



# Multiyear prepayment contracts help your clients maximize their savings

## Client benefits

In addition to the direct discounts that will be applied to contracts for multiyear prepayment, your clients can derive other types of savings from IBM maintenance contracts. Taking advantage of IBM's multiyear prepay contracts can help your clients :

- Lock in their price longer, thereby avoiding potential annual increases of 3 to 5 percent
- Reduce administration and processing costs with a single invoice
- Save time by getting a single approval instead of one each year
- Spend more time on core business and priority projects
- Avoid costly lapses in coverage.

What's more, the contracts virtually eliminate risk to you or your clients. If the machine your client is covering goes out of productive use, IBM can give you and your client a prorated credit.

## IBM Business Partner benefits

Encouraging your clients to take advantage of IBM's multiyear contracts and prepayment options can help you:

- Avoid competition for a longer period of time
- Build a profitable annuity business with ongoing multiterm, prepayment renewals.
- Ask for renewal less frequently and avoid the costs of producing invoices and collecting payments
- Focus more sales time on net-new sales activities
- Receive your profit up front for the entire contract term
- Get rebates on prepaid IBM ServicesElite contracts for eligible new IBM Power® Systems, IBM System i®, IBM System p® or IBM System x® technologies. An additional payment can be earned when selling a term of three years or greater. To learn more about the ServiceElite hardware maintenance rebate program, go to: <http://www6.software.ibm.com/cgi-bin/pwdown/public/httpd/pw4sw/misc/us/marebateflyer.pdf>

### Scope discounts\*

Clients can get a 2 percent discount by combining hardware maintenance and software support in the same contract.

### Term discounts\*

- One year: 0 percent
- Two years: 1 percent
- Three years: 3 percent
- Four years: 5 percent
- Five years: 8 percent

Put the time value of money to work for your clients by encouraging them to take advantage of IBM's multiyear contracts and prepayment options. These discounts can significantly reduce your clients' post warranty hardware maintenance costs; and when they're used in combination, the savings can be big. The longer your clients' contract, the more they can save. The more your clients prepay, the more they can save. They can even save by combining their hardware maintenance and software support in the same contract. As the two examples below show, once your clients start applying these IBM discounts, their savings can continue to increase.

### Example One\*

A 12-month warranty with a US\$10,000 per year maintenance reference price, a five-year term, the 2 percent hardware-plus-software scope discount and a 60-month prepaid contract

Maintenance reference price	US\$10,000.00
Less five-year term discount (US\$800@8%)	US\$ 9,200.00
Less 2 percent hardware-plus-software scope discount (US\$184@2%)	US\$ 9,016.00
Less prepayment incentive - server/high-end storage (US\$500.39@5.55%)	US\$ 8,515.61

**Savings of almost 15 percent year to year. And this doesn't even include their potential price protection savings!**

### Example two\*

A 12-month warranty with a US\$10,000 per year maintenance reference price, a two-year term, the 2 percent hardware-plus-software scope discount and a 24-month prepaid contract

Maintenance reference price	US\$10,000.00
Less two-year term discount (US\$100@1%)	US\$ 9,900.00
Less 2 percent hardware-plus-software scope discount (US\$198@2%)	US\$ 9,702.00
Less prepayment incentive - server/high-end storage (US\$164.93@1.70 %)	US\$ 9,537.07

**Savings of almost 5 percent year to year, plus the potential price protection savings!**

\* These figures are for planning purposes only and are not a guarantee of discounts

**IBM prepay discount tables for monthly, quarterly and annually billed products**

Use these tables to estimate your client's prepayment discount based on the product and the term of the contract.

<b>Monthly/quarterly billed products such as servers and high-end storage*</b>					
Monthly MA (discount)					
<b>Warranty Period</b>					
36 months	N/A	N/A	N/A	5.72%	7.43%
12 months	N/A	1.70%	2.76%	4.05%	5.55%
3 months	0.50%	1.24%	2.21%	3.41%	4.83%
None	0.37%	1.08%	2.03%	3.20%	4.59%
	12	24	36	48	60
	<b>Contract length (months)</b>				

<b>Annually billed products such as printers and other peripherals*</b>					
Monthly MA (discount)					
<b>Warranty Period</b>					
36 months	N/A	N/A	N/A	5.07%	6.69%
12 months	N/A	1.23%	2.21%	3.40%	4.81%
3 months	N/A	0.71%	1.60%	2.72%	4.05%
None	N/A	0.62%	1.47%	2.55%	3.85%
	12	24	36	48	60
	<b>Contract length (months)</b>				

**Encourage your clients to start saving on their post warranty hardware maintenance contracts today**

Call your IBM services sales representative or Distributor for more information.

© Copyright IBM Corporation 2009

IBM Global Services  
Route 100  
Somers, NY 10589  
U.S.A.

Produced in the United States of America  
02-09  
All Rights Reserved

IBM, the IBM logo, System i, System p and System x are registered trademarks or trademarks of International Business Machines Corporation in the United States and/or other countries or both.

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.

\*These figures are for planning purposes only and are not a guarantee of discounts.