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BEST PRACTICES
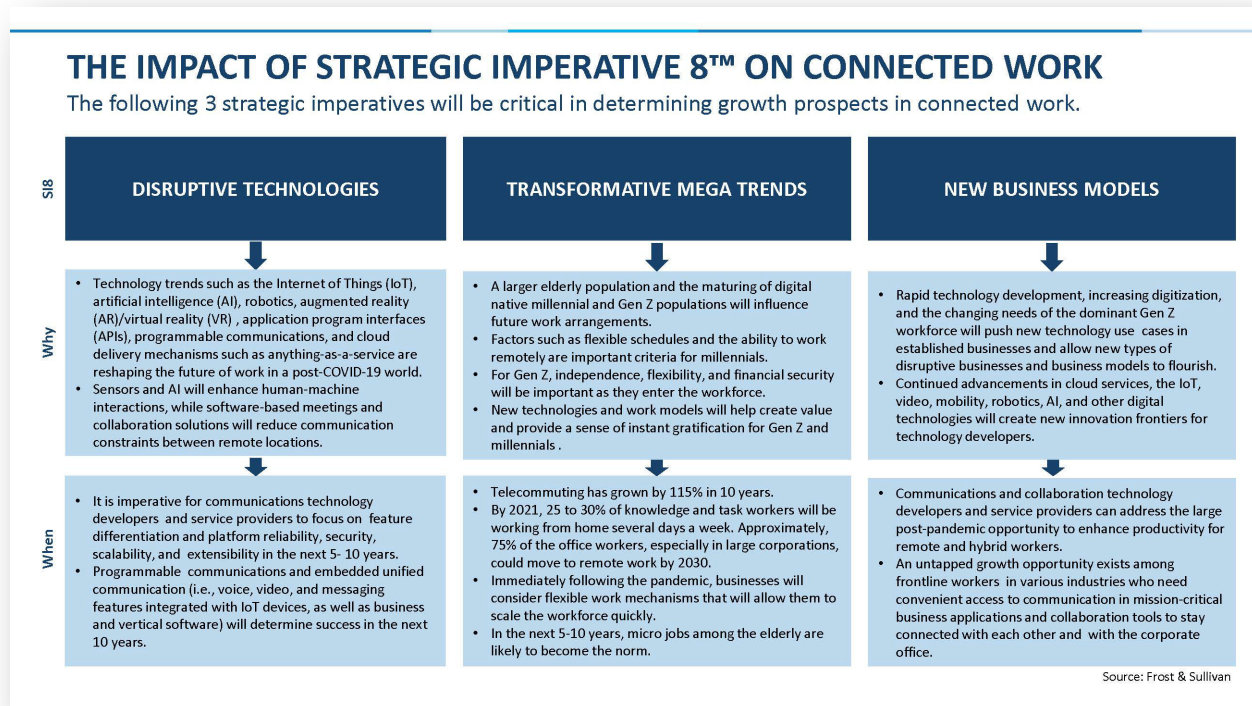
AWARDS

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BEST PRACTICES AWARD

2020

SANG*MA

2020 NORTH AMERICAN UNIFIED COMMUNICATIONS AND COLLABORATION COMPETITIVE STRATEGY LEADERSHIP AWARD

Strategic Imperatives

Frost & Sullivan identifies three key strategic imperatives that impact the Connected Work industry: disruptive technologies, transformative Mega Trends, and new business models. Every company that is competing in the Connected Work space is obligated to address these imperatives proactively; failing to do so will almost certainly lead to stagnation or decline. Successful companies overcome the challenges posed by these imperatives and leverage them to drive innovation and growth. Frost & Sullivan's recognition of Sangoma is a reflection of how well it is performing against the backdrop of these imperatives.

THE IMPACT OF STRATEGIC IMPERATIVE 8™ ON CONNECTED WORK
The following 3 strategic imperatives will be critical in determining growth prospects in connected work.

DISRUPTIVE TECHNOLOGIES	TRANSFORMATIVE MEGA TRENDS	NEW BUSINESS MODELS
Why • Technology trends such as the Internet of Things (IoT), artificial intelligence (AI), robotics, augmented reality (AR)/virtual reality (VR) , application program interfaces (APIs), programmable communications, and cloud delivery mechanisms such as anything-as-a-service are reshaping the future of work in a post-COVID-19 world. • Sensors and AI will enhance human-machine interactions, while software-based meetings and collaboration solutions will reduce communication constraints between remote locations.	• A larger elderly population and the maturing of digital native millennial and Gen Z populations will influence future work arrangements. • Factors such as flexible schedules and the ability to work remotely are important criteria for millennials. • For Gen Z, independence, flexibility, and financial security will be important as they enter the workforce. • New technologies and work models will help create value and provide a sense of instant gratification for Gen Z and millennials .	• Rapid technology development, increasing digitization, and the changing needs of the dominant Gen Z workforce will push new technology use cases in established businesses and allow new types of disruptive businesses and business models to flourish. • Continued advancements in cloud services, the IoT, video, mobility, robotics, AI, and other digital technologies will create new innovation frontiers for technology developers.
When • It is imperative for communications technology developers and service providers to focus on feature differentiation and platform reliability, security, scalability, and extensibility in the next 5- 10 years. • Programmable communications and embedded unified communication (i.e., voice, video, and messaging features integrated with IoT devices, as well as business and vertical software) will determine success in the next 10 years.	• Telecommuting has grown by 115% in 10 years. • By 2021, 25 to 30% of knowledge and task workers will be working from home several days a week. Approximately, 75% of the office workers, especially in large corporations, could move to remote work by 2030. • Immediately following the pandemic, businesses will consider flexible work mechanisms that will allow them to scale the workforce quickly. • In the next 5-10 years, micro jobs among the elderly are likely to become the norm.	• Communications and collaboration technology developers and service providers can address the large post-pandemic opportunity to enhance productivity for remote and hybrid workers. • An untapped growth opportunity exists among frontline workers in various industries who need convenient access to communication in mission-critical business applications and collaboration tools to stay connected with each other and with the corporate office.

Source: Frost & Sullivan

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best-practices criteria across two dimensions for each nominated company. Sangoma excels in many of the criteria in the unified communications and collaboration space.

AWARD CRITERIA

Strategy Innovation	Customer Impact
Strategy Effectiveness	Price/Performance Value
Strategy Execution	Customer Purchase Experience
Competitive Differentiation	Customer Ownership Experience
Executive Team Alignment	Customer Service Experience
Stakeholder Integration	Brand Equity

Brand Equity

Sangoma is a well-established leader in the enterprise communications industry, backed by more than 35 years of innovation experience. Today, Sangoma is recognized for its core brand and the strong brand equity its acquisitions have earned. Sangoma's unified communications (UC) portfolio includes the two most popular open-source private branch exchange (PBX) platforms. The company maintains the Asterisk PBX software, meaning that it contributes to the open-source solutions as well as incorporates contributions from other developers into the platform. As the maintainer of Asterisk, Sangoma both supports the open-source community and incorporates the shared innovation into its own solutions, including its SwitchVox hosted UC service. In addition, with its acquisition of Schmooze in 2015, the company became the primary developer of FreePBX and its commercially-supported version PBXact.

> *"Sangoma ranks as one of the few remaining competitors in the unified communications market that delivers a complete portfolio of on-premises, hybrid, and cloud-based solutions. Both businesses and service providers appreciate Sangoma as a one-stop-shop partner that meets their diverse communications requirements."*
>
> *- Michael Brandenburg, Senior Industry Analyst, Connected Work*

In the telephony infrastructure space, Sangoma has traditionally been a strong competitor and a well-known brand in the VoIP media gateway and telephony card market. It bolstered that strength with the acquisition of Dialogic's hardware division in 2018. Today, Sangoma continues to sell telephony boards, gateways, and session border controllers under the Sangoma brand.

Alongside its hosted UC service offerings, Sangoma's portfolio features additional Communication as a Service offerings, such as SIP Trunking, CPaaS, Video, Fax and Devices as a Service. For business customers, the company offers the SIPStation brand of SIP trunking services. SIPStation offers a simplified and cost-effective way for businesses leveraging open-source or commercial PBXs to acquire numbers and quickly add public switched telephone network (PSTN) and FAX services to their platform.

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For advanced business voice services and Sangoma's managed service providers and regional telco providers, Sangoma acquired VoIP Innovations, which delivers wholesale SIP trunking services and highly-automated API-based communications platform-as-a-service (CPaaS) solutions. Incorporating CPaaS across Sangoma's portfolio has the potential to drastically boost customers' offerings, adding a wide scope of capabilities; for instance, a simple addition is an SMS feature for customers' business lines whereas more advanced features are the addition of highly programmable communications and large-scale embedded communications in applications and business workflows.

Ultimately, Sangoma's brand equity with enterprise IT/telecom decision makers and within the service provider community runs wide and deep, owing to its various brands and products. The company made the strategic decision to maintain the established brand equity of its acquisitions, to preserve the strong market recognition of its products as stand-alone solutions. At the same time, Sangoma benefits by bringing these individually robust products together to build holistic solutions under the Sangoma brand.

Customer Purchase Experience

Sangoma offers a unique, highly-tailored approach to delivering its UC solutions to a diverse set of end users and partners. Similar to most of its competitors in the UC market, the company uses an indirect sales channel to reach business customers through its network of partners, allowing customers to purchase Sangoma solutions from their trusted advisor.

In addition, Sangoma supports a direct sales channel for its customers in a number of ways. In particular, users of the open-source Asterisk and FreePBX platforms provide a unique opportunity for Sangoma. The user base for these platforms spans a broad spectrum—from the technology hobbyists looking for a low-cost phone system and the value-added resellers that leverage the platforms as part of a managed service or bundled appliance sale to systems integrators and platform developers that leverage Asterisk or FreePBX as the core of a much larger offering.

In each of these cases, Sangoma has the opportunity to position the rest of its portfolio as the best choice for existing customers. First, as an open-source user's needs become more sophisticated, Sangoma can engage the commercially-supported versions of its products or help guide customers to a cloud UCaaS solution based on the platform they are already familiar with. The company can also sell telephony cards, media gateways, session border controllers, desk phones, and headsets directly to these customers from its direct sales arm, VoIPSupply. For small and digital-native organizations, Sangoma offers eCommerce access to many of its services, including phone numbers and SIP trunking services from SIPStation. It can also extend the collaboration functionality of the platforms with its video conferencing service, Sangoma Meet.

Finally, Sangoma can serve as the trusted partner for service providers, making available any mix of its products and services to network providers looking to offer UCaaS, SIP trunking, and other communications services to businesses. The depth and breadth of Sangoma's portfolio makes it possible for the company to scale from the smallest do-it-yourself customer to significantly-sized provider deployments.

Competitive Differentiation

Sangoma is a rare case in the UC market with its ability to successfully navigate a diverse set of business and service provider customers, as well as to adapt its solutions to operate across on-premises, hybrid, and public/private cloud deployment models. In 2020, Sangoma reported that over 50% of its customers were using cloud-based services across its portfolio, up from the prior year. Flexibility, in terms of both technology and license pricing and usage, has enabled the company to right-fit its customers into solutions that work best for them.

Beyond its own UC solutions, Sangoma's product portfolio of hardware and software assets, including gateways, SBCs, and endpoints, supports industry standard protocols and interoperability with other platforms, so customers do not have to go *all in* on the Sangoma product line to work with the company. For example, while Sangoma's phones are optimized to work with its various telephony platforms and UCaaS services, the phones also work well with other platforms that support OpenSIP standards. Unlike its competitors, Sangoma does not try to lock its customers into its portfolio, but instead works to deliver the best experience that can be enabled in an end-to-end deployment.

Ultimately, Sangoma's strategy of pulling together the right assets to offer a complete set of solutions puts the company in an enviable position to disrupt the status quo across any number of markets. The company's portfolio is deep enough to provide opportunities to attract customers by offering heavy discounts on some products while counting on the pull-through of more advanced, value-added services, such as CPaaS, SMS, or support contracts, to maintain its growth.

Customer Ownership Experience

For Sangoma, innovation means bringing the right solutions to its business and service provider customers, exactly how and when they need them. For example, Sangoma Meet is the company's first stand-alone video conferencing and meeting service, which was in early development at the beginning of 2020. However, as the global COVID-19 pandemic compelled many businesses to require their employees work from home and customers pushed for a meeting solution, Sangoma doubled down on its development efforts, pushed the solutions through beta testing, and quickly delivered a finished product in a direct response. Not only did Sangoma provide its customers an innovative solution to solve key pain points, it launched Sangoma Meet initially as a free service that customers and non-customers could use throughout a challenging 2020.

> *"Sangoma is finding success in the challenging unified communications market through thoughtful acquisitions, well-executed innovation, and unwavering focus on enabling technology for a broad range of business customers and service providers. Supported by an end-to-end product communications portfolio, Sangoma has positioned itself to deliver business communications in alignment with highly-specific customer needs."*
>
> *- Michael Brandenburg, Senior Analyst, Connected Work*

Drawing on the strength of its deep product and services portfolio, Sangoma can tailor an innovative solution precisely to specific customer requirements. For example, Sangoma can build a full-featured and turnkey UCaaS solution from scratch for managed services providers (MSPs) or systems integrators. Starting with access to phone numbers and wholesale dial tone from VoIP Innovations, the company can deliver everything a

provider needs, including the hosted UCaaS platform; required hardware components, such as gateways, desk phones and headsets; and even a service that sends provider-branded invoices to customers on behalf of the MSP. In the communications market, selling a mix of services and products directly to customers or through channel partners, while also building a truly tailored solution for multiple service providers, requires both innovation and a strong commitment to the relationship.

Finally, unlike many of its competitors in the UC market, Sangoma has committed to extending the value of its acquisitions. Most of Sangoma's competitors view M&A as a means to customer acquisition and work to migrate those acquired customers onto a new solution by eliminating support for existing products. Sangoma, in contrast, is not only providing ongoing maintenance for two of the most popular open-source UC platforms, but continues to develop, innovate, and share that development work with the open-source community. Ultimately, Sangoma acquires good products, adds them to its portfolio, and builds on them to protect its customers' existing investments.

Strategy Execution

With an aggressive but thoughtful acquisition strategy honed throughout the years, Sangoma ranks as one of the few remaining competitors in the UC market that delivers a complete portfolio of on-premises, hybrid, and cloud-based solutions. Both businesses and service providers appreciate Sangoma as an excellent one-stop-shop partner that meets their diverse communications requirements.

Put another way, Sangoma strives to be a complete technology enabler for just about every organization that needs communications services, regardless of size, scale, or deployment strategy. And the company is finding success in this approach, even as some of the stalwart on-premises telephony and UC vendors struggle. In early 2020, the company reported 12 consecutive quarters of growth and provided strong guidance to its customers through the early phases of the global pandemic.

Conclusion

Sangoma is finding success in the challenging unified communications market through thoughtful acquisitions, well-executed innovation, and unwavering focus on enabling technology for a broad range of business customers and service providers. Supported by an end-to-end product communications portfolio, Sangoma has positioned itself as an unmatched provider of business communications in alignment with highly-specific customer needs.

For its strong overall performance, Sangoma is recognized with Frost & Sullivan's 2020 Competitive Strategy Leadership Award.

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What You Need to Know about the Competitive Strategy Leadership Recognition

Frost & Sullivan's Competitive Strategy Leadership Award recognizes the company with a stand-out approach to achieving top-line growth and a superior customer experience.

Best Practices Award Analysis

For the Competitive Strategy Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Strategy Innovation

Strategy Effectiveness: Effective strategy balances short-term performance needs with long-term aspirations and overall company vision

Strategy Execution: Company strategy utilizes Best Practices to support consistent and efficient processes

Competitive Differentiation: Solutions or products articulate and display unique competitive advantages

Executive Team Alignment: Executive team focuses on staying ahead of key competitors via a unified execution of its organization's mission, vision, and strategy

Stakeholder Integration: Company strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly 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 high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at http://www.frost.com.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create on-going growth opportunities and strategies for our clients is fuelled by the Innovation Generator™. Learn more.

Key Impacts:

■ **Growth Pipeline:** *Continuous flow of Growth opportunities*

■ **Growth Strategies:** *Proven Best Practices*

■ **Innovation Culture:** *Optimized Customer Experience*

■ **ROI & Margin:** *Implementation Excellence*

■ **Transformational Growth:** *Industry Leadership*

The Innovation Generator™

Our six analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

■ Mega Trend (MT)

■ Business Model (BM)

■ Technology (TE)

■ Industries (IN)

■ Customer (CU)

■ Geographies (GE)