Linux: The Game Changer

October 2003

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Linux Defined

UNIX-like operating system

Supported by a global community

Unprecedented flexibility

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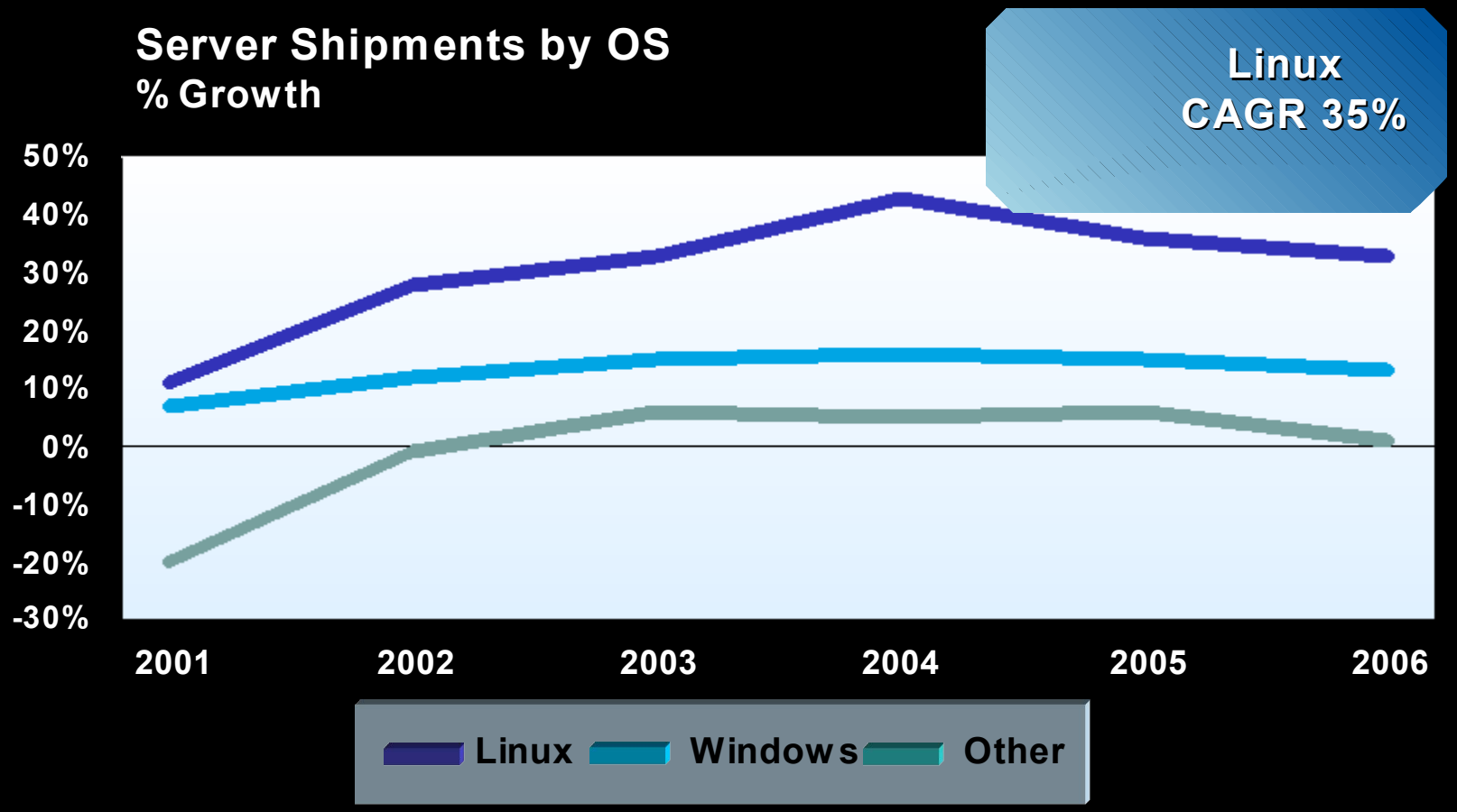
Established and Growing



IDC Server Market Forecaster
September 2002

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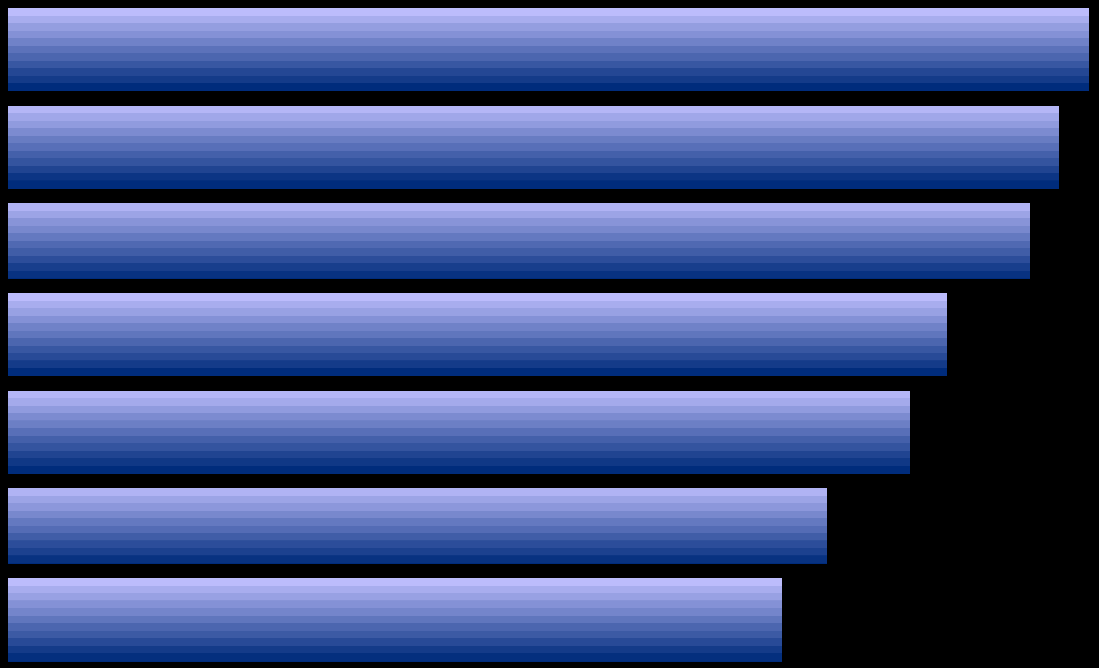
Linux Value



Source: IBM Market Research 2002

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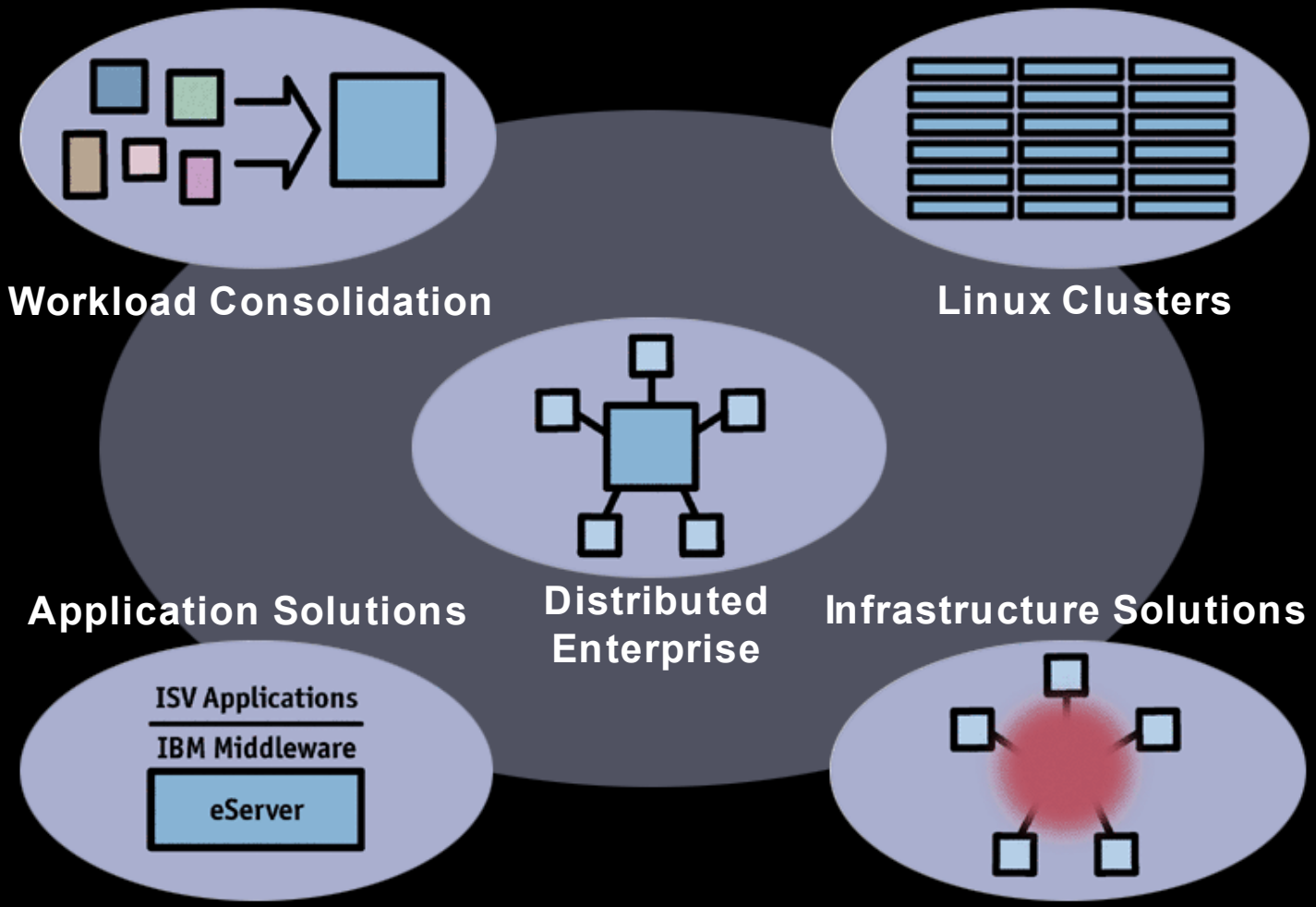
How Customers are Using Linux



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Linux in the Marketplace

New Industries ***New Workloads*** ***New Customers***

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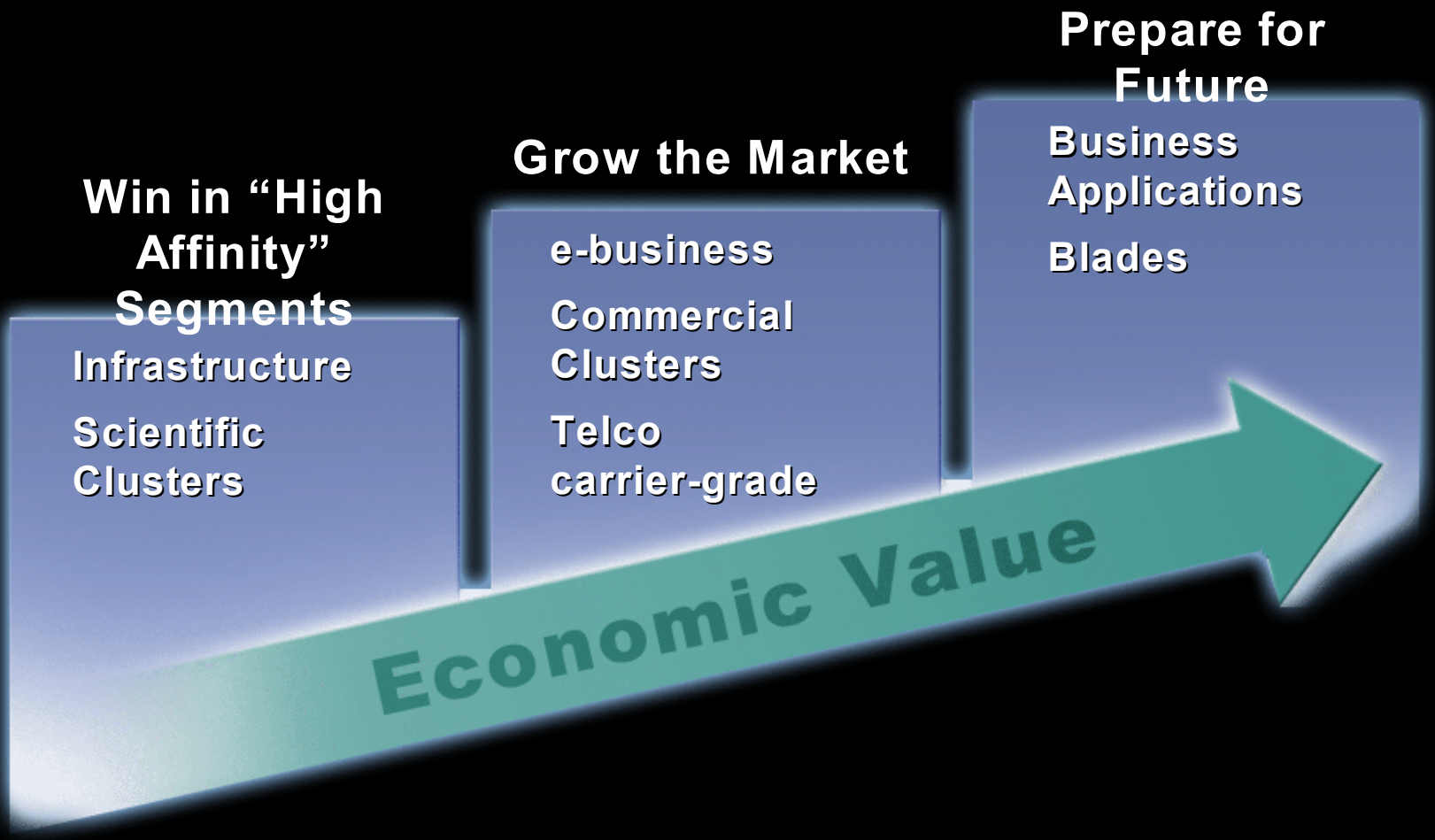
IBM's Linux Strategy



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IBM's Commitment to Linux Technology

Linux Technology Center

Linux Integration Center

Open Source Development Lab

Linux Porting Centers

Linux for Service Providers Lab

Linux Competency Centers

Global e-business Solutions Center

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IBM's Linux Portfolio

IBM eServer

Personal Systems

WebSphere

Clusters

Lotus Domino

Blades

Lotus iNotes

Storage Systems

Tivoli

IBM Java Virtual Machine

Consulting/Services

Linux Virtual Services

Rational

DB2

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Linux Ecosystem

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Linux in Sum

Reduces customer costs

Increases freedom of choice

Fosters innovation

Promotes a culture of open standards

Rewrites the rules for operating systems

One of the Cornerstones for
e Business On Demand

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business on demand

Business Drivers

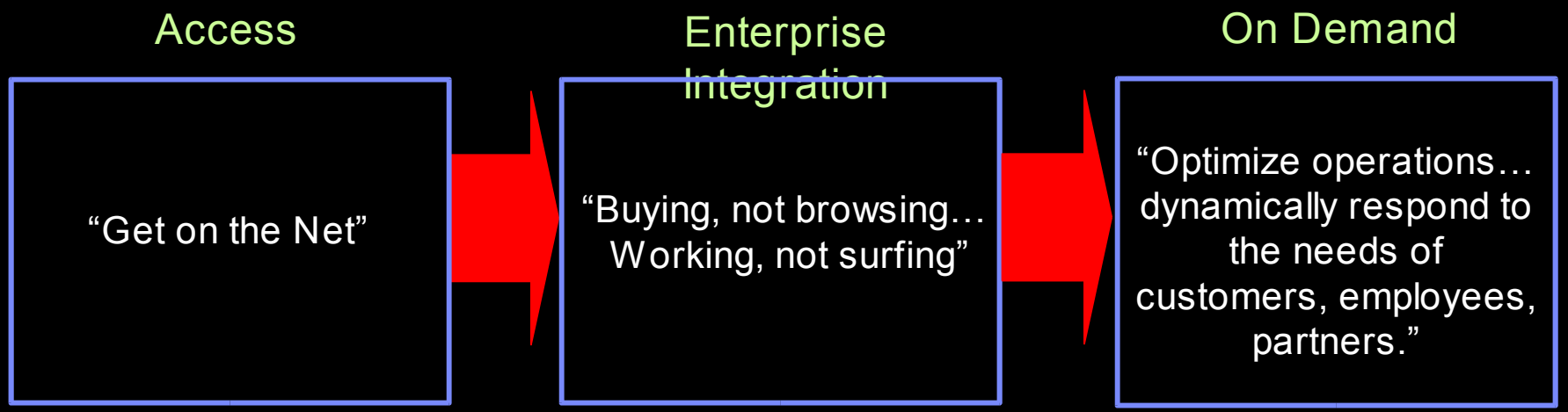
The Promise of I/T

- Deploying new capabilities
- Cost reduction
- Efficiency
- Security and operational resiliency
- Workforce productivity

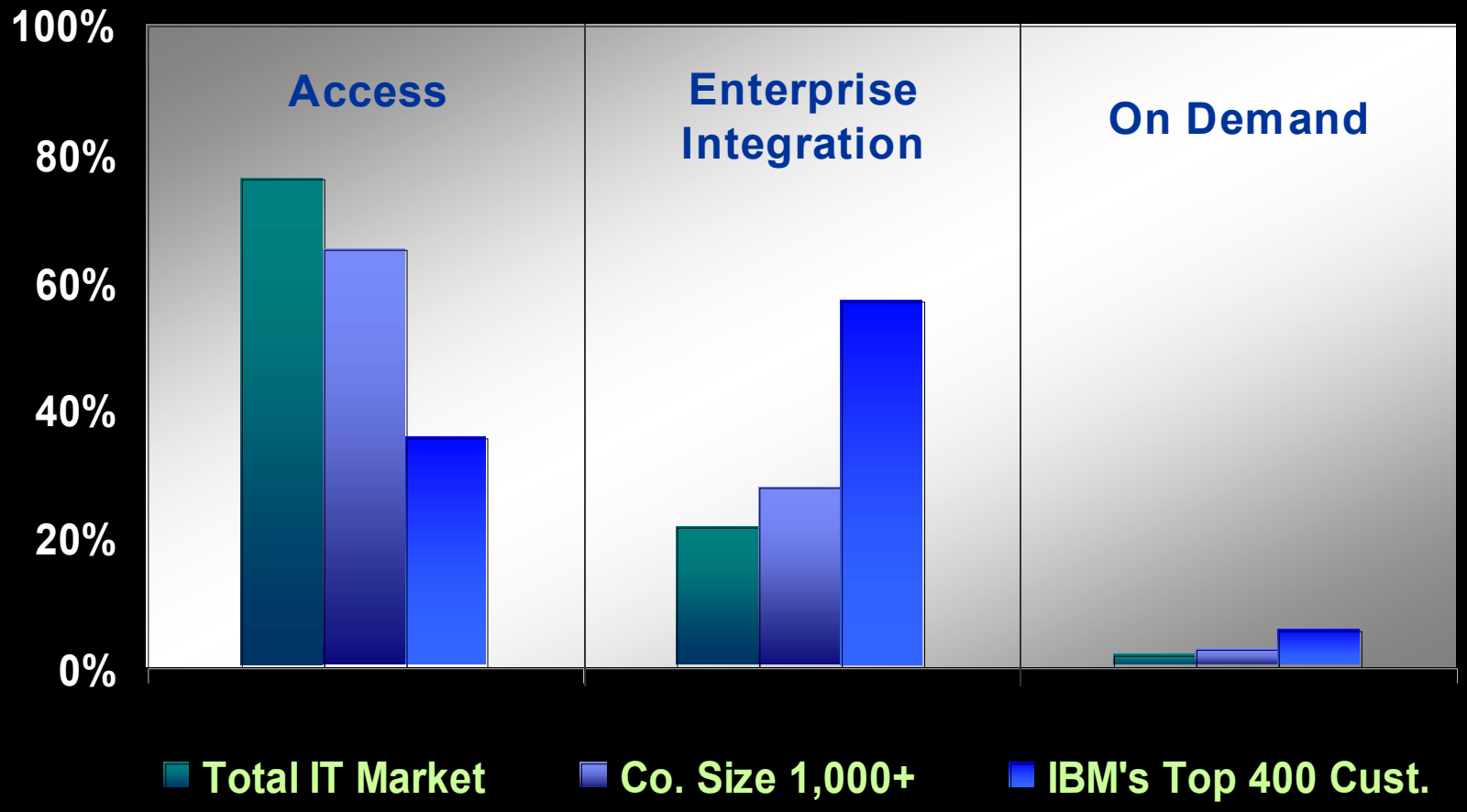
The Problem with I/T

- Time to value
- Managing complexity and integration
- ROI
- Constrained resources
- Utilization of existing infrastructure

Phases of e-business adoption



Companies on the Cusp of the On Demand Phase



Source: e-business Adoption Tracking Study, 1Q02

e business on demand

An enterprise whose business processes -- integrated end-to-end across the company and with key partners, suppliers and customers -- can respond with speed to any customer demand, market opportunity or external threat.

The World of “On Demand”

1. On Demand Business
2. On Demand Operating Environment
3. Redefining How You Buy and Manage IT

On Demand Business

Responsive in real-time

Variable cost structures

Focused on what's core and differentiating

Resilient around the world, around the clock

On Demand Business Examples

Never go down marketplace

Access to world class breast cancer diagnosis where you and your doctor are

Greater business flexibility with virtualized IT resources

On Demand Operating Environment

Open standards-based,
heterogeneous world,
integrated and freely enabled
with autonomic capabilities

The on demand operating environment

Integrated

Open

irtualized

utonomic

On Demand Operating Environment

Requirement: Integration

On Demand Operating Environment

Requirement: Open Standards

On Demand Operating Environment

Requirement: Virtualized

On Demand Operating Environment

Requirement: Autonomic

Self-protecting

Self-optimizing

Self-healing

Self-configuring

The World of “On Demand”

On Demand Business

- Responsive in real-time
- Variable cost structures
- Focused on what’s core and differentiating
- Resilient around the world, around the clock

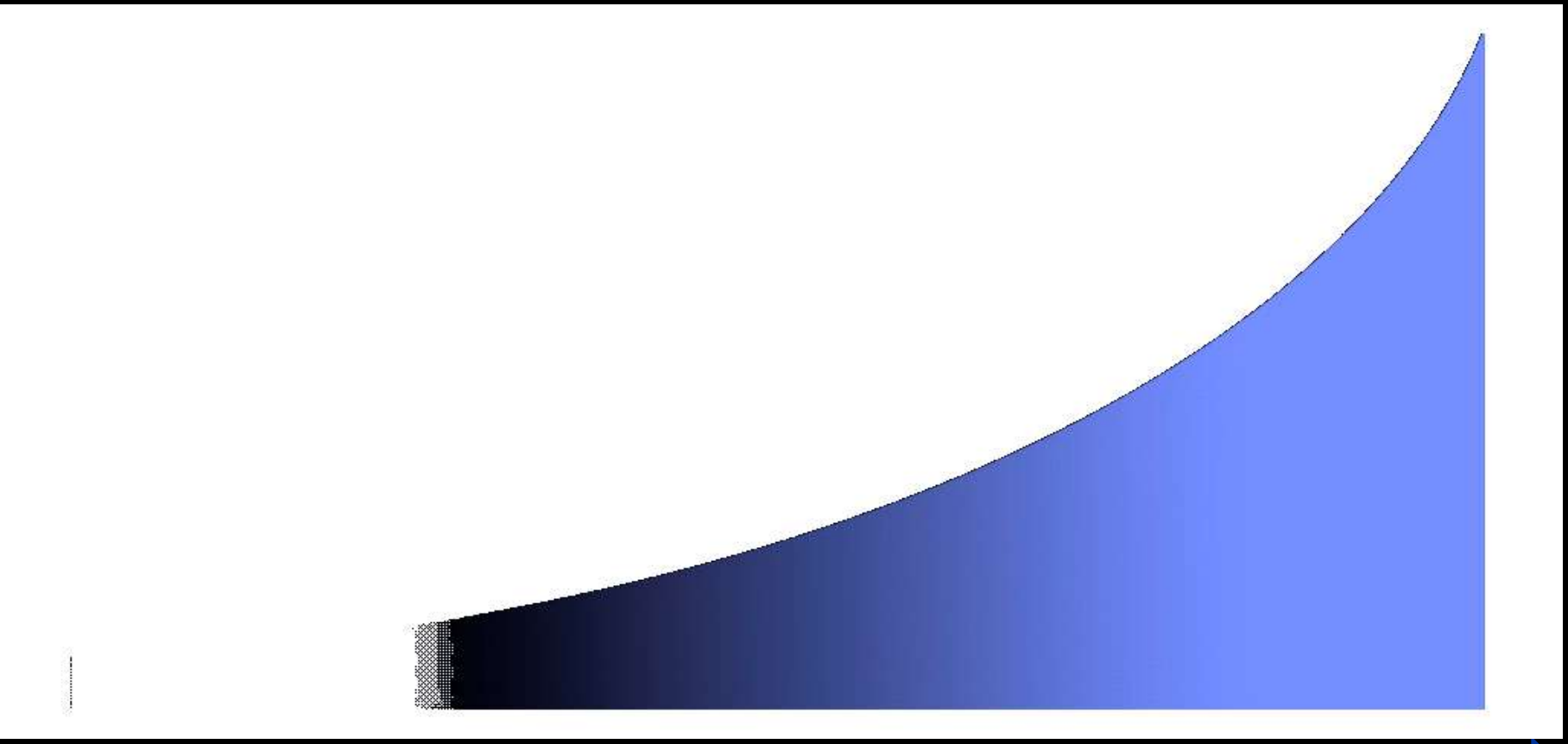
On Demand Operating Environment

- Integrated
- Built on open standards
- Virtualized
- Autonomic

Redefining How You Buy and Manage IT

An On Demand Operating Environment offers more flexibility, variability and economically attractive choices for buying and managing computing

Flexibility and Choice



Getting Started

- Is your business responsive in real time to a constantly changing environment?
- Which business processes constitute your core competencies and differentiate you from your competitors?
- Do you have real insight into best practices and industry-leading process design?
- Is there an opportunity to dramatically improve utilization of your IT resources?

Why IBM

We have always aspired to do two things better than any other company in the world:

1. Create innovative technologies

2. And help our customers apply them to transform what they do and how they do it.

Our Capabilities

Customer needs	IBM and our partners deliver…
Transform business designs, business processes and integrate them across your enterprise and beyond	Business process expertise and deep industry knowledge through our Business Consulting Services and industry solutions Dynamic Workplaces that accelerate process integration and work force transformation Integration and transaction processing technologies in our middleware and development tools
Convert fixed costs to variable costs	World's leading Web hosting service Business transformation outsourcing Usage-based pricing on e-Servers and storage products Computing and business capacity on demand Flexible financing from IBM Global Finance
Optimize utilization of computing assets	Access to processing, storage or applications in rental or utility-like model Server and storage consolidation Grid technologies for creating internal computing utilities
Respond on the fly to any imaginable change, repel threats, never go 'offline."	Never goes down systems availability Business resiliency, continuity and recovery services Expertise and technologies to ensure integrity, privacy and security of information

Our Capabilities

Customer needs	IBM and our partners deliver…
Focus on what differentiates you	Outsourcing of everything from entire data centers to individual business processes Hosted services and application management
Integrate your infrastructure	End-to-end support of open standards Web, grid and wireless protocols – across our hardware and software platforms The industry's most encompassing adoption of Linux
Manage the complexity of IT	Autonomic innovations to make systems self-managing, self-healing, self-aware Tivoli products, middleware and autonomic capabilities in our server, storage and PC products
Technical know-how to build an On Demand Operating Environment	The industry's most distinguished technical heritage and most innovative research capabilities Leadership microprocessor design and manufacture, packaging and foundry services – from low power to the highest-performance server processors An on-going $5 billion investment in research and development and emerging market spaces

IBM