

Visionary Innovation Award Unified Communications & Collaboration and Customer-care North America, 2013

Frost & Sullivan has over 50 years in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360-Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2013 North American Visionary Innovation Award in the Headsets sector to Plantronics.

Frost & Sullivan's Visionary Innovation Research Group

Visionary Innovation is the ability to innovate today in the light of perceived changes and opportunities that will arise from Mega Trends in the future. It is the ability to scout and detect unmet (and as yet undefined) needs and proactively address them with disruptive solutions to cater to new and unique consumers, lifestyles, technologies, and markets in the future. At the heart of visionary innovation is a deep understanding of the future implications and global ramifications of mega trends, in order to correctly identify and capture niche and white-space market opportunities in the future.

The Visionary Innovation Research group of Frost & Sullivan conducts cutting-edge visionary research by tracking the most important global Mega Trends, potential scenarios of specific trends in 2020 and beyond, and the macro-to-micro implications of these new Mega Trends. The unique feature of this research, compared to other predictive programs out there, lies in its ability to not only identify and evaluate emerging Mega Trends, but to also help clients translate those opportunities to everyday business and personal life—using the macro-to-micro approach.

Key Industry Challenges

The future evolution of the unified communications & collaboration (UCC) and customer-contact markets will be determined by macroeconomic conditions. They include gross domestic product, inflation rates, nations' debts, consumer spending as well as several Mega Trends, which are global, sustainable, socio-economic, and demographic developments. Mega Trends are transformational to business, economy, society, cultures, and personal lives, thereby defining our future world and its increasing pace of change. Mega Trends have far-reaching implications for all industry sectors, including the information and communications (ICT) industry as a whole, as well as the UCC and customer-care markets in particular.

While Mega Trends typically determine the course of development of the ICT industry, industry-specific trends often have a profound impact on society and the economy and give rise to new Mega Trends. Understanding Mega Trends can help UCC and customer-contact vendors, service providers, channel partners, and end-user organizations develop growth strategies based on visionary innovation and thus more effectively address new challenges and opportunities.

A visionary innovation leadership position enables a market participant to deliver highly competitive products and solutions that transform the way individuals and businesses perform their daily activities. Such products and solutions set new, long-lasting trends in how technologies are deployed and consumed by businesses and end users. Most important, they deliver unique and differentiated benefits that can greatly improve business performance as well as individuals' work and personal lives.

Serving a Connected Society

One of the most powerful Mega Trends impacting the UCC and the customer-contact industries is the Connectivity and Convergence trend. Pervasive Internet connectivity, the growth of mobile and IP communications, and the rise of social media and social networking have made the world "flatter." While the flattening of the world is not solely the result of ICT developments, technology trends have had a profound impact on society, including both personal lifestyles and business relationships.

There are two layers in this Mega Trend. The first is connecting organizations to individuals through contact center or enterprise communications technologies. The second is connecting individuals to each other. In both cases users are being connected and are communicating virtually through multiple and converging communications channels. These include telephony (wired and increasingly wireless), messaging (e.g., chat, e-mail, and SMS/text), conferencing, social media, and video. Frost & Sullivan predicts that by 2020, there will be 10 connected devices for every household, five connected devices for every person, five billion Internet users, and 500 devices with unique digital IDs per square kilometer.

This explosion of connected devices has positive and negative consequences. On the positive side, people can more easily access and share information, knowledge, and expertise. With this added information they can perform complex tasks with higher levels of efficiency, effectiveness, and safety. The outcomes are accelerated innovation; higher economic growth and improving living standards in parts of the globe that were previously unable to benefit from economic advancements in other countries; new education opportunities; and improved international relations.

There are, however, challenges in enabling connectivity and convergence. One negative side effect of ubiquitous connectivity and the proliferation of communications and collaboration tools is over-connectedness leading to information overload. Greater availability to perform job tasks anytime, anywhere, has made it difficult for some to effectively balance work and personal life. Another big challenge in a flatter world is the narrowing boundaries of privacy.

Furthermore, over-connected individuals must clearly hear each other to communicate effectively, with minimal interference and disruption to themselves and to others, regardless of their external environments. High noise levels can harm employees. They can be found in contact centers and offices as well as in industrial settings. Employees also need to multi-task. Frequently people are writing, or driving a motor vehicle or serving a customer in person while communicating, and they need to do so safely and effectively.

Finally, individuals are increasingly using multiple communications and collaboration tools. They are frequently switching between communications modes and, therefore, they need to integrate multiple contact channels seamlessly through a single endpoint. There are health consequences, though. The frequent and more extended use of UCC tools can cause neck stiffness and other physical discomforts. These issues must be addressed through the use of appropriate communications devices that improve the ergonomics of communications and thus help maintain and improve worker efficiency and productivity.

Productivity in a Mobile Society

Another key Mega Trend impacting the UCC and customer-contact markets is Mobility. A key element in the Mobility Mega Trend is the ability of individuals to stay productive while in transit. Travel, whether by private vehicle or mass transit, removes them from their work and home environments. Urban sprawl, which adds to traffic and congestion, is lengthening travel times, while rising gas prices, parking fees, and traffic tolls add to personal costs.

These factors threaten to restrict labor pools, particularly for lower-paid service employment such as in contact centers, especially as the economy improves and traffic increases. There is a direct causal relationship between wages and travel times; the higher the compensation the greater the tolerance for added travel. Yet labor pools shrink as the skills that merit the greater compensation increase.

There are also productivity losses caused by travel, congestion, and delays, and hassle that arise with air travel. The response to 9/11 brought strengthened security and resulting extended check-in times and invasive inspections. Airlines' profit maximization strategies have led to cramped seats, no room to work, minimal (or no) food service, and to multiple fees for most (economy) travellers.

In response, telecommuting and remote collaboration have become popular alternatives to travel, enabled by affordable and sophisticated landline and wireless broadband, voice and data connections, advanced endpoints, and unified communications (UC) tools. These methods have their challenges. A key one is limiting background noise such as from children, pets, and equipment at home, such as dishwashers and TV sets. Also, most remote workplaces such as airports, cafes, and hotel lobbies, etc. are typically noisy environments. Employees face, thus, numerous distractions that prevent them from gaining the full benefits of advanced UCC technologies. It is critical for remote and mobile workers, especially contact-center agents, to avoid such distractions.

Businesses seeking to empower mobile workers are increasingly leveraging new communications and collaboration methods, such as mobile apps and geolocation to connect employees with customers, partners, and co-workers. Furthermore, mobile users need to be able to connect seamlessly to a variety of UC applications such as telephony, messaging, conferencing, and video, which requires the use of a device that helps integrate the different communications channels and boosts productivity.

It is critical, therefore, to provide remote and mobile workers with devices that reduce noise levels and provide integrated access to multiple communications endpoints and thus enable the effective use of advanced communications and collaboration tools.

Impact of Visionary Innovation Award on Key Stakeholders

The Frost & Sullivan Visionary Innovation Award is a prestigious recognition of Plantronics' accomplishments in the UCC and Customer-contact Markets. As an unbiased, third-party, Frost & Sullivan recognizes Plantronics for delivering excellence and best practices in their respective endeavors. The Visionary Innovation Award is backed by extensive analysis; companies identified, and their understanding and integration of Mega Trends, innovation process and impact are monitored and evaluated through primary analyst research. This stringent methodology positions Plantronics as a superior market participant.

Key Benchmarking Criteria for Company of the Year Award

For the Company of the Year Award, the following criteria were used to benchmark Plantronics performance against key competitors:

- Understanding and Leverage of Mega Trends
- Vision Integration Into Strategy Excellence
- Efficacy of Innovation Process
- Degree of Impact on Business and Society
- Alignment with Mega Trends

Criterion 1: Understanding and Leverage of Mega Trends

Headset solutions can effectively address both Mega Trends: Connectivity and Convergence and Mobility. Suppliers must understand and capitalize on these Mega Trends to deliver enhanced customer value.

Frost & Sullivan research reveals that Plantronics has identified and successfully addressed these key Mega Trends. With its vast portfolio of corded, cordless, wireless (i.e. connecting to mobile devices), UC, and multichannel-enabled headsets it provides unique benefits to highly connected and mobile users, as follows:

- Plantronics has acknowledged the need for modern contact center and enterprise employees to have quick, ubiquitous, and convenient access to a plethora of communications and collaboration tools. It delivers headsets that enable enhanced and highly effective contact center and enterprise communications. While headsets have already become near-universal in contact centers they are now increasingly adopted in offices as well as in retail and transportation. Through continued innovation, Plantronics is delivering ergonomic as well as productivity benefits to highly connected users.
- Acknowledging that employees are increasingly mobile and require convenient access to communications while they are away from their desks, Plantronics provides headsets that enhance the productivity of highly mobile users. Its headsets also enable these individuals to comply with distracted-driver/hands-free wireless-device laws that are aimed at curbing motor vehicle accidents caused by device use. Plantronics headsets also comply with stringent European noise-at-work legislation. Furthermore, Plantronics headsets attenuate sharp background noises encountered in home offices and other remote-workplace locations. Finally, its headsets support UC applications such as conferencing, thus enabling mobile users to stay connected and productive while on the go.

Criterion 2: Vision Integration Into Strategy Excellence

Frost & Sullivan recognizes that headsets are becoming highly valuable communications endpoints for consumers and business users alike. To ensure that they are used effectively, vendors are developing headset products with exceptional design, functionality, and comfort. Headsets are also becoming increasingly affordable, offering great value for the money.

Plantronics' headsets enable effective personal contact over multiple channels, by delivering the following capabilities:

- Exceptional clarity with attention given to limiting noise and to user comfort and convenience improves user efficiency, physical well-being, and job satisfaction.

- Multi-purpose headsets that can be used with desktop phones, soft clients, and mobile devices provide highly connected users and businesses with cost efficiencies as well as productivity, ergonomics, and convenience benefits.
- Improved wireless set battery life to support up to seven hours of talk time before recharging delivers cost benefits and enhances user convenience.
- Context-awareness features and Smart Sensor technologies enable Plantronics' devices to react based on the user's status, availability, location, and other contextual factors and thus simplify use and enhance user productivity and efficiency.
- Multichannel convergence via Plantronics Vocalyst service allows users to hear e-mails, SMS/text message, social media comments, and newsfeeds.
- Optimization for mobile users on the new Voyager Legend headset significantly reduces exterior noise including wind noise.
- New headset models provide caller ID/name announcement for incoming calls and enable users to answer or ignore incoming calls by using voice commands.
- Support for various software applications through in-house software development or partnerships creates new use cases for headset devices and enhances their value to end users.

Criterion 3: Efficacy of Innovation Process

For headsets and other communications devices to effectively address major business needs and end-user pain points they must be innovative in terms of both design and functionality, reliable, and affordable. To be successful in this market, manufacturers must anticipate evolving market needs. Their devices and applications must gain broad market adoption and high customer satisfaction in order to have a lasting impact.

In Frost & Sullivan's opinion, Plantronics has been at the forefront of headset innovation since its inception. It has established itself as a visionary leader in the headset market and the broader communications industry. The company invented the first lightweight call center headset, called the MS50, in 1963. Plantronics introduced ultra lightweight in-ear enterprise headsets in the 1990s, the CS50 cordless headset in 2003, the Discovery 640 Bluetooth headset in 2005, and the Voyager Pro in 2009. And in 2010, it released the Savi cordless headset system that unifies desktop and laptop computers with desk-phone communications.

Plantronics' newest headsets offer advanced functionality such as call control, caller ID, voice recognition, and the increasingly important multi-device connectivity. Plantronics is now offering dual-mode and even triple-mode headsets, thereby providing connectivity for mobile phones and soft clients, or for mobile, soft, and desktop phones. Noise cancellation and physical device specs (ergonomic design, size, coating, battery life, etc.) are continually improving.

Plantronics' latest Voyager Legend model features some truly unique characteristics. It supports mobile and soft phones, and offers up to seven hours of talk time; three microphones; plus significant improvements in wind noise reduction. It has caller ID/name announcement for incoming calls; the ability to answer or ignore incoming calls by using voice commands (though this is available for mobile phones only); and a voice recognition button for connection and battery status.

Plantronics has invested a significant amount of research and development (R&D) into its Smart Sensor technology, integrated into the Voyager Legend headset lineup. The technology senses when the headset is on or off the user's head/ear. It then makes smart decisions whether to connect the call automatically or to announce the call and wait for a voice or touch-tone command. Using Plantronics Vocalyst service the Voyager Legend allows the user to hear e-mails and newsfeeds.

Another interesting capability on the Voyager Legend is the Find MyHeadset Android app. It helps users find a misplaced headset either by sending a tone and listening for the headset to respond via tone, or by reviewing recent activity and using the GPS capability on the cell phone to locate the last place the headset was used.

Key to Plantronics' future success is its large focus on software development. Plantronics is also focusing on contextually-aware communications. Its Smart Sensor technology and other advancements on the software side are enabling its devices to react based on the user's status, availability, location, and other contextual factors. Through in-house technology development as well as partnerships, Plantronics is looking to tightly integrate the headset with various UC and other applications.

Plantronics relentlessly pursues innovation and customer value. The firm invests nearly 10 percent of its revenues in R&D. Plantronics' innovation and technology excellence are hard to match in terms of depth, scale, and functionality, especially in North America.

Frost & Sullivan competitive analysis confirms that as a result of its unwavering commitment to innovation and customer value, Plantronics is the undisputed market leader.

Criterion 4: Degree of Impact on Business and Society

Plantronics was founded in 1961 by two airline pilots to create a lightweight headset. Their product, the MS-50, was the first lightweight communications headset and the first to be used in space when Project Mercury astronaut Wally

Schirra donned it on his orbital mission in 1962. It was through a Plantronics headset that astronaut Neil Armstrong uttered his famous words when he stepped onto the Moon in 1969.

Over the years, Plantronics headsets have continually enhanced contact-center agent and knowledge-worker communications, delivering multiple productivity and personal health benefits to headset users. Improved employee performance and productivity enabled through the ergonomic, mobility, and multi-tasking benefits of Plantronics headsets, as well as multi-device and noise regulation-compliance considerations, provide businesses with a fast return on their investment. Plantronics headsets can also significantly accelerate the payback period for new communications infrastructures and applications. Furthermore, the Plantronics Enterprise Manager and apps help IT departments manage their mobile UC headset "fleet" more effectively.

In addition to enabling hands-free communications, Plantronics headsets improve ergonomics by enabling agents and enterprise workers to shift positions, to take the handset off of their shoulder and to maintain correct posture while talking on the phone. Furthermore, headsets allow users to sit or stand while in communications sessions, and to stretch during lengthy calls or between back-to-back calls. More natural and less restricted movement can improve circulation, reduce muscle stiffness, and deliver other health benefits that can result in an overall improved quality of life for headset users.

Continued innovation in headset design and functionality enables Plantronics to significantly impact technology trends, as well as broader business and social developments. Plantronics' increasing focus on software development and creation of partner communities and eco-systems will drive innovation in the headset market. It will help transform headsets into smarter and truly multi-functional devices that enhance productivity and deliver superior benefits to customers.

Criterion 5: Alignment with Mega Trends

Headsets enable connectivity and mobility as they facilitate communications between individuals, regardless of their environment. Thus, Frost & Sullivan firmly believes that Plantronics is well aligned with the Connectivity and Convergence and Mobility Mega Trends. Plantronics develops headsets that are used in contact centers and enterprises in fixed, mobile, and remote settings. The firm has designed them to help over-connected individuals become more productive by enabling them to multi-task and to manage inputs from multiple channels and modes through a single endpoint. The headsets are engineered for minimal interference and for user comfort, convenience, and safety. Plantronics headsets help employees carry out their tasks effectively and safely while mobile. They

support home and remote workers by enabling these employees to be as productive as their brick-and-mortar counterparts, while noise cancellation features attenuate annoying background sounds. These features give employers greater comfort in launching virtual-workplace programs that allow employees to work outside of traditional contact centers and offices.

Conclusion

The Global and North American economies are being shaped by several Mega Trends. The most powerful ones impacting the UCC and Customer-contact Markets are Connectivity and Convergence and Mobility.

Key to capitalizing on these Mega Trends is the ability to effectively communicate virtually, whether between organizations, between organizations and consumers, or between individuals. Another key factor is the ability to communicate across multiple channels.

Headsets have become a primary means of communication by enabling productive and safe interactions, with minimal disruption to others. New developments permit integration of text-based and voice channels in headset design. Context-awareness and Smart Sensor features integrated in newer headset models further enhance their value to end users.

With its focus on functionality, durability, and versatility, Plantronics excels in terms of visionary headset innovation and design. Exhaustive Frost & Sullivan research clearly shows that its headsets have become the standard in contact centers and increasingly in enterprises, for both landline and wireless communications. Plantronics has successfully aligned its product development roadmap with a number of Mega Trends and is therefore highly deserving of Frost & Sullivan's 2013 Visionary Innovation Leadership in the UCC and Customer-contact Markets.