THE CHANNEL

| Channel Issues and Advice |

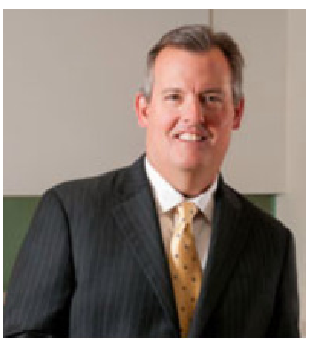
Oct 2017

Contents

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

Pierre Nanterme
Chairman & CEO



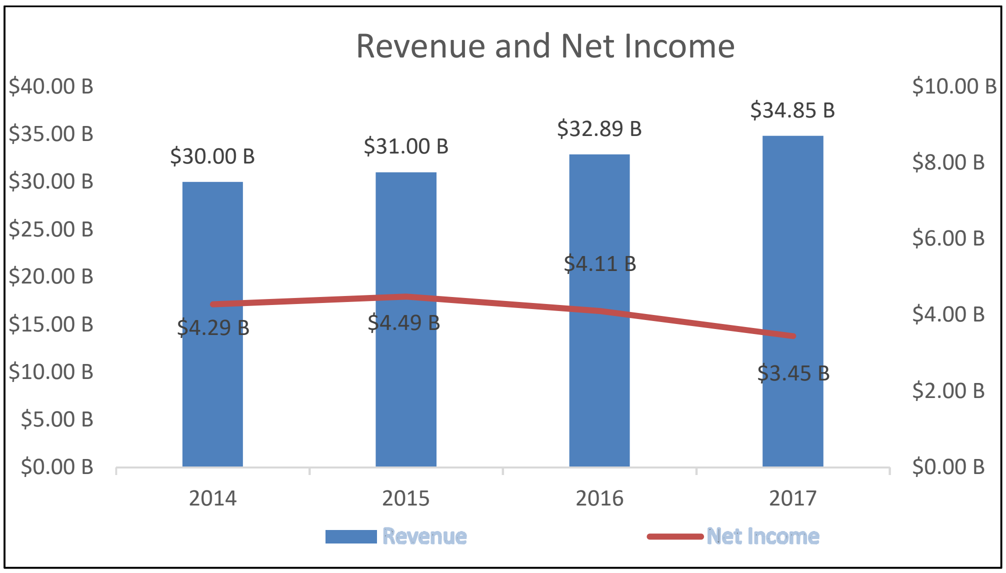
David P. Rowland
Chief Financial Officer

Jo Deblaere
Chief Operating Officer

Accenture

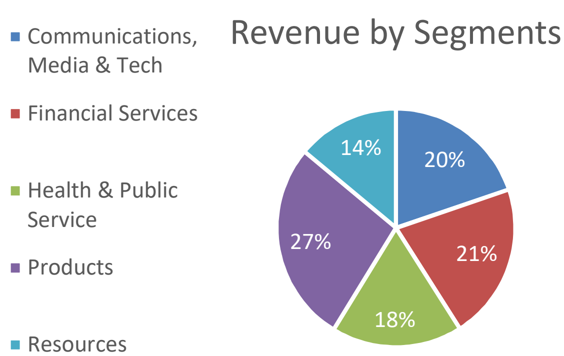
Accenture began as the business and technology consulting division of accounting firm Arthur Andersen in the early 1950s. In 2001 Andersen Consulting adopted its current name, "Accenture" as suggested by a Danish employee. In 2009 it changed its place of incorporation to Ireland from Bermuda and became Accenture plc. This year Accenture announced a partnership with Apple for iPhone and iPad development. A potential link with Cisco exists.

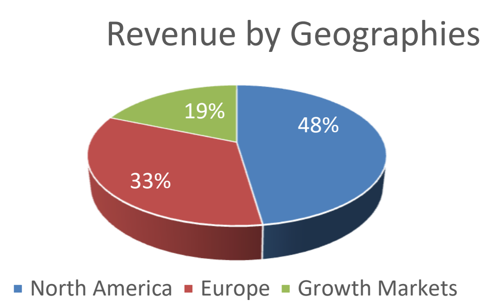
Financials



Source: Company Financials. Year end is August 31

Source of Revenue





Omar Abbosh
Chief Strategy Officer

Gianfranco Casati
Group CEO – Growth Markets

Paul Daugherty
Chief Technology & Innovation Officer

Services and Solutions

Accenture has five businesses – Accenture Strategy, Accenture Consulting, Accenture Digital, Accenture Technology and Accenture Operations – develop and deliver integrated services and solutions for its' clients.

Accenture Strategy combines deep business insight with the understanding of how technology will impact industry and business models. We operate at the intersection of business and technology, bringing together our capabilities in business, technology, operations and function strategy to help our clients envision and execute industry-specific strategies that support enterprise-wide transformation.

Accenture Consulting provides industry experts with the insights and management and technology consulting capabilities to help transform the world's leading companies. Accenture Consulting orchestrates and brings together the best of Accenture from across the organization, and has primary responsibility for building and sustaining long-term client relationships.

Accenture Digital combines our capabilities in digital marketing, analytics and mobility to help clients unleash the power of digital to transform their businesses. it helps clients use digital technologies to deliver more meaningful and relevant customer experiences across all channels and customer segments, as well as to create new products and business models and to optimize the efficiency and effectiveness of their internal operations.

Accenture Technology harnesses the power of technology to drive innovation, deliver cutting-edge solutions and increase productivity. It comprises two primary areas: Technology Services, which includes global delivery capabilities as well as application services—spanning systems integration and application outsourcing; and Technology Innovation & Ecosystem, which includes the R&D activities in the Accenture Labs and the management of our alliance relationships across the ecosystem.

Accenture Operations provides business process services, infrastructure consulting, infrastructure outsourcing, security services and cloud services, including the Accenture Cloud Platform. It transforms, builds and operates IT infrastructure and business processes on behalf of clients to help improve their productivity and performance.

Analysis

Accenture Operations focuses on an "as-a-service" model of service delivery. This includes business process outsourcing, IT services, cloud services, managed operations, security and infrastructure services

Accenture CEO is all about 'The New' for a couple of years
Net revenues from "the New" - digital-, cloud- and security-related services - were approximately $18 billion for fiscal 2017, an increase of about 30 per cent over fiscal 2016. For the year, "the New" accounted for approximately 50 per cent of total net revenues.

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2) Key Announcement Implications

2 Key Announcement Implications

NUTANIX

The future for hybrid cloud – A Nutanix Research Study

Nutanix partnered with Quocirca to interview 479 IT directors and strategists across the UK, Germany, France and the Netherlands during October 2017. Of the 479 there were 79 (16.5 per cent) which stated that they were not using cloud. The report looks at the remaining 400.

The move to the Cloud

- 12 per cent stated that their organisations are ‘cloud first’
- A further 31.75 per cent are either pre-dominantly cloud-based or are actively moving mission critical workloads into the cloud
- 5.25 per cent were carrying out PoC or using for development /test only

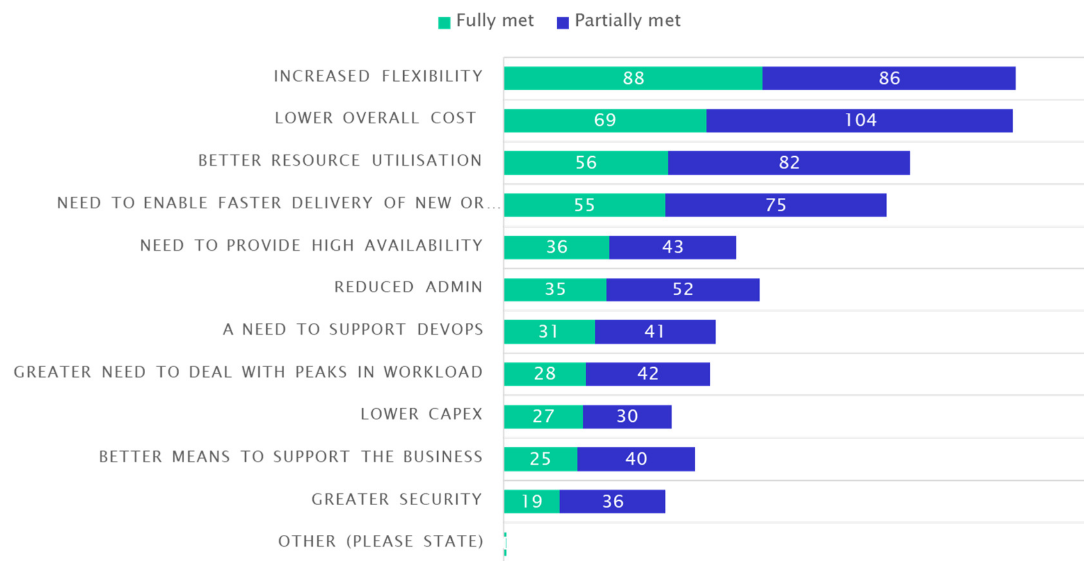

Fig 1 What are the reasons for choosing a cloud approach, and have these reasons been met?

Planned movement of workloads into the cloud is growing. Apart from IoT and SCM, over 70 per cent expect critical workloads to move to the cloud over time. Security and systems management are the two workloads already most in the cloud.

There was consistency across the geographies

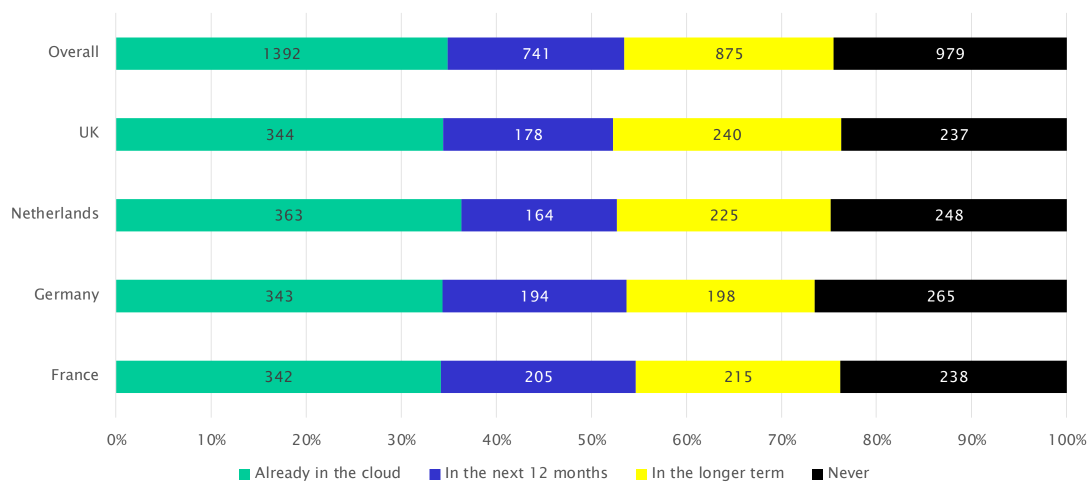

Fig 2 Overall plans for workloads in the cloud

There is a sign of changing usage patterns, with a degree of shrinking usage across different cloud models:

• 11 per cent for hybrid cloud
• 10 per cent for private cloud
• 7 per cent for mixed cloud
• 2 per cent for public cloud

This is probably down to movement of e.g. private cloud workloads into the public cloud; development workloads from public cloud into private

Overall, reasons for moving to cloud are being wholly or partially met:

• Lower CapEx is no longer a major issue – and is not meeting expectations anyway
• Increased flexibility leads the way – and expectations are being met overall

Technical aspects required for faster adoption show the lack of maturity in the cloud market:

• Automation, APIs/Standards and workload mobility are all seen as lacking

The business is more worried about data and cost issues:

• Data sovereignty and security leads cost, with other reasons trailing.

Workloads

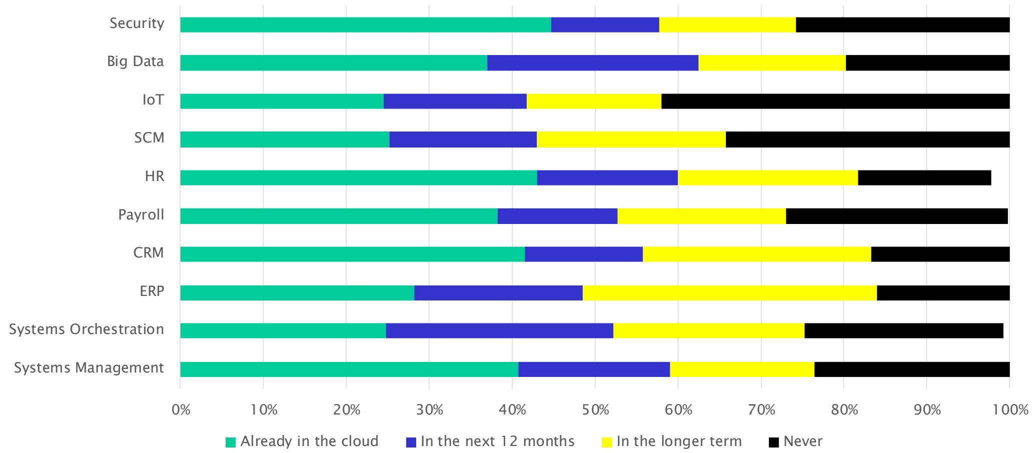

Fig 3 Types of workload and cloud usage

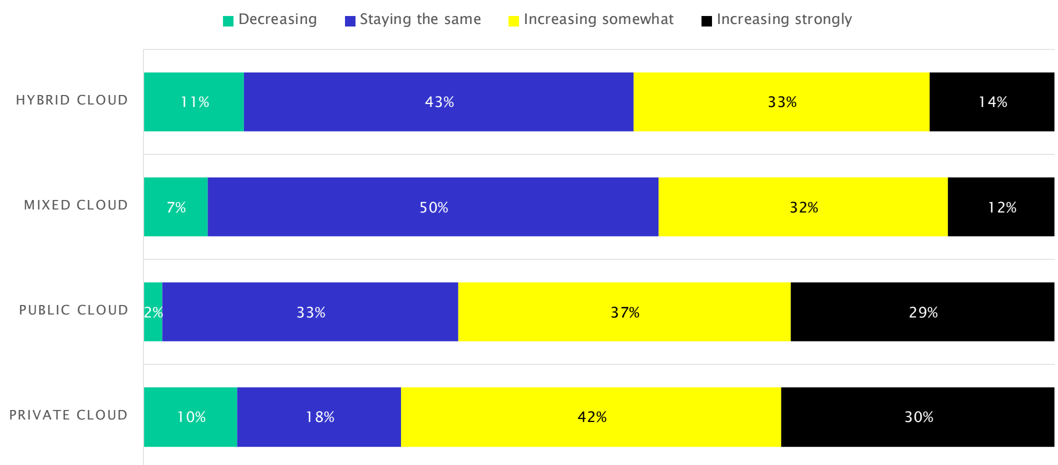

Fig 4 Changing cloud usage patterns

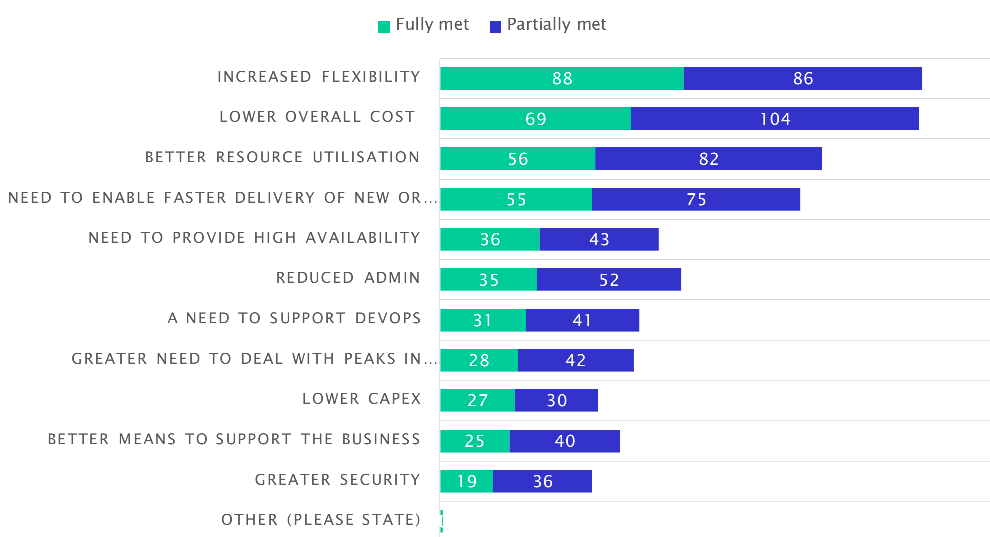

Fig 5 What are the reasons for choosing a cloud approach, and have these reasons been met?

While many progressive CIOs proclaim that their organisations look at cloud as the default option when deploying new services, just 12 per cent of survey respondents say they have adopted a "cloud first" posture. And while most current cloud users are increasing their dependency on cloud, a significant minority are actually shrinking their cloud deployments (two per cent for public cloud, 10 per cent for private cloud, seven per cent for mixed cloud and 11 per cent for hybrid cloud

European Hybrid Cloud Adoption

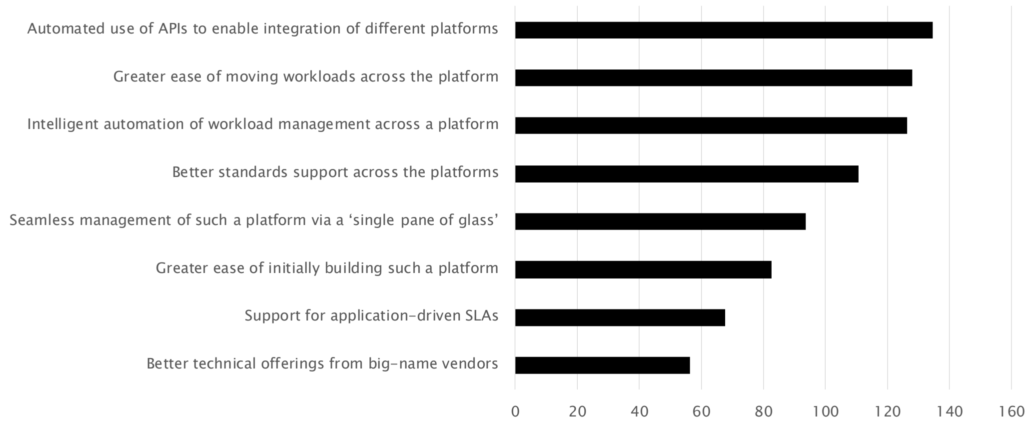

Fig 6 What would make you embrace a hybrid cloud platform more rapidly?

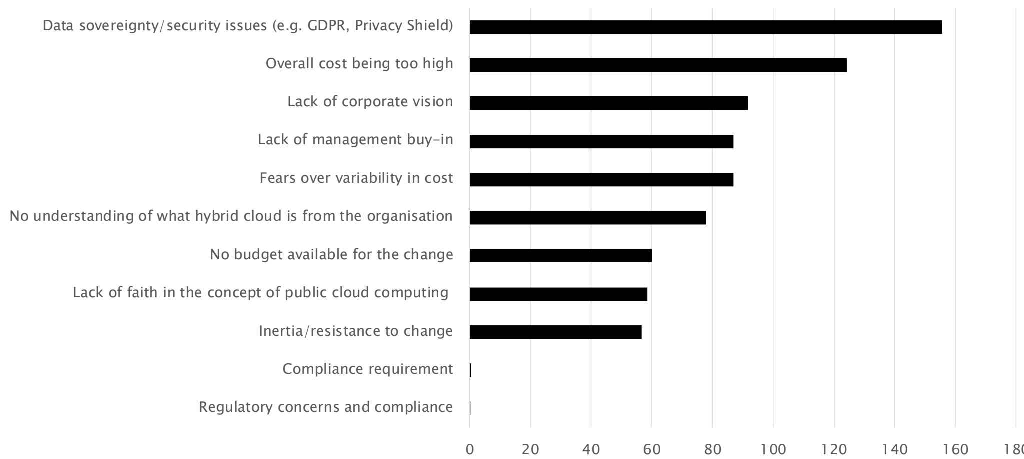

Fig 7 From a business point of view, what areas are preventing you from adopting hybrid cloud more rapidly?

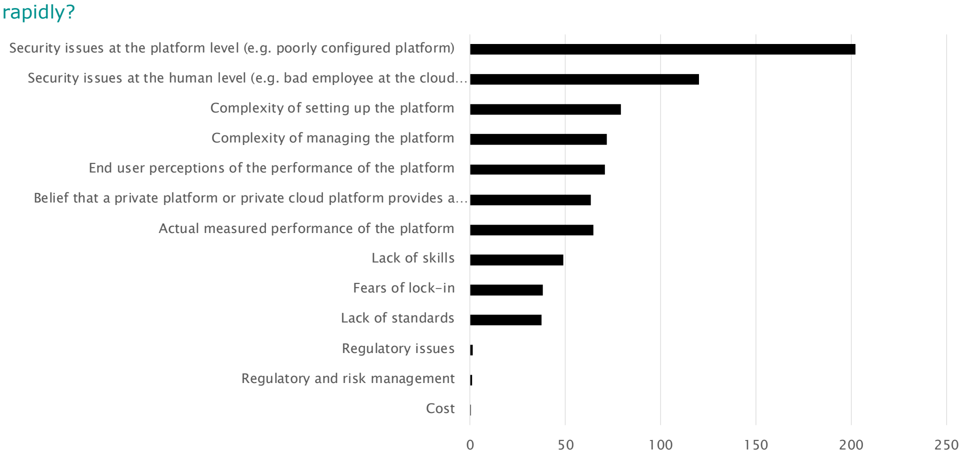

Fig 8 From a technology point of view, what areas are preventing you from adopting hybrid cloud more rapidly?

It appears that the notion of cloud usage becoming ubiquitous is more hype than reality and there remains work to be done to bolster adoption.

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3) In Depth Focus

3 **In Depth Focus**

Key Takeaways:

- The majority (56%) of respondents stated that their organization operates a cloud first mentality
- Two thirds (67%) of respondents' organizations use, or plan to use, two or more cloud providers for IaaS
- More than two thirds (69%) of respondents believe that their organization's CSP covers data privacy, compliance regulations and data protection –83 per cent of surveyed decision makers think that their organization's CSP will be protecting their workloads and data against outages
- Over half (54%) of respondents believe that it is the responsibility of the cloud service provider to securely transfer data between on-premises and cloud
- Around half (51%) believe it is the cloud service provider's responsibility to backup workloads in the cloud

The Truth in Cloud: A Veritas Study

Veritas contacted 600 IT decision makers and 600 business decision makers were interviewed in July and August 2017, split across UK, France, Germany, Switzerland, US, Canada, Brazil, Australia, New Zealand, China, Singapore, Japan and Republic of Korea.

Figure 1:
How organizations are deploying new applications and workloads? Showing the results of 1200 respondents.

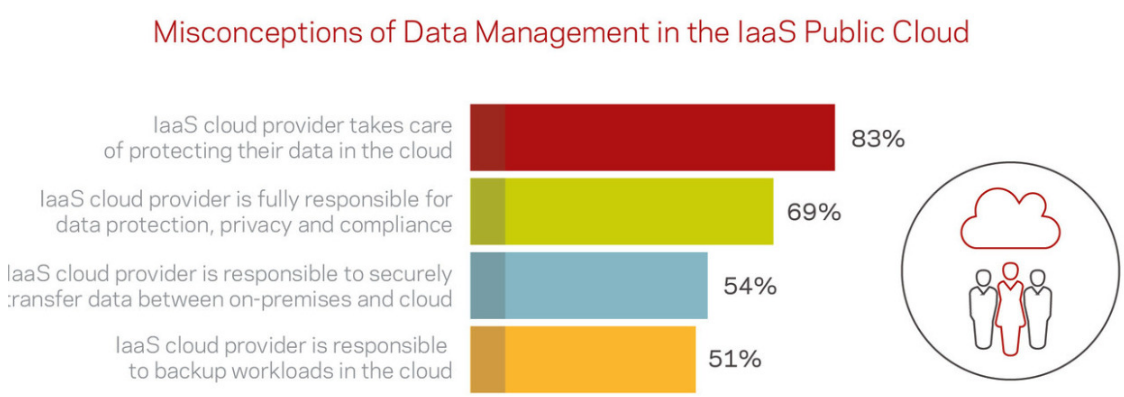

Figure 3:
When it comes to public clouds specifically, there are likely misconceptions around which party holds the ultimate responsibility for data management: the customer or the cloud provider. Showing the results of 1200 respondents, multiple answers were possible.

16 per cent state that their organization uses, or plans to use, five or more cloud providers for IaaS.

Respondents who believe CSPs are responsible for applications and data

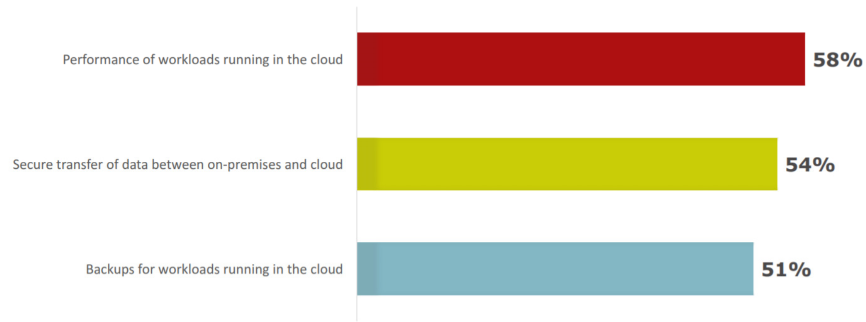

Figure 6:
"In your opinion, where does/will responsibility sit for the below areas when it comes to the applications and data that your organization has or will have in the cloud?" Only showing the percentages where responsibility lies primarily with the cloud service provider.

Important factors when selecting a cloud service provider

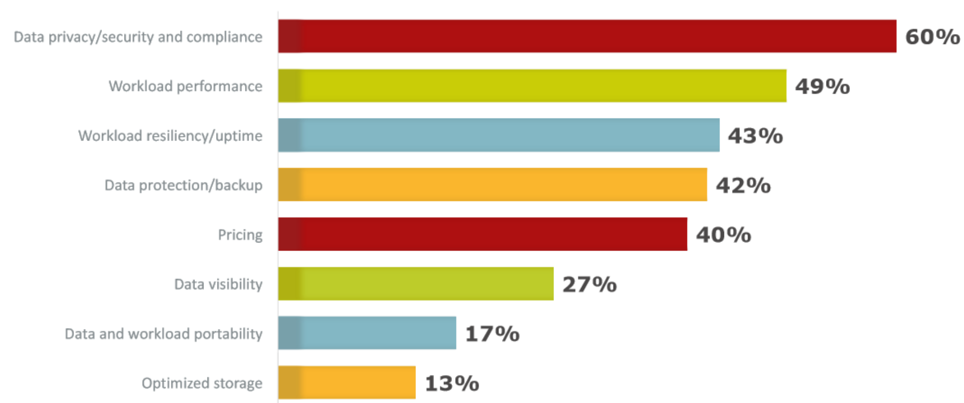

Figure 9:
"Which of the following areas are of most importance to your organization when it comes to selecting a cloud service provider?" *Combination of responses ranked first, second and third. Showing the results of all 1200 respondents*

Cloud migration challenges

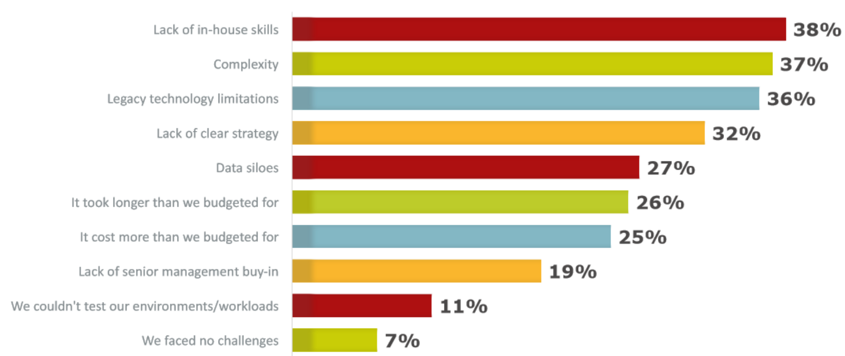

Figure 7:
"What challenges did your organization face in its cloud migration?" *Showing the results of the 593 IT decision maker respondents whose organization is migrating systems to the cloud*

The Veritas survey results show 56 per cent of the 1200 companies contacted have adopted "Cloud first" approach compared to the Nutanix survey which interviewed 400 companies and concluded 16 per cent have a "Cloud first" approach….

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4) Financial Roundup

4 Financial Roundup

	Income $M	Latest quarter Sales $M	
DELL Technologies	-946.0	19299.0	↗
Symantec	-0.1	1260.0	↗
Netgear	20.9	355.5	↗
Citrix	126.8	690.9	↗
Juniper	174.4	1257.8	↘

Source: Company Financials - all based on latest released quarters

Recently Released Financials

Avaya Q417 – announced revenue in a range from $$787-$791M

Citrix Q317 – up 3 per cent Y on Y. Citrix Service Provider revenue grew 36 per cent over Y on Y

- Americas 59 (59) per cent
- EMEA 31 (30) per cent
- APJ 10 (11) per cent

- Workspace Services 63 (64) per cent
- Networking 27 (27) per cent
- SaaS 7 (5) per cent

DELL Technologies Q318 – up 48 per cent Y on Y and up 8 per cent sequentially. DELL celebrated one year of merger with EMC

- Commercial 37 (39) per cent
- Consumer 14 (17) per cent

- Server and Networking 19 (18) per cent
- Storage 19 (19) per cent
- VMware 10 (8) per cent

Juniper Q317 – down 2 per cent Y on Y and down 4 per cent sequentially

- Americas 58 (58) per cent
- Europe 24 (26) per cent
- Asia 18 (16) per cent

- Cloud 27 per cent
- Service Provider 47 per cent
- Enterprise 27 per cent

NetGear Q317 – up 5 per cent Y on Y and up 7 per cent sequentially

- Americas 69 (66) per cent
- EMEA 18 (18) per cent
- AsiaPac 14 (16) per cent

- Arlo 31 (14) per cent
- Connected Home 53 (64) per cent
- SMB 17 (22) per cent

Symantec Q218 – Revenue of $1.276B was up 26 per cent Y on Y

For Further Information, Please Contact:
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