



Software Group Channels



IBM OEM Software Agreement - Entry OEM

A Guide for Business Partners

Version **3.0**

March, 2004

This guide and updated versions will be posted on the IBM PartnerWorld for Software web site. Please check the PartnerWorld for Software web site: <http://www.ibm.com/partnerworld/software> for the most current version of this guide.

TABLE OF CONTENTS

Introduction to IBM OEM Software Agreement - Entry OEM 3
Value Proposition for Business Partners 3
Business Partner Profile for Participation 4
IBM Entry OEM Agreement Criteria/Requirements 4
How to Participate in IBM Entry OEM Agreement 5
IBM Entry OEM Agreement Business Model 6
IBM Entry OEM Agreement End User Technical Support 7
IBM Entry OEM Agreement Incentive for existing Informix Business Partners .. 8
Frequently Asked Questions 9
Glossary14

Introduction to IBM OEM Software Agreement - Entry OEM

The Entry OEM Agreement is an IBM initiative that is a direct contract - and a direct relationship - between IBM and a specific Business Partner. The contract was designed to retain many of the Informix contractual terms, conditions and business incentives, which have been recognized as best in class. For Business Partners that have their own solutions, favor a direct relationship with IBM, and desire to own and leverage the entire business interface and relationship with their customers the Entry OEM Agreement can help increase financial return.

The Entry OEM Agreement is available World Wide for eligible IBM DB2¹, WebSphere, Tivoli, and Lotus products with Passport Advantage part numbers. Compatible with heritage Informix offerings, the contract design will also appeal to Business Partners who want to incorporate DB2 information management (DB2), WebSphere, Tivoli, and/or Lotus products into their solutions, and provides an additional option for ISVs and Technology Partners to start and extend their relationship with IBM.

Value Proposition for Business Partners

The Entry OEM Agreement is an appropriate and effective agreement option for smaller and mid-sized Business Partners who focus on the Small/Medium Business (SMB) marketplace, offering them a price competitive way to make eligible IBM DB2, WebSphere, Tivoli, and Lotus software product purchases, with Passport Advantage part numbers, along with financial incentives.

Business Partners can potentially reap financial rewards with the Entry OEM Agreement from:

- ✍ No upfront payments or revenue-commitment requirements
- ✍ Discounts linked to earned revenue results - This agreement helps ensure the discount structure Business Partners receive is highly competitive with other purchasing options for IBM middleware. A three-tiered clip level allows Business Partners to take advantage of even greater margins based on their ability to drive sales., The more revenue Business Partners drive through both maintenance renewals and new licenses within the one-year contract time frame, the greater discounts and margins they are eligible to receive.

¹ DB2 information management, referred to as DB2 throughout this document, includes Informix products. See Glossary for full list of products included.

- ✍ Business Partners provide all support to their customers. IBM provides defect support to the Business Partner for the licenses covered under Maintenance. - Business Partners sell their unique solutions, such as accounting, customer relationship management (CRM), supply chain management (SCM) or enterprise resource planning (ERP) - in conjunction with IBM middleware - to create total solutions and support packages. Selling total solutions and support packages allows Business Partners more flexibility in setting prices and charging premiums for their high-value services.

Business Partner Profile for Participation

The Entry OEM Agreement is targeted at Business Partners, primarily ISVs, that serve the SMB marketplace and have their own solutions. They are a new or existing DB2, WebSphere, Tivoli, Lotus or Informix Business Partner.

A Business Partner that qualifies for the Entry OEM Agreement will have the following characteristics:

- ✍ Is able to provide a business solution to an end user customer
- ✍ Has own sales force and promotes own product line
- ✍ Has Technical Support in place for the IBM Middleware that is included in their Solution
- ✍ Has at least two certified technical engineers in the DB2, WebSphere, Tivoli, and/or Lotus product that is being used
- ✍ Is capable of licensed code replication at Business Partner's offices

IBM Entry OEM Agreement Criteria/Requirements

The Entry OEM Agreement is focused on penetrating the SMB (Small/Medium Business) marketplace with Business Partners that can make their business application (solution) work with IBM DB2, WebSphere, Tivoli, and/or Lotus products.

IBM seeks Business Partners that meet criteria in the following areas:

- ✍ Are capable of \$25K credit qualification using IBM criteria
- ✍ Agree to send end user customer data with (Monthly) sales report to IBM, including Customer Name, Address, Platform: HW & Operating System
- ✍ Agree to resell IBM middleware (DB2, WebSphere, Tivoli, Lotus) only when it is installed with their application
- ✍ Are a member of PartnerWorld for Software

Membership in PartnerWorld for Software

Every Entry OEM Agreement participant must have membership in PartnerWorld for Software, at least at the basic member level. Through PartnerWorld for Software, Business Partners have access to a number of benefits that can support increased sales, heighten market share, and penetrate new markets with IBM software technologies. Information regarding PartnerWorld for Software is available at <http://www.ibm.com/partnerworld/software>.

It is highly recommended that participants in Entry OEM Agreement purchase an optional Value Package for Software offered through PartnerWorld for Software. The Value Package for Software contains benefits that are designed to provide support to Business Partners in several areas. Some of the benefits include:

- ✍ Education
- ✍ Technical Enablement Support
- ✍ Demonstration and Evaluation Software
- ✍ Run Your Business Software
- ✍ Solution Assurance Guidance
- ✍ On-site Technical Mentoring

Benefits are tiered based on PartnerWorld for Software membership level and it is recommended that Entry OEM Agreement participants attain Advanced or Premier membership status. Business Partners achieving higher PartnerWorld for Software membership levels (i.e., Advanced or Premier) are eligible for more robust benefits. Advanced and Premier membership levels are earned by achieving specific criteria in areas such as commitment, competency (i.e., certifications), customer satisfaction, and contribution.

How to Participate in the IBM Entry OEM Agreement

IBM Entry OEM Agreement will use the Passport Advantage registration / enrollment processes. Information regarding the Passport Advantage program can be obtained at <http://www.ibm.com/software/passportadvantage>

Additionally, Business Partners should contact an IBM Software sales representative or go to the IBM PartnerWorld for Software website, instructions below.

- ✍ Go to the PartnerWorld for Software web site
<http://www.ibm.com/partnerworld/software>
- ✍ Select 'Software membership' from the left navigation bar
- ✍ Select 'Initiatives for additional benefits' from left navigation bar
- ✍ Select 'IBM OEM Software Agreement - Entry OEM - Is it for you?' from list of initiatives

✍ Click on the geography to send an email to an IBM representative

Although the Entry OEM Agreement focuses on the IBM middleware (DB2, WebSphere, Tivoli, Lotus) content of a Business Partner's solution -- there are large opportunities for Business Partners to sell their services, or partner with IBM around their 'total solutions'. For Business Partners that want more information on what services IBM can help provide, please contact an IBM software sales representative.

IBM Entry OEM Agreement Business Model

The Business Partner must agree to and sign the following Entry OEM Agreement documents and complete the registration form:

- ✍ IBM OEM Software Agreement Base Agreement
- ✍ IBM OEM Software Agreement Earned Discount Transaction Document (TD) detailing the terms and conditions of Entry OEM Agreement transactions. (Includes the Entry OEM Agreement three tier discount table referencing IBM Suggested Retail Prices (SRP) for products and part numbers the Business Partner will sell)
- ✍ Complete the Entry OEM Agreement Registration Form identifying the Business Partner contacts, business addresses and internet email addresses.

The Entry OEM Agreement becomes effective after IBM approves the Business Partner's Entry OEM Agreement application information, and signs the IBM OEM Agreement.

Records Retention

A Business Partner participating in the Entry OEM Agreement is required to retain complete and accurate records to support the data reported in the Sales Reporting Form(s). For audit purposes, the Business Partner must retain and make these records available for two years from the date of the related transaction.

The Business Partner will be required to maintain complete and accurate records indicating by month:

- ✍ All Program copies made during such month by Business Partner
- ✍ All Maintenance Renewal purchases made for Programs during such month
- ✍ All Maintenance Reinstatement purchases made for Programs during such month

Amendments

The Entry OEM Agreement is a nonnegotiable agreement.

Term

The Entry OEM Agreement spans one year³ unless terminated by either IBM or the participating Business Partner.

Compliance

IBM will review Business Partner compliance with the IBM Entry OEM Agreement program on a sampled basis. Business Partners must agree to audits / or reconciliation procedures by IBM of license and maintenance records when IBM deems necessary.

IBM Entry OEM Agreement End User Technical Support

As a part of the IBM Entry OEM agreement, the Business Partner is responsible for providing all support to end users for the solution that has been sold to the end user. This includes all technical support for the Business Partner's application , as well as Level 1 activities for the DB2, WebSphere, Tivoli, and/or Lotus product(s) that are covered under Maintenance. For the DB2, WebSphere, Tivoli, and/or Lotus product(s) not covered under Maintenance, the Business Partner must provide Level 1 and Level 2 support to end users. In addition, the Business partner must be the complete interface to their end users for the support that IBM provides to the Business Partner.

Level 1 support refers to taking the first support call from an end user and fulfilling the following steps:

- (1) Qualify incoming calls: Determine if the request is for a new or existing case. Assign a priority to a new case (priority one through priority four). For existing cases, obtain case information.
- (2) Characterize the problem and environment: Gather information about the case: Determine if the IBM Program causes the problem. Completely define and describe the problem. Identify ways to understand the problem's behavior. Document the characterization information. Use the Problem Identification Worksheet provided in the IBM Software Support Guide. Analyze problem symptom(s), attempt to find root cause when appropriate and describe the result of such attempts. Determine if the problem is a known IBM Program problem by accessing online support resources.
- (3) If it is determined to be an IBM Program problem, contact IBM technical support. Select the appropriate option from the menu. For new cases, open a case and select a priority. For existing cases, state the case number. Provide the case information you have gathered to the support engineer.

In order to be able to fulfill the above steps, the Business Partner is required to have at least two certified support personnel in the DB2, WebSphere, Tivoli, and/or Lotus product they are supporting.

IBM Entry OEM Agreement Incentive for existing Informix Business Partners

Additional Enhanced Technical Enablement Support

For Business Partners that are an existing Informix Partner and meet the following criteria:

- ✍ Is approved for the Entry OEM Agreement program
- ✍ PartnerWorld for Software record is updated, and
- ✍ Has purchased a Value Package (\$2000 USD fee)

The Business Partners will be “upgraded” to Enhanced Technical Enablement Support membership benefits in PartnerWorld for Software (equivalent to Advanced technical support membership benefits) for a period of 12 months, which includes:

- ✍ Additional copies of Evaluation Software (Not For Resale code) - up to three (3) copies of CD's at no charge plus unlimited downloads
- ✍ Access to technical sales support provided by Techline
- ✍ Access to solution enablement and implementation support (both web - private email & voice)
- ✍ Access to on site or remote technical mentoring - two (2) engagements to assist with significant and complex sales opportunities

This Enhanced Technical Enablement Support upgrade has a 30 to 1 Return on Investment (ROI).

Frequently Asked Questions:

Q: What is the IBM OEM Software Agreement - Entry OEM ?

A: This agreement is an IBM contract for ISVs (Independent Software Vendors) who sell solutions consisting of their application(s) integrated with IBM middleware. Much of this agreement's terms and conditions derive from the Informix contract model used prior to IBM's acquisition of this company. All of the IBM Programs available under the IBM Passport Advantage Agreement, are available under the Entry OEM Agreement. This includes most of the DB2, WebSphere, Tivoli, and Lotus software from IBM, including IBM Informix IDS products as part of the DB2 information management software family. This agreement is available World Wide.

Q: What type of company can take advantage of the Entry OEM Agreement?

A: The Entry OEM Agreement was designed for ISVs and Technology Partners who develop and own a DB2, WebSphere, Tivoli, and/or Lotus software-based solution (which includes IBM Informix products). It is intended for those companies who offer their solution for resale to more than one end user customer, include DB2, WebSphere, Tivoli, and/or Lotus software products as part of their solution, and whose software application represents a high percentage of revenue of their entire offering.

Q: What are the benefits of the Entry OEM Agreement?

A: There are numerous benefits to an ISV in this Agreement. These include:

- ✍ No upfront payments
- ✍ No revenue commitments
- ✍ Total ownership of all aspects of the end-customer relationship
- ✍ An 'Earned Revenue Discount' model that rewards ISVs with deeper discounts on their SWG purchases --- the more IBM middleware software (DB2 , including IBM Informix, WebSphere, Tivoli, and/or Lotus) volume they sell, the higher their discounts are on their future sales
- ✍ An easy to understand and administer agreement
- ✍ A way for ISVs to purchase DB2, WebSphere, Tivoli, and/or Lotus software products that are optimally priced
- ✍ Ability to sell both initial license (including first year of maintenance) -- and ongoing maintenance renewals as a captured revenue stream

Q: Are there any upfront payments or revenue commitments?

A: No. That is why we believe that the Entry OEM Agreement will be especially appealing for many of the smaller ISVs who either prefer to use their cash to operationally run or invest in their business -- or are uncomfortable in making contractual commitments without better sight into future business opportunity.

Q: What determines the discount when entering into this agreement?

A: Business Partners with existing IBM agreements or legacy Informix ISVs may enter this agreement with a discount that is based on their prior year's attainment for

Program license and Maintenance purchases of products covered under the Entry OEM Agreement. New Business Partners will enter this agreement at the base discount.

Q: Will my discount remain the same throughout the contract term?

A: With the Entry OEM Agreement, an ISV will have the opportunity to earn deeper discounts within the contract term, based on the growing volume of IBM DB2, WebSphere, Tivoli, and/or Lotus software product sold. This concept is called 'Earned Revenue Discount'.

Q: Will my company require any additional resources in order to support this agreement?

A: ISVs own the technical support of their end-customers. SWG has a Technical Support Organization in place to support our E-OEM ISVs. But ISVs must totally manage the end-customer support interfaces and relationship. Therefore, IBM SWG requires ISVs to have some certified level of support skills in place to assure customer satisfaction -- for all parties involved.

Q: Will my company have to be a member of any PartnerWorld community to take advantage of the Entry OEM Agreement?

A: Yes. We do require ISVs to apply and be accepted for membership at member level to PartnerWorld for Software (PWSW). There are great additional benefits for ISVs to be members of PWSW. For more information on the offerings available to all levels of membership in PartnerWorld for Software go to <http://www.ibm.com/partnerworld/software>

Q: What is PartnerWorld for Software?

A: PartnerWorld for Software is a marketing and enablement program for Business Partners that sell IBM software and solutions. The program offers a number of benefits that can support increased Business Partner sales, heighten Business Partner market share, and penetrate new markets with IBM software technologies.

Q: What is PartnerWorld for Developers, and how does that relate to PartnerWorld for Software?

A: PartnerWorld for Developers provides a point of entry into IBM's global resources for developers that build solutions using IBM software technologies. Both PartnerWorld for Developers and PartnerWorld for Software are programs or communities under IBM PartnerWorld®. The Business Partner's primary business model and focus can help determine which Program will best meet their needs. A Business Partner can become a member of both PartnerWorld® programs. Information regarding PartnerWorld for Software and PartnerWorld for Developers is available at <http://www.ibm.com/partnerworld>.

Q: When I sell my application, how will I place orders for the IBM software that is needed?

A: IBM across the Geos has built infrastructure and processes to support all ordering and billing requirements. As soon as an Entry OEM Agreement is signed by IBM ordering and billing can commence. Detailed information about how these processes will work will be provided to the Business Partner once the Entry OEM Agreement has been signed and accepted by IBM.

Q: How will I get access to maintenance modifications of the IBM SWG product for my customer?

A: ISVs receive maintenance modifications through electronic downloads and distributes them to end customers. This simplified process helps both IBM and the ISVs work together to keep costs and complexity to a minimum.

Q: Will I need to resell Maintenance with every sale?

A: All IBM Program licenses purchased by the Business Partner under the Entry OEM Agreement comes with an initial 12 month term of IBM Maintenance (to the Business Partner). IBM will work with the Business Partners to keep track of upcoming maintenance renewals for their entire portfolio of renewal opportunity. The Business Partner may purchase Maintenance Renewals or Maintenance Reinstatement for any license that they sold to their end users as part of their Solution, and sell their own versions of these products to their end users for their Solution maintenance. This affords them another important revenue stream. An 'Earned Revenue Discount Grid' exists for this aspect of the Entry OEM Agreement model.

Q: Can I sell other IBM services with Entry OEM?

A: Although the Entry OEM Agreement is a restricted license model focusing on the IBM middleware (DB2, WebSphere, Tivoli, Lotus) software content of an ISV's solution -- there are large opportunities for our ISV Business Partner community to sell their services (or partner with the IBM Global Services Organization (IGS)) around their 'total solutions'. For ISVs that want more information on what services IBM Global Services can help provide -- please contact an IBM software sales rep.

Q: What is the standard term of the Entry OEM agreement?

A: Entry OEM Agreement term spans one year from the date that IBM signs it.

Q: What additional resources will I need to manage and administer this agreement?

A: The Entry OEM Agreement is a low-touch model that allows for minimum system administration and management. The agreement includes the most appealing elements of Informix contracts, providing ISVs with a fast, easy and cost-effective way to buy IBM SWG middleware, making it simple to administer the contract cost-effectively and to reduce associated overhead.

Q: Can I continue to resell my solution into any geographical territory as I do now?

A: Yes, with minor exclusions that are listed in the IBM OEM Software Agreement Base Agreement.

Q: How can I take advantage of the Entry OEM Agreement?

A: Whether a heritage Informix ISV, IBM middleware ISV, or an ISV that has never done business with IBM and desires to resell their software application and include DB2, WebSphere, Tivoli, and/or Lotus software products you can take advantage of the Entry OEM Agreement. Please contact an IBM software sales representative or go to IBM's PartnerWorld for Software web site at www.ibm.com/partnerworld/software. On the left Nav bar, select "Software membership" => "Initiatives for additional benefits" => "IBM OEM Software Agreement - Entry OEM - Is it for you?" There you will find email links which will get you in contact with someone in the applicable geography who can assist you.

Q: How does Passport Advantage Express (PAX) differ from Passport Advantage (PA)?

A: Examples of differences between Passport Advantage Express and Passport Advantage include site coverage, software acquisition, pricing model, software maintenance (i.e., software subscription and technical support), renewal proration. Information regarding Passport Advantage and Passport Advantage Express can be found at www.ibm.com/software/passportadvantage.

Q. How will a Business Partner obtain defect support from IBM for Program licenses that are covered under IBM Maintenance?

A. Once the Business Partner is registered in IBM's Maintenance Entitlement System, the Business Partner will receive a Welcome Letter that will contain the phone number(s) that they can use to access Program defect support from IBM.

Q. Will the end user/customer of the Business Partner be entitled for support on the IBM middleware product purchased?

A. The end user/customer will not be entitled to call IBM for support for the IBM Programs contained in the Business Partner's Solution. The Business Partner is responsible for being the entire interface to their end user/customer, including all support for their Solution (which includes the IBM Programs).

Q. What is the Business Partner expected to do as a part of providing Level 1 support and before engaging DB2 information management, WebSphere, Tivoli, and/or Lotus Level 2 Technical Support?

A. Level 1 Service means taking the first support call from a Customer and fulfilling the following steps:

(1) Qualify incoming calls: Determine if the request is for a new or existing case. Assign a priority to a new case (priority one through priority four). For existing cases, obtain case information.

(2) Characterize the problem and environment: Gather information about the case: Determine if the IBM Program causes the problem. Completely define and describe the problem. Identify ways to understand the problem's behavior. Document the characterization information. Use the Problem Identification Worksheet provided in the IBM Customer Support Handbook. Analyze problem symptom(s), attempt to find root cause when appropriate and describe the result of such attempts. Determine if the problem is a known IBM Program problem by accessing online support resources.

Q. What is the response time by Level 2 to the Business Partner once a PMR is opened?

A. Once a PMR is opened, the person who opened it will either be speaking directly with an engineer about the issue, or will receive a call back from DB2 information management, WebSphere, Tivoli, and/or Lotus Level 2 Technical Support within two hours.

Q. Can the Business Partner open a PMR of any severity?

A. Yes, the Business Partner can open a PMR of any severity. The following definitions are used for severities:

Severity 1	Critical business impact, this indicates you are unable to use the program resulting in a critical impact on operations. This condition requires an immediate solution.
Severity 2	Significant business impact, this indicates the program is usable but is severely limited.
Severity 3	Some business impact, this indicates the program is usable with less significant features (not critical to operations) unavailable.
Severity 4	Minimal business impact, this indicates the problem causes little impact on operations or that a reasonable circumvention to the problem has been implemented.

Glossary

- ✍ Application software is software designed and developed for specific solutions (e.g., accounting, sales force automation, CRM, etc.).
- ✍ Customer - An end user authorized to use the Solution for its intended use and not for remarketing.
- ✍ End user is anyone that acquires software for their own use and not for resale. The end user cannot be part of the Business Partner's firm.
- ✍ IBM DB2 information management software - A portfolio of information management software to provide Business Partners with integrated information on demand. DB2 software product families include:
 - DB2 Database Servers
 - DB2 Content Management
 - DB2 Business Intelligence
 - DB2 Information Integration
 - DB2 Tools
 - IBM Informix
 - IBM U2
 - IBM IMS
- ✍ An independent software vendor (ISV) develops and sells software assets as a primary business. ISVs can sell services related to their software offerings, but build their business model primarily around the development and marketing of application software.
- ✍ Licensed code replication - IBM grants an ISV a nontransferable, nonexclusive right to copy each Program (including all trademarks contained in the Program) to include in the ISVs Solution as agreed to in the IBM Entry OEM Agreement.
- ✍ Middleware is infrastructure technology-based software that enables applications and other uses of information technology.
- ✍ Operating system is software that controls the computer's input/output systems such as keyboards and disk drives, and that loads and runs other computer programs. The operating system is also a set of mechanisms and policies that help define controlled sharing of system resources. Linux®, AIX®, Windows®, and OS390® are examples of operating systems.
- ✍ Programs - The IBM products listed in the Transaction Document and all whole or partial copies of them.

- ✍ Solution - The offering that is created when IBM's Programs and the ISV's Value-Add Components work together.
- ✍ A solution provider (SP) combines installation services, application software, communications services, and other technology offerings typically into a "turn key" solution for an end user.
- ✍ Value-Add Components - The ISV's products listed in the Transaction Document that the ISV must include in their Solution. The ISV's Value-Add Components must be of higher value than the Programs or, in IBM's opinion, provide significant function or value to the Customer.

© Copyright IBM Corporation 2003

IBM Corporation
Software Group
Route 100
Somers, NY 10589

Produced in the United States of America
05-2003, 06-2003, 07-2003
All rights reserved

IBM, DB2, DB2 Information Management Software,
DB2 Universal Database, Informix, Passport Advantage,
AIX, OS/390, and PartnerWorld are registered trademarks
or trademarks of International Business Machines Corporation
in the United States, other countries or both.

Windows is a registered trademark of Microsoft Corporation in
the United States, other countries or both.

Linux is a registered trademark of Linus Torvalds.