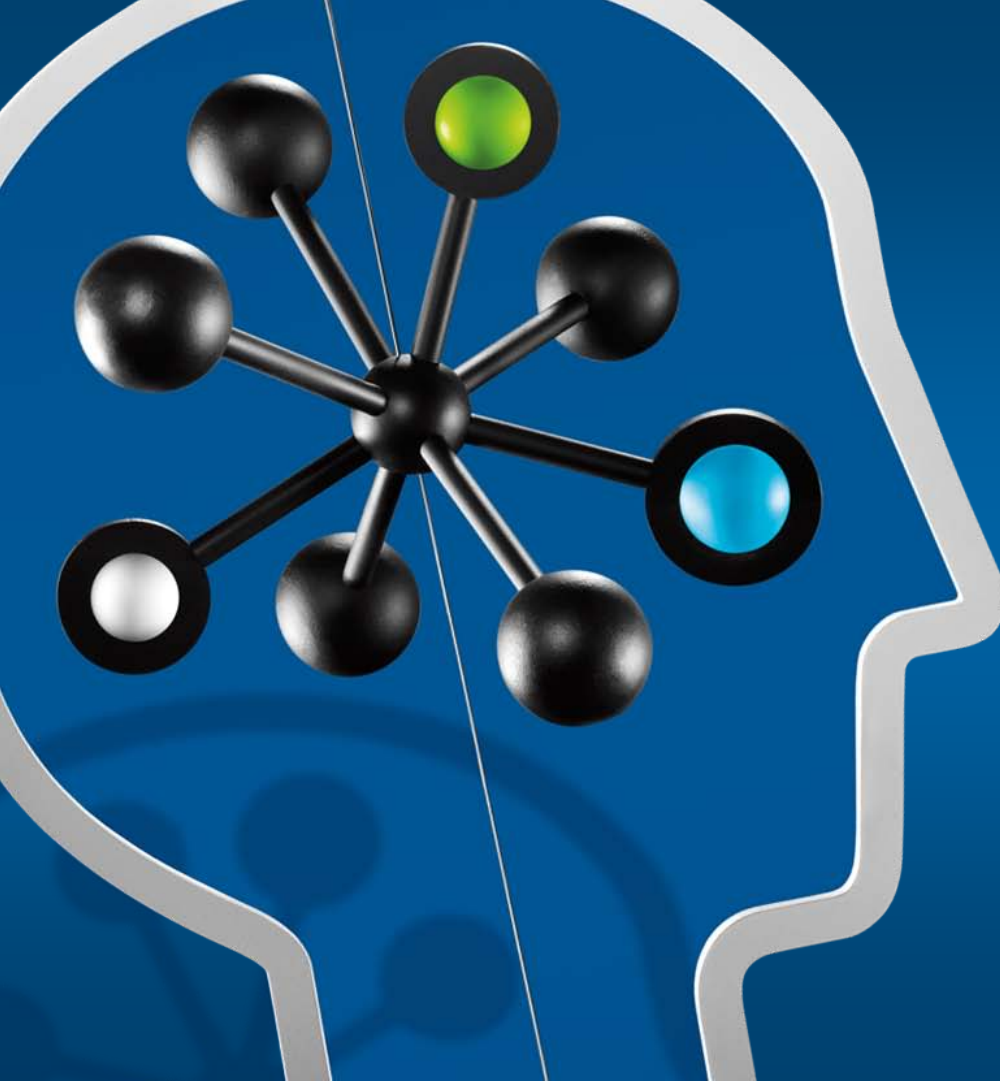# HP's Services Strategy

Gary M. Budzinski
SVP & GM, Technology Services

Joe Eazor
SVP & GM, EDS, an HP company

Agenda

- Client challenges
- HP Services value
- Strategic priorities

The CIO problem
No cycles to innovate & prioritize for business value

Business Outcomes

90% of IT resources and budget are spent on application and infrastructure operations management & maintenance
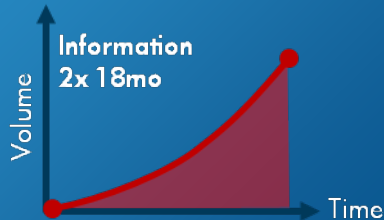
Rigid Infrastructure
- Legacy environments
- Siloed, risky, slow
- No plug & play
- Physical/virtual sprawl

Innovation & New Functions 10%
Migration & Upgrades 25%
Operations Maintenance & Management 65%
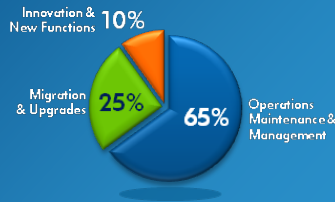
Applications & Information Complexity
- Aging applications
- Information explosion
- Public/private blurring

Information 2x 18mo

Volume

Time

Ineffective Business Processes
- Focused on non-core activities
- "Broken" systems
- Escalating compliance requirements

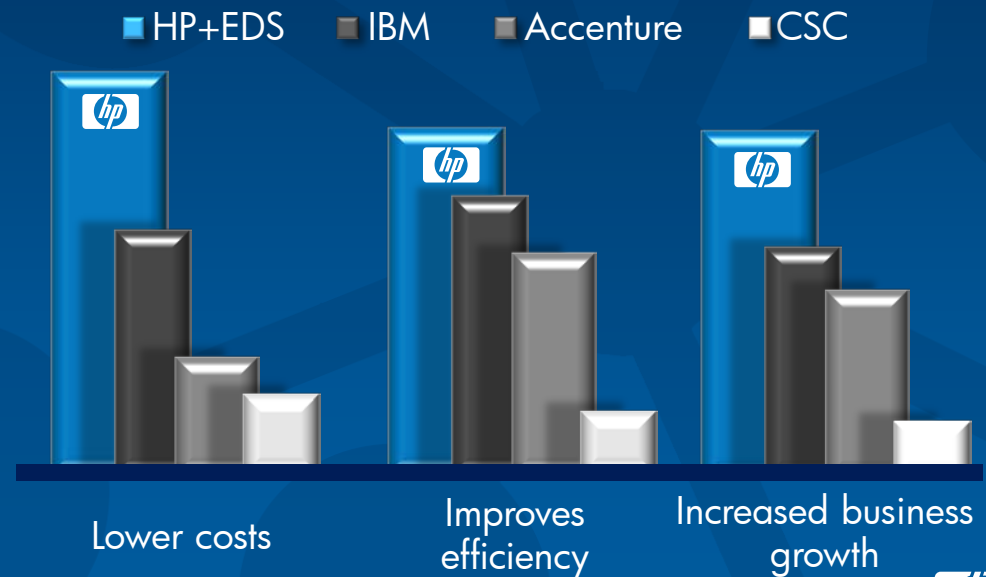Demand and ability to deliver gap

Growth

Investment
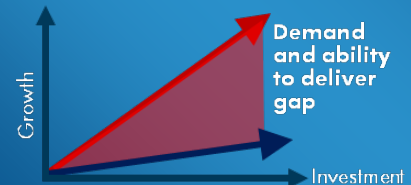
Well positioned to meet top priorities

Top business priorities

- Lower costs

- IT systems/technology improvements

- Increase business growth

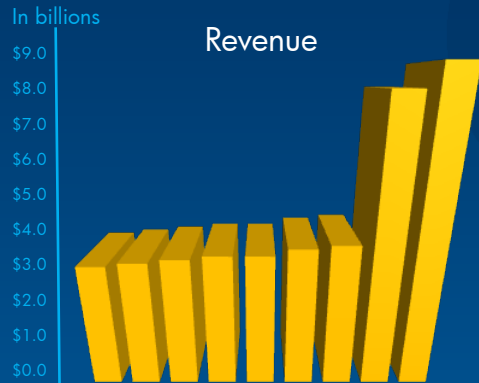- Improve efficiency

- Customer service improvements

HP+EDS viewed as top provider

Legend: HP+EDS | IBM | Accenture | CSC

Lower costs | Improves efficiency | Increased business growth

A focused, multiyear strategy

#1 or #2 in services

Services

EDS 2008

- Industry Solutions
- Business Processes Services
- Applications Services
- Infrastructure Services

**#1 in key
software categories**

Software Products
Mercury
Opsware
Peregrine

- Software-as-a-Service
- Support and Deployment Services
- Professional Implementation Services

**#1 or #2 in every
product category**

Hardware Products
Compaq 2001
Colubris 2008

- Integrated multi-vendor support (DEC)
- Workplace Client services (Compaq)
- Industry Standard and Factory Express Services (Compaq)

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HP Services Q109 financial performance

In billions

Revenue

$9.0
$8.0
$7.0
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0

In millions

Operating Profit

$1,200
$1,100
$800
$600
$400
$200
$0

OP % revenue

14%
12%
10%
8%
6%
4%
2%

- Services revenue of $8.7B
- $1,123M OP; 12.8% of revenue
- ITO revenue of $3.9B
- Technology services revenue of $2.5B
- Applications services revenue of $1.6B
- BPO revenue of $743M

Q1 FY09 revenue by business
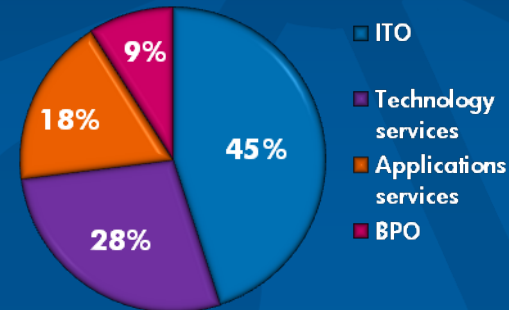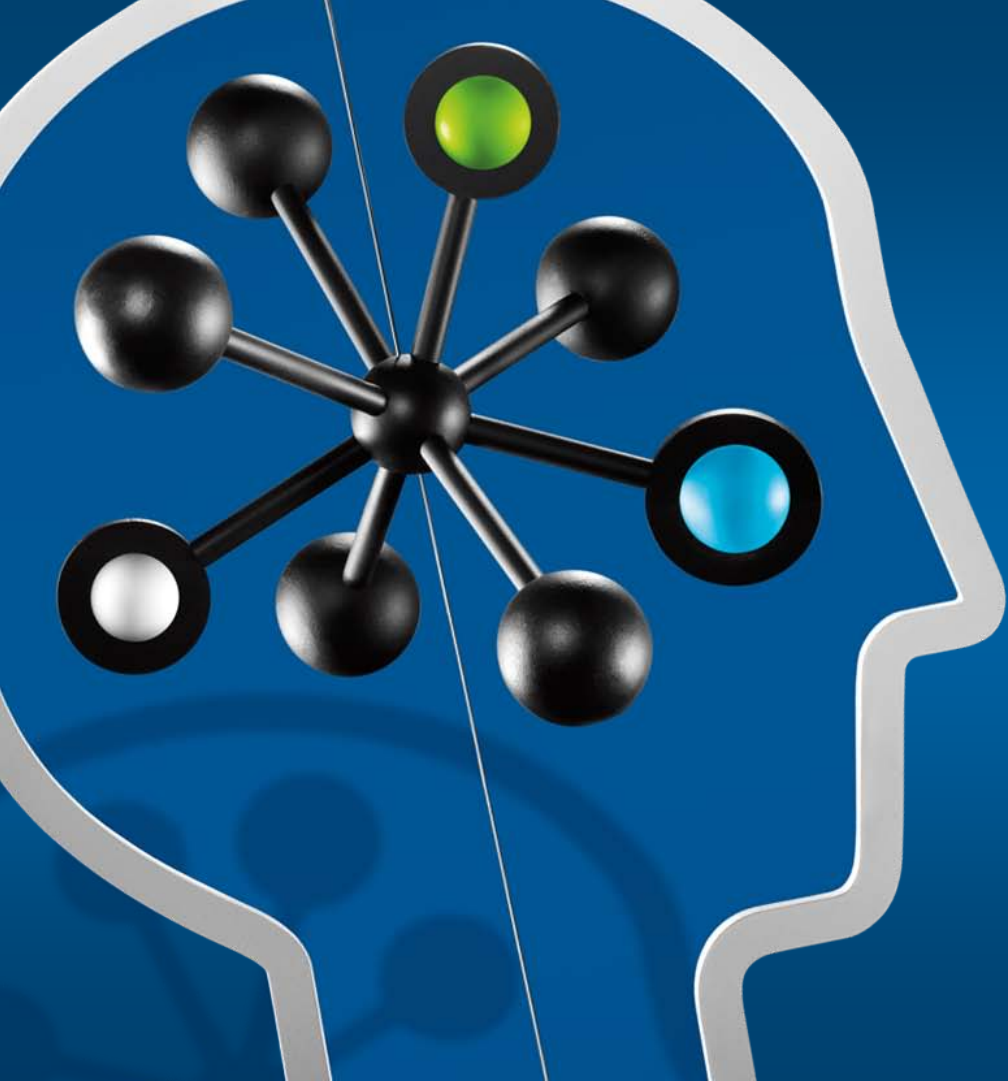
□ ITO 45%
■ Technology services 28%
■ Applications services 18%
■ BPO 9%

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Why HP Services

Delivering business outcomes today, technology for the future

Collaborative Expertise

An experienced, proven ally who *understands your needs*

Practical Innovation

Innovative, relevant solutions & services to *meet your business challenges*

Holistic approach to Business Technology brings together expert knowledge, proven methodologies and global resources **to achieve better business outcomes**

Adaptable, integrated products and services *delivered your way*

Flexible Technology & Sourcing

Scalable global delivery capabilities & resources *expanding your reach*
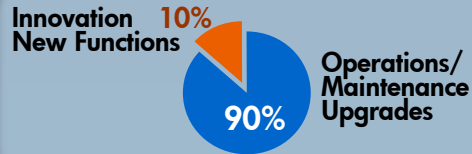
Operational Excellence

hp

HP Services meets clients' needs

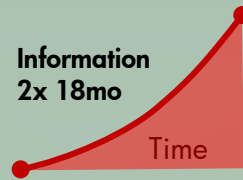## Integrated solutions across infrastructure, applications and business process

HP Services delivers…

Integrated solutions across infrastructure, applications and business process

Business outcomes

HP Services

Adaptive Infrastructure

- Data Center Transformation
- Mission Critical Services
- Networking Services
- Service Management
- Education Services
- Security, Compliance and Continuity
- Workplace Services

Business-ready Services

- Applications Development Services
- Applications Modernization
- Applications Management
- Enterprise Applications Services
- Information Management

Business Outcome Optimization

- Shared Services
- Customer Relationship Management
- Financial Process Management
- Administrative Services
- Industry Solutions

Consulting • Technology Services • Managed Services • Outsourcing • Cloud

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Designed for Run
Across the Services lifecycle

Designed for Run

Strategy → Design → Transition → Operation → Continual Improvement

HP Services

Adaptive Infrastructure

- Data Center Transformation
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Consulting • Technology Services • Managed Services • Outsourcing • Cloud

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Strategic priorities

Ambition: The leading IT Services company

Portfolio

- Focus on delivering measurable client value
- Drive integrated full-stack solutions
- Accelerate service productization
- Bring to market broader and deeper service offerings
- Execute targeted portfolio investments

Go-to-market

- Grow share of wallet in the install base
- Create focused demand generation
- Optimize account coverage
- Increase channel presence
- Aligning consulting with IP to deliver integrated solutions

Operational excellence

- Deliver client service excellence
- Deliver consistent HP experience
- Optimize cost structure
- Maximize service delivery automation and standardization
- Optimize global labor strategy
- Leveraging collective IP

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HP/EDS Integration – ahead of plan

Seizing the opportunities to gain market share

- Growing pipeline

- Increased client satisfaction

- Cost structure improvements

- Portfolio rationalization

- Leadership and operational discipline

- Aligning product and service sales

Recent client wins

Southwest Airlines

- HP and EDS collaboration
- Targeted hosting, apps mgmt solution
- Platform design with services and Designed for Run
- HP value extended - TS, HPSW
- Global skills, enhanced efficiencies

Aviva

- 10-year, $1B data center modernization and management
- Financial resources, innovation of HP
- Favored our collaborative approach
- Valued transformation with rock solid reliability, security

American Express

- Global agreement for end user computing, voice, data and travel contract
- Team will extend value of HP products through services
- Drive efficiencies by supporting IT while increasing levels of service to end users

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In summary

- Recognized as the leading IT Services Company by our clients and the market

- Scalable continuum of services drive better business outcomes

- Game changing synergies

- Made significant progress; more to do…

Technology for better business outcomes