IBM

Back out into the daylight:
A renewed focus on Growth

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After years of hunkering down, these cautious beings have reemerged and are ready to grow

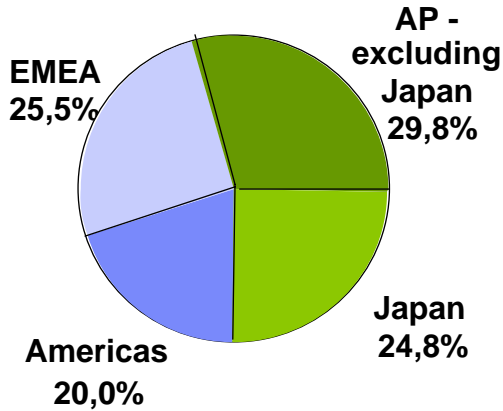# IBM's 2004 CEO Study tells us that Revenue Growth is once again a key priority for CEOs

"Growth is the number one theme"

"Need to get fast growth; New Product Development and Introduction; Acquisitions; New Markets"
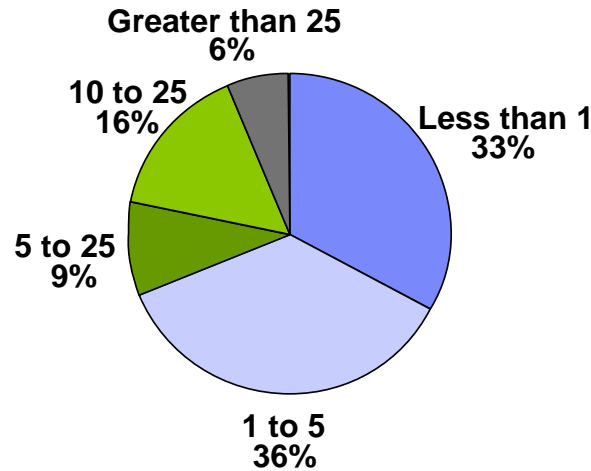
"If current markets are being squeezed, the only way to growth and profitability are new markets and new products. We've already done much of the cost reduction activities"

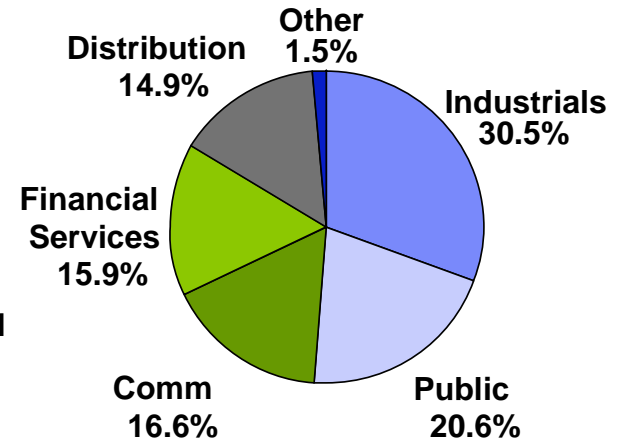# The 456 CEO we interviewed spanned all geographies and industries

Distribution by Geography

EMEA
25,5%

AP - excluding Japan
29,8%

Americas
20,0%

Japan
24,8%

Distribution by Revenue Size
Turnover in Billions US $

Greater than 25
6%

10 to 25
16%

5 to 25
9%

Less than 1
33%

1 to 5
36%

Distribution by Industry

Other
1.5%

Distribution
14.9%

Industrials
30.5%

Financial Services
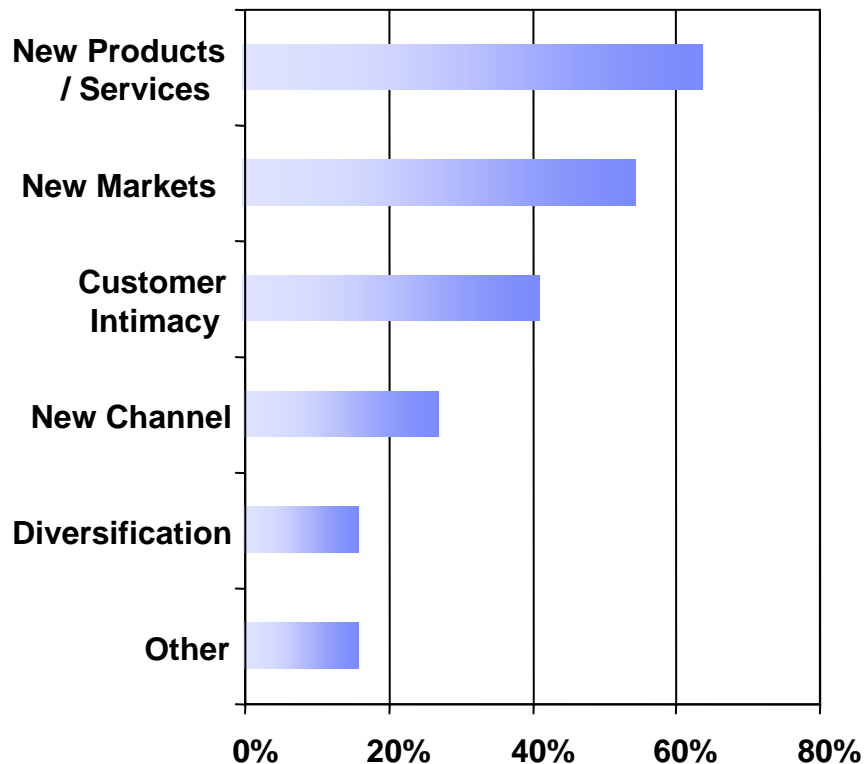15.9%

Comm
16.6%

Public
20.6%

The study reveals a remarkable convergence of views around major issues, across both geographies and industries

Source: IBM Business Consulting Services, The Global CEO Study 2004

CEOs are looking for growth through new products and markets

Which of the following areas offer your company the greatest opportunity for Revenue Growth in the next three years?

New Products / Services

New Markets

Customer Intimacy

New Channel

Diversification

Other

0%   20%   40%   60%   80%

Among Those Indicating Revenue Growth Will Be a Key Focus Area (n=349)

"Growth is the number one theme … The change of market results in new opportunities in emerging new markets caused by new technology and new applications."

"Current markets are being squeezed, the only way to growth and profitability are new markets and new products. (We've already done much of the cost reduction activities)."

Multiple selections allowed

To drive growth, companies are looking to become more "On Demand"

- **Responsive**
  - ➢ **Responding to customer needs, changes in the market, partners and suppliers, and competitive threats**

- **Variable**
  - ➢ **Aligning resources to changes in demand – and adapting processes flexibly**

- **Focused**
  - ➢ **Focusing on core competencies, and tasks and assets that are genuinely differentiating**

- **Resilient**
  - ➢ **Managing changes and threats while providing availability and security**

Getting to growth:
Responsiveness is a new key competence

"Focus on the client facing organization - better and quicker response to customer needs."

"A rapid response is not important, a good response is."

"Change is now part of the landscape."

"In a crowded marketplace with many similar products, one way to create a competitive advantage is to respond rapidly to changing requirements."

Companies need to
build responsiveness on three fronts

- **Better business radar**
  - **In terms of customers**
    - **Customer decision-making process**
    - **Marketing analytics**
  - **In terms of emerging technologies**

- **Responsive business processes**
  - **Customer Management**
  - **Supply Chain**
  - **Workplace**
  - **Pricing**

- **Responsive business model**
  - **Component Business Modelling**
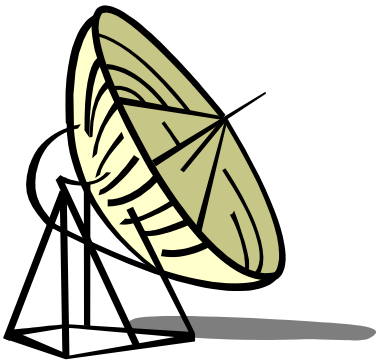
Linux is one way companies are becoming On Demand

Responsive

➤ Leveraging the scalability of Linux and ability of Grid to tap unused processing power to respond dynamically to rapidly changing and unpredictable user demands.

Variable

➤ Supports process flexibility to optimize user productivity and reduce costs.

Focused

➤ Using open standards to help control costs and manage processes allows companies to focus on core business drivers – innovation, productivity, and revenue growth.

Resilient

➤ High reliability and availability of Linux combined with world-class open source support can provide needed stability and better performance.

Linux delivers business benefit

- **Cost Containment** – Its open source nature means Linux helps address licensing issues, while its greater reliability, security and manageability lead to increased productivity of IT staff and users

- **Freedom to Choose** – Adopting open standards allows flexibility for growth and scalability; moving away from proprietary systems lets companies choose how they want to evolve

- **Performance** – Linux enables high-performing organizations, allowing for agility and improved access to data and enhanced business processes

Banco do Brasil:
Growth triggers move to open standards

- **Increasing customer demands and sheer business growth left the bank with an inadequate infrastructure and processes**
  - Equipment, management costs rising
  - Performance, access to realtime, reliable data dwindling across organization
  - Customers looking for expanded offerings, better and faster service
- **Linux selected for its high-performance capabilities, platform independence, flexibility and scalability, as well as reduced financial cost**
- **Resulting changes move bank closer to on demand business**
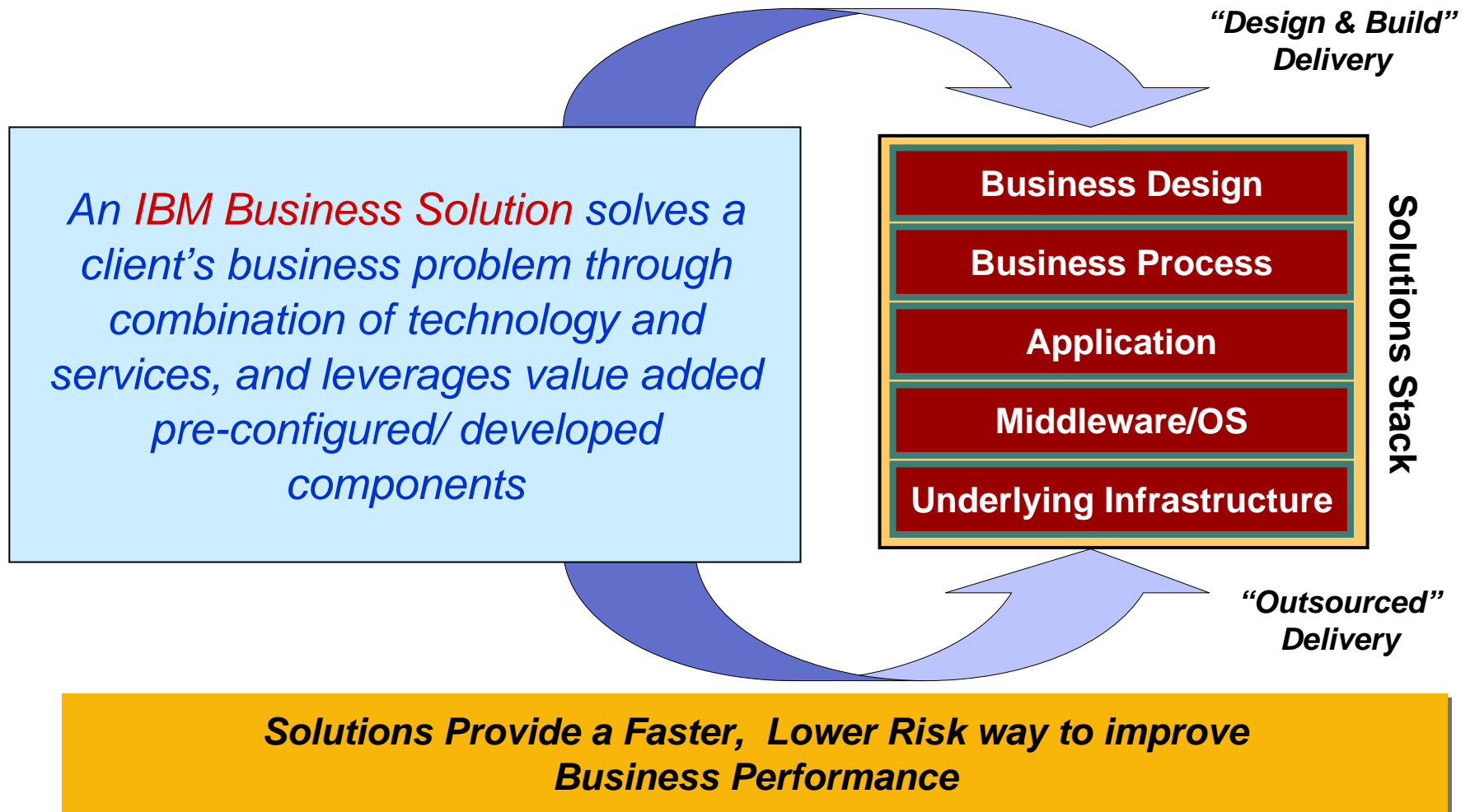

Ponto pra você.

It's more than just technology

"It isn't just about IT. If you don't change the business process behind it, you don't get the leverage."

Cisco CEO John Chambers,

IBM Business Leadership Forum,

October 2003

Our clients want more than just technology …
They want Business Solutions

"Design & Build"
Delivery

An IBM Business Solution solves a client's business problem through combination of technology and services, and leverages value added pre-configured/ developed components

Business Design

Business Process

Application

Middleware/OS

Underlying Infrastructure

Solutions Stack

"Outsourced"
Delivery

Solutions Provide a Faster, Lower Risk way to improve Business Performance

We have **Business Solutions** developed for every major industry – over 100 Business Solutions in all

Aerospace & Defense Service Lifecycle Management, Product Lifecycle Management	**Automotive** Automotive Common Environment, eProduction, Telematics	**Banking** Core Systems Transformation, Customer Insight Solution	**Chemical & Petroleum** Upstream Petroleum Solution, Downstream Petroleum Solution
Consumer Products On Demand Workplace, Consumer Driven Supply Chain	**Electronics** Value Chain Management, Product Lifecycle Management	**Financial Markets** Trade Process Transformation, Risk & Compliance	**Government** E-government, Safety and Security
Healthcare Aligned Clinical Environment Solution	**Insurance** Customer Insight, Insurance Distribution & Services	**Life Sciences** R&D Transformation Solution	**Media & Entertainment** Digital Media, Cost Optimization
Retail On Demand Workplace, Consumer Driven Supply Chain	**Telecommuni-cations** Cost Optimization and Strategic Transformation	**Travel & Transportation** On Demand Workplace, Consumer Driven Supply Chain	**Utilities & Energy** Customer Optimization Transformation

Note: Solution list is illustrative – not a complete listing.

The On Demand Workplace Solution for the Retail Industry

On Demand Vision – Employees

Providing targeted information and tools to improve employee abilities to manage the business and better service customers

Planning → **Buying** → **Scheduling** → **Promotion Management** → **Check Out** → **Customer Service**

Merchandise Manager Workplace

Key Solution Elements

• Role based Employee Portal

• Task mgmt, Communication & Collaboration

• Role Business process integration

• Role based KPI, Alerts and Analytics and Transactions

Store Management Workplace

Key Solution Elements

• Role based Employee Portal

• Mobile Wireless & Network Services

• People Management

• Learning and Development

• Task Mgt, Commun. & Collaboration

• Role Business process integration

• Role based KPI, Alerts and Analytics and Transactions
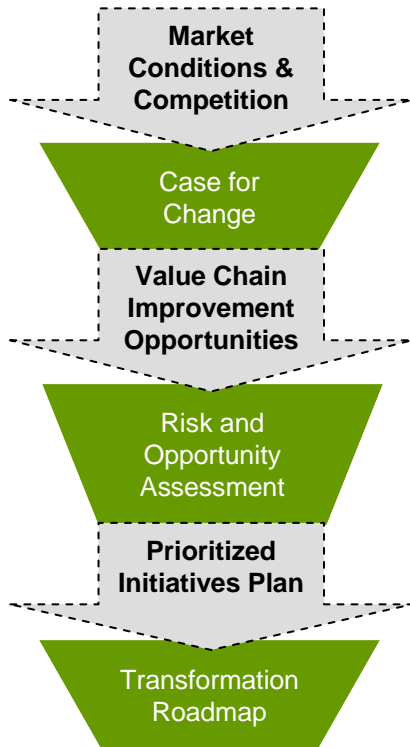
Associate Workplace

Key Solution Elements

• Role based Employee Portal

• Mobile Wireless & Network Services

• Task mgmt, Communication & Collaboration

• Role Business Process Integration

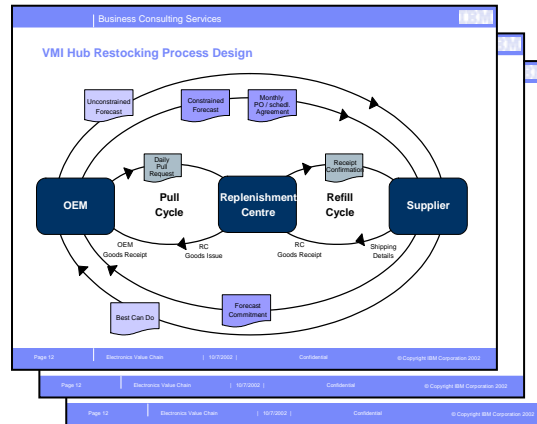• Role based KPI, Alerts and Analytics and Transactions

The Value Chain Management Solution for the Electronics Industry

**Sound business case & transformation road-map**

- Market Conditions & Competition
- Case for Change
- Value Chain Improvement Opportunities
- Risk and Opportunity Assessment
- Prioritized Initiatives Plan
- Transformation Roadmap

Detailed processes based on leading practices

VMI Hub Restocking Process Design

Cost effective, scaleable architecture and delivery platforms

Logical collaboration platform architecture

Assets: Risk & Opportunity tool, Transformation road map methodology

Assets: Detailed process maps leveraging Holosofox, Governance methodology
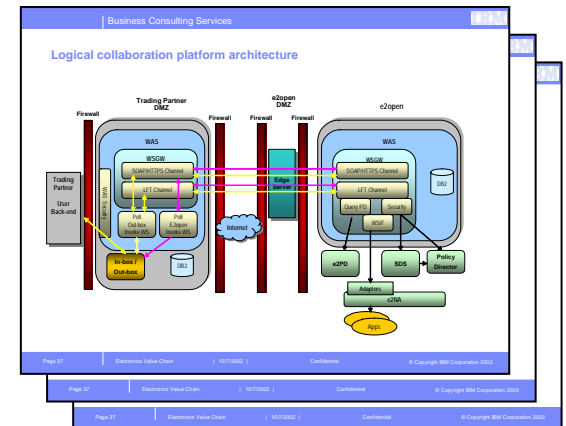
Assets: Detailed EEC architecture, RosettaNet, WBIe, E2open

Summary

- Now is the time for Growth!

- On Demand is how to do it

- Linux is ON