

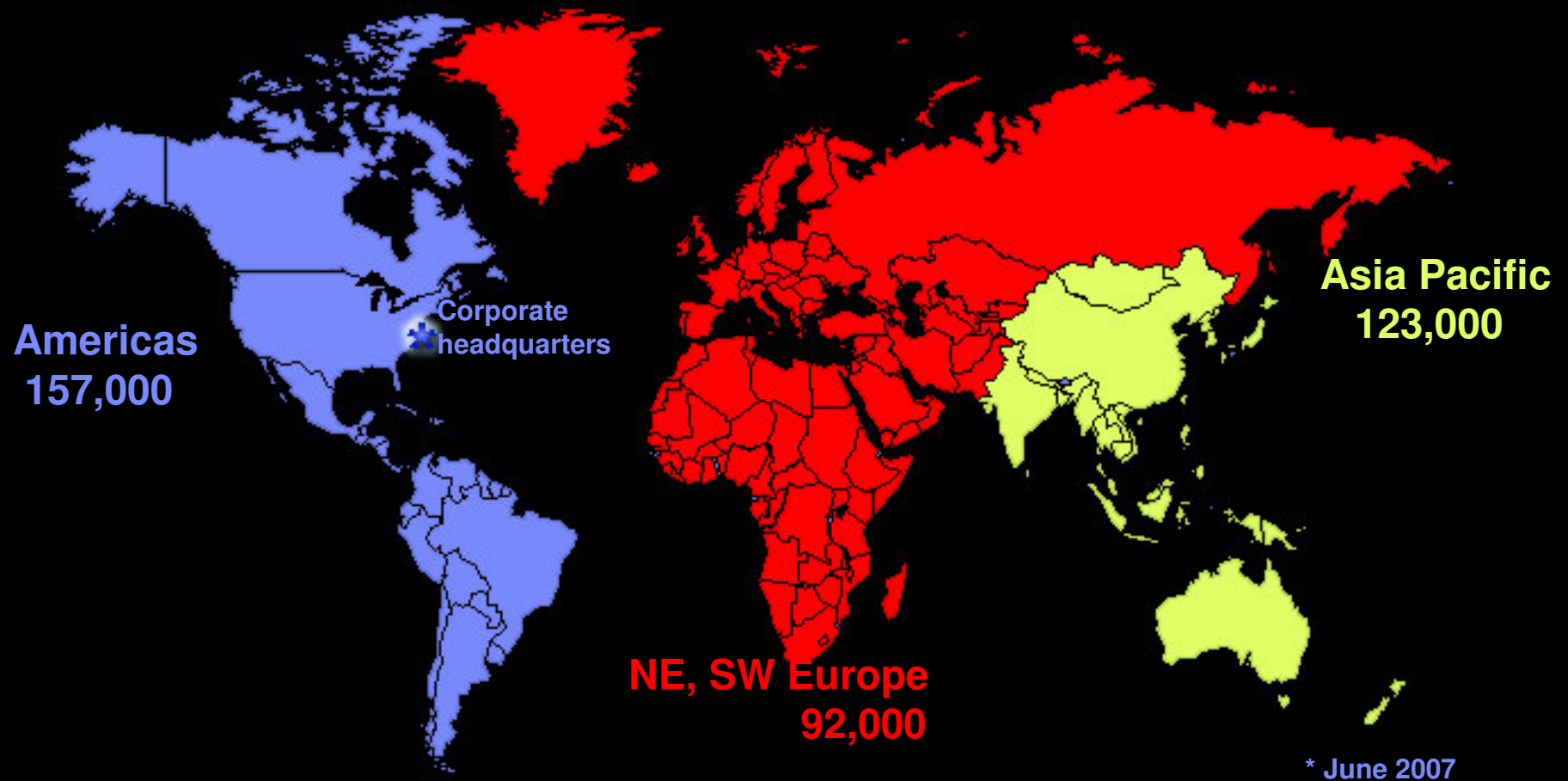


IBM SOA Executive Summit - Riyadh

IBM SOA Executive Summit - Riyadh

September 8, 2007
Takreem El-Tohamy

372,000 IBMers contributing to the success of IBM



IBM's talented people

- **5 IBM Nobel Prize winners**
- **Fran Allen, Association for Computing Machinery A.M. Turing Award (2006)**
- **Number one in patent generation for 14 consecutive years (3,621 patents awarded to IBM in 2006)**
- **50,000 industry experts in Global Business Services**

About IBM

- IBM has 355,766 employees worldwide, and serves customers in 170 countries (as of year-end 2006).
- Since 1987, IBM has derived more than half of its revenues from business conducted outside the U.S.
- Gartner reported that IBM continues to hold the number one position in worldwide server revenue share, with 29.8 percent revenue share in the first quarter of 2007, continuing its 8 consecutive years of leadership
- In 2006 IBM invested \$6.1 billion in Research and Development.
- In January 2006, the United States Patent and Trademark Office reported that IBM earned more patents than any other company for the thirteenth consecutive year. In 2005, IBM earned 2,941 patents -- 1,100 more patents than any other company.
- IBM is ranked as the world's leading application management services company for the fourth consecutive year, according to IDC.
- IBM's net 2006 cash investment of \$3.8 billion for 13 acquisitions — nine of them in key strategic areas of software — was up \$2.3 billion year to year.
- This year IBM expects to spend more than \$600 million training its workforce worldwide.
- IBM's climate stewardship programs include setting an energy efficiency objective for the company's operations and focusing on product energy efficiency

IBM 2006 Financial Summary

	IBM Results As rptd (\$B)	Y/Y
▪ Revenue	91.4	4%
▪ PTI	13.3	9%
▪ EPS	\$6.06	23%

2Q2007 Results

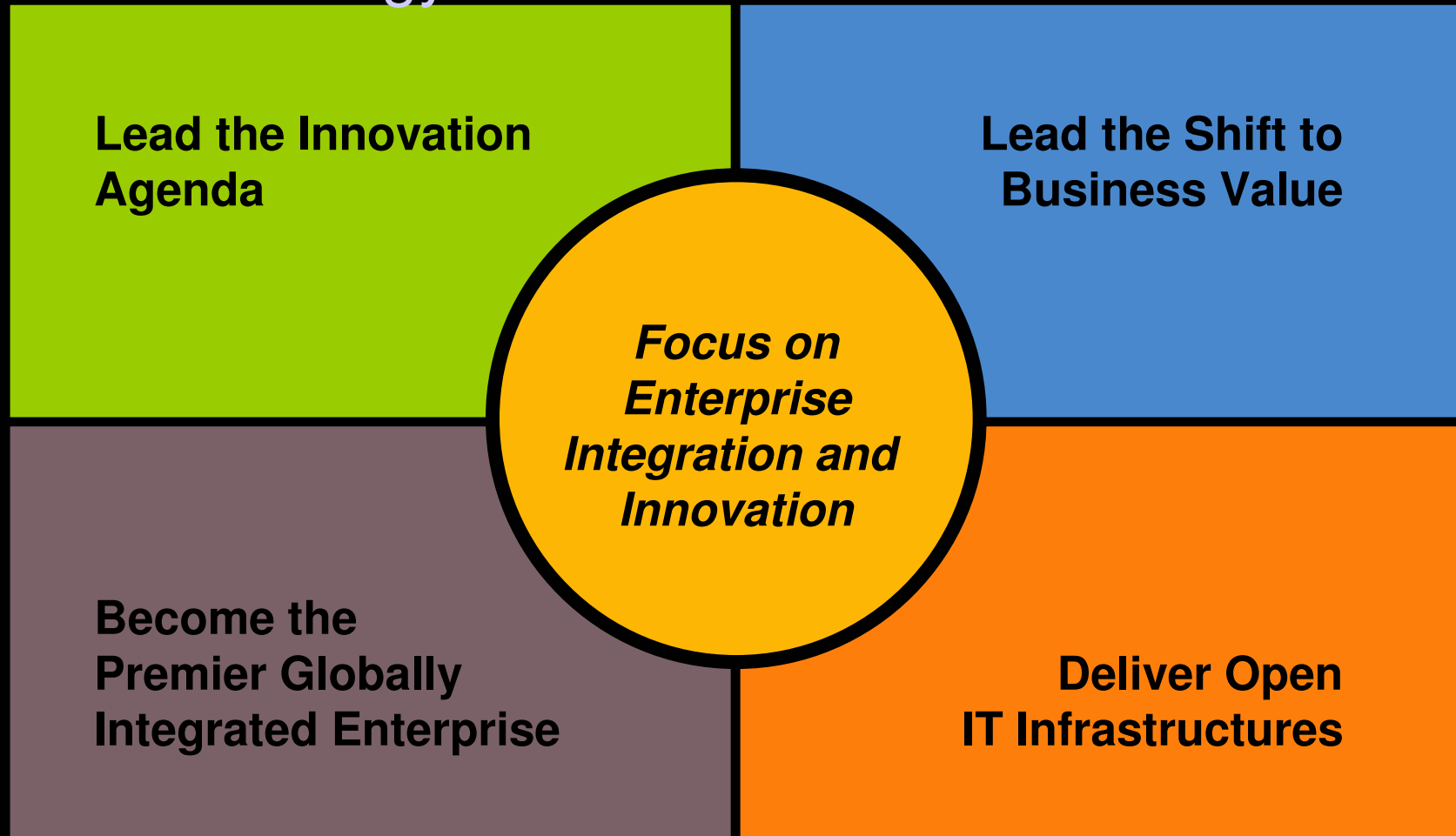
▪ Revenue	23.8	9%
▪ PTI	3.1	9%
▪ EPS	\$1.55	19%

The IBM Strategy



***Focus on
Enterprise
Integration and
Innovation***

The IBM Strategy

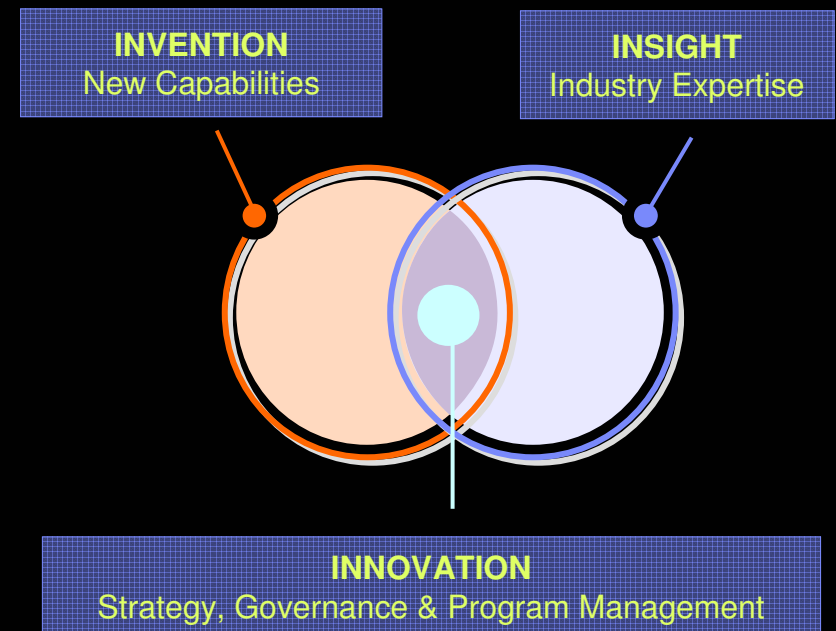


We have made Significant Moves to Rebalance our Portfolio to Higher Value Segments

	<i>PRE 2004</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Business Value	PwCC	Daksh Maersk IT	Corio Equitant	Viacore Palisades Valchemy
Infrastructure Value	Lotus Tivoli Rational Informix Sector7 Access360	Logical Networks Cyanea Candle Trigo Tech Venetica Schlumberger	Healthlink SRD Ascential DWL DataPower Isogon Collation Meiosys	Micromuse Filenet MRO CIMS Lab LAS Unicorn REMBO BuildForge Webify ISS Ubiquity
Services				
Software				
Hardware				
Component Value	Network HDD DRAM Displays	EDI Services 4xx Power PC	PCs	

Innovation defined

- **Invention alone is not enough**
- **True innovation requires ideas and inventions in first-of-a-kind combinations**
- **Innovation creates new value**
 - Transforming business insight and technologies to drive productivity and economic growth
- ***Innovation Management is:***
 - *a management discipline in itself*
 - *a systematic search for new opportunities*
 - *client-centered*



An innovator focuses on key assets and asks the right questions

Companies need to understand their current capabilities and the strategic landscape to be able to define their strategic and innovation agendas broadly.

- **Has your innovation agenda expanded beyond products and services and operational innovation to include business models?**
- **Do you know which innovations your company is investing in? With what success?**
- **How much of your company's innovation is routine? And how much is bold and differentiating?**
- **Is your company's innovation performance aligned with your corporate vision?**

What are my key assets ?

- ... Products?
- ... Services?
- ... Financial Strength?
- ... Customer Base?
- ... Supply Chain?
- ... Management Systems?
- ... Business Model?
- ... Company History?
- ... Brand?
- ... Expertise?

For IBM this means broadening the definition of innovation by taking a holistic look at the organization

Product Innovation

Services Innovation

Business Process Innovation

Business Model Innovation

Management and Culture of Innovation

Innovation in Policy and Society

- **Think broadly, act personally and manage the innovation mix. Create and manage a broad mix of innovation that emphasizes business model change.**
- **Challenge your business model to be deeply different. Find ways to substantially change how you add value in your current industry or in another.**
- **Ignite innovation through business and technology integration. Use technology as an innovation catalyst by combining it with business and market insights.**
- **Defy collaboration limits. Collaborate on a massive, geography-defying scale to open a world of possibilities.**
- **Force an outside look... every time. Push the organization to work with outsiders more, making it first systematic and, then, part of your culture.**

Innovation that Matters To CEOs

- **Extend the ability to collaborate inside & outside**
- **Innovate business models & processes**
- **Leverage information for business optimization**



Source: 2006 IBM Global CEO Survey

87% Expect fundamental change in next 2 years

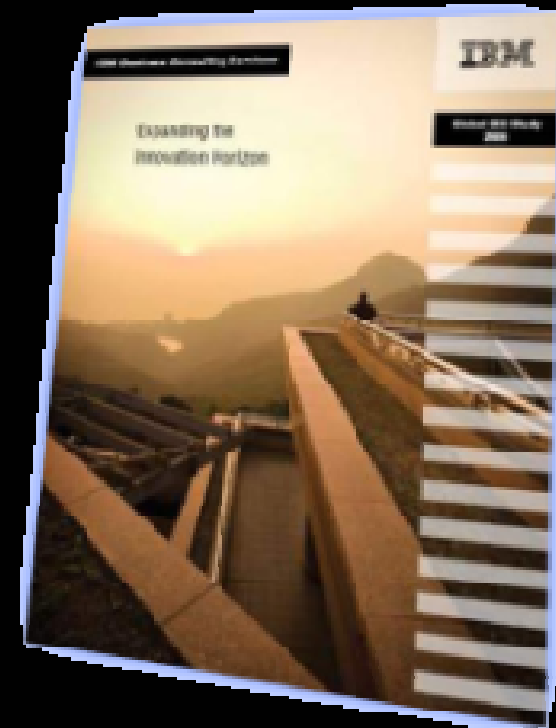
78% Believe innovation requires business and technology

CEO's cite Innovation as Top Priority for Business

Business Model Innovation delivers the greatest returns

Results of 765 CEO interviews worldwide:

- **Out Performers place 2X emphasis on Business Model innovation than under performers**
 - CEOs are under intense pressure to innovate
 - Corporate culture is critical to sustained innovation
 - Business model innovation is the new strategic differentiator
- **65% will make fundamental changes to their business over next 2 years**
- **Over half have found it difficult to manage change in the past**



Source: IBM 2006 Global CEO Study

Customer Business Objectives

Innovation

Top line growth

Increase efficiency

Reduce costs

Gain market share



How can I...



...meet these business objectives?

...leverage my existing resources and IT systems?

...deliver at a pace and cost which outwits my competition?



Legacy Claims Database

Auto Claims System

Home Claims System

Life Insurance Claims

Business Partner Claims System

...

The Challenge

Innovation

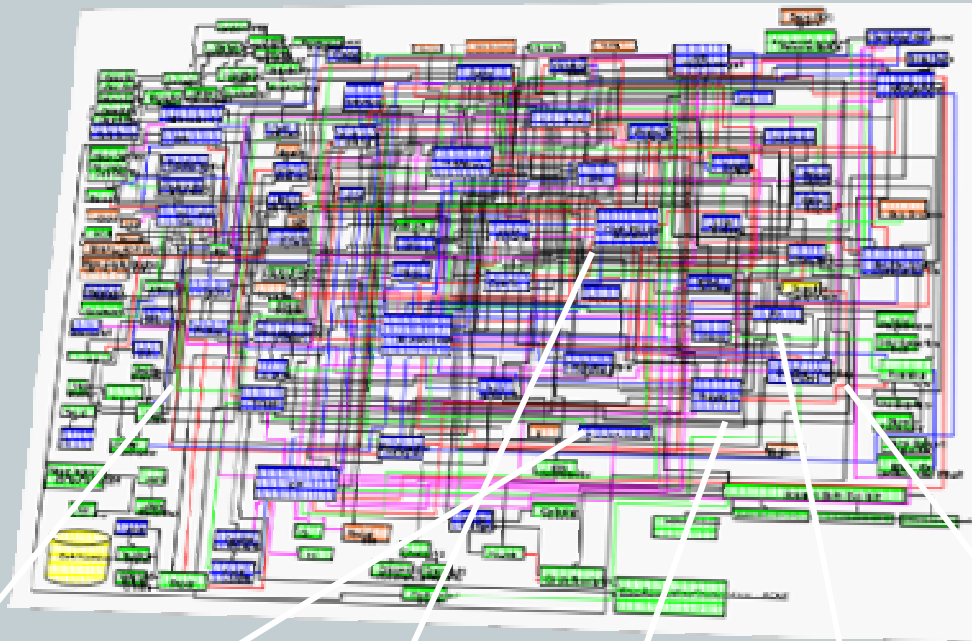
Top line growth

Increase efficiency

Reduce costs

Gain market share

- *Complex processes & systems*
- *Complex applications & interfaces*
- *Difficult to adapt quickly*
- *Large portion of IT budget spent on maintenance, not on new value add investments*



Legacy Claims Database

Auto Claims System

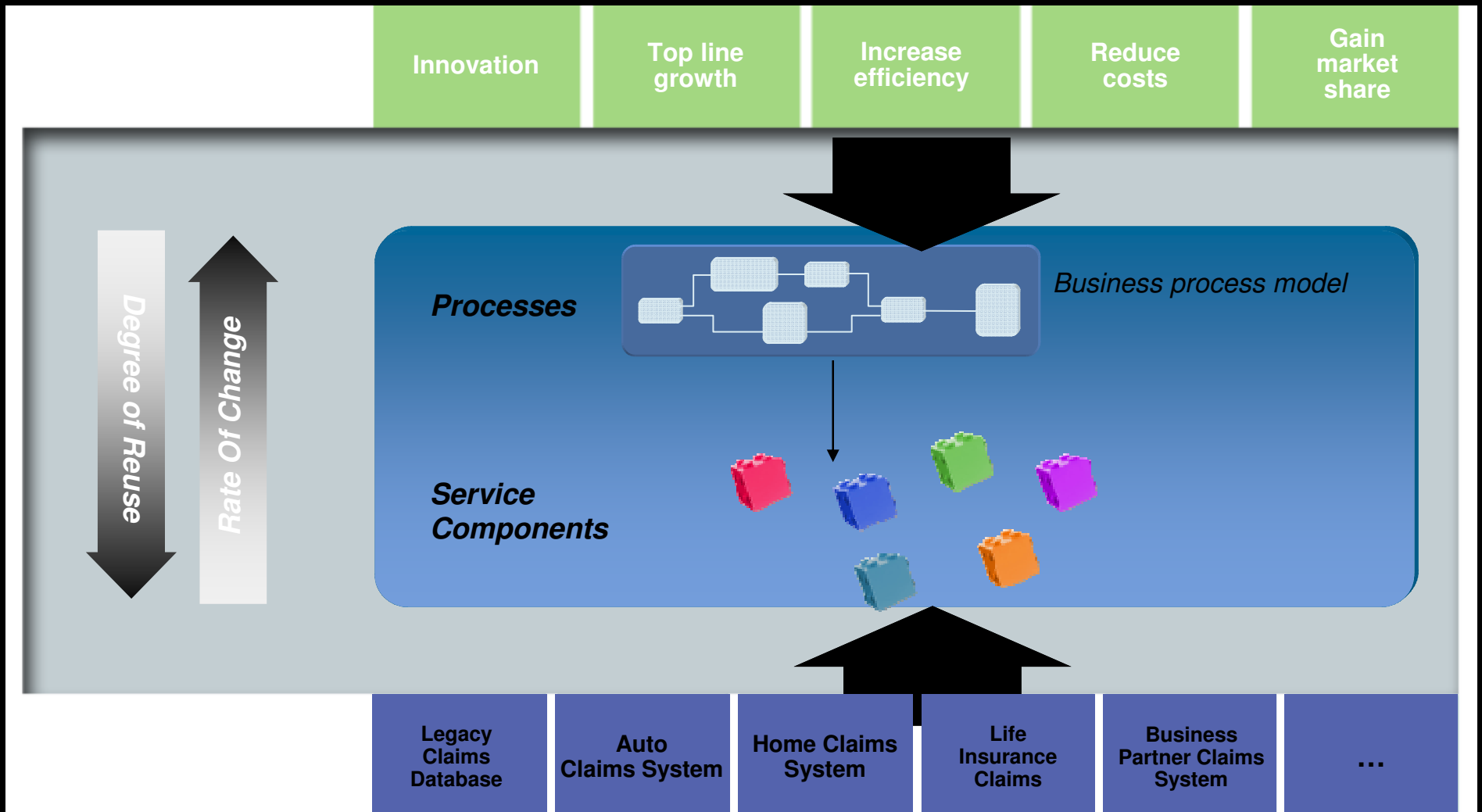
Home Claims System

Life Insurance Claims

Business Partner Claims System

...

Service Oriented Architecture Addresses this Challenge



IBM in the Middle East

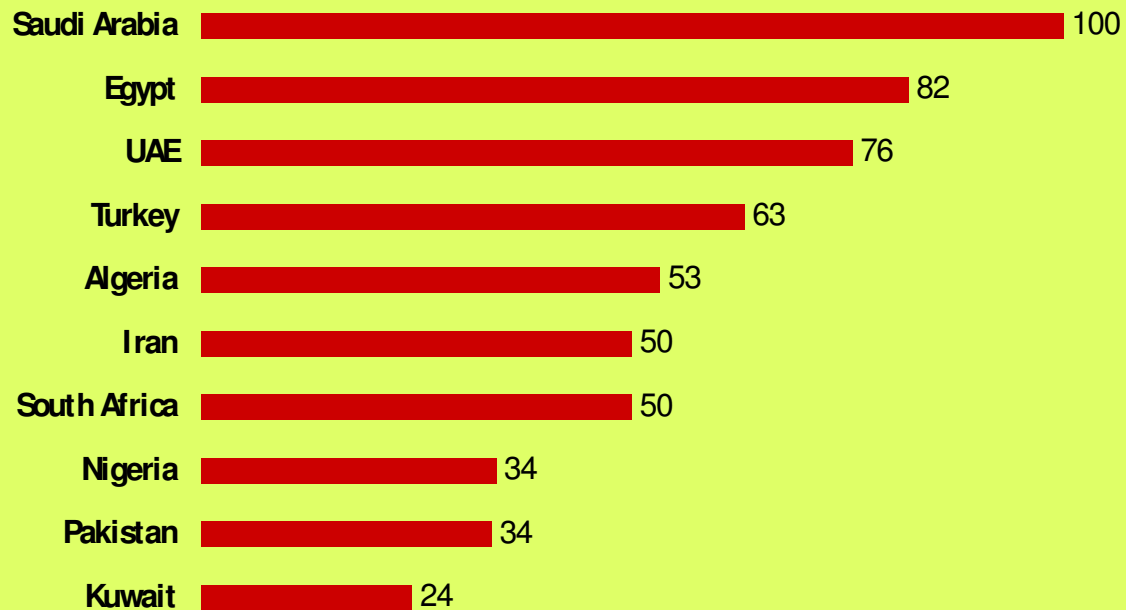
- Present in the region since 1947
- 14 Countries covered
- 3 Branch offices
- 2 General Marketing & Services Representative
- Large Network Of Business Partners
- Technology Development Centre



Medium-term business potential

Top ten MEA markets over the next 3-5 years

Highest rated country, Saudi Arabia=100



Source: Corporate Network MEAG Survey, 2007

SOA Competence Center in Riyadh

Strengthen SOA Skills in the country by...

- Expanding SWG resources
- Building physical IBM Center
- Leveraging additional IBM investment

While....

- Ensuring synergy and integration across SW and IBM brands
- Providing engagement management for large projects, as needed
- Strengthening relationships between all constituents



Agenda – Day 1

09.30 - 09.45	Welcome & Introduction	Takreem El Tohamy
09.45 - 10.30	Business Impact of SOA	Tom Rosamilia
10.30 - 11.15	Real Business Value from SOA	Neil Ward Dutton
11.15 - 12.00	Mission-Critical SOA with Reuse and Connectivity	Pat Reynolds
12.00 - 13.00	Prayer Break, Coffee break & SOA solutions showcase	
13.00 - 13.45	SOA Flexible Architecture & Integration - Riyadh Bank	Rashed Al Othman SVP IT Governance
13.45 - 14.30	People, Process, Information for Business Centric SOA	Dr. Ahmed Tantawy
14:30 - 15.30	Networking Lunch	Al Omsiyat Ballroom
15.30 - 16.30	Prayer Break + SOA solutions showcase	
20.30 - 23.30	Dinner	IL Terrazzo

Agenda – Day 2

09.30 - 09.45	Welcome + Recap from first day	Roger Mueller
09.45 - 10.30	Business Process Management Enabled by SOA	Tom Rosamilia
10.30 - 11.15	IT Security, Management & Infrastructure Extensions to Maximize SOA Value	Pat Reynolds
11.15 - 12.00	Dollars and Cents, Justifying Your Business Flexibility Project	Roger Mueller
12.00 - 12.45	Prayer Break, Coffee break & SOA solutions showcase	
12.45 - 13.30	Advancing SOA Business / IT linkage with SOA Governance	Dave Locke
13.30 - 14.15	SOA Industry Roadmaps	Julius Peter
14:15 - 14.45	Executive Panel SOA Talking Points	Tom Rosamilia, Pat Reynolds, Dr. Ahmed Tantawy, Dave Locke
14.45 - 14.50	Thank You & Close	Roger Mueller
14.45 - 15.30	Networking Lunch	Prince Sultan Hall



IBM SOA Executive Summit - Riyadh

THANK YOU

Agenda - TO BE UPDATED w Speakers

- **09:00 – 09:30** **Arrival, registration & breakfast**
- **09:30 – 09:45** **Welcome and Opening**
- **09:45 – 10:30** **Business Impact of SOA**
- **10:30 – 11:15** **Selling SOA to your CEO**
- **11:15 – 12:00** **Getting under the skin of SOA**
- **12:00 – 12:45** **Prayer Break + SOA solutions showcase**
- **12:45 – 13:30** **Mission-Critical SOA with Reuse and Connectivity**
- **13:30 – 14:15** **SOA in Action - Customer case study**
- **14:15 – 15:00** **People, Process, Information for Business Centric SOA**
- **15:00 – 15:30** **Networking Lunch**
- **15:30 – 16:00** **Prayer Break + SOA solutions showcase**

- **19:30 +** **Dinner**