

Customer Value Enhancement Award Contact Center Systems North America, 2012

Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year 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 2012 North American Customer Value Enhancement Award in Contact Center Systems to SAP BCM.

Key Industry Challenges

Frost & Sullivan recognizes that one of the critical and longstanding challenges the contact center market has faced is the issue of application integration. Too often applications are in silos and closed off from one another. Indeed, one of the reasons Frost & Sullivan tracks six segments within the contact center systems market is that those segments emerged as adjacent silos at different times.

Over time, the "founding fathers" of the contact center, PBX communications vendors, created a new market with each new solution. For example, ACD, or what Frost & Sullivan refers to as Inbound Contact Routing (ICR), started as simple call distribution, and existed years before IVR, outbound dialers, call recording, etc. As additional products were rolled out, these early vendors undertook their own integrations so that calls and information flowed between each segment. Eventually however, many of these vendors focused on just one product area. For instance, there used to be dozens of standalone IVR and call recording companies that grew up as alternatives to PBX vendors' IVR offerings. By focusing on just one or two segments, these vendors often provided more fully-featured and cost-effective options for customers. These standalone vendors would then be responsible for pursuing product integrations between their solutions and the incumbent PBX, and later, standalone ACD vendors.

Making the market more complex was the rapid addition of new contact channels, vertical market packages, and line-of-business software to help run the back office and keep track of customer and prospect data. Customer Relationship Management (CRM) software also became a market unto itself. As with other segments, some vendors created their own software to integrate with contact centers, while standalone vendors for these products also sprang up.

Despite the establishment of industry standards, the challenge of integration remained a constant throughout, with varying degrees of features and functionality available to separate vendors. Ultimately, there was a cost associated with integrating disparate platforms and applications.

Impact of Customer Value Enhancement Award on Key Stakeholders

The Company of the Year Award is a prestigious recognition of SAP's accomplishments in the Contact Center Systems market. Unbiased, third-party recognition enhances brand value and can help accelerate SAP's growth. As captured in Chart 1 below, by researching, ranking, and recognizing those companies that deliver excellence and best practices in their respective endeavors, Frost & Sullivan hopes to inspire, influence, and impact three specific constituencies:

- **Investors**

Investors and shareholders always welcome unbiased and impartial third-party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy of investment.

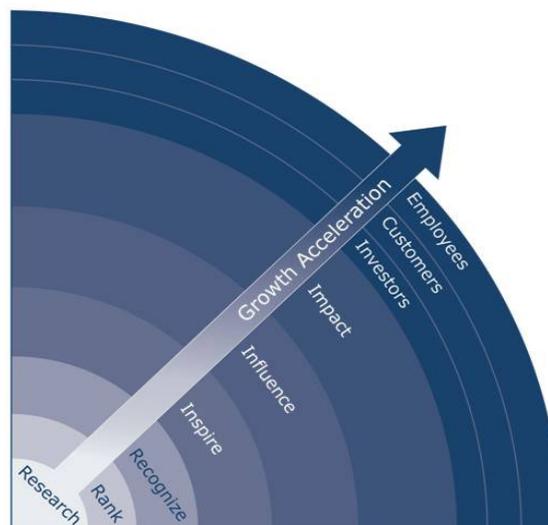
- **Customers**

Third-party industry recognition has been proven to be the most effective way to assure customers that they are partnering with an organization that is leading in its field.

- **Employees**

This Award represents the creativity and dedication of SAP BCM's executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of a strong competitive position for SAP.

Chart 1: Best Practices Leverage for Growth Acceleration



Best Practice Award Analysis for SAP Business Communications Management (SAP BCM)

The Frost & Sullivan Award for Customer Value Enhancement is presented each year to the company that has demonstrated excellence in implementing strategies that proactively create value for its customers with a focus on improving the return on the investment that customers make in its services or products. This award recognizes the company's superior focus on enhancing the value that its customers receive, beyond simply good customer service, leading to improved customer retention and ultimately customer base expansion.

SAP BCM's Performance in Contact Center Systems

With growth of 30% a year, by 2011, SAP BCM was able to move up into the named vendor category in market share. With its large installed base of enterprise software customers and partner ecosystem, Frost & Sullivan expects SAP to continue this momentum for the foreseeable future.

Key Success Factors for SAP BCM

Factor 1: Broad Product Portfolio

SAP Business Communications Management (SAP BCM) is an all-in-one communications solution that includes a broad set of applications, including: multi-channel contact center solutions; enterprise communication and collaboration functionality; directory and presence services; IVR; voicemail; call recording; real-time monitoring; and reporting and quality analysis tools. BCM allows unified routing, handling, monitoring, and reporting of all customer contacts including voice, chat, e-mail, web, voicemail, fax, and SMS. Since SAP BCM includes call switching, third-party PBX or ACD systems are not required.

Frost & Sullivan's competitive benchmarking confirms that whereas few competitors in the market can claim to have all-in-one functionality, the value that SAP provides is in the integration of the contact center and communications functionality with the broader business software that SAP has been traditionally known for. Among these are SAP CRM, SAP ERP, and SAP "BusinessByDesign" solutions.

Factor 2: Application Integration and Business Process Automation

SAP BCM is natively integrated with SAP CRM, SAP ERP, and SAP BusinessByDesign solutions. There are no additional software or hardware components required. This integration allows existing SAP enterprise software customers that often have a long-term investment in their business process software to immediately see value through a SAP BCM deployment.

SAP BCM provides SAP customers with maximum interoperability, and because it's pre-integrated, a lower total cost of ownership (TCO). This integration maximizes business

process optimization and enables employees inside and outside the contact center with the same features. The enabling of communication processes outside the contact center and within the contact center is available immediately with SAP BCM.

Value is therefore provided to customers through end-to-end communication, collaboration, and business process automation, all without the complexity of different vendors' systems. Being able to combine CRM and other business data with the communication structure allows agents to manage business processes more effectively in real-time, and increase accuracy in those business processes.

So whereas the competition is doing integrations with SAP software, SAP has end-to-end communications with native integration to SAP business software. This integration is available to SAP customers without any additional licensing costs, making it a cost-effective solution for SAP customers.

Factor 3: Cost Reduction

SAP provides added value to customers by reducing the total cost of ownership (TCO) of their contact center deployments. In a recent Frost & Sullivan research reveals that "SAP BCM customers utilizing SAP CRM can save, on average, 25-30 percent in costs over three to five years compared to other competing solutions, with greater savings seen in larger and more distributed contact centers. Product license costs are roughly comparable for smaller centers but are priced more competitively for larger, more complex configurations".

The reasons behind these savings are the elimination of the complexity and cost of supporting, maintaining, and integrating different communications systems with contact center and business application software. Instead, SAP offers an elegant alternative in the form of an all software-based integrated communications and business process system.

Factor 4: Support of Multiple Deployment Options

One of the additional success factors for SAP is that the company provides multiple, flexible deployment options for customers. Whereas BCM can be sold as a premise-based solution, SAP also offers hosted and hybrid deployment models that have had significant success for the company. These alternative models include support for public cloud, premises-based private cloud, and hosted private cloud, as well as a number of SaaS applications, platform (PaaS) products, and integration middleware.

SAP BCM scales from 10 users to 10,000 users, with typical on-premise deployments in the 100–1,000 contact center agent range, and their hosted on-demand deployments between 10 agents to 10,000 agents per virtual customer environment. Due to its all-software and all-IP based product nature, SAP BCM is strongest in virtual contact center environments where contact center agents are physically distributed to multiple sites or

regions, but are managed, monitored, and reported as one operation. Frost & Sullivan finds that this provides SAP customers with flexibility in designing or adding onto their contact center operations.

In addition, as a customer value-add option, SAP has a SAP BCM “Rapid Deployment Solution”. The goal is to deploy predefined contact center functionality within five weeks at fixed deployment cost for customer production use for agents and supervisors that work in a contact center, handling voice interactions. This includes an optional integration with the SAP CRM solution, which enables a contact center to be up and running quickly.

Conclusion

As one of the biggest and more established enterprise software vendors in the industry, it is no surprise that SAP has developed communication, collaboration, and contact center capabilities that compete with the very vendors that sought to integrate their offerings with SAP. Today, SAP saves their customers both time and money by providing them with superior out-of-the-box integration with SAP solutions at no additional cost. With multiple deployment options, including rapid deployment, SAP solutions are low cost and high value. As such, Frost & Sullivan is very pleased to present SAP with the 2012 North America Customer Value Enhancement Award in Contact Center Systems, recognizing the company’s breadth and depth of solution offerings and demonstrated excellence in adding business value for its customers.

The CEO 360-Degree Perspective™ - Visionary Platform for Growth Strategies

The CEO 360-Degree Perspective™ model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The CEO 360-Degree Perspective™ is also a “must-have” requirement for the identification and analysis of best-practice performance by industry leaders.

The CEO 360-Degree Perspective™ model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies’ growth strategies. As illustrated in Chart 5 below, the following six-step process outlines how our researchers and consultants embed the CEO 360-Degree Perspective™ into their analyses and recommendations.

Chart 2: CEO's 360-Degree Perspective™ Model



Critical Importance of TEAM Research

Frost & Sullivan’s TEAM 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 seven of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Chart 3: Benchmarking Performance with TEAM Research

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 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.