ESCAPE VELOCITY

TRACE3

CONTENTS

ACT OR BE ACTED UPON

- TYLER BEECHER

I'm pretty sure I was a great athlete in grade school. Yep, grade school! I was a playground legend, a big deal on my football team, and as a 5th grader I won the coveted Jr. Pentathlon (five track and field events). It had previously never been won by a 5th grader and I soon found my toothy grin in the local paper with enough individual and overall gold medals hanging around my neck to rival Mark Spitz. The 6th graders obviously weren't pleased, but I sure was. I went on to repeat the feat the next year and began to visualize myself on a box of Wheaties.

Then came 7th grade. I found myself entering a very large Junior High School where to my amazement, no one heard of me and the few who had didn't seem to care. I, along with seventy or so classmates from my grade school, had been swallowed up in what seemed like a pool of thousands of kids. We were nobodies, and to be honest, it wasn't long before I didn't mind the anonymity. I had

older brothers who passed through this prison years before and fed me tales of 7th graders getting pantsed, beaten, or even worse. To add insult to anonymity, I was now forced to use public showers after gym with a bunch of guys whose bodies looked like gorillas. Yep, my skinny, little goals had shifted from Wheaties spokesman to avoiding death by simian.

Just as I settled into my new goal of surviving, "it" happened. English class, third period. This horrifying girl who sat in front of me – I'll never forget her face – told me I was on the "hit list." It appeared I had caught the attention of the largest, meanest, 8th grader in the school. He had a list of 10 kids who he believed deserved (and would receive) a beating at his hands. Now I won't venture to explain the logic behind who made his list, but I was somewhat honored by my ranking. Number three with a bullet. For just a moment I felt some pride return. I mean, according to this weird, mean girl, I was number three. She went on to show me her copy of the list, along with the names of the other nine victims targeted by this 8th grade thug. Apparently there were many copies of the list floating around school. My name was out there – I was back!

Unfortunately, my feelings of notoriety didn't last long. You see, Jerry (hairy gorilla executioner) gave a very public and serious beating to kid number one that afternoon. Lucky me was even taken to the scene of the crime to witness all the fresh blood drops. One of the minions even cited (again) how Jerry was going to beat each kid on the list after school each day. And in case I forgot, he stressed my number three ranking. My pride be damned.

To my dismay, Jerry made good on his word. The following day I witnessed a large kid (victim #2) sprinting away from school, bloodied and wailing. Day two and victim two scratched off the list. Tomorrow would be my demise.

Now I'd like to think if my kid were in this situation, he would come home and report this issue so someone/I could intervene. But things were different back then, and I fully believed if I told my parents, I would be viewed as "weak" by my brothers. I also believed telling my older brothers would result in them intervening the old fashion way. I didn't like the way that story ended either. There was only one thing to do, so I spent the better part of that evening rehearsing my "final words" in the bathroom mirror, between praying my death would be both swift and honorable.

Following a fitful night, I got ready to head out the door for school and gave my mom an extra tight hug. Same for my dog Poppy. I knew we would never see each other again. I was dressed in my favorite clothes, making sure I wore a

shirt that would highlight any bleeding (my red badge of courage) - did I mention I was a little dramatic? As I was dropped off at school, what seemed like a hundred kids awaited my arrival. I distinctly remember one saying, "today is the day". Another giggled as he murmured "any last words?" It was on. Jerry clearly hadn't forgotten, nor had the rest of the school. I was a dead man walking.

My first few classes were tough, my mind anywhere but there. Then it hit me - English class, just before first lunch, me all cottonmouth and glassy eyes, staring into the Mean Girl's black mess of hair. Jerry and his crew of hyenas had first lunch. I had second lunch. But why let him pick the time and place of the fight? As the bell rang, instead of walking to my next class, I dropped my books at my locker and headed straight to the lunchroom. I opened the doors to face a chaos rivaling a trading floor. I knew Jerry sat with his crew at the back of the cafeteria, so I jumped up on a bench and spotted their location. Then, I dropped back down into the crowd before they could see me. I felt my hands sweat, knees weaken, and I honestly couldn't remember one cool phrase I rehearsed in the mirror the night before. But I was committed and somehow, on legs losing strength with each step, made my way through the pandemonium to Jerry's table. As I got close, they noticed me. No turning back. The gorilla's eyes fixed on me. His hyenas starting cackling and smirking.

Now, I wish this story ended with me rolling up on this goon with a sock full of nickels and cleaning house. It didn't. What came out my mouth was nervous and overly respectful in tone, but somehow I muttered, "Soooo...I heard you're gonna beat me up after school today. If you have a problem with me, I say we get it on right here and now." Jerry locked eyes with me. And for a few seconds... nothing. Just him and me. Then, he muttered back, "we're good...I don't have a problem with you."

I believe I went on to complement his Van Halen t-shirt and then turned and walked away. What I didn't realize in the moment was how quiet the cafeteria had become. All eyes were on me, and I did my best to exit with a bit of style (insides screaming – legs don't fail me now - don't trip!). My nightmare was over without a punch. Not a strong word exchanged.

So what's the morale of the story here? Was it about taking the fight to someone rather than waiting for it to be brought to you? Was it about calling the time and place of your shot? Was it about choosing to do something immediately that was going to happen eventually? To me it was simple. I was facing a clear and present danger and something visceral in my little 7th grade gut whispered it was better to take action than to wait and be acted upon. I have always believed

the worst punch any of us will ever take is the one that is threatened but not yet thrown. For those of you who came from the tech manufacturing space where quarterly inspections/reviews are a regular part of the diet, you know those who wait to be acted upon (rather than acting) represent some of the worst scenes of professional carnage in many of our career memories.

But what about cases where the threat isn't so obvious? Where there isn't an immediate clear and present danger. What about situations where things are much more ambiguous? What does it really mean to act versus being acted upon? To me it means we choose to call our shots, own our success, and move rather than wait for something to compel us to do so. Most of you could produce a list as long as your arm of well-known companies that, in a cloud of ambiguity or wishful thinking, waited to be acted upon. Companies like Blackberry, Nokia, Blockbuster, etc., represent organizations too busy "being" what they were to "become" what they needed to be.

The "being versus becoming" argument seems to play out in an overly simple way to anyone reviewing their late history against where they are today, but these were large organizations beholden to politics, internal turf battles, sunken cost bias, learned helplessness, quarterly earnings momentum, and success theatre. It's easy to judge and criticize these shops as a pedestrian or a viewer positioned in the audience, but these companies weren't loaded with weak, stupid, or ridiculous people. What they battled against and lost to was human nature. So what does this all mean to us?

Trace3 just finished the greatest year in company history. We blew through our half-billion revenue goal, growing $100M year over year, and over-achieving on all financial targets. Aggressive targets! We have never been stronger on revenue, gross product, net income, and cash, with Y/Y growth percentages that boggle the mind. We crushed our 2015 goals, and achieved our secondary goals of positioning ourselves well for a "fast start" in 2016, which is something I don't believe we have ever done.

This growth has made our opportunities diverse and potential huge. I have no doubt we can become a multi-billion-dollar firm in the next few years. But do we want to? Some have heard me wear out the phrase "if you don't have a plan, by default you are part of someone else's plan". My point is we have caught the attention of some of the biggest players in the industry and they have given us coveted awards around our innovation and execution. That's great, but none of us should lose sight of the fact that they have a plan for us. Ideas and plans that are fine as long as they are congruent with our plan. But remember, becom-

ing a high volume, low margin tech broker that contorts itself into whatever it needs to be (sometimes a lame procurement vehicle) is NOT what we want to be. Trace3's past is anchored in being elite, sexy, and "boutiquey," and I am committed to keeping that at the forefront of every decision we face in our 2016. I joined Trace3 because I had never seen a company more loaded with cool people trying to solve cool problems for cool customers with the coolest technology. A lot of "cools" in that line, but that is who we are and who we must fight to continue to be. We will act for ourselves rather than let the market act upon us.

In theory, acting versus being acted upon sounds great. I have yet to hold a meeting in our company where everyone, regardless of their position, didn't vote for the elite, sexy, "boutiquey," high value Trace3 over becoming a larger, higher volume broker. In our discussions of the future, all of you are almost violent about wanting to protect a brand and culture that keeps you here. Protecting our "cool" if you will. But we are now up against what I consider a "clear and present danger" to our brand, culture, and way of life. David Packard of Hewlett Packard lore was quoted with saying "more companies die of indigestion than starvation." What does this mean to us? I believe our question of what to digest and what to reject is the "big one" this year.

"Character is the ability to follow through on a decision long after the emotion of the moment has passed." I've always loved this quote and find it especially applicable to us right now. Our M-leaders will make tough choices on a fairly regular basis this year as to which Trace3 they want to see in the mirror in the coming years. If we try to be all things to all people, appeasing and digesting everything offered, we know where we'll be. I am confident our M Leaders are the best in the industry and are the great stewards of the business. In 2016, they will not let the teams around them "strip mine" and forgo what we all want most long term, in lieu of what some might want now (a deal).

In case there is some doubt, we all should be clear the M-model isn't just working, it's working fabulously, and everything we do in 2016 will be based around the acceleration of that model. We have proven that a "go-to-market dollar" invested in an M-Team is wildly more productive than anything else. Our 2016 focus will be to support those teams' growth, as well as help our non-M teams reach the mark or meld inside an existing team where they can grow as needed.

As I wrap up my remarks in this playbook, I hope you all feel the same sense of pride I do in our brand and what you have accomplished here. We all should be thrilled by our growth, but what truly makes me proud to be part of the team is not just our revenue performance alone, but rather our revenue performance

when coupled with our 2015 record around retention. Trace3 is proving itself as a desired home for the best our industry has to offer.

Some of you may remember Hayes' remarks regarding moving us more towards a "Netflix pay model" at our Evolve employee meeting in 2014. I am proud to say that on average, we have made his comments a reality. We know there are exceptions (roles, titles, and people) who don't fall into that metric yet and we will be working early in 2016 to make adjustments in the hopes of bringing everyone in every role into that reality. But overall, we achieved his ambition as a company. My point here is we didn't just grow on revenue, GP, net-income, and backlog. We grew while demonstrating operational and cultural excellence. We grew while keeping promises to people around compensation and team health. We grew while retaining and attracting much more than our fair share of the best people in the industry. We grew while shrinking centralized leadership and redirecting those dollars to our leaders at the edge. Leaders who proved they could make those dollars count!

We are smarter and stronger than we have ever been. If we can stay clear on who we want to be, then I believe our daily choices will be clear and we will navigate the ambiguity that lies ahead.

 Our founder has spoken long and often about being highly relevant in a post-VAR era. Some of you may still maintain the tail on that brokerage business might be longer than we think. Regardless, it's clear to me that people and organizations, if willing to sacrifice, can choose to control their destiny. Trace3 exists to secure the futures of the clients, employees, and partners who have bet on us. We will not let anyone (however well intentioned) make us over in their image or the image of one their partners. We are sought after for our innovation and execution, not for simulation and convention.

We will act daily in 2016 in accordance with outcomes that provide us the fuel and trajectory to deliver on "escape velocity" for our clients and ourselves. We will "close the gap" between our IT Executive services and the VAR business. Our opportunity in 2016 is great, 2017 incredible, and 2018 (PAS) almost too silly-exciting to write about. I look forward to discussing and living it with all of you in 2016.

PENGUIN PARALYSIS

- TONY BUSHELL

Despite giving me flashbacks to the nuns who prowled the hallways of my Catholic school – or perhaps because of it - I've always had something of a curiosity with penguins.

Not only are they fascinating examples of environmental evolution, but nature also blessed them with a comical little walk and cute little tuxedos. That never gets old.

I saw a wildlife documentary about them when I was in high school and something that has always stuck with me is how hungry penguins behave near an icy lake. They are terrified to be the first into the chilling water but starving enough they will do anything to survive. They know one of them has to make that bold leap, but none want to take the plunge. So, they wander the bank, all squawking attitude and desperate, wing-flapping agitation, each wanting the next guy to be the first in the water.

And then one of two things happens:

Either a brave penguin jumps in and fills his beak with fish, scurrying out before freezing...

Or the penguins gang up on one poor schmuck and push him in.

If he survives and gets a fish, then it's game on and they all leap in. If he doesn't survive, well, so long, Pilgrim. Shouldn't have stood so close to the edge.

This penguin dilemma holds very true for what we have previously referred to as "relevance in the post-VAR era". It's much easier to be part of a Penguin Pack mentality - and if the nuns at my school were anything to go by, we shouldn't underestimate the hypnotically scary power of that - than it is to be on the vanguard of something groundbreaking.

Is the first fish worth the risk? What if there are no fish? What if the water is too cold? What if your tuxedo gets wet?

We have a lot of peers in the marketplace, and although no one should ever be arrogant enough to say they have no competition, it's fair to say much of our competition have been unwilling or unable to make that bold jump first. Many of our peers have actually doubled-down on the "same old, same old" they bring to their clients and partners rather than take risks.

But Penguin Paralysis is not really applicable to Trace3 thinking. We prefer "How cold and wet can we get today and how alive are we going to feel when we hit that water?"

The mass of ice beneath us is visibly melting and there are fewer penguins at every turn. We should see this as a challenge rather than an impediment. We believe we have the plan. We believe we have the people. And perhaps most importantly, we believe we have the momentum to make it all work.

After a year of operating to a plan that has experienced 20% top line growth and seen something like 300% bottom line growth, our belief is we're on track and continued refinements to the plan of "strength at the core/juice at the edge" via operational efficiency can only put us in a stronger position year over year. Combine that with our strength in the traditional data center plus our thirst for innovation, it becomes an unstoppable story.

Innovation has always been core to what we offer our clients and partners. While our search for cutting edge technologies was always by design, we also discovered when we hired the right kind of engineers – true technologists – they found ways to meld new and old technologies into ground breaking solutions in the service of our clients. In many instances, we weren't waiting for our partners to innovate. We were doing it ourselves.

We have always been ready to jump into the cold water because when we do, we know with as much certainty as possible there are little fishy fishies waiting. Moreover, we have never been good at leaving our destiny up to others, so we do not follow and we definitely do not allow ourselves to get pushed by slower creatures deathly afraid of change.

Something else unique to penguins, and matches Trace3 behavior, is the ornithological equivalent of shedding skin. Most birds have the luxury of replacing a few feathers at a time when necessary or convenient, but penguins, due to the extremely hostile conditions they face, molt all at once and undergo an almost immediate renewal and change that strengthens themselves against the fierce elements.

And so it goes for us. In an effort to innovate and remain relevant enough to weather any storms, we continually incubate internally to see what is possible. As an example, when we started the BAMs four years ago, the idea was to gain relevance with certain manufacturers and as a result, the revenues we have enjoyed with those partners have all grown significantly. In fact, for the first time in company history, we had a partner in 2015 whose revenues with us were in line with traditionally our largest partner, NetApp, and it was with the manufacturer whose business model arguably first forced us to come up with the concept for a BAM - Cisco. I would consider that a success right there.

At the end of 2014 we made a decision to regionalize the BAMs so we could close out that innovation cycle and mature the resources into the regions to more directly align with the efforts of the sales teams and our clients. It wasn't completely without friction. Some of the manufacturers began to question our love for them, while some of our engineers questioned their roles if we weren't a shop "dedicated" to their brand of partner. However, time has proven it to absolutely be a success. Our revenues are up, our partners are happy, and we have given more resources to our regions as a result.

Similarly, going into 2016 we find ourselves at the end of another incubation and maturity cycle with another exciting time ahead. As soon as we get through

our rapid feather regeneration, we will experience a stronger and more unified Engineering organization, positioning us once again to jump into frozen lakes to take our fill of fish.

Now, the more observant amongst you might recognize the phrase "exciting times" at Trace3 inevitably leads to change. So here we go again...

Both Cloud and BDI have created enormous influence for us both with our clients and within the partner community. The influence these groups have independently nurtured resulted in amazing outcomes, ranging from financial investment from Cisco and other partners, to partners bringing us into new clients, to very talented individuals approaching us for positions, to doors opening into previously uncharted waters such as Dev-Ops and Enterprise Service Management.

Our end-game when we started our BDI and Cloud practices was to focus in on emerging technologies that were hot, hugely relevant, and relatively new vistas on which we could both stake our claim and continue to build upon. We believe those groups have achieved their stated goals and it is time to elevate them to the next level. We have only just begun to scratch the surface of where a move into the consulting space can take us and our hope is that by evolving our messaging and offerings, we will continue the momentum to even greater heights.

To this end, Engineering is now broken down into three broad groups: Consulting, Architecture, and Delivery. Our goal is to ensure all our conversations at multiple levels across our clients' organizations are aligned as we discuss what we do well and the solutions we offer. We are making the following changes to facilitate this new direction:

CONSULTING:

Carey Moretti – When spending time with Carey, it becomes very clear why our clients love working with her and that makes me particularly thrilled she will be taking over the Consulting team. This will be a select and very focused team that will continue to help us move away from purely selling into IT by growing the scope of Envisioning and consulting engagements centered around high-value Business Transformation opportunities. The members of her team have all proven their worth to clients in truly meaningful ways in the last year and I am thrilled to see where Carey can take the group as she refines the messaging and offerings to exploit the business value of each engagement.

CORE ARCHITECTURE:

John Bristol – One of the most creative engineers with whom I have ever worked, John takes over the Architecture group and will be ensuring our pre-sales engineers are all armed with the right talk tools and tracks, plus our core datacenter business continues to thrive. John has an abundance of ideas and, along with the rest of the team, will be tasked with turning those ideas into offerings that allow us to continue to innovate and remain relevant within our core lines of business.

INNOVATION ARCHITECTURE:

Yuriy Kumanov – A large part of the success of the Cloud team over the last year involves the forward-thinking architectures that enable our clients to achieve business outcomes in new and unusual ways. Some of this relates to our core infrastructure services, but much also ties into new paradigms, technologies, and partners. Yuriy will help us innovate in unexplored directions and, just as John will help maintain and grow our core data center business, will help continue to up-level all of our engineers with new tools, talk tracks, and ways of thought to ensure we are the Go-To Partner for our clients.

DELIVERY:

As the true core of our business, there is an urgent and constant need to ensure we provide unparalleled service to our clients. To co-opt an old saying, "you're only as good as your most recent deliverables" and getting all this right includes as much work behind the scenes as it does in front of our clients. This necessitates a focused approach on the different aspects of the business. As such, there are four folks who will take ownership to ensure we work at the highest level possible:

Insop Song – Insop will move to Director, Client Delivery (West) and own all Client Delivery from San Diego to San Francisco. Insop will ensure we have the right talent in service of our clients and account teams and that projects are delivered as they have been sold. Insop's unflappable nature will ensure our California teams and clients are in good hands and I'm thrilled to see how he can help us grow the business.

Janalee Doerfler – Janalee will continue as Director of Delivery Intelligence and interpolate and interpret our numbers, track our costs, establish metrics, continue to monitor client satisfaction, as well as own our internal systems such as NetSuite and Quosal. Janalee is really the person who makes sure the

Engineering side of the business "runs" and gives the executive team the lens and data we need to make the right correct decisions.

Julie Wise – Julie will move to Director, Client Delivery (East) and be responsible for all service engagements outside of California and will continue to run the Denver Delivery team, whilst also taking on our Phoenix team. Additionally, she will be responsible for building out a PMO framework in 2016 and take on the Services Sales Center to ensure we have one consistent manner of operation and delivery

Victor Tingler – As Director, Client Innovation Services, Victor will ensure we have an eye on innovation within Delivery, as well as build out new, forward-thinking offerings such as Dev Ops and Enterprise Service Management. Although based in Denver, his focus will not be regional but more technology-based and his team will safeguard our engagements continue to break new ground for our clients as we formalize our offerings.

As well as the core of C-A-D, we still have a few specialized, stand-alone business units that will continue to function as part of the greater engineering group. We have seen great success with the following groups and my hope is, where it makes sense, to build more of them to continue to provide our demonstrated technical excellence.

Data Center Migration – Helen Moran and Steve Houser have done an incredible job building out our Data Center Migration offering and continue to add more clients and drive more value. Steve and Helen will remain at the core of this group and although we will add more people as necessary, they will continue to leverage the rest of our Delivery and Innovation teams for execution. The success of this group is directly attributable to the effort Helen and Steve have sunk into it and I know it's been a labor of love, but the results - $2.2M services revenue in 2015, $780K underway in January, and a super strong pipeline for 2016 - are remarkable.

Managed Services – Marne Goldsmith will continue to run Managed Services and SmartHands as we grow these offerings out separately and continue to add more. She is currently readying a plan to take SmartHands out to different regions to provide service at places other than Switch. We are also taking some of the processes that Jessica Lombardi, Jose Fernandez, and the SmartHands team are so good at defining and bringing them to our clients in the form of both people and offerings. Additionally, Marne will focus on building out true "managed service" offerings that extend well beyond Smart-

Hands, including first call support for Platfora and AWS, as well as some other ideas that could allow us to finally innovate this space and say we have true Managed Services.

AWS – We achieved an incredible outcome at the end of the 2015 by having 20 certified AWS engineers, giving us the largest and most cross-trained engineering team anywhere outside of AWS itself. We already see the results of this effort in new customer engagements, enhanced partner manufacturer alignment, and growing monthly recurring business; so thank you again to everyone who got their certs this year and to Scott Mellegaard, Bret Mac-Innes, and Paul Wiederkehr for turning this into something real. The truth is our clients are moving to the Cloud and we are now able to not only help with their transition, but also well positioned to guide and leverage.

Veritas – Doug Austin has done a great job ensuring that our value to a key partner, as well as our technical excellence to the clients, continues to grow and strengthen. Doug has hired great talent and done a wonderful job of mentoring and growing his team, allowing us to have a Veritas presence that is as relevant to Veritas at the highest levels as it is to Trace3 and our clients.

Given the refinements and changes ahead, it's incumbent upon us to maintain outward communication and continue to provide our account teams and clients with superior collateral and sales enablement tools. As an example, in Q1 2016 we will roll out both a one-page "Here's What We Do" for account teams and clients, as well as a Service Catalog listing our areas of strength to provide further clarity for the sales teams around what they can sell with confidence.

From the bigger picture perspective, as we have such a variety of different teams who work on various initiatives, we are gathering representatives of different aspects of the business to be part of the "Office of the CTO", with their first meeting on 2/10.

The goal of the Office of the CTO is to ensure we provide a clear technical vision, talk-tracks, and road-map based off the needs, requirements, and feedback culled directly from the field. It is imperative we understand the most relevant conversations – or the conversations that WILL be most relevant - to our clients and partners now and over the next 18-36 months. The plan is to incorporate what some of our most forward thinking teams are seeing, and use this as a guideline for where we can excel.

The Office of the CTO will have a rotating membership so we continue to hear from multiple voices, but will initially consist of Ryan Lynn, David Titov, Anne Ponzio, Mark Campbell, John Bristol, Victor Tingler, and Steve O'Brien. Their first task is to provide our sales and engineering teams with clarity around which problems we can solve on behalf of our clients, and which vendors are relevant to both those solutions and our overall success. It will be the first "technical roadmap" we have ever provided to our sales teams and will be updated regularly to ensure we have relevant conversations that play to our strengths. This is no trivial undertaking and will require input from many of the engineers to complete, and will hopefully be more pertinent and grounded than any Gartner report could hope to be.

The ever-changing marketplace we inhabit drives this need for constant evolution. I have heard repeatedly from partners in the last 18 months, "I wish my other partners saw things like Trace3 sees them", and although our approach is unique, that doesn't mean there aren't companies out there just as good in their own idiosyncratic way. We absolutely – as always – have a fight on our hands. Only, now that we have cracked the "Half Billion Club" and are on our way to the "Three Comma Club", that fight just got bigger and uglier, and a whole lot more fun.

In many ways, the old fight was simpler - shining when you have a lot of bad competition. But now that the field is narrowing and we're seeing our peers get bought, sold, merge, struggle, or just plain go out of business, the battle is for increasingly bigger stakes. Only those able to innovate and survive can withstand the pressures of the industry. Soon there won't be anything left but true contenders and we must continue to refine our efforts and bring our A-game.

So, going into 2016, I am filled with the feeling I always have at this time of year – excitement mixed with trepidation with a dash of healthy fear. I can see movement under the ice and I'm pretty sure those are some sweet tasting little fishy fishies. I'm checking my tuxedo and getting ready to jump.

The water looks just fine from here.

IT'S WORTH OVERDOING

- CHAD CARDENAS

I tend to believe anything worth doing is worth overdoing, which can definitely be both a blessing and a curse. At Trace3, we are fearlessly committed to anticipating, designing, and defining what is worth doing. The time has now arrived to see how fast we can all go together with the innovative machine we built.

WHY DID WE CHOOSE THIS PATH?

In the last thirteen years we've spent a lot of effort analyzing our industry to both identify and anticipate its changing needs, as well as the unique and innovative ways required to address them. We've studied the function of IT in various types of companies and been persistent students of the evolution of the role of CIO and what that means for them, us, our partners, and our industry. We've talked to thousands of IT leaders about how their roles are rapidly changing. We've invested countless hours and dollars into deciphering what the future of specific tech categories (Cloud, Big Data, storage, networking, security, etc.) will look like, and developing methods for making that an ongoing and repeatable process. We've built entire teams (Research, Cloud, Big Data),

programs (VC Briefings) and partner communities (Venture Firms, 451, Gartner, Startup Founder/CEOs) specifically to put us in a better position to anticipate those needs and deliver proper solutions.

More than anything, we've been relentless in our pursuit of things that can make our clients more successful. We've focused intensely on their challenges, goals, business demands, and desired outcomes. We've always believed they would show us the way. And they always have.

HOW DID WE GET HERE?

In addition to the people at Trace3 who have made ALL the difference over the years, it's worth reviewing some of the things that have helped put us where we are today:

- When people talk about **Trace3 sales**, it's usually about the caliber of the individual we have in our organization, how good they are at what they do, how experienced they are at conducting large complex campaigns, or how skilled they are at penetrating and maintaining top enterprise accounts. What is sometimes easy to forget is the structure and models those individuals operate within, what attracted them to doing what they do at Trace3, and how they are able to achieve max scale here. We have very unique compensation plans but the M and +1 Rep models combined with the budgeting and ability to autonomously build a sales business within the business. Those are disruptive and ultimately provide a greater level of service to and scale for our clients.

- We've built a **Research** team and process that has positively impacted almost every aspect of the way we serve our clients, partners, and internal employees. Imagine the Trace3 ecosystem as a large group of different types of data inputs: customers (large and small, across every vertical), technology partners (the big incumbents to the small startups and everyone in between), Trace3 technical staff (200 of the industry's brightest, with diverse backgrounds and most with strong opinions and a willingness to share them!), Venture Capital firms (the best tech VC firms in the world and the partners who run them), tech entrepreneurs (the startup Founder/CEOs who have studied a category and have a vision to disrupt it (or create a new one!)), and other research entities like 451 and Gartner. Now imagine having "sensors" frequently collecting data from all of those inputs and putting that data to work. We've created a Research team who does just that, affecting the new partner decisions we establish and the technology recommendations we make, all while bringing

incredible value and credibility to our client interactions.

- There is no other IT Services firm who has established such deep and extensive connective tissue with the Venture Capital community in Silicon Valley. This serves our CIO VC Briefing program (over 150 CIOs served and counting!) and brings continued disruption to our partner ecosystem, which all benefits our clients at the end of the day.

- In an industry headed to the **Cloud**, clients are vigorously searching for knowledge, solutions, and partners who can differentiate themselves in the space. Our investments in Cloud in the past three years have allowed clients to not only trust our abilities, but also gives them a totally unique and differentiated approach to learning what Cloud means to them and how to move forward with the right solutions.

- We talk a ton about serving our clients, but we also have to remember the importance of **being in service of our partner community**. We have applied Trace3's collective innovative mindset to an industry-first partner operations model of helping to launch and grow our partners' go-to-market success. We cannot bring full value to clients without the contribution and collaboration of our partner community.

- We have taken **Big Data**, one of the most often confused and misinterpreted spaces in IT, and built a business around it that helps clients gain clarity, identify challenges and opportunities in their business, and architect solutions that have a measurable impact on the organization's success.

- We have grown to well over 300 employees and over $500M in annual sales, and through it all have remained as committed as ever to the strongest core of engineering talent in the industry. Over a decade ago this concept and our execution of it was used as a selling point for clients. A massive differentiator. We've held onto the importance of a **badass engineering** team (pre, post, consulting) and now use it to help deliver on all our promises in Data Center Infrastructure, Innovation, Cloud, and Big Data.

- **Press as a Service** was developed to give IT leaders a medium in which to share their successes internally and externally, promoting the function of IT within the organization as well as the innovative nature of the company externally.

- We've created several IT Executive Services, which are not technical in nature but every bit as important as they address the larger business concerns of a client. Programs like our **Table Group Org Health** offering that helps CIOs and their executive peers get aligned around common goals and objectives for the business, ultimately providing greater employee engagement and a stronger foundation from which to launch change and transformation initiatives

I know of no other VARs, SIs, consulting firms, etc., who do these things. Certainly not any who offer them all and to the extent we do. We have dedicated ourselves to serving clients and partners and have taken that task to the extreme by trying to look three, five, even ten years into the future to anticipate what our clients and partners will need. We call our shots and make massive investments accordingly. Some would say Trace3 has figured it out. Some would say we've arrived. I would agree we have succeeded in achieving these goals, but with every major achievement, we have been presented with an entirely new opportunity. And today is no different.

BUILDING A COMMUNITY

"We" does not just refer to Trace3. Think about all the incredible things we've done over the years. Which of them would have been possible without client input? What would have been possible in the absence of strong partners having co-invested in a vision with us? What would the Cloud or BDI offerings be without strategic product partners? How could the VC Briefing program even exist without co-development and participation from folks like Greylock or the Founder/CEO community in the valley? How would we have developed an org health offering so quickly without The Table Group? If we've helped build anything, we've helped build a community of like-minded clients and partners aligned with us in an endless search for differentiated, mutual benefit.

We now have an opportunity as a community to change the way the entire IT industry operates. The way clients find, test, procure, and manage new technologies. The way IT Services firms partner and serve clients. The way venture firms invest in and grow disruptive tech ideas. The way entrepreneurs build their companies and bring their products to market. The way technology firms get connected to the right clients with the right use cases. Whether any of us planned on this, stumbled upon it, helped build, it or just arrived. Whether we like it or not, we are leading an industry movement right now. We're no longer getting on the map as a VAR. We've become relevant. We've innovated. We've invested and streamlined.

So why are we doing this? What is this all for and to what end? I joined Trace3 in search of more meaningful relationships, deeper connections to clients, and the ability to be of greater service to more individuals and organizations in our industry. And I believe most of us are here for similar reasons. I believe we all see a purpose in helping those in our ecosystem successfully navigate the challenges of a fast changing landscape. So the question really shouldn't be 'to what end'? The real question is how much faster? Or how much bigger? Or how many more individuals and organizations can we help? If it has been worth doing up to this point, then we have to agree it is worth doing on a larger scale, or "overdoing" it. If we've impacted the lives of thousands of IT leaders and their organizations, how quickly can we get to the rest of them?

Fourteen years in, Trace3 is growing faster than ever before, while also in stronger financial health than any other moment in our history. If that doesn't point to opportunity in 2016 and beyond like we've never seen before, I'm not sure what would.

So what now? It would be easy to hit cruise control right now and relax. We could probably be asleep at the wheel for a year or two and still get by, but every day of that would result in our opportunity window closing a little more. And the more that window closes, the more we lose our ability to serve more clients, more companies, more partners.

CONTINUOUS INNOVATION

We arrived here by anticipating, innovating, and investing. And we must continue to do so. I was chatting recently with Paul Duchouquette, a very bright and forward-thinking CIO, about what additional areas Trace3 could explore to help CIOs. He said "what if you could help them better understand the business of the business?" That led to a conversation about how many IT leaders did not advance in their careers through sales, business, marketing, or finance. Many have technology backgrounds and have been successful enough to be promoted into a position that now demands much more than just technology prowess. What if we offered a business workshop for IT leaders taught by MBAs that could help them be more effective in the boardroom and outside of their tech silos?

Chris Laping, former CIO and SVP of Transformation for Red Robin, has started a new company called People Before Things – a consulting group dedicated to helping IT executives create a culture of change and an environment more conducive to business transformation efforts. We introduced Chris and his new

concepts to our 2015 CAB CIOs in Deer Valley and the feedback was extremely positive. This could be a valuable new offering for Trace3 to bring to our clients in conjunction with People Before Things.

Niel Nickolaisen, a very innovative CIO, author, speaker, and IT thought leader, has developed a methodology that CIOs can use to make informed "investment" decisions in all aspects of their business. It forces the mindset of putting decisions around budget, resources, time, projects, etc., into a matrix that defines what is mission critical, what is market differentiating for the business, what is both, and what is neither. That model then drives the subsequent investments (or lack thereof) accordingly. We have hosted these Transformational IT Leadership workshops for groups of CIOs in conjunction with Niel and received tremendous feedback.

Spearheaded by Drew Cather and Steve O'Brien, the Innovation group is building an Ascension program that seeks to increase the potential of the leaders we engage within our community. We have always been intent on bringing the best technical solutions, however this program will focus on providing individual development opportunities for those who want to advance. The program will develop an individual's professional influence, leadership capabilities, and personal network. Our goal is to accelerate growth and provide information, strategies, and influence to be leveraged by many of our most successful leaders within our community. The Ascension program helps clients create and promote business value through all their hard work, which has the added benefit of being used as an external recruiting tool for top industry talent.

The successes of our Cloud and Big Data Intelligence teams are already driving them to new areas of value such as IoT. There will surely be new areas to explore and develop six or twelve months from now that are not yet defined. We may have an entirely new practice group to talk about this time next year. There are endless possibilities with a more robust focus on security offerings. We must identify the VC Briefing program of tomorrow. And we must continue the search for the next disruptive technology partners. We will run fast, and we will not be complacent.

OVERDOING IT

There has never been a better time to take advantage of such a strong community of Trace3 people and offerings, partners, and clients prepared to take advantage of the opportunities all this change presents. We discovered the real value of the VC Briefing program when we were able to identify significant and

measurable value for ALL parties involved. And to take it a step further, there was so much interdependent mutual value that if it ever went out of balance, the whole program would be jeopardized.

The same is true on a more macro level with the opportunity for us all. Clients need technology manufacturer partners to be successful. Technology manufacturers need great partners to represent their products and clients to consume them. We absolutely need all of them to have a sustainable, viable business. Include the Table Group, VC firms, the entrepreneur Founder/CEOs, and we have a large community of entities who essentially are interdependent on each other for their own success. If we all serve those around us, everyone will win.

HOW DO WE GO FAST?

So much of the heavy lifting has been done. So much investment in building the foundation, the partnerships, processes, product expertise, Innovation offerings, and client relationships. Now we execute with our community of partners and clients and take full advantage of what we have all built together.

The Research team is one of the most exciting things ever created on our side of the industry, and certainly at Trace3. Mark Campbell (Research Director) will continue to lead this effort with Katherine Johnson (Research Principal) and Troy Cogburn (Research Associate). Their efforts will focus in these main areas:

- Contributing to the successful curation, execution, and follow-up of VC Briefings.

- Custom Research as a Service – giving Trace3 clients access to the Research team to tackle a variety of published studies, comparisons, and trend analysis focused on core markets of interest.

- Continuing to develop and leverage 360 View for the benefit of the entire Trace3 community. A repository of over 1500 solutions and 150 use cases, this tool redefines what is possible for us based on the data at hand (100s of internal engineers, 1000s of clients, 100s of partners, dozens of world-class VC firms, and scores of Founder/CEO thought leaders) and how we leverage it for everyone's benefit.

- Delivering Research Artifacts – providing relevant studies, trend reports, and product summaries at no charge to our customers. Don't be surprised if someday Trace3 Research is mentioned in the industry in the same

breath as firms like IDC, 451, and Gartner.

- Field enablement, field enablement, field enablement! Research collaborates with our sales teams to help acquire new customers and deepen relationships with existing ones by providing our view of customer-relevant industry trends, products comparisons, and technical disruptions.

- Continuing to drive value for the Trace3 ecosystem by providing valuable information that informs every decision we make in terms of who we partner with and to what extent, what products we represent, what trends we need to follow and lead, and what new solutions to develop.

The Innovation Principal role has been taken to a whole new level in 2015. What started in 2014 as a role meant to drive focus in the field on selling a small number of new tech products, has now turned into one of the most highly sought after and valued resources in the field. Drew Cather (VP of Innovation) and Steve O'Brien (VP of Innovation) spent 2015 not driving the sales of particular products, but getting underneath the sales teams and lifting them up to be more successful in building their businesses by leading through innovation. VC Briefings, emerging tech, transformational IT leadership workshops, org health, Research, Press as a Service, and more. That work has laid the foundation for 2016 – the year of the Innovation Playbooks.

Drew and Steve are co-developing Innovation playbooks with each sales team to serve two main purposes:

- Equip every rep team with an Innovation runbook for their business, customized to their specific accounts, identifying the potential Innovation plays, along with the required resources for execution.

- Enable every rep team with a Virtual Innovation Principal that can over time depend less and less on Drew or Steve to run these plays – organizing and executing on briefings, selling Table Group off-sites, structuring IT Ascension or Business Transformation engagements, etc.

The playbooks, created and delivered in a highly collaborative way through 2016, take our Innovation Expertise Development program to the next level, truly integrating Innovation into all regions and sales teams.

The storied VC Briefing program will continue to be led by Jillian Jaime as it is

streamlined for greater value and economies of scale. This aspect of the Trace3 ecosystem touches so many areas of our business and while we've already discovered tremendous value in partnering with Silicon Valley, we believe the best is yet to come. We started in 2012 with two VC relationships. We now have about two dozen. In 2015 we had more firms request to plug into our briefing program than in the prior two years combined. In 2015 our VC network introduced Trace3 to 3x the number of net new Fortune 50 clients than in the prior two years combined. We still see an average of a 40% increase in activity engagement with clients YOY following their first briefing with us

MARKETING WILL GIVE US CLARITY & SPEED – WE ALL NEED TO BE CROS

It's one thing to have a killer story. It's a whole other thing to tell it. And yet another thing to have that story told by hundreds of people over and over again via every different medium. We must continue to tell our stories. Patrick Lencioni talks about being the CRO (Chief Reminding Officer) of your business. We are in a position now to be the CRO of the IT industry. Consider again the ecosystem: hundreds of internal experts connected to tens of thousands of others, the vast partner community, research firms, dozens of influential venture firms, the entire enterprise entrepreneur community, and of course our thousands of clients who depend on us every day. We must continue to listen to all of them and tell the stories of how we are in service of them.

There was a time when we did not have marketing at Trace3. We did not have press or PR. We did not have a social media program to leverage our ecosystem contacts on Twitter and LinkedIn. We did not have our name in lights with the Wall Street Journal, Forbes, and CIO.com. And we did not have Evolve. We now have a massive platform to tell our stories and share our vision, and the more we invest in doing so, the faster we will achieve greater scale.

Our very own Todd Galina (VP of Marketing) has a plan for turning Trace3 Marketing into an operation that actually drives the business and perpetuates an industry view of Trace3 throughout. It starts with the development of a Brand Architecture – a structured approach to arriving at a defined brand for Trace3 that becomes the guiding light for all-things marketing. Internal collateral, pitch deck templates, advertising, Trace3.com, Trace3 social campaigns on LinkedIn and Twitter, PR and Press initiatives like our 2015 Momentum Release and subsequent January 2016 follow-up, and of course our incredible Events.

Stephanie Hannah (Director of Strategic Marketing) has done such an incredible job of not just developing and executing on events like our CAB and Evolve, but creating repeatable processes for these events that allow us to go faster and do more of them. That success has trickled down to regional events and helped us entertain existing clients, as well as onboard so many new ones into the Trace3 family.

We've never been in a better position to tell the industry where we came from, who we are, and where we're going. 2016 will be remembered as the year when after fourteen years of editing our story, we nailed the final draft and shared it with the world on a massive scale.

IF YOU BELIEVE…

If you believe this is all a worthy cause. If you believe our society depends on businesses to be successful, businesses depend on technology, and IT leaders are the deciding factor in most businesses. If you believe this community we've created of Trace3, Clients, and Partners is set up for unprecedented mutual value, and we have most of the components for scale already highly functional. If you believe now is the time to lean into it all and take full advantage, then it's time to start thinking in the 'now' and all be insanely focused on what we can do NOW to go fast with what we've built. We are not taking our eyes off the future, but we are not in building mode any longer. We are in execution mode, and it's time to see how fast and how big we can really go. Let's overdo it.