



Synchronize the Value Chain

A Vanson Bourne survey commissioned by IBM

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Summary of key findings

The need for integration

Customers are now more demanding than ever before, with increased access to technology - and therefore information - this undoubtedly puts a strain on enterprises.

Because of customers' unlimited access to information, enterprises need to find a way of serving these customers flawlessly, while keeping up with their changing demands. The most effective way for organizations to do so, is to increase the levels of integration and collaboration with their supply chain.

The value of integration

It has been well established that enterprise organizations view the process of integrating their value chain as a complicated and difficult exercise.

However, one thing that all enterprises will need additional assistance with, particularly in the current economic climate, is their ability to serve and retain customers - and by default - improve their financial performance. Therefore, these enterprises need additional clarity around how effective value chain synchronization can increase that performance. Integration is no longer enough.

In order for an enterprise to reach its full potential, it must understand the importance of the business community, be able to collaborate with everyone involved, and most crucially, 'synchronize' the value chain.

Current areas of concern

In the future, all but 7% of organizations plan to reposition themselves in relation to their business community – most commonly

becoming more like hubs or hybrids. However, only three in ten organizations are *fully integrated* with their business community presently.

Further to this, only 24% of organizations say their *collaboration* with their business community is very effective. Despite both these figures being alarmingly low, 99% of organizations consider their business community at least somewhat critical to their organization's overall success.

There are a number of concerns and questions around this; if the business community is so essential for an organization to succeed, why are higher levels of integration or collaboration not evident? There is evidence here to support the contention that while business community integration is a corporate desire, the facility is somewhat harder to deliver within a complicated supplier/partner/customer community structure which any large organization is likely to have.

The C-level, front line IT mismatch

There are severe disconnects between the C-level IT respondents and the front line IT managers in regards to synchronizing the value chain.

It would appear that the C-level respondents are much more optimistic when it comes to their organizations' ability to integrate and collaborate with the business community. This mismatch continues through to the organization's ability to integrate the value chain.

Alternate views

As becomes clear in the report, hybrid organizations appear the most optimized when it comes to the areas of integration and collaboration with the value chain. They are

miles ahead of the hubs and spokes in both these elements.

It could be because of the very nature of being hybrid – if an organization is both organizing its own business community as well participating in others, it is almost expected that they will be the ones who have thought about the value chain and the business community and how to get the most out of it.

Perhaps the hubs and spokes looking to reposition themselves could learn a few things from the hybrids?

A maturity model: who are the Professionals and what are they doing?

We have developed a maturity model which describes five types of organization and where they are on the journey toward successful integration. At the zenith of this model we have the Professionals.

The *Professionals* are aware of the importance of their business community, and thus by default, their value chain. As a result they have made the time and investment to ensure that they have complete end-to-end integration with all crucial aspects of their business community. They are also able to collaborate effectively, and have entirely synchronized their internal systems with the business community in order to drive business performance and success.

The *Professionals* are aware that synchronization is not a standalone process; they understand that there are three building blocks involved (the ability to connect, automate and collaborate), and that these must be in place if 'synchronization' is to be effective and successful. As a result they recognize that all aspects are essential to business success.

This recognition and understanding means the *Professionals* find integration an easy task and therefore, they are likely to have a fully 'synchronized' value chain, and enjoy all the corporate and competitive advantages that can be delivered by universal business community integration.

Introduction

Objectives

The main objective of the research was to examine the level of integration between large organizations and their business communities, and to expose any confusion or difficulties that exist when organizations try to integrate their value chain.

The research also uncovered a significant contrast between the opinions of C-level IT respondents compared to those of the front line IT managers. From the results of the questionnaire a maturity model was devised which uncovered five discrete populations. Each group is at a different stage in their synchronization journey.

Themes

There are four clear themes that run through this research piece:

- The changing picture of the business community
- The importance and impact of the value chain
- Integration and collaboration with the business community
- Drivers for improving integration

The research exposes differences across five different verticals; country, sector, organization position (hub organizations vs. spokes vs. hybrids, explained on page 7), C-level vs. IT management, and maturity level regarding integration abilities, from *Beginners* through to *Professionals*. With regards to these 'maturity groups', it was discovered during the research that virtually every organization considers their business community critical to the overall success of the business, but

crucially they don't always necessarily recognize that they are not as well integrated with them as they could (or should) be. The research has uncovered that this model maturity has the usual distribution pattern, i.e. there are very few organizations at either the '*beginners*' or the '*professionals*' end of the spectrum, instead the majority are in the center, requiring a certain level of help - this is shown in figure 4.

By awarding 'points' to a company based on the degree of integration and collaboration that exists between themselves and their value chain, the research has created five discrete groups that have disparate views across the four topics to be discussed.

What is interesting is not so much where these organizations are now in terms of community integration, but how they might move forward, and what impact this could have on their success. This is explored further on pages 5-6.

Current and future positioning of organizations in relation to their value chain

Presently, 52% of enterprise organizations believe that they not only organize their own business community, they also participate in others' (hybrids). Further to this, 37% consider themselves solely as organizers of their business community (hubs); both these groups are seen as proactive – they are in the center, taking charge.

The remaining 11% however, are more reactive; these organizations only participate as partners in others' communities and remain on the periphery of the overall business community (spokes.)

This looks set to change though. Just 7% of enterprises want to stay where they are in relation to their business community; 49% want to become more centralized, organizing their own business community and acting increasingly like hub organizations.

But how is all this movement related to the value chain?

What is the value chain? And is it important?

In order to understand what the value chain is and its purpose, we must first understand what the business community is.

The business community:

Is the complex network of partners, suppliers and customers that play a role in enabling an organization to get its products and services to market.

This business community essentially provides the external elements of the product or service and the process of adding these elements is the value chain. On average the business community of the enterprises surveyed consists of more than 600 partners, suppliers and customers which makes the integration task that much harder than if only a handful of organisations were involved.

The business community is essential to the overall success of enterprise organizations; this is proven by 87% answering that they believe their community of partners, suppliers and customers is critical to their overall success.

Importance of the business community

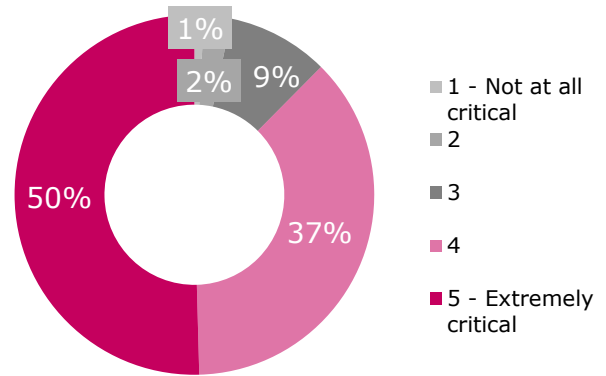


Figure 1: How important is your business community of partners, suppliers, and customers to your company's overall success?

Integration and collaboration with the business community

Evidently, the vast majority perceive their business community to be essential to their success; yet only 30% of organizations consider themselves fully integrated with all the members of the business community that they need to be, leaving seven in ten stating it is still a work in progress.

Current levels of integration

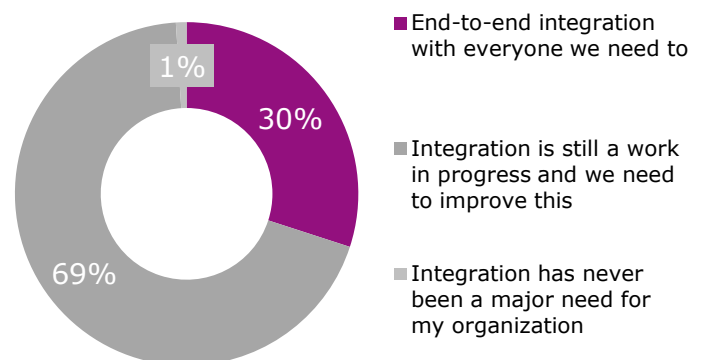


Figure 2: How would you characterize the state of your value chain today?

With regards to collaboration, it is a similar story. More than three quarters of organizations (76%) cannot collaborate with their business community in a very effective manner.

Prevalence of effective collaboration

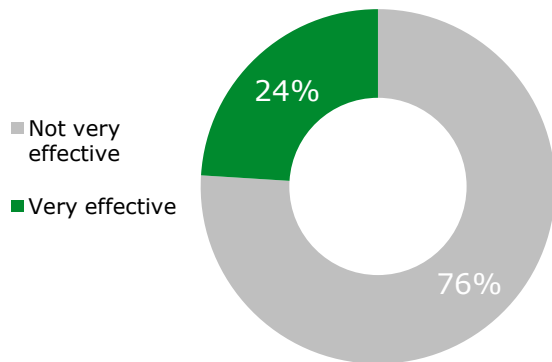


Figure 3: Please rate your company's effectiveness in collaborating with your business community

But what will drive organizations to do this?

Drivers to improve integration

The key integration driver is to deliver quantifiable improvement to the bottom line.

More than two in five respondents (44%) identify their primary driver for improving integration as increasing performance, and a further third (32%) state that reducing cost is their main incentive to improve the way they 'synchronize' their value chain.

In addition, there are potential benefits for the IT department. More than half of senior IT decision makers interviewed said that value projects such as the following would benefit their department:

- Faster resolution of business problems issues and discrepancies (54%)
- Automation of shared business processes between internal and external groups (53)%

- Improving data exchange, system integration, and accurate information sharing with the business community (52%)

Introduction to the maturity model

Using the results of the research, five different organizational types, or groups, have been identified representing the stages that an organization would move through in order to become a true professional at complete integration of the value chain.

The research unveiled such a high level of confusion that creating maturity groups affords the ability to try and use this confusion to understand where exactly organizations are having issues and what can be done to ease this.

These groups are defined as follows:

- **Beginners** – These organizations are unlikely to realize the importance of their value chain, and therefore lack integration and efficient collaboration with the majority of the value chain. There is also a high level of confusion around what 'synchronization' actually is, so synchronizing the value chain is difficult for them
- **Intermediates** – Are slightly more likely to recognize the importance of the business community and therefore of the value chain. However, they are still unlikely to be fully integrated with their business community and will almost certainly be unsure of the other elements which 'synchronization' requires
- **Advanced** – These organizations are certainly aware of the importance of the value chain and as a result are likely to be well integrated with them (although not fully) and will also be semi-efficient when it comes to collaboration. It is possible that they will understand what 'synchronization' is and while synchronizing the value chain is possible, it is not easy for this group

- **Experts** – Organizations in this group are likely to be fully integrated with their value chain and have an efficient level of collaboration with the business community. They are able to respond well to changing customer demand and consider 'synchronization' critical to their organization. The experts have a good understanding of what synchronization entails but do not yet have a fully synchronized value chain
- **Professionals** – The professionals are able to collaborate efficiently with their business community and are likely to be fully integrated within it. They will have all their internal systems 'synchronized' with the value chain and consider synchronizing the value chain to be easy, because there is no confusion around the concept

The maturity model groups

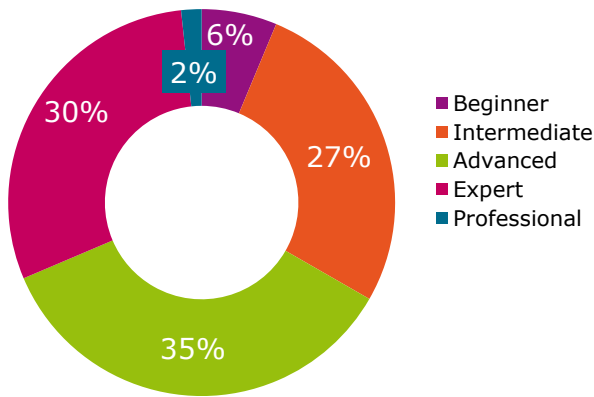


Figure 4: Maturity model populations

The changing picture of the business community

Are organizations proactive or reactive?

The majority of organizations (52%) consider themselves to be taking a hybrid approach, in that they are active both in the center, and within other organizations' communities. Almost four in ten see themselves as hubs (37%) – rooted in the center controlling their business community, and just over one in ten (11%) are exclusively based on the periphery as spokes, participating in other organizations' communities.

Organizations' positions relative to the business community

- Both an organizer of our own business community and a participant in others (hybrids)
- At the center, organizing our own business community (hubs)
- Participating as a partner in other companies' communities (spokes)

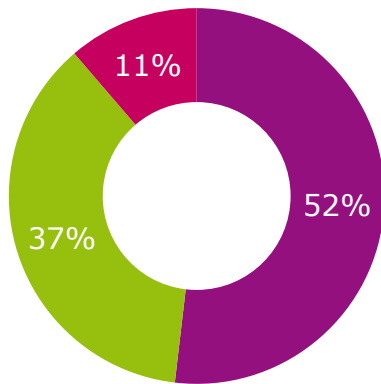


Figure 5: Which of the following best describes your company's position relative to its business community?

Therefore, it can be said that nine in ten organizations (89%) are proactive. Proactive organizations are at least partially active at the center of their business community (hubs and hybrids).

However, this changes significantly by country:

Proactive vs. reactive by country

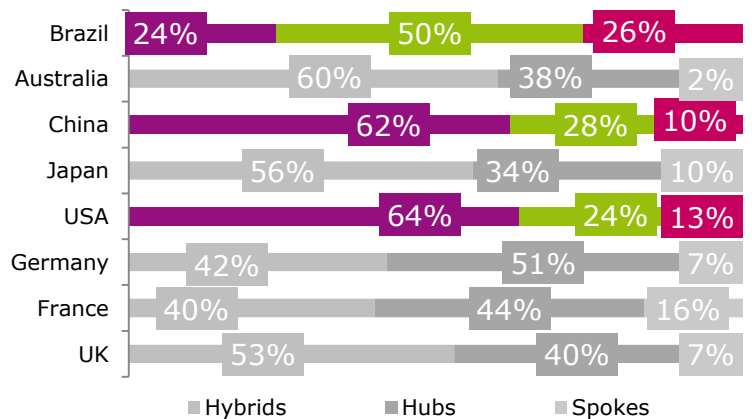


Figure 5a: Which of the following best describes your company's position relative to its business community? (Cross tabbed by: country)

The USA and China have the highest proportion of hybrid organizations (64% and 62% respectively) and Brazil, the least (24%), (figure 5a).

Organizations with differing levels of maturity are also scattered in different locations in relation to their business community.

Proactive vs. reactive by maturity level

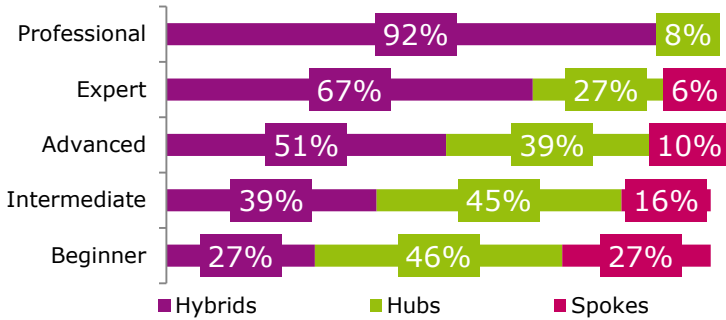


Figure 5b: Which of the following best describes your company's position relative to its business community? (Cross tabbed by: maturity level)

Figure 5b above shows that in the *Beginners* group, 27% of organizations report that they are reactive organizations, in that they are solely involved in others' business communities (spokes). Conversely, every organization in the *Professionals* group is classed as either a hub (8%) or a hybrid (92%). Overall, as the maturity level increases, the percentage of hybrids increases, and in parallel, the number of spoke organizations decreases.

But what does the future hold?

Is there a potential for change?

There is a clear desire from organizations to change their relative positions within their business communities – whether this is taking a more or less active role, 93% of respondents identify that some change is likely.

In the vast majority of cases, the potential for change is positive – in terms of increasing their position or role within their business community – whether they want to be increasingly at the center (49%) or simply more participative (40%).

Potential repositioning

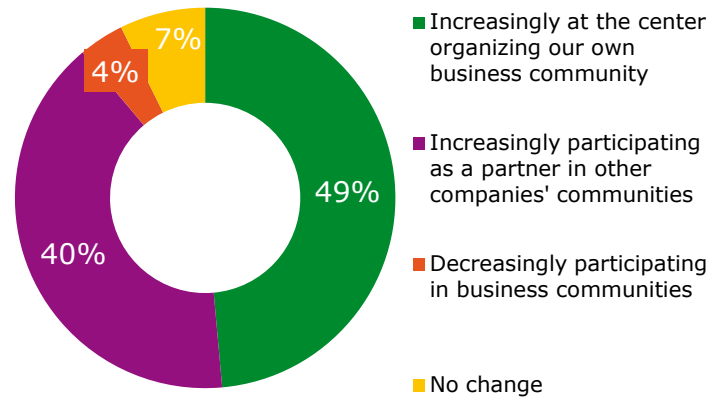


Figure 6: Where does your company want to be in the future relative to its business community?

However, the size of the organization plays a key role in the organization's potential future position:

- 55% of organizations with more than 3000 employees want to migrate toward the center and act like hubs, compared to just 41% of those with 1000-3000 employees
- 49% of those in the smaller size group want to migrate outwards and become more involved as partners – compared to just 33% in the larger size

As does country:

- China is the only country where not one organization stated a desire to decrease participating in business communities, or to not want to change
- 12% of organizations in France, Japan and Brazil are not planning a change
- 54% of organizations in Germany and Brazil plan to be increasingly involved as partners (compared to 40% on average)
- 68% of enterprises in Japan want to increase their activity in the center of their business communities

But will this result in an overall shift? Will spokes move inward and look to act more like a hub or a hybrid? Or could the opposite occur, and organizations head for the periphery?

Potential repositioning among hybrids, hubs and spokes.



Figure 6a: Where does your company want to be in the future relative to its business community? (Cross tabbed by: organization position)

Figure 6a shows that 60% of hybrid organizations will look to be more centralized in their business community in the future. Conversely, hubs are most likely to want to increasingly act as a partner in other organizations' communities and effectively, become more hybrid (45%). Spoke organizations are the least likely to want to move toward the core of the business community (just 17% plan to do so) in fact - 22% predict no change, 15% want to decrease their activity in business communities all together, and 47% want to increase their activity in other business's communities.

As figure 6b illustrates as the maturity level increases, so does the proportion of organizations who which to be increasingly at the center organizing their business community.

It is interesting that almost a third of *Beginner* organizations want to remain where they are, and 11% want to decreasingly participate in business communities.

Where are differently matured organizations headed?

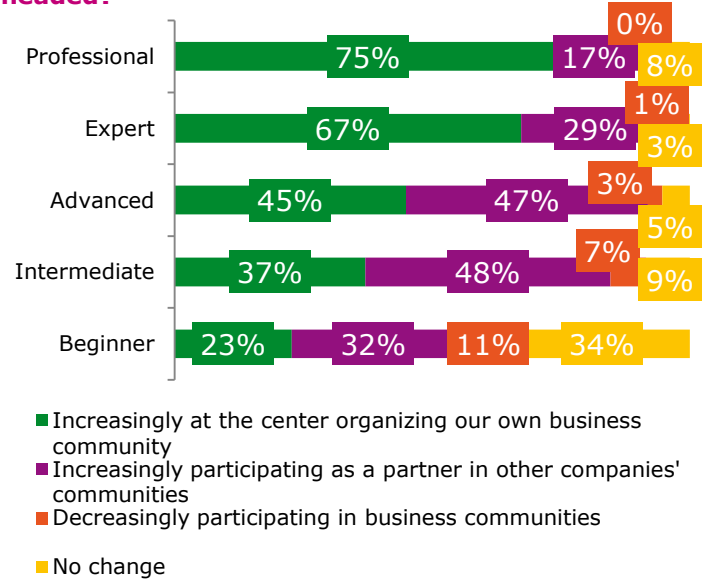


Figure 6b: Where does your company want to be in the future relative to its business community? (Cross tabbed by: maturity model)

The business community; importance and impact

The importance of the business community

It has now been established just how many organizations are hubs and spokes and where they plan to be in the future in relation to their business community. It has also been mentioned that 87% of enterprises consider their business community to be critical to their overall success.

Organizations from different countries hold their business communities in different regard.

The business community is more important in particular countries

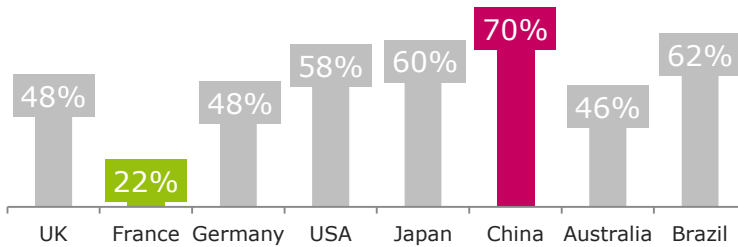


Figure 7: Those who think their business community of partners, suppliers, and customers is extremely critical to their company's overall success

Under a quarter of organizations in France (22%) consider their business community to be critical to their organizations compared to more than three times that amount in China (70%).

There are also differences across sectors; just 42% of those in the telecoms sector and 45% in the financial services sector believe their business communities are critical to their overall success, compared to 62% in the distribution, logistics and transport sector.

Arguably, the most interesting difference though, is that across differently positioned organizations.

Importance of the business community to hybrids, hubs and spokes

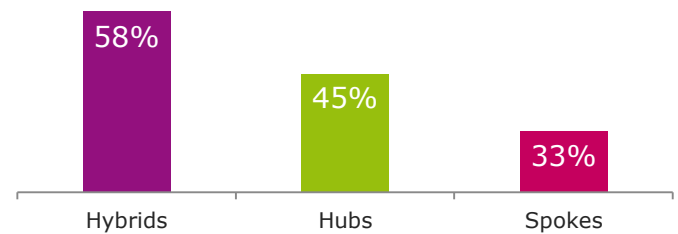


Figure 7a: Those who think their business community of partners, suppliers, and customers is extremely critical to their company's overall success?

Hybrids are much more likely than both hubs and spokes, to consider their business community critical to their organization's success. This is not a surprise as we would suggest that, being hybrids, they have numerous business communities that they participate in, and as a result, these organizations are significantly more reliant upon their various business communities.

But how does the business community affect organizations?

Impact of the business community

The business community significantly affects almost seven in ten organizations' ability to respond to changing customer demands (69%), and a further quarter (26%) experience at least some impact.

The impact of the business community

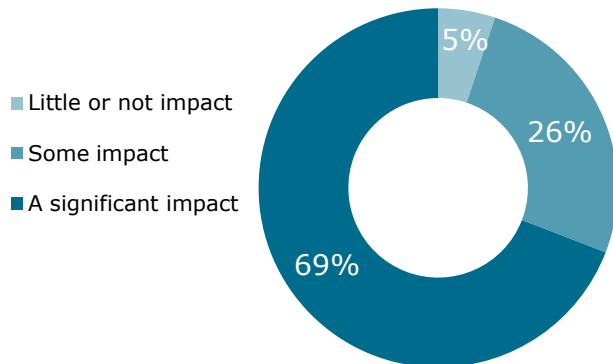


Figure 8: How much impact does your business community have on your ability to respond to changing customer demands?

In a similar way to the perceived importance of the business community, there are differences between the countries regarding the impact the business community has on organizations' abilities to respond to the changing demand of their customers.

The business community impacts countries differently

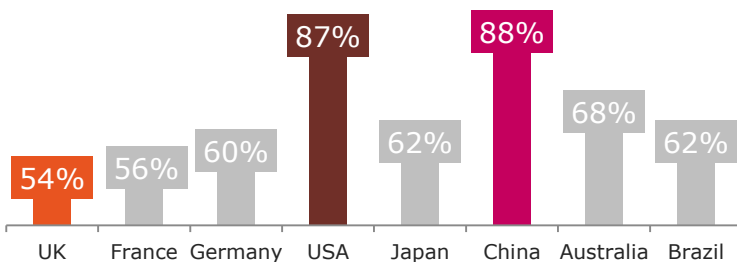


Figure 8a: Those who experience a significant impact from their business community when responding to changing customer demands

Just over half of organizations in the UK (54%) admit to their value chain having an impact on the way they can deal with changing customer demand, yet in the USA (87%) and China (88%) this figure approaches almost nine in ten (figure 8a).

There has been a trend building so far regarding organizations in China; a picture has started to form, illustrating just how these enterprises view their business community.

- Figure 4a showed that second only to the USA (64%), China has the largest percentage of hybrid organizations (62%)
- Figure 5a depicted that 70% of organizations in China consider their business community extremely critical to their organization (significantly more than any other country)
- And figure 8a portrays, again with a similar figure to the USA, that these organizations are the most likely to feel an impact from the business community

This raises the perspective that perhaps China (currently classed as an emerging market by Dow Jones) actually sees a business community in a similar way to that of a developed country, for example the USA.

But what about across the differing levels of maturity? The more mature an organization in terms of their understanding and practice of synchronization, the more they feel the business community affects the way they can respond to changing customer demands.

Changing customer demands impact the most mature organizations more significantly

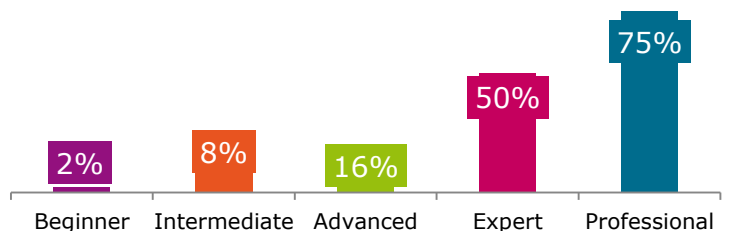


Figure 8b: Those who experience a significant impact from their business community when responding to changing customer demands

So, the business community clearly impacts an organization's ability to respond to changing customer demands, but can organizations do this efficiently?

Fewer than a quarter of enterprises can efficiently respond to changing customer demand

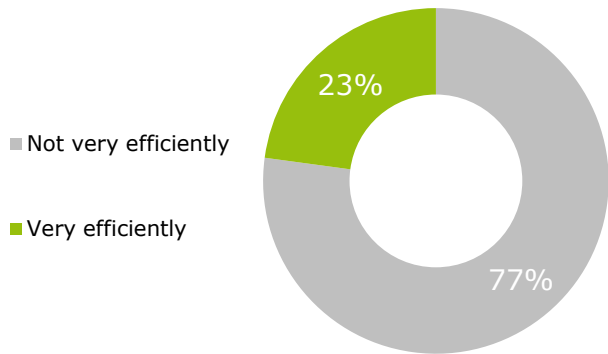


Figure 9: How efficiently can you respond to your changing customer demand for products/services?

Overall, just 23% of organizations can effectively respond to changing customer demand, and this drops to fewer than 10% in Japan and the UK. Once again, China and the USA appear to be the most confident, further reinforcing that China, while classified as a secondary emerging country, does not necessarily have the mind set of one.

Certain countries can respond better than others

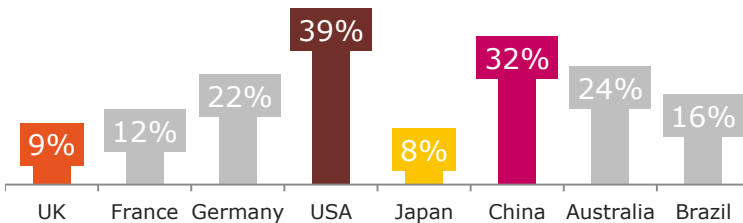


Figure 9a: Those who can very efficiently respond to changing customer demand

When looking at figures 8 and 9, it is evident that 69% of organizations are significantly affected by their business community when responding to changing customer demands, and that only 23%

can respond effectively. It is therefore fair to say that perhaps in the general sense, the effects the business community have are not entirely positive.

There is also another interesting dislocation that is uncovered here; the apparent disconnect between the C-suite IT executives and front line IT managers.

- Almost five times as many C-level respondents as IT managers say that their business community affects how they respond to changing customer demand (43% vs. 9% respectively)
- Further to this, more than four times as many C-level executives as front line IT managers think they can very efficiently respond to this change in demand (40% vs. 8% respectively)

This implies that perhaps the C-suite executives are a little optimistic in terms of the effects of the business community, and this is a theme that will continue to be built upon throughout this report.

Impacts on organizations' ability to conduct commerce

With the business community having such an impact on organizations as was illustrated in figure 8, it may also be expected that the value chain will affect the way organizations can execute commerce.

Biggest impacts of the value chain

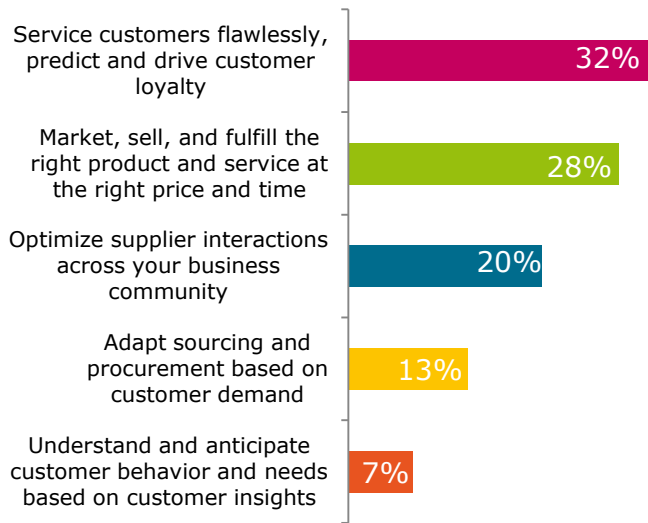


Figure 10: What is the biggest impact your value chain has on your ability to execute commerce

By a slight margin, the value chain is most likely to affect the way that organizations can service customers and drive customer loyalty – however, in the APAC region, the ability to market, sell and fulfill the right product and service, at the right price, at the right time is the most impacted. Both these aspects of commerce are highly dependent on partners and suppliers, so it is no wonder that these come out the highest when thinking about impacts of the value chain.

There are also differences across sectors:

- The value chain has the biggest impact on servicing customers in the telecoms sector (38%) and the least effect on retail (25%)
- In fact, what the value chain really impacts within retail sector is the ability to market and sell the right products at the right time (42%)

And across the various maturity levels:

- Among the three least mature groups (the *Beginners, Intermediates and Advanced*) the most impact the value chain has is on their ability to service customers flawlessly, predict and drive customer loyalty (46%, 34%, and 34% respectively)
- For the *Experts* and the *Professionals* the effects are slightly different – the biggest impact from the value chain is on the way they optimize supplier interactions across the business community (31% and 58% respectively)

Integration and collaboration with the business community

Current levels of integration

According to the research, just 30% of enterprise organizations have full end-to-end integration with everyone in their business community, i.e. they have a fully integrated value chain.

The state of the value chain

- End-to-end integration with everyone we need to
- Integration is still a work in progress and we need to improve this
- Integration has never been a major need for my organization

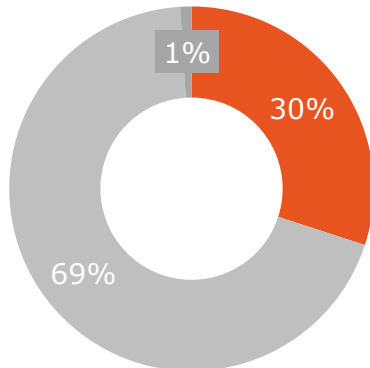


Figure 11: How would you characterize the state of your value chain today?

Once again, organizations in China appear to be at the head of this movement and are the most likely to state that they have a fully integrated value chain (40%). They are closely followed by Brazil (38%), whilst those in the UK are the least likely (10%).

The state of the value chain across different countries

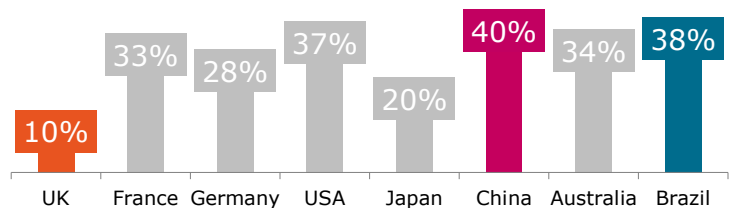


Figure 11a: Those who have end-to-end integration with everyone they need to

How organizations are positioned in relation to their business community also has an effect on their integration; hybrid organizations are the most likely to be fully integrated with their business community (36%), and spokes the least (18%). This is to be expected. But there are also differences around the opinions of those with different job titles; twice as many C-level respondents as IT managers believe that their organization is fully integrated with their value chain (40% vs. 20% respectively). This further develops the idea that the C-suite holds a different view compared to IT managers.

Can organizations collaborate effectively?

Effective collaboration with the business community is essential if an organization is going to succeed and really reap the rewards on offer. So it is concerning that more than three quarters of enterprises (76%) admit that they cannot collaborate very effectively with their business community.

Effective collaboration

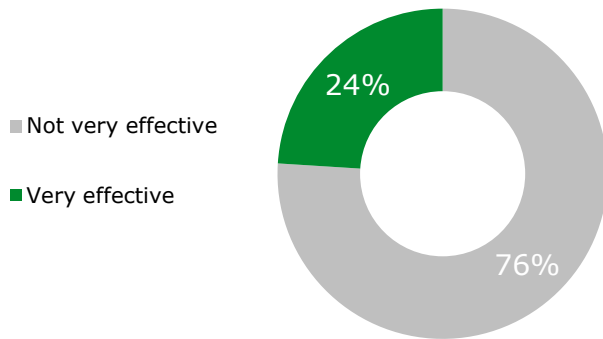


Figure 12: Please rate your company's effectiveness in collaborating with your business community

And when comparing this to figure 11, which showed that only 30% have end to end integration, a picture starts to form when thinking about organizations' relationships with their business communities. Figure 12a below shows that there is a correlation between effective collaboration and end to end integration. Only 21% of those who do not have very effective collaboration with the business community are fully integrated, compared to 58% of those who can collaborate very effectively.

Effective collaboration in relation to integration

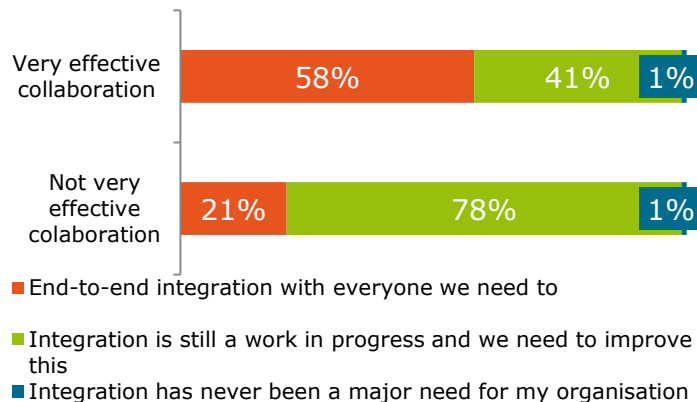


Figure 12a: Please rate your company's effectiveness in collaborating with your business community (*Cross tabbed by: How would you characterize the state of your value chain today?*)

Furthermore, an organization's ability to collaborate varies massively by country (figure 12b); just 5% of UK organizations believe that they can effectively collaborate with their business community, compared to almost eight times that number in the USA, which is once again leading the way.

Effective collaboration by country

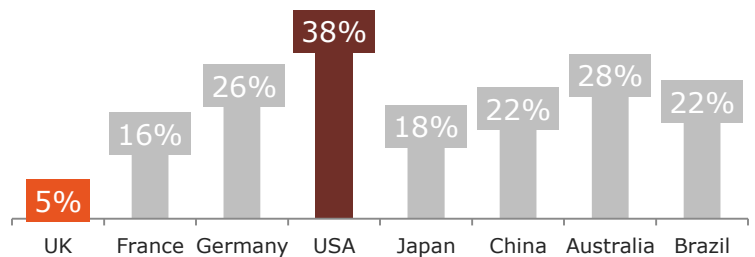


Figure 12b: Those that think they are very effective at collaborating with their business community

And continuing with the theme of hybrids being vanguards in this topic area, they are more likely to be able to effectively collaborate with their business community (30%) than hubs (17%) or spokes (19%).

And there are further differences across job titles; 40% of C-level respondents are under the impression that their organization can very effectively collaborate with their business community, compared to just 15% of IT managers.

Tools used for collaboration

There are many tools used for collaboration - some more sophisticated than others, but which of these tools are most prevalent within enterprise organizations?

Most popular collaboration tools

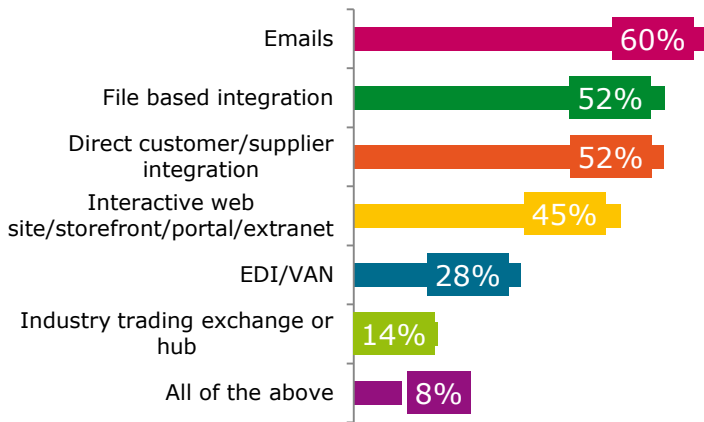


Figure 13: What do you use for communicating, collaborating and sharing information across your value chain?

Figure 13 shows that enterprise organizations are heavily reliant on emails as a method of collaboration. Emails are one of the least sophisticated methods available; it is extremely difficult to run reports or analytics on emails, and doing so requires manual intervention. Yet, it is still the most common method.

There are noticeable differences in tools used across the verticals when it comes to collaboration tools:

- While emails are the most popular method overall, in Japan file based integration is most common (58% vs. 52% for email)
- On average just 22% use an industry trading exchange/hub, yet this reaches 52% in China and drops to just 4% in Japan
- EDI/VAN is also most popular in China (52%) and least in France (25%)
- In the energy and utilities sector, the prevalence of the use of direct supplier or customer integration is just as high as it is for emails (both 67%) ...
- ... this is also the approach most favored by the financial services sector

Are these tools effective?

On average those who collaborate very effectively, and those who do not collaborate very effectively, both use an average of three collaboration methods. However, as mentioned, some tools are more sophisticated than others, and therefore it is the methods themselves, not the quantity, that determines which organizations are more effective at collaborating with their business community.

Effectiveness of certain tools

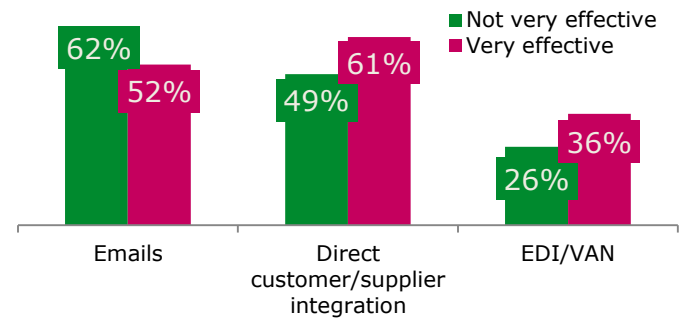


Figure 14: What do you use for communicating, collaborating and sharing information across your value chain? (Cross tabbed by: the company's effectiveness in collaborating with the business community)

It would appear that those who view themselves as very effective in terms of collaboration use more sophisticated tools alongside less sophisticated ones. Moreover, those using either direct customer/supplier integration or EDI/VAN are more likely to find that they can collaborate very effectively with their business community.

So from this, it could be assumed that those who are more efficient at collaborating (the more mature groups) will be using email less than those who are less efficient at collaborating:

Most popular tools

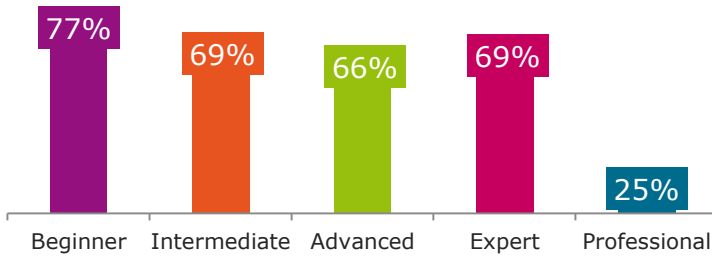


Figure 14a: Those who use email as a method of collaboration

And that would be correct. Figure 14a shows that generally the more mature an organization in terms of 'synchronization' and collaboration, the more likely they are to not be reliant on email alone, and to be utilising other methods instead; 50% of the *professionals* are using EDI/VAN as a method of collaboration compared to just 18% of the *beginners*. Moreover, 83% of *professionals* exploit direct customer/supplier integration whereas this drops to just 9% of *beginners*.

And is collaboration a security risk?

With so many methods of collaboration available, and with 8% of organizations using all the options listed (figure 13), there is the potential for a security risk.

Add to this the fact that 56% of systems integration is accomplished via files, and that 46% of person-to-person file transfers (including emails) with the business community travel outside the secure IT channels, and it could be a recipe for disaster.

Transfers outside secure channels

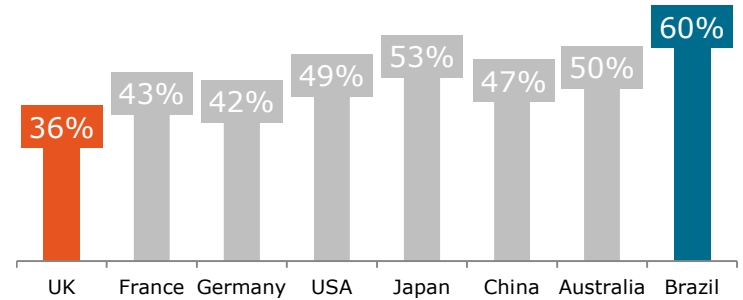


Figure 15: The percent of person-to-person file transfers with the business community that move outside secured channels

Just 36% of files in the UK move outside the organizations' secured IT channels, compared to 60% in Brazil.

The sector most at risk is telecoms with 51% of files moving outside secure channels, compared to just 39% for the financial services sector. And while the financial services sector is statistically the best when it comes to data travelling outside of secure networks, when considering the amount of sensitive data prevalent in this sector, 39% is still a worryingly high percentage.

So, an integrated value chain, and the ability to collaborate with the value chain are both clearly works in progress for many organizations.

Drivers for improving integration

Increasing the bottom line

More than two in five organizations (44%) identify their primary driver for improving value chain synchronization as the possibility of increasing performance. A further third (32%) state that their main incentive is the chance to reduce cost.

In essence both these potential benefits, while completely independent of one another, both result in one thing: an improved bottom line.

Why improve synchronization?

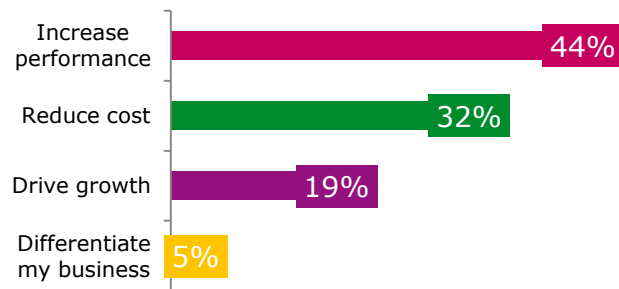


Figure 16: Identify your primary driver for the improving the way you 'synchronize' your value chain

And there are further disparities across the verticals:

- Increasing performance is the most popular driver overall, except for in Japan and Australia, where reducing cost is more appealing (48% and 38% respectively)
- In the USA, 51% of organizations' main driver is to increase performance (the highest overall percentage) – but rather than reducing cost coming second, 26% want to drive growth through improving their synchronization
- The main driver remains consistent over the seven sectors, but the possibility to increase performance is most important to the

healthcare sector (56%) and least to telecoms (36%)

But what about the IT department itself?

Benefits for the IT department

It is appropriate to assume that the IT department will be responsible for the majority of value chain projects, and improving integration and collaboration. So, what benefits to they expect from these projects?

How would the IT department benefit?

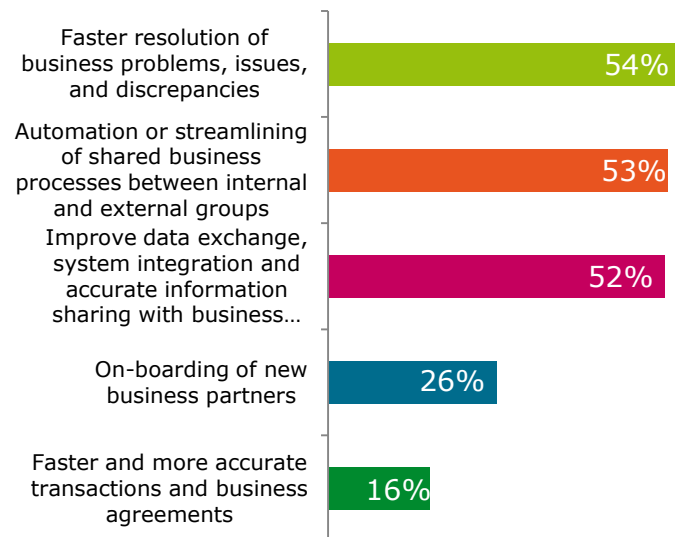


Figure 17: Which two of the above value chain projects would be of most benefit to your department

As figure 17 illustrates, there are three main benefits forecast by the IT department. However, different countries expect different benefits:

- 66% of IT decision makers in France expect a faster resolution of business problems, compared to just 38% in China ...

- ... in fact, in China, 82% of respondents would like to see improved data exchange and system integration as a result of value chain projects
- IT management are most likely to expect automation or streamlining of shared business processes as a benefit (54%), whereas C-level respondents are most likely to want improved data exchange (62%)

All in all, it can be concluded that there are a number of benefits available both to the organization as a whole, and also to the IT department itself; successful and complete synchronization of the value chain can result in an improved bottom line, faster resolution of problems, automation of business processes, and improved data exchange.

Appendix

Research Scope

In March 2012 IBM appointed specialist technology market research house Vanson Bourne, to interview 700 IT decision makers across the globe. The targeted countries were as follows:

- USA
- UK
- France
- Germany
- Brazil
- China
- Australia
- Japan

These organizations have at least 1000 employees and fall into the following sectors:

- Financial services
- Manufacturing
- Retail
- Distribution, logistics and transportation
- Telecoms
- Energy and utilities
- Healthcare