IBM SOA Summit

IBM

Selling SOA to Your CEO

Dan Power
VP Worldwide SOA Sales
IBM Software Group

CEO's Cite Innovation as Top Priority for Business

Business Model Innovation delivers the greatest returns

Results of 765 CEO interviews worldwide:

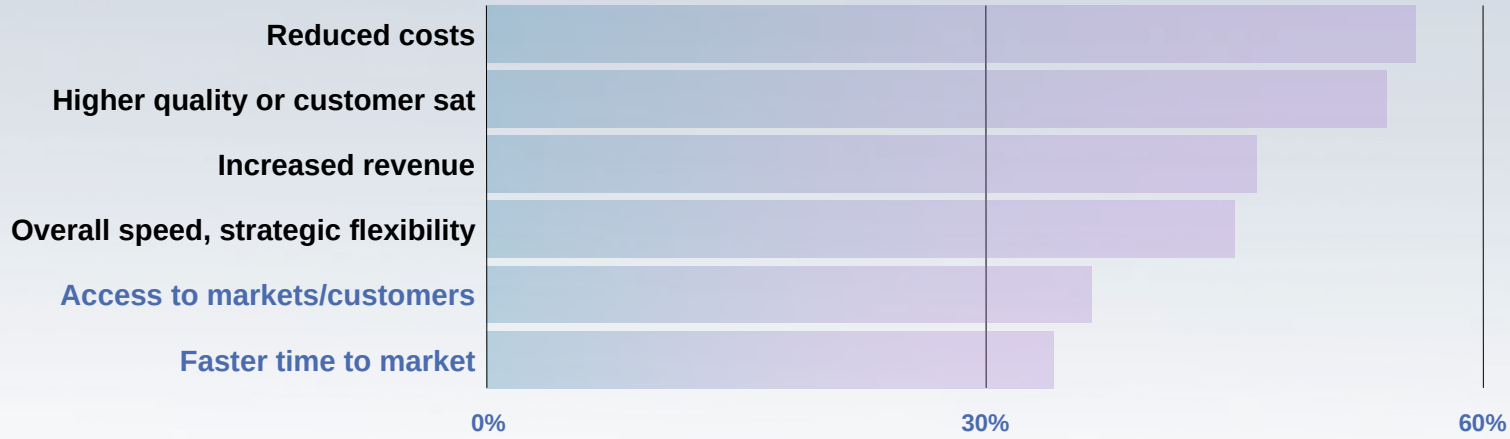
Out Performers place 2X emphasis on Business Model innovation **than under performers**

- CEOs are under intense pressure to innovate
- Corporate culture is critical to sustained innovation
- Business model innovation is the new strategic differentiator

Source: IBM 2006 Global CEO Study

CEO Sees Benefits with Alignment of Business and IT

CEO Sees Benefits:



"Helps integration and collaboration with external parties"

"Good way to reduce costs"

"Results in increased productivity"

"Enables daring ideas"

"Technology… its about excellence and keeping pace"

Source: 2006 IBM Global CEO Survey

SOA Improves Business Agility
By Providing a More Flexible Infrastructure

Business Flexibility

5

With SOA, IT is flexible and responsive to business needs

Without SOA, IT can't keep up with fast changing requirements of customers, partners, and competition

Which approach enables innovation?

SOA Aligns Businesses for Growth
By Tightly Aligning IT to Business Processes

Better Business Processes

4

With SOA, process logic decoupled from infrastructure

Without SOA, processes are rigid and inflexible

Which approach best enables optimized business processes?

SOA Helps Businesses Lower Costs
By Making Integration Easier

Easier Integration

3

With SOA, integration is done “loosely” with modular pieces

Without SOA, integration is done with “hardwiring”

Which method do you think is easier, faster?

SOA Helps Businesses Lower Costs
By Encouraging Reuse of Assets

Reuse of Assets

2

With SOA, new services are built flexibly by reusing assets

Without SOA, applications have to be “ripped and replaced”

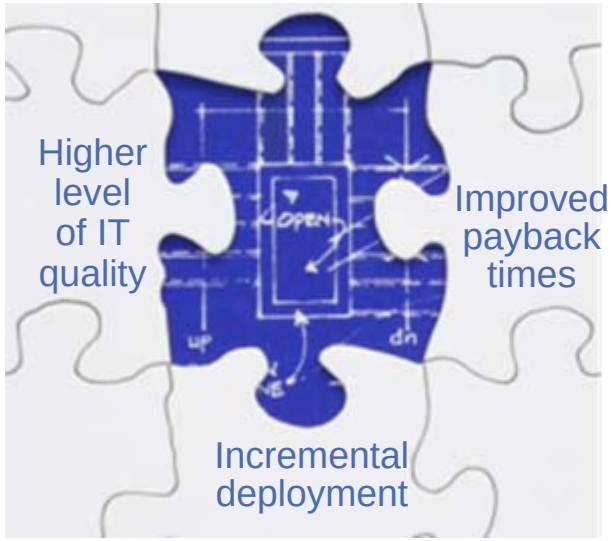
Which makes better use of your existing assets; saves you money?

SOA Reduces Business Risk
By Providing Quality, Simplicity, and Governance

Reduced Risk

1

With SOA, better oversight, control and reuse



Without SOA, ad hoc, siloed and uncontrolled projects

How do you ensure success?

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

Explain the value and benefits in business terms that reflect the organization's goals – such as cost reduction, productivity, competitive advantage, etc. – before diving into a technical conversation

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

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

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

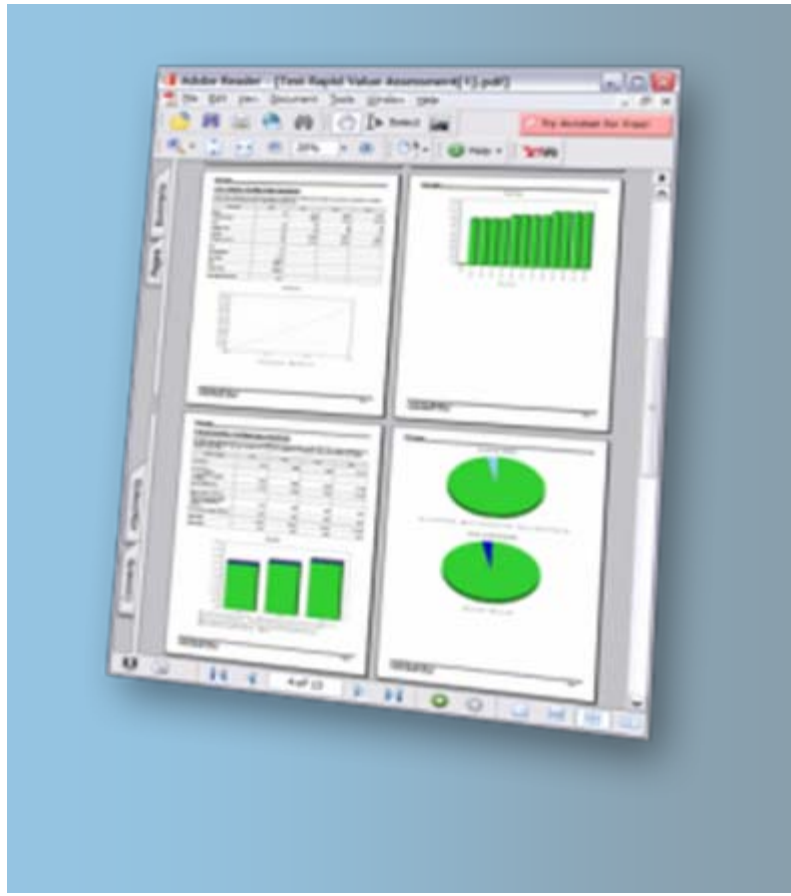
Link to Online SOA Business Value Analyzer: www.ibm.com/soa/value

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

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

Business Case Information
Organization Questionnaire
Project Selection
Project Portfolio
Benefits Summary (Selected Projects)
Costs Summary (Selected Projects)
ROI Analysis (Selected Projects)
Organization Financial Impact (Selecte
Resource Summary (Selected Projects

Input Customer Data

BUSINESS CASE PROFILE - ORGANIZATION QUESTIONNAIRE

IBM Business Value Analyst™

The IBM Business Value Analyst™ Tool and various analysis models (tem, ates) were developed independently by leading IT and ROI tool developer and consultancy Alinean, Inc. This analysis tool and model exa. nes current capability and maturity, costs and opportunities and quantifies potential advantages for IBM solutions to reduce current IT and . siness costs, improve productivity, reduce business risks, improve availability and service levels and drive business alignment and opportunities. The tool collects information about current costs and opportunities for improvement (defaulting to Alinean research when actual dat. s not available), then uses research from customer case studies to project potential savings and business benefits using proposed solutio. sets. Any and all data should be adjusted to specific company metrics, opportunities and assumptions.

For the organization, specify information about the overall company here, then in the ext section select specific IBM projects to consider for cost-benefit analysis. Projects could be created for various proposed solution sets or f. specific proposed projects by specific business group, data center or location.

Current Company Profile

Industry company or organization operates in	Banking
Primary geographic location	Canada
Primary site location	Metropolitan

Current annual revenue or equivalent (in millions)	$15,000.0
Average annual expected growth in revenue or equivalent (over analysis period)	5.0%
Net incremental contribution	23.0%

Number of employees for the company or organization (in total)	54,300
Average revenue or equivalent per employee (annual revenue or equivalent / # of employees)	$276,243
Average annual unburdened salary for employees	$62,660
Average annual growth in the number of employees	5.0%

Salary Adjustment Factors

Average burdened salary rate	35.0%
Average salary increase per year	4.0%
Average hours worked per year	1,720

v21

Benefits Summary - By Category	Year 1	Year 2	Year 3	Total
Total Benefits	**$354,644**	**$1,252,680**	**$1,473,309**	**$3,080**
IT Cost Reductions				
☑ Improve IT Infrastructure Management Productivity	$354,644	$776,670	$924,237	$2,055
☑ Reduce IT Infrastructure Expenses	$0	$476,010	$549,072	$1,025
Total IT Cost Reductions	**$354,644**	**$1,252,680**	**$1,473,309**	**$3,080**
Business Operating Efficiency				
☐ Improve Application Availability - Back Office Applications (Indirect)				
Total Business Operating Efficiency	**$0**	**$0**	**$0**	
Business Strategic Advantage				
☐ Improve Application Availability - Front Office Applications (Indirect)	$189,560	$396,181	$431,838	$1,017
Total Business Strategic Advantage	**$0**	**$0**	**$0**	
Direct Benefits	**$354,644**	**$1,252,680**	**$1,473,309**	**$3,080**
Indirect Benefits	**$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

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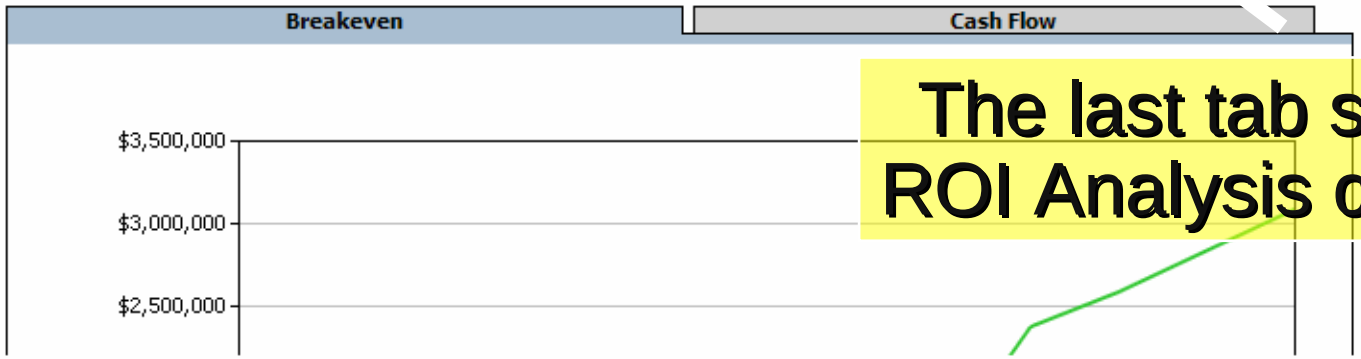
ROI Analyst™ - Financial Justification for WebSphere Extended Deployment - Microsoft Internet Explorer

Financial Justification for WebSphere Extended Deployment

IBM

Solution Selection | Questionnaire (As Is) | Benefits | Costs | ROI Analysis

ROI Analysis	Initial	Year 1	Year 2	Year 3
Benefits	$0	$354,644	$1,252,680	$1,473,309
Cumulative Benefits		$354,644	$1,607,323	$3,080,632
Costs	$363,600	$192,960	$64,320	$64,320
Cumulative Costs	$363,600	$556,560	$620,880	$685,200
Cash Flow	($363,600)	$161,684	$1,188,360	$1,408,989
Cumulative Cash Flow	($363,600)	($201,916)	$986,443	$2,395,432
ROI	350%			
Risk Adjusted ROI	260%			
NPV Savings	$1,622,667			
IRR	143%			
Payback period (including deployment period)	13 month(s)			
Risk Adjusted Discount Rate	14.5%			



The last tab shows the ROI Analysis calculations

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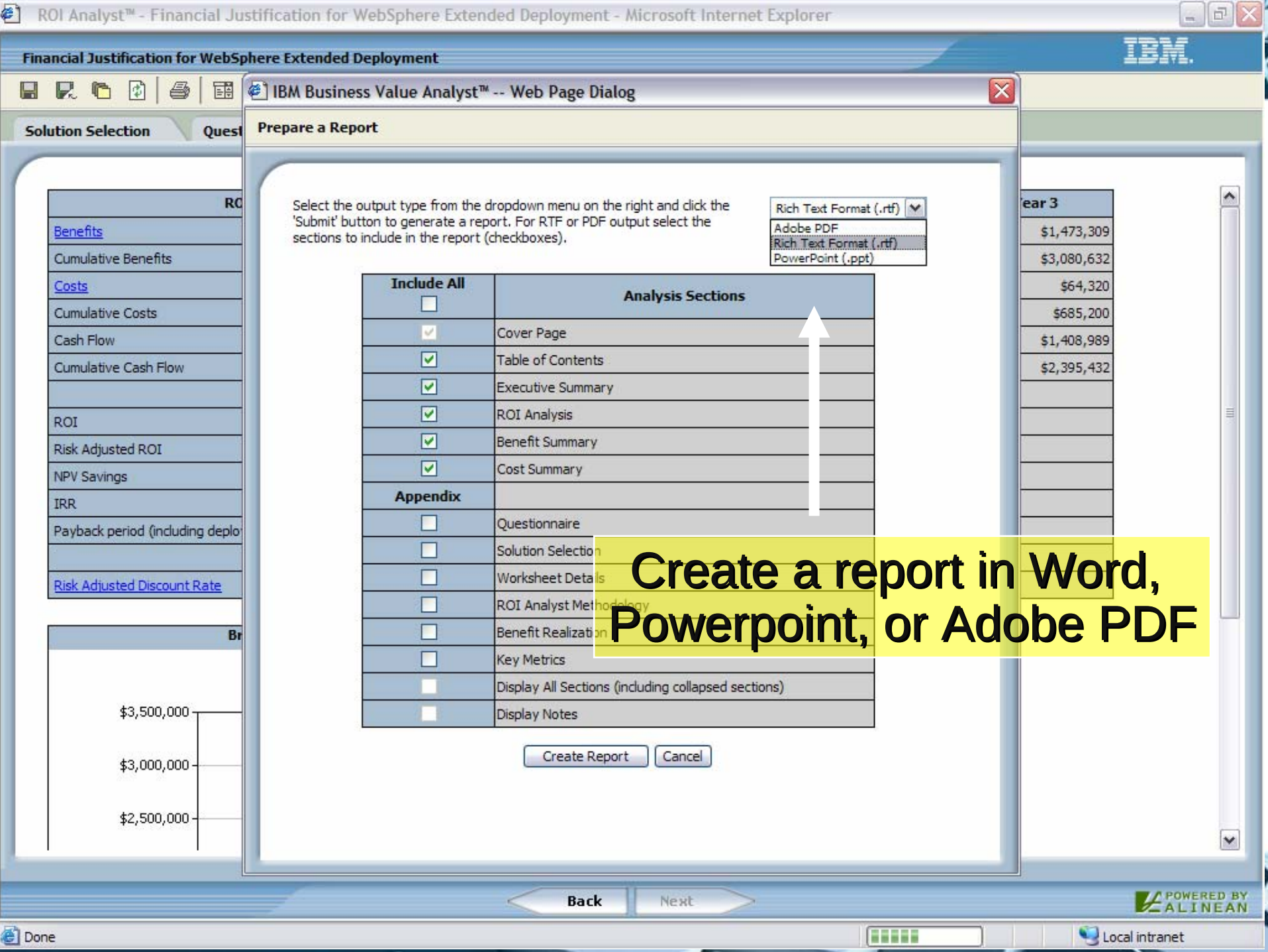
ROI Analyst™ - Financial Justification for WebSphere Extended Deployment - Microsoft Internet Explorer
Financial Justification for WebSphere Extended Deployment
IBM
IBM Business Value Analyst™ -- Web Page Dialog
Prepare a Report
Solution Selection
Benefits
Cumulative Benefits
Costs
Cumulative Costs
Cash Flow
Cumulative Cash Flow
ROI
Risk Adjusted ROI
NPV Savings
IRR
Payback period (including deplo
Risk Adjusted Discount Rate
Year 3
$1,473,309
$3,080,632
$64,320
$685,200
$1,408,989
$2,395,432
$3,500,000
$3,000,000
$2,500,000
Select the output type from the dropdown menu on the right and click the 'Submit' button to generate a report. For RTF or PDF output select the sections to include in the report (checkboxes).
Rich Text Format (.rtf)
Adobe PDF
Rich Text Format (.rtf)
PowerPoint (.ppt)
Include All
Analysis Sections
Cover Page
Table of Contents
Executive Summary
ROI Analysis
Benefit Summary
Cost Summary
Appendix
Questionnaire
Solution Selection
Worksheet Details
ROI Analyst Methodology
Benefit Realization
Key Metrics
Display All Sections (including collapsed sections)
Display Notes
Create Report
Cancel
Create a report in Word, Powerpoint, or Adobe PDF
Back
Next
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Done
Local intranet

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

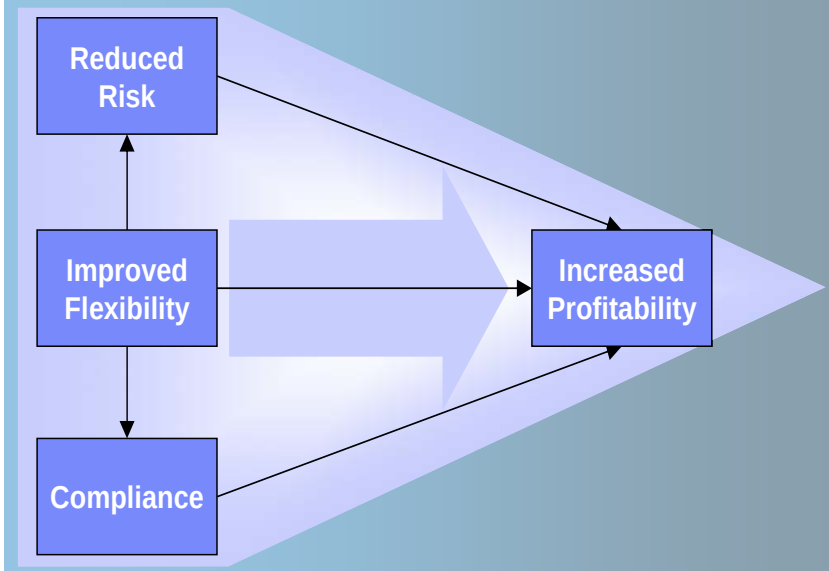
- **CIOs and CxOs**

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**



Guiding principles for applying the SOA benefit framework

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)

Customers Continue Success via SOA Entry Points

	What is it?	Customer	Value
People	Greater productivity and flexibility through targeted user interactions for improved operations and collaboration	Broward County Public Schools	Compliance with new legislation & education to enabling collaboration among parents, teachers, students, administrators.
Process	Achieve business process innovation through treating tasks as modular services	Wüstenrot & Württembergische	Information reaches decision makers 70% faster by enabling LOBs to orchestrate modular services.
Information	Provide trusted information in business context by treating it as a service	storebrand	Handle 5x increase in customers and eeduced order processing time.
Reuse	Service-enable existing assets and fill portfolio gaps with new reusable services	STANDARD LIFE	Improved speed to market with new products. Savings of 4M pounds to date, 1M pounds a quarter.
Connectivity	Connect systems, users, and business channels based on open standards	中国移动通信 CHINA MOBILE 移 动 信 息 专 家	Cut average problem resolution time from two days to less than one hour, helping to boost customer satisfaction levels

See "Success Stories" at: www.ibm.com/soa

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
- **Try the Online SOA Business Value Analyzer:**
  - www.ibm.com/soa/value
- **Leverage Rapid Value Assessment Tool**
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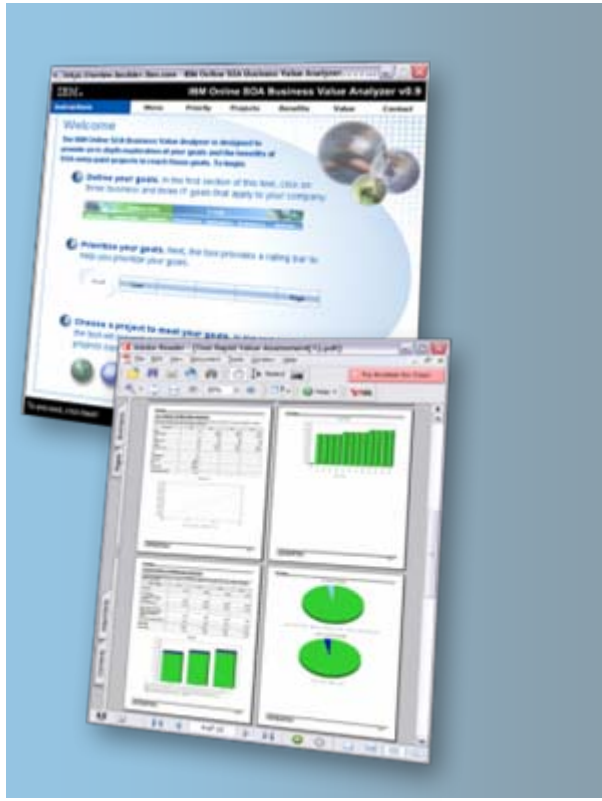

Contact your IBM representatives or Business Partner for Business Value with SOA

Questions?

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