

Presented to **xerox** 

2013 Global Excellence in Technology Innovation Award



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



50 Years of Growth, Innovation & Leadership

Excellence in Technology Innovation Award Global, 2013

Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360-Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2013 Global Excellence in Technology Innovation to Xerox Corp.

Significance of the Technology Innovation Award

The fast pace of technology development has been one of the most important issues impacting the global printing industry over the past few years. Customers are demanding increased flexibility to scan documents in several formats such as text searchable and single/multi-page PDFs. In addition, they would like to convert documents to various Microsoft Office formats (Excel, PowerPoint, and Word) and to share documents on cloud-based repositories (such as Drop Box, Google Docs, Office 365, and Salesforce.com, among others).

But there is another change taking place in order to address a key customer requirement: workflow optimization. This is part of the all-encompassing goal of improving worker effectiveness, which is also manifesting itself in the enterprise communications space under the mantra of Communication Enabled Business Process (CEBP). In the printing business, there is a similar push to reduce the human latency that exists within a process flow. New innovation in enhancing productivity and efficiency as well as enabling printers to create new products for the customer have empowered many companies to surge ahead of their fierce competitors.

Xerox has leveraged its innovation acumen to develop its recently introduced ConnectKey™ technology and platform. It represents a very significant step forward in the quest for improving document workflow within an enterprise. ConnectKey also signifies a shift in the way Xerox is treating its Multi-Function Printers (MFPs), moving away from the old hardware offerings towards a software platform model. Organizations need more than document digitization. They need documents with intelligence. This requires a shift in thinking from hardware devices, to software ecosystems that integrate devices and systems. ConnectKey represents a new approach to the MFP industry, which delivers more convenience, productivity, security and cost control to the customers' business. Xerox thought beyond just the hardware and focused on the software that runs across a suite of Xerox

multifunction printers and it provides significant improvements to both the user interface people interact with at the device, and the systems management and integration capabilities that run largely behind the scenes.

These capabilities provide immediate value out of the box for small-to-medium sized businesses and larger enterprises alike, and only get more valuable when looking at more robust systems integration or fleet management.

ConnectKey is 80 percent customer driven, with the remaining 20 percent coming from innovation by the Xerox engineering team. The company aligned its own processes, in an agile fashion, and is already reaping some good results in a short period of time after the product launch, with ConnectKey products driving 20 percent more installs in 2013 versus 2012.

Key Benchmarking Criteria for Technology Innovation Award

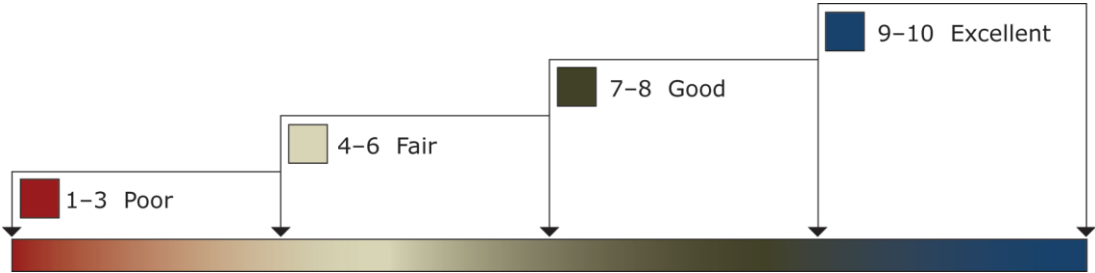
For the Technology Innovation Award, the following criteria were used to benchmark Xerox Corp.'s performance against key competitors:

- Intellectual Property Strength/Uniqueness of Technology
- Impact One Year Existing Products/Applications
- Impact One Year New Products/Applications
- Impact on Customer Value
- Technology Investment Commitment

Decision Support Matrix and Measurement Criteria

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies' performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each Award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and Award category. The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are shown in Chart 1.

Chart 1: Performance-Based Ratings for Decision Support Matrix



This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring 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.

Chart 2: Frost & Sullivan’s 10-Step Process for Identifying Award Recipients



Best Practice Award Analysis for Xerox Corp.

The Decision Support Matrix, shown in Chart 3, illustrates the relative importance of each criterion for the Technology Innovation Award and the ratings for each company under evaluation. To remain unbiased while also protecting the interests of the other organizations reviewed, we have chosen to refer to the other key player as Competitor 1.

Chart 3: Decision Support Matrix for Technology Innovation Award

<i>Measurement of 1-10 (1 = lowest; 10 = highest)</i>	Award Criteria					
	IP Strength/Uniqueness of Technology	Impact on existing products and applications	Impact on new applications	Impact on customer value	Technology investment commitment	Weighted Rating
Relative Weight (%)	25.0%	12.5%	12.5%	25.0%	25.0%	100%
Xerox	9	8	8.5	9	9	8.8
Competitor 1	9.5	8	8	8	9	8.6

Criterion 1: IP strength/uniqueness of technology

ConnectKey is much more than just a next-gen multi-function printer technology – instead, it can be thought of as a software ecosystem that provides the building blocks necessary to allow a multi-function printer to simplify an enterprise’s document workflow. The model that Xerox is embracing is similar to Apple’s iOS: an underlying OS platform and the applications that go on top of it. ConnectKey empowers Xerox devices to be platforms enabling third party app developers to write software that would go on top of it.

ConnectKey improves convenience by freeing people up to work the way they want to – from mobile devices, using cloud storage solutions like DropBox or Google Drive. And at the device level, a user can customize the UI to put buttons that start customized workflows right on the home screen. ConnectKey MFPs can be connected wirelessly, enabling endpoint clients to access them while on the go, without incurring extra network infrastructure costs. Xerox is supporting protocols such as Apple Air Print™ to enable users to easily connect and print from their iOS smartphone or tablets.

In addition, ConnectKey features industry-leading security, which has been achieved via partnerships with vendors such as Cisco and McAfee, in order to provide extra layers of security software as well as greater visibility to IT staff. For larger enterprises, Xerox has also made ConnectKey compatible with Cisco TrustSec – for easy integration into more robust security environments. The relationship with Cisco also carries over to the energy management space, where Xerox uses the Cisco EnergyWise solution to lower power consumption in order to help an enterprise achieve its sustainability goals.

Enhancing productivity via workflow improvement is another key tenet for ConnectKey. Xerox is simplifying customer workflows via tools such as ConnectKey for SharePoint® and

Business Process Outsourcing Integration through Xerox Services. This improves productivity by automating common tasks and integrating with workflows. From an end-user perspective, this can be as simple as using the unified address book with favorites feature or as robust as building custom functionality to use from the device through Xerox Extensible Interface Platform (EIP).

Criterion 2: Impact on existing products and applications

The early feedback on ConnectKey has been extremely positive: ConnectKey products on a year-over-year (YoY) basis are driving 20 percent more installs (2013 versus 2012). This is impressive considering the product was launched only in February/March of this year.

Customized applications can be empowered by the Xerox® Extensible Interface Platform® (EIP), which enables the creation of ConnectKey applications to run on ConnectKey MFPs, without the need for additional IT infrastructure. This allows customers to simplify and personalize the usability of their devices with a range of capabilities from support applications to scanning.

Criterion 3: Impact on new applications

Enterprise customers have been already providing Xerox with some powerful accolades, thanks in part to the same common-look-and-feel across different platforms. A lot of innovation for ConnectKey has been achieved via process innovation - Xerox is testing the software for five different environments, stressing the software in different ways.

Xerox is developing APIs that will enable third party app development. One example is an application that allows employees to capture all their invoices from a trip, simplifying the entire expense report process and speeding up the time that it takes for employees to get reimbursed for out-of-pocket expenses incurred while on company business.

Criterion 4: Impact on customer value

In a global survey sponsored by Xerox, 70% of IT managers, business managers, and mobile workers said that optimizing document flow would help them respond faster to market needs, and 62% said it would improve overall revenue. ConnectKey tackles addresses this issue by offering mobile printing and scanning solutions that integrate fully with cloud-based technologies and mobile devices. Consequently, employees can benefit from a superior convenience, increased productivity, and a more cost-effective infrastructure. The ongoing proliferation of smartphones and tablets makes it an imperative for multifunction printing devices to connect with their increasingly mobile workforces. In doing so, these devices can increase employee productivity by allowing connections “on the go”, enabling knowledge workers to recover some of their “downtime” (e.g. when they are at an airport lounge, etc.).

Criterion 5: Technology investment commitment

Xerox commitment to technology innovation is well known around the world. The company's Palo Alto Research Center (PARC) captures the very essence of innovation, having been the birthplace of so many technologies that have served not only for Xerox but also for other companies including Apple and 3Com, among others. In 2012, the company reported R&D investments of \$655 million, which represents about 3 percent of its revenues.

Xerox maintains monthly targets for submitting invention disclosures and quite a few of those eventually become patents. This also carries over to strategic partners such as HCL, with which Xerox maintains a unique relationship. As a result of an agreement struck between the two companies in 2011, HCL has an annual target for submitting invention disclosures. This is another example of how much Xerox relies on its IPR to go forward.

One further strong indicator of the importance given to technology innovation is the fact that Xerox received 1,215 U.S. patents in 2012, ranking the company as one of the world's top innovators. The 2012 tally includes patents from Xerox and its wholly-owned subsidiaries, including PARC. Xerox's joint venture in Japan (Fuji Xerox Co. Ltd.) obtained 686 U.S. patents in 2012. Combining both, the Xerox group garnered 1,900 U.S. patents, which placed Xerox in the top 10 on the IFI Patent Intelligence list worldwide.

Conclusion

Xerox is an R&D leader, committing significant human and capital resources in order to support the development of new products, as attested by its "Top 10" global ranking in patents in 2012. The company has an established innovation process that is run by the company's own CTO Office. Xerox maintains an internal web site with quarterly targets for invention disclosures; every invention disclosure gets a quality rating (a rating of 3 represents an idea pretty close to being "patent material", with very good chances of being submitted to the US Patent Office).

ConnectKey represents a big step forward in the quest for better document workflow within an enterprise. The novel idea to leverage that as a platform for third party application development and the fostering of a larger ecosystem should make this a mainstay at Xerox for years to come. Xerox has demonstrated its commitment to deliver customer value by tackling a key industry pain point and establishing partnerships with vendors specializing in other areas such as security and energy management.

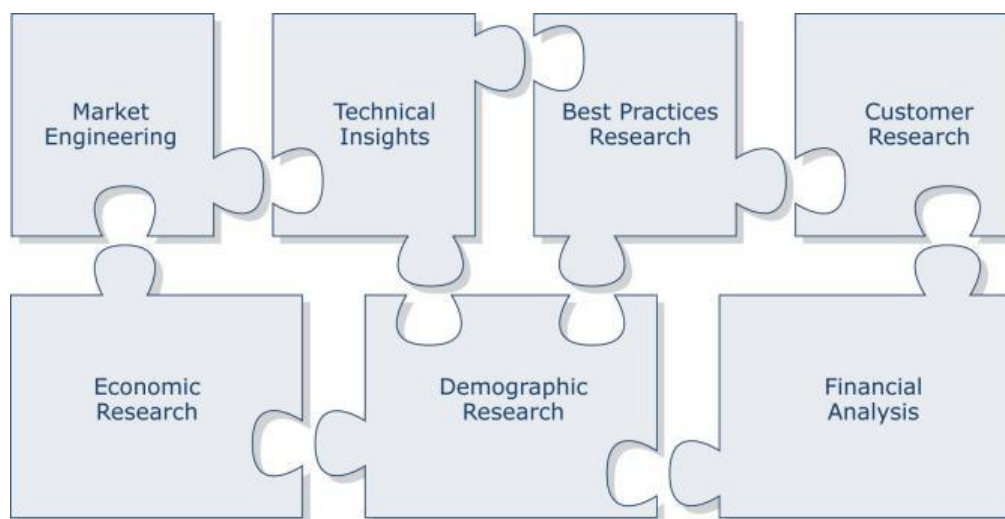
Xerox's commitment to ConnectKey is broad and long term. Just like an iPhone and iPad with Apple with iOS, ConnectKey creates a consistent platform and interface across a broad range of Xerox devices – so no matter what the specific requirements of your business are for media handling and output, and you're getting the same business critical features for convenience, productivity, security and cost control.

Based on these criteria, we are honored to acknowledge the effort of Xerox Corp. with the 2013 Global Excellence in Technology Innovation Award from Frost & Sullivan.

Critical Importance of TEAM Research

Frost & Sullivan's TEAM 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 seven of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Chart 4: Benchmarking Performance with TEAM Research



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 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.