



'Pay for Value' Special Bid Program for Solution Providers (T2) selling Storage

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Announcement Overview

It is IBM's intent to provide a margin as predictable as possible on eligible transactions, as described below. The term 'margin' refers to the difference between the maximum End User price and the Business Partner's purchase price from IBM, expressed as a discount percentage off the maximum End User price. Final calculation by IBM of the Business Partner Buy Price will be based upon a maximum End User price (discount) approved by IBM and the IBM Business Partner. The (maximum) End User price must be included on the special bid in order for this defined margin policy to be applied.

The 'Pay for Value' margin policy will apply to special bid requests for opportunities in which the IBM Business Partner has an approved and maintained 'Deal Registration for Storage' prior to submitting the special bid request using ePricer.

'Pay for Value' categories

The 'Pay for Value' margin opportunity varies depending upon customer segment, customer discount, product group as well as eligibility for adders. For margin calculations IBM will use two End Customer segments: Industry and NON Industry. NON Industry are defined as Commercial and Enterprise customers.

If a configuration consists of products from different Storage product groups (single-brand configuration) or includes Power products (multi-brand configuration), the product group with the highest IBM List Price ('leading product group') in the configuration will determine the margin to be applied.

List Prices of the hardware products of the same 'Pay for Value' product group in the table further below will be summed for the given price request and the group with the highest list price will be selected to determine the applicable margin.

Eligibility will be validated prior to the price request. IBM will validate both the customer segment and the New Client status together with the approval of the Deal Registration request.

See Attachment A for End User segment determination and Attachment B for New Client determination.

Based on the selection of product group, customer segment and customer discount the 'Pay for Value' margin will be established using the table below.



Reseller table

All margin values are calculated off the customer price.

Resellers		End User Discount off IBM List Price					
Product category	Margin Category		New Client		New Client		New Client
Group A		0%	0%	>0% - <=93%	>0% - <=93%	>93%	>93%
	Industry	VS	VS	16%	26%	10%	20%
	Non industry	VS	VS	19%	29%	13%	23%
Group B		<=38%	<=38%	>38% - <=91%	>38% - <=91%	>91%	>91%
	Industry	VS	VS	16%	26%	10%	20%
	Non industry	VS	VS	19%	29%	13%	23%
Group C		<=42%	<=42%	>42% - <=64%	>42% - <=64%	>64%	>82%
	Industry	VS	VS	16%	26%	10%	20%
	Non industry	VS	VS	19%	29%	13%	23%
Group D				<=64%	<=64%	>64%	>64%
	Industry			VS	VS	10%	20%
	Non industry			VS	VS	13%	23%
Group F		<=74%	<=74%	>74% - <=83%	>74% - <=83%	>83%	>83%
	Industry	VS	VS	16%	26%	10%	20%
	Non industry	VS	VS	19%	29%	13%	23%
Group G		<=38%	<=38%	>38% - <=83%	>38% - <=83%	>83%	>83%
	Industry	VS	VS	16%	26%	10%	20%
	Non industry	VS	VS	19%	29%	13%	23%
Group I		<=29%	<=29%	>29% - <=89%	>29% - <=89%	>89%	>89%
	Industry	VS	VS	16%	26%	10%	20%
	Non industry	VS	VS	19%	29%	13%	23%

Minimum Special Bid clip level

The terms and conditions of the *IBM Minimum Special Bid List Price Policy* apply. For the Minimum Special Bid List Price levels check the announcement in PartnerWorld.

http://public.dhe.ibm.com/partnerworld/pub/misc/power_storage_nobidpolicy_febsixteenen.pdf

In case the authorised IBM manager granted an exception from the *IBM Minimum Special Bid List Price Policy* as described in the Policy, the email confirmation of the exception must be attached to the Special Bid request, otherwise the bid will get rejected.

Eligible products

All Storage Systems hardware products and standard, one-time-charge (OTC) Software license charges are eligible as listed in the applicable Product Exhibit list, which you are authorized to sell.

IBM Product Exhibits may be accessed online at:

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

Excluded products

- Storage Utility Offering



Exceptions from the 'Pay for Value' policy

1. *Managed Services*

Opportunities where the IBM Business Partner purchasing the product directly from the Distributor and is operating under the terms and conditions of the *Managed Services* attachment where they are retaining title to the hardware, are not eligible for this program. The Distributor receives a margin in these transactions.

2. *Internal Use*

Products acquired for Business Partner *internal use* do not qualify for this program.

BP Internal Use - where a Remarketer retains ownership of the Products for internal use within their Business Partner operations. These purchases will be priced using Value Seller Grid Pricing terms.

3. *Demonstration or development or evaluation (DDE) use*

Demonstration, Development, Evaluation (DDE) – where the Business Partner is acquiring products under the terms of the DDE program.

4. *Special Bid requests for sales to customers who have a valid IVO Agreement or other pre-agreed commercial terms and conditions with IBM*

Start and/or End Dates

This program is valid from April 1, 2017 until withdrawn.

This program is applied to all Special Bid request received by IBM on or after January 1, 2018.

Where is it available?

This program is valid in:

Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

Marketing channels

IBM Business Partners Distributors for Storage System products

Additional Terms and Conditions

- The Special Bid Pricing terms may be accessed on the following website:

https://www-304.ibm.com/partnerworld/wps/servlet/mem/ContentHandler/pw_com_agr_special_bid/lc=en_AL_L_EMEA

- The Deal Registration terms are defined in the 'General Terms for Deal Registration' Business Partner exhibit document. For the details of the Deal Registration process please visit the IBM PartnerWorld website and look for the 'General Terms for Deal Registration' document.



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

- IBM reserves the right to ensure compliance through audit and/or to withdraw or modify this program and/or the enhanced margins at any time.
- Price quote requests with '*Value Seller Pricing*' terms are not eligible for this program.
- It is IBM's intention to apply the Pay for Value policy to all eligible transactions. IBM reserves the right to reject the bid request or not apply the Pay for Value policy. Questions regarding the terms or requirements to qualify for the enhanced discounts should be directed to your IBM Channel Sales Representative.

Need help?

Questions about this announcement should be directed to your IBM Business Partner Representative.



History of revisions

Date of revision	Details of revision	Effective date of change
June 23, 2020	New P4V categorization	July 1, 2020
February 07, 2020	Changing titles for P4V Product-Groups; ISI-ISR bids (Point 5) no longer applicable and therefore removed from the listed Exceptions on page 4	March 18, 2020
May 21, 2019	Changing Enduser discount ranges for Object Storage	August 26, 2019
February 27, 2019	Correction of a publishing issue – no PLET change	Immediately
January 7, 2019	Remove teaser on page 1	January 15, 2019
January 15, 2018	Corrected typo in reseller margin table	January 15, 2018
December 11, 2017	Update for 2018. Remove Commercial segment and use Industry / NON Industry. Increase New Client margin adder and other changes in margin values	January 1, 2018
June 1, 2017	New margin tables added and restructure according to segmentation, Commercial and New Client Adders	July 1, 2017
March 9, 2017	Initial version	April 1, 2017



Attachment A- End user segment determination

Customer segment determination

IBM will use two customer segments for determining the Pay for Value Business Partner margin: Industry and NON Industry. NON Industry are customers classified as Enterprise or Commercial.

Contrary to 2017 no adder will be applied for Commercial segment customers.

The segment designation is an attribute of the customer number & will be provided automatically as part of the Deal Registration.

If Business Partners want to check their target customers End User Segment before applying for the Deal Registration, they may check their target customer in the IBM GB Query Tool on PartnerWorld:

https://www-356.ibm.com/partnerworld/wps/servlet/ContentHandler/pw_com_smb_express_advantage_querytool/lc=en_ALL_ZZ

Customers for which Client type is displayed as 'Commercial' or 'Enterprise*' are recognized as NON Industry for this program. Cloud Service Providers (CSP) will be treated as 'Commercial' hence being NON Industry for Pay for Value margin calculation purposes. The CSPs are part of the Client type 'Computer Services' and not displayed as a unique group in the GB Query Tool.

The GB Query Tool serves only general information purposes. If there is a difference between the display of status in the Query Tool and the result of the validation performed by IBM during *the SBO process, it is the latter* which will prevail.

Customer segment designation is reviewed by IBM periodically. A customer's designation may change as a result of the review.



Attachment B- New Client determination

New Client end user customer eligibility and process

To qualify for the Power or Storage New Client Adder, the IBM install and shipped order records for an End-User Enterprise must show that no IBM hardware product from the relevant brand (server, model conversion or hardware MES) was installed at / sold to the enterprise for a 36 months period prior to the date (inclusive) the New Client validation was performed by IBM.

Business Partners will find a validation of New Client in the relevant Deal Registration and validation will be shown for each brand.