

Price Performance Value Leadership of the Year Award Carrier Ethernet Demarcation Device Global, 2010

Frost & Sullivan's Global Research Platform

Frost & Sullivan is entering 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 in turn 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 2010 Global Price Performance Value Leadership of the Year Award in Carrier Ethernet Demarcation Devices to RAD Data Communications.

Significance of the Global Price Performance Value Leadership of the Year Award

Key Industry Challenges Addressed by Global Price Performance Value Leadership of the Year Award

The Carrier Ethernet Demarcation segment is characterized by the presence of a number of vendors with strong product offerings. Frost & Sullivan notes that the Carrier Ethernet Demarcation sector is a fragmented market segment, with the top three accounting for less than 50 percent of the market. In a rapidly growing market characterized by strong competition on multiple levels - such as products, channel and (Original Equipment Manufacturer) OEM partnerships - the Global Price Performance Value Leadership of the Year Award highlights a vendor that has successfully recognized product, competitive and customer requirement trends and introduced a superior offering to create a niche for itself.

Impact of Price Performance Value Leadership of the Year Award on Key Stakeholders

The Price Performance Value Leadership of the Year Award is a prestigious recognition of RAD Data Communications' accomplishments in Carrier Ethernet Demarcation. An unbiased, 3rd party recognition can provide a profound impact in enhancing the brand value and thereby accelerating the RAD Data Communications' growth. As captured in Chart 1 below, by researching, ranking, and recognizing those who deliver excellence and best practices in their respective endeavors, Frost & Sullivan hopes to inspire, influence, and impact three specific constituencies:

- **Investors**

Investors and shareholders always welcome unbiased and impartial third party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy of investment.

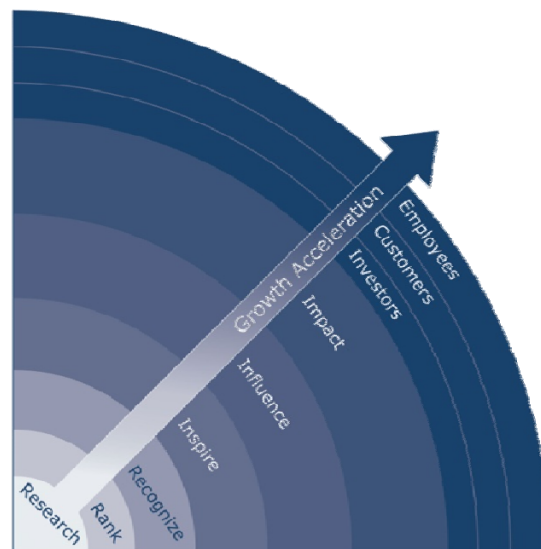
- **Customers**

3rd party industry recognition has been proven to be the most effective way to assure customers that they are partnering with an organization that is leading in its field.

- **Employees**

This Award represents the creativity and dedication of RAD Data Communications' executive team and employees. Such public recognition can boost morale and inspire these stakeholders to continue the best-in-class pursuit of a strong competitive position for RAD Data Communications.

Chart 1: Best Practices Leverage for Growth Acceleration



Key Benchmarking Criteria for Price Performance Value Leadership of the Year Award

For the Price Performance Value Leadership of the Year Award, the following criteria were used to benchmark RAD Data Communications' performance against key competitors:

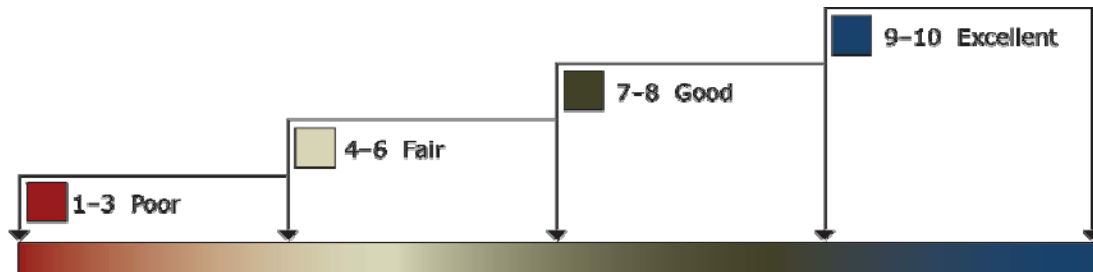
- Price Competitiveness
- Features
- Ease of use
- Service Effectiveness

- Product matched to client needs

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 2.

Chart 2: 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 3: Frost & Sullivan's 10 Step Process for Identifying Award Recipients



Best Practice Award Analysis for RAD Data Communications

The Decision Support Matrix, shown in Chart 4, illustrates the relative importance of each criterion for the Global Price Performance Value Leadership of the Year 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 players as Competitor 1 and Competitor 2.

Chart 4: Decision Support Matrix for Price Performance Value Leadership of the Year Award

Measurement of 1–10 (1 = lowest; 10 = highest)	Award Criteria					Weighted Rating
	Price	Features	Ease of Use	Service Effectiveness	Product Matched to Client Needs	
Relative Weight (%)	20%	20%	20%	20%	20%	100%
RAD Data Communications	8.0	8.0	8.5	9.0	8.5	8.4
Competitor 1	7.0	7.8	8.5	9.0	8.0	8.1
Competitor 2	6.5	7.5	8.0	8.5	7.5	7.6

Criterion 1: Price Competitiveness

As this award is based on price-performance leadership, the importance of this criterion is self-evident. Carrier Ethernet Demarcation Devices constitute a price-sensitive market segment in the total Carrier Ethernet Switch/Router market, especially when compared to the higher end platforms, such as Carrier Ethernet Edge and Carrier Ethernet Aggregation. Frost & Sullivan research shows that the Demarcation market has evolved considerably into a segment characterized by feature-rich devices that include sophisticated traffic management and diagnostic tools that enable the deployment of Service Level Agreement (SLA)-backed services to enterprises, organizations, service providers, and cell tower locations.

RAD Data Communications' ETX-203A offers an extremely competitive price in this market segment. Frost & Sullivan estimates the average unit selling price of a Carrier Ethernet Demarcation device to be in the range of \$400 USD to \$1,200 USD based on several factors such as the size of deployment, features, ports, vendor, region and application.

With ETX-203A, RAD Data Communications has reset the average selling price without compromising on features, especially for large sized deployments.

Criterion 2: Features

The ETX-203A is an extremely feature rich device compared to other competitors' products. This offering comprehensively addresses service provider requirements and provides a complete set of features with regards to traffic management, service creation, SLA assurance, device management and life cycle cost optimization.

The top three features and areas of differentiation of the new ETX-203A are as follows:

RAD's EtherAccess Application-Specific Integrated Circuit (ASIC)

The ETX-203A is based on an ASIC that RAD developed in-house enabling the company to offer substantially better cost-points. In addition, the product's evolution and future product roadmap is not tied to another vendor's roadmap. In a market where home-grown ASICs are only found within tier-1 vendors, this is a true value differentiator for RAD Data Communications.

Hardware-Powered Operations, Administration and Management (OAM) and Performance Monitoring (PM)

Hardware-powered OAM allows for real-time, non-intrusive, in-service measurement of traffic statistics and flow monitoring. This ensures robust service assurance and management. With only one other vendor in the Carrier Ethernet Switch/Router Demarcation market supporting this feature, RAD Data Communications has established clear differentiation for its product by incorporating this feature.

Comprehensive Bandwidth Control, Traffic Management and Performance Monitoring Features to Ensure SLAs

With regards to bandwidth control, the most important aspect for the ETX-203A is the availability of features on a per-flow basis. For example, the ETX-203A is able to handle multi-priority traffic on a per-flow basis. As Carrier Ethernet Demarcation Devices have evolved into highly intelligent products in this part of the network, the basic unit of traffic measurement has evolved from per-port to per-flow; therefore, the importance of supporting bandwidth control features is appreciable on a granular level.

In addition, powerful traffic management and prioritization features, end-to-end performance monitoring and integrated RFC 2544 provide SLA assurance on a per-service basis. A standout feature here is the ability for the customer to define performance monitoring parameters and other Key Performance Indicators (KPI) threshold configuration, thus enabling advanced SLA assurance. Taking this user-centric approach to assuring SLAs on an end-to-end basis is clearly an important feature, and also a differentiating feature in the ETX-203A. In addition, the device provides Layer 1, 2 and 3 diagnostic loopback capabilities with MAC and IP address swap. Of note, here is, of course, the availability of Layer 3 diagnostic capabilities in a Demarcation device, which, again, is an important differentiating feature for RAD.

Based on the above features, Frost & Sullivan believes that the ETX-203A has packed a comprehensive set of features in a compact device and at industry leading price-points.

Criterion 3: Ease of Use

With a wide range of fiber optics, support for Ethernet over TDM and SONET/SDH, integrated device management and customer deployments in retail and wholesale scenarios, RAD Data Communications' ETX-203A is designed to meet various deployment scenarios while also offering multiple hardware and software connectivity options. RAD Data Communications offers a future-proof and scalable solution on a software level, with support for 30 shaped Ethernet virtual circuits -up to 160 Classes of Service- in a single device. Most importantly, RAD Data Communications offers the "pay-as-you-grow" option to its customers that empower end users to grow their networks in a cost-effective manner.

RAD Data Communications has addressed key customer requirements with regards to total cost of ownership over the life-cycle of a product and offers a comprehensive solution based on Operational Expenditure (OpEx) and Capital Expenditure (CapEx) savings.

Criterion 4: Service Support

For a vendor of this size, RAD has established an extensive network of partners, distributors and system integrators to offer 24X7 local support through its regional partners via telephone as well as on-site support.

Criterion 5: Product Matched to Client Needs

Today's service provider's top requirement is related to cost-effective and seamless migration of legacy networks to next-generation networks by deploying future-proof products and cost-effective upgrades of the mobile backhaul network, and by finding new streams of revenue, especially based on data and video applications.

The Carrier Ethernet Demarcation market shows a quite crowded competitive landscape; while there are distinct market share leaders, it is notably fragmented. Vendors have proactively addressed service provider requirements, and the Demarcation segment has evolved significantly with regards to features. There is therefore a broad range of solutions available in this segment. RAD Data Communications has positioned itself well in this segment with the ETX-203A, offering a plethora of key features at an attractive price point.

Based on the company's best practices approach to defining and offering price value and innovation compared to the other market participants, RAD Data Communications is the recipient of the 2010 Frost & Sullivan Global Price Performance Value Leadership of the Year Award.

The CEO 360 Degree Perspective™ - Visionary Platform for Growth Strategies

The CEO 360 Degree Perspective model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The 360 degree perspective is also a "must-have" requirement for the identification and analysis of best-practice performance by industry leaders.

The 360 degree model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies' growth strategies. As illustrated in Chart 5 below, the following six-step process outlines how our researchers and consultants embed the 360 degree perspective into their analyses and recommendations:

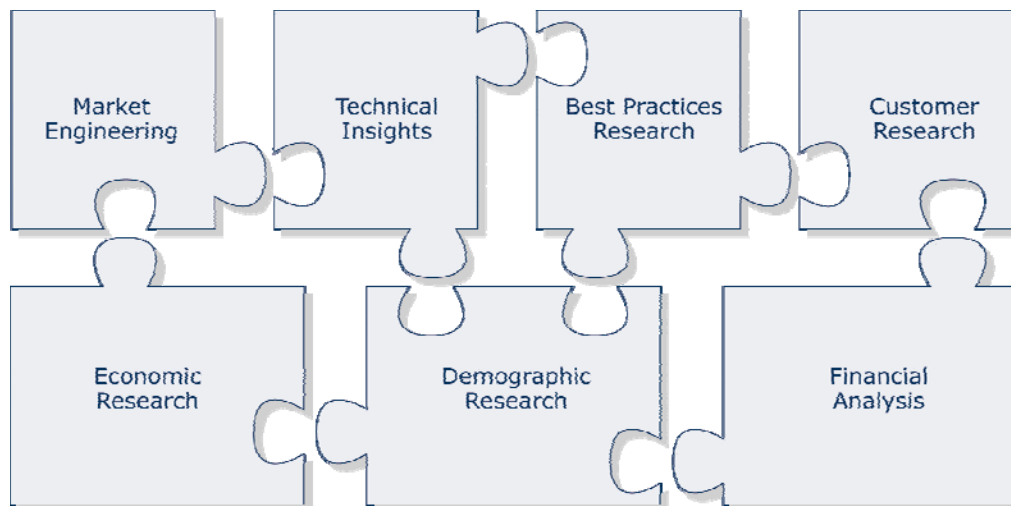
Chart 5: CEO's 360 Degree Perspective Model



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 7 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 the 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 6: 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 almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.