



Global Business Challenges, Trends, Emerging Solutions
Transformation, Evolution of the Enterprise

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Managing Partner

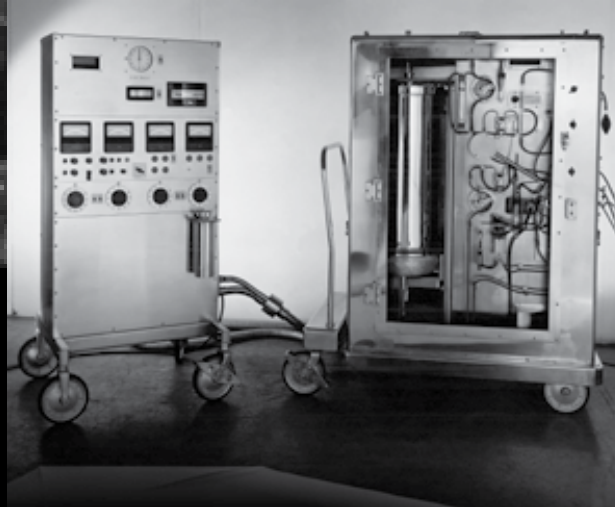
IBM Global Business Services – North America

April 21, 2010

IBM

- Values: Dedication to every client's success; Innovation that matters – for our company and for the world; Trust and personal responsibility in all relationships.
- Employees worldwide: 399,409
- Global footprint: 170+ countries
- Revenue: \$95.8 Billion
- U.S. patents in 2009: 4,900+
- Businesses: Global Technology Services (GTS); Global Business Services segment; Software; Systems and Technology, and Global Financing.
- Last 5 acquisitions: SPSS Inc.; Guardium; Lombardi; Intelliden Inc.; National Interest Security Company, LLC.

The IBM Era



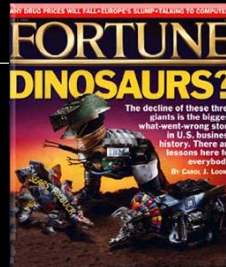
1911...

IBM's Recent Experience with Transformation

1984



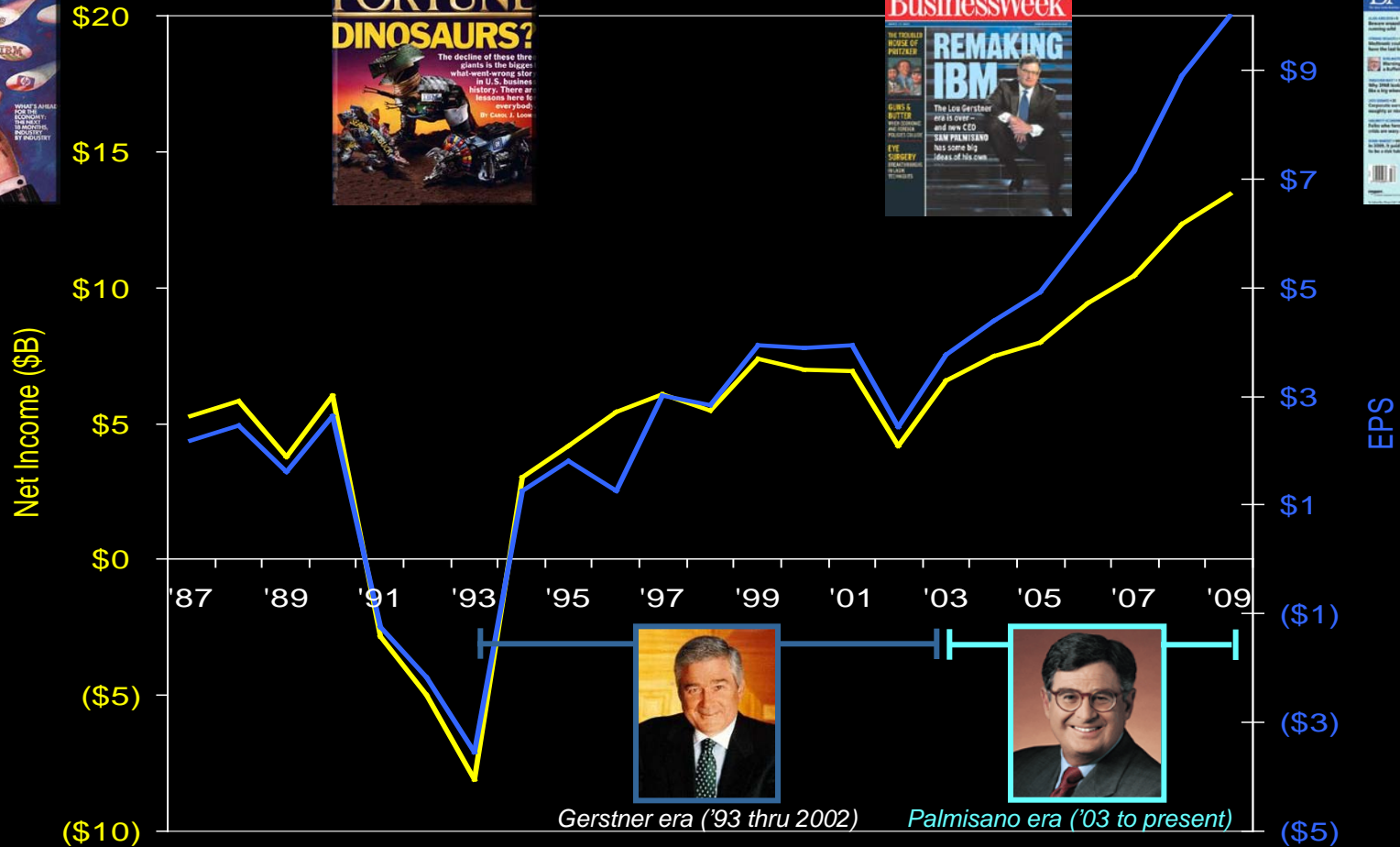
1992



2003



2009



1998 forward - without HDD business (discontinued operations)
 1999 and prior - not restated for equity compensation

— Net Income
 — EPS



Gerstner era ('93 thru 2002)



Palmisano era ('03 to present)

Evolution of the Enterprise

20th
Century

The international era -- exporting



The multinational era -- replicating



A **Globally Integrated Enterprise (GIE)** is an open, modular organization integrated into the networked economy ... with an operational and business model that capitalizes on the new global landscape.

**Global Supply
Management**



**Global Production
Optimization**



**Global Demand
Capture**



21st
Century

21st Century Enterprise

21st
Century

A globally integrated
enterprise -- business in a
smart, connected world



The world is becoming
INSTRUMENTED



The world is becoming
INTERCONNECTED



All things are
becoming
INTELLIGENT



21st Century Enterprise: Translation to the Mission

- Globally integrated
- Move work seamlessly
- Respond with agility and speed
- Enter new countries with only market facing resources

Transformation Framework

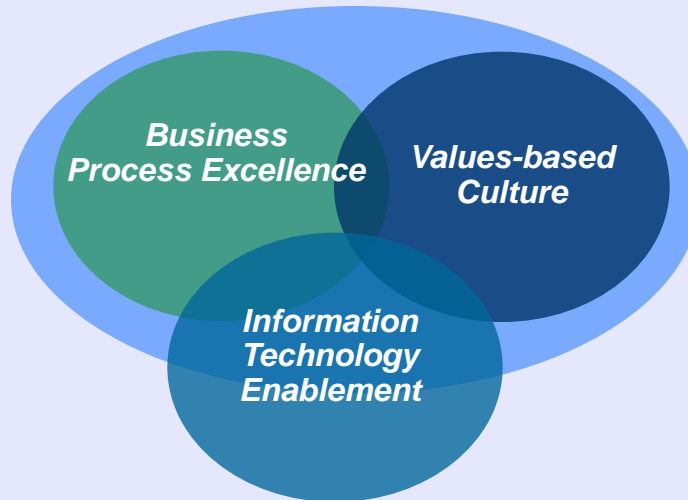
Strategy



Values

Guided by the IBM Strategy and grounded in our Values

Transformation Framework



Enable transformation at the intersection of business process, technology and culture

Transformation Lessons

- 1. Evolve or die**
- 2. Context is important**
- 3. Values are your compass**
- 4. It's all about leadership**

IBM