



**2017 North American
Mobile Protection Services
Product Leadership Award**

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

BEST
2017 **PRACTICES**
AWARD

**NORTH AMERICAN
MOBILE PROTECTION SERVICES
PRODUCT LEADERSHIP AWARD**

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Background and Company Performance

Key Market Trends

As smartphones emerge as the primary devices for consuming and creating content, consumers are investing increasingly greater time and money into maintaining, supporting, and protecting their devices. Smartphone adoption marches forward among mobile phone users and is expected to exceed 90% penetration in the United States (US) by 2020 according to Frost & Sullivan research.¹ With average revenue per unit (ARPU) trending downward for North American telecommunications (telecom) carriers in recent years,² companies are looking for avenues to boost margins and steal market share in the already saturated marketplaces. Competing carriers—reaching parity in device offerings—are searching for new opportunities to engage customers and reduce costs while supporting the core smartphone business as it evolves. Consumers are increasingly hard to satisfy and increasingly are willing to change carriers. Looking to boost ARPU, carriers recognize that customer experience enhancements and value added services are critical to increase revenues and reduce churn.

Key Industry Challenges

	Key Market Trends	Key Industry Challenges	Key Solution Requirements*
1	Growth in Smartphones	Increasing Smartphone Incidents	Mobile Handset Protection
2	Enhanced Device Capabilities	Managing Device Complexity	Mobile Device Support
3	Growth in Mobile Data	Loss of Mobile Data	Mobile Data Protection
4	Explosion in Mobile Apps	Supporting Mobile Applications	Mobile Application Support

Increasing Smartphone Incidents

As users demonstrate increased attachment to the device, they bring it into more riskier situations and make their device more susceptible to incidents of loss, theft, and damage. Almost 25% of smart device owners have experienced devices damage³, and millions of smartphones are lost or stolen each year in the US.⁴ Concurrently, Frost & Sullivan research indicates that average smartphone users spend no more than 6 hours away from devices per day. Theft of the high-end “iconic” devices is increasing in major cities, underlining the expense and high aftermarket resale value. Growing screen sizes increase the surface area of the sensitive touchscreen glass and make devices more prone to physical damage. Users constantly carrying devices into vulnerable circumstances offset durability gains made with material and manufacturing design. Incidents of theft, loss, and damage have surged and emerged as a major issue for users and are a recurring hurdle for carriers.

¹ *The Global Need for Mobile Support and Protection Services: From Handset Protection to Mobile Technology Support and Beyond* (Frost & Sullivan, January 2015).

² *North American Mobile Trackers, Q4 2016: Continued Growth of Smartphones, Mobile Computing, and M2M Communications* (Frost & Sullivan, March 2017).

³ 2016 Asurion Mobile Claims Data.

⁴ *Inside the Vast (and Growing) Global Trade in Stolen Smart Phones*, National Geographic, September 9, 2015.

Managing Device Complexity

Frost & Sullivan research suggests that the average smartphone users tap into only 30% of devices' capabilities⁵. First generations of smartphones on the market featured single processors, few multimedia capabilities, operated on slower 2.5G or 3G networks, and featured limited interoperability with other connected products. Current smartphones operate with quad-core processing capabilities, dedicated processing for multimedia services, abundant gigabits of RAM, high-definition displays, integrated WI-FI and LTE data services, NFC and Bluetooth connectivity, in addition to sensors and integration capabilities with connected devices, home, and auto systems. The dramatic technology expansion creates a paradox in that users cannot or do not understand how to make use of the plethora of possible functions. Carriers and device manufacturers preload some configurations, but leave users alone for more complex functions and connections—a significant challenge for many consumers. Frost & Sullivan research finds that one in three consumers report problems or questions with their smartphones at least once per month. Contemporary market trends point to the need for premium technical support for managing device capabilities, configurations, software, and realizing the fullest utilization of the pricey device.

Loss of Data

The important consumer data stored on smartphones increases and remains open to vulnerabilities, resulting in loss or corruption. With greater amounts of data on smartphones, it becomes increasingly frustrating for users to replace or reenter it into new devices, in addition to anxiety arising from lost information and memories. Sensitive personal or corporate data is at risk for compromise or theft, exacerbated by increasing threats from mobile malware and malicious actors. Thus, security solutions for the physical device and the data stored on it will only become more important, necessitating robust and always-on security/remote monitoring capabilities.

Supporting Mobile Applications

The array of choices of mobile native apps both benefits and bewilders consumers. Market trends show the need for a simple resource for consumers to consult with in managing and supporting the mobile experience. Frost & Sullivan research indicates that most smartphone owners will abandon an app after an average of three attempts at resolving a problem. Users consult their carriers, in addition to a circle of friends and family, for issues with using the device even if the issue arises with a third-party app. Unsecure or problematic apps represent a latent threat and source of frustration for unfamiliar mobile users. Consumers need knowledge about privacy settings, customization, general best practices, and recommendations. A clear necessity exists for an effective and unified support system, to help users best utilize apps and ensure security.

⁵ *The Global Need for Mobile Support and Protection Services: From Handset Protection to Mobile Technology Support and Beyond* (Frost & Sullivan, January 2015).

Key Solution Requirements

A new purchase to replace a damaged or missing device represents a particularly unattractive and expensive proposition. Younger generations—particularly millennials—expect communication services to match their on-demand, always-on lifestyle; and consumers are frustrated by the slightest interruption of service and point of friction or inflexibility in the real-time digital economy.⁶ In North America and other developed markets, carriers have removed the device subsidy for contract renewal and have transitioned to installment plans. This transition makes consumers more price conscious about the cost of the device throughout its lifecycle, and results in longer upgrade cycles and lengthening ownership periods. Greater consumer outlay is pushing a burgeoning market for consumers and enterprises to insure and repair their device investments to minimize usage interruptions. Moreover, the decreasing upgrade rates and slower pace of feature innovation is forcing carriers to consider ancillary service options and reduce friction points to retain customers and generate brand loyalty.

From pure insurance to comprehensive repair and support plans, mobile protection providers have grown in scope and depth in response to smartphone penetration in developed markets. Protection providers recognize that merely financing device replacement fails to meet and satisfy consumer expectations and the longer the duration without a smartphone the more frustrated the consumer becomes. As device capabilities expand and data stored therein represents value, the smartphone becomes the key link in consumer's connected ecosystem of home, work, shopping, entertainment, and finance. Users need targeted help and support to realize the full potential of device capabilities and applications (apps). Conversely, the mountain of Big Data created and filtered through the user's smartphone represents innumerable potential untapped possibilities for value-added services and personalization. Predictive analytics based on consumer behavior data will make customer care and anticipatory recommendations significantly more targeted, moving toward an entirely personalized "customer segment of one" and opening new opportunities for value-added services.⁷

Frost & Sullivan research believes that managing these customer touch points in the sensitive moments of smartphone loss/damage affords carriers a critical opportunity to reduce customer churn effectively and increase satisfaction. Mobile protection providers must deliver more targeted, higher-value-added support, and protection plans to create results for carriers. The costs of customer care and device concessions continue to vex carriers; thus, protection providers strive to create value opportunities that reduce headaches for carriers and sales representatives outside their core competency. Frost & Sullivan research specifies that mobile support and protection offerings must consider four essential pillars: mobile handset protection, mobile data protection, mobile application support, and mobile device support.⁸

⁶ *What Millennials Want that Your Systems Can't Deliver: Flexibility at a Whole New Level* (Frost & Sullivan, June 2016).

⁷ *Outlook for New Business Models and Consumer Driven Strategies in Digital Consumer Lifestyle: Striving for New Business Models Built on Trust* (Frost & Sullivan, November 2016).

⁸ *The Global Need for Mobile Support and Protection Services: From Handset Protection to Mobile Technology Support and Beyond* (Frost & Sullivan, January 2015).

Product Family Attributes and Business Impact of Asurion

Impressing Frost & Sullivan with its key value proposition, Asurion goes beyond simply minimizing a pain-point for carriers and turns customer interactions into strength with its best-in-class insurance/repair services and innovative, personalized help for all a consumers' technology needs. The company makes its white-label services vital tools for end-users, driving greater loyalty and retention for carriers. Since its founding in 1994, Asurion has operated with a continuity of leadership under its CEO and co-founder to grow from a 40 employee shop to a full-serve technology provider with more than 17,000 employees and 305 million customers in 18 countries across the globe. Frost & Sullivan recognized Asurion in previous years for its visionary innovation in retail product protection and product leadership in mobile support and is further commending the company for its continued leadership within this marketplace.

Best-In-Class Insurance and Repair Services

Single-device Protection

The coverage network of Asurion's insurance and repair capabilities exists in parallel with the coverage network of telecom carriers. At a scale and scope that meet consumers across the country, Asurion maintains its core competency second to none in delivering traditional services for smartphone insurance, repair, and replacement. The claim filing, repair, and replacement experiences are fraught situations for consumers with damaged or lost phone, and Asurion assuages anxiety with a simple file claims process and same unit repair or replacement. With many phone-damage situations—most common of which is screen damage—Asurion offers options for carry-in service to a certified partner or to schedule a time for a technician to come to the consumer and conveniently repair the device on-site. Many on-site and carry-in repairs take place as soon as the same day, and often within hours. As a part of a prepaid bundle, consumers never pay the technician, receive original equipment manufacturer parts, and receive a 12-month warranty on repairs. Another option for customers, Asurion offers to protect devices already owned and brought to the carrier. A Device Health Check, run at the point of sale, reduces fraud on nonfunctional devices, ensures functionality, and activates protection like any new device on the carrier's network, and includes an equal level of same-model repair/replacement.

Protection and Support

Asurion maintains the largest service network for mobile devices across the US, leveraging a wealth of tech expertise and infrastructure. If a consumer is eligible, a brand new replacement phone arrives as soon as 24 hours after submitting a claim. Asurion coordinates a massive supply chain operation and has extensive inventory to deliver the exact make, model, and color of device component to fix that cracked screen at the consumer's house. Onboarding support and next day delivery promote high levels of user satisfaction with the carrier, as consumers feel unable to function with an impaired or missing phone.

Multi-user and Multi Device

Asurion extends its single device protection value proposition through its multi-user and multi-device protection offerings. Multi-device protection covers damage claims and real-time support on any three devices in the household; e.g., new or used tablets, laptops, or televisions. Frost & Sullivan recognizes the flexibility Asurion affords carrier customers and consumers with its multi-level capability. In many cases, simple repairs, such as the classic cracked screen, do not require a total loss claim and fits into a multi-tiered structure that eliminates the need for consumers to pay full price for a new device. Finally, Asurion's Lost & Found service requires no deductible or claim to file, and includes a reward for the Good Samaritan finding and sending the phone to Asurion.

Reimagining How Consumers Interact with Technology and Support

Insights and Predictive Analysis

Asurion perceptively positions itself to help consumers navigate the technology world, with the smartphone increasingly perceived as the integral link throughout countless aspects of life. Under the branding of the carrier service, Asurion white-labels its integrated support experience—the *Soluto* solution. The innovative *Soluto* platform helps people better utilize and understand their relationship with technology, encouraging further and deeper engagement rather than the call-center model of minimizing interaction. When consumers need help setting up a new device, managing and using their devices, and cleaning up or improving the performance, the *Soluto* goes beyond simple "tech support," enabling users to reach a technology expert in less than 20 seconds through an in-app chat, phone call, or text message. Reportedly, 97% of tech issues achieve resolution in one interaction through *Soluto*. Technology experts on the other side talk users through the fix or remote into the device to demonstrate solutions or resolve issues. Impressively, Asurion designed a system to deliver quick connection and high-resolution rates, at reasonable cost and scale for tens of millions of interactions a year.

The foundation for *Soluto* rests in the purpose-built Big Data analytics and machine learning "Brain." The Brain harnesses the mountains of usage statistics data generated every day and translates it into actionable intelligence for *Soluto* solutions. Constantly personalizing and improving, the Brain delivers personalized tips and content to the right person at the most optimized time for greatest effect. These insights leveraging Big Data derive from a proprietary system for segmenting and individualizing customers for the best anticipatory suggestions (i.e., how to connect a new smart TV with other smart devices in the house) and preventative recommendations (i.e., how to keep from exceeding data plan limits or improve battery life). For users that find smart home devices time consuming and experience frustration with interoperability issues, *Soluto* makes the mixed environment future possible with hardware and software agnostic support. Available 24/7, *Soluto* builds positive engagement for the carrier's name, across brands and platforms.

Repeatable Value for Carriers and Consumers

In the long-term view, carriers can leverage Asurion's portfolio of flexible solutions for consumer lifecycle management, i.e., from purchase, to onboarding, tips and support, breakage, and replacement. *Soluto's Brain*, by design, continues to curate and refine the personalization based on behavior patterns and consumption decisions the individual makes, and how he/she evolves and changes through live events month-over-month, and year-over-year. From a single individual to a family with multiple devices, consumers tap into Asurion's platform and infrastructure for a one stop solution for technology support and utilization. Asurion customizes this comprehensive lifecycle approach based on the carrier's priorities and needs.

Onboarding new devices represents the most vexing hurdle for users and research shows that users interact with smart devices in a constant quest for novel stimulation;⁹ carriers have yet to develop a service mechanism that sustains consumer excitement and taps into repeatable engagement processes. The *Soluto* app offers a recurring stream of push notifications, tips, suggestions, and new features to spur the same excitement every day that users felt when first exploring their smartphone's potential. Evergreen engagement, based on machine learning and historical behavior to deliver personalized and relevant content to each user, is driving exponential growth in consumer interactions with the app. Beyond "tech support" or a self-help app, *Soluto* creates daily positive interactions with customers for the carriers.

Curated By Human Touch

The service Asurion delivers through its *Soluto* support and traditional insurance process is targeted by machine learning, but polished by true content experts. In a marriage of Big Data and human talent, these experts curate the content, producing the reasoning and thinking behind the tech solutions, articles of tips, and videos recommendations. The Brain categorizes behavior patterns of individuals and cohorts, and discerns the optimal content and time to send notifications. Moreover, Asurion's technology experts populate the Innovations Lab, where the experiments to test and fix technology problems take place and content generation occurs. Experts in the Innovations Labs keep watchful eyes on the latest technology releases and use cases, disseminated their learning and knowledge rapidly for customers' best usage, e.g., finding overnight software or app update causes glitches in Australia and recommending users waking up in North America to wait for a new patch release.

⁹ Alter, Adam. *Irresistible: Why We Can't Stop Checking, Scrolling, Clicking, and Watching*. London: Bodley Head, 2017.; and De-Sola Gutiérrez J, Rodríguez de Fonseca F, and G Rubio. 2016. "Cell-Phone Addiction: A Review". *Frontiers in Psychiatry*. 7.

Asurion's recruiting makes special effort to look for empathy as well as technological proficiencies. In addition to retaining in-country knowledge hubs in Nashville, Las Vegas, Phoenix, and Orlando, Asurion realizes that sterling service requires personalities which will fit in culturally with the emphasis on with patience and tech experience to provide support. With high expectations, Asurion's customer experience focused culture revolves around six principles of communication that live on each employee's desk: "Make it Easy, Be Transparent, Know Me, Reassure Me, Help me Grow, and Surprise & Delight Me." Frost & Sullivan recognizes Asurion's unique recruiting and training regime, and attention to granular detail in examining employee performance and providing tools for success.

Conclusion

As telecommunications carriers increasingly compete on service offerings, they search for avenues to lower costs and cultivate customer loyalty. Asurion pioneers device protection and services evolution, delivering to consumers the best-in-class protection and insurance as well as innovative, personalized technology support. In the core competency of insurance claim, repair, and replacement process, Asurion provides on-site and even same day assistance. Asurion further benefits its partners with its forward-thinking approach to consumer support: *Soluto*. A platform automated with Big Data and curated by technology experts, *Soluto* binds services together in one channel, under the carrier's brand, to increase loyalty and retention rates.

With its attention to detail in core insurance and repair functions, strong customer-focused support, and advanced *Soluto* support and user engagement platform, Asurion earns Frost & Sullivan's 2017 North America Product Leadership Award in mobile protection services market.

Significance of Product Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. A comprehensive product line, filled with high-quality, value-driven options, is the key to building an engaged customer base. To achieve and maintain product excellence, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding Product Leadership

Demand forecasting, branding, and differentiating all play a critical role in finding growth opportunities for your product line. This three-fold focus, however, must be complemented by an equally rigorous focus on pursuing those opportunities to a best-in-class standard. Customer communications, customer feedback, pricing, and competitor actions must all be managed and monitored for ongoing success. If an organization can successfully parlay product excellence into positive business impact, increased market share will inevitably follow over time.

Key Benchmarking Criteria

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Product Family Attributes and Business Impact—according to the criteria identified below.

Product Family Attributes

- Criterion 1: Match to Needs
- Criterion 2: Reliability and Quality
- Criterion 3: Product/Service Value
- Criterion 4: Positioning
- Criterion 5: Design

Business Impact

- Criterion 1: Financial Performance
- Criterion 2: Customer Acquisition
- Criterion 3: Operational Efficiency
- Criterion 4: Growth Potential
- Criterion 5: Human Capital

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



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

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select 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

About Frost & Sullivan

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