

**BPM from IBM:
*Optimizing the Business
Like No One Else Can***

Smart
SOA



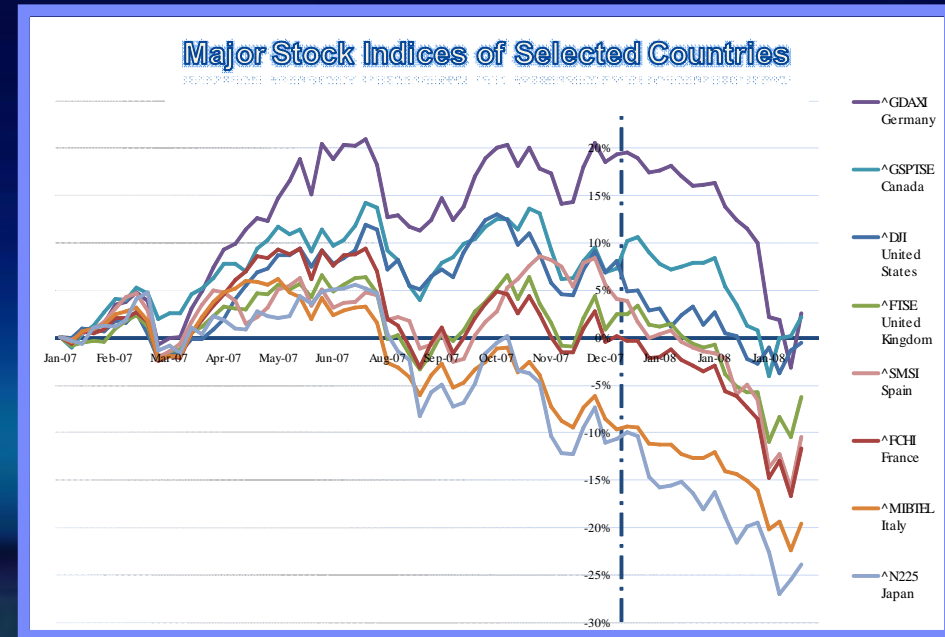
Clyde Hinshelwood
BPM Leader SW IOT

Today's dynamic times bring more rapid and transformative change

- Oil at \$120 a barrel



- More volatile and interconnected Global exchanges



CIO CEOs, aren't waiting for the statistics to match a dictionary definition of recession”

Jan 25, 2008

Executives Believe That Change is at the Heart of Most Businesses

A view from over 2500 CXO's

CFO Study



Human Capital Study



CEO Study



Business Model Innovation

Global Integration

Talent Management

Business Transparency

Business Success Depends Upon Your Ability to Adapt to Change... Regardless of the Scenario



Recession Scenario

- Repackage for no-frills and greater value
- Focus priorities and conserve resources
- Customers are spending less

Same Business Needs:

- Meet changing customer needs
- Monitor business health and correct
- Improve efficiency and reduce costs

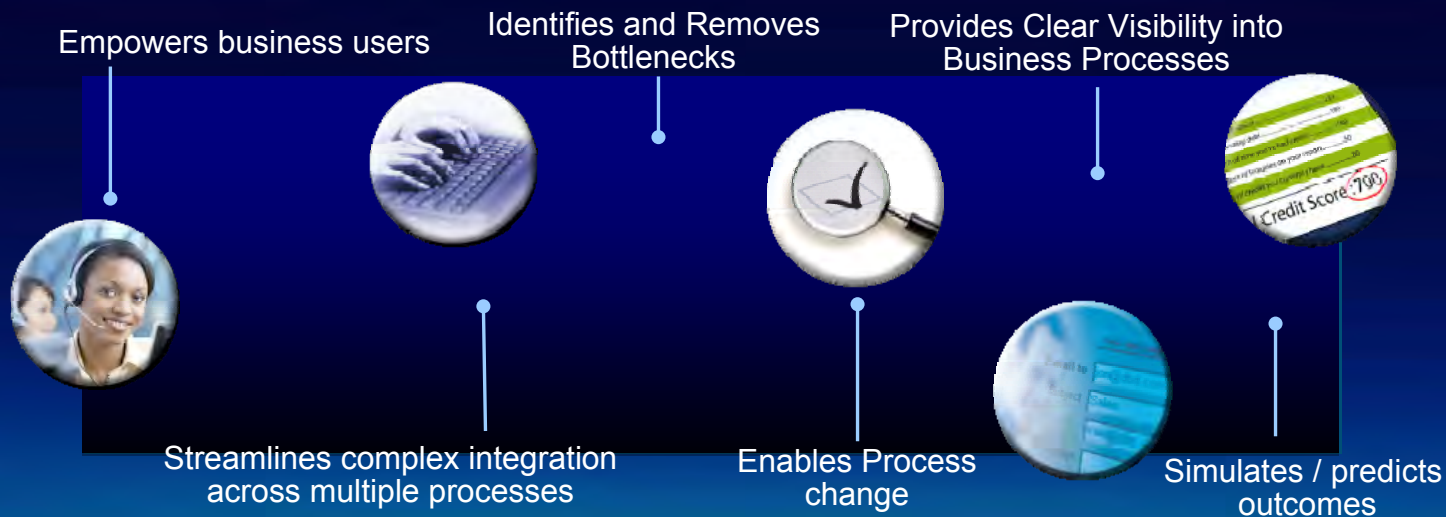


Growth Scenario

- Expand into new markets and gain share
- Outmaneuver competition
- Match lower cost global competitors

BPM allows businesses to change and innovate through their business processes

BPM solves common business challenges . . .



BPM includes

Integration Modeling Events Monitoring

Software

Forms Active Content Rules Engine Workflow

Models Process Knowledge Metrics

Expertise and Assets

Policies Business Logic Methodology

BPM governs organizational and operational activities

Transformational Opportunities Exist Everywhere

BPM Projects are Disguised in Various Ways

Financial Management
(SOX Compliance)



139,000	139,000
137,000	137,000
140,000	140,000
89,678	89,678
117,451	117,451
74,637	74,637
70,400	70,400
84,015	84,015
104,891	104,891



**Marketing, sales,
and services**
*(Contact Center
Optimization)*



Supply Chain
(Inventory Management)

Product Lifecycle Management
(Category Line Extension)

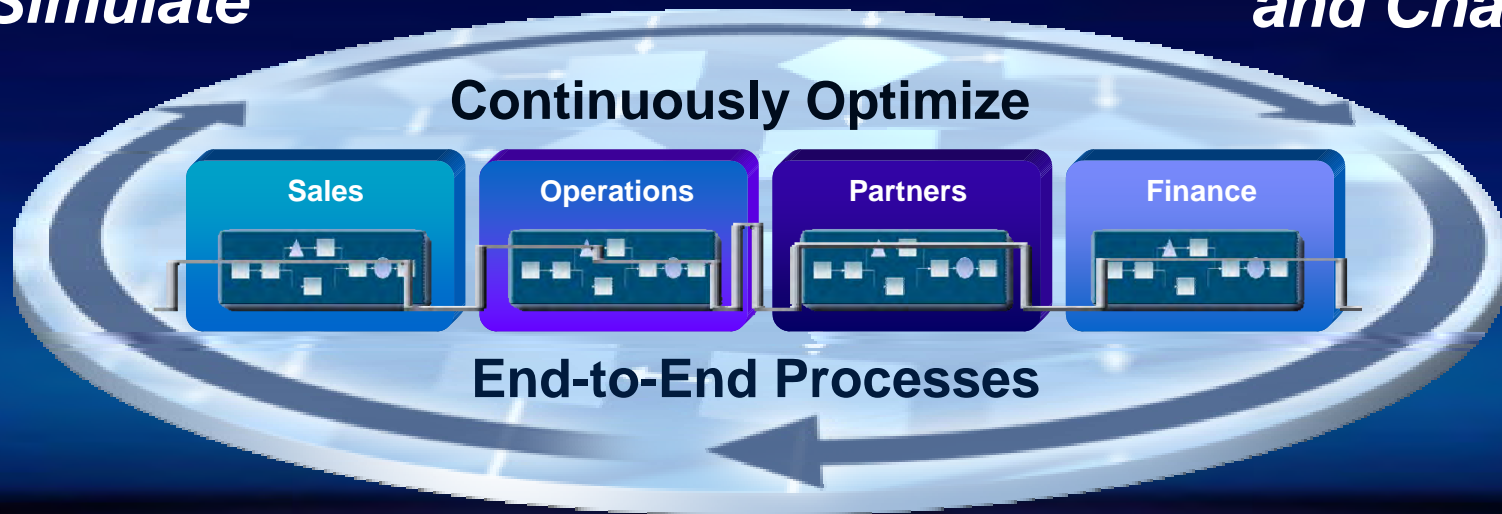


Human Capital Management
(Employee Self-Service)

BPM Enabled by SOA Empowers You To Embrace Change and Continuously Optimize Your Business

Model and Simulate

Rapidly Deploy and Change



Monitor, Predict and Act

Introducing IBM's BPM Suite



Embrace change
with dynamic processes
that support an ***Agile***
Business

Comprehensive Set of ***Role-***
Based Capabilities for
Continuous Process
Optimization

IBM's BPM Suite Enables Flexible and Dynamic Processes That Adapt Rapidly to Changing Needs

Points of Agility:

Service Selection

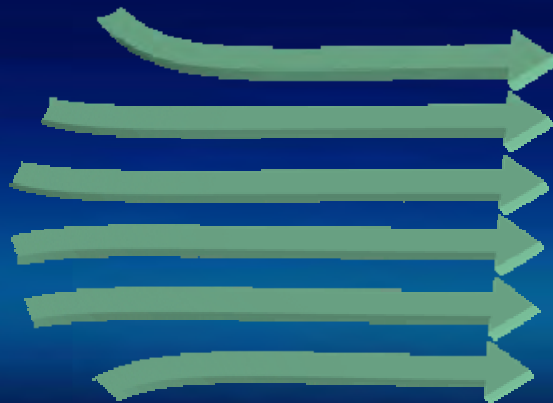
Policies

Events

Rules

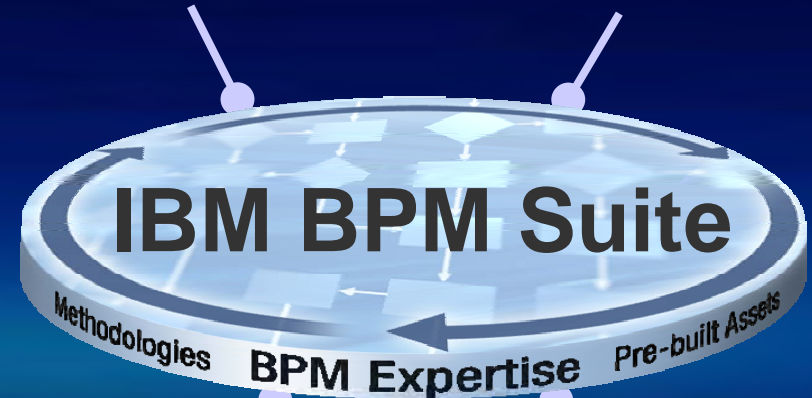
Active Content

Analytics



Business Process Modeling and Design

Human Interaction and Collaboration

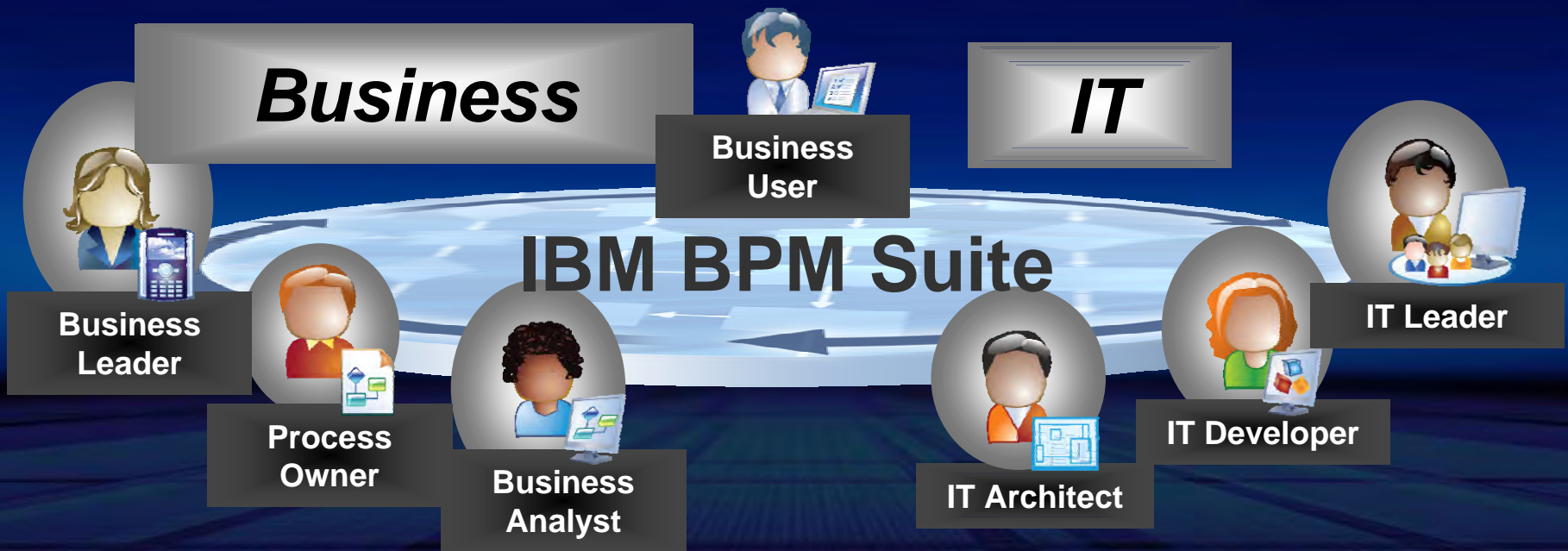


Business Activity Monitoring and Analysis

Process Execution

IBM's BPM Suite Provides Comprehensive, Role-Based Capabilities That Deliver Value Across the Organization

Aligning Business and IT for *Continuous Process Optimization*



Business-Level Modeling and Simulation

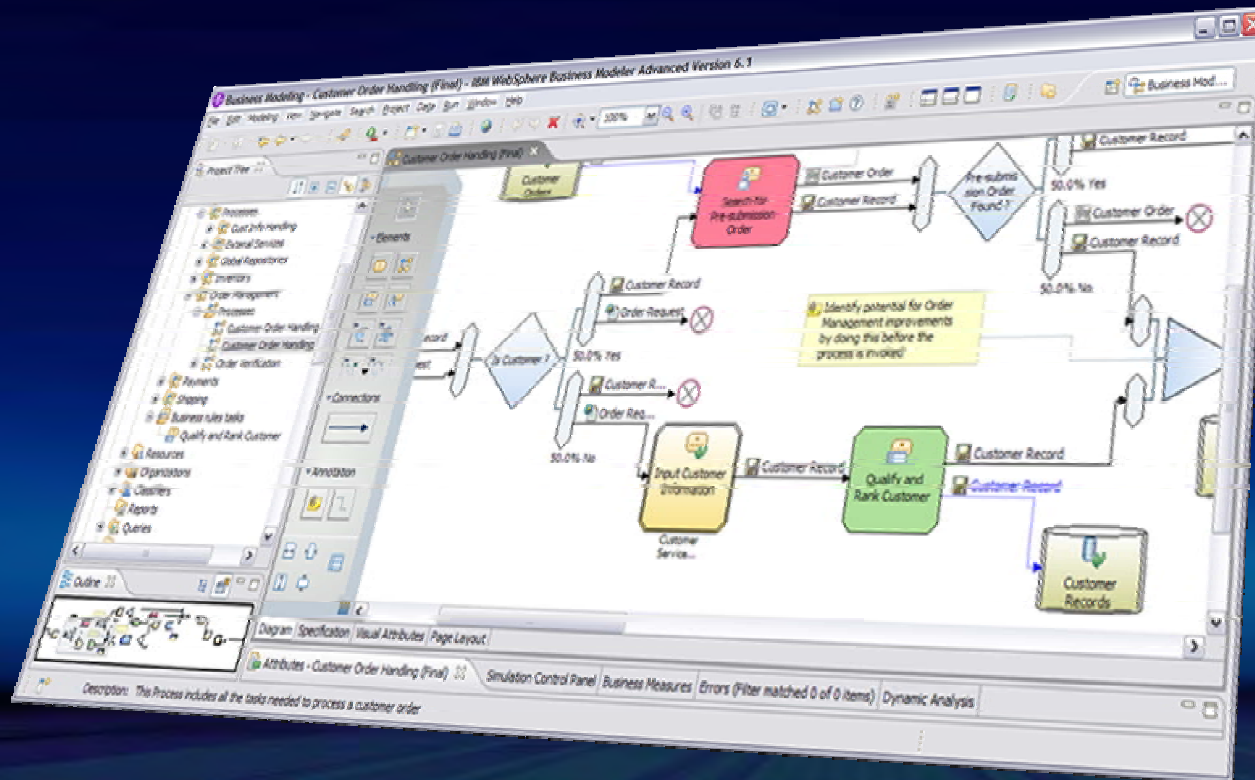
You can't optimize what you can't see



Process
Owner



Business
Analyst



Model, simulate
and seamlessly
deploy



WebSphere Business Modeler support for ARIS
XML and Microsoft Excel XML imports

Collaborate Through Process Modeling

Fully understand process impacts before deploying

- Collaborate with the right players
- Leverage pre-built industry process templates
- Simulate process scenarios to quantify benefits and prioritize investments
- Use KPIs and metrics to optimize your business



Monitor, Predict and Act

Real-time visibility and actionable insight into processes

- Monitor KPIs, business situations, process information, events and activities in real-time
- Aggregate and correlate information from disparate sources



Business
Leader



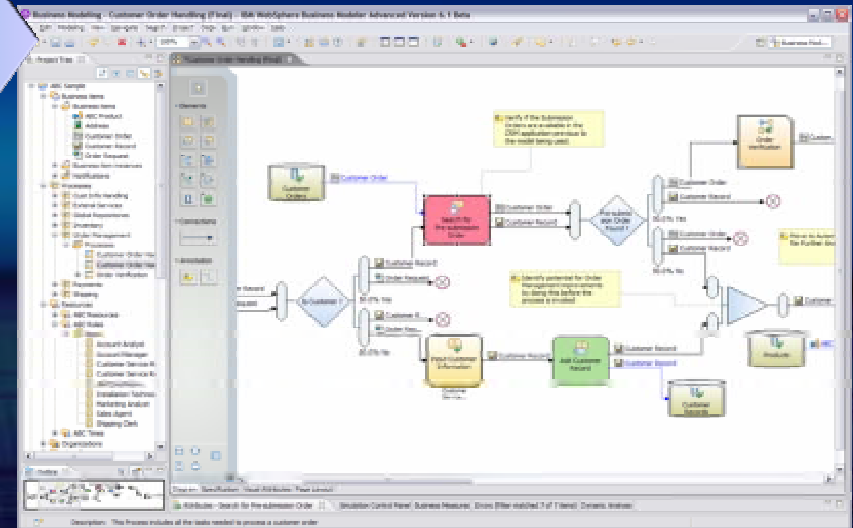
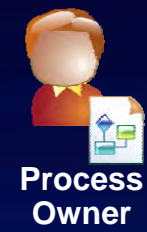
Business
User



WebSphere Business Monitor dashboards for mobile devices

Feed Process Performance Data Back Into Models

Simulate the processes you monitor with actual, real-time data



New York State Department of Taxation and Finance

Reduce Backlogs and Exceptions Processing

Challenge

- Processing of tax returns was too slow and needed to reduce risk of losing paper files
- Needed systems and tools that were flexible, permitting faster change and reducing overall costs

Solution

- Automated manual processes
- Used real-time Business Activity Monitoring to replace printed reports, manage exception handling
- Monitored overall and individual's productivity to improve staffing

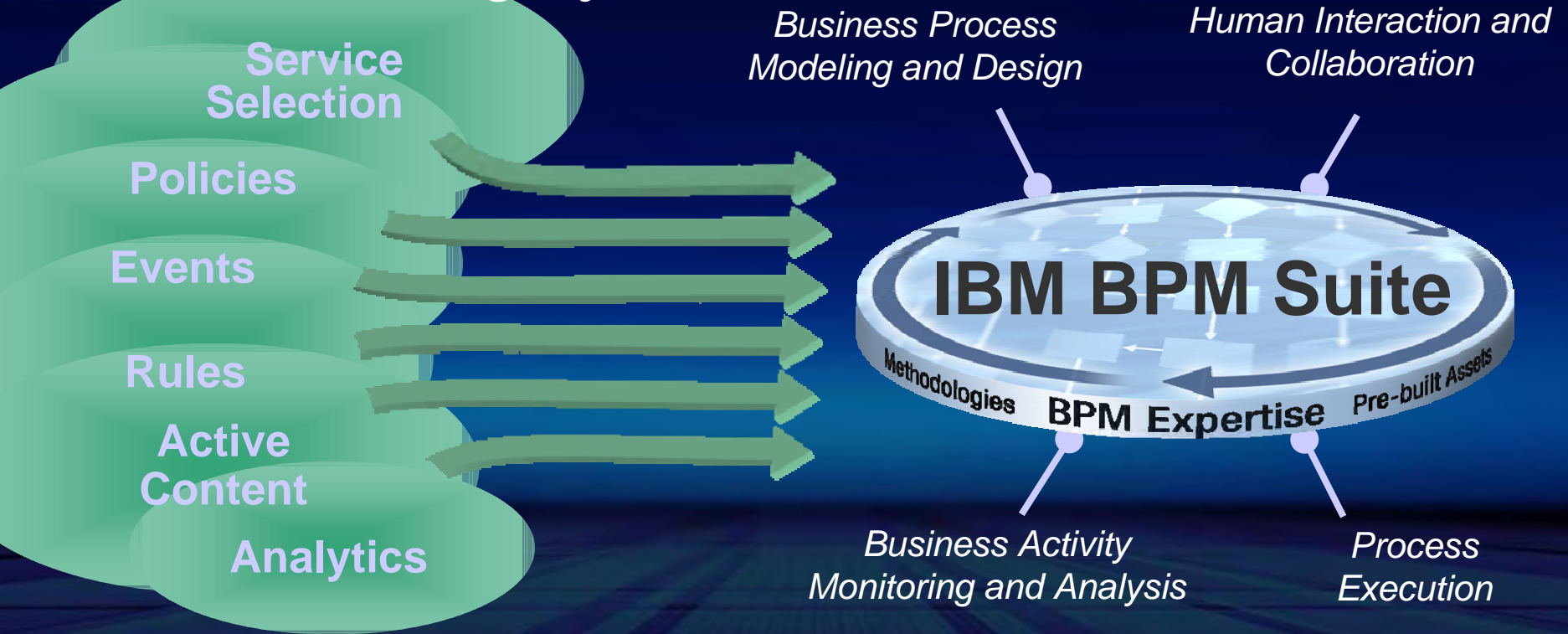


Business Benefits

- Reduced backlogs by more than 85% using Business Activity Monitoring
- Reduced age of refund inventory 70%, helping to avoid paying interest to citizens
- Improved staff utilization and HR planning

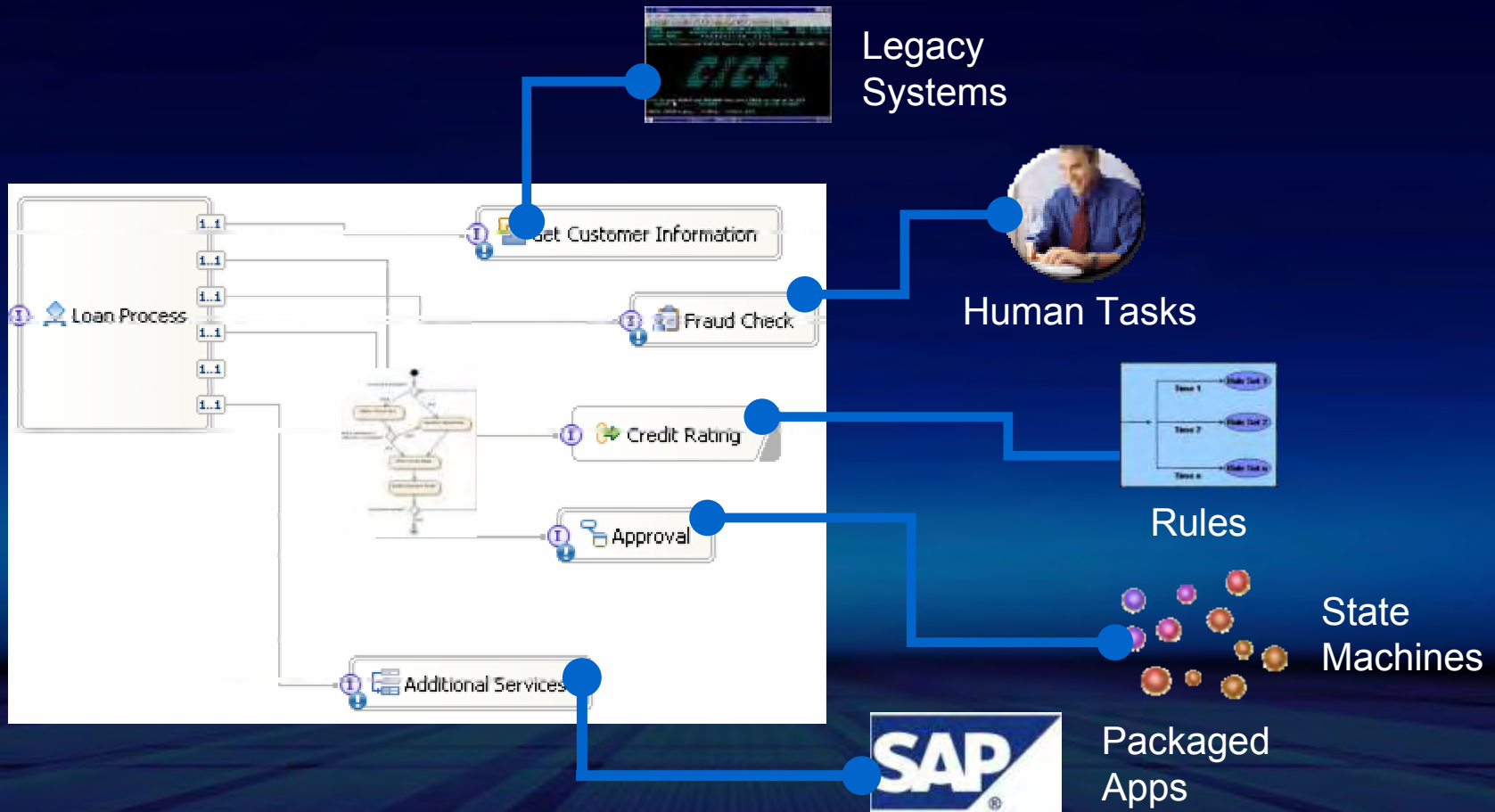
IBM's BPM Suite Makes Your Organization More Agile and Responsive

Points of Agility:



Dynamic *Service Selection* for Flexible Processes

The Power of BPM and SOA in One Engine



*** Enhanced!**

**WebSphere Process Server In-flight
Process Changes**

Ensure Process Integrity with BPM Enabled by SOA

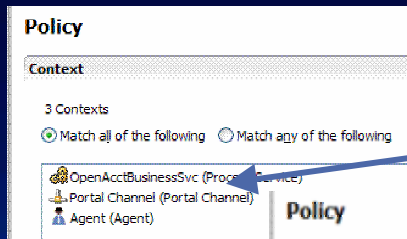
- **Processes in SOA** consist of multiple interactions, transactions and data flows
- **Process Integrity** enables frictionless execution of distributed business activity spanning multiple platforms, applications, data sources, domains and users



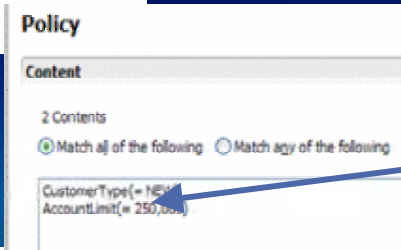
- Advanced programming models enable control over what happens in the event of business failures
- Advanced features prevent the business from seeing tactical IT system failures unless absolutely necessary
- Programming model and tools enable 'process level' integrity to occur with ease

Empower The Business Through *Policies*

Business-Level Policies...



Implement Powerful Changes...



A screenshot of a 'Policy' configuration window showing the 'Policy Assertions' section. It contains a table with 2 assertions.

Type	Required	Locked	Fill from Context	Value
AccountSizeAssertion	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LARGE
CustomerTypeAssertion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEW

Add a new "Call Center" channel

Expand to multiple product lines

Change "New" Customers to "All" Customers

...made Easy for Business

- View
- Change
- Simulate

"Hot Deploy" and done



WebSphere Business Services Fabric

Detect Actionable *Event* Patterns And Respond

Take advantage of new opportunities and mitigate risk

Business users can:

- **Create actionable event patterns**
 - In business language and vernacular
 - Codeless, graphical authoring environment
- **Detect patterns in disparate event flows**
 - Sequenced or un-sequenced event flows
 - Complex, long running correlations
- **Initiate Action through BPM**
 - Trigger automated tasks and notifications
 - Adapt existing business processes

The image displays three screenshots of the IBM WebSphere Business Events interface. The top screenshot shows a policy configuration window titled 'Monitor Product Inquiries' with a 'Related by' field set to 'Prospect.Registration ID'. The 'Where' clause is 'Additional product inquiry detected within 15 days' and the 'Then' clause is 'Monitor for Purchase on Synthetic Events'. The middle screenshot shows a policy configuration window titled 'Initial Prospect' with a 'Where' clause of 'At Least 3 Initial Prospect Identifications' and an 'Available Actions' list including 'Add or Update Contact Information', 'Action for Initial Prospect', 'Action for Qualified Prospect', 'Qualified Prospect', 'SFA System', and 'Add Lead'. The bottom screenshot shows a complex event flow diagram with nodes for 'Abandon Cart Campaign', 'Send Abandon Cart Email', 'Send Abandon Cart SMS', 'Send Abandon Cart Push', and 'Send Abandon Cart Email', connected by arrows indicating the flow of events.



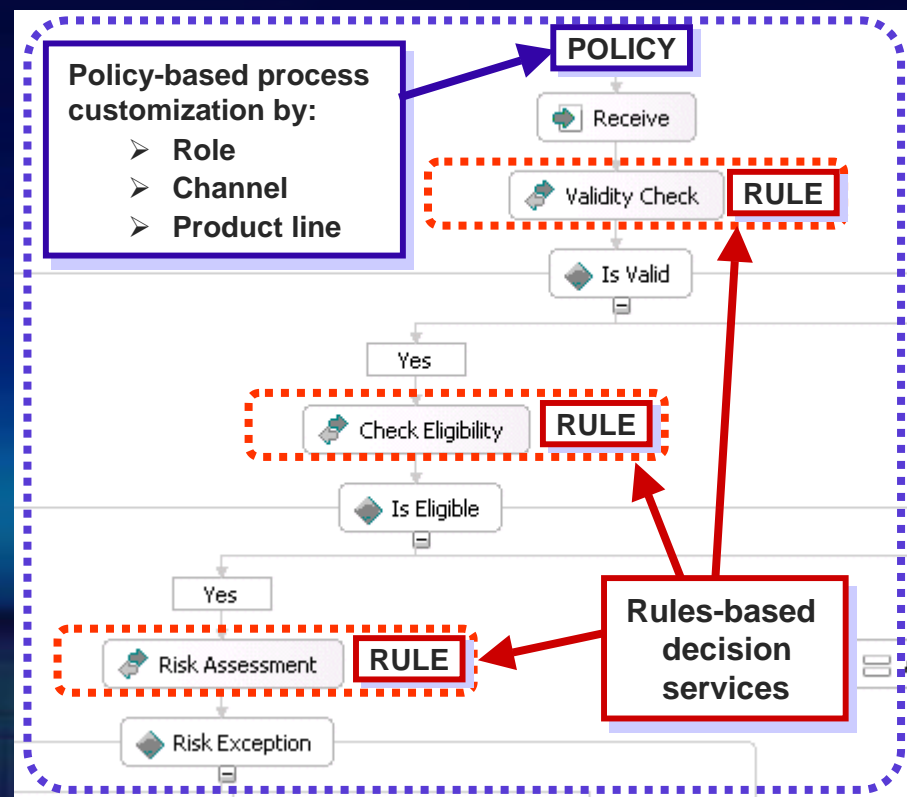
WebSphere Business Events

Externalize Business Logic Into *Rules*

Simplifying the management of business logic in processes

- Model business rules as process tasks
- Runtime management
- Business user web interface provided
- Support for external Rules Engine partners

Policies and Rules are Complementary: *Mortgage Lending Process Example*



Business users can modify monitoring rules directly from WebSphere Business Monitor

Leveraging *Active Content* in Processes

Make your information work for you

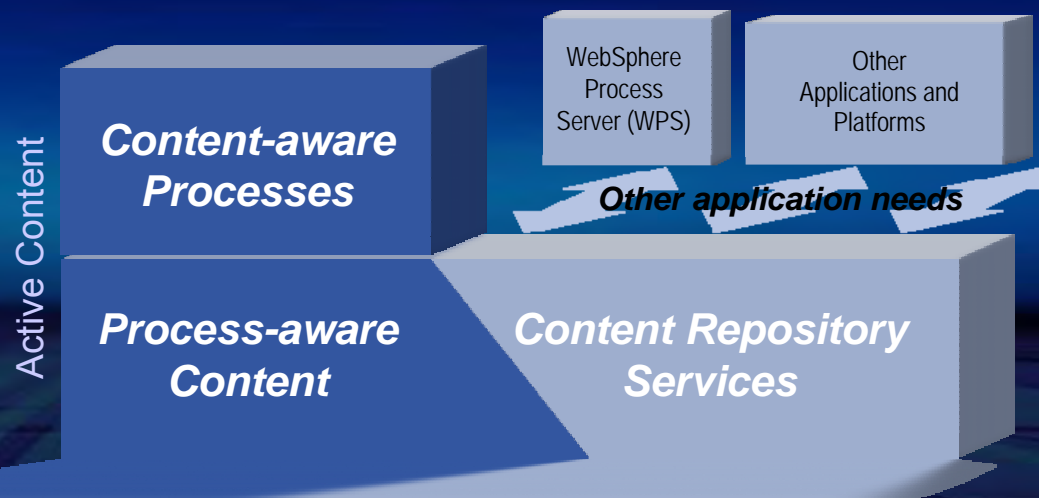
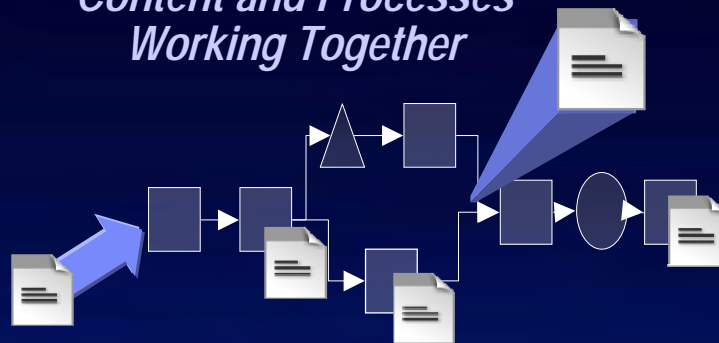
Process Context

- Point-in-process collaboration
- Intelligent navigation
- Always-on-time information

Content Triggered

- Dramatically simplify initiating processes
- Event-driven and rules-based
- Extensible to meet unique business requirements

Content and Processes Working Together



FileNet Business Process Manager Intelligent Case Classification

Leverage Business ***Analytics*** and Intelligence

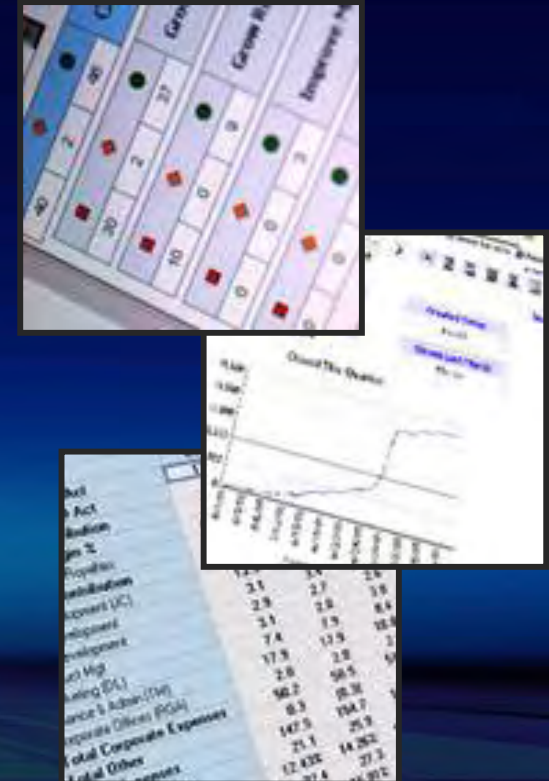
Initiate processes based on deeper insights

Business Analytics and Intelligence

- Data-driven analysis of broad business activities, performance, and operations
- Complements and extends Business Activity Monitoring and Process Analytics

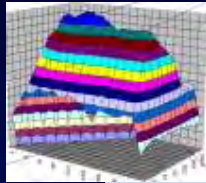
Proactive and Corrective Processes

- Improve decisions and reduce time to action



**Cognos Business Intelligence
and Optimization**

Accelerate with pre-built industry solution accelerators



Key Agility Indicators



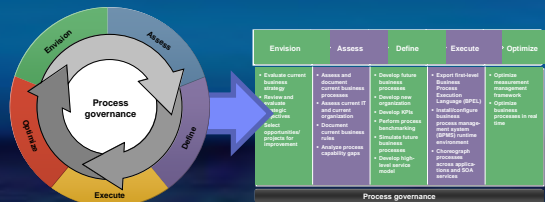
BPM and Industry Expertise



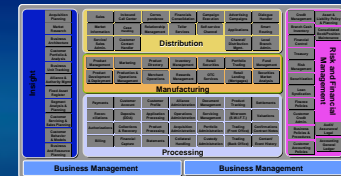
Industry Domain Models



Industry Content Packs



BPM Methodologies



Industry Best Practices

Industry models and best practices (APQC PCF)



IBM Benchmark Wizard

Global Shipbuilder Unleashes Potential

Gaining Agility While Delivering Quality Under Demanding Schedules

Challenge

- Adapt to rapid market changes and growing competition
- More flexible and scalable production processes
- Real-time visibility for improved management decisions

Solution

- BPM instilled agility into the company's one-of-a-kind shipbuilding processes
- Real-time process visibility allows optimal change management decision making
- Enterprise processes are now based on reusable services that lower costs



Business Benefits

- Adapt faster to changing customer needs
- Reduced costs and production times
- Better change mgmt decision-making
- Improved market competitiveness

BPM from IBM Delivers Unrivaled Customer Value

#**1** in **BPMS** market share

Over **2850** **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

THANK YOU

The text "THANK YOU" is rendered in large, 3D block letters. Each letter is filled with a different portrait of a character from the movie "The Sandlot". The 'T' shows a man in a suit and tie. The 'H' shows a woman in a green top. The first 'A' shows a man in a green shirt. The 'N' shows a man in a blue shirt. The 'K' shows a man with glasses. The 'Y' shows a man in a green shirt. The 'O' shows a man in an orange shirt. The 'U' shows a woman in a green top. The background is a dark blue gradient with a perspective grid on the floor.



Policies *Demo*

**Telecom
Services**



New Graduates

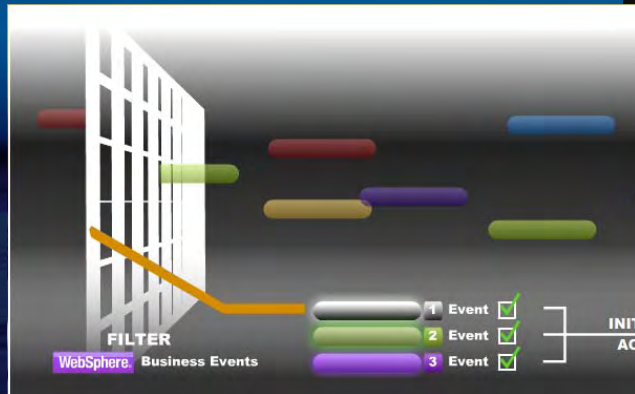


Family Plan



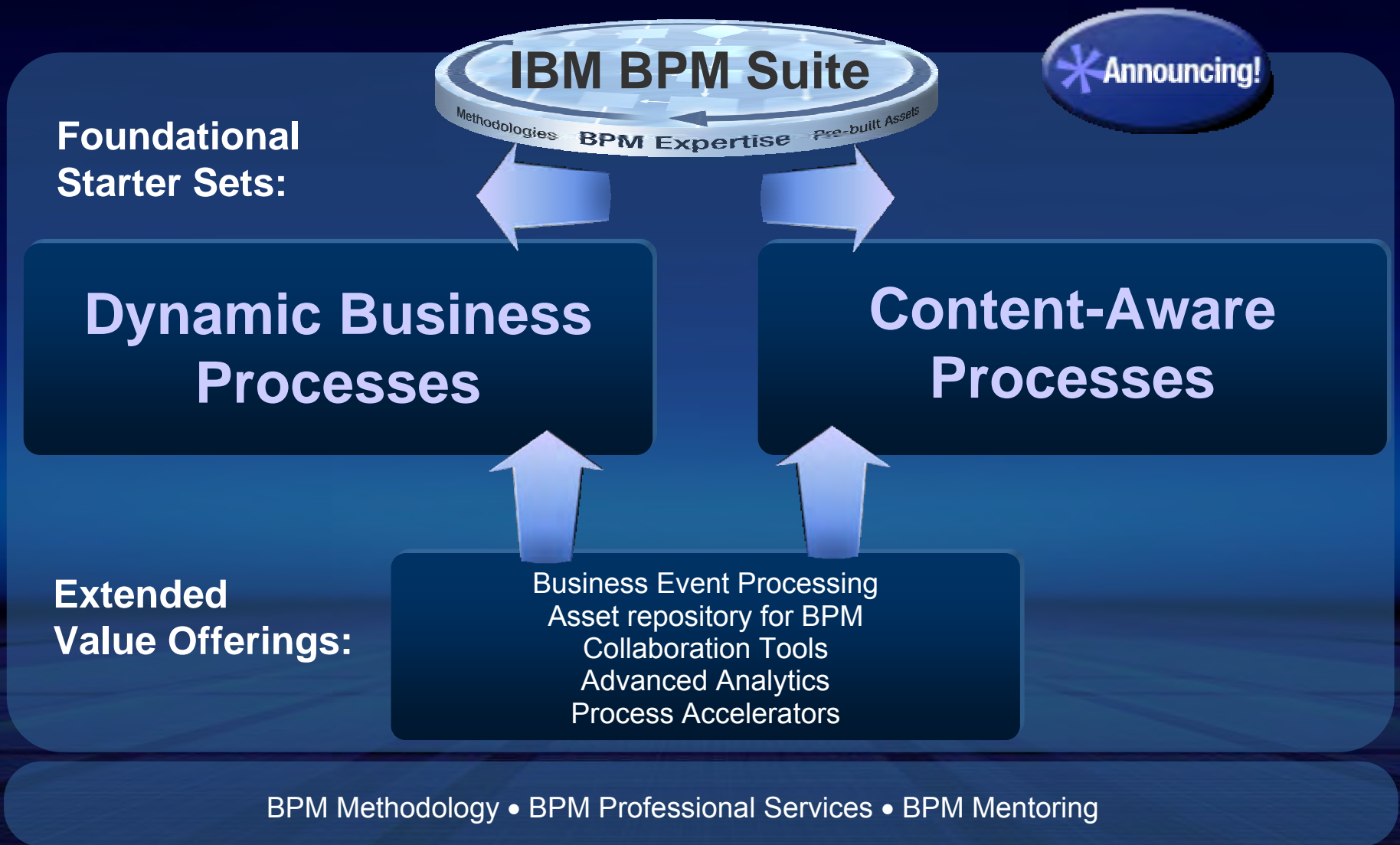
Business Event Processing *Demo*

Leveraging actionable event patterns to stay ahead of the normal reaction curve



IBM BPM Suite and Starter Sets

Value: Making it easier to get started



Available Starting in Q2

Process model analysis leads to increased innovation

Physician's Mutual

Challenge

- Need new products and new ways of distributing these products
- Increase agility and flexibility to respond to changes in the market
- Reduction in operating costs

Solution

- Architected and simulated their business processes using IAA Industry Model and **WebSphere Business Modeler** to improve customer services



Physicians Mutual®

Business Benefits

- Increased agility and flexibility
- Quickly building best practices process models
- Rapid deployment
- Reduce operating costs

GreenCert™ Carbon Emissions Verification Solution

Adaptable, scalable solution to capitalize on an emerging market



- ▶ *Solution to measure and provide visibility into greenhouse gas footprints and generation of carbon credits*
- ▶ Need to accommodate diverse industry customers and regulatory requirements is a fast growing market

Solution

- Measure green house gas footprints and changes in emissions with visibility and transparency
- Quantify and verify results rapidly and at low cost
- Customize for multiple industry sectors, regulations, and audit requirements

Result

- Complete audit and compliance reporting
- Cost effective measurement and verification
- Efficient delivery of results to external registries and carbon markets
- Streamlined verification process with third-party reviewers

Oil and Natural Gas Produces Streamlines Processes And Gains a Competitive Edge



- ▶ *Statoil needed a way to offset the natural trend toward declining production levels of oil and gas.*
- ▶ *Sought to incorporate new technologies into production processes in order to transform, streamline and improve them*

Solution

- Created a new process framework that links advanced realtime sensing capabilities in the field to powerful, collaborative and analytical resources accessible across the enterprise
- Identify potential maintenance issues before they become critical and cause shutdowns.

Result

- 5 percent increase in oil and gas production
- 30 percent reduction in costs
- Extension of oil field life and increase in production yield
- Lower costs and improved production efficiency
- Increased interdisciplinary collaboration through improved information sharing

Bank Opens a New Distribution Channel

Gaining a Competitive Edge in Mortgage Lending



EBS
BUILDING SOCIETY

- ▶ *Create a new distribution channel for efficiently selling mortgage loans through brokers*
- ▶ *Reduce current long transaction processing time*

Solution

- Automate application review to either accept the application or respond with a request for further information on flagged items
- Reduce manual redundant data entry and human intervention through faxes, phone calls and email

Result

- Mortgage application processed in just hours compared to 2 or 3 days
- Independent mortgage broker channel now accounts for substantial portion of EBS's business after only 6 months
- New channel added without significantly increasing staff levels
- Increased performance and improved business practices

Increase Response Times With Process Model Insights

Challenge

- Account Opening process was complex, costly and slow
- Customers were becoming increasingly dissatisfied with lengthy waits
- Wachovia employees had no insight into the process

Solution

- Established a Process Modeling Center of Excellence
- Modeled and analyzed business processes to fully understand strengths and weakness, prior to implementation
- Implemented BPM solution bringing people and various systems together



Business Benefits

- \$6 Million Initial Savings
- Account Open process reduced from over 6 months to 6 weeks
- Process activities reduced from 300 to 120 -- 31 of which were automated
- Fee Income collection increased 10 times

New York State Department of Taxation and Finance

BAM Helps Reduce Backlogs and Exceptions Processing

Challenge

- Processing of tax returns was too slow and needed to reduce risk of losing paper files
- Needed systems and tools that were flexible, permitting faster change and reducing overall costs

Solution

- Automated manual processes
- Used real-time BAM to replace printed reports, manage exception handling
- Monitored overall and individual's productivity to improve staffing



Business Benefits

- Reduced backlogs by more than 85% using BAM
- Reduced age of refund inventory 70%, helping to avoid paying interest to citizens
- Improved staff utilization and HR planning

Retailer Yansha Department Stores Streamlines Processes and Embraces Supplier Collaboration

Challenge

- Faced with the prospect of having to compete with highly efficient foreign competitors, Yansha had to streamline and automate its business processes
- Yansha needed to find a way to get all 1,800 of its national and international suppliers to buy into a new, more efficient way of doing business

Solution

- Automates supply chain management processes among people, across multiple applications and between Yansha and its suppliers.
- Using a graphical process view Yansha provided suppliers transparency into customer buying behavior, sales trend and process information enabling them to adjust and optimize their operations to satisfy market demand.



Business Benefits

- Reduced order lead time from 2.5 days to 4.5 hours
- Improved order acknowledgement rate from 80 to 99%
- Reduced order error rate from nine to one percent
- Achieved ROI in nine months

Property and Casualty Insurer

Delivers Outstanding Support to Agents

Challenge

- Inflexible legacy IT systems made it difficult and expensive to introduce new business processes and services
- Large and continuously changing product line added to the challenge, as did the need to comply with multiple regulatory requirements

Solution

- Deployed an SOA with WebSphere Business Services Fabric
- Further accelerated time to market with optional industry content pack that instilled industry standards, best practices
- Created automated “on-demand” IT infrastructure that can outsource key functions



Business Benefits

- 6 month implementation, thousands of agents supported
- 52% IT asset reuse recorded for initial deployments
- 16x increased in quote volume, 4% net increase in premiums written
- Lower operating costs by reducing call center traffic, phone calls, faxes and paper-based processes that once drained productivity

Business Event Processing Enables New Game Changing Business Models

Challenge

- Patient national access to important biologic and vaccine therapies
- Patients scheduling and drug availability
- Leverage existing health infrastructure to maximize productive and keep costs low
- Verified quality - monitoring and reporting of every clinical event

Solution

- Detect and respond to disparate events such as tampering, adverse reactions, pandemics
- Ability to optimize resources on-the-fly to adapt and respond to events
- Clinical Configurator
- Inventory Management



Business Benefits

- Clinical consistency, building patient confidence
- Lower absenteeism, greater accountability, and higher employee productivity
- Lower costs for all constituents
- Site operation excellence
- Unmatched convenience and affordable care

IBM is Recognized in the Leader's Quadrant Of These Gartner Magic Quadrant Reports

- ***Gartner, Inc., “Magic Quadrant for Business Process Management Suites, 2007”***, by Janelle B. Hill, Michele Cantara, Eric Deitert, Marc Kerremans, 14 December 2007.
 - ***Gartner, Inc., “Magic Quadrant for Business Process Analysis Tools, 2H07-1H08”***, by Michael J. Blechar, 8 June 2007.
-
- ***Gartner, Inc., “Magic Quadrant for Application Infrastructure for New Service-Oriented Business Application Projects, 2Q07”***, by Yefim V. Natis, Massimo Pezzini, Jess Thompson, Kimihiko Iijima, Michael Barnes, Daryl C. Plummer, Simon Hayward, 31 May 2007.
 - ***Gartner, Inc., “Magic Quadrant for Application Infrastructure for Composite-Application Projects, 2Q07”***, by Massimo Pezzini, Michael Barnes, Kimihiko Iijima, David Gootzit, Yefim V. Natis, Daryl C. Plummer, Jess Thompson, Dale Vecchio, Janelle B. Hill, Simon Hayward, 7 June 2007.

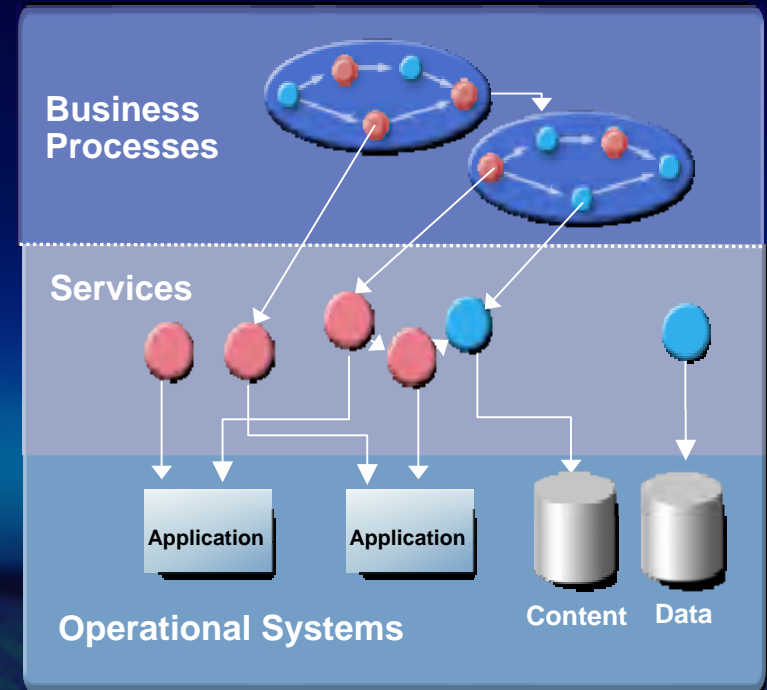
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BPM is better when Enabled by SOA

Raising The Bar With More Dynamic Processes

- BPM and SOA enables processes to become more flexible and responsive
- SOA provides a flexible IT architecture to dynamically assemble services into orchestrated processes
- Existing IT services and assets become more valuable through reuse and provides faster time-to-value for new applications

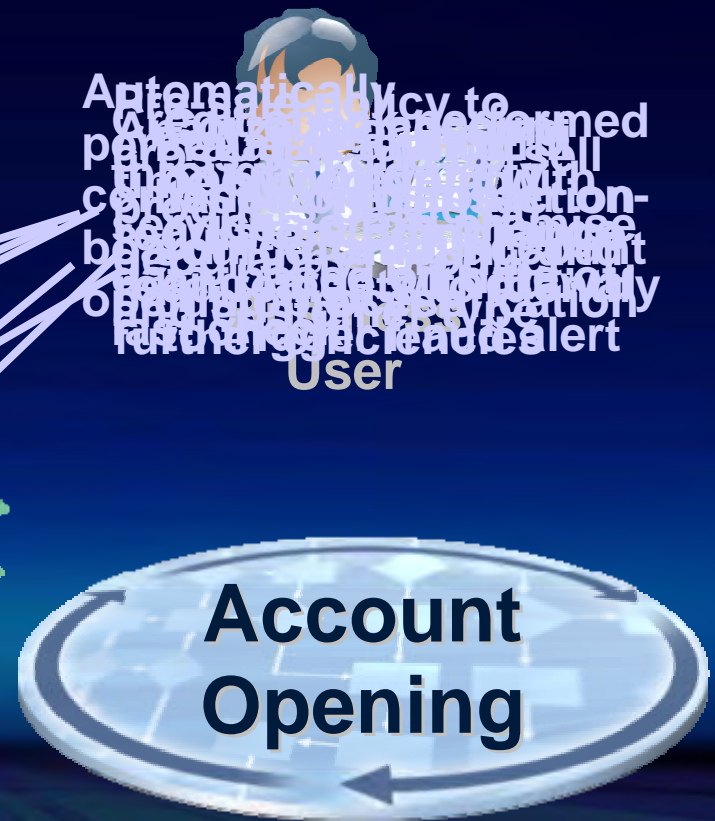
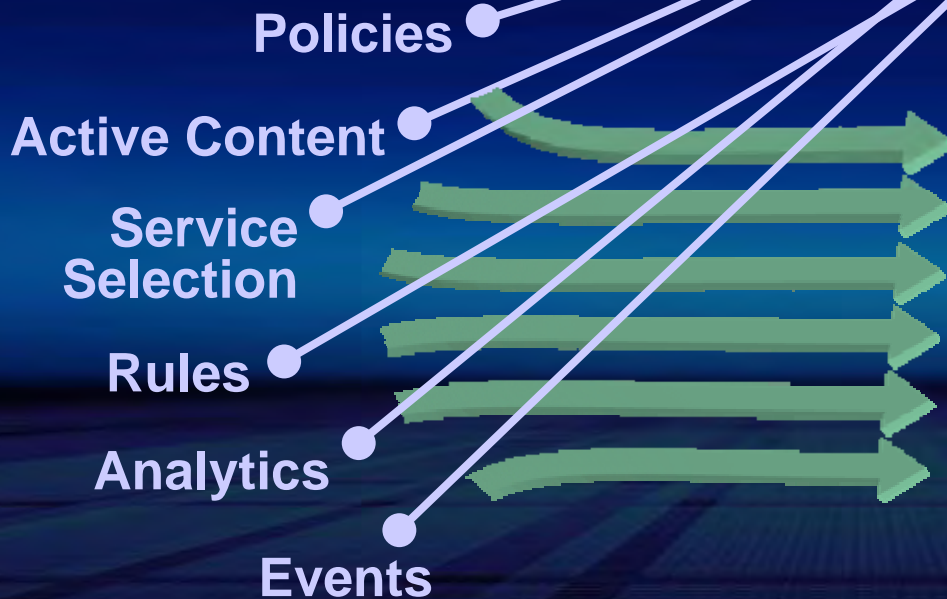
SOA at the core of BPM:



**SOA Business Catalog -
Over 6300 Services Available**

Scenario: Bank Account Opening Dynamic Process

Points of Agility:



Notice Regarding Key Feature Highlights

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