IBM

Implement IT infrastructure and solutions that enable you to flexibly respond to unpredictable consumers and demanding customers.

ON DEMAND BUSINESS™

Contents

Helping your business prosper in an age of transition

Today the consumer products industry is in the middle of sweeping and significant changes. Market forces that impact consumer products firms continue to grow more severe, impacted by the speedy pace of change within the marketplace. Previously dependable business practices and predictors are out of touch and out of favor. Retailers want more services and flexibility — and they want them faster. Staying ahead of the competition has become a bigger challenge than ever.

The changing consumer landscape presents new challenges

At the same time, the consumer landscape is changing. The very definition of "consumer" has become a moving target. No "average" consumer exists anymore because consumer demographics cross cultures, age, ethnicity and socioeconomic position. Today's "super shoppers" have more information about choices in the marketplace and are more particular about what they want. They understand what constitutes a good buy, how it compares to competing products and where to find the best bargains. With greater access to product and pricing information across multiple information channels, today's consumer is more empowered and harder to cater to. Loyal customers have become an endangered species.

Buying habits have become unpredictable. Product identity diverges towards the extremes of high and low end, transforming the old bell curve into the new "well curve." Consumers often buy according to polarized taste — a high-performance luxury car one day and a bottom-of-the-line paper towel the next. Products in the middle struggle because they seek to establish an identifiable and positive impression with the consumer.

Retailer behavior and globalization create further complications

Mergers and acquisitions are increasingly prevalent among large retailers. As large retailers consolidate, consumer products companies become influenced by the retailers' greater power and demands.

Consumer products companies have to work with retailers who are leading initiatives, such as RFID, and compete against retailers' own private label products on the store shelves.

To stay competitive, consumer products companies continue to develop and introduce new products at a record pace. Additionally, consumer products companies either have to consolidate their brands and shed excess lines, or risk spreading themselves too thin on limited shelf space and causing out-of-stocks. Finally, globalization has spread product culture everywhere. Companies need to understand and plan for geopolitical differences in their global brand strategies.

Pains can be symptoms of hidden problems

Businesses experiencing these pains have an indication that something in the business may be out of balance or that one or more systems are overly taxed, creating risk for the enterprise's health. If your IT system was designed without these pains in mind and your company needs better, more effective avenues for gaining information, it may be time to take a hard look at your existing IT system and applications. That can help you determine if your existing IT system and applications properly align with your business priorities and decide if they have the ability to keep you competitive in this challenging and changing business climate.

IT systems were once developed in isolation. One system for one company. But that was when businesses were all in buildings and customers made the most of their purchases within a fixed radius from home in face-to-face transactions. Now business goes on anonymously, around the globe and around the clock. IT infrastructures today must work to maximize efficiencies. They must be agile and responsive so your business can react quickly to change.

Other business implications for consumer products companies:

1. Inability to achieve spectacular growth: Difficulty increasing profits. Decreasing growth potential. Few successful product launches; as much as 90 percent of new product introductions fail.

2. Downward margin pressure: Competitive global prices for commodities. Companies spend more to find and develop the next hot product. Thin margins don't allow room for error.

3. Increased operational complexity: Dealing with multinational corporations is complex and unpredictable. You may deal with paper documents on one side and Electronic Data Interchange (EDI) on the other.

Today the one system for one company model doesn't work — for developing systems or nurturing relationships. Consumer products companies must work together with retailers to generate the type of synergy that changes isolated entities into partnerships that benefit everyone involved.

IBM's solution: On Demand Business

IBM has the solution: make your business an On Demand Business. 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 flexibility and speed to any customer demand, market opportunity or threat.

Becoming an On Demand Business means:

- *Being able to thrive in the modern supplier and retailer ecosystem where change is part of life and being flexible is imperative.*
- *Automating your business to flexibly and quickly respond to changes in your retail environment, reducing costs and increasing customer responsiveness.*
- *Putting retailer, consumer, supply chain and product knowledge and options at your sales force's fingertips, so it can access what it needs – an on demand infrastructure.*

- *Collaborating with trading partners to share in real-time product and store sales information, leading to better planning and improving supply chain efficiencies.*
- *Having your supply chain processes be responsive and integrated enough to provide your sales force, other employees and retail partners with real-time information and actions, allowing them to quickly respond to marketplace changes.*
- *Establishing a robust infrastructure to support your long-term business goals and verify that you're really getting value out of the IT investment you have already made.*

An On Demand Business needs an on demand operating environment

An on demand operating environment is not a single product. Not a brand. Not a platform. Not even an architecture. An on demand operating environment is an approach designed to provide your organization with the business flexibility and IT simplification it needs to become an On Demand Business.

What it means to be an On Demand Business

An On Demand Business is:

- Responsive: Able to react quickly to marketplace shifts and your customers' evolving needs.

- Resilient: Prepared for unexpected changes — technological, economic or political — so that no matter what, your business operates with consistent availability, privacy and security.

- Variable: Able to adapt your cost structure and business processes flexibly so that you can minimize risk and do business at a high level of productivity, cost control, capital efficiency and financial predictability.

- Focused: Concentrated on your core competencies, differentiating tasks and assets by employing tightly integrated strategic partners to manage your noncore business activities.

Working side by side with leading customers, we've learned a lot about what it takes to create the kind of infrastructure that truly enables — rather than inhibits — an On Demand Business. We know an on demand operating environment must leverage existing assets. No one is interested in starting from scratch. Instead, you need a disciplined approach to evolve what you have into what you need.

The design of an on demand operating environment must also match the design of the business itself. To increase flexibility of your business design and maximize components of your solution, the infrastructure must evolve from silos of complex, over-provisioned, proprietary hardware and software to a standards-based infrastructure in which capacity can be optimized across your entire organization.

Consider imperatives the consumer products industry faces today

Challenging business conditions drive industry executives to focus on four major strategic imperatives to accelerate growth and increase profitability:

- *Infusing deep insights into, and accelerating, the innovation process.*
- *Developing strong services competencies that drive product performance at retail.*
- *Building "fit for purpose" manufacturing and supply chain capabilities.*
- *Realigning the organization to focus on key differentiators.*

What is IBM middleware?

IBM Middleware Solutions are customized combinations of IBM core middleware and industry-specific middleware that, when combined with application software from IBM's network of independent software vendor partners and industry-specific services, enable customers to build an on demand operating environment.

IBM middleware consists of DB2®, Lotus®, Rational®, Tivoli® and WebSphere® software offerings — you can use them separately or together to automate and integrate your IT infrastructure, including communication, processes and data.

IBM middleware helps you handle your daily deluge of transactions that needs to be processed quickly, reliably and securely, even across different networks or platforms. It helps your business prosper in the on demand world, maximizing your relationships with partners, suppliers, retailers and consumers. IBM middleware can help you keep and attract consumers, service and collaborate with retailers and get the most for your IT dollar. Middleware may even help you maximize your investment in legacy systems.
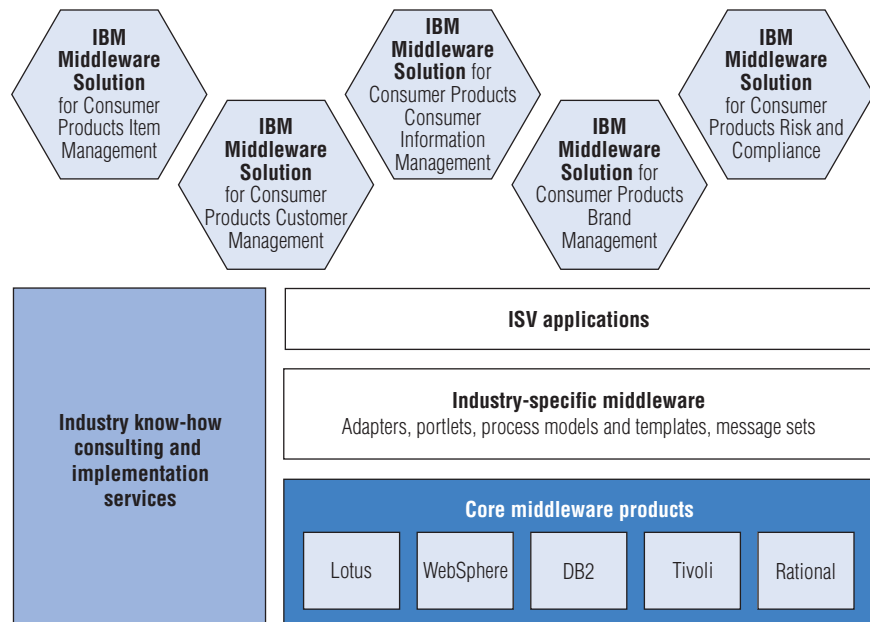
Overview of a middleware solution

IBM Middleware Solutions for Consumer Products help meet industry challenges

IBM offers industry-specific solutions because our clients demand solutions that meet their industry-specific business problems. Each of the following IBM middleware solutions meets a specific consumer products challenge and offers tailored benefits through a combination of software, industry-specific components, services and expertise.

IBM Middleware Solution for Consumer Products Item Management

Helps you:

- *Provide consistent and accurate product data throughout the business and its processes; minimize billing errors and deductions; assist in improving speed of new products delivery to retailers' shelves; comply with mandates such as RFID and global data synchronization, including item synchronization; and establish a comprehensive system for product information management across the value chain.*
- *Support item messages between consumer products companies and public data pools, public data registries and retailers; maximize invoice accuracy; minimize deductions and inventory carrying costs; and optimize the speed of "pick and pack."*

IBM Middleware Solution for Consumer Products Customer Management

Helps you:

- *Provide your professional sales force with the critical information needed to assist customers, relieving them of time-consuming administrative tasks, in a role-based workflow environment.*
- *Optimize sales productivity and joint planning.*
- *Provide role-based information needed for sales negotiations.*

IBM Middleware Solution for Consumer Products Consumer Information Management

Helps you:

- *Create meaningful and timely consumer and retail insights, based on integrated point of sale (iPOS), to intelligently combine retail POS data with manufacturer information.*
- *Leverage category management strategies in a fact-based consumer context.*
- *Optimize assortment and pricing; achieve rapid consumer insight and analysis; and effectively target promotions to drive sales.*

IBM Middleware Solution for Consumer Products Brand Management

Helps you:

- *Overcome the lack of control in content creation and workflow, and the difficulty in maintaining brand consistency across multiple channels such as print and Web.*

- *Provide a workflow, planning and information management environment to help consumer products organizations manage digital brand assets and use them collaboratively.*
- *Avoid incorrect use of brand images and messages in external communications.*

IBM Middleware Solution for Consumer Products Risk and Compliance
Helps you:

- *Offer real-time audit and traceability capabilities regarding certified revenue and income-compliance requirements. Deal with the difficulty of consolidating information from multiple units and the lack of documentation of business processes and controls.*
- *Identify key issues before they become critical. Allow sales and finance departments to collaborate on both revenue certification and complex reporting of promotional discounts.*

IBM provides a true end-to-end solution
IBM solutions don't just focus on individual point products but extend beyond core brand content to include industry-specific middleware, industry expertise and ISV content. By using IBM Middleware Solutions for Consumer Products, consumer products companies can standardize their operations with IBM technology, helping minimize IT complexity and optimize time to market of new products.

Components of IBM Middleware Solutions for Consumer Products
Software
IBM Middleware Solutions for Consumer Products include products from IBM's five software groups.
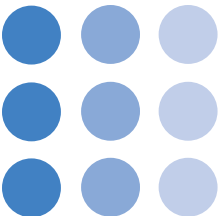
- *IBM DB2 – Database and information management solutions that help you access, store and analyze data more effectively*
- *IBM Lotus – Capture and apply essential knowledge, and collaborate in real time*
- *IBM Rational – Advanced software and system development tools*
- *IBM Tivoli – Intelligent management software to help you store, protect and provision your resources*
- *IBM WebSphere – Transaction management, product information management and integration solutions*

IBM middleware solutions are modular and can run openly across platforms and legacy systems, including the pervasive, cost-effective and open-source Linux® operating system.

IBM®

Services

- *IBM Business Consulting Services*
  - *Business strategy*
  - *Integration services*
  - *Business process re-engineering and operations strategy*
  - *Component business modeling*
- *IBM Software Services*
- *IBM Global Services Business Transformation Outsourcing*

IBM Business Partners enhance consumer products solutions

IBM Middleware Solutions for Consumer Products provide a world-class foundation for your solutions, and applications provided by our extensive network of industry-focused ISVs — combined with IBM consulting services and hardware — complement the full solution. IBM Business Partners provide industry-specific business applications that run on IBM middleware platforms.

Success built on IBM's technology and expertise

IBM Middleware Solutions for Consumer Products blend the capabilities of IBM's five software brands with a strong partner ecosystem of system integrators and ISVs to optimize time to value and minimize risk. IBM can help your efforts to bring new products to market quickly, create new revenue streams, optimize customer service and minimize costs.

For more information

To learn more about IBM Middleware Solutions for Consumer Products and other solutions for the consumer products industry, call your sales representative or visit **ibm.com**/software/industries/consumerprod