

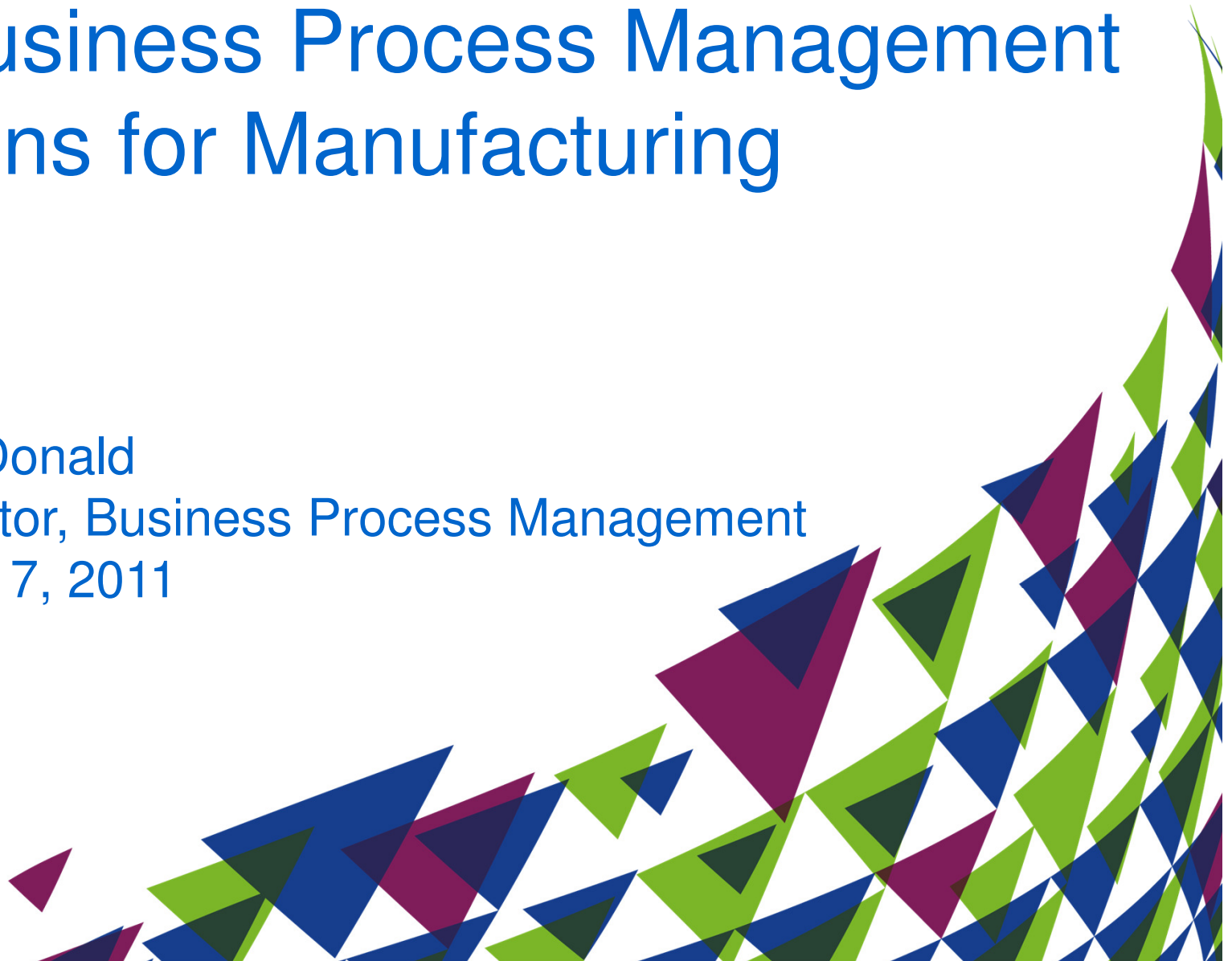


IBM Business Process Management Solutions for Manufacturing

David MacDonald

IBM – Director, Business Process Management

November 17, 2011



The New Normal: Change, Complexity, Uncertainty



\$488 billion

Lost in process inefficiencies
in Fortune 500 companies

\$534 billion

In mobile
transactions by 2015

85%

Of enterprises use
external cloud services

50%

Of businesses plan to adopt more
collaborative sourcing models

70%

Of businesses outsource one
or more strategic activities

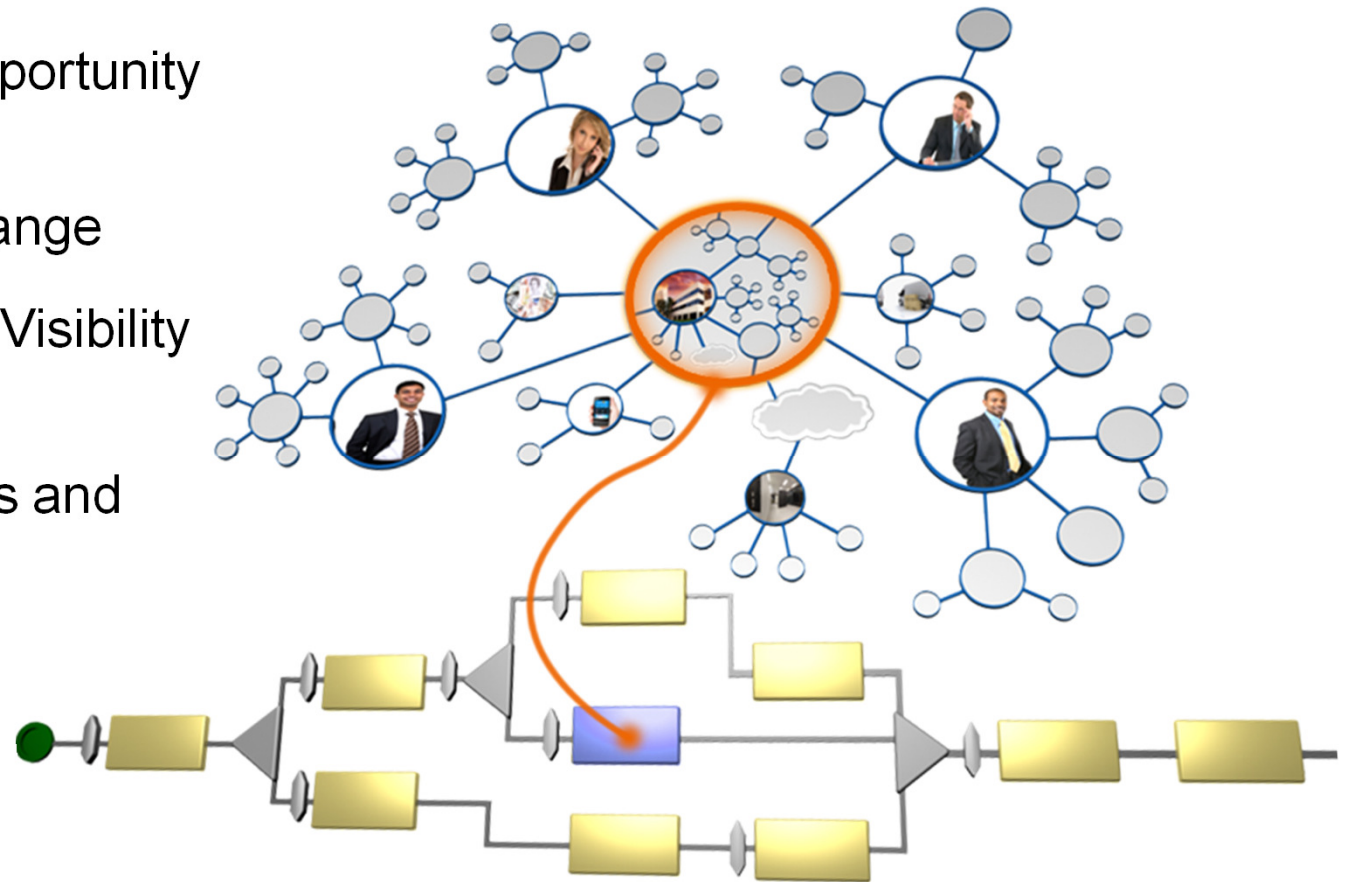
50 billion

Devices connected to
the Internet by 2020

Can Your Processes Handle Change, Complexity, and Uncertainty?

Turn complexity into opportunity through:

- Business Driven Change
- End to End Process Visibility and Governance
- Optimized Processes and Decisions



Agile Processes and Decisions

What is *Business Process Management* ?

Optimize processes for better business outcomes

Model and Simulate

- Align business strategy and IT execution
- Assess, capture, and analyze core value processes

Deploy, Execute, and Change

- Automate business processes to improve efficiency and profitability
- Adapt and collaboratively respond to change



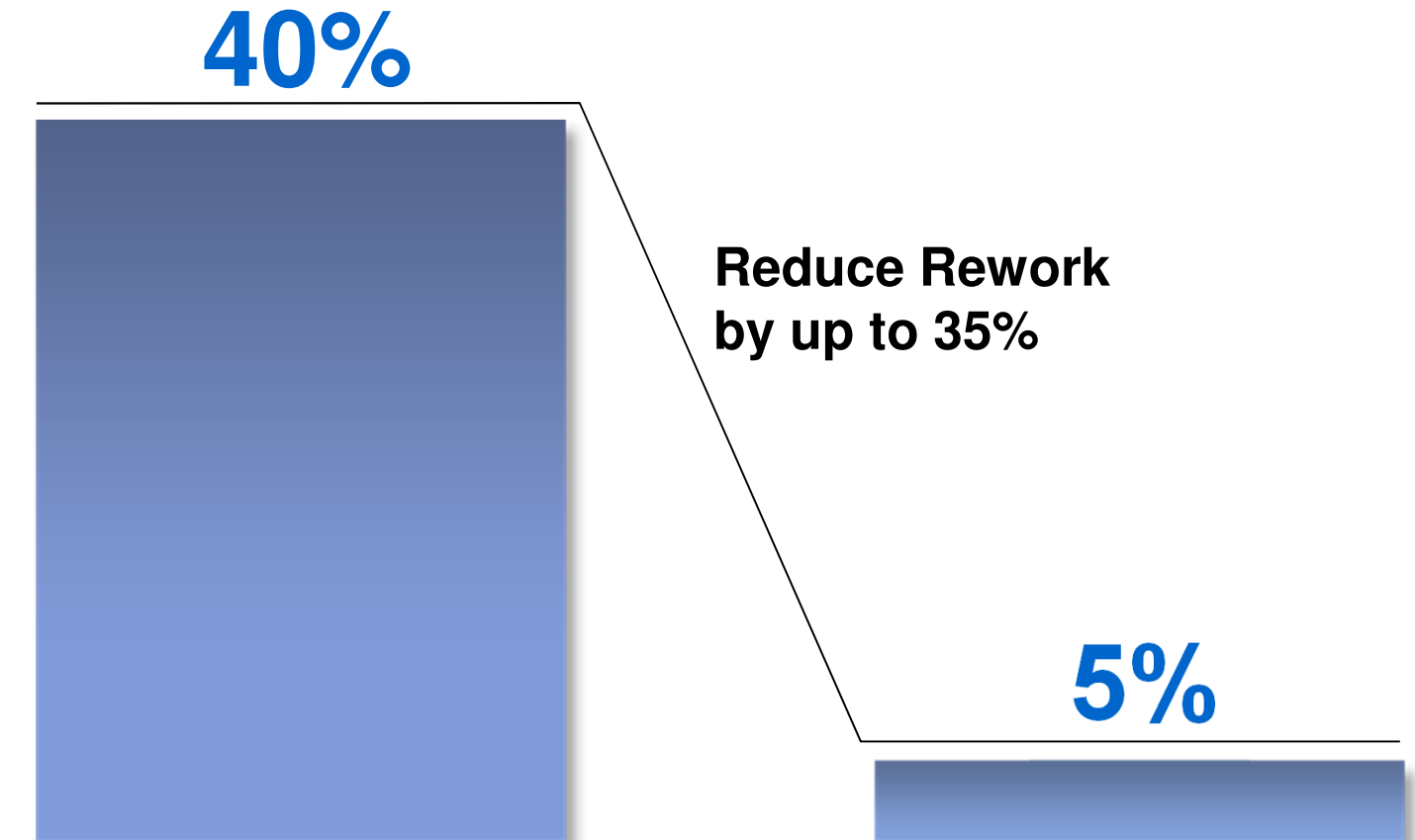
*Software
Expertise*

Visibility & Collaboration
Business User Engagement
Efficiency & Productivity

Monitor, Analyze, Predict and Act

- Business users monitor business performance and define new alerts based on KPIs

Business Process Management Increases Productivity to Improve Profit Per Employee



BPM is about **dramatically** increasing productivity of your employees

Asian Toymaker Streamlines Supply Chain Transactions

Challenges

- **Processing Inefficiency.** Difficulty coordinating procurement, customer requirements and logistics for getting products to the US.
- **Multiple Systems of Record.** Difficulty managing the trail of paperwork.
- **Time Consuming Vendor Inquiries.** The process of flagging exceptions such as delivery days required significant time and resources.

Results

- **Tracking the supply chain from order-to-shipment reduced customer delays**
- **135% increase in transaction volume without adding additional resources**
- **Over 80% of vendor inquiries flow without human interaction**

“Many suppliers and logistics providers now manage all their interactions through the Internet, which has improved fulfillment cycles, cut costs, and improved service. SAP was utilized as a transactional engine - we needed to be able to manage the business process that surrounds the transaction.”

David Adams, Business Integration Manager

Large PC Manufacturer Minimizes Distressed Shipments

Challenges

- **Increased Production Costs and High Inventory Levels.** Shipments deemed undeliverable were returned.
- **Unmanaged Process.** Real-time shipment status was unavailable or out-of-date, limiting control of the situation.
- **Lack of Monitoring.** No up-to-date reports that show how the processes were being executed.

Results

- **Enabled collaboration between the customer, call center and shipper.**
- **Percentage of shipments rescued improved from below 5% to nearly 70%**
- **Savings of \$2M per quarter**

One of the world's top suppliers of PCs, ships over 140,000 systems per day and have nearly 2 billion interactions with customers every year.

Motor Company Increases Engineering Productivity

Challenges

- **Unproductive Work.** High-value engineering employees spent 70% of their time doing administrative tasks and not engineering activities.
- **Process Inefficiencies.** Too many "workarounds" led to duplication of work and slowing down the process.
- **SLA Violations.** Confusion, inflexibility, and lack of data in their process steps caused deadlines to be missed.

Results

- **Cut "engineering" time of designers on car systems by 20% in one year**
- **Enhanced productivity through standardized process across vehicle lines**
- **60% reuse across first two projects**

This company is one of the world's largest manufacturers of cars and trucks.

"BPM provides a layer of process to optimize the interaction between people, process and information"

David Knapp, Director of Business Process Management

Order Management

Situation

- Order complexity: hard to ensure feasibility of configured vehicles
- Demands for customization: difficult or impossible to handle brand specificities
- Multiple brand management: 3 different systems to maintain

Goals

- Build flexible order management system capable of handling 500 manufacturing constraints
- System needs to meet requirements not addressed by existing solutions
- Improve customer service with order feasibility check & self service web portal

Solution

- OMS based on IBM Business Rules Management System
- Efficiently managing 18,000 rules per brand to calculate the manufacturing lead times
- 5 simulations per day (max 45 min), take into account late supplier deliveries, damage in production plant, etc.. And re-evaluate new priorities accordingly

Benefits

- Improved accuracy of car production lead time by 90%
- Users informed of potential delays in real time
- Efficient platform for sharing and exchanging data between sales & production
- Vehicle production can be adapted to demand

A sampling of IBM Business Process & Decision Management Clients in Manufacturing



Business Processes and Decisions are everywhere...



We need to add a quality control check to meet new regulatory requirement.

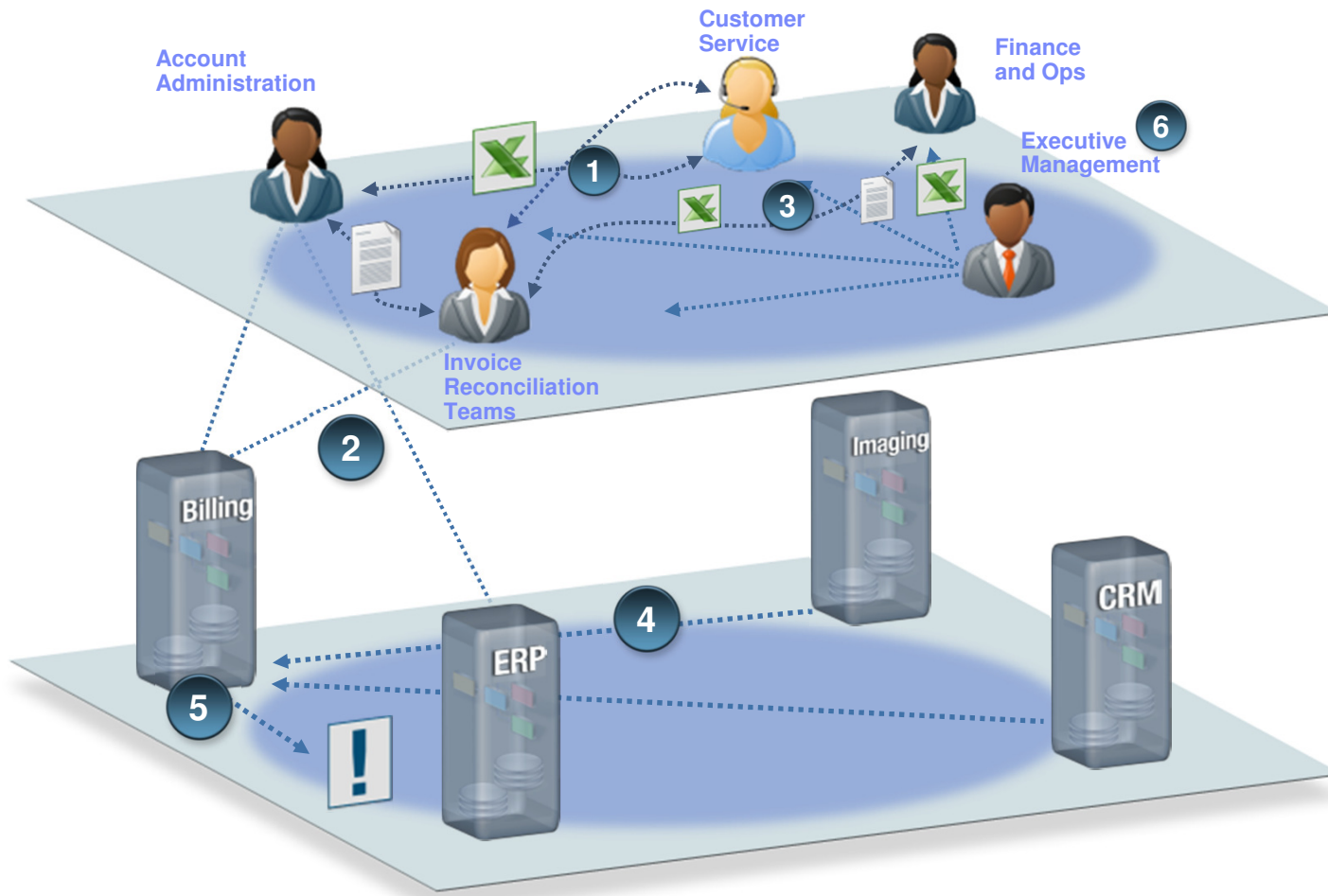
Let's create a special contractual incentive for our best suppliers.



Can we automate approvals for this type of claims?

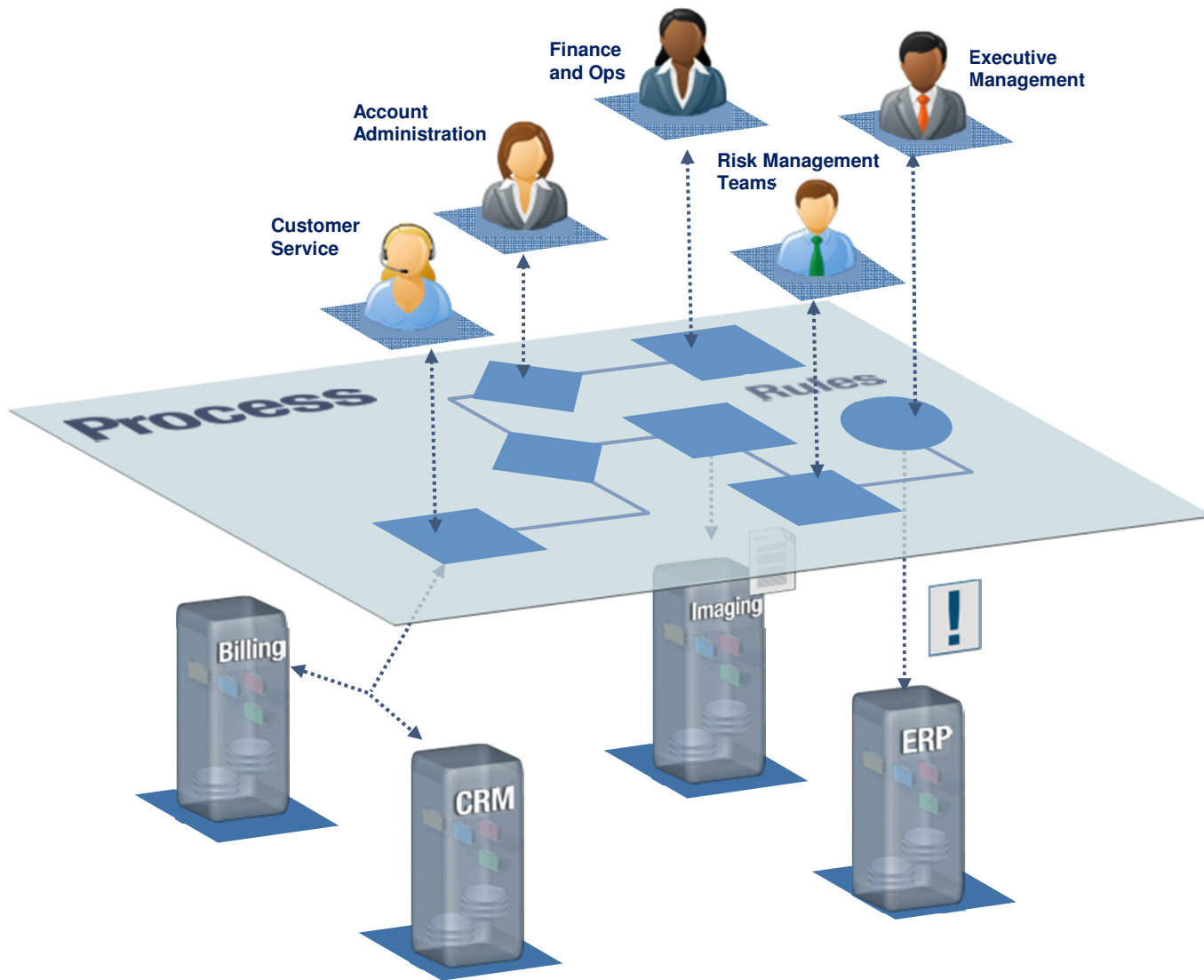
changing frequently & under scrutiny

Typical process problems



- 1** Unstructured Tasks and Communication (ex Paper or email)
- 2** Inefficient Working Environment Spans Systems
- 3** Inconsistent Prioritization
- 4** Incomplete or Inaccurate Data Flow Between Systems
- 5** Lack of Control Over System and Business Events (Exceptions)
- 6** Poor Visibility Into Process Performance

BPM brings order to the chaos

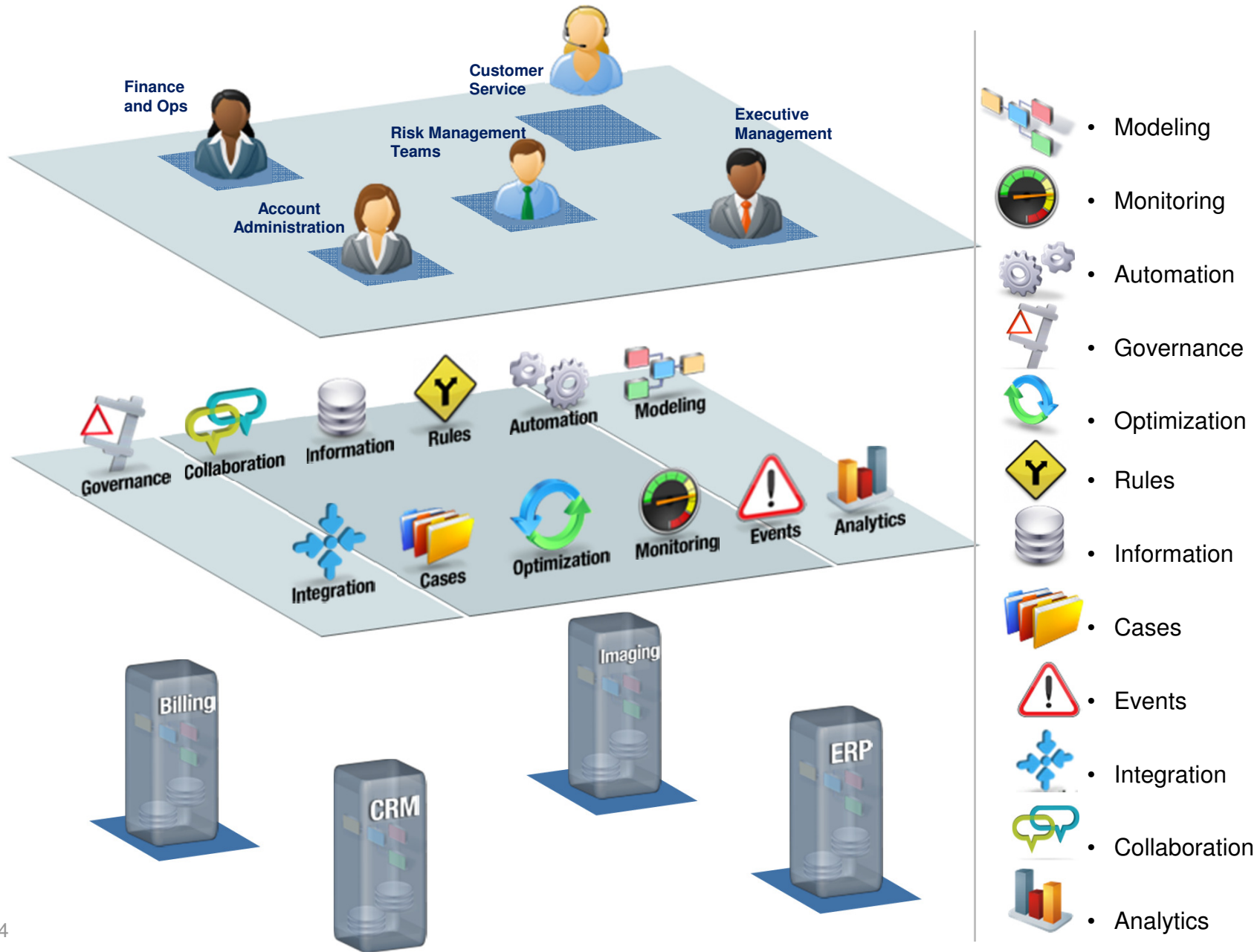


- 1 Automate workflow & decision making
- 2 Reduce errors and improve consistency
- 3 Standardize resolution across geographies
- 4 Leverage existing systems and data
- 5 Monitor for business events and initiate actions
- 6 Real-time visibility and process control

Customer Benefits:

- Huge Reduction in Manual Work, Errors
- Faster, More Consistent Issue Resolution
- Easier to Manage the Business
- Consistent Case Handling

The essential capabilities



Guiding Principles for IBM BPM Portfolio Evolution



Works Together

- **Tight integration across core technologies**
- **Interoperability with complementary technologies**

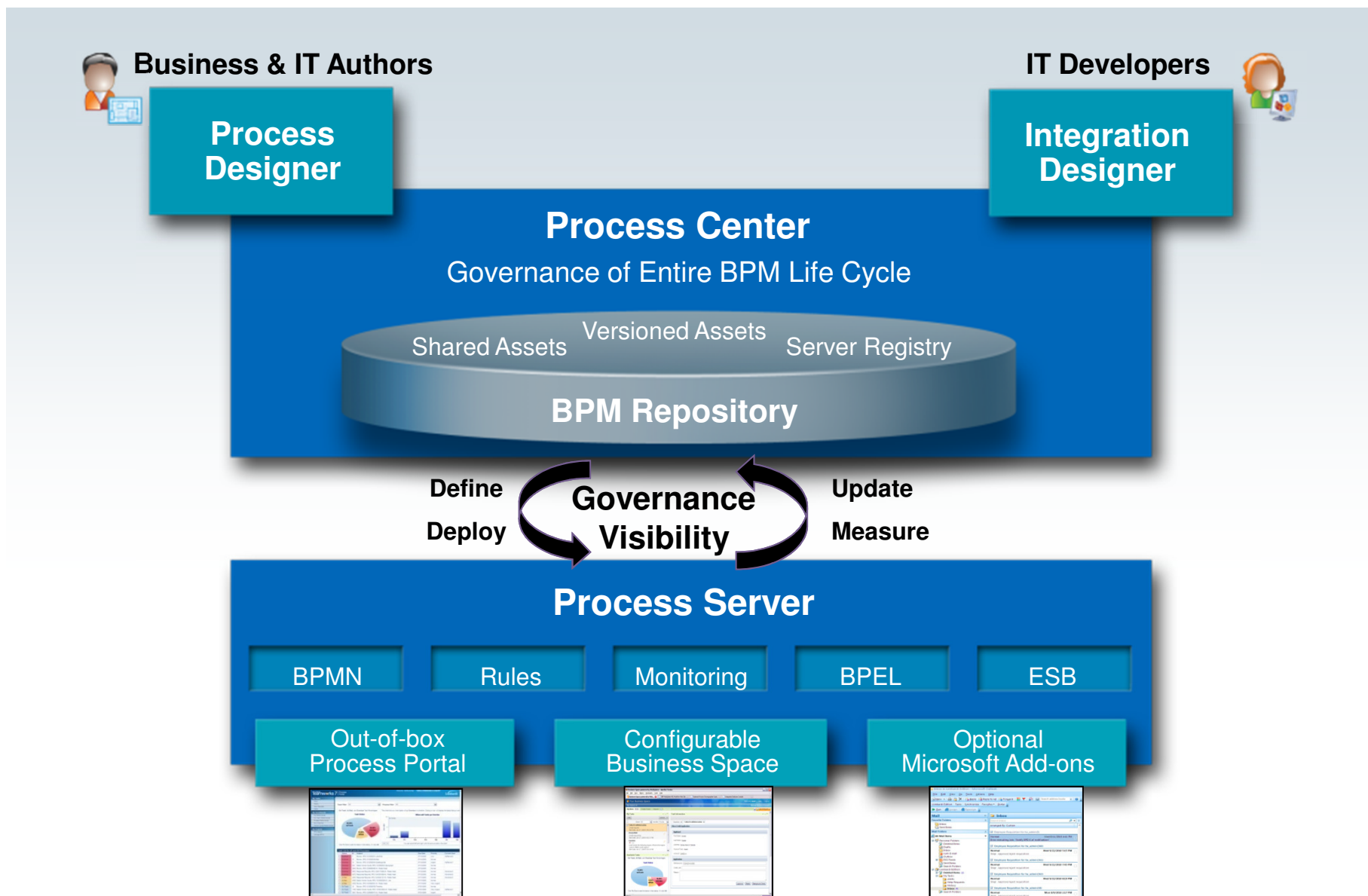
Works the Same

- **Common look and feel**
- **Enables easy skills transfer**

Works Reliably

- **Secure and safe infrastructure**
- **Easily scalable**

IBM Business Process Manager V7.5



IBM BPM v7.5 Playback Session

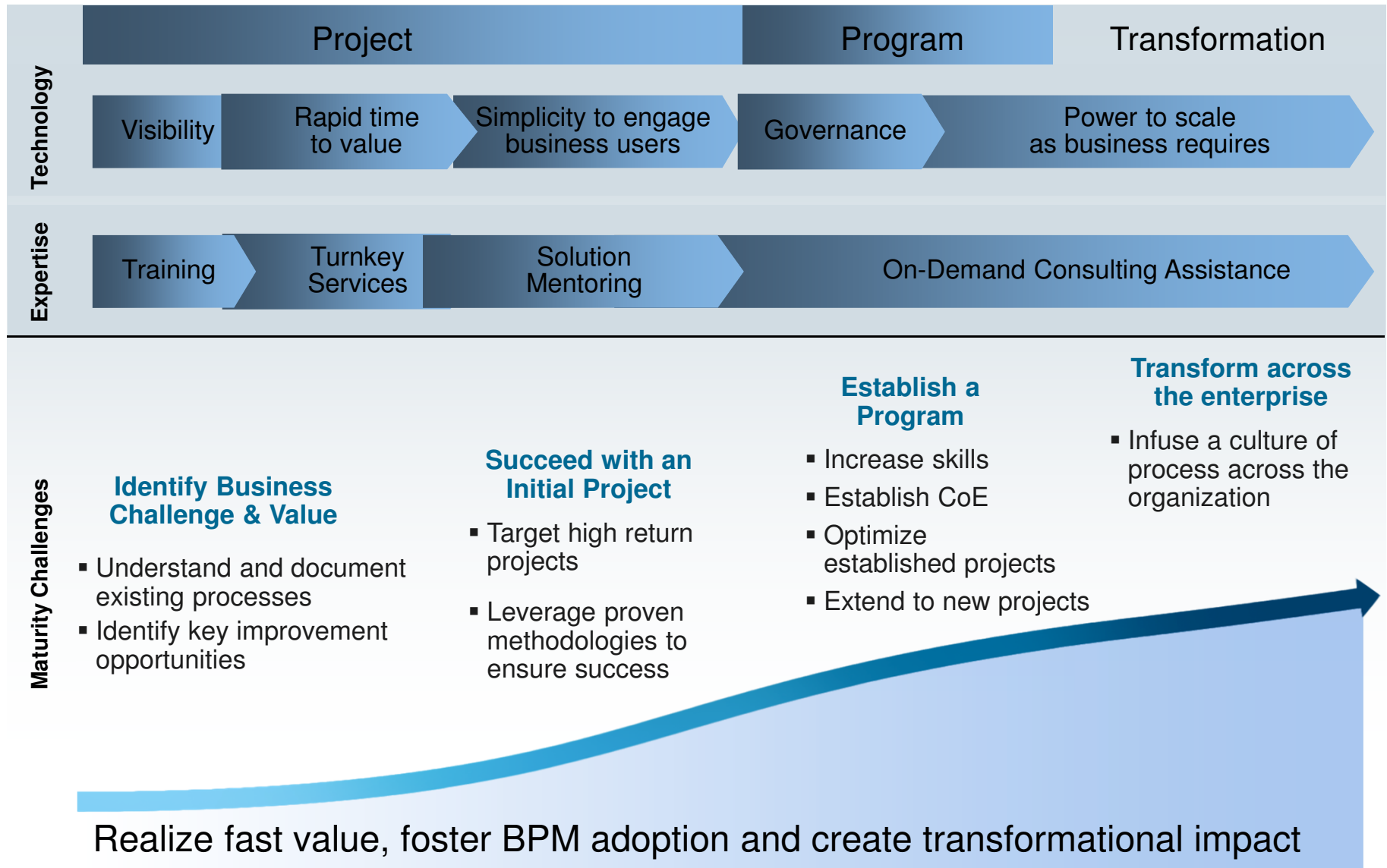
Process Developers

Call Center Managers

VP, Operations



Ensure success with a proven approach for adopting Business Process and Decision Management



IBM is the proven leader in all aspects of BPM



Largest BPM Customer Base

- #1 in Market Share according to independent analysts Gartner Group and IDC
- 5,000 + clients

Strongest Ecosystem

- 1000+ business partners
- Global Users group



Unparalleled expertise and level of investment

- Over 15 years of industry leadership
- 100's of assets
- Broadest, Deepest solution portfolio & services

Broadest and Most Differentiated Capabilities

- Simplicity for fast deployment and full business user participation
- Centralized governance for repeatability and consistency
- Visibility and Control to continuously improve business operations
- Power through High Scalability, Integrity & Quality of Service
- Market Leading decision and rules capabilities
- Best in class exceptions handling and case management

Think big

Start small

Scale fast

“Complexity should not be viewed as a burden to be avoided; we see it as a catalyst and an accelerator to create innovation and new ways of delivering value.”

**Juan Ramon Alaix, President,
Pfizer Animal Health**

