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Leading the next 100 years

* Art of the Possible *



**What are the challenges that
will occupy us for the next 100
years?**



**How will we manage
unprecedented urbanisation?**

A large, dense pile of crumpled and discarded paper and cardboard waste, including various shades of brown, grey, and purple, filling the entire frame. The text is overlaid in the center.

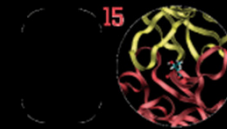
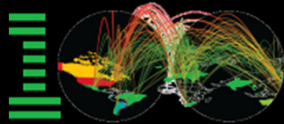
**How do we reduce waste
and inefficiency?**



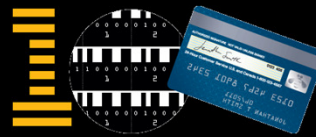
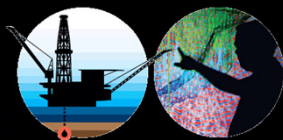
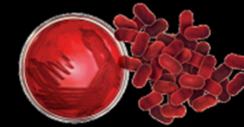
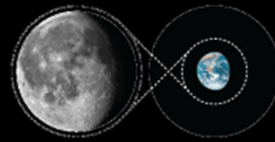
How do we make use of the many new sources of data available?

**We've answered these
questions before**

Pioneering the science of information.

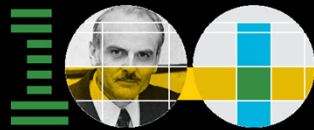


Making the world work better.



Magnetic Stripe Card

Ushering a new era of software.



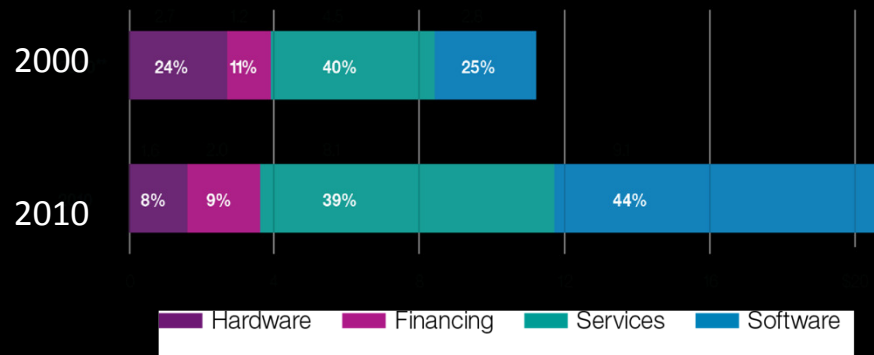
Reinventing the modern corporation.



Delivering on our mandate: Generate Higher Value

1. We changed our business mix toward higher-value, more profitable technologies and market opportunities

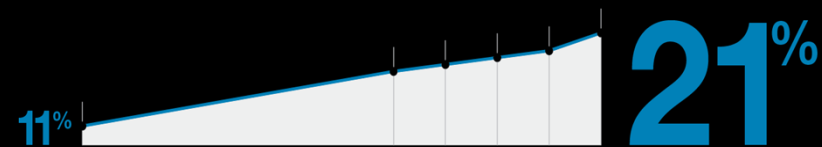
Segment Pre-Tax Income*
(\$ in billions)



* Sum of external segment pre-tax income not equal to IBM pre-tax income.
** Excludes Enterprise Investments and not restated for stock-based compensation.

2. We became a globally integrated enterprise, improving productivity and capturing new growth

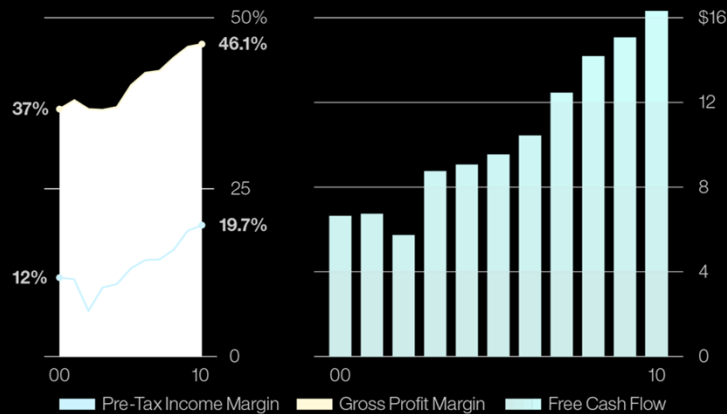
Growth Markets Share of Geographic Revenue
(excluding divested businesses of PCs and printers)



- Since 2005, global integration has enabled IBM to gain \$6 billion in productivity savings while improving service quality.
- We have shifted resources toward building client relationships and employee skills, while positioning IBM for new market opportunities

Generating higher Value..*contd*

3. By aligning our business model with our clients' needs we generated superior financial results.



Financial Performance History
(% of total revenue, \$ in billions)

- **Achieved record earnings per share** - having nearly tripled since the end of 2000, and marking eight consecutive years of double-digit growth.
- **Record cash performance** - an increase of \$1.2 billion in 2010 over 2009. Since the end of 2000 we have generated \$109 billion in free cash flow.

4. We invested in future sources of growth and provided record returns to shareholders....



\$70 billion

\$107 billion

.....while continuing to invest in R&D – nearly \$60 billion since 2000

- Since end 2000, we invested \$27 billion on acquisitions (116 companies) targeted toward high-value areas.
- We returned \$89 billion to our shareholders as share repurchases. By 2010 our quarterly dividend per share was five times of that in 2000.

Generating higher Value...*contd*

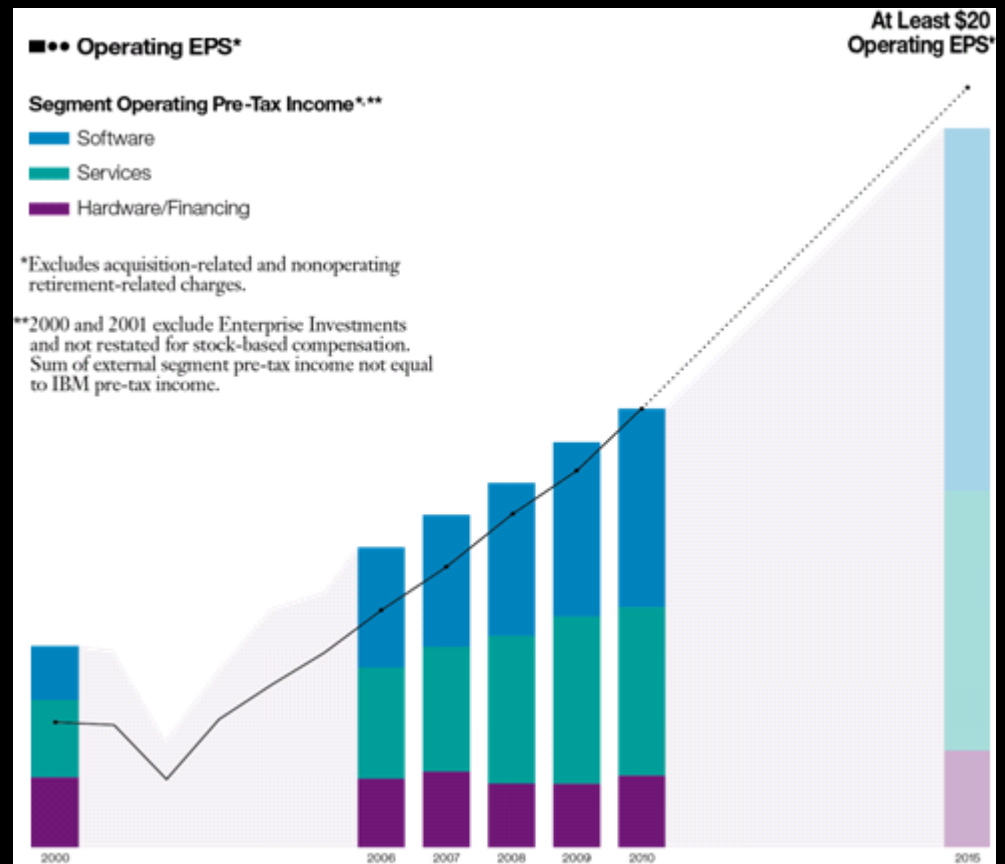
5. Today, we run a business model that delivers long-term value and high performance.

Key objectives over the next five years:

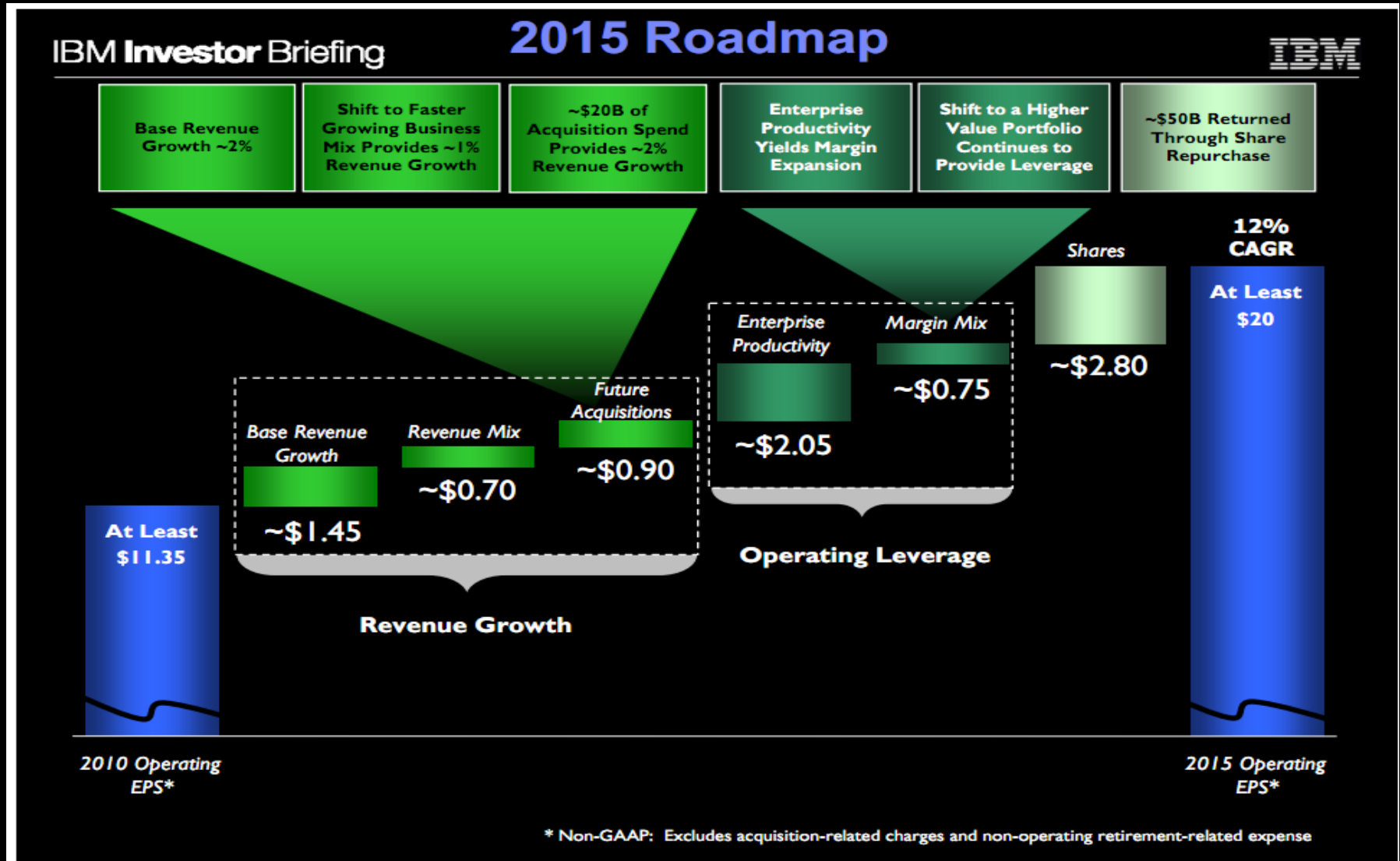
- \$100 billion in free cash flow
- \$70 billion of capital returned to shareholders
- \$20 billion in spending on acquisitions
- Software becomes about half of segment profit
- Growth markets approach 30 percent of geographic revenue

*Excludes acquisition-related and nonoperating retirement-related charges.

**2000 and 2001 exclude Enterprise Investments and not restated for stock-based compensation. Sum of external segment pre-tax income not equal to IBM pre-tax income.



IBM's 2015 Roadmap

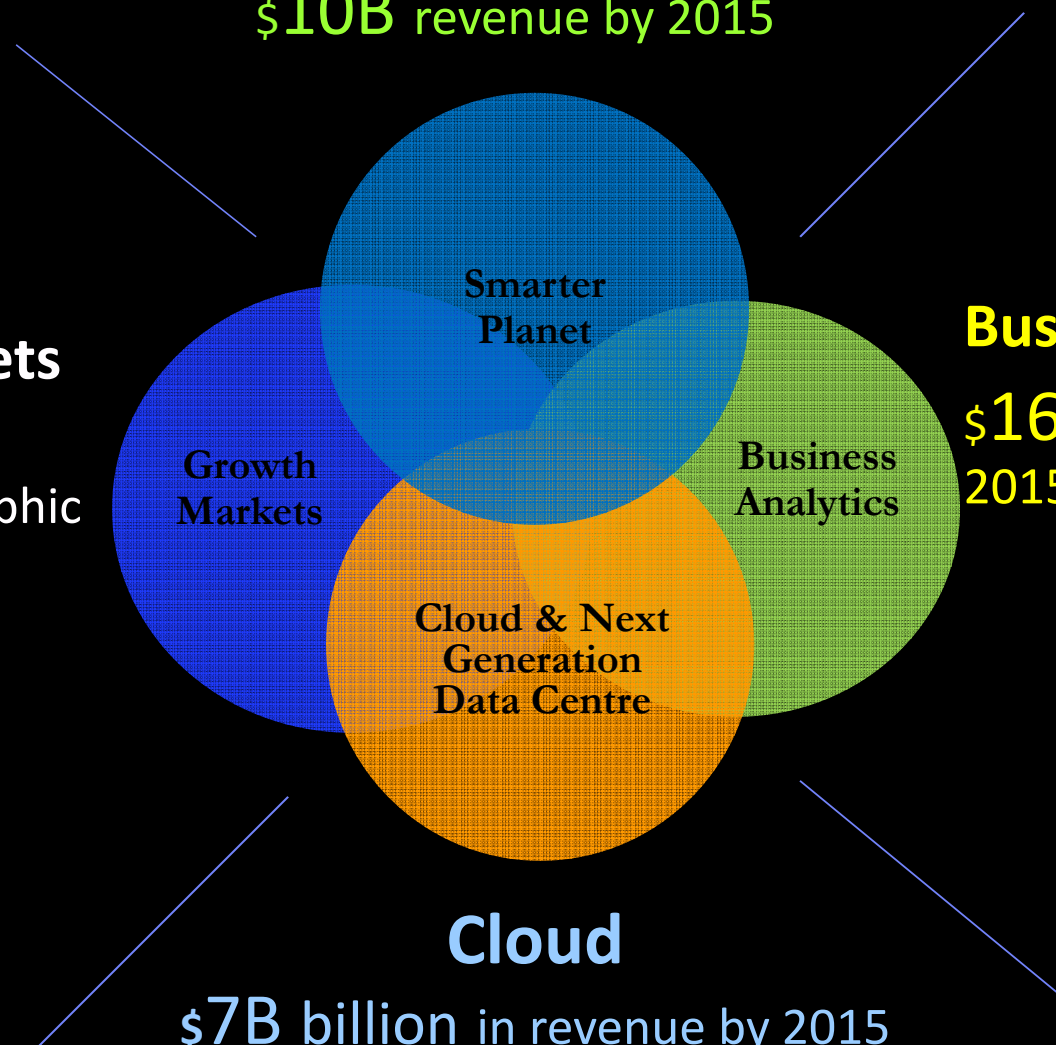


IBM's 2015 Roadmap

Smarter Planet
\$10B revenue by 2015

Growth Markets
Approaches
30% of geographic
revenue by 2015

Business Analytics
\$16B in revenue by
2015



Cloud
\$7B billion in revenue by 2015

**Today, we are defining *and re-defining*
technology to address challenges
for the next 100 years...
and beyond!**

Making cities Intelligent

Creating opportunities from today's harsh realities



New!! Intelligent Operations Center for Smarter Cities

The art of possible....

Integrating the **most repeatable best practice patterns** to allow leaders to:

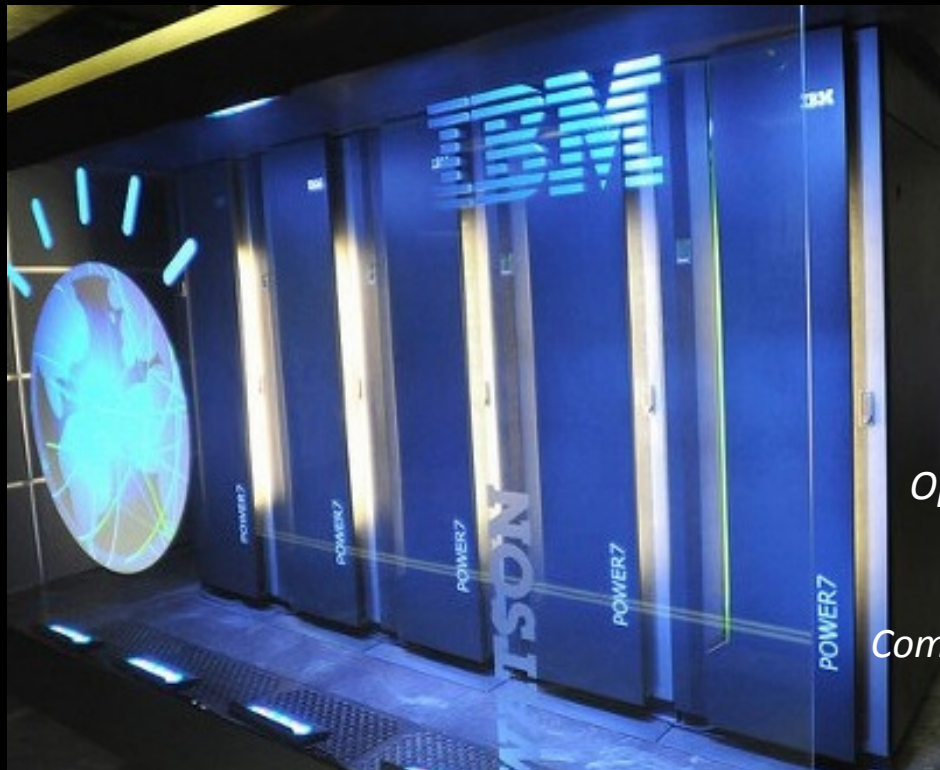
- **Leverage information** across all city agencies and departments
- **Anticipate problems** and minimize the impact of disruptions
- **Coordinate resources** to respond to issues rapidly and effectively



We are working on . . .

Rendering a whole new meaning to 'Analytics'

The art of possible.....



Healthcare and Life Sciences

Improve diagnoses, self-help



Retail

Customer service, self-service



Transportation

Optimized routing, real time information



Financial Services

Compliance & risk mitigation, credit checks



Government

Answering the public's questions



Harnessing the BIG Data

The art of possible.....



Imagine the possibilities when all available information is harnessed to unlock insights.

IBM Big Data Platform
Variety. Velocity. Volume

- ✓ Better understand customer
- ✓ Optimize decisions in real time
- ✓ Foster collaborative decision making
- ✓ Continually assess enterprise risk

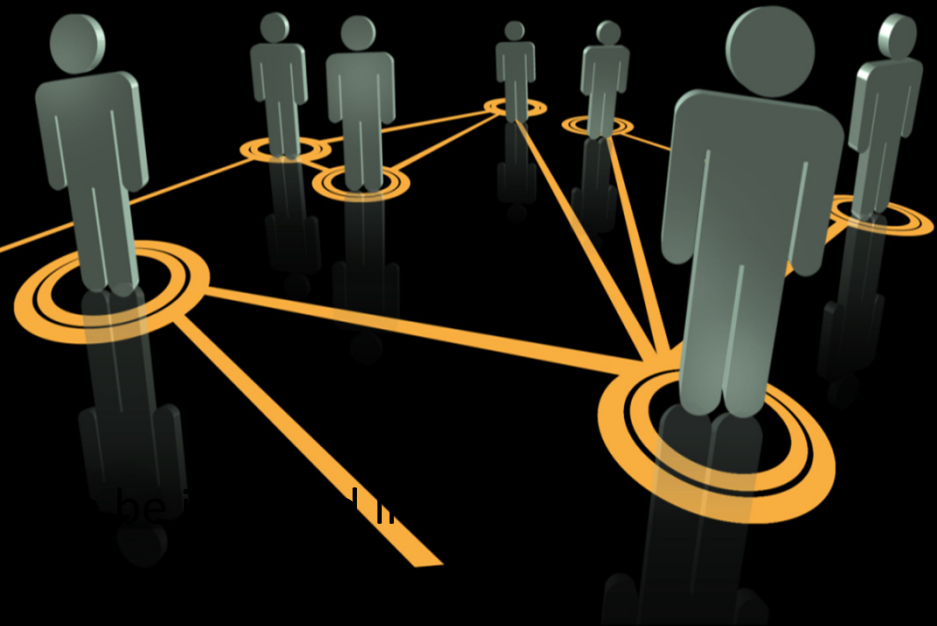
*Information from
Everywhere*

*Extreme
Scalability*

Radical Flexibility

Developing Social Businesses

The art of possible....



A "Social Business" is...

- Engaged -
- Transparent
- Nimble

We are working on . . .

Securing the digital world

The art of possible.....

Threats affect every enterprise, every industry, every region




**Internal abuse
of key
sensitive
information**

Wikileaks

Unauthorized release of
classified records

IMPACT

Close to \$100M for the U.S.
Army alone; damaged foreign
relations worldwide



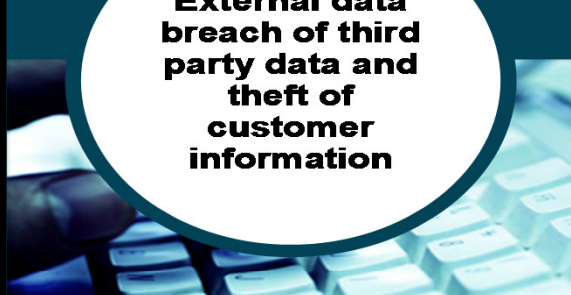
**Complexity of
malware, ability
to slowly leak
data and affect
critical
business
processes**

Stuxnet

Targeted changes to process
controllers refining uranium

Impact

Degraded ability to safely
process and control highly
volatile materials



**External data
breach of third
party data and
theft of
customer
information**

Epsilon

Theft of customer data affected
more than 100 companies

Impact

Up to \$4 billion in costs for
initial clean-up and longer term
litigation risks

- **Market Change 1:** Impact and visibility of recent breaches calls into question the effectiveness of traditional security measures
- **Market Change 2:** Security challenges are impacting innovation
- **Market Change 3:** Attack surface for a business is growing at an exponential rate
- **Market Change 4:** Impact of a breach now reverberates across the corporation



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for the next 100 years...
and beyond!**

Leading the Next 100 years!

谢谢

Art of the possible

धन्यवाद

спасибо

நன்றி

Cám ơn Bạn

Thank you

Anil Menon

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