

Business Partner Operations Guide

V1.1

INTRODUCTION AND OVERVIEW 3

<i>Purpose and Scope of the Operations Guide</i>	<i>3</i>
<i>Overview of the IBM SaaS - Long-Term Commitment (LTC) Incentive</i>	<i>3</i>
<i>Relationship to other IBM Initiatives and Offerings</i>	<i>3</i>
<i>Business Partner Requirements</i>	<i>3</i>
<i>IBM SaaS - Long-Term Commitment Incentive & SVP.....</i>	<i>4</i>
<i>Eligible Revenue</i>	<i>4</i>
<i>Eligible Product Groups, Products and Part Numbers</i>	<i>4</i>
<i>Authorized and Open Distribution Products</i>	<i>5</i>

INCENTIVE, PAYMENTS & INQUIRIES 6

<i>IBM SaaS - Long-Term Commitment – Details</i>	<i>6</i>
<i>Ordering</i>	<i>6</i>
<i>Government and Public Sector End Users</i>	<i>7</i>
<i>Receiving Payment</i>	<i>8</i>
<i>Payment Inquiries</i>	<i>8</i>
<i>Rebate Recovery Process.....</i>	<i>8</i>
<i>General Terms & Conditions</i>	<i>9</i>
<i>Revalidation</i>	<i>9</i>
<i>IBM Point of Contact</i>	<i>9</i>
<i>FAQ's (Frequently Asked Questions).....</i>	<i>10</i>



INTRODUCTION AND OVERVIEW

Purpose and Scope of the Operations Guide

The purpose of this Operations Guide is to provide details and guidance on the requirements and process steps necessary for IBM Business Partners to participate in the IBM SaaS - Long-Term Commitment (LTC) Incentive for IBM hosted SaaS Offerings.

The scope of this guide includes: participating countries, definitions, requirements, operations and supporting documentation.

Overview of the IBM Business Partner Long-Term Commitment Incentive for IBM Hosted SaaS Offerings

The objective of the IBM SaaS - Long-Term Commitment incentive is to recognize IBM Business Partners who resell IBM hosted SaaS offerings and expand those and additional SaaS offerings with clients for > 24 months. The intent is for the IBM Business Partner to secure a long term commitment by the end-customer to grow and expand the SaaS opportunities throughout the life of the SaaS client engagement. IBM Business Partners that qualify for this incentive are eligible to receive an incremental incentive payment of 5% for qualifying sales.

Selling SaaS is a strategic decision and requires careful consideration



Relationship to other IBM Initiatives and Offerings

The IBM Business Partner must have the applicable IBM Business Partner Agreement for Software Value Plus for countries for which they are participating in the Long-Term Commitment incentive.

Participating in the IBM SaaS - Long-Term Commitment Incentive does not exclude Business Partners from participating in other initiatives for which they are eligible.

**Note: SVP SaaS transactions are not eligible for the BPLM incentive nor the New or Reactivated incentive.*

Business Partner Requirements

IBM Business Partners must meet the following requirements in order to be eligible for the IBM SaaS - Long-Term Commitment incentive:

- IBM PartnerWorld Membership
- Signed IBM Business Partner Agreement
- Authorization via Software Value Plus to Resell IBM Software for the SVP Product Group

**Note: Resellers with only a Learner's Permit are excluded from LTC incentive participation*

IBM SaaS - Long-Term Commitment & SVP

Software Value Plus is IBM Software's Authorized Distribution model (Software Reseller Authorization) designed to differentiate and reward the Business Partner for their skills, experience, investment and commitment. A subset of the IBM software portfolio will continue to be offered through open distribution.

Business Partners who continue to invest in their skills and successfully apply those skills to client engagement are aligned to benefit from Software Value Plus.

Note: Not all countries participate in Software Value Plus; a list of countries and their Software Reseller Authorization status and additional information on the Business Partner Agreement (BPA) for SW Remarketers of Authorized Programs is posted on the PartnerWorld® Software Value Plus pages under the "Authorization to Resell" section at

http://www.ibm.com/partnerworld/pwhome.nsf/weblook/pat_sw_value_plus.html

In countries where the Authorized Distribution model is implemented, in order to be authorized to resell products in a Product Group, a Business Partner has to be approved for this Product Group.

Eligible Revenue

For the Long-Term Commitment Incentive, only Software Value Plus (SVP) IBM hosted SaaS transactions sold to End Users are eligible. Eligible revenue is for selected IBM hosted SaaS Part Types from Passport Advantage processed through an SVP reseller.

Eligible Product Groups, Part Numbers and Part Types

Eligible Product Groups, Products and Part Numbers are defined by the Software Value Plus (SVP) program.

- If a Product Group is added to the SVP Authorized Product Group list, the Business Partner who is approved for that Product Group will automatically be eligible to earn qualified incentives for that Product Group for the LTC incentive.
- If a Product Group is withdrawn from the SVP Authorized Product Group list, then the Product Group is no longer eligible for Business Partners participating in the LTC incentive. Software Value Plus Authorized Product Groups and Open Product Groups are found on the Software Value Plus web site.
https://www-304.ibm.com/partnerworld/wps/servlet/ContentHandler/software_value_plus
- Additional details on part numbers are available in the IBM Distributed Software Price Book.
- The eligible SaaS part types, published in the Partner Guided Selling Tool, which have been announced as available to Distributors for remarketing are as follows:

Eligible Part Types:

- SSOD - SaaS On-Demand
- SSSMA - SaaS Subscription with Support
- SSSMAN - SaaS Subscription No Support
- SSDP - SaaS Daily Part
- SSMAHE - SaaS Hybrid Entitlement
- SSSOVG - SaaS Subscription Overage
- SSUSAG - SaaS Usage (pay as you go)

The following are not eligible:

- Shrink-wrap products.
- Transactions / attainment fulfilled with end user customer contract variant: Enterprise License Agreement (ELA, ELA, ELG, EBL, EBG), IBM Unlimited License Agreements (IULA, IUL) Government contracts (GOV, GVV, FED, IUG) are excluded
- SaaS Solution Provider (SSP) & Embedded Solution Agreement (ESA)* transactions / attainment (*Application Specific License (ASL) is also excluded)
- Internal SW orders acquired by Distributors or resellers for their own internal use
- Government and Public Sector end users
- Flexible Contract Terms (FCT)
- Total quarter invoice amounts of less than US \$500 per reseller are not eligible
- Physical Appliances and SW license (OTC) products are not eligible for Long-Term commitment incentive

Authorized and Open Distribution Products

An IBM Business Partner can earn the Long-Term Commitment SaaS Reseller Incentive for SVP Authorized Distribution Product Groups if they have achieved the appropriate approvals as defined by the SVP Program. A Business Partner in designated Open Distribution countries is also eligible.

INCENTIVE, PAYMENTS & INQUIRIES

IBM SaaS – Long-Term Commitment: Program Details

The IBM Business Partner will receive a **5%** incentive on eligible Software Value Plus (SVP) IBM hosted SaaS transactions sold to end user customers. The SVP LTC incentive will be paid on eligible IBM hosted SaaS charges for the respective billing of the subscription period.

The link to the list of eligible SVP SaaS part numbers can be accessed in the following link:

https://www-304.ibm.com/partnerworld/wps/servlet/ContentHandler/software_value_plus

The **IBM SaaS - Long-Term Commitment (LTC)** incentive will be paid in the form of a quarterly back-end rebate applied to the applicable IBM invoice and will be equal to a percentage of the IBM invoice for the eligible product(s), whichever is applicable, as follows:

- 5% for sales to end user customers when one of the following applies:
 - Subscription term/coverage term is greater than 24 months, or
 - Subscription term/coverage term has been running for greater than 24 continuous months
- Effective for those SaaS transactions billed on or after March 1, 2016
- IBM will set the total payment limit to US \$25,000 per Business Partner, per End User sale, per quarter
 - Eligible End User sales include those that are in the country for which the Business Partner has been approved for resell, and which are: 1) Not a part of the Business Partner's enterprise AND 2) For End Users who are acquiring products for their own use and not for resale.

Examples of LTC SaaS Incentive payment scenarios:

Example 1: SaaS Subscription (Product A) term length is for 3 months and is billed monthly for \$1,000 per month.

- The first billing occurred on March 1, 2014.
- The SaaS subscription is extended 9 additional times each for 3 months.
- The LTC incentive of 5% will be paid on the following invoices starting March 1, 2016 (as the subscription has been running for greater than 24 continuous months): March 1, 2016 invoice of \$1,000, April 1, 2016 invoice of \$1,000 and May 1, 2016 invoice of \$1,000
- For each subsequent invoice, the LTC payment will continue provided that all the subsequent invoices also meet program requirements.

Example 2: SaaS Subscription (Product A) term length is for 36 months, and is a billed annually for \$10,000 (TCV of \$30,000).

- The first billing is March 1, 2016.
- The LTC incentive of 5% will be paid on the first invoice of \$10,000.
- For each subsequent invoice, the LTC payment will continue provided that all the subsequent invoices also meet program requirements.

** Excludes Government and Public Sector End Users; excludes physical appliances.

Ordering

An eligible transaction must be processed using the Business Partner's **Reseller Customer Number**. Failure to process orders with this Reseller Customer Number will result in the transaction being ineligible for the incentives.

Business Partners must submit their eligible orders to their designated Value Added Distributor for processing.

To maximize earnings for an existing customer, all add-ons, expansions, etc. should be tied to the same site number and charge agreement via Partner Guided Selling tool to leverage “first-purchase” date. Exception requests for new orders that should have been tied to existing services subscriptions will NOT be granted.

Customers and business partners

Parts and pricing

Sales information

Approval

Customer information

IBM Confidential

[View and make changes](#) to the customer's existing Software as a Service subscriptions.

Government & Public Sector End Users

Public Sector End User – (i) the government of any country, state, province, city, county, town, territory or other municipality, (ii) any corporation, educational institution or other entity that is owned or controlled by, or subject to the procurement regulations of, any entity in subsection (i) immediately above and (iii) any prime contractor who holds a contract with any entity in subsections (i) and (ii) immediately above. The following entities are not Public Sector End Users: privately-owned and controlled utility companies, hospitals, and research institutes that operate using non-government funds.

Country Unique Terms (CUTs) to the above definition:

UK: A Public Sector End User shall be defined as (i) the government of any country, state, city, county, town, territory or other municipality (ii) any corporation, educational institution or other entity that is owned or controlled by, or subject to the procurement regulations of, any entity in subsection (i) immediately above and (iii) any prime contractor who holds a contract with any entity in subsections (i) and (ii) immediately above.

Canada: A Public Sector End User shall be defined as Federal, Provincial, Municipal, Regional, and County governments, including government departments, agencies, Crown Corporations, or any entity controlled or funded by governments, including broader public sector organizations such as colleges and universities, schools and school boards, and hospitals, or otherwise. The following entities are not Public Sector End Users: privately-owned and controlled: (1) utility companies, (2) hospitals, and (3) research institutes; that operate using non-government funds.

US: A Public Sector End User: a State and Local or Federal customer. Qualifying State and local customers organizations are: publicly funded organizations administered by elected officials or appointed administrators; State governments (departments, commissions, authorities, districts); County governments (departments, courts); City governments (towns, townships, boroughs); Special districts (water, sewage, fire protection) or Public schools (systems, districts, state institutions of higher education). Federal Government customers such as: Executive, Legislative and Judicial branches of the federal government; U.S. Government-affiliated corporations (e.g., TVA); Quasi-governmental organizations (e.g., The Smithsonian Institution); U.S. Government-sponsored international organizations (e.g., World Bank); Commercial business enterprises operating under a federal government power of attorney, or with Management Operating Contractor (MOC) status. The following entities are not Public Sector End Users: privately-owned and controlled utility companies, hospitals and research institutes that operate using non-government funds.

Receiving Payment

Business Partners can expect quarterly incentive payments approximately 45 days or less after quarter end (or, where applicable, 45 days **after** BPs have sent the invoice back to IBM). In most countries, payments are made directly to the Business Partner by either check or electronic funds transfer (ETF).

IBM SaaS - Long-Term Commitment

The IBM Business Partner will receive a payment of **5%** on eligible Software Value Plus (SVP) IBM hosted SaaS transactions sold to end user customers. The 5% incentive will be applied to SaaS subscription billings that are either:

- Subscription term/coverage term is greater than 24 months, or
- Subscription term/coverage term has been running for greater than 24 continuous months
- Effective for those SaaS transactions billed on or after March 1, 2016

Payment Inquiries

Business Partners have one month from the date an incentive check was sent or electronic funds were transferred in which to raise any inquiries about the incentive payment. Inquiries regarding payment after this time will not be accepted.

Inquiries must be submitted in writing via e-mail to one of the following IDs:

NA:	bpsosvi@br.ibm.com
EMEA:	Fulfilment Rebates/UK/IBM/fulreb@uk.ibm.com
Japan:	EBA4517@jp.ibm.com
AP&GCG:	promo@cn.ibm.com
LA:	svila@br.ibm.com

and must include the following information:

-
- Business Partner Company's Name
- Primary BPLM contact's Name and E-mail Address
- A description of the payment discrepancy or error, including the specific IBM Sales Order Number, transaction date and End User name.
- Please enter the following as the subject of the email: Inquiry on 2016 Long-Term Commitment Incentive Payment – "Your Company Name."

Rebate Recovery Process

If an IBM SaaS - Long-Term Commitment Incentive Business Partner revises and/or cancels (as approved by IBM) a SaaS subscription for any reason, they must agree to be re-invoiced by IBM for the correct transaction amount.

Steps for revised invoices

Step 1: The Business Partner returns the original invoice to their Preferred Distributor and requests a revised invoice. The revised invoice total will not reflect the LTC rebate.

Step 2: The Preferred Distributor will issue the revised invoice to the BP.

Step 3: The Business Partner will issue the revised payment (where applicable) to the Preferred Distributor.

Step 4: The 5% LTC incentive will be applied to the delta between the original invoice and revised invoice. (Note: The impact could be an underpayment due to the Business Partner from IBM or overpayment due to IBM by the Business Partner)

Steps for cancelled invoices

Step 1: The Business Partner returns the original invoice to their Preferred Distributor and requests to cancel a SaaS subscription. The cancellation must be approved by IBM

Step 2: The Preferred Distributor will issue the revised invoice to the BP.

Step 3: The Business Partner will issue payment to the Preferred Distributor.

Step 4: The 5% LTC incentive will be applied to the delta between the original invoice and revised invoice. (Note: The impact will be an overpayment due to IBM by the Business partner)

General Terms & Conditions

An IBM Business Partner's participation in these incentives are subject to the terms and conditions of any applicable agreements, such as the IBM PartnerWorld Agreement; and, if applicable, the IBM Business Partner Agreement.

IBM reserves the right to modify or withdraw this offer at any time. IBM reserves the right to withhold any payment (in whole or part) and to recover payments already issued if you violate the terms and conditions of this program or your IBM Business Partner Agreement. This offer is void wherever prohibited or restricted by law.

All decisions by IBM are final.

IBM reserves the right to recover from the Business Partner any amounts due to IBM because of overpayment or noncompliance with the offer.

IBM and Business Partners agree to comply with all withholding tax obligations, as applicable. The charges / consideration payable under this offering are inclusive of all indirect taxes, not limited to service tax, value added tax, etc.

Revalidation

The IBM SaaS - Long-Term Commitment incentives leverages the Software Value Plus revalidation processes. Should a Business Partner lose authorization, the Business Partner will also lose a portion or all of their Long-Term Commitment SaaS Reseller Incentive eligibility.

Note: *Termination in Software Value Plus and/or Software Value Incentive will result in immediate termination from the IBM SaaS - Long-Term Commitment incentive.*

IBM Point of Contact

IBM Primary contact for IBM SaaS - Long-Term Commitment Team (IBMSaaSLTCHelp@us.ibm.com)

Frequently Asked Questions (FAQ's):

Q: What is different with this announcement? IBM has had incentives for the resell of SaaS for a while.

A: An IBM Business Partner can resell the access to the SaaS product to a client, and is also responsible for the billing to the client. The same authorized resell model that exists for the on-premise portfolio is also applicable to reselling the IBM SaaS portfolio. The difference in the March 1, 2016 announcements is that the incentives will reward the Business Partner throughout the duration of the client's IBM SaaS product subscription acquired through that Business Partner.

Q: Are there any end user customer designations which are ineligible for LTC incentive?

A: No. However, sales fulfilled to an end user who is designated as Government end users, including Federal, State and Local government end users, are ineligible for the LTC incentive

Q: If I have a 3 year subscription contract with an end-customer and they pre-pay all upfront do I start getting my LTC payments immediately?

A: Yes, if the coverage term is greater than 24 months and the billing frequency is up-front, the reseller will receive the payment of 5% of the up-front invoice amount.

Q: Are purchases that are made through an IBM Solution Provider (SSP) for IBM Software as a Service eligible for this offering?

A: No. These incentives are not available to SSP's

Q: How is this incentives paid to the Business Partner?

A: The "long term commitment" incentive is a back-end rebate paid directly to the reseller.

Q: Do Bridge-to-Cloud deals apply to these incentives?

A: Yes, provided that all offering requirements are met