

Entrepreneurial Company of the Year Award CSP Videoconferencing Services North America, 2012

Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360-Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2012 North American Entrepreneurial Company of the Year Award in the CSP-Based Videoconferencing Services market to Blue Jeans Network.

Significance of the Entrepreneurial Company of the Year Award

Key Industry Challenges

As videoconferencing transitions from being a niche, "nice-to-have" solution to a "must have" technology, a few lingering challenges continue to encumber videoconferencing technology adoption on a grand scale.

One key issue is the availability of the elusive "video dial tone", which will be able to provide ubiquitous services for a range of different endpoints, from sophisticated A/V Room videoconferencing units to simple Skype clients on a laptop. A successful new startup, unaffected by existing relationships or tie-ins with some industry participants has a key opportunity to tackle this problem.

The challenge associated with the provisioning of such a massive and omni-present network capable of supporting different endpoints is scalability. A new entrepreneurial company that could devise a Cloud-based distributed Multipoint Control Unit (MCU) capable of concomitantly handling tens of thousands of videoconferencing calls can potentially address this issue. The key then becomes economics, so Commercial Off-The-Shelf (COTS) hardware is imperative, alongside some clever transcoding techniques and focus on supporting multiple environments such as Microsoft Lync and Skype.

Another critical issue is addressing customer needs via support of different videoconferencing infrastructure and collaborative environments. More importantly, companies should be able to pass down some of the savings of their optimized network platform design. High costs associated with hosted videoconferencing solutions remain an impediment to further market growth, particularly in the cost-sensitive Small and Medium Business (SMB) space.

Finally, the speed at which customer needs can be addressed is another paramount consideration for the success of a new entrant. A good Venture Capital pedigree and support are necessary ingredients, but the entrepreneurial company itself has to be able to react quickly and tackle the customer needs in order to achieve critical mass and market relevance.

Key Benchmarking Criteria for the Entrepreneurial Company of the Year Award

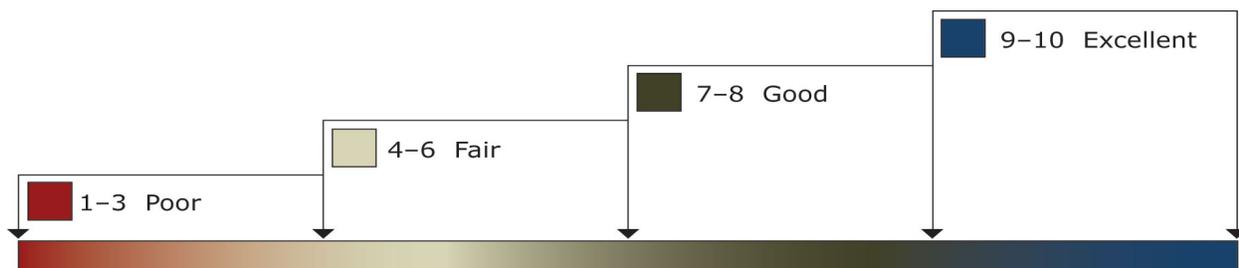
For the Entrepreneurial Company of the Year Award, the following criteria were used to benchmark Blue Jeans Network's performance against key competitors:

- **Growth Strategy Excellence**
- **Growth Implementation Excellence**
- **Degree of Innovation with Products and Technologies**
- **Leadership in Customer Value**
- **Speed of Response to Market Needs**

Decision Support Matrix and Measurement Criteria

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies' performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each Award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and Award category. The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are shown in Chart 2.

Chart 2: Performance-Based Ratings for Decision Support Matrix



This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring 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.

Chart 3: Frost & Sullivan’s 10-Step Process for Identifying Award Recipients



Best Practice Award Analysis for Blue Jeans Network

The Decision Support Matrix, shown in Chart 4, illustrates the relative importance of each criterion for the Entrepreneurial Company of the Year Award and the ratings for each company under evaluation. To remain unbiased while also protecting the interests of the other organizations reviewed, we have chosen to refer to the other key players as Competitor 1 and Competitor 2.

Chart 4: Decision Support Matrix for Entrepreneurial Company of the Year Award

<i>Measurement of 1-10 (1 = lowest; 10 = highest)</i>	Award Criteria					Weighted Rating
	Growth Strategy Excellence	Growth Implementation Excellence	Degree of Innovation with Products and Technologies	Leadership in Customer Value	Speed of Response to Market Needs	
Relative Weight (%)	20%	20%	20%	20%	20%	100%
Blue Jeans Network	8	8	8	9	7	8.0
Competitor 1	8	6	9	7	8	7.6
Competitor 2	6	7	7	9	7	7.2

Criterion 1: Growth Strategy Excellence

Blue Jeans Network has quite an ambitious goal: to enable end users to access its videoconferencing network in a ubiquitous manner, without the need to download software or use any hardware; a standard laptop with a built-in video camera is all that is required. The idea is to ease interoperability and accelerate the adoption of videoconferencing. Endpoints are a hassle to use, which has greatly hampered vast uptake of the technology. Frost & Sullivan believes that Blue Jeans Network's strategy will strike a chord with disenchanted first-generation users while facilitating new users to adopt videoconferencing at a much faster rate.

Criterion 2: Growth Implementation Excellence

In the first 75 days since the launch of its network earlier this year, Blue Jeans Network has already secured 4,000 subscribers from 500 firms, including Facebook, Heidrick & Struggles, and Internet2. More importantly, Blue Jeans Network signed its first major carrier customer in June 2011: Deutsche Telekom, which will white label Blue Jeans Network to offer videoconferencing services. These are a few important early wins that validate Blue Jeans Network's strategy and that command the market attention devoted to successful entrepreneurial new entrants.

Criterion 3: Degree of Innovation with Products and Technologies

Blue Jeans Network is building a distributed computing architecture that is massively scalable and can be thought of as a Cloud-based distributed MCU that handles tens of thousands of videoconferencing calls. Such a system, built with COTS multi-core Intel servers and coupled with the company's own engineering know-how (including transcoding techniques and multiple endpoint support), can further evolve to provide the elusive "video dial tone" that the industry has been seeking.

Criterion 4: Leadership in Customer Value

Blue Jeans Network expects that its system will deliver substantial savings to enterprise customers, dropping the videoconferencing price from the current \$1 a minute to the 10-to-15 cents range (per minute). This will have a considerable appeal to enterprises seeking to embrace videoconferencing at their own pace, particularly the mid-market, which is right at the "sweet spot" for market adoption.

Criterion 5: Speed of Response to Market Needs

In April 2011, Blue Jeans Network introduced a cloud-based videoconferencing service that tackles the complexities associated with the technology and makes it as easy to use as a telephone. The company is tackling a major market need to address the gap between

proprietary, enterprise-class videoconferencing products from vendors such as Cisco/Tandberg and Polycom and popular consumer video chat products such as Skype and Google Talk. Blue Jeans Network remains committed to further expanding its cloud-based distributed MCU network to support existing and future customers.

Conclusion

The key value proposition for Blue Jeans Network is that when its network is available, it is available to all participants in the cloud. The major proof point for that is the newly introduced VideoMeet service by Deutsche Telecom (DT): companies of all sizes are able to start multi-party videoconferences utilizing smart phones, tablets, or full-fledged HD room systems. By expeditiously ramping up its network and fine-tuning its performance to support not only large enterprises but also the provision of white label services to larger operators such as DT, Blue Jeans Network has made its mark as one of the Videoconferencing industry's newest entrepreneurial rising stars. Based on Frost & Sullivan's independent analysis of the North American CSP-Based Videoconferencing Services market, Blue Jeans Network is being recognized with the 2012 Entrepreneurial Company of the Year Award.

The CEO 360-Degree Perspective™ - Visionary Platform for Growth Strategies

The CEO 360-Degree Perspective™ model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The CEO 360-Degree Perspective™ is also a "must-have" requirement for the identification and analysis of best-practice performance by industry leaders.

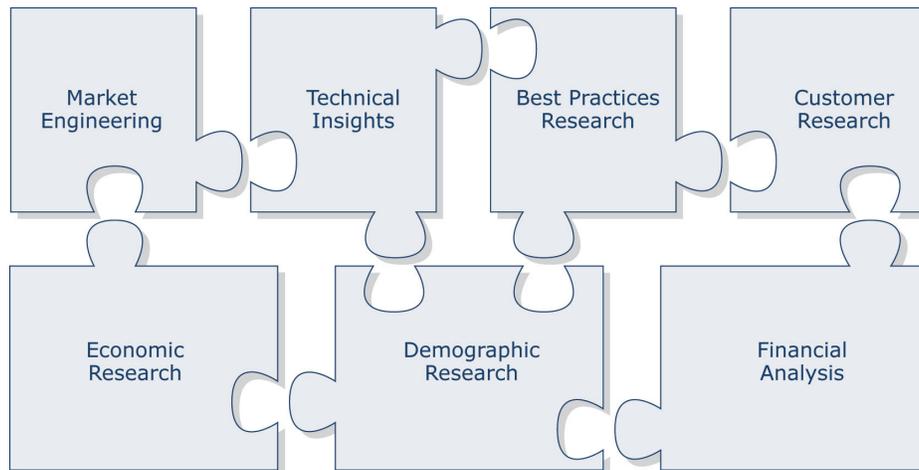
The CEO 360-Degree Perspective™ model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies' growth strategies. As illustrated in Chart 5 below, the following six-step process outlines how our researchers and consultants embed the CEO 360-Degree Perspective™ into their analyses and recommendations.

Chart 5: The CEO's 360-Degree Perspective™ Model



Critical Importance of TEAM Research

Frost & Sullivan’s TEAM 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 seven of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Chart 6: Benchmarking Performance with TEAM Research

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 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.