8x8 Recognized for

2021

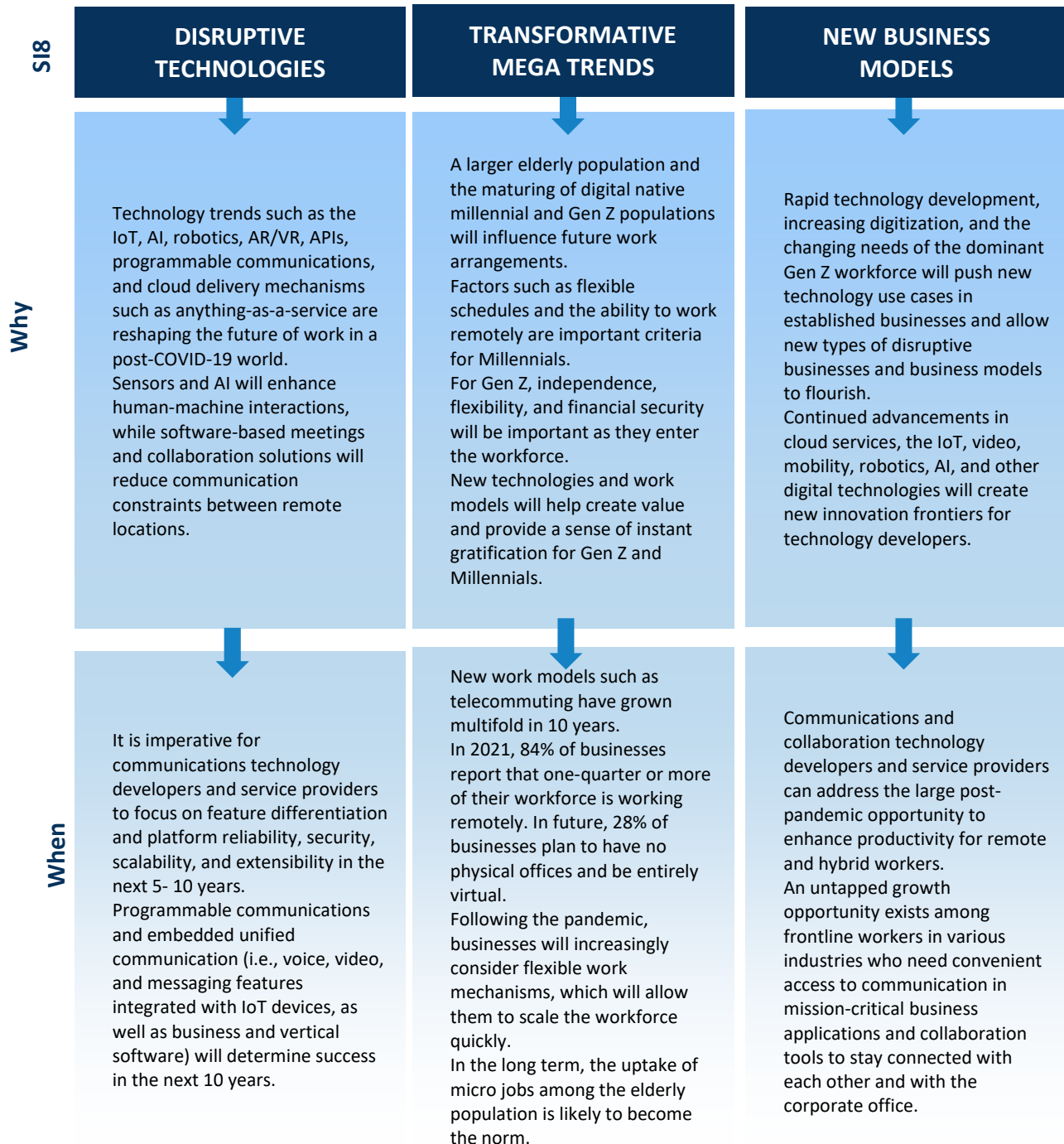## Competitive Strategy Leadership

Global Integrated Employee and Customer
Communications Experiences Industry
Excellence in Best Practices

FROST & SULLIVAN

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 8x8 is a reflection of how well it is performing against the backdrop of these imperatives.

SI8

DISRUPTIVE TECHNOLOGIES	TRANSFORMATIVE MEGA TRENDS	NEW BUSINESS MODELS

Why

Technology trends such as the IoT, AI, robotics, AR/VR, 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.	New work models such as telecommuting have grown multifold in 10 years. In 2021, 84% of businesses report that one-quarter or more of their workforce is working remotely. In future, 28% of businesses plan to have no physical offices and be entirely virtual. Following the pandemic, businesses will increasingly consider flexible work mechanisms, which will allow them to scale the workforce quickly. In the long term, the uptake of micro jobs among the elderly population is 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.

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. 8x8 excels in many of the criteria in the integrated employee and customer communications experiences 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

Strategy Effectiveness and Competitive Differentiation

8x8's vision for the business communications market is closely aligned with key strategic imperatives shaping the future of work and customer technology requirements.

> *"With its integrated platform and a complete portfolio of as-a-service solutions 8x8 is addressing growing customer demand for flexible consumption of communications, collaboration and customer experience management tools."*
>
> *- Elka Popova, VP of Connected Work Research*

The growing proportion of digital natives among the workforce, globalization, mobility and the rise of distributed enterprises compel businesses to power highly collaborative workplace environments that foster innovation, efficient decision making and excellent customer journeys. This is driving demand for integrated cloud services suites that enable fast and cost-effective access to advanced communications, collaboration and customer experience (CX) management capabilities.

The global pandemic has accelerated cloud services adoption as businesses acknowledge the need to become more agile and resilient. According to a Frost & Sullivan survey, cloud-based applications will be the top post-pandemic investment priority for 29% of more than 3,000 global IT/telecom decision makers.

Businesses also recognize the important role advanced CX and collaboration tools play in enabling operational continuity when employees, customers and partners are physically distanced and disconnected. This is why, in the next two years, CX management and communications and collaboration

solutions will represent key investment priorities for 41% and 39% of IT/telecom decision makers, respectively. Software-based collaboration tools such as video conferencing, screen share, team spaces, business short messaging services (SMS) and UC (desktop and browser-based) clients had been experiencing strong growth for a decade and received a considerable boost in adoption during the business lockdowns. The vast majority (80% or more) of surveyed businesses will have invested in advanced collaboration tools such as team messaging, video conferencing, webinars and UC soft clients by 2022.

However, the ultimate goal of enhancing worker collaboration and productivity is to enable a frictionless CX and boost customer satisfaction. To streamline solution management, synchronize technology roadmaps, and leverage advanced analytics tools across different services, businesses will be turning to innovative cloud providers such as 8x8 to provide them an integrated cloud communications, collaboration and CX solution. A 2021 global Frost & Sullivan survey of contact center investment decision makers reveals that 63% of surveyed businesses are already integrating their UC and CX solutions and another 26% are planning to do so in the next two years. An improved customer journey (54%) and a better agent experience (52%) top the list of key benefits businesses are pursuing with an integrated UC and CX strategy.

With its single-vendor integrated cloud platform approach 8x8 is well positioned to take such businesses to the next level of their communications transformation. 8x8's rich cloud collaboration suite and robust customer experience management capabilities provide compelling value to key stakeholders, including enterprise workers, contact center agents and IT admin staff. The provider's tightly integrated set of unified communications as a service (UCaaS), video communications as a service (VCaaS) and contact center as a service (CCaaS) deliver operational efficiencies, as well as considerable productivity benefits to businesses of all size, industry and technology requirements. The company is also demonstrating thought leadership with the launch of "Experience Communications as a Service," or XCaaS, which leverage its ability to uniquely combine features to address a variety of communications-intensive roles in customer organizations.

8x8 is also well prepared to empower forward-thinking businesses seeking to drive even broader and deeper transformation within their organizations. Integration of communications and collaboration tools with productivity, business and vertical applications enables businesses to considerably boost the return on their cloud communications and CX investments. Application programming interfaces (APIs), communications platforms as a service (CPaaS) and programmability have created yet another opportunity for innovative providers such as 8x8 to enhance customer value. 8x8's robust APIs and CPaaS capabilities enable businesses to digitize mission-critical workflows, as well as create unique customer experiences in their respective industries.

Strategy Execution and Competitive Differentiation

8x8's performance metrics provide strong evidence of its strategy effectiveness and solid execution. Consistent, year-over-year double-digit growth rates and improving net income are certain indicators of the company's ability to identify growth opportunities and to manage operational efficiencies. Despite the challenges presented by the pandemic lockdowns and the economic downturn, 8x8 reported 19.3

percent year-over-year revenue growth in its fourth fiscal quarter ending March 31, 2021. More important, total annual recurring revenue (ARR) grew 22 percent compared to the same period in the previous year.

Other factors that clearly demonstrate 8x8's strong market position and bright prospects for future success include its growing traction among midmarket and enterprise customers and increasing proportion of channel sales. At the end of its latest fiscal year, 8x8 reported 761 customers with ARR greater than $100K, which marked a 25 percent increase from the same period the year before. The provider also reported strong traction in the channel with channel bookings accounting for 60 percent of new bookings for the full fiscal year. These metrics have remained consistently strong for the past few quarters.

Going forward, concerted efforts to build strategic channel partnerships are likely to help 8x8 accelerate growth and diversify its customer opportunities. 8x8 demonstrated its commitment to the channel in 2019 when it expanded its channel program to provide value-added resellers (VARs) with the financial and logistical mechanisms that enable frictionless customer migration to UCaaS and CCaaS. Telco partnerships, including those with Bell Canada and Virgin Media Business are also bearing fruit. 8x8 is likely to continue expanding its global Open Channel Program and pursue additional telecom operators, VARs, as well as other resellers as viable routes to market, as its latest partnership with Westcon demonstrates.

8x8's integrated-platform approach is an important success factor in the channel and among midmarket and large enterprises. 8x8's rich portfolio of as-a-service solutions provides the channel with a variety of options to address customer needs. Midmarket and large enterprises, more specifically, typically require a large spectrum of capabilities—from prepackaged UCaaS, VCaaS and CCaaS to consumable building blocks and CPaaS that enable the development of tailored solutions and custom integrations. In fact, the integrated UCaaS and CCaaS solution represents one of 8x8's key competitive differentiators. The provider reports that it wins approximately three-quarters of the time when 8x8 is pitching to a customer looking for both UCaaS and CCaaS, the combination now being referred to as XCaaS. CCaaS bookings are growing even faster than UCaaS and 8x8 reported 32 percent CCaaS bookings year-over-year growth for fiscal 2021 ending March 31, 2021. Bundled UCaaS and CCaaS accounted for over 75% of new bookings with ARR larger than $12K and represented almost one-third of total company ARR. Channel partners are also embracing the value of integrated UCaaS and CCaaS with the number of partners selling the integrated solution growing year over year. All 8x8 7-figure deals, in terms of total customer value (TCV), in the latest reported quarter were integrated UCaaS and CCaaS offerings, illustrating the importance of having a single vendor for all integrated cloud communications needs. Technology platform ownership is providing the flexibility and cost efficiencies to 8x8 to enable both off-the-shelf and on-demand integrations more rapidly than providers using third-party platforms. APIs and deep integration with a customer's broader application ecosystems and workflows also create a richer relationship between the provider and customer. With growth rates in the CPaaS market exceeding those in UCaaS and CCaaS, 8x8 is well positioned to see a revenue boost from its CPaaS business.

International expansion is another important growth vector for 8x8. In addition to strong presence in the UK, which is driving its expansion throughout the rest of Europe, 8x8 is also gradually increasing its

footprint in Asia, Latin America and even Africa. Presently, 8x8 offers public switched telephone network (PSTN)-replacement services in 43 countries and virtual presence through local numbers in 120 countries. Through a partnership with one of China's largest telecommunications companies, 8x8 is able to offer a true UCaaS and CCaaS service in China that does not require third-party gateways. This allows businesses with headquarters in other countries to integrate a common dial plan with support and access to local numbers for their Chinese operations. This approach addresses the complexity of deploying or maintaining service gateways and the lack of number portability in China, and can be replicated in other more regulated markets where number portability is not available.

> *"Key performance metrics—including revenue growth, channel sales, traction among midmarket and enterprise customers and proportion of bundled UCaaS and CCaaS deals—provide strong evidence of 8x8's strategy effectiveness and successful execution."*
>
> ***- Elka Popova, VP of Connected Work Research***

New leadership at 8x8 is likely to streamline execution and leverage key company strengths to drive further success in an ever-more competitive market. More specifically, new CEO Dave Sipes is focusing on 8x8's integrated XCaaS cloud services platform as the company's main differentiator going forward. Few competitors in the business communications space possess the broad as-a-service solution set that 8x8 has assembled over the years. By focusing on the value proposition of the integrated platform 8x8 will be able to identify customers whose needs most closely align with its capabilities and thus execute even more effectively in the future. Important new initiatives include:

- New marketing campaigns around integrated employee and customer communications experiences to draw attention to 8x8's differentiated collaborative contact center capabilities and the benefits of simplified administration enabled by the native, fully integrated solution

- Creative solution sales and contractual terms—for instance, locking in the price for additional capabilities for customers initially purchasing only UC or contact center for the duration of the contract

- More effective leverage of the channel to identify prospects for integrated solutions and better address their unique needs with additional services offered by resellers

- Continued enhancements of the integrated back-end systems—for instance, providing the ability to do moves, adds, changes and deletions (MACDs) from an integrated UC and contact center management portal, in addition to already-integrated call recording, quality management, speech analytics and service provisioning

- Launch of persona-based profiles (e.g., Receptionist, Admin, Sales) that will provide tailored XCaaS capabilities and integrations for different types of users, including cross-populating UC and contact center features across personas. This XCaaS approach leverages different modules on the integrated platform to expose the desired features within the user 8x8 Work app interface based on the selected persona and license agreement.

Price/Performance Value and Customer Purchase and Ownership Experiences

8x8's X Series plans are uniquely positioned in the market in terms of price/performance value to businesses, as well as customer purchase and ownership experiences. As a single-source provider of an integrated CCaaS and UCaaS solution, 8x8 presents customers with a single point of accountability for service and support. 8x8 customers have the flexibility to implement capabilities they need today and add functionality as their requirements change in the future.

Including a lobby seat license, as well as a range of seat licenses from X1 to X8, the mix-and-match plans combine different telephony, UC and customer-care features to address varying needs within an organization. The X1 to X4 plans provide a gradually expanding array of communications (e.g., telephony and UC) features. The X5 to X8 plans incorporate graduating customer interaction features, from IVR to inbound (skills-based voice, email, chat, social), outbound predictive dialer, co-browsing and more. The X2 to X8 plans also support a growing number (up to 100) of users for 8x8 Meet. All plans include 8x8's own team messaging system and enable access to the provider's Sameroom application that provides integration across more than 25 third-party team messaging platforms such as Slack, Cisco Webex, Google Hangouts and others.

Platform integration reduces the complexity associated with purchasing, deploying, configuring, provisioning, managing and using solutions while also eliminating the communications silos resulting from limited or loose technology integration. 8x8's approach delivers an integrated solution available under strategically bundled software licenses that span both enterprise communications and contact center capabilities. The resulting benefits include streamlined vendor and license management, support accountability, pricing advantages, a single data set for business insights, as well as seamless communications between contact center agents and employees in the greater organization.

Leveraging 8x8's integrated platform, businesses' customer care and enterprise communications environments capitalize on common applications beyond call control, such as a common employee directory, IM/chat, presence and conferencing across the entire organization. This AI-powered functionality enables agents to search for and connect dynamically with subject-matter experts located anywhere in the broader enterprise when needed to resolve non-routine customer inquiries. The objective is to enable agents to spend less time searching for resources and more time helping customers. Businesses also benefit from the integrated analytics tools providing visibility into the different communications and collaboration modalities, and across both enterprise and customer-care departments.

A single-source provider benefits channel partners as well. The approach reduces training time and complexity for partners. Concentration on single-vendor technology also enables channel partners to more quickly build expertise and obtain additional benefits via achieving higher sales targets compared to multi-vendor technology portfolios. The end result additionally encompasses support advantages customers gain from better-qualified channel partners.

However, 8x8 acknowledges that businesses often prefer to use best-of-breed technologies from multiple vendors. As more businesses adopt Microsoft Teams for its rich collaboration capabilities and the tight integration with other solutions within the Microsoft 365 bundle, 8x8 positions itself to provide unique

value to Teams users. More specifically, 8x8 Contact Center for Microsoft Teams fills an important gap in Microsoft's portfolio. By integrating its CCaaS and UCaaS solutions with Teams via Direct Routing, 8x8 enables businesses to meet the following objectives:

- Cost-effectively support "no-name"/low-end seats (e.g., lobby and conference-room phones, fax and ATA lines)

- Integrate Teams and 8x8 endpoints via a common dial plan and admin tools

- Provide a richer PBX feature set to businesses and users that require those

- Integrate CCaaS with Microsoft Teams and Phone System (now 8x8 CCaaS is officially certified by Microsoft for integration with Teams)

- Extend calling services to more geographic areas than covered by Microsoft Calling Plans

- Receive robust SLAs

Through flexible APIs and CPaaS, 8x8 also enables businesses to integrate its pre-packaged UCaaS and CCaaS solutions with third-party software (e.g., CRM), as well as consume its capabilities as embedded features within customer-facing portals, vertical software or other third-party platforms and services. 8x8 also leverages unique pricing models such as in the case of its embeddable VCaaS offering whereby it charges per active user, rather than per minute or per licensed user.

8x8 also offers SIP trunking services to extend its cloud services platform to support customers' hybrid premises-based and cloud services environments. SIP trunking services complement 8x8 UCaaS and CCaaS offerings, as well as address additional market opportunities.

Overall, 8x8's portfolio and strategy, with the integrated cloud communications and contact center services platform at the foundation, provide businesses with great flexibility and a variety of deployment options.

Conclusion

As businesses adopt an ever-expanding communications, collaboration and customer engagement tool set, they seek providers that offer comprehensive portfolios and flexible deployment options. 8x8's integrated platform approach delivers cost efficiency, advanced capabilities, and productivity benefits that are hard to match by competitors. 8x8's compelling vision and effective strategy execution position it well for continued success in the rapidly evolving business communications space.

With its strong overall performance, 8x8 earns Frost & Sullivan's 2021 Competitive Strategy Leadership Award.

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

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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)**