

# Embedded Solution Agreement

IBM Channels



# How to sell your solution? Introducing Embedded Solutions

Innovate Faster, Reduce Costs & Grow with 

- **What is an Embedded Solution Agreement (ESA)?**
  - The ESA provides partners with a vehicle to **create unique solutions with IBM technology**, and market the solution to its down-stream customer
  - An **Embedded Solution** is the combination of IBM offering(s) and Technology Partner's Value Add that, when working together, create a commercially available BP branded solution that is distinct from the IBM offering(s)
- **Who are Technology Partners?**
  - **Market Makers**: Innovators, Developers, ISV's, CSPs, MSPs, SI's, other Technology Partners



# Embedded Solution Agreement

## Solution

Partner bundles or integrates IBM products with its value-add components and distributes the resulting solution to its end user customers under its own terms and conditions. IBM approves Partner's solution and value-add.



## IBM Offering

Partner licenses specific IBM products with limited rights to sub-license, or allow access, to its end user customers, as part of its solution.

Offerings approved for ESA:

- On premis SW and SaaS
- Bluemix IaaS and PaaS
- HW
- GTS remotely delivered svcs

Some restrictions may apply



## Value-Add

Descriptions of Partner's solution and its value add are documented and approved in the Transaction Document.

ESA Partner is responsible for support of the defined solution and the IBM Product included in that solution.



## Selling

IBM's pricing to you is based, among other things, term and commitment. ESA Partner is not allowed to charge or identify a separate cost or price for the IBM Product to the end user customer.

No reseller incentives apply.



# WHY ESA?

## Grow your revenue

- Integrate IBM Product with your solution
- Deliver a total solution to your customers
- Control your own sales cycle
- Broaden your market reach

$$P = R - C$$

*Your Profit  
Your Control*      *Your Revenue  
Your Price  
Your Solution*      *Your COGS  
Fixed Discount  
Known for Term*

## Improve profitability and reduce risk

- Flexible price models
- Fixed pricing known for term of contract
- Reduce development costs, accelerate solution time to market
- Financing for eligible Partners

## Leverage IBM software technology and expertise

- Broad portfolio of industry-leading Products (SW, SaaS, IaaS, PaaS, HW, Svcs)
- Proven, reliable, highly available and scalable solutions
- Open standards and architectures
- Built-in automation for increased productivity and lower operational costs
- Deep technical skills across many disciplines

## Embedded Solutions Agreement (ESA)

*"An **Embedded Solution** is the combination of Product(s) and BP's Value Add that, when working together, **create a commercially available BP branded solution that is distinct from the Product(s)**. The **Value Add** must be BP's owned or licensed intellectual property or services that adds new functionality or capability to the Product when BP integrates such intellectual property or service with the Product to create a BP branded Embedded Solution. **For the avoidance of doubt, provision of only installation, integration or other such implementation services or hosting the Product alone is not considered significant new functionality or capability."***

**Requirements:** 1) No Right of Return, 2) No Joint development, 3) TP owns entitlements/subscription, 4) L1/L2 provide by TP (On-prem); L1 provided by TP (XaaS)

Description	Reseller	Embedded Solution Agreement (ESA)
Relationship	<ul style="list-style-type: none"> <li>Sell-Through</li> </ul>	<ul style="list-style-type: none"> <li>Sell-To and used in a solution</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>Two-tier distribution available</li> </ul>	<ul style="list-style-type: none"> <li>Single &amp; Two Tier distribution available</li> </ul>
Contracting Method	<ul style="list-style-type: none"> <li><b>IBM contracts with End-User</b></li> </ul>	<ul style="list-style-type: none"> <li><b>IBM contracts with Technology Partner (TP); TP is the client for the purpose of creating their BP branded solution using IBM technology</b></li> </ul>
Level; 1&2	<ul style="list-style-type: none"> <li>IBM Provides L1/L2 support to end-users</li> <li><b>IBM does not provide support to Reseller/Distributor</b></li> </ul>	<ul style="list-style-type: none"> <li>SaaS: L1 Support provided by TP</li> <li>On-Premise: L1/L2 Support provided by TP</li> <li><b>IBM Provides Support to TP, not their end-users</b></li> </ul>
Solution	<ul style="list-style-type: none"> <li>No pre-integration</li> <li>Separate buying decisions for partner solution and IBM product</li> <li>No requirement for IBM product to be sold as part of a solution</li> </ul>	<ul style="list-style-type: none"> <li>Integrated bundle of partners application (services) and IBM product</li> <li>Partner must have a value add (IP) as part of the solution which is approved by IBM</li> </ul>
Pricing/ Rebates	<ul style="list-style-type: none"> <li>Separate pricing to the client for solution components</li> <li><b>Rebates and fees provided to the reseller</b></li> </ul>	<ul style="list-style-type: none"> <li>One price to client for total solution → Aligned to BU/transaction hub pricing</li> <li><b>Discount model → no rebates provided to Technology Partner</b></li> </ul>
License/ Subscription	<ul style="list-style-type: none"> <li><b>License/Subscription held by client</b></li> <li>Full use of license and/or subscription</li> </ul>	<ul style="list-style-type: none"> <li><b>License/Subscription owned by Solution Provider</b></li> <li>License/Subscription restricted to use within solution</li> </ul>

# Key Contacts

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