Making a Business Impact with SOA

Deon Newman

WW Director of Marketing & Communications

IBM SOA

IBM

What is SOA?
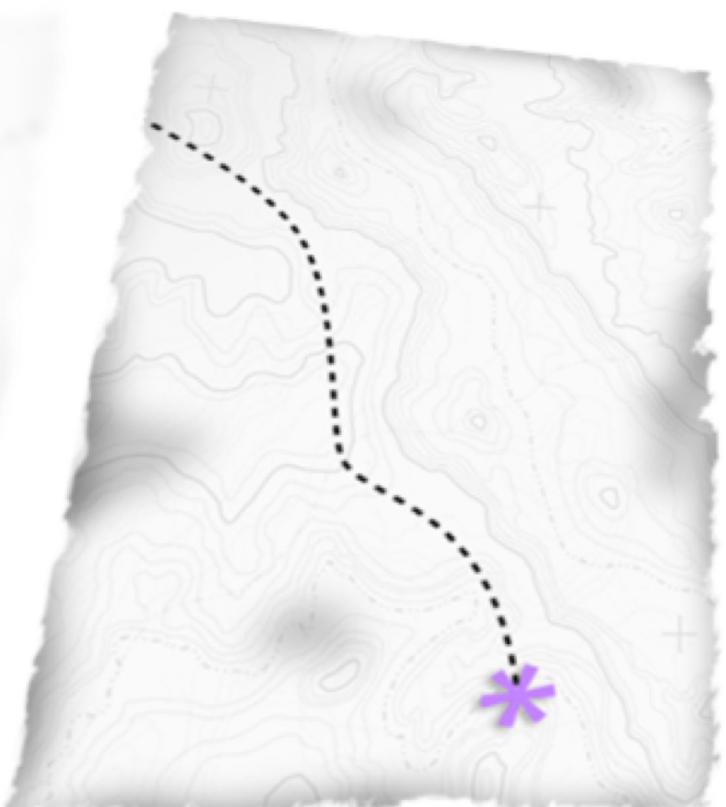
... a service?

A repeatable business task –
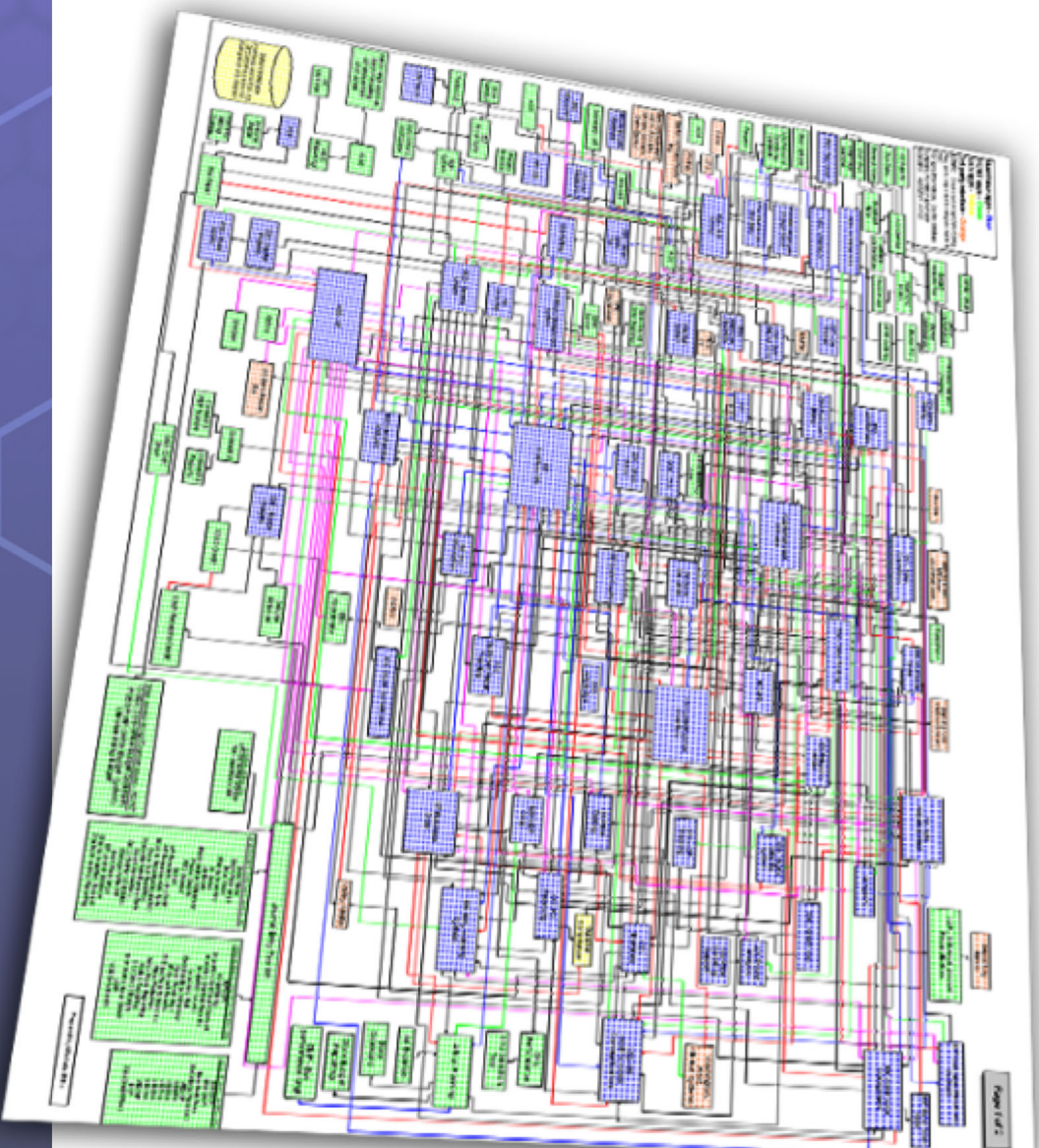e.g., check customer credit; open new account
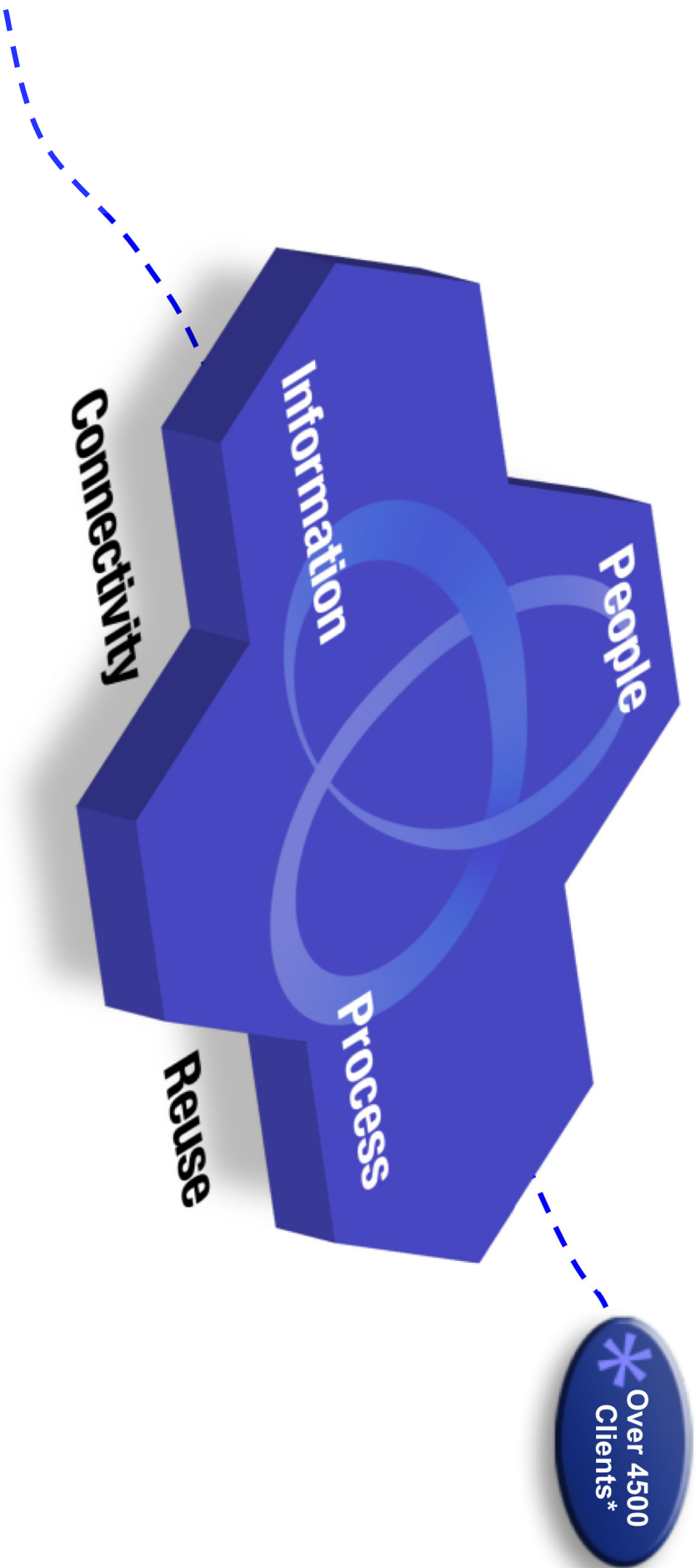
... service oriented architecture (SOA)?

An IT **architectural style** that supports integrating your business as linked services

SOA can be your treasure map to innovation

...But Does Your Treasure Map Look More Like This Today?

SOA Entry Points

Connectivity

Information

People

Process

Reuse

Over 4500 Clients*

Your Compass to Guide Your Innovation

IBM

Percentage of Leading Adopters of SOA Who Report:

Cost savings

97%

Improved flexibility

100%

Reduced risk

71%

Increased revenue

51%

Technical
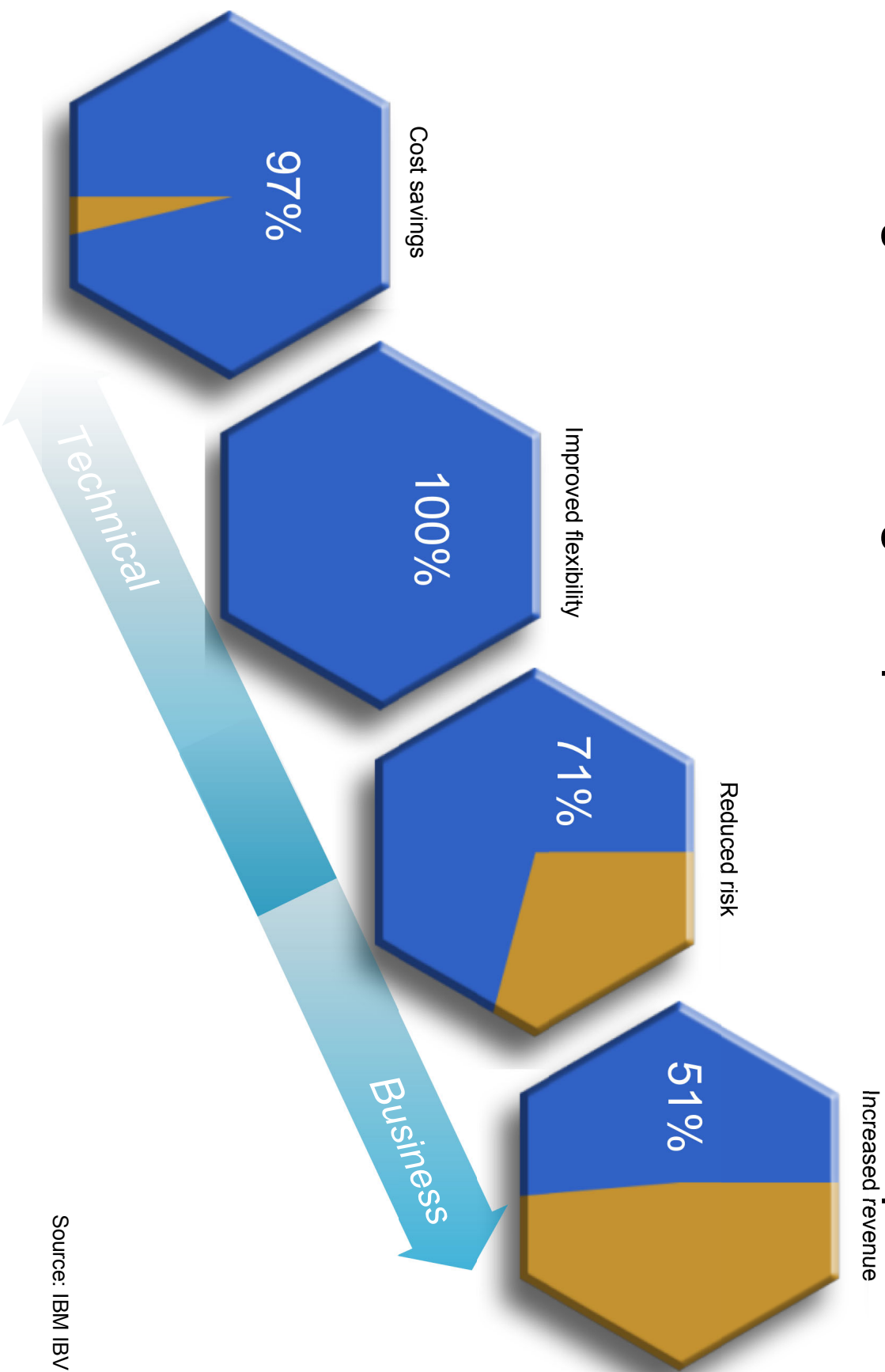
Business

Source: IBM IBV Study

SOA Drives Greater Alignment Between Business and IT

Business View

Process View

IT View

IBM
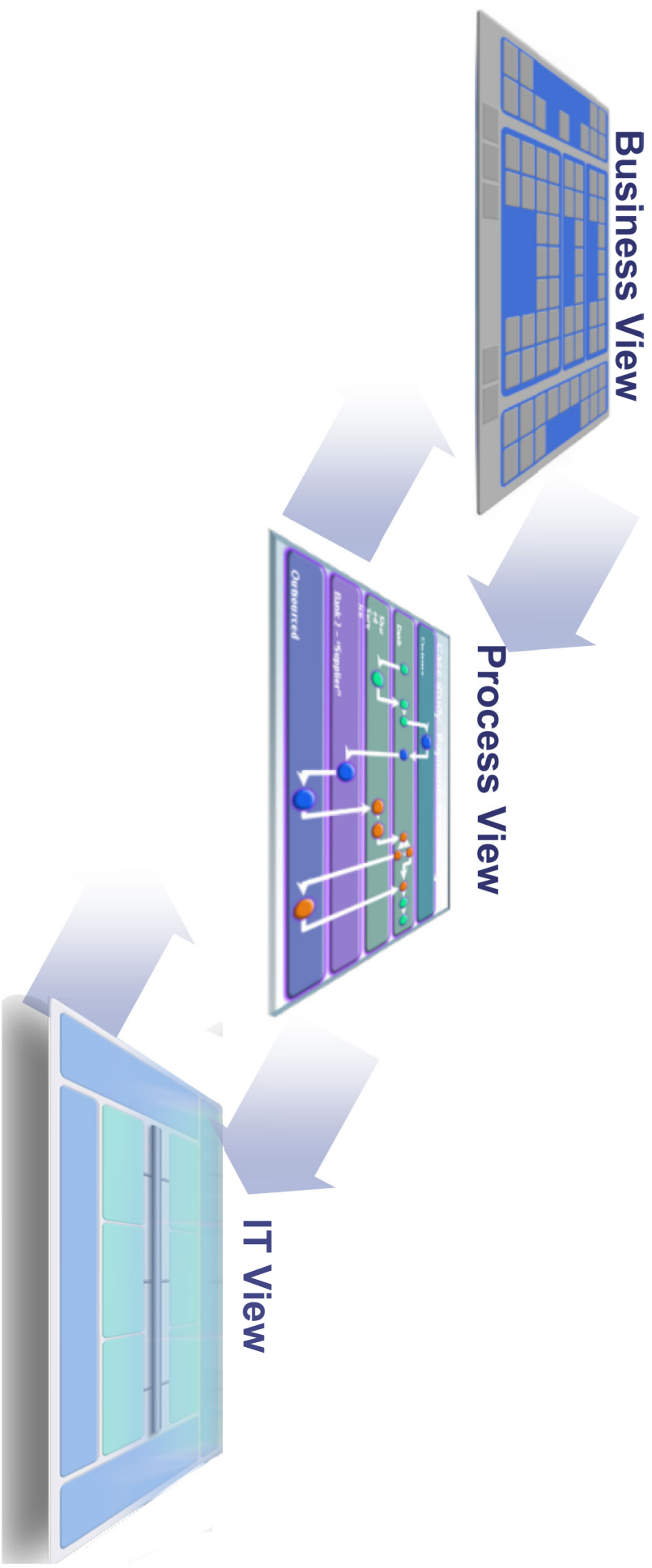
Innovation that Matters To CEOs

Top Innovation Priorities:

- Extend the ability to collaborate inside & outside

- Innovate business models & processes

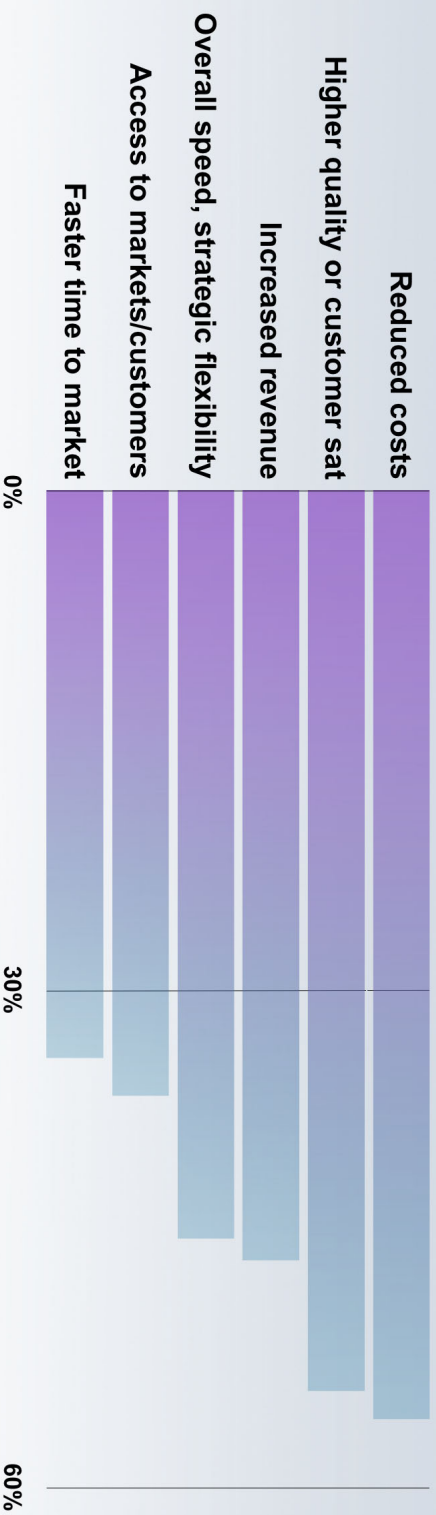- Leverage information for business optimization
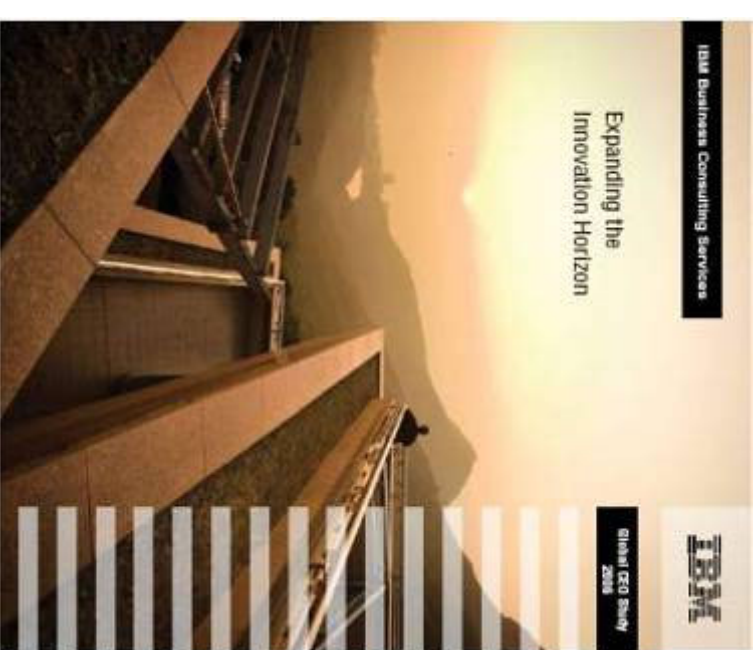
87% Expect fundamental change in next 2 years

78% Believe innovation requires business and technology

IBM Business Consulting Services

Expanding the
Innovation Horizon

Global CEO Study
2006

CEO Sees Benefits with Alignment of Business and IT

CEO Sees Benefits:

Reduced costs

Higher quality or customer sat

Increased revenue

Overall speed, strategic flexibility

Access to markets/customers

Faster time to market

0%   30%   60%

"Helps integration and collaboration with external parties"

"Results in increased productivity"

"Enables daring ideas"

"Good way to reduce costs"

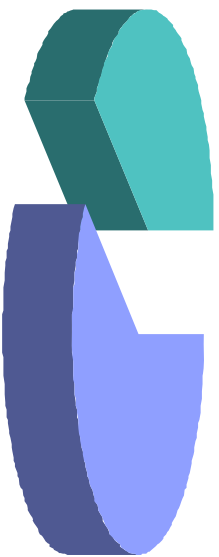*"Technology… its about excellence and keeping pace"*

Source: 2006 IBM Global CEO Survey

IBM

CEOs are Not Completely Satisfied
With IT's Roles in Providing Business Value Today Yet
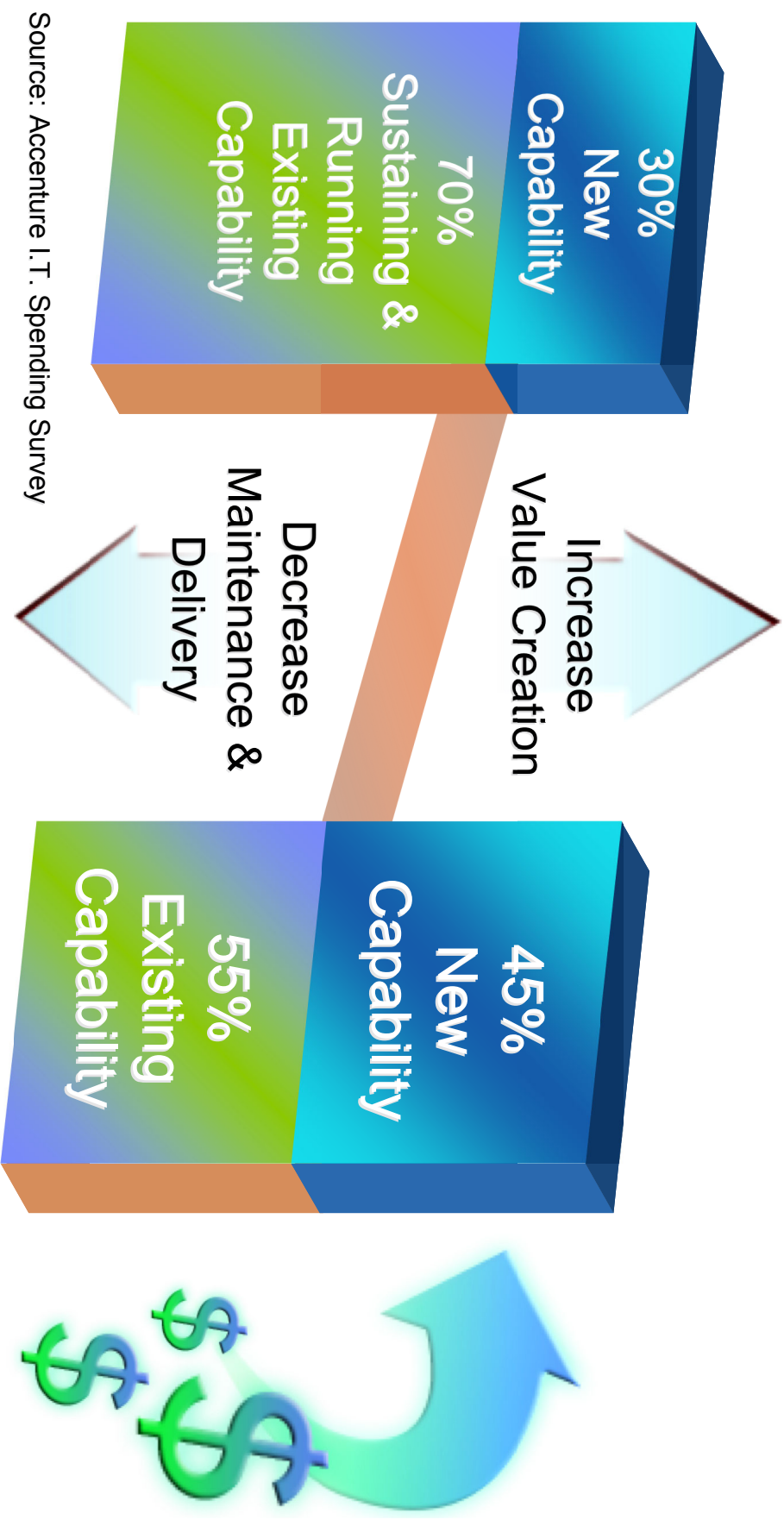
60% satisfied with the overall performance of IT

Only 28% see IT as a proactive leader in innovation

Only 30% see IT as a proactive leader in process improvement

Companies Want IT to Deliver More Business Value

30%
New
Capability

70%
Sustaining &
Running
Existing
Capability

Increase
Value Creation

Decrease
Maintenance &
Delivery

45%
New
Capability

55%
Existing
Capability
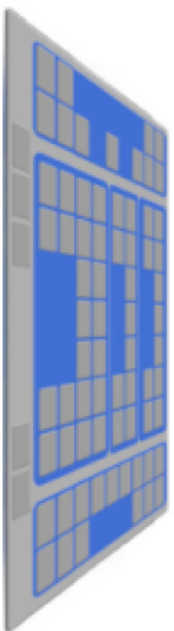
Source: Accenture I.T. Spending Survey

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IBM & SOA at Wachovia

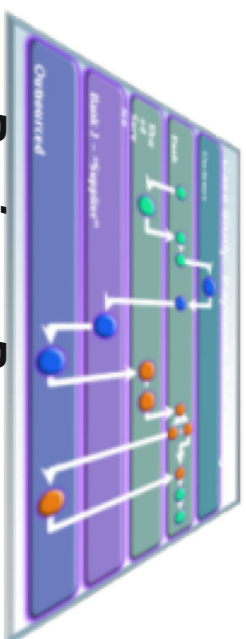Business Centric
SOA Drove
Business and
IT Success

IBM

SOA Industry Roadmaps are the bridge between the IT View and the Business View

- **Business Blueprint**

- **Composite Business Services**

- **Business Partner Content**

- **SOA Foundation**

Business Process Management
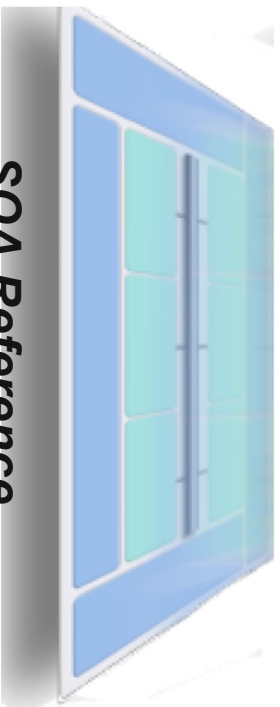
SOA Reference Architecture

SOA Industry Framework

New!

SOA Reference Architecture
Helping you design your SOA projects

Infrastructure

Development Services

Service Management

Business Services

Infrastructure Services

Enterprise Service Bus

Partner Services

Interaction Services

Business App Services

Process Services

Access Services

Information Services
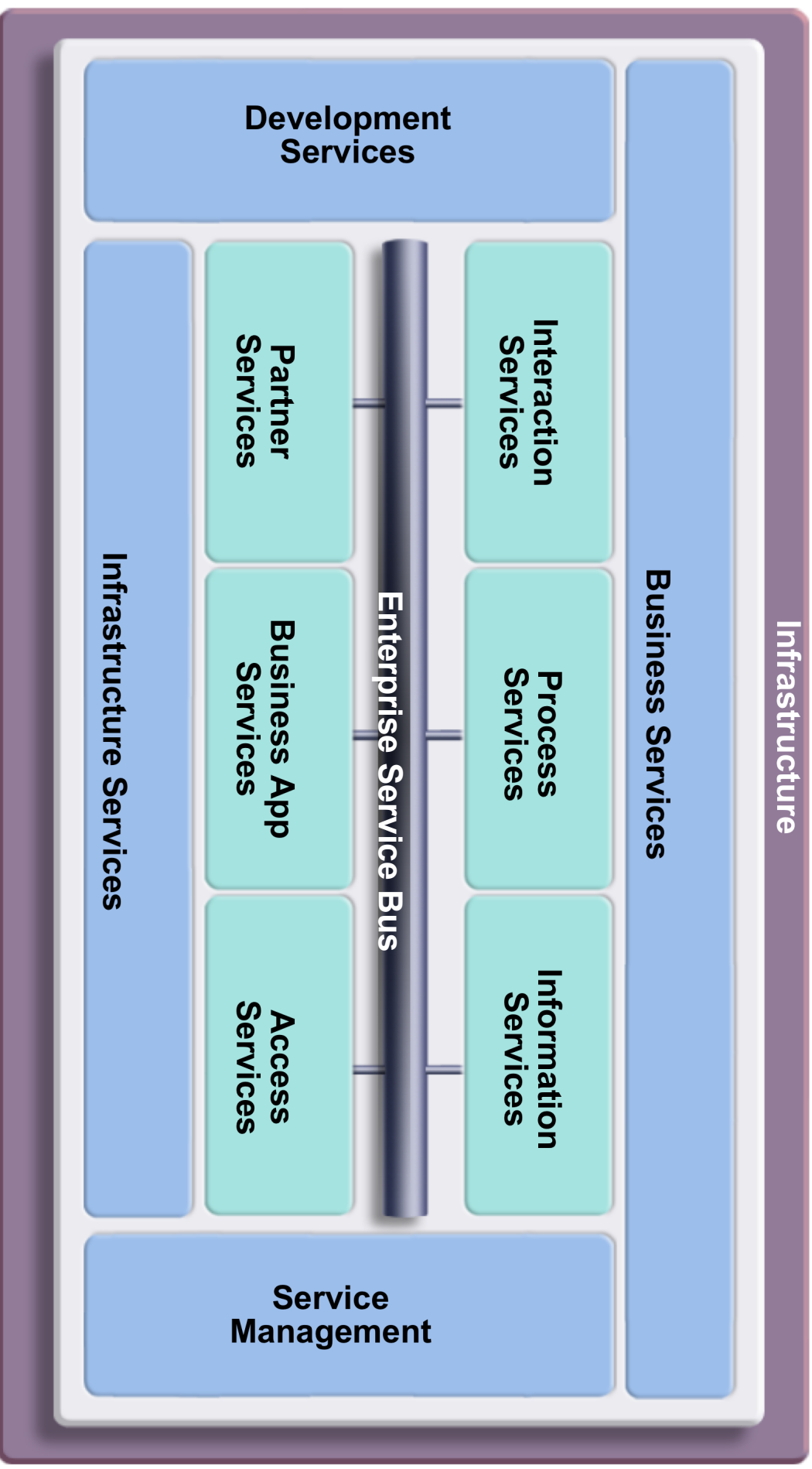
SOA Improves Business Agility
By Providing a More Flexible Infrastructure

Business Flexibility

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
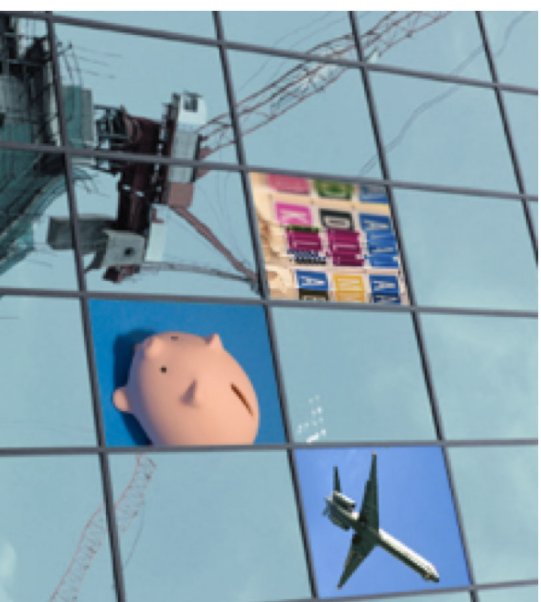

Which approach enables innovation?

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SOA Aligns Business and IT

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

Better Alignment

With SOA, enhanced collaboration and business flexibility

Without SOA, continued friction and limited success

Which approach is best at enabling business flexibility and agility?

SOA Helps Businesses Lower Costs
By Making Integration Easier

Easier Integration

With SOA, integration is done "loosely" with modular pieces

Without SOA, integration is done with "hardwiring"

Which method do you think is easier, faster?

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SOA Helps Businesses Lower Costs
By Encouraging Reuse of Assets

Reuse of Assets

With SOA, new services are built flexibly by reusing assets

Without SOA, applications have to be "ripped and replaced"

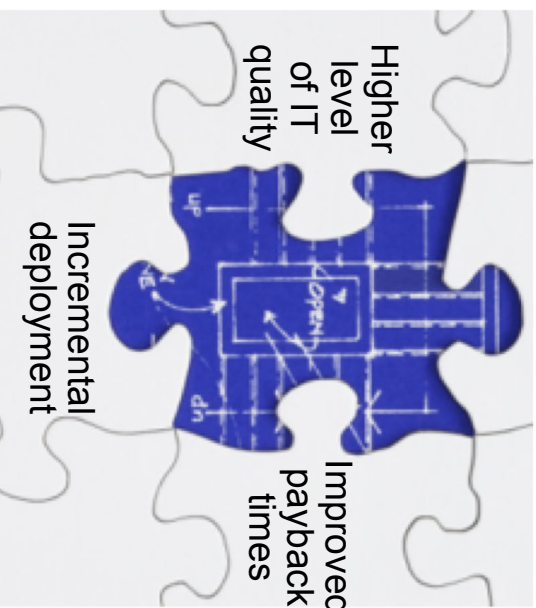*Which makes better use of your existing assets; saves you money?*

SOA Reduces Business Risk
By Providing Quality, Simplicity, and Governance

Reduced Risk

With SOA, better oversight, control and reuse

Higher level of IT quality

Incremental deployment

Improved payback times

Without SOA, ad hoc, siloed and uncontrolled projects

How do you ensure success?

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Value drivers of a service-oriented architecture

REVENUE →
- Create new routes to market, new value from existing systems

FLEXIBILITY →
- Develop flexible business models enabled by increased granularity of processes ("services")

SPEED →
- Combine and reuse pre-built service components for rapid application development and deployment in response to market change

EFFICIENCY →
- Integrate historically separate systems, facilitate mergers and acquisitions of enterprises
- Reduce cycle times and costs for external business partners by moving from manual to automated transactions

SERVICE →
- Offer new services to customers without having to worry about the underlying IT infrastructure

COST ←
- Eliminate duplicate systems (**reuse**), build once and leverage

RISK ←
- Improve visibility into business operations

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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

Understanding the value of key SOA Attributes
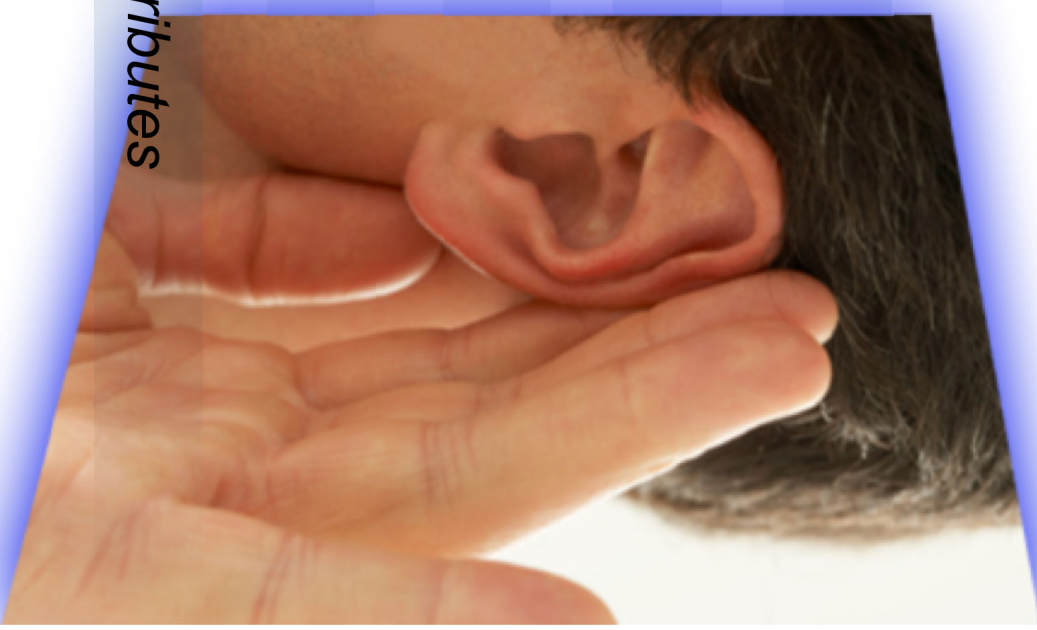
Don't Call It SOA

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)

**Product Lifecycle
Management**
*(Value Chain
Integration)*

**Marketing, Sales
and Services**
*(Contact Center
Optimization)*

**Supply Chain
Management**
*(Inventory
Management)*

**Human Capital
Management**
(Employee Self-Service)

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

**Services based
Integration of**
retail & auto
service front
ends

Reused function in
existing POS system
to protect investment

Created **information
services** to provide
information real time to
enhance customer
services
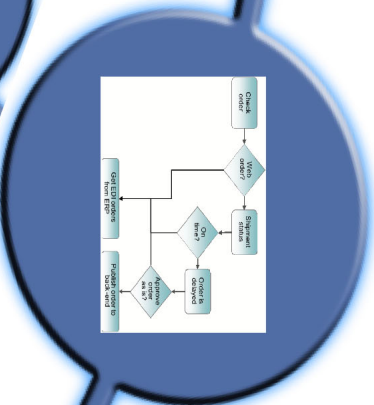
Deployed to > 590
stores in less than 12
months to achieve
rapid ROI

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PEP BOYS AUTO
Parts, Service and So Much More

24

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

CardinalHealth

IBM

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
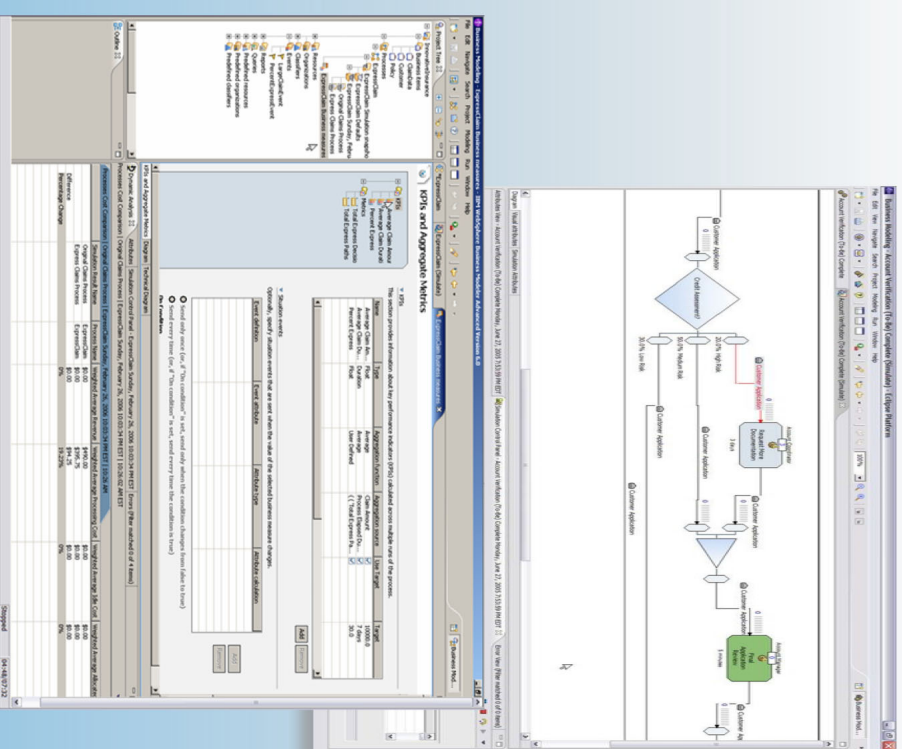
Define the Value

Use available services and tooling to help drive the business case

- 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*
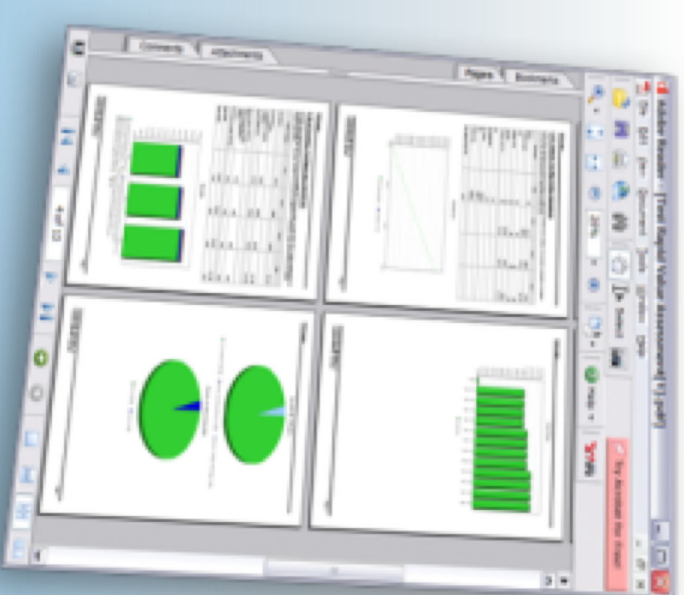
Reference Third Party Validation

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

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

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

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

Connectivity · Information · People · Process · Reuse

Understand the Key attributes and their value

Know the impact of each SOA attribute and its value to the organization, to secure the buy-in of your business executives and provide the return you expect.

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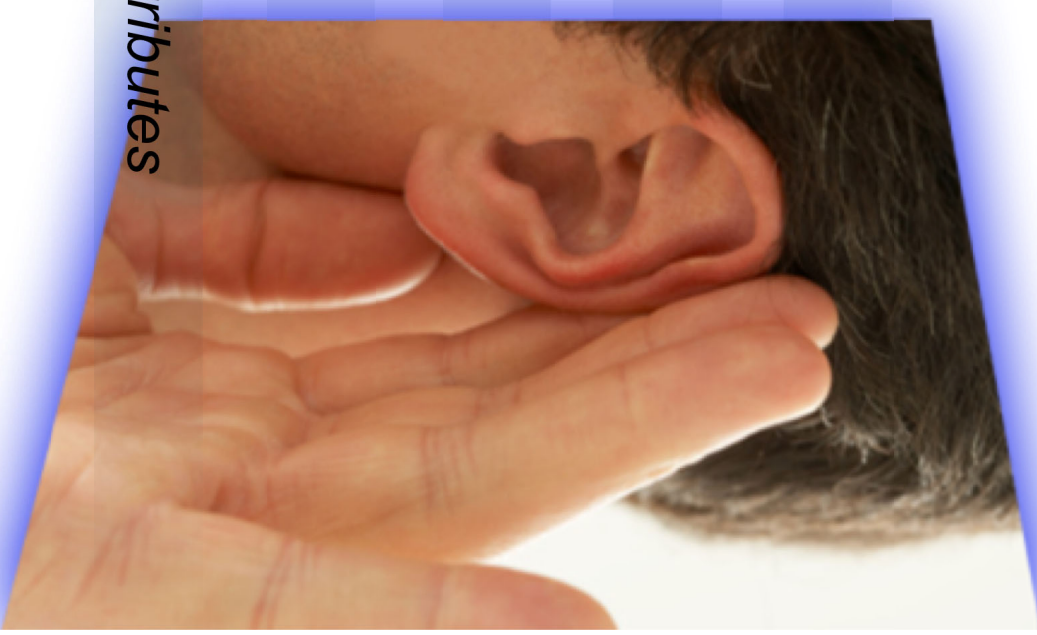
Personal Impact: SOA Drives IT and Business Alignment through CIOs

CIO is Part of the Executive Committee:

WITH SOA

74%

WITHOUT SOA

59%

Average Compensation of CIOs

WITH SOA

$250,000

WITHOUT SOA

$159,000

Budgets as a % of revenue

WITH SOA

8.9%

WITHOUT SOA

5.8%
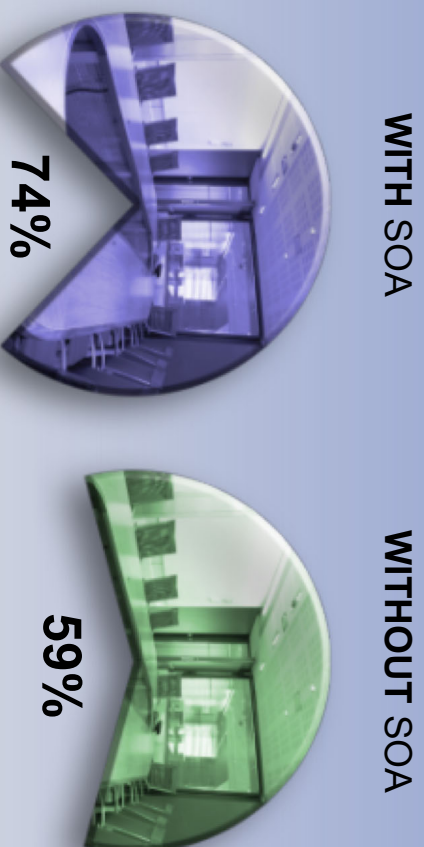
CIOs who pursue SOA have a seat at the business leadership table

Enabling Business Flexibility

SOA Entry Points

Business Centric SOA

Getting started with SOA with positive business impact (via people, process, information)

SOA Reuse & Connectivity

Connecting applications, systems

Business Process Management Enabled by SOA

Improving inefficient or ineffective business processes

SOA Governance & Service Lifecycle Management

Mature processes and tools for developing, maintaining services

IT Security, Infrastructure & Management

Flexible deployment and management of operational services

Act Now: Sell Your SOA Project to Your CEO!

- **Make the most of your time today**

- **Learn how other organisations have approached SOA and how it can benefit yours**

- **Leverage the expertise and tools available to you from IBM and its Business Partners**

- **Enjoy the day, ask questions and give us your feedback**

- **Key items available to you via our website - www.ibm.com/uk/constantchange :**
  - Read article - *"Selling SOA to the CEO"*
    http://searchwebservices.techtarget.com/tip/0,289483,sid26_gci1240058,00.html
  - IBM Institute of Business Value Study – "SOA, A Practical Guide to measuring return on that investment"

thank you

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Questions?

IBM SOA

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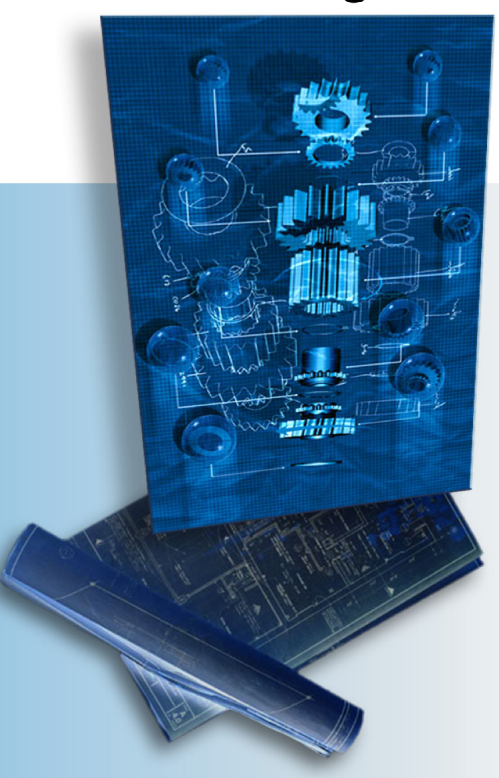
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