IBM

Strategic Imperatives–Engagement
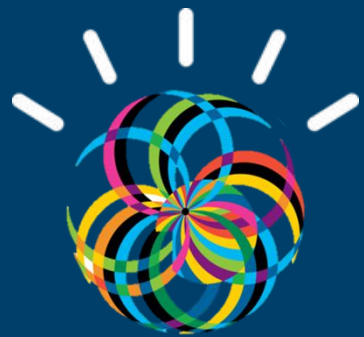
Robert LeBlanc
Senior Vice President, Software and Cloud Solutions Group

Brendan Hannigan
General Manager, Security Systems Division, Software Group

Technology has changed the way people engage

Leading Technologies

Social

Mobile

Security

User Behavior

84% of smartphone users check an app as soon as they wake up

80% of individuals are willing to trade their information for a personalized offering

2/3 of US adults say they would not return to a business that lost their personal, confidential information

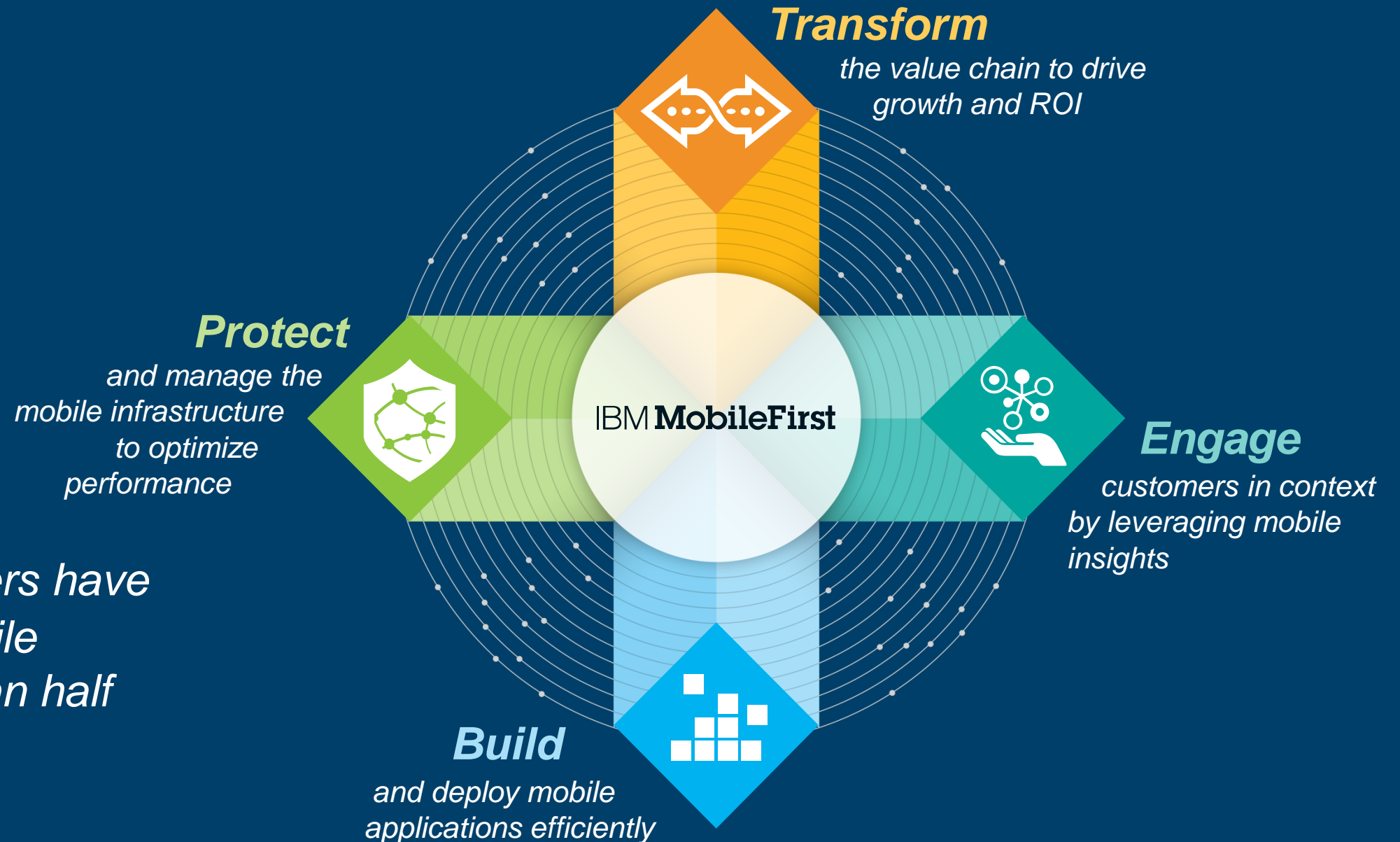*These forces are driving the need for* people-centric engagement…

changing how people are understood and engaged…

and demanding privacy, security, and trust.

Source: 2014 IBM Annual Report

IBM is well positioned to capture large mobile opportunity
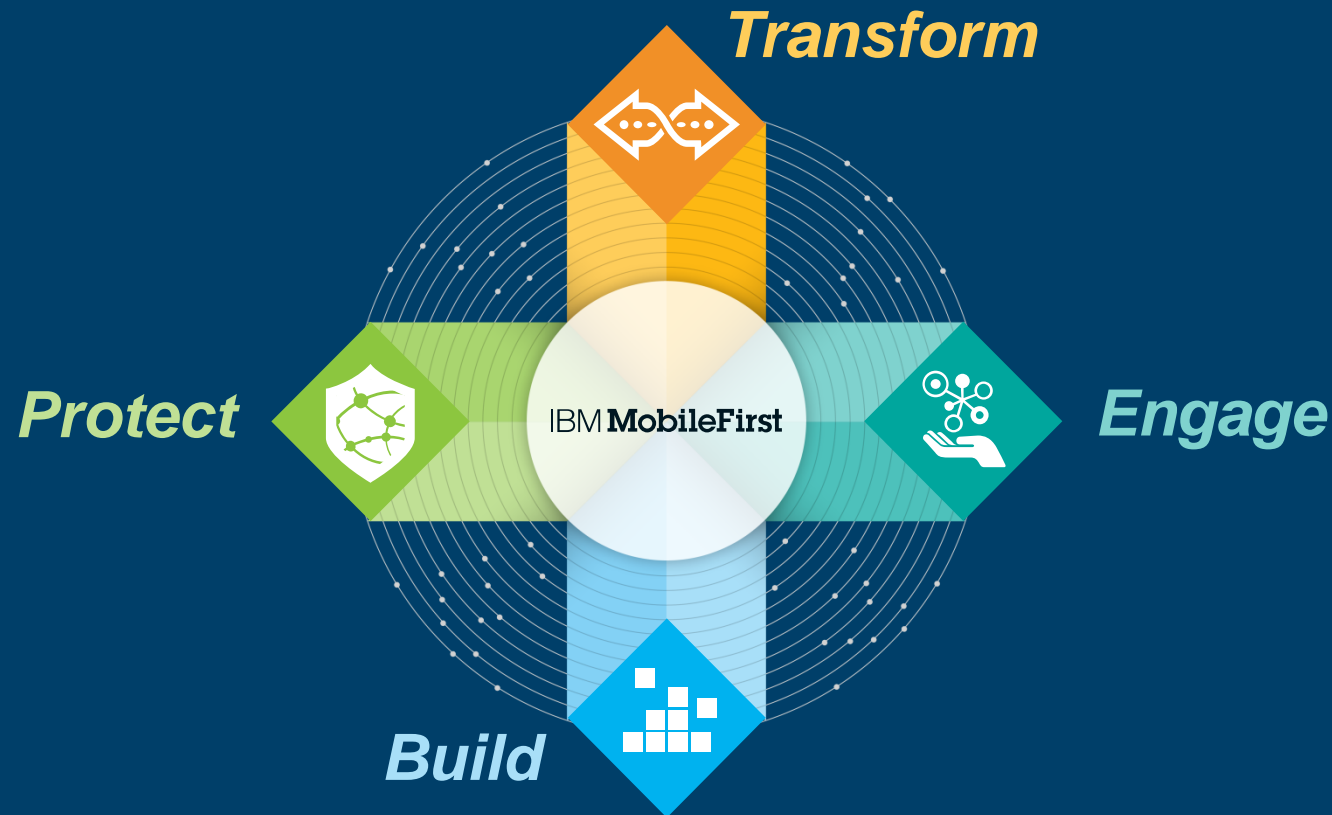
Market Opportunity*

$103B   **18%**
2017   CAGR

… 73% of strategy leaders have realized ROI on their mobile investments, yet fewer than half have a mobile strategy.

Transform
the value chain to drive growth and ROI

Protect
and manage the mobile infrastructure to optimize performance

IBM MobileFirst

Engage
customers in context by leveraging mobile insights

Build
and deploy mobile applications efficiently

* Source: IBM Market Insights 1H2014

An integrated mobile portfolio is building momentum

Transform

Protect

IBM MobileFirst

Engage

Build

- **2K+** client implementations

- **10** Industry-specific Ready Apps that can save clients up to **60%** on time and resources

- **18** IBM MobileFirst Studios

- IBM Interactive Experience named **Largest Global Digital Agency***

- Leadership position in **8** analyst reports including Gartner, Forrester and IDC

Milestones

Jan 2012	June	Feb 2013	Nov	Feb 2014
Worklight	**tealeaf** an IBM® Company	**IBM MobileFirst**	**MaaS360** by Fiberlink	**Codename: BlueMix**
Cross-platform mobile app development without lock-in	Mobile user experience instrumentation and analytics	Cross IBM mobile initiative launched	Integrated approach to mobile, app and document management	BlueMix Mobile Cloud Services launched

*Source: Agency Report 2014, Ad Age

IBM leadership in social business

Marketing

Human Resources

Commerce / Customer Service

IBM Social**Business**

Cross Line of Business

Security

Government & Industry

IT
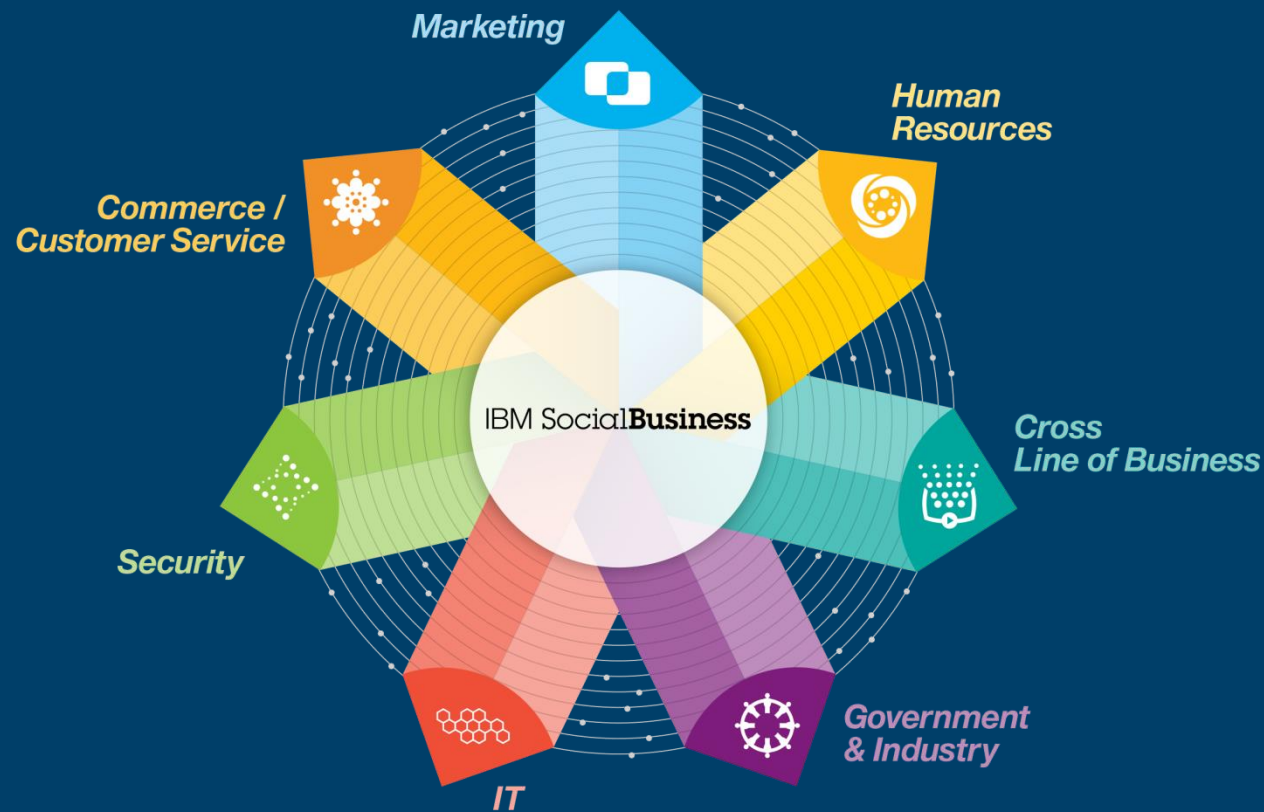
Recognition

- **17** leadership rankings in analyst reports, 2013

- **2.8K** experts and **400+** new IBM social business and collaboration partners

- **75%** of Fortune 100 companies license IBM social software

IBM Leading by Example

200K
Social communities

300K
IBM Connections users

30K
on Client Collaboration Hubs

85%
of sellers using Sales Connect

Helping clients transform with mobile and social business

PEPSICO

Created PEPnet to support **100K users and growing.** By connecting associates to knowledge they **boosted efficiency and sourced fresh ideas** from R&D.

Solution Components

IBM Connections, IBM Kenexa, IBM WebSphere Portal, IBM Content Analytics

DAIMLER

Expanded 'car2go' car sharing App to seven countries, 23 cities, **450,000 registered users** worldwide; **13 million vehicles rented** and increasing.

Solution Components

IBM Worklight on IBM WebSphere Application Server, IBM DB2
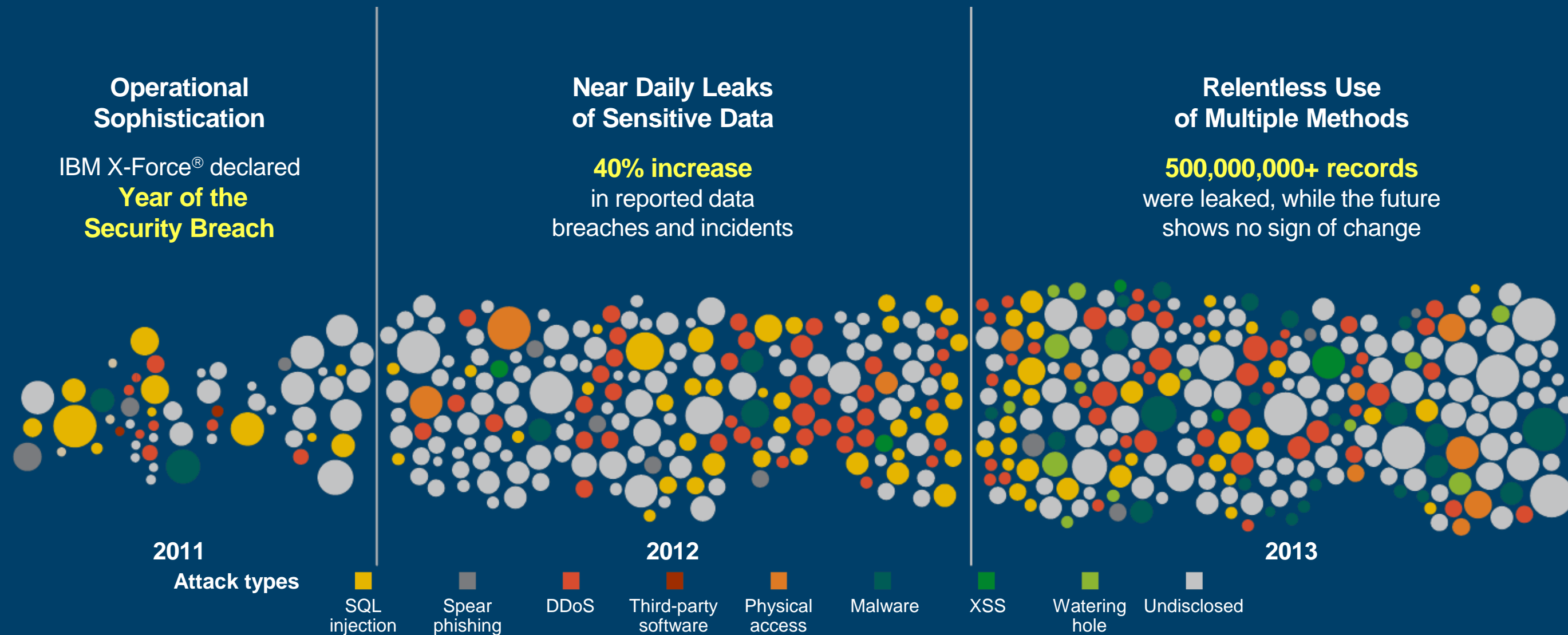
USTA U.S. Tennis Association

Generated **136 million page views** over mobile phones and tablets, **a 47 percent increase YtY.** USOpen.org had more than 10 million visitors worldwide.

Solution Components

IBM Connections, IBM WebSphere, IBM SmartCloud, IBM Business Analytics, IBM Information Management

Estimated Results. Results will vary depending on customer environment.

Security is paramount: We are in an era of continuous breaches

Attackers are relentless, victims are targeted, and the damage toll is rising

**Operational
Sophistication**

IBM X-Force® declared
**Year of the
Security Breach**

**Near Daily Leaks
of Sensitive Data**

40% increase
in reported data
breaches and incidents

**Relentless Use
of Multiple Methods**

500,000,000+ records
were leaked, while the future
shows no sign of change

2011

2012

2013

Attack types

SQL injection	Spear phishing	DDoS	Third-party software	Physical access	Malware	XSS	Watering hole	Undisclosed

Source: IBM X-Force Threat Intelligence Quarterly – 1Q 2014

Note: Size of circle estimates relative impact of incident in terms of cost to business.

IBM serves the broad and growing demand for security

Market Opportunity*

$74B   **7%**
2017   CAGR

70%of security executives are concerned about cloud and mobile security

2013 IBM CISO Survey

Advanced Threat
prevent breaches spanning from endpoint to network to cloud

Data
discover and harden the "crown jewel" assets of an enterprise

IBM Security

Fraud
protect transactions from device to enterprise

Mobile
embed security in mobile devices and applications

Analytics
find, deter and respond to incident & ensure compliance

Identity
Enforce identity as the new perimeter while traditional perimeters erode

Cloud
shift to cloud by providing security in and from the cloud

* Source: IBM Market Insights 1H2014

IBM Point of View: Intelligence, Innovation, Integration

Business' reputations are a keystroke away from making headlines

New technologies create opportunities to transform IT security

Security leaders are more accountable than ever before

INTELLIGENCE

Use insights and analytics to identify outliers

INNOVATION
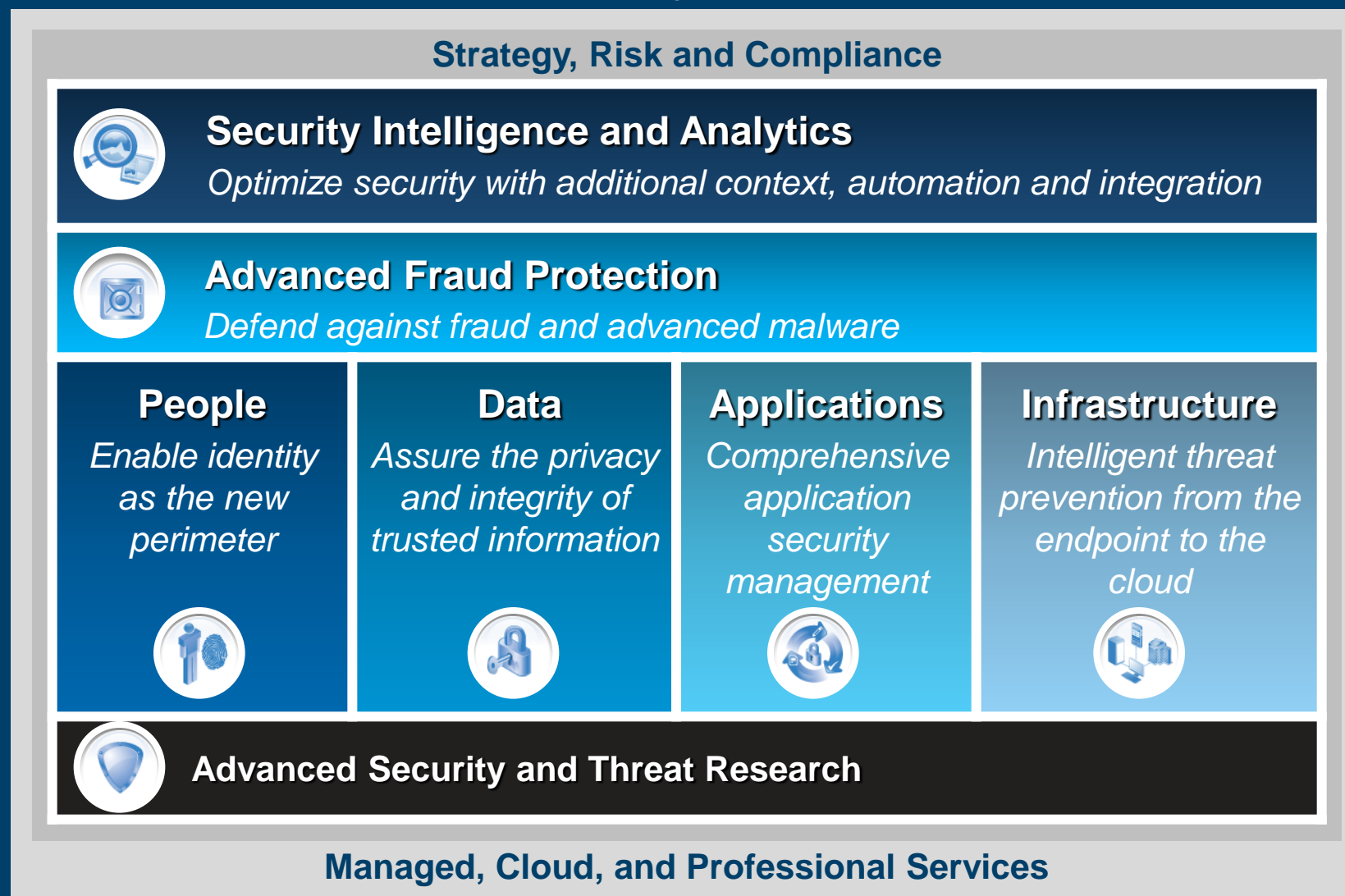
Use cloud and mobile for better security

INTEGRATION

Develop an integrated approach to stay ahead of the threat

An integrated portfolio shapes a new approach to security

IBM Security Framework

Strategy, Risk and Compliance

Security Intelligence and Analytics
Optimize security with additional context, automation and integration

Advanced Fraud Protection
Defend against fraud and advanced malware

People	**Data**	**Applications**	**Infrastructure**
Enable identity as the new perimeter	*Assure the privacy and integrity of trusted information*	*Comprehensive application security management*	*Intelligent threat prevention from the endpoint to the cloud*

Advanced Security and Threat Research

Managed, Cloud, and Professional Services

Driving Factors

A single breach of sensitive personal information cost

$3.5 million

an increase of

15%

2014 Cost of Cyber Crime Study Ponemon Institute

Mobile malware grew

614% in one year

from March 2012 to March 2013

2013 Juniper Mobile Threat Report

IBM Security has grown double digits for six consecutive quarters. Our results are being driven, in part by incremental requirements for security as clients expand into cloud and mobile computing.

Source: IDC 2017 IT Security Product and Professional Services Market Opportunity

Continued innovation in the IBM Security portfolio

IBM Threat Protection System

*A dynamic, integrated system to disrupt the lifecycle
of advanced attacks and help prevent loss*

Smarter Prevention

Security Intelligence

Continuous Response

Global Threat Intelligence

Open Integration

IBM Critical Data "Crown Jewels" Protection Program

IBM Critical Data Protection Program

*An iterative multi-phase approach to protect profitability, competitive position and reputation*


Supported by:

- Robust consulting method
- Industry-specific data models
- Global consulting expertise
- IBM data security research
- IBM Guardium, StoredIQ, DLP and other leading data protection technologies

Five key practices to protect critical data

1	**Define** – your critical data assets	De•fine – state or describe exactly the nature scope
2	**Discover** – critical data security environment	1010 10 010101 10101010
3	**Baseline** – critical data security processes and controls	
4	**Secure** – critical data	
5	**Monitor** – with proper governance and metrics	

IBM Engagement: Social, Mobile, Security Leadership
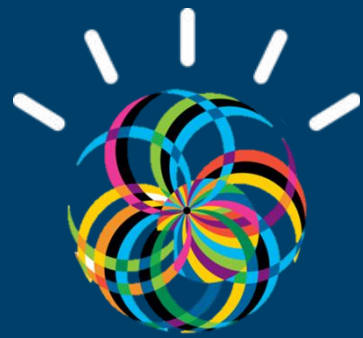
Social
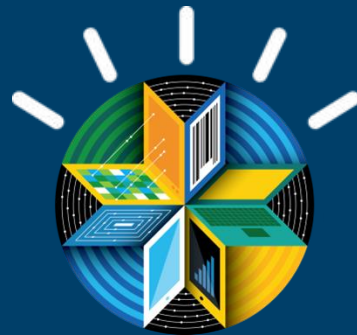
Mobile

Security

6,000
security experts, 3,000 mobile experts, 2,800 social business experts

7 of 10
top banks in the US, 9 of the top 10 in the UK and 2 of the top 4 in Australia use IBM Security Solutions

25
security labs globally, 10 security operations centers globally

4,300
patents in mobile, social and security technologies

8
companies acquired for mobile capabilities like mobile messaging for marketers and secure mobile app delivery

15 billion
security events monitored daily in 130 countries

#1 and #1*
market leader for enterprise social software; market leader in security and vulnerability management

12
companies acquired for security technologies like web fraud detection, sophisticated malware and device management

Engagement Summary

IBM MobileFirst helps organizations capture new markets and reach more people by extending Big Data and analytics, cloud and social technologies to mobile.

IBM's Social Business portfolio, named market leader for 5 consecutive years, enables organizations to unlock the collective knowledge of organizations, increase workforce productivity and deliver exceptional customer service.

IBM security has achieved six straight quarters of double-digit growth through an integrated software and services portfolio that applies security intelligence to prevent, detect, and respond to enterprise threats.

IBM **Investor** Briefing

These charts and the associated remarks and comments are integrally related, and they are intended to be presented and understood together.

In an effort to provide additional and useful information regarding the company's financial results and other financial information as determined by generally accepted accounting principles (GAAP), certain materials presented during this event include non-GAAP information. The rationale for management's use of this non-GAAP information, the reconciliation of that information to GAAP, and other related information is included in supplemental materials entitled "Non-GAAP Supplemental Materials" that are linked to the company's investor relations web site at http://www.ibm.com/investor/events/investor0514.phtml. The Non-GAAP Supplemental Materials are also included as Attachment II to the company's Forms 8-K dated January 21, 2014 and May 14, 2014.

IBM **Investor** Briefing