

IBM Solutions Supported by IBM Global Financing



“You may know IBM as a leading provider of business and technology solutions—from design and consulting through hardware, software and services implementation. But did you know IBM Global Financing is also the world’s leading IT financier?”

“Financing your IT projects integrates all costs and payments in one facility. It turns large, upfront costs into pre-planned, budgeted payments, matching cost outlays with expected benefits and savings.”



IBM and IBM Global Financing are uniquely positioned to provide clients with significant capital resources, leading technology solutions, extensive industry expertise and talent to address your broad business imperatives.

Why should my business work with IBM Global Financing?

In today's competitive, globally-integrated world, all types of risk can ultimately be expressed in financial terms. Every risk can impact the top and bottom line, or both. As a result, the finance function is getting far more involved in non-financial risk management. This includes the risks inherent in major business and technology initiatives. For example:

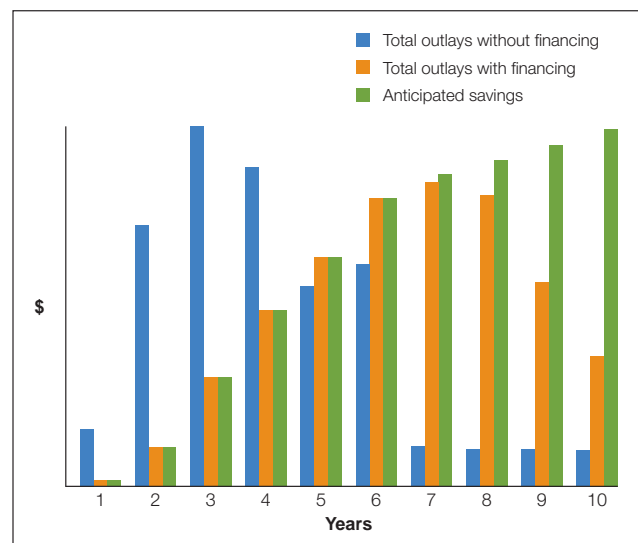
- Will the initiative yield the expected business and technology benefits?
- Will it be implemented on time and on budget?
- Will the transition disrupt your day-to-day operations?
- Will you get to your Return on Investment (ROI) within the expected time frame? If not, what will be the impact on your organization and its competitive position?

IBM works with organizations to help manage the risks related to sourcing, implementing and, through IBM Global Financing, financing major business and IT initiatives—even potentially running projects on your behalf. We provide:

- The **business consulting experience** needed to accurately and realistically evaluate, analyze and forecast the scope and cost of proposed initiatives, as well as the projected business benefits and ROI.
- The **technological expertise** to design, source and implement solutions over time and in geographically dispersed locations, to meet or exceed your organization's stated goals.

- The **financial resources** to fund both short- and long-term elements of initiatives to provide a cost-effective means for financing various project elements.

We have worked with companies of all sizes, from small companies through global multi-nationals. We will work with you to find the best way to address your unique situation—one that reduces complexity and provides a single solution, from design to consulting, through implementation and financing, including both IBM and, if required, non-IBM content.



Customized financing with zero net cash outlay turns large upfront investments into regularized payments in line with project milestones.



Why should CFOs finance with IBM Global Financing?

CFOs today are often challenged to finance new business initiatives. In a recent IBM worldwide CEO survey, limited funding was cited as one of the most significant obstacles to innovation. IBM Global Financing provides deep financial resources to help you optimize the expected benefits and realize the full value of business innovation.

Customize the financing for major business/IT initiatives utilizing IBM capital, structured within an array of loans and leases for IBM and non-IBM content. IBM IT structured finance is unique to these projects and therefore preserves your normal working capital and bank lines of credit. By drawing on our proven experience to customize innovative credit solutions, you can:

- Match cost outlays to anticipated benefits with tailored repayment terms.

- Consolidate and structure payments in line with your project milestones and funding requirements, helping you manage the uncertainties of project timing and cash outlays.
- Provide for either floating- or fixed-rate financing, with interest-rate protection as required.

The result? Zero net cash outlay from the initial installation period to the projected realization of operational benefits with budget certainty. And, your organization can:

- Improve critical time-to-business value, because all necessary funding is approved and available, up front.
- Reduce potential project risks by working with IBM consultants managing and implementing the projects to ensure projects will achieve your forecasted results/objectives and budgets.
- Simplify the process with one financing agreement, one strategic partner and multiple options to meet specific business needs.
- Finance multiple vendors, if needed.
- Finance both IBM and non-IBM solution components.

Of course, the best financing strategy for any business depends on your organization's goals—including financial goals. IBM Global Financing offers a variety of special financing options to address your unique situation. The following pages include just a few examples:

The IBM Enterprise IT Financing Facility can provide a flexible, multi-year financing agreement from several million up to hundreds of millions of dollars. It can be structured with “on demand” terms that let you decide when to draw on the financing resources and by how much. You choose from multiple lease and loan structures to meet your objectives and operating, budgetary, and/or accounting metrics. IBM Global Financing can globally, as well as within specific countries, provide terms and conditions for leases and loans, giving your organization worldwide competitive pricing.



Leading telecommunications firm finds new way to fund rapid growth.

Like many companies, this large wireless company used to budget and pay cash for its business and IT investments. It had not linked procurement with treasury financing. But after a strategic acquisition and a planned \$16 billion capital expenditure program, it was ready to explore new options to help fund its plans for growth.

IBM Global Financing proposed a customized \$400 million Enterprise IT Financing Facility to cover the firm's current and future investments in hardware, software and consulting. This approach provided:

- Loans for IBM products and services at aggressive floating rates, based on 30-day LIBOR.
- A six-year term, straight line, quarterly amortization—unsecured, no prepayment penalty.
- Uniform terms, conditions and pricing, with a draw window that matched the term of the future IT capital expenditures.

With this innovative financing solution, the wireless firm could easily tap the medium-term financing it needed to achieve its business objectives. Just as important, it gained critical business and IT capabilities in time to meet, and overcome, competitive threats.



Large global bank chooses IBM Global Financing for multi-year financing deal.

When the international bank needed to finance the operation of its new foreign exchange settlement service, it didn't draw on its own capital.

Although the bank is owned by many of the largest financial institutions in the world, they chose IBM Global Financing for its ability to construct a facility with fixed interest rates over the period, speed of implementation, and flexibility in the funding arrangements. The bank signed the financing deal to fund a multi-year outsourcing agreement with IBM Global Services to develop and manage the new infrastructure. The outsourcing agreement followed a large-scale project where IBM helped to design and implement the settlement system.

Said the bank's acting CFO: "IBM Global Financing obviously has an excellent understanding of the pattern of the financing required for IT projects and was very comfortable with providing a rolling plan of funding that might increase at a later date."

When you choose IBM for your project, and IBM Global Financing provides financing for your company, you know we are committed to the project's success.

IBM Global Financing offers clients the ability and experience to match future savings generated by an initiative with the amortization of loans and leases.

IBM Project Financing integrates all the elements of a total solution under a single financing umbrella. It is designed for organizations that want to more fully engage with IBM. For example, IBM may consult, design, build, run and, through IBM Global Financing, finance the solution. With single-source, highly customized financing across a project's entire lifecycle, it is easier to manage both the up-front investment and ongoing operating costs.

An Open Infrastructure Offering (OIO) means one-time negotiation, one procurement process, one monthly invoice and dedicated project executives to help simplify the business processes. It covers: hardware, software, professional services, maintenance, financing and disaster recovery. OIO also ensures the flexibility to make changes to reflect changing business needs—even substituting new technologies or adding new services as you go.

The OIO approach lets you run your operations more efficiently, while focusing on strategic activities that build value. You can accurately meet future budget requirements. Any business looking to improve productivity, innovate, profit or perform in a way that meets today's ever-changing customer demands can benefit.

For some organizations, financing with IBM Global Financing can mean the difference between postponing a strategic initiative and moving forward today.

What's the difference between traditional "project finance" and IBM Project Financing?

Traditional "project finance" is supported financially by the project and not by the sponsoring company. By contrast, IBM Project Financing™ provides customized and structured loan and lease financing for a wide variety of IT solutions, including IBM and non-IBM content, under the direct credit support of the sponsoring company. Loan and lease payments under IBM Project Financing are financial obligations of the company and payable when due. IBM is not involved in traditional project financing as practiced by banks.

How can IBM Global Financing help your organization manage risk?

IBM Global Financing, working in support of IBM consultants, can help organizations manage risk in a number of different ways:

- Reducing business risk: CFOs can accelerate the introduction of new business processes or technology needed to remain competitive. You can structure unique, customized financing, including IT leases.
- Reducing technology risk: With leases, much of the risk associated with technology obsolescence is transferred to IBM Global Financing. For example, each item can be renewed, purchased or returned. IBM Customer Centre—a secure, online lease management tool—helps you cut costs by tracking leases and their status online, reducing administrative time and enabling timely decision making.
- Reducing data security risk: We can provide secure data disk overwriting services for discarded disk drives in accordance with government guidelines. We have an entire business unit—IBM Global Asset Recovery Services—devoted to disposing and recycling end-of-lease assets in an environmentally friendly and compliant manner.



Deferred Payment Plan yields better-than-bank rates, saving a major American utility an estimated \$228,800 a year.

Recently a major utility entered into a multi-million dollar Statement of Work (“SOW”) with IBM for a third-party enterprise application implementation. For

each invoice during the life of the SOW, IBM Global Financing set up a deferred payment plan to finance the project with a series of one-year loans (tranches).

The first six months of each tranche were at zero percent interest rate, and months 7 through 12 of each tranche were at LIBOR plus 0.50 percent so the average interest rate over term was actually better than bank rates. (Fees and spreads vary by credit rating.)

Why would my organization finance with IBM Global Financing instead of a bank or other IT company?

No other bank or technology company can match IBM Global Financing for the breadth of our business and technology solutions, combined with our significant capital resources. Banks don’t live and breathe large-scale business/technology projects the way we do—so they lack the insight and perspective it takes to create flexible, even unconventional, financing options at preferred lending rates. Other IT vendors and consulting companies must partner with multiple sources to provide the deep global financial and comprehensive strength IBM Global Financing can deliver. IBM together with IBM Global Financing is truly a single-source provider, ready to partner with your organization on all levels.

Did you know?

IBM and IBM Global Financing offer industry-leading consulting, hardware, software, professional services, financing and sourcing solutions across a wide range of competencies, including:

- Financial Management (FM)
- Human Capital Management (HCM)
- Customer Relationship Management (CRM)
- Strategy and Change (S&C)
- Supply Chain Management (SCM)

IBM Global Financing is the largest IT lender in the world, with an asset base of US\$35.8 billion and a client list that includes more than 75 percent of the FORTUNE Global 100 list of companies. Our comprehensive portfolio of offerings has made us the world’s premier single-source provider for multi-vendor IT financing solutions. We can include hardware, software and professional services—from IBM as well as third-party manufacturers and vendors—in a single financing facility. With operations in more than 50 countries, we can also provide competitive rates in international currencies, like the US Dollar or Euro, and in local currencies when needed. And, with a strong financial profile, IBM Global Financing obtains funds at very competitive rates—savings that we share with our clients.

How do I get more information about IBM Solutions Supported by IBM Global Financing?

Share this document with your executive team, including your CIO, to start the discussion within your organization. IBM is ready to meet with you to discuss the kinds of solutions that would best fit your organization—from consulting through hardware, software, services and financing.

Call your IBM or IBM Global Financing client representative or visit: ibm.com/financing



© Copyright IBM Corporation 2011

IBM Global Financing
North Castle Drive
Armonk, NY 10504-1785 USA

Produced in the United States
June 2011
All Rights Reserved

IBM, the IBM logo, ibm.com, and IBM Project Financing are trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with a trademark symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the web at “Copyright and trademark information” at ibm.com/legal/copytrade.shtml.

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.

IBM Global Financing offerings are provided through IBM Credit LLC in the United States and other IBM subsidiaries and divisions worldwide to qualified commercial and government clients. Rates are based on a client's credit rating, financing terms, offering type, equipment type and options, and may vary by country. Other restrictions may apply. Rates and offerings are subject to change, extension or withdrawal without notice. Other company, product and service names may be trademarks or service marks of others.



Please Recycle