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Accelerating demand in Public Cloud opens opportunity for rhipe and additional Microsoft Cloud Solution Provider (CSP) Partners in Australia

Almost one year since rhipe launched its Indirect CSP program in Australia in July 2015, the Board of rhipe is pleased to provide an update on our progress and the opportunities ahead in the expanding Cloud market. Well ahead of targets in terms of Office 365 seats and transacting partners, and increasing month on month, rhipe's Indirect CSP program is growing fast and has seen rhipe drive consumption of over 41,166 Office 365 seats across Asia Pacific, with 33,216 in Australia alone. rhipe now has 378 transacting partners (315 active in Australia) – 45% are net-new to rhipe - and 273 CSP-onboarding partners.

As a result of the market shift towards Cloud and away from older on-premise licensing models, this morning Microsoft Australia announced its intention to appoint five new Indirect CSP partners: two mainstream indirect partners who are expected to offer multiple Microsoft Cloud workloads at scale; and three Azure focused Indirect Partners.

*"rhipe has a clear first-mover advantage driving Cloud at scale in the service-provider community, with the largest number of Indirect CSP seats across Asia," says **Dominic O'Hanlon, rhipe's Chief Executive Officer**. "However, there are other parts of the cloud marketplace that rhipe isn't servicing, and will not, For example, the bundling of Office 365 onto hardware shipped from a warehouse? rhipe's business is 100% Cloud. The Cloud is our distribution engine and our Cloud partner portal has been used to deliver subscription licensing for over a decade," says **O'Hanlon**.*

rhipe believes the future of software sales is via digital rather than physical sale and delivery. rhipe has no warehouses or forklifts and believes software should be delivered on a subscription basis via a feature-rich cloud platform.

The Public Cloud Market Opportunity

By 2019 industry analysts IDC forecast the public Cloud market to be at USD\$141.2B, and Asia Pacific – excluding Japan – at USD\$10.6B. Microsoft has stated its objective to achieve USD\$20B in Cloud revenues by FY2018. rhipe estimates global SPLA revenues to Microsoft are less than AUD\$2B, of which rhipe delivers over AUD\$100M. Although Microsoft appointed three new SPLA resellers in Australia in October 2015, rhipe has seen no material impact from these appointments in terms of growth or gross margins achieved. rhipe estimates that its market share of SPLA in Australia is still over 80%.

Says **Dominic O’Hanlon**, *“The public-Cloud forecasts dwarf global SPLA revenues today, and will come largely at the expense of Microsoft’s traditional on-premise licensing programs such as Open. We believe rhipe’s sales and marketing programs, its people, processes and Intellectual Property all place us in a strong position to do very well in taking and further growing public-Cloud market share.”*

Likewise, the Azure opportunity is a significant market-changer, says **Chris Sharp, Chief Strategy Officer at rhipe**: *“We’ve seen great momentum with partners about Azure. They are excited they can extend their existing environments through Azure via rhipe as an indirect CSP; and they are excited to think about new workloads and new solutions - and test them and deliver those solutions to the market much faster using our partner-provisioning tools via the rhipe Prime portal.*

“We’ve got strong traction and partner feedback about our Azure partner-enablement programs, our Azure technical expertise and our services for partners, such as our curated ISV marketplace, our billing-as-a-service capabilities and our Azure migration service,” says **Chris Sharp**.

rhipe’s Indirect Cloud Service Provider Acceleration

rhipe has now been appointed an Indirect CSP partner by Microsoft in 16 Asia-Pacific countries. However, of these, two markets have only recently launched and nine others have not yet commenced. Key Indirect CSP statistics for the six markets include:

1. rhipe's partners consumed 11,510 seats of Office 365 in the first five months following the launch of CSP in Australia. This run rate increased to 20,000 seats in the next five months. The next month (May 2016) rhipe's partners provisioned an additional 7,000 seats in a single month, and as of June 17 2016, rhipe's partners are now subscribed to a total of 41,166 Office 365 seats across Asia Pacific.
2. rhipe now has 378 partners signed and using rhipe's partner portal to provision, manage and bill their own end users on a subscription based on monthly consumption. 45% of CSP-transacting partners are net-new to rhipe and over 50% of partners in the CSP on-boarding process (not yet transacting yet) are net-new.
3. Last month, May 2015, rhipe launched Azure provisioning and billing with over 30 partners signed and 49 end-user enterprise customers.

"We continue to be excited by the Cloud opportunity here in Australia and across Asia Pacific for Microsoft and our other cloud vendors. We believe the appointment of other CSP partners by Microsoft is clear validation of our business model and the market opportunity we have always seen. Only two short years ago, rhipe was doing something alternative and fringe in focusing on subscription and consumption. Today's news proves we were right, and we have a strong first-mover advantage," says O'Hanlon.

The Microsoft Australia blog announcement is available here:

<https://blogs.msdn.microsoft.com/auspartners/2016/06/17/momentum-new-indirect-partners-join-microsofts-cloud-solution-provider-csp-program/>

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Additional information

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 the Cloud 1st, channel 1st company, rhipe is recognised as the leading expert

in subscription-software licensing in Asia Pacific with a vendor portfolio that includes Microsoft, VMWare, IBM SoftLayer, Citrix and Trend Micro (and others).

rhipe's cloud heritage:

rhipe's business has been built over the past 13 years driving the consumption of subscription licenses in private-Cloud datacentres via Microsoft's Service Provider License Agreement (SPLA) program.

rhipe has been able to achieve this significant market share by delivering unique value to a constantly expanding list of service-provider customers. rhipe now provides marketing-as-a-service, training, consulting and support as-a-service, subscription billing and invoicing-as-a-service, product enablement and software-asset management programs which are all focused on driving adoption and consumption of cloud licenses rather than one-off on-premise sales.

Formerly known as NewLease, the company rebranded to rhipe in 2014 and has offices in Melbourne, Sydney, New York, Auckland, Singapore, Bangkok, Manila, Mexico, Kuala Lumpur and Jakarta.

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