



# Technology Solutions Group

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Executive Vice President  
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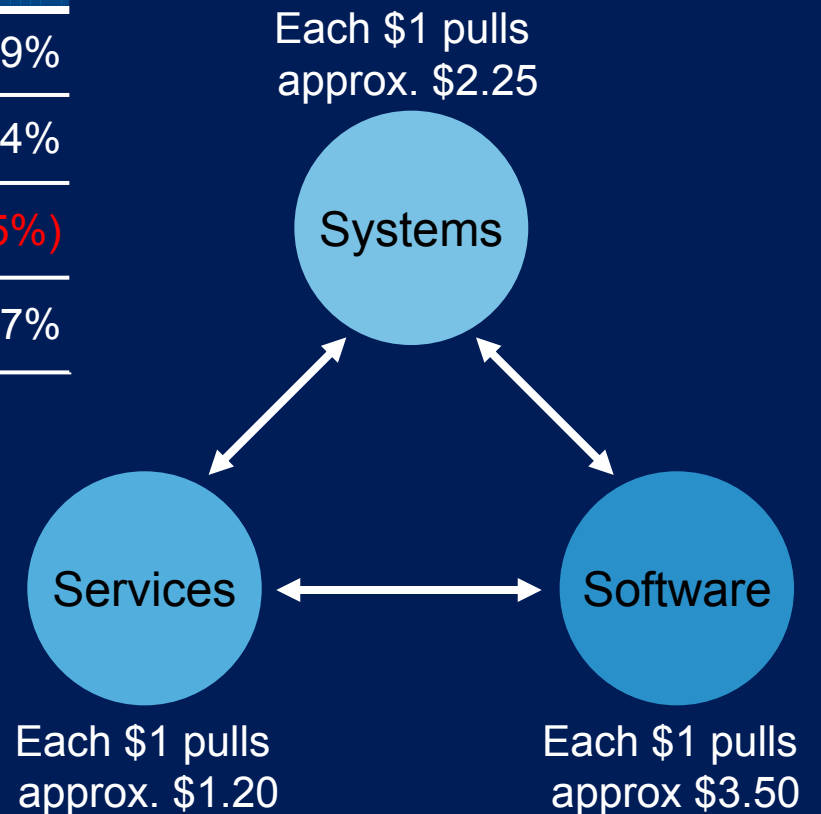


# TSG overview

- FY2005: \$33.3B revenue and \$1.9B operating profit
- Revenue grew 12% and operating profit grew 48% Y/Y
- **ESS**: Good progress in gross margin and OPEX
- **Software**: Achieved profitability in Q4; continuing work to lower breakeven point and grow new areas
- **HP Services**: Reducing cost structure to drive growth and margin expansion
- Leveraging the portfolio to take advantage of market trends and areas of growth
- Improving our sales coverage and productivity

# Financial overview

FY05	Revenue		Operating Profit	
	\$	Growth Y/Y	\$	% Rev
ESS	\$16.7B	+11%	\$810M	4.9%
HPS	\$15.5B	+12%	\$1,151M	7.4%
Software	\$1.1B	+15%	(\$59M)	(5.5%)
TSG	\$33.3B	+12%	\$1,902M	5.7%



# Leveraging our portfolio to solve customer problems today

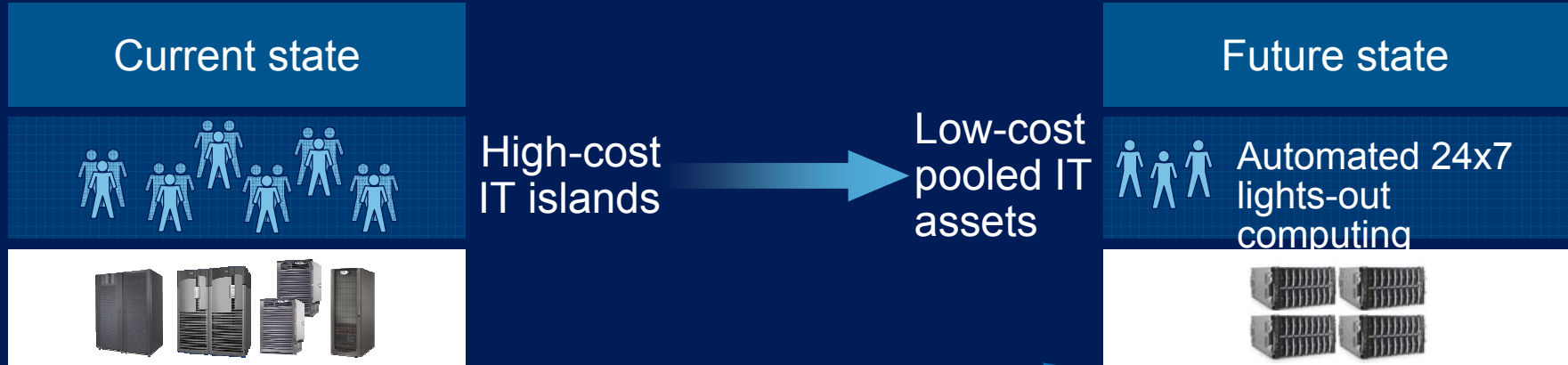


Adaptive Enterprise infrastructure offerings		
Customer pain point	HP products	HP services
Continuity	Integrity, Integrity NonStop, BladeSystem, ProLiant, StorageWorks, OpenView, Open Source/Linux	Business Continuity & Availability, Mission Critical, Linux Reference Architecture, Managed Services
Consolidation	Integrity, BladeSystem, ProLiant, StorageWorks, OpenView, Open Source/Linux, Virtual Server Environment, Systems Insight Mgr	IT Consolidation, Mission Critical, Linux Reference Architecture, Managed Services
Control	OpenView, Systems Insight Manager + Plug-ins, BladeSystem, Open Source/Linux	IT Service Management, ITIL, Managed Services
Compliance	OpenView, StorageWorks, Email archive solutions, Reference Information Storage System	Information Lifecycle Management, Managed Services
Collaboration	Desktop, Imaging and Printing, mobility & wireless, messaging	End User Workplace, Total Print Management, Implementation Services, Managed Services

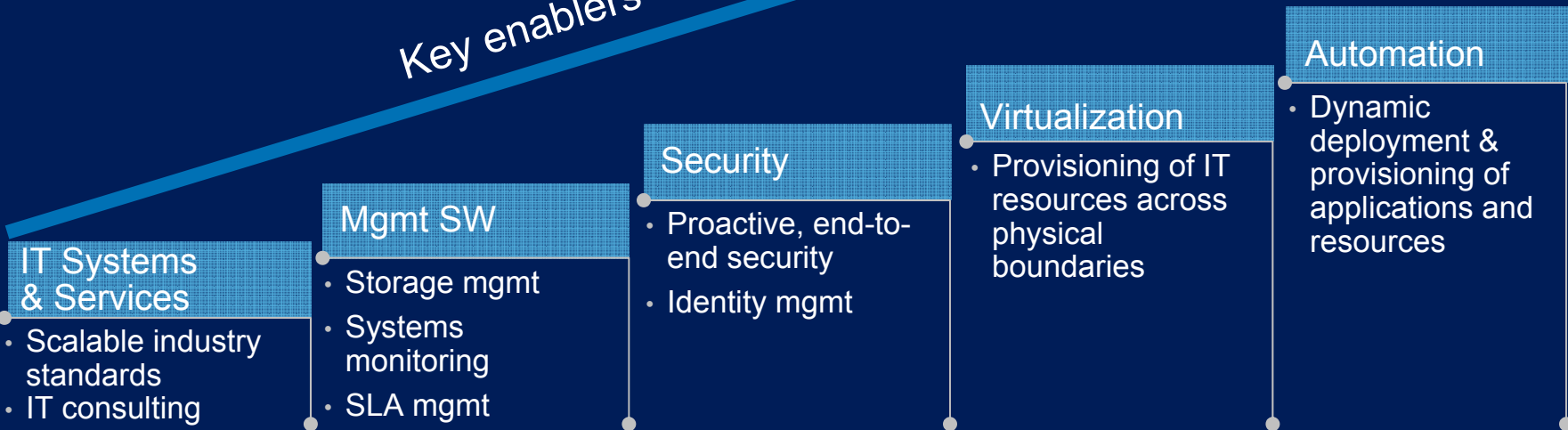
# Next-generation data center architecture



## Advancing the Adaptive Enterprise



### Key enablers

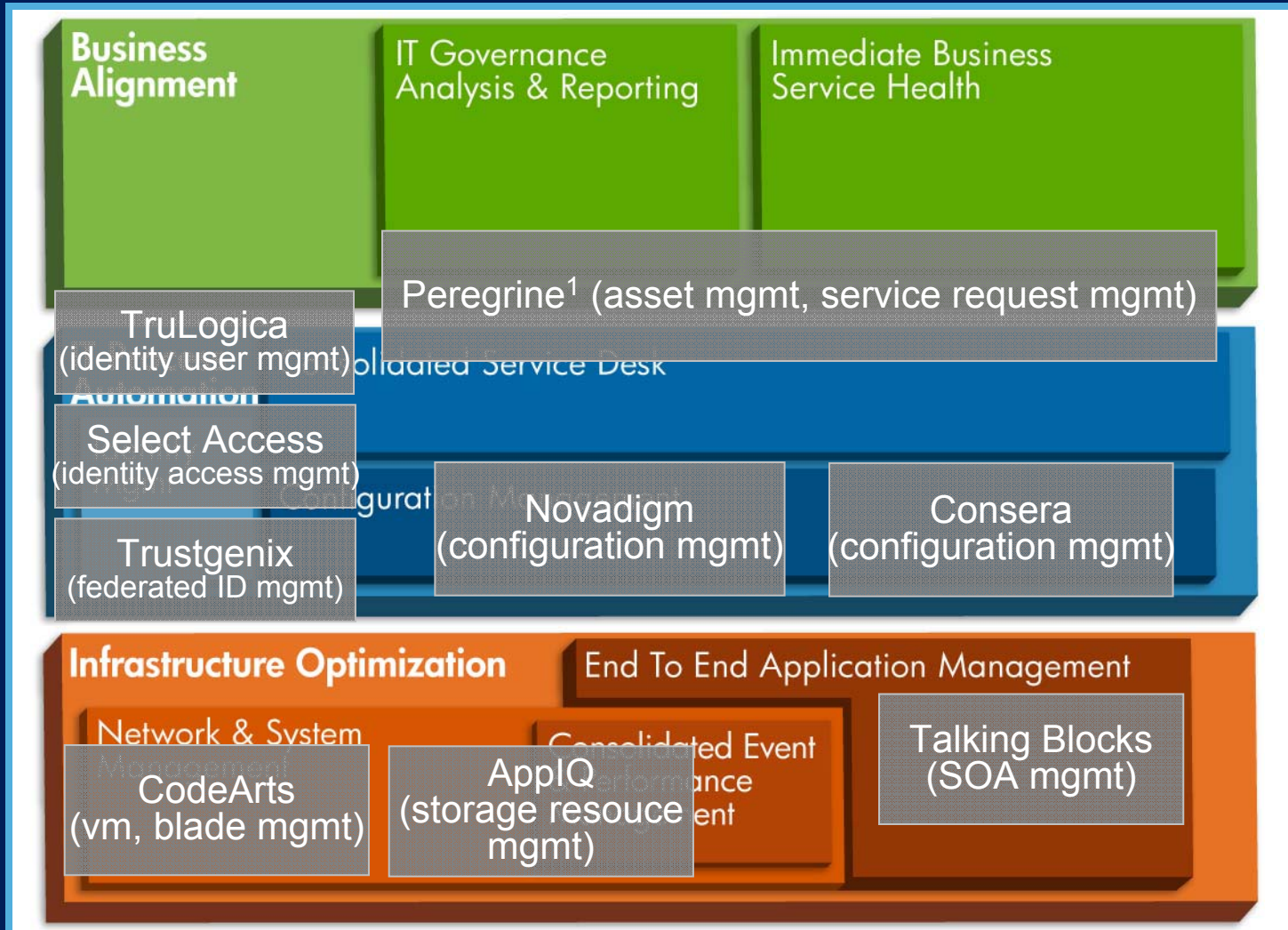


# HP is uniquely positioned to deliver the next-generation data center



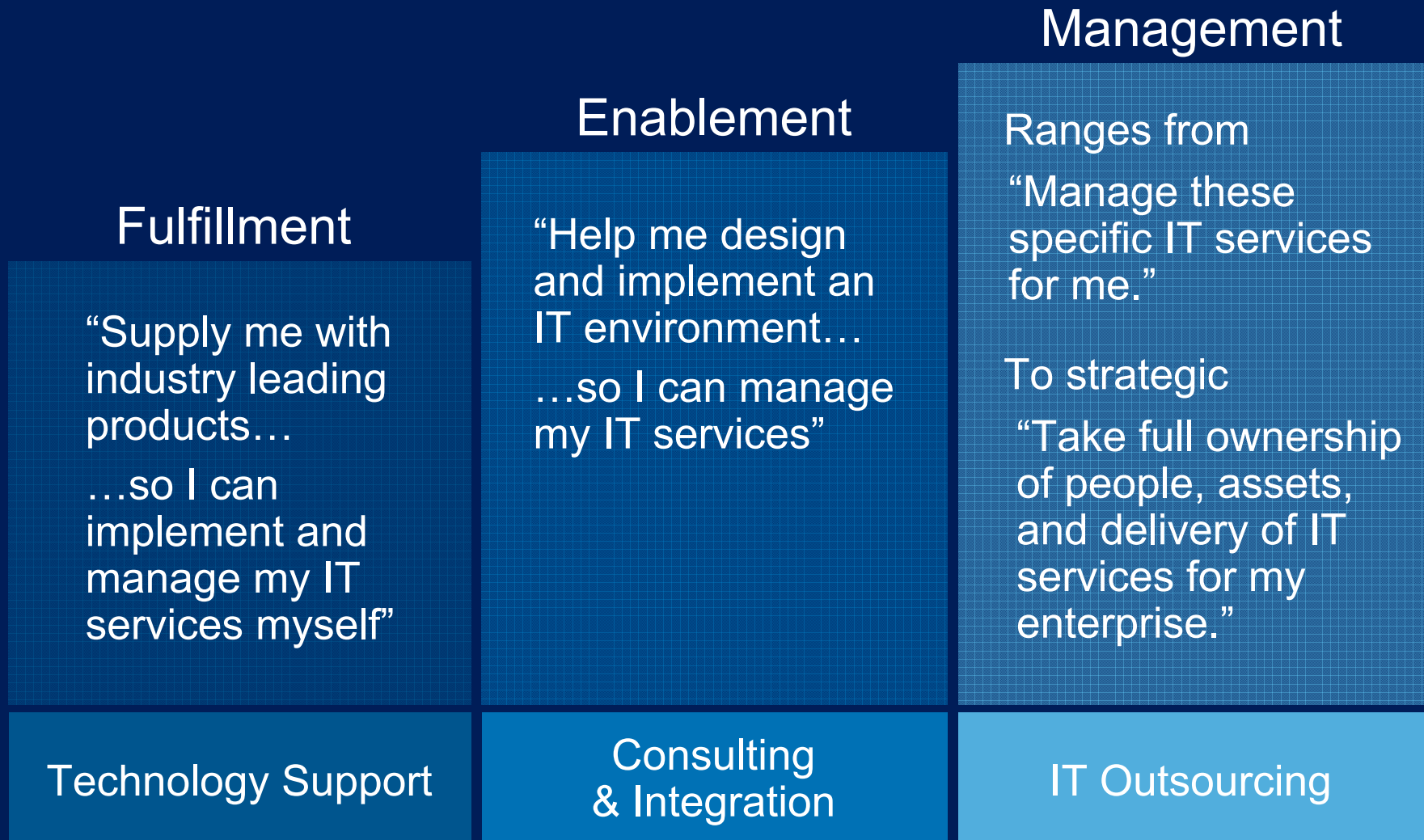
- Software will enable it
  - Management software leadership with HP OpenView
  - Investing in security, automation and virtualization
  - Extending the portfolio through acquisitions
- Services will deliver it
  - Sourcing flexibility
  - Integrated portfolio
  - Global delivery
- Storage systems will support it
  - HP StorageWorks solid results and execution
- Scalable servers will power it
  - Strength in value and volume
  - HP BladeSystem thought leadership
- R&D innovations will drive it
- HP IT will use it

# Software will enable the next generation

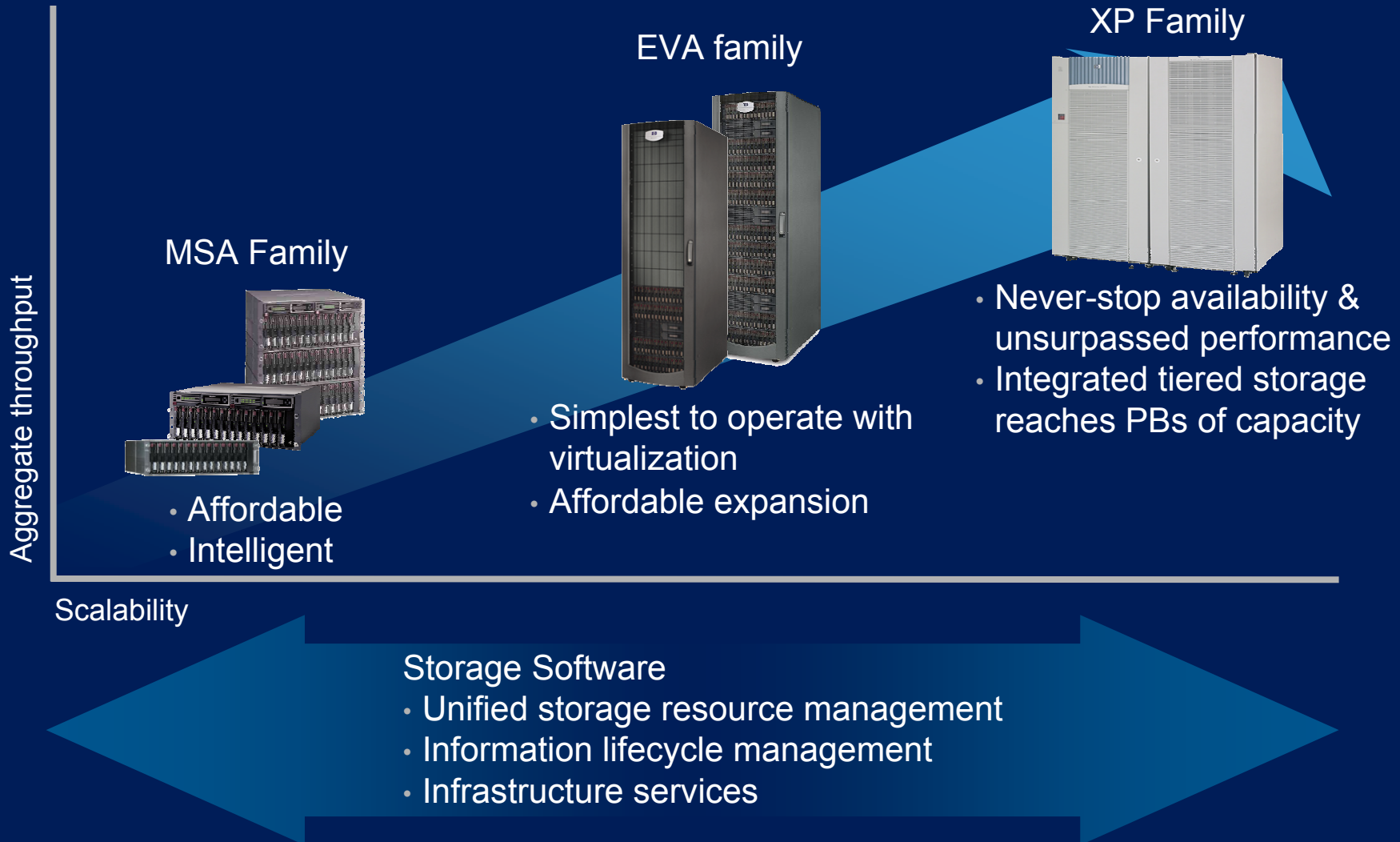


1. Acquisition pending

# Services will deliver the next generation



# Storage systems will support the next generation



# HP StorageWorks: Solid results and execution



## Sales

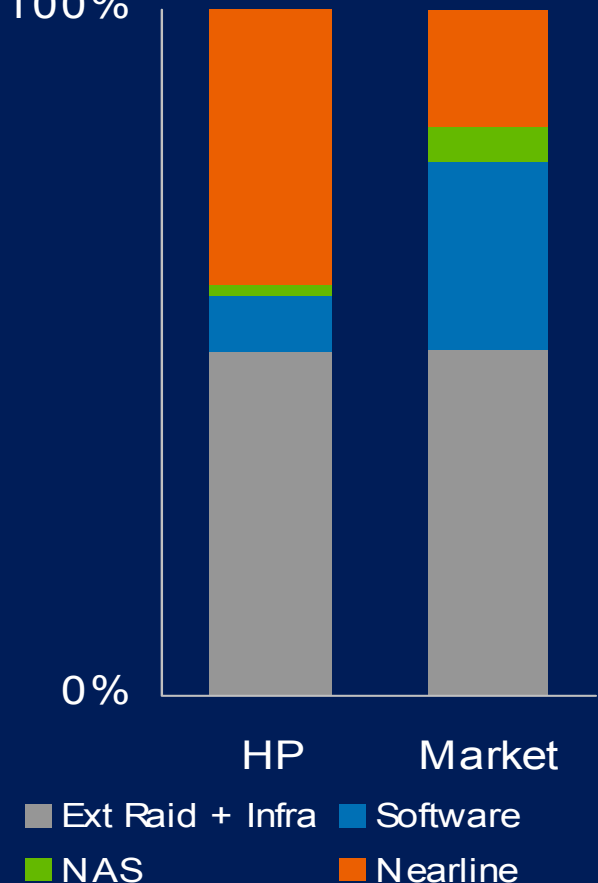
- FY05 growth in revenue and margin
- Increasing strength in value business
- Continued focus on sales specialists
- Strong progress in server attach
- Efforts paying off, but still work to do

## Products

- Midrange share gain and growth
- Successful product launches in May (product refresh) and September (data protection and archiving)
- ApplQ acquisition completed

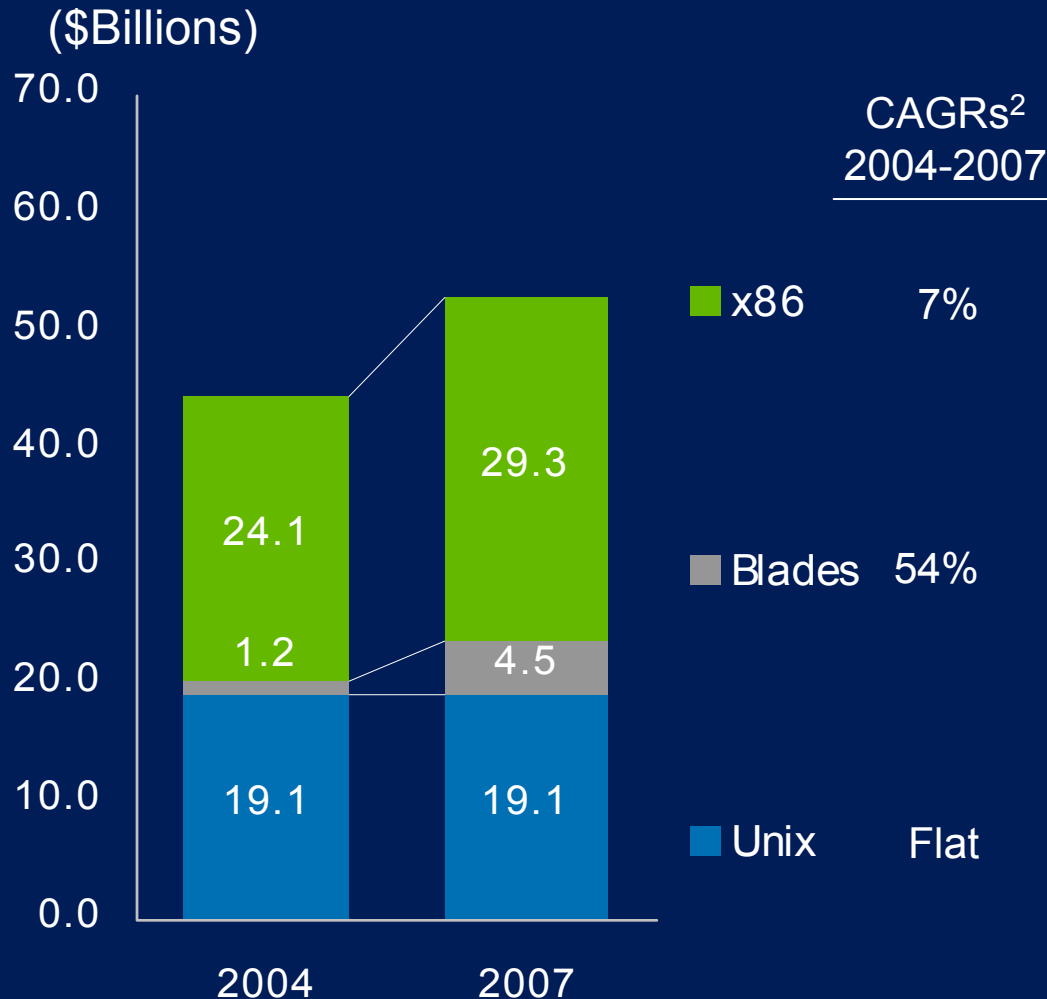
## Mix

100%



Based on current ytd results. Excludes Internal Disk / Jbods.  
Market mix based on HP analysis. CAGR 04-07.

# Scalable servers will power the next generation

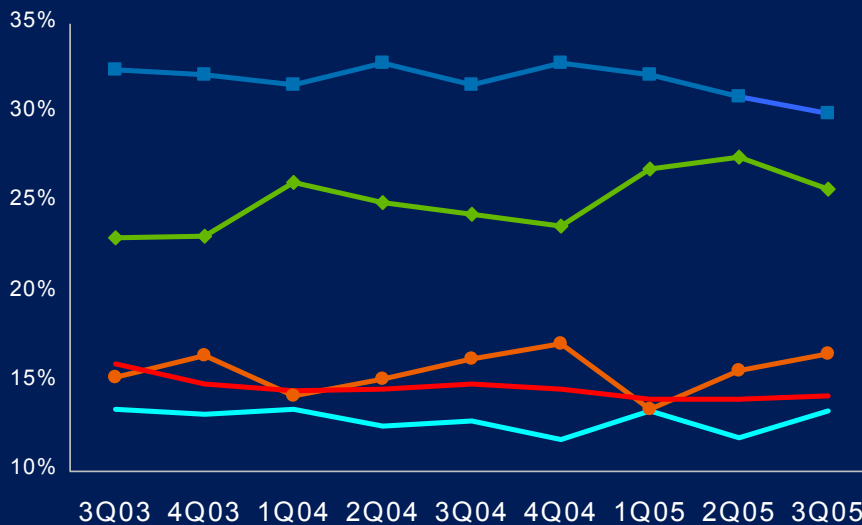


- 1 out of every 3 servers shipped
- Most servers shipped 14 consecutive qtrs
- #1 in Unix, Linux, Windows<sup>1</sup>
- #1 in x86, x86-64, Opteron, Itanium
- FY05 Blades revenue up 72% Y/Y

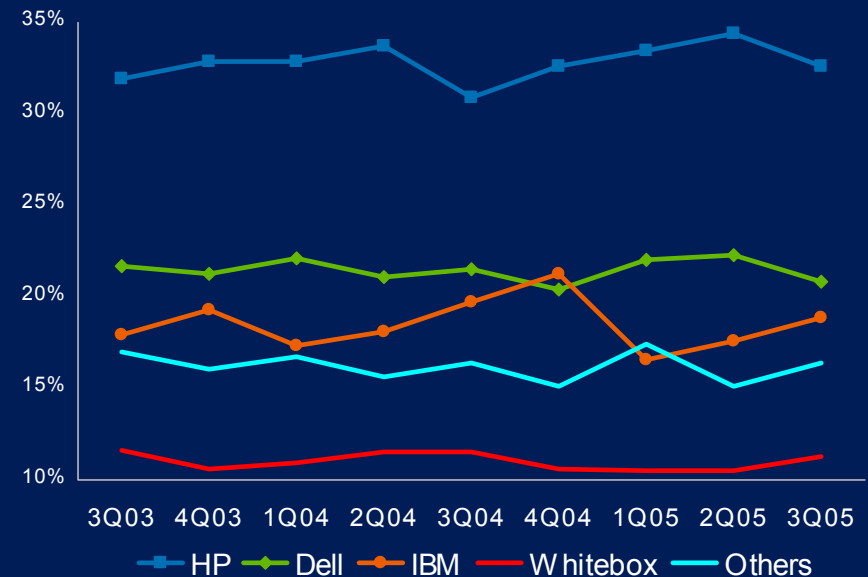
# HP ProLiant: Strength in volume

- Ongoing technology leadership
- Increasing AUPs and margins
- Balanced approach to profitability and growth

### x86 Servers unit share



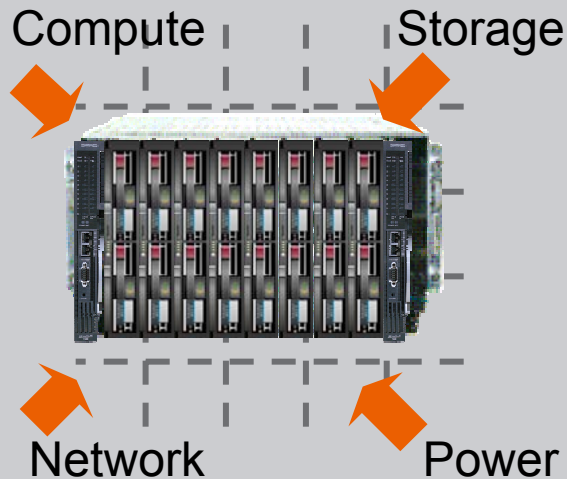
### x86 Servers factory revenue share



# HP BladeSystem: A simplified and modular architecture

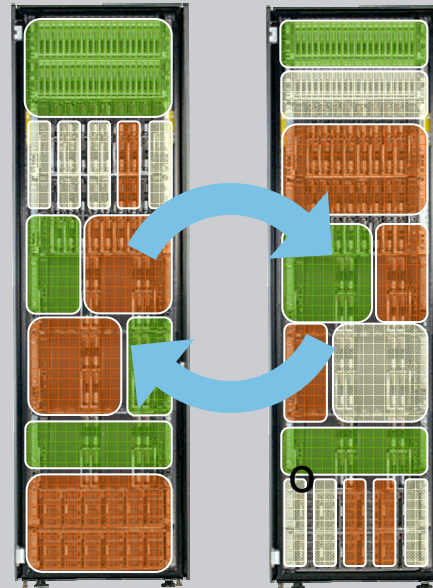


Consolidate and integrate



Reduces time & cost for systems integration

Virtualize and share



No captive or idle resources

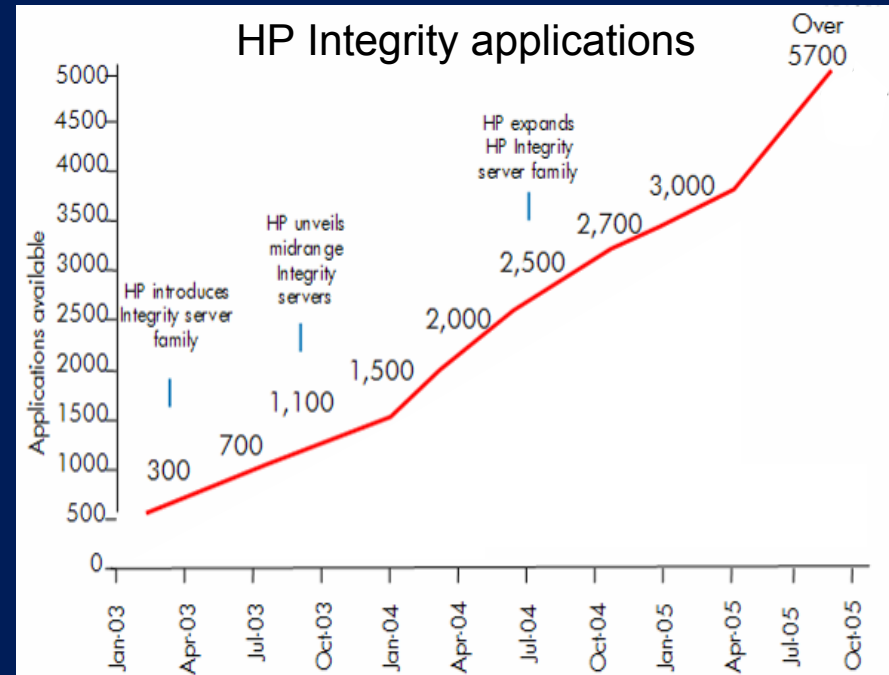
Automate connection between supply and demand



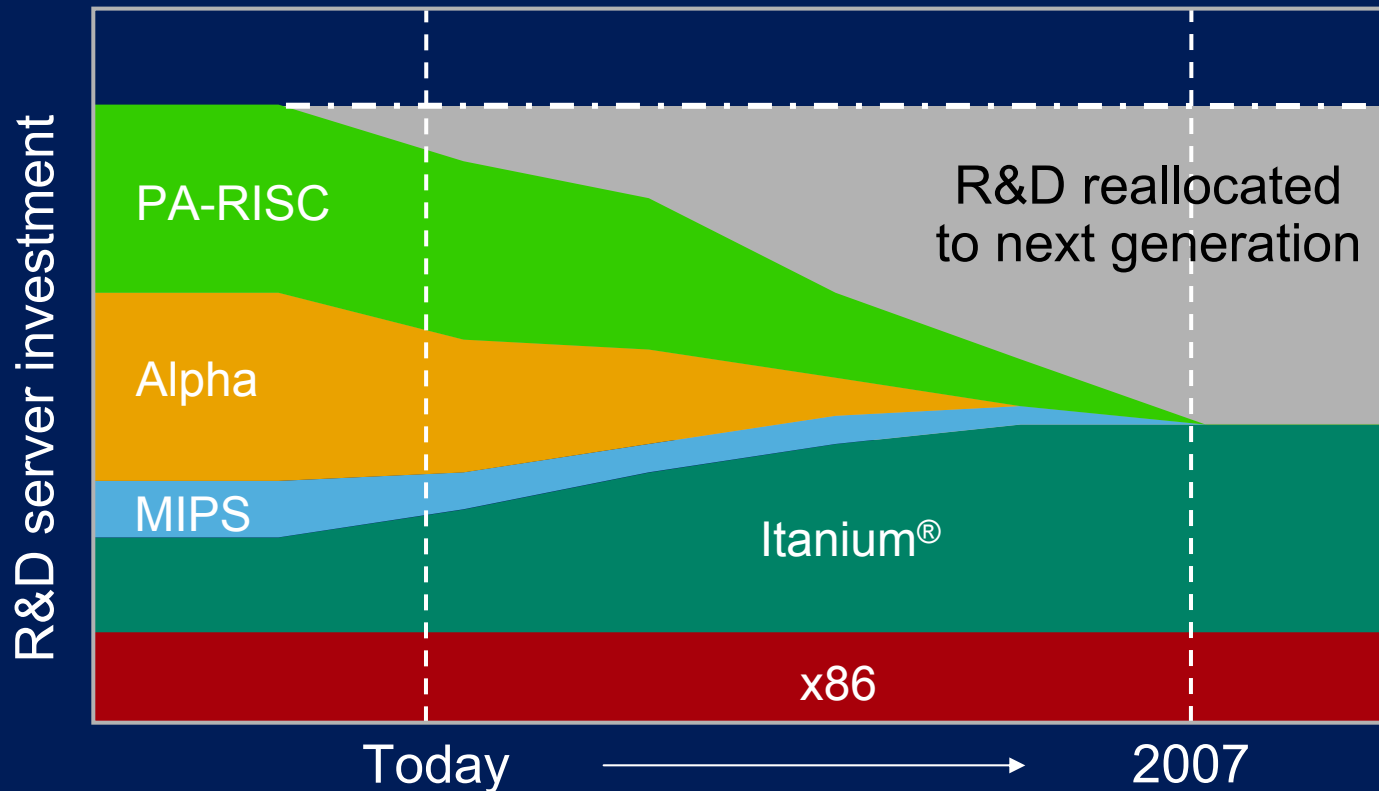
A value play with a volume cost structure

# HP Integrity: Strength in value

- FY05 Integrity revenue up 81% Y/Y
- Integrity now 25% of BCS revenue
- Strong growth across all operating systems
- 50+ of Global 100 in production
- 5,700 applications now available
- \$3B Integrity investment<sup>(1)</sup> targeted to win in ~\$20B RISC replacement market<sup>(2)</sup>



# R&D innovations will drive the next generation



# Leveraging our assets for leadership in the next-generation data center



Differentiated technologies

Virtualization

Automation

Management

Industry standard products and services

Are leveraged across

- Software
- Services
- Storage
- Servers
- HP Labs
- HP IT

# Conclusion

## The Technology Solutions Group:

- Is well positioned to take advantage of market trends
- Will grow the current portfolio and broaden sales coverage
- Will continue to reduce costs and increase efficiency
- Will leverage HP's portfolio as a competitive advantage



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