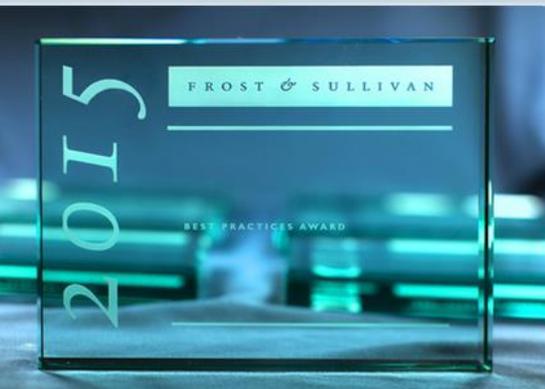vertical™

2015 North American Mobile UC Enablement in Retail Customer Value Leadership Award

FROST & SULLIVAN

50 Years of Growth, Innovation & Leadership

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Industry Challenges

Technology advancements affect different market segments and verticals in very distinct ways. Frost & Sullivan recognizes that in the retail segment the opportunities and challenges to leverage advancements in mobile technologies is particularly unique. While many enterprises associate mobile devices with remote users outside of the physical office, retailers focus on enabling mobile users within the walls of their brick and mortar locations.

In retail environments WiFi-enabled mobile devices and tablets, rather than full-fledged smartphones, are the primary deployment choices to support mobile inventory, bar code readers, paging and other applications. As a result, retail environments face different challenges than other industries, including support for a broad variety of applications from a single device. Furthermore, increasingly shrinking operating margins in brick and mortar stores do not allow a rip-and-replace of the existing communications platform, which is one approach to effectively support increasingly advanced mobile applications, and both legacy endpoints as well as a lengthening array of mobile devices. Finally, retailers are focused on enhancing the customer experience within their stores. This includes reducing in-store noise, enhancing employee response time, and other factors.

These dynamics are changing the requirements that retailers are demanding unified communications vendors to address. UC vendors are frequently being tasked to deliver more services as features and applications on mobile devices, and to do so at low cost and low complexity for users. Leaders in enhancing customer value with mobile unified communications enablement are delivering on those customer demands. A customer value leader empowers customers to efficiently advance their business goals without high cost or sacrificing functionality. Providing a frictionless mobile experience within the confines of retail outlets, while being conscious of ever-narrowing margins retailers face, are factors that set leading unified communications vendors apart in the marketplace.

Vertical Communications' Customer and Business Impact

Customer Purchase Experience

Frost & Sullivan's research reveals that Vertical Communications stands out in the unified communications market because of its dedication to retail segment. The company's Wave IP platform and its accompanying mobile solutions are designed with retailers in mind. Mobility is not an afterthought with the Wave IP platform: all Wave IP licenses are automatically enabled for mobility, whereas many alternative vendors require either additional licenses or higher priced licenses to enable comparable mobile UC functionality.

Customer Ownership Experience

Vertical's solutions for the retail segment align closely with market trends happening in that space. Retailers are looking to consolidate the myriad devices their workers must use to perform their daily work. Many retailers are replacing their in-store radios, bar code scanners, and even point of sale phones with a single mobile device. Frost & Sullivan notes that the Vertical Wave IP platform and mobile applications deliver unified communications services, including business telephony, rich presence, instant messaging and more to support retailers' requirements to consolidate a multitude of devices to a single mobile endpoint without sacrificing functionality.

Further, a transition to general-purpose mobile devices, rather than proprietary scanning guns and radios, enables a Bring Your Own Device (BYOD) opportunity in the retail space simply not possible before. To support a mix of corporate-owned or user-owned devices, Vertical's solutions include tightly integrated mobile device management support. This allows, for example, remote wipes of devices, to both enable BYOD while the business retains control over user access to corporate data and services.

Customer Service Experience

Today's retailers are facing an onslaught from online stores as well as stiff competition from competitors. In response, retail customer service and the overall shopping experience are becoming key differentiators. Traditional means of in-store communications such as overhead paging and push-to-talk, are being replaced to support a "quiet communications" experience. Frost & Sullivan's research shows that it is the value proposition and positioning of quiet communications that differentiates Vertical's retail customers and presents them with the ability to differentiate their in-store environments.

Vertical's mobility suite enables a quiet store, and therefore more pleasant experience in a number of ways. First, Vertical supports UC applications on low-cost mobile devices, lowering the budgetary barriers that would otherwise impede the ability to roll out more devices per location, and ultimately replace disruptive and inefficient overhead paging with direct person-to-person communications. Vertical platform also delivers secure, business-grade instant messaging on mobile devices. Instant messaging not only facilitates quiet communications between employees throughout the organization, but also empowers workers to more quickly respond to consumer questions compared to traditional workflows of chasing answers through a series of phone calls.

Brand Equity

Vertical is a superior brand within the retail industry. The company's marketing focus maintains its brand equity through well-placed advertisement in retail-focused publications as well as a consistent presence and participation at retail trade shows to remain on top of mind as an active solutions developer. Vertical also benefits as operations and management professionals change organizations and roles in their careers within in the

retail segment. In fact, many of these retail professionals will bring Vertical with them to their new organization. Frost & Sullivan's research confirms that by paying particular attention and displaying a deep commitment to the retail industry, Vertical has developed a solid reputation and a loyal base of decision makers and influencers that the company can rely on for continued success.

Operational Efficiency

Frost & Sullivan finds that Vertical's mobile solutions enable retailers to extend the operational and cost efficiencies that are among the core value propositions of unified communications. Consolidation to a single device rather than a mix of wireless radios, barcode-scanning devices and phones, not only lowers the operating cost of a retail location, through reduced hardware, administration, maintenance, asset management and other expenses. It also brings the benefits of reducing training requirements and the associated costs because it allows retailers to focus their training efforts on a single comprehensive solution and more easily bring users up to speed.

Incorporating quiet communications via instant messaging and direct telephony connections can also improve loss prevention efforts. Employees can discretely connect with the loss prevention team without drawing unnecessary attention. Likewise, unified communications enables quiet coordination of efforts and direct status updates without raising alarm within the store environment. Finally, direct communications between named users creates an added level of responsibility and accountability among retail staff. While broadcast paging may enable workers to defer to others, direct communication promotes an environment where workers are motivated to personally respond.

Customer Acquisition

Frost & Sullivan's competitive analysis shows that by including mobile unified communications as a no-cost option with the Wave IP platform, Vertical lowers the barriers to mobile adoption inherent to competing platforms and licensing schemes. As such, the company has seen significant adoption of mobile solutions. Based on its own analytics Vertical reports that forty percent of Wave IP users have adopted its mobile app. Furthermore, thirty percent of those users rely on the app on a daily basis, while a full sixty percent of them use the app at least once per week. This level of adoption and utilization is particularly strong validation for the strength of both the mobile application and the benefits Vertical customers are gaining integrating unified communications into the way they do business.

Conclusion

Vertical has found success in the retail segment by identifying the unique needs of the changing retail environment, as well as developing a licensing strategy to provide frictionless mobile adoption by its retail customers. Frost & Sullivan's independent analysis of the Retail market clearly shows that by offering mobile apps that UC-enable customer-

facing retail employees Vertical is not only improving the worker productivity, but is also enhancing operations and business process within the retail industry.

With its strong overall performance, Vertical has earned Frost & Sullivan's 2015 Customer Value Leadership Award.

Understanding Customer Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from your company, and then making the decision to return time and again. Delighting customers is therefore the cornerstone of any successful growth strategy. To achieve these dual goals (growth and customer delight), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, differentiating from the competition. This three-fold approach to delivering customer value is explored further below.

Customer Value Leadership is defined and measured by two macro-level categories: customer impact and business impact. These two sides work together to make customers feel valued, and confident in their products' quality and long shelf life. This dual satisfaction translates into repeat purchases and a high lifetime customer value.

Key Benchmarking Criteria

For the Customer Value Leadership Award, Frost & Sullivan evaluated two key factors—Customer Impact and Business Impact—according to the criteria identified below.

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

Business Impact

    Criterion 1: Financial Performance
    Criterion 2: Customer Acquisition
    Criterion 3: Operational Efficiency
    Criterion 4: Growth Potential
    Criterion 5: Human Capital

Best Practice Award Analysis for Vertical Communications
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
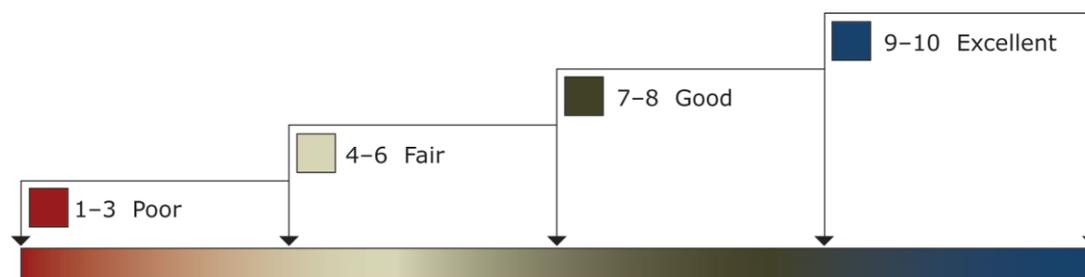
The Decision Support Scorecard is organized by Customer Impact and Business Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity 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, Frost & Sullivan chose to refer to the other key players in as Competitor 2 and Competitor 3.

DECISION SUPPORT SCORECARD: CUSTOMER VALUE LEADERSHIP AWARD

Measurement of 1–10 (1 = poor; 10 = excellent)			
Customer Value Leadership	Customer Impact	Business Impact	Average Rating
Vertical	10	9	9.5
Competitor 2	7	8	7.5
Competitor 3	8	8	8

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 like 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

Business Impact

Criterion 1: Financial Performance
Requirement: Strong overall financial performance in terms of revenues, revenue growth, operating margin and other key financial metrics

Criterion 2: Customer Acquisition
Requirement: Customer facing processes support the efficient and consistent acquisition of new customers, even as it enhances retention of current customers

Criterion 3: Operational Efficiency
Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard

Criterion 4: Growth Potential

Requirements: Customer focus strengthens brand, reinforces customer loyalty and enhances growth potential

Criterion 5: Human Capital

Requirement: Company culture is characterized by a strong commitment to quality and customers, which in turn enhances employee morale and retention

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts 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.

DECISION SUPPORT MATRIX: CUSTOMER VALUE LEADERSHIP AWARD
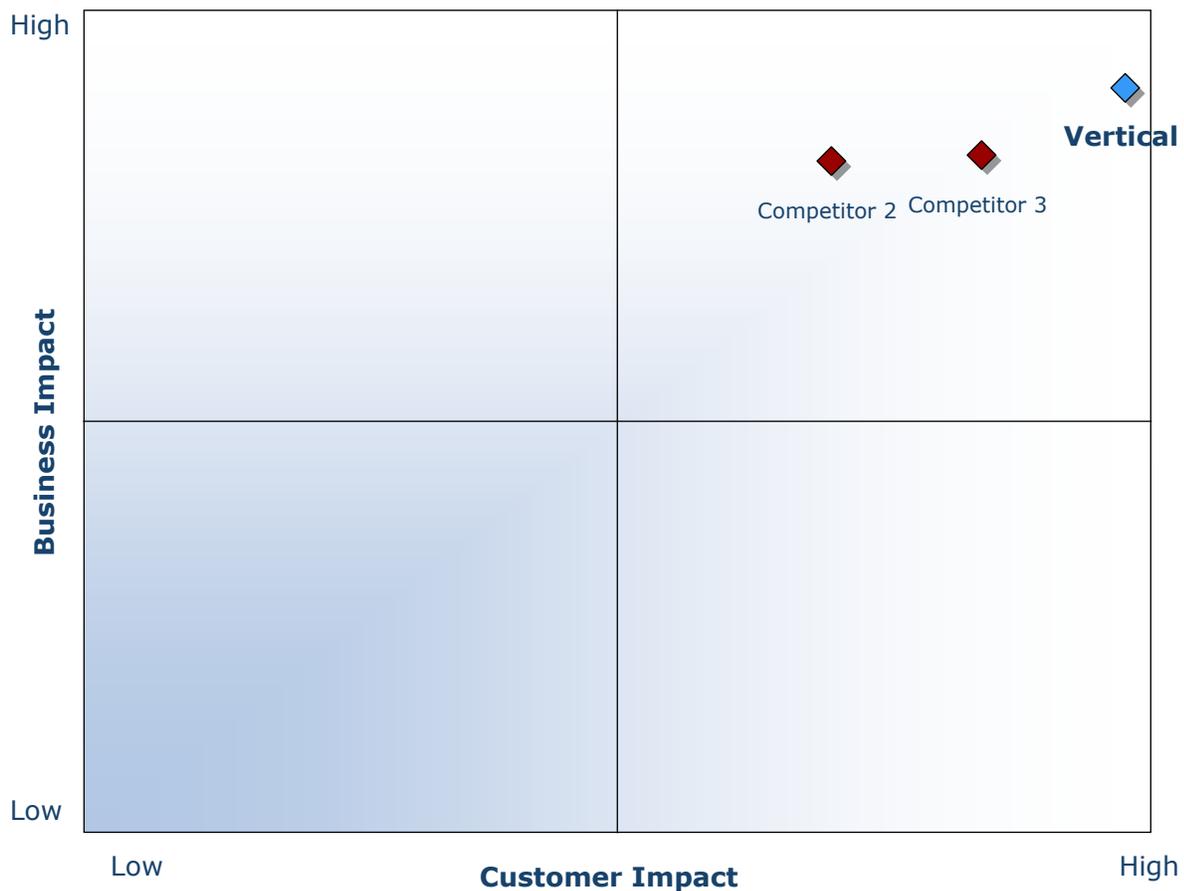
The Intersection between 360-Degree Research and Best Practices Awards

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 players 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 40 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.