

plantronics®

2018 Global Professional Headset
Company of the Year Award

F R O S T & S U L L I V A N

2018

BEST
PRACTICES
AWARD

GLOBAL PROFESSIONAL HEADSET
COMPANY OF THE YEAR AWARD

2018
BEST PRACTICES
AWARDS

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Background and Company Performance

Industry Challenges & Opportunities

Frost & Sullivan observes how the professional headset market has faced various trends affecting its growth rates and evolution over the years.

A key challenge faced by professional headset vendors has been the gradual decline of demand for RJ9 connectivity products — i.e., headsets that only connect to desktop phones. While Frost & Sullivan data shows that IP desktop phones are not going away anytime soon, with segments such as the open SIP phone market still growing at a double-digit rate in terms of shipment, the actual usage of desktop phone communications has been decreasing in favor of other types of hard and soft communications endpoints and interfaces. As newer modalities of communications and collaboration continue to proliferate in the office space, professional headset vendors are faced with the challenge/opportunity of evolving their product portfolios accordingly. Only those that offer a wide array of solutions that work across platforms and work styles will succeed.

Aside from the challenge behind RJ9 only products, another challenge faced by professional headset vendors has been the use of consumer-grade headset alternatives in the office space. Due to the continued impact of the consumerization of IT, bring-your-own-device (BYOD) trends, and the popularity of mobile Bluetooth products among younger generations of workers, consumer headsets have been penetrating the enterprise setting, negatively affecting the growth potential for enterprise-gear products. On the corded headset front, Frost & Sullivan independent analysis confirms that customer price sensitivity has considerably increased, compelling different businesses to search for lower-cost brands such as consumer-grade PC USB headsets for PC-based communications. On the mobile front, the growth of mobile unified communications and collaboration services is compelling businesses to look beyond the traditional professional headset brands when considering Bluetooth headset products.

Finally, professional headsets are going through a major evolution phase under the impact of important technology trends, such as open office spaces, Artificial Intelligence (AI), Internet of Things (IoT), augmented hearing, wearables/hearables, and data analytics. Newer business requirements, including software-as-a-service procurement, better office acoustics, increased smart sensor technologies, and advanced endpoint management, are all compelling professional headset vendors to continuously innovate in order to better adapt to emerging ways to work. Frost & Sullivan believes that those vendors that fail to do so stand to lose their competitive edge.

Enterprise communications endpoint vendors that promptly respond to evolving market trends and challenges with a solid and evolving product portfolio can best serve their customers.

Effective strategy development and execution foster closer, long-term relationships with existing customers due to appropriate, timely and innovative approaches, employment of superior resources, and greater adaptability to market change.

Visionary Innovation & Performance and Customer Impact

Frost & Sullivan is pleased to recognize Plantronics with the 2018 Global Company of the Year Award for its outstanding performance and its visionary innovation in the professional headset market. In 2017, Plantronics did not only continue to grow its professional headset business by upholding an undisputed market leadership of 52.0 percent in terms of professional headset revenue, but also took the market by storm by announcing a wide array of innovative products and services throughout the year, outpacing all of its major competitors and focusing on addressing all of the key challenges and opportunities facing the market. Last but not least, Plantronics recently asserted its growth aspirations with the acquisition of desktop audio and video communications leader Polycom, expanding its overall leadership position in the business communications and collaboration endpoints realms. Through formidable execution, Plantronics did not rest on its laurels within the last 16 months. Multiple factors have contributed to Plantronics's success in the space, including: addressing unmet needs; efficiently incorporating long-range, macro-level scenarios into its innovation strategy; achieving solid financial performance; leveraging strong brand equity; and providing superior customer ownership and service experiences.

Addressing Unmet Needs

Implementing a robust process to continuously unearth customers' unmet or under-served needs, and creating the products or solutions to address them effectively is one of the key areas where Plantronics thrives. Throughout the years, Plantronics, as the leading professional headset vendor, has demonstrated the ability to not only identify, prioritize, and pursue emerging growth opportunities, but also lead the market in terms of industry innovation. With more than 55 years of a solid track record and customer commitment, the firm invests nearly 10.0 percent of its revenues in research and development (R&D). With over 400 engineers and 800 patents, including 223 utility patents, Plantronics has been continuously expanding its portfolio to include new categories of products and services in order to address customers' unmet needs, most recently around office noise management and cloud-based audio device management. Within the last three and a half years, and with a clear vision of becoming one of the main enablers of next-generation digital transformation when it comes to business endpoints, Frost & Sullivan monitors how the company has been considerably investing in new growth areas beyond the traditional contact center and office headset space.

Plantronics' latest strategic initiatives in pursuit of untapped market needs include the following:

1. Developed an entirely new line of binaural stereo headsets with advanced active noise-cancelling technologies aimed to help office workers and those working in non-office environments avoid noise and stay in their concentration zone.
2. Launched a successful and continuously growing software-as-a-service offering under the Plantronics Manager Pro branding, allowing businesses to efficiently and proactively manage, monitor, and obtain rich analytical insights on their deployed business communications devices.
3. Announced a groundbreaking Habitat Soundscaping solution — an intelligent acoustic management service that introduces nature-inspired audio along with immersive visuals with the objective of transforming a distracting and dysfunctional open office design into a serene environment that enables business workers to focus without fatigue. Based on the science of biophilics, Habitat Soundscaping provides solitude in the midst of a noisy open office.
4. Expanded growth opportunities beyond its headset customer base with the acquisition of leading desktop audio and video communications and collaboration endpoints vendor Polycom. The deal provides Plantronics with immediate access to one of the broadest and most successful portfolios of business endpoints, rich capital and human assets, and a large installed base of customers to upsell and cross-sell with its professional headset products and services.
5. Announced the Plantronics Mobile Phone Station—built for the mobile-first user—adding a new category of desktop devices to meet the challenges of RJ-9 decline and transform the desktop into something more geared to consumers mobility needs. The Plantronics Mobile Phone Station will be optimized for the Microsoft Teams experience. Fostering innovation that solves customer needs will always be a top priority in Plantronics' product and services future roadmap, as the vendor remains committed to a strategy of "investing for growth".

Visionary Scenarios through Mega Trends

Visionary market leaders most effectively identify unmet customer needs and incorporate key market trends in their growth strategies. More specifically, their long-term success is determined by the ability to properly address mega trends.

In developing its communications portfolio, Plantronics has consistently identified and successfully bet on key Frost & Sullivan-identified mega trends, including: mobility; convergence; cloud; evolving office spaces; the growth of generation Y workers; IoT; the proliferation of wearable and hearable technologies; data analytics; and AI, among others.

The company is one of the few vendors that has considerably evolved and diversified its headset offerings, reshaping product form factors, features and capabilities; product delivery and provisioning; product management; and overall headset value proposition, taking into account how key mega trends change the business users' behavior, environments and communications needs.

Plantronics has successfully led in the market with the concept of "one professional headset does not fit all", continuously refreshing its portfolio and expanding customer choices of professional headsets.

Financial Performance

Plantronics' robust performance has granted it the well-deserved recognition as a leading best-of-breed professional headset manufacturer. Throughout its history, the company has displayed strong overall business performance in terms of revenue growth, operating margins, and other key financial metrics.

In its fiscal year (FY) 2018, Plantronics achieved record enterprise revenue, driven by continued growth in PC USB and unified communications headset products and overall strong execution. Furthermore, in FY 2018, the company met its profitability goals, reduced its operational expenses, and increased its total investment in innovation.

With a firm commitment to maintain a strong balance sheet, Plantronics' key long-term objectives are to stay on top of innovation, expand portfolio and market opportunities through the Polycom acquisition, improve product development, accelerate time to market, reduce costs, and transform as the market shifts from on-premises to in-the-cloud solutions.

Customer Ownership Experience

Frost & Sullivan views Plantronics' customer ownership experience as one of the best in the industry; with a plethora of business clients reporting that the company's professional headset solutions address both their unique needs and specific constraints. Case studies of satisfied customers within different vertical industries and environments abound with businesses praising Plantronics' products and services for enabling efficient communications and collaboration. Many customers describe Plantronics as consistent, innovative, and offering increased value in terms of productivity enablement. To keep its users happy throughout the lifetime of its products and services, Plantronics not only offers end-to-end product support and expert advice, but also provides various product incentives and promotions, including attractive product bundling, product-as-service provisioning, product and service discounts, and special promotional packages, thus enabling businesses to move forward with the deployment of newer endpoint technologies.

Post-acquisition, Plantronics can offer a one-stop shop for not only all types of professional headsets, but also a wide gamut of audio and video businesses communications endpoints, garnered through the Polycom acquisition.

Customer Service Experience

Plantronics' wide and differentiated product portfolio is complemented by a superior customer service experience. The company's Global Customer Care Charter is Plantronics' commitment to offer support and service excellence in all customer interactions with the organization. Plantronics service is tailored to support the modern workforce anywhere, anytime. Highly trained and certified Plantronics (not outsourced) professionals provide streamlined assistance throughout the entire purchase-to-payment cycle. Technical support is offered via telephone queue, over e-mail, via plantronics.com, as well as in-person in the field.

Another Plantronics customer service principle is to provide timely and convenient access to support representatives. Plantronics' internal surveys point to a 20 second average speed of answer (ASA) and 77.0 percent first-call resolution ratio. Another fundamental principle applied by the company has been to provide all kinds of online materials, including warranty information, training videos, enterprise deployment tools, downloadable manuals, compatibility guides, etc. to not only address the needs of the company's numerous customers, but to also educate them about the various options available. Plantronics reports that 93.0 percent of its customers agree that their support is superior, with 86.0 percent of customers being highly satisfied. Plantronics' customers highly appreciate the company's proactive approach, which helps address their needs and challenges effectively and in a timely manner.

Brand Strength

Plantronics is widely known as one of the leading brands in the business communications endpoints space. The professional headset vendor has always invested considerable time and resources to share its vision, direction, and overall strategy, gaining the trust and confidence of a large portion of business customers and partners around the world. Continued investment in marketing campaigns, joint efforts with technology partners and strong advertisement at the channel level have contributed to building brand mindshare, as well as helped increase awareness of and demand for professional headsets as an important enterprise communications endpoint.

With physical presence in approximately 30 countries, Plantronics ships its professional headsets to approximately 80 countries via an extensive network of channel partners, including specialty and technology distributors, systems integrators, value-added resellers, contract stationers, direct market resellers, telephony service providers, and telecom/unified communications vendors. For many channel partners and customers, Plantronics' brand is synonymous with high-quality products, innovative technologies, and

excellent customer support. Brand awareness among business users is unmatched within the industry, and purchasers order Plantronics by name. With the recent Polycom acquisition, Plantronics will further strengthen and expand its brand recognition beyond the headset realm to offer one of the largest portfolios of tabletop and on-the-go voice, conferencing and collaboration endpoints and services in the market.

Conclusion

Plantronics' unwavering commitment to addressing unmet customer needs, laser-sharp focus on key mega trends shaping the endpoints space, solid financial performance, differentiated and innovative portfolio, customer service excellence, and strong brand recognition are among the factors that have enabled the company to excel in this industry and stand out from the competition.

Aside from its solid market leadership in the professional headset space, the company has also gone a step further to expand its overall market opportunity and has gained a strong foothold in the broader business communications endpoints space through the recent Polycom acquisition.

With its strong overall performance, Plantronics has earned the 2018 Frost & Sullivan Global Company of the Year Award.

Significance of Company of the Year

To receive the Frost & Sullivan Company of the Year Award requires a market participant to demonstrate excellence in growth, innovation, and leadership. This kind of excellence typically translates into superior performance in three key areas: demand generation, brand development, and competitive positioning. These areas serve as the foundation of a company's future success and prepare it to deliver on the two criteria that define the Company of the Year Award (Visionary Innovation & Performance and Customer Impact).



Understanding Company of the Year

Demand, brand strength, and competitive differentiation all play a critical role in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on Visionary Innovation & Performance to enhance Customer Impact.

Key Benchmarking Criteria

For the Global Company of the Year Award, Frost & Sullivan analysts independently evaluated two key factors—Visionary Innovation & Performance and Customer Impact—according to the criteria identified below.

Visionary Innovation & Performance

Criterion 1: Addressing Unmet Needs

Requirement: Implementing a robust process to continuously unearth customers' unmet or under-served needs, and creating the products or solutions to address them effectively

Criterion 2: Visionary Scenarios through Mega Trends

Requirement: Incorporating long-range, macro-level scenarios into the innovation strategy, thereby enabling "first-to-market" growth opportunity solutions

Criterion 3: Implementation of Best Practices

Requirement: Best-in-class strategy implementation characterized by processes, tools, or activities that generate a consistent and repeatable level of success.

Criterion 4: Blue Ocean Strategy

Requirement: Strategic focus on creating a leadership position in a potentially "uncontested" market space, manifested by stiff barriers to entry for competitors

Criterion 5: Financial Performance

Requirement: Strong overall business performance in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience

Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify Award recipient candidates from around the globe	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates 	Matrix positioning of all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> • Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> • Share findings • Strengthen cases for candidate eligibility • Prioritize candidates 	Refined list of prioritized Award candidates
6 Conduct global industry review	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> • Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates 	Final list of eligible Award candidates, representing success stories worldwide
7 Perform quality check	Develop official Award consideration materials	<ul style="list-style-type: none"> • Perform final performance benchmarking activities • Write nominations • Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best-practice Award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select winner 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> • Present Award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance 	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 Take strategic action	Upon licensing, company able to share Award news with stakeholders and customers	<ul style="list-style-type: none"> • Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning 	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation, and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.