

Gain Leadership in the New Era of Smart.



Opening Address The IBM Strategy 2014

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Simplicity. Profitability. Growth.

The IBM Strategy

STRATEGIC IMPERATIVE

1.
**Make markets
by transforming
industries and
professions with data.**

WHAT WE SEE SHIFTING

**Data is becoming
the world's new
natural resource.**

OUR POINT OF VIEW

**Data is the new basis of
competitive advantage.**

STRATEGIC IMPERATIVE

2.
**Remake
enterprise IT
for the era
of cloud.**

WHAT WE SEE SHIFTING

**The emergence of cloud
is transforming IT and business
processes into digital services.**

OUR POINT OF VIEW

**Cloud is the path to
new business models.**

STRATEGIC IMPERATIVE

3.
**Enable “systems
of engagement”
for enterprises.
And lead by example.**

WHAT WE SEE SHIFTING

**Social. Mobile. Unprecedented
access to data. All are changing
how individuals are understood
and engaged.**

OUR POINT OF VIEW

**A systematic approach
to engagement is now required.**

1. Make markets by transforming industries and professions with data.

WHAT WE SEE SHIFTING

Data is becoming the world's new natural resource.

CONSIDER:

2.5B

gigabytes of new data generated every day

1,000,000,000,000

connected objects and devices on the planet generating data by 2015

3x

increase in data-transmitting transistors per human by 2017

500M

DVDs worth of data is generated daily

2.5

petabytes of data is collected every hour by a major retailer

4/5ths

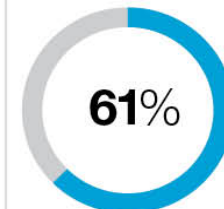
of the world's data is unstructured. Audio. Video. RFID data. Blogs. Tweets. All represent new areas to mine for insights.

\$187B

potential market in 2015

2.5x

more spending by groups outside of IT than in IT in 2014



Line of Business functions fund 61 percent of IT spending



2. Remake enterprise IT for the era of cloud.

WHAT WE SEE SHIFTING

The emergence of cloud is transforming IT and business processes into digital services.

CONSIDER:

1/4th

of the world's applications will be available in the cloud by 2016

\$250B

potential market size for cloud by 2015

50%

of large enterprises will have hybrid cloud deployments by 2017

72%

of developers already report that cloud-based services or APIs are part of the applications they're designing

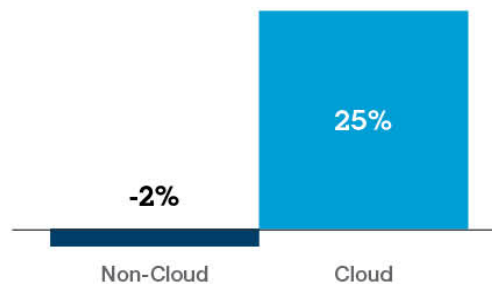
85%

of new software is now being built for the cloud

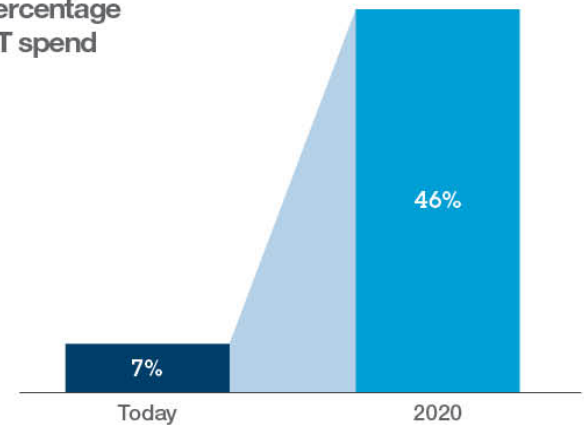
100

countries have data-protection regulations in place

CAGR growth for Cloud by 2020



Cloud percentage of total IT spend



3. Enable “systems of engagement” for enterprises. And lead by example.

WHAT WE SEE SHIFTING

Social. Mobile. Unprecedented access to data. All are changing how individuals are understood and engaged.

CONSIDER:

2x

as many people in 2013 were willing to share their geolocation data in return for personalized offers compared to the previous year

84%

of smartphone users check an app as soon as they wake up

2/3rds

of U.S. adults say they would not return to a business that lost their personal, confidential information

\$1T

of upside potential in online retail sales if buyers trust more

4/5ths

of U.S. adult smartphone users keep their phones with them **22 hours per day**

5 mins.

The response time users expect from a company once they have contacted them via social media

80%

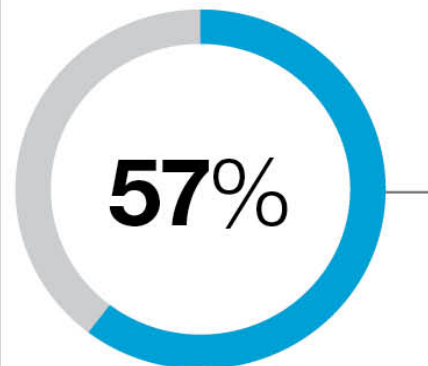
of individuals are willing to trade their information for a personalized offering

84%

of Millennials say social and user-generated content has an influence on what they buy

70%

of Boomers agree



57% of companies in 2016 will spend more than 25% of their IT budget on systems of engagement. (Double the investment one year ago.)

