



Fiscal Year 2018 Cloud Service Business Plan Overview

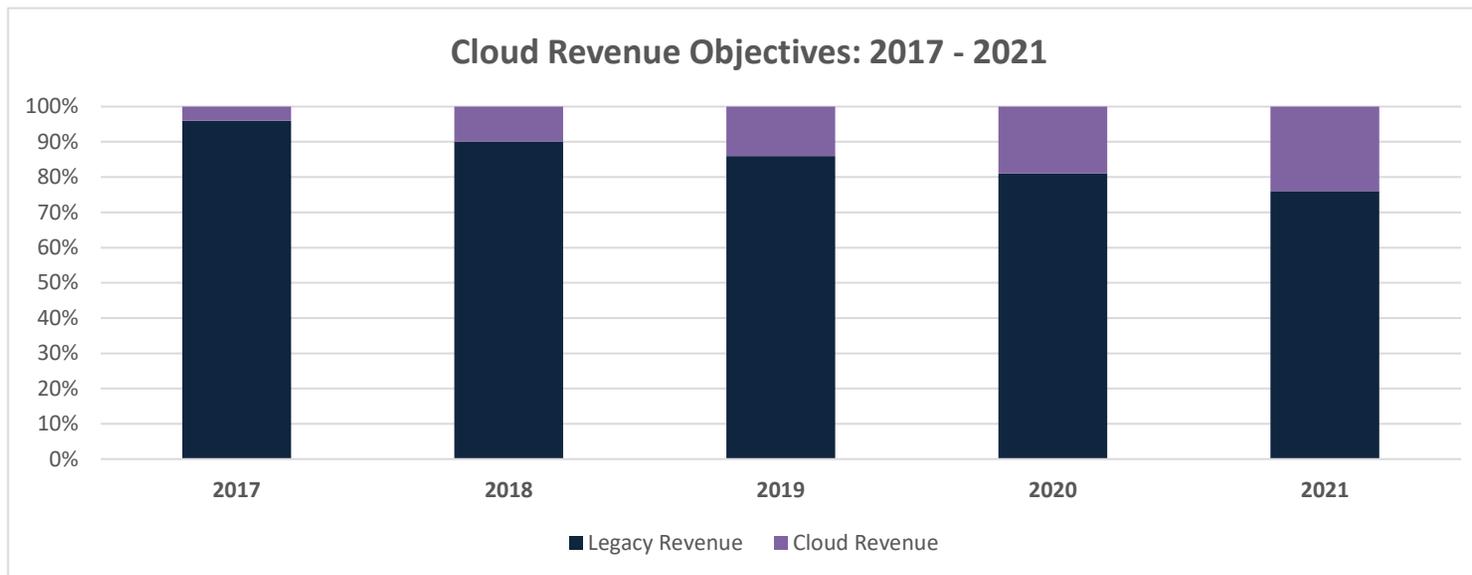
- Owner:** Bud Miller
- Focus Type:** Alter and extend our current business model, allowing us to enter a new business segment and create new revenue streams that are primarily subscription-based and recurring. We look to spur net-new sales by beginning with a vertical market focus designed to provide enhanced monthly recurring revenue, project services, and cloud procurement services.
- Focus Areas:** Develop key partnerships, marketing programs, sales awareness, and delivery capabilities to enter the Cloud Services marketplace. Specifically, we will partner with D&H Distributing and focus exclusively on Microsoft Office 365 (O365), Microsoft 365 (M365), Azure Stack and Azure.
- Description:** This business plan outline is intended to outline the objectives, strategy, goals and measurements of our entry into the subscription-based cloud market space. We foresee this segment leading our Commercial Sector sales growth over the next two (2) years. Key focus areas include:

Cloud Services Business Plan Construct



Focus Areas:

1. Define move forward business model → explore hybrid business model criteria and objectives.
2. Perform due diligence to understand culture and organizational change ramifications.
3. Explore vertical market best fit and define where <D&H Partner Name> should initially play.
4. Create vertical partnerships to lower barrier of entry to new market and gain instant access.
5. Define criteria for success – expected revenue, gross profit and EBITDA expectations.
6. Create Financial Plan and explore investment requirements and effect on revenue and cash flow.
7. Outline Sales model, marketing model and sales compensation framework.
8. Create and execute sales training program to educate sales resources on market & approach.
9. Create 30 / 60 / 90 / 365 Day market penetration plan.
10. Create and execute customer service and operations plan to ensure readiness.
11. Define market, define target client profile, and create initial target list,
12. Define client acquisition plan.



Strategy:

- Create a hybrid business model that allows us to transform the business into a recurring revenue friendly entity.
- Create and fund a dedicated Cloud Tiger Team to acquire net-new logos to ensure we don't falsely erode current pipeline.
- Don't disrupt our pre-existing Commercial Sales Team, however, reward them on new sales opportunities – where appropriate.
- Create a sales compensation framework that ensures subscription-based recurring revenue pipeline and opportunity build.
- Focus on one-to-many sales relationships via in-bound marketing investment – focused on regional manufacturers.
- Focus intently on our go-to-market (GTM) strategy and make packaging and pricing a core competency within <D&H Partner Name>.
- Focus on Microsoft Office 365 (O365), Microsoft 365 (M365), the Azure Stack and Azure from D&H Distributing.
- Develop several complementary D&H cloud-based services that are aligned around our core legacy competencies.

Objectives:

- Create marketing plan that will introduce <D&H Partner Name> to 100 regional manufacturers by August 30, 2018.
- Acquire ten (10) new clients exiting Q4FY18.
- Acquire twenty-five (25) new clients exiting Q2FY19.
- Generate \$400K in net-new revenue bookings exiting Q2FY19.
- Generate \$80K in gross profit \$'s exiting Q2FY19.
- Create pipeline of \$2.5M in revenue / \$1M in GP\$ exiting Q4FY19.

Goals:

- Increase Commercial Sector business via Microsoft Office 365 (O365), Microsoft 365 (M365), the Azure Stack and Azure.
- Enter Manufacturing vertical and create a cloud beachhead and enhance brand becoming prominent Cloud Managed Service Provider within our regional footprint.
- Sell complete solution-sets that encompass all components of our business lines with Microsoft cloud solutions at the core.

Measurements:

- New client acquisition rate of... per month
- Revenue contribution of...
- Gross Profit contribution of...
- Commercial Sector increase of...

Company Overview:

In business for over twenty (20) years, <D&H Partner Name> sells, installs, and supports comprehensive outsourced IT solutions for mid-sized and small businesses. Headquartered in San Jose, CA, our twenty-one (21) associates serve in over two-hundred (200) clients in the region.

With annual revenues of over \$10M, we have established a solid and reputable business providing our customers with the network, compute, storage and data protection infrastructures they need to remain relevant and competitive.

Broadly speaking, we believe our cloud solution-stack will consist of offerings which mirror our traditional approaches to providing on-premise solutions. Our proposed cloud solution-stack will be comprised of the following:

- Cloud Readiness Assessments, which identify how a customer might best leverage the benefits of the Cloud, and provide a detailed roadmap to achieve them, including the economic impact Cloud adoption would have on their business.
- O365 and M365 design, implementation migration services and managed services focused on Microsoft's O365 and M365 e-mail and collaboration suites. This will include Exchange, Mailbox, and Server Migration, which implements the Cloud roadmap defined, ensuring value is delivered and full business benefits realized.
- Microsoft Azure infrastructure-as-a-service (IaaS) solutions that will position us to assess the viability of moving on-premise workloads to the cloud. Our services will include the assessment services outlined above as well as leveraging our design, implementation and migration capabilities. In addition, we will provide cloud managed services as depicted below within this practice area.
- Microsoft Cloud Managed Services, which provide ongoing support for desktops, devices, applications, and workflows migrated to the Cloud. Specifically, we will create packaging and pricing for O365, M365, Azure Stack and Azure solution-stacks.
- Application Virtualization, which shifts key business applications to the Cloud, delivering far superior scalability and flexibility while lowering ongoing maintenance costs.
- Business Continuity and Disaster Recovery-as-a-Service solution(s) will be constructed and provided via our Microsoft Cloud Managed Services to ensure proper operations and management of our customers critical data and information resources. We look to leverage our current on-premise expertise to create a balanced profit composite of one-time revenue (OTR) and subscription-based monthly recurring revenue (MRR) to aid in our transition to a hybrid business model.

Target Market:

Over the past twenty (20) years, <D&H Partner Name> has worked extensively with and developed knowledge of the unique business challenges faced by manufacturers, distributors, professional services organizations, and field services operators. We intend to begin our cloud and subscription-based recurring revenue journey by focusing upon our largest vertical – manufacturing.

As we refine and expand our digital capabilities, we'll fully leverage this expertise going forward, as customers expect industry-specific, out-of-the-box solutions in the Cloud.

Specifically, this provides <D&H Partner Name> with a total addressable market of roughly 5,200 companies that meet our minimum annual revenue thresholds we have identified as suitable to our overall objectives and the strategy we've defined.

Summary:

<D&H Partner Name> has performed initial due diligence and performed an assessment of our current readiness posture as it pertains to creating a truly profitable and sustainable subscription-based recurring revenue business that overtime will strengthen our overall business worth and valuation.

With that said, we understand there is still many decisions, activities and investments that must be made in order to create the hybrid business model required and establish a culture and sees subscription-based revenue on par and in the same light as our traditional transactional business.

Change is hard and disruptive, but we are committed and determined to make the moves necessary to capture the growing subscription-based opportunities that exist within our marketplace.

The remainder of this plan will focus on the activities necessary to achieve our strategic objectives. The areas of focus will include:

- Business Model → structure and alterations required...
- Financial Model → model and track progress...
- Sales Model → structure and sales compensation
- Marketing Model → establishing a hybrid marketing model (inbound | outbound) ...
- Go-to-Market → packaging and pricing...
- Operational Model → people, process and systems...

Bud Miller is the owner of our entry into the cloud and subscription-based recurring revenue marketplace.

The 30 | 60 | 90 | 180-day activity register is included below. Please note that activities are examples and may not be correctly sequenced or appropriate in the timeline provided.

30 Day Plan:

Item #	Activity	Description	Owner	Due Date
1	One-Page Business Plan	Refine and complete strategy and scope of outline so the document can be used to internally communicate our subscription-based recurring revenue intentions and update this plan accordingly.	Bud Miller	7/17/18
2	Strategy	Review current strategy – refine and finalize based on meeting with Leadership Team. Organizational Change and Culture should be considered prior to lock-in and go.	Bud Miller	7/17/18
3	Unique Value Proposition	Craft formal definition of our value proposition. From this formal definition, we will then craft a simple and compelling “elevator pitch” statement that can be used to describe our business to any new prospective client.	Greg Syer	7/17/18
4	Cloud Tiger Team	Identify internal candidates that have solid cultural fit and are ascending in their skills and impact with <D&H Partner Name>. Focus on AM BDR Architect.	Al Norm	7/25/18
5	Financial Model	Establish initial financial model based on cloud blueprint. Model shifts in revenue, gross profit and cash flow. Continue to add activities to 30 Day Activity Register	Bit Coin	7/25/18

60 Day Plan:

Item #	Activity	Description	Owner	Due Date
1	Sales Model	Define and create sales model that will ensure that new subscription-based business will have the support and resources required to succeed.	Al Norm	7/25/18
2	Individual Sales Plan	Define and create a sales compensation plan that will drive initial pipeline build, sales qualified leads, develop opportunities and client acquisition approach and objectives.	Al Norm	7/25/18
3	Marketing Plan	Create inbound marketing framework that will build cloud brand, attract latent buyers and allow for increased velocity of building pipeline and creating marketing qualified lead. Incorporate and leverage existing outbound foundation.	Lori Koch	8/5/18
4	Ideal Client Profile	Define the characteristics of the ideal customer for our cloud managed services Microsoft solution-stack. This will provide the foundation for qualifying prospects and identifying business opportunities.	Lori Koch	8/5/18
5	Perform Sales Training Event	Work with D&H Distributing to establish training to educate sales on Microsoft O365, M365 and Microsoft Azure solution-set. Continue to add activities to 60 Day Activity Register	Al Norm	8/15/18

90 Day Plan:

Item #	Activity	Description	Owner	Due Date
3	Identify four (4) new clients who will commit by 3/31/18.	Bring in four (4) new clients who are committed to our Microsoft cloud solutions and will upgrade their core infrastructure utilizing the cloud consumption model.	Subscription-based Tiger Team	9/1/18
2	Client List	Acquire manufacturer list and review with key cloud partners – D&H Distributing and Microsoft to uncover high-value prospects based on existing relationships.	Lori Koch	9/15/18
3	Attend Regional Manufacturing Events	Increase awareness and branding of <D&H Partner Name> as go-to Cloud IT Solutions Provider to Manufacturers within our selling areas and coverage footprint.	Lori Koch	9/31/18
4	Cloud Readiness Assessment	Create structure and framework that will allow for One (1) Day Cloud Readiness Assessment focused on Microsoft's Cloud solution-stack. Outcomes should include O365 M365, Microsoft IaaS and DRaaS solutions.	Butch Cassidy	9/31/18
5	Solution-sets & Bundles	Create other cloud solution-sets based on five (5) core services outlined on Page 4 of this plan. Continue to add activities to 90 Day Activity Register Continue to add activities to 180 Day Activity Register	Jeff Koester	9/31/18

180 Day Plan:

Item #	Activity	Description	Owner	Due Date
1				
2				
3				
4				
5				
6				
7				

Again, please note that we have not tried to correctly sequence or align exact timelines in our activity examples, rather, our intent was to provide solid examples of activities that should be considered in crafting your own comprehensive plan that is in alignment with your organizations ability to pivot and move at its preferred pace.

Remember, you want to build a new business and revenue streams that does not inadvertently disrupt your core business. A solid plan, properly sequenced is the answer to managing the journey on your terms and timeline.

In closing, this plan and its approach is appropriate for defining your strategy and outlining the activities to move ahead briskly in accelerating your journey to a subscription-based recurring revenue friendly business model. If you are considering, as an example, external funding this plan would have to be augmented with several other pieces of information.

Appendix A:

Insert Three (3) Year Recurring Revenue Financial Plan Here