

# Embedded Solution Agreement

ESA



# Embedded Solution Agreement

## Solution

Partner bundles or integrates IBM software or as-a-service offering with its value-add components and distributes the resulting solution to its end user customers under its own terms and conditions. IBM approves Partner's solution and value-add.

PW Membership required.



## IBM Offering

Partner licenses specific IBM software and/or purchases entitlements to IBM as-a-service offerings with limited rights to sub-license, or allow access, to its end user customers, as part of its solution. Any distributed software announced within Passport Advantage or with an FCT part number could be eligible.

Some restrictions may apply



## Value-Add

Descriptions of Partner's solution and its value add are set out in the IBM Transaction Document.

You are responsible for support of your solution and included IBM software and/or as-a-service offering Components.



## Selling

IBM's pricing to you is based, among other things, on term and commitment. You are not to charge or identify a separate cost or price for the IBM software or the IBM as-a-service offering to the end user customer.

No reseller incentives apply.



# WHY ESA?

## Grow your revenue

- Integrate IBM software with your solution
- Deliver a total solution to your customers
- Control your own sales cycle
- Broaden your market reach

$$P = R - C$$

*Your Profit  
Your Control*      *Your Revenue  
Your Price  
Your Solution*      *Your COGS  
Fixed Discount  
Known for Term*

## Improve profitability and reduce risk

- Flexible On-prem price models (Purchase Commit, Earned Discount, Monthly rental )
- Fixed pricing known for term of contract
- Reduce development costs, accelerate solution time to market
- Financing for eligible Partners

## Leverage IBM software technology and expertise

- Broad portfolio of industry-leading middleware and software
- Proven, reliable, highly available and scalable software solutions
- Open standards and architectures
- Built-in automation for increased productivity and lower operational costs
- Deep technical skills across many disciplines



# Embedded Solution Agreement

## Innovate Faster, Reduce Costs & Grow with



- **What is an Embedded Solution Agreement (ESA)?**
  - The ESA provides partners with a vehicle to **create unique solutions with IBM technology**, and market the solution to its down-stream customer
  - An **Embedded Solution** is the combination of IBM offering(s) and Technology Partner's Value Add that, when working together, create a commercially available BP branded solution that is distinct from the IBM offering(s)
- **Who are Technology Partners?**
  - **Market Makers**: Innovators, Developers, ISV's, SI's, other SW Vendors



### What's changed?

- Effective in 2Q'16:
  - ESA is the Application Specific License (ASL) replacement
  - Ability to embed as-a-service content in your solution
- **Our goal is to continuously improve**
  - PGS for ESA: Planned Availability 1H'17



# Embedded Solution Agreement

## Technology Partner role and responsibilities under the ESA

You are seen as the end user of the IBM products for the purpose of creating and selling your branded solution(s).

You sell (or otherwise bring to market) your solution at a "single combined price" without disclosing a separate price for the individual IBM software and/or IBM as-a-service offering.

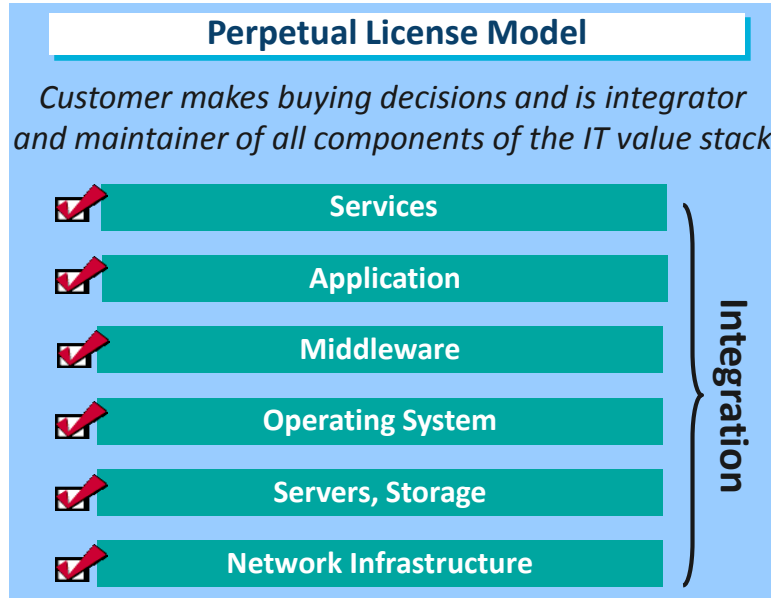
You may not use the IBM software or as-a-service offering for your own internal purposes, or for those of your Enterprise companies.

You must provide additional value or function for the end user in addition to the Eligible Products ("Added Value").

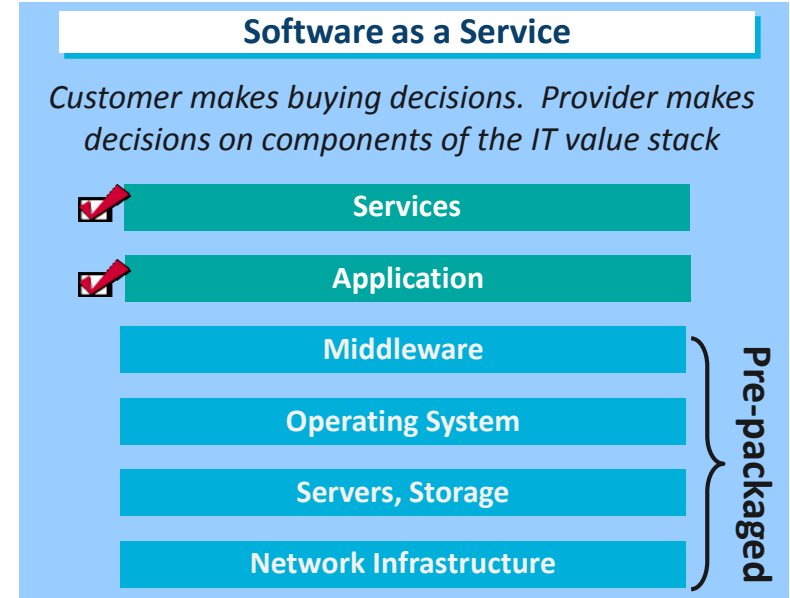


# The SaaS Model

*Software as a Service (SaaS) is a software delivery model, in which software function is delivered over the internet, managed by a vendor, and paid for on a subscription basis.*



- Provider supports multiple application codes, multiple application versions or a customized code for each customer.
- Customer must support entire stack



- One-to-many model to all contracted customers
- Pay-for-use or subscription model
- Customer can typically redirect resources for DB, system, and network admins to other projects



# Why XaaS?

If you are not having the conversation, others are!

Customers now have deployment options

Selection of right option: cost savings

Competitive advantages for customers

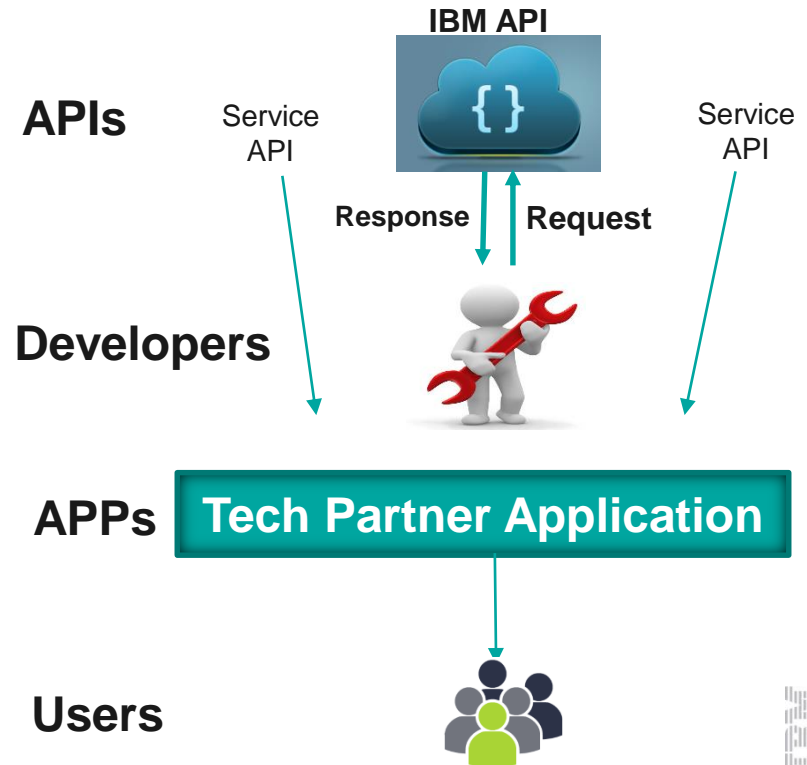
Developers/ISVs can design, build, and test in weeks in the Cloud



# Embedded Solution Agreement

*Technology Partners sell their application/BP branded solution, which consumes IBM content*

- **In an XaaS embed model**, it is the partner that is consuming the service. The partner application writes to the warehouse and their customers use the Technology Partner application.
  - CDS SaaS offerings (Cloudant, dashDB, BigInsights for Cloud, Compose, etc...) all use Restful APIs. End users can't access these APIs, as only another program can talk to the APIs.
  - Once the application integrates via these APIs, the end-users access the application, and the application consumes the service via the Restful APIs
  - API (Application Programming Interface): a set of instructions and procedures that allows applications to talk to one another





# FAQs – Frequently Asked Questions

- **Is the ESA available worldwide?**
  - Yes
- **Will the ESA be available in Single and/or Two-tier distribution?**
  - Yes, we will have the sell-to and/or VAD inserted model
- **What is changing as we move from ASL to ESA?**
  - Two key changes:
    - 1) We are strengthening the integrity language (i.e. FCPA, anti-bribery/corruption, etc.)
    - 2) We are adding IBM as-a-service part types to the embedded transaction vehicle
- **What type of support does the partner need to provide for the ESA?**
  - L1 & L2 Support is required for On-Premise
  - L1 Support is required for XaaS
- **What contracts/documents are needed to transact?**
  - A base ESA agreement → relationship type agreement
  - A transaction document → provides 1) the length of the term, 2) pricing (product content, pricing) 3) payment terms, 4) support responsibilities, etc.
- **What if my BP says ‘they don’t have enough budget, period’?**
  - IBM Global Financing can provide payment plans as low as 0% financing for ESA – contact your [local IGF rep](#) for more information



# Key Contacts

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# Additional Information



# IBM SaaS/Cloud Offerings

## Part Types

- **Subscription:** Base offering that captures Customer's usage commitment for the service
- **Overage:** Charge when Customer exceeds Subscription threshold
- **Set up** (one time, follow on , on demand): Charge for Set-up Fee at initial set-up
- **Daily fee for partial month**
- **Other Part types:** pay per use, remotely delivered service, service level agreement

## Renewal Options

- Terminate at end of term
- Renewal for same term
- Renewal for 12 months
- Continuous bill

## Process Options

Customers can alter their existing charge agreement during the commitment term rather than entering into another charge agreement but the total contract value (TCV) of the charge agreement must remain the same or increase

- **Add-on:** Allows customers to add additional quantities of existing services or to add on additional services
- **Trade-up:** Replace an existing service with a different service of equal or greater value. The end date is co-termed to the existing service
- **Ramp-up:** Allow gradual deployment

## Billing Options

*(Frequency)*

- **Up-front in Advance:** Invoiced for the full subscription term on the first billing date that occurs after the order is provisioned.
- **Annual in Advance:** Invoiced for the first 12 months of the subscription term on the first billing date that occurs after the order is provisioned and then annually the billing date before the start of the new annual period.
- **Quarterly in Advance:** Invoiced for the first 3 months of the subscription term on the first billing date that occurs after the order is provisioned and then quarterly the billing date before the start of the new quarterly period.
- **Monthly in Arrears:** Invoiced for the first month of usage on the billing date in the month after the first month and then invoiced monthly.

