Creating an Agile Business

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Smarter | Planet

instrumented

interconnected

intelligent

people

companies, institutions, industries

man-made systems

nature's systems

Smarter software . . . Websphere Brand

Knows & acts
Turn information into insight

Adapts
Increase agility

Connects
Connect & collaborate

Delivers
Enable business service and product innovation

Optimizes
Drive enterprise operations effectiveness and efficiency

Protects
Manage risk, security, and compliance

WebSphere has Established an Industry Market Leadership Position

SOA

Portals

Enterprise Service Bus

Integration Appliances

Total Middleware Market

#1

Application Servers

Other AIM

Transaction Processing Monitors

Message-Oriented Middleware

Business Process Management Suites

Smarter software for a Smarter Planet

Building an Agile Business

❖ **Business Process Management**

Business leaders know that the agility to succeed today

70%

of CIOs say business process management is a top priority

64%

of high-growth CIOs actively integrate business & IT to drive innovation

is driven by dynamic business processes

Source: IBM CIO Study, 2008

Creating an agile business presents challenges

3% of companies report they have achieved **"process excellence"**

68% of executives report that **integration challenges** impede collaborative relationships with partners

85% of CEOs require **more visibility** into their businesses

Businesses are restrained by organizational silos and rigid IT systems

…and tremendous opportunities

A large bank
reduced redundant
process activities by

An air freight company
reduced partner
integration time by

A retailer gained real-time
inventory visibility across
500+ outlets and reduced
data integration costs by

60%

50%

20%

Break down silos to increase business agility by
converging business and technology management

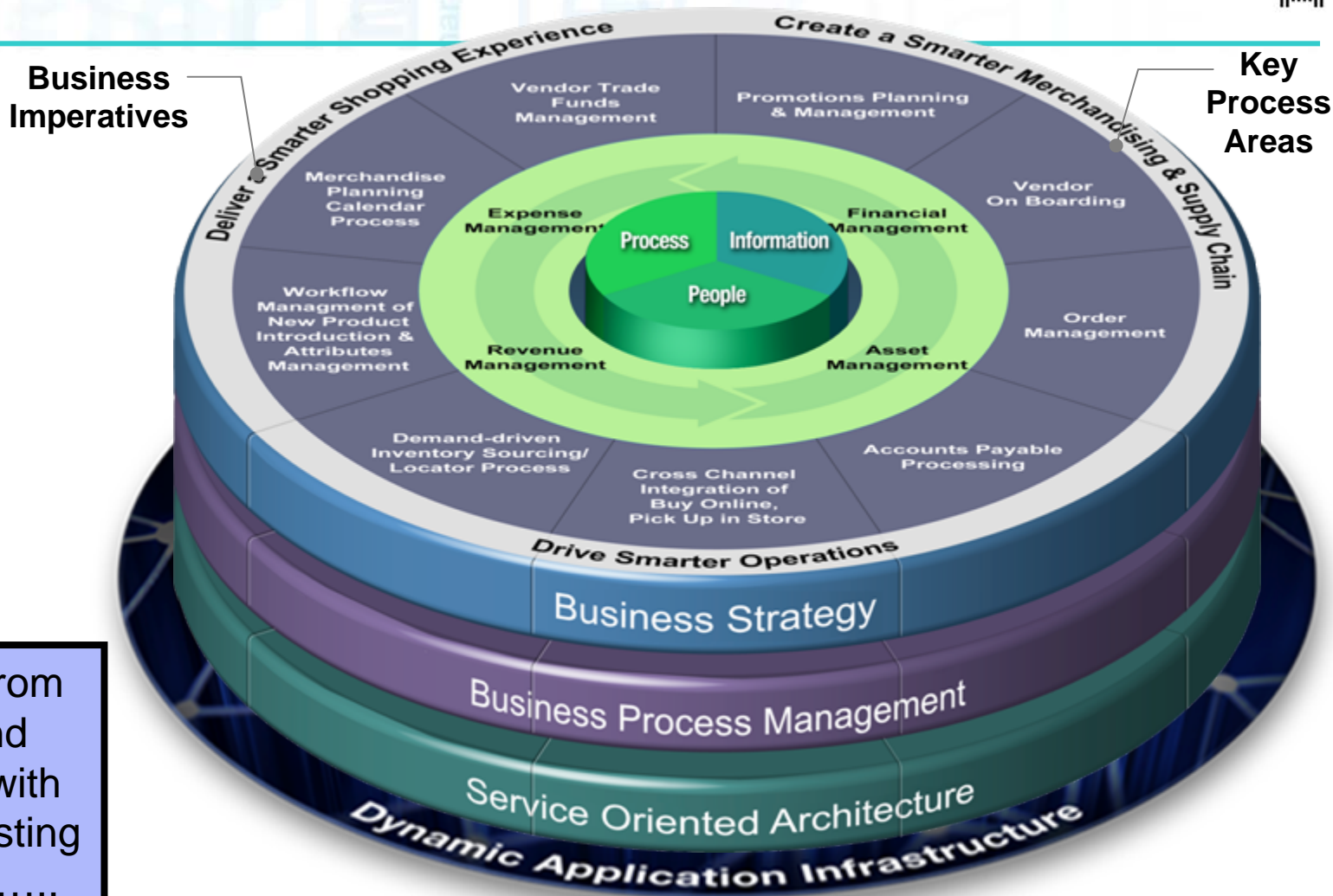# Agility boosts financial performance

Higher Revenue Growth

Leaders Outperform in Revenue and Earnings

- 20.0% Leaders Earnings
- 14.2% Leaders Revenue
- 13.8% Industry Group Revenues
- 13.2% Industry Group Earnings

Greater Returns

Leaders Outperform Industry Averages

- 58% (ROE)
- 45% (ROI)
- 47% (ROA)
- 1% (EBITD)
- Industry Averages

Agile businesses that actively converge business and technology have

- *7%* higher earnings per share growth

- *45%* higher ROI

than their industry peers

Today's engines of agility – *retail example*

Business Imperatives

Key Process Areas

Deliver a Smarter Shopping Experience

Create a Smarter Merchandising & Supply Chain

- Vendor Trade Funds Management
- Promotions Planning & Management
- Merchandise Planning Calendar Process
- Vendor On Boarding
- Workflow Managment of New Product Introduction & Attributes Management
- Order Management
- Demand-driven Inventory Sourcing/ Locator Process
- Cross Channel Integration of Buy Online, Pick Up in Store
- Accounts Payable Processing

Expense Management

Information Financial Management

Process

People

Revenue Management

Asset Management

Drive Smarter Operations

Business Strategy

Business Process Management

Service Oriented Architecture

Dynamic Application Infrastructure

Developed from insights and experience with our 5,000 existing BPM clients…..

Organizations address critical business needs with BPM

Dynamic Business Processes
end-to-end BPM lifecycle capabilities to empower the business to *adapt & respond dynamically to change*

Continuous Process Optimization

Model & Simulate

Deploy, Execute, & Change

Monitor, Predict, & Act

Governance BPM Compliance

Discover & Design
by collaborating to capture, model, and analyze key processes to *link strategy to process execution*.

Process Automation to *increase operating efficiency* and *optimize costs* by streamlining business processes.

Transform Insight into Action by monitoring and analyzing business processes and events for *effective decisions*.

All BPM approaches can deliver ROI in less than 12 months

Discover & Design business process improvement

- Understand and document processes to drive improvement

  - Large US bank reduced process activities by **60%**

- Increase collaboration across the business

  - US financial services firm saved **$5M** through process consolidation across depts.

Begin process discovery and improvement
with cloud-based BPM tools, content, and community

Learn

Learn strategies, trends, and best practices for making smart process decisions

Collaborate

Leverage community insight and access shared content

Experience

Capture business intent, understand capabilities, sketch processes

Optimize

Extend strategy to drive processes improvement, and deploy with IBM BPM Suite

BPM BlueWorks   Lombardi Blueprint

The collaborative discovery experience
Acquire expertise, map strategy, execute processes

1. Access business & industry-specific content to understand the value of BPM
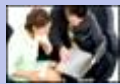
 Demos / Videos

 Best Practices
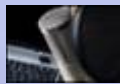
 Web casts / Pod casts
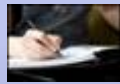
 Papers / Case Studies

2. Collaborate with the community and leverage pre-built strategies, processes, and measures
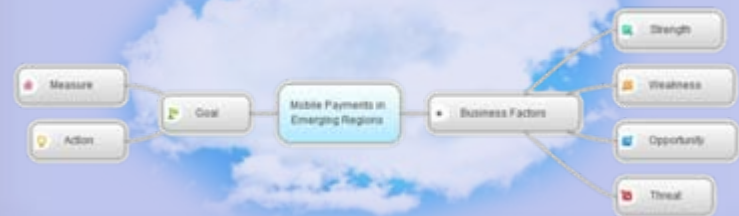
 Process Maps

 Capability Maps

 Strategy Maps

 Business Measures

4. Easy on-ramp to BPM suite to test & deploy process

3. Capture business intent, capabilities, & process in the cloud

Seamlessly Link Business Strategy to Process Execution

IBM Software

ExecutiveSummit2010

Smarter software for a Smarter Planet

Discovering & Designing **agile product sourcing**

uses modeling & simulation to transform demand-driven inventory sourcing

Client Pains

- Inefficient and costly product sourcing process

- Limited visibility into inventory across stores

Real Results

- ***$3.6 million*** in additional sales

- ***$225,000*** monthly savings

- ROI in ***6 months***

Discovering & Designing agile financial services

A multinational financing and leasing organization reduces redundancies across divisions

Client Pains
- Redundant processes in multiple divisions drive up costs and hamper customer service

Real Results
- **Consolidated** 75 processes in 5 divisions into 5 future state processes

- **$5 Million Saved** by consolidating credit checking

Discovering & Designing agile retail operations

A specialty food store re-engineers their entire business

Client Pains

- Inefficient collaboration: paper-based BI with spreadsheets and documents

- Unable to identify and document business processes for improvement

Real Results

- Enabled *150 users* to collaborate over long distances and streamline processes

- *Drastically reduced* process duplication and inaccurate data

Transform Insights into effective Actions

- Leverage insights for smarter decisions

  - UBench reduced administrative costs *40%*

- Quickly react to threats and opportunities

- Reduce costly exceptions

  - NY State Tax reduced exception backlog *80%*

Achieve end-to-end process visibility
Consolidated and delivered into role-based dashboards

External Information
Information affecting
business performance

Collaboration
Share metrics and
models with teams
to resolve situations

Business Alerts
Notification of situations
that require response

Process Metrics
Key Performance Indicators
for business units

Reports & Analyses
Understanding trends by
combining real-time
performance and historical
information

Business events in the right business context enable proactive management

Event

POS purchase

Business Context

2nd purchase in a week and total purchases this year > $1000

Action: Offer loyalty program membership before customer leaves the store

Event
No meter signal

Business Context

Third consecutive period without signal

Action: Trigger automated troubleshooting process

Event

Parts assembly received

Business Context

3rd late delivery from third party logistics supplier in the last week

Action: Prioritize delivery to installation site and initiate follow-up process with supplier

Agile patient care transforms **Insights into Action**

A leading university medical center tracks patients in real-time with RFID and event processing

Client Pains

- Inability to track patients prevents treatment according to medical priority and increases waiting time

Real Results

- *Reduced* waiting time and *increased* patient satisfaction

- *Improved* patient care and security

Agile tax collection **Transforms Insight into Action**

drives down exceptions and processing time for tax returns

Client Pains
- Slow, expensive, paper-intensive, manual processes

- Lengthy exception processing times

Real Results

- *80% reduction* exception backlogs

- *80% reduction* in average age of work queue, avoiding extra interest cost

Agile insurance sales Transform Insight into Action

A large property and casualty insurance company increases online customer conversion

Client Pains
- Difficult to convert customers through online channel

- Unable to react to prospect behavior online

Real Results
- *Increased* customer conversions by reacting to abandoned online shopping carts

- Exceeded 1st year ROI estimate in *1 month*

Agile lending Transforms Insight into Action

A mortgage bank improves lending processes for loan applications

Client Pains

- 3 separate systems causing lack of visibility into the loan origination process

- Need to decrease closing to cash cycle times

Real Results

- Increased customer satisfaction from *85%* to *92%*

- Deployed in less than *90 days*

- *Increased* team productivity and performance

Optimize performance with Process Automation

- Reduce process costs

  - TradeMerit reduced handling costs **63%**

- Streamline processes

  - Airbus reduced handling time **75%**

- Ensure consistency and compliance

- Optimize People:

  - Automatically route tasks to the right person

  - Empower users with comprehensive task management tools

  - Streamline workflow and automate escalations & exception handling

Manual Tasks

Information

IT Systems
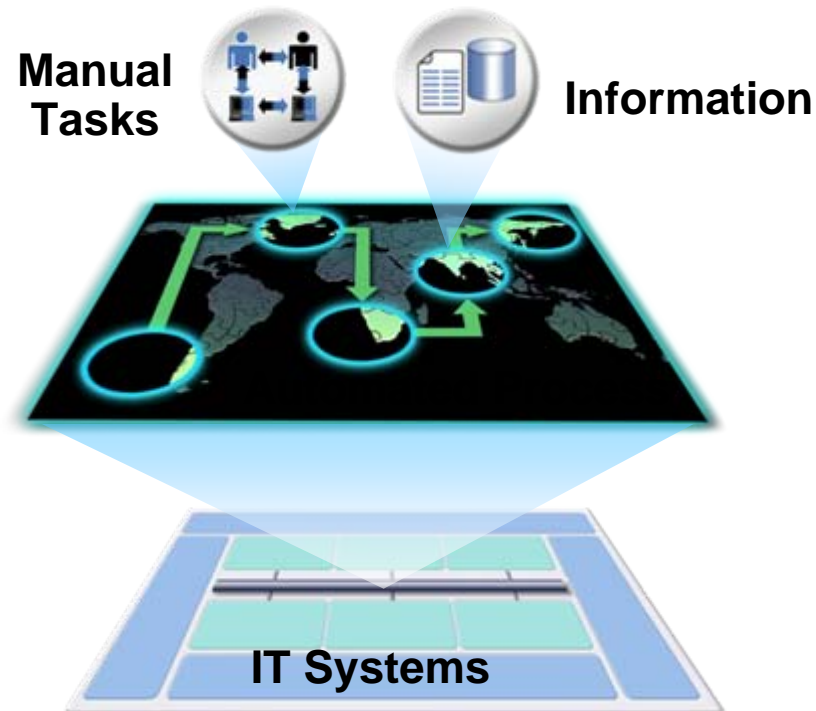
Enhance BPM agility with business rules management
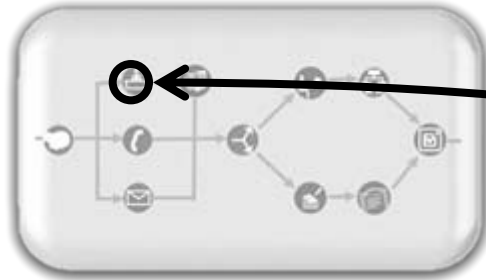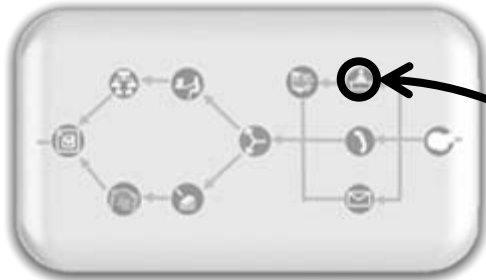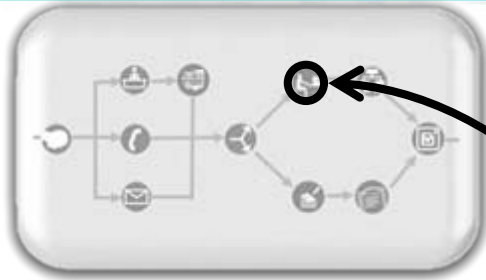
- Rapidly deploy changes across processes

- Re-use decision assets

- Maximize automation

- Improve decision governance

- Extend rule authoring to business users

User Tools

Rule Repository

SOA

Execution Server

Transparent Decision Service

Automated Business Decisions

Orchestrated Processes

Agile grant distribution with Process Automation

A leading medical university upgrades research grant processing

Client Pains

- Request overload: Issues handling distribution requests

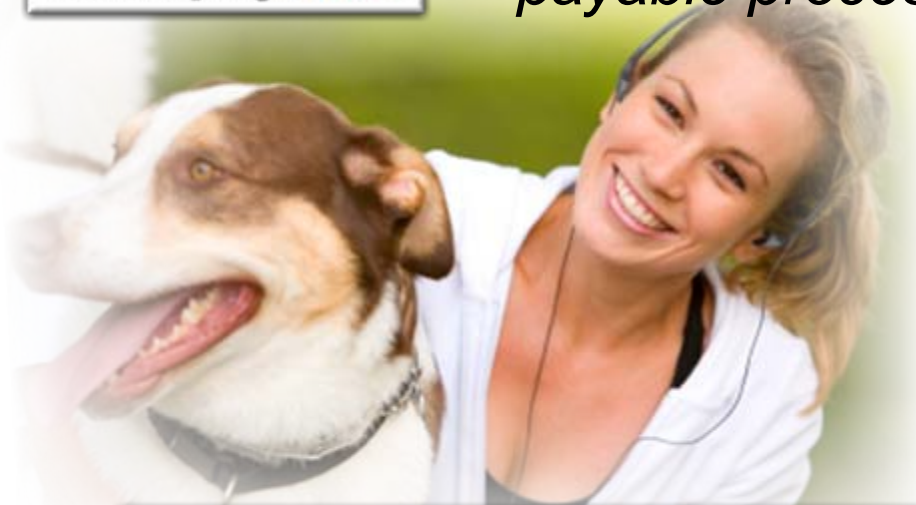- Manual process errors: 85-90% of allocation required rework

Real Results

- Reduced processing time from *4 days* to under *4 seconds*

- *65%* of transactions no longer require human intervention

- Decreased error rate from *90%* to *2%*

Agile retail invoicing with Process Automation

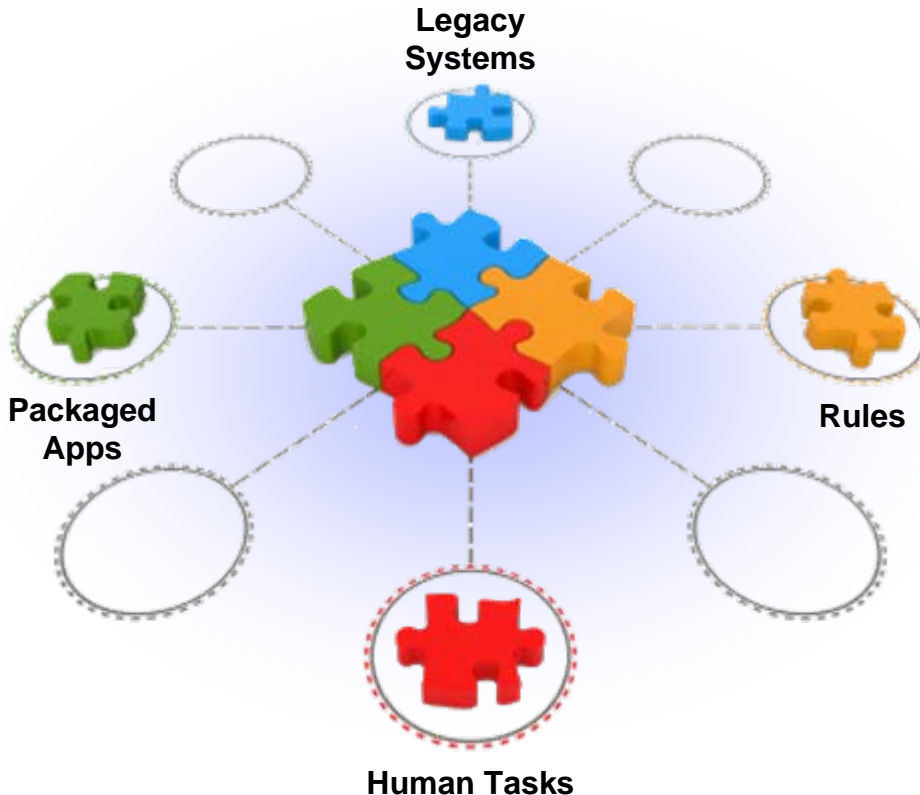*increases efficiency by automating accounts payable processes*

Client Pains

- Time-consuming manual invoicing process

- Process changes difficult with legacy systems

Real Results

- Invoices processed in *seconds* instead of hours

- Realized ROI in *2 months*

- *30% reduction* in development time

Reuse drives dynamic processes and maximizes existing investments

- Dynamically adjust processes leveraging shared services and intelligent service policies

- Organize and manage services in a trusted data source

- Easily find the right services and information

Accelerate your BPM success with industry content
Start quickly, deploy faster, and reduce costs and risk

Government

Retail

Supply chain

Healthcare

Banking

IBM BPM SUITE

Industrial PLM

Methodologies BPM Expertise Pre-built Assets

Insurance

Telecom

- Speed deployment with pre-built industry assets, and new Industry Solution Scenarios

- Reduce risk, increase consistency and reuse across departments with industry-standards based assets

Agile consulting with Dynamic Business Processes

supports customers with flexible application platform

Client Pains

- Legacy applications difficult to maintain

- Unable to tailor processes and services for clients

Real Results

- *20% increased* revenue with each deployment

- Realized ROI within *1 year*

- Easily deliver *customized* solutions for clients

Agile manufacturing with Dynamic Business Processes

Automotive company increases engineering productivity

Client Pains

- High-value engineers spend 70% of time on administrative work

- "Workarounds" led to duplicate work and inefficient processes

Real Results

- Reduced engineering time on car systems by *20%*

- *60% reuse* across first two projects

- *Increased* productivity through standardized processes

Dynamic Processes power agile mobile services

speeds delivery of new products and services

Client Pains
- Outdated systems inhibit growth
- Need to get new offerings to market quickly

Real Results
- *Quickly* deliver innovative new products
- *Improve* customer service
- *Reduce* costs of short-lived offers

Agile freight operations with Dynamic Business Processes

increases agility to optimize operations and improve customer service

Client Pains

- Increasingly complex operations

- Inflexible "homegrown" applications inhibit change

Real Results

- *50% faster* partner integration

- *30% lower* development costs

BPM from IBM **delivers unrivaled customer value**

#1 in BPMS market share

Over **5000** BPM customers
in over 30 countries and growing

- Market leading products

- Deep industry knowledge and pre-built assets

- Largest partner ecosystem

- Global reach and scale

Continuous Process Optimization

Business Process Management

Only IBM delivers the full breadth of BPM capabilities with the expertise and industry knowledge to effectively apply them

Source: BPM market share source: Gartner Market Share, CY2008, May 2009

Smarter software for a Smarter Planet

Get started building dynamic business processes today

Contact IBM:

For a <u>Business Process Improvement Workshop</u>

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