



Software Group Channels



Value Advantage Plus

A Guide for Business Partners

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This guide and updated versions will be posted on the IBM PartnerWorld for Software web site. Please check the PartnerWorld for Software web site:
<http://www.ibm.com/partnerworld/software> for the most current version of this guide.

For Business Partners in the Asia Pacific regions, the Value Advantage Plus incentive does not apply to sales to Customers designated by IBM as Enterprise.

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Introduction to Value Advantage Plus

Value Advantage Plus is an IBM initiative that is designed to financially reward Business Partners that deliver what Customers value in their middleware software decisions -- solutions through applications and/or services. For Business Partners that sell solutions together with IBM software to Customers, Value Advantage Plus can help increase financial opportunities.

Value Proposition for Business Partners

Customers are increasingly seeking solutions, not just products, to address their IT requirements and, as such, are expected to continue to invest in applications and services from skilled providers. Business Partners that address solution requirements can be well positioned for market share growth in all Customer environments.

In addition, Business Partners can reap the financial reward offered through IBM Value Advantage Plus. The financial reward is offered as either:

- 1) an additional discount from a preferred Distributor to Business Partners that resell the IBM software together with their solution to end users, or
- 2) an influence fee* to Business Partners that do not resell IBM software with their solution to end users but instead, refer their end users to ibm.com for the IBM software required for the solution. In either case, the financial reward (or incentive) is tied to including IBM authorized software in an IBM pre-approved value adding solution. The incentive applies to new licenses of IBM distributed middleware products sold through Passport Advantage (PA) and through a new, simplified purchasing option targeting small to mid market Customers, Passport Advantage Express.

Business Partner Profile for Participation

The primary qualification for participation in Value Advantage Plus is a business model for the Business Partner that provides solutions, not just software products, to end users. Examples of Business Partner participants targeted for Value Advantage Plus include independent software vendors (ISVs), solution providers (SPs), and systems integrators (SIs). Specifically, Business Partners are eligible for participation in Value Advantage Plus if they derive more than 50% of their revenue from the sales of their own intellectual assets or properties and have an application or identifiable service offering built around or designed to operate on IBM software. Hardware and hardware-related services are excluded.

* The influence fee is not available in some countries.

A Business Partner that qualifies for Value Advantage Plus will have the following characteristics:

- Provides applications and/or services to end users as its primary business model
- Has local/country/region presence
- Includes IBM middleware software as a significant element of the solution and business proposition
- Is capable of identifying and pursuing new opportunities.

Value Advantage Plus Criteria/Requirements

Value Advantage Plus is focused on penetrating the marketplace with Business Partner solutions that include IBM middleware software. IBM middleware software that accompanies a solution approved by IBM for Value Advantage Plus is called IBM authorized software.

IBM seeks Business Partners that meet criteria in the following areas:

- A solutions business model with a history of solution transactions and end user references
- A value adding solution which includes IBM authorized software
- Membership in PartnerWorld for Software
- Relationship responsibilities

1. Business model

More than 50% of the Business Partner's revenue must come from the sale of the firm's own intellectual assets or properties, or IT services* performed by the Business Partner. Examples include:

- License revenue from applications the Business Partner develops and sells
- Maintenance and support for applications the Business Partner develops and sells
- Business or application consulting
- IT consulting
- Application customization, design, and implementation services
- Software product installation, integration, support, and training services
- Service provisioning (application and other hosting services)

The Business Partner must maintain a value adding business model as long as the Business Partner participates in Value Advantage Plus. Qualification will need to be supported by a history of solution transactions and at least three Customer references.

** Hardware and hardware-related services are excluded.*

2. A value adding solution which includes IBM authorized software

A Business Partner participating in Value Advantage Plus must have at least one identifiable and IBM approved value adding solution built around IBM DB2® Information Management Software, Lotus® software, Tivoli® software, or WebSphere® software. Examples include:

- An application designed to operate on IBM authorized software (e.g., "Sales Force Automation using DB2® Universal Database™")

- A service offering that includes or is designed to operate on IBM authorized software (Examples include customized application design, software installation, customized integration, or product training)
- An application combined with a service offering Services that are not specific to IBM software technology (e.g., project management, general end user support) do not qualify as part of a value adding solution

Solution Transaction

A solution transaction is the sale of a value adding solution and IBM authorized software to an end user. The value adding solution must represent at least 40% of the combined total billed value of the transaction.

A transaction is defined as the series of invoices (one or more) that the Business Partner or the Business Partner and IBM generate to the end user for the applicable value adding solution and the associated IBM authorized software. Additionally:

- All invoices must be issued within a six month window to count as part of the value adding solution transaction
- The sum of the billings for the Business Partner-contributed value adding solution and the IBM authorized software determines the total billed value of the value adding solution transaction
- The IBM content of the transaction is the IBM authorized software sold, calculated at the value as billed to the end user. The value as billed to the end user is strongly related to the Suggested Retail Price (SRP) or the Suggested Volume Price (SVP), whichever applies¹
- The delta between the total billed value of the transaction and the value of the IBM authorized software content is the value of the Business Partner's solution
- The Business Partner-contributed value adding solution (i.e., their application, service, or application with service) in the transaction must be at least 40% of the total billed value of the transaction

¹ For SRP or SVP geography-specific information, please refer to the Value Advantage Plus Operations Guide

Value Adding Solution Transaction Calculation

T = **Total** value of the Business Partner's value adding solution and IBM authorized software from relevant invoices¹ for the transaction

I = Value of the **IBM** authorized software² as billed to the end user. The value as billed to the end user is strongly related to the Suggested Volume Price (Passport Advantage) or Suggested Retail Price (Passport Advantage Express)

P = **Business Partner's** contributed value **T - I**

P / T must be 40% or more

¹ Invoices billed to the end user within a six month period. Does not include hardware or hardware-related services

² Passport Advantage or Passport Advantage Express software in the transaction in which the Value Advantage Plus incentive is claimed

3. Membership in PartnerWorld for Software

Every Value Advantage Plus participant must have membership in PartnerWorld for Software.

Through PartnerWorld for Software, Business Partners have access to a number of benefits that can support increased sales, heighten market share, and penetrate new markets with IBM software technologies. Information regarding PartnerWorld for Software is available at <http://www.ibm.com/partnerworld/software>.

It is highly recommended that participants in Value Advantage Plus purchase an optional Value Package offered through PartnerWorld for Software. The Value Package contains benefits that are designed to provide support to Business Partners in several areas. Some of the benefits include:

- Education
- Technical Support
- Demonstration and Evaluation Software
- Run Your Business Software
- Solution Assurance Guidance
- On-site Technical Mentoring.

Benefits are tiered based on PartnerWorld for Software membership level and it is recommended that Value Advantage Plus participants attain Advanced or Premier membership status. Business Partners achieving higher PartnerWorld for Software membership levels (i.e., Advanced or Premier) are eligible for more robust benefits. Advanced and Premier membership levels are earned by achieving specific criteria in areas such as commitment, competency (i.e., certifications), Customer satisfaction, and contribution.

4. Relationship responsibilities

Business Partners participating in Value Advantage Plus will agree to responsibilities including:

- Selecting and maintaining a relationship with a preferred IBM Distributor for software
- Identifying to IBM the preferred Distributor
Business Partners that are participants in the IBM Top Contributor initiative should designate the same preferred Distributor for the Value Advantage Plus initiative
- Notifying IBM of a change in the Distributor with a 30-day written advanced notice
One change within a 12-month period is allowed
- At order placement time, providing the Distributor with their Value Advantage Plus Identification Number and solution identification numbers as well as installation and reporting information as required by their Distributor.

How to Participate in Value Advantage Plus

Business Partners that are interested in participating in Value Advantage Plus must have membership in PartnerWorld for Software.

Additionally, Business Partners must complete the application process for the Value Advantage Plus initiative. The application process is outlined below.

Business Partner candidates for Value Advantage Plus and their preferred Distributor will be notified of the candidate's approval to participate in Value Advantage Plus by e-mail and in addition, will be provided with further details regarding the initiative.

Application Process

Go to the PartnerWorld for Software web site at <http://www.ibm.com/partnerworld/software> to update the PartnerWorld for Software profile. The profile is located in the Business Partner Zone. Access to the Business Partner Zone requires your IBM User ID and Password. Only the Authorized Profile Administrator can update the Value Advantage Plus initiative located in the Country Enterprise record within the profile.

- Select the Value Advantage Plus Initiative Application
- Complete the application process which includes:
 - accepting the terms and conditions of the Value Advantage Plus Attachment
 - completing PartnerWorld for Software profile information relative to the initiative
 - submitting the application for approval.

Note: If a paper attachment is required, the Business Partner prints the Value Advantage Plus Attachment, signs and mails it to the appropriate address. This step is in addition to accepting the terms and conditions via the PartnerWorld for Software web site.

When the Business Partner is approved by IBM for participation in the initiative, the Business Partner's PartnerWorld for Software profile will reflect information regarding Value Advantage Plus participation such as:

- The Business Partner's Value Advantage Plus Identification Number
- The preferred Distributor designated by the Business Partner
- IBM approved value adding solution(s) with system-supplied solution identification number(s)
- The applicable IBM middleware software authorized for each solution.

The profile is to be maintained by the Business Partner. The Business Partner will be required to revalidate their profile annually.

Selected information from the PartnerWorld for Software profile will be provided to the preferred Distributor.

Approval for Value Advantage Plus participation does not exclude the Business Partner from other business-as-usual reselling activities. The Business Partner may participate in any of the following to earn basic discounts:

- Resell any IBM Passport Advantage or IBM Passport Advantage Express product in open distribution whether the Business Partner is approved for Value Advantage Plus or not
- Resell any open distribution product to any end user
- Offer Passport Advantage volume licensing through a Distributor of their choice to any end user
- Resell maintenance renewal business.

Value Advantage Plus Attachment

The Business Partner must agree to the Value Advantage Plus Attachment via the PartnerWorld for Software web site when they apply for the Value Advantage Plus initiative under PartnerWorld for Software.

Note: If a paper attachment is required, the Business Partner prints the Value Advantage Plus Attachment, signs and mails it to the appropriate address. This step is in addition to accepting the terms and conditions via the PartnerWorld for Software web site.

The Value Advantage Plus Attachment becomes effective after IBM approves the Business Partner's Value Advantage Plus application information.

Records Retention

A Business Partner participating in Value Advantage Plus is required to retain records for a period of three years from the date of the related solution transactions to support claims for the additional discounts or influence fees.

At a minimum, a Business Partner participating in Value Advantage Plus that resells software to end users must retain copies of invoices to, or other legal documents (e.g., contracts) with the end users for value adding solutions that identify the IBM authorized software included in the solution transactions.

For sales where the Business Partners refers end users to ibm.com for software fulfillment, the Business Partner must retain copies of their invoices to, or other legal documents (e.g., contracts) with the end users for the value adding solutions.

Amendments

There will be no amendments to the Value Advantage Plus Attachment.

Renewal/Termination

The Value Advantage Plus Attachment will automatically renew unless terminated by either IBM or the Business Partner participant with a two week written notice.

How to Earn the Value Advantage Plus Incentive

Additional Discount or Influence Fee

The Value Advantage Plus incentive is offered to Business Partner participants either as:

- An additional discount through the Business Partner's preferred Distributor when the Business Partner resells IBM authorized software included in the value adding solution to an end user, or
- An influence fee paid from IBM directly to the Business Partner that does not resell IBM software included in the value adding solution but instead, refers the end user to ibm.com for software fulfillment.

The Business Partner needs to provide instructions to the end user on how to order software via ibm.com.

The incentive is applicable to new licenses sold through Passport Advantage or Passport Advantage Express to end users.

A sales order under Passport Advantage that is designated as an **Enterprise License Agreement (ELA)** by IBM is not eligible for the Value Advantage Plus incentive. Renewals are not eligible for the Value Advantage Plus incentive.

To receive the Value Advantage Plus incentive, the IBM authorized software identified in the Business Partner's PartnerWorld for Software profile must be sold along with the Business Partner's value adding solution in each transaction.

For each qualifying transaction, the Value Advantage Plus participant claims the incentive by providing to their preferred Distributor, or to ibm.com (whichever fulfillment method is used) the following:

- End user information that is normally required for Passport Advantage or Passport Advantage Express entitlement (i.e., name, address, zip code, e-mail id, etc.)
- The Business Partner's Value Advantage Plus Identification Number
- The solution identification number associated with the applicable value adding solution.

The Business Partner can sell software licenses that are not part of a qualifying value adding solution transaction, however, the Business Partner cannot claim the Value Advantage Plus incentive when placing orders for that software.

Influence Fee Payments

The influence fee for software orders placed through ibm.com is calculated by applying a percentage to the net value billed to the end user for the IBM authorized software.

The net billed value of the authorized software is related to the Suggested Retail Price (SRP) or the Suggested Volume Price (SVP), whichever is applicable, less any applicable discounts or credits. Taxes and shipping are not included in the fee calculation. The influence fee is paid the quarter following the quarter in which it is earned.

Authorized Software

Authorized software is the IBM middleware software that IBM approves the Business Partner to include with their value adding solution. One or more of the following IBM software brands must be associated with a value adding solution: DB2, Lotus, Tivoli, or WebSphere. This information will be maintained in the Business Partner's profile in PartnerWorld for Software.

Software Distribution

The following information is applicable to Value Advantage Plus participants that resell IBM software under Passport Advantage Express.

If the end user does not already have the IBM software necessary to implement the Business Partner's value adding solution, it is the responsibility of the Business Partner to ensure that the necessary IBM software is provided to the end user.

The Business Partner can either:

1. Order Media & Documentation Kits from their preferred Distributor at the same time they order the IBM software licenses, or,
2. Order only the IBM software licenses from the Distributor, and have the end user obtain the software from the Passport Advantage Online web site. *The end user is given access to that web site as a result of purchasing the applicable software licenses.*

If the Business Partner's end user already has licensed copies of the IBM software necessary to implement the Business Partner's value adding solution and is willing to make additional copies of that software, the Business Partner would only order the IBM software licenses from their preferred Distributor.

If the Value Advantage Plus participant refers the end user to ibm.com for software fulfillment, the Business Partner will have no responsibility for the IBM software distribution.

The following information is applicable to Value Advantage Plus participants that resell IBM software under Passport Advantage.

If the Business Partner resells IBM software under Passport Advantage to the end user, the Business Partner will have no responsibility for software distribution for that software.

Compliance

IBM will review Business Partner compliance with the Value Advantage Plus Attachment on a sampled basis.

Examples

Example 1: Value Advantage Plus incentive as an additional discount to a solution provider or to an independent software vendor

A Business Partner is skilled in providing end user solutions that include or are built on IBM middleware software. The Business Partner is either a Tier 2 solution provider (SP) that resells IBM software and provides the software installation and product training services to the end user or a Tier 2 independent software vendor (ISV) that resells IBM software and develops customized software applications for the end user that operate in conjunction with IBM middleware software.

The Business Partner has completed the application process via PartnerWorld for Software to become an approved Value Advantage Plus participant. As part of the application process the Business Partner has designated a preferred Distributor for software fulfillment and has completed information about their value adding solution offering.

As part of the application approval process, the Business Partner's value adding solution is reviewed by IBM and if approved, is assigned a unique system-generated solution identification number. The solution identification number is generated by PartnerWorld for Software and applies to the Business Partner's named and approved value adding solution. Additionally, the Business Partner is also assigned a unique Value Advantage Plus Identification Number.

The Business Partner has identified an end user opportunity for their value adding solution. The end user is the ABC Company. The ABC Company has decided to purchase the value adding solution that includes IBM middleware software.

The Business Partner contacts their preferred Distributor and provides the Distributor with the ABC Company requisite information (i.e., name, address, zip code, e-mail id, etc.) associated with the purchase of the IBM middleware software included in the value adding solution. The Business Partner also provides the Distributor with their Value Advantage Plus Identification Number, and the solution identification number associated with the value adding solution in order to receive the additional discount from the Distributor.

The Business Partner advises the ABC Company that IBM will send the Proof of Entitlement for the IBM middleware software. The Proof of Entitlement is sent to the ABC Company for each software license copy acquired. The Business Partner advises the ABC Company that IBM will also execute end user software entitlements (i.e., software maintenance which includes software subscription and technical support) for the ABC Company.

The invoices to the end user must clearly reflect that the solution or services sale is for the named and IBM approved Value Advantage Plus solution.

Example 2: Value Advantage Plus incentive as an influence fee to a systems integrator

A Business Partner is skilled in providing end users with customized software integration offerings that include or are built on IBM middleware software. The Business Partner is a systems integrator (SI) that does not resell IBM software. The SI has completed the application process via PartnerWorld for Software to become an approved Value Advantage Plus participant.

The Business Partner's customized software integration offering has been reviewed and approved by IBM as a value adding solution. The value adding solution is assigned a system-generated, unique solution identification number from PartnerWorld for Software and the SI is assigned a Value Advantage Plus Identification Number.

The SI has identified an end user opportunity for a wireless solution. The end user is the XYZ Company. The XYZ Company has decided to purchase the SI's customized software integration offering which includes IBM middleware software. The end user will need to order the software through ibm.com. At the time of the order, the end user must provide to ibm.com the solution identification number for the SI's value adding solution and the SI's Value Advantage Plus Identification Number. This information is required in order for IBM to pay the SI an influence fee for referring the end user to ibm.com for fulfillment of the IBM middleware software included in the SI's value adding solution.

IBM will send to the XYZ Company the Proof of Entitlement for the IBM middleware software. The Proof of Entitlement is sent to the XYZ Company for each software license copy acquired. IBM will also execute end user software entitlements (i.e., software maintenance which includes software subscription and technical support) for the XYZ Company.

IBM will send the influence fee directly to the SI.

Q&A

Q. What are the criteria for a solution to qualify as a value adding solution under Value Advantage Plus?

A. A value adding solution is built around IBM authorized software, specifically middleware. Examples include:

- a. An application that is built to operate on IBM authorized software
- b. A service offering that includes, or operates on, IBM authorized software such as customized application design, software installation, customized integration, or product training
- c. An application combined with a service offering.

Q. What is the benefit to a Business Partner for participating in Value Advantage Plus?

A. A Business Partner is eligible to receive a significant financial benefit as a Value Advantage Plus participant. The benefit (or incentive) is offered when a Business Partner includes IBM authorized software in their approved value adding solution transaction with an end user. The incentive is offered as an additional discount from a preferred Distributor to the Business Partner that resells the IBM authorized software with their value adding solution, or paid as an influence fee by IBM directly to the Business Partner that does not resell the software included in their solution, but instead, refers the end user to ibm.com for software fulfillment. The incentive applies to new licenses of IBM distributed middleware products sold through Passport Advantage and through Passport Advantage Express, a new, simplified purchasing option targeting small to mid market Customer end users.

Q. How does a Business Partner applying for the Value Advantage Plus initiative select a Distributor?

A. The PartnerWorld for Software application process for the Value Advantage Plus initiative will provide a listing of IBM Distributors in that country/region. The Business Partner will select a preferred Distributor as part of the application process.

Q. How does Passport Advantage Express (PAX) differ from Passport Advantage (PA)?

A. Examples of differences between Passport Advantage Express and Passport Advantage include site coverage, software acquisition, pricing model, software maintenance (i.e., software subscription and technical support), renewal proration. Information regarding Passport Advantage and Passport Advantage Express as it becomes available can be found at www.ibm.com/software/passportadvantage.

Q. How does the Value Advantage Plus initiative work in concert with IBM PASS?

A. IBM Passport Advantage Solution Selling for ISVs (IBM PASS) is a companion offering to the Value Advantage Plus initiative. IBM PASS allows selected ISV application solutions to be available through Passport Advantage. These IBM PASS solutions can then be ordered by Tier 2 resellers through their IBM Distributor as with other Passport Advantage products.

IBM PASS ISVs are typically development/marketing organizations that will align themselves with Business Partners that are participating in the Value Advantage Plus initiative. The Business Partner participating in Value Advantage Plus will typically sell the IBM PASS solution, packaged together with their services and the IBM software as part of an IBM approved value adding solution. Only the authorized IBM middleware sold as part of the solution will be eligible for the Value Advantage Plus discount or influence fee. In addition, the value of the ISV application acquired through IBM PASS will count toward the Business Partner's value add in eligible solution transactions.

Q. How does the Value Advantage Plus initiative work with the Top Contributor initiative?

A. While a Business Partner can participate in both initiatives, each transaction will be calculated under only one initiative, not both. IBM will first check to verify if the transaction qualifies under the Value Advantage Plus initiative at the time of the sales order. If so, the Business Partner will be eligible to earn the Value Advantage Plus incentive, and the transaction will be excluded from Top Contributor initiative. If the transaction does not qualify under the Value Advantage Plus initiative, the transaction will be calculated under the Top Contributor initiative.

Q. What if a Business Partner participating in Value Advantage Plus wants to sell in multiple countries/regions/geographies?

A. The Business Partner must apply for the Value Advantage Plus initiative in each country.

Q. What if a Business Partner participating in Value Advantage Plus has multiple value adding solutions?

A. Each value adding solution must be approved by IBM and is assigned a unique solution identification number. For every solution transaction to an end user that includes IBM authorized software, the Business Partner is eligible to receive the Value Advantage Plus incentive.

Q. How does a Business Partner apply for Value Advantage Plus using PartnerWorld for Software?

A. The Business Partner must complete an on-line application available on the PartnerWorld for Software web site. Processing takes approximately three weeks.

Q. Where applicable, how should Business Partners participating in Value Advantage Plus direct their end user Customers to order IBM software through ibm.com?

A. For new Passport Advantage and Passport Advantage Express end user Customers, (meaning the end user does not have a current Passport Advantage Online Customer Number and credit history with IBM), Business Partners should direct the end user to ibm.com TeleSales. The end user needs to provide ibm.com TeleSales with the Business Partner's Value Advantage Plus Identification Number and the corresponding solution identification number.

If the end user is an existing Passport Advantage Online Customer (meaning the end user does have a current Passport Advantage Online Customer Number and credit history with IBM), the Business Partner should direct the end user to use the eOrdering facility of Passport Advantage Online where it is available. The end user will need to 'key in' the Business Partner's Value Advantage Plus Identification Number and corresponding solution identification number at order entry.

Q. What is PartnerWorld for Software?

A. PartnerWorld for Software is a marketing and enablement program for Business Partners that sell IBM software and solutions. The program offers a number of benefits that can support increased Business Partner sales, heighten Business Partner market share, and penetrate new markets with IBM software technologies.

Q. What is PartnerWorld for Developers, and how does that relate to PartnerWorld for Software?

A. PartnerWorld for Developers provides a point of entry into IBM's global resources for developers that build solutions using IBM software technologies. Both PartnerWorld for Developers and PartnerWorld for Software are programs or tracks under IBM PartnerWorld®. The Business Partner's primary business model and focus can help the Business Partner determine which Program will best meet the Business Partner's needs. Information regarding PartnerWorld for Software and PartnerWorld for Developers is available at <http://www.ibm.com/partnerworld>.

Q. If a Business Partner has been approved for one of the Start Now e-business Infrastructure solutions and has been working with several end users to implement the solution, is the Business Partner approved for participation in Value Advantage Plus?

A. The Business Partner would still need to apply for participation in Value Advantage Plus. However, the Start Now solution qualifies as an IBM pre-approved solution under the Value Advantage Plus initiative.

Q. If a Business Partner has been approved as a solution provider by a Start Now Solutions Proven ISV and is reselling the ISV's Start Now Solutions Proven application with IBM middleware software and services to an end user, is the Business Partner automatically eligible to participate in Value Advantage Plus?

A. The Business Partner must still apply through PartnerWorld for Software to participate in the Value Advantage Plus initiative. However, the Start Now Solutions Proven application qualifies as an IBM pre-approved solution under Value Advantage Plus.

Q. In the above scenario, is the Business Partner eligible for the Value Advantage Plus incentive even though the Business Partner did not actually develop the Start Now Solutions Proven application?

A. Yes, the Business Partner is eligible for the Value Advantage Plus incentive in the above scenario even though the Business Partner did not actually develop the application, as long as Value Advantage Plus initiative and solution transaction criteria are met by the Business Partner (e.g., the Business Partner is approved to participate in Value Advantage Plus, etc.).

Glossary

- Application software is software designed and developed for specific solutions (e.g., accounting, sales force automation, CRM, etc.).
- Authorized software is IBM middleware included in a Business Partner's IBM approved value adding solution. The sale of IBM authorized software with an IBM approved value adding solution to an end user qualifies the Business Partner for the Value Advantage Plus incentive.
- Compliance review is an analysis by IBM (or its representative) to verify that at least 40% of the value add to an end user in a Value Advantage Plus solution transaction comes from other-than-IBM-middleware software (e.g., a software application, a repeatable service, or combination of a software application and a service built around IBM software technology).
- A Distributor is under contractual agreement with IBM to resell software to Business Partners that resell IBM middleware software (i.e., Tier 2 resellers). A Distributor supports Tier 2 resellers of IBM middleware software with a variety of services including, but not limited to, order management, credit, market development, and Business Partner satisfaction. Operating under the IBM Distributor Agreement, a Distributor may not sell to end users directly. A preferred Distributor is selected by a Business Partner participating in Value Advantage Plus to fulfill end user software orders that are eligible for the Value Advantage Plus incentive.
- End user is anyone that acquires software for their own use and not for resale. The end user cannot be part of the Business Partner's firm.
- An independent software vendor (ISV) develops and sells software assets as a primary business. ISVs can sell services related to their software offerings, but build their business model primarily around the development and marketing of application software.
- Middleware is infrastructure technology-based software that enables applications and other uses of information technology.
- Operating system is software that controls the computer's input/output systems such as keyboards and disk drives, and that loads and runs other computer programs. The operating system is also a set of mechanisms and policies that help define controlled sharing of system resources. AIX®, Linux®, Windows®, and OS390® are examples of operating systems. Value Advantage Plus does not include any incentive consideration for operating systems.
- Solution identification number is a PartnerWorld for Software system-generated unique number which corresponds with Business Partner's value adding solution. The solution identification number (or solution identifier) must be included with each

order for IBM authorized software that is part of a Value Advantage Plus solution transaction in order to verify the Business Partner's eligibility for the Value Advantage Plus incentive.

- A solution provider (SP) combines installation services, application software, communications services, and other technology offerings typically into a "turn key" solution for an end user.
- Solution transaction is the sale of the Business Partner's value adding solution and IBM authorized software to an end user where the value add is at least 40% of the combined total billed value of the transaction. Billing for the transaction may be on one or more invoices from Business Partner, or from the Business Partner and IBM, but must be generated within a six month period. The value of the authorized software is calculated using the value as billed to the end user. The value as billed to the end user is strongly related to the Suggested Volume Price (SVP) or the Suggested Retail Price (SRP), whichever is applicable.²
- A systems integrator (SI) offers professional IT consultation and services as a primary business. Typically, SIs recommend software solutions and/or implement the solutions for an end user.
- Value Advantage Plus Identification Number is a unique number assigned to the Value Advantage Plus participant. The Value Advantage Plus Identification Number is to be used when placing orders for IBM software and claiming the Value Advantage Plus incentive. The identification number is provided to a Business Partner when the Business Partner is approved to participate in Value Advantage Plus. The identification number is recorded in the Business Partner's PartnerWorld for Software profile. The Value Advantage Plus Identification Number is different from the Business Partner's PartnerWorld for Software Membership ID.

² For SRP or SVP geography-specific information, please refer to the Value Advantage Plus Operations Guide

Double Your Discount with Linux Incentive

Where available, eligible Business Partners participating in Value Advantage Plus can earn up to twice the discount that is normally suggested by IBM for transactions when the IBM software is sold with approved Value Advantage Plus solutions identified for the Linux platform.

For a transaction to qualify, IBM must receive the order from the Business Partner's preferred Distributor on or after August 18, 2003 and by no later than June 30, 2004.

Note: This offer is available only in certain countries. If you have questions, please contact your local PartnerWorld Contact Services/Membership Centre regarding the Double Your Discount with Linux Incentive in your country.

Additional Details

Value Advantage Plus participants with an approved solution are eligible for a suggested* discount of 30% from their preferred Distributor when selling the IBM authorized software with the solution to a Customer that is designated by IBM as a small or medium-sized business. With this new incentive, Business Partners are eligible for a suggested* discount of 60% -- DOUBLE the normally suggested* discount -- when the solution is:

- adapted or created so the IBM software runs on the Linux platform
- registered for Value Advantage Plus as a Linux-identified solution, and
- sold to a small or medium-sized business that uses the IBM software at their site on a Linux platform.

* **Note:** the actual discount a Business Partner receives from the Distributor is determined solely by the Distributor and not by IBM.

Business Partners may begin registering Linux solutions for Value Advantage Plus through PartnerWorld for Software beginning August 18, 2003.

Eligibility

The Double Your Discount with Linux incentive applies to new licenses of the software products sold through Passport Advantage Express or Passport Advantage, excluding transactions that are part of Passport Advantage contracts designated as Enterprise License Agreements (ELA). Sales of shrink wrap or maintenance renewals are not eligible.

Business Partners that meet the criteria and are approved for Value Advantage Plus are eligible for the Double Your Discount with Linux incentive.

For a solution to be eligible for the Double Your Discount with Linux incentive, it must be explicitly registered as a Linux solution and approved for Value Advantage Plus as a Linux identified solution. Transactions must be ordered using the uniquely assigned Linux Solution Identifier provided to the Business Partner by IBM.

To apply for participation in Value Advantage Plus or to seek approval for solutions, including those for Linux, Business Partners submit a Value Advantage Plus application form through PartnerWorld for Software. Solutions already approved for Value Advantage Plus that may also run on the Linux platform must be registered again, identifying them for Linux. Additional details for participating in the Double Your Discount with Linux incentive will be provided to Business Partners approved for Value Advantage Plus in an updated Operations Guide.

The incentive does not apply to sales transactions to Enterprise Customers.

This announcement does not change the Value Advantage Plus influence fee option through ibm.com, where it is available. The fee remains for all eligible transactions, including transactions for Linux identified solutions.

IBM reserves the right to either withdraw or change the Linux incentive and the associated benefits at any time. IBM reserves the right to make the final determination on participation and benefits. Other restrictions may apply.

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