



IBM Software Group

iSeries & pSeries Software Migration to Passport Advantage

IBM Moves to e-business on demand



Agenda:

- Executive Overview
- Section 1: Overview of the IBM Software Fulfillment Strategy
 - ▶ Current process
 - ▶ Future process
 - ▶ Announcement of migration of selected software products to the Passport Advantage program
- Section 2: Information on Passport Advantage and Passport Advantage Express
 - ▶ What is it?
 - ▶ Details on Passport Advantage Express
 - ▶ Details on Passport Advantage
 - ▶ Software Maintenance



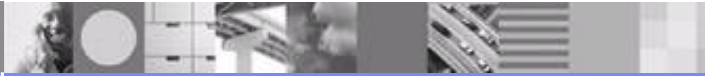
Agenda:

- Section 3: Customer migration to Passport Advantage for selected Software products
 - ▶ Migration to Passport Advantage
 - ▶ How to get media refreshes

- Section 4: Information for software resellers
 - ▶ Options for software resellers
 - ▶ Ordering differences
 - ▶ Worldwide Pricebook & Configurator features



Executive Overview



Passport Advantage Migration

- IBM is transforming our software fulfillment processes to enable:
 - ease of doing business for customers
 - delivery of e-business on demand
- IBM will be making selected iSeries & pSeries DB2, WebSphere, Lotus and Tivoli software products available exclusively **through Passport Advantage**
- Not all products are being migrated, iSeries & pSeries platform specific software will continue to be available through other methods
- Passport Advantage is a comprehensive program that provides software acquisition and maintenance in a common set of agreements, processes and tools

Passport Advantage Migration

- IBM and software resellers will be assisting customers who have previously ordered software products through other methods with the migration to Passport Advantage
- Customers will be asked to participate in either the Passport Advantage or Passport Advantage Express offerings
 - Passport Advantage Express is designed for single-site, medium business enterprises
 - Passport Advantage addresses the needs of larger enterprises that may have multiple sites and may be multinational
- IBM & IBM Distributors of Workstation Software will be working with software resellers who are not familiar with Passport Advantage to provide information on how to remarket through Passport Advantage



Section 1: Overview of the IBM Fulfillment Strategy

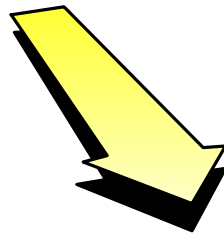
- Current process
- Future process
- Announcement of migration of selected software products to the Passport Advantage program



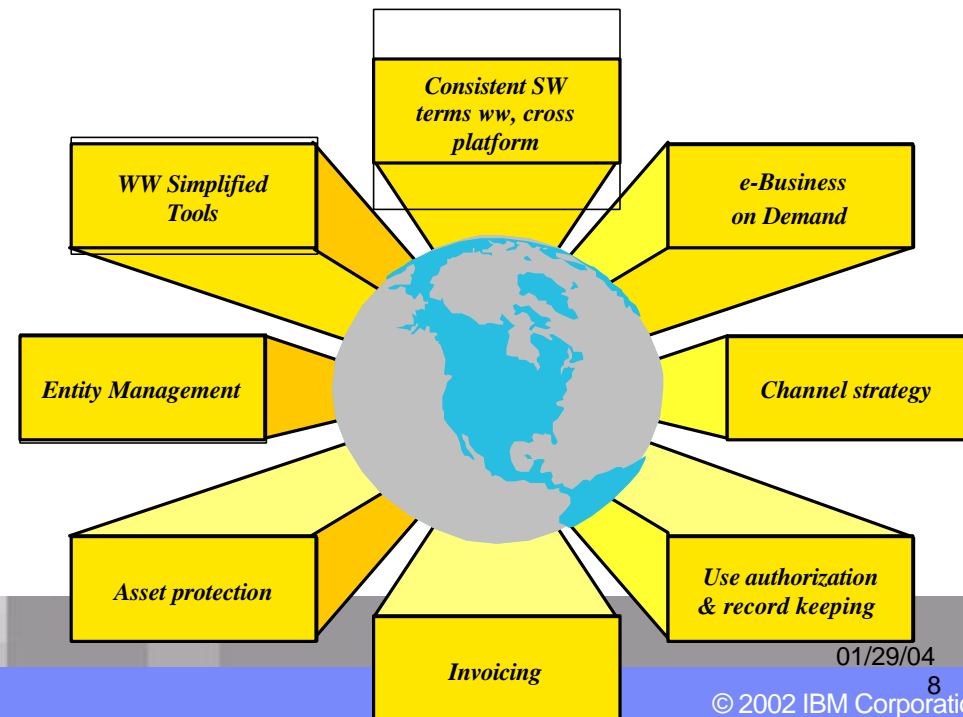
IBM Software Fulfillment Strategy

- ▶ Support IBM's e-business on demand initiatives:
 - deliver on demand solutions to customers
 - transform IBM to become an on demand enterprise
- ▶ e2e perspective, starting with customer through to ongoing delivery, as part of the new overall IBM supply chain initiatives
- ▶ More consistent T's & C's, offering software in only one fulfillment system
- ▶ Simplify ordering through consolidation and sunsetting efforts
- ▶ Overall, make it easier for customer to do business

□ Deliver:

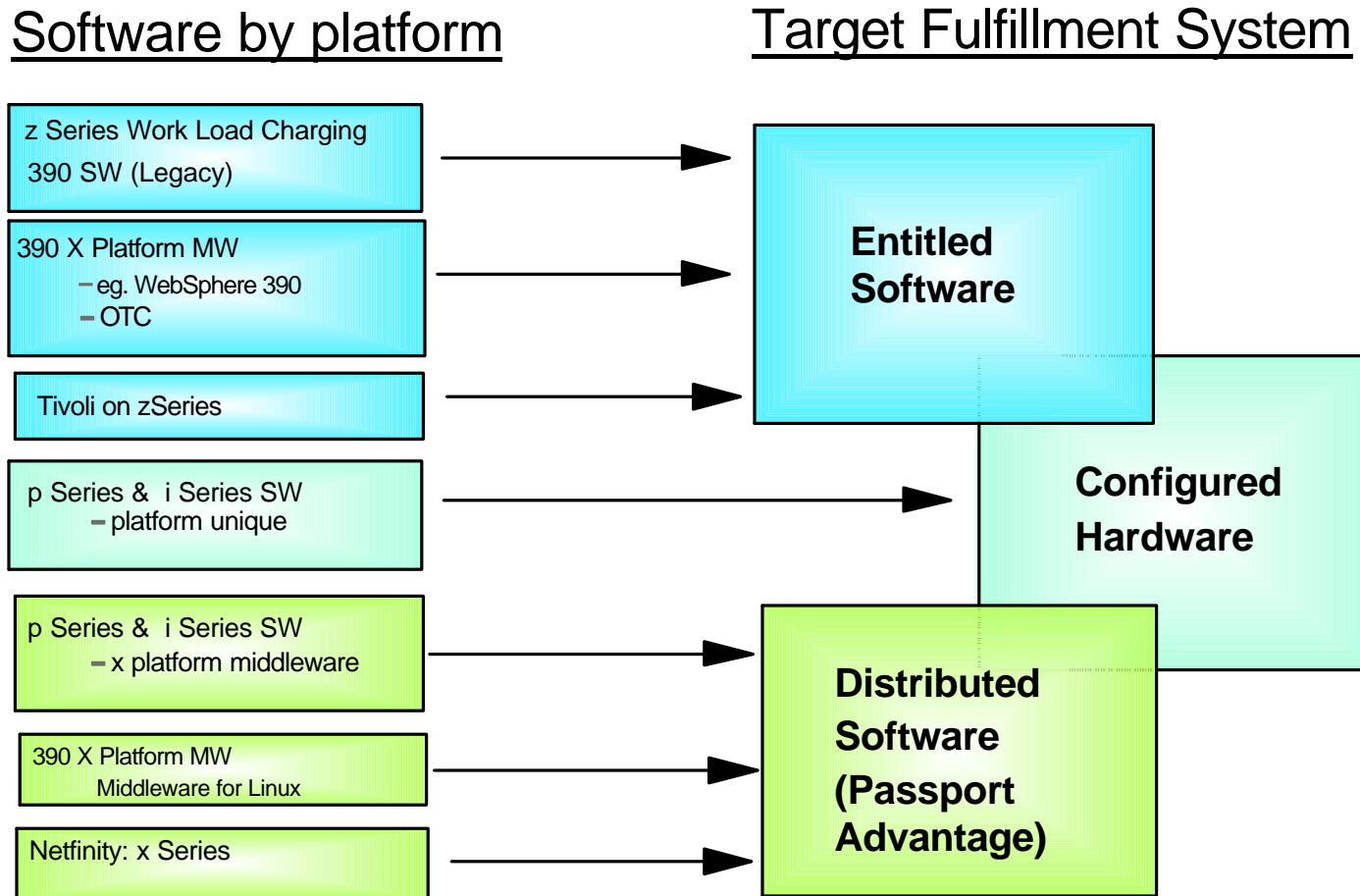


"One Face to IBM"



Software Transition to SAP Fulfillment Systems

Entitled Software & Distributed Software



IBM Software Fulfillment Strategy

■ **Key Focus Areas:**

- ▶ Transforming our Software fulfillment processes to enable:
 - ease of doing business for customers
 - delivery of e-business on demand
- ▶ Sunsetting legacy systems, (reduced cost, increased flexibility)
- ▶ Developing more customer focused tools
- ▶ Delivering more consistent cross-platform offering models



Why is IBM Making this Change to Software Ordering?

- Currently several Ordering Systems Worldwide
 - ▶ Difficult to manage global customer needs
 - ▶ Difficult to implement new business models
 - ▶ Geo/country unique fulfillment process's

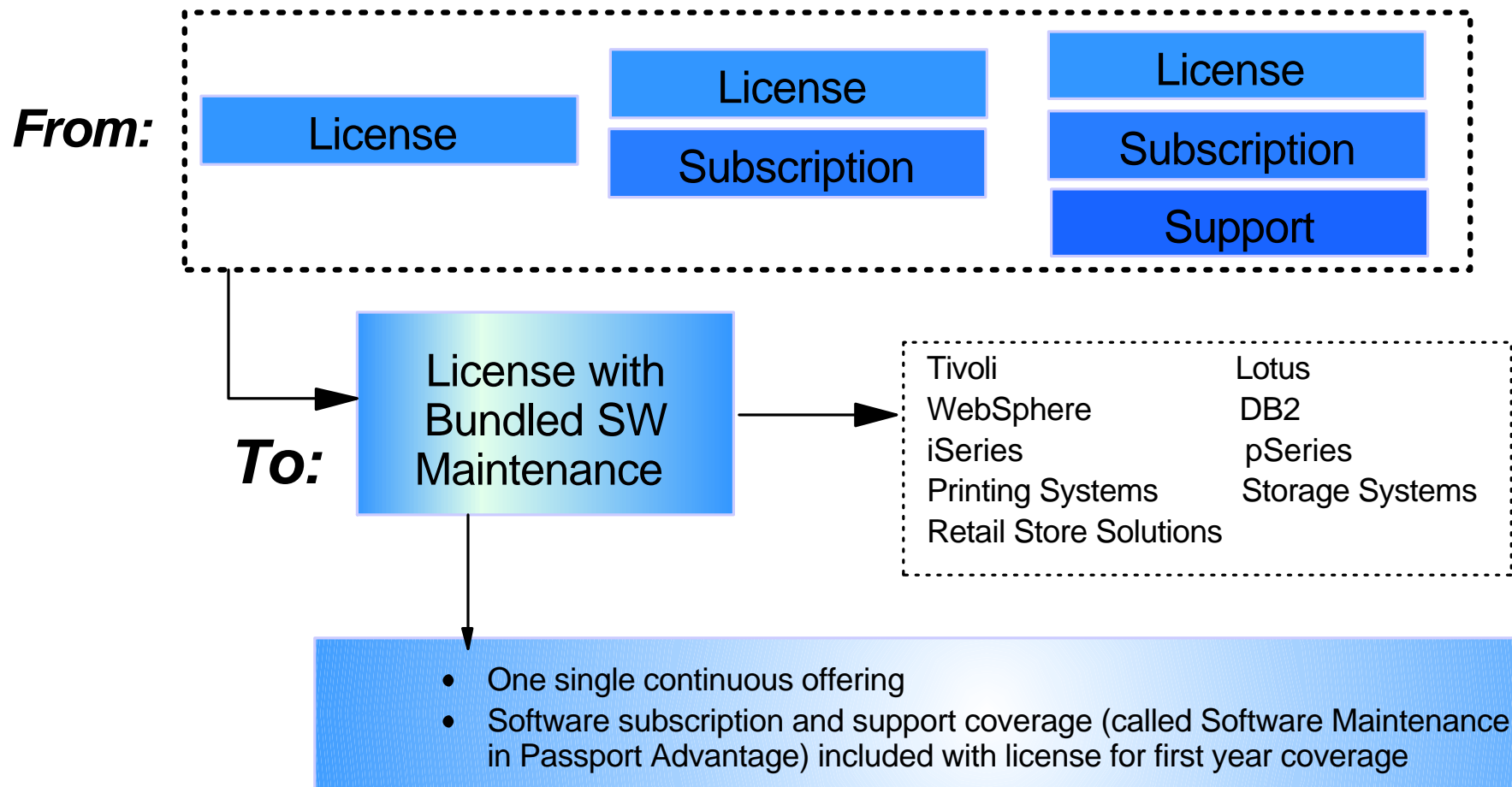
- With 3 SAP based systems Worldwide
 - ▶ More consistent T &Cs and offering models
 - ▶ Common fulfillment process's
 - ▶ Easier to implement new business models
 - ▶ Easier to meet global customer needs



IBM Software Fulfillment Strategy

□ Roadmap: ➔ Worldwide T's & C's/Offerings

- Drive Worldwide Consistent Set of T's & C's



A Step Closer to the New IBM Software Fulfillment Strategy

- IBM will be making selected iSeries & pSeries DB2, WebSphere, Lotus and Tivoli software products available exclusively through Passport Advantage
 - ▶ August 15, 2003 for United States, Canada, Latin America, and Asia Pacific
 - ▶ January 16, 2004 for Europe, Middle East and Africa
- after these dates selected list of software products will no longer be available through other ordering methods
- the complete list of migrating products can be seen at:
<http://www.ibm.com/software/passportadvantage>
 - ▶ click on link to Passport Advantage homepage
 - look at "Spotlight" topics for "Announcing iSeries & pSeries Migration"



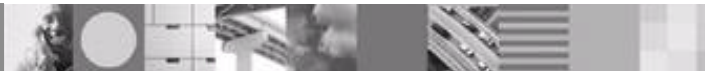
A Step Closer to the New IBM Software Fulfillment Strategy

- **NOT ALL** iSeries & pSeries software products are moving to Passport Advantage exclusively
- iSeries & pSeries platform specific software will continue to be available through other ordering methods
- software products being migrated to Passport have been available through both ordering methods since announcement
- Passport Advantage has been the primary ordering model used for acquisition of migrating products. Less than 3% of total revenue for these products were previously ordered through other methods (1Q 03).



Passport Advantage and Passport Advantage Express

- Customer Benefits
- Software Reseller Benefits
- Two Acquisition Models
- Software Maintenance
- Learn More



Passport Advantage and Passport Advantage Express Customer Benefits:

- An easy way to acquire a broad range of eligible IBM software, including but not limited to DB2, WebSphere, Lotus, and Tivoli products
- Leverage acquisitions across multiple operating systems, IBM, Intel, Sun Solaris, HP-UX, Linux and more
- A common planning cycle and renewal process for Software Maintenance, which provides eligible new versions of and technical support for covered products
- The ability to extend the benefits of Passport Advantage to qualifying locations and organizations worldwide



Passport Advantage and Passport Advantage Express Software Reseller Benefits

- No Value Added Enhancements (VAE) required in "traditional terms", but compensation for value add through Value Advantage Plus partner program
- Broader software portfolio; greater aggregation opportunities
- May qualify for additional benefits via PartnerWorld for Software



Passport Advantage : Two Acquisition Models

- **Passport Advantage Express**
 - Predominantly for Small and Medium Businesses (SMB)
 - Simplified acquisition
 - Single site
 - Transactional model
 - Can be used within larger enterprises - for specific departmental solution acquisitions, etc.
- **Passport Advantage**
 - For needs of larger or more distributed enterprises
 - Multi-site
 - Multinational
 - Relationship model



Passport Advantage Express

- **Simplified Acquisition Model for SMB customers**
 - ▶ Transactional acquisition
 - ▶ Single site only
 - ▶ No points, No aggregation
 - ▶ Each transaction has its own "Anniversary"
 - ▶ Software Maintenance coverage for full 12 months from date of acquisition with every license
 - ▶ Similar/same tools as Passport Advantage



Passport Advantage

■ Program Eligibility

- ▶ New enrollments require a significant initial purchase
- ▶ Volume Pricing - Pricing based on customer's Relationship Suggested Volume Price (RSVP)
- ▶ Software Maintenance
- ▶ Coverage for 12 full months from date of acquisition
- ▶ Prorated renewals, when needed to synch up to customer's Anniversary
- ▶ Customer choice - to synch up with 2nd Anniversary at time of license acquisition



Software Maintenance

- Both Passport Advantage and Passport Advantage Express include 12 months of Software Maintenance
- Software Maintenance includes both **product upgrades** and **technical support**
- Coverage starts on the day of acquisition
- Passport Advantage licenses have prorated renewals for synchronization purposes



Product upgrades means you are always up-to-date

- Provides complete upgrade & cross platform migration coverage
- Assists in budget planning for new versions and releases
- Lowers the cost of acquiring new versions & releases
- Provides access to the latest IBM software innovations
- Automatic notification of new versions and releases
- Makes upgrading optional - never a requirement
- Protects your e-business investment



Technical Support means you are always up and running

- 24x7 access to a variety of IBM technical resources in "Severity 1" situations, you determine whether the situation is critical to your business
- Access to usage and code-related voice support during normal business hours in the country of operation
- Around-the-clock access to online problem submission via the web and e-mail
- No limits on the number of designated IT technical staff that can contact technical support for help



Passport Advantage Customer Web Site

- Each Passport Advantage & Passport Advantage Express customer gets their own secure web site
- Passport Advantage customers can place new software orders or renew software maintenance online and forward to IBM or to IBM Business Partners to receive quotes
- Passport Advantage Express customers will be able to place software orders online starting in August 2003.
- Services include:
 - ▶ Change contact information
 - ▶ Download Proof of Entitlements
 - ▶ Software Download
 - ▶ Purchase new software from the Popular Offerings Catalog
 - ▶ Customer statements
 - ▶ Software Maintenance Renewals
 - ▶ E-notification - information on the latest releases



Editions Software - a new value proposition for iSeries

- customers who have acquired the new eServer iSeries Enterprise Edition systems may already be familiar with Passport Advantage
- software maintenance for the Lotus, WebSphere & Tivoli products included in the Enterprise Edition systems does not involve a separate charge to the customer...but does require registration
- enrollment in Passport Advantage is required in order for customers to get entitlement to upgrades and support
- registration information is available at:
<http://www.ibm.com/servers/eservers/series/hardware/editions>



Passport Advantage & Passport Advantage Express

You can learn more about Passport Advantage and Passport Advantage Express or take an online tutorial by visiting

<http://www.ibm.com/software/passportadvantage>



Section 3: Migration to Passport Advantage for selected Software products

- Migration to Passport Advantage
- How to get media refreshes



Migration to Passport Advantage

- For customers who have previously ordered software products through other methods, IBM will be migrating your existing software agreements to Passport Advantage
- Customers who have previously ordered affected software through other methods, may receive a renewal quote from IBM with details on how to renew your existing software agreement(s) within Passport Advantage or Passport Advantage Express



Migration to Passport Advantage

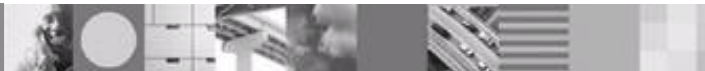
- Any customer that would like to initiate the migration transition and establish a Passport Advantage relationship can do so at any time by contacting IBM or an IBM software reseller. More information can be found on both programs by going to the Passport Advantage Web Site at:
<http://www.ibm.com/software/passportadvantage>
- IBM Business Partners who are interested in more information on Passport Advantage can go to their IBM Distributor of Workstation Software or go to:
<http://www-100.ibm.com/partnerworld/software/pwswpub1.nsf>



Migration to Passport Advantage?

- Customers who do not have a Passport Advantage relationship by the effective dates for ordering via Passport Advantage will need to establish one before you will be able to:
 - ▶ purchase additional licenses of affected products
 - ▶ request for maintenance renewal
 - ▶ new purchase of affected products

- Moving to Passport Advantage prior to expiration of current terms may provide you with cost savings as well as automatic maintenance renewals.



How to get media refreshes

- When you have moved to Passport Advantage:
 - ▶ you will receive e-mail notification of new product upgrades of software products you are entitled to
 - ▶ you will be able to download most product upgrades from a secure Passport Advantage web site
 - ▶ you can elect to have media refreshes shipped directly to you - currently Passport Advantage will ship and provide downloads, unless customer requests Electronic Software Download ESD only.

- If you have not established a Passport Advantage relationship by effective dates for ordering via Passport Advantage, you will still be able to order media refreshes via other methods for the duration of your software subscription agreements.



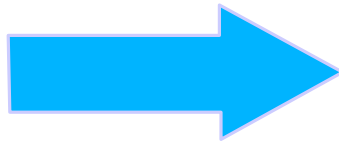
Section 4: Information for Software Resellers

- Options for software resellers
- Ordering differences
- IBM Distributed Pricebook features



Options for Resellers

Distributor



- ✓ Already an IBM Distributor of Workstation Software
- ✓ Already a reseller to a current IBM Distributor of Workstation Software
- ✓ Become a reseller to a current IBM Distributor of Workstation Software

Tier One Reseller or
Solution Provider



Tier Two Reseller or
Solution Provider

- ✓ Already a reseller to a current IBM Distributor of Workstation Software
- ✓ Become a reseller to a current IBM Distributor of Workstation Software



Software Resellers

- Many software resellers are already familiar with Passport Advantage
- IBM & IBM Distributors of Workstation Software will be working with software resellers who are unfamiliar with Passport Advantage to provide additional information on how to remarket through Passport Advantage.
- Passport Advantage software resellers will receive details on the transition plans from IBM or their IBM Distributor of Workstation Software
- IBM Business Partners who are interested in more information on Passport Advantage can also go to:
<http://www-100.ibm.com/partnerworld/software/pwswpub1.nsf>



Software Resellers

- This migration effort may provide both software resellers and customers the benefits of aggregating end-users' distributed software purchases, with one year of renewable Software Maintenance included with every license
- Resellers of IBM software will be enabled to resell IBM's entire distributed software portfolio, potentially resulting in highly attractive volume purchase prices and terms for customers
- Concerted effort by IBM project team to consider the impacts to our valued business partner community



Configuring and Ordering Differences for resellers of IBM software

- End-user customers must enroll in Passport Advantage.
- No enrollment is needed for Passport Advantage Express (registration required).
- Resellers of IBM software should contact their IBM Distributor of Workstation Software for specific ordering instructions.



Configuring and Ordering Differences for resellers of IBM software

- You may have used the e-config tool to configure software products in the past.
- In Passport Advantage, orders are configured utilizing a web-based tool known as the IBM Distributed Price Book (IBM DSW PB) available on the Passport Advantage Reseller web site.



IBM DSW Price Book Features

- Comprehensive part search
- View customer account information
- Allows quotes to be developed specific to customers' needs, featuring their pricing band level, country, currency, and language
- Regional Suggested Volume Purchase (SVP) price list

IBM DSW Price Book

- IBM DSW Price Book tools can be accessed through the IBM Reseller web site
- A tutorial for the DSW Price Book is also available on the IBM Reseller site



The Account Information Tool

- Orders by product category or by date
- Enrollment information including customer contract number and type, contract start and end dates, the current price level and earned points
- Software maintenance--lists the products for which your customers currently have active software maintenance coverage, the number of licenses per product, and the maintenance renewal month
- Provides a single place for you to track all your customer information. You can access contract information for all Passport Advantage customers. However, you can only view sales orders you've sold to the customer.



Summary - iSeries & pSeries Migration to Passport Advantage

- IBM is transforming our Software fulfillment processes to enable
 - ease of doing business for customers
 - delivery of e-business on demand

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 - ▶ click on link to Passport Advantage homepage
 - look at "Spotlight" topics for "Announcing i&pSeries Migration"

