

SoftLayer Acquisition Close Frequently Asked Questions

Purpose

The purpose of this document is to address particular questions and provide additional insight about IBM's acquisition of SoftLayer. To view the full press release, go to: [Press Release](#)

GENERAL

Q. What are you announcing today?

On July 8, 2013, IBM announced that it has acquired SoftLayer, a **leading cloud computing infrastructure provider** with offerings including on-demand dedicated servers, virtual cloud servers, and private clouds. SoftLayer is a cloud leader in the Internet-centric as well as SMB segment, providing an innovative infrastructure as a service platform designed for web native , performance-intensive applications particularly focused in the areas of mobile, social, gaming and analytics and others to 21,000 customers worldwide. SoftLayer is headquartered in Dallas, Texas, USA with data centers and network points-of-presence in the United States, Asia, and Europe.

Q. Who is SoftLayer? What do they do?

Founded in 2005, SoftLayer's solutions include customized cloud servers, bare metal dedicated and virtual servers, content delivery network (CDN), cloud storage, networking and security services.

SoftLayer provides many additional services including managed hosting, monitoring, e-mail delivery and digital transcoding. SoftLayer has 13 data centers and 100,000+ devices serving a large and diverse client base across 140 countries globally. SoftLayer's unified platform spans virtual and physical, shared and dedicated servers and provides the ability to mix and match public, private and hybrid workloads in a fully integrated manner, delivering unparalleled performance, customization, and control.

A March 14th 2013 [article](#) in Information World - **Cloud review: 8 public cloud services put to the test**, by Peter Wayner, cited after several performance tests regarding SoftLayer technology – “Most of the tests were two to three times faster than even the better commodity machines from Joyent Cloud and Microsoft Windows Azure that I've tested. The Tomcat test was almost 10 times faster than Amazon's EC2 small instance and about 30 to 40 percent faster than Amazon's high-CPU model.”

Bottom line, SoftLayer provides the ability to mix and match public and private workloads delivering unparalleled performance, security, and control, and offers technology that shows superior performance compared to the leading competitors in the market today.

Q. Why is IBM planning to acquire SoftLayer?

Businesses want to shift to cloud computing with confidence with a **trusted partner**. A partner that has the most complete and proven cloud portfolio, but also possesses the **industry** and **workload** expertise to help successfully integrate cloud computing into their IT topology and realize the transformational business value it offers.

IBM views cloud computing as a seismic IT shift. In that shift dexterity, openness and options will

be key to customers who are looking to increasingly add cloud services to their IT platform and realize the business, cost and agility benefits. SoftLayer enables IBM to advance our SmartCloud portfolio and offer customers unprecedented choice on deployment options and cost attributes to

approach cloud computing with confidence. SoftLayer provides the ability to mix and match public and private workloads delivering unparalleled performance, security, and control.

Together, IBM and SoftLayer will expand the IBM portfolio and build a converged offering built on open standards that reduce the complexity of Cloud across private, public, and hybrid IaaS deployment models, freeing customers to focus on business goals based on industry and workload, instead of technical implementation. *SmartCloud infrastructure services – built on open standards* - will offer great breadth, depth, and portability factored on open technology, delivering value and flexibility to customers and partners. In addition, IBM will expand SoftLayer's innovative infrastructure as a service platform to SMB globally and further extend this capability to our enterprise clients, driving new opportunities for innovation and growth.

Offerings across IBM and SoftLayer will span a continuum of capabilities including bare-metal dedicated servers, virtualized shared servers, managed private and public cloud, storage, networking, managed services, and much more, all rapidly provisioned from the web with easy configuration and mass customization options. Customers will be able to quickly on-board using a credit card to procure services, and then scale their deployment and usage based on their exact needs and workloads. This continuum translates into a portfolio able to meet the spectrum of a customer's cloud needs.

SoftLayer also accelerates and enhances the value IBM will deliver to our software-as-a-service (SaaS) clients. IBM has a growing portfolio of roughly 100 SaaS applications today. Over time as these solutions leverage more of SoftLayer capabilities, IBM will deliver even greater value for customers, in multiple ways:

1. **Time to Value** – SoftLayer has a track record for delivering leading technologies to the market quickly to support the changing infrastructure needs of SaaS providers. IBM SaaS operations expects to leverage SoftLayer capability to further accelerate the delivery of new SaaS capabilities to clients to allow them to realize business value more quickly
2. **Global Availability** – IBM SaaS operations already support global availability and meet many localization requirements; SoftLayer's data centers and network points of presence will further expand that global reach.
3. **New Innovation** – IBM SaaS solutions deliver significant value today and we continue to integrate and link adjacent solutions in the portfolio. But with SoftLayer we expect to further accelerate a new wave of innovation driven by the convergence of Big Data & Analytics, Social, Mobile, and of course Cloud.

Q. In recent years IBM has been building out its SmartCloud infrastructure capabilities organically. Why are you doing this acquisition now?

As we have worked with customers worldwide on cloud deployments, we have seen workloads coalesce into two predominant categories – cloud enabled and cloud native. Cloud enabled workloads are workloads that have been – born-in-the enterprise – traditional systems-of-record applications that although extremely well-written, rely on hardware and system resiliency (e.g. physical redundancy or the architectural power of System p and AIX) to assure optimal performance and up-time.

Cloud native are born-on-the web applications that have been architected to take advantage of the scale of the web and cloud computing, and manage the unique challenges (resilience intelligence within the application vs. innate in the platform) that cloud platforms offer. With SoftLayer, IBM is accelerating the rate-and-pace of delivering solutions for both of these workload categories with the innovative technology and processes that SoftLayer has built through the years. This acceleration will be welcomed by our customers and the market as we are seeing an accelerated move to cloud and a corresponding need for assistance in realizing the transformational potential that cloud offers.

The acquisition of SoftLayer will allow IBM to accelerate and advance our leadership position in scaling-out our SmartCloud Services portfolio, higher value services and solutions across mobile

enterprise, big data analytics, social business and many other areas across IBM and an ever-expanding universe of channel partners - delivering real value to customers around the world.

Q. How is the acquisition of SoftLayer differentiated beyond what IBM has in the market today?

IBM is a trusted supplier of enterprise cloud solutions – with over 9,000 successful cloud engagements that leverage our experience and expertise in both building and delivering enterprise class cloud environments to support complex, mission critical workloads. SoftLayer will complement and extend our position, further differentiating IBM, delivering new value for our clients, and driving growth through our reach to new markets and buyers. Further, SoftLayer allows us to more rapidly extend this expertise and leadership into the small and medium business space.

With SoftLayer – as well as with an expanding stable of channel partners – IBM is poised to accelerate our growth and offer more value to our enterprise customers and to hundreds of thousands of SMB customers around the world. This is very different than competitors who are limited to commodity servers that are focused on public cloud deployments. Whereas competitors focus on cutting prices for commodity technology and services – IBM and SoftLayer are focusing on providing higher value.

Q. How will SoftLayer clients benefit?

SoftLayer clients will benefit from the combined technologies and skills of both companies, including increased investment, global reach, industry expertise and support available from IBM, along with IBM's premier commitment to innovation. Our combined team will work together to facilitate a seamless transition in client service and support. IBM is best in class at integration and has a significant track record of 26 successful acquisitions over the past three years.

Consistent with IBM strategy, IBM will continue to support and enhance SoftLayer's technologies while enabling clients to take advantage of the broader IBM portfolio, including SmartCloud Foundation, SmartCloud Services and SmartCloud Solutions. The executive leadership of both IBM and SoftLayer are committed to the long term success of this acquisition. It is anticipated that the SoftLayer management team will remain part of the integrated leadership team to drive the broader IBM SmartCloud agenda into the marketplace.

Q. What are the key benefits IBM customers will gain?

Although cloud computing is becoming an ever increasing part of the business landscape, there are still many customers who are staying away for one reason or another. With SoftLayer we have portfolio elements that help address many inhibitors for customers.

Customers can come to cloud with confidence and realize the transformational benefits it offers. Customers will be able to quickly on-board, simply by using a credit card to procure cost-effective services, and then scale their deployment and usage based on their exact needs and workloads. We believe SoftLayer provides the ability to mix and match public and private workloads delivering unparalleled performance, security, and control.

Together with SoftLayer, IBM will extend and expand the SmartCloud Services portfolio to offer customers worldwide (spanning SMB, Enterprise, Partners alike) a comprehensive cloud portfolio that provides choice across architecture, deployment model and price point, coupled with industry and business process expertise and experience – delivered on a global scale.

Q. How will the acquisition affect SoftLayer Business Partners?

IBM intends to extend and grow the skilled Business Partner community that has helped make SoftLayer successful. This acquisition will build on and expand the SoftLayer ecosystem – especially with innovative cloud-centric ventures reliant on performance and reliability of technology. Further, IBM Business Partners with appropriate skills and focus will be enabled to resell SoftLayer offerings, further expanding their footprint and coverage across customer segments and across the globe.

As IBM works hard to deliver portfolio enhancements based on SoftLayer technology, SoftLayer Business Partners are encouraged to find out more about establishing a deeper relationship with IBM by visiting [IBM PartnerWorld](#).

Q. How will this affect IBM Business Partners that are in the SmartCloud space or those that focus on Software Group (SWG) technology?

The acquisition of SoftLayer will provide existing partners greater choice and more control. It will open new markets and access to more buyers as they now can deliver solutions across an ever growing set of deployment options including bare-metal dedicated servers, virtualized shared servers, managed private and public cloud, storage, networking, managed services, and much more. SmartCloud Services Business Partners can build new applications on SoftLayer-based technology while SWG partners can deploy solutions on SoftLayer which in the past were deployed on competitive platforms.

Managed Service Providers (MSPs) and other aggregators will be able to project SoftLayer services through APIs to their respective customers allowing them to pick and choose the services they want for as long they need. In addition, MSPs will now have a choice of deploying/managing their own data center or hosting their data center within SoftLayer, giving them another cost effective choice for the management and growth of their business.

Finally, independent software vendors (ISVs) will now have a platform and environment on which they can rapidly deploy their applications to exploit the cloud and SaaS opportunity. IBM will be working with our key ISV partners to make it easy for them to deploy their solutions inside of the SoftLayer environment giving them a new market opportunity to capture and our MSPs and resellers a new means of delivering capability and growing their revenue streams.

Q. How will the acquisition affect IBM's Smarter Planet vision?

Organizations everywhere are seeking new ways to innovate and create competitive advantage. Our smarter planet strategy is to help clients leverage the instrumented, interconnected, intelligent systems that are emerging across the world to transform their organizations and business processes. IBM's investments in cloud computing, including SoftLayer, help clients transform their business through the ability to rapidly launch new ventures, evolve IT to become more responsive to the needs of the business, and optimize IT costs to free up resources for front office transformation.

Q. What is IBM's Acquisition strategy?

IBM examines multiple factors when considering potential acquisitions; chief among those is delivering superior client and shareholder value. IBM looks for companies that complement and enhance the rest of the IBM portfolio to better provide an end-to-end solution for clients, while delivering shareholder value and return on investment consistent with the IBM financial model.

This acquisition further demonstrates IBM investment and leadership in cloud computing.

Disclosure

Clients are responsible for ensuring their own compliance with various laws and regulations. It is the client's sole responsibility to obtain advice of competent legal counsel as to the identification and interpretation of any relevant laws and regulations that may affect the client's business and any actions the client may need to take to comply with such laws and regulations. IBM does not provide legal, accounting or auditing advice or represent or warrant that its services or products will ensure that the client is in compliance with any law or regulation.