

F R O S T & S U L L I V A N

FROST & SULLIVAN BEST PRACTICES AWARD

LECTURE CAPTURE SOLUTIONS - GLOBAL

Market Leadership 2019

 TechSmith®

F R O S T & S U L L I V A N

2019

BEST
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AWARD

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Background and Company Performance

Industry Challenges

Lecture capture solutions (LCS) crossed \$290 million in revenue in 2018. Frost & Sullivan observes how the LCS market is characterized by growing cloud based deployments, enormous shifts in the technological demands of students/employees, growing use of data analytics to measure student/employee engagement, the increasing use of multi-source video capture to enrich user experience, improved accessibility to educational content, and deeper in-video metadata schema to improve searchability. Frost & Sullivan appreciates how LCS serves as an excellent means to deliver multimedia and interactive course content to today's generation of digitally-connected students and employees. The need for this shift in learning/teaching methodologies is the result of changing expectations from students, the workforce, and continued learners who need the flexibility to learn anytime, anywhere, and across devices.

In terms of challenges, privacy issues are a big concern, particularly in the United States, one of the largest revenue contributors to the LCS market. While educational institutions are seeing the benefits of deploying LCS, non-compliance with the Family Educational Rights and Privacy Act (FERPA) can cause a loss of federal funding - which is a significant risk to state-funded institutions, restricting investment in LCS. LCS adoption is also restricted by the fear of unprotected intellectual property in the form of course content. Organizations consider the course content created by them to train their employees as a competitive advantage and therefore want to ensure that users are abiding by the course licensing requirements. When clients use an LCS to deliver their course content, they fear that the LCS may not insure that user licensing requirements are met.

Frost & Sullivan independent research reveals that low economic growth and budget restrictions are a powerful restraint for academic LCS market growth. According to the International Monetary Fund (IMF), global economic growth in 2019 is projected to be 3.5%. While the United States has seen robust growth, prospects in the United Kingdom, Korea, and regions such as EU and China are lower than expected. This restrains government spending on education and curtails further investment by small and medium size businesses (SMBs) in LCS. While higher education is becoming less price-sensitive in developed regions, the K-12 segment, SMBs, and emerging economies remain highly price-sensitive - and find it quite challenging to cover the cost of ownership of an effective third-party LCS solution.

LCS market penetration in large organizations and higher education institutions in Western Europe and North America is high; yet many organizations (especially K-12 institutions and SMBs) are not aware of various viable learning options for training their students/employees. With this lack of understanding of the benefits of LCS adoption (and, in many cases, the lack of a formal eLearning policy), many Tier II and smaller businesses and K-12 educational institutions do not yet see LCS as a viable investment.

To truly succeed in this market, Frost & Sullivan believes that vendors need to properly leverage partnership initiatives and acquisitions to drive market share growth. As customer adoption of lecture capture solutions increases, scalability, flexibility, and future proofing will be required for vendors to stay competitive. Additionally, it will be critical to assist customer to leverage analytics, measure ROI, and measure improvements in learning outcomes to build a business case for investment in LCS solutions.

Market Leadership

Brand Strength

While TechSmith is a leader in the screen capture, screen recording, and video editing market, the company also has a strong footing in the academic LCS segment, with 200 of the top universities in the United States as its loyal customers. In addition, TechSmith has a global footprint with more than 50 million customers in 193 countries

As a brand, TechSmith is consistently positioning itself at the forefront of technological trends. In the education market, Frost & Sullivan points out that there is an explosion of devices, growing availability of broadband connectivity, and government funding to put technical infrastructure in place to support digital learning, allowing for a strong movement towards the cloud. TechSmith Relay — TechSmith's academic video recording and hosting software — has since evolved from a desktop-based solution to a cloud-based and mobile solution, and has experienced a 92% year-over-year cloud revenue growth in 2018, up from 25% in 2017.

Customer Ownership Experience

Customers with legacy solutions find themselves stuck in a situation where they have invested large sums of money, but faculty and students are simply not using the product when it is clunky and not user friendly. IT teams are overwhelmed by the faculty and support needs and find it difficult to keep up. As a result, faculty unable to work with the solution to help augment their teaching efforts abandon it and go back to traditional methods. This issue is further exacerbated by the fact that educational institutions are very price-sensitive and find it quite difficult to transition to an effective LCS, post their sunken investment in legacy solutions.

TechSmith helped Boise State University properly overcome this challenge by transitioning the university from their old hardware-heavy LCS solution (that was difficult to maintain) to a more cost effective software-based LCS solution that was easy to use and delivered measurable results. After conducting in-depth research and testing out multiple solutions, Boise State University realized that TechSmith Relay would not only increase LCS usage among faculty familiar with the solution, but also among other instructors who had never used the technology. By using TechSmith Relay, Boise State University was able to deliver measurable results in terms of improved grades, cost savings, and more effective use of university resources. In comparison to the previous tools utilized by the university, 300

members of the faculty started using Relay in the classrooms within the first few weeks of deployment. This number increased to 600 over a short span of time, resulting in a 6 times greater adoption rate in comparison to the previous hardware-heavy solution. The increase in usage resulted in a more than a 99% drop in per-user cost, saving the university \$350,000 in hardware, software and resource costs.

Technology Leverage

A major challenge faced by universities is the rise in student dropout rates, which directly impacts their bottom line. This, coupled with low funding, makes it difficult for universities to provide an educational experience that keeps up with the anytime, anywhere learning needs of today's tech savvy students. A growing trend in the LCS market is the provision of predictive analytics to help educational institutions identify at-risk students and measure student engagement. Empowered with this information, faculty can provide the necessary support to improve learning outcomes and reduce student dropout rates.

TechSmith helped Odessa College leverage student learning analytics and provide a more personalized educational experience. Using TechSmith Relay and the flipped classroom model, the faculty was able to provide night students with lab lectures that they watched before attending class and then spent the class time doing the lab work. This improved the student lab scores by 11-14%. To create an even more personalized learning experience, faculty began to use TechSmith Fuse, a free mobile app, to record and send distance learning students video messages reminding them about assignment deadlines, important course information, and giving them encouragement for their exams. This helped to build the necessary rapport between faculty and students that improved course engagement. Utilizing TechSmith's student analytics, faculty at Odessa College gauge which students watch the video lectures and how much of the course they engage with - and are able to identify points of confusion and provide the necessary support. As a result, Odessa College not only increased faculty and student adoption, but also cut costs and improved learning outcomes.

Customer Service Experience

TechSmith places a strong emphasis on providing its customers with all the support they need to draw maximum benefit from their portfolio of products. Each academic institution has a dedicated customer success manager who provides guidance and assistance during adoption and after implementation. For professional development of instructors, TechSmith has created informational guides, over 250 online tutorials, and in-person training at the institution. In addition, TechSmith offers TechSmith Academy, a no-cost resource for learning to create better videos. The technical support team has written over 1,300 articles to give end-users tips on how to use products creatively in the classroom and solve technical or user-generated issues. TechSmith also manages a community forum with over 20,000 active end-user conversations to troubleshoot user issues, answer questions, share relevant articles, and make important announcements. TechSmith thus

exhibits a wide range of support services extending to newer and older versions of their software.

Conclusion

In the competitive Global Lecture Capture solutions market, Frost & Sullivan applauds how TechSmith continues to keep up with market trends and properly meet customer needs. TechSmith's wide range of products across desktop, mobile, and cloud deployments are quite attractive to customers who have restricted budgets, looking for easy-to-use solutions that make the teaching process more effective and improve student engagement and learning outcomes. TechSmith seamlessly integrates analytics within their LCS solutions, empowering instructors with the necessary data to measure student engagement, measure comprehension of concepts, and identify at-risk students to take timely action. TechSmith Relay allows live video recording from multiple devices that can easily be integrated into online courses and lessons. This simple video integration is now being used by universities, community colleges and vocational schools to make learning more visual and engaging.

With its strong overall performance, TechSmith Relay has achieved a leadership position in the Global Lecture Capture Solutions Market, with a market share of 17.3% — up from 10.7% in 2016. Frost & Sullivan is thus proud to bestow the 2019 Global Market Leadership Award to TechSmith.

Significance of Market Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company, and then making the decision to return time and again. Loyal customers become brand advocates; brand advocates recruit new customers; the company grows; and then it attains market leadership. To achieve and maintain market leadership, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding Market Leadership

Driving demand, strengthening the brand, and differentiating from the competition all play a critical role in a company's path to market leadership. This three-fold focus, however, is only the beginning of the journey and must be complemented by an equally rigorous focus on the customer experience. Best-practice organizations, therefore, commit to the customer at each stage of the buying cycle and continue to nurture the relationship once the customer has made a purchase. In this way, they build a loyal, ever-growing customer base and methodically add to their market share over time.

Key Performance Criteria

For the Global Market Leadership Award, Frost & Sullivan analysts independently focused on specific criteria to determine the areas of performance excellence.

Criterion	Requirement
Growth Strategy Excellence	Demonstrated ability to consistently identify, prioritize, and pursue emerging growth opportunities
Implementation Excellence	Processes support the efficient and consistent implementation of tactics designed to support the strategy
Brand Strength	The possession of a brand that is respected, recognized, and remembered
Product Quality	The product or service receives high marks for performance, functionality, and reliability at every stage of the life cycle
Product Differentiation	The product or service has carved out a market niche, whether based on price, quality, or uniqueness of offering (or some combination of the three) that another company cannot easily duplicate
Technology Leverage	Demonstrated commitment to incorporating leading-edge technologies into product offerings, for greater product performance and value
Price/Performance Value	Products or services offer the best value for the price, compared to similar offerings in the market
Customer Purchase Experience	Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints
Customer Ownership Experience	Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service
Customer Service Experience	Customer service is accessible, fast, stress-free, and of high quality

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

Frost & Sullivan Awards follow a 10-step process to evaluate Award candidates and assess their fit with 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Review analysis with panel Build consensus Select recipient 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> 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
10 Take strategic action	Upon licensing, company is able to share Award news with stakeholders and customers	<ul style="list-style-type: none"> 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

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 more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.