Smarter Planet / Growth Markets

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Growth initiatives deliver over $20B of revenue for 2015 Roadmap

- 2010 Revenue from Key Initiatives: ~$17B
- Growth Markets: ~$10B
- Business Analytics: ~$7B
- Smarter Planet: ~$3B

Double digit year over year growth

- Smarter Planet
- Business Analytics
- Cloud Computing
- Growth Markets

2015 Revenue from Key Initiatives: ~$20B
Smarter Planet
Creating markets, driving higher value areas of the portfolio and serving new buyers

Smarter Industries
- Industry specific, asset-based solutions
- 18 discrete industries
- Expand to 61 solution areas
- Fastest growth in telecom, retail, banking

Smarter Cities
- 3,000+ engagements in 2012
- 86% increase in Growth Market deals
- 5 solution areas: Public Safety, Sustainable Resources, Health, Social Programs, Transportation

Smarter Commerce
- Solutions for each stage of commerce cycle
- Target new LoB buyers
- More than 2000 IBM consultants
- Fastest growth in retail, banking, telecom, electronics, government

Contributing at least $7B in revenue growth through 2015
Over 25% growth in 2012 across all Smarter Planet initiatives
Smarter Planet client engagements

**Lands' End**
- Lands End
- Cross Channel Marketing

**ONLYLYON**
- City of Lyon
- Transportation Management

**Anglo American**
- Anglo American Procurement & Supply

**Moscow**
- Smarter Hospital

**UPMC**
- University of Pittsburgh MC
- Personalized Medicine

**Comercial Mexicana**
- Comercial Mexicana
- Smarter Retail, Loyalty

**Charleston Police Department**
- Public Safety

**PAC200A Group**
- Pricing Optimization

**RAWBANK**
- RAWBANK
- Public Safety / IOC

**KB Kookmin Bank**
- Customer Relationship Mngt

**Bank of Tokyo-Mitsubishi**
- Bank of Tokyo Mitsubishi Money-laundering detection

**Li Ning Sports Group**
- Smarter Commerce

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**Li Ning Sports Group**
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IBM presence in Growth Markets

2015 Roadmap Objectives

- 2010–2015 ~ $17B incremental revenue
- Grow faster than market
- Outpace Major Markets growth > 8 points
- Approach 30% of IBM geographic revenue
- Drive margin expansion

2012 Performance

- 80% of IBM ’10 – ’12 revenue growth
- >30 countries grew double digits
- Outpaced Major Markets by 8 pts
- 24% of IBM geographic revenue
- 61% of IBM ’10 – ’12 gross profit growth*

*Sum of geographic profit not equal to IBM gross profit
IBM differentiation through investments

2012: Centers opened
- Research Center – Kenya
- Global Delivery Centers – Mexico, Costa Rica, New Zealand
- Smarter Cities Centers – Russia, Mexico
IBM China on track to double business by 2015

Invest to be China’s innovation partner

- 2 Research Labs. 6 Innovation Centers
- 4 Software Development Labs. 4 System & Technology Labs. 8 Global Delivery Centers

Accelerated market expansion in 2012

- Extended coverage to 300+ cities
- Opened 50 new face-to-face branches to total 81
- Acquired 550+ new clients. Added 400+ active new BPs

Employer of choice & most respected company

Partner for enterprise transformation

Driver of future IT architecture
IBM transforming Chinese enterprises and industries

**Urbanization**

- Beijing Municipal Commission of Transport
- Zhenjiang City

**Industry Transformation**

- China Everbright Bank
- Yantai Wanhua Group
- China Merchants Bank

**Emerging Industries**

- Suning Appliance
- Qingdao Economic & Technological Development Zone

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**Smarter Cities**

**Business Analytics**

**Cloud**

**Smarter Commerce**
Africa: a long-term growth opportunity for IBM

2012 expansion in Africa

- Opened IBM branches in 3 new cities, upgraded presence in 8 cities
- 130+ new accounts
- 520+ new Business Partners

Innovation for Africa

- 2 Research & Development Labs
- 2 Innovation Centers
- 2 Global Delivery Centers
- 1 Software Center of Excellence

Skills for Africa

- Launched Africa Technical Skills Development Institute in 7 countries
- Established network of university relationships

IBM Africa strategy focused on key countries, industries and clients

Differentiated IBM capabilities

Build the right partnerships  Leverage full power of IBM  Expand Brand and presence

Human Resources and talent strategy

Robust, disciplined management system
West and East Africa: two examples from a land of opportunity

**West Africa**
- 2012 - 2015 Growth Rates
  - GDP Growth: 6%
  - IT Growth: 9%

**Strategic Growth Initiatives**
- Partner of choice for public sector transformation
- Industry leadership in banking and telecommunications
- Support local government reforms in oil & gas

**East Africa**
- 2012 – 2015 Growth Rates
  - GDP Growth: 6%
  - IT Growth: 10%

**Strategic Growth Initiatives**
- Support Kenya’s ‘Vision 2030’ national agenda
- Industry leadership in banking and telecommunications
- Leverage IBM Research to drive innovation

Source: Real GDP Data, IBM CHQ Economics, Nov 2012
IT Market Data, IBM GMV Cities Model 2H’12 at Constant Currency
Tony Mwai, General Manager, IBM East Africa
IBM Investor Briefing

IBM Spanish South America (SSA)

SSA Strategy

- Market Expansion
- IT Infrastructure Development
- Industry Leadership

2015 Roadmap

- Contribute to Growth Markets
  - ~$17B incremental revenue
- Grow faster than market
- Drive margin expansion by optimizing portfolio mix

2012 Performance

- Grew revenue more than 2.5X faster than the IT market
- Gained market share in every brand in the region
- Continued margin expansion
IBM Investor Briefing

IBM Spanish South America: A growth opportunity

Key Market Indicators
- SSA GDP – 4% CAGR 2012-2015
- IT Market – 8% CAGR 2012-2015
- Traditional: Banking, Telecom, Retail
- Emerging: Public Sector, Health, Mining
- Foreign Direct Investment to grow double digit 2015 CAGR
- 97% mobile penetration
- Low banking penetration

IBM in SSA Region
- Uninterrupted leadership
- 30 geographic offices
- Effective risk management
- Profitable growth

Market Expansion
IT Infrastructure Development
Industry Leadership

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IBM Spanish South America: Strategy for growth

Market Expansion
- Accelerate 2015 Geographic Expansion
  - 30 geographic offices
- Expand: Client base grew 22%, acquired 550+ new clients in 2012
- More than doubled Business Partner ecosystem to 370+ in 2012

IT Infrastructure Development
- Growth Initiatives:
  - Smarter Analytics
  - Smarter Commerce
  - Smarter Cities
  - Transformational Deals
- Drive margin expansion
- High-end systems leadership: #1 market share position*

Industry Leadership
- Banking, Public Sector, Health, Mining, Retail
- 5 IBM Client Centers, 2 Global Delivery Centers, 1 Inside Sales Center, 1 SW Research Lab
- Best Client Experience
  - Productivity
  - Flexibility
  - Expertise
  - Eminence

* IDC Server report 3Q12
IBM Spanish South America: A path to continuous growth

- **CORPORACION EL ROSADO S.A.**
  - Retail
  - Smarter Retail/ERP
  - Higher Education
  - Smarter Education/Cloud

- **Banca de Credito**
  - Banking
  - Outsourcing/IM

- **Grupo Nutresa**
  - Wholesale & CPG
  - Business Process Int/ERP

- **Bolsa Comercio**
  - Finance
  - Smarter Planet/Risk Mgmt

- **Cruz Verde**
  - Health
  - Business Analytics/BAO

- **Standard Bank**
  - Banking
  - Smarter Planet/Analytics

- **BPS**
  - Public Sector
  - Smarter Healthcare

**SSA Strategy**

- **Market Expansion**
- **IT Infrastructure Development**
- **Industry Leadership**

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Growth Markets summary

2015 Roadmap

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- Drive margin expansion
These charts and the associated remarks and comments are integrally related, and they 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), certain materials presented during this event include non-GAAP information. The rationale for management’s use of this non-GAAP information, the reconciliation of that information to GAAP, and other related information is included in supplemental materials entitled “Non-GAAP Supplemental Materials” that are linked to the company’s investor relations web site at http://www.ibm.com/investor/events/investor0213.phtml. The Non-GAAP Supplemental Materials are also included as Attachment II to the company’s Forms 8-K dated January 22, 2013 and February 28, 2013.
IBM Investor Briefing