



IBM SOA

Leveraging Service Oriented Architecture for Business Model Innovation

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Agenda

- **Business Model Innovation – A CxO Imperative**
- Business Services built on SOA – Enabling New Business Models
- The Business Services Ecosystem – Driving Business Value

Service Oriented Architecture

One of IBM's Central Long Term Strategy Commitments

Information
On Demand

IT Services Management

Service Oriented Architecture

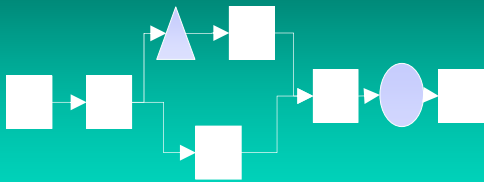
Information
Technology
Optimization

New
Business
Model
Creation

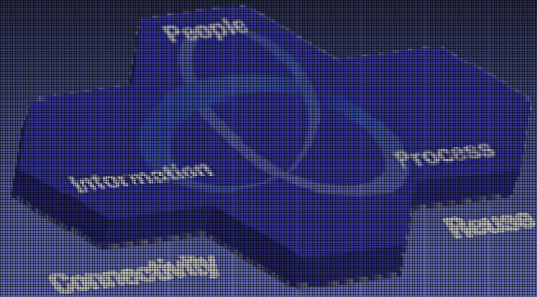


The IBM SOA Agenda

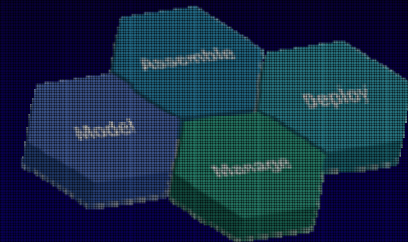
Business Services



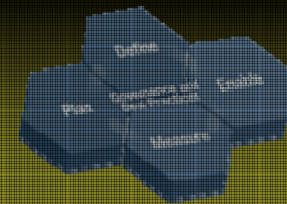
SOA Entry Points



Infrastructure & Management in Support of SOA

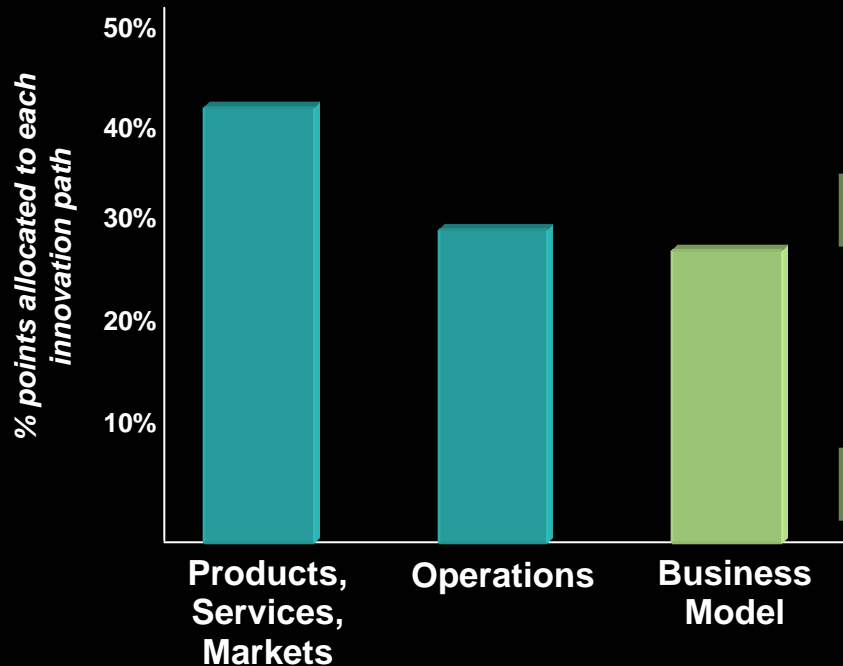


SOA Governance and Service Lifecycle Management



Business Model Innovation is a Top Priority for CEOs

CEOs Innovation Focus



“The business model we choose will determine the success or failure of our strategy.”

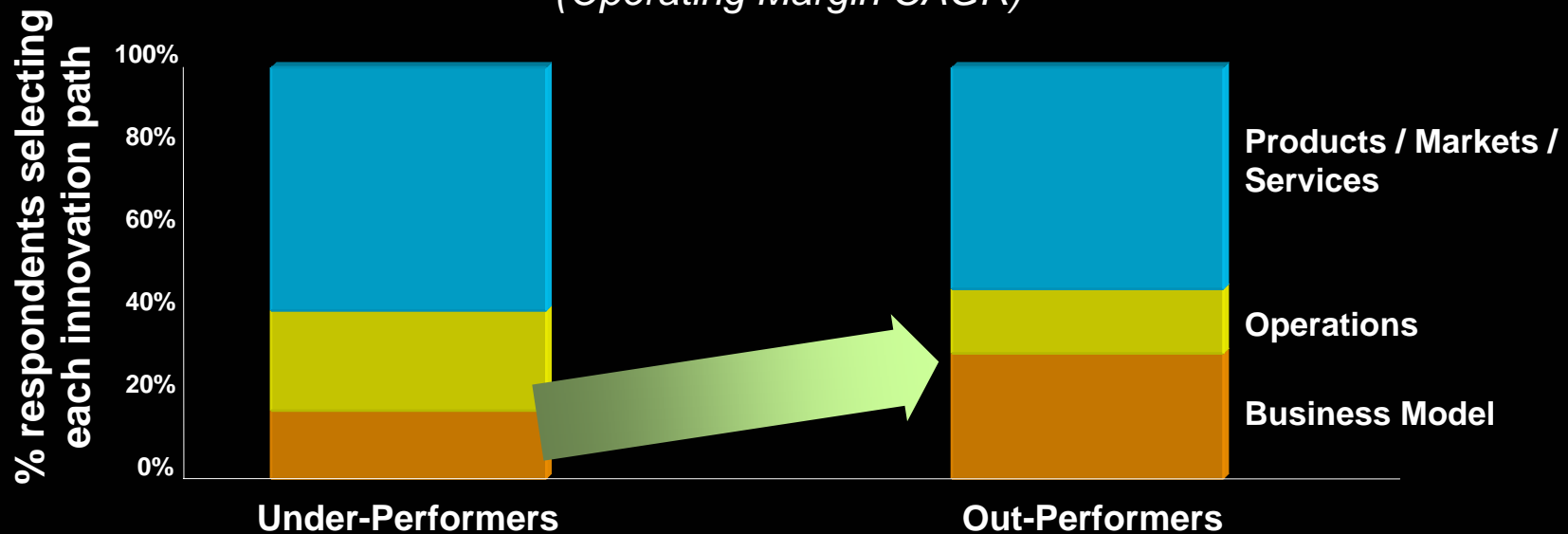
“Products and services can be copied, the business model is the differentiator.”

“Our greatest focus is on business model innovation, which is where the greatest benefits lie.”

Profit Outperformers

Focus on Business Model Innovation More Frequently than Underperformers

Innovation Type Selections for Out and Under Performers
(Operating Margin CAGR)



Business Model Innovation is defined as...

Innovation in the structure and/or financial model of the business

Shifting & Optimizing Business Models *Has Been Considered a Slow and Arduous Process*

*But a combination of industry-specific expertise & technology innovation is reducing the **time** barriers to change*

- Companies are optimizing business models by combining industry expertise with the enabling technology of Service Oriented Architecture
- This combination is creating a new set of solutions for quickly adapting to ever changing market environments



SOA-Enabled Business Model Innovation

Entry points to business model innovation occur in different areas, depending upon specific industry market pressures and individual organizational needs

▪ **Front Office Innovation**

- New collaborative solutions across partners, customers and suppliers

▪ **Core Business Process Innovation and Transformation**

- Better customer service and more efficient use of resources through new and innovative approaches to internal business processes

▪ **Back Office Innovation**

- New levels of cost efficiency and best-of-breed solution delivery through global services assembly lines

▪ **IT Delivery Innovation**

- New levels of cost efficiency and best-of-breed solution delivery through global services assembly lines



Business Goals and Challenges are Industry-specific *... and SOA is responding with vertically-focused answers*

Question: How do I.....

- Use SOA to align business intent and IT execution?
- How do I enable more flexible business processes using SOA?
- How do I leverage SOA and industry standards to simplify application and partner integration?
- How do I rapidly launch differentiated products and services using SOA?



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- **Business Services built on SOA – Enabling New Business Models**
- The Business Services Ecosystem – Driving Business Value

Answer: With Business Services Built on SOA

Business Services

A Business Service is a business function whose execution can be adapted at runtime based on business policy and user context. E.g. Open account

Composite Business Services

Collections of *business services* that work together, along with a client's existing applications, to provide a specific business solution

Business Services Platform

Provides the modeling, assembly, deployment, management, and governance of business services



Industry specific **Business Services** leverage:

- Interaction Services
- Process Services
- Information Services
- Access Services
- Partner Services
- Business Application Services

Four Dimensions of SOA-Enabled Business Model Innovation

Entry point depends upon industry pressures and organizational needs

Front Office Innovation

Multi-channel, personalized business services delivery E.g. Cross-selling products through web, kiosk, & B2B

Core Business Process Innovation

Demand driven outsourcing
E.g. Dynamic claims administration following natural disaster

Back Office Innovation

Syndication of cross-industry services
E.g. Healthcare Spending Accounts and Bank payments

IT Delivery Model Innovation

Global Business Services Assembly & Delivery
E.g. Geo based services competency centers



Composite Business Service Example – Auto Quote *For Personal Auto Line of Business - Property & Casualty Insurance*

- Provides proactive screening of risk, field underwriting, straight-through or exception-based processing of quotes, one-touch issuance of a quote
- Interfaces with legacy systems, 3rd party applications and 3rd party services across multiple product lines
- Results in smarter customer acquisition; increased producer and customer retention

Features

- Business Processes – Quote Request, Risk Assessment, Rating & Underwriting Interfacing, Quote Issuance, Premium Summary, Quote Status
- Multi-entity Capability – Customers, Producers, Employees, Partners
- Multi-channel Capability – Web Portal, B2B
- Legacy Systems Interfaces – Quoting, Policy Administration, Rating, UW, Producer, Customer, Billing, Payments, LDAP
- 3rd Party Services Interfaces – Credit, Location, Claims, MVR, DMV, BPO
- Industry Standards – ACORD Message Sets, IAA Business Data Model, IAA Process Model

Anatomy of Composite Business Services

Service Subscribers

(Multi-modal access via Portal, B2B/EDI, or Voice)



Partner Services



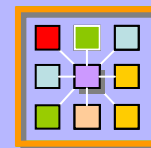
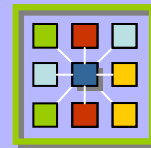
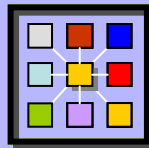
Customer Services



Employee Services

Business Services Portfolios

(Role-based Composite Services portfolios)



Composite Business Services

(Loosely coupled, on-the-fly assembly)

Rate-Quote-Issue
CBS



Claims Management
CBS



Policy Administration
CBS



Components & Services

(Modular, location independent)



Corporate Resources

(Applications, Data Stores, Servers)



Legacy Applications

Existing Infrastructure

Packaged Applications

BPO Services

Some key IBM Products & Services Announced Recently

Industry specific assets and expertise from Business Partners and IBM

New! **WebSphere Business Services Fabric**

- End-to-end SOA platform for composite business services

New!

▪ **SOA Solution Centers**

- Developing SOA-based composite business services

New!

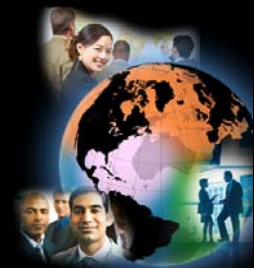
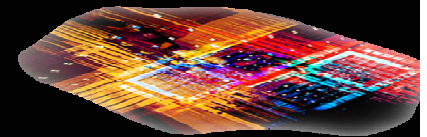
▪ **SOA Business Catalog**

- Contains SOA Specialty Partner and IBM content

New!

▪ **Business Partner SOA Industry Solutions**

- "Ready for SOA" mark

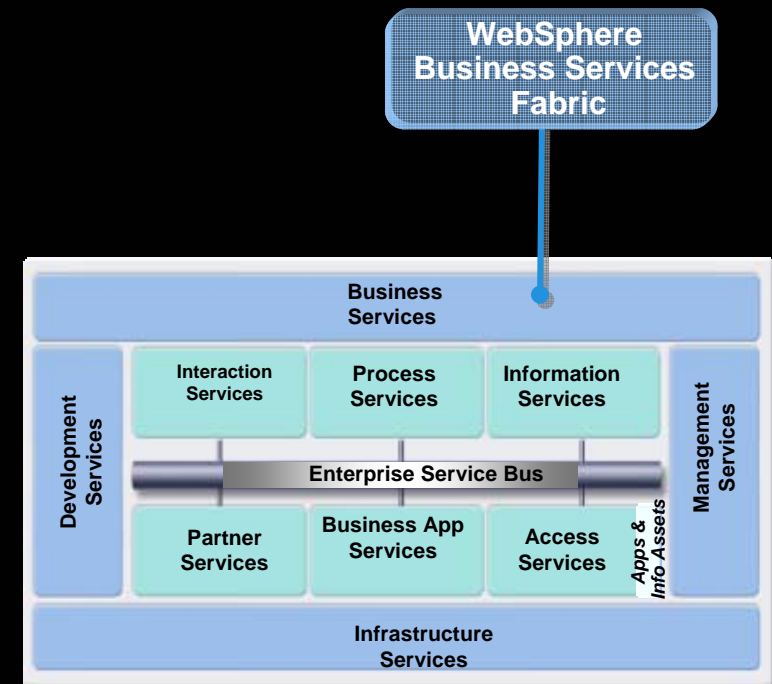


New!

WebSphere Business Services Fabric

End-to-End Platform for Industry SOA Solutions

- End-to-end SOA platform for composite business services
- Provides modeling, assembly, deployment, management, and governance of business services
- Includes optional Industry content packs with industry reference models and pre-built SOA assets
- Includes WebSphere Process Server and WebSphere Integration Developer
- Provides access to 2,000+ business partner SOA assets through IBM SOA Business Catalog



IBM SOA Solution Centers

Developing repeatable SOA-based industry solutions

New!

- Centers in Pune, India and Beijing, China
 - Center in Pune to focus on insurance & healthcare
 - Center in Beijing to focus on banking & local government
- Leverages WebSphere Business Services Fabric and the IBM SOA Foundation
- One set of tools, method, repository and registry for components and services in all IBM Business Solutions
- SOA Solution focus is to incrementally build out an ecosystem of service providers and consumers – where services may be within the Enterprise, with Partners, Vendors and Customers



IBM with our Business Partners are leaders in SOA

Industry specific assets and expertise

Business Partners continue to grow momentum around SOA

- Added 1,300 new partners (since April) to 2550+ SOA partners

New and Enhanced!

SOA Business Catalog

- Contains SOA Specialty Partner and IBM content
- Promotes, facilitates, and enables the ecosystem
- Total Assets – 3110
 - Partners – 62%
 - IBM – 38%
- 12,000 Downloads

Business Partner SOA Industry Solutions

- "Ready for SOA" mark



Ready for

IBM | **SOA**

Specialty

Proven Business Outcomes

Business Driver

Top line growth through ease of doing business

Delivered Business Results

Solution: Improve Agency Loyalty & Market Share

- Multi-channel access for agents – Web, B2B, IVR
- Real-time billing, policy and quote transactions to 3,500+ agents
- Results: Generated 20x expected business volume
- How: Multi-line Rate-Quote-Issue Business Service

Client



Cost Savings through process automation

Solution: Reduce Manual Touch Points with Providers

- Direct connect services for benefits and eligibility, claims submission, claims reject and repair
- Results: Reduced manual touch points by 82%, significant increase in straight through processing rate
- Managed over \$6.0B in claims over past two years
- How: Provider Collaboration Business Service Suite



Reduction in Total Cost of Ownership

Solution: Avoid Rip & Replace of Legacy IT Investments

- Services enablement, cataloging, policy based delivery and governance in multi-author IT environment
- Results: 52% Reuse of services across Business Services, zero percent replacement of legacy systems
- How: Business Services Insurance Framework

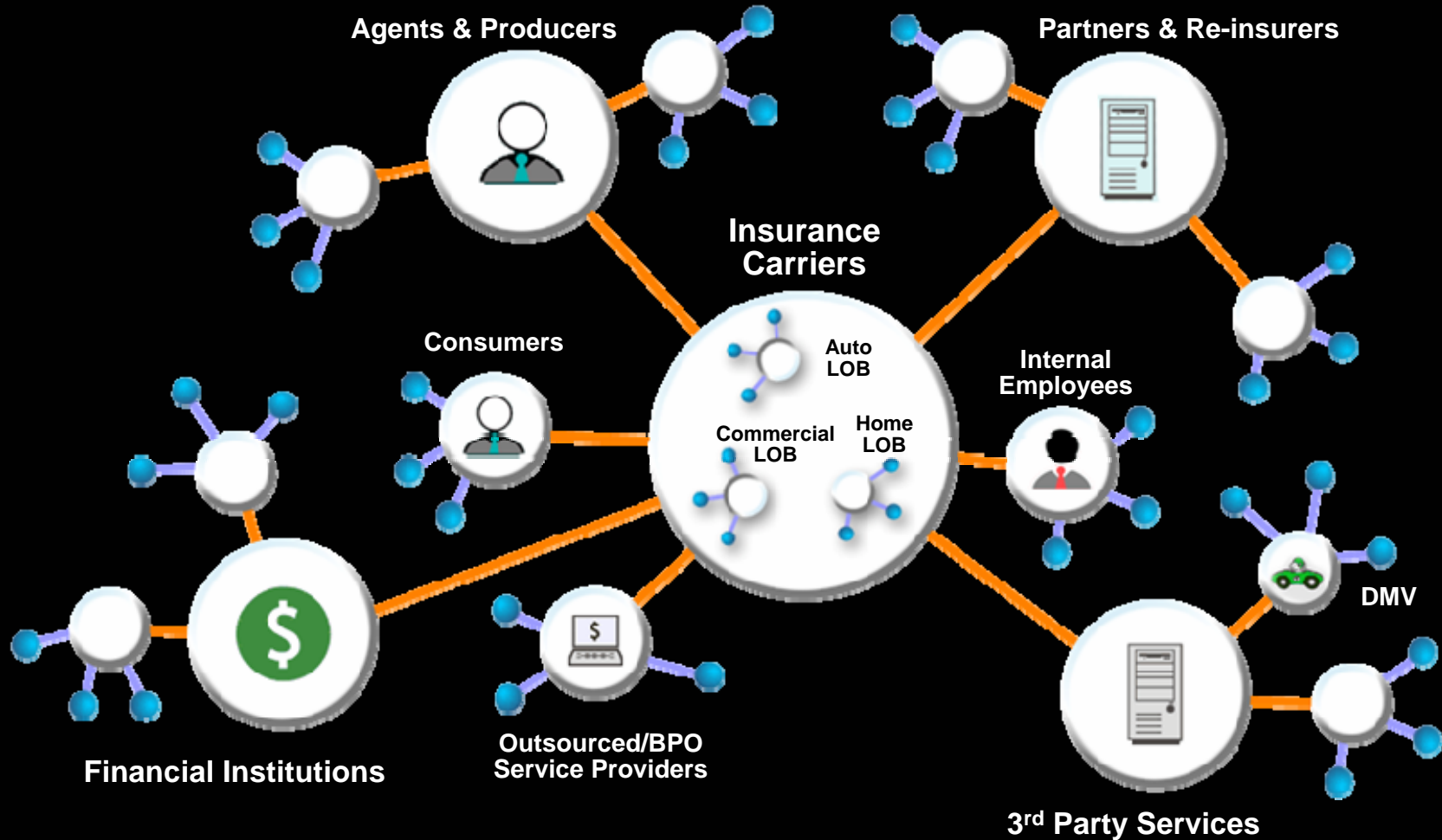
Large Insurance Carrier

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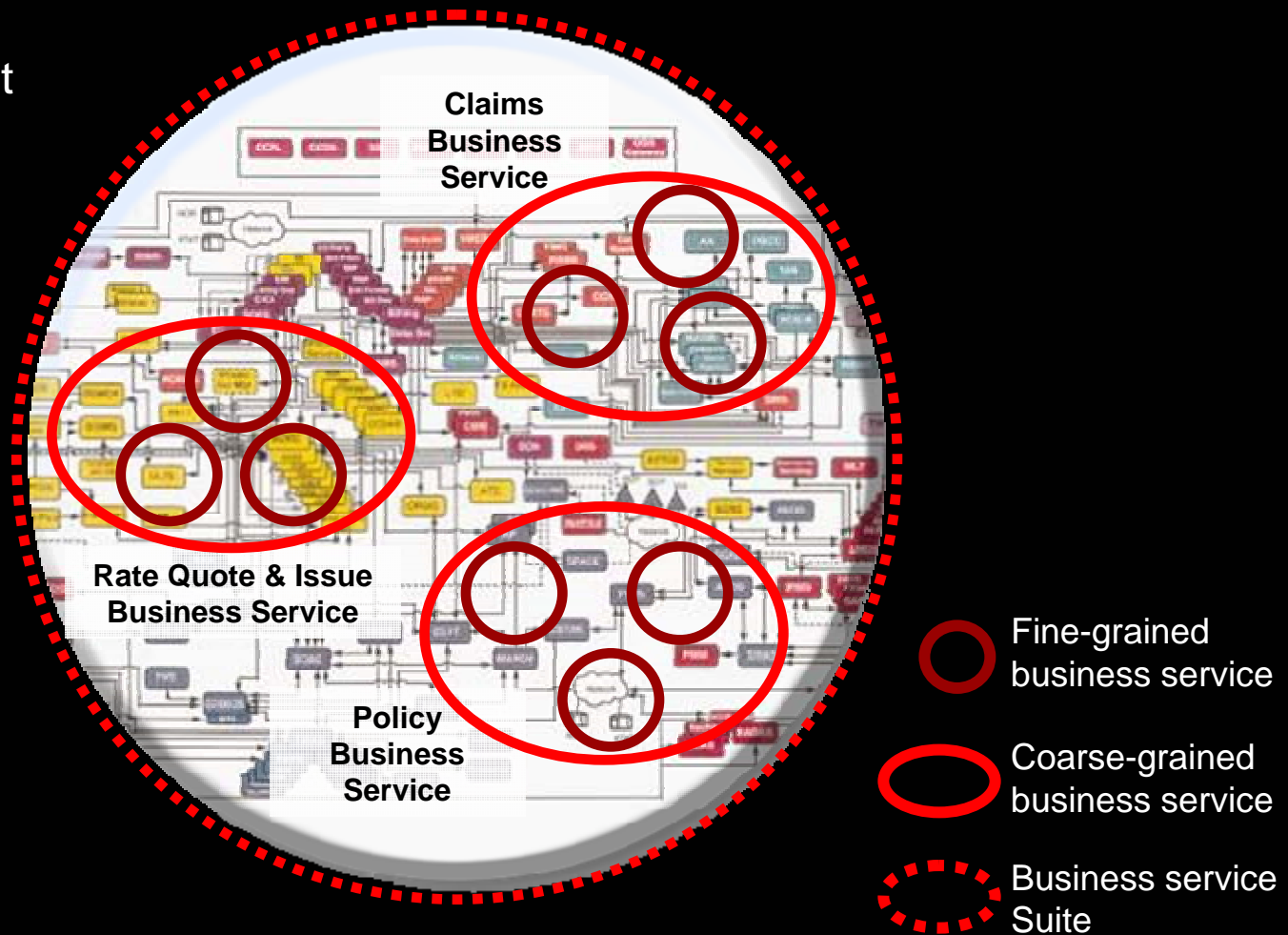
The Business Services Ecosystem

Enabling New Business Models based on Virtual Value Chains



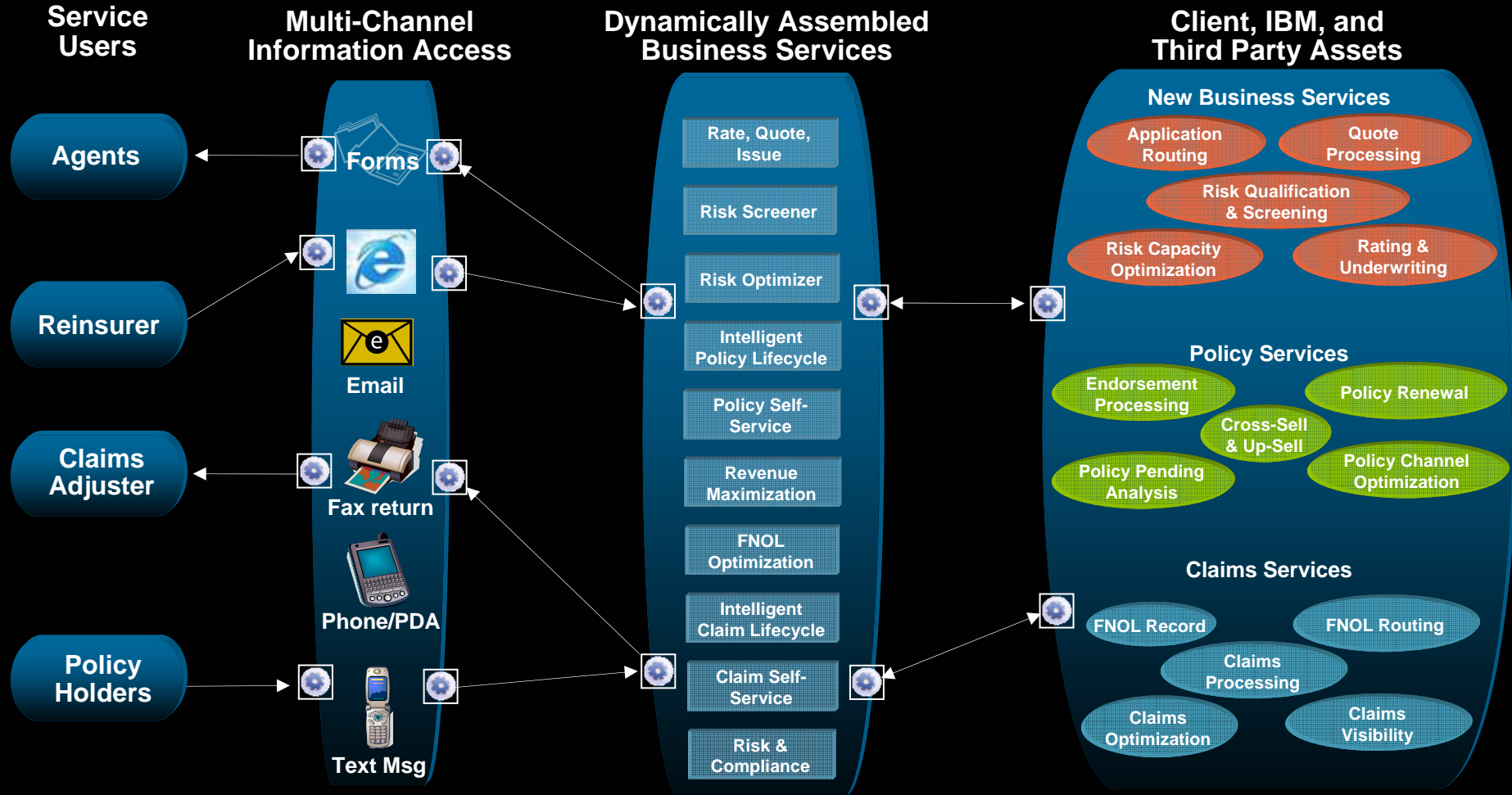
Incremental Transformation Approach Using Loosely Coupled Business Services

Respond to market and competitive pressures without unnecessary and costly legacy system replacement

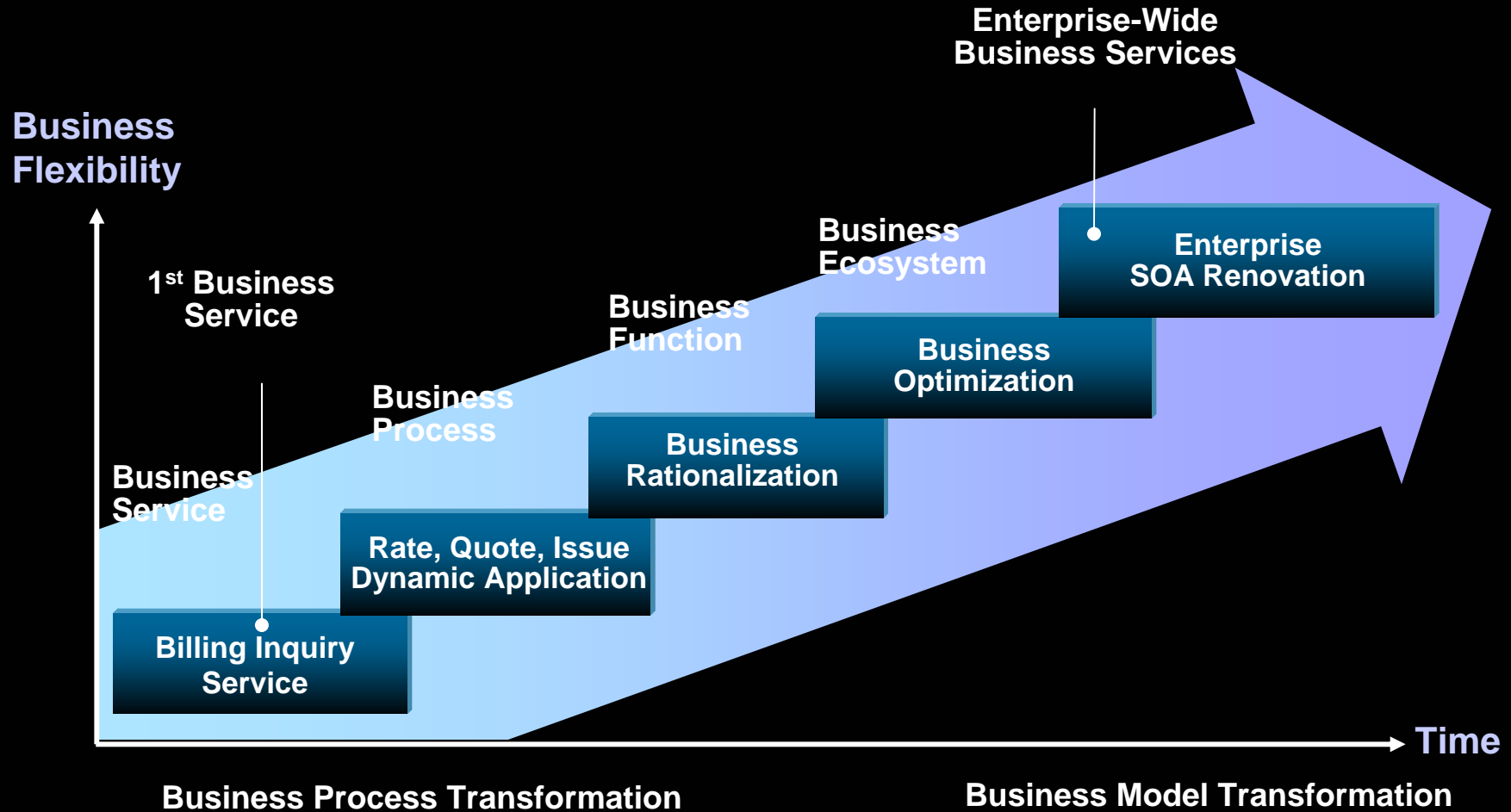


Personalized and Adaptable Service Delivery

Dynamically Assembled Services Based on Business Context



SOA Enables Incremental Evolution Of Business Models



Key Takeaways: SOA is Helping Accelerate Business Model Innovation through Industry focused solutions

- CEOs are placing a great deal of emphasis on business model innovation
- SOA enables fast and flexible applications that promote reuse and flexibility
- Companies are leveraging SOA for the creation of innovative business models and applications from existing IT investments
- Businesses are exploring four areas for business model innovation depending upon specific industry market pressures: front office, core systems, back-office, and IT services
- IBM is helping customers help answer the challenges of business model innovation through industry-specific products, SOA solution centers, and partner ecosystem



Thank
YOU

*For more information,
please visit the IBM
pedestals.*