

IBM would like to thank you very much for giving us the opportunity to submit our proposal for Business Applications Skills Framework Agreement. We have prepared our proposal based on the information provided in your Request for Proposal of 22nd December 2007 and your response to the asked questions. IBM highly appreciates the need of UNHCR to look for resources on demand to collaborate with its own IT staff and to look for suppliers which are able to partner for partial or complete pieces of work. In putting together our response we have drawn upon our IBM Global Delivery Model, which relies on highly skilled and experienced resources in the area of application development, maintenance and support in an off-shore environment. While we have several strategic centres for IBM Global Delivery across the globe, in our proposal we have focused heavily on our IBM India offshore capability which is the second largest operation of IBM after USA. IBM India has a large pool of 53,000 practitioners with proven CCMI L5 certification for delivery excellence. UNHCR is an important client to IBM. The IBM global team, dedicated to UN Organizations, has taken considerable care in preparing this proposal. Those are some of the key elements developed in detail in the following sections and the appendices:

- To reduce costs for UNHCR we suggest leveraging our off-shore capabilities in India. The proposed service delivery model is heavily based on using off-shore staff. Our PeopleSoft, PC Web and Microsoft capabilities from India are presented in details. We are flexible to refine the staffing model to UNHCR specific requirements.

- IBM has been a market leader in bringing fresh thinking to global trends in application implementation, enhancements and upgrades. Our governance scheme and quality-based global delivery model, extensively presented in this proposal, have proven records to successfully help today's organizations maximize value, while keeping risk at a manageable level in a remote delivery model.

- IBM has a strong track in providing off-shore services from India to more than 500+ customers in the area of system integration, application development, maintenance and support. We have done this for many years.

- We have well proven and established service delivery, service transitioning and quality assurance methodologies. Also, IBM and its delivery organizations are ISO and SEI CMMI certified. This helps to mitigate potential business risks and to optimize our services to our clients.

- The General Conditions for the Provision of Services of this proposal may, upon written agreement by IBM, be used as the basis for contractual relationships between IBM and other organisations of the United Nations or its specialized agencies for the provision of services. IBM Global Business Services is one of the leading global IT service providers. In addition to the presented application development services, we have a wide range of business consulting services, deep IT know-how and a truly global delivery capability, available from other near-shore and off-shore locations. All this makes IBM a strong,

reliable and flexible business partner for UNHCR. IBM is looking for a long-term partnership with UNHCR. In this perspective, we fully commit to make outsourcing of application development, maintenance and support successful and to further optimize UNHCR costs and service levels. At the same time we are confident to provide the right resources to UNHCR as and when required. IBM Global Business Services is a strong and reliable service partner and we look forward to further discussions as your evaluation proceeds

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Our understanding of your requirements

We understand that the objective of your Request for Proposal (RFP) for Testing Services is to seek world class Pharma Testing expertise to help Novartis define a testing methodology, design, plan, implement and operate a (offshore) Testing Services Center of Excellence (COE) for Projects and operational systems. In parallel to the COE design and implementation, you wish the supplier to start providing testing services upon completion of the Due Diligence in Q4 2007. You expect the engaged supplier not only to provide a cost effective high quality service, but also to work with you to define the best processes and organisation to deliver and continually improve the Testing Service.

Scope

You expect the supplier to provide the detailed planning, automation, execution and management (the Group 2 activities as described in your RFP) for testing services for both Projects and operational systems. The initial scope is testing services for the Development IT organisation within Novartis, but with the objective to serve, upon successful delivery of the service, all Projects (Application Development) and operational systems (Application Maintenance) across Novartis. Services will be required for the Development IT operations in the US, India and in Switzerland.

IBM's Approach

IBM has an unparalleled consulting expertise in Pharma and Application testing and has tried and tested approaches, methods and tools for both the design and implementation of the Testing Services COE and for the transition and provision of testing services. IBM will combine its consulting and offshore delivery capabilities during the Due Diligence to work

with Novartis to define the testing methodology, analyse the testing requirements in scope, design the Testing Services Center of Excellence (COE) and develop a road map towards the set-up of the COE and a transition plan for providing the immediately required testing services. IBM will set-up the Novartis Testing Services COE in one of its Global Delivery Centers in India, taking in consideration both Novartis' plans for its Indian IT Development centre and the infrastructure being set-up by IBM for the management of the Novartis IT infrastructure (Best Structure). **What IBM will Deliver**

Upon completion of the Due Diligence in Q4 2007:

IBM will recommend and justify a recommended Center of Excellence Design, including Organisation, Processes, Tools and Governance, and a COE implementation plan which will support the COE end-state solution and delivery model. The roadmap of this journey to the end-state may include some "tactical" solutions throughout 2007-2008 which will deliver "Quick Wins" to improve the efficiency and effectiveness of the testing processes. IBM will start providing testing services on a resource based model using the proposed rate card and start the transition of testing services to the offshore Global Delivery Center. For the Due Diligence IBM will provide a team of its most qualified and experienced resources – combining deep Pharma, Testing and Offshore Delivery expertise. **Commercial proposal**

For the Due Diligence and the subsequent COE Design and Implementation planning we offer a Fixed Price, 270'000 CHF excluding expenses. We offer to charge for the initial testing services and the COE implementation on a resource consumption basis based on the proposed rate card. We plan to develop an SLA based Testing Services catalogue as a basis for charging the Testing Services under the COE. All expenses, other than labour, related to working at Novartis premises (Landed) will be charged at cost subject to a 6.5% handling uplift. IBM is willing to investigate financing or investment alternatives to facilitate the initiation of this service.