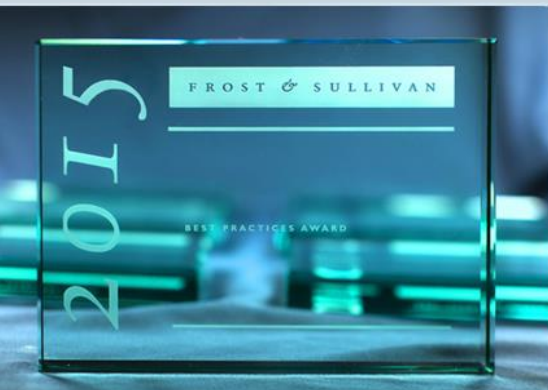


# logitech®

## 2015 North American Video Conferencing Endpoints Product Line Strategy Leadership Award



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



50 Years of Growth, Innovation & Leadership

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## Background and Company Performance

### *Industry Challenges*

The video conferencing market is experiencing high growth and accelerated demand driven by a focus on simplification, lower-prices, and an infusion of cloud services. User demand for endpoints has been growing at a solid pace with a 13.3% unit growth in 2014 and a 22.4% growth in Q1 2015 on a Y/Y basis.

Despite strong demand, revenue growth in the video conferencing or telepresence endpoints segment is under pressure. As more competitors enter the market, declining prices and commoditization are impacting revenues. Several vendors are sacrificing quality and feature functionality in order to remain price competitive. Certain vendors are focused on proprietary designs that aim to deliver more value. However, the proprietary nature of these solutions has the effect of restricting a business' choice of the cloud video conferencing services that they can use with their endpoints.

A number of established and new market participants continue to introduce video conferencing endpoints to capitalize on growth and drive pervasive video rather than to solve specific customer pain points. These solutions are too often positioned as one-size fits all to address meetings with a wide range of participants and physical spaces. As result, they are often over-priced, complicated or ill-fit for specific use cases. In addition, business-grade video conferencing solutions continue to be perceived as difficult to use and complex to manage. Although great advancements have been made to address these concerns, user perception of legacy systems continues to be a barrier in customer purchase decisions as well as user adoption and utilization.

Overcoming these challenges requires vendors to lead with a visionary product line strategy. A company that introduces a variety of innovative products to address specific environments and use cases is most likely to deliver the high-quality experiences that drive customer satisfaction. Such a company establishes a reputation for solving challenges that span ease of use, cost concerns, quality, reliability, and more. As a product line strategy leader, a company is well positioned to earn customer loyalty and continued new opportunities for future success.

### *Product Line Strength and Customer Impact*

#### **Criterion 1: Breadth of Products**

The diversity in Logitech's video conferencing endpoint product line addresses an array of customer needs and applications. The ConferenceCam portfolio specifically caters to small and mid-size meeting spaces. The company does not overextend its products' capabilities to vie for applications for which they are not suited. This focus helps to ensure positive experiences for professionals who need high quality, productive meetings.

Specifically, the Logitech ConferenceCam portfolio consists of the following:

- The ConferenceCam BCC950 is designed for private and home offices and huddle rooms. This all-in-one tabletop unit features integrated 1080p autofocus HD camera with pan tilt and zoom (PTZ), and embedded speakerphone. Users can control the device via intuitive on-board buttons or remote control. The camera can be mounted directly into the base unit or on top of a slim extender post. Its design and features are ergonomically correct for desktops and small conference tables.
- ConferenceCam Connect is also a desktop 1080p HD video device with embedded PTZ camera, wideband speakerphone, on-board control options and remote control. The all-in-one device is intended for portability and easy connection. Battery and AC power options allow users to bring the device to different locations for on- or off-site small group meetings. In its design and positioning, ConferenceCam Connect is unique in the market.
- An all-in-one solution, ConferenceCam CC3000e is purpose-built for mid-size meeting spaces with its longer range omni-directional audio and a PTZ camera. ConferenceCam CC3000e's capabilities and components are comparable to high-end alternatives, but with a design optimized for ease of use and performance in mid-size meeting spaces.
- The PTZ Pro is a standalone pan, tilt and zoom camera built to mount in a variety of conference rooms -- from the huddle space to the boardroom. Easily controlled by 10-ft range remote control, the PTZ Pro has a wide-angle lens and competitive high-quality video which complements the audio system in the room and plugs into a USB-enabled computing system through a single cable.

Products in the ConferenceCam portfolio complement one another and fill gaps in the market. Logitech began rolling out the products in 2012 with a regular cadence of one new offering per year. It is expected the company will continue introducing new innovations for specific business use cases that drive user adoption, utilization and satisfaction.

## **Criterion 2: Technology Leverage**

The ConferenceCam product line utilizes industry standard protocols that enable Logitech to offer tight integration with third-party products and services. This approach has enabled the company to launch the Logitech Collaboration Program (LCP).

LCP focuses on an ecosystem to differentiate, enhance and add value to third-party products and services integrated with ConferenceCam endpoints. The program has attracted a notable group of charter members: Vidyo, Zoom, Blue Jeans Network, Broadsoft, Lifesize, and Cables to Go (C2G). Early examples of multi-vendor collaboration solutions produced from the LCP framework include enhanced control over ConferenceCams registered on third-party video conference applications and services. For

instance, users and admins can control ConferenceCam functions such as PTZ, camera presets, far-end camera, volume, and more directly from within their third-party applications and services. Furthermore, the ConferenceCam line leverages the same code and base technology. This streamlines third-party integration across the portfolio because certification with one model facilitates integration with the whole ConferenceCam line.

### **Criterion 3: Features**

ConferenceCam endpoints pack impressive functionality into products that meet the specifications of their intended use. The lineup has the following attributes in common: 1080p HD video, PTZ cameras with autofocus, wideband audio, H.264 support, as well as embedded and remote control.

- The ConferenceCam BCC950 is among the first industrial designs to integrate a speakerphone and high-end video camera into a single device. Its 78-degree field of view and 8-foot diameter range audio make it well-suited for placement on desktops, in offices and huddle rooms where small group meeting participants are in close proximity to the endpoint.
- ConferenceCam Connect's features are also designed to meet the specific demands of portability. It is light weight, battery and AC capable, and supports a Kensington lock. The unit has a 12-foot range of omni-directional, 360-degree audio, a 4x digital zoom camera with 90-degree field of view, and wireless Miracast screen mirroring to share content from mobile devices. The all-in-one Kensington Security Slot enabled mobile unit supports Bluetooth connectivity, Near Field Communication (NFC) pairing for hosting a group audio call from a mobile device wirelessly. The H.264 SVC camera on top of the speakerphone rests on an internal suspension system to reduce vibration—a unique feature for the industry.
- Built for mid-size meeting spaces, ConferenceCam CC3000e offers a 20-foot omni-directional audio experience in a standalone speakerphone with LCD, console controls and dockable remote control, plus Bluetooth connectivity and NFC. The PTZ mountable camera offers 10x lossless zoom with 90-degree field of view and H.264 with SVC support. With an all-in-one design, the camera supports table, wall and tripod mount options as well as Kensington Security Slots for security.
- Logitech's PTZ Pro offers the benefits of the high-end standalone camera experience currently available with the ConferenceCam CC3000e: 1080 video, 10X lossless zoom, 260-degree pan and 130-degree tilt, 90-degree field of view, H.264 SVC, and multiple mounting options. The PTZ Pro is the perfect complement to the audio-enabled room and offers professional video conferencing at its highest quality for the 10-person video experience.

Overall, the design diversity, uniqueness and functionality of the ConferenceCam portfolio shows Logitech's attention to small details that make a big difference in enabling reliable and high quality collaboration.

**Criterion 4: Price Performance Value**

Logitech has identified gaps in the video conferencing endpoints market for small and mid-size meeting environments. In the competitive marketplace, the low-end products are consumer-grade webcams that can degrade the professional collaboration experience. At the high-end, competitors often pitch a single product for all types of meeting rooms. These often miss the mark as they are simply an overkill or not quite good enough. Further, a number of endpoints now on the market are targeting huddle rooms with a list price of approximately \$1,000, which seems to be the industry's conspired price point for this niche. In stark contrast, Logitech offers customers a number of high value options that are optimized for small and mid-size spaces at affordable prices: ConferenceCam BCC950 lists for \$249, ConferenceCam Connect lists at \$499, ConferenceCam CC3000e lists at \$999 and PTZ Pro lists at \$799.

With its portfolio options, feature set and price points Logitech is well positioned to help customers to turn more of their traditional meeting environments into collaboration spaces.

**Criterion 5: Customer Ownership Experience**

Customers find the functionality, quality and affordability of ConferenceCam products to be compelling when shopping for video conferencing endpoints. Logitech offers its customers several additional value propositions. Customers that subscribe to open standards-based cloud conferencing services as well as those seeking to expand their current premises-based deployments can implement ConferenceCam products with little risk or disruption. The Logitech video collaboration products are compatible or certified with a wide variety of leading video conference applications and services, including: Blue Jeans, BroadSoft, C2G, Cisco, Lifesize, Skype, Skype for Business, Vidyo, Zoom, and others.

Customers do not need to make big capital investments or rip and replace anything. They can keep their existing endpoints in larger spaces and add value by enabling them to connect to an expanded number of smaller meeting spaces where ConferenceCams are deployed.

**Criterion 6: Brand Equity**

The Logitech brand is recognized worldwide. 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. Furthermore, Logitech products are available worldwide through a number of different sales channels which make them easily accessible to customers and partners. All of these attributes are matched by few, if any, Logitech competitors.

## Conclusion

In the growing video conferencing market one-size does not fit all and quality separates success from failure. Logitech maintains a concentration on product development and positioning alignment that is difficult for competitors to match. With its strong overall performance, Logitech has earned Frost & Sullivan's 2015 Product Line Strategy award in the Video Conferencing Endpoint Market.

## Significance of Product Line Strategy

Ultimately, growth in any organization depends upon customers purchasing from your company, and then making the decision to return time and again. A full, comprehensive product line that addresses numerous customer needs and preferences is therefore a critical ingredient to any company's long-term retention efforts. To achieve these dual goals (customer value and product line strength), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



## Understanding Product Line Strategy Leadership

As discussed above, driving demand, brand strength, and competitive differentiation all play a critical role in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on building a superior and comprehensive product line.



## Key Benchmarking Criteria

For the Product Line Strategy Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Product Line Strength and Customer Impact—according to the criteria identified below.

### Product Line Strength

- Criterion 1: Breadth
- Criterion 2: Scalability
- Criterion 3: Technology Leverage
- Criterion 4: Features
- Criterion 5: Supply Chain Reliability

### Customer Impact

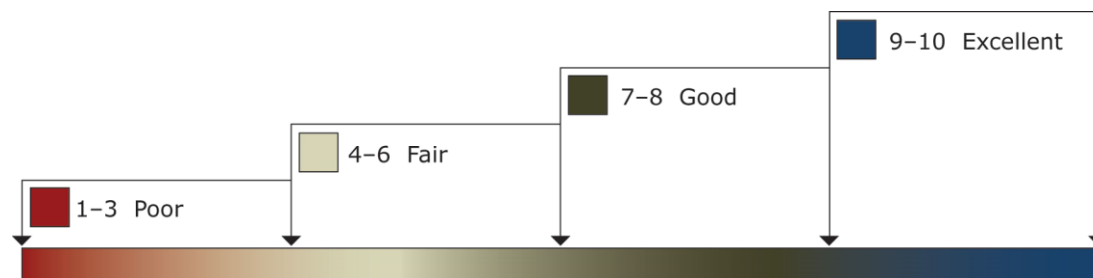
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

## 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 Product Line Strength 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 PRODUCT LINE STRATEGY LEADERSHIP AWARD

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Product Line Strategy	Product Line Strength	Customer Impact	Average Rating
Logitech	9.5	10	9.75
Competitor 2	8.25	8	8.13
Competitor 3	7	7.5	7.25

### *Product Line Strength*

#### **Criterion 1: Breadth**

Requirement: Product line addresses the full range of customer needs and applications

#### **Criterion 2: Scalability**

Requirement: Product line offers products at a variety of price points and functionality levels

#### **Criterion 3: Technology Leverage**

Requirement: Demonstrated commitment to incorporating leading edge technologies into product offerings, for greater product performance and value

#### **Criterion 4: Features**

Requirement: Products offer a comprehensive suite of features to serve customers at multiple levels of functionality, ease of use and applications

#### **Criterion 5: Supply Chain Reliability**

Requirement: There is sufficient control over the supply chain to ensure availability of key components and thereby the availability of products in the product line

### *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

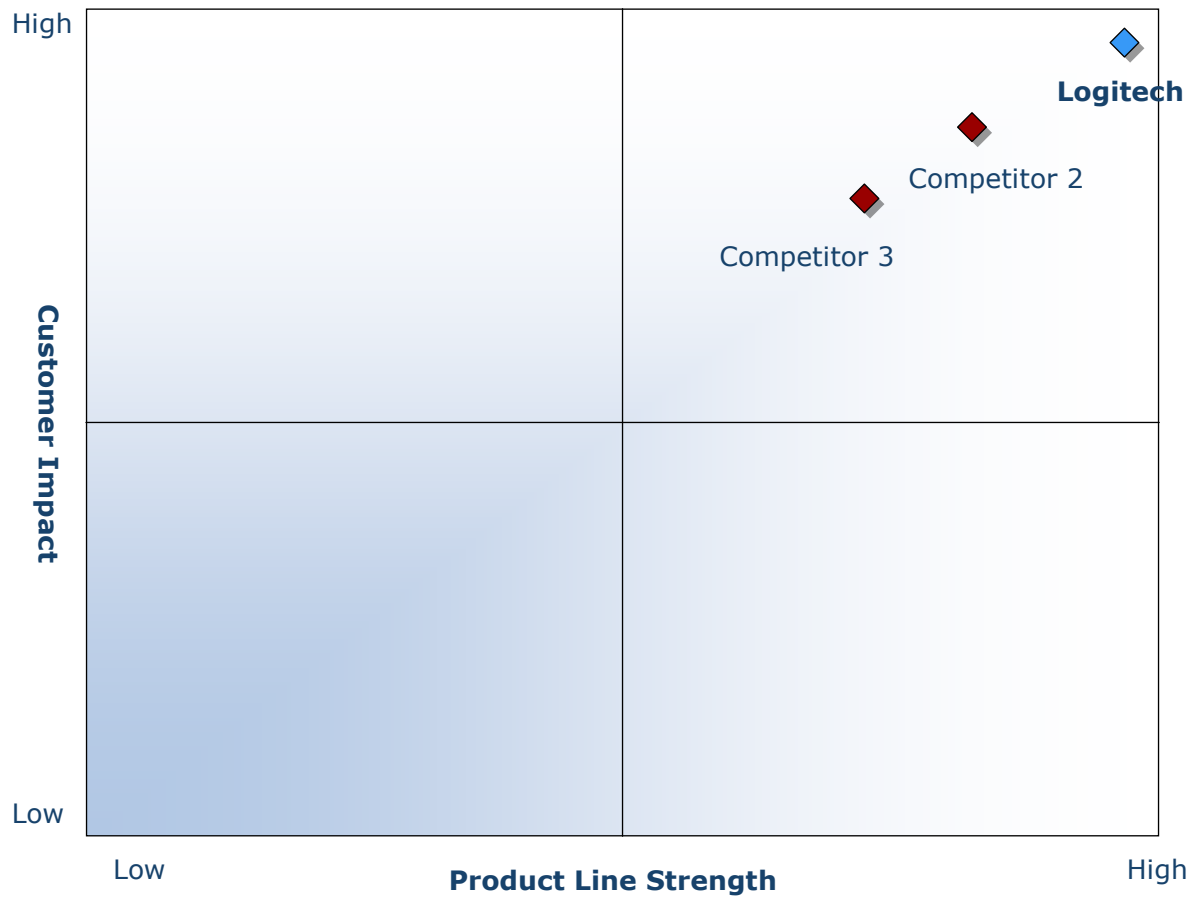
**Criterion 5: Brand Equity**

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 PRODUCT LINE STRATEGY 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



## 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.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 <b>Monitor, target, and screen</b>	Identify award recipient candidates from around the globe	<ul style="list-style-type: none"> <li>• Conduct in-depth industry research</li> <li>• Identify emerging sectors</li> <li>• Scan multiple geographies</li> </ul>	Pipeline of candidates who potentially meet all best-practice criteria
2 <b>Perform 360-degree research</b>	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> <li>• Interview thought leaders and industry practitioners</li> <li>• Assess candidates' fit with best-practice criteria</li> <li>• Rank all candidates</li> </ul>	Matrix positioning all candidates' performance relative to one another
3 <b>Invite thought leadership in best practices</b>	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> <li>• Confirm best-practice criteria</li> <li>• Examine eligibility of all candidates</li> <li>• Identify any information gaps</li> </ul>	Detailed profiles of all ranked candidates
4 <b>Initiate research director review</b>	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> <li>• Brainstorm ranking options</li> <li>• Invite multiple perspectives on candidates' performance</li> <li>• Update candidate profiles</li> </ul>	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 <b>Assemble panel of industry experts</b>	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> <li>• Share findings</li> <li>• Strengthen cases for candidate eligibility</li> <li>• Prioritize candidates</li> </ul>	Refined list of prioritized award candidates
6 <b>Conduct global industry review</b>	Build consensus on award candidates' eligibility	<ul style="list-style-type: none"> <li>• Hold global team meeting to review all candidates</li> <li>• Pressure-test fit with criteria</li> <li>• Confirm inclusion of all eligible candidates</li> </ul>	Final list of eligible award candidates, representing success stories worldwide
7 <b>Perform quality check</b>	Develop official award consideration materials	<ul style="list-style-type: none"> <li>• Perform final performance benchmarking activities</li> <li>• Write nominations</li> <li>• Perform quality review</li> </ul>	High-quality, accurate, and creative presentation of nominees' successes
8 <b>Reconnect with panel of industry experts</b>	Finalize the selection of the best-practice award recipient	<ul style="list-style-type: none"> <li>• Review analysis with panel</li> <li>• Build consensus</li> <li>• Select winner</li> </ul>	Decision on which company performs best against all best-practice criteria
9 <b>Communicate recognition</b>	Inform award recipient of award recognition	<ul style="list-style-type: none"> <li>• Present award to the CEO</li> <li>• Inspire the organization for continued success</li> <li>• Celebrate the recipient's performance</li> </ul>	Announcement of award and plan for how recipient can use the award to enhance the brand
10 <b>Take strategic action</b>	Upon licensed, company may share award news with stakeholders and customers	<ul style="list-style-type: none"> <li>• Coordinate media outreach</li> <li>• Design a marketing plan</li> <li>• Assess award's role in future strategic planning</li> </ul>	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>.