



Business Services

2013 Frost & Sullivan Latin American Data Communications Services Customer Value Leadership Award



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2013

BEST
PRACTICES
AWARD

LATIN AMERICAN
DATA COMMUNICATIONS SERVICES
CUSTOMER VALUE LEADERSHIP AWARD

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 2013 Latin American Customer Value Leadership Award in Data Communication Services to Orange Business Services.

Significance of the Customer Value Leadership Award

Key Industry Challenges Addressed by Enhancing Customer Value

The Latin American data communication services market witnessed 6.3 percent growth during 2012. Latin American economies are in the developing stage, leveraging international and local investments for geographic expansion, automation, and, in many cases, new market penetration opportunities to reach out to more customers. The adoption rate of new technologies among customers is on a gradual rise, along with increased per-capita gross domestic product (GDP). This has consequently resulted in increased investments from the corporate sectors and telecom operators in telecom and information technology (IT) services. In this market scenario, improvements in quality, network reliability, coverage, value-added services, and customer care act as the key drivers in the business-to-business (B2B) for data communication services market, as clients' exigency level has reached unparalleled standards in the region.

One of the key challenges faced by the telecommunications service operators in this market is the need to adopt a leading customer-service strategy with special attention to granted network availability, customized service-level agreements (SLAs), value-added services, service affordability, comprehensive network coverage, quality of services, and differentiated customer services. Such a strategy is expected to significantly help the market participants to maintain a competitively superior position in the increasingly dynamic and highly competitive Latin American telecommunications industry. In fact, stiff competition in the market has created an elevated dependency on the quality and exclusivity of the Consumer-to-consumer, C2C, services being offered.

Additionally, network convergence is expected to be another key challenge for telecommunications service providers in the years to come. While companies are increasingly moving toward converged services to increase business efficiency, it is imperative for C2C service providers to present themselves in a comprehensive manner to support converged applications in a completely secure environment that allows tailored services, traffic prioritization, network robustness, and reliability, according to end users' needs.

During 2013 and over the years to come, the Latin American data communication services market is poised to witness intensified competition, causing progressive price erosion and market sophistication. However, since a company's business competency depends on the connectivity of IT assets and the telecom services that it is purchasing, the service quality, reliability of the networks, and customer attention are the factors that create positive value for customers and establish customer loyalty. In other words, customers are expected to be loyal to a brand and use the services of that particular company when it offers consistency with an all-encompassing, integrated, and customized solution that is capable of resolving customer concerns.

Best Practice Award Analysis for Orange Business Services

The Frost & Sullivan Award for Customer Value Leadership 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 inordinate focus on enhancing the value that its customers receive, beyond simply good customer service, leading to improved customer retention and ultimately customer base expansion.

Orange Business Services' Performance in Data Communication Services

Orange Business Services is an IT and telecommunication services provider that owns the world's largest seamless network, which connects 220 countries and territories and 900 cities. It also enjoys a local support in more than 30 locations with 122 points of presence in Latin America, where the company has operated for over 50 years.

Its portfolio includes solutions for cloud computing, customer contact center, mobility management, Internet of Things (M2M), security services, service management, Ethernet services, conferencing, and collaborative services.

With a drop in revenue from \$9.7 billion in 2011 to \$9.5 billion in 2012, Orange Business Services witnessed a revenue loss of 2.7 percent in 2012. This was primarily caused by a downturn in legacy network products and services, mainly in France. This is one of the reasons why the company is currently strengthening its focus on the Latin American markets by targeting Latin American multinationals that are expanding abroad, known as Multilatinas.

Orange Business Services has understood that Multilatinas companies expanding their operations globally need a technology partner with the network, the experience, and the expertise to help them succeed; in this way, Orange Business Services is increasing its local revenues with the expansion of these companies. Because of this, in spite of the downturn

in its European operations, the company's international revenues increased by 1.9 percent in 2012.

Moreover, Orange Business Services has a goal of generating over \$1.35 billion in the world's emerging markets, including Latin America, by the end of 2015.

Key Performance Drivers for Orange Business Services

Factor 1: Network Coverage and Reliability

Orange Business Services' infrastructure is undoubtedly its core strength. It has unmatched global network coverage, reaching 220 countries and territories. This includes 1,500 points of presence (POPs) in over 900 cities worldwide. With its own network teams spread over 160 countries across the globe, the company is able to design, build, and manage enterprises' services wherever there is a need. Additionally, its fixed network is complemented by mobile networks in 40 countries.

With its \$1 billion yearly investment in network improvement, Orange Business Services focuses on very high broadband convergence of network and IT to enable next-generation services, best of Internet and private networks, and image- and cloud-ready networks.

In Latin America, Orange Business Services has 122 POPs in more than 30 countries (including the recent doubling of Internet protocol 'IP' network capacity), business virtual private networks (VPNs) in 31 countries, digital subscriber line (DSL) in 14 countries, international Ethernet links in 10 countries, and support personnel in 40 countries (including IP version 6 (IPv6) support in Argentina, Brazil, Chile, and Mexico).

With more than 50 years of experience in Latin America and over 600 employees in 12 countries, Orange Business Services has a strong understanding of the local market, which allows it to help its clients address critical issues such as regulation, compliance, security, and government.

Whether enterprises want to grow their business within Latin America through its global network or need a global partner with an extensive local footprint to help them expand into the region, Orange Business Services can provide the required coverage and expertise.

More recently, the company has also been working on expanding its Latin American network capacity tenfold to meet customer demand. Orange Business Services upgraded the recently deployed network ring that connects Latin America to the east and the west coasts of the United States. This allowed latency to be improved by 50 milliseconds between Argentina, Chile, and Peru and Asia and the U.S. west coast.

Factor 2: Focus on Enhancing Customer Value

In addition to technical renovation and constant investments in network deployments, guaranteeing high quality, reliability, and robustness in its services is one of Orange Business Services' key strategies for ensuring maximum customer satisfaction. Orange Business Services' key offerings to its clients include a global network with local expertise.

The company's experience in Latin America plays a key role in the success of its clients' businesses. Orange Business Services delivers the latest network technologies across the region, including IPV6, integrated IT solutions (such as integrated and as-a-service security solutions for applications, infrastructure, and end users), fast connectivity, and support in local languages. With regional experts, the company offers local knowledge to help enterprises meet their operational business challenges.

Orange Business Services provides excellent customer service to clients in Latin America via its Major Service Center (MSC) in Petrópolis, Rio de Janeiro, which is a specialized center for local support with staff trained to use the Information Technology Infrastructure Library (ITIL) and a total of 250 customer service and operations professionals.

At MSC, Orange Business Services manages the end-to-end customer relationship as a global team, in close partnership with the regional and the global process owners. The company has 5 MSCs globally (Rio de Janeiro & Petropolis (Brazil), Cairo (Egypt), Delhi & Mumbai (India), Mauritius, and France), to ensure the efficiency of its global factories with local empowerment in the main regions in the world.

Orange Business Services' vision includes security as a personal trust, not just the meeting of SLAs. In fact, the company's commitment is such that it guarantees an end-to-end SLA in the network, while competitors usually guarantee the SLA exclusively on their own part. The company's experts are allowed to exercise their discretion in situations and develop long-lasting relationships built on trust and personal accountability. Orange Business Services claims to be less hierarchical, which means it can solve problems faster.

Additionally, the company has a robust portfolio of services that effectively adds value for its customers: cloud computing services that let computing resources scale up and down as companies need them; unified communications and collaboration solutions that use physical and virtual workspaces to support effective knowledge sharing available in a pay-as-you-grow model; customer contact solutions; very-high-speed broadband and video; managed, integrated, and as-a-service security solutions for applications, infrastructure, and end users; Machine to Machine (M2M) solutions that help improve processes and create new business models; and mobile management, among others.

Factor 3: Speed of Service Delivery and Adaptability to Customer Needs

Orange Business Services' go-to-market approach says "we are global, we act local," which means the company provides a global portfolio delivered with local customization and local partnerships.

The company implements a diversified mix of approaches to offer optimized solutions, which means a per-country pragmatic approach aimed at balancing cost-effectiveness and quality of service to match clients' key business requirements.

Orange Business Services guarantees high-speed service delivery through a fully controlled infrastructure and through partnerships. The company has a very thorough qualification process of selecting partners, allowing it to keep an end-to-end service management view. Additionally, customer premises equipment (CPE) is configured and maintained by Orange Business Services, regardless of the partner network its customers are connected to. The company also offers integrated and transparent management of the multiple network technologies and vendors' infrastructure with the same SLAs, which guarantees service delivery in any circumstances.

Given the current state of affairs in the regional telecommunications markets, in terms of competitiveness and technology acknowledgment, Orange Business Services has been successful in building a strong, long-lasting strategy based on consistency. The company is constantly adopting steps toward providing a secure and highly flexible network for the future that will support the current and future demand for telecom services with improved performance and reduced response time for implementing new services in the market.

As a result, Orange Business Services' customer loyalty index for Latin America's clients has been constantly rising, from 7.7 at the beginning of 2011 to 8.4 in 2012.

Conclusion

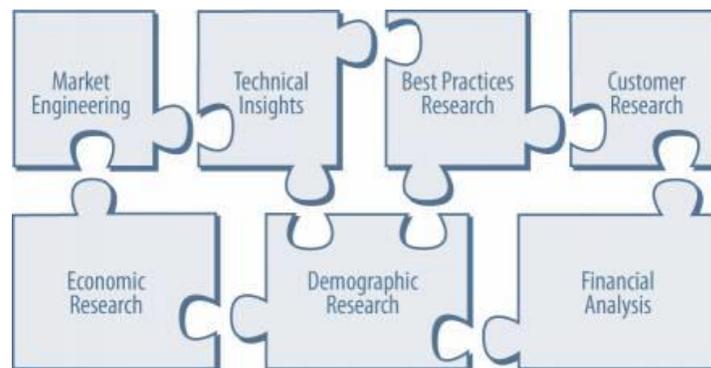
With the high level of competition in the Latin American data communications services market, the ability to deliver high-class services and promptness in response to end users in terms of service delivery, service assurance, and availability, as well as global and local expertise, are skills that have allowed Orange Business Services to differentiate itself from other corporate telecommunication service providers in the Latin American market. The quality and relevance of the services as well as the value offered by the company provide it with a steady competitive advantage that is allowing Orange Business Services to ensure high customer loyalty, as well as to increase market penetration by targeting Latin American multinationals that are expanding in international markets. Orange Business Services' leadership in customer value is a result of its long-term customer-focused strategy that has enhanced the value that the company is adding to its clients. In view of such commendable attributes, Orange Business Services emerges as the worthy recipient

of the 2013 Frost & Sullivan Customer Value Leadership Award in the Latin American Data Communications Services Market.

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 1: 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>.