



Mobile Enterprise of the Future



***SURVEY OF IT LEADERS IN THE
USA AND UK
CONDUCTED BY COHEN
RESEARCH GROUP®***

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Introduction

Mobile Network Operators (MNOs) are positioned to garner significant revenue and profit from the rapidly growing mobile business market — if they move quickly. The revenue and profit opportunities are being noticed by non-traditional communications providers like Google and Microsoft, who we believe will quickly grab any slice of the market that MNOs do not secure first.

Enterprises are moving quickly to leverage the power of mobile technology. Laptops, smartphones and tablets provide executives, managers and workers the ability to communicate on the road nearly as easily as they can in the office. In our view, the last few remaining hurdles to clear are more widely available broadband communications, which carriers are racing to provide, and a seamless system to manage all communications without the need to change platforms or devices.

The number of mobile workers continues to increase on a daily basis, as does their need for more advanced and comprehensive communication services. Mobile workers want communications systems that provide video calling and conferencing, web conferencing and corporate directory, in addition to voicemail, instant messaging and unified messaging.

There is a growing trend to Bring Your Own Device (BOYD), leading to a divergence of devices within the same organization. Similarly, individuals may have a preferred device for a particular environment, such as a laptop for off-site meetings and a smartphone for field work. They want synchronized multifunctional capabilities for each. So the opportunity is evident. But any time such an attractive opportunity exists, competitors see the potential profits, meaning a fast-shutting window of opportunity.

Right now, MNOs have the advantage because they have complete control over the network, so the quality of their services is superior to the quality offered by over-the-top voice providers. Yet non-traditional competitors, including Google, Microsoft and Apple, are exploring these opportunities and are the first providers that come to mind among many business owners as the most likely providers of these services. There is strong evidence that the companies that enter these markets first will be the ones to capture these profitable ancillary businesses, leaving laggards scraping for tiny leftovers.

The potential market has been growing for a while. The rapid expansion of broadband and the growth of smart mobile devices makes 2012 a critical year for those that want to gain this additional business, which we believe, not only provides additional revenues and profits, but may also reduce customer churn.

Growth of the business mobile market

Enterprises are discovering that their own uses of mobile devices continue to grow as increasingly available broadband, the advanced capability of devices and applications and the need and expectation by employees to have the same communications capability in the field — as well as the office — grow along with the mobile workforce.

A 2011 BroadSoft Survey, conducted by Cohen Research Group, gathered insight from 200 U.S. and 200 UK IT decision makers (CXOs, VPs, Directors) at enterprises of all sizes. The results revealed that 60% percent of the firms surveyed said at least one-quarter of their workforce is mobile, and 44% have at least one-quarter operating solely using a mobile phone.

In addition to their proliferation “out in the field,” mobile devices are becoming an increasingly mission critical factor in the office as well. Seventy-three% of respondents in the BroadSoft/Cohen Research study expect mobile devices to replace office phones, with 60% expecting the transition to happen in the next five years.

Everyone wants a broad array of unified communications services, not just voice, to stay connected using the communication service they prefer, from video, to text messaging to instant messaging. The more of these services a user can obtain from a provider, the less likely he is to take his business to a competitor. The BroadSoft/Cohen survey showed 62% of IT leaders are expanding their enterprises’ unified communications capabilities. Video conferencing is the top unified communications service that firms are looking to support on mobile devices. Other top UC services they cited were:

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| • Instant messaging | 44% |
| • Single voice mail | 41% |
| • Video calling | 40% |
| • Web/group collaboration | 35% |
| • Extension dialing | 31% |
| • Corporate directory | 27% |
| • Presence management | 24% |

MNO opportunity

Enterprises believe that MNOs are well positioned to meet their needs, as mobile communications becomes more ingrained as a mission critical communications channel. But Google, Apple and other non-traditional competitors are seen as viable alternatives, particularly if they can provide the services that the enterprise wants today.

Given their historical background in providing voice communications, MNOs are “top of mind” for providing voice-related services and should seek to provide every communication service accessible on a mobile device. They should not surrender any single service to another provider. If a customer switches to a competitor for one of these services — and the service is adequate or better — he may not switch back when the MNO offers the same service.

Based on BroadSoft/Cohen survey, we believe customers will look first to the MNOs to provide these services, an opportunity that should not be squandered. Respondents in the BroadSoft/Cohen survey expected MNOs to deliver the following services more than the competition:

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| • Single voice mail | 47% |
| • Instant messaging | 46% |
| • Video calling | 43% |
| • Unified messaging, voice mail and e-mail integration | 43% |
| • Extension dialing | 42% |
| • Video conferencing | 38% |

Increasing availability of bandwidth will open up the market for all players, meaning that MNOs will need to innovate more quickly, moving product development to months from years to stay ahead of the competition. MNOs can quickly deploy additional products and services by leveraging the power of the cloud, which enables low-cost development and faster distribution of new communications services.

Proliferation of mobile broadband

The growth of broadband availability and evolution of underlying applications are the driving market forces providing forward-thinking MNOs the chance to build market share now before competitors seize the opportunity.

Mobile broadband capabilities are growing as carriers add capacity through the build-out of their LTE platforms. As 4G changes the market environment from a scarcity of broadband to an abundance of broadband, MNOs will be able to provide more integrated and more advanced services. Rather than attempting to control usage of a scarce resource through pricing, MNOs will be able to focus on delivering a differentiated level of high bandwidth services, including Web and video calling and conferencing, and instant messaging and presence and other enriched features, all on a unified communications platform.

Cloud based service adoption by enterprises

The cloud offers the unifying force that enables a MNO to provide a consistent experience to end-users. Enterprises want more and more of their business applications delivered from a “cloud”; they do not want to hire specialized individuals to manage something that is not core to their business.

Cloud-based services had been slow to gain traction due to concerns over security, but increasingly experts recognize that cloud service providers have more security resources, including technical experts, to draw upon than do single companies. The lower cost of developing cloud services enables companies to develop a wider array of

applications with more robust capabilities. Many multi-tenant applications include open APIs that enable enterprises to customize and integrate the services into their operating environments.

The cloud also enables companies to quickly deliver services to users. BroadSoft/Cohen Research survey respondents believe that their mobile service provider could deliver a complete set of integrated unified communications services, but they also cite Microsoft (26%), Google (24%), land line providers (17%) and IBM (9%) as entities that could do so as well.

Smart mobile device growth

Some estimates assume that by 2020 there will be 50 billion connected devices, running the gamut from desktop computers, laptops, smartphones and tablets, set top boxes, consumer electronics, office phones, cars, home automation and devices that are not yet envisioned. They will use open operating systems like iOS and Android.

The once ubiquitous BlackBerry platform is still the most likely to be supported by companies, with 51% of firms surveyed supporting this platform, according to the BroadSoft/Cohen survey. The BlackBerry is rapidly losing support among smaller firms, with only one-quarter of companies with 100 or fewer employees supporting it. Other supported platforms included iPhone (40%), Android (31%), basic mobile phone and tablet (30% each). It is important to note that the most popular non-BlackBerry platforms debuted within the last five years, showing how quickly the market evolves.

Mobile devices continue to grab a larger share of this connected market as users demand the ability to connect anytime, anywhere.

Unified Communications

Unified communications is essential to efficient, corporate-wide communications due to the wide variety of mobile devices in the workplace today. The divergence of devices will continue to grow as manufacturers seek to outdo one another with functionality, design and style. With the growing need for multi-functional communication capabilities and multi-device support from the enterprise, users will seek out the first workable solution, be it from an MNO, Apple, Google or another firm.

To capitalize on this opportunity, MNOs must be able to provide services across a wide range of devices. Today most users are using different devices at different times to communicate, depending on their environment. They want to use their laptops, smartphones, tablets and other connected devices interchangeably.

To integrate the growing variety of devices and expanding communication options, such as video conferencing, instant messaging, video calling, unified messaging and Web/group conferencing, businesses are seeking a single service provider to tightly integrate a variety of unified communications that are accessible with a consistent user experience across all of their communication devices.

For example, if they delete an e-mail or change contact information in an address book, they want that information reflected across all devices. They do not want one address book on a smartphone, another on a laptop and another on the desktop, each of which needs to be updated every time a change is made. Users want to make any changes, additions or deletions one time and have that action reflected on each of their devices. End-users also want applications to have the same look and feel regardless of whether the customer is using an iPhone, Android-supported phone, desktop, laptop or tablet computer.

Synchronizing within a single cloud-based account enables the seamless integration for all data and conversations, and enables them to be accessible on any device. For example, if a user sends a text message from his or her mobile phone, that history will appear on his or her laptop application upon log in. If a user deletes an e-mail on any device — it is automatically deleted from the server. Similarly, text messages can be sent from a laptop. All of the messages synch to the user's other devices in real-time.

MNOs can deliver these capabilities to their customers immediately by employing a cloud-based platform that delivers a consistent, intuitive experience to end-users. When comprehensive service applications are accessible from a single application on users' mobile devices, communication services are seamlessly integrated across multiple devices and networks and can be customized to meet the specific service offerings needed by business customers.

Conclusion

Users are expecting to be able to communicate, using the specific communication service they want, from anywhere, on any device. Mobile communications is becoming mission critical for enterprises as workers and management seek to be as productive in remote locations as they are in the office. The choice of devices for mobile communications continues to grow as well, enabling end-users to choose the device that is the best for the environment of the moment, such as a smartphone when traveling or a laptop when at a remote facility for an extended time.

End-users want the flexibility to use their device of choice for a full complement of communications services, from video conferencing to instant messaging. They want to be able to send a text message from a laptop or collaborate with co-workers on the Web via a tablet.

The growing availability of broadband combined with the preference customers have for mobile operators for voice-related communications places MNOs in a prime position to capitalize on the demand for unified communications. However, the opportunity is fleeting, so MNOs need to move quickly to provide the full set of enhanced communications services that customers are demanding. The window for providing these services before others is narrow and is closing quickly. The Googles of the world and other traditional and non-traditional competitors are seeking to benefit from the same opportunities.

About BroadSoft

Headquartered in Gaithersburg, Maryland, BroadSoft is the leading global provider of software that enables mobile, fixed-line, and cable service providers to deliver real-time communications over their IP networks. The Company's software, BroadWorks®, and its BroadCloud™ and BroadTouch™ solutions enable service providers to provide enterprises and consumers with a range of cloud-based, or hosted, IP multimedia communications, such as hosted IP private branch exchanges, video calling, unified communications, collaboration and converged mobile and fixed-line services.

The Company has customers in over 75 countries and employees in 21 countries. BroadSoft serves more than 450 service providers globally, including 16 of the top 25 largest providers as measured by revenue.