



Open Source and Linux Middleware

## IBM Mid Market Integrated Stacks

*Reach new customers, speed-up your sales cycle and simplify your deployment with a customized software appliance*

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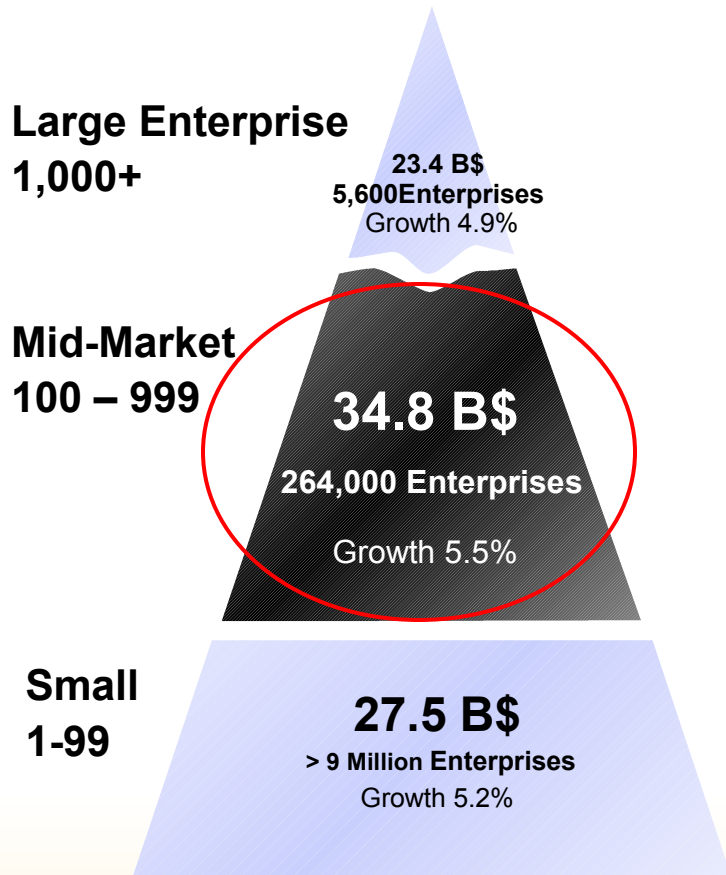


## Agenda

- **What are software appliances?**
- **The Market Opportunity**
- **The midmarket Linux appliance initiative**
- **The Appliance Builder tools**
- **More appliances in the market from IBM and others**
- **IBM resources available**
- **Call to action**



## SMB is a large market, growing faster than Large Enterprise



Source: IBM SWG MI, SMB org. view (includes SMB LE and excludes SB non-maintenance services), derived from xGMV 1H07, AGR '07-'08growth; served; 06Fx Constant Currency (CC).

- 80 Million SMBs Worldwide
- Mid-market is growing at 5.5%, vs 4.9% for Large Enterprise
- SMB IT spending to outpace larger enterprise through 2008
- Nearly half of all IT spending is by SMBs
- Mid-market represents 41% of the SMB opportunity
- Mid Market companies represent the highest growth rate

**Very attractive market that has captured the attention of many IT vendors**

## What Are Software Appliances?

- The software appliance
- The hardware appliance
- The virtual appliance



## Market Opportunity

- \* Susan Eustis, analyst and president of WinterGreen Research Inc. in Lexington, Mass.,
  - “CommonStore is ideal for SMBs. It gives IBM a "huge edge" in the SMB market for email archiving. "The research I do, which is calling, interviewing and working with the SMB market -- the primary goal is to have a piece of hardware or software that [SMBs] can get going quickly because they typically don't have a dedicated IT department. They're busy. Everyone wears 10 hats. They don't have time to figure out what's wrong if it doesn't work."
- \* Ovum - Laurent Lachal, Open Source Research Director
  - Software appliances are a strong trend. Linux has a head start in this area. The appliance market is less mature than virtualization, Key ISVs need to create and support (update and manage) both actual and virtual appliances. Customers to be comfortable with the idea of getting support for both OS and application from ISVs
  - Danger: ISVs to turn to free-to-download distributions rather than paid for ones.

## Market Opportunity

### \* Gartner Oct 2007 –

- Software-based appliances (SBAs) are poised to explode on enterprise networks.

### \* AMI Partners

- The vast majority of SMBs have little or no expertise beyond Windows, and extremely limited IT resources. While they may be interested in the potential benefits that Linux can provide, they have little tolerance for complexity. To dramatically fuel Linux adoption among these SMBs, vendors need to provide turnkey solutions that are easy to implement, use and manage.
- AMI Partners - Creating turnkey solutions is critical to wooing SMB channel partners, who may want to develop a portfolio of Linux solutions, but are intimidated by training time and costs.

### \* Amy Wohl, President of Wohl Associates in Narberth, Pa.

- “the ability to get the appliance up and running quickly is always a major selling point in the SMB market.”

# Software Appliance Value Proposition

*Faster, better, cheaper*

## \* Faster

- Install and configuration of applications in less time
  - Great for Independent Software Vendors (ISVs) that want to create a specific offering which automates and simplifies deployment to end customers

## \* Better

- Provides the best value for repeatable solution deployments
  - Create a software solution appliance for a single and simple deployment of the full solution – your application, needed middleware and the operating system

## \* Cheaper

- Reduce, reuse and recycle assets
  - Simple to implement updates, patches, new versions, etc

## IBM Offerings to the Midmarket Individual Parts to a Complete Platform

IBM Middleware



Complete portfolio of  
middleware & technology

Express Runtime



Core middleware for  
applications with tools  
for easy installation  
and mgmt

Linux Appliances



Tools for creating  
application  
appliances with  
IBM middleware  
and Linux OS for  
easy installation

Lotus  
Foundations



Complete drop in small  
business appliance

Start = Collab

Talk = UCC

etc. (customized server  
is optional)

Blue Business  
Platform



Complete  
small/medium  
business solution  
platform

Solution marketplace

Collab, middleware,  
hardware

Always connected

Single point of  
contact

Set integration  
frameworks

## Customized turn-key software solution appliances

ISV offering, sold through partners – ISV direct, VAR/RSI and VAD



ISV Application

IBM Express Runtime or  
other IBM middleware

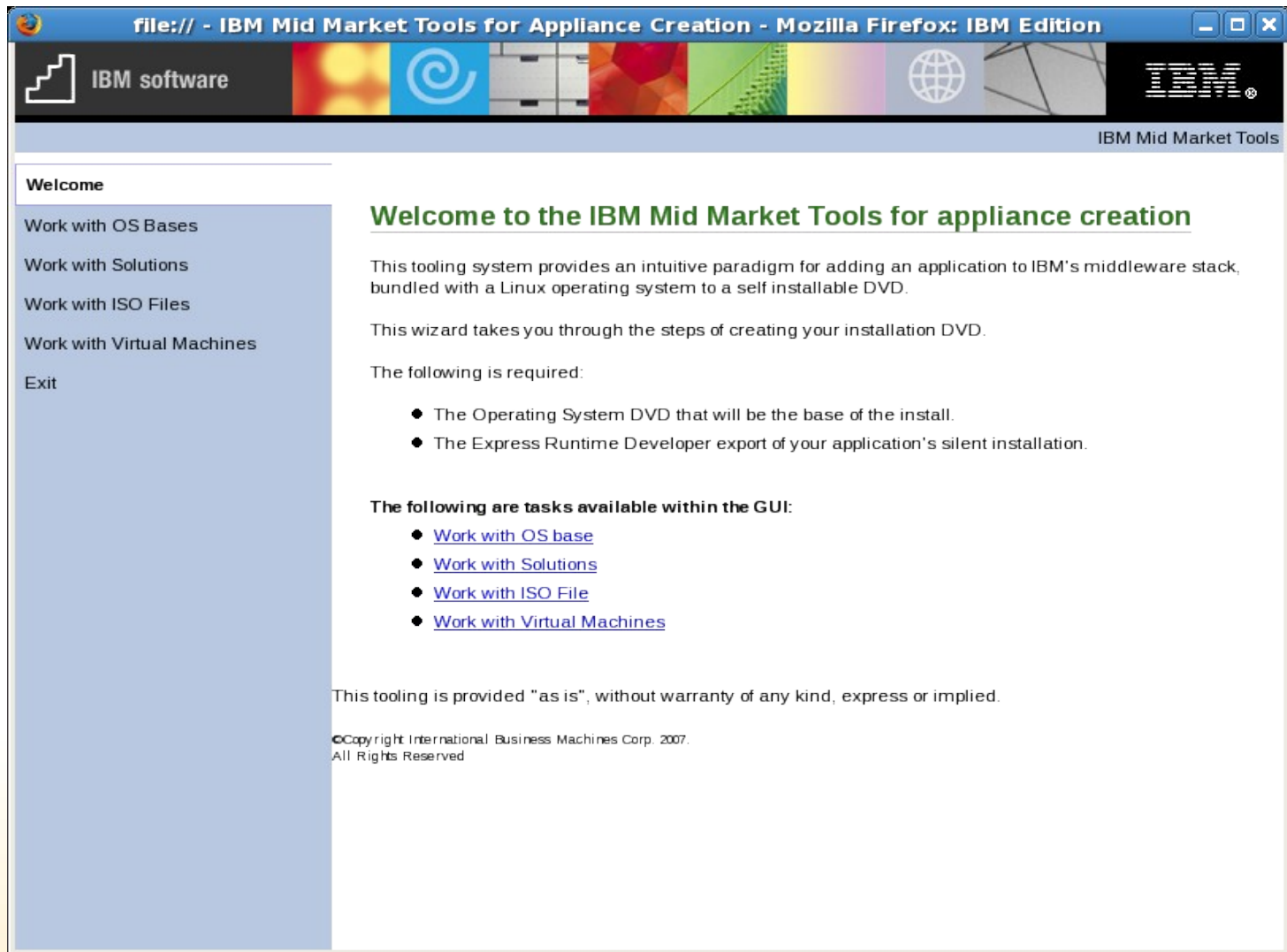


Linux Operating System

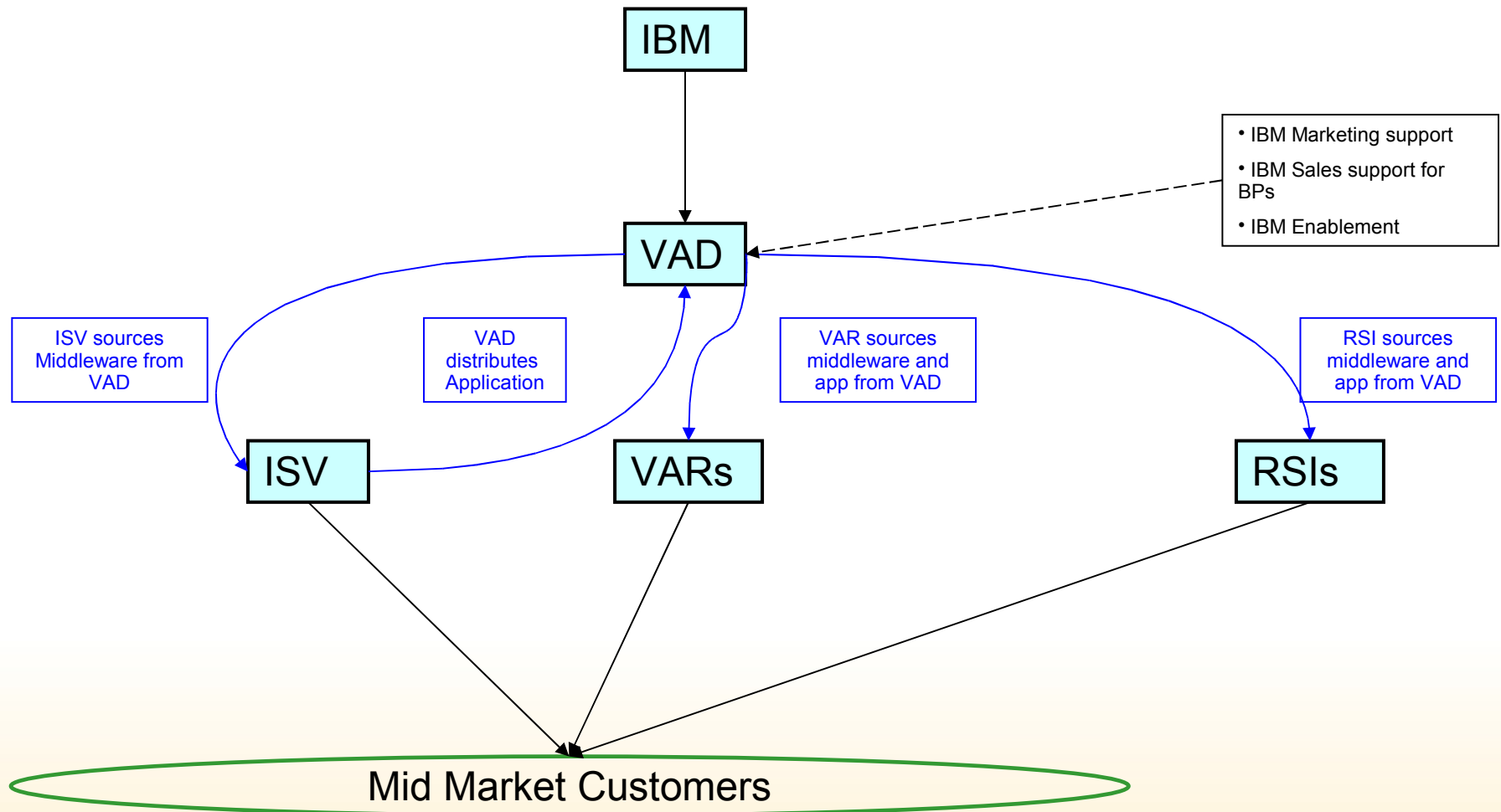


Customized to fit the ISV needs:

- ISV branded and customized
- Pre-configured, pre-integrated solution
- Only the middleware and components needed for the solution
- Integrated and simplified problem determination
- Single deployment wizard and launchpad



# Appliance Delivery Model



# Partnerships to Succeed Give to Get

## \* IBM

- Toolkits to integrate middleware to application (stack) and stack to operating system
- Technical support for creating software appliances
- Support for initial engagements
- Targeted, prescriptive go to market plans for ISVs and VADs
  - Education
  - Campaigns

## \* ISV

- Embrace and utilize IBM Middleware
- Utilization of toolkits to create software appliances
- Side by side creation of software appliances
- Aggressive deployment
- Partner ecosystem
- Go to market plan

## \* VAD

- Active groups targeted at midmarket partners/customers
- Input into ISVs to include
- Relationship with either Novell (SUSE) or Red Hat
  - Note: SUSE can be sourced through IBM Passport Advantage
- Catalogue specific set of software appliances
- Go to market plan
  - Education
  - Marketing Campaign

## \* VAR/SI

- Established relationship with VAD partners
- Marketplace presence with midmarket customers
- Majority of the business thus far using MSFT
- Minimal (if any) Linux skills

## Mid-market Linux Initiative

### *Remove complexity for the Mid Market*

- \* Create and take to market integrated stacks with ISV applications
  - Remove complexity from the Application to the Operating System
    - Easy to install application and configuration with middleware
    - Simple, reliable deployment and problem determination and resolution
  - Drive incremental customer benefits
    - Business application
    - IBM and other 3rd party middleware
    - Building on Linux and open standards
  - Hardware independent – no vendor lock-in
- \* Can also integrate with Windows environment
  - Lightweight – Low cost entry, Low TCO, Small footprint compared to Microsoft, Modular architecture
  - Integrated – Interoperates with Windows / UNIX / System i, Virtualizes Linux in a Windows environment
  - Stacks – Reliable, Secure, Flexible, Heterogeneous, No vendor lock-in



## Business Solutions for Mid-Market

*It's all about solutions delivered by Business Partners*

- \* **Customers in mid-market purchase business application solutions (not technology)**
- \* **Customers do not have large and specialized IT staff to manage complexity**
- \* **Business Partners develop and deliver these business application solutions**
- \* **Business Partners provide IT expertise and specialization for customers**
- \* ***Appliances are specifically designed for the business partners serving the mid-market***

## Value to Partners

### *Make money and save money with software appliances*

- \* **Simple to deploy and manage**

- Integration complexity removed ahead of time
- Minimal click installation process
- Integrates into existing environments with ease

- \* **Shorten sales cycle**

- Leave behind after a sales call for evaluation, easy to turn into a purchase later
- Appliances make it easier to get to the mid-market

- \* **Maximize partner eco-system**

- VAD sells to the ISV: IBM Middleware and Linux OS
- ISV distributes thru VAD: hardware from the VAD and the software appliance from the ISV
- Selling the ISV appliance: thru VARs and SIs, possible additional margin

- \* **Expand Regional or Global Reach**

- ISVs can reach new markets easier – partner with a global VAD
- VAD can provide ready-made regional and global infrastructure and business presence

- \* **Choice and Flexibility**

- Hardware portability and software flexibility
- Virtual or standard hardware deployment
- Modularity and componentization
- Range of support options

## Are Software Appliances The New Distribution Model For ISVs?

*Forrester Research Inc, 2007*

### \* Key Benefits:

- Better control over performance, security, and reliability
- Simpler to buy, faster time to deployment, revenue
- Dramatically lower QA, support, and maintenance

### \* Software that fits best:

- Applications targeted at SMB, SME
- Security software
- Network services
- Complex-to-configure business applications

## How the Evolution of Software Appliances Will Affect You

*IDC Webcast, December 12, 2007*

### \* Essential Guidance

- \* Software Appliances will grow from \$16M in 2007 to \$687M in 2011
  - Linux will be the predominant OS of choice
  - Entry of one or two major players could upset the existing balance and accelerate the adoption curve
  - Expect movements among major OS players to ramp up over the next 1-3 years.
- \* The time to formulate a strategy for dealing with software appliances is today – EVEN if the intent is to not execute immediately

## There are many appliance offerings today

- rPath – 1<sup>st</sup> mover advantage
- Red Hat Appliance OS
- Novell
- Canonical
- Oracle
- Sun
- VMware
- And others...including IBM
- Amazon: First of many clouds



## Call to Action

### \* ISVs in these focus areas

- Linux applications sold to SMB
  - CRM
    - Broad in scope, with templates for individual industries – eg- insurance sales, healthcare, etc.
  - ERP
    - Basic accounting and planning products with variation (minor) for multiple industries
  - SCM
    - Basic functionality for smaller business – inventory management, etc.

### \* Partner sales channels

- Specialty VARs and SI's
- VADs matched with ISVs

### \* Marketing support from IBM

- Solutions Builder Express

### \* ISVs will maintain branding of SW appliances

- “Acme CRM”
- “Acme CRM powered by IBM”

# What is in it for the ISV?

## \* Important Business Opportunity

### \* **By delivering applications as software appliances, ISVs can:**

- Attain faster time to market – The ISV can spend less time working through dependencies and interoperability issues and more time on building new revenue generating features in their applications. Less testing and QA.
- Improve their applications' performance and availability by avoiding the problems associated with installation and deployment.
- Lower Support costs and retain some control over the customer's experience with their application.
- Expand Channels of Distribution- by simplifying integration with operating systems, databases, and application servers, you maybe be able to add more value-added resellers (VARs)
- Increase customer satisfaction. Happy customers can be great references and help ISVs meet their business goals.

### \* **Appliances and Linux**

- Appliances make it easier to get to mid market
- Appliances are easier to do with Linux

# IBM will help ISVs get there

## *Resources to help the ISV succeed!*

### \* **Technical Support (no charge to Partnerworld members)**

- Software appliance toolkit to create integrated solutions
- IBM Linux team will work with the ISV to build and customize your software appliance
- Support deployment to early customers
- Skills transfer to ISV

### \* **Marketing Support**

- Leverage IBM Partnerworld programs
- Targeted campaigns and prescriptive messaging
- Express Advantage
  - Link applications and services with a growing number of IBM solutions
  - Built on Express certification

### \* **Sales**

- Connect you ISV a distributor that can extend sales thru system integrators and resellers
- Drive incremental business - generate leads with telemarketing

# Thank You!



***Get started with a project:***

**Select an application and name a leader**



***Create a software appliance and plan:***

**Assistance available from IBM**



***Contact us to get started:***

**[Inxappli@us.ibm.com](mailto:Inxappli@us.ibm.com)**



# Questions?



# Sales Resources

## \* For IBMers

- IBM Ambassadors for Linux and Open Source: <http://ambassadors.bluehost.ibm.com>
- Linux Portal: <http://w3.linux.ibm.com>
- SWG Extreme Leverage: [http://w3.ibm.com/software/xl/portal/!ut/p/\\_s.7\\_0\\_A/7\\_0\\_LT?nb=ms&ni=linux&e=linux](http://w3.ibm.com/software/xl/portal/!ut/p/_s.7_0_A/7_0_LT?nb=ms&ni=linux&e=linux)
- SWG OSS Strategy wiki (with presentations): <https://w3.webahead.ibm.com/w3ki/display/SWGOS>

## \* For Business Partners

- IBM Ambassadors for Linux and Open Source: [http://ibm.com/partnerworld/pwhome.nsf/weblook/pat\\_linux\\_learn\\_amb\\_program.html](http://ibm.com/partnerworld/pwhome.nsf/weblook/pat_linux_learn_amb_program.html)
- Linux Portal: [http://ibm.com/partnerworld/pwhome.nsf/weblook/pub\\_ben\\_pat\\_linux\\_learn.html](http://ibm.com/partnerworld/pwhome.nsf/weblook/pub_ben_pat_linux_learn.html)
- Liberation from Solaris: [http://ibm.com/partnerworld/pwhome.nsf/weblook/pat\\_linux\\_learn\\_why\\_solaris.html](http://ibm.com/partnerworld/pwhome.nsf/weblook/pat_linux_learn_why_solaris.html)

## \* For Customers

- Linux at IBM: <http://ibm.com/linux>
- Open Source at IBM: <http://ibm.com/opensource>

## \* For Everyone

- Migrating to Linux: <http://ibm.com/linux/migrate.html>
- Linux Community Involvement: <http://ibm.com/linux/community.html>
- Linux Technology Center: <http://ibm.com/linux/ltc/index.html>
- Linux Integration Center: <http://ibm.com/linux/lic.html>

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