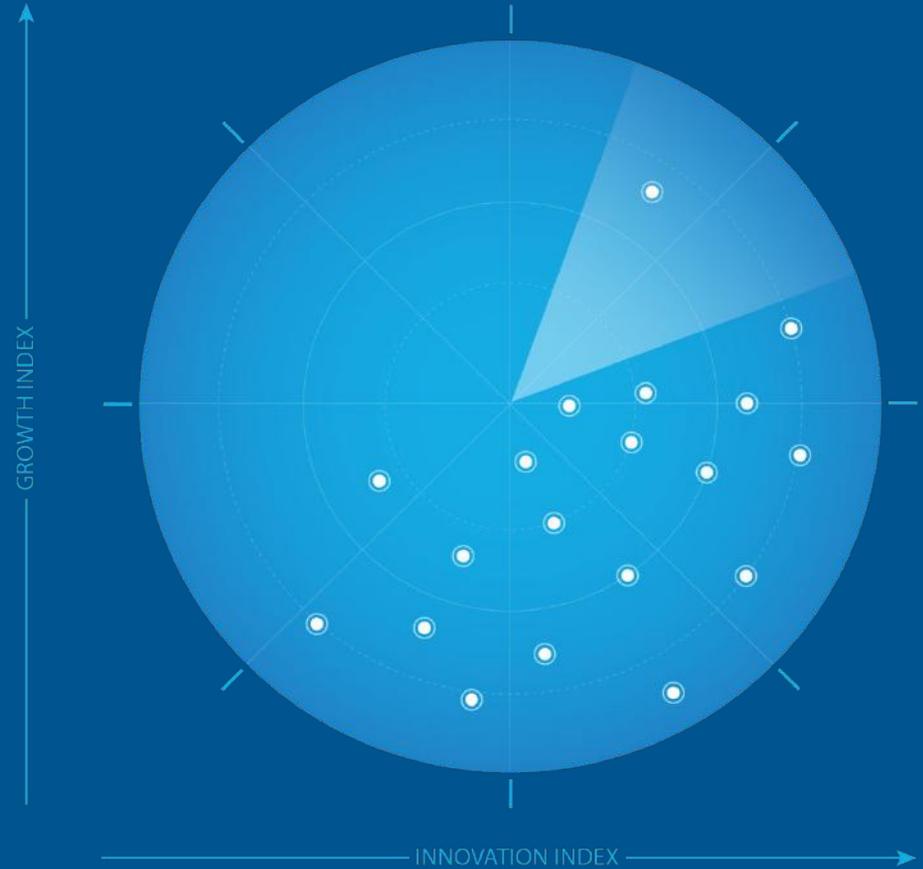


FROST RADAR™: BENCHMARKING FUTURE GROWTH POTENTIAL

EUROPEAN HOSTED IP
TELEPHONY AND UCAAS
MARKET



GROWTH ENVIRONMENT



THE STRATEGIC IMPERATIVE

- European businesses are rapidly adopting hosted Internet protocol (IP) telephony and unified communications-as-a-service (UCaaS) solutions to become more agile and more easily adapt to ever-evolving market conditions. The COVID-19 epidemic further re-enforced the need for flexibility in technology consumption—in terms of capacity adjustments, as well as delivery of services independent of user location, network and devices.
- Maturing technologies—public broadband, session initiation protocol (SIP) services, cloud architectures and user interfaces, etc.—are resulting in improved quality and reliability of IP-based real-time communications and an excellent user experience (UX).
- Expanding availability of a broad array of UCaaS offerings—from simple, plug-and-play solutions for entrepreneurs to sophisticated, feature-rich offerings for organizations with complex environments and technology requirements—as well as a growing variety of services packaging and pricing will drive adoption across the entire customer spectrum.
- Gradual integrated services digital network (ISDN) decommissioning in most European countries — with a final cutoff scheduled for 2025—will compel businesses to migrate to SIP trunking and hosted IP telephony services in the next five years.
- Increasing availability of mobile UCaaS solutions will provide a compelling option to entrepreneurs and sole proprietors, frontline workers, highly mobile professionals and entire organizations who have "severed the cord" with their landline services and have moved to mobile-only communications.

THE STRATEGIC IMPERATIVE (CONTINUED)

- Hosted IP telephony and UCaaS integration with a variety of third-party communications, productivity and business apps via flexible application programming interfaces (APIs) and communications platforms as a service (CPaaS) will drive broader adoption within different vertical industries and enable businesses to enhance mission-critical workflows and realize more tangible outcomes.
- The year 2020 has the potential to become a tipping point in cloud services adoption. The massive lockdowns imposed worldwide to reduce contagion during the Coronavirus epidemic exposed the lack of organizational preparedness to maintain non-disrupted operations during a natural disaster of such magnitude. Most businesses scrambled to keep employees connected, motivated and productive as everyone shifted to work from home. Cloud calling, meetings and messaging/collaboration solutions provided a flexible and cost-effective solution to the rapidly-expanded remote workforce, as well as to many students who were compelled to adopt distance learning.
- Going forward, European businesses are expected to become increasingly distributed due to a growing number of remote and mobile workers, as well as expanding customer bases, reseller channels and supply chains across multiple countries and regions. This trend will drive demand for flexible technology consumption models, mobility and advanced collaboration tools. Cloud solutions, including hosted IP telephony and UCaaS are likely to become integral to business continuity and digital transformation strategies post-COVID-19.

THE GROWTH ENVIRONMENT

- UCaaS user and revenue growth will be slower than originally projected in 2020 and 2021 due to the economic downturn caused by the COVID-19 pandemic and the ensuing workforce reduction and businesses closing down. It will remain strong throughout the remainder of the forecast period driven by ISDN services decommissioning, growing awareness of cloud services benefits, expanding variety of service offerings tailored for different types of customers, and the need for business agility in an increasingly global economy and accelerating pace of change due to rapid technology development.
- While net new adds will continue to increase throughout the forecast period starting in 2022, installed base growth rates will decline as the market matures and UCaaS services begin to penetrate more conservative businesses, where adoption is likely to take longer. Different countries and sub-regions will experience varying growth rates and growth trajectories. This is due to the divergent current penetration levels, as well as the distinctive market propensity to adopt hosted IP telephony and UCaaS services.
- Our short-term—2020 and 2021—forecast is based on the assumption that the most significant short-term factors—e.g., the COVID-19 epidemic and Brexit—will have both positive and negative impacts on the market, which will partially offset each other. For example, the epidemic will cause a delay in important technology investment decisions, installed base churn and a stock market dip, but spur demand for more flexible cloud services as both a temporary and a long-term solution to reduced travel and face-to-face meetings and an increase in telecommuting.

THE GROWTH ENVIRONMENT (CONTINUED)

- When the recession is over, we project a steady growth trajectory with no visible inflection points assuming no major natural disasters, or political, socio-economic or technological developments that can drastically impact UCaaS adoption patterns.
- Hosted IP telephony and UCaaS users accounted for 7.2 percent of the total addressable market in 2019. It is important to note that Frost & Sullivan's penetration analysis uses a broadly-scoped addressable market, including a considerable percentage of frontline workers in addition to office workers who are the typical heavy users of business communications and collaboration services.
- By 2026, penetration is anticipated to increase to 19.4 percent, driven both by PBX user conversion to UCaaS, as well as the adoption of business-grade IP communications by small office/home office (SOHOs) and micro-businesses presently using plain old telephone services (POTS) lines and consumer mobile services.
- Hosted IP telephony and UCaaS revenues will experience lower growth rates than installed users due to declining average revenue per user. However, robust user growth rates will drive double-digit revenue growth rates despite price compression. Reduced customer churn, due to stickier relationships upmarket, improved service quality and other factors, will augment installed base growth driven primarily by new customer conversion from premises-based solutions. It will also help providers earn healthier profit margins.

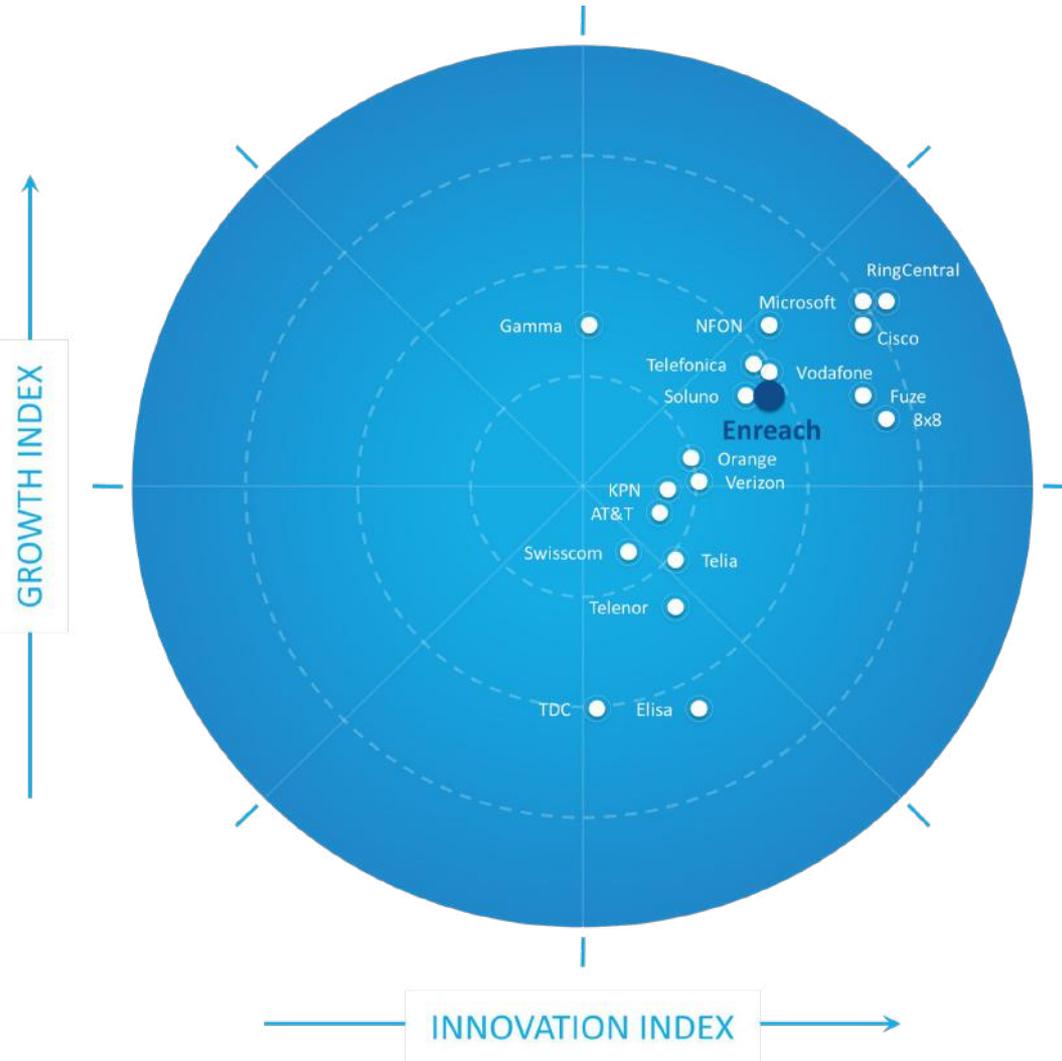
FROST RADAR™ ENVIRONMENT

EUROPEAN HOSTED IP
TELEPHONY AND UCAAS
MARKET



THE FROST RADAR™

EUROPEAN HOSTED IP TELEPHONY AND UCAAS MARKET GROWTH OPPORTUNITIES



In a field of more than 120 European industry participants, Frost & Sullivan independently plotted **20 growth and innovation leaders** in this Frost Radar™ analysis. Parameters assessed in the analysis included:

- Innovation Scalability
- Research and Development
- Product Portfolio
- Mega Trends Leverage
- Customer Alignment
- Growth Pipeline
- Vision and Strategy
- Sales and Marketing

Frost & Sullivan studies related to this independent analysis:

- Growth Opportunities in the European Hosted IP telephony and UCaaS Market, Forecast to 2026
- Frost Radar, North American Hosted IP Telephony and UCaaS Market

Enreach

FROST RADAR™ LOCATION

- Formed through the partnership of Centile, Swyx and Voiceworks, and continually expanding through new acquisitions, Enreach is a rapidly growing European hosted IP telephony and UCaaS platforms and services provider.
- With its versatile portfolio, Enreach delivers hosted IP telephony and UCaaS solutions primarily through resellers and service providers who either host Enreach platforms or resell its services.
- Enreach possesses particularly strong presence in Netherlands, Germany, France, Nordics, Spain and UK. However, it supports businesses in more countries and reports ambitious geographic expansion plans.
- Enreach scored high on both the innovation and growth axes on Frost Radar.

GROWTH

- With 2 million IP telephony users (of which one million hosted) on its various platforms, Enreach is one of the leading cloud technology providers for European telecom operators and other resellers.
- Strong German presence—via Swyx (for premises-based and private-hosted solutions) and Voiceworks (for cloud-based solutions)—positions Enreach for success in the under-penetrated German market.
- Flexible partnership and architectural design options (e.g., Enreach-hosted vs. partner-hosted) will enable Enreach to scale its operations across multiple countries and resellers.
- With its differentiated mobile-first solutions Enreach is poised to capitalize on growing demand for mobile UCaaS throughout Europe.

INNOVATION

- Proprietary technologies enable Enreach to innovate rapidly and scale cost-effectively.
- Via Centile, Enreach enables both mobile and fixed-line operators to build and manage feature-rich UCaaS solutions on their own networks.
- Via Voiceworks, Enreach enables telcos, VARs and MSPs to create FMC UCaaS offerings based on Voiceworks-hosted platforms.
- Via Swyx, Enreach continues to support businesses looking for premises-based or private-hosted solutions.
- Enreach also offers a network-integrated BSS for MSPs and resellers.
- Enreach differentiates from the majority of European providers through its ability to offer core-native mobile UCaaS, as well as effective fixed-mobile convergence.

NEXT STEPS

- Enreach has launched its WebRTC collaboration solution and must keep enhancing its UCaaS solutions with group chat and team spaces to more effectively compete with innovative providers entering European markets.
- Enreach is consolidating the technology and UX available in the group.
- Enreach can leverage flexible APIs to integrate with a growing variety of third-party productivity, collaboration and business software to more tangibly impact customers' mission-critical workflows.
- Creative mobile offerings can help Enreach capitalize on growth opportunities in distance learning and tele-health, as well as among remote and frontline workers.

IMPACTS ON KEY INDUSTRY PARTICIPANTS



SIGNIFICANCE OF BEING ON THE FROST RADAR™

Companies plotted on the Frost Radar™ are the leaders in the industry for growth, innovation, or both. They are instrumental in advancing the industry into the future.

GROWTH POTENTIAL

Your organization has significant future growth potential, which makes it a Company to Action.

BEST PRACTICES

Your organization is well positioned to shape Growth Pipeline™ best practices in your industry.

COMPETITIVE INTENSITY

Your organization is one of the key drivers of competitive intensity in the growth environment.

CUSTOMER VALUE

Your organization has demonstrated the ability to significantly enhance its customer value proposition.

PARTNER POTENTIAL

Your organization is top of mind for customers, investors, value chain partners, and future talent as a significant value provider.

FROST RADAR™ EMPOWERS THE CEO'S GROWTH TEAM

STRATEGIC IMPERATIVE

- Growth is increasingly difficult to achieve.
- Competitive intensity is high.
- More collaboration, teamwork, and focus are needed.
- The growth environment is complex.

LEVERAGING THE FROST RADAR™

- The Growth Team has the tools needed to foster a collaborative environment among the entire management team to drive best practices.
- The Growth Team has a measurement platform to assess future growth potential.
- The Growth Team has the ability to support the CEO with a powerful Growth Pipeline™.

NEXT STEPS

- **Growth Pipeline Audit™**
- **Growth Pipeline™ Experience**
- **Growth Pipeline™ Dialogue with Team Frost**

FROST RADAR™ EMPOWERS INVESTORS

STRATEGIC IMPERATIVE

- Deal flow is low and competition is high.
- Due diligence is hampered by industry complexity.
- Portfolio management is not effective.

LEVERAGING THE FROST RADAR™

- Investors can focus on future growth potential by creating a powerful pipeline of Companies to Action for high-potential investments.
- Investors can perform due diligence that improves accuracy and accelerates the deal process.
- Investors can realize the maximum internal rate of return and ensure long-term success for shareholders
- Investors can continually benchmark performance with best practices for optimal portfolio management.

NEXT STEPS

- **Growth Pipeline™ Dialogue**
- **Opportunity Universe Workshop**
- **Growth Pipeline Audit™ as Mandated Due Diligence**

FROST RADAR™ EMPOWERS CUSTOMERS

STRATEGIC IMPERATIVE

- Solutions are increasingly complex and have long-term implications.
- Vendor solutions can be confusing.
- Vendor volatility adds to the uncertainty.

LEVERAGING THE FROST RADAR™

- Customers have an analytical framework to benchmark potential vendors and identify partners that will provide powerful, long-term solutions.
- Customers can evaluate the most innovative solutions and understand how different solutions would meet their needs.
- Customers gain a long-term perspective on vendor partnerships.

NEXT STEPS

- **Growth Pipeline™ Dialogue**
- **Growth Pipeline™ Diagnostic**
- **Frost Radar™ Benchmarking System**

FROST RADAR™ EMPOWERS THE BOARD OF DIRECTORS

STRATEGIC IMPERATIVE

- Growth is increasingly difficult; CEOs require guidance.
- The Growth Environment requires complex navigational skills.
- The customer value chain is changing.

LEVERAGING THE FROST RADAR™

- The Board of Directors has a unique measurement system to ensure oversight of the company's long-term success.
- The Board of Directors has a discussion platform that centers on the driving issues, benchmarks, and best practices that will protect shareholder investment.
- The Board of Directors can ensure skillful mentoring, support, and governance of the CEO to maximize future growth potential.

NEXT STEPS

- **Growth Pipeline Audit™**
- **Join Growth Pipeline as a Service™**

FROST RADAR™ ANALYTICS



FROST RADAR™: BENCHMARKING FUTURE GROWTH POTENTIAL

2 MAJOR INDICES, 10 ANALYTICAL INGREDIENTS, 1 PLATFORM

GROWTH INDEX ELEMENTS

VERTICAL AXIS

Growth Index (GI) is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline system; and effective market, competitor, and end-user focused sales and marketing strategies.

- **GI1: MARKET SHARE (PREVIOUS 3 YEARS)**
This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.
- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**
This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.
- **GI3: GROWTH PIPELINE**
This is an evaluation of the strength and leverage of a company's growth pipeline system to continuously capture, analyze, and prioritize its universe of growth opportunities.
- **GI4: VISION AND STRATEGY**
This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?
- **GI5: SALES AND MARKETING**
This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

FROST RADAR™: BENCHMARKING FUTURE GROWTH POTENTIAL

2 MAJOR INDICES, 10 ANALYTICAL INGREDIENTS, 1 PLATFORM

INNOVATION INDEX ELEMENTS

HORIZONTAL AXIS

Innovation Index (II) is a measure of a company's ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs.

- **II1: INNOVATION SCALABILITY**
This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.
- **II2: RESEARCH AND DEVELOPMENT**
This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.
- **II3: PRODUCT PORTFOLIO**
This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.
- **II4: MEGA TRENDS LEVERAGE**
This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found [here](#).
- **II5: CUSTOMER ALIGNMENT**
This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.



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