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ON DEMAND BUSINESS™

v 1.0

IBM Systems and Technology Group University 2005

Evolving how you Sell in the Auto Industry -

Course #:

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Strategy & Planning

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Learning Objectives

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

- Identify the main customer segments within the Automotive Industry
- Describe the customer pain points that characterize Automotive customers
- Identify key opportunities for IBM eServer and Storage within the Automotive Industry
- Describe IBM Business Solutions that address the pain points within the Automotive Industry
  - Position IBM STG products within the key Automotive Solutions
  - Identify the engineering applications/opportunities within Automotive
  - List the key ISVs that drive STG revenue within the Automotive space
- Explain new initiatives to drive STG growth within Automotive customers
  - Factory of the Future and Supplier Growth Case
- Identify resources to assist in driving STG opportunities within the Automotive customers

Agenda

- **Overview of the Automotive Industry**
  - Key customer segments
  - Critical pain points for Automotive customers
- **STG Strategies for Automotive Customers**
  - Opportunities for STG within the industry
  - Industry lead, Business Solutions
  - STG initiatives to grow within Auomotive Industry
- **Next Steps**
  - Resources
  - Actions: Next Steps

Industry Overview: Automotive

Industry:

Primary market in Industrial Sector

Segments Include:

- **OEM** - due to size, play dominant role in Industry Value Chain
- **Suppliers-** second largest business segment, heavily dependent on OEMs
- **Heavy Equpment -** divisions, subdivisons of large OEMs. Make heavy trucks, busses, agricultural, construction and military vehicles.
- **Dealers** - primarily covered by SMB

A number of Key Integrated Accounts:

- Toyota, Daimler/Chrysler, GM, Ford

Customer Challenges

- *Enhance Customer experience, improve retention*
  - *Individualization in product- becoming common*
  - *most innovations-from software, electronics*
- *Speed-up product innovation and time to market:*
  - *Product Lifecycle management*
  - *CAE- Computer-assisted Engring*
- *Develop Value-net Collaboration*
  - *Reducing overall suppliers, fabricators*
  - *downstream aftermarket - more profitable*

Key Solutions

Cross-Sector Solutions:

- EAS
- CRM
- Supply Chain Management

IIS Solutions -

- PLM - Prod Lifecycle Management
  - MCAD, HPC- CAE -design testing
- ACE - Auto Common Environment
- eProduction
- eSales/Service

ISVs:

- Dassault
- PTC/Windchill
- EDS
- HPC: EXA
- Rockwell,
- Reynolds&Reynolds
- SAP
- i2
- PeopleSoft
- MSC
- QAD

web: http://w3-1.ibm.com/sales/sfi/industry/sp_ind_auto.html

The Automotive Industry has Three primary Segments:

Light Vehicle	Makers of small commerical vehicles including cars, commerical trucks, SUVs, and minivans.
Supplier	Second largest market in Automotive, provides components, gauges, hoses, and other components for the manufacturer of consumer products. There is a large pool of suppliers that serve a worldwide market.
Heavy Truck/ Equipment	Build small volumes of expensive, large specialized equipment used in construction, transportation, including trucks, busses, as well as military vehicles and equipment that is generally contracted for.

Automotive Industry -

Intense Competition requires new investment in R&D to accelerate product development

Marketing characteristics, Trends and Drivers	Business Trends and Drivers	Translation to IT Investments and Trends	Broad Implications to IBM ISG Products

▪ Intensifying competition and globalization continue to be the top issues for this industry.
▪ US Automaker market share continues to decline
▪ Consumer wants and needs are changing more rapidly
▪ Automakers continue to rely on sales incentives to drive demand and reduce margins.
▪ The industry is still struggling to optimize manufacturing capacity.
▪ Parts suppliers base is contracting and deteriorating financially.
▪ There is continuing regulatory pressure on automakers to increase fuel efficiency.
▪ Design testing to determine attributes of vehicle.
	▪ There is an intense focus on creating more efficient and collaborative R&D processes.
	▪ Focusing on reducing the product design cycle,.
	▪ Cost cutting is a major focus as manufacturers seek to shore up profitability.
	▪ The industry seeks to increase the accuracy of its inventory deliveries thus reducing the need to have additional inventory in the supply chain.
	▪ Seeks to reduce labor costs by outsourcing some assembly to parts suppliers.
	▪ Parts suppliers are consolidating to reap the benefits of economies of scale.
	▪ Business continuity and security are a current focus.
	▪ Reduce product development costs through design analysis.
		▪ Investment in supercomputing to model designs more effectively in order to reduce cycle time.
		▪ Outsourcing IT functions to reduce costs.
		▪ Some manufacturers are looking at total outsourcing with multiple external service providers.
		▪ Supply chain initiatives to integrate parts manufacturers and give delaers greater visibility into inventory levels.
		▪ Systems integration to address parts supplier M&A activities.
			▪ High Perf Computing ISVs deployed on pSeries servers, Linux/Clusters, Blades
			▪ Product lifecycle management, supports design initiatives.
			  ▪ Dassault - on Unix, Intel - Workstations.
			  ▪ PDM - Servers on pSeries, xSeries systems.
			▪ Infrastructure solutions:
			  ▪ Portals, knowledge and content mgmt to support collaborative design processes.
			  ▪ Grid computing could increase computing power for R&D while reducing costs for manufacturers.
			  ▪ Supply chain and operations ISVs/servers to support vertical integration, legacy systems, and ERP solutions. SAP is key EAS in Industrial

Automotive - Key Trends and IBM STG Products

R&D Improvement initiatives will drive the need for product lifecycle solutions, and collaborative tools

Business Issue	IT Trend	IBM STG Products
n-month vehicle design There is an intense focus on more efficient and collaborative R&D processes.	Investment in high perf computing to model designs more efficently in order to reduce cycle time.	Design - PLM Dassault - on Wintel, UNIX workstation solutions. DC - CAE/ISV solutions
Cost cutting is a major focus as manfuacturers seek to shore up profitability	infrastructure outsourcing including networking and storage.	Infrastructure products - incluidng, all series, Storage solutions
The industry seeks to increase the accuracy of its inventory deliveries thus reducing the need to have additional inventory in the supply chain.	Supply chain initiatives to integrate parts manufacturers and give dealers greater visbility into inventory levels.	Infrastructure products - including all series, storage solutions

Strategic Growth Initiatives For The Automotive Industry Include:

Partner for Leadership

Accelerate on demand	We will leverage our **on demand** strengths with our customers to drive leadership, and support transforming the Automotive industry value net.
Establish market leadership	We will work with the industry to address vehicle complexity, by enabling value net relationships, leveraging IBM's expertise in electronics and embedded SW development and E&TS, as well as driving Product Lifecycle Management initiatives to reduce time to market.

Grow Revenue

Grow through solutions	Growth through **industry based solutions** and investments in resources to develop, sell, deliver and maintain our current solutions. The Business SOlutions will exploit the capabilities of our systems and software to deliver strong industry focused solutions.
Grow through Technology	Leveraging IBM technology strengths to position our STG product lines and E&TS business initiatives, to meet automotive business requirements, and to assist in delivering complex products to market

Grow Share

Grow share In suppliers	grow within the **Automotive Suppliers** through outsourcing, and targeted express solutions.
Capture share In emerging markets	We will focus on growth areas within **emerging markets, such as:** China, Korea, India, Brazil.

2005 - Key Opportunity Areas in Automotive Customers:

Commerical: *ERP Solutions:* SAP: BI, CRM, SCM	-Traditional Business transaction Solutions - Often an "EAS" solution or industry sol. -	- Key ERP Solution - SAP lead with solution - Has manufacturing base - All commerical servers are viable Appl/Data Servers - Appl Servers - xSeries, pSeries, storage iSeries, zSeries - selected appl servers Consider Linux Options - Data Servers - xSeries, pSeries, zSeries, iSeries, storage
Engring: *Key engring solutions: CAE, EDA, PLM, and E&P*	-Engineering applications, that are compute intensive applications. - Key ISV applications drive these solutions -	Solutions have key characteristics for platform requirements -CAE: pSeries, Linux Cluster solutions - PLM - Dassault is key. p275 UNIX workstation, Intellistations Dassault support of 64bit AIX environment -Automtive Engring Innovation Framework Offering targets this market
Infrastructure: *Linux, email servers, Server Consolidation.*	- Workloads common to enterprises. - Fairly standard in implementation & functional requirements. - 15.7B opportunity	-All commerical servers are viable as infrastructure options -Select from all servers: xSeries, pSeries, iSeries, zSeries, and storage
Industry Strategies: *ValueNet/Supplier, Emerging Countries, Industry Solutions*	-Business strategies to drive revenue across the brands: (STG, SWG, BCS): -Complete, hardware, software, services solutions, focusing on Supplier chain, emerging countries, and Industry Solutions.	Complete, architected solutions All platforms/storage options can be integrated in to solutions.
Industry Initiatives: *Factory of Future* *Supplier Case*	Focused Initiatives to drive STG revenue: - Factory of Future - integration of plant floor manufacturing systems with business operational environments. - Supplier Space - offerings that aid suppliers in integrating, sharing in the manufacturing process.	-FoF: BladeT offers ruddedized platform for plant floor consolidation, with storage offerings in support of this. pSeries, zSeries offer consolidation of bus apps. - Supplier: customized offerings around ISV solutions such as SAP, QAD, and infrastructure offerings, via web

Opportunities with SAP:

- Netweaver
  - From a vertical industry perspective Netweaver offers the ability to address the component-based landscape, as it allows the integration of pieces from SAP with pieces from other vendors
- xApps/ MySAP ERP
  - Complete solutions that use generic core components from the current portfolio or new components or functions developed via the xApps route
- PLM
  - SAP's product life-cycle solution is built around the company's data management capability. SAP offers a broad spectrum of applications to build out customized PLM solution for its clients.
- SMB
  - SAP offers vertical SMB solutions for Manufacturers, including two custom offerings for SMBs: SAP Business One and SAP All-In-One
- Aerospace and Defense Manufacturing
  - Key offerings: Design, Sales, Production, Delivery, Business Intelligence
- Automotive
  - mySAP SCM, mySAP CRM, mySAP PLM, mySAP Business Intelligence, mySAP Supplier Relationship Management, mySAP Enterprise Portal, mySAP mobile Business
- Industrial Machinery and Components
  - Revenue-Building Strategies, Cost-Control Strategies, Business Management Strategies

For the most current STG information:

- **To Drive STG revenue in the Industrial Sector:**
  - Leverage collateral, information on the STG websites:
    - Focus on key IIS solutions that drive STG revenue in the Industry
    - Idustry focused collateral, customer deliverable presentations
    - Review Electronics Playbook, for key plays, collateral and contacts to help close sales
- **Click on Presentation for the current STG/Industrial Sector web-based page**
- **Bookmark this website - for access to udpated Industrial Sector Information**

Presentation

You must be in presentation mode to click on Saleskit.

Here is the URL for the Site:

url: http://w3-1.ibm.com/sales/systems/portal/_s.155/254?navID=f220s240&geoID=All&prodID=IBM%20eServer%20And%20TotalStorage%20Products&docID=industrysellingsk.skit&docType=SalesKit&skCat=DocumentType

Engineering:

Deep Computing / Technical workloads

Deep Computing /Engineering Workloads:

Deep computing is a unique market area in the Industrial Sector, that is composed of applications that are used by the scientific, technical customer set, including engineers, and chip, and product designers. These applications address a variety of technical requirements, such as :

Engring:

Key engring solutions: CAE, EDA, PLM, and E&P

- **PLM/mCAD:** is design oriented solution space.
  - Product Lifecycle Management has the largest portion of eServer sales opportunity in MCAD workstations, that allow engineers and designers to quickly develop and deliver new product designs. The server component to support these networks of design teams offer a small portion of the revenue opportunity in comparison. The key ISV in this market, is Dassault Systemes software.
- **CAE/CFD:** targets design testing and analysis.
  - Computer Assisted Engineering is a large family of applications that are used by engineers in measuring, and testing various aspects of the product design, developed with PLM software. CAE systems for the Automotive Industry address demanding product development challenges requiring cost effective, computing power.
- **EDA:** designs of chips, printer ciruit boards.
  - Electronic Design Automation is a specialized market in the Electronics and Industrial Sector, focused on designing Chip and Integrated Circuits that are components which are incorporated in to consumer

Deep Computing /Engineering Workloads:

- **PLM/mCAD:**

Product Lifecycle Management - (MCAD)

- Mechanical Design - go to market with Enovia/SmartTeam, Catia V4-V5
- also working with MatrixOne, SAP-new PLM apps, and EDS(SDRC+UG)
- Targeted to Automotive, Aerospace
- Enhanced graphic cards are critical in this market (T221)

Engring:

Key engring solutions: CAE, EDA, PLM, and E&P

Catia /Dassault:

IBM has PLM Sales team , that focuses on selling CATIA Software

- **Support: Scott Hopkins/Industrial Sector** (software focus)

V4 - only supported on pSeries workstations

V5 - supported by either UNIX or NT Intellistations

Others include:

PTC/Windchill, MatrixOne, and UGS.

STG Offerings:

Intellistation **Power 275** - 2 models are available.

Intellistation **Pro** - 5 Star rating from CATIA Magazine

Remote Workstation - P50R (PCD)

Contacts: PLM Sales - Scott Hopkins leads ww sales Team

Walter Donaldson - Americas,

CATIA: Intellistation – or Power:

Engring:

Key engring solutions: CAE, EDA, PLM, and E&P

If customer needs...		
CATIA V4 only		**POWER**
CATIA V4 and V5 (on the same workstation)		**POWER**
CATIA V5 and other applications that are UNIX-based only (on the same workstation)		**POWER**
CATIA V4 or V5 with a compute infrastructure, IT skills, etc., that are primarily UNIX		**POWER**
Migration from CATIA V4 to CATIA V5 on Windows over several years	**Windows**	**POWER**
Migration from CATIA V4 to CATIA V5 on Windows in less than a year	**Windows**	
CATIA V5 only and other Windows-based applications	**Windows**	
CATIA V5 and no environment preference	**Windows**	**64Bit option**

Selecting the right system:

Engring:

Key engring solutions: CAE, EDA, PLM, and E&P

Ultimate performance*

- AIX: IntelliStation POWER 265/ 275 (1.4Ghz)
- AIX: 64bit system is strong performer
- Windows: IntelliStation M Pro 6229-36U

Best price / performance

- AIX: RS/6000 model 170 /275 (1Ghz)
- Windows: IntelliStation M Pro 6229-25U

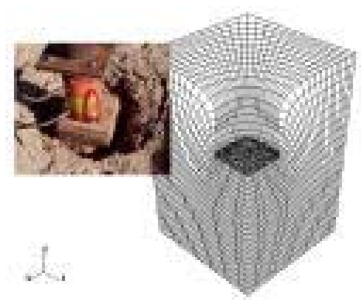
CAE/CFD:

- The CAE market is comprised of Computational and data intensive servers, workstations, and storage. Enterprise and Divisional CAE Servers tend to be clusters of large centralized UNIX SMP servers or 1-2way Linux Cluster farms whereas departmental CAE servers will likely use their CAE workstations to process simplified analysis workloads as well as to perform pre/post-processing for jobs executed on the cluster compute farms.
- An emerging trend is to leverage excess server/workstation capacity through Grid technology.

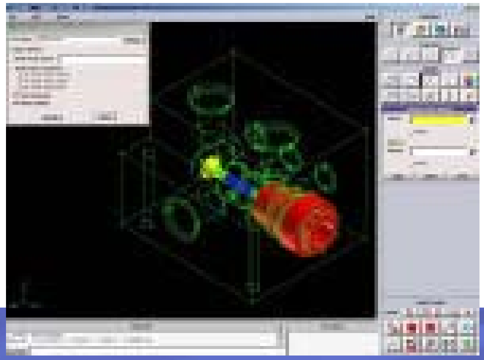
Engring:

Key engring solutions: CAE, EDA, PLM, and E&P

- **Crash Analysis:** A key workload that consumes compute cycles today are used to ensure the design is safe, by running numerous Crash scenarios and analyzing the output and making recommended alterations.



- **Structural Analysis or Noise, Vibration, and Harshness (NVH)**: This kind of analysis is performed to ensure that components still work after they're moved or dropped and can easily be snapped back together (eg: dropped cell phone) and the product is as quiet as possible (eg: disk drives).

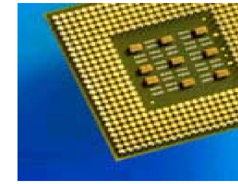


- **Computational Fluid Dynamics (CFD) and Combustion**: These kinds of applications test the aerodynamics of a design

CAE : STG Offerings for this market:

Application Type	Key Applications	Best IBM Offering	Parallel	Comments
Auto/Aero Crash	LS/DYNA PAM-CRASH RADIOSS	Linux/IA32 such as eServer 1350 or x440 or Blade Center	8-16 way MPI Some SMP	IA32 Linux rapidly becoming the Std Performance & $/MFLOP key
Auto NVH	MSC.Nastran AMLS	p655 (4way) p610	1-2 SMP	Price Performance key against Itanium2
General Server	Runs multiple CAE codes/jobs	p655 p690	1-4 SMP	Price Performance Key when against Itanium2
Aero CFD/EM	NASA codes	Linux/IA32 eServer 1350 or x440 or Blade Center	8-32 way MPI	Linux IA32 rapidly becoming std SGI still has strong presense in Aero
Structures	ABAQUS MSC.Nastran ANSYS	p655	1-4 way SMP	IBM Wins when engaged Need more engagements
Auto CFD	Fluent Star-CD PowerFLOW	Linux/IA32 P655 eServer 1350 or x440 or Blade Center	8-32 way MPI	Linux beginning to grow Difficult environment to generalize

Deep Computing /Engineering Workloads:



- **EDA:**

Engring:

Key engring solutions: CAE, EDA, PLM, and E&P

- ISV solutions to design and test - Chips, PCBs (Printed Circuit Board)
- ISVs offer suite of solutions for various aspects of testing/design
  - Offers mix of tools to design and test chip/integrated ciruitry components. Mentor Graphics is one of top 3 ISVs in EDA market
  - functional verification, Integrated Circuit design products, signal testing
- Targeted to Electronics, but also in support of Automotive, Aerospace

Key ISVs:

Cadence, Mentor Graphics, Synopsys
Zuken (AP)
MatrixOne, EDS(SDRC+UG)
SAP/PLM

ISG Solutions:

xSeries/Linux,
Enhanced Graphics cards are critical in this market,
T221 monitor
Remote Workstation - P50R (PCD)

Contacts: Tom Holt, San Fran

Applications Best Suited to Linux

- **Can distribute work across a cluster**
  - e.g. MPI parallel, or many 1-2 cpu jobs.
- **CPU intensive jobs.**
  - i.e. low I/O requirements
- **User controls the source code.**
  - i.e. In-house applications
- **Large/consistent workload**
  - System environment does not change often.

AEIF: Automotive Engring Innovation Framework:

An IBM STG- PLM Solution that creates a leading-edge, open standards-based platform for Computer Aided Engineering (CAE) simulation and analysis.

- **AEIF:**

Engring:

Key engring solutions: CAE, EDA, PLM, and E&P

Pain points:

- Need for an optimized CAE environment, to address development schedules, execute fewer simulations, and loss of productivity.
- Manual processes to translate between data formats cause delays in product design
- Access to up-to-date data and CAE model information delays vehicle program management and increases costs
- Delays in Simulation & Analysis testing and iterations limit engineering productivity and lead to unnecessary product redesign and quality issues
- Security/confidentiality issues limit data sharing between OEMs and suppliers
- Insufficient access to reliable historical and current data limits reuse in product design
- Large compute clusters or are only needed during peak project phases, leaving IT resources not fully utilized and driving up costs.

Sales Leads/Customer Engagements

Worldwide: Laura Kroubalkian/White Plains/IBM (WW Grid Sales)

Gregory A Clifford/Minneapolis/IBM (HPC Auto Business Development)

EMEA: Ian Roscow/UK/IBM (EMEA Industrial Deep Computing Sales Leader)

Philippe Bricard/France/IBM (GRID Computing Executive EMEA)

AG:Marzban Kermani/Southfield/IBM (Executive, AG Sales)

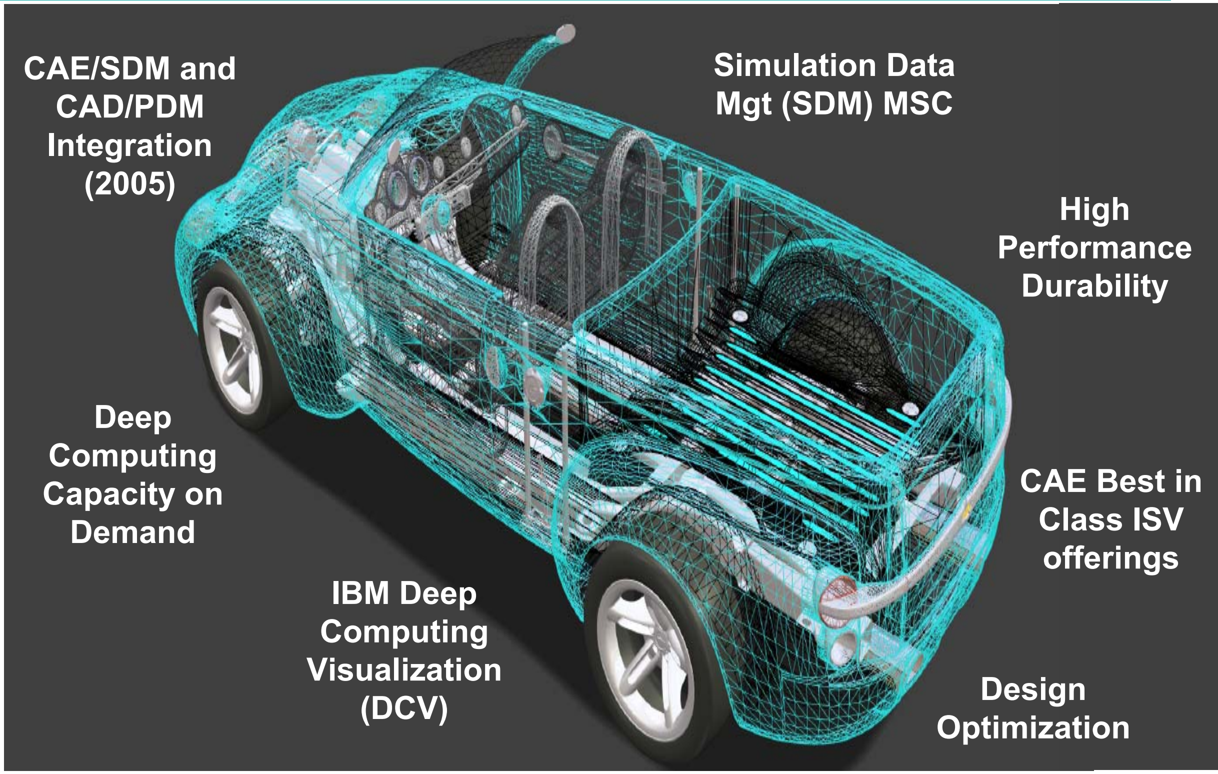
Saleskit: URL: AEIF sales kit is at: http://w3-1.ibm.com/sales/systems/portal/_s.155/254?navID=f400s340t240&geoID=AM&prodID=Marketing%20&%20Strategy&docID=iautork

Automotive Engineering Innovation Framework

In partnership with leading Automotive ISVs, IBM is applying innovative on demand technologies, in context of an architected engineering framework, to optimize design/analysis workloads and processes

AEIF will help Auto customers achieve:

- Improved **throughput and quality** of product **validation**
  - *through application of advanced grid technologies, Deep Computing, and capacity on demand*
- Improved **efficiency and ROI** on IT investments
  - *through dynamic provisioning and infrastructure virtualization*
- Improved **commonality** and **traceability**
  - *through enhanced data mgt and integration with PDM*
- Enhanced **innovation**
  - *through advanced optimization techniques,*
  - *greater integration of analysis and simulation in the design process*
  - *and through advanced visualization technologies*



Focus in 2005, WW:

- ***Deliver Customer POCs and references***
- ***Integration of ISV PLM/CAE solutions with IBM***
- ***Host customer engagements/demonstrations***
- ***Deliver marketing Collateral which conveys the AECF business value for use by sales teams.***

AEIF Potential Target Customers

- Developing selection criteria for each of the separate offerings
- Leveraging appropriate ISV's to help select appropriate POC clients

CAE/SDM and CAD/PDM Integration (2005)

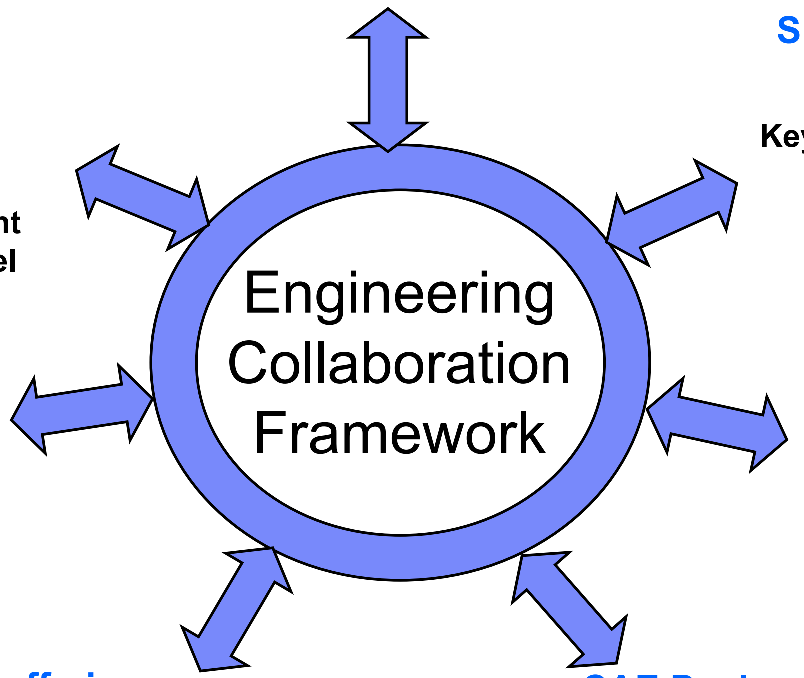
All PLM engineering clients

Deep Computing Capacity on Demand with ISV's

Exa hosting their customers today; In discussion with Fluent and MSC for sell through model

Simulation Data Mgt (SDM) PoC w/MSC

Key car manufacturers have expressed interest in this solution.



IBM Deep Computing Visualization

Key suppliers/car manufacurers have interest

High Performance Durability

GM, AP OEMs; desired by most MSC Nastran & ABAQUS clients

CAE Best in Class ISV offerings

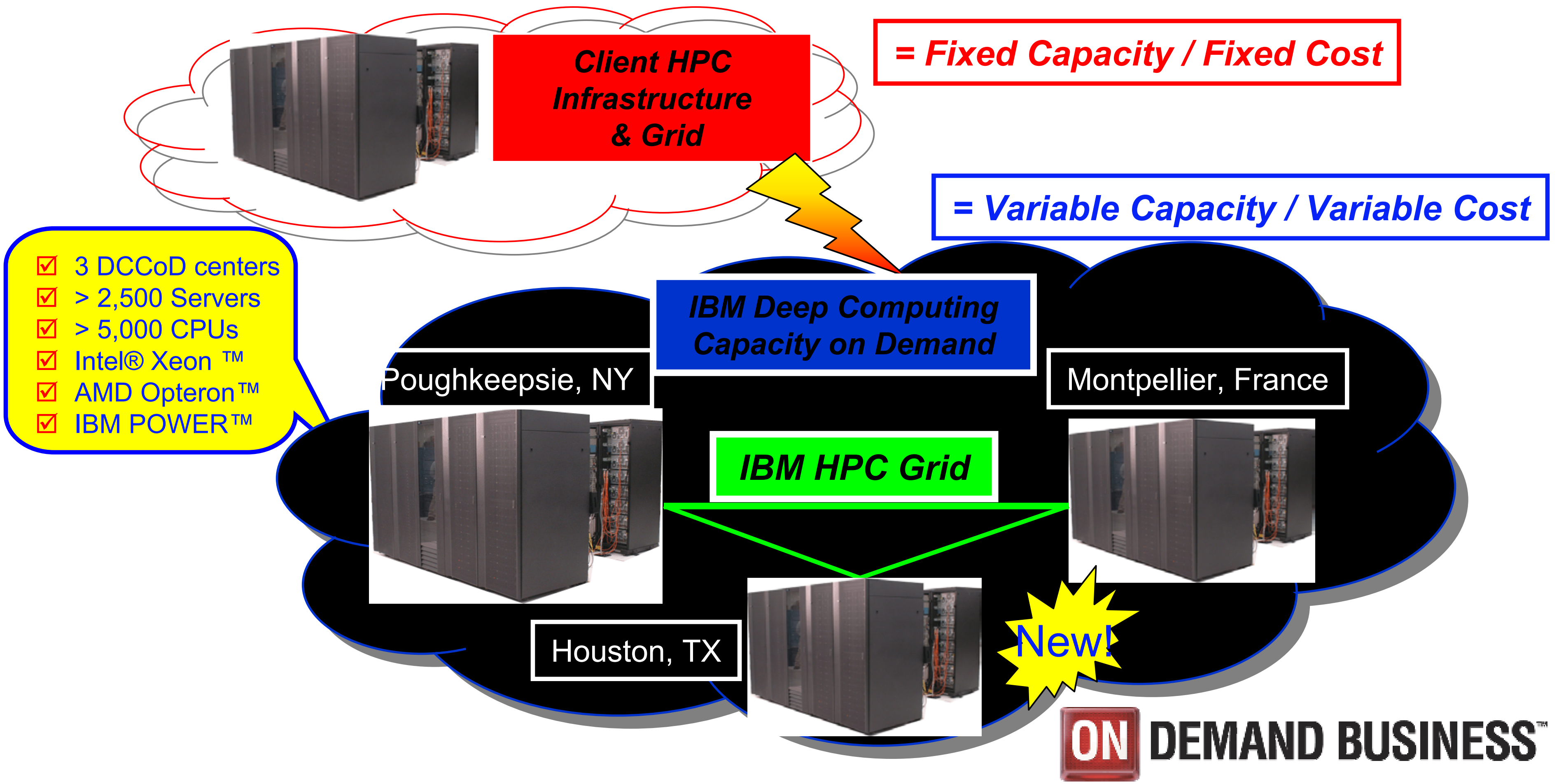
All CAE clients

CAE Design Optimization w/Engineous

Leverage successes to drive interest in all markets

IBM Deep Computing Capacity on Demand

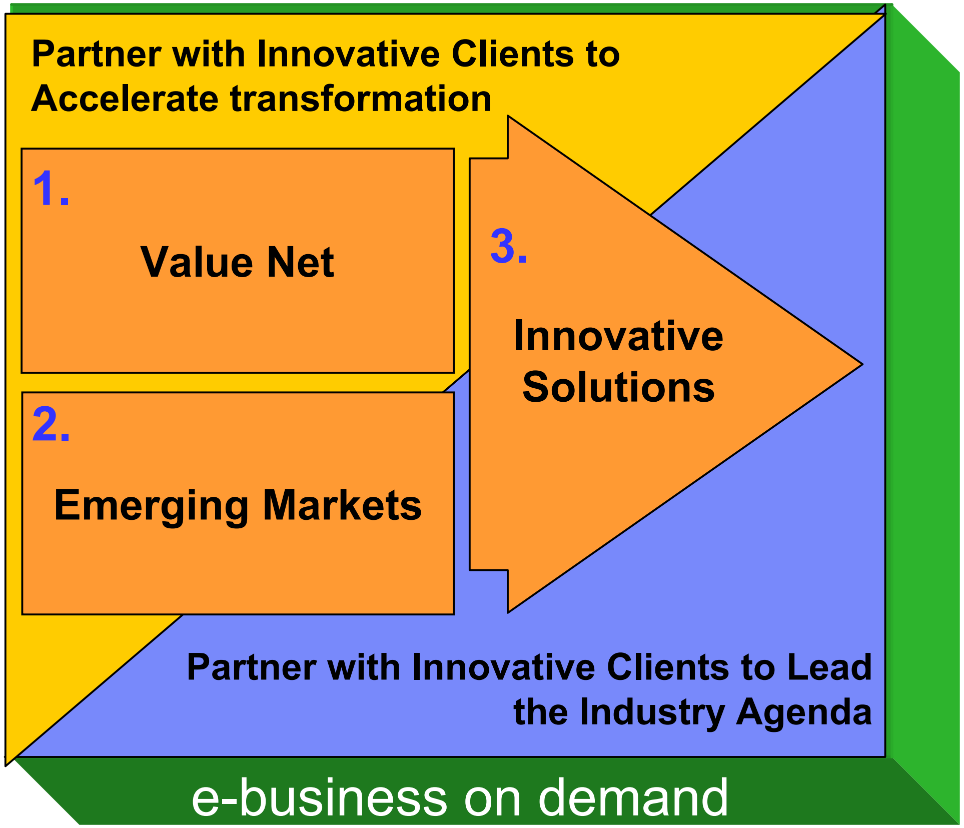
Highly secure internet access to supercomputing power enables clients to respond to peak workloads and capture business opportunities that would otherwise be out of reach.



The Global Automotive Industry strategy is to grow faster than the industry by delivering *innovative global solutions* on an e-business on demand infrastructure and by capturing share in the *supplier and aftermarket segments* as well as the *emerging markets*.

Industry Strategies:

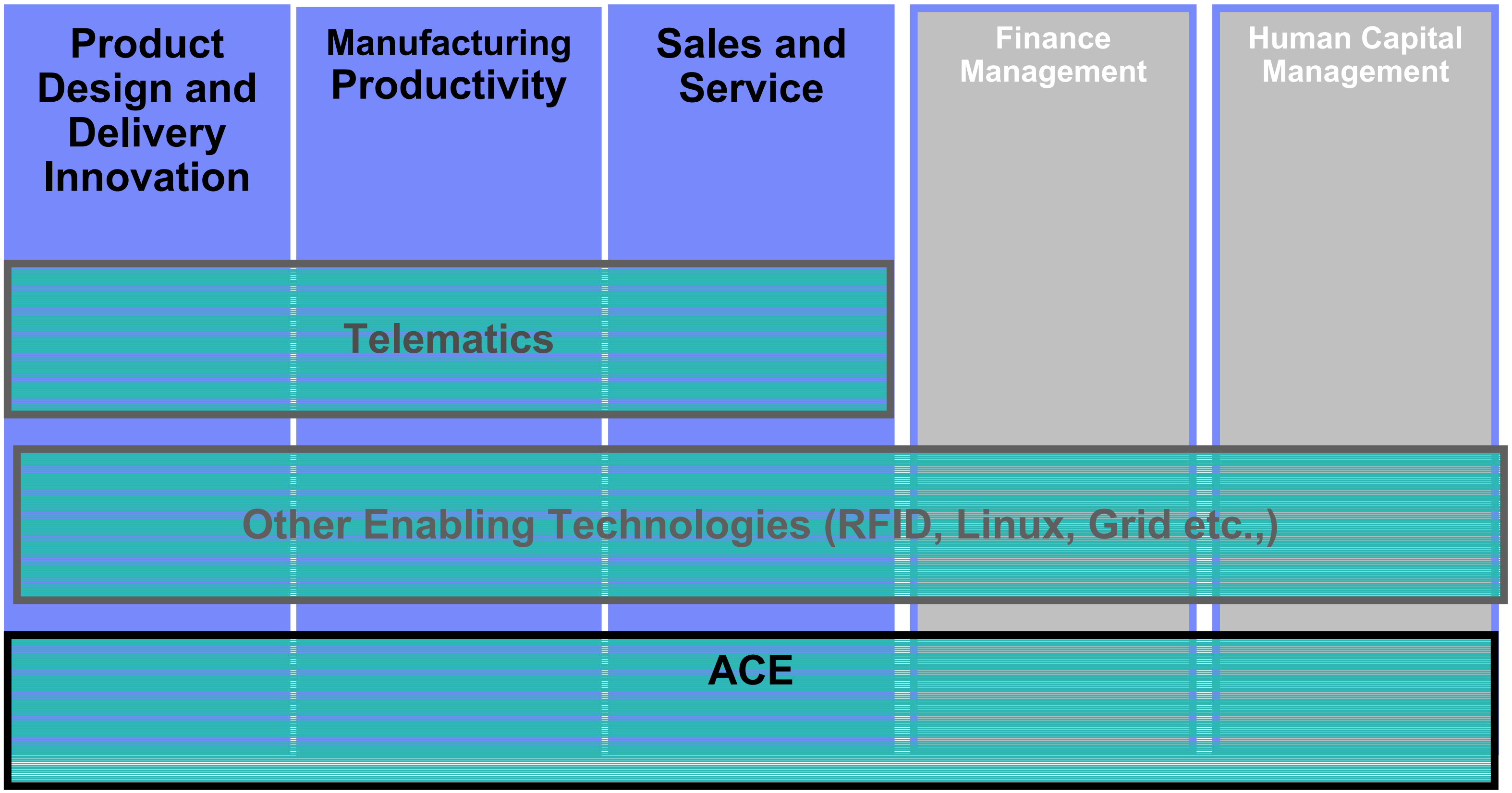
ValueNet/Supplier, Emerging Countries, Industry Solutions



Automotive Solutions

Primary drivers: PDDI, Manufacturing Productivity, and eSS.

A key infrastructure play: ACE (Automotive Common Environment)



We have mapped our current solutions to 3 Business Solutions

PLM + ESLM + Telematics + ACE = Product Design and Delivery Innovation

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Retail & Aftermarket + f Telematics + ACE = Sales and Service

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eProduction + ACE = Manufacturing Productivity

A thin offering of ACE is an infrastructure offering that is targeted at CIO’s

Automotive Business Solutions and Offerings

	Product Design & Delivery Innovation	Manufacturing Productivity	Sales & Service	Finance Management	Human Capital Management
Telematics	PLM **Core PLM** **Extended PLM** **Automotive Value Creation Environment/ Business Lifecycle Engineering** **Supplier Collaboration** ESLM **System Engineering** **Development & Integration Services** **Architectural Frameworks** **Embedded Systems**	**Plant Floor Systems** **Enterprise Resource Planning** **Supply Chain Management**	**Quality Insights** **Dealer Collaboration** **Consumer Insight**	**Finance Strategy** **Performance Management & Analytics** **Finance Enterprise Applications** **Business Risk Management**	**Better Human Resource** **More from People** **Learning & Development** **On Demand Workplace**
Enabling Technologies			**Remote Diagnostics** **IBM Client Software: JVM, SMF, EVV, etc** **IBM Client Software Development Services** **IBM Pervasive Computing Software**		
Auto Common Environment	**RFID** **Grid** **Linux**				
	Technology Integration **Infrastructure Management** **Application Consulting**				

Automotive Solutions Mapped To Business Challenges

Themes	Business Challenges	Product Design & Innovation	Manufacturing Productivity	Sales & Service	Finance Mgmt	Human Capital Mgmt	ACE
Growth/ Innovation	**Improve customer experience**	●		●			●
	Optimize your value net		●	●			
	Drive product differentiation	●	●				
	Capture emerging markets*	●	●	●			
Productivity	**Improve quality/reduce warranty***	●	●	●			
	Increase business flexibility						●
	Increase employee productivity				●	●	
	Leverage information insights	●		●			●
	Meet regulatory requirements*			●	●		●
IT Optimization/ Business Resilience	**Optimize IT environment**						●
	Enhance business resiliency & security						●
	Mange risk & compliance				●		●

** Auto Industry Specific*

STG Series - Map To Automotive Integrated Solutions

	Automotive Common Environment (ACE)	Product Design Innovation	eSS	Manufacturing Productivity
iSeries	**Moderate Growth with IA's and Lotus Workplace**		**Web-based Portal**	
pSeries	**Focus on holding share with ERP (SAP)**	**Deliver POWER worksta plans, leverage 64bit, with Dassault**	**CRM play with Siebel, early warning system**	**Increase with Linux on Power**
xSeries	**IT Simplification**	**64-bit Workstn plans**		**IT Simplification**
zSeries	**New Workloads, IT Simplification, Maintain SAP Install base**		**ISV workloads, Web-based portal**	
Storage	**Simplification and SAN, SAP Focused Activities**	**SOSWOS**	**BI-type apps**	

Industry/STG Initiatives:

Targeted sub-plays within the Sector Strategies,

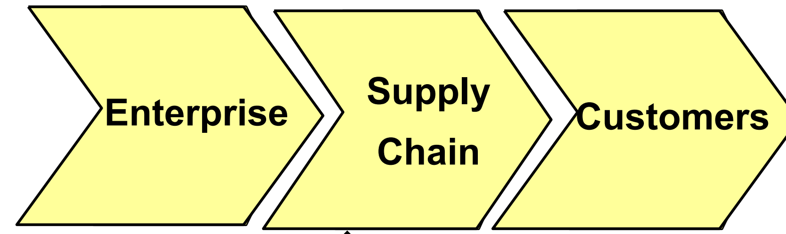
that are in place to drive STG revenue.

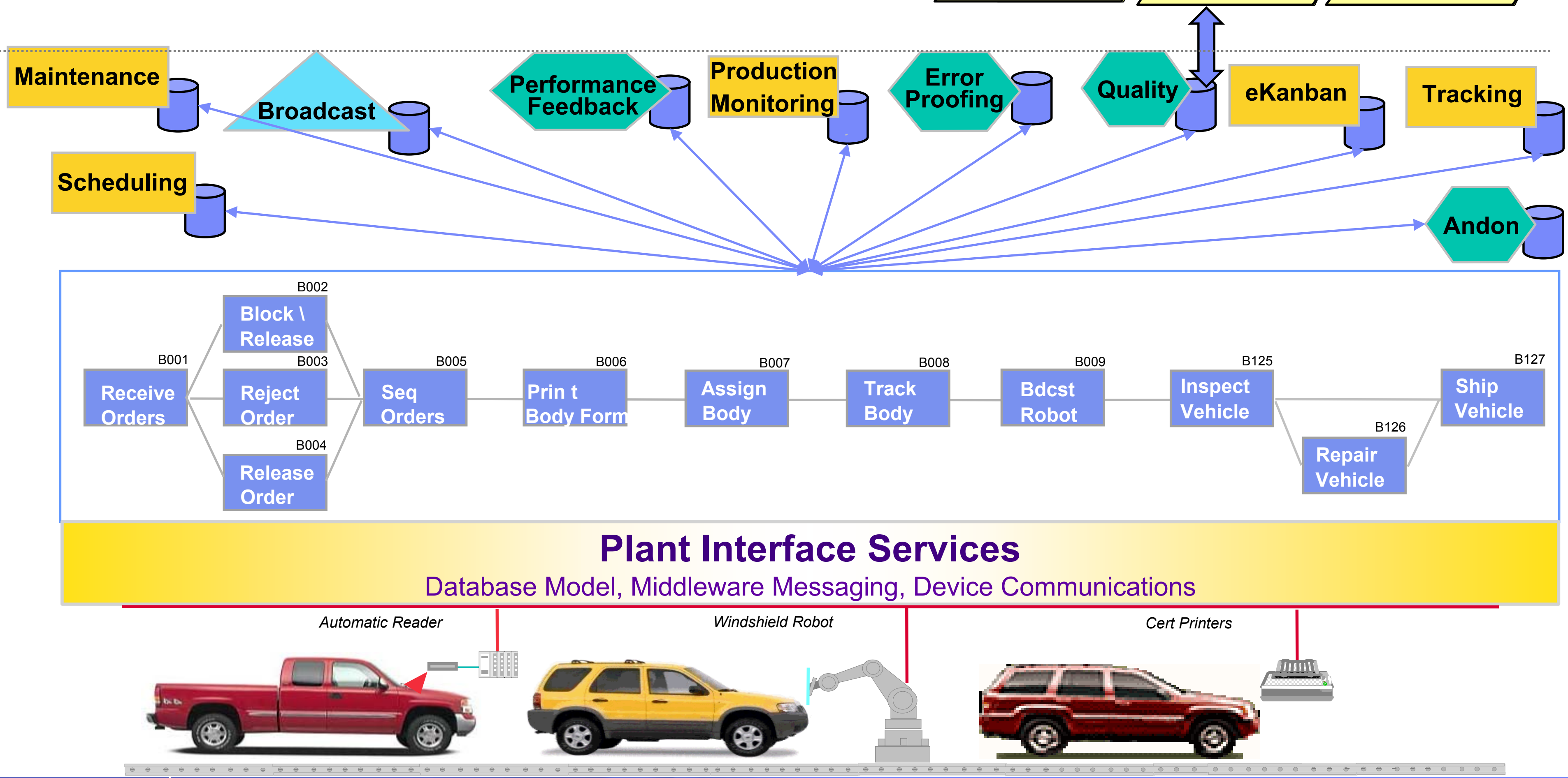
- **Regular reviews within the Geographies.**
  - Scorecard to be presented to Bill Zeitler on regular basis.
  - Targeted activities around two key areas:
    - Factory of the Future
      - Targets plant consolidation and operations
      - incorporates STG with Software, services to address new plant integration
    - Supplier Case:
      - Targets: the Supply Chain of the Automotive Industry
      - Globally dispersed network of suppliers
      - Assuming portions of the building process, such as integrating all components for dashboards, to deliver a completed component for installation in the vehicles.

Industry Initiatives:
Factory of Future
Supplier Case

Factory of the Future: *Enabling* Plant Floor Information

- **Open Standards-based Technology**
- **Std. Plant Floor Communications & Components**
- **Std. Application Connectors**
- **Manageable, Repeatable Processes**
- **Leverage Existing Systems – Not Rip & Replace**





Supplier Market: Auto suppliers make significant investment on IT solutions, yet are looking for short term ROI, clear business benefits, and an on demand cost structure

Supplier Purchase Drivers

Unmet Supplier Needs

- Focus on core competency with scalable and resilient infrastructure
- Innovation-driven differentiation
  - Efficient product R&D
  - Increasing use of electronics
- Supply chain and manuf. efficiency gain through solutions
- Globalization assistance
- Regulatory compliance (warranty)

Supplier Buying Behaviors

- OEM-driven major tech decisions, with low willingness to spend
- IT as an enabler of business objectives, not a core competency
- Short-term ROI focus, no “big vision” play
- Fragmented spend, though large suppliers are consolidating

Supplier Priorities

Priority Solution Areas

- ***On demand infrastructure and services***
- ***Product innovation***
- ***Globalization***
- ***Supply chain and manuf. efficiency***

Selling Implications

IBM Solution Development and GTM Approach

- Build supplier-targeted solutions, value proposition, and messaging
- Adopt segmentation-based solutions and GTM approach (largest suppliers vs. SMB)
- Target the largest suppliers first, while seeking opportunities in SMB on demand solutions
- Influence supplier tech decisions through OEM relationship
- Build alliances of supplier-focused products and GTM

Next Steps:

- **Automotive STG Opportunities:**
  - SAP:
    - Customers Facing Upgrades/extensions to SAP Systems:
      - Comptitively installed – engage competitive team, Sector teams
      - Particularly UNIX customers
  - Deep Computing:
    - Consider CAE/ mCAD/ EDA solutions
    - Engage support teams to assist with selling
    - Focus on opportunities for AEIF
  - Industry Solutions:
    - Engage with BCS, Client teams in selling solutions
    - Work to integrate STG messaging in early discussions with customers
    - Deliver a winning proposal for your customer.

Next steps:

- Understand the industry ... engage IBM servers and storage early in the IIS sales cycle ... develop the IBM Systems and BCS relationship. Use the 2005 Playbook on SectorNet.
- Plan the work ... add server and storage sales strategy to the IIS account plan ... get the opportunities with IIS codes into OMNotes.
- Work the plan ... partner with IBM BCS, Client Execs, and Business Partners to package IIS's that include both IBM servers and storage.
- Leverage IBM resources to package total solutions ... include IGS, IBM Software, IBM Global Financing, and IBM Business Partners.

For the most current STG information:

- **To Drive STG revenue in the Industrial Sector:**
  - Leverage collateral, information on the STG websites:
    - Focus on key IIS solutions that drive STG revenue in the Industry
    - Idustry focused collateral, customer deliverable presentations
    - Review Electronics Playbook, for key plays, collateral and contacts to help close sales
- **Click on Presentation for the current STG/Industrial Sector web-based page**
- **Bookmark this website - for access to udpated Industrial Sector Information**

Presentation

You must be in presentation mode to click on Saleskit.

Here is the URL for the Site:

url: http://w3-1.ibm.com/sales/systems/portal/_s.155/254?navID=f220s240&geoID=All&prodID=IBM%20eServer%20And%20TotalStorage%20Products&docID=industrysellingsk.skit&docType=SalesKit&skCat=DocumentType

End Of Presentation