

Market Share Leadership of the Year Award, Outbound Dialer Systems, North America, 2010

Frost & Sullivan's Global Research Platform

Frost & Sullivan is entering 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 in turn 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 2010 North American Market Share Leadership of the Year Award in Outbound Dialer Systems to Avaya.

Significance of the Market Share Leadership Award

Key Industry Challenges

The slowly recovering economy contributed to a very challenging year in the outbound dialer systems market in North America. The only bright spot was in strong demand in support of debt collection campaigns primarily in the financial services and retail industries. Tight enterprise budgets and limited access to capital funds complicated efforts to sell of new and add-on outbound dialer systems. Other challenges faced by outbound dialer systems vendors included the increasingly restrictive laws governing calling consumers, growing demand for unified and blended pro-active customer contact and campaign management solutions, and alternative hosted and outsourced dialer services.

Widespread negative perceptions of unsolicited calls continues to drive federal, state, and provincial governments across the United States and Canada to enact evermore restrictive and overlapping regulations governing those calls. Effects of these regulations include: enterprises reducing their use of dialers for new customer acquisition (telemarketing, telesales), enterprises increasing their use of alternative (less regulated) methods for outbound contacts, and enterprises moving outbound campaigns to specialist outbound service suppliers.

For a growing number of enterprises the advantages of hosted outbound dialer services (little or no capital required, rapid start-up, little or no IT support staff required) are compelling. In a year in which access to capital was limited and enterprise capital budgets were tight or frozen the appeal of hosted services was even greater.

Impact of Market Share Leadership Award on Key Stakeholders

The Market Share Leadership Award is a prestigious recognition of Avaya's accomplishments in the Outbound Dialer Systems. An unbiased, 3rd party recognition can provide a profound impact in enhancing the brand value and thereby accelerating the Avaya's growth. As captured in Chart 1 below, by researching, ranking, and recognizing

those who deliver excellence and best practices in their respective endeavors, Frost & Sullivan hopes to inspire, influence, and impact three specific constituencies:

- **Investors**

Investors and shareholders always welcome unbiased and impartial third party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy of investment.

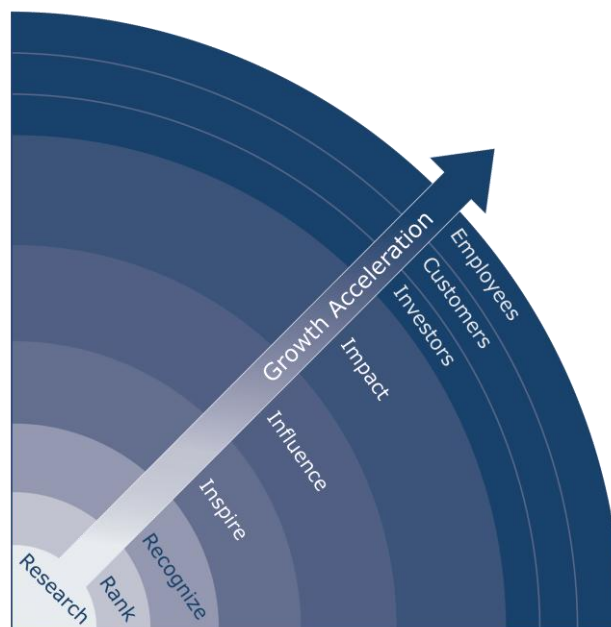
- **Customers**

3rd party industry recognition has been proven to be the most effective way to assure customers that they are partnering with an organization that is leading in its field.

- **Employees**

This Award represents the creativity and dedication of Avaya's executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of market share leadership for Avaya.

Chart 1: Best Practices Leverage for Growth Acceleration



Best Practice Award Analysis for Avaya

The Frost & Sullivan Award for Market Share Leadership is presented to the company that has demonstrated excellence in capturing the highest market share within its industry. The Award recognizes the company's leadership position within the industry in terms of revenues or units, as specified.

Avaya's Performance in the Outbound Dialer Market

Frost & Sullivan's contact center market analysis recognizes Avaya as the outbound dialer systems market share leader in North America, based on product revenue, displacing long time market leader Aspect Software from the top spot.

This is particularly noteworthy for a couple of reasons. 2009 was the toughest year for contact center systems sales in a long time. The hardest hit was the inbound contact routing systems market, which declined by 20 percent in North America. With much of their budgets frozen for capital expenditure, a number of enterprises either put off their contact center system upgrade plans by a year or so, or migrated to hosted and outsourced contact center solution providers to support new campaigns.

In spite of the increased demand for outbound dialer systems in support of collections campaigns, the outbound dialer systems market in North America declined by 2 percent over 2008.

Avaya on the other hand, on the back of a very impressive year in North America for its outbound dialer systems sales grew by 22 percent in this market. While add-on seats from existing customers is typically a good source for incremental revenue from a customer base as large as Avaya's in the contact center industry, what is particularly impressive is that as high as 85 percent of Avaya's outbound dialer shipment sales in North America were from new customers in 2009, in many cases who defaulted from other contact center vendors.

The bulk of the NA growth was in the second half of the year as many new and existing customers increased their collections capabilities. With the economy still recovering, the relatively short ROI for outbound dialers for collections drove sales significantly.

Key Performance Drivers for Avaya

Key reasons for Avaya's success in this market in North America include: its strength and success in some of the largest and most rapidly recovering outbound dialer systems market segments (financial services, and telecommunications), its commitment to market leading outbound dialer applications, a complete and complementary set of enterprise

communications and contact center solutions, broad market focus, strong partner sales programs, and highly-responsive customer service. In addition, Avaya offers industry-specific packaged solutions for pro-active customer contact, such as for financial services and healthcare verticals.

Avaya's current outbound dialer systems include: for advanced functionality its Proactive Contact solution; and for basic functionality, an outbound preview dialing application for the Avaya Contact Center Express suite. In support of its commitment to product leadership Avaya's product roadmap for outbound customer contact includes enhancements to Proactive Contact, and new solutions -- Proactive Outreach Manager, to support multimedia inbound and outbound self-service applications, and Avaya Aura Experience Portal; to support multimedia (voice, email, and text) unified outbound campaigns.

Avaya's broad and deep portfolio of contact center applications is a key to its success in the outbound dialer systems market which is growing in importance. Historically, outbound dialer systems have often been used in full- or semi-stand alone deployments, but enterprises are increasingly recognizing the strategic business value of comprehensive and integrated pro-active customer contact programs. Thus, one of Avaya's advantages is its complete and expanding contact center solution set.

Like some of its competitors Avaya has focused sales efforts and been successful with companies using outbound dialing for collections and telemarketing. But, unlike many of its competitors Avaya also has a broad market focus in providing outbound customer contact applications across sizes of contact centers, sizes of enterprises, and industries.

Avaya also offers industry-specific applications, which combine the use of its dialers and other outbound functions. Proactive Outreach for Financial Services and Proactive Outreach for Healthcare are the first in a series of vertical applications Avaya is planning to roll out. The goal of these applications is to support its customers' proactive customer contact strategies with pre-built applications which lower the cost, complexity, and time-to-results for proactive campaigns.

Avaya has offices in all of the major cities of the United States and Canada and a growing and experienced partner channel focused on companies of all sizes and industries. Coupled with high quality solutions, Avaya supports its outbound dialer customers with highly-responsive customer service, both directly and through its partners. Its well-deserved reputation for high levels of customer satisfaction, willingness to recommend and repurchase are all key to Avaya's success and leadership position in this market.

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 360 degree perspective is also a “must-have” requirement for the identification and analysis of best-practice performance by industry leaders.

The 360 degree 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 2 below, the following six-step process outlines how our researchers and consultants embed the 360 degree perspective into their analyses and recommendations:

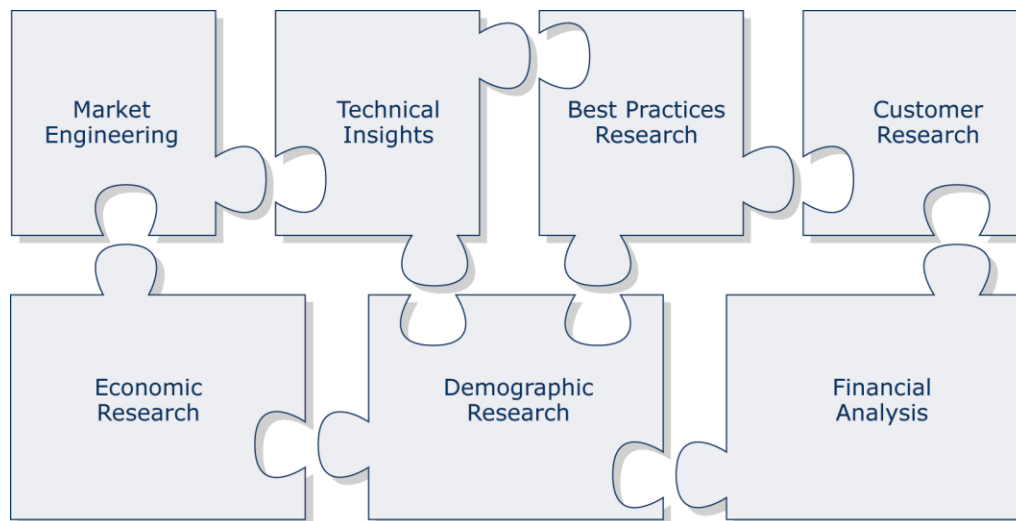
Chart 2: How the CEO's 360 Degree Perspective Model Directs Our Research?



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 7 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 the 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 3: Benchmarking Performance with TEAM Research



About Avaya

Avaya is a global leader in enterprise communications systems. The company provides unified communications, contact centers, data solutions, and related services directly and through its channel partners to leading businesses and organizations around the world. Enterprises of all sizes depend on Avaya for state-of-the-art communications that improve efficiency, collaboration, customer service and competitiveness. For more information please visit www.avaya.com.

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>.