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logitech®

**2017 Global Portable Tabletop
Audio Conferencing Endpoints
Growth Excellence Leadership Award**

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

BEST
2017 PRACTICES
AWARD

**GLOBAL PORTABLE TABLETOP
AUDIO CONFERENCING ENDPOINTS
GROWTH EXCELLENCE LEADERSHIP AWARD**

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Background and Company Performance

Industry Challenges

In 2015, the portable tabletop audio conferencing endpoints market grew by 5.1 percent in terms of revenue and is expected to incur a healthy compound annual growth rate (CAGR) of 14.0 percent from 2015 through 2022. Portable audio conferencing endpoints are transferable audio conferencing devices that connect via USB and/or Bluetooth to PCs and other mobile devices.

While the market is expected to enjoy stable growth within the forecast period, there are different challenges that are expected to affect its growth potential over the years.

Tight IT budgets, coupled with challenging economic environments in different regions of the world are expected to deter the demand for enterprise endpoints such as audio conferencing devices. Over the past few years, many businesses have been shying away from making new investments in enterprise hardware endpoints. Tough global macro-economic conditions and limited internal resources prompted many businesses to keep using their existing endpoint devices and adopt a wait-and-see approach, which negatively affected global sales of enterprise communications endpoints such as audio conferencing phones. These conditions are expected to linger, making organizations very cautious about their next steps and strategies related to communications technology investments.

Furthermore, customer price sensitivity has considerably increased and is compelling many businesses to search for cost-effective collaboration devices. Today, businesses typically expect greater endpoint functionality at low price points. Growing competition in all fronts of the conferencing endpoint space and ever-growing customers' expectations are posing a challenge to tabletop audio conferencing endpoint vendors who are striving to provide the greatest value at a fair price.

Finally, the evolution of video collaboration is considerably impacting the audio conferencing endpoint space. User demand for video communications has been accelerating. What was once a checkbox on an RFP now holds serious weight in the minds of decision makers. Demand for video communications has, in turn, impacted customers' expectations when it comes to in-room collaboration endpoints. Many businesses now ask for all-in-one audio and video conferencing bundles and solutions that address evolving market requirements. Businesses' growing demand for multi-media communications and collaboration bundles is setting the bar high for traditional audio conferencing endpoint manufacturers. With the continuous growth of collaborative spaces and proliferation of video conferencing services, the inclusion of video as part of a tabletop audio conferencing solution is becoming a strong necessity.

At challenging times, a growth excellence leadership position is a proof point that a competitor has effectively overcome market barriers and has executed strategies that

have allowed it to consistently grow year over year. It is a validation that the vendor has appropriately adjusted its course in accordance with changing customer priorities. A growth excellence leadership position is very well perceived by customers that seek improved meeting effectiveness, investment protection and a reliable partner. Furthermore, a growth leadership position demonstrates that a company has a strong vision for delivering greater customer value. This market position inspires customer trust, which translates into more loyal buyers.

Growth Performance and Customer Impact

Frost & Sullivan is pleased to recognize Logitech with the Growth Excellence Leadership Award for its outstanding performance in the portable tabletop audio conference endpoints market. The company grew its revenue market share from 20.9 percent in 2014 to an outstanding 29.8 percent in 2015, positioning Logitech as the second market leader in the portable tabletop audio conferencing endpoints market. Logitech has achieved growth excellence leadership through an effective growth strategy, above-market growth rates, growth sustainability, price/performance value, superior customer ownership, and strong brand equity.

Growth Strategy

Since year 2011, Logitech's executive team had a shared vision for the organization's future growth: to extend its success in the consumer computer and mobile accessories world into the business space with the development of innovative communications and collaboration solutions. Since then, Logitech has consistently launched advanced, yet intuitive and simple business endpoints and peripherals including keyboards, mice, conference room cameras, microphones, headsets, speakers, and tablet accessories as part of its evolving business portfolio.

In October 2013, Logitech entered the portable tabletop audio conferencing endpoints market with its first speakerphone. The Logitech Mobile Speakerphone P710e is a device-agnostic portable audio conferencing endpoint designed to easily set up a conference call anytime and anywhere. The compact device offers USB and Bluetooth connectivity, near field communications (NFC) pairing, digital signal processing (DSP) for high-quality audio, and up to 15 hours of talk time. The top of the speakerphone also includes an integrated stand to hold any personal or business smartphone or tablet at the optimal angle for hands-free communications and collaboration. Logitech Mobile Speakerphone P710e can pair with up to eight Bluetooth devices and connect to two Bluetooth mobile devices at the same time. The device integrates with most business-grade UC platforms, including Microsoft Lync/Skype for Business, and can be used with virtually any video conferencing software.

Building on the success of the Logitech Mobile Speakerphone P710e and targeting the evolving requirements of the collaboration landscape with a combined audio and video solution, Logitech announced the ConferenceCam CC3000e in January 2014 as a new

addition to its already popular ConferenceCam USB camera endpoints portfolio. The CC3000e is an all-in-one solution that combines a camera unit for HD 1080p video transmission, an advanced speakerphone unit for high-quality audio conferencing, a hub that connects the camera with the speakerphone, and a remote control, allowing the camera and speakerphone to operate separately, if desired.

The high level of success of the ConferenceCam CC3000e has resulted in Logitech GROUP, a new version of the product, launched by Logitech in February 2016. The new offering introduced a new metal case speakerphone for improved acoustic performance with four omnidirectional microphones, and superior audio technology such as beamforming or spatial filtering. Optional expansion microphones were also added to support larger conference spaces and more meeting participants. Rather than setting up separate conferencing devices from different companies, businesses are seeking solutions that allow them to deploy all what is needed from a single manufacturer for consistent, easy to use, high-quality collaboration experiences. The Logitech GROUP solution and its predecessor comply with this growing need for integrated audio/video peripherals in a wider variety of meeting spaces.

Today, there is no doubt that Logitech's mission to leverage its success in the consumer computer and mobile accessories world to compete successfully in the business space is being fulfilled in the portable tabletop audio conferencing endpoints market.

Above-Market Growth

Logitech grew its portable tabletop audio conferencing endpoints revenue by a remarkable 50.0 percent in 2015, allowing the company to increase its market share from 20.9 percent in 2014 to an outstanding 29.8 percent in 2015. While other portable tabletop audio conferencing endpoints manufacturers were challenged by adverse market conditions in 2015, Logitech successfully grew its speakerphone shipments due to its focus on ease of use, intuitiveness, and price/performance value. In addition to offering high-value solutions, an ever-growing fleet of channel partners continue to help distribute Logitech's audio conferencing devices across the world.

Going forward, Logitech expects its portable tabletop audio conferencing endpoints business to continue to grow, beating the competition with its focus on affordable speakerphones and all-in-one plug-and-play audio/video USB sets.

Growth Sustainability

Logitech has consistently sought opportunities for new growth, enabling the company to build on its base and sustain growth over the long term. Historically strong in the PC peripherals market, the company has considerably expanded its endpoints domain in the enterprise space with the creation of a complete set of UC-enabled devices including popular UC Webcams, professional headsets, and UC-certified speakerphones. Frost & Sullivan research shows that most companies support a virtual workplace wherein more

employees work from locations that are different from those of their colleagues. Logitech peripherals and endpoints have deeply penetrated in the business space to allow workers to perform their job in new meeting spaces, including huddle rooms, medium-sized rooms, open spaces, at home or on the go. Additionally, Logitech's business product line utilizes industry standard protocols that enable Logitech to offer tight integration with third-party products and services, if needed.

Today, Logitech's business and UC products complement one another and fill gaps in the market. Logitech began rolling out business products in 2012 with a regular cadence of one new endpoint per year. It is expected the company will continue introducing new innovations in the audio and video endpoints realm for specific business use cases that drive user adoption, utilization and satisfaction.

Price/Performance Value

Logitech's portable tabletop audio conferencing solutions are competitively priced, taking into account the value, performance and features they offer. The Logitech Mobile Speakerphone P710e is well-priced at \$169.99, while the Logitech GROUP solution has a manufacturer's suggested retail price (MSRP) of just under \$1,000-the same list pricing as its predecessor, the CC3000e, but with additional value. A Logitech GROUP plus extension mics combo is also available at a list price of \$1,249. Both tabletop audio conferencing endpoint solutions offer true plug-and-play capabilities and can be configured and installed within minutes.

Competitive pricing combined with compelling features and capabilities as well as ease of use are key criteria for vendors to gain share in the future. Logitech audio and video conferencing endpoints and peripheral portfolio is well positioned to continue further penetrating the business space with its high-performance devices offered at pocket-friendly price points.

Customer Ownership Experience

Logitech audio and video conferencing endpoints and peripheral portfolio addresses key customer pain points and helps business users to be more efficient and productive. Customers find the functionality, quality and affordability of Logitech's business products to be compelling when shopping for audio and video conferencing endpoints and peripherals. Furthermore, Logitech complements its high-quality business endpoints and accessories with a superior customer support. A number of online resources are available to help customers with any queries or challenges related to the company's solutions. Furthermore, the vendor offers multiple customer contact options, including technical support by phone, email, or click-to-chat. With a high degree of innovation evident in its entire product portfolio, Logitech's customers do not only appreciate the high quality and reliability of the company's product line, but also Logitech's proactive approach, which helps address their needs and challenges in a timely manner.

Brand Equity

The Logitech brand is recognized worldwide. Established in 1981, the company owns significant mind-share in the audio/video peripherals industry. Logitech's years of development, experience, hard-earned reputation as well as its fiscally sound status make it a sought-after partner and supplier for collaboration industry participants and customers. The company's brand reputation and position has been successfully passed into Logitech's business line of products, including mice, conference room cameras, speakers, presenters, and tablet accessories. Today, many businesses opt for Logitech speakerphones due to its highly-credited brand value.

A high brand value is essential for staying competitive in the market and it has played a major role in Logitech's growth in the portable tabletop audio conferencing endpoints market.

Conclusion

Logitech's solid growth strategy, its above-market growth rate, strong brand recognition, tight customer focus, and growth sustainability in the portable tabletop audio conferencing endpoint market are among the factors that have helped the company to excel in this industry and stand out from the competition. Over the past year, the company grew its revenue market share from 20.9 percent in 2014 to an outstanding 29.8 percent in 2015, positioning Logitech as the second market leader in the portable tabletop audio conferencing endpoints market.

With its strong overall performance, Logitech has earned Frost & Sullivan's 2017 Growth Excellence Leadership Award.

Significance of Growth Excellence Leadership

Growth Excellence Leadership is about inspiring customers to purchase from your company, and then to return time and again. In a sense, then, everything is truly about the customer, and making those customers happy is the cornerstone of any long-term successful growth strategy. Companies that excel in driving growth strive to be best-in-class in three key areas: meeting customer demand, fostering brand loyalty, and carving out a unique, sustainable market niche.



Understanding Growth Excellence Leadership

Companies that creatively and profitably deliver value to customers ultimately set up their businesses for long-term, rapid growth. This is what Growth Excellence Leadership is all about: growth through customer focus, fostering a virtuous cycle of improvement and success.

Key Benchmarking Criteria

For the Growth Excellence Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Growth Performance and Customer Impact—according to the criteria identified below.

Growth Performance

- Criterion 1: Growth Strategy
- Criterion 2: Above-Market Growth
- Criterion 3: Share of Wallet
- Criterion 4: Growth Diversification
- Criterion 5: Growth Sustainability

Customer Impact

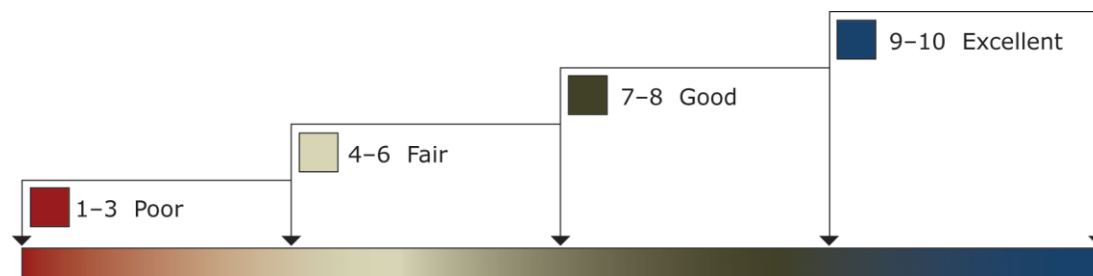
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practice Award Analysis for Logitech

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 Growth Performance and Customer 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 GROWTH EXCELLENCE LEADERSHIP AWARD

<i>Measurement of 1–10 (1 = poor; 10 = excellent)</i>			
Growth Excellence Leadership	Growth Performance	Customer Impact	Average Rating
Logitech	10.0	9.0	9.5
Competitor 2	9.0	8.0	8.5
Competitor 3	8.0	7.0	7.5

Growth Performance

Criterion 1: Growth Strategy

Requirement: Executive team has a shared vision for the organization's future growth, and has created and implemented a strategy that is consistent with that vision

Criterion 2: Above-Market Growth

Requirement: Company's growth rate exceeds the industry's year-over-year growth rate

Criterion 3: Share of Wallet

Requirement: Customers allocate a greater percentage of their total spend to purchasing products or services produced by the company

Criterion 4: Growth Diversification

Requirements: Company is equally able to pursue organic (e.g., distribution channel optimization, new product innovation) or inorganic (e.g., acquisitions, partnerships) growth opportunities consistent with the long-term objectives of the organization

Criterion 5: Growth Sustainability

Requirement: Company has consistently sought out opportunities for new growth, enabling the organization to build on its base, and sustain growth over the long-term

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 like 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

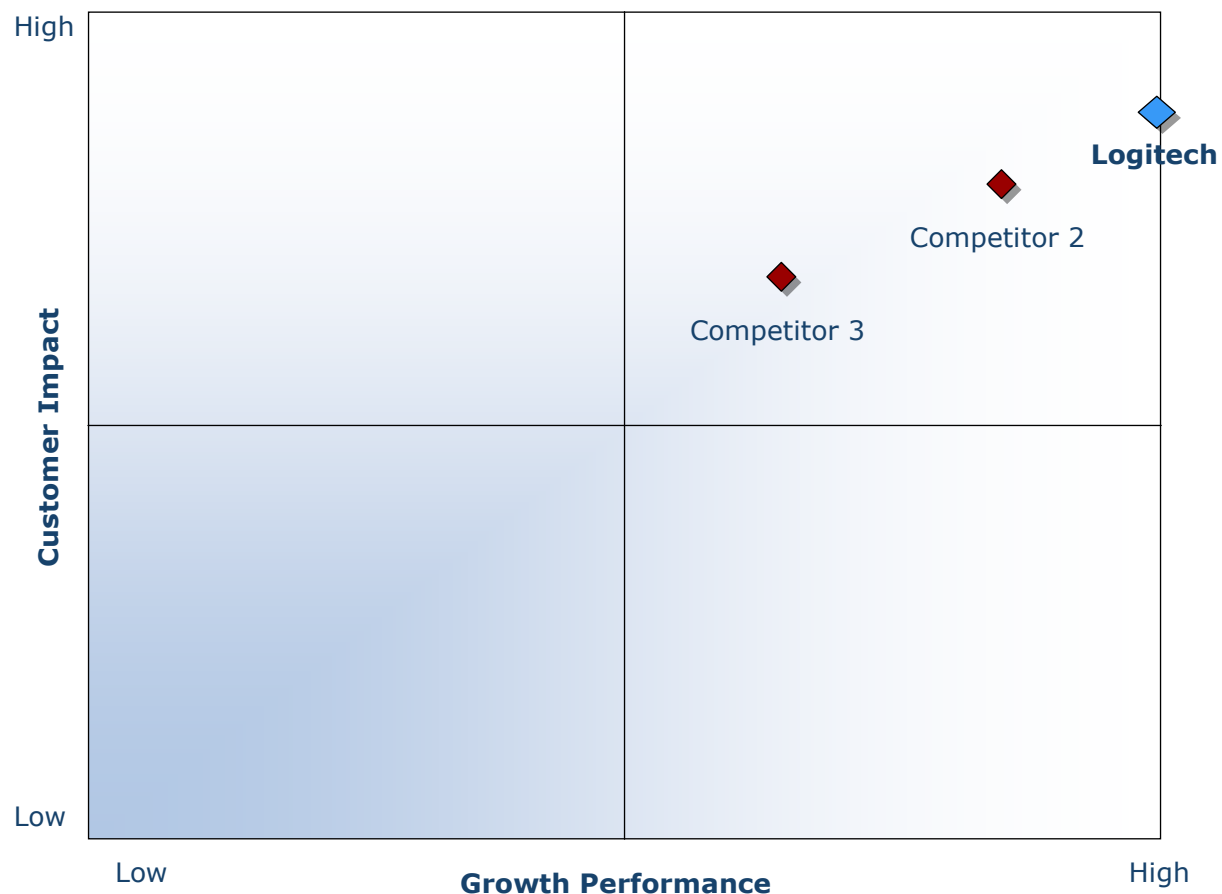
Requirement: Customer service is accessible, fast, stress-free, and of high quality

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty

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.

DECISION SUPPORT MATRIX FOR GROWTH EXCELLENCE LEADERSHIP AWARD

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.

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 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>.