X·OD

exclusive networks.
on demand.

FORTINET®

What is X-OD?

Provides a subscription based OPEX billing initiative, to give the end user a way of consuming monthly / quarterly / annually, without having to use end user financing or manage the upfront CAPEX costs. With the additional option to utilise our X-OD portal to white label the portal (FOC) so partners can build their own quotes and wrap around their own offerings.

Why is it useful:

Traditional vendors have been working in traditional ways of selling either upfront or financing, only newer vendors and MSSP partners can offer subscription type models.

With X-OD partners can:

- build stronger relationships with their customers
- have an OPEX model with regular reoccurring revenue
- add another string to their bow; so they can win more deals.

We know that not all customers can support the budgets required to meet security requirements, nor do they want multiple 3rd party contracts on their books. X-OD allows them to still purchase the technology they need but in a more manageable way.

How X-OD benefits partners

- Cash is King, this allows partners to be profitable more quickly by not having to manage the total upfront CAPEX costs.
- No multiple 3rd party contracts to sign which can impact credit and add complexity to approve
- Managed differently to finance as this is a subscription service. The monthly/ quarterly/ annual cost is managed rather than the total lump sum of the deal
- Depreciating hardware is not aligned on the company's books, it's on XOD.

- Competitive advantage
- Increased customer retention and LTV9. Predictable higher revenues and shareholder value
- Can be linked to monthly billing currently offered by the partner, and can be wrapped around in support of this as an overall service
- Offers an additional option to customers when they are looking at the impact a finance deal could have on them as a business or they cannot support the upfront CAPEX costs.

With Fortinet

Security Fabric

Simplify upselling for channel partners

- Increase deal size by adding more subscriptions with limited impact on monthly payments
- Speed up sales cycle, unlocking budget with flexible payments
- Offers more agility on the way security is consumed and operated

SD WAN

Transform WAN Edge with flexible billing

- Digital transformation will unlock OPEX budget
- Can help drastically reduce sales cycle and decision process
- Will allow customer to be profitable from day 1 with flexible payments

MSSP

Buy the way you sell

- Align MSSP's cost and revenue model without upfront outlay
- Enable switch to both buying and selling on a monthly/quarterly OPEX basis
- Increase stickiness allowing MSSPs to bundle own services

X-OD FAQs

- **Is there a cost associated with signing up**
- No!

- **How is this different to finance, isn't this just the same or like leasing?**
- X-OD purchase the kit, we offer out a 1, 2 or 3yr subscription service to the partner. Because we own title to the kit we take on the depreciating HW -rather than the partner having to do this. They recognise this as a subscription service based on the term they choose – monthly, quarterly or annually. We always own title to the kit, there is not an option at any point for the customer to purchase the kit.

- **What contract term is X-OD?**
- We now have 1, 2 or 3 years (5 years payable over 3 years on request) with monthly/quarterly/annual billing.

- **What would happen if an End User took out an agreement for 3 years (for example) but only paid the first 2 years and then stopped making payments?**
- In a nutshell, our business contract is with the reseller. If the end-user stops paying the reseller, the reseller would still be engaged towards EXN.

- **To be clear please can you highlight what liability would the partner have i.e. Who carries liability if a customer goes bust / does not pay etc**
- It is on the partner to pay us every month/quarter or annual over the 3 years. If that stops, we would have the ability to turn off the equipment/stop the subscription which is why it's under X-OD name when purchasing it. Having said that, in extreme circumstances (such as the customer going into liquidation) with the amendment we have with the vendor, we have the possibility to cut the service and reallocate the good or licenses to another end-user (or reseller) to mitigate the financial loss.

- **Can we have some sort of "turn up" and "turn down" clauses within the agreement to reflect the SaaS / IaaS model?**
- This is something we are looking at, currently we do not have the ability to do this. All will be covered by X-OD T&Cs as the ability to turn up or turn down will be clearly stated for every offer in the quote document.

- **Is there a difference in pricing for XOD vs traditional buying upfront and how does this compare to financing?**
- Yes, as with financing and any standard subscriptions we sign up to (i.e if we opt to pay monthly for our car insurance etc) where it allows us to purchase monthly etc there is a background cost associated to cover the insurances and liabilities X-OD take on. This will be different depending on if HW/Subs and if monthly / quarterly / annually. The key is to be involved in the deal as soon as possible, to work with the customer around budget expectations and with the vendor rep to see if they can help support and reduce the difference in costs at all.

- **What happens at the end of the contract term?**
- The customer has 3 options:
  - › Continue with the kit as it stands (if they do not need any additional functionality etc) and pay a reduced support fee, as you would with a support renewal. (support renewals after the 3 yr term are available on a 1 yr term)
  - › If they no longer want the kit (unlikely) but if so they can return back to us as we own the kit
  - › If they need further functionality they can look to refresh / upgrade and replace with this new requirement and send the old kit back to us.

- **Who should sign the T&Cs?**
- A decision maker and the person who will sign the final document, it has to be an officer of the company. (Which is why Credit review need to send out the contact to sign when they are ready to - after review)