

Pulse

Comes to You



IBM

Managing the World's Infrastructure

Effective Service Management in an uncertain economy

Consolidate Software Management, Data Center Automation & Asset Management

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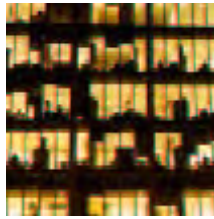
In this smarter world, we need our infrastructure to propel us forward, not hold us back

**Infrastructure that is instrumented, interconnected and intelligent
Infrastructure that brings together business and IT to create new possibilities**

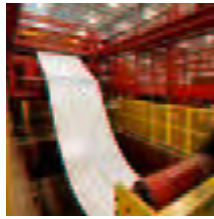
**Mobility
Infrastructure**



**Facilities
Infrastructure**



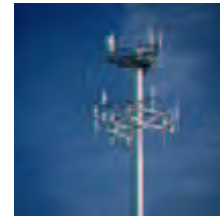
**Production
Infrastructure**



**Technology
Infrastructure**



**Communications
Infrastructure**



We need a *dynamic* infrastructure.



Today's economic turmoil is challenging CIOs to rethink how to best support their businesses

PERELANDRA TIMES

Economic uncertainty - changes to IT p

New data drives Dow stocks down

Unprecedented drop in housing prices in the USA

Asian economies feeling the pinch—Japan rescue package proposed

Doubters question EU's economic stimulus plan

From bad to worse latest economic news roils markets

Tivoli helps organizations deal with economic uncertainty

The Business Imperative

Reduce costs and risks

Increase revenue

Optimize asset utilization

Consolidate Management Software

Improve operational monitoring and cut software license costs

- Eliminate license and maintenance charges from underperforming software
- Reduce data center management labor cost by up to 10%
- Avoid capital expense by up to 10%, by improving utilization of existing data center hardware

Data Center Automation

Reduce labor costs and Improve financial controls

- Reduce labor costs in IT operations by up to 90%, through automation of manual tasks and workflows
- Get more from existing data center servers and avoid capital expense for buying new ones by up to 25%
- Prioritize revenue generating projects and applications

Asset Management

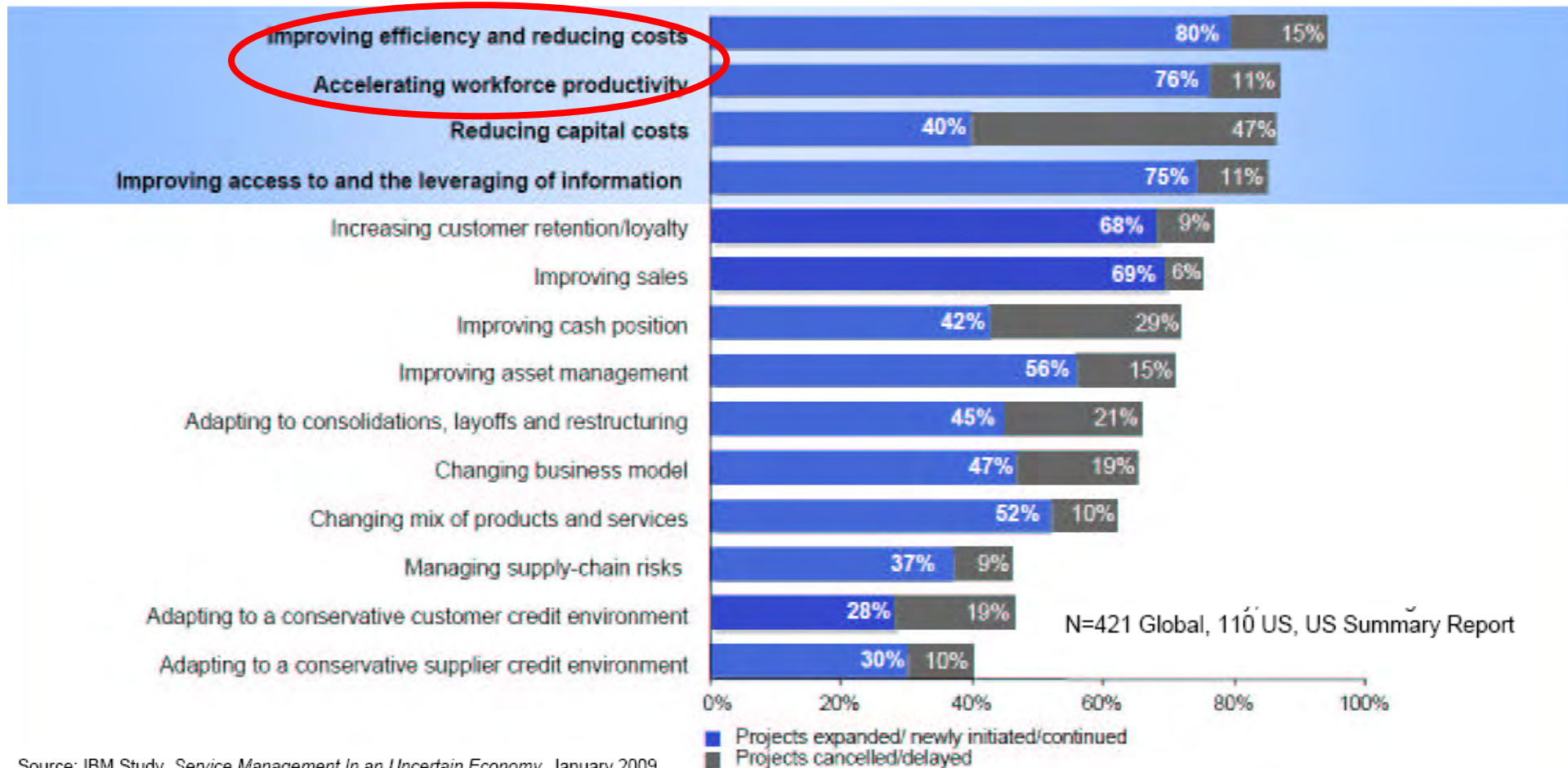
Manage Capital asset costs

- Defer new capital spend by up to 50%, by receiving more value from existing assets and extending asset lifespan.
- Reduce inventory levels and carrying costs by up to 30%
- Reduce software license and other IT cost by up to 10%, through better measurement and visibility of usage.



Organizations are concerned with reducing cost and at the same time improving efficiency and aligning IT to the business

Business priorities causing changes to IT programs and project plans



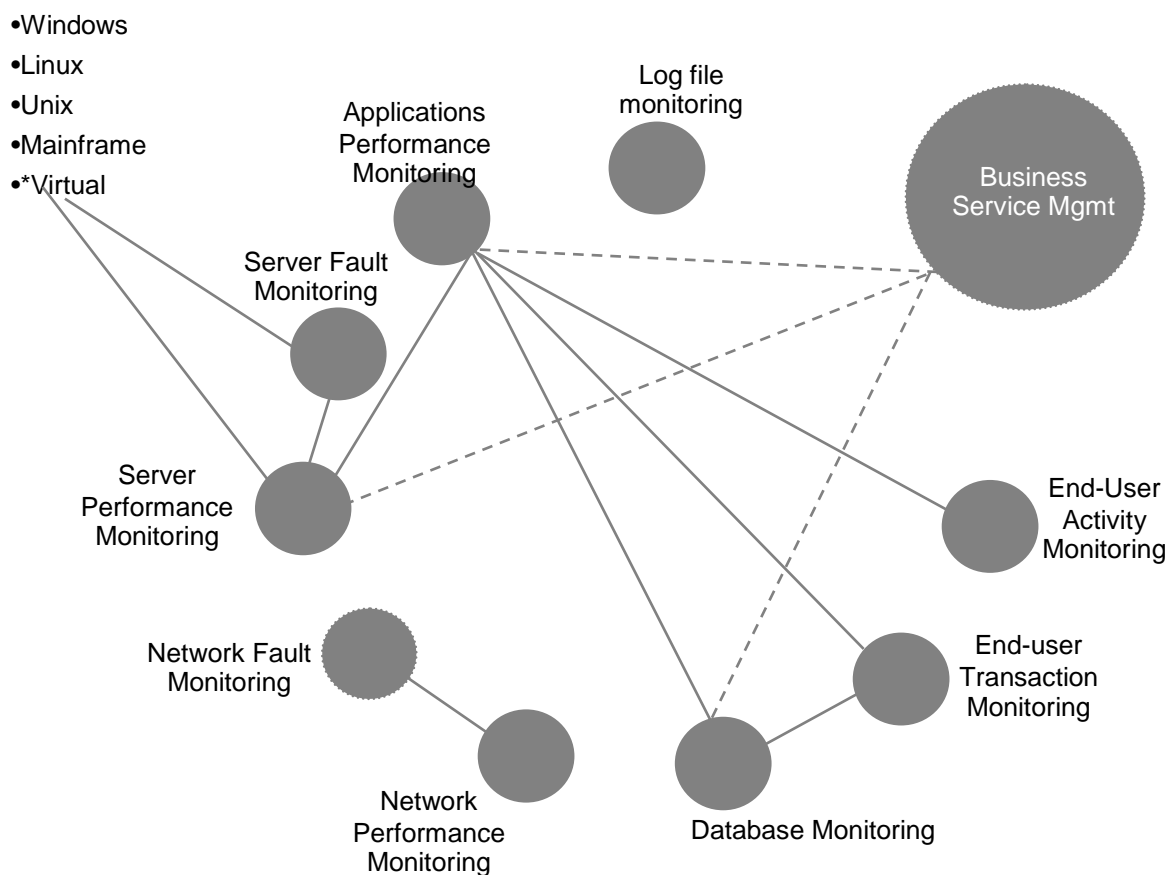
Source: IBM Study, *Service Management In an Uncertain Economy*, January 2009.



Typical challenges and complexity customers face before consolidation to IBM Tivoli monitoring solutions

Issues & Challenges

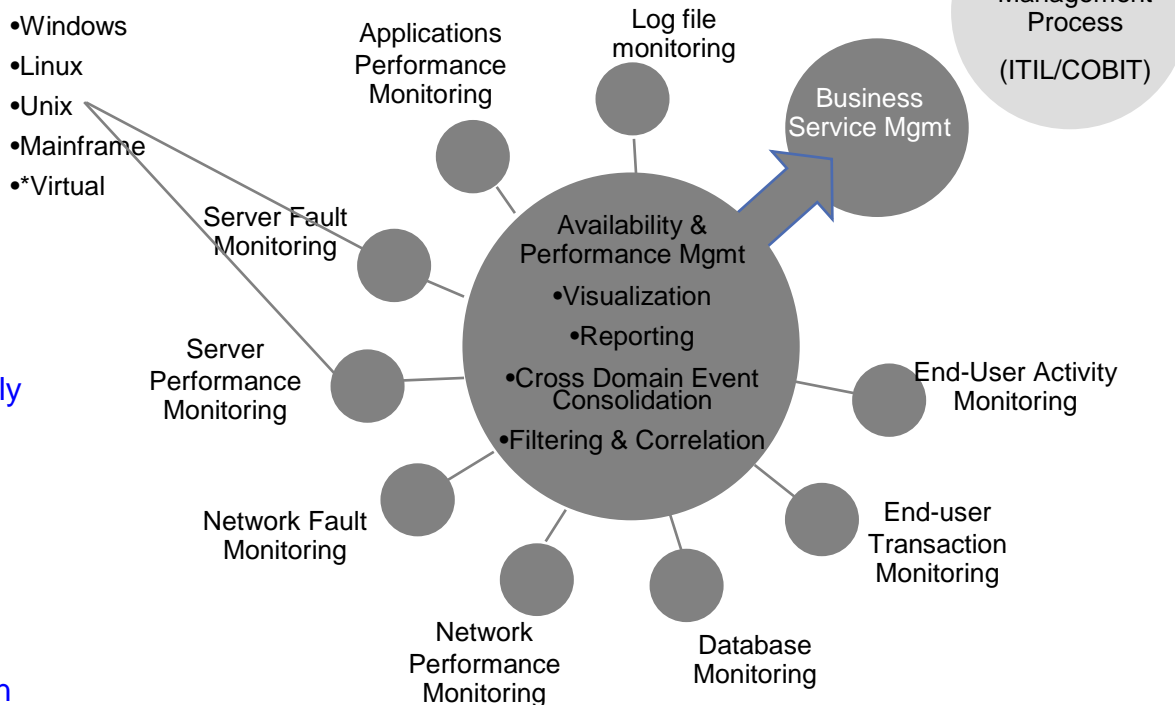
- Complex integration between all the point products
- No consolidated view of the IT Infrastructure
- Training reqd on all the point products
- More manual effort needed for maintenance
- Difficult to accurately pinpoint performance issues in a composite transaction – reduced availability and difficulty in meeting stringent SLAs
- Limited functionality for proactive warnings and alerts
- Additional hardware required to install each point product
- No flexibility in licensing – cannot switch licenses between different products to adapt to changes



Get your ROI in less than 12 months and reduce costs after consolidating on Monitoring solutions from IBM

IBM Advantage

- A single solution with a common infrastructure shared by all the agents
- A consolidated view of the IT Infrastructure
- No additional training reqd for each agent
- No additional maintenance and hardware reqd as all the agents use the same infrastructure
- Trace the entire transaction path and accurately pinpoint performance issues in a composite transaction
- Get deeper dive diagnostics where needed
- Increase availability and meet stringent SLAs with proactive warnings, alerts and predictive analytics
- Flexibility in licensing –switch licenses between different agents to adapt to changes and fully utilize the investment in IBM solutions



Reduce costs and increase your ROI

- Single price point can reduce your cost of licensing by as much as 65% on an average Microsoft environment
- Reduce hardware costs for operations by 10%*
- Reduce incidents by 12%* and increase availability by 7%*
- Reducing network downtime by 98%
- Reduce the amount of labor needed to manage IT by 10%*, - free up labor for new projects

Read IBM Disclaimer

Realize the Benefits of Consolidation of Management Software

Challenge

Multiple tools currently in place to manage IT events, alerts and monitors :

- Can't redeploy licenses for new projects
- Labor cost associated with running multiple tools
- Additional dedicated infrastructure

Solution

- IBM OMNibus and single IBM Monitoring for all resources - hardware, operating systems, custom and off the shelf applications
- Single infrastructure manages all monitoring
 - reduced footprint with agentless monitoring options (requires less future hardware purchase)
 - One integrated tool to manage – less training and labor cost
 - Package pricing allows lower cost, immediate redeployment of licenses
- Through trending and predictive analysis, OMNibus proactively manages events from all monitoring tools – ibm and non ibm – lowering cost and events

Benefits of consolidated monitoring

Average annual benefit - \$23.5 million which includes :

- Saving on average \$9.5 million annually, including \$482,162 in operations staff costs through improved efficiency
- Increasing revenue by an average of \$1.7 million or \$0.54 per subscriber
- Saving \$0.36 per subscriber
- Improving mean time to repair (MTTR) a device or system by 54%
- Reducing capital expenditure (capex) by an average of \$1.3 million
- Consolidating network operations centers (NOCs) into fewer centers, reducing NOC expenses by 70% and resulting in \$293,801 average annual savings
- Shortening the time to deliver new services to market by 37%, leading to increased/earlier revenue

Over three years IBM Tivoli Netcool customers have enjoyed a total of over \$54 million in discounted benefit. When this benefit is compared to a three year discounted investment of \$7.5 million, the return is 625% with a payback period of 5.9 months - IDC Study

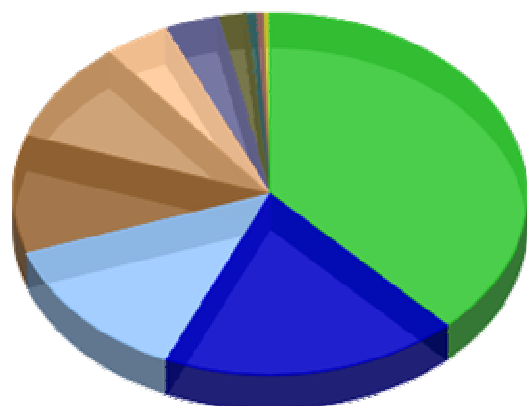
Source - Profitability and OSS Support: A Return on Investment Analysis of IBM Tivoli Netcool – IDC Whitepaper



A major retail company projects \$20,004,900 USD as 3 year cumulative benefits

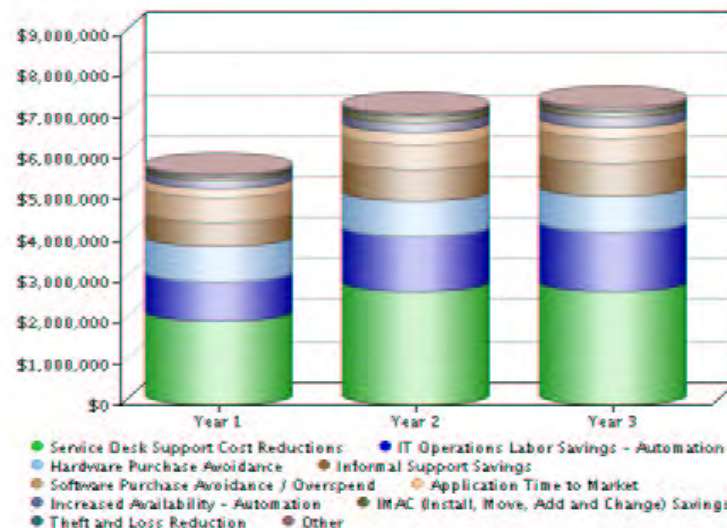
It was projected that implementing the proposed solutions (ITM, TPM, SWDist) resulted in \$20,004,900 of 3 year cumulative benefits. Of these projected benefits, \$16,399,478 are direct benefits and \$3,605,423 are indirect benefits

Top Benefits



- Service Desk Support Cost Reductions [37.9%]
- IT Operations Labor Savings - Automation [18.7%]
- Hardware Purchase Avoidance [13.1%]
- Informal Support Savings [10.5%]
- Software Purchase Avoidance / Overspend [9.1%]
- Application Time to Market [4.1%]
- Increased Availability - Automation [3.4%]
- IMAC (Install, Move, Add and Change) Savings [1.7%]
- Theft and Loss Reduction [0.6%]
- Service Level Penalty Avoidance - Automation [0.4%]
- All other included benefits [0.4%]

Benefits



Benefits By Goal



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Increase revenue

Optimize asset utilization

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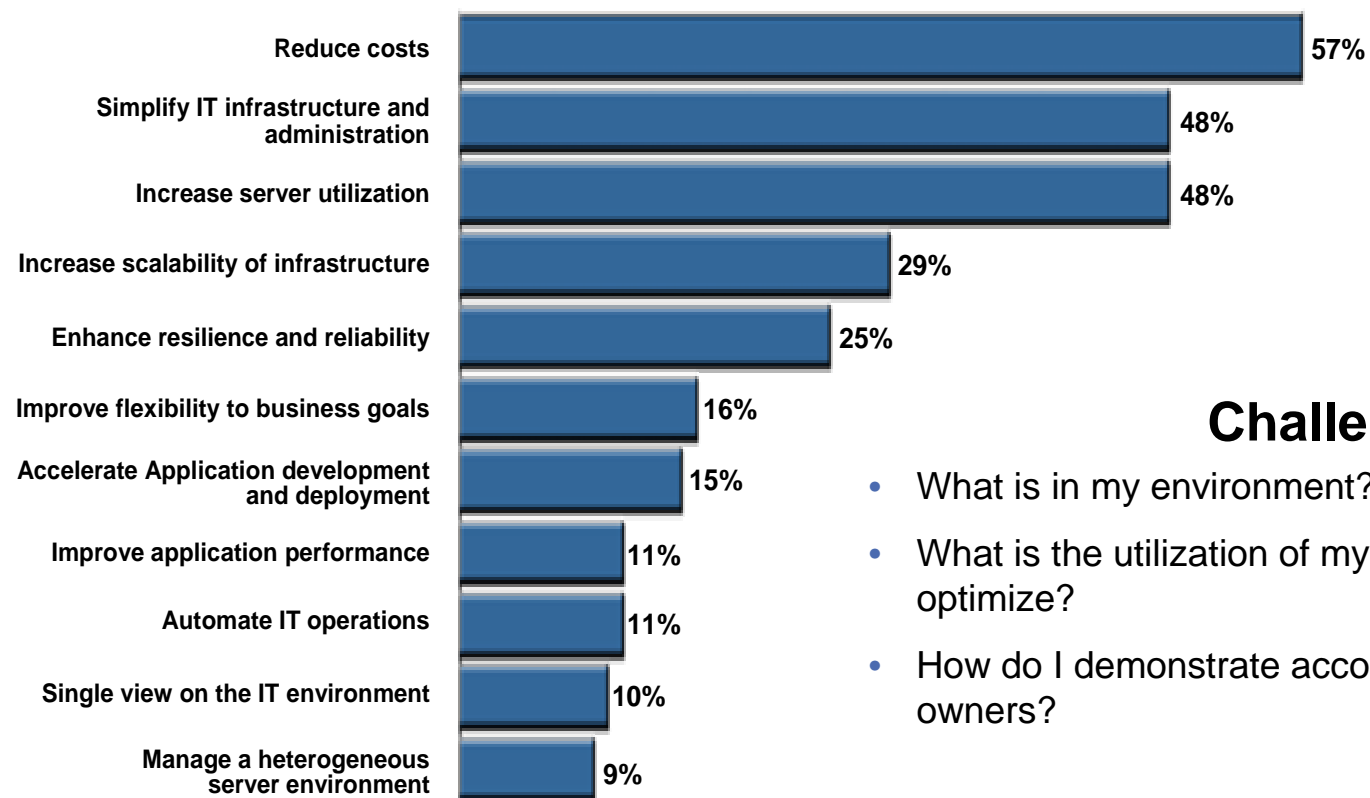
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Organizations are implementing virtualization to reduce costs

Virtualization Brings Benefits...and New Challenges



Challenges

- What is in my environment? What has changed?
- What is the utilization of my environment; how do I optimize?
- How do I demonstrate accountability to my application owners?

Source: IBM Systems Directions, 2006

“Virtualization without good management is more dangerous than not using virtualization in the first place,” –Gartner

Source: <http://www.gartner.com/it/page.jsp?id=505040>

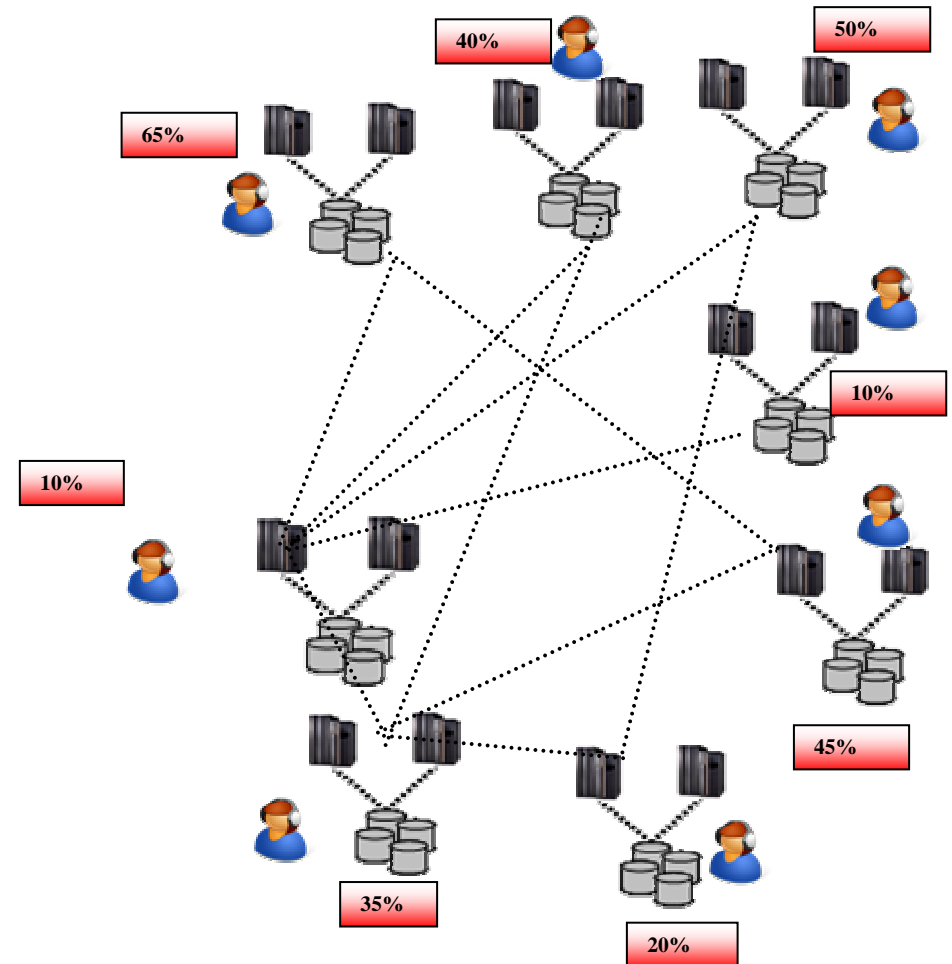
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Typical challenges and complexity customers face before automation in virtual environments

Issues & Challenges

- Manual provisioning takes a lot of time, is quite complex and error prone
- Additional manual resources needed to manage workload distribution in virtual environments
- Workload management is also not dynamic
- Takes time to distribute and plan for workloads in virtual environments
- Very difficult to handle sudden and unexpected workloads
- Due to lack of dynamic provisioning and workload management not able to fully utilize the resources
- Not able to track the usage of resources and hence not able to do chargeback



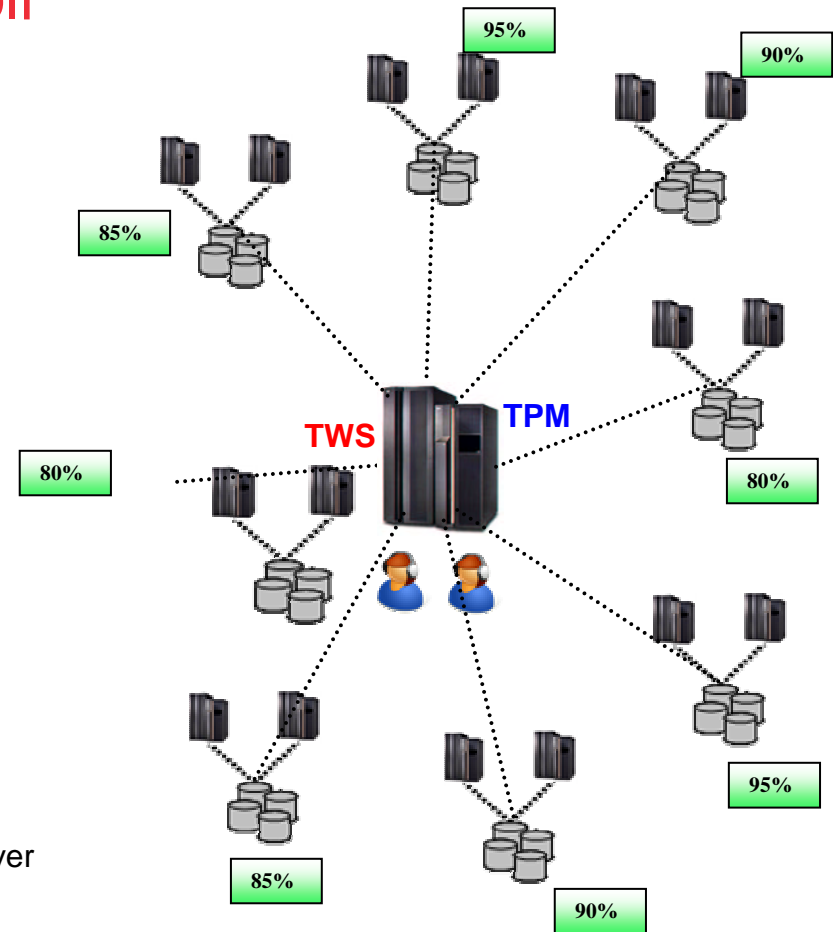
Maximize ROI and fully realize the benefits of virtualization with Automation solutions from IBM Tivoli

IBM Advantage

- Reduce labor costs in IT Operations through automation of manual tasks and workflows
- Increase utilization of servers, plan future hardware purchases in a more deliberate manner
- Conduct Demand-driven provisioning and dynamic workload allocation
- Chargeback to departments by leveraging accurate usage information including virtual, distributed and mainframe environments
- Prioritize revenue generating projects and applications

Reduce costs and increase your ROI

- Reduce asset install times by up to 70%*
- Reduce hardware purchases by up to 25%*; cost avoidance of server software purchase – up to 25%* through automated workflows and provisioning
- Reduce usage accounting costs by up to 40%* by leveraging usage information so departments can be accurately charged for the resources they consume



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Asset Management Improves ROA & Drives Down IT Costs

IBM Offering

Extend Useful Life of Capital Assets & Reduce IT Costs

- Defer capital expenditures by extending asset lifespan
- Reduce labor costs by 20%
- Reduce inventory levels and carrying costs by 30%
- Reduce software budget by 5-10%



Business Benefit

IT Cost Management

- Manage all asset classes: Production, Facilities, Transportation, and IT on one modern platform.
- Reduce software cost and mitigate risk
- Determine LoB product and service profitability

Govern your Assets

- Prevent safety and regulatory risk
- Pinpoint under utilized software
- Improve compliance management

Visibility

- Understand cost of delivering IT services
- Lean and connected supply chain
- Informed and collaborative workforce
- Real-time insight into all physical assets

Specific Customer Example(s)

BP: Maximo helped position BP for world-class efficiency and safety via work management, stock logistics, and procurement processes.

State of Oregon: Receives millions of dollars of federal assistance each year, due to satisfying government requirement of IT fund tracking.

Gartner's View of Asset Management Impact:

- Reduce material costs: 10-50%
- Warranty recoveries: Up 10-50%
- Material costs: Reduced 10-50%
- Labor utilization: Up 10-20%
- Asset utilization: Up 3-5%

Realizing the Benefits of Asset Management

Challenge

- Maintain more than 15,000 assets
- Increase control of buildings, roads, and test equipment across 14 million square feet
- Mobile technology for real time updates
- Reactive vs. proactive maintenance

Solution

- IBM Maximo Asset Management
- Improved decision making to ensure “mission-ready” status of all assets
- System helped ready base to support expansion
- Rapid access to all pertinent maintenance information

Business Benefits

Sample Business Case Results from using IBM Maximo Asset Management

- Millions of dollars in yearly savings through automation and data integration.
- Reduced procurement costs
- Improved decision making
- Real-time insight into all physical assets: 100% visibility.
- Streamlined work order tracking and labor reporting
- Address problems before operations or maintenance costs are impacted.

“The IBM and MCFA Building Operations Command Center platform gives us complete visibility and control of our operation so we can fix problems before they spin out of control, run at peak efficiency and effectively support our missions. This has contributed to millions of dollars in savings.”

Harry Greveris, Director of Public Works, Aberdeen Proving Ground

IBM can help reduce costs, drive new revenue and optimize utilization



Reduce costs and risks:

IBM Software can help you reduce costs by automating complex tasks and processes, and improving operational efficiency. IBM can also help extend asset life and reduce “downtime” risks by managing your assets more effectively. By improving and automating identity assurance and access control, IBM can also help reduce your security and privacy risks

Increase revenue:

IBM can help you create and deploy new revenue generating services faster. By integrating your physical, digital and virtual assets, IBM can help you deliver differentiation to tap into new revenue streams and improve quality of service to retain customers in these uncertain times.

Optimize asset utilization:

IBM can help get more value from your existing investments to defer capital spend, by improving asset utilization, dynamically routing workloads to available resources to eliminate need to buy additional hardware and software

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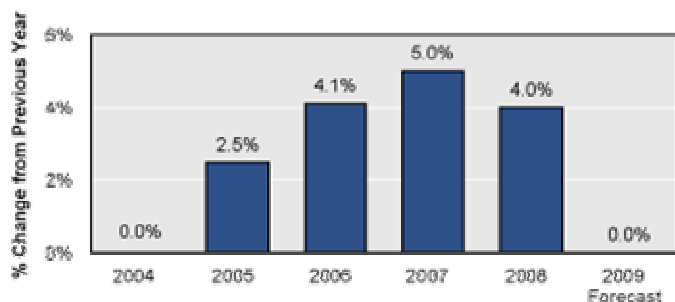
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Increasing business productivity through better IT services and decreasing costs are emerging as top priorities

Median Annual Growth of IT Operational Budgets



Source: Computer Economics, Nov. 2008

Figure 3

“In 2009, IT faces the problem of cutting costs without affecting the productivity of business users. Ideally, enterprises will look at solutions that increase IT ops’ productivity, reduce the time needed to correct problems, and eliminate wasted time: This should favor the latest and most innovative IT management software products”

Source: Market Overview: The IT Management Software Market In 2009 - Forrester Research

Gartner

Gartner forecasts that overall IT growth during 2009 will be worse than during 2001, when the Internet investment bubble burst. IT spending during 2009 will decline by 3.7%

- Gartner, IT spending forecast, 2009

Negotiating bigger discounts on software license fees, finding better tools to manage the business of IT, improving IT operation efficiency through effective solutions and process implementations, and, finally, looking closely at the return on any investment that is made will be the main drivers of the IT management software market in 2009

As the need to control costs and service quality increases dramatically, IT management solutions have to evolve to meet these requirements. In particular, they must accelerate the move from IT management to business service management (BSM) - Forrester



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