



# Investor Presentation

February 2013

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In the interest of providing Softchoice shareholders and potential investors with information regarding the Company, including Management's assessment of the Company's future plans and operations, certain statements throughout this report are 'forward-looking statements' and represent the Company's internal projections, estimates or beliefs concerning, among other things, future operating results and various components thereof of the Company's future economic performance.




The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties which cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements.

We also use the terms "Imputed Revenue", "Total Imputed Revenue" and "EBITDA". These are non-GAAP measures. Please refer to our MD&A for an explanation of these terms.



- In business since 1989
- US\$1 billion in revenue<sup>ii</sup>
- 19% gross margin<sup>ii</sup>
- 5% EBITDA margin<sup>ii</sup>
- 1200 employees<sup>ii</sup>
- Top 30 on VAR Business 500<sup>i</sup>
- North America-wide presence
- Fifth largest Microsoft LAR in North America
- Top 20 'Best Place to Work'

# Partners Play a Key Role In the Distribution Channel

Percent of Revenues through the Channel (2010)	<b>Microsoft®</b> (2010)	
 <b>95%</b>	<p><b>1</b> of only <b>6</b> authorized LARs* across N. America</p>	<p><b>#1</b> in Canada  <b>#5</b> in US</p>
 <b>93%</b>		
 <b>75%</b>		

\*LAR: Large Account Reseller

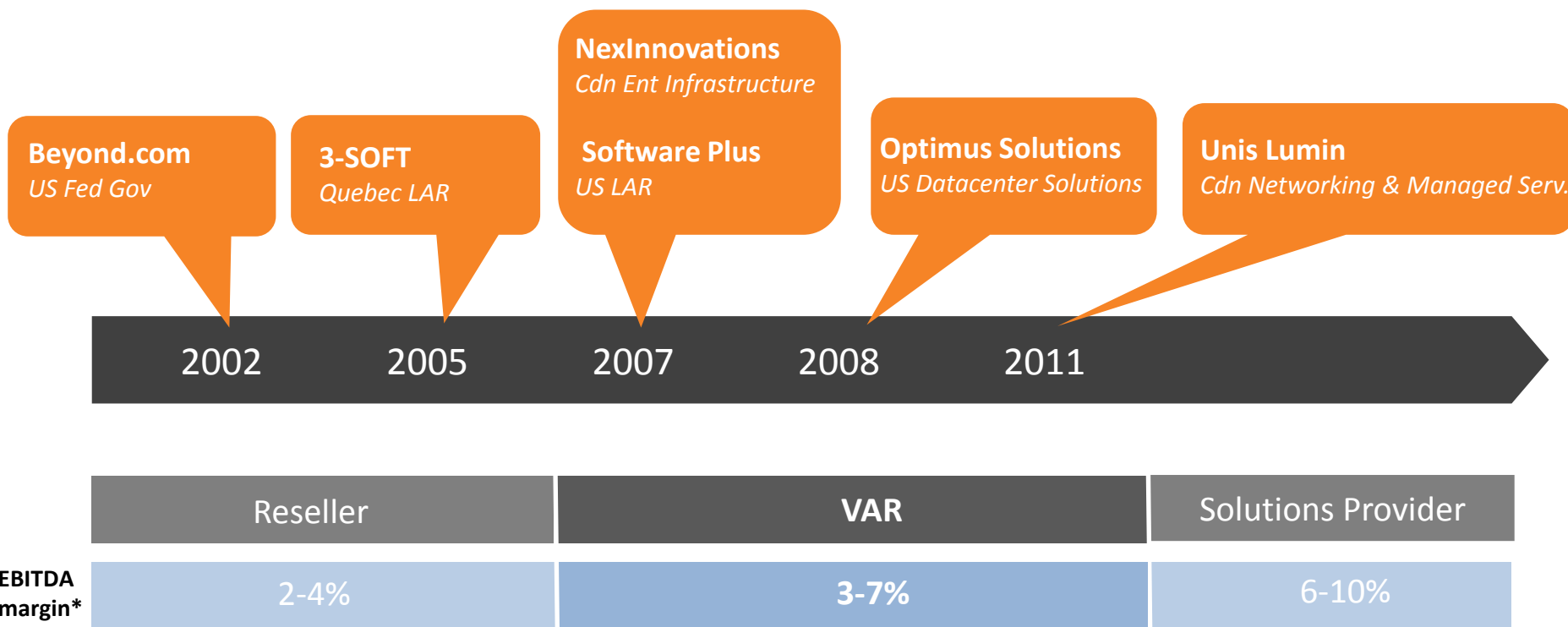


46 locations in N. America

Integrated CRM & ecommerce systems supporting all lines of business

\*2012 % of reported revenue

# The Softchoice Evolution



\*S&P Capital IQ and Softchoice Estimates

## Customer

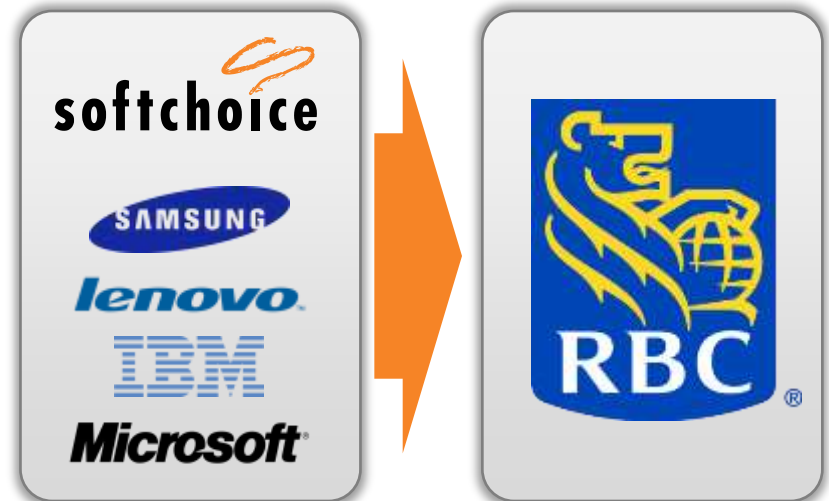
- RBC >\$725B assets, Top 10 bank in N. America

## Softchoice role

- Solutions for all PCs, printers, monitors, company-wide
  - over 3,000 locations
  - ship >30,000 units annually

## Advantages we bring

- N. America-wide, highly efficient supply chain
- Excellent service
- Local presence in all key markets



	2012		3-5 Year Goals
Revenue growth	7%	→	> market growth
Recurring revenue %	<30%	→	30% to 40%
Service revenue %	4.5%	→	> 20%
EBITDA margin %	4.9%	→	> 6%
EPS growth*	14%	→	> revenue growth

\*Adjusted EPS (excl. foreign exchange)



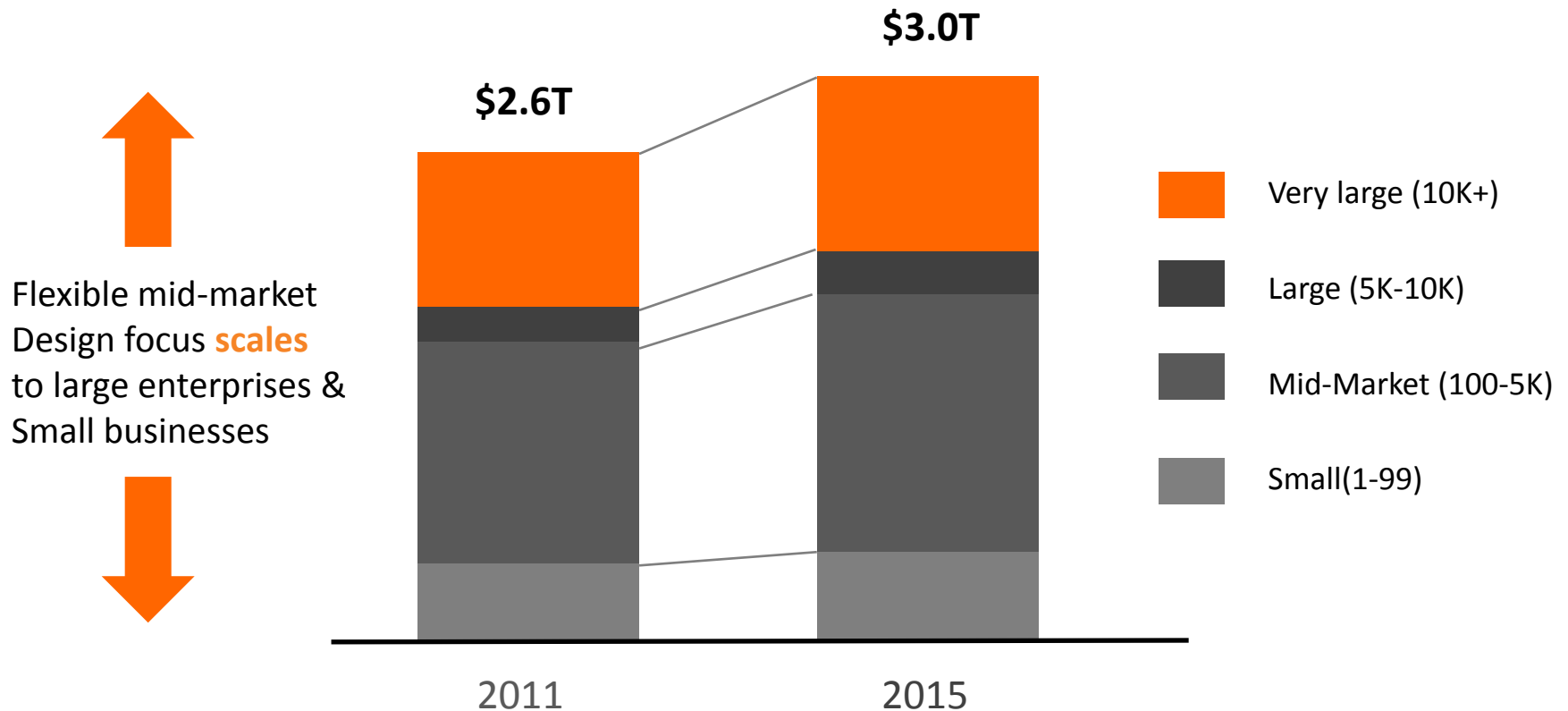
Grow faster than the market

Increase services as  
% of sales

Increase recurring revenue  
as % of sales

## Differentiated with a scalable design focus

Solutions that work in mid-market scale to largest and smallest customers



## Create **Awareness**

Softchoice BLOGS



- > Prospect new accounts
- > Grow our brand
- > Deepen relationships

## Drive **Consideration**



- > Grow sales pipeline
- > Nurture hot leads
- > Deliver more value

## Close **Hit-Rate**

Never Sell Alone

Guru Gateway



- > Get real-time help
- > Share best-practices
- > Tribal knowledge



## Driving Scale through Coverage:

- Outbound Rep:
  - Account owner
  - Driving solutions and services engagement
- Telesales Rep:
  - SMB, new account generation
  - Driving product, services, and Cloud
  - Fastest growing \$ contribution to corporate gross profit



Top 19 partners achieved year-over-year  
2012 GP growth of > 10%

# Microsoft's biggest launch in history!



## Our culture



**Our purpose:** Unleashing the Potential of our People

### Core values:

- Customer passion
- In it for the growth
- Getting it done... differently
- Taking care of each other

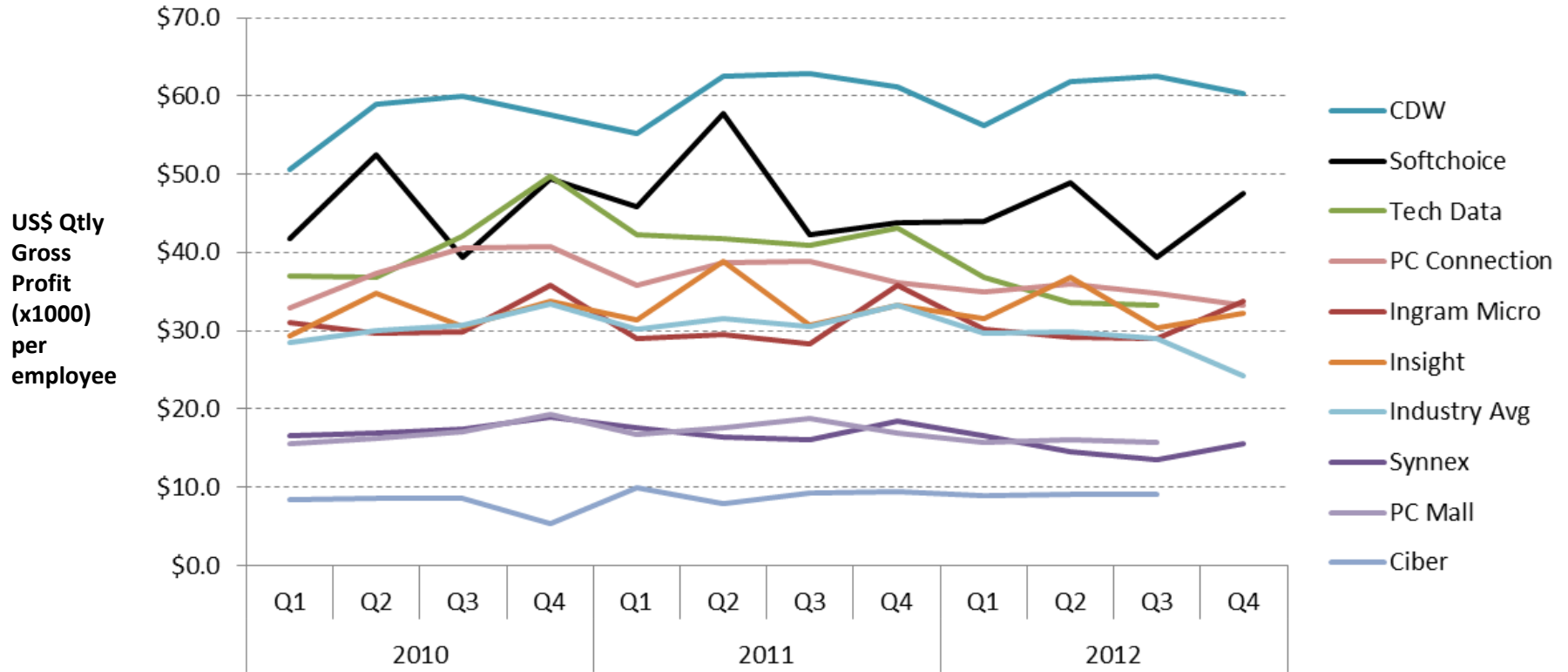
## Results

- Loyal Customers
- Engaged Employees
- Consistent GP CAGR ~15%



87% of employees say they are proud to work at Softchoice

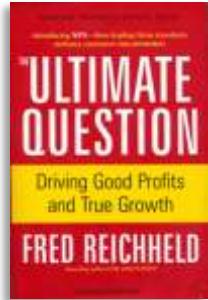
# Our Difference: Engaged, highly motivated employees



➤ **Motivated employees drive productivity**

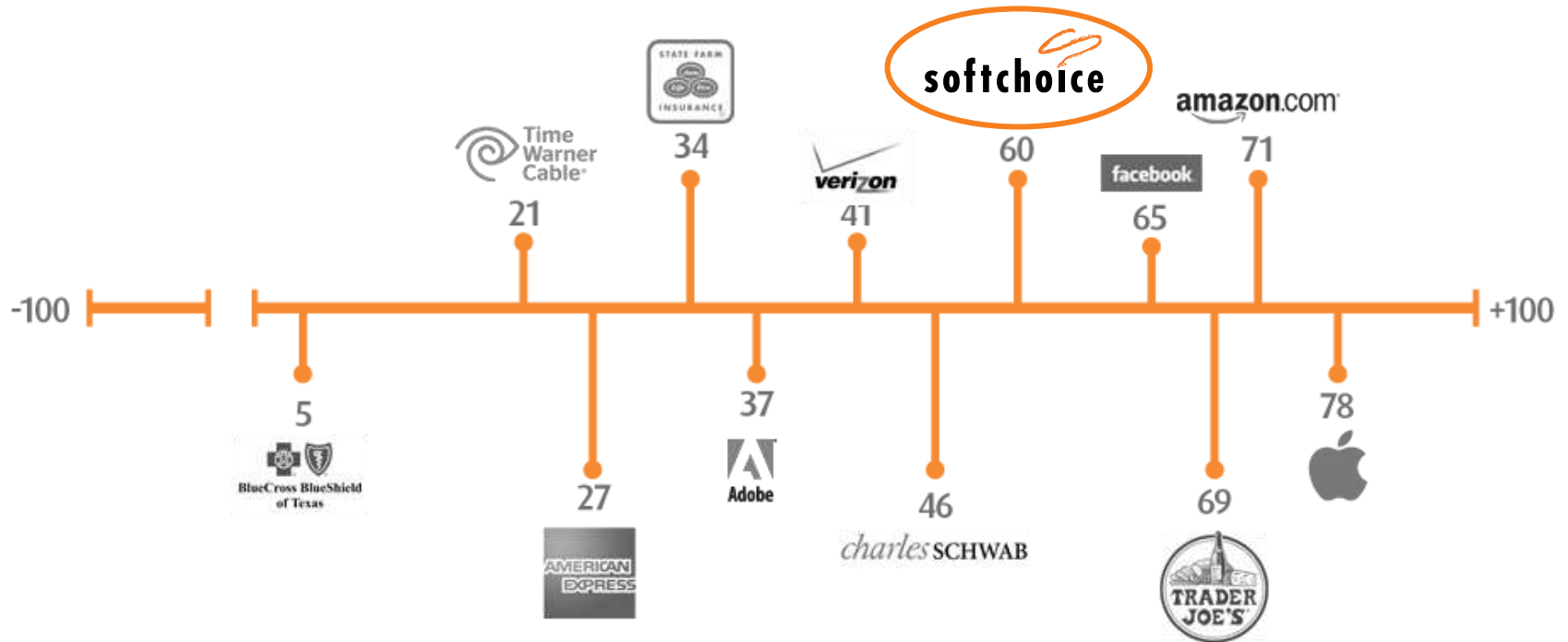
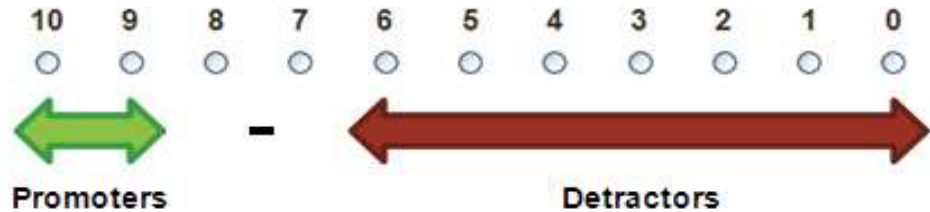
Source: Company Filings and Softchoice Estimates

# Our difference: Loyal Customers



## Net Promoter Score

How likely would you be to recommend Softchoice?

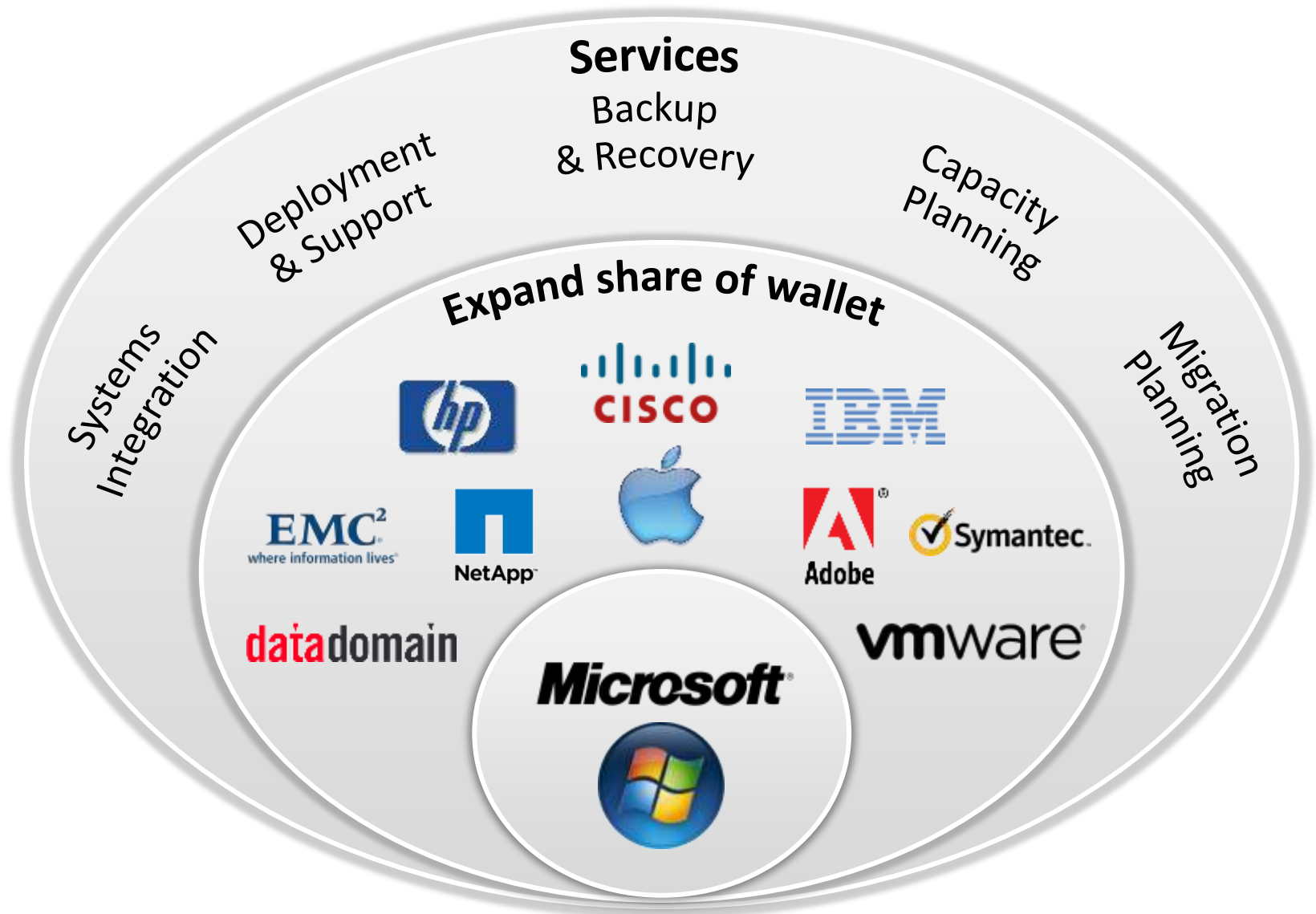




Grow faster than the market

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% of sales

Increase recurring revenue  
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## Growing unique IP library as we scale assessment platform

Licensing Gap  
Analysis: **TechCheck**

Network discovery: **PiNG**  
and **Axis** web portal

Server / Storage  
Assessment: **PONG**

Web apps: **SAAS**  
**TechCheck**, Fair  
Market Value

2005

2007

2008

2009

2010

2011

2012

- **We have now delivered over 4400 Assessments**
- **What do we find? 50 Network Discovery Assessments:**
  - **66% resulted in a networking order**
  - **Average \$22k in maintenance savings**
  - **Average 33 un-covered devices**
  - **Average 23 devices requiring replacement**
  - **Average 41 configuration errors**



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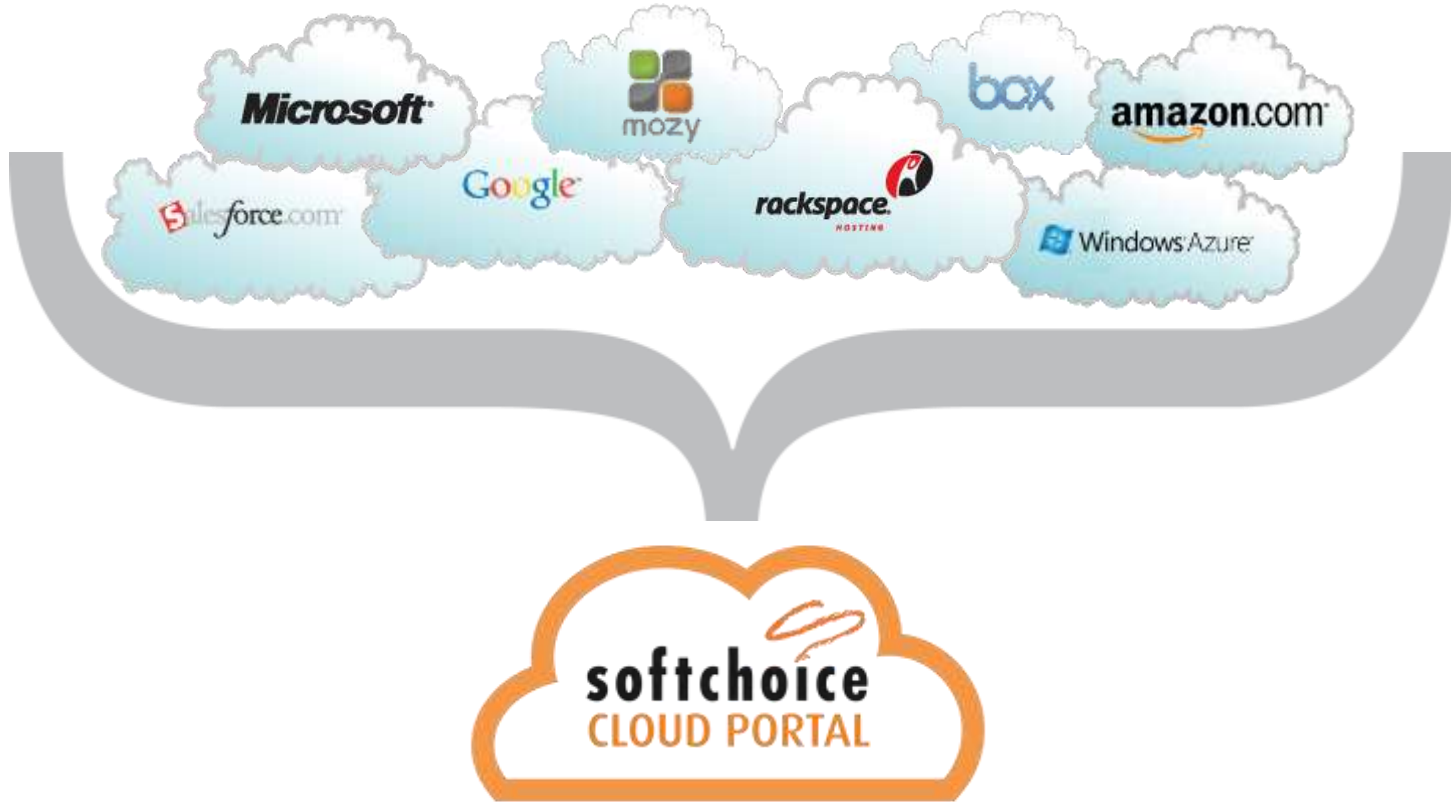


## Keystone Managed Services

- Proactive network monitoring & issue resolution
- 24/7/365 live response on first ring
- Direct access to Level-3 technical support
- Scheduled assessments to optimize technology spend
- Strategic roadmap consultation, configuration mentorship and escalation with field engineers

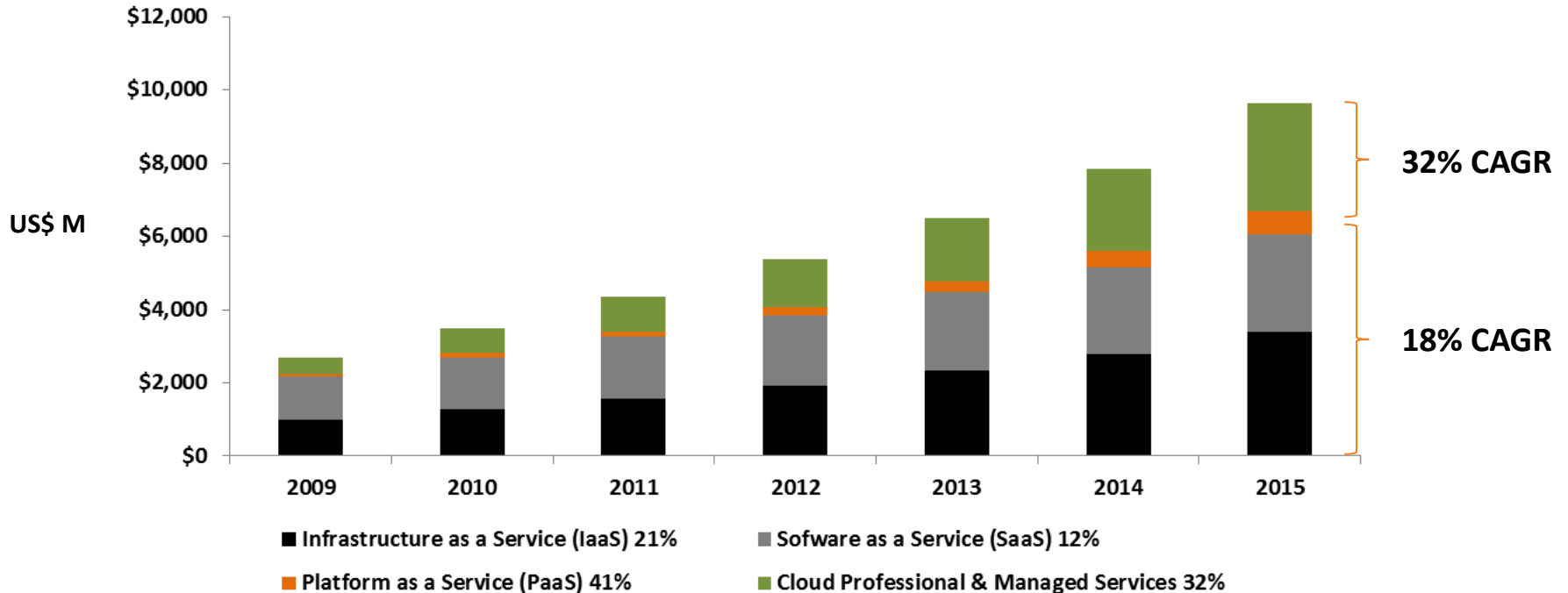
## Our Difference:

- 250+ customers and growing
- 23,000 devices supported globally
- \$1M+ in SMARTnet savings delivered
- 20+ years of support ops expertise
- 85% of tickets closed < 4 hours
- 250 people in Technical Community
- ITIL focused service delivery
- Six Sigma process optimization



## Cloud Service (2011-2015 CAGR)

Source: IDC and Softchoice estimates

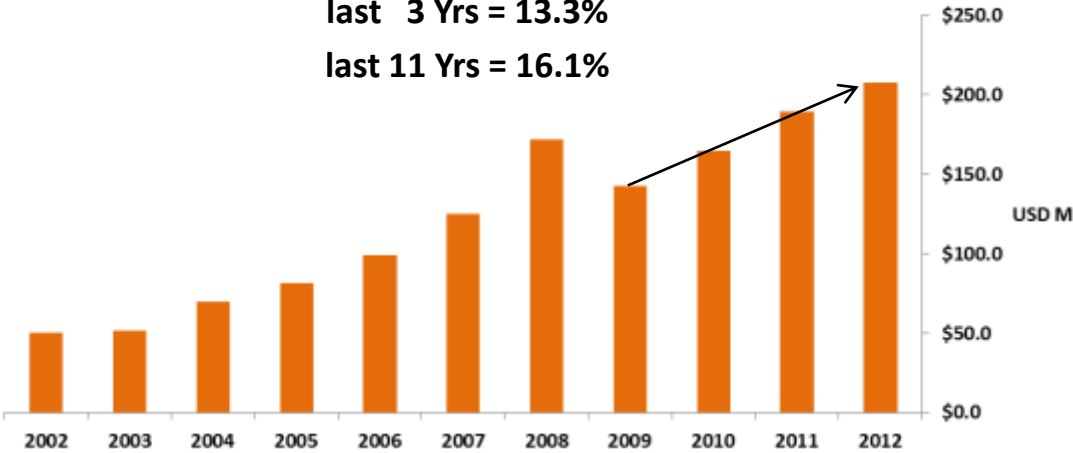


- Market available to Cloud Service Brokers about \$100M by 2015
- Softchoice Cloud is first-to-market full service solution in 2011
- Hit all 2012 internal targets

- 1 Gross Profit
- 2 EBITDA
- 3 ROIC
- 4 Capital Allocation



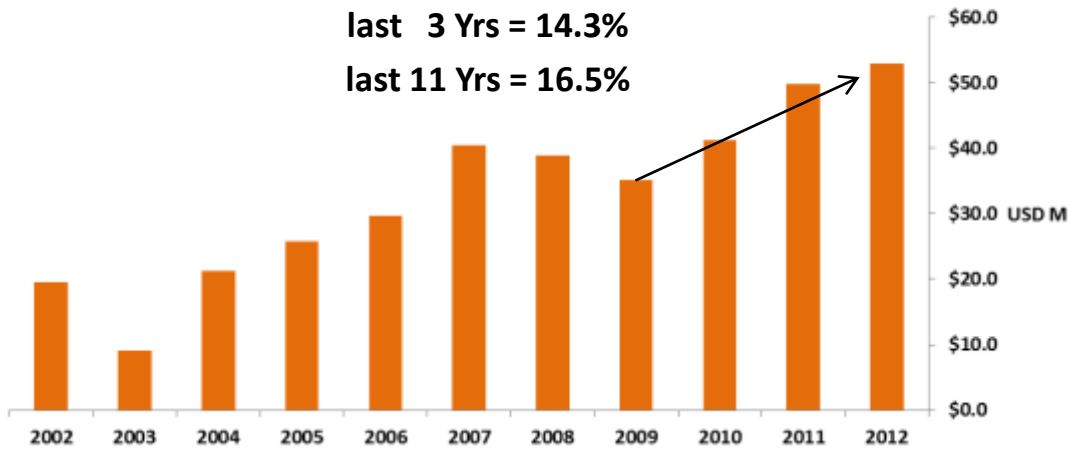
**Gross Profit CAGR:**  
 last 3 Yrs = 13.3%  
 last 11 Yrs = 16.1%



## Stable Gross Margin %



**EBITDA CAGR:**  
**last 3 Yrs = 14.3%**  
**last 11 Yrs = 16.5%**



## Rising EBITDA, and Margins



Trailing 12-month ROIC\* > 20%

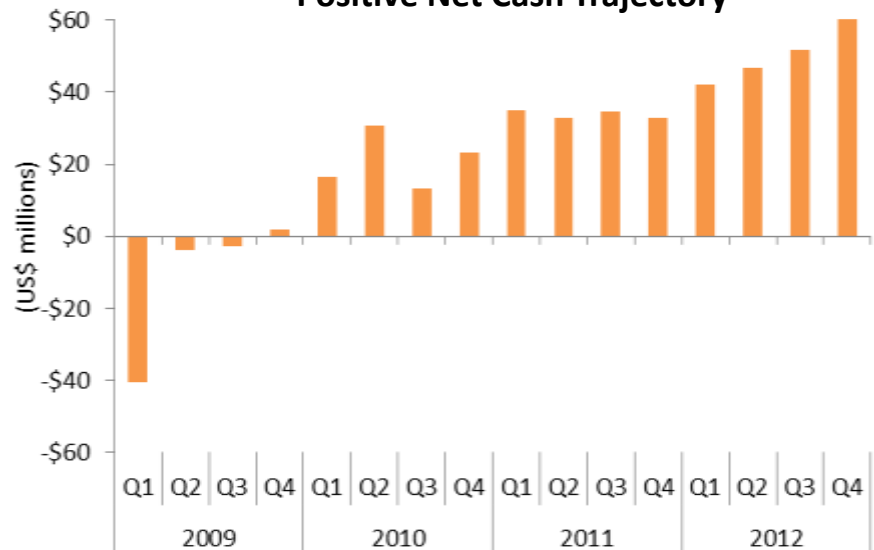


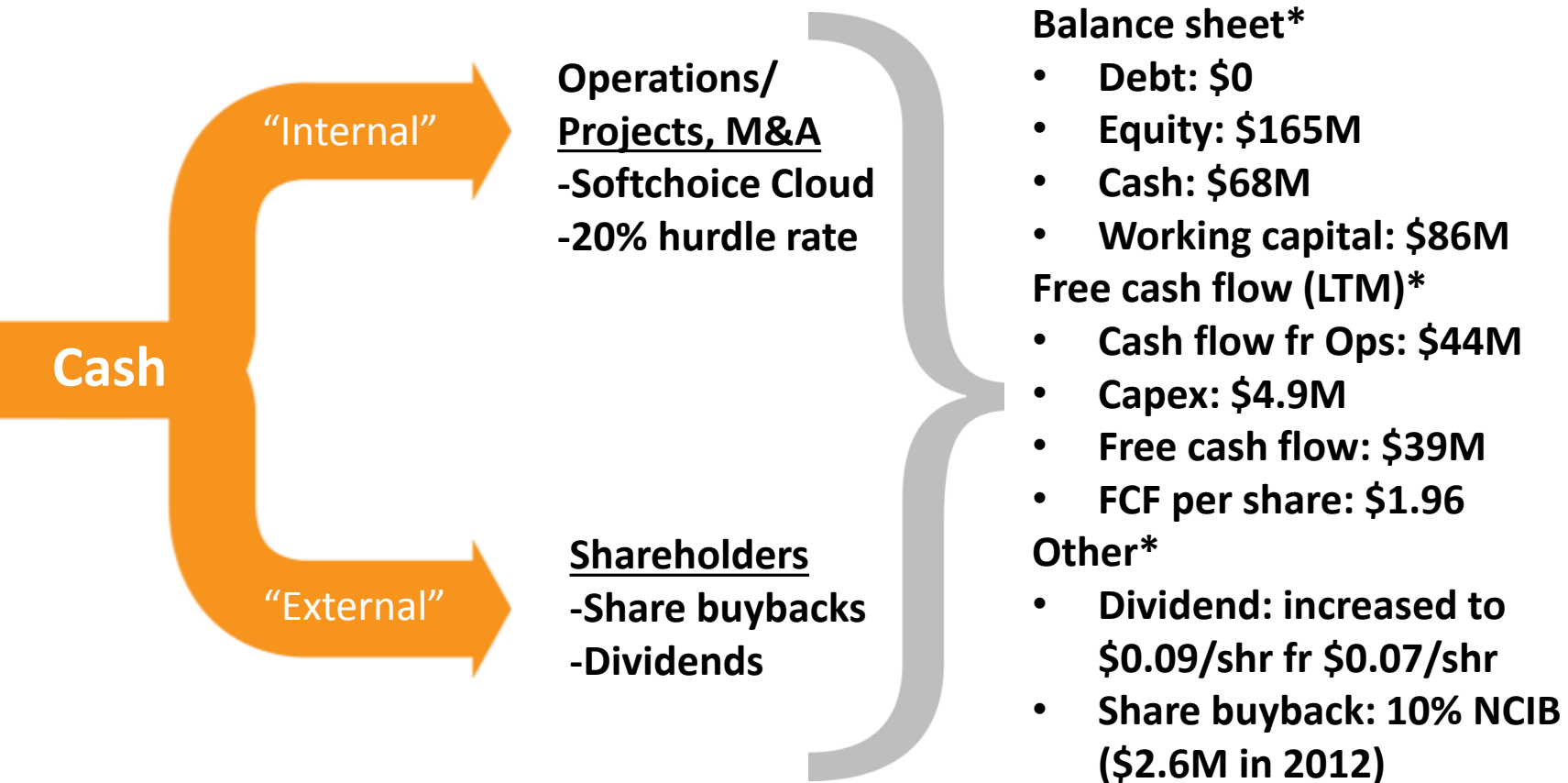
\*ROIC =  $EBIT \times (1-t) / (Debt + Equity - Cash)$

WACC ~12%

Tax ~35%

Positive Net Cash Trajectory

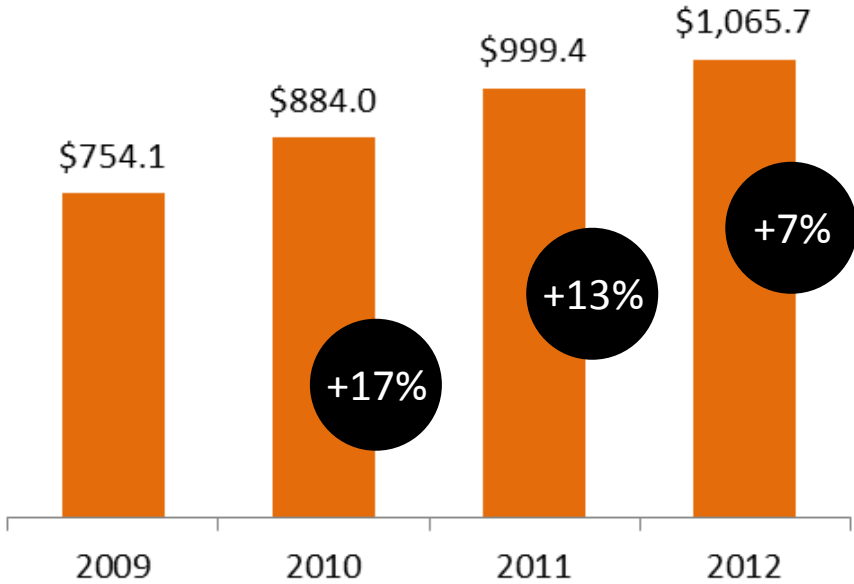




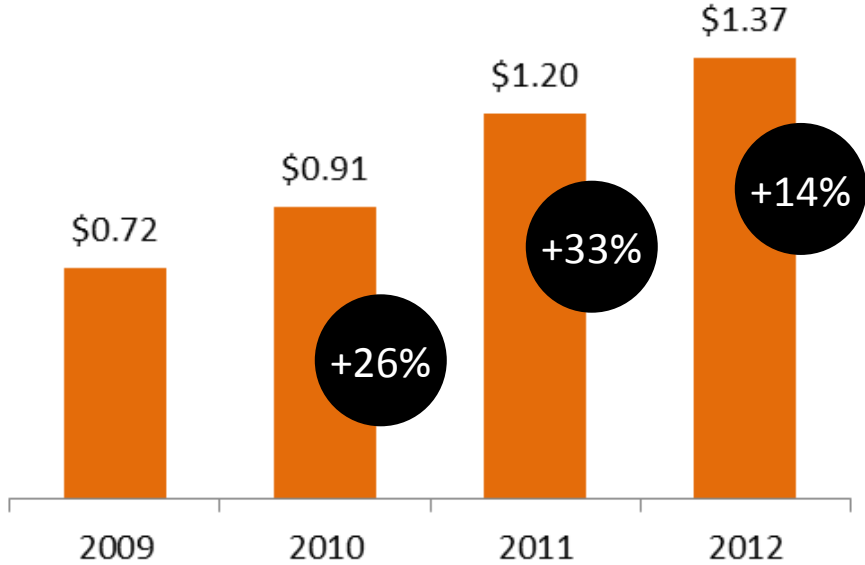
\*as of Q4-12

# Solid Business and Shareholder Growth

### Revenue (\$USM)



### EPS\* (\$US)



Note: \*Adjusted for foreign exchange

# 3- 5 Year Goal: Grow EPS Faster Than Revenue

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Thank You