



IBM SOA

Making a Business Impact with SOA and Selling the Value to Your CEO

Sandy Carter



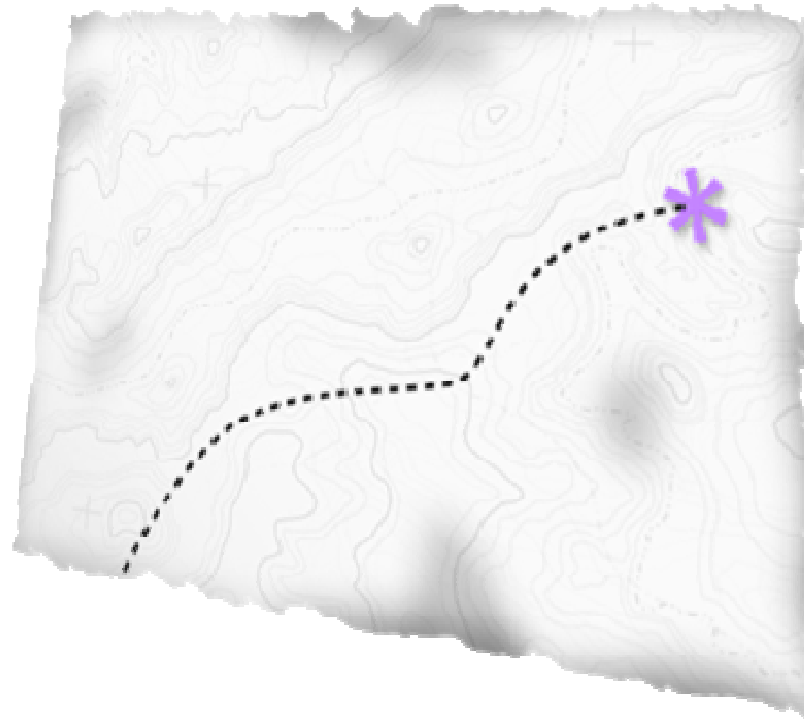
6/6/2007

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What is SOA?

... a service?

A **repeatable business task** –
e.g., check customer credit;
open new account

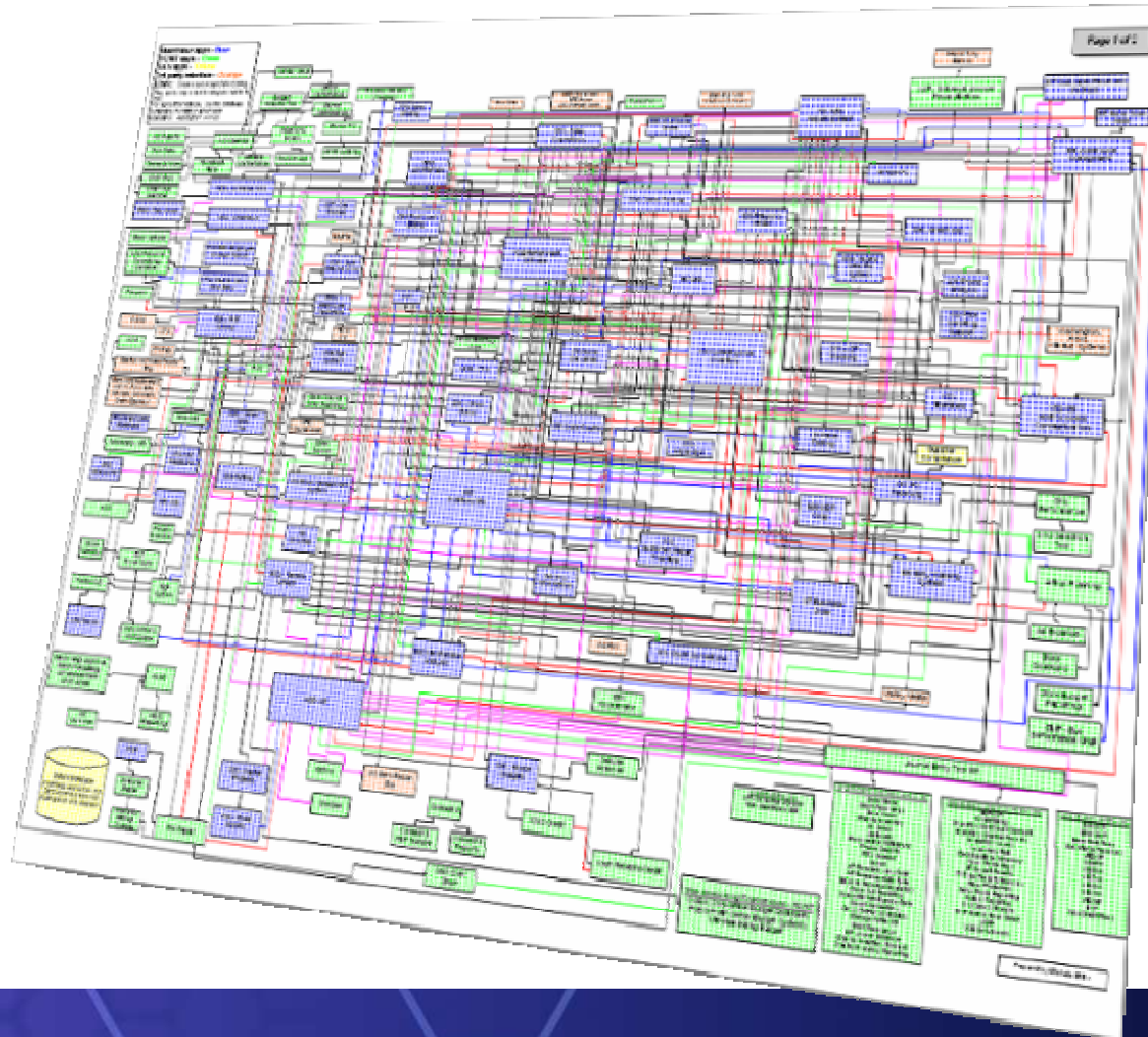


... **service oriented architecture (SOA)?**

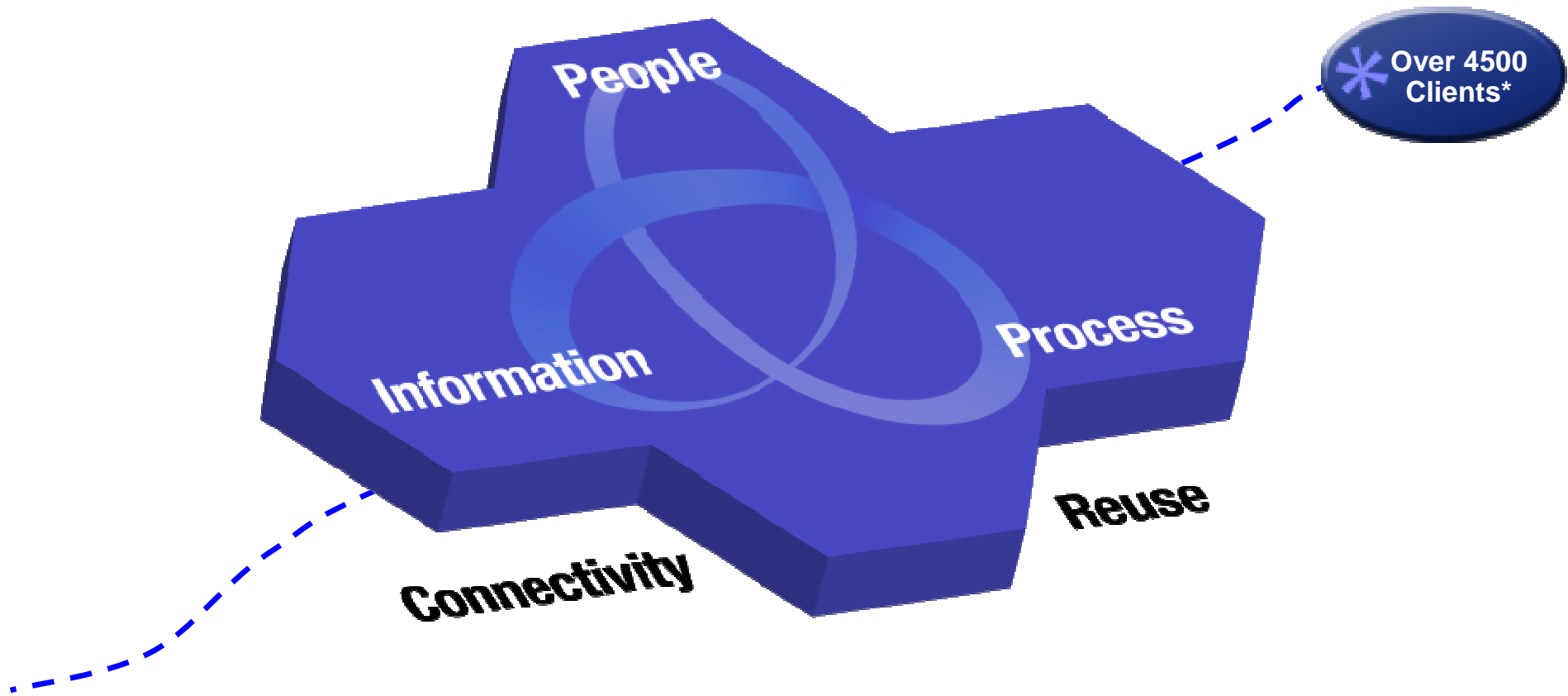
An IT **architectural style** that supports
integrating your
business as
linked
services

SOA can be your treasure map to innovation

...But Does Your Treasure Map
Look More Like This Today?

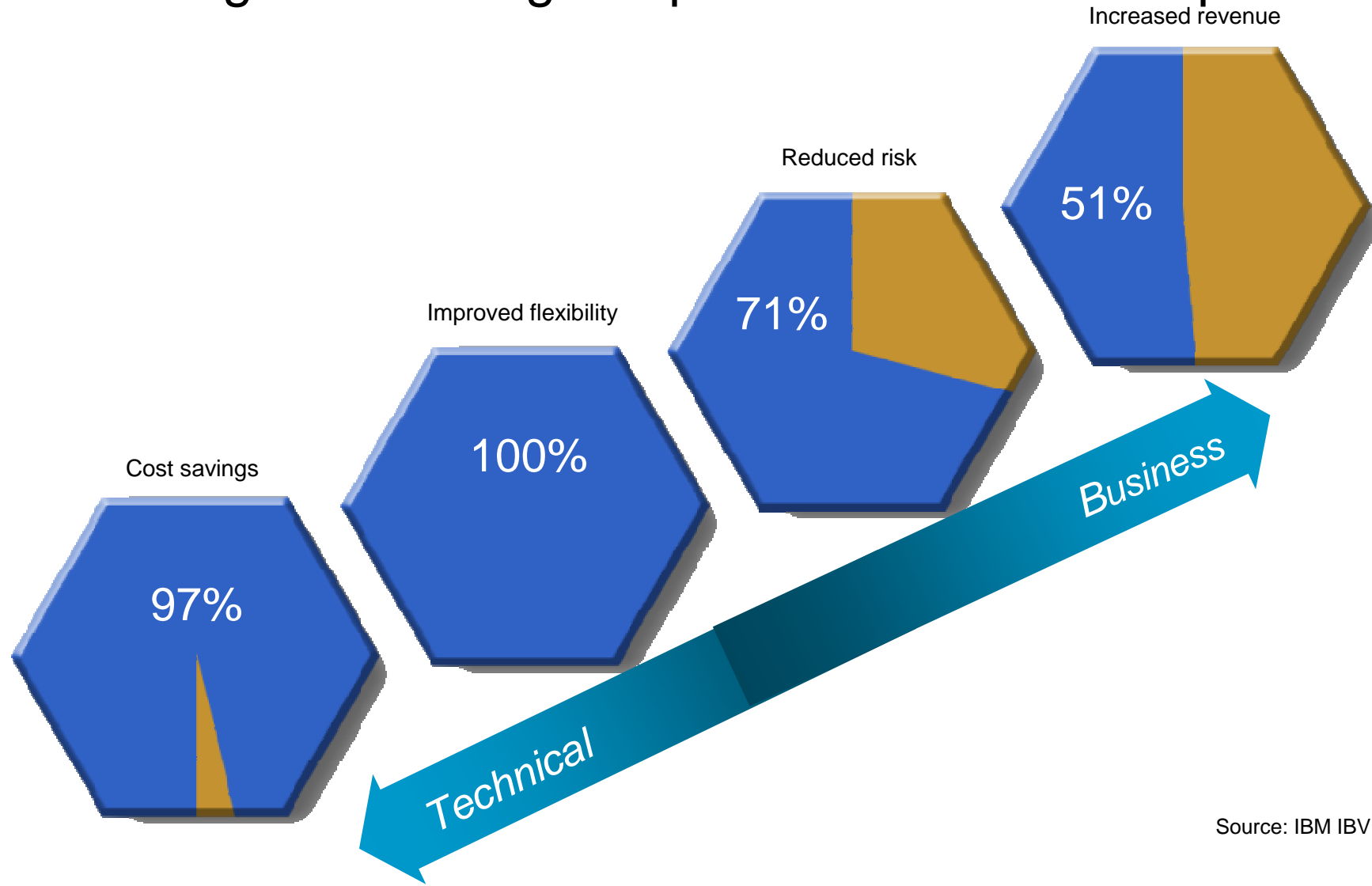


SOA Entry Points



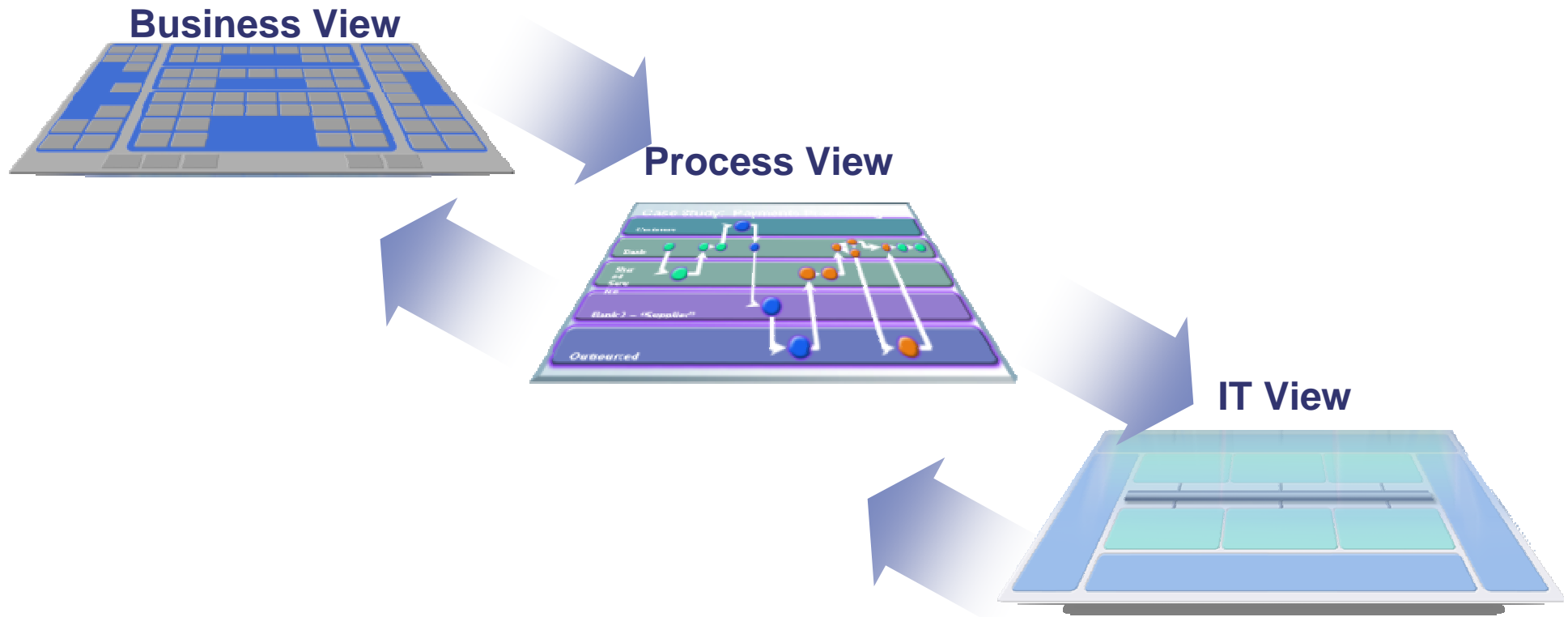
Your Compass to Guide Your Innovation

Percentage of Leading Adopters of SOA Who Report:



Source: IBM IBV Study

SOA Drives Greater Alignment Between Business and IT

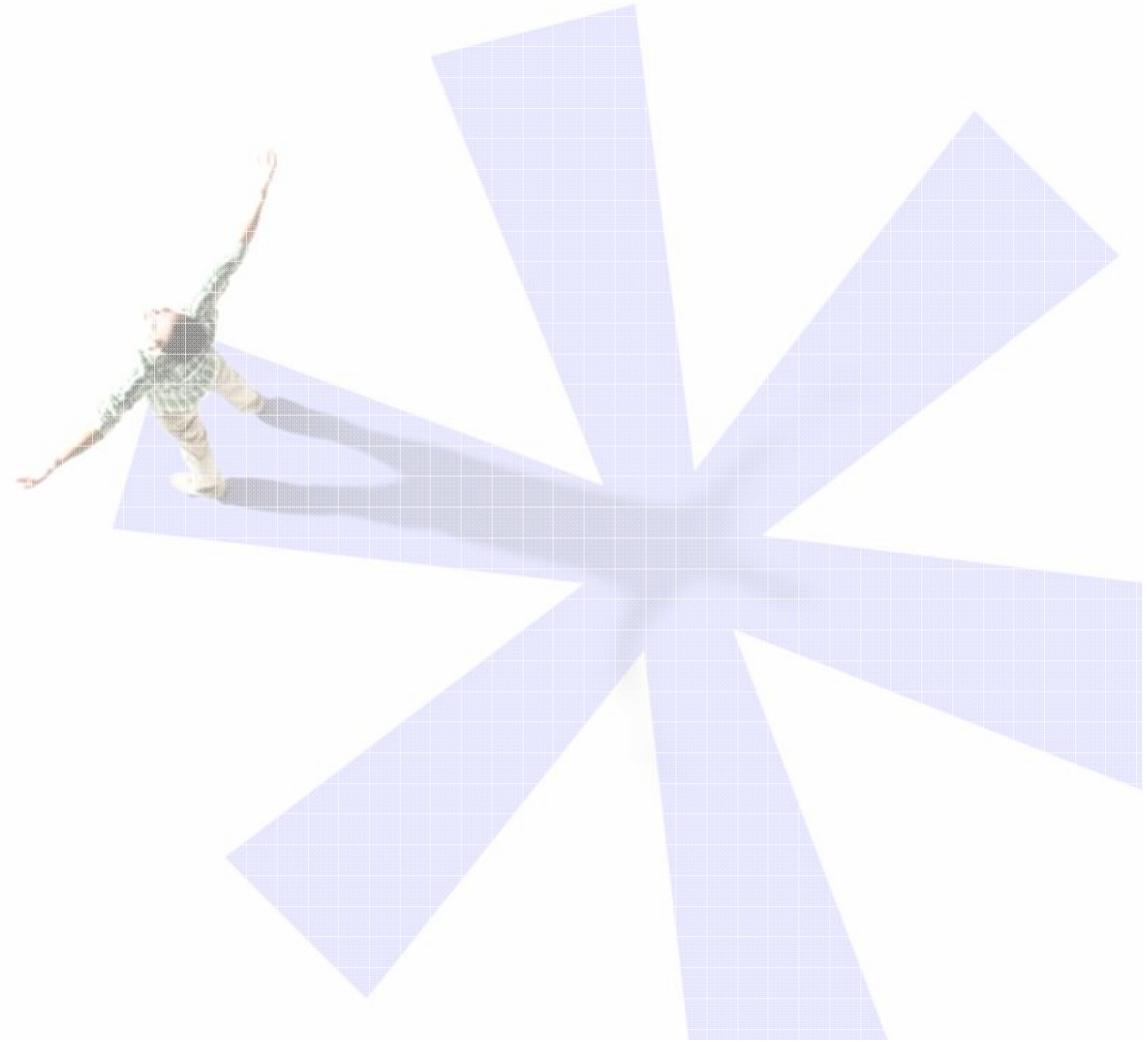


SOA Drives Enduring Impact through:

 Business Impact

 Technical Impact

 Personal Impact

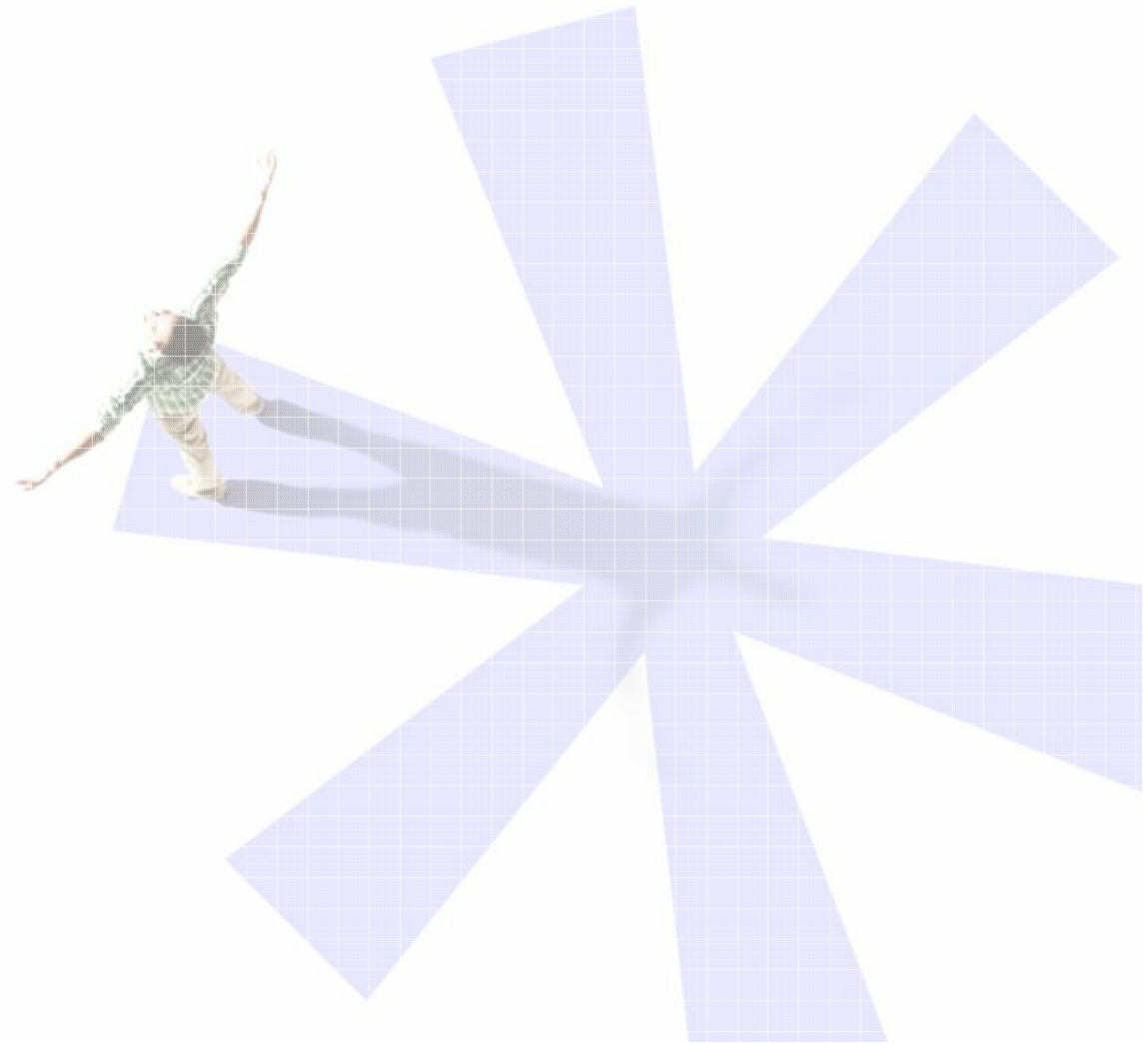


SOA Drives Enduring Impact through:

Business Impact

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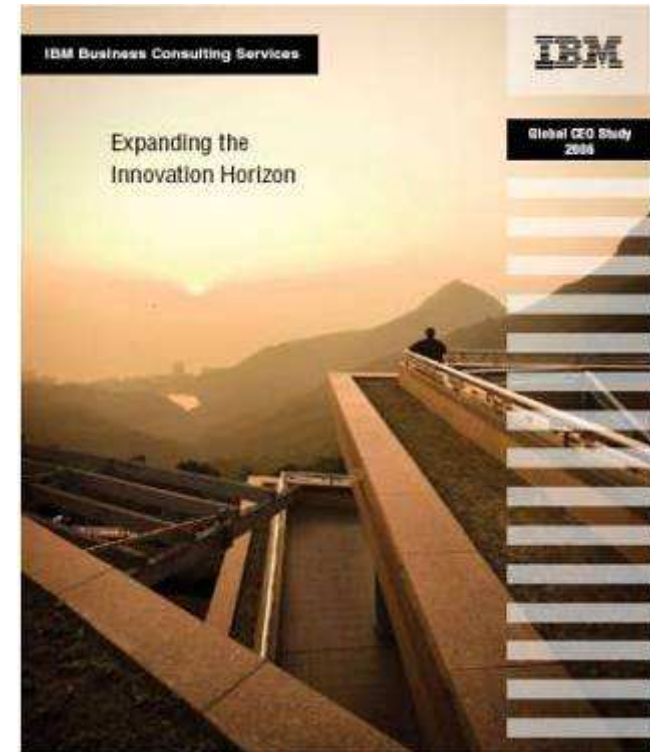
Personal Impact



Innovation that Matters To CEOs

Top Innovation Priorities:

- Extend the ability to collaborate inside & outside
- Innovate business models & processes
- Leverage information for business optimization



87% Expect fundamental change in next 2 years

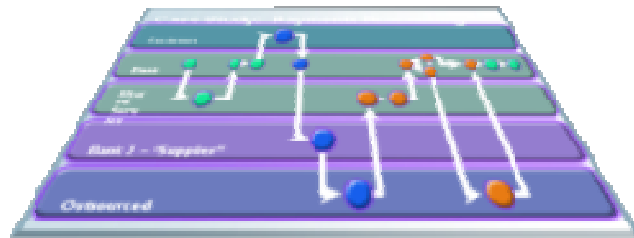
78% Believe innovation requires business and technology

SOA Industry Roadmaps are the bridge between the IT View and the Business View

*** New!**

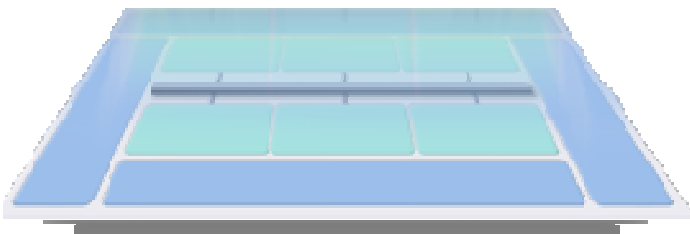


- **Business Blueprint**



Business Process Management

- **Composite Business Services**
- **Business Partner Content**



SOA Reference Architecture

- **SOA Foundation**

**SOA
Industry
Framework**

Announcing SOA Industry Roadmaps

Eight Roadmaps in Six Industries

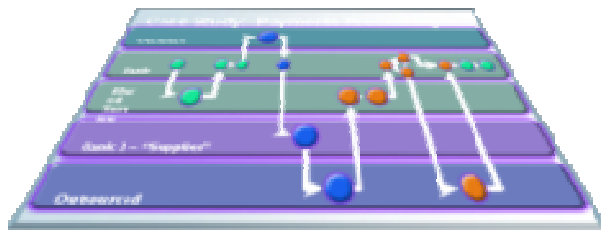
New!

| <u>Industry</u> | <u>Roadmap</u> |
|--------------------|---|
| Insurance | Agent Collaboration: <i>Online Book of Business</i> |
| Healthcare | Member Enrollment: <i>Quote to Card</i> |
| Healthcare | Benefits & Eligibility: <i>Procedure Authorization</i> |
| Banking | Payments: <i>Security & Fraud</i> |
| Retail | Total Store: <i>Personal Shopping</i> |
| Telecommunications | Business/Operational Support Systems: <i>Service Provisioning</i> |
| Telecommunications | Service Delivery: <i>Converged Services</i> |
| Industrial | Product Lifecycle Management: <i>Supply Chain Collaboration</i> |

Example: Insurance Agent Collaboration Roadmap



- Component Business Models for Insurance
- SOA Agent Collaboration Scenario
- SOA Business Case Models

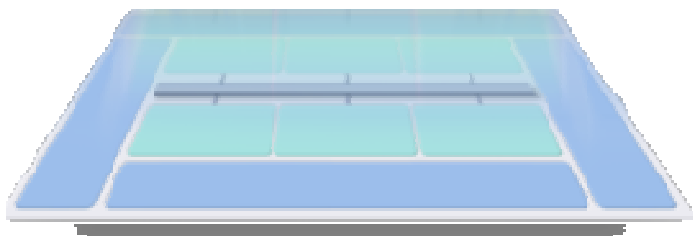


- Auto Quote Composite Business Service
- Home Quote Composite Business Service
- Business Partner Content



SOA
Industry
Framework

SOA Foundation enhanced with capabilities like Insurance Models



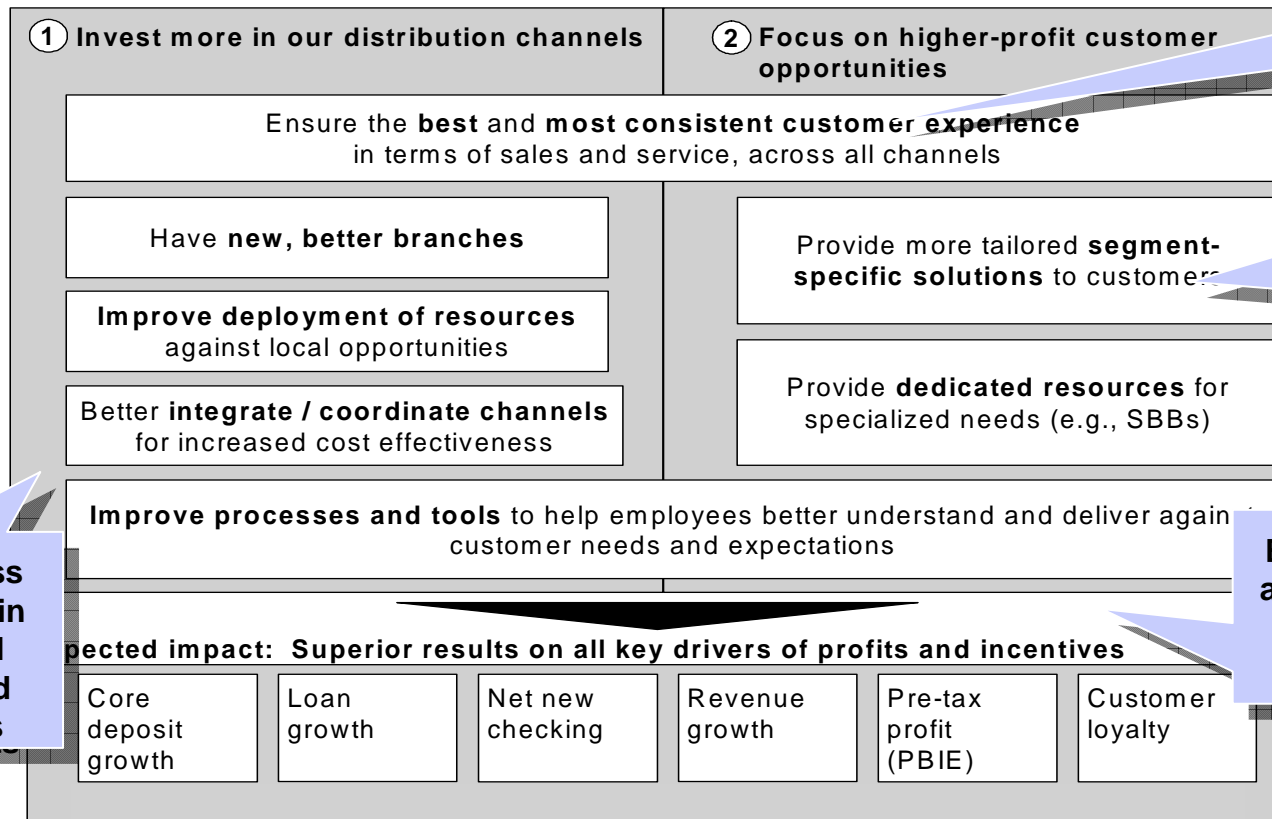
Why Wachovia Believes SOA is Important to their Business Strategy?

"...business executives are making decisions based on what they need to do ...not based on whether or not we can hook up a new system..."



GOOD TO GREAT = OUR ENHANCED STRATEGY FOR THE RETAIL BANK

"BECOME A DISTRIBUTION EXPERT WITH A SEGMENT OVERLAY"



Consistency assured by shared business services

SOA enables agility and flexibility

Business architecture and SOA help improve process design and execution

Shared business services result in better channel integration and reduced costs

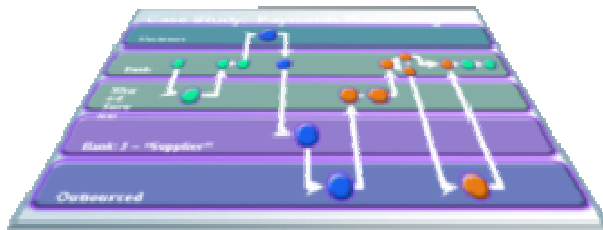
WACHOVIA

Using SOA Industry Roadmaps



Define your Journey

- Assess business areas to improve
- Build SOA transformation plan using blueprint and industry expertise



Embark on your Journey

- Leverage industry roadmap and reuse composite business services with BPM
- Deploy with industry-specific capabilities



Deliver Benefits

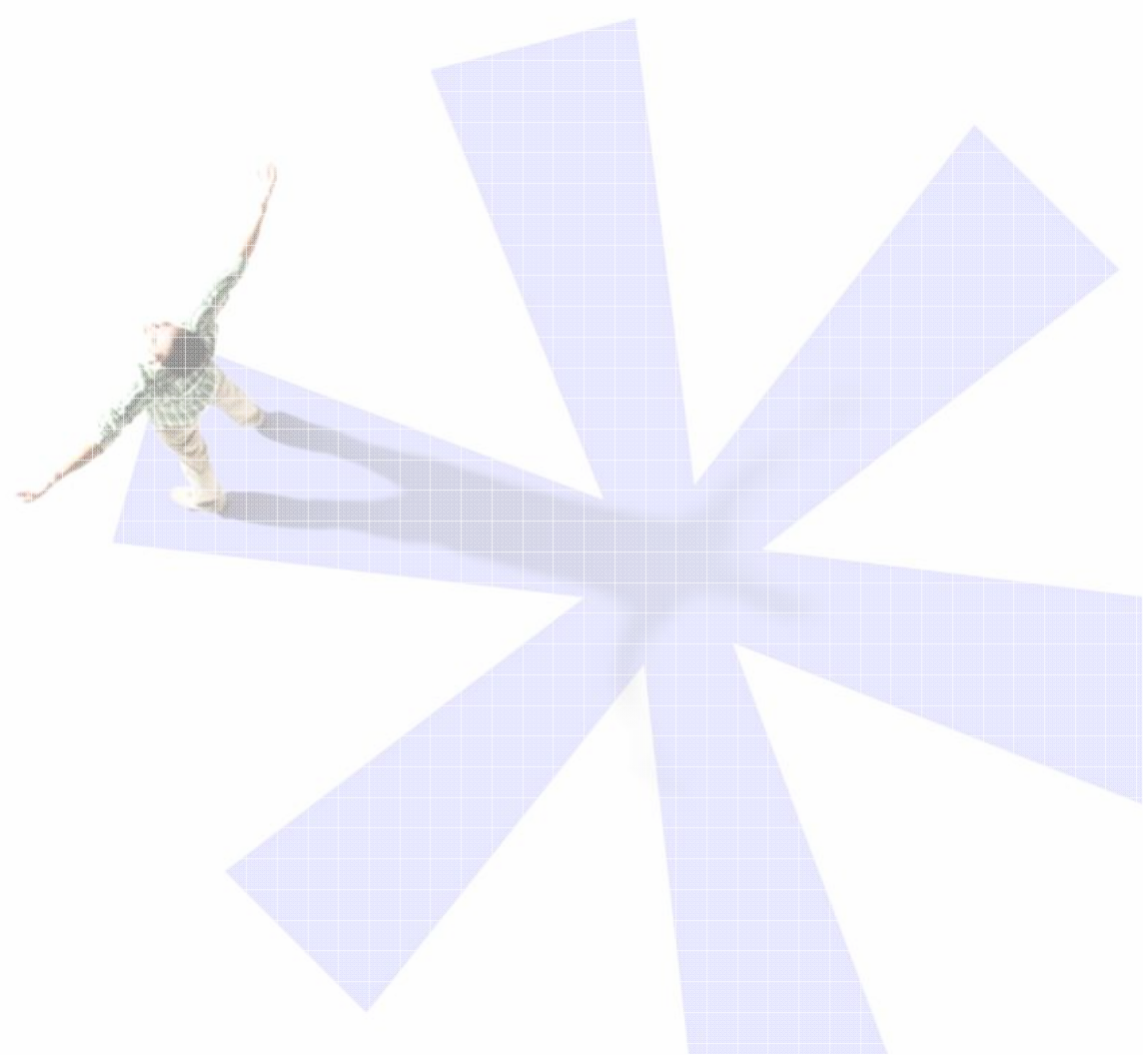
- Reduce operational costs and/or increase revenue
- Adjust using BPM during your journey

SOA Drives Enduring Impact through:

Business Impact

 **Technical Impact**

Personal Impact



Technical Impact: IT Value With SOA

Reuse: Service Enable What Have

*24% Faster ROI
Through SOA!*

Source: *The ROI of SOA*. Poulin & Himler –
LogicLibrary Inc White Paper 2006



Over \$15M Saved

Connectivity: Mission Critical SOA

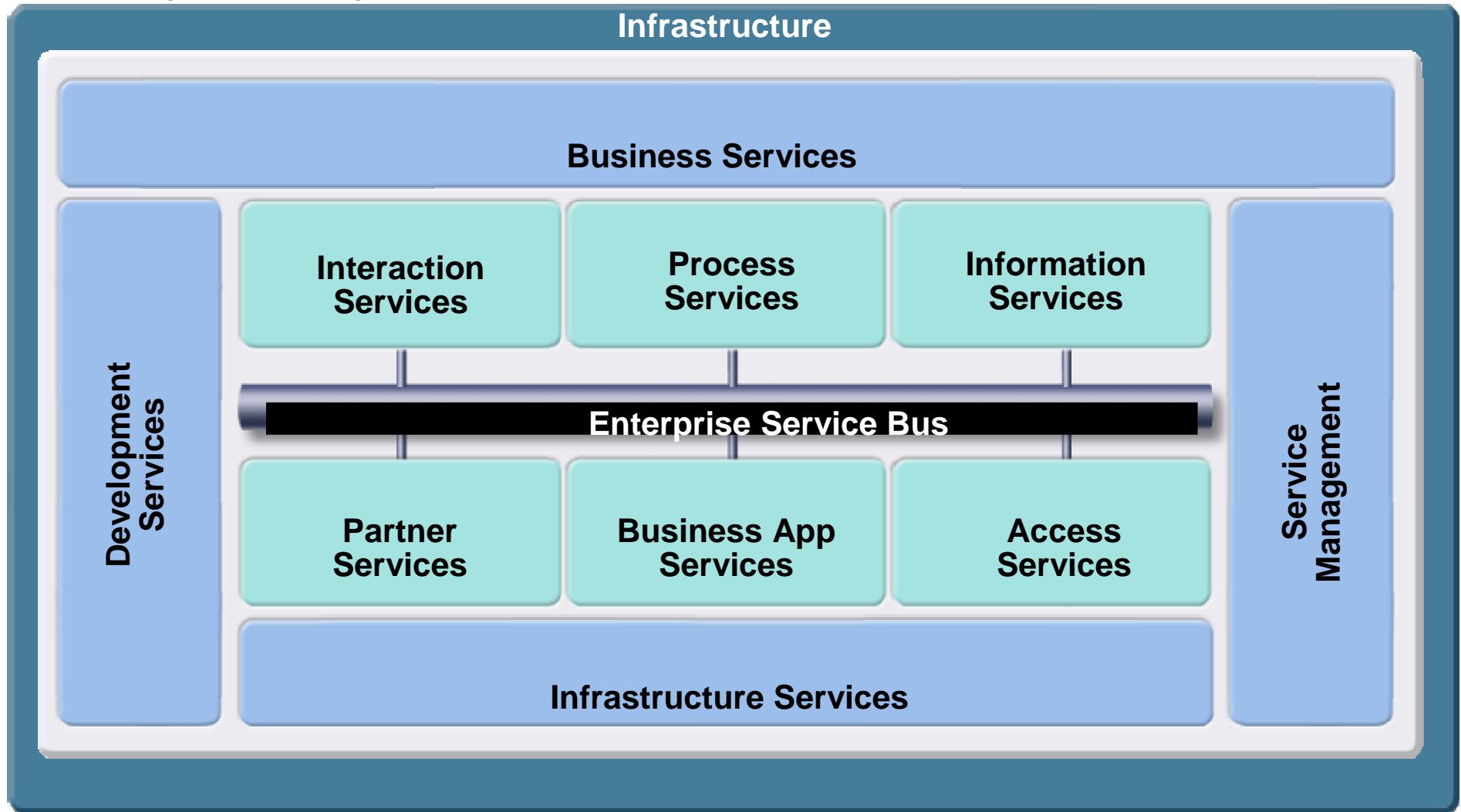
- Robust Scalability
- High Security
- Recoverability
- Manageable



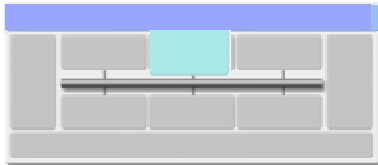
16 month project;
Cut development time by 35%

SOA Reference Architecture

Helping you design your SOA projects

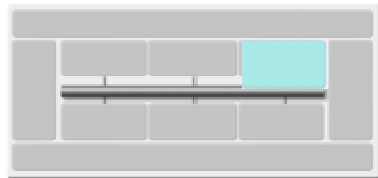


SOA Entry Points- What's New



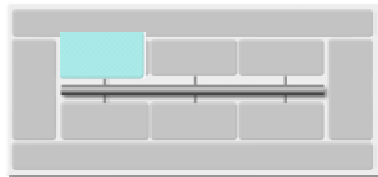
Process

- *WebSphere Process Server on System z*



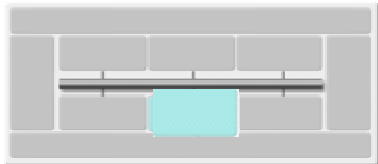
Information

- *Dynamic Warehousing*



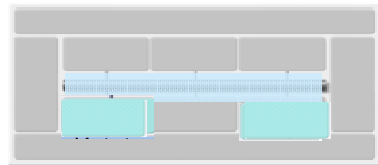
People

- *WebSphere Portal*



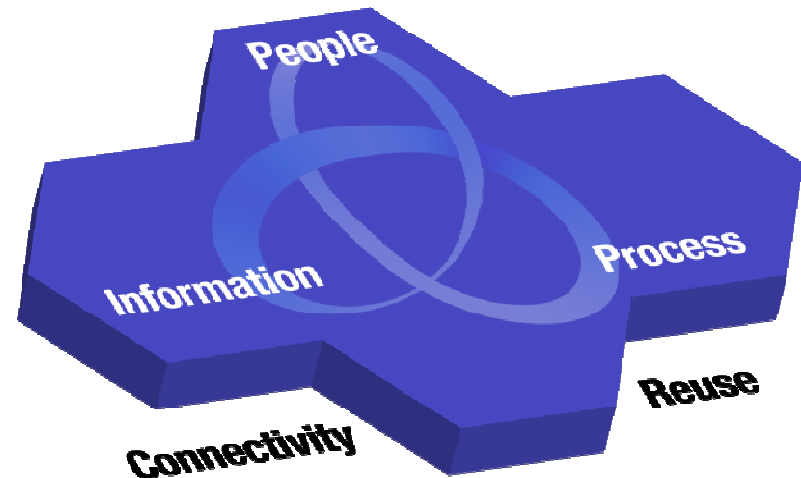
Reuse

- *Web Services Feature Pack for WebSphere Application Server*



Connectivity

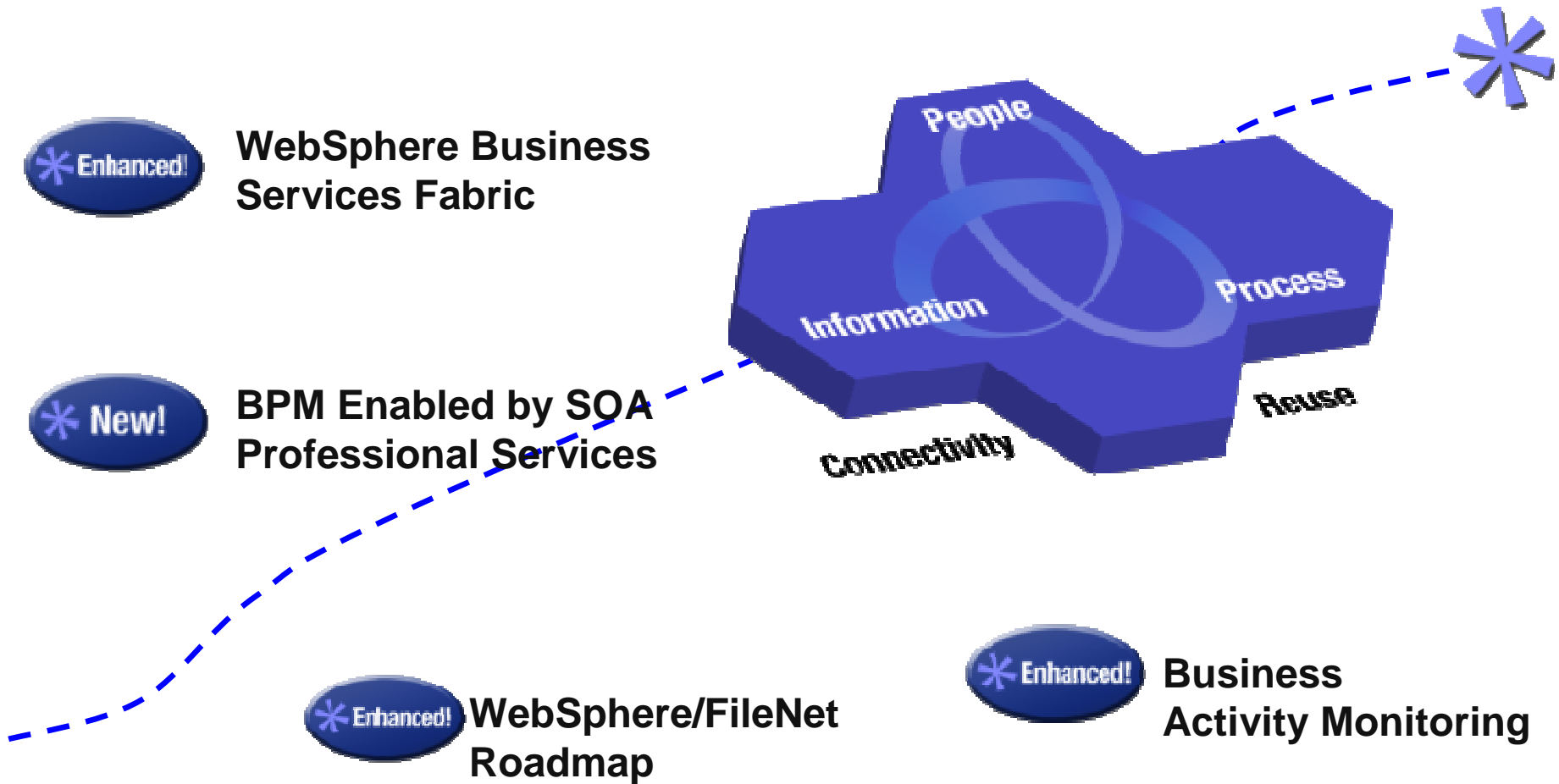
- *WebSphere DataPower SOA Appliance*



Cross-SOA Entry Points

- *System p configurations for SOA Entry Points*
- *Business Process Management*

Business Process Management Integrating People, Process and Information



SOA Governance: Your Instruction Manual for Successful Projects and Business



* New and Enhanced!

- WebSphere Service Registry & Repository
- Rational Asset Manager
- Tivoli Change and Configuration Management Database
- Tivoli Composite Application Manager

* Enhanced!

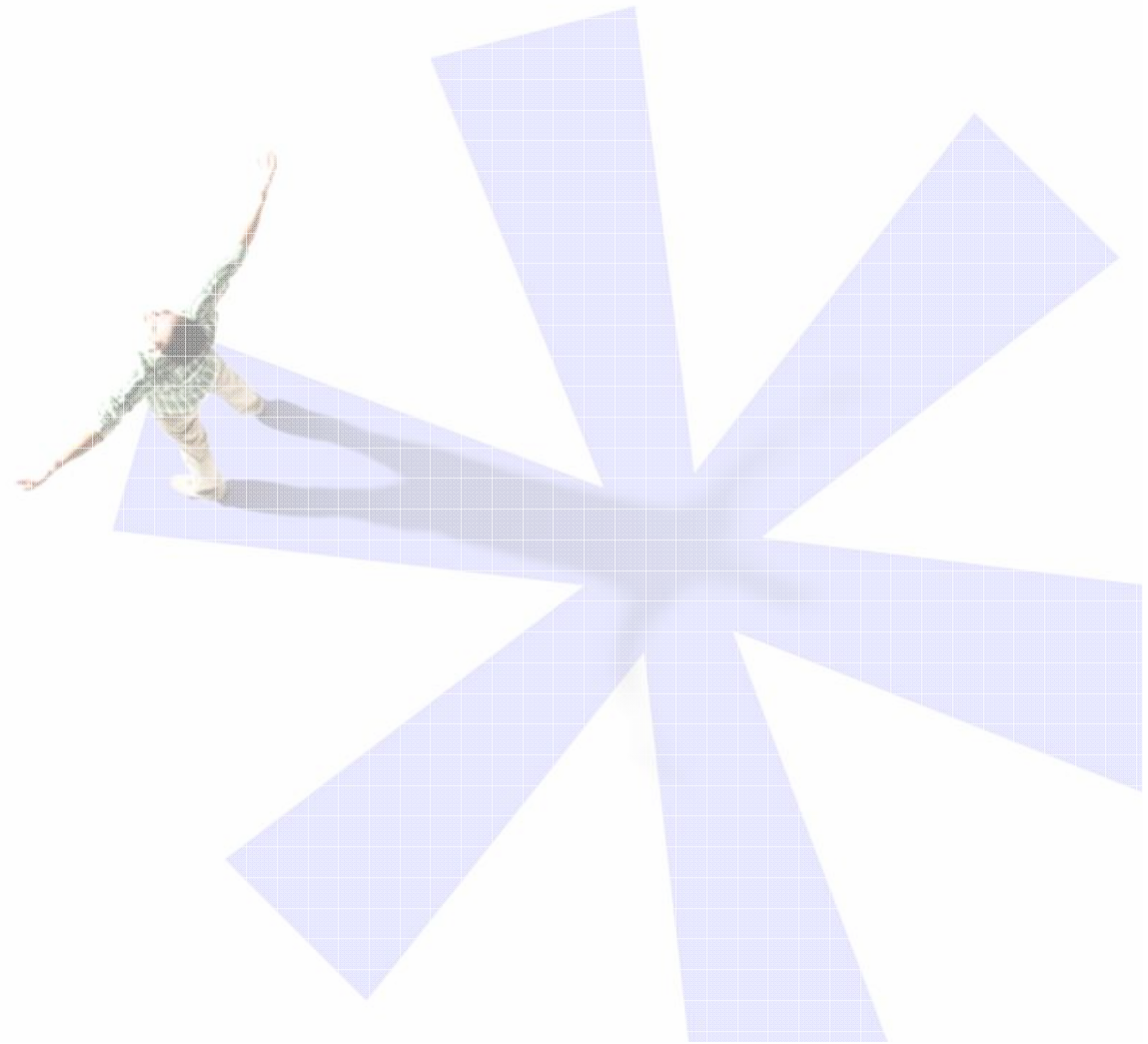
- Foster a culture of reuse
- SOA Governance Management Method

SOA Drives Enduring Impact through:

Business Impact

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 **Personal Impact**



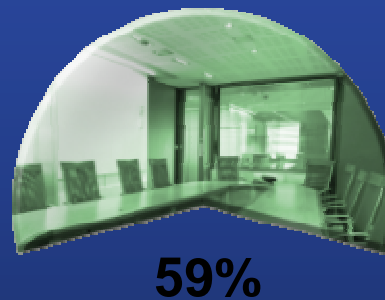
Personal Impact: SOA Drives IT and Business Alignment through CIOs

CIO is Part of the Executive Committee:

WITH SOA



WITHOUT SOA



CIOs who pursue SOA have a seat at the business leadership table

Average Compensation of CIOs

WITH SOA

\$250,000

WITHOUT SOA

\$159,000

Budgets as a % of revenue

WITH SOA

8.9%

WITHOUT SOA

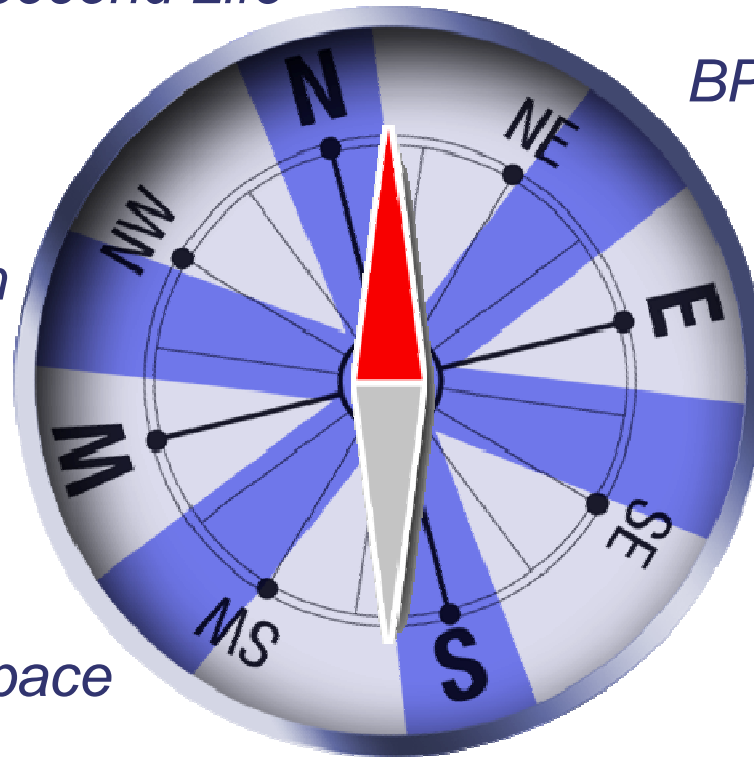
5.8%

Skills Differentiate You and Your Organization

*Impact 24x7:
Second Life*



SOA Certification



BPM Simulator

Service Science

SOA Space

*Business Partner Community
Up 200% to 3600+
SOA Business Catalog*

SOA Business Catalog Overhaul: Assembling 10K Assets!

The screenshot shows the IBM SOA Business Catalog interface. The top navigation bar includes 'Home', 'Products', 'Services & industry solutions', 'Support & downloads', and 'My IBM'. A search bar is located at the top right. The main content area is titled 'IBM SOA Business Catalog' and features a sidebar on the left with a list of asset types: Web Services (40), Widgets (50), Libraries (30), Templates (20), Feeds (100), and Snippets (75). Below these are expandable sections for 'Industries', 'Business Functions', 'Products', and 'All Categories'. The main content area is divided into 'My Assets', 'Management', and 'News' tabs. A 'Featured Assets' section highlights the 'Celequest Activity Suite' with an 'Average Rating' of 4 stars, 24 downloads, and categories of 'Web Service' and 'Provider: Twinsoft'. A 'New News' section is also visible. A 'Business & Industry' sidebar on the right lists new products like 'Corticon Business Rule Management System V4.0' and popular items like 'iCAST Business Intelligence Portlets'. Red annotations highlight several key features: 'Enhanced Search' points to the search bar; 'Business-Focused Navigation' points to the sidebar; 'User Feedback' points to the rating and download statistics; 'Enhanced!' points to a star icon; and 'New News' points to the news section.

*Demonstrating
IMPACT to future
leaders*



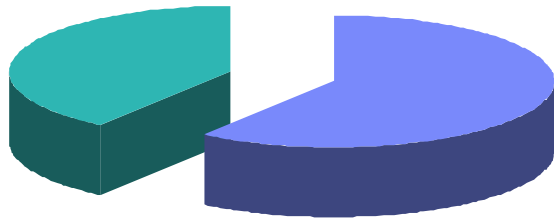
*BPM Simulator
and Contest*

*Future buyers learn
BPM, implement a
project, and discover
the value by living it.*

*Characters follow the
movie
Prototype: May 2007*



So how do you influence your Business with SOA? CEOs expects IT to Proactive Leader in Process Improvement



60% satisfied with the overall performance of IT



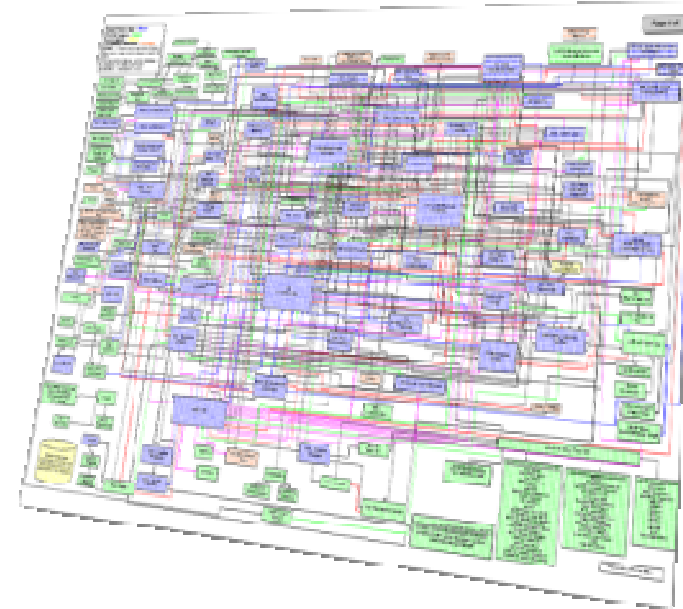
Only 28% see IT as a proactive leader in innovation



Only 30% see IT as a proactive leader in process improvement

Source: "My View: The CIO And The CEO", by George F. Colony, Forrester, Feb. 7th, 2007

Inhibitors for Alignment with Business and IT



Differences in

- Culture
- Languages
- Priorities
- Complex Infrastructure
- No Business Architecture & Blueprint

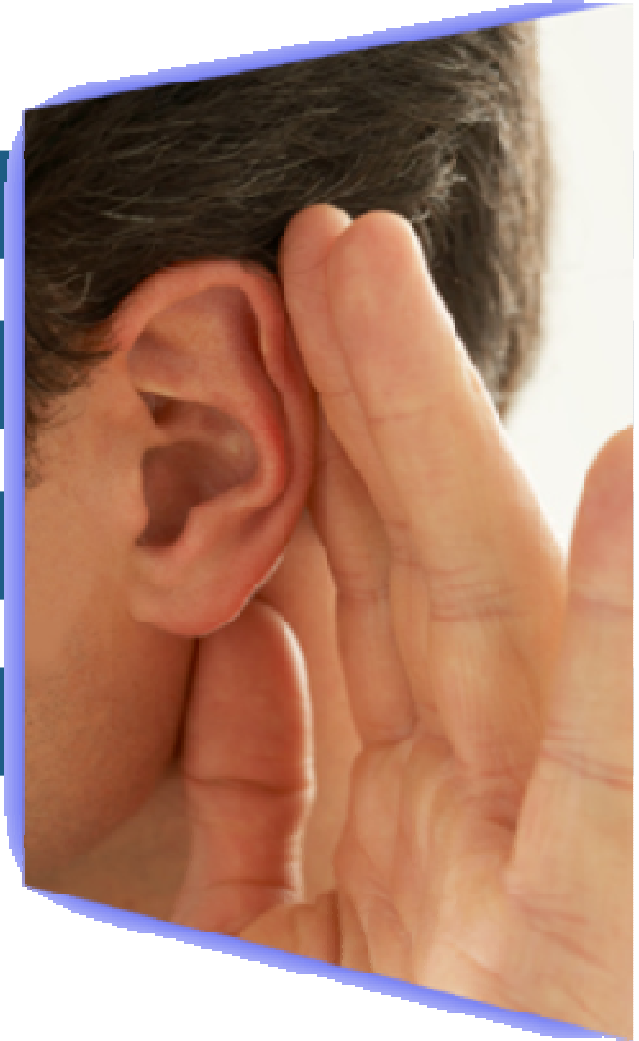
Things to Remember When Talking SOA to Your CEO

Don't Call It SOA

Pick Projects with Tangible Benefits

Build a Value Focused Business Case

Reference Third Party Validation



Don't Call It SOA – Speak the Right Language



Explain the value and benefits in business terms that reflect the organization's goals –

- cost reduction
 - productivity
 - competitive advantage
- before diving into a technical conversation



SOA Projects Have Many Faces

Financial Management
(SOX Compliance)



Product Lifecycle Management
(Value Chain Integration)



Marketing, Sales and Services
(Contact Center Optimization)



Supply Chain
(Inventory Management)



Human Capital Management
(Employee Self-Service)

Cardinal Health Sees Real Business Value through SOA



Traditional Approach

- 1200 hours of development
- Several components
- Multiple technologies
- Custom built
- TCO increases over time
- Reuse is harder
- Hinders future COTs

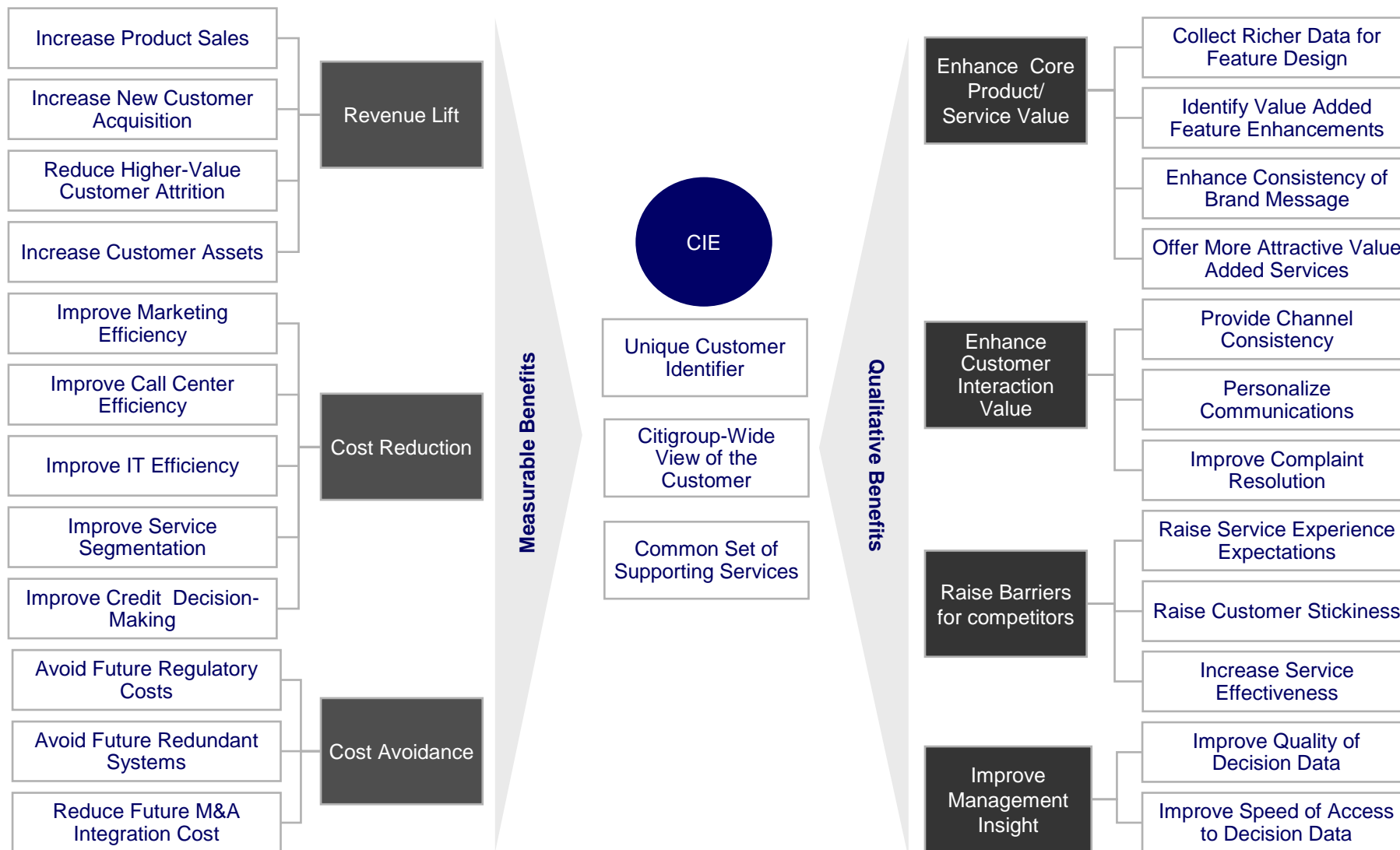
SOA Approach

- 30 hours of development
- 1 component
- Minimal custom work
- TCO reduced by more than half
- No impact on future COTs
- Reuse is simple

40X improvement

ROI and Time to Value

CIE is a core enabling platform that will support a variety of benefits.



Pick Projects with Tangible Benefits



When selecting those small test projects, choose to integrate and automate those business processes that can have the most widespread, positive impact across the organization



Pep Boys Example

Business Challenge: Improve Customer Loyalty



Services based Integration of retail & auto service front ends



Information services to provide information real time



Deployed to > 590 stores in less than 12 months
 – **Rapid ROI – Payback in 6 months**

Online SOA Business Value Analyzer

Leverage Tools to Help you Identify Which Entry Point to Start

Provides a thorough evaluation of your goals and how to address these goals through IBM Entry Point projects



Link to Online SOA Business Value Analyzer:
www.ibm.com/soa/value

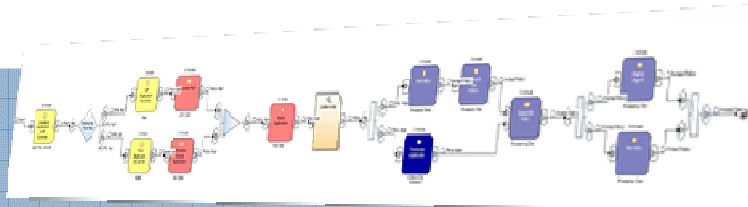
Build a Value Focused Business Case



Outline the immediate and long-term results from this strategy while avoiding discussions about specific version numbers and technical jargon



Business Case and Visuals To Show Line of Business



- **Model “what if” scenarios**
- Use **simulation** capabilities to:
 - Assess risk mitigation
 - Make investment decisions
 - Calculate value of improvements



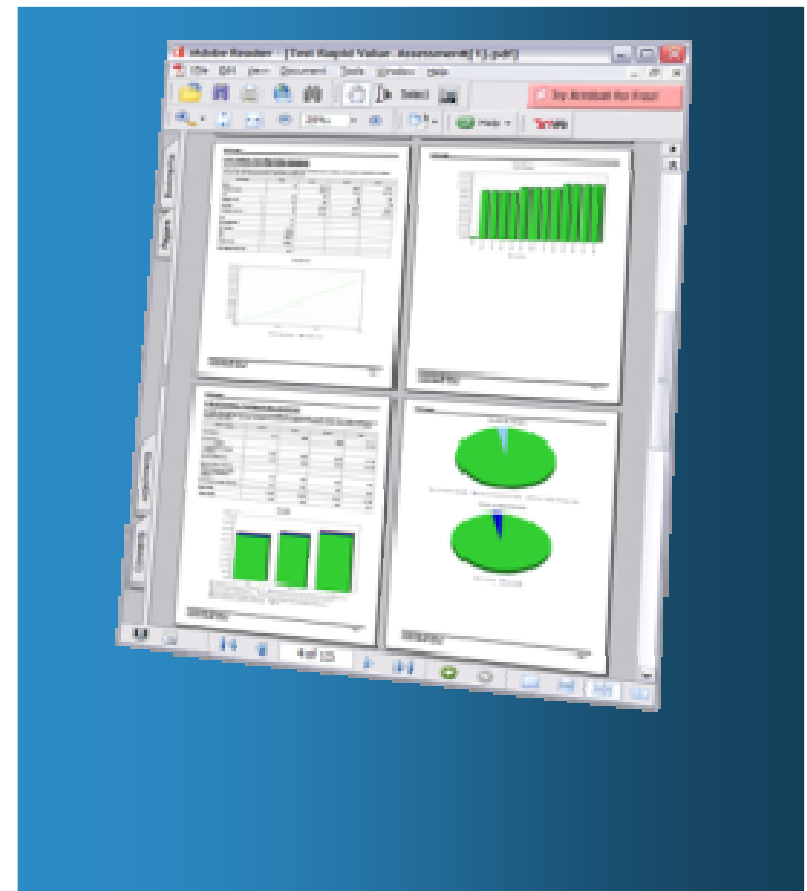
- Use **ROI reports** to compare and analyze Results



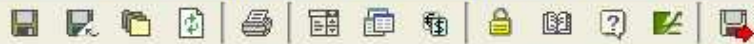
Define the Value

SOA Rapid Value Assessment Tool

- ROI Tool leverages IDC/Alinean Data as a foundation
- Designed to help create value realization for your project
 - *Projected costs*
 - *Expected savings*
 - *Financial analysis*
 - *Calculated ROI*



Contact WSAC@US.IBM.COM



| Benefits Summary - By Category | Year 1 | Year 2 | Year 3 | Total |
|--|-----------|-------------|-------------|-------------|
| Total Benefits | \$354,644 | \$1,252,680 | \$1,473,309 | \$3,080,633 |
| IT Cost Reductions | | | | |
| <input checked="" type="checkbox"/> Improve IT Infrastructure Management Productivity | \$354,644 | \$776,670 | \$924,237 | \$2,055,551 |
| <input checked="" type="checkbox"/> Reduce IT Infrastructure Expenses | \$0 | \$476,010 | \$549,072 | \$1,025,082 |
| Total IT Cost Reductions | \$354,644 | \$1,252,680 | \$1,473,309 | \$3,080,633 |
| Business Operating Efficiency | | | | |
| <input type="checkbox"/> Improve Application Availability - Back Office Applications (Indirect) | \$0 | \$0 | \$0 | \$0 |
| Total Business Operating Efficiency | \$0 | \$0 | \$0 | \$0 |
| Business Strategic Advantage | | | | |
| <input type="checkbox"/> Improve Application Availability - Front Office Applications (Indirect) | \$189,560 | \$395,181 | \$461,838 | \$1,046,579 |
| Total Business Strategic Advantage | \$0 | \$0 | \$0 | \$0 |
| Direct Benefits | \$354,644 | \$1,252,680 | \$1,473,309 | \$3,080,633 |
| Indirect Benefits | \$0 | \$0 | \$0 | \$0 |



Summary of potential benefits

- Benefits
- Benefits By Category
- Direct vs Indirect Benefits
- Top Benefits
- Benefits By Goal
- Benefits By Stakeholder
- Benefits by Organizational Impact

Helping Business to Understand Your SOA Strategy

SOA Strategy Services

Develops an SOA Strategy, Architecture, Business Case, Governance Framework, and Roadmap to guide the transformation of an organization and systems towards a service-oriented model

Intended Audience

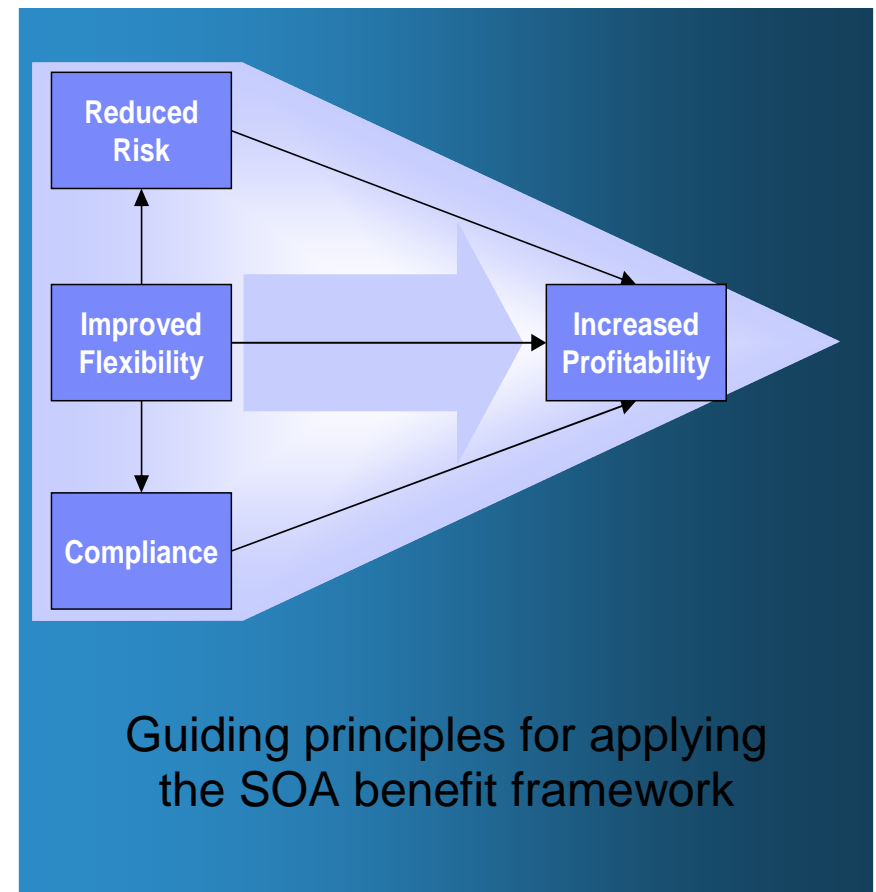
- CIOs and CxOs

Key Deliverables

- Customized Component Business Model Map
- SOA Reference Architecture
- SOA Vision and Strategy
- SOA Business Case
- SOA Governance Operating Principles & Framework
- SOA Roadmap

Average Engagement Length

- 6-12 Weeks



Reference Third Party Validation



Cite analyst data on the growth and adoption of service oriented architectures and point to relevant SOA success stories within your industry (and by your competitors)



Leverage Analyst Reports

Gartner Reports

"IBM Invests in Skills and Industry Solutions for the SOA Market"

By David Cearley, Michele Cantara, Charles Abrams,
June 1, 2007

"IBM Continues to Flesh Out Its SOA Strategy"

By David W. Cearley, Paolo Malinverno, Massimo Pezzini,
November 2006

www.Gartner.com

Forrester Reports

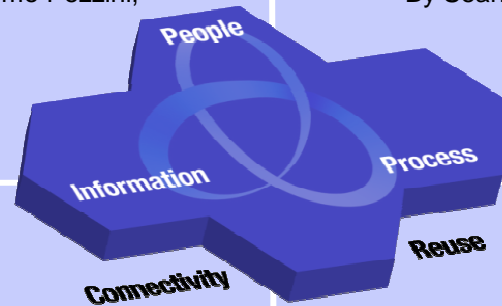
"Planned SOA Usage Grows Faster Than Actual SOA Usage: Business Data Services North America, Europe and Asia Pacific"

By Randy Heffner, February 28, 2007

"The Forrester Wave™: EMEA SOA Integration 4Q06"

By Sean Sweeney, December 2006

www.Forrester.com



Ovum Summit Reports

"Integrating IBM – Can the Sum Exceed the Value of the Parts?"

By Tom Kucharvy, January 2007

"IBM Orchestrates a Comprehensive SOA Strategy"

By Dwight Davis, July 2006

www.Ovum.com

AMR Reports

"SOA and BPM for Enterprise Applications: A Dose of Reality"

By Bill Swanton, Ian Finley, May 2007

"Global SOA Survey: Patterns in Adoption"

By Ian Finley, February 2007

www.AMR.com

Customers Realize IBM SOA Value *Across Large Enterprises & SMB*

Half of the world's 30
biggest electronics
companies

10 of the world's 10
biggest auto
manufacturers

52% of all federal
Governments

10 of the world's 10
biggest banks

4 of the world's 10
biggest retailers

10 of the world's 10
biggest telcos

80% of the biggest
US health plans

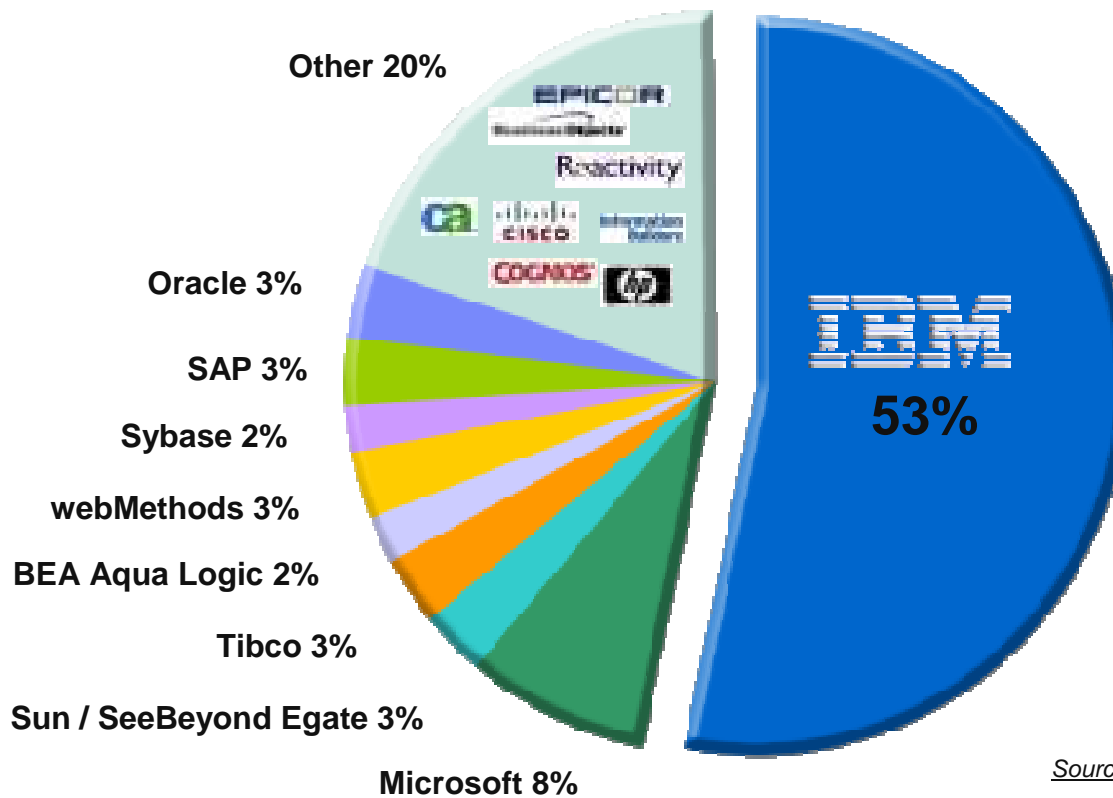
90 SMB references

8 of the world's 10
biggest insurers



According to WinterGreen Research: SOA Market Leadership

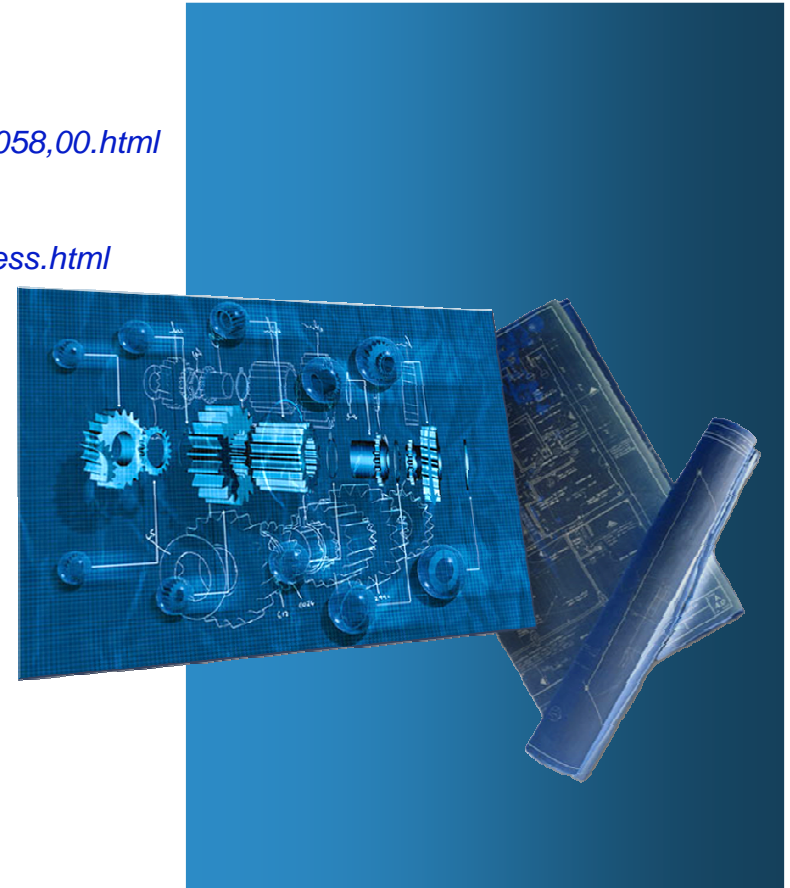
Worldwide Services Oriented Architecture (SOA) Engine and Collaboration License, Services and Maintenance Market Shares, 2006
2006 Market Share



Source: WinterGreen Research, April 2007
SOA Engines and Components only

Act Now: Sell Your SOA Project to Your CEO!

- **Learn the new language of business**
 - Read article “Selling SOA to the CEO”
http://searchwebservices.techtarget.com/tip/0,289483,sid26_gci1240058,00.html
 - New book “The New Language of Business: SOA and Web 2.0” at:
<http://www-306.ibm.com/software/solutions/soa/newlanguageofbusiness.html>
- **Take the SOA Readiness Assessment:**
 - Discover your level of maturity for SOA adoption at:
www.ibm.com/soa/assessment
- **Leverage Rapid Value Assessment Tool**
 - Contact WSAC@US.IBM.COM
- **Subscribe to the IBM SOA Newsletter**
 - See SOA Newsletter at: www.ibm.com/soa
- **Go to solution demos**



Contact your IBM representatives or Business Partner for Business Value with SOA

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