

Partner Business Update

VLA Buying Program, Discount Model Changes

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Agenda

- Novell Partnering: Focus Areas for 2008
- Volume License Agreement (VLA) Program
 - What is changing in the VLA Program?
- New Channel Discount Model
- VLA Discount Model Implementation
- Questions and Answers

Executive Management Ruling Principles



“Partnering is core to every aspect of our business. We must have a Partner focus when we design, build market, sell and service products. Having the right Partners and developing our indirect selling route are critical to our future success.”

Ron Hovsepian
President & CEO

2008 Focus Areas

- Business Unit Model and Solution Provider Specialization
- Grow indirect business
- Reduce direct business
- Increase Partner profitability
- Named-Partner Model

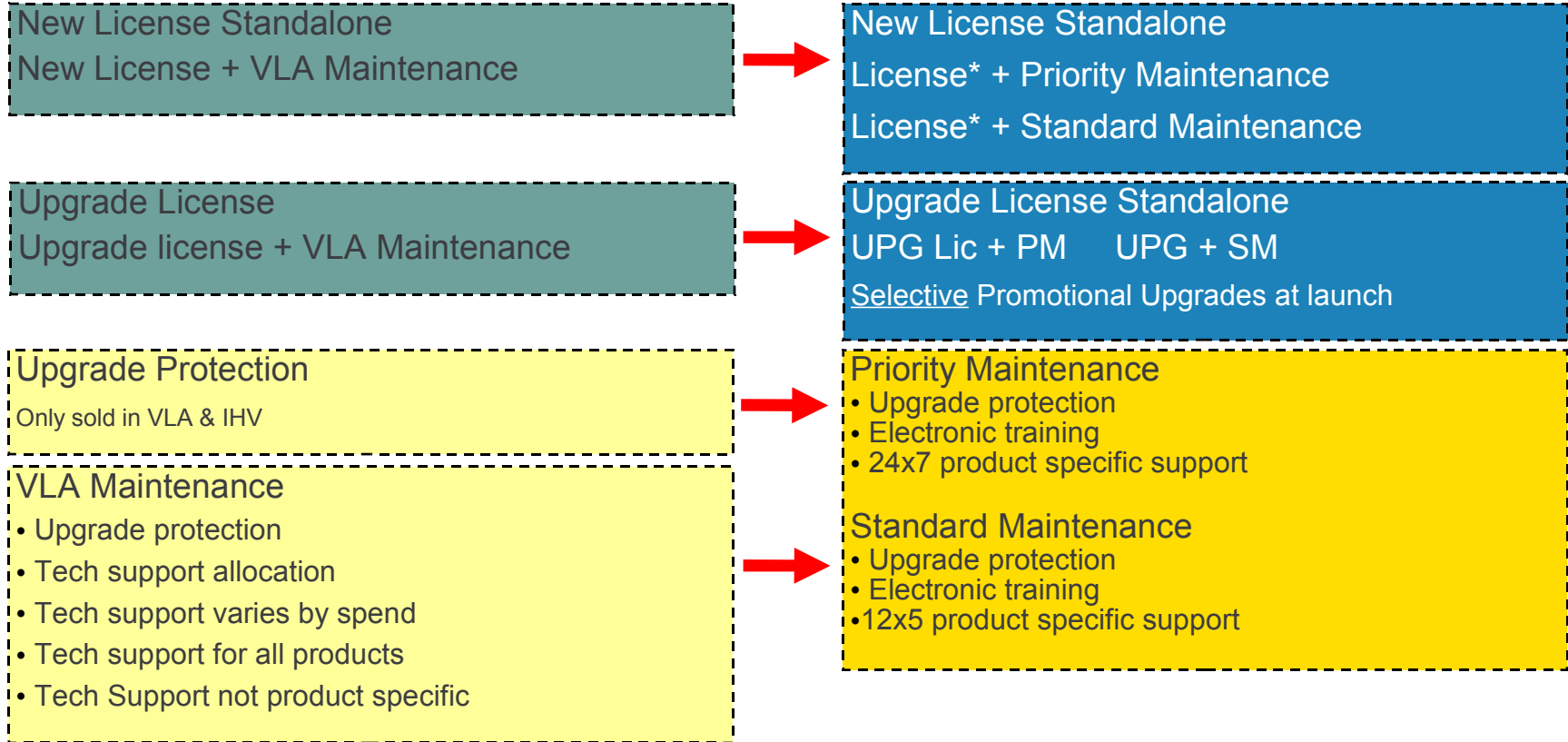
Volume Licensing Agreement (VLA) Program

VLA Program Changes: Objectives

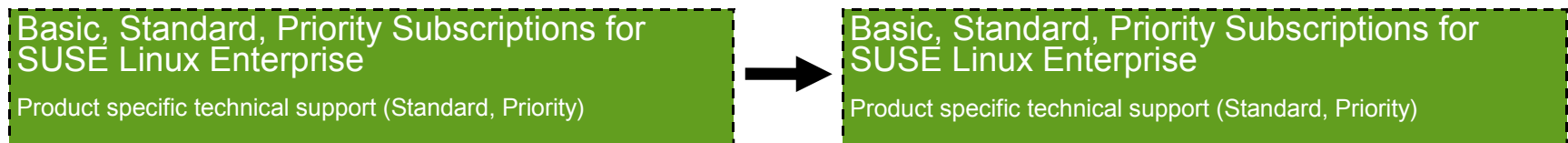
- Adapt to changing customer buying behaviors
- Make product offerings simple and clear
- Address customer demand for first-level technical support from Novell
- Enable Partners to focus on higher margin Service Level Agreements
- Reward Partners for increased commitment
- Enhance channel margins on new Novell business

VLA Program Changes

Changes for Novell's proprietary product offerings effective February 18th



No Changes: Open Source (SUSE Linux Enterprise) Subscriptions



Customer Choice: VLA Standard & Priority Maintenance

- Upgrade Protection is no longer available under VLA
- Maintenance with the tech support entitlement mapping is no longer available under VLA & has been replaced by two options:

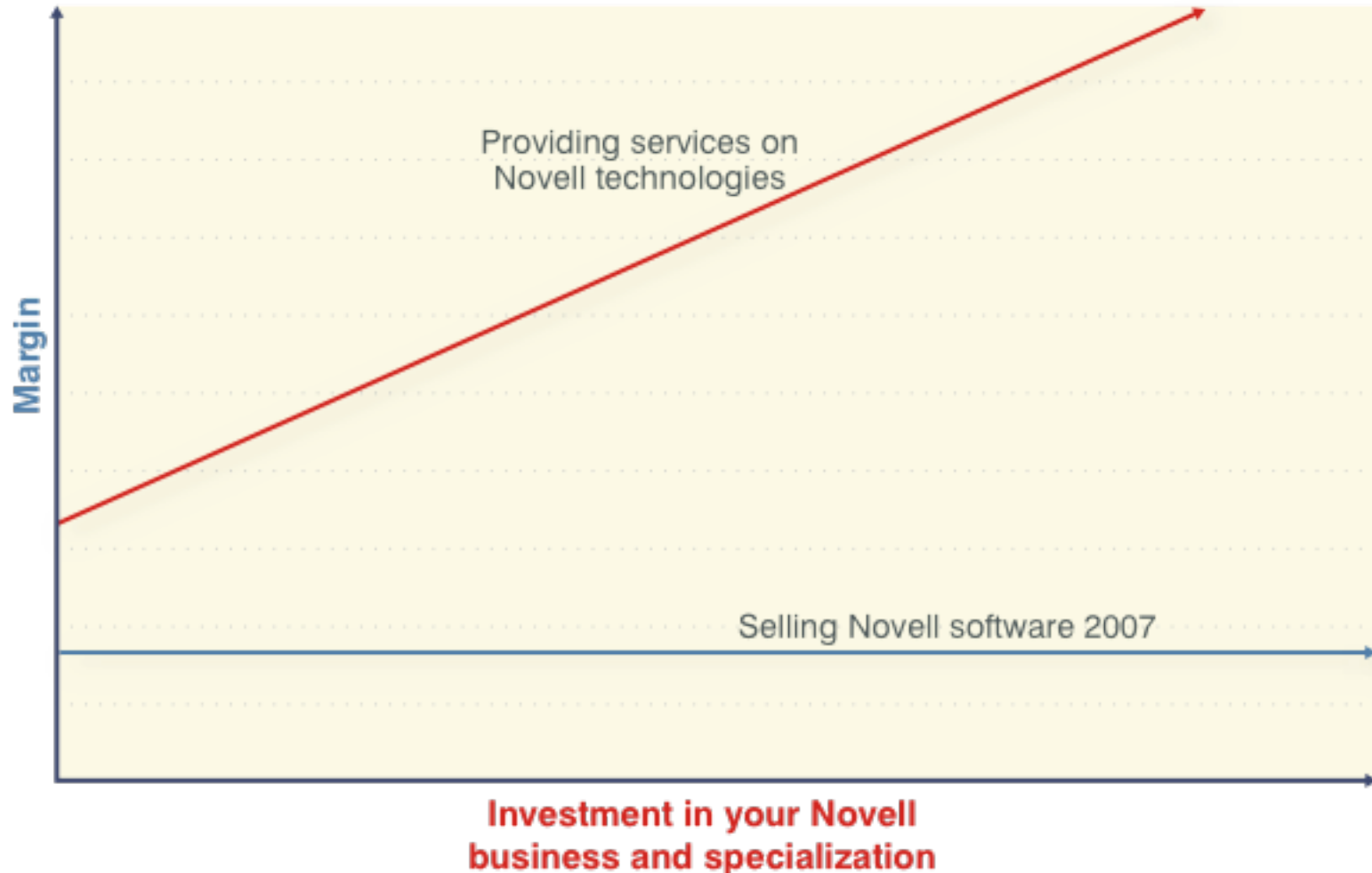
Standard Maintenance	Priority Maintenance
<ul style="list-style-type: none">- Upgrades to the latest versions of the software- Electronic training- Product specific electronic & phone support 12 x 5	<ul style="list-style-type: none">- Upgrades to the latest versions of the software- Electronic training- Product specific electronic & phone support 24 x 7

VLA Product Support Value for Customers and Partners

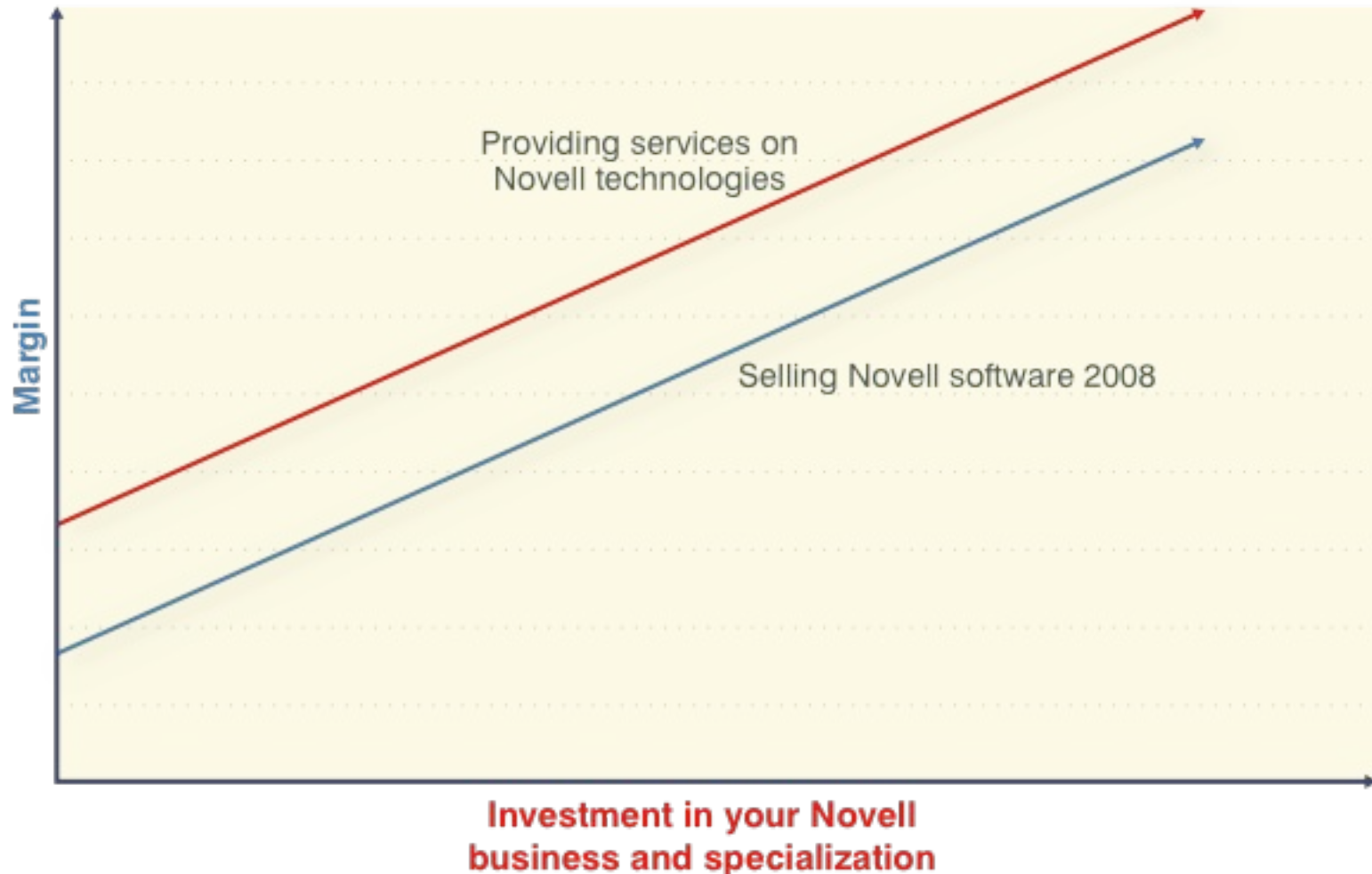
- VLA product support is aimed purely at the product and does not replace any Level-3 Service Agreements between you and your customers
- Build your service business on top of the VLA maintenance product support
 - Product support is often expected as complimentary
 - VLA product support unburdens you from low-margin, high effort customers service expectations
- Focus your valuable services resources on margin generating activities

New VLA Discount Model

Margins need to grow in line with investment in PartnerNet Specialization



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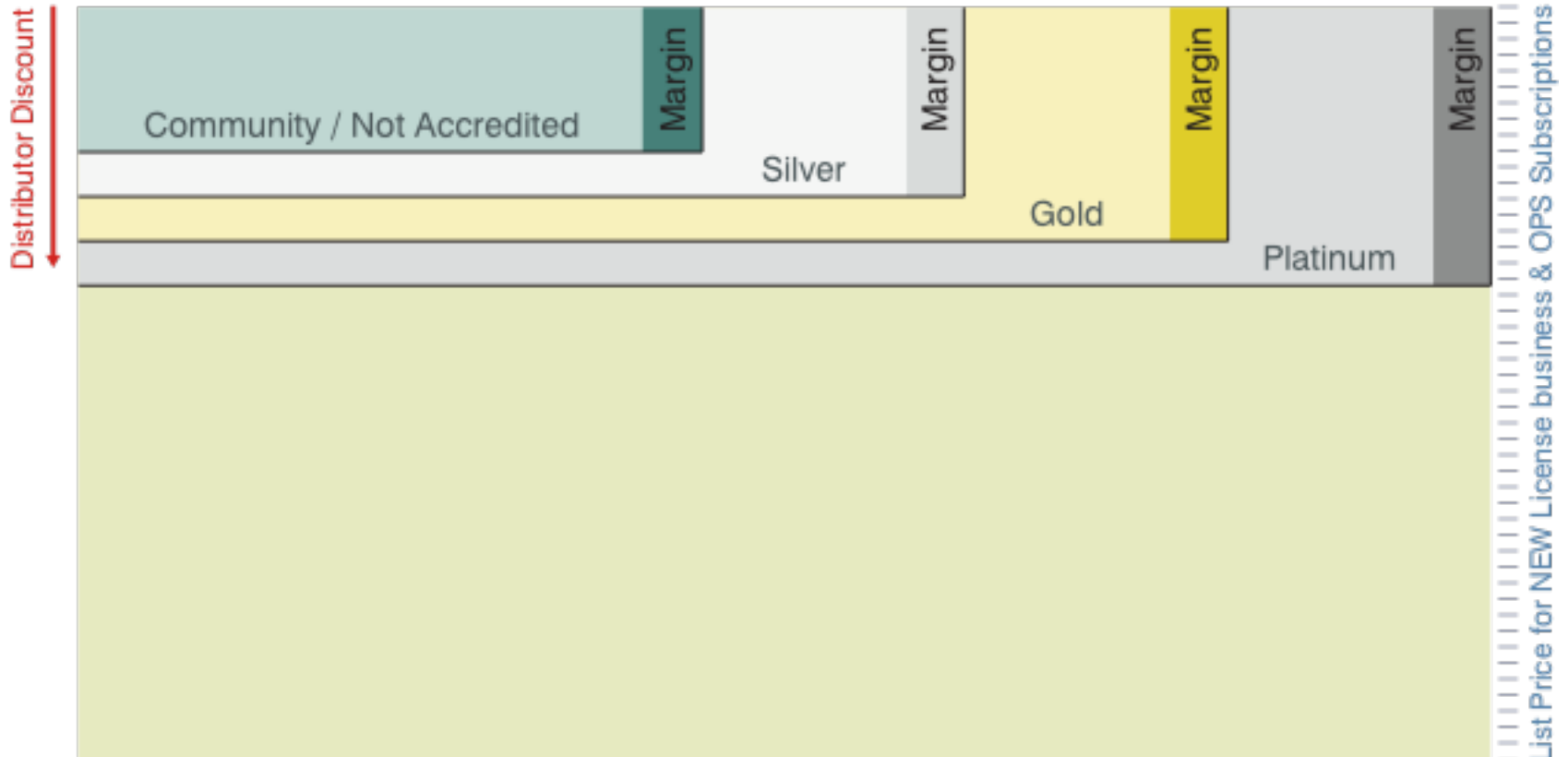


Increased profitability on NEW business

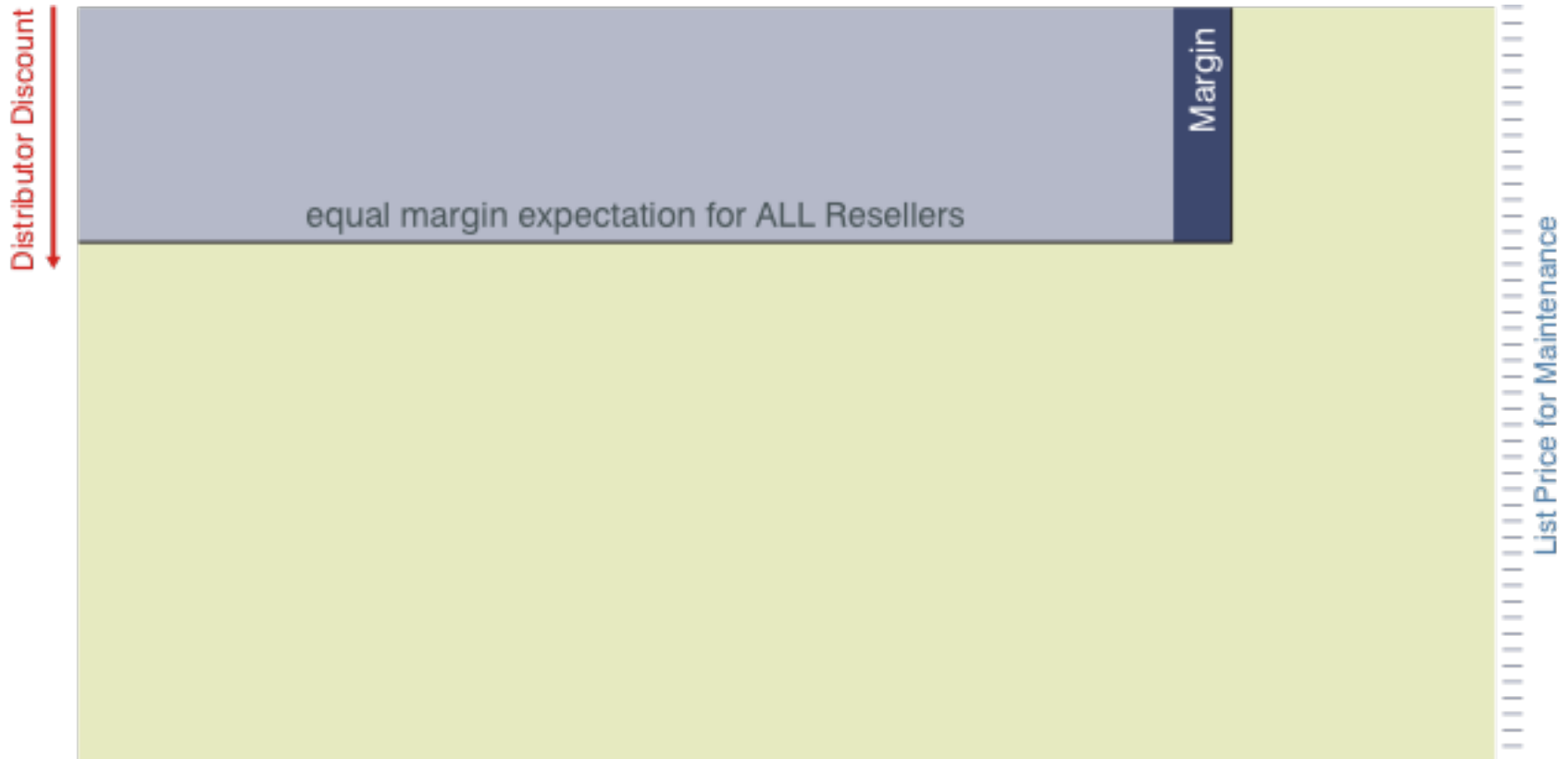
- Increase product margin on NEW business by granting additional discounts to Novell Distributors based on PartnerNet membership level
- Introducing a tiered discount model for:
 - Licenses (new & upgrade) and License + maintenance offering
 - ALL* SUSE Linux Enterprise subscriptions

* Note: The tiered discount model applies to all SUSE Linux Enterprise Subscriptions regardless of whether it is a first time new sale or a renewal subscriptions

Margins for closing NEW business are growing by Membership Level



Margins for closing RENEWAL business are equal



Discount Changes — Remarks

- Discount Model is designed to increase effective reseller margins and is not intended to enable a “better” street price
- In order to qualify for the increased discounts, your company must continuously meet PartnerNet membership level requirements

VLA Discount Model Implementation

Implementation of Discount Model

- Announced via Novell Product Announcement (NPA) on February 1st
 - NPA: 5383 Novell Discount Model Changes
 - NPA: 5384 – 5387 Novell Volume License Agreement Program Changes
- Novell Distributors use “Partner Look Up Tool” to determine your current membership level in PartnerNet and the appropriate discount you receive
- Partners can check their current PartnerNet program status and compliance by logging into the PartnerNet Portal

How will Novell deal with Quotes?

Quotes issued after February 1st, 2008

- Quotes are honored for 30 days from date of issue
- Orders based on quotes issued on or after February 1st, 2008 must include new part numbers and pricing
- New part numbers and pricing will be available in POST from February 18th

Quotes issued before February 1st, 2008

- Quotes honored for 30 days from date of issue
- Novell will fulfill orders under old model until February 29th, 2008; however, this will require manual adjustments and greater turnaround time after February 18th, 2008

Novell Buying Programs

Additional information

Novell Buying Programs Home

www.novell.com/licensing

Program Guides and Information

www.novell.com/licensing/buyingprograms.html

Training and Other Resources

www.novell.com/licensing/buyingprograms.html

Question & Answers

Questions and Answers

- Press * 1 on your phone line
- Use the chat tool
- Email questions to partnet@novell.com

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