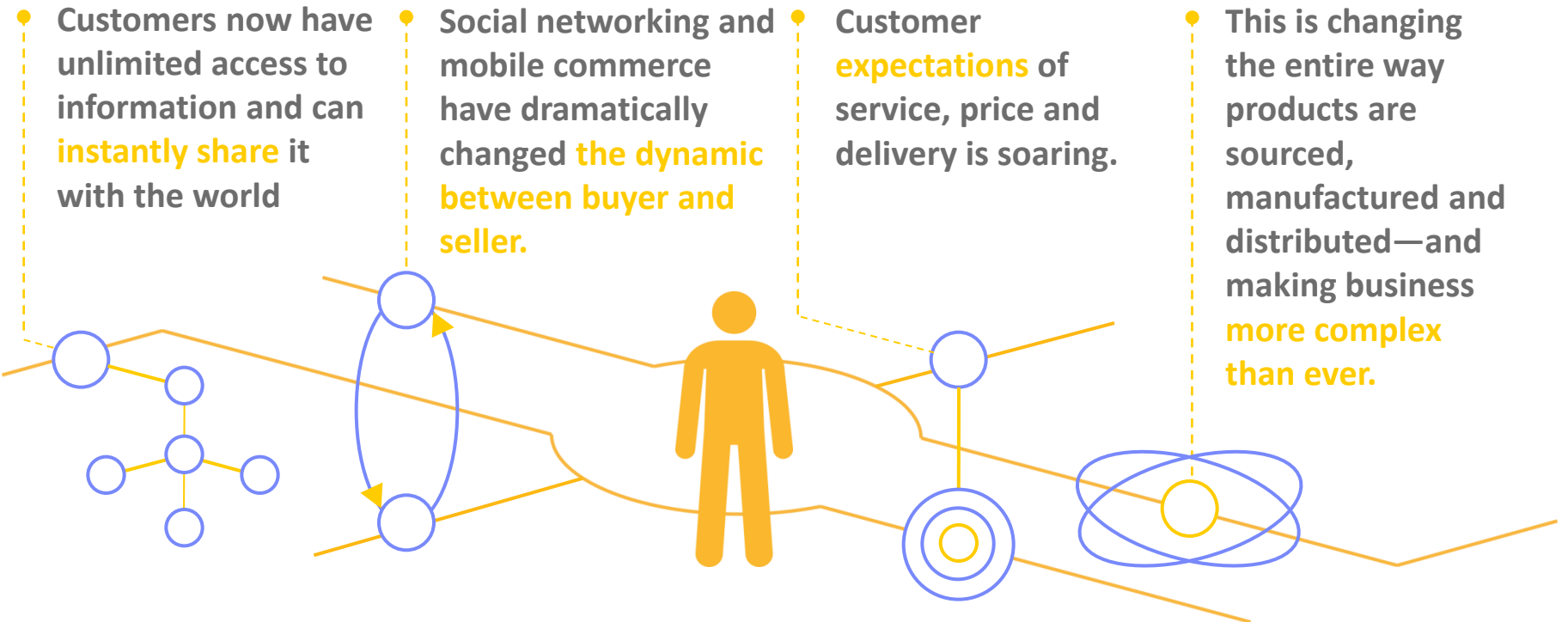# Smarter Commerce

Redefining commerce in the age of the customer

We have entered the age of the empowered customer

- Customers now have unlimited access to information and can **instantly share** it with the world

- Social networking and mobile commerce have dramatically changed **the dynamic between buyer and seller.**

- Customer **expectations** of service, price and delivery is soaring.

- This is changing the entire way products are sourced, manufactured and distributed—and making business **more complex than ever.**

155 million
Number of tweets sent via Twitter each day

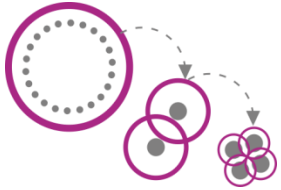## 75%
Percentage of people who believe, companies don't tell the truth in advertisements

$93 billion
Amount in sales missed due to out of stock inventory

These **disruptive forces** ripple from the customer through the enterprise and across entire industries

Individuals

- **The connected consumer**
- **The networked workforce**
- **The empowered citizen**

"The consumer is using new channels to perceive value, and associated pricing implications."
Consumer Products CEO, United States

Enterprises

- **Evolved business models**
- **Optimized digital operations**
- **Connected enterprise**

"Profits will shift away from analog distribution to digital distribution; we will see increased margins in digital distribution and increased international distribution."
Media and Entertainment CEO, United States

Industries

- **Value migration**
- **Value chain redefinition**
- **Fragmentation**

"Disintermediation of clients by smaller niche players (such as mobile players) is cause for concern."
Financial Markets CEO, Canada

Power has shifted to the customer — compressing margins and changing paradigms

In this new era, businesses need to:

Understand and anticipate customer behavior and needs based on customer insights across all channels
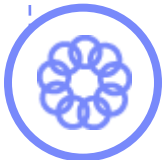
Adapt sourcing and procurement based on customer demand **and optimize** supplier interactions across extended value chains

Market, sell and fulfill the right product and service at the right price, time and place

Service customers flawlessly, **predict and drive** customer loyalty

Successful companies are staying competitive by transforming their approach to commerce
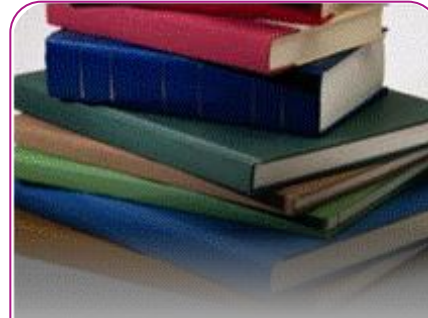
95%
Amount a major transportation company reduced partner integration time*.

41%
Amount a retail pet company increased sales per unique web visitor. Also increased open and click-through rates to five times the industry average*.
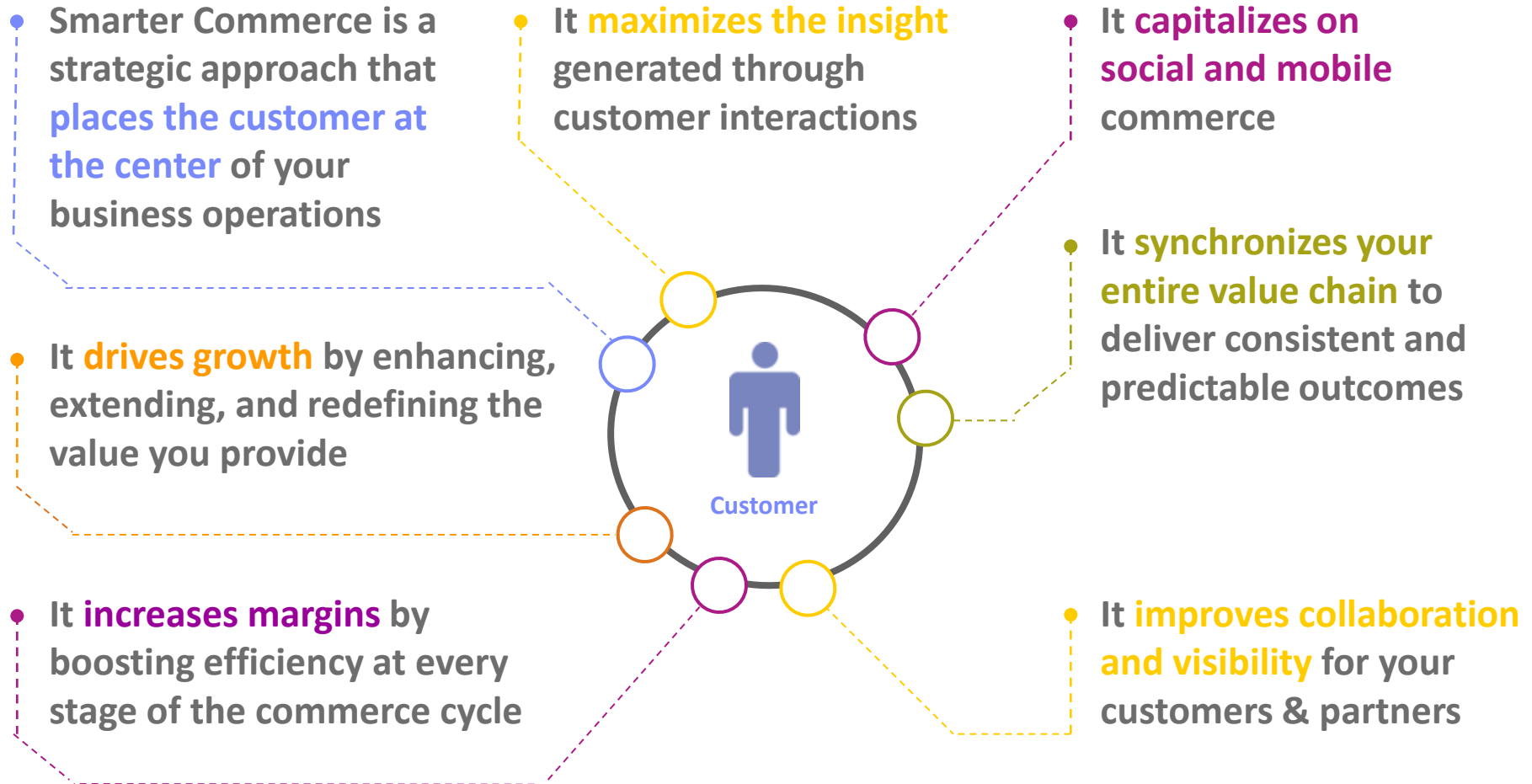
50%
Amount a leading provider of teaching, learning and research solutions grew direct-to-consumer commerce revenues year over year*.

376%
Amount a US-based national communications service provider boosted ROI by reducing customer churn.

*Case studies based on Coremetrics, Sterling Commerce and Unica solutions

At IBM we call the path forward: Smarter Commerce

- **Smarter Commerce is a strategic approach that places the customer at the center** of your business operations

- It **drives growth** by enhancing, extending, and redefining the value you provide

- It **increases margins** by boosting efficiency at every stage of the commerce cycle

- It **maximizes the insight** generated through customer interactions

Customer

- It **capitalizes on social and mobile** commerce

- It **synchronizes your entire value chain** to deliver consistent and predictable outcomes

- It **improves collaboration and visibility** for your customers & partners

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Smarter Commerce focuses on three dimensions centered around the customer

Customer Insight

In today's world of instant business, you need **deep insights, in real-time that you can turn into immediate action**

Customer Value Strategy

In turn, you must **re-think how your customers define value, and the changes you must make to your value chain** so you can deliver exactly what your customers want - profitably

Customer

Customer & Partner Engagement

You need an approach that allows you to more effectively **connect, collaborate, conduct commerce and create** a differentiated customer experience
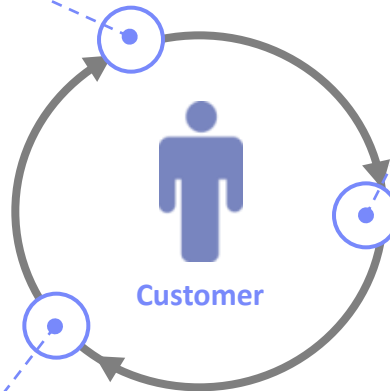
...increasing the value companies generate for their customers and partners in a rapidly changing digital world

Smarter Commerce can help transform **every phase of the commerce cycle**

Buy
Sourcing, controlling and procurement of goods and services

Service
Servicing customer needs across all interaction channels

Insight

Strategy

Engagement

Buy

Market

Service

Sell

Customer

Market
Targeted and personal ized marketing across all customer interactions

Sell
Enables selling and fulfillment of products and services across all channels

IBM's <u>integrated portfolio</u> for Smarter Commerce

IBM
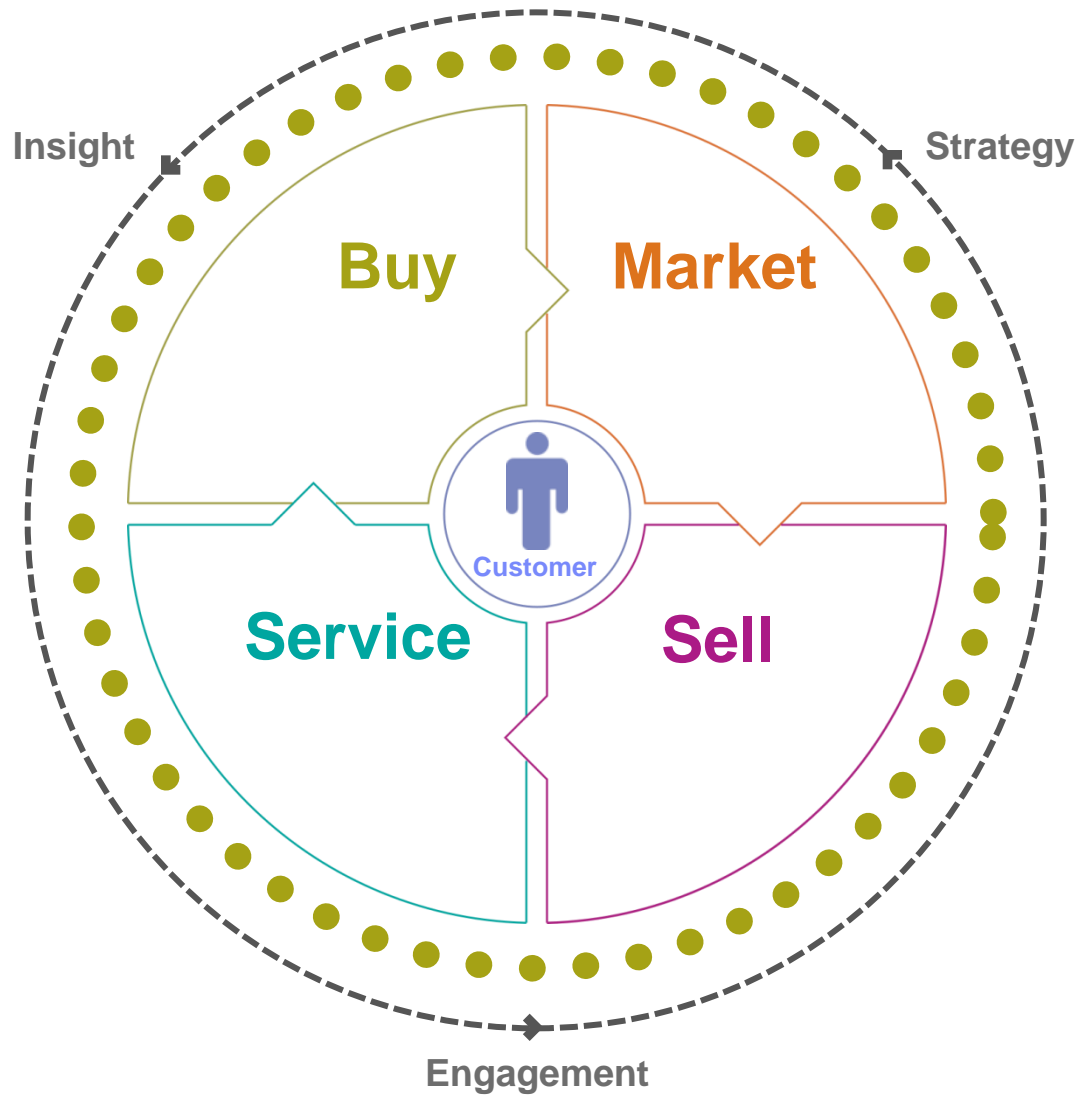
VALUE CHAIN STRATEGY AND SERVICES

Innovation and business value
Innovating and aligning business models to drive value to the customer

Market and customer mgmt
Aligning sales, marketing and operations to engage with customers

Operating and Organization Models
Designing operations, supply chain and the organization model to deliver customer value

CORE BUSINESS SOLUTIONS

Core Business Processes

Buy
- Supplier Integration & Management
- Supply Chain Optimization
- Logistics Management
- Payments and Settlements

Market
- Customer Awareness & Analytics
- Social Media Marketing
- Brand Experience
- Cross-channel Campaign Mgmt
- Digital Marketing Optimization
- Marketing Resource Mgmt

Sell
- Cross-channel Selling
- Distributed Order Management
- Customer Integration & Collaboration
- Fulfillment
- Store Solutions
- Payments & Settlements

Service
- Delivery, Service, & Support
- Customer Self-Service
- Reverse Logistics
- Case Management

Advanced Analytics

Store analytics | Purchase analytics | Consumer loyalty | Predictive and prescriptive | Social Analytics | Master data management

Workload Optimized Systems

(Z-Enterprise, Power, X, Storage and Systems Software)
focused on agility, integration and automation to drive relevant business outcomes

IBM

Buy

Strategy & Enablers

- Supply Chain Strategy
- Operating Model Design
- Business Model Innovation
- Key Value Enablers - Process Excellence, Organization & People Strategy, Technology Strategy and Change Management

Core Business Solutions

- **Core Business Processes**
  - Trading Partner Management
  - Supplier Management
  - Supply Chain Management
  - Supply Chain Visibility & Optimization
  - Logistics Design & Management
  - Inventory Management
  - Procurement Transformation
  - Supply Chain & Procurement Business Process Outsourcing
- **Products**
  - **Sterling Commerce** (Warehouse Management, Transportation Management, Supply Chain Visibility, Collaboration Network/B2B Services, e-invoicing)
  - **ILOG Supply Chain** (Logistics Optimization, Inventory Optimization)

Analytics

- Supply Chain Analytics; Procurement / Buying / Merchandising Analytics ; Market Basket Analytics

Workload Optimized Systems

- IBM Smart Analytics System
- Transaction optimized system for high-volume transaction workloads

Sourcing and procuring goods and materials required to deliver products and services to meet customer demand

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Market

Strategy & Enablers

- Customer, marketing, social media, and digital brand & presence strategy
- Business Model Innovation
- Key Value Enablers - Process Excellence, Organization & People Strategy, Technology Strategy and Change Management

Core Business Solutions

- **Core Business Processes**
  - Contact Center Optimization
  - Channel Transformation
  - Predictive Analytics/Modeling
  - Behavioral Segmentation
  - Cross-channel Campaign Management
  - Search Optimization, Ad Targeting
  - Marketing Resource Management
  - Marketing and Campaign Management Business Process Outsourcing
- **Products**
  - Coremetrics (Digital Analytics, Search Optimization, Ad Targeting, Behavioral Segmentation)
  - Unica (Cross-channel Campaign Mgmt and execution, Event Detection, Real-time Recommendations, Marketing Resource Mgmt)
  - WebSphere Commerce (Precision Marketing)
  - Retail Store Solutions (POS Hardware & Software for Retail Stores)

Analytics

- Customer, Marketing and Sales Analytics; Web Analytics ; Social Media Analytics; Purchase Analytics

Workload Optimized Systems

- IBM Smart Analytics System:
- Transaction optimized system for campaign management and other high-volume transaction workloads

Developing, delivering, and measuring relevant and consistent messages across multiple channels to drive demand

Sell

Strategy & Enablers

- Sales and CRM strategy
- Business Model Innovation
- Key Value Enablers - Process Excellence, Organization & People Strategy, Technology Strategy and Change Management

Core Business Solutions

- **Core Business Processes**
  - Channel Transformation
  - B2B / B2C Cross-channel commerce
  - Fulfillment, Logistics, and Supply Chain Optimization
  - Supply Chain Management
  - Mobile Commerce
  - Retail Store
  - Multi-channel & Contact Center Outsourcing
- **Products**
  - WebSphere Commerce (Order Capture, B2C/B2B e-commerce)
  - Sterling Commerce (Order Management, Configure, Pricing, Quote, Warehouse Management, Transportation Management)
  - ILOG Supply Chain (Network Optimization, Transportation Optimization)
  - Retail Store Solutions (POS Hardware & Software for Retail Stores)

Analytics

- Marketing Analytics; Web Analytics ; Customer Analytics; Social Analytics; Purchase Analytics

Workload Optimized Systems

- Transaction optimized system for website operation and other high-volume transaction workloads

NEW!

- IBM Smart Analytics System

Selling and fulfillment of products and services across multiple channels to drive profitable revenue growth

Service

Strategy & Enablers

- CRM Strategy
- Contact Center Optimization
- Channel Transformation
- Key Value Enablers - Process Excellence, Organization & People Strategy, Technology Strategy and Change Management

Core Business Solutions

- **Core Business Processes**
  - Delivery & Service Scheduling
  - Returns Management
  - After-sales support
  - Customer Self Service Enablement
  - Reverse Logistics
  - Case Management
  - Contact Center optimization
  - Channel Transformation
  - Customer Contact Center Outsourcing
  - Technical and Product Support Outsourcing
- **Products**
  - Sterling Commerce (Delivery & service Scheduling, Reverse Logistics)
  - IBM Case Manager (Case Design, Run-time, Analytics, Collaboration, Rules & Events)
  - Unica (Service Notification & Communications)
  - Retail Store Solutions (POS Hardware & Software for Retail Stores)

Analytics

- Customer, Marketing and Sales Analytics; Purchase Analytics

Workload Optimized Systems

- Transaction optimized system high-volume transaction workloads
- IBM Smart Analytics System

Servicing customer needs across all channels to drive repeat sales and increase lifetime value of customers

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What does Smarter Commerce mean to these clients?

1-800-FLowers

For 1-800-Flowers, Smarter Commerce means having a unified platform for commerce across brands with agility to launch offerings. The commerce platform started with two brands and will eventually drive most brands with cross-selling and information sharing across the enterprise.

ING Bank

For ING Bank*, serving over 8M customers, Smarter Commerce means transforming their marketing so personalized product offers can be delivered across multiple channels in real time for an expected €20M increase in corporate earnings, 35% reduction in marketing costs, and shorter cycle times

Crocs

For Crocs*, a $700M manufacturer, Smarter Commerce means transforming their fulfillment operations and supply chain so internet customer orders are filled with nearly 100% accuracy through their network of suppliers at the lowest cost

*Case studies based on Coremetrics, Sterling Commerce and Unica solutions

What is **unique** about IBM's Smarter Commerce?

Comprehensive

- **Optimizes the complete commerce lifecycle**
- **Leading software, services and infrastructure**

Integrated

- **Integrated analytics**
- **Integrated focused industry solutions**

Suppliers

Customers

IBM Smarter Commerce

Partners

Influencers
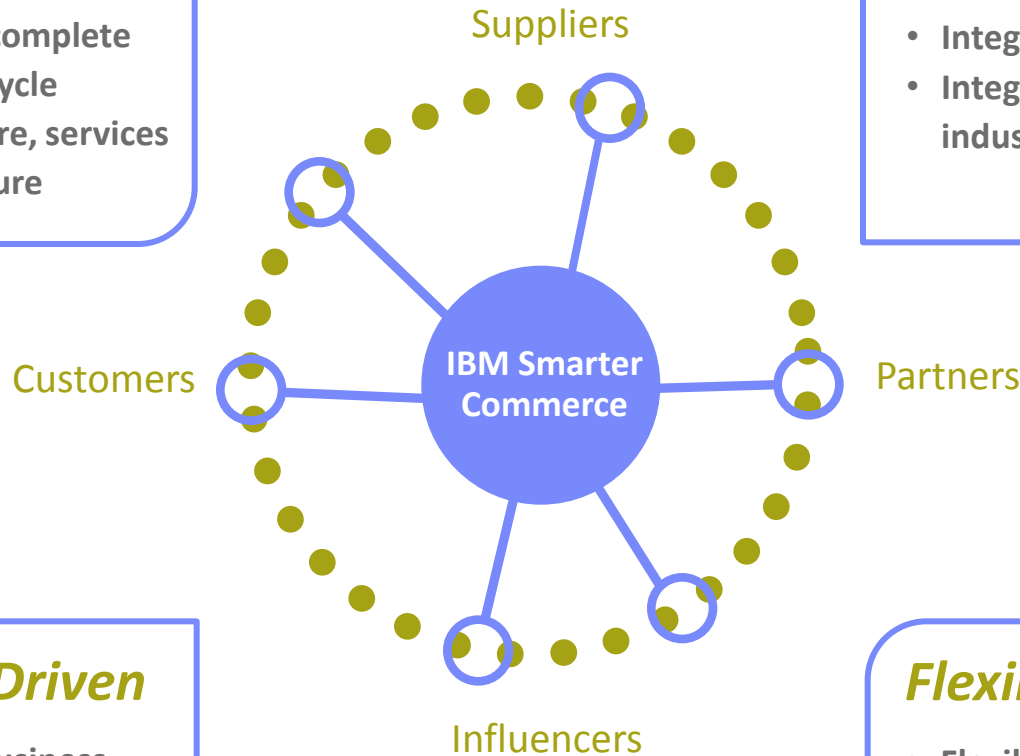
Outcome Driven

- **Measureable business outcomes**
- **Outcomes tailored to business domains**

Flexible and Open

- **Flexible deployment**
- **Modular offerings and flexible consumption**

IBM is the right partner for Smarter Commerce

- **Leading industry capabilities and offerings**

  o Analytics, B2B Integration, Decision Optimization, Enterprise Marketing Management, Order Management, Selling and Fulfillment
  o Modular approach to address key challenges today and grow with confidence

- **Leader in research and development**

- **$2.5 billion invested since 2010 to create a truly smarter approach to commerce**

- **New services practice with more than a thousand dedicated experts**

- **Expertise in over 20 industries to help create a solution customized for your specific needs**

- **Leader in Smarter Computing - Over 50,000 hardware and software developers optimizing systems to manage needs driven by commerce applications**

Together we will deliver Smarter Commerce

- **We collaborate with you to enhance, extend, and re-define your approach to deliver value through**

  o *Acting on Customer Insight*

  o *Evolving your Customer Value Strategy*

  o *Optimizing Customer & Partner Engagement*

- **We help you address most pressing concerns now and prepare for future growth**

- **We can help you leverage and extend your existing technology and investments**

  ...increasing the value you generate for your customers, partners and shareholders in a rapidly changing digital world.
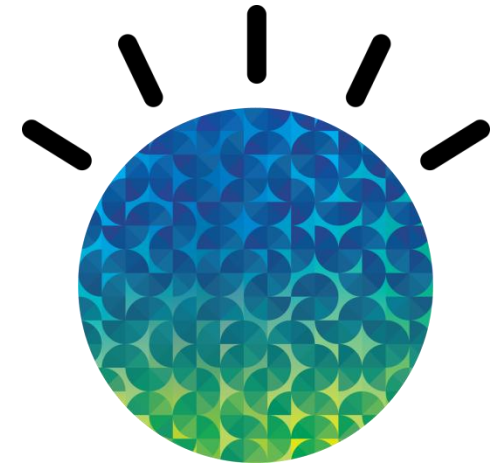
*Over **2,000 of the world's top brands** rely on IBM to improve their business insight and execution*

Next steps

Identify your Areas(s) of Engagement (Technology, Industry, etc.)

Get the Delta: What's there – What's needed

Focus on what you can deliver and what your customers want

Michael Sigmund
IT Architect
IBM Software Group

IBM

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Email   msigmund@de.ibm.com

Backup

Recognized leadership in enterprise market management

Gartner

Unica: **Leader**
*Gartner Magic Quadrant: **Marketing Resource Mgmt,** Q109*

Unica: **The Leader**
*Gartner Magic Quadrant: **Multi-Channel Campaign Mgmt,** Q210*

Unica: **Visionary**
*Gartner Magic Quadrant: **Enterprise Marketing Mgmt,** Q410*

FORRESTER®

Unica: **Leader**
*The Forrester Wave™: **Enterprise Marketing Platforms,** Q108*

Coremetrics: **Leader**
*The Forrester Wave™: **Web Analytics,** Q309*

Unica: **Leader**
*The Forrester Wave™: **Cross-Channel Campaign Mgmt,** Q409*

Recognized leadership for E-Commerce, B2B Integration, MFT, Order Management

Gartner

IBM: Leader
*Gartner Magic Quadrant: **E-Commerce**, Q2 10*

Sterling Commerce: Leader
*Gartner Magic Quadrant: **Managed File Transfer**, Q3 09*

Sterling Commerce: Leader
*Gartner Magic Quadrant: **Integration Service Providers**, Q4 09*

FORRESTER®

IBM Leader
*The Forrester Wave™: **B2C eCommerce Platforms**, Q4 10*

Sterling Commerce: Leader
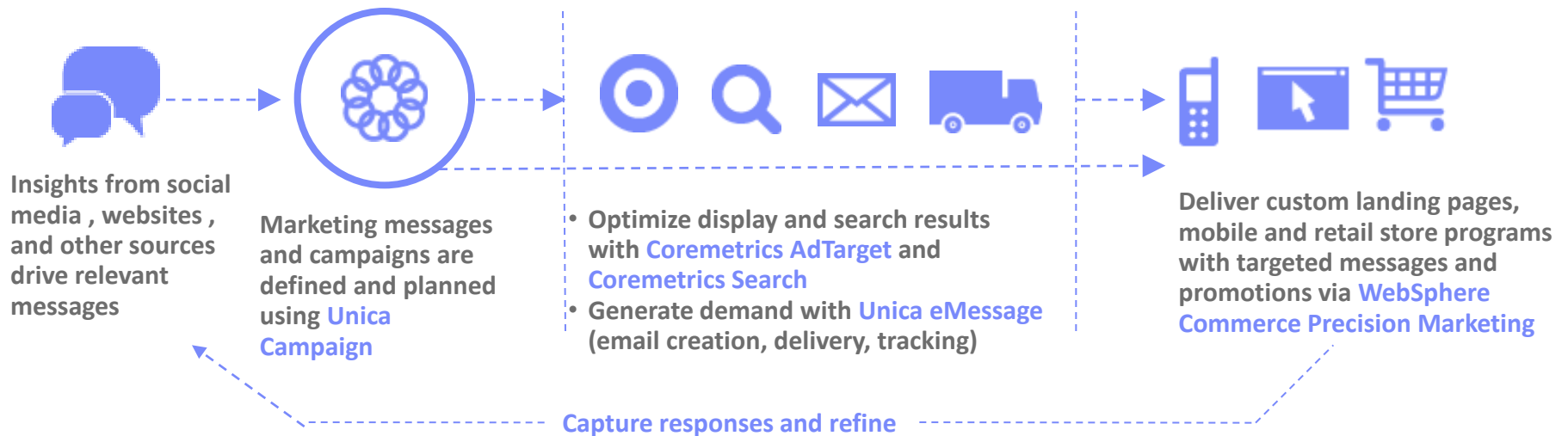*Forrester Wave™: **Order Management Hubs**, Q3 10*

Sterling Commerce: Leader
*Forrester Wave™: **B2B Service Providers**, Q4 09*

IBM

Planning, coordinating & executing marketing campaigns to stimulate commerce demand

Manage marketing across multiple interaction channels

- Cross-channel marketing strategy is defined and planned using **Unica**
- **Coremetrics** is used to track consumer actions, and make relevant recommendations
- The e-commerce web site and order capture is provided by **WebSphere Commerce**
- Customer experience with responsive interaction is guaranteed by **workload optimized systems**

Insights from social media , websites , and other sources drive relevant messages

Marketing messages and campaigns are defined and planned using **Unica Campaign**

- Optimize display and search results with **Coremetrics AdTarget** and **Coremetrics Search**
- Generate demand with **Unica eMessage** (email creation, delivery, tracking)

Deliver custom landing pages, mobile and retail store programs with targeted messages and promotions via **WebSphere Commerce Precision Marketing**

Capture responses and refine

Leveraging supply chain intelligence to shift inventory & execute regional promotions

Offer regional product promotions and optimize inventory distribution

- **Sterling Supply Chain Visibility** monitors flow of inventory vs. annual norms
- **ILOG** is used to optimize the logistics network
- Network details are deployed into the **Sterling Transportation Management System**
- **WebSphere Commerce** leverages this intelligence to issue custom regional promotions

Warm winter in Denver results in excess snow blower inventory…

Meanwhile, a cold spell in Boston is causing back orders due to lack of inventory

Sterling Supply Chain Visibility

Regional promotion to sell Denver inventory faster

— **WebSphere Commerce Precision Marketing** —

Trigger an inventory movement of snow blowers from Denver to Boston

— **ILOG Logistics Network Optimization**
Sterling Transportation Management

Capture results for future supply and inventory

Offer regional product promotions and optimize inventory distribution

Leveraging supply chain intelligence to shift inventory & execute regional promotions

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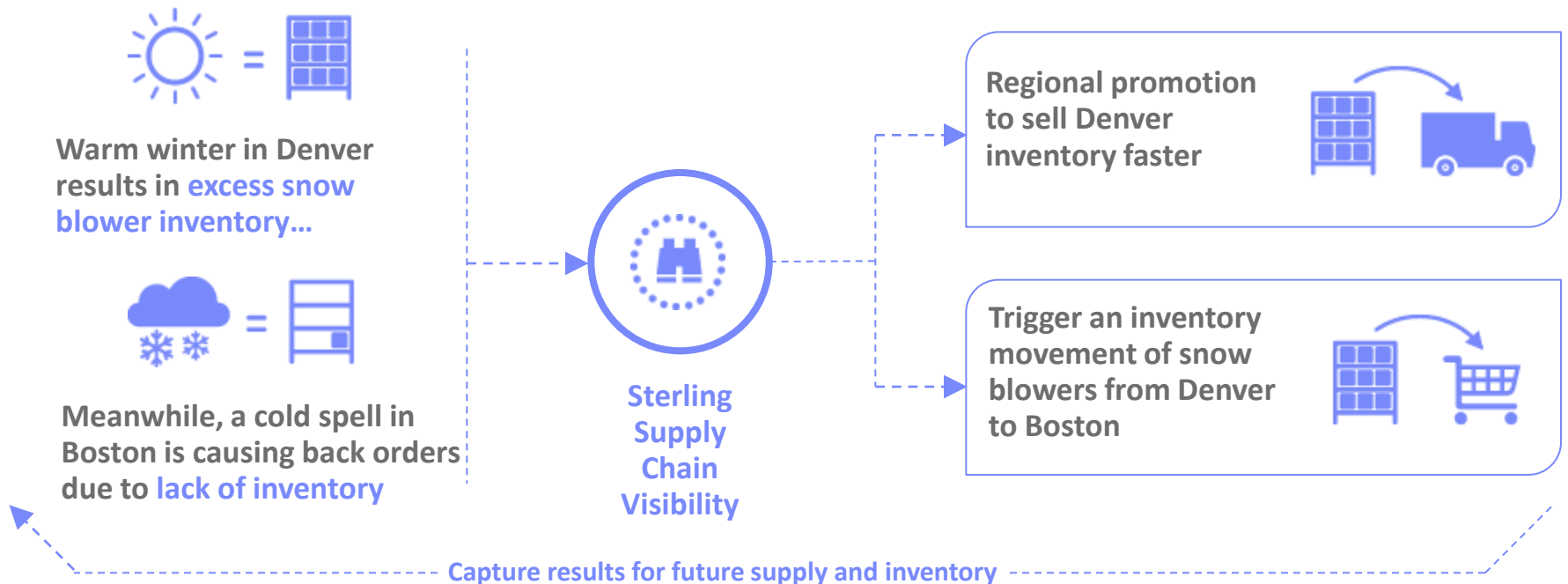
A unified, cross-channel shopping experience

Take action based on a consistent view of a consumer's order across multiple channels

- **Coremetrics** is used to track consumer actions, and make relevant recommendations
- The e-commerce web site and order capture is provided by **WebSphere Commerce**
- **Sterling Order Management** maintains a consistent view of the consumer's order
- The POS from **Retail Store Systems** integrates with the entire system to maximize POS sales

Consumer is shown a web ad for a new TV. Ad content selected by **Coremetrics.**

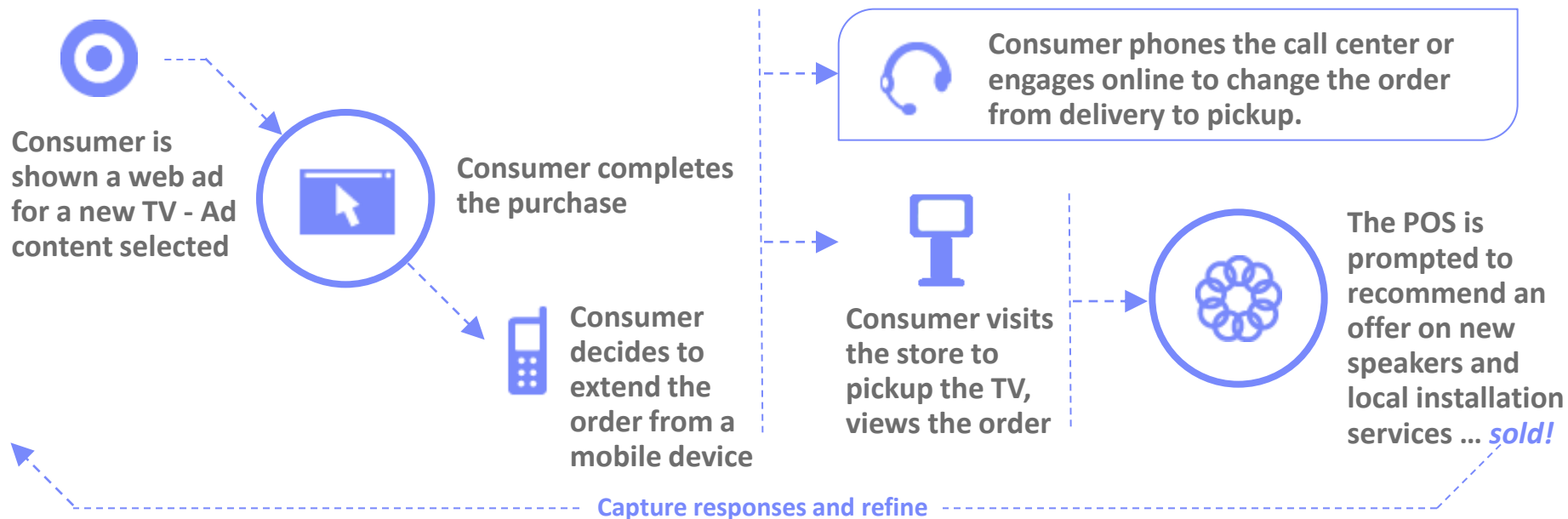Consumer completes the purchase using **WebSphere Commerce**

Consumer phones the call center or engages online to change the order from delivery to pickup.

Sterling Order Management

Unica prompts the POS to recommend an offer on new speakers and local installation services ... *sold!*

Consumer decides to extend the order from a mobile device

Consumer visits the store to pickup the TV, views the order via the **IBM RSS POS**

Capture responses and refine

Take action based on a consistent view of a consumer's order across multiple channels

A unified, cross-channel shopping experience

Consumer is shown a web ad for a new TV - Ad content selected

Consumer completes the purchase

Consumer phones the call center or engages online to change the order from delivery to pickup.

Consumer decides to extend the order from a mobile device

Consumer visits the store to pickup the TV, views the order

The POS is prompted to recommend an offer on new speakers and local installation services ... *sold!*

Capture responses and refine

Delivering Unparallel Customer Experience via Human, Digital, Mobile & Social Interactions

Seamless Customer Experience across multiple Interaction Channels

- **Web (WebSphere Commerce & Portal)**
- **Mobile (WebSphere Commerce Mobile Store)**
- **In Store POS & Kiosks (Retail Store Solutions)**
- **Call center (Sterling Order Management – Call Center)**
- **Social Media**

"Web"

"Social Networks"

"Mobile"

Customer

"Call Center"

"Store POS & Kiosks"

**Sterling Order Management –
Call Center**

Retail Store Systems
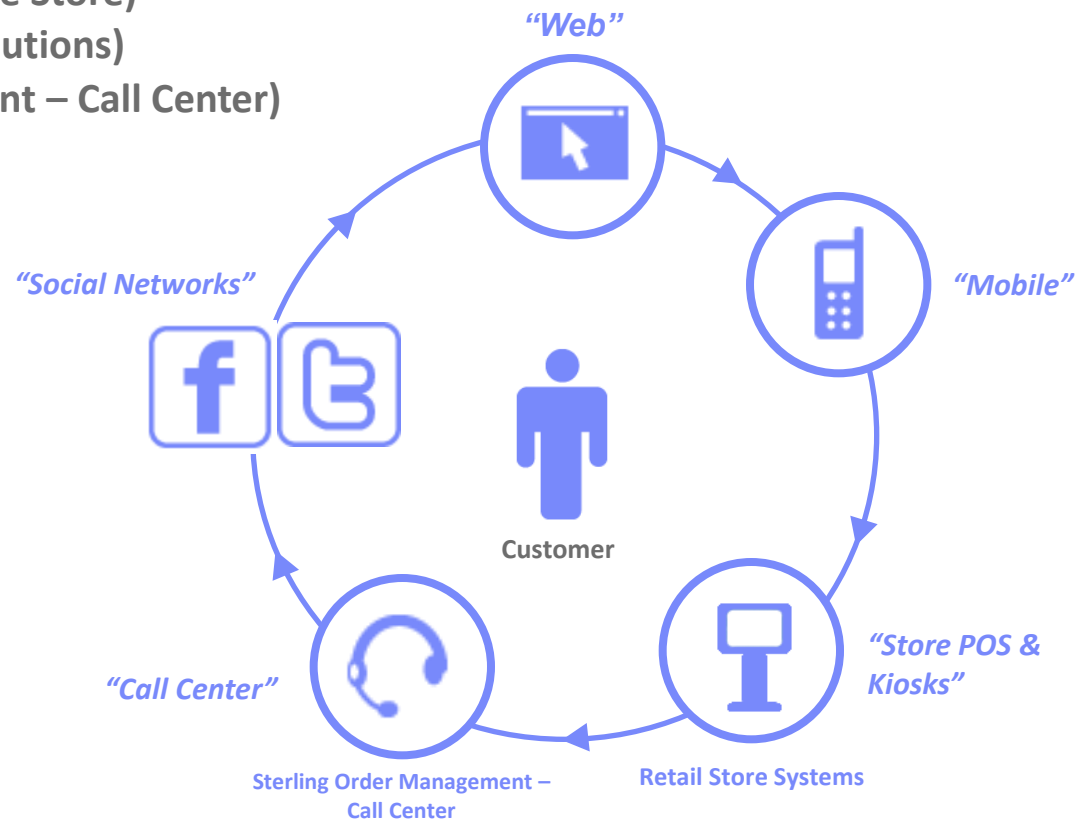
Seamless Customer Experience across multiple Interaction Channels

Delivering Unparallel Customer Experience via Human, Digital, Mobile & Social Interactions

"Web"

"Mobile"

"Store POS & Kiosks"

"Call Center"

"Social Networks"

Customer