



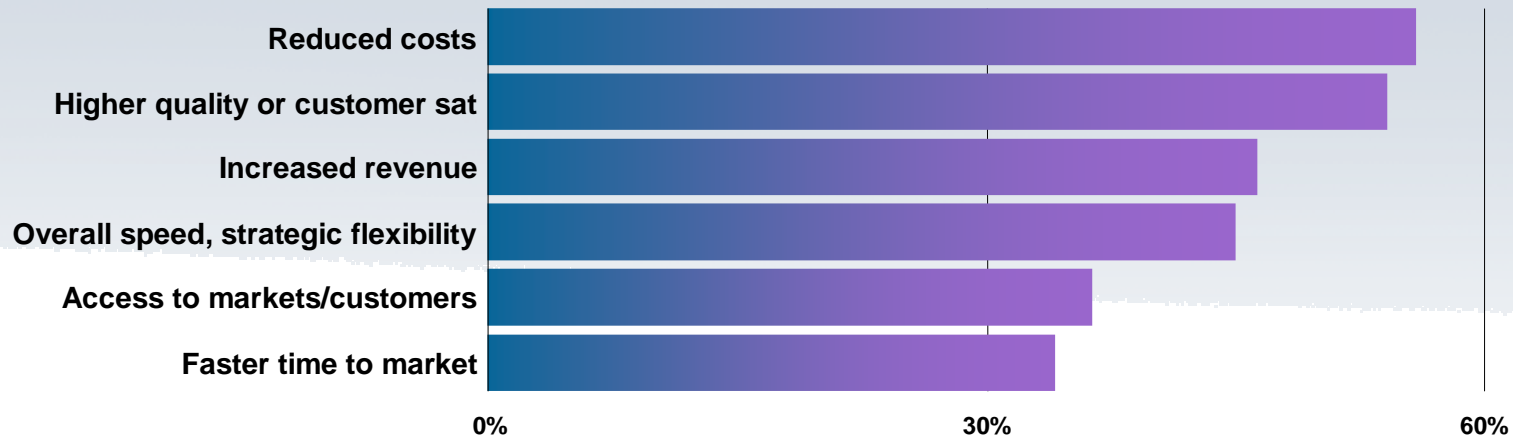
IBM SOA

Selling SOA to Your CEO



CEO Sees Benefits with Alignment of Business and IT

CEO Sees Benefits:



“Helps integration and collaboration with external parties”

“Good way to reduce costs”

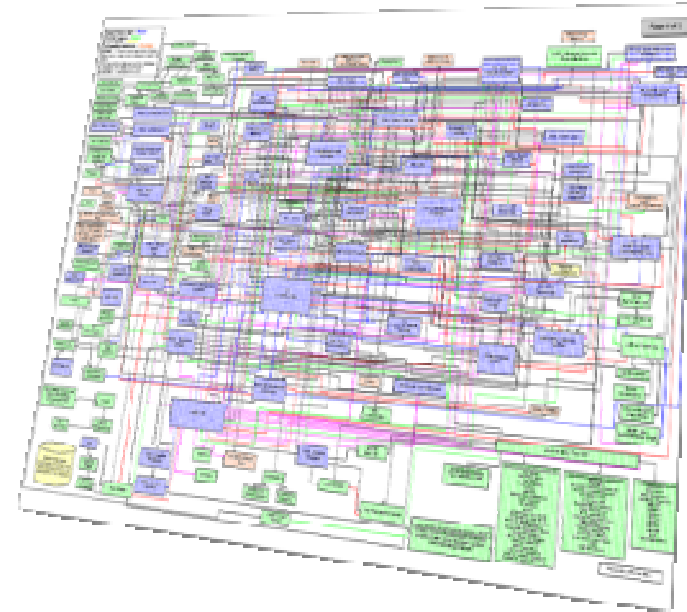
“Results in increased productivity”

“Enables daring ideas”

“Technology... its about excellence and keeping pace”

Source: 2006 IBM Global CEO Survey

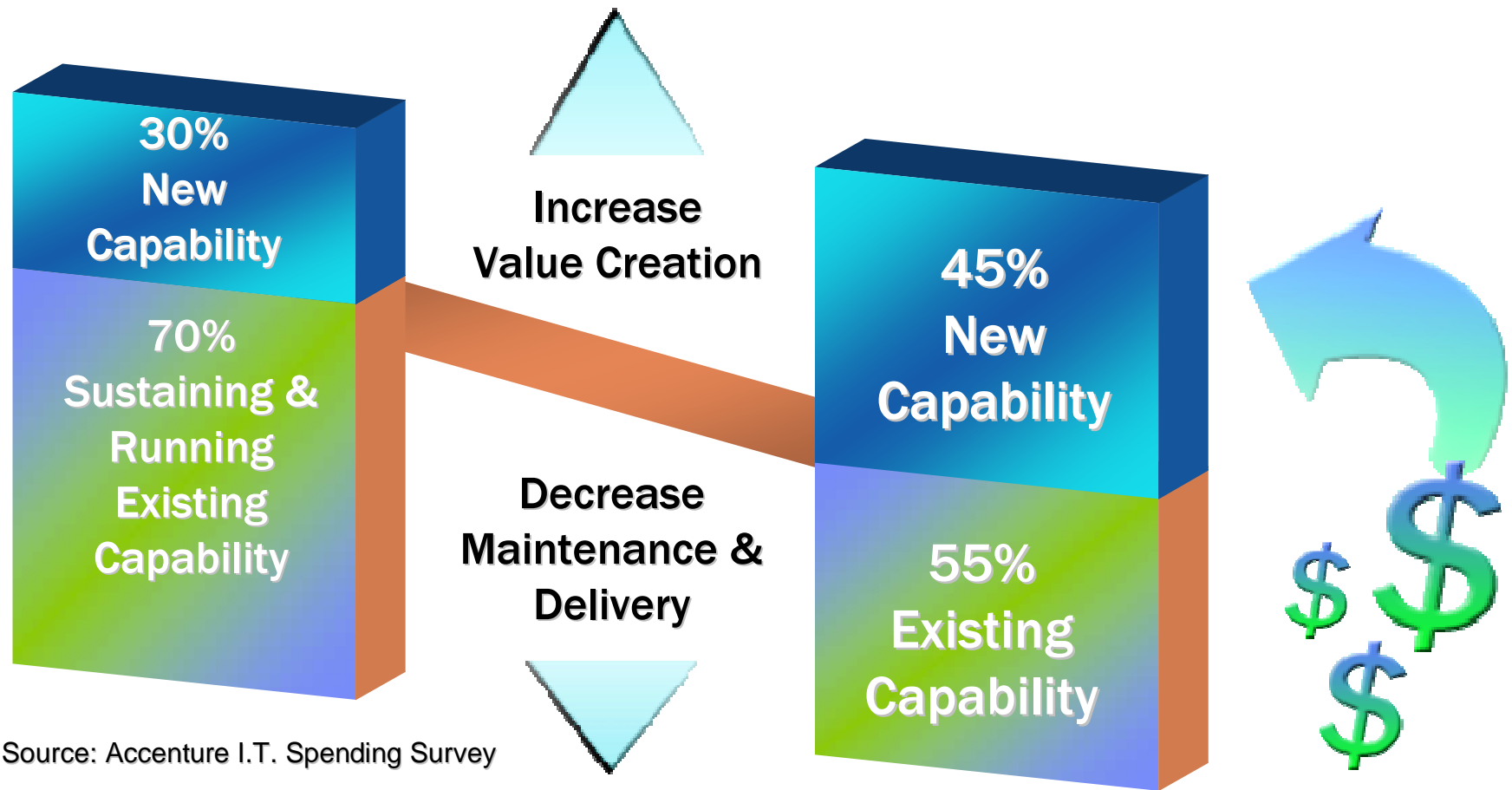
Inhibitors for Alignment with Business and IT



Differences in

- Culture
- Languages
- Priorities
- Complex Infrastructure
- No Business Architecture & Blueprint

Companies Want IT to Deliver More Business Value



SOA Improves Business Agility

By Providing a More Flexible Infrastructure

With SOA, IT is flexible and responsive to business needs



Without SOA, IT can't keep up with fast changing requirements of customers, partners, and competition



Which approach enables innovation?

**Business
Flexibility**

5

SOA Aligns Business and IT

By Aligning IT to Business, Flexibility Can More Readily Be Achieved

With SOA, enhanced collaboration and business flexibility



Without SOA, continued friction and limited success



**Better
Alignment**

4

Which approach is best at enabling business flexibility and agility?

SOA Helps Businesses Lower Costs

By Making Integration Easier

**Easier
Integration**

3

With SOA, integration is done “loosely” with modular pieces



Without SOA, integration is done with “hardwiring”



Which method do you think is easier, faster?

SOA Helps Businesses Lower Costs

By Encouraging Reuse of Assets

With SOA, new services are built flexibly by reusing assets



Without SOA, applications have to be “ripped and replaced”



**Reuse
of Assets**

2

Which makes better use of your existing assets; saves you money?

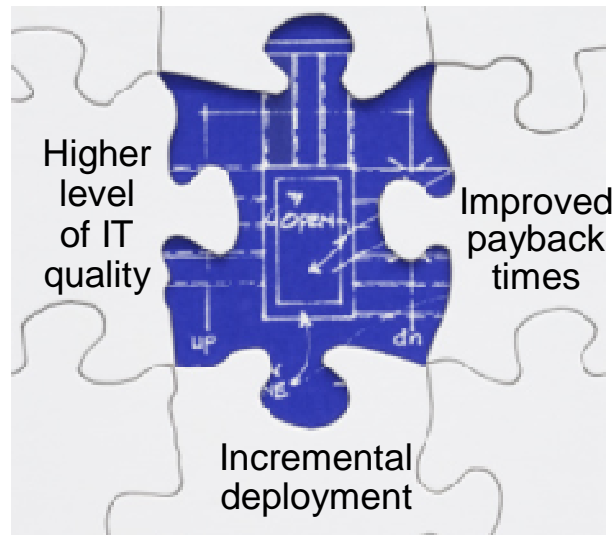
SOA Reduces Business Risk

By Providing Quality, Simplicity, and Governance

Reduced Risk



With SOA, better oversight, control and reuse



Without SOA, ad hoc, siloed and uncontrolled projects



How do you ensure success?

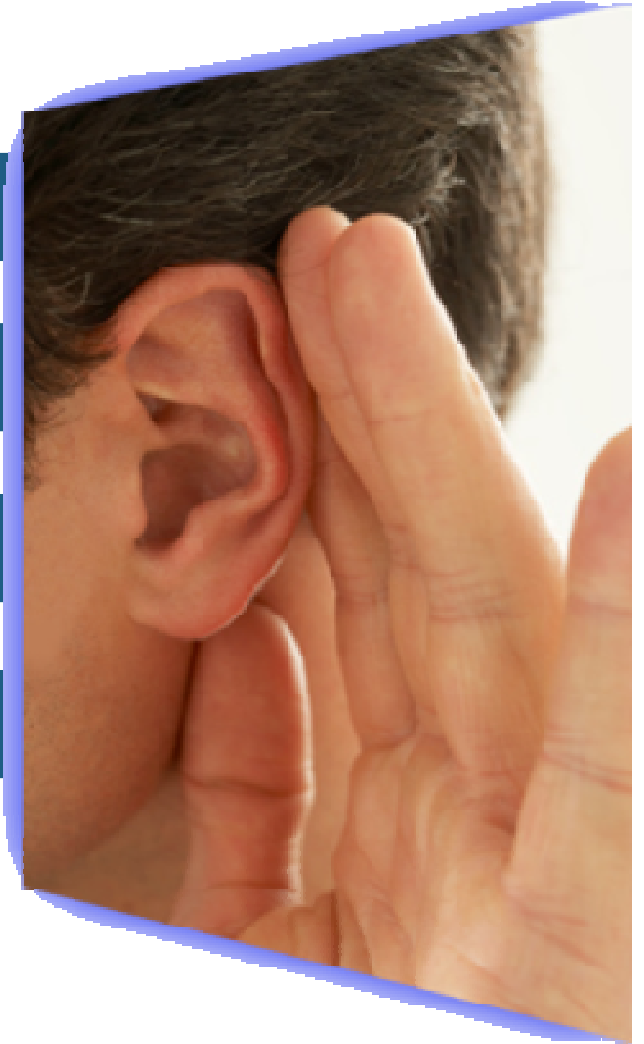
Things to Remember When Talking SOA to Your CEO

Don't Call It SOA

Pick Projects with Tangible Benefits

Build a Value Focused Business Case

Reference Third Party Validation



Don't Call It SOA

Explain the value and benefits in business terms that reflect the organization's goals – such as cost reduction, productivity, competitive advantage, etc. – before diving into a technical conversation



SOA Projects Have Many Faces

Financial Management
(SOX Compliance)

100,000	139,000
100,000	137,000
100,000	140,000
10,778	89,678
76,551	112,451
31,737	74,637
25,500	70,400
43,115	84,015
63,901	104,891



Marketing, Sales and Services
(Contact Center Optimization)



Supply Chain Management
(Inventory Management)

Product Lifecycle Management
(Value Chain Integration)



Human Capital Management
(Employee Self-Service)

Cardinal Health Sees Real Business Value through SOA



Traditional Approach

- 1200 hours of development
- Several components
- Multiple technologies
- Custom built
- TCO increases over time
- Reuse is harder
- Hinders future COTs

SOA Approach

- 30 hours of development
- 1 component
- Minimal custom work
- TCO reduced by more than half
- No impact on future COTs
- Reuse is simple

40X improvement

ROI and Time to Value

Pick Projects with Tangible Benefits



When selecting those small test projects, choose to integrate and automate those business processes that can have the most widespread, positive impact across the organization



Pep Boys: Value of People, Process, and Information

Business Challenge: Improve Customer Loyalty

Actions & Benefits:



Created **SOA based** store integration framework to improve business flexibility

Created **information services** to provide information real time to enhance customer services

Services based
Integration of retail & auto service front ends

Deployed to > 590 stores in less than 12 months to achieve **rapid ROI**

Reused function in existing POS system to protect investment



Online SOA Business Value Analyzer

Leverage Tools to Help you Identify Which Entry Point to Start

Provides a thorough evaluation of your goals and how to address these goals through IBM Entry Point projects



Link to Online SOA Business Value Analyzer:
www.ibm.com/soa/value

Build a Value Focused Business Case



Outline the immediate and long-term results from this strategy while avoiding discussions about specific version numbers and technical jargon



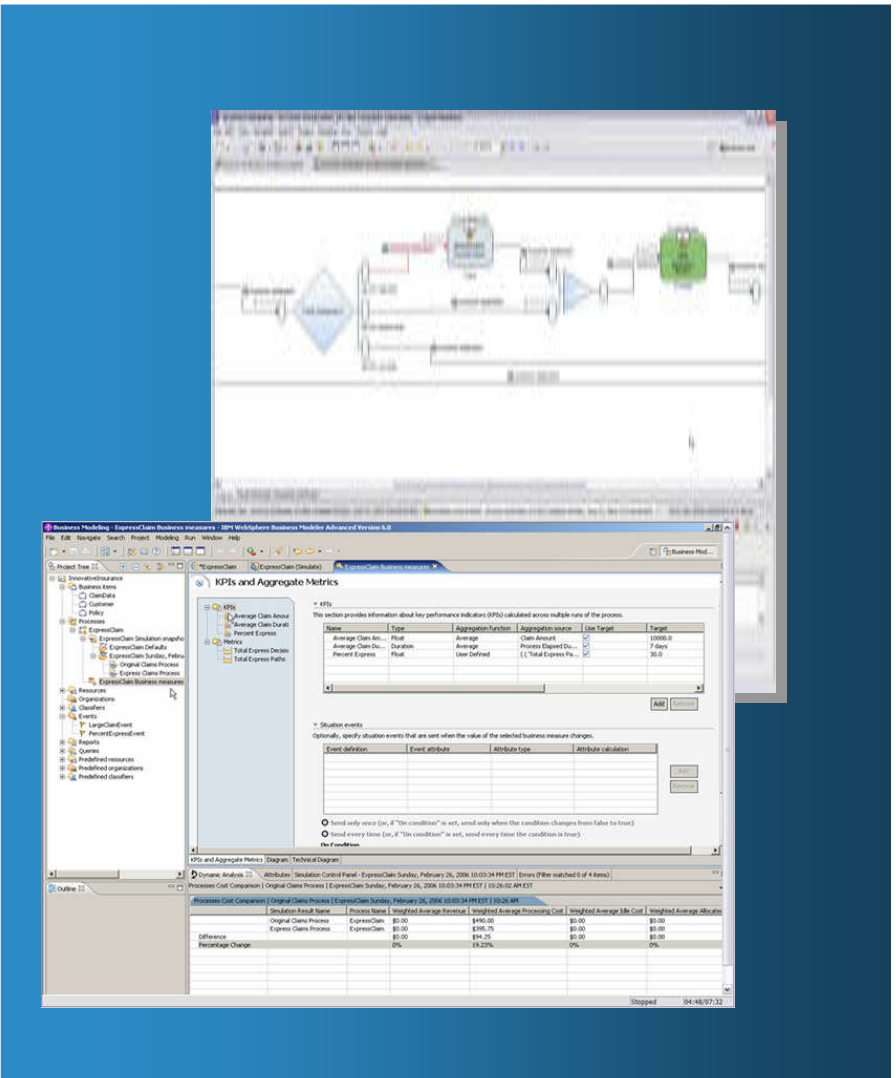
Start by Modeling and Simulating

Modeling For

- Documentation & Compliance
- Redesign & Optimization
- Execution

Simulation To

- Identify High Impact Process Changes
- Justify Process Changes
- Understand impact



The screenshot displays the IBM Business Modeler interface. The top window shows a process flow diagram with various activities and decision points. The bottom window, titled "KPIs and Aggregate Metrics", provides a detailed view of performance indicators.

KPIs and Aggregate Metrics

The action provides information about key performance indicators (KPIs) calculated across multiple runs of the process.

Name	Type	Aggregation Function	Aggregation Source	Use Target	Target
Average Claim Am...	Float	Average	Claim Amount	<input checked="" type="checkbox"/>	10000.0
Average Claim Dur...	Duration	Average	Process Expected Du...	<input checked="" type="checkbox"/>	2 days
Percent Express	Float	User Defined	{ Total Express FA...	<input checked="" type="checkbox"/>	30.0

Optionally, specify situation events that are sent when the value of the selected business measure changes.

Event definition	Event attribute	Attribute type	Attribute calculation

Send only once (or, if "On condition" is set, send only when the condition changes from false to true)

Send every time (or, if "On condition" is set, send every time the condition is true)

Per Process

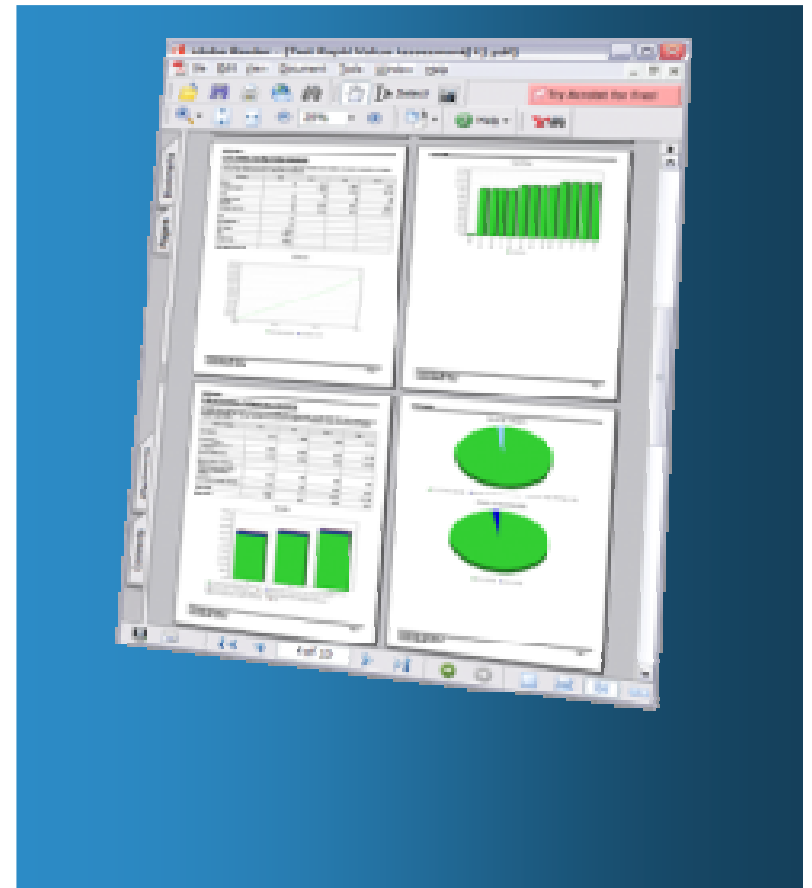
Business Cost Comparison | Original Case Process | ExpressClaim_Sunday, February 26, 2006 10:03:34 AM EST | 10:26 AM

Simulation Result Name	Process Name	Original Average Revenue	Original Average Processing Cost	Original Average Life Cost	Original Average Allocat...
Original Case Process	ExpressClaim	\$0.00	\$150.00	\$0.00	\$0.00
Express Claim Process	ExpressClaim	\$296.75	\$0.00	\$0.00	\$0.00
Influence		\$296.75	\$0.00	\$0.00	\$0.00
Percentage Change		0%	19.25%	0%	0%

Define the Value

SOA Rapid Value Assessment Tool

- ROI Tool leverages IDC/Alinean Data as a foundation
- Designed to help create value realization for your project
 - *Projected costs*
 - *Expected savings*
 - *Financial analysis*
 - *Calculated ROI*



Contact WSAC@US.IBM.COM



Input Customer Data

- Business Case Information
 - Organization Questionnaire
 - Project Selection
 - Project Portfolio
 - Benefits Summary (Selected Projects)
 - Costs Summary (Selected Projects)
 - ROI Analysis (Selected Projects)
 - Organization Financial Impact (Selected Projects)
 - Resource Summary (Selected Projects)

BUSINESS CASE PROFILE - ORGANIZATION QUESTIONNAIRE

IBM Business Value Analyst™

The IBM Business Value Analyst™ Tool and various analysis models (templates) were developed independently by leading IT and ROI tool developer and consultancy Alinean, Inc. This analysis tool and model examines current capability and maturity, costs and opportunities and quantifies potential advantages for IBM solutions to reduce current IT and business costs, improve productivity, reduce business risks, improve availability and service levels and drive business alignment and opportunities. The tool collects information about current costs and opportunities for improvement (defaulting to Alinean research when actual data is not available), then uses research from customer case studies to project potential savings and business benefits using proposed solution sets. Any and all data should be adjusted to specific company metrics, opportunities and assumptions.

For the organization, specify information about the overall company here, then in the next section select specific IBM projects to consider for cost-benefit analysis. Projects could be created for various proposed solution sets or for specific proposed projects by specific business group, data center or location.

Current Company Profile

Industry company or organization operates in

Banking

Primary geographic location

Canada

Primary site location

Metropolitan

Current annual revenue or equivalent (in millions)

\$15,000.0

Average annual expected growth in revenue or equivalent (over analysis period)

5.0%

Net incremental contribution

23.0%

Number of employees for the company or organization (in total)

54,300

Average revenue or equivalent per employee (annual revenue or equivalent / # of employees)

\$276,243

Average annual unburdened salary for employees

\$62,660

Average annual growth in the number of employees

5.0%

Salary Adjustment Factors

Average burdened salary rate

35.0%

Average salary increase per year

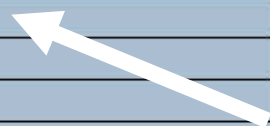
4.0%

Average hours worked per year

1,720



Benefits Summary - By Category	Year 1	Year 2	Year 3	Total
Total Benefits	\$354,644	\$1,252,680	\$1,473,309	\$3,080,633
IT Cost Reductions				
<input checked="" type="checkbox"/> Improve IT Infrastructure Management Productivity	\$354,644	\$776,670	\$924,237	\$2,055,551
<input checked="" type="checkbox"/> Reduce IT Infrastructure Expenses	\$0	\$476,010	\$549,072	\$1,025,082
Total IT Cost Reductions	\$354,644	\$1,252,680	\$1,473,309	\$3,080,633
Business Operating Efficiency				
<input type="checkbox"/> Improve Application Availability - Back Office Applications (Indirect)				
Total Business Operating Efficiency	\$0	\$0	\$0	\$0
Business Strategic Advantage				
<input type="checkbox"/> Improve Application Availability - Front Office Applications (Indirect)	\$189,560	\$395,181	\$491,698	\$1,076,439
Total Business Strategic Advantage	\$0	\$0	\$0	\$0
Direct Benefits	\$354,644	\$1,252,680	\$1,473,309	\$3,080,633
Indirect Benefits	\$0	\$0	\$0	\$0

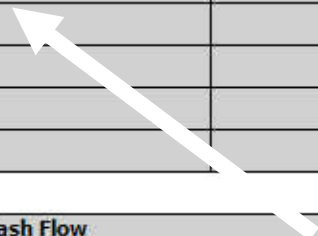


Summary of potential benefits

Benefits	Benefits By Category	Direct vs Indirect Benefits	Top Benefits	Benefits By Goal	Benefits By Stakeholder	Benefits by Organizational Impact
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ROI Analysis	Initial	Year 1	Year 2	Year 3
Benefits	\$0	\$354,644	\$1,252,680	\$1,473,309
Cumulative Benefits		\$354,644	\$1,607,323	\$3,080,632
Costs	\$363,600	\$192,960	\$64,320	\$64,320
Cumulative Costs	\$363,600	\$556,560	\$620,880	\$685,200
Cash Flow	(\$363,600)	\$161,684	\$1,188,360	\$1,408,989
Cumulative Cash Flow	(\$363,600)	(\$201,916)	\$986,443	\$2,395,432
ROI	350%			
Risk Adjusted ROI	260%			
NPV Savings	\$1,622,667			
IRR	143%			
Payback period (including deployment period)	13 month(s)			
Risk Adjusted Discount Rate	14.5%			



The last tab shows the ROI Analysis calculations



Financial Justification for WebSphere Extended Deployment

Solution Selection

IBM Business Value Analyst™ -- Web Page Dialog

Prepare a Report

Select the output type from the dropdown menu on the right and click the 'Submit' button to generate a report. For RTF or PDF output select the sections to include in the report (checkboxes).

Rich Text Format (.rtf) ▼
 Adobe PDF
 Rich Text Format (.rtf)
 PowerPoint (.ppt)

Include All	Analysis Sections
<input type="checkbox"/>	
<input checked="" type="checkbox"/>	Cover Page
<input checked="" type="checkbox"/>	Table of Contents
<input checked="" type="checkbox"/>	Executive Summary
<input checked="" type="checkbox"/>	ROI Analysis
<input checked="" type="checkbox"/>	Benefit Summary
<input checked="" type="checkbox"/>	Cost Summary
Appendix	
<input type="checkbox"/>	Questionnaire
<input type="checkbox"/>	Solution Selection
<input type="checkbox"/>	Worksheet Details
<input type="checkbox"/>	ROI Analyst Methodology
<input type="checkbox"/>	Benefit Realization
<input type="checkbox"/>	Key Metrics
<input type="checkbox"/>	Display All Sections (including collapsed sections)
<input type="checkbox"/>	Display Notes

Create Report Cancel

Year	Value
Year 3	\$1,473,309
	\$3,080,632
	\$64,320
	\$685,200
	\$1,408,989
	\$2,395,432

Create a report in Word, Powerpoint, or Adobe PDF

Back Next

Helping Business to Understand Your SOA Strategy

SOA Strategy Services

Develops an SOA Strategy, Architecture, Business Case, Governance Framework, and Roadmap to guide the transformation of an organization and systems towards a service-oriented model

Intended Audience

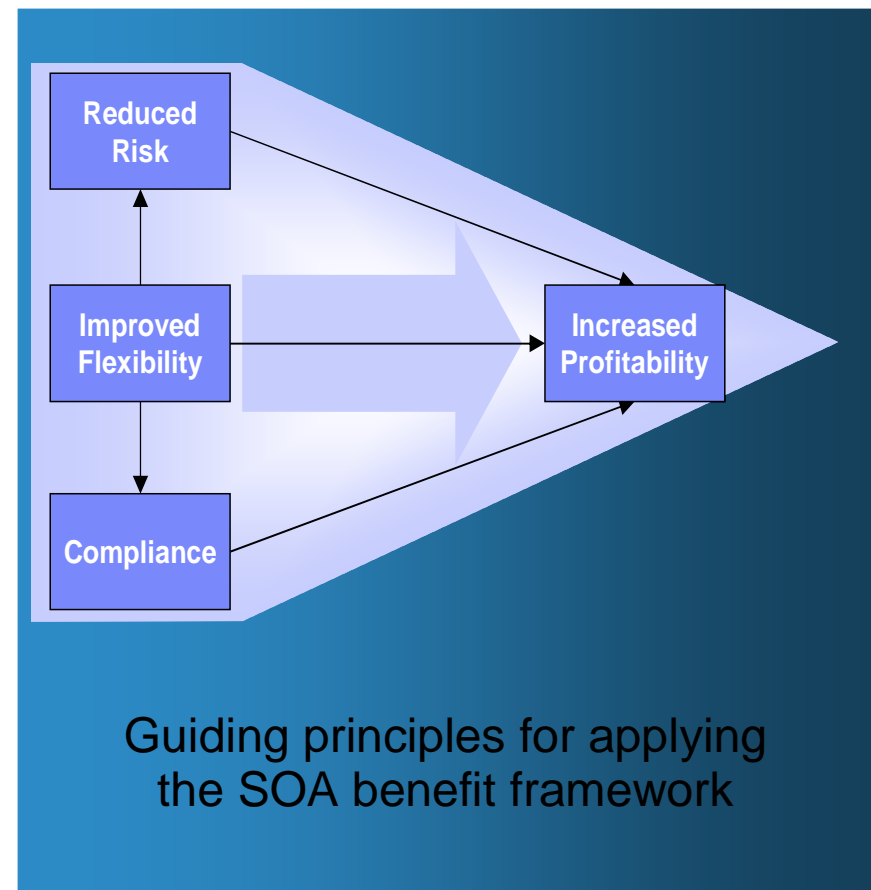
- CIOs and CxOs

Key Deliverables

- Customized Component Business Model Map
- SOA Reference Architecture
- SOA Vision and Strategy
- SOA Business Case
- SOA Governance Operating Principles & Framework
- SOA Roadmap

Average Engagement Length

- 6-12 Weeks



Reference Third Party Validation



Cite analyst data on the growth and adoption of service oriented architectures and point to relevant SOA success stories within your industry (and by your competitors)



Leverage Analyst Reports

Gartner Reports

"IBM Invests in Skills and Industry Solutions for the SOA Market"

By David Cearley, Michele Cantara, Charles Abrams,
June 1, 2007

"IBM Continues to Flesh Out Its SOA Strategy"

By David W. Cearley, Paolo Malinverno, Massimo Pezzini,
November 2006

www.Gartner.com

Forrester Reports

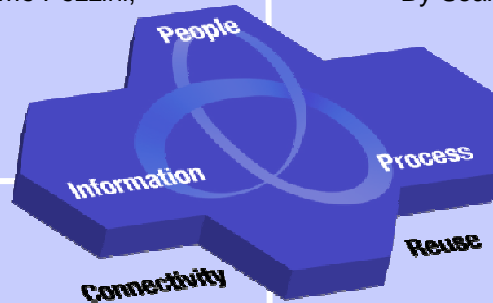
"Planned SOA Usage Grows Faster Than Actual SOA Usage: Business Data Services North America, Europe and Asia Pacific"

By Randy Heffner, February 28, 2007

"The Forrester Wave™: EMEA SOA Integration 4Q06"

By Sean Sweeney, December 2006

www.Forrester.com



Ovum Summit Reports

"Integrating IBM – Can the Sum Exceed the Value of the Parts?"

By Tom Kucharvy, January 2007

"IBM Orchestrates a Comprehensive SOA Strategy"

By Dwight Davis, July 2006

www.Ovum.com

AMR Reports

"SOA and BPM for Enterprise Applications: A Dose of Reality"

By Bill Swanton, Ian Finley, May 2007

"Global SOA Survey: Patterns in Adoption"

By Ian Finley, February 2007

www.AMR.com

Customers Continue Success via SOA Entry Points

What is it?

Value

	People	Greater productivity and flexibility through targeted user interactions for improved operations and collaboration		Compliance with new legislation & education to enabling collaboration among parents, teachers, students, administrators.
	Process	Achieve business process innovation through treating tasks as modular services		Accommodate strong growth. 25% reduction in the cost of integrating acquired companies and 30% increase in the productivity of IT staff
	Information	Provide trusted information in business context by treating it as a service		Handle 5x increase in customers and reduced order processing time.
	Reuse	Service-enable existing assets and fill portfolio gaps with new reusable services		Improved speed to market with new products. Savings of 4M pounds to date, 1M pounds a quarter.
	Connectivity	Connect systems, users, and business channels based on open standards		Significantly reduced time/cost required to integrate older applications with new SAP modules

See "Success Stories" at: www.ibm.com/soa

Act Now: Sell Your SOA Project to Your CEO!

- **Learn the new language of business**

- Read article “*Selling SOA to the CEO*”

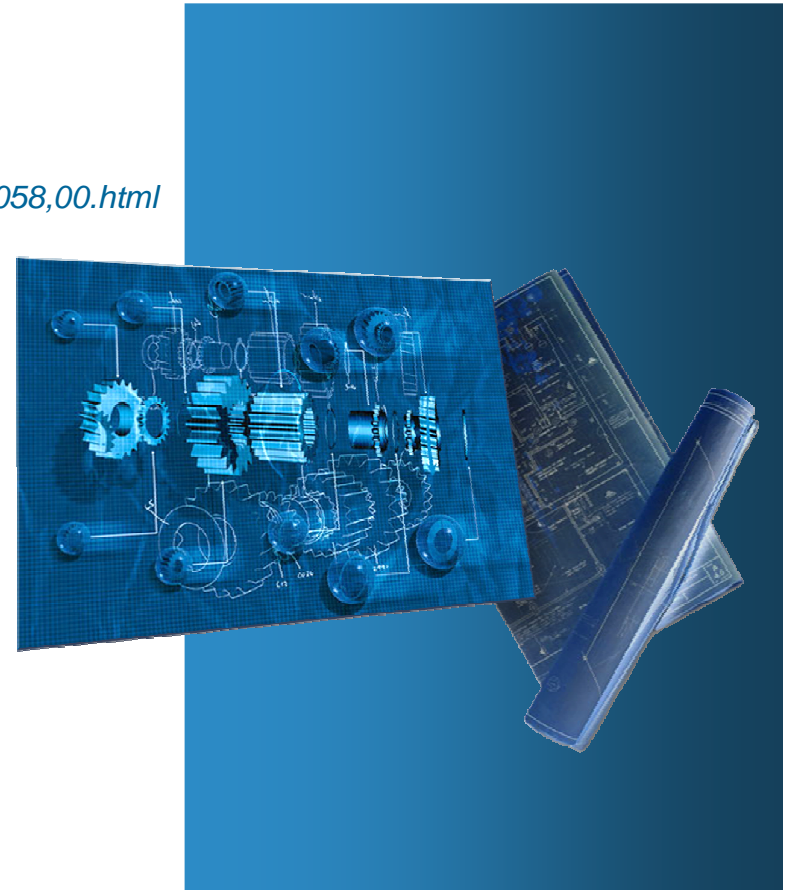
http://searchwebservices.techtarget.com/tip/0,289483,sid26_gci1240058,00.html

- **Leverage Rapid Value Assessment Tool**

- Contact WSAC@US.IBM.COM

- **Subscribe to the IBM SOA Newsletter**

- See SOA Newsletter at: www.ibm.com/soa



**Contact your IBM representatives or Business Partner for
Business Value with SOA**

Once Everyone Is a Superhero, There Will Be No Superheroes

Technology in our business is no longer a differentiator, everyone has technology.
Taking technology to the strategic level, in the Board Room and away from the tacticians, now that's what superheroes are all about. *That's what SOA does.*

Read article "Selling SOA to the CEO" at:
http://searchwebservices.techtarget.com/tip/0,289483,sid26_gci1240058,00.html

Questions?



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