Sales and Distribution: Smarter Planet

Ginni Rometty
Senior Vice President and Group Executive, Sales, Marketing and Strategy
Growth Initiatives

Our four growth initiatives deliver ~$20B of revenue growth over the 2015 Roadmap

<table>
<thead>
<tr>
<th>2010 Revenue from Key Initiatives</th>
<th>Growth Markets</th>
<th>Smarter Planet</th>
<th>Business Analytics</th>
<th>Cloud and Next Generation Data Center</th>
<th>2015 Revenue from Key Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>~$30B</td>
<td>~$17B</td>
<td>~$7B</td>
<td>~$6B</td>
<td>~$3B</td>
<td>~$50B</td>
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</table>

11-12% CGR
2010 Smarter Planet Progress

$3B Revenue – Double-Digit Growth
2010 Smarter Planet Progress

$3B Revenue – Double-Digit Growth

More Than 6000 Successful Engagements
2010 Smarter Planet Progress

- $3B Revenue – Double-Digit Growth
- More Than 6000 Successful Engagements
- More than 800 Total Client References to Date
2010 Smarter Planet Progress

- $3B Revenue – Double-Digit Growth
- More Than 6000 Successful Engagements
- Approximately 400 Client References – 20% Growth YTY
2010 Smarter Planet Progress

$3B Revenue – Double-Digit Growth

More Than 6000 Successful Engagements

Approximately 400 Client References – 20% Growth YTY

"IBM has successfully participated in many Smarter-Planet-oriented transformations for customers during the past year; positive results were harvested by the vendor as the initiative gained momentum... it moves the conversation with customers from product-specific discussions to broader and longer-term concepts - less directly comparable to IBM competitors' more-concrete and narrow offerings."

-- Gartner, November 2010
Smarter Planet – How Clients Engage

Instrument to Manage
Instrument to Manage – Sacramento Area Sewer District

- **400,000 Sensors Monitor Sewer System in Real-Time**
  - Accurately Assess Sewer Pipe Conditions
  - Shift from Reactive to Preventative Maintenance
  - Improve Reliability and Lifespan of Assets
  - Regulatory Reporting Resources Reduced 60%

- **Key IBM Capabilities**
  - IBM Maximo Software Monitors 98 Pump Stations, 3000 Miles of Sewer Lines
  - Analytics Dashboards Integrate Maps, Sensor Data, Sewer Pipe Video
Smarter Planet – How Clients Engage

Instrument to Manage

Integrate to Innovate
Integrate to Innovate – China Telecom

- Integrating Social Media to Launch New Services
  - Understand Real-Time Demand
  - Analyze Employee, Consumer and Partner Insight to Envision New Services
  - SPDE Platform Enables Rapid Launch

- Key IBM Capabilities
  - Cloud-based Lotus Connections
  - IBM Idea Factory for Telco
  - IBM Industry Framework: Service Provider Delivery Environment

“The IBM solution enables us to deliver exciting products to the marketplace at a faster pace than ever before.”

—Niu Gang
Associate Director,
Shanghai Research Institute,
China Telecommunications
Smarter Planet – How Clients Engage

Instrument to Manage

Integrate to Innovate

Optimize to Transform
Optimize to Transform – Singapore Land Transport Authority

- **Making Public Transportation Appealing**
  - 3M New Bus Riders / 1.6M New Train Riders Per Day
  - Integrated Fare System Manages 20M Payments Per Day
  - Reduced Congestion and Environmental Impact

- **Key IBM Capabilities**
  - IBM Research Traffic Analytics
  - IBM Bus Arrival Predictor
  - IBM Intelligent Transport Solutions
  - IBM Cloud Labs
## Smarter Planet – How Clients Engage

<table>
<thead>
<tr>
<th>Smarter Planet Focus Industry</th>
<th>Instrument to Manage</th>
<th>Integrate to Innovate</th>
<th>Optimize to Transform</th>
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</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>Electronic Medical Records</td>
<td>Health Information Exchange</td>
<td>Collaborative Care</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>Smart Sensoring</td>
<td>Integrated Oilfield Management</td>
<td>Oilfield Modeling</td>
</tr>
<tr>
<td>Energy &amp; Utilities</td>
<td>Smart Meters</td>
<td>Integrated Asset Management</td>
<td>Intelligent Utility Network</td>
</tr>
<tr>
<td>Transportation</td>
<td>Asset Instrumentation</td>
<td>Integrated Fare Management</td>
<td>Congestion Management</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Service Innovation</td>
<td>Carrier-grade Platform</td>
<td>New Services</td>
</tr>
<tr>
<td>Retail</td>
<td>RFID Tagging</td>
<td>Integrated Demand/Supply Systems</td>
<td>Smarter Commerce</td>
</tr>
<tr>
<td>Banking</td>
<td>Core Banking</td>
<td>Single View of the Customer</td>
<td>Market Expansion</td>
</tr>
<tr>
<td>Government</td>
<td>Digital Surveillance</td>
<td>Crime Information Warehouse</td>
<td>Crime Prediction and Prevention</td>
</tr>
<tr>
<td>Electronics</td>
<td>Track and Trace</td>
<td>Product Design Collaboration</td>
<td>Supply Chain Optimization</td>
</tr>
</tbody>
</table>

**Priority Industries Growing Faster Than The Market**
### Smarter Planet -- Hot Industry Solutions

<table>
<thead>
<tr>
<th>Industry</th>
<th>Smarter Planet Offering</th>
<th>Increase in Engagements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>Health Information Exchange</td>
<td>100%</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>Intelligent Oilfield</td>
<td>31%</td>
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<tr>
<td>Energy &amp; Utilities</td>
<td>Intelligent Utility Network</td>
<td>69%</td>
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<td>Transportation</td>
<td>Intelligent Transportation</td>
<td>200%</td>
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<td>Telecommunications</td>
<td>Services Innovation</td>
<td>43%</td>
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<td>Retail</td>
<td>Retail Analytics</td>
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<tr>
<td>Banking</td>
<td>Payments Optimization</td>
<td>100%</td>
</tr>
<tr>
<td>Electronics</td>
<td>Smart Products</td>
<td>57%</td>
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</table>
Smarter Planet ROI in the Healthcare Industry

Potential Annual Economic Benefits of Optimizing for Collaborative Care

Representative 800-bed Academic Medical Center

- OECD Countries Spend 9% of GDP on Healthcare
- Estimated $475B Wasted in US Healthcare System
- Healthcare Spending in India and China to Double by 2015

Electronic Medical Records $19M
Portals $21M
Health Information Exchange $13M
Analytics $16M
Advanced Clinical Decision Support $12M
Potential Economic Benefit $81M

Watson

Instrument to Manage
Integrate to Innovate
Optimize to Transform

$81M
$12M
$16M

Electronic Medical Records
Portals
Health Information Exchange
Analytics
Advanced Clinical Decision Support

OECD Countries Spend 9% of GDP on Healthcare
Estimated $475B Wasted in US Healthcare System
Healthcare Spending in India and China to Double by 2015

*Source: IBM Applied Insights. The potential benefits above are modeled using publicly and privately available data. These potential benefits reflect a relative result based on a specific set of data and assumptions. Therefore, potential benefits will vary by enterprise and are not guaranteed.
What Distinguishes IBM in Healthcare

Cloud Computing

- Cloud EHR Services, Medical Image Cloud
- Watson
- Initiate Deployments Double YTY

Industry Thought Leadership/Business Consulting

- 8,000 Healthcare Industry Experts, including 60 MD's

Workload Optimized Systems

- More than 500 Healthcare Analytics Specialists

Industry Frameworks / Software

- $100M Evidence-Based Medicine Collaborative

Analytics

- Patient-Centered Primary Care Collaborative

Coalition/ Standards

- 8,000 Healthcare Industry Experts, including 60 MD's

R&D

- More than 500 Healthcare Analytics Specialists

Client Value

- Watson
- Initiate Deployments Double YTY
Cities as an Integration Point for Smarter Planet

- By 2050, Urban Population = 70%
- 97 of 100 Fastest Growing Cities in Growth Markets
- India to Create 500 New Cities by 2030
Smarter Cities Showcase Clients – 2009

Major Markets = 65%

- Chicago
- Madrid
- Edmonton
- Amsterdam
- Venice
- Parma
- Eindhoven
- Zurich
- Stockholm

- London
- Corpus Christi
- Dubuque
- Brescia
- Austin
- Houston
- Dallas
- Copenhagen

- Dublin
- Toronto
- Chapel Hill
- Boston
- Pike County
- Washington D.C.
- Albuquerque
- New York

Growth Markets = 35%

- Incheon
- Wellington
- Taiwan
- Queensland
- Prague
- Singapore
- Guangzhou

- Shenyang
- Sao Francisco
- Guandong
- Melbourne
- Bangkok
- Merida
- Malta
## Smarter Cities Showcase Clients – 2010

### Major Markets = 51%

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### Growth Markets = 49%

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</tbody>
</table>

### Categories

- **Public Safety**
- **Water**
- **Healthcare**
- **Energy**
- **Education**
- **Telco**
- **Social Services**

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Rio de Janeiro – City Crisis Management Center

- **New Center Helps City Monitor and Respond to Emergency Situations**
  - Initial Focus - Prevent Deaths from Annual Flooding
  - Expanded to Monitor all Emergency Situations
  - Analyzes Weather, Energy, Transportation, Building, and Water System Data in Real-Time
  - Nationwide Adoption in Advance of Olympics and World Cup

- **Key IBM Capabilities**
  - Deep Thunder Weather Modeling
  - IBM Information Management Software
  - IBM Public Safety and Security Solutions
What Distinguishes IBM in Cities

- **Long-term Local Market Presence and Leadership**
  - Brazil, 93 years
  - Japan, 76 years
  - China, 32 years
  - India, 19 years

- **Local Ecosystem Development**

- **City Infrastructure Partners**
Smarter Planet

$10B Revenue by 2015

Leveraging Higher Value Capabilities and Assets

Competitively Differentiating – in Strategy and Execution
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