

# Lotus knows.

Smarter software for a Smarter Planet.

## 5 Cost Take-out Plays You Can't Afford to Miss!

**Tom Hutchinson** | Strategy and Business Operations Exec  
IBM Software Group ASEAN



## Agenda

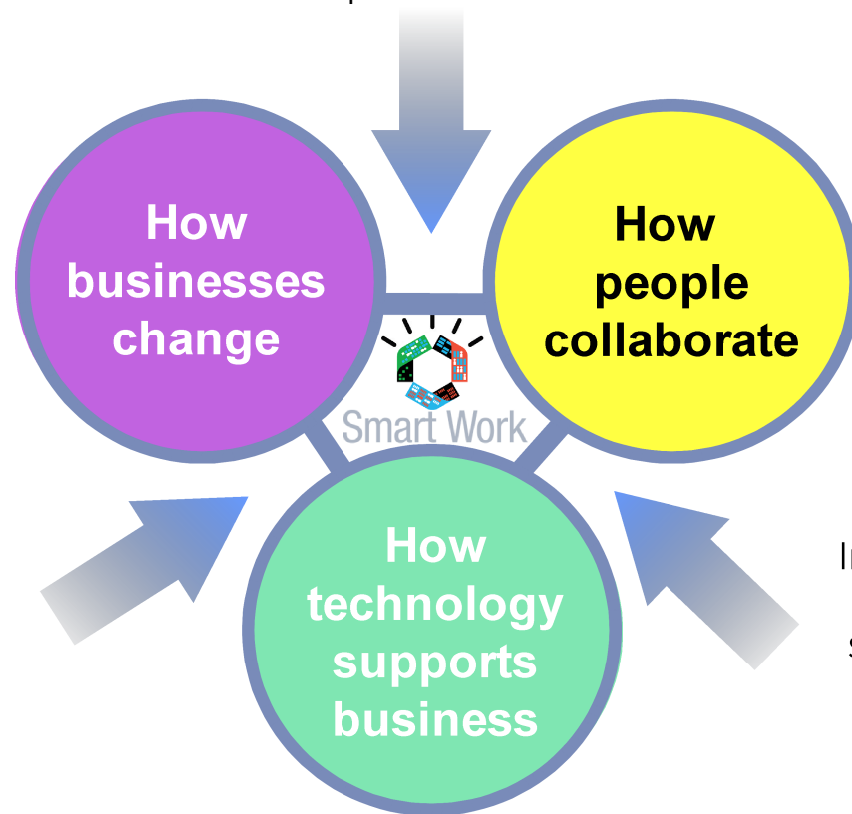
- Why we all need to Work Smarter
- Five Projects to Work Smarter in ANY Economy
- Collaboration Agenda

## Some compelling reasons to Work Smarter....



## Working Smarter will create new challenges and opportunities...

Product design, creation, test, marketing, and self-service can now extend to connected customers, trading partners, and service providers



Changing customer needs and market conditions are creating the need for business agility and cost containment

Increased connectivity at the "edge of the business" allow sense and respond strategies to act on new insights



## But there are some realities...

**100%**

Customers are demanding 100% web site availability during peak times for improved response times, processing time and storage throughput.

**\$40 billion**

Consumer product and retail industries lose about \$40 billion annually (or 3.5% of their sales) due to supply chain inefficiencies.

**1.5x**

Explosion of information driving 54% growth in storage shipments every year.

**53%**

of employees don't have access to the information across the organization needed to do their jobs

**13%**

Each week businesses waste 5.3 hours per employee due to inefficient processes.

**76c per \$1**

**70% of IT budgets are spent on maintaining current IT infrastructures vs adding new capability.**

**1 in 3**

business leaders frequently make critical decisions without the information they need

**29%**

Agile business have 29% higher earnings per share.

**91%**

CEOs are planning to or are restructuring the way their organizations work.

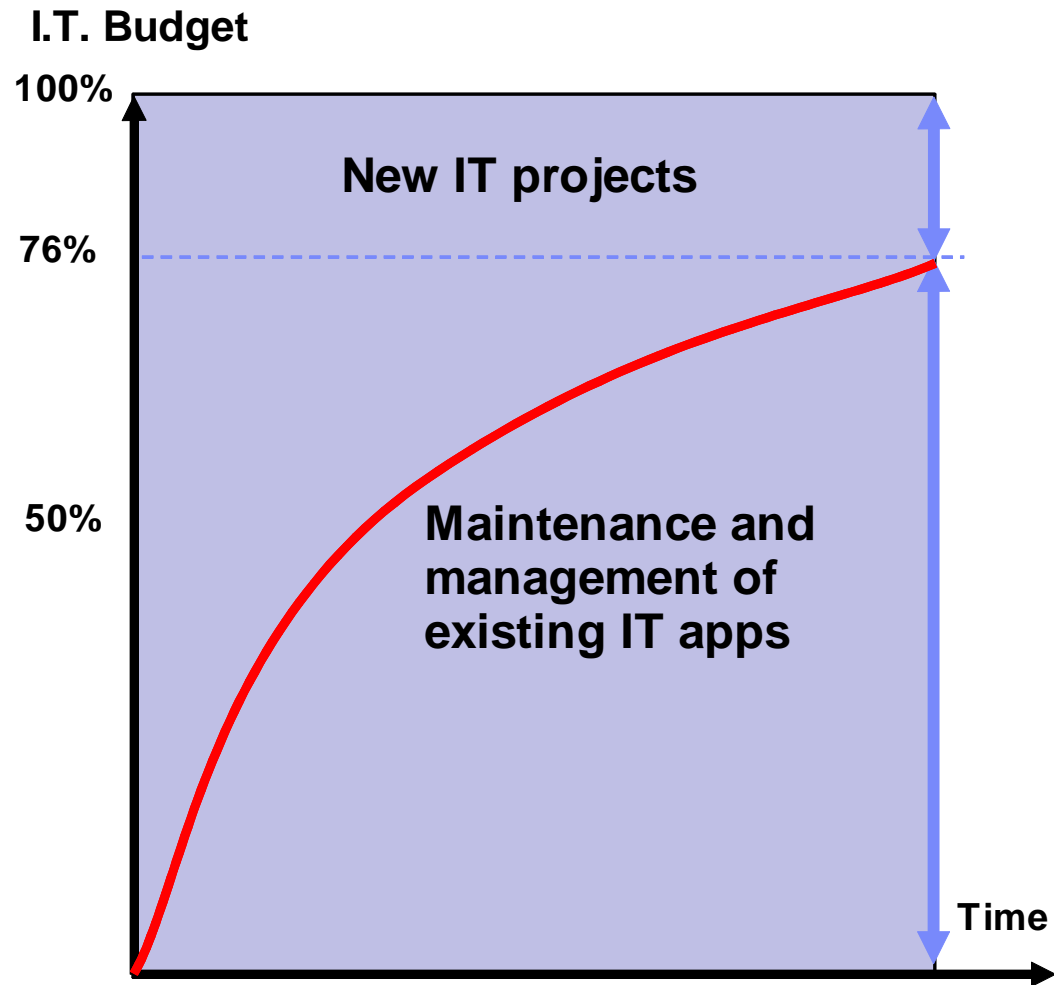
**85% idle**

In distributed computing environments, up to 85% of computing capacity sits idle.

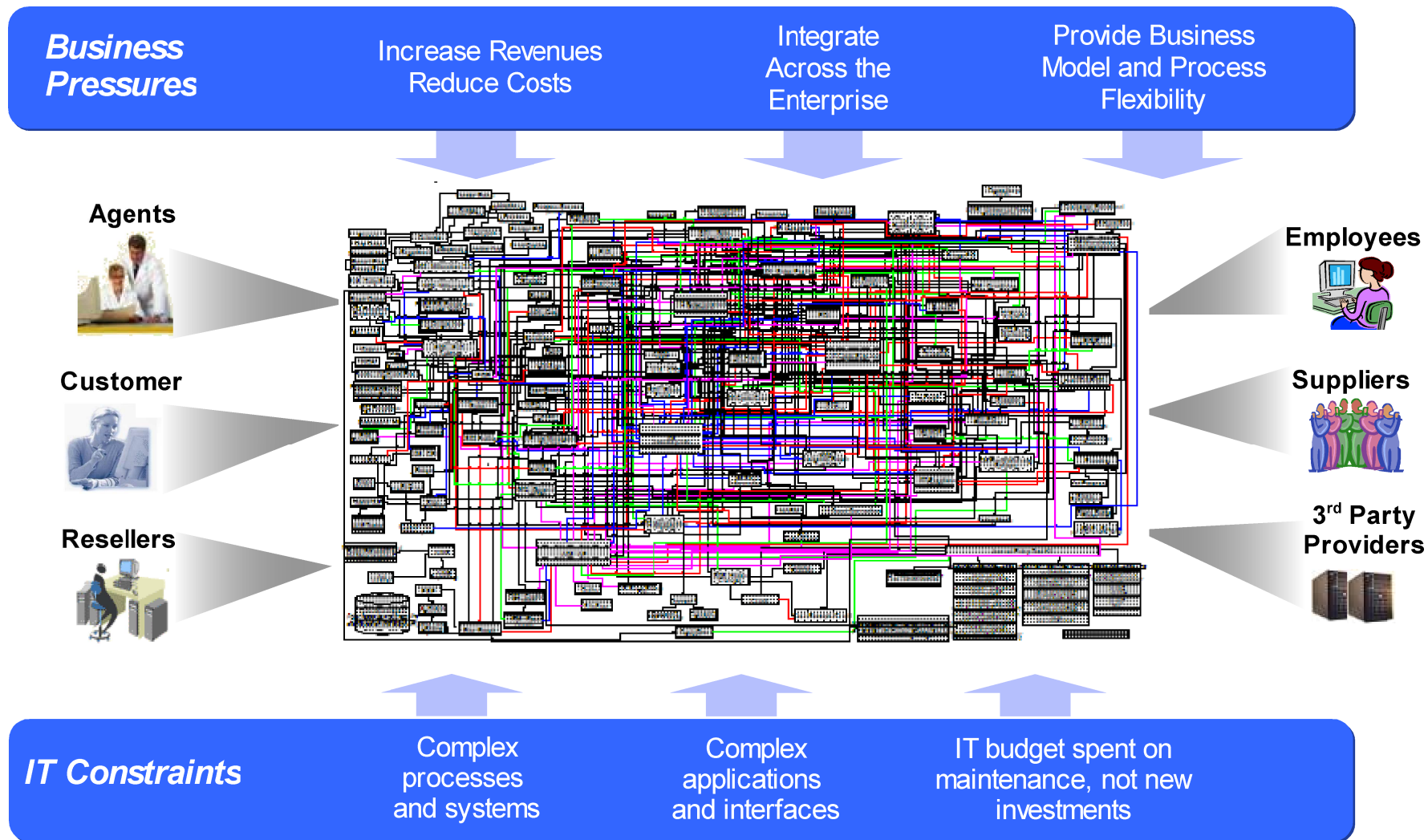
## We need to work smarter with our IT budgets...

**Traditionally...**  
**“76% of I.T budgets are spent on MAINTENANCE, leaving only 24% for NEW INVESTMENTS.”**

– Forrester Research



## The only way to break this paradigm is to align Business and IT...



## Service Orientation is the Key to unlocking our IT budgets and Working Smarter...

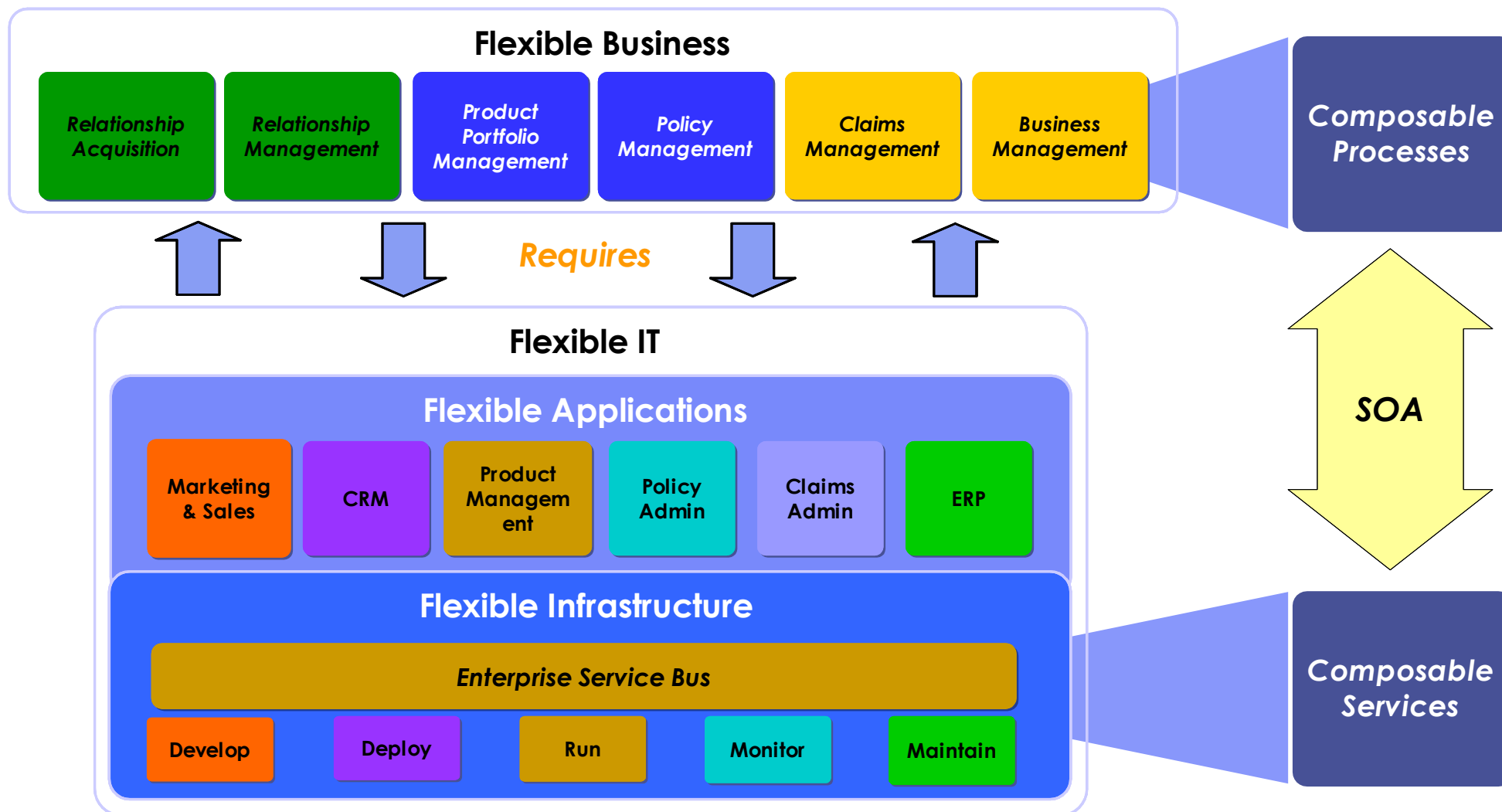


- Optimise reuse of existing assets
- Quickly shift direction to reflect economic realities
- Flexibly connect information and applications

*Use SOA to Unlock the value of your own...*

- *Business Resources*
- *Application Resources*
- *Infrastructure Resources*

## Smart Businesses are Flexible...



## What's Important to ASEAN Business Leaders TODAY...

### Top 10 Business Priorities

#### Improving business processes

Cutting enterprise costs 2

#### Increasing the use of analytics in decisions

#### Improving enterprise workforce effectiveness

Managing enterprise change initiatives 5

Creating new products or services (innovation) 6

Consolidating business operations 7

Creating new sources of competitive advantage (new capabilities) 8

Expanding current customer relationships (expanding 'wallet share') 9

Targeting customers and markets more effectively (service delivery) 10

### Top 10 CIO Strategies

#### Linking business and IT strategies and plans

Building business skills in the IT organization 2

Reducing the cost of IT 3

Attracting, developing and retaining IT personnel 4

#### Delivering projects that drive business growth

Improving the quality of IT Services 6

#### Expanding the use of Intelligence

Implementing IT process improvements 8

Applying business performance metrics to IT 9

Consolidating IT operations 10

### Top 10 CIO Technology Priorities

#### Business Intelligence (BI)

#### Collaboration technologies

Networking, voice and Data Comms (including VOIP) 3

Enterprise Applications (ERP, SCM, CRM, etc) 4

Servers and Storage Technologies (including virtualization) 5

#### Document and Content Management

Customer sales and service technologies 7

Legacy application modernization, upgrade or replacement 8

Security technologies (access control, authentication, etc) 9

Service Oriented applications and architecture (SOA, SOBA) 10

Andy Roswell-Jones, VP and Research Director, Gartner  
From Presentation and IBM ASEAN Leadership Exchange July 2009



## Agenda

- Why we all need to Work Smarter
- Five Projects to Work Smarter in ANY Economy
- Collaboration Agenda

- 1 Empower People for Enhanced Productivity
- 2 Unlock Existing Information for Visibility and Insight
- 3 Automate Manual Processes for Business Agility
- 4 Connect Disparate Systems for Integration Cost Efficiency
- 5 Leverage Legacy Systems for Increased Reuse

## 1 Empower People for Enhanced Productivity

### The Problem

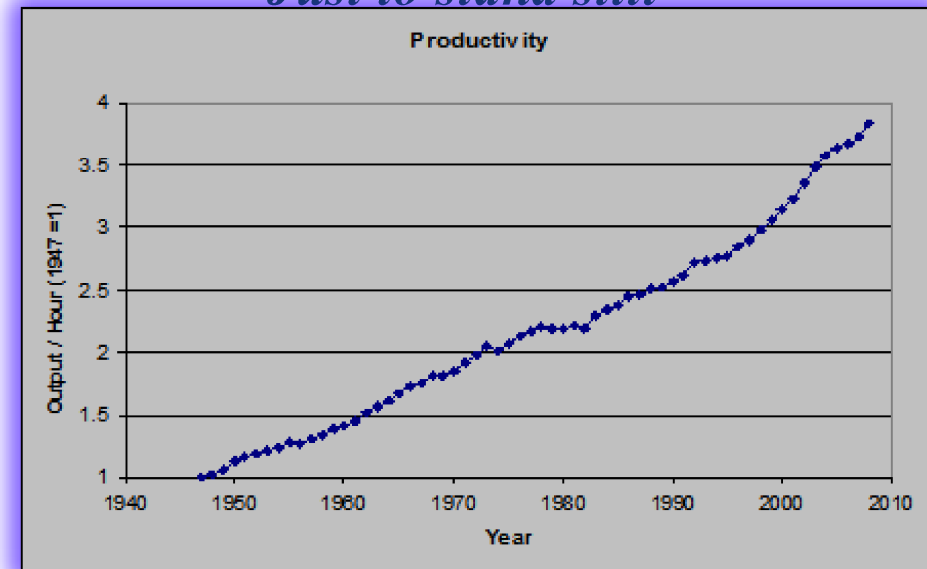
- Inefficiencies of outdated systems hamper improvements
- Struggle accessing globally dispersed knowledge-base
- Logistics of capturing and leveraging customer insight

### The Possibilities

- Decrease product development time by up to 20% or more
- Reduce time to assign access rights by 10 times
- Unlock innovation and hidden knowledge through broad participation

*Productivity is increasing all around you*

*You need to do more with less...  
Just to stand still*



US Bureau of Labor Statistics

## 1 Working Smarter with Citizen Self-Service...



MIAMI-DADE  
COUNTY

- Improved portal with **50% increase** in visitors
- Expect **25% reduction** in systems management costs
- Over 428,000 electronic payments processed  
**\$468 million in revenue**

2

## Unlock Existing Information for Visibility and Insight

### The Problem

- 33% of business leaders frequently make critical business decisions without the information they need\*
- Information is not integrated to enable efficient decision-making

### The Possibilities

- Cost optimize linkage of business unit systems and information
- Provide single view of information to optimize decision making



\*Source: IBM Business Value, Business Analytics and Optimization Study, March 2009

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## Working Smarter through Information Sharing...

StatoilHydro

- **Real-time** data access
- **2X** industry production average
- **30% reduction** in maintenance costs



3

## Automate Manual Processes for Business Agility

### The Problem

- Process changes require IT intervention
- Employees wasting time on redundant tasks
- Manual intervention in processes hinder throughput

### The Possibilities

- Reduce order lead time by up to 8x or more
- Speed time to market of new products dramatically
- Optimize services with faster claims cycle times

Gartner has cited process improvements as the #1 business concern for 4 straight years\*



\*Source: The 2009 CIO Agenda, Gartner, January 2009

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## Working Smarter with Invoice Processing Automation...



- Invoices processed in **seconds instead of hours**
- ROI in **2 months**
- **30% reduction** in development time

4

## Connect Disparate Systems for Integration Cost Efficiency

### The Problem

- 76% of IT budget spent maintaining point-to-point application interfaces
- Custom point-to-point connections are brittle, expensive, and risky

### The Possibilities

- Reduce integration cost and maintenance 2-4 times\*
- Improve performance more than 10x, with lower costs
- Achieve full ROI within as little as
- 6 months



\*Source: "Application Integration Challenges", Software Strategies

## 4 Working Smarter with Application Integration...



- **70% reduction** in maintenance of interfaces
- **60% time to market improvement** for adding interfaces and partners
- **Redeployment of 15 billing staff** to more meaningful tasks



## 5 Leverage Legacy Systems for Increased Reuse

### The Problem

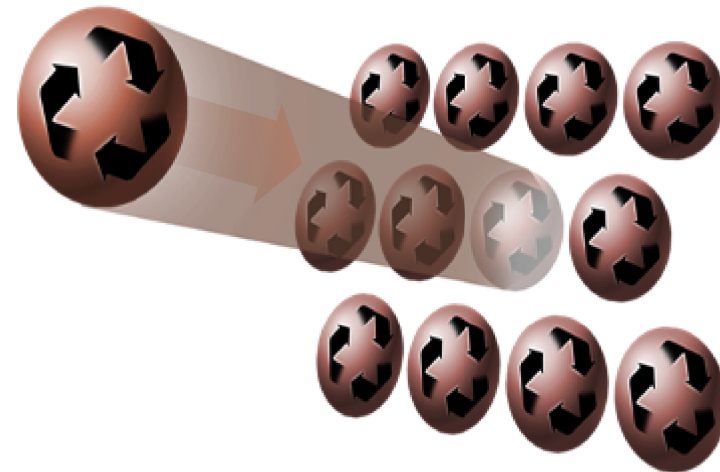
“Industry has already invested trillions in IT. If faster results can be achieved reusing rather than rewriting, only a fool would choose [sic] to rewrite”

John Balderson, The Spencer Group

Not already reusing your applications?  
at **WHAT COST?**

### The Possibilities

- Reduce time-to-market for new services by anywhere from few weeks to months
- Share application infrastructure to reduce total cost of ownership
- Delay capital expenditures by leveraging existing infrastructure
- Cut expenses by up to 5x times or more\*



\*Source: Software Productivity Research

## 5 Working Smarter to Extend Existing Investments...



SEARS  
Canada

- **5-15% increase** in code reuse for cost savings
- **Integrates 3,000+ suppliers** with legacy systems in a fraction of the time
- **Faster deployment** of products and services



## Agenda

- Why we all need to Work Smarter
- Five Projects to Work Smarter in ANY Economy
- How does this fit into the Collaboration Agenda

## Collaboration Framework enhances SOA and drives competitive differentiation...

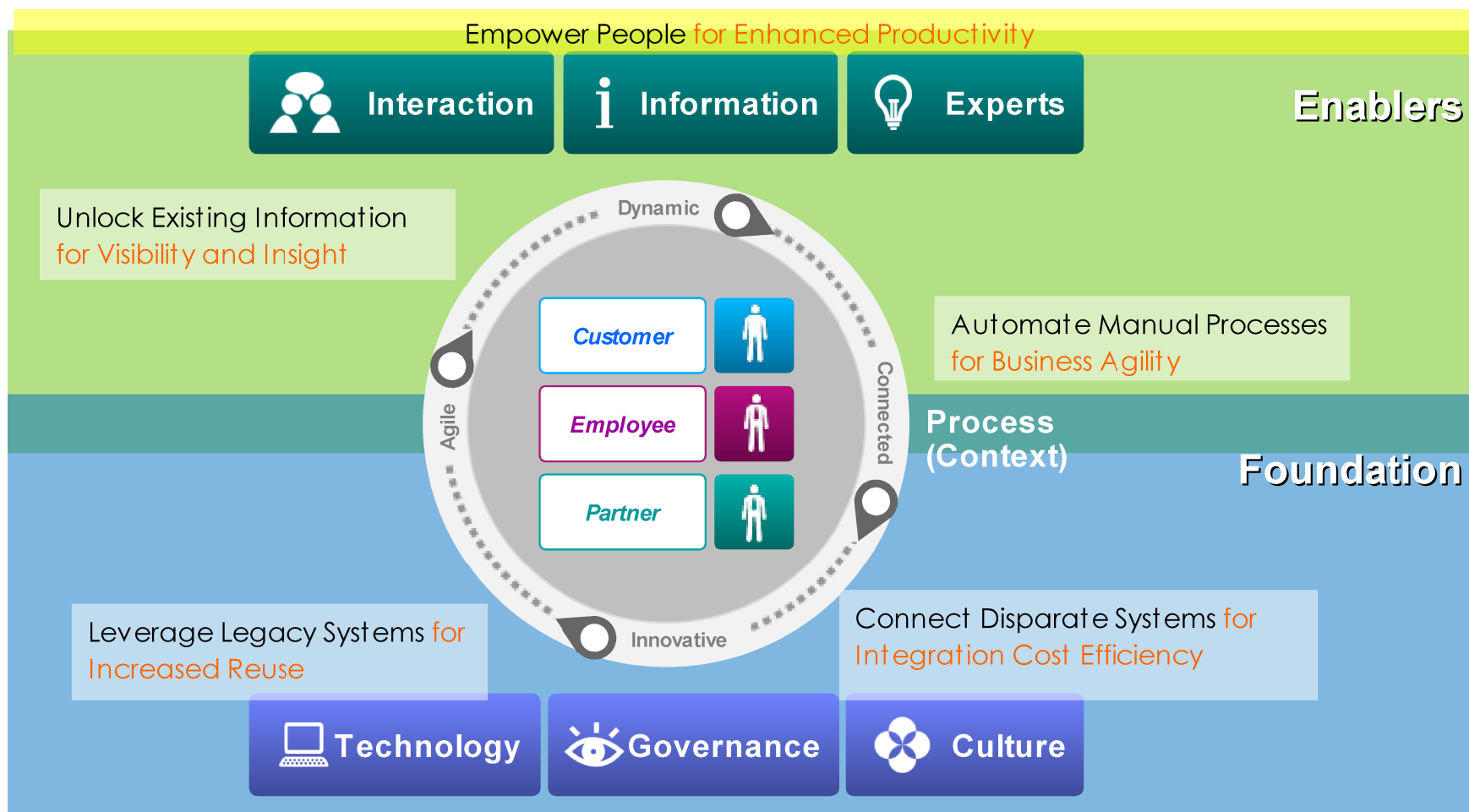
**Builds Productive Relationships**

**Fosters Innovation that Matters**

**Improves Productivity**

**Expertise-based organisations**

**Cost-effective best fit collaboration**



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Thank You...

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