



# Competitive Winback in Financial Services

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Session Number – CB66

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# Agenda

- **Learning Objectives**
- Financial Services Overview
  - Market Opportunities
    - ✓ Client Examples
- Competitive winback Solutions in Financial Services
  - Selective Business Solutions and Offerings
  - On Demand Operating Environment
  - Point Products
  - Services
- Business Partner Relationships, Strategy and Opportunities
  - Systems Integrators
  - ISV's
- Selling Strategy and Call to Action
- Help and Resources

# Learning Objectives

**At the conclusion of this material, you should be able to:**

- Identify the competitive revenue opportunities in Financial Services
- Understand IBM's strengths in the on demand operating environment
- Learn from success stories in Financial Services
- Develop a competitive sales strategy

# Agenda

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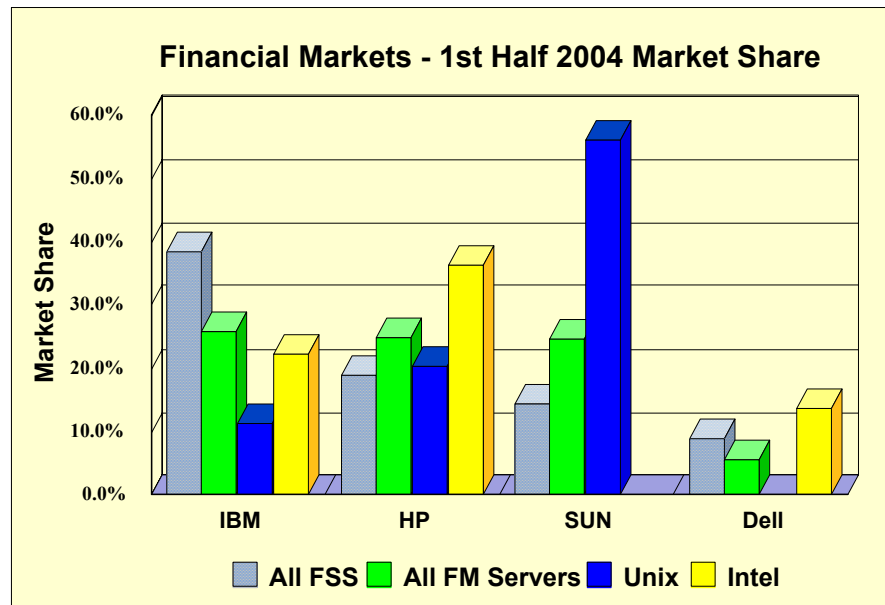
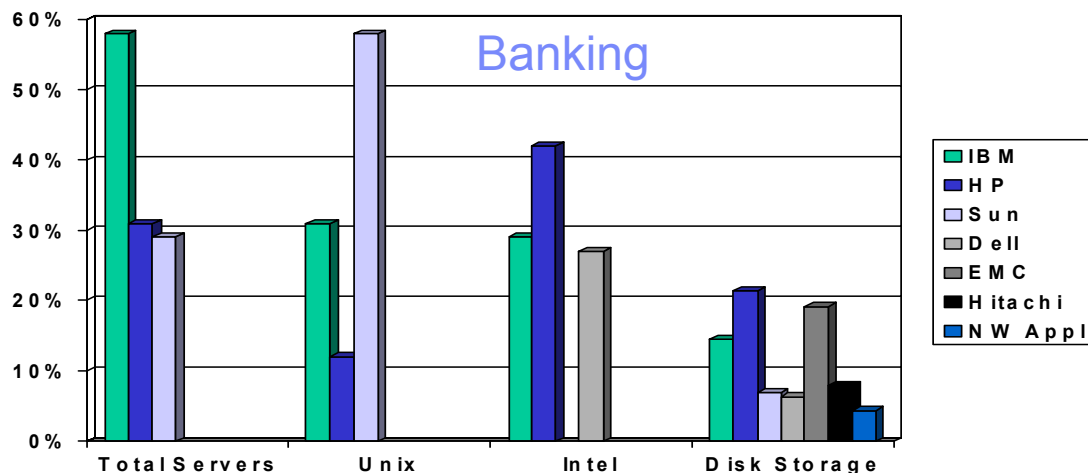
# Competitive Server and Storage Share

Survey of Top 66 Americas FSS Accounts found that

IBM's share of client spend ranged from 5% to 83%

Median: 22%

***There is ample room to increase our revenue by capturing more share***

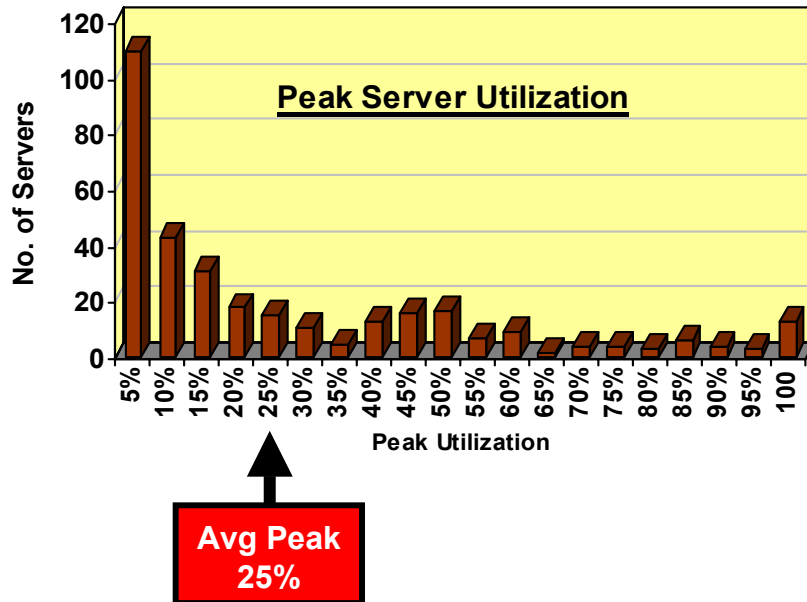


Source: STG Industry Marketing, Opportunity data - GMV2H04



# Client Example: Large US Card Company

The peak utilization of the reported servers showed that servers have been over-sized.

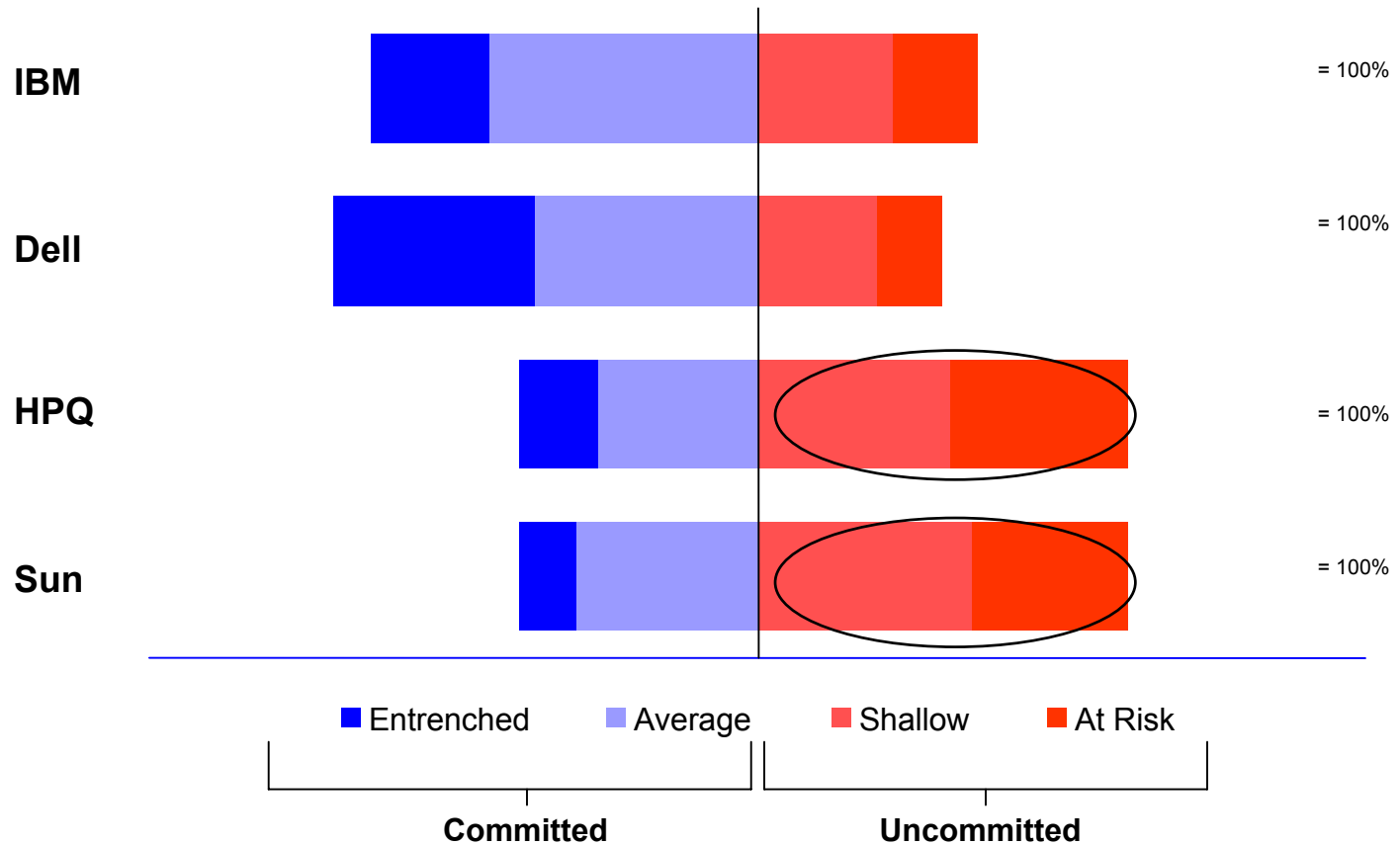


Primary Function	No.	Avg Peak	StdDev Peak	Expected Worse Case <sup>1</sup>
Application	7	32%	0.30	78%
Database	45	23%	0.26	62%
Network	14	24%	0.26	62%
Recovery	8	14%	0.17	39%
Security	15	32%	0.31	79%
Sys Mgt	30	14%	0.21	46%
WebApp	61	31%	0.28	73%
<b>Total</b>	<b>180</b>	<b>25%</b>		

- **An understanding of the peak utilization distribution across production servers is used to size the target solutions.**
  - ▶ Most production servers are sized for seasonal peaks
  - ▶ Many seasonal peaks for AMEX typically occur during high retail seasons (e.g., Thanksgiving, Christmas)
- **IBM's Opportunity:**
  - ▶ Optimize utilization of IBM's servers and storage with our Virtualization technology provides significant client savings opportunities and increased revenue opportunities for IBM



# IBM 2003 research shows that Clients are uncommitted to HP and SUN Our win-back program will seize the opportunity



Source: YE 2003, HMDS – “Marketplace” (not including Japan). CHQMI Analysis

# These forces are driving Financial Services firms to focus investment around 3 areas

## Key Forces Shaping Financial Landscape

- Globalization
- Regulatory Scrutiny & Compliance Mandates
- Margin Compression/Commoditization
- Geo-Political Uncertainty
- Increasing Customer Expectations
- Increasing Importance of IT
- Heightened Reputational Risks
- Inorganic Growth Plays

## Investment Priorities

Operational Efficiency	Growth Enablement	Risk Resiliency
<ul style="list-style-type: none"> <li>▪ Transforming payments infrastructure</li> <li>▪ Improving trade execution</li> <li>▪ Enhancing connectivity and messaging</li> <li>▪ Integrating enterprise data</li> <li>▪ Rationalizing apps</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enabling integrated customer views</li> <li>▪ Developing new products and revenue models (automated trading, insourcing, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enhancing risk management (market, credit + operational)</li> <li>▪ Complying with Basel II, Sarbanes Oxley, etc.</li> <li>▪ Creating more resilient operations + infrastructure</li> </ul>

All commentary on this page is based upon IBM's view

# Agenda

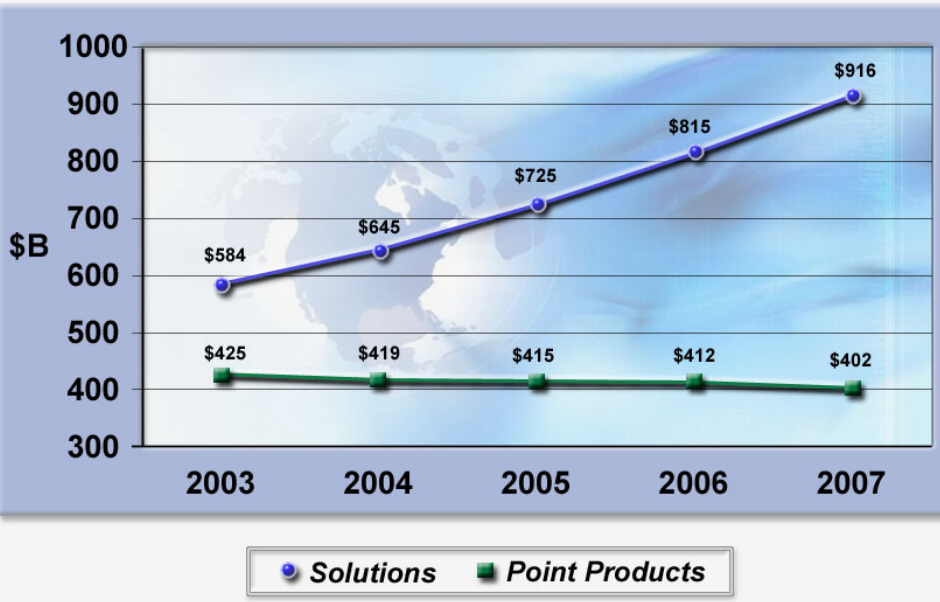
- Learning Objectives
- Financial Services Overview
  - Market Opportunities
  - Client Examples - Server Utilization
- **Competitive winback Solutions in Financial Services**
  - Selective Business Solutions and Offerings
  - On Demand Operating Environment
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- Business Partner Relationships, Strategy and Opportunities
  - Systems Integrators
  - ISV's
- Selling Strategy and Call to Action
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# Key 2005 Financial Markets Win-back Initiatives

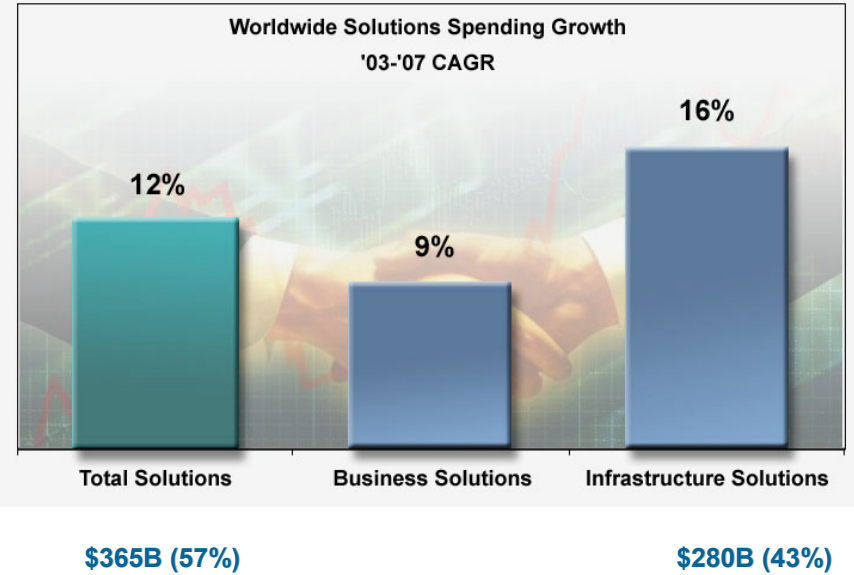
#	Strategic Plays	Targeted Competitor	Reasons of Call
1	ODOE Reference architecture program for Exchanges, Tandem Winback	HP, EMC	<ul style="list-style-type: none"> <li>Age &amp; brittleness of legacy systems</li> <li>Running mission-critical &amp; core applications on dead-end technology</li> <li>Installed base of roughly 5000 units of Tandem S, Himalaya S and Himalay K since 1999-1H2004</li> <li>Number of units spread over Americas (50%), EMEA (30%) and AP (20%)</li> </ul>
2	On Demand Operating Environment for Brokerages (Hosted clients)	SUN, HP, EMC	<ul style="list-style-type: none"> <li>Reducing cost, improve manageability and availability</li> </ul>
3	Analytic backbone (Blades & storage) - Grid	SUN, HP, EMC	<ul style="list-style-type: none"> <li>High performance platform to support dynamic provisioning of numerically-intensive trading</li> </ul>
4	SUN - Expanding into traditional Sun strongholds - Solaris migration to Linux - Linux on Power - Run Solaris Apps on IBM Power Systems	SUN, HP, EMC	<ul style="list-style-type: none"> <li>Identify programs are all ready in play, link each play around wall street or FM play</li> <li>Existing gaps to be closed up</li> <li>Short term focus on Sector identified accounts – Raptor Teams</li> </ul>
5	HP - Expanding into traditional Tandem & Super Dome strongholds - HP-UX migration to Linux - Linux on Power	SUN, HP, EMC	<ul style="list-style-type: none"> <li>Identify programs already in play</li> <li>Existing gaps (revenue or share) to be closed</li> </ul>
6	New Routes to Market to Leverage (ISVs, SIs)	SUN, HP, EMC	<ul style="list-style-type: none"> <li>Random Walk</li> <li>Sybase</li> <li>ISV's Solutions &amp; SI's see backup charts for list</li> </ul>
7	Competitive program for Storage Success vs. EMC	EMC	<ul style="list-style-type: none"> <li>Establish foothold and references that will ripple through the industry</li> </ul>
8	CISCO Voice over IP (ITS plays... some server drag along)	HP	<ul style="list-style-type: none"> <li>Significant number of servers over 10 years will require this functionally. IBM focus needed to disrupt HP Play</li> </ul>
9	SUN & HP System Maintenance	SUN, HP	<ul style="list-style-type: none"> <li>ITS (Global Services) offers cheaper/better maintenance to service both HP and SUN Accounts</li> </ul>

# WW Solutions Market is Key to IBM's growth strategy

**Solutions are growing faster than the rest of the market**



**Infrastructure Solutions growth is outpacing Business Solutions growth**



**\$365B (57%)**

**\$280B (43%)**

Source: IBM Market Intelligence, Solutions Market View 2H2004

## Infrastructure Market Insights

- **Customers are focused on growth, productivity and IT optimization and business resilience**
  - Based on analysis of customer spending priorities for on demand business conducted in 2Q
  - Study data weighted to GMV and includes: Mid-market/LE (50/50), IT/LOB (60/40), across seven countries (US, UK, Germany, France, Italy, Japan, China)
- **Spending priorities have been grouped into a set of initiatives**
  - Represents top opportunity, growth, IBM strength and preference
  - Provides greatest opportunity to deliver an integrated value proposition against an area of customer investment focus
- **Each Infrastructure Initiative has 3 to 5 core customer spending priorities or 'scenarios'**
  - For each scenario a set of lead offerings has been selected
  - Scenarios form the basis for cross-business unit, cross-selling channel enablement

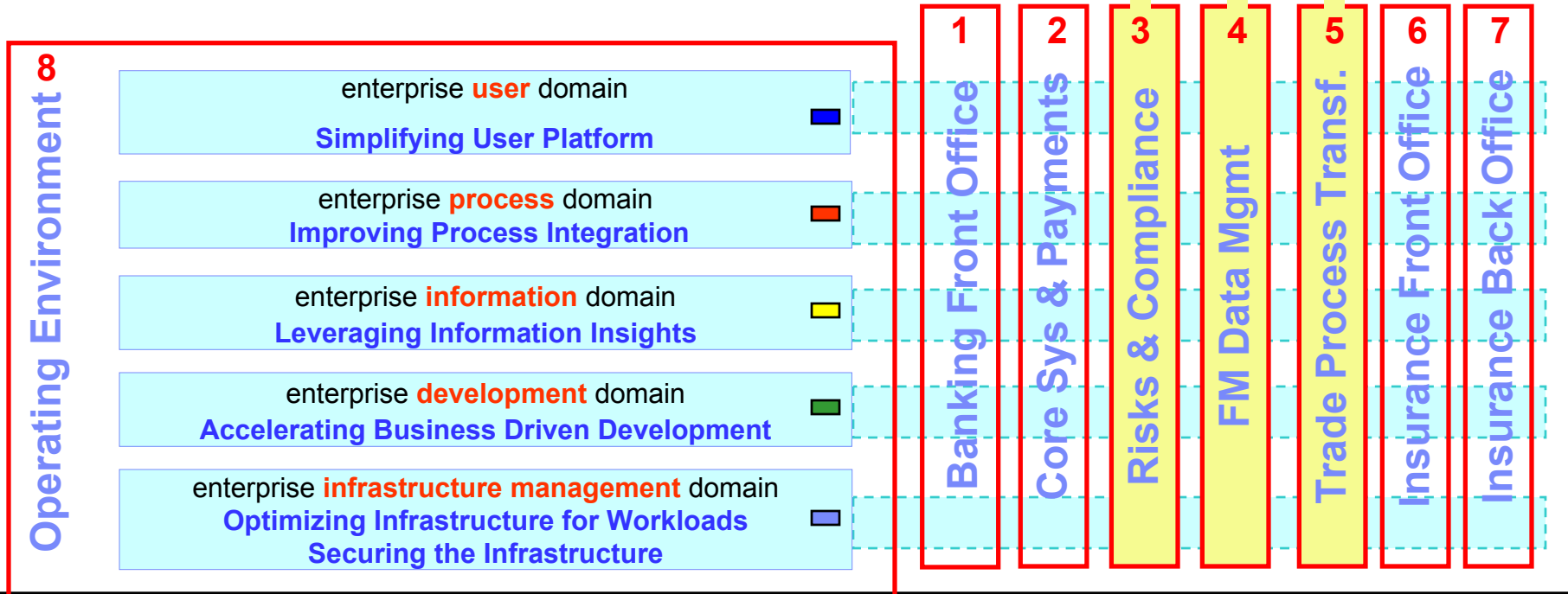
### FSS Opportunity 2005

Information Insight	Business Resilience	IT Optimization	Business Flexibility	Total
\$3,768	\$22,649	\$7,802	\$4,817	\$39,036

# 2005 FSS Program Framework

## IBM Infrastructure Solutions

## IBM Business Solutions



### • Strategy - Capture the Operating Environment

• Help FSS clients build world class “On Demand Business” breakthroughs by **renewing existing** operating environments with compelling IBM Infrastructure Solutions Focus

• **Winback platforms** in key FSS clients with compelling competitive infrastructure offerings (EMC, HP, Tandem, Sun,).

### • Objectives

• Adopt decision - Enterprise Architecture policy – **5 Domains**

• Buy decision - Business Solutions **integrated** into the Enterprise Architecture

• Buy decision - Infrastructure Solutions **that integrate** existing and future Business Solutions



# Enterprise Infrastructure Management Domain

## 🔗 Challenges

- Reduced complexity
- Reduced TCO
- Increased availability, DR
- More able to cope with fluctuating demands
- Improve + speed testing
- Faster implementation of changes

## 🔗 Critical Dependencies

- Cross-functional governance
- ISV enablement (autonomic enablement)
- Legacy integration tooling

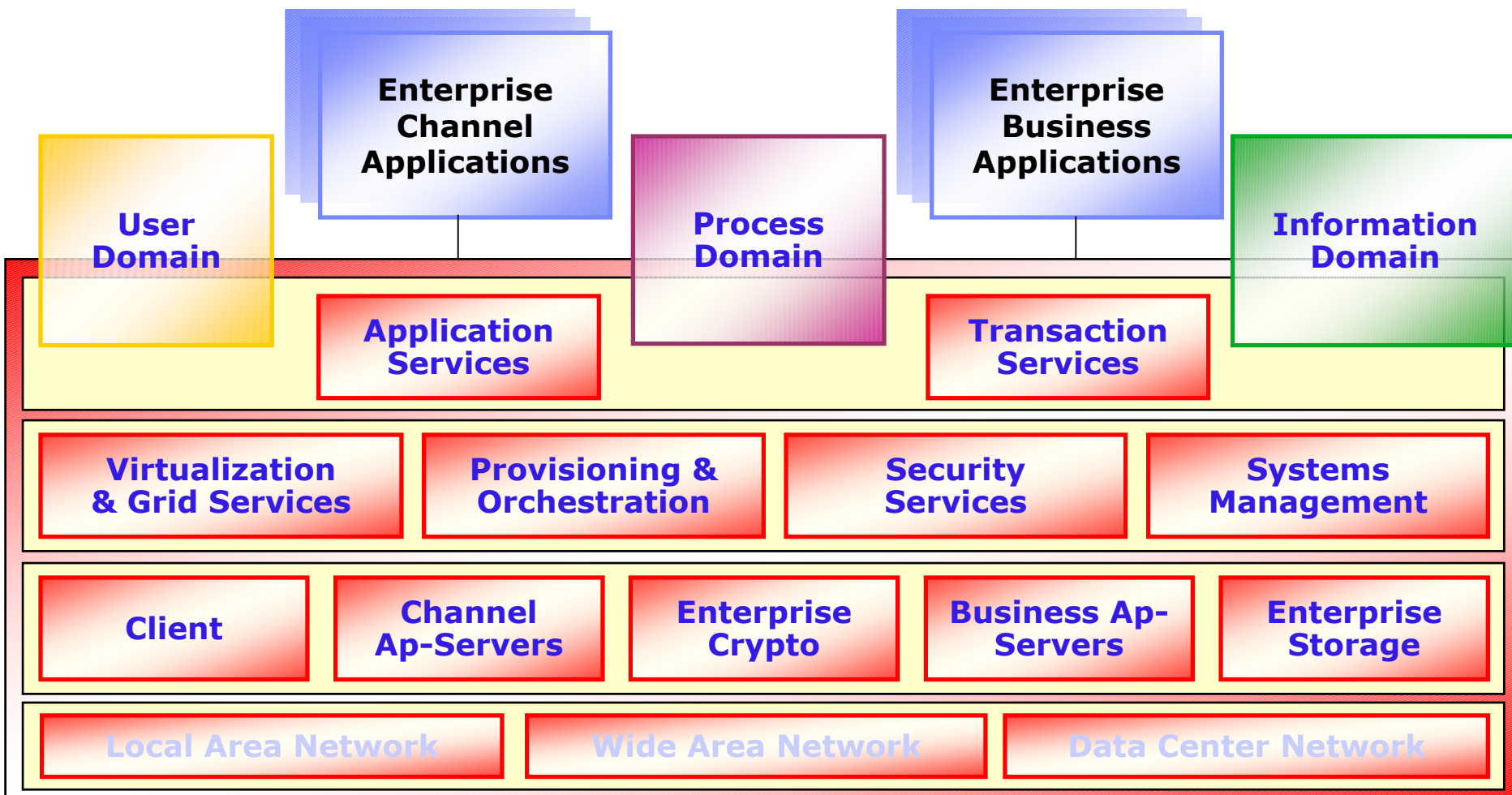
## 🔗 Value

- Reduced operational costs through infrastructure simplification and autonomic management
- Increased operational flexibility through virtualisation
- Consistent qualities of service across environment for security, availability management, workload management etc
- Improved metering and reporting of infrastructure usage
- Increased speed to market for new complex function through J2EE programming model in co-existence with low cost transaction processing through CICS / IMS
- Preservation of value in application code through late binding to technology platforms



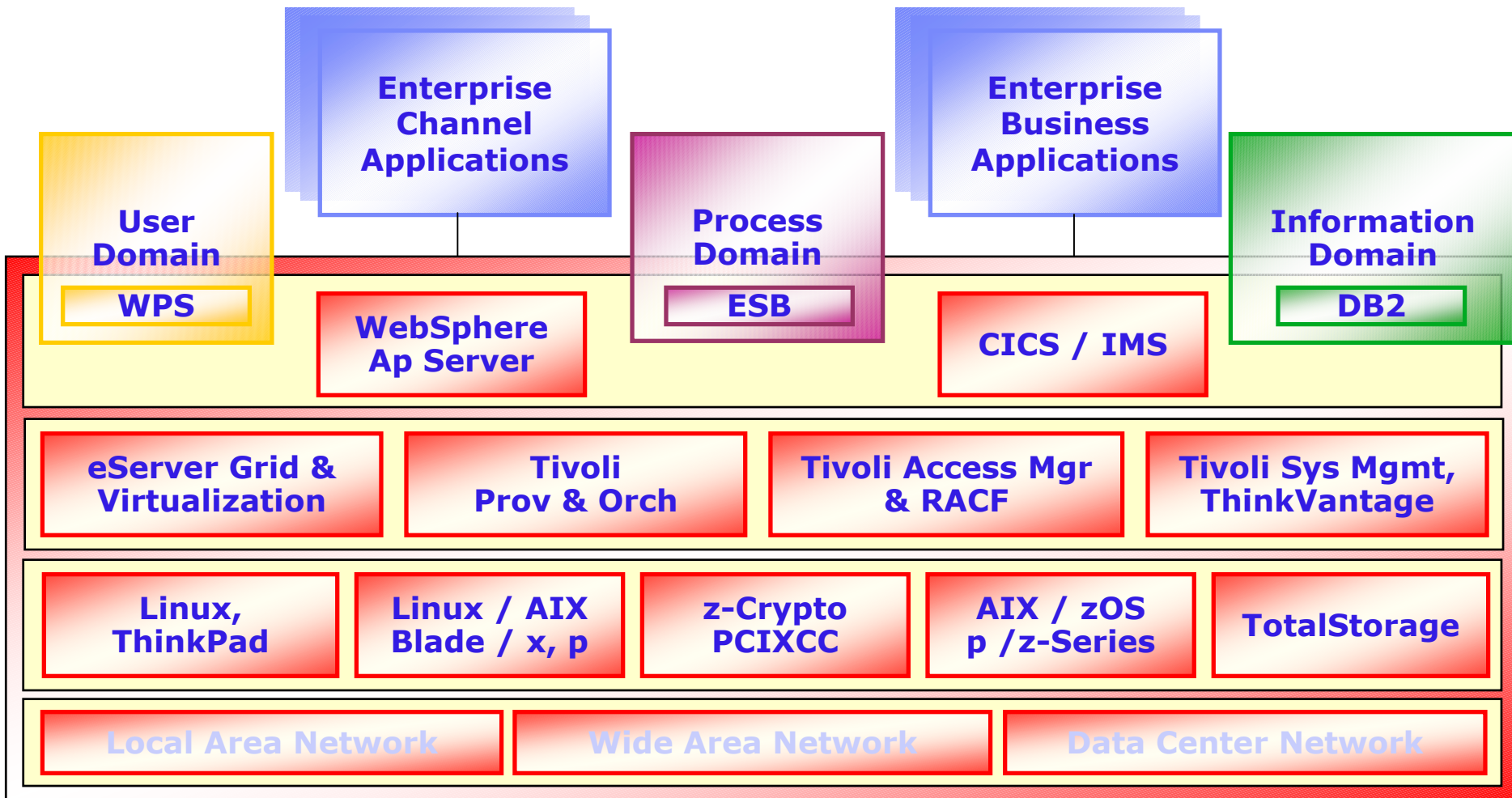
# Enterprise Infrastructure Management Domain

A dependable, cost effective, and flexible infrastructure that is bought as you need it



# Enterprise Infrastructure Management Domain

A dependable, cost effective, and flexible infrastructure that is bought as you need it



# Risk & Compliance

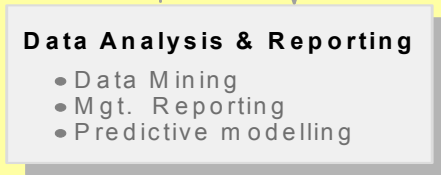
Risk Management

Compliance

Operational Risk & Resilience

## Analysis

Version 1.7 © IBM 2001



### Issues

- Patriot Act, Sarbanes-Oxley, International Accounting Stds, SEC
- Operational Risk, Security requirements over dispersed apps & channels
- AML (Fraud detection) – Identity Theft management
- Basel II requirements

### Value Proposition

- Enterprise-wide approach to Risk Management
- Multiple AML - Fraud detection alliances
- Maximize the ROI in the areas of risk management & business continuity
- Allow institutions to comply with regulation and increase capital productivity while improving their governance and decision processes as well as reducing their vulnerabilities.

	Description	Examples of ISV's
<b>Banking and Financial Markets</b>	Covers regulatory compliance, anti-money laundering, operational risk measurement and management	Algorithmics (p), Acxiom (z,p,x), Centerprise (x), Fair Isaac (z, p), <b>Misys</b> (l, p, x), PeopleSoft (z, i, p, x), <b>SAP</b> (z, i, p, x), <b>SAS</b> (z, p), <b>Searchspace</b> (p), SunGard (z, i, p, x), <b>Swift</b> (p, i), Zantas (p)



# French Financial Institution

## Why on demand?

• The bank needed a new backup and recovery system. The existing system was decentralized and highly manual. Some critical servers even used their own dedicated tape drives for storage. As a result, the customer suffered from poor backup quality, high management costs and exposure to data loss.

• They needed a centralized solution that would accommodate the distributed environment, connecting the servers in a single storage area network (SAN). The environment consists of 50 Unix servers for databases and applications, and 70 Microsoft Windows servers for mail and office applications.

## How and where did they start?

• The bank installed TSM on a logical partition (LPAR) of a pSeries 670 server, chosen for its reliability and scalability.. Backup processes also take advantage of dedicated I/O slots in the pSeries drawer extension. The LPAR technology allows them to consolidate its AIX workload onto fewer servers.

• TSM backs up data to the existing STK 9310 Silo via direct fibre channel connections. A parallel project aims to supplement these connections with a SAN, in order to limit the number of fibre channel cards needed on the pSeries server.

• The Disaster Recovery Manager feature of TSM is used to facilitate disaster recovery at the secondary site. This disaster recovery provision leverages a second tape library, extra servers and a high-speed fiber link between the two sites

## *What benefits did they achieve?*

- The backup and recovery solution enables the bank to protect its customer's critical data, which includes core banking applications, mail systems, databases, Web applications and office data.
- Restore times have been minimized, which mitigates the risk of data loss and reduces application downtime.
- The system minimizes human costs associated with managing backups. The improvement is significant: previously, every server was backed up individually with very unique procedures, now everything falls under a centralized backup infrastructure, which requires only a single procedure.

# U.S Financial Holding Company

## Why on demand for Risk & Compliance?

As a financial services institution, This firm is under strict legal obligations to secure its data. It must therefore have a robust storage backup and disaster recovery solution. Their information resources were spread over a variety of storage and server environments, using products from different vendors. Complex file and data administration tasks also impacted application availability.

### How and where did they start?

- The client selected a comprehensive storage and disaster recovery solution from IBM. The solution leverages enterprise-class IBM TotalStorage technology, including servers, storage and software, to enable them to exploit the benefit of its legacy SAN environment.
- The Enterprise Storage Server Model 800 has approximately 12TB of usable capacity; the Enterprise Storage Server Model F20 supplies 8TB of usable capacity. The Enterprise Storage Servers enable the firm to replicate data to a remote site using the Peer-to-Peer Remote Copy (PPRC) option. PPRC keeps local and remote copies of databases in sync and ready for quick switch-over should disaster occur.
- Enterprise Storage Server Expert software is a component of the TotalStorage Resiliency Family. The client uses Enterprise Storage Server Expert software to monitor the performance of its Enterprise Storage Server 800 servers.
- As part of the IBM TotalStorage solution, IBM Tivoli Storage Manager powers the backup and archiving process

### *What benefits did they achieve?*

- Provides a central point of management for SAN storage, simplifying management and improving productivity
- Includes common device drivers for all servers on the SAN, eliminating extra hardware purchases
- Enables fast, point-in-time copies of data through Flash Copy regardless of separate source and target servers, helping lower costs
- Reduces storage management complexity by performing seamless migration of underlying storage platforms, providing and managing multiple tiers of storage and enabling quick capacity reassignment and/or the easy removal or addition of storage servers
- Supplies the robust backup and disaster recovery solution that the client's distributed enterprise environment demands, enhancing security for a competitive advantage.

# Risk Management – Linux Enabled ISV's



- IBM and Algorithmics Business Partner Relationship formed 1Q'03
- Linux Benchmark completed at IBM Poughkeepsie in March 2003
- Utilizing IBM BladeCenter for scalability testing
- General Availability of Algo Suite 4.4 on Linux - January 2004



- June 10th Press Release IBM and Front Capital Systems Business Partner Relationship formed
  - ▶ Linux offering for FRONT ARENA (Trading & Risk Management)
  - ▶ Front Capital Systems committed to promote IBM technology
- Several customers working on potential migration and installations of Linux version of FRONT ARENA
- Reech ASP (Risk Management) - Linux only offering



- IBM and Mantas Linux Relationship Agreement Underway
- Linux Offering Shortly



- "Blaze Advisor" Application on GRID/Linux in Poughkeepsie

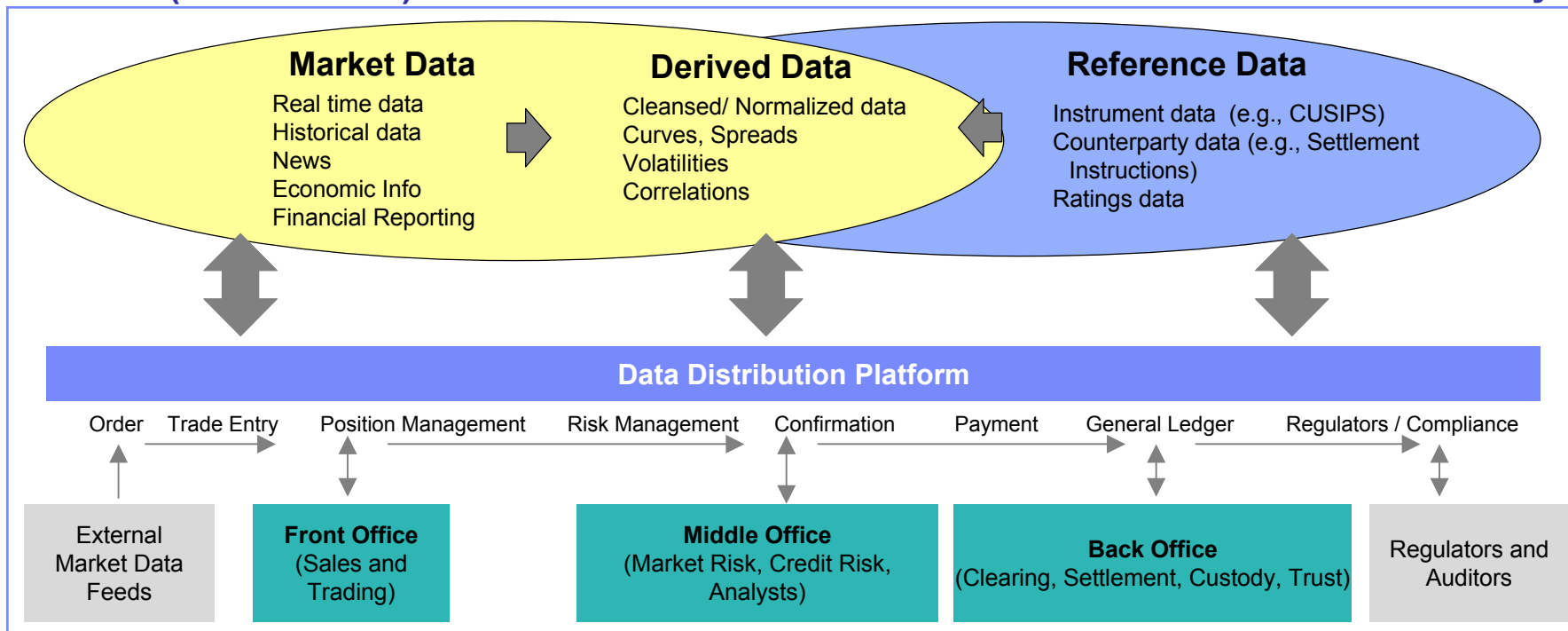


# Financial Market Data Management

## Market Data Optimisation (Marian/MDO)

## Greenwich

## Orion-Reference Data Utility



### Client Pain Points

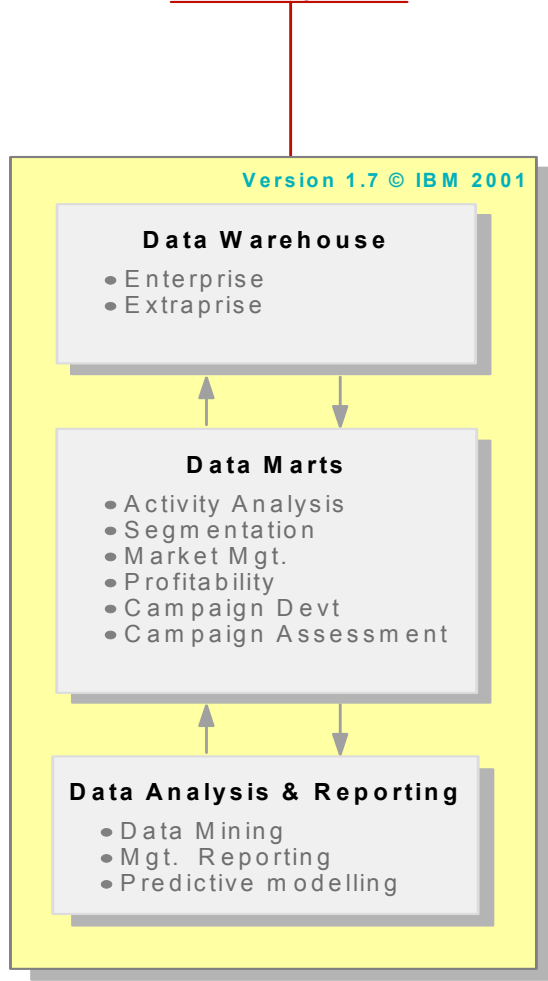
- High Data Licensing Costs
- High Technology and Infrastructure Costs
- High STP Costs

- High People Costs
- Fragmented or Sub-optimised Processes
- Market Drivers



# Trade Process Transformation

## Analysis



### Issues

- Infrastructure that can support significant increases in trading volume
- Patriot Act, Sarbanes-Oxley, International Accounting Stds, SEC
- Operational Risk, Security requirements over dispersed apps & channels
- AML / Fraud detection – Identity Theft management
- Basel II requirements

### Value Proposition

- Enterprise-wide approach to Risk Management
- Multiple AML / Fraud detection alliances
- Maximize the ROI in the areas of risk management & business continuity
- Allow institutions to comply with regulation and increase capital productivity while improving their governance and decision processes as well as reducing their vulnerabilities.

	Description	Examples of ISV's
<b>Financial Markets</b>	Covers regulatory compliance, anti-money laundering, operational risk measurement and management	Murex (IBM BladeCenter), Calypso (p,x), <b>Sungard</b> (p, x), Royal Blue (x)

# Trading – NYFIX

*Operates industries largest order-routing network to execute equity orders on Linux*

## Business Objectives

- Requirement for a reliable network and data infrastructure that can expand on demand
  - Support 500 million to 1 billion shares / day

## IBM Solution

- IBM BladeCenter / Linux / WebSphere



## Benefits

- Provides twice performance
- Delivers lowest TCO
- Deliver services and execute new contracts with unprecedented speed

***"We felt IBM was the best choice because of their commitment to Linux combined with the density and ease of growth that BladeCenter offers."***

John Knuff  
VP Network Engineer, NYFIX

# Wachovia

## Analytics Acceleration

### Challenge:

- Create an infrastructure that can support significant increases in trading volume
- Reduce Market Risk Exposure - Overnight risk reports with enhanced analytics took up to 15 hours to produce

### Solution:

- IBM eServer® xSeries® Blade servers
- Linux
- Business Partner Relationship: DataSynapse
- GridServer

### Technology Benefits:

- **P&L Risk report turnaround improved... from as much as 15 hours to 15 minutes on a real time intraday basis**
- **Solution enables 4 times more volume and 25 times more modeling simulations**
- **Environment supports the trading of more complex financial products**

### Business Benefits:

- **Improved resiliency of application and jobs**
- **Improved utilization of supporting hardware assets**
- **Reduces cost of ownership of infrastructure**

**“We haven’t scratched the surface yet for how we envisage using Grid Computing to meet our ongoing product development and trading activity “**

--Andy Cook, Head Exotics Trader, Wachovia

## Trading – Linux Enabled ISV's



- Imminent Press Release with Large Firm for Linux / IBM BladeCenter and Murex Global Market Securities System



- Linux Enabled Today (Press Release April, 2003)
- Currently Running Pilot at Large Financial Institution in EMEA on IBM x440 Servers



- June 10th Press Release IBM and Front Capital Systems Business Partner Relationship formed
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- Several customers working on potential migration and installations of Linux version of FRONT ARENA



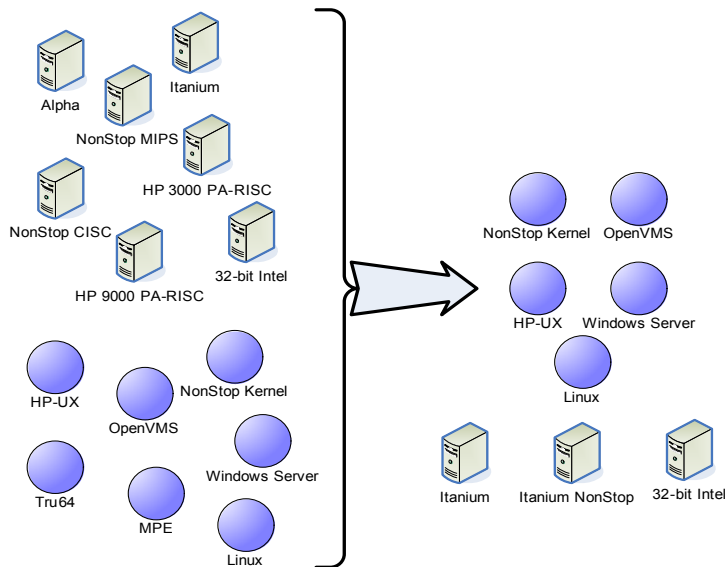
- Investigating Linux for Fidessa and FidessaNet offerings
- Linux port completed on IBM x440 Servers
- Business Partner Relationship discussions underway

## Exchanges - The opportunity for IBM

The world's Top Tier Exchanges are same-time online true mission critical enterprises with extreme demands for reliability, availability, and raw performance.

### This is IBM's opportunity:

- HP is making platform changes
- The paradigm is changing away from machine level fault tolerance
- Help the top tier find their feet

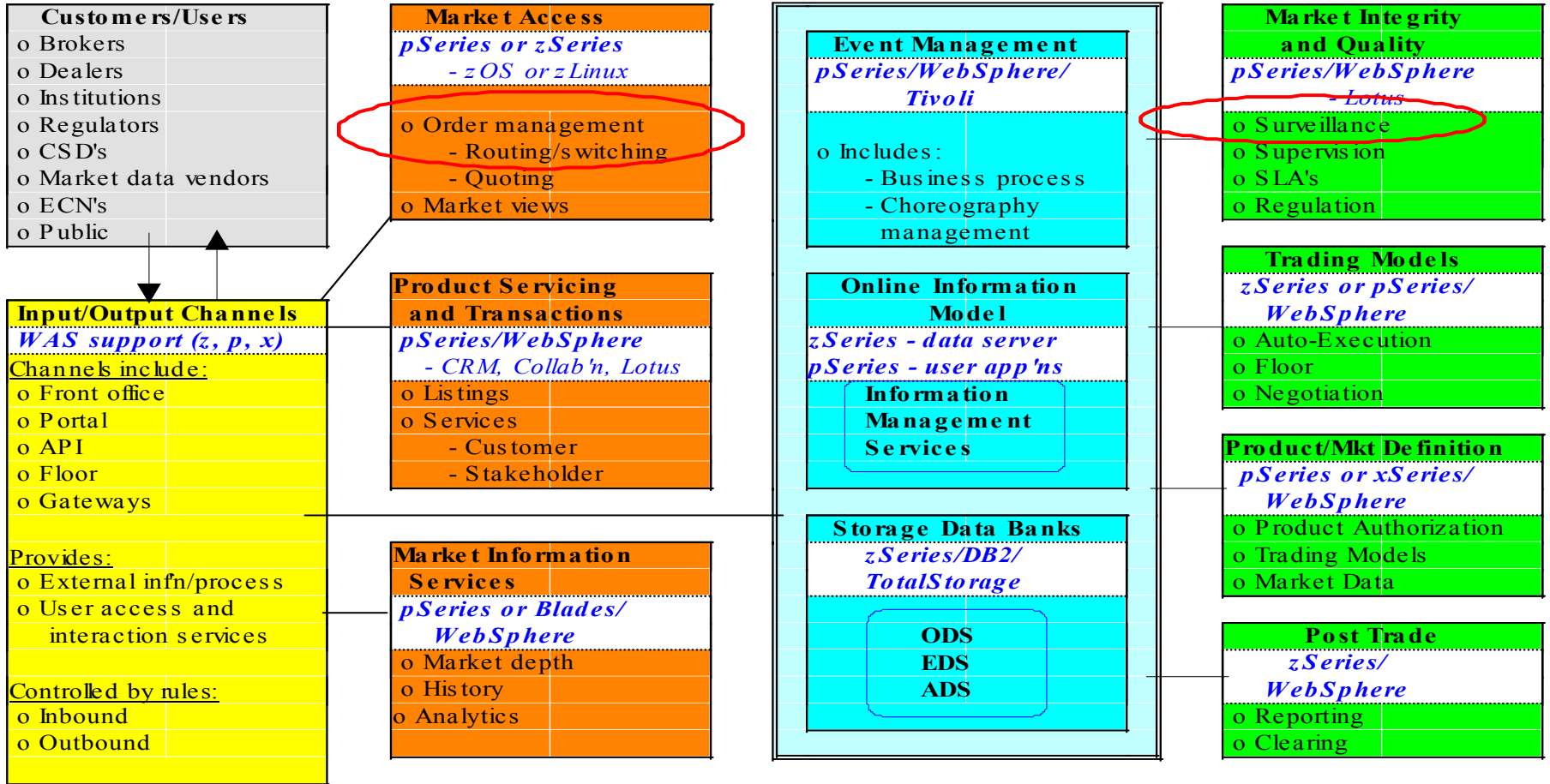


### Why do they matter to IBM ?

1. They spend heavily on IT (total exchange spend on technology estimated at \$1.35B/year by Tower Group)
2. Their spending habits are sticky
3. Most of this spend goes to IBM competitors (HP, SUN)
4. They are more open to new solutions than ever before
5. All wins in this space are high profile and in some degree "win backs"
6. There are no better reference clients for IBM's on demand strategy
7. They need consulting & technology

# Exchanges Reference Architecture

## And blueprint for platform/product positioning



**INFRASTRUCTURE MANAGEMENT SERVICES** *ZSeries/WebSphere/Tivoli*

- o Common Services
- o Utility Business Services
- o Service Level Automation & Orchestration
- o Resource Virtualization Services



# IBM helps the NYSE take availability to the extreme



- IBM and the Securities Industry Automation Corporation have built the NYSE an infrastructure designed to provide extreme reliability.
- The SIAC chose IBM over competitors like HP and BEA because WebSphere Application Server and DB2 can create the infrastructure and storage management needed to handle the huge volume of NYSE transactions.
- The result is what the NYSE has branded as TradeWorks, its new system for processing buy and sell orders on the trading floor. WebSphere middleware provides the highly reliable transaction processing environment, and DB2 acts as the back-end database engine room. Both manage the Exchange's enormous flow of transactions with virtually no downtime.
- IBM and the NYSE work on the TradeWorks infrastructure is believed to be the most extensive testing ever done for a Java-based application environment. The finished solution establishes the NYSE as a state-of-the-art example of ultra-reliability or "extreme availability."
- The SIAC chose IBM over competitors like HP and BEA because WebSphere Application Server and DB2 can create the infrastructure and storage management needed to handle the huge volume of NYSE transactions.



## Payments - Customer Installations and References

### 🔗 Large Financial Services Firm in NYC

- Replaced (4) Tandem / ACI systems with Linux zSeries / OpeN/2 solution
- 60% Reduction in Annual Expenses
- zSeries delivers on demand capacity
- Increased Speed to Market for Service Offerings
  - S2's modular architecture enables the bank to deploy applications faster

### 🔗 American First Federal Credit Union

- Replaced ACI's application running on a G6 server with zSeries / OpeN/2 solution
- zSeries delivers on demand capacity
- Increased Speed to Market for Service Offerings

***"Using our z800 server to host the new S2 suite on Linux makes us more responsive and resilient. We can respond to customers demands effectively without investing in new hardware."***

**Dan Williams**

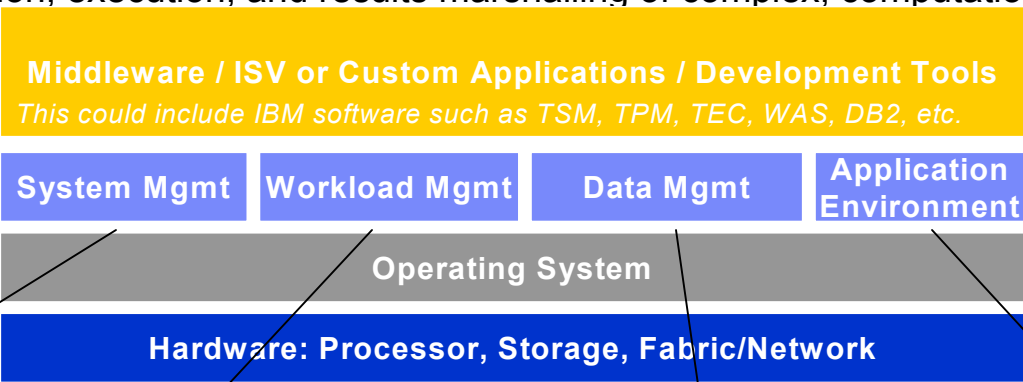
**VP Information Systems, American First Federal Credit Union**

# Analytic Backbone (ABB) for Broker/Dealers

- The ABB is IBM's response to the needs of capital markets clients seeking to virtualize and automate their analytic infrastructure
- The ABB is designed to help clients move off Sun to a scale-out linux blade/cluster environment
- The solution is built on existing technologies that scale and work. The solution better aligns infrastructure with business value and the needs of FSS firms.

## The Analytic Backbone is an enhancement to the existing eServer Cluster 1350 Offering

The Analytic Backbone is a high performance distributed computing infrastructure that includes partitioning, distribution, execution, and results marshalling of complex, computational and data intensive problems.



Analytic Backbone Operating Environment

### Cluster System Management (CSM)

- Automated deployment, system mgmt, high availability
- Leadership scaling to 1000's of nodes

### Load Leveler (LL)

- Automated scheduling of scale out resources - Utilizations to 70%+
- Works with CSM to remission resources
- Open interfaces / low license fee enables broad adoption

### General Parallel File System

- Ultra high performance for scale out (streaming real-time data, as well as distributed/intermediate object caching)
- Growing market acceptance
- Low license fees enables broad adoption

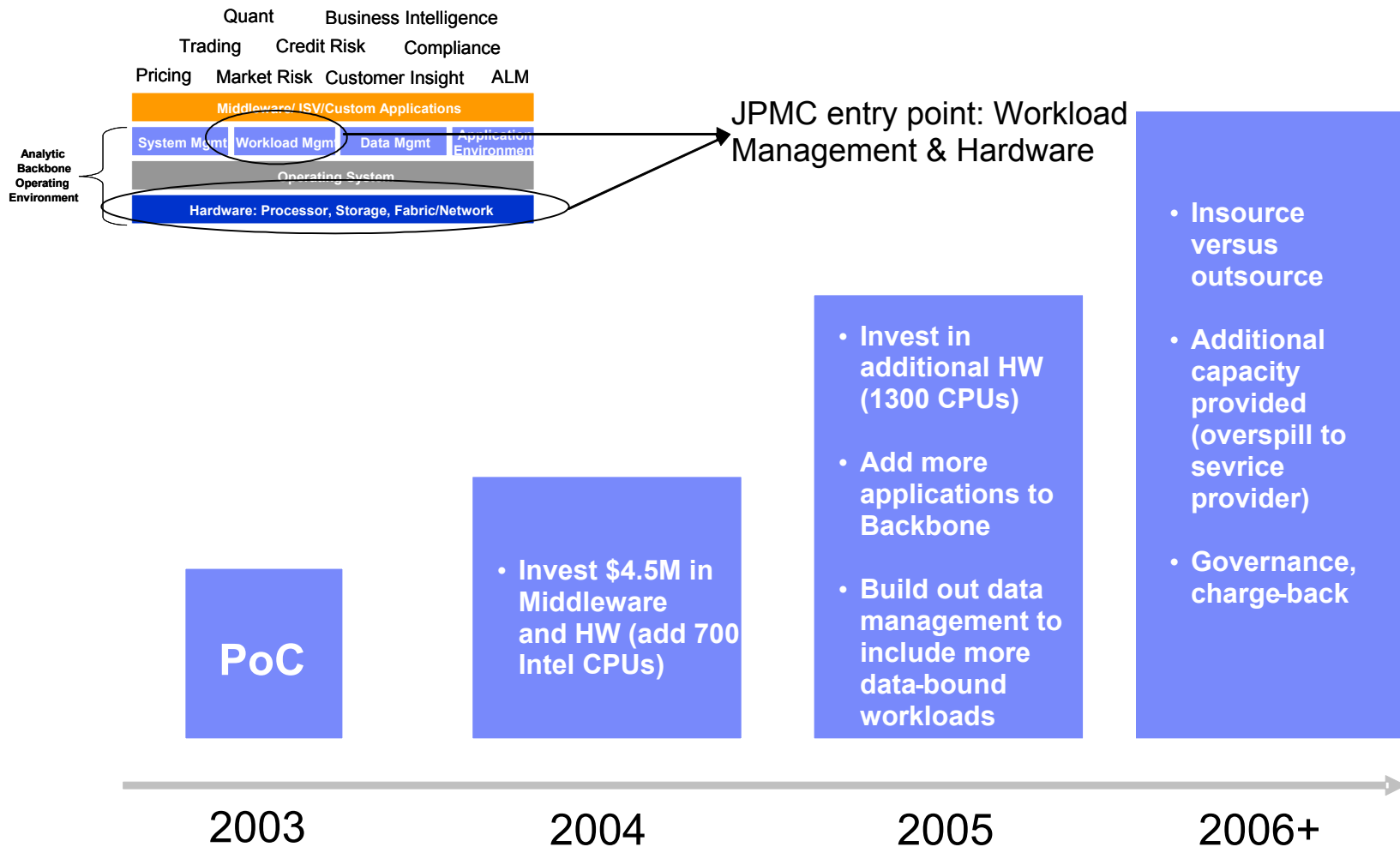
### Parallel Environment/ MathShell

- Tool set to deploy numerically intensive applications
- Helps create math engines on scale-out technology.
- HPC ethernet (TBD)
- Eases port from SMP Sun, Excel spreadsheet, Delivered in conjunction with services (e.g. ODIS)

***In capital markets, on demand is measured in microseconds***

# Analytic Backbone - Brokers/Dealer Adoption Model/Paths

## JP Morgan Chase Compute Backbone (for 7 risk apps)



# Charles Schwab - Brokers/Dealer

Challenge:

• **Reduce the processing time on an existing wealth management application**

Solution:

- IBM eServer® xSeries® servers
- Linux Red Hat
- Globus Toolkit v3.0
- IBM Research
- Server Allocation for WebSphere®
- Application Server

## Analytics Acceleration

### Technology Benefits:

- Reduced processing time from more than four minutes to fifteen seconds
- Planning to explore leveraging Grid computing into other areas

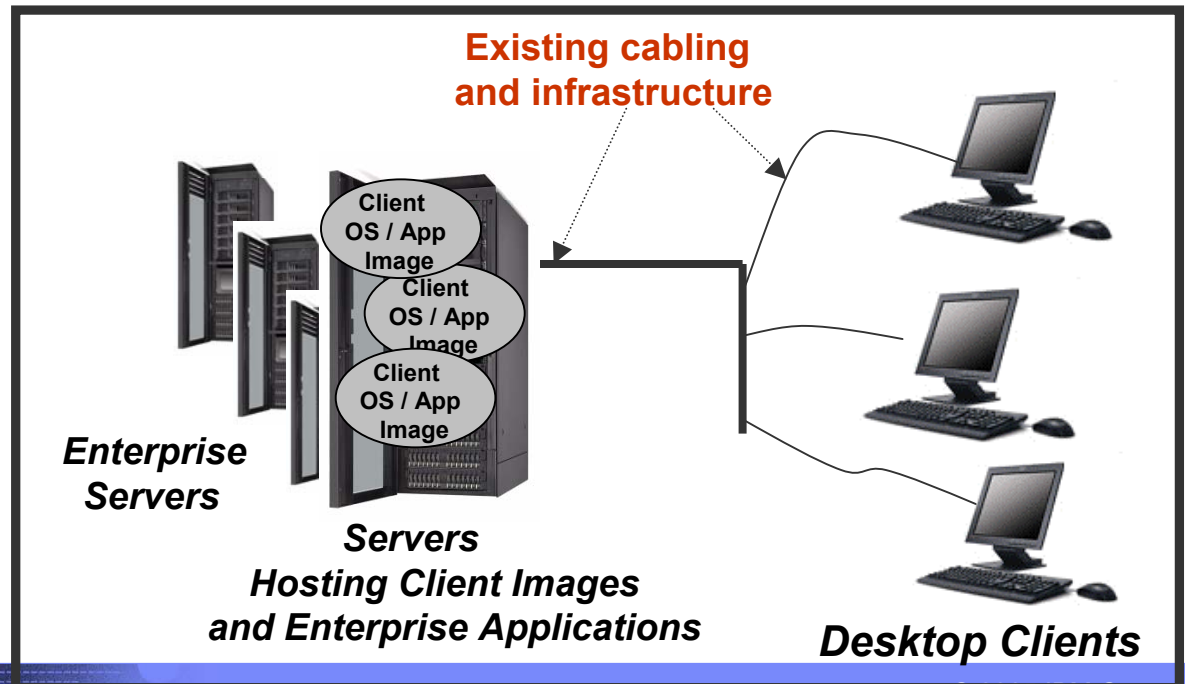
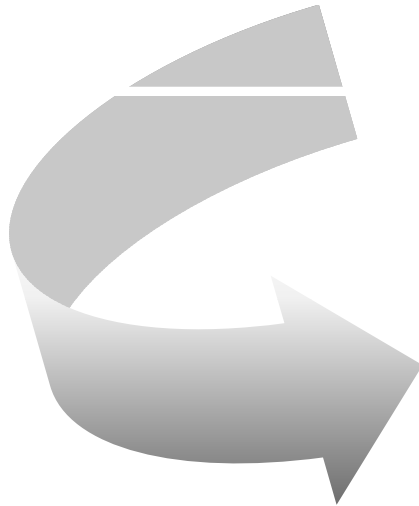
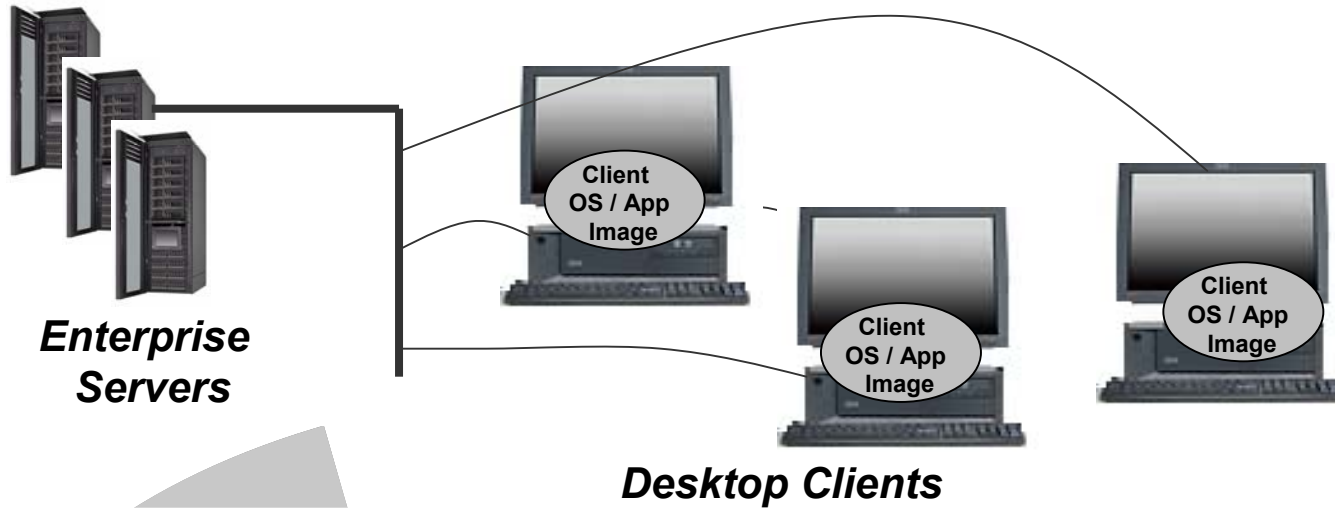
### Business Benefits:

- Potential to increase customer satisfaction by responding to inquiries at a faster pace
- Potential to enable Schwab to provide more robust wealth

***"We believe that Grid computing ... has the potential to greatly improve our quality of service and be a truly disruptive technology. "***

***-- Oren Leiman, Managing Director, Charles Schwab***

# Hosted Client Concept Brokers/Dealer

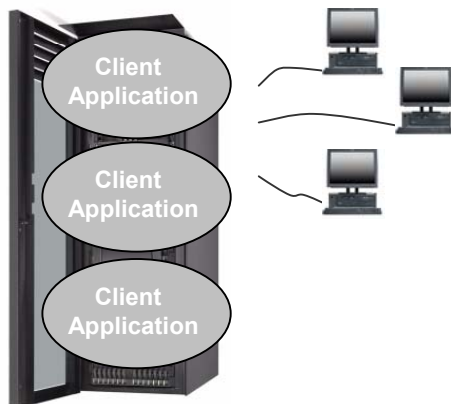


# Hosted Client Solution for Brokers/Dealer

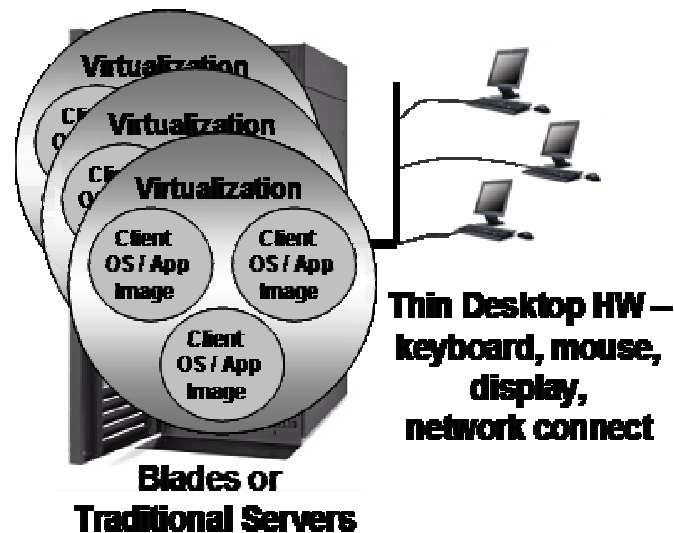
## “Physical 1:1”



## “Terminal Sessions”



## “Virtualized”



■ ClearCube

■ Citrix

■ Multi-supplier Solutions

■ HP

■ Microsoft RDP

■ VMware, Microsoft Virtual Server, etc.

■ Workplace Client



# IBM & ClearCube Hosted Client Solution

## Current Box PC Environment

### Desktop



### Data Centre



## High Support Costs

- \$3,000 - \$4,000 USD per user, annually (large enterprise)
- \$6,000 - \$9,000 USD per user, annually (NY banks)
- Support costs represent 90% of 4 year total cost

## Poor Manageability

- Moves, adds & changes are expensive: taking days
- Support & administration headaches
- Upgrades & support require physical visits

## Low Availability

- 96% uptime (vs. 99.9% + for servers)
- 4 hour to next-day response times

## Weak Security and Control

- 1.2% of assets lost annually
- Data can be downloaded and stolen
- Illegal software can be uploaded
- Disaster recovery is difficult

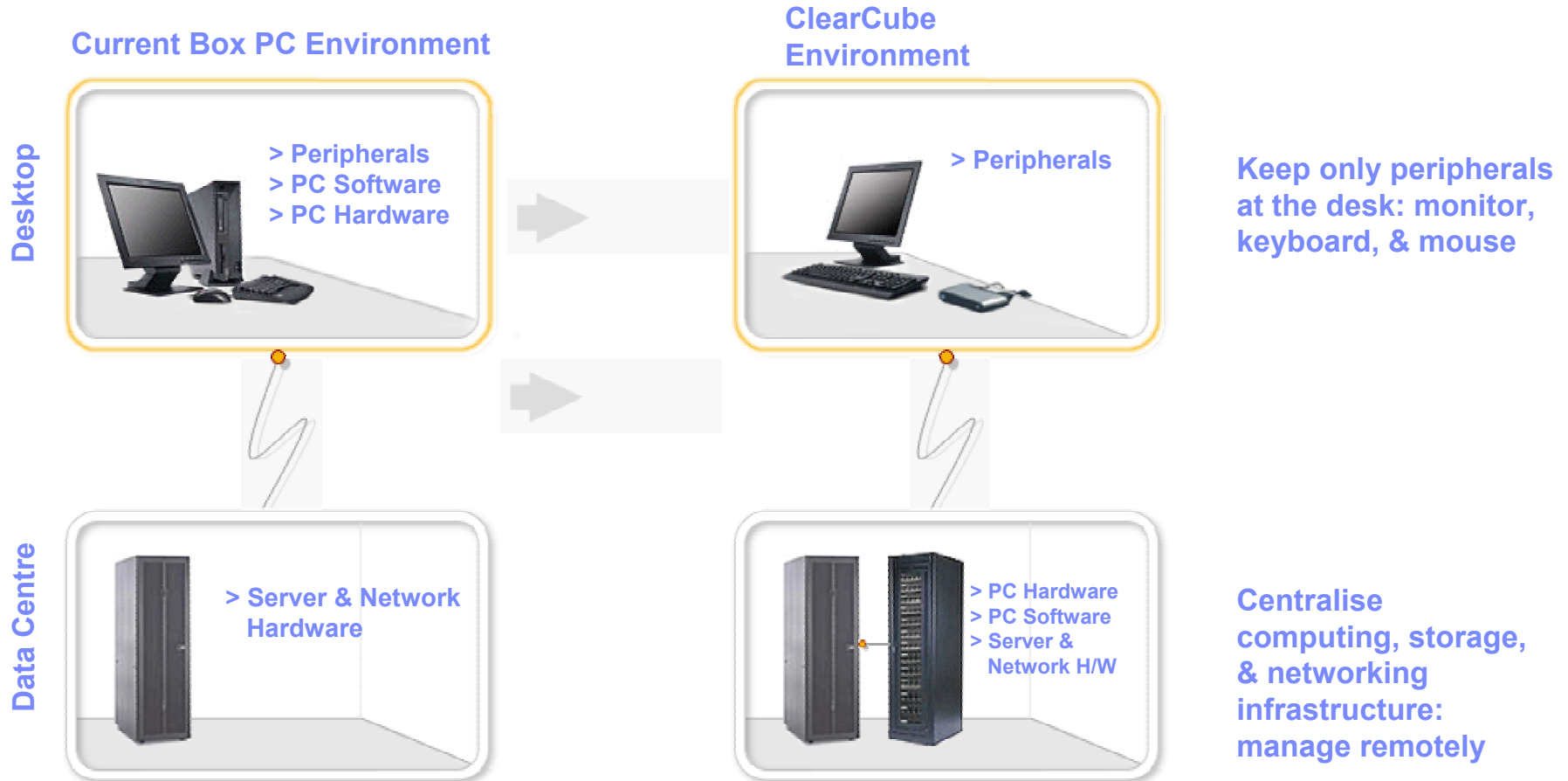
## Desktop Environment

- PC takes up valuable space
- PC creates heat, noise & needs distributed UPS


Source IDC



# IBM & ClearCube Hosted Client Solution



# Sample Customer Value Demands

	Solution Segment	Decision Criteria
<b>Finance</b> 	Trading floor, DR Branch banking Execs, trading floor	Virtual MAC, availability Ergonomics, remote mgnt. Reliability, ergonomics



***“We believe that ClearCube is the first company to truly change the face of desktop computing. There is no other solution that provides the flexibility to move an employee without physically moving their PC, while bringing 99.9% availability to the desktop. We see this architecture significantly reducing our desktop operating costs.”***

Adam Taubman, Executive Director, Morgan Stanley



***“ClearCube represents a unique vision in the growing blade market by addressing the desktop. They have a larger addressable market than blades servers and through their remote management and switching software they provide server-like manageability and availability to the desktop, which has never been done before.”***

Don Young, Managing Director of Technology, UBS Warburg



***“The centralisation of Blade PCs and the ability through software to remotely manage them gives IT managers a secure, cost-effective means of managing desktop clients. We expect to see more installations of this kind in enterprise customers who value uptime, security, and lower support costs.”***

Roger Kay, Director of Client Computing, IDC

# Competing against Sun with point products

## Emphasize the positive!!!

- ✓ IBM delivers choice
  - ✓ **Hardware: POWER, Intel, AMD, Blades, Mainframes etc...**
  - ✓ **Software: Linux, Windows, AIX, etc....**
- ✓ Performance and cost of ownership advantages
  - ✓ **Performance per resource utilized**
  - ✓ **Leverage analyst studies and client references**
  - ✓ **Costs - software licenses, Oracle, DB2, Websphere, (Linux), maintenance, warranty, upgrades**
  - ✓ **Reduced footprint and power consumption**
- ✓ Use SUN to IBM Migration References... there are lots in the IBM Reference Datadase

## Talk about technology and thought leadership

- ✓ **Power 4 & 5, Resource Virtualization, Infrastructure Simplification**
- ✓ **Enterprise X-Architecture, POWER, Copper & SOI, LPAR's, BladeCenter, x445 and x455.**
- ✓ **Quick adoption of many industry standard technologies (PCI-X, Ultra320, etc.) plus introduce IBM innovative technologies (Memory ProteXion, cable chaining technology, etc...)**
- ✓ **Commitment to open standards**
- ✓ **IBM provides current advantages and future stability (ability to deliver)**

# IBM's Managed Maintenance Solution for SUN

- IBM Enterprise Managed Maintenance Services (MMS) is customized in support of your business goals.
  - Operational efficiency through higher availability at lower cost of ownership
  - Manage your infrastructure to be resilient to changes in your business
  - Enhancing your customer's experience to grow your business
- Offering Elements
  - Client advocate for on going project / escalation / service delivery management
  - Single point of contact for all technical support issues
  - Help desk electronic link option interface
  - On-site and remote technical support
  - Single price, contract, invoice
  - Enhanced call coordination
  - Vendor management
- Supported Sun Workstations and Servers
  - Workstations
  - Entry-level Servers
  - Midrange Servers
  - High-end Servers (E10K)
  - Storage Servers
  - Operating System

# Agenda

- Learning Objectives
- Financial Services Overview
  - Market Opportunities
  - Client Examples - Server Utilization
- Competitive winback Solutions in Financial Services
  - Selective Business Solutions and Offerings
  - On Demand Operating Environment
  - Point Products
- **Business Partner Relationships, Strategy and Opportunities**
  - Systems Integrators
  - ISV's
- Selling Strategy and Call to Action
- Help and Resources





## INTRODUCES IBM POWER-BASED SERVER SOLUTIONS

Wall Street Solutions Provider will use POWER5 Technology to Speed Clients' Brokerage and Trading Operations

New York, NY, September 21, 2004 - Random Walk Computing®, Inc., one of Wall Street's premier financial technology consulting firms, today announced its commitment to port and support its electronic brokerage and trading solutions on IBM's POWER-based UNIX and Linux servers. Random Walk's enterprise-class solutions have enabled over 70 global financial institutions worldwide to create powerful new platforms for trading environments and portfolio systems.

Committed to providing clients the greatest levels of technology performance, Random Walk will now provide solutions to its financial clients based on the new IBM eServer OpenPower and eServer p5 systems running WOLF® (Web Order Logic Framework). In addition, Random Walk has committed to become an IBM demonstration site and migration assistance center to support financial companies looking to transition from their existing UNIX environments to IBM servers based upon IBM's new POWER5 microprocessor. IBM is one of the leading server vendor in the world, and over the past three years has gained significant UNIX share and outpaced all other top-tier vendors in UNIX share growth.

"Random Walk has helped global institutions solve complex business problems with robust, high value solutions that significantly improve performance and reduce costs. We are committed to providing our clients with the top-performing, leading-edge technologies so they can efficiently achieve their business goals," said Joel Scotkin, CEO for Random Walk. "With IBM's introduction of the eServer OpenPower and eServer p5, IBM is bringing the incredible level of performance to Linux and UNIX that our clients are asking for. Demand for IBM's POWER-based servers is growing rapidly in the financial sector, and we aim to lead our industry by meeting that need."

Random Walk's WOLF solution is a customizable, extensible and high-performance platform for rapid development and deployment of electronic brokerage and trading solutions. WOLF allows developers to build upon a rich and robust suite of business functionality and integrate with existing systems through a diverse array of products and protocols. Based on WOLF, trading and order management systems at brokerage firms and investment banks have carried millions of orders and billions of dollars.

"As businesses with outdated UNIX systems increasingly look to IBM to make their server infrastructures more efficient and manageable, we are delighted that Random Walk has chosen to embrace IBM POWER-based servers," said Per Larsen, Vice President, IBM eServer pSeries. "Random Walk's expertise and experience, combined with IBM's new, powerful servers and strong heritage in the financial sector provide companies a new, attractive option for speeding and enhancing business operations."



## Sybase and IBM to deliver data management platform of the future for Financial Markets

SYBASE



### Sybase celebrates 20<sup>th</sup> anniversary with special event at New York Stock Exchange

- John Chen, Sybase Chairman, rings closing bell accompanied by IBM and other Partners
- Sybase and IBM announce Sybase ASE on Linux for IBM eServer OpenPower
- Jointly host over 100 Wall Street senior executive customers in private briefing at NYSE
- Together will deliver the industry's low cost, low risk enterprise-class Linux solution for mission-critical database applications
- More info - <http://www.sybase.com/ibm>

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# SALES STRATEGY...A FEW OPTIONS TO CONSIDER

- **TCO**
- **Consolidation Play**
- **New Application on NEW IBM HW**
- **Security**
- **SO...outsource first then knock out SUN**
- **Pure Technical**

## Develop Your Tactics

- **Develop a great executive call strategy**
- **Develop an inside salesperson (thru the client team)**
- **Traditional lines of business execs made the Sun decision**
- **The Client team has to change the relationship**
- **Demo's + CALLS = \$**

# URLs

## 🔗 **FinNet**

- <http://w3-1.ibm.com/industries/financialservices/finsect.nsf>

## 🔗 **ContactPoint**

- <http://w3.ncs.ibm.com/sitelet.nsf/ondemand/JSHW-5PQNCD?OpenDocument>

## 🔗 **System Sales**

- <http://w3-1.ibm.com/sales/systems/portal/s.155/253>

## 🔗 **eServer Solution Connections (eSC)**

- <http://www-1.ibm.com/servers/solutions/finder/CSFServlet.wss?mvcid=main&packageid=1000>

## 🔗 **ISV Solution Link**

- <http://w3.developer.ibm.com/isvsolutionlink/index.html>

## 🔗 **e-Business Advisor (e-Business on demand, on demand customer references)**

- <http://w3.ncs.ibm.com/myadvis.nsf/home?OpenForm&id=urhome>

## 🔗 **On demand customer references**

- <http://w3.ibm.com/ondemand/customers/index.html>

## 🔗 **Redbook Paper “e-Business on demand Operating Environment” Bart Jacob**

- <http://w3.ncs.ibm.com/cspaper.nsf/HTitle/0CWCE-5PNRHF?OpenDocument>



# Call to Action



**Understand Financial Services opportunity areas and 2005 plays**

**Add server and storage sales strategy to 2005 account plans**

**Partner with STG, BCS, Client Execs, and Business Partners**

**Leverage IBM resources to package total solutions**

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  - ISV's
- Selling Strategy and Call to Action
- **Help and Resources**

## Resources to Help You Sell

### Industry Contacts

- Stuart Bilick - Finance Industry Segment Executive
- Natalie Keehbauch- Finance Industry Marketing Manager
- Bill Stampfl BCS East Region SMB Finance Industry Support
- John Pierce BCS Central and West Region SMB Finance Industry Support
- Richard Gale, Eastern Region SMB Banking Territory Marketing Manager
- Matt Minarik, Central Region SMB Banking Territory Marketing Manager
- Patty Robb, Western Region SMB Banking Territory Marketing Manager
- Matthew Couzens, WW BUE Systems Group, FSS Accounts
- Tom Roder

### Tie-Line

277-6672  
542-5890  
648-8552  
896-3725  
212-745-3352  
652-5254  
642-6973  
231-5510

### Addition Information

- SMB Sales Advisor Banking; <http://w3.ncs.ibm.com/SMB-Banking>
- Medium Business Center Banking External Website <http://www-1.ibm.com/businesscenter/us/industries/financial/>
- Financial Services Sector Internal Website <http://w3-1.ibm.com/industries/financialservices/finsect.nsf?OpenDatabase>
- Financial Services Sector External Website <http://www.ibm.com/industries/financialservices>

### Additional Education

- Banking Industry Skills Roadmap <http://w3.ncs.ibm.com/smb.nsf/SMB/AMER-5S7PV2?OpenDocument&Area=SMBAmericas>
- Banking Sales Compass Education <http://w3-03.ibm.com/sales/compass/industry/lc/bankingqv.nsf/Pages/HomePage>

# IBM Executive Briefing Centers

**IBM Executive Briefing Center  
Austin, Texas**



<http://www-1.ibm.com/servers/eserver/briefingcenter/abc/>

**IBM Executive Briefing Center  
Böblingen, Germany**



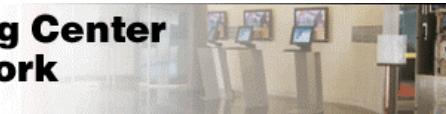
<http://www-1.ibm.com/servers/eserver/briefingcenter/bbc/>

**IBM Executive Briefing Center  
Montpellier, France**



<http://www-1.ibm.com/servers/eserver/briefingcenter/mbc/>

**IBM Executive Briefing Center  
Poughkeepsie, New York**



<http://www-1.ibm.com/servers/eserver/briefingcenter/pbc/>

**IBM Executive Briefing Center  
Research Triangle Park, NC**



<http://www-1.ibm.com/servers/eserver/briefingcenter/rtpbc/>

**IBM Executive Briefing Center  
Rochester, Minnesota**



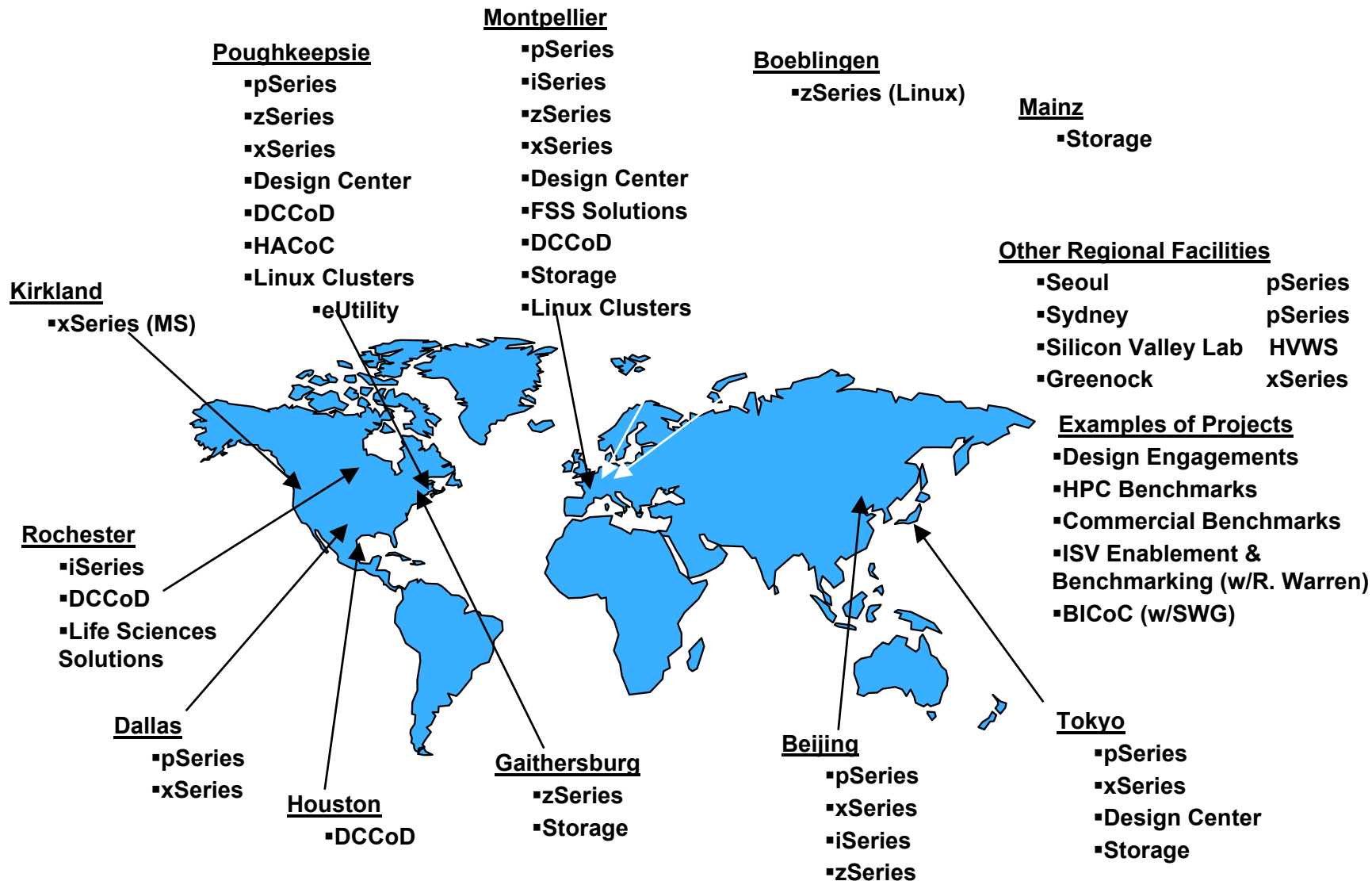
<http://www-1.ibm.com/servers/eserver/briefingcenter/rbc/>

**IBM Executive Briefing Center  
Tucson, Arizona**



<http://www-1.ibm.com/servers/eserver/briefingcenter/tbc/>

# WW Benchmark & Design Centers







# Backup Charts

# SI Targets & Activity (Work in Progress)

SI - location	Expertise	Tech Partners	IBM Expertise	IBM Contact
Random Walk, NYC	Implementation Legacy Migration Compliance	Sun	pSeries training	Peter Kestenbaum S & D, , Michael Lowrey BDM
Answerthink, Miami	Healthcare Retail Finance Transformation Business App. (ERP Optimization)	IBM, Oracle, SAP, Siebel, Lawson, PeopleSoft	IT Trans., CSI HW program	Michael Lowry,BDM
Cognizant, Teaneck, NJ	App. Develop. ERP, CRM, migrations	BEA, CSC, Sybase, Oracle, Siebel, Sun, HP	OS/400	Vincent Wooten, BDM
Sapient, Cambridge, MA	Software implementation, Finance, Auto, Public	MS, IBM, Oracle	Websphere , DB2	Michael Kalinowski Jr, BDM
Accenture		IBM		Leamon Hall, BDM,
CapGemini	IT Implementation Financial Svcs Practice	IBM, HP, Sun, Siebel, SAP, Intel, Oracle	eServer, Websphere , DB2,	Diane Hower, BDM Jerry Woodward, IT
Deloitte	Financial Services	IBM		John Morgan, Client exec, Carleton Jones, BDM

## ISV Targets &amp; Activity Reporting (Work in Progress)

ISV	Application	Key Tech Partners	Key SI Partners	Enabled on IBM	Enable Target	IBM BDM
<u>Customer Insight</u> Sybase	Adaptive Server Enterprise (ASE)	IBM, Sun	IBM	In Process	Linux	Brian Hall
APR Smartlogik	LookOut, Decision Intelligence	Sun		Going to xSeries, 2 <sup>nd</sup> qtr 2005	P5 Linux	James Ford, Irrene Kilfoil, DR Tech.
SunGard (Data Systems)	Brass (Sun, Intel Linux)	Sybase, Sun			P5 Linux	
Murex	MxG2000	Sun, IBM, HP, Sybase, Oracle	HP	AIX5.2	AIX 5.3, then P5 Linux	Marie-Christine Laffont Ingo Weinem, S & D
<u>Risk &amp; Compliance</u> <u>Algorithmics</u>	Algo Suite	IBM, HP, Sun, Sybase	IBM, Deloitte, Capgemini	xSeries Linux	P5 Linux	Tara Gill
SunGard (Front Capital Systems)	Front Arena (Intel Linux)	Sybase, Sun			P5 Linux	Tara Gill
Mantas	AML, Broker Compl., Trading Comp.	Sun, IBM, HP, Oracle	IBM, Infosys, BearingPoint i-Flex	xSeries Linux, DB2, WebSphere, Java	P5 Linux	Keith Gaylord Thuy Nguyen DR Tech
Misys	Summit (Solaris 8, Intel Linux, Windows)	Sun, Sybase, Oracle			P5 Linux	Steve North
<u>Trade Process</u> TIBCO	Rendezvous	Sun, HP, Cisco, Intel	Accenture, Deloitte	OS/390, AIX 5.1, OS/400	P5 Linux	
Reuters	RMDS	Sun		APIs on xSeries Linux	P5 Linux	Kevin McCormack
Calypso	Calypso	Sun, HP, IBM, Sybase, Oracle	Accenture, Deloitte	AIX, OS/390 (Treasury)	P5 Linux	Keith Gaylord, Tara Gill