

# NICE RECEIVES THE 2023 COMPANY OF THE YEAR AWARD

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*Identified as best in class in the North American  
conversational AI industry*



## 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. NICE excels in many of the criteria in the conversational AI space.

AWARD CRITERIA	
<i>Visionary Innovation &amp; Performance</i>	<i>Customer Impact</i>
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

### Brand Equity

NICE, a top-tier provider in the cloud contact center (CCaaS) market, was recently lauded as one of the top 3 in Frost & Sullivan’s 2022 North American Enterprise Cloud Contact Center Radar™. Founded in 1986, NICE has steadily built its brand through strategic decisions that broadened its scope and offerings

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from its start in security and fraud detection and customer interaction analytics to becoming one of the largest and most trusted players in the global contact center industry.

Its two core lines of business include Customer Engagement, where customer experience (CX) and the contact center reside, and Actimize Financial Crime and Compliance. While these units appear separate, they produce interdependent solutions, with critical components shared across product lines, contributing significantly to NICE’s brand equity. For instance, Actimize

solutions provide fraud detection and mitigation within contact centers, thwarting fraudsters, reducing financial exposure, and taking the burden off agents and intelligent virtual assistants (IVAs). In contrast, other industry competitors often must partner with third parties to add broad fraud detection capabilities to their contact center portfolios.

NICE has grown its contact center portfolio from a suite of rich analytics solutions to a full CCaaS suite through native development and savvy company acquisitions. Further cementing its leadership position and brand equity is its hefty R&D investment and go-to-market endeavors encompassing AI and analytics across the platform.

The contact center industry has matured considerably over the past two decades. It is rapidly accelerating with innovations in digital engagement and AI, with no signs of slowing down as new developments, such as generative AI, appear. In addition to the emergence of dozens of new CCaaS suite providers, the area of conversational AI (CAI) has engendered dozens more. Project Voice, which aims to accelerate the adoption of CAI and, by extension, voice technology, estimates there are more than 400 companies in the CAI ecosystem today. Having a brand that stands out in this crowded field takes solid investment, a stellar product portfolio, and keen go-to-market strategies.

NICE has a strong brand momentum sporting a vast installed base of 27,000 customers in 150 countries, of which more than 85% are Fortune 100 companies across all verticals. NICE's customer base includes:

- 100% of the top 10 health insurance companies
- 100% of the top five telcos
- Nine out of the top 10 financial institutions
- Six out of the top Fortune 10 institutions

Brand names, including Fiserv, Morgan Stanley, American Airlines, British Telecom, Farmers Insurance, and Valvoline, rely on NICE for customer engagement.

Fueling its customer interaction data, which it uses to improve customer satisfaction (CSAT) and business results, the company processes 120+ million recorded calls per day through more than 3 million agents per day and automates 35 million tasks and processes every day using NICE technology.

### ***Financial Performance***

NICE's superlative brand equity is reflected by its results. By the end of CY 22, the company reported \$1.3 billion in annual cloud revenue, positioning it in the highest revenue tier in the contact center industry. The company has 8,500 employees, 2,800 of whom are in R&D, a significant increase over the previous year in an environment where competitors reduced headcount.

Cloud acceleration is a big part of NICE's success, with year-over-year growth rates of 27% to 31% in the last four years, growing cloud revenues from \$470 million in 2018 to \$1.3 billion in 2022. Recurring cloud revenue as a percent of the total also consistently increased from 69% in 2018 to 82% in 2022.

### ***Visionary Scenarios Through Mega Trends***

NICE's success has come about through strategic shifts in thinking and staying abreast of industry trends. Frequently leading the charge into new areas, it has continuously expanded its portfolio of capabilities over almost four decades of customer engagement, often among the first to do so. NICE's R&D is particularly attuned to the Mega Trend of cognitive solutions, with significant resources for process automation and infusion of intelligence across the CXone platform. In fact, the company had embedded



components of CAI across the platform long before the term conversational AI was coined. For example, while robotic process automation (RPA) companies emerged in 2000 for automating processes in multiple areas of the back office, NICE was one of the first to start to natively develop RPA solutions for the contact center, while also extending into the back office. With the introduction of NICE's NEVA (NICE employee virtual assistant) in 2019, the company was also at the forefront of CCaaS providers offering agent assistance capabilities. Most recently, it combined CAI assets with Amelia in a partnership to bring best-in-class IVAs and bot development and introduced the CXone SmartAssist IVA to its customer base. These are just a few components of a broader strategy to harness the use of AI in customer contact.

### ***Customer Purchase Experience***

NICE recognizes that customers are all in different parts of the journey to digital transformation and the use of AI. It has therefore built the CXone platform for ease of use and omnichannel service delivery, eliminating the breakpoints that can stall the addition of new functionality. NICE CXone is built on a cloud-native Open Cloud Foundation that provides full elasticity, rapid turn up, guaranteed availability, and broad compliance with standards. Whether adopting a portion of the portfolio or the entire suite, NICE customers benefit from having access to one of the broadest portfolios in the industry and a highly seasoned team of experts that understand the use of maturing technologies, such as CAI and AI, and how to best use them for superior business outcomes.

Frost & Sullivan believes that to be competitive in today's market, businesses must focus on the overall brand experience, encompassing CX and EX. NICE achieves this by architecting NICE CXone as a unified platform built around five foundational needs:

- Entry points
- Journey orchestration
- Smart self-service
- Empowered agents
- Complete performance

The company's CAI technology components play a significant part in addressing these needs and areas.

Taking advantage of its CAI assets, the company introduced FluenCX, a suite of digital solutions to build seamless relationships between customers and a brand, no matter where the customer journey starts. The suite is fueled by EnlightenXO, a subset of models in Enlighten AI, its purpose-built AI engine designed for CX. EnlightenXO learns from conversational data to unveil customer intent and the optimal outcome for those intents and responds accurately in real time. FluenCX targets areas for CAI and automation and then matches them to the best human or digital solution to achieve optimal outcomes, including training agents and chatbots.

Core components of the suite include the digital platform, CXone Expert, CXone SmartAssist, CXone Guide, and Contact Engine. EnlightenXO can be deployed across all of these. For example, NICE Guide takes existing brand data and looks at friction points in the customer journey to assist with real-time guidance. FluenCX integrates with any CX provider platform and combines all interactions, reporting, and analytics

into a single experience. This data-first approach allows businesses to target areas for automation or address service gaps, which in turn reduces cost and raises CSAT.

### ***Customer Ownership Experience—Innovation is a Given***

Hand in hand with being attentive to the customer’s purchase experience is the ongoing relationship NICE fosters with its customers. Here, understanding what the customer needs before they buy and what they will need in the future, even if they have not thought about it, is equally important to the company.

NICE has one of the highest R&D investments in the industry and puts it to great use. In 2022, it spent 14.9% of its budget on R&D, which is roughly \$325 million. NICE supports 2,500 R&D professionals and has an enviable 400 patents in its portfolio to show for it. The investment in its people and technology has

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enabled NICE to remain a market leader for over a decade in the contact center space. Focusing on customers’ immediate needs while always asking, “What’s Next” has enabled it to act on its development roadmaps through internal development, pursue smart and strategic acquisitions, and build out its CAI capabilities.

For example, the company’s acquisitions in the past five years not only filled unmet customer needs but have also been critical in building the company’s CAI

strategy. NICE’s acquisition of MindTouch in April 2021 is a solid example of bringing a complete knowledge management solution to NICE’s portfolio, while providing a rich resource for IVA, interactive voice response (IVR), and agent assist solutions. Similarly, its 2019 acquisition of Brand Embassy accelerated its work in adding intelligent digital channels, a key CAI component.

Frost & Sullivan believes that the strategic undertaking of rearchitecting the NICE CXone platform to fully integrate and take advantage of its assets sets it apart from the competition when it comes to CAI, and business success metrics show this. For instance, NICE customers that adopted the SmartAssist solution saw an increase in net promotor scores of up to 44 points, increased first contact resolution of 37%, increased digital containment by 50%, decreased customer abandonment by 40%, and reduced cost to serve by 32%.

### ***Leadership Focus***

In 2013, NICE initiated a long-term strategic plan with solid financial investment to transform first into an enterprise software company and then a provider of analytics solutions at scale and in the cloud. The company’s core strength has been its leadership team, which has stayed remarkably consistent in an industry with much leadership movement. For instance, Barak Eilam, who became chief executive officer of NICE in 2014, has been with the company for 21 years. The company’s acquisition of inContact in 2016 marked a crucial point in its overall business strategy as it moved NICE from being an analytics provider to a full-suite, global CCaaS software and solutions provider. Paul Jarmon, chief executive officer of NICE CXone, came over with the acquisition, having served at inContact since 1997.

Other tenured executives include Yaron Hertz, who was brought in with the acquisition of Actimize and has been with the company since 2007. Beth Gaspich, the company's chief financial officer, joined in 2011 from the Actimize acquisition. Barry Cooper, president of the NICE CX division, has spent more than a decade with the company, joining in 2011 from Accenture.

## Conclusion

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NICE has remained a visionary leader in the contact center space for decades and continuously branched out to other areas of the business to improve business outcomes and elevate brand experiences. Its strong financial position, a hefty investment in R&D to support its vision of enhancing CX and EX, and the creative use of CAI and AI technologies make it a competitive force in the conversational AI marketplace.

With its remarkable business performance and increasingly strong brand reputation, NICE earns Frost & Sullivan's 2023 North American Company of the Year Award for Conversational AI.

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

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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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### 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)**

