

Announcing IBM's acquisition of Sterling Commerce August 27, 2010

Frequently asked questions

1. Q. What are you announcing today?

A. IBM today, August 27, 2010 announced the completion of IBM's acquisition of Sterling Commerce from AT&T. Sterling Commerce is now an IBM company headquartered in Dublin, OH with development, operations, marketing and sales offices around the world.

2. Q. Who is Sterling Commerce? What do they do?

A. Sterling Commerce, an IBM Company, enables customers to quickly, easily and securely optimize and extend their dynamic business networks with both selling and fulfillment and B2B integration solutions. Sterling Commerce helps companies increase business agility by providing innovative solutions that enable seamless and secure integration with customers, partners and suppliers, and by streamlining the commerce lifecycle to enhance the way they do business.

For over 30 years, Sterling Commerce has enabled industry-leading companies to engage in productive collaboration with customers, partners and suppliers. With more than 18,000 clients worldwide, Sterling Commerce is a recognized leader in B2B integration and cross-channel commerce solutions.

3. Q. What capabilities does Sterling Commerce provide?

A. **Sterling Commerce B2B integration solutions** enable organizations to improve agility through end-to-end integration to seamlessly extend SOA transaction processing and management across trading and partner networks.

Sterling Commerce cross-channel selling and fulfillment solutions help organizations enhance the customer experience by optimizing selling and fulfillment processes across all channels. Sterling Commerce selling and fulfillment solutions are available both as "on premise" licensed software, as well as through SaaS (Software-as-a-Service) delivery and contractual models.

Sterling Commerce also offers Professional Services designed to provide a superior customer experience including services for customer support, education, and implementation, as well as outsourced managed and hosting services.

Please visit the Sterling Commerce home page for more information about product and service offerings. <http://www.sterlingcommerce.com/>

4. Q. Why Sterling Commerce?

A: Through this acquisition, IBM now offers a differentiated approach to managing transactions across an enterprise's entire business network. Together, IBM and Sterling Commerce can better enable dynamic business networks by giving clients the ability to integrate, interact, and execute across internal operations and extended value chains. With the combined IBM and Sterling offerings, organizations will be able to achieve greater control over, flexibility with, and visibility into their critical business processes – within and beyond enterprise boundaries – to fuel new growth while managing costs.

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

A: Organizations are looking for ways to create more intelligent networks of business partners, customers and suppliers in order to enhance efficiency and profitability. These interactions are increasing dramatically due to the proliferation of electronic business transactions, from banks exchanging transaction data and manufacturers sourcing raw materials electronically, to retailers automating stock replenishment and managing orders online.

Sterling Commerce provides cross-channel commerce software that integrates networks of partners across a wide range of industries. The combination of IBM and Sterling Commerce enables the integration of key business processes across channels and trading partner networks -- from marketing and selling to order management and fulfillment.

With its acquisition of Sterling Commerce, IBM advances its ability to help clients integrate and automate business processes, resulting in improved demand generation, customer experience and fulfillment. Using the combined technologies of IBM and Sterling Commerce, clients have the flexibility to manage these processes – and their networks of business partners --through public or private cloud computing environments.

6. Q. How will Sterling Commerce technology be integrated into the IBM software portfolio?

A. IBM will integrate offerings from Sterling Commerce into IBM's Software Group as part of the Industry Solutions group. IBM is focused on meeting client demand for high-value, integrated offerings, while continuing to develop targeted industry solutions. With the acquisition now closed, Sterling Commerce will play an integral part in executing this strategy. In addition, Sterling Commerce will also be tightly interlocked with the Application Integration Middleware team to ensure strong links to AIM's Connectivity and Integration and Business Process Management Solutions. Sterling Commerce and IBM will work together to integrate their teams across all functional areas. IBM will leverage Sterling Commerce's expertise in B2B Integration and cross-channel commerce solutions, and help expand sales coverage of existing Sterling Commerce products and value propositions.

7. Q. How will Sterling Commerce be positioned with the existing IBM portfolio?

A. Sterling Commerce clients and partners can enhance their existing capabilities with the full breadth and depth of IBM's portfolio, including WebSphere Message Broker, WebSphere Enterprise Service Bus, WebSphere Service Registry and Repository, WebSphere ILOG, WebSphere Process Server, WebSphere Lombardi Edition and WebSphere Business Events to name a few.

For their part, IBM clients and partners can extend integration and business processes management solutions beyond organizational boundaries to clients, partners and suppliers with Sterling Commerce B2B integration capabilities. In addition, IBM clients can augment their Commerce solutions provided by IBM with sophisticated order management, CPQ (configure, price and quote), and logistics capabilities from Sterling Commerce.

8. Q. Did IBM divest of EDI capabilities a few years ago?

A. Yes, in 2004 IBM divested its EDI VAN services business to Francisco Partners, which at the time was the majority shareholder of Global eXchange Services (GXS).

9. Q. Why is IBM buying a business similar to what it sold six years ago? Is there any difference between the EDI VAN IBM sold in 2004 and Sterling Commerce?

A. Yes, since 2004, IBM has seen clients look to enable more dynamic business networks, and the Sterling Commerce broad range of capabilities, combined with IBM's more recent

investments in Service Oriented Architecture and Business Process Management will deliver significant value in this arena. Sterling's cloud offerings are strategic to IBM Software Group, and the Sterling's Collaboration Network is a core asset for providing customers differentiated integration solutions.

10. Q. Will Sterling Commerce capabilities be leveraged by Global Business Services?

A. Sterling Commerce clients will be able to take advantage of IBM Global Business Services as an industry leader in strategy and change consulting, business process management, and SOA Services. The Sterling Commerce B2B Integration and cross-channel selling and fulfillment solutions will be used by the GBS Industry and Service Line practitioners for both IBM's enterprise and general business clients.

11. Q. How will Sterling Commerce enhance IBM's current Industry Framework strategy?

A. IBM will integrate offerings from Sterling Commerce into IBM's Software Group as part of the Industry Solutions group, and we anticipate that IBM's existing Industry Frameworks focused on the Retail, Industrial/Manufacturing, and Banking and Telecommunications industries will be enhanced to exploit the new, industry-specific capability that Sterling Commerce brings to bear. For example, the Retail Industry Framework's Supply Chain and Stores/Channels domains will benefit from new capabilities in the areas of customer order management, supply chain visibility, and B2B offerings. We expect similar enhancements to IBM's Industry Frameworks serving the banking, industrial/manufacturing, and telecommunications industries. Formal announcement of specific enhancements to Industry Frameworks will occur as part of the overall integration of the Sterling Commerce operations into IBM.

12. Q. What are IBM's plans with the Sterling Commerce technology?

A. IBM plans to protect customer investments in both Sterling Commerce and IBM products, and to provide continued world-class service and support plans for offerings from Sterling Commerce. With the acquisition now closed, detailed product and support plans for Sterling Commerce offerings will be communicated to customers and business partners as they are developed

13. Q. How will IBM business partners benefit?

A. IBM, now with Sterling Commerce, can better enable organizations to integrate, interact, and execute across internal operations and extended value chains. As customers deal with more dynamic business networks, IBM with Sterling Commerce delivers the ability for customers to achieve greater control over, flexibility with, and visibility into critical business processes across internal operations and extended value chains, fueling new growth while managing costs. IBM's strategy of organic growth and acquisition continues to give IBM Business Partners unmatched competitive advantage, market differentiation and the ability to lead and deliver innovative solutions that address the ever growing and changing needs of our joint clients.

14. Q. How will Sterling Commerce business partners benefit?

A. Sterling Commerce business partners gain an opportunity to expand their offerings and services to existing clients and to attract new clients with support from IBM around the world. As IBM business partners they will be able to

- Achieve faster time-to-value by integrating with IBM's open standards based, multiplatform offerings.
- Expand their global reach by leveraging IBM's international presence in 170 countries.
- Leverage IBM's world class enablement through IBM PartnerWorld and WebSphere's world wide business partner team.

15. Q. When will IBM business partners be able to sell Sterling Commerce offerings?

A. With the acquisition now complete, the integration team will begin to announce training, education, and enablement opportunities for IBM business partners including processes for selling the offerings. Additional information is available in the Sterling Commerce Sales Kit on IBM PartnerWorld. If you would like to be added to a distribution list for future IBM Sterling Commerce business partner announcements and communications please send an email to adrian.bird@us.ibm.com.

16. Q. What is the strategy for the existing Sterling Commerce business partner ecosystem?

A. Sterling Commerce has a rich and vibrant partner ecosystem. It is IBM's intent to continue these new and valuable relationships and to develop our joint business opportunities as part of the integration of the Sterling Commerce business following close. IBM's broad portfolio creates immediate opportunity for Sterling Commerce partners to serve adjacent opportunities with a consistent and comprehensive set of middleware offerings. Training, education, and enablement plans will be made available for existing Sterling Commerce business partners to learn the processes and requirements for selling offerings from the broader IBM portfolio. If you would like to be added to a distribution list for future IBM Sterling Commerce business partner announcements and communications please send an email to adrian.bird@us.ibm.com