

**2009 North American Agent Performance Optimization
Product Differentiation Innovation Award**

Interactive Intelligence

Interactive Intelligence has distinguished itself - and its product line - in several important ways. First, the company was one of the leaders in migrating contact center telephony to an all-IP, SIP-based platform. Second, Interactive Intelligence was an early proponent of using communications technology as a functional bridge between contact centers and the enterprises they are part of.

More recently, Interactive has been one of several major vendors that has developed significant product offerings for the contact center that hinge on bringing UC and enterprise telephony applications into that orbit.

While UC has made strides as a set of enterprise telephony applications that enable collaboration among knowledge workers, it has sometimes been hard to see how it fits into the contact center. This has been especially confusing as many of the collaborative tools that currently fall under the UC banner are already embedded in contact center technology. (What enterprises know as "presence," for example, also well describes what contact centers call "agent state awareness.")

Interactive Intelligence has hit on a brilliant strategy for bringing the functional benefits of UC to contact centers in a way that makes contextual sense. And in the process, the company has a strong chance to embed its applications in end users' minds as the problem-solving applications of choice.

The strategy is to leave behind the technological wizardry that underlies traditional UC, and to focus on the business problems that exist in every company. Every organization has some set of horizontal and vertical processes that it needs to follow to accomplish its goals. Some of these are strategic, some mundane; some flow through the contact center, some bypass it. Interactive Intelligence's insight is to acknowledge that the role of any advanced technology is to overcome the lack of efficiency brought on by time-consuming and inconsistent manual processes that are filled with latency and human error.

Instead of positioning its communications systems as "technology feature-sets," it has started to offer solutions that automate particular processes to accomplish specific goals. This problem/solution approach makes a lot of sense in an economic environment where companies are not spending on technology for its own sake, and

need a clearly defined business case with quick payback in order to justify any technology outlay at all.

This enables Interactive Intelligence to position itself as a "communications-based process automation" provider rather than merely a technology company. In many respects, knowledge of processes and best practices is a more valuable type of expertise than technology knowledge. It draws a provider closer to the deep needs of its clients. It provides an avenue for continued growth by providing a window into how its customers are themselves changing and growing.

Interactive Intelligence is doing this by introducing a new component to its all-in-one IP communications software suite that handles process automation. In effect, the company says that it will be able to do these things:

- * Initiate an automated "process" from any inbound media type, all captured in a single, unified platform.
- * Queue and route interactions and their associated "work" to provide accurate and flexible distribution of process work.
- * Indicate (through "presence") who is available for a work assignment to speed processing time.
- * Provide supervisory visibility into every step of the work process.
- * Do it all with employee location-independence, thanks to the IP infrastructure.

In effect, what this describes is unified communications for the contact center now being applied to process automation. Importantly, it describes it in a way that does not alienate the contact center professional - by contrast it should fill those pros with excitement and delight.

Interactive Intelligence is rolling this out as *Interaction Process Automation*[™] (IPA), a module built into the company's signature *Customer Interaction Center*[™] (CIC) software suite. IPA will leverage key components of CIC to capture, prioritize, route, escalate, and track each step of the process flow. Scheduled for delivery in the fourth quarter of 2009, IPA is going to be sold under a software subscription model.

In one swoop, Interactive has distinguished its communications technology from the rest of the UC pack by branding it as a problem-solving "process automation" solution. But because Interactive Intelligence comes from a communications and contact center background, it can leverage all it has learned about designing the flow of efficient processes. (That is, after all, what call routing is all about.)

And by bundling this as an application inside CIC, Interactive Intelligence makes process engineering something reasonable and attainable - it doesn't require

extensive, costly consulting or professional services engagements for development or integration. As a fully packaged offering, IPA gives customers the ability to automate entirely new processes outside existing communications, thus providing end-to-end automation for any business process imaginable, resulting in hard ROI.

Interactive Intelligence has taken a fairly simple proposition (e.g. that communications can automate processes) and used it to cut the Gordian knot tangling UC, agent management and business process optimization. And the company has done it without having to invent a new technology or re-architect its software suite or market strategy. That is the definition of product differentiation innovation.

Award Description

The Frost & Sullivan Award for Product Differentiation Innovation is presented each year to the company that has best demonstrated the ability to develop and/or advance products with more innovative capabilities than competing vendors and products. This Award recognizes the company's successful adoption of new or existing technology that has become a part of its well-designed product family. Such innovation is expected to significantly contribute to the industry in terms of product performance and degree/rate of technical change.

Research Methodology

Before considering the recipient of this Award, the analyst team tracks competing market participants' product differentiation strategies through ongoing research. This research consists of market participant interviews, end-user surveys, and extensive secondary research. The data compiled through this research is analyzed based upon specific measurement criteria for this Award. Participants are then ranked with respect to the measurement criteria. Frost & Sullivan then presents the Award to the company that received the number one rank.

Measurement Criteria

In addition to the methodology described above, there are specific criteria used to determine the final ranking of industry competitors. The recipient of this Award has excelled based on one or more of the following criteria:

- Degree of differentiation innovation compared to other market participants
- Positive impact on sales directly related to product differentiation
- Time to market improvement based upon product differentiation strategy
- Benefit to end-users due to product differentiation
- Effect of product differentiation on ease of adaptability for new end-user applications
- Effect of product differentiation on market maturation

About Best Practices

Frost & Sullivan Best Practices Awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis, and extensive secondary research in order to identify best practices in the industry.

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