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Internet Solutions Division Strategy for Cloud Computing

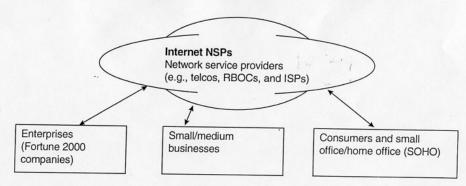
COMPAQ COMPUTER CORPORATION

CST presentation November 14, 1996 Haregy Seconds

TODAY'S OBJECTIVES

- Present to the CST the importance of and the evolution towards "cloud computing"
- Communicate key characteristics of ISD's target market
- Detail ISD's strategy in providing hardware, software, and services to NSPs

INTERNET CLOUD WILL HAVE SUBSTANTIAL IMPACT ON COMPAQ CUSTOMERS



Internetrelated opportunities for Compaq customers

Current

Compag

customers

- Intracompany connectivity (e.g., intranets, collaboration, remote access)
- Intercompany connectivity (e.g., extranets) including security, reliability, and quality of access
- E-commerce as new channel
- Internet as information source

- Intercompany connectivity (e.g., with supplier and customers) and reliability of access
- Internet as business resource (e.g., information source, channel)
- High bandwidth products for basic access
- Fully integrated access to desired content
 - -Ease of use
- -Cost of access



EXECUTIVE SUMMARY

 The emergence of the Internet is driving the migration of communication and collaboration applications into the Internet "cloud" (e.g., telephony, fax). This migration is resulting in increased infrastructure spending as well as raising new challenges for CIOs to integrate the cloud into future enterprise-wide IT solutions



- ISD is specifically targeting Network Service Providers, the providers of "cloud" services. ISD will enable NSPs to transition from providing basic services today (access only) to providing value-added services
- ISD strategy will generate significant incremental revenues for Compaq by providing key technologies and services to NSPs
- -Provide virtual SKUs and new hardware platforms
- -Define a service management layer to enable NSPs to deliver more value-added services
- -Provide services to the NSPs to enable them to deliver more value-added services
- ISD is pursuing specific initiatives to implement its strategy
 - -Near-term wins have been achieved at EMEA, APD and NA
- Plans are in place to develop a showcase, pursue investment in NetCentric, and implement sales and marketing programs