

Building the indirect sales channel

BasWare Analyst Meeting

Esa Tihilä

December 14, 2005



Strategic Objectives

Growth

Annual net sales growth of 40% by 2007

Profitability

Operating profit margin of 15% by 2007

International Operations

Expanding operations to cover the major markets in Europe, North America and the Asia Pacific

Stakeholder relations

Continuous value to customers, partners, employees and shareholders

Nordic

- Finland, Sweden, Denmark, Norway
- Mainly direct sales
- Whole product range in distribution
- Pilot area for new products

North America

- Direct sales as main revenue source in the short term
- Starting to build the indirect channel in 2005
- Emphasis from direct to indirect sales in the long term

Europe

- Subsidiaries in Germany, UK, The Netherlands and France
- Direct sales as main revenue source in the short term
- Emphasis from direct to indirect in the mid-term
- Multiple channel partners in each strategic market
- More focus on the Italian and Spanish markets, follow-up of new EU countries



Asia-Pacific

- Main focus on Australia in 2005
- Continuous follow-up of other countries
- Expansion following customers' global product roll-outs



- Strong growth in 2005
 - Amount of partners almost tripled by 9/2005
 - 18% of product license sales through partners in 1-9/2005 (10% in 1-9/2004)

**11 value added
resellers in 16
countries**

12 / 2004

**21 new partners,
total 32 partners
in 20 countries**

9 / 2005

**Shift towards
business
performance
and
outsourcing
partnerships**

2006

Partner Program

Partners play crucial role in BasWare's business.
By partnering with us, a partner will achieve the following benefits:

Increase growth

- **Leverage** early market **opportunities**.
- **Increase** market **penetration** degree.

Improve profitability

- **Low investments** for start-up.
- **Profitability without delay**. Profitable product sales and consultancy from the start (from 1:1 to 1:2 in product sales vs. service sales).

Accelerate renewal

- **Sustain market leadership** (market share, product competitiveness, expertise) in current markets.
- **Entry to new markets**. Continuously enter new markets with sufficient potential.

Reduce risk

- Ensure development of **shareholder value and lower fixed costs** by:
 - Complementing offerings
 - Improving hit rate
 - Ensuring needed resources & competences
- **Mature offering**. Mature product portfolio, existing references & intensive start-up support.

1. Which customers to be served through partners?



- Medium-sized (through smaller and regional partners)
- Large (through global partners)
- Public sector (excluding Finland)
- In case SME is served in the future, it will be served through partners

2. Which markets to be served through partners?



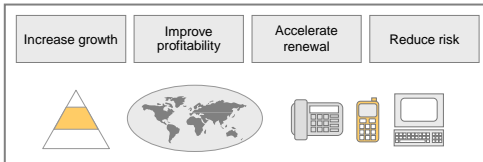
- Strategic (UK, FR, D, US) and existing markets (Benelux)
- New markets (Italy, Spain, Portugal, Eastern Europe, Asia)
- BasWare can have both direct and indirect sales approach in one market
- Partners can be either local, regional or global

3. Which products to be provided through partners?



- IA (volume product, in general the first product with partners)
- PM (growing product)
- FIMA (emerging product, currently served to Nordic market)

1. Objectives, scope & partner type

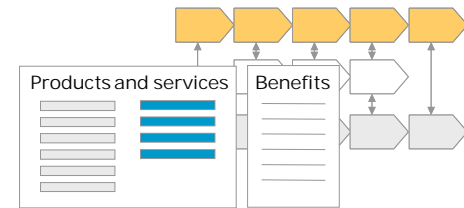


	IA	PM	EPP	FIMA
Gold	N/A	N/A		
Silver				
Bronze			N/A	

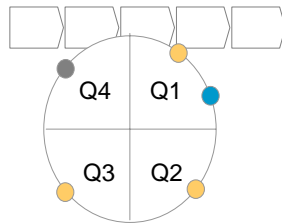
2. Partner selection and description

Criteria	Score
1. Ability to create customer value	
1.1 Ability to sell and provide solutions that solve end-user's challenges	1 Weak ability to sell and provide solutions that solve end-user's challenges
2 Relatively good ability to sell and provide solutions that solve end-user's challenges	2 Relatively good ability to sell and provide solutions that solve end-user's challenges
3 Very good ability to sell and provide solutions that solve end-user's challenges	3 Very good ability to sell and provide solutions that solve end-user's challenges
1.2 Experience of financial processes	
1 No experience of financial processes	1 No experience of financial processes
2 Some experience of financial processes	2 A very good experience of financial processes
3 A very good experience of financial processes	3 A very good experience of financial processes
1.3 Credibility on C-level	
1 No credibility on C-level	1 No credibility on C-level
2 Some credibility on C-level	2 Some credibility on C-level
3 Good credibility on C-level	3 Good credibility on C-level
2. Offering fit	
1 Limited and low-quality offering	1 Limited and low-quality offering
2.1 Quality and quantity of partner offering	2 Relatively broad offering and satisfactory quality of offering
2.2 Baseline's capabilities are visible to & to influence partner's operations	2 Broad and high-quality offering
3 Baseline has no possibility to get visibility to & to influence the partner's operations	3 Baseline has no possibility to get visibility to & to influence the partner's operations
3 Baseline has some possibilities to get visibility to & to influence the partner's operations	3 Baseline has some possibilities to get visibility to & to influence the partner's operations
3 Baseline has a good possibility to get visibility to & to influence the partner's operations	3 Baseline has a good possibility to get visibility to & to influence the partner's operations
2.3 Complementarity	
1 Partner does not complement Baseline's competences and offering	1 Partner does not complement Baseline's competences and offering
2 Partner complements Baseline's competences and offering to some extent	2 Partner complements Baseline's competences and offering to some extent
3 Partner complements Baseline's competences and offering very well	3 Partner complements Baseline's competences and offering very well

3. Partner value proposition and roles and responsibilities



4. Process and meeting structure for partner management



5. Metrics for analysis & follow-up of partner portfolio



□ = Phase A

□ = Phase B

General services facilitate the business planning and speed up the start up of the partnership. →



Product marketing material supports the actual customer visits and guides you in calculating your customer's business benefits of BasWare's solutions. →



Marketing services support the sales of BasWare's products. BasWare provides partners both with complete product brochures and support tools to plan & execute marketing activities. →



Global support services facilitate the training of BasWare's partners & support training of the users of BasWare's solutions. →



Sales services provide a dedicated partner manager from BasWare to take care for the partnership & assist in e.g. sales & pricing issues. →



Consulting services ensure the successful delivery of BasWare software. BasWare consulting services help you to maximize the value of your BasWare solution. →



- Currently 32 full-scale Business Partners in 20 countries
 - Taking care of marketing, sales, implementation and support
- Also technology (SAP, Microsoft), marketing and other partners



Thank you!