

SOFTWARE

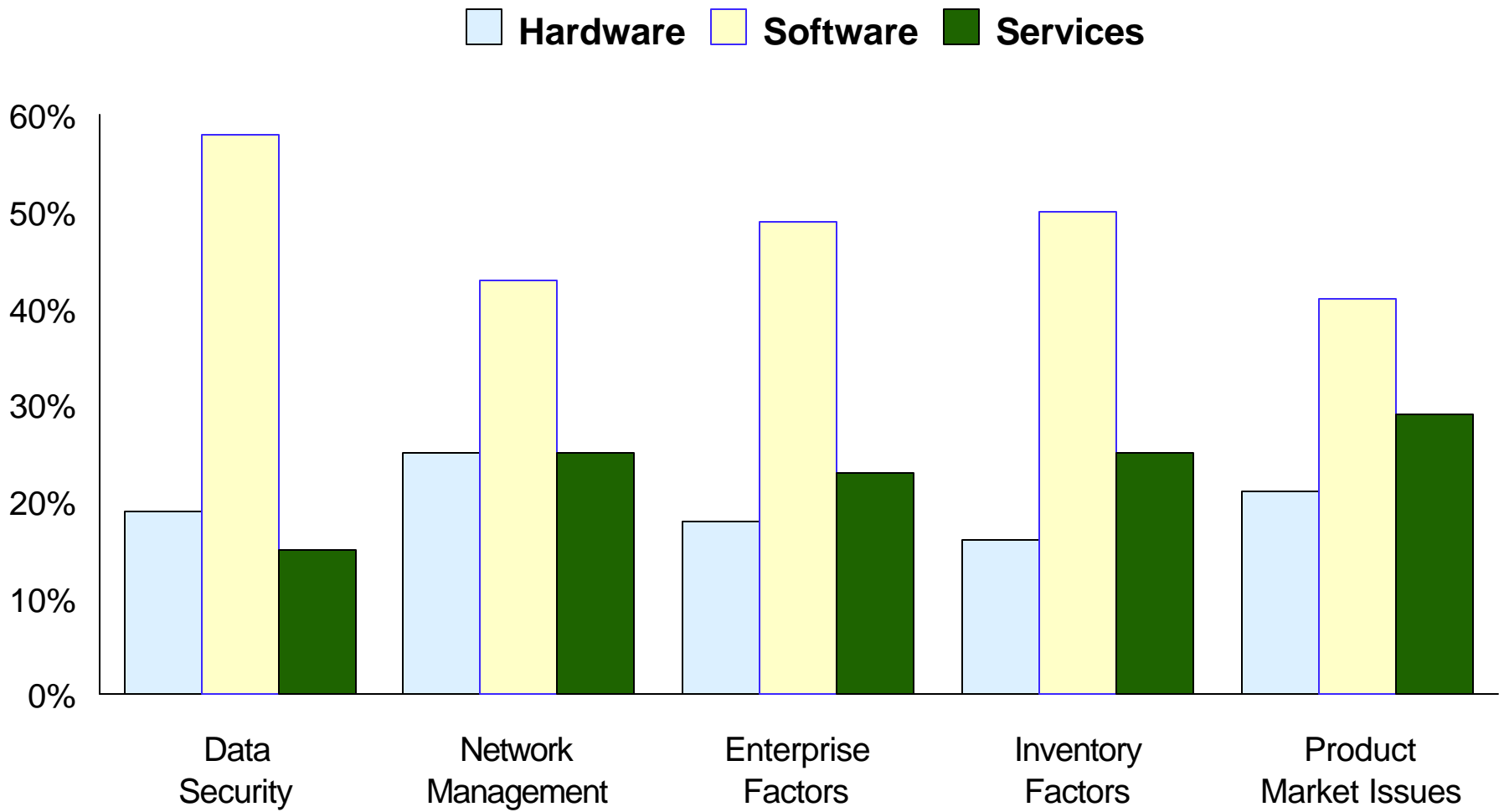


# Software Group 2001 Plans

**Customer Set: Small  
and Midmarket**

# VALUE OF SOFTWARE SALES

## Driving Element of IT Purchase - Large Enterprises



Source: IBM Market Monitor, Worldwide Wants and Needs Survey, Sector Summary Report, 2000

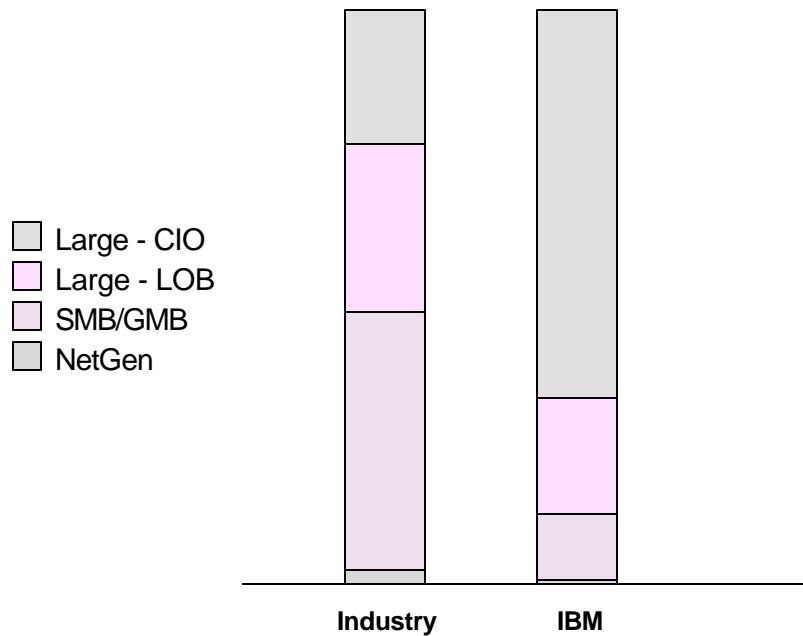
# Customer buying behavior



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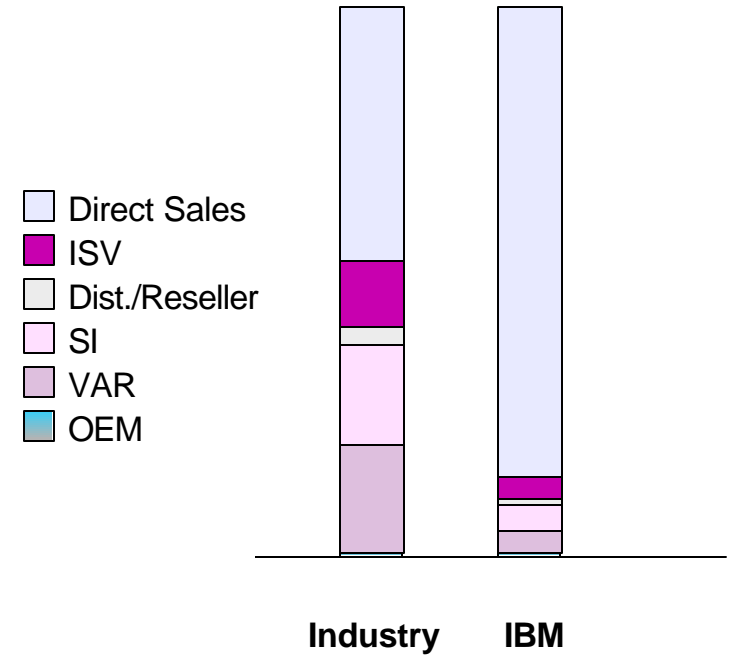


## Who's buying Middleware?



- LOB, SMB, NetGen increasingly important
- We are large, CIO centric

## How are they buying?



- Industry relies heavily on channels
- We are 90% dependent on direct sales

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# GMB Characteristics

- Local markets with local partners and local ISVs
  - ▶ SMB customers buy from local VARs, integrators, or ISVs
  - ▶ US respondents are more influenced by a VAR when addressing IT issues
- Typical SMB customer works with one business partner for 7 years
  - ▶ 67% of IT purchases involve a recommendation from a partner
  - ▶ 93% of partner recommendations are accepted
- Selected SMB customers are:
  - ▶ Solutions buyers and want solutions that leverage existing infrastructure
  - ▶ Have Internet access and may be very evolved on e-business phases
  - ▶ Prefer e-mail, in-person, or telephone contact method
  - ▶ Want technology providers who understand their business
- Lifetime Customer Value
  - ▶ Tech-savvy customer worth over \$500,000 IT revenue over 10 years
  - ▶ Business Partners key to long-time SMB relationships





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# GMB Market Monitor Findings

## ■ Findings and Recommendations:

- ▶ IBM should maximize its visibility in terms of **software capability and leadership** with **specific and relevant offerings**.
- ▶ Although respondents indicate that IT budgets will be spread across hardware, software and services, data indicates that **budget allocation for software is highest**.
- ▶ **Software is the solution element most often driving other aspects** of a solution (e.g., hardware and services). This is particularly true for
  - ▶ Data Security, Enterprise, and Inventory factors:
    - Virtually all medium businesses desire solutions which will require a mix of these three components, and IBM is one of the few leading brands in this space that offers such a complete portfolio of these products and services.
- ▶ **IBM needs to demonstrate and prove that we have specific relevant solutions for the mid-market businesses.**
- ▶ The ability to provide a complete hardware/software solution will be a key competitive advantage for IBM versus Microsoft





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# Customer Selection

## ■ Small Businesses (<100 employees)

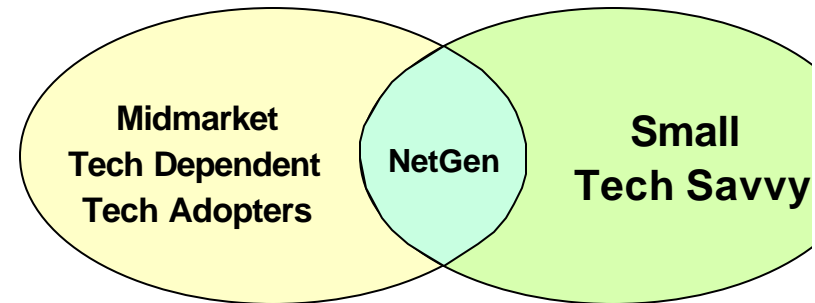
- ▶ Tech-Savvy segment
  - Avg. \$35K/yr IT spend
  - 41% of SB opportunity
  - 16% of SB enterprises

## ■ Midmarket Businesses (100-999 employees)

- ▶ Tech-Dependent
  - Avg. \$1.5M/yr IT spend
  - 60% of MM opportunity
  - 12% of MM enterprises
- ▶ Tech-Adopters
  - Avg. \$227K/yr IT spend
  - 16% of MM opportunity
  - 20% of MM enterprises

## ■ NetGens

- Avg. \$1.4M/yr IT spend
- Subset of Small/Midmarket





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# SWG SMB Strategy

- Create identifiable family of e-business solutions and extensions based on IBM Software
  - ▶ Worldwide focus on top e-business solution areas
    - Infrastructure, e-Commerce, BI, CRM, Integration, Sys. Mgt., Collaboration
  - ▶ Package solutions to match route-to-market
    - Mass Customized, Off-the-Rack, Hosted
  - ▶ Highlight built-in security and privacy support, systems management, ASP services, and integration add-ons
  - ▶ Claim and demonstrate leadership in solutions
    - Create standard platform and solutions market for ISVs to exploit
- Build clearly identifiable and customer-accessible channel for delivery of IBM Software-based solutions to SMB
  - ▶ Drive customers to [ibm.com](http://ibm.com) and link to:
    - SMB-focused Web Integrators, System Integrators, Solution Providers
    - IBM/Partner e-Marketplace / ShopIBM
    - ASPs with applications on IBM Software
- Invest in recruitment of SMB-focused influencer partners and ISVs
  - ▶ Deliver value by creating e-Marketplace to link partners and customers
- Build relationships with key ASP/NetGen influencers





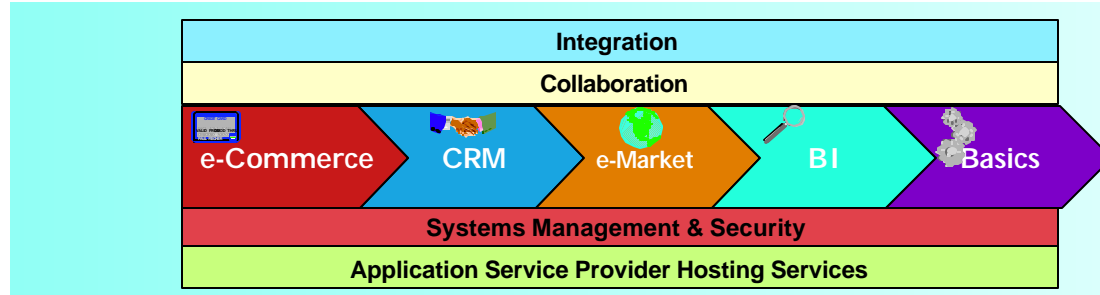
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# Strategic Business Design

Products WebSphere Commerce DB2 Domino Tivoli Industry Applications

Identity

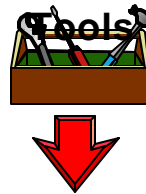
Offerings



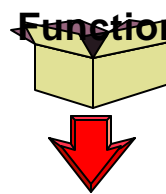
Total@  
business Solutions

Packaging

Mass Customized



Off-the-Rack Fixed Function



Internet Hosted SB Portal



Channel Selection

Local Partners



Solution Provider

Application Provider

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Web/Hosting Partners

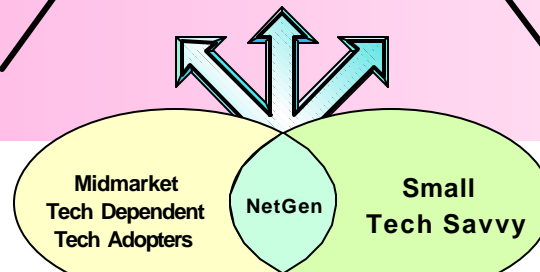


ASP

Internet Business Service

ibm.com

Customer Selection

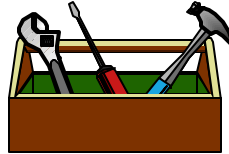




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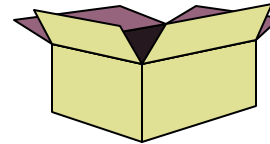
# Packaging

## Mass Customized Tools



- Tools to enable partners to deploy flexible solutions
  - ▶ Installation
  - ▶ Configuration
  - ▶ Customization
  - ▶ Network deployment
  - ▶ Sales reporting
- e.g., Java Suite Development Tool (JSDT)
  - ▶ Strategic control point

## Off-the-Rack Fixed Function



- Package offerings for minimal implementation services requirements
  - ▶ Turn-key solution
  - ▶ Limited customization
  - ▶ No IT Staff
  - ▶ Web delivery
  - ▶ Phone support services (fee)

## Internet Hosted SB Portal



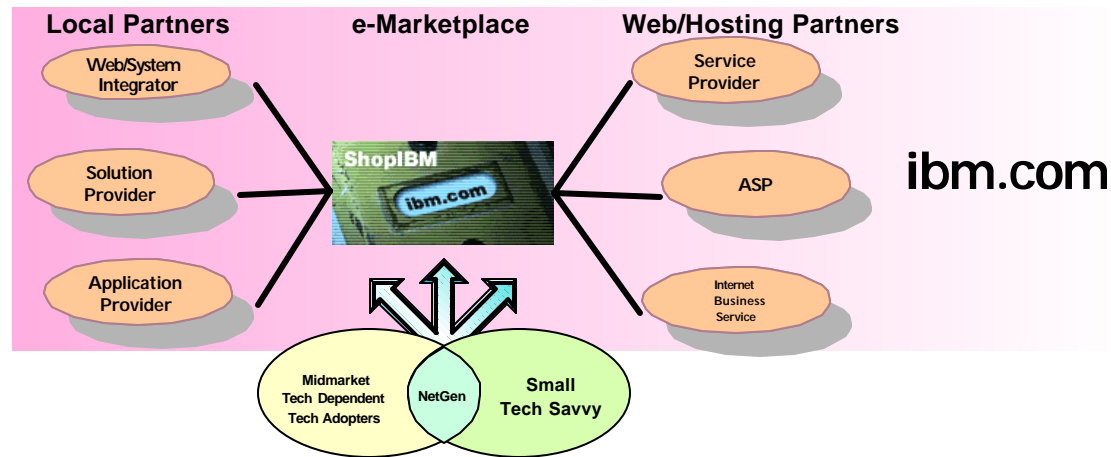
- Target subscription licensing of offering with ASP services add-on to ASPs
  - ▶ Enable ASPs to host web - enabled ISV app on IBM Software
  - ▶ Link to ASPs from Small Business portal on ibm.com





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# IBM Solutions e-Marketplace



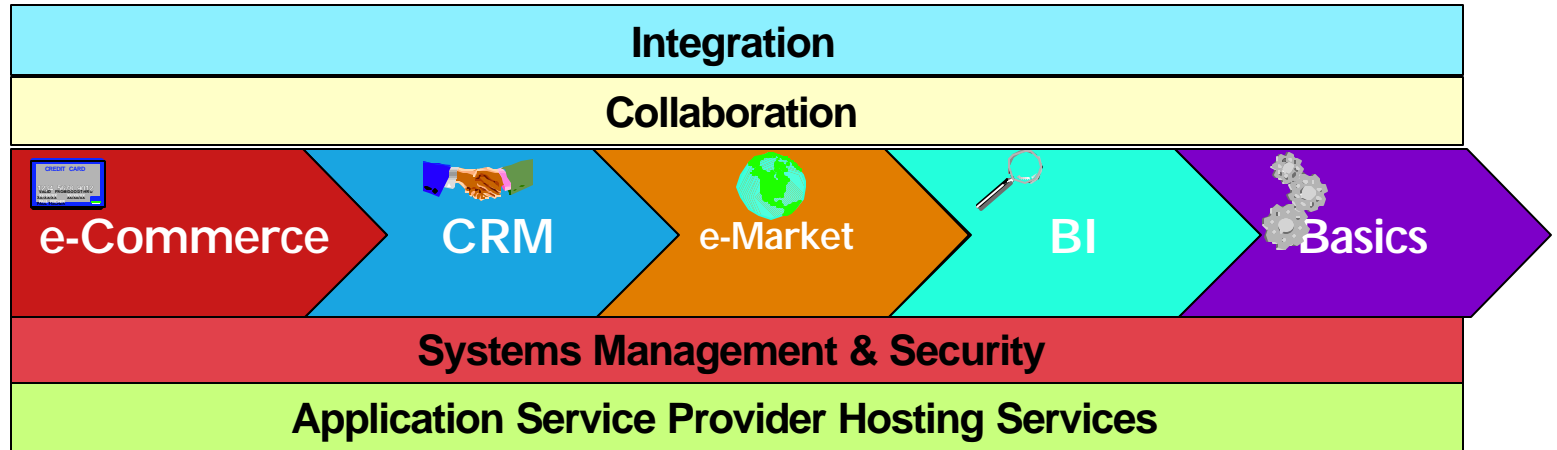
- Drive SMB customers to ibm.com as beginning point for all interaction
- Establish e-Marketplace on ibm.com focused on solutions delivery to midmarket and small customers
  - ▶ Link SMB customers to SMB-focused partners
    - Customers to Influencers and ISVs
    - Customers to ShopIBM and complementary web-based technology providers
    - Customers to Application/Service hosting partners
  - ▶ Link SMB-focused partners to other partners
    - Influencers / Resellers to ISVs
    - ISVs to ASPs
    - Influencers with skills in one area to influencers with skills in another
  - ▶ Link SMB customers to other SMB customers for collaboration

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# Total@ business Solutions



- **Integrated family of cross-platform e-business server offerings**
  - ▶ Windows, Linux, OS/400, AIX
  - ▶ Standard base platform for e-business applications
  - ▶ Server offerings can be deployed standalone, or integrated together
  - ▶ Built-in Security and P3P Privacy support in all offerings
  - ▶ Cross-solution area functions offered as "add-ons"
    - Collaboration, Integration, Sys. Management, Enhanced Security
    - ASP Hosting programming interfaces (billing, partitioning, etc.)
- **Multiple packaging schemes to best match route-to-market**
  - ▶ Mass-customized, Off-the-rack, Hosted
- **Include ability to add local ISV application solutions as part of partner-deployed offering**

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# Solutions Offerings and Extension



## e-Commerce

Complete e-Commerce for growing businesses

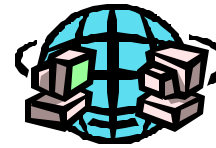
- ISV Application
- Managing Technology
- BI
- Supplier Connect
- Host Integration
- Bill Presentment
- Wireless Web Access
- Auctions
- Collaboration



## e-CRM

Build and nurture e-Relationships with your customers

- ISV Application
- Managing Technology
- BI
- Host Integration
- Wireless Web Access
- Collaboration



## e-Basics

The total e-business infrastructure and office platform

- ISV Application
- Managing Technology
- Host Integration
- Wireless Web Access
- Collaboration



## e-Chain

Manage your supply chain and e-marketplaces to better grow your business

- ISV Application
- Managing Technology
- Host Integration
- Wireless Web Access
- Collaboration



## "dot com"

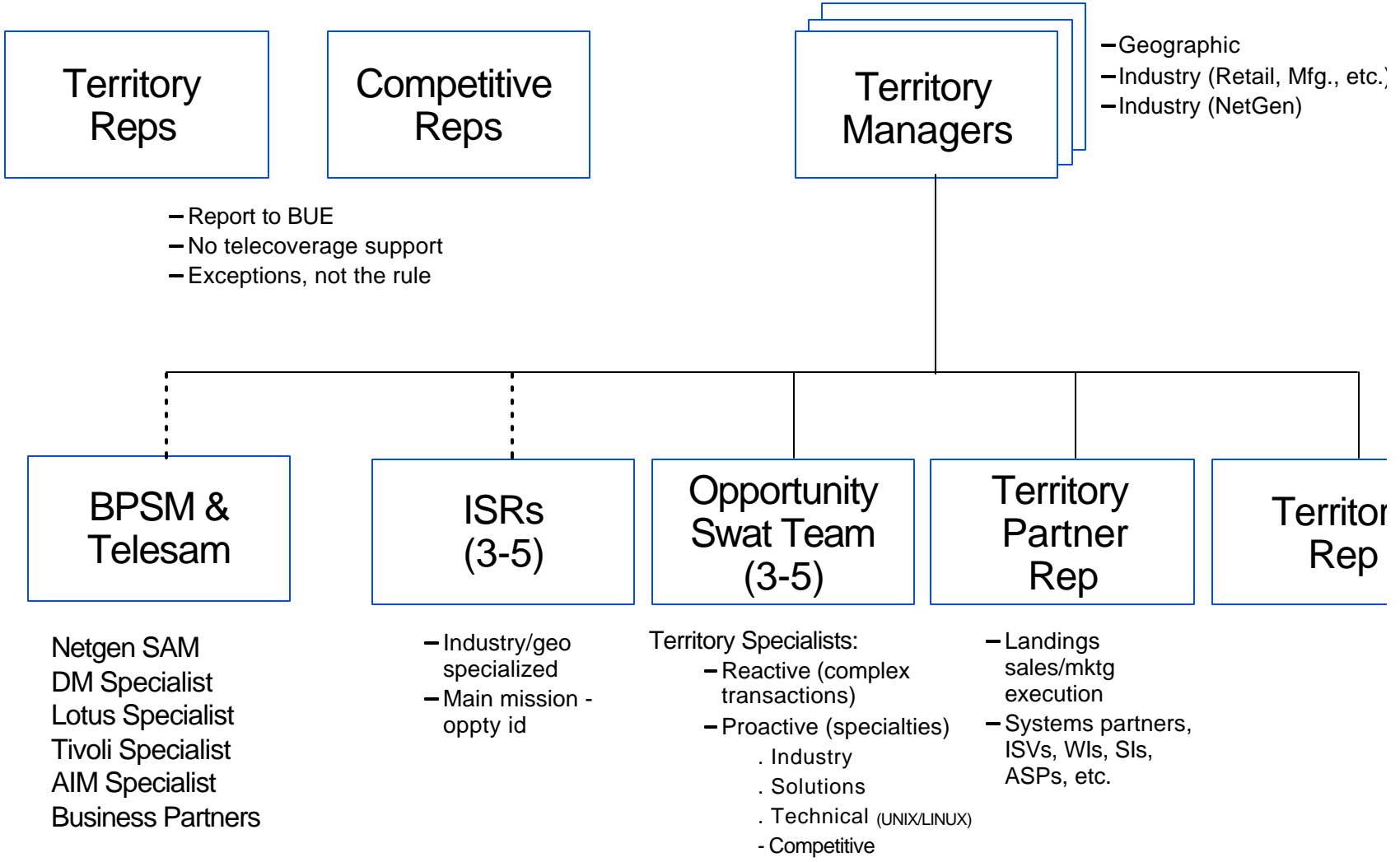
The complete e-business platform for a new NetGen business

- ISV Applications
- ASP Services
- Commerce for Service Providers
- Portal
- MarketPlace

E X T E N S I O N B A S E



# Business Unit Organization (Sample)





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# BPFS Mission and Coverage Model



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## Our Mission

- Our mission is very clear and it is supported by our sales plan, Business Partner Field Sales team is responsible for driving IBM, Lotus, & Tivoli SWG Software revenue across all platforms in the mid market space for the US and Canada geography primarily through partners.
- Mid Market customers are defined as any customer not on the SAM Named Account list that is now final.
- Our market represents over 60,000 mid size IBM customers which requires a different go to market strategy than the direct model deployed by IBM on the named account space.
- IBM has elected to deploy a go to market model that consists of a combination of telesales resource and Business Partners to sell in this space.
- As BPSMs, BPSS, Telesams, BSS, Net.Gen SAMS etc... we are responsible for executing this model.



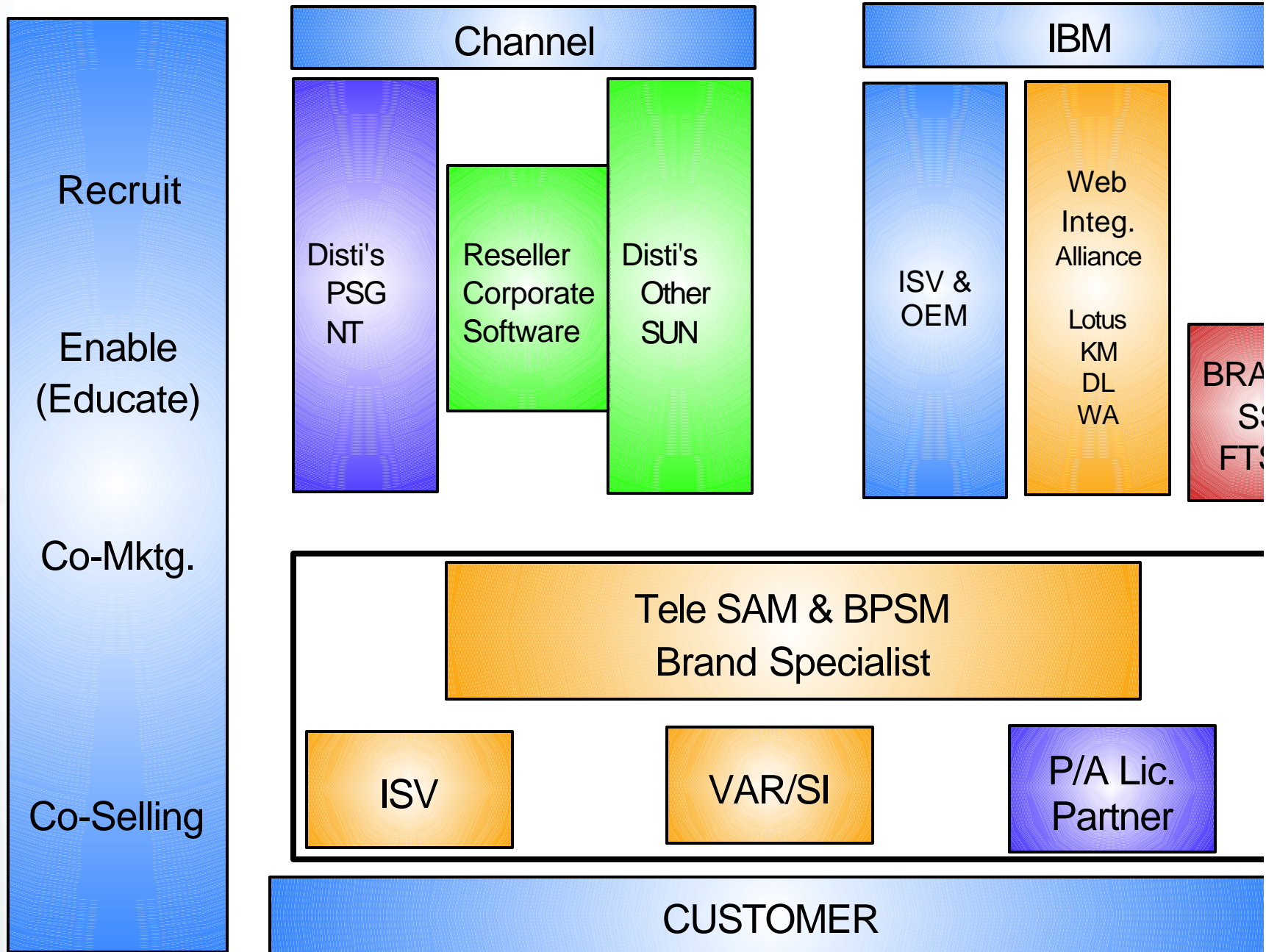
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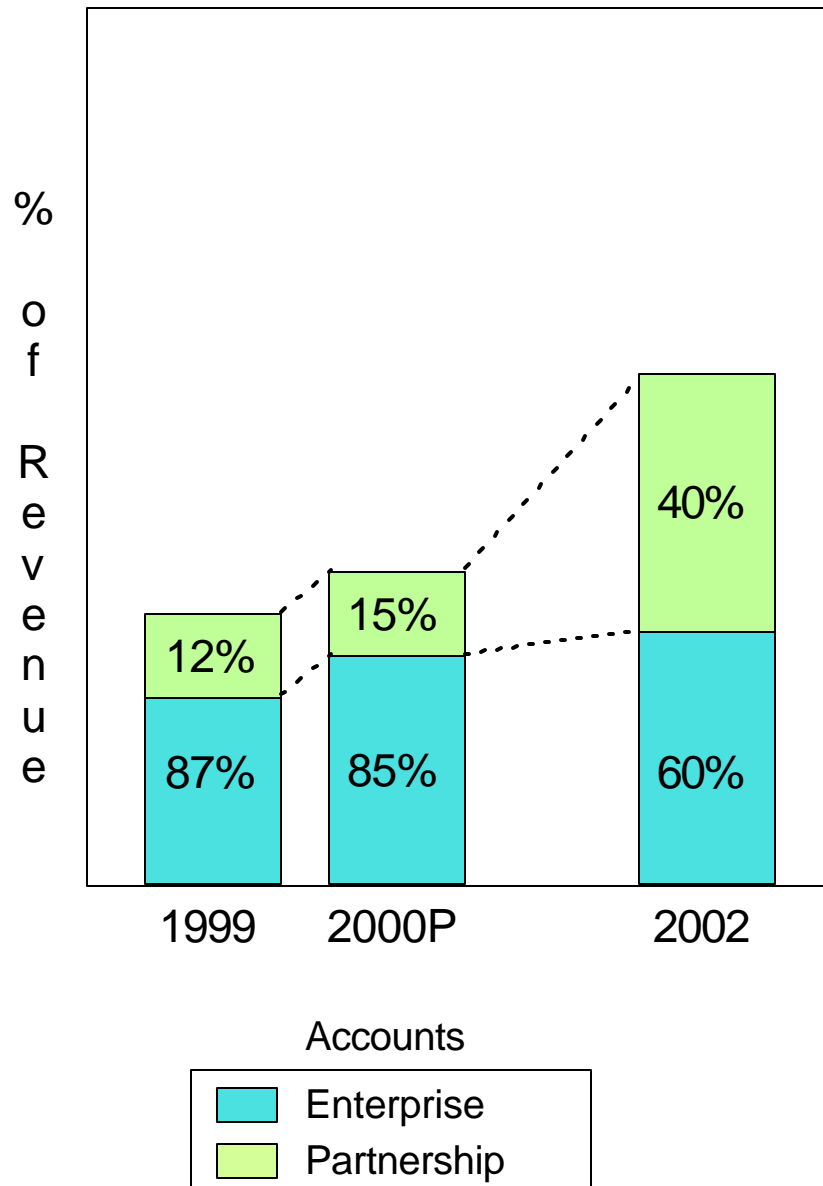


# Channels Teams & Go to Market Approach



# Coverage Plan

## Channel Contribution

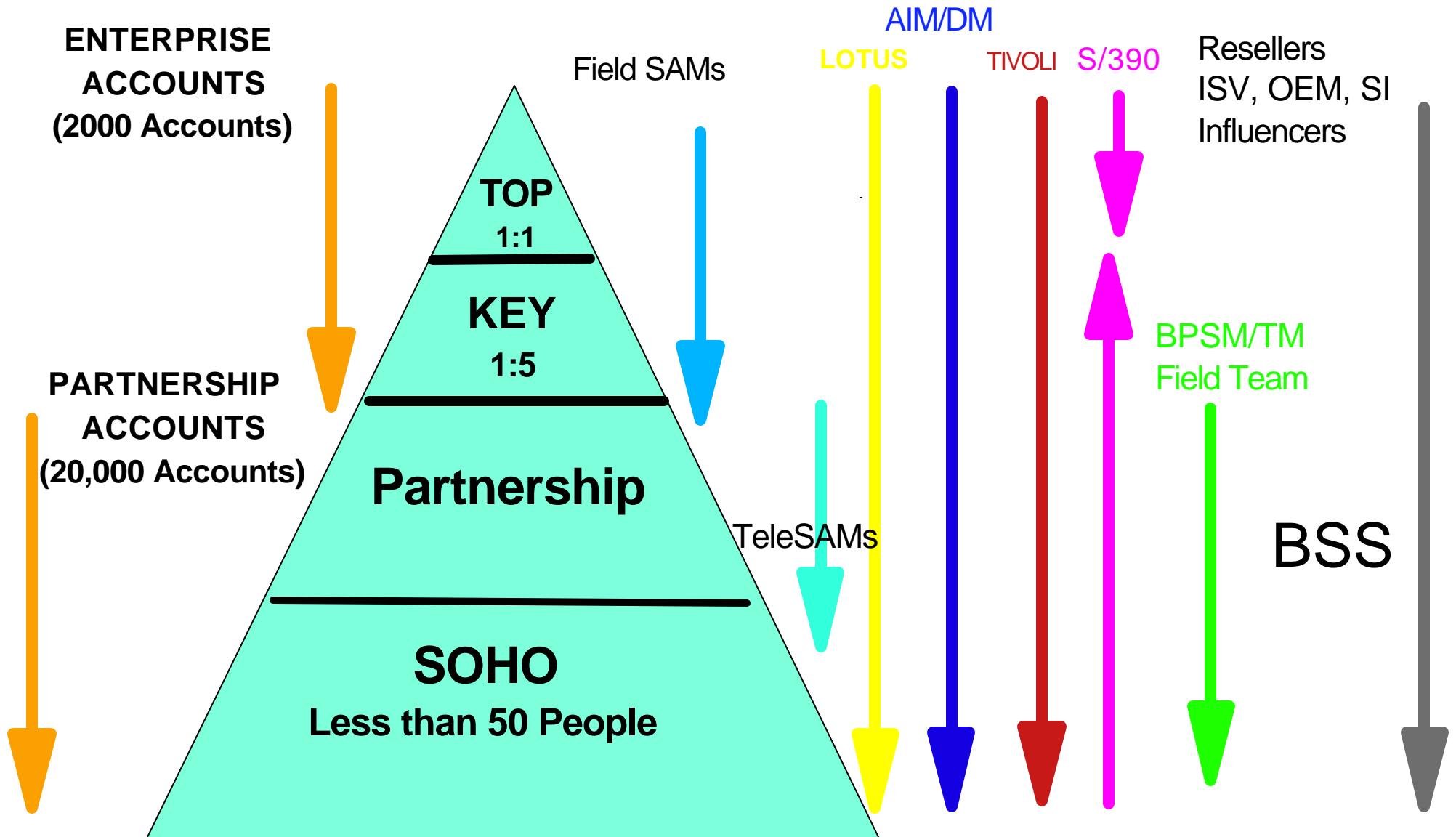


## Strategic Directions

- 100% coverage of enterprise accounts
- Direct coverage is resource dependent
- Need significant growth from channels
  - ELA/BID deployment / support
  - Expand beyond IBM systems
  - Strong midmarket focus
  - Must capitalize on emerging opportunities
- Increased leverage from influencers

# Software Coverage Model

## 2001 View





# Top & Key Accounts

- Fortune 1500 Accounts
- Direct IBM face to face coverage provided by
  - ▶ Client Reps
  - ▶ Hardware Reps
  - ▶ IBM Global Services
  - ▶ Software Account Managers
  - ▶ Software Specialists
- Primary fulfillment is through business partners





# Partnership Accounts

- 1000 to 10,000 People
- Directly below the Fortune 1500
- In Direct coverage provided by
  - ▶ IBM Tele Sales Reps
  - ▶ IBM Tele Hardware Reps
  - ▶ IBM Tele Software Account Managers
  - ▶ IBM Tele Software Specialists
- Direct coverage model provided by
  - ▶ Business Partners
  - ▶ IBM Business Partner Sales Managers
  - ▶ IBM Business Partner Software Sales Specialists
  - ▶ IBM Software Territory Managers
- Primary fulfillment is through business partners





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# Customer Profile

- 3000 Accounts will have an MVS Data Center
- Rest will have Unix or AS/400 Datacenter
- Largest deals on being done around the internet and include multiple product areas
- Net.gen are the home run accounts
- Opportunity identification is split equally between partners client reps, specialists, and the telesales centers



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## BPSM/BPSS Role

- Recruit, Enable, and Engage business partners to drive software revenue in your territory.
  - ▶ Recruit - The BPSM and BPSS identify the coverage gaps and find the necessary partners to sell all the IBM/Lotus/Tivoli solutions across your geographic territory.
  - ▶ Enable - The BPSM and BPSS work with the partner to develop sales and technical education plans and do sales enablement to build a solid IBM practice.
  - ▶ Engage - The BPSM and BPSS develop and execute marketing plans, opportunity reviews, and co-sell with your partners to close IBM software revenue in your territory.
- The amount of time spent on each of these tasks is territory dependent.
- In the past the time spent as a BPSM was heavily weighted toward recruit enable, and marketing split about equally with minimal time spent on co-selling.
- We have made a conscious decision to shift this weighting to significantly enhance the amount of time spent co-selling at the expense of reducing the amount of time spent on recruit, enable, and marketing.





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# Telesam Role

- As a TSAM you are missioned to uncover, qualify, grow, manage and close software revenue opportunities in your territory.
- Through working with client reps, ISRs, IGS reps, HW Specialist and Partners TSAMs uncover software opportunities.
- This opportunity identification is through territory reviews with above mentioned reps and general sales territory activities (including marketing events, and focused SW/Solution call outs).
- Using Solution Selling techniques, TSAMs should engage customers, identify business plans, build a strong IBM solution vision and drive interest in IBM offerings.
- As an opportunity matures, the TSAMs qualifies the customer and builds a team of the key resources necessary (including BSS, SW sales specialists, BPSM, field technical support, Business Partners, BPSS etc.) to help drive the deal.
- The TSAM coordinates sales activities, reports progress, escalates issues and drives business through the sales cycle.
- The TSAM uses BPSMs to engage partners.
- While working with partners, the TSAM co-sells with the BPSM to coordinate the sales efforts. The TSAM will execute, coordinate or assist with pricing/proposal generation.



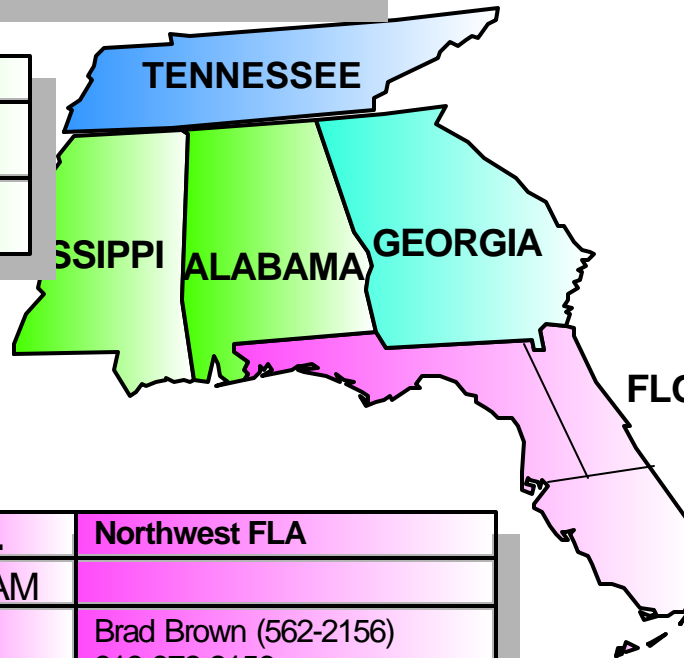
**Territory Software South East Region:**  
**TeleSales Mgr: Mel Treco TL 753-1492**  
**BPSM Mgr: Randy Fitch TL 753-1246**

<b>BSS</b>	
South East	Ed Huang (753 1815)
DM Channel Rep	Bruce Stoval

<b>TERR.</b>	<b>TN,</b>
TeleSAM	Greg Young (753-1569) 770-863-1569
BPSM	Melinda Kaiser (745 4473) 615-747-4473

<b>TERR.</b>	<b>North GA (Atlanta)</b>
TeleSAM	Jewel Parker (753 3265)
BPSM	Carol Adams/Open

<b>TERR.</b>	<b>AL, MS</b>
TeleSAM	
BPSM	Open



<b>TERR.</b>	<b>Northeast Florida</b>
TeleSAM	
BPSM	Open

<b>TERR.</b>	<b>Northwest FLA</b>
TeleSAM	
BPSM	Brad Brown (562-2156) 813-872-2156

<b>TERR.</b>	<b>South Florida</b>
TeleSAM	
BPSM	Bruce Gootner (599-5843) 954-493-5843

**Territory Software Mid Atlantic Region**

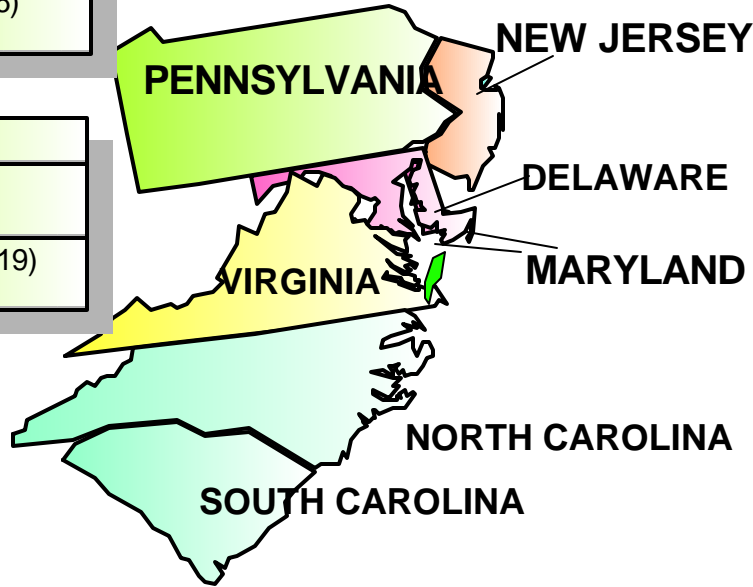
**TeleSales Mgr: Mel Treco 753-1492**

**BPSM Mgr: Jim Fisher 254-3161**

BPSS/BSS	
Mid-Atlantic BSS	Ed Huang (753 1815) Jason Buckler (753-1811) Ken O'Brien (753-1413)
DM Channel Rep	Bruce Stoval (546-2844) 404-487-2844
Lotus Channel Rep	Michele Kern 919-474-0064

TERR.	Other PA
TeleSAM	Derek Hon (753 3250) 1-770-863-3250
BPSM	Tony Nowicki (873 2336) 1-610-578-2326

TERR.	Philadelphia
TeleSAM	Fred Porter (753 1911) 1-770-863-1911
BPSM	David Zarkoski (873-2119) 610-578-2119



TERR.	Southern NJ
TeleSAM	Fred Porter (753 1911) 1-770-863-1911
BPSM	Michael Wiseley (242 5892) 1-856-722-5892

TERR.	MD, DC
TeleSAM	David Simmons (753 1852) 770-863-1852
BPSM	Keith Kelly (233 2126) 410-322-2126

TERR.	VA
TeleSAM	Patrick Flowers (753 2208) 770-863-2208
BPSM	Lee Cobel (722-4614) 804-327-4614

TERR.	Mid-Atlantic
Market Dev. Mgr.	Donna Rasmussen (254 6145) 919-871-6145

TERR.	NC, SC
TeleSAM	Cecilia Hicks (753 1177) 770-863-1177
BPSM	John Romero (254-5950) NC 919-871-5950 Joe Kandel (795-3462) SC 704-595-3462

TERR.	Puerto Rico
BPSM	Eugene Vazquez 787-738-7355

# Territory Software Northeast Region

**TeleSales Mgr: Mike Kalinowski TL 546-2343**

**BPSM Mgr: Astra Cerchia TL549-9553**

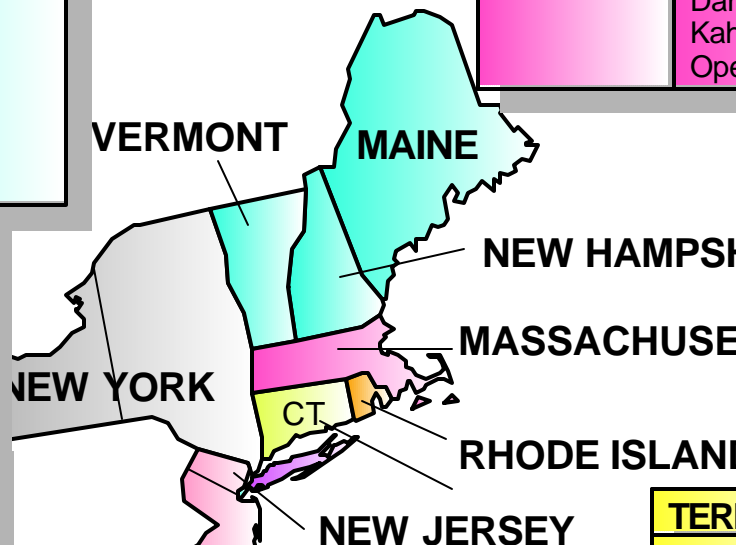
<b>BSS</b>	
North East DM	Allan Long (753 1881)
North East DM	Fred Porter (753-1911)
North East AIM	Open
North Eat Tivoli	Bruce Hajost (753-1169)

<b>TERR.</b>	<b>Northeast</b>
Market Dev. Mgr.	Toni Ebron (721-2293)

<b>TERR.</b>	<b>BUE Desmond VT, NH, Maine</b>
TeleSAM	Michelle Larose (753-1882)
BPSM	D'Allessandro Unit Larry Wood (428-5232) Lazdowski Unit Dan Daley (362-2192) Kahoun Unit Open

<b>TERR.</b>	<b>BUE Desmond ,Ma,NH,VT,NY,ME</b>
TeleSAM	Steve Chambers (753-3255) Eric Feinberg (753-0000)
BPSM	D'Allessandro Unit Larry Wood (428-5232) Lazdowski Unit Dan Daley (362-2192) Kahoun Unit Open

<b>TERR.</b>	<b>BUE Rogan Mavissakalian,NY West</b>
TeleSAM	April Reavis (753-1979)
BPSM	Open
<b>TERR.</b>	<b>BUE Rogan, Gorelick,NY East</b>
TeleSAM	Dan Sweet (753-3218)
BPSM	Open



<b>TERR.</b>	<b>BUE Desmond, MA RI</b>
TeleSAM	Michelle Larose (753-1882) Sean Walsh (753-1667)
BPSM	D'Allessandro Unit Larry Wood (428-5232) Lazdowski Unit Dan Daley (362-2192) Kahoun Unit Open

<b>TERR.</b>	<b>BUE Rogan, Open CT</b>
TeleSAM	Dan Sweet (753 3218) 1-770-863-3218 Chip McDonald (753-1551)
BPSM	Tim Bomba (376 3286) 1-203-486-3286

<b>TERR.</b>	<b>BUE Lewis, NYC,Suburbs,No.NJ</b>
Gale, Fin/Bnkg	BPSM Jacques Millett (243 6280) TSAM Alex Chainman (753-1746) TSAM Carlos Dominguez (753-3217)
McCormack,Indst	BPSM,Dave Armstrong (391-5176) TSAM Open

<b>TERR.</b>	<b>BUE Lewis, NYC,Suburbs, No. NJ</b>
Houlihan, Hlth,Ins,T rans,B Ind	BPSM,Alexandra Schroeder (453-3447) TSAM Neil Terc (753-1127) TSAM Open
Sullivan, Wholesal e	BPSM Deanna Landivar (243-5665) TSAM Lenora Petty (753-1358) TSAM Kurt Gruendler (753-1484)
Dinan	BPSM Open

<b>TERR.</b>	<b>BUE Lewis NYC, Suburbs,No. NJ</b>
Van DeWater (Retail,Media)	BPSM Deanna Landivar (243-5665) TSAM Lenora Petty (753-1358) TSAM Kurt Gruendler (753-1484)

# Territory Software East Central

**TeleSales Mgr: Mark Harris TL883-3605**

**BPSM Mgr: David Puckett TL 652-7506**

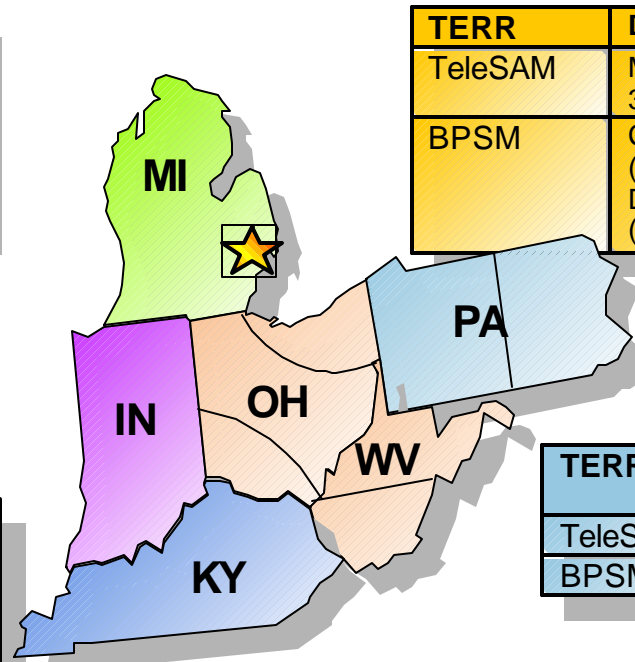
<b>TERR</b>	<b>Western MI</b>
TeleSAM	Jake Griffioen (883 3189)
BPSM	Steve Wray

<b>TERR</b>	<b>Indiana</b>
TeleSAM	Maurice Calderella (883-8625)
BPSM	Dave Snider (554-4004)

<b>TERR</b>	<b>N. OH (Cleveland)</b>
TeleSAM	Lucy White (883 7273)
BPSM	Mary A. Cipriani (652 7266)

<b>TERR</b>	<b>S. OH (Cincinnati, Dayton) &amp; West Virginia</b>
TeleSAM	Jeff Shatford (TBA)
BPSM	Open

<b>TERR.9</b>	<b>Columbus &amp; Toledo, OH</b>
TeleSAM	Shawn Kendall (883-3280)
BPSM	Chris G. Holcomb (657 7149)



<b>BSS/BPSS</b>	
BSS	DM - Naaznin Toorkey (883-7270) AIM - Jean Francois Arseneault (883-7760) Tivoli - Cliff Ho (883-3792)
DM Channel Rep OH, MI, IN, PA, KY, WV	Dave Doerman (663 2046)
DM Channel Rep IL, IN, WI, MI, IO, NE, ND, SD	Indre Gaska (261 6286)

<b>TERR</b>	<b>Detroit</b>
TeleSAM	Mark Hatfield (883 3452)
BPSM	Cynthia Annatoyn (896-4146) Doug Schlicher (896-5956)

<b>TERR</b>	<b>Western PA / Bordering OH &amp; WV counties</b>
TeleSAM	Joe DiBattista (883 3463)
BPSM	Nick Vucich (363 4864)

<b>TERR</b>	<b>Kentucky</b>
TeleSAM	Todd Robinson (883-5006)
BPSM	Open

**Territory Software West Central**  
**TeleSales Mgr: Mark Harris TL 883-7265**  
**BPSM Mgr: Rick Klein TL 788-4500**

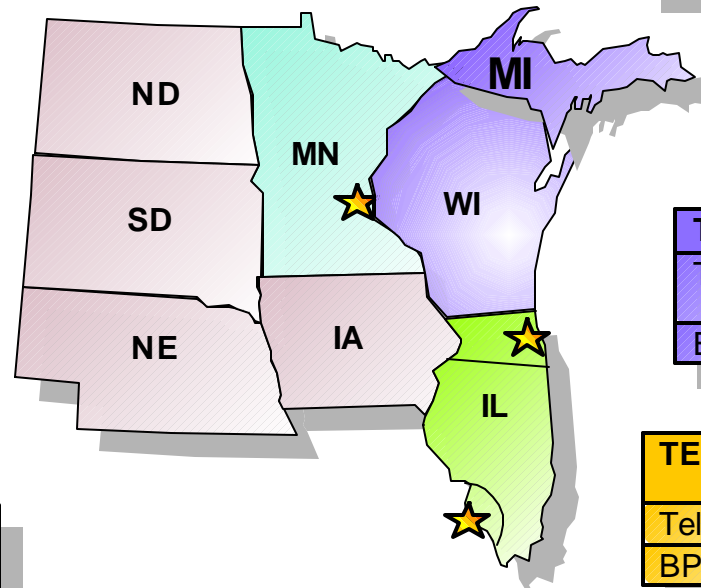
<b>BSS/BPSS</b>	
BSS	DM - Naaznin Tourkey (883 - 7270) AIM - Phil Dasilva(883-7179) Tivoli - Rad Dockery (883-7207)
DM Channel rep IL, IN, WI, MI, IO, NE, ND, SD	Indre Gaska (261 6286)

<b>TERR.</b>	<b>Iowa</b>
TeleSAM	Melanie Maas (883-3844)
BPSM	Gloria Escarza (674-7329)

<b>TERR.</b>	<b>MN</b>
TeleSAM	Jo Kidsada (883 7673)
BPSM	Diane Hage (653 6526)

<b>TERR.</b>	<b>St-Paul, Minneapolis</b>
TeleSAM	Julie Lisle (883 3782)
BPSM	Diane Hage (653 6526)

<b>TERR.</b>	<b>ND / SD / NE/bordering IA counties</b>
TeleSAM	Corrina Choe (883-7759)
BPSM	Jim Clark (786 4031)



<b>TERR.</b>	<b>WI/Upper Michigan</b>
TeleSAM	Rich Gould Carolyn Trebel (883-3854)
BPSM	Becky McIntyre (633 3782)

<b>TERR.</b>	<b>Central/S. IL</b>
TeleSAM	Todd Robinson (883-5006)
BPSM	Claire Cooper (747-5854)

<b>TERR.</b>	<b>Chicago - Fin, Health, Ins. Media, B&amp;C, Tel &amp; Util</b>
TeleSAM	Erin Dupuis (883-3607)
BPSM	Betty Lynch (788 2272)

<b>TERR.</b>	<b>St-Louis</b>
TeleSAM	Eric Hazan (883 3941)
BPSM	Open

<b>TERR.</b>	<b>Chicago - Ind, Process, Travel &amp; Transport</b>
TeleSAM	James Nicholson (883 7155)
BPSM	Kathy Johnson(666-4357)

<b>TERR.</b>	<b>Chicago - Distrib./Retail</b>
TeleSAM	Ann Hide (883-3281)
BPSM	Brett Larsen (261-4553)