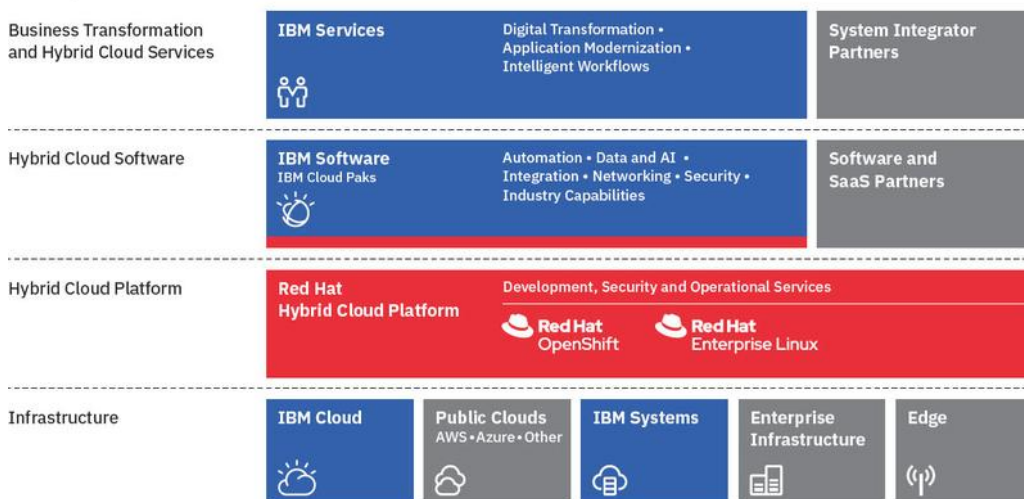24   **Management Discussion**
            International Business Machines Corporation and Subsidiary Companies

IBM's Technology Stack and Platform Approach

IBM offers clients a full technology stack that meets them wherever they are on their journey, from their existing IT infrastructure to our hybrid cloud platform to our cloud-native software to our services professionals who can advise on custom solutions that create the most value for our clients. Our ecosystem partners enhance the client experience and innovation that can be derived from IBM technology.

Our hybrid cloud approach is platform-centric, with Linux, containers and Kubernetes as the architectural foundation. Platforms provide compelling economics: every $1 of platform spend on average drives $3 to $5 of software revenue, $6 to $8 of services and $1 to $2 of enterprise infrastructure. The multiplier effect of our technology stack creates more value for IBM and our growing ecosystem of partners.

IBM Hybrid Cloud and AI Solutions

Hybrid cloud platforms and software comprise a $450 billion market opportunity and are the key to any hybrid cloud architecture.

Red Hat OpenShift is the leading hybrid cloud software platform, and the only one that is fully integrated and open source, with built-in development, security and operations features. It takes advantage of an ecosystem of millions of developers to accelerate innovation. Leveraging the power of Kubernetes and containers, OpenShift creates the foundation that allows our clients to manage siloed, multi-cloud, edge and legacy infrastructure as a single platform. These capabilities are a clear differentiator, enabling our clients to "write once, deploy anywhere" for their hybrid architecture. We are seeing strong momentum, with more than 2,800 clients using our hybrid cloud platform at the end of 2020.

Cloud Paks are IBM's containerized, modernized software built to extend the value of OpenShift. They are key to realizing value through digital transformation in four important ways. They help our clients to modernize applications to take advantage of the hybrid platform, automate processes for speed and efficiency, use the power of AI for data driven decision-making and prediction, and secure the entire platform from the data center to the edge. Cloud Paks provide a powerful addition to IBM's traditional middleware. Our traditional middleware is an industry standard that creates tremendous value for our clients through connectivity on all kinds of systems and gives IBM a leadership position in the market.

IBM's software enables solutions that can transform businesses. It is the software that solves industry or business-specific problems such as supply chain or asset management and uses our breakthrough natural language processing and automation capabilities as well as other technologies including analytics, encryption, blockchain and machine learning. IBM Research continues to advance these