



IBM FORUM 06

Results through Innovation



IBM®

Creative approaches to financing innovation

IBM Global Financing

what makes you  special?



IBM FORUM 06

Results through Innovation



Kim Chatwin-Smith

Marketing Manager

Australia & New Zealand

IBM Global Financing

what makes you  special?

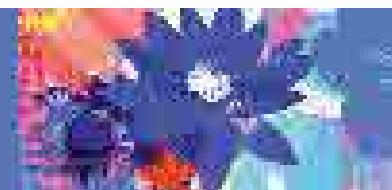
Agenda

Insights

1. Transaction Trends 2005 – *Ernst & Young*
2. Global CEO Study 2006 – IBM
3. Global Innovation Outlook 2.0 – IBM

Brave New World → Transactional Future

Creative approaches to financing Innovation



Transaction Trends 2005

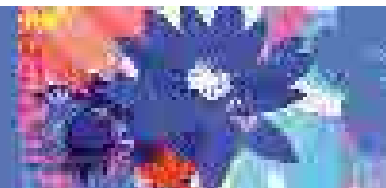
Ernst & Young

Sentiment & growth expectations year on year

30%	0 to 10% growth
30%	10 to 20% growth
20%	greater than 20% growth

Growth inhibitors

1. Recruitment and Retention of Staff
2. Funding Growth



Transaction Trends 2005

Ernst & Young

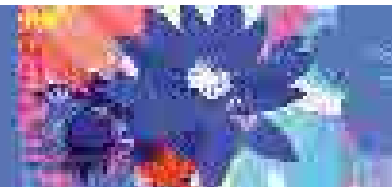
Funding growth → preferred sources

59% Bank debt

15% Venture Capital or Private Equity Funds

9% Family and friends

2% IPO followed by MBO

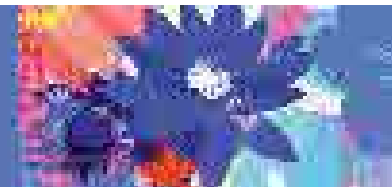


Transaction Trends 2005

Ernst & Young

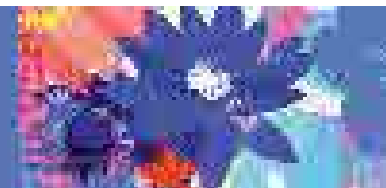
Funding growth → preferred sources

- 59% Bank debt
 - Impacts working capital / Mortgage Secured / Personal Guarantees
- 15% Venture Capital or Private Equity Funds
- 9% Family and friends
 - Dilution of ownership
- 2% IPO followed by MBO
 - Works as an Exit Strategy





- IBM conducted 765 interviews - 2006 CEO study
- Innovation emerged as the top theme
 1. Business model innovation
 2. Operational innovation
 3. Traditional R&D



Innovation means change

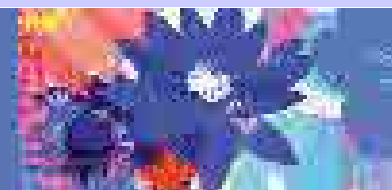
and change costs money —
even when it's to save money

“...**limited funding for investment** is the second most significant obstacle to innovation.”

—765 CEOs in IBM's 2006 CEO study

“The best IT acquisitions for clients are made when the IT executive and CFO collaborate.” ..., enterprises should closely examine their financing requirements, including financial considerations, timetables, and when value can be realized from investments.”

—Adam Braunstein, Robert Francis Group, August 2005



Average Spend on ICT

IBM SMB research ANZ 2006

Organisations

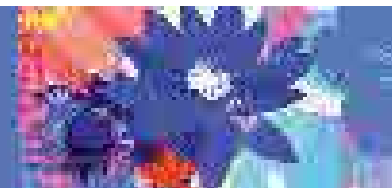
> AU&NZ\$10mil to AU&NZ\$200 mil

spend

1.8% of their annual turn over on ICT pa

80% is spent on maintaining current state - including headcount

Only **20%** is available for business innovation & improvement

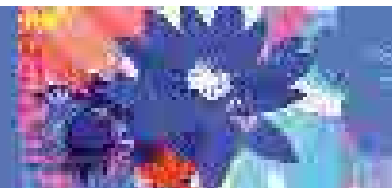


GLOBAL INNOVATION OUTLOOK 2.0



- 248 thought leaders from
- 33 countries, representing
- 178 organisations, at
- 5 locations across
- 4 continents

→ to discuss key emerging trends



GLOBAL
INNOVATION
OUTLOOK
2.0



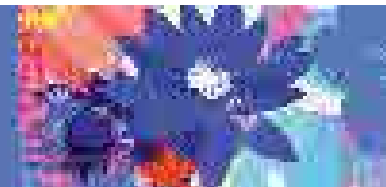
The Future of the Enterprise

The Environment

Transportation

→ **Retail**

→ **Financial Services**



IBM Global Financing → The Environment

IGF is the largest Asset Recovery organisation Worldwide

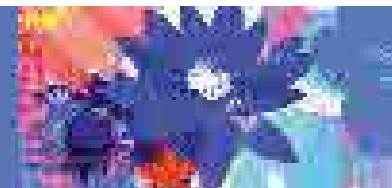
Worldwide, IBM's Global Asset Recovery Services (GARS) program receives about

22,000 end-of-lease machines each week

In 2005, Global Financing sold more than

\$1.6 billion in pre-owned equipment

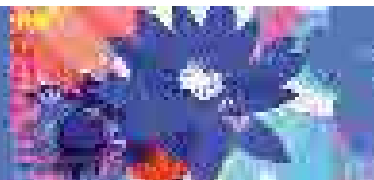
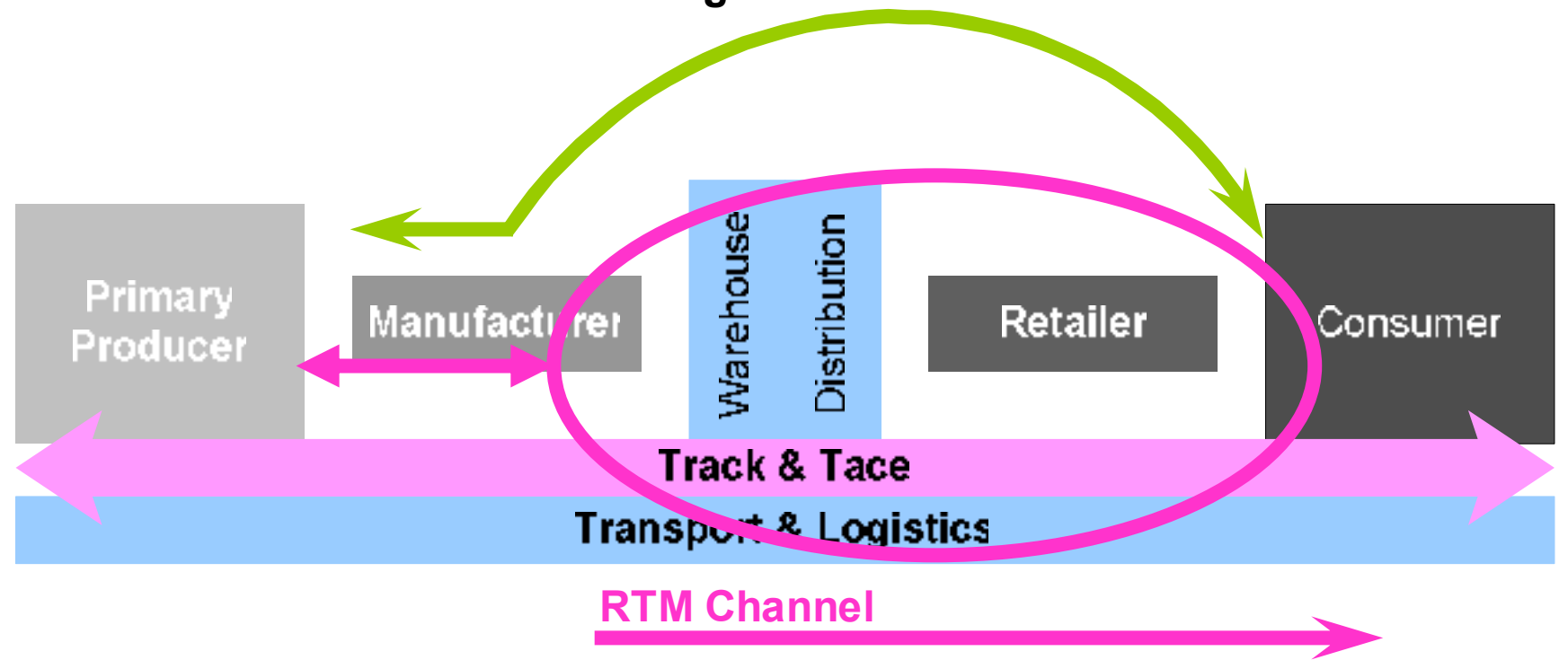
0% - of the IBM product – in IGF's control goes back to land fill
eg polystyrene – diesel fuel



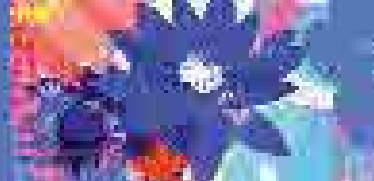
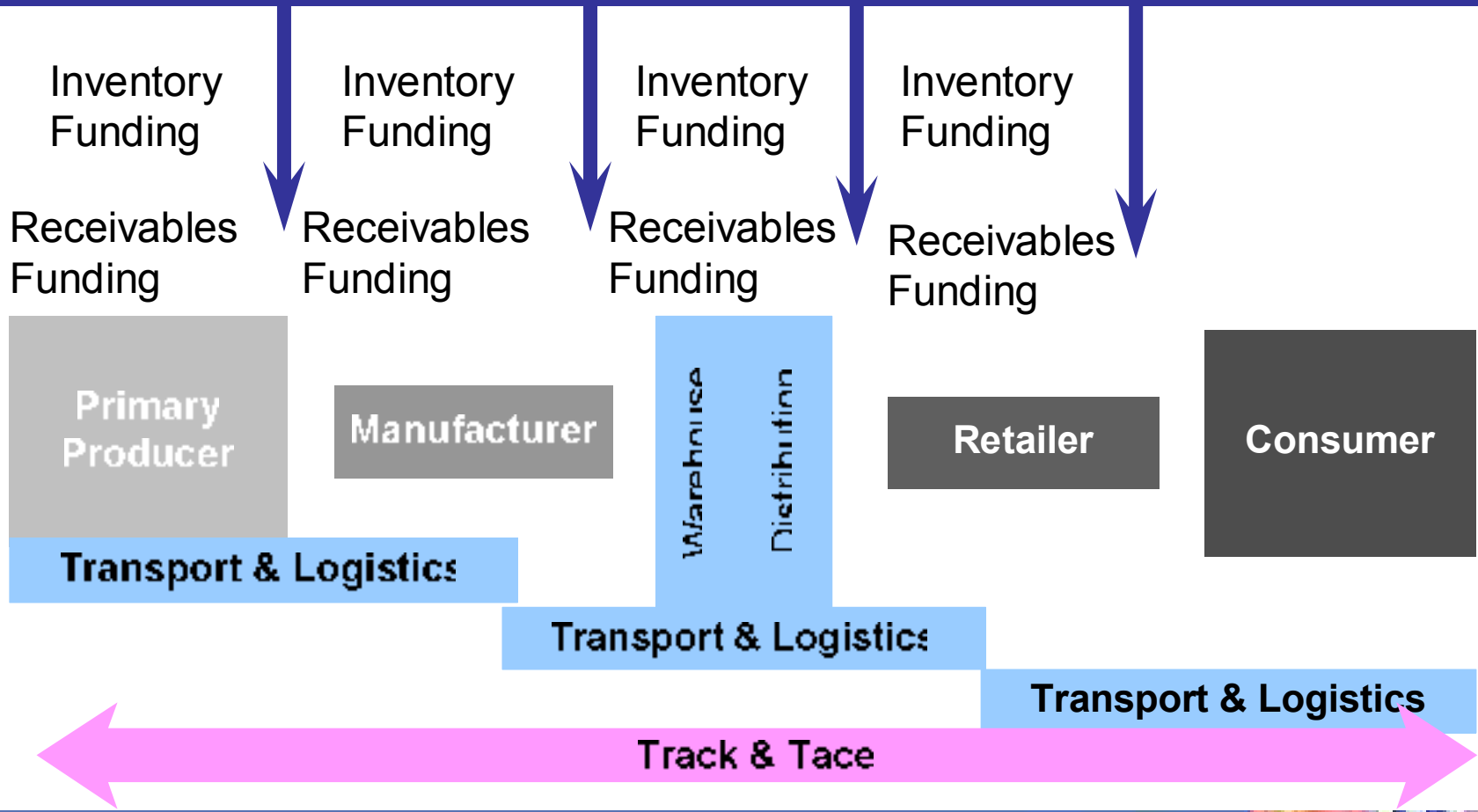
Transport → Track and Trace

Manufacturing → Transport, Warehousing & Distribution → Retail

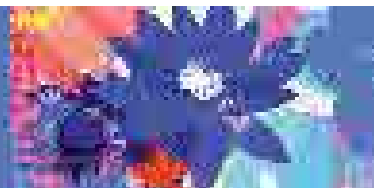
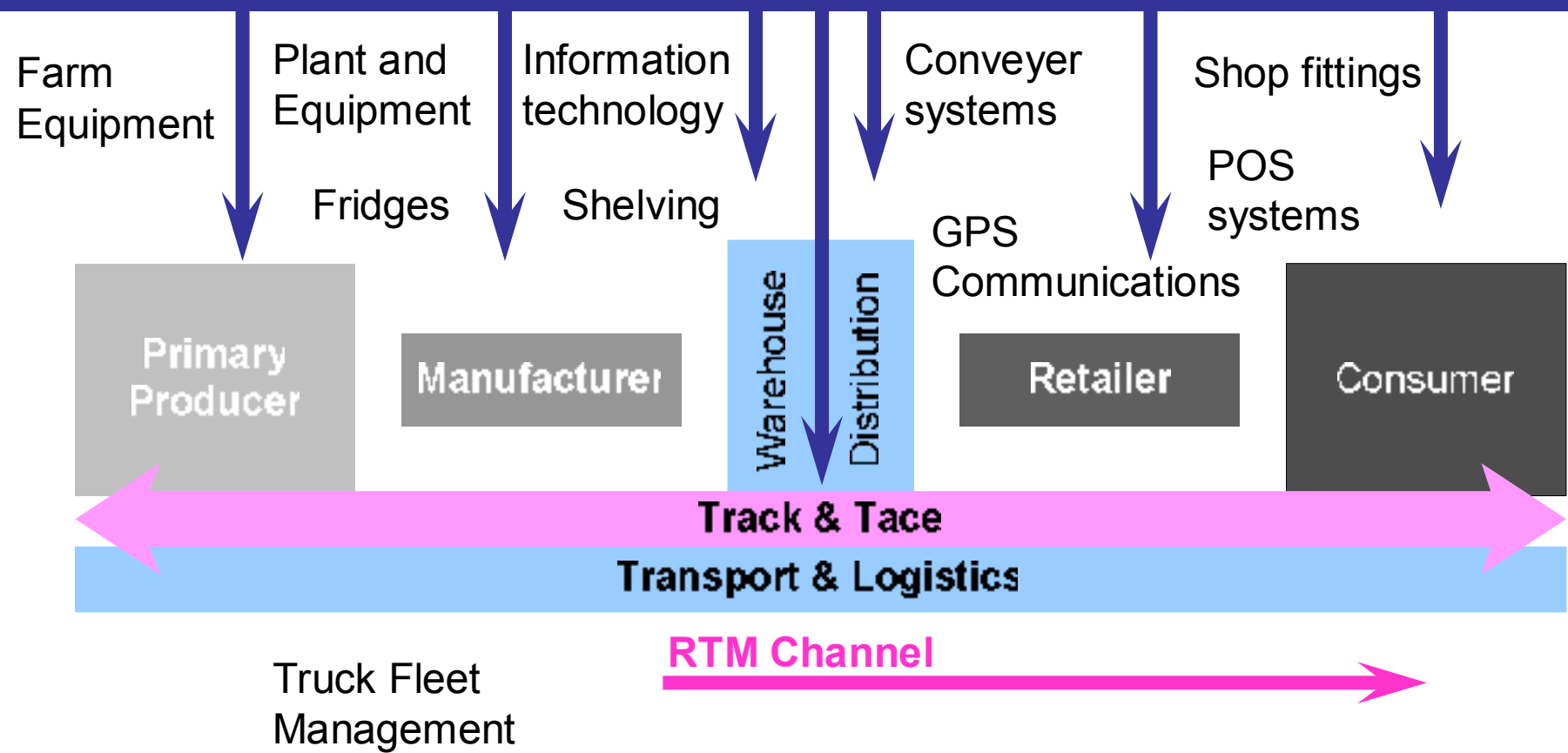
Manufacturing → Channel → Retail



Cashflow Lending

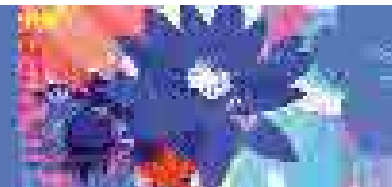
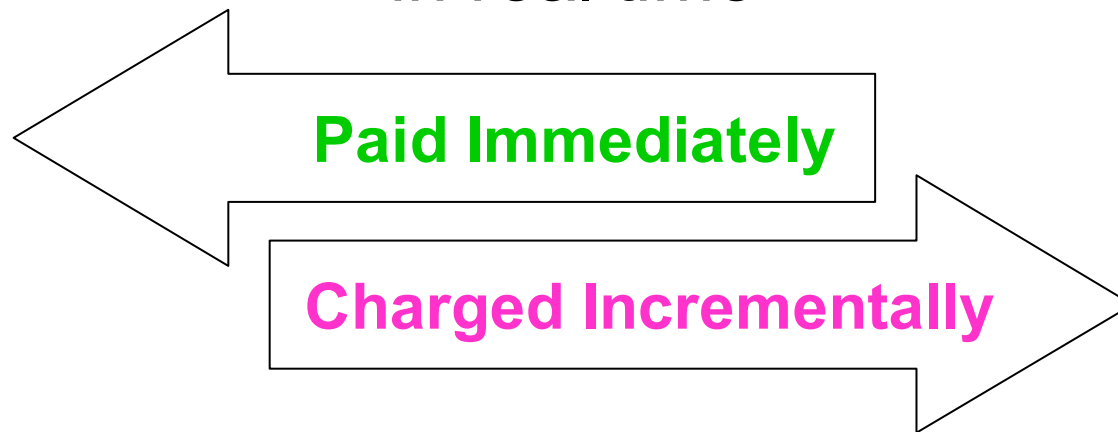


Asset Leasing



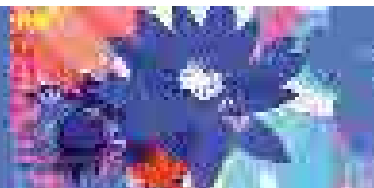
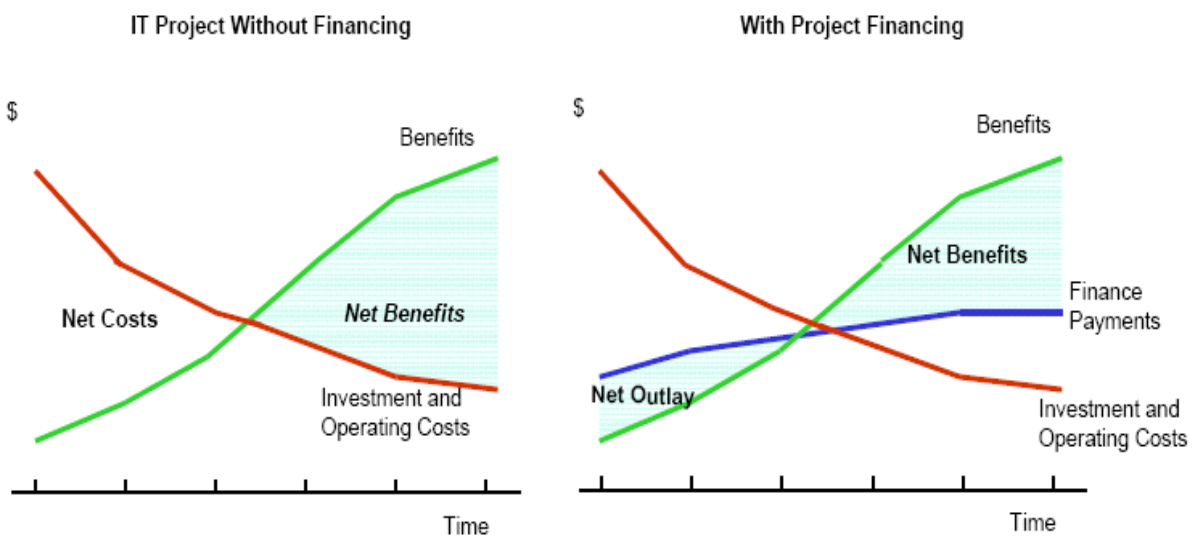
Transactional funding

Price per *
credited and debited
in real time



Farmers' Trading cuts costs and adds value with IBM Global Financing

"In order to save money, we first needed to invest. IBM Global Financing offered a unique solution that truly added value to a business like ours"
 Peter Burggraaf, Information Technology Manager, Farmers' Trading Co. Ltd



Average Spend on ICT IBM SMB research ANZ 2006

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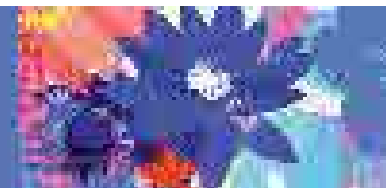
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IBM Global Financing Snapshot

IBM Global Financing (IGF) is the world's largest IT financier

US\$36Bn in assets

IGF ranks 4th largest fully diversified leasing companies in the US

Operates 40 Countries with 125,000 customers, including

95 of the Fortune 100

350 Banks and Financial Institutions World Wide

What do provide ?

Leasing, Loans and Project Financing for Customer IT Solutions

Working Capital Financing for IBM Business Partners and Suppliers

Global Asset Recovery Services

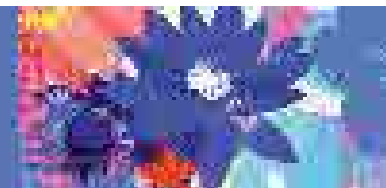
for

IBM and OEM hardware, software and services

We also sell refurbished equipment and provide asset disposition services

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Resells Through Innovation



IBM Global Financing Advantage

Operational cash flow lending

IGF can provide funding for companies core business activities

- Inventory funding

Investment cash flow lending

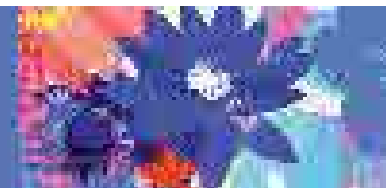
Solutions for making capital expenditure

- Equipment and machinery
- Investments or acquisition

Financing cash flow lending

Supporting financial activities such as

- Receivables management
- Loan consolidation



Transaction Trends 2005

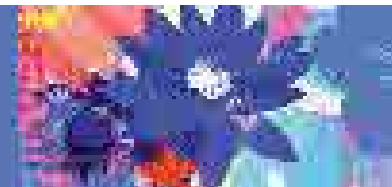
Ernst & Young

Funding growth → preferred sources

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→ **IGF Alternative**

- Non Bank source of funds
- No Collateral
- No Personal Guarantees
- No Security Deposit
- No Disposal Issues
- No Dilution of ownership



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