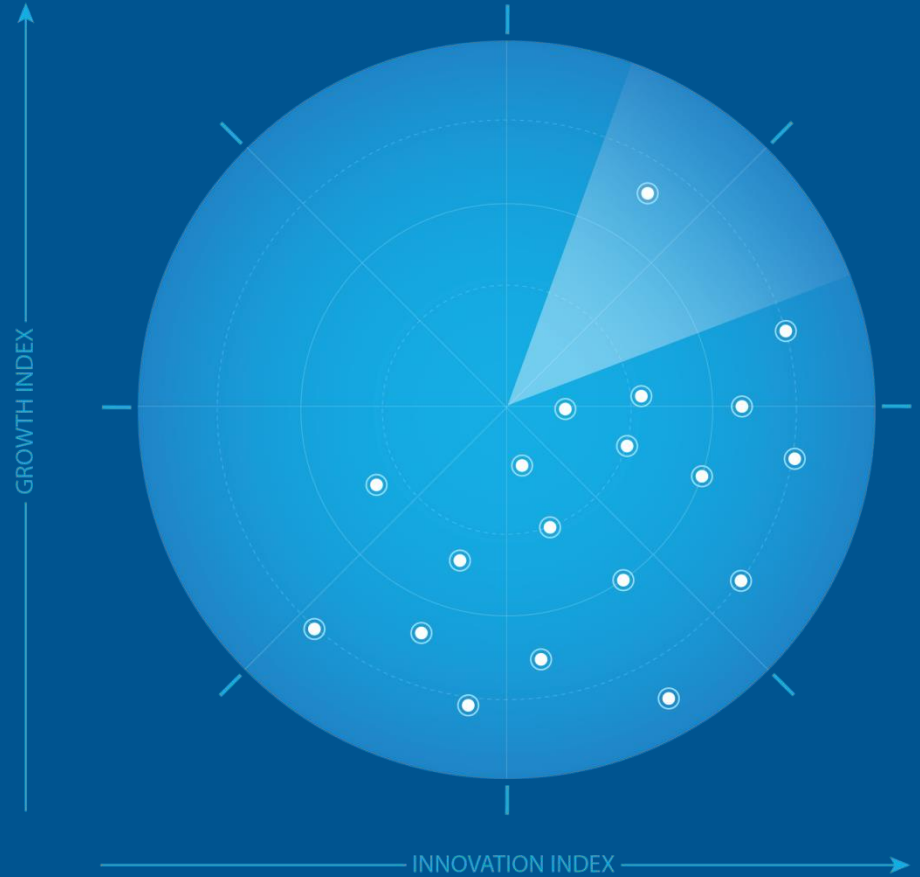


Frost Radar™: European UCaaS Market 2022

A Benchmarking System to Spark Companies to Action - Innovation that Fuels New Deal Flow and Growth Pipelines

Global Information & Communications Technologies Research Team at Frost & Sullivan



Strategic Imperative and Growth Environment



The Strategic Imperative

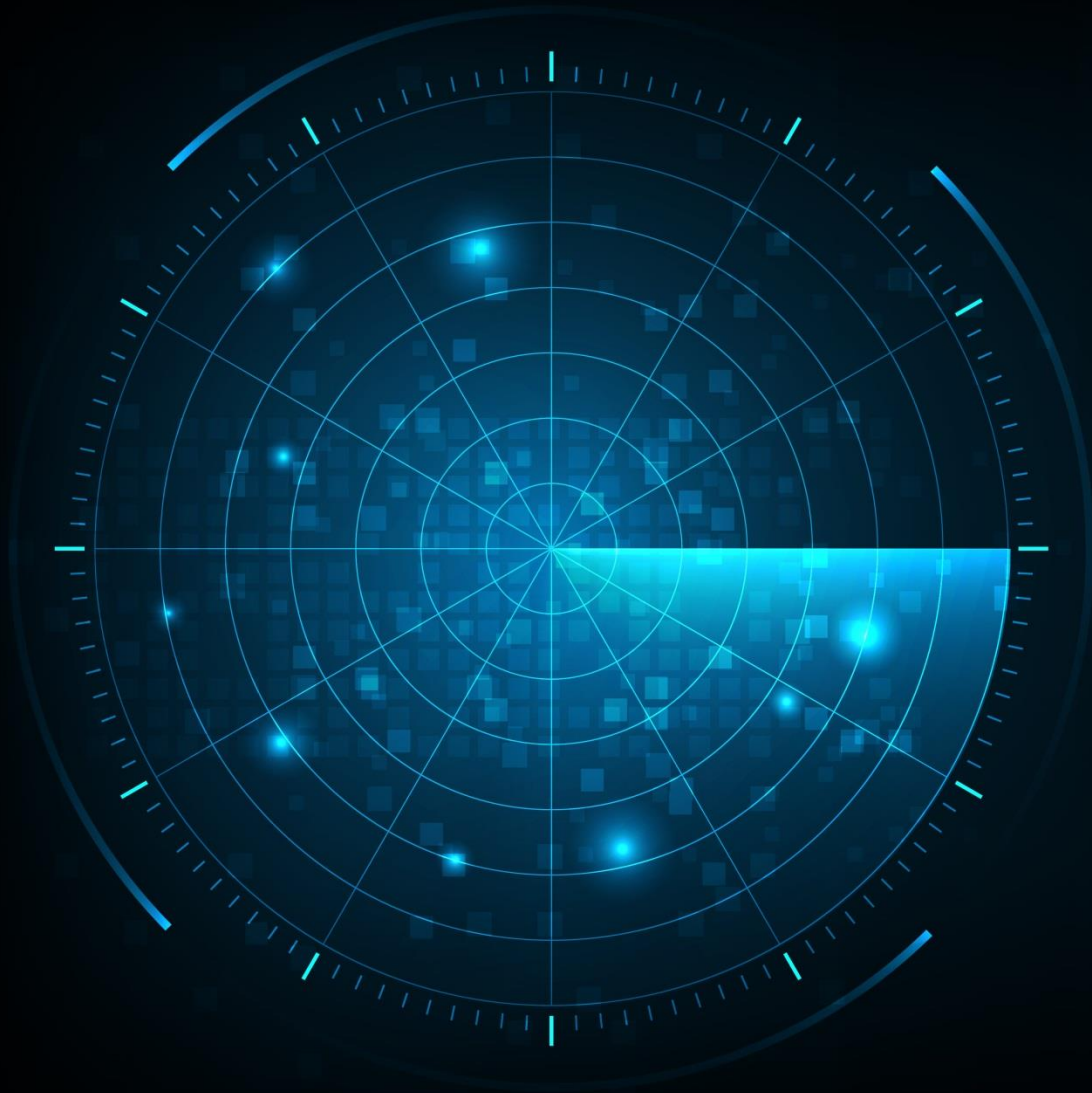
- The COVID-19 pandemic significantly changed the way European businesses operate internally and serve customers as many employees left traditional workplaces in 2020 to work from home to comply with social distancing mandates and limit the spread of the virus.
- In 2021, 77% of European businesses reported that one-quarter or more of their workforce worked remotely. This has created challenges for employers to effectively support remote and hybrid (remote and on-site) workforces. In addition to continuing to adequately serve customers, European organizations are compelled to seek ways to keep employees engaged, motivated, and productive.
- Digital technologies and cloud communications and collaboration services, in particular, have provided solutions to European businesses and public sector organizations looking to bridge physical distances across employees, customers, suppliers, and partners. Flexible consumption models, mobile-ready solutions, and collaboration-rich user experiences have proved their value at a time of unprecedented physical disconnectedness.
- Immediately following the pandemic, businesses will consider flexible work mechanisms that will allow them to scale the workforce quickly. In two years, 97% of European businesses plan to have workers both in the office and virtual. New awareness of health and well being in the workplace is challenging traditional office designs, with new attention given to optimizing space, equity and inclusion of workers based anywhere.
- Going forward, hybrid workforces and the “work from anywhere” paradigm shift will determine technology requirements. In the long term, flexible work models such as staggered shifts, as well as crowd-sourced, temporary, and contract work, will co-exist with full-time employment.

Source: Frost & Sullivan

Growth Environment

- The COVID-19 pandemic propelled the cloud services industry to new heights. The rise in unified communications as a service (UCaaS), video conferencing as a service (VCaaS), contact center as a service (CCaaS), and other cloud services will accelerate digital transformation as companies adapt to a new normal. In 2020, many businesses adopted stopgap services but delayed strategic projects; 2021 and the near term will be marked by right-sizing of cloud communications investments.
- The European cloud communications and collaboration services market will experience robust double-digit annual growth rates as companies adopt flexible technology consumption models to support a growing number of remote (mostly work-from-home) and hybrid knowledge workers. In addition to remote work, UCaaS adoption will be driven by the following use cases:
 - Businesses migrating from premises-based solutions to cloud services;
 - Cloud PBX upgrades with additional features and capabilities including mobility, video meetings, and team collaboration;
 - Mobile-first and mobile-ready UCaaS offerings penetrating new customer segments such as small office, home office (SOHO)/micro-businesses, and frontline workers; and
 - Businesses replacing first-generation cloud PBX/UCaaS solutions with modern solutions comprising a broad feature set and supporting tailored integrations through the use of APIs.
- A considerable untapped growth opportunity exists among frontline workers in various industries who need convenient access to communication in mission-critical business applications and collaboration tools to stay connected with each other and the corporate office. Frontline workers are better equipped in countries where mobile business communications have a higher penetration. In the majority of European countries, mobile UCaaS is gaining traction.

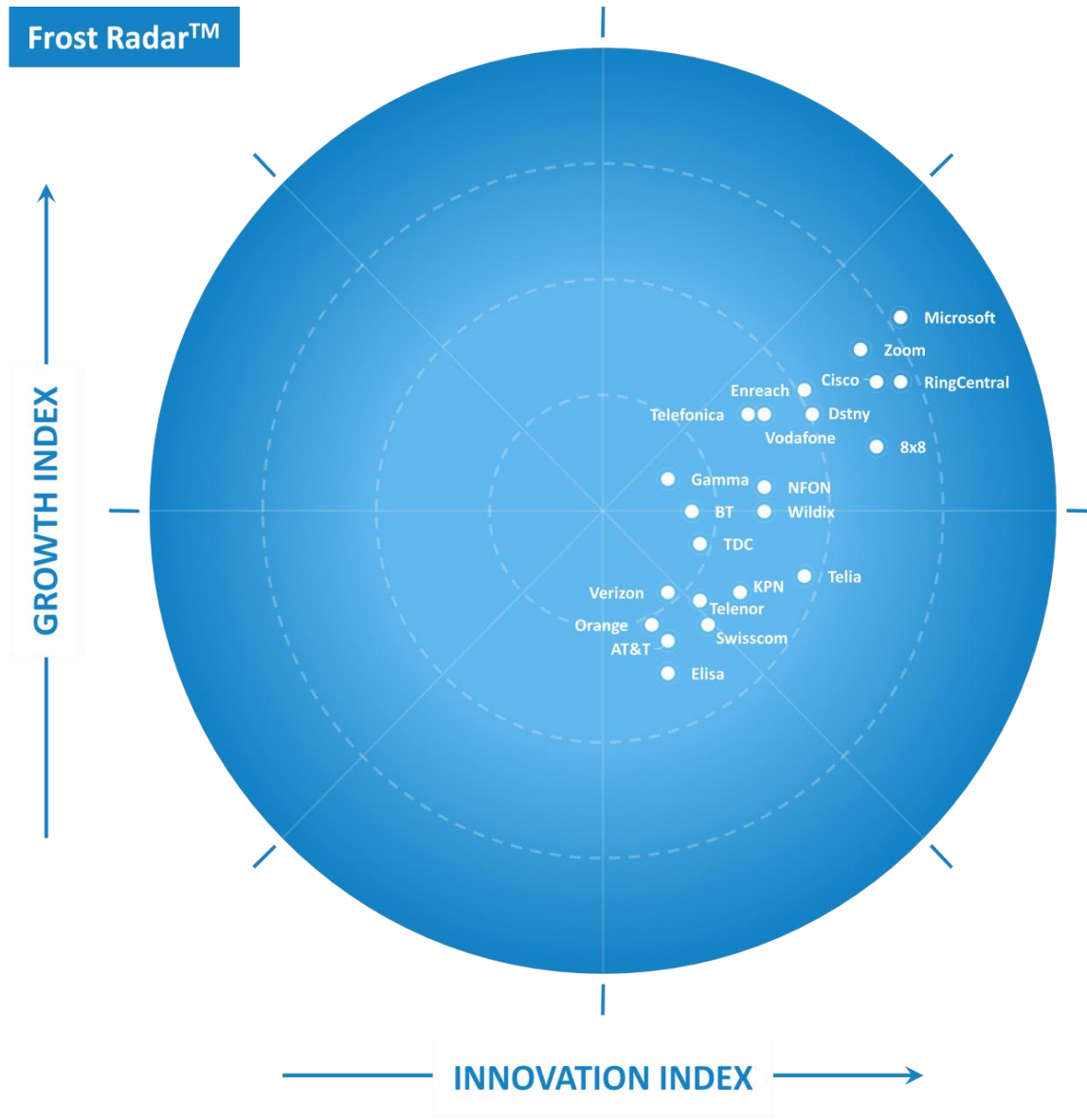
Source: Frost & Sullivan



Frost Radar™

**European UCaaS
Market**

Frost Radar™: European UCaaS Market



Source: Frost & Sullivan

INNOVATION

- Dstny now organises its portfolio around business communications, business analytics, customer engagement and business integrations.
- Dstny's Business Communications solutions leverage proprietary platforms acquired with Escaux and Telepo, and a set of technologies from major third-party vendors to address diverse customer and partner needs.
- Via the 2021 acquisitions of Telepo and Soluno, Dstny gained access to technology capabilities empowering partners of varying backgrounds to deliver compelling, mobile-first UCaaS solutions.
- A dozen+ other acquisitions since 2020 enhance Dstny's portfolio with omnichannel conversational AI, analytics and simplified third-party integrations (CRM Connect, Qunifi for Microsoft Teams).
- Dstny is accelerating investments in its proprietary technologies with core and add-on capabilities to provide a broad spectrum of options to businesses and partners adopting UCaaS.

GROWTH

- Through organic growth and strategic acquisitions, Dstny has risen to rank among the European UCaaS leaders in terms of installed users. Dstny has 2.1 million partner-hosted UCaaS seats and a strong channel of 120+ telecom operators. The remaining ~400K seats in Dstny's portfolio are supported through various channel models, including wholesale, retail and direct sales in Benelux, France, Denmark and Sweden.
- Dstny has strong presence in Benelux, France, Denmark and Sweden and a growing presence in Germany and the UK. It will leverage its wholesale model and an ambitious M&A strategy to expand in other countries and establish itself as a leading pan-European UCaaS provider.
- Dstny's ability to deliver native mobile UCaaS represents a key differentiator and a growth catalyst as European businesses settle into the new normal of distributed, remote and hybrid workforces.
- Focus on CRM Connect, CCaaS and business process integrations offers strong up-sell opportunities.

FROST PERSPECTIVE

- Its partner-centric approach and local presence (e.g., local teams, datacenters and channels) in several key European markets position Dstny well to scale rapidly and gain further market share.
- It will need to further rationalize its portfolio to reduce product development and maintenance, and staff re-skilling costs.
- It will need to further enhance its flagship solutions to provide more comprehensive feature sets, including video meetings, group chat and team spaces, and more effectively compete against more feature-rich offerings.
- Differentiated strategies for various countries can help Dstny avoid conflict with its technology partners and resellers.
- A mobile-first approach can position Dstny as the preferred wholesale partner for European telecom operators seeking to become more agile and leverage their 5G networks to gain a competitive edge in the UCaaS market.

Source: Frost & Sullivan

Frost Radar™ Analytics



Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

VERTICAL AXIS

Growth Index (GI) is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline™ system; and effective market, competitor, and end-user focused sales and marketing strategies.

GROWTH INDEX ELEMENTS

- **GI1: MARKET SHARE (PREVIOUS 3 YEARS)**
This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.
- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**
This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.
- **GI3: GROWTH PIPELINE™**
This is an evaluation of the strength and leverage of a company's growth pipeline™ system to continuously capture, analyze, and prioritize its universe of growth opportunities.
- **GI4: VISION AND STRATEGY**
This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?
- **GI5: SALES AND MARKETING**
This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

HORIZONTAL AXIS

Innovation Index (II) is a measure of a company's ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs.

INNOVATION INDEX ELEMENTS

- **II1: INNOVATION SCALABILITY**
This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.
- **II2: RESEARCH AND DEVELOPMENT**
This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.
- **II3: PRODUCT PORTFOLIO**
This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.
- **II4: MEGA TRENDS LEVERAGE**
This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found [here](#).
- **II5: CUSTOMER ALIGNMENT**
This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

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