



DOORWAY TO THE  
**NEXT INDUSTRIAL REVOLUTION:**  
**THE INDUSTRIAL INTERNET**



# GE Software

## Deutsche Bank Conference

Bill Ruh

June 3, 2015

### Forward-Looking Statements:

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” or “target.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about our announced plan to reduce the size of our financial services businesses, including expected cash and non-cash charges associated with this plan; expected income; earnings per share; revenues; organic growth; margins; cost structure; restructuring charges; cash flows; return on capital; capital expenditures, capital allocation or capital structure; dividends; and the split between Industrial and GE Capital earnings. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: obtaining (or the timing of obtaining) any required regulatory reviews or approvals or any other consents or approvals associated with our announced plan to reduce the size of our financial services businesses; our ability to complete incremental asset sales as part of this plan in a timely manner (or at all) and at the prices we have assumed; changes in law, economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets, including the impact of these conditions on our ability to sell or the value of incremental assets to be sold as part of this plan as well as other aspects of this plan; the impact of conditions in the financial and credit markets on the availability and cost of GECC’s funding, and GECC’s exposure to counterparties; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; pending and future mortgage loan repurchase claims and other litigation claims in connection with WMC, which may affect our estimates of liability, including possible loss estimates; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; GECC’s ability to pay dividends to GE at the planned level, which may be affected by GECC’s cash flows and earnings, financial services regulation and oversight, and other factors; our ability to convert pre-order commitments/wins into orders; the price we realize on orders since commitments/wins are stated at list prices; customer actions or developments such as early aircraft retirements or reduced energy demand and other factors that may affect the level of demand and financial performance of the major industries and customers we serve; the effectiveness of our risk management framework; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation and litigation; adverse market conditions, timing of and ability to obtain required bank regulatory approvals, or other factors relating to us or Synchrony Financial that could prevent us from completing the Synchrony Financial split-off as planned; our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions; our success in completing, including obtaining regulatory approvals and the specifics of any approvals for announced transactions, such as the proposed transactions and alliances with Alstom, Appliances and Real Estate, and our ability to realize anticipated earnings and savings; our success in integrating acquired businesses and operating joint ventures; the impact of potential information technology or data security breaches; and the other factors that are described in “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014. These or other uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements. This document includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

This document also contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the accompanying supplemental information posted to the investor relations section of our website at [www.ge.com](http://www.ge.com).

In this document, “GE” refers to the Industrial businesses of the Company including GECC on an equity basis. GE Capital or GECC refers to the financial services businesses of the company. “GE (ex-GECC)” and/or “Industrial” refer to GE excluding Financial Services.”

GE’s Investor Relations website at [www.ge.com/investor](http://www.ge.com/investor) and our corporate blog at [www.geareports.com](http://www.geareports.com), as well as GE’s Facebook page and Twitter accounts, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

# INDUSTRIAL INTERNET DRIVERS



PHYSICAL AND ANALYTICAL



BRILLIANT MACHINES



INDUSTRIAL BIG DATA



PEOPLE & WORK



# GE AND SOFTWARE



Established  
HQ in Bay  
Area

250  
employees

700  
employees

Created 1.1B  
in revenue

1200  
employees



First Minds +  
Machines  
event  
launched

300-400M  
a year invested

\$800M  
Predictivity  
orders

Released  
40 apps

2011

2012

2013

2014

2015



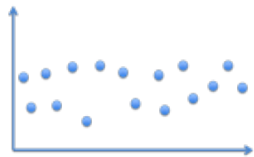
# GE DIFFERENCE: PHYSICAL + ANALYTICAL

**ANALYTICS**

1200 + software engineers  
**GE Software**

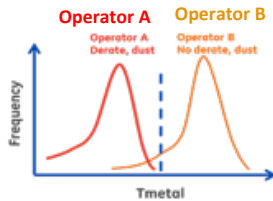
**PHYSICS**

6300 applied engineers  
**GE Aviation**



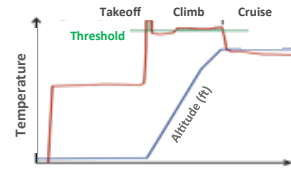
**DATA**

Continuous,  
accessible



**STATISTICS**

Unlock trends,  
segment



**PHYSICS**

Apply engine  
expertise

**CUSTOMER AND GE  
BENEFITS**

- ↑ Time-on-wing
- ↑ Reliability and availability
- ↓ Fuel cost
- ↓ Repair and overhaul



# GE FOCUS ON INNOVATION

## Asset Performance Management



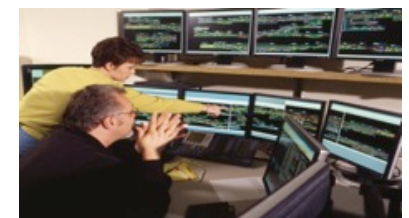
Maximize performance with minimal downtime

## Operations optimization



Increased system efficiency across GE & non-GE assets

## Supply Chain Integration



Optimize material & repair cycles

**Creating value**

- 1 Increase software sales
- 2 Better customer outcomes + product feedback
- 3 Commercialize Industrial analytics outside GE



# PREDIX™ PLATFORM IS THE ENABLER

Cloud-based platform for  
Industrial Internet

+

Capabilities for Industrial  
companies

Connected  
assets

Industrial data  
management

Monitoring &  
diagnostics

Asset lifecycle

Industrial data  
science

Cloud & mobile

Predictive  
maintenance

Operations &  
intelligence

Reliability

Increase availability  
and longer asset life

Cost reduction

Lower operating costs with  
greater efficiencies

Risk mitigation

Lower operations  
and financial risk

Profitable  
growth

Increase production for  
market advancement

Value for investors

+ \$/IB	+ Predictivity revenue in services backlog
+ Margins	+ Product feedback
+ 40	+ New service offerings

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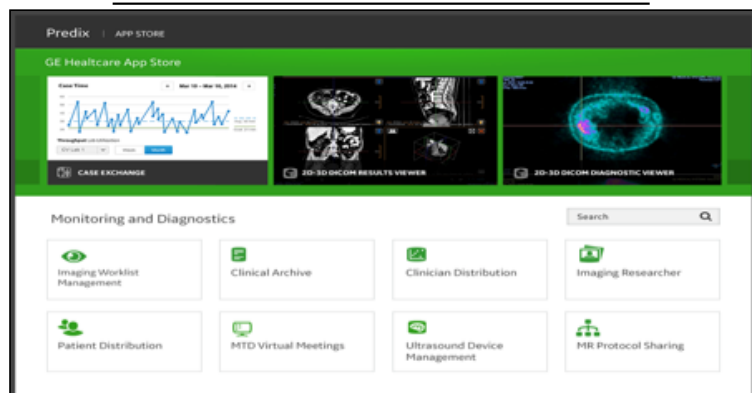


# GROWTH IN SOFTWARE & SERVICES

## Metrics

	2015E	2017F
Revenue	~\$5B	~\$8B
- % Predix-enabled	50%	70%+
Productivity (\$MM)	\$300	\$500
Assets Under Mgmt. (# in 000's)	~225	~500
\$/IB	~3%	3-4%

## Launch Predix in 2H15



Industrial Cloud Operating System

## Applications: Customer outcomes

### Asset Performance Management

Services growth

### Field Vantage



### Power Advisor



### Controls/SW

Services growth

### Digital Wind



### Digital Pipeline



### Enterprise SW

Software sales

### Movement Planner



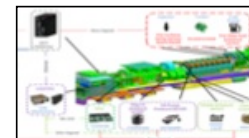
### Imaging Cloud



### Productivity

Margins

### Sensor Enablement



### Aviation TOW



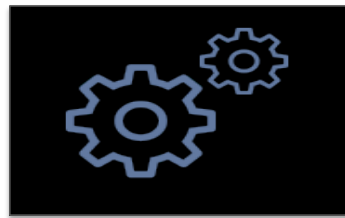


# OUTCOMES WITH SOFTWARE + ANALYTICS



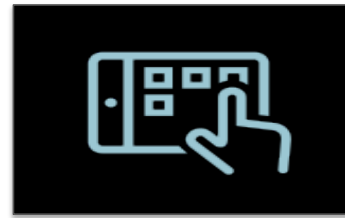
Software & analytics

+



Intelligent machines

+



Industrial big data

+



User experience

## Customer Wins



**"Power up"**  
4% increase in power output across 283 wind turbines



**"Movement planner"**  
10% increase in network velocity



**"Intelligent pipeline"**  
Improving safety & efficiency on 15k miles of natural gas pipelines

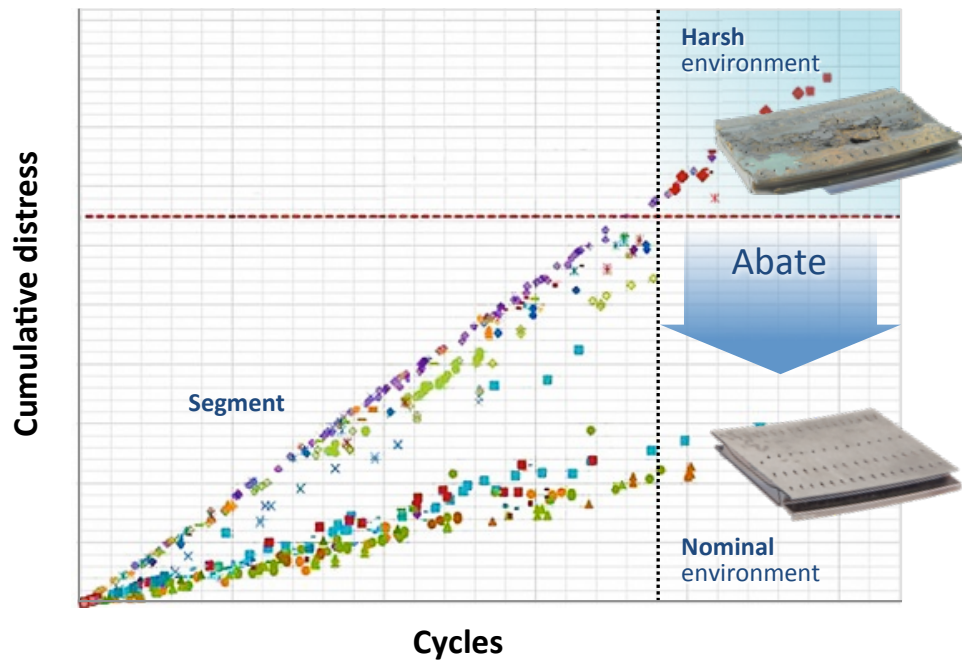


**"Fuel efficiency service"**  
\$10M of fuel savings with flight efficiency Services



# AVIATION: LEAD IN ON-WING RELIABILITY

Applied analytics to detect engines at risk of removal



Recent successes ...



GE90

**120**

removals saved



CFM56

**40**

removals saved



Water wash

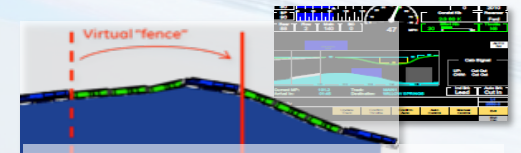
**\$7M/yr**

fuel savings at one  
GE90 operator



# TRANSPORTATION: RAIL EFFICIENCY

## ADVANCED CONTROLS



### Auto train operation

- ✓ 10% fuel savings

## SERVICE ROBOTICS



### Productivity, safety

- ✓ Automate tasks
- ✓ Tough environment

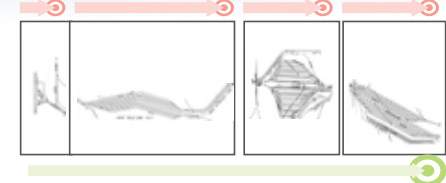
## SENSORS/ANALYTICS



### On-site oil analysis

- ✓ Predict remaining life
- ✓ Prevent road failures

## AUTOMATED DECISIONING



### Optimize yard ops

- ✓ Reduce dwell up to 10%
- ✓ Depart on time up to 50%

**1 MPH = \$200M in Savings**



# BRILLIANT FACTORIES

16 Brilliant Factory Pilots

25% more productivity

30% less mfg NPI Cycle time

Performance & throughput analysis



# CYBER SECURITY: OPERATE ASSETS + OPERATIONS SAFELY

## SECURE & CERTIFY OPERATIONAL INFRASTRUCTURE

- ✓ Security enhancements delivered through Predix and GE Products
- ✓ Certify operational products & customer environments

## BRING OPERATIONAL AVAILABILITY & GOVERNANCE WITH IT

- ✓ Establish secure & trusted connections from OT to IT & Clouds
- ✓ Visibility to mixed Information assets

## PROTECT OT/IT IN AN APP FACTORY ENTERPRISE

- ✓ App Factories with Privacy and Security by Design
- ✓ Data Security and Compliance across the OT-IT Enterprise

## ESTABLISH USER-BASED WORLD FOR INDUSTRIAL CLOUDS

- ✓ Drive Protection from the User to the Machine
- ✓ Maintain chain of custody for the data communities

**Trusted & Scalable platform & services for  
OT, IT, Cloud, App, User**



# INDUSTRIAL STRENGTH PARTNERSHIPS



Partnerships  
& Alliances



Venture  
capital



M&A /  
Strategic moves



Crowdsourcing  
initiatives



Develop  
technology and  
analytics  
applications

Build Predix  
apps for  
shipping,  
manufacturing,  
and other  
industries

Creating highly  
secure wireless  
communications  
system

Enable  
intelligent  
networking of  
analytics and  
data between  
machines

Embed  
standardized  
interfaces  
within the  
Predix  
platform

Accelerate GE's  
ability to create  
new analytic  
services and  
solutions

# INDUSTRY CONSORTIUMS

IIC



CFF



ODP

OPEN DATA PLATFORM

Intel

Open  
Interconnect  
Forum





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