



IBM Software Group

Value-Based Selling

WebSphere Methodology and Tools

A horizontal decorative bar spanning the width of the slide, featuring a series of small, square icons in various colors (green, yellow, red, purple, cyan) and grayscale images (a person's face, a globe, a person's arm).

@business on demand software

Topics

- WebSphere value-based selling methodology and tools overview
- WebSphere Process Server v6 value differentiators
- Core WebSphere Service Oriented Architecture (SOA) workshops high-level descriptions - demonstrating value to shorten the sales cycle and increase deal size
- The SOA Total Cost of Ownership (TCO) model detailed description- current state and planned enhancements
- Contacts and collateral



Takeaways

- A variety of WebSphere SOA value selling tools are available - the key is using the right tool at the right time to move opportunity through the SSM Cycle
- Four WebSphere SOA workshops are core:
 - ▶ SOA Jumpstart Architecture Workshop
 - ▶ Process Improvement Workshop
 - ▶ SOA TCO Value Assessment Workshop
 - ▶ Center of Excellence Workshop
- The SOA TCO Value Assessment model is new and improved
- Future enhancements to the SOA TCO Value Assessment model include:
 - ▶ Templates (SAP, Industry)
 - ▶ Rapid Model Builder and TCO Express Workshop
 - ▶ Unified return on investment (ROI) Framework



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Why do our Clients buy software solutions?

It's **all** about the **Money (Value)**...

Money, whether It's measured as EVA, ROE, ROA, ROI, top-line revenue, margin, contribution, increased market share, earnings per share, quickness to market, a reputation for quality, or something else, **is the main reason companies do business.**

All the best relationship building, competitive positioning, and negotiating skills **are useless if a prospect does not have solid, measurable business reasons** to work with a supplier.

Dave Stein: How Winners Sell



Software Group 2Q 2005 Performance...

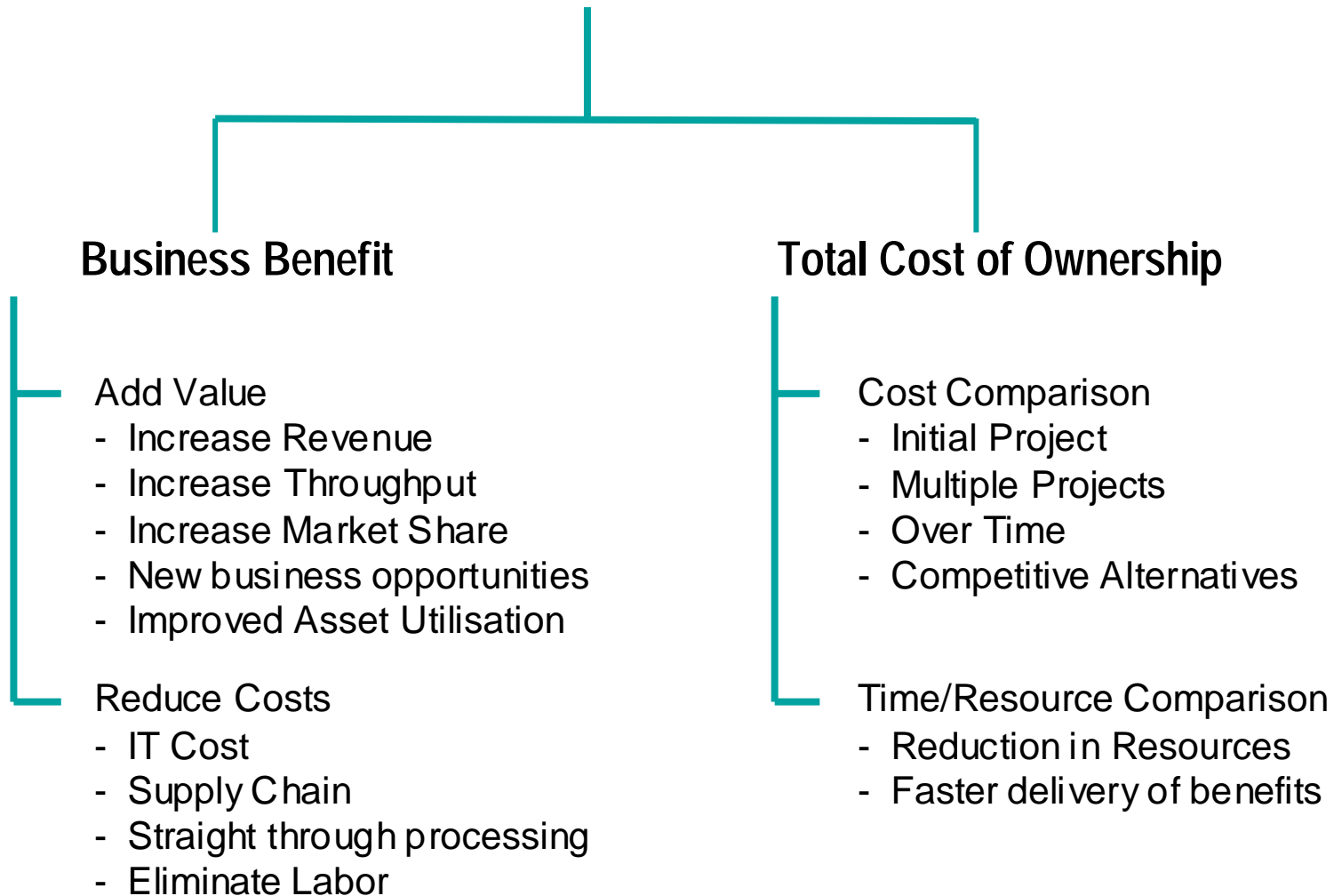
We are winning when we provide what I call "**Value Selling**" to our clients. Any competitor can walk into our customers to sell them on speeds-and-feeds... making a "hit & run" sale.

We win when we sell the **value** of our total portfolio, including the services that we can provide. We need to get our deeply knowledgeable people in front of our clients. We are unparalleled in what we can provide -- nobody else in our industry can offer customers **value** all the way from pre-sale to ensuring everything works.

Steve Mills
Senior Vice President & Group Executive
IBM Software Group
07/20/2005



Return on Investment



The business challenge:

“Integration typically consumes **35%** of the cost and effort of an application solution.”

Source: The Gartner Group
The Importance of ROI in Business Integration Projects

“CIOs project that they spend between **35% and 60%** of their budgets on integration projects.”

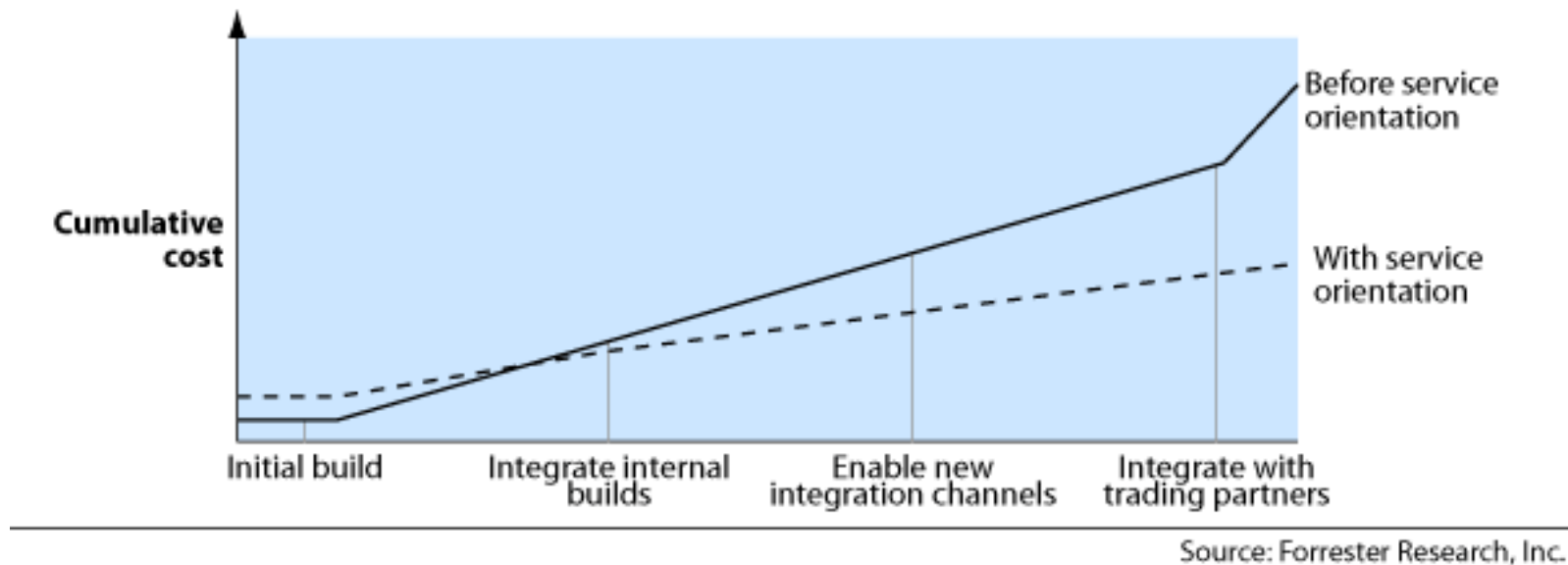
Source: Aberdeen Group

“Integration remains the number one IT priority; fully **60-70%** of IT budgets are dedicated to it.”

Source: WebServices Journal



Early studies: SOA component reuse can reduce costs



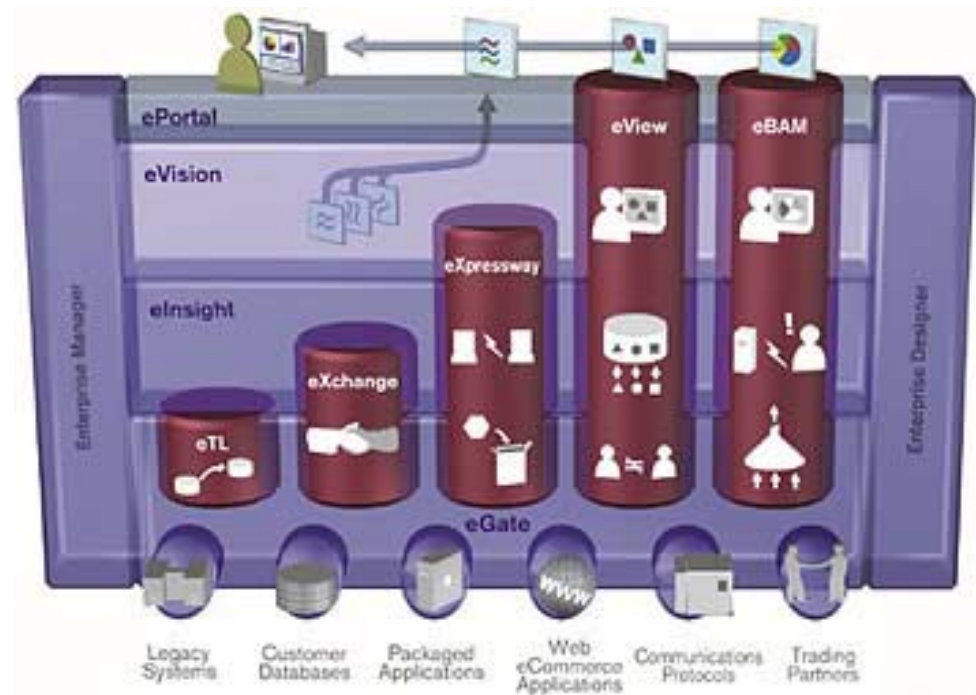
A review of early case studies indicates that organizations that use a service-oriented architecture **(SOA) can reduce integration project development and maintenance costs by 30% or more**. These savings are made possible by the increased effectiveness of component reuse that SOA enables.

Source: Forrester Research, Inc. July, 2004

Why do we need to “**Prove**” our value?

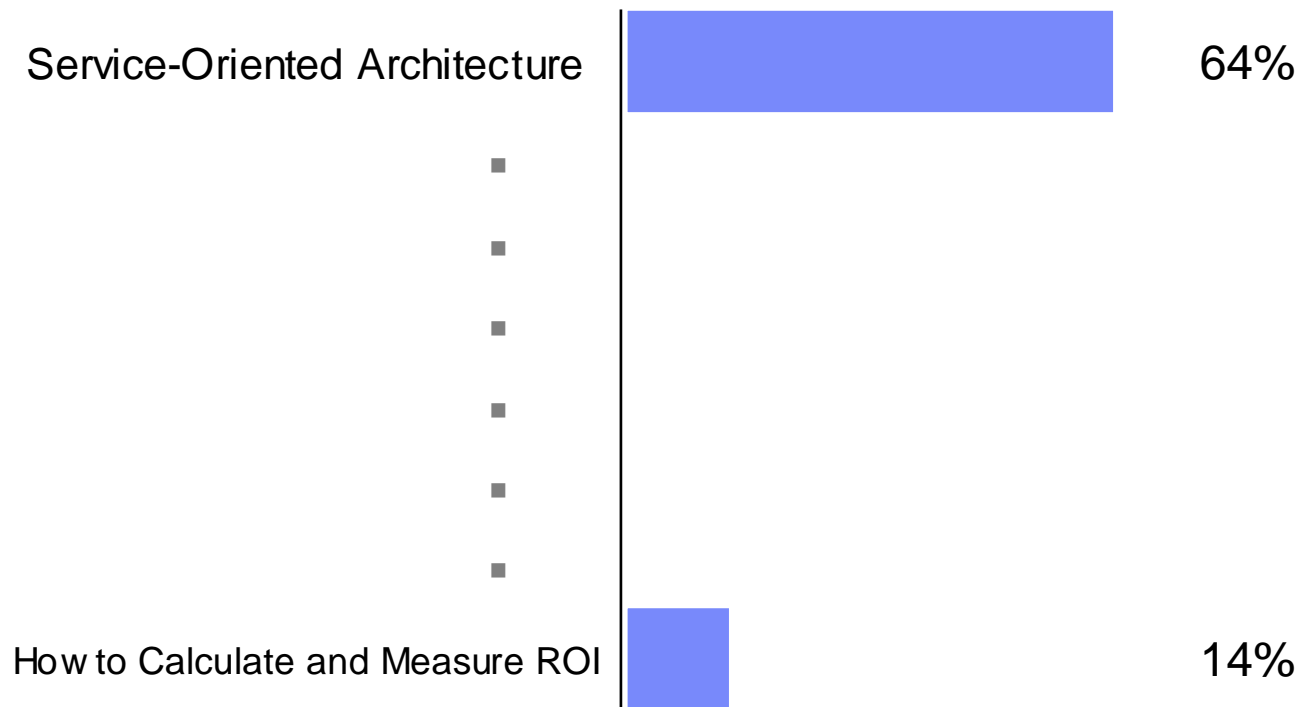


The ICAN suite is the most usable, scalable and open platform for developing, executing and managing end-to-end integrated business processes as composite applications. The SeeBeyond ICAN suite is the next generation of open integration bringing A2A, B2B, and BPM together with Web services, SOA, J2EE Application Servers, ETL, BAM, Data Quality Management, Composite View Generation, Indexing, Workflow and Portals.



SOA is the top Issue of enterprise architects...

What topics are you most interested in learning more about?



Source: Forrester Research Inc. April 2004

Slide 11

WebSphere value selling tools include presentations, demos, workshops, PoCs and other engagements...

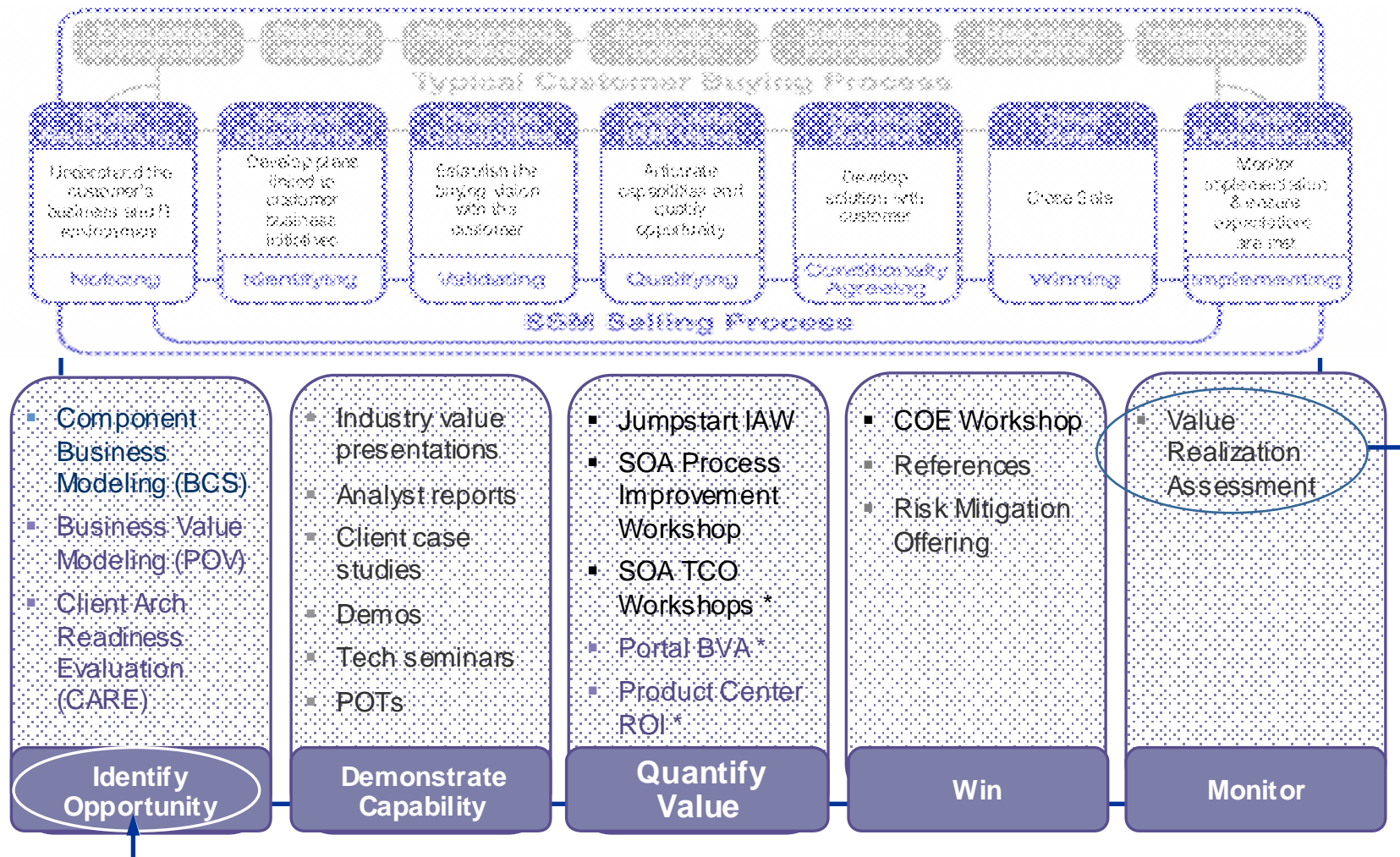


Slide 12

* Leveraged BCS engagements

Using the right selling tool at the right time is key

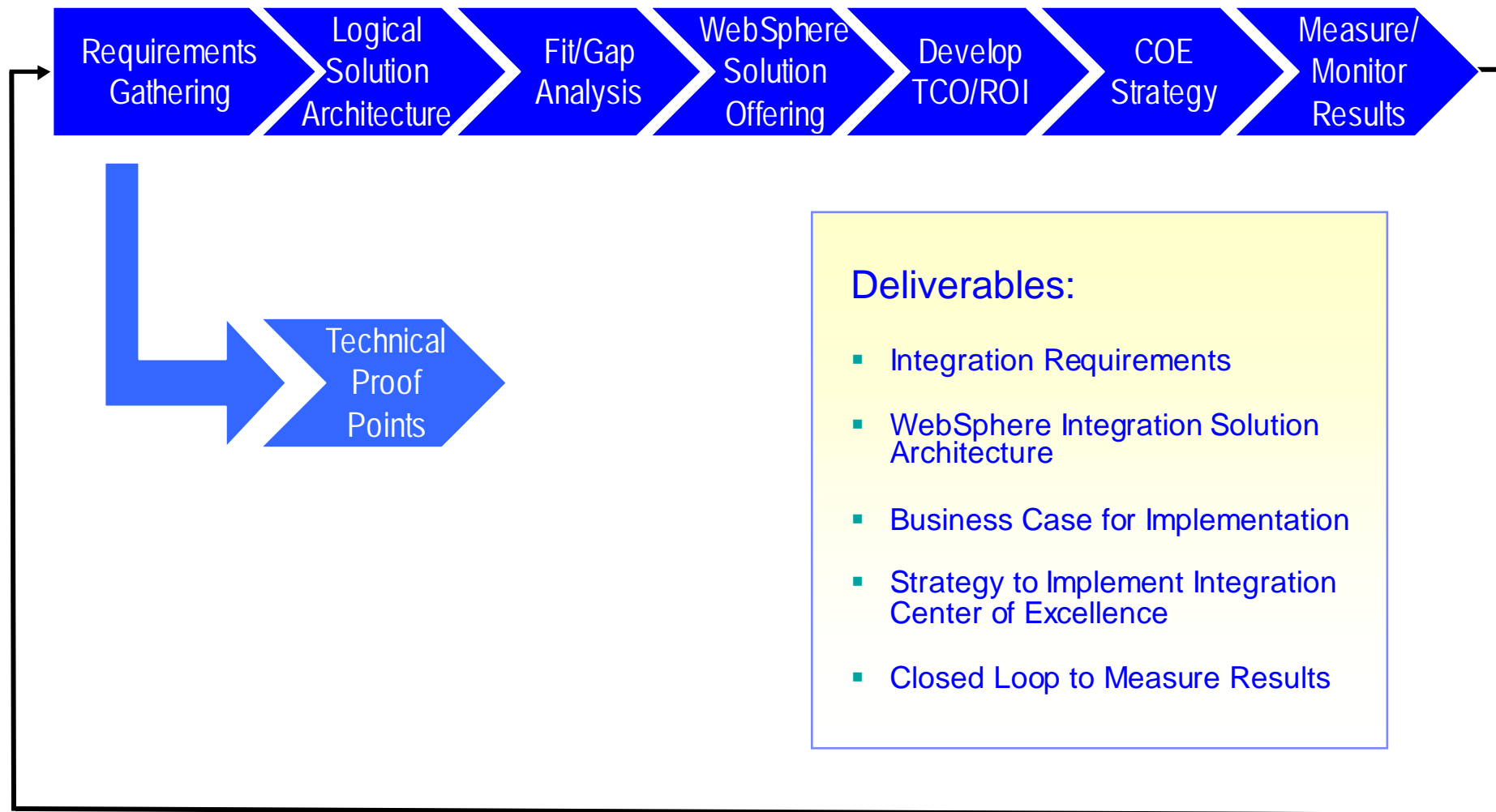
The SSM-WebSphere value selling tool interlock



Slide 13

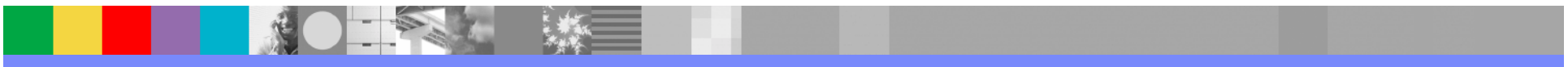
* To be integrated into common ROI Framework

WebSphere SOA Value Assessment Methodology



Topics

- WebSphere value-based selling methodology and tools overview
- **WebSphere Process Server v6 value differentiators**
- Core WebSphere SOA Workshops high-level descriptions - demonstrating value to shorten the sales cycle and increase deal size
- The SOA Total Cost of Ownership (TCO) model detailed description - current state and planned enhancements
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WebSphere Process Server - key value differentiators

Key Differentiators	Benefit Category	Benefits
Built on top of WebSphere Application Server (WAS)	Reduced risk, cost	<ul style="list-style-type: none">▪ Reduces operational risk (clustering, failover, scalability, security)▪ Reduces operational costs (common administration/support)
Service Component Architecture (SCA)	Increased productivity, reduced cost	<ul style="list-style-type: none">▪ Business Objects (based on SDO standard) – allows canonical models to be easily implemented▪ All components (e.g., services, rules, human interactions) are represented consistently and invoked identically - encapsulation and reuse will reduce development costs
Developer Tooling/Visual Editors	Increased productivity, reduced cost	<ul style="list-style-type: none">▪ Service Components can be quickly assembled using the Component Assembly Editor – No J2EE skills required▪ Developers do not have to work directly with XML▪ Eclipse 3 framework provides state-of-the-art GUI



WebSphere Process Server - key value differentiators

Key Differentiators	Benefit Category	Benefits
BPM applications can be easily built	Increased productivity, reduced cost	<ul style="list-style-type: none">■ SCA allows human tasks to be replaced with rules■ Built-in workflow task escalation capabilities■ State Machine Editor allows state-based processes■ Compensation allows rollback of processes
Business Rules allow externalization from the business process	Reduced cost	<ul style="list-style-type: none">■ Supports Rule Sets (If/Then rules) as well as Decision tables■ Generally provides 80% of customer needs
Posts Business Events to the Common Event Infrastructure (CEI)	Business Performance improvement	<ul style="list-style-type: none">■ Allows other applications or administration software to easily consume business events■ Business Events can be modeled and passed to business dashboards provided by WebSphere Business Monitor

Over time, each benefit will be quantified and incorporated into the SOA TCO model

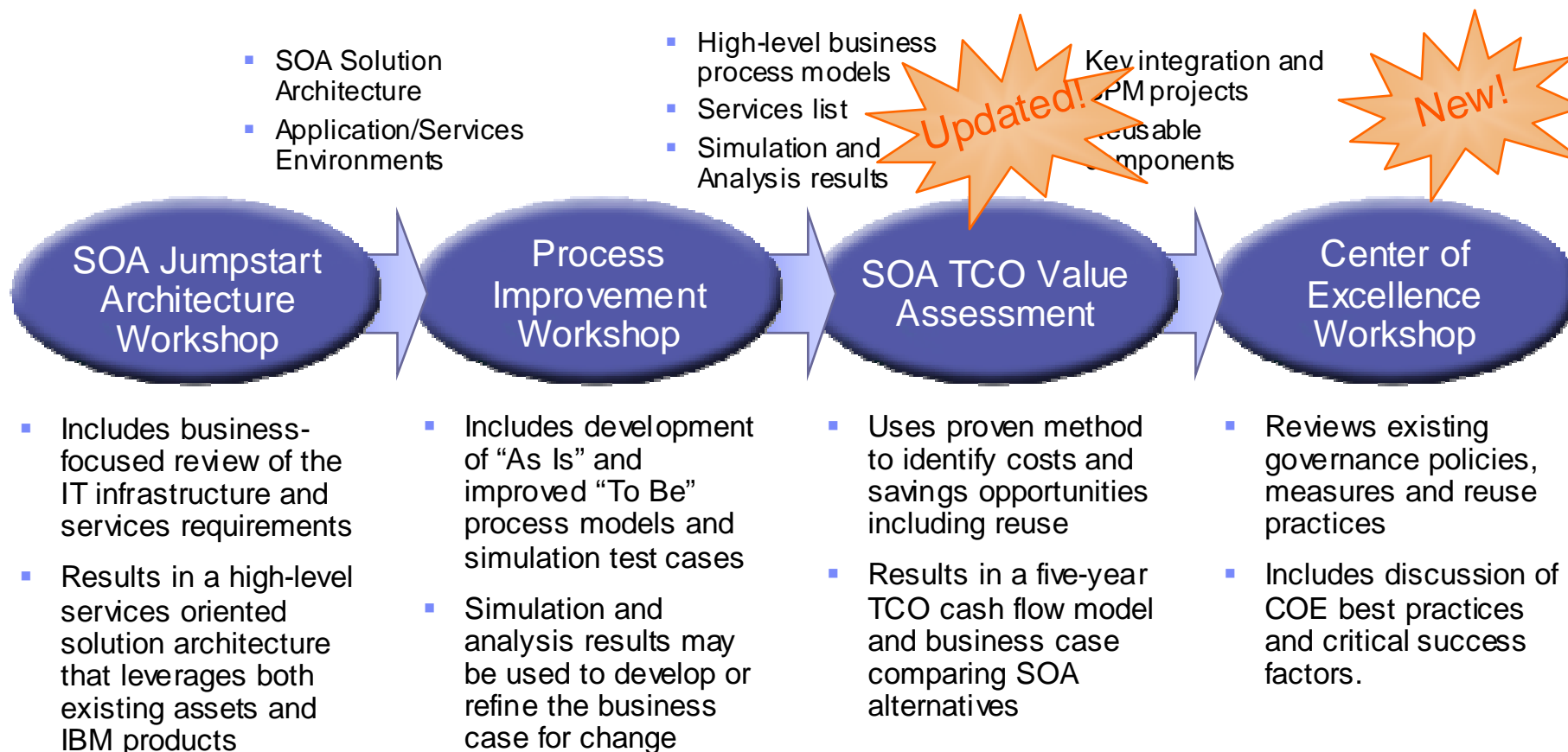
Best practices, reuse techniques will be shared through Architecture Workshops, COE Workshops

Topics

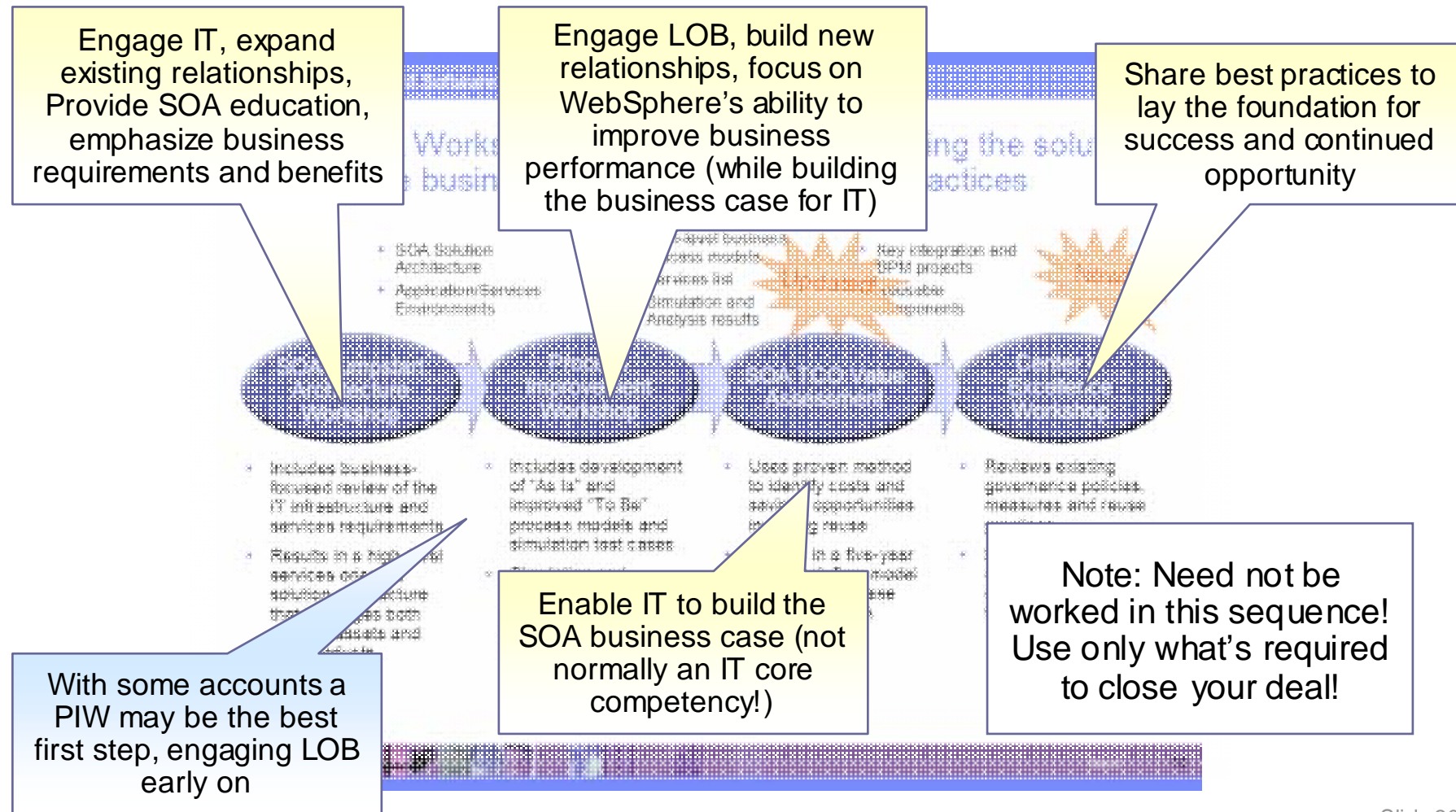
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IBM's SOA Workshops get you started by defining the solution, building the business case, and sharing best practices

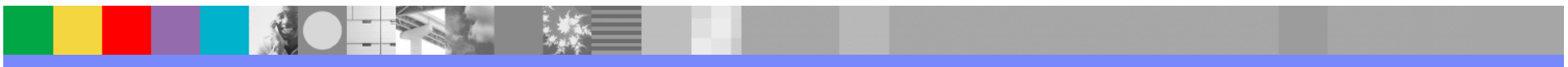


Objectives: engage business as well as IT, develop a trust relationship in short cycles, speed the sales process



Topics

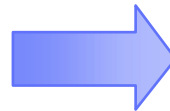
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The new SOA Total Cost of Ownership model is more flexible, covers more of the portfolio

Original BIVA model

- ICS centric
- Limited to 3-way comparison (P2P / generic broker / WBI)
- Limited to 10 “projects”
- Not easy to modify
- Validated data, estimates



New SOA TCO model

- SOA centric, future focused
- Any number of alternative scenarios may be compared
- Unlimited cost categories
- Easily configured
- Improved functionality (extended to **XD**, ability to cost **BPM** and **SOA** components, etc.)
- Currently piloting to gather/validate SOA level of effort and reuse estimates (incl. SAP comparison)

The new SOA Total Cost of Ownership model - highlights

Detailed cash flow

Option 3: WebSphere Business Integration

Quarter	1	2
Duration Days:	0	57
Period Starts:	Jan-2005	Apr-2005
Software Costs		
Software Maintenance	\$ 502,025	\$ 502,025
Hardware Costs	\$ 496,729	\$ -
Startup Costs	\$ 220,931	\$ 120,000
Staff Costs	\$ 14,884	\$ 7,500
Miscellaneous Costs	\$ -	\$ -
Build Costs		
Stage 2	\$ 597,720	\$ 597,720
Stage 3	\$ 174,251	\$ -
Stage 4	\$ 430,731	\$ -
Upgrade Costs		
Maintenance Costs	\$ 167,653	\$ -
Stage 2	\$ -	\$ -
Stage 3	\$ -	\$ -
Stage 4	\$ -	\$ -
Administration Costs		
Sys Admin Group	\$ 1,742,287	\$ 103,056
Total: VBI	\$ 4,387,211	\$ 1,330,301

NPV comparison results

Savings	TOTAL NPV	Jan-2005	Apr-2005
TIBCO vs. P2P	\$ 2,285,289	\$ (465,219)	\$ 154,799
% Difference	25%	-97%	19%
VBI vs. P2P	\$ 4,814,322	\$ (512,469)	\$ 797,337
% Difference	52%	-63%	86%

Detailed cost categories

Cash flow by quarter

Allows "What If" adjustment by percentage

Summary cash flow

Option 2: TIBCO

	TCO (NPV) @ 6.5%	% of	Year 1	Year 2
Software Costs	\$ 500,000	5%	\$ 500,000	\$ -
Software Maintenance	\$ 342,566	4%	\$ -	\$ 100,000
Hardware Costs	\$ 220,931	2%	\$ 120,000	\$ -
Startup Costs	\$ 14,884	0%	\$ 15,000	\$ -
Staff Costs	\$ -	0%	\$ -	\$ -
Miscellaneous Costs	\$ -	0%	\$ -	\$ -
Build Costs	\$ 1,983,908	22%	\$ 1,230,152	\$ 836,532
Upgrade Costs	\$ 289,380	3%	\$ -	\$ 84,474
Maintenance Costs	\$ -	0%	\$ -	\$ -
Administration Costs	\$ 3,564,574	39%	\$ 824,448	\$ 824,448
Total: TIBCO	\$ 6,916,245		\$ 2,689,600	\$ 1,845,454

Option 3: WebSphere Business Integration

	TCO (NPV) @ 6.5%	% of	Year 1	Year 2
Software Costs	\$ 502,025	5%	\$ 502,025	\$ -
Software Maintenance	\$ 496,729	5%	\$ -	\$ 100,405
Hardware Costs	\$ 220,931	2%	\$ 120,000	\$ -
Startup Costs	\$ 14,884	0%	\$ 15,000	\$ -
Staff Costs	\$ -	0%	\$ -	\$ -
Miscellaneous Costs	\$ -	0%	\$ -	\$ -
Build Costs	\$ 1,202,702	13%	\$ 1,005,042	\$ 227,544
Upgrade Costs	\$ 167,653	2%	\$ -	\$ 48,940
Maintenance Costs	\$ -	0%	\$ -	\$ -
Administration Costs	\$ 1,782,287	19%	\$ 412,224	\$ 412,224
Total: VBI	\$ 4,387,211		\$ 2,054,291	\$ 789,113

Summary cost categories

Cash flow by year

The new SOA Total Cost of Ownership model - highlights

Setup Worksheet

Buttons: Add Comparison Option, Delete Comparison Option, Import Customer Data, Create Customer Copy of Model

Data provided by a customer may be imported and a data-only spreadsheet created for review

Option Name	Long Name	Short Name
Option 1:	Current Environment	
Option 2:	WebSphere Business Integration	WBI

Multiple alternatives may be compared

Buttons: Add Category, Delete Category

Category Name	
Project	
Category 1:	Phase 1

Multiple cost categories

Estimate Type ▼	Metric ▼	Complexity ▼	New Build? ▼
Component Build			
	BPEL - Non Interruptible		
	BPEL - Interruptible		
	BPEL - Interruptible w/Staff		
	MQ Workflow		
	ICS Collaboration		
	Message Flow		
	J2C Adapter		
	WBI Adapter		

Metric Table: ▼ Standard

Quick and Detailed Build Estimators

Estimate Type ▼	Metric ▼	Reuse Type ▼	Re
Scenario Build	WBI Server End-to-End		
		None	
		One Message Definition Exist	
		Both Message Definitions Exist	
		Web Services Exist	
		BPEL Processes Exist	
		Web Services Exist and BPEL Exist	
		Message Definitions and BPEL Exist	
		All Components Exist--Gap Analysis required	

Reuse components are determined by scenario type

New SOA TCO model allows for component build costs to be captured (in addition to integration scenarios)

The new SOA Total Cost of Ownership model - highlights

Metrics Worksheet

ICS End-to-End Reuse [ICS_Reuse_Val]	
[ICS_Reuse]	Reuse %
No Components Exist	0%
One ASBO Exist	5%
Both ASBOs Exist	10%
Collaboration Exists	30%
One ASBO, Map, GBO Exists	40%
One ASBO, Map, GBO, Collaboration Exists	70%
Reverse Integration Direction--Reverse Maps	75%
All Components Exist Except Reverse Map	88%
All Components Exist--Gap Analysis required	90%
All Components Exist	100%

WBI Server End-to-End Reuse [WBI_Server_Reuse_Val]	
[WBI_Server_Reuse]	Reuse %
None	0%
One Message Definition Exist	10%
Both Message Definitions Exist	20%
Web Services Exist	30%
BPEL Processes Exist	40%
Web Services Exist and BPEL Exist	50%
Message Definitions and BPEL Exist	60%
All Components Exist--Gap Analysis required	70%
All Components Exist	100%

Message Broker End-to-End Reuse [MB_Reuse_Val]	
[MB_Reuse]	Reuse %
None	0%
Partial Message Set Exists	5%
One Message Set Exists	10%
Both Message Sets Exist	20%
Some Message Flows Exist	20%
Many Message Flows Exist	25%
Some Message Flows and Sets Exist	30%
Many Message Flows and Sets Exist	35%

Range names
are clearly
identified

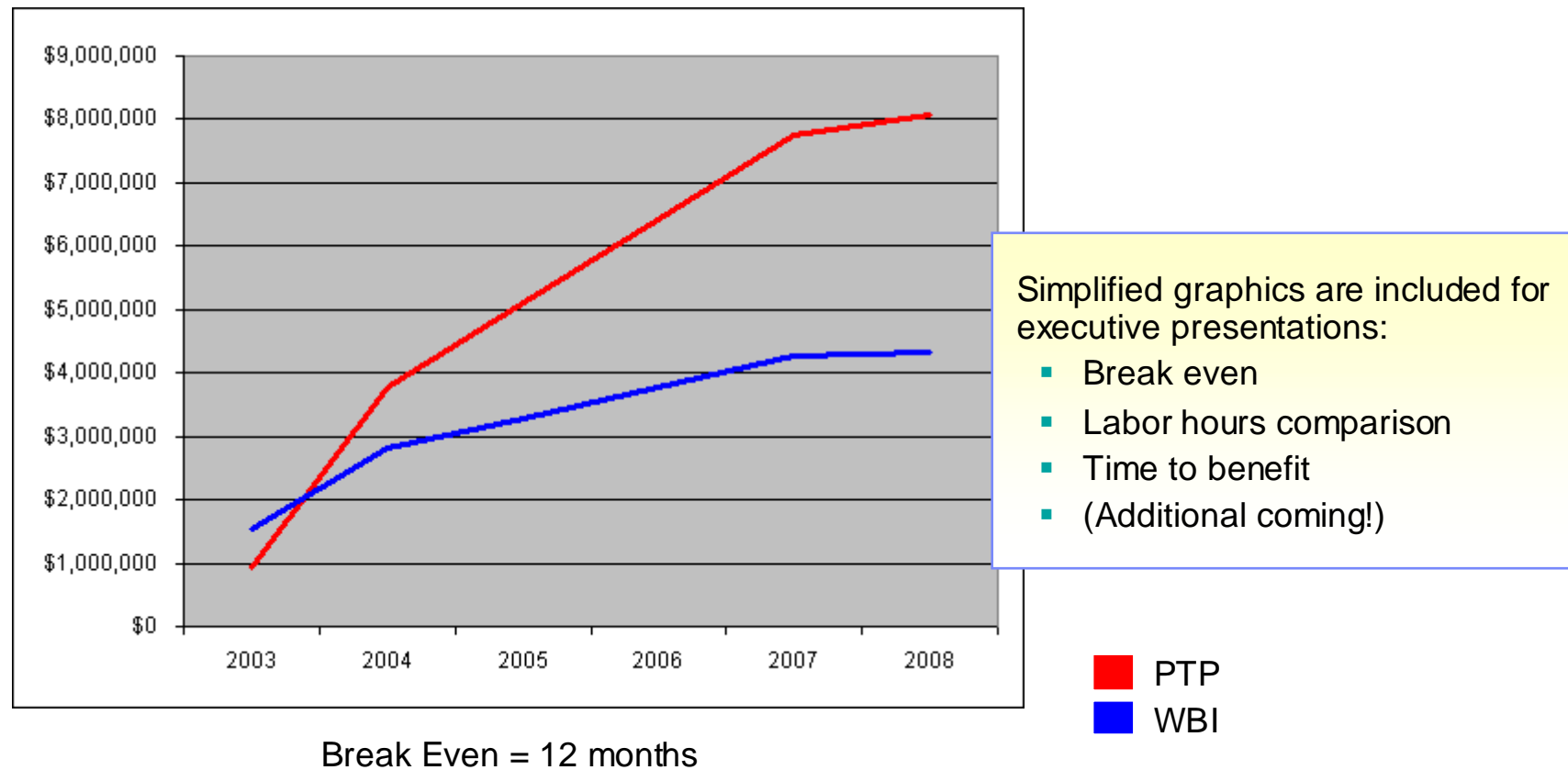
Drop Down Lists Worksheet

Estimate Type [Estimate_Type]
Component Build
Scenario Build
Interface Type [Interface_Type]
MQ Queue
JMS Queue
Java API
COM API
Web Service
CICS
SQL Database
File
Interface Formats [Interface_Formats]
Copybook
Tab/Comma Delimited
Fixed Width
Tag Delimited
COM Objects
Java Objects
XML
SOAP
Other
Build Difficulty [Build_Difficulty]
N/A
Very Simple
Easy
Medium
Complex
Operating System [Operating_System]
WinXP
Win2000
WinNT
...

Green color
coding indicates
fields that may be
changed

Variables are table driven and
cross referenced throughout the
model to allow for easy
adjustment and/or reconfiguration
based on customer situation

The new SOA Total Cost of Ownership model - highlights



SOA TCO planned/anticipated enhancements

Description	Timeframe	Benefit
XD calculator - incorporates reduced costs associated with server consolidation and increased reliability	<input checked="" type="checkbox"/> July	Improves overall IBM value proposition
Extension to additional WebSphere products (e.g., Ascential / DataStage)	August	Improves overall IBM value proposition
Enhanced TCO and Executive Summary graphics	August	Less time required to build Executive Summary
Model Builder - ability to add limited data with spreadsheet calculating assumptions-based results	August	Scalability - delivery by sales, shortened workshop cycle (TCO Express)
SAP and Industry templates - industry SOA scenarios with preloaded data	Sept (piloting now)	Used standalone or as a starting point for a workshop
ROI Framework - use of a common framework to express both TCO and ROI across the WebSphere portfolio (currently used by Portal, Product Center)	Sept-Oct	Ability to create a business case across the portfolio (targets competitors with multiple offerings)

WBI versus SAP XI Development Analysis

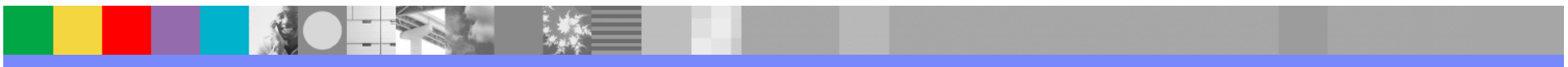
Description	WBI		SAP XI		Comments
	Hours	Lines of Code	Hours	Lines of Code	
System Configuration			4.0		SAP - Set up communication between R/3 and XI. Created the software components in SLD for JDBC and SAP R/3.
Adapter (or Channel) Install	4.0		4.0		WBI and SAP XI JDBC adapters
Define Business Objects:					
Object Definitions	1.1		7.6	274	WBI - Object Discovery Framework SAP - 3rd party tool for XSD's; coded wrapper for BAPI's
Define Triggers	1.8		16.0		WBI - Event tables installed SAP - custom code
Process Development:					
Process Definition	3.8		27.5	100	WBI - Collaboration templates SAP - BPM tool creates BPEL; custom code to validate customer and material.
Compensation	1.5		16.0		WBI - feature of collaboration SAP - custom code
Error Handling/Notifications	0.4		18.0	30	WBI - feature of collaboration SAP - custom code
Mapping:					
Map Transformations	2.1	25	6.5		WBI - CBOM to isolate applications SAP - point-to-point
Cross-reference	3.9		14.0	512	WBI - Relationship tool SAP - custom code
End-to-End System Testing	21.6		4.0		WBI - Test Connector isolates testing of interface components. SAP - no utility exists for testing
Totals	40.2	25	117.6	916	

Note: Detailed design, build and unit test time included with hours for each development activity.



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Value Assessment Workshop collateral and assets include customer-facing marketing material and sample results

- Brochures for SOA Jumpstart, Process Improvement, SOA TCO and COE Workshops
- Presentation material (workshop overview, details)
- RFP content (descriptions)
- Past results including Industry summaries (Retail, more coming)
- Templates (Retail, SAP, etc.)
- Supporting analyst reports and whitepapers
- Available through XL, Team Asset Store or through contacts



SOA Value Assessment team contact information

Location	Names and Contact Method
Worldwide	<ul style="list-style-type: none">■ Greg Price (gregprice@us.ibm.com)■ Ken Elston (kelston@us.ibm.com)■ Renee Cromwell (reneec@us.ibm.com)■ Hans Skalle (hskalle@us.ibm.com)■ Ozay Ertan (ozay@us.ibm.com)
AG	<ul style="list-style-type: none">■ Steve Sayer (ssayer@us.ibm.com)■ Wali Haider (haider@us.ibm.com)■ John Condaxis (jcondaxi@us.ibm.com)
EMEA	<ul style="list-style-type: none">■ Luisa ("Marisa") Lopez de Silanes Ruiz (LOPEZDSR@uk.ibm.com)
AP	<ul style="list-style-type: none">■ Rob Eldridge (robeldri@au1.ibm.com)
For customers	<ul style="list-style-type: none">■ IBMValue@us.ibm.com



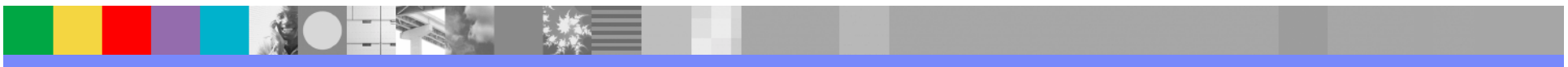
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Hyperlinked slides follow -please do not remove



SOA Jumpstart Architecture Workshop

A three-day educational and problem-solving work session designed to share IBM's experience with services oriented architectures and current best practices while focusing on an integration problem and/or business performance management (BPM) requirement

Activities

- Review the current environment, business integration challenges
- Discuss SOA standards, emerging technologies and IBM's Reference Architecture
- Explore services-based solution alternatives
- Recommend enhancements to the current architecture

Deliverables

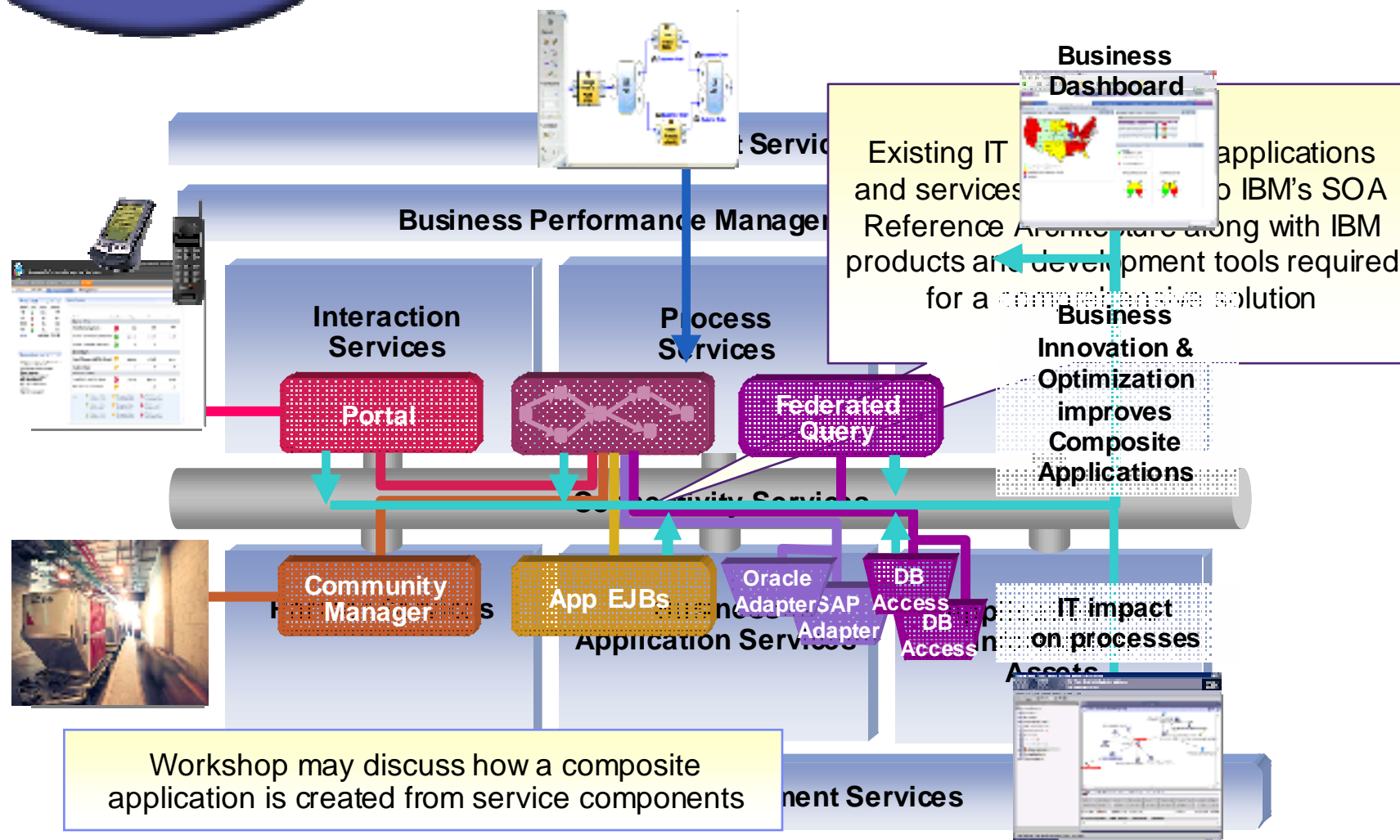
- Description of existing technical assets and environments
- High level architecture diagram of future solution
- Next steps recommendation

Participants

- Customer: Sponsoring IT executive and architecture team
- IBM: Software architects, subject matter experts

SOA Jumpstart
Architecture
Workshop

IBM's services-oriented Reference Architecture is the basis for discussion and fit/gap evaluation of alternatives





Process Improvement Workshop

A three- to four-day educational and problem-solving work session during which we document a current business process, define a high level technology-enabled alternative process, and compare the two using WebSphere Modeler's advanced simulation capability

Activities

- Establish process boundaries and link the process to business goals
- Model the activities that make up the current "As Is" process including decisions and failure points
- Document resources, roles, along with duration and revenue/cost values.
- Brainstorm changes to the process that would result in an improved, workflow-and/or integration-enabled alternatives and model the "To-Be" process
- Develop simulation cases and perform static and dynamic simulation analysis

Deliverables

- "As Is" and "To Be" simulation results and comparative reports, process diagrams

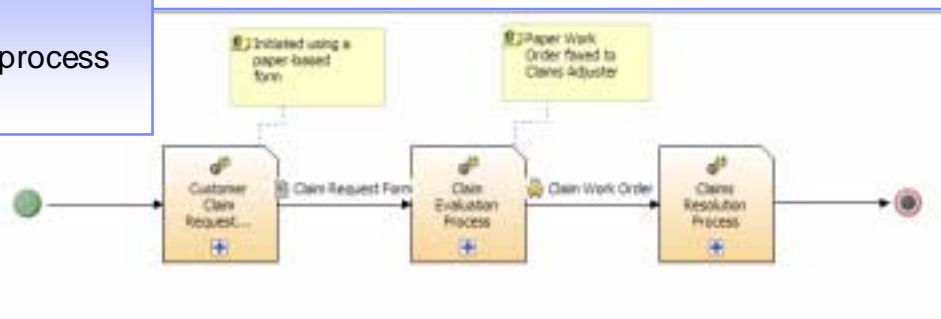
Participants

- Customer: Business and/or IT sponsor, appropriate business process experts
- IBM: Process modeling experts, technology specialists

Process Improvement Workshop

IBM's WebSphere Business Integration Modeler is used to map, analyze and compare alternatives to uncover savings

Existing Process:
Fragmented, paper-driven process with rework



Results may feed TCO cash flow model and/or business case

IBM Solution Alternative:
Integrated, web-based, workflow enabled process



Savings

\$ 38.94 / 22.5 Days
37% / 81%

Total Process Cost/Time

Before IBM

\$19.16/ 3.25 Days

\$38.31/ 2.25 Days

\$47.9/ 22.3 Days

\$105.37/ 27.8 Days

After IBM

\$ 1.28/ 14.4 Min.

\$38.55/ 1.25 Days

\$26.6/ 4.25 Days

\$ 66.43/ 5.3 Days



SOA TCO Value Assessment

A three- to four-day educational and problem-solving work session using IBM's comprehensive TCO model and methodology to create a five-year cash flow analysis that compares an IBM services-oriented solution/integration architecture to one or more alternatives

Activities

- Identify the required services for application integration and business performance management (BPM)
- Group and rank services by complexity to estimate design, build and unit test costs
- Identify reusable components and services
- Estimate fixed and variable costs, key cost drivers
- Evaluate and compare alternative scenarios

Deliverables

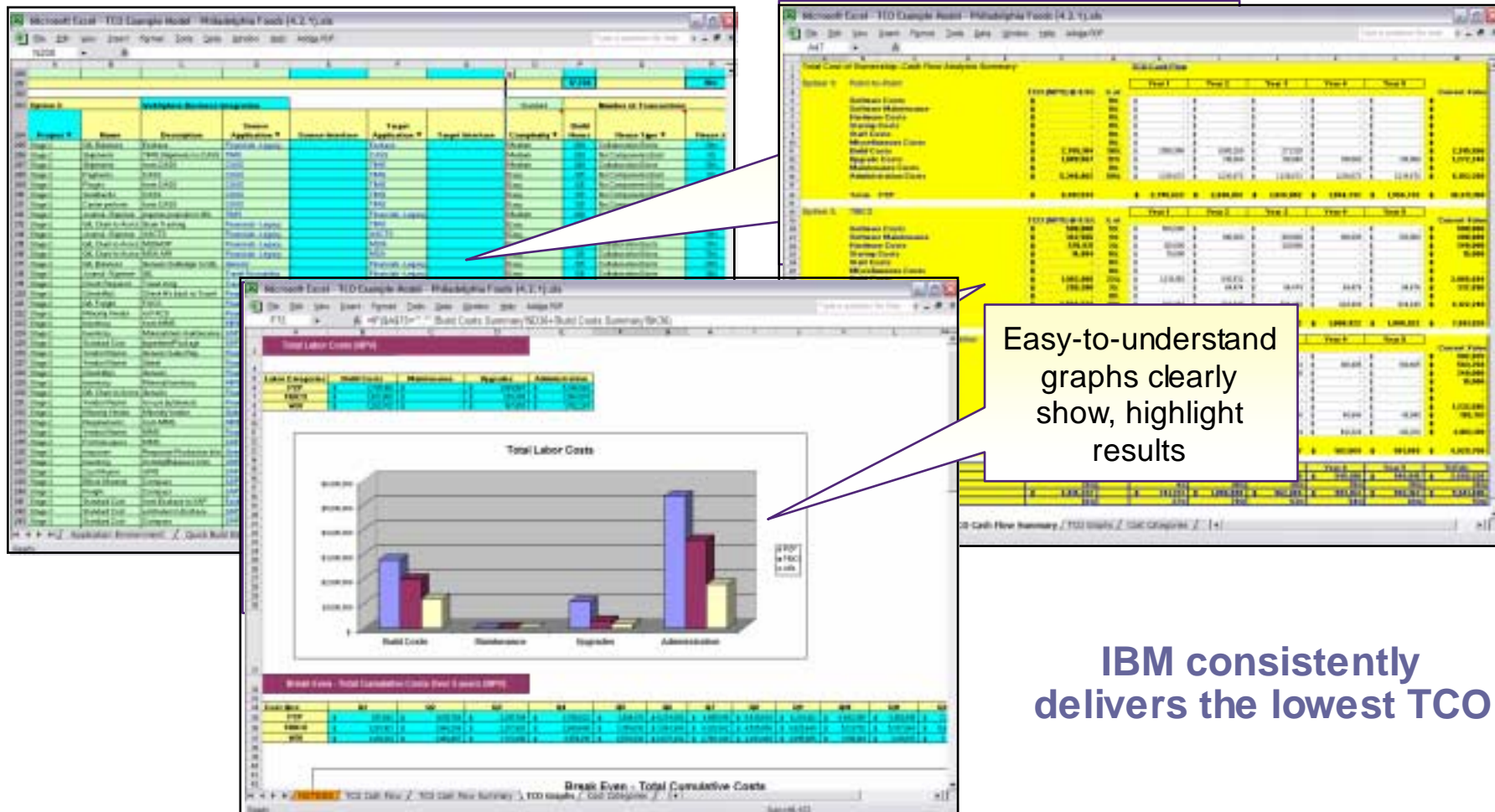
- Five-year cash flow model and TCO business case to support project funding and investment requirements

Participants

- Customer: IT sponsor, appropriate project team representatives, IT architects
- IBM: Software architects, Value Assessment experts

SOA TCO Value Assessment

IBM's services-oriented TCO model has been refined through more than 350 engagements. Multiple scenarios may be compared



IBM consistently delivers the lowest TCO



Center of Excellence Workshop

A three-day educational work session that provides a high-level strategic perspective and useful information on organizational and ICOE team structure, funding models, change management, implementation techniques, and the ICOE operational environment

Activities

- Explore Integration Center of Excellence concepts, governance models, critical success factors, alternative team structures, and lessons learned
- Review current governance policies and operational procedures, integration methods, performance measures, Service Level Agreements (SLAs), and best practices including component reuse
- Review current integration projects to determine ICOE launch/startup candidates
- Develop ICOE mission, scope and high-level objectives, draft Governance Model and team structure

Deliverables

- ICOE mission, scope and objective statement, draft governance model, selected best practices recommendations

Participants

- Customer: IT executive sponsor and leadership team representatives, IT architects
- IBM: ICOE facilitator and subject matter experts

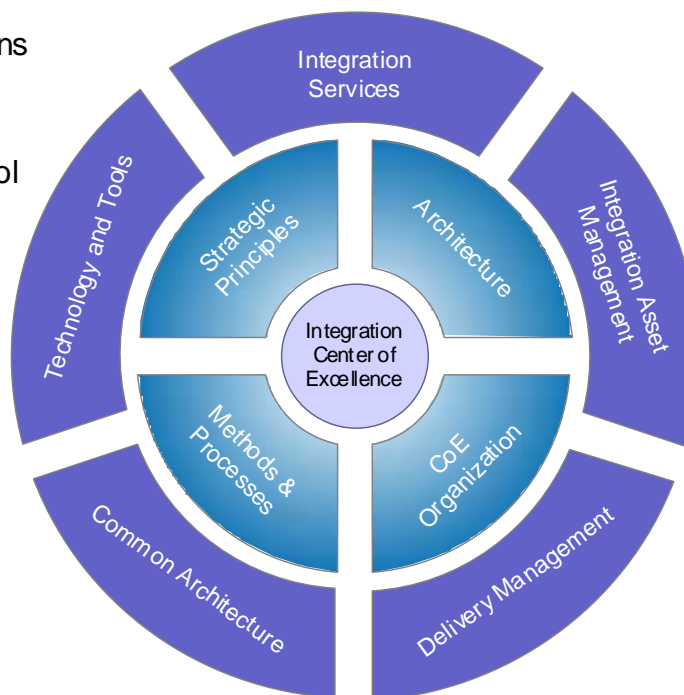


Center of
Excellence
Workshop

SOA Best Practice: A Center of Excellence enables success, facilitates consistency, reduces costs, and drives reuse

CoE Services

- Research and Industry Solutions
 - Web Services/SOA
 - Facilitate product selection
- Best Practices (e.g. cost control though standards)
- Methodologies (establish and maintain)
- Enterprise Architecture
- Process modeling assistance
- Delivery (high-level planning, promote to production)
- Support (Levels one and two)



Common Architecture

- Install one common standard global architecture for integration
- Operational efficiencies through architecture standards
- Architectural patterns and reuse

Delivery Management

- Service provider management
- Integration Infrastructure coordination
- EDI service coordination
- Integration Security coordination

Integration Asset Management

- Develop initial set of integration assets
- Object repository
- Process for project access to assets
- Process for harvesting project assets
- Measures to drive reuse

