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<<Unidentified Company Representative>>

Well, thank you, Mark. It's a great pleasure to introduce Martin Schroeter. I have a special attachment to IBM, because IBM was one of the early GRI reporters. As Mark said, I was involved with their program and has – in fact IBM was one of the original environmental reporters dating back to 1990, when you could count on two hands, is that the number of environmental reports. It was basically terra incognita, simply unknown, what it meant even.

So IBM's leadership from day one, environmental and then sustainability spend, reporting GRI for the last 10 years in a top form. I'm personally indebted IBM for advancing the cause. Martin is a Senior Vice President of IBM Global Markets. Now let me say one of the things this is – IBM is coming up on 100 years in 2024, I believe. I think the company was founded in 1924, so older than I am and distinguished all the way and also an example of the company who knows about adaptation, resilience, reinvention and innovation. It's in the bloodstream of that company always has been.

Martin is Senior Vice President of IBM Global Markets. And he has been in charge of IBM's revenue generation, profit and client satisfaction worldwide. He also leads IBM's Global Financing Business, which is the world's largest captive IT financier. Prior to these positions, Martin was Senior Vice President and Chief Financial Officer of the corporation and he served as General Manager of IBM Global Financing where he managed a total in excess of $37 billion. Martin also earlier was IBM's Treasurer and responsible for a – Treasurer and Assistant Treasurer responsible for capital markets investments in foreign exchange operations.

With that, it's a great pleasure to welcome Martin to the podium.

<<Martin Schroeter, Senior Vice President, IBM Global Markets>>

Fair enough. Thank you for the nice introduction. I appreciate it. Good afternoon, everyone. My charts aren't working properly. Good afternoon, everyone. It is, as I said, my repeat performance. Last time, I was here as the CFO. And since that time in my new role, I've had an opportunity to lead our Global Sales Organization. So what I wanted to do was spend some time talking about what I've learned in that process, because it really does tell us where we see our clients, where we see our clients going.

And to start with that story, we have a perspective on how the enterprise world of IT and particularly starting to evolve. We've had this perspective. And I would say we may have been the only ones who've had this perspective for a little while. So until a year ago, 18 months ago, the world believed that these new disruptors that these new incumbents, who pooled capital and try to do business models, we're going to take over the world and that the existing companies, the incumbents were being marginalized.

And that wasn't our view. That wasn't our review. Our view is that that with 80% of the world's data sitting behind the firewalls of our clients, sitting behind the firewalls of the enterprise point that it's their transaction data, it's their supply chain data, it's their knowledge of their customers. That if you link that that deep, deep insight and you can find a way to extract it that you could help the incumbents become the disruptors. And so with that point of view, we've been retooling, transforming IBM again in order to prepare for a world where we see the incumbent disruptor as the next phase.

If you have a little bit of data in which means you have some good record keeping, you have a huge advantage, because you know a lot that that others don't know, if you can find a way to organize yourself. So we come at a point in the world where some data and a set of technologies now that have matured creates the incumbent, the opportunity for the incumbent to be the disruptive.

So we did a study. We did a study of 1,300 c-suite execs last year. And that study bore out what I'm saying. In that study, again, 110 different countries, every industry, the epicenter of disruption from those c-suite execs, three quarters of them said the incumbents are now the epicenter of disruption in my industry, no longer, no longer the new entrance we're disrupting and at the basis of all of that, again – the basis of all that is data. So in these rare events and they tend to have a long arc, 10, 20, 25 years in which you bring together advancements in technology and access to the technology. I heard the prior speaker talk about access. Access is such a big part of this.

And you take today's tools, AI tools and data analysis tools and now all of a sudden you have a new world in front of you where again the incumbents disrupt. So we've been retooling as I said and reshaping how we help our clients to do that. So we've been reshaping based on what our clients tell us, they see as our three critical differentiators. One, they see our technology as a critical differentiator in that process, which means – and I'll talk a little bit more about our technology, but it means we have to continue to invest and to innovate.

They see our industry capabilities, our ability to take technology and actually put it to work in their environments, that's critical to how they can use these technologies. And then underpinning that is they really have to – they have to believe in your ability to both secure their data and they can trust you with their data. So that's how we've differentiated, that's how we've built IBM and we think we've built a competitive advantage around now that that fairly straightforward idea and that that value prop translated into $79 billion of revenue last year. We finished the year with $13 billion of free cash flow and a return, all this supposed to be on here by the way. So you don't have to write it down.

<<Unidentified Company Representative>>

[Inaudible]

<<Martin Schroeter, Senior Vice President, IBM Global Markets>>

Yeah, we actually don't do this anyway obviously; because I'm going to come to divestitures too, so thank you. So – no, good. Then I'm going to come back to your point on how old we are by the way, not how old I am, but there is a lot of talk about IPOs. There's a lot of excitement. There you go, see there. When I stopped touching, it started working. There is always a lot of excitement around IPOs. We actually went public in 1915, 1915 we went public.

The predecessor firms which came together to form IBM were actually older than that, but IBM went public in 1915 and by 1916 we were paying dividends and we have not stopped paying dividends since 1916. So 102 years of dividends, 103 years of being public, we're a little bit older than that, but that's a long, long track record. I appreciate you commenting on our commitment to the things that are important, but we have a long, long track record in navigating what I described that ability to bring technology, to bring skills, to make it work and have our clients trust us with both their data and the ability to secure.

So let me go a little bit deeper on those investments, because, as I mentioned, in the investment side of IBM, there is always two pieces. We certainly invest heavily, I'll talk more about that in a second, but we also divest because we always pruning our portfolio. So in the last five years alone, we divested $7 billion of annual revenue. We've bought 60 companies in the last six years. I was CFO, so they were all my acquisitions I guess. And we've invested over $37 billion to keep that – just in the last three years to keep that innovation pipeline going, to keep our lead in segments like AI and cloud and blockchain and quantum.

So we keep fueling that IBM cloud business, which I'll spend another minute on and we have now 58 cloud data centers around the world, serving clients in over 140 countries. And that's important. I'm going to come back to that point, 58 cloud data centers, serving clients in over 140 countries. And we keep building new capabilities. Again, we'll continue to be acquisitive. We'll continue to add where we see an ability to extend our lead, but we always know we know we're enterprise, we know what our clients have given us brand permission for and we know what they expect from us. So we will continue to be acquisitive, but we'll do it in the context of enterprise IT.

And with that increased investment obviously then we've built over time a different business profile, different business mix. So we – I picked 10 years, it's a reasonable timeframe I think. We've categorized this by hardware, software services. This is not our segment reporting. We do report segments. We changed a few years ago to represent how we think about the business. But this is not an unfair way to look at our business either. And obviously what we've done is we've moved more of our portfolio into high value software and services, now nearly 90%.

We've increased or improved if you will the mix of annuity within our revenue streams. So, now we have as you can see about 61% more than 60% of our revenue is sort of an annuity kind of a construct including our as a service businesses. And we've been able to expand margins over that time over the last 10 years. Again some comes from the new businesses and some comes from divesting things that are commoditizing and no longer valued as highly by our clients.

So, the alignment now of this portfolio to the macro world is evident when you think about, again, the way we talk about our business about half of our business now is in these new high

value areas of cloud and analytics and AI. And we've been able to capitalize on those while creating as well new business models. So, as a service business model is not just an economic equation with a client. Most of our software businesses are already kind of a monthly subscription, but it's a way you develop and it's a way you deliver function to a client, there's a lot more within and as a service business and just as I said, an economic equation.

So in our cloud business as an example, which was $17 billion last year – $17 billion of cloud last year, and so it's about a fifth, but over a fifth of our business, it also had with it – within that about just over $10 billion on an exit run rate of as a service content within our cloud business. So, $17 billion cloud business as we see the world again, continuing to shift the cloud and new area. And within that, and as a service business, which is finished the year a bit over $10 billion.

We've built the Watson AI businesses over this time and we're embedding AI into all of the solutions that we have out there in things like the Internet of things, in things like security where we embed our AI as well.

We have over now 16,000 AI engagements with our clients. And that we don't think there is anybody else who has got 16,000 engagements on AI with their client base. We continue to be the cybersecurity leader, critical, critical topic for every company. It's a Board level topic in every enterprise. And as the enterprise, as a security leader in enterprise, we're about a $3 billion security business.

And we invested, as we always do, we invested about just over $5.5 billion last year alone in research and development, which allows us to continue our innovation. We were – again, last year for the 25th year in a row, number one in patents, which is not like – it's not like you spend all this money just to get a bunch of patents, but it is an indicator of the innovation of where we see the future. Because the patent process, as you know has taken some time. So, these are the things that we started already three, four, five years ago and have viewed as critical to the way our clients think about where they're transforming.

And so as the innovation pipeline keeps building, we're working on kind of what's next, what we see next. So I thought I mentioned and I will talk about, but I mentioned earlier the idea of quantum. With a quantum computer when they become – and ours is commercially available by the way, we have a 50-qubit computer out there for those who are really, really into this. You'll never have one at home, it has to operate at like 0.8 Kelvin. So, I remember enough science to know that's really, really stinking cold.

When they get to the world of quantum computing, now you need new ways to secure your system. So our security researchers are working on how do we embed data inside of these complex Algebra equations, so that quantum computers can pull it apart and nor can really smart seventh graders who are studying Algebra. But, we have to find new ways to protect data when you find new ways to compute. And we always view it sort of hand-in-hand on how do we make sure that we release and unleash technology into the world, not only in a way that our clients can consume it and use it, but in a way that's safe and we shepherd it and we bring it into the world in a way that's safe and usable.

So, as we built that portfolio of businesses, we've also transformed how we work, as you would expect. I mentioned earlier that as a service business, not just an economic equation with your client, it's the way you deliver function in a development environment. We now have as an example, we are – and now we have – what we've built, we are the largest digital agency in the world. We didn't have hundreds of designers 10 years ago. Today we have 15,000 digital designers in IBM. And we've modernized our workforce and we've modernized their skill base within that workforce about half of IBMer's are new in the last five years in IBM. I'm not one of them, but about half are new in IBM.

And we've also spent obviously then billions to rescale the workforce we have to make them relevant to the opportunities we see with our clients. So, we've retooled the portfolio. We've obviously been changing the way we operate, all of that in this idea that we're making a big bet. We've made a big bet on this idea that the incumbents will become the disruptors.

So, when we now think about what else has to happen? I'm going to spend a few minutes on this. We have all this potential, that access to the technology is there, there's technology now available that can help you do all this. It's in every industry. It's in every segment of society, but three things have to exist in order for us, in order for our clients to take advantage of the opportunity that's ahead of them.

Three things. One, you need to build a credible level of trust and transparency around your AI and around your data. You need to have access to the talent that is going to allow you to fill the jobs that you're going to create. I'm going to talk a little bit more about that. But you need again, a credible level of trust and transparency. You need access to talent. And importantly, you need to be able to move data freely around the world in the form of digital trade. Those are the three conditions that have to exist.

Let me spend a minute on each of them. Building trust and transparency, so for the next few decades the appetite of companies to absorb the volume of data that will be created and their willingness to try to use it, it's only going to keep increasing. It will – it's on a logarithmic path. But some companies have already found that if you're cavalier with how you treat data or if you're cavalier about how you protect data, you get some really complex questions raised. Such as who really does own the data and who owns more importantly the insights that come from the data. How should the data be used and maybe even whether the data should be used? Where does the data sit? There is a big topic in lots of forms. Where's your data going to sit and where can it go?

And then not least of all, who's going to benefit from the data or the other side of that is maybe who's harmed by the data. So, we felt strongly, and we've operated by a set of principles around data for years and years, but unlocking all that isn't really about technology, it's really about trust. That's why we started with this idea of trust and transparency. So, we felt strongly that even though we've been operating by a set of principles for decades, we thought it was the right time to publish extensively on this area, on how we view, what's our position on data responsibilities.

So these are – again, there are enduring beliefs, but it felt important that we were explicit about things. So, we have three really enduring principles. One, the purpose matters, the purpose of the AI. So, we designed our cognitive systems to augment human intelligence, to make the people better at what they do, not to replace them. So, we don't view AI as something that can be a substitute for human decision making, for judgment, for intuition, certainly not for morals. So, the purpose of the system, the AI system is really, really important. And, our view has been and continues to be that AI and cognitive is to supplement human decision making.

Secondly, we believe that the data belongs to the creator. The data belongs to the clients and it's theirs. They're not required to use our systems to use our analytics. They're not required to relinquish their control of data, they're not required to relinquish the data, and importantly, they're not required to relinquish their insights from the data. So, we don't have a business model that requires that we monetize their insights in any other, in any way.

We have a model that says, and an architecture that says, we can protect your data, we can protect your insights and they can stay with you. There are by the way, many reasons why you might want to share data, but it really is up to the clients and we're architected to make sure that we can do that.

And then finally, AI has to be both transparent and importantly, explainable. Explainable is really important. So, cognitive systems are trained by humans with data, but they are trained by humans. So, it's essential to understand who did the training and we're very clear about that. In every instance we tell people who's doing the training and the source of the data and the methods we use, or the methods that systems use because you need to be able to explain the conclusion, not just the system. You need to be able to go back in time if someone says how did this system reach this recommendation? How did the system reach this answer? You have to be able to say, well, this is what it used and this is why they came to that answer. It has to be auditable.

If AI is going to become deeply embedded in the enterprise IT world, it has to be auditable. Regulators want to know that you're not building bias into systems. Regulators want to know what did you know and how did you make a decision, so transparency matters. So between those three principles and of obviously some really strong statements about security and how we protect data from bad actors, we've made investments in those as well by the way, the new IBM mainframe provides pervasive encryption so that all data is encrypted all the time. There's no chance for someone to reach in or around and get data that's unencrypted.

In fact, if someone tries to get to the keys they are stored physically with the machine and any attempt will essentially shut the machine down. So data encrypted all the time really helps. And when you think that, when you realize that within an enterprise context most of the data is not encrypted, maybe 2%, 3% of the world's data is encrypted. It provides a big advantage. So obviously we do things for our products to help make them – to help provide a level of security and trust.

And then obviously we view security as a collaborative effort. We think by sharing we're much, much better off in handling the bad guys. The bad guys are organized by the way. They're sharing all the time. And if we're not as organized as the bad guys, we're going to be behind in

the fight. So they're sharing data, they're sharing tools, they're sharing expertise, and we do the same, we do the same.

So we've opened up one of their exchanges called X-Force Exchange for free. It's for public use and it has 20 years of threat data. It's one of the largest repositories of cyber security threat data in the world. So between a set of principles by which – again, we've always behaved, but we think it's important to render them explicit and working on things to help build the security around the data, we think this trust and security issue has to be present if, again, we're going to take cognitive to help the world the way we think it can, trust and transparency.

Second condition we hear from clients is in order to capitalize this they need access to more and deeper skills and technologies like data science, and AI, and cloud and cyber security. And the world will create those at a rate. Universities will create those at a rate. But it's not that technologist shortage that we worry about as much as the idea that 100% of jobs will change over time. Not 100% of jobs are going to require a Ph.D. 100% of jobs won't even require a university degree.

But since AI will augment and change every profession, we need to grow a pool of talent. We need to grow a pool of labor that can operate, and interact and deal in that environment. So we coined the term new-collar jobs, not a blue-collar job, not a white-collar job, it's a new-collar job. And we've created programs to help build sufficient skills at scale to fill those new-collar jobs. We would expect that over the six, seven years that the U.S. alone could create 16 million new-collar jobs, that's a lot. But we don't have 16 million yet ready to take those. So we have to between re-skilling the workforce and scaling these new ideas like P-TECH, which I talked about when I was here last time, Pathways to Technology.

It's sort of a public school combination of like, think of it as like a six-year high school. So you start in grade nine, you go through grade 14, you walk out with not only a high school degree but an associate's degree. We build, we IBM and our 500 partners who've joined us on this, we build the curriculum and we hire these kids. In fact we're just getting now, we've gotten the first dozens coming out and we hired them. Some of them work here in New York as digital designers for us. But we now have 100,000 kids in that program. Now that's not the scale we need yet, but 100,000 in just a few years with 500 partners now in four countries is a pretty good start to address new-collar jobs.

We're in eight states and as I mentioned, three other countries besides the U.S. And then when you really need to think about scale in Africa, excuse me, in Africa for instance, they need a much, much higher level of digital literacy because they're starting further back. Our clients in Africa tell us over and over again, you need to help us build digital literacy, so we can hire the kids from where we are.

So we started the program called Digital-Nation Africa. Cloud-based learning, gives them an ability to build coding skills, and digital design skills, web programming skills. This program will touch 25 million kids, 25 million kids in Africa over the next five years. That's the kind of scale that we think is important. And that's the kind of scale of big problems that we like to tackle. So we're building scale in P-TECH that will help, we're building scale with things like

Digital-Nation Africa. And then we have some really important efforts underway on things that aren't necessarily at scale, but they're really important in places like the U.S.

So we have a – what we call a mid-career program called returnship. You've heard of an internship this is a returnship. And it's targeted at women technologists who are coming back to the workforce after maybe raising a family or taking some time off. We give them a 12-week returnship, we give them some high-level technology projects to work on and we pair them with a mentor to get them back into the workforce. Because it's important that we bring them back in, in the right way, they've been out of the workforce for maybe for quite awhile and workforce is different. And we have to build opportunities and pathways for them to come back in because they're vital, absolutely vital to how we, how all of us are going to develop the enterprise IT world. So trust and transparency, number one, absolutely vital. Access to skills, so that companies can actually use the technologies and have a labor force to do it.

Third one, I want to spend a minute on is what happens if we can't move data around the world? The trade story that nobody is talking about is the digital trade story. And in the digital trade story, because data – excuse me, powers every business, every business, even startups, manufacturers, they're just at the base of it – excuse me. We need to work on a digital trade, digital trade agenda in order to make sure that we head into a path where we don't shut all this down because governments who have an obligation by the way to help companies handled data responsibly, to protect privacy and security, they have that obligation.

Thank you very much. I appreciate it. It's used. Thank you. So yeah, I got it. Thank you. There you go. Thank you for that.

So data is – again it's invisible as we go about our daily lives. And it's not lot easier to talk about things that you can feel and touch like corn, and cars, and soybeans, and mobile phones. But whether you realize it or not, data plays, I'm sure you do, data plays such an essential role in how the economy, how the global economy operates. So we created a little infographic here, heavy on the graphic light on the info, but we created a little infographic here called a day in the life of data. It's just a simple way. I'm going to come back to what we do in this space, but it's simple ways.

So you wake up in the morning and you start streaming music. The playlist that you happen to like is hosted by a company somewhere in Europe, no matter where, somewhere in Europe. You drive to work you get both navigation help and a forecast from the weather company. I encourage you to get a lot of those forecasts from the weather company since it is an IBM company. And you now have data relayed from all over the planet, wherever we want it into your car. When you start work, you do a little shopping. I'm sure everybody does a little shopping when they start their day. You find a pair of sunglasses in Canada, so you send them your prescriptions. So that FedEx then can get ready and they just moving around. Your prescriptions are going to – your medical data is going to Canada and FedEx is getting ready to ship your package from Toronto back here to New York.

Later in the day, you pay some bills online of course and you tell your credit card company, I'm traveling out of the country, just so don't be alarmed if you start seeing things from São Paulo.

You get on your flight to São Paulo, which are connecting to through Miami and the airlines moving your data around to make sure your bag can find you, because that would be a really bad day when your big doesn't find you. Take it from me and I'm sure many of you had the same experience.

So you get to São Paulo, you're tired, but you don't have to stop at the front desk of the hotel because you've already checked in and your room key is actually on your phone. So you call at a night. You listened to your music again. Maybe you do a video conference with your partner before you tuck yourself in. But in that there's a lot of data, there's a lot of data moving around. We know this, you know it as well. We know it because we process 87% of the world's credit card transactions. We manage half of the world's telecom IT infrastructure and we support nine of the 10 global – largest global retailers in the world.

So we see the data flows and none of that could happen if we start building walls around data and preventing it from flowing. So our banking customers, our retail customers, hospitals, they all tell us that no matter what happens in the industry, they need their data to flow, if they're going to be competitive and if they want to run a modern business. This is the data. This is the trade story that nobody's talking about. So the cross – we would say, we would estimate the cross-border data flows already today make a bigger contribution to global GDP than traded manufactured goods. The economics of the Internet – the economic impact of the Internet in 2016 was estimated to be the fifth largest economy in the world.

And from 2006 to 2016, the U.S. digital economy grew at about four times faster than the economy as a whole. So that's the world of the future. And of course, it impacts jobs, if it's that big in the economy, it impacts jobs. Nearly two-thirds of the 13 million new jobs created in the U.S. since 2010 required either medium or advanced levels of digital skills.

So the world is moving this way. Digital trade is such a vital topic. And while we agree that it's critical for governments to do work to protect it, but they should also be doing work to expand data flows not stifle the ability to move data, to manage data, and to responsibly and seamlessly share it, so that the economy can continue to benefit. And we all benefit by that way.

So in practice, what does that really look like? For starters, government should be negotiating new 21st century trade agreements to protect the data powered economy. That's why we've urged governments to put these kinds of smart pro data policies into practice that follow three – again, three key principles.

One, we have to permit the free flow of data cross-borders and we've seen again the global movement of data is essential not just for economic growth, but it touches jobs, it touches everyday life, well outside of the technology industry. In order to support those jobs we have to – and all the new ones, by the way, we have to make sure that policymakers negotiate deals that tear down the obstacles, not build up new ones.

Now of course, there'll be exceptions. Of course, things that affect national defense have to be exceptions. But in general, the policy should be that data can flow unless there is a compelling reason why it shouldn't, unless there's a compelling reason why it shouldn’t? So this is really

important. Now there are data localization mandates as well being discussed and we think that those have to be stopped. They have to be stopped.

So look, government can require data stored in their own country, but hackers don't care about the lines on a map. They really don't. They can target someone in U.S., like they can target someone in Spain, like they can target someone in India or Vietnam. So hackers don't mind where the maps on the lines are drawn. So you're really not solving the problem by creating a data localization effort and forcing companies to store data locally won't solve that problem.

By the way, I mentioned earlier, we had 58 cloud data centers because we think that some of our clients want to – they have to choose where they store their data, that's completely fine. But our view is that companies should decide where data gets stored. Clients should decide not governments.

And then finally, we have to protect algorithms and we have to protect source code. In the 20th century, the product design was the IP, it was the valuable IP in a firm. And in the 20 – in the age of data now software is the product, so the algorithms and the underlying source code are the crown jewels of the business. So we go to great lengths to protect their source code as you would expect, and it's important that policymakers protect those assets as well.

Now that can be done through trade provisions that perfect governments from mandating firms surrender their algorithms or their source code of doing business in a particular country. So let me bring all that together quickly. I'm out of time. I apologize. So there is some good news here, by the way, we are seeing in many trade negotiations, we are seeing them incorporating really strong protections for data and its movement. TPP, the Trans-Pacific Partnership had some really good digital trade language in it.

Unfortunately, the U.S. didn't sign it, so we're a leader in tech-driven growth, but that says if we didn't sign it, we could be left behind. We also see really good best-in-class digital trade provisions in the rebooted NAFTA agreement. Also good news, so U.S. and Mexico, could be headed toward a great deal on this front, got to get it done.

And then finally in Europe, we're seeing Europe kind of come together to create a digital single market. So they've torn down the barriers within Europe and so among the EU. And then we've also talked to leaders in the UK about making sure that after Brexit but the data keeps flowing. And we are – those are important but bilateral and regional agreements, while there are start the massive potential of this says you have to do more than just bilateral and regional. And so we are proposing, excuse me, we're proposing an idea.

Now we've got to get to my next chart. Here we go an idea. So we're proposing – there we go, an international, excuse me, an international digital economy agreement to protect global data flows. It would implement the three principles I mentioned, across as many as countries as possible. The U.S. Commerce Secretary, Ross, he's already said, America's leadership in the digital economy is number – we're number one. And we agree, it's been a driving force of the U.S., economy. So maybe this administration can advance this jointly with some other likeminded allies on this space.

I mean, our vision, the American vision for leadership, which defined the global trade in the 20th century is also going to have to lead the way in the 21st. So we are proposing an idea. You'll hear us talk more about that. It's a big idea. It's a big idea because the world right now is not really heading down this. We're lots of bilateral, lots of regional, but we need one big global way to think about data. So we tackle big ideas. We think digital trade is one. It will help everyone, it'll help our clients, we know that. It'll help our people we know and it'll help countless people, millions of people around the world who benefit from this.

So I've covered a lot, I apologize for kind of going on a bit, but I'm going to go back to again to IBM. So the big bet we've made is that data will underpin that next transformation, the incumbents will be the disruptors. There are some requirements, obviously, as I mentioned, in order for that to happen and will continue to build our technology. We'll continue to build our industry skills, we'll continue to focus on trust and security and how we go about running IBM.

But that's a picture of IBM of how we're going to win. Again, we've been here quite a long time, the role we play in the world, the impact we have with our clients running their most important systems, running the banking systems, running the reservation systems, running the supply chains of the world is as robust now as it ever has been. And yet we do see challenges ahead, if we don't address some of these longer term problem.

So with that, I will turn it back to, I believe you. Thank you.

<<Unidentified Company Representative>>

Thank you very much.

<<Martin Schroeter, Senior Vice President, IBM Global Markets>>

Thanks very much.