FROST & SULLIVAN

VozTelecom

2018 Spanish Hosted IP Telephony and UCaaS Entrepreneurial Company of the Year Award

2018
BEST PRACTICES
AWARDS

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Economic globalization, intensifying competition and constantly evolving worker and customer requirements are placing enormous pressure on Spanish businesses to improve operations, accelerate innovation and deliver ever-greater customer value. Many businesses are adopting advanced technologies to become more competitive and sustain growth in the increasingly dynamic Spanish market. Communications and collaboration infrastructure upgrades are often a critical part of digital transformation projects. However, more sophisticated premises-based IT and communications architectures typically raise complexity, as well as solution deployment and management costs. To gain operational efficiencies and boost company agility, forward-looking Spanish businesses are moving their IT and communications solutions to the cloud.

In a 2017 Frost & Sullivan survey of 119 Spanish IT/telecom investment decision makers, 83.2 percent of respondents report using a cloud communications provider. Of those, 65 percent report having deployed or plans to deploy part or all of their Internet Protocol (IP) telephony solutions in the cloud by 2019. Frost & Sullivan expects the Spanish hosted IP telephony and unified communications-as-a-service (UCaaS) market to experience double-digit growth rates in the next seven years driven by growing customer awareness of cloud communications benefits. Frost & Sullivan's survey reveals that one of the highest-ranking cloud benefits among Spanish IT/telecom decision makers is the ability to better support an increasingly dispersed workforce (38.6 percent of respondents), followed by access to advanced features and ability to re-assign in-house IT/telecom staff to more strategic tasks (36.0 percent of respondents each).

Growing demand for advanced cloud communications solutions in the Spanish market is attracting providers of various backgrounds, including domestic and international telecom operators, next-generation providers focused specifically on hosted voice and UCaaS, value-added resellers (VARs), systems integrators (SIs), IT services providers and local telecom interconnects. Both established and emerging market participants are seeking ways to differentiate and deliver unique customer value.

Despite tremendous growth opportunities, many providers face considerable challenges. Early-generation hosted IP telephony solutions often lack important features that businesses require, which is compelling customers to explore alternative options. Occasionally providers also fail to deliver the service quality, security and reliability that businesses have come to expect, which causes customer churn, as well as greater hesitation among businesses not yet using cloud services. Service reliability and security rank the highest among cloud provider selection criteria in Frost & Sullivan's survey of Spanish IT/telecom decision makers with 45.4 and 44.5 percent of respondents selecting each option, respectively.

Also important, providers with more limited experience in selling high-value services fail to acknowledge the importance of aligning communications upgrades with customers' broader business objectives. Such providers are unable to effectively pitch the value of hosted IP telephony and UCaaS in achieving compelling business outcomes.

Furthermore, few providers understand that businesses on a cloud migration journey require continued support throughout the lifecycle of their cloud services and full provider dedication to address specific customer pain points and continually shifting requirements. This challenge is particularly acute in the small and medium-size business (SMB) segment. Whereas providers typically commit substantial resources to serving large accounts, SMBs often struggle to draw providers' attention when technical, billing or other issues arise.

The entrepreneurial company of the year has acknowledged existing gaps in the Spanish market and has developed solutions and a strategy to most effectively address current and future customer needs. Such a company stands out with its differentiated services portfolio and excellent customer service. Due to the greater value the entrepreneurial leader delivers to its customers, such a provider often experiences higher growth rates than competitors and is better positioned to capitalize on emerging market opportunities.

Entrepreneurial Innovation and Customer Impact

With its entrepreneurial spirit and strong commitment to customer value, VozTelecom has established itself among Spain's leading providers of hosted IP telephony and UCaaS services. VozTelecom has been particularly successful among Spanish SMBs looking for cost-effective and flexible cloud communications solutions.

Market Gaps

Founded in 2003, VozTelecom set out on a mission to deliver compelling managed services to under-served SMBs. Complex premises-based communications solutions requiring a significant upfront capital investment have never provided a good fit for cost-conscious SMBs with limited or no IT staff. Hosted IP telephony and UCaaS solutions, on the other hand, have evolved significantly in the past decade. However, many of the hosted services available in the market today are either tailored for larger enterprises or deliver little additional functional value compared to legacy solutions.

Most large telcos looking to capitalize on the growth potential in the hosted IP telephony and UCaaS market have deployed multi-instance platforms designed to address the more complex communications needs of mid-market and large businesses. Other providers have added only a limited private branch exchange (PBX) feature set to their wireline or mobile communications services, thus failing to meet the enterprise voice requirements of even less demanding smaller businesses.

VozTelecom has identified the need for feature-rich, yet cost-effective cloud services that enable small businesses to compete effectively against large enterprises with much greater resources. Leveraging proprietary technologies, as well as Centile's ISTRA platform, VozTelecom delivers a feature set optimized for SMBs looking to outsource their communications and collaboration solutions to a trusted third party. Its cloud portfolio, comprised of cloud PBX (Centrex Unlimited), advanced video conferencing (Meeting), cloud backup and storage (Box), Google G Suite and connectivity services, allows the provider to deliver a full package of capabilities required by most SMBs in Spain.

Blue Ocean Strategy

Despite growing competition in the Spanish hosted IP telephony and UCaaS market, including offerings by powerful domestic and international carriers, VozTelecom has differentiated and secured a strong position in the SMB customer segment. With nearly 100,000 hosted IP telephony users in 2018, it is one of the leaders in the Spanish SMB customer segment. The company has carved out a niche for its services by providing a robust PBX feature set, fixed-mobile convergence and connectivity services that appeal to a broad spectrum of SMBs with mobile, deskbound and hybrid (part fixed, part mobile) users.

Many of VozTelecom's competitors have failed to deliver truly integrated mobility, which has prevented them from adequately addressing the needs of the increasingly mobile Spanish workforce. Others have launched over-simplified enterprise voice solutions that can be used on mobile devices and have thus failed to cater to the mainstream users who still prefer both desktop phones and a more comprehensive voice feature set. As a wireline provider and a mobile virtual network operator (MVNO), VozTelecom provides customers with a seamless experience across wireline and mobile devices and networks.

Further, VozTelecom has earned SMBs' trust with its dedication to customer service and support excellence. Unlike many of its larger competitors, the company provides SMBs with the personalized attention typically reserved for the largest accounts by others, offered by in-house staff (not by outsourced call centers). Also important, VozTelecom is continually expanding and refining its reseller channel to ensure broader customer reach as well as better local customer service and support.

With its consistent focus on delivering tailored solutions to SMBs using both direct and indirect sales approaches, VozTelecom is well positioned to continue to gain market share in this under-served customer segment.

Passionate Persistence

Led by its founders, VozTelecom has remained nimble and entrepreneurial since its inception. Over the years, VozTelecom has remained committed to delivering innovative cloud solutions and voice Internet protocol (VoIP) services to SMBs. Through excellent

service quality and an expanding distribution channel, VozTelecom's mission is to enable SMBs to compete more successfully in an increasingly dynamic marketplace.

Employees and resellers also represent key pillars of VozTelecom's strategy. The provider strives to maintain high satisfaction and engagement among employees and partners to ensure they effectively contribute to its mission of delivering ever-greater value to SMBs.

VozTelecom's passionate persistence has resulted in the company's continued growth over the years. In the past three years the provider has reported 30 to 40 percent revenue growth in its cloud PBX offering, which exceeds industry average growth rates. It also successfully launched an initial public offering (IPO) in 2016, which provided the additional funding needed to sustain innovation and growth.

Price/Performance Value

VozTelecom Centrex Unlimited offers a broad feature set, including full PBX functionality and business telephony features for fixed and mobile seats (e.g., caller ID, call transfer, call park, music on hold), auto attendant, voicemail, interactive voice response (IVR), desktop and mobile soft clients, Gmail integration and more. Bundled with unlimited wireline and mobile calls, fast Internet of up to 300 Mb and 24/7 customer support, Centrex Unlimited resonates very well with Spanish SMBs, which typically prefer all-inclusive bundles. The bundle approach helps customers more easily budget future expenses as well as reduces vendor and solution management costs.

Frost & Sullivan research finds that price is the third highest-ranking cloud communications provider selection criterion (selected by 34.5 percent of respondents) among Spanish IT/telecom decision makers. VozTelecom's highly competitive prices appeal strongly to cost-conscious Spanish SMBs. They can purchase a virtual PBX seat license for as little as euros 5 per user per month. A seat with unlimited national wireline calling could cost as little as euros 9 per user per month and a seat license with unlimited national mobile calling could cost as little as euros 12 per user per month.

VozTelecom acknowledges the importance of integrating business communications with mission-critical third-party software. Centrex Unlimited integration with Gmail is available for only euros 3 per user per month. Integration with customer relationship management (CRM) (e.g., Microsoft Dynamics, Salesforce, Sugar CRM), help desk (e.g., Zoho) and productivity (Microsoft Outlook) solutions is also available upon request. The company also provides application programming interfaces (API) for third-party software developers.

Most businesses expect their voice provider to also offer call center functionality. VozTelecom delivers call center functionality for an additional euros 9 per agent per month. Additional services (e.g., Google G Suite, SIP trunking) are also available for businesses looking for a one-stop-shop experience.

Customer Purchase and Ownership Experience

Spanish SMBs can easily purchase VozTelecom's solutions directly from the provider or from its partners. Having flexible options based on geographic location, existing relationships, industry reputation, tangential services or other criteria allows businesses to select the partner best fit for their specific needs. VozTelecom trains its partners extensively, as well as provides them with lead generation and sales funnel support to help them develop their local markets and succeed in the burgeoning hosted IP telephony space.

To educate customers and facilitate the purchase of its cloud solutions, VozTelecom provides Cloud Showrooms—dedicated spaces within VozTelecom's service offices where customers can try the providers' various cloud services using PCs, tablets, smartphones, Cisco IP phones or other devices to make a more informed purchase decision. Customers may also use dedicated meeting spaces to try Meeting, the providers' video conferencing solution. Service office visitors can also use the Showroom to explore VozTelecom's other services—storage and Google G-Suite—conveniently and free of charge.

Cloud Showrooms benefit both prospective and existing customers. Businesses who have contracted any of VozTelecom's services can attend training and free practical workshops to learn how to get the most out of their services. The service offices also organize periodic educational and networking events, free of charge and open to everyone who is interested.

To ensure businesses adopt the services and solutions that best address their specific needs, VozTelecom uses a highly personalized and consultative approach during the pre-sales process and throughout the customer journey. The company engages with customers and prospects to discuss their broader business objectives and pain points and to identify the service(s) that would provide them the greatest value and the best fit. To avoid disruptive downtime during deployment, VozTelecom offers tailored (phased) implementation plans as well as support through experienced on-site advisors. Customers praise VozTelecom for its white-glove approach and well-coordinated, incident-free implementations.

VozTelecom also offers personalized technical training and free support for existing users, as well as seminars to help educate businesses about the benefits of the cloud.

Excellent customer service allows VozTelecom to ensure consistently positive customer experience throughout the lifecycle of its services. The provider's customer service department is available 24/7/365 to assist customers with information and various types of support.

VozTelecom provides service level agreements (SLAs) guaranteeing 99.99 percent or higher service availability. Customer testimonials reflect the importance of VozTelecom's reliable Internet services in support of the provider's cloud communications solutions.

VozTelecom conducts regular surveys to monitor customer sentiments and satisfaction. In fact, it solicits customer feedback (via an email poll) on a daily basis, following up on every customer interaction with its customer care team. In the latest survey, conducted by the provider in May 2018, 90 percent of the respondents reported they were satisfied or highly satisfied with the services delivered by VozTelecom. In the same survey, VozTelecom also reached an impressive 66 percent Net Promoter Score (NPS).

Conclusion

Nimble, innovative and with a laser focus on SMB communications needs, VozTelecom is well positioned to maintain high growth rates and a strong market share in the SMB customer segment of the Spanish hosted IP telephony and UCaaS market.

With its strong overall performance, VozTelecom has earned Frost & Sullivan's 2018 Entrepreneurial Company of the Year Award.

Significance of Entrepreneurial Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. In a sense, then, everything is truly about the customer—and making those customers happy is the cornerstone of any long-term successful innovation or growth strategy. To achieve these dual goals (customer engagement and growth), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding Entrepreneurial Leadership

Demand forecasting, branding, and differentiation underpin an entrepreneurial company's journey toward forming deep relationships with customers and permanently altering the market with their actions. These two concepts—Entrepreneurial Innovation and Customer Impact—are the cornerstones of this Award, as discussed further in the next section.

Key Benchmarking Criteria

For the Entrepreneurial Company of the Year Award, Frost & Sullivan analysts independently evaluated two key factors—Entrepreneurial Innovation and Customer Impact—according to the criteria identified below.

Entrepreneurial Innovation

Criterion 1: Market Disruption
Requirement: Innovative solutions that have genuine potential to disrupt the market, obsoleting current solutions and shaking up competition

Criterion 2: Competitive Differentiation
Requirement: Deep understanding of both current and emerging competition to create and communicate strong competitive differentiators in the market

Criterion 3: Market Gaps
Requirement: A clear understanding of customers' desired outcomes, the products that currently help them achieve those outcomes, and where key gaps may exist

Criterion 4: Blue Ocean Strategy
Requirement: Strategic focus on creating a leadership position in a potentially "uncontested" market space, manifested by stiff barriers to entry for competitors

Criterion 5: Passionate Persistence
Requirement: A deep belief in the "rightness" of an idea and a commitment to pursuing it despite seemingly insurmountable obstacles

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 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.

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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

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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.