

PRESS RELEASE

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IBM LAUNCHES NEW ADVANCED ANALYTICS CENTER IN NEW YORK

Center to Draw on the Skills of up to 450 Local IBM Employees, Company has Plans to Add 100 Jobs as Demand Grows

New York - Oct 2009: IBM (NYSE:<u>IBM</u>) today announced the launch of its New York-based IBM Business Analytics Solution Center, part of a network of global analytics centers addressing the growing demand for the complex capabilities needed to build smarter cities and help clients optimize all manner of business processes and business decisions

The center will be housed at IBM's 590 Madison Avenue location. It will draw on expertise from across the company, including IBM's Business Analytics and Optimization consulting organization, IBM Research skills in mathematical modeling and optimization, software engineering, and architecture. The New York-based IBM Business Analytics Solutions Center will be supported initially by up to 450 consultants, researchers, and experts in advanced software platforms with plans to retrain or hire an additional 100, as demand grows.

The New York-based IBM Business Analytics Center, the first center to open in the United States, is part of the <u>recently detailed</u> IBM business strategy to expand IBM's capabilities around business analytics and optimization. IBM opened three other analytics solution centers in Berlin, Beijing and Tokyo this summer. The remaining centers will be located in London and Washington, D.C. As part of this initiative, IBM expects to retrain or hire as many as 4,000 new analytics consultants and professionals globally.

New York City was chosen because of its status as a global center of finance and its innovations in public safety, municipal government, and 21st century urban development. The IBM Advanced Business Analytics Center will initially focus on all aspects in the development of infrastructure for "smarter" cities, including public safety, transportation and traffic, water, and energy optimization. One solution IBM will leverage through the center is the <u>IBM Smarter</u> <u>Cities Assessment Tool</u>, which uses analytics to help cities benchmark their overall capabilities against peer locations, highlight relative strengths and weaknesses, and provide initial recommendations for improvement.

Through the IBM Business Analytics Center, IBM Research will collaborate with regional universities to work with New York City and a variety of cities around the world on Smarter City solutions and workforce development programs. IBM Research is currently collaborating with the City University of New York (CUNY) and New York University (NYU) along with industry leaders on a program to develop new technologies for cities as they strive to provide smarter citizen and business services.

The center also will focus on supporting IBM's banking and financial markets clients in the development of systems to provide improved viability and tracking of their risk positions across all markets and asset classes.

"We're seeing an incredible opportunity for businesses, institutions and governments to elevate the performance of all existing systems to another level via the application of advanced analytics," said Phil Guido, general manager of the Eastern U.S. for IBM. "Through close collaboration with universities, educational organizations and local leaders, we are making this investment in New York to encourage further development of the necessary skills required to apply analytics to the region's most complex challenges and biggest opportunities."

IBM has already worked across New York to apply advanced analytics to some of the region's toughest challenges. For example, the company is working with the New York City Police Department and <u>the Fire Department of New York</u> to better assess, predict and prevent crime and fire incidents.

New York State's Department of Taxation and Finance's work with IBM to identify questionable refund claims has resulted in a savings of over \$600 million since 2003. IBM and the department are now completing an advanced analytics collections process, which incorporates resource optimization modeling that is expected to bring in an additional \$99 million over a five-year period.

IBM also is working with <u>Beacon Institute</u> for Rivers and Estuaries and Clarkson University on the application of analytics to the information gathered via the minute-to-minute monitoring systems both organizations installed on New York's Hudson River. Beacon Institute's River and Estuary Observatory Network (REON), an integrated network of sensors, robotics and computational technology distributed throughout the 315-mile river, helps better understand and predict the effects of global weather changes, the movements of migrating fish or the transport of pollutants.

IBM is also partnering with New York-based Tumblr to launch the <u>Smarter Cities Scan</u>, a social media project in crowdsourced research and open knowledge exchange. The initiative is using advanced IBM analytics technology to scan participants' input to build a public blueprint for Smarter Cities. The output will be available to cities and grass-roots groups to use as a foundation for projects to make urban centers smarter via a <u>Smarter Cities Open Model</u>. IBM will also leverage this open model via the IBM Business Analytics Center in New York and the other centers around the world.

In these centers IBM will draw upon its vast software information management portfolio, including technologies from IBM Software and IBM Research and industry expertise from consultants in the <u>recently launched IBM Business Analytics and Optimization</u> services practice.

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