



Xtify Acquisition

Purpose

The purpose of this document is to address particular questions and provide additional insight about IBM's acquisition of Xtify. To view the full press release, go to: <http://www.ibm.com/press>.

Q. What are you announcing today?

On October 3, 2013, IBM announced that it has acquired Xtify Inc., a privately held company headquartered in New York City. Xtify is a leading provider of omni-channel, mobile engagement solutions, powering millions of personalized and targeted messages on behalf of enterprises worldwide, to mobile consumers every day.

Q. Who is Xtify? What do they do?

Founded in 2009, Xtify provides cloud-based solutions for permission-based mobile messaging / push notifications, enabling businesses to deliver rich, engaging, personalized content to mobile consumers. With Xtify's contextually relevant targeting capabilities, messages can be delivered to customers in the right place, at the right time, and in the right mobile channel.

The Xtify portfolio includes Native Push, Rich Push, Web Push, (Apple/Android) Passbook/Wallet and SMS solutions, and provides these key capabilities:

- Ability to send personalized messages to mobile web browsers and mobile app users
- Ability to send personalized messages to a dynamic set of individuals based on expressed preferences
- Applies deep analytics to help marketers and app developers understand mobile user behavior, preferences and usage, thus enabling them to quickly deploy mobile campaigns with relevant offers at the moment of impact.
- Ability to quickly and easily personalize mobile offers in real time, and integrate and execute mobile cross-channel marketing campaigns.

With mobile devices and mobile consumer engagement on the rise*, Xtify's pioneering mobile notification technology is timely. Xtify's growth has been exponential, going from zero to an established install base of approximately 40 enterprise companies worldwide, including marquee customers such as 20th Century Fox, Sephora and Disney Stores. Xtify's platform is also used by many independent developers worldwide.

* Ref: November/December 2012 IBM Benchmark showed: Percent of sales from mobile devices was up 50% from 2011, and traffic from mobile devices was up 59%

Xtify's solutions help businesses capitalize on the increasing ubiquity of mobile devices in consumers' hands, using mobile messaging innovation to deepen connections with customers and prospects via personalized interactions – helping marketers increase customer conversion, revenue, and loyalty.

- For retail and e-commerce/marketers, Xtify helps marketers and app developers deliver highly relevant mobile offers, product information and service alerts directly to (opt-in) customers – even when the app is closed or not in active use – helping to retain mobile app users and keeping the enterprise brand top-of-mind.
- For consumer packaged good distributors, retailers can send their mobile customers new product alerts, coupons and promotional videos.



- For travel and hospitality companies, relevant messages can be sent directly to their customers' smartphones and tablets to notify travelers with specific content about festivals, special events, upgrade opportunities and reservations before, during and after their trip.
- For financial services, Xtify delivers a reliable communications channel for service alerts and promotional messages such as statement alerts, payment and past due messages.
- For public sector entities, as municipalities look for new ways to engage with citizens, Xtify helps government agencies and utilities engage with constituencies through personalized service messages and community alerts (e.g. Road repairs, power outages, train delays)

Q. Why did IBM acquire Xtify?

Mobile transactions are on the rise and transforming the way business is done around the world. More consumers than ever are using their mobile device at numerous points in the purchase funnel, and Xtify has been at the forefront of involving the marketer at all points of the buying process.

When a shopper goes to a web site, they are a visitor; when they download a brand's mobile app, they are a customer. This provides marketers, sellers and customer service organizations with new opportunities for engagement anytime, anywhere. Using Xtify's mobile customer engagement tools, marketers can deliver targeted, rich content to their mobile app audiences based on their in-app behaviors, preferences and location, to help generate the greatest return on their marketing dollars.

According to IBM's 2012 Holiday Benchmark Reports:

- Sales from mobile devices were up 50% year-to-year during the 2012 holiday season
- Traffic from mobile devices was up 59% in that same time period

Mobile users are connected 24/7 and are more likely to respond to personalized offers, service alerts or other important messages on a mobile device than through other channels today, and the resulting transactional value will be higher (Ref: JiWire Mobile Audience Insights Report 4Q2011). Given this, having a strong context-aware, individualized engagement model provides significant value both to the consumer (relevant, timely information of value/interest to them) and to businesses (building revenue and customer loyalty) – a win-win for everyone.

Xtify helps marketers increase customer engagement, revenue, and loyalty by:

- Providing marketers with simple tools to leverage today's mobile communication channels (including, Push Notifications, SMS, Mobile Web push and mobile wallet) to increase brand engagement and differentiation.
- Continuing customer dialogs seamlessly across devices. Xtify integrates a full range of mobile messaging with existing IBM cross-channel marketing solutions.
- Increasing customer understanding through the use of mobile behavioral analytics

With Xtify, marketers are able to create campaigns that react to the consumer's digital, physical and purchase context: understanding and leveraging app and web browsing behaviors, location, purchase history, customer demographics, and more.

Xtify is part of IBM's strategy to help its clients engage customers in context across multiple channels. As part of the Smarter Commerce initiative, IBM Enterprise Marketing Management (EMM) solutions provide business leaders with integrated, omni-channel marketing capabilities that develop rich customer insights, deliver a consistent brand experience, and help marketers increase customer conversion, revenue, and loyalty.



Xtify expands IBM's ability to help clients *engage the customer*. As part of the IBM MobileFirst portfolio, Xtify provides market-leading capability to provide 1:1 marketing in a mobile-as-primary world.

Together, IBM and Xtify provide our customers with everything they need to have a single, continuous conversation across customers' device(s) of choice.

Q. How does Xtify fit within the IBM software portfolio?

The Xtify products are part of the Industry Solutions, Enterprise Marketing Management portfolio within IBM Software Group, but also complements IBM's Commerce and MobileFirst solutions. The combined capabilities of IBM and Xtify will help our clients engage customers in context.

Q. How does Xtify align with IBM's SaaS and Cloud strategy?

IBM continues to build and acquire capabilities that strengthen its leadership in Cloud solutions. The Xtify acquisition expands our portfolio of [more than 100 SaaS offerings](#). Consistent with other IBM SaaS offerings, Xtify provides a web-based interface for easy mobile campaign management, and a pay-as-you-go subscription pricing model.

IBM's SaaS portfolio strategy delivers value to line of business (LOB) buyers through defined cloud business suites. Xtify significantly enhances the IBM [Marketing Cloud](#), a set of SaaS offerings for marketers to target, reach, and engage consumers. In addition, Xtify introduces compelling use cases for our [Customer Care & Support Cloud](#) (to enable an exceptional customer service experience) and [Sales & Commerce Cloud](#) (for in-the-moment guided selling value).

Q. How will Xtify clients benefit?

Xtify clients will benefit from the combined technologies and expertise of both companies, including increased investment, global reach, industry expertise and support available from IBM, along with IBM's long-standing commitment to innovation.

Consistent with IBM's acquisition strategy, IBM will deliver greater value for customers by successfully integrating Xtify staff and mobile marketing skills into IBM. By enhancing and expanding Xtify products and services, IBM will make mobile messaging a deployment option for Smarter Commerce and Mobile solutions. By scaling up and leveraging IBM sellers, partners and professional services teams, IBM will bring this solution to customers globally.

Q. How will the acquisition affect Xtify Business Partners?

IBM intends to extend and grow with the skilled Business Partner community that has helped make Xtify successful.

For a period of time, existing Xtify partners will continue to operate within the existing Xtify Business Partner program, and will conduct business as usual, using their current contract, terms and program structure. Xtify Business Partners will transition to standard IBM contracts and programs once the Xtify products are available in the IBM Business Partner programs.

As was the case before this acquisition, Xtify Business Partners are welcome and encouraged to enroll in IBM's Business Partner program – [IBM PartnerWorld](#) – for IBM product portfolios to access a vast array of benefits and resources, including marketing, selling, technical and training/certification resources.

Q. How does the Xtify team fit organizationally within IBM?

The Xtify team, under CEO Josh Rochlin, is now part of the Enterprise Marketing Management business led by Kevin Bishop, Vice President, as part of Industry Solutions, within IBM Software.



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