



Selling to Small & Medium Business Markets

INSIGHTS INTO:

SMALL BUSINESSES

MEDIUM BUSINESSES

TECHNOLOGY



Entrepreneur

Entrepreneurs who run small businesses are under tremendous stress and time constraints, as they juggle multiple roles in managing their business. Their purchasing habits for new technology is reactionary, such as when a new employee is hired or the network is down. Therefore, a high-frequency, multiple-touch-point marketing approach is best in keeping your company top-of-mind. Entrepreneurs rely heavily on their peers and professional consultants when making a major buying decision. You can influence that decision by influencing the entrepreneur's peer group. Take any opportunity to speak at the local business bureau and/or professional association. It's a great way to network and build rapport with your key audience.



CIO

CIOs are responsible for all aspects of a company's information technology systems. They have a knowledge of technology and business process, and a cross-functional perspective, so they will expect you to be able to discuss your solutions in a way that will help them align their organization's technology strategy with business strategy. Your interaction with the CIO must be highly planned and focused on results. Clearly demonstrate with hard numbers how your solution will affect the bottom line. Show you have a keen understanding of their industry by staying on top of market trends and events. Create interest by showcasing successful implementation of your solution with an existing customer in their industry. Finally, demonstrate respect for the CIO's time by keeping your interaction direct and to the point.



IT Manager

The IT Manager is responsible for the smooth operation of all the enterprise's networks, systems and electronic data – ensuring that new systems are integrated, and legacy systems are maintained and upgraded. When presenting new opportunities to the IT Manager, you will want to make a more comprehensive, technically savvy presentation, showing a clear understanding of their infrastructure and how your solution will fit into their organization. IT Managers are highly focused on building their department, so issues such as ease of maintenance, scalability and interoperability are priorities.



Project Committee

This is a team of professionals with diverse expertise and knowledge, brought together to strategize and plan for the creation and initiation of a new project solution. They will require you to have an in-depth understanding of their industry. They will not be sold immediately, and will require your presentation to be very solution-oriented and backed up with support data. Not all committee members are decision makers, so tailor your communications accordingly. Different members will have different needs, sometimes opposing ones. For example, a Chief Financial Officer (CFO) will be more concerned with hard numbers than a Line of Business (LOB) executive who are solely focused on their area of responsibility. It's your job to moderate their needs and bring to the table the best solution that balances all requirements. The sooner you establish their requirements, the sooner you can engage them in the selling cycle. This is key, as you are essentially competing against many other vendors.

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Market Description

- This industry is being pushed to offer an ever-broader range of services; however, tax preparation is the staple of 83% of firms.¹
- Half of today's accounting firms offer additional services, including integrated software and technology services.¹
- Forty-one percent of accountants aren't able to expand their practices due to lack of time to learn new technologies and processes.²
- Technology in this industry is characterized by frequent upgrades of software.²

Key Technology Challenges

MOBILITY AND CONNECTIVITY

Use of the Internet is increasing as accountants manage and access their clients' applications remotely. Many work with large amounts of data from mainframe computers but need a solution to provide mobility, connectivity and security of their information.¹

CHANGING TECHNOLOGY AND SOFTWARE

Accountants must stay current on technology trends and complex technical processes. They must frequently upgrade software and hardware to keep up with changing tax preparation laws.

NUMEROUS SOFTWARE APPLICATIONS

Accounting firms need to maintain a familiarity with a number of different software applications. With little time to learn new programs, many accounting programs are being under-utilized.

ACCOUNTING



Technology to Leverage

FACILITATE MOBILITY

Present accounting firms with hardware solutions such as an IBM ThinkPad® that comes pre-configured with wireless Internet access. Suggest other mobile solutions such as pagers, PDAs and cell phones.

FILE SHARING

Offer secure, off-site data storage and PC back-up as means to support their ability to store and share their clients' confidential files.

SUBSCRIPTION-BASED SOLUTIONS

Offer subscription-based accounting software programs and training as added-value services to help accounting firms get the most out of their investments.

SUPPORT YOUR SOLUTIONS

Complement your offering with efficient technical support and 24-hour guaranteed support during tax season.



Sales & Marketing Approach

Statistics are U.S. based.

¹ Intuit Survey, 2001

² Warrillow & Co., IBM Vertical Insight Project, 2001

Market Description

- This industry is an early technology adopter. Technology is integral to its business.¹
- It has the highest penetration of both Internet access (80.5%) and high speed (39.8%).¹
- Financial clients are more educated as they research online and their Brokers perform more transactions and processes online.¹
- Brokerages leverage a highly mobile sales-driven group of business people. They spend a lot of time out of the office meeting with clients, closing sales and investigating claims.¹ As such customer service and communication are high priorities.

Key Technology Challenges

INTEROPERABILITY WITH PARTNERS

Independent agents need to communicate with a variety of financial institutions and struggle to communicate with each different system. They lack the support network that a captive agent would have access to.

24/7 ACCESS TO INFORMATION

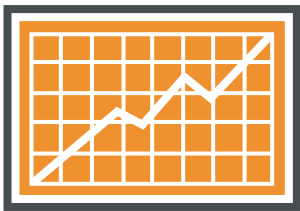
Getting quick and easy remote access to information is critical. Agents are constantly on the go and depend on technology to provide a "virtual" office.

STEEP LEARNING CURVE

Older agents are reluctant to adopt new technology, as there is an element of fear and frustration with the steep learning curve. They are not sure how to leverage the Web as a tool to market their services and to acquire new clients.

FINANCIAL

Technology to Leverage



WIRELESS NOTEBOOKS

Offer bundled systems, such as a ThinkPad with a wireless LAN card and/or PC Anywhere™ software. PDAs, cell phones, contact management software and high-speed Internet access would be other useful options.

DATA STORAGE

Offer secure, off-site data storage solutions that allow flexible access. Demonstrate how you can help agents manage their clients' confidential data securely.

NETWORKS AND COLLABORATIVE SOLUTIONS

Agents deal with many institutions, and more and more of their information is shared. Discuss solutions like Intranets and Extranets for securely transporting data.



Market Description

- This industry is characterized by a rapid pace of innovation and technological advancement, which often drives much of the industry's production.¹
- Many of these companies are fairly small. They produce goods ranging from computers to televisions, and a wide range of commercial and military products.¹
- This industry creates a constant demand for advanced applications and has a greater emphasis on research and development. This results in a higher proportion of research scientists, engineers and technicians working in these companies.¹
- Their adoption of new technology is often influenced by the actions of the larger companies they deal with.¹

Key Technology Challenges

ACHIEVING COMPATIBILITY

Because many of the companies in this industry are inter-dependent, it's crucial to resolve compatibility issues between technologies and applications among business partners.

CONNECTING WITH SUPPLIER PORTALS

With the popularity of supplier portals increasing, more small companies are being asked by their larger counterparts to use them to improve information access and order implementation.

IMPLEMENTING NEW TECHNOLOGY

This is a major challenge for small businesses in this industry, as many software upgrades and applications can be very expensive. An ineffective implementation can put them out of business.

CONSTANT TRAINING

Staff training is also a critical issue, as they must be constantly trained on the most up-to-date technologies and programs.

MANUFACTURING



Technology to Leverage

PROVIDE ONLINE SUPPORT & TRAINING

As many of these firms don't have a dedicated IT person, offer online and telephone support focused specifically on their needs. Offer conference calls and training for employees who have IT support duties.

LEVERAGE RELATIONSHIPS

Build on relationships with larger manufacturers who use supplier portals to contact smaller manufacturers. Advertise on the portals with special offers for equipment and technical support.

OFFER FLEXIBLE PAYMENT OPTIONS

Many small firms cannot afford extensive capital outlays when investing in technology. Consider offering flexible payment options such as "pay per use" or a leasing program.



Sales & Marketing Approach

Market Description

- This industry is a leading user of technology to provide healthcare, information and research. It's comprised of primary care physicians and clinical laboratory technicians.¹
- Physicians are highly educated and often rely on computers and networks to access information about their patients.¹
- Technicians in clinical laboratories play a crucial role in the detection, diagnosis and treatment of disease. They are increasingly reliant upon automation and computer technology.¹

Key Technology Challenges

STAYING KNOWLEDGEABLE

There has been a tidal wave of medical information resulting from such breakthroughs as the completion of the human genome project. This requires the most advanced computing devices and connectivity solutions.¹

GREATER CONNECTIVITY

Physicians require high-speed online connectivity to leverage new technologies such as teleconferencing for real-time global testing, diagnosis and treatment.

RESEARCH & STORAGE REQUIREMENTS

Complex medical solutions and the need for greater documentation of research, processes and results require increasingly complex software and hardware solutions.

MEDICAL

Technology to Leverage



TARGET YOUNGER USERS

Younger physicians and lab technicians tend to be more technically savvy. Target recent graduates with special offers, such as a start-up office package or a free Palm Pilot, when they purchase a new system.

ASSIST WITH STORAGE AND SECURITY

Physicians and clinical labs require help managing their data and information. Offer secure, accessible off-site data storage for confidential records, patient claims and other critical documents.

PROVIDE DECISION SUPPORT SOFTWARE

Extend the physician's capabilities by offering decision support software combined with the latest hardware. Such tools can issue medication alerts, provide resources at their fingertips, and help in a diagnosis.

INITIATE REGULAR UPDATES

Help medical professionals stay current by offering them new hardware and software upgrades on a regular basis.



Sales & Marketing Approach

Statistics are U.S. based.

¹ Warrillow & Co., IBM Vertical Insight Project, 2001

Market Description

- This industry includes restaurants, hotel dining rooms, bars and other licensed establishments. It is characterized by high turnover and blue-collar staff.¹
- Primarily utilizes Point of Sale (POS) systems to increase order taking efficiency. They also facilitate financial transactions and provide reporting functionality of sales, product movement and food costs.¹
- Smaller restaurants often under-utilize their POS system, sometimes using only 50%-70% of its capabilities.¹
- The Internet is increasingly being used by food service managers to track industry news, conduct market research and purchase supplies. Many restaurants have Web sites to attract customers.²

Key Technology Challenges

CONNECTIVITY AN ISSUE

There is a growing need for high-speed connectivity to optimize inventory control, to provide a link to head office, and for customers to make reservations via a restaurant's Web site.

EFFICIENCY CHALLENGES

Efficiency is a challenge in restaurant environments, as they are not conducive to the optimal operation of computers. Additionally, keeping computer systems operating, integrating new systems and training employees on a POS system are frustrating due to high turnover.

SOFTWARE SOLUTIONS

Managing payroll and employee scheduling is a critical function in restaurants. Accessing software that can make these functions easier is important in restaurant management.

RESTAURANT



Technology to Leverage

CUSTOMIZED COMPUTERS

Offer special "restaurant proof" computers that are resistant to the adverse effects of a restaurant's environment. Recommend the latest touch-screen order-taking technologies.

TEST DRIVE OPPORTUNITIES

Set up test or pilot opportunities to allow clients to experience the ease of a POS system at no cost. Offer regular training sessions to counter the problem of high restaurant turnover. Such sessions can be done online with downloadable or interactive presentations.

WEB SITE DEVELOPMENT

As restaurants become more successful, opportunities exist to develop their own secure Web site.



Sales & Marketing Approach

Statistics are U.S. based.

¹ Warrillow & Co., 2001

² National Restaurant Association, Tableservice Operator Survey, 2000

Market Description

- This industry has been slow to adopt technology, but this is changing. Sixty-six percent of small business retailers have considered switching to a PC-based Point of Sales (POS) system.¹
- Eighty percent of the 14 million retailers use rudimentary tools such as calculators and electronic cash registers to manage their business.²
- Single-store businesses account for more than 95 percent of all retailers.³

Key Technology Challenges

GETTING THE RIGHT TECHNOLOGY FIT

Many POS systems are geared towards larger retail chains. They are expensive and require a capital investment. Keeping up with technology and learning new systems are difficult.

TECHNICAL TRAINING

Above-average turnover in staff makes it difficult to train employees on complex systems.

DEVELOPING AN ONLINE CHANNEL

Many small retailers make their first online sale through auction sites such as ebay.com.⁴

PAYMENT AUTOMATION

Processes and payments are becoming increasingly automated in retail. Customers expect to be able to pay with plastic.

RETAIL



Technology to Leverage

POS WORKSTATIONS

Bundled systems such as an IBM NetVista™ system with accounting or POS software pre-installed. Retail is the most likely vertical to be considering upgrading their Internet access, so consider offering it in a package.⁴

TECHNICAL TRAINING

Consider offering technical training to retailers at minimum or no cost. It's an added value that goes a long way in ensuring repeat business. Services such as on-site installation and troubleshooting are other complimentary services.

WEB DESIGN AND HOSTING

As retailers achieve greater success with online auctions, they may be receptive to developing their own secure e-commerce Web site.



Sales & Marketing Approach

Statistics are U.S. based.

¹ Intuit Survey, May 2001

² Dun & Bradstreet Survey, 2001

³ U.S. Census, 1999

⁴ Warrillow & Co., 2001

Market Description

- The size and scope of firms in the wholesale and distribution industry vary greatly. Many are family owned and operated. Many are only recently beginning to invest in technology to support their businesses.¹
- Accounting software, warehousing packages and communications tools such as e-mail are prevalent.¹
- There is increasing acceptance of barcoding technology to automate the tracking of inventory. Wireless technology is also being used to give sales people access to real-time information.¹

Key Technology Challenges

GETTING BUY-IN FROM THE TOP

Many of these firms have older managers at the helm, who are often a roadblock to new technology introductions. New technology can be expensive and requires them to provide ongoing training of employees.

FUNCTIONALITY & COMPATIBILITY ISSUES

Finding solutions with appropriate functionality is often piecemeal, with various elements gathered from different packages to “right-size” a solution. This can cause compatibility issues in the near term and potential difficulty in future implementations.

ONLINE CHALLENGES

Many firms are being pushed by their clients to offer solutions for ordering and managing inventory online. This creates many challenges with technology and process.

WHOLESALE DISTRIBUTION

Technology to Leverage



OFFER TECHNICAL SUPPORT SOLUTIONS

As these firms require ongoing training for employees, offer technical support as part of their maintenance contract.

INVENTORY IMPROVEMENTS

Recommend Point of Sale (POS) systems with optional hand-held or mobile data entry systems for remote inventory tracking and management.

CREATE MORE VALUE

Many small firms cannot afford extensive capital outlays when investing in technology. Consider offering flexible payment options such as “pay per use” or a leasing program.



Sales & Marketing Approach

Market Description

- The key issues facing this industry include: regulation/deregulation, consolidated lines of business (deposits, savings, brokerage, investments, insurance, etc.), consolidation, competition and technological advances.
- Thirty years ago banks controlled 70% of the deposits in the U.S. With brokerage firms, insurance companies and niche financial players going after their business, the amount they control today has dwindled to 30%.
- With deregulation, banks are now able to offer brokerage services, insurance and other financial instruments or products, and are aggressively looking to increase their deposit base.
- The banking industry is one of the top-spending industries on services.

Size

- Retail banking, including real estate companies, is the second largest industry in terms of IT spending, accounting for 12% of the total IT opportunity in the mid-market.
- There are 13,000 financial institutions and credit unions with less than \$100 million in assets in North America.

Key Technology Challenges

STAYING COMPETITIVE

Banks have to invest aggressively in technology or they simply will not be able to keep up with the competition. Many financial institutions have to make significant investments in branch automation, core-banking systems, document imaging, check processing and Internet banking.

CUSTOMER LOYALTY

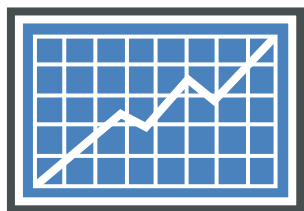
Maintaining and growing customer loyalty is now a major focus as banks are faced with severe competition from all fronts, including other financial institutions, brokerage houses, insurance companies and even dot coms.

MANAGING DIFFERENT CHANNELS

Financial institutions are moving to a multi-channel delivery of products and services over the call center, the Voice Response Unit (VRU), the Internet, the branch and now Web-based ATMs. Managing these different channels in a consistent format can prove difficult.

BANKING

Technology to Leverage



DELIVER INTERNET BANKING SOLUTIONS

Internet banking allows customers to perform a wide variety of typical retail and commercial branch transactions via the Web. Offer these solutions for banks that are not yet offering this service, as well as to banks that were early adopters and require their system to be replaced.

ATM REPLACEMENT

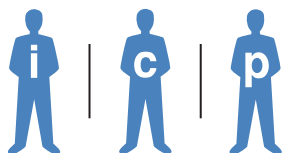
Fifty percent of the ATM marketplace is a replacement market, providing a continuous opportunity for sales. A financial institution will typically replace 10% of its ATMs per year.

IMPLEMENT CRM SYSTEMS

Twenty percent of a bank's customers drive eighty percent of its profit. Demonstrate how implementing a Customer Relationship Management (CRM) system can assist a bank in identifying its most profitable customers and in selling the right products at the right time. Customers are increasingly leveraging call center capabilities to conduct banking transactions. Banks are investing in this channel to improve customer service and cross selling of their products and services.

PROVIDE BRANCH AUTOMATION SOLUTIONS

There are two areas of opportunity in branch automation. First, provide transaction process solutions, PCs and specialized printers for a bank's teller systems. Second, offer technology solutions for their platform systems, which are used for establishing loans, opening new accounts and cross-selling their products and services.



Sales & Marketing Approach

Market Description

- Healthcare is experiencing many environmental forces: cost pressures driven by patient safety issues; regulatory pressures for security and privacy compliance; nursing shortages; increasing market power of consumers, payors and providers; and archaic, disparate IT systems.
- Most hospitals operate as money-losing operations, supported by interest income. Most payors operate on thin 2% margins.
- Providers need ways to improve charge capture, reduce medical errors, reduce costs, and stay in regulatory compliance.
- Payors need ways to reduce costs, reduce paperwork, enable cost-effective and savvy customer information retrieval, and stay in regulatory compliance.

Size

- In the U.S. there are 6,000 hospitals, of which 73% are privately owned, and 70,000 healthcare facilities including hospitals, physicians' offices and clinics.
- There are 330 payors.
- Healthcare is the third largest market in terms of IT spending, accounting for 10% of the total IT opportunity in the mid-market.

Key Technology Challenges

REDUCING MEDICAL ERRORS, IMPROVING PATIENT SAFETY

One of the healthcare industry's primary focuses is on reducing medical errors. This requires major investments in many areas of a hospital, such as the physician order/entry clinical information system.

IMPROVING CHARGE CAPTURE

With thin to negative margins, providers must capture charges more effectively, increasing their revenue stream.

COMPLIANCE ISSUES

A major area of concern for all members of the health insurance field is the introduction of sweeping new regulations regarding data transactions, and privacy and security issues. Their efforts to achieve compliance are requiring them to perform major upgrades in their information systems.

CUSTOMER SATISFACTION ISSUES

As the power of consumers increases, payors and providers strive not only to keep costs down, but also to retain their current customer set.

HEALTHCARE



Technology to Leverage

OFFER COMPLIANCE SOLUTIONS

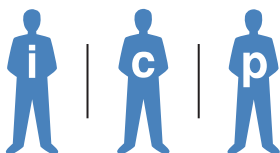
Leverage partner solutions in CIS, PACs and Customer Relationship Management (CRM), and demonstrate how IBM can help enable provider and payor systems to attain compliance. Demonstrate IBM's portfolio of HIPAA offerings to enable compliance. Additionally, present your capabilities in project management, consulting and organization.

PRESENT WEB SOLUTIONS

Many healthcare organizations are realizing the benefit they can achieve by utilizing the Internet. Present the advantages of providing the middle-ware interface between the Web front and legacy systems. Offer Web hosting and Web services.

OFFER WIRELESS SYSTEMS

Offer wireless systems that can enable the automation of repetitive, labor-intensive tasks and the reduction of paper systems. Show how these solutions can improve efficiency and cost per transaction. Introduce healthcare facilities to the many advantages of hand-held technology. Show how it can improve service and reduce costs in many areas of hospital services, such as prescription writing.



Sales & Marketing Approach

Market Description

- Fast-growing segments of this industry include fabrication and assembly, architecture, construction and engineering.
- A phenomenon in this industry is that customer loyalty is dwindling. Therefore, improving the level of service is becoming increasingly important. This is reflected by more than half of this sector's spending going towards supporting services.
- Today, it's all about the bottom line. With revenue growth hampered by the economic downturn, Enterprise Resource Planning (ERP) and Supply Chain Management (SCM) solutions are popular because they help improve operational efficiency, eliminate waste and reduce costs. Top-line solutions such as Customer Relationship Management (CRM) will increase in demand once the economic recovery begins.

Size

- In North America there are 66,000 establishments of which 59,250 have 100-999 employees.
- Together, the eight industries comprising the industrial sector represent about 20% of the total IT opportunity, making it the top industry in terms of IT spending in the mid-market.

Key Technology Challenges

DWINDLING DEMAND

With the downturn in the economy, manufacturers were forced to cut back production in an effort to reduce inflated inventories. By late 2002, most inventory levels have been reduced to a minimum. Because inventory is the buffer for changes in supply and demand, inventory management is gaining importance as manufacturers balance demand, production and low inventories.

SHIPPING ON TIME

As the economy improves and demand returns, manufacturers will find it difficult to ship on time with their reduced inventories. Subsequently, they will need to increase production to match increasing demand and to increase inventories to provide on-time shipments.

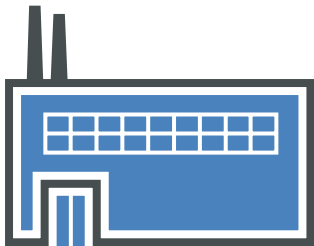
INCREASED MACHINERY REQUIREMENTS

With the new economic outlook, manufacturers may find it difficult to show a return on assets because of their production machinery. In many cases, single-use machines used to handle large demand are being replaced with smaller, flexible machines that are capable of making different products. The down side is higher set-up costs to run jobs. The up side is lower costs and flexibility, both of which are needed in today's economy.

MEETING OPERATIONAL OBJECTIVES

The industry is also striving to meet operational objectives such as shortening the order-to-cash cycle, improving quality and serviceability, and lowering the cost of goods sold.

INDUSTRIAL



Technology to Leverage

ERP AND SCM

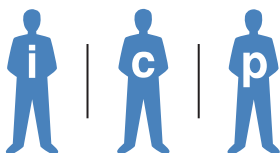
Demonstrate that ERP and SCM solutions can improve operational efficiency, eliminate waste and reduce costs. New backbone systems can help a manufacturer prepare for the economic recovery by replacing "Y2K Leftovers" which are compliant yet costly.

CRM

Manufacturers who entered the economic downturn without excess inventory, obsolete inventory, inefficient processes and costly, ineffective IT systems have a competitive advantage today. They are able to leverage CRM functionality to take market share from struggling competitors.

PRODUCT LIFECYCLE MANAGEMENT

Engineering and workflow management are gaining recognition as potential competitive advantages in the new economy. Time to market and the ability to participate in the engineering process are valuable weapons when competing for new business. Vertical integration through effective workflow management can also be effective.



Sales & Marketing Approach

Market Description

- This industry's core business is policy administration, claims and underwriting.
- Financial service convergence is a trend in this industry. The boundary between the financial service industries and the insurance industries is disappearing.
- This industry is characterized by extreme competition as it undergoes a transformation from a largely regulated market to a very highly competitive and deregulated market.
- Newer channels to interact with prospects and customers include e-business, call centers and affinity marketing. It's predicted that 10% of retail insurance sales will take place over the Internet by 2003.

Size

- In the U.S. there are 1,628 businesses with 100-499 employees, 254 businesses with 500-999 employees, and 123 businesses with 1000 or more employees.
- The insurance industry ranks as the tenth largest in terms of IT spending, accounting for 5% of the total IT opportunity in the mid-market.

Key Technology Challenges

SLOW TO ADOPT CHANGE

Older, more entrenched insurance companies are extremely vulnerable to new Web-based forms of competition. They are also often extremely resistant to building new e-business models of their own.

AUTOMATING AGING SYSTEMS

There are many aging systems, such as policy administration and claims processing, which need to be replaced or complemented with front-end systems leveraging technology to make them more efficient.

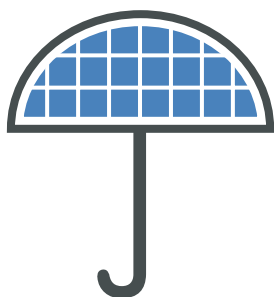
CAPITALIZING ON CRM

An insurance company's most valuable asset is its customer. As the pace of competition increases, companies need to embrace more effective tools, such as Customer Relations Management (CRM), in order to differentiate their service.

LEVERAGING THE INTERNET

Insurance companies are looking for ways to leverage Internet and technology to enhance the efficiency of their operation and to create a channel strategy.

INSURANCE



Technology to Leverage

IMPROVE THEIR INTERFACE

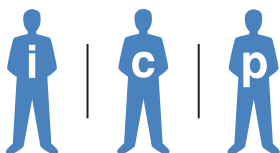
Insurance agents are predominately responsible for interfacing with the distribution channel. Offer ways to improve this interface by offering CRM implementation and the benefits of lead and sales tracking, as well as channel and agent management.

HELP UPGRADE INFRASTRUCTURE

Older established companies want to upgrade their infrastructure so they can better serve customer needs. Present opportunities for implementing CRM and other important "customer centric" solutions like customer loyalty, wealth management, distribution and service.

OFFER AN OUTSOURCING SOLUTION

Implementation of a pure client-server model for computing is expensive and hard to manage. Recommend a browser-based client and centralized server model solution. Strategic outsourcing is important as insurers seek to reduce their cost base.



Sales & Marketing Approach

Market Description

- Larger firms are spending more on technology than in prior years.
- The courtroom itself is undergoing a rapid technology makeover – driving firms to invest in litigation technology. Trends also include electronic filing (pleadings, etc.) and live transcription services.
- Computers are indispensable today to lawyers – providing access to a virtually limitless collection of knowledge that permits them to remain experts in their individual fields, and to summon such material promptly when needed.
- Technology investment is split between law office technology; litigation and courtroom technology; Web, communication and collaboration technology; online research and mobility; and back office solutions.

Size

- There are over 1,000,000 active lawyers in the United States, generating over \$125 billion in revenue per year.
- In addition to the *American Lawyer* list of top 100 law firms, large firms are typically classified as those with over 99 employees. Most large firms have more than three branch offices.
- Professional services ranks third as whole in terms of IT spending, but the legal segment is only a portion of this vertical, ranking ninth and accounting for 5% of the total IT opportunity in the mid-market.

Key Technology Challenges

DIFFERENTIATING LAW FIRMS VIA TECHNOLOGY

Legal professionals are becoming more proficient, and reliant upon technology. With the increase in the number of transactions, mergers and acquisitions, rise of multi-disciplinary practices (e.g. accounting firms competing for business), fixed fee billing and an overall need to keep and attain clients technology is a key differentiator in the success of a law firm.

MAKING THE CASE FOR TECHNOLOGY

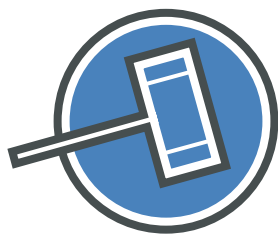
Technology has become an inescapable fact for law firms, taking a prominent place not only in helping lawyers individually, but also in how firms maneuver to remain viable. The following technology areas have been identified as challenges for law firms: Extranet and collaborative tools,

discovery documentation, matter detail, patent and trademark management, database of contract terms and conditions, litigation outcome tracking, invoice and budget tracking, billing management, compliance, performance metrics and streamlining of work process.

KNOWLEDGE MANAGEMENT

Wireless and personal area networks are allowing for unprecedented knowledge management solutions. However, there is such a profusion of offerings, it is difficult for those in the profession to know what is right for their needs.

Technology to Leverage



FRONT OFFICE SOLUTIONS

Front office applications (“law office technology”) for legal firms are predominately geared toward assisting lawyers generate revenue. The goal is to offer solutions which enhance their ability to do so, such as tracking their billable activities. Other solutions include practice, case and document management, and calendaring/docketing solutions. Trial presentation software, litigation support and courtroom-related applications (“litigation and courtroom technology”) is another distinct area of technology use.

PROVIDE WEB SITE AND COLLABORATION TOOLS

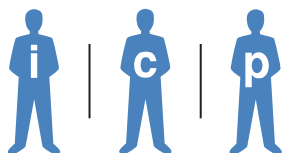
In the legal profession, Web sites are becoming increasingly important as a means for maintaining their attorney profiles, recruiting new attorneys and showcasing the firm's capabilities. A new trend is for corporations to deal with their law firms through a Web interface. Offer Web site development, CRM and collaboration tools. Lawyers are no longer tied to the office telephone or desktop computer – lawyers stay in communication with clients and partners with mobile e-mail and remote access, utilizing handheld devices weighing only a few ounces.

SECURE THEIR DATA

The number one issue for legal firms is securing their highly confidential information. Provide them with off-site storage facilities, backup strategies, and virus and encryption tools. Less than 50% of firms have a disaster control plan. Provide a network assessment as a means of offering more effective security arrangements.

OTHER BACK OFFICE

This includes a broad range of eServer applications, including network, Intranet/Extranet, accounting and cost recovery systems (the life-blood of any business is its ability to generate positive cash flow), records management, imaging/OCR, printers, VoIP/telephony, and key infrastructure technologies. Key hardware investments are usually coordinated with back office infrastructure investments.



Market Description

- Life sciences encompass a number of established and emerging industries, including pharmaceutical, agriscience, biotechnology companies and medical device companies.
- It has a large and growing need for information technologies to manage massive amounts of data and solve computationally intensive problems.
- Two of the most exciting emerging fields in life sciences are genomics and proteomics. While genomics focuses on the structure of DNA and the genome code, proteomics is a newer field concerned with the behavior of proteins.
- The average cost of developing a new drug today is \$500 million U.S. and can take up to 15 years. IT-powered solutions are enabling the pharmaceutical industry to shave years and millions of dollars off the process.

Size

- The life sciences industry is growing quickly and is expected to be in the top 10 in the mid-market, in terms of IT spending, within the next few years.

Key Technology Challenges

SCALING UP FOR GROWTH

The industry has to rapidly scale up its IT capabilities to handle the enormous amounts of data resulting from the scientific breakthroughs in such revolutionary fields as genomics and proteomics.

COLLABORATING & UNDERSTANDING THE DATA

Beyond solutions for managing massive amounts of data and solving computationally intensive problems, the industry needs solutions to integrate its data, so that researchers and scientists can collaborate, "mine" and share information.

IMPROVING REGULATORY COMPLIANCE

Measuring and continuously improving compliance in a cost effective manner is key to accelerating clinical trials and meeting rigorous regulatory compliance standards. The industry needs reliable, secure, high performance technology along with comprehensive data management tools to meet reporting requirements and deadlines of regulatory agencies.

LIFE SCIENCES



Technology to Leverage

OFFER NEW TOOLS

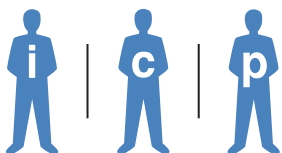
A full range of solutions, including Business Partner applications, consulting, web hosting services and the right combination of hardware and software technology are designed to create value for drug discovery, pharmaceutical and biotechnology companies. Web application servers, advanced computer clusters and powerful database technologies help reduce the time and effort required to capture, compile and analyze research data. A full range of end-to-end infrastructure solutions provides flexible, scalable tools and systems to help life sciences companies access, manage and develop content.

ENABLE NEW METHODS

The DiscoveryLink solution from IBM allows the integration of discovery, clinical trial, regulatory and even marketing data throughout the product development, approval and deployment cycle.

COMPLIANCE SOLUTIONS

IBM recognizes that its Life Sciences customers have regulatory compliance issues. IBM and its Business Partners offer software, hardware and services to help form a ready foundation for a company's regulatory compliance plan. IBM solutions for regulatory compliance offer quality, security, data integrity, audit trails, backup and recovery, and other functionality to help comply with the requirements of regulatory agencies worldwide.



Sales & Marketing Approach

Market Description

- Reacting to continued weak economic conditions in 2002, many retailers are utilizing core merchandising, allocation and replenishment, purchasing and forecasting to optimize inventory levels, reduce stock-outs, and increase service levels.
- Sixty-eight percent of retailers are multi-channel operations, creating touch points for customers through stores, kiosks, Web sites, catalogs and call centers.
- Many in the industry are trying to integrate their brands, products, marketing and customer views across their multi-channels.

Size

- In the U.S. there are 30,308 retail businesses with 100-1000+ employees.
- The retail sector is the eighth largest industry in terms of IT spending, accounting for 5% of the total IT opportunity in the mid-market.

Key Technology Challenges

MULTI-CHANNEL SYSTEMS INTEGRATION

Retailers continue to strive to maximize online channels by establishing Web applications for internal employee enablement, and for conducting business with partners and consumers. Sixty-three percent of retailers are expected to upgrade their sites and systems to attain tight multi-channel systems integration within two years.

INTEGRATING THE BRAND

As multi-channel operations grow, retailers are finding it more difficult to integrate their brands, products and interactions with customers. They are looking for both application and infrastructure solutions to solve this issue.

CUSTOMER LOYALTY & SERVICE

Retailers know increasing brand loyalty creates measurable results. Therefore, business intelligence and decision support tools continue to be an area of focus to aid in developing customer loyalty programs.

RETAIL



Technology to Leverage

CRM, SCM & WEB SERVICES

Demonstrate that you can deliver a solution in an uncertain environment. Much of a retailer's IT infrastructure is made to support their stores and online storefronts, so providing Web services and integrated solutions across stores and the Web is an ideal way to help them integrate their systems.

BUSINESS CONTINUITY

Retailers are putting more effort into ensuring that their systems are robust and are available to customers "24/7". Demonstrate how you can help in this respect with a continuity solution.

BUSINESS INTELLIGENCE

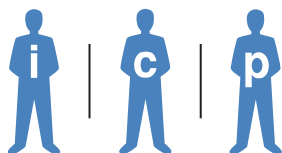
Demonstrate to retailers how they can increase profits by making more informed decisions. Business intelligence systems are a logical tie-in to Customer Relationship Management (CRM) and Supply Chain Management (SCM) integrations.

NETWORK INFRASTRUCTURE

Show retailers the value of replacing proprietary software and hardware with more open and flexible thin client-server architectures.

WIRELESS

Retailers continue to search for new technology to support their multi-channel business. Offer them such solutions as in-store wireless Point of Sale (POS) mobile devices and other applications to improve connectivity and service.



Sales & Marketing Approach

Market Description

- Service providers (xSP) provide service offerings that are delivered over the Internet, service fee based, externally managed, and using a one-to-many model.
- Continued morphing of business models – consolidations, mergers and acquisitions.
- Companies that fall in this segment all promote the “software as services” (SAS) model.
- SMB customer adoptions slower than expected, resulting in IT spending reduction by service providers.
- Service providers are early adopters of emerging technologies such as wireless, digital media, etc.
- Linux/open source gaining share in this market.

Size

- 9,000 enterprises in North America with 10 to 999 employees.
- This extremely diverse sector is the fourth largest industry in terms of IT spending, accounting for 8% of the total IT opportunity in the mid-market.

Key Technology Challenges

SCALABILITY, AVAILABILITY & PERFORMANCE

Cost-effectively prepare for unplanned outages and future growth to ensure customer retention.

SECURITY

Designed to help ensure high-quality service and minimize operational cost for the service providers' internal and external services.

STORAGE & DATA MANAGEMENT

Maximize storage efficiency to protect data, lower costs and increase revenue.

SYSTEMS INTEGRATION

The xSP must deal with systems integration issues resulting from mergers and acquisitions.

SERVICE PROVIDERS



Technology to Leverage

BILLING

In the xSP market, the term billing refers to charging customers for the xSP services and resources provided. The service provider requires a billing system with a wide variety of pricing schemes to minimize the billing process. The solution should be scalable and able to support the aggregate peak usage of all the hosted applications.

PROVISIONING

The provisioning tool serves as a portal for the xSP and provides two key functions: a front end for users to log into the xSP, and a dashboard for administrators to perform tasks. The operating costs of the xSP are largely dependent on the provisioning solution.

SECURITY

One of the greatest challenges of the Internet is providing security. The xSP user, however, depends on secure handling of sensitive data that is key to the user's business. The security integration required is more complex in the xSP model due to many security issues that need to be considered.

SYSTEMS MANAGEMENT

Systems management tools are primarily required for centralized management of the xSP. These tools enable someone to monitor the operation of the hardware and software components of the xSP.

CAPACITY PLANNING

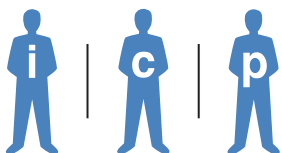
Every xSP should accurately plan and forecast equipment needs to ensure that adequate resources are available in both the short and long term. Capacity planning involves continuous monitoring of system resources and identifying any increasing usage trends, to plan for additional resource requirements in the future.

HIGH AVAILABILITY

System down time in an xSP environment directly translates into lost revenue, increased support calls and decreased customer satisfaction. To eliminate these, the level of availability has to be factored into the design of the xSP infrastructure.

CRM

A competitive differentiator for a service provider is the ability to provide consistent, high-quality customer service, which a Customer Relationship Management (CRM) application can provide.



Sales & Marketing Approach

Market Description

- In 2000, sales of all wholesaler-distributors reached \$2.8 trillion. The industry has been growing at a 5.6% annual rate since 1991.
- Wholesale distribution contributes 7% of U.S. national income and accounts for about one in every 20 U.S. jobs.
- Consider the fact that more than 75% of all product sales occur through distributors in a broad range of industries, such as building materials, food service products, pharmaceuticals and industrial MRO products.

Size

- Wholesale distribution is the sixth largest industry in terms of IT spending, accounting for 5% of the total IT opportunity in the mid-market.

Key Technology Challenges

FEE-BASED SERVICES AS AN ALTERNATIVE REVENUE SOURCE

Fee-based services will grow as an important source of revenue and profit. Many distributors have been providing services beyond product fulfillment for free to generate competitive advantage and become a preferred supplier. Value-add services include electronic funds transfer for invoice settlement, expedited consolidation shipping, rapid replenishment, and customer inventory management. The ultimate success of fee-for-service pricing remains uncertain.

CUSTOMERS EXERT MORE INFLUENCE

As customers begin to educate themselves by relying on the manufacturer for product information, the value of a distributor's sales force is being reduced in the eyes of customers. Customers and purchasing managers are increasingly using the Internet to bypass sales channels and directly gather product specifications, warranty and rebate information, material safety data sheets and potential suppliers. Mass customization is the production, marketing, and delivery of goods and services according to customer specifications in the desired time period at the desired location. Today's market is moving toward the customization of products and services to the customer's specifications.

CONSOLIDATION

Customers will continue to concentrate their purchases through fewer distributors. This trend toward vendor rationalization by customers is expected to continue as customers seek additional efficiencies in their supply relationships and buying processes. Wholesaler-distributors will either consolidate or join alliances in response. Consolidations have also led to lower margins when the new, larger companies resort to competing on price.

WHOLESALE DISTRIBUTION

Technology to Leverage



IN-HOUSE SYSTEMS NEED TO BE OVERHAULED

Many of the applications that wholesalers use are developed by in-house or local programmers, or wholesalers purchase applications that need to be extensively modified. If a wholesaler spent the time and money to make these customized applications Year 2000 compatible, then the applications probably lack the function to compete in today's electronic marketplace. Wholesaler distributors with this profile represent an excellent opportunity for hardware, software and consulting services sales.

ONLINE ORDERING - AN ADVANTAGE

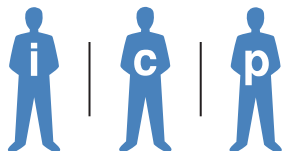
The acceptance of this technology varies widely by commodity line segment. The NAW/Pembroke Consulting Fall 2001 Study predicts that by the year 2006, distributors selling to contractors will receive as little as 31% of their orders online, whereas distributors with institutional customers will receive as much as 51% of their orders online. Other commodity line segment companies fall in between those extremes. Online ordering will not replace traditional ordering methods but is positioned to be a competitive advantage.

FOCUS ON BMS AND ERP

The largest software opportunity areas are Business Management Systems (BMS) and Enterprise Resource Planning (ERP). While the Year 2000 issue drove many companies to new BMS and ERP systems from their existing legacy systems, many opportunities remain. A majority (87%) of wholesale distributors participating in the NAW/Pembroke study in 3Q 2001 believe that technology is likely to have its greatest near-term impact on allowing them to manage their internal operations more effectively.

CONSOLIDATE SYSTEMS WITH A FOCUS ON E-BUSINESS AND SCM

With the increase of cross-border acquisitions and global distribution companies, there is an increasing need for technology that allows a distributor to freely operate across borders. It must also meet the needs of multiple languages, currencies, tax laws, import and export fees, and additional paperwork. A solution that encompasses e-business, supply chain management (SCM) and business intelligence (BI) would address the issue of a global wholesale distributor.



Sales & Marketing Approach

Market Overview

- A recent survey reveals that 90% of respondents detected computer security breaches within the last 12 months and 80% acknowledged financial losses due to computer breaches.¹
- The issue of security has become so serious, U.S. President George Bush recently directed the development of a National Strategy to Secure Cyberspace.
- The majority of security spending in technologies goes towards defending the perimeter, such as intrusion detection, firewalls and Virtual Private Networks (VPNs), with the remainder spent for access and identity management.

Security Trends

ASSIGNING RESPONSIBILITY FOR SECURITY

Once the sole responsibility of IT, information security has become such a massive and complex process that many organizations are assigning primary responsibility to a high-profile chief security officer (CSO) or chief information security officer (CISO).

GREATER PROACTIVITY

Scheduled network outages are more common as IT departments show more diligence in proactively updating patches and upgrading software, thereby eliminating any possible shortcomings in their perimeter defenses.

ADOPTION OF BIOMETRICS

Biometrics is a technology for verifying a physical characteristic – such as eye, facial and finger images – that is being utilized in many industries including travel, healthcare and financial sectors. Expectations are that there will be a huge demand for biometric solutions in network and e-commerce security.

INTRUSION DETECTION SYSTEMS INCREASE SECURITY

The Intrusion Detection System (IDS) is becoming an increasingly valuable tool to complement existing security measures. It monitors, identifies and records potential security threats, and notifies IT staff to investigate.

SECURITY



Security Opportunities

PROVIDE SOLUTIONS TO A MULTITUDE OF INDUSTRIES

Many industries, notably financial services, transportation, manufacturing, energy, telecommunications and healthcare, are increasing spending on security-related issues. Discuss biometrics as a solution for any industry where security issues are paramount.

ANTICIPATE A SECURITY SPENDING INCREASE

Even though security budgets are expected to remain flat between 2002 and 2003, many companies are permitting a security spending increase mid-year in 2003. Now is the time to offer solutions centered on security operations and administration in order to be considered when spending is initiated in the near future.

Market Overview

- Wireless solutions represent the next evolution in e-business, extending enterprise applications and data to employees, customers and suppliers anywhere, anytime.
- Wireless e-mail, calendar/scheduling and Internet/Intranet access are widely used applications. Real-time inventory and transaction-based wireless applications are becoming more widespread.
- The greatest barriers to adopting wireless technologies continue to be lack of security, unproven benefits/ROI and high start-up costs.
- International corporate IT industry spending on wireless applications will reach an average of \$680,000 in 2002, a dramatic 94% rise over \$360,000 in 2001.¹

Wireless Trends

THE FUSION OF DATA

There is a movement toward "data fusion," which allows users to receive all kinds of information seamlessly through a single device. Additionally, multi-modality capabilities are being developed to enable a user to deliver and/or receive information either visually, by voice or through a combination of both.

GREATER AFFORDABILITY

New pricing models are being introduced to provide mobile workers with more affordable data access.

NEW TECHNOLOGY INITIATIVES

Bluetooth, Wi-Fi and 3G are some of the high-profile technologies presently being developed. Other lower-profile, yet equally important, wireless initiatives include:

- Mini-hard drives for wireless devices capable of storing as much as 30 GB of information;
- Global-roaming capabilities allowing users to make mobile phone calls from virtually anywhere in the world;
- Mobile power supplies that run on next-generation fuel cells capable of self-charging.

WIRELESS



Wireless Opportunities

GO WHERE WIRELESS OFFERS MOST BENEFITS

According to JP Morgan, nearly 85 million workers in a wide range of industries have the potential to benefit from mobile applications. Companies with a field force, such as a sales team, inspectors, law enforcement and real-estate agents, are ideal targets for introducing wireless technology. Specific areas that have already begun to embrace wireless include healthcare, retail and manufacturing.

PURSUE HIGHER LEARNING

Educational institutions with a highly mobile student population continue to become increasingly wireless and represent a potential market for introducing the latest innovations in mobility.