

Extend the power of EDI with Business Integration

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October 2002

Agenda

- Why EDI is important to IBM
- WebSphere Data Interchange
- An introduction to Business Integration
- WebSphere in the market place
- What to do next

**Welcome to the
DataInterchange
&
WebSphere Data Interchange
User Group 2002**

*Thank you for your continued
support...*

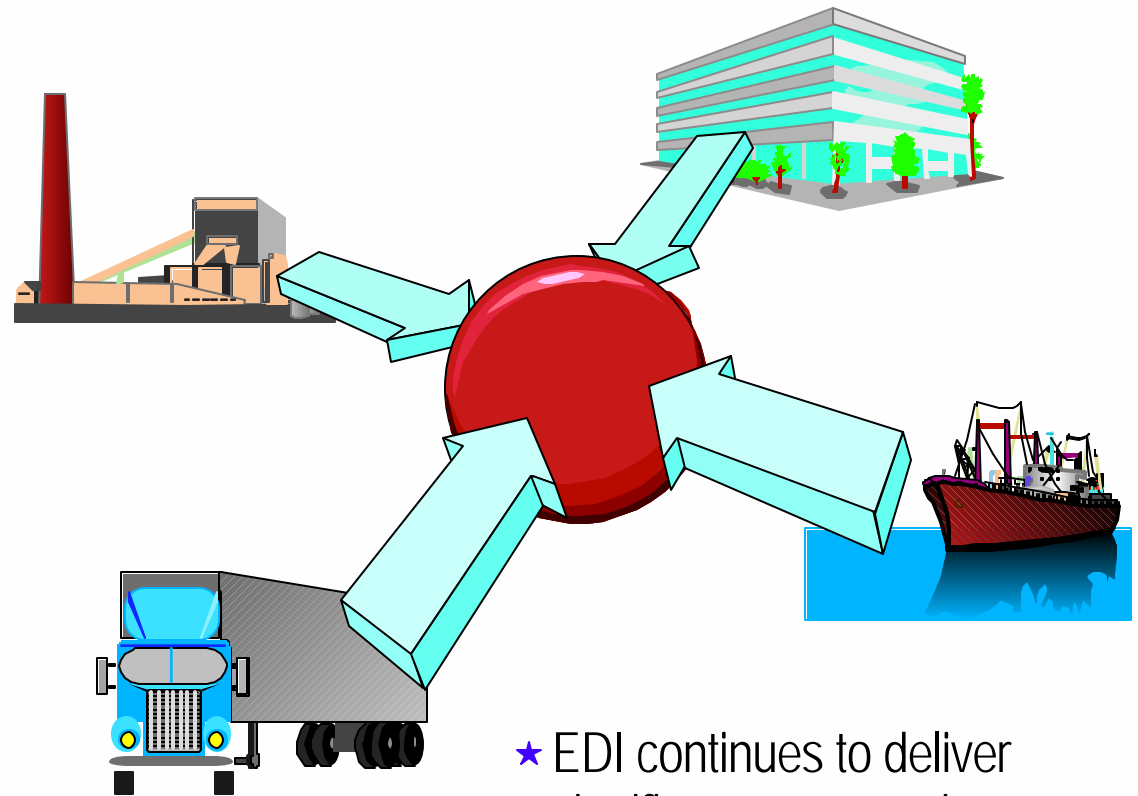
Why is EDI so important?

- ★ EDI is a mission critical part of companies B2B strategies

- ★ 95% of fortune 500 companies use EDI.

- ★ 80% of business transactions are conducted via EDI Value Added Networks (VAN) today.

- ★ EDI continues to evolve in response to new enterprise and industry requirements, and competitive pressures (e.g. HIPAA, AS1, AS2)



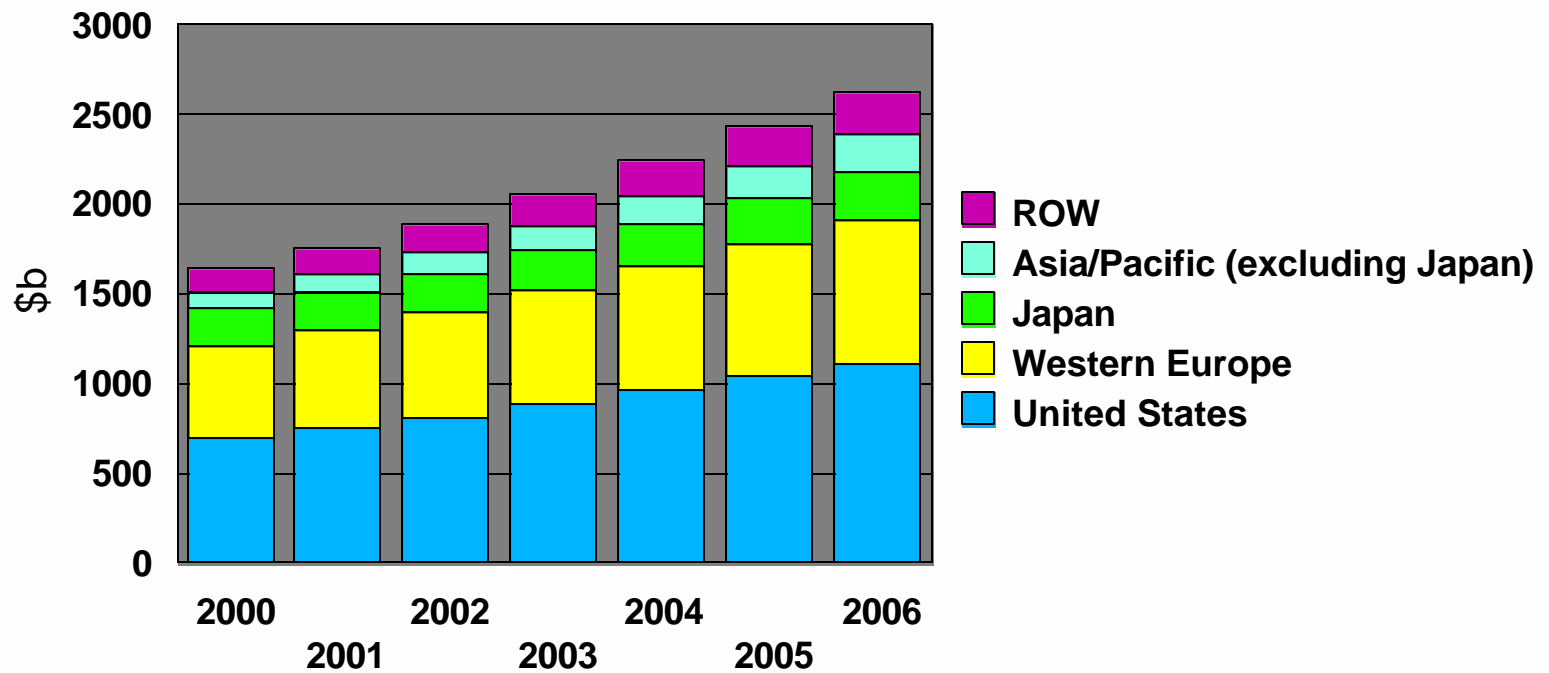
- ★ EDI continues to deliver significant return on investment

EDI is converging with e-business

- Organizations are recognizing the value of 20 years investments in EDI and plan to extend and evolve, rather than replace, EDI transactions
 - ▶ Leverage industry agreements on the semantics of automated B2B transactions
 - ▶ Migration of EDI on the Internet using AS1 and AS2 protocols
 - ▶ EDI as part of a multi-modal B2B gateway or hub alongside XML, web services and Portals
- Businesses seek to integrate B2B and EDI transactions with e-business Infrastructure to:
 - ▶ Improve responsiveness by providing on-line (rather than batch) B2B capability
 - ▶ Lower network costs by using Internet transports
 - ▶ Support information (event) driven integration models such as publish and subscribe
 - ▶ Support process driven integration models
- Small and medium sized business are under pressure to implement EDI
 - ▶ Pressure to implement EDI standards from major customers, suppliers and regulators
 - ▶ For example HIPAA in the US health industry

EDI continues to grow

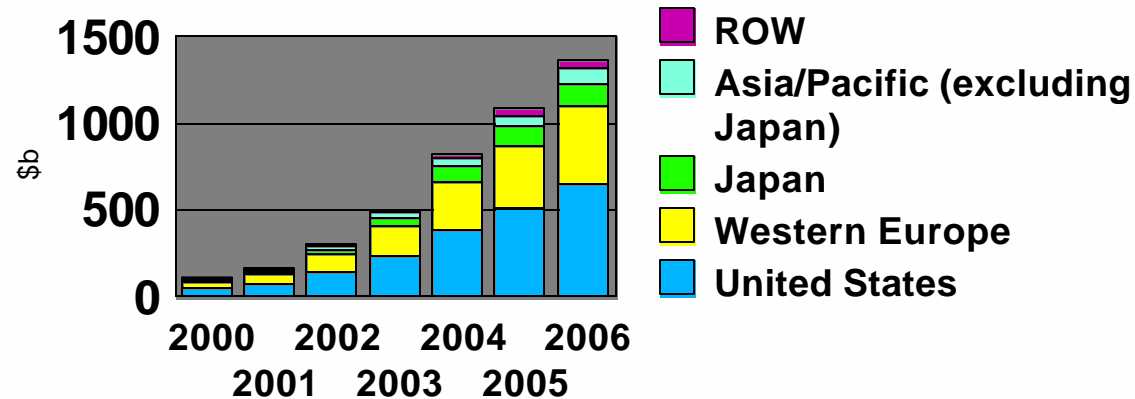
WW EDI Commerce Revenue



Source: Richard Villars, IDC, Dec 2001

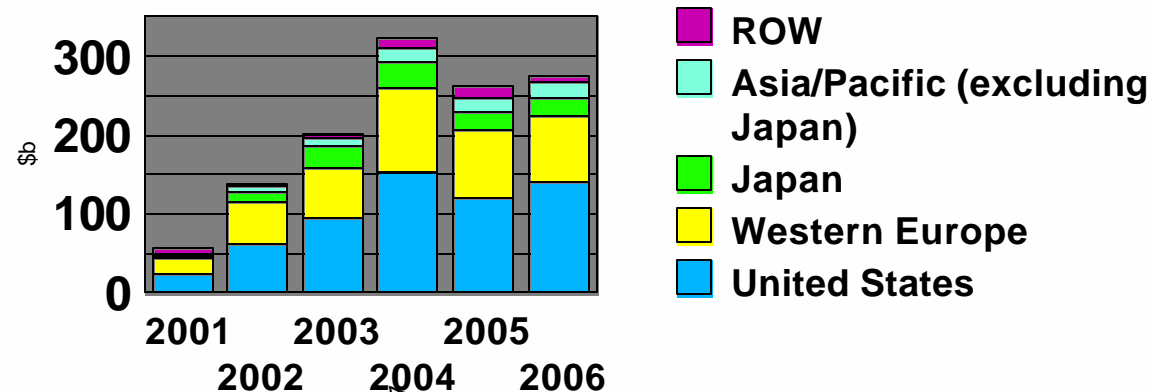
The migration of EDI onto the Internet will require significant "retooling" of EDI systems

WW Internet EDI Commerce Revenue Internet Transport - EDI Message Formats



Source: Richard Villars, IDC, Dec 2001

New Internet EDI Capacity Required



WebSphere Data Interchange - The Next Generation

- ★ IBM Software Group recognize the continual importance of EDI
- ★ IBM DataInterchange re-branded to WebSphere Data Interchange
- ★ Based on IBM DataInterchange Version 3.1
- ★ Available in April '02 on Windows 2000 and AIX
- ★ Improved WebSphere MQ interface supports easy integration with WebSphere Business Integration software
- ★ Integral part of the WebSphere Business Integration for Insurance/HIPAA Offering
- ★ Integral component of the WebSphere Business Connection Enterprise Edition

Furthering our Commitment With WebSphere Data Interchange Version 3.2

- ★ Available on z/OS, AIX and Windows 2000
- ★ Supports optimized "any-to-any" transformation of EDI, XML, and record-oriented application data formats
- ★ Introduces advanced data validation and standards compliance function to provide industry-leading support for HIPAA, ANSI X12 embedded HL7, and other industry formats
- ★ Allows direct import of industry-standard or user-defined XML DTDs for mapping and translation
- ★ Provides a mapping tool to build EDI, XML, and application data format transformations with a graphical user interface

Today's Business Integration Challenges

- **Unconnected infrastructure investments**
 - ▶ Provide seamless integration with new business units
 - ▶ Link packaged applications with legacy systems
- **Accelerated costs of managing disparate systems**
 - ▶ Integrate across heterogeneous islands of automation
 - ▶ Mitigate people and skill shortages
- **Increased industry and government regulations**
 - ▶ Industry standards
 - ▶ Government regulations
- **Reaching new markets with critical speed**
 - ▶ Support new standards like SCADA for process automation
 - ▶ Maintain system and asset security

*Integration projects take too long and cost too much
Achieving 'Time to Value' is critical to business success*

The WebSphere Value Story

Comprehensive e-business infrastructure delivering customer value

Achieve Customer Loyalty

Increase revenue by extending & personalizing your e-business

Reach & User Experience

Achieve Business Agility

Increase speed and efficiency by integrating & automating your e-business

Business Integration

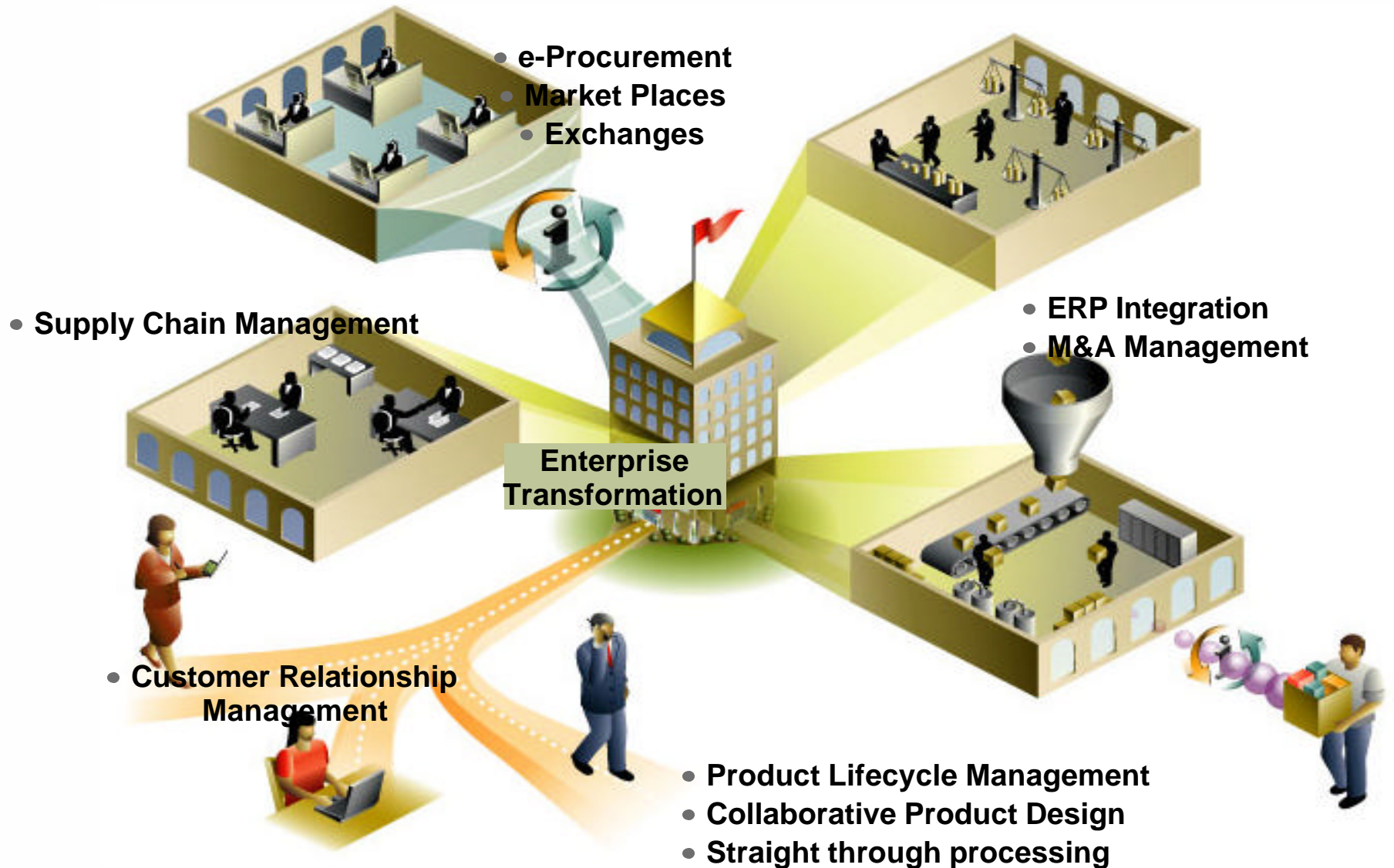
WebSphere[®]

Foundation and Tools

Achieve Scalability and Productivity

Reduce costs and increase ROI by building, deploying, & growing your e-business with the most scalable high performing open platform

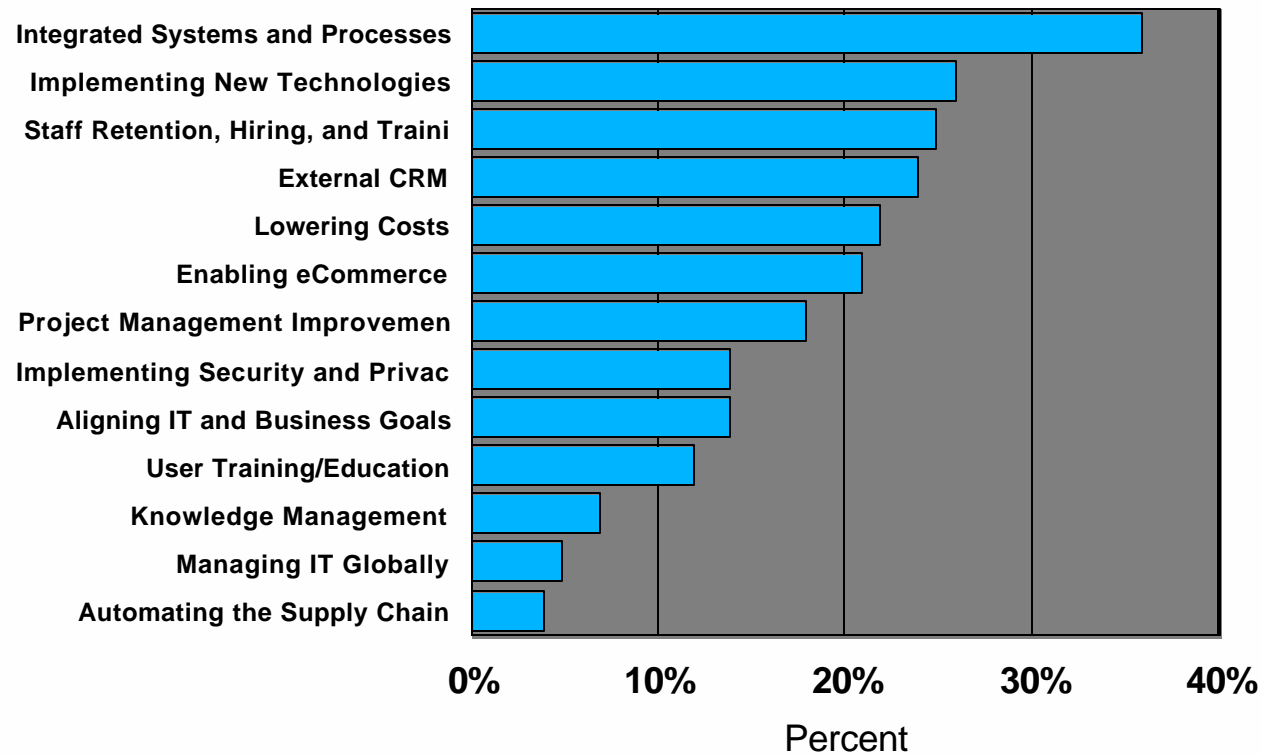
Integration is Needed to Optimize Execution and Reduce Costs ...



Integration is the top spending priority for CIOs

IT Spending Priorities for CIOs

Source: CIO Magazine, March 1, 2002



Application Connectivity

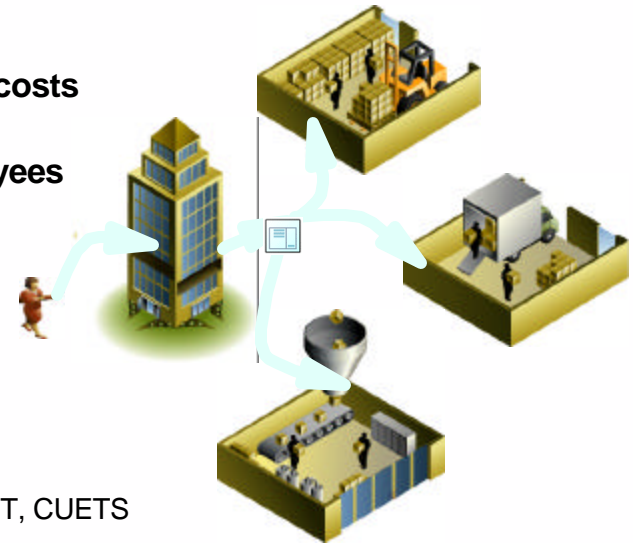
Connecting applications to share and leverage information

Business Challenges

- ▶ Reduce cost of entry / future development cost / service costs
- ▶ Support more users with increased security
- ▶ Increase productivity of growing number of mobile employees
- ▶ Tighter integration with Business Partners

WebSphere Value Proposition

- ▶ **Business Benefits**
 - ▶ Reach new markets
 - ▶ Bring new customers on-line faster
 - ▶ Bring new customers on-line 80% faster - Tom Kindred, VP of IT, CUETS
 - ▶ Improve time-to-market
 - ▶ Using the old way of writing point-to-point interfaces would have taken twice as long - Eastman Chemical
- ▶ **Technology Cost Savings**
 - ▶ Eliminate expense of building multiple, custom integration solutions
 - ▶ Making savings of at least 50% in time and cost using WebSphere MQ Integrator compared to self-developed tools - Swedbank



What's New - Application Connectivity

Extending Information Distribution

- ▶ High-performance, real-time distribution of information to targeted users
- ▶ Support for SCADA, EDI & SWIFT enabling businesses to enter new markets
- ▶ Cost-effective, entry level integration broker

Expanding external Integration

- ▶ Support for integration of EDI-based systems with internal IT infrastructure
- ▶ Integration of EDI on Value Added Networks or the Internet

Improving Application Communication

- ▶ Enhanced performance and security to support large numbers of internal and external users
- ▶ Improve productivity of mobile employees
- ▶ JMS, J2ME support - reducing integration development costs

WebSphere MQ Event Broker v2.1

Delivery of real-time, event-based information to people applications and devices

WebSphere MQ Integrator Broker v2.1

Intelligent routing and transformation of information
Flexible pricing for easy entry

WebSphere Data Interchange v3.1

Integration of EDI systems with the internal IT infrastructure to enable tight integration with trading partners

WebSphere MQ v5.3

High performance communications transport enabling reliable and secure application communication

WebSphere MQ Everyplace v2.0

Integration of users with mobile devices enabling secure and reliable exchange of information

Business Process Integration

Changing how business run through business process integration

Business Challenges

- ▶ **Increase Revenue**
 - ▶ Improve customer loyalty through service
 - ▶ Rapid time to market of new products
 - ▶ Rapid "contact to cash" cycles
- ▶ **Reduce Cost of Operations**
 - ▶ Improve enterprise efficiency
 - ▶ Seamless value chains
- ▶ **Implement an Integration Infrastructure**
 - ▶ At business process level
 - ▶ Internal and external process integration
 - ▶ Of lasting value

Dow Chemical Company reduced development time for new interfaces by 70%

WebSphere Value Proposition

- ▶ **Business Benefit**
 - ▶ Accelerates e-business initiatives for customers, suppliers, partners, and employees with measurable productivity gains and high return on investment
 - ▶ Allows customers to select best of breed packaged vertical applications
- ▶ **Technical Cost Savings**
 - ▶ Enables the creation of collaborative composite applications
 - ▶ Leverages existing applications and infrastructure
 - ▶ Using a scalable proven technology

What's New - Business Process Integration

Combining Capabilities

- ▶ New offering combines InterChange Server, MQ Workflow and WebSphere MQ Integrator Broker
- ▶ Priced same as InterChange Server
- ▶ Pre-built industry specific solutions

Integrating with Business Partners

- ▶ New offering combines process integration and partner management to enable public processes
- ▶ Web services and industry standard connectivity supports any size partner

Expanding Integration

- ▶ CrossWorlds adapters support WebSphere MQ Integrator
- ▶ Support for WebSphere Application Server by year-end 2002

Accelerating CRM Benefits

- ▶ Support for Siebel's Universal Application Network

WebSphere Business Integration v4.1

Complete solution for business integration, human workflow, long running transactions and data transformation and routing

WebSphere Business Connection v1.1

Business-to-business process integration with partners

WebSphere Business Integration Adapters

Connecting applications for multiple styles of integration

CrossWorlds Extender for Siebel

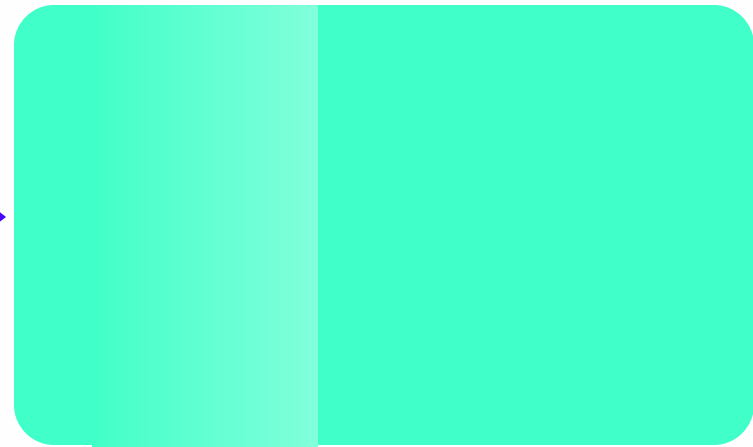
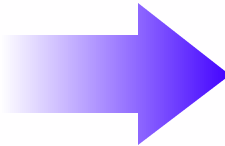
Pre-built integration of Siebel to PeopleSoft, Oracle or SAP

WebSphere Business Integration

- complete integration offering

Requirements

- Process Automation
- Business Objects
- Long Running Transactions
- Human Interaction
- Application Connectivity
 - Transformation & Routing
 - Transport
- Process tools



Benefits:

Time to Value

- Flexible deployment options
- Pre-built integration
- Priced @ current ICS

Lasting Value

- Evolves with open service foundation
- Tools integrate through Eclipse
- Investment protected

WebSphere Business Integration for Industries

Editions of the offering for major industries with pre-built process collaborations and application adapters...

WebSphere
Business
Integration for...

- Telco
- Retail Distribution
- Insurance
- Automotive
- Electronics



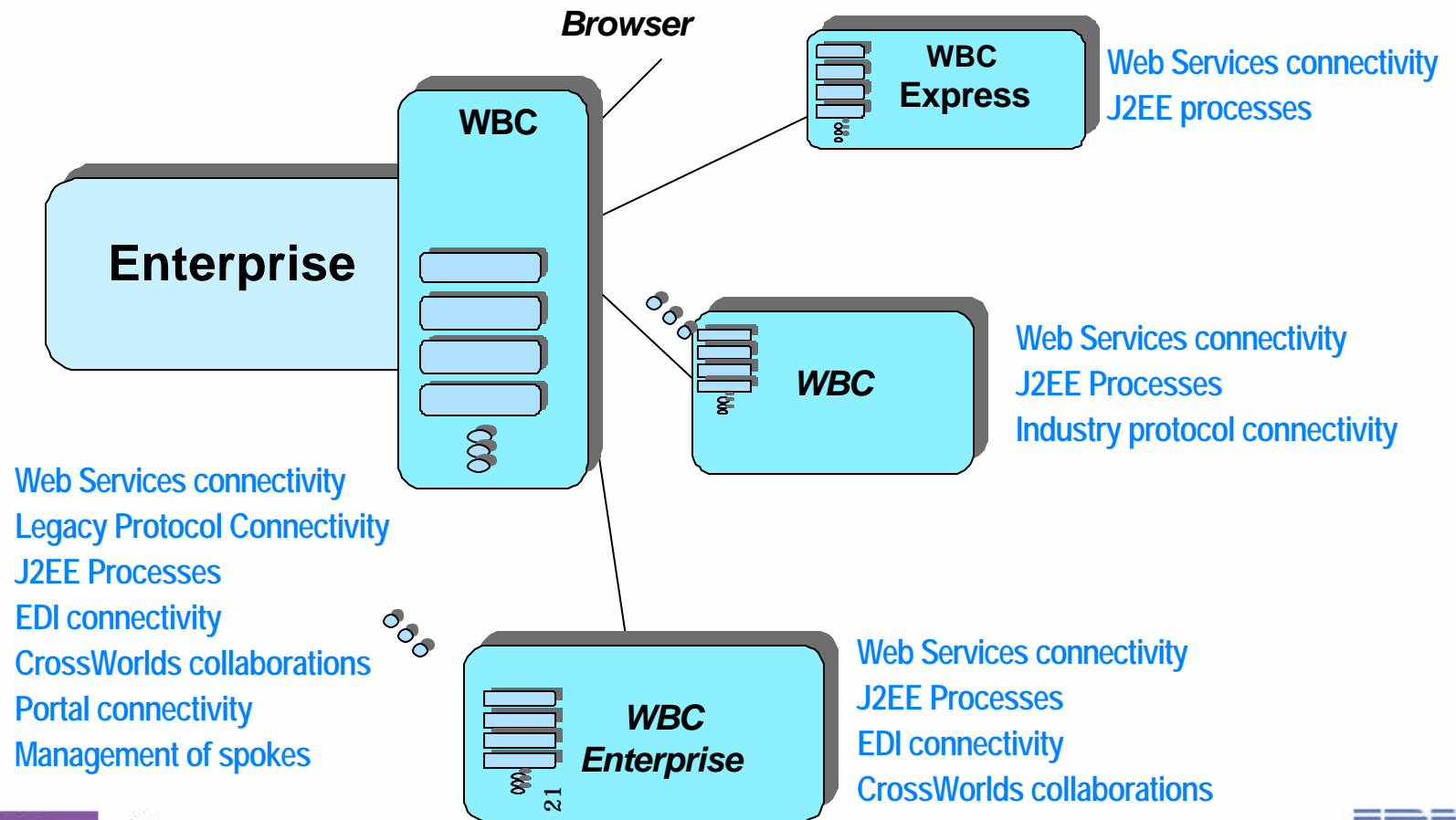
Industry Specific
Process Collaborations
and
Application Adapters

"It passed our proof of concept evaluations with flying colors, offering the fastest solution to implement, the most flexible end-to-end integration infrastructure, and the lowest cost-of-ownership."

Vince Ballester, IT Director Norwich Union

WebSphere Business Connection - EDI over the Internet

- ✓ Flexible solutions providing all styles of business connection over the Internet
- ✓ Easy to implement and scales to 10,000s of trading partners
- ✓ Supports existing industry standards & easily extensible for emerging standards

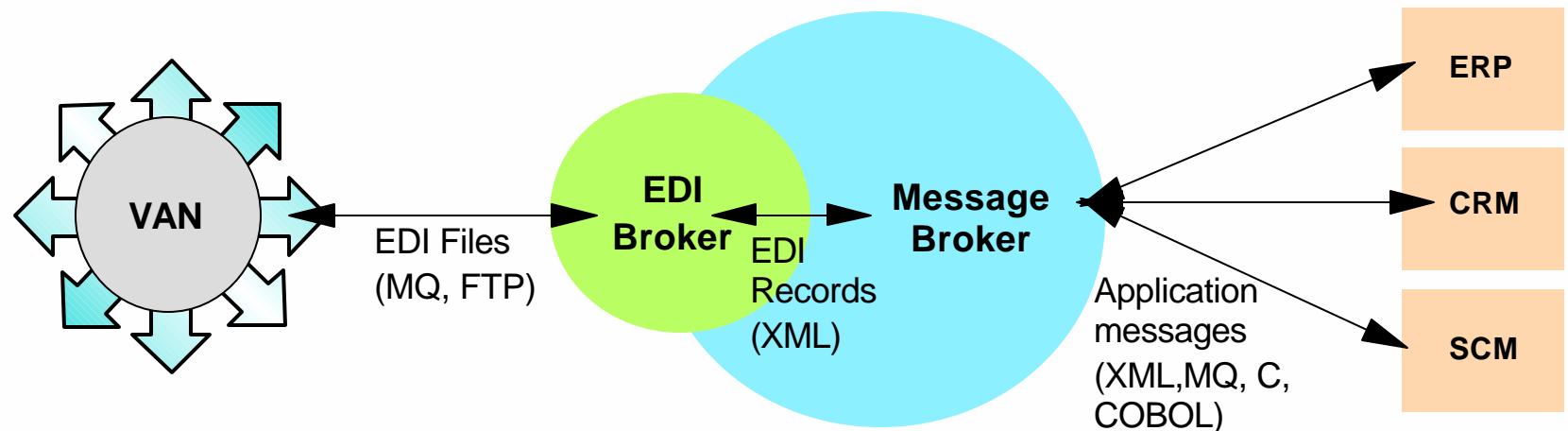


Leverage EDI investments - An Integration Broker Solution

What if you could?

- ✓ Integrate EDI messages with mission critical applications based on business processes and protocols
- ✓ Automatically redirect messages based on message content and system state.
- ✓ Enrich in-flight information through database integration
- ✓ Improve productivity by reducing employee time per transaction and reallocating skilled resources
- ✓ Automate the distribution of EDI messages to and from *multiple applications and departments*
- ✓ Provide different systems with consistent, up to date trading information
- ✓ Alert key users to significant events (for example a purchase order over \$1m)

Solution:

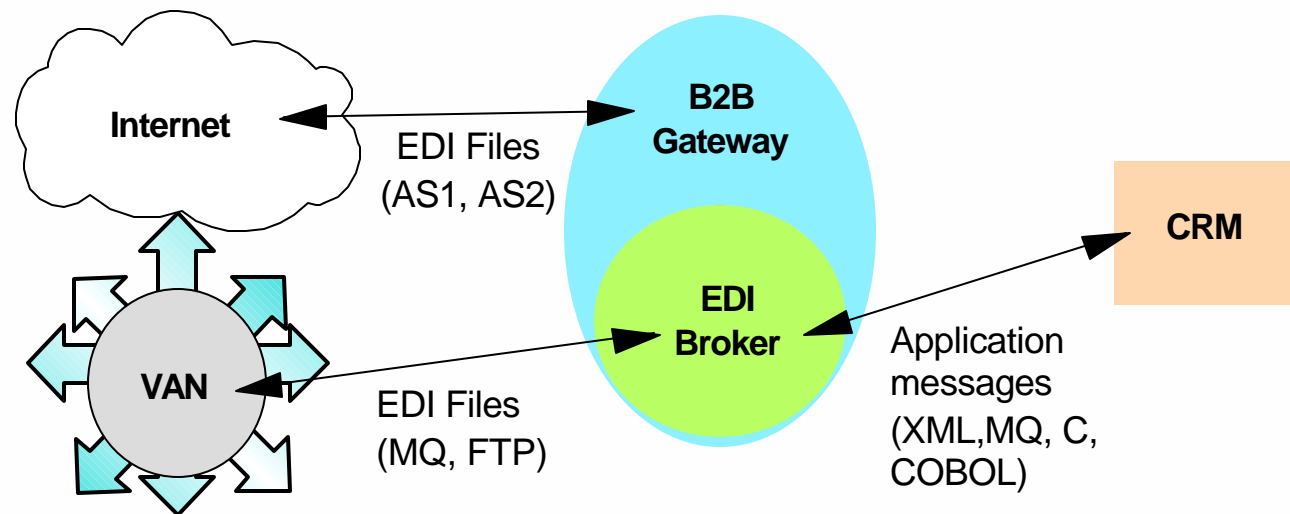


Evolving EDI - A B2B Gateway Solution

What if you could?

- ✓ Publish information services to existing partners and the industry at large using Web Services standards.
- ✓ Auditably guarantee once and once-only implementation of transactions and processes.
- ✓ Automate partner interactions to reduce cycle time and improve reliability.
- ✓ Communicate with business partners using a wide set of protocols, standards and networks.
- ✓ Support a dynamic community of business partners at various levels of IT sophistication.
- ✓ Offer your partners a variety of B2B enablement technologies.
- ✓ Ensure that interactions with partners are conducted according to defined and auditable processes.

Solution:



IBM EDI and Business Exchange Services add value

- Meet your Business to Business needs with IBM Application Hosting - EDI services

Electronic Data Interchange	<i>IBM's Information Exchange</i>
Internet based communications	<i>IBM's Business Exchange Services - Internet Transfer feature</i>
WebSphere MQ based communication	<i>IBM's exchange for WebSphere MQ</i>

- Combined WebSphere software and IBM Services avoids complexity
 - ▶ **Use IBM e-business-on-demand to:**
 - Deal with heterogeneous partner community
 - Provide efficient and effective partner operations
 - Outsource the challenges of B2B network operations
 - Add flexibility to your partner relationships
 - ▶ **Use IBM middleware to:**
 - Deal with heterogeneous internal systems
 - Provide efficient and effective internal operations
 - Take control of your processes
 - Add flexibility to your internal infrastructure

Advantages of integrating EDI within the e-business infrastructure using IBM WebSphere software and e-business on demand services

- ★ On-line EDI reduces cycle time and increases competitiveness
- ★ Different systems can have consistent, up to date trading information
- ★ Route messages to the right systems depending on transaction content
- ★ Alert key users to significant events (for example a purchase order over \$1m)
- ★ Redirect messages to maintain service when systems are off-line
- ★ Support for both legacy VAN and Internet transports
- ★ Range of solution options from pure software to pure network service
- ★ Implement process-driven or information-driven integration models
- ★ One-stop shopping for software and e-business services

State of California motors into e-government with IBM WebSphere

- Initiative to build an electronic Proof of Insurance (e-POI) reporting system.
 - enables insurance companies to provide proof of insurance to the State of California electronically, which in turn allows the corresponding vehicle owners to renew their vehicle registration online
 - As of December 1, 2001 more than 400,000 Californians register their vehicles online.
- Initial pilot application needed to be turned into an EDI-based “nuclear-powered” solution using industry-wide accepted ANSI, X.12 standards.

“When larger insurance companies began to express interest in participating, we had to dramatically revise our budget for data translation, explains Bill Wihl, (Chief of System Re-engineering, DMV) **The cost to support data translation for just one major player alone was \$3 million.** IBM DataInterchange gave us an inexpensive way to handle the workload at a fraction of the normal costs. It laid the foundation for a truly standards-based EDI environment.”



NORWICH UNION



ROYAL BANK



Telekom Austria



WebSphere software



Who's doing what in the EDI market?



✘ Other EDI and EAI vendors:

- Public information on layoffs
- Falling revenues, targets missed
- Handful of references
- Selling off their EDI assets (Peregrine, GE GSX)
- WorldCom financial problems driving customers to look for alternative vendors

✓ IBM..... Decided that EDI is strategic to the business.

✓ Continued WebSphere Investments:

- \$1 billion annual investment
- Over 7000 Java developers

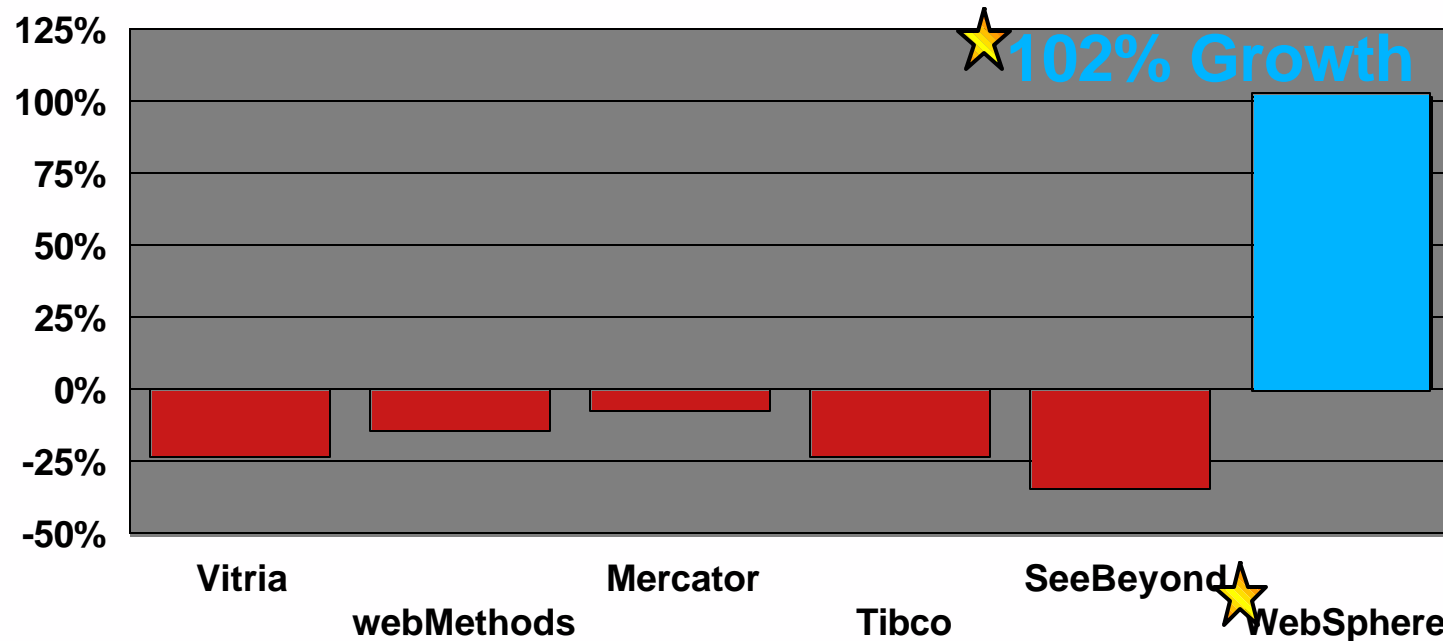
✓ Continued Business Integration Investments

- Over 700 developers
- Acquisition of CrossWorlds, MetaMerge, PWC and Holosofx
- Hundreds of references
- 2002 - DataInterchange, IBM's EDI translator, strategically realigned under WebSphere Brand

WebSphere is the ONLY Business Integration Vendor growing while competitors are shrinking

Year to Year Revenue Growth Rate

for quarter ending June 30, 2002



■ Hurwitz: IBM Shows its Style, by Tyler McDaniel

- "The IBM WebSphere platform through leveraging its portfolio of integration products has firmly and decisively jumped forward at a critical juncture in this market. Deployments and needs are rapidly maturing. IBM looks fit and healthy to make its move for the lion's share of the middle tier. "

WebSphere Market Momentum Continues To Build

with -- Business Integration in 2002

- 10,000 Customer sites using WebSphere MQ
- 1,300 Customers using WMQI
- 1,000 Customers using WebSphere MQ WorkFlow
- 4 out of 5 customers who buy interapplication messaging systems by WebSphere MQ
- 9 out of the top 10 Fortune 100 customers rely on MQSI daily
- Siemens, Whirlpool, Nortel, Dupont & Dow have selected CrossWorlds as their corporate integration standard
- CrossWorlds Reduced the time Ingersoll Rand needed to process orders by 90%

**Market
Leading
e-business
platform**

Highlights & Where to go next

IBM is best placed to meet enterprises EDI and Business Integration needs

Leverage your EDI skill and expertise and become a mission critical part of your businesses middleware strategy!

To find out more download the Business Integration info pack:
ibm.com/software/integration

or

Contact your local IBM sales rep

For More information about WDI visit: ibm.com/websphere/datainterchange