What is IBM?

An innovator?

A sales force?

A collection of vertically integrated multibillion-dollar global businesses?

A global brand?

A blue-chip stock?

A turnaround story?

A really big company?

All of the above?
Mission

We strive to lead in the creation, development and manufacture of the industry’s most advanced information technologies.

We translate these advanced technologies into value for our customers through our professional solutions and services businesses worldwide.
IBM History

- Incorporated in 1911 as the Computing-Tabulating-Recording Company (C-T-R)

- In 1924, C-T-R became International Business Machines Corporation

- 1910s-60s:
  - From punch-card tabulating machines to room-sized calculators to mainframe computing systems for large enterprises
  - Changed the nature of accounting, calculation, and basic back-office business processes
IBM History

- **1970s-80s**
  - IBM product line broadens from mainframes to minicomputers and personal computers
  - Applications move beyond back-office enterprise to departmental operations and personal productivity

- **1990s**
  - With the Internet and open standards, the network computing model is embraced and advanced
  - Coined “e-business” to describe how network computing can transform core business functions and transactions
IBM Today

- The world’s largest information technology company
- The 8th largest corporation in the world
- Year end 2001, IBM reported:
  - $85.9 billion in revenue
  - $7.7 billion in net income
  - More than 310,000 employees worldwide
  - More than 670,000 stockholders of record
A Global Company

- Corporate headquarters: Armonk, NY
- Operations in more than 160 countries worldwide
- Nearly 60 percent of revenue generated outside the United States
Senior Management

Samuel J. Palmisano
Chairman, President and CEO
Board of Directors

Cathleen Black
President, Hearst Magazines

Kenneth I. Chenault
Chairman and CEO, American Express Co.

Juergen Dormann
Chairman of the Board, President and CEO
ABB Ltd.

Nannerl O. Keohane
President, Duke University

Charles F. Knight
Chairman of the Board, Emerson Electric Co.

Minoru Makihara
Chairman, Mitsubishi Corp.

Lucio A. Noto
Managing Partner
Midstream Partners LLC

Samuel J. Palmisano
Chairman, President and CEO, IBM

John B. Slaughter
President and CEO, National Action Council for Minorities in Engineering, Inc.

Sidney Taurel
Chairman of the Board, President & CEO, Eli Lilly and Co.

Alex Trotman
Chairman
Imperial Chemical Industries PLC

Charles M. Vest
President, MIT
The IT Industry
The IT Industry: Eras of Computing

Mainframe Era
Back Office Automation; Transaction Processing

Client/Server Era
Departmental Automation

Network Era
Integration

2000/2001/1H02 Estimates
The IT Industry: Landscape Today
The IT Industry: Landscape Today

- Business Value
- Infrastructure Value
- Component Value
The IT Industry: Landscape Today

- **Business Value**: Services and software to improve business performance
- **Infrastructure Value**: Hardware, software and services integrated into a computing environment
- **Component Value**: Technology components
**The IT Industry: Landscape Today**

- **Component Value**: Hardware, software and services integrated into a computing environment.
- **Infrastructure Value**: Services and software to improve business performance.
- **Business Value**: Technology components.
The IT Industry: Landscape Today

- **Innovation Value**
  - Research

- **Component Value**
  - Technology

- **Infrastructure Value**
  - Hardware
  - Software
  - Services

- **Business Value**
  - Services
  - Financing
Business Operations

- Services
- Financing
- Hardware
- Software
- Technology
- Research
Business Operations

- Services
  - World’s largest business and technology services provider
    - $35 billion in revenue
    - More than 175,000 employees
  - Helps customers:
    - Capitalize on IT to improve business performance
    - Manage IT operations and resources
  - Principal lines of business:
    - Business Consulting Services
    - Integrated Technology Services
    - Strategic Outsourcing Services
    - Learning Services
Business Operations

- World’s leading provider of financing and asset management services to companies selling or acquiring IT
  
  Nearly $37 billion in assets
  
  Operations in more than 40 countries
  
- Offers flexible leasing and financing solutions to customers and business partners
  
  Customer Financing – Total Solution Financing
  
  Commercial Financing
  
  Global Asset Recovery Services
Business Operations

Servers

- #1 server vendor in the world
- Offers the broadest range of servers in the industry
  - Intel-processor-based servers
  - UNIX systems
  - Integrated application servers
  - Mainframes
  - Blade servers
- Strong supporter of open standards
  - IBM is the #1 Linux server vendor in the world
Business Operations

Enterprise Storage

- Most comprehensive range of storage offerings
  - Disk, Tape, Middleware, Database, ISV applications, Services and Financing
- Gained more market share than Top 10 disk storage suppliers in 2001, according to Gartner Dataquest
  - Ranked #2 in external RAID storage and #2 in SAN-attached disk storage, according to IDC
- Creating foundation for new autonomic storage model
  - Storage tank, Virtualization, Policy-based management tools
- #1 Storage Services provider in the industry
Business Operations

Personal and Printing Systems

- Services
- Financing
- Hardware
- Software
- Technology
- Research

- Personal Computing
  - ThinkPad, NetVista, monitors and options

- Printing Systems
  - Printers, software, consulting, systems integration, supplies, service and support

- Retail Store Solutions
  - Point-of-sale systems, kiosks and peripheral devices
Business Operations

- Develops, markets and supports a diverse set of software
- Provides foundation for the world’s critical business applications
- World’s second largest software provider
  - $13 billion in revenue
  - More than 30,000 employees
- Largest supplier of Internet infrastructure software – “middleware”
  - Systems integration and transaction processing
  - Data management
  - Collaboration and “dynamic workplaces”
  - Systems management and security
Business Operations

- Develops, manufactures, sells, and provides services for leading chip and hard disk drive technologies

  Incorporated into:

  IBM products

  OEM customers’ products

- Focuses on technologies for the pervasive, network infrastructure and enterprise computing spaces

  Leading producer of custom-designed chips (ASICs)

  Key technology supplier to customers like Cisco, Qualcomm, Sony and Nintendo
Business Operations

- World’s largest IT research organization
  - More than 3,000 scientists and engineers
  - 8 research laboratories and 24 development laboratories worldwide
- Produces more breakthroughs than any other company
  - Received a record 3,288 U.S. patents in 2002
  - The 10th consecutive year leading all companies in U.S. patents
  - Work ranges from physics to cognitive science to leading-edge application research
Business Operations

Percent of IBM’s Total Revenue in 2001

- Services: 15%
- Hardware: 41%
- Software: 39%
- Financing: 1%
- Enterprise Investments/Other: 4%

Source: 2001 IBM Annual Report
The IT Industry: **Landscape Today**

- **Innovation Value**
  - IBM Research

- **Infrastructure Value**
  - IBM Global Services
  - Personal and Printing Systems Group
  - Server Group
  - Software Group
  - Storage Systems Group

- **Component Value**
  - Technology Group

- **Business Value**
  - IBM Business Consulting Services
  - IBM Global Financing

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About IBM

A Corporate Overview