

IBM Systems Hardware Performance Incentives for Business Partners

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Introduction

This is an incentive offering for IBM Business Partners who choose to invest in the skills needed to grow their IBM business. Eligible Business Partners can earn benefits to help offset the costs of these incremental investments while delivering higher value to customers through the provision of solutions built with IBM Systems Hardware products.

Available benefits are delivered through participation in the IBM Business Partner Growth Incentive (PGI) and/or IBM PartnerWorld Competencies.

This document outlines the incentives available to Business Partners and is subject to the “[General Terms and Conditions](#)” and “[Distributor Alignment Terms](#)”.

IBM Systems Hardware operates a Preferred Distributor model. To qualify for IBM Power Systems and IBM Storage Systems incentives, each Business Partner is required to select their Preferred Distributor. Only purchases made from the Preferred Distributor will be counted towards incentives described in this offering. If a Business Partner acquires products directly from IBM, these purchases will be counted in addition. Please refer to “[Distributor Alignment Terms](#)” for further details.

Where is this offering available?

This incentive offering is available in: Belgium, Luxembourg, Netherlands, Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, Austria, Germany, Liechtenstein, Switzerland, Andorra, Comoros, France, French Guyana, French Polynesia, French Southern Territories, Guadeloupe, Martinique, Mayotte, Monaco, New Caledonia, Reunion, St. Pierre and Miquelon, Vanuatu, Wallis & Futuna, Italy, San Marino, Vatican City, Aland Islands, Denmark, Faeroe Islands, Finland, Greenland, Iceland, Norway, Sweden, Cyprus, Greece, Israel, Malta, Portugal, Spain, British Indian Ocean Territory, Falkland Islands, Gibraltar, Guernsey, Ireland, Isle of Man, Jersey, Pitcairn Island, Saint Helena, South Georgia & South Sandwich Island, United Kingdom.

IBM PartnerWorld Power Systems and Storage Systems Competencies

Business Partners who make an investment in IBM skills can become eligible to join a select international community of IBM Competency Business Partners. Competencies provide two levels of achievement: Specialist and Expert, with greater benefits available for the Expert level. Full details of IBM PartnerWorld Competency achievements and benefits are available at <https://www.ibm.com/partnerworld/program/capabilities-competencies/competencies>

IBM Business Partner Growth Incentive (PGI)

PGI delivers incentives to participating Business Partners for achieving sales growth and skills, whilst providing a structured path to progress toward the Specialist level in IBM Power Systems and/or IBM Storage Systems Competency. Details about the PGI are available at <https://www.ibm.com/partnerworld/resources/grow/ibm-business-partner-growth-incentive-pgi>.

Business Partners are advised that effective January 1, 2021, incentives will only be available to Business Partners achieving Competency Specialist or Expert status. For continuity of benefits, Business Partners are encouraged to review the Competency qualification criteria and take the necessary steps to achieve their Competency no later than December 31, 2020.

Benefits available to Business Partners participating in IBM Power Systems or IBM Storage Systems Competency or PGI

Performance Incentives for Business Partners consist of four core benefits elements:

1. Quarterly Performance Bonus
2. Growth Bonus 2H 2020
3. IBM Growth Vouchers for Education & Certification Testing
4. IBM Business Growth Funds (BGF)

Each of these benefits is operated and measured independently for Power and Storage.

1. Quarterly Performance Bonus

Eligible Business Partners approved to market IBM Power Systems or IBM Storage Systems can receive a rebate calculated as a percentage of their total quarterly sales out revenue, from products via their Preferred Distributor.

Effective October 1, 2020 Performance Bonus rebates earned for sales to customers determined by IBM to be Government Entity (GE) will be paid to the Preferred Distributor. Please refer to “General Terms and Conditions” section.

Participants at Specialist level will achieve a greater bonus than non-Competency (PGI) Business Partners; and those at Expert level will earn the highest amount of performance bonus for their quarterly revenue achievement.

The applicable Performance Bonus rates are:

Business Partner status	Quarterly Performance Bonus rate
PGI (non-Competency)	1,0%
Competency Specialist	1,5%
Competency Expert	2,5%

Communication of quarterly achievement is performed by the PGI application. Participants must complete a one-time PGI registration, by accepting the Terms and Conditions after doing a login to PGI at: <https://www.ibm.com/partnerworld/resources/grow/ibm-business-partner-growth-incentive-pgi.b>
Business Partners who registered with PGI in a previous year are not required to register again.

Business Partners who meet all the requirements of the IBM Systems Competency as shown in their PartnerWorld console, before the end of the first month of a quarter, will have their higher rate Performance Bonus back-dated to the start of the quarter. If the Competency is achieved after month one, the higher rate of the Performance Bonus will apply at the start of the following quarter.

The IBM PartnerWorld console is available at:

<https://partnerworldconsole.ibm.com/partnerworld/wps/console/web/index.html#>

2. Growth Bonus 2H 2020

Business Partners with Competency Specialist or Expert status who grow sales-out revenue between July 1, 2020 and December 31, 2020 compared to a “baseline” revenue for the equivalent period in 2019 will earn an additional bonus equal to **0,75%** of the reported sales-out revenue above the baseline for Specialist Partners and **1,25%** for Expert Partners.

- Attainment for calculation of the Growth Bonus will be measured independently for Power and Storage.
- The baseline revenue will be based on 2nd half 2019 revenue for each brand and will be confirmed to each qualifying Business Partner in July 2020.
- Business Partner must have achieved the published requirements for Competency Specialist or Expert on July 1 to qualify for the Growth Bonus.
- Qualifying Business Partners with zero or minimal revenue recorded in 2H19 may be set a nominal baseline.
- The Growth Bonus will be calculated and paid at the end of the first quarter 2021 using the rate applicable to the Competency level achieved on December 31, 2020. This allows a Business Partner who moves from Specialist to Expert during 2H to benefit from the higher Expert rate.
- Adjustments to baseline or eligible revenue for BP mergers and acquisitions must be mutually agreed and confirmed in writing by IBM.

3. IBM Growth vouchers for Education & Certification Testing

IBM Systems Competency and non-Competency (PGI) participants are eligible for vouchers offering discounts on selected IBM Events and Education offerings; and Certification testing provided by Pearson-VUE.

IBM Growth vouchers are to be used by employees of the firm to which the vouchers are issued and must not be transferred to any other entity. Further details and full terms and conditions are available at www.ibm.com/training/vouchers.

The number of vouchers and level of discount are shown in the following table:

	Class/Event vouchers per year	Certification testing vouchers per year
PGI (non-Competency)	4 per PGI Track (offering up to 80% discount)	4 per PGI Track (offering 100% discount)
Competency Specialist	6 (offering 100% discount)	6 (offering 100% discount)
Competency Expert	8 (offering 100% discount)	8 (offering 100% discount)

4. IBM Business Growth Fund and Co-Marketing (BGF)

IBM BGF provides a predictable pool of reinvestment funds to assist Business Partners in channel development and demand generation activities to support and grow sales of IBM Systems products. BGF will be aggregated into a single budget for IBM Systems.

Business Partners achieving a Competency can receive BGF as follows:

	Power and Storage Competencies	Spectrum Competency
PGI (non-Competency)	N/A	N/A
Specialist	\$10000	\$5000
Expert	\$15000	\$10000

Business Partners can also be eligible for a Variable BGF which is determined by historic revenue achievement. For further details, please look into the “IBM Systems Business Growth Fund and Co-Marketing for Business Partners” at: <https://www-356.ibm.com/partnerworld/wps/servlet/mem/ContentHandler/annletter/ZWEP0045CEPEN>

Eligible Products

Eligible IBM Power Systems and IBM Storage Systems products are defined as Hardware and associated Software products listed in the applicable Product Exhibit list, which you are authorized to sell. Some products which are not eligible are indicated in the Exhibit Product table.

This includes:

- Transactions conducted under a Transaction Agreement
- Managed outsourced services, when the Business Partner retains title of the system
- Model Upgrades and ‘after market’ (MES) orders for features
- Internal Use products
- Products purchased for Demonstration or Development Use
- Used Equipment
- All Spectrum Storage Software products purchased through the Hardware fulfilment systems (iERP)
- Revenue from Power eCoD sales made directly to customer will be included in the sales out revenue of the Business Partner "of record" used to calculate the quarterly Performance Bonus payment.

But excludes:

- Products indicated as not eligible for Performance Incentives in the Exhibit Product table
- All Software in the Product Exhibit list purchased through Passport Advantage
- Orders for Try and Buy equipment, until such time that the end user purchases the product
- Products purchased in countries where you do not have a contract with IBM

IBM Product Exhibits may be accessed online at:

<https://www.ibm.com/partnerworld/program/compliance/ibm-product-groups-exhibits>

Local Currency Conversion

Revenue and incentive amounts shown within this document are in USD. Local country equivalent amounts can be obtained based on the currency exchange table at:

<https://www.ibm.com/partnerworld/program/currency-exchange-rates>

Document Revision History

Description of Change	Effective Date of Change
Performance Bonus rebate earned on sales to Government Entity customers paid to Preferred Distributor at time of transaction	October 1, 2020
Definition of Baseline revenue changed Change of Distributor alignment	July 1, 2020
Addition of 2H Growth Bonus	July 1, 2020
Updated general terms in relation to sales to customers designated as GOE. Added Payment Terms	January 20, 2020
2020 Program documented	January 1, 2020

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Attachment A General Terms and Conditions

1. The provisions of the Systems Hardware Performance Incentives for Business Partners and those of the IBM Business Partner Agreement govern these incentives.
2. The IBM Systems Hardware Performance Incentives for Business Partners offer is valid for contracted IBM Business Partners in eligible countries, approved to resell IBM Power Systems or IBM Storage Systems products.
3. A “Contracted Business Partner” is defined as an entity with a valid IBM Business Partner Agreement in one or more of the following countries: Belgium, Luxembourg, Netherlands, Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, Austria, Germany, Liechtenstein, Switzerland, Andorra, Comoros, France, French Guyana, French Polynesia, French Southern Territories, Guadeloupe, Martinique, Mayotte, Monaco, New Caledonia, Reunion, St. Pierre and Miquelon, Vanuatu, Wallis & Futuna, Italy, San Marino, Vatican City, Aland Islands, Denmark, Faeroe Islands, Finland, Greenland, Iceland, Norway, Sweden, Cyprus, Greece, Israel, Malta, Portugal, Spain, British Indian Ocean Territory, Falkland Islands, Gibraltar, Guernsey, Ireland, Isle of Man, Jersey, Pitcairn Island, Saint Helena, South Georgia & South Sandwich Island, United Kingdom .
4. Transactions which are marketed under Complementary Marketing terms are not eligible for this incentive.
5. IBM Business Partners are eligible to earn an incentive on eligible Power Systems and/or Storage Systems sales out revenue from 01 January through 31 December of the current year.
6. The incentives are in addition to any base discounts that you would normally receive and, unless otherwise stated, can be combined with other discounts, credits or rebates available in other published IBM promotions and incentives for the eligible products.
7. Participation is managed on a quarterly basis. Participation in one quarter does not guarantee participation in future quarters.
8. Your achievement for Systems Hardware incentives will be based on the value of the eligible products IBM invoices to your Preferred Distributor who subsequently reports to IBM as being resold to you. The method of converting this initial data into actual achievement may vary by product and program, and by when the reported sales are received. IBM has no knowledge of the actual amount you paid in any transaction.
9. In case of any disagreement with IBM’s assessment and resulting payment, you must send a formal request for re-evaluation, giving details of where you disagree, to IBM BPSO (performance@sk.ibm.com) no later than 60 calendar days following the date of payment. Disputes after this deadline will not be accepted by BPSO.
10. Your sales of attainment and resulting payment will be calculated and paid at a country level.
11. Payments are expected to be issued by IBM by the end of the following quarter.
12. No payment will be made if the amount earned each quarter is less than \$250 per brand. Earnings below \$250 will not be accrued and carried forward and aggregated with future quarter earnings for payment.
13. Effective October 1, 2020, rebates earned for sales to customers determined by IBM to be Government Entity (GE) will be paid to the Preferred Distributor as a credit shortly after the transactional invoice from IBM. As IBM has no knowledge of the commercial terms between Distributor and Business Partner; and as the Distributor is not acting as a payment agent, the amount passed on from the Distributor to the Business Partner is agreed exclusively between the Business Partner and Preferred Distributor
14. No payment will be made if third quarter attainment for either Power or Storage is from one single transaction to a customer designated by IBM to be a Government Entity (GE), irrespective of whether processed as a single or multiple transaction(s). For a definition of what IBM includes as a GE please link here: <https://www.ibm.com/partnerworld/resources/manage/government-owned-entity-definition>.
15. Where a Business Partner has a “dual relationship”, the incentives referred to in this announcement letter will be withheld. A “dual relationship” is determined by the enterprise having both a Distributor and a Reseller / Remarketer presence in the same country. This may be represented by both roles in a single CEID, or multiple CEIDs each having a single role.

16. Eligible products financed by IGF and reported as sold via IBM sales out reporting might qualify for this program. Please contact your local IGF representative for details or visit www.ibm.com/financing.
17. 'Business Partner' is used informally and does not imply a legal partnership, its use is in accordance with the terms of the IBM Business Partner Agreement. 'You' refers to 'your company' in this document.
18. If your IBM Business Partner Agreement expires or is terminated this offer is also terminated.
19. IBM reserves the right to modify or withdraw this offer at any time.
20. This offer is void wherever prohibited or restricted by law

Attachment B Distributor Alignment Terms

IBM Systems Hardware operates a Preferred Distributor model. To qualify for IBM Power Systems and IBM Storage Systems incentives, all Business Partners in the IBM Systems Competencies and non-Competency participants in IBM PGI must select a Preferred Distributor. The following terms and conditions apply:

1. Only purchases made from your Preferred Distributor are eligible for Systems Hardware incentives described in this announcement.
2. Your Preferred Distributor is the Distributor recorded in your IBM PartnerWorld Profile in PPS.
3. Acceptance of your Preferred Distributor by IBM is based on the understanding that the Preferred Distributor relationship is for 12 months. It's recommended that the same Preferred Distributor is selected for Power Systems and Storage Systems.
4. You may request a change to your Preferred Distributor at any time by giving IBM a minimum of thirty days notice prior to the end of a calendar quarter and it will apply from the start of the following quarter. For example: Requesting a change to your Preferred Distributor from the beginning of 4Q must be made into PPS before August 31 2020 which is 30 days before the end of 3Q.
5. One change of a Preferred Distributor is permitted within a 12 month period for each IBM Power Systems and IBM Storage Systems.
6. Requests to change your Preferred Distributor must be submitted via the IBM PartnerWorld Profiling System (PPS) by your Authorized Profile Administrator (APA) at Headquarters location. Follow the steps outlined in the Step by Step User Guide available from <https://www.ibm.com/partnerworld/program/compliance/business-partner-agreement-user-guide>. After the change has been approved it may be reflected in PPS. However, for incentive offerings, including IBM PGI and IBM Systems Competencies, the change will become effective from the start of the following quarter.
7. Only revenue that your Preferred Distributor reports to IBM as sold out to you will qualify for the calculation of your target attainment and bonus payments. Purchases from a Distributor who is not noted as your Preferred Distributor will be excluded when calculating Systems Hardware incentive payments for you and the supplying Distributor.
8. If you are a Business Partner Reseller who acquires products directly from IBM, these purchases will be counted in addition. You must select a Preferred Distributor for your indirect purchases for them to be eligible for Systems Hardware incentives.
9. Selection of a Preferred Distributor is the result of discussion between you and a Distributor. IBM will not intervene or attempt to influence the outcome in any way.

Attachment C Payment terms

To ensure compliance with local tax requirements in each of the countries, different billing and payment processes apply to the rebates, depending on the country. The payment and billing guidelines are set out below

- *Business Partner that purchase from Distributors in **Belgium, Luxembourg, Netherlands, Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, Andorra, Comoros, France, French Guyana, French Polynesia, French Southern Territories, Guadeloupe, Martinique, Mayotte, Monaco, New Caledonia, Reunion, St. Pierre and Miquelon, Vanuatu, Wallis & Futuna, San Marino, Vatican City, Aland Islands, Denmark, Faeroe Islands, Finland, Greenland, Iceland, Norway, Sweden, Greece, British Indian Ocean Territory, Falkland Islands, Gibraltar, Guernsey, Isle of Man, Jersey, Pitcairn Island, Saint Helena, South Georgia & South Sandwich Island, United Kingdom, Italy***

Payment of the Business Partner Performance Incentive for the above countries will be made by credit note to your preferred Distributor. Your IBM Business Partner Distributor is responsible for paying and issuing any billing documentation, to the Business Partner for the rebate in these countries. IBM is not responsible if any payment made to a nominated Distributor is not passed on to the IBM T2 Business Partner.

Please note that payments to Business Partners in Greece may be delayed due to local tax notification requirements.

- *Business Partner that purchase from Distributors in **IBM Ireland, Israel, Malta, Portugal, Spain or Switzerland***

The T2 Business Partner will receive an Invoice Request and must issue an invoice to IBM to receive the rebates applicable to the above countries. IBM reserves the right to validate that the charging of VAT or similar transaction taxes is legally correct and that any invoice or equivalent document issued to IBM complies with applicable tax laws. IBM will not make payment if either VAT or similar transaction taxes has been incorrectly charged, or if the billing document you issue does not comply with applicable tax laws.

IBM will not accept the invoice if it is not issued and delivered to IBM within 180 days after IBM sends an Invoice Request.

- *Business Partner that purchase from Distributors in **IBM Austria, Germany***

IBM will issue a credit note including VAT to its Austrian, German Tier 2 Business Partners in the quarter following the period of achievement.

Tier 2 Business Partners are responsible for making any input VAT adjustments linked to this sales promotion rebate in connection with IBM product purchased from their suppliers

- *Business Partner that purchase product directly from **IBM***

IBM will issue a credit note including VAT to Tier 1 Business Partners in the quarter following the period of achievement.