Trunking as well, specifically catering to businesses deploying end-to-end IP-based communications. This service now constitutes just over half of Verizon services and continues to experience very high growth rates as businesses increasingly migrate their premises-based communications infrastructure to IP-based platforms.

Verizon offers additional capabilities to extend the value of its SIP trunking services, including: shared trunking through BEST; bursting capabilities with BEST+; enterprise-level concurrent calls and Wireless Connected VoIP and VIPER on-net routing; and multi-site, multi-country deployment options, as well as integration with SDWAN and SBCaaS technologies. In North America, Verizon is one of the few providers that enables shared trunking in both the United States and Canada. Customers are given access to detailed traffic reports in near real-time as well as a centralized management dashboard to empower them with a fine level of control over their deployed services.

For customers that do not require the full capabilities of Verizon's IP Trunking service, the provider offers a VoIP Essential Feature package. VoIP Essential Feature offers many of Verizon's most popular capabilities, including administrative portal, online reporting, etc. but scales back on some of the enterprise-class features in favor of a lower overall cost to the customer. This lower-tier of IP Trunking service brings Verizon's vast network and services within reach of the particularly cost-conscious business.

Product Differentiation

Frost & Sullivan feels that innovation remains Verizon's greatest strength in the VoIP access and SIP trunking services market. From the outset, Verizon has pushed the envelope, leading the market with a continuous stream of new features and capabilities. Verizon's long track record of innovation began when it launched VoIP access and SIP trunking services long before most of its competitors. Later, Verizon became one of the first service providers to support distributed SIP trunking offerings. While competitors required businesses to centralize their UC platforms in order to support SIP trunking, Verizon created flexible deployment options. It allowed VoIP and SIP trunking solutions to match customer requirements instead of compromising on provider services that were a poor fit for their specific needs.

Burstable Enterprise Shared Trunking (BEST) grew out of distributed SIP deployments, allowing customers to treat their telecommunications resources as a collective pool and share idle resources among all of their locations as well as consolidating voice services under a single bill. Verizon then followed up with BEST+, which enabled customers to boost their total voice capacity in order to meet unexpected surges in overall voice traffic.

Today, Verizon VoIP access and SIP trunking service offerings remain on the cutting edge of features and functionality. Other competitors still only offer a subset of Verizon's SIP capabilities, months or years behind the market share leader with respect to innovation.

Technology Leverage

Verizon is one of few service providers in North America with a full line of wireless, wireline and IP-based services and networks for both businesses and consumers. The

company has consistently leveraged its abundant resources to great effect. While a number of Verizon competitors are unable or unwilling to link their wired and wireless networks, Verizon strives to create synergies across all of its networks, appropriately positioning all of its services as a unified set of resources to meet exact business requirements.

For example, Verizon has long offered the VoIP IP Enterprise Routing (VIPER) feature, which allows “on-net” rates by keeping voice traffic among customer organizations on the Verizon network, without touching the public switched telephone network (PSTN). While Verizon’s competitors offer intra-company on-net calling, only Verizon extends this reduced rate for calls among other Verizon VoIP subscribers. Further extending its synergies, Verizon offers Wireless Connected VoIP with reduced rates for SIP trunking calls made to any Verizon Wireless user.

Equally important, Verizon is pushing the bounds of where it can deliver its VoIP access and SIP trunking services while delivering a high-quality VoIP connection both on and off its global network. In addition to its traditional dedicated MPLS or wired access links, Verizon offers SIP trunking services across its wireless LTE network, its fiber optic broadband Fios network for home and small business users, SD-WAN, and third-party broadband access.

Each of these access options opens up a wealth of opportunities and use cases. For example, Verizon offers VoIP service across its wireless LTE network with full quality of service (QoS) support. For Verizon customers the use cases for SIP trunking services deployed across LTE are seemingly endless. With support for up to a dozen SIP trunks, businesses have a new option to provide wireless backup to support mission-critical voice platforms. VoIP with Wireless LTE access can also accelerate deployments by offering temporary or primary access to remote business locations. This innovative capability empowers businesses to create new business models. Pop-up or seasonal sites can be quickly spun up or down with the full suite of voice services readily available. Highly mobile applications, such as construction sites or emergency response teams, can now take advantage of business-grade service instead of making do with the limited features of cell phones.

Support for SIP trunking over Fios or over the top of third-party broadband enables Verizon to attract smaller customers that may want to leverage the capabilities of IP-based trunking services, but are not ready to commit to an often-costly MPLS network. By layering a managed SD-WAN on top of the broadband link, customers are assured of a QoS support for their mission-critical voice communications.

To accelerate deployments and ease the investment costs of SIP trunking migrations, Verizon’s network services team now offers session border controllers as a service (SBCaaS). With SBCaaS, Verizon customers can leverage Ribbon SBCs deployed in Verizon data centers rather than on their own premises. With expert teams skilled in the Ribbon products, Verizon SBCaaS combined with IP Trunking delivers an streamlined and integrated SIP trunking deployment experience for customers of any size or scale.

By leveraging the full capabilities of its network and service offerings, Verizon sets itself apart in meeting the varying needs of its customers.

Brand Strength

Verizon is a well-established brand among both business decision makers and consumers. The company has a rich and a strong track record in the wireline telecommunications services market and continues to rank among the leaders in the consumer wireless market. North American businesses as well as organizations around the world trust the Verizon brand, as they clearly associate it with service quality and reliability and provider stability.

Furthermore, the incumbent carrier has a significant customer base using TDM-based legacy trunking services, placing Verizon on the short list for many businesses looking to move to IP-based communications solutions. This strong position is reinforced by the myriad of successful VoIP access and SIP trunking deployments Verizon has already achieved. Businesses trust Verizon and in turn, trust that the company can deliver IP-based communications services with strong uptime and minimal disruption.

Conclusion

Verizon's enviable share in the VoIP access and SIP trunking services market has been earned through a solid commitment to IP-based communications services. Verizon diversifies its SIP trunking services to fit a wide range of businesses and can deliver these essential communications services in ways that best fits customers' needs.

With its strong overall performance, Verizon has achieved a leadership position in the VoIP Access and SIP trunking services market, with a market share of 33.4%; Frost & Sullivan is thus proud to bestow the 2018 Market Leadership Award to Verizon.

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.

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>.