

Market Share Leadership, Lecture Capture Solutions 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 Market Share Leadership of the Year Award in Lecture Capture Solutions to Sonic Foundry, Inc.

Significance of the Market Share Leadership Award

Key Industry Challenges

With educational technologies constantly evolving, institutions are beginning to realize the significance of delivering the most effective learning environments to today's students. Classrooms are more interactive than ever before, employing learning management systems, classroom peripherals, and blended learning environments to create an atmosphere that engages students in the classroom, while also providing support to students outside of the lecture hall. Amidst these technologies, lecture capture solutions have made great strides, growing in popularity over the last 10 years. Success stories from both professors and students do a great job of illustrating the tremendous value provided by these technologies.

Frost & Sullivan defines lecture capture solutions as solutions that enable the capture, broadcast, and archival of presentations. Lecture capture solutions allow educational institutions to record and manage lectures and related content taking place in any learning environment. Microsoft's PowerPoint and Excel content can be paired with a lecture's audio and video feeds, as well as input from document cameras, electronic whiteboards, tablet PCs, or a combination thereof. Content, posted either manually or automatically to an institution's website or learning management system, can be viewed online, on a portable media device, or in some cases, streamed on mobile devices. Viewers can rewind, fast forward, and pause presentations to reinforce concepts, catch up on a missed lecture, or access for distance learning.

The deployment of lecture capture solutions is reaching a point of critical mass, as academic institutions are cognizant of the benefits provided by lecture capture solutions. Recent surges of institutions have expanded upon departmental or limited deployments, outfitting their entire campus with lecture capture devices. Campus-wide deployments promise substantial revenues for lecture capture vendors; realizing these gains,

competition for marquee institutions continues to intensify amongst lecture capture vendors.

A handful of vendors comprise the lecture capture solutions market that generated in excess of \$50 million in 2009. The market will see substantial growth throughout the coming years as institutions continue to deploy lecture capture solutions. Among those vendors offering lecture capture solutions, Sonic Foundry has remained the uncontested market share leader for the fourth year in a row. The market share leader holds a special responsibility for advocating the benefits of their technology, as well as sets the pace for other players in the market space.

Impact of Market Share Leadership Award on Key Stakeholders

The Market Share Leadership Award is a prestigious recognition of Sonic Foundry's accomplishments in the Lecture Capture Solutions market. An unbiased, 3rd party recognition can provide a profound impact in enhancing the brand value and thereby accelerating Sonic Foundry's 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**

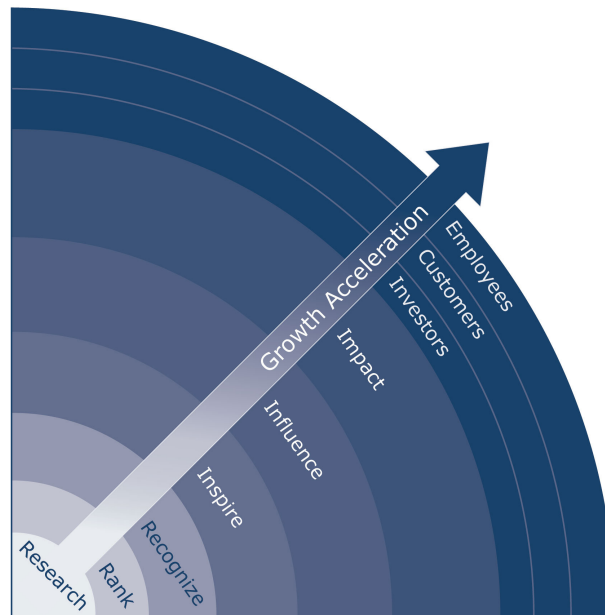
Investors and shareholders always welcome unbiased and impartial third party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy 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 Sonic Foundry's executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of a strong competitive position for Sonic Foundry.

Chart 1: Best Practices Leverage for Growth Acceleration

Best Practice Award Analysis for Sonic Foundry

The Frost & Sullivan Award for Market Share Leadership is presented to the company that has demonstrated excellence in capturing the highest market share within its industry. The Award recognizes the company's leadership position within the industry in terms of revenues or units, as specified.

Sonic Foundry's Performance in the Lecture Capture Solutions Market

Providing reliable, easy-to-use solutions, Sonic Foundry has established a reputation for excellence. Sonic Foundry's flagship product, Mediasite, provides higher educational institutions the ability to automate the capture of lectures or special events, which can be streamed live or viewed on-demand. Available as a classroom-installed or portable appliance, Mediasite Recorders enable the capture of high-quality video synchronized with any presentation materials shown with any presentation source including a laptop, tablet PC, document camera, whiteboard or even medical instrumentation. Using Mediasite, students gain a greater degree of autonomy in their learning process, as they can revisit content as necessary outside the classroom.

Sonic Foundry's customer base readily attests to the company's customer strategy, indicating the company's dedication to customer service. However, customer satisfaction extends beyond campuses that deploy Mediasite. Students using Mediasite realize higher retention and comprehension of course content as they can revisit captured content on their PC/Mac, personal media player, or mobile device when and where they need it. Thus, it has been noted that students tend to select courses that leverage Mediasite over

traditional courses, preferring the blended learning environment achieved by lecture capture.

Touting a network of over 800 academic clients worldwide, Mediasite revenues comprise nearly 19 percent of total revenues for the lecture capture solutions market. Sonic Foundry's high-visibility, world-class recognition, and rich feature set have established Mediasite as the premier solution for lecture capture. Prestigious 2010 wins including DeVry, Johns Hopkins Bloomberg School of Public Health, University of California-Irvine School of Law, University of Colorado at Boulder, King Abdullah University of Science & Technology, and Queen's University Belfast amongst many others, indicates Sonic Foundry's expanding global presence and the versatility of its solution. Competitors in the lecture capture space look to Sonic Foundry for strategic vision as the company has maintained positive year-on-year revenue growth and increases in total deployment size despite unfavorable economic conditions.

Key Performance Drivers for Sonic Foundry

Factor 1: Core Product Offering

Sonic Foundry emphasizes the rapid and automated creation of high-quality presentations, feature-rich playback, and sophisticated content management. Sonic Foundry's core offering, Mediasite, provides higher education hands-off automation of content capture. Content creators can schedule automated recordings in advance, eliminating procedures associated with ad-hoc recording. Students watching Mediasite presentations engage with a sleek Silverlight-based interface, which can be closed-captioned and offers student-presenter interactivity via polls and Q&A. The Mediasite EX Server enables automatic publishing, storage and management of presentations, minimizing IT intervention. Faculty and administration can also analyze viewing trends via Mediasite's reporting functionality.

Mediasite fits any customer's need regardless of deployment size or usage. It is easy-to-deploy and highly scalable allowing departmental or limited deployments to evolve over time. Furthermore, Mediasite requires nominal IT staff intervention, allowing campuses to get up and running quickly and easily.

Factor 2: Customer Engagement and Satisfaction

Placing customer needs at the forefront, Sonic Foundry continuously updates both content management and playback functionality. The fulfillment of existing client needs, a solid track record of successful deployments, and solution refinement demonstrate Sonic Foundry's ensuing dedication to its clients. Sonic Foundry has been voted as "best in class" for lecture capture by customers around the world.

Customer feedback reiterates Mediasite's cost efficiency, ease of use, and learning initiative enhancements. Universities report substantial enrollment increases as blended learning and distance-learning programs are accelerated by using Mediasite. Consequently, institutions that deploy Mediasite achieve higher visibility. Furthermore, throughout the last 24 months, average deal size for lecture capture implementations has increased as institutions with existing deployments have expanded total lecture capture initiatives and first time adopters are undertaking larger deployments.

To honor the Mediasite user community, Sonic Foundry recognizes star performers via its annual Rich Media Impact Awards program. Users that accelerate in their Mediasite implementation are given the opportunity to gain attention and share best practices at Sonic Foundry's annual users conference, UNLEASH. The program serves to unify Sonic Foundry's user community, bringing institutions and enterprises across the country together to celebrate the power of Mediasite.

Factor 3: Leadership in Market Penetration

Mediasite, Sonic Foundry's flagship product offering, has allowed higher education institutions to capture and disseminate content quickly and easily. New client wins combined with growing deployment footprints demonstrate Sonic Foundry's ability to meet the evolving needs of its higher education clients. Many early adopters of lecture capture technology that deployed on a departmental or limited basis now realize the advantage of campus-wide deployment. Expanding Mediasite footprints of marquee clients continue to gain the attention of universities, community colleges, and technical schools that have yet to deploy a lecture capture solution. Mediasite has been successfully deployed to over 800 institutions worldwide.

Based on the aforementioned research findings, Frost & Sullivan is pleased to recognize Sonic Foundry with the 2010 Global Market Share Leadership Award for Lecture Capture Solutions.

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 2 below, the following six-step process outlines how our researchers and consultants embed the 360-Degree perspective into their analyses and recommendations:

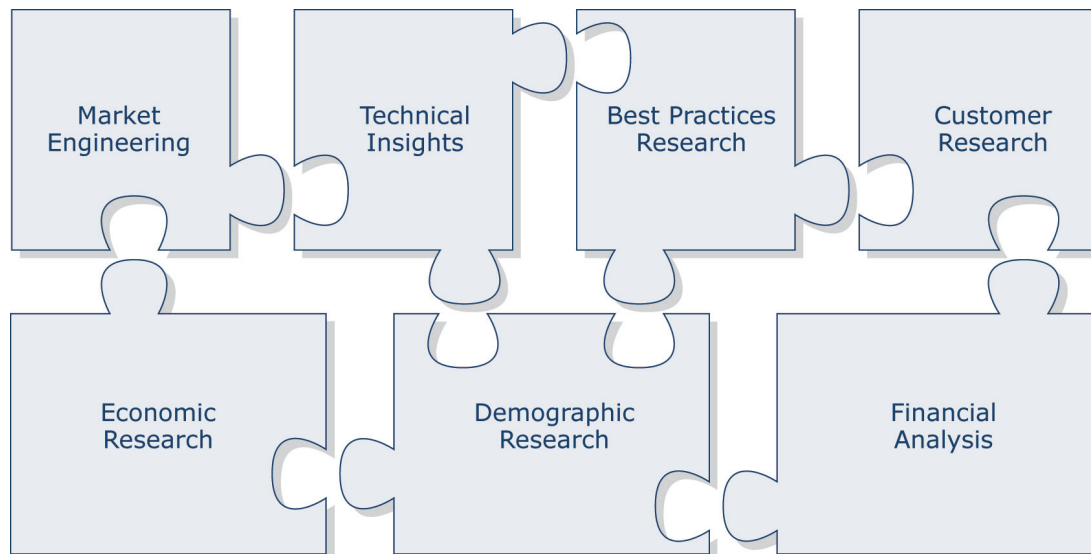
Chart 2: How the CEO's 360-Degree Perspective Model Directs Our Research



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 3: 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>.