

Prepayment Discount Change Questions & Answers

Q1. What is the effective date of the new prepayment discount rates?

A1. The change will go into effect April 1, 2009; proposals created with a contract start date of April 1, 2009 or later will utilize the new discount structure.

Q2. How will this change in the prepayment discount impact outstanding ISAT proposals?

A2. Any proposal having a contract start date of April 1, 2009 or later will have to be recalculated/reprinted.

Q3. What percentage will be used for any new machine added to an existing contract or any adjustment billing to an existing contract?

A3. This will depend on the date of the transaction. If the transaction is on or after the effective date of April 1, 2009, the new discount structure will apply.

Q4. Why is this change taking place?

A4. This requirement is necessary based on interest rate reductions and the need to financially keep pace with the present business environment.

Q5. What are the advantages of the prepayment option?

A5. These discounts can reduce your clients' post-warranty hardware maintenance costs. You can avoid competition for longer periods of time, receive your profit up front for the entire contract term and build a profitable annuity business with ongoing multi-term, prepay renewals.

Q6. How long will these prepayment discount rates remain in effect?

A6. There is no set timeframe that these rates will remain in effect. IBM will monitor the economic climate and interest rates and make changes when necessary.

Q7. What deliverables are available to help end-user clients understand the advantages of prepayment of hardware services contracts?

A7. Updated flyers can be downloaded from the PartnerWorld Services Web site at: <http://www.ibm.com/partnerworld/services>, in the Service Offerings box select, >Service Product Lines, >Maintenance & Technical Support Services, >MA/TSS library in Shortcuts box,>Hardware Maintenance, or [click here](#) for direct link to the Business Partner flyer, and [click here](#) for the client version (PartnerWorld ID and password required)

Q8. Who should I contact for additional questions on this announcement?

A8. Contact your IBM Global Services Channel Sales Specialist or Distributor.