ufinet

2018 Latin American Fiber Optic Wholesale Network Services Company of the Year Award

2018 BEST PRACTICES AWARDS

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Background and Company Performance

Industry Challenges

Latin America's demand for Internet capacity and connectivity is exploding, as penetration rates and market sizes are growing each year, while at the same time price per gigabyte is falling. Consumer demand for bandwidth (to run Big Data-intensive applications, stream over the top content, and connect to cloud environments) and expectations are stressing existing network and infrastructure capacity. Advanced network connectivity will be essential to service the estimated 2.5 billion connected devices and 590 million Internet users in Latin America by 2025, according to Frost & Sullivan projections.[1] As macroeconomic forces batter revenues and end-user expectations increase, the telecommunications providers (telcos) must redouble efforts to become more customer-centric organizations, and need help from infrastructure and network wholesalers to deliver as promised.

With the IoT and device proliferation on the horizon, delivering access and connectivity will be vital. Internet service providers (ISPs) and communications service providers (CSPs) are feeling the ire of disappointed users, enterprises, and governments. Moreover, these CSPs and telecommunications providers feel the pinch of dwindling revenues from traditional services at just the same time consumers' demand for higher quality of service grows on greater amounts of data traffic. Moreover, small and medium businesses are also increasingly adopting digital transformations, and are taking advantage of the low cost of data transmission and demanding similar quality service. Across Latin America, connectivity is penetrating new geography and addressable markets—pushing last mile telecom providers and system integrators to pressure wholesale carriers.

Wholesale network carriers accordingly must adapt to the pressures of regulations, increasing demands from CPSs, and the dropping price of megabits per second traffic. Wholesale network providers to the local CSP carriers will need to make new investments in Internet backbone, network capacity, and data center provisioning to keep pace. Moreover, Latin America's comparatively underserved, and dispersed regions will need new investments to connect, and network providers will contend with the extended geography as well as the challenges of integrating the many legacy components and protocols with the latest technologies.

While satellite and other alternative means are showing promise, fiber optic cables remain the prime tool for sending large amounts of data between essential points throughout the Americas. Expanding network capacity and upgrading network capabilities will be critical in satisfying skyrocketing demand. While demand is high, Internet backbone operators can differentiate with high network quality assurance, as well as integrated value-added services, and the flexibility to enable new business models or monetization potential. As new technology evolves rapidly in coming years and gains adoption in Latin America, colocation data centers, cloud access, and infrastructure services will become essential for

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[1] *Mega Trends in LATAM, Forecast to 2025: Resurgence of the Next-generation Continent through Economic Growth Supported by Digital Inclusion and Technology Innovation* (Frost & Sullivan, February 2017).

expanding Internet penetration and driving innovation as economies in the region recover and grow. [2]

Visionary Innovation & Performance and Customer Impact of UFINET

A wholesale network services provider in Latin America, Spanish-headquartered UFINET offers the leading fiber optic network in the region with a consistent focus on providing quality. Building on a solid foundation in long-term contracts with the largest telecommunications and communications service providers, UFINET elicits strong customer loyalty and is expanding throughout countries in the region.

Extensive Fiber Optic Network

UFINET manages an impressively robust fiber optic network of over 53,500 kilometers (km) throughout Latin America. The company's coverage and presence enable last mile providers to deliver high quality of service, crucial for enterprises and high bandwidth applications. With stability, UFINET connects the fiber network with three points of presence in the United States, with both Atlantic and Pacific connections, for multiple interconnections with international operators and access points. UFINET's fully own and protected network includes 18,000 km in major metropolitan areas, a particularly important area of connectivity, and capacity to connect 25,000 on-net buildings, 54,000 near-net buildings, 3,600 on-net towers and 1,840 towns and city—the result of significant investments. Indeed, UFINET's considerable commitment to growing its network translates into double-digit increases in km measurements, year over year since 2015. Most recently, UFINET's expansion into the most extensive fiber optic network in Latin America brings multi-ring protected connections from Mexico to Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Colombia, Ecuador, Peru, Paraguay, Argentina, and Chile.

Prioritizing Customers by Listening and Supporting

UFINET's familiarity with customers and willingness to listen to their specific and changing needs demonstrates the company's dedication to building long-term relationships that encourage business growth. This closeness with customers is UFINET's most crucial methodology and reflects in the history of personal communication and detail-oriented time spent with customers' internal processes and objectives. Consequently, UFINET develops a collaborative relationship with customer organizations that build upon themselves for growing services and operations. The relationship with customers continues after the sales services, with key account managers maintaining close and direct contact. Also, UFINET's network operations center is available 24x7x365 for direct contact with the customer if urgent issues arise, and the customer-facing real-time monitoring systems are always online to check functionality.

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[2] *Latin American Telecom Services Industry Outlook, 2017: Technologies such as Big Data, SDN and NFV, Augmented Reality, and Carrier Ethernet over WAN Gain Ground while New Business Models Foster Digital Transformation* (Frost & Sullivan, April 2017).

Dedicated to Agile Service Delivery and Capabilities

Knowledge and understanding for customers' project needs and overall goals enable UFINET to implement highly agile service delivery and notable flexibility to make even challenging deployments possible. On both commercial and technical components, UFINET is exceptionally flexible. The company can work to model deployments around the needs of customer; for example, to navigate capital expenditures or operating expenditures constraints in billing and contracts.

In technical respects, UFINET also offers capabilities to adapt and meet customer desired configurations. The company can flexibly combine technologies and legacy service interfaces, modify architectures, and adapt bandwidths to enable project specifications and quality of services measurements. Service deliveries can begin in as few as two weeks in expedited cases. UFINET impresses with the level of personalization and customization that it proves willing to make for customers to satisfy specific or unpredicted ad-hoc needs to ensure that service deliver flows smoothly and seamlessly.

Neutral Provisioning Encourages Trust and Partnerships

UFINET remains dedicated to neutrality as a wholesale provider, with a strict non-compete mission, boosting credibility across the market. Customers trust UFINET's reputation and quality, as it maintains multiple technical certifications from the Metro Ethernet Forum (MEF), a leading global industry association, for E-Line, E-LAN, E-Tree, (MEF 6.1 and MEF 10.2 guidelines); as well as E-Access services (MEF 26.1 & MEF 33 docs); and professional training (MEF CECP 2.0.). Also, UFINET complies with rigorous national regulations and international quality assurance standards required by Fortune 500 Companies.

Focused on quality data and Internet transport, UFINET operates as a completely neutral service provider—facilitating traffic for many operators and encouraging healthy efficiency in markets that will reap benefits for consumers and users. A reliable partner for each carrier and CSP, UFINET delivers services for the following largest providers in the Americas: BT, AT&T, Orange, Verizon, Sprint, Entel Chile and Peru, Telsius, PCCW Global, Internexa, Neutrona, Globenet, MCM in Mexico, Transtelco in Mexico, Telmex, KIO, Bestel, and Tigo.

Extensive Latin American Network
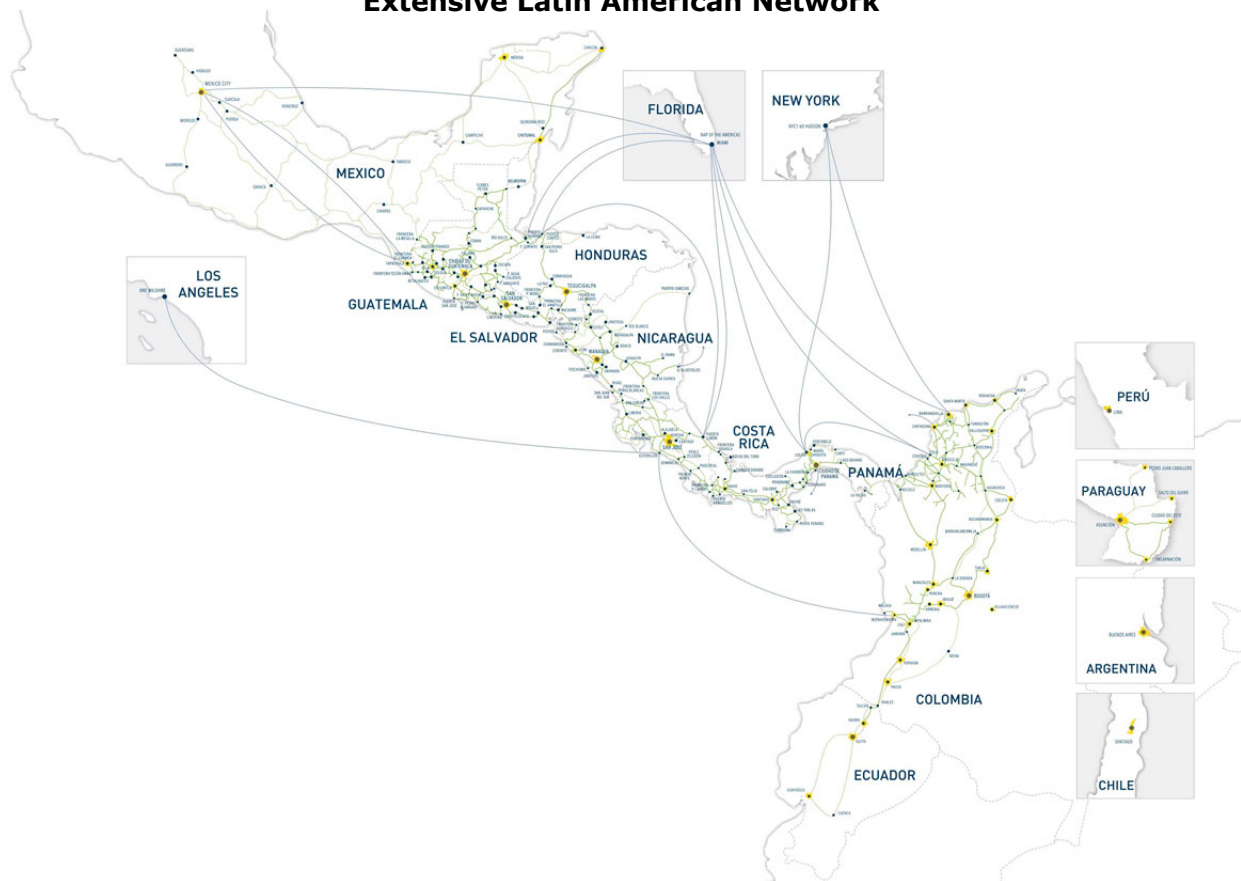
Source: UFINET.

Value-added Synergies

While UFINET focuses on wholesale fiber optic operations, recent acquisitions afford opportunities for value-added synergies that benefit customers. The company strengthened its network by acquiring telecom service provider IFX in 2016, and while the two organizations manage operations separately, customers can find advantages in working with both. UFINET took over management of IFX's network capacity in Colombia and Mexico, while IFX offers cloud services and managed services already streamlined for the network and for bundling.

A Comprehensive Strategy for Future Growth Is Already Working

UFINET has executed an aggressive plan for organic and strategic growth, building out capabilities in metropolitan cities and moving to provide end-to-end services for customers. Adapting to national markets and technologies, UFINET has moved since 2015 to develop capacity in South America and address the growing market demand and evolving technologies for mobile operators and 5G networks. UFINET has been investing in its fiber optic networks, at both the carrier ethernet level and the dense wavelength

division multiplexing level, as well as new flexible technologies such as content delivery networks and software-defined networking.

The company's geographic expansion into Mexico, Ecuador, Peru, Paraguay, Argentina, and Chile, includes acquisitions and greenfield developments that are opening new markets and driving double-digit revenue growth. By acquiring small local providers and building connectivity to the larger network and combining with new deployments in underserved metropolitan areas, UFINET is stitching together fiber optic capacity that positions the company ideally for continued growth and entrance into the largest markets in Latin America.

Conclusion

As consumer and enterprise demand for bandwidth and capacity strains network operators and communications service providers, UFINET commits to operating as a neutral and reliable partner. Making listening and understanding its customer's particular needs priority one, UFINET demonstrates exceptional flexibility to make contracts and technical deployments fit the situation. With impressive growth arising from acquisitions and greenfield developments in South and Central America, UFINET is knitting together a notable fiber optic network of more than 53,500 kilometers connecting the Americas.

With its extensive network, exceptional service assurances, and commitment to neutral and reliable connectivity, UFINET earns Frost & Sullivan's 2018 Company of the Year Award in fiber optic wholesale network services in Latin America.

Significance of Company of the Year

To receive the Company of the Year Award (i.e., to be recognized as a leader not only in your industry, but among your non-industry peers as well) requires a company to demonstrate excellence in growth, innovation, and leadership. This kind of excellence typically translates into superior performance in three key areas: demand generation, brand development, and competitive positioning. These areas serve as the foundation of a company's future success and prepare it to deliver on the two criteria that define the Company of the Year Award (Visionary Innovation & Performance and Customer Impact).

- Acquire competitors' customers
- Increase renewal rates
- Increase upsell rates
- Build a reputation for value
- Increase market penetration

- Earn customer loyalty
- Foster strong corporate identity
- Improve brand recall
- Inspire customers
- Build a reputation for creativity

DEMAND

BRAND

Company of the Year

COMPETITIVE POSITIONING

- Stake out a unique market position
- Promise superior value to customers
- Implement strategy successfully
- Deliver on the promised value proposition
- Balance price and value

Understanding Company of the Year

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 Visionary Innovation & Performance to enhance Customer Impact.

Key Benchmarking Criteria

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated two key factors—Visionary Innovation & Performance and Customer Impact—according to the criteria identified below.

Visionary Innovation & Performance

Criterion 1: Addressing Unmet Needs
Requirement: Implementing a robust process to continuously unearth customers' unmet or under-served needs, and creating the products or solutions to address them effectively

Criterion 2: Visionary Scenarios through Mega Trends
Requirement: Incorporating long-range, macro-level scenarios into the innovation strategy, thereby enabling "first-to-market" growth opportunity solutions

Criterion 3: Implementation of Best Practices
Requirement: Best-in-class strategy implementation characterized by processes, tools, or activities that generate a consistent and repeatable level of success.

Criterion 4: Blue Ocean Strategy
Requirement: Strategic focus on creating a leadership position in a potentially "uncontested" market space, manifested by stiff barriers to entry for competitors

Criterion 5: Financial Performance
Requirement: Strong overall business performance in terms of revenues, revenue growth, operating margin, and other key financial metrics

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 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.

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts 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 **Monitor, target, and screen**	Identify Award recipient candidates from around the globe	• Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies	Pipeline of candidates who potentially meet all best-practice criteria
2 **Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3 **Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4 **Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 **Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized Award candidates
6 **Conduct global industry review**	Build consensus on Award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible Award candidates, representing success stories worldwide
7 **Perform quality check**	Develop official Award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8 **Reconnect with panel of industry experts**	Finalize the selection of the best-practice Award recipient	• Review analysis with panel • Build consensus • Select winner	Decision on which company performs best against all best-practice criteria
9 **Communicate recognition**	Inform Award recipient of Award recognition	• Present Award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of Award and plan for how recipient can use the Award to enhance the brand

STEP		OBJECTIVE	KEY ACTIVITIES	OUTPUT
10	**Take strategic action**	Upon licensing, company able to share Award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning	Widespread awareness of recipient's Award status among investors, media personnel, and employees

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 participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS
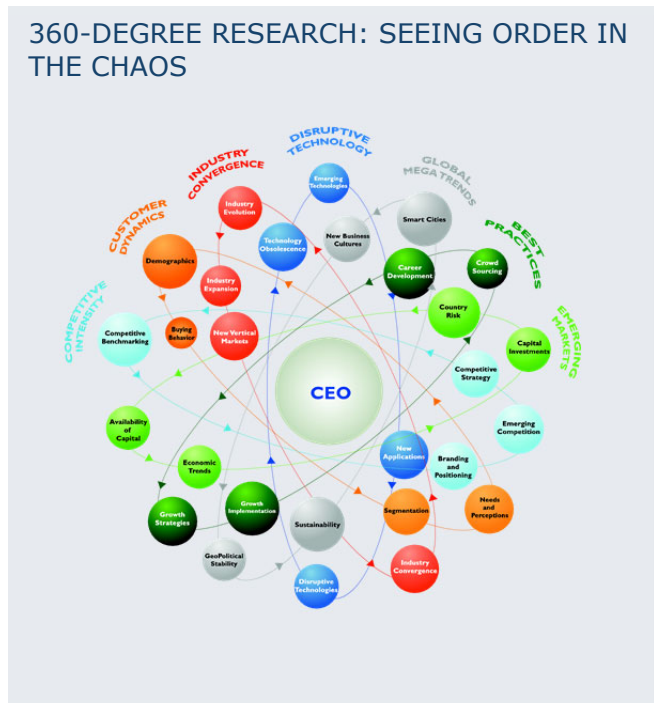
About Frost & Sullivan

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