Growth: A Strategic Planning Session

Michael Diamond, Industry Analyst

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About The NPD Group

Channel insights, market trends, scorecards, sales opportunities and pricing optimization

Data from more than **2000 brands** across **250+ categories** in the B2B tech space

Distribution sales information in **Canada**, **U.S.** and **Mexico**

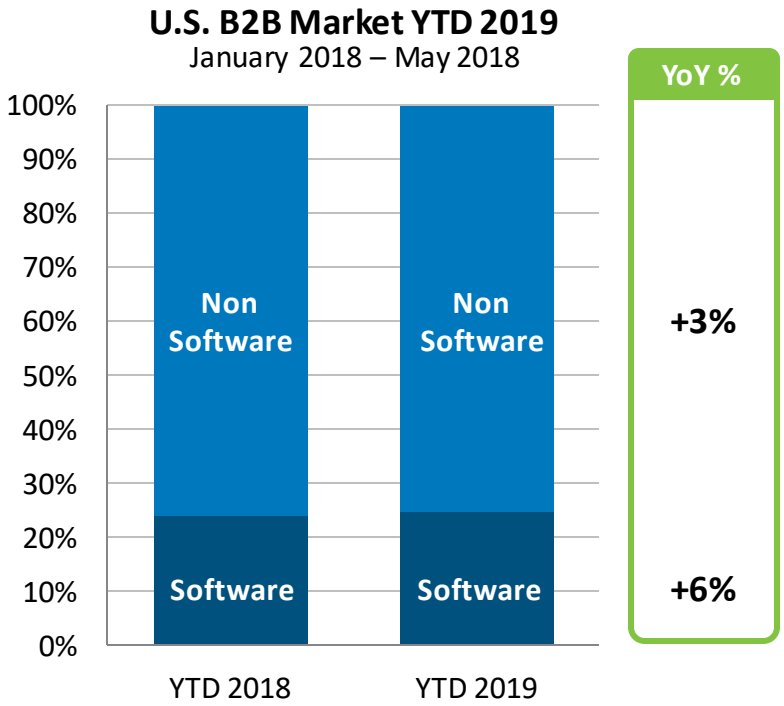
Reseller Tracking Service information in the **U.S**.

Here’s What You Can Expect

1. Overview of the strategic planning process
2. Total available market sizing
3. Tracking market forces impact on the solution provider business
4. Finding market adjacencies to transform the business
5. Understanding the multi-dimensions around the customer innovation
6. Use M&A to strengthen talent-acquisition strategies

B2B IT GROWTH PLANNING

A Look at the Channel

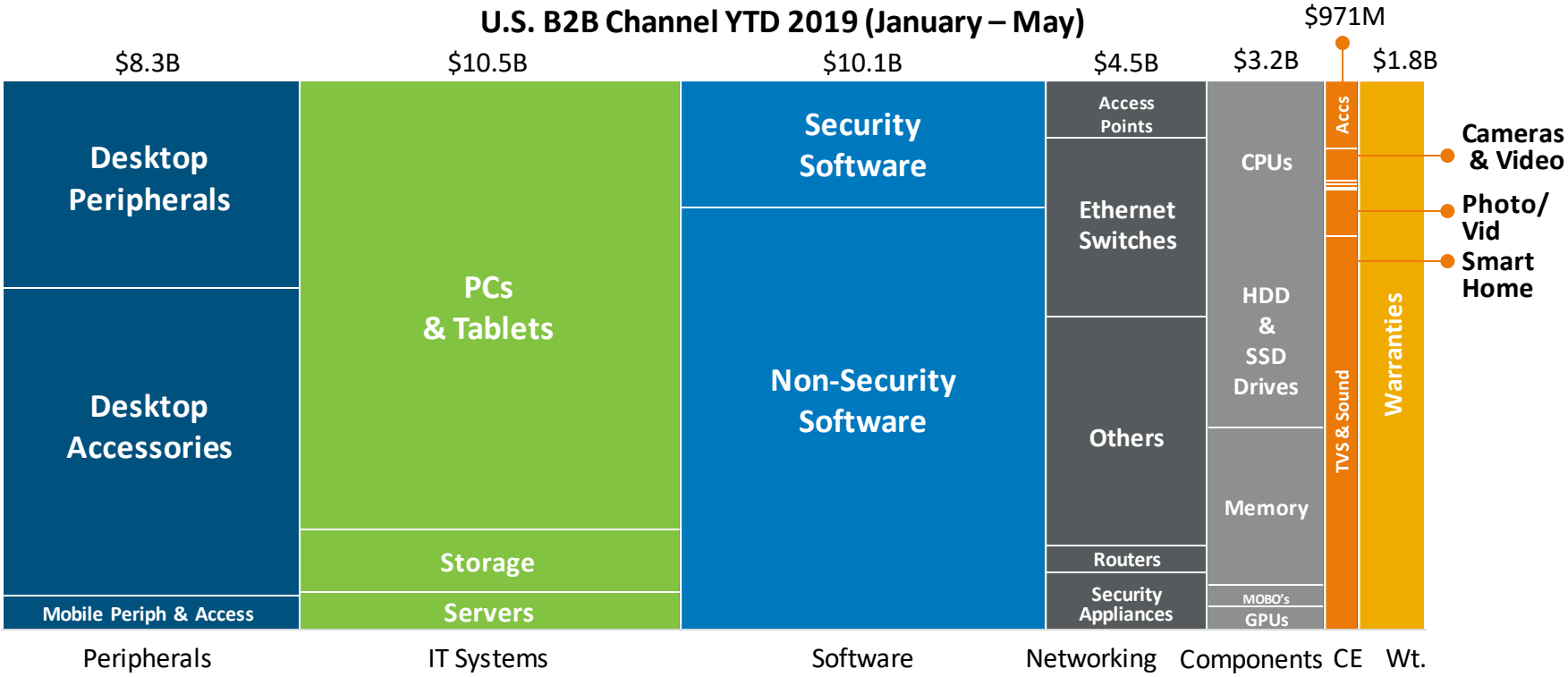


The overall market grew from $33B YTD 2018 to $35B YTD 2019 or a 4% year-over-year growth rate

- Non-Software represented 75% of revenues and grew 3%
- Security software represented 25% of revenues and grew at 6%

Source:The NPD Group/Distributor Track and Reseller Tracking Service, Jan-June 2019 vs. Jan-Jun 2018

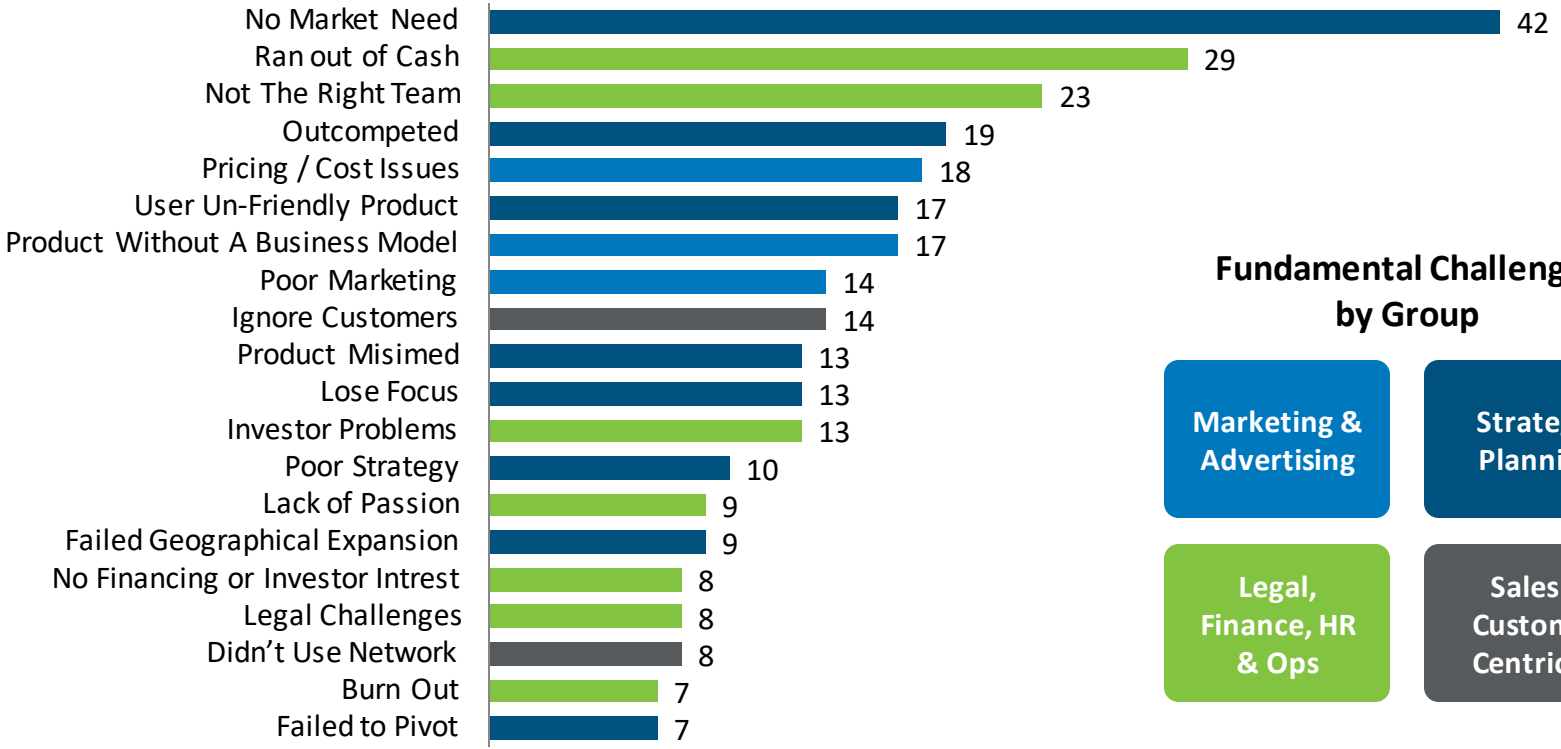
Deep Dive into B2B Tech Categories



Source: The NPD Group/Distributor Track and Reseller Tracking Service

WHY DO BUSINESSES FAIL?

Top 20 Reasons Businesses Fail



Fundamental Challenges by Group

- Marketing & Advertising
- Strategic Planning
- Legal, Finance, HR & Ops
- Sales & Customer Centricity

Source: Lending Tree Survey

STRATEGIC PLANNING PROCESS

The Strategic Planning Process

1

Key Intelligence Topics

2

Planning & Research

3

Plan Development & Creation

4

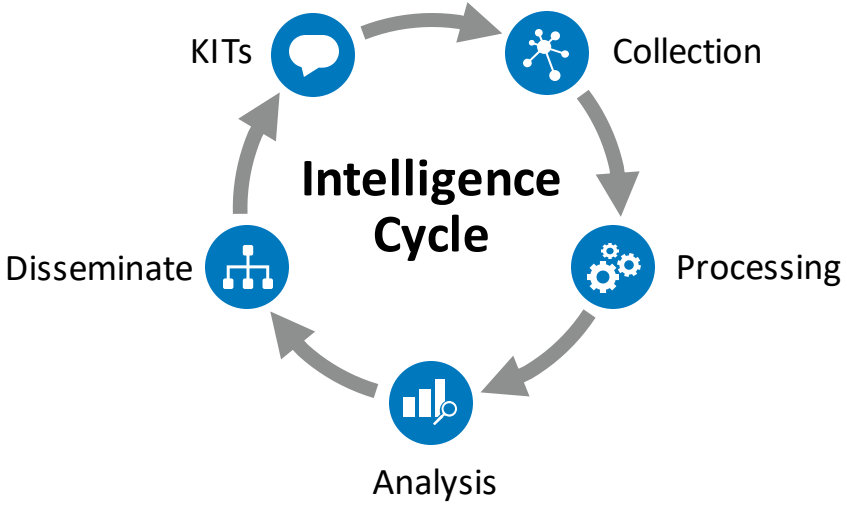
Socialize & Operationalize Plan

KEY INTELLIGENCE TOPICS

Breaking Down the Intelligence Cycle

Key Intelligence Topics (KIT)

KIT 1	Impact of Amazon?
KIT 2	Do I have the right product mix?
KIT 3	What is the impact of the trade war?
KIT 4	Will my vendor bypass my business with cloud?
KIT 5	How will IoT & Edge change my business?



Always Vision the Nirvana Scenario

Key intelligence example / war game

Major	Entanglement	Nirvana	
Apple	Connected home	Nielsen	Snapchat
Google	Connected car	Netflix	Facebook
Amazon		Verizon	MGM
Alibaba.com	Smart phone/mobile	Dun & Bradstreet	Proctor & Gamble
Microsoft	Cloud	Nestle	Vons
Tencent		iTunes	iBooks
Facebook	Smart TV/Streaming	Ticketmaster	Receipts

Will Amazon Disrupt the Business-to-Business Market?

1. **Moved into MRO & office supplies**
2. **AWS market share leader—IaaS, PaaS, etc.**
3. **Increasing own delivery fleet**
4. **Could acquire a distributor or national solution provider**

Actions

Brick-and-mortar retailers have moved further into B2B

National solution providers are consolidating the market

Amazon continues to embrace the B2B market / channel

SELF-ASSESSMENT & RESEARCH PHASE

Typical Reseller

1 Strengths

- Local level expertise versus key rivals
- Strong technical team with multiple certs
- Strong management team / deep bench
- Deep expertise in the healthcare vertical market
- Strong inside sales team

2 Weaknesses

- Non multi-regional presence
- Locked into one technology or one or two vendors
- Minimal access to capital
- Business development & sales expertise
- Mix is heavily weighted towards hardware

3 Opportunities

- Multi-regional expansion
- Move into near adjacent categories
- Grow business development resources tied to key industries
- Acquire or partner with similar resellers
- Shift towards MSSP

4 Threats

- Telecom channel moving into the B2B market
- Amazon moving into the B2B market
- Economic slowdown
- Vendor's moving direct bypassing the channel
- The shift to cloud diluting hardware sales

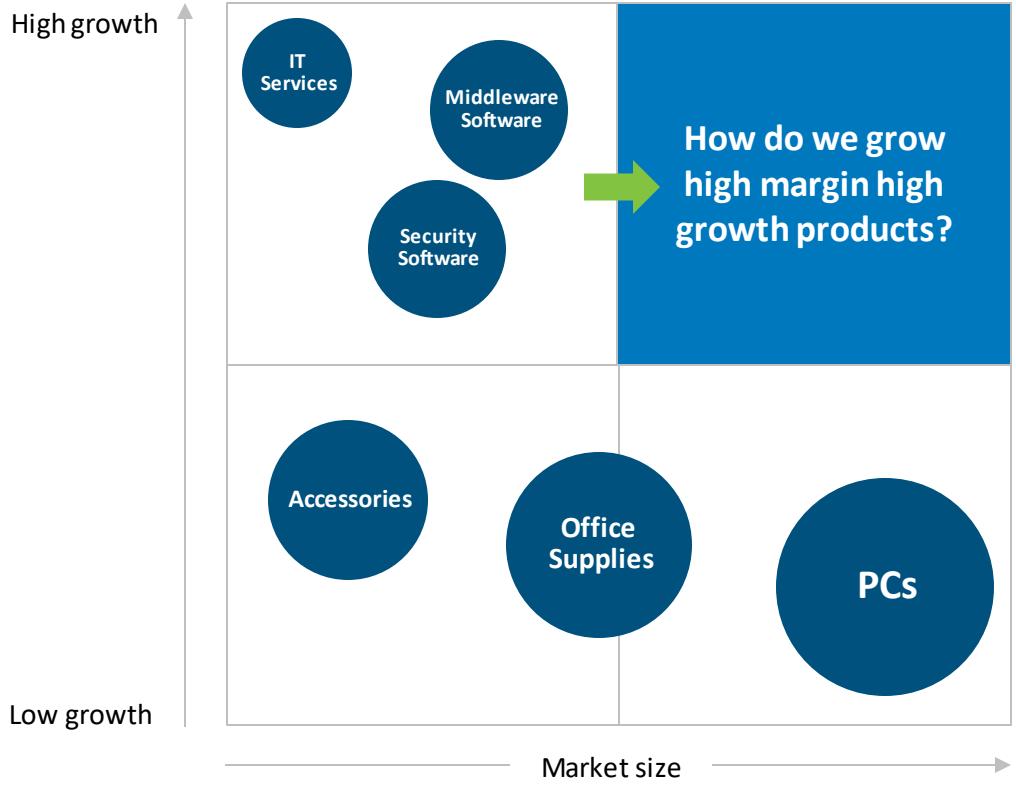
Maximizing Portfolio Optimization

All firms we speak with are constantly evaluating their portfolio mix

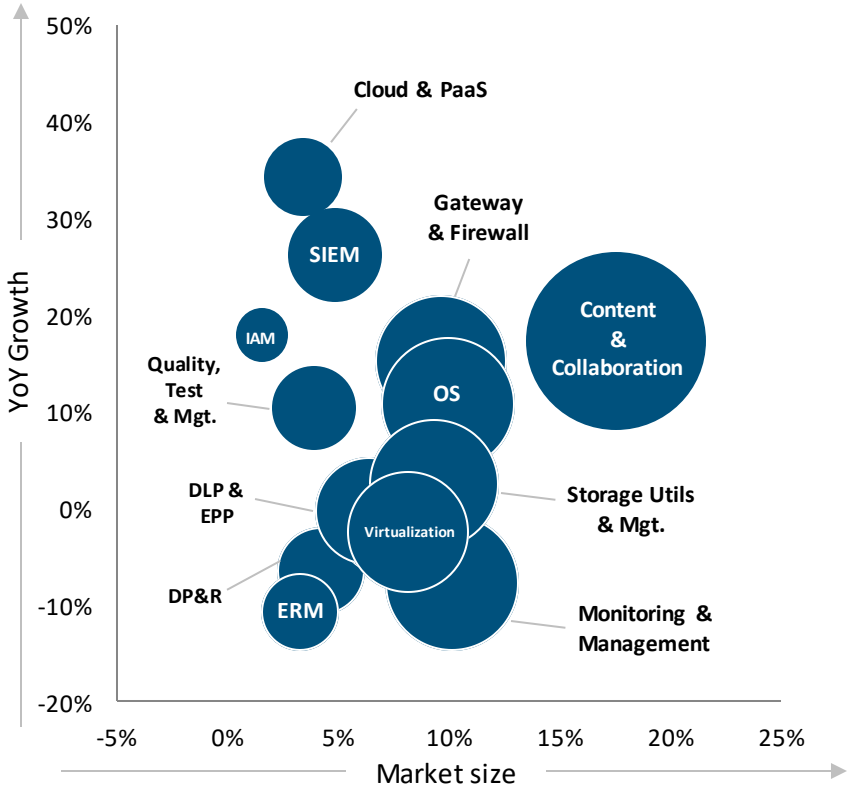
Certain products will generate cash flow that are large and high volume

Certain products will be higher growth and higher margin

How do you grow high growth/ high margin products



U.S. B2B by High Level YTD 2018 vs. 2019



Cloud Infrastructure & Platform-as-a-Service led growth at 34% and had 3% of the total software market

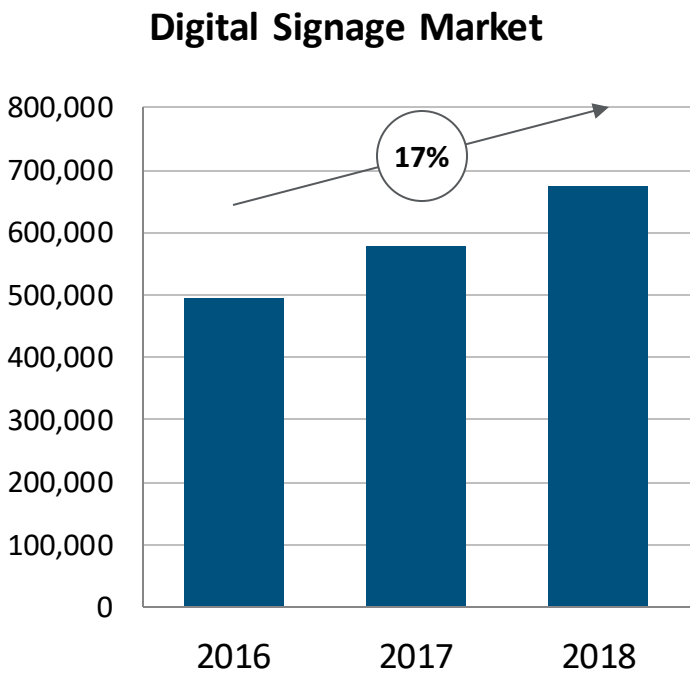
Security Information & Event Management (SIEM) grew at 26% and had 5% share of the total software market

Identity & Access Management grew 18% and held 2% of the total software market

Source: The NPD Group/Distributor Track and Reseller Tracking Service

PLANNING & RESEARCH PHASE

How We Help Guide Our Clients & Partners



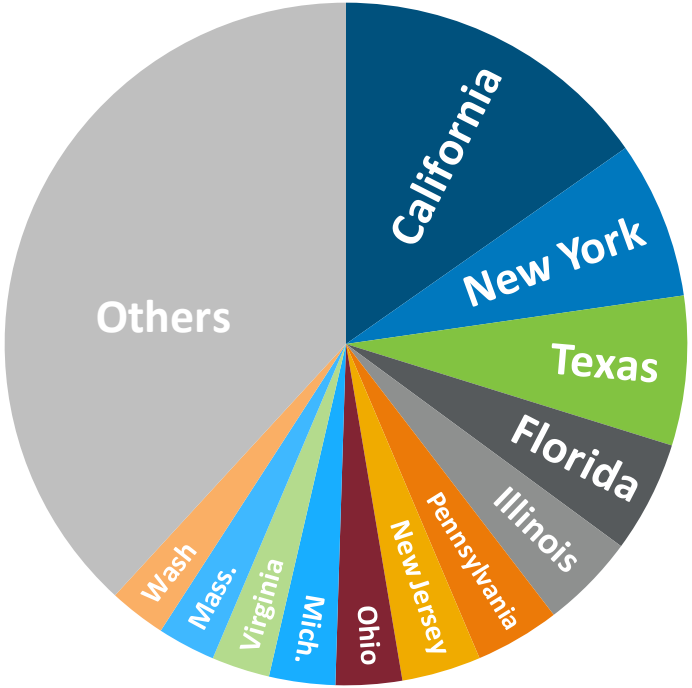
1. Is the market fast growth = **17% CAGR**
2. What is the average selling price = **$1,551.93**
3. Key markets that have longer wait times = **Medical**
4. Average wait time for a dentist = **20 minutes**
5. How many dentists are there in the U.S. = **186,084**

Dentists	186,084	**X**	$1,551.93	**=**	$288,789,342
Eye Care	58,000	**X**	$1,551.93	**=**	$90,011,940
Podiatrists	11,506	**X**	$1,551.93	**=**	$17,856,507
					$396,657,789

Source: The NPD Group/Distributor Track and Reseller Tracking Service

The Impact

U.S. Dentists by State



California	186,084	x	$1,551.93	=	$45,828,492
New York	58,000	x	$1,551.93	=	$22,391,246
Texas	11,506	x	$1,551.93	=	$21,249,025
Florida	11,506	x	$1,551.93	=	$15,865,380
					$105,334,145

Source: BLS

BUILDING YOUR MODEL

Building Your Model–Forecast Assumptions

Market Assumptions	5%

1. How fast Is the market projected to grow (e.g., NPD Forecast)?
2. How is the overall U.S. economy tracking?
3. Are the end markets healthy?
4. Do I have the right sales coverage / talent?

	2019	2020E	2021E	2022E	2023E	2020–2023 CAGR %
Sales	$2,000,000	$2,100,000	$2,205,000	$2,315,250	$2,431,013	5%
Y/Y%	N/A	5%	5%	5%	5%	

MICHAEL DIAMOND

Industry Analyst, B2B Technology
The NPD Group

@NPDTech
michael.diamond@npd.com
@TechFuturist

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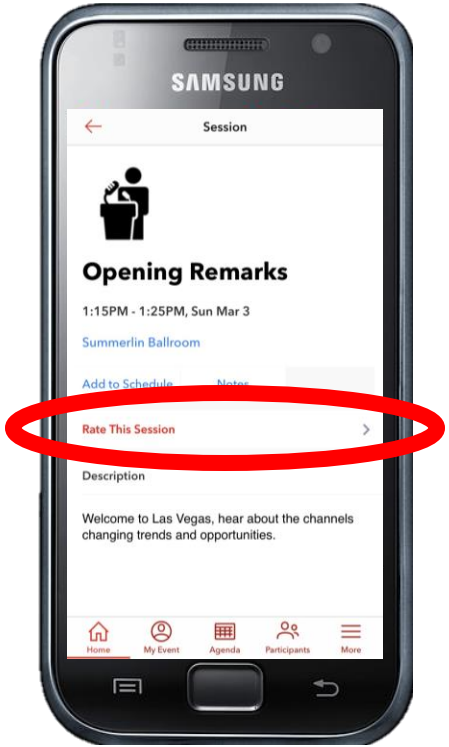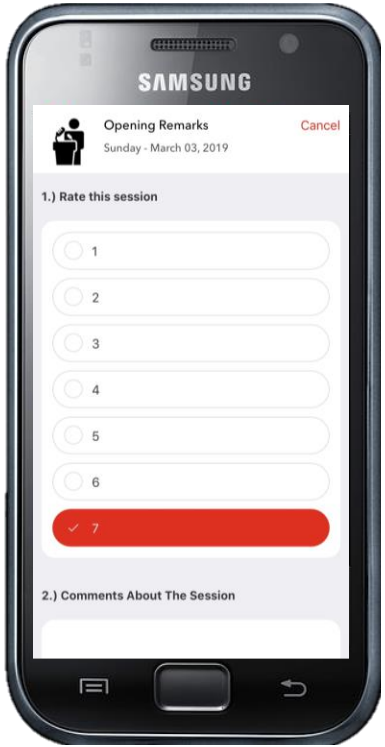
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