

HP: The leader in IT transformation

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Why HP will win

Market disruption

- Information explosion
- CEOs demanding more from IT
 - Improve information
 - Lower risk
 - Reduce cost
- Aging infrastructure
- Emerging trends
 - Virtualization
 - Cloud computing

Market opportunity

- Enterprise opportunity: \$451B in 2010¹
 - Services: \$370B
 - Hardware: \$69B
 - Mgmt Software: \$12B
- CAGR 2008 - 2010: 4-6%¹
- Investing in coverage
- EDS/TSG services & product revenue opportunity
- Leadership in customer satisfaction & loyalty

Market leadership

- #1 Blades²
- #1 Disk Storage Systems²
- #1 Technology Hardware¹
- #1 Distributed Mgmt SW
- #2 IT Services
- #2 IT Outsourcing
- #2 Application Outsourcing
- Service delivery automation
- Investment in information mgmt
- Green technology
- Volume economics delivering mission critical infrastructure

+ continual cost structure improvements

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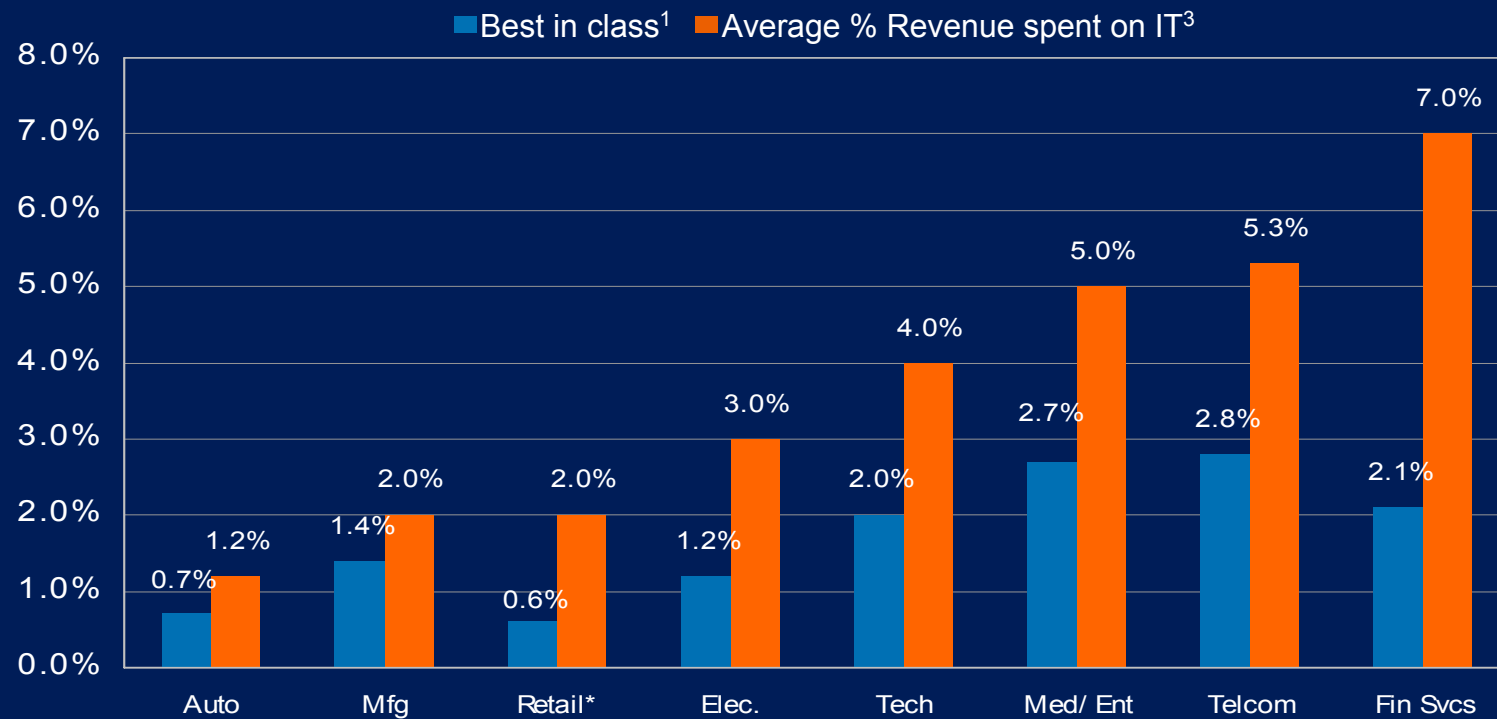
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The opportunity for business impact



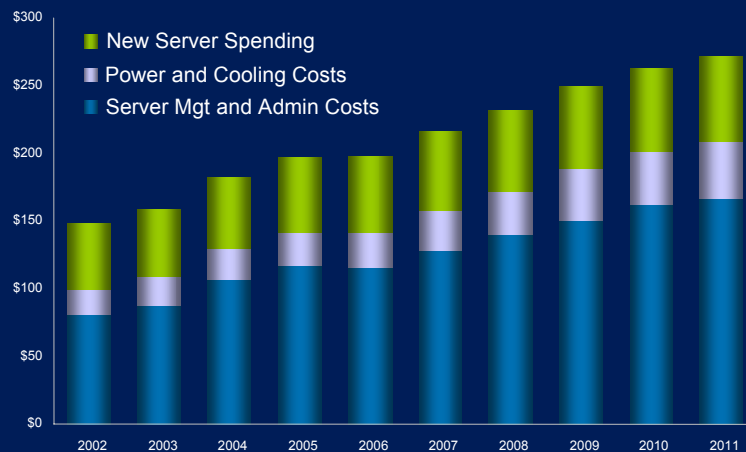
*General merchandizing



CIO challenge #1: Flipping the budget ratio

From operations to innovation

Worldwide IT spending on servers, power & cooling, and management/administration (\$B)



Source: IDC 2008⁸

The current state: too costly to operate

- 74% of large, high priority projects are deemed to be challenged or failed⁴
- 41% of IT professionals surveyed said that <50% of IT initiatives had a positive impact on the business⁵
- 75% of IT is spent on maintenance and ongoing operations⁶

What must be done

- Standardize
- Optimize
- Automate

Why HP

- #1 provider of infrastructure
- Leading portfolio for virtualization
- #1 in distributed management, #1 server automation⁷
- HP can train customers to build & run, or build and run it for them



CIO challenge #2: Data center limitations

HP delivers the next generation data center

51% of CIOs say it is urgent for their company to undergo a Data Center Transformation¹⁰

The current state: old & inflexible

- 2015 data center personnel talent pool shrinks by 45%⁹
- 2011 power failures & power availability will halt data center operations at >90% of all companies⁹

What must be done

- Next generation facilities – green field or retrofit
- Data center automation & consolidation
- Space & energy efficiency
- Business continuity

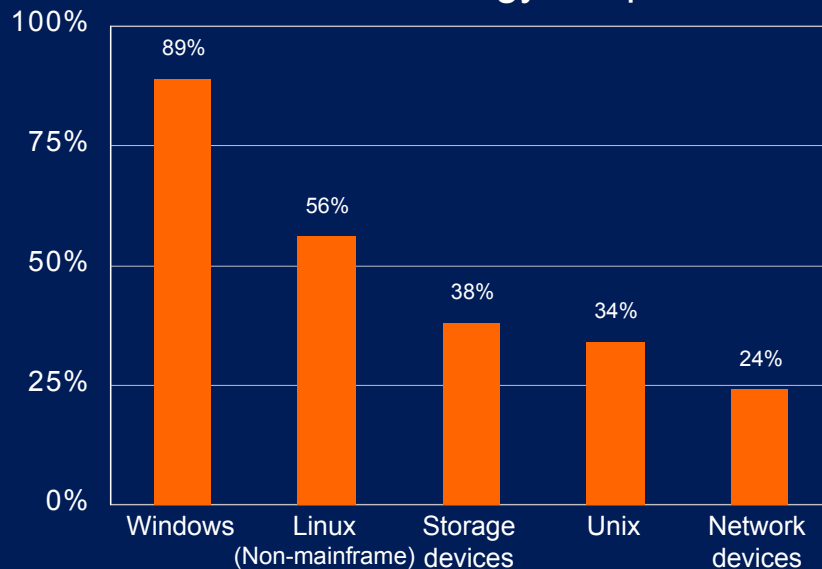
Why HP

- EYP Mission Critical Facilities
- #1 blades, #1 disk storage systems²
- #1 automation software for apps, ops & process¹
- Best performance per watt & per sq ft, Thermal Logic, Dynamic Smart Cooling¹¹
- HP PODs – Performance Optimized Data Centers
- Solutions: Business continuity, availability mgmt, disaster tolerant, & continuous computing, data protection & recovery
- Build it, manage it, outsource it

CIO challenge #3: Virtualization

Powerful solution delivered by a powerful partner

On what operating systems or platforms are you using or planning to use virtualization technology? Top five¹²



The current state: complex & unmanaged

- Average: each customer has 11 different platforms, technologies & vendors to deal with¹²
- 89% expect to virtualize 25% of their environments by 2010; going to 75% eventually¹³

What must be done

- Applications & operations mgmt to speed delivery of new business services
- Products designed for virtual environments
- Client architectures for reliability & security

Why HP

- HP Management & automation software to deploy, operate & run both the physical & virtual resources
- 1st blade designed to host virtual machines; scalable NAS to virtualize the connection between servers & storage; services to design & implement
- Thin clients to support client virtualization

CIO challenge #4: Information explosion

HP helps businesses view information as a competitive

In 2006, 3.4 exabytes of disk storage systems bought, growing nearly 10x by 2012¹⁴

The current state: exponential growth & duplication of data

- Average business user sends/receives 156 emails a day in 2008¹⁵; 61% emails & corporate documents are duplicates¹⁶
- Primary goals of IT execs are increased access to info for decision-making, mitigate risks and ensuring compliance¹⁷

What must be done

- Process, manage & retain information as a strategic asset
- Rapid retrieval of information
- Single version of the truth

Why HP

- HP servers #1 data warehouse platform¹
- HP storage with de-duplication
- HP software for long-term retention & high-speed search with HP Integrated Archive Platform; Operational BI with Neoview
- HP services for Business Intelligence and Information Management solutions

HP IT transformation proves the power of HP

The problem:

FY05

- 85+ data centers
- >700 data marts
- >6000 applications
- <35% on innovation
- IT ~4% of revenue
- IT headcount > sales force










The solution

- 6 state of the art data centers designed with help from EYP
- One enterprise data warehouse
- <1600 applications
- HP hardware, software, and services

The benefit: FY09

- ~\$1B annual savings incl. 60% savings in energy costs
- 250% more compute capacity with 40% fewer servers
- >70% on innovation
- IT ~2% of revenue
- Sales force ~2x > IT headcount

HP serves customers any way they want

	Owned	Outsourced	Via Cloud
Services			
Management Software			
Infrastructure			

Why HP will win in the Enterprise

- The Enterprise is a big, attractive market heading HP's direction, accelerated by EDS
- HP is best positioned to solve customers' biggest challenges
 - Flipping the budget ratio
 - Data center limitations
 - Virtualization
 - Information explosion
- Providing customers the infrastructure & services to do it themselves or outsource it to HP

Technology for better business outcomes



