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BEST PRACTICES

AWARDS

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2020 BEST PRACTICES AWARD

Ooma®

**2020 NORTH AMERICAN CONNECTED SMB
COMPETITIVE STRATEGY INNOVATION AND LEADERSHIP AWARD**

Contents

Background and Company Performance

Industry Challenges

Every business, regardless of vertical industry or size, requires Internet connectivity and communications services. However, properly deploying and managing these mission-critical services is a particular challenge for small and medium-sized businesses (SMB). Unlike in large enterprises, SMB employees often lack the IT skillset to most effectively deploy wireless networking technology capable of supporting business-class real-time communications solutions. SMB employees are frequently given IT administrative duties alongside their primary role (e.g., office manager, sales, and customer support). Without a trained and skilled IT staff, small businesses often make do with consumer-grade equipment and communications services, thereby missing out on the benefits that business-class services can provide. Performing complex technology tasks is also an ongoing challenge for SMB staff, such as configuring security settings, maintaining up-to-date software and firmware, and providing advanced features like guest Wi-Fi access.

SMB business owners are very cost-conscious because they lack the technology budgets found in larger businesses. As a result, SMB decision-makers commonly settle for basic broadband services, such as low-cost cable or digital subscriber line (DSL) options rather than higher-quality wide area networking services such as Ethernet or Multiprotocol Label Switching (MPLS). Because of this, small businesses frequently operate key functions of their business, like communicating with customers, using Internet connectivity that offers little to no assurance of quality or stability.

Technology adoption within the SMB space can ultimately become a series of best guesses and missed opportunities. While tech-savvy SMBs may leverage technology to grow their business and gain a competitive advantage, most lack the necessary skills and struggle to keep pace.

Leaders among business communications and network providers seeking to strategically support SMB customers are keenly aware of the challenges small businesses face in adopting leading technology. As such, they focus their efforts on crafting services to ease the burden of SMB staff. By designing solutions as complete managed services with attractive price points, SMB-focused providers can become key technology partners that allow SMBs to focus on growth.

Strategy Innovation and Customer Impact

Customer Purchase and Ownership Experience

Ooma has worked since 2004 to take the complexity out of purchasing and using unified communications as a service (UCaaS). For the SMB customer, Ooma's suite of services includes Ooma Office and Office Pro, Ooma Connect, and Ooma Wi-Fi (the most recent addition). For a single, intuitive per user/per month subscription fee with no contract required, Ooma Office delivers business voice over IP (VoIP) services and cloud private branch exchange (PBX) features, such as a virtual receptionist, ring groups, extension dialing, call park, transfer, virtual FAX service, and overhead paging. For a few dollars more, Ooma Office Pro adds advanced functionality, such as call recording and a desktop soft

phone client. Under both Office plans, customers can choose to purchase a mix of wired desk phones, Wi-Fi-enabled desk phones, a digital enhanced cordless telephony (DECT) solution, incorporate their existing analog phones, install a soft phone client on PCs, or install an app on their mobile devices. IP phones are pre-activated and automatically connect to the Ooma cloud, making them easy for even non-technical employees to set up. Regardless of what device the user chooses, Ooma Office offers a plug and play experience at competitive price points.

Ooma Connect (Image provided by Ooma, Inc.)

However, an excellent UCaaS experience requires a high-quality network connection; this is a struggle for many SMB customers. To address that challenge for both SMB and large distributed customers, Ooma launched Ooma Connect in April 2020. Designed to complement or replace a customer's Internet connection, Ooma Connect combines a mix of on-premises hardware and wireless broadband service to ensure high performance and business continuity in an easy to consume solution.

Ooma Connect consists of three components. The first is a base station that connects to an existing cable or DSL Internet service and acts as a software-defined wide area networking (SD-WAN) router for the business network. The next component is the wireless adapter that connects the base station to the wireless LTE network of Ooma's wireless partner Sprint/T-Mobile. The third component is the wireless service itself. Ooma offers several tiers of wireless service to satisfy varying customer needs. The basic tiers are designed and priced to support a wireless failover of critical services, such as UCaaS, credit card readers, and core cloud-business applications to the wireless service if a customer's primary Internet connection experiences some type of outage. Ooma also supports utilizing the LTE connection exclusively for its UCaaS voice traffic, moving it completely off the customer's wired Internet provider. The middle tier builds additional resiliency into Ooma's voice services. By utilizing the SD-WAN capabilities built into its Connect base station and its cloud-based voice services, Ooma can carry voice across both network paths simultaneously. In the event of a primary Internet service outage, a customer using the Backup Plus tier can continue their phone calls uninterrupted over the

wireless connection. Finally, Ooma offers a "cord cutter" tier of wireless service that provides a complete replacement of an SMB's wireline or cable services.

Ooma Wi-Fi builds on both Ooma Office and Ooma Connect to provide a highly reliable in-building wireless network for SMBs. Partnering with Extreme Networks for the Wi-Fi hardware access points and cloud management integration, Ooma Wi-Fi offers a cost-effective and enterprise-grade wireless solution for small businesses. Like its other solutions, Ooma offers several wireless access point options, enabling customers to choose a solution to match both their physical layout and budget.

Ooma's communications services provide interfaces that make it easy for non-professionals to set up and manage their accounts, backstopped by the option to call support for assistance in making configuration changes. Ooma Wi-Fi is a fully managed service, where Ooma technicians, rather than the customer, provide all administration and management.

Brand Equity

Ooma has a long-established reputation in the industry for a wide array of innovations for consumers and businesses alike. Probably best known for its low-cost home voice services, Ooma has hardware products and software services for the home (phone and home security services) and for both small business solutions and highly customizable enterprise communications solutions. On this foundation, Ooma's SMB offerings stand out in the plain and highly fragmented UCaaS market. Likewise, in a market with so many participants vying for customer attention, the brand recognition and trust earned by Ooma will continue because of the care it takes to provide the advanced features needed by small businesses.

Competitive Differentiation

With the full suite of Ooma Office, Ooma Office Pro, Connect, and new managed Wi-Fi, Ooma clearly distinguishes itself from the vast array of competitors in the UCaaS marketplace. In addition, the type of managed services that Ooma is now offering to the SMB space has traditionally only been available as more expensive managed services engagements for mid-sized and large enterprises. Ooma is creating its own segment with its managed services strategy, the connected SMB market, and it is supporting that market with cost-effective communications and network services designed from the ground up to be easy for non-IT workers to deploy and consume. Most UCaaS providers focus only on their own services and are not interested in being responsible for the customer's WAN or Wi-Fi services; Ooma's suite of solutions helps small businesses manage their most critical technology services. While there are certain vendors and service providers offering similar solutions, very few offer them at price points that an SMB would seriously consider.

Furthermore, the Office, Pro, Connect, and Wi-Fi services offered by Ooma are designed to complement each other. For example, adding Ooma Connect to an established Ooma Office deployment will likely improve the quality of calls while making the UCaaS solution more resilient to outages. Additionally, Ooma Wi-Fi enables customers to create a portal

for guest access while ensuring that the service prioritizes the business's voice and collaboration traffic over guest traffic.

Strategy Execution

Ooma's approach to the SMB market is simple: address specific pain points of small businesses through in-house development and expert partnerships. Developing managed services around UCaaS, connectivity, and Wi-Fi services and making these solutions highly complementary was the first crucial step, but making these services both easy to adopt and budget friendly sets Ooma apart from the competition. Assembling all of the technology components, such as SD-WAN and Wi-Fi gear, UCaaS services and endpoints, and wireless backup services, are a time-consuming process for knowledgeable IT staff and a daunting task for a non-technical SMB employee. Ooma's strategy will certainly resonate with these decision-makers.

Ooma's strategy not only aligns closely with the needs of its SMB customers, but creates pull-through and upsell opportunities for the company. For example, a small business looking for a quality cloud-based voice service becomes an opportunity to pitch the prospect on a wireless backup network or a managed Wi-Fi service. Similarly, a customer looking for an alternative to their DSL connection might also be ready to move phone service to the cloud. Ooma's strategy separates their solutions from the all too similar UCaaS competitors in the market.

Conclusion

Ooma is succeeding in the connected SMB market by offering a compelling managed alternative to a disparate set of communications and connectivity services. Ooma's approach directly addresses many of the critical pain points of small businesses and will likely convince many businesses to adopt its services.

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

Significance of Competitive Strategy Innovation and Leadership

Any successful approach to achieving top-line growth must take into account what competitors are and are not doing; meet customer demand with a comprehensive, value-driven product or service portfolio; and establish a brand that resonates deeply with customers and stands apart from other providers. Companies must succeed in these 3 areas—brand, demand, and positioning—to achieve best-practice levels in competitive strategy.

- Shift Competitors Customers
- Increase Renewal
- Increase Upsell
- Improve Profitability
- Improve Win/Loss Ratio

- Increase Equity
- Improve Recognition/Recall
- Inspire Customers
- Create Differentiated Messaging
- Communicate Brand Value

DEMAND

BRAND

Competitive Strategy Innovation and Leadership

COMPETITIVE POSITIONING

- Carve Out New Market Opportunities
- Pull Away from the Competition
- Establish Differentiated Position
- Increase Market Share
- Improve Profitability

Understanding Competitive Strategy Innovation and Leadership

Driving demand, brand strength, and competitive differentiation play critical roles in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on Strategy Innovation and Customer Impact.

Key Benchmarking Criteria

For the Competitive Strategy Innovation and Leadership Award, Frost & Sullivan analysts independently evaluated Strategy Innovation and Customer Impact according to the criteria identified below.

Strategy Innovation

Criterion 1: Strategy Effectiveness
Requirement: Strategy effectively balances short-term performance needs with long-term aspirations and vision for the company.

Criterion 2: Strategy Execution
Requirement: Adoption of best-in-class processes supports the efficient and consistent implementation of business strategy.

Criterion 3: Competitive Differentiation
Requirement: Unique competitive advantages with regard to solution or product are clearly articulated and well accepted in the industry.

Criterion 4: Executive Team Alignment
Requirement: The executive team is aligned with the organization's mission, vision, strategy, and execution.

Criterion 5: Stakeholder Integration
Requirement: Strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees.

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 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 practices 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 world	• Conduct in-depth industry research • Identify emerging industries • Scan multiple regions	Pipeline of candidates that potentially meet all best practices 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 practices criteria • Rank all candidates	Matrix positioning all candidates' performance relative to one another
3	Invite thought leadership in best practices	Perform in-depth examination of all candidates	• Confirm best practices 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 practices 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 practices award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best practices criteria
9	Communicate recognition	Inform award recipient of recognition	• Announce 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 may share award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess award's role in 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 the 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, resulting in 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, helps clients 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 practices models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 45 offices on 6 continents. To join Frost & Sullivan's Growth Partnership, visit http://www.frost.com.