IBM Systems and Technology Group University 2005

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ON DEMAND BUSINESS™

IBM Systems and Technology Group University 2005

Teaming to Meet the Needs of Enterprise Customers

Course #: CB39

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Michael Lindberg, VP Solution Sales
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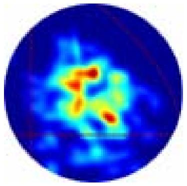
Learning Objectives / Agenda

- **At the conclusion of this session, you should be able to:**
  - Describe the **solutions market landscape**
  - Describe IBM's key ISV and SI **partner solutions**
  - Articulate **IBM's value proposition** for enabling these solutions
  - Recognize IBM's **hottest opportunity areas** around ISV and SI solutions
  - Understand and locate the **IBM and partner resources** available to help you sell
  - **Engage with IBM ISV and SI partners** in the hot opportunity areas
  - Present **IBM's value propositions** to ISVs and SIs

  - And, **win new business!!!**

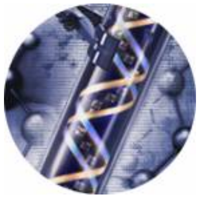
The Market View

Change the World… Start Now! IBM + ISV + SI = Value


National Mammography Grid


Weather Forecasting


Cancer Research


Human genome sequencing


Business Intelligence


Online Medical Records


Drug Research


Security


Petroleum Exploration


Crash Testing


Digital Media


Next Generation Film Making

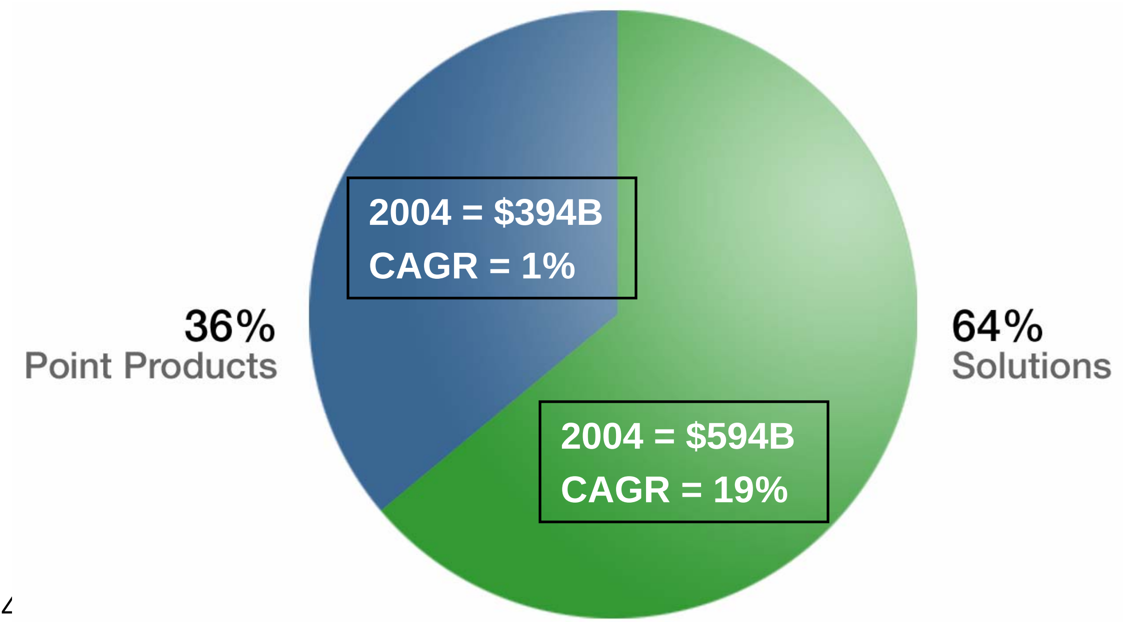
- ***Insight***
- ***Innovation***
- ***Integration***
- ***Creativity***
- ***Relationship***

Together, we develop and implement what we couldn't do alone . . .

Solutions: The Market View

- **When it comes to purchasing information technology, the vast majority of businesses choose business solutions far more than they choose stand-alone hardware and software products**

Question: What percentage of total information technology dollars will be spent on solutions versus point products?

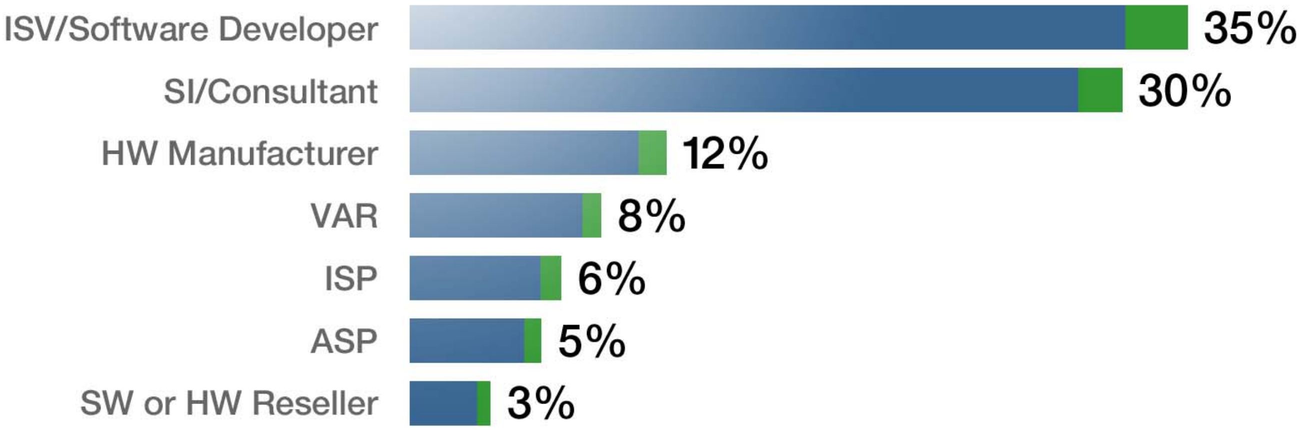


Source: IBM SMV 1H04

Solutions: The Market View

- **Independent Software Vendors (ISVs) and Consultants and Systems Integrators are most often associated with nearly two-thirds of all solutions opportunities.**

Clients associate ISVs and SIs as the top providers of services for business solutions (n=1,974)



Source: Solutions Market Monitor, August 2004

IBM 2005 Solution Leadership

Mike Lindberg, VP Global Solutions Sales

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2004 Solution HIghlights

- All ISV Plan Objectives achieved
  - Integrated ISVs (SAP, PeopleSoft, Siebel, i2, PLM)
    - Delivered 109% of FY Plan
    - Achieved 22% YTY growth
    - Double-digit growth in all geos and brands except iSeries.
  - The Cross Industry ISVs
    - Delivered 152% of FY Plan
    - Under-performed in SWG, delivering 71% of FY Plan
    - YTY Growth very strong, across changing portfolio
  - Share gains were 3 Points vs. a plan of 2 Points,

  - **Industry Solutions …….**

Highlights of Our Joint Success in 2004

Protecting and Growing our accounts

Protect and Grow Success in 2004

WW 450 Clients

zprotect@us.ibm.com

5 Consecutive GROWTH qtrs

- Availability/Scalability/Performance

WW 16,000+ Clients

iprotect@us.ibm.com

4Q04 was the TURNAROUND qtr

- Consolidating Linux/AIX/Wintel/i5 OS
- Lower cost of ownership/easier mgt than Wintel
- **IBM’s BEST KEPT SECRET!**

This didn't just talk about the competition. . .

- **We KICKED OUT HP, SUN, Dell and EMC for over 529M$**
- **We competed against them and WON for 220M$**

Hot Off The Press

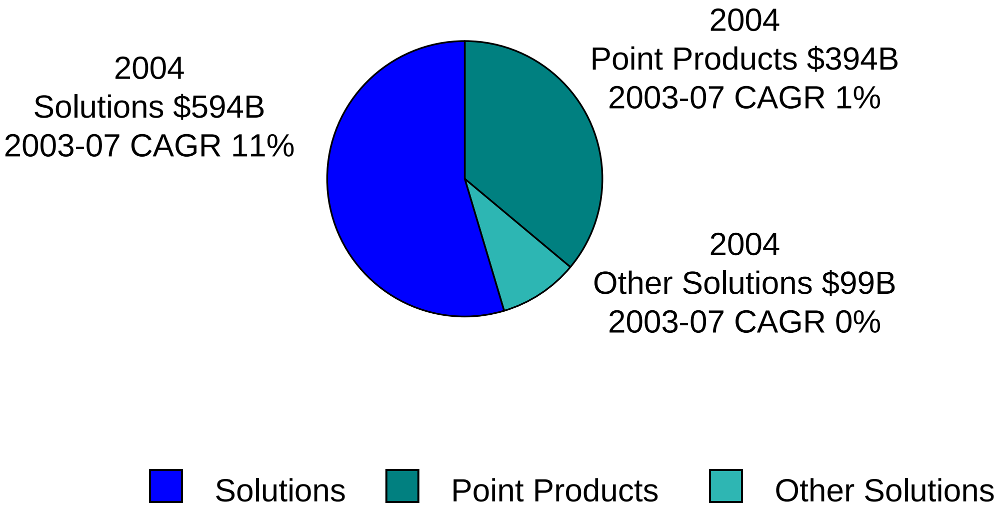
Incumbent = HP (107M$), Sun (67M$), Dell (16M$), EMC (31m$)

Competing vs. HP (318M$), Sun (114M$), Dell (49M$), EMC (48M$)

*** Data from Siebel CRM for SAP, PeopleSoft, Siebel, i2 thru 11/04**

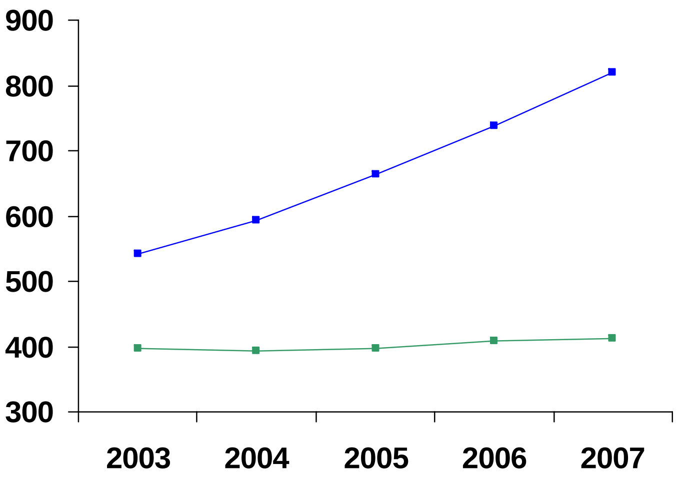
Currently two thirds of current customer IT Purchases are solutions, and that percentage is projected to grow going forward

64% of IT dollars are spent on solutions …



Source: IBM Market Intelligence, Solutions Market View 1H2004

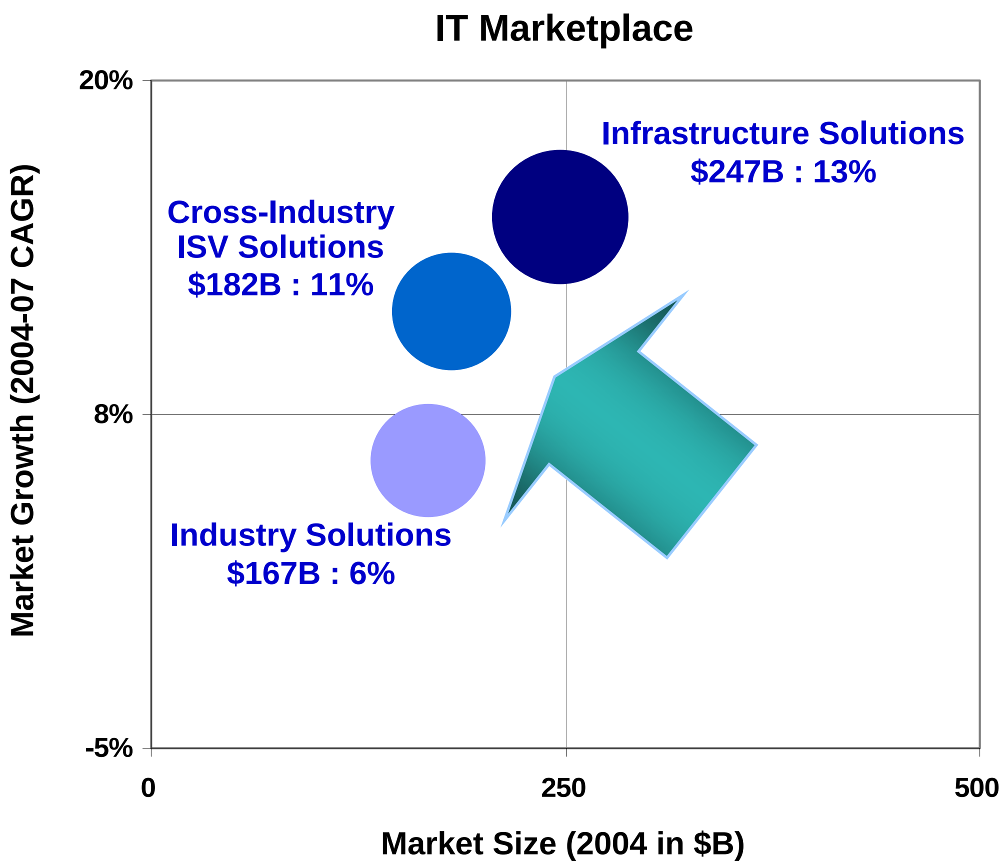
… and solutions are growing faster than the rest of the market



- *Customers are placing value on efficient deployment that solves business issues*
- *Solutions must create value beyond sum of the parts, involve customization & integration beyond mere bundles, and contain expertise (i.e., knowledge-based service) within the offering*

Source: McKinsey, IDC

Three significant growth areas are emerging

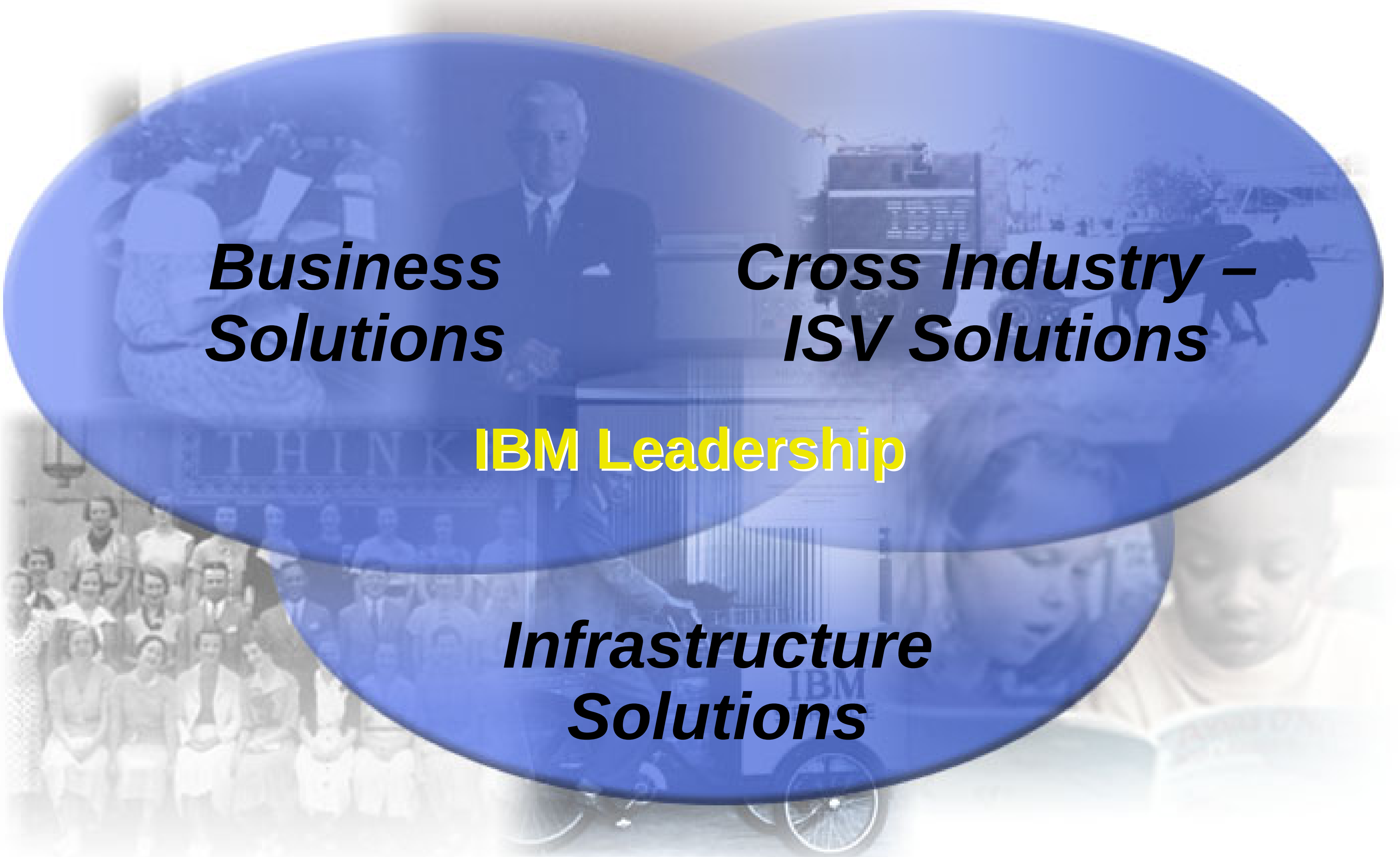


* Total IT market includes both Served and non-Served GMV, but does not include Home

Source: IBM Market Intelligence, SMV 1H04

- **We will further transform IBM Sales to enable high performance and drive revenue growth Objectives**
  - Enable GTM teams to allocate more resource to Solution selling
  - Strengthen management process and tools
  - Enable and empower on demand collection of teams in front of customer
  - Support Business, ISV and Infrastructure Solutions
  - Continue successful share gains in ISV ecosystems
  - Drive productivity improvements thru GTM teams
  - Continue to improve sales management process and sales support

Being a leader in business starts with experience



Business Solutions

Cross Industry – ISV Solutions

IBM Leadership

Infrastructure Solutions

IBM is Delivering a full portfolio of Solution offerings

Business Solutions

ISV Solutions

Infrastructure Solutions

2004 Sales Leadership Initiative lays the foundation for 2005 Solutions growth and delivery

In place for 2005:

- Solution Discipline that attracts our best sellers who are able to build innovative solutions which address customer problems
  - Business Solution Professionals
  - ISV Business Solution Professionals
  - Technology Solution Professionals
- Ledger-based financial measurements and compensation metrics
- Enhanced solutions opportunity support focused on solutions
- Solution Sales execution management system
- Solution processes that help market, develop, plan, sell and deliver

The Business Solutions comprise high value services and technology that solve a business problem

IBM Offering Types

Business Solutions

ISV Solutions

Infrastructure Solutions

Business Solution
Offering definitions and types

- High-value services and technology that solve a business problem
- Portfolio of BCS-led opportunities combining IBM services, labor, assets, hardware, software and ISV partner offerings.
- Examples include
  - Selected Business Solution
  - BCS led ISV solution
  - CRM on Demand
  - BTO

  “High-value services” are defined as IP-based services, including BCS, SO, AMS, selected ITS, and selected e-business Hosting Services

Selected Business Soluti

42 Total Solutions Selected: 39 in AG, 36 in AP, 27 EMEA
Average 20 Solutions in each region
Balance of Cross Industry/ISV and Industry solutions

Distribution Solutions

Retail
- Merchandising
- Consumer Driven Supply Chain
- On Demand Workplace for Retail

Consumer Products
- Integrated Market Management
- Consumer Driven Supply Chain
- CP Core Financials & HR (SAP)

Travel & Transport
- On Demand Workplace for T&T
- Customer Driven Supply Chain for T&T

Industrial Solutions

Automotive
- Sales and Service
- Manufacturing Productivity
- Product Innovation and Design
- ACE

Electronics
- Electronics Value Chain Mgmt
- IBM Production Solutions
- Electronics Sales and Service
- Product Innovation and Design (PLM/ESLM)

Aerospace & Defense
- Supply Chain & Aftermarket
- Product Innovation and Design
- SAP Full Economy

Chemical & Petroleum
- Upstream Petroleum
- SAP Full Economy

Financial Services Solutions

Banking
- Risk and Compliance
- Multi-channel Transformation
- Customer Insight
- Core Systems Transformation
- Payments

Financial Markets
- Risk and Compliance
- Trade Process Transformation
- Customer Insight
- FM Data Management
- Payments

Insurance
- Core Insurance
- Customer Insight
- Distribution and Services

Public Solutions

Government
- Social Services & Social Security
- Customs, Ports & Border Mgt
- Enterprise Integration ERP/CRM
- Defense
- Road Charging

Health & Life Sciences
- Life Sciences Transformation/ Pharma Integration
- Healthcare Provider/ Aligned Clinical Environment

Education
- Enhanced Campus Communication
- IBM Learning Alignment BI/ODW
- IBM Learning Alignment SIS

Communications Solutions

Telecommunications
- Service Provider Strategic Transformation (SPST)

Energy & Utilities
- Utilities Network Revitalization
- Customer Operations Transformation

Media & Entertainment
- Production and Supply Chain Transformation
- Customer Service Transformation

Strategic Alliances are Key to Solutions Revenue and Share Growth

IBM Offering Types

Business Solutions

ISV Solutions

Infrastructure Solutions

ISV Solution
Offering definitions and types

- Opportunities with our top ISV partners that lead with BCS Offerings or 3-way plays
- Leveraging IBM services, hardware and software
- Strategic Alliances, Key to Solutions Revenue and Share Growth
- Providers of Key Industry Solution Components

Integrated Alliances

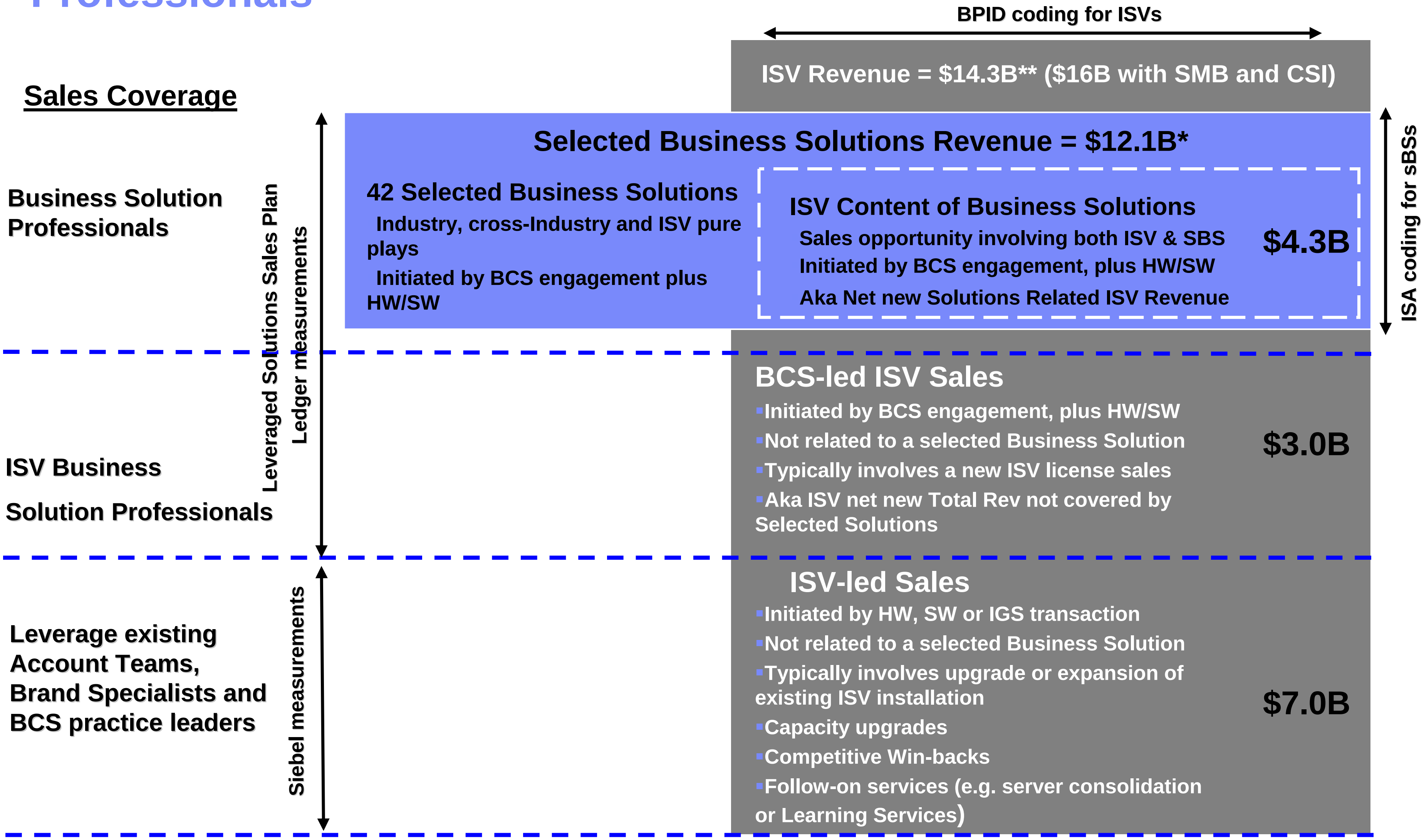
- SAP
- PeopleSoft
- Siebel
- I2
- Dessault

Cross-Industry Alliances

- Avaya
- Citrix
- E.piphany
- Genesys
- IBS
- Ariba
- Intentia

- Kana
- Lawson
- Manugistics
- Peregrine
- SAS
- SSA

New Solution Sales model focuses on net new ISV sales via Business Solution Professionals and ISV Business Solution Professionals



BPID coding for ISVs

ISV Revenue = $14.3B** ($16B with SMB and CSI)

Sales Coverage

Selected Business Solutions Revenue = $12.1B*

Business Solution Professionals

Leveraged Solutions Sales Plan Ledger measurements

42 Selected Business Solutions

- Industry, cross-Industry and ISV pure plays
- Initiated by BCS engagement plus HW/SW

ISV Content of Business Solutions

- Sales opportunity involving both ISV & SBS
- Initiated by BCS engagement, plus HW/SW
- Aka Net new Solutions Related ISV Revenue

$4.3B

ISA coding for sBSs

ISV Business Solution Professionals

BCS-led ISV Sales

- Initiated by BCS engagement, plus HW/SW
- Not related to a selected Business Solution
- Typically involves a new ISV license sales
- Aka ISV net new Total Rev not covered by Selected Solutions

$3.0B

Leverage existing Account Teams, Brand Specialists and BCS practice leaders

Siebel measurements

ISV-led Sales

- Initiated by HW, SW or IGS transaction
- Not related to a selected Business Solution
- Typically involves upgrade or expansion of existing ISV installation
- Capacity upgrades
- Competitive Win-backs
- Follow-on services (e.g. server consolidation or Learning Services)

$7.0B

*Sources: *10/11 SLI SER #2, **10/15 Brand Interlocked Targets in APEX for Integrated & Cross-industry Cluster ISVs*

The selected Infrastructure Solutions are managed as two types

IBM Offering Types

Business Solutions

ISV Solutions

Infrastructure Solutions

Infrastructure Solution Development Types

- Relevant cross-industry (apply to multiple industries with minimal tailoring)
- Address customer pain points
  - Business Resilience, IT Optimization, Information Insights, and Business Flexibility
- Deliver cross-brand value, includes high value services

Scenario Based Solutions

- Series of offerings defined to solve customers' IT, organized by need, by industry, and by scenario
- Very flexible model, depends on cross-IBM market management and strong, cross-brand enablement

Pre-integrated Bundles

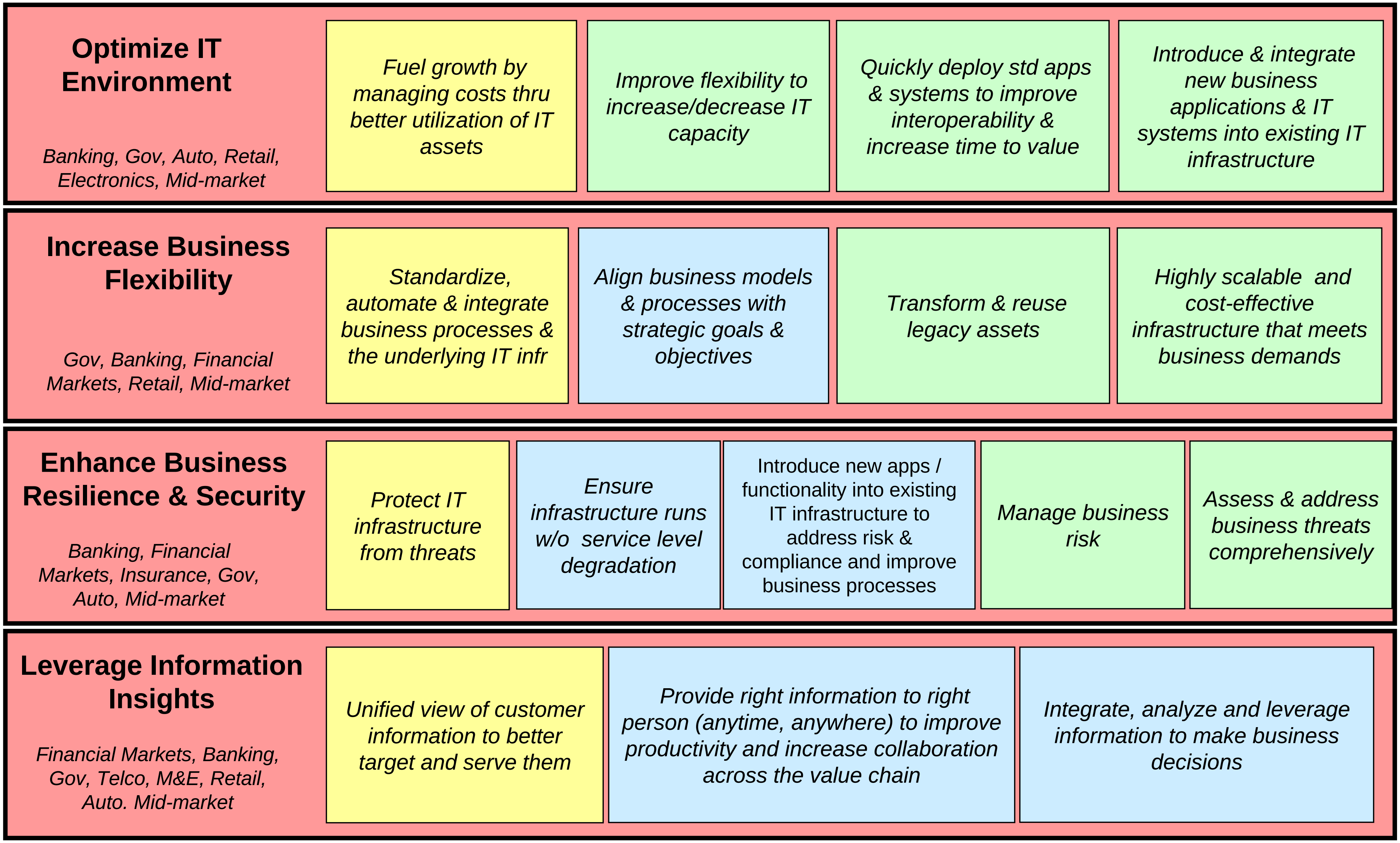
- Based on same needs and scenarios
- Pre-integrated to reduce time to value
- Less flexible, depends more on upfront testing/development

Infrastructure Scenarios

🟨 *Goal Line 2*

🟦 *Balance of 1Q05 priority scenarios*

🟩 *May 2005 scenarios*



Optimize IT Environment

Banking, Gov, Auto, Retail, Electronics, Mid-market

- 🟨 *Fuel growth by managing costs thru better utilization of IT assets*
- 🟩 *Improve flexibility to increase/decrease IT capacity*
- 🟩 *Quickly deploy std apps & systems to improve interoperability & increase time to value*
- 🟩 *Introduce & integrate new business applications & IT systems into existing IT infrastructure*

Increase Business Flexibility

Gov, Banking, Financial Markets, Retail, Mid-market

- 🟨 *Standardize, automate & integrate business processes & the underlying IT infr*
- 🟦 *Align business models & processes with strategic goals & objectives*
- 🟩 *Transform & reuse legacy assets*
- 🟩 *Highly scalable and cost-effective infrastructure that meets business demands*

Enhance Business Resilience & Security

Banking, Financial Markets, Insurance, Gov, Auto, Mid-market

- 🟨 *Protect IT infrastructure from threats*
- 🟦 *Ensure infrastructure runs w/o service level degradation*
- 🟦 Introduce new apps / functionality into existing IT infrastructure to address risk & compliance and improve business processes
- 🟩 *Manage business risk*
- 🟩 *Assess & address business threats comprehensively*

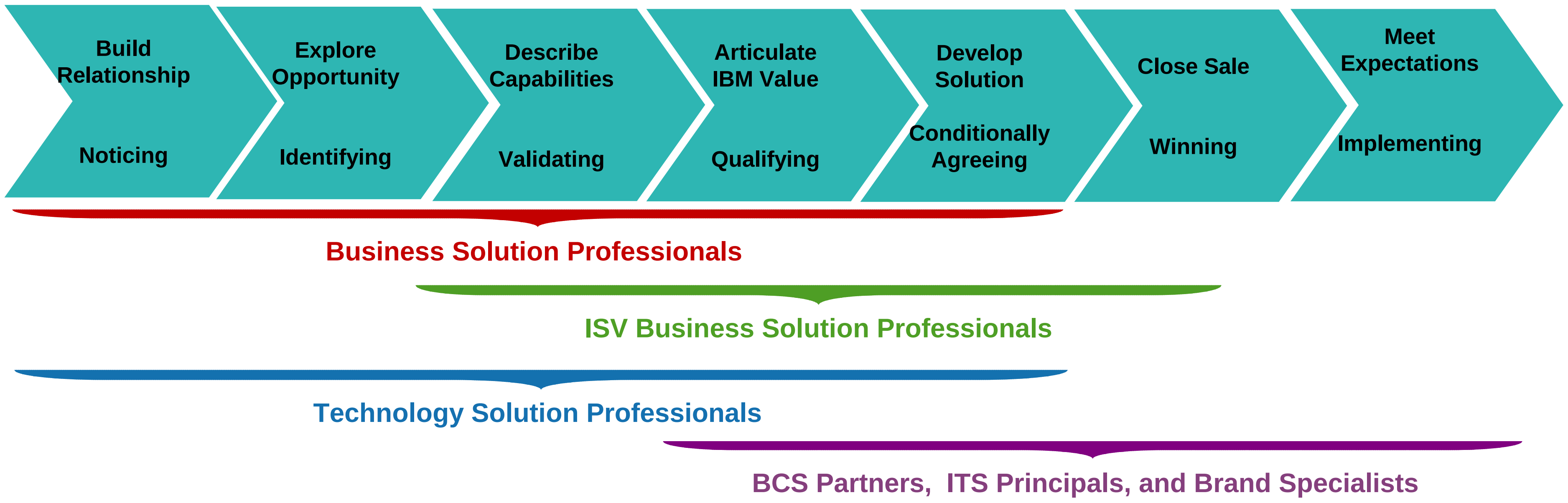
Leverage Information Insights

Financial Markets, Banking, Gov, Telco, M&E, Retail, Auto. Mid-market

- 🟨 *Unified view of customer information to better target and serve them*
- 🟦 *Provide right information to right person (anytime, anywhere) to improve productivity and increase collaboration across the value chain*
- 🟦 *Integrate, analyze and leverage information to make business decisions*

Engagement and Go to Market Model support Solution Selling

Signature Selling Method: 7 Steps



Build Relationship – Noticing

Explore Opportunity – Identifying

Describe Capabilities – Validating

Articulate IBM Value – Qualifying

Develop Solution – Conditionally Agreeing

Close Sale – Winning

Meet Expectations – Implementing

Business Solution Professionals

ISV Business Solution Professionals

Technology Solution Professionals

BCS Partners, ITS Principals, and Brand Specialists

A Sales Team to win more business and deliver greater value to clients

- Engaged across IBM’s services, hardware and software to craft a full and compelling solution
- Teaming with best-of-breed ISVs to provide end-to-end solutions
- Supporting clients through business process re-engineering, application/ infrastructure design and solution implementation

ISV Solutions

The Value of IBM with ISV Applications

Unique solution needs

- Competency Centers, enablement programs, custom solutions and offers

Lower risk and faster implementation

- One-stop, end-to-end infrastructure solutions across all major operating environments: (Unix, Wintel, Linux, zOS)
- Specialized pre-sales technical support
- Implementation skills (sub-contract)

Lower operating costs

- maximize infrastructure utilization through virtualization and on demand solutions
- Price/performance and TCO leadership

Partnering

- Joint Marketing & Sales

IBM System Group and SAP

2004 Highlights: 16% yty

- Exploitation of POWER5
- My SAP v6.4 Linux on Power

Infrastructure Offerings

- IBM Dynamic Infrastructure for SAP
- SAP i5 550 Solution Edition
- eBusiness Infrastructure for mySAP (all platforms avail)

Growth Opportunity

- SAP Version Upgrades
- SAP Business Warehouse
- Competitive Replacements

BUSINESS SOLUTIONS

- SAP Collaboration and Integration
- SAP Express Solutions for All in One
- SAP Full Economy Model
- SAP Release Upgrade
- IBM SAP All in One Industry Solutions
- Many Industry-specific solutions

DID YOU KNOW?

- **10,000+** installations on pSeries
- **1,000+** installations on zSeries
- **2,000+** installations on iSeries
- **9,000+** installations on xSeries
- **Leading benchmarks**

COMPETITIVE WINS

- Xxxx zSeries **vs Sun**
- Xxxx iSeries **vs Dell**
- Xxxx pSeries **vs HP**

IBM System Group and PeopleSoft

2004 Highlights: 27% yty

- largest commitment to the integration of enterprise applications with IBM middleware
- IBM has the only benchmarks for Linux
- Grandslam benchmark on iSeries
- IT Optimization: Enterprise and Enterprise One certified for AIX 5.3

Infrastructure Offerings

- i5 550 Solution Edition
- PeopleSoft EnterpriseOne Rapid Start (iSeries and xSeries)

Growth Opportunity

- World Version Upgrades to Cum 15
- Enterprise (particularly 800 XE accounts)
- CRM

BUSINESS SOLUTIONS

- IBM Automotive Solution for PSFT
- IBM Life Sciences Solution for PSFT
- PSFT Version Upgrade Solution
- Industry-specific solutions

DID YOU KNOW?

- **6,000+** joint clients
- IBM is PeopleSoft's #1 partner
- IBM won 1st Partner Excellence Award
- Leading benchmarks

COMPETITIVE WINS

- Xxxx zSeries **vs Sun**
- Xxxx iSeries **vs Dell**
- Xxxx pSeries **vs HP**

IBM Systems Group and Siebel

- **2004 Highlights: 28% yty**
  - Siebel launch of Analytics generating widespread acceptance
- **Infrastructure Offerings**
  - Siebel CRM On Demand Solution
- **Growth Opportunity**
  - Core CRM
  - Analytics
  - Telco, Retail Banking, Insurance, Public Sector

IBM Systems Group and i2

- **2004 Highlights: 48% yty**
- **Growth Opportunity**
  - Integrated Supply Chain Management

BUSINESS SOLUTIONS

- Siebel Analytics – Rapid Deployment
- Siebel Version Upgrade Solution
- Global Sales & Events Mgt solution
- Industry – specific solutions

DID YOU KNOW?

- One of the world's largest Siebel implementations, IBM, runs on IBM eServer
- Siebel runs their business on IBM eServer
- Leading benchmarks & proof points
- i2 was IBMs first strategic alliance partner
- Some of the world's largest i2 implementations are on IBM eServer pSeries

COMPETITIVE WINS

- Siebel and Sprint pSeries and xSeries **vs Sun**
- i2 Bed Bath & Beyond pSeries/Total Storage **vs HP**

Fast Growing Cross Industry Solutions

Avaya
Citrix
E.piphany
Genesys
IBS
Intentia
KANA
Lawson
Manugistics
Peregrine
SAS
SSA

2004 Highlights

- 100% yty growth

Growth Opportunity

- **Version Upgrades**
- **HUGE iSeries install base**

BUSINESS SOLUTIONS

- xxxxx
- xxxxx
- xxxxx
- xxxxx

DID YOU KNOW?

- xx
- xx
- xxxxxxx
- xxxxxx

COMPETITIVE WINS

- XXXX pSeries **vs Sun**
- Xxxx iSeries **vs Dell**
- Xxxx pSeries **vs HP**

IBM Systems Group and Oracle

2004 Highlights: 21% growth yty

- pSeries is best performing platform for Oracle and offers the leading TCO
- xSeries delivers highest performing Linux results on Intel architecture
- zSeries is an excellent for Workload & Server Consolidation running Oracle10g on z/OS or z/Linux
- TotalStorage supports all Oracle Database and Applications

Growth Opportunity

- Migrate Oracle SUN installed base to xSeries and Linux
- Leverage pSeries 5 architecture against our competition
- Oracle 11i E-Business Suite
- Oracle 9i RAC (Real Application Cluster) & 10g Database
- Oracle 9i & 10g Application Server
- Oracle Collaboration Suite

DID YOU KNOW?

- 19+ year relationship
- Strong Technology relationship:
  - Development, Performance, Solution Centers
  - Consistently achieving top benchmarks on IBM eServers and TotalStorage
- Oracle has a significant Market Share in the Linux space
- 60% of all pSeries dababase servers run Oracle

COMPETITIVE WINS

- XXXX pSeries **vs Sun**
- Xxxx iSeries **vs Dell**
- Xxxx pSeries **vs HP**

Custom Solution: iSeries Solution Edition

Co-marketed solution offering for next generation ISV modernization/new functions leveraging IBM eServer i5 550

- Combined experience and expertise to deliver business value, not just technology enhancements, from your IT investments
- Flexibility to choose the right applications to grow your business as your needs evolve without the restriction of just one or two operating systems

Target Market

- Existing iSeries customers with older technology
- New customers and competitive replacements

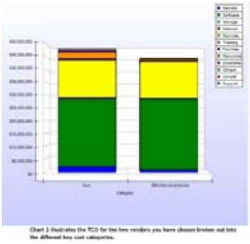
Solution Elements

- **Systems Group**
  - iSeries
- **Select ISVs**
  - SAP*
  - PeopleSoft
  - Clear Technologies
  - IBS
  - IDS
  - Intentia
  - Lawson
  - MAPICS
  - Manhattan
  - SSA

Routes to Market

- ISVs
- Existing ISG Direct sales channels, eSM's, brand specialists
- Existing IBM Business Partners qualified on ISG products, focusing on those targeted as premier on demand partners

Tools to demonstrate the IBM advantage

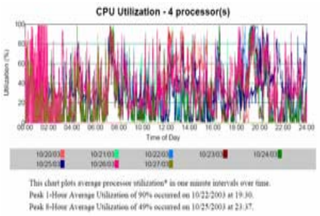


TCONow

- Total cost of ownership vs. initial acquisition cost
- Latest version has specific details to evaluate SAP, PeopleSoft and Siebel

w3.ibm.com/sales/system

NO COST: IBM Insight for SAP R/3 Utility Program



- Performance analysis tool that predicts bottlenecks BEFORE they happen
- eSizing@us.ibm.com will reduce, analyze and produce customer reports

www-03.ibm.com/support/techdocs/atsmastr.nsf/WebIndex/PRS381

Infrastructure Simplification Interview Process

- Collect high-level information on the client’s environment
- Techline provides tactical solutions that offer savings and a more on demand environment

w3.ibm.com/sales/system

iSeries Economic Replacement Tool

iSeries. mySeries.

- Provides cost savings of moving from older AS/400s to new i5 systems
- Accounts for maintenance, power and Software consumption savings

w3-1.ibm.com/sales/systems/portal/_s.155/254?navID=f220s380&geoID=AM&prodID=iSeries&docID=igrowtool

WW Solution Sales Framework

AG ISV Systems Sales Leader: Ramona Anton, Mgr.

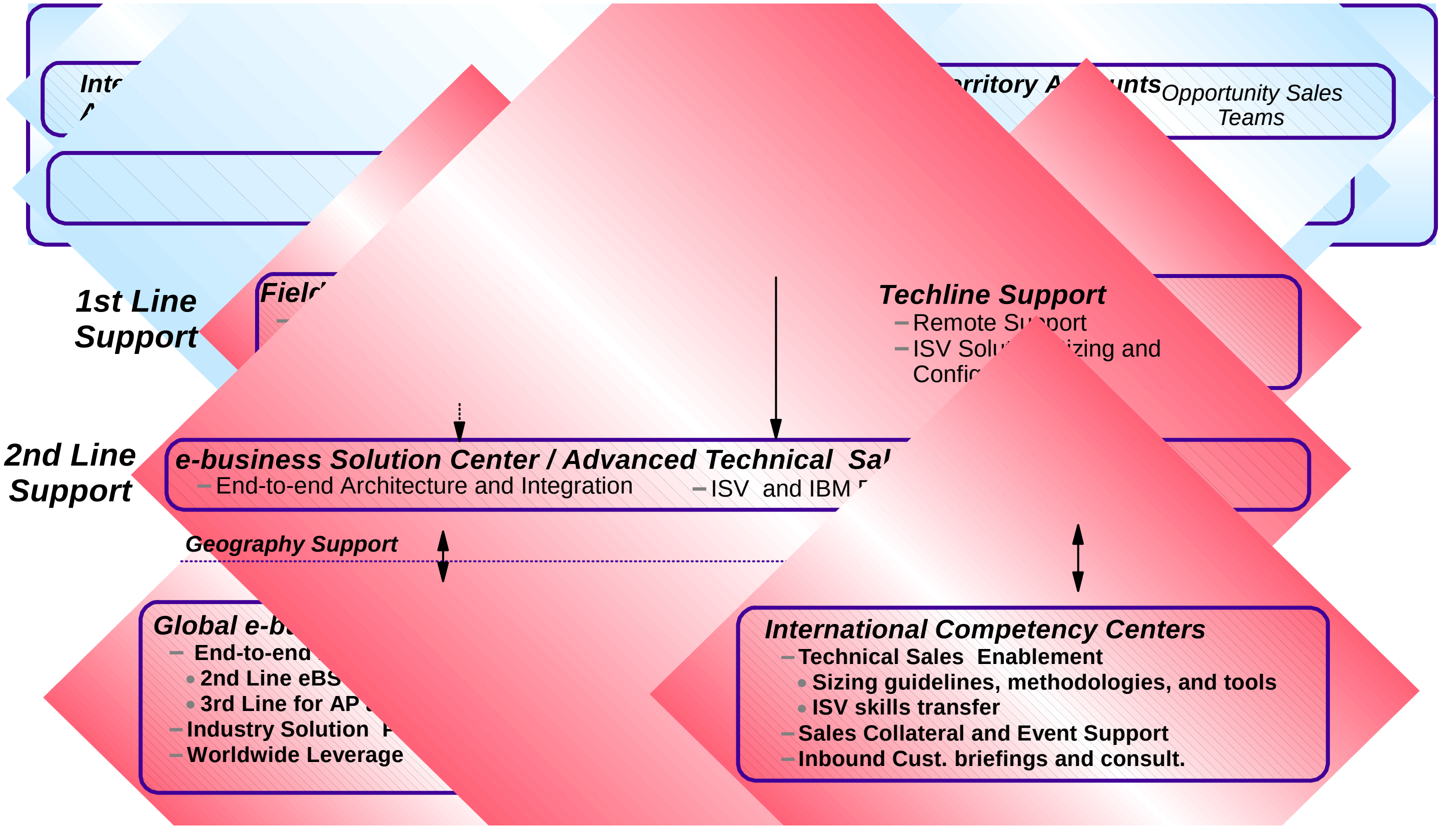
EMEA ISV Systems Sales Leader: Mark Fraipont

AP ISV Systems Sales Leader: James Su

Sales Technical Support

For contact information, see:

w3-1.ibm.com/support/stss/contacts.html



Inte

rritory A unts *Opportunity Sales Teams*

1st Line Support

Field

Techline Support
- Remote Su port
- ISV Solu izing and Confic

2nd Line Support

e-business Solution Center / Advanced Technical Sal
- End-to-end Architecture and Integration
- ISV and IBM

Geography Support

Global e-b
- **End-to-end**
  - **2nd Line eBS**
  - **3rd Line for AP**
- **Industry Solution**
- **Worldwide Leverage**

International Competency Centers
- **Technical Sales Enablement**
  - **Sizing guidelines, methodologies, and tools**
  - **ISV skills transfer**
- **Sales Collateral and Event Support**
- **Inbound Cust. briefings and consult.**

IBM ServerProven

- Clients select tried and true applications on IBM
- Clients receive cost-saving offers like . . .

Up to $64,000 USD on selected i5 or iSeries™ models or eligible upgrades

Up to $65,000 USD on selected xSeries models and qualifying DB2 licenses

Up to $5,000 USD on selected pSeries® and xSeries® models

Up to $150,000 USD on selected zSeries® models

Are your solutions ServerProven?

http://www-1.ibm.com/servers/eserver/serverproven/

Consultant and Systems Integrator Solutions

IBM Systems and Technology Group University 2005

Winning with Consultants & Integrators

Market Knowledge… Teaming Insights

Tim McChristian
General Manager, Computer Services Industry

Perspective

"In our research, IBM was mentioned on several occasions as having an excellent approach to alliances. As a leader, the company is frequently in the driver's seat when it comes to setting expectations, but the message is clear: IBM understands alliances management…"

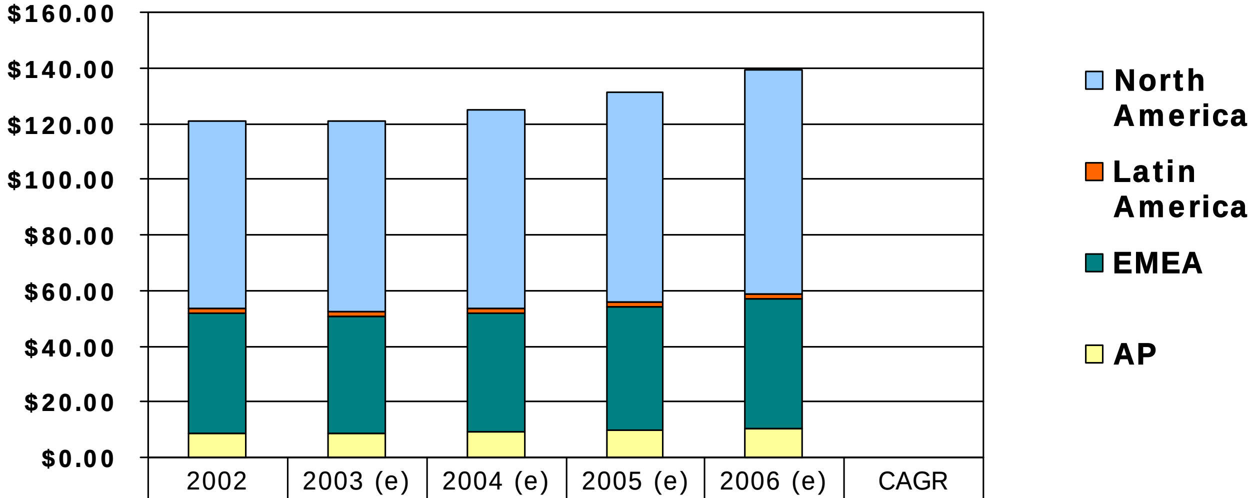
"As a result of all the efforts of the IBM Consultants & Integrators group, a substantial portion of IBM's hardware and software opportunities now come from its consultant and integration partners."

Alliances in Consulting, IT and Business Services:
Strategy, Execution and Profiles,
Kennedy Information, Inc. © 2004

The Consulting and Systems Integration Market View

The consulting and integration market — flat in 2002 and 2003, expected to rise to $131.38B in ‘05 & $139.36B in ’06, a CAGR of 3.64%.

Consulting Growth and Market Size by Region (in $B)



	2002	2003 (e)	2004 (e)	2005 (e)	2006 (e)	CAGR
🟦 North America	$67.18	$68.45	$71.12	$75.39	$80.44	4.61%
🟧 Latin America	$1.76	$1.76	$1.84	$1.94	$2.05	3.89%
🟩 EMEA	$43.24	$41.73	$42.56	$44.26	$46.48	1.82%
🟨 AP	$8.62	$8.90	$9.31	$9.79	$10.39	4.78%

Kennedy Information Group (2004)

Early Evidence of the Market Rebound

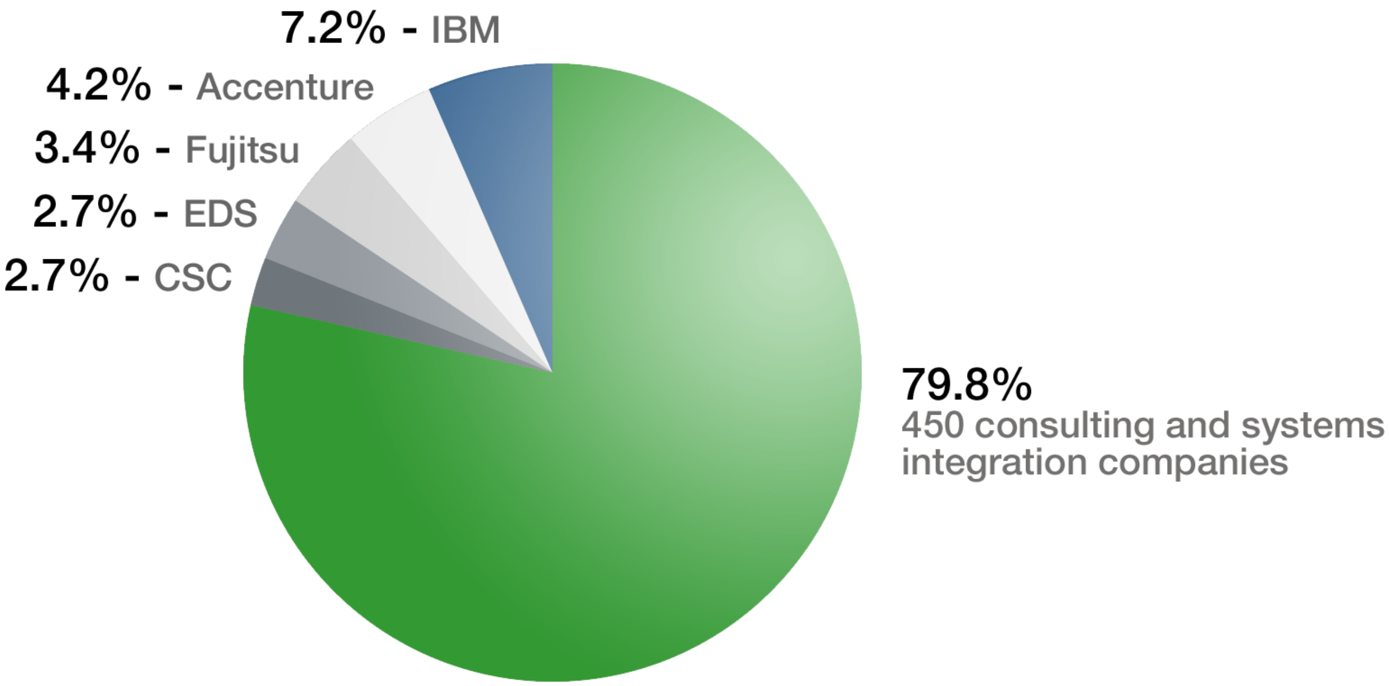
Highlights of recent revenue reporting trends among the top 25 consulting firms based on a compilation of publicly available financial news.

1. IBM	+10% (3Q04)
2. Accenture	+16% (FYE 04)
3. Deloitte	+20.8% (FYE 03)
4. Capgemini	+12.7% (3Q04)
5. CSC	+9.6% (3Q04)
6. HP	
7. McKinsey	
8. BearingPoint	+13.2% (3Q04)
9. Mercer	
10. LogicaCMG	N/A
11. EDS	+4% (2Q04)
12. SAP	
13. Oracle	
14. Atos	+75% (3Q04)
15. T-Sytems	N/A
16. Booz Allen	
17. Unisys	
18. Altran	
19. Schlumberger	
20. Tata	+43% (03-04)
21. Towers Perrin	
22. Aon Consulting	
23. Boston Consulting	
24. Watson Wyatt	
25. Mellon	

Top 25 consulting firms identified in the Kennedy Global Consulting Marketplace (2004-2006)

The Consulting and Systems Integration Market View

Despite the success of the global and major consulting and integration firms, market share remains fragmented.



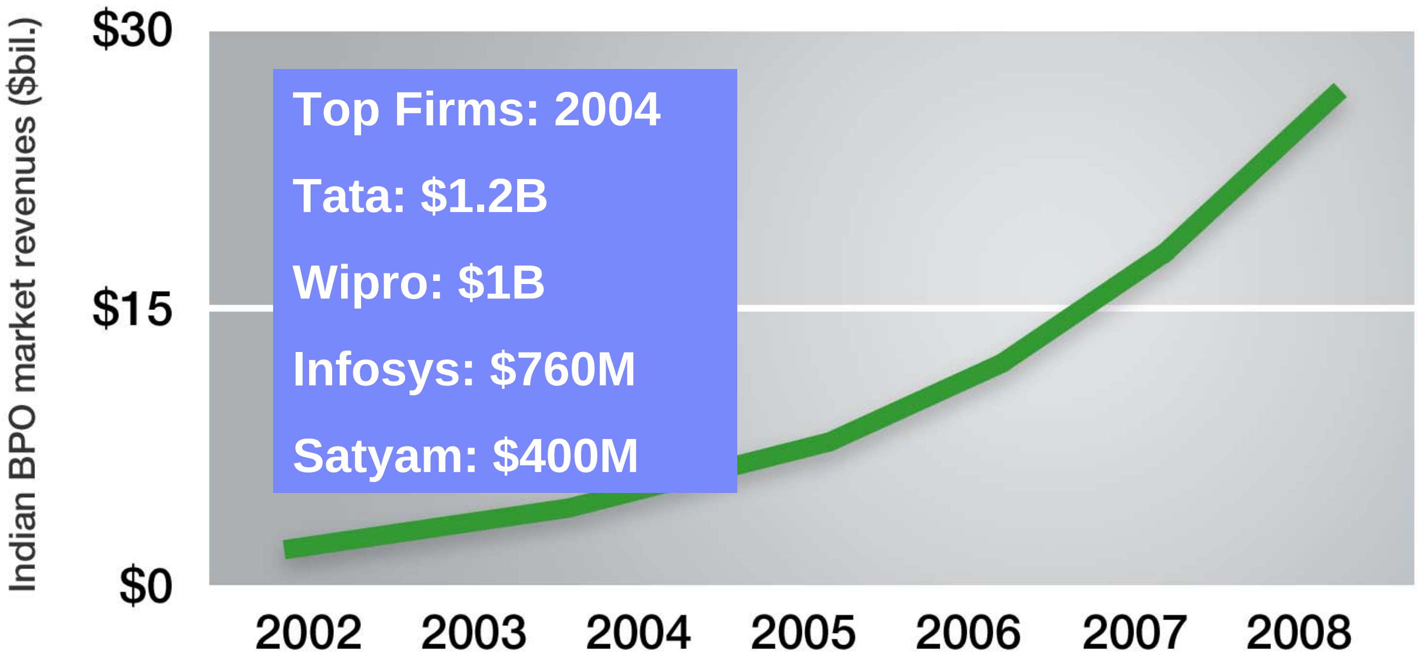
Gartner, IBM Captures Market Share Lead in SI Services, July 2003

The Selling Environment

The rise and impact of the India-based consultants and integrators presents enormous opportunity for our teams (CSI and STG).

Indian BPO Market Trend Line

Indian BPO market doubling every other year



Top Firms: 2004

Tata: $1.2B

Wipro: $1B

Infosys: $760M

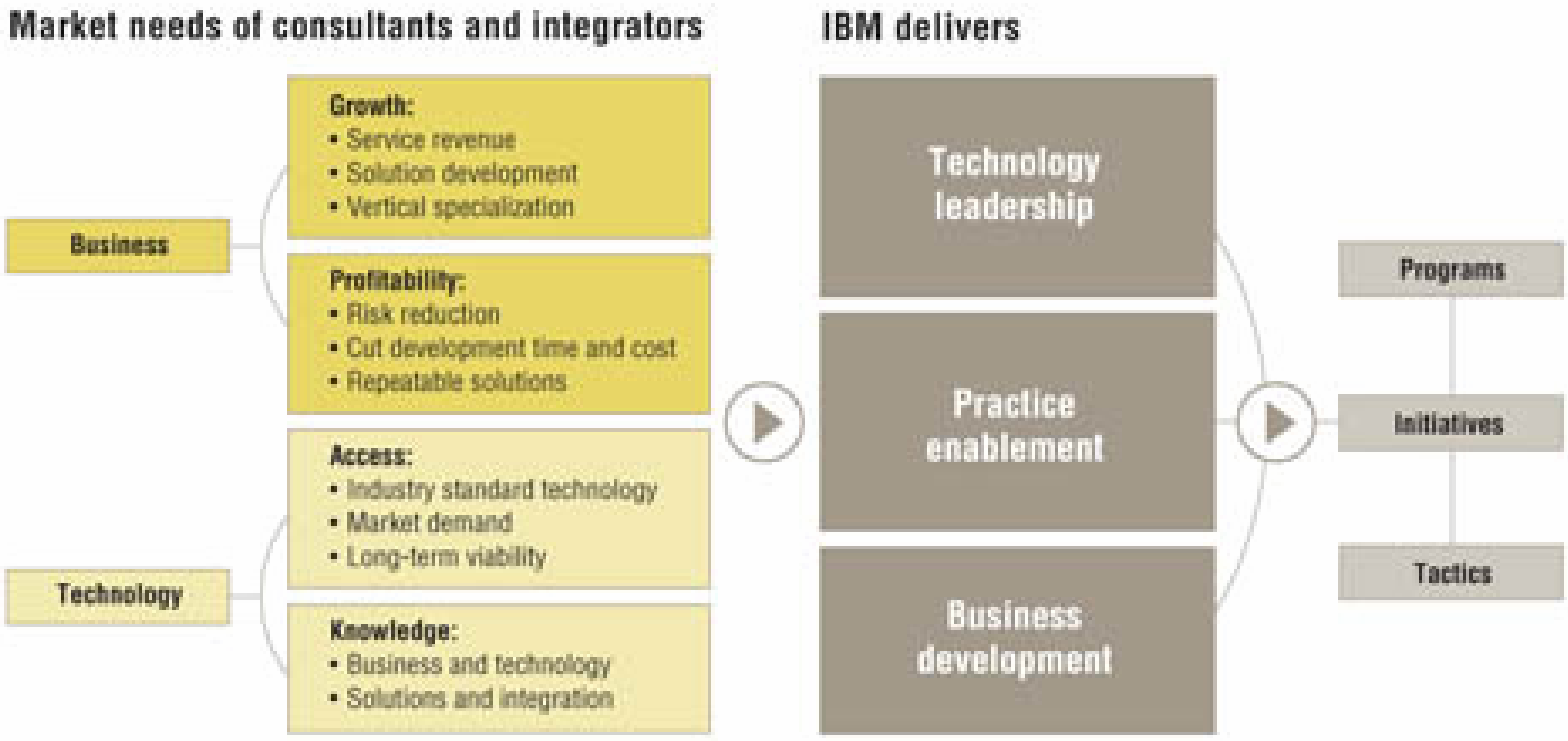
Satyam: $400M

"Indian firms enjoy a decided edge when it comes to the quality of work performed in the important application development and management sectors," according to the Kennedy report.

Kennedy Information, The Offshore Services Market Report, 2004

Why Consultants & Integrators Partner with IBM

The IBM value proposition framework for consultants and integrators is specifically designed to meet the needs of the firms that IBM works with.



Market needs of consultants and integrators

Business

Growth:
- Service revenue
- Solution development
- Vertical specialization

Profitability:
- Risk reduction
- Cut development time and cost
- Repeatable solutions

Technology

Access:
- Industry standard technology
- Market demand
- Long-term viability

Knowledge:
- Business and technology
- Solutions and integration

IBM delivers

Technology leadership

Practice enablement

Business development

Programs

Initiatives

Tactics

IBM delivers value, and programs and initiatives that target the business needs of consulting and integration firms.

Why Consultants & Integrators Partner with IBM

Consultants and integrators tell us, the top 5 reasons are:

1. **Because they are not technology providers, consultants and integrators need access to hardware and software technology.**

2. **When it comes to hardware and software, these firms know IBM is a dominant market maker.**

3. **Building solutions that integrate IBM technology creates opportunities for the practices of consultants and integrators.**

4. **IBM technology is firmly on the corporate agenda.**

   A Forrester Research survey of 204 executives and 3,500 global firms found clients are more satisfied with IBM infrastructure software and are more likely to buy it than any other company's…

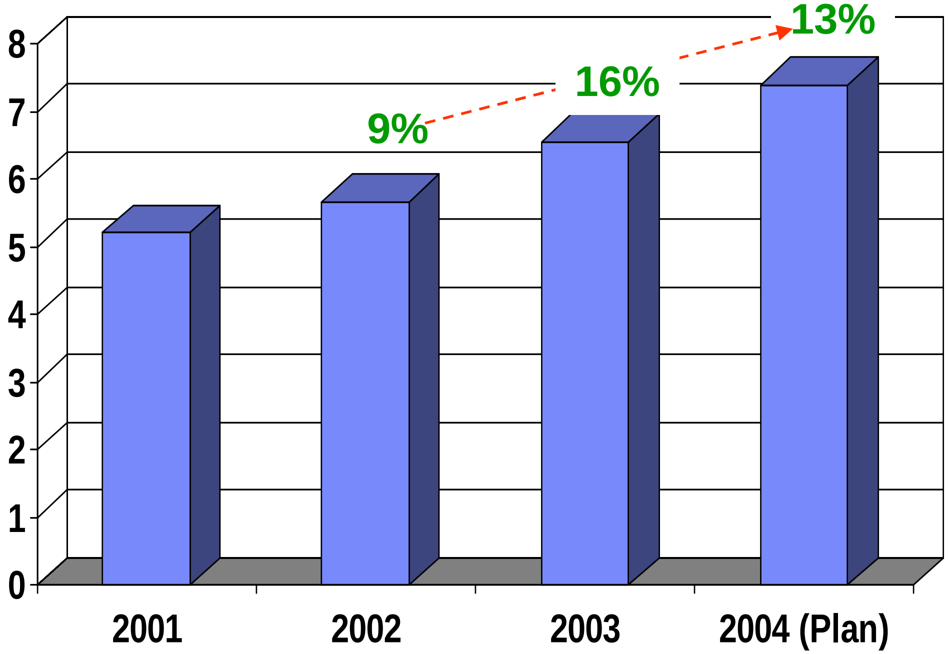
5. **Our teams have resources in place to convert opportunities into deals—and support for deals from sale to deployment.**

Why IBM Partners with Consultants & Integrators

Steady Growth since 2001 !!

IBM hardware, software, services and financing revenue from working with global and major consultants and integrators has grown steadily.

CSI Sector Revenue (Sell to, Sell Thru and Sell With)
Revenue in Billions



Source: IBM CSI Finance, 12/04

Why IBM Partners with Consultants & Integrators

The top five CSI firms that IBM partners with exert a larger market reach on critical ISV applications than does IBM Global Services.

Consultant & Integrator Share by ISV Firm
Estimated share of software license revenue by global systems integrators in the U.S.

Firm	SAP	PeopleSoft Enterprise One/World	PeopleSoft Enterprise*	Siebel
CSC	5%	N/A	1%	N/A
Capgemini	5%	4%	5%	17%
BearingPoint	5%	5%	4%	2%
Deloitte	10%	20%	5%	4%
Accenture	11%	5%	6%	30%
Total (Non BCS)	36%	34%	21%	53%
BCS	16%	25%	14%	11%

Global Solutions Marketing (*New license revenue reported by PeopleSoft).

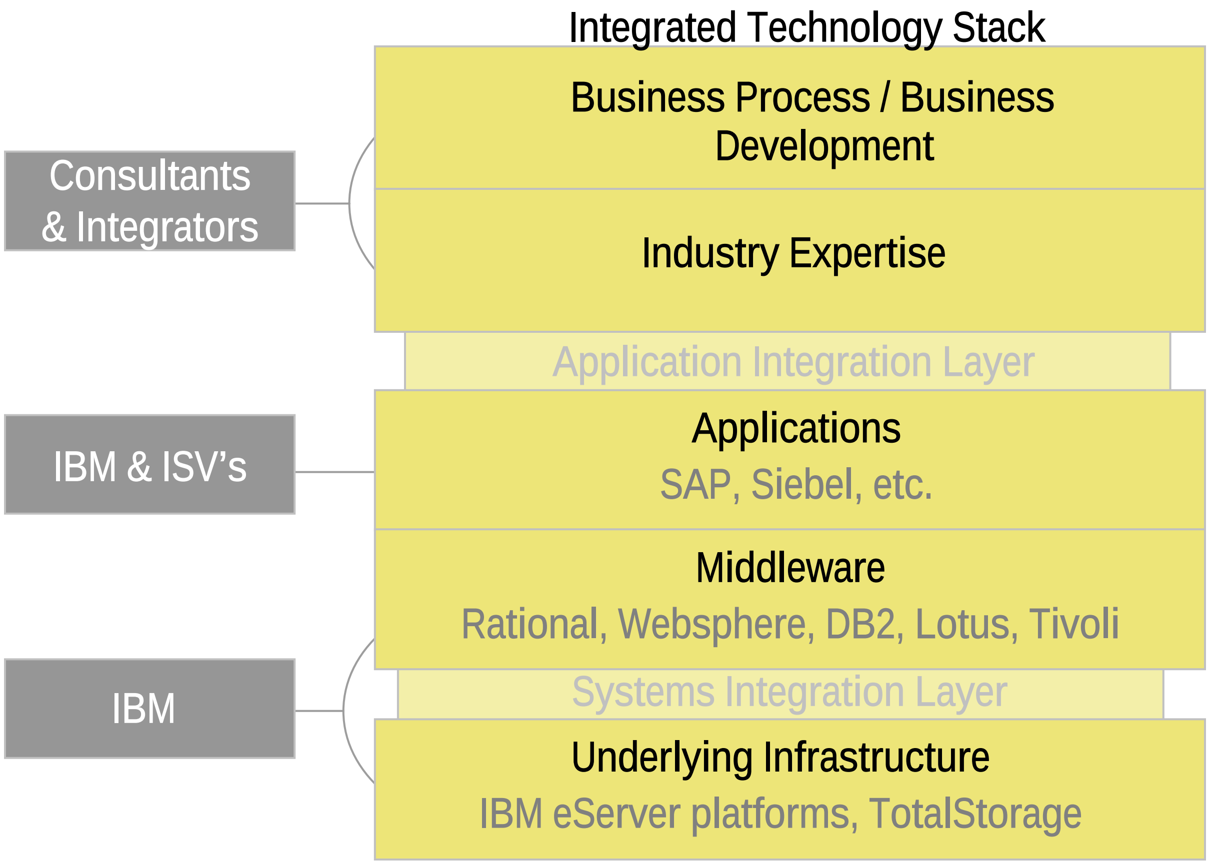
Partnering with Consultants & Integrators

Major ISV applications represent a large portion of the SI Firms business and are a key part of the IBM value proposition.

The Systems Integrator Three-Way Play

The Value Proposition

- Investment in alliances with major ISVs.
- R&D to build a proven integrated stack featuring industry benchmarks on IBM technology platforms.
- Resources to assist in solution design, testing & deployment.



Integrated Technology Stack

Consultants & Integrators

Business Process / Business Development

Industry Expertise

Application Integration Layer

IBM & ISV's

Applications

SAP, Siebel, etc.

Middleware

Rational, Websphere, DB2, Lotus, Tivoli

Systems Integration Layer

IBM

Underlying Infrastructure

IBM eServer platforms, TotalStorage

Repeatable Industry Solutions are Good Business

Alnova Financial Solutions
Claims Component Solution
Infrastructure Automation Offering

Hogan Systems ®
Exceed ™
Check Vision

FS Mobil Data Center
CIT Retail-Based Solution

IT Transformation
PeopleSoft On Demand
GEAC to PeopleSoft Conversion

PeopleSoft HR FastForward
Food & Beverage Solution

IBM Deep Computing, Driving New Application Wins with SIs

All of the firms have some high performance computing [deep computing] offerings in IBM's areas of interest

Source: Kennedy Information, 6/10/04

	Accenture	BearingPoint	Capgemini	Dell	Deloitte	CSC	EDS	Fujitsu	HP
Industry Areas: HPC									
Energy (Oil & Gas)	●		●	◖	●		●		◖
– Petroleum Exploration	●		●	◖			●		◖
Federal	◖	●	●	◖	●	●	●	●[1]	◖
Life Sciences	●		●	◖	◖	◖			◖
Functional Areas: HPC									
Business Intelligence	●	●	●	◖	●	●	●	◖	◖
Digital Media	●	◖	●	◖	◖	◖	◖		●
Electronic Design & Automation	◖	◖	●				●[2]	◖	

Legend	
Specified practice area or a focus	●
Active	◖
Little or no activity	○

Note 1: Japanese Federal market; Note 2: historical position; significant capabilities recently sold to a buyout group including Bain Capital
Source: Kennedy Information estimates based on a preliminary review

Congratulations and Thank you!!

Accenture

$1.3M pSeries & Storage win over HP and EMC at a Major West Coast Financial Services firm

$500K pSeries win for China-based insurance firm

Hedge play: BCS loss on ERP implementation

$130K xSeries win at major entertainment account Sarbanes-Oxley compliance solution

$450K win for major consumer packaged goods company

BearingPoint

Capgemini

$4.3 million competitive win at major Sun account

Blade server, pSeries & storage

Global entertainment company

$360K zSeries win Major global fashion company

$10 million server deal for major national retailer SAP based implementation featuring zSeries

Deloitte

Teaming with Consultants & Integrators

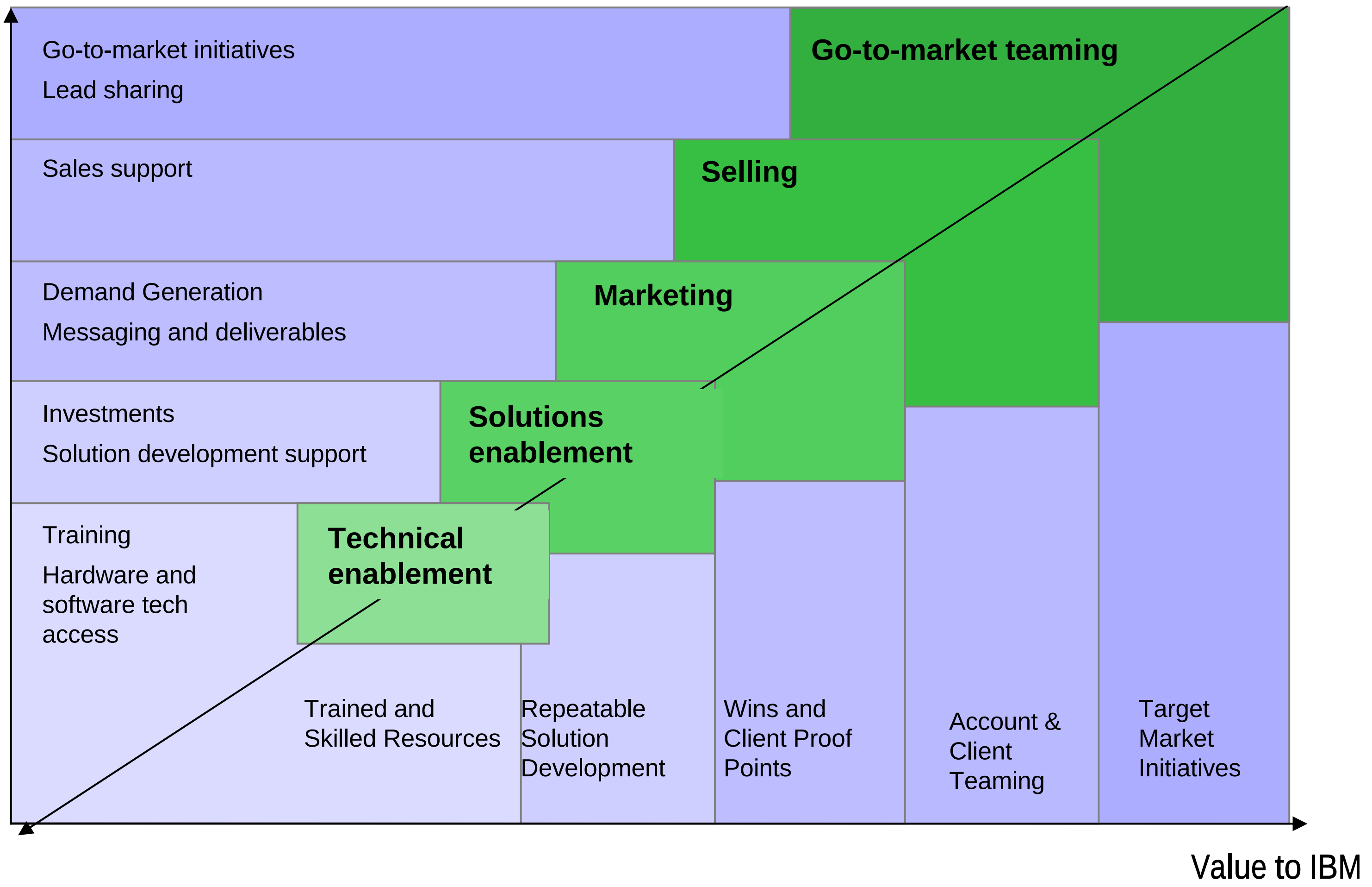
“Forging tighter links with IBM as a leading technology provider is an absolute business imperative for our firm.”

Garry Gomersall,
Alliance Manager, Capgemini-IBM Relationship

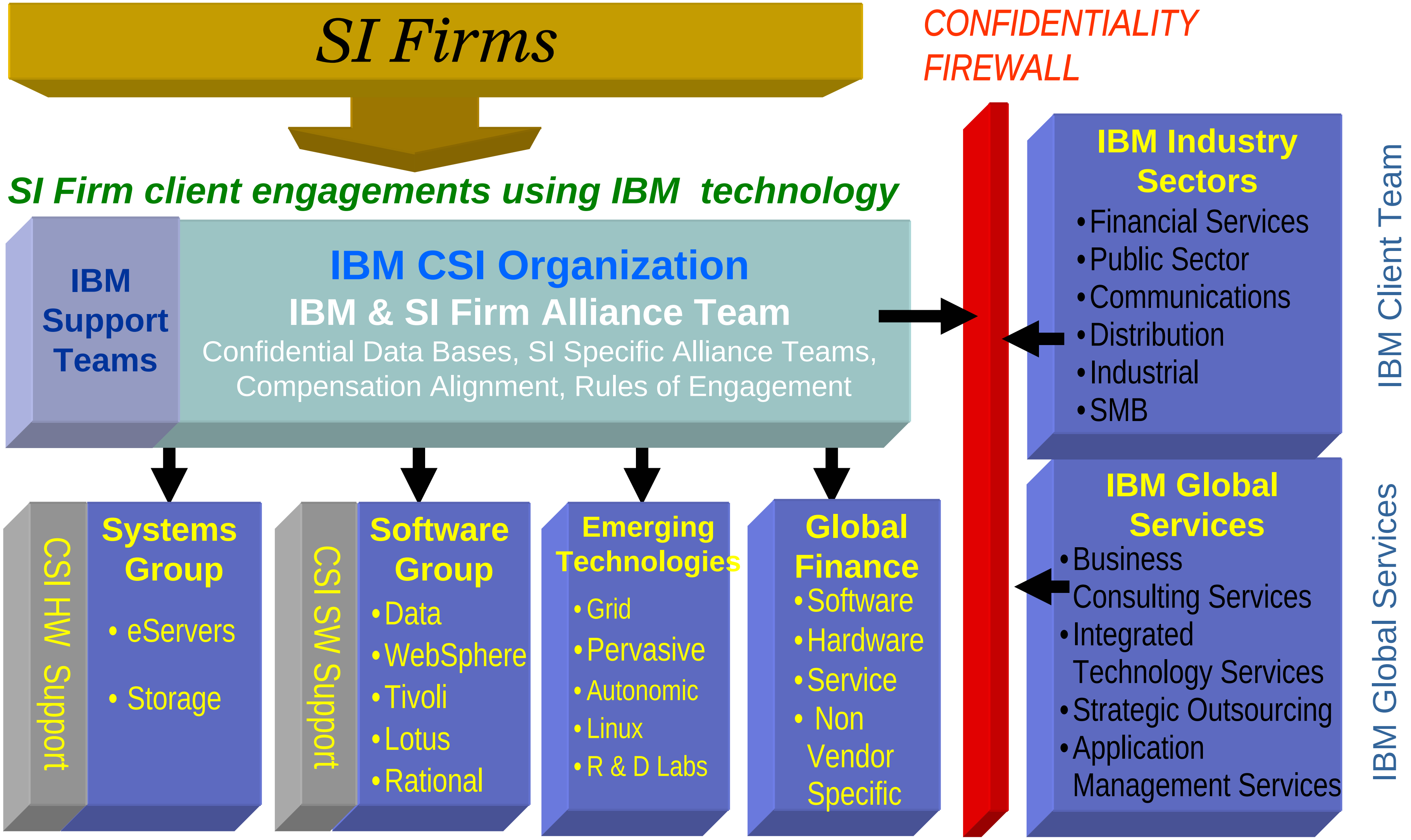
“IBM is a one-stop shop, relative to Deloitte solutions enablement. We can take advantage of a broad footprint of IBM hardware, software and services to better meet client needs, as opposed to weaving together a patchwork of multi-vendor technologies.”

Bob Dalton,
Alliance Manager, Deloitte-IBM Relationship

Our Partnership Strategy



Partnering with Consultants & Integrators



SI Firms

CONFIDENTIALITY FIREWALL

SI Firm client engagements using IBM technology

IBM Support Teams

IBM CSI Organization

IBM & SI Firm Alliance Team

Confidential Data Bases, SI Specific Alliance Teams, Compensation Alignment, Rules of Engagement

CSI HW Support

Systems Group

- eServers
- Storage

CSI SW Support

Software Group

- Data
- WebSphere
- Tivoli
- Lotus
- Rational

Emerging Technologies

- Grid
- Pervasive
- Autonomic
- Linux
- R & D Labs

Global Finance

- Software
- Hardware
- Service
- Non Vendor Specific

IBM Client Team

IBM Industry Sectors

- Financial Services
- Public Sector
- Communications
- Distribution
- Industrial
- SMB

IBM Global Services

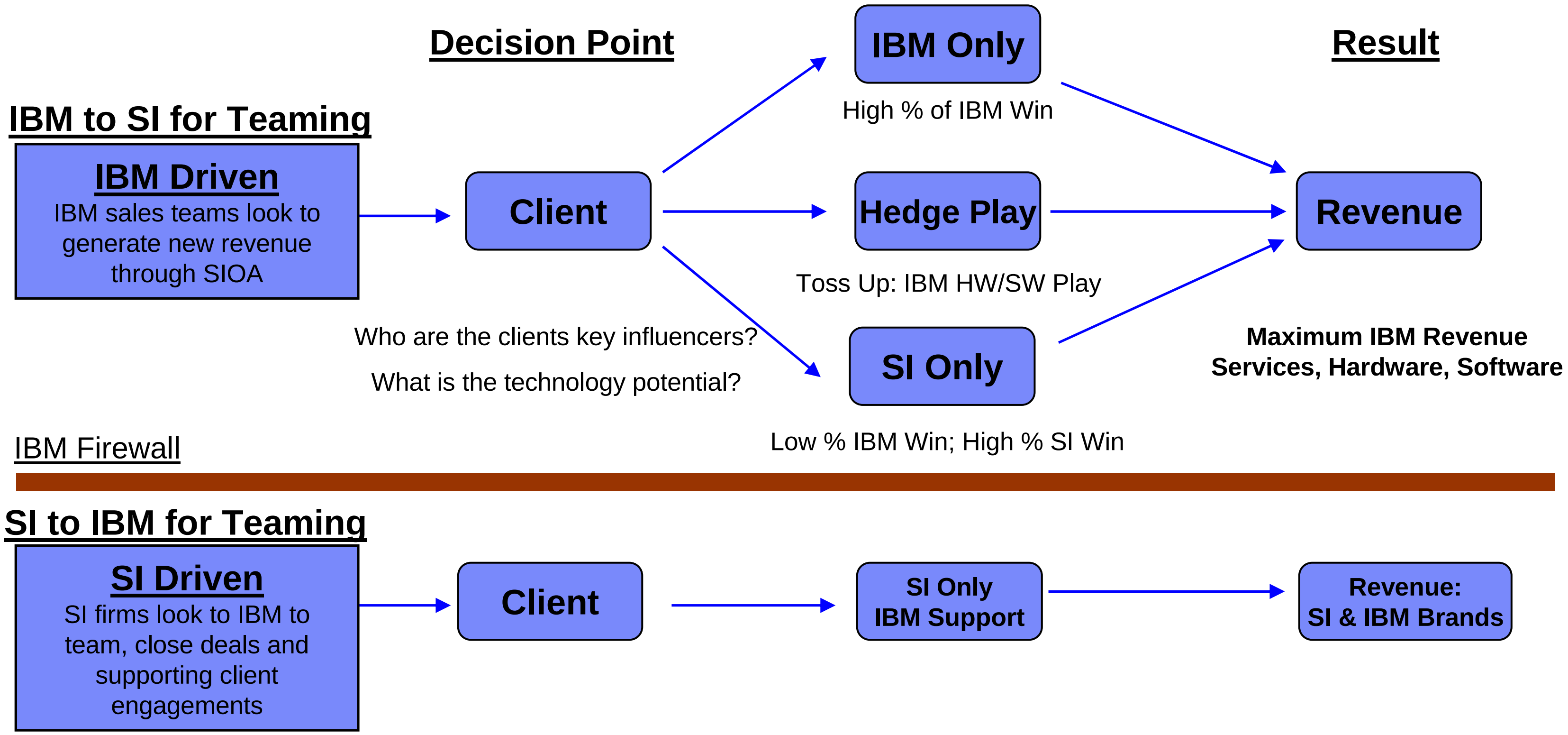
IBM Global Services

- Business Consulting Services
- Integrated Technology Services
- Strategic Outsourcing
- Application Management Services

Teaming with Consultants & Integrators: “SIOAs”

Systems Integrator Opportunity Assessments (SIOAs) are critical to drive beyond IGS/BCS only engagements to increase revenue with SI partners.

SIOA Workshop: Situational Model (Account by Account Planning)



Decision Point

Result

IBM to SI for Teaming

IBM Driven

IBM sales teams look to generate new revenue through SIOA

Client

IBM Only

High % of IBM Win

Hedge Play

Toss Up: IBM HW/SW Play

SI Only

Low % IBM Win; High % SI Win

Revenue

Maximum IBM Revenue
Services, Hardware, Software

Who are the clients key influencers?

What is the technology potential?

IBM Firewall

SI to IBM for Teaming

SI Driven

SI firms look to IBM to team, close deals and supporting client engagements

Client

SI Only
IBM Support

Revenue:
SI & IBM Brands

The Power of the Written Word

Our marketing team will continue to provide the resources that help our sales teams work with our SI partners.

CSI Intranet

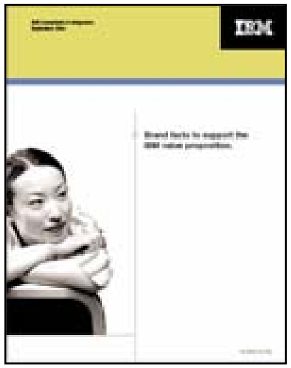
CSI Win Database

CSI Insights Newsletter

IBM C&I Public Web Sites

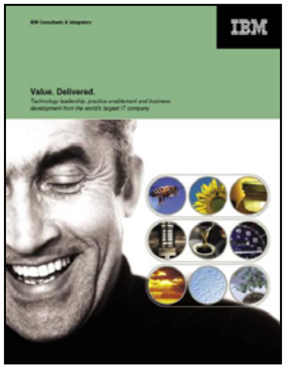
IBM C&I Private E-Sites

Content Guidelines

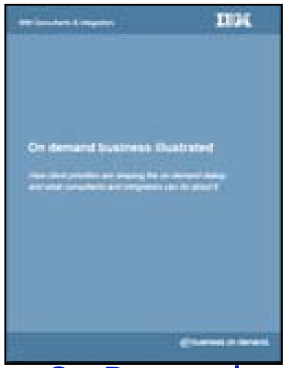


Brand Facts

Firm Profiles



Value Proposition



On Demand Guides

Solution Briefs

Internal ⟷ External

Key Contacts

CSI & STG Sales

Global Sales:

- Carlos Fonseca, Computer Services Industry
- Theresa Doyle, STG CSI

Americas Sales:

- Bob Halpin, Computer Service Industry
- Mike Lingenfelter, Systems & Tech Group

EMEA Sales:

- Simon Porter, Computer Service Industry
- Luc Vervecken, Systems & Tech Group

Asia Pacific Sales:

- David Russell, Computer Service Industry
- James Su, Systems & Tech Group

Business Development & Marketing

Global Business Development:

- John Herlihy, Computer Services Industry
- Tony Mace, System Integrator 3 Way Play
- Art Baron, Channels Solutions Team

Global Marketing:

- Chris MacLaughlin, CSI Marketing

STG Channel Enablement:

- Steve Perry, STG Channel Enablement – Systems Integrators

Global SI Partner Contacts:

Accenture:

- Dan O’Connell, CSI Global Client Exec

BearingPoint:

- Radne Bryant, CSI Global Client Exec

CapGemini:

- Frank Fetchet, CSI Global Client Exec

Computer Sciences Corporation:

- Byron Essig , CSI Global Client Exec

Deloitte:

- Glenn Brogan, CSI Global Client Exec

Teaming with Consultants & Integrators: Discussion

Thank You!

www.ibm.com/partner/consultants

In Summary . . .

2005 CSI Priorities: Industry and Top ISV Solutions

SI-Led Industry Solutions

Banking, Insurance, Healthcare, Distribution, Retail, Petroleum

Sell
- Low Cost
- Low Risk
- More SI Services Oppty
- Innovation

Leverage
- IGF
- Consolidation
- Power 5
- Virtualization
- HPC

Top ISV Solutions

SAP, PeopleSoft, Siebel, Oracle, i2

Sell
- Version Upgrades
- BI (BW, Analytics)
- Competitive replace

Leverage
- SAP Migration Offering
- Performance Proof Points
- Linux

2005 ISV Solution Priorities

iSeries ISV
Protect and Grow

WW 16,000+ Clients
iprotect@us.ibm.com

Sell

- Version Upgrades
- Infrastructure Upgrades
- Competitive (including Wintel) replace

Leverage

- Economic Replace Tool
- ServerProven Rebates
- Solution Editions

zSeries
Protect and Grow

WW 425+ Clients
zprotect@us.ibm.com

Sell

- Version Upgrades
- BI (BW, Analytics)
- Competitive replace - YES

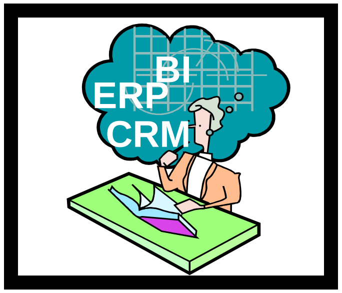
Leverage

- Performance Proof Points
- SAP Migration Offering
- Linux

MULTIPLE BRANDS AND CROSS INDUSTRY ISVS

What's Next?

1.



Understand the ISV/SI solutions

2.

Understand how IBM's virtualization and On-Demand complements ISV/SI solutions

3.

Buy the Donuts

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NOTES:

Performance is in Internal Throughput Rate (ITR) ratio based on measurements and projections using standard IBM benchmarks in a controlled environment. The actual throughput that any user will experience will vary depending upon considerations such as the amount of multiprogramming in the user's job stream, the I/O configuration, the storage configuration, and the workload processed. Therefore, no assurance can be given that an individual user will achieve throughput improvements equivalent to the performance ratios stated here.

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BackUp

Essential URLs

AG

- **Techline Web Info**w3-1.ibm.com/support/americas/techline/index.htm
- **Techline Proposal Support: w3-1.ibm.com/support/americas/techline/q_propsupt.html**
- **Sizing requests:** www.ibm.com/erp/sizing

EMEA

- **Techline Web Info**
- **Techline Proposal Support:**

AP

Techline Web Info and Requests: http://w3-6.ibm.com/support/ap/ap_techline.html

Solution Websites

SAP

- **Internal**
  - IBM SAP Sales Portal (IBM eBusiness Advisor) w3.ncs.ibm.com/sap
- **External**
  - Joint Website: www.ibm-sap.com
  - SAP Website www.sap.com

PeopleSoft

- **Internal**
  - IBM eBusiness Advisor w3.ncs.ibm.com/tbd
- **External**
  - Joint Website:
  - PeopleSoft Website www.peoplesoft.com

Siebel

- **Internal**
  - IBM eBusiness Advisor http://w3.ncs.ibm.com/tbd
- **External**
  - Joint Website:
  - Siebel Website www.sap.com

i2

- **Internal**
  - http://w3.ncs.ibm.com/solution.nsf/SCM/RMAE-57JJGS?OpenDocument&Area=SCM
  - http://w3.ncs.ibm.com/cspaper.nsf/HTitle/0SDNE-5E2JRM?OpenDocument
- **External**
  - http://www.i2.com/
  - http://www.i2-usergroup.org/

Alliance Sales and Marketing Contacts

AG ISV Systems Sales Leader: Ramona Anton, Mgr.

ISV System Sales Leader: Mark Fraipont

AP Regional Systems Sales BDMs: James Su

	SAP	PeopleSoft	Siebel	Oracle	i2
VP, Global Alliance	Volker Loehr, vloehr@de.ibm.com				
Americas Sales Exec	Brian Burke, bburke@us.ibm.com				
EMEA Sales Exec	Nigel Milton Nigel_milton@uk.ibm.com				
AP Sales Exec	Don McNair mcnairdh@sg.ibm.com				
Global eServer Bus.Dvlpmnt	Eva Lau, TotalStorage elau@us.ibm.com David Stuteville p-/zSeries dastute@us.ibm.com Michael Koerner x-/iSeries mkoerner@de.ibm.com	**STG: Jennifer Chamberlin** **iSeries; Julie Ransom**			

Pre-Sales Tech Support (eTS) Americas

Sizing and Pre-sales support via dedicated Techline, FTSS and ATS

Techline Web Infow3-1.ibm.com/support/americas/techline/index.htm

Techline Proposal Support: w3-1.ibm.com/support/americas/techline/q_propsupt.html

	SAP	PeopleSoft	Siebel	Oracle	i2
E-business Technical Sales (eTS)	**Scott Bell ,** **302-797-7404** **Donald Whitt ,** **610-578-2437** **Wilson E Cruz/Brazil/IBM**	**Scott Bell** **302.797.7404** **gsbell@us.ibm.com**			
Sizing Request		**www.ibm.com/erp/sizing**			
Advanced Technical Support (ATS)		**Tim Thompson** **919-531-0478** **timt@us.ibm.com**			
General Questions	**WorldWide** **ISICC InfoService infoservice@de.ibm.com**				

Pre-Sales Tech Support (eTS) EMEA

Sizing and Pre-sales support via dedicated Techline, FTSS and ATS

Techline Web Info:

Techline Proposal Support:

	SAP	PeopleSoft	Siebel	Oracle	i2
Solutions Field Technical Sales Support	Preet Dhillon/UK/IBM				
EMEA Central	**Manfred Engelbart/Germany/IBM**				
EMEA Central Solution Sizing Center	Phone: (49) 1803-246256				
EMEA West	Marc Rodier/France/IBM				
EMEA South	Gabriele Peroni/Italy/IBM				
EMEA North	Alan Smith/UK/IBM				
EMEA Nordics	Niel Jorgen/Abildskov/Denmark/IBM				
CEMA (Focal Point)	**Walter Haussmann/Germany/IBM**				

Pre-Sales Tech Support (eTS) AP

Sizing and Pre-sales support via dedicated Techline, FTSS and ATS

Techline Web Info and Requests: http://w3-6.ibm.com/support/ap/ap_techline.html

	SAP	PeopleSoft	Siebel	Oracle	i2
Solutions Field Technical Sales Support					

Solution Websites

Insert snapshot of SAP e-bus advisor site

SAP

- **Internal**
  - IBM SAP Sales Portal (IBM eBusiness Advisor) w3.ncs.ibm.com/sap
- **External**
  - Joint Website: www.ibm-sap.com
  - SAP Website www.sap.com

PeopleSoft

- **Internal**
  - IBM eBusiness Advisor w3.ncs.ibm.com/tbd
- **External**
  - Joint Website:
  - PeopleSoft Website www.peoplesoft.com

Siebel

- **Internal**
  - IBM eBusiness Advisor http://w3.ncs.ibm.com/tbd
- **External**
  - Joint Website:
  - Siebel Website www.sap.com

i2

- **Internal**
  - IBM eBusiness Advisor url here
- **External**
  - Joint Website:
  - PeopleSoft Website www.peoplesoft.com

Insert ISV Solution Link URL

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AP Regional Systems Sales BDMs: James Su

	SAP	PeopleSoft	Siebel	Oracle	i2
VP, Global Alliance	Volker Loehr, <email here>				
Americas Sales Exec	Brian Burke, <email here>				
EMEA Sales Exec					
AP Sales Exec					
Global eServer Bus.Dvlpmnt	Eva Lau, storage <email here>	**STG: Jennifer Chamberlin** **iSeries; Julie Ransom**			

Repeatable Industry Solutions are Good Business

Accenture

- Alnova Financial Solutions
- Claims Component Solution
- Infrastructure Automation Offering

Capgemini

- IT Transformation
- PeopleSoft On Demand
- GEAC to PeopleSoft Conversion

CSC

- Hogan Systems ®
- Exceed ™
- Check Vision

BearingPoint

- FS Mobil Data Center
- CIT Retail-Based Solution

Deloitte

- PeopleSoft HR FastForward
- Food & Beverage Solution

The Selling Environment

Consultants and integrators are one of the major influencers in solution areas that are strategic to the Systems & Technology Group.

Top Three Influencers for Major Solution Categories

	1	2	3
ERP	ISV (54%)	**SI (26%)**	HW Co. (6%)
CRM	ISV (48%)	**SI (31%)**	HW Co. (6%)
SCM	ISV (46%)	**SI (35%)**	ASP (8%)
Networking	**SI (28%)**	HW Co. (28%)	ISV (18%)
Enterprise Security	ISV (42%)	**SI (24%)**	HW Co. (12%)
Internet Technology	ISV (30%)	ISP (26%)	**SI (24%)**
Utility Infrastructure	**SI (51%)**	ISV (24%)	VAR/ASP (8%)
Pervasive/Wireless	HW Co. (35%)	**SI (21%)**	ISV (15%)
Systems Management	**SI (32%)**	ISV (32%)	HW Co. (13%)
Business Intelligence	ISV (48%)	**SI (32%)**	VAR (6%)
Collaboration	ISV (44%)	**SI (34%)**	VAR (6%)
Digital Media	ISV (29%)	**SI (25%)**	HW Co. (17%)

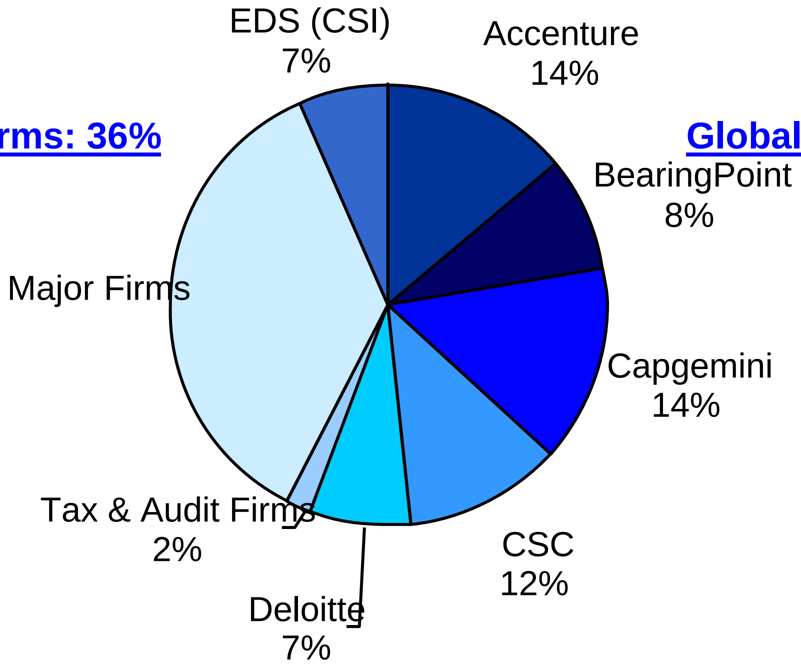
Solutions Market Monitor: Solutions Market Intelligence Forum (09/30/04)

Our Results with Consultants & Integrators

The Partner Portfolio Mix: 2004 Revenue Plan

Major Firms: 36%

Global Firms: 64%



Source: IBM CSI Finance, 12/04

Congratulations and Thank You

- **Accenture in $1.3 million p-series and storage win over HP and EMC:**
  - ✓ Major West Coast Financial services firm
- **Bearing Point in $500K p-series win for China-based insurance firm**
  - ✓ Hedge play: BCS loss on ERP implementation
- **Bearing Point in $130K x-series win at major entertainment account**
  - ✓ Sarbanes-Oxley compliance solution
- **CSC**
  - TBD
- **Capgemini in $4.3 million competitive win at major Sun account**
  - ✓ Blade server, p-series and storage for global entertainment company
- **Deloitte in $10 million server deal for major national retailer**
  - ✓ SAP-based implementation

Teaming with Consultants & Integrators: 3-Way Plays

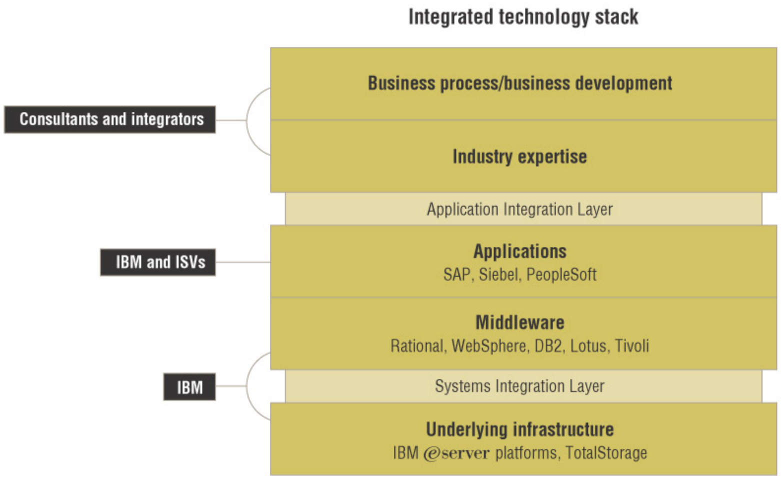
For SI firms, the major ISV applications represent the majority of their business and are a key IBM competitive value proposition.

The Value Proposition

- Investment in alliances with major ISVs.
- R&D to build a proven integrated stack featuring industry benchmarks on IBM technology platforms.

Resources to assist in solution design, testing & deployment.

The Technology Stack



Integrated technology stack

Consultants and integrators

IBM and ISVs

IBM

Business process/business development

Industry expertise

Application Integration Layer

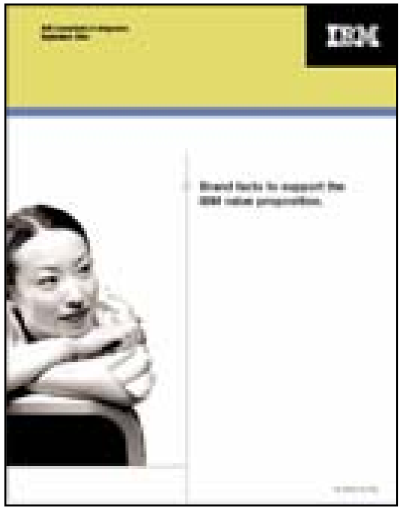
Applications
SAP, Siebel, PeopleSoft

Middleware
Rational, WebSphere, DB2, Lotus, Tivoli

Systems Integration Layer

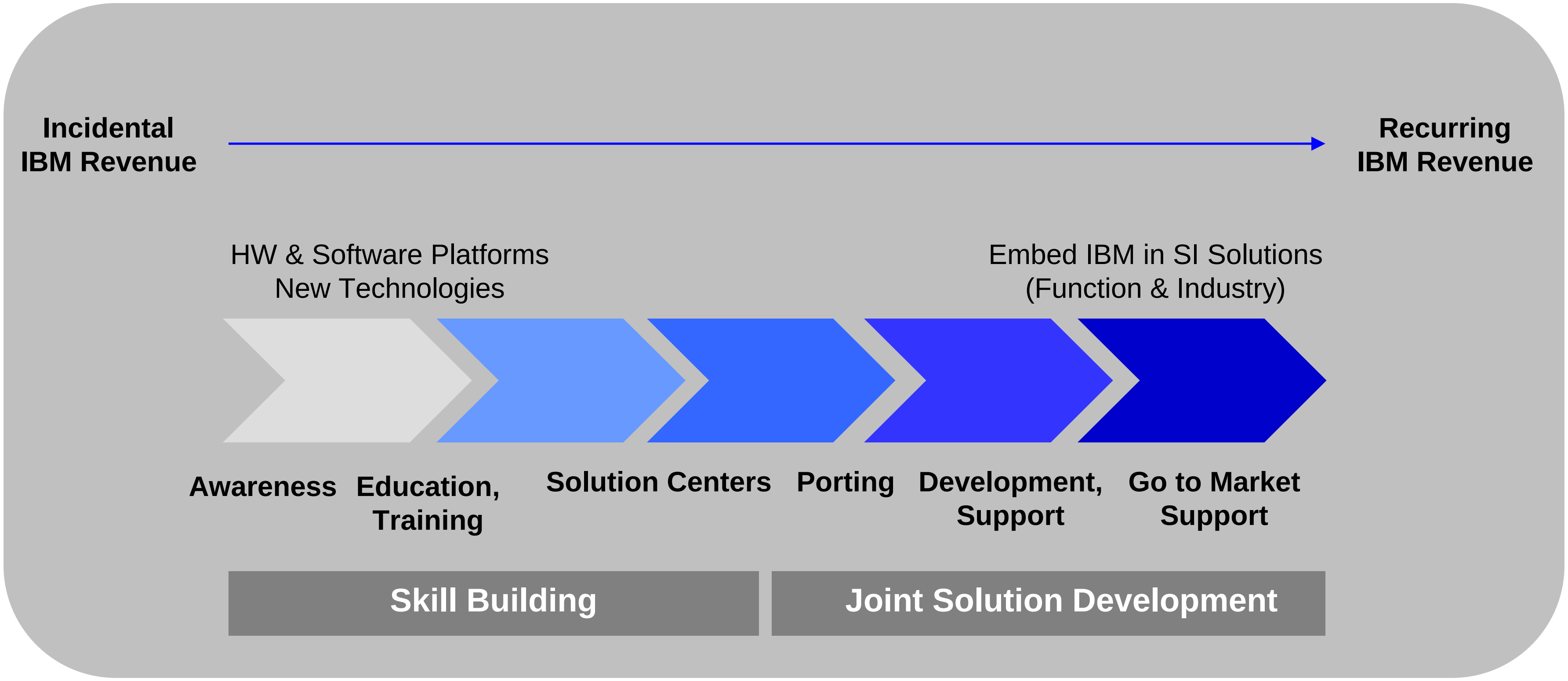
Underlying infrastructure
IBM @server platforms, TotalStorage

The Facts (Resources)



Teaming with Consultants & Integrators: Industry Solutions

A major differentiator for IBM is the ability to translate critical and new technologies into repeatable solutions SI firms can bring to market.



Incidental IBM Revenue

Recurring IBM Revenue

HW & Software Platforms
New Technologies

Embed IBM in SI Solutions
(Function & Industry)

Awareness

Education, Training

Solution Centers

Porting

Development, Support

Go to Market Support

Skill Building

Joint Solution Development

Marketing Support Initiatives

Initiatives

SI Alliance Support
- Profiles
- Solution briefs
- Custom

Communications
- Media & analyst relations
- Field wins
- Internal events & articles
- Messaging

Sales Enablement
- C&I brand facts
- On demand guidebooks
- Value proposition
- Etc.

Channel Enablement
- Content guidance

Delivery

Global Sales Team: Account Director

Global Alliance Team

1 to 1 E-Sites

1 to Many T-Sites

Newsletter (Insights)

Intranet/SectorNet

Audience

IBM CSI Account Teams

Top Global Systems Integrators (Capgemini, Deloitte)

Community of consulting and integration companies

IBM Brands

IBM Geography Teams