The 2013 Redburn Technology Conference

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How the role of the Systems Integrator must change with Cloud adoption?

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Jacques Pommeraud, CEO Canopy

London – May 22nd, 2013

Your business technologists. **Powering progress**

Atos

Disclaimers

▶ This document contains further forward-looking statements that involve risks and uncertainties concerning the Group's expected growth and profitability in the future. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described within the 2012 Reference Document filed with the Autorité des Marches Financiers (AMF) on April 3rd, 2013 under the registration number: D13-0271.

▶ Global Business Units include **Germany**, **France**, **United Kingdom & Ireland**, **Benelux** (The Netherlands, Belgium and Luxembourg), **Atos Worldline** (French, German, Belgian, Asian and Indian subsidiaries), **Central & Eastern Europe** (CEE: Austria, Bulgaria, Croatia, Serbia, Poland, Czech Republic, Russia, Romania, Slovakia and Turkey), **North America** (NAM: USA and Canada), **North & South West Europe** (N&SW Europe: Switzerland, Italy, Denmark, Finland & Sweden), **Iberia** (Spain and Portugal), and **Other Business Units** including Major Events (including MSL), Latin America (Brazil, Argentina, Mexico, Colombia and Chile), Asia Pacific (Japan, China, Hong Kong, Singapore, Malaysia, Indonesia, Philippines, Taiwan, Thailand and Australia), India, Middle East, Morocco, South Africa, New Business Ventures (blueKiwi, Yunano and Canopy) and Atos Worldgrid (French, German, Spanish, and Italian subsidiaries).

▶ Revenue organic growth is presented at constant scope and exchange rates. 2013 objectives have to be considered with exchange rates as of 31 December 2012.

▶Adjusted (non diluted) Earnings Per Share (EPS) represents the net income adjusted of restructuring, rationalization and customer relationship amortization, net of tax, divided by the weighted average number of shares during the year.

Agenda

1. Introduction: Cloud Services at Atos

2. Cloud and IT Services providers

3. Atos aspiration in Cloud

4. Q&A session

Introduction: Cloud Services at Atos

Canopy brings together the strengths of 3 global leaders to succeed in Cloud

Atos

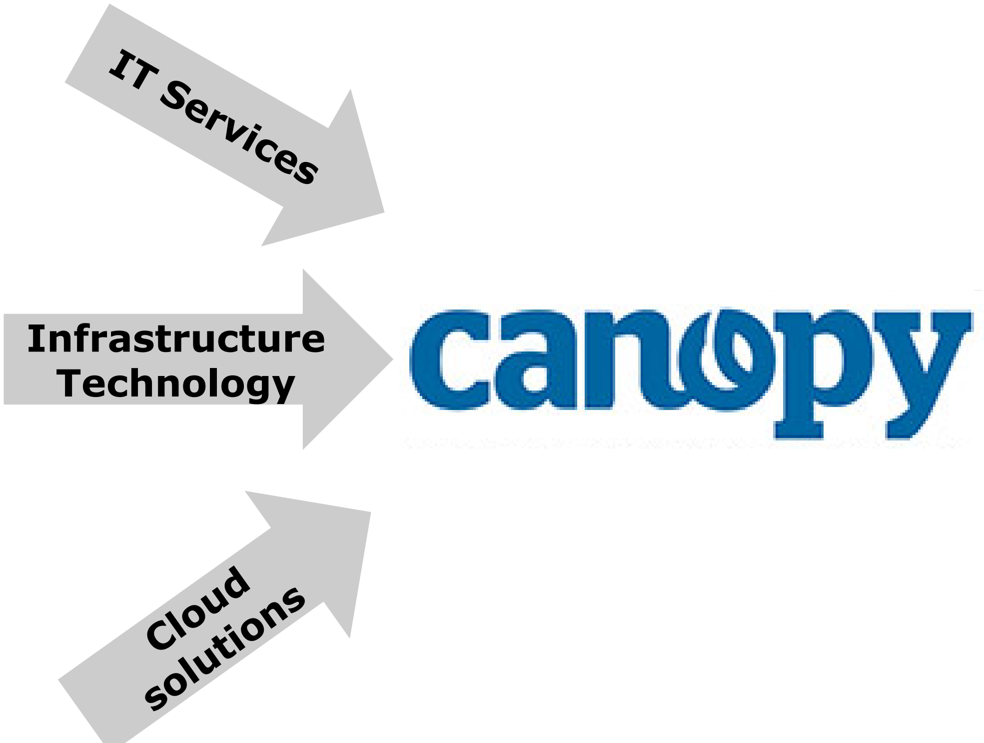
- Europe's top business IT services company (number 7 worldwide)
- Global client base and datacenter footprint
- Consulting, Systems Integration, Managed Services, Hi-Tech Transactional Services
- Deep technology expertise
- Deep knowledge of industries served

EMC²

- Premier technology company in internet infrastructure
- Strong R&D investment and technology leadership
- Storage, Virtualisation, Security, Analytics solutions
- VCE vBlock

vmware®

- #1 in virtualisation and cloud infrastructure
- Strong R&D investment and close technology integration with EMC
- Driving hybrid cloud model
- Cloud Infrastructure and Management, End-User Computing (desktop virtualisation, application management, device management, email), Cloud Application Platforms (open source, vFabric)



Canopy = Atos Cloud Business

IT Services

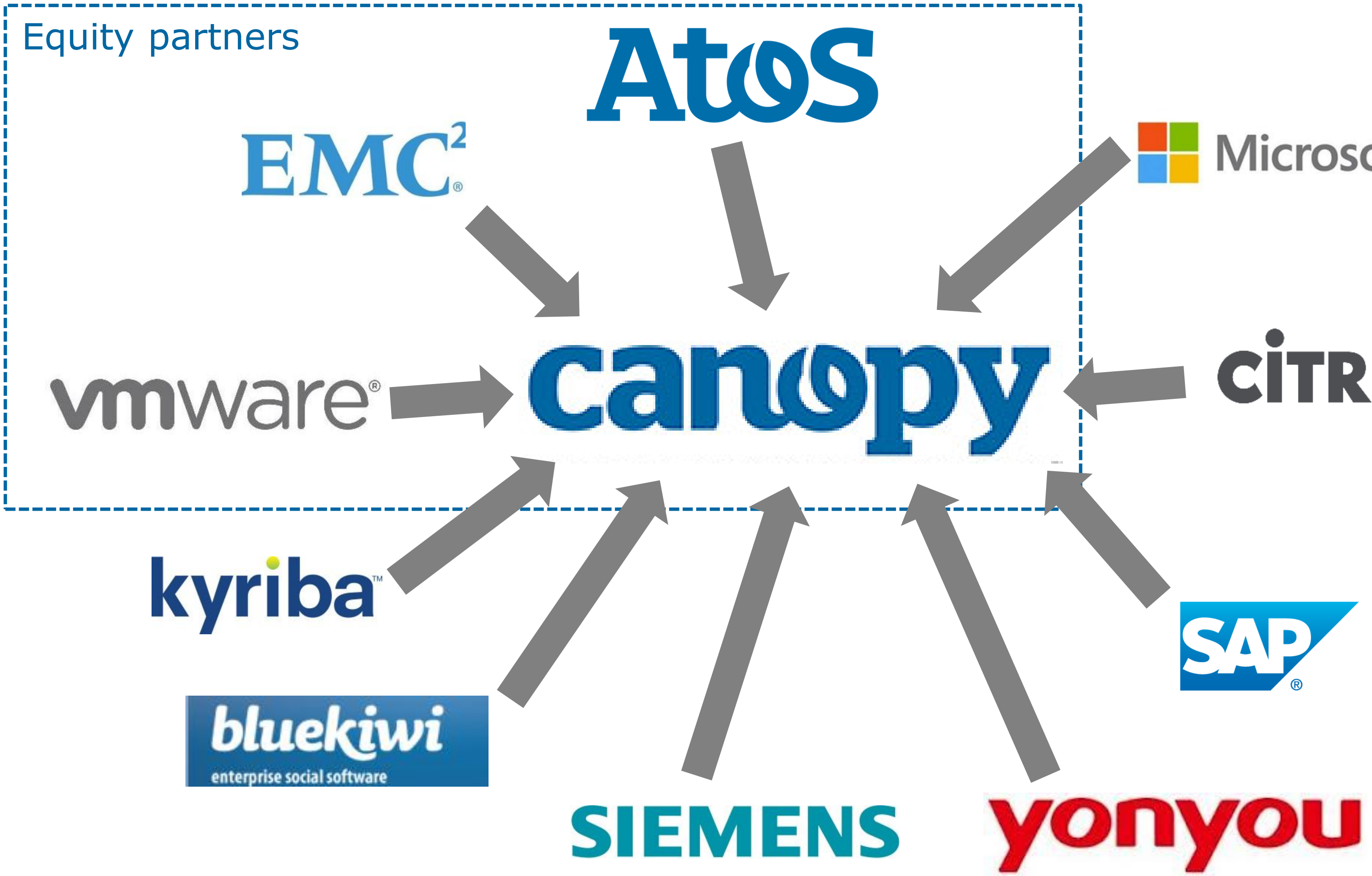
Infrastructure Technology

Cloud solutions

- Joint-Venture structure
- Circa EUR 200 million revenue in 2012
- 6 countries on 3 continents

Canopy has an open and evolutionary approach to integrating partners

Atos Cloud Services



4 Service Lines focused on large enterprises and administrations

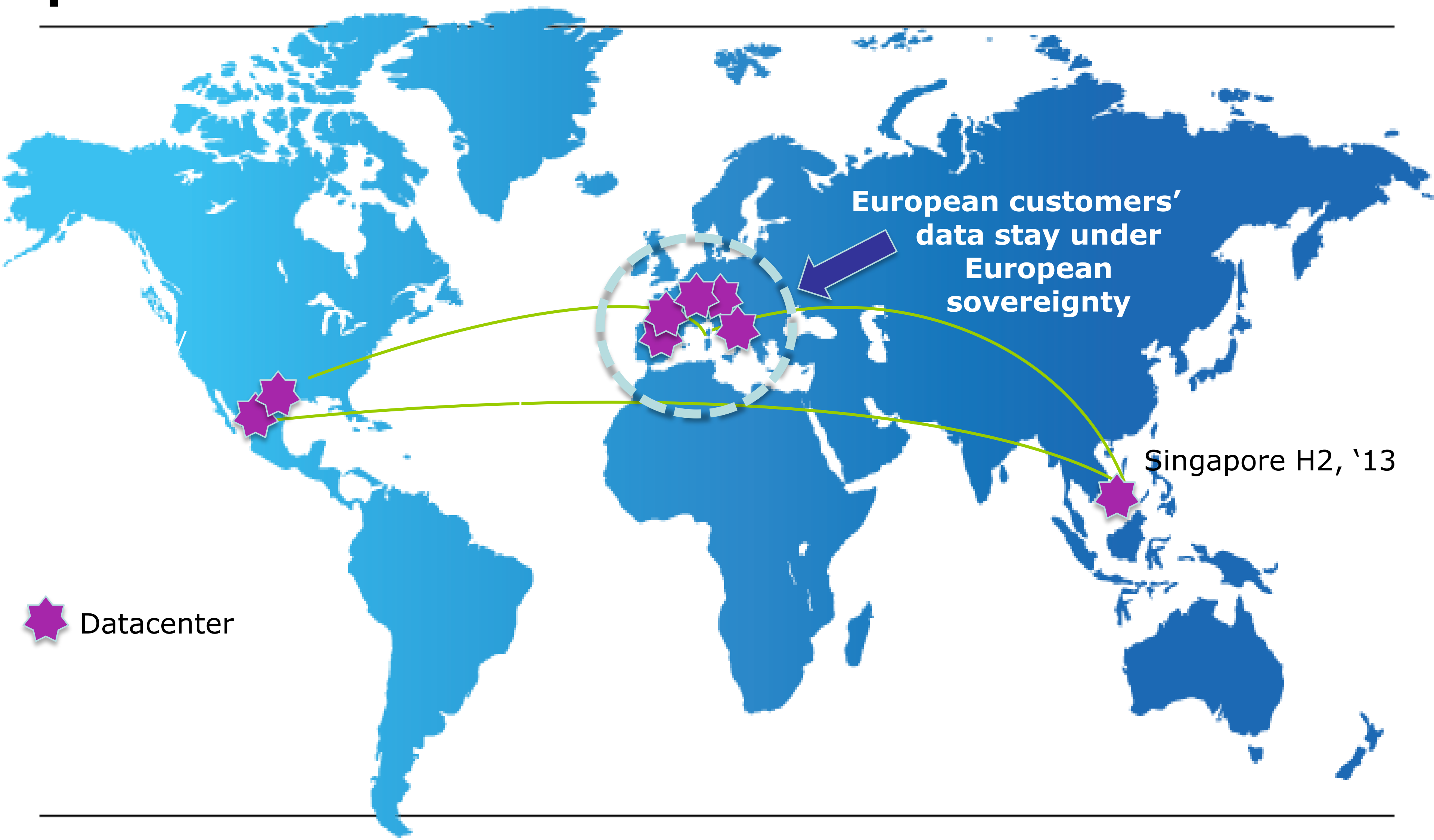
Atos Cloud Services

canopy
THE OPEN CLOUD COMPANY™

- **Consulting**
  - Strategic advisory services
  - Transformation and migration services
- **Software-aaS**
  - Enterprise App Store
  - SaaS and enablement services
  - App migration services
- **Platform-aaS**
  - Virtual App Test & Dev platform
  - App Test & Dev services
- **Infrastructure -aaS**
  - Workload-specific vBlock appliances (VDI, HANA etc)
  - Design, build and run of private clouds
  - Virtualization services

Canopy Off-premise Private Cloud platforms

Atos Cloud Services



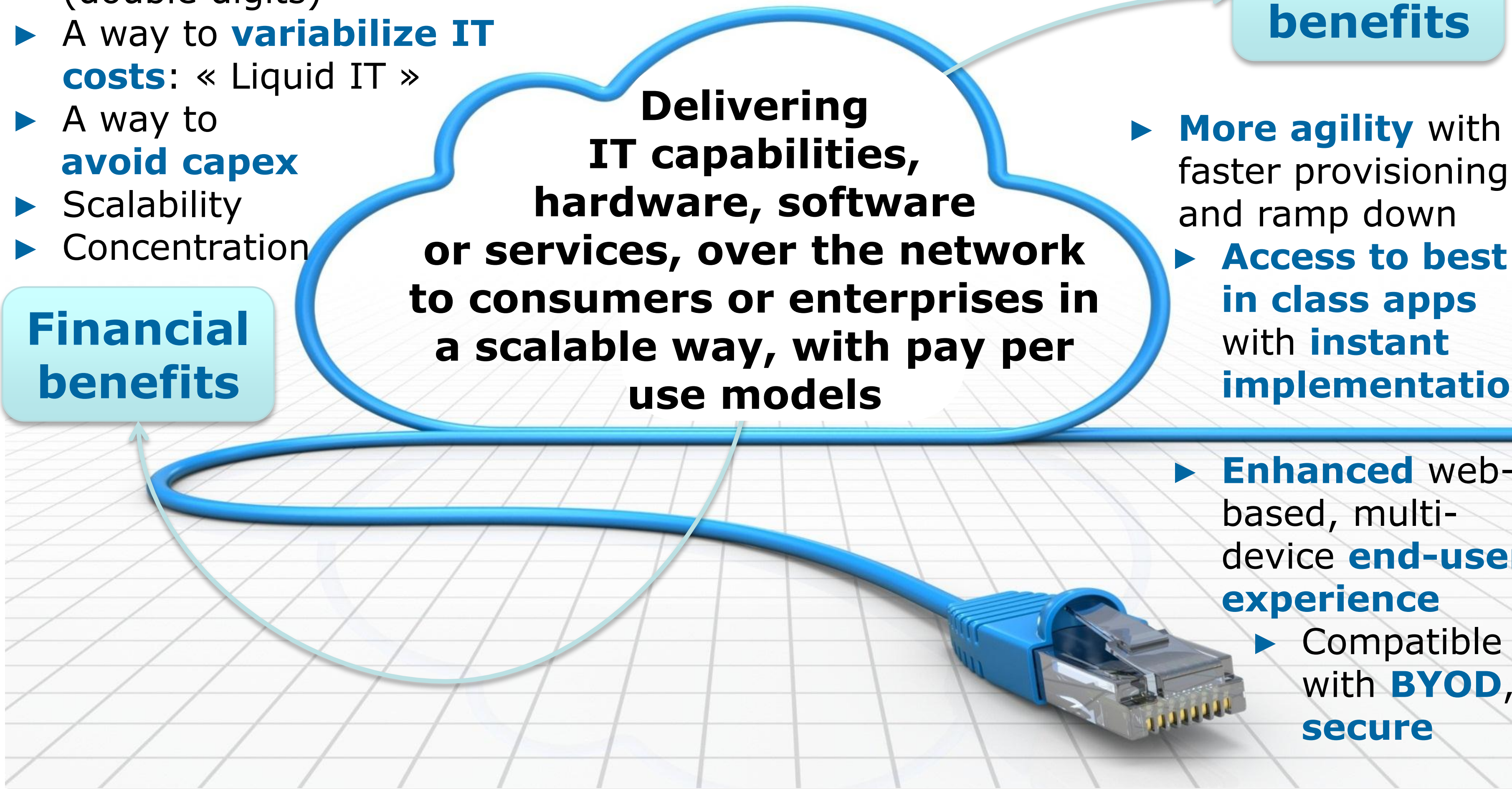
Cloud and IT Services providers

What customers want ?

Atos Cloud Services

- A way to **cut costs** (double digits)
- A way to **variabilize IT costs**: « Liquid IT »
- A way to **avoid capex**
- Scalability
- Concentration

Financial benefits



Delivering IT capabilities, hardware, software or services, over the network to consumers or enterprises in a scalable way, with pay per use models

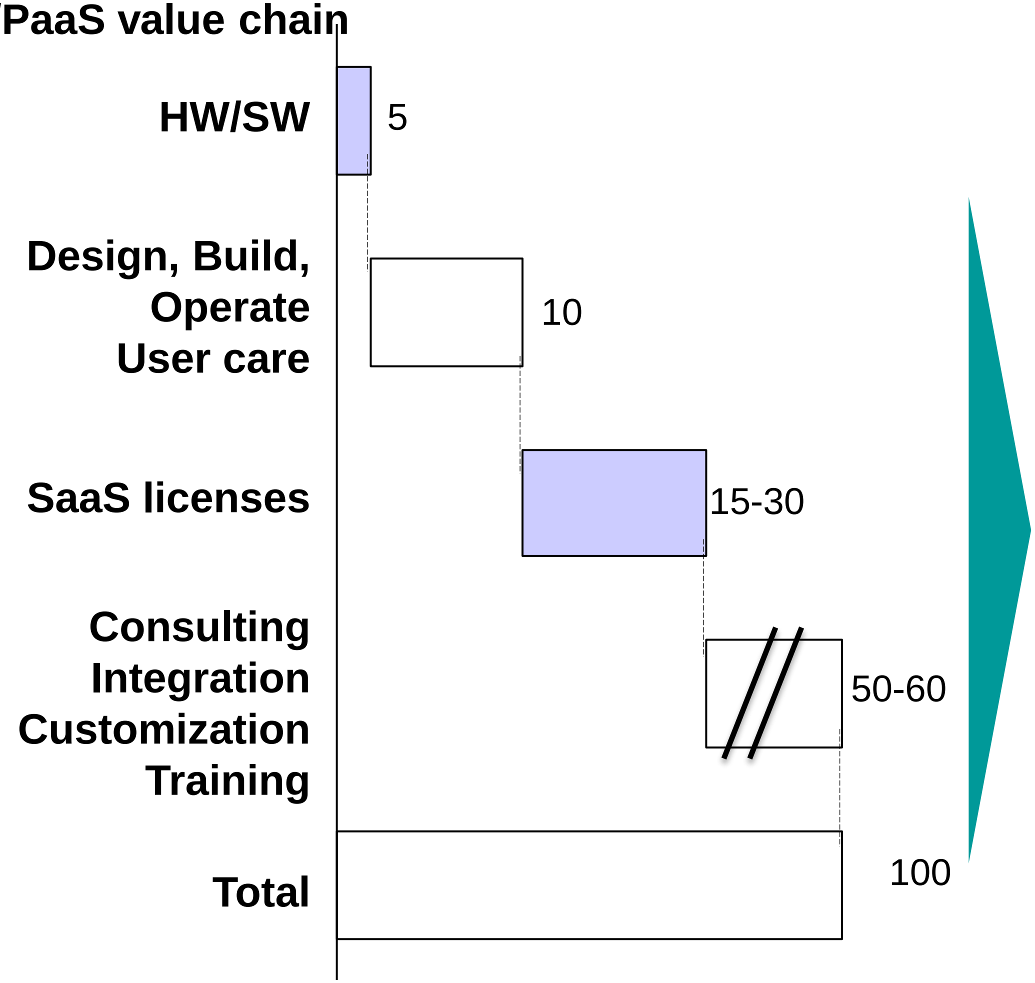
Business benefits

- **More agility** with faster provisioning and ramp down
  - **Access to best in class apps** with **instant implementation**
  - **Enhanced** web-based, multi-device **end-user experience**
    - Compatible with **BYOD**, **secure**

Opportunity for an IT Services provider in the Cloud value Chain

Atos Cloud Services

SaaS/PaaS value chain



Purchased by IT SP

Value for Service Providers

- For 1 euro of product, 3 to 5 euros of service
- Savings from cloud infrastructure can be reinvested in new capabilities for the customer
- Complexity of Enterprise application migration

Required changes

- Services must be packaged into products
- Less flexibility in Ts&Cs
- New selling approach

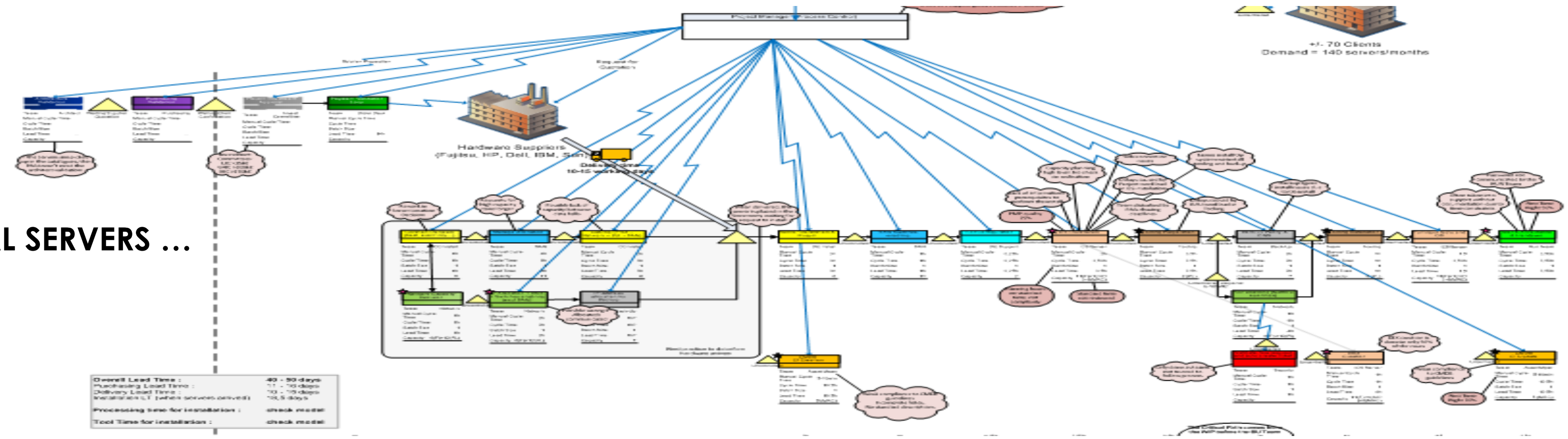
Changes for the Service Providers to deliver Cloud financial benefits

Atos Cloud Services

Traditional IT	Cloud
➢ Capex • Upfront license purchase	➢ Opex • Pay-as-you-go • ISV ecosystem • HW investment or lease
➢ Sell, Build, Revenue	➢ Build, Sell, Revenue • Initial platform build (€5-10M min) • Solution build (€0,3-1M each) • Enablement
➢ Certainty	➢ No commitment • New sales incentives, cost of sales • Churn management and metrics

Changes for the Service Provider to deliver Cloud business benefits

Atos Cloud Services



FROM PHYSICAL SERVERS …

⟵ 35 working days lead time, 40h of work per server ⟶

TO CLOUD VIRTUAL SERVERS …

⟵ Minutes ⟶

Complete transformation of traditional IT operations
Automation vs. offshoring
New organizational approach « Cloud Tower »
Platform orchestration, end-to-end SLA management

Atos aspiration in Cloud

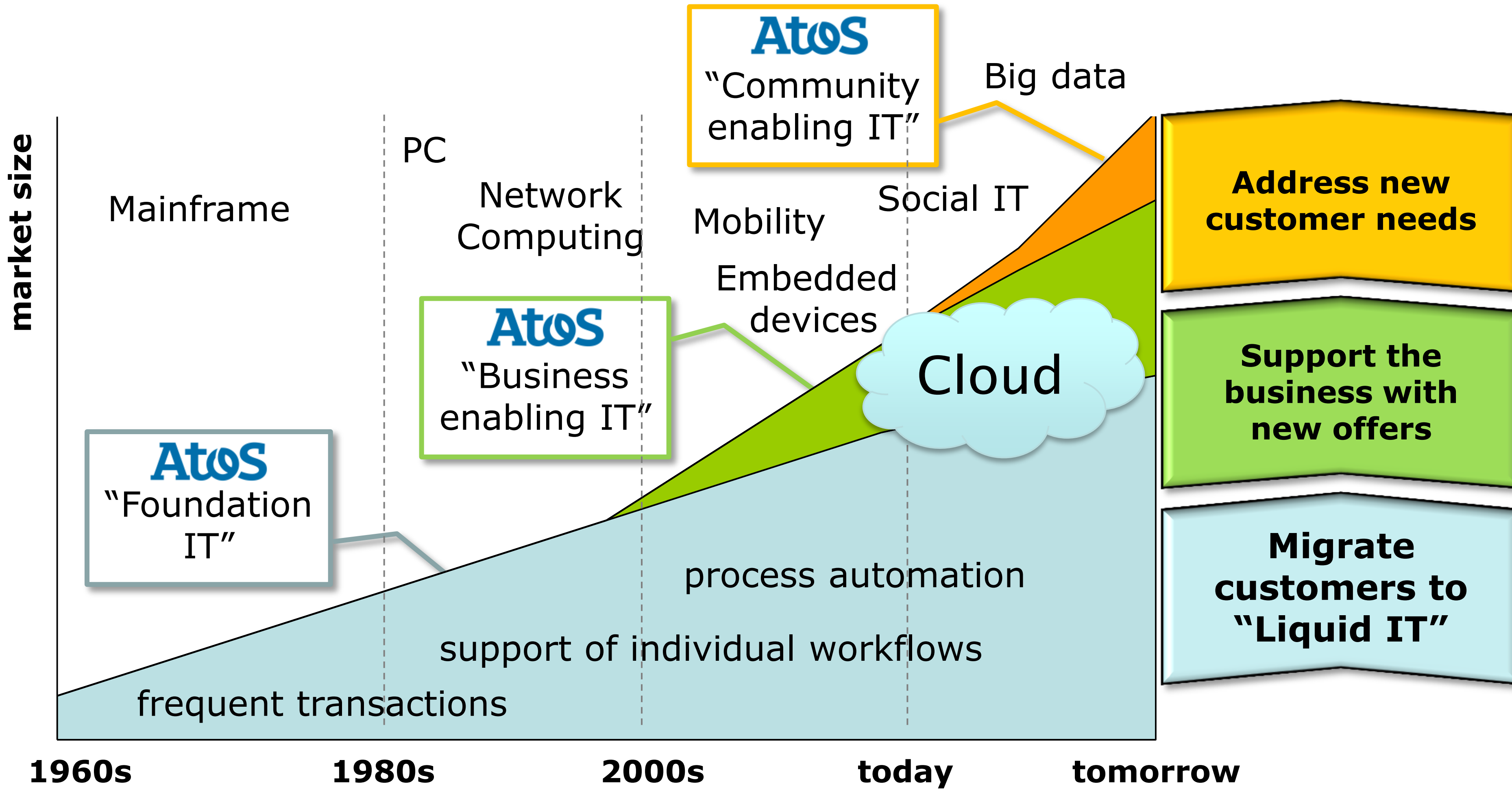
Atos ambition in Cloud

- **Major player** in the **Private Cloud** area for **large public** and **private organizations**
- A specific **focus on vertically oriented** services and enterprise level integration (Canopy Enterprise apps store)
- Atos has set up **strong alliances** with **Cloud leaders** (EMC², VMware,..) and **software vendors** (Yonyou, Microsoft,…)
- Cloud is already **a reality** for years **in Atos** with circa **EUR 200 million of revenue in 2012**

Ambition to grow above the Cloud IT market rate
(x5 in 2020 – *Source Forrester 2011*)

Cloud brings incremental growth when done right

Atos Cloud Services



Case study: a USD 50 million deal in the US

Atos Cloud Services

Context:

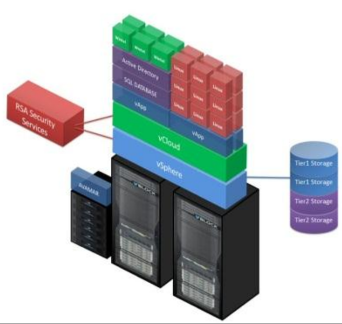
- Original RFP for traditional outsourcing of two data centers, formally run for **USD 35 million**.
- Atos proposed a shift to Cloud and introduced Canopy solutions.
- Solution changed to a complete shut down of existing data centers, lay off or reassignment for most of the staff, creation of new cloud infrastructure via Canopy in Arlington and Plano.
- Customer has subsequently bought into Cloud Transformation and Atos / Canopy long term roadmap.

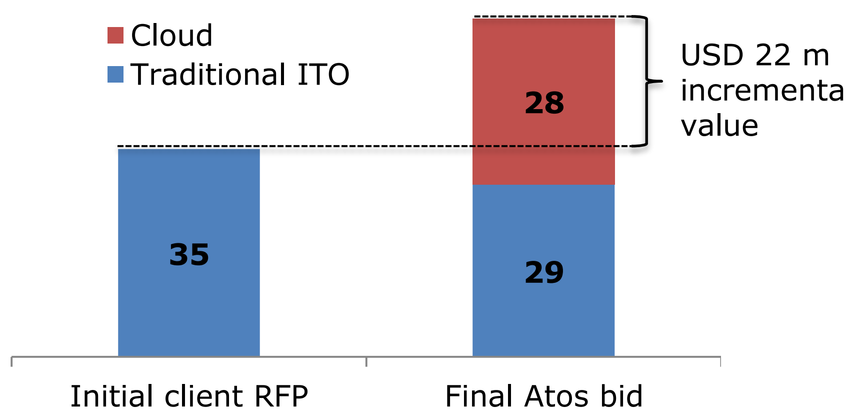
Outcome:

- **Final bid $57M** i.e. $22M **incremental** value
- Strong business complementarity between Atos North America and Canopy offerings
- Entirely new core data-center infrastructure
- Transformation work not originally included
- Massive gains in virtualization
- Initiation of PaaS platform

Atos USA Portfolio

Canopy USA Portfolio





Customer still have a long journey to go to the Cloud

Atos Cloud Services

Enterprise roadblocks to move to Cloud

- **Weight of legacy and fear of migration complexity**
- **Complex Cloud market, Complex billing & management**
- **Localization of data to comply with regulations**
- **Enterprise-grade availability & Security missing in many offers**
- **Reluctance to become prisoner of another technology silo**

Characteristics of the ideal solution

- One stop shop: from Cloud consulting and professional services, to Platform on-demand, an Application Store offering multiple Software as-a-Service, and hosted on Private Clouds if required
- Enterprise-class specifications: commitment on data security, service levels, availability to meet premium requirements
- Industry/market expertise: deep knowledge of specific needs; ability to customize applications
- No lock-in : Commitment to open standard, use of open technology

Mega-innovations in cloud require massive R&D and education for SPs

Atos Cloud Services

Hybrid enablement

- Cloud bursting outside private cloud
- Service aggregator and integrator
- Multi-cloud orchestration (software-defined datacenter, cloud fabric vs. applications etc)

Security

- Multi-level tenant isolation (hypervisor, network, storage)
- ID & access management (Risk-based authentication, etc)
- Agile security analytics (big data, real-time detection)
- Policy-based security, customer-specific compliance rules
- Future: security injection in applications

Verticalization

- Compliance, certification, auditability requirements
- New value chain: example of media cloud, from Acquire to Distribute, catering to ecosystem from producers to consumers

Big data

- Leveraging cloud assets: compute capacity, App Store, automated billing, Hadoop-aaS, database-aaS
- Pivotal, an EMC² company
- New requirements: hyperscale storage platform for data pools

Q&A session

From Questions to Answers

Thank you