

# Red Hat Announcement



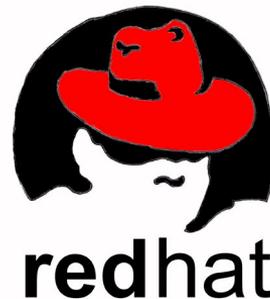
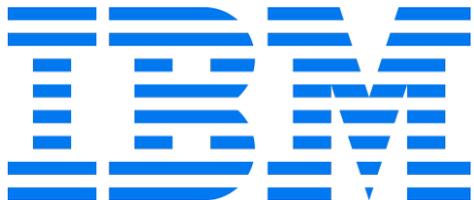
# Forward looking statements and non-GAAP information



Certain comments made in this presentation may be characterized as forward looking under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on the company's current assumptions regarding future business and financial performance. Those statements by their nature address matters that are uncertain to different degrees. Those statements involve a number of factors that could cause actual results to differ materially. Additional information concerning these factors is contained in the Company's filings with the SEC. Copies are available from the SEC, from the IBM web site, or from IBM Investor Relations. Any forward-looking statement made during this presentation speaks only as of the date on which it is made. The company assumes no obligation to update or revise any forward-looking statements. These charts and the associated remarks and comments are integrally related, and are intended to be presented and understood together.

In an effort to provide additional and useful information regarding the company's financial results and other financial information, as determined by generally accepted accounting principles (GAAP), these materials contain certain non-GAAP financial information. The rationale for management's use of this non-GAAP information is included on page 49 of the company's Form 10-Q for the three months ended March 31, 2018, filed with the SEC on April 24, 2018. For reconciliation of the growth in Security revenue for 2017 and other related information, please refer to the company's 2017 Annual Report, which is Exhibit 13 to the Form 10-K filed with the SEC on February 27, 2018. For other related information please visit the Company's website at: [www.ibm.com/investor](http://www.ibm.com/investor)

# Creating the world's leading hybrid cloud provider



Leading provider of  
enterprise cloud & AI  
solutions

Leading provider of  
open source solutions

---

## Resetting the cloud landscape

# The second chapter of cloud unlocks business value, drives growth and open is the future



**\$1.0T**

hybrid cloud  
opportunity by  
2020

**#1**

Linux platform  
for applications

**80%**

of enterprise  
workloads have yet to  
migrate to the cloud

**Hybrid**

**Multi-cloud**

**Open**

**Secure**

**Data**

# Red Hat is a key enabler for hybrid cloud computing



Pioneer of enterprise Linux  
and open platforms

**Wide enterprise adoption**

**Broad partner ecosystem**

**Deeply engaged developer community**

Foundational technology for  
hybrid computing

**Common platform across all environments**

**Leadership in container management**

**Based on open standards / cloud agnostic**

**90%**

Fortune 500 adoption

**8M+**

Developers

# IBM and Red Hat share common beliefs



Hybrid

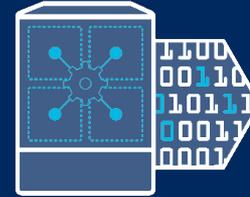
Multi-cloud



It's a hybrid world



Containers are strategic



Innovation is the path forward



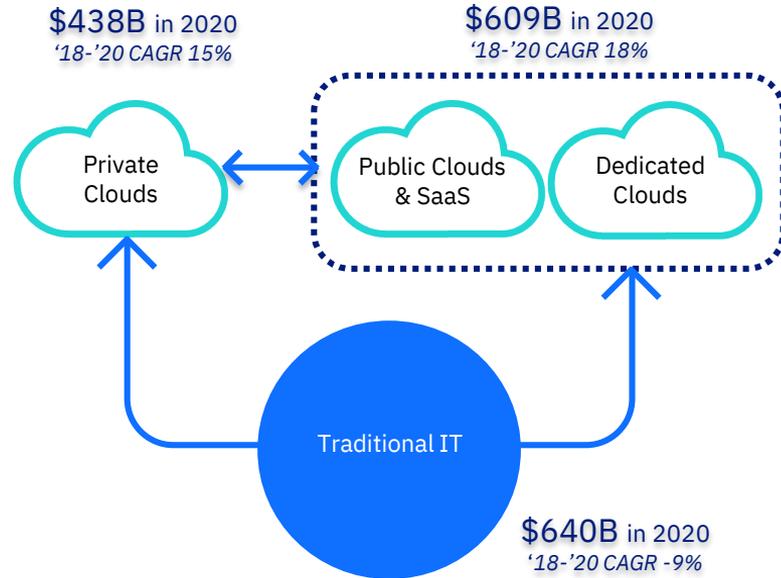
Certified stacks are secure

Open

Secure

Data

# Today's Hybrid Multi-cloud reality presents new opportunities for clients, as well as new challenges



## A real world look at multi-cloud

**94%**

of enterprise customers are using multiple cloud environments (public and/or private)

**67%**

of enterprise customers are using more than one public cloud provider (expected to remain constant or increase by 2022)

**Movement between clouds**
**73%** priority concern

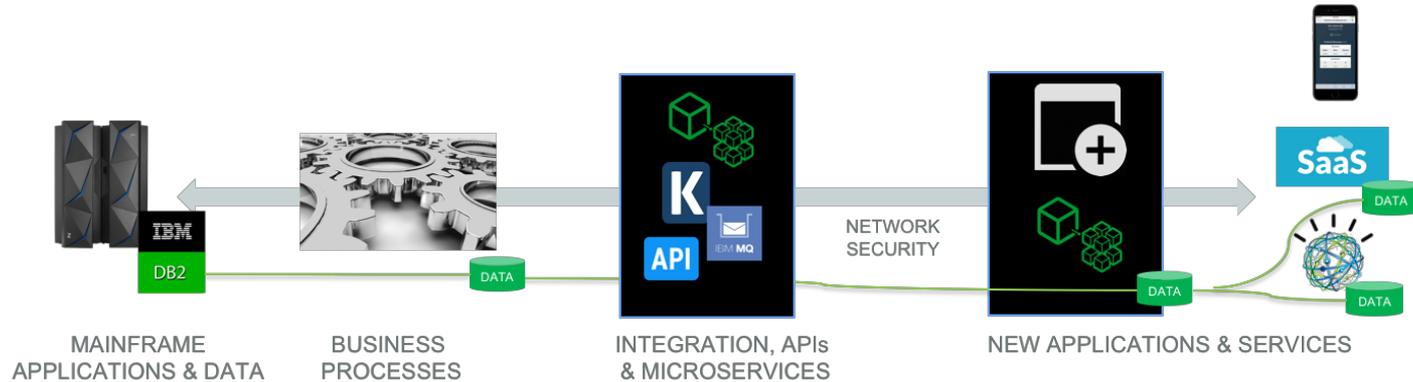
**Connectivity between clouds**
**82%** priority concern

**Consistency of management**
**67%** priority concern

Source: IBM MD&I; BCG and McKinsey research

## Full enterprise cloud journey

Preserve & Optimize | Extend & Integrate | Refactor



Hybrid

Multi-cloud

Open

Secure

Data

# IBM's cloud strategy uniquely drives value for enterprise clients



1

## Hybrid

Enable enterprises across Traditional, Private, and Public environments

2

## Multi-cloud

Manage other vendors' clouds, acknowledging the reality that client environments are heterogeneous

3

## Open

Build capabilities that are open by design, enabling client flexibility and reducing vendor "lock in"

4

## Secure

Provide reliability and continuous security for the client's environment

5

## Management

Continuous reliability and security improvements to open source

## Hybrid



- IBM delivers world-class enterprise software and services [middleware, data, blockchain, AI, etc.] running across public and private clouds
- IBM and Red Hat introduced their latest partnership in May 2018 to use the Red Hat operating system and containers to deploy and integrate IBM's enterprise software across hybrid cloud environments
- Together, IBM and Red Hat will help clients create cloud-native applications faster, drive greater portability, and provide better security of data and applications across multiple public and private clouds

## Multi-cloud



- IBM has led the multi-cloud journey, providing breakthrough technologies to deploy, integrate, secure and manage across multiple cloud vendors
- Red Hat supports their industry leading Linux operating system and their container platform by partnering and running on multiple cloud vendors such as Amazon Web Services, Microsoft Azure, Google Cloud, Alibaba and more, in addition to the IBM Cloud
- Together, IBM and Red Hat complement each other with a multi-cloud platform for enterprise workloads, allowing data and applications to integrate securely across multiple cloud environments

## Open



- Red Hat is a leader in open source technologies and in the open source communities – with contributions across Linux, Java, containers, and container orchestration communities
- IBM and Red Hat have been partners in open source projects for over 20 years, beginning with the earliest projects of the Linux operating system
- IBM has been an early supporter of Linux, collaborating with Red Hat to help develop and grow enterprise-grade Linux. More recently partnering to bring enterprise Kubernetes and hybrid cloud solutions to customers
- Together, IBM and Red Hat have contributed more to the open source community than any other organizations

## Secure



- IBM Security confronts the most challenging Enterprise cybersecurity problems through the interaction of AI, intelligent orchestration, open collaboration and the agility of the cloud
- Security starts at the Operating System, and today Red Hat provides a consistent model regardless of where deployed
- Together, IBM and Red Hat will address the new requirements of security policy, preparedness and management for hybrid multi-cloud

## Management



- IBM offers clients the opportunity to manage multi-cloud deployments, both on-premise and in the Cloud.
- Red Hat improves client IT infrastructure with continuous integrated security, and contributes code and improvements back to the upstream codebase through open source community collaboration.
- Together, IBM and Red Hat will continue to be top contributors to open source projects. This enables clients to tap into the most prevalent and fastest growing skill sets, leverage the rapid innovation of open source communities, and optimize choice and flexibility offered by open technologies.

## History of Partnership enabling Journey to Cloud



- IBM Cloud is a Red Hat Certified Cloud Provider and part of the Red Hat Cloud Access Program – Organizations with eligible Red Hat subscriptions can use their RHEL, OpenShift, and JBoss subscriptions on IBM Cloud via the Red Hat Cloud Access program
- Red Hat Enterprise Linux is offered across the IBM Systems portfolio, including IBM z, LinuxONE, and Power Systems. OpenShift was recently announced as supported on IBM Power Systems
- IBM Services manages the largest number of Red Hat deployments
- IBM and Red Hat announced in May 2018 a partnership agreement which extended IBM's private cloud platforms (IBM Cloud Private, IBM Cloud Private for Data) and IBM's middleware to Red Hat OpenShift Container Platform and as Red Hat Certified Containers