



Company presentation Transition and Transformation





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EVRY PUBLIC

EVRY

The IBM Partnership offers accelerated transformation of operations, delivering increased flexibility and efficiency to EVERY

	<p>The market for basic operations of IT infrastructure has become increasingly competitive and is characterized by significant investment requirements and margin pressure</p>
	<p>IBM is a world leader in enterprise infrastructure services and cloud technology</p>
	<p>By partnering with IBM, EVERY has gained access to</p> <ul style="list-style-type: none">• State-of-the-art technology platforms• Global scalability• World-class methodology
	<p>EVERY's outsourcing agreement with IBM enabled a flexible commercial model, with competitive unit prices from commencement and throughout contract period. EVERY procures standardized building blocks with standard SLAs from IBM</p>

Two phases of the IBM Partnership

<p>GENERAL Outsourcing agreement</p>	<p>Non-exclusive 10 year outsourcing agreement entered into in Q4 2015</p> <ul style="list-style-type: none">• No exclusivity towards IBM and no implication on customer contracts• 2+1 years extension at EVRY's option• New commercial terms from commencement date – independent on transformation of customers
<p>PHASE 1 Enterprise segment</p>	<p>Basic operations for the enterprise market segment from Q4 2015</p> <ul style="list-style-type: none">• FTEs, assets and third party contracts transferred to IBM• Transition* of c. 200 enterprise customers completed – transformation ongoing
<p>PHASE 2 SME segment</p>	<p>Basic operations for the SME market from Q1 2017</p> <ul style="list-style-type: none">• Amendment to the outsourcing agreement for Phase 1• FTEs and third party contracts transferred to IBM• Additional service scope includes database and application operations• Transition of c. 2,200 SME customers completed – transformation ongoing

PHASE 1

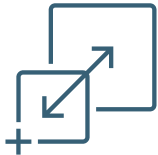
The Large Enterprise segment

SCOPE



- **Transfer of undertakings:** c. 560 FTEs, financial and operational responsibility for supplier contracts (primarily software licenses) and transfer of fixed assets. EVRY retains customer ownership and customer-facing activities
- **Services:** Basic Operations towards enterprise customers. Continuous investments by IBM in upgrading infrastructure throughout the contract
- **Customer base:** c. 200 customers in Norway and Sweden serviced through the agreement

Transition and transformation (T&T)



- **The objective of joint EVRY-IBM project:**
 - 1) Transitioning existing operations to IBM
 - 2) Transforming the delivery model onto modern state-of-the-art datacentre facilities, with full access to hybrid and public cloud capacity
- **Transition (Q4 2015 – Q2 2016):** Handover and documentation of existing operations from EVRY to IBM. Transition has been completed in accordance with plan
- **Transformation (Q1 2016 – Q4 2018):**
 - Ongoing migration and transformation of sizable and complex infrastructure from legacy data centres to **state-of-the-art data centres**, with mainframe already migrated and 55% of midrange servers migrated
 - Access to **call-on-demand capacity** for mainframe to manage peaks
 - Implementation of standard IBM tools and processes including **automation of tasks**
 - Continuous investments by IBM in **upgrading the hardware estate** throughout the contract

PHASE 2

The SME segment

SCOPE



- **Transfer of undertakings:** c. 450 FTEs, financial and operational responsibility for supplier contracts (primarily software licenses)
- **Services:** Basic Operations, as well as Database Operations and Application Operations, towards SME customers. Continuous investments by IBM in upgrading infrastructure throughout the contract
- **Customer base:** c. 2,200 customers in Norway and Sweden serviced through the agreement

Transition and transformation (T&T)



- **The objective of joint EVERY-IBM project:**
 - 1) Transitioning existing operations to IBM
 - 2) Transforming the delivery model onto modern hybrid cloud-enabled platform placed in state-of-the-art datacentre facilities
- **Transition (Q1 2017 – Q3 2017):** Handover and documentation of existing operations from EVERY to IBM. Transition has been completed in accordance with plan
- **Transformation (Q2 2017 – Q1 2020):**
 - Building new and standardized service offerings based on **modern hybrid cloud infrastructure** allowing utilization of IBM global centres of excellence and brokerage of public cloud offerings
 - Implementation of best practice IBM tools and processes including **automation of tasks**
 - Migration from legacy data centres to fewer data centres
 - Transfer of knowledge and operations to IBM global operations in nearshore locations are 5-6 months delayed, due to longer lead time of technical solutions than expected

Financial implications of the IBM Partnership

Break down Other I&E - IBM Partnership (NOKm)	2015A	2016A	YTD Q3'17	Q4 2017e	2018e	2019e
Phase 1 - Large Enterprises				Target range	Target range	Target range
Transition and Transformation	810	170	80	30 ↔ 35	75 ↔ 120	15 ↔ 30
Employee liabilities	210	0	0	0 ↔ 0	0 ↔ 0	0 ↔ 0
Project and implementation costs	220	80	30	10 ↔ 20	35 ↔ 70	15 ↔ 30
Write down of assets	290	0	0	0 ↔ 0	0 ↔ 0	0 ↔ 0
Total Phase 1 - Large Enterprises	1.530	250	110	40 ↔ 55	110 ↔ 190	30 ↔ 60
Phase 2 - SME's						
Transition and Transformation	0	0	170	40 ↔ 45	180 ↔ 240	170 ↔ 190
Employee liabilities	0	0	190	0 ↔ 0	0 ↔ 0	0 ↔ 0
Project and implementation costs	0	0	220	110 ↔ 130	70 ↔ 120	0 ↔ 0
Write down of assets	0	0	30	0 ↔ 0	0 ↔ 0	0 ↔ 0
Total Phase 2 - SME's	0	0	610	150 ↔ 175	250 ↔ 360	170 ↔ 190
Total IBM Partnership OI&E w/ P&L effects	1.530	250	720	190 ↔ 230	360 ↔ 550	200 ↔ 250
Tot. IBM Partnership OI&E excl. write downs and other non-cash items w/ P&L effects	1.020	170	690	190 ↔ 230	360 ↔ 550	200 ↔ 250
Total IBM partnership OI&E w/ Cash Flow effects	360	600	1.000	200 ↔ 230	420 ↔ 580	70 ↔ 120

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