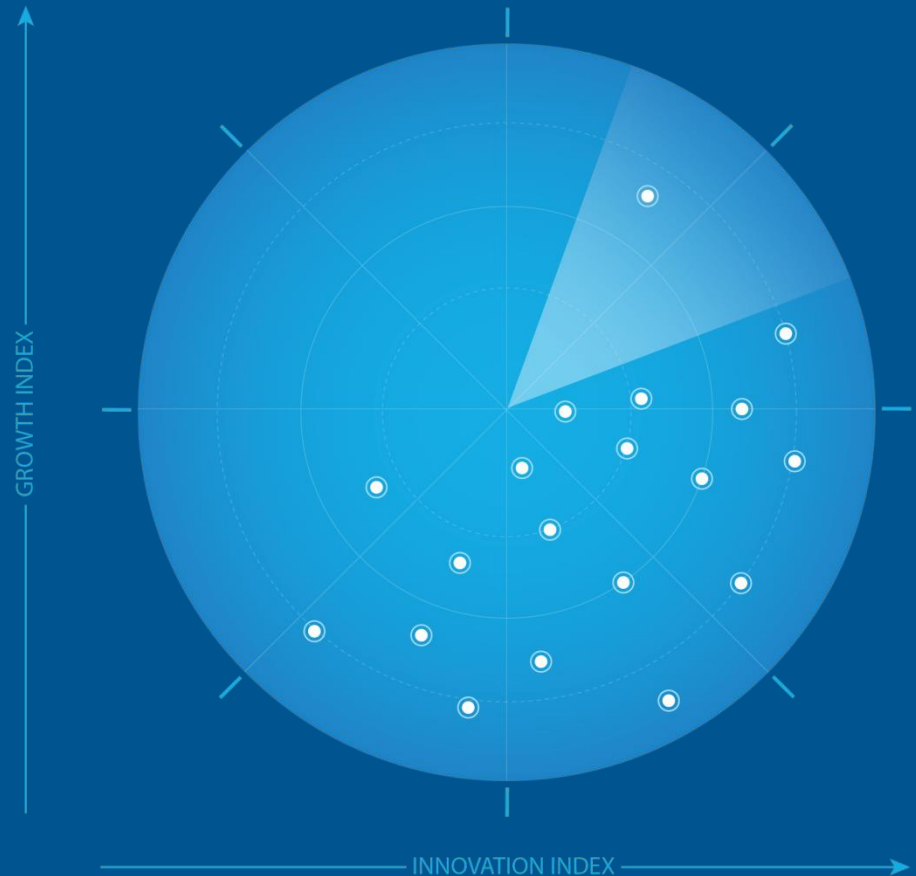


Frost Radar™: Global SD-WAN Vendor Market, 2021

A Benchmarking System
to Spark Companies to
Action—Innovation that
Fuels New Deal Flow and
Growth Pipelines

Global Information &
Communications Technologies
Research Team at Frost & Sullivan



Strategic Imperative and Growth Environment



Strategic Imperative

Businesses Embrace SD-WAN for Remote Workers

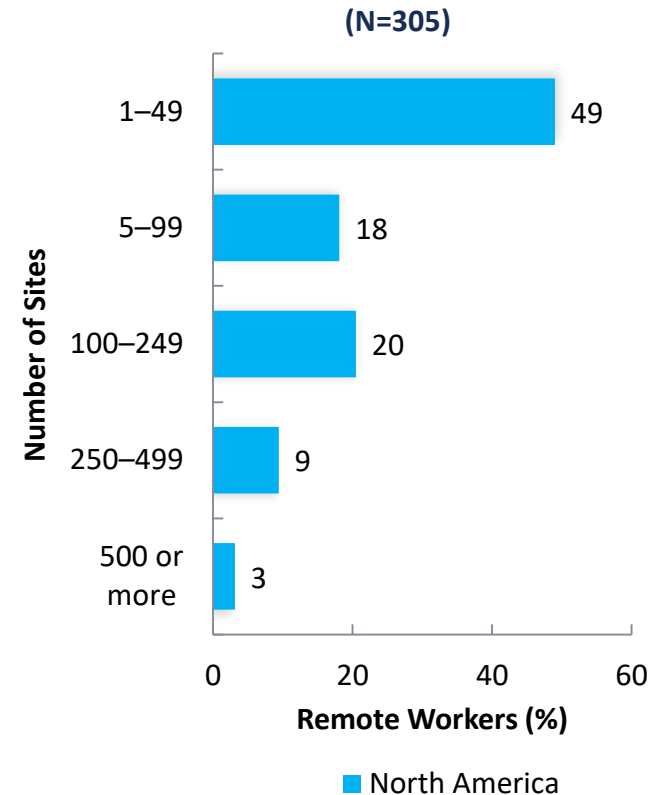
At the peak of the COVID-19 pandemic in 2020, software-defined wide area network (SD-WAN) vendors witnessed a surge in demand for SD-WAN technology to extend to remote workers. The business case for doing so is solid. As businesses across industries are embracing the public cloud to host key applications, and with advances in residential broadband and wireless speeds, remote workers can access most enterprise applications from home. However, as remote workers compete for bandwidth with others at home (spouse/children), optimizing and prioritizing business applications on home networks has become critical.

SD-WAN technology can optimize the available bandwidth for remote workers in 3 ways:

- Giving higher priority to business traffic than to social media, YouTube, and streaming service traffic
- Continuously monitoring the traffic path for packet loss and delay, and applying forward-error correction to reduce packet loss and increase throughput
- Using traffic-handling techniques to throttle less-critical application traffic

The remote working trend is here to stay. Employees across industries have indicated a strong preference to work from home, post COVID-19. Exhibit in this slide shows the adoption trends for SD-WAN among remote workers in North America. In its 2020 State of Remote Work report, Buffer Inc. surveyed 3,500 remote workers, 98% of whom stated they would like to work remotely, at least some of the time, for the rest of their careers. Frost & Sullivan expects SD-WAN for home use to become more popular as remote working trends continue to gain traction.

Operational SD-WAN Sites at Remote/Home Office Locations, NA, 2021



Source: 2021 Frost & Sullivan Global Enterprise WAN Virtualization Trends Survey

Strategic Imperative (continued)

Security and Networking Converge to Make Way for Secure SD-WAN or Secure Access Service Edge (SASE)

While WAN technology is evolving into a software-centric approach (thanks to SDN, NFV, and SD-WAN) to support distributed users and applications, security has remained largely centralized. Today, employees, partners, and contractors have the ability to access enterprise applications from anywhere around the globe. Security administrators must keep track of users' locations and the applications they are accessing, monitor the performance and quality of experience for those applications, and secure them. Traditional infrastructure-based security concentrated in company headquarters is not sufficient when business applications are deployed across multiple clouds.

SASE combines network and security functions in one framework, which is software-defined and delivered from the cloud through distributed SASE points of presence (PoPs). Users (and devices) connect to the nearest SASE PoP (deployed in on-premises or at third-party data centers, network POPs, security PoPs, or cloud PoPs), which determines the optimal routing and security policies for the endpoint trying to access cloud (IaaS, SaaS, and PaaS) applications. The routing and security policies for each application are applied based on the identity of the entity, real-time context, enterprise security/compliance policies, and continuous assessment of risk/trust throughout the sessions. While the aim of SASE is to deliver a comprehensive set of virtual security services (that were typically deployed on-premises on a physical appliance at enterprise data centers) from the cloud, the critical components included are next-generation firewall, SD-WAN, zero trust network access (ZTNA), and secure web gateway (SWG).

SASE has become somewhat of an industry buzzword right now with vendors and service providers rushing to brand their SD-WAN and security offerings as SASE. Discussions with enterprise IT decision makers indicate that most of them do not even fully understand the definition of SASE, and most certainly, a very small percentage of the businesses have deployed all the components of SASE. Interviews with vendors validate this market perception as they are getting requests for information about the SASE solutions they are capable of delivering, now and in the future, but adoption is limited so far.

Frost & Sullivan believes there is value in delivering both networking and security functions from the cloud. However, existing enterprise WAN architectures and needs are way too complex to depend solely on a cloud-based model. A hybrid model consisting of on-prem and cloud-delivered secure SD-WAN (that combines SD-WAN and some security components) is more ideal to address businesses' needs. A SASE solution is more of a spectrum, which should have an on-prem anchor and some cloud elements, and it should be able to slide between the two.

Source: Frost & Sullivan

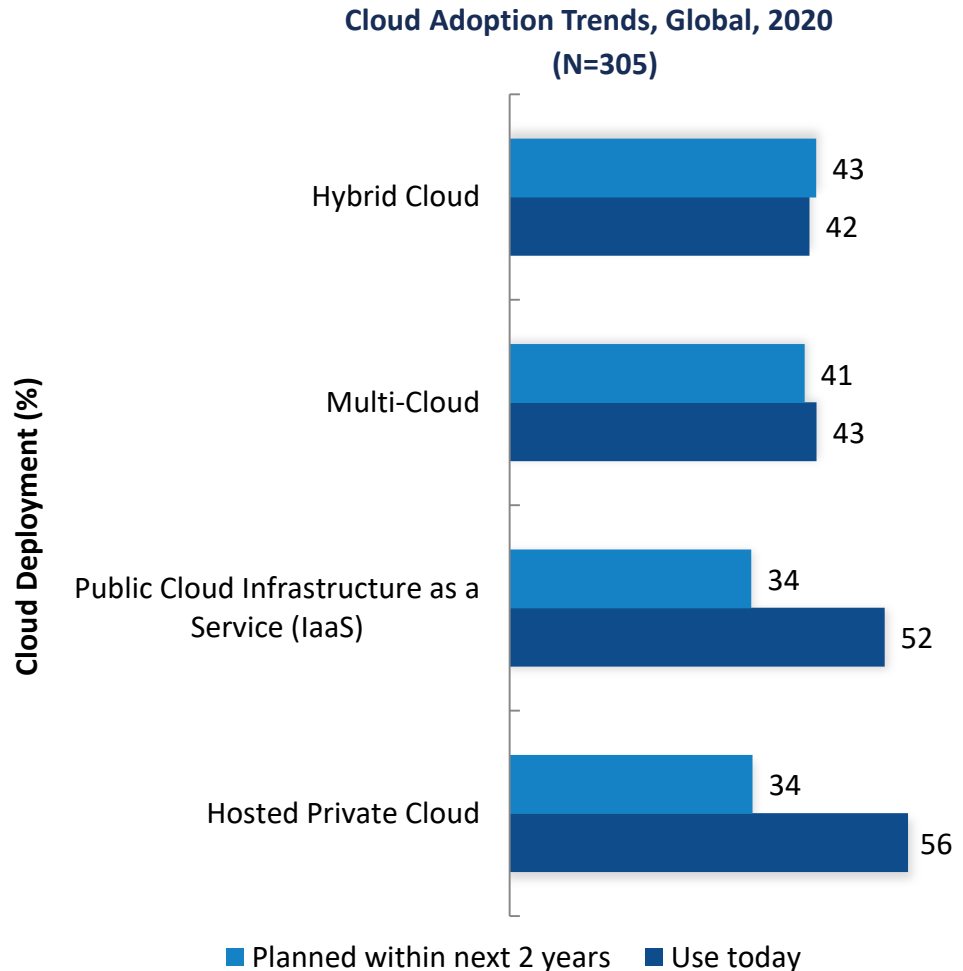
Strategic Imperative (continued)

Hybrid Cloud and Multi-cloud Connectivity Needs Will Continue to Drive Demand for SD-WAN

In Frost & Sullivan's 2020 Global Cloud Survey, 52% of the respondents said they have deployed cloud infrastructure as a service (IaaS), and 42% said they currently use hybrid cloud. When asked if they plan to deploy hybrid cloud in the next 2 years, 43% of the respondents said yes. Exhibit in this slide shows the adoption trends for various cloud services.

As enterprise applications get distributed across multiple clouds, the traditional WAN architecture of backhauling traffic to a hub site and then routing to cloud is inefficient and expensive. SD-WAN enables enterprise IT to predefine business policies through the SD-WAN controller and to specify which cloud applications are suitably accessed directly through the internet versus backhauled to a hub site.

The COVID-19 pandemic highlighted the value of cloud and connectivity to ensure business continuity. Frost & Sullivan expects cloud adoption to increase in the next 5 years, thus driving demand for SD-WAN solutions. While most SD-WAN vendors have had cloud on-ramp connectivity to public cloud for a while, in 2020 vendors integrated their solutions with Azure virtual WAN, Amazon Transit Network Gateway, and Google Cloud Hub to optimize enterprise cloud connectivity.



Source: Frost & Sullivan

Strategic Imperative (continued)

Virtual Network Services Gain Traction

In the 2021 Frost & Sullivan Global WAN Virtualization Trends end-user survey, IT decision makers listed virtual network services as the third-most important technology trend of priority for the next 24 months.

With the uCPE approach, businesses can choose to virtualize network functions in a phased manner. For example, they can deploy SD-WAN functionality in virtual format instead of using a dedicated SD-WAN appliance. Alternatively, they may choose to deploy a virtual firewall from an alternative security vendor, in addition to the existing CPE-based firewall, for added security features.

One of the early challenges to adoption of the uCPE approach was the cost of the hardware appliance itself. The uCPE comes in different sizes based on the CPU cores and throughput it can support. The cost can go up as VNFs are added, requiring an upgrade to a bigger box. Hardware vendors have addressed the cost issues significantly, with appliance costs dropping 35 to 50% in the past 3 years. The current generation of uCPE devices supports bandwidth speeds up to 10 Gbps, which makes them deployable in data centers and cloud environments. In the past, some businesses chose to deploy SD-WAN appliances because they offered higher throughput speeds than a uCPE. The enhanced uCPEs available today in terms of both speed and affordability allow NSPs to cater to a broader range of market segments than in the past.

Additionally, some vendors' multifunction VNFs are certified on service provider uCPEs; for example, Fortinet multifunction VNF can deliver security, SD-WAN, and routing in one VNF. This enables businesses to further optimize the use of available cores on a uCPE. As the virtual network services market gains traction, it will cannibalize some of the SD-WAN market revenues due to displacement of single function VNF devices with a uCPE.

Source: Frost & Sullivan

Strategic Imperative (continued)

Edge Compute, 5G, and SD-WAN

The growth in adoption of IoT applications and the need for faster data processing for latency-sensitive applications are driving demand for edge computing. For use cases in which massive amounts of data are collected from myriad geographically dense endpoints (e.g., real-time temperature-sensing across climate-controlled storage facilities or traffic monitoring), storing and analyzing all the data in a centralized, remote data center may be less than optimal. Edge compute addresses the need for local compute power in close proximity to endpoints. With edge compute, network and compute resources are configured at local sites to process the data, thus limiting network-induced delays, reducing network costs, and minimizing risks of data loss or corruption.

In addition, 5G plays a critical role in the success of edge compute due to its high-speed and low-latency bandwidth features. While 5G rollout began in 2018, the service is not yet widely available. Data delivered over 5G is transferred at speeds comparable to that of fiber, with a data peak rate for download speeds reaching 20 Gbps. Also, 5G offers superior connection density compared to LTE as it can support close to 1 million connected devices.

SD-WAN facilitates automated, optimized, and secure connectivity over 5G between endpoints (users or things) and edge compute nodes. The network slicing feature of 5G enables an SD-WAN platform to request virtualized slices on the network for different applications, based on centrally defined policies. While COVID-19 disrupted introduction of 5G integrated SD-WAN appliances, SD-WAN vendors are looking to ship SD-WAN appliances with integrated 5G support to tap into edge computing and 5G trends in late 2021 or early 2022.

Source: Frost & Sullivan

Strategic Imperative (continued)

Artificial Intelligence (AI) and Machine Learning (ML) Tools Becoming Integral to SD-WAN Solutions

The concept of self-healing WAN has remained at the core of SD-WAN discussions since its inception, owing to its SDN roots. SD-WAN solution vendors are investing in and integrating AI and ML tools to deliver on the promise of application-aware or intent-based networking to automate routine network operation tasks, set policies, measure network performance against set targets, and respond to and rectify the networks as needed. Solutions available today are capable of predicting and notifying events, with providers working on incorporating robotic process automation to eliminate manual intervention, and instead have the WAN self-correct. For example, VMware Edge Network Intelligence (via Nyansa acquisition) is a vendor-agnostic AIOps solution that employs ML algorithms and big data analytics to process high volumes of data from a wide range of network, device, and application sources at its Gateways.

Global Market Demand for SD-WAN Rebound in 2021 as Businesses Slowly Emerge from the COVID-19 Pandemic

The COVID-19 pandemic has impacted global businesses across industries. While almost all technology spending came to a halt in Q2 of 2020, or sales cycles lengthened, the SD-WAN technology market began to recover in early 2021. Vendors interviewed for the report confirmed they are seeing a surge in sales as pent-up demand begins to get fulfilled. In a 2021 Global WAN Virtualization Trends survey, 23% of the respondents indicated they have deployed an SD-WAN solution and are expanding to more locations. Another 27% indicated they plan to deploy SD-WAN in the next 24 months.

Source: Frost & Sullivan

Growth Environment

In this Radar™, the SD-WAN vendor market is the infrastructure market consisting of SD-WAN hardware and software. The SD-WAN overlay functionality is delivered using a physical or virtual appliance.

SD-WAN Vendor Market Revenue Forecast: This is revenue earned by vendors from their SD-WAN hardware and software products, sold either directly to enterprises or through indirect channels that could include network or managed service providers (NSP/MSP), system integrators, application service providers, or value-added resellers (VARs).

- Forecasts include revenue recognized from CAPEX purchases of edge appliances and licenses, perpetual licensing fees, related maintenance fees, and subscription licensing fees.
- Incremental revenue from value-added services or features/functionalities, such as WAN optimization or security services provided on vendor CPE, are not included in the report. However, as the SD-WAN market evolves into a platform play, and the attach rate of these services increases (e.g., firewall with SD-WAN, or WAN opt with SD-WAN), data provided by some vendors could be overstated.

SD-WAN Market Customer Sites Forecast: This is the number of active or operational SD-WAN sites. These customer sites are broken down by DIY and managed.

- **DIY SD-WAN** sites refer to the sites where the enterprise IT procures the SD-WAN appliance and then deploys and manages it in-house.
- **Managed SD-WAN** sites refer to the sites where an MSP procures, deploys, and manages **both the overlay and underlay (transport networks)** SD-WAN components for the enterprise.

Source: Frost & Sullivan

Forecast Assumptions

Frost & Sullivan conducted primary interviews with leading SD-WAN vendors, researched the quarterly and annual reports of publicly listed companies, and utilized internal and external databases to perform a detailed analysis of customer wins, existing site deployments, pricing and contracting models, and sales and marketing channels to arrive at revenue estimates for the global SD-WAN vendor market. The revenue and sites estimates were sent to individual companies for feedback; responses were analyzed further and fed into Frost & Sullivan's forecast model.

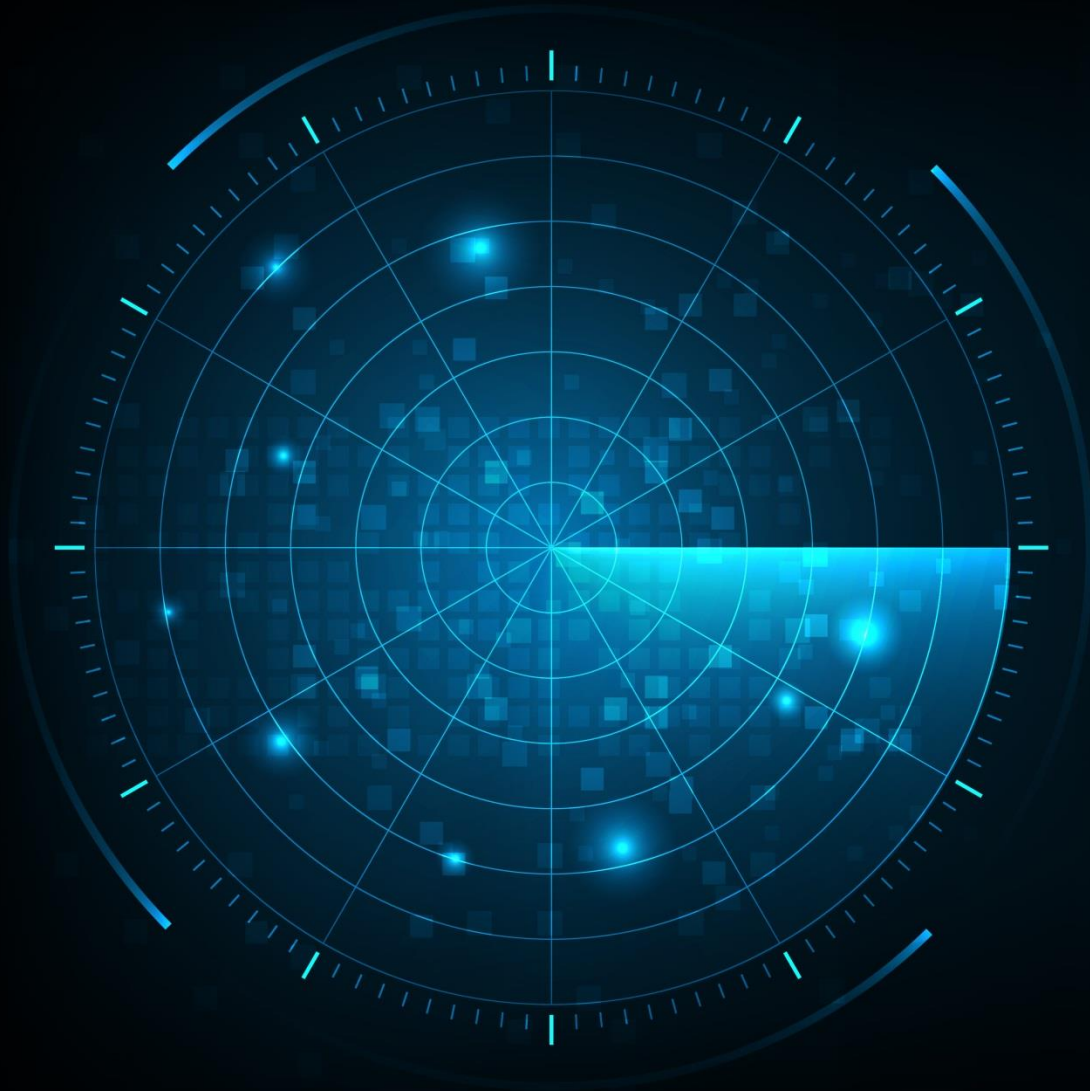
- Global SD-WAN vendor market revenue exceeded \$1.5 billion in 2020, with modest year-over-year (YoY) growth from 2019 to 2020. The economic downturn due to COVID-19 did impact technology spending in 2020 as highly distributed verticals such as retail and manufacturing were negatively impacted. However, vendors report that the market started to recover in Q4 2020. With the vaccination rollout, the North American and European markets are beginning to slowly recover. As businesses reassess their technology spend, SD-WAN will emerge as a top choice for their networking needs, which will contribute to higher growth rates beyond 2022.
- Leading SD-WAN vendor solutions come with integrated security, WAN optimization, and routing capabilities. Businesses are replacing existing branch hardware routers/firewalls/WAN opt devices, wherever applicable, with SD-WAN appliances that come integrated with a single composite image software can deliver multiple functions. Nearly half of the respondents in Frost & Sullivan's global WAN virtualization trends survey indicate achieving up to 50% reduction in their WAN hardware expenditure by deploying a SD-WAN appliance with integrated functions.

Source: Frost & Sullivan

Forecast Assumptions (continued)

- Hybrid cloud/multi-cloud connectivity remains a huge focus area for SD-WAN vendors, with most announcing integration with leading cloud platforms. As enterprise applications get distributed across multiple clouds, the traditional WAN architecture of backhauling traffic to a hub site and then routing to cloud is inefficient and expensive. The hub-and-spoke model is especially inefficient considering the growth in remote working, which is here to stay in the long run. SD-WAN enables enterprise IT to predefine business policies through the SD-WAN controller, to specify which cloud applications are suitably accessed directly through the internet instead of being backhauled to a hub site.
- Network and application security remain a priority for enterprises. SD-WAN vendor platforms are evolving to support integrated security features such as antivirus, URL filtering, malware protection, and intrusion detection/prevention systems (IDS/IPS) to cater to the increasing demand for secure SD-WAN solutions. While the SASE framework is spotlighting cloud-delivered security, most enterprises are cautious about getting swayed by buzzwords. Businesses are continuing to plan for networking and security in a holistic manner, embracing the best model that works for the hybrid WAN architecture. This could include incorporating SASE for some locations, deploying an SD-WAN appliance with integrated security, using a uCPE to deploy best-of-breed solutions, or even using a full-fledged hardware-based firewall.
- North America continues to lead in terms of global SD-WAN revenue share, whereas Europe is beginning to show strong growth, followed by Asia-Pacific and Japan, and Latin America.
- Globally, businesses continue to prefer managed SD-WAN solutions. This trend is pushing SD-WAN vendors to build partnerships that will help tap the market potential. The SD-WAN vendor partner channel typically includes NSPs, MSPs, system integrators, application service providers, and VARs.

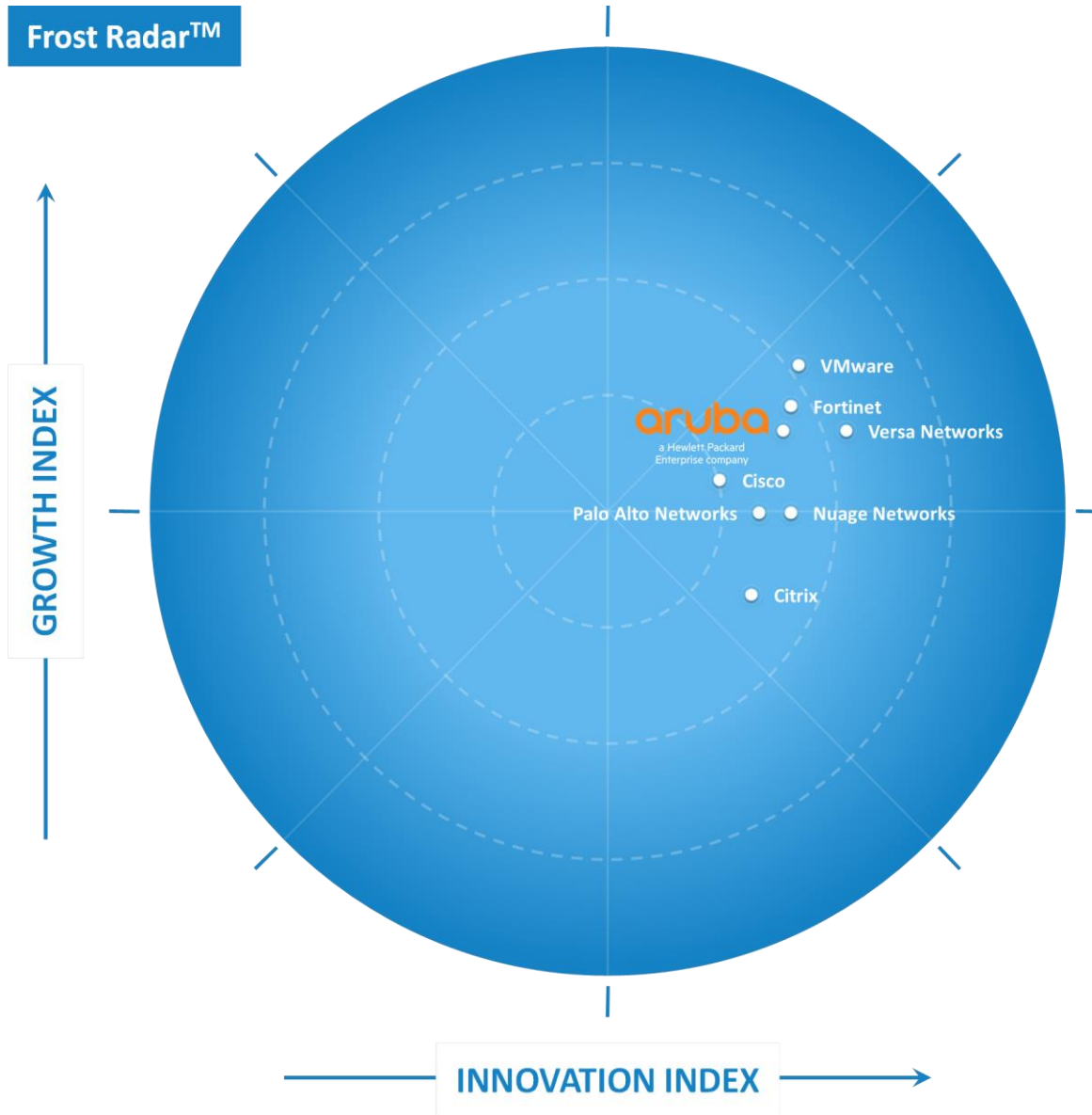
Source: Frost & Sullivan



Frost Radar™

**Global SD-WAN
Vendor Market**

Frost Radar™: Global SD-WAN Vendor Market



Source: Frost & Sullivan

Frost Radar™: Competitive Environment

- The global SD-WAN vendor market remains fragmented, with close to 25 vendors in competition. However, not all vendors provide complete SD-WAN solutions. The companies mapped on the Frost Radar™ offer well-rounded solutions. Vendors are primarily analyzed based on their SD-WAN features and functionality; while related functions such as security, WAN optimization, and routing are critical, the vendors must have a comprehensive SD-WAN solution for inclusion on the Radar™.
- Merger and acquisition activity in the SD-WAN vendor space has resulted in a level playing field for start-up vendors in terms of complementary technologies and access to global sales and marketing resources. As businesses devise holistic SD-WAN transformation strategies inclusive of LAN, WAN, cloud and edge networking, and security solutions, sufficient market opportunities are available for each vendor plotted on this Radar™ to compete effectively.
- Silver Peak was acquired by Aruba Networks (a division of HPE) in September 2020. The company has performed strong while staying independent. In merging with HPE's Aruba Networks division, Silver Peak will now have the ability to tap into the LAN, WAN, and cloud networking solutions and compete effectively in the global enterprise market owing to HPE's deep sales and marketing resources. The company has more than 2,500 customers so far and is expanding its reach rapidly across the globe through partners.

Source: Frost & Sullivan

Companies to Action

**Companies to Be Considered First for
Investment, Partnerships, or Benchmarking**

Aruba, a Hewlett Packard Enterprise Company (Silver Peak)

INNOVATION

- Silver Peak became part of Aruba, a Hewlett Packard Enterprise company via acquisition in September 2020. Post the Silver Peak acquisition, the Aruba EdgeConnect SD-WAN edge platform unifies SD-WAN, firewall, segmentation, routing, WAN optimization, and application visibility and control in a single, centrally-managed system.
- Aruba ESP (Edge Services Platform) is an AI-powered, cloud-native platform. At the heart of ESP is Aruba Central, a single-pane-of-glass console that helps enable a unified infrastructure. Aruba ESP includes edge-to-cloud advanced security solutions, applying a Zero Trust and SASE approach. These include ClearPass Policy Manager, which has been integrated with the EdgeConnect SD-WAN edge platform, and a multi-vendor security partner ecosystem.
- Aruba Orchestrator is a centralized, intuitive controller that enables customized business intent and security policies for EdgeConnect SD-WAN and supports REST API integration with third-party services.
- Aruba's AIOps enables EdgeConnect SD-WAN to deliver on the promise of a self-driving WAN.

GROWTH

- Aruba has well beyond 3,000 customers, owing largely to its extensive channel partnerships, and this customer count will grow.
- Aruba partners with Tier I and Tier II managed service providers and global systems integrators that offer managed and co-managed SD-WAN services to enterprises, powered by Aruba EdgeConnect.

FROST PERSPECTIVE

- Aruba's strategy is to partner with leading security vendors to deliver automated integration with best-of-breed security functions, which provides businesses choices when deploying SASE solutions.
- As businesses embrace software-defined branch (SD-Branch) solutions, Aruba's combined SD-Branch and EdgeConnect SD-WAN solutions address branch transformation needs in a holistic manner encompassing wired, wireless LAN, and WAN solutions across campus, branch, data center, and remote worker environments.
- Aruba's edge-to-cloud segmentation capabilities enable network administrators to centrally segment users, devices, applications, and WAN services into secure zones and automate application traffic steering across the remote office, branch locations, cloud, data center, and campus locations in compliance with predefined security policies, regulatory mandates, and business intent.

Source: Frost & Sullivan

Strategic Insights



Strategic Insights

1

The COVID-19 pandemic highlighted the value of cloud and connectivity to ensure business continuity. Frost & Sullivan expects cloud adoption to increase in the next 5 years, thus driving demand for SD-WAN solutions.

2

While the SASE framework is spotlighting cloud-delivered security, most enterprises are cautious about getting swayed by buzzwords. Businesses are continuing to plan for networking and security in a holistic manner, embracing the best model that works for the hybrid WAN architecture. This could include incorporating SASE for some locations, deploying an SD-WAN appliance with integrated security, using a uCPE to deploy best-of-breed solutions, or even using a full-fledged hardware-based firewall.

3

Globally, businesses continue to prefer managed SD-WAN solutions. This trend is pushing SD-WAN vendors to build partnerships that will help tap the market potential. The SD-WAN vendor partner channel typically includes NSPs, MSPs, system integrators, application service providers, and VARs.

Source: Frost & Sullivan



Next Steps: Leveraging the Frost Radar™ to Empower Key Stakeholders

Significance of Being on the Frost Radar™

Companies plotted on the Frost Radar™ are the leaders in the industry for growth, innovation, or both. They are instrumental in advancing the industry into the future.

GROWTH POTENTIAL

Your organization has significant future growth potential, which makes it a Company to Action.

BEST PRACTICES

Your organization is well positioned to shape Growth Pipeline™ best practices in your industry.

COMPETITIVE INTENSITY

Your organization is one of the key drivers of competitive intensity in the growth environment.

CUSTOMER VALUE

Your organization has demonstrated the ability to significantly enhance its customer value proposition.

PARTNER POTENTIAL

Your organization is top of mind for customers, investors, value chain partners, and future talent as a significant value provider.

Source: Frost & Sullivan

Frost Radar™ Empowers the CEO's Growth Team

STRATEGIC IMPERATIVE

- Growth is increasingly difficult to achieve.
- Competitive intensity is high.
- More collaboration, teamwork, and focus are needed.
- The growth environment is complex.

LEVERAGING THE FROST RADAR™

- The Growth Team has the tools needed to foster a collaborative environment among the entire management team to drive best practices.
- The Growth Team has a measurement platform to assess future growth potential.
- The Growth Team has the ability to support the CEO with a powerful Growth Pipeline™.

NEXT STEPS

- **Growth Pipeline Audit™**
- **Growth Pipeline as a Service™**
- **Growth Pipeline™ Dialogue with Team Frost**

Source: Frost & Sullivan

Frost Radar™ Empowers Investors

STRATEGIC IMPERATIVE

- Deal flow is low and competition is high.
- Due diligence is hampered by industry complexity.
- Portfolio management is not effective.

LEVERAGING THE FROST RADAR™

- Investors can focus on future growth potential by creating a powerful pipeline of Companies to Action for high-potential investments.
- Investors can perform due diligence that improves accuracy and accelerates the deal process.
- Investors can realize the maximum internal rate of return and ensure long-term success for shareholders.
- Investors can continually benchmark performance with best practices for optimal portfolio management.

NEXT STEPS

- **Growth Pipeline™ Dialogue**
- **Opportunity Universe Workshop**
- **Growth Pipeline Audit™ as Mandated Due Diligence**

Source: Frost & Sullivan

Frost Radar™ Empowers Customers

STRATEGIC IMPERATIVE

- Solutions are increasingly complex and have long-term implications.
- Vendor solutions can be confusing.
- Vendor volatility adds to the uncertainty.

LEVERAGING THE FROST RADAR™

- Customers have an analytical framework to benchmark potential vendors and identify partners that will provide powerful, long-term solutions.
- Customers can evaluate the most innovative solutions and understand how different solutions would meet their needs.
- Customers gain a long-term perspective on vendor partnerships.

NEXT STEPS

- **Growth Pipeline™ Dialogue**
- **Growth Pipeline™ Diagnostic**
- **Frost Radar™ Benchmarking System**

Source: Frost & Sullivan

Frost Radar™ Empowers the Board of Directors

STRATEGIC IMPERATIVE

- Growth is increasingly difficult; CEOs require guidance.
- The Growth Environment requires complex navigational skills.
- The customer value chain is changing.

LEVERAGING THE FROST RADAR™

- The Board of Directors has a unique measurement system to ensure oversight of the company's long-term success.
- The Board of Directors has a discussion platform that centers on the driving issues, benchmarks, and best practices that will protect shareholder investment.
- The Board of Directors can ensure skillful mentoring, support, and governance of the CEO to maximize future growth potential.

NEXT STEPS

- **Growth Pipeline Audit™**
- **Growth Pipeline as a Service™**

Source: Frost & Sullivan

Frost Radar™ Analytics



Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

VERTICAL AXIS

Growth Index (GI) is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline™ system; and effective market, competitor, and end-user focused sales and marketing strategies.

GROWTH INDEX ELEMENTS

- **GI1: MARKET SHARE (PREVIOUS 3 YEARS)**
This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.
- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**
This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.
- **GI3: GROWTH PIPELINE™**
This is an evaluation of the strength and leverage of a company's growth pipeline™ system to continuously capture, analyze, and prioritize its universe of growth opportunities.
- **GI4: VISION AND STRATEGY**
This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?
- **GI5: SALES AND MARKETING**
This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

HORIZONTAL AXIS

Innovation Index (II) is a measure of a company's ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs.

INNOVATION INDEX ELEMENTS

- **II1: INNOVATION SCALABILITY**

This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.

- **II2: RESEARCH AND DEVELOPMENT**

This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.

- **II3: PRODUCT PORTFOLIO**

This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.

- **II4: MEGA TRENDS LEVERAGE**

This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found [here](#).

- **II5: CUSTOMER ALIGNMENT**

This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

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