ChannelMasters®

Boston Kickoff Workshop
May 2017

THECHANNELCO™

32-Year Channel History | Proven Channel Brands and Platforms | Channel Base

THE CHANNEL CO.

CRN

XChange

IPED Consulting

Managed Marketing Services

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IPED Solutions for Channel Chiefs

Supporting the Strategic and Tactical Requirements to Drive Growth

ACCELERATING CHANNEL REVENUE GROWTH

Channel Research

- ✓ State of the Channel Market insights
- ✓ Competitive Benchmarking
- ✓ Partner Satisfaction Surveys
- ✓ Partner Journey Assessments
- ✓ Partner Profitability Analysis

Channel Strategy

- ✓ Program Design
- ✓ Routes-to-Market Design
- ✓ Channel Segmentation
- ✓ Partner Capacity Planning

Recruiting & Engagement

- ✓ Partner Selection & Recruiting
- ✓ Business Transformation Training
- ✓ Partner Value Proposition Communications

Program Development

- ✓ Channel Pricing & Promotions
- ✓ Training & Certification
- ✓ Incentives & Co-Op/MDF Management
- ✓ Cloud Programs

Channel Acumen

- ✓ Field Sales Teaming
- ✓ Channel Account Manager Training
- ✓ Corporate – Channel Readiness Marketing Training

Executive Programs

- ✓ Channel Leadership Forum
- ✓ Channel Masters Program
- ✓ Channel Workshops

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Rauline Ochs

Over 25 years of experience building technology sales, marketing, distribution and operations teams.

- Prior to joining IPED, Rauline was was Oracle's senior vice president, North American alliances and channels where she led the transition from primarily direct sales to a mix of segmented markets with indirect and direct sales, streamlined operations and improved partner profitability and satisfaction.
- Prior to Oracle, Rauline served as senior vice president of worldwide alliances for BEA Systems. She began her career with fifteen years at the IBM Corporation, selling hardware, software and services ultimately rising to vice president, channel sales & marketing for the Americas Software Group.
- A native Californian, Rauline holds a B.A. in economics from the University of California, Irvine and an MBA from the University of Southern California. Rauline is an Ironman Triathlete and Kite Surfer.

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Mark Williams

Over 20 years of operational experience helping large and small companies generate greater revenue through direct and indirect channels.

- Unique experience of leading teams on the sales as well as strategic marketing side of organizations. Throughout his career, Mark has been responsible for developing channel strategies, defining channel programs as well as leading sales teams to drive revenue.

- Before his involvement with IPED, Mark was Vice President of Americas Sales at BakBone Software responsible for all revenue from the Americas.

- Prior to BakBone, Mark was Vice President of Global Field Operations and Vice President of Marketing at Vignette responsible for developing direct and indirect channel sales strategies, programs and operational management across all major geographies plus management of corporate, field and partner marketing.

- Mark also spent 11 years at IBM where he was the Director of Partner Marketing responsible for managing the global go- to-market strategies for all software brands which included developing channel readiness, partner recruitment, partner enablement, and channel marketing programs.

- Mark earned a BA in Computer Science from The University of Texas at Austin and spent his early career as a software developer and development project manager.

BakBone Vignette IBM

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Beth Vanni

Over 30 years of experience in technology channel strategy, sales, marketing and operations

- For the majority of her career, Beth has had a specialty focus on partnering economics, service delivery engagement models and field sales operational plans
  - 11+ years working at sr. management levels in commercial distribution (Merisel, Ingram Micro)
  - Started and ran Sun (MOCA) enterprise products division of Merisel (then Arrow Electronics)
  - Director of SMB Commercial Market Development – Cisco Systems
  - Sr. Director of Partner Strategy and Operations – BEA Systems
  - Vice President, Research and Consulting – PartnerPath
- Beth brings together a unique blend of skills and experience. With a combination of IT vendor, distributor and research/consulting experience, her insights are not just headquarters-based and theoretical, but grounded in practical application, operational efficiency and field experience.
- Beth is an industry-recognized speaker, analyst and BLOG'er, having written hundreds of pages of channel research publications throughout the years.

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Surviving & Managing The Shift To The

STRATEGIC SERVICE PROVIDER MODEL

THECHANNELCO.

Contents

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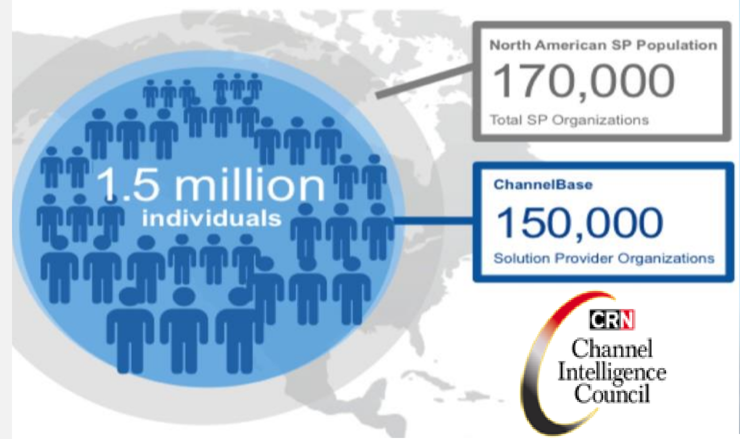
IPED 2016 Channel Census Overview

METHODOLOGY

- Leverage ***The Channel Company*** solution provider database and the ***CRN Channel Intelligence Council***
- On-line survey fielded in ***January 2016***
- Approximately ***600*** completed responses
- Data cleansed and normalized for outliers; data represents means unless otherwise noted
- Selected ***partner interviews*** to clarify responses

OBJECTIVES

- Broad overview of the demographics of the N. American solution provider community
- Analysis of emerging solution provider business models
- Key insights into growth strategies, barriers and support expectations of each major partner type



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The “Solution Provider” Evolves: “Strategic Service Provider”

Reseller

VAR

Solution Provider

Strategic Service Provider

1 Represents the ***aspirational capabilities*** of partners 3-5 years into the future

2 Captures the ability of the partner to be the ***trusted advisor to the customer***

3 Represents ***cloud brokerage*** capabilities around IaaS, PaaS, SaaS, and other managed services

The term does not replace ISV, DMR, Consultant, SI or other business models; it represents Best in Class of these business models as well as the continued transformation of the ***VAR heritage solution provider***

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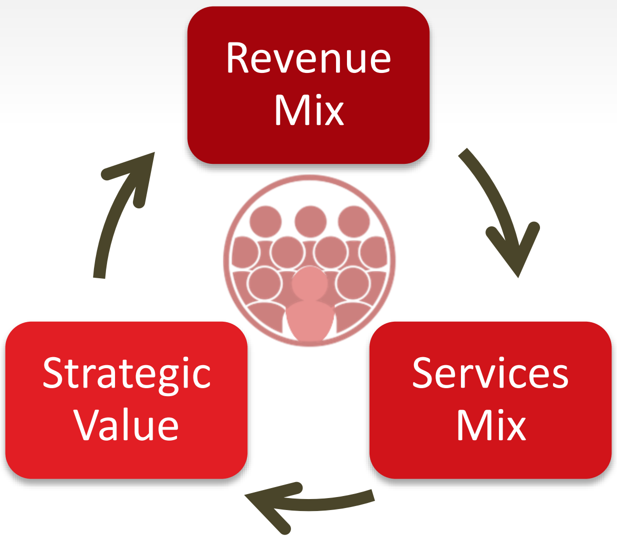
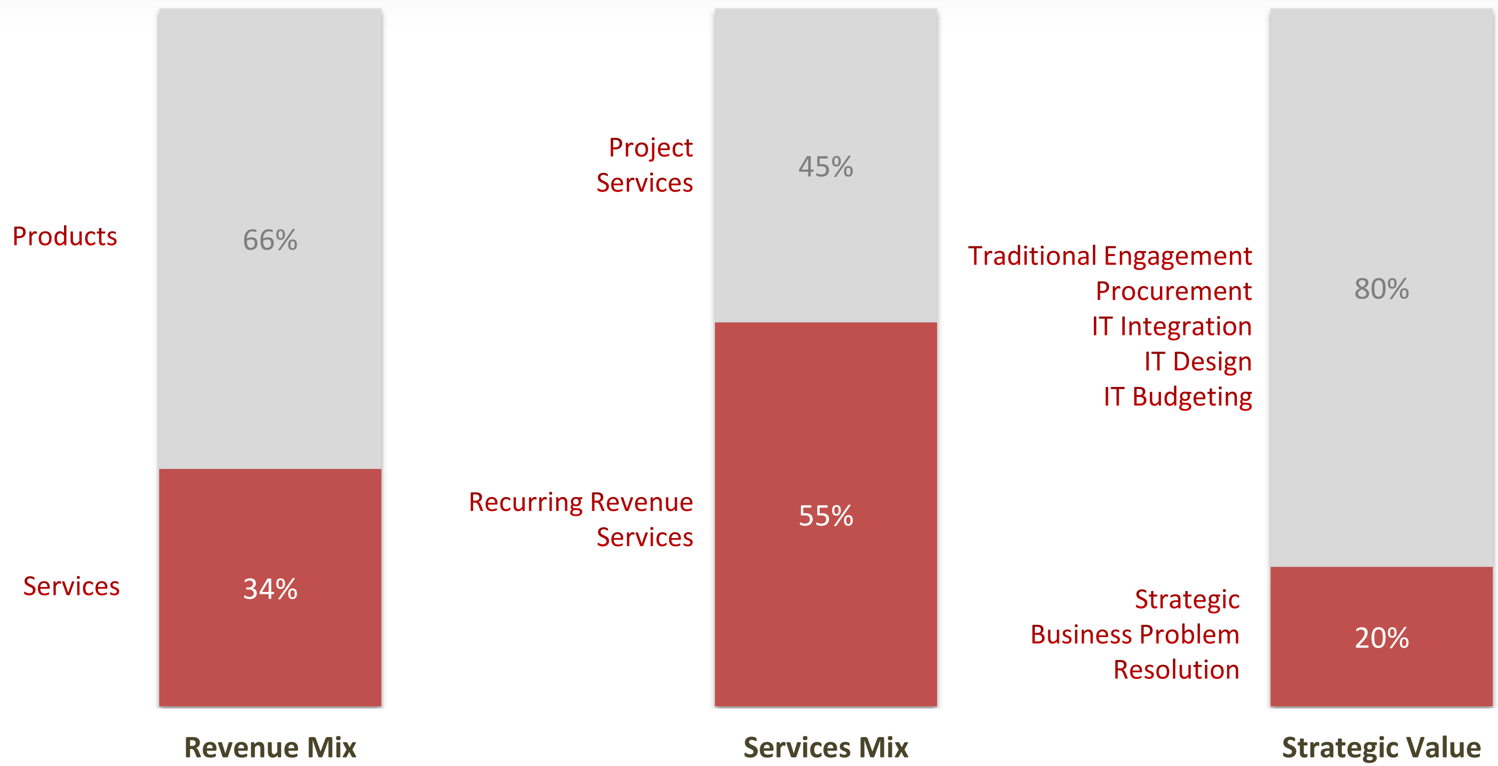
The “Solution Provider” Evolves: “Strategic Service Provider”



“Strategic Service Provider”
Profile



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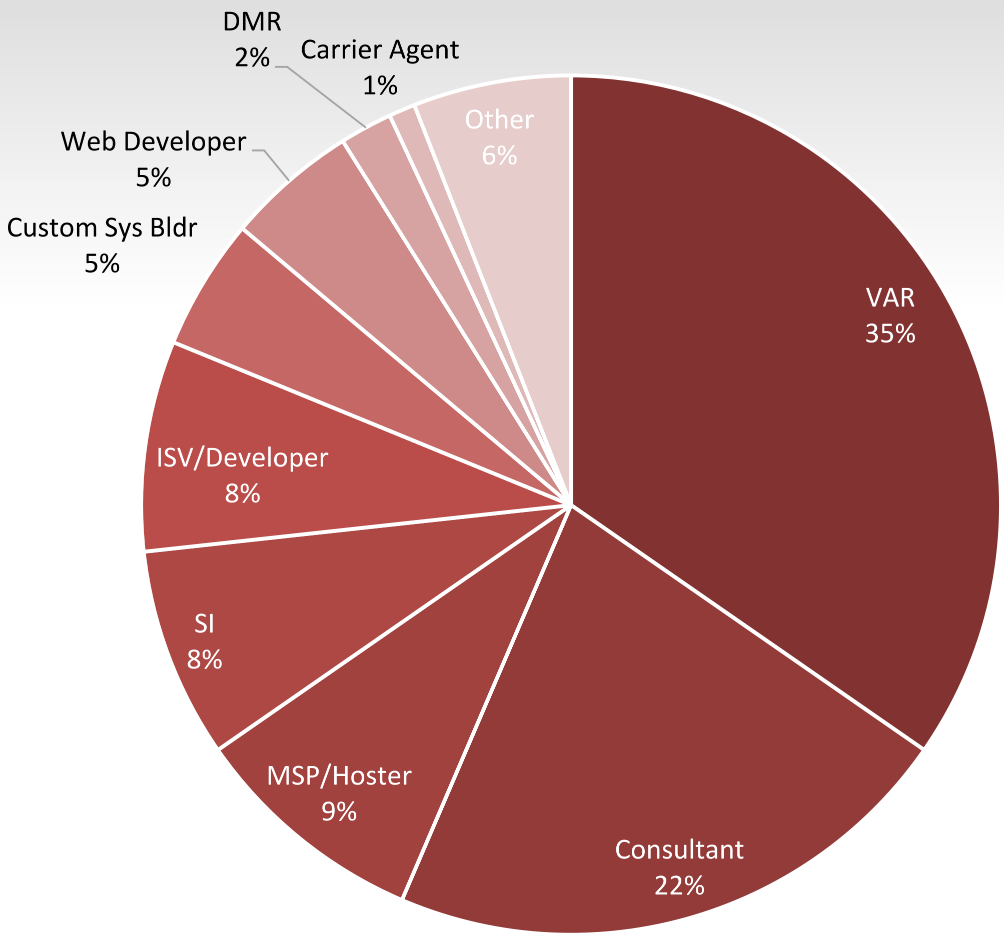
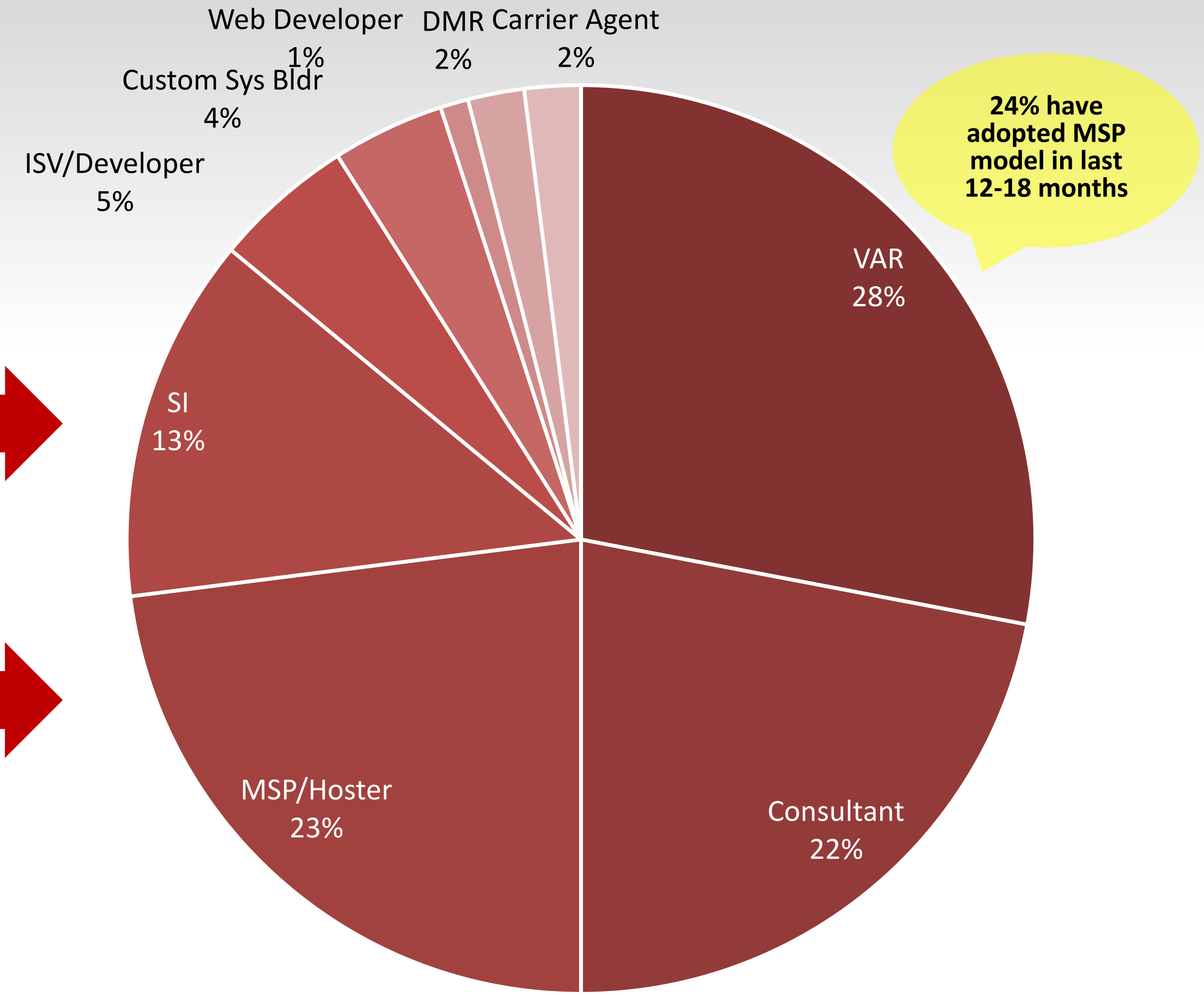
The N. American Solution Provider Universe



Based on selection of primary business model

2013 Data Used in 2014



Typical Annual Revenues: $3.4M

2016 Census

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Q: Which of the following best describes your current primary business model? (that which contributed the highest % of your revenues?)

Contents

Objectives & Methodology

Revenue Mix and Services Profile

Cloud and Managed Services Adoption

Growth Plans & Challenges

Supplier Relationships & Support Needs

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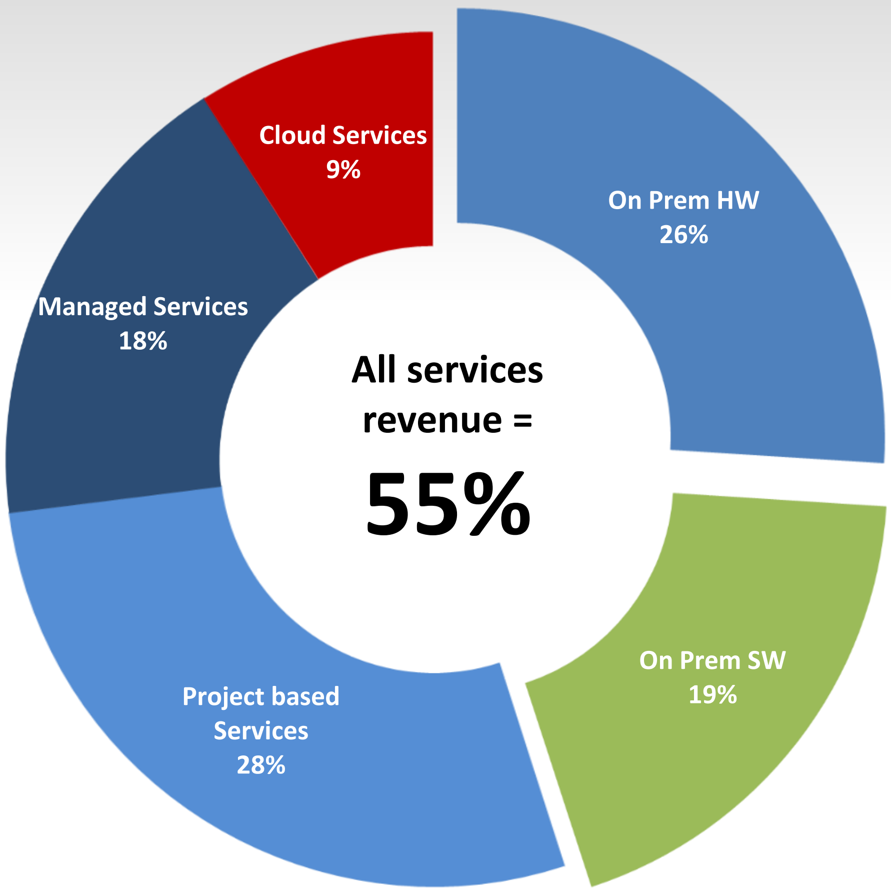
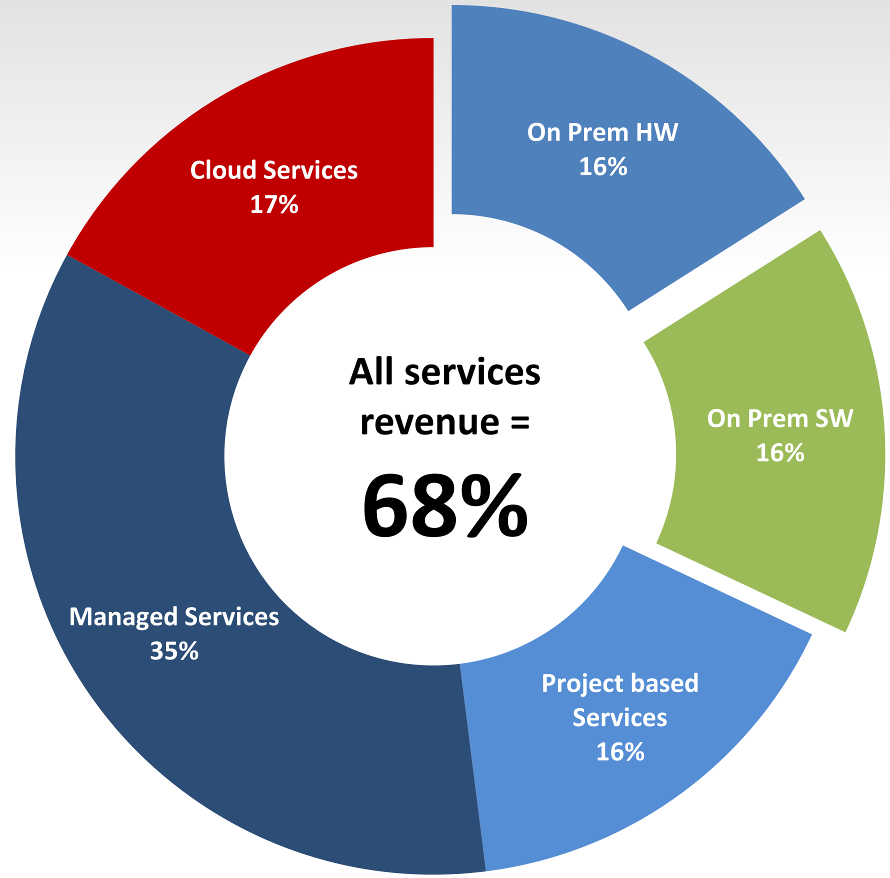
On Premise HW And SW Revenues Represent Less Than 50% Of Overall Revenues; Recurring Revenue Services Are Still Less Than 30%



2016 REVENUE MIX – ALL



2016 REVENUE MIX - STRATEGIC SERVICE PROVIDERS

Q: What was your estimated mix of revenue in 2015, among the following major product/service categories? (n=411)

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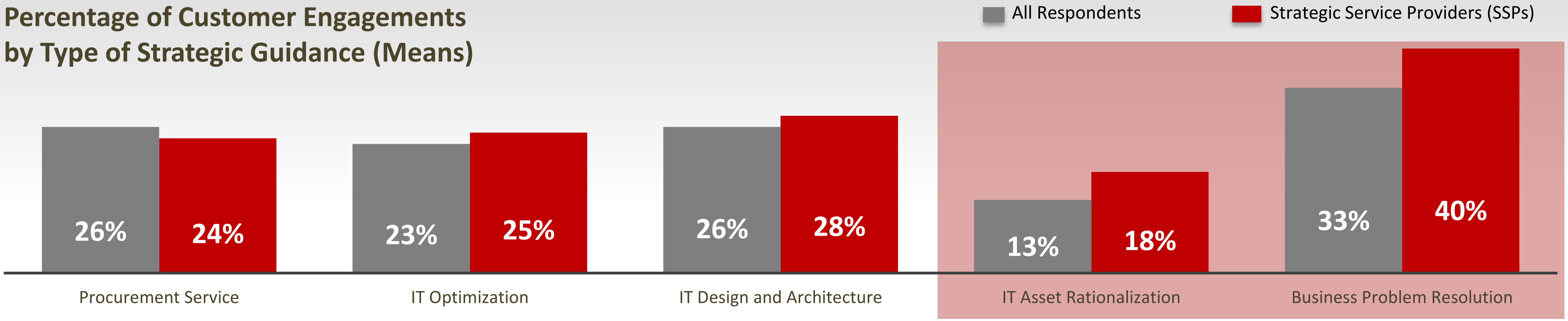
Strategic Service Providers Have A Much Higher Percentage Of Customer Engagements Coming From Business Problem Resolution

Percentage of Customer Engagements by Type of Strategic Guidance (Means)



Sell Technology

FOCUS:

- Configuration
- Licensing models
- Pricing and special promos
- Procurement

Integrate Technology

FOCUS:

- Speed and/or price performance
- Short-term capacity planning
- Integration services

Optimize Technology

FOCUS:

- Long-term capacity planning
- Application/ infrastructure modernization
- Transition from on-premise to managed or cloud services

Create Strategy for Tech Investment

FOCUS:

- Overall IT spend
- ROI metrics on IT investment
- Business & financial planning around outsourcing or cloud mgmt.

Solve Business Problems with Technology

FOCUS:

- Explore & address business problems with technology
- Position IT as a competitive asset
- Redesign business process

Q: As you think about the strategic guidance your company offered to customers in 2015, to what percentage of your customer engagements did you offer each of the following types of strategic guidance? (n=597)

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Managed Services Segmentation: From 2016 Channel Census

Nearly 2/3 of respondents' MSP revenue comes from pure management services of the customers' own physical gear.

21%	33%	28%	18%
Resale	**Customer Owned**	**Partner Managed**	**Partner Owned & Managed**
• Resold another supplier or service providers' managed services	• Offered managed services for a customer's physical equipment on their premise	• Offered your own managed services across a variety of operating environments *(on customer premise, at someone else's datacenter or on a public cloud)*	• Offered your own hosting services on your own data center and managed for a customer

"We will NEVER have our own datacenters. We don't want to compete with Microsoft and Amazon. Having your own datacenter was a great model about 10 years ago."
- $15m MSP

Q: Thinking specifically about your Managed Services business in 2015, what % of your total managed services revenue came from each of the following types of services? (n=207)

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Managed Services Segmentation: From 2016 Channel Census

Nearly 2/3 of respondents' MSP revenue comes from pure management services of the customers' own physical gear.

21%

Resale

- Resold another supplier or service providers' managed services

61%

Partner Managed Only

- When you see the Profitability Research Webinar series, we combined these two into one category of assets that are managed by the partner BUT NOT owned by the partner

18%

Partner Owned & Managed

- Offered your own hosting services on your own data center and managed for a customer

Q: Thinking specifically about your Managed Services business in 2015, what % of your total managed services revenue came from each of the following types of services? (n=207)

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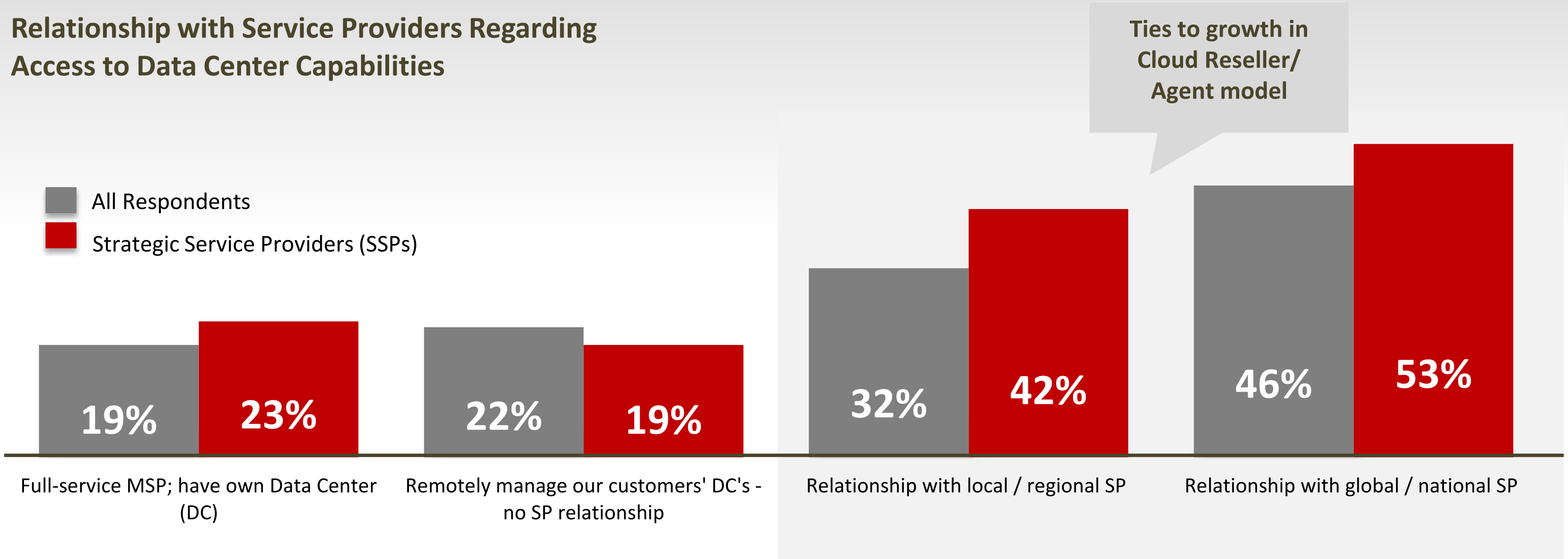
Build versus Buy Service Provider Capabilities

- Increasingly, recurring revenue services-focused partners are <u>not</u> building their own datacenters
- Fewest are doing remote monitoring of their customers' DC's with no SP relationship
- Teaming with SPs size/scale varies; some want scale and price, others regional high-touch or vertical expertise

Relationship with Service Providers Regarding Access to Data Center Capabilities



Q: What is your company's relationship with the major regional, national or global service providers regarding having access to data center capabilities? (n=597)

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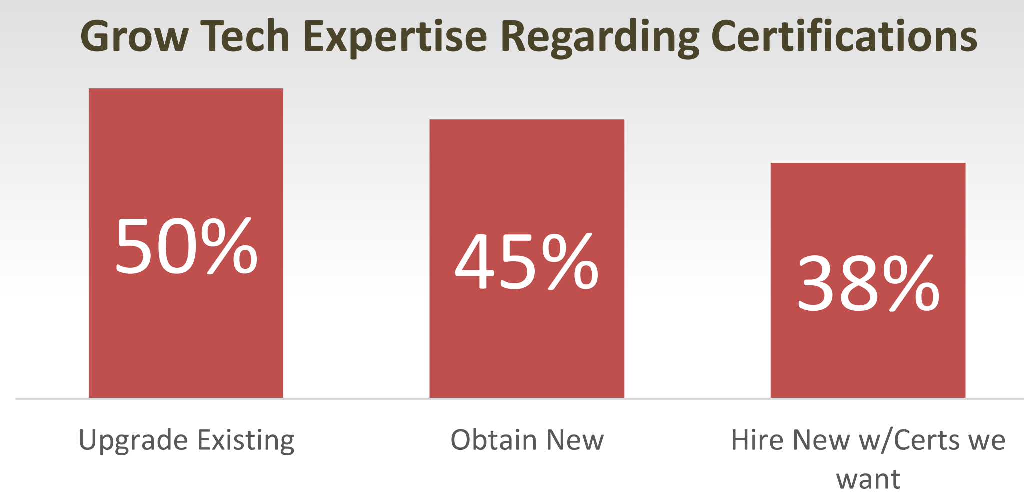
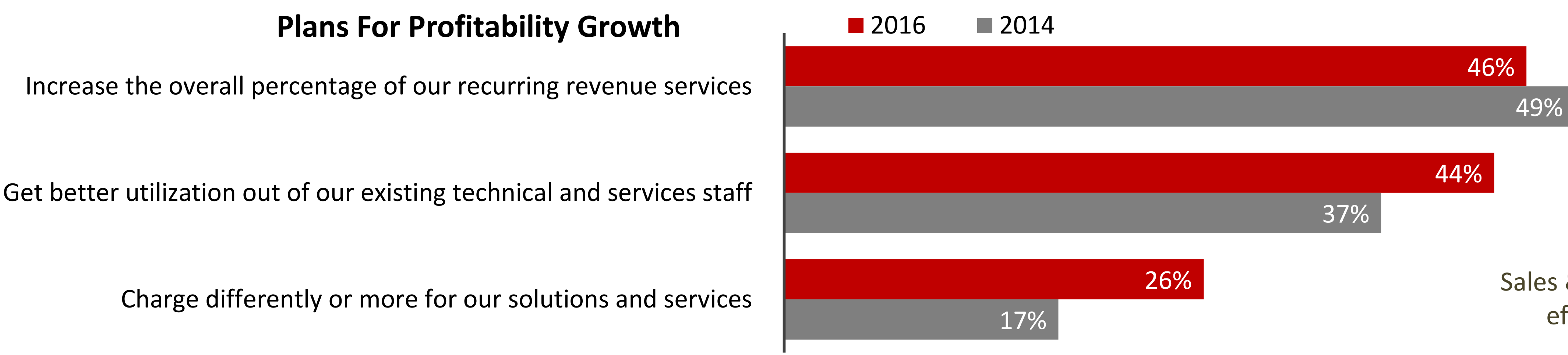
2016 Plans

36% **Need to enhance sales methodology or approach to drive top line sales growth.**





Sales & operating efficiency top priority

Selling Services Forces Technical Roles To Diversify, Making Demands On Vendor Training and Certification Curriculum

Pre-sales Discovery & Architecture

- ✓ Matching business strategies to IT needs
- ✓ Re-design of traditional architectures, where appropriate
- ✓ Introduce cloud or MSP outsourcing service concepts
- ✓ Understand complex & diverse environments

Cisco Certified Business Specialist
Amazon Web Services Certified – Solutions Architect - Associate

Implementation & Integration

- ✓ Installation skills
- ✓ Integration of hardware and software into existing environment
- ✓ Upgrades and data migration
- ✓ Capacity and throughput testing

HP Accredited Technical Professional
VMware Certified Implementation Expert

Data & Analytics Engineering

- ✓ Understand use-cases and cross functional needs for the data
- ✓ Deep analysis skills
- ✓ Modeling expertise
- ✓ Ability to manage & analyze unstructured data

SAS EMC² where information lives

Data Scientists

Systems Operations

- ✓ Systems management expertise
- ✓ Load balancing and performance testing
- ✓ Trouble-shooting and Help Desk diagnostic skills
- ✓ Predict and analyze application load, capacity and security issues

Microsoft Certified Solutions Associate – Office 365
Oracle Certified Associate – Oracle Database 10g Administrator

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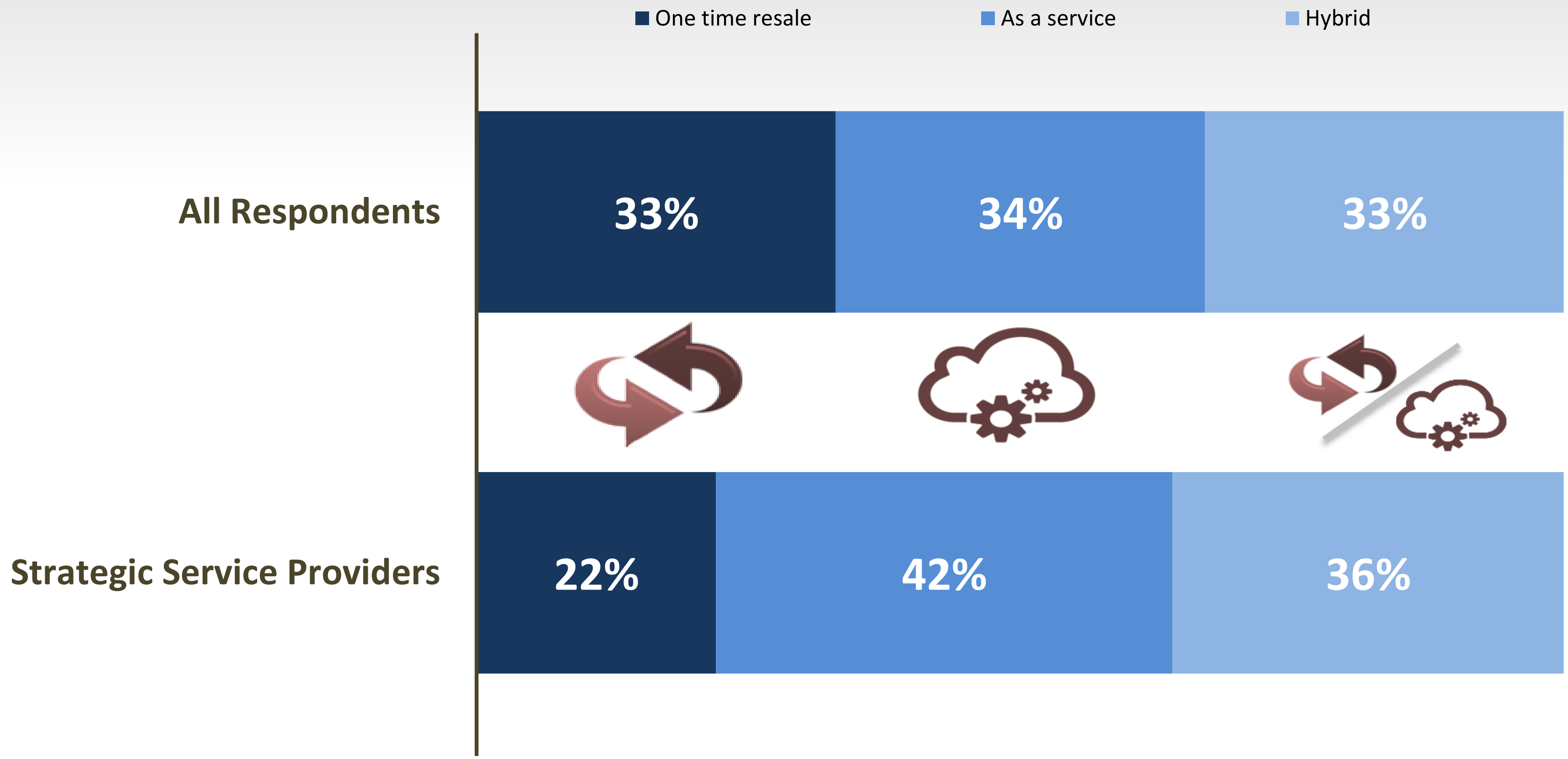
Utility Based (As-a-service) Consumption Models Now Used By 34% Of Solution Providers With Leading IT Suppliers; As-a-service Model Nearly Double Resale For SSPs

- Traditional resale pricing from vendor to solution provider still dominates
- Emerging utility-based pricing models used by leading vendors; more commonly adopted by Strategic Service Providers
- In the absence of vendor utility pricing, partners forced to absorb the capital expense of licenses and gear up front



Q: What was the primary consumption model from your IT technology suppliers for each category you chose?

**Note: Low Base Size. Please use data with caution.*

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A Look Back to the IPED 2014 Study Shows Critical Vendors

Critical Vendor Relationships (2014)

Rank	VAR	Consultant	SI	MSP / Hoster
1	vmware	Microsoft	EMC²	Microsoft
2	Microsoft	IBM	Microsoft	vmware
3	hp	vmware	vmware	cisco
4	IBM	intel	intel	DELL
5	ORACLE	cisco	NetApp	IBM

Based on top 10 mentions in general, then ratings of "critical"

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The 2016 View Shows Public Service Providers Captured Minds

Help Provide Customers Strategic Guidance

Based on most rankings as #1

Rank	All	Strategic Service Provider
1	Microsoft	Microsoft
2	Hewlett Packard Enterprise	Cisco
3	Cisco	Hewlett Packard Enterprise
4	Dell	vmware
5	vmware	amazon web services

*Q: Please identify the **top five (5)** IT Technology Suppliers that will be most important to your company's ability to provide strategic guidance to your customers' business challenges in 2016? (min. 1, max 5)*

Help Grow Recurring Revenue Services

Based on most rankings as #1

Rank	All	Strategic Service Provider
1	Microsoft	Microsoft
2	Cisco	vmware
3	Hewlett Packard Enterprise vmware	Cisco
4	Dell	Hewlett Packard Enterprise
5	amazon web services	amazon web services

*Q: Please select the **top five (5)** IT Technology Suppliers that you expect to have the largest impact on the growth of your company's managed or recurring revenue services during 2016? (choose top 5)*

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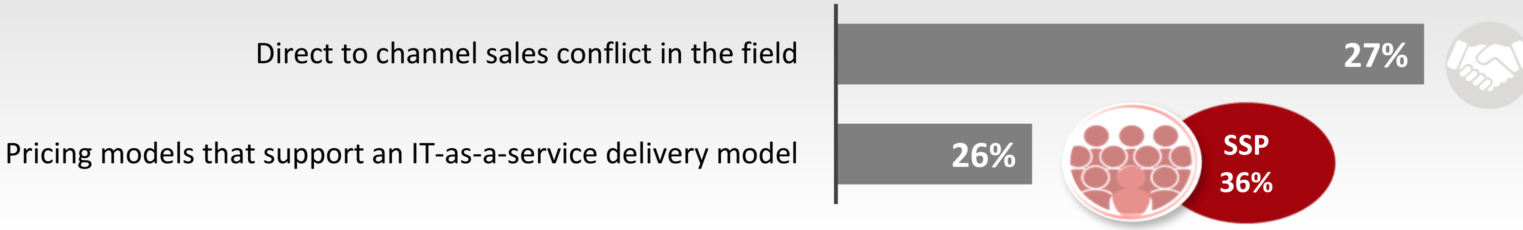
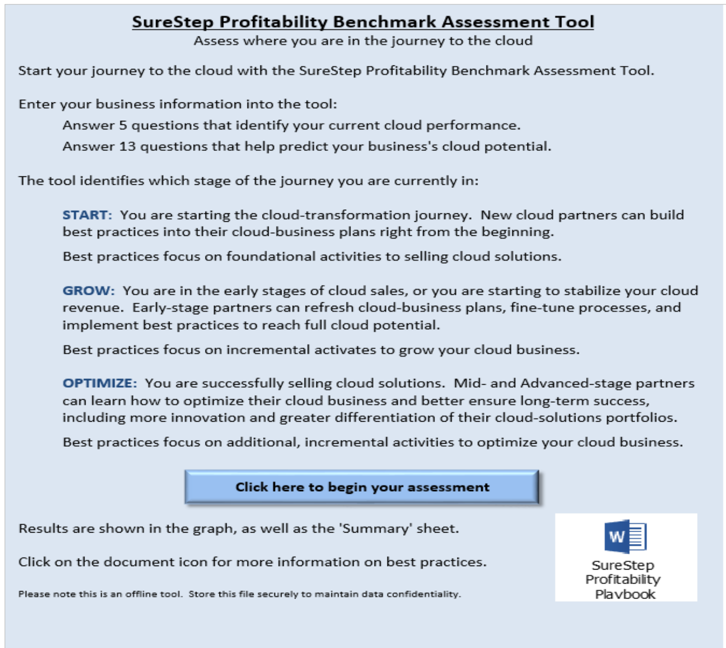
Your Transformations Are as Important as Your Partners'

Biggest Obstacles In Working with Strategic Suppliers



Microsoft



SureStep Profitability Benchmark Assessment Tool

Assess where you are in the journey to the cloud

Start your journey to the cloud with the SureStep Profitability Benchmark Assessment Tool.

Enter your business information into the tool:

- Answer 5 questions that identify your current cloud performance.
- Answer 13 questions that help predict your business's cloud potential.

The tool identifies which stage of the journey you are currently in:

START: You are starting the cloud-transformation journey. New cloud partners can build best practices into their cloud-business plans right from the beginning.

Best practices focus on foundational activities to selling cloud solutions.

GROW: You are in the early stages of cloud sales, or you are starting to stabilize your cloud revenue. Early-stage partners can refresh cloud-business plans, fine-tune processes, and implement best practices to reach full cloud potential.

Best practices focus on incremental activates to grow your cloud business.

OPTIMIZE: You are successfully selling cloud solutions. Mid- and Advanced-stage partners can learn how to optimize their cloud business and better ensure long-term success, including more innovation and greater differentiation of their cloud-solutions portfolios.

Best practices focus on additional, incremental activities to optimize your cloud business.

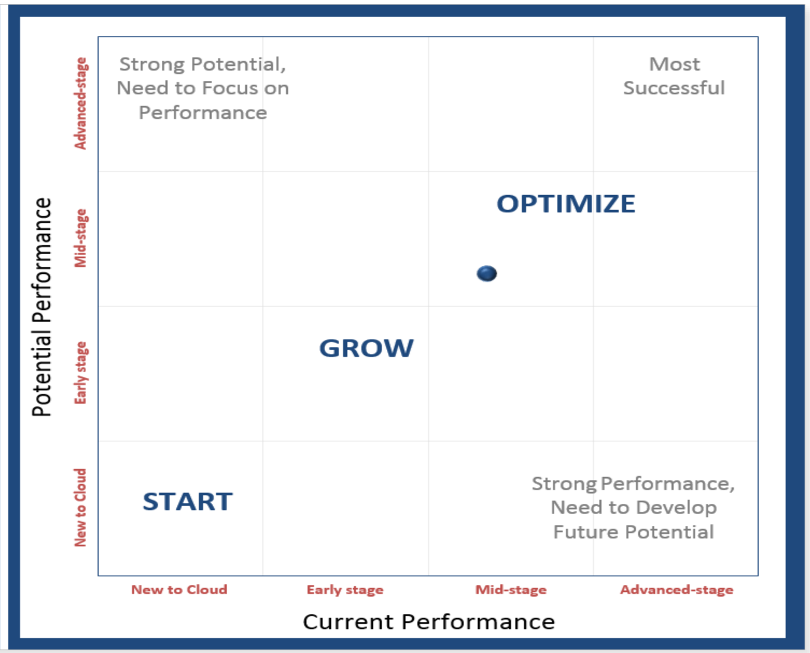
Click here to begin your assessment

Results are shown in the graph, as well as the 'Summary' sheet.

Click on the document icon for more information on best practices.

SureStep Profitability Playbook

Please note this is an offline tool. Store this file securely to maintain data confidentiality.



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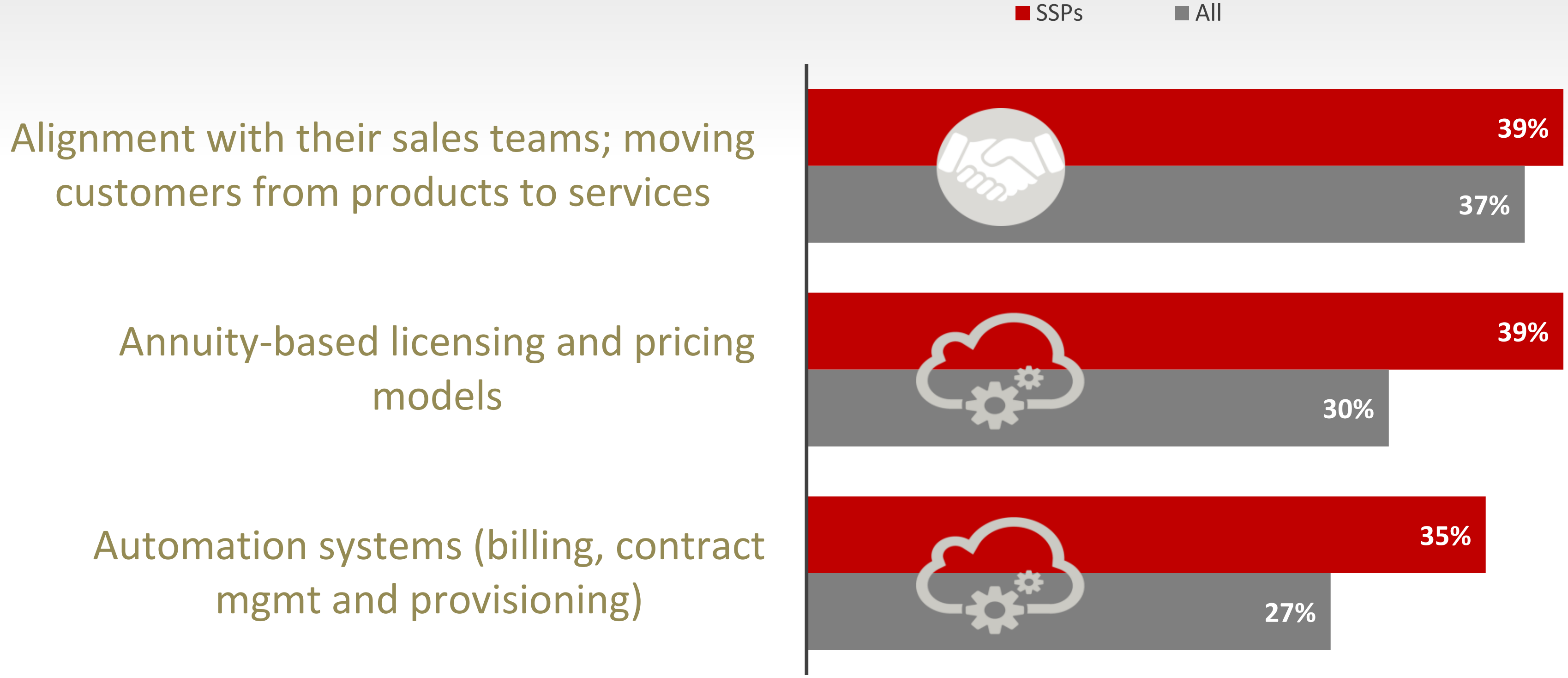
Partners Want Alignment With Key Vendors On Process/Urgency For Moving Customers From Products to Services; Annuity-based Licensing Models High On The List Of Most Desired RRS Support

- Partners want to go through IT as a service transformation *with* their leading suppliers; focus on field synergy & teaming
- Strategic Service Providers have a greater need for annuity-based pricing models and automation
- Appetite for business model transformation help waning

Most Important Support from Strategic Suppliers For Grow of Recurring Revenue Services



Vendor Key Imperatives

Identify

Strategic Service Provider Model — Evangelize and profile for the 3 dimensions

Enable

Provide Strategic Consulting Guidance — Actively package and share business-outcome based consulting methodologies unique to your solutions

Engage

Ensure training supports new service and operational roles and services-led sales pursuits;

Align program and rules of engagement to longer/more complex sales cycles while steering clear of new channel conflict

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Generally Speaking… IoT in Crayola
The Definition is Different by Person… Legacy Business Biases Each View

Industrial Control Systems

red lion

Robotics, Critical Response Systems

Edge Devices

KMC CONTROLS

Things with Sensors, Data

Edge & Control Hubs, Gateways

Secure Transport of Data, Fog Computing Logic

Cloud Logic, Analysis

amazon web services

Microsoft Azure

IoT Platform, Logic, Analysis (BI), Data Storage

Data Center (Processing)

sas

COGNOS

IoT Platform, Logic, Analysis (BI), Data Storage

IP/MPLS Network

Source: IPED Secondary Research & Interviews

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IoT Platforms: Collect or Receive Data, Introduce Logic, Analyses, Decisions or Dashboards, etc.

Industrial Control Systems

red lion

Robotics, Critical Response Systems

Edge Devices

KMC CONTROLS

Things with Sensors, Data

Edge & Control Hubs, Gateways

Secure Transport of Data, Fog Computing Logic

Cloud Logic, Analysis

amazon web services

Microsoft Azure

IoT Platform, Logic, Analysis (BI), Data Storage

Data Center (Processing)

sas

COGNOS

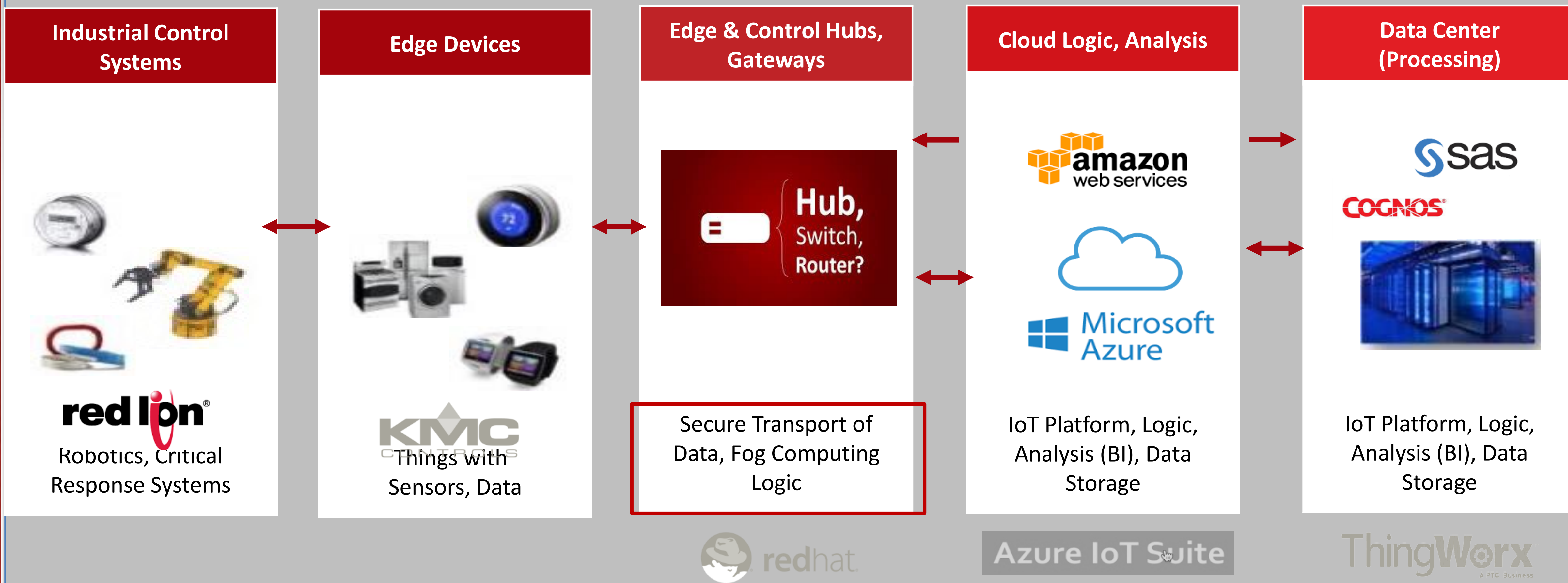
IoT Platform, Logic, Analysis (BI), Data Storage

IP/MPLS Network

Azure IoT Suite

ThingWorx

Infrastructure Opportunity: "Deployment of Red Hat to the Edge eliminates one of the biggest inhibitors by introducing enterprise level security where we had great risk."



"Further, Edge Security (Red Hat) then allows us to bring more application logic, intelligence to the Edge which translates to higher value to the customer."

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Source: IPED Secondary Research & Interviews

Microsoft Partners: Build IoT applications in the Cloud on Azure…
Range from: Simple, Entry Level to Fortune 500 Complex IoT Solutions

Industrial Control Systems

red lion

Robotics, Critical Response Systems

Edge Devices

KMC CONTROLS

Things with Sensors, Data

Edge & Control Hubs, Gateways

- *No logic, analysis or analytics*
- *Simple API data collection*

Cloud Logic, Analysis

amazon web services

Microsoft Azure

- *All logic, analysis or analytics*
- *Transmits action back to Edge with network latency*
- *Time dependent decisions, e.g. water level/alarm/shutdown, not appropriate*

- *May or may not transmit data to Data Center for further BI/Big Data analysis, storage or processing*
- *At least one Partner is still building their own IoT Platform to collect, manage data and application logic*

- *Microsoft's giving internal production level access to the IoT Suite to drive adoption*

IP/MPLS Network

Source: IPED Secondary Research & Interviews

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Traditional Data Center Partners are Investing in Big Data Infrastructure with an Emphasis on Data Storage and in some cases Business Intelligence (BI)

IoT Edge Devices

KMC CONTROLS

Things with Sensors, Data

Edge Hubs, Gateways

Secure Transport of Data, Fog Computing Logic

Data Center (Processing)

sas

COGNOS

IoT Platform, Logic, Analysis (BI), Data Storage

IP/MPLS Network

So IoT Means Different Things to Different People.

Source: IPED Secondary Research & Interviews

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