

THE CHANNEL

| Channel Issues and Advice |

Oct 2016

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This Service has been designed specifically for Senior level Channel executives. It provides guidance and highly strategic advice on the channels and what Senior Channel Executives should be aware of by guiding the management team on the impact of competitor announcements, providing insights into the market, by focussing on services sub-segment, value stack, vertical focus and offering Key Director Messages.

1 SLA – Senior Level Advisory



CDW

CDW was originally incorporated as "MPK Computing" by its founder Michael Krasny. It later became Computer Discount Warehouse and then simply CDW when it listed in 2013. A Fortune 500 company with multinational capabilities, CDW employs more than 8,700 "coworkers".

Financials



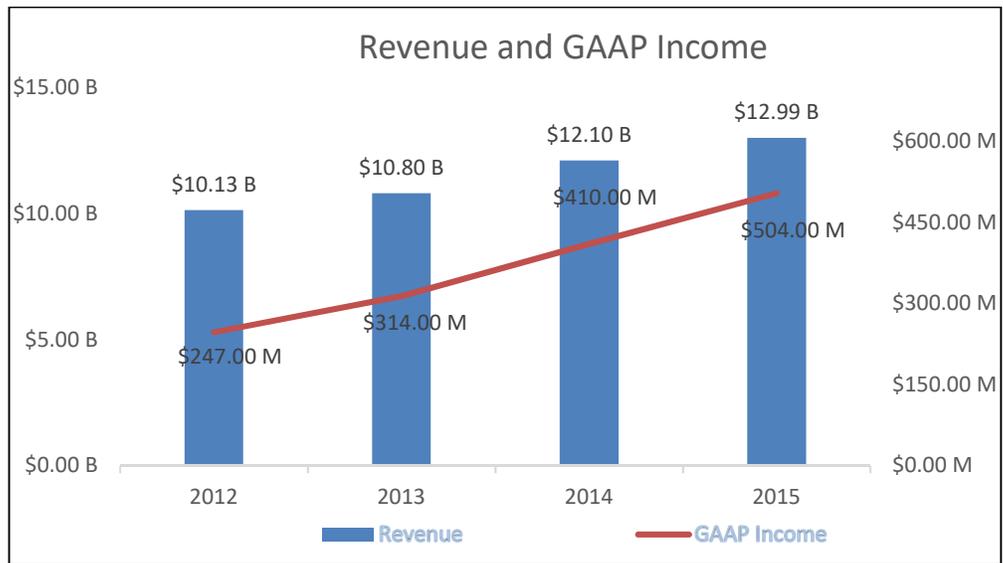
Thomas E. Richards
Chairman and Chief Executive Officer



Dennis G. Berger
SVP and Chief Coworker Services Officer



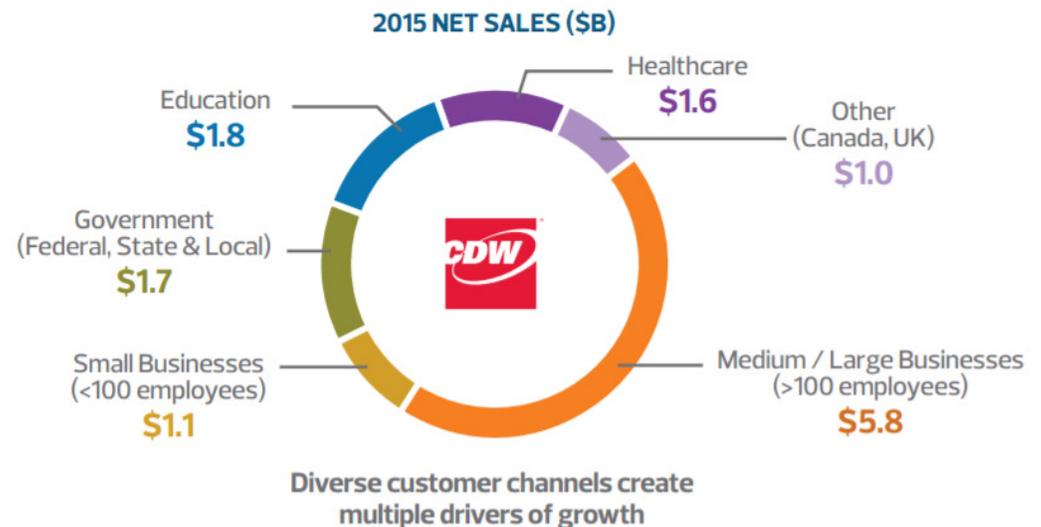
Neal J. Campbell
SVP and Chief Marketing Officer



Source: Company Financials

Source of Revenue

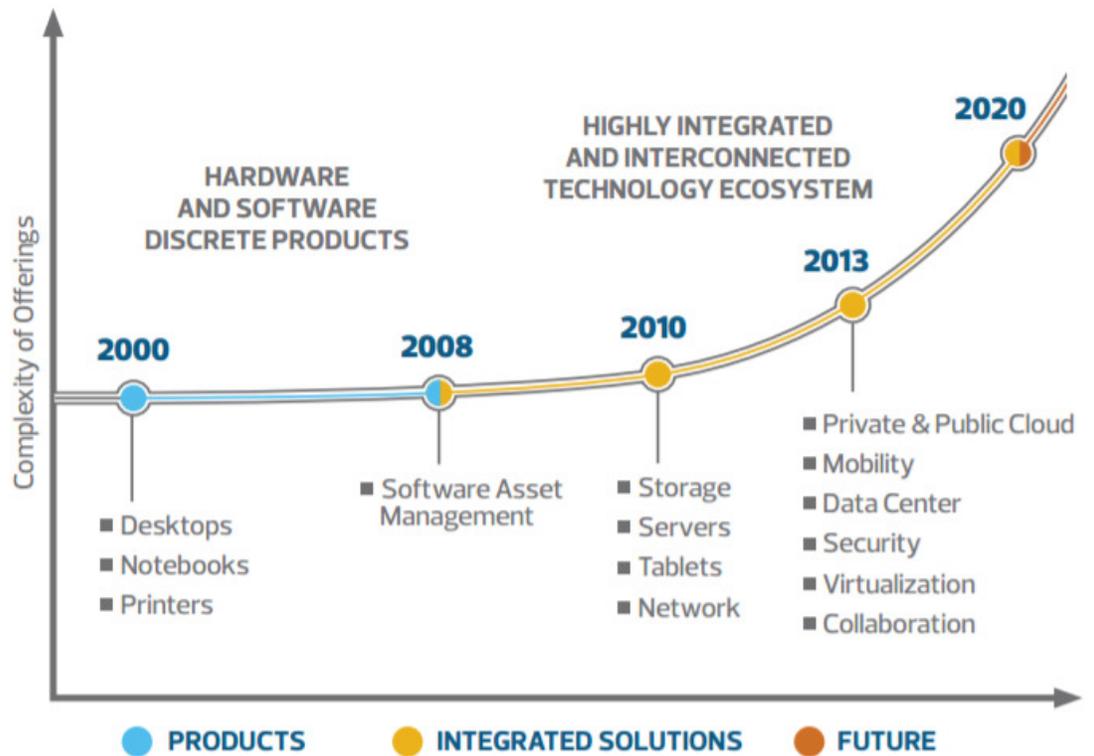
In 2015 acquired Kelway Ltd., a London based multinational business with significant presence in the IT sector.





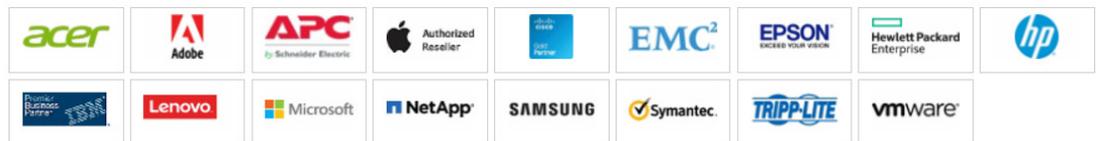
Christina M. Corley
SVP of Corporate Sales

Integration



Since 2006, CDW has successfully transformed from primarily a technology products seller to an integrated technology solutions provider, ensuring it can continue to help customers navigate an increasingly complex IT market. Continuous transformation, which includes the addition of field sellers, technology specialists and advanced services engineers and extensive services capabilities, means that CDW is uniquely positioned to capitalize on the key technology drivers of today and tomorrow. Today, CDW's solutions include design, implementation and ongoing management and support.

Featured Brand Showcases



CDW carries products from more than 1,000 top brands.

Analysis

CDW acquired the remaining 54 per cent of Kelway for \$431m in August 2015. Kelway rebranded to CDW UK in 2016.



2 Key Announcement Implications



Akamai State of the Internet Report – for Q2 2016

Akamai's globally distributed Intelligent Platform™ allows it to gather massive amounts of data on many metrics including Internet connection speeds, network connectivity/availability issues, and IPv6 adoption progress as well as traffic patterns across leading web properties and digital media providers. Each quarter, Akamai publishes the State of the Internet Report based on this data and has done since 2008.

Global Average Connection Speeds and Global Broadband Connectivity

	Country/Region	Q2 2016 Unique IPv4 Addresses	QoQ Change	YoY Change
-	Global	800,358,051	-1.0%	-0.4%
1	United States	134,931,550	-3.7%	-10%
2	China	124,530,875	-1.6%	-0.5%
3	Brazil	48,400,932	0.1%	5.4%
4	Japan	45,466,153	-0.7%	-0.3%
5	Germany	37,210,519	2.4%	3.8%
6	France	31,014,271	2.0%	6.4%
7	United Kingdom	30,941,963	-0.5%	-0.2%
8	South Korea	24,768,294	1.1%	6.1%
9	Russia	18,889,407	-3.0%	0.8%
10	India	17,353,922	2.0%	-1.4%

Fig 1 Unique IPv4 Addresses Seen by Akamai

In the second quarter of 2016, Akamai observed a 1.0 per cent quarterly decrease in the number of unique IPv4 addresses connecting to the Akamai Intelligent Platform, declining to just over 800 million — about 8 million fewer than in the first quarter. In all, roughly 4.3 million IPv4 addresses were allocated or assigned from available pools at the Regional Internet Registries in the second quarter, leaving approximately 50.5 million addresses remaining. Belgium remained the clear global leader in IPv6 adoption with 38 per cent of its connections to Akamai happening over IPv6, up 5.1 per cent from the previous quarter.

- Global average connection speed decreased 2.3 per cent from the first quarter of 2016 to 6.1 Mbps, a 14 per cent increase year over year.
- Global average peak connection speed increased 3.7 per cent to 36.0 Mbps in the second quarter, rising 2.5 per cent year over year.
- Global 10 Mbps broadband adoption rate grew 0.7 per cent quarter over quarter, but 15 Mbps and 25 Mbps broadband adoption rates fell 0.8 per cent and 2.1 per cent, respectively.

European Region

Despite a 5.8 per cent quarter-over-quarter decrease in average connection speeds to 20.1 Mbps, Norway retained the top spot among the surveyed European countries in the second quarter of 2016. As seen in Figure 2, the difference in average connection speeds between the fastest and slowest countries in the region was 13 Mbps in the second quarter, down from 14 Mbps in the first. Twenty-six of the thirty-one surveyed

Global Rank	Country/Region	Q2 2016 Avg. Mbps	QoQ Change	YoY Change
2	Norway	20.1	-5.8%	55%
4	Sweden	18.8	-8.8%	19%
5	Switzerland	18.3	-1.9%	17%
6	Finland	17.6	-0.6%	26%
7	Latvia	17.5	-4.5%	23%
11	Netherlands	17.0	-5.2%	8.7%
12	Czech Republic	16.5	-7.0%	18%
13	Denmark	16.3	-5.0%	29%
14	Romania	15.8	-1.7%	29%
16	Bulgaria	15.4	-2.8%	22%
18	Belgium	15.1	-0.9%	31%
20	United Kingdom	15.0	0.4%	27%
21	Lithuania	14.7	-2.6%	12%
22	Slovenia	14.6	0.7%	52%
23	Spain	14.1	5.9%	46%
24	Germany	14.1	0.9%	31%
25	Ireland	13.9	-3.2%	-18%
30	Hungary	13.4	-2.8%	35%
33	Portugal	12.9	-1.9%	24%
34	Malta	12.8	0.7%	39%
35	Austria	12.8	-4.9%	17%
36	Slovakia	12.3	-11%	21%
37	Russia	12.3	1.0%	28%
38	Poland	12.2	-4.2%	22%
39	Estonia	11.6	-0.8%	36%
45	Luxembourg	10.1	-4.6%	12%
48	France	9.6	-2.8%	21%
53	Italy	8.2	0.5%	29%
56	Croatia	7.7	4.2%	55%
59	Greece	7.5	-3.8%	17%
69	Cyprus	6.7	-6.9%	35%

countries had average connection speeds at or above the 10 Mbps threshold, In contrast to across-the-board growth in speeds during the first quarter, in the second quarter 23 of the 31 countries saw quarterly declines, ranging from 0.6 per cent in Finland to 11 per cent in Slovakia. Among the remaining surveyed European countries, gains were modest, ranging from 0.4 per cent in the UK to 5.9 per cent in Spain. Year-over-year changes in average connection speeds were positive across the board with the exception of Ireland, which saw an 18% decline to 13.9 Mbps. The Netherlands posted the smallest yearly increase at 8.7 per cent, while the remaining countries all enjoyed double-digit gains. Norway and Croatia enjoyed the biggest gains in the region at 55 per cent each, and 16 countries saw yearly gains of at least 25 per cent.

Fig 2 Average Connection Speed (IPv4) by European Country

European 10Mps Broadband Adoption

In spite of a 5.0 per cent quarterly decline, Switzerland maintained the top spot with a 10 Mbps adoption rate of 65 per cent. 16 European countries had at least half of their unique IPv4 addresses connecting to Akamai at average speeds of at least 10 Mbps, up from 15 in the first quarter, and the gap between the highest and lowest adoption rates in the region narrowed from 56 Mbps to 54 Mbps. Adoption rates were mostly negative across Europe in the second quarter, as 25 countries posted declines ranging from 0.1 per cent in Estonia to 12 per cent in Greece. Croatia again led the few gainers with a 22 per cent increase in adoption.

3 In Depth Focus



Key Takeaways:

44% of employees worldwide feel that their workspace isn't smart enough, while more than half (57%) expect to be working in a smart office within the next five years. And when it comes to acquiring new talent, tech matters – Millennials, in particular, are likely to quit a job with substandard technology

Nearly half the global employees say the biggest time-wasters are tech-related: admin tasks (19%), slow or glitchy software (19%) and slow or glitchy devices (17%)

Dell and Intel: Future Workforce Study

The on-line study interviewed 3801 employees working a minimum of 35 hours a week. There were seven target industries: Education, Government, Financial Services, Healthcare, Manufacturing, Media & Entertainment, and Retail in US, Canada, Brazil, UK, France, Germany, China.



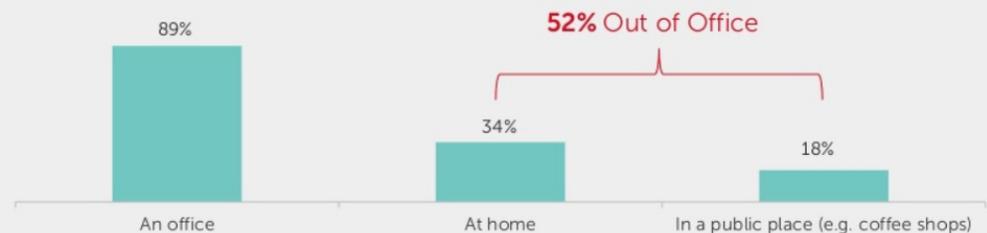
SHARING ECONOMY

63%

of global employees plan to partake in the sharing economy in 2017 – as a consumer, seller, or both.

STATUS: Here now

HOW OFTEN, IF AT ALL, DO YOU WORK FROM THE FOLLOWING LOCATIONS?
(AMONG ALL; SHOWING EVERY DAY + A FEW TIMES A WEEK)



	Male	Female	18-34	35+
At home	36%	30%	40%	29%
In a public place	20%	17%	26%	15%



ARTIFICIAL INTELLIGENCE

62%

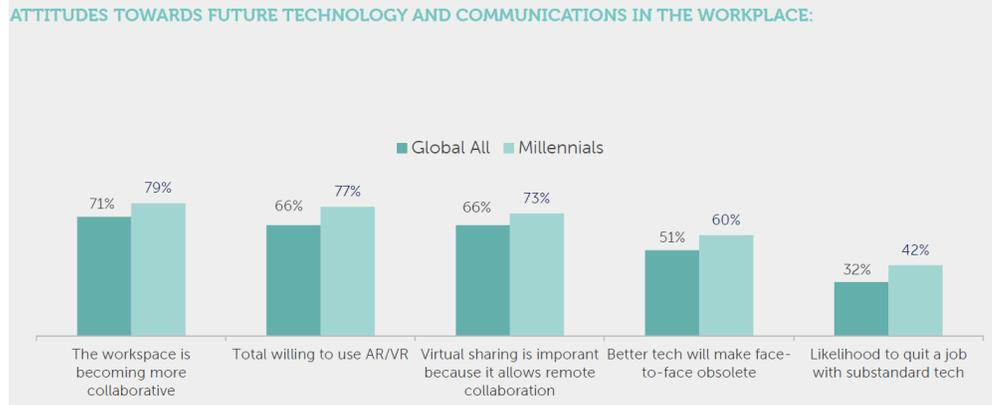
of global employees agree that their job could be made easier with the assistance of artificial intelligence

STATUS: Employees see potential benefits of AI, but fear job loss

Today 57% of global employees still prefer to exchange face to face conversation with their colleagues. However more than half (51%) say that remote teams and better communications technology will make F2F communications obsolete in the future

Half of global employees currently work remotely at least a few times a week and value the ability to balance productivity and quality of life concerns in a remote environment

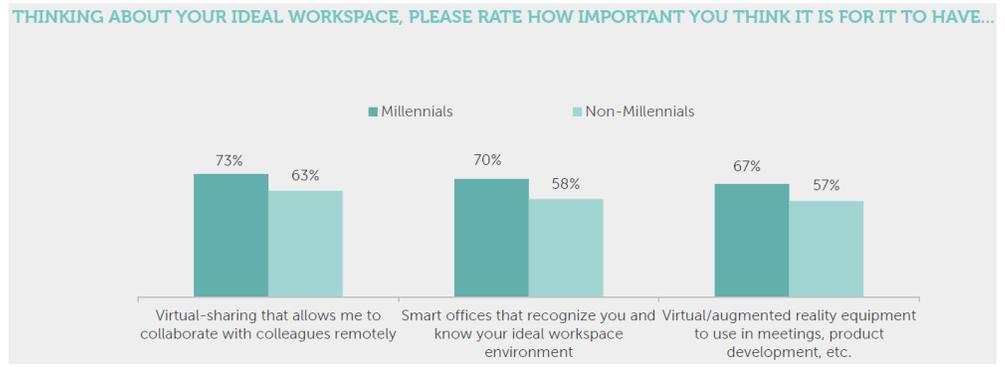
Millennials are more willing to use AR/VR products (77%), more likely to say remote work allows for a healthier work-life-balance (36%), more likely to say the workspace is becoming more collaborative (79%) and more likely to quit a job with substandard technology (42%)




AR/VR

66% of global employees would be willing to use AR/VR products in their professional life; most as a training tool

STATUS: Near-future potential as a training tool




INTERNET OF THINGS

Increasing connectivity and making it easier to wirelessly connect devices excite employees most about IoT

STATUS: The IoT is exciting

Increasing connectivity and making it easier to wirelessly connect devices excite employees most about IoT

4 Financial Roundup

	Income \$M	Latest quarter Sales \$M	
Juniper	172.4	1285.3	↗
Netgear	21.0	338.5	→
Extreme	-6.5	122.6	↘
ShoreTel	-5.6	86.3	↘
Avaya	Prelim	882.0	↘

Source: Company Financials - all based on latest released quarters ended - Sep 2016

Recently Released Financials

Avaya Q415 – down 12 per cent Y on Y. Results only preliminary

Extreme Q117 – down 2 per cent Y on Y and down 12 per cent sequentially

- Americas 51 (54) per cent
- Europe 41 (37) per cent
- Asia 8 (9) per cent

Juniper Q316 – up 3 per cent Y on Y and up 5 per cent sequentially

- Americas 58 (57) per cent
- Europe 26 (28) per cent
- Asia 16 (15) per cent
- Service Provider 66 (64) per cent
- Enterprise 34 (36) per cent

NetGear Q316 – down 1 per cent Y on Y and up 9 per cent sequentially

- Americas 66 (64) per cent
- EMEA 18 (23) per cent
- AsiaPac 16 (23) per cent
- Retail 57 (48) per cent
- Commercial 22 (19) per cent
- SP 21 (33) per cent

ShoreTel Q117 – down 4 per cent Y on Y and down 9 per cent sequentially. Hosted revenue overtook equipment

- International 8 (7) per cent
- North America 92 (93) per cent
- Recurring revenue 55 (51) per cent

For Further Information, Please Contact:

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