

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

2024 CUSTOMER VALUE LEADER

*IN THE US MOBILE
DEVICE TRADE-IN AND
UPGRADE INDUSTRY*

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

BEST
2024 PRACTICES
AWARD



ASSURANT®

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Assurant excels in many of the criteria in the mobile device trade-in and upgrade space.

AWARD CRITERIA	
Business Impact	Customer Impact
Financial Performance	Price/Performance Value
Customer Acquisition	Customer Purchase Experience
Operational Efficiency	Customer Ownership Experience
Growth Potential	Customer Service Experience
Human Capital	Brand Equity

Industry Overview

The US mobile communications industry continues to grow at a steady pace. The ongoing penetration of high-speed broadband services into advanced mobile devices, developments in the cellular machine-to-machine (M2M) and Internet of Things (IoT) sectors, and the strong adoption of unlimited mobile plans are the top drivers of the US mobile communications industry. Collectively, communication service providers (CSPs) in the United States have invested hundreds of billions of dollars in acquiring 5G spectrum and implementing next-generation 5G cellular networks. Therefore, it is imperative for CSPs to expedite the adoption of 5G technology to stay competitive and realize a return on investment (ROI) that justifies the substantial financial commitments made in the deployment of 5G infrastructure.

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Vikrant Gandhi,
Vice President, Research

As Tier I CSPs persist in building out their 5G networks to achieve coverage parity, and with device offerings looking uniform across different CSPs, the success of 5G will heavily depend on incentives for acquiring new customers and strategies for maximizing the lifetime value of existing ones. Mobile device

trade-in and upgrade programs have emerged as important tools for Tier I CSPs to attract customers to their 5G networks. These programs allow customers to trade in older devices in exchange for a partial or full discount on advanced—and typically higher-priced—smartphones.¹ The returned or traded-in devices have a residual value that is claimed when these devices or their parts are recycled and resold in secondary markets. Notably, up to 50% of the amount offered to customers as trade-in incentives circulates back into retail stores, usually in the form of accessory purchases or the acquisition of devices with improved product specifications, which supports the economic viability of trade-in programs. Additionally, these programs help CSPs achieve their corporate sustainability goals, underscoring the necessity for CSPs to

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prioritize the implementation of device trade-in and replacement solutions as strategic imperatives.

Partnerships with specialized solution providers is critical for addressing the stringent requirements of CSP-delivered device protection, trade-in, and replacement programs. Adopting appropriate data protection policies and environmental, social, and governance (ESG) policies for device reverse logistics is essential. This ensures the secure handling of mobile devices brought in by existing or new customers.

Vendors must leverage advanced technologies, such

as artificial intelligence (AI), and integrate adequate automation to attain efficiency and effectiveness in device processing. CSPs must prioritize vendors with a demonstrated track record of supporting the device trade-in requirements of global operators. They should assess vendors’ capability to facilitate trade-in and replacement programs for wearables and other electronic devices that form the fabric of connected technology, delivering ubiquitous connectivity to consumers in modern societies.

Assurant, a Fortune 500 company with a presence in 21 countries, offers protection, support, and care solutions for major consumer purchases. The company’s Connected Living line of business, part of Assurant’s Global Lifestyle business segment, offers an integrated suite of mobile solutions. These include device protection, trade-in and upgrade programs, premium technical support that includes device self-diagnostic tools, and device disposition. In the United States, Assurant supports 17 trade-in programs and 6 additional upgrade programs. Globally, the company manages 81 device trade-in and upgrade programs.

Financial Performance

Assurant has significantly strengthened its business portfolio, driven operational excellence, and accelerated innovation to maintain growth momentum in the past two years. The company has experienced substantial growth in its Connected Living segment, primarily due to gains in mobile carrier and cable operator businesses. In addition to acquiring more than 10 new mobile protection clients, Assurant has won and/or launched 40 new trade-in programs in the past 24 months. Moreover, it has successfully renewed key contracts with major carriers and cable operators in the United States.² In 2023,

¹ 5G smartphones can cost upwards of \$1,500, posing a significant barrier to the adoption of advanced 5G services.

² Source: Assurant investor reports; Frost & Sullivan analytics.

Assurant serviced over 25 million devices, including 7.5 million in the fourth quarter, with its new US trade programs significantly bolstering device volumes. Strengthening existing relationships with strategic partners such as Spectrum Mobile, expanding its trade-in program with major original equipment manufacturers (OEMs) through the addition of a global partner, and renewing its trade-in program with AT&T are the highlights of Assurant's recent business performance.

Frost & Sullivan's analytics confirm Assurant's industry leadership position in the US device trade-in and upgrade sectors. The company has benefitted from its scale of operations, particularly in the United States. A low capital intensity business allows Assurant to efficiently manage its growth and make strategic investments in emerging industry opportunities. Assurant's competitors operate at a smaller scale and have not prioritized investments in modern technologies, platforms, and methodologies essential for sustaining high-performance device trade-in and device lifecycle management operations for Tier 1 CSPs.

Customer Acquisition

Assurant's device trade-in programs are a critical component of its comprehensive device lifecycle value proposition. The acquisition of Hyla Mobile in 2020 significantly enhanced Assurant's mobile device trade-in and replacement capabilities. Hyla Mobile was a pioneering enabler of incentivized trade-in programs within the United States. Over time, Hyla transitioned into a technology and solutions company that leveraged a unique software-as-a-service (SaaS) approach to deliver trade-in solutions in a streamlined, asset-light manner. The combination of Assurant and Hyla Mobile allows Assurant to offer truly scaled, end-to-end device lifecycle management capabilities designed to deliver superior customer experience and ensure improved program economics. Moreover, Assurant has expanded its integrated device lifecycle management solution to laptops, tablets, wearables, hearables, and mobile accessories. This expansion allows CSPs to deepen customer relationships by offering protection and trade-in options for multiple device categories and advance their sustainability goals by extending the life of connected devices.

7 of the top 10 global telecommunication brands currently work with Assurant, which is a strong testament to the company's differentiated business model and customer value leadership capabilities. Few competitors can match Assurant's comprehensive capabilities across all its business lines, particularly in delivering CSP-grade services for critical functions such as mobile device trade-in and upgrade. Assurant seamlessly integrates these services into the entire mobile device lifecycle management value proposition, leveraging a diverse set of infrastructure and expertise to enhance value for device owners throughout the device's lifecycle. The company's ability to tailor solutions according to customer needs, competitive product pricing, technology-led approach, established operational model, extensive use of AI and machine learning (ML), and brand recognition set it apart in this industry.

Operational Efficiency

Technology innovation continues to be an important driver of growth and value creation for Assurant. The company effectively navigates the complex and ever-changing landscape of telecom device trade-in and returns management. A significant share of Assurant's operations is automated, resulting in superior performance for both the company and its clients. Assurant's automation tools and processes are designed to be device-agnostic, seamlessly adapting to new device models and types as they are released.

Examples of automated programs in use include CO2-based cleaning system, Vision Tunnel cosmetic grading technology, and AI robotics and assured automated lines operating at Assurant Device Care centers. Upcoming enhancements, such as ML and computer vision-based box processing technologies, along with autonomous mobile robots (AMR)-driven automation, are expected to further drive efficiency, accuracy, and repeatability in operations. Assurant is also using artificial intelligence to provide their clients with insights into the circularity of their device programs.³ These improvements aim to deliver enhanced revenues for clients, maximize the environmental impact by reducing e-waste, and contribute to sustainability goals.

As a globally recognized company that places the utmost importance on maintaining ethical standards of operation and prioritizing employee well-being, Assurant has ensured the creation of an environment where employees feel appreciated and motivated to perform at their best, delivering exceptional results for clients. Ongoing investments in competitive total rewards and well-being offerings, coupled with programs for learning, development, and engagement, have enabled Assurant to attract, develop, and retain top talent in the industry.

Price/Performance Value

Supporting carrier-grade device trade-in and replacement programs demands specialized expertise in systems, processes, and reporting that exceeds the complexity of retail or direct-to-consumer focused device trade-in programs. For instance, the turnaround times for device processing are significantly more stringent for CSPs. Assurant has mastered the craft of supporting customizable, technology-driven, and transparent programs that ensure a win-win for all stakeholders. For example, by leveraging its proprietary AI-based device pricing engine, Assurant consistently provides industry-leading pricing intelligence for device trade-ins to stimulate customer upgrades while maintaining margins. The traded-in devices are then either resold or have their parts reclaimed as they are processed through Assurant's global network. The company's asset disposition algorithm, into which the company has heavily invested over the past few years, evaluates all disposition channels around the world to identify the best place for selling each returned device.

Customer Purchase Experience

The Assurant Product Experience Exchange (APEX) global digital delivery platform enables customers and partners to easily integrate various Assurant products and services—including trade-in offers and upgrade incentives—into their online ecosystem through seamless application programming interface (API) integrations. Assurant's expanded trade-in and upgrade programs, now encompassing wearables, hearables, and other connected devices, are another important way to assist its partners (CSPs) in offering multi-device upgrade options to customers. Frost & Sullivan's analytics indicate that customers that own multiple devices on a network demonstrate a lower likelihood of churning than those who have a single-device relationship with a CSP. As the ownership of connected devices increases in the United States, and

³ Assurant Carbon IQ™ solution helps aggregate the global carbon footprint of an individual device throughout its entire device lifecycle, helping in guiding clients' circularity strategy for mobile devices. It is a unique solution informed by a methodology reviewed and developed with the Carbon Trust, the leading global organization supporting businesses in achieving their environmental initiatives.

as multi-functional devices such as foldables or next-generation augmented reality (AR)/virtual reality (VR) devices gain popularity, carriers in the United States are likely to offer mix-and-match type of programs where one type or category of device—such as a smartphone—can be traded in for another type of device—such as a smartwatch. Assurant is well-positioned to capitalize on this trend by delivering suitable customer management tools, logistical capabilities, data-driven pricing, and cost management solutions for customers to administer such programs in a profitable manner.

Customer Ownership Experience

The ability to anticipate evolving customer needs and create solutions to capitalize on emerging growth opportunities is a key reason for Assurant's continued industry success. For example, Assurant has taken an early lead in the trade-in sector for wearables and hearables. Moreover, the company has invested in OEM-approved solutions to address data privacy and sanitization concerns that may arise during the processing and preparation of used devices for secondary markets. Adherence to strict customer service level agreements (SLAs) is possible due to Assurant's ability to manage multiple parts of the value chain, as opposed to competitors that have focused on a smaller set of functions within the device trade-in and reverse logistics segments.

Conclusion

Device trade-in and upgrade programs are essential tools for the US mobile operators to drive adoption of 5G services. With its portfolio of device lifecycle management solutions, Assurant has played a pivotal role in helping CSPs manage high-velocity, transparent, and agile trade-in programs that have consistently addressed their needs year after year. The company has effectively anticipated and responded to technological megatrends and evolving customer preferences, delivering differentiated mobile solutions that serve as essential tools for CSPs to execute their growth strategies.

With its strong overall performance, Assurant earns Frost & Sullivan's 2024 US Customer Value Leadership Award in the mobile device trade-in and upgrade industry.

What You Need to Know about the Customer Value Leadership Recognition

Frost & Sullivan's Customer Value Leadership Award recognizes the company that offers products or services customers find superior for the overall price, performance, and quality.

Best Practices Award Analysis

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



of which occur at the points of these perspectives.

Analytical Perspectives:

- Mega Trend (MT)
- Business Model (BM)
- Technology (TE)
- Industries (IN)
- Customer (CU)
- Geographies (GE)

