



IBM Federal Alliance Offering

Today, IBM Software announces the following enhancements to the Federal Alliance Offering for Software Resellers and Software Distributors.

- Distributor distribution of manufacturer's GSA Letter of Supply
- Software Advantage Agreement for GSA replaces Federal Concord Offering
- Federal Special Bid Support
- Withdrawal of Distributor Federal Reporting requirement

This announcement replaces Federal Alliance Offering announcement USS 95-120, dated July 25, 1995 and the Federal Additional License Concord announcement USS 95-052, dated April 11, 1995.

This announcement is provided for your information only and is subject to change without notice. For additional information, contact your IBM representative.

Highlights

The Federal Alliance Offering supports reseller and distributor marketing of IBM desktop software to federal end-user customers. The Offering supports a reseller's response to the General Services Administration ADP Schedule B/C Solicitation for Offers (GSA), GSA volume license terms, federal open bid opportunities and federal special bids. The Offering also provides terms and conditions for distributors and resellers to distribute to those resellers that do not source software products directly from IBM (unaffiliated resellers).

Offering Information

GSA Support

IBM will provide Federal Alliance participants with a Manufacturer's Letter of Supply for desktop software for the participant's response to a B/C Solicitation. A written request for a Letter of Supply is required. IBM may provide other GSA requested manufacturer terms and information directly to the GSA as required.

A distributor may provide the IBM Letter of Supply and other GSA related documentation to unaffiliated resellers. The distributor will provide IBM, in writing, an updated list of unaffiliated resellers to which they provided the IBM Letter of Supply and eligible product list.

It is a reseller's and unaffiliated reseller's responsibility to obtain a GSA award which includes eligible IBM software Programs.

IBM Software Advantage for GSA

Effective July 1, 1997, the IBM Software Advantage for GSA Option replaces the Federal Concord Offering. Software Advantage for GSA is available for Federal GSA license transactions fulfilled through GSA approved resellers. This Option is also available to Federal Alliance Distributors and Federal Alliance Resellers to distribute licenses to unaffiliated resellers to fulfill a federal end-user transaction.

In addition to licenses, the Software Advantage for GSA Option includes upgrade protection, media and documentation products. Licenses and upgrade protection are available at the maximum commercial Software Advantage discount. Media and documentation products are available at the very economical commercial fixed price.

The current Software Advantage for GSA Agreement has an effective date of April 1, 1997, and an end date of March 31, 1999. This Agreement will be used by all GSA approved Resellers. The option is also available to Federal Alliance Distributors to fulfill an unaffiliated reseller's GSA transaction. The Software Advantage for GSA Agreement meets GSA requirements of price increase protection and discount levels.

Prorated rates are offered for upgrade protection acquired with new licenses during the two year Software Advantage for GSA term. Upgrade protection charges for previously acquired licenses is available at the 24-month rate.

IBM will provide a list Software Advantage for GSA eligible products as part of the IBM GSA Eligible Product List attachment to the IBM GSA Letter of Supply. The Eligible Product list for Software Advantage for GSA may differ from the commercial Advantage product list. This difference may be required to meet GSA guidelines.

Periodic updates to the IBM GSA Eligible Product List are provided.

All Software Advantage for GSA transactions will be reported to the IBM Software Advantage Administrative Center (SAAC). IBM will provide order forms for this purpose. Except as follows, normal Software Advantage reporting procedures and other terms apply:

1. The SAAC will ship Upgrade Protection CDs, entitlements, media and documentation products to the federal end-user customer named on the initial GSA order form for an agency location.

For the SAAC to make the proper shipments, the fulfilling reseller or distributor must provide a GSA order form for each Software Advantage for GSA transaction. The order form includes the following information:

- Federal GSA Enterprise Number —9200000
 - Software Advantage for GSA Agreement Number
 - Reseller name, address and contact or Distributor name, address and contact (if applicable)
 - Delivery Information, end-user customer name, address and contact
2. Resellers who hold a GSA award for IBM software products may provide licenses to Unaffiliated Resellers under the terms of the Software Advantage for GSA Agreement. Federal Alliance Distributors will provide licenses under the terms of the Software Advantage for GSA Agreement to only those unaffiliated resellers that hold a GSA award for IBM software products.

Resellers and distributors must require an unaffiliated reseller to notify them before an IBM Software Advantage for GSA transactions takes place. If an unaffiliated reseller invoices their federal end-user customer without notifying you, and you become aware of the activity, you must immediately notify IBM of the situation.

You will be responsible for monitoring and auditing unaffiliated resellers for compliance with these requirements.

There is no customer signature requirement when fulfilling under the terms of the Software Advantage for GSA option.

The IBM Software Advantage for GSA is not authorized for use in fulfilling state or local government transactions.

This announcement does not limit a federal customer from having an agreement under the terms of the Software Advantage for Government Option.

Reseller Distribution to Unaffiliated Resellers

IBM will provide resellers in the Federal Alliance Offering with terms and conditions to distribute programs to qualified unaffiliated resellers. Under the Federal Alliance Offering both resellers and distributors may distribute programs to unaffiliated resellers for the fulfillment of Federal End-User Acquisitions.

Prior to distributing programs to an unaffiliated reseller, a reseller will obtain copies of documentation to substantiate the eligibility of each unaffiliated reseller transaction. Examples of such documentation includes, but is not limited to, copies of Federal Systems Integrator certificates, Federal Award Number notifications

(including GSA) and other such documents issued by a federal department or agency.

A Federal Alliance Reseller may distribute products to an unaffiliated reseller to fulfill open bid opportunities and special bid opportunities. A reseller that has a GSA Award for IBM software may provide Software Advantage for GSA terms to an unaffiliated reseller for such opportunities. A reseller may not provide the IBM GSA Letter of Supply to Unaffiliated Resellers.

Resellers participating in the Federal Alliance Offering earn a federal rebate for federal end-user transactions identified in their sell-through reports.

Reseller sales to unaffiliated resellers do not earn a federal rebate. When identified as an unaffiliated reseller's transaction in sell-through reporting, the reseller will earn a distributor rebate.

Federal Opportunity Support

Federal opportunities require various marketing and sales activities. As a participant in the Federal Alliance Offering, you will benefit from many IBM Government Systems resources which complement your own. You may have the opportunity to work with Federal Marketing Specialists in IBM Government Systems to identify, prepare and successfully respond to federal bid opportunities. IBM Federal Marketing Specialist responsibilities may include:

- Pre-RFP marketing
- Opportunity identification and assessment
- Bid specifications and planning
- Special bid responses from IBM
- Post-RFP marketing
- Sales calls
- Briefings
- Customized demonstrations
- Business show support

Federal Special Bid Support

The IBM Federal Special Bid program may assist you in participating in federal customer opportunities that require special software products outside the scope of IBM's standard offerings. You must be able to step up to the special, often complex requirements and stringent terms and conditions of a federal opportunity. For each opportunity, IBM and you, the Federal Alliance Offering Reseller or Distributor, enter into a non-exclusive Federal Special Bid Agreement under which IBM provides you with nonstandard prices, terms and conditions for IBM software products. A reseller will incorporate the IBM proposal into their overall solution to the Federal Government at prices, terms and conditions determined by the reseller. A distributor will incorporate the IBM proposal in their response to an unaffiliated reseller at prices, terms and conditions determined by the distributor.

Those Federal Alliance Resellers and Distributors interested in the Federal Special Bid program must accept the risks and responsibilities of bidding in the federal marketplace and be responsible for monitoring federal agencies for procurements of possible interest. Products provided the Federal Government under the program are subject to the terms and conditions of your Business Partner™ agreement and your Federal Alliance Offering Attachment. Also, IBM products you acquire under the Federal Special Bid program must be maintained in a separate inventory from those products obtained under your IBM Business Partner Agreement for Workstation Software.

IBM will provide you with procedures for participating in the Federal Special Bid program.

Administrative Information

IBM Federal Alliance Offering Criteria

Resellers and distributors interested in participating in the Federal Alliance Offering will:

- Have a signed IBM Business Partner Agreement for Workstation Software.
- Be an approved IBM Software Advantage for Workstations Coordinator.
- Sign a revised profile to your agreement accepting the terms of the Federal Alliance Offering Attachment.
- Have a minimum of two years' experience responding to federal agencies and department open bids or, have received a GSA solicitation award at least once in the past three years, or be a distributor with a minimum of two years experience supporting Resellers that market to federal agencies or resellers holding a GSA award at least once in the past three years.
- Have the skills to manage GSA contract negotiations and implementation or as a distributor have the skills to support dealers in such negotiations.
- Have a dedicated federal sales and support staff and a federal marketing plan which supports your federal sales objectives.
- To ensure accuracy of award documentation and license usage, you may be asked, by IBM, to perform periodic audits of unaffiliated Reseller federal transactions.
- Provide IBM with accurate and timely sell-through reporting identifying federal transactions (applies to resellers only).

Federal Reporting and Rebates

In addition to Standard EDI sell-through reporting procedures, the following applies to Federal Alliance Offering Reseller transactions to federal end-user customers:

1. Resellers will uniquely identify federal end-user customer transactions in their sell-through reports to IBM.
2. Reseller transactions to unaffiliated resellers will not identify such transactions as federal.

Distributors are no longer required to identify federal end user transactions.

Under the terms of the Federal Alliance Offering, resellers may earn a federal rebate for products reported sold to federal end-user customers. IBM will notify you of the rate and term of the rebate. This rebate does not apply to the product a reseller distributes to an unaffiliated reseller. The reseller rebate is not available to distributors.

IBM will provide you with instructions for updating your sell-through reports to identify federal end-user transactions and reseller transactions to unaffiliated resellers.

Administrative Actions

To participate in the Federal Alliance Offering, you will return, to IBM, a revised attachment to your agreement accepting the terms and conditions of the Federal Alliance Offering Attachment.

For audit purposes, resellers and distributors will retain invoices and federal award documentation for all unaffiliated reseller transactions. Such award documentation includes, but is not limited to, award numbers, system integrator election letters, and purchase order numbers. You will retain this information for a period of one year following the date of the transaction.

Resellers will identify federal end-user transactions in your EDI sell-through reports to IBM.

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