Degreed Recognized as the

2021

Company of the Year

North American
Corporate Education Industry
Excellence in Best Practices

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. Degreed excels in many of the criteria in the corporate education space.

AWARD CRITERIA

Visionary Innovation & Performance	Customer Impact
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Addressing Unmet Needs

California-based Degreed offers its Learning Experience platform and has been a leader in addressing the following previously unmet needs:

- Solving the fragmented employee learning and career experience

- Increasing employee engagement

- Fostering organizational learning culture

- Empowering employees with learning and skills development

- Improving customer learning return on investment (ROI)

Organizations work with Degreed to support their upskilling efforts and solve existing fragmented employee learning experience and to enable their workforce upskilling strategies. For example, Degreed provides a centralized place to access learning, grow skill sets, and ultimately grow employees' careers by enabling them to obtain meaningful new career opportunities tied to their acquired skill sets. Degreed has been an innovator in aggregating and simplifying the enterprise learning experience for organizations and their employees. For many organizations, enterprise learning is fragmented throughout the company, with some having dozens of learning systems. In many cases, however, employees do not understand where or how to access available learning; therefore, Degreed created a

simplified front door to the enterprise learning environment that aggregates all available learning resources.

While the evolution of this traditional model benefits employees, it helps corporations deploy the Degreed platform by gaining higher employee engagement with learning resources. With traditional corporate classes and resources, employee engagement is, in many cases, infrequent and difficult to quantify in terms of ROI. Moreover, scalability with traditional offerings is often a challenge, with many employees never gaining from the resource. Shifting to an organic, flexible, and content-agnostic model was particularly important in 2020 because organizations have been forced to rethink the skill sets needed from their employees.

Degreed empowers employees with a learning experience that is not confined to a live class or an online course, which many employees have no exposure to while at their organizations (and is very costly in both time and money to organizations). Instead, Degreed offers individuals a solution to drive their own proactive development, rather than waiting for their organization to provide them with training. This offering shifts the corporate education model from one in which employees infrequently update their skills to one in which the organic learning that takes place every day is captured in real time.

Furthermore, Degreed guides employees to the right resources and learning plans through curated pathways supported by data science and machine learning, creating a simpler way to access and discover each employee's skill needs and opportunities. Degreed makes learning a part of how an organization's employees work together by building a learning culture that does not add more work to their schedule.

Throughout the Degreed platform, employees can access learning content, obtain their skills inventory, and see other employees' skill sets. Additionally, employees can see what opportunities in the company they match with based on their skills. Opportunities can be defined as new positions and short-term assignments, projects, mentorships, and coaching. Degreed is ultimately building an opportunity marketplace and not only a job or talent marketplace. Moreover, employees own their skills transcript; therefore, they can take their skills with them if they leave the company.

Likewise, Degreed provides organizations with a view into how their employees are learning and the skill sets they are developing. Organizations have an accurate understanding of the supply and demand of skills in their workforce to bridge any gaps, allowing them to connect employees and skills to in-demand opportunities for future roles. The skill insights provided in Degreed helps companies improve ROI, rentention and engagement by enabling them to fill emerging positions with existing employees rather than hiring externally. For many companies, the cost of hiring can strip their budgets as they compete with other companies for talent on the open market. Helping employees to build new skills and finding employees internally with the right skill set and who have been continually evolving their skills based on market needs provides a substantial ROI for corporate customers. Likewise, the customer experience and service quality will suffer if companies do not have a mechanism to support employee skill evolution at the same pace as the market.

Visionary Scenarios through Mega Trends

Degreed was established in 2012 with a visionary mission to democratize learning and skill development with the philosophy that people are more than a college degree, and not everyone has equal access to higher education. Likewise, Degreed saw that the way citizens would be working was set to change dramatically in the coming decade and beyond and that corporate education should evolve accordingly. The following key Mega Trends are driving the changing marketplace for which Degreed has been preparing its corporate education solutions:

The future of the Gen Z workforce: Gen Z is the first digital-native generation, and these employees are demanding career development opportunities within the companies they join, which, in some cases, are prized over compensation. These employees expect fast, efficient, and personalized interfaces that evolve with them as they grow within the organization. Degreed is differentiated in the market with its intuitive user interface (UI), simplified front door to learning, and machine learning that evolves and guides employees on their skills attainment journey in an enterprise setting.

The need for lifelong learning: With various forces, such as increasing lifespans, higher job turnover, and dwindling retirement preparation, employees are increasingly expected to evolve their skill sets constantly rather than rely on diplomas and formal education obtained early in their careers. Degreed meets this need by allowing employees to use a skills transcript to track their informal skills attainment through all forms of learning content, such as enterprise learning, mentorships, articles, and podcasts, using technology that does not add to the employee's workload. Moreover, because the skills transcript provides employees with a way to leverage their skills rather than rely on outdated diplomas, they can avoid missing out on any opportunities for which they are qualified.

Filling positions that have never existed before: The cognitive era and the rise of connectivity are driving the emergence of roles that have never been defined before, such as chief personalization officer or chief automation officer. With these new roles for which individuals have not been formally trained, skill sets must determine the candidate's requirements and potential. Degreed has capitalized on this need in the marketplace with its skills-based platform that allows employees to track their skills attainment and allows organizations to view the skill availability of their current workforce.

Job automation: With the rise of job automation, softer social-emotional skills are needed that cannot be automated through routine tasks. These skills include persuasion, emotional intelligence, self-management, and relationship building. Degreed's platform enables the ability to identify, attain, and track these softer skills to help companies build an adept workforce on top of their future automation capabilities.

COVID: COVID has required organizations to rapidly redeploy talent into new positions. With many organizations on the brink of layoffs and furloughs, they must swiftly make the most of the talent already within their organizations. Degreed brings visibility into the skill sets of the existing workforce, enabling companies to pivot their talent quickly and effectively far beyond the short-term impacts of COVID.

Degreed developed its leading platform based on its understanding of these visionary scenarios, thus creating a leading-edge solution for both individuals and enterprises.

Customer Ownership Experience

Degreed currently partners with one-third of the Fortune 50 companies as the leading workforce upskilling platform provider. Degreed differentiates from competitors by focusing on end-users, creating a consumer grade, real-world measurement system to track the impact and application of the skills to be learned to ensure they translate into the real-world work environment. Measurement comes in many forms, from assessment tests to integrated manager reviews.

In addition, Degreed has acquired companies, such as Adepto, to enhance its ability to assist clients in identifying what skills their organizations need for roles they have open and to search their employee database for individuals with the skills to fill those roles. Identifying organizational skills using an internal corporate skills database is particularly useful for newly established roles.

Degreed offers a robust learning experience platform that fits with a modern organic learning style, compared to many other learning management systems (LMSs) in the crowded and fragmented marketplace that merely house corporate learning materials. The key differentiator is that Degreed harnesses the power of informal learning and has a browser extension that allows organizations to track the learning that is happening in the real world and not only what is held within the corporate learning archives. All of this activity can be logged more effectively using Degreed's platform because the proprietary data and enterprise learning happen infrequently, whereas informal learning is ongoing and logged through this browser extension. In addition, with Degreed's platform, people can learn throughout the natural course of their lifetime; therefore, their skill profiles are always growing, and the Degreed platform makes inferences about any available opportunities.

As a category, most LMSs utilize walled corporate learning content. Alternately, massive open online courses (MOOCs), such as Udacity and Coursera, primarily serve the individual market and are less focused on enterprise learning. As competitors work to replicate some of the tactical features of Degreed's platform, Degreed is staying ahead by empowering HR managers and employees with more data and insights about their own learning journey.

Leadership Focus

Degreed comprises many thought leaders in the corporate education industry, providing the company with insight into next-generation market requirements. Additionally, a number of employees have transitioned to Degreed from former clients, providing the company with greater insight into client requirements. The company is supported by a community of investors in education technology (edtech) learning.

Degreed's vision and strategy are fundamentally different from competitors in the marketplace. For example, where most HR technology is designed to help the HR staff become more effective, Degreed's software helps both employees and organizations navigate change and disruption. Degreed's solution may intersect with or overlap HR processes, but the company has a different goal of modernizing corporate education for the current and future working ecosystem. A differentiated strategic focus drives Degreed to engineer and optimize software with different goals in mind. For example, many learning management software companies allow individuals to curate a personal playlist of articles, blogs, and videos; however, this model does not enable employees to drive their development. Degreed

takes this model a step further by enabling teams and organizations to collaborate on this content. This collaboration is more robust than a typical corporate training catalog because it includes content from outside the organization in addition to company-created content.

Additionally, Degreed has created superior algorithms by investing in data science and machine learning, with the platform continuing to evolve and improve with increased interaction. Competing platforms are inhibited by a static skills taxonomy that involves a high degree of manual labor to update these taxonomies. Alternatively, Degreed's platform fluidly evolves to recommend adjacent and complementary skill sets.

Degreed's philosophy of modernizing corporate education drives differentiation in hundreds of details in its platform, thereby offering a more holistic solution to both clients and individuals.

Customer Service Experience

Degreed structures its solution around the client lifecycle, supported by a dedicated team for implementation, launch, adoption strategy, and ongoing account maintenance. This lifecycle strategy is customized for client segments by size and the need for high- or low-touch relationships.

Degreed stands apart because it is willing to work with all other platforms and ecosystems as a truly integration-agnostic partner. Degreed does not require that other platforms change or that clients make changes, instead taking the initiative to integrate as needed. Alternately, many existing HR platforms make it difficult for other participants to integrate, even if their focus is on payroll or HR capital management; however, Degreed is rooted in a collaborative strategy. As new and interesting niche participants and technologies arise, Degreed makes it easy for clients to incorporate these technologies into their overall employee strategy. Ultimately, this collaborative strategy translates into a more seamless experience for HR managers and employees.

In addition, Degreed differentiates from competitors by providing clients with ongoing support, including implementation. Many other corporate education service providers require clients to bring in and pay for a third-party integrator, adding complexity and time to the process. Degreed leads the integration and sets the industry standard by not charging for implementation and support. Moreover, the company views the learning experience as an ecosystem and thus supports all aspects of that ecosystem.

For its adoption strategy and ongoing account maintenance, Degreed provides a global 24-hour technical support team and dedicated client managers who assist clients with learning curation and custom content development. Other customer service initiatives include customer success labs that facilitate best practices dissemination, a forum driven by executives who lead clients and their educational investments, and a voice-of-the-customer program that tests new capabilities with clients to obtain feedback on product evolution and launches.

With these practices and a platform with a consumer-grade UI, Degreed has a high net promoter score (NPS) and obtains great feedback on the client experience. A quarter of Degreed's headcount is concentrated in the company's customer success organization.

Price/Performance Value

Degreed differentiates from competitors because its clients receive software and a significant amount of additional service value that enable higher employee engagement. Organizations are seeing growing employee use and increased learning activations, indicating that Degreed's platform translates into productivity gains within organizations because of the simplified and aggregated interface.

Furthermore, while Degreed's pricing is competitive with other top-tier organizations in the marketplace, the company's services inject more value into the client experience.

Customer Purchase Experience

Degreed recognizes that what it is doing is new, different, and sometimes uncomfortable for clients. Degreed asks clients to behave differently, value different things, and reprioritize, all of which are not easy; therefore, focusing on the marketing strategy is at the top of the sales funnel, in addition to educating the market on this new kind of offering. Degreed publishes original research learning reports to support this effort and to spotlight issues that corporate education stakeholders might have but are unable to articulate around corporate learning. Most of this work assists client advocates in making an internal case for change in their organizations.

As client relationships develop, Degreed supports clients with various tiered sales teams, which include global business teams to assist HR partners in adjusting to change and highly technical teams that support technical architectures and solutions. All team members are thoroughly trained to understand the industry and the company's offerings and to speak the different professional languages of HR staff, technical teams, and other functional groups, such as purchasing.

Furthermore, Degreed tailors its approach for various clients' objectives to improve the corporate education ROI and to improve the employee experience, driving a culture of change in organizations with more educational engagement. As previously mentioned, customers are segmented by size and their need for high- or low-touch relationships.

Conclusion

Degreed has become an innovator in the corporate education industry by setting the standard and evolving the purpose and effectiveness of the industry for clients. Degreed stands out by its ability to address clients' unmet needs; visionary scenarios through Mega Trends; leadership focus; price/performance value; and customer purchase, ownership, and service experience. Degreed brings a fresh and modern vision to the corporate education industry that allows customers to benefit from better solutions and to change how they view the advantages and capabilities of corporate education. Likewise, Degreed's vision is bringing competitors and the market as a whole into a new learning ecosystem.

For its strong overall performance, Degreed is recognized with Frost & Sullivan's 2021 Company of the Year Award in the North American corporate education industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios through Mega Trends: Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first to market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

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

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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)