Information Management: State of the Industry & IBM Strategy

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The Information Management Market

$179 Billion in 2008*
8% CAGR

Hardware
$36B

Software
$43B

Services
$100B

* Source: IBM 2H 07 estimate based on IBM and various industry analyst reports

Vendor Consolidation, Information Trust & Consumability Issues, Increasing Users & Business Requirements

Information Management Software

Expanding Beyond Core Databases to Create Value

BI & Performance Management
$8.0B; 7% CGR
- *Pending Cognos Acquisition*

Content $7.9B; 9.3% CGR
Leader and Growing Faster
- *ECM Infrastructure*
- *Convert Paper Processes*
- *Take the Cost Out of Compliance*

J.B. HUNT

Content-driven process shortens collection period by 15 days

Information $4.4B; 7.9% CGR
Leader and Growing Faster
- *Fast Track Information*
- *Multi-form Master Data*

JPMorganChase

Single view of profitability shared by 20,000 users

MetLife

Unified view of clients feeds over 50 applications

verizon

16X the applications; No new DBAs

Data $23.0B; 5.0%CGR
#2 and Growing Faster
- *Channels & Partners Key*
  - *e.g. SAP*
- *Viper 500*
- *Dynamic Warehousing*

SUNTRUST

Compression saves $2M; $500K annually

Opportunity Estimates Based on 2H07 GMV; Software Revenues: 2008; CGR 2008 – 2011; Growth is '06-vs. '07 Forecast:
Market Position and Share Claims Based on Published IDC, Gartner, Forrester Reports, 2006 & 2007.
CM opportunity does not include some elements of the market addressed by other SWG divisions.

Information Management Strategic Trends

Business

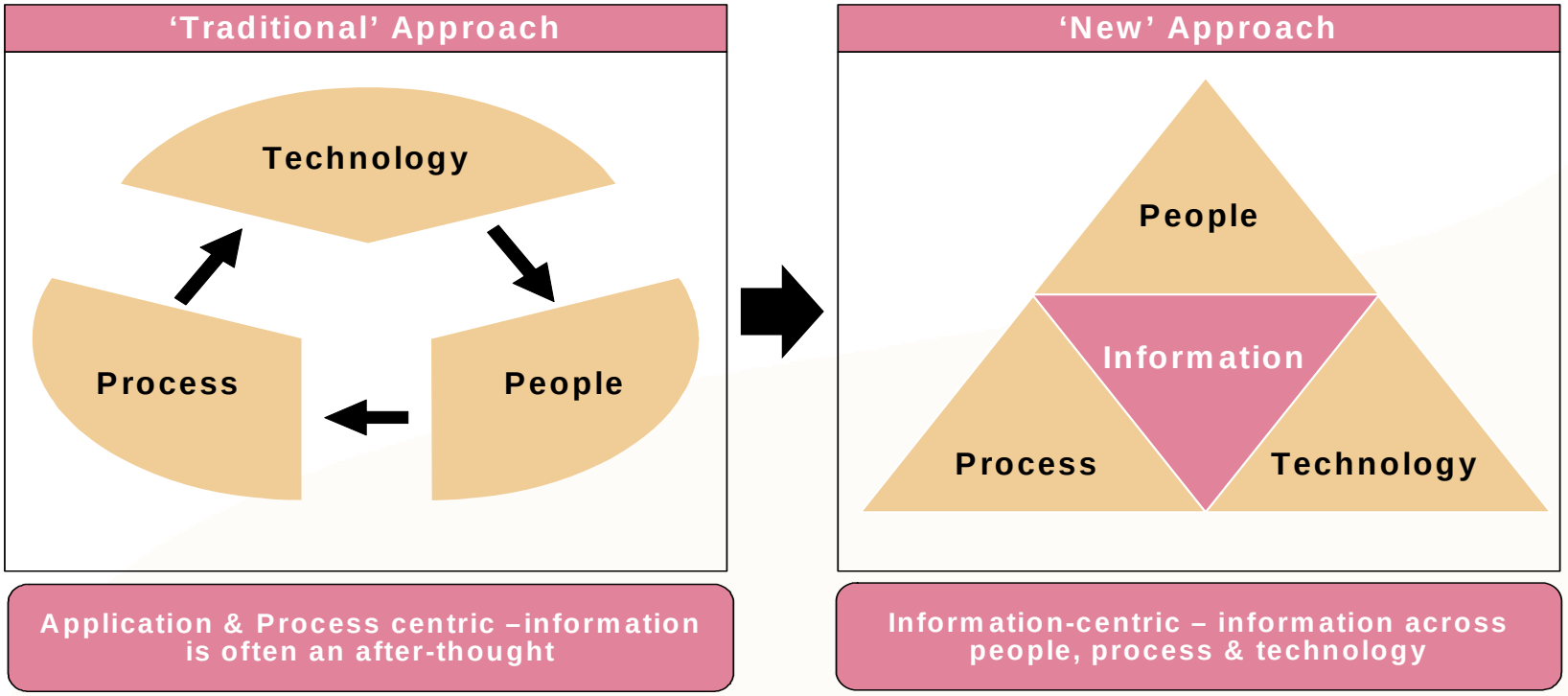
- Information volume, quality, variety, latency, and security become CFO/CEO level concerns
- Business user demands for in context real-time information access become pervasive
- Business intelligence gives way to guided decisioning for users and processes
- Governance, Risk and Compliance driving the need to better understand and manage information assets
- SaaS climbs to 15%+ of IM related license revenues
- Partners become increasingly important for their industry expertise and ability to deliver
- Decreasing trust of information by the business (growing information quality issues)

Technology

- SOA and IM are recognized as inextricably linked and IaaS a major technique
- BI & BPM set to converge
- Search becomes a more consumable front end to BI and provides better access to information
- Visualization technology becomes important to help business users understand and collaborate on growing volumes of information
- Web 2.0 provides new ways to leverage enterprise information in situational applications
- Standards-based specialty servers and appliances help stem consumability
- Good enough technologies (eg. BCS - Sharepoint) and open source (eg. MySQL, Alfresco, etc.) go mainstream

We Are Not The Only Ones Seeing This . . .

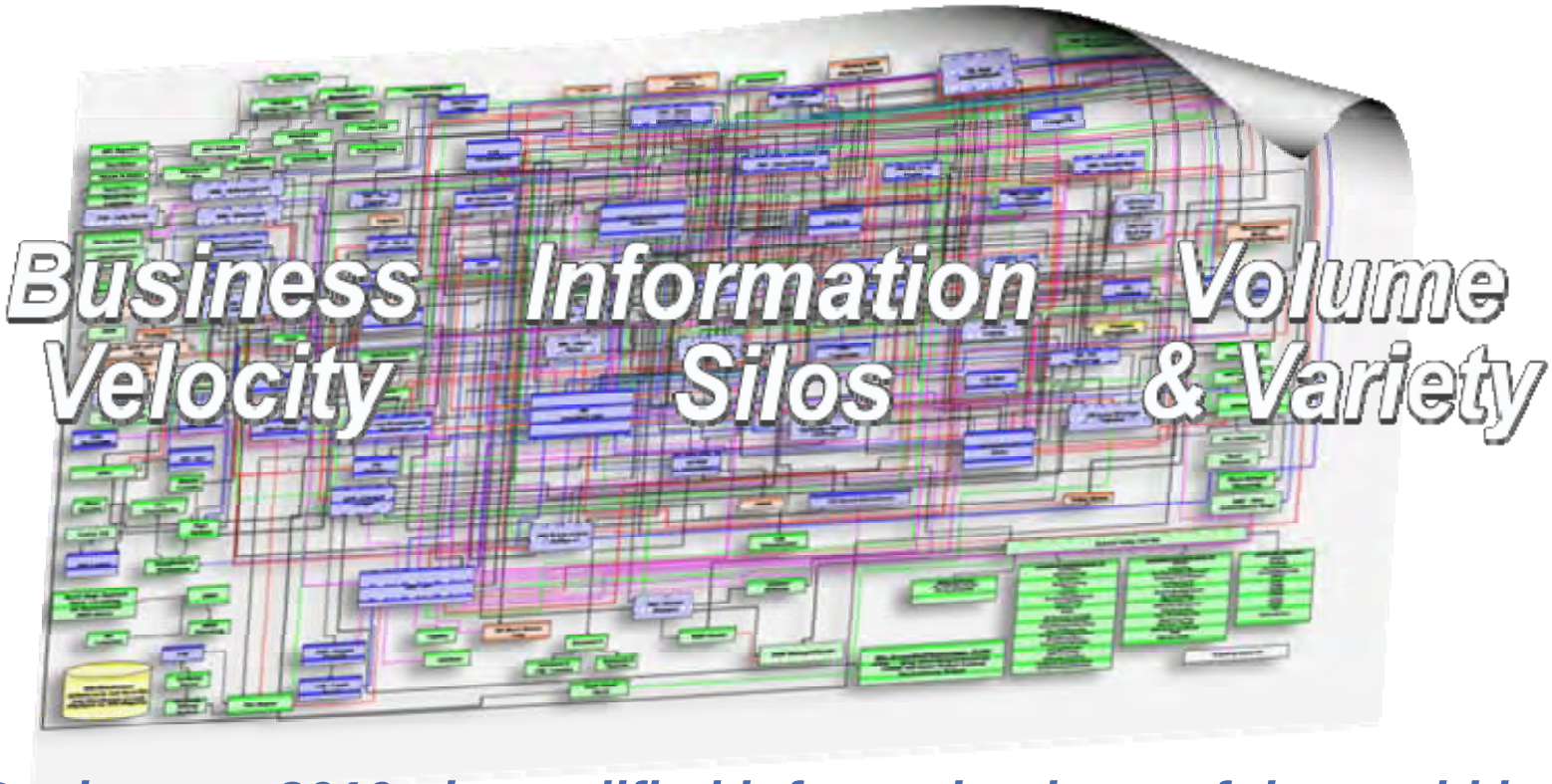
These businesses will put exploiting information at the heart of the way they define and do business



Businesses that don't adopt the new approach, will find themselves becoming increasingly less competitive.

Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING

But How Do You Deal With What We All Have Built?



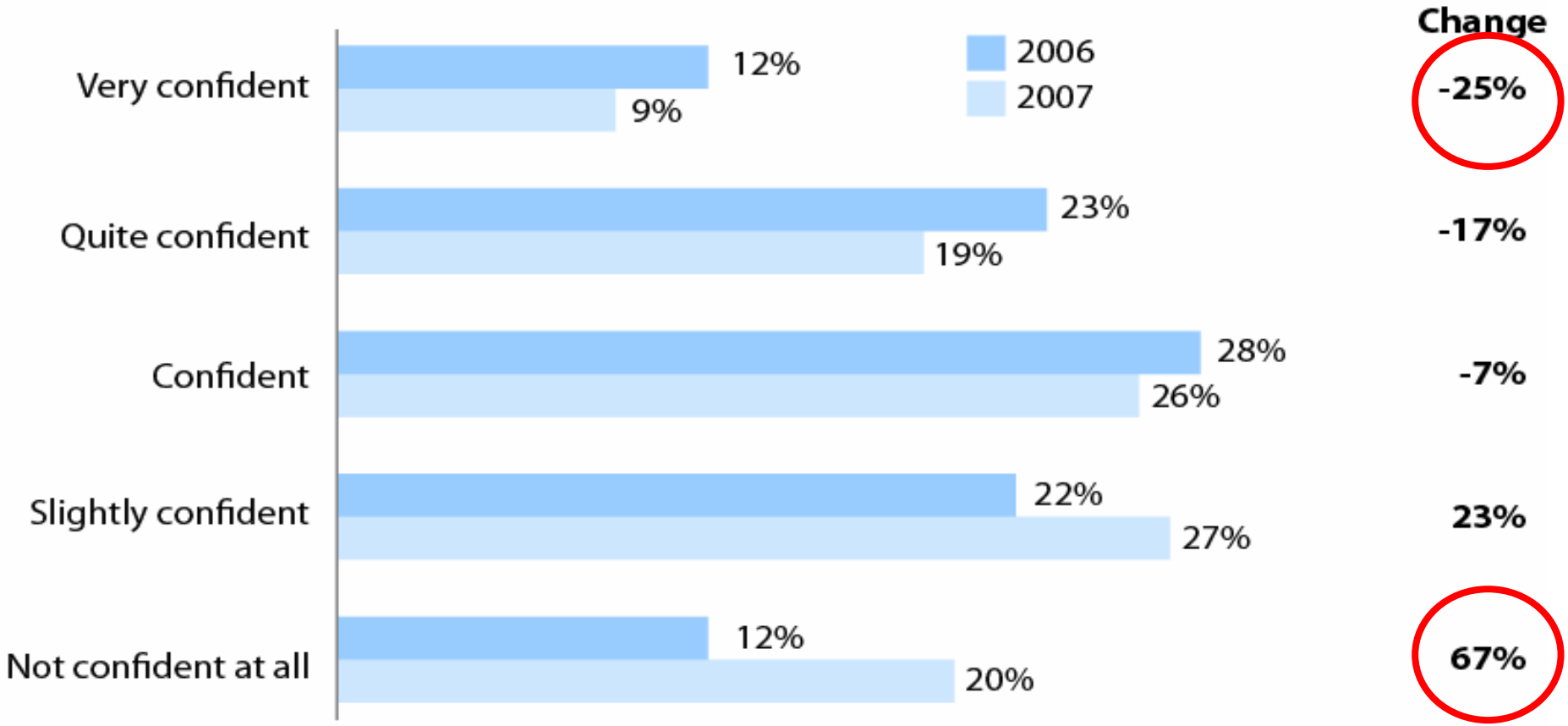
By the year 2010, the codified information base of the world is expected to double every 11 hours.**

Lost Time *Reduced Service* *Increased Costs* *Lost Revenue*

**IBM Global Innovation Outlook, 2006

But Can You Trust Your Information?

"How confident are you that, if challenged, your organization could demonstrate that your electronic information is accurate, accessible, and trustworthy?"

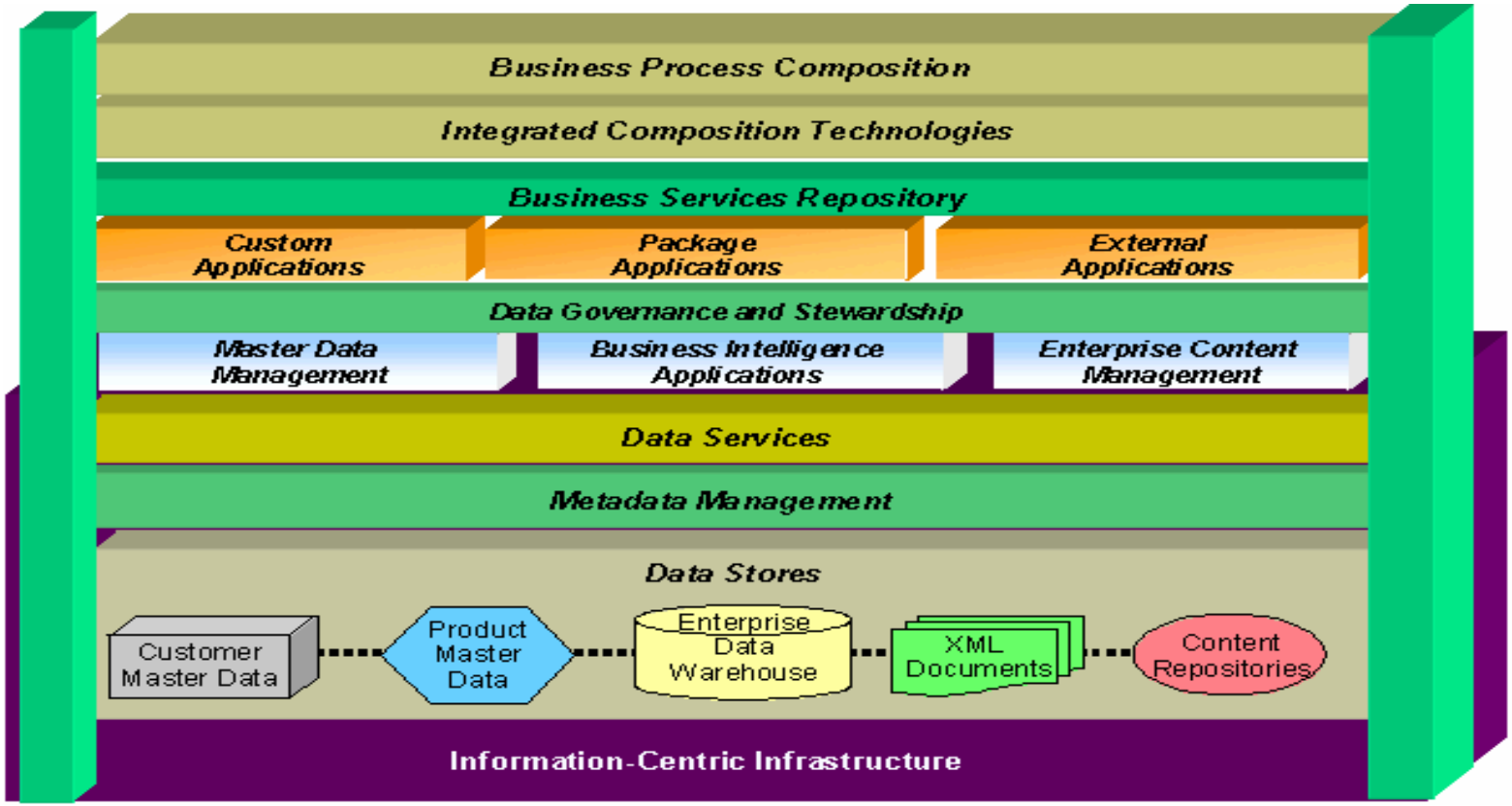


Base: 1,214 respondents from small, medium-size, and large businesses worldwide
(percentages may not total 100 due to rounding)

Source: AIIM, "2007 State Of The ECM Industry" survey, April 17, 2007

Emergence Of Information Infrastructure: Gartner

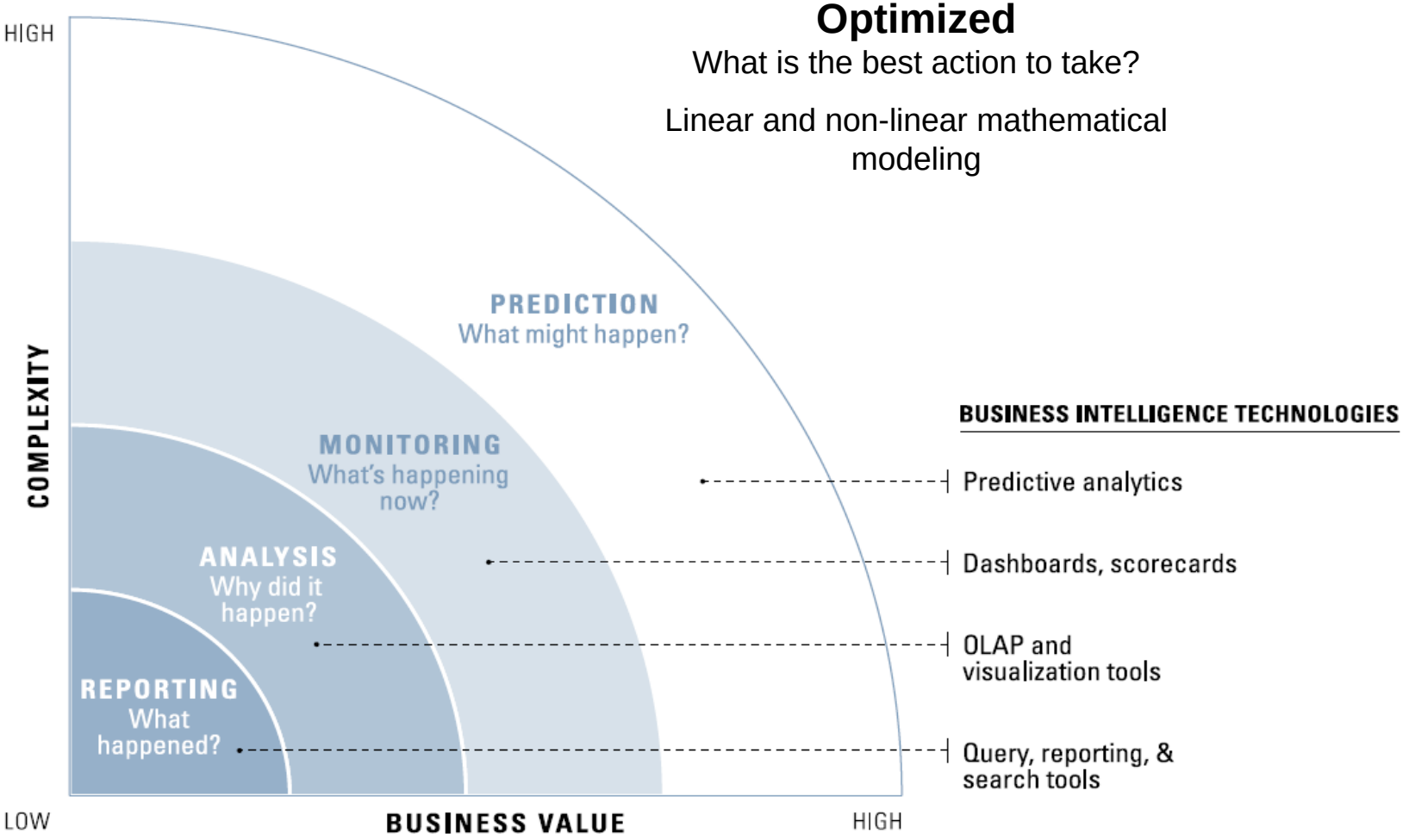
The Information-Centric Infrastructure Within the Context of EIM



"…SOA will force organizations to implement an information architecture & infrastructure, which will include a common data services layer capable of supporting all producers & consumers with timely, actionable, consistent information for near-real-time, even-driven processing…"

Gartner, Establishing an Agile Information Architecture, November, 2007

What's Next: TDWI



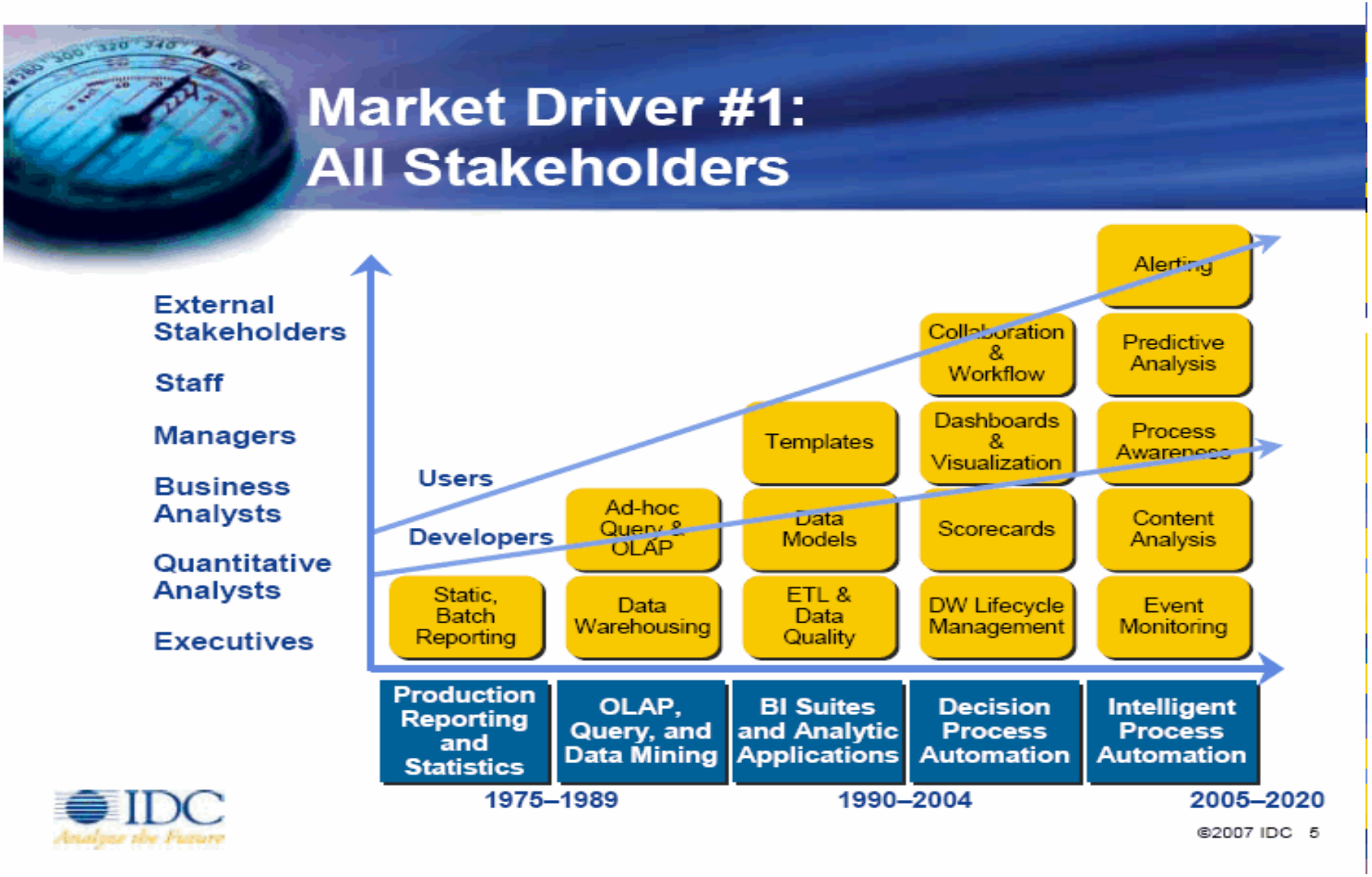
Optimized

What is the best action to take?

Linear and non-linear mathematical modeling

TDWI: Predictive Analytics, Wayne W. Eckerson, 1Q 2007

What' Next: IDC

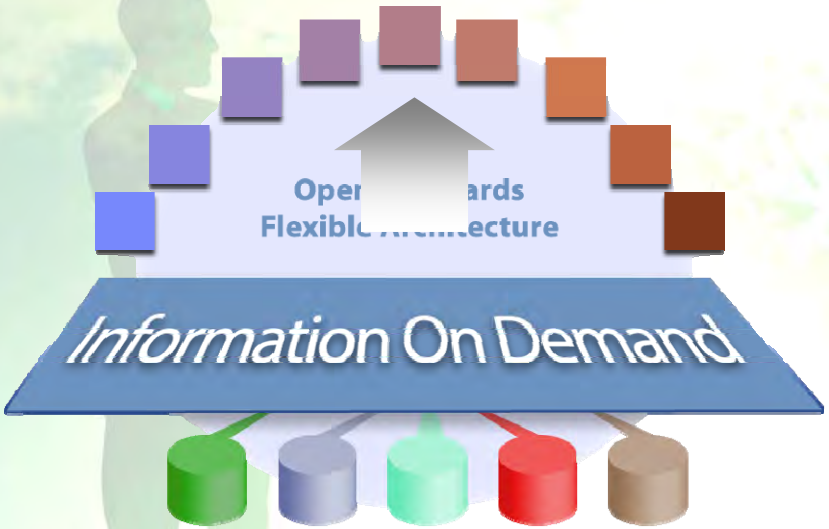


Information Management: The Five Year Outlook

- There will be a lot more information to deal with and organizations not preparing for that now will find it increasingly difficult to compete
- IM vendors will continue to converge
- Content and the Web will become a first class citizen in data integration efforts
- Advanced analytics, rules/optimization engines, BPM, and information infrastructure will increasingly converge and help drive the next generation of organizational efficiency gains
- Vendors will attempt to respond with complete platforms

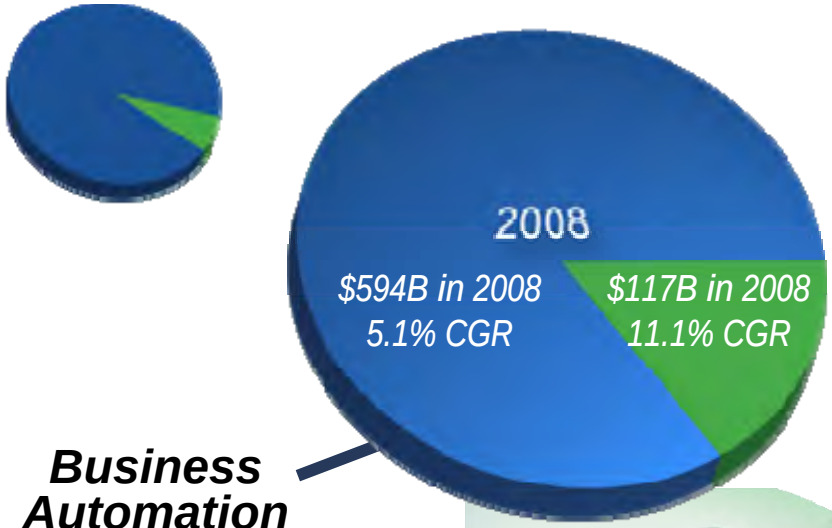
IBM Information On Demand

Unlocking the Business Value of Information



New Initiatives Increasingly Focused on Optimization

Organizations Striving for Competitive Advantage



Business Automation

Business Optimization

Business Optimization Growth
***2X** Times Faster*
than Business Automation

Information Agenda

Application Agenda

Competitive Advantage

Financial Risk Insight	*Dynamic Demand Planning*	*Customer Profitability*
ERP & Financials	Supply Chain Management	Call Center Applications

Faster Processing, Reduced Costs

Information On Demand is Delivering Competitive Advantage Now!

Integrated View of Customer Information	$1 million cost reduction for each additional business unit and application
Accurate People Identification for Risk Management	Significantly increased accuracy of name matching improves security
Information Access for Everyone	Improved provider and customer satisfaction through self-service
Creating a 360° View of the Customer	True view of customer creates improved satisfaction and new sales opportunities
Simplified Product Data for Business Process Innovation	Dramatically improved supplier relationships by gaining control over disparate product information

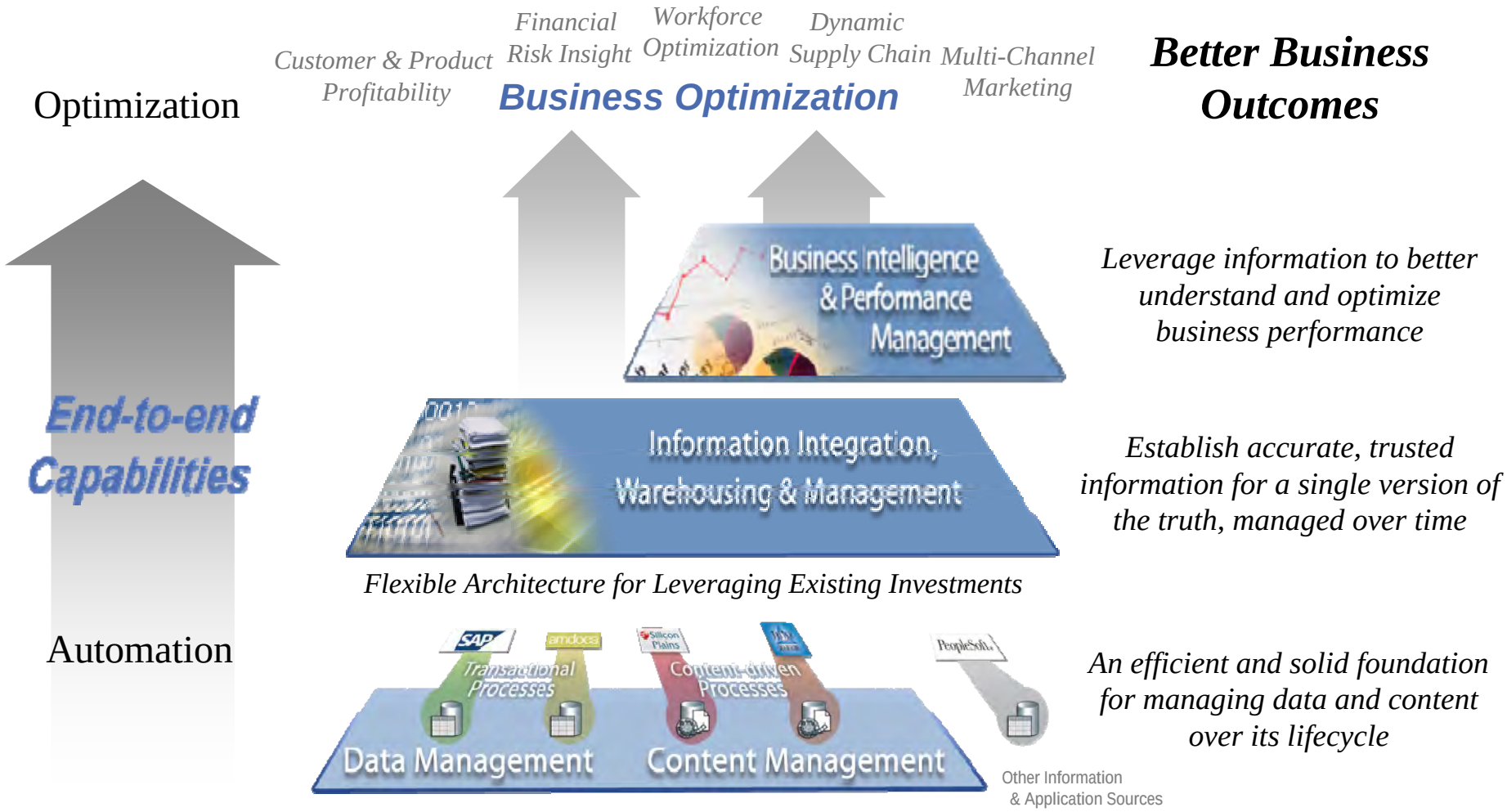
How Do You Unlock the Business Value of Information for Competitive Advantage?

Business Optimization

Automation

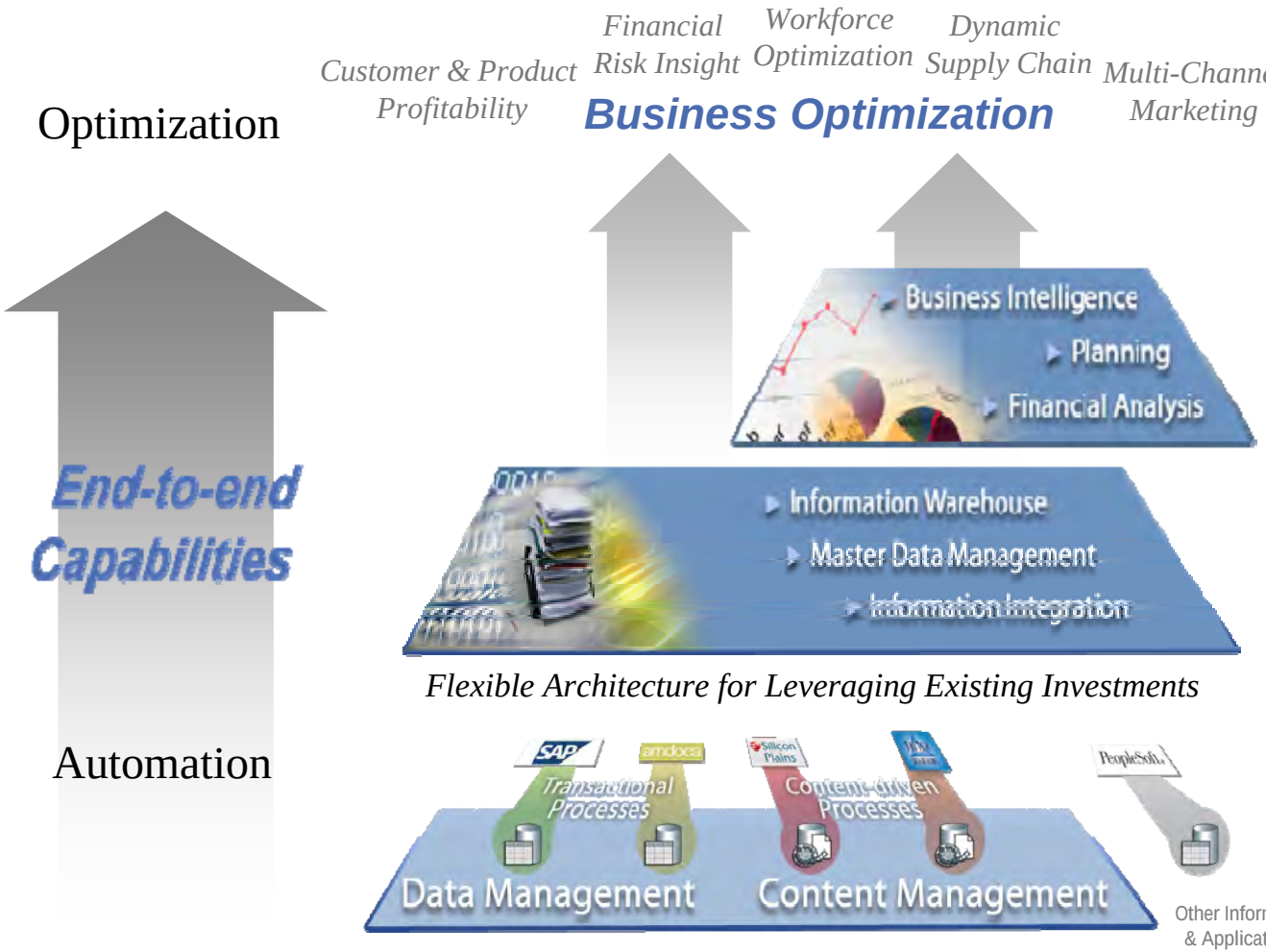
Information On Demand with Cognos

Unlocking the Business Value of Information for Competitive Advantage



Information On Demand

End-to-End Capabilities



IBM Offerings

Industry Models, Blueprints & Frameworks

IBM Cognos 8 BI
IBM Cognos 8 Planning
IBM Cognos TM1

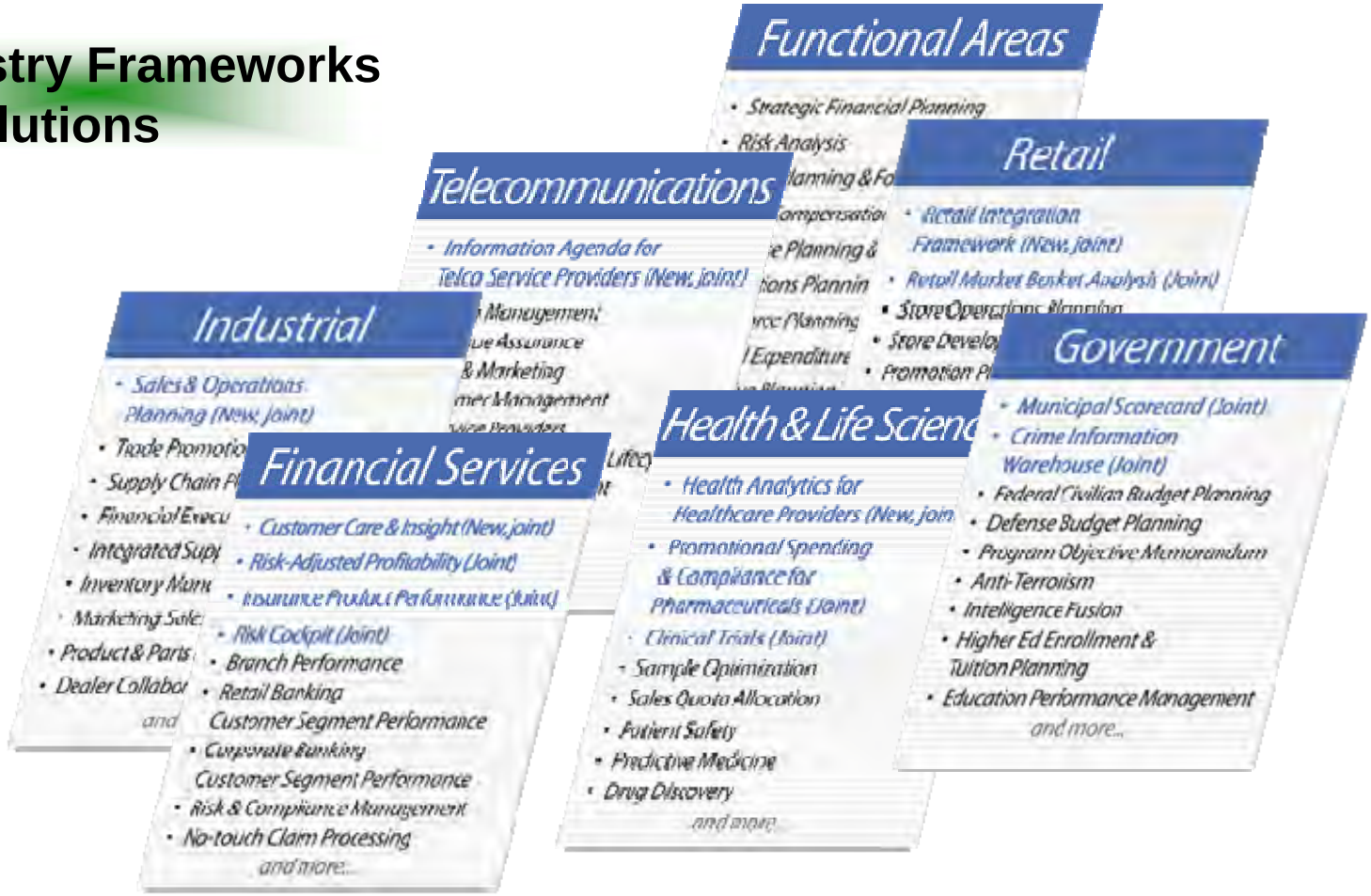
IBM InfoSphere Warehouse
IBM InfoSphere MDM Server
IBM Information Server

DB2, IMS, Informix, Optim
IBM Content Manager,
IBM FileNet

Information On Demand

Industry Frameworks & Solutions Accelerate Time to Value

- **6 Industry Frameworks**
- **70+ Solutions**



Organizations Must Create an Information Agenda

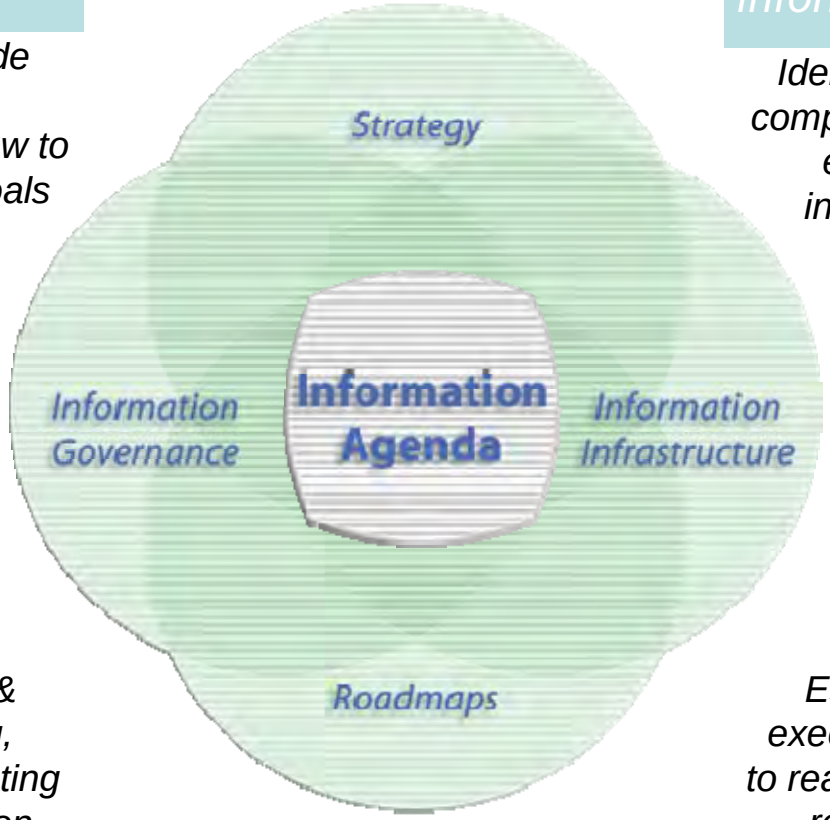
An approach for unlocking the business value of information

Strategy

Creating a vision to guide decisions & help the organization determine how to best support business goals

Information Infrastructure

Identifying the technology components & capabilities to establish a common information framework



Implementing policies & practices for managing, using, improving & protecting organizational information

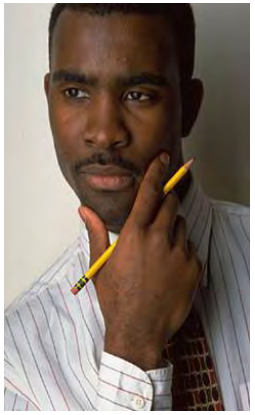
Information Governance

Establishing a plan for executing discrete projects to realize short and long-term returns on investment

Roadmap

Can you Trust your Information?

Information about clients and products is fragmented across dozens of applications. We don't have a complete 'view of the truth,' so it's difficult to deliver on strategic initiatives.



Business Triggers

- Poor customer satisfaction
- New products and business models
- Ever increasing business and compliance risk
- High sales and marketing costs

Information Issues

- Data silos with no consolidated view
- Poor access to relevant data in context
- Leakage of sensitive information
- Decisions made on questionable data

Is your Information Infrastructure Keeping up with your Needs?

We need to improve responsiveness and control rising costs of managing data and content.

Business Triggers

- Increasing business dependency on data availability
- Changing business priorities
- Mergers and acquisitions
- Escalating infrastructure and people costs

Information Issues

- Explosion of unstructured content
- Introduction or upgrade of enterprise applications
- Proliferation of tools for managing information
- Inability to meet service levels and growth requirements

Are you effectively managing and leveraging your information over time?

Our default policy of maintaining all information forever has become increasingly costly and complex.

Business Triggers

- Rising business and compliance risks
- Growing costs of accessing and managing data over its lifecycle
- Increasing costs and inefficiencies of legal discovery
- Escalating costs of internal audits

Information Issues

- Information as an asset…or a potential liability
- Daunting volumes and new varieties of information
- Unclear accountability for different information types
- Cost and complexity of storage management

If you only remember three things . . .

1. ***Intensifying business pressures are pushing clients to a tipping point – the Information Management market landscape is evolving to respond***

2. ***Industry leading clients have embraced this, are defining the new requirements, and are demonstrating success***

3. ***IBM has assembled the broadest and deepest set of capabilities – technology, know how, industry expertise & partner network – to help our clients realize value***

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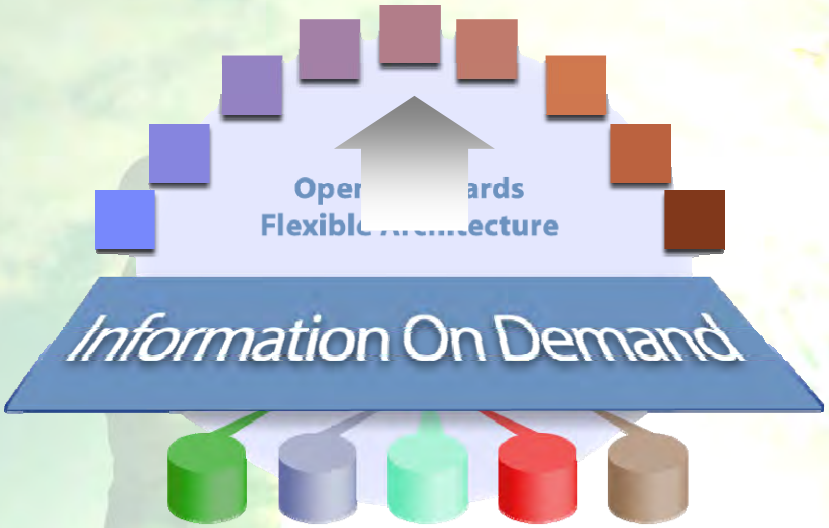

Thank You

Focusing on Optimization at BCBS TN

Improving Customer Service and Sales

BlueCross BlueShield of Tennessee

Nearly 3 Million Members

Insufficient understanding of customer issues

630,000 Healthcare Providers

across multiple healthcare programs

No view of all provider claims and activity

Provider Satisfaction Improved to Over

90%

Business Optimization
Information Agenda

Business Automation
Application Agenda

Competitive Advantage

Customer insight for better service

Understand providers for improved sales negotiations

Call Center Application

Employee Portal

Faster Processing, Reduced Costs

MetLife

Migrating to a complete services-oriented architecture

Challenge

- **Multiple disparate legacy systems (30+)**
- **No customer view or integration over channels**
- **Long conversions to get customer information from acquisition systems**
- **Strategic decision made to move to a pure service oriented architecture**

Solution

- **IBM WebSphere Customer Center acts as the customer administration access layer within MetLife's SOA, complemented by IBM WebSphere Application Server and IBM DB2 Database Server.**
- **IBM Websphere Customer Center's XML interface integrates with MetLife's EAI layer.**
- **Phased roll-out to Group Life, Property & Casualty, Brokerage and Banking**

MetLife

Business Benefits

- **Policy issuance business process now has a single view of the customer**
- **IT costs are reduced as re-use of application development is facilitated through a SOA**
- **Faster time to market with new services and offerings due to real-time availability of key data**

Verizon

Providing a single view of the customer

Challenge

- **Needed a single view of customers across its directory of millions of listings**
- **Needed to reconcile these listings across multiple internal systems as well as several 3rd party sources**

Solution

- **Implemented IBM Information Server to create structured data definitions and processes across key business applications**

Business Benefits

- **Single view of the customer**
- **Improved data accuracy**
- **Cleansed data facilitates better target marketing**
- **Estimated US$50 million ROI on an initial IT investment of US$12-15 million**
- **Improved ability to address data governance and compliance regulations**

New York Police Department

Timely and accurate information delivered to officers at the scene helps fight crime

Challenge

- **Derive insight from billions of records and reach detectives within minutes, not days or weeks.**
- **Correlate arrests, complaints, summonses, homicides, shootings, locations, 911 calls**

Solution

- **IBM and Business Partner Cognos created a Crime Information Warehouse solution that provides the technology needed to integrate departmental data across different systems, resulting in a single source for actionable information that better addresses policing needs.**
- **NYPD can now analyze and integrate all information assets across structured and unstructured data sources in real-time**

Business Benefits

- **All forms of information delivered in a timely fashion**
- **Insightful relationships revealed through advanced analysis**
- **Timeliness means the difference between life & death**
- **Information reaches detectives within minutes, instead of days or weeks**

Banca Alpi Marittime

Reducing process cycle times

Challenge

- **Filing demands exceeded available space**
- **Spiraling warehousing and transportation costs**
- **Inaccuracies from manual filing process**

Solution

- **IBM business partner, CM/R&B Sowre implemented their solution, CM/R&B (Content Manager/Retrieve & Barcode) Finance package, powered by IBM Content Manager Enterprise Edition**
- **IBM Content Manager Enterprise Edition provided a single foundation to create, manage, and distribute all forms of content (i.e., records, images, documents, reports, audio, video…)**

Banca Alpi Marittime
Credito Cooperativo Carrù

Business Benefits

- **Customer response improved from five days to five seconds**
- **Instant retrieval of documentation at the counter improved customer service**
- **Improved workflow**
- **Reduced logistics costs**

Citigroup

Improving processing efficiencies and customer satisfaction

Challenge

- **Need to leverage IT investments and optimize operational efficiencies and control across Europe, Middle East and Africa**
- **Need to be more responsive to customer credit applications and improve customer satisfaction**

Solution

- **FileNet provides Citigroup with a strategic platform for managing content and business processes. Handling up to 100,000 images, 1,000 COLD reports & more than 1.5 Gigabytes of data every day.**

Business Benefits

- **Cost savings of around $5 million**
- **Centralized data delivers faster response times & better customer service**
- **Citicard application processing time cut from over 2 weeks to just 2 days**
- **More efficient use of manpower resources**
- **Clear ROI as all divisions can leverage the ECM technology**
- **Centrally managed, enterprise-wide solution delivers timely, accurate information**