CHANNEL LINK

ENABLE YOUR BUSINESS. *ACCELERATE* YOUR GROWTH.

STATE OF THE MARKET FORECAST & OUTLOOK

Traditional Forecast View
3rd Platform
Partner Revenue Mix
LoB Selling to Business Outcomes

MARKET TRENDS
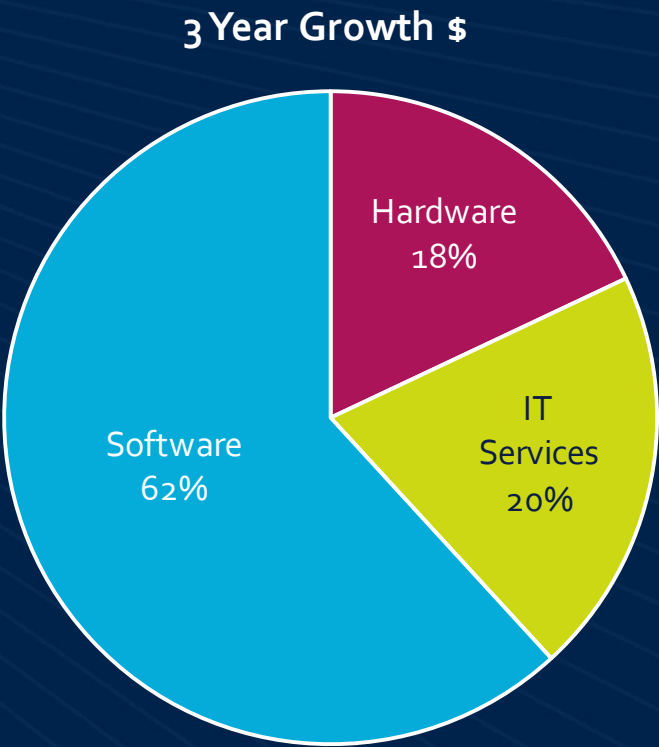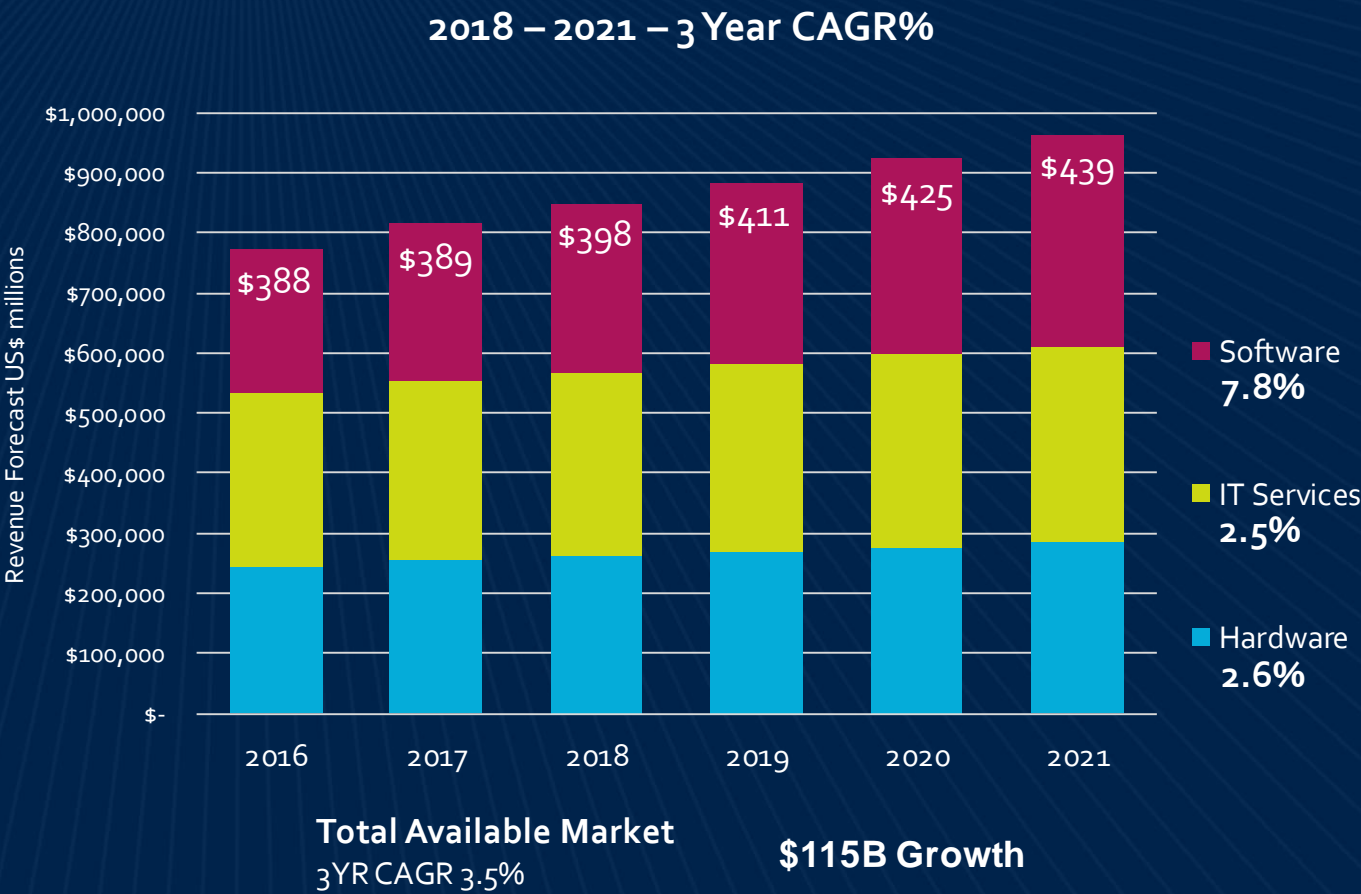
SMB Trends

2ND PLATFORM FORECAST VIEW

Over the next three years $20 billion of growth is expected to come from hardware.

2018 – 2021 – 3 Year CAGR%

Revenue Forecast US$ millions

$1,000,000	
$900,000	
$800,000	
$700,000	
$600,000	
$500,000	
$400,000	
$300,000	
$200,000	
$100,000	
$-	

$388 $389 $398 $411 $425 $439

2016   2017   2018   2019   2020   2021

■ Software
7.8%

■ IT Services
2.5%

■ Hardware
2.6%

Total Available Market
3YR CAGR 3.5%

$115B Growth

3 Year Growth $

Hardware
18%

IT Services
20%

Software
62%

Source: IDC, Standard Black Book, Feb 2018

Tech Data

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3RD PLATFORM DEFINES THE NEW IT

	1ST PLATFORM (1960-1985)	**2ND PLATFORM** (1985-2009)	**3RD PLATFORM** (2010-2020+)
COMPUTE	Mainframe	Client/Server	Cloud
CONNECTIVITY	Unconnected/Terminals	Ethernet	Wireless
USER ACCESS TO IT RESOURCES	Limited	Expanded to Business Units	Ubiquitous
DATA	Basic	Growing Quantities	All Directions & More Devices
CONNECTED DEVICES	Virtually None	PC Workstations	Internet of Things

IDC'S 3RD PLATFORM

Tech Data

INNOVATION ACCELERATORS

- NEXT GENERATION SECURITY
- AUGMENTED & VIRTUAL REALITY
- INTERNET OF THINGS
- COGNITIVE SYSTEMS
- 3D PRINTING
- ROBOTICS

3RD PLATFORM

- CLOUD
- BIG DATA/ ANALYTICS
- MOBILITY
- SOCIAL BUSINESS

DIGITAL TRANSFORMATION

IDC INTRODUCES THE 3RD PLATFORM FORECAST

3RD PLATFORM

CLOUD · BIG DATA/ANALYTICS · MOBILITY · SOCIAL BUSINESS
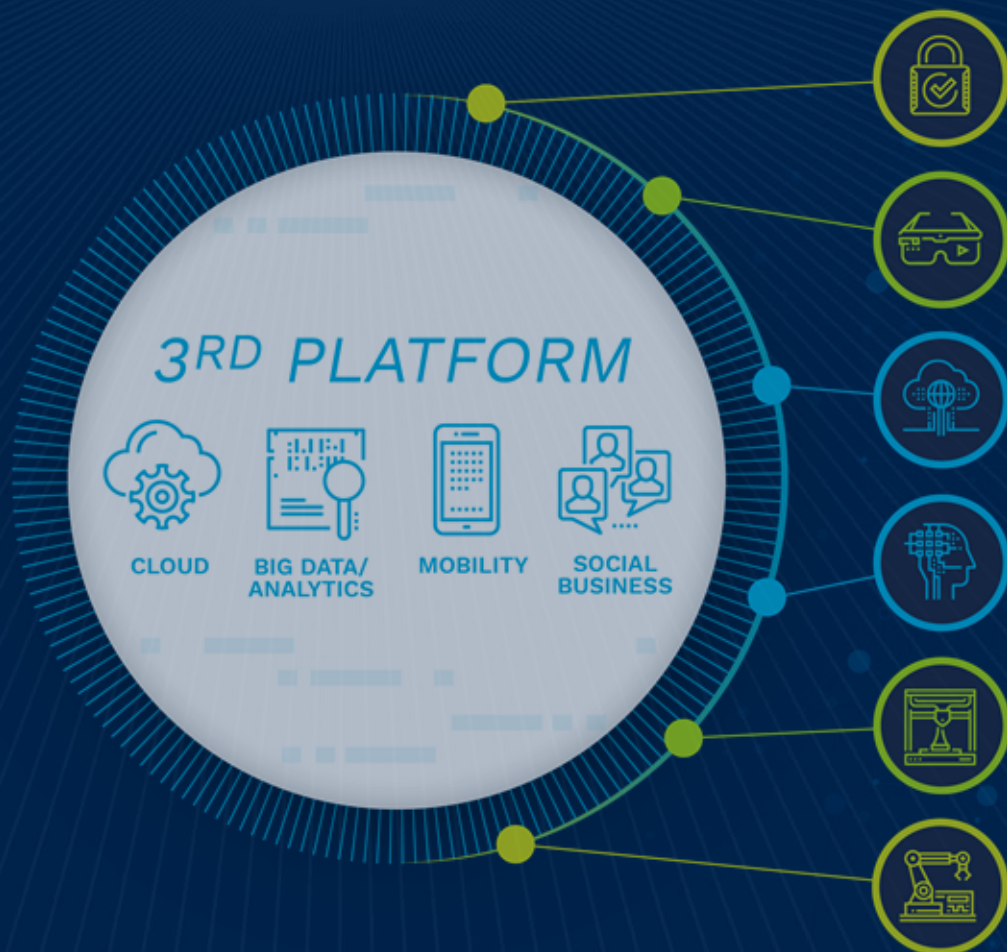
2014 3RD PLATFORM FORECAST
IT Spending 2013-2020 ($M)

CAGR 11.7%

CAGR 0.8%

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |

2ND PLATFORM · 3RD PLATFORM

IDC'S 3RD PLATFORM FORECAST

Tech Data
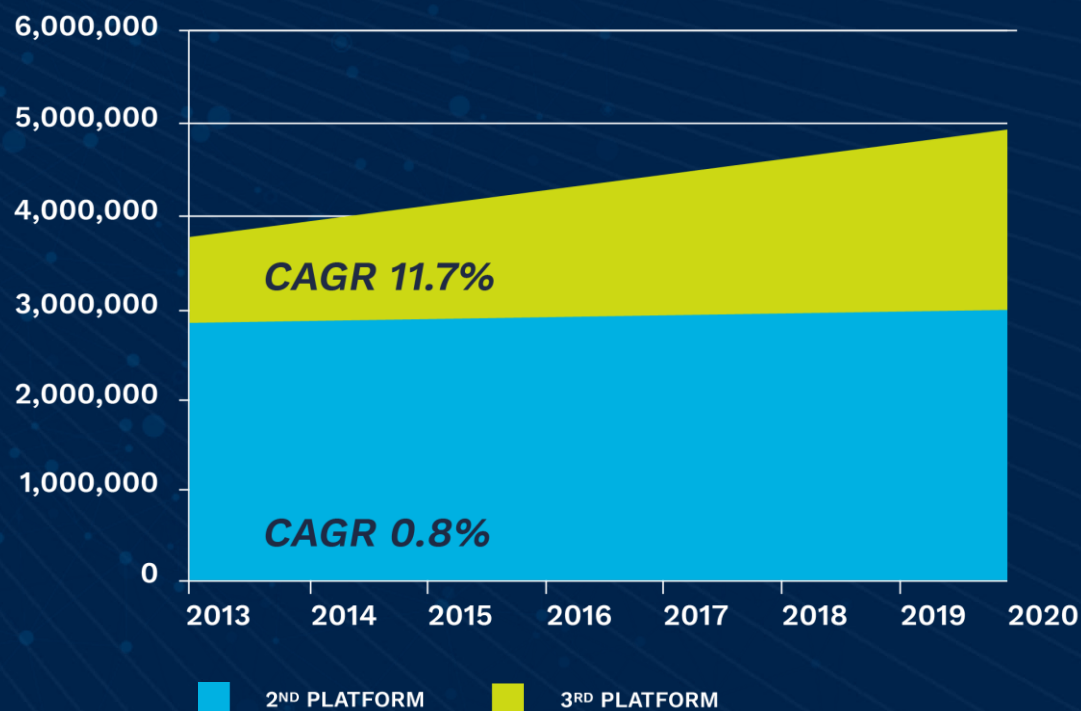
In the next 3 years, IDC's expects 3rd Platform technologies to drive $239B of incremental IT spend more than offsetting the $20B decline of the 2nd Platform.

$66 BILLION
NET NEW GROWTH IN 2018
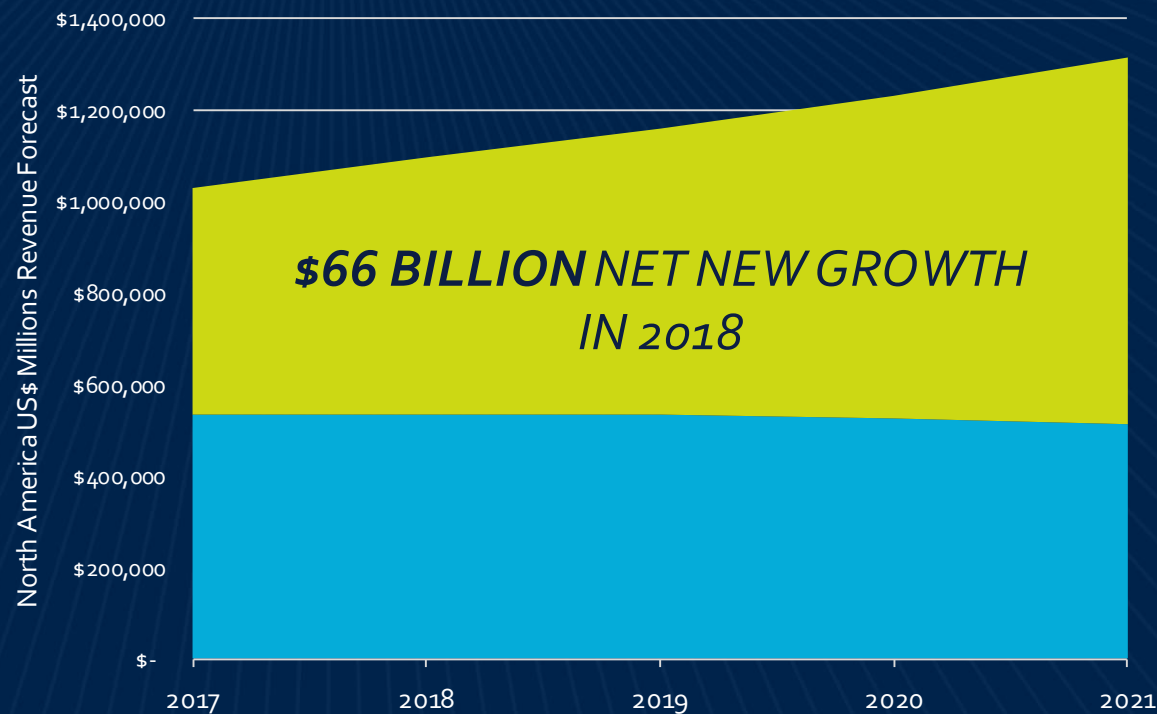
■ 3rd Platform
3 Yr CAGR 12%, $239B

■ 2nd Platform
3 Yr CAGR -1%, -$20B

North America US$ Millions Revenue Forecast

$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$-

2017   2018   2019   2020   2021

Source: IDC, 3rd Platform Black Book, Apr 2018 | Note: 3rd Platform includes cloud, BDA, social, mobile; innovation accelerators includes: IoT, AR/VR, Robotics, 3D Printing, Cognitive AI, security; IoT does not include modules/sensors

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IDC'S 3RD PLATFORM FORECAST

Tech Data

2018 $ Growth

- 3D Printing 1%
- AR/VR 2%
- 2nd Platform 2%
- Security 3%
- Social 3%
- Robotics 3%
- BD&A 13%
- Mobility 16%
- Cloud 25%
- IoT 26%
- Cognitive AI 6%

3 Yr $ Growth

- Security 2%
- Social 2%
- 3D Printing 1%
- Robotics 5%
- Mobility 5%
- AR/VR 17%
- IoT 25%
- BD&A 13%
- Cloud 22%
- Cognitive AI 8%

Source: IDC, 3rd Platform Black Book, Apr 2018 | Note: 3rd Platform includes cloud, BDA, social, mobile; innovation accelerators includes: IoT, AR/VR, Robotics, 3D Printing, Cognitive AI, security; IoT does not include modules/sensors

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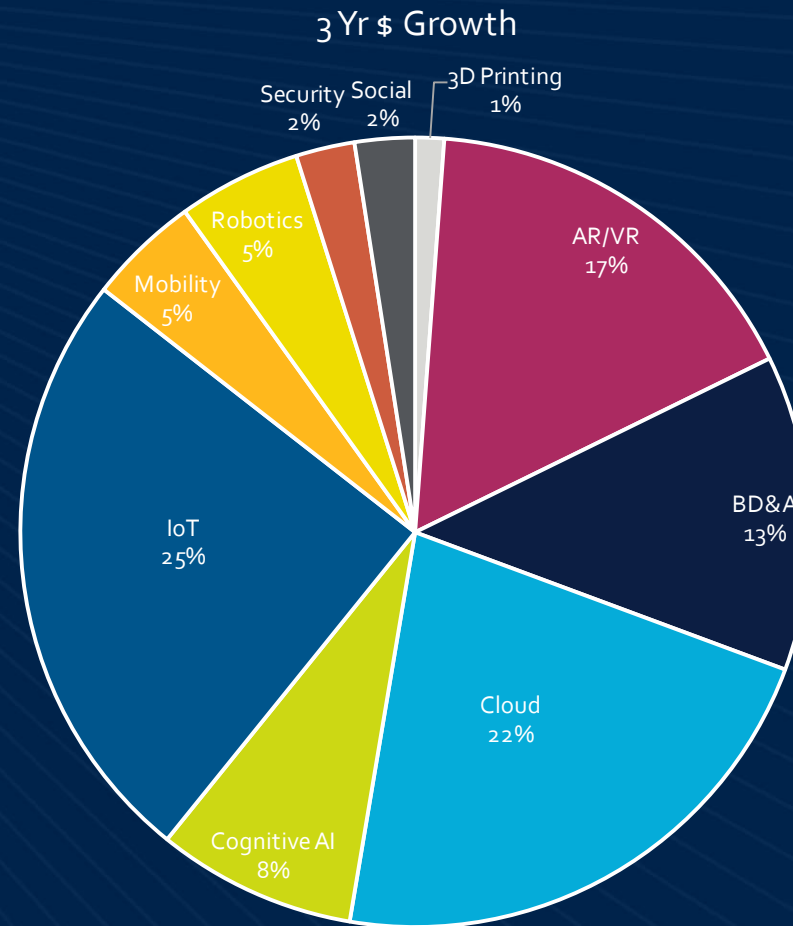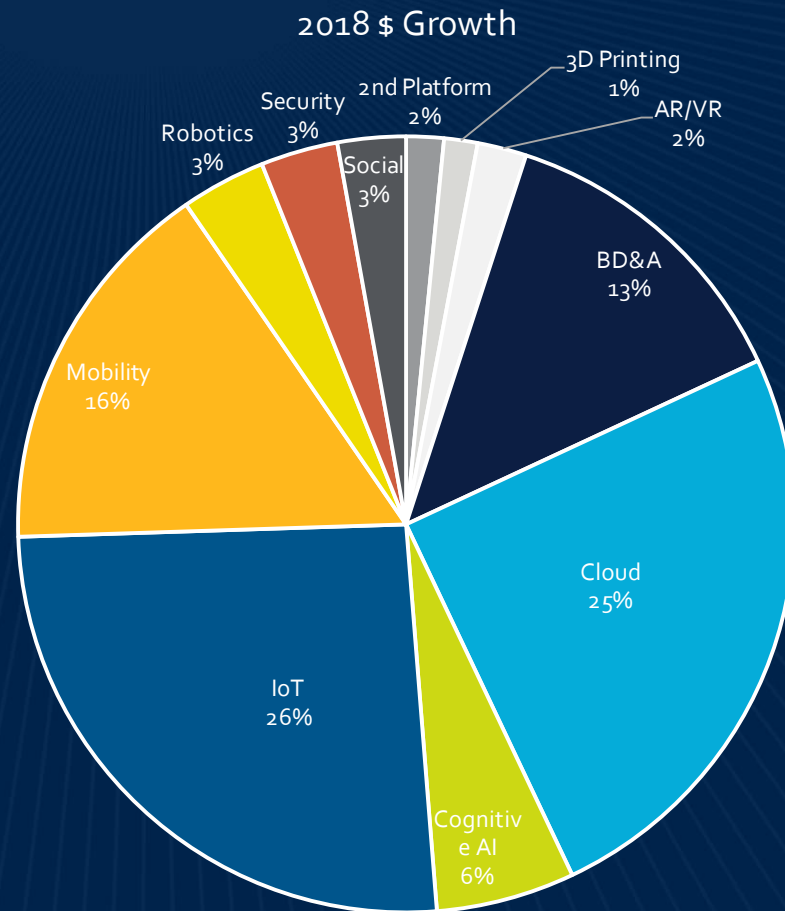
IDC'S PARTNER OF THE FUTURE

	PAST	FUTURE
TECHNOLOGY	2nd Platform	3rd Platform (C.A.M.S)
FOCUS	Broad	Specialized
CUSTOMER	IT	Business and IT
SALES MOTION	Deal	Relationship
TIME HORIZON	Short-term	Long-term
MARKETING	Traditional	Digital
ACTIVITIES	Resale Pro Services Services	Services, Managed Services Creating IP
COMPETITION	Traditional	Non-Traditional
ALLIANCES	Do it Ourselves	Partner Collaboration
ADVANTAGE	Comfortable	Transient

Partner Resale Split

	Hardware	Software	Third party IT support services	Third party managed services	Third party consulting & prof services	Third party cloud services
Other	33.8	18.7	6.3	6.25	18.75	16.25
CSP	7.8	45.6	9.8	8.9	7.6	20.3
MSP	31.1	17.5	12.7	18.2	9.6	11.2
ISV	5.2	60.8	14.7	2	10.3	6.7
SI	36.2	22.8	13.5	8.6	11.3	7.7
VAR	51.7	15.5	13.1	5.6	6.7	7.4
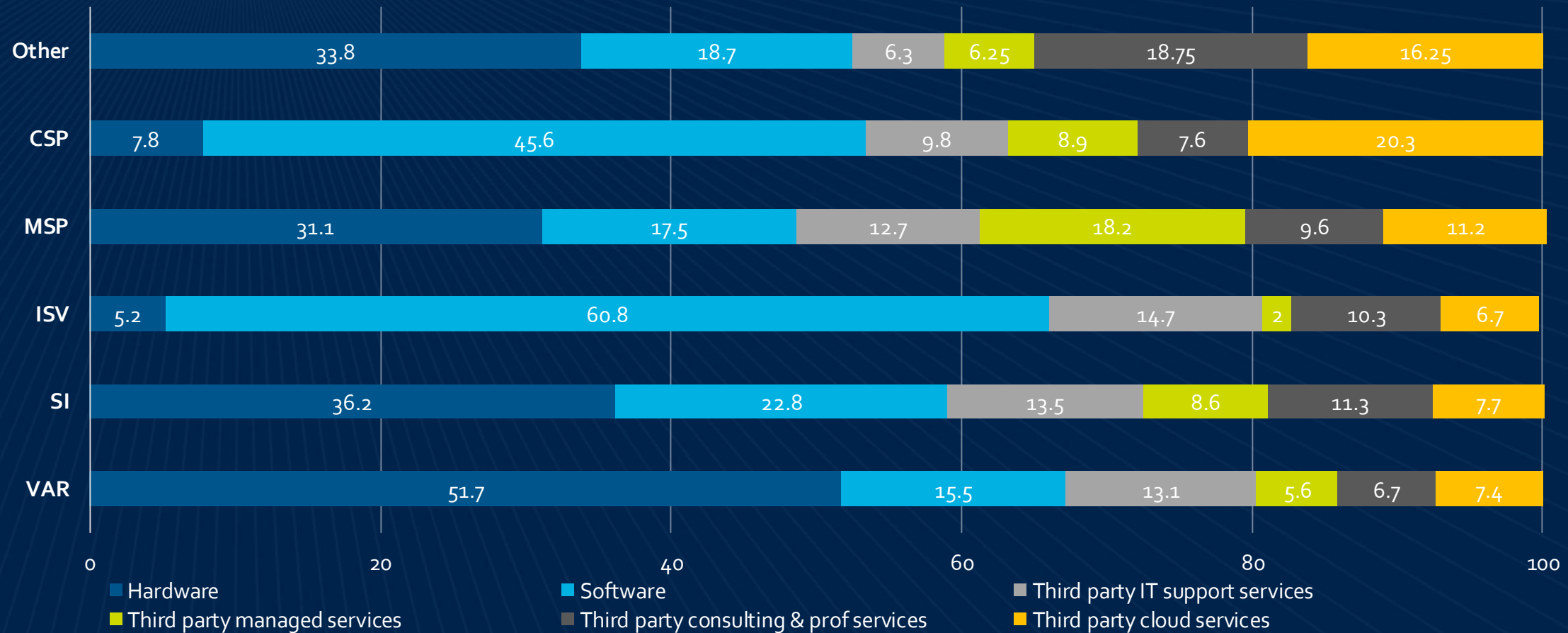
3ᴿᴰ PLATFORM CHANGES HOW WE SELL
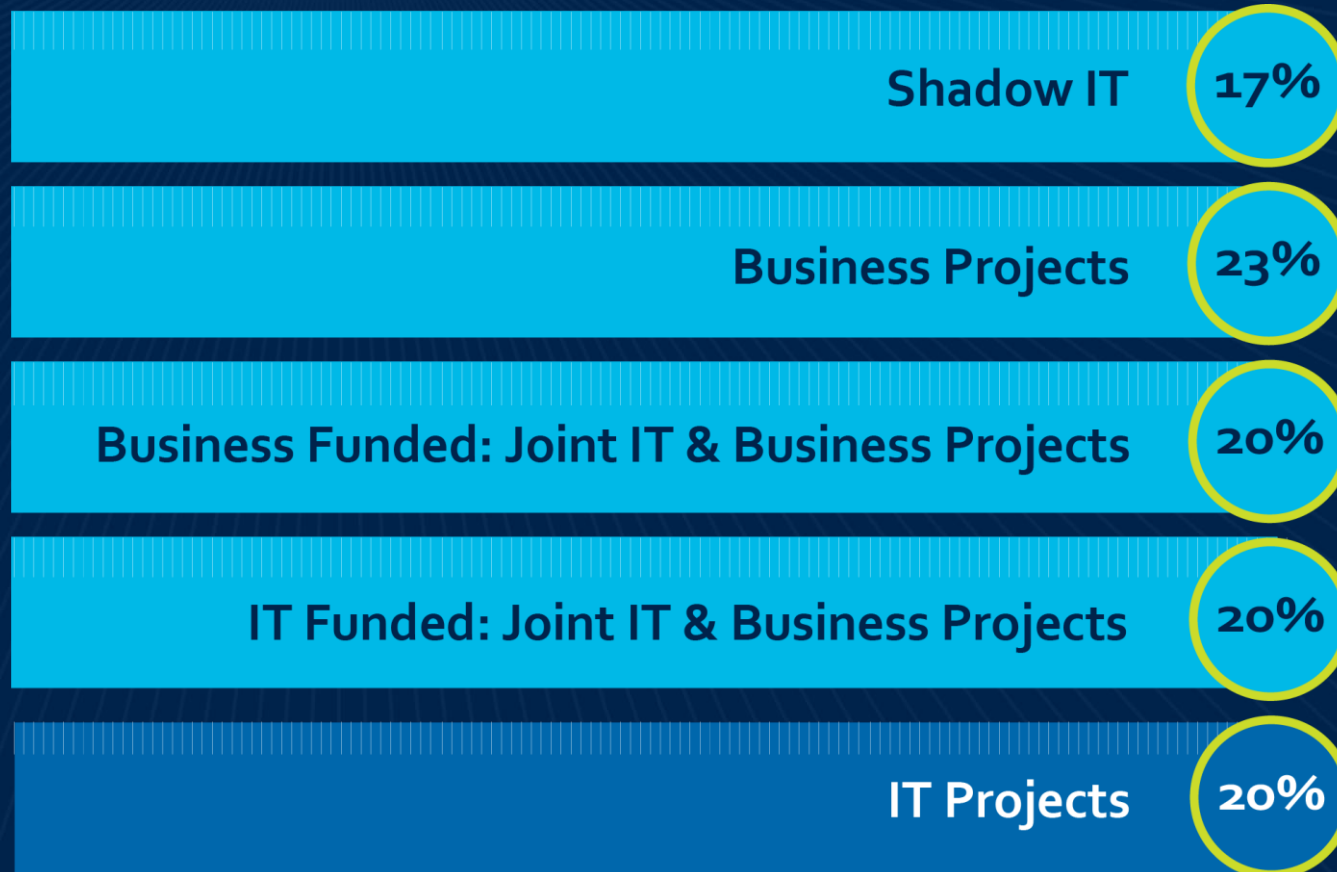
WHAT DO BUYERS WANT FROM SALES?

Which *market trends* are important and which can I ignore?

How are various technologies affecting *business outcomes* in my industry
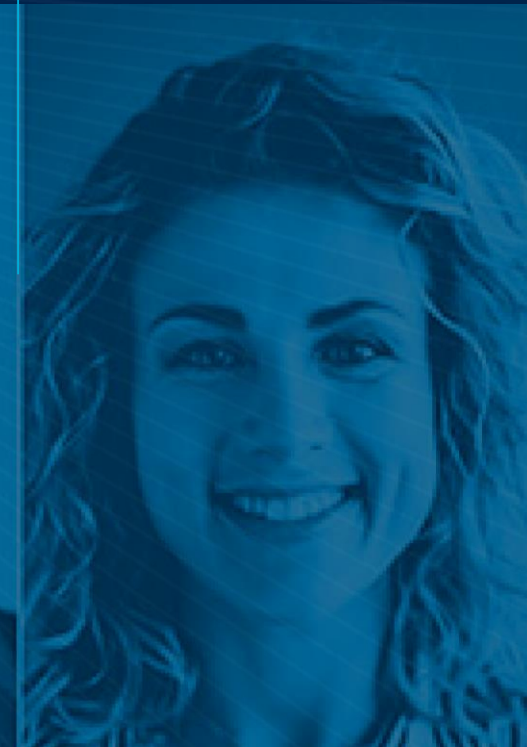
What's the real *business value* of investing in a particular technology?

How can I take advantage of *3rd platform* technologies?

CHANGE YOUR LANGUAGE – *TALK TO THE BUSINESS*
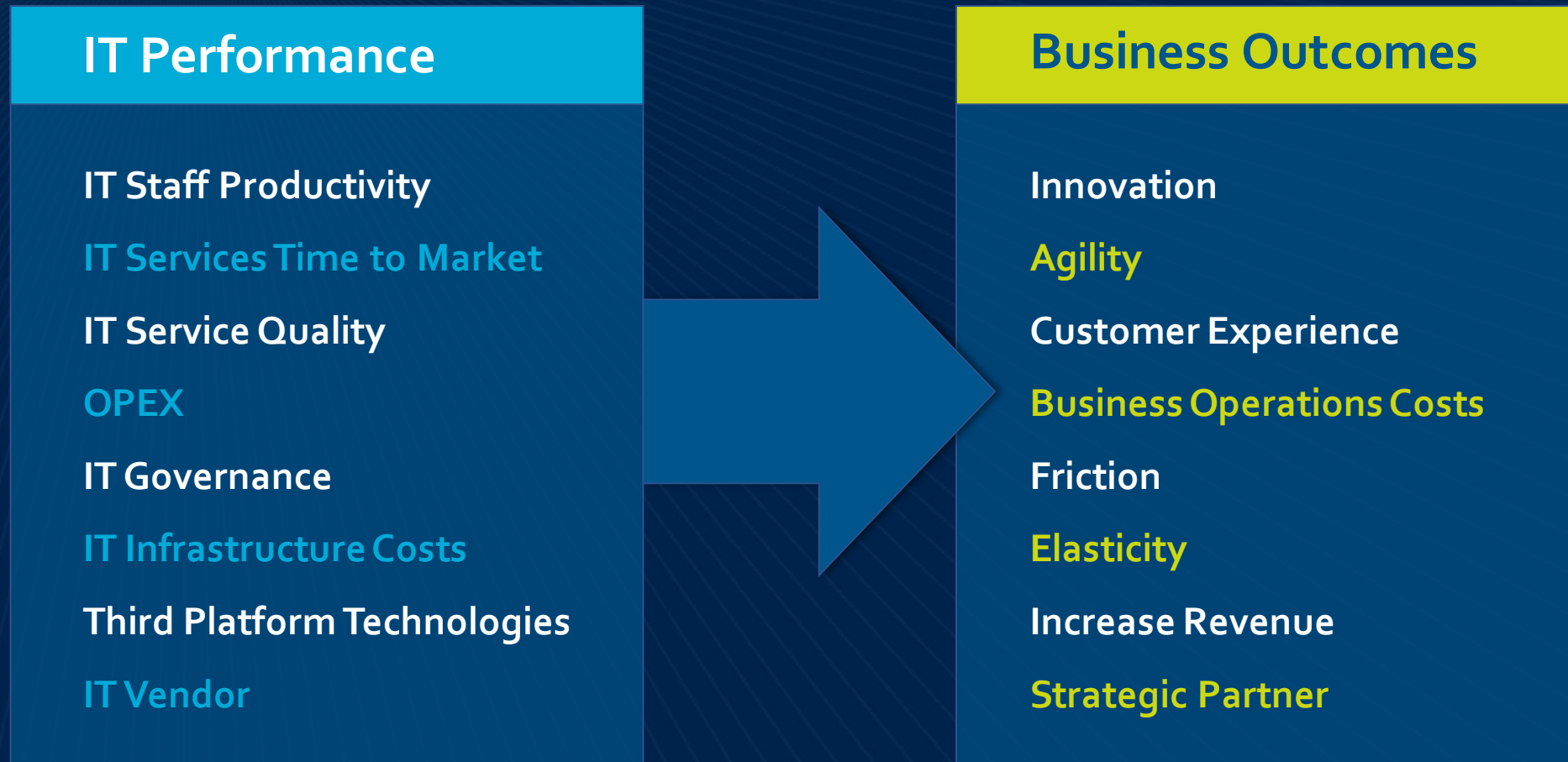
Tech Data

IT Performance

IT Staff Productivity

IT Services Time to Market

IT Service Quality

OPEX

IT Governance

IT Infrastructure Costs

Third Platform Technologies

IT Vendor

Business Outcomes

Innovation

Agility

Customer Experience

Business Operations Costs

Friction

Elasticity

Increase Revenue

Strategic Partner

2018 US SMB IT SPENDING PRIORITIES

TD Tech Data

	Small Bus (<100 emp)	Upper SB (50-99 emp)	Mid-Sized Bus (100-999 emp)
Upgrade/add new PCs	38.9%	46.1%	46.7%
Enhance server/network infrastructure	12.0%	35.0%	40.0%
Increase storage /Improve storage management	15.0%	28.8%	26.9%
Improve network security/Security management	27.3%	38.5%	39.8%
Comprehensive Next Gen security	9.5%	31.0%	28.6%
Digital Transformation to engage Digital Economy – coord internal/external facing resources for max effectiveness	7.7%	27.3%	19.3%
Expand use of Cloud/Hosted resources	10.6%	25.5%	28.4%
Integrate On Premise and Cloud resources	2.8%	17.0%	12.5%
Low/no cost Online apps/GoogleApps/ OpenOffice	7.3%	4.5%	9.0%
Mobile worker support – including remote access to company resources	6.1%	24.2%	21.7%

But Firms Agree They're Working to Coordinate Tech in Keeping with Digital Transformation

Company Size	Value
Under 5 employees	15.3
5–9	20.5
10–19	31.8
20–49	33.0
50–99	50.2
100–249	58.2
250–499	67.5
500–999	69.3
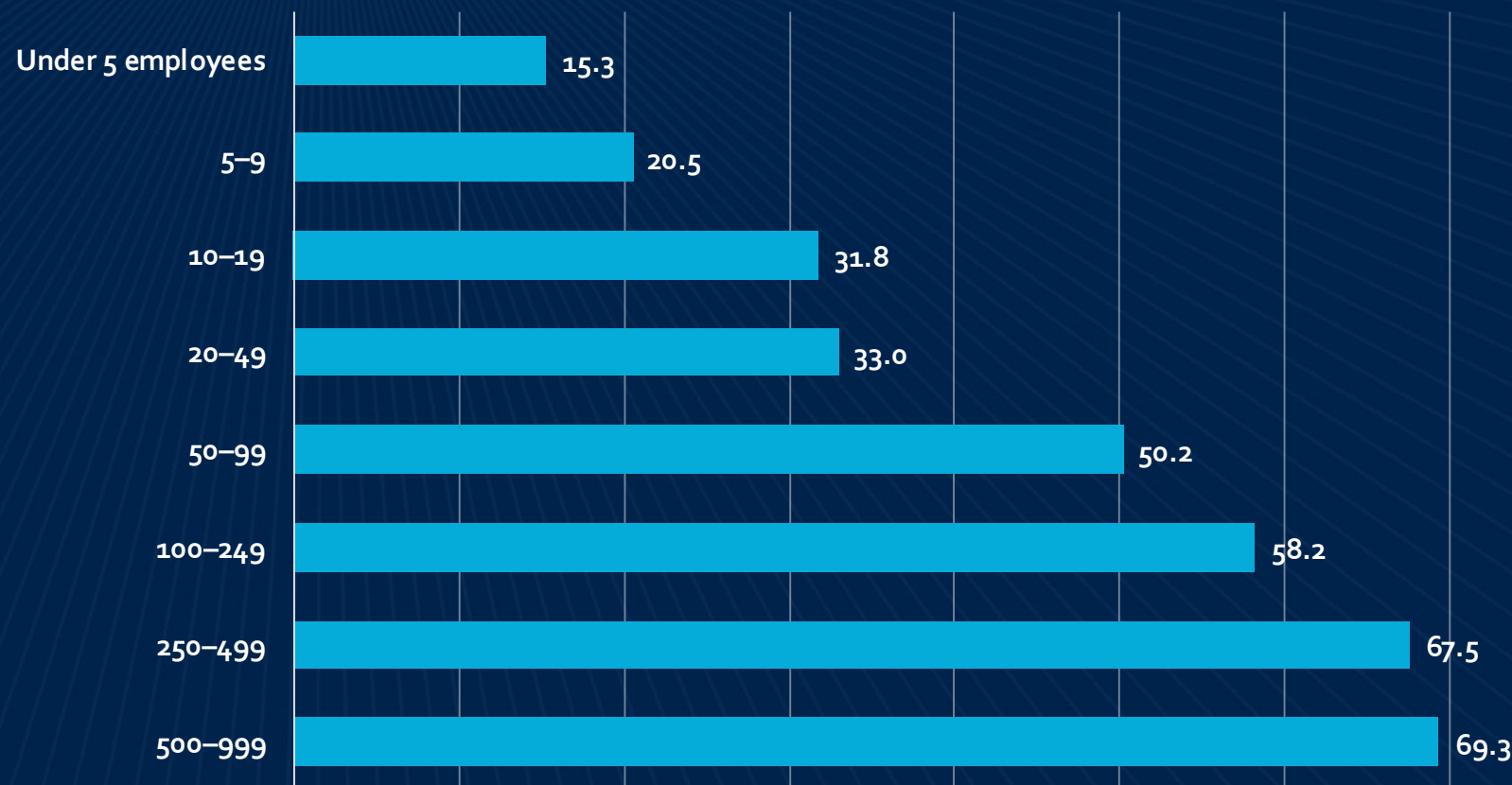
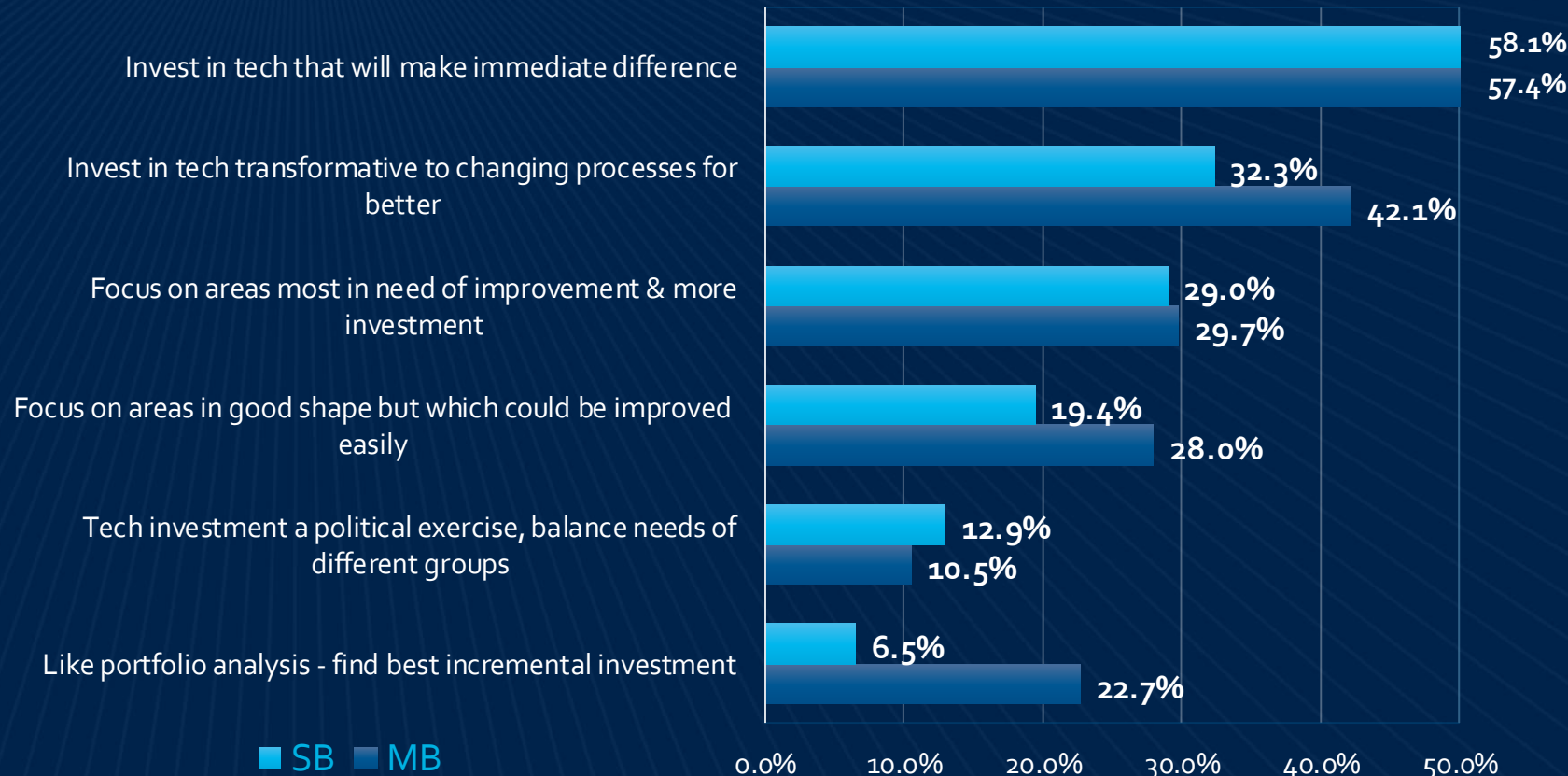*"We are working to enhance and coordinate technology resources for maximum impact – in keeping with Digital Transformation"*
6 or 7 on 7-point Agree/Disagree Scale

Source: IDC U,S, SMB Survey Jan 2018, n = 820

You Can See Conflict in How SMBs Decide Tech Investment: What's Prioritization Process?

Tech Data

	SB	MB
Invest in tech that will make immediate difference	58.1%	57.4%
Invest in tech transformative to changing processes for better	32.3%	42.1%
Focus on areas most in need of improvement & more investment	29.0%	29.7%
Focus on areas in good shape but which could be improved easily	19.4%	28.0%
Tech investment a political exercise, balance needs of different groups	12.9%	10.5%
Like portfolio analysis - find best incremental investment	6.5%	22.7%

0.0%   10.0%   20.0%   30.0%   40.0%   50.0%

■ SB ■ MB

Top 4 mix near term and long term impact

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SMB Cloud Engagement Suggests Digital Divide

Current Importance of Cloud as Technology Resource
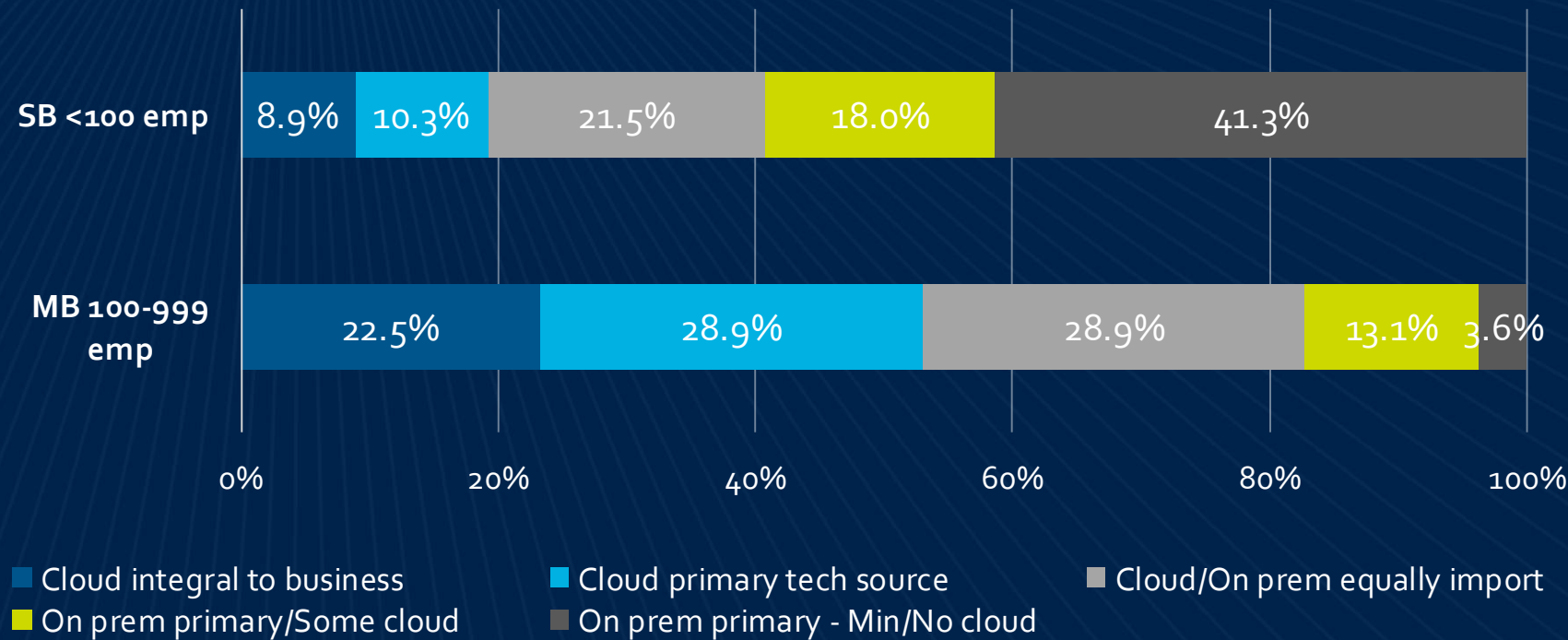
Cloud use as potential predictor of digital engagement – Window into "the SMB Digital Transformation soul"

SB <100 emp	8.9% / 10.3% / 21.5% / 18.0% / 41.3%	
MB 100-999 emp	22.5% / 28.9% / 28.9% / 13.1% / 3.6%	

Axis: 0% 20% 40% 60% 80% 100%

Legend:
- Cloud integral to business
- Cloud primary tech source
- Cloud/On prem equally import
- On prem primary/Some cloud
- On prem primary - Min/No cloud

Source: 2018 IDC US SMB Survey, n = 820

Digital Transformation

Utilities

- Digital grid
- Connected assets
- Strategic asset management
- Smart assets
- Connected customers

Manufacturing

- Logistics automation
- Omni-source engineering
- Life cycle analytics
- Resilient lean
- Capabilities based procurement
- Smart warehousing

Smart Cities

- Connected and autonomous vehicles
- Smart infrastructure
- Smart buildings
- Smart stadiums
- Smart kiosks
- Interactive experiences
- Smart parking

Healthcare

- Telehealth
- Healthcare kiosks
- At-risk patient identification
- Customer centricity
- Process otimization

Source, IDC, Digital Transformation Use Case Taxonomies

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FINAL THOUGHTS

- Encourage SMBs to embrace the tactical, but build towards the strategic

- Anticipate market changes.

- Drive cloud and analytics examples and experiences. Use case approach will build confidence and enthusiasm.

- Acquiring skills continues to be a significant challenge

- Channel is key to SMB's ability to leverage benefits of technology

- *TECH DATA CAN HELP!*

Tech Data

Connecting
the World
with the Power
of Technology™