

# IBM Express

---

## A White Paper



## Introduction

### TekPlus and euROLAN

This White Paper has been researched and written by Mitul Mehta, of TekPlus, an independent IT Analyst company in conjunction with euROLAN.

Acer, Dell and HP all successfully address the SMB opportunity without the need a separate brand although the IBM Express branding has been fundamental in focussing the company on the SMB market. Similarly Cisco went through several iterations of SMB branding – CiscoPRO, NetBeyond – but it took an acquisition, in typical Cisco fashion, to focus the company on a market it recognised as fundamental but was unable to address effectively without the separate brand of Linksys

This White Paper is an objective appraisal of the key elements of IBM Express programme as its route to the SMB market..

## In the Beginning

### Business is about increasing revenue, lowering costs and establishing closer, more responsive relationships with customers, suppliers, and partners

In June 2003, IBM launched its umbrella brand – ‘Express Portfolio’ targeted to SMB space and specifically to enhance its presence in the medium businesses (100-1000 employees). For ‘Express’, the company undertook numerous mapping exercises to define its path and objectives, to create solutions, to better understand SMB alliances and partner influence programs and obtain a greater depth of understanding the SMB arena. IBM then made a strategic decision on the way it would approach the SMB space and that was – “Express would be an integral part of each of its major divisions” and not a small solution tagged in at a later date. This meant ‘Express’ would have some basic criteria around which all the various groups would pull together.

Some of the basic criteria for the Express offerings are –

- The solutions should be easy to install, deploy and manage
- It should be reliable, dependable and easily upgradable
- It should be easy to learn and use
- The solution should be modular and reflect IBM’s strength, competitive advantage and provide value for money
- It should provide solutions to business problems, enable growth and help customers to become ‘on-demand’ businesses
- It should be affordable - priced appropriately for mid businesses
- It should provide functionality specific to mid business needs
- It should easy to acquire – ‘channel ready’ – available how the customer wishes to buy – through IBM as well as its business partners

### Cisco introduced its Deal Registration programme - Opportunity Incentive Programme (OIP) at its 2004 Partner Conference in Hawaii

This was one of the first ‘branded’ initiatives for the SMB space and timed to meet the increasing needs of clients with smaller IT staff. The whole of IBM was incentivised to promote ‘Express’ solutions – starting with software, servers, PCs, printers, storage, services and financing. Since its launch, IBM has made sure that it is padded by various supporting mechanism from other IBM division. With the help of that, IBM has made ‘Express’ an integral part of each of its business group

**Cisco OIP ring fences SMB deals and pays a 6 per cent (8 per cent in the US) back end cash rebate**

and is this year about to take it further by making it a critical part of its vertical markets strategy. The brand has done so well in identifying with this segment that even its rivals are beginning to use the 'Express' terminology for their strategy as seen with the very recent EMC announcement for their SMB market.

To leverage its Express brand and to help its eco-partners, IBM created IBM Small and Medium Business Advantage program. This is designed to provide its partners with a competitive edge and to fund this IBM invested \$500 million for incentives, sales enablement, demand generation and teaming.

To support IBM SMB Advantage, IBM Global Services (IGS) helped the company's business partners to understand the mechanism of working together with the services group for SMB clients, expectations and opportunities. It emphasised on IBM's commitment to lead with business partners for new opportunities in the SMB space. It has also introduced 'IGS Partner Advocates' – a program to quickly resolve business partners' issues around sales and marketing of IGS offerings. IGS continues to develop co-marketing programs and initiatives for business partners to drive 'Express' offerings. The company expects business partners to offer complete solutions (where their own and IGS' offerings co-exist and complement each other) and thus drive demand for IGS offerings in the mid market. IGS of course spreads the marketing costs and gradually creates an eco-system of new local vertical specialist partners who are critical at influencing purchasing at the local level, which IGS could never reach or even have solutions for before!

With its 'Express' portfolio, IBM is building heavy mind share in the SMB space, which is evident from the following table.

Table 1: Progress on IBM 'Express'		
Six months after launch	A year later	Today
More than 100 of the leading ISVs for medium businesses joined the ISV Advantage Program with commitment to increase sales of their application on IBM middleware and servers	233 territories 2600 hardware and software specialists 1000 iTSRs 100 territory marketing managers	Established Express portfolio with over 100 customer references Nearly 70 offerings More than 18000 new SWG SMB customers (by Sept. 04)
More than 2000 partners for Express early enablement program	Business partner support – 250 Territory Partner Managers 200 Solution and Services Leaders	Over 3900 business partners built and sold 'Express' solutions through IBM Virtual Innovation Centre 5000 business partners registered for Express Enablement Program
Over 350 ISV applications on Express middleware	700 ISV applications ported to Express	973 ISV applications
IBM SMB posted growth of 10 percent in 3QFY2003 with \$4.8B quarter	New investments for regional ISVs and SIs – 450 sales support personnel 27 innovation centres	IBM Financial Advantage – financial packages for Express
	Global reach	More than 2000 SMB articles worldwide in the press
	2600 SWG partners enables to sell Express	Half of the recent offerings coming from IGS
	50% of Spring offerings from IGS	

Source: TekPlus

IBM Personal Computing Division also differentiated its offerings to address SMB pain points such as cost reduction, security, business manageability, efficiency, productivity, optimising existing systems and new capabilities. IBM Personal Computing Division is playing a vital role in providing industry infrastructure solutions (such as security, networking, integration, systems management) aimed at SMBs.

Initiatives for channel/business partners-

- No interference in business partner's relationship with SMB customers
- When appropriate, provision of active support for business partner's sales and marketing activities
- Not to market same offering as that of business partners'
- Working together (IGS and business partners) to create win-win situation for both the parties
- Leverage each other's capabilities
- Direct subcontracting to business partners when they wish to be IBM suppliers and qualify for that

## Channel Initiatives

IBM's ecosystem involves IGS, global ISVs and systems integrators, regional ISVs and SIs, brand sales, channel partners and teleweb. To its partners it provides value add with co-marketing, partner network, IBM prospects list, sales access, lead program fees, IGF, access to consulting and technology centres. Table 2 below highlights IBM's commitment to the channel and its business partners that plays a key role in driving 'Express' portfolio.

Table 2: IBM's commitment to the channel and business partners		
2003	2004	Result
<b>Small and Medium Business Advantage:</b> <ul style="list-style-type: none"> <li>- \$371 million incentives driving \$4.5 billion in revenue</li> <li>- 200 SMB solution toolkit campaigns</li> <li>- 5000 partners used PartnerWorld University education modules</li> </ul>	<b>Small and Medium Business Advantage:</b> <ul style="list-style-type: none"> <li>- Express Channel Enablement – Solutions Builder Express</li> <li>- Simplified PartnerWorld program that is aligned to business partners models</li> <li>- Greater rewards to business partners for their SMB focus</li> </ul>	<b>Small and Medium Business Advantage (2003+1Q04):</b> <ul style="list-style-type: none"> <li>- \$450 million incentives driving \$5.7 billion revenue</li> <li>- 200 SMB solution toolkit campaigns</li> <li>- More than 120 industry and solutions based selling aids and deliverables</li> <li>- 25 sales tools to complement sales cycle</li> <li>- 50 sales education modules</li> <li>- 5000 partners used PartnerWorld University education modules</li> <li>- Over 25000 visitors to sales enablement content sites</li> </ul>
<b>ISV Advantage:</b> <ul style="list-style-type: none"> <li>- 14 partners signed</li> </ul>	<b>ISV Advantage:</b> <ul style="list-style-type: none"> <li>- 217 partners signed</li> <li>- Announcement of ISV Advantage for Industries</li> </ul>	
30 strategic alliances	9 new or enhanced alliances and offerings	
<b>Technology enablement:</b> <ul style="list-style-type: none"> <li>- Virtual Innovation Centre (VIC)</li> </ul>	<b>Technology enablement:</b> <ul style="list-style-type: none"> <li>- Migration station</li> <li>- Integrated runtime</li> <li>- VIC results – 700 applications, 2600 partners enabled</li> </ul>	<b>Technology enablement:</b> <ul style="list-style-type: none"> <li>- Express Runtime</li> <li>- Open standards based middleware components</li> <li>- Pre-integrated and pre-configured middleware</li> <li>- Over 3900 business partners built and sold 'Express' solutions through IBM VIC</li> </ul>

Last year IBM leveraged 'Express' brand in most of its offerings – servers, storage as well as infrastructure and business solutions. 'Express' was heavily featured in brochures, white papers, customer references and sales kits. It was showcased in IBM TV, print and on-line advertisements.

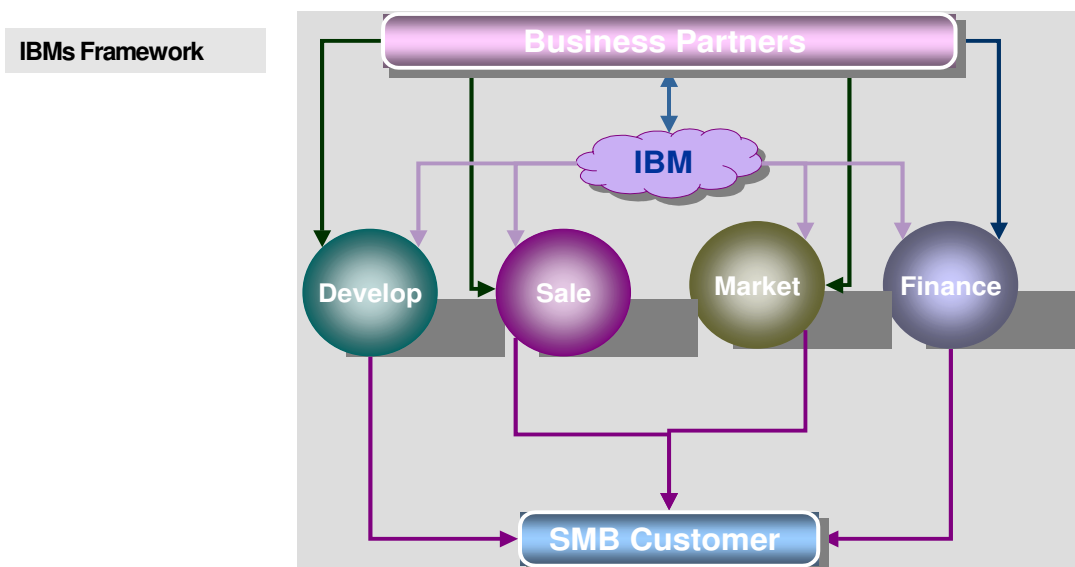
IBM Global Financing helps customers to acquire 'Express' offerings with easy financing packages. It includes low rate financing for a range of IBM products and services; total solution financing (IBM and non-IBM hardware, software and services) and leaseback from existing assets such as 5 percent return on PC, xSeries, IntelliStations, pSeries, FASTt Storage, LTO tape and SAN switch products. IBM also offers PC equipment buy-back and safe, economical disposal of IBM and non-IBM equipment for SMBs (Asset Recovery Solutions).

## 2005

This year IBM's strategy is to target emerging and vertical markets with a heavy push on 'on-demand'. IBM aims to refine the 'Express' portfolio with ISV solutions and asset based services. IBM is building solutions on an open platform that can provide technical framework for integrated solutions. Its aim is to help business partners to start capitalising on 'Express' branding by pushing the following hot buttons.

- Low IT cost, simpler administration
- Improved security – single security model across all applications
- Easier to manage and deploy with single set of tools and extensive support
- Integration and interoperability with open standards based technologies
- No lock-in – freedom of choice
- Increased partner profitability

This year the company is also planning to continue heavy advertising and co-marketing with business partners. It strategically aims to help business partners with development, sale, marketing and financing 'Express' offerings.



IBM is creating a framework around:

1. Developing solutions on an open middleware foundation into which ISVs can fit
2. Running several partner programs such as TopSeller Express, Think Express, SystemSeller, Small & Medium Business Advantage Industry Insights, IBM Express Managed Services, IBM Financing Advantage, etc. all of which will help in selling 'Express'. These partner programs help IBM business partners to compete and win in SMB space with 'availability at low cost', attractive and simple terms and conditions (for distributors and resellers) and incentives that drive their revenues and profit. Some Sweet spots here are;
  - Think Express in Americas and Asia-Pacific and TopSeller Express in EMEA are programs for point products such as ThinkPad Notebooks, ThinkCentre Desktops and ThinkVision Monitors.
  - SystemSeller is an IBM partner program for servers and storage products such as xSeries, BladeCentre, pSeries, iSeries, OpenPower, TotalStorage disks and tapes and IBM printing systems. These two programs are complementary to each other providing competitively priced offerings to mid businesses
3. IBM Financing Advantage is a new financing program launched globally in February 2005 for IBM sales representatives and business partners that help them push their business in SMB space. The program will be available in Australia, Canada, France, Germany, Japan, UK and US. It offers competitive rates, simple rate structure and fast credit approval for IBM and non-IBM hardware, software and services
4. IBM promotes co-marketing campaigns through PartnerWorld Industry Network. For the 'Express' portfolio, IBM uses marketing techniques such as web support, brochures, white papers, client referrals, demand generation, sales sheets, webcast education, technical support and micro-websites.
5. IBM provides easy financing packages for IBM sales representatives and business partners as well as for SMB customers. These are simple, fast, proactive and tailored to sellers/clients requirements.

## **Summary**

IBMs adoption of an umbrella brand has enabled the company to build brand equity around 'Express' – a move it was unlikely to achieve without that central focus point. IBM followed that with bringing significant innovations down into the SMB market unlike before, made heavy commitments and incentives to business partners and channel, a dedicated push from all its business division and finally with excellent marketing, the company is successfully executing its 'Express' vision. It has created a substantial mind share in the SMB space with a 'Express' portfolio in each of its business categories. We also believe that after creating this solid foundation, the company is slowly moving to penetrate in some focused verticals – namely banking, financial markets, insurance, automotive, electronics, fabrication & assembly, retail, CPG, wholesale and life sciences. We believe the company will target SMBs in each of these verticals with its industry-specific solution

supplemented with general infrastructure needs. The real question now is will IBM be able to take 'Express' to another new level?

## **Conclusion**

Whether vendors should introduce a secondary brand to address the SMB opportunity is a matter of style.

Avaya has decided to merge its SMB (SMBS) and Enterprise (ECG) divisions post the Tenovis acquisition. Nortel announced to its partners on 24 February that it was attacking the SMB space but without a marketing wrapper. This may be to avoid ridicule because it did form a separate SMB division – NetGear – that was so successful that it was able to float it off. Now it is back in an attempt to stop the haemorrhage of customers from its Norstar platform to other vendors by introducing the BCM 20.

IBM believed that it needed to have a separate brand and have shown that this has worked for them. The image of Big Blue and SMB do seem incongruous but we have interviewed SMB customers that would be reluctant to move away from IBM because the post-sales in-site service contracts are excellent. The man in a van is the best company salesman.

It would be a shame if the IBM Express positioning were lost with the sale of the PC division to Lenovo.

**For more resources  
Channel Managers  
may login to [www.  
euolanresearch.com](http://www.euolanresearch.com)**

### ***Copyright and Disclaimer***

*This white paper is Copyright © 2005 by Tekplus and euroLAN Research Limited. It may be freely redistributed in their entirety provided that the copyright notice is not removed. They may not be sold for profit or used in commercial documents without the written permission of the copyright holder. These documents are provided "as is" without any express or implied warranty.*

*While all information in these documents is believed to be correct at the time of writing the authors and publisher of this White Paper are unable to accept any legal liability for any consequential loss or damage, however caused, arising as a result of any actions taken or not taken on the basis of the information contained on this or related Internet sites.*

**Copyright ©2005**