

Challenging your Sales team: New approach needed...

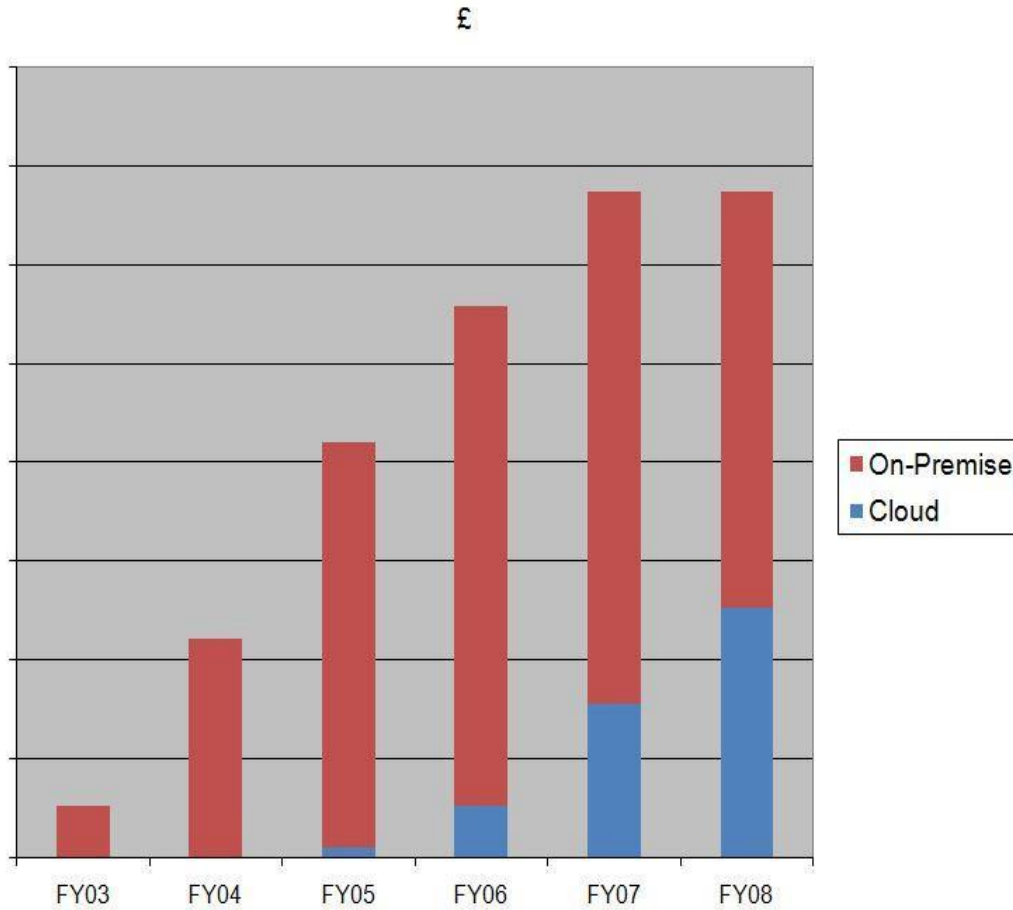
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**David McLeman
Managing Director**

ANCORIS

- Founded 2003 as MS Infrastructure reseller/integrator
- Since 2009 transitioned to Cloud Services Provider
- Google Premier Enterprise Reseller Partner
- Pilot partner reseller program 2008
 - 50+ cloud email migrations
- Google Postini Services Premier partner since 2006
 - 150+ cloud web and email security customers
- Google Partner Advisory Board for Europe
- Cloud Skills Training Division only Google Referred Training Partner in EMEA
- Our customers range from global multinationals to SME
- 2011 CRN Specialist Reseller of the Year





Traditional on-premise business almost stopped

Over exposed to Banks and Retail

Largest customer 30% of business

Limited recurring revenue

- Decided to go "All-in" for Cloud Computing
- Switch to services led sales model but maintaining reseller focus
- Develop our fledgling relationship with Google following their acquisition of Postini
- Became Pilot Partner for Google Apps Partner Program
- Established relationship with Scansafe (now Cisco)

Help our clients to Work in the Future:

Streamline IT processes and lower cost, increase user productivity and innovation, support mobility:

- Assessment, deployment, integration, change management, training and support services
- Migration from MS Exchange, Lotus Domino etc. to Google's cloud based email
- Implementing cloud email and web security
- Cloud document collaboration platform; intranet and extranet design
- Unified Communications integration on-premise PBX and cloud applications (Google Apps/Salesforce)
- Access solutions for Cloud, Windows and UNIX applications for mobile workers and to support BYOD for the cloud era desktop



Printer or Terminal

-> Windows PC

-> Any device, Anywhere



*Customer owned
Datacentres*

*Distributed
Computing*

Applications delivered
by Providers over the
Internet as a shared
standard service



Work in the Future is...



Alone



Together



Office



Anywhere



9 - 5



Anytime

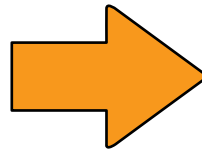


PC



Any device

- Software licenced by software vendor
- Customer takes all risk, channel partner mitigates this risk.
- Customer/channel partner responsible for:
 - implementation
 - hardware sizing



- Service supplied by cloud provider
- Cloud provider offers SLA
- Cloud provider responsible for:
 - provisioning
 - performance
 - capacity on demand

Client Server

Cloud Computing

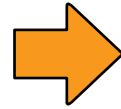
1980

2010



What changes for the VAR and sales team?

- Focus on technical buyer
- Transactional sale
- Project focus on technical implementation, infrastructure delivery
- Large initial deployment, small recurrence (maintenance, support)



- Focus on business buyer and the end-users
- Solution sale with clear Value-Add
- Project focus on migration, cloud to on-prem integration, change management and on-going end-user success
- Multi-year revenue recurrence but lower Y1 value?



- Transition of business model affects channel as much as the vendors...opportunity for new or niche channel players to develop
- Higher recurring revenue provides financial strength and improves long-term increased shareholder value
- CxO engagement - cloud revolution often board issue
- SaaS vendors need channel for:
 - mid-market reach
 - intimacy of relationship => sales & renewals
 - customer "on-boarding" - migration/deployment
 - end-user engagement - incremental upgrades

Traditional Model



Cloud Computing / SaaS model



Sales Process is different:

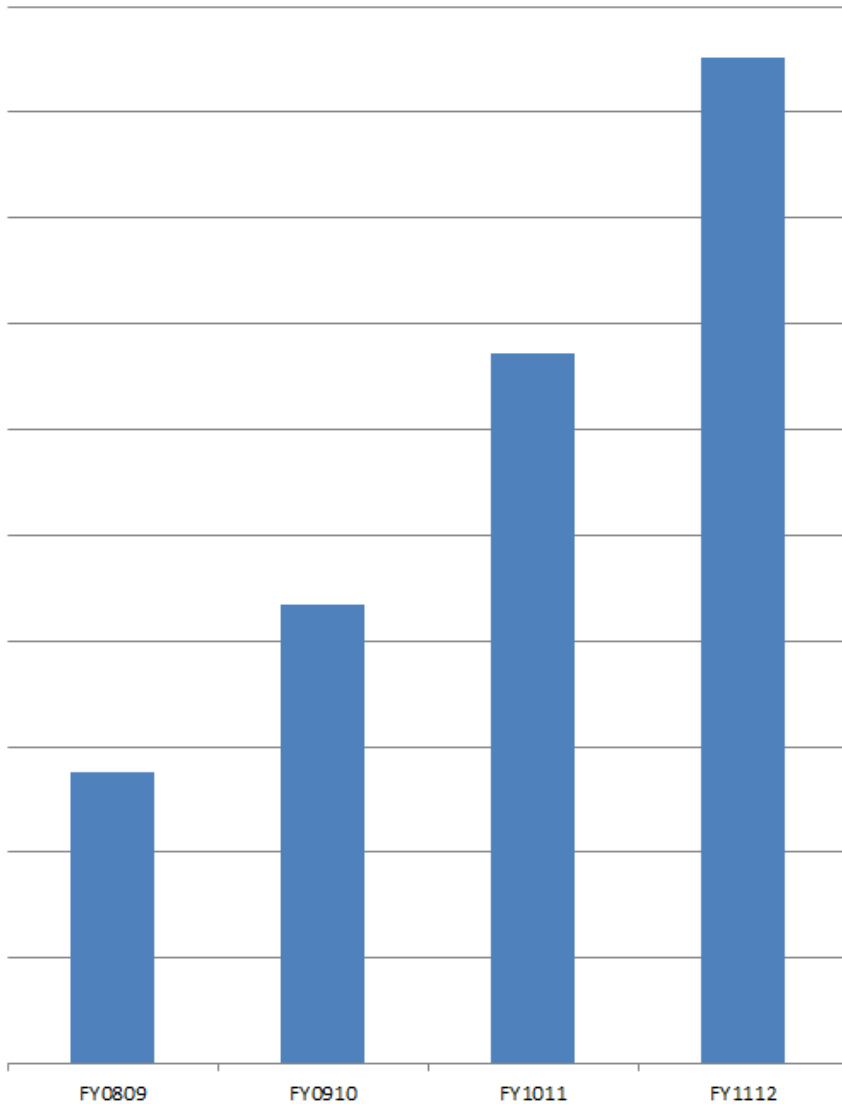
- Traditional model:
 - Technical / Transaction sell
 - Small number of stakeholders - mostly IT
- Cloud SaaS Model:
 - Business / Solution sell
 - Large number of stakeholders to mitigate perceived risk
 - Traditional mid-level IT contacts may not be supportive

Can your sales team cope?

- Solution sell
- Multiple decision makers
- Existing contacts won't be sufficient
- Must be able to talk at CIO or business level

- Sales Goaling for Cloud:
 - Lower initial value than traditional model
 - Approaches:
 - Target on multi-year contract value?
 - Lower targets?
 - Differential commission rates for Cloud?
- Business model challenges
 - Different target market
 - Market immaturity - Initial cost of sale still high makes Y1 profitability low
 - Payback comes in year 2+
 - Change in skill set needed management, technical and sales
 - Qualification vital - lots of interest...but who is ready to buy?

Cloud Revenues



Transition to CSP is complete

50% pa average cloud rev growth last 3 yrs

>95% cloud renewal rate

Largest customer 8% of business

GM increase

Q&A