

INSIGHT Portfolio Group

Program for IT Cost-Out with NET(net)

- <http://www.netnetweb.com/private-equity>
- <http://optimize.netnetweb.com/ipg-investments-and-netnet-fmi>

Who is NET(net)?

We are Dealmakers (Brokers)

- Specialize in Commercial and Contractual Negotiations
- Focus on Performance Management of the Technology Supply Chain

Category Experts in IT Optimization

- Full Service IT Provider (What, How, and Do) and Tactical » Strategic
- Help Clients Save 33% on Average Savings
- Detailed Federated Market Intelligence (FMI) on over 8,500 Suppliers

Run as a Technology Enabled Business Process-as-a-Service

- Powered by WIN(win)™ for Strategic Supplier Lifecycle Management: Adaptive/ Full Scope/ High Quality/ Continuous Improvement

Offer Frictionless Business Model

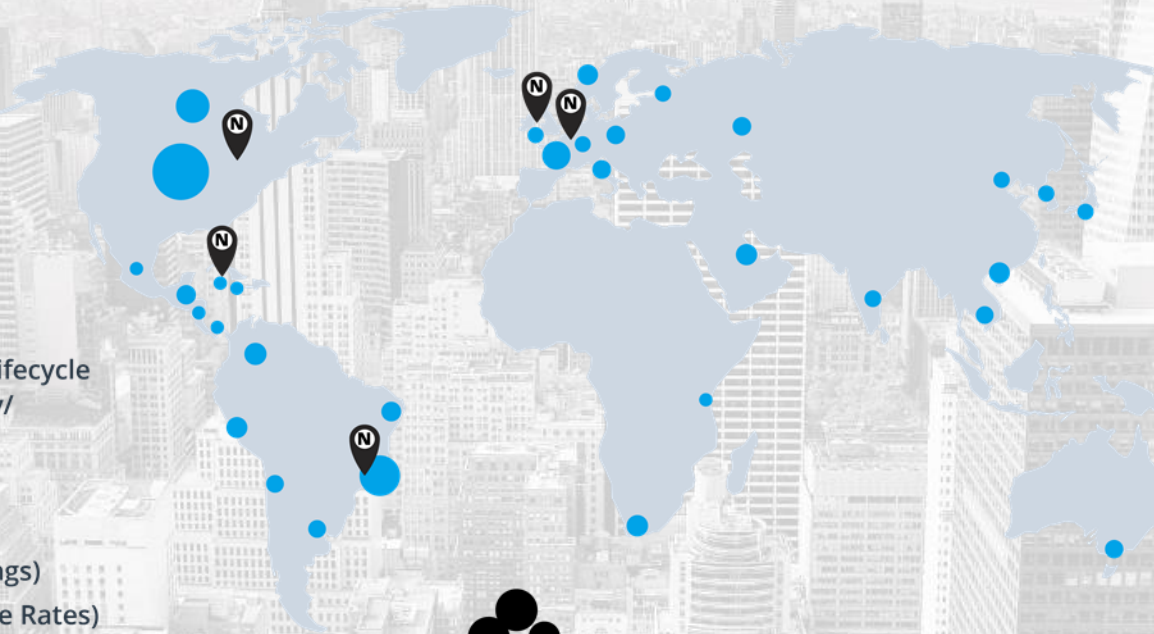
- Heavy PERFORMANCE Focus (Cover Fees in Savings)
- Gain Share for Shared Rewards (Small Gain Share Rates)

Leadership Team:

Steven Zolman, Founder and Chairman
Kelsey Le, President and CEO

Michael Welsh, SVP Value Creation
Tjeerd Edelman, SVP Professional Services

Global Company with Clients in the Americas, EMEA, and Asia-Pac with Offices in Five Countries



NET(net) Offices



Client Concentration

SME's Avg. 25+ Years of Experience Each

Founded in 2002

100% Client Advocacy

\$250B of Resulting Client Value Captured Since 2002

2,500+ Global Clients

\$0 Taken from Technology Suppliers

25k Field Engagements



Americas, EMEA, APAC
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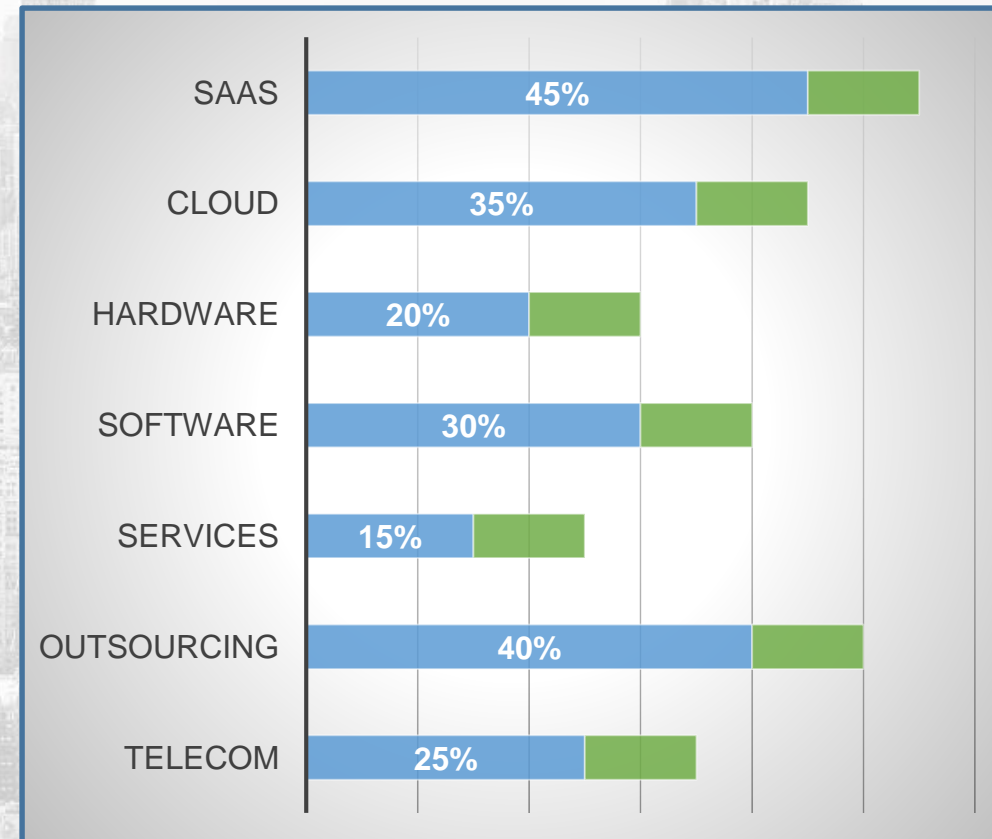
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How well we perform

Average Savings in the Top Seven spend categories in IT

84% of NET(net) deals fall in the savings ranges identified in these categories:

51% in the dark blue (average)
33% in the green (stretch)



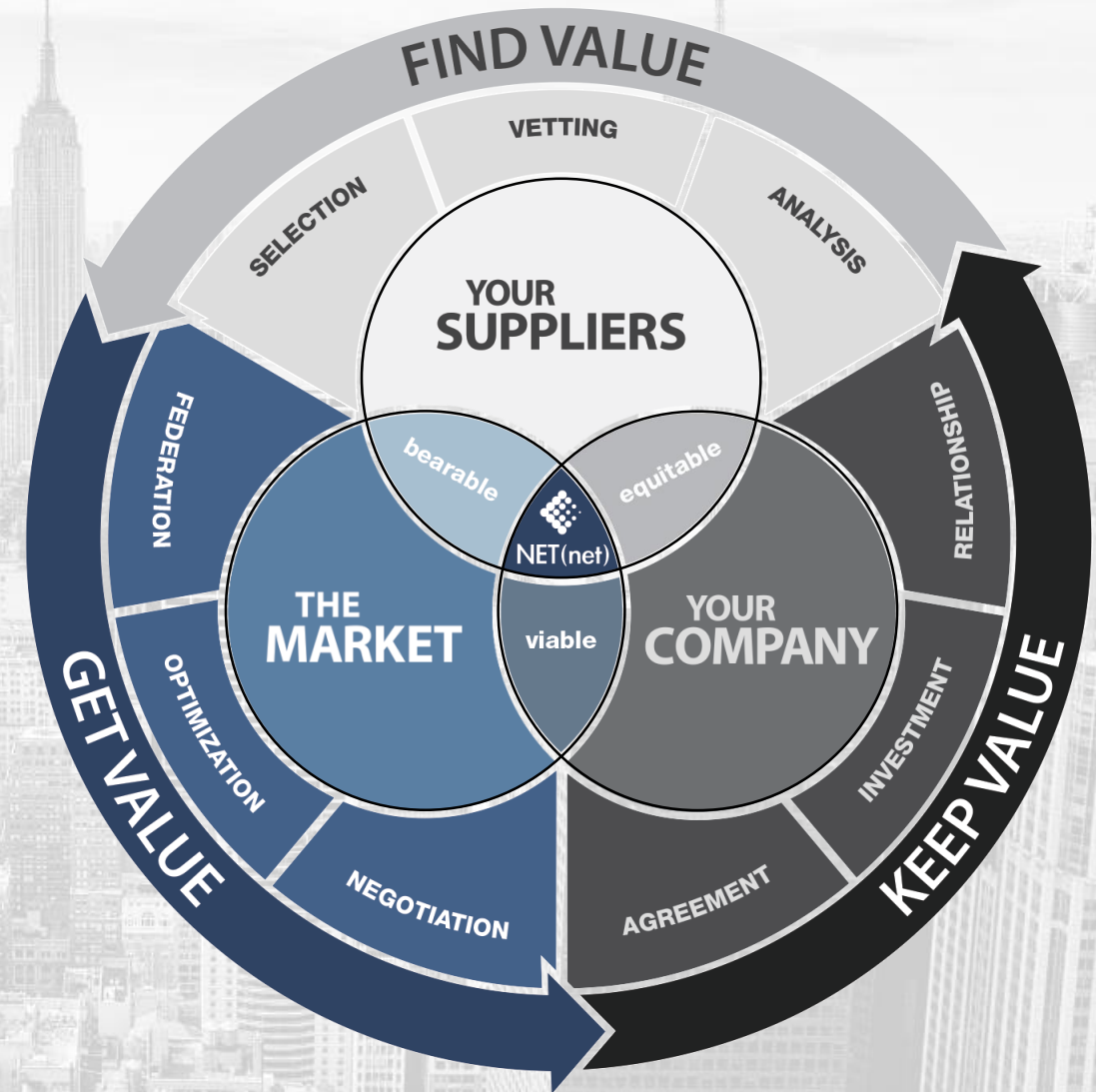
NET(net) study of 504 client opportunities conducted from Jan 2010 – Dec 2015.

HOW WE WORK

Find Maximum Value in your IT Supply Chain through Market Analysis, Social Vetting, and Disciplined Supplier Selections.

Get Optimal Value through Federated Intelligence, IT Optimization, and Contract and Supplier Negotiations.

Keep Value in your Company through Supplier Performance Management of your Agreements, Investments, and Relationships.



Times To Engage in Supplier Assessment

Reactive

1. Business restructuring or corporate reorganization (M&A/divestitures)
2. Disruption of a key technology supplier
3. Supplier dispute / audit
4. Implementation challenges or low KPIs
5. Business needs sourcing assistance with market analysis, supplier fit, selection and negotiation
6. Business or customer requirements drive urgent purchases

Planned

1. Review / Benchmark overall spend
2. Forward budget revisions
3. Business transformation planning
4. Major technology investments
5. Annual maintenance and support renewals
6. Upcoming mid-term rate review or benchmarking provisions
7. Validate current providers against emerging providers

INSIGHT Portfolio Group

IT Investment Services Optimization

Engagement Process

Americas, EMEA, APAC

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Critical Success Factors

- ✓Executive Sponsorship
- ✓Expectation Alignment
 - Success Criteria Defined Upfront
- ✓**“One Team”** Mindset
 - Mitigates potential competing values
- ✓Effective Engagement Management and Communications
- ✓Efficient Management of Resources
 - Active participation in cross functional areas
- ✓Team Responsiveness
- ✓Timely & Thorough Data Collection and Analysis



Engagement Options

NET(net) can support value creation from IT Suppliers in many ways. From Benchmarking based upon best-in-market pricing, to assistance with single-supplier negotiation, to our most strategic multi-year “vested” programs.

You should anticipate 3x to 5x Savings NET of Fees.



Using the Right Model for the Situation

Strategic Supplier Optimization and Negotiation

- Size +\$300K/Yr.
- Critical new relationship with complexity, potentially with add-on of services for implementation.
- Critical to “get it right” and mitigate risk.
- Drive to a rapid deal completion
- Full Optimization and Negotiation Engagement with proactive development of negotiation strategy, leverage, and advising for best value.

Smaller Sized Deals Price Benchmark Report(s)

- Size under \$300K/Yr.
- Size may not justify a full scope engagement
- Knowing the pricing is key to best results for self-negotiation by IT or Procurement.
- OPTION to ask NET(net) to assist with direct negotiations after custom Price Benchmark Report is delivered.

Preferred Program Terms: Single Supplier

Upfront non-billable, high-level opportunity diagnostic of Target Supplier

Scope: Single Supplier Optimization Engagement

Gain Share: 18% Gain-share Fee for Term of Savings

- After \$3M savings, IPG Member keeps 100% of savings (fee cap)
- Paid via single payment at completion of engagement
- **Mininum (Cancel) Fee:** Should project be started and later cancelled or put “on hold” a minimum engagement fee of \$20,000 is due

Note: Alternatives are available, such as a fixed Fees for Service if Gain-Share is not desired as engagement model for IPG Member.

Strategic Model for Multiple Suppliers

Scope – Multiple Suppliers over 3-year cost-out cycle

Persistent to achieve greater cost-out & long-term plan

- Adding “Find Value” and “Keep Value” to maximize total value capture

Monthly Service Fee that is **RECOVERED** from Savings **BEFORE** Gain-Share

Gain-share Rate is reduced <18% based on scope.

Amortization: Financial option to spread Payments over time (amortization)

(e.g., Spread costs rather than one-time payment at end of negotiation)

Added Services: Includes added hours allocated for advisory work

- Strategy, sourcing, supplier management, contract management

Addition of WIN(win)™ to provide capabilities for strategic supplier management

- Goal: Achieve higher overall savings, faster with improved economics

Standard Engagement Process

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Simplified Process (Find Value)

1

Baseline

Determine how much you are actually spending & capture in our WIN(win) platform

2

Benchmark

Compare your spend to similar clients with similar demographics and metrics

3

Professionally Assess

Get an estimate of the market value of your IT Solution and evaluate the amount of business value you are generating from use

Simplified Process (Get / Keep Value)

4

Optimize (Get)

Right license, right size configuration and bill of materials to impact up-front and recurring costs and exercise contractual rights

5

Negotiate (Get)

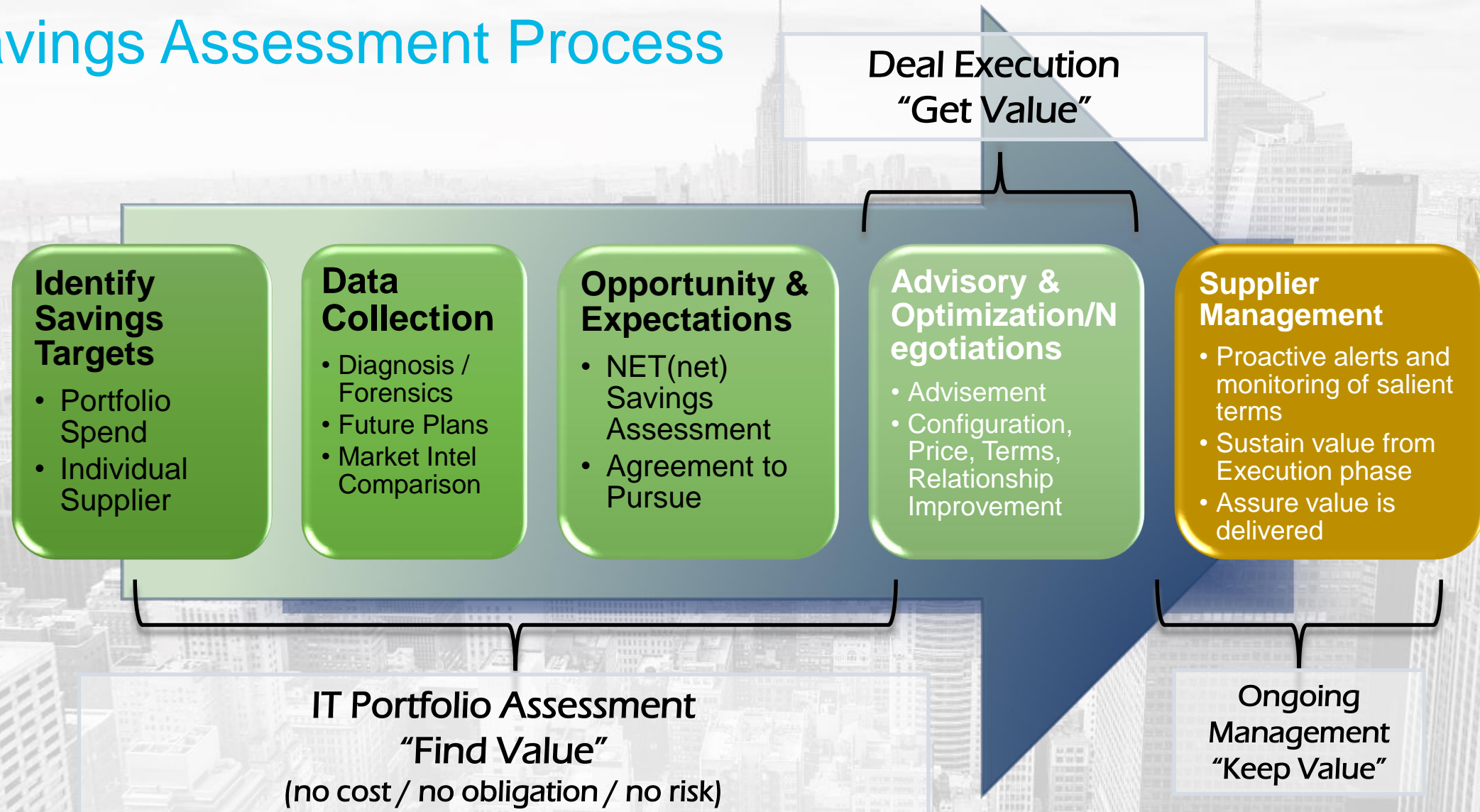
Use Strategic Sourcing best practices and market intelligence to negotiate market optimized deals

6

Manage (Keep)

Post contracting, proactively manage contract, financial, and relationship elements for Supplier Performance Management

Savings Assessment Process



Full Spend - Find Value Process

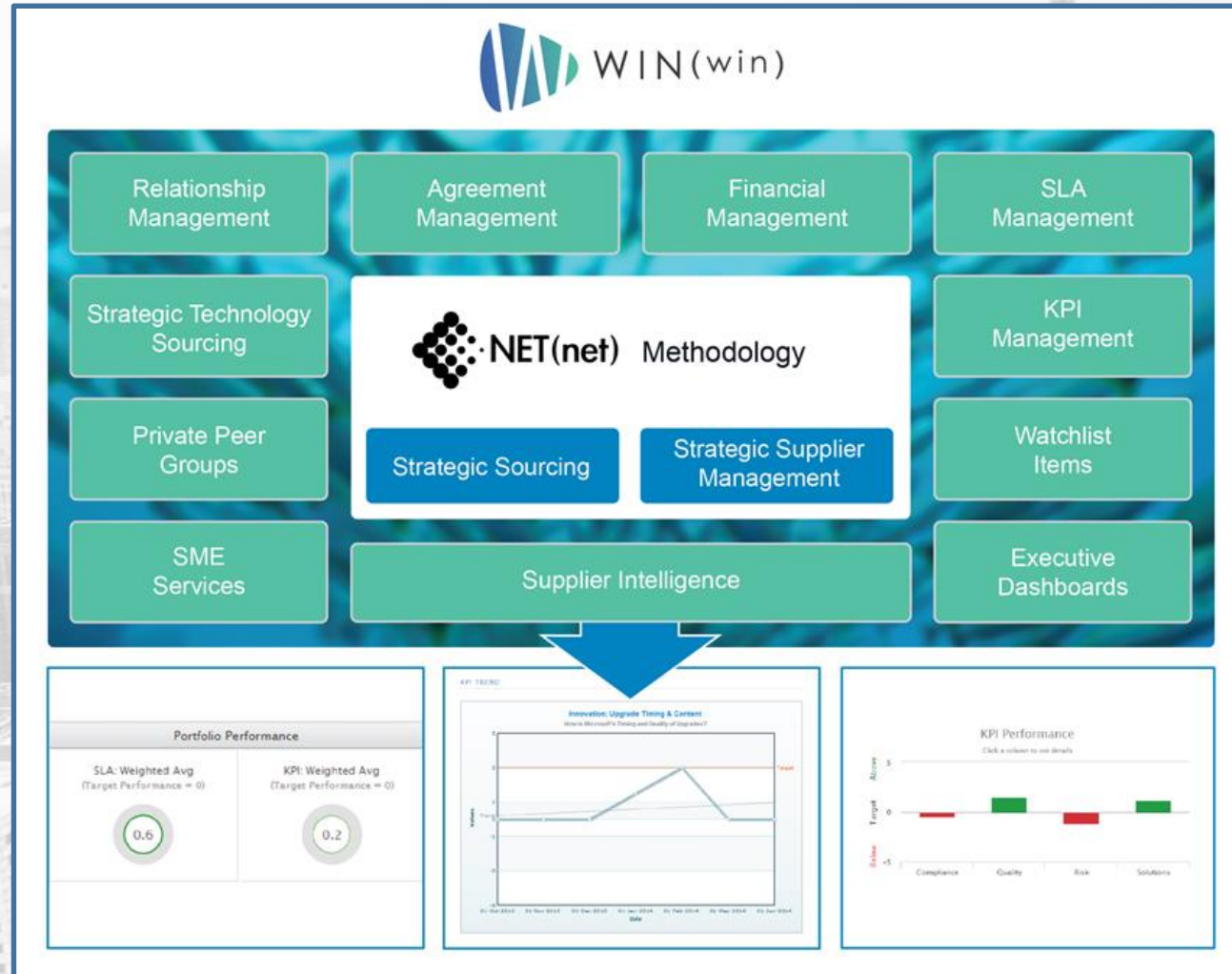
Report on:

- ✓ 100-day plan
 - ✓ Quick Wins
- ✓ 3-year plan
 - ✓ Prioritized Opportunities
 - ✓ By Supplier
 - ✓ For Savings Yield
 - ✓ Time to Value

Review of:

- ✓ IT budget (OpEx & CapEx)
- ✓ Historical Supplier Spend
- ✓ Technology Roadmap
- ✓ Plans for New Supplier Investments

WIN(win) : Integrated Technology Enablement



WIN(win) Platform powered by NET(net)

Supporting Procurement's goals to execute sourcing, supplier relationship, and agreement management in a secure SaaS platform.

Streamline IT procurement with best practice management process built-in to WIN(win)

- Rapid ID of suppliers and Rapid RFX process
- Pre-sourcing (6400 suppliers) and RFPs

Built on NET(net)'s methodologies and best practices

- Standard methodology to enable more savings and consistency with your most important suppliers
- Integrated with NET(net)'s Service Delivery Model
- Delivered as a SaaS or TEBPaaS (Technology Enabled Business Process as a Service)

Find Value – Typical Roadmap

Year	Supplier	Timing	Spend	Savings	%	Probability	Yield
2018	PeopleSoft	Jan	\$2.0M	\$1.6M	80%	65%	\$1.4M
	Oracle	May	\$1.2M	\$300k	25%	67%	\$200k
	SAP	Dec	\$2.1M	\$441k	21%	100%	\$441k
2019	Microsoft	Jun	\$1.8M	\$600k	33%	100%	\$600k
	Cisco	Jul	\$400k	\$200k	50%	50%	\$100k
	EMC	Dec	\$1.2M	\$600k	50%	70%	\$420k
2020	Accenture	Aug	\$2.4M	\$1.1M	44%	44%	\$465k
	HP	Oct	\$1.5M	\$300k	20%	75%	\$225k
	IBM	Dec	\$5.0M	\$1.0M	20%	83%	\$825k
			\$17.6M	\$6.1M	35%	73%	\$4.316M

Standard Engagement First Steps

1. Execute an NDA
2. Understand the status of the Portfolio Company (new to Apollo or Planning for Exit)
3. Share budget (OpEx) and new investment plans (CapEx)
4. Execute “Opportunity Assessment(s)” to size the prize / savings
5. Scope out appropriate engagement(s)

Price Benchmarking Program (PBR) Process

**** Small Spend Size Option ****

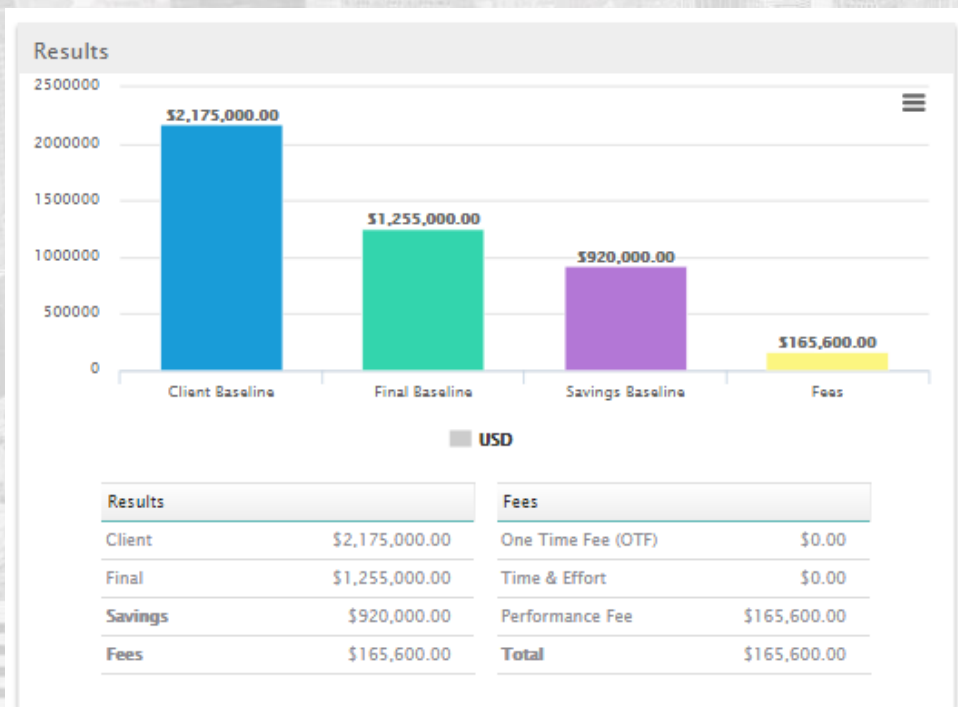
Program: Pricing Benchmark Reports (PBRs)

- Recommended for:
 - NET(net)review of imminent (new or existing) IT Deals with contract values of less than \$300k/annum for pricing and terms
 - NET(net) Pricing Benchmark Report (PBR)
 - Leverages NET(net)'s Federated Market Intelligence (FMI) data on pricing terms, as well as Subject Matter Expertise with specific commentary for the following IT categories:
 - Enterprise Hardware
 - Enterprise Software
 - SaaS
 - Cloud
 - Services
 - BPO / IT Outsourcing
 - NET(net) Analyst Commentary
 - Cost Optimization, Configuration/BOM Review, and other recommendations

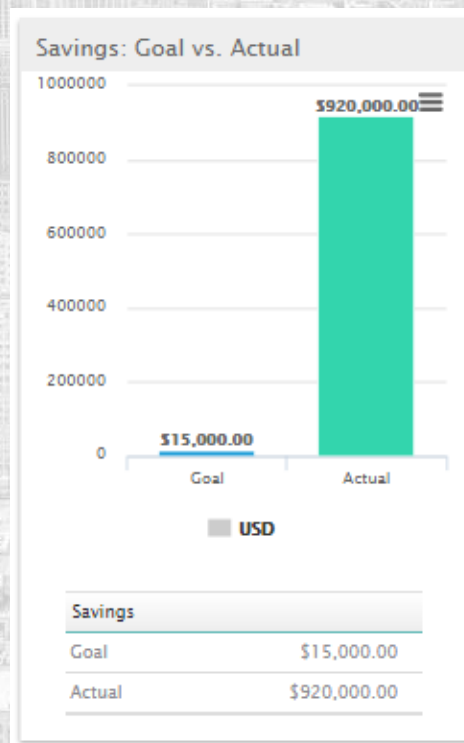
PBR: Detailed Metrics Across All Results

Clear, Concise, Shareable → Actionable

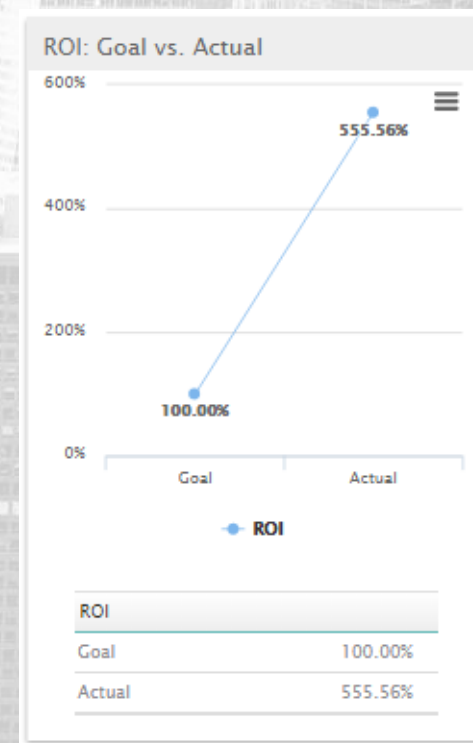
Total Results Quantified? ☒



Savings Goal Met? ☒

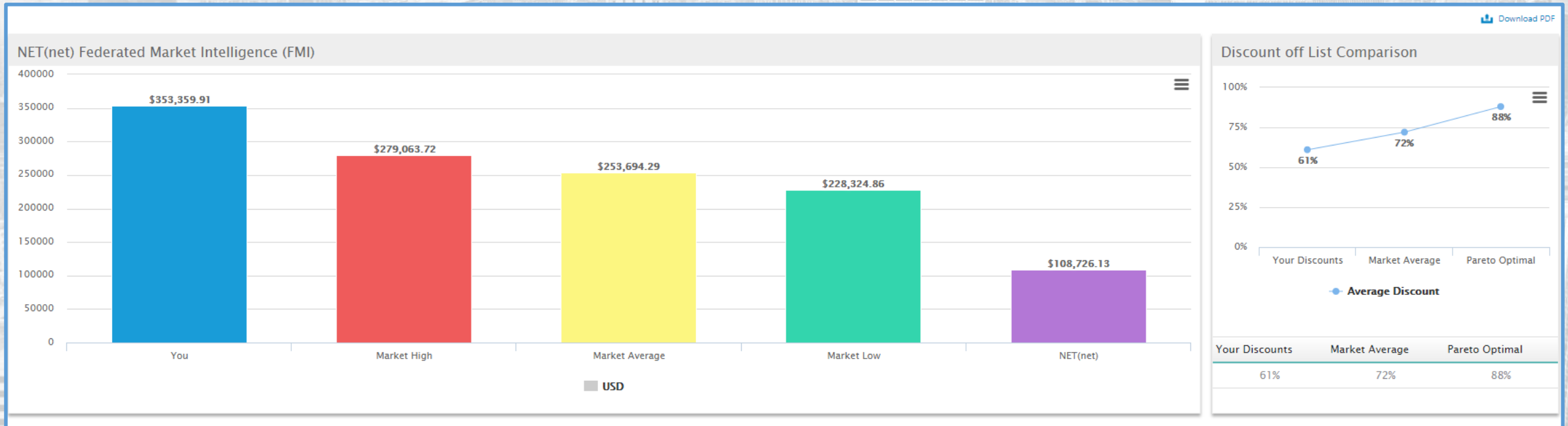


ROI Achieved? ☒



Sample WIN(win)™ Benchmark Report Extract

Immediate answers to what the market is spending compared to your investment and more importantly, what you *should* be spending....



Getting Started with a PBR:

1. Access your WIN(win) Account
 - If you do not have one – sign up:
<https://secure.winwinit.com/base/signup>
2. From Dashboard, click 'Benchmarks'
3. Choose Subscription Option
 - Ad Hoc (1 Benchmark)
 - Subscription (Up to 5 Benchmarks/year)
4. Enter Billing Details
5. Click 'Submit'

SETUP YOUR ACCOUNT

FIRST NAME *

LAST NAME *

COMPANY NAME * Search to see if your company is already in the system. Did you find your company? ☐ Yes ☐ No

Search for the company

PRIMARY SYSTEM ROLE * ☒ Buyer – I am involved with managing supplier contracts and agreements and/or acquiring supplier products and services to meet company requirements.

Benchmarks

PURCHASE A BENCHMARK SUBSCRIPTION

Step 1 - Select a Subscription

	Ad Hoc	Subscription
Entitlements:		
# of Pricing Benchmark Reports (PBRs)	1	5
Fees:		
Monthly Service Fee (MSF)	\$1,500	\$6,500
Gain Share Rate	35%	25%
Find Value:		
Gather and Assess Information	Yes	Yes
Establish Baseline	Yes	Yes
Analyst Call for Context into the Deal	Yes	Yes

Submit

PBR: Next Steps After Request

- Diagnostic call with Company and NET(net) to discuss company initiatives and Top IT Spend
- Finalize NDA & Data Sharing between Company and NET(net)
- NET(net) to complete high level “size of prize” assessment (target identification)
- Based on results of Assessment Report, move into various commercial models
- Execute to Optimization Plan
- Maximize Cost Savings & Value

Case Examples

<http://www.netnetweb.com/testimonials>

Americas, EMEA, APAC

[netnetweb.com](http://www.netnetweb.com)

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Smart Care Equipment Solutions: SAP

Equipment Care business of EcoLab was carved out and formed into a new company, Smart Care:

- NET(net) benchmarked the proposal and identified a range of approximately **20 to 30%** in savings opportunity over a 5-year period using NET(net)'s optimization and negotiation techniques.
- NET(net) engaged channel partner on pricing and terms
- In less than three weeks, completing the negotiation before December 31, 2017, NET(net) was able to achieve total savings and value add of **\$3,176,235.35**.
- ET(net) was successful in negotiating favorable terms in the new license agreement
 - Exchange rights
 - Worldwide access rights
 - Price holds

ROI:
1,740%

Unilateral options to optimize / Salesforce

\$1.225M Savings (66%) per year.

New 3 Year Deal = \$3.675M Savings.

Sub-Optimized Way

- Salesforce.com
- 1000 Users @ Ultimate
- Unlimited Custom Objects
- Unlimited External Data Access
- Unlimited External Application Integration
- Mobile Access for all
- 100 MB storage / user
- 7x24x365 Support
- \$1.85M Annually

Optimized Way

- Salesforce.com
- 1000 Users @ Appropriate Levels
- Limited Custom Objects
- Limited External Data Access
- Limited External Application Integration
- Mobile Access for those who need it
- 20 MB storage / user
- Adequate Support to meet need
- \$625k Annually

<http://www.netnetweb.com/testimonials>

Unilateral options to optimize / Microsoft

\$1.2M Savings (81%) per year.
New 3 Year Deal = \$3.6M Savings.

Sub-Optimized Way

- Device Licensing
- Pro Device License = \$500
- 1 Worker with 3 Devices
 - \$1500 to License
- 3000 Workers
- 9000 Devices
- \$4.5M in licensing

Optimized Way

- User Licensing
- User License = \$500
- 1 Worker with 3 Devices
 - \$500 to License
- 3000 Workers
 - 1000 Pro = \$500
 - 1000 Std = \$250
 - 1000 Ltd = \$125
- \$875,000 to license (81% Savings)

<http://www.netnetweb.com/testimonials>

Unilateral options to optimize / Oracle

\$819k Savings (51%).

Sub-Optimized Way

- Database Licensing
- Per CPU License = \$47,500
- 16-CPU system
 - \$760k license
 - \$836k maintenance (60-mos)
- \$1.596M total cost

Optimized Way

- Database Licensing
- Ent = \$47,500, Std = \$15,000
- 12 – Std, 4 – Ent
 - \$370k license
 - \$407k maintenance (60-mos)
- \$777k total cost
- \$819k in savings (51%)

<http://www.netnetweb.com/testimonials>