IBM Systems and Technology Group University 2005

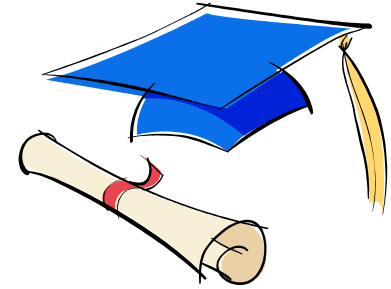San Diego, California
January 16 - 19, 2005

ON DEMAND BUSINESS™

Selling Solutions to Small and Medium Business Customers

Course #: CB38

Richard D. Michos
Vice President, Solutions and Channel Marketing

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# At the end of this session …

You will be able to:

- Describe how IBM and IBM Business Partners are uniquely positioned to leverage today's IT market opportunity.

- Identify products, offerings, and programs from IBM to help our RISV & RSI Business Partners have a successful 2005.

- Understand the business results, strategies, coverage and management systems for RISV and RSI Business Partners.
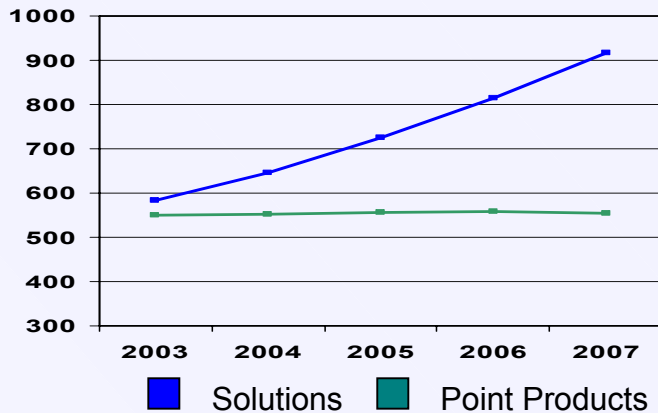
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Agenda

- Small and Medium Business (SMB) Solutions Opportunity

- Importance of Regional Independent Software Vendors (RISVs) and Regional System Integrators (RSIs)

- 2005 STG/SMB Goals and Strategies

- Programs – Marketing, Sales and Teaming

- STG Solution & Product Offerings

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Importance of SMB Solutions & Channels

In 2005, 63% of IT dollars in the mid-market will be spent on solutions …

Infrastructure Solutions
$54B

Other Solutions
$14B

$73B
Business Solutions

$59B
Point Products
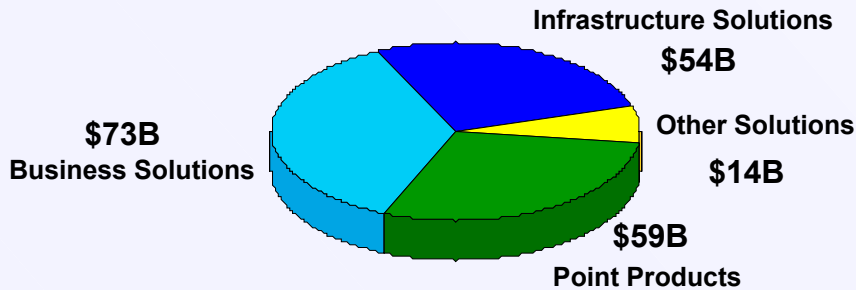
… and solutions are growing faster than the rest of the market

- Solutions
- Point Products

Source: IBM Market Intelligence, Solutions Market View 2H04, total market

2005 WW SMB Solution Spending
Total in 2005 is $141B

ISP/ASP
12%

C&I
30%

SPs
12%

Direct
12%
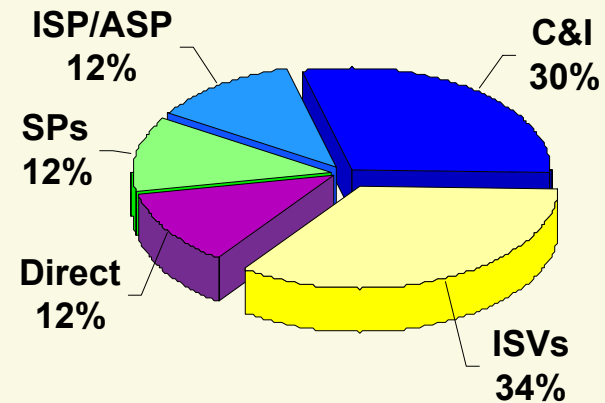
ISVs
34%

- **Global mid-market opportunity - $200B**
  - $141B opportunity for solutions

- **Consultants & Integrators and ISVs influence 2/3 of the mid-market solution spend**

Source: IBM Market Intelligence, SMV 2H04, Solutions Mkt Monitor 2004

SMB Market Dynamics

Customer Demand Drivers

- **Flexible access to information**
- **Enabling better business decisions**
- **Minimal technical staff**
  - **Ease of use**
  - **Infrastructure simplification**
- **Lowest TCO**
- **Determine value based on efficient deployment that solves business issues**

Seller Supply Drivers

- **Attracted to solutions with higher profit margins**
- **Seek differentiation in ways other than price**
- **Desire long term relevance and relationships**

Key Solution Characteristics

- **Create value beyond sum of the parts**
- **Integration of hardware, middleware & OS with business application**
- **Expertise 'packaged' in offers (e.g. knowledge-based service)**

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STG Share Growth via Solution & Product Sales

Legend: IBM — HP — Sun — Dell — Others
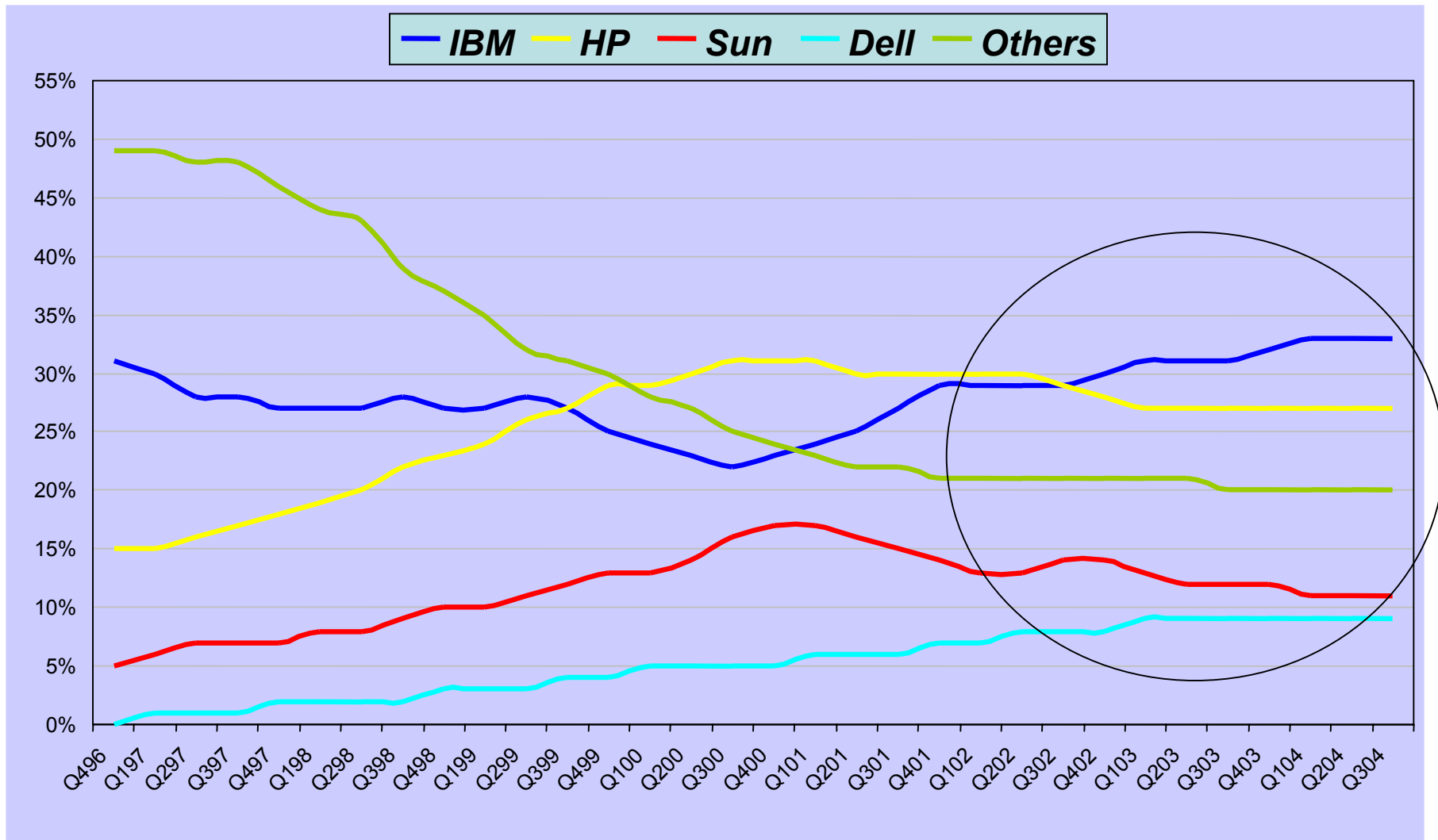
Source: IDC Quarterly Tracker

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STG - SMB Goal

Goal: **_To drive SMB revenue +13% YTY_**

Requires: **_+40% YTY growth in SMB revenue from Regional ISVs & Regional SIs_**

Increase focus & investment in:
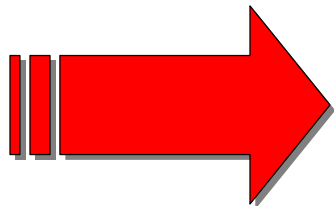
- **_Channels_**
- **_Solution Enablement_**
- **_Awareness & Demand Generation_**
- **_Stronger Portfolio of SMB Offerings_**

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Key Strategies

- ***Channels:*** ***Improve channel capability and capacity to reach small and medium businesses***

  - Develop System Seller Program

  - Refine SMB coverage and incentive

  - $10+ million of incremental investment in coverage and enablement

  - Enhance Business Partner Innovation Centers (BPICs)

- ***Solution Enablement:*** ***Enable and reward ecosystem to sell IBM servers and storage***

  - IBM ServerProven, SMB Advantage, ISV Advantage, Know Your IBM, IBM Complementary Solution Fee program and other co-marketing

  - BPICs, VIC, Virtual Loaner Program

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Key Strategies – continued

- ***Awareness & Demand Generation:* *Increased marketing investments to drive SMB performance***

  - 50% increase in medium business advertising with greater focus on Express products/solutions
  - Build on 2x increase in eServer brand familiarity over past 2 years

- ***Portfolio:* *Enhance portfolio of offerings for SMB clients***

  - Develop Express and cross-industry infrastructure solutions
  - Deliver products for high volume channel

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Greater Focus on ISV Ecosystem

To achieve the STG SMB revenue and share goals, growth and revitalization of the SMB ISV community is critical.

Recruit	→	Enable	→	Co-Marketing	→	Coverage

Recruit
- To platforms (new ISVs)
- To teaming agreements
- In strategic growth areas

Enable

VIC – VLP
- Solutions Enablement
- Geo-driven support

Co-Marketing
- SMB ISV Advantage
- ISV Teaming Agreement for IBM eServer and TotalStorage
- PartnerWorld Industry Networks
- ServerProven

Coverage
- Route 4 FTF, Tele
- Brand Mkt/Sales
- IDR

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ISV Program Overview

New!

All ISVs						
IBM Solution Connection	IBM ServerProven	**Selected**		**SMB Focused**		
		ISV Advantage	I C S F	Co-Marketing Program Enhancements	BP-ISV Ecosystem	ISV Teaming Agr. for IBM eServer and TotalStorage

PartnerWorld Industry Networks

ISV Teaming Agreement for IBM eServer and TotalStorage
- Grow revenue on smaller ISVs key to specific product line
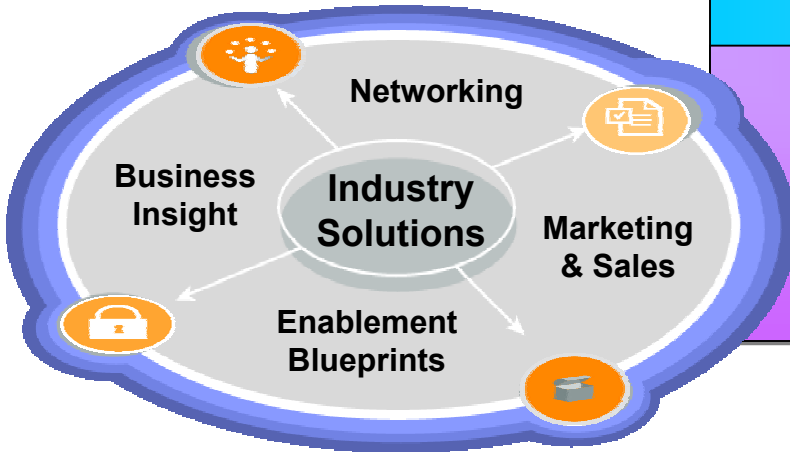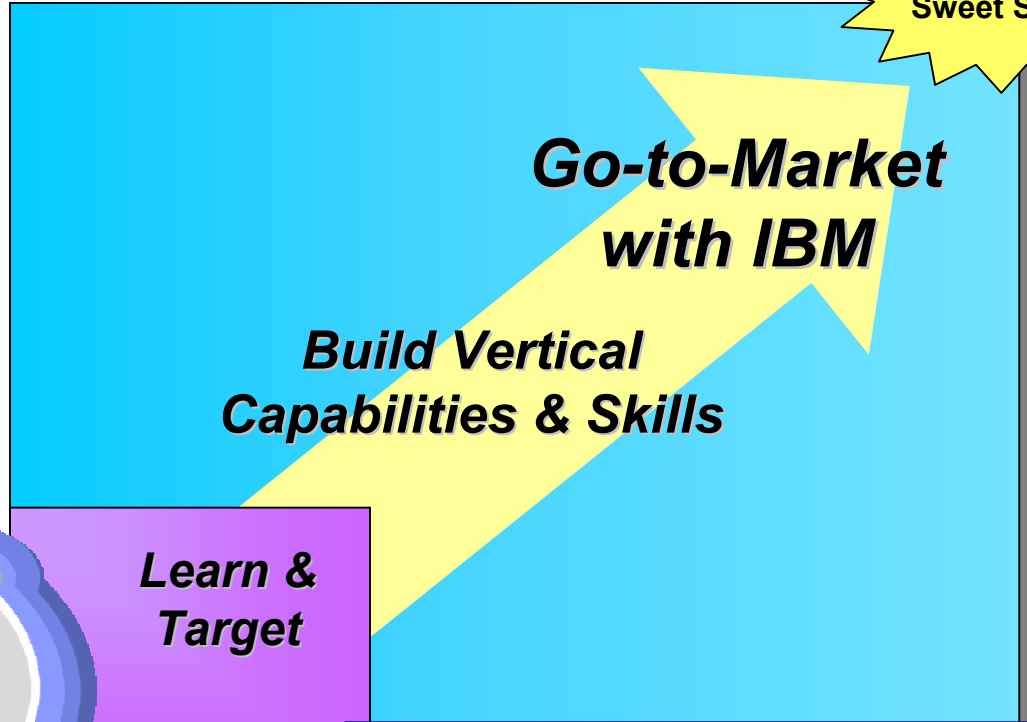- Co-Marketing funding to drive incremental revenue growth

Co-Marketing Program Enhancements
- Provide ISV web access to the full range of co-marketing materials

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PartnerWorld Industry Networks

Opportunity Sweet Spot

Benefits can increase as your investment in IBM increases

Go-to-Market with IBM

Build Vertical Capabilities & Skills

Learn & Target

Networking

Business Insight

Industry Solutions

Marketing & Sales

Enablement Blueprints

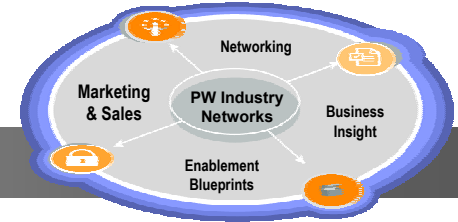**www.ibm.com/isv/marketing/industrynetworks**

Industry Networks

Retail, Financial Markets, Banking, Telecommunications, Healthcare & life sciences, Automotive, Government, Insurance

Coming

Manufacturing, Wholesale Distribution, Education, Media & Entertainment

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PartnerWorld Industry Networks
Marketing & Sales Benefits

Generate incremental leads and close more business …

Financial Support for Co-Marketing

50%-70% discount on ads in over 30 industry pubs

50% discount on annual subscription

KnowledgeStorm is an online aggregator of ISV solutions and links the solutions to Yahoo and Google search engines.

50% to 100% discounts for customer webcasts with IBM promotion

… more to come in 2005!

Assistance from IBM's WW Sales Network

New

IBM Sales Connections

Leverage IBM's WW sales network to close more qualified sales opportunities

How it works

- **ISV contacts IBM for sales assistance**
- **IBM calls ISV to discuss & qualify the opportunity**
- **ISV is connected with the appropriate IBM sales rep and/or certified business partner**
- **Support for joint briefings at IBM locations**
- **Events for networking w/ IBM sales & partners**
- **Opportunities tracked to closure**

Success Story Promotion & Preferred Positioning in IBM's New ISV Application Showcase

Access to benefits is based on PartnerWorld membership level

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IBM Server *Proven*™

IBM TotalStorage PROVEN™

- **What is IBM ServerProven and IBM TotalStorage Proven?**
  - **600 solutions strong**
  - **Demonstrates enablement and customer experience**
  - **ISV logo programs**

- **Results!**
  - **Rebates up to $150,000 USD**
  - **Plus incentives for ISVs (AG-iSeries)**
  - **Rebates for servers, storage, hardware upgrades**

- **What's Next**
  - **Continue to aggressively recruit ISVs into ServerProven and TotalStorage Proven**
  - **Expanding geographic and product line use**

  www.ibm.com/solutionconnection

Rebates

How the rebates work …

- *ISVs enroll solutions online – simple and easy*

- *Approved to use program logo(s) & offer rebates*

- *Client purchases & submits for rebate – funded by IBM*

- *ISV can also claim incentive payment (ServerProven only)*

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SMB ISV Advantage

- **Loyalty program, by invitation**

- **2-year commitment**

- **Enable market leaders in key SMB markets to IBM's open middleware and servers**

- **ISVs port and lead with IBM WebSphere, DB2/Linux on eServers**

- **Joint demand generation**

Over 250 ISVs Have Signed Up!

ISV Commits to:
- Lead with IBM
- Publicly support open systems
- IBM share at 60% within 2 years
- Report leads

IBM Commits to:
- Marketing Support
- Enablement / technical support
- Joint public relations for referenceable customers

"The ISV Advantage program helps us engage our SMB customers more effectively, spotlight common execution problems, and sell total solutions that bring business value to every interaction. " **Joe Scioscia, Vice President of Sales, Vormittag Associates, Inc.**

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Business Partner
Innovation Centers - BPICs

- **IBM Business Partner Innovation Centers are a unique community within IBM PartnerWorld focused and skilled to deliver and demonstrate and deliver advanced solutions to our clients**

- **IBM Business Partner Innovation Centers**
  - A facility to showcase current STG technologies to customers. This facility should be utilized for customer demonstration, proof of concept testing, and BP skill development
  - Key resource for on demand solutions and latest technologies
  - Cross-systems skills - eServer and IBM TotalStorage
  - Receive increased visibility and promotion
  - Access to targeted marketing and technical support

IBM Business Partner
Innovation Center

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Virtual Innovation Center For Hardware

…an enablement portal for our Business Partners

Solution Sizing Tools
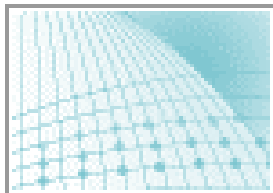
Enablement Roadmaps
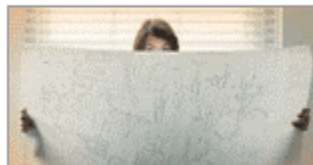
Technical Enablement Support

Web based self-help
Links to fee based offering

Hardware Access

Virtual Loaner Program
Linux Test Drive
Lease/Purchase

Education and Technical Collateral

skills

www.ibm.com/servers/enable

www.ibm.com/partnerworld/vic/hardware

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IBM Express Portfolio
The right solutions for IBM Business Partners

- **Expand into new markets and customers**
- **Exploit IBM's Express Portfolio marketing emphasis**
- **Leverage Express Portfolio of offerings**
- **Build customer loyalty**
- **Take advantage of IBM Express Portfolio design points**
- **Leverage marketing and sales support**

BARRON'S

"…IBM has done a great job of capturing that (SMB) demand, with a special team of marketers tasked with bringing Big Blue's products to businesses with 1,000 or fewer employees."
November, 2003

ON DEMAND EXPRESS PORTFOLIO
BUILT FOR MID-SIZED BUSINESS.

Still think IBM is just for large enterprises?
IBM Express Portfolio of offerings are designed and
priced just for **midsize businesses.**

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New Offerings in the IBM Express Portfolio

- **More than 70 Express offerings are already available to Business Partners today**

Getting the most out of your IT investments	Enhancing IT security, dependability and compliance
• IBM Maintenance ServicePacs for Retail • IBM SurePOS Express • IBM ThinkCentre A50 and A51p • IBM eServer pSeries p5 520 Express, p5 550 Express, and p5 570 Express • IBM eServer xSeries: x206, x226, x236, x306, x336, x346, x365, • IBM Intellistation zPro • IBM eServer i5 520 Express Edition • IBM Process Integration Solution Express • IBM WebSphere Application Server - Express V6.0 • IBM WebSphere Business Integration Connect – Express V4.2.1 (Product Refresh) • IBM Network Integration and Deployment Services for Internet Protocol Communication help desk solution • IBM DB2 UDB Express V8.2 (Refresh) • IBM DB2 Everyplace Express V8.2 (Product Refresh	• IBM Network Consulting for Security Audit • IBM Infrastructure Recovery Services - E-mail Recovery • IBM ThinkPad G41 and T42 • IBM TotalStorage: DS300, DS400 • IBM Security Express Portfolio Solution for eServer
	Improving employee productivity
	• IBMLotus Domino Express family • IBM Infoprint Express
	Improving responsiveness to customers, suppliers and partners
	• IBM Integrated Platform Express for Web Application Serving
	Driving product and service differentiation
	• IBM Solutions Builder Express (Refresh) includes new Starting Points for Business Partners

ON DEMAND EXPRESS PORTFOLIO
BUILT FOR MID-SIZED BUSINESS.

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Summary

Teaming with ISVs & SIs is critical to our success

- **SMB Solutions spending is significant and growing rapidly**
  - Exceeds $141 billion

- **IBM and IBM Business Partners are uniquely positioned to leverage the IT market opportunity**
  - Strategic investments with ISVs
  - Successful track record with Systems Integrators
  - Need to drive RISV & RSI revenue 40% YTY to gain 13% YTY SMB growth
    - Requires growth at 2x market average

- **IBM is delivering products, offerings, & programs to help our RISV & RSI Business Partners have a successful 2005**

Our Business Partners' Success is Our Success!

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Selling Solutions to Small and Medium Business Customers

Robert P. Finnecy
Vice President, SMB Solutions and Integrators

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Agenda

- **Regional ISVs & SIs**
  - 2004 Results
  - Mission and Strategy
  - Value Proposition
  - Go-to-Market Execution
  - Geography Highlights

- **Call to Action & Resources**

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3Q 2004 Year-to-Date Results

	Revenue ($M)	YTY Growth	% of Plan
Total RSI/RISV Worldwide Revenue	**$2,222**	**53%**	**119%**
Total STG	**$1,440**	**64%**	**119%**
▪ **iSeries**	**$290**	**61%**	**124%**
▪ **pSeries**	**$481**	**52%**	**110%**
▪ **xSeries**	**$273**	**72%**	**111%**
▪ **zSeries**	**$163**	**117%**	**164%**
▪ **Storage**	**$234**	**59%**	**120%**
SWG	**$392**	**24%**	**98%**
Services	**$322**	**37%**	**132%**

3Q 2004 YTD Revenue Results – YTY Growth

STG

SWG

IGS

SMB

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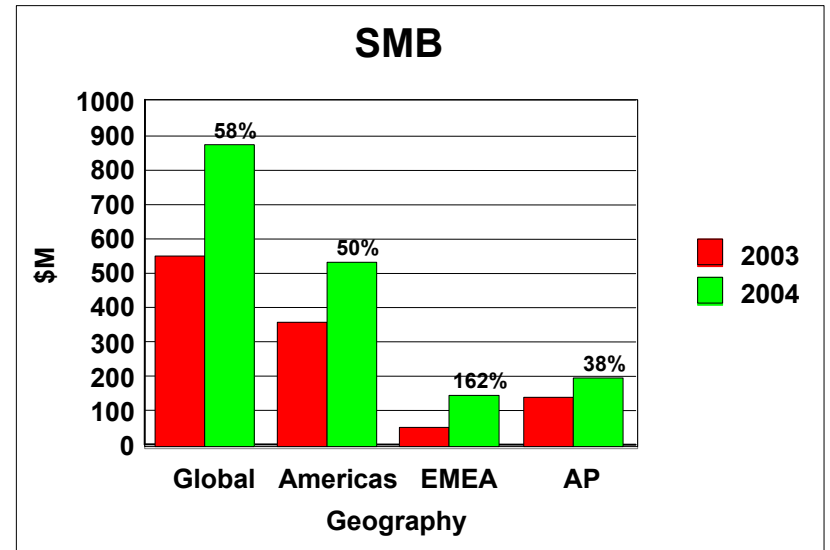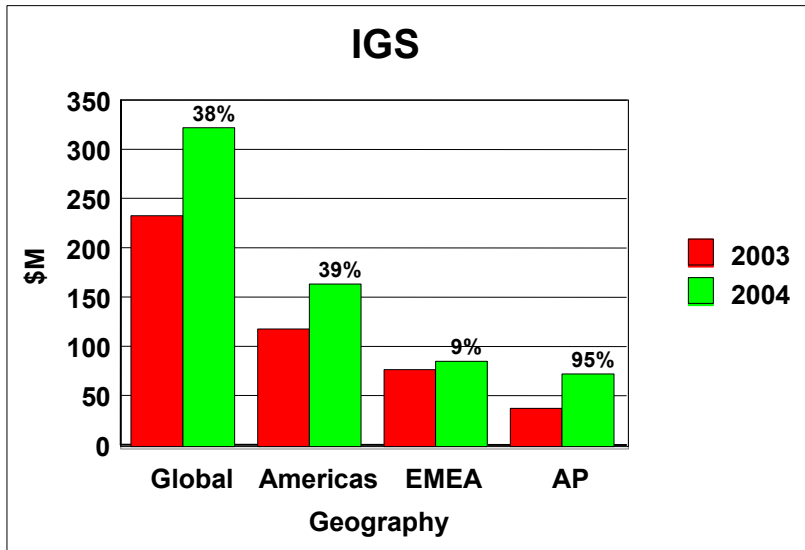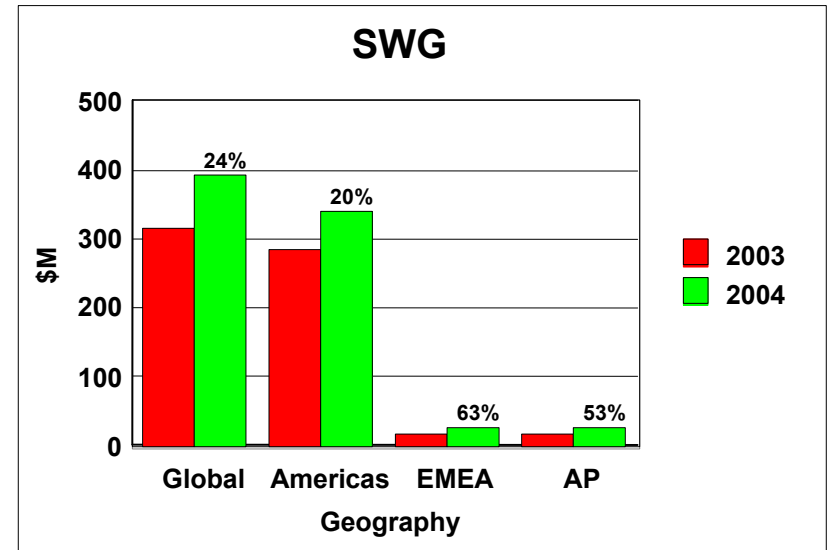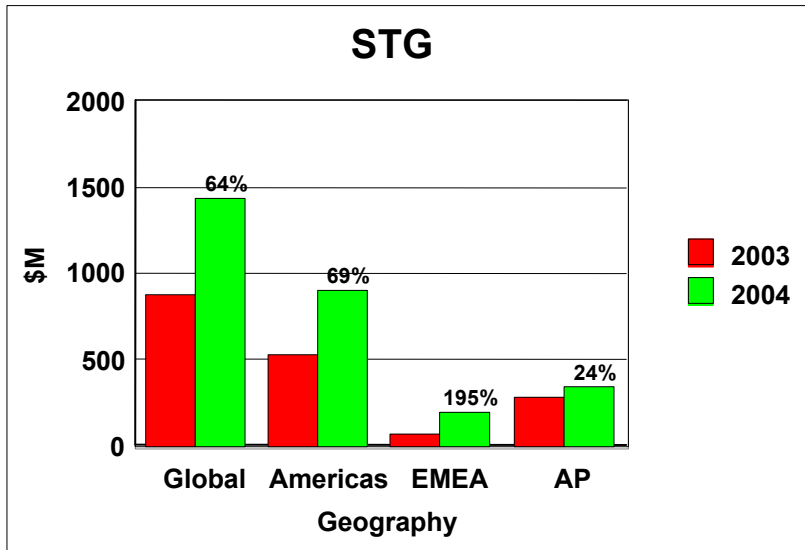
What Analysts are saying….

"Customers want regional integrators with whom they can partner. Both large enterprise and SMB customers view their midsized integrators as technology partners, rather than only technology suppliers, and increasingly leverage these firms to augment internal IT staffs;"

Midsize Integrators Flex Their Muscle According to Market Survey
John Madden, Summit Strategies © 2004

"IBM is a company that is firing on all channel cylinders right now. . . .For those who fear IBM is resting on its laurels, think again… IBM is speeding forward and turning up the channel heat on competitors in a wide range of markets. What it all means is that IBM competitors who stay pat should be prepared to eat more dust."

Steve Burke, CRN Magazine, April 23, 2004

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2005 SMB Influencer Strategy

MISSION: *Establish IBM as the preferred technology and services supplier for Regional ISVs and Systems Integrators to leverage their influence in mid-market solutions spending decisions*

- **Increase IBM and RSI / RISV _growth, profitability_ and _share_**
  - Leverage RSI/RISVs to drive On Demand, EBO and Express opportunities
  - Team with RSIs to extend IGS market reach into SMB

- **Enable _competitive advantage_ by delivering a best of breed value proposition leveraging the full breadth of IBM's brand, solutions and program portfolio**

- **Enhance the total Business Partner experience through improved _ease of doing business_**

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Teaming Strategy

Value proposition framework for reaching maximum value

Consultant and Integrator Roadmap

Go-to-market initiatives
Lead sharing

Sales support

Demand Generation
Messaging and deliverables

Enablement Investments
Solution development support

Training
Hardware and software tech access

Go-to-market teaming

Selling

Marketing

Solutions enablement

Technical enablement

MS · **SUN** · **HPQ** · **IBM** · **Dell**

Maximum value

Trained and Skilled Resources | Repeatable Solution Development | Wins and Client Proof Points | Account and Client Teaming | Target Market Initiatives

Value to IBM

Note: Competitive positions noted in this chart based upon internal IBM assessments

2005 Focus Areas

Channel Enablement

- Regional influencer education
- Express enablement for RSIs

RSI go-to-market activities

- Leverage on demand, Express & EBO
- Launch PW Industry Networks for RSIs

Teaming

- Leverage IGS Teaming Initiatives to drive leads and subcontracting opportunities to RSIs

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Enablement

Solutions Enablement

- **Express Enablement for key cross industry solutions**
  - **Server & Storage Express Configurations**
    - **Expansion of developerWorks**

- **Enhanced BPIC, VIC, SWIC support**
  - Virtual Loaner Program
- **Expansion of PartnerWorld Industry Networks**
  - Including Manufacturing and Wholesale Distribution
  - Extend to RSIs

Bus. Partner Sales Enablement

- **Enhanced ICSF**
  - Doubled fees for SMB
  - Removed caps
- **PWIN Sales Connections**

- **On demand Jumpstart workshop program for RSIs**
- **Competing with Sun Program**
- **ISV Advantage**
- **IBM ServerProven**
- **Communications**

Technical Enablement

Marketing Enablement

**Enablement
+
Go-to-Market Programs
=
Value Add**

- **Regional Influencer education**
- **Quarterly sales education calls launched**

Field Enablement

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The BCS/RSI SMB Mid-Market Teaming Initiative

Three distinct components make up the BCS SMB Mid-Market and Regional System Integrator (RSI) teaming initiative

Territory Management System

BCS/RSI Teaming Play

BCS Oppty Progression (10 Day)

10 Selected Accounts Per Territory
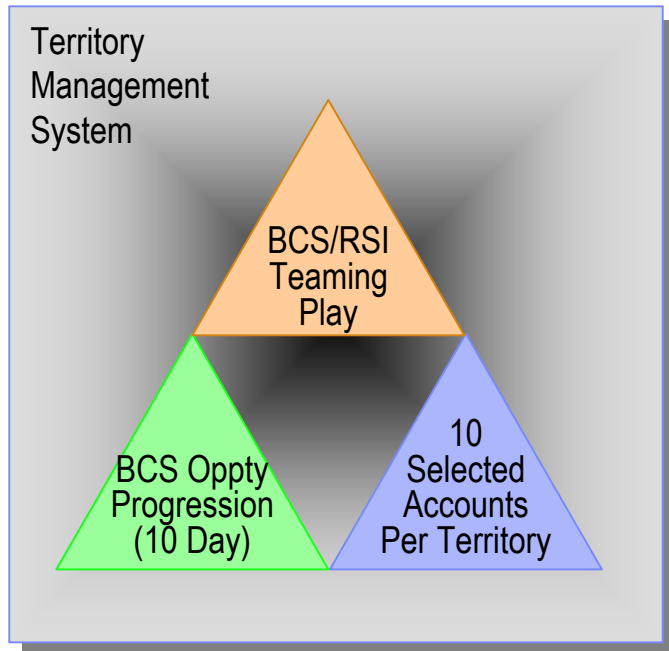
△ **BCS/RSI teaming play**: Leverage select RSIs in both sales and delivery relationship to fill the gaps and extend BCS' market reach in SMB Mid-Market

△ **BCS opportunity progression (10 day decision to engage)**: Drive opportunity progression with qualified RSIs when BCS decides not to pursue

△ **10 selected accounts per territory**: Agree on 10 client accounts where RSIs will have the lead

Launch: Nov 2004 in 2-3 U.S. territories.
With key learnings gathered, replicate to more territories globally

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Roles & Responsibilities

"Launch"

RM – Relationship Mgr for High Touch "Invest" RISV/SI Business Partners
- Leads geo level sales execution with influencer Business Partners
- Drives marketing plan and ecosystem teaming workshops
- Responsible for the execution of Business Partner plan
- Responsible for pipeline management with Business Partner

Brand BDMs – STG:
- Business Development Role
- Develop and implement metric managed marketing actions
- Perform channel enablement

Brand Channel- STG Influencer BSS &SWG SSR BP:
- Influencer OI & revenue target for prioritized RISV/SI Business Partners.
- Delivers Brand competitive value proposition.
- Provide sales and technical support.

SW Technical Advocate: Drive higher levels of IBM middleware adoption in Business Partner's solution stack. Advise Business Partner on SW technical enablement.

"Landing"

TPM – Responsible for local sales execution with a select subset of key territory ISV Ecosystems.

(Not all RISV plays will be relevant in every Territory).

TMM - Responsible to assist TPM with local sales tactics for key territory ISV Ecosystems.

STG SMB Brand Specialist - Dedicated SMB resources responsible for driving brand sales execution at the territory level – responsible for territory Business Partner pipeline progression and transaction support.

SWG SSR – Dedicated SMB resources responsible for driving software brand sales execution at the territory level.

SWG BP TR - responsible for SW Business Partner pipeline progression and transaction support.

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"Who does what" - Driving "Landings" for Sales Transactions

	OI	OO	Fulfillment
Influencer Business Partner identifies opportunity	Influencer Business Partner Relationship Mgr makes the connection to Territory TPM	If ISV is not a reseller, then TPM identifies Business Partner(s) required to work identified opportunity	Ecosystem Business Partner or IBM
SMB Territory seller identifies solution opportunity	TSR iTSR TSL *Campaigns*	TPM helps identify appropriate ISV Business Partner(s)	Business Partner or IBM

Territory assigned Brand resources are responsible for driving brand sales in territory and managing the progression of opportunities through sales cycle.
TPMs are responsible for local territory sales execution with selected region ISVs and SIs and their ecosystem

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Geography Focus

Wai Ming NG
Director, SMB Solutions and Integrators – Asia Pacific

Robert P. Finnecy
Vice President, SMB Solutions and Integrators - Americas

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Geography Focus – Asia Pacific

Wai Ming NG
Director, SMB Solutions and Integrators

- **RISV / RSI 2004 Business Success**

- **Coverage model in AP**

- **2005 AP initiatives**

- **Calls to Action**

The Performance … YTD 3Q04

AP	R4 YTD Actual	R4 % YTD Bgt	RSI YTD Actual	RSI % YTD Bgt	RISV YTD Actual	RISV % YTD Bgt
iSeries	32.2	143%	17.9	93%	14.3	428%
pSeries	154.1	105%	142.9	104%	11.3	113%
zSeries	20.9	294%	18.1	255%	2.8	-
xSeries	84.8	111%	65.1	109%	19.6	118%
SSG	53.3	103%	48.0	107%	5.3	80%
STG	345.3	113%	292.0	109%	53.3	145%
SWG	26.5	77%	18.8	133%	7.6	38%
IGS	71.7	210%	51.8	215%	19.9	199%
Other	6.9	193%	5.3	148%	1.6	-
TOTAL	**450.3**	**120%**	**367.8**	**119%**	**82.5**	**124%**

AP	R4 YTD Actual	R4 % YTD Bgt	R4 YTD Actual - SMB	R4 % YTD Bgt - SMB	RSI YTD Actual	RSI % YTD Bgt	RSI YTD Actual - SMB	RSI % YTD Bgt - SMB	RISV YTD Actual	RISV % YTD Bgt	RISV YTD Actual - SMB	RISV % YTD Bgt - SMB
Japan	138.8	120%	45.9	70%	102.7	104%	26.2	54%	36.1	218%	19.7	119%
Korea	54.4	85%	22.3	60%	44.9	88%	13.0	54%	9.6	71%	9.3	69%
GCG	181.7	120%	78.3	100%	168.5	125%	66.6	107%	13.1	80%	11.7	71%
ASEAN	54.9	148%	42.9	156%	39.3	164%	30.4	211%	15.6	119%	12.5	95%
ANZ	20.4	100%	9.2	63%	12.4	92%	2.7	37%	8.1	114%	6.5	92%
SOR	**450.3**	**120%**	**198.7**	**120%**	**367.8**	**119%**	**138.9**	**140%**	**82.5**	**124%**	**59.7**	**90%**

RANK	Total R4	Total 3Q YTD Budget	Total 3Q YTD Actual	Total % Attainment	SMB 3Q YTD Budget	SMB 3Q YTD Actual	SMB % Attainment	OI effectiveness Wk 5 OI Attainment	OI effectiveness Win rate @ Wk 13	OI effectiveness Total OI performance %	Sum of attainment
1	ASEAN	37.1	54.9	148%	27.5	42.9	156%	126%	37%	46%	350%
2	GCG	150.9	181.7	120%	78.6	78.3	100%	108%	19%	20%	240%
3	Japan	115.7	138.8	120%	65.1	45.9	70%	134%	17%	22%	213%
4	ANZ	20.5	20.4	100%	14.6	9.2	63%	101%	26%	26%	189%
5	Korea	64.4	54.4	85%	37.4	22.3	60%	60%	22%	13%	158%
	AP	376.4	450.3	120%	166.1	198.7	120%	111%	25%	28%	267%

- **In AP, RSI is roughly 4 times bigger than RISV. SMB accounts for 42% of the total budget**

- In terms of STG revenue, RSI/RISV does not emphasize zSeries. Midrange Server/Storage are roughly the same size as GMSI

- The metrics focus on Revenue, SMB Performance and Opportunity Management – identification and win rate

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Coverage & Resources

	2004 Dec 30 Act					2004 Dec 30 Act					
	# rsi prioritized partners	# risv prioritized partners	total # of prioritized partners	ISVA	STG Sales	aligned resources	o/w BPO	o/w TPM	o/w DR	o/w STG	o/w SWG
Japan	71	25	96	16	50	47	4	23	15	3	2
GCG	547	52	599	20	420	40	14	3	5	15	3
Korea	75	24	99	13	62	26	4	3	17	1	1
Asean	189	63	252	23	78	6	6	0	0	0	0
ANZ	21	17	38	11	15	5	2	0	3	0	0
Total	**903**	**181**	**1084**	**83**	**625**	**124**	**30**	**29**	**40**	**19**	**6**

- **Aligned resources means**
- 50%+ time on Route 4
- In 2005, we will be more specific - % of time is based on sales plan measurement
- Bonus plan with Route 4 Element

2005 Revenue Plan

- **AP GMV growth**
  - AP at 5.1%, AP STG at 2.7%

- **RSI - 28% YTY**
  - o/w Ecosystem Growth Case is 8%.
  - STG YTY is 24%

- **RISV - 95% YTY**
  - o/w Ecosystem Growth Case is 59% and STG Selected Brand Competitive is 19%.
  - STG YTY is 108%

- **R4 - 39% YTY**
  - o/w Ecosystem Growth Case is 16%, STG Selected Competitive is 3%.
  - STG YTY is 36%

AP Business Partner Categorization - 2005

	SMB IA	non SMB IA
Prioritized Partners - one to few coverage	Invest	High Priority
Prioritized Partners - one to many coverage	Sustain	Medium Priority

The Criteria of ' Mature, High Growth and Emergin' is used as a means to place non-SMB IA prioritized partners into either High Priority or Medium Priority

Brand provides resources or funds RSI/RISV team to cover Brand nominated ~~partners~~

Non Prioritized Partners / Low Priority

Divest	Brand Selected Competitive
	Low touch

The masses - no touch

STG to confirm funding to IDR to tele-call partners about PWIN or PWD program benefits

RSI and Sector RISV follow the same categorization

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Priority Based Coverage

Prioritized Partners	SMB IA	non SMB IA	Relationship Manager	Territory Sales	Recruitment & Enablement	Marketing Support
High Priority	Invest	SMB High Priority	One to a few	One to a few	One to a few	SMB Solution MM (for IA)
Medium Priority	Sustain	SMB Medium Priority	One to Many	One to Many	One to Many	Agency (for IA)
Non Prioritized or		Brand Selected Competitive	Brand Specialist	Brand Specialist	Brand Technical Specialist / IDR	Public Programs
Low Priority	Divest	Low Touch	Public Program/ Distributors	PWIM/ Distributors	PWIN/ Distributors	Public Programs
		The masses	Public Program / Distributors	PWIN / Distributors	PWIN / Distributors	Public Programs

High Priority / Invest

- Achieve >500k total revenue for small-partner country or >1M total revenue for bigger-partner country (Japan and ANZ)

Medium Priority / Sustain

- Achieve <100k total revenue for small-partner country or <200k total revenue for bigger-partner country (Japan and ANZ)

2005 AP Initiatives

- **AP Local Ecosystem Growth**
  - Solution work session to define Business Partners selected by coverage units
  - Drive additional 100 SMB RISV and 50 ISV Advantage Business Partners
  - Drive additional 150 sectors RISVs / RSIs
  - Strengthen downstream RSI's or RISV's own sales forces
  - Clothe software opportunities with STG server and storage
  - Go-to-Market (Demand Generation and Sales Transactions) with FTF sales to reinforce opportunities sharing and Business Partner success

- **Emerging Country Growth Initiatives**
  - China - Additional drive on low end sales (pSeries and OpenPower)
  - India – Expand the coverage to Tier-2 cities and RSIs and RISVs

- **Consolidation of the STG RISV life cycle model and SMB RISV coverage model**
  - Tier RSI and RISV into High Priority / Invest, Medium Priority / Sustain and Low Priority and align coverage model to enhance coverage efficiency and ease of doing business
  - Expand coverage to Business Partners with EBO capabilities and Brand Select Competitive

- **Take Share**
  - Expand share of High / Medium Business Partners won back
  - Increase the technology content of the High Priority Business Partners
  - Include Brand Select / Competitive RISVs for win back

- **Teaming with distributors to expand Tier-2 (RSI, RISV and resellers)**

- **Continuing but simplifying revenue validation program**

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Calls to Action

- Understand the capabilities and solutions of the existing RSI and RISV in your brand, segments or territories. Utilize them in your GTM / sales execution activities

- Identify key win-back candidates and team with RSI/RISV reps to expand share

- Build product knowledge, and more importantly their skill (usage and implementation) in the RSI/RISV community

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Geography Focus - Americas

Bob Finnecy
Vice President, SMB Solutions and Integrators

- **RISV / RSI 2004 Business Success**

- **Coverage model in AG**

- **Calls to Action**

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RISV and RSI 2005 Revenue - Americas

	RSI		RISV		Total	
	2005	2004	2005	2004	2005	2004
Server Group	1458	1155	262	184	1720	1339
YTY%	26%		42%		28%	
zSeries	161	140	3	2	163	142
YTY%	15%		25%		15%	
pSeries	611	439	44	33	655	472
YTY%	39%		32%		39%	
iSeries	195	168	134	99	328	267
YTY%	16%		35%		23%	
xSeries	251	207	35	24	286	231
YTY%	21%		49%		24%	
Storage	242	201	47	26	288	227
YTY%	20%		76%		27%	
Personal Systems	48	48	0	0	48	48
YTY%	0%				0%	
Software Group	576	468	8	7	584	475
YTY%	23%		19%		23%	
Services	282	211	25	22	307	233
YTY%	34%		14%		32%	
ISBU / Other	25	12	5	5	30	17
YTY%	108%		0%		77%	
Total	2389	1894	299	217	2688	2111
YTY%	26%		38%		27%	
SMB Revenue	902	637	226	161	1128	798
	42%		40%		41%	

RISV/RSI Business Success — 3Q04 YTD

	Influenced Revenue	YTY Growth
Top 24 RISVs	**$152M**	**NA**
Regional SIs	**$1.312B**	**51%**

	Incremental Revenue	Incremental Rev SMB
Regional SIs	**$327M**	**$123M**
Regional ISVs	**$18M**	**$18M**
Total	**$345M**	**$141M**

ISV SMB Advantage

▪ **Enabled ISVs**	**85 ISV Agreements, 51 Enabled**
▪ **OI Generated**	**1650 Leads, $138.7M Lead Rev, $13.7M Win Rev**

IBM Complementary Solutions Fee (ICSF)

▪ **RSIs in Program**	**62 RSIs**
▪ **Revenue**	**$135M**

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Americas Coverage Model and Resources
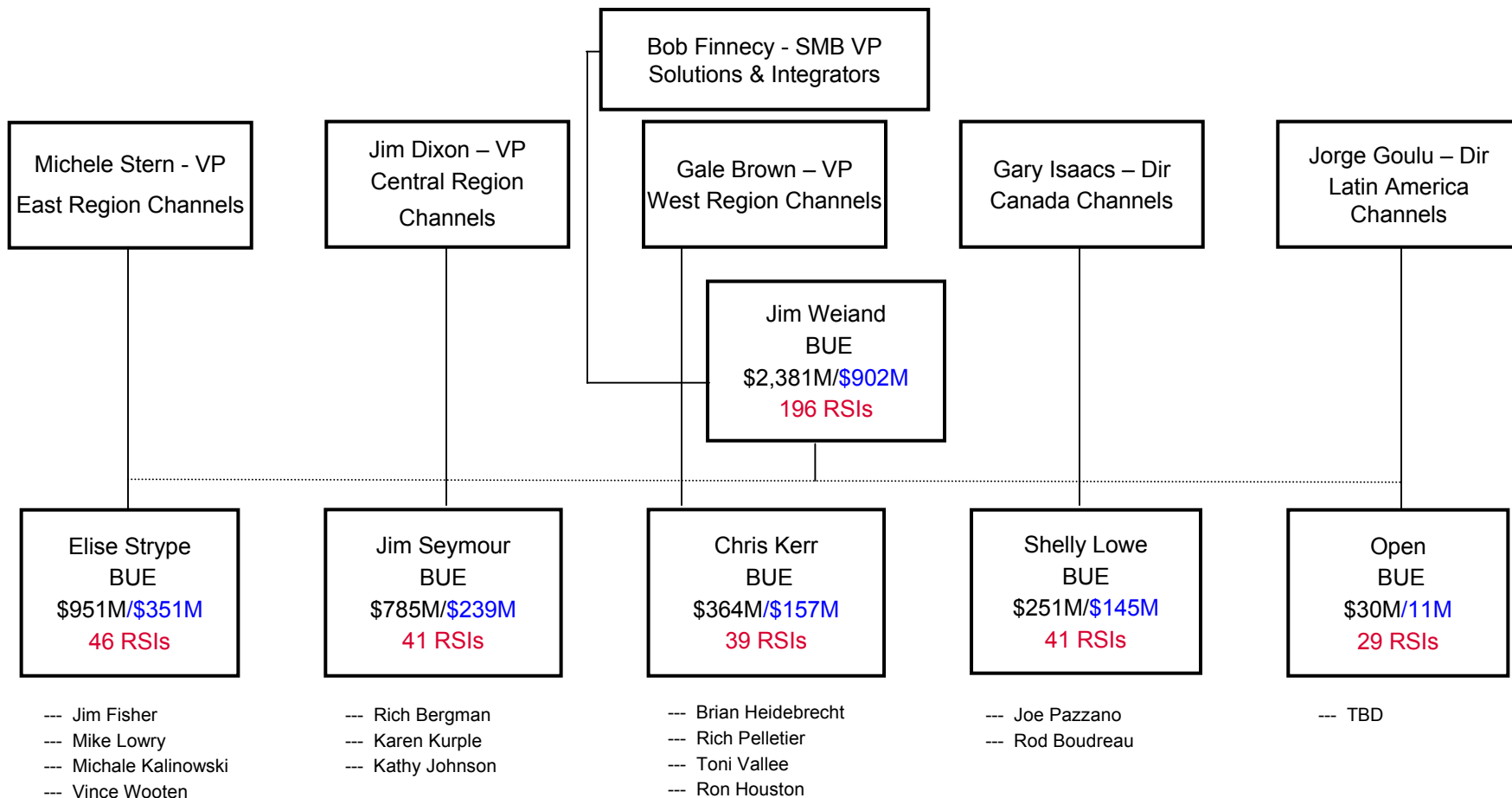
RSI

- Regional Deployment

- Cover 245 RSIs FTF

- 55 Dedicated Resources
  - 22 Client Reps/Mgrs
  - 33 Brand Sales
    - 18 SWG
    - 11 STG
    - 4 IGS
  - Technical Support
    - Utilize Techline, VIC and SWIC
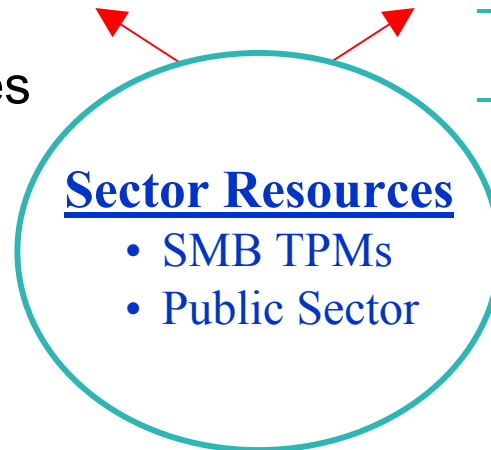
RISV

- National Deployment

- Cover 24 RISVs FTF

- 33+ FTE Resources
  - 3 Client Reps
  - 39 Brand Sales
    - 29 SWG/IDR
    - 9 STG
    - 1 IGS
  - Technical Support
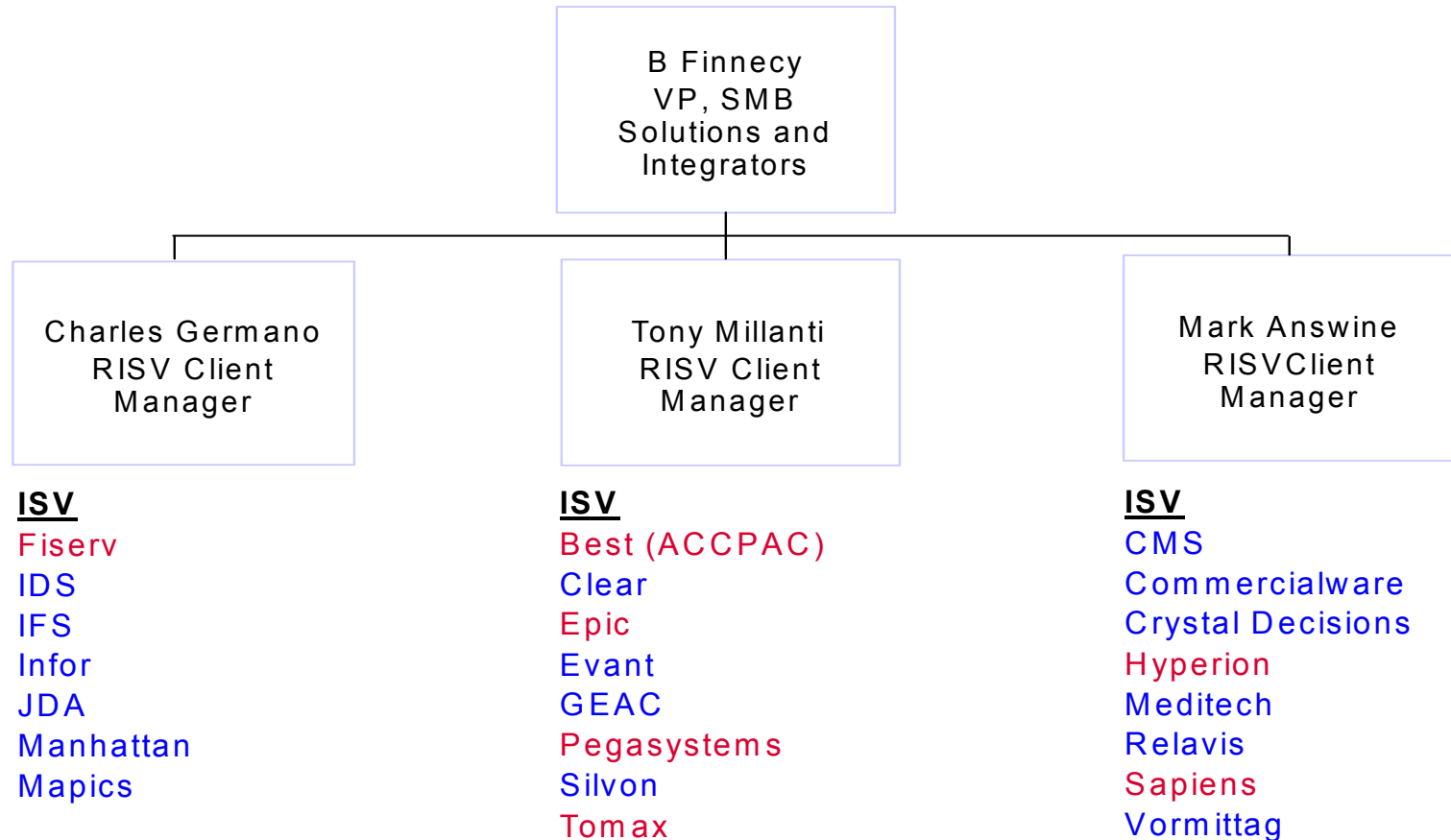   - 9 IDR Technical Managers
    - Utilize Techline, VIC and SWIC

Sector Resources
- SMB TPMs
- Public Sector

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America's RSIs - 2005

Bob Finnecy - SMB VP
Solutions & Integrators

Michele Stern - VP East Region Channels	Jim Dixon – VP Central Region Channels	Gale Brown – VP West Region Channels	Gary Isaacs – Dir Canada Channels	Jorge Goulu – Dir Latin America Channels

Jim Weiand
BUE
$2,381M/$902M
196 RSIs

Elise Strype BUE $951M/$351M 46 RSIs	Jim Seymour BUE $785M/$239M 41 RSIs	Chris Kerr BUE $364M/$157M 39 RSIs	Shelly Lowe BUE $251M/$145M 41 RSIs	Open BUE $30M/11M 29 RSIs

--- Jim Fisher
--- Mike Lowry
--- Michale Kalinowski
--- Vince Wooten

--- Rich Bergman
--- Karen Kurple
--- Kathy Johnson

--- Brian Heidebrecht
--- Rich Pelletier
--- Toni Vallee
--- Ron Houston

--- Joe Pazzano
--- Rod Boudreau

--- TBD

$2.381B plan ($902M SMB)
- 196 accounts
- '04 Results 3QYTD: $1.312B ($381M SMB, 49% YTY SMB growth)

1/7/05

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RISV Client Management Coverage

```
                    ┌─────────────────────┐
                    │      B Finnecy      │
                    │      VP, SMB        │
                    │    Solutions and    │
                    │     Integrators     │
                    └─────────────────────┘
```

Charles Germano RISV Client Manager	Tony Millanti RISV Client Manager	Mark Answine RISVClient Manager
ISV	**ISV**	**ISV**
Fiserv	Best (ACCPAC)	CMS
IDS	Clear	Commercialware
IFS	Epic	Crystal Decisions
Infor	Evant	Hyperion
JDA	GEAC	Meditech
Manhattan	Pegasystems	Relavis
Mapics	Silvon	Sapiens
	Tomax	Vormittag

Summary

ISV = 23

* Red = new for 2005

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Calls to Action

✓ *Linkage w/Team IBM (BP Client Mgrs, TPMs, SWG, IGS) is a critical success factor – focus on the Ecosystem*

    ✓ *Launch Resources - Provide Brand enablement to partners*

    ✓ *Landing Teams – engage w/Team to drive and accelerate territory sales execution – focus on the ecosystem*

        • Manage STG territory pipeline and its progression

        • Provide transaction assistance to local Business Partners

✓ *Leverage Solution Selling for greater OI*

    • Understand our Business Partner's business model and develop strategies for us to jointly win in the market

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Resources:

- **Regional SIs and ISVs – Sales Support Advisor**

  http://w3.ncs.ibm.com/solution.nsf/SOL/RMAE-5ZTL8E?OpenDocument

- **SMB Advantage – PartnerWorld website portal**

  https://www.ibm.com/isv/partnerworld/mem/strategy/smb_about_smba.html

- **IBM ServerProven**

  www.ibm.com/solutionconnection/enroll

- **PartnerWorld Industry Networks**

  www.ibm.com/isv/marketing/industrynetworks

- **Servers & Storage Express Configurations**

  www.ibm.com/mediumbusiness/us/express

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Resources:

Americas Coverage

Regional ISV & RSI Sales Team:

- Charles Germano cgerman@us.ibm.com

- Mark Answine answine@us.ibm.com

- Tony Millanti tonymill@us.ibm.com

- James Weiand jjweian@us.ibm.com

Regional RSI Mgrs:

- East: Elise Strype elise@us.ibm.com

- Central: Jim Seymour jseymou@us.ibm.com

- West: Chris Kerr ckerr@us.ibm.com

AP Coverage

Regional ISV & RSI Leaders:

- **AP** – Wai Ming NG/China/IBM@IBMCN

- **Japan** – Masayuki Kometani/Japan@IBMAU

- **Korea** – Jaeyong Hong/Korea/IBM@IBMKR

- **GCG** – Vivian HY HUANG/China/IBM

- **ASEAN** – Irene G L Oen/Singapore/IBM@IBMSG

  Kuldeep Singh/India/IBM@IBMIN

- **ANZ** – Barry Feyder/Australia/IBM

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- Easy to acquire, install, and manage and are competitively priced

- http://www.ibm.com/mediumbusiness/us/express/

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