INTERVIEW WITH JOSH HARDY AND MICHAEL PEACH

Eric Green: Hello and welcome to a new podcast series from IBM software that explores the challenges IT managers and business professionals are facing today. I'm Eric Green and I'll be talking with a range of experts to discover new perspectives, approaches and examples that can help meet these challenges and introduce you to the capabilities of smarter software from IBM. So let's get started.

Welcome back to the show. Today we'll be discussing connectivity and integration with Josh Hardy, who is the B to B Integration Portfolio Product Marketing Leader and joined IBM from their acquisition of Sterling Commerce. And Michael Peach, who is Connectivity and Integration Marketing Manager with expertise in Websphere solutions, also with IBM. So thanks so much for joining us today. I thought that given your diverse background and how relevant it is to this discussion, maybe you could give us a little bit of background yourselves. Perhaps Mike we can start with you?

Michael Peach: Sure absolutely. So as you mentioned, I'm the Marketing Manager for Websphere Connectivity and Integration, so I've got marketing responsibilities for our message oriented middleware, enterprise service bus and application integration software.

Eric Green: So Josh, could you give us some of your roles and responsibilities?

Josh Hardy: Sure. I have responsibility within the industry solutions group for our B to B products and our managed file transfer products. So these are products like our Sterling Collaboration Network, B to B Integrator, Connect Direct and Sterling File Gateway.

Eric Green: Great. Well thank you, gentlemen. So Mike, to start with, why don't we start with you here? Could you give our listeners your definition of enterprise connectivity and integration?

Michael Peach: Sure. So connectivity and integration at a very fundamental level is really about bringing together all of the different applications and systems that organizations have within their business. So this is definitely not a new technology, it's been around for a while in one form or another. But we're also seeing a lot of trends now in the marketplace with the growth of new computing models like Cloud, new information, say from like smart devices or sensors or meters, and really a growth sort of a more collaborative business model, people working with their suppliers and working closer

	with their customers. It's really driving a stronger need for a greater and more detailed level of integration between those applications.
Eric Green:	So a little bit more specifically, could you talk a little bit about the challenges facing organizations inside and outside the enterprise?
Michael Peach:	Sure. Let me start by looking at the more basic level and the internal application integration. So although I just said that we've seen a lot of changes and a lot of trends in the marketplace that are driving a greater need for integration, at the same time there is a lot of organizations that are still developing their own solutions or using very simple protocols to pass messages or files in between applications. Things like http or ftp. And so they have a need both to ensure a much greater amount of reliability for the transfer of that information, whether it's a message or a file that needs to get from one point to another securely and reliably.

But there's also a need for flexibility. You know, one of the things that we're also seeing a lot in the business environment and I think everyone would agree, is that we're seeing a lot more rapid change. And that type of change, whether it's in the form of new mergers and acquisitions, trying to go after or launch new service offerings or new lines of business often requires some changes in the supporting applications and the way those applications talk to each other. And a lot of times, connectivity solutions that organizations have adopted, either older technologies that they purchased or in a lot of cases, solutions that they've hand coded simply can't keep up that pace of change.

Eric Green:	And it seems like in the market today, you were talking about change, I mean with social media and the like, there's none of this product rollout time span. I mean people kind of want things, they want their data, they want their applications, they want their change and they want it now. I mean is that something that over the last 5 to 10 months has been drastically changing for this environment also.
Michael Peach:	Yeah, I think that's a very good characterization is we're seeing, in a lot of industries, the product cycle times and the time you have to sort of roll out a new product or service offering gets a lot shorter. And so being able to make changes in the way that business processes sort of span and execute across all of the different applications that they have to, and flexibly connecting and reconnecting the applications, or being able to even go externally

and make richer connections with your suppliers, with your business partners and with your customers really becomes sort of much more critical.

Eric Green: Excellent. So Josh, to you, can you tell us how these challenges compare for outside the organization?

Josh Hardy: I think Mike nailed it there in the end of his segment there, talking about the communications that are going outside and the fact that these are all about actual business processes. So Mike was speaking to the linkage of those business processes inside a company's four walls. Taking the same example that you mentioned as far as getting new products out to the market faster, one of the key things that is required – think about like the Apple iPad.

Not only do the product development cycles shorten, but those products need to be on the shelves so the consumers can get them. So getting a supply chain, getting customer interactions, supplier interactions, more automated and more seamless is a critical aspect of integration. So we really look at this from four key challenges that face companies outside the enterprise in extending these business processes out to their customers, suppliers and partners.

The first one is just the proliferation of the business community or the rapid size and growth of the number of partners that you have to interact with, but also the technology expertise of those partners. So companies are now dealing with manufacturers in China who are still using fax or phone versus electronic commerce. So getting command of that growing community and automating the transactions with those partners is critical. And I mentioned automating these business transactions with partners. You know, going from a manual phone, fax or e-mail, postal mail type of communication so that you can actually get greater visibility. You can reduce the number of errors, you can reduce the cycle time of those communications. But once things are electronic, you actually start to get a degree of visibility. So where's my order? What are my cycle times looking like? How are my suppliers performing? A whole host of critical information that's very hard to track in real time with manual and paper processes.

And then probably one of the biggest things that are impacting companies today around electronic commerce between partners is just the resources and the expertise. Much of the IT expertise and technology focus has been inside the enterprise. And things like

EDI that have emerged over the last 20, 30 years to handle business to business transactions is no longer really a very sexy thing. People aren't going to college to learn how to do EDI. So resources are starting to retire, and we're seeing a trend in these outside the enterprise communications starting to become more of an outsource to someone like – to someone like IBM who can handle this and continue to maintain the expertise.

Eric Green: And drilling in on the mobile comment, I mean I imagine that part of the proliferation of iPads and tablets in general is so that people can get that information even more immediately, that the old – there's an app for that – well that could become either the best case scenario for someone operating in this space for connectivity and integration, or it could be the worst nightmare if not properly handled. Is that the case?

Josh Hardy: Sure. We actually offer a number of our B to B solutions with an iPhone or an iPad application so that no matter where the IT professional or business professional is at, they can actually gain instant access to critical information and visibility into their system's uptime and message delivery.

Eric Green: Excellent. So the audience is really great with examples, and I think that's very helpful for anybody listening to a podcast to sort of really get a feel for how this all works. So would each of you please discuss a couple of examples that enterprises are using to address this, starting with Mike?

Michael Peach: Yeah. Let me … I think I'll go back to one of our customers in the health insurance industry, because it's a really good example of the need for this type of solution. I mean you've got an industry that's seeing a fair amount of consolidation over the years, and that's certainly the case with the organization I'm thinking of here, which is a company called High Mark, based in Pennsylvania, and they're one of the largest private insurers in that state. And they, over the last few years had made a number of acquisitions which resulted in a whole bunch of siloed and diverse applications that were supporting different customers and different lines of business.

So I needed a way to better integrate all of those systems in order to be more responsive to the market and be able to tailor their offerings a little bit better. The other thing that's sort of important when you look at health insurance is there's a lot of security and control standards that have to be applied. So for example, the HIPAA standard really strongly regulates the way and how you

can securely transmit data back and forth between the systems. So they also needed to ensure that as they were better integrating these applications and sharing information across them that they were secure and compliant with all the regulations they had. So using Websphere software, they were able to implement a new integration hub, which not only made it faster for them to do the integration between the different systems, but it also gave them a lot of flexibility. So they were able to rapidly speed up the time it took them to create new offerings and get them out to market.

Eric Green: That's really interesting. So on the regulatory side, I mean it seems that whether it's HIPAA or Sarbanes-Oxley or the like, when this is being put together, is it often people have regulatory constraints and things they need to go live by and abide by like a HIPAA and therefore we want to do XYZ, or is it you guys will go in there, and you'll have a conversation and start thinking about how to deliver something and oh, by the way, because you're doing this, you're now going to be HIPAA compliant.

Michael Peach: I think it varies from industry to industry. In some industries, they are very very cognizant of the regulatory burden that they're under, but even more broadly, a lot of times it's just a question of security that organizations don't even initially grasp is they'll have hand-coded systems in place where they're making, essentially executing very mission-critical transactions over an open protocol, like say http. And without even thinking about, sort of over time they build up all of this handwritten code that serves as sort of redundancy and control and security over this open transaction. When in fact they could have had all along a middleware solutions that took care of all that work for them. So sometimes it's just a question of coming in and opening up their eyes and saying you know, look, all of this work you're doing to ensure the reliability and the security of your transactions isn't necessary. You know, with the right solution, it could have all been taken care of.

Eric Green: Excellent. Very interesting. So Josh, how about you? Do you have a quick case study for us?

Josh Hardy: Sure, I'll just give a quick overview of a company called Ball Corporation. If you're familiar with the old canning jars, the Ball jars, they also have a fair amount of newer packaging materials, plastics and metals. So it's somewhat of a commodity business. And Ball Corporation came to us and talked about how they joined an IT and line of business initiative focused on improving their customer satisfaction. And they basically said in a very

commoditized industry, it's critical to their existence to be easier to do business with. So many of their retailers have already become electronic and they're looking for suppliers that can make their life easier through electronic order processing or invoicing. Ball Corporation essentially had a list of customers who said if you don't improve your on time orders and the visibility so that we know where our orders are at, we're going to go elsewhere.

So they joined together, and they leveraged the Sterling B to B Integrator, which is an on-premise translator and business process engine that sits at the – it's a gateway for companies. So all the B to B traffic goes through this gateway. And they also leveraged our B to B Collaboration Network, which reaches about 300,000 trading partners around the globe, from suppliers, customers, partners, are all connected to this network. It's kind of a one-to-many kind of connection. So I can make one connection to the network and connect to thousands and thousands of business partners. They leveraged these two together in what we refer to as a hybrid fashion.

So they're using on-premise software that they manage and they're using a service provided by IBM and together getting a more comprehensive B to B solution. And by doing this, they've eliminated the manual processes that were causing the customer satisfaction issues. They've increased the overall quality of the data that they have to consume and manage to measure their performance with their customers but also their performance to their suppliers. They were able to reduce their processing delays and quickly rescale or change, gain agility for both internal and external business processes. So overall, it's been a very successful project for Ball Corporation, and they said as a result, they've secured those customers who were threatening to leave and boosted their overall customer satisfaction.

Eric Green: So I think what's interesting here is you know, the partners and suppliers bit. Right? I mean obviously they want to improve customer satisfaction but one of the biggest issues that organizations have today is you're only as strong as your weakest link, right? And so if you have – you need your suppliers and getting them up to speed and up to the level that you need them can be challenging. But it seems to me that the trickle down effect of what you're talking about is actually incredibly valuable at the end of the day for those suppliers and partners in general for their businesses now too, because they are forced to get into this automation procedure to better their communication.

Josh Hardy: That's an excellent point, Eric. And what we find is most companies that are using our technology have deployed it or implemented in response to customer mandates. And what we often have to remind our customers is the same solutions that you've implemented to respond to those big customers is the same technology and perfect technology for you to enable your suppliers or communicate with your suppliers. So you get the biggest bang by using it on both sides of your supply chain. And you mentioned the word link, the weakest link, and it is a supply chain and the links go very deep and the links are different sizes and have different capabilities and strengths.

So we actually provide through our collaboration network solutions that convert faxes to electronic commerce without the smaller partner having to change how they do business with you. But you can still reap the benefits of visibility and automation. And we have web solutions, so all they need is web portal and they can be transacting EDI and all they realize is they're doing is interacting through a web form. So you're right on – the supply chain has to be strong, and having more data and more timeliness of that information is critical to many companies.

Eric Green: Yeah so thanks for that. So now Mike, as the owner of Connectivity and Integration Portfolio, I was hoping you could provide some insight on how IBM is innovating in this space.

Michael Peach: Absolutely. Well, we're innovating in a number of ways. First off being just taking what is a very sort of basic connectivity and messaging and really taking to the next level with our customers. So for example, we recently announced a new version of our low latency messaging, which is the fastest lowest latency messaging, in fact getting down to sub – 1 microsecond latency in certain scenarios for clients that really need sort of high volume.

Another example is our advanced message security solution which we rolled out about a year ago, which really provides that deep, deep end to end security on messaging if clients need it. One of the other areas where we're really investing and growing and starting to see is with this notion of smart meters and smart devices. More and more, there is an increasing array of information that's available from these things, and we're seeing them used a lot by utility companies to better manage sort of their billing and their usage, but also increasingly we're seeing growth of RFIB and supply chain applications and other such things. So

the ability to go out and leverage that information, to get it, to bring it into the business process, to get some more detailed visibility into what's going on in the business requires a level of connectivity to pull it off. I mean, the information's out there, but if you can't go get it, and you can't bring it in the right context, it has a very limited value. So we're rolling out a number of new technologies around our MQ Telemetry product that really is designed to go out and get that information.

Josh Hardy: Mike, I was just going to add, a few other things that we're seeing come in are these comprehensive visibility and governance solutions, that between the Websphere team and the industry solutions or the heritage Sterling team is actually building end to end community management and government solutions as well as visibility from inside and outside the enterprise, which I think are pretty cool innovations that are on the horizon.

Eric Green: Excellent. And thanks for that extra bit of information there too. So gentlemen, we're actually out of time for today's podcast. But Josh and Mike, this has been great information and thanks so much for joining us.

Michael Peach: Thank you.

Josh Hardy: Thanks Eric.

Eric Green: Thanks for listening. Please do visit IBM.com/software to connect with our experts, continue the conversation, and to learn more about smarter software from IBM. Let's build a smarter planet.