



IBM Software Group

Business Performance Management

Chris Hunt
2004



 business on demand software

Today's Discussion

1 The Case for Business Performance Management

2 The Challenge

3 The Solution

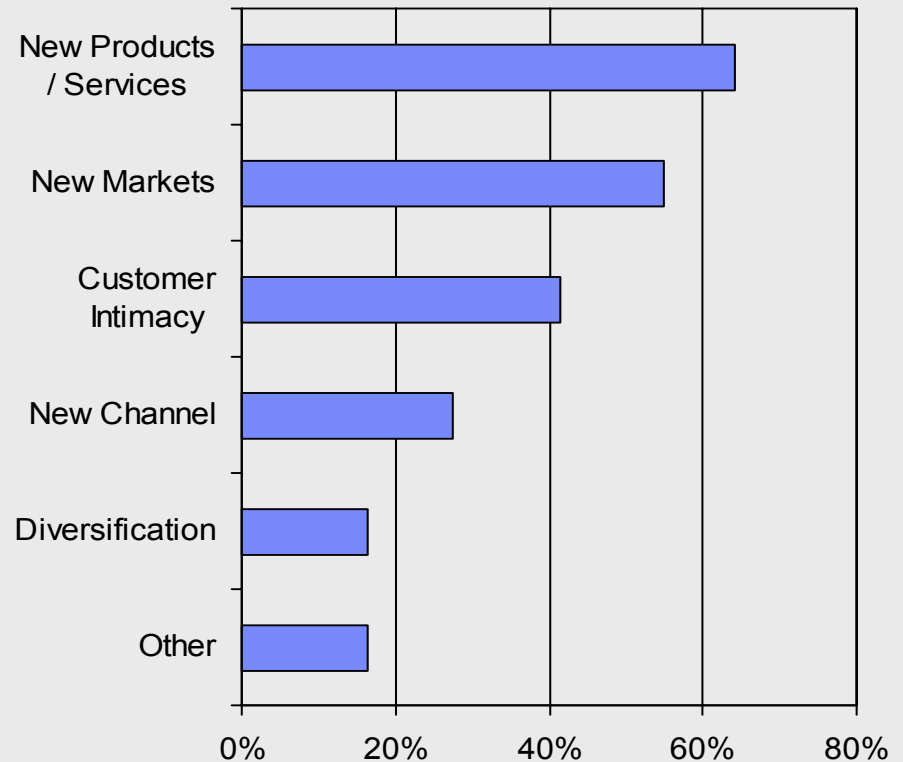
4 The Value



From CEOs: “Now It Is About Growing The Top Line While Keeping The Bottom Line In Check.”

“In order to grow and differentiate the business, the only way is for us to develop new products and services and in spaces we have never dealt in before. The challenge is also how we execute this.”

Areas Offering the Greatest Opportunity for Revenue Growth in the Next Three Years




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

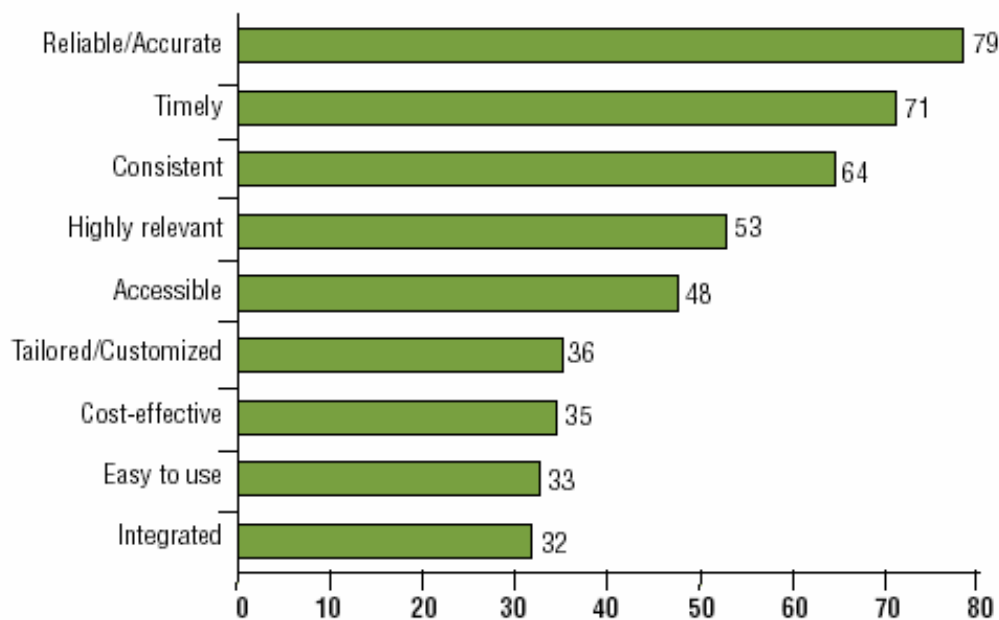
So growth is back on the agenda – but it won't just happen by itself. CEOs all over the world have identified organizational responsiveness, agility and flexibility as necessary competencies. Developing the ability of the organization to not just sense, but to anticipate and respond to the changing marketplace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

CFOs Need Integrated And Tailored Information

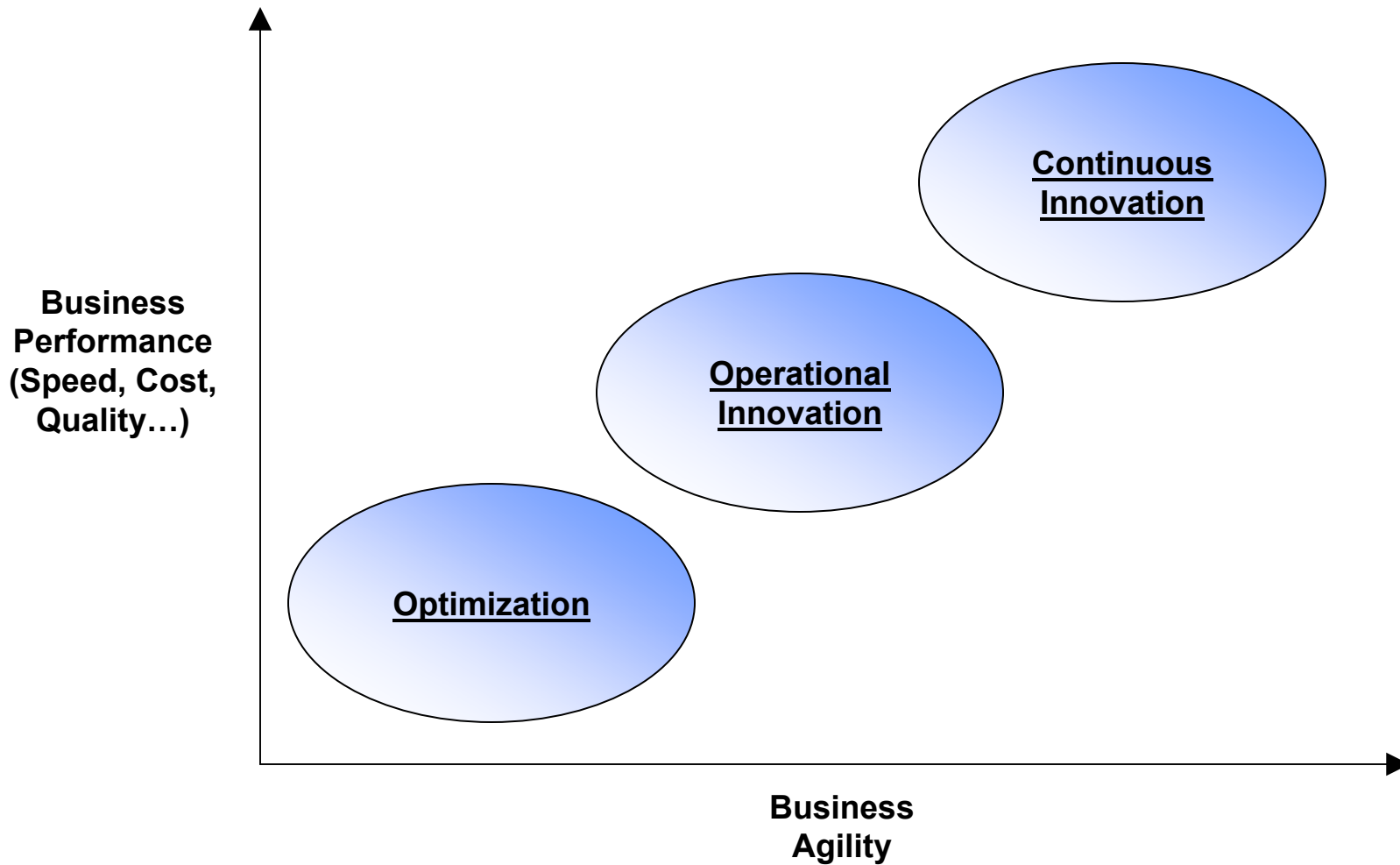
CFOs recognize that management of information is critical to success, with 70% indicating that information is a major asset requiring significant investment.

Figure 6. Percent organization's view of information adequacy.



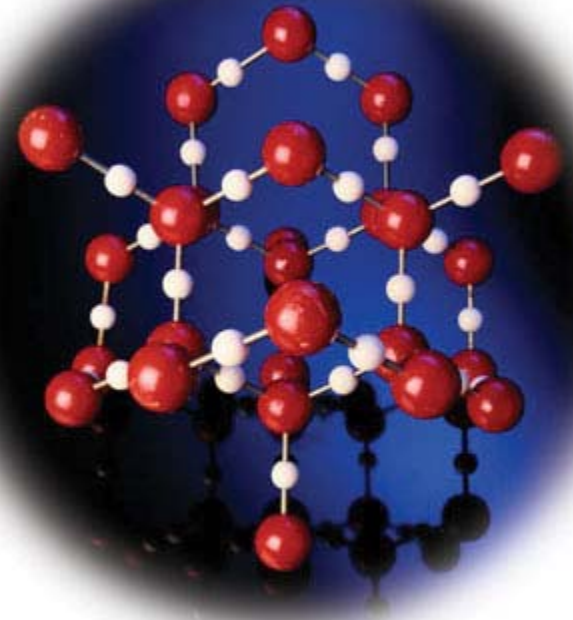
While CFOs believe that the information they receive is timely, reliable and consistent, **only one third believe that the information is easy to use, tailored, cost effective or integrated.**

From Continuous Improvement to Continuous Innovation



On Demand Business – The “Why”

An on demand business is an enterprise whose **business processes—integrated end-to-end** across the company and with key partners, suppliers and customers—can **respond with speed** to any customer demand, market opportunity or external threat.



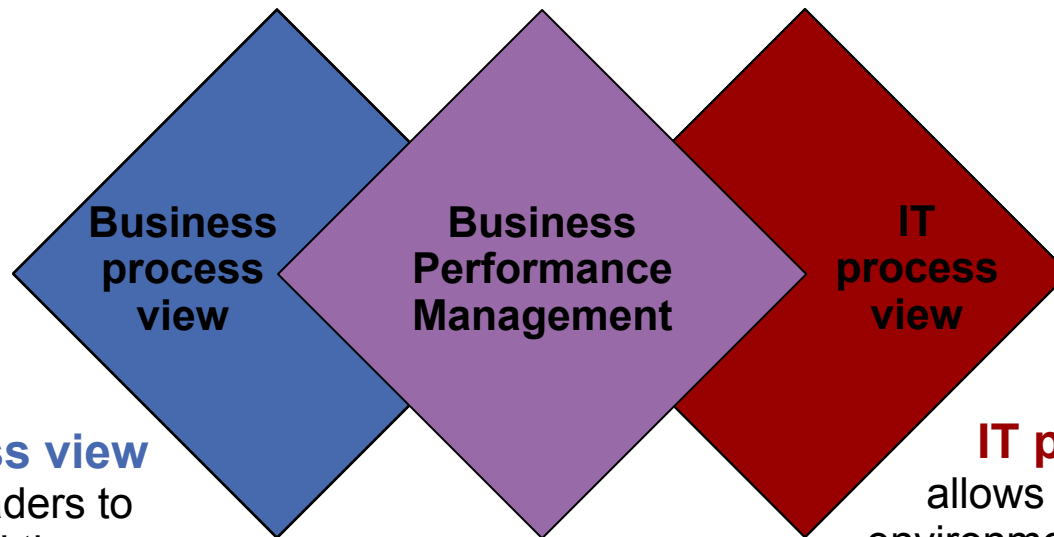
The Reality of Today's End-to-end Processes

Complex siloed processes, applications and infrastructure make it difficult for business leaders to respond to market opportunities, competitors' moves and regulatory changes:

- They can't see what is currently happening
- They can't put what's happening into context
- They can't make changes quickly



An Emerging Market Need — Business Performance Management



Business process view

allows business leaders to understand in real time the state of key business processes

IT process view

allows visualization of IT environment in business terms and management of service levels to business objectives

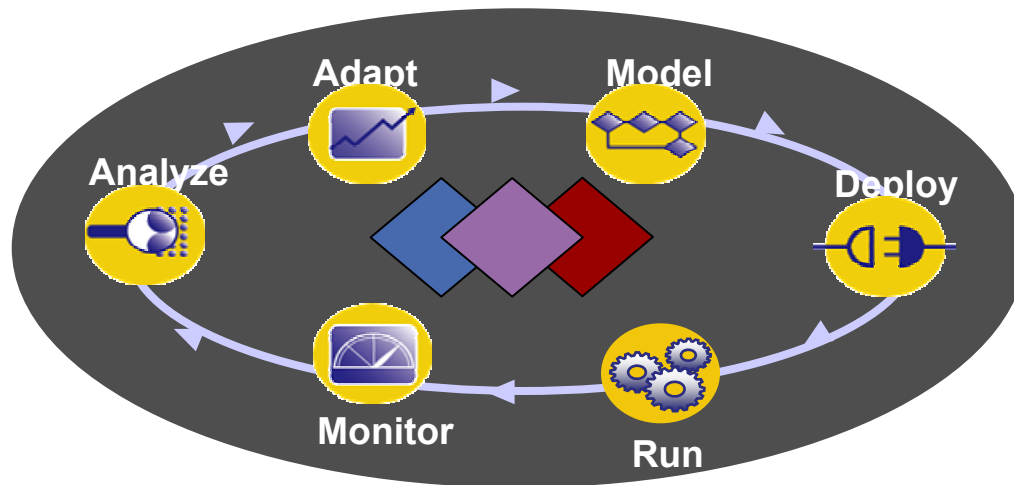
Business Performance Management

allows an organization to understand the status of business processes across business and IT, put that understanding in context against goals and trends, and take action quickly to improve execution



Business Performance Management

- In order that companies can anticipate and respond to customer needs, competitive threats, and regulatory pressures...
- ...Business Performance Management enables companies to see and understand business information, transform the corresponding business processes, and adapt the underlying IT infrastructure...
- ...by providing a set of capabilities to analyze and model processes; monitor business performance in real time; track current performance against goals/historical trends; align IT management with business priorities.



Customer Thoughts on Business Performance Management

“

I would like the dashboard. I ask for a lot of ad hoc reports, I am constantly pestering IT for reports, and I am always changing [the specifications]. (SF)

In silos, people have their own information. If everyone is looking at the same metrics, that helps the overall process. (Boston)

...being able to consistently track compliance changes, HIPAA regulations, tying them to IT and making sure all electronic interactions meet all guidelines. This is something we spend hundreds of millions of dollars on. (NY)

The more important aspect is real time. Everything is two weeks behind — information, output and red flags. We have too many departments with the silo mentality. We do not function interdependently; we function independently. (Boston)

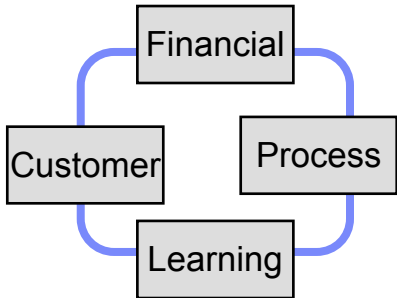
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IBM Focus Group Research, 2003



Linked Scorecards

What the Business Watches



Demand Management	Market Responsiveness	Sales Effectiveness	Product Development Effectiveness
Supply Management	Customer Responsiveness	Supplier Effectiveness	Operational Efficiency
Support Services	Human Resources Responsiveness	Information Technology Responsiveness	Finance and Regulatory Responsiveness

What IT Reports to the Business

Information Technology Responsiveness	System Performance	IT Support Performance	Partnership Ratio
	Service-Level Effectiveness	New Projects Index	IT Total Cost Index

How IT Monitors New Initiatives

On Time	On Budget	On Budget		
		Sales Cycle Index	Customer Care Performance	On-Time Delivery



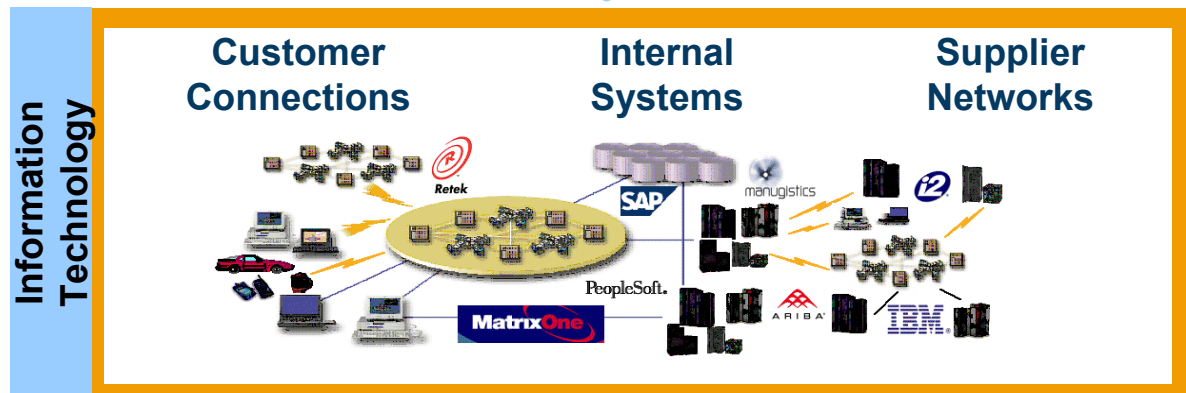
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Complex siloed processes, applications and infrastructure make it difficult for business leaders to respond to market opportunities, competitors' moves and regulatory changes:

- They can't see what is currently happening
- They can't put what's happening into context
- They can't deploy new processes quickly
- They can't make changes quickly

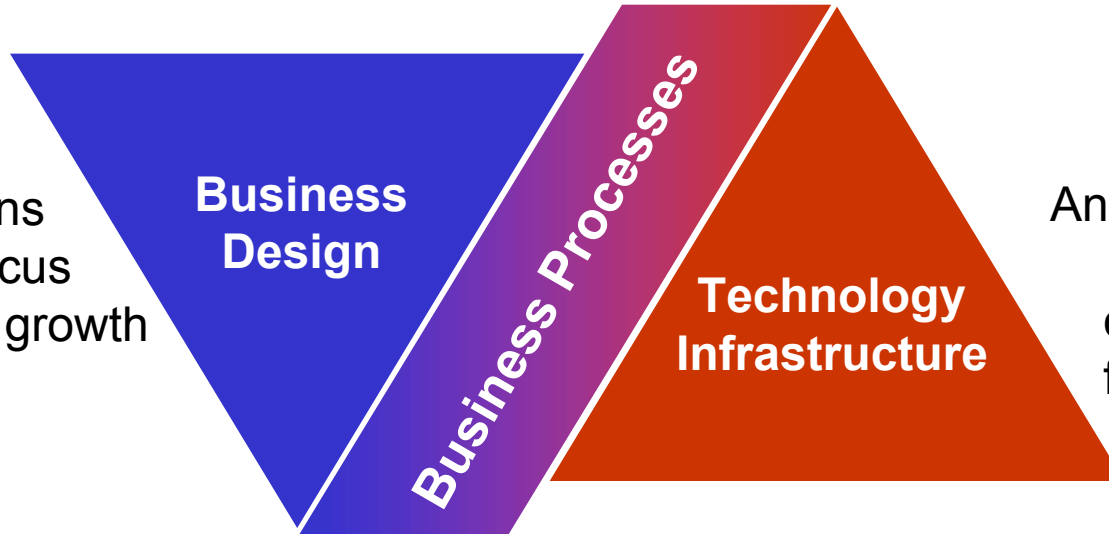


Gap between business transformation and IT



Becoming an On Demand Enterprise

Innovative
business designs
that sharpen focus
and accelerate growth

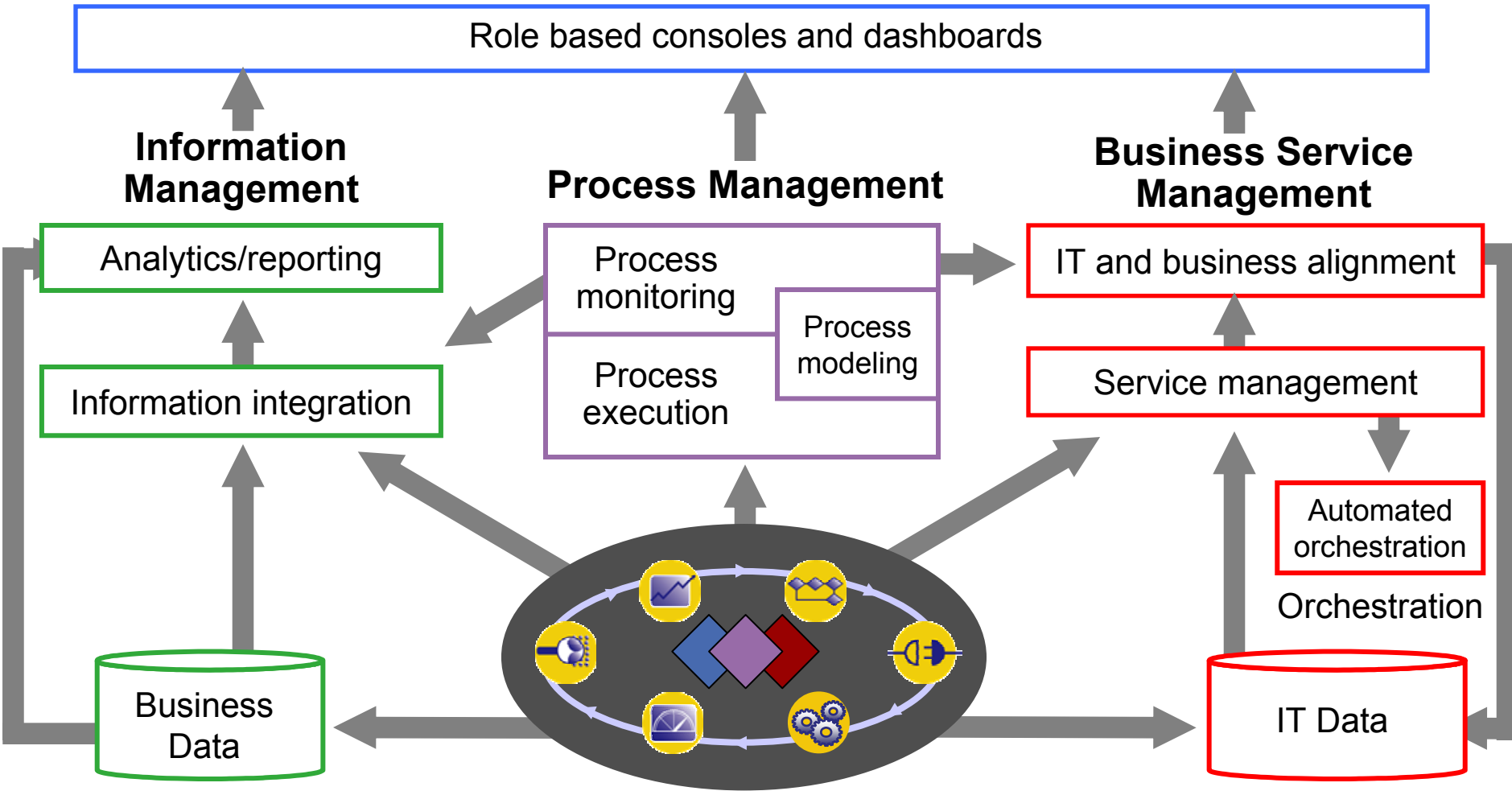


An IT operating
environment
optimized for
flexibility and
resilience

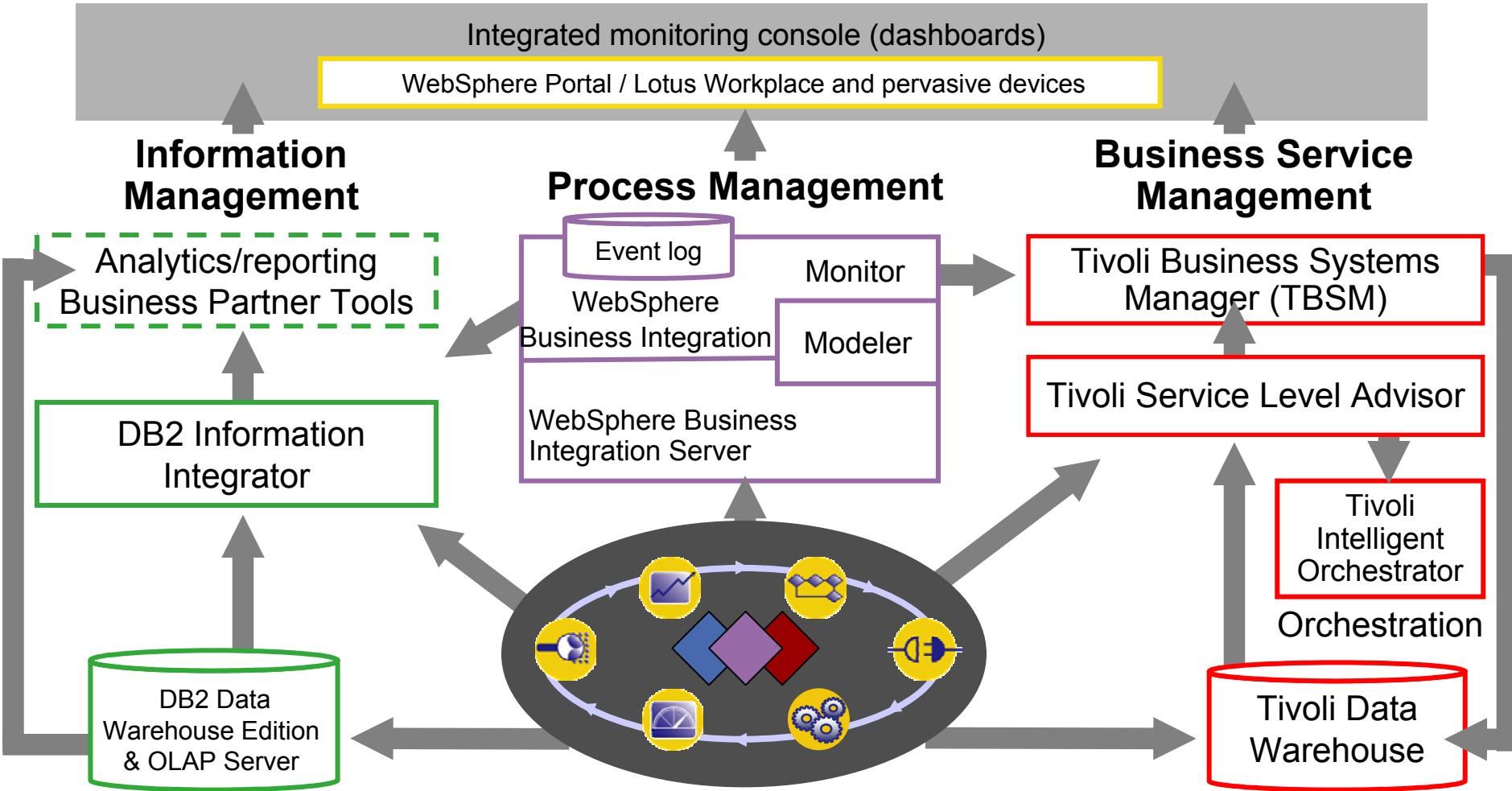
Integrated, end-to-end
business processes that
are built to change



Business Performance Management: Core Capabilities



Core Capabilities today



Principal Financial Group

Vision

A leading global financial institution needed to focus on business impact management to understand how IT events affect business-critical processes, improve availability of customer-facing services, and decrease problem resolution time

Solution

- IBM Tivoli Business Systems Manager
- IBM Tivoli Monitoring
- IBM Tivoli NetView
- IBM Tivoli Enterprise Console
- IBM DB2
- IBM WebSphere Application Server
- IBM WebSphere Business Integration Modeler

Business Performance Management Improvement

- Improves communication between IT and the business units
- Helps IT administrators understand how their components map to critical business processes
- Helps staff identify potential IT projects that have meaningful impact on business operations by analyzing event history from a business
- Provides real time visibility into business process to identify potential critical weak points that may regularly cause business pains

“IBM Tivoli Business Systems Manager helps us integrate a combination of Tivoli and other tools to better understand how various IT events affect the availability of critical business processes.”

—Dave Boggess, Senior IT Systems Analyst & ESM Architect, The Principal Financial Group, Inc

Michigan State and the on demand Supply Chain

Vision

At the Center for On Demand Supply Chain Research, we will be able to advance the field of Supply Chain Management (SCM) in ways that have never been possible before by leveraging leading-edge IBM business process integration technology and expertise."

—Professor Roger Calantone, Eli Broad College of Business, Michigan State University

Solution

- IBM WebSphere Business Integration Modeler
- IBM WebSphere Business Integration Monitor
- IBM WebSphere Commerce Business Edition
- IBM Lotus Workplace Server

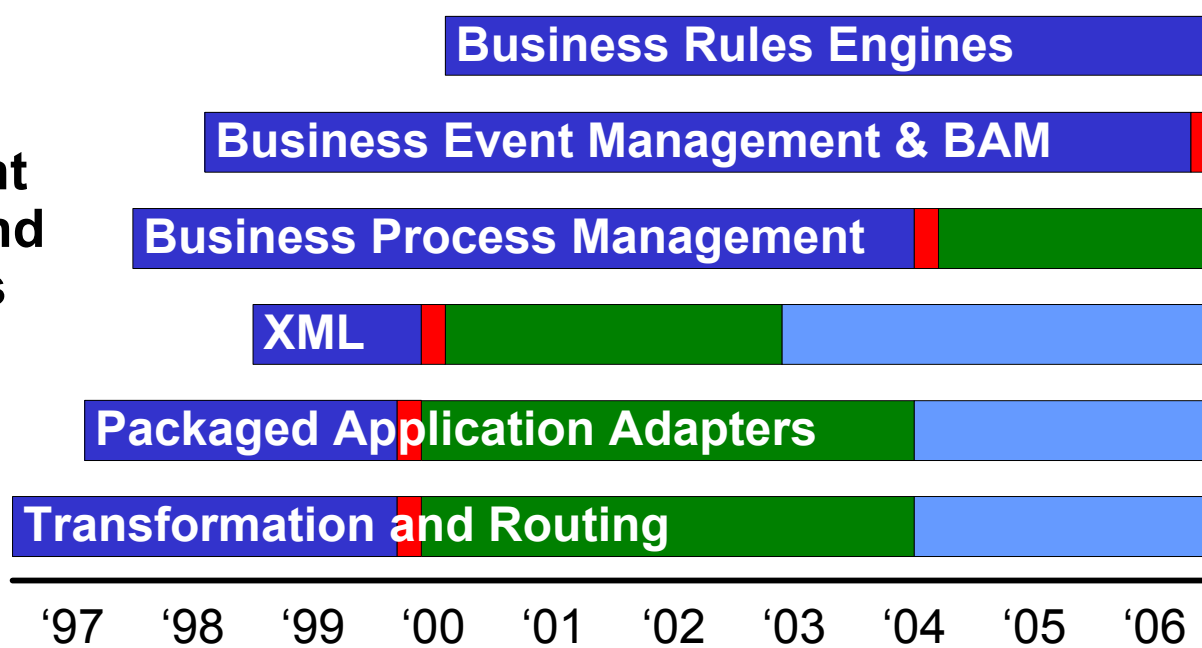
Business Performance Management Improvements

- Leading edge SCM solution that exemplifies the flexible approach.
- Enables students and faculty to simulate, study and test key supply chain relationships.
- Leverage process integration and grid computing to build a supply chain that can sense and respond to changing demands
- Build the world's first on demand supply chain—one that can sense and rapidly respond to changing customer demands and market conditions.



Technology Adoption

Component Features and Functions



Leading Edge is the first 15 percent of large enterprises to adopt a technology, *Mainstream* represents 16 through 80 percent of large enterprises and *Conservative* the trailing 20 percent.



Recipe for Success

The Business Rules Domain

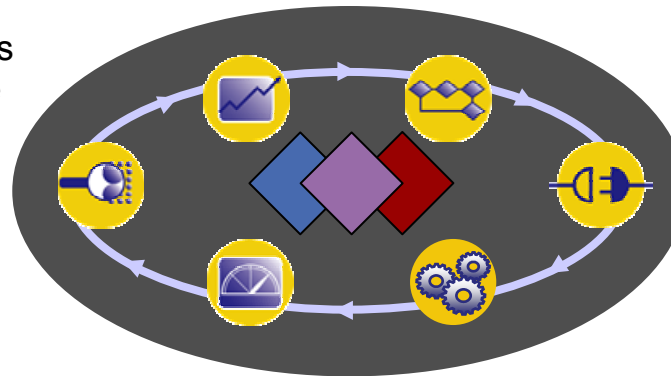
Outlines the technical interfaces partners can exploit to integrate business rules for dynamic process control and adaptive performance management.

The Workplace Domain

Delivers collaborative workplaces for human users with specific roles to manage business & IT operations based on visualized real-time performance metrics and alerts.

The Information Domain

Specifies the technical interfaces that partners can exploit to analyze and report real-time business event and performance information.



The Business Systems Domain

Delivers tools to align IT with business operations to assess impact and optimize value.

The Common Event Infrastructure

Specifies a commonly applicable event infrastructure for business and IT event management.

The Process Domain

Delivers tools to model, integrate, and manage business operations.

Getting Specific: A Solution for Insurance



Insurance executive's issues

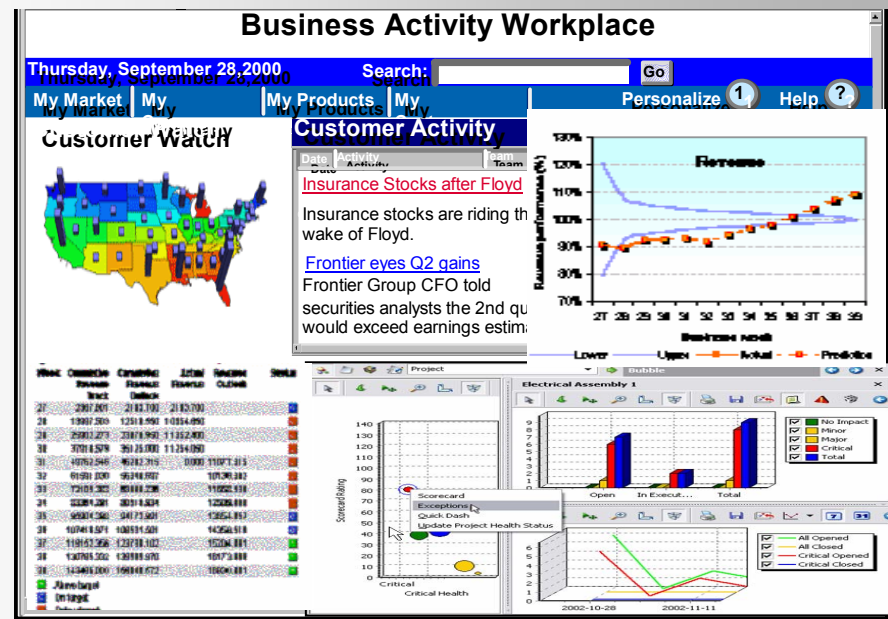
- High percent of premium income goes in claims; major fluctuations
- Complaints about speed of processing, accuracy, response
- Can't see the end-to-end process, how the best clients are treated
- Can't compare and accurately predict claims ratio vs. last period
- Many systems and processes involved
- Feels a lack of control



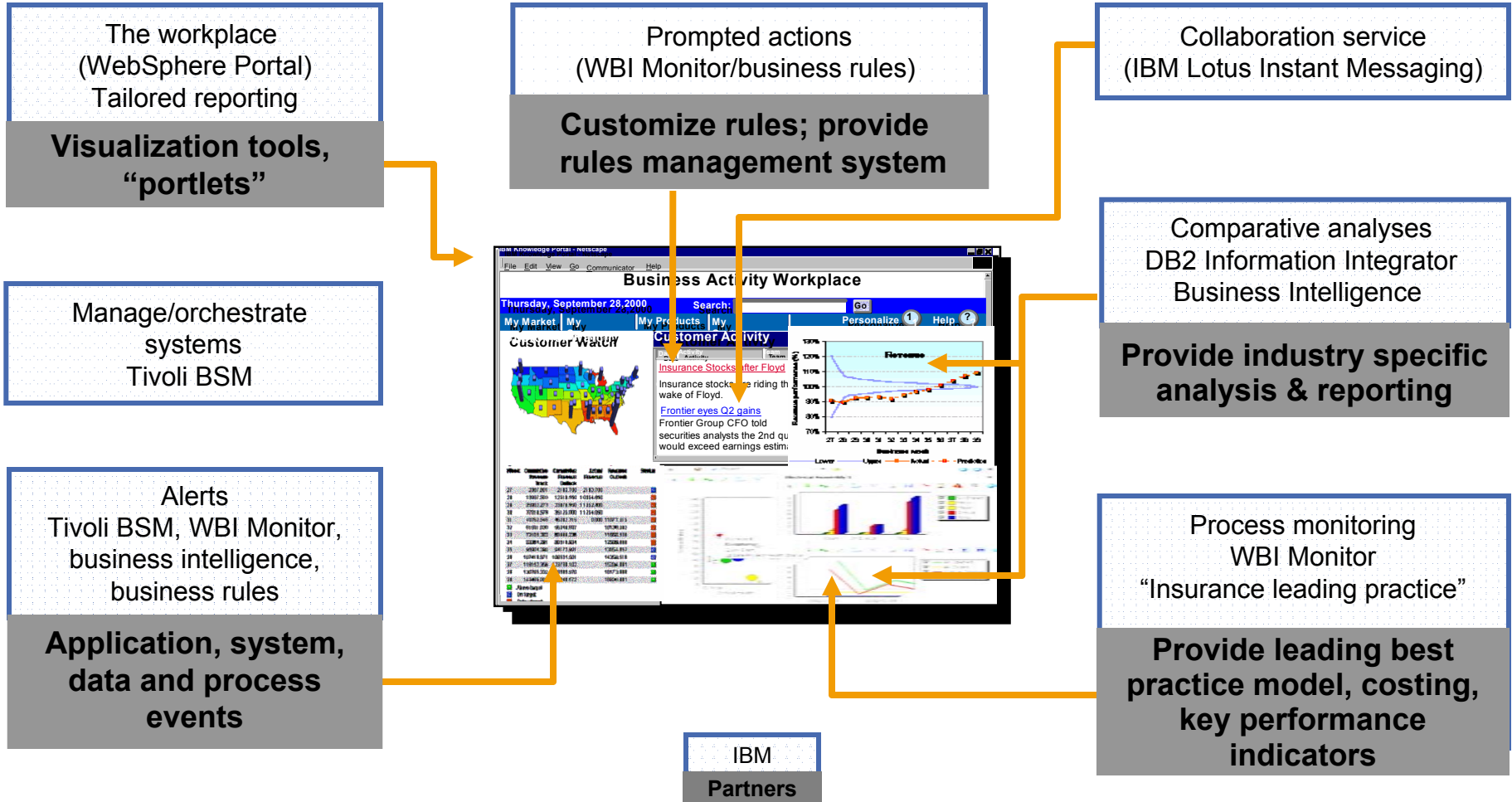
Getting Specific: A Solution for Insurance

Insurance executive's solution

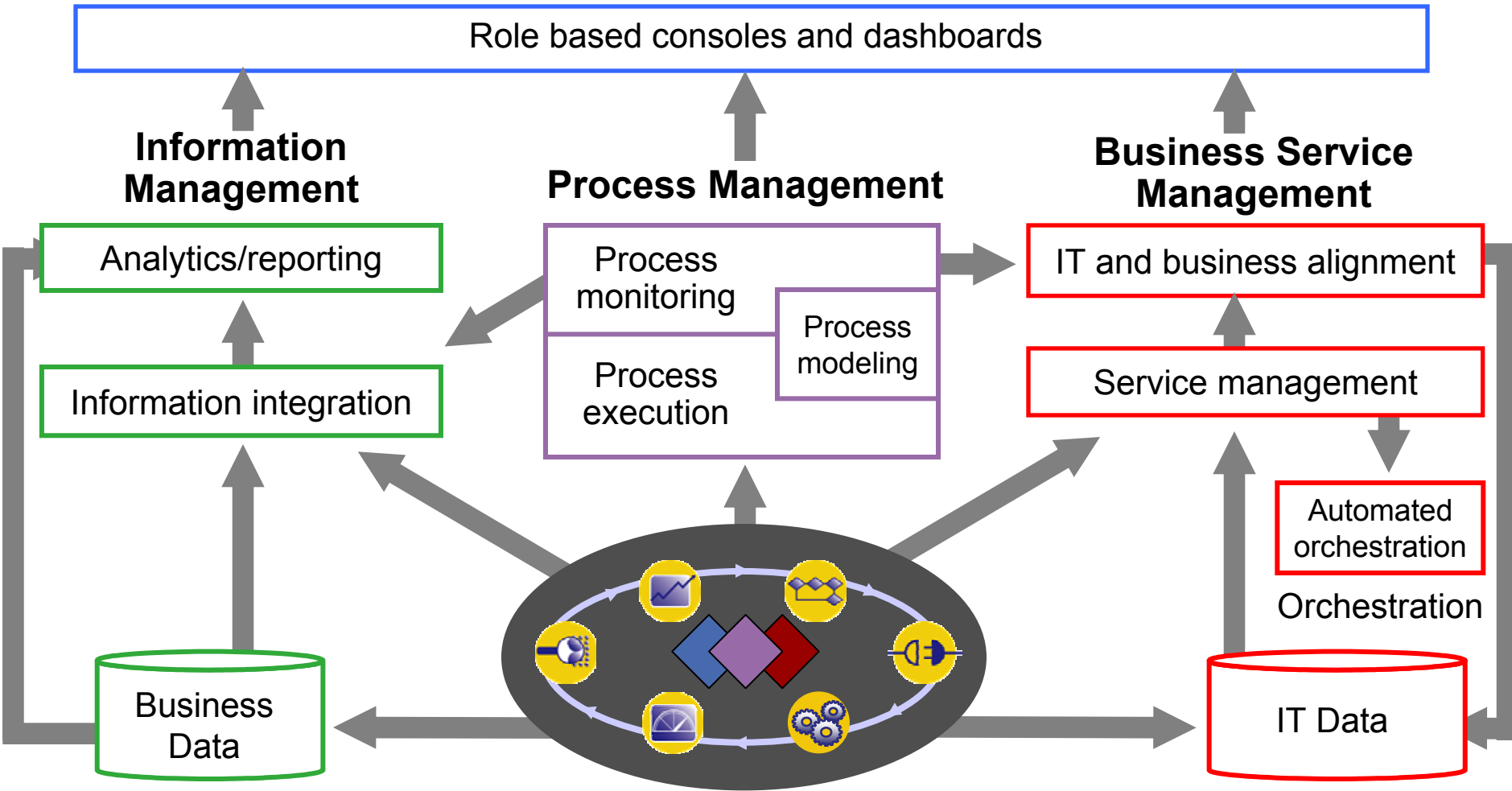
- “Workplace” provides overall visibility to processes
- Ability to “drill down,” understand, collaborate, act
- Common, shared view of operations across company
- Specific comparisons with any previous period



Creating business visibility



Business Performance Management: Demonstration



Business Performance Management Thought Leaders



....and the list keeps growing



Promise of Business Performance Management

Business Performance Management enables business managers to realize business intent in IT, observing business operations, and improving business performance through analysis and adaptation:

- They can evaluate business processes before deployment
- They can rapidly deploy new processes
- They can put what's happening into context
- They can make informed decisions
- They can initiate changes quickly

