Accelerate, Innovate, Differentiate: Win with Smart SOA™ Approaches

Manoj Saxena
VP, Global Solutions and Asset Management

IBM's 2008 CEO Study - The Enterprise of the Future Is:

New!

Hungry for Change
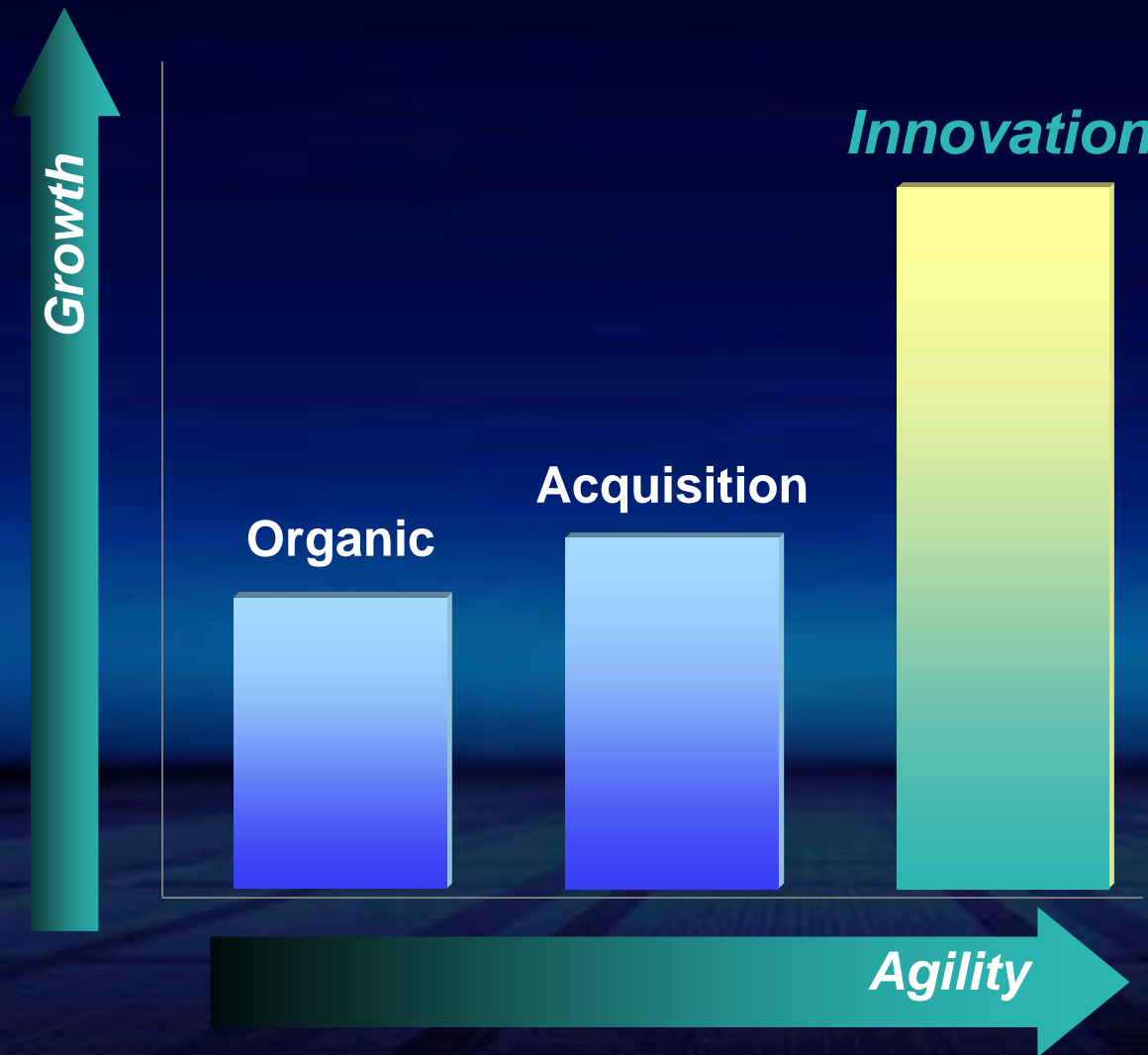
Globally Integrated

Disruptive by Nature

Genuine, Not Just Generous

Innovative Beyond Customer Imagination

In-depth study taking the pulse of over 1100 CEOs

The Enterprise of the Future Demands Agility

Growth

Innovation

Acquisition

Organic

Agility

Companies that demonstrate the highest levels of Agility and Innovation realize the greatest growth

Agility is Essential to any Growth Strategy

IBM Expanded Global Reach Through Greater Agility
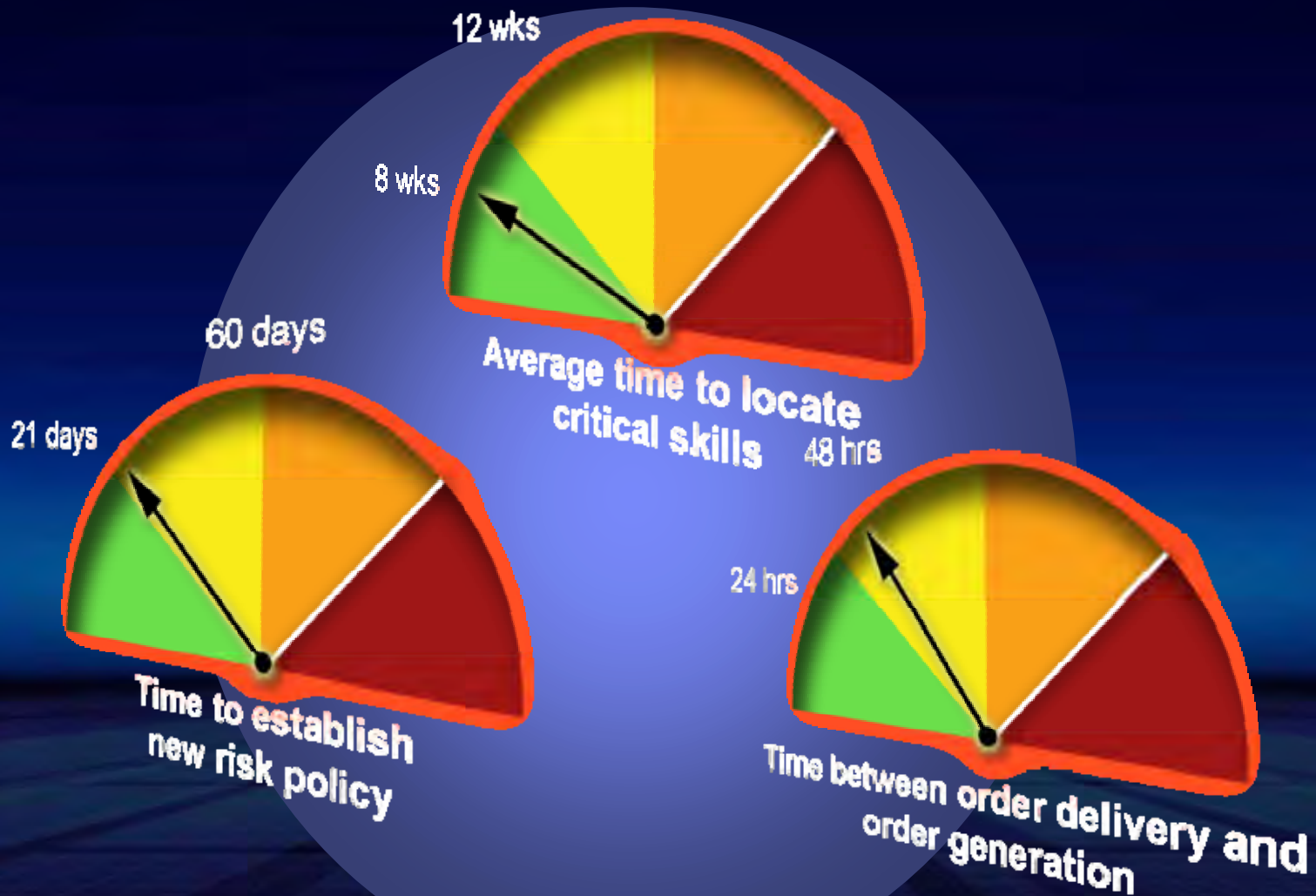
63% of revenue came from non-US operations

18% growth in BRIC countries

53 acquisitions in software since 2002

8% yr/yr revenue growth

Start By Benchmarking with Key Agility Indicators

270 KAIs in the Benchmark Wizard

# Achieve Greater Agility Through Service Orientation

- Know their customers and their profiles

- Continually evolve services

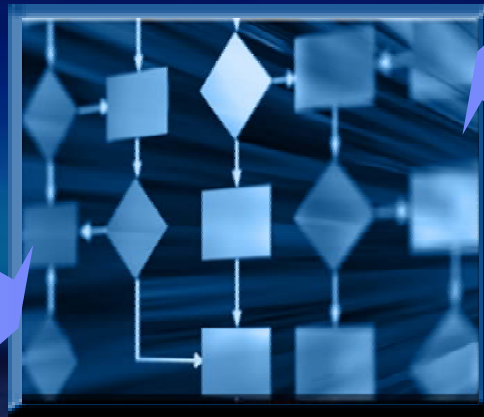- Drive quality assurance by continuously surveying

- Drive loyalty by meeting customer expectations

- Become indispensable not just irreplaceable

- Create new value offerings to enable up-selling

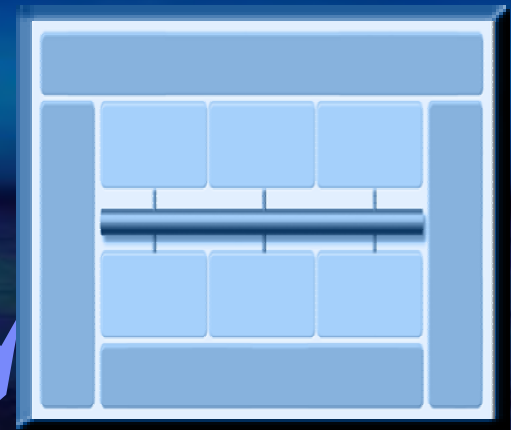# Reach Service Orientation From Multiple Onramps

Business Architecture
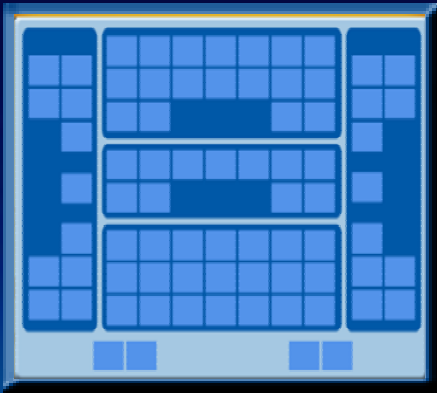
Business Processes

SOA Foundation & Infrastructure

Success requires the alignment of business & IT

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IBM's integrated Industry Solutions and Framework offerings align Business with IT

Industry Solution : An offering that solves a client's business problem through a combination of:

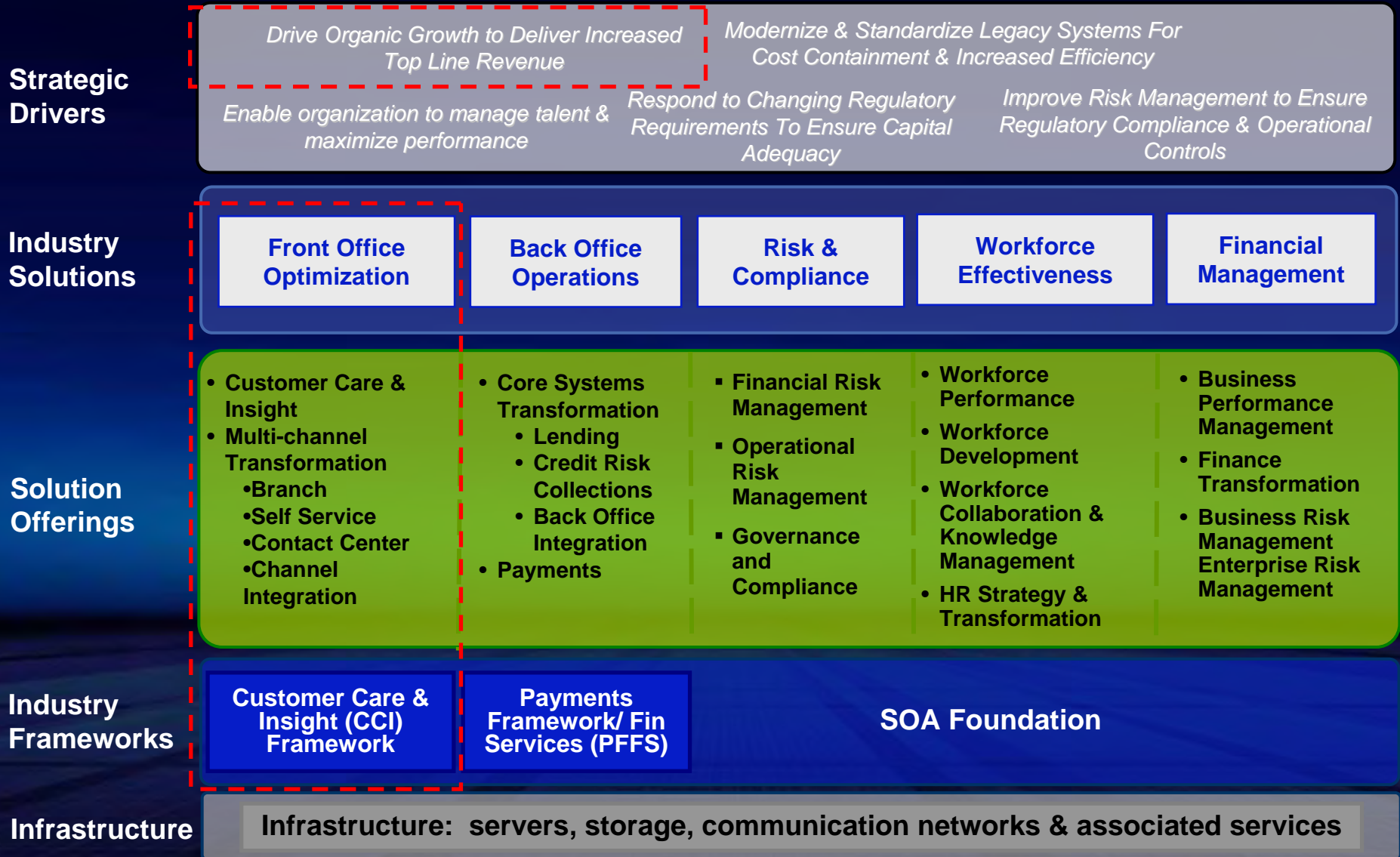- Defined intellectual property, technology assets, applications, tools, methodologies
- Industry and subject matter expertise
- Global delivery model

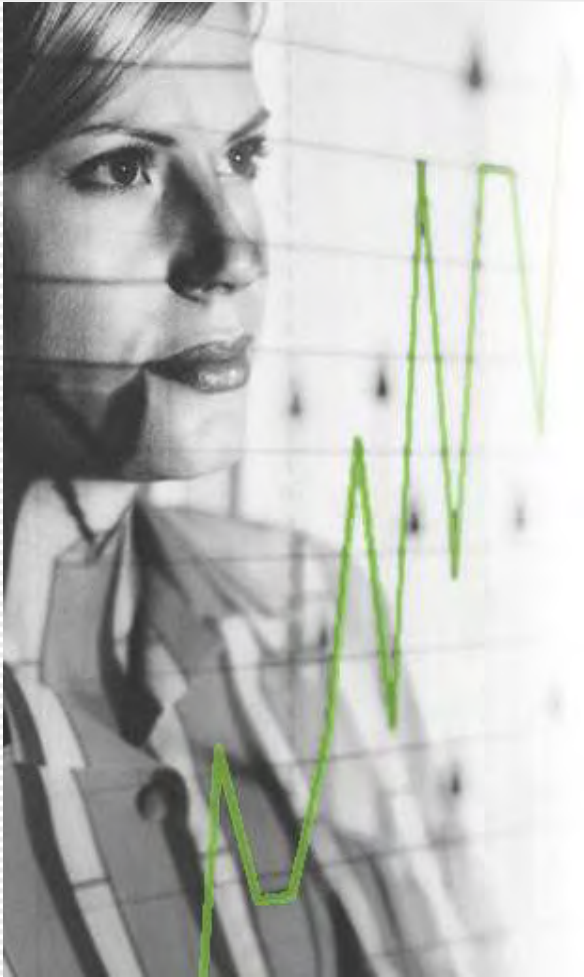**Industry Framework :** A software platform with following attributes

- Industry-specific extensions / standards
- Focused on industry-specific business issues/usage patterns
- Supports an ecosystem of business partners
- Based on service-oriented architecture

Banking Industry Solutions map

Strategic Drivers	*Drive Organic Growth to Deliver Increased Top Line Revenue*		*Modernize & Standardize Legacy Systems For Cost Containment & Increased Efficiency*		
	Enable organization to manage talent & maximize performance		*Respond to Changing Regulatory Requirements To Ensure Capital Adequacy*	*Improve Risk Management to Ensure Regulatory Compliance & Operational Controls*	

Industry Solutions	**Front Office Optimization**	**Back Office Operations**	**Risk & Compliance**	**Workforce Effectiveness**	**Financial Management**

Solution Offerings	• Customer Care & Insight
	• Multi-channel Transformation
	  •Branch
	  •Self Service
	  •Contact Center
	  •Channel Integration
		• Core Systems Transformation
		  • Lending
		  • Credit Risk Collections
		  • Back Office Integration
		• Payments
			▪ Financial Risk Management
			▪ Operational Risk Management
			▪ Governance and Compliance
				• Workforce Performance
				• Workforce Development
				• Workforce Collaboration & Knowledge Management
				• HR Strategy & Transformation
					• Business Performance Management
					• Finance Transformation
					• Business Risk Management Enterprise Risk Management

Industry Frameworks	**Customer Care & Insight (CCI) Framework**	**Payments Framework/ Fin Services (PFFS)**	**SOA Foundation**

Infrastructure	**Infrastructure: servers, storage, communication networks & associated services**

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Customer Care and Insight Framework for Financial Services Sector

Solving front office, customer oriented business problems in banking, insurance, & financial markets

- **IBM SOA Blueprints for banking and insurance**

- **IBM points of view , industry best practices and open standards**

- **Data, Process, and physical models and mappings**

- **Customizations for Cognos, Business Data Warehouse, and Master Data Management**

- **Seven leading standards-compliant ISV specialists**

Customer Care & Insight (CC&I) Solution Detail

Solution Offerings

Customer Care & Insight Solution

- **Customer Information Optimization**
- **Insight Optimization**
- **Customer Marketing Optimization**
- **Customer Sales Optimization**
- **Customer Service Optimization**
- **Customer Compliance & Fraud Optimization**

IBM Assets

- Know Your Customer - *Concept Stage*
- Up Sell/Cross Sell – *Pre-Concept Stage*
- Preferences – *Pre-Concept Stage*
- Event Based Decisioning - *Pre-Concept Stage*
- Disputes - *Pre-Concept Stage*
- Householding - *Pre-Concept Stage*
- Dynamic Product Bundling - *Pre-Concept Stage*
- Marketing Communications - *Pre-Concept Stage*
- Case Management - *Pre-Concept Stage*
- Campaign Management – *Pre-Concept Stage*

Target ISV Ecosystem

Chordiant

KANA

Unica

D&B

SAS

SPSS

FairIsaac

Industry Framework

Banking Customer Care & Insight Framework

Industry Extensions

- Mapping and integration of InfoSphere MDM Server to IFW models
- Cognos risk adjusted profitability blueprint
- Extension of logical BDW models, physical models and mapping customer domain and data integration to BDW

New!

Key Components from SOA Foundation

Information Mgmt.	WebSphere	Rational	Tivoli	Lotus
• InfoSphere Warehouse • InfoSphere MDM Server • Enterprise Content Mgmt. • Information Server • IBM Cognos	• Business Services Fabric • Process Server • Business Monitor • Application Server • Enterprise Service Bus	• Data Modeler • Software Architect	• Access Manager • Identity Manager	• Forms

Infrastructure

Infrastructure: servers, storage, communication networks & associated services

Framework Coverage Across Industries

Today

- Telecommunications
- Energy & Utilities
- Retail
- Banking
- Financial Markets
- Automotive
- Electronics
- Aerospace & Defense
- Chemicals & Petroleum
- Healthcare

In Pipeline:

- Manufacturing Integration
- Media Hub
- Network Centric Operations
- Customs, Ports and Borders
- Insurance Process Automation
- Core Banking Renovation

Real Business Value with Frameworks: Bharti

Scale to meet the needs of 1.5 million new customers per month

- Activate new mobile accounts: <2 hours vs. days

- Self-service website:
  - ⇑ customer satisfaction
  - ⇓ call center load

- Improved Business Intelligence

- SOA standardized platform

A Flexible Business Architecture

Today's Business Landscape is Undergoing *Rapid* and *Transformative* Change

Are you prepared?

IBM's Smart SOA Approach Accelerates Alignment and drives Results

Sandy Carter
VP, SOA & WebSphere Marketing, Strategy, and Channels

Service Orientation Requires Business and IT Alignment

Aligned IT and Business result in DOUBLE the productivity gains of isolated business and IT efforts

Source: London School of Economics – McKinsey survey and analysis of 100 companies in France, Germany, UK and US

Align Business and IT with Service Orientation & SOA

6550 Clients

Service Managers:
A Service

A **repeatable business task** –
e.g., check customer credit; open new account

Agility
Reuse

Business Managers

Architects

Service Orientation

A way of integrating your
business as linked services
and the outcomes that they bring

Service Oriented Architecture (SOA)

An IT **architectural style**
that supports service orientation

The Smart SOA™ Approach Accelerates Alignment

Business

Simplicity

| Foundational | Extend End-to-End | Transform | Adapt Dynamically |

Basic

Advanced

Robustness
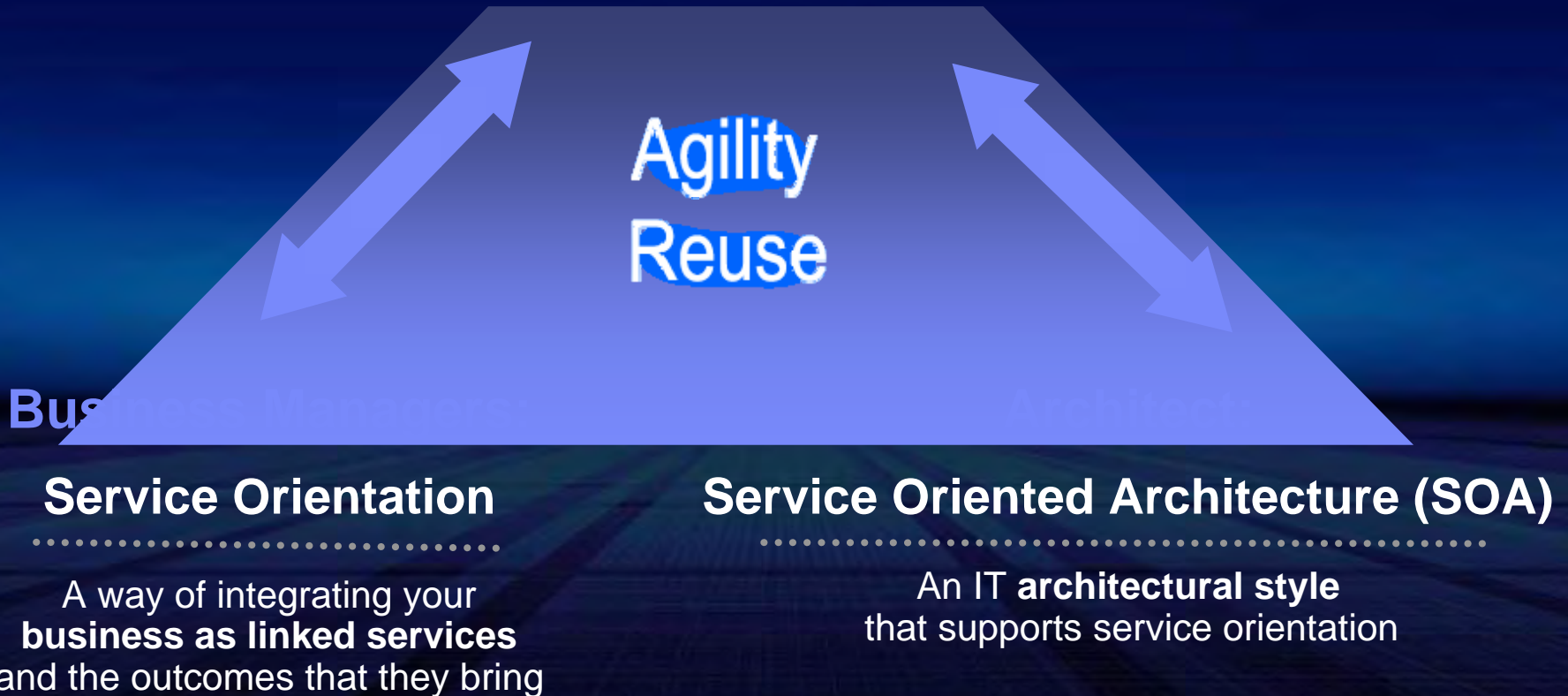
IT
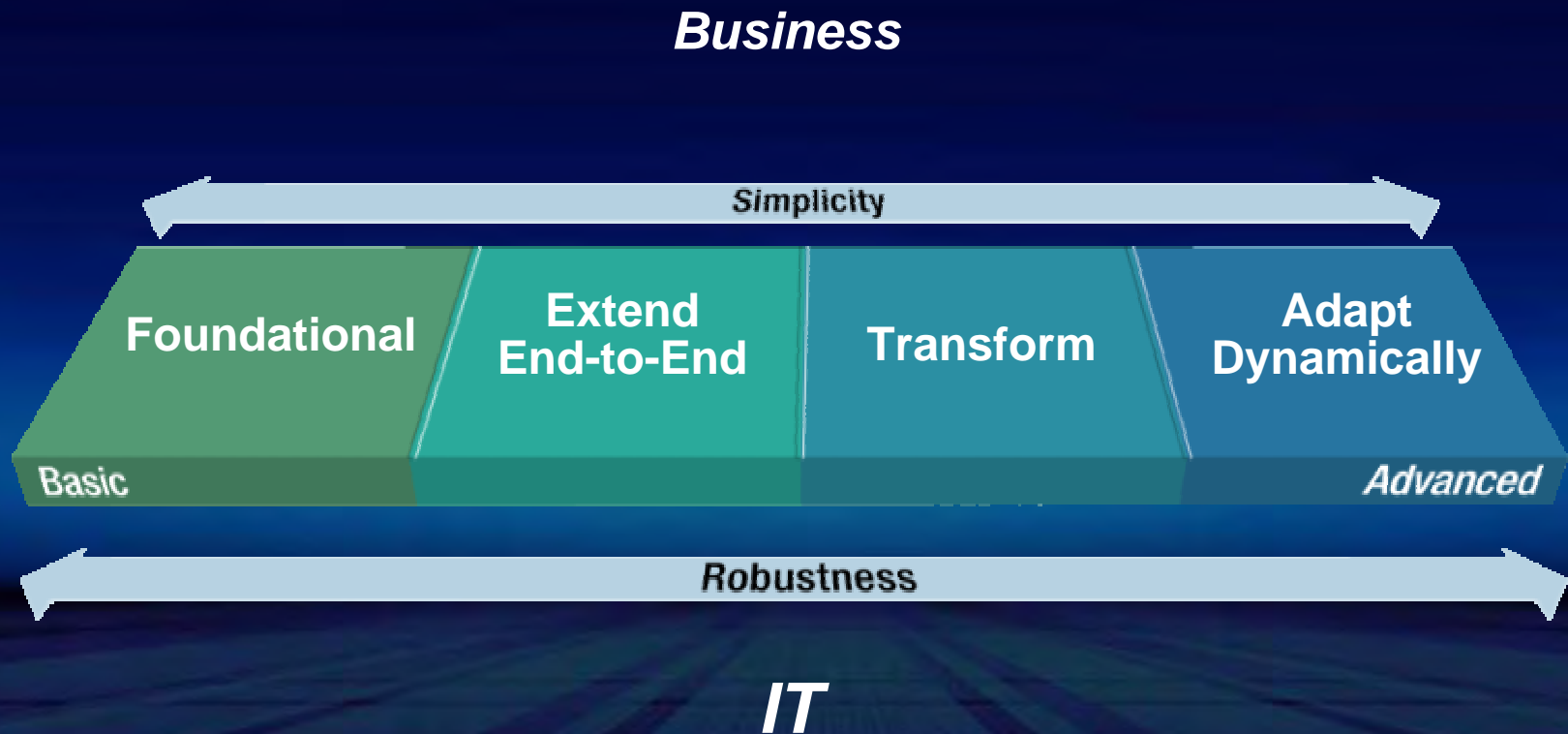
Smart SOA Approach in Action: Standard Life

Expose and deploy business services for reuse

- Incentives for reuse

- £16m savings in three years

- 440 reusable services used in over 200 applications

- Over 1,200 instances of reuse

- 900% increase in transaction rates

- No increase in IT staff

STANDARD LIFE®

SOA Entry Points Get You to Value Faster

Advanced

New and Enhanced!

SOA Configurations

People

Information

Process

Connectivity

Reuse
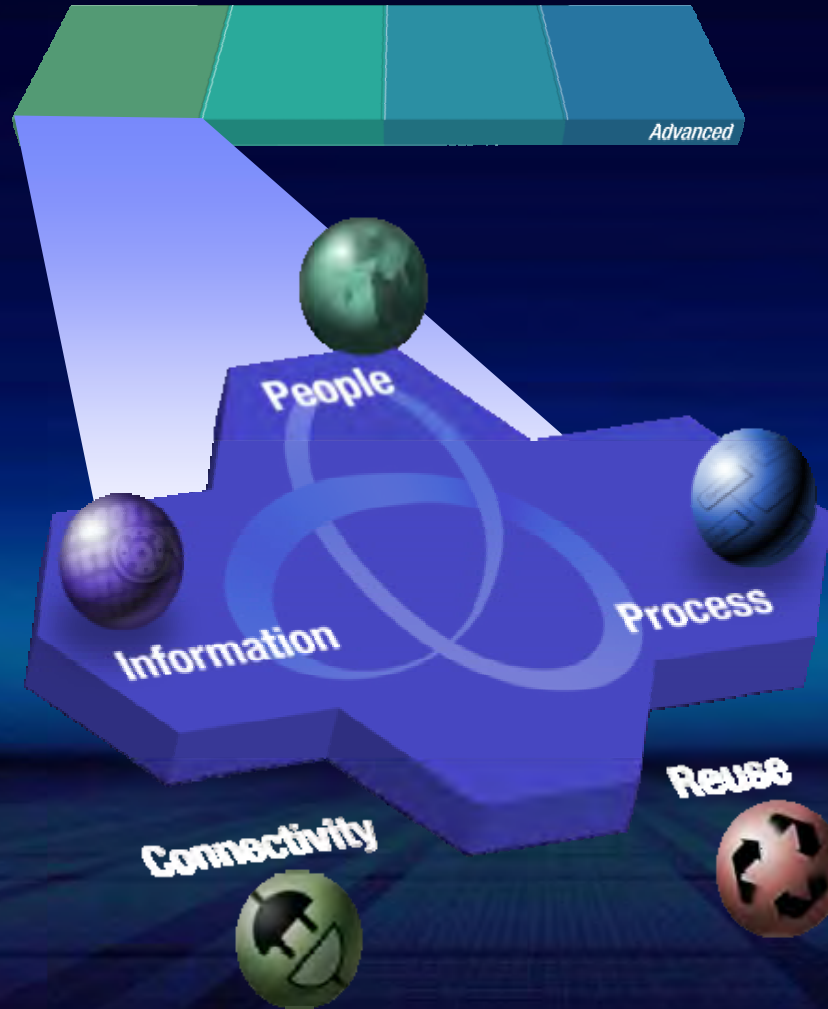
Simplicity with every initiative

Entry Points in Action: Grohe

World Wide Sales Offices

Suppliers

GROHE
ENJOY WATER

WebSphere Adapters

WebSphere Message Broker

On site employees

MySAP

WebSphere Adapters

Manufacturing (Legacy)

WebSphere Adapters

Inventory (Legacy)
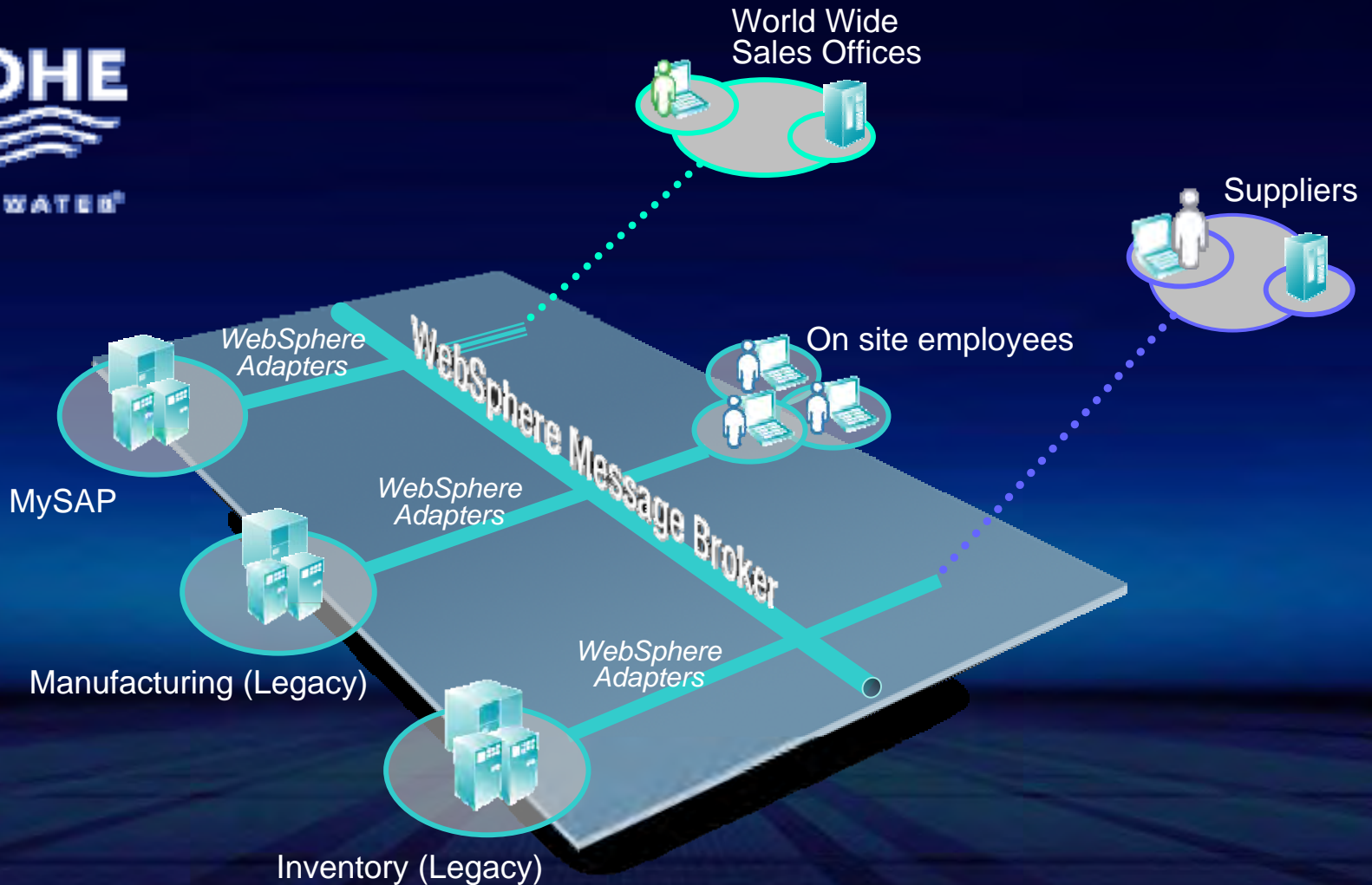
Extend SOA Entry Points with Web 2.0

What is Web 2.0?

- A set of new Web-based technologies, that enable the web to become a platform for dynamic content creation and distribution

- A new generation of web-based communities and hosted services — such as social-networking sites, wikis, and folksonomies — which aim to facilitate creativity, collaboration, and sharing between users.

"The point isn't the features, it's the underlying philosophy of relinquishing control."

Enabling Technologies	Social Media

Quickly Create Situational Applications With Web 2.0 and SOA

IBM Mashup Center

Lotus Mashups
(Assembly-centric)

Assemble widgets into dynamic mashups

Sharing + discovery of mashable widgets

Infosphere MashupHub
(Information-centric)

Unlock information and transform and mix it into new feeds

WebSphere sMash
Deliver Web 2.0 based applications, enabling mashups

* New!
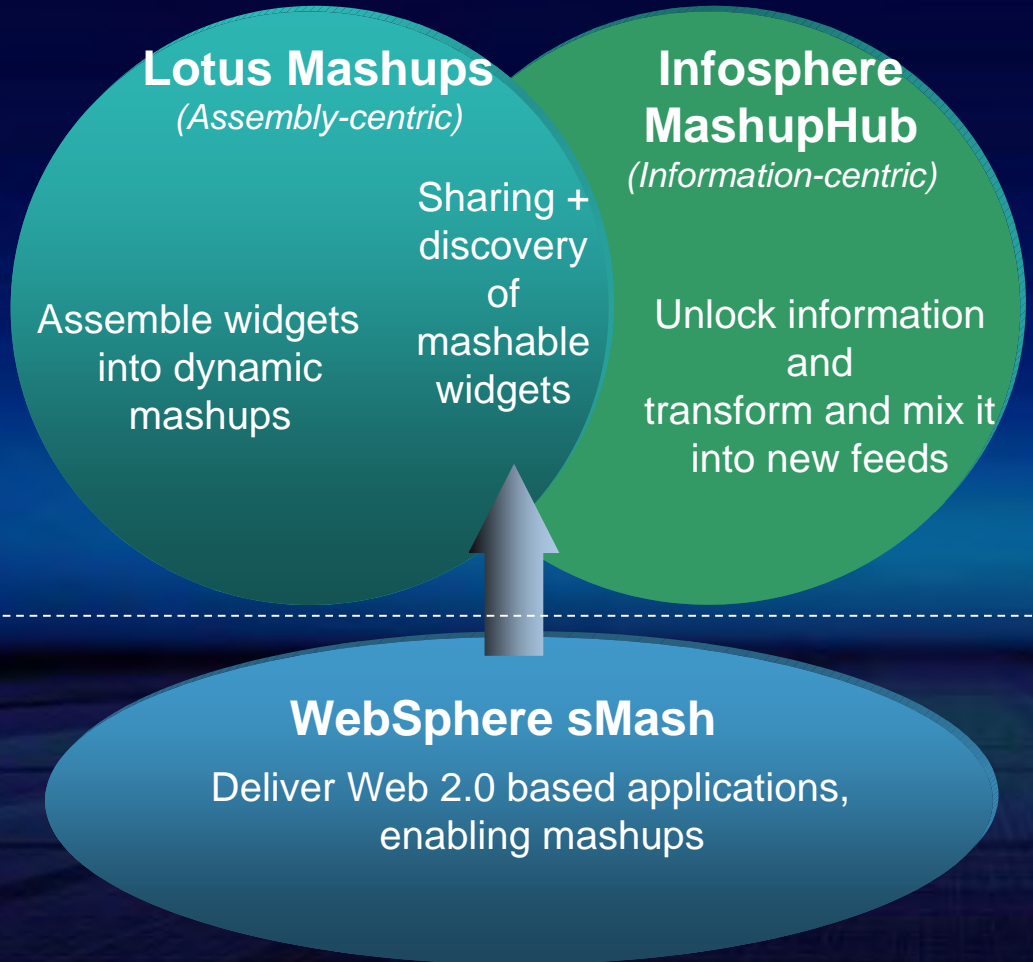
IBM Mashup Center

- Users Quickly Create Their Own Applications Using SOA

WebSphere sMash

- Agile development environment
- Dynamic Scripting
- Widget creation for IBM Mashup Center

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Real Business Value: Harley Davidson

Adoption of SOA is Evolving Across the Continuum

% of SOA Customers by Approach

61% — Foundational

29% — Extend End-to-End

<8% — Transform

<3% — Adapt Dynamically

Basic

Advanced

Large Enterprises

Medium Businesses

Small
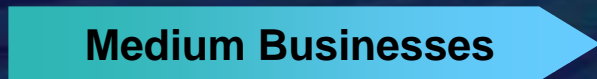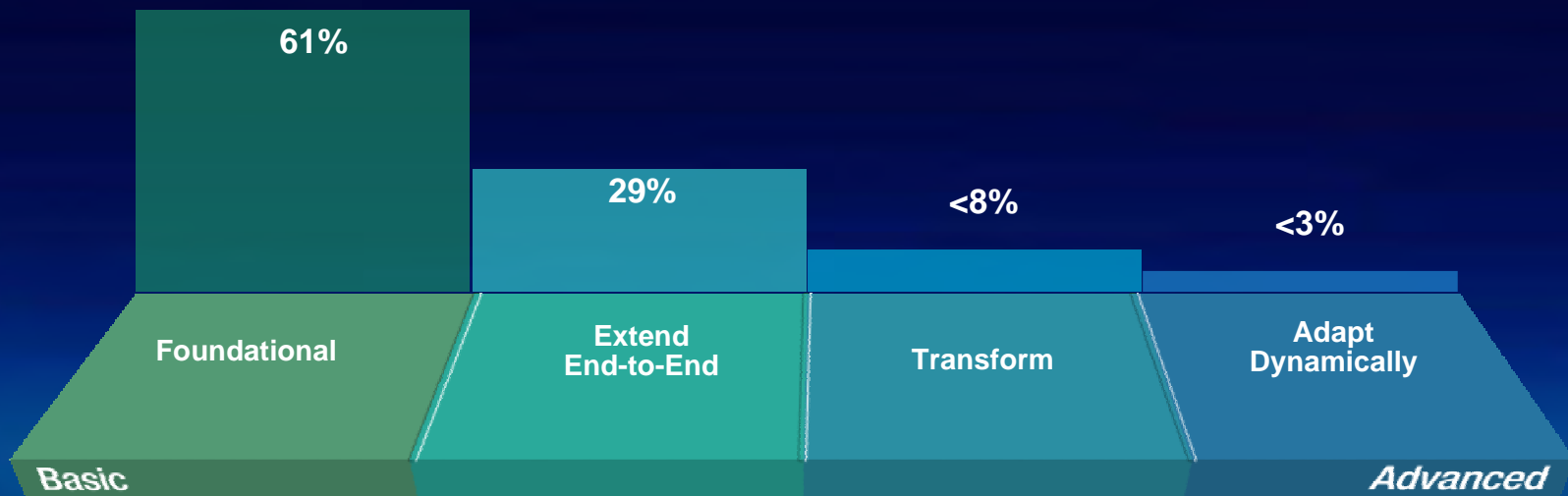
Employee Size

■ **Greater than 4,999**

■ **Between 1,000 and 4,999**

■ **Less than 999**

What Are The Costs of Inflexible Processes?

In 2007, a Major U.S. Discount Airline facing inclement weather, but not severe storm …

- Stranded customers on planes for 10+ hours … without food, water, and heat

- Cancelled >25% of flights days after initial incident

- 30M USD in customer refunds

- 14% drop in stock price; 400M USD in shareholer value destroyed

- CEO relieved of duty

"We had a weakness in our system. We were overwhelmed."
David Neeleman, Former CEO JetBlue Airways

Manage End-to-End Processes with BPM Enabled by SOA

Business Process Modeling & D...

Human Interaction & ...oration

Bu... Activity Monitoring & Analysis

...rocess Execution

BPM Enabled by SOA in Action

Automated, optimized, and innovated oil exploration and recovery process

- 5% increased oil production

- 30% maintenance cost reduction

- Interdisciplinary collaboration

StatoilHydro
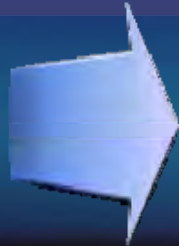
IBM BPM Suite Starter Sets Accelerate Time-to-Value

IBM BPM Suite

Announcing!

Foundational Starter Sets

Dynamic Business Processes

Content-Aware Processes

Extended Value Offerings

Business Event Processing
Asset repository for BPM
Collaboration Tools
Advanced Analytics
Process Accelerators

BPM Methodology • BPM Professional Services • BPM Mentoring

Advanced BPM Capabilities for Innovation

When do you act? → **What do you do?**

Business Events Processing
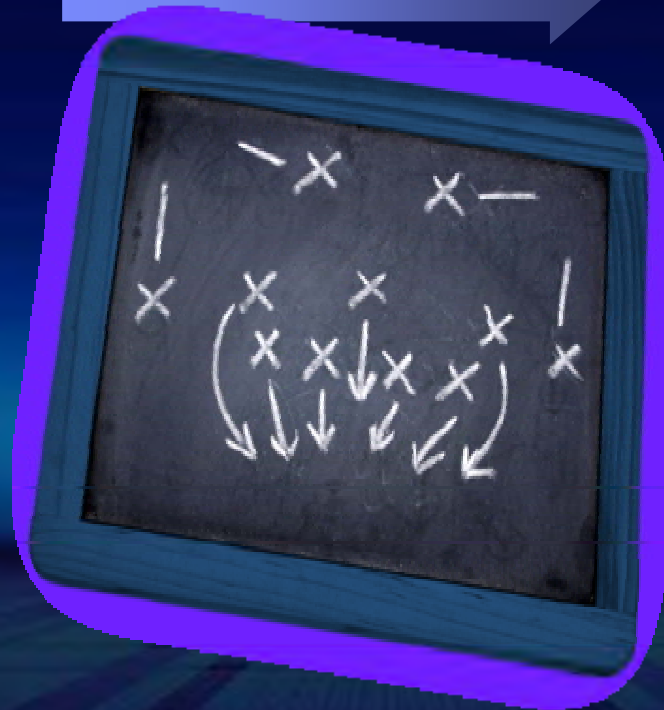
Business Policy

WebSphere Business Services Fabric

Announcing!

WebSphere Business Events

Use BPM Enabled by SOA for Environmental Initiatives

Process Integrity for the Stresses of Volume and Time

New and Enhanced!

WebSphere Virtual Enterprise
WebSphere eXtreme Scale
SOA Integration Services
  for Process Integrity

Transactionality

Compensation

Scalability

Rollback

Remediation

Security

Design With The SOA Reference Architecture

Infrastructure

Business Services

Development Services

Interaction Services

Process Services

Information Services

Enterprise Service Bus

Partner Services

Business App Services

Access Services

Service Management

Infrastructure Services
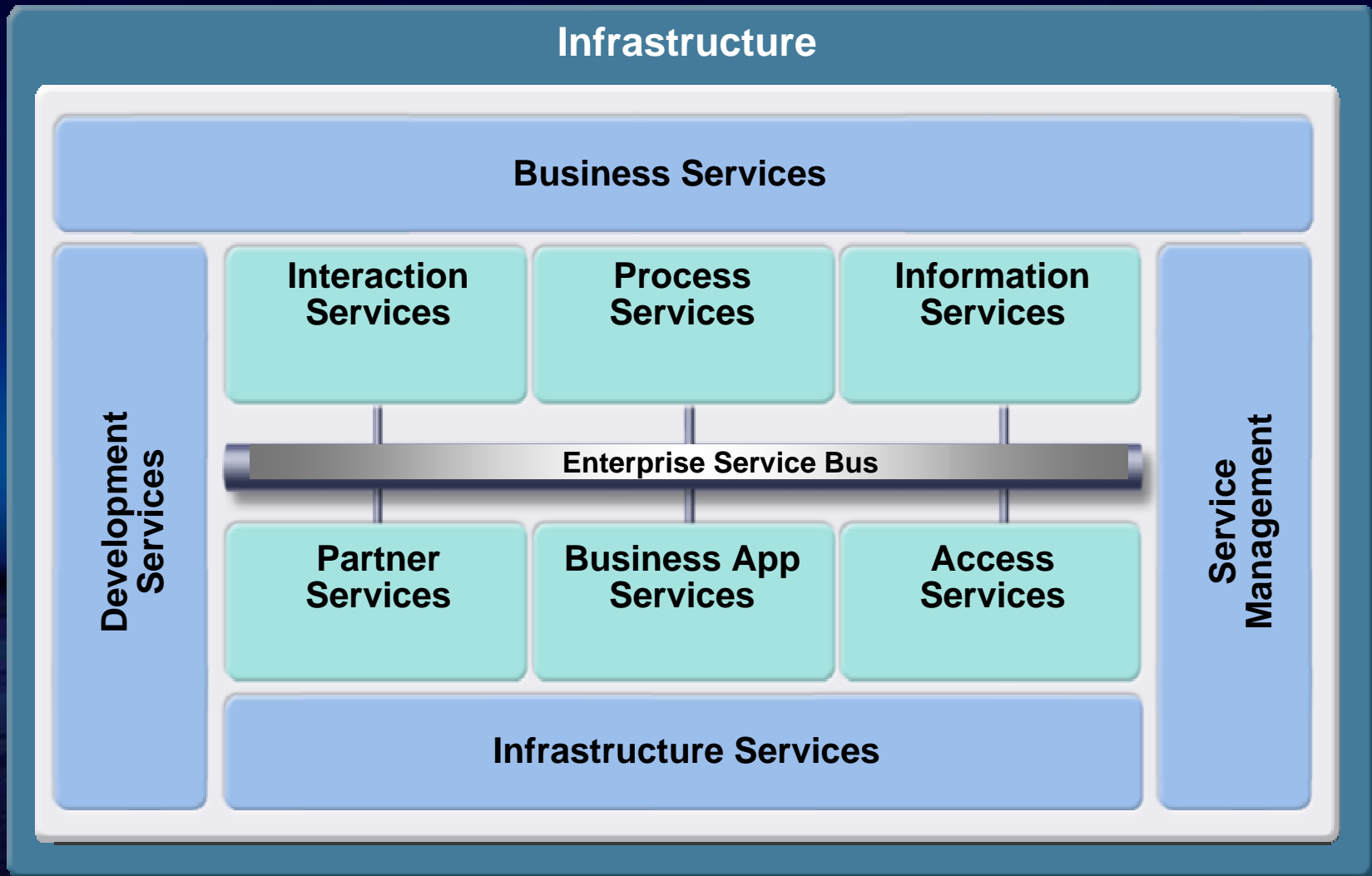
Establish and Maintain your SOA Health

Infrastructure Healthcheck for SOA

Flexible Infrastructure   Middleware   Service Management

Applications and Services Healthchecks for SOA

▸ **Workshops**
▸ **Assessments**
▸ **Specialized Diagnostics**

New! **Infrastructure Architecture Healthcheck for SOA**

Service Use and Governance   Security   Application Reuse

Healthchecks In Action: Major Asian Government Organization

Can existing SOA infrastructure handle hundreds of additional partners?

- Automated tax collection system

- Extended system to handle 800,000+ users

- Handles 500 transactions per second

- Saved over US$1 billion

- Tax preparation and payment: 4 hours → sub- 10 minutes

Meet Security Requirements of SOA Environments

Enhanced!

Identity propagation even across federated ESBs

Protection against increased exposure

Compliance for audits with security policy, dashboards, & reporting

Tivoli Federated Identity Manager

Identity & Access Management Services

Rational AppScan

Beta!

Tivoli Security Policy Manager

Tivoli Security Information and Event Manager

Build Skills: Join the Smart SOA Social Network

New and Enhanced!

NEW

Enhanced

- Industry
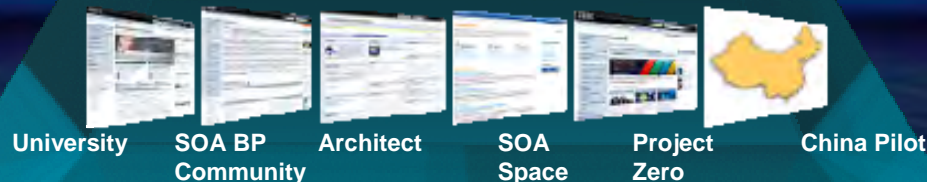- Business Analyst

- Architect Space
- SOA Developer Space

Role Based

- Innov8
- Certifications
- Online classes

Skills Focused

- Exchange Based on Lotus Connections

Globally Connected

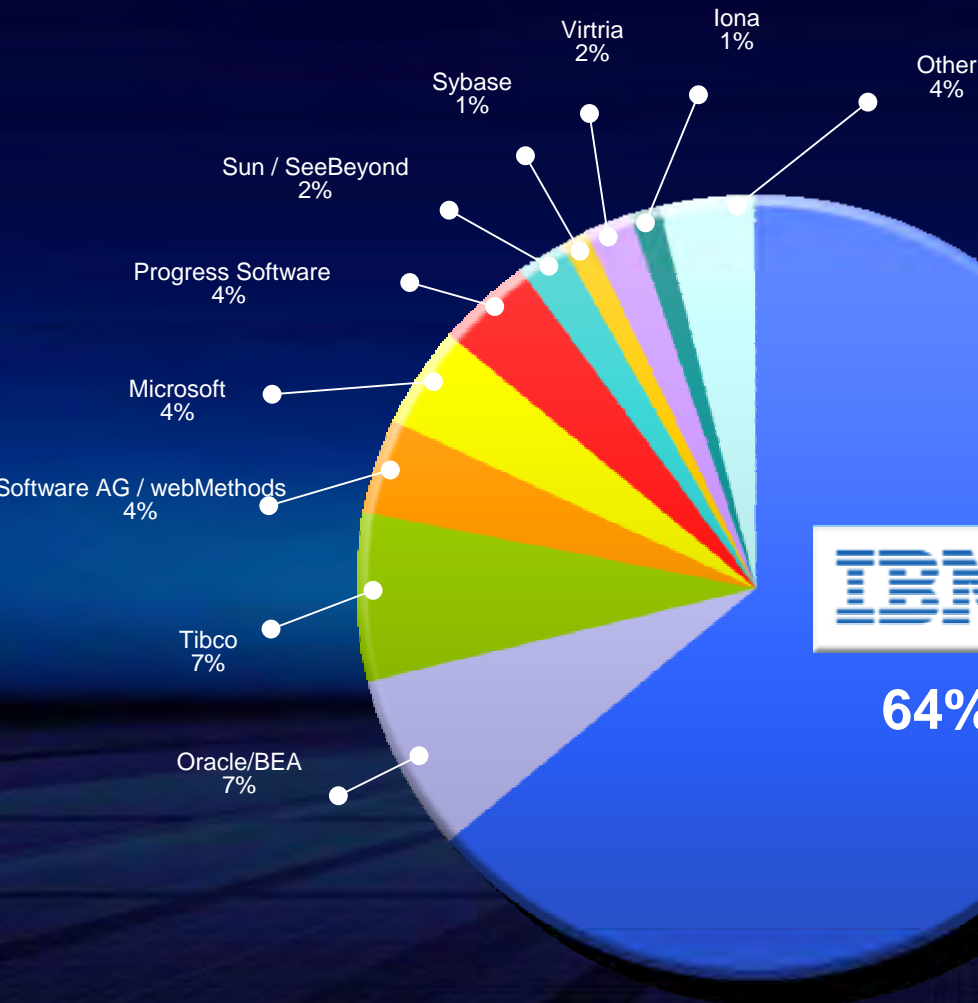University   SOA BP Community   Architect   SOA Space   Project Zero   China Pilot

Interdisciplinary Skills for the T-Shaped Person

Partner with a Market Leader

SOA Leadership according to WinterGreen Research

Iona 1%

Virtria 2%

Sybase 1%

Sun / SeeBeyond 2%

Progress Software 4%

Microsoft 4%

Software AG / webMethods 4%

Tibco 7%

Oracle/BEA 7%

Other 4%
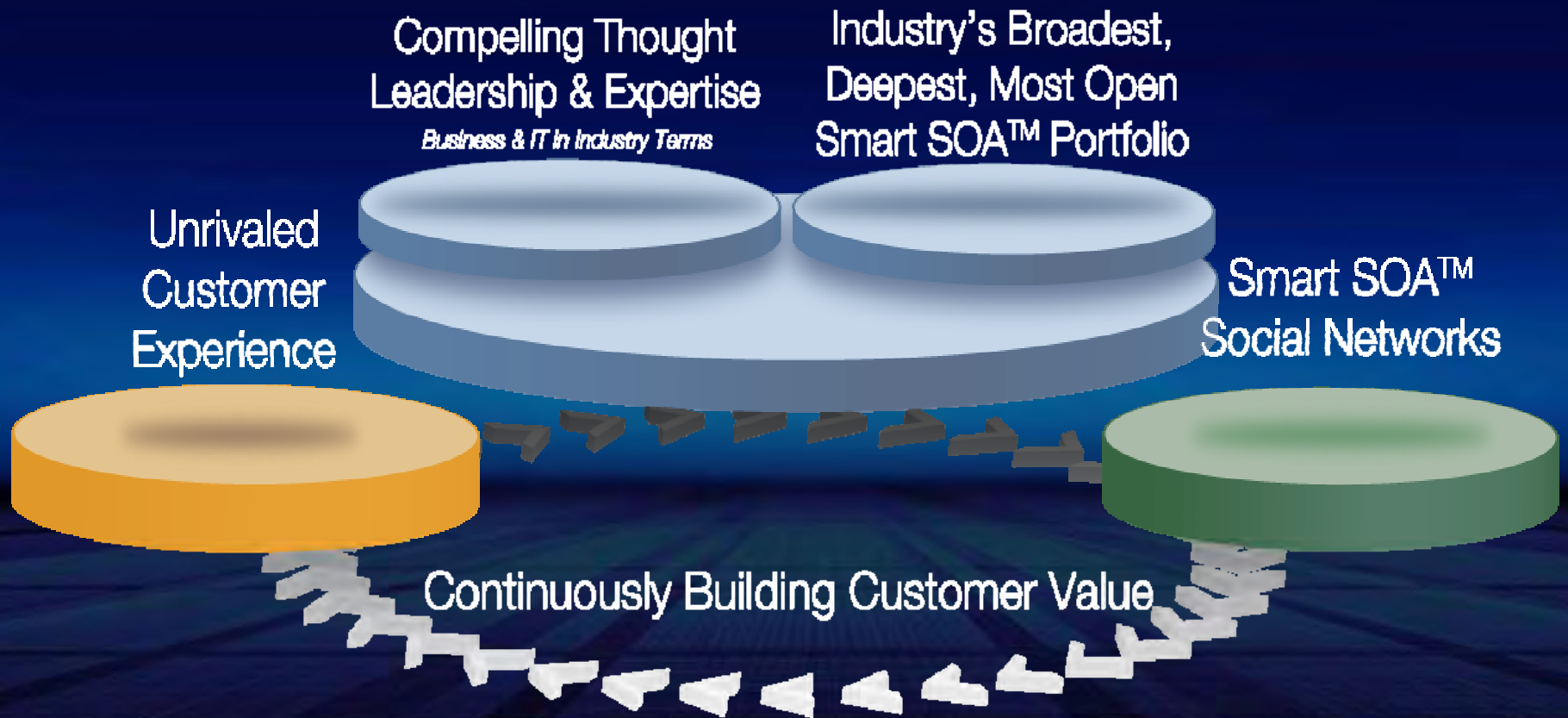
IBM 64%

- 46% YTY customer growth
- 440+ public customer references

6550 Clients

66% Share in Europe!

2007 Total: $2.0B

Source: WinterGreen Research, Inc.

Why IBM?: Focused on Customer Value

Compelling Thought Leadership & Expertise
Business & IT In Industry Terms

Industry's Broadest, Deepest, Most Open Smart SOA™ Portfolio

Unrivaled Customer Experience

Smart SOA™ Social Networks

Continuously Building Customer Value

SOA Helps in ANY Economic Climate

"… SOA enables businesses to brace themselves for any economic cycle, positioning them for success, not just survival."

Businesses Need:	**SOA Enables:**
Business Agility	Flexible Processes
Reduced Expense	Everything-to-everything Connectivity
Visibility	Insight into Process, Application, and Customers
Greater Reuse	Reusable Services
Business Empowerment	Greater Differentiation

Source: ZapThink, SOA in any economic climate, 2008