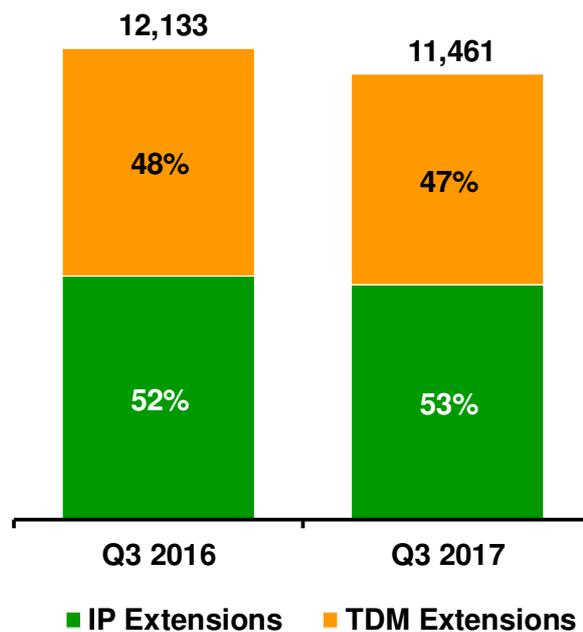


The latest figures from MZA have shown that the global Call Control market continued to fall in calendar year Q3 2017 (July to September), with a quarterly decline of 6% year-on-year as the market fell to 11.5 million licenses. The Call Control market declined by 7% in the first three quarters of 2017 when compared to the same period of 2016.

By far the largest year-on-year decline was seen in the SME segment (solutions ≤100 licenses) as it fell by 8% compared to a 3% decline in the enterprise segment (solutions >100 licenses).

The largest proportion of the global decline was driven by North America which fell by 17% year-on-year. Unlike Latin America, Asia Pacific and Middle East & Africa where declines were driven by the SME segments, the North America Call Control market experienced double-digit declines in both the SME and enterprise segments.

WORLD CALL CONTROL (PBX/IP PBX) MARKET
Total Extensions Market (excl Micro PBXs), by Technology - 000s



The North American SME segment continues to be more impacted than the enterprise segment by the growth in multi-tenant voice services. Despite increased traction in the mid-market, multi-tenant voice services have had more success in SME, with large enterprises often requiring more flexibility, control and manageability than multi-tenant services offer.

On a year-on-year basis, the North America enterprise segment was down for a fourth consecutive quarter in Q3 2017. Economic uncertainty surrounding the potential impact of the United States government’s policy proposals, market disruption as Mitel entered a period of transition as it followed its acquisition of Toshiba’s Unified Communications business with the acquisition of ShoreTel at the end of September 2017, and continued uncertainty surrounding Avaya are all understood to have slowed the market in North

America in Q3 2017. Moreover, the drive for digital transformation in 2017 has diverted ICT budgets yet further away from premise based Call Control solutions in the region, as customers increasingly seek additional services including over the top applications delivered from the cloud.

The only regions to grow year-on-year in the third quarter of 2017 were Western and Eastern Europe although sales in these two regions remain significantly lower than historical volumes.

The Western European Call Control market grew in the third quarter of 2017 with the UK, Belgium and Germany accounting for the largest growth in terms of number of licenses sold. The UK returned to year-on-year growth in the third quarter of 2017, although this was in comparison to a particularly low Q3 2016. The uncertainty that followed Brexit, and the currency fluctuations that occurred in the months afterwards, impacted Call Control sales.

Eastern Europe experienced year-on-year growth for the third consecutive quarter in Q3 2017 as the economic and political outlook for the region continues to improve. Although Eastern Europe has experienced growth in each quarter of 2017, the market remains significantly lower than historical quarters.

Asia Pacific was down year-on-year in Q3 2017 with the largest Call Control market in the region, Japan, accounting for the majority of the decline. China and India, the second and third largest Call Control markets in Asia Pacific, both experienced growth in the third quarter of 2017 year-on-year.

The Latin America Call Control market fell significantly in Q3 2017, with leading vendors in the region experiencing double digit percentage declines. Mexico, the second largest Call Control market in Latin America experienced a decline year-on-year in Q3 2017 as uncertainty remained over the future of the North American Free Trade Agreement (NAFTA).

The Middle East & Africa Call Control market declined in the third quarter of 2017 as year-on-year growth in Turkey was outweighed by declines in other major markets.

Competitive Landscape – Q3 2017

Cisco continued to lead the global Call Control market in the third quarter of 2017 and has led the market for five of the last six quarters with exception being Q1 2017. Cisco accounted for 13% of all extensions sold in Q3 2017 gaining one percentage point influenced by strong performance in EMEA and market share gains in the difficult North American market.

NEC remained in second position in Q3 2017, the same position that it had held in corresponding quarter 2016, despite a challenging quarter as they accounted for an 11% market share. NEC launched the SL2100 Communications System platform in North America in Q2 2017 with the new platform targeting SME customers and launched in EMEA, Asia Pacific and Latin America in Q3 2017.

Avaya continued to lose share in the third quarter of 2017. In November 2017, Avaya announced the United States Bankruptcy Court has approved its second amended chapter 11 plan of reorganisation, with Avaya expecting to emerge from its restructuring process before the end of 2017.

Panasonic held fourth position with an 8% share driven by their market leading position in Eastern Europe and the Middle East and Africa as well as being in the top three vendors in both Latin America and Asia Pacific.

Mitel remained in fifth position with an 8% share of total license sales in Q3 2017. Mitel and ShoreTel as a combined entity would have accounted for a 9% share and overtaken Panasonic for fourth position in the market.

Alcatel-Lucent Enterprise maintained sixth position in Q3 2017, ahead of Huawei, Unify, Microsoft and Samsung who complete the global top ten.

Notes: All licenses deployed on premise or within a public multi-instance, as well as public and private single instance environments are included within this analysis however multi-tenant services are excluded** in MZA's Call Control (PBX/IP PBX) analysis. The full publication provides granular analysis on vendor and market performance by region and key country and by size and technology segment for Call Control (PBX/IP PBX) licenses. The commentary within this press release excludes Micro PBX products.

**An additional annual service on Hosted/Cloud Business Telephony provides insight on trends for deployment models for single-instance and multi-instance Call Control solutions together with multi-tenant services.

Further Information: This press release is a summary of MZA's Q3 2017 Call Control analysis. The complete analysis provides granular insight at a regional, country and segment level of all leading players active, including a **full market commentary**. Additional MZA analysis services are available covering the UC Applications, Hosted/Cloud Business Telephony, Contact Centre and the business mobility markets.

About MZA

MZA specialises in the provision of insight and analysis into developments and trends in the business communications market at a global, regional and country level.

For more information on MZA insight or services please contact:

General Manager: Stephanie Watson (swatson@mzaconsultants.com) on +44 1672 516144