About Xceptional

- **Who We Are:** The company was established in 2007 by Chris McKewon as Xceptional Networks, a value-added reseller and network integration company. Today we are an award-winning provider of Managed IT and Security Services.

- **Who We Serve:** Over 350 Small, Mid-Sized, National, Global clients across dozens of regulated industries.

- **What We Do:** Provide proven technologies, consulting and managed services that align IT systems and applications with business goals, accelerating the realization of business objectives.

- **How We Do It:** We employee highly experienced and certified IT, network, and communications engineers, project managers, and consultants that leverage proven processes, systems and best practices for designing, building, operating, protecting, and maintaining critical business systems and applications.

- **Local Response with Global Support:** One location in Southern California supporting local, regional, national, international clients.

Our Passion: As a core values driven company our team is driven to provide an Xceptional customer experience that is delivered through Xceptional knowledge and support, creating Xceptional value for customers and partners.

Timeline & Corporate Evolution

2007
2008

- Xceptional Networks Launch, Initial Customer Network & Data Center Projects
- Cisco Reseller Authorization
- Microsoft Reseller Authorization
- HP Reseller Authorization
- **20 Clients Served Across 8 Industries**

2009
2011

- Portfolio Expansion
- VMware Reseller Authorization
- Hosting, Colocation, Cloud Services
- **100 Clients Served Across 10 Industries**

2012
2015

- Expansion into mid market, new industries
- New Technologies Added to Portfolio
- Technology and Employee Investments
- **200 Clients Served Across 14 Industries**

2016
2019

- Rebranded as Xceptional
- Initial Launch of Managed Services Offerings
- Expanded industry partnerships with cabling, construction firms
- **300 Clients Served Across 24 Industries**

2020
2021

- Regional Expansion Planning
- Investment, Acquisition Fund Established
- Leadership Team & Employee Investments
- New BAAS, CAAS, Security Portfolio Offerings
- Most Promising MSP Recognition (CIO Review)
- MSP 501 Newcomer of the Year 2021
- **350 Clients Served Across 34 Industries**

Industry Trends: Spending
– Gartner October 2021

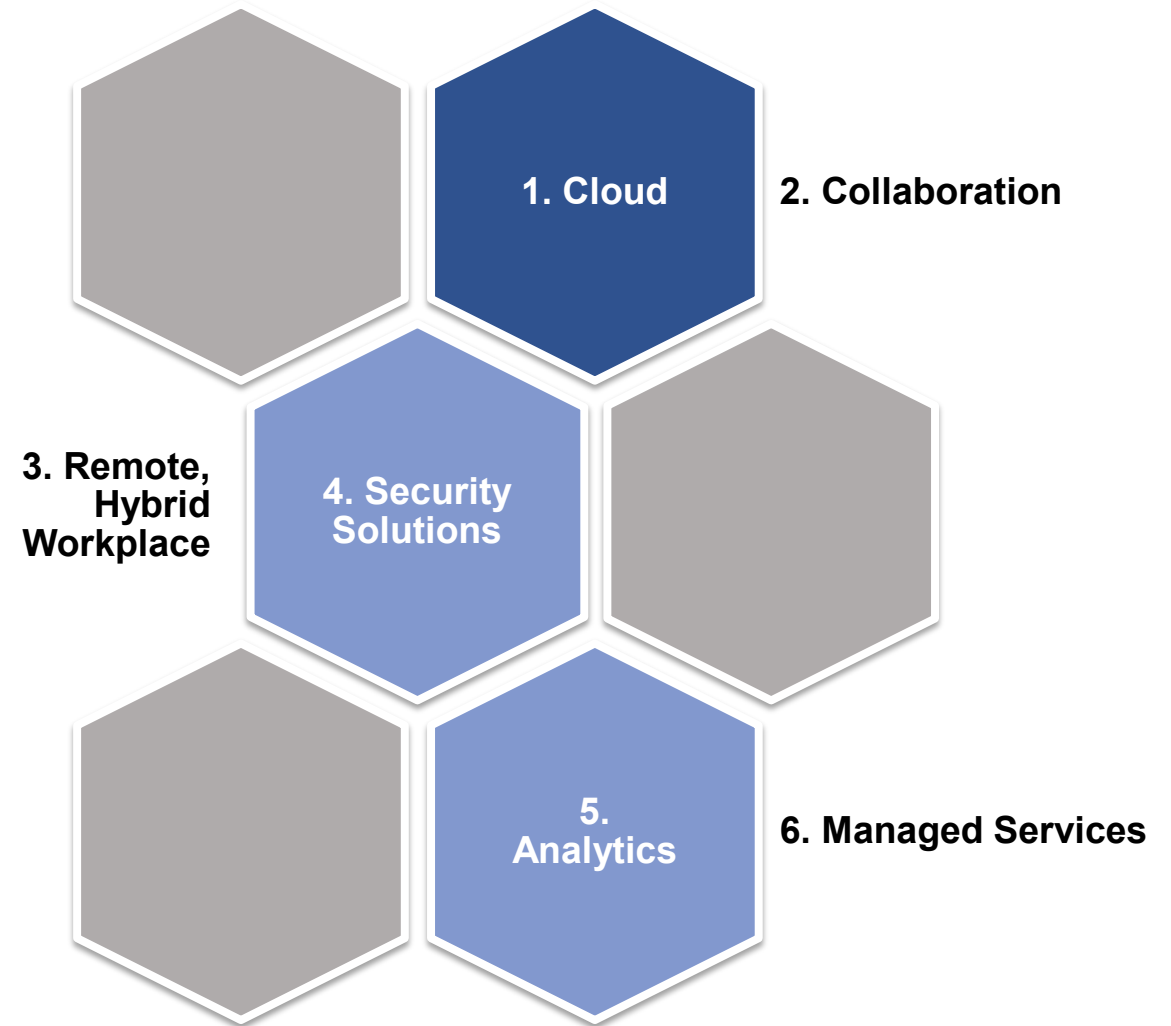**Worldwide IT spending is projected to total $4.5 trillion in 2022**, an increase of 5.5% from 2021, according to the latest forecast by Gartner, Inc.

Segment	2020 Spending	2020 Growth	2021 Spending	2021 Growth	2022 Spending	2022 Growth
Data Center Systems	178,836	2.5	196,142	9.7	207,440	5.8
Enterprise Software	529,028	9.1	600,895	13.6	669,819	11.5
Devices	696,990	-1.5	801,970	15.1	820,756	2.3
IT Services	1,071,281	1.7	1,191,347	11.2	1,293,857	8.6
Communications Services	1,396,334	-1.5	1,451,284	3.9	1,482,324	2.1
Overall IT	**3,872,470**	**0.9**	**4,241,638**	**9.5**	**4,474,197**	**5.5**

"**Digital tech initiatives remain a top strategic business priority** for companies as they **continue to reinvent the future of work**, focusing spending on making their infrastructure bulletproof and accommodating increasingly complex hybrid work for employees going into 2022."

2021 Top Business Issues, IT Priorities

- TechAisle Research 2021

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1. Business Growth

2. Profit Growth

3. IT Outsourcing Strategy

4. Workforce Productivity

5. Product, Process Quality

6. Speed to Market

1. Cloud

2. Collaboration

3. Remote, Hybrid Workplace

4. Security Solutions

5. Analytics

6. Managed Services

Cloud, IaaS, BaaS, CaaS Business Drivers

BUSINESS SITUATION	IT USE CASES	DIFFERENTIATION	
Cost reduction, spend visibility, hyper scale, resiliency.	**Repatriation** Migrating Data between, Clouds, DCs and Co-Los	• No AWS / AZURE lock-in • Consistent performance • Cost savings & predictable costs	Greater cloud flexibility, no vendor lock-in
Contain and reduce IT overspending.	**CAPEX → OPEX at the Edge** How do we model Compute & Storage as a Service	• Select a partner and site that supports 100% pay as you go. • Up or down, by the hour • Full set off OpEx Services without committing to a Hypercloud	Utility-based pricing for IT
Enhanced employee and customer engagement, efficiency.	**Edge & Latency** Needing cloud services closer to the source of data	• Lower latency, higher performance vs public cloud locations • Full suite of cloud services at the point of need • Your DC, Co-Location or Partner Data Centers	Optimized IT service delivery to customers, employees
Rapid response to market demands and needs.	**Utilize Local partnerships,** Knowledge and Infrastructure for Production, DR & Backup.	• Not simply being a NUMBER • Someone to call for support and questions • Completely connected to your success	Personalized support, IT services
Architect the business, IT systems and services to scale.	**Technology Refresh** Needing to keep IT resources current at a reduced costs	• Move to new technology when the timing is right • Accomplished 100% on the fly	Keep up with business / market changes, demands

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Internal Obstacles

RESOURCES: Limited or lack of expert resources to develop and implement these plans.

TECH DEBT: Older technology that is outdated and potentially fragile or unstable.

FUNDING: Lack of visibility into, or lack of access to capital required for this type of change.

PRIORITIES: Too many competing priorities and not enough understanding of the value.

RISK / REWARD: Lack of insight into the risks associated with not doing this vs the business value.

ROADMAP: Understanding where, how to begin AND when the effort will be completed.

Industry Realities

IT Project Failure Rates and IT System Downtime

70% of IT Projects Fail.

55% of PMs cite budget overrun as a reason for project failure.

The lack of clear goals and flawed requirements are the most common factors for project failure (37%).

44% of projects fail due to a lack of alignment between business and IT project objectives.

62% of successfully completed projects had supportive executive sponsors.

Designing, building, operating, maintaining, and supporting business IT systems and applications is a time consuming, costly and complex task. *It requires specialized skills, robust project management, and executive oversight in order to be successful. The odds are against most organizations that attempt to run IT systems, applications or major projects inhouse with minimal funding and resources.*

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Top Causes of IT System Downtime

Human Error

Cyber Attack

Equipment Failure

Software Failure

Natural Disasters

Power Surge

User Surge

Portfolio Evolution: Addressing Market Needs

IT Network & System Architecture, Design, Implementation, Run, Operate, Maintain

Xceptional CARE

- Remote and Onsite Managed Services Support

- 24 x 7 Monitoring and Management of Desktop, Network, Phones, and Applications

- Multiple Support Levels to Fit Your Business, Budget

- Virtual CIO: Quarterly Technology Reviews and Reporting. Includes Strategic IT Planning, Updates to Plans, Standards, Maintenance, and Support Levels

Xceptional CONNECT

- Design, Deployment, and Management of Telepresence and Video Solutions

- Voice, Video, and Web-based Conferencing

- Real Time Communications on all Devices

- Cloud, Onsite, and Hybrid Communications Solutions

Xceptional CLOUD

- Strategic enterprise-class Data Center and Hosting Services. IT Software, Services, Applications, Email, and Network Solutions **(Hosting, IaaS)**

- Backup & Recovery Solutions **(BaaS)**

- Compliance as a Service Solutions **(CaaS)**

- **Cloud Storage** Solutions

- Virtualization

Xceptional NETWORKS

- Networking Solutions Driving Technology and Business Operations

- Routers/Switches

- Wireless Mobility Solutions

- Security Solutions and Security as a Service

- WAN Optimization

Cybersecurity Drivers: Growing Tsunami of Attacks

- Microsoft, National Security Institute, Security Magazine 2021

Global threat activity

Countries or regions with the most malware encounters in the last 30 days

Select region ⌄

World
94

"Experts estimate that **a ransomware attack will occur every 11 seconds** in 2021. The number of **ransomware attacks nearly doubled** in the first half of 2021."

"**Every 39 seconds, there is a new attack** somewhere on the Web. That is about **2,244 attacks occurring on the internet daily** in 2021."

"The number of **data breaches through September 2021** has exceeded the **total number of events** in full-year 2020 by 17%."

"There were 1,767 reported breaches in the first six months of 2021, exposing a total of 18.8 billion records.
Some industries have experienced 200% - 3000% growth in cyber incidents over the last 36 months."

Introducing: Backup as a Service (BAAS)

Since 2007 Xceptional has helped organizations across dozens of industries with innovative, and proactive data protection, recovery, and backup solutions. We help customers to design, develop, implement and manage business continuity and disaster recovery solutions to ensure business operations can be restored incase of an emergency, cyber attack, or IT outage.

Xceptional's Backup as a Service (BAAS) offering is built upon a scalable and resilient cloud infrastructure, using best-in-class data privacy, protection, and recovery technologies. Each BAAS solution is modified to address your unique business, financial, and regulatory compliance requirements.

Backup as a Service includes:

- ✓ Monthly BAAS Subscription
- ✓ Veeam Backup Software Licensing
- ✓ Zadara Cloud Storage Subscription
- ✓ Cloud Compute (as needed)
- ✓ Colocation Services (as needed)
- ✓ Ongoing BAAS System Testing, Management, Maintenance
- ✓ Backup, Workload, Environment Dashboard, Alerting, Reporting

"Xceptional's 'hands-on' approach is ideal for a business with limited or no in-house IT expertise."

- Julie Barnes, Partner at Jones Barnes LLC

Xceptional's Backup as a Service solution is customized to address your unique recovery point objectives, and recovery time objectives – promoting business continuity and resilience while adhering to industry or federal regulations and data privacy laws.

This reduces the risk, cost, and time associated with emergency response scenarios, business continuity and disaster recovery situations, and compliance management.

BAAS: 3-2-1-1-0 Data Protection

Veeam's '3-2-1-1-0' data protection best practice ensures data is completely protected from threats of all types — even ransomware. (object lock data immutability)

3	**2**	**1**	**1**	**0**
different copies of data	different media	of which is offsite	of which is immutable or air-gapped	Errors after backup recoverability verification

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BAAS: Ransomware Prevention

- **3** different copies of data
- **2** different media
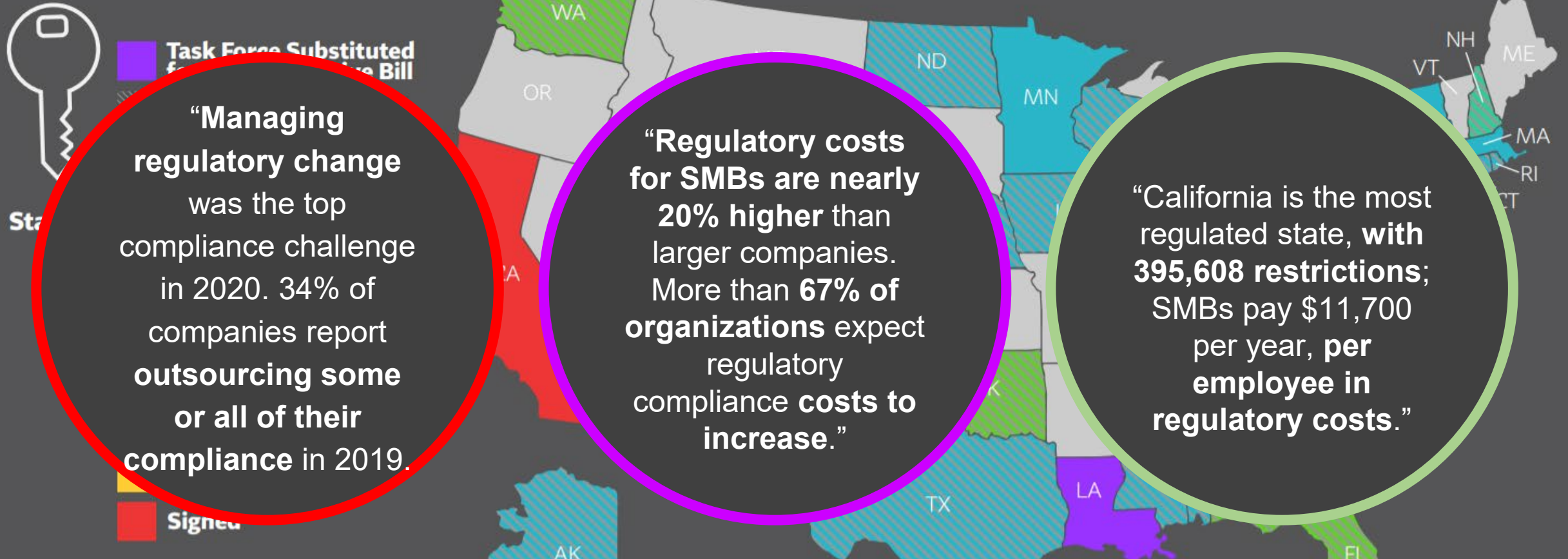- **1** of which is offsite
- **1** of which is immutable or air-gapped
- **0** Errors after backup recoverability verification

Backup — Veeam

ZADARA STORAGE ARRAY (BLOCK-ON SITE)
Performance Tier

PRIMARY STORAGE

Backup Copies

Cloud Connect

ZADARA OBJECT STORAGE
Offsite SOBR Cloud-tier for long term retention

Data Labs (VCSPs)

ZADARA STORAGE ARRAY (BLOCK-OFF SITE)
Capacity Tier

SOBR - Scale-out Backup Repository

Task Force Substituted for ~~ve Bill~~

Signed

Last updated: 9/16/2021

"**Managing regulatory change** was the top compliance challenge in 2020. 34% of companies report **outsourcing some or all of their compliance** in 2019.

"**Regulatory costs for SMBs are nearly 20% higher** than larger companies. More than **67% of organizations** expect regulatory compliance **costs to increase**."

"California is the most regulated state, **with 395,608 restrictions**; SMBs pay $11,700 per year, **per employee in regulatory costs**."

Over the last 24 months 34+ States had data privacy statutes or bills under review. With **growing enforcement** actions around HIPAA and GDPR we expect more States to pass similar data privacy laws as within California, Colorado and Virginia.

iapp

Regulations & Compliance Frameworks: Growing Complexity

- **NIST 800-53:** (256 Controls / 18 Families)
- CMMC **NIST 800-171** (110+ Controls)
- **NIST CSF:** (5 Sections / 22 Categories (Functions) / 98 Subcategories (Outcomes)
- **CIS 20/CIS RAM:** (1-6 Basic / 7-16 Foundational / 17-20 Organizational)
- GDPR
- CCPA
- NY DFS
- **PCI DSS:** (6 Sections / 12 Requirements)
- **HIPAA:** (3 Security Safeguard Sections / 18 Categories)
- HITRUST
- ISO/IEC 27001
- NCUA/ASET/AIRES
- FFIEC
- FINRA
- NERC-CIP
- SSAE-18 (16)
- SOX
- OWASP

Compliance is complex and can be costly. Very few companies have the time, resources to manage the process.

Xceptional can help reduce IT, Digital Transformation, compliance complexity and improve responsiveness and resiliency.

Introducing: Compliance as a Service (CAAS)

Since 2007 Xceptional has built a reputation as a collaborative, innovative, and proactive Managed IT Services Provider that delivers superior IT, security, and compliance solutions, helping customers to achieve positive business outcomes.

Xceptional's Compliance Manager is a compliance-as-a-service solution that provides quarterly scanning and reporting for various regulations and compliance frameworks such as CMMC, NIST CSF, HIPPA, GDPR, ISO 27001, and Cyber Insurance.

The Compliance Manager solution can be customized to address your unique cybersecurity and compliance requirements, and includes:

- ✓ Annual Subscription
- ✓ Compliance Manager Software Module *(by regulation licensed)*
- ✓ One-time set up support
- ✓ Quarterly Scans
- ✓ Assessment Report
- ✓ 1 Hour Report Review/Recommendations Session
- ✓ Policies, Procedures, Evidence of Compliance Documents *(by regulation licensed)*
- ✓ Additional Supporting Documents and Worksheets

Xceptional Compliance Manager also tracks the implementation of remediation activities and corrective actions, documenting compliance improvements and adherence.

This reduces the risk, cost, and time associated with regulatory compliance management and provides valuable support during the audit process.

Xceptional CaaS: What's Included

Cyber Insurance:
- ✓ Compliance Manager One-time Set Up
- ✓ Annual Subscription
- ✓ Cyber Insurance Compliance Manager Software
- ✓ Quarterly Scans
- ✓ Assessment Report Delivery
- ✓ 1 Hour Report Review/Recommendations Session

Reports & Assets Included:
- ✓ Cyber Risk Analysis
- ✓ Cyber Risk Management Plan
- ✓ External Vulnerability Scan Detail by Issue Report
- ✓ Network Assessment Full Detail Report
- ✓ Compensating Control Worksheet
- ✓ Personal Data File Scan Report
- ✓ Response Verification Reports
- ✓ Additional Supporting Documents & Worksheets

GDPR:
- ✓ Compliance Manager GDPR One-time Set Up
- ✓ Annual Subscription
- ✓ GDPR Compliance Manager Software
- ✓ Quarterly Scans
- ✓ Assessment Report Delivery
- ✓ 1 Hour Report Review/Recommendations Session

Reports & Assets Included:
- ✓ GDPR Compliance Checklist
- ✓ ISO 27001-213 Auditor Checklist
- ✓ EU GDPR Policies and Procedures
- ✓ ISO 27001 Policies and Procedures
- ✓ Risk Treatment Plan
- ✓ Data Protection Impact Assessment
- ✓ GDPR Evidence of Compliance
- ✓ Additional Supporting Documents & Reports

NIST CSF:
- ✓ Compliance Manager NIST CSF One-time Set Up
- ✓ Annual Subscription.
- ✓ NIST CSF Compliance Manager Software
- ✓ Quarterly Scans
- ✓ Assessment Report Delivery
- ✓ 1 Hour Report Review/Recommendations Session

Reports & Assets Included:
- ✓ NIST Auditor Checklist
- ✓ NIST Risk Treatment Plan
- ✓ NIST Risk Analysis
- ✓ Evidence of NIST Compliance
- ✓ NIST Policies and Procedures
- ✓ Additional Supporting Documents & Worksheets

HIPAA:
- ✓ Compliance Manager HIPAA One-time Set Up
- ✓ Annual Subscription
- ✓ HIPAA Compliance Manager Software
- ✓ Quarterly Scans
- ✓ Assessment Report Delivery
- ✓ 1 Hour Report Review/Recommendations Session

Reports & Assets Included:
- ✓ HIPAA Privacy Rule Worksheet
- ✓ HIPAA Breach Notification Rule Worksheet
- ✓ HIPAA Auditor Checklist
- ✓ HIPAA Policies and Procedures
- ✓ HIPAA Management Plan
- ✓ HIPAA Risk Analysis
- ✓ HIPAA Evidence of Compliance
- ✓ HIPAA Risk Analysis Update
- ✓ HIPAA Change Summary Report
- ✓ HIPAA Risk Management Plan Update
- ✓ HIPAA External Vulnerability Scan Detail
- ✓ Additional Supporting Documents & Worksheets

CMMC:
- ✓ Compliance Manager CMMC One-time Set Up
- ✓ Annual Subscription
- ✓ CMMC Compliance Manager Software
- ✓ Quarterly Scans
- ✓ Assessment Report Delivery
- ✓ 1 Hour Report Review/Recommendations Session

Reports & Assets Included:
- ✓ NIST 800-171 DoD Assessment
- ✓ Score Report
- ✓ System Security Plan (SSP)
- ✓ Plan of Action and Milestones (POA&M)
- ✓ NIST 800-171 Scoring Supplement Worksheet
- ✓ CMMC Assessor Checklist
- ✓ CMMC Risk Treatment Plan
- ✓ CMMC Risk Analysis
- ✓ CMMC Evidence of Compliance
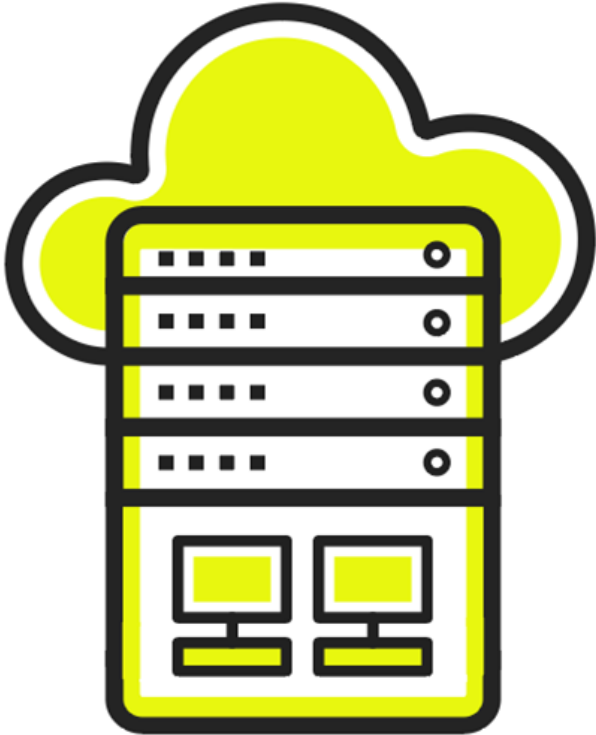- ✓ Additional Supporting Documents & Worksheets

A sample list of regulations and compliance frameworks that can be included within your Compliance Manager managed services deployment, followed by a summary of what is included within each subscription.

*Subscriptions can be purchased ala carte or bundled with another Xceptional Care managed services or Security-as-a-Service solutions.

Xceptional Cloud: Powered by zadara

ELASTIC CONSUMPTION-BASED USAGE

zCOMPUTE

zNETWORK

zSTORAGE

**zCOMPUTE SERVICES
EC2 COMPATIBLE APIs**

ELASTIC COMPUTE/VMs

ELASTIC BLOCK STORAGE

VPC

LOAD BALANCER

zSTORAGE SERVICES

BLOCK

FILE

OBJECT

On Premise to On Premise, Cloud to Cloud, On Premise to Cloud

CO-LOCATION

MSP

ON PREMISES / ROBO

HYPERCLOUDS
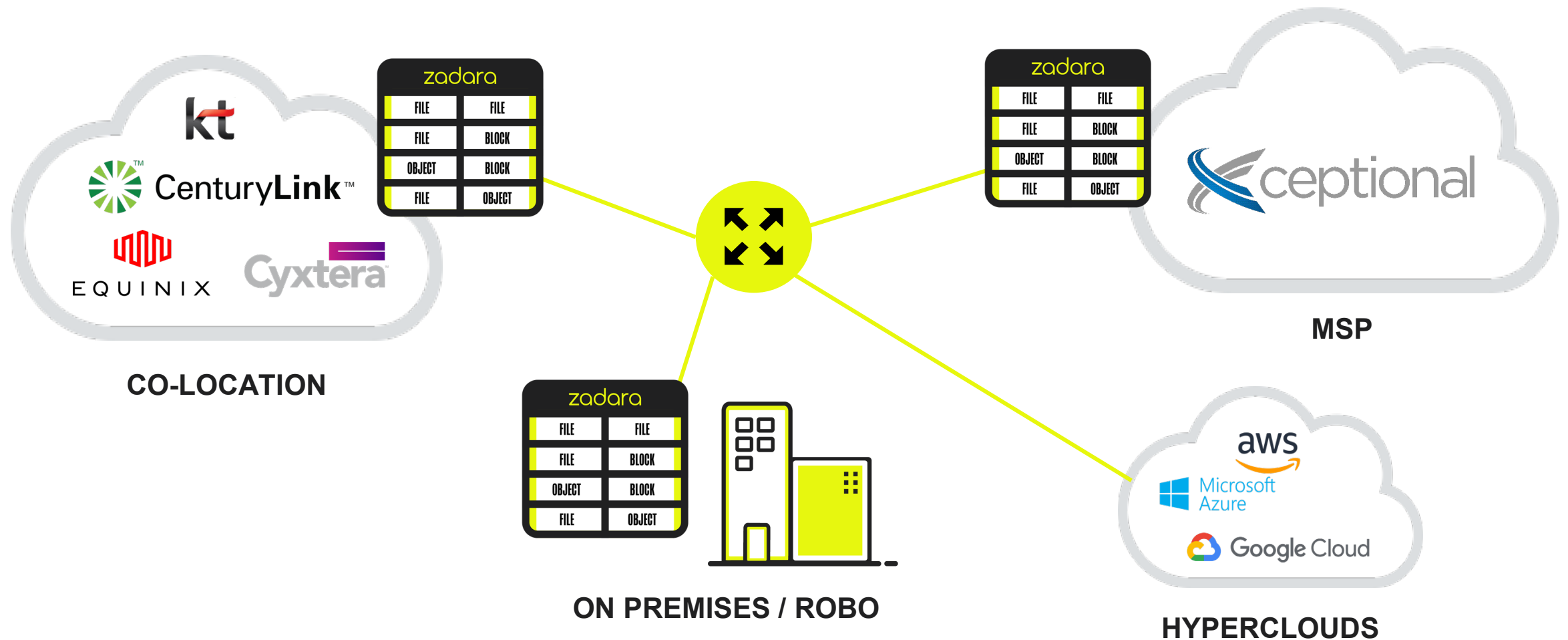
Xceptional cloud services enable you to operate from anywhere to anywhere — in 300 global locations on premises, at colocation facilities, service providers and in public clouds.

Scalable, Resilient, Cost-Effective IaaS, BaaS, Cloud Storage Solutions

aws	**vmware®**	**Xceptional + zadara**
✗ Expensive	✗ Expensive	✓ Affordable
✗ Unpredictable costs	✓ Predictable costs	✓ Predictable costs
✗ Strong vendor lock-in	✗ Strong vendor lock-in	✓ No-egress migration, multi-cloud
✗ Scarce / expensive support	✗ Expensive support	✓ Included support
✗ Storage with limited features	✗ Shared block storage (vSAN)	✓ Full-featured enterprise storage
✓ AWS compatible	✗ Not AWS compatible	✓ AWS compatible
✓ 100% OpEx, pay per use	✗ CapEx/license business model	✓ 100% OpEx, pay per use
✗ Marketing & Sales Support	✗ Marketing & Sales Support	✓ Included Support
✗ Mutual Business Objectives	✗ Mutual Business Objectives	✓ Tethered to your success

Why Cloud, IaaS, BaaS, CaaS?
- Drive Greater Customer & Employee Engagement While Improving Business Resilience

Xceptional

"PRODUCTIVITY: **Disengaged workers make 60% more errors** than engaged workers."

"RETENTION: **Engaged workers are 87% less likely to leave** the organization."

"REVENUE: Companies **with engaged customers** during the pandemic **drove sales**."

92%
of executives report that their organization is **innovating with an urgency** and call to action this year.

25%-30%
of the workforce **will be working-from-home** multiple days a week by the end of 2021.

91%
of buyers miss shopping in-store. **Customer-centricity needs to be a top priority**.

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Reinvent, Innovate, Master Change
– Accenture 2021

"It's become clear that **there is no leadership without technology leadership**. The recent rapid digital acceleration has placed technology as **the cornerstone of global leadership**."

"Companies looked at operations and **saw fragile supply chains, untrustworthy information and radically new customer needs**. As they've adjusted to these realities, **the most successful ones have become Experts at Change**."

"Companies are no longer competing for market share; they are **competing to build their vision of the future** faster than the competition. **Success will depend on their ability to accelerate and manifest change** in all parts of their business."

83%
of executives agree that their organization's **business and technology strategies are becoming inseparable**, even indistinguishable.

92%
of executives report that their organization is **innovating with an urgency** and call to action this year.

91%
of executives agree capturing tomorrow's market **will require their organization to define it**.

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Wrap Up

Most executives we speak to are seeking ways to improve business resiliency, drive greater employee engagement and productivity, and looking for more creative, scalable, and innovative ways of reaching and supporting customers.

The amount of time, energy, effort, and resources required to align IT systems and business applications with the current **demands of the market, business, and customers** is significant.

You are not alone. Xceptional's portfolio of superior and proactive managed services and technology solutions can help!

As a leading, award winning provider of Managed IT Services, Networking, and Security Solutions, Xceptional is committed to helping customers transform their IT systems and successfully navigate technology change to thrive in the new reality!