

LUMEN RECEIVES THE 2023 COMPETITIVE STRATEGY LEADERSHIP AWARD

*Identified as best in class in the North American
VoIP access and SIP trunking services industry*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each Award category before determining the final Award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Lumen excels in many of the criteria in the VoIP access and SIP trunking services space.

AWARD CRITERIA	
Strategy Innovation	Customer Impact
Strategy Effectiveness	Price/Performance Value
Strategy Execution	Customer Purchase Experience
Competitive Differentiation	Customer Ownership Experience
Executive Team Alignment	Customer Service Experience
Stakeholder Integration	Brand Equity

Brand Equity

Lumen Technologies is an IT services provider and telecommunications carrier formed after the merger of CenturyLink and Level 3 Communications in 2018. As separate entities, both CenturyLink and Level 3 Communications were strong competitors in different segments of the business communications market. While Level 3 focused most of its efforts on providing data network access, security, and communications

“Simply put, Lumen Enablement Services for UC&C exist to simplify the move to cloud-based communications services, and to do so without a significant investment in capital or resources by the business customer. Lumen has been quite deliberate in creating a suite of managed services that eliminate most of the obstacles to cloud adoption.”

**- Michael Brandenburg,
Senior Industry Analyst, Connected Work**

services to mid-market and large enterprises, CenturyLink’s reach as an incumbent carrier gave the provider access to an installed base of residential customers, small and mid-size businesses, as well as some marquee large customers. As such, each provider took a different approach in terms of market positioning and product lines. CenturyLink focused its product efforts on developing a wide range of unified communications solutions, including basic business VoIP services, hosted telephony and UCaaS services, SIP trunking services, and a full range of collaboration services. Level 3, on the other hand, focused on a

narrow set of voice services that reflected the needs of its large target customers, notably Voice Complete, its SIP trunking service, audio conferencing services, and hosted contact center offerings. As a result, the two disparate providers rarely encountered each other in competitive situations.

Since the completion of the merger, Lumen has worked to rationalize and streamline its network and its suite of products. In addition, it has brought clarity to its branding. The Lumen brand represents the mid-to-large enterprise segment of the organization, while the CenturyLink brand is once again associated with the ILEC portion of the business, which supports residential and small businesses within its remaining local markets.

Competitive Differentiation

Lumen is among the top five VoIP access and SIP trunking providers in North America, in terms of annual services revenue. Lumen's VoIP access and SIP trunking portfolio includes Lumen SIP Trunking for midsize businesses, Voice Complete for enterprise and multinational voice trunking, as well as toll-free and international inbound services available over SIP. In particular, Voice Complete is a mature product that has been refined and enhanced over the last ten years to meet the needs of Lumen's largest customers in UC and contact center deployments.

Similar to most of its other competitors in the SIP trunking market, Lumen has had to respond to significant market disruptions. The first is the competitive threat from UCaaS providers offering the entire suite of communications services, including public switched telephone network (PSTN) access and calling plans. In addition, Lumen has had to frequently tweak its offerings, adding even more features and capabilities to services such as Voice Complete to maintain average revenue per user (ARPU) as a defense against commodity pricing. Most recently, however, Lumen had to quickly reposition its products as Bring Your Carrier (BYOC) opportunities have emerged. BYOC enables businesses to integrate their existing or preferred carrier SIP trunking services with cloud-based PBX solutions including Microsoft Teams, Zoom Phone, and Cisco Webex.

Lumen's response to the BYOC disruption stands out among other VoIP access and SIP trunking providers and is reflective of the provider's transition from a pure telecommunication operator to its emerging role as a global IT services provider. To support PSTN connectivity into these cloud communications environments, Lumen has taken a dual prong approach to integrations. For simple connectivity, Lumen actively participates in its partners' BYOC programs, such as Zoom Phone Provider Exchange. In these environments, Lumen peers their Voice Complete SIP trunking service directly into the cloud PBX providers platform to deliver services.

For more complex environments or to meet specific customer needs, Lumen gets directly involved in managing the PSTN integration. In 2020, the company launched Lumen Enablement Services for UC&C, a suite of managed session border controller-as-a-service (SBCaaS) solutions that link a customer's SIP trunking services to cloud platforms without the need for on-premises communications infrastructure. In an SBCaaS scenario, customers pay simple per user/month pricing to have Lumen experts maintain their PSTN integrations, whether they are Lumen SIP trunks or from a third-party provider.

Frost & Sullivan appreciates how Lumen's trusted telephony services, combined with a wrapper of managed services designed to accelerate customer migration to the cloud, are both synergistic offerings for Lumen and a differentiated capability in the VoIP access and SIP trunking services market.

Customer Purchase and Ownership Experience

Lumen launched Enablement Services for UC&C to simplify the move to cloud-based communications services, and to do so without a significant customer investment in capital or resources. Lumen has been quite deliberate in creating a suite of managed services that eliminate most of the obstacles to cloud adoption. First, Lumen offers distinct and prepackaged enablement services for each of the top three cloud PBX platforms: Microsoft Teams, Zoom, and Cisco Webex. Each service leverages the appropriate technology and integrations required by the cloud platform. For customers standardizing on Microsoft Teams, for example, the corresponding enablement service identifies a clear statement of work, expectations for both Lumen and the customer, and a communications infrastructure certified for Microsoft Direct Routing - all delivered with simplified pricing.

In addition, although Lumen's strategy is to sell their own high quality trunking whenever possible, Lumen Enablement Services for UC&C can utilize the customer's existing SIP trunking services, regardless of carrier. Unlike other competing services, Frost & Sullivan points out that Lumen's solution does not require the customer to change their existing carrier contracts or port their phone numbers into a new service. Large enterprises often sign multi-year contracts with carefully negotiated pricing and terms. Lumen Enablement Services for UC&C are positioned as a value-added service separate from those existing contracts, meaning that Lumen can migrate customers to their preferred cloud platform without disruption or extensive contract renegotiations.

Finally, as a managed service, Lumen Enablement Services for UC&C allows businesses to offload the lifecycle management of their communications infrastructure to Lumen. This means that Lumen, not the customer, handles ongoing maintenance, software updates, and software license management. Some competing SBCaaS solutions require the end customer to purchase the necessary software licenses needed for the solution. In contrast, Lumen's approach simplifies initial adoption and the eventual scaling of cloud PBX services across the organization. Put another way, Lumen experts do much of the heavy lifting, allowing customers to adopt cloud communications services at their own pace and on their own terms.

Strategy Effectiveness

The UC&C enablement strategy has been a big success for Lumen. The provider remains among the top five SIP trunking market share leaders and has been steadily growing the number of telephone numbers and users supported on the Voice Complete platform. Equally important, the managed SBCaaS and cloud integration service practice has become a very significant source of revenue for the provider.

Furthermore, the managed services opportunity for Lumen extends beyond simply connecting their SIP trunking services to Microsoft Teams, Zoom Phone or Webex Calling. Pull-through services that complement and enhance the UC services, including contact center integrations, cloud PBX tenant management, and analytics and reporting services, are all driving new organic growth for Lumen.

Conclusion

Lumen continually enhances the value of its communications solutions, consistently earning the trust its customers have put on it and adapting its most popular solutions in the face of dynamic market conditions. With its strong overall performance, Lumen earns the 2023 Frost & Sullivan Competitive Strategy Leadership Award in the VoIP access and SIP trunking market.

What You Need to Know about the Competitive Strategy Leadership Recognition

Frost & Sullivan's Competitive Strategy Leadership Award recognizes the company with a stand-out approach to achieving top-line growth and a superior customer experience.

Best Practices Award Analysis

For the Competitive Strategy Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Strategy Innovation

Strategy Effectiveness: Effective strategy balances short-term performance needs with long-term aspirations and overall company vision

Strategy Execution: Company strategy utilizes Best Practices to support consistent and efficient processes

Competitive Differentiation: Solutions or products articulate and display unique competitive advantages

Executive Team Alignment: Executive team focuses on staying ahead of key competitors via a unified execution of its organization's mission, vision, and strategy

Stakeholder Integration: Company strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

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- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

