

Coremetrics Acquisition FAQs

IBM's Acquisition of Coremetrics Frequently Asked Questions and Answers

August 2nd 2010

1. **What are you announcing today?**

IBM is announcing that, with the close of the acquisition, it is now holding 100% of the share capital of Coremetrics. Coremetrics is a privately held company headquartered in San Mateo, California. Coremetrics and IBM have been business partners since 2006 when Coremetrics completed an integration of their solutions with IBM's WebSphere Commerce.

2. **Who is Coremetrics? What do they do?**

Coremetrics is a leader in integrated marketing optimization solutions which leverage sophisticated web analytics. Its solutions help businesses optimize their marketing programs to make the most relevant offerings available, every time, anywhere, automatically. Through Coremetrics's offerings, companies are able to get insight and the tools they need to target their customers with compelling offers and significantly improve and measure their results. Coremetrics is a thought leader in emerging digital markets such as social media and mobile device analytics.

The Coremetrics solutions are delivered as Software as a Service (SaaS). By leveraging the SaaS solution, customers are able to substantially reduce implementation time and more quickly realize the benefits of optimized online marketing, improved effectiveness of their marketing spend, and most importantly, improvements to their bottom line.

Additionally, Coremetrics offers Client Services designed to provide world-class client services including customer support, enablement, education, implementation and digital marketing consulting services.

3. **What capabilities does Coremetrics provide?**

Coremetrics's solutions encompass web analytics and behavioral marketing solutions including cross-sell recommendations, email targeting, ad impression attribution, and search engine bid management.

Coremetrics's Continuous Optimization Platform is a unique system that addresses the need to convert and retain customers online. This platform leverages a Lifetime Individual Visitor Experience (LIVE) Profile, which tracks a customer's browsing behavior over the long term and can be used across Coremetrics's products to optimize results across marketing campaigns. These profiles allow companies to tailor experiences based on their individual history on a web site, via email and across multiple ad networks. Coremetrics's solutions are delivered on a web analytics platform designed to anticipate customer needs, automate marketing decisions in real time, and syndicate information across all customer channels.

4. **Why Coremetrics?**

Coremetrics has an established track record for delivering a tightly integrated set of marketing optimization solutions that leverage a sophisticated online analytics capability. Coremetrics is a recognized leader in emerging online markets such as social media and mobile analytics and is currently serving more than 2,100 online brands globally.

Through this acquisition, IBM will now be able to offer a differentiated approach to enable dynamic business networks by optimizing marketing interactions. The combined technology of IBM and Coremetrics will deliver deeper business insights, enhance every customer experience with targeted interactions and improve customer loyalty, which ultimately, will empower marketing professionals to deliver better business outcomes. This approach

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includes anticipating customer needs, automating marketing interactions and delivering the right offer to the right channel at the right time.

In addition, through Coremetrics's unique LIVE customer profiles, precision marketing can be done at the individual customer level across multiple sites within the web. Additionally IBM and Coremetrics will offer our clients insights which will help them better tune their marketing spend with online portals and search engines.

5. What is creating the need in the market for the capabilities Coremetrics provides? Why is IBM doing this now?

Online channels and digital media continue to be one of the fastest growing segments in many industries and to address this opportunity; marketing organizations are finally making the investments in technology that other functional groups made years ago. Organizations are looking for ways to work more efficiently and profitably within their communities of business partners, clients and suppliers.

They require agility to keep pace with today's dynamic and challenging business environment, both to improve relationships with clients and to capitalize on growth opportunities. IBM continues to leverage both organic development and acquisitions to deliver increased business agility to clients. Frequently, business agility requires visibility and optimization across a company's network. Coremetrics will enable our customers with the ability to gain deeper business insights, personalize every customer interaction and drive better decision execution that will allow organizations to drive business optimization across customer channels. In short, Coremetrics is a leader in providing tightly integrated marketing optimization solution on top of some of the most innovative web analytics in the industry.

Coremetrics has a broad customer base across a variety of industries with proven products to gain visibility across consumer networks. Coremetrics offers advanced web analytics capabilities which power a sophisticated set of integrated marketing optimization solutions. The combination of IBM's offerings with Coremetrics's capabilities will allow companies to optimize cross-channel marketing interactions and improve the effectiveness of marketing spend.

6. How will the Coremetrics product portfolio be offered with the IBM software portfolio?

IBM's intent is to make available offerings from Coremetrics into IBM's Software Group as part of the Application Integration Middleware (AIM) division. Coremetrics and IBM will work together to integrate their teams across all related functional areas such as eCommerce, business optimization and business analytics. IBM will leverage the expertise Coremetrics offers in integrated marketing optimization solutions through web analytics, and help expand sales coverage of existing Coremetrics products and value propositions.

7. Will Coremetrics be integrated into IBM's Business Analytics investments?

Coremetrics will reside within the Industry Solutions team in IBM Software Group and will be part of our focused effort to deliver increasing business agility and an enhanced customer experience. There are also obvious synergies with our eCommerce portfolio and investments in Business Process Management.

In addition, Coremetrics's web analytic capabilities will be closely related to IBM's Business Analytics mission. IBM manages our technology portfolio in a way that allows us a high degree of reuse and we have a solutions focus driven by Industry Agendas. Through these industry vertical connections Coremetrics and IBM Business Analytics technologies such as Cognos and SPSS will be leveraged together to meet the unique needs of the individual industries we serve.

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8. Will Coremetrics capabilities be leveraged by IBM's Business Analytics and Optimization (BAO) Consulting organization?

Yes, Coremetrics clients will be able to take advantage of IBM Global Business Services as an industry leader in BAO consulting, strategy and change consulting, business process management, and SOA Services. The Coremetrics web analytics and behavioral marketing solutions will be used by the GBS Industry and Service Line practitioners for both IBM's enterprise clients and General Business practice.

9. How will Coremetrics be positioned with the existing IBM portfolio?

Coremetrics clients and partners will be able to enhance their existing capabilities with the full breadth and depth of IBM's portfolio, including WebSphere Commerce, WebSphere Portal, Cognos, SPSS, WebSphere MQ, WebSphere Message Broker, WebSphere Enterprise Service Bus, and WebSphere ILOG to name a few. Conversely, IBM clients and partners will be able to extend their eCommerce and Portal solutions to include Coremetrics's leading web analytics and behavioral marketing solutions.

10. Did IBM divest of SurfAid capabilities a few years ago?

Yes, in 2006 IBM divested SurfAid business to Coremetrics.

11. Why is IBM buying a business similar to what it sold four years ago? Is there any difference between SurfAid that IBM sold in 2006 and Coremetrics?

Coremetrics today is much broader than what SurfAid was in 2006. Coremetrics has built a new cloud-based delivery model but more importantly, has added the marketing solutions on top of analytics that bring tremendous new value to marketing professionals. As a result, Coremetrics is serving over 2,100 online brands globally. IBM is acquiring Coremetrics because of the broad range of integrated marketing optimization capabilities it will bring to clients. Technology provided by Coremetrics helps organizations enable more dynamic business networks by optimizing marketing interactions. Its technologies advance IBM's ability to enable the creation of dynamic business networks.

12. How will Coremetrics enhance IBM's current Industry Framework strategy?

IBM is seeing great success with the Industry Frameworks and views them as critical to the strategy for Coremetrics. IBM's Industry Framework strategy combines the power of IBM software with industry-specific software extensions, solution accelerators and best practices, to help clients deploy solutions faster and at lower cost and risk. A framework approach helps clients migrate to a more strategic and flexible technology architecture that is aligned with the needs of their business. IBM anticipates that the existing Industry Frameworks focused on the Retail, Financial Services, Travel and Transportation and Telecommunications industries will be enhanced to include the new, industry-specific capability that Coremetrics brings to bear. For example, the Retail Industry Framework's Next Generation e-Commerce domain will benefit from new capabilities in the areas of web analytics and behavioral marketing solutions. We expect similar enhancements to IBM's Industry Frameworks serving the financial services, travel and transportation, and telecommunications industries. Formal announcement of specific enhancements to Industry Frameworks will occur as part of the overall integration of the Coremetrics operations into IBM.

13. What are IBM's plans with the Coremetrics technology?

With a strong customer base and recognized leading solution, IBM is excited to invest and build the Coremetrics portfolio. IBM plans to protect customer investments in both Coremetrics and IBM products, and IBM intends to provide continued world-class service and support plans for Coremetrics offerings. Detailed product and support plans for Coremetrics offerings will be developed.

14. What is IBM's policy on the use of analytics?

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IBM's use of analytics tools is done in strict compliance with the company's well-regarded global privacy policies and practices and relevant applicable laws. In most instances, IBM's use of the analytics would raise no privacy issues at all, as they relate to operations data such as corporate sales and supply chains. However, if a project relates to sensitive data about individuals, e.g. analytics used to detect anomalies in employee expense reporting, we follow our well-established privacy and HR policies as well as relevant applicable laws in making appropriate use of such information.

15. How will IBM business partners benefit?

IBM continues to leverage both organic development and acquisitions to address new and adjacent markets. These investments create exciting opportunities for IBM's business partners to expand and serve new and existing clients with the most complete set of solutions in the market. IBM Business Partners will have access to web analytics and other capabilities from Coremetrics as Coremetrics integrates into the IBM processes. This will give them additional opportunities to provide web analytics and behavioral marketing optimization solutions.

16. How will Coremetrics business partners benefit?

Coremetrics business partners can benefit as follows:

- Partners will gain access to expand their offerings and services to existing clients and to attract new clients with support from IBM around the world.
- Partners achieve faster time-to-value by integrating with IBM's open standards based, multiplatform offerings.
- Partners receive access to skilled resources through IBM Global Services Delivery Team.
- Partners will expand their global reach by leveraging IBM's international presence in 170 countries.
- Partners can leverage IBM's world class enablement through IBM PartnerWorld and our worldwide business partner team.

17. When will IBM business partners be able to sell Coremetrics offerings?

The integration team will announce training, education, and enablement plans for IBM business partners including processes for selling the offerings.

18. What is the strategy for the existing Coremetrics business partner ecosystem?

IBM's intent is to continue these valuable relationships and align operations and processes as part of the integration of the Coremetrics business. IBM's broad portfolio will create immediate opportunity for Coremetrics partners to serve adjacent opportunities with a consistent and comprehensive set of middleware offerings.