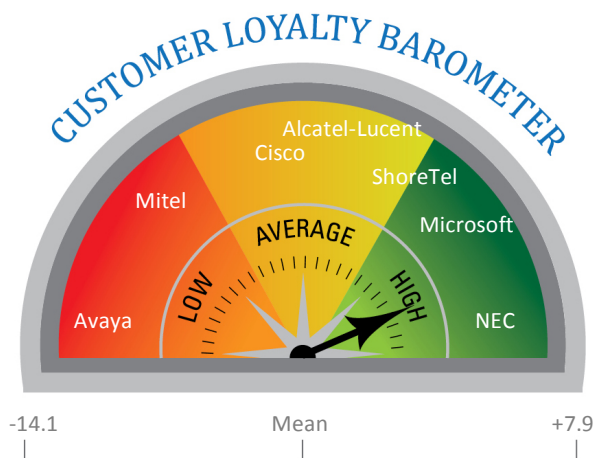


IP Telephony: IP Telephony technologies enable the use of data networks for carrying voice communications. Major trends in the IP telephony space include increased cloud offerings, enhanced mobile support, and increased ability to interface with external applications.



What Defines Customer Loyalty?

Nemertes asked IT decision-makers if they planned to stay with their provider for the next two years. We then calculated the mean percentage of companies planning to stay with their provider, and compared vendors against one another and against the mean. NEC has the top customer loyalty among midmarket IT professionals, underscoring the upside of its high customer-service score.

- High:** These providers have a relatively high percentage of organizations planning to stay with them for two years, and a low percentage planning to leave or are unsure.
- Average:** These providers align with the mean and have an average percentage of customers planning to stay and an average percentage planning to leave or are unsure.
- Low:** These providers have a relatively low percentage of customers planning to stay, and a high percentage planning to leave.

NEC Ranks Highest in Customer Service, Technology, Trusted Advisor Skills

Midmarket IT professionals rate NEC highest among IP telephony providers in customer service, technology, and the ability to serve as their trusted advisor in this year's 2014 PilotHouse research.

The trifecta of top scores lead to the coveted spot on the Customer Loyalty Barometer. (Please see description, left.) Midmarket IT professionals are comfortably set with NEC, with the lowest percentage of customers planning to switch providers over the next two years. "They understand our environment," says the CIO of a university.

IT professionals rated their providers on technology, value, customer service, and trusted-advisor skills, answering 20 questions under each of those metrics. NEC's high customer-service rating was driven by its highest score in break-fix responsiveness, as well as accuracy and timeliness of invoices. Though not directly contributing to its customer-service score, NEC scored well in VAR performance, with the highest scores among all midmarket IP telephony ratings for "VAR functions as an extension of the vendor."

Making it easier for NEC to serve its customers is solid technology, according to IT professionals. NEC's highest-scoring technology metric was product reliability. "NEC's best asset is its performance," says the IT director of a financial-services company.

NEC also received highest scores in its ability to serve as a trusted advisor, with the best ratings in expertise and credibility. That expertise manifests in "innovative products," says the IT director of another financial-services firm.

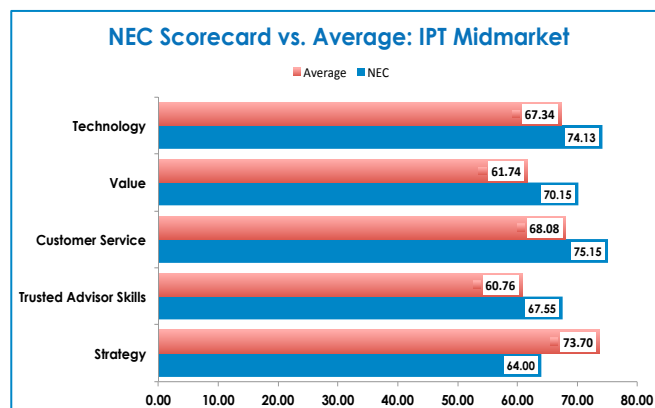
PILOTHOUSE METHODOLOGY

Nemertes conducted a research study in the spring of 2014 with 500 IT decision-makers and influencers. We asked them to identify their primary providers in the following technology areas: IP telephony, integrated unified communications, video conferencing, document collaboration, and social software.

We asked research participants if they planned to stay with their providers for the next two years. (Please see Customer Loyalty Barometer, page 1). We also asked them to rate the relative importance in their vendor selections of each scorecard area. (Please see scorecard, right). In addition, they rated their providers on a 1-to-10 scale on 20 questions regarding technology, value, customer service, and ability to serve as a trusted advisor. We also asked them to identify value added resellers they use (if applicable), and to rate those providers. Research participants provided open-ended comments about what they liked most and least about each provider.

In addition to the participant ratings, Nemertes also included two assessments: Provider strategy and financial viability. In each technology area, Nemertes identified key features, functions, and practices, then assessed each provider's strategy and roadmap against those criteria. We see financial viability as a key concern when making a provider selection. To judge it, we relied on Standard & Poor's long-term debt rating and other metrics; we included an alert in the analysis for any vendor S&P rates D or below.

To generate each vendor's final score, we combined the weightings and ratings provided by IT leaders, a measure of variation in the ratings to reward those with very consistent scores, and our score of provider strategy. We segmented the results by midmarket (<2,500 employees) and enterprise (2,500+ employees), to provide a ranking of providers.



The Scorecard

In all metrics rated by customers, including technology, value, customer service, and trusted-advisor skills, NEC scores higher than the average. Nemertes uses an algorithm to calculate the overall score (see Methodology, left). Details of the ratings metrics are as follows:

- **Technology:** Includes product features, reliability, interoperability, management capabilities, and technology roadmap.
- **Value:** Includes clarity of pricing structure, licensing flexibility, actual cost, and value (ie, bang for the buck).
- **Customer Service:** Covers pre- and post-sales responsiveness, break-fix responsiveness, accuracy and timeliness of invoices.
- **Trusted Advisor Skills:** Includes provider's ability to be a trusted advisor, rating expertise, credibility, enlightenment, character, and contact management.
- **Strategy & Roadmap:** Nemertes analysis on core attributes of provider's overall technology strategy and roadmap.

Selection Criteria for Those Considering This Technology:

- **Cloud and On-Premise Offerings:** Evaluates whether the vendor offers the solution on-premises, through a hosted/managed model, and/or Software as a Service (SaaS), and the strength of its delivery model.
- **Integration with Microsoft Office Apps:** Describes whether the solution integrates with popular Microsoft Office applications, including Word and Excel.
- **Broad Support for Popular Mobile Devices/Operating Systems:** Examines which operating systems and mobile devices each IP telephony solutions supports, how extensive the support is for each OS, and how well it aligns with midmarket and enterprise requirements.
- **Channels Breadth/Service and Support:** Evaluates the vendor's channel composition, reach, and service.
- **Integrated Set of Collaboration Applications:** Assesses the rigor of IP telephony solutions' ability to integrate and share information with other collaboration applications.