**BUSINESS SPEECH**

**FOR**

**RAJU DATLA**

**REVISED**

**SLIDE 1**

Good morning! Welcome to our first quarterly meeting of this year. Lots to discuss... like The Band sang at Woodstock **FIFTY** years ago... “Life is a carnival”... from the trade war “**sack races”** ... the stock market “**roller coaster”**... and some of the wild news that even **Zoltar** couldn’t have predicted, it feels like business has become a circus!! (**Wait for the laugh**) ... We’re one quarter of the way in... just beginning... let’s see what prizes we’ve won so far!!!

Life... and business... is all about **perspective**... about being present and focused... keeping one’s eye on the goal... the endgame... the prize... While Edmund Hillary said, “Life is a bit like mountaineering- never look down,” in this meeting we will take a glance back, over our shoulders and examine recent performance and results. Through our research and review, we’ll identify the cracks and crevasses to conquer in order to exceed our current expectations... We’ll find incentives to motivate us, which, I have to say, even tempts **ME**... More importantly this session will reveal clues as to where we might be going for the annual SDKOM next year ………. All I can say is... this town will be cold enough when the annual meeting rolls around... **hot** results breed... **hot** locales...

A wise man once said, “It isn’t the mountain ahead that wears you out, it’s the grain of sand in your shoe....” Strategize accurately, focus, exceed goals, and let those grains of sand distract us!!! (**Wait for the laugh**).

**Slide 2:**

Now let’s look at our half-yearly score card. ... I know...put the beach visualization on hold for a minute... (**Wait for the laugh**). Let’s focus and pack our imaginary suitcases after... shall we??

How did we fare in various regions?

North America – we are just a bit shy of $40M… that is 8% higher than last year… I think we all would have liked to see double digit growth... this is a **molehill**.... that needs to grow to a mountain...

Both LATAM & APJ are putting up a great show. Their base is low but good to see 30 – 40% growth there

APJ especially helped by Japan. I will share some details on it shortly

Our biggest disappointment this year has been EMEA. We are down 19% year over year. There are a couple of reasons for the drop…..

* For one, we are comparing this number against a much higher base. Last year we recorded 70% growth in the first half, which yielded some pullback
* Secondly, the Euro has depreciated by almost 10% between first quarter last year to first quarter of this year. That had to have some impact. If level the field and compare on a constant currency basis, the decline would be more like 10% not 20%... not much consolation... we aim for growth...

On the up side, Fionan and our European team are still bullish and they believe they can bounce back in the second half and bridge the gap

Where does it put our overall global services…..we are more or less flat… just a small 3% growth .... a molehill would literally be a step up...

**Slide 3:**

Our global target is cross over $110M this year. We are less than half-way there. I’m not saying “Don’t put that suitcase away....” just don’t grab that warm weather wardrobe... **YET**...

To paraphrase Robert Browning, “A man’s reach should exceed his grasp... or what are these quarterly meetings for?” (**Wait for the laugh**)... in all honesty... THIS is exactly what these meetings are for... not to rest on our laurels but to identify the pits and ruts on the path and implement corrective measures while there’s room to course correct...

**Slide 4:**

Let’s check performance in other lines of businesses –

Software revenue was healthy. We recorded 15% growth YoY

Channel continues to maintain its consistent performance clocking 18% growth

Overall, we had a healthy growth of 8% .... yet I still hear the phrase “double digit growth” echo through the “canyons only my mind...”

**Slide 5:**

We added several new logos to the Vistex family… I have included only the ones with significant services components tied to them

The one that stands out of the pack is Warner Music Group… We signed the largest SOW so far in our history $8.5M... the bar has been raised...I know this team looks forward to beating even this accomplishment...

The other ones that are noteworthy

* **Medtronic** – was very elusive to us. It took TEN YEARS OF OUR TIME and MULTIPLE attempts... the INVESTMENT in this achievement is noteworthy... and our efforts yielded success...
* **Elanco** – animal health company similar to Zoetis and a spin off from Eli Lilly
* The pricing project at GE Aviation
* **ConvaTec** – London based medical supplies company
* And a surprise addition, The **Royal Mail** – this is **THE** British postal service… who would have thought our solution systems would be applicable for a mail and parcel delivery company? Our solution is used for streamlining their purchase pricing process... and pardon the pun... knowing our systems are capable of **DELIVERING** benefit to applications for the Royal Mail highlights the potential for an entirely new revenue stream

**Slide 6:**

With the belief that industry diversity is an important key to success, I want to point out that we are seeing an uptick in S/4 migrations. The recent ones jumping on S/4 bandwagon are a mixed group indeed, and include –

* **Costco** – just went live with Vistex migration onto S/4 HANA in Europe. This is a larger brown field implementation
* **McCormick** – started a new greenfield S/4 Hana implementation and we are big part of their roadmap similar to Georgia pacific last year.
* **CHS** – is another S/4 HANA migration. They did a huge implementation a couple of years ago and now SAP convinced them to move to S4. This is also a fairly large size opportunity for us
* **Hasbro** & **Siemens** also going down the S4 journey

I want to take a moment and point out just how critical it is to find health in serving diverse industries. With the evolution and revolution that has been taking place in all phases of business: retail, manufacturing... soft goods... hard goods... it’s more urgent than ever to be able to address the needs of **ANY** industry or sector. In 2018, it was estimated that **THOUSANDS** of retail establishments closed their doors...and forecasts for 2019 are equally as alarming. In order to maintain our own corporate health, we need to be aware of the issues and offset the challenges... we need the agility to turn challenge to opportunity. With clients like the Royal Mail, we can begin to think about packing those flip flops... (**Wait for the laugh**)

**Slide 7:**

Strength in diversity continued to be highlighted with some of the notable go-lives in the recent past –

* **Amgen** – one of the most challenging deployments this year. They went live simultaneously in 140 countries outside the US in just 2 deployments. The go-lives were very smooth. We received accolades from the customer. Our team in Europe did a tremendous job with this.
* **UMG** – the next significant one is UMG. Although the project went live last year, we had major challenges handling their volumes. It is the first time that we had to process upwards of half a billion transactions and 1500 files each month. We finally stabilized it and went live with their Phase-2 in March
* **GP & Tyson** were large S/4 transformation projects that went live in June
* **PepsiCo** - is our flagship Agribusiness customer in Asia Pac for our ABS solution. They chose our platform as a foundation to the sustainability initiative to support the small potato growers in Asia. They fully deployed our project, went live in India & Thailand, and Pepsico became a highly referenced customer for Agribusiness suite.

**Slide 8:**

Some call difficult projects challenges, I like to think of them as “**growth opportunities**...” **BOY**... have we grown this past year!! (**Wait for the laugh**)

Latest additions to the “troubled project list” : Stemcell, Medtronic & Novolex

Some “troublemakers” ran into escalation, leading to severe customer dissatisfaction for various reasons:

* We failed to intuitively manage these clients, we weren’t able to set supportive expectations, we lacked team ownership, and proper communication was MIA.
* Isuzu & Federal Mogul are escalated projects from last year...we’re still trying to douse **THOSE** fires.

When we struggle on projects like this, we lose our own momentum, customer confidence and future potential. It’s a costly but valuable lesson. Pay attention... errors make the best teachers.

**Slide 9:**

**HOWEVER**... some good news...

GTMS – our cloud product has **really** picked up steam this year. We have TEN active projects. Team size has grown to forty-five.

The newest additions to the GTMS roster are

* Genuine parts company (GPC), an automotive parts distributor and retailer
* Animal Supply Co., pet products distributors.
* DHX, a Canadian media company... we are doing a POC

We have a fairly good cross section of customers representing diverse industries like

* Wholesale,
* High tech (3M, NEC, DELL),
* Media (Swank),
* Consumer Products (Serta)
* Medical (Guerbet & Ambu)

We achieved a revenue of $1.4Mil in GTMS in the first half of the year ... quite an improvement over last year’s comp of $100K at the same time.

**Slide 10:**

We still have a quite a ways to go... or “**opportunities for growth**” to achieving scalability in GTMS. There are several factors influencing that…. **Priorities** for this team include:

* Refine the delivery model – trim the fat. Devise more cost-effective modes for more efficient resource expenditure
* Continue to collaborate with product development….
* This is a new product. Skills development is an ongoing priority
* **PEDAL TO THE METAL**...more aggressive marketing to generate increased demand for GTMS

**Slide 11:**

Agribusiness – We added 3 new logos

* Dole in Asia- one of the largest deals in terms of software license size.... a hard fought win. It took a 3-year sales cycle to bring to **fruition** ... get it??? (**Wait for the laugh**)
* Farm Frites – French fries company in Benelux
* Palmera – interestingly a nursery and landscape development company in Dubai.

Additionally, we have ongoing projects at Citruscuco, a large citrus grower in Brazil, Pepsico, rolling out at several countries in Asia, Ferraro, the chocolate maker in Italy

**Slide 12:**

In Japan, our team won the “region of the year” award last year, its first year of operation. This is a fairly nascent market for SAP & Vistex. There is tremendous activity for S4 HANA. The SAP footprint in Japan had been limited to finance modules. They have not ventured into commercial or logistics areas. We have a strong partnership going with SAP in this market. SAP is using Vistex to open doors and creating excitement at some of these companies

We already have $3M worth of committed services deals and another $5Mil in pipeline.

**Slide 13:**

**OBSERVATIONS**:

Challenges we face in North America –

* Increased project escalations
* Broken QA process
* Increasing competition
* Lack of qualified resources

We are in the process of launching several initiatives to address and offset the challenges:

* Aligning with System integrators proactively to secure the S/4 HANA projects
* Relaunch QA process
* Introduced Project Coach initiative lately
* Professional development and training for consultants
* We are staring a new offshore group in South Africa to relieve some pressure on India
* Expansion in Asia – we are opening new offices in Bangalore, Malaysia and our Japan office is already in operation

Information, sharing effective processes, communication, and focus will be rewards gained from “**growth opportunities**.”

**Slide 14:**

Alright… those were updates….

Here’s the **REAL** **growth opportunity** ...

It’s critical for each one of you **take ownership** of what you do… **anticipate** issues, be **proactive** ... take **full accountability** in the areas to which you’re assigned.

The consultant who is in the “**Lead**” role **must** take **ultimate** accountability across all tracks of the project, ensuring that we **meet** or **exceed** client’s expectations in order to **win** and **maintain** their confidence. **TAKE ownership...** of quality of design, fluidity of deliverables from onsite or offshore, setting client mandates, meeting the promised commitments.

**Slide 15:**

We need to be strategically involved with our clients’ business and their process. They should regard you as their **trusted advisor,** enabling their business to **grow**. We need to **really connect** and have **deeper** insights into their strategies. We must perpetually identify opportunities where our solutions can provide more value to accelerate and insure their success.

**Slide 16:**

**BEWARE OF THE COMPETITION**

**Never forget** that whatever you do, **someone is watching**. As well as we rely on market intelligence, so do others. Customers have choices. Especially in the new world of S/4 HANA and SIs ruling the roost, there is a high degree of risk that they may choose to go with more cost conscious alternatives. We **MUST** stay in high alert, guard our assets, and protect and preserve our edge. In particular, with the SAs and CEMs, **we can’t assume anything** or take anything for granted.

**Slide 17:**

Everyone in this room is an integral part of the team. Our success and effectiveness depends on everyone’s contribution to grow and support the whole – whether it is referring talented resources, contributing to the knowledge community, KnowledgeBase, QA reviews etc. The way we will build and sustain success is through a sense of pride in what we do, maintaining an entrepreneurial attitude... taking ownership in participation... going those extra steps to more than meet expectations... for yourself, the team, and ultimately the client. Thomas Edison said, “There is no substitute for hard work....” but with that, and with unified participation, we will see the light and be the light in this organization and for the industries we serve. Thank you.