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Background and Company Performance

Industry Challenges

The key challenges facing the customer care and Business Process Outsourcing industry include the following:

- **Importance of customer delight.** Consumers are key to growth in the American economy, and it is no longer enough to simply satisfy them. After all, this is an era during which social media permits customers to inform and influence each other at a startling rate.

- **Mobility.** Customers are turning to wireless devices. Frost & Sullivan forecasts that the U.S. wireless subscriber base will have grown from 344 million in 2011 to 441 million in 2017, a compound annual growth rate (CAGR) of 4.2 percent. To put this in perspective, over the same time-span, the U.S. population will have increased from 312 million to 318 million, a CAGR of 0.3 percent.

- **Emerging channels and channel integration.** Customer interactions now typically begin on the web, interactions that have expanded to include those initiated through mobile applications. Meanwhile, text-based communication also has become popular with customers. Both trends will accelerate with a younger generation that is more likely to “key-in” than talk. Moreover, all customers expect companies to respond to them on the channels of their choice, without repeating what was said or written via other channels.

- **Pressure to raise productivity, lower costs.** Maintaining operational efficiencies and accommodating employees both require investments in facilities and technology, even while solutions installations take up scarce IT budgets and resources. At the same time, labor typically represents approximately 70 percent of contact center operating expenses.

- **Security and privacy concerns.** Customer data represents a tempting target for thieves, and today’s customers are more concerned than ever about how companies use their data and track their activities online.

Contact center outsourcing provides a way for companies to subcontract agent-based or automated activities that are outside of their core competency and that can be performed more efficiently, at a lower cost. The principal challenge in the customer care outsourcing market revolves around the need for flexibility and speed in implementing customized solutions for clients.
**Company Performance in the Market**

West is a leading, global provider of cloud-based, technology-enabled communications services. This top-tier company manages and processes large-scale, complex, mission-critical communications and transactions. West offers a full suite of communication and network infrastructure solutions including:

- **Unified Communications**, including conferencing and collaboration services, unified communications services and telecom services;

- **Safety Services**, including 9-1-1 network services, 9-1-1 telephony systems and services, 9-1-1 solutions for enterprise VoIP and UC and database management;

- **Specialized Agent Services**, including healthcare advocacy services, revenue generation and cost management services; and

- **Interactive Services**, including proactive notifications and mobility, IVR self-service, cloud contact center and professional services.

West is being recognized for its innovative, multi-channel notifications and alerts solutions. Consumer buying habits are changing rapidly, and customer care providers must continually re-examine operational processes and resource allocations. This movement into new realms of specialized expertise signals opportunities for technology investments that, for West, have translated into enhanced value proposition for clients and consumers alike.

**Product Family Attributes and Business Impact**

West provides a range of multi-channel customer engagement solutions that help its clients to connect with *their* customers. West combines over 20 years of voice technology expertise with text, email, push notifications, video, web, social media, hosted contact center and mobile capabilities.

West gives organizations in a variety of industries, the power to reach and notify their customers, subscribers and constituents quickly and efficiently. In 2015, West received or delivered over six billion multichannel messages.

West’s proactive notifications and mobility solutions, for example, are used by utilities in the U.S. to alert customers and respond to power outages; by K-12 school districts in the U.S. to inform parents of important announcements; by major retail pharmacy companies to alert patients of prescription fulfillment; and by other large communication, entertainment, financial services, public safety, logistic and retail companies for billing and other important service notices strengthening the relationship between their clients and their customers.
Product/Service Value

West has proven experience in delivering cloud-based and highly scalable interactive communications, ranging from self-serve to the most complex applications. Its proactive, multi-channel communications and preference management platforms deliver millions of personalized, real-time messages with reliability, compliance and quantifiable value to clients.

To complement its robust platform and application development capabilities, West’s experts work with clients to develop custom-tailored outreach and analytics strategies to ensure optimum value and benefit of notifications, for both the client and, importantly, the customers they serve. Additionally, West’s compliance experts work with clients to educate and guide them on the ever-changing compliance landscape that exists across varying government jurisdictions.

Positioning

High Brand Loyalty and Client Customer Satisfaction

By providing relevant and timely information through the customer’s preferred channel, West’s clients are able to reduce operating costs, boost revenues, improve the customer experience and increase customer satisfaction and retention. Among the many platform capabilities, West sends appointment and payment reminders, order-ready notifications and fraud alerts to highlight just a few message types. (See Exhibit 1.0) By automating customer interactions with West’s proactive communications platform, clients can expect to see measurable growth, reduced costs, greater contact center efficiency and increased brand loyalty.

Positive consumer experiences drive West’s ability to retain a Fortune 1000 list of clients. Exhibit 1.0 below illustrates a sampling of the breadth and depth of West’s outreach across industries, and the wide range applications used by a variety of clients:
**Exhibit 1.0**

- **Healthcare**
  - Disease mgmt.
  - Population mgmt.
  - Welcome
  - Health plan mgmt.
  - Self-pay
  - Appointment reminders

- **Retail Pharmacy**
  - Prescription refill
  - Prescription ready
  - Annual medical reminders
  - Customer onboarding and care
  - Affinity marketing

- **Utility/Energy**
  - Outage stats/update
  - Crew callout
  - Appointment confirmation
  - Bill pay / collections
  - Weather alerts
  - Smart grid

- **Public Safety**
  - Movie ordering
  - Event sign up
  - Field service mgmt.
  - Customer satisfaction surveys
  - Appointment reminders
  - Loyalty programs

- **Entertain/Retail**
  - Welcome
  - Credit card fraud
  - Payment reminders
  - Account balance notifications

- **Financial Services**
  - Home delivery confirmation
  - Full consumer lifecycle
  - Flight status, cancellation, rebook, gate change

- **Logistics/Delivery**

Source: West

**Design**

Leading global companies utilize West’s notification and mobility solutions to achieve the following benefits:

- Expand and reach out to new and existing customers
- Enhance customer relationships and customer experience with discrete, concise messages
- Connect with a large audience quickly and easily
- Offer customers an easy-to-use preferred form of communication
**Proactive Notifications: How it Works**

When it comes to proactive notifications and mobility solutions, combined with West’s broader set of customer engagement and UC solutions, the Company has few rivals or competitors in the market. The notifications and mobility applications programs are designed to be simple to configure and deploy addressing the complex and simple blast messaging campaigns.

The user interface follows a similar design for ease-of-use and integration into existing client systems. Exhibit 2.0 below shows the extensive features of West’s Proactive Notifications Solution. Clearly, West has made significant investments in its technology platforms, solutions, and operational processes in order to meet the complex communications needs of clients and a demanding consumer base.

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**Exhibit 2.0**

<table>
<thead>
<tr>
<th>Features of West’s Proactive Notifications Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Notifications Platform</strong></td>
</tr>
<tr>
<td>- International dialing support</td>
</tr>
<tr>
<td>- Answering machine detection</td>
</tr>
<tr>
<td>- Standard-rate and free to end-user (FTEU) messaging</td>
</tr>
<tr>
<td>- Multiple SMS aggregators</td>
</tr>
<tr>
<td>- Domestic and international support</td>
</tr>
<tr>
<td>- Intelligent call-pacing</td>
</tr>
<tr>
<td>- Right party authorization</td>
</tr>
<tr>
<td>- Integration with other channels, including email, fax and mobile push</td>
</tr>
</tbody>
</table>

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**Professional Services**

- Customer journey assessments
- Outreach strategy development
- Application development
- Data analysis and predictive modeling

**Managed Support**

- Automatic upgrades to cloud-based software
- 24x7x365 monitoring and support
- Pre-production testing environment
- Application lifecycle management

Source: West
Business Impact

Financial Performance

Since the Company was founded almost 30 years ago, West has had strong financial performance. For 2015 West reported $2.28B in revenue, representing a 3% revenue growth rate over the previous year. With a free cash flow of $274M, West also showed a respectable 29.7% adjusted EBITDA margin. In 2015, adjusted operating income was $551.8 million compared to $541.5 million in 2014. Financial results showed:

a. Recurring and predictable revenue
b. Steady and profitable growth
c. Strong cash flow
d. Attractive dividend yield

West has achieved almost 30 consecutive years of profitable growth. In March of 2015 West divested much of its Agent Services business, selling that part of the company to Alorica. West maintained its specialty agent business.

Focus on the Future: Technology-enabled Customer Services Portfolio

West has been indispensable in helping companies acquire, care for, grow and retain customers. It has done so by enabling frequent and relevant automated customer contact solutions at a price point that is superior to traditional (agent-based) contact methods. West’s notifications solutions deliver simultaneous real-time messages to millions of consumers, to their preferred channels.

West has become the partner of choice for many of the world’s most trusted brands.

Enterprise clients choose West based on its:

✓ Deep, trusted client relationships
✓ Broad range of reliable, high-quality, communication and network infrastructure solutions for a connected customer experience
✓ Vertical market knowledge and experience
✓ Expertise in cloud-based mission-critical, communication solutions
✓ Flexible application of best of breed technologies
✓ Compliance expertise
✓ Global presence and scalability
✓ Agility and speed to market
✓ Measureable results with actionable analytics
✓ Strong, responsive client service

Conclusion

Frost & Sullivan research shows that clients, more than any other time, are looking for enduring partnerships with their outsourcing providers. Frost & Sullivan believes that West has done an excellent job over the past two years, in building lasting relationships with clients that accelerates the growth of their companies and the strength of their brands.

With its strong overall performance, West has earned Frost & Sullivan’s North American 2015 Product Leadership Award in the Contact Center Outsourcing industry.
Significance of Product Leadership

Ultimately, growth in any organization depends upon customers purchasing from your company, and then making the decision to return time and again. A comprehensive product line, filled with high-quality, value-driven options, is the key to building an engaged customer base. To achieve and maintain product excellence, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding Product Leadership

Demand forecasting, branding, and differentiation all play a critical role in finding growth opportunities for your product line. This three-fold focus, however, must be complemented by an equally rigorous focus on pursuing those opportunities to a best-in-class standard. Customer communications, customer feedback, pricing, and competitor actions must all be managed and monitored for ongoing success. If an organization can successfully parlay product excellence into positive business impact, increased market share will inevitably follow over time.
Key Benchmarking Criteria
For the Product Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Product Family Attributes and Business Impact—according to the criteria identified below.

Product Family Attributes
- Criterion 1: Match to Needs
- Criterion 2: Reliability and Quality
- Criterion 3: Product/Service Value
- Criterion 4: Positioning
- Criterion 5: Design

Business Impact
- Criterion 1: Financial Performance
- Criterion 2: Customer Acquisition
- Criterion 3: Operational Efficiency
- Criterion 4: Growth Potential
- Criterion 5: Human Capital

Best Practice Award Analysis for West
Decision Support Scorecard
To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.

RATINGS GUIDELINES

The Decision Support Scorecard is organized by Product Family Attributes and Business Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.
The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key players as Competitor 2 and Competitor 3.

DEcision Support Scorecard for Product Leadership Award

<table>
<thead>
<tr>
<th>Product Leadership</th>
<th>Product Family Attributes</th>
<th>Business Impact</th>
<th>Average Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>West</td>
<td>9.0</td>
<td>9</td>
<td>9.00</td>
</tr>
<tr>
<td>Competitor 2</td>
<td>7.5</td>
<td>8</td>
<td>7.75</td>
</tr>
<tr>
<td>Competitor 3</td>
<td>7.0</td>
<td>7</td>
<td>7.00</td>
</tr>
</tbody>
</table>

**Product Family Attributes**

**Criterion 1: Match to Needs**  
Requirement: Customer needs directly influence and inspire the design and positioning of the product family

**Criterion 2: Reliability and Quality**  
Requirement: Products consistently meet or exceed customer expectations for performance and length of service

**Criterion 3: Product/Service Value**  
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market

**Criterion 4: Positioning**  
Requirement: Products or services unique, unmet need that competitors cannot easily replicate or replace

**Criterion 5: Design**  
Requirement: The product features an innovative design, enhancing both visual appeal and ease of use

**Business Impact**

**Criterion 1: Financial Performance**  
Requirement: Strong overall financial performance in terms of revenues, revenue growth, operating margin and other key financial metrics

**Criterion 2: Customer Acquisition**  
Requirement: Product strength enables acquisition of new customers, even as it enhances retention of current customers

**Criterion 3: Operational Efficiency**  
Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard
**Criterion 4: Growth Potential**
Requirements: Product quality strengthens brand, reinforces customer loyalty and enhances growth potential

**Criterion 5: Human Capital**
Requirement: Company culture is characterized by a strong commitment to product quality and customer impact, which in turn enhances employee morale and retention

**Decision Support Matrix**
Once all companies have been evaluated according to the Decision Support Scorecard, analysts can then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.

**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 players and for identifying those performing at best-in-class levels.
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards 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.

<table>
<thead>
<tr>
<th>STEP</th>
<th>OBJECTIVE</th>
<th>KEY ACTIVITIES</th>
<th>OUTPUT</th>
</tr>
</thead>
</table>
| 1 Monitor, target, and screen | Identify award recipient candidates from around the globe | • 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 | • Interview thought leaders and industry practitioners  
• Assess candidates’ fit with best-practice criteria  
• Rank all candidates | Matrix positioning all candidates’ performance relative to one another |
| 3 Invite thought leadership in best practices | Perform in-depth examination of all candidates | • 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 | • 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 | • 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 | • 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 | • 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 | • Review analysis with panel  
• Build consensus  
• Select winner | Decision on which company performs best against all best-practice criteria |
| 9 Communicate recognition | Inform award recipient of award recognition | • 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 may share award news with stakeholders and customers | • 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 |
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 almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.