



Federal Market & Strategy Overview for Investors

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Understanding the Unisys U.S. Federal Sector

- ➔ What **drives** the market and buying decisions?
- ➔ What **solutions** does Unisys offer to meet the market's needs?
- ➔ Where does Unisys fit in the U.S. Federal market and how does it **differentiate** itself?
- ➔ How does Unisys make **money** in U.S. Federal?
- ➔ What are the **opportunities** Unisys sees within the U.S. Federal Sector?

Unisys U.S. Federal Overview

Industry Leader

As recognized in IDC MarketScape Government SI category*

Long-Term Client Relationships

90 clients across the government, many decades-long relationships; world class client satisfaction

Well-Positioned for Market Trends

Key areas of focus and top clients aligned with budget priorities

Highly-Skilled Resources

Deep expertise in Application & Infrastructure Modernization, Cloud Migration, Digital Enablement and Data Analytics

Solid Financial Performance

3% '13 -'16 organic revenue CAGR in a declining market

First portion of Unisys to “Verticalize”

- Has operated in vertical structure for **8 years**
- Recent revenue and margin trends indicate successful model
- Using lessons learned to help with company-wide vertical strategy



Mission partner and award-winning innovator

Key IT Federal Market Drivers

BUDGET



FY 2018 IT Budget
Request:
\$95.7B

FY 2017 vs. 2018
IT Budget Request:
1.7% Growth

POLICY



IT Modernization Report
Modernization of Govt Technology Act
Federal IT Acquisition Reform Act (FITARA)
Agency Reorganization
American Technology Council
Office of American Innovation
Cybersecurity Executive Order
National Defense Authorization Act

TECHNOLOGY



Cybersecurity
Trusted Biometric-Based
Identities
Cloud Computing
Mobile Computing
Data Center Consolidation
Big Data Analytics
Agile/DevOps
Digital Government
AI/Machine Learning
Internet of Things (IoT)

Customer Needs

Current Customer Needs

- Migration of Infrastructure and Applications to Secure Cloud
- Application Modernization / DevOps
- Advanced and Predictive Analytics
- Cybersecurity
- IT Infrastructure/Network Consolidation/Data Center Optimization
- Cost savings from Operations & Maintenance to fund Modernization programs



Future Customer Needs (3+ Years)

- Securing Internet of Things (IoT) with data management
- Software-Defined Infrastructure and Security
- Artificial Intelligence
- Data Insights – Machine, Deep and Cognitive Learning
- Identity Intelligence – Biometrics and trusted tools

Implications for Strategy

- Government priorities aligned to Unisys capabilities & areas of strength
- Go To Market and Targeted growth agency prioritized with deal pipeline activities
- Investments to enhance capabilities and future needs

Unisys Solutions and Products in U.S. Federal

| | Government | Commercial | Financial Services |
|-------------------------------|--|--|--|
| Industry Application Products | <ul style="list-style-type: none"> Digital Investigator™ LineSight® | <ul style="list-style-type: none"> AirCore® Digistics™ ActiveInsights™ PharmaTrack | <ul style="list-style-type: none"> Elevate™ (incl. Transaction Manager and Appointment Manager) Core Banking CSF, SFB, URBIS™ Mortgage Processing UFSS™ |
| Industry Solutions | <ul style="list-style-type: none"> Justice, Law Enforcement and Border Security Social Services <ul style="list-style-type: none"> FamilyNow™ ENFORCE™ Digital Government Homeland Security Defense and Intelligence Civilian Agencies | <ul style="list-style-type: none"> Travel & Transportation Life Sciences & Healthcare <ul style="list-style-type: none"> ActiveInsights™ MedDevice Communications Retail | <ul style="list-style-type: none"> Commercial & Retail Banking Mortgage |
| Horizontal Services | <ul style="list-style-type: none"> Digital Transformation Services Security Services | <ul style="list-style-type: none"> Digital Workplace Services Application Transformation Services | <ul style="list-style-type: none"> Advanced Analytics Services ClearPath Forward™ Services Stealth Product Services |
| Horizontal IT Products | <ul style="list-style-type: none"> ClearPath Forward™ | <ul style="list-style-type: none"> Unisys Stealth® Family | <ul style="list-style-type: none"> Infolmage® |

*Supplementary details in appendix

Delivering Innovative Solutions

Implemented and operates a **large secure storage private cloud for the IRS** for all applications including tax processing, tax administration and collections.

Designed and developed one of the **world's largest Big Data Predictive Analytics offerings** to assess and manage security risk from passengers and cargo entering the country.

Successfully transitioned service desk operations for **1.4 million U.S. Army end users.** Deployed Unisys VantagePoint™ and ITSM as a Service solutions.

Integrated and deployed biometrics and border security solutions at all major U.S. land border crossings. Tracking over 1.3 million transactions daily.

Provide full lifecycle services for the Department of Justice Asset Forfeiture Management System to enable federal, state and local law enforcement agencies to manage \$3B assets annually.

U.S. Customs and Border Protection

- Established, designed & implemented a portfolio of high end application systems to screen passengers and cargo entering the United States.
- Advanced data analytics targeting system built to assess inbound traffic
 - One of the **largest big data analytics platforms in the Government**
 - **1.3B** transactions and **60B** queries per day

Key results

- Protecting the critical by keeping American borders safe
- Keeping the “bad guys” out 24/7 365/year
- More agile & efficient processes
- Multiple complex systems modernized
- Retaining highly-skilled cleared professionals with rapid deployment



U.S. Customs and
Border Protection

Long-Term Relationships with Key U.S. Federal Agencies

| 30+ years | 10 to 30 years | | Less than 10 years |
|---|--|--|---|
|  Internal Revenue Service |  U.S. Department of Agriculture |  U.S. Department of Justice |  Federal Energy Regulatory Commission |
|  General Services Administration |  Customs and Border Protection |  U.S. Department of Homeland Security |  Office of the Comptroller of the Currency |
|  Department of Treasury |  Transportation Security Administration |  Federal Bureau of Prisons |  Federal Emergency Management Agency |
|  National Aeronautics & Space Administration |  U.S. Navy |  U.S. Air Force |  National Archives |
|  Defense Information Systems Agency |  Office of the Secretary of Defense |  U.S. Transportation Command |  National Oceanic and Atmospheric Administration |

Significant Increase in Unisys Analyst Global Placements Is a Differentiator in the U.S. Federal Market



- Leader in Big Data and Analytics providers
- Leader in Cloud Infrastructure Migration & Management
- Leader in Managed Security Service Providers
- Leader in Next Generation Application Outsourcing



- Challenger for North America Managed Workplace Services
- Challenger for North America Data Center Outsourcing and Infrastructure
- Niche Quadrant for Europe Data Center Outsourcing and Infrastructure



- Leader - Global/ North American and Europe Workplace Services
- Leader – Cloud Migration Services



- 2016 Featured Report: "Unisys Aims to Transform Travel and Transportation Sector with Cloud Services"



- Leader - System Integrators Serving the U.S. Federal Government
- Major Player - Worldwide Application Modernization for Digital Transformation

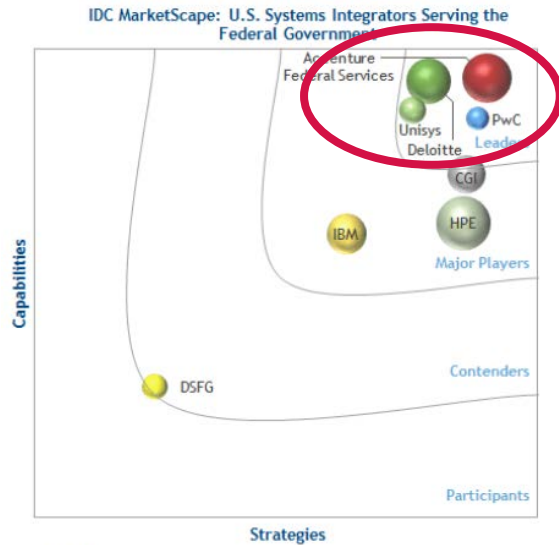


- Major Contender - IT Security Services
- Major Contender - Healthcare Provider IT Services
- Major Contender - Private Cloud Enablement Services
- Major Contender - Life Sciences IT Infrastructure Services
- Major Contender - IT Outsourcing in Global Banking
- Major Contender - Global Workplace Services



- Winner's Circle - Unisys Infrastructure Management and Enterprise Cloud Services
- Leader Managed Security Services Blueprint
- High Performer Application Testing Blueprint

Unisys U.S. Federal Growth Positioning and Differentiation



- A **reputation of successful delivery** on its commitments to help agencies achieve their goals by introducing new technologies and business processes faster
- **Global commercial expertise** in Security, Cloud, Agile at Scale Application Services, DevOps and End User solutions
- **Vertical domain expertise** focuses solution to achieve mission outcomes
- Operates at the **speed** of a small business while providing the **capabilities** of a large global IT provider

Innovative solutions to resolve complex client challenges

U.S. Federal Revenue Models



Contracting in Government

- Government procurements are heavily regulated under Federal Acquisition Regulation (FAR)
- Longer life cycle for large procurements – can take 2-3 years
- Government uses three contract types: Cost Plus Fee, Time & Materials, Firm Fixed Price
 - Typically require cost detail to be disclosed and audited
 - Many agencies prefer Cost Plus contracts which cap margins
- To achieve small business mandates, agencies:
 - Issue a portion of their procurements only to small businesses
 - Require a specific percentage of content in large business contracts to be delivered by small businesses
- Government can choose award criteria of “Best Value” (where vendors differentiate with their solution offerings) or Low Cost Technically Acceptable
- Majority of the contracts are five years, but funded annually
- Unisys has been in the Federal market for several decades and has mature systems and processes as well as major contract vehicles to compete for contracts

U.S. Federal Market Opportunities

Opportunities We Are Well Positioned For

- ✓ Positioned well with agencies that are expected to get increased spending in IT (e.g., DHS, Justice, Army, Air Force)
- ✓ One of leading market players with proven capabilities in Cloud, Agile Development, IT Modernization, IT Service Management and End User services
- ✓ Unisys investments in Stealth, Biometrics and Security solutions align well to key Cyber Security priorities of agencies
- ✓ Ability to provide Global commercial best practices and vertical industry expertise differentiates Unisys from other Federal System Integrators
- ✓ An agile operational leadership team that focuses on white glove service delivery and world class client satisfaction to deliver exceptional mission outcomes for clients



Q&A

Thank you for your time