



Partner Snapshot

Driving Innovation in the Mid-Market:
IBM Systems & Technology Group Vertical Industry Program

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Overview of the IBM Vertical Industry Program

The IBM Systems and Technology Group Vertical Industry Program, or IBM VIP, is the combination of the former IBM System p (PowerNet) and System i (VIP) Business Partner ecosystem initiatives. VIP is a joint sales and marketing initiative with IBM Business Partners that is focused on developing new mid-market opportunities in distinct vertical sub-industries with high growth potential. The unified program has focused on the IBM Power Systems servers, but is now expanding to include IBM System Storage, IBM BladeCenter, and other IBM platforms in its scope.

VIP has teamed with more than 700 specialized Business Partners who are delivering business solutions for more than 120 sub-industries across forty countries. The program seeks to establish leadership in strategic sub-industry segments across all geographies. VIP is a custom (by invitation only) program that includes regional or sub-industry-focused ISVs, SIs, VARs, and distributors. One of the key differences of this program compared with other partner initiatives is its localization and highly targeted sub-industry approach that adapts execution elements to local conditions. This approach has been very successful for both IBM and its Business Partners. In 2007, \$600 million in incremental revenue was realized by partners; this exceeded the revenue targets for the program. VIP is a long-term commitment from IBM to motivated partners that want to embark on a game-changing approach to growing their success in the mid-market.

Focus and Goals: VIP in 2008

A fundamental goal of VIP is for IBM and its Business Partners to simplify the IT experience for mid-market clients worldwide. During 2008, VIP will continue to raise the awareness of the VIP solutions portfolio that is available through, and supported by, regional IBM Business Partners. To this end, VIP will focus on highlighting its portfolio of sub-industry solutions across existing VIP countries as well as growing new partner participation across all geographies to increase the number and variety of innovative solutions available.

Building on VIP's success to date, IBM is announcing an expansion of the program to support a broader range of industries and platforms. These new technologies include:

- ◆ IBM System Storage
- ◆ IBM BladeCenter
- ◆ Product solutions across the new Power System Server portfolio (as released)

In addition to supporting new technologies, VIP plans geographic expansion during 2008 to include Turkey, Israel, and South Africa, among others.

Business Partner Benefits

The mid-market is a competitive opportunity where partners are often struggling to grow business and are very much in need of properly tailored offerings to meet their customers' needs. Through VIP, IBM is teaming with targeted local partners to support sub-industry niches that are well positioned for growth. While partners provide an important conduit through which IBM can sell more hardware, software, and service, for the partner, backing from an industry giant with unparalleled client knowledge can lead to an enhanced local market position, increased awareness, and ultimately, increased business opportunity.

The objectives of VIP are straightforward:

- ◆ Drive new account revenue by targeting non-IBM or dormant IBM customers;

- ◆ Create opportunities for new-to-the-partner customer development;
- ◆ Drive migration opportunities for existing customers on competitive platforms;
- ◆ Promote solutions-focused selling;
- ◆ Drive awareness, consideration, and demand generation for IBM and its VIP partners' solutions.

VIP has dedicated country ownership teams featuring sales and marketing managers that are executing VIP initiatives on a worldwide basis. These teams appoint VIP partners in each geography and sub-industry segment and work collaboratively to seek out and develop new incremental revenue. At present, over \$10 million in co-marketing funds have been committed for VIP engagements with Business Partners. This reflects VIP's position that more can be done by IBM in concert with its partners than either going it alone.

Business Partners including ISVs, SIs, VARs, etc., can find considerable opportunities to deliver add-on solutions and services that complement the base VIP offerings. Add-ons can include IBM software and services as well the partner's or third-party offerings. Past experiences of current partners have shown that each \$1,000 of IBM hardware sales can lead to upwards of \$3,000 in partner-delivered software and services revenue.

Customer Benefits

Too often mid-market customers have had to settle for stripped-down enterprise solutions or cobbled-together point products that were originally intended for the entry-level marketplace. Unfortunately, neither of these approaches adequately meets the needs of organizations of this scale. Although some vendors have attempted to tailor mid-market solutions, at best these offerings have been horizontally focused, or simply too broad to excel in this market space.

With IBM's VIP, customers benefit from a large ecosystem that is building a portfolio of solutions specifically designed for the mid-market and available today. This is a great opportunity for mid-market organizations as VIP stresses customer engagements with regional providers that have the local market knowledge and execution prowess. The sub-industry focus, which targets customers' specific needs, helps minimize unnecessary or burdensome "extras" often found in broader-based or more generic solutions.

Tailored mid-market offerings from IBM offer enterprise value, performance, and expertise that is sized and priced accordingly and delivered through local providers. IBM platforms are cost-effective today but also offer the investment protection and flexibility necessary to support current success and future growth. These technological underpinnings provide extremely competitive security and simplified IT management capabilities that are well positioned to address the skill set and resource limitations of mid-market organizations.

Additionally, VIP customers benefit by gaining faster access to integrated business and IT solutions that are simple to implement, easy to maintain, competitively priced, and optimized on the right technology. VIP brings together the products, expertise, and consulting services of a rich ecosystem to assist customers in making appropriate choices to support their environments. This collaborative approach highlights the Business Partner value chain: IBM helps Business Partners help customers.

A Broad Range of Available Solutions

VIP Business Partners have already developed a large portfolio of targeted offerings. The following table highlights sample solutions from various geographies. It should by no means be considered an exhaustive listing of the VIP solutions available. A listing of all the VIP solutions that are currently available in English may be found at:

http://www-304.ibm.com/jct09002c/gsdod/searchprofile.do?name=VIP_solutions

| Geography and Country | VIP Partner and Solution Description |
|--------------------------|--|
| Americas Group Canada | <p>Serti Informatique, Inc. (SDS) Serti Dealership System</p> <p>SDS's basic module covers almost all auto and heavy truck dealership operations including accounting, payroll management, vehicle inventory management, customer followup, parts management, appointment management, service management, shop control, point-of-sale invoicing, purchase orders, F&I, showroom control, data archiving, and manufacturer certifications, among others. SDS offers competitive setup and monthly operating costs, only one operating license to pay for the multiple sites served by a single server, no additional license fees for additional users.</p> |
| Asia Pacific India | <p>Tata Consultancy Services TCS/CMC Biometric Authentication System (BAS)</p> <p>The BAS of CMC Ltd is a set of APIs that register and authenticate users based on fingerprint biometrics. The solution provides an external authentication service for Tivoli Access Manager and has been deployed in law enforcement, civilian, and commercial applications.</p> |
| NE EMEA Switzerland | <p>Dataline AG DIAS-iS Integrated IT ERP Solution</p> <p>DIAS-iS is an ERP offering that covers collaborative sales and procurement, point-of-sale, order fulfillment, supply chain management, demand-driven manufacturing, inventory control, warehousing, and after-sales service. The suite of integrated tools for business analysis and financials assists customers in maximizing profits and focusing on critical success factors.</p> |
| SW EMEA Belgium | <p>Cortex Quality Software nv LAB400 Laboratory Information Management System</p> <p>LAB400 supports the administration, billing, and invoicing of the laboratory; provides connections with analysts (LinkIT), optical mark reading and bar-codes, expert systems (VALAB), QC Systems (QCToday, Unity-Pro, VQAT), Integration of Business Intelligence Tools (Business Objects); supports quality control; features a built-in expert system to check laboratory demands and results; and enables the relational database for educational and research purposes. The offering supports GLP and there is a paperless microbiology model available. LAB400 is a multilingual solution available in English, Dutch, Flemish, French, German, Italian, Spanish, and Hebrew.</p> |
| Asia Pacific Japan | <p>Class Technology Co, Ltd. ECOjects / TotalBOM</p> <p>TotalBOM is an integrated BOM/cPDM solution that supports the complete product lifecycle from engineering, manufacturing, procurement, marketing, and sales to after-service. TotalBOM manages all data in a single database to provide an effective realtime collaborative environment.</p> |

Customer Successes (Case Studies)

While we have reviewed many aspects of IBM VIP and the value it affords both partners and customers in general, it is helpful to see specific examples of customer and partner benefits. The following sections outline several customer successes where the combination of IBM technology and services with VIP Business Partners resulted in a solution that not only met the specific business need, but also improved overall IT operation and business agility.

Asbestos Workers Local 61 and KMR Systems

As a branch of the International Association of Heat and Frost Insulators and Asbestos Workers, the Local 91 of White Plains, New York is dedicated to managing labor issues and administering benefits such as vacation time, welfare payments, annuities, and pensions to workers and their families. Although it was founded in 1929, Local 91 embraces current technology to serve the members' needs. Unfortunately, the union encountered significant challenges with its existing computer system. The union needed an integrated hardware and software solution that would be easy to use, improve the efficiency of daily tasks, and not require union personnel to worry about managing the technology. Local 91 sought a solution that offered the flexibility and scalability to grow with the union's future needs as well as having security features such as HIPPA compliance for handling sensitive information.

A combined team from KMR and IBM demonstrated KMR's solutions on the IBM System i platform. Local 91 was impressed with the simplicity of the solution and ease in which it delivered the information being sought. After thoroughly checking references, the union selected KMR and IBM for its new solution. One compelling factor in the vendor choice was the combination of IBM's reputation with KMR's experience and knowledge of how labor unions operate which was derived from its long-term client relationships with other unions.

Local 91 selected an IBM System i 515 Express server equipped with an IBM POWER5+ processor, i5/OS operating system, IBM DB2, and SQL for database support. System i delivers an integrated easy-to-manage environment with flexibility and scalability for the future. With the multiple operating system support of System i, Local 91 can choose applications based upon Windows, Linux, AIX, and i5/OS.

KMR technicians performed the system installation and migrated the union's database files to the new server; the consulting services were well received by the union. With input from the union, KMR customized the solution to help improve the accuracy of information and the efficiency of accessing it, and redesigned each component of the funds administration to meet Local 91's specific needs. In addition, KMR was able to automate several tasks to create a more accurate and efficient solution. According to the union, building its long-term relationship with trusted VIP provider KMR introduced a wealth of new ideas, and power to make significant changes in how it operates to provide better service and attention to its members' needs.

Hemas Holdings and Computer Systems Limited

Hemas Holdings PLC in Sri Lanka was founded in 1948; today it is a diversified conglomerate composed of twenty subsidiaries spanning five key industry sectors: consumer goods, healthcare, transportation, leisure, and strategic investments. For the past ten years, Hemas has focused on building market share, broadening product and service offerings, and expanding into new international markets. However, to meet its growth targets, Hemas needed to optimize its internal processes to achieve a better understanding of customer needs and its ability to service those needs. The key aims were to reduce production costs, decrease time-to-market for new products and services, enhance customer service, improve

the speed and quality of reporting, and gain a clearer view of enterprise-wide business processes. The existing application architecture included a variety of legacy solutions for financial management, human resources, sales management, and other business functions. Regrettably, the lack of integration made it difficult to extract meaningful data for analysis or coordinate business activities. This created significant challenges for the IT staff, which were required to build and maintain interfaces and data feeds between the disparate systems.

Hemas worked with Computer Systems Limited, a local IBM Business Partner, on the deployment, with specialist assistance from IBM engineers. Hemas considered several tier-1 vendors before choosing IBM; however, Hemas's previous experience with the System i platform and the platform's integration of the IBM DB2 database in i5/OS operating system convinced the firm that it was a ready-made platform for SAP ERP. Hemas decided to implement SAP ERP and the SAP NetWeaver Business Intelligence component on two IBM System i servers on a six-month deployment schedule.

By adapting its business processes to the SAP software standards, as opposed to undertaking extensive customization, the deployment schedule was achieved. The production environments for both applications run in separate logical partitions on an IBM System i 550 with four POWER5+ processors; two additional partitions support the test, development, and quality assurance environments. A System i 520 configured with a single logical partition provides a backup so that if the primary server were to fail, the backup SAP environment can be restarted on the System i 520 within an hour.

Through its deployment of an integrated ERP solution, Hemas simplified its application landscape, and reduced the number of servers as well as related software licensing costs. The IT staff has been released from the management of application connectors to focus on higher-value tasks. The new solution provides consistent access to data in real time as well as more detailed, accurate, and timely management information, with powerful analytical tools in SAP NetWeaver BI. As a result, the business has easy access to consistent, accurate data, enabling Hemas to plan and execute its growth strategy more effectively.

Bertolini and Sanmarco Informatica

Formed in 1994 from the merger of Bertolini Macchine Agricole and Nibbi, Bertolini S. p. A. is part of the Yama Group, and has operations in Italy, Germany, France, and Spain. Bertolini designs, manufactures, and sells worldwide a variety of agricultural machinery. Over the past ten years, Bertolini has been expanding rapidly and has developed new specialist products using components manufactured in new facilities in the Far East. The existing ERP solution was essentially "closed" which made it difficult to gain a clear view of the extended production chain, while at the same time the firm needed to follow component production right through assembly in its Italian factories. Bertolini wanted to transform its approach to production planning to achieve an end-to-end view of the manufacturing process that would offer more responsive customer service. The company also wanted to allow customers to specify and buy products via the Web, and be able to monitor order progress and delivery. Bertolini needed a high-performance ERP solution that could scale to meet future demand.

Bertolini selected the Galileo solution from Sanmarco Informatica, an IBM Premier Business Partner. Sanmarco, selected, sized, and configured the solution; the platform of choice was the IBM System i 525 Express server. The System i 525 servers feature POWER5+ processors offering advanced virtualization and logical partitioning, enabling each processor to run multiple server environments simultaneously on the same hardware. Since the DB2 database is fully integrated into i5/OS, Bertolini did not need to employ a separate database administrator. The Galileo software is modular, so as requirements change over time, it will be simple to add or delete functionality.

The Galileo solution provided Bertolini an integrated view of its global operations and enabled it to plan and schedule manufacturing based on accurate and timely information. As a result, assembly operations can be timed to coincide exactly with the delivery of the relevant components for each product thus reducing delays and improving factory efficiency. With the new ERP solution in place, Bertolini can now focus its employees to take full advantage of the solution to adapt to new ways of working that will ultimately lead to enhanced global expansion and improved customer responsiveness.

Dubach Handels and Dataline

Dubach Handels AG is a food wholesaler headquartered in Richterswill, Switzerland, with additional operations in Bäch and Wollerau. The company's aging point of sales (POS) infrastructure was becoming an impediment to serving its expanding customer base. Dubach wanted to introduce modern POS terminals featuring touch-screens and integrated scanning technology, and realized that its back-end infrastructure would need updating. The existing POS management software was relatively complex and inflexible, used a command-line interface, and could no longer adapt to new functional requirements. Further, Dubach was reliant on a single external consultant for all software support: a significant business risk.

Dubach selected Dataline, an IBM Premier Business Partner, to design, implement, and provide ongoing support for its new POS infrastructure. Since Dubach has no interest in having a dedicated internal IT support function, the geographical proximity of the solution provider was paramount. Price, POS functionality, and quality of support were also key factors in the solution decision. The rollout of the new solution was handled entirely by Dataline, and was completed in a single weekend for all Dubach locations.

The new POS solution was Dataline's own DIAS-iS ePOS software, which combines back-end sales management and business control systems with front-end POS terminal software. The back-end server and database were implemented on an IBM System i 515 Express server running i5/OS, linked to two IBM System x 3250 servers running Microsoft Windows. The first x 3250 functions as the POS manager, responsible for communications and data exchange between the i 515 and seven new POS terminals in Dubach's three outlets, which were also implemented by Dataline. The second x 3250 is a communications gateway that provides remote access and support for the in-store terminals.

The DIAS-iS ePOS software is an integrated modular solution that includes functionality across purchasing, inventory, logistics, and financial accounting, among other areas. In addition, Dataline integrated specialist third-party software from Mettler Toledo to support Dubach's new "smart" scales for weighing fresh produce in the delicatessen department. All business-critical data for the POS environment is ultimately managed on the i 515, which offers a single backup-and-restore process. Dataline manages software updates and administrative tasks on the server using its internal resources; its geographic proximity to Dubach's operational sites enables Dataline to provide very responsive support. According to Dubach, the solution allows plenty of room for growth and the company is confident that it can continue to improve its service level to its customer base.

Advanscope and ClassCat

Advanscope Inc. is a Japanese cable TV, ISP, email, and IP telephony services provider that was founded in 1985. The company needs to provide uninterrupted service for all of its 14,000 CATV and Internet clients as well as 24-hour customer support. The company expects to grow its customer base to more than 25,000 users during the next year. Advanscope was enjoying subscriber growth but found itself challenged in maintaining the service levels to which its customer base has grown accustomed. The Internet service business had grown to

the point where system performance was declining and at times even froze. Demand for email service, an important part of Advanscope's business, was growing and the company estimated it needed to be able to process 1 million emails per day.

Advanscope selected business partner ClassCat, an ISV focused on advanced ecommerce and Internet server management products for businesses and service providers. The solution proposed by the IBM and ClassCat team was the ClassCat Cute email software running on an IBM System p 550 with a IBM System Storage DS4700 completing the solution.

The new solution has benefited Advanscope in many ways. Overall system performance has almost doubled as Advanscope consolidated its five former Sun servers onto a single System p server. The virtualization capability of the System p is estimated to have reduced Advanscope's operational expense by 30% annually. Since Advanscope was a Sun Microsystems customer, the familiar user interface of the ClassCat software minimized retraining needed to support the new software. High availability has also been bolstered through the System p HACMP that was viewed by the customer as an improvement over the existing Sun HA technology. The green aspects of the solution were also well received. The new solution featured a 40% reduction in power consumption and cooling requirements over the old solution. In addition, IBM's commitment to recycle the equipment at the end of its lease was well received by the customer.

What Does It All Mean?

The IBM VIP is a joint sales and marketing initiative with IBM Business Partners that is focused on developing new mid-market opportunities in distinct vertical sub-industries with high growth potential. VIP has teamed with more than 700 specialized Business Partners who are delivering business solutions for more than 120 sub-industries across forty countries. The program encompasses IBM Power Systems servers, IBM System Storage, and IBM BladeCenter, as well as related software and services.

VIP benefits Business Partners and their customers by bringing together the sub-industry-specific products, expertise, and consulting services of a rich ecosystem of regional business partners. For the regional or sub-industry focused-ISVs, SIs, and VARs that are invited to participate in VIP, the backing from an industry giant such as IBM can lead to an enhanced local market position, increased awareness, and ultimately, increased business opportunity. In 2007, \$600 million in incremental revenue was realized by partners. VIP is a long-term commitment from IBM to motivated partners as evidenced by the over \$10 million in co-marketing funds having been committed for VIP engagements with Business Partners.

Customers benefit from VIP as they gain access to integrated business and IT solutions delivered by local IT providers that understand the customer's specific sub-industry and the local marketplace. These local IT suppliers assist customers in making appropriate choices to support their environment. VIP solutions are designed to be easy to implement, competitively priced, and optimized on the technology that matches the skill set of mid-market organizations. Through VIP, IBM and its Business Partners have successfully integrated and simplified the IT experience for mid-market companies.

During 2008, IBM will continue to raise the awareness of the VIP solutions portfolio and will focus on highlighting existing and new sub-industry solutions across existing VIP countries as well as recruiting partner participation across all geographies. This commitment to continue driving the number and variety of innovative solutions available is well positioned to assist both IBM Business Partners and mid-market organizations worldwide. Regional or sub-industry-focused ISVs, SIs, and VARs as well as mid-market organizations that are seeking tailored IT solutions are well advised to learn more about the potential benefits of participating in or purchasing solutions through the IBM VIP.

Further Reading

For more information on the solutions that are available from the IBM Systems and Technology Group Vertical Industry Program, please visit the following web page:

http://www-304.ibm.com/jct09002c/gsdod/searchprofile.do?name=VIP_solutions

For more information on the IBM Systems and Technology Group Vertical Industry Program, please visit the following web site:

<http://www.ibm.com/vip/solutions>