FROST & SULLIVAN

COLT TECHNOLOGY SERVICES

2022
COMPANY OF THE YEAR

EUROPEAN NETWORK SERVICES INDUSTRY

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. Colt Technology Services excels in many of the criteria in the network services 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

Colt On-Demand Network Supports Flexible Cloud Environments

The COVID pandemic and related disruptions to supply chain, labor force, and recessionary spending, have underscored the need for business flexibility. In the past two years, cloud adoption has accelerated. Organizations seeking to improve business agility are embracing the cloud for its speed of app deployment; ease of access from anywhere; and scalability. A hybrid, multi-cloud strategy enables organizations to quickly deploy, move, and scale applications and data across a range of vendors, locations, and infrastructures – from the "edge" to the public cloud - as a way to optimize app performance, cost, and functionality.

"Colt's dynamic, intelligent network uses advanced automation to truly deliver bandwidth on demand. The Colt platform, running on the Colt IQ Network, enables enterprises to order, configure, and scale network capacity on demand – just as they order, configure, and scale cloud processing and storage capacity on demand."

**- Lynda Stadtmueller,
 SVP Research**

However, a flexible cloud environment is ineffective without a flexible network supporting it. Unfortunately, traditional enterprise networks are ill-equipped to deliver scalable, dynamic bandwidth in a highly distributed hybrid, multi-cloud environment. While most network operators are on the journey to introduce more automation and software-based networking to their legacy networks, the process is

slow and little real change has made it down to the enterprise customer. In most cases, "on demand" is limited to ordering processes; provisioning and configuration involves separate, largely manual steps.

UK-based Colt Technology Services, in its journey to become an enterprise digital infrastructure services provider, is the exception: its dynamic, intelligent network uses advanced automation to truly deliver bandwidth on demand. The Colt on-demand platform, running on the Colt IQ Network, enables enterprises to order, configure, and scale network capacity on demand – just as they order, configure, and scale cloud processing and storage capacity on demand.

Furthermore, the on-demand platform supports multiple services per location, via a "multi-service hub." Enterprises can install the multi-service hub port at a location and then access a range of services, including ethernet, internet access, and cloud connectivity, at an hourly or monthly charge. This means the enterprise doesn't have to install separate circuits and ports for each service type – a costly, time-consuming, and inflexible option.

The on-demand service has proven popular with enterprises. Colt reports that 1 in 6 circuits are now provisioned on the on-demand platform, and that on-demand revenue is growing at 45% (2022 vs. 2021).

In addition, Colt supports enterprises' need for flexibility via virtualized network services, including SD-WAN. In June 2022, the company announced the Colt SASE Gateway solution, which integrates SD-WAN and Secure Service Edge in a fully managed service.

A Cloud-Ready Network Starts with a Next-Generation Infrastructure Foundation

Scaling a network to meet the demands of the cloud isn't simply a matter of adding fiber circuits or interconnections. As traffic volumes grow, endpoints proliferate, and the need for real-time performance becomes more urgent, the network service provider must transform the entire core network stack.

Unfortunately, few network service providers have the drive or budget to make extensive upgrades to their labor- and capital-intensive legacy networks. Their modernization efforts generally involve appending automation and orchestration tools at the top of the stack.

In contrast, Colt achieves its world-class flexibility and performance by leveraging the next-generation Optical Transport Networking (OTN) protocol at the transport layer. OTN is an industry-standard open protocol that supports multi-terabit scale transport, allowing Colt to multiplex different digital services over the optical fiber circuits. The OTN enables Colt's core network to be easily programmed for automated functionality, handling petabytes of traffic across thousands of nodes and hundreds of thousands of circuits.

In 2022, Colt enhanced its network core by converging Optical and Packet connectivity into a single seamless optical-packet core network. The new architecture supports up to 400G Ethernet speeds.

The network investments can be made because, unlike many competitors, Colt owns its fiber network. The company believes that this gives them the control they need to deliver consistent performance, lower prices, and continual innovation.   The extensive Colt IQ Network consists of 187,000 Km of fiber circuits, connecting 31,000 on-net buildings, 1000 data centers, and 225 cloud Points of Presence, in 212 cities throughout Europe and in key cities in Asia (Singapore, Hong Kong, Bangkok, Taipei, Seoul, Tokyo, Yokohama, Nagoya Osaka).   The company has recently extended its network in the US (13 major cities);

Eastern Europe (Sofia, Zagreb, Brno, Prague, Budapest, Krakow, Warsaw, Bucharest, Belgrade, and Bratislava); Western Europe (Dublin, Berlin, Madrid, Barcelona, Valencia); and Australia.

The massively scalable network, with broad reach and incorporating AI-enabled automation and orchestration tools, allows Colt not only to manage its own core network efficiently, but to deliver high levels of control and performance to its enterprise customers.

Innovative Services to Meet Market-Specific Needs

Colt continues to develop innovative services that meet the needs of specific markets. In October 2022, the company launched two services targeting capital market investment banks – organizations that process large amounts of data but require extremely high speeds and low latency. Colt Market Data Monitoring System provides high levels of visibility into market data feeds and usage, including monitoring of bandwidth utilization, message rates, packet loss, and latency. This allows Capital firms to analyze the data to drive insights. The service is offered as a fully managed cloud service, integrated with all Colt services.

A second service, still in Proof of Concept, offers hosting and distribution of multicast data in the cloud. The service creates virtual distribution points of presence within the AWS cloud, enabling capital market firms to "lift and shift" their critical distribution functions into the cloud, while leveraging the Colt network.

Automation and AI Enhance Customer Experience

Colt's sophisticated portal, Colt Online, is a simple, one-stop tool for all customer interactions, including order management, service management, billing, diagnostics and performance management, and administrative access. The portal boasts 23,000 online users; 15,000 invoices and billing reports downloaded each month.

> *"The company has raised its average Net Promoter Score for the past 4 years, achieving a record high NPS score of 72 in Europe for 3Q22. In contrast, the 2022 Experience Benchmarks report for the telecommunications industry indicates that the average NPS score among telecom providers is 31 - lowest among all industries tracked by the firm."*
>
> *- Lynda Stadtmueller,*
> *SVP Research*

What sets Colt Online apart from many self-service portals is the degree of integration with advanced technologies - automation, predictive analytics, and artificial intelligence.   Customer tools are an extension of the tools that Colt uses to monitor and manage its core network. Using AI functionality, Colt can anticipate and remediate potential issues quickly. The company can also optimize the customer experience, for example, alerting clients to specific configuration options that can improve performance or costs. The intelligent monitoring tools also provide Colt with customer insights: for example, identifying behaviors or usage cues that may indicate customer dissatisfaction.

The results of these efforts are impressive. The company has raised its average Net Promoter Score for the past 4 years, achieving a record high NPS score of 72 in Europe for 3Q22, and matching its record NPS score for Asia. In contrast, the 2022 Experience Benchmarks report for the telecommunications industry

indicates that the average NPS score among telecom providers is 31 - lowest among all industries tracked by the firm.

One example of a delighted client comes in this testimonial, provided by Colt, from global media giant Bertelsmann:

> **Bandwidth requirements are changing in the media industry, Colt SD WAN allows flexibility for Bertelsmann**
>
> To ensure that good ideas and exciting content spread even faster, Bertelsmann will be relying on Colt SD WAN to network its sites in future. In a fast-paced media industry, short loading times are crucial for business and attention. By connecting with SD-WAN, the company's IT can flexibly control the bandwidth requirements across the sites. Employees have access to all important collaboration tools at any time and from anywhere. In this way, projects are handled time- and cost-efficiently and media content is provided in high quality.
>
> "Colt convinced us with its excellent SD-WAN concept, its international positioning, its own high-performance fibre network and, last but not least, the good experience we had when we switched our telephony to Colt's SIP trunking solution. It was quickly clear to us that we wanted Colt on board as a strategic and dedicated partner for SD-WAN."
>
> - Dirk Kunz, Head of Corporate IT Sourcing, Senior Vice President, Bertelsmann SE und Co KGaA

Modeling Best Practices for ESG

While nearly every firm in every industry has created a role or department to examine Environmental, Social, and Governance (ESG) practices, Colt has instead incorporated ESG awareness into every department and business process. In doing so, the company is leading the charge for responsible social and environmental practices in the telecommunications industry. In its 2021 Annual Sustainability Report, released earlier this year, Colt Group (comprising Colt Technology Services and Colt Data Centre Services) provides strict accounting of various relevant measures, and articulates its strategy for improvement. Notable achievements include:

Environmental:

- 25% reduction in Scope 1 and 2 carbon emissions, since 2019
- 11% reduction in greenhouse gas emissions, since 2019
- 37,000 pieces of equipment reused, rather than discarded
- 100% of power from renewable energy sources across UK and Europe
- Platinum rating from EcoVadis for outstanding ESG performance, placing Colt in the top 1% of global businesses rated by EcoVadis for sustainability

Social:

- 43% of Colt board members and 30% of Colt employees are women
- Keri Gilder, CEO of Colt Technology Services, is one of very few women leading technology firms
- Inclusion and Diversity programs include LGBTQ+ ally training; GlobeSmart cultural EQ tool; internships for graduates with disabilities

Governance:

- The only voice & data communications provider to be recognized by the European Data Protection Board for adhering to Binding Corporate Rules for data privacy since the new GDPR came into force
- 90% of Colt Group's suppliers have agreed to support the supplier code of conduct
- €250,000 donated to charitable initiatives and match-funded by Colt in 2021

Conclusion

Colt Technology Services is an agile, innovative firm in an industry known for slow-moving, hardware-bound dinosaurs. The company's on-demand platform is best in the industry, leveraging advanced technologies to deliver flexible digital infrastructure services that organizations need to run their critical cloud and edge applications. In addition to investing in technologies such as automation and AI to continually improve its service portfolio, the company also invests in customers. Its online portal offers clients comprehensive control over their networks, from ordering to provisioning to managing the services. Colt's success in delighting customers is evident in its continually increasing NPS scores, which by 2Q 2022 were double the industry average; in fact, in each quarter in 2022, the company earned NPS scores over 70. Furthermore, Colt takes its responsibility as a corporate citizen very seriously, leading ESG initiatives and establishing benchmarks that are industry wide.

For its strong overall performance, Colt Technology Services is recognized with Frost & Sullivan's 2022 European Company of the Year Award in the network services 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

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 ongoing 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 6 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)**