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IBM Global Financing

Low Rate Financing:
Expansion to SaaS
Overview for Business
Partners

March 2017



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NEW!! March 2017: Low-rate financing for stand-alone prepaid SaaS

For IBM Business Partners: Simpler SaaS Financing with new annual and multi-year prepaid subscriptions

- Business Partners can **reduce churn and increase client retention** with longer term SaaS subscriptions, while accelerating cash flow and reducing administrative costs. IBM Global Financing also assumes the credit risk with the client
- Low-rate financing, including 0%* for 12 months for **stand alone prepaid SaaS structures** (annual or multi-year prepaid billing) through December 31, 2017. Transactions up to \$1M are eligible
- Current 50% OTC “new content” threshold changed as follows:
 - Prepaid SaaS and/or OTC qualify as “new content”
 - 50% reduced to 30% for qualifying transactions through 9/30
- Credit qualified Business Partner clients can receive IBM’s best financing rates on SaaS by **locking in great prices for prepaid SaaS** while still enjoying the benefits of paying over time at **0% or low-rate financing**

BP’s SaaS Deals Today

1. Complex, time consuming *special bids required* to finance stand-alone SaaS deals with low-rate financing
2. *High churn* when single-year financed SaaS subscriptions expire and become subject to higher prices and rates
3. *Client retention exposed* because of required annual turnover of single-year financed SaaS deals.

New for BP’s SaaS Deals

1. Now offer clients 0% / 12 mos and other low-rate financing options for stand-alone SaaS deals... *without complicated special bids*
2. *Less churn* when clients choose more predictable prepaid long term, low-rate financing options for their SaaS deals
3. *Increased client retention* due to new multi-year, prepaid, long term subscription payment options

*Charges for software and services must be one-time, non-recurring. Minimum deal size is 5,000 USD, with maximum of 1M USD. Not all products qualify for all offers, please check with your local representative.

Financing SaaS Prepaid Annual/Multi-Year Billing: Partner Benefits

IBM BPs are facing sales, financial, administrative and risk management challenges as they transform their businesses to SaaS. **Financing can help ease this transition**

How Financing can help IBM Business Partners

- **Sell more, sooner** – Increase odds of winning by combining best price available from IBM with an IBM Global Financing payment plan. Avoid delays due to client budget.
- **Mitigate Credit Risk (VAD & BP)** – Financing transfers risk of nonpayment from both VAD and BP to IBM Global Financing.
- **Simplify Operations** – IBM Global Financing is responsible for monthly/quarterly billing and collections. Frees up BP sellers to sell, not collect.
- **Improved Cash Flow & Reduced DSO** – IBM Global Financing settles BP invoice in days; much sooner than typical 30-60 day purchase cycle.



BPs can sell more, get paid faster, eliminate payment risk and simplify operations. IBM Global Financing sellers are prepared and ready to help IBM BPs sell SaaS

Financing SaaS Prepaid Annual/Multi-Year Billing: Client Benefits

How Financing can help your clients

- IBM Global Financing can **help clients with payment plans** when the SaaS contract is for annual or upfront terms, allowing them to pay month to month, or with a custom payment schedule
- Clients can take advantage of the **best price from IBM while preserving cash** with a flexible payment plan from IBM Global Financing
- Predictable payments help **match costs** to expected benefits, and **lower upfront expenditures**
- Financing can help preserve customer's cash and credit lines for **other business priorities**



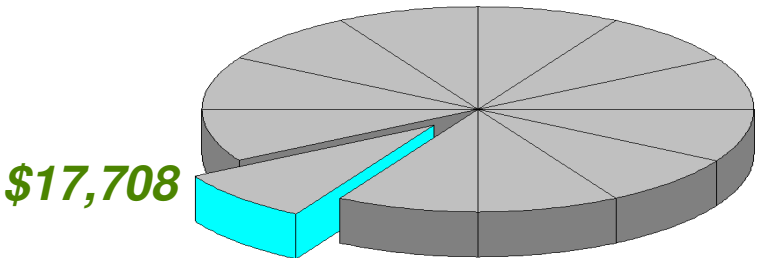
Clients can turn annual SaaS upfront invoice into 12 equal payments while still enjoying the enhanced discount they would get if they paid cash upfront

Financing SaaS: a Comparative Illustration (Annual Upfront)

Client¹ orders \$250,000 of software; prefers to make monthly payments

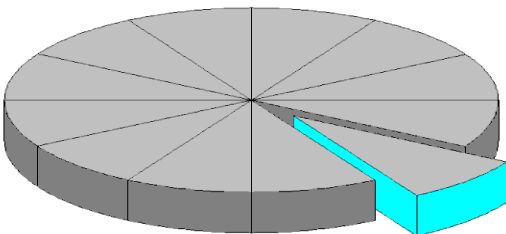
Client chooses monthly billing option

- Receives 15% discount²; pays \$212,500 over one year
- Monthly payment: \$17,708 ($\$212,500/12$)



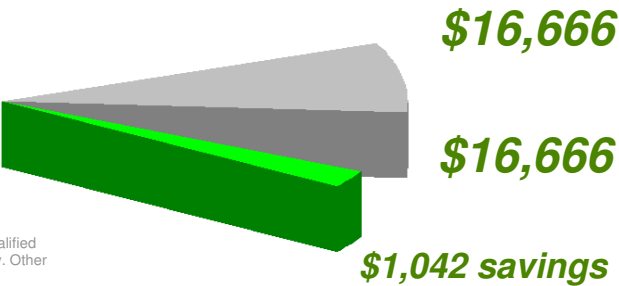
Client finances annual upfront billing option

- Receives 20% discount²; finances \$200,000 over one year at **0% interest rate**
- Monthly payment: \$16,666



Savings accrue every month

- \$1,042 per month; \$12,500 for the entire year
- Client saves **5.9%** over standard monthly billing option



1. Rates assume a US-based client with a best credit rating. IBM Global Financing offerings are provided through IBM Credit LLC in the United States and other IBM subsidiaries and divisions worldwide to qualified commercial and government customers. Minimum transaction size \$5,000, rates are based on a customer's credit rating, financing terms, offering type, equipment type and options, and may vary by country. Other restrictions may apply. Rates and offerings are subject to change, extension or withdrawal without notice.

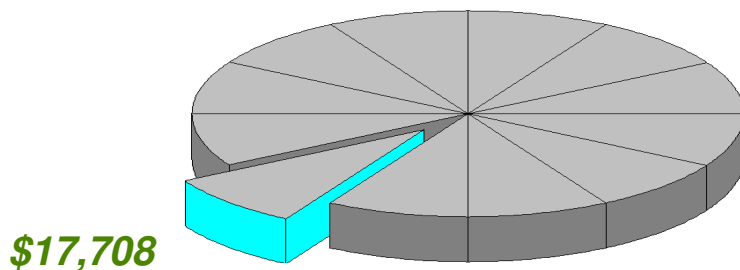
2. Up to 5% additional discount upfront is contingent upon the approval from IBM brand pricing, and is not offered by IBM Global Financing.

Financing SaaS: a Comparative Illustration (Two Year Prepaid)

Client¹ orders \$500,000 of software; prefers to make monthly payments

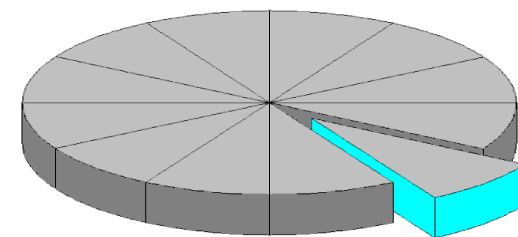
Client chooses monthly billing option

- Receives 15% discount²; pays \$425,000 over two years
- Monthly payment: \$17,708 ($\$425,000/24$)



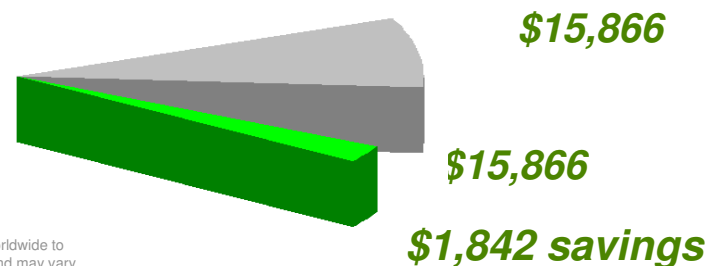
Client finances annual upfront billing option

- Receives 25% discount²; finances \$375,000 over two years at a low monthly interest rate
- Monthly payment: \$15,866



Savings accrue every month

- \$1,842 per month; \$44,208 for the entire two-year period
- Even with the financing interest rate included, client saves 10.4% over standard monthly billing option

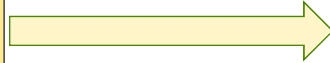




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2. Up to an additional 10% discount upfront is contingent upon the approval from IBM brand pricing, and is not offered by IBM Global Financing.

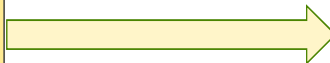
New Input Options in Rapid Financing

Deal Content:
\$50K Stand alone SaaS
Input as shown



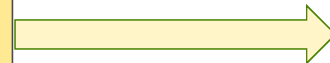
Products		Details	
Product Summary			
Item	Product 	Qty	Finance Amount 
1	IBM SOFTWARE AS A SERVICE SAAS	1	50,000.00
			50,000.00



Deal Content:
\$50K Stand alone SaaS and
\$50K OTC
Input as shown



Products		Details	
Product Summary			
Item	Product 	Qty	Finance Amount 
1	IBM SOFTWARE AS A SERVICE SAAS	1	50,000.00
2	IBM SOFTWARE NEW LICENSE	1	50,000.00
			100,000.00

Deal Content:
\$50K Stand alone SaaS,
50K OTC and \$50K S&S
Input as shown (can enter
multiple New License lines)



Products		Details	
Product Summary			
Item	Product 	Qty	Finance Amount 
1	IBM SOFTWARE AS A SERVICE SAAS	1	50,000.00
2	IBM SOFTWARE NEW LICENSE	1	100,000.00
			150,000.00

IBM Global Financing Settlement of Vendor Invoices - Key Points for IBM Business Partners:

- IBM Global Financing settles invoices and makes payments to vendors only after all invoices, including those for SaaS, and all required IBM Global Financing documents have been received.
- Business Partners should work with their IBM Global Financing Rep. to determine the best sale and financing structure if SaaS provisioning/invoice period is expected to be more than 30 days beyond other SW components in a deal.
- IBM Global Financing sellers will look to the IBM Business Partners to get the estimated provisioning / invoice completion date.



The Financing Process for SaaS is Easy & Straightforward

IBM Global Financing settles your client's SaaS invoice so you can **close deals** and **improve cash flow**



Call to Action

1

Remember: every transaction includes a conversation on how the client will pay; **introduce the option to finance early in the transaction.**

2

Include a payment plan option in every SaaS proposal. Get quotes and contracts today from the Rapid Financing app, calculator or web based tool.

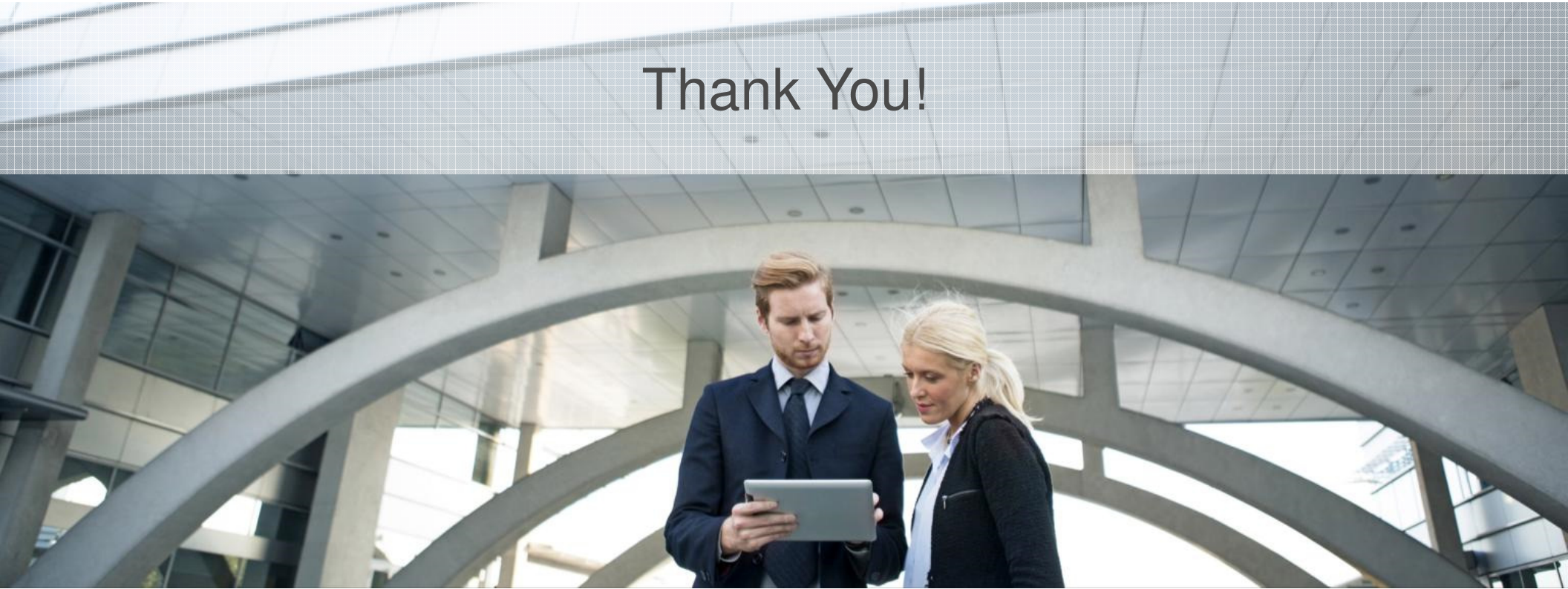
3

Get to know your local IBM Global Financing sales rep who can help facilitate discussions with your client's financial decision makers.

For more information visit: ibm.com/financing/partner

Some institutions finance purchases
We finance possibilities

Thank You!



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