Cognitive, Cloud and Industry Differentiation

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IBM's Platforms: Our Strategy

Strategic Imperatives

$33B
2016 Revenue

41%
of IBM Revenue

Hybrid Software and Systems

Industry and Domain Specialization

Healthcare
Financial Services
IoT

Integrated Solutions

Analytics
Security
Customer Engagement

Global Ecosystem

Data (Public, Private, Partner)

Services

Integrated Solutions

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Security
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Hybrid Software and Systems
The power of Cognitive

**Cognitive Computing**
Interactive decision-making and reasoning over deep domain models and evidence-based explanations, using Artificial Intelligence/Machine Learning tools

**Artificial Intelligence**
Range of techniques including natural language processing, knowledge, reasoning and planning, for advanced tasks

**Machine Learning**
Statistical analysis for pattern recognition to make data-driven predictions
Market opportunity

Opportunity for decision-making support 2025
~$2T

Traditional global IT spend 2020
~$1.4T

Decision Support

Productivity

- Data center systems
- CRM
- ERP
- Infrastructure
- Process automation

Opportunities by Industry:

- Industrial Products: 24%
- Healthcare and Life Sciences: 12%
- Retail, Wholesale, Consumer Product Goods: 12%
- Auto, Aerospace and Defense: 12%
- Financial Services: 11%
- Telco, Media and Entertainment: 9%
- Rest of Industries: 20%

Source: MDI Analysis, Oxford economics, CapitalIQ, McKinsey Global Institute
We are scaling across multiple industries

**Healthcare**
- 10K clients and partners
- 20M patients helped by population health offerings
- 25M helped in health and human services
- >35 health systems using Watson for Oncology in U.S., Japan, Thailand, India
- Deep domain expertise—MDs, RNs, epidemiologists, policy experts
- 200M+ lives, 100M+ patient records, 4M+ drug patents, 20M+ research docs on health platform

**Financial Services**
- Our clients are innovating
  - 20% have pilots or are in production with cognitive
  - All 28 of largest global banks use IBM cloud
- Largest global financial threat intelligence network
  - 500 institutions in 55 countries
  - 100Ms of threats/day
  - 600 risk and compliance experts training Watson

**IoT**
Automotive, Electronics, Manufacturing, Retail, Buildings
- Opened global Watson IOT headquarters
- Cognitive Collaboratories: BNP Paribas, BMW, Avnet, Tech Mahindra, Capgemini
- Unmatched IoT platform capabilities
- Blockchain, weather, edge, Visa global payment services
- 100% growth in new clients and developers on platform in 4th quarter
- Doubled connected devices in 2016
Our clients and partners are scaling

Example set of cognitive and cloud clients and partners
Our clients and partners are scaling

**AUTODESK**
- Average ~200 closed cases per day
- 70% closure rate (up from 30% at launch)
- Went live in 9 months

**H&R BLOCK**
- Deployed to >10K branches
- Used by >70K tax professionals
- H&R Block’s web visits up >9% one day after announcement
- Deployed live pilot in 4 months and went live 6 weeks after that

**MAYO CLINIC**
- Processed >3,000 patients since going live in July 2016
- Clinical Trial Matching applied to at least 50% of all CTM-eligible patients

**WOODSIDE**
- Deployed >12 projects throughout the enterprise
- >50% of employees have leveraged Watson
- 7 out of 12 projects deployed in 6 weeks or less. Remainder in 5-12 months

**GACHON UNIVERSITY GIL HOSPITAL**
- Deployed in more than 5,000 branches in Brazil
- Answering any query on 59 products, supporting 70 million customers

- Deployed in less than a month
- Physicians reviewed >1,800 patient cases since November 2016
Watson to touch more than 1B people by the end of 2017
Strategic differentiation

- Healthcare
- Financial Services
- IoT
- Analytics
- Security
- Customer Engagement
- Global Ecosystem

Built for Security

- Watson on IBM Cloud

Data (Public, Private, Partner)

Industry Specialization

- Enterprise-scale
- Cognitive Platform

Public, Private, Multimodal