CSP Growth Initiative

Driving CSP growth strategies based on industry best practices, data and market insights
WHO ARE WE

- A fractional channel sales consulting company providing proven market entry expertise focused exclusively on the Top 20 IT and emerging technology vendors

- A global organization which improves channel sales performance by providing cost efficient channel leadership and eco-system communications

- Experts in driving partner mindshare and investment by emphasizing the partnership value proposition via service attach strategies and increased blended gross margins

- Industry Thought Leaders since 2002
OUR CLIENTS
IBM PROJECT OVERVIEW

Led Business Transformation Initiative (BTI) which helped IBM BPs transform their business models for growth in the digital economy
- Delivered over 150 BTI workshops for IBM globally

Industry Thought Leaders and have spoken at numerous IBM partner conferences around the world

Trained the IBM PCRs across Asia Pacific and Europe the past 10 years

CEO is former IBM Partner Executive running Rand Worldwide in Asia Pacific for 6 years

CHANNEL PARTNERS KNOWS IBM
25 years of Executive Management experience in leading IT vendors channel GTM strategy and execution in Asia Pacific

Based in Asia since 1993 setting up Asia Pacific businesses for North America based IT companies
  PTC Asia Pacific 1993 - 1996
  Rand Worldwide 1996 – 2002
  (VP of Asia for an IBM Global Reseller)

MBA - University of Chicago Booth 2004

Thought Leader in the IT & Communications Channel world

Worked extensively with the largest IT companies in the world such as Dell, IBM, Hewlett-Packard, Cisco, EMC, Oracle, Dell, Symantec, SAP and others in the design and execution of their Go-To-Market strategies through indirect channels
JOHN FOGARASI
Cloud Practice Leader

- 30 years of experience in the IT field
- Held Asia Pacific General Management roles at Companies such as HPE, Motorola, Honeywell & Verifone
- Specializes in Go To Market sales, marketing, operations strategy and execution. Broad experience across Enterprise ITC Technology and Services and Vertical Markets
- Conducted over 80 Partner Transformation engagements 2015-2018
- Bachelor Electrical Engineering UNSW, Diploma Management AIM
**KEY ELEMENTS OF THE PROGRAM**

**CSP Video Series** - 8 short videos based on industry best practices

**1:1 Consulting** for select partners around the world

**Custom webinar for CSP Execs**

**CSP Playbook** to ensure your success and future reference
WEBINAR
OBJECTIVES

- Provide cutting edge information, data and market insights to help you improve profitability and relevance in the CSP space

- Provide best in class content to teach the CSPs the following
  - HOW the market is changing and best practices
  - HOW to adapt your business strategies to succeed
  - HOW to design, finance and win new business in the CSP space

- Conversations are important...
  - Extended Q&A session to allow time for learning
  - Gain access to the experts and learn what other CSPs are doing to grow their business
  - Schedule 1:1 session if required
## DRAFT AGENDA

<table>
<thead>
<tr>
<th>TIME</th>
<th>WEBINAR AGENDA</th>
<th>FOCAL POINT</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 – 09:05</td>
<td>Project objectives and need for supporting CSP growth initiatives</td>
<td>IBM</td>
</tr>
<tr>
<td>09:05 – 09:15</td>
<td>Top industry trends affecting CSPs – “What are your opportunities to ride the wave....”</td>
<td>Channel Partners</td>
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<tr>
<td></td>
<td>a. Review recent market research from IBM and industry sources</td>
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<td></td>
<td>b. Top strategies based on Channel Partners global experience</td>
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<tr>
<td>09:15 – 09:20</td>
<td>Questions Break</td>
<td>All</td>
</tr>
<tr>
<td>09:20 – 09:40</td>
<td>The “HOW” – Partner voices around the world</td>
<td>Channel Partners</td>
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<tr>
<td></td>
<td>i. Strategic Assessment</td>
<td></td>
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<tr>
<td></td>
<td>ii. Cloud Solutions Growth strategies</td>
<td></td>
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<tr>
<td></td>
<td>iii. Operations Transformation strategies</td>
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<tr>
<td>09:40 – 9:45</td>
<td>Questions Break</td>
<td>All</td>
</tr>
<tr>
<td>09:45 – 10:00</td>
<td>vi. Cloud, Cash and Capital</td>
<td>Channel Partners</td>
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<tr>
<td></td>
<td>v. Communicating and selling your services strategies</td>
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</tr>
<tr>
<td>10:00 – 10:15</td>
<td>Conclusion - IBM Resources, next steps and closing Q&amp;A</td>
<td>All</td>
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</tbody>
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INDUSTRY TRENDS

GLOBAL PERSPECTIVE ON THE CSP INDUSTRY
• Partners who are building some kind of Big Data solutions and services.
  – But the diversity is huge! From Basic Analytics, Data Management, Predictive, Machine Learning to AI.

• Half of current Partner offerings will have a SaaS version. All new offerings lead with SaaS.

• Partners who are launching in-house SW solutions to improve profitability.
49% of Partners see growth in Server & Storage

41% of Partners focus on growth in Security Solutions for Hybrid Cloud

3S – Servers, Storage & Security

- Architecting the optimal customer production environment whilst growing Partner profitability is not widely understood yet
- New workloads and migrating legacy applications are straining Partners existing capabilities and ability to manage costs
- Ransomware is a growth industry – Partners are seeing increased customer demand for Security as a Service

* ref. IBM Cloud Services survey Oct 12, 2018
* ref. Channel Partners BTI workshop analysis 2015-2018
GROWING PAINS - DELIVERY

IBM ranked #1 In Tech Support*

Developing existing delivery team
- Partners highly value Vendor training and working alongside Vendor consultants on new technologies

Competition for external talent
- Hiring effort and costs are high

Maximizing legacy investment in infrastructure and Software

Architects who can orchestrate existing On Premise and Cloud processing are in high demand

Tools such as API Marketplace are highly valued for Workload migration and integration

Of Partners are focusing on operational efficiency+

Of Partners benefiting from access to IBM API’s*

* Reference: IBM Cloud Services survey Oct 12, 2018
+ Reference: Channel Partners BTI workshop analysis 2015-2018
Big impact as

80%

Of Partner revenue comes from their base+

- Partners’ customer base is being eroded by SaaS entrants
- Customer In-house IT development is seeing a resurgence leveraging PaaS and IaaS – impacting Partner revenue
- Established Partners are struggling to find new Customers, who research online and are targeted with Digital marketing
- Traditional sales and marketing functions are struggling with the transition from transactional to subscription paradigms

* Reference: IBM Cloud Services survey Oct 12, 2018
* Reference: Channel Partners BTI workshop analysis 2015-2018
GROUP Q & A - Round 1

Any questions about the data or market insights?
TOP 5 Best Practices

HOW are your industry peers executing these strategies?
Strategic Assessment

**HOW**

- **Build it and they will come...**
  - Build your strategy based on the future needs of your EXISTING customers

- **Benchmarking and market analysis**
  - Invest in understanding industry best practices and data to “get it right” the first time

- **Core competencies**
  - Assess your existing core competencies against what is required to serve your customers in the future and address the gaps ASAP
Cloud Solutions Growth

**HOW**

- **Established partners’ legacy businesses are in decline**
  - To address margin decline & free up capital, smart partners are targeting operational efficiency

- **Targeting new Cloud Services correctly is key**
  - Best practice targets existing customer base with new Cloud Services and adjacent market segments for net new customer acquisition

- **What do successful new Cloud Services look like?**
  - They need to have rapid customer ROI, be quick to implement & typically are an extension of the partner’s existing expertise (e.g. Analytics related solutions)
GROWTH STRATEGY

EXISTING CUSTOMERS

EXISTING PRODUCTS

NEW CUSTOMERS

NEW PRODUCTS

RISK
1.0

RISK
1.4

RISK
1.2

RISK
2.0

* Reference: Ansoff’s Matrix
Operations Transformation

HOW

Production systems transformation...from “On Prem” only to hybrid

- Maximize your legacy infrastructure investment – optimize workload processing location and cost, review current vendor utility pricing options

Workload migration and new solutions

- Maintaining customer “On Prem” legacy apps whilst providing a SaaS option is a delicate balance
- New solutions are typically sold as SaaS/IaaS with “On Prem” options for large customers
GROUP Q & A - Round 2

What questions do you have about this strategy or topic?
Cloud, Cash and Capital

**HOW**

- **Revenue quality improvement**
  - Smart partners are building new revenue streams in growing, high margin subscription services

- **Profitability transformation**
  - Aligning partner financial management to track and support new Cloud Service offering roll outs

- **Cash is King**
  - Freeing up sources of capital by reducing costs in legacy business and attracting investment with sound Cloud Services growth strategy
Communicating and Selling HOW

- In-effective messaging and communications that don’t get traction
  - Focus on HOW you can differentiate the value you bring to your customers

- Unique solutions
  - Use iterative cycles of messaging and AI to determine the strategy you should invest in

- Quantify your value proposition
  - Know the financial metrics of your ROI and actively lead with this messaging
    - Think Oracle marketing messaging 😊
GROUP Q & A - Round 3

What questions do you have about this strategy or topic?
RESOURCES AVAILABLE

What content and assets can you leverage going forward?
Thank you for attending the webinar ...

Replay details and materials will be provided via email following this presentation:

- Cloud Service Provider Web Page - [ibm.com/cloudserviceprovider](http://ibm.com/cloudserviceprovider)
- CSP Growth Initiative Playbook
- CSP Video Series (YouTube)
- CSP Case Studies

Questions: please contact Markesha Hill Clausell – [markesh1@us.ibm.com](mailto:markesh1@us.ibm.com)
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