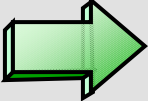
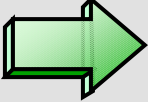
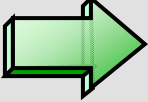
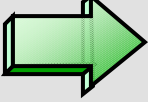
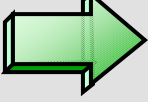
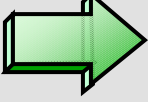


PLM Industry WW Aerospace & Defense

Solution Sales: 2003 Play to Win
V5R11 Announcement Call
Chuck Ratigan



Environmental Forces Facing the Industry

Implications		
Emerging Growth Strategies		<ul style="list-style-type: none">• Customer Support & Services• Avionics & Defense Electronics• IT Services• New Technology Based Businesses
Changing Customer Buying Criteria		<ul style="list-style-type: none">• Shift from performance to cost - focus on total lifecycle cost• A&D primes purchase and assemble product - outsource subassemblies to suppliers• Lean enterprise and Six Sigma
Mergers and Acquisitions		<ul style="list-style-type: none">• Shift from consolidation and capacity reduction to portfolio rationalization and targeted growth• Must achieve operational efficiencies• Requires rapid integration and flexible infrastructure
New A&D Programs		<ul style="list-style-type: none">• Developing products for new markets• Development costs prohibitive for any one company• Consortium of equity sharing partners• Key suppliers must support risk sharing of key programs
Changing Culture and Organization		<ul style="list-style-type: none">• Shift from "cost plus" to market based mindset• Difficulty attracting and retaining key industry skills
Back to Basics Business Approach		<ul style="list-style-type: none">▪ Cash is king - need cash to support programs▪ Need to transition into the required "to-be" environment... payment has to coincide with delivery of improvements▪ Excess capital in both plant and IT

IBM PLM Value Prop

Industry focused solutions provider delivering Flexibility, Scalability, Integration, Technology / Applications and Knowledge



/5R11 Value Prop

- Provides the Application Infrastructure for process integration & change enablement
- Providing scalability in processes within programs and across supply chain
- Industry process coverage through robust applications, covering the complete product development process through supportability