

The Manager
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Rhipe Limited (ASX:RHP)

rhipe Japan Joint-Venture with Japan Business Systems Inc. (JBS)

The board of rhipe Limited ('rhipe' or the 'Company') is pleased to announce the signing of a binding agreement with Japan Business Systems, Inc. ('JBS') to establish a new Joint-Venture (JV) company ('rhipe Japan'), headquartered in Tokyo, Japan. Founded in 1990, JBS has over 2,000 employees and has been awarded a Microsoft Japan partner of the year for six consecutive years. JBS has Microsoft specialisation capabilities in areas such as Data and Artificial Intelligence (AI), Modern Workplace (Office365), Business Applications (Microsoft Dynamics 365), and Applications and Infrastructure (Microsoft Azure).

rhipe Japan will aim to be appointed as a Microsoft Cloud Solution Provider (CSP) partner by Microsoft Japan. Microsoft Japan is aware of the JV plan and believes that rhipe's credentials as Microsoft's leading Indirect CSP partner based in Asia Pacific will place it in a strong position to assist in growing Japan's CSP business, especially in the significantly under-served Small and Medium Sized Business ('SMB') segment of the market.

The key terms of the rhipe Japan JV are as follows:

- rhipe Japan will be owned 80% by rhipe and 20% by JBS.
- JBS will provide at cost local personnel, office space, localisation, market knowledge and support for the operational launch.
- rhipe will be responsible for all other aspects of the JV including the use of rhipe's Platform for Recurring Subscription Management (PRISM), business planning, market launch, and back-office operations.

rhipe Japan's market introduction will be announced at the Microsoft Japanese Partner conference later this month with operations commencing upon successful appointment to the Japanese market by Microsoft (potentially in Q2 FY20).

rhipe CEO, Dominic O'Hanlon says "The announcement of this JV with JBS is a significant step in rhipe's ongoing expansion. Japan represents one of the largest markets in the world for Microsoft, yet the migration away from on-premise to cloud-based computing is relatively immature compared to many other countries. We know that rhipe's PRISM platform and product marketing capabilities will provide a fresh approach to assisting Microsoft Japan in reaching new customers, particularly in Small and Medium sized reseller businesses. The combination of rhipe with the highly respected market position, technical capabilities, and strong relationships that JBS has in Japan is a very exciting prospect for all three companies".

JBS President, Mr Yukihiro Makita says "I am very pleased to support Dominic and his team with the important launch of rhipe Japan. This is something that we have been working towards for over a year with the strong support of executives from within Microsoft, both in Japan and in the United States. We believe the launch of a Microsoft subscription business to SMB resellers could present a new opportunity that has not been well addressed by any other companies in the Japanese market".

Yoshinami Takahashi, Managing Executive Officer, Microsoft Co., Ltd., Japan says "Microsoft welcomes the announcement and entry of rhipe as a Microsoft partner into the Japanese market. The value of the Microsoft Cloud Platform together with rhipe's strength and track record as a dynamic CSP partner will accelerate and grow the cloud business, especially in the Small and Medium Sized Business segment."

Impact on FY20 Guidance

Over the coming months rhipe will be working with Microsoft Japan and JBS to quantify the timing and degree of investment required for rhipe Japan. There will no material financial impact in Q1 of FY20 and rhipe will provide an update to shareholders at the rhipe Annual General Meeting (AGM) of shareholders in November 2019.

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About rhipe

rhipe, (ASX: RHP) is the cloud channel company. It provides its partners with a complete end to end cloud solution, helping them to grow and thrive in the emerging Cloud economy. As Cloud 1st, Channel 1st company, rhipe is recognised as the leading expert in subscription software licensing in Asia Pacific and its multi-award-winning services and support division is the industry leader in Microsoft Office365 implementation.