

Highlights from the Nemertes Research
Benchmark Report (February 2006)

"Convergence & Next-Generation WAN Technologies"

SHORETEL'S WINNING FORMULA:

HIGHEST CUSTOMER SATISFACTION,
LOWEST TOTAL COST OF OWNERSHIP



The Nemertes Report

"Convergence & Next-Generation WAN Technologies" is a comprehensive and unbiased look at what organizations are doing in convergence, and specifically, VoIP. While the results are highly favorable to ShoreTel, this report was conducted solely by Nemertes Research and was not sponsored by any company, including ShoreTel. It is an independent and impartial report that translates mountains of data into concise information that organizations can use for convergence planning.

What the Report Contains

Nemertes Research provides an overview of how the companies interviewed have assessed VoIP solutions and how they eventually selected their system vendors. Nemertes Research also analyzed the business case for VoIP for the benefit of those still uncertain about deployment. This report offers recommendations about which vendors to consider, including a complete VoIP system vendor analysis, how to thoroughly evaluate all of the solutions available, how to plan for convergence (staffing considerations, timing, communication of the plan), and how to actually conduct the rollout.

Analyzing the Vendors

Organizations in the past have had few vendors to choose from. According to the report, today there are more than 25 vendors and carriers that serve VoIP needs. This has led to more innovation and better products from the vendors and a wider selection for companies assessing these solutions. Nemertes Research analysts then established that the most frequently evaluated VoIP system vendors today are Avaya, Cisco, Nortel and ShoreTel. Survey participants then rated these four vendors based on their satisfaction level with certain categories, such as technology, customer service, product features, ease of installation, and performance.

"For the third consecutive year, ShoreTel has scored top honors in every category."

– Nemertes Research Benchmark Report
"Convergence & Next-Generation WAN
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SHORETEL RANKS HIGHEST Among IP Telephony Vendors

CONSOLIDATED RANKINGS

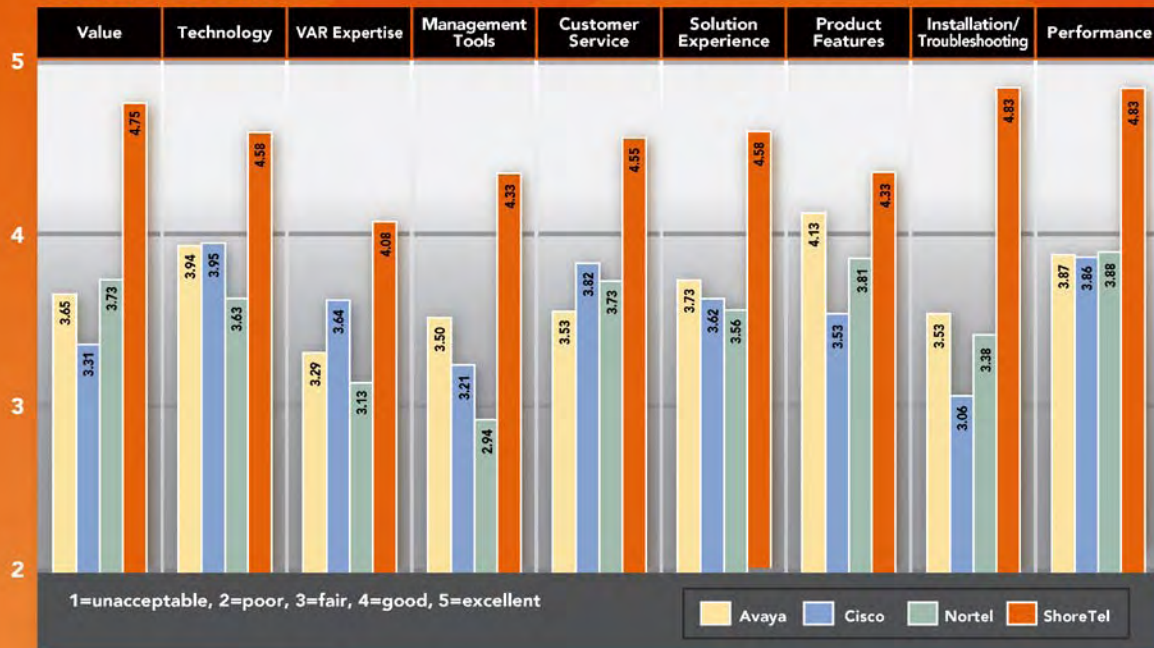


Figure 1: ShoreTel Ranks Highest Among IP Telephony Vendors (Source: Nemertes Research)

ShoreTel Ranks Highest

ShoreTel scored highest in all categories (see Figure 1), coming out on top for the third consecutive year. While ShoreTel towers over the competition in every category, there are four specific areas that are most notable: value, technology, ease of installation and troubleshooting, and performance. In these categories, ShoreTel was the only vendor to score above a 4.0, even approaching 5.0 ratings in some categories.

ShoreTel Focuses on Technology

Nemertes Research notes that technology is one of the most important areas on which vendors should focus, a fact not lost on ShoreTel as it once again ranks highest in this category because the company “continues to add new features and collaborative applications to its products,” according to the report. One interview participant, an IT director from a non-IT professional services firm, said, “We wanted the ability to record calls, add voice mail, and with [ShoreTel’s] competitors, every time you wanted to do one of those features, it was another \$50,000.”

ShoreTel Values the Customer

Participants told Nemertes Research that they like ShoreTel’s involvement with rollouts and “appreciate the fact that ShoreTel is proactive when it comes to contacting customers, asking them to evaluate their experiences,” while other vendors were cited as being “somewhat unapproachable.”

This customer focus is not reserved only for current customers. One interviewee, an IT manager for a consumer-goods manufacturer, evaluated Avaya, Cisco, and ShoreTel. “I was pretty close to Avaya, and then changed my decision at the last minute after getting a cold call from a [ShoreTel] reseller. The thing that really did it was that he said he’d be there tomorrow, put it in, and we could play with it. I said, ‘You’ve got to be kidding.’ That did it for me.” This particular IT manager reported to Nemertes Research that he even replaced Lucent’s contact-center products with ShoreTel’s. “It has all the workgroup functionality we needed and more.”

ShoreTel Provides the Lowest Total Cost of Ownership—From Startup to Maintenance

Nemertes Research concluded that ShoreTel has the lowest-cost solution, both overall and in each expense category.

Capital Cost

ShoreTel had the lowest capital cost per user for sites less than 1,000 users and was almost one-half that of the nearest competitor. For sites over 1,000 users, ShoreTel had the second lowest cost. ShoreTel’s integrated product design and distributed, modular architecture provided significant value in this category. Capital costs in the analysis included the IP PBX, servers, handsets, network upgrades, voicemail, audio conferencing, and management tools. (See Figure 2)

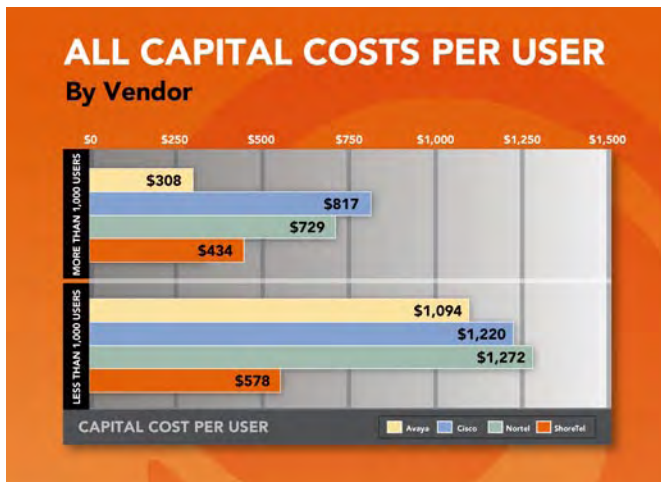


Figure 2: Capital Costs Per User (Source: Nemertes Research)

Operational Startup Cost

ShoreTel’s simple installation and seamless integration drove its operational startup costs to the lowest of all vendors for both small and large sites. Indeed, ShoreTel was about one-half the cost of the closest competitor. Operational startup costs reflect all labor required, including consultants and third-party services. (See Figure 3)



Figure 3: Operational Costs Per User (Source: Nemertes Research)

Annual Maintenance Cost

ShoreTel’s most impressive win came in this category, where its costs were roughly an order of magnitude below that of the competition for both small and large sites. ShoreTel’s integrated product design and ease of management carried the day. Maintenance costs in the analysis included maintenance contracts and staff required to maintain the system. (See Figure 4)

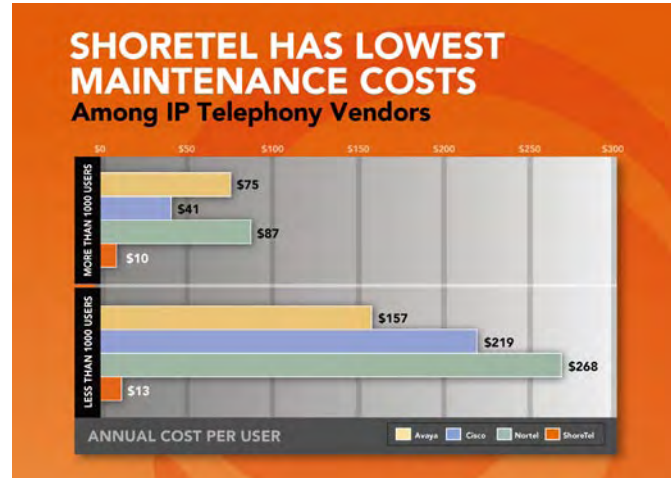


Figure 4: Annual Maintenance Costs Per User (Source: Nemertes Research)

Total Cost of Ownership (TCO)

Add all these costs up, and, not surprisingly, ShoreTel delivers the lowest total cost of ownership of any vendor. For sites smaller than 1,000 users, ShoreTel is one-half the TCO of the nearest competitor. For sites larger than 1,000 users, ShoreTel is almost 25% less than that of the closest competitor. (See Figure 5)

This means that a ShoreTel system pays off in two major ways — from the actual benefits of the system (superior ease-of-use, performance, and overall customer satisfaction) — to pure economics — the lowest Total Cost of Ownership.

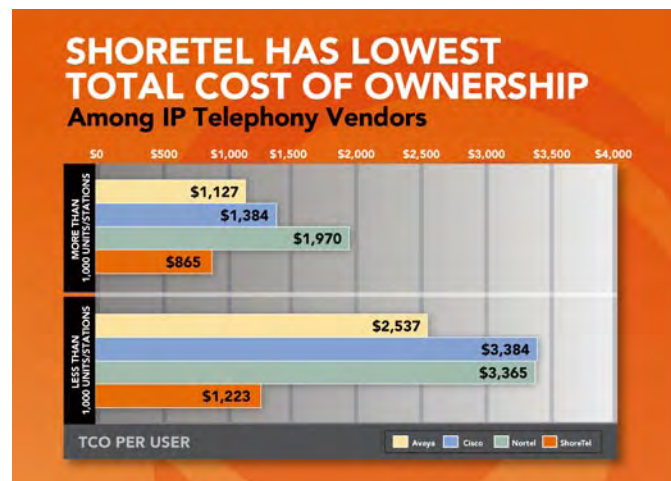


Figure 5: TCO per User (Source: Nemertes Research)

ShoreTel Has Highest Closing Rate

Another area in which ShoreTel stands out is closing rate (see Figure 6). Nemertes Research analysts asked participants which vendors they evaluated and ultimately which vendor they selected, using that information to determine each vendor's closing rate. Of those organizations that evaluated ShoreTel in 2005, 73% selected the company for their VoIP telephony solutions. ShoreTel has had the highest closing rate for the past three years of this study.

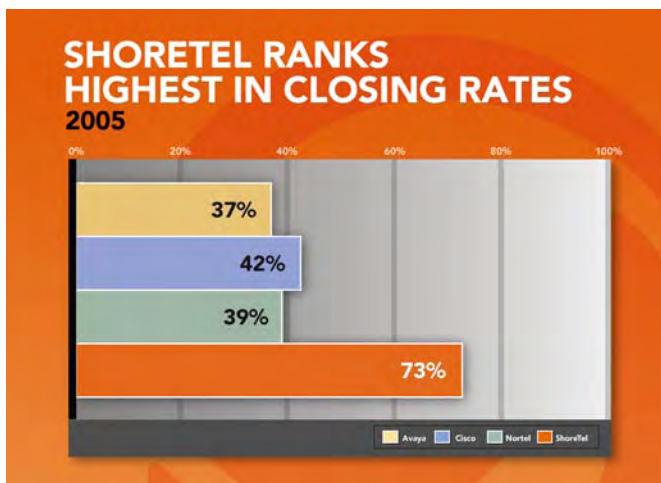


Figure 6: Closing Rates
(Source: Nemertes Research)

The Bottom Line: ShoreTel Remains on Top

ShoreTel continues to make its system more appealing to those companies considering VoIP solutions. ShoreTel has demonstrated its commitment to delivering products that are easy to deploy and use, providing productivity-enhancing user features, and saving companies valuable time and money on system management. The Nemertes Research Report is a testament to this commitment.

According to the report, "ShoreTel for the third straight year has beaten the Big Three vendors in every category. With an overall average score of 4.60, ShoreTel is nearly a full point higher than its competitors." What is ShoreTel doing that other vendors aren't? Nemertes Research says, "Lots of things, according to participants."

The raw data supports ShoreTel's highest ranking, from the numbers in Nemertes extensive surveys to the number crunching for calculating total cost of ownership. These results become even more significant — and sustainable — given ShoreTel's total commitment to customer satisfaction.

Using the Nemertes Research Report

Nemertes Research finds that convergence projects are running strong in the vast majority of organizations, with IT executives exploring a variety of new tools and applications. The increase in competition — more than 25 solution providers to consider — has raised the bar in terms of feature functionality, product value, simplicity, and performance. ShoreTel remains in its leadership position for the third straight year, proving its commitment to its customers by listening to their needs and providing the solutions that work for them.

Read the full report in "Convergence & Next-Generation WAN Technologies" and benefit from the experiences of organizations that are at different stages in their VoIP deployments. You'll get a best-practices guide for your own VoIP implementations and enhancements.

For a copy of the full report, contact Nemertes Research at (888) 241-2685 or email research@nemertes.com.

For more information on ShoreTel, call (800) 425-9385, or visit www.shoretel.com

"ShoreTel has made a name for itself as a simple-yet-sophisticated solution."

– Nemertes Research Benchmark Report

Footnote: How the information was collected

Nemertes Research conducted in-depth interviews with 90 IT professionals from 78 companies of various sizes spanning a variety of industries. More than half of the companies interviewed do business globally while just under half conduct business in the U.S. only. While the industries in which these companies fall vary greatly, all have a similar interest in IP telephony and are committed to making technology investments that will enhance productivity and the bottom line and prepare them for the future.

