



2014 Global Governmental Online Voting and Election Modernization Services Competitive Strategy Innovation and Leadership Award



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



50 Years of Growth, Innovation & Leadership

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Background and Company Performance

Industry Challenges

For more than a decade, governments have been exploring technical solutions that can help them to provide better services to citizens. Mobile specific applications, Internet solutions and platform-based approaches allow states to provide services that are accessible everywhere, at anytime, and through all smartphones and tablets. On the other hand, governments are seeking solutions to help them to better control expenditure, or even to reduce the total cost of service delivery. In this sense, digitalization appears as an appropriate approach to provide high-end services such as tax declaration or online voting by leveraging existing technical platforms.

Thanks to this strategy, many governments have developed e-government 2.0 programs, with an initial objective of maintaining strong relationships with citizens through a citizen-centric approach. Frost & Sullivan recognizes that all governmental services are impacted by this digital revolution. Educational platforms are available to provide a wide variety of applications to facilitate communication between the stakeholders (notably teachers, students and parents). Similar projects have been deployed in the healthcare sector to better control cost, handle prescriptions more efficiently, and protect personal health data. Similarly, eID documents are used to facilitate citizen authentication while accessing these e-services.

In 2005, the first online voting on a national scale took place in Estonia. Modernizing election processes does not refer only to online voting and the management of the process on the Election Day. It is mandatory for states to handle the complete election cycle; from pre-election to post-election and governance perspectives. Few companies can provide an end-to-end solution to governments with regards to elections. Governments should ensure that the selected voting and election infrastructure correctly follows national rules, including privacy requirements. It is also the responsibility of the government to ensure one vote per voter. Only transparent, secure and flexible election platforms can answer these strong requirements.

SCYTL's Strategy Innovation and Customer Impact

Strategy Effectiveness

Scytl's roots go back twenty years, when its founder, Andreu Riera, started working on applying cryptography to electronic voting. Since 2001, when the company was founded and presented its first patent, Scytl has always focused on electronic voting and the modernization of election processes. More recently, SCYTL has developed a superior strategy that addresses the needs of electronic voting and election modernization in all regions with the acquisition of SOE Software. Following this strategy, SCYTL has created a long-term vision based on a platform that spans the entire election process. Frost & Sullivan finds that the company's short-term strategy provides personalized solutions thanks to its local presence in many countries and a flexible platform that can be adapted to specific market challenges. Although Competitor 1 has been also addressing the

election modernization ecosystem, the firm does not lead the online voting market. Competitor 2 also provides a solution, but the firm focuses on US-based state-level initiatives rather than national elections.

Competitive Differentiation

SCYTL has developed strong expertise in both secure electronic voting and election modernization. The company maintains a very deep scientific background, testament to its university roots; the Autonomous University of Barcelona produced a thesis regarding electronic voting security before transforming this initiative into a company in 2001. Frost & Sullivan's research shows that the 2012 acquisition of SOE Software has transformed SCYTL into a major player in the election software market. Currently, the firm has the largest patent portfolio in the industry, with 41 patents worldwide. As a result, SCYTL is seen as the worldwide leader in secure online voting. Although Competitor 1 has global presence, it is much more involved in automated election processes. Competitor 1 does not have access to a large patent portfolio. Competitor 2 has invested in new technologies to offer its services via a SaaS (software-as-a-service) model, but is not visible globally as a trusted partner for global projects.

Stakeholder Integration

Frost & Sullivan's research confirms that the development of election modernization systems, and the need to secure electronic voting systems, has become a priority for many governments. SCYTL is working directly with governments and other stakeholders (including states, public sectors, and governmental agencies). Governments represent more than 80% of SCYTL's existing clients. SCYTL works with major local systems integrators to facilitate the deployment of SCYTL products with third party hardware and software solutions. The company's major global partners include Telefonica (Latin America), HP (North America, Europe, Africa and Oceania), and Tata (India). SCYTL has 6 R&D offices and 12 commercial offices, which provides the local presence that is needed to support local initiatives. Competitor 1 is not currently recognized as an important player in the global market. Competitor 2 is established in US at a state level, and is partnering with local integrators. This strategy does not allow competitor 2 to strongly differentiate from competition.

Price/Performance Value

SCYTL has based its product strategy on a platform approach. Frost & Sullivan's is certain that this vision offers the firm much more flexibility, enabling it to meet specific client requirements. This solution is supported by the integration of independent modules that enable its offerings to be personalized; the client can adapt the platform to its needs. SCYTL follows a pay-per-use pricing strategy to better answer the requirements of governments. Based on a relatively low entry cost approach, SCYTL can adapt the price accordingly following a "grow as you need" strategy. Furthermore, SCYTL follows the latest security recommendations to support online authentication and to provide total transparency. The firm is certified by many governments, ministries and commissions. The approach of Competitor 1 is based on a long term strategy with countries; as a result,

entry costs are higher and the amortization time is longer. Although Competitor 2 provides a solution that is hardware neutral, the initial investment is relatively high.

Customer Purchase Experience

Frost & Sullivan's research confirms that SCYTL is the only provider to offer a complete portfolio regarding online voting and election modernization solutions. Thanks to its open platform architecture, SCYTL proposes a flexible approach to clients. Customers can select which modules are integrated into the core platform. Specific products to manage elections and voting projects can then be plugged into the core system to perfectly meet client requirements. These products are coupled with legacy systems and, if needed, with third party software and hardware solutions. This is a transparent vision that provides the client with a unique response to its specific needs.

Customer Service Experience

SCYTL provides high-end services to customers thanks to its long and recognized experience in the online election market. Frost & Sullivan notes that SCYTL can support two different options regarding the platform deployment: SaaS or on-premise models. These solutions facilitate the integration and potential upgrades or patches. Customers can easily access the platform and can activate or deactivate modules. SCYTL delivers real time reports regarding participation by location, and can also provide detailed information based on voter profile. SCYTL also proposes a real time education portal that could be activated during the election to improve voter perceptions with regards to the electronic voting system. Competitor 1 and Competitor 2 provide solutions based on a SaaS approach, but the two firms do not provide the same level of service due to a smaller portfolio and a more limited experience in the online voting market.

Conclusion

SCYTL has considerable experience in the electronic voting market, and boasts an impressive list of global reference customers such as France, Norway and Mexico. Frost & Sullivan's independent analysis of the Governmental Online Voting Services market clearly shows that SCYTL is the undisputed leader regarding online voting and election modernization, with an exciting platform approach that allows its customers to benefit from a flexible solution coupled with an innovative pricing strategy. SCYTL can adapt the architecture of the platform to the expectations of its clients based on a modular solution. SCYTL provides innovative solutions based on more than forty patents relating to the electronic voting security market, supported by six R&D centers.

With its strong overall performance, SCYTL has earned Frost & Sullivan's 2014 Global Competitive Strategy Innovation and Leadership Award.

Understanding Competitive Strategy Innovation and Leadership

Any successful approach to achieving top-line growth must (1) take into account what competitors are, and are not, doing; (2) meet customer demand with a comprehensive, value-driven product or service portfolio; and (3) establish a brand that resonates deeply with customers and stands apart from other providers. Companies must succeed at these three things—brand, demand, and positioning—to achieve best-practice levels in competitive strategy. This concept is explored further below.



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 strategy innovation and customer impact.

Key Benchmarking Criteria

For the Competitive Strategy Innovation and Leadership Award, Frost & Sullivan evaluated two key factors—Strategy Innovation and Customer Impact—according to the criteria identified below.

Strategy Innovation

- Criterion 1: Strategy Effectiveness
- Criterion 2: Strategy Execution
- Criterion 3: Competitive Differentiation
- Criterion 4: Executive Team Alignment
- Criterion 5: Stakeholder Integration

Customer Impact

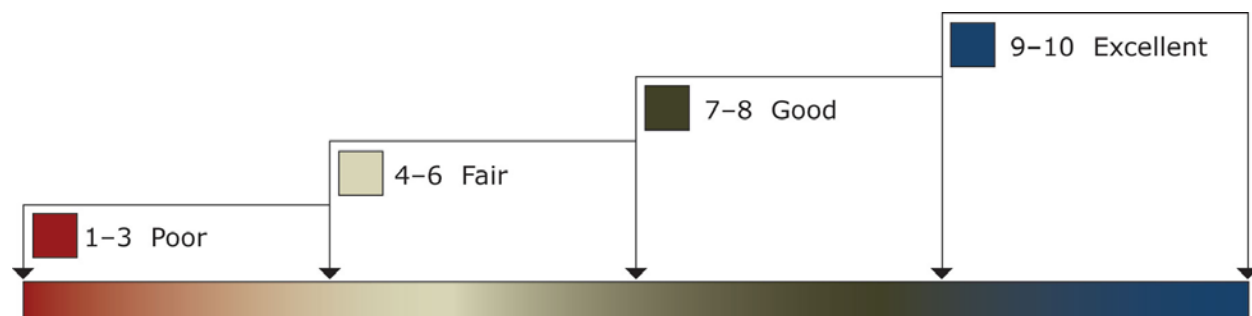
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practice Award Analysis for SCYTL

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.

RATINGS GUIDELINES



The Decision Support Scorecard is organized by Strategy Innovation and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, Frost & Sullivan has chosen to refer to the other key players as Competitor 1 and Competitor 2.

DECISION SUPPORT SCORECARD: COMPETITIVE STRATEGY INNOVATION AND LEADERSHIP AWARD

<i>Measurement of 1–10 (1 = poor; 10 = excellent)</i>			
Competitive Strategy Innovation and Leadership	Strategy Innovation	Customer Impact	Average Rating
SCYTL	9.3	9.0	9.1
Competitor 1	8.3	8.0	8.1
Competitor 2	7.8	8.0	7.9

Strategy Innovation

Criterion 1: Strategy Effectiveness

Requirement: Strategy effectively balances short term performance needs with long-term aspirations and vision for the company

Criterion 2: Strategy Execution

Requirement: Adoption of best-in-class processes to support the efficient and consistent implementation of business strategy

Criterion 3: Competitive Differentiation

Requirement: Unique competitive advantages with regard to solution or product are clearly articulated and well accepted within the industry

Criterion 4: Executive Team Alignment

Requirement: The executive team is aligned on the organization’s mission, vision, strategy and execution

Criterion 5: Stakeholder Integration

Requirement: Strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

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 like 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

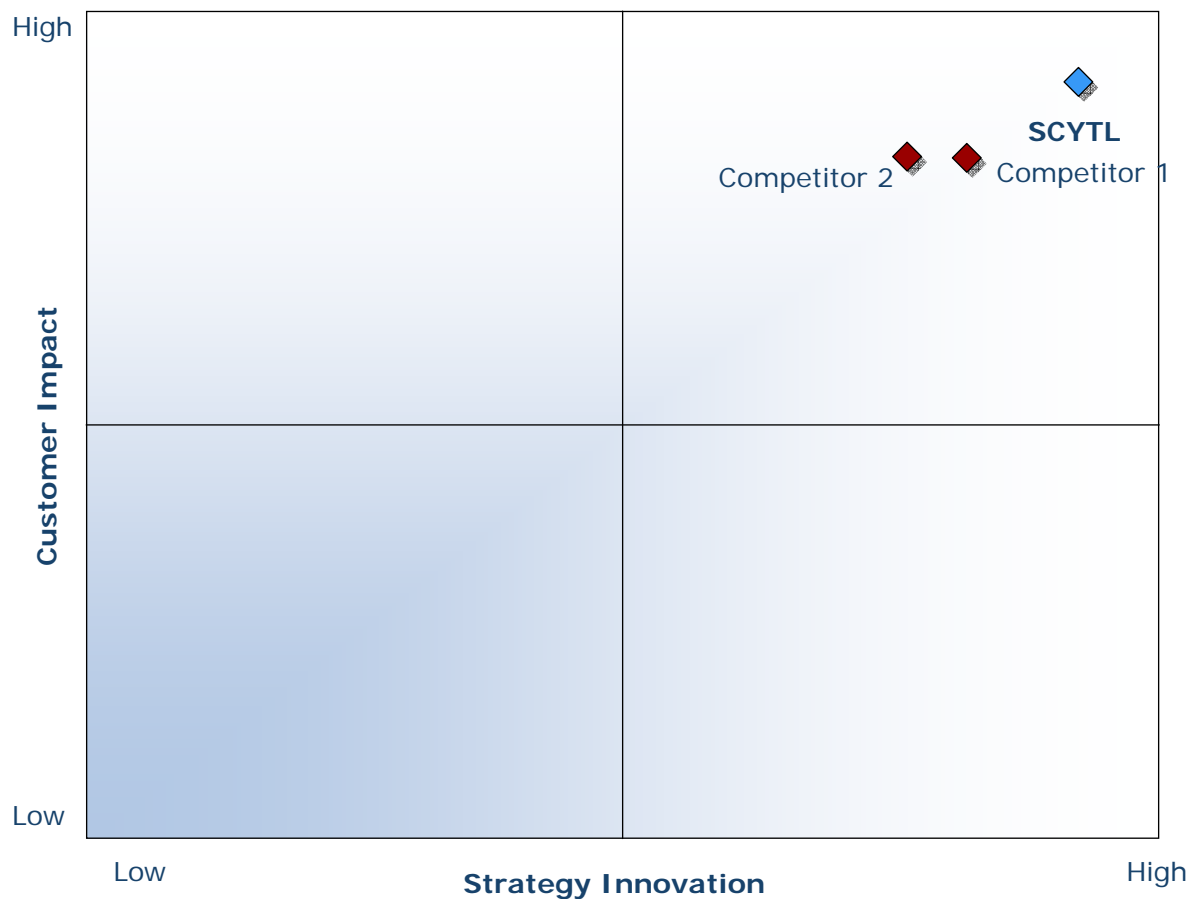
Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts can then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.

DECISION SUPPORT MATRIX: COMPETITIVE STRATEGY INNOVATION AND LEADERSHIP AWARD



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 players 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 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.