

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

FROST & SULLIVAN BEST PRACTICES AWARD

BUSINESS COMMUNICATIONS SOLUTIONS
NORTH AMERICA

New Product Innovation 2019



FROST & SULLIVAN

2019

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Background and Company Performance

Industry Challenges

Digital transformation is fundamentally changing the way society lives, communicates, conducts business, and interacts. Moreover, the proliferation of next-generation networks and mobile devices has led to a dramatically more diverse set of consumer communication exchanges (beyond simply voice), including text, data, photos, and video. In this environment, Frost & Sullivan points out that evolving consumer behaviors, driven by technology innovation, has created a variety of unique challenges for the small to mid-sized business (SMB) market.

Millennials, in particular, are driving changing communication patterns and reshaping traditional commerce to align with a more digital-focused interface centered on the smartphone. With a population of approximately 75 million in the United States (US), Millennials represent the largest generation since the Baby Boomers and are re-shaping traditional communications norms. Millennials differ from previous generations in many ways, including a general increase in the use of and familiarity with mobile communications and digital technologies. The associated growth in new forms of communication exchanges is ushering in an array of new requirements and opportunities for the SMB segment.

Frost & Sullivan's own research indicates that nearly 90% of the US population owned a smartphone in 2019; this metric is expected to surpass 95% by 2022. Moreover, the average smartphone user now consumes over five gigabytes of cellular data per month. This usage volume is expected to triple over the next five years. Interestingly, smartphone users now dedicate approximately 90% of their mobile usage time to non-voice activities.¹ In this context, smartphones are increasingly driving digital commercial exchanges and interactions through online and mobile channels, which can create unique challenges for SMBs - especially without the information technology resources and back-end support to adapt.

In the increasingly connected commerce environment, customers across industries are looking for and expecting faster and more efficient avenues to place orders, acquire information, and interact with businesses. Enterprise systems are increasingly embracing artificial intelligence (AI)-informed processes to cut out manual operations and boost productivity. Such enterprise-grade robot process automation applications capture and interpret inputs to trigger programmed responses, communicate with other enterprise systems, or manipulate data. Frost & Sullivan notes that these are generally worthwhile for high volume use cases to engage with customers or prompt organizational actions; however, smaller businesses are often simply unable to achieve the total cost of ownership benefits and savings recognized by larger enterprises.

As traditional communication norms and behaviors have reshaped, SMBs have been challenged to cater to these new consumer needs. Costs and scale required to implement AI-enabled processes for omnichannel customer interaction and back-end operations often

¹ Frost & Sullivan Mobile and Wireless Research Group.

constrain SMBs. While AI chatbots are highly scalable and help enterprises address incoming queries on websites and smartphone applications (apps), SMBs frequently remain reliant on 'one to one' customer voice interactions.²

As such, small businesses that primarily rely on voice interactions are more likely to receive complaints from customers because of busy signals, missed calls, or time wasted on hold. These frustrations may also result in lost sales opportunities and diminished customer loyalty. Businesses with repeatable and transcribable processes, such as appointment booking and order taking, are stuck between the friction of devoting employees to phone and customer care at the expense of other core responsibilities. In addition, phone orders from vendors are more open to errors. Voice messages, in particular, may be incomplete or inaudible — translating into errors and extra time spent returning calls and reconciling orders. All of this takes time - while the 'new age customer' expects instant service and will often look towards an alternative storefront, restaurant, or vendor if there is inefficiency with the existing service.

Business owners report to Frost & Sullivan that they are always seeking newer tools to streamline workflows and expand their addressable market - without taking away resources from the primary tasks at hand. SMBs are looking for evolving and innovative technologies to meet evolving consumer expectations. Frost & Sullivan believes that solutions providers must make offerings simple to implement (or entirely pre-packaged), cloud-based, fully managed, scalable, and available at economical price points. Solutions must demonstrate a tangible return on investment, quickly and clearly to the price-sensitive SMB segment. SMBs indicate that business efficiency and employee productivity are consistently the top reasons for software purchases. Interestingly, wireless carriers and major corporate software vendors are SMB's preferred partners (according to Frost & Sullivan SMB surveys).³

Customer care 'bots' are becoming commonplace in e-commerce, ranging from basic responses in apps to fully conversational with improvisation intelligence embedded into apps and integrated with back-end databases. Infusing these solutions includes risks and must remain tied to key tasks and training functions that improve usability and boost a business's productivity and revenue. AI-infused customer engagement solutions should ideally have a clear purpose in relation to the customer journey. Rather than appearing across channels, these solutions need appropriate placement and defined function in the organization and an unobstructed path to adding a human touch — imbuing the empathy, judgments, and creativity needed in certain situations.⁴

² *Cognitive Process Automation: AI Enabling Next Generation RPA Applications: How Cognitive Automation is Shaping the Future of Businesses Globally*, (Frost & Sullivan, June 2019).

³ *Mobile Workforce Apps in North America: Selling Worker Mobility Solutions to Very Small, Small, and Mid-Sized Businesses*, (Frost & Sullivan, October 2017).

⁴ *Botmania Part 1 – AI in Customer Care is a Matter of Infusing, not Confusing*, (Frost & Sullivan, October 2017).; and *Botmania Part 2 – Putting AI in its Place with Real-world Use Cases*, (Frost & Sullivan, January 2018).

New Product Attributes and Customer Impact

Frost & Sullivan applauds the way that Sprint has truly distinguished itself by recognizing the needs and concerns of businesses embracing digital transformation, supporting them with innovative solutions to keep pace with evolving consumer demands. **Sprint®** Smart Messaging delivers the power of enterprise-grade AI-powered assistance for storefronts, restaurants, and businesses of all sizes.

Innovation for an Underserved Market

The Sprint Smart Messaging solution helps small and medium businesses handle the challenges of digital transformation. While large retailers and chains are pushing customers to use loyalty applications, SMBs often cannot marshal the infrastructure to develop and fully manage an exclusive app. With the unique text capabilities of Smart Messaging, businesses are realizing immediate benefits from an “always-on” automated assistant (e.g., 100% rescued calls 24/7) that has proven to increase customer satisfaction and boost employee productivity.

Broadly applicable across a range of main street businesses, Smart Messaging expands capabilities and functions with an AI engine to respond to customer calls and questions via text messaging. From the business’s existing phone number, Smart Messaging picks up when small businesses

A Toolbox of Features for Direct Customer



Source: Sprint

cannot answer the phone. Customers need not install another app on their phone; SMS text messaging is all they need. Frost & Sullivan points out that no other carrier is currently supporting the SMB segment with this level of enterprise-grade customer engagement AI, porting over text capability directly from the business’s existing phone line regardless of the service provider. Smart Messaging nicely streamlines communication for frequently asked questions, provides a secure ordering mechanism, and enables integrations with existing back-end systems.

Driving Efficiency and Boosting Revenue

Acutely aware of the universal popularity and use of text messaging, Sprint leverages AI to engage with customers and free up employees for core job functions—boosting efficiency and ensuring that each potential sale is individually cared for and engaged. Smart Messaging addresses customer questions automatically and enables the business to send SMS texts back to customers directly. Moreover, an application interface can notify the business owner or predefined personnel of associated inquiries, orders, or sales opportunities. Business users can also gain insights from rolling analytics reports on the data and usage of their Smart Messaging deployment.

Robust Feature Set for Professional Customer Engagement

Smart Messaging rescues unanswered customer calls with an offer to convert to text, i.e., if callers leave a voicemail the system transcribes the message and transmits it to the business owner (or designated employee) to read, callback, or send a follow-up text.

Text Directly Back to Customers through the Business Phone Line



Example:
*“This is Laura's Coffee.
 Do you have a question
 or need something?”*

Source: Sprint

Business owners or designated employees have an application interface (iOS and Android) to direct responses via their smartphones, tablets, or computers. Each designated user carries an individual access account, and a simple administration interface manages account permissions, logins, and roles. For multiple phone lines or multiple storefronts, Smart

Messaging is extendable to meet any number of combinations for shared or location-specific messaging inboxes. Businesses can embed a “Text Us” button to their website, directing customers to text directly; linking the business Facebook account, customers can send and receive messages in Facebook Messenger just as a regular call or text. Smart Messaging can even deliver seamless translations—automatically sending and receiving messages to and from customers and businesses in their preferred language.

The Numa AI

Numa AI, the AI-powered assistant, developed by Oakland California’s NumberAI, is the engine answering customer questions and taking orders—automating repeatable tasks. Built to handle commerce via text conversation, Numa AI answers common questions and takes orders. The AI provides answers to frequently asked questions, scrapes the Internet for relevant context, and learns over time the business’s preferred answers. When Numa AI cannot provide an answer, it escalates the question to the human user and learns the best responses for future reference. Numa AI helps businesses personalize responses to customers—at scale—for each individual based on past touchpoints.

Integrations with the Back-end and Layering Services

Smart Messaging equips SMBs with functions similar to a toolbox of larger and more expensive customer engagement channels. For example, Smart Messaging offers the shorthand “EatMoji”, that streamlines order taking and tracking for new and repeat orders. The business receives the order ticket and sends back an estimated time of arrival, tipping options, and text clarifications. Repeat customers simply send an emoji to the business for an easy repeat of their frequently ordered items. Eatmoji makes one message ordering easy for restaurants or any business with ordering and tracking.

Eatmoji has the ability to integrate with a businesses’ existing back-end systems.

Eatmoji can integrate with the business’ Square point of sale service, keeping relevant credit card details on file. For example, a user can simply text “I’ll have the usual” and Smart Messaging organizes the order and runs the sale.

Smart Messaging complements Sprint’s smart communications portfolio dedicated to driving value for SMBs. By focusing on services with quick development cycles, Frost & Sullivan applauds the way that Sprint is properly addressing the communications needs of enterprises that demand more efficient and economical software-based solutions. Smart Messaging can layer in bundled Sprint services such as Business Multiline for separating personal and business phone service on a single device, and Intelligent Virtual Office for cloud-based phone service with unified communications features designed for small businesses.

Eatmoji for Automated Orders



Source: Sprint

Conclusion

Small and medium-sized businesses and storefronts have been challenged to address the needs of rapidly changing customer requirements. Rather than resisting or ignoring the evolution of consumer behaviors ignited by digital transformation, Sprint is enabling these businesses to embrace innovation to deliver solutions that can engage customers and capture growth opportunities that Smart Messaging empowers businesses. This solution provides a 24/7 artificial intelligence assistant to respond to missed calls, field questions and take orders, and enables customers to interact with businesses uniquely using non-traditional forms of communications.

Frost & Sullivan believes that Sprint Smart Messaging will improve business efficiency, lead to higher customer satisfaction levels, increase onsite visits, and enhance brand equity for businesses. Delivering innovation to an underserved market to keep pace with digital consumer trends, Sprint earns the 2019 Frost & Sullivan New Product Innovation Award.

Significance of New Product Innovation

Ultimately, growth in any organization depends upon continually introducing new products to the market and successfully commercializing those products. For these dual goals to occur, a company must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding New Product Innovation

Innovation is about finding a productive outlet for creativity—for consistently translating ideas into high-quality products that have a profound impact on the customer.

Key Benchmarking Criteria

For the New Product Innovation Award, Frost & Sullivan analysts independently evaluated two key factors—New Product Attributes and Customer Impact—according to the criteria identified below.

New Product Attributes

Criterion 1: Match to Needs

Requirement: Customer needs directly influence and inspire the product's design and positioning.

Criterion 2: Reliability

Requirement: The product consistently meets or exceeds customer expectations for consistent performance during its entire life cycle.

Criterion 3: Quality

Requirement: Product offers best-in-class quality, with a full complement of features and functionalities.

Criterion 4: Positioning

Requirement: The product serves a unique, unmet need that competitors cannot easily replicate.

Criterion 5: Design

Requirement: The product features an innovative design, enhancing both visual appeal and ease of use.

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. The reputation and integrity of the Awards are based on close adherence to this process.

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 recipient 	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 is 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>.