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# GIANT KILLER

In the autumn of my senior year of high school, I found myself a middleweight scrapper on a very good wrestling team. We challenged or won the state title every year in the large (5A) division and drew dramatically larger crowds than our basketball team. Our home events were a real scene - standing room only, roaring crowd, blacked-out arena, dome light flooding just the wrestling mat. And they cranked your favorite music as you entered the circle. I was an AC/DC guy - Thunderstruck or Back in Black (classy, right?). Anyone remember the movie Vision Quest? Well, you get the picture. Yeah, we thought we were cool.

Due to some injuries and a late intro to the sport, I was essentially an unknown as a senior - which meant no one saw me coming. I worked hard. Had the bruises to prove it. In the first half of that season I went on a spree of massacres. By winter holiday break, I had mowed down several states' champs, including one who had never tasted defeat. I mangled two on my way to winning the most prestigious tournament of the year. I was riding high with my face on the front page of the sports page - plus a new nickname courtesy of my coaches - "The Giant Killer." And you thought I was cool before!

Following the Christmas break, our coaches ratcheted up the intensity to prepare for a large, out of state tournament. We'd be up against the best kids from five to six states. A big deal. I was told repeatedly about a superstar in my weight class who was likely headed to the Olympics and would be ranked #1. Me, #2. My favorite coach was constantly in my ear – "hear comes the giant killer. He won't know what hit him!" I was excited, on a tear, with another bull's-eye in my sights.

The tournament started and I blew through the first day of challengers. Piece of cake. Now just two fights left – semi-final Saturday morning and the big finish Saturday night. Morning comes and as I walked past our crowd in the stands (again, AC/DC cranked in my headphones), I noticed our fan base had grown. Aunts, uncles, cousins, estranged friends, guys from Dad's office. I think even my grandmother who hated wrestling was there. All came to watch me shatter the dream of a future Olympian. I was pumped. The Giant Killer was ready to destroy another opponent with a perfect prep school pedigree.

I soon heard my name over the PA system. Time to get the semis out of the way. Some kid I'd never heard of. Get it over quick, clean, gear up for the night. Except nobody gave the other guy the memo. The whistle blew and he was all over me. It was like my face met a wood chipper - finger gouges to the eye, head butt to the nose, and then I'm locked like a cobra and a mongoose, tumbling end over end across the mat. What the? Who was this clown? Didn't he know I had to fight that night?

And...you get the point. He didn't just beat me; he crushed me in less than 30 seconds. He pinned previously unpinned me with a move called a "spladle". Look it up, it's not pretty. All I could see was my own crotch and hear the muffled cries of my weeping grandmother.

So what's my point? Never overlook an opponent? Take nothing for granted? Always wear clean underwear? Probably all of the above. But my big epiphany was simply, never forget where you came from and don't believe the hype. I believed my own hype and was surrounded by people who did as well. I lost perspective on who I was - an unknown underdog who had to work for every inch he got. And I, as well those close to me, got

embarrassed (mugged) because of it. So what matters now? What's our W-I-N with this knowledge in hand?

- We must remember where we came from. We are close to a \$500M company that aspires to reach \$1B in the next few years, but we can never forget this company was started with one hundred dollars. I know guys like Linder, MacInnes, and Hayes haven't. We cannot take what has been achieved for granted and we cannot lose sight of who and how we got here.
- We must remember we have more opportunity, freedom, and earning potential at Trace3 than any other time in our lives.
- We must look out for each other and keep each other grounded. As Ruben often says, "success breeds bad habits." The road behind and ahead is littered with human tragedy, where financial success can be as difficult as financial struggle. Hard work and dedication definitely underpins success for many of us, but none of us can afford to lose sight of the good fortune in our equation.
- We must maintain a maniacal focus on the client. Attack each day with a servant's heart, focused on driving outcomes that bless the lives of the clients who bet on us. I joined Trace3 because I was enamored with your ability to be the best "new technology scouts" for clients, while never losing sight of delivering tried and true practices to them. We have to be elite at both.

## **2014 - The Road We Traveled**

As we begin this new year, I can't help but look back and pay my respect to so many of you who performed so admirably in 2014. Many records were broken. We closed the year by booking 50% more this December than we did the previous year (which was also a record setter). To put it in perspective, we booked more this past December than we did in all of 2007. Amazing! And to me, the real story of 2014 was the maturation of many investments or "big bets" the company unflinchingly executed. I could burn through a lot of calories expressing my admiration for a company that was truly "self-disruptive". Instead, I will simply say Trace3 not only performed well in 2014, but also stayed the course on investments that will pay off huge in 2015 and 2016. Well done, Trace3!

## 2015 - The Road Ahead

At our latest client advisory board in Napa, I was given the chance to present to an intimate room of twenty or so of our best clients. After making a few brief remarks from the front of the room, I asked if there were any questions about the direction of our company. Sprinkled throughout were a handful of our closest partners, including Rajiv Gupta of Sky High Networks. Most of you know Rajiv and share the respect I have for him, so I was excited to see his hand in the air. His question was simple and direct; what did I hope to achieve at Trace3 and specifically, what mark did I hope to leave on the company.

His question was one I pondered many times leading up to that meeting and one I hope we all ask ourselves regularly. What do we hope for our company and what mark specifically will each of us leave? For me, my answer to Rajiv was simple. My focus would be “unification and execution”, but what exactly does that mean? In my mind it was crystal clear. We as a company have arrived at a point where the silos built over the last three years to incubate and scale specific practices (BAMs) have run their course. It is time to move back to a geo/client focused model where ALL our elite engineers will be focused on holistic general client needs, NOT just the products that pertain to their practice.

This was validated by the next question (or request) from a major client in the service provider market. He had come to depend upon some brilliant Trace3 engineers over the years, but lately felt Trace3 corporate directive compelled them to be too product-centric. And this prevented these accomplished generalists from delivering the outcomes he required.

It is clearly time (as Tony says) to “return to form”. 2014 saw our BAMs scale dramatically in both size and revenue with industry leaders like Cisco, EMC, Symantec, etc., all while maintaining growth with our core solution providers. For example, we were named Cisco’s 2014 Global Innovation Partner, as well as their Commercial Partner of the Year (Western U.S.), and we have also attained the highest partner status possible in each of our BAM focuses.

In 2015, we will see the benefits of this type of scale, in conjunction with our BAM SMEs infused back into local offices to support the customers that reside in the own backyards. We will also return to measuring the success of our business by the specific geos rather than the success of specific practices/manufacturers. In total, we return to the culture that made Trace3 great – where the persons sitting on your left and right are focused, measured, and compensated on the same outcome as you – where everyone is focused on client success and doing right by the client is the only topic of discussion.

I recently read a story about the great magician Harry Houdini. In his last days, a biographer challenged him to share the secrets behind his illusions and not take them to the grave. Houdini responded he could explain about 80% of his tricks through the manipulation of mirrors, misdirection, slight of hand, etc., but 20% was actually “real magic.” He couldn’t explain how the tricks worked; he just knew they did. He had discovered that although he couldn’t understand exactly why certain things clicked, he simply came to know he could confidently do and trust them, creating illusions that floored the crowd.

I believe 2015 can be magical for each of us. We have built muscle, speed, and scale around practices that, when combined with everyone truly pulling together, will take us to the next level. One team, with one goal, and one measure for success - client outcome. I predict some will argue the attributes of our success. For me, I simply know aligning each person in each office with the same shared goals/outcomes (serving clients in their own backyard) will deliver real magic.

### **Quick View of 2015**

I have received many meaningful comments and questions via our Client Advisory Boards, Team Meetings, and Town Halls. In order to cover a lot of ground quickly, I have listed the more meaningful Q&As below:

#### **Q: (Town Hall) What is your personal goal for 2015?**

A: To unify our teams and align resources to a geo-focused model, insuring all geos are supported by local talent.

**Q: (Town Hall) What is our revenue goal for 2015?**

A: Top line of \$500M and positioned for \$1B in 2016.

**Q: (Table Group) What is the exec team's "battle cry" for 2015?**

A: "Strength @ the Core – Juice @ the Edge."

"Strength @ the Core" means we have operational discipline that insures our ability to hire, develop, and support the best people in the industry to work with our customers.

"Juice @ the Edge" means we hire people who can move the needle for their customers and who, through their interactions with their customers, guide Trace3 to "pivot or persevere" with our offerings.

**Q: (Table Group) Why do we exist?**

A: To create opportunities to secure the futures of our clients, employees, and partners.

**Q: (Table Group) What do we do?**

A: We customize IT solutions to solve business problems.

**Q: (Table Group) How will we succeed?**

A: Customer Intimacy. We all must become Jerry Maguires and I look forward to discussing this live at our upcoming town halls.

**Q: (Town Hall) What material changes are we making in 2015?**

A:

- Regional VPs (sales backgrounds) will replace GMs.
- Move to a geo-based coverage and resource model (lift where you stand).
- BAMs will become generalists with subject matter expertise, directed and compensated on the success of their geo.
- Goals and growth will be measured as Geos (IntrMtn, PHX, SD, OC, LA, SF, FL, TX, etc.).
- Client feedback delivered through you (advisory board) to guide the company.

**Q: (Town Hall) What concerns you? What are the greatest risks to the business?**

A: Leading from the edge will only work if “local” people choose to lead. As we move to a stronger “states’ rights” model, it’s important the “Governors” of those states lead. I have asked those leaders to do the following:

- Be the weather:
  - Avoid pedestrian behavior.
  - Avoid “hedging” language and attitudes.
  - Avoid murmuring, whimpering, and poisoning.
- Guide all teams and individuals to a regional/geo-focused model:
  - Common sense approach to the size of dedicated teams.
  - Move certain dedicated resources back to the pool.
  - Ensure everyone has “launch and landing” for each work period, with clarity on what outcomes best drive the geo.

**Q: (Town Hall) What does each of your 7 pillars mean?**

A:

- Everyone in Sales = Each one of us able to explain how our individual role (regardless of team/division) helps clients buy more, buy better, buy faster, and have better TCE.
- Celebrate the Day Job = A focus on celebrating the daily efforts of our teammates that truly drive client success. It means we hug on people in their trials, struggles and failures, not just their success. People on podiums need a lot less time and support than people in trenches.
- Elite Engineers = This is simply returning to form. In all almost twenty years at top manufacturers (3Com, Cisco, EMC, NetApp), I never dealt with an integrator with the range or talent of the engineers at Trace3. We must return to the “best of the best” when it comes to aligning to and driving client outcomes.
- Lead from the Edge = The exec team has structured aggressive feedback forums - most notably the advisory board which is made up of engineers and sales people from each major office, along with Ops, Legal, PS, and HR. Each month we listen to this board

one day (usually the 11<sup>th</sup>) and hold our strategy session the next (12<sup>th</sup>). We listen to those who deal with customers face-to-face daily and prioritize and execute based on that feedback.

- Standard for New Tech = Continued commitment to being the best partner “new tech” scouts in the industry for our clients.
- Aggressive Feedback Loops = Advisory board, 8:15 PST open daily check-in calls, town halls.
- Maniacal Focus on TCE (Total Client Experience) = The default for all decisions is “what will deliver the best outcome/experience for the client.” One team, one goal, one success with “speed” as the new currency.

### **GIANT KILLER continued**

So here comes 2015. We won't forget our lessons...“Being versus Becoming” - “Secure and Create” - “Leverage and Let Go”. The table is set. BAMS have taken us to the next level. Our client teams have executed well and funded offerings in BDI, Cloud, Innovation, and Managed Services that make us special. We have played chicken multiple times and won - we have the bruises and medals to show for it. But what will 2015 hold for us? Will it hold magic or spladles? One thing is for sure; the outcome is in our hands.

And for the record, the kid who “mugged me” in front of my school, family, and friends wasn't a fluke. He was a solid 2x state champ who reaped many young souls on his way to a steady D1 NCAA record. He competed a couple of weights below me in college. Our paths once crossed at tournament weigh in. I don't think he remembered me. I remembered him. He had blessed my life. I never look past anyone now. I know today is the most important day. I know the person in front of me is the most important person. And I always – ALWAYS - wear clean underwear. But more than anything, I try to surround myself with people who remind me where I came from and just as importantly, what's possible. That has allowed me to slay a few giants.

# HUMAN REMOTE CONTROLS, McLOBSTERS, HYPNOTIZING CHICKENS, AND THE PERILS OF CENTRALIZED GOVERNMENT

In many ways I think my first job in IT was as a human remote control.

Being 45 means I'm roughly 30% of the way through my life and, having spent most of my career in IT, it gives me an interesting perspective on the development of much of the technology we consider normal and deeply imbedded in our everyday lives. As an example, when I was growing up, the first television I remember us having was probably about the size of the iPad I carry everywhere. And the remote control was me. When my parents wanted to watch something different, they would click at me and I would scurry over and switch between the three available channels. Years later, we got a television that was HUGE - at least the size of the laptop I'm writing this on - and with it came the pinnacle of the technological achievement at the time - a remote control.

It seems strange to think of it now, but this item was so revolutionary and, to my parents, seemed to be sort of scary. My mother actually still used ME as the remote control and even when I could get her to use the 6-button device, she would close one eye and aim REALLY carefully at the television. I presume she thought it was like a Phaser from Star Trek and if she weren't accurate and precise, she would accidentally set fire to the drapes.

Now televisions are the size of billboards, cost about the same as a pack of gum, and I can control them from my smartphone. Quite the change and - with the exception of some of the dubious production practices of large corporations - no small children are involved.

Likewise with IT. My first paying job as a geeky, basement-dwelling mouth-breather - who I was, not my title - was to build infrastructure we took back to the business, holding it in our hands like a fragile Lego model, saying: "look at this amazing tool we built for you! You can do what you like with it - you can run applications and tools and utilities but please, don't break it. But hey, if you do break it, no big deal, we can fix it again. In fact, please TRY and break it. It'll give us something to do".

That was the mantra of my career for many years. Even in my last job prior to Trace3, we built an infrastructure that stretched from being a single site in Colorado to 18 sites/3 data centers around the world. Our goal was to build something special and then heap a bunch of shitty, buggy stuff onto it the business needed to survive. Things like Lotus Domino/Lotus Notes. In hindsight, it was kind of like making a steak and putting cornflakes on top. Sure, it can be done, but is that really the best thing to do with it, and was it worth all the effort to get it to the plate?

As one example, in the course of my seven years at Trace3 I have heard client conversations go from how they want their infrastructure to look, feel, smell, and taste towards being mostly focused on the performance of the business critical applications needed to make their enterprises run. I was at a dinner last year when one of our AMs asked a client SVP, "What is it that your business gets from the storage you use, and how do you decide which vendor to go with?" The reply was: "I don't know, it just stores the data from our applications. I'm not even sure what badge is on the boxes."

Somewhere along the line, technology went from existing as a business necessity, to simply being a platform upon which the enterprise could run and about which our clients could be somewhat agnostic.

In the same way technology changed the need to have a child switch channels on the family TV, enterprise IT has shifted away from its reliance on traditional methodologies. One of our more unusual recent partnerships

– AWS – is a perfect example of this. It used to be that the enterprise would have to ask the IT departments to spin up servers and create an environment for them. Now anyone with a credit card can go online and set up what they need. They have made it more accessible and removed some of the mystery – and certainly much of the complexity and need to invest in a sunk cost – to the enterprise.

As technology continues to evolve and become mainstreamed, our role must also evolve so we aren't stuck trying to peddle hardware when our clients are more interested in outcomes, desired end-states, and results. Our conversations have also evolved from simply talking about hardware to a much more strategic conversation. Personally, when I talk to clients and partners about Trace3, my conversation has gone from talking about mostly product when I was an SE, to now only talking about two things - Execution and Vision - which, coincidentally, is what I will be focusing on internally for the next year at Trace3.

Execution - For the next 12 months, we will continue on the path we've walked for what seems like the longest time - making Engineering at Trace3 operationally sound and profitable to help strengthen our core. Through the hard work of many - Jim, the Client Delivery Managers, the Project Managers and Project Coordinators, and of course, our amazing Delivery team - we experienced the most profitable quarter for services in Trace3 history. We got 100% compliance with time entry (allowing us to bill and recognize revenue in the same month and get money we are owed) and measured well enough against our average billable utilization of 70% to be profitable. We additionally found and recognized almost a quarter of a million dollars that had somehow fallen into the cracks of the Trace3 sofa. We are also continuing to revise our SOW process to reduce the delays in getting work turned around for our clients. All the while, we have done this with a drastically reduced Delivery team - something we are addressing early next year.

Vision – In many ways we have lacked a cohesive technical vision for the company over the last few years and while we intended to empower and enable the regions to make choices, there were times we did it with a centralized view that sometimes wasn't completely aligned with the goals

of the local team. Occasionally we decided at a corporate level who, where, and how the regions would go to market and made decisions on their behalves without taking into account what clients actually needed.

Trace3 is ripe with forward-thinking talent advancing in groundbreaking directions. Pulling all that together in a meaningful way for both our clients and field teams is the purpose of regular Architectural and Design Reviews, Engineering Advisory meetings, and TKOs. If the idea that “none of us are smarter than all of us” is right, then my goal is to provide mechanisms to better share what works, empowering the magic happening where it really matters – at the edge.

We’re starting with the basics. I hate to bring up McDonald’s, but it’s something we’ve talked about internally for many years. No matter where you go in the world, a *Big Mac* is a *Big Mac*. As *Pulp Fiction* taught us, a *Quarter pounder with Cheese* might be called a *Royale with Cheese* in France, but that just proves it’s possible to get identically horrible and subhuman-level food no matter WHERE in the world you go.

In a similar manner, there are aspects of our business that will always need to be standardized - a Flex-Pod install should be the same no matter where we do it or who builds it (same with a Riverbed, F5, PAN or [insert choice here] deployment). However, we also need to accept that different regions and the teams in those regions, and, most importantly, the CLIENTS in those regions are going to have different needs.

By way of example, did you know in Maine you can get a *McLobster*? It sounds pretty disgusting to me but evidently makes sense to the denizens of New England. I don’t know how well that would go down in Denver or LA, but it makes sense for that region - enough sense that it’s actually been put back on their menu multiple times and also introduced into the Canadian Maritimes and Ontario. There are some sick people out there.

In a similar way, over the course of the next year we will ensure our *Big Macs* are the same wherever you go. We are doing this by introducing more IP around process and standardization, as well as fleshing out a Service Catalog outlining what we can do and Service Briefs detailing how we do it. These items should make it easier for our Account Teams to sell and our

clients to digest. We will start with the things we are really good at - NetApp, PAN, F5, etc. - and then build upon those over time to include any non-custom offering we believe both provides value to our clients and fits into the "repeatable process" mold.

But the *McLobsters* are harder, so when it comes to some specific teams and their clients - such as Carter's "Financial Vertical", Markel's "Service Provider Vertical", Ruben's "Health-Care Vertical" - as well as other clients with new, potentially non-standard needs, we are listening more in order to better understand how we can help. Examples of this are Tyler's Leadership Advisory Board as well as the Engineering Leadership Board I have each month. No longer will we make decisions in isolation or from a 'centralized government perspective', and we believe this will benefit our specific regions and their unique clients.

The "*Always Listening, Always Delivering*" tag-line from some years back struck an immediate chord with me, as it speaks directly to how I viewed Trace3 when I was a customer. Many other VARs focused on telling me what they believed I should do, rather than asking what I needed to do. Trace3 actually listened, remained open to possibility and change, and thereby helped me see alternative ways of achieving results.

This need to continue to embrace change and not be mired in any one way of thinking is analogous to a trick I once learned. Many years ago I spent 16 months in Israel and had the rare pleasure of living on a Kibbutz where I worked on a chicken farm. One of the many interesting things I learned was something called "tonic immobility" - the Art of Hypnotizing Chickens.

It's a pretty simple act - you hold them to the ground and draw a line down the top of their head, over their beak, and along the ground in front of them. If you do this, believe it or not, they are transfixed for anything from five seconds to (in my experience) about twenty minutes. It's a great party trick, assuming you have chickens at hand.

As an organization, we have to tread a fine line between the right level of focus, and tonic immobility - being SO focused on an imaginary line that we are oblivious to the world happening around us. We have always prided ourselves as, and will continue to be, an organization able to adapt and

provide a constantly evolving strategic value to our clients. We are confident re-energizing Trace3 regional goals – providing juice at the edges - helps us further along this path.

The BAMs are a success story on this right type of focus. When they were created several years ago, the idea was to invest and execute on being the most elite possible partner to various manufacturers – exactly as we have done for many years with NetApp, Riverbed, F5 and Palo Alto – and we have done just that, having secured and grown our business with those partners year over year. We have also just had our best year ever with VMware. We are DVAR with Cisco and we closed the year out as a Gold partner to EMC – further proof our focus and investment works.

And now that we have achieved our stated goal, we are further integrating those resources into the regions as client-facing, subject matter experts who will help maintain the partner relationships at a local level and continue to provide value to our clients. This will allow us to continue to apply the focus those partners' need, but also better enable the regions to make decisions relevant to the various sales teams and, once again, to our clients. The BAMs have been a huge success and we owe a big thanks to those who put the blood, sweat, and tear equity into standing them up as we now start to truly see the results of all that work.

Similarly, when we initially created the M-budgets, the goal was to allow teams to align with specific resources to grow their sales and although we have seen some dramatic success with this model, in some ways it had an adverse effect on how the regions functioned. As an M-rep told the Leadership Advisory Board a few weeks ago, "Now, if one of the guys on my team doesn't have the right skillset, I can't sell that product." In some ways, it feels like moving to an almost entirely M-model without having retained a District Pool of engineers became subtraction by addition. This was never the goal. To adjust, we will provide more pooled resources and more SMEs with the skillsets required by those regions.

Our belief is that by providing more resources and a greater focus on our clients' needs, we can combine our innovative practices with a return to the model that made us successful for the first decade - each region is

empowered to think and act for themselves, enabling a maniacal focus on our clients.

This reenergizing from the edges, the return to a “Total Client Experience” by continuing to “*Always Listen, Always Deliver*”, will strengthen us best to map the evolution of our industry, the advances in technology, and the responses we need to further flourish.

So what is 2015 and beyond going to really look like? I can’t wait to find out.

My daughter (literally) started walking yesterday. Next step is to teach her how to find me the remote.

# INNOVATION

A CIO recently told me, “Now is either the very best, or the absolute worst time ever to be an IT Leader.” Depending on the mindset and tools available to each individual, IT leaders will either thrive or struggle during these times of constant change. Trace3 is making sure we do our best to reach as many of those IT leaders as possible and ensure all our offerings, services, and products are customized to help them overcome their biggest and most critical challenges.

At Trace3, we’ve been in service of IT leaders for over twelve years. The original function of IT in the late 80’s was purely technical, reporting directly to the CFO. And that was it. No strategic business relevance, and certainly no business initiatives driven by IT. Fast-forward to today and you have IT leaders reporting directly to the CEO and directly aligned to business functions. CIOs are increasingly being asked to help solve intricate business problems, and in many cases, drive strategic business initiatives from within the IT organization.

The rate of technology innovation is mind blowing and its continued acceleration outpaces the ability of many businesses and leaders to keep

up, let alone leverage it effectively. The Trace3 Innovation group was created to help our clients understand these changes and support the early and effective consumption of innovation to secure competitive advantages in the marketplace. Ultimately, the ability of technology to improve process, streamline investments, and provide deeper customer intimacy is fundamental to enabling business transformation in this evolution of the digital age.

Through this evolution, IT executives have been confronted with all manner of potential fail points. Some pitfalls are technical in nature: the adoption of Cloud services, the ever-expanding collection of data and how to leverage it for increased efficiencies and profitability, new security vulnerabilities that come with major shifts in infrastructure strategies, and the escalating pace of technology innovation in which IT leaders have varying degrees of access, making it difficult to stay current and maintain a competitive advantage. Other challenges are non-technical: people development, organizational health, navigating internal politics, marketing and branding of innovation, and on and on.

I first met Niel Nickolaisen when as the CIO of Western Governors University, he came from Utah to Silicon Valley with three of his CIO friends to participate in our VC Briefing program. I heard he was a progressive, transformative CIO. I didn't understand the full extent of what that meant until I explored his side-work with colleagues, all performed while also transforming his own IT departments into more relevant and strategic entities within their respective businesses. He described his methodology and the processes by which he creates strategic focus and incredibly efficient decision-making around IT investments; specifically when to "create and own," when to "adopt," when to "partner," and when to ignore certain projects or solutions based on what is mission critical and/or market differentiating.

I had a feeling why he was putting forth the effort to share his experiences with others but needed to know for sure. So I asked. Why did he take the time to do this when in most cases there really wasn't any financial benefit for him doing so? Without hesitation he said, "Because I want to help. I

know what CIOs are faced with today, I know that three out of four of them will fail, and I want to help as many of them as possible succeed.”

Every product partnership Trace3 has established, every service we’ve created, every value-based Innovation offering we’ve developed over the years – everything we have the ability to offer a client – was originally created to deliver a better service and in response to an existing or potential future area of struggle for IT leaders.

Twelve years later, this relentless pursuit of Innovation has created a portfolio of offerings that provides significant value to clients across all verticals, ranging from very traditional data center infrastructure, to emerging disruptive technology, to organizational health and branding, and everything in between. We have succeeded in evolving and innovating. Now, what we do with all those offerings is the key. Clients have spoken, asking us to organize what we do into a consumable framework directly applicable and customizable to solving larger, more complex problems. We call this Business Transformation.

Business Transformation is the framework within which all-things Trace3 can be applied to the initiative or challenge at hand. This starts with *Discovery* – leveraging PoPin and other assessment tools to help define and understand at a more intimate level the challenges at hand. Then we progress to Executive Services such as organizational health workshops, Venture Capital Briefings, and peer networking. This lays a foundation to formulate strategy. Strategic Road Mapping and Planning then provides an opportunity to engage specific services and eventually Execution.

Depending on the nature of the problem, the Business Transformation framework allows for total flexibility in deploying relevant Trace3 offerings. A client may need a series of VC Briefings spread across multiple groups and several months, or they may not need any. An engagement may call for heavy organizational health work on the front end, or not at all. The Discovery phase may be a one-hour meeting with key stakeholders or it could require a SOW for a more detailed and lengthy assessment with consulting services.

The important thing is we continue to have the right tools at our disposal for supporting our clients at their potential fail points, and the framework within which to apply them for maximum impact and efficiency.

The keys to our success in 2015:

**Everyone supports our Clients**, and so we must also support the Trace3 front lines who have direct responsibility for Client success. The best example of this is our new Innovation Principal model. Instead of building a separate team in the field responsible for representing Innovation to Clients, we will have a small SWAT team of Innovation Principals who are not only Client interfacing, but also accountable for empowering individuals on the Sales and Engineering teams to introduce Innovation solutions to our clients. This is Innovation's "juice at the edge."

As recent as one year ago, there was no easy way for a Trace3 field operator to quickly understand our partner portfolio. There was also no way for a company to understand how to become a Trace3 partner or engage a Trace3 field team. **Partner Operations** changed all of that by creating a platform for efficiency and clarity around all-things partner onboarding and management.

The Innovation group will continue to leverage Partner Operations for more efficient partner onboarding and management of Trace3 relationships. The platform created in 2014 has already had a significant impact on our selection process for new partners, speed of onboarding, proper negotiating of agreements, setting of clear expectations, and opportunity for building bigger businesses together based on the go-to-market strategies. This allows for greater clarity in the Sales organization by giving field teams ready access to all partner data in order to make timely decisions that impact customer engagements. When coupled with our ongoing refinement of partner investments, the result can only be a higher quality of service to our clients. Partner Operations is Innovation's "strength at the core."

I'll never forget the first call I received from one of the VC firms we work with, requesting help from Trace3 **Research** with due diligence on a company under consideration for investment. VC firms like this employ

some of the smartest, most experienced technologists and entrepreneurs in the world, and have decades-long track records of building companies and making investments in them. And here they are asking us for our opinion. Of course we obliged, the conversation and ensuing discussions went well, and now we now get those types of requests on a fairly regular basis. The expansion of value offered by our Research team has been impressive, and continues to be critical to our success with Clients, partners, and Trace3 front line teams.

The continued development of Trace3 Research's "360 View" is the best example. Imagine having access to 1) 150+ engineers known for their technical experience and expertise across almost every area of IT, 2) hundreds of vendor partners (their sales, engineering teams, and execs) from the biggest industry players to the little-known startups attempting to disrupt them, and everything in between, 3) thousands of IT leaders who meet technical and business challenges every day and know what they must have versus what would be nice to have, and 4) connections into the Investment Partners at the top technical Venture Capital firms in the world, along with their portfolios of startups and the brilliant entrepreneurial minds who lead them.

Through a newly updated 360 View portal, the Research team will be providing additional value, including:

- Trends Reports – Information on how certain markets are changing, including money flow, solutions approaches, and key players affected by these changes.
- Use Cases – Reviews of how new technologies and market trends impact specific use cases, plus some of the vendors to watch in that space.
- General Studies – A warehouse of detailed reports that address competitive situations and relevant areas of study.
- Charts – If you've ever wanted to see the latest from Gartner, Google Trends, or other leading market charts, this is it. Gathered from a variety of analysts, thought leaders and/or Trace3 sources, this cache will now be centrally located for your easy access.

360 View embodies the methodology to organize these information sources, plus the resulting data, opinions, trends and reports. Research makes the unknown known, and provides the underpinning confidence for Trace3 decision-making on partnerships and investments. This is “Elite Engineering” in fine form.

Our activities, programs, and relationships in **Silicon Valley** have proven to be at the core of what we do. Our CIO VC Briefing program has ushered over 100 enterprises and several hundred IT leaders through a Silicon Valley experience like no other. Thought leadership discussions, the impact of technology on business, forecasting trends, VC partner introductions, entrepreneur (Founder/CEO) networking, and so forth, have consistently delivered unique value to all involved. The VC Briefing program keeps Clients informed and ensures a cadence of communication between the Industry, Trace3, and our Clients. The success of this program has been chronicled in Yahoo Finance, CIO Magazine, Forbes, and The Wall Street Journal. It is totally unique, and brings almost immeasurable value to the table for everyone participating. It’s also been incredibly fun for both myself and the Innovation team. This building and maintaining of relationships between Clients, Partners, VCs, and Entrepreneurs will keep us as the “De Facto Standard for New Tech.”

At the Napa CAB in September 2014, one of the common threads in the feedback we received from the client attendees was Trace3 needed to do a better job of articulating what it is we do. We have also heard the concerns from the field about the noise and chaos of so many offerings, and we have already begun to fix that for you. In 2015, there will be much closer integration between Innovation and Marketing efforts. With our Business Transformation framework, we are distilling the Trace3 messaging down to something more consumable by all in our ecosystem, then working to have consistent branding and representation of every Trace3 product and service – not just those within Innovation. This will be a company-wide effort that will heavily depend on the feedback and participation of many through “Aggressive Feedback Loops.”

In addition to branding, internal and external messaging, and events, we are working with Marketing to build a CIO acquisition and management

program. While we have welcomed more CIOs, CTOs, and SVPs into the Trace3 family in the last two years than in the prior ten combined, there is room for improvement in the area of bringing frequent value to those relationships by providing them with peer networking opportunities in addition to consistent and predictable access to Trace3 offerings. We will be acquiring new relationships through these hosted peer networking events, as well as partnering with CIO-focused firms for speaking opportunities, new technology introductions, and networking. We will also create a timeline of CIO-appropriate events throughout the calendar year so our clients can have predictable touch points with Trace3 local Sales teams, Innovation, and Executives.

As I look both back and forward, it's important to remember that serving our Clients is at the heart of everything we do. In other words, our commitment to a "Maniacal Total Client Experience (TCE)." From an Innovation perspective, that includes a relentless pursuit of the next big product, offering, or service that could help IT leaders stand on firm footing with every step they take in the evolution of the role of IT in the enterprise. Whether it is the Table Group partnership, Lean Consulting for the Enterprise, Press as a Service, or something yet to be developed, Trace3 Innovation is always searching for that next point of value and is committed to its development, testing, validation, and deployment.

We started this company wanting to change the way the industry viewed the channel. We are way past that now. We are now in a position to truly help those around us. We all have the ability to change the careers and the lives of those we work with, as well as those whom we serve. We have proven that focusing on the success of our Clients in turn leads to our own success. The needed investments in Innovation have been made and all the pieces are in place for us to run the table. Let's continue to do our part to make sure this is the best time ever to be an IT leader.

# THE SOUNDS OF SILENCE

I love uncomfortable silences. There is a group of people sitting around a table. A question is asked...and no one answers. Eyes are downcast. People work to formulate sentences. Nothing is said. I like those silences because they lead to a solution.

An uncomfortable silence in a room full of intelligent, experienced people is even more fun mainly because those people are used to having all the answers. I was in a room with my peers on the leadership team. The question that quieted a garrulous crowd was: What is Trace3 now?

Simplicity is not so simple. We spend most of our waking hours working on or thinking about Trace3, yet that simple question put us into contemplative silence. We hate being called a VAR but it would be arrogant to say VARs are beneath us. Some of the issue is the image the term VAR evokes. It is typically a fast-talking, badly dressed, tone-deaf sales person followed faithfully by an engineer blissfully unaware of the business impact of the solutions they sell. They behave like blisters. They show up when the work is done.

We strive to be more. We strive to be relevant. We strive to solve real problems. But what are we today?

## **What Are Your Intentions?**

I love the movie Apollo 13 because you have an impossible situation, lives in the balance, and an absolute need for people to come together as a team for the astronauts to survive. There is a scene where the ship is wounded, one of the astronauts is sick, they are out of communication range from mission control, they are losing oxygen, and the astronauts are fighting over who is to blame for their predicament. Tom Hank's character stops the fighting and asks a simple question, "Gentlemen, what are your intentions?" He then said, "I want to go home." Mission clarity is a powerful motivator.

The media and technology circles love to talk about innovation and disruptive change but what they typically leave behind are the byproduct of those goals: fear, uncertainty, and doubt. Trace3 started an evolution a few years ago and it did create fear, uncertainty, and doubt in our employees and vendors. We created a number of businesses in various stages of testing and building. The core of those businesses always centered on creating value and relevance.

This question of intent is really centered on our employees. For Trace3 to evolve, our employees must become insanely focused and driven around solving complex customer *business* problems. The people who will be successful at Trace3 going forward are the ones who can consult, elicit information, and solve problems prioritized by our customers. If we do not go to market with the intent to solve problems, we may still achieve a measure of success. But we will never evolve into something more.

**"As you think, so shall you become" - Bruce Lee**

If we are going to think and act differently, our go to market approach must continue to evolve. The people who touch our customers are the ones tasked with making this evolution a reality. They are our ability to change.

Sales interactions have shifted. The issues and infrastructures are more complex. The discussions are more nuanced. So are salespeople simply an anachronism? Has the need for salespeople become antiquated?

Let's distinguish between salespeople first. There is a certain type of salesperson that should be extinct. I like to call them the "salesguy." The salesguy denigrates their self and their position from the first meeting on and is supported in their self-aggrandizement by their trusty SE. They identify themselves pretty quickly by stating, "I am just a sales guy. My SE is the smart guy." The SE sits smugly by and nods his head or tosses in a joke like, "yeah, we just need him to buy lunch." If innovation and upheaval can do one thing for the industry, it would signal the death of the "salesguy."

Let's talk about the second type of salesperson. The business salespeople I get the opportunity to work with are smart, aggressive, and business savvy. They understand political landscapes, power positions, and can balance issues while uncovering problems that need to be solved, all while creating consensus around how to solve them. These people could run their own companies if they wished. They are articulate and strategic, while retaining the tactical ability to get things done. They must have a grasp on business, technology, law, contracts, and regulatory issues. They are the salespeople who are valuable, who have relationships not just through friendship, but also through genuine respect for what they can achieve. They are what all salespeople should strive to be.

Let's go back to the original question. Are salespeople still relevant? Despite a litany of LinkedIn articles to the contrary, salespeople are vital to our success and our customers' success. Those articles suggest the simple *availability* of data trumps the need for analysis, review, and action on the data. The death of the business savvy salesperson is not imminent despite data availability. As described below, they will be more relevant based on their ability to pull together teams of consulting-level business analysts, engineers, and architects. However, data availability around simple solutions means the death of the salesguy is at hand.

I would argue that with the changing landscape of technology, its complexity, the level and speed of innovation, and the level of integration,

the role of the salesperson has changed. Salespeople can't simply be the sole authority in a highly complex and volatile environment. Our customers' needs extend beyond the nexus of a single individual.

The reduction in authoritative knowledge is actually a benefit to strong salespeople. The salesperson (described above) has a stronger role in orchestrating a relationship and an interaction in order to come up with a solution to a problem. There is no static PowerPoint "pitch" in this scenario. Our customer relationships have to grow organically through discovery done by consultants, vertical industry experts, and traditional technologists. Successful, relevant salespeople (inclusive of TAMs, Consulting Engineers, and Architects) at Trace3 will be an extension of a customer's business decision-making by aggregating the right resources to analyze issues and create solutions. That salesperson is indispensable and extremely valuable.

Trace3 has a unique advantage in this model. We are not beholden to a single vendor or aggregated solution. We adapt to customer needs in order to solve real issues. Our sales teams will distinguish themselves by selling effectively and engaging in a meaningful way to create value. They can't simply sit in or be perceived as just "supplying product."

### **Purpose and Passion**

A child walks on to a construction site. He approaches a man mixing cement and asks, "What are you doing?" The man replies, "I am mixing cement." The child walks up to a second man organizing bricks and asks, "What are you doing?" The man replies, "I am fixing a mess." The child walks over to a pit where a man is knee deep in muddy water fixing a pipe and asks, "What are you doing?" The man replies, "I am building a cathedral."

Sometimes we focus on 'just' a fix. Sometimes that is enough. Sometimes, that is all the client wants and that makes them happy and provides value. However, if our intent is to solve problems, we have to stop talking about the technology and understand the business problem the technology solves. We want to be relevant. We want to not just survive this wave of

innovation, but also grow and become the standard for solving business problems. Those goals take focus, intent, and a willingness to leave a traditional technology focused comfort zone.

We have to understand the cost to our customers of not changing, of not being able to pursue new streams of revenue, of not having access to data to make business decisions that will determine their course and future. Our calculus has to change for the benefit of our customers. It needs to be more sophisticated to justify change in the face of the fear of change.

We used to be focused on the people who wanted to work with us. We worked to make them successful so they would continue to want to work with us. We wanted working with Trace3 to be synonymous with success and growth. To be successful now, we have to broaden our approach. We have to look at influencing and creating growth along entire lines of businesses at our customers. We have to look at creating success in manufacturing, marketing, sales, and business development. Our projects touch our customers' customers. They influence how our customers are perceived and whether those customers will buy again. We can make the difference between success and failure at a business level, rather than a departmental or IT level.

I know I have a few readers who are circumspect, so let's talk about some issues we consult on today.

## **Online Advertising Sales – Customer Intimacy**

Search engine ad bidding is a tricky business. An agency sells a fixed pool of ad spend to a customer, then must spend it intelligently. Exhaust the pool prior to campaign end and the agency pays the difference. Spend the pool on the wrong keywords and the customer won't see value and renew. The legacy approach our client employed involved agency personnel touching several different interfaces to monitor and tune campaign details. Data was at-best a day old, thus insufficiently granular for true agility. Efficiency and agility were paramount. A real-time approach was required.

Our Big Data team recognized the wide array of structured and unstructured data emitted from the various systems involved was a natural fit for a “Data Lake” architecture popularized by Hadoop vendors. Reporting data could be ingested as it became available and processing capability increased so deeper insights could be rapidly gleaned from the totality of campaign data, opposed to just the prior 24 hours. Multiple dashboards were consolidated to a single view of campaign health, significantly improving employee productivity and reducing soft-cost inefficiencies. Our solution allowed business analysts to shift their line of questioning from “is this working?” to “how can we be more successful?” From envisioning to completion, the new Data Lake was also erected in parallel to legacy systems over the course of six months without impact to the stability of the business: a great example of integration with existing infrastructure while adding new capabilities.

### **The Impact of Social Media on Same Store Sales - Retail**

A retail customer of ours has a high concentration of teenage customers. Most teenagers today have smartphones and use social media to collaborate. When a restaurant loses its network connectivity and can't process point of sale transactions, they fall back to local authentication and “approve” all credit transactions until the network comes back online. The teenagers have figured this out. When a location is down, kids use social media like Instagram to get the word out to their friends to come by and get “free food” since their ATM cards will be automatically approved, even if they have a zero balance!

We've built a vertically-aligned solution called CRX (Connected Retail eXperience) that will provide a portfolio of appliances – pre-tested, pre-integrated, and ready to ship to hundreds or thousands of locations and monitored from a central location, allowing for fast local repairs without local touch points. This will significantly reduce downtime, reduce revenue leakage at local stores, and even provide local networks for teen customers to use while in the stores.

## **Technology Manufacturing – Supercomputing**

When a customer decided to build their next generation of drives using helium, they hit on a method to dramatically increase drive capacity and simultaneously reduce power costs. To do this though, they needed to model airflow on a supercomputer. Unfortunately, they had just lost access to their test machine due to their merger. So they turned to AWS.

Like many organizations, the customer had built their initial HPC environment utilizing the standard AWS offering - EC2 instances. This allowed for a flexible deployment but resulted in a costly, sprawling, fractured environment. Trace3 collected raw Amazon bills and performance data, rationalized it against customer usage models, and implemented a new design. The final environment deployment guaranteed service-levels, reduced monthly costs by 30%, and introduced security controls to guard against IP theft. And best of all, instead of investing tens of millions on a new supercomputer, they spent tens of thousands to run simulations with no one blamed for “hogging” the infrastructure.

### **What is Trace3 today?**

I'll let you draw your own conclusions but here's what we decided as a leadership group: Trace3 is a company that solves business problems for its customers by integrating technologies and creating customer success. We will use consulting-level resources to investigate and deliver solutions to our customers while reviewing and recommending a number of technologies we deliver. We will deliver those architectures and manage aspects of those architectures to allow our customers to focus on the next set of business opportunities that present themselves in their vertical.

The market we get to play in is enormous. The people and the companies we get to work with are smart and sophisticated. The work is honorable and rewarding. What we do matters. What you do matters. This is an unbelievable time to be here at Trace3.