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Presenting to you

- **Mike Colleary**
  Vice President, Software Channel Sales, Americas Group

- **Massimo Bonciani**
  Worldwide Vice President, Distribution Channels Management

- **Nancy Lawler**
  Worldwide Senior Manager, Market Intelligence

- **Kim Lockwood**
  Business Unit Executive, Software Channel Marketing, Americas Group

- **Dave Pumpa**
  Business Unit Executive, Business Partner Sales, Americas Group
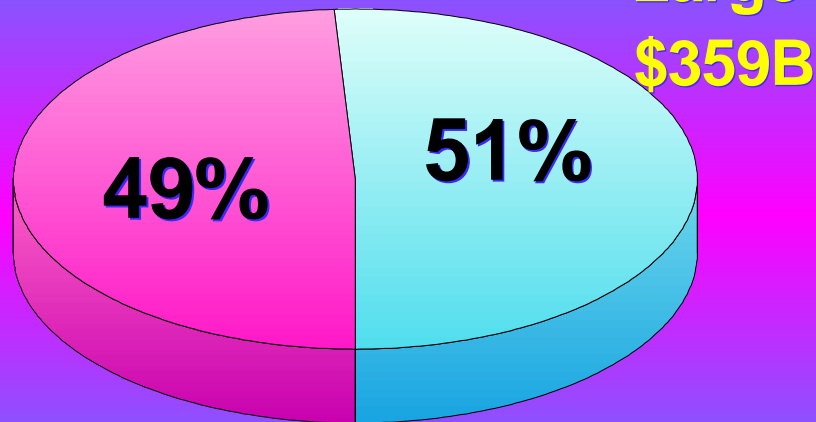
IBM

Winning in Mid-Market

- **Mid-market businesses**
  - Software makes e-business work
  - Connecting mid-market customers to partners

- Partners are important to IBM

- The Journey to Higher Margins

- How have we done so far?

Mid-market: The "Small" Picture

Market Trends and Big Opportunity

I/T 2001 Spending
$707B

Large
$359B

51%

49%

Small/Medium
$348B
13.5% CGR

- Worldwide, there are more than 100M small & medium businesses

- Small & medium businesses are growing at 13.5%

- e-business is increasingly important to small & medium business

- Over 80% of middleware sales consist of a combination of products

- Two-thirds of Solution Provider projects use Packaged applications vs Custom Developed

IBM

PartnerWorld

e-business Infrastructure Software

Transformation & Integration

Online Transaction Systems

↓

Integrated Internet e-business

WebSphere

Leveraging Information

Relational Database

↓

Content Management and Business Intelligence

DB2

Leveraging Know-How

Messaging and Collaboration

↓

Knowledge Management and Distance Learning

Lotus

Managing Technology

Integrated Enterprise Management

↓

Security and Storage Management

Tivoli

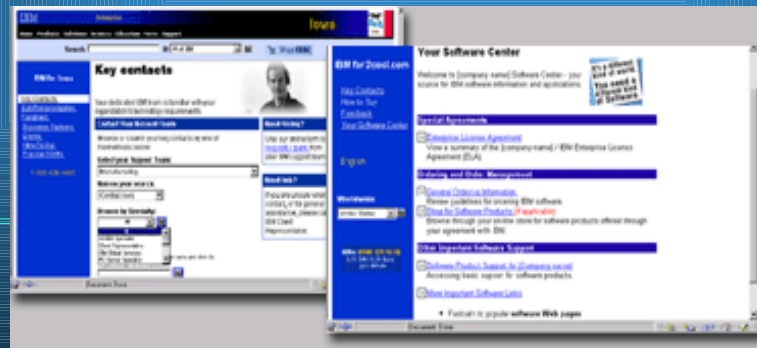**PartnerWorld**

Connecting Customers to You

TeleSales Team

Opportunity Gearbox

StartNow

e-Territory sites

PartnerWorld
for Software

Winning in Mid-Market

- **Mid-market businesses**
  - **Software makes e-business work**
  - **Connecting mid-market customers to partners**

- **Partners are important to IBM**

- **The Journey to Higher Margins**

- **How have we done so far?**

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Opportunity:
Covering the Market Together

IBM Leads

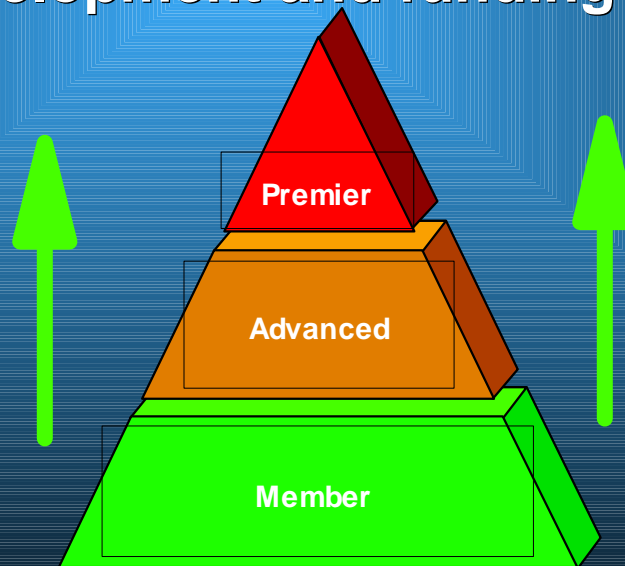**We Team**

Partners Lead

PartnerWorld for Software in 2002

We will invest in an exclusive group of top contributing partners, committed to IBM that deliver results

- **You asked for it!**
  - **face to face contact**
  - **excellent sales, marketing and technical support**
  - **more skills development and funding**
  - **raise the bar**
- **You got it!**

Increased Revenue & Skills Commitment

Increased Value and Benefits

Premier

Advanced

Member

Winning in Mid-Market

- **Mid-market businesses**
  - Software makes e-business work
  - Connecting mid-market customers to partners
- **Partners are important to IBM**
- **The Journey to Higher Margins**
- **How have we done so far?**

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The Journey to Higher Margins

Mapping the Course

- **A win/win destination**
  - **Profitability and Synergy**

- **We must know we can count on each other**
  - **Stability and Loyalty**

- **The path must be clear of obstacles**
  - **Simplification**

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Enhanced Profitability

Top Contributor Initiative

- **Designed to help our Distributors and Resellers work together in synergy in Mid-Market**

- **Market Growth Fee**
- **Co-Marketing Funding**
- **Now You! sales contest**

- **All Tivoli partners now eligible for TCI**
  - All Tivoli product sales count towards TCI target with NO target increase

IBM

Stability and Loyalty

Shared Investments & Expectations

- **Together, we must ensure our investments pay off:**
  - Resellers will make an annual commitment to a Distributor

- **Participants know what price / discount to expect**
  - IBM will publish suggested Tier 2 discount table
  - Additional profitability to distributors to honor this commitment
    - ▸ New Passport Advantage Discount Curves
    - ▸ Anchored Discount

IBM

Stability and Loyalty

Tier 2 Suggested Discounts & Rebates in Mid-Market

IBM PPA Band	IBM PPA Points	Approximate Transaction Value	Suggested Discount off SVP	Market Growth Rebate	Total
A	10	$2K-$20K	16%	5%	21%
B	100	$20K-$50K	15%	5%	20%
C	250	$50K-$100K	14%	5%	19%
D	500	$100K-$200K	13%	5%	18%
E	1000	$200K-$500K	11%	5%	16%
F	2500	$500K-$1M	11%	5%	16%
G	5000	$1M - $2M	10%	5%	15%
H	10000	$2M - $5M	10%	5%	15%
I	25000	$5M - $7.5M	Special Bid	Special Bid	Special Bid
J	50000	>7.5M	Special Bid	Special Bid	Special Bid

PartnerWorld

Simplification

Passport Advantage Enhancements

- **Single Contract for WebSphere, DB2, Lotus,Tivoli**
- **No Expiration of Base License**
- **Maintenance expansion**

- **We also addressed Productivity Enhancements**
  - **Worldwide Pricebook & Configurator**
  - **Passport Advantage Tutorial**

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Winning in Mid-Market

- **Mid-market businesses**

  - **Software makes e-business work**

  - **Connecting mid-market customers to partners**

- **Partners are important to IBM**

- **The Journey to Higher Margins**

- **How have we done so far?**

Top Contributor Initiative

- **960 Partners enrolled worldwide**
- **Ramping up education to achieve 5000 additional certifications by year-end**

YTD% of revenue attainment

>=100%

70% - 100%

<50%

50%-70%

Legend:
- **>=100%**
- **70% - 100%**
- **50%-70%**
- **<50%**
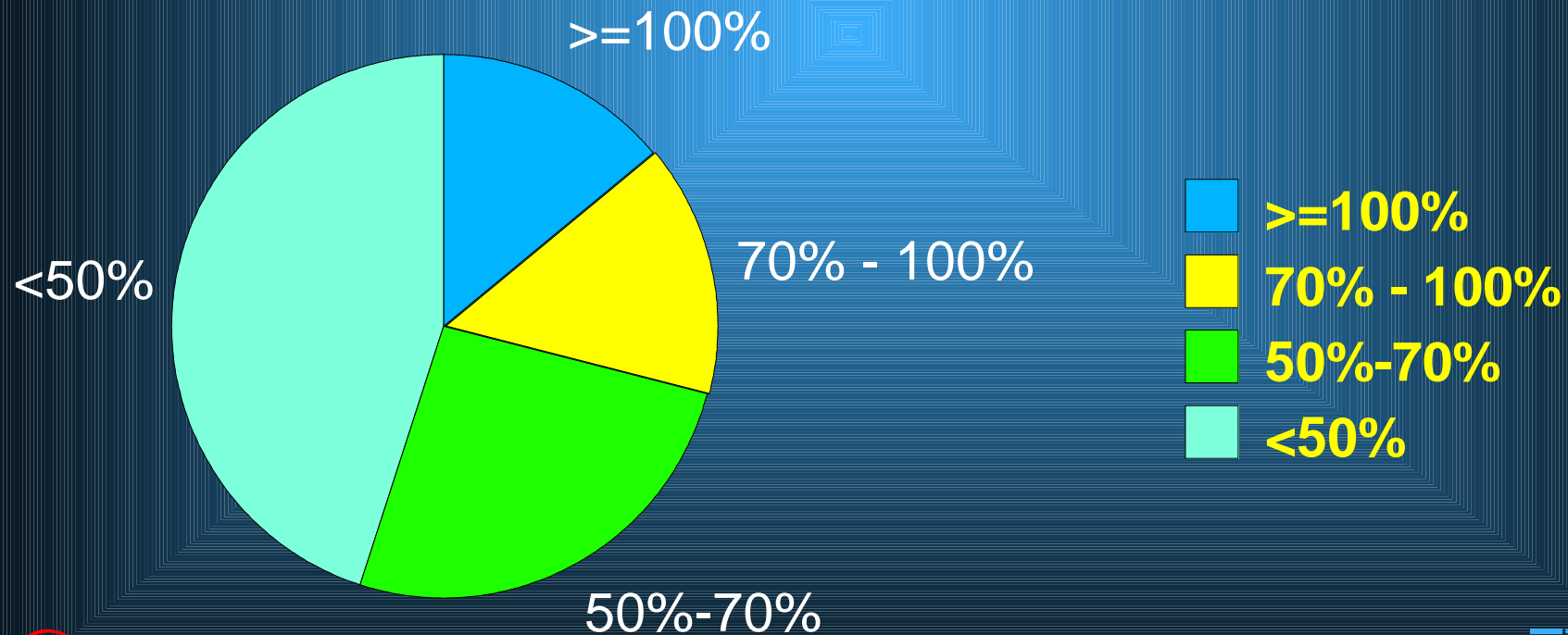
IBM Start Now Solutions for e-business

Solutions for Your Customers

8 new e-business offerings in June
3 Linux-based
Extensive press coverage

Website Mgmt

Tivoli

Collaboration

Lotus

Business Intelligence

DB2

e-Commerce

WebSphere

Infrastructure

More than 1300 specialists approved representing over 300 companies

IBM

Attention from the Press

ZDNet eWEEK BUILDING THE E-BUSINESS ENTERPRISE

IBM continues its efforts to woo the small and midsize business community with the release today of eight new software packages in its Start Now Solutions for e-business program.

internet.com™
The Internet & IT Network

"I looked for the most scaleable middleware that could support thousands of simultaneous users of database and streaming media functions... I compared IBM with Cold Fusion, COM+, and even a few custom-tailored systems. But IBM's Start Now e-commerce Solutions addressed my scalability concerns and gave me an affordable entry point that the other products couldn't."

CRN The Newsweekly For Builders Of Technology Solutions

varBusiness FOR THE ARCHITECTS OF THE DIGITAL ECONOMY

IBM created the Start Now Solutions program to aid solution providers looking to help small and midsize business (SMB) customers ramp up their e-business offerings.

Smallbiztechnology.com
The oasis of small biz tech news, information and solutions

New IBM Start Now Solutions Provide Rapid ROI for Small and Medium Businesses

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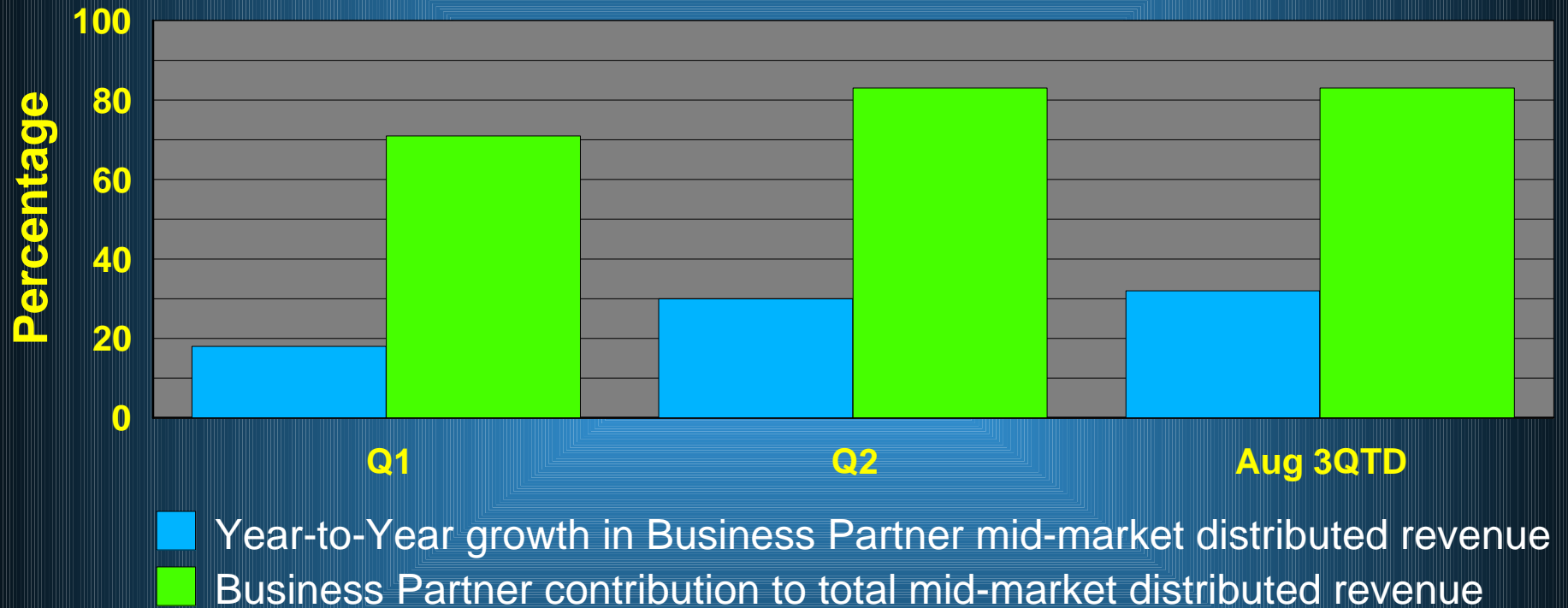
Hot off the Press:
Earn more in Q4

- **For all Approved Top Contributor Initiative (TCI) Business Partners from October 1st - November 23rd**

  – **Sell products from two or more IBM software product families in the same transaction, and earn:**

    ‣ **Additional** 6% Market Growth Fee

    ‣ **Double points** in the Now You! sales contest

  – **Business Partners that previously qualified for $1,500 of Start Now marketing funding now qualify for $3,000.**

Hot off the Press:
Earn more in Q4

- **Current TCI partners who obtain $85k by end of November will get immediate access to all TCI benefits.**

- **Additional incentive for our own salesforce to drive sales with TCI partners.**

IBM

Hot off the Press:
Tivoli in TCI

- **All Tivoli Partners already signed-up in TCI**
  - **Tivoli Passport Advantage sales count toward:**
    - ✓ **Revenue target and Market Growth Fee**
    - ✓ **Now You!**
  - **NO target increase**

- **New Tivoli Partners joining TCI**
  - **Fast Path into PartnerWorld for Software**
  - **Leverage entire IBM Software portfolio to earn Market Growth Fees**

Hot off the Press:
Informix in TCI

- **Informix Partners enrolling in TCI today:**

  ✓ **Fast Path into PartnerWorld for Software**

  ✓ **IBM Sales coverage**

  ✓ **CROSS-SELL IBM SOFTWARE portfolio with Informix customers and earn Market Growth Fees**

IBM
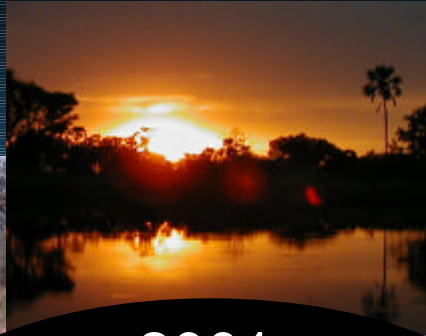
2001
Now *You*
Africa

Now You Contest
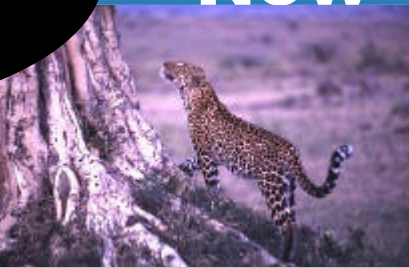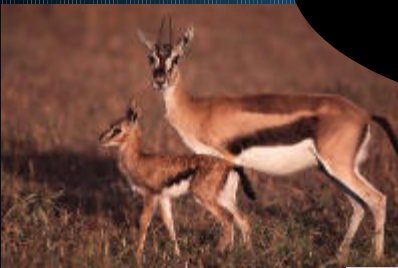
- Sales contest for partner's reps and principals
- The more you sell the more they earn
- Sales reps choose from a catalog of prizes
- Now You points double 10/1-11/23
- **Top 100 firms earn a trip of a lifetime**

IBM
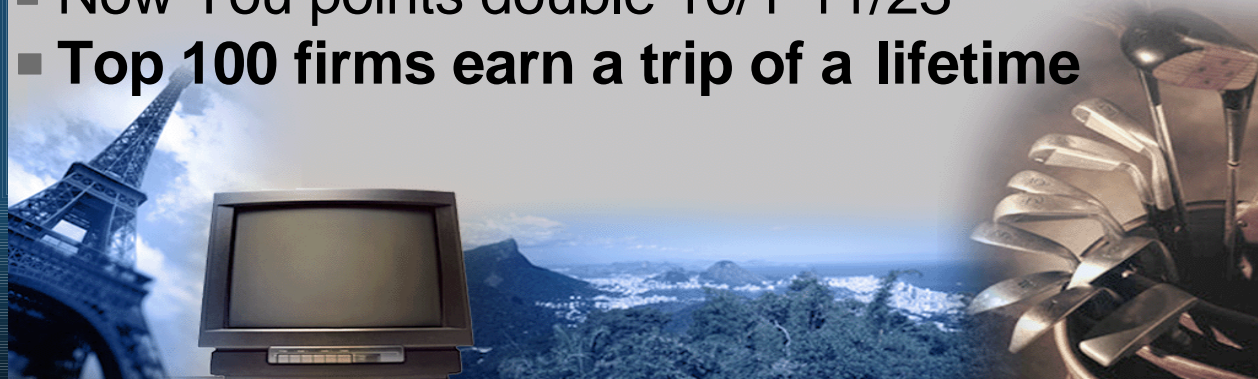
Buyer Behavior / Influencer Study
Sample/Methodology

- **Random sample balanced across industries and departments**

- **Companies 50-999, 1000-4999, 5000+ employees**

- **Phone and web interviewing**

- **Balanced to GMV opportunity, IDC for competition, IBM financial results**

IT	LOB	Solution Provider	Total
1,812	1,526	1,479	4,817

IBM

Most Middleware Products Are Bought In Combination

- Only 18% of middleware products are purchased individually
- Database alone represents half of single product sales

Security 3%

All Others 6%

Database 9%

Single Product Sales 18%

Combination 82%

IBM
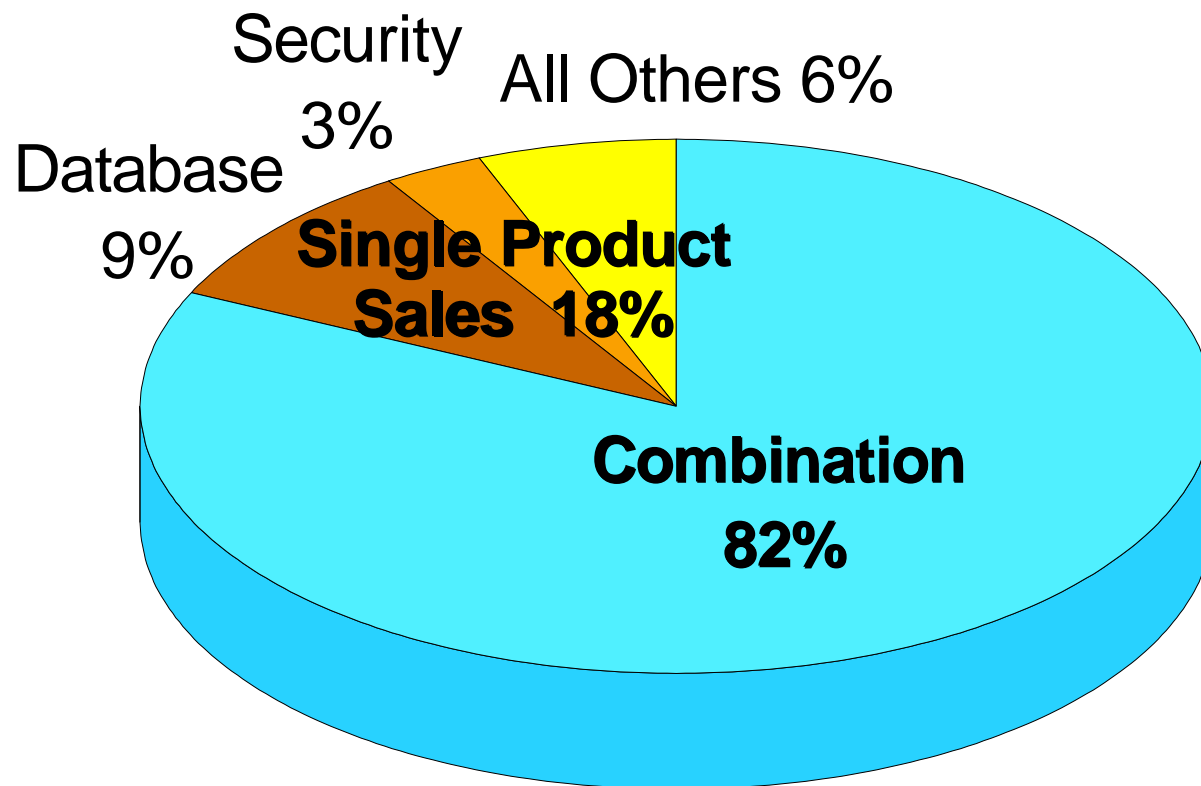
Top Ten Product Combinations

- **The top ten product combinations (excluding single products) represent 30% of middleware revenue**
- **Databases are represented in projects with 69% of middleware revenue**

#	Data Base	App Dev Tools	Collab	System & Storage Mgmt	Netwrk Mgmt Software	Security	Web App Server	Bus. Integ	Host Trans Proc
1	●			●	●		●	●	
2	●	●		●					●
3	●			●			●		●
4	●						●		
5	●			●	●				
6	●	●		●	●	●	●		
7		●					●		
8	●					●		●	●
9	●		●						
10	●	●	●	●	●	●	●	●	●

IBM

Implications

Strategic Imperatives

- Secure support from ISVs that develop applications and the Solution Providers that are used to deploy them

- Dramatically increase IBM support and penetration among Solution Providers

- Position IBM as best suited to provide improved customer productivity.

- Create and sell product combination packages as part of go-to-market strategy

Rationale

- Line of Business are key decision makers for applications; IT drives middleware decisions

- Solution Providers lead/participate in 48% of all middleware brand selection

- IBM's strength is in effectively balancing product quality and simple and low cost of implementation - enabling customer productivity.

- Over 80% of customers buy products in combination rather than individually

IBM

On-line Cross Brand Tools

NEW

Making it easier for you to do business with IBM

- Web based sales and marketing resources to help you build your business

  – Get Started Selling our Software

  – Tools for Selling our Software

  – Profit from Selling our Software

- Includes:

  – Value propositions and ROI

  – Steps to Success Roadmap

  – On-line marketing and selling tools

IBM
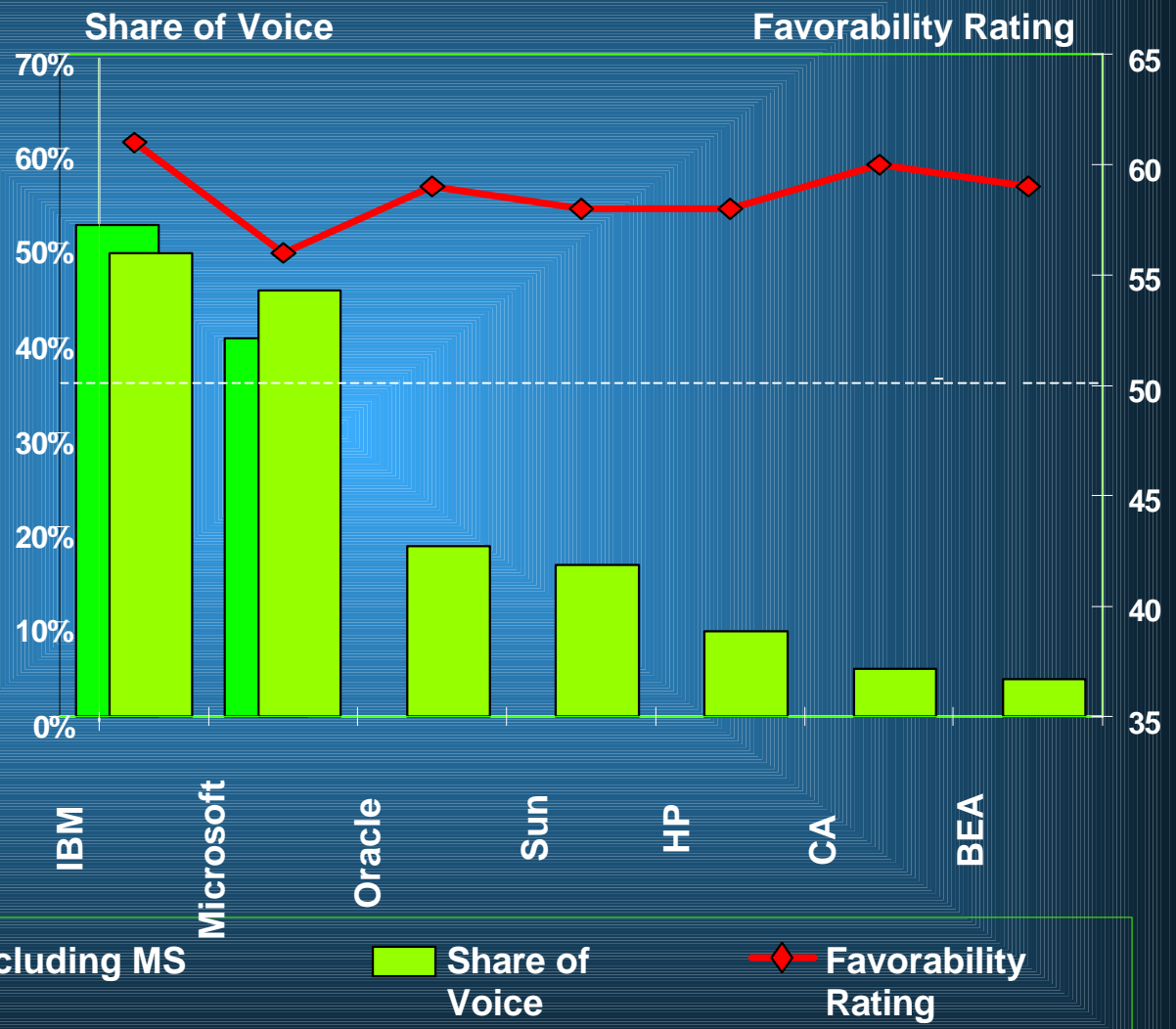
2002 Objectives and Messages

Four Strong IBM Software product brands

IBM is a force to be reckoned with in the Software Marketplace

Greater IBM endorsement than ever

Best of brands combined with the strength of IBM

The New IBM Software Brand Marks

DB2 Software

Lotus Software

WebSphere Software

Tivoli Software

IBM

Top Contributor Co-Marketing

- **Up to 3% of revenue target as co-marketing funding**

  - $6.6 Million USD is committed to partners

- **Wide variety of tactics supported**

  - Joint Advertising

  - Test Drives

  - Seminar Solutions

  - Telemarketing

  - Business Partner's Own Proposal

  - Campaign Designer

- **Select a "quick hit" tactic to execute in 4Q**

IBM

TCI Co-Marketing Requirements

- If approved by August 31, 2001 and sold **$75K in 2000**, partner immediately qualifies to **access 3% co-marketing**

- If **< $75K in 2000** but are approved or pending approval status by August 31, 2001 then:

Revenue Attainment	Qualify for and can access 3%
$50K by June 30, 2001	X
$75K by September 30, 2001	X
$85K by November 23, 2001	X
$100K by December 31, 2001	X

Note: Approved partner co-marketing tactics will be reimbursed when one of the revenue attainment bars above are met.

Start Now 4Q Marketing Incentive

- **Additional $3,000 - 100% funded for pre-approved Start Now tactics.**
  - ➤ Telemarketing - 32 Hours of calling reaching approximately 140 customers.
  - ➤ Campaign Designer - 1,500 Direct Mail pieces
  - ➤ e-Seminar - Fully managed for 25 customers
  - **No co-funding required**
  - **Plan to use your $3,000 today**

IBM
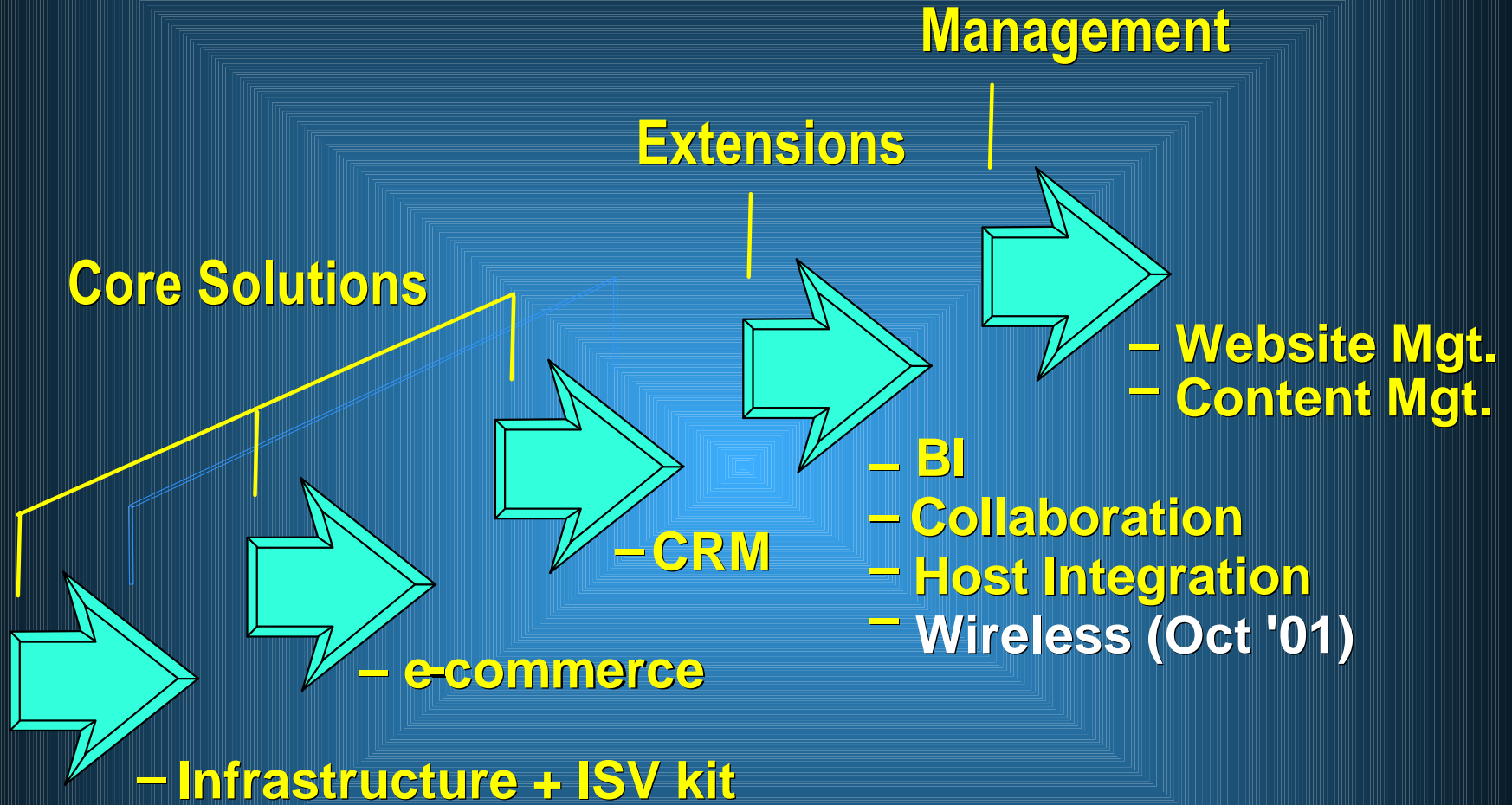
Start Now Wireless

- **End-user devices**
  - **PalmOS,**
  - **PocketPC (WinCE)**
  - **EPOC**

- **Scenarios**
  - **Mobile Office**
  - **Access to corporate data by mobile employee**
  - **Synchronization of applications & data between corporate servers & mobile devices**

- **Starting price $25,000**
  - **65% Business Partner Services**

- **Specialty Test available October 1st.**

- **Customer Announcement October 30th**

@ server

Start Now Momentum

$3,000 Marketing Incentive

Sales and marketing tools available via web or CD

Executive Assessments for Start Now

Services Revenue 65% avg per transaction

NowYou ! **10,000** Points Each Specialty

NowYou! 5000 Points Success Stories

Market Growth Fee   6-12-18%

IBM

Worldwide Pricebook & Configurator

- **Single source for New Passport Advantage**

  – **customer numbers**

  – **part numbers**

  – **pricing information**

Automated configuration, pricing, and customer quote generation for distributed software worldwide.

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Passport Advantage - Select Sales Tools Select Parts & Prices

Integrated part & customer selection

Parts Selection

PASSPORT ADVANTAGE · Parts & Prices · **IBM.**

WorldWide Pricebook & Configurator
Configuring Product

🏠 Home | 👁 View Part List | 👤 Edit Default Settings | ❓ Help

step **1** of **4** → next

Narrow your product selections by selecting one of the tabs below. Each tab contains a different search option.

Product Group	Product Identifier Description	Product Identifier (PID)

Select one product group:

- DESKTOP
- E-LEARNING
- IBM APPLICATN INTEGRATN MIDDLEWARE
- IBM CONTENT MANAGEMENT
- IBM DATABASE MANAGEMENT
- IBM E-COMMERCE
- IBM INDUSTRY SOLUTIONS
- IBM LIFE SCIENCES
- IBM OPERATING SYSTEM
- IBM OTHER
- IBM PERVASIVE COMPUTING DIVISION
- IBM SECUREWAY
- IBM SPEECH
- IBM SYSTEMS MANAGEMENT
- KNOWLEDGE MANAGEMENT
- MESSAGING AND COLLABORATION
- OTHER
- TIVOLI

- **Product selection via two options**
  - ► Configurator
    or
  - ► Flexible part search

IBM

Customer Selection

WorldWide Pricebook & Configurator
Customer Selection

🔍 Search | ↻ Clear Fields | ✕ Cancel | ? Help

Select a customer using one of the following search options.

| Agreement/ Site Number | Name/ Agreement Attributes |

Fill in one or more of the following pieces of information about the customer.

Partial or Complete Customer Name: [   ] (start of name) ▼

Note: Searching by customer name may take a while to return results.

Country: ALL ▼

Contract Option: ALL ▼

Maintenance Renewal Month: ALL ▼

Integrated Customer identification & pricing

Worldwide Pricebook & Configurator Benefits

- **The most current information for parts and prices**
  - Inclusion of contract, documentation, and media
  - Build & manipulate part lists and e-mail quotes
  - Flexible pricing to support what-if analysis

- **One tool that supports all parts and prices worldwide - including the EURO**

- **Available via the web:**
  - Part changes, New Parts
  - Price Changes & Promotional prices
  - Obsoleted and to-be-obsoleted parts
  - Access to related channel announcements

- **On-line web tutorial - available October 2001**

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Announcement and Implementation Timeline

- **July 10th - Passport Advantage Announcement**
- **July 23rd - Passport Advantage Webcast. Replay available till October 30th.**
- **August 1st - On-line Worldwide Pricebook and Configurator available.**
- **September 1st**
  - New eligible product list effective
  - New agreement in effect for new customers
  - New agreement in effect for existing VPO, Academic, and non-US Government customers at time of their next order
  - Existing customers can transition to new terms at their request
- **October 1st - new eligible product list in effect for US Government (GSA Schedule)**
- **October 10th - remaining existing customers transition to new agreement terms**

PartnerWorld for Software in the News

Computer Reseller News, September 3, 2001

Steven Burke

IBM is making a multimillion-dollar investment in fully reimbursed training for partners. The amount of training dollars available to IBM's partners is doubling to $50,000 per partner location. Premier partners could train up to 17 technical or sales associates for no charge.

"Every solution provider on the planet looking to increase its sales into the small- and midsize-business market should take a look at the new 2002 IBM PartnerWorld for Software Program."

IBM is treating partners exactly how they treat the IBM "blue suit" sales force. Partners now get the same sales and technical training and resources that the IBM direct-sales force receives… assigning top-priced sales and technical talent to help partners put together sales and marketing plans.

PartnerWorld for Software Criteria in 2002

Criteria Category	Advanced	Premier
Sponsorship	● Sponsorship by IBM Sales Management	
Annual Revenue Attainment	● **$300K (USD)** of Total Revenue **OR** ● **$100K (USD)** of SMB Revenue	● **$450K (USD)** of Total Revenue **OR** ● **$150K (USD)** of SMB Revenue
Business Relationship	● Approved Business and Marketing Plan ● Monthly Forecasts & Quarterly Business Reviews	
Skilled Individuals	● **1** Sales Skill / Certification ● **2** Technical Certifications	**Resellers** ● **5** Technical Certifications *(at least 2 Power Brands)* ● **3** Sales Skills / Certifications **Influencers** ● **6** Technical Certifications *(at least 2 Power Brands)* ● **2** Sales Skills / Certifications
Customer References	● **3** References	● **5** References
Demo Capability	● Capability to demonstrate Power Brand	

IBM

PartnerWorld for Software Criteria in 2002

PartnerWorld

Criteria Category	Advanced	Premier
Sponsorship	● Sponsorship by IBM Sales Management	
Annual Revenue Attainment	● **$300K (USD)** of Enterprise plus Midmarket Revenue **OR** ● **$100K (USD)** of Midmarket Revenue	● **$450K (USD)** of Enterprise plus Midmarket Revenue **OR** ● **$150K (USD)** of Midmarket Revenue
Business Relationship	● Approved Business and Marketing Plan ● Monthly Forecasts & Quarterly Business Reviews	

Skilled Individuals	● **1** Sales Skill / Certification
	
	● **2** Technical Certifications
		Resellers
		● **5** Technical Certifications
		  (at least 2 Power Brands)
		● **3** Sales Skills / Certifications
		
		Influencers
		● **6** Technical Certifications
		  (at least 2 Power Brands)
		● **2** Sales Skills / Certifications

Customer References	● **3** Customer References	● **5** Customer References
Demo Capability	● Capability to demonstrate Power Brand	

IBM

Opportunity to Build Skills

- **e-business Sales Roadshow**
- **Scheduled Business Partner classes Worldwide**

BP SEATS	Americas	Asia Pacific	EMEA	Total
e-business Sales Roadshow	525	375	600	1,500
Technical	6,300	1,250	2,600	10,150
Total	6,825	1,625	3,200	11,650

- **Unique offering in the industry -- build your certified skills at no cost through the Top Contributor Coupon Program**

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Sales Certification

#1 Web	→	#2 Class	→	#3 Class	→	Test 801
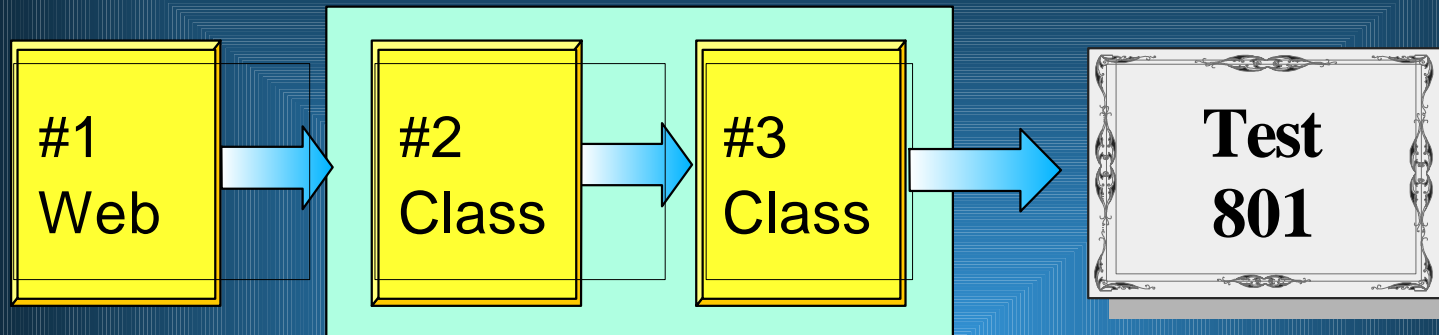
1. **e-business Sales Essentials**
   - Prerequisited online training
   - www.ibmweblectureservices.ihost.com
2. **Signature Selling Methodology Workshop**
   - Course code: SSM4S or SSMBPUS1
3. **e-business: Selling Workshop**
   - Course code: B3005

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e-business - Sales Roadshow Schedule

City	Date
Toronto, ON	October 16-19
Columbus, OH*	October 23-26
Long Beach, CA	October 23-26
Minneapolis, MN	October 30-November 2
Washington, DC	November 6-9
Dallas, TX*	November 6-9
Toronto, ON*	November 6-9
Boston, MA	November 13-16
New York, NY	November 27-30
Chicago, IL	December 4-7
Toronto, ON*	December 4-7

www.ibm.com/partnerworld/software/zone
Education > e-business - Sales Roadshow

* On-site certification testing not available.

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Request a TCI Education Coupon

- Company name, address and phone number

- Student's name & email

- Student's Candidate ID number

- Course title or description, course code

- Course location and date

to PWSWNA@us.ibm.com

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Next Steps

- **Engage with your local BPSM to:**
  - Join PartnerWorld for Software; purchase the Value Package
  - Enroll in Start Now
  - Get your firm & sales reps enrolled in Now You!
- **Build your enablement plan**
  - Take advantage of local education road show with free coupons
- **Leverage IBM's vast marketing programs**
- **Build your opportunity pipeline**
- **Exceed your revenue target**

IBM
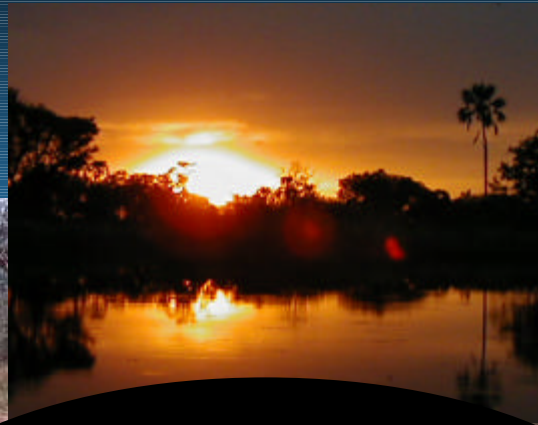
2001
Now *You*
Africa
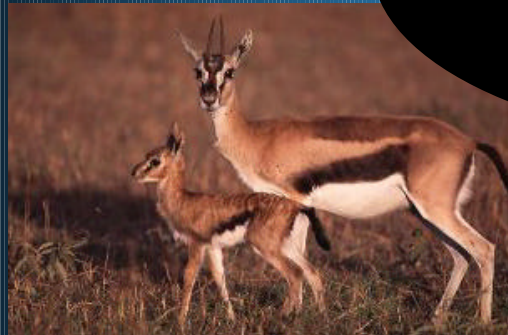
Call: 888-533-2786

Fax: 888-962-4786

E-Mail:

ibmpwsw@yahoo.com

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Thank You

- Thank you for your attendance and support of IBM PartnerWorld for Software

- We appreciate your input
  - ► Additional input
    - – Membership Centre at 1-800-IBM-1822
    - – FAX 1-972-280-6394
    - – E-mail
        PWSWNA@US.IBM.COM