

Cashing In on the Linux Email Market

VAR Information Kit

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Scalix Corporation is a leading provider of enterprise email and calendaring software on Linux. We are looking for VARs that have the interest and skills to capitalize on the emerging market for Linux email software. This information kit provides an overview of the opportunity and describes how VARs can generate significant revenue by selling Scalix software and messaging services.

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Introduction

Email is the most widely used mission-critical application in the world today. Many organizations now consider email reliability to be more important than their phone. At the same time, Linux is the fastest growing segment of the server operating system market, with 15% - 20% market share (Yankee Group). Linux has become a major disruptive force in IT, enabling organizations to radically improve costs, reliability and security.

Organizations are now looking to extend the benefits of Linux to additional application areas. Email and calendaring are rising to the top of the list. The reason is simple: enterprises are learning that Linux email is a viable alternative to the vendor lock-in associated with today's prevailing email systems. It offers compelling advantages in terms of cost reduction, reliability and security, while enabling users to continue using their email client of choice, avoiding disruption.

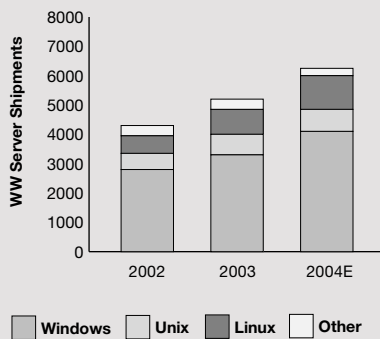
Scalix Corporation is a leading provider of enterprise email and calendaring software on Linux. We are looking for VARs that have the interest and skills to capitalize on the emerging market for Linux email software. This information kit provides an overview of the opportunity and describes how VARs can generate significant revenue by selling Scalix software and messaging services.

TRENDS AND BUSINESS NEEDS FAVOR RAPIDLY GROWING ADOPTION OF LINUX EMAIL SOFTWARE

The worldwide market for corporate email software exceeds \$1.5 billion and is growing. The market leader is Microsoft (MS) Exchange, followed by the mature IBM Notes/Domino and Novell GroupWise email products which have lost market traction and whose users are seeking alternatives. Trends that point to a rapidly growing market for Linux email software include:

- Proliferation of Linux — Linux is being increasingly adopted as a server platform by organizations of all sizes, with over 50% of F1000 companies now embracing Linux. Major vendors such as IBM and Novell are steering customers towards Linux and away from Windows and NetWare — when they do, customers will want the leading email system on Linux
- Customer email decisions coupled with email products that are past their prime — customers consider changing their email system when faced with email product upgrades every few years. When they need to make a potentially costly and complex upgrade decision, they consider modern alternatives that provide cost savings and better functionality
- Customers seeking more flexible and cost-effective software licensing terms with vendors — many customers will actively consider an alternative that helps them avoid being locked into a vendor's technology and products

FIGURE 1



Linux is the fastest growing server segment worldwide with revenue growth of 48.9% and unit shipment growth of 38.2%. Source: IDC

Organizations are changing their email systems for numerous business reasons, including:

- Microsoft is ending support for Exchange 5.5 at the end of 2005 — these users are looking to move to a more modern, reliable and cost-effective email and calendaring system
- Server consolidation: reducing the number of email servers reduces operating costs
- TCO mandate: enterprises need to reduce costs and complexity of email infrastructure
- Linux infrastructure rollout: Linux has been successfully used for web servers, application servers and databases, and a next major logical application area is email and calendaring
- Corporate email for the masses, e.g. in retail and manufacturing, organizations want to provide all employees with email and are seeking low cost alternatives

Scalix Product Overview

All of our product editions are based on the Scalix Collaboration Platform – our robust, enterprise-class email and group calendaring solution that takes the cost and complexity out of administration and upgrades, and gives customers the freedom to choose the infrastructure, applications, and desktops that best suit their business needs. All of the editions support an unlimited number of Standard Users, which are free. With an architecture based on open standards and an industrial-strength Linux platform we are able to dramatically reduce the total cost of ownership and the investment in current and future messaging products is protected.

Awarded Best Messaging Solution at three consecutive LinuxWorld Expos in 2005 and 2006, we offer three distinct solutions to fit the diverse needs of our customers: Enterprise Edition, Small Business Edition, and Community Edition.

Scalix Enterprise Edition

SUPPORT FOR MULTIPLE SERVERS AND HIGH AVAILABILITY

Scalix Enterprise Edition is our industrial strength solution designed for the demanding needs of enterprises. It supports multiple servers and high availability, and scales for even the largest organizations.

Scalix Small Business Edition

SINGLE-SERVER EDITION

Scalix Small Business Edition is our single-server solution designed for small businesses. It includes a rich package of business functionality including a means to instantly recover deleted items on a user-specific basis, wireless device support, an automated migration tool, and more.

Scalix Community Edition

FREE EDITION WITH 25 PREMIUM USERS

Scalix Community Edition is a product we've packaged and made available for free so every organization can try out and use our robust messaging solution. It includes Scalix Collaboration Platform and 25 Premium Users.

The below table compares the Scalix product editions in greater detail:

| Product Features | Community Edition | Small Business Edition | Enterprise Edition |
|--|-------------------|------------------------|--------------------|
| Multiple Instances | | | Yes |
| Multi-server | | | Yes |
| High Availability | | | Yes |
| Active Directory Extensions | | Yes | Yes |
| Exchange Co-existence | | Yes | Yes |
| Recovery Folder | | Yes | Yes |
| Wireless Email w/ PIM (optional, via Notify) | | Yes | Yes |
| Scalix Migration Tool (optional) | | Yes | Yes |
| Software Subscription (optional) | | Yes | Yes |
| Scalix Mobile Web Client | Yes | Yes | Yes |
| Unlimited Standard Users, Free | Yes | Yes | Yes |
| GUI Installation & Administration | Yes | Yes | Yes |
| Scalix Collaboration Platform | Yes | Yes | Yes |

For more information about Scalix products, visit www.scalix.com/enterprise/products.

Why Customers Choose Scalix

Customers buy Scalix for several reasons, including

- **No lock-in:** protection against vendor lock-in at all layers of the IT stack
- **Clients of choice:** full-function native Outlook support, industry's most advanced web mail client, and device and carrier independent wireless solution
- **Industrial-strength:** field-proven reliability, scalability and security
- **TCO advantages:** 40%-80% initial and ongoing savings
- **Risk management:** zero downtime, non-disruptive migration, coexistence with legacy mail

SCALIX COMPARISON WITH MS EXCHANGE

- Freedom from licensing and technology lock-in
- Fully-functional, feature rich email and calendaring on Linux
- Standards-based, client-agnostic architecture with full support for non-windows clients
- Seamless interoperability with Exchange — mix and match Scalix and Exchange servers
- Full Outlook support using Native MAPI — end users will not know the server has changed
- Significant cost savings

SCALIX COMPARISON WITH OTHER LINUX EMAIL SYSTEMS

- Native MAPI support for Outlook 2000, XP and 2003, providing compatibility with the full range of Outlook functionality
- Superior reliability, availability and scalability
- Industry's most advanced web client
- Comprehensive email, calendaring, scheduling, contacts and public folder support
- Enterprise ready with flexible topologies, open systems architecture and rich third party ecosystem support
- Integration with Active Directory and leading LDAP-based directories
- Availability of wireless solution
- Multiple administrative interfaces address the broad range of administrative needs

Generating Revenue with Scalix

Scalix enables VARs to generate significant revenue by selling Scalix products, support and services. Scalix products include software licenses, software subscriptions and technical support. Support offerings include incident-based support and premium (7x24) support.

Using Scalix as a way to interact with new customers, VARs can also perform a variety of services that cover all aspects of the messaging life cycle, including:

- **Planning:** requirements gathering, strategy formulation (server, coexistence, migration, ecosystem, staffing), architecture, email policies, provisioning process and admin training
- **Configuration:** hardware, storage, networking, software, backups, directories, mail system identity management, security, hygiene (anti-spam, anti-virus), high availability
- **Migration:** directory coexistence, messaging coexistence, data migration, desktop deployment, user training
- **Integration:** archiving, application, security, storage, wireless, fax, business continuity

A major advantage of selling Scalix versus Windows-based email products is that VARs can distinguish their offerings from competitors and earn higher margins.

Scalix VAR Success Story: Schmieder IT Solutions

BUSINESS OVERVIEW

Schmieder IT Solutions is a full service VAR taking a comprehensive approach to customer satisfaction starting with project planning and installation to subsequent product support, including managed services. Schmieder has found tremendous success in the government, manufacturing and utility markets. Five years ago, Schmieder recognized that customer demand for Linux based solutions was increasing exponentially, in particular for infrastructure, communication and groupware components. For Schmieder, this prompted the partnership with Scalix as their messaging vendor. Today, Schmieder offers messaging solutions and services based on MS Exchange and Scalix. As Linux becomes the server platform of choice for their modular, service-centric offerings, Scalix provides their customers with the perfect balance, a Linux infrastructure and the messaging client of their choice, most commonly, MS Outlook.

SCALIX ADVANTAGES

Before signing with Scalix, Schmieder evaluated a number of Linux messaging solutions, seeking the best Linux-based solution that offered similar functionality as MS Exchange, and even better, a solution that allowed the end user to continue using Outlook on the client side. Repeatedly, Schmieder technicians were disappointed with many offerings – they could not find a MS Outlook connector for Linux that provided the look and feel of an Exchange-Outlook environment to the end user – until they tried Scalix which natively supports MAPI, the native API used by MS for communication between Outlook and Exchange. With the Scalix Clients of Choice Architecture, Schmieder was able to provide customers with the reliability, flexibility and security they have come to expect from Linux applications as well as maximize their choice of desktop clients and mail interfaces.

“Unlike other messaging solutions that were proprietary, the Scalix open architecture provides the Linux-minded organization with an affordable full-featured email and calendaring solution that can easily plug into any open source application”, said Mr. Schmieder. “This limits the total cost of ownership, including the cost of training because the end user is able to choose, on an individual basis, their preferred messaging client, resulting in no disruption for the organization.”

Schmieder was also impressed by how transparent the Scalix migration was for the end user, blending seamlessly with both open and proprietary software, including MS Outlook, Exchange and Active Directory. “Scalix stood out as the only Linux based messaging solution to be a real alternative to MS Exchange,” Mr. Schmieder said. Schmieder was also amazed by Scalix Web Access for its highly secure and robust performance providing end users the advantage of anywhere, anytime access through a browser but with the look and feel of a desktop client.

As a full service partner, the opportunity to offer additional services to support the integration of alternative messaging ecosystem elements was also very appealing. Recently, Schmieder went head-to-head in a beta environment with Novell Groupwise – not only did Scalix fair better, specifically the Scalix open architecture and support for MS Outlook – Schmieder was able to sign an independent service contract with the customer to configure their LDAP server bringing them incremental services revenue as a result of Scalix.

FIGURE 2

VAR PROGRAM BENEFITS

- Sales Enablement Kit
- Technical Enablement Kit
- Password Protected Partner Web Site
- Marketing Development Fund Program (MDF)
- Not For Resale Software (NFR)
- Competitive Sales Margins
- Partner Directory Listing
- Deal Registration
- Sales Training
- Technical Training

SECRET TO SUCCESS

According to industry estimates, MS Outlook accounts for 74% of installed email clients worldwide – from a partner perspective being able to differentiate one’s services around MS and still make margin on the deal can be a difficult proposition. With the Linux market growing rapidly, Scalix provides a unique value proposition: a true Exchange alternative for commercial and public sector customers, and the business opportunity for the partner to work in an unsaturated market. When speaking with MS accounts faced with Exchange 5.5 migration issues, Schmieder is able to offer Scalix as an alternative knowing the product is more reliable, more secure, and more flexible, leading to lower total cost of ownership for customers. Other vendors claim to have an alternative to Exchange but when tested head-to-head there is no comparison, creating a less competitive sales environment and greater margins.

Today Schmieder has implemented Scalix in almost a dozen different customer environments – all of which are productive and stable. “The flexibility of the Scalix email and calendaring solution is not only for the Linux-minded customer,” said Schmieder. “It also provides a scalable messaging alternative to existing MS and Novell environments. Scalix allows us to provide a solution based on customer need rather than the lock-in of a single vendor.”

Partnering with Scalix

“Scalix is offering us the best opportunity possible: a much-needed Linux email solution to offer our customers, plus a partner program that is tailored to give us maximum opportunity to extend our Linux services model for financial growth. Partnering with Scalix has been a smooth and rewarding experience and we’re looking forward to serving the rapidly growing Linux messaging market together.” —Pete Radochia, President, KyndL Corporation

Scalix is looking for VARs that want to cash in on the emerging Linux email software opportunity. Scalix offers a comprehensive partner program that includes benefits designed to maximize partner business opportunities and revenue growth, including:

- **Marketing Development Funds** — to promote the growth of business through lead generation
- **Not For Resale Software** — provide partners with a full version software license
- **Deal Registration** — to eliminate channel conflict and protect partner business relationships
- **Other benefits**, including sales and technical training, sales materials and partner promotion via the Scalix web site partner directory and joint marketing programs

Next Steps

To learn more about the Scalix partner program or to inquire about becoming a Scalix VAR, call 1 (650) 931-9400 and ask for Sales, or visit:

<http://www.scalix.com/partners/becomeapartner2.html>

About Scalix Corporation

Scalix is the leading provider of new generation email, calendaring and collaboration software. Based on Linux and open systems, Scalix allows companies to reduce the cost and complexity of their email environment with a richly-featured, reliable and scalable messaging solution that blends seamlessly with both open source and proprietary software, including MS Outlook, Exchange and Active Directory. Scalix offers customers flexibility and freedom of choice from the desktop to email related infrastructure components at all levels of the IT stack, helping them achieve independence from technology and licensing lock-in. Customers include Fortune 1000 enterprises, government agencies and educational institutions. Scalix has received industry acclaim and awards recognizing it as a leader in new generation messaging and collaboration. Scalix's team of messaging industry veterans has helped pioneer the world's most successful messaging systems at IBM/Lotus, cc:Mail, MS and Hewlett-Packard. The privately held company is headquartered in San Mateo, California, with offices and distribution partners in North America, Europe and the Pacific Rim. For more information, visit <http://www.scalix.com>.

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