



IBM Software Group

2004 WDI / WBIC Customer Conference

Global Business Transformation

B2B Trends and Directions

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WebSphere. software

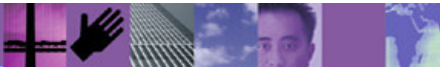


 e-business software

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Objectives

- Discuss the past, present and future aspects of B2B
- Relate how these aspects are reflected in IBM's products in this space and our strategy
- How this will bring benefits to our customers



Company Challenges

CEO

New technology alone won't boost productivity. Productivity gains come from managerial innovation... Companies generate innovations, in fat years or lean, by deploying new technology along with improved processes and capabilities.

—McKinsey & Company, Volume 2 - 2003

CFO

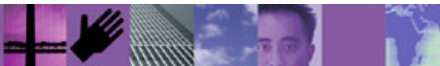
Companies that linked business processes with trading partners show 70% higher profitability than those that do not.

— Business Advisor Zone, 12/2/2002

CIO

42% of the almost 500 IT executives polled said their systems were more complex than necessary... and maintaining and managing that excess complexity cost them an average of 29% of their IT budgets.

— CIO Insight, 02/2003



Integration Market Drivers

- Economic volatility and globalization
 - Business responsiveness
 - Business process reengineering
 - Supply chain optimization

- Increasing consolidation across industries driven by:
 - Low interest rates
 - Increasing valuations
 - Improving economy

- Increasing regulations and industry standards
 - Sarbanes-Oxley, Basel II
 - Global Data Sync, RosettaNet, SWIFT
 - HIPAA, HL7/CCOW

“For every dollar a firm spends on content, it spends upward of \$4 to get that data into a processing system where it can be used..”



*Tower Group
The Politics of Data Management, Nov 2003*

“According to a recent study by Gartner and the SIA, a staggering 42% of transactions are still paper based.”



Study Shows Industry Making Efforts Toward STO Implementation, Gartner G2, July 03

“The areas of highest spend are expected to be application integration and development tools, business intelligence applications and performance management software, such as management dashboards.”



*Tech Trends Study
AMR Research, February 2004*




Responding To A Constantly Changing Environment

CEOs recognize that they need to sense, analyze and respond more effectively to continuously changing market conditions and risks

■ Responsiveness Is A High Priority

- Yet very few CEOs rated their organizations' ability to react to these changing conditions and external forces as being very good.
- Reinstating a "customer responsive" organization is high on their growth agenda
- CEOs recognize the need to establish effective, real-time response capabilities
- CEOs are aware of the power of IT and the weaknesses that result from lagging behind



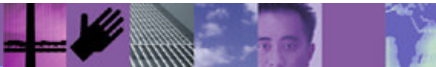
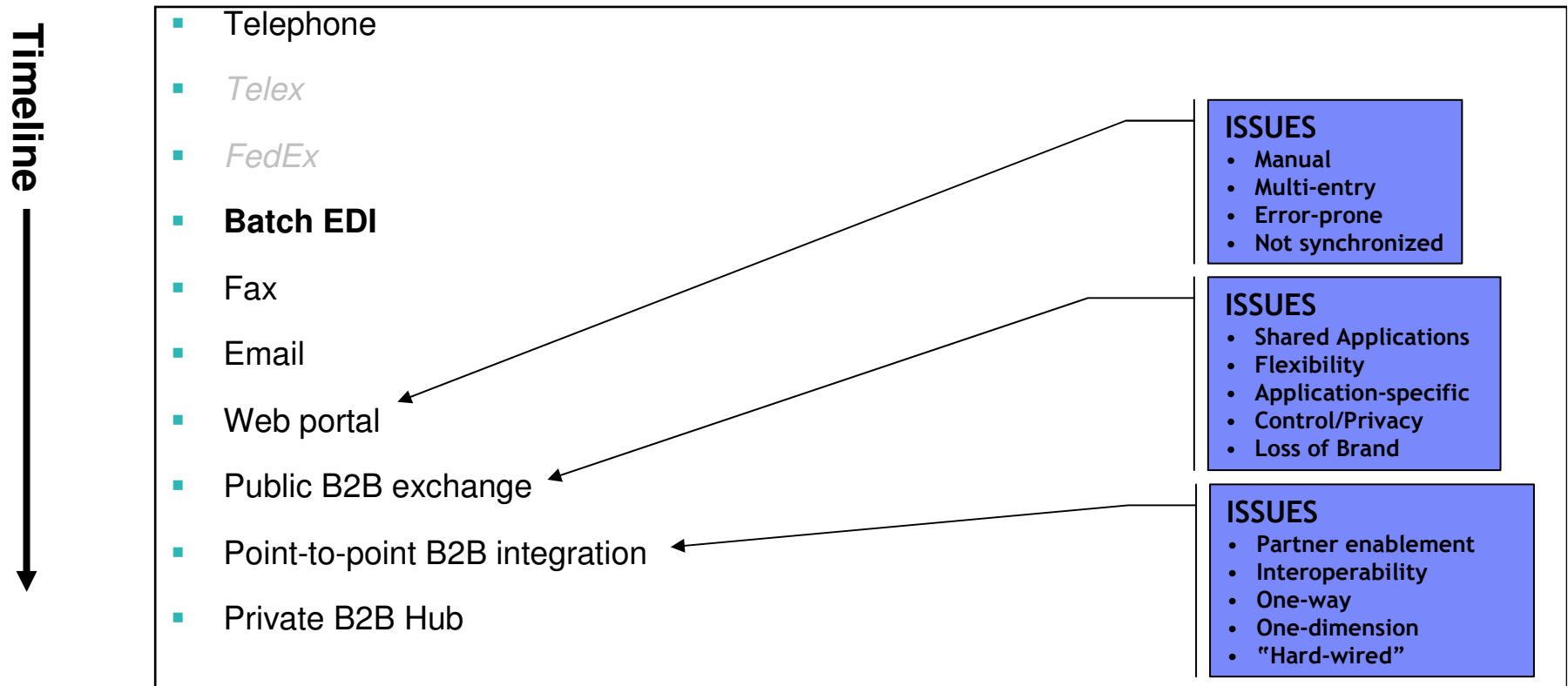
Responsiveness: the new key competence

So growth is back on the agenda – but it won't just happen by itself. CEOs all over the world have identified organizational responsiveness, agility and flexibility as necessary competencies. Developing the ability of the organization to not just sense, but to anticipate and respond to the changing marketplace and subsequent customer requirements is one of the great challenges for today's CEO.

CEOs are now focusing on how their organizations read, listen and react to dynamically changing external and internal conditions. As one CEO put it, "we have to implement a competitive

Evolution of 'integration' with partners

- No single method of B2B communication has ever achieved complete acceptance or market dominance
 - Recent years have seen multiple new approaches
- Evolution continues, but solutions must acknowledge existing implementation methods
 - Greater push for business efficiencies from integration is moving more companies to look at integrating their B2B relationships more tightly into their business



B2B capabilities

- IBM has supported business to business data exchange for many years
 - 15 years of IBM's 'Data Interchange'
- EDI is still the predominant form of B2B traffic running today
- Technology continues to evolve; EDI is still an essential part of business information exchange today
 - Still a large proportion of all B2B data is EDI data
 - New ways to exploit and make use of EDI data
 - AS1, AS2, HIPAA
- Any future solution in this space needs to continue to support and extend use of all forms of EDI data
 - Ensure the data is put to good use by the business
 - Add value to EDI transactions through integrated monitoring and secure, reliable messaging
 - Don't break existing customized enhancements
- Need to allow businesses to combine their existing EDI needs with new B2B opportunities
 - No increase in complexity of management and operation



IBM History of EDI Products – Data Interchange & WebSphere Data Interchange

Data Interchange evolved and grew out of the IBM Services business

New versions met changing business needs

Brought into the WebSphere family in 2002

1989	DI V1.1			
1990	DI V1.2			
1991	DI V1.3			
1993	DI V1.4			
1995	DI V1.5			
1997	DI V2.1			
1998	DI V3.1	G.A. 12/98	EOS	12/04
2002	DI V4.1	G.A. 02/02	EOS	12/03
2002	WDI V3.1 MP	G.A. 04/02	EOS	06/03
2003	WDI V3.2	G.A. 01/03	EOS	TBD

Future Directions

2004	WDI V3.2.1 (to be announced)
2005	WBI Connect V4.3, WDI V3.3 (z/OS) (to be announced)



IBM History of Internet B2B Products

- Internet B2B arrived in the 1990s
 - Initial drive was around XML, shared processes and public exchanges
 - Early momentum faded with the collapse of the dot coms
- Internet B2B continued to evolve
 - Peer-to-peer stand-alone B2B gateways
- No drop in EDI usage and traffic
 - Internet B2B tended to be new deployments rather than EDI replacements
 - Use of the internet to transmit EDI became common place with AS1 and AS2 protocol support
- IBM partnered with 3rd parties to quickly bring out products to support Internet B2B
 - Meanwhile continued to develop internal strategy and simplifying portfolio
 - Working to bring together all B2B products, adding value for all existing customers



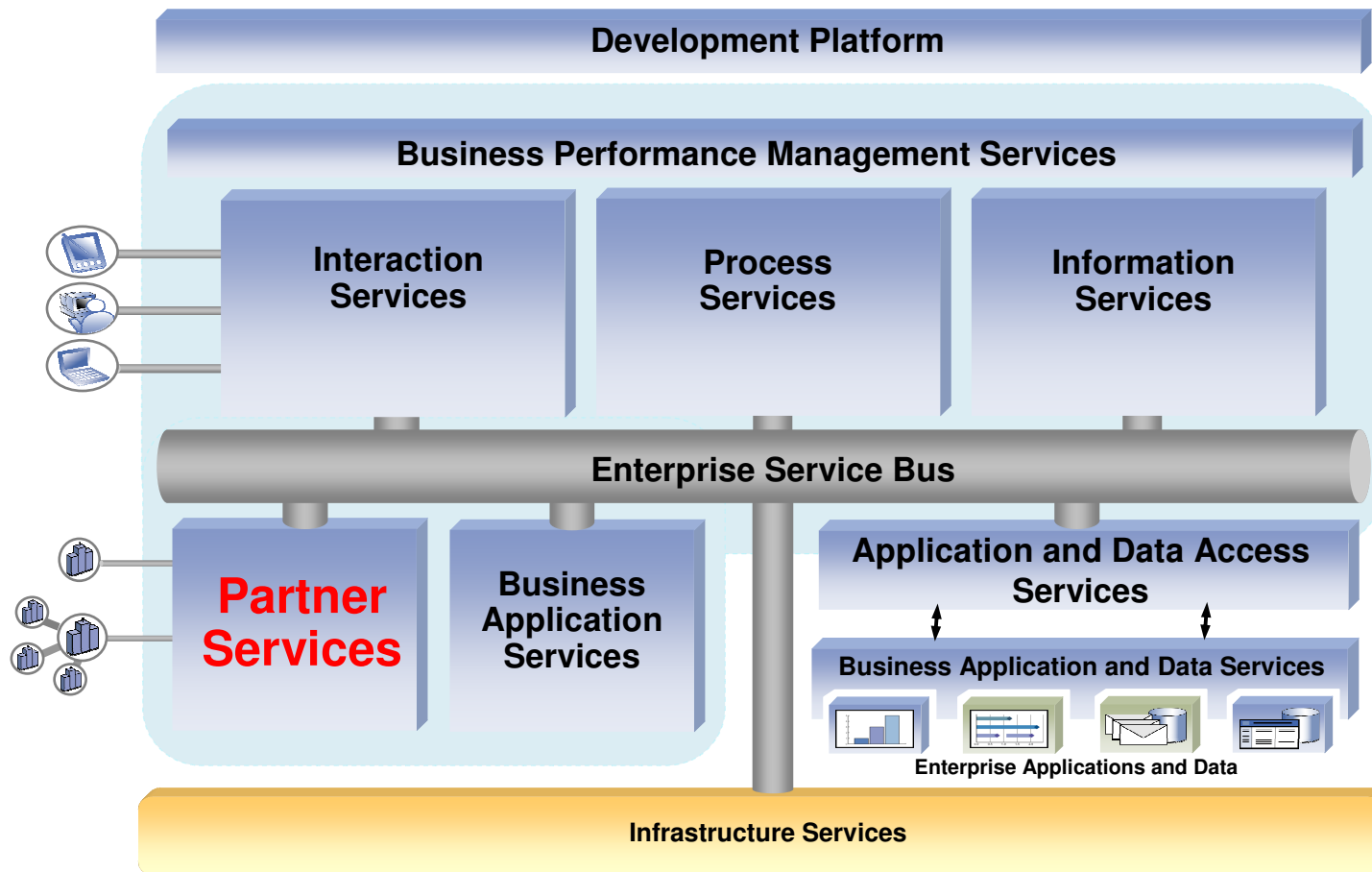
WBI Connect product capabilities

- Launched in Summer 2003
 - Built leveraging IBM software skills on top of WebSphere platform and with proven implementation skills of Viacore's B2B services experience
 - Available in 3 versions: Enterprise, Advanced, Express

- Technical capabilities
 - Communication layer and support for data formats
 - Validation and Mapping of exchanged messages
 - Trading Partner management
 - Definition of partners and agreed method of exchange
 - Event/Activity monitoring and management
 - Identification of events and customized handling of exceptions with alerts
 - Support for hub or spoke deployment needs



Business Integration Reference Architecture



Aspects of B2B

Data Interchange Services

- Connectivity to VANs
- Internet connectivity
- Partner Definition
- Exchange of EDI Docs
- Industry Formats
- Data Handling and packaging
- Data Validation
- Data Mapping
- Data Transformation

Business Integration Connect Services

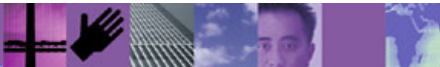
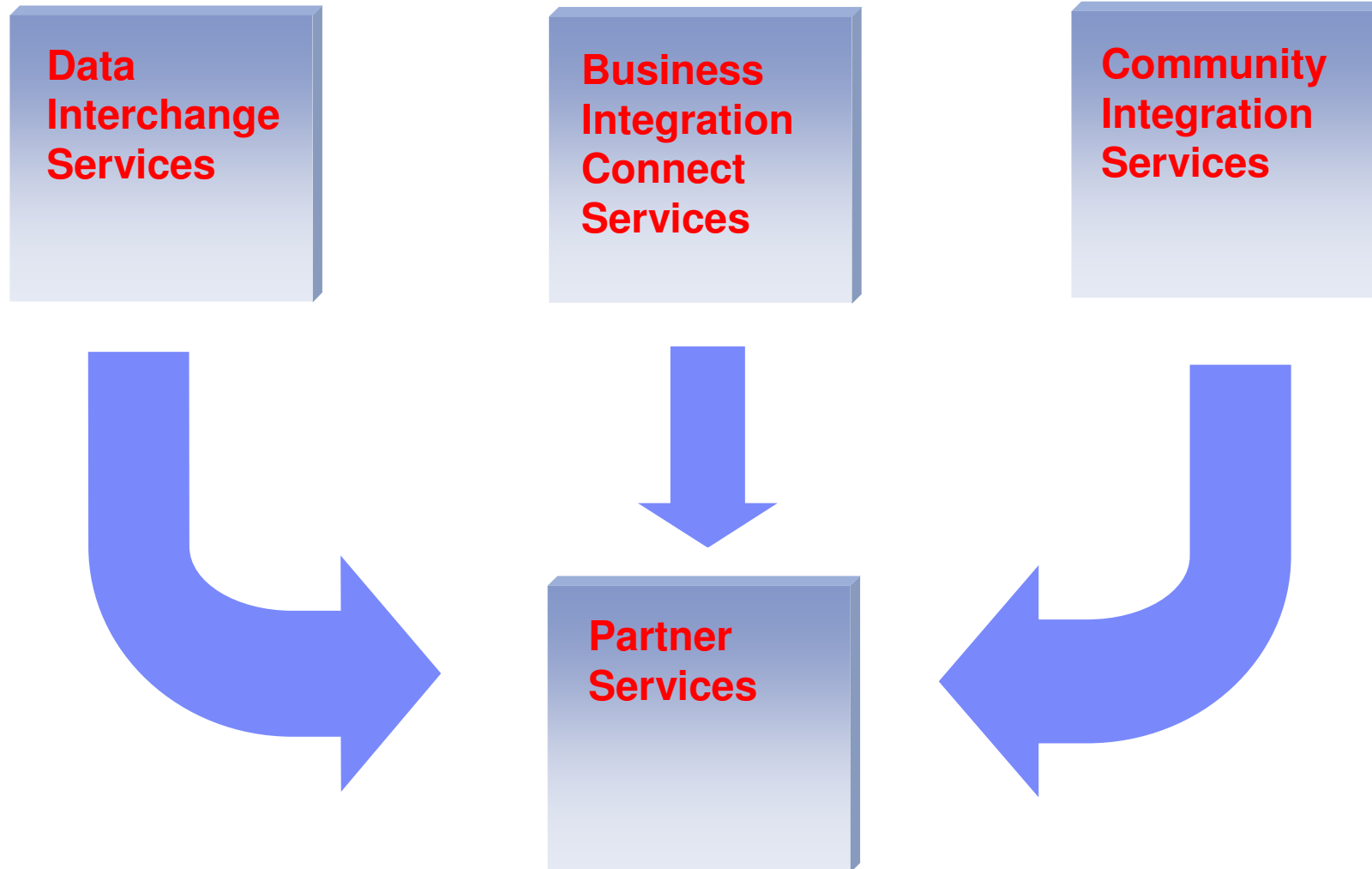
- Internet Connectivity
- Multiple Transports
- Multiple Protocols
- Partner Definition
- Data Exchange
- Process Sharing
- XML Validation
- XML Transformation
- Document Flow Visibility

Community Integration Services

- Install & Configuration
- Initial Evaluation & setup
- Partner Liaison and testing
- Production Deployments
- Managed Operations
- Knowledge Transfer



Evolution and integration of B2B



Capabilities of Partner Services

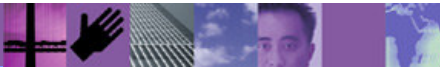
IBM's intention

- A single product to deliver requirements for all B2B customers
 - Recognising the continued need for enterprise strength robust EDI data handling and VAN connectivity
 - No removal of existing EDI functionality of WDI
 - Delivering flexible and extensible multi-protocol support for a variety of industry communication layers and data formats
 - Integrating seamlessly both with customer applications and with the middleware layer
 - Providing improving visibility to the transactions flowing end-to-end across and beyond the enterprise
 - Supported by proven services to bring the benefits of these functions to customers within days rather than months



Roadmap to deliver a single IBM B2B product

- Investment continues in existing portfolio
 - Existing customers will not be left behind
- Core components of new product/capability will be common functions that exist today in WebSphere Data Interchange
- Other components will be the operational and management infrastructure used today by WebSphere Business Integration Connect
- Customers will be able to use a common framework for partner definition, runtime operation and monitoring
 - Key features such as build-time support for EDI (or any-to-any) mapping will remain as today
- Development will take place in parallel
 - WebSphere Data Interchange will continue to be updated with new releases until a suitable single product is available for migration
 - 2005 will see the availability of the first phase of the single product as WebSphere Business Integration Connect V4.3



Future IBM intentions for B2B products

Beyond WebSphere Business Integration Connect V4.3

- Eventual complete integration of B2B products
- Delivery of single product with required functionality on all key platforms including zSeries hardware
- Support for advanced EDI functionality and customizable to match existing deployments
 - Meets needs of existing pure EDI customers
 - Meets needs of pure Internet B2B customers
- Improved integration with other WebSphere platform products
 - Provide a complete end-to-end integration environment
 - Monitor transactions throughout your enterprise and as they run in your partners' environment
 - Reduce the complexity of your operations, and improve the return on your investment
 - Speed your delivery of new capabilities and connections

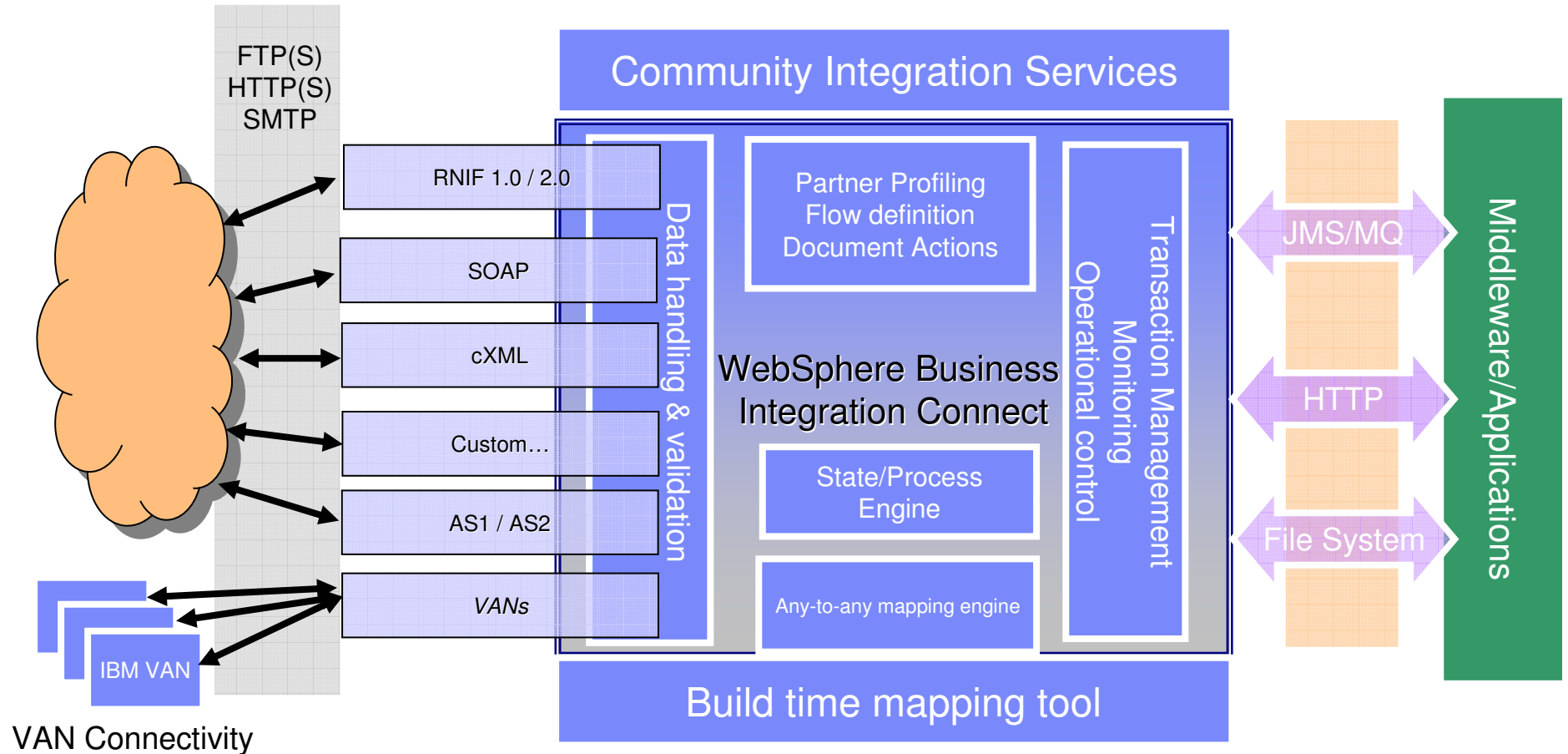


Capabilities of future B2B product

- Support to connect to multiple VANs
- Support for multiple internet transports (i.e. HTTP, FTP, SMTP)
- Support for exchanging multiple types of data format: EDI, XML, SOAP, files, etc.
- Single environment for defining partners and expected actions/data flows
- Powerful monitoring tool to track transactions and identify problem data & business events, and correct if required
- Invoke a powerful tool for any-to-any data mapping
 - Evolved from existing WDI build-time tool
- Scalable, secure environment for exchanging data between any number of partners
- Direct exchange of data or use of mail-boxing
- Support for B2B scenarios across any industry
- Provide support for customers to share processes across enterprise boundaries

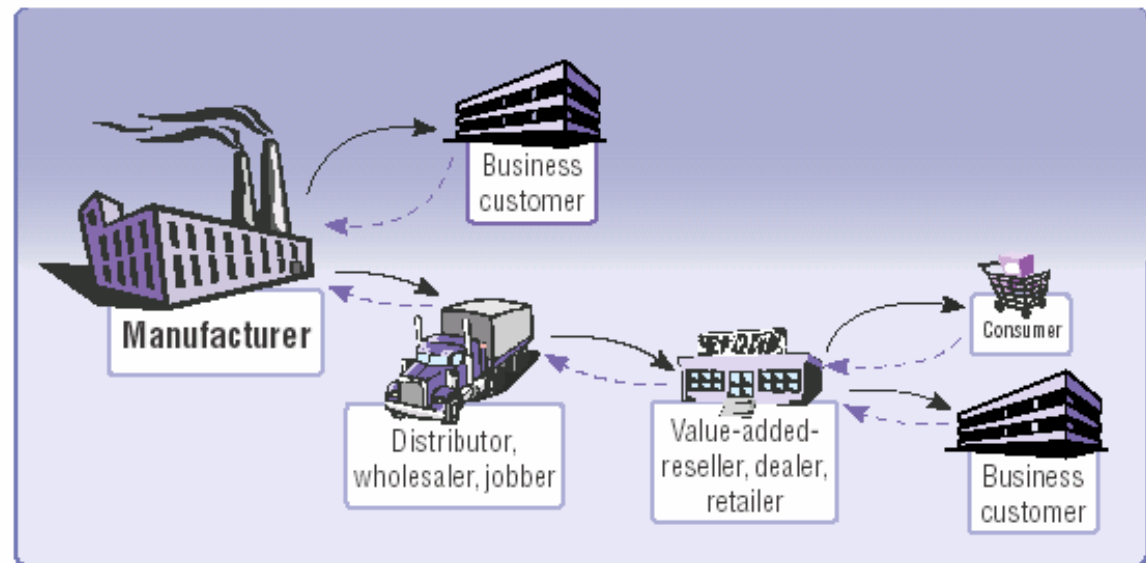


B2B Future product functional capabilities

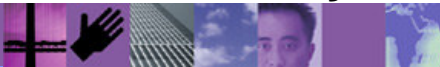


Spanning Enterprise boundaries with B2B integration

- Business processes extended to include partners
- Visibility across the entire value-chain
- Improve and automate value-chain management
- Strengthen Partner Relationships through tighter business linkages
- Eases participation in and adoption of widely used market standards
- Standardized business processes behind and across the firewalls
- Quickly respond to changing value-chain requirements

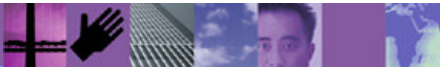


- **IBM wants to listen to your requirements.....**



Summary

- Growing importance of speed to respond to partners
- Increasing need to integrate B2B data directly into business environment
- B2B support covers both EDI with WDI and Internet B2B with WebSphere Business Integration Connect
- Continued use of EDI, allied to growth in internet-based B2B
- IBM bringing all capabilities together in a single product
 - Staged delivery of product features
 - Continued support for existing functions
 - Eventual migration once required functions and platform support available
- Delivering end-to-end comprehensive B2B integration



THANK
YOU

