WebSphere Software for SOA

# Business Value of SOA

**Andreas Dax**
**SW Group CEMAAS, Value Assessments**

*SOA on your terms and our expertise*

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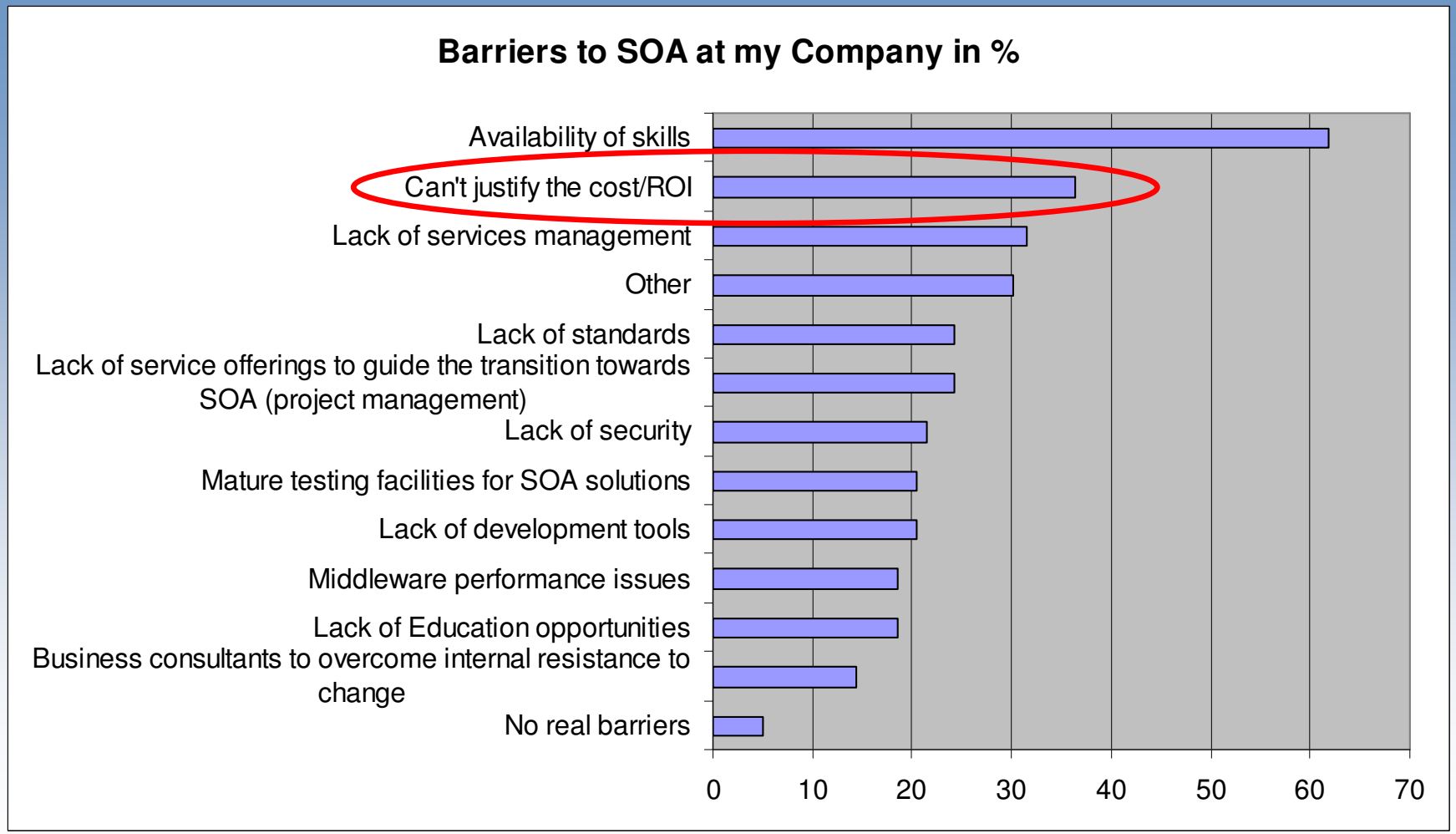
# IBM Survey Found the Same Concern:

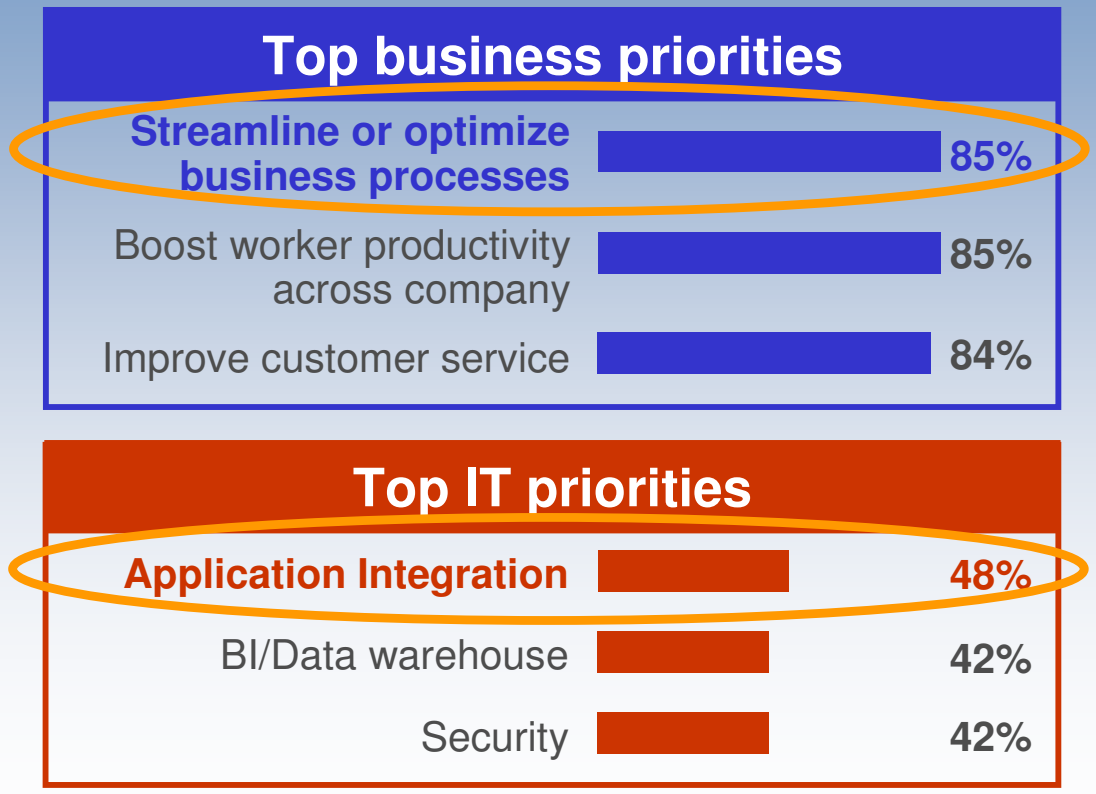
## #2 barrier: *unable to justify cost / ROI*




Survey is based on 215 participating clients at SOA Executive Summit in San Francico May 12, 2005

# Responding more effectively to changing market conditions is a CEO imperative

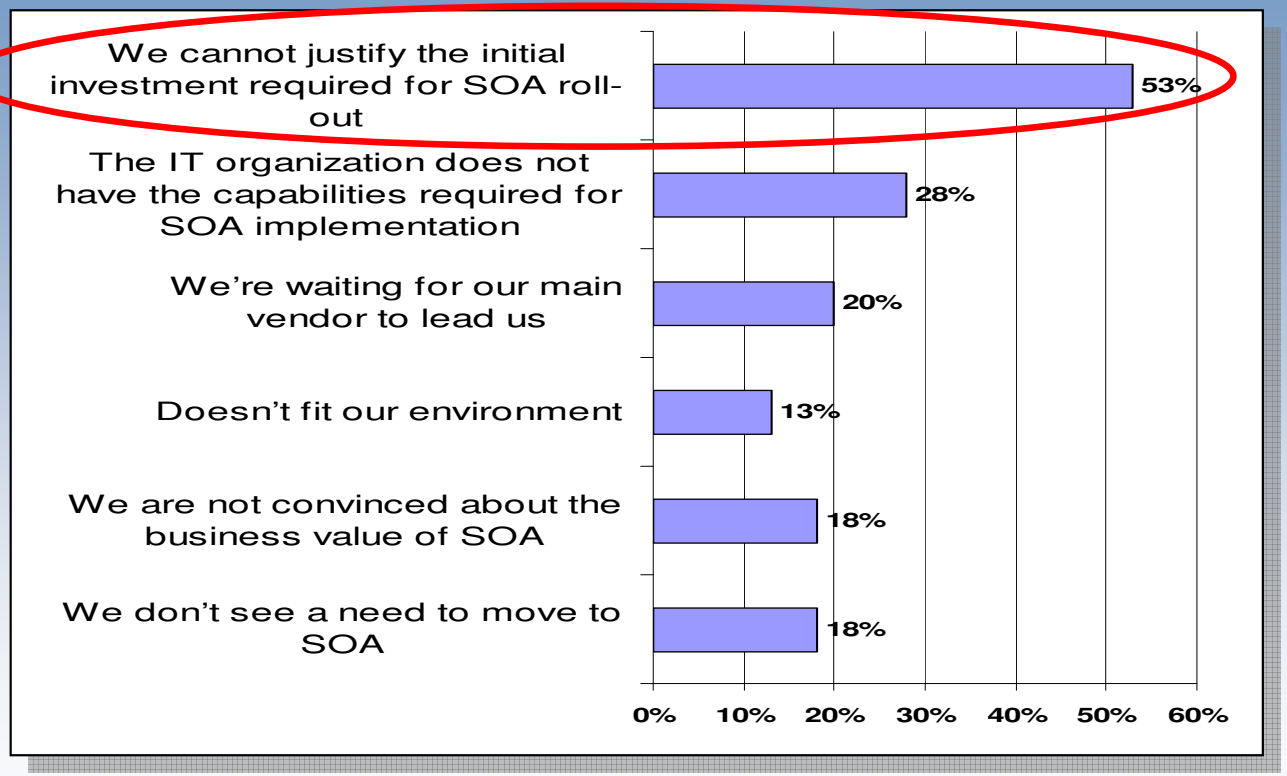
*"Four out of five CEOs are focusing on revenue growth for the next three years while maintaining a tight control over costs."*




Sources: *Outlook 2004: Priorities 1Q InformationWeek* Research, January 2004; Merrill Lynch CIO Survey Results, September 2004

# Aberdeen Group Study - Barriers for introducing SOA

## #1 reason: *unable to justify initial investment*




Source: *How SOA Is Changing IT – What CIO Should Know*
Aberdeen Group

# The Status Quo is Consuming Your Client's Resources:

"CIOs project that they spend between **35%** and **60%** of their budgets on integration projects."

Source: Aberdeen Group

"Integration remains the number one IT priority; fully **60-70%** of IT budgets are dedicated to it."

Source: WebServices Journal

"According to analysts, over **70%** of the IT budget is being spent on **overcoming the limitation of current systems**, while less than **30%** is spent on acquiring **new capabilities** that can provide a competitive edge to the business."

Source: IBM Research

"Various surveys tell us that the typical enterprise is devoting over **80%** of its applications budget to simply **supporting normal business** because of the complexity of making **change**."

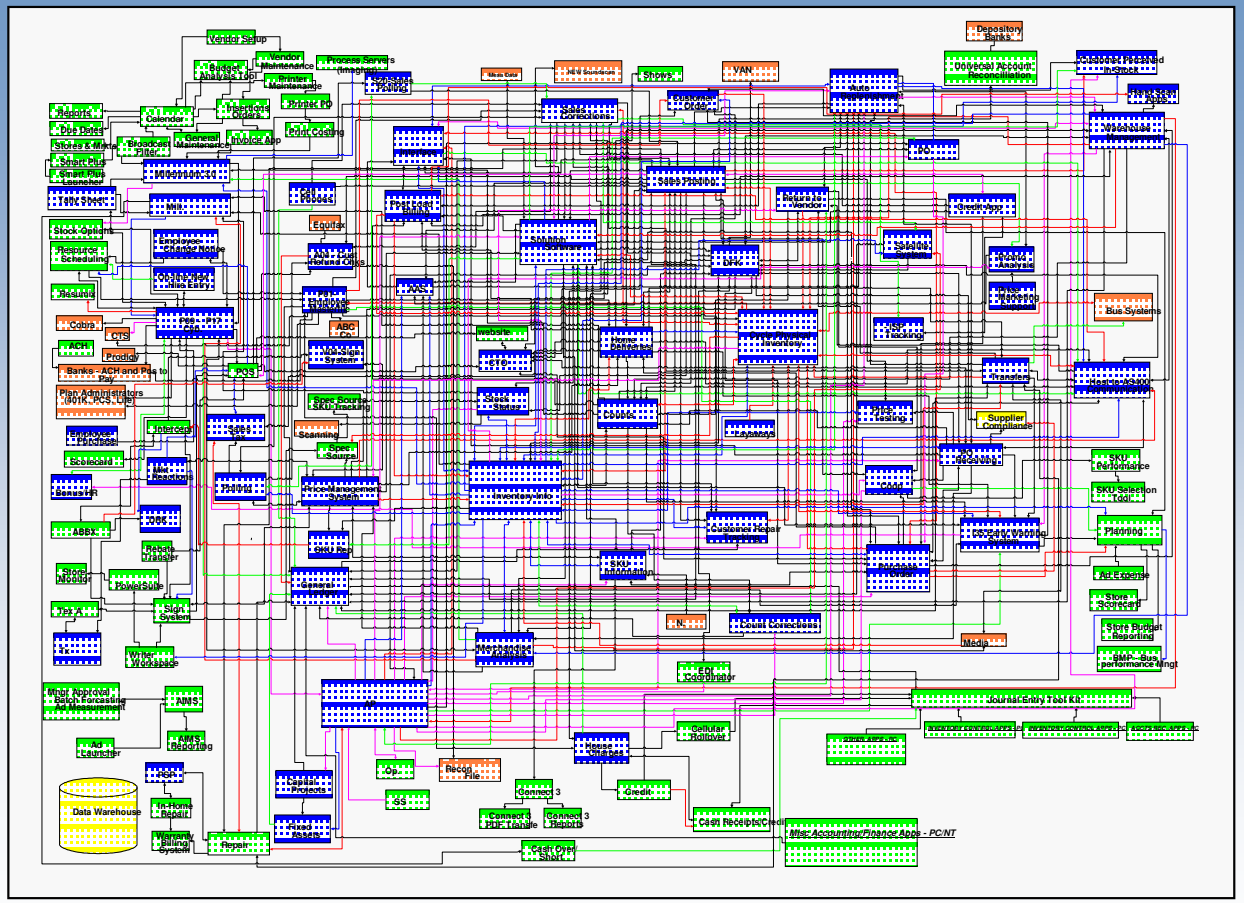
Source: CBDI
The Business Case for SOA

# Ever increasing application maintenance costs are crowding out budgets for new development

*"In 2005, **76% of IT budgets were spent on maintenance** and 27% on new investments.*

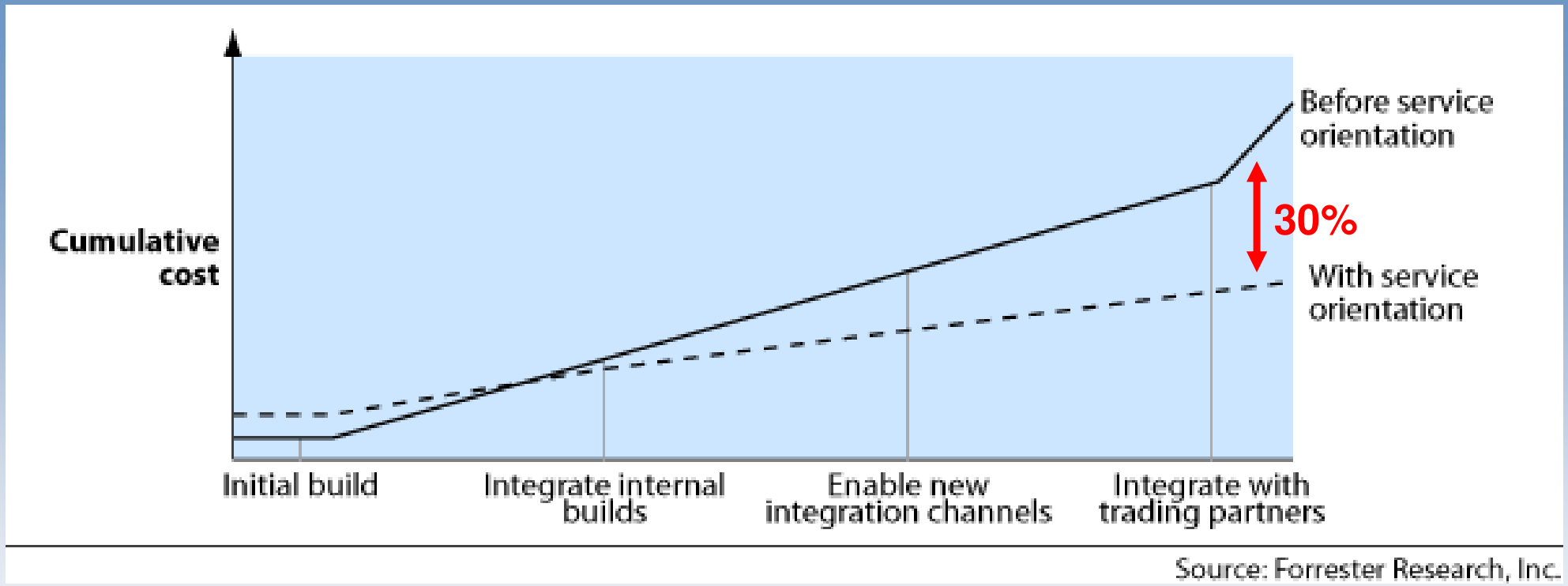
*Over **70%** of the IT budget is being spent on **overcoming the limitation of current systems**."*

- Forrester Research*



*Actual application topology for a company*

# Analyst Studies Show That SOA can Save Time and Money




**SOA can reduce integration project development and maintenance costs by 30% or more.**

**(Source: Forrester Research, Inc.)**

# AXA Financial Case Study: ROI = 200%

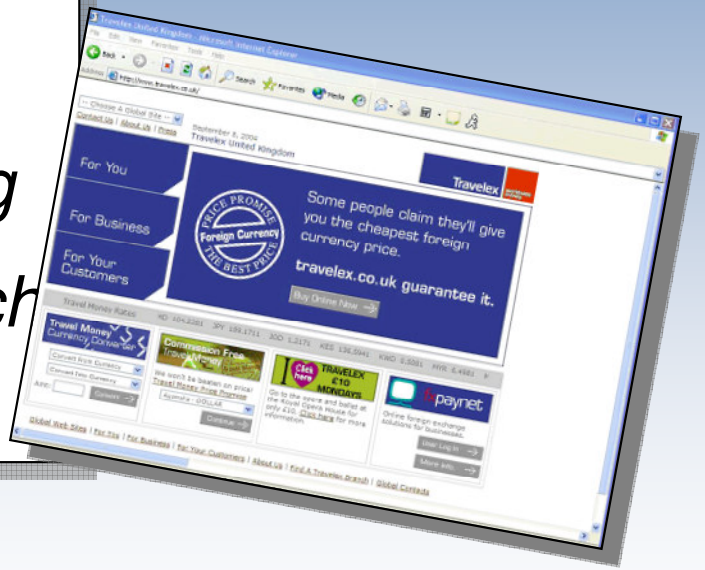
*Don Buskard, Senior VP & CTO of AXA Financial states "the benefits of easier integration and increased agility lead to greater ROI." Buskard says he's achieved a 200 percent return on his SOA investment.*

Source: *What you need to know about Service-Oriented Architecture*
*CIO Magazine, Jan 15, 2004.*

*http://www.cio.com/archive/011504/soa.html*

# Travelex: 85% reduction in transaction processing time
# 20% reduction in application support cost

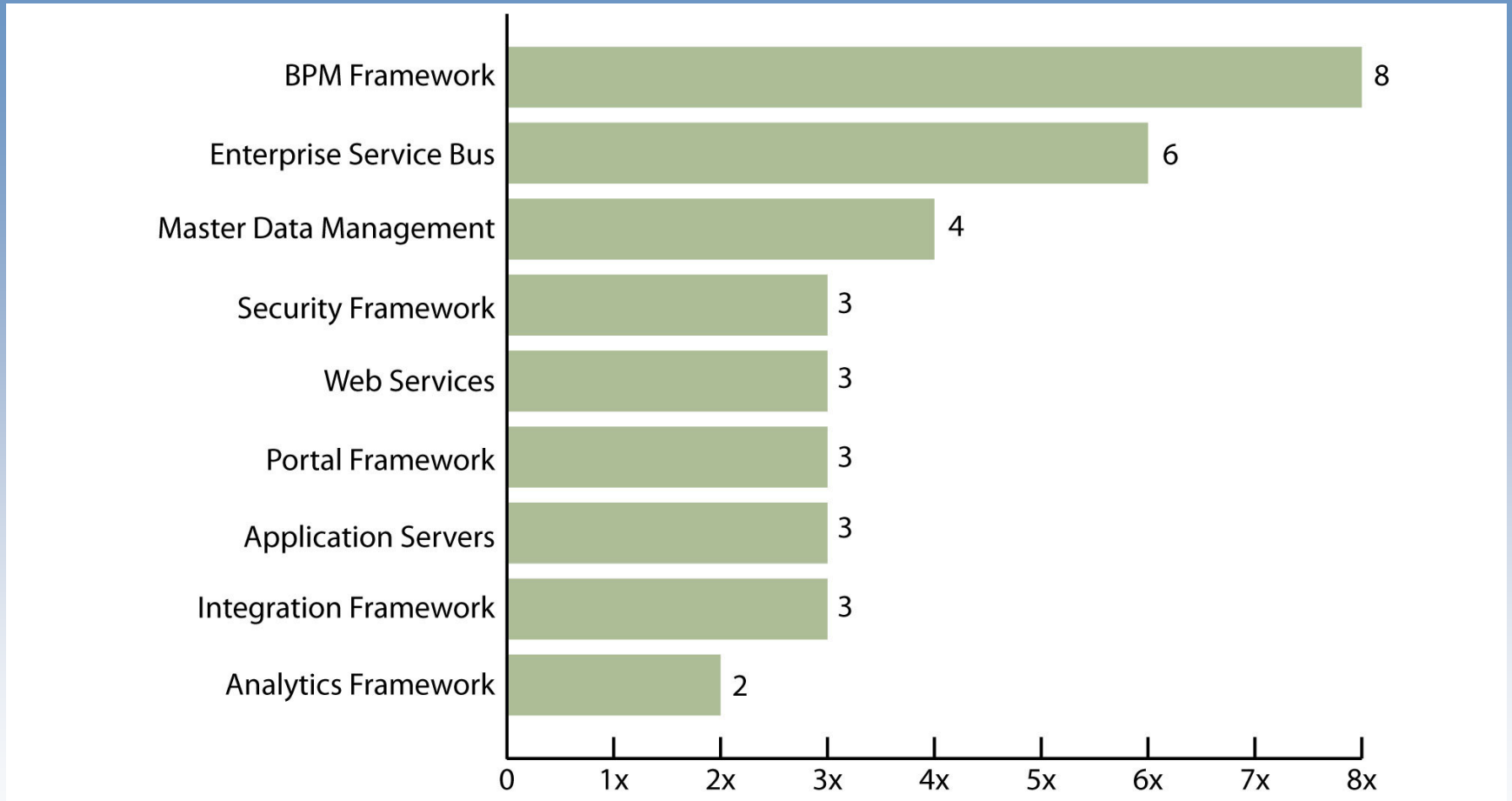
*"Travelex ..... has seen an 85% reduction in the time required for customer processing of foreign exchange transactions by implementing a Straight Through Processing approach*




Source: *Modernizing Application Integration with Service Oriented Architecture* CBDI Forum

http://www-306.ibm.com/software/solutions/webservices/pdf/modernizing_app_integration.pdf

# Future Areas of investment to reduce costs

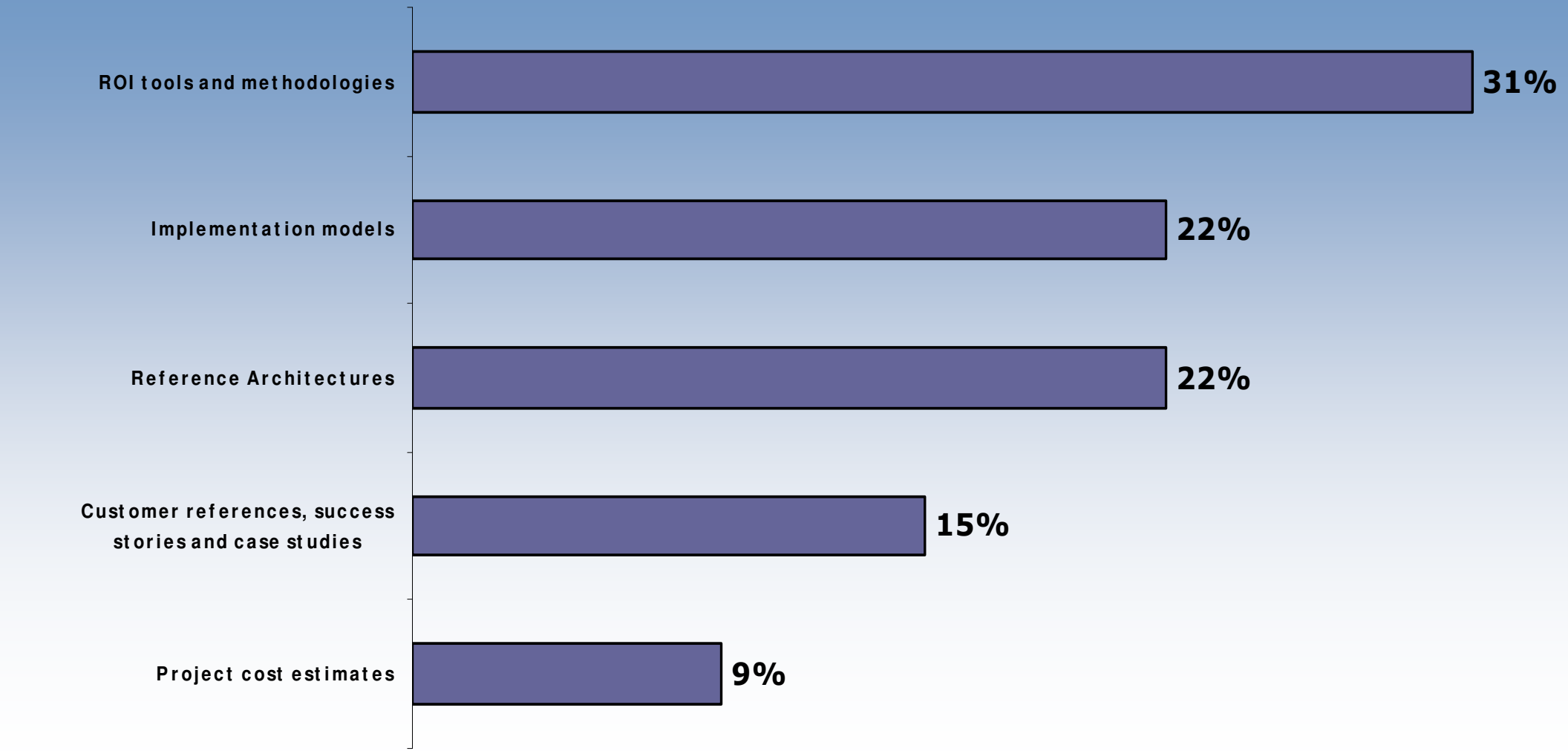


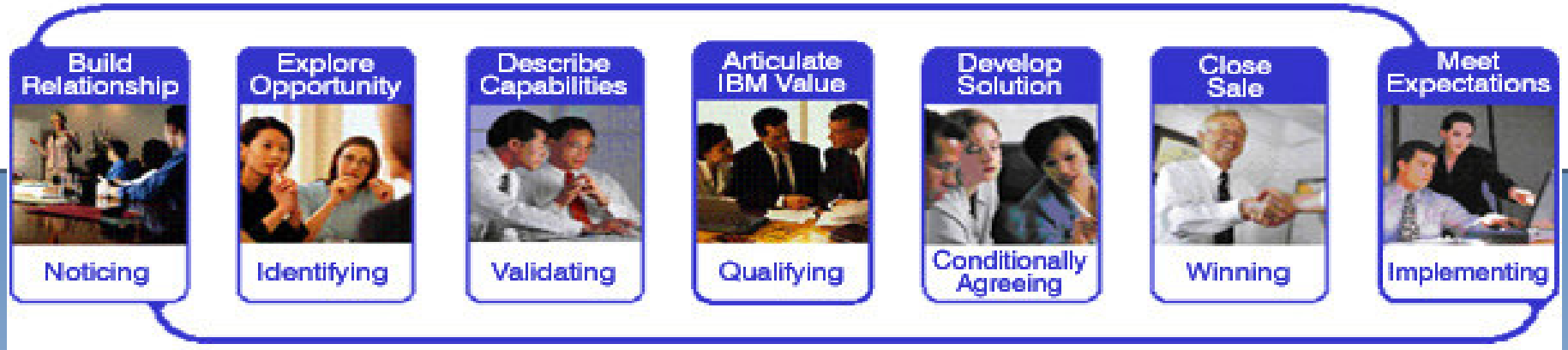

*A gauge of interest by component. BPM is 8 times more likely to be part of future deployments than exisiting deployments.*

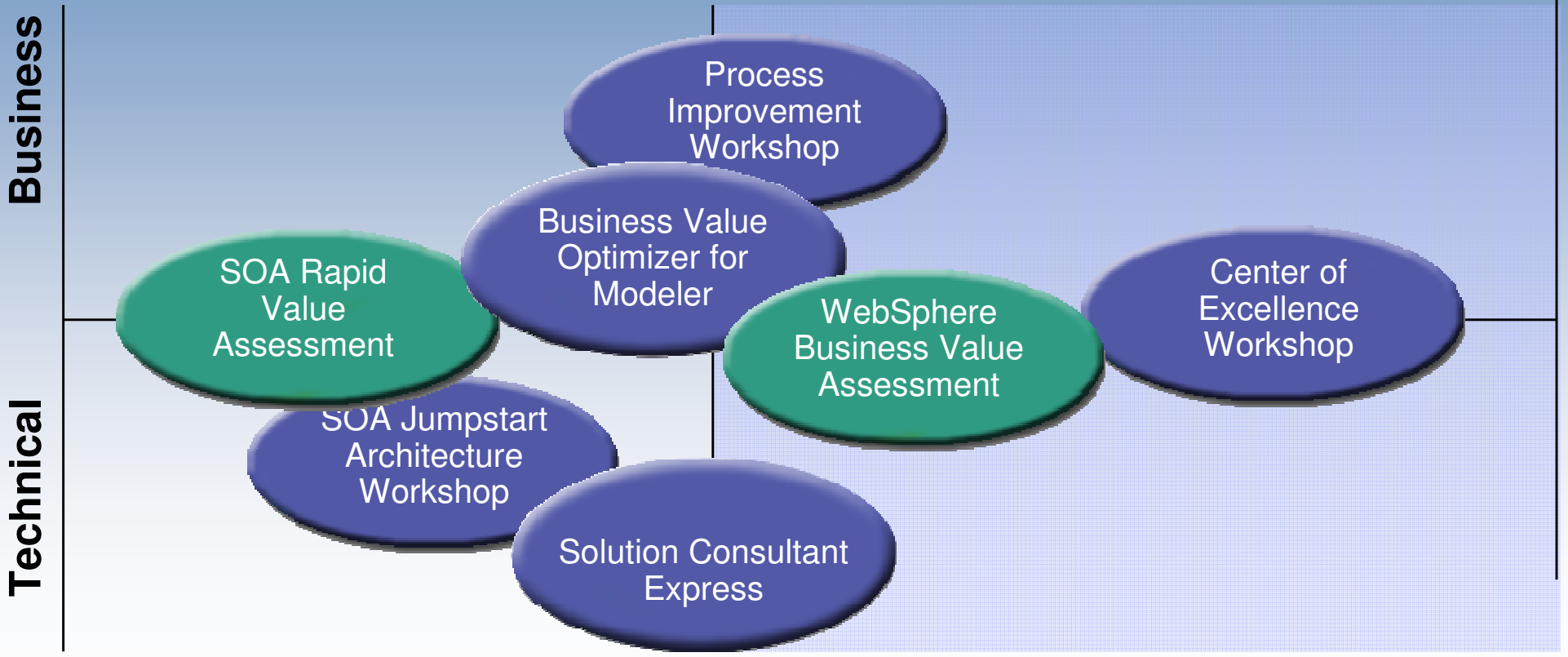
*Base: Companies that are either using or planning to use SOA, n=99*

# Preferred tools to help building a business case

*Base: Companies that are either using or planning to use SOA, n=89*






Note: use *only* if needed to win!

# How is Value Defined for an Infrastructure Project?

- **Value to the business – ROI, e.g.,**
  - Increased Revenue
  - Increased Market Share
  - More Efficient Operations
  - Improved Systems Availability

- **Reduction in IT costs – lower TCO, e.g.,**
  - Reduced implementation costs
  - Lower operating and maintenance costs
  - Faster time to completion

# Value Assessments – **Customer benefits**

1. Showing competitive advantage
2. Tie IT & Business solution together
3. Justify costs for moving into SOA

# Value Assessments – **BP's & SI's benefits**

1. Shows how to Increase Profitability with BPM/SOA
2. Reducing discounting by 20-30%
3. Speed up Sales Cycles by 30-40%
4. Strengthen Executive Relationship

# Value Assessment: from Roadmap to Staged ROI

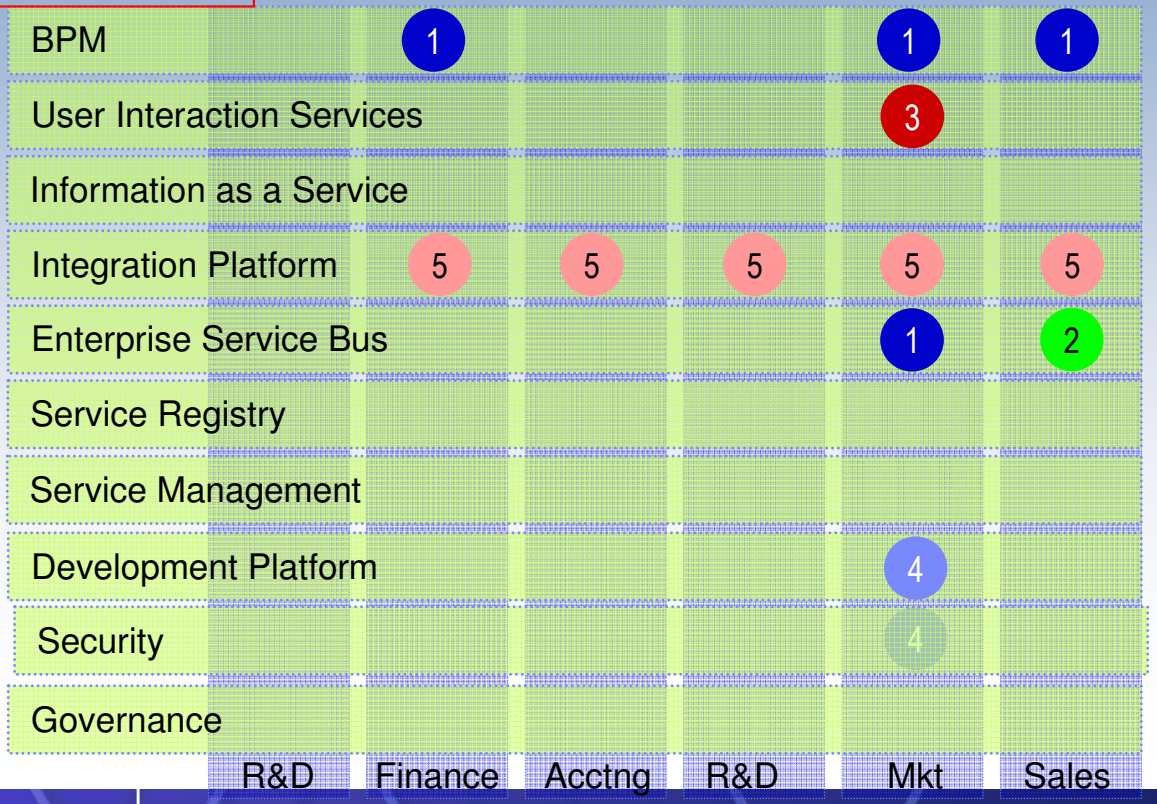
View your IT as horizontal IT layers and vertical LOB functions

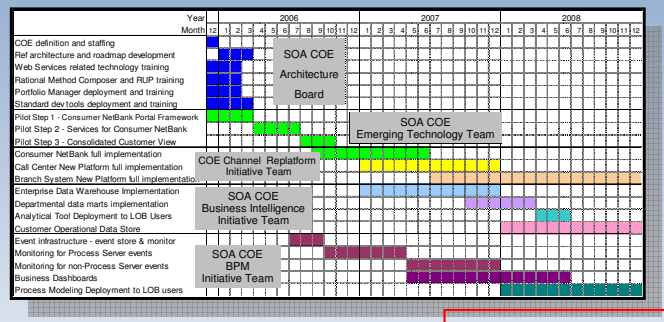
Prioritize activities of SOA adoption

Develop roadmap based on prioritization in a phased-based approach

Evaluate SOA Business value for each phase on roadmap

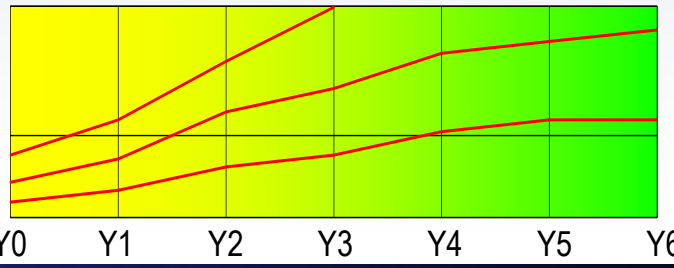
**Prioritization**



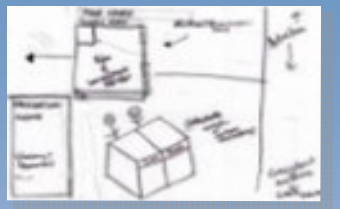




**Roadmap**

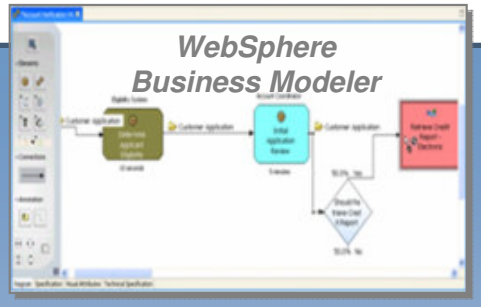
**ROI**



# Cost Savings by Modeling and Simulating



*Existing Processes*




Run simulation to estimate savings and support the business case for the process change

67% of processes fail **because their impact was not known prior to execution**

**--Omar Sawy,**
***Redesigning Enterprise Processes for e-business***

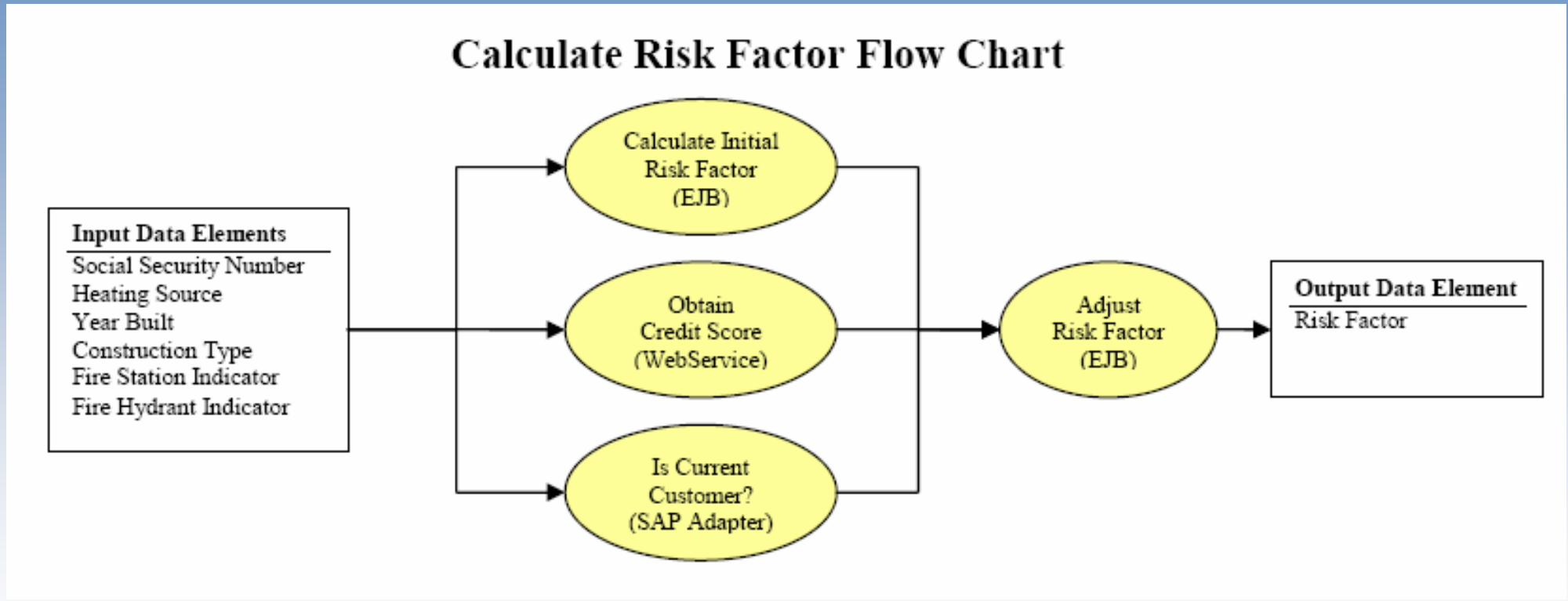
**Current State – Times & Costs**
Case Analysis with Unlimited Resources

| Probability | Average Process Time (min:sec) | Average Cost | Case | Case Description |
|---|---|---|---|---|
| 32.91% | 10:11 | $5.40 | 1 | Direct mail, Complex |

**Future State – Times & Costs**
Case Analysis with Unlimited Resources

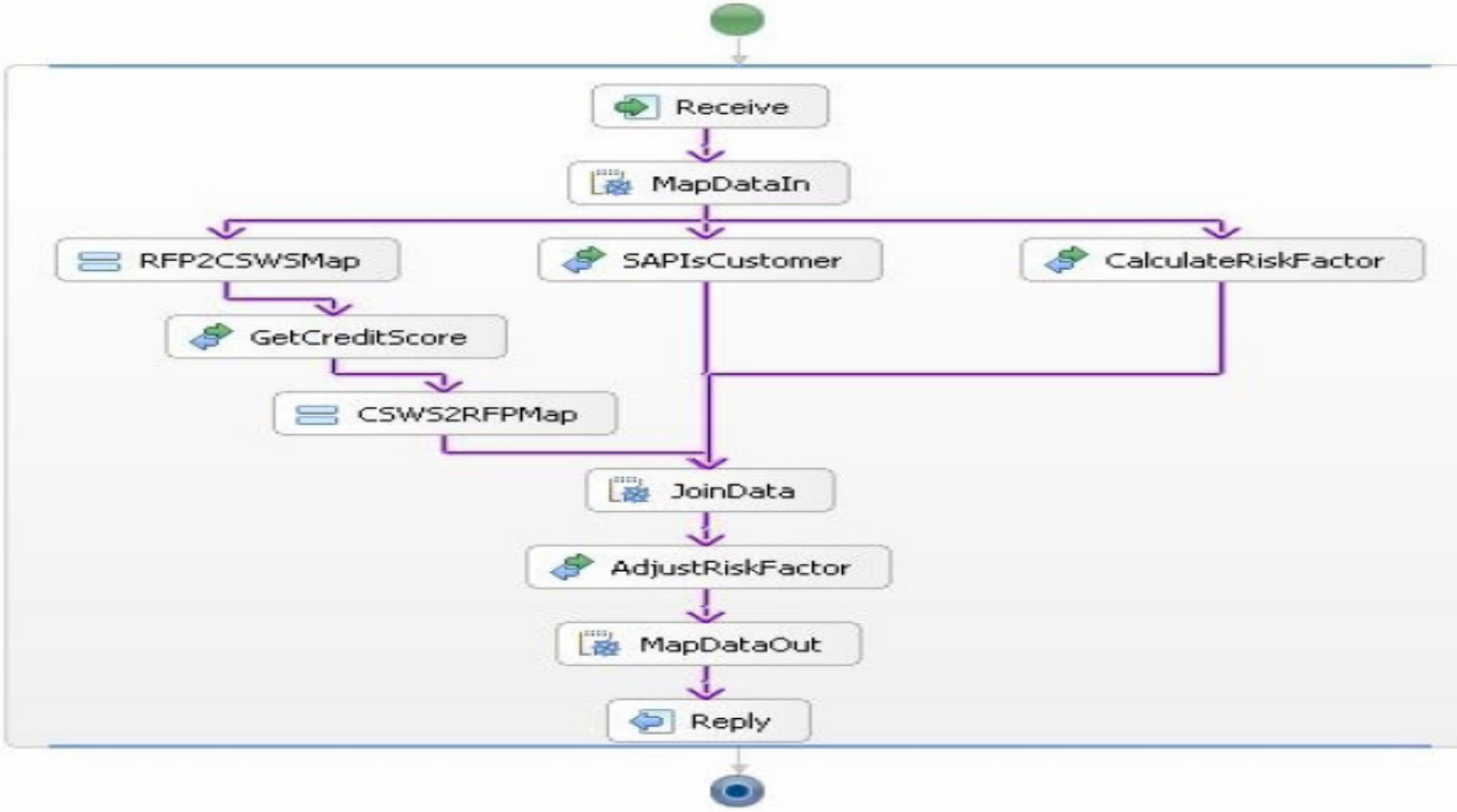
| Probability | Average Process Time (min:sec) | Average Cost |
|---|---|---|
| 35.57% | 8:16 | $4.38 |

# Real Business Case Example



# Real Business Case Example

## Workflow in WebSphere Integration Developer



# Real Business Case Example

## Results WebSphere BPM/SOA

| Step Description | Time to Complete (minutes) |
|---|---|
| | |
| **Expose Components as Services** | **16** |
| | |
| Credit Score (web service) | 0 |
| Customer Detail (BAPI) | 3 |
| Determine Risk (EJB) | 7 |
| Adjust Risk (EJB) | 6 |
| | |
| | |
| **Create Process and Expose as Web Service** | **51** |
| | |
| Create process interfaces | 11 |
| Add services to process | 39 |
| Expose process as a web service | 1 |
| | |
| **Testing** | **7** |
| | |
| Credit Score (web service) | 0 |
| Customer Detail (BAPI) | 1 |
| Determine Risk (EJB) | 1 |
| Adjust Risk (EJB) | 1 |
| Process as web service | 4 |

**Total: 74 minutes**

42%

## Results Traditional Approach

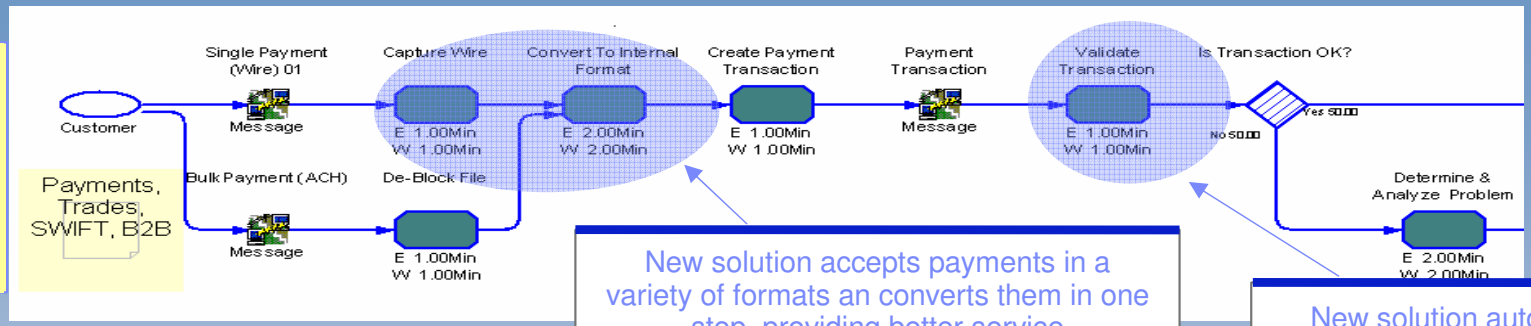
| Step Description | Time to Complete (minutes) |
|---|---|
| | |
| **Expose Components as Services** | **44** |
| | |
| Credit Score (web service) | 6 |
| Customer Detail (BAPI) | 6 |
| Determine Risk (EJB) | 22 |
| Adjust Risk (EJB) | 10 |
| | |
| | |
| **Create Process and Expose as Web Service** | **60** |
| | |
| Create Software Component, process interfaces | 14 |
| Add services to process and configure process-to-service endpoints | 14 |
| Create maps | 15 |
| Add other activities to process | 10 |
| Create and configure endpoints so that process can be called as a web service | 7 |
| | |
| **Testing** | **70** |
| | |
| Credit Score (web service) | 14 |
| Customer Detail (BAPI) | 12 |
| Determine Risk (EJB) | 13 |
| Adjust Risk (EJB) | 11 |
| Process as web service | 20 |

**Total: 174 minutes**

# Process Improvement Analysis Results

## Payments Origination & Receipt Process from Corporate Customer

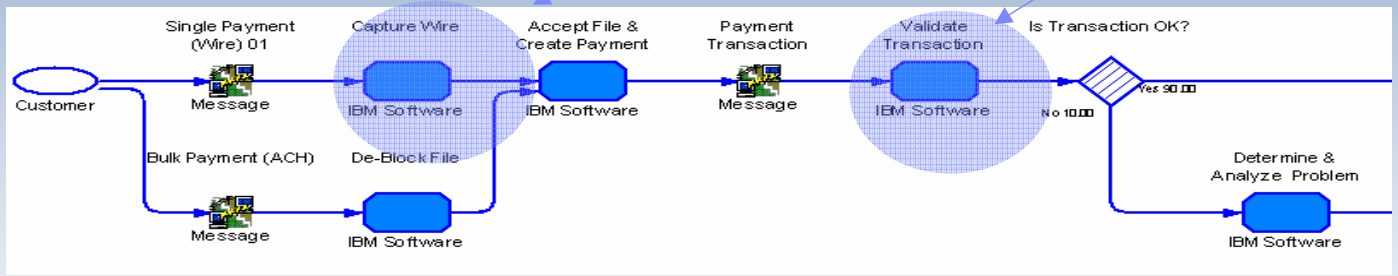
As-Is Process




New solution accepts payments in a variety of formats an converts them in one step, providing better service

New solution automatically analyzes and routes transaction for credit validation / problem resolution without human intervention

To-Be Process



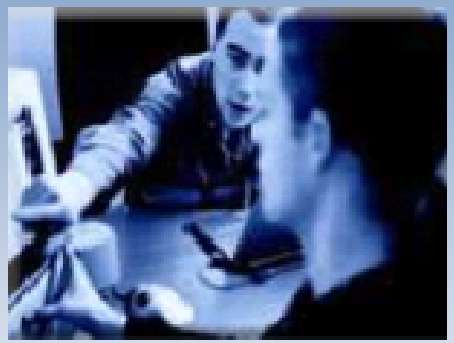

ROI Model

| Time / Cost | Payment Order Receipt | Problem Resolution | Payment Credit Validation | Totals |
|---|---|---|---|---|
| As-Is Process | 7.10 Min / $2.44 | 29.50 Min / $33.96 | 9.92 Min / $3.75 | 46.52 Min / $40.15 |
| To-Be Process | 4.20 Min / $0.40 | 18.00 Min / $12.95 | 4.12 Min / $1.18 | 26.32 Min / $14.53 |

**Overall Improvement: 20.20 Min/ $25.62**

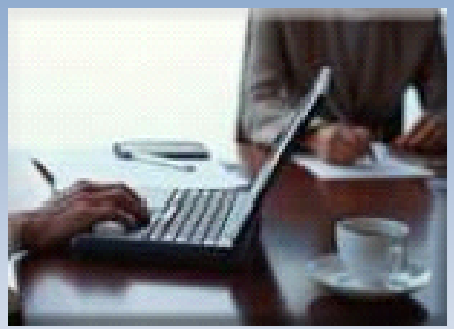
# SOA Business Value Assessment Toolkit

## Model Process



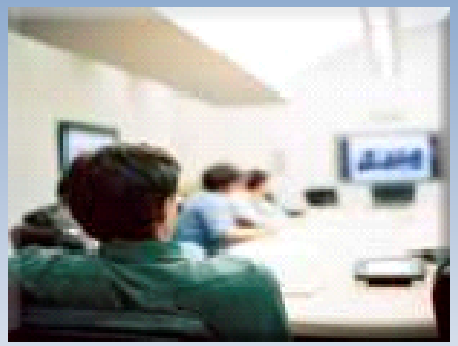
Business Value Optimizer Tool for WebSphere Business Modeler

## Business Case



Business Value Analyst Tool

## Propose Solution



Solutions Consultant Express Tool

# Rapid Value Assessment Toolkit

- Based on ROI
- Simple to Use, Easy to Understand & fast
- Establish executive sponsor and funding
- Business Case/Default Driven (not TCO or product config.)
- Based on WebSphere, SOA and Business challenges
- Designed for SMB to Large Accounts
- Professional proposal that allows full customization

# RVA – example pre-configured challenges

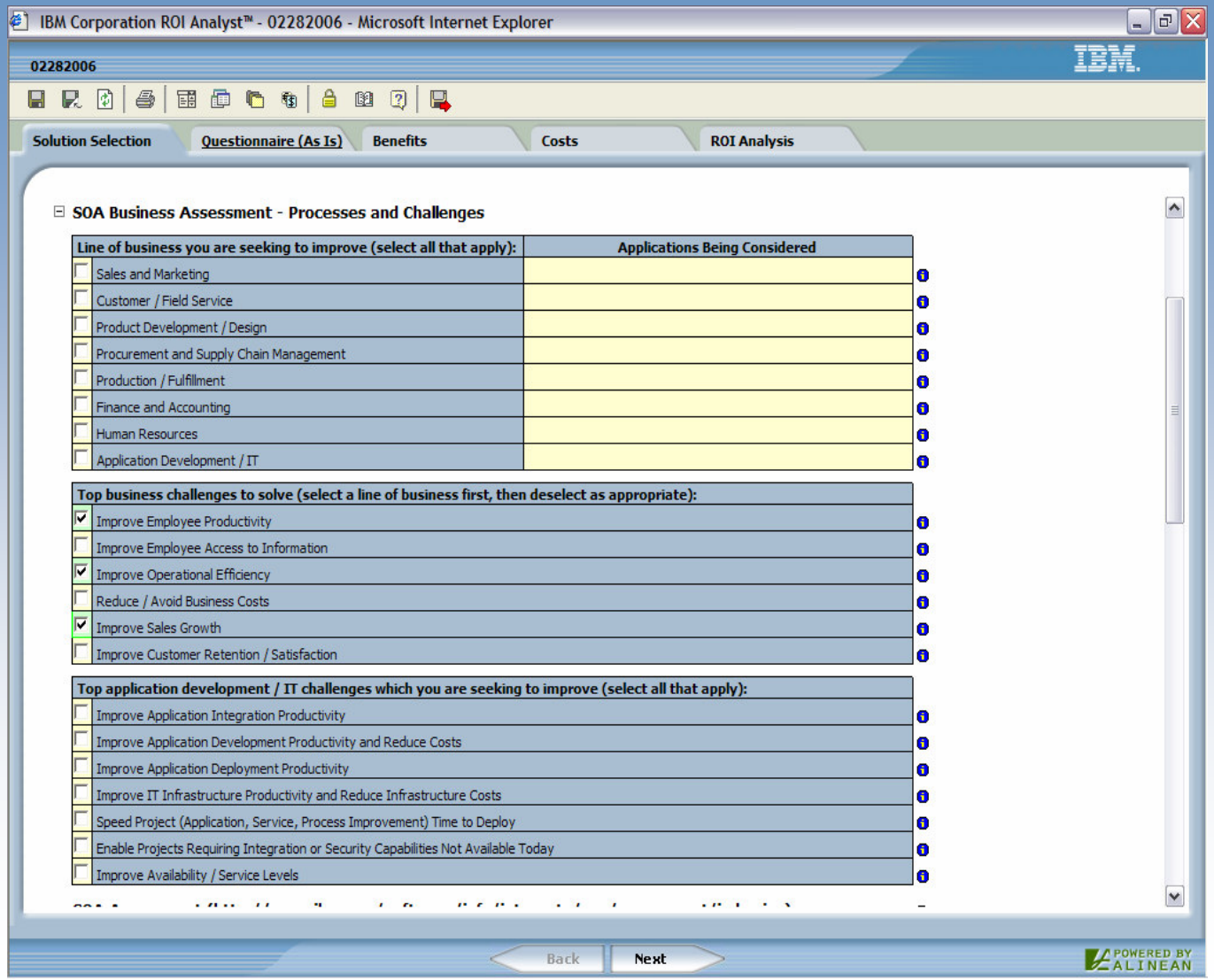
- **Example Business Challenges***
  - Improve Business Process & Employee Productivity
  - Improve Operational Efficiency & Reduce Process Exception Costs
  - Reduce / Avoid Business Costs (e.g. COGS)

- **Example IT Challenges**
  - Improve Application Integration Productivity
  - Drive Application Re-use
  - Improve application development productivity & reduce infrastructure costs
  - Current or planned cost avoidance (Buy “vs” Build)
  - Improve application deployment productivity

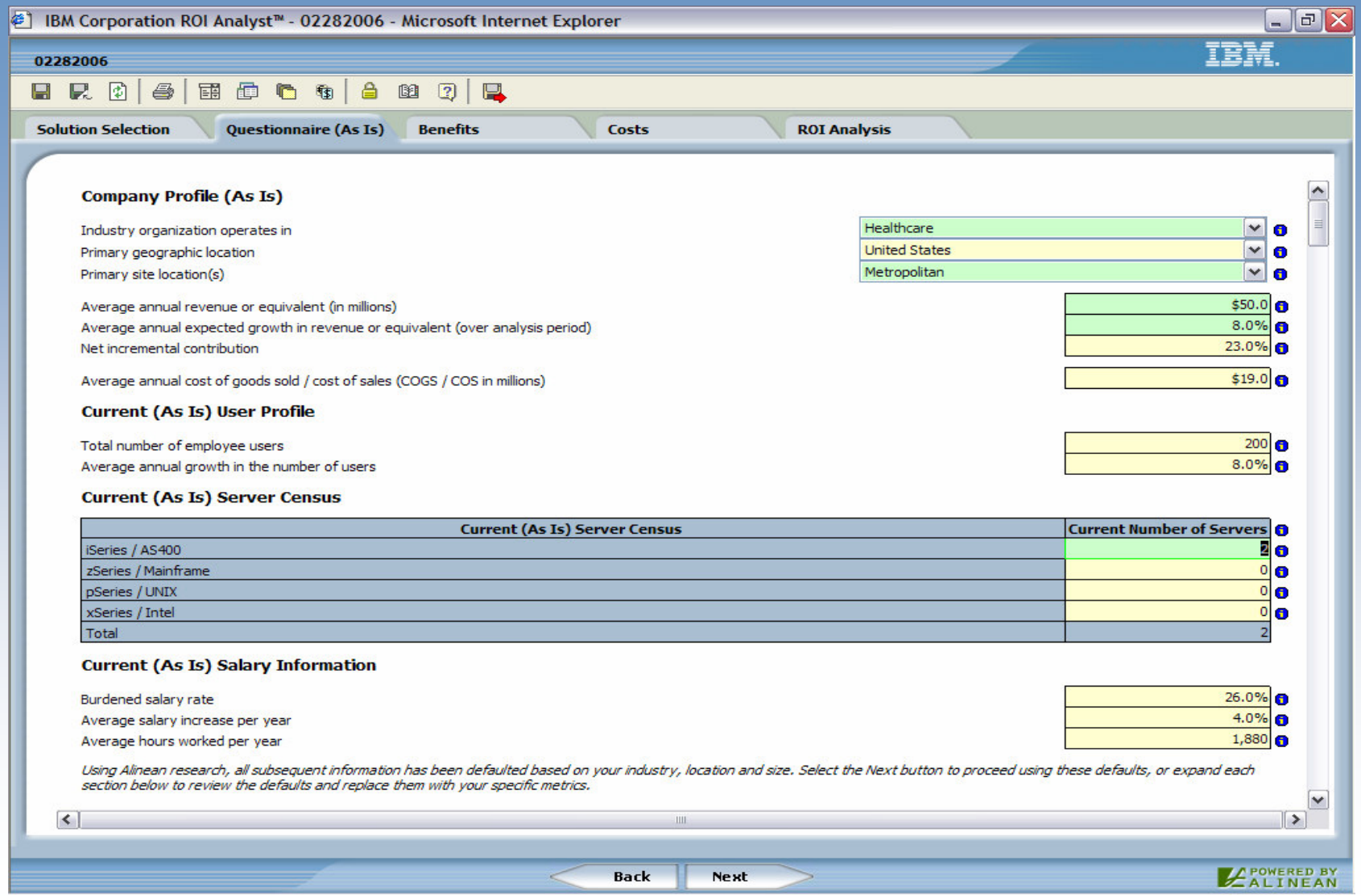
- **Industry Specific for:**
  - Banking, Healthcare, Insurance, Manufacturing, Retail, Telecommunications

* e.g. Manufacturing template has 66 generic business & IT challenges

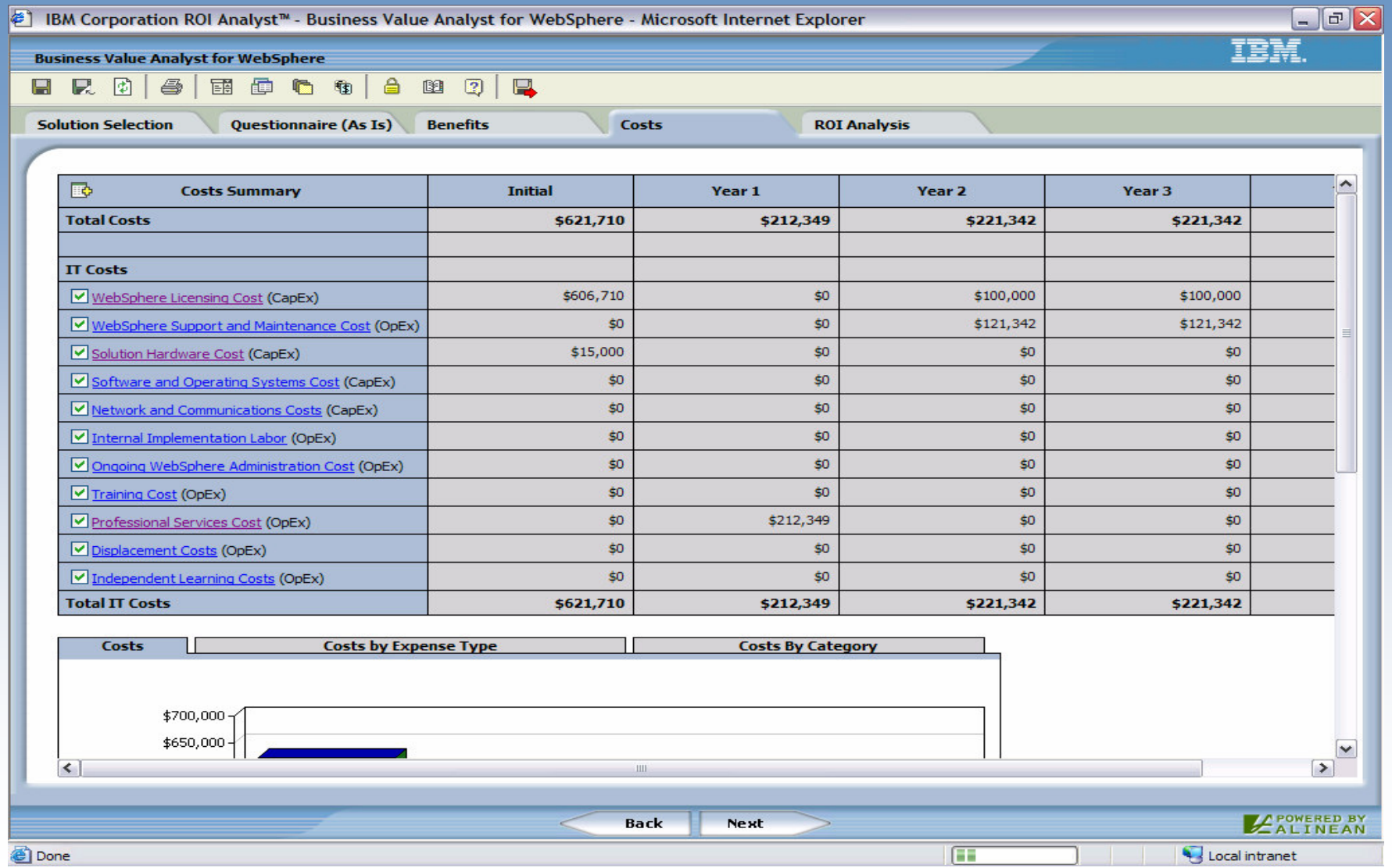
# Step 1 – Select Business/IT Challenges or Products



# Step 2 – Update Questionnaire



# Step 3 – Enter Costs



# Step 4 – Review/Adjust Benefits

IBM Corporation ROI Analyst™ - 02282006 - Microsoft Internet Explorer

02282006

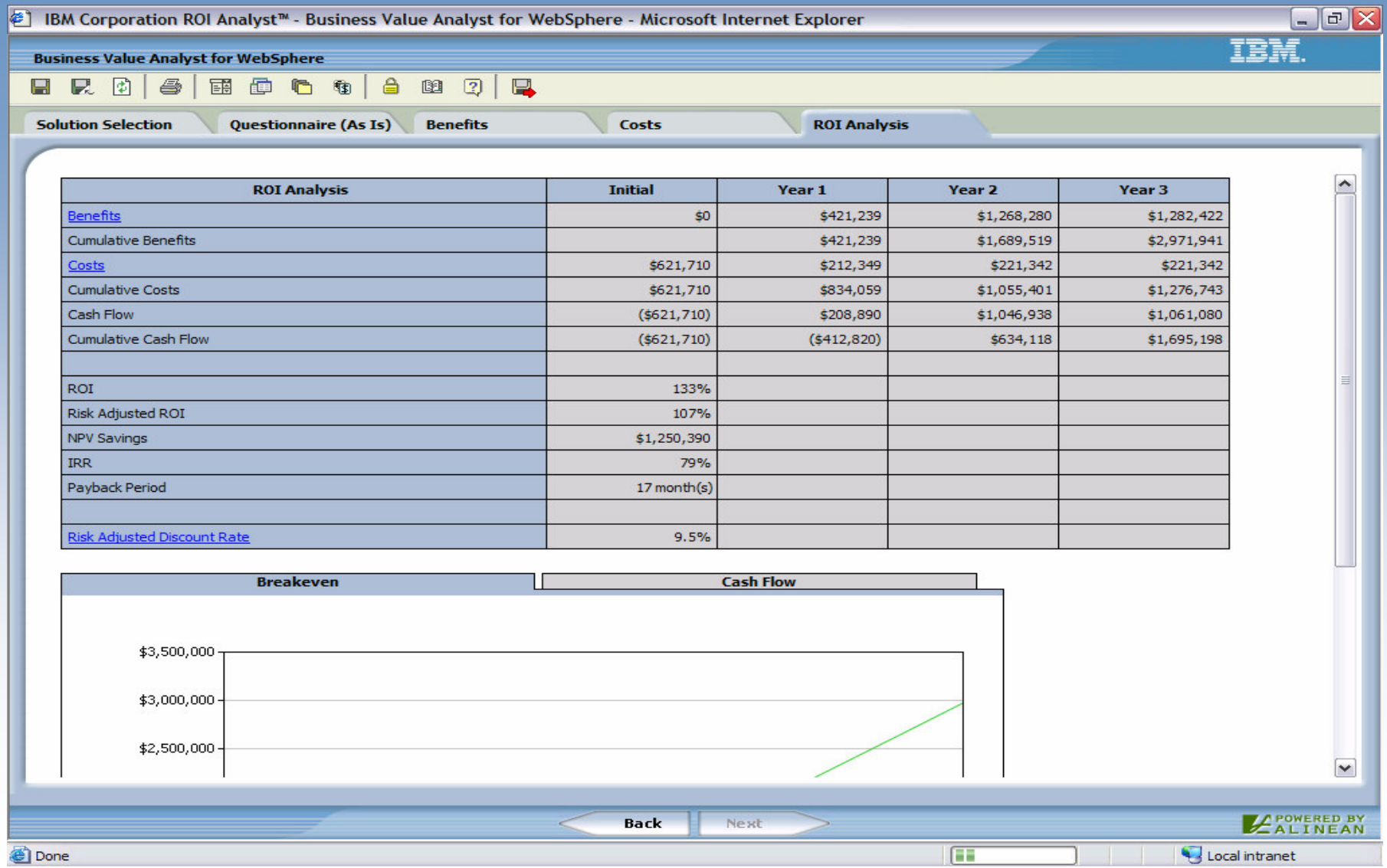
Solution Selection | Questionnaire (As Is) | Benefits | Costs | ROI Analysis

| Benefits Summary | Year 1 | Year 2 | Year 3 |
|---|---|---|---|
| **Total Benefits** | **$1,696,151** | **$1,817,806** | **$1,868,053** |
| | | | |
| **IT Cost Reductions** | | | |
| Improve Application Integration Productivity | $38,586 | $56,079 | $62,808 |
| Improve Application Development Productivity | $46,098 | $66,996 | $75,036 |
| Reduce Application Development Expenses | $2,356 | $2,544 | $2,748 |
| Improve Application Deployment Productivity | $13,559 | $21,469 | $26,837 |
| Reduce Password Resets - Help Desk Savings | $1,903 | $2,765 | $3,097 |
| Reduce IT Infrastructure Expenses | $9,300 | $11,625 | $14,531 |
| Improve IT Support Productivity for User / Business Reports | $1,310 | $2,075 | $2,594 |
| Reduce Staff Attrition (Indirect) | $270 | $382 | $412 |
| **Total IT Cost Reductions** | **$113,382** | **$163,934** | **$188,062** |
| | | | |
| **Business Operating Efficiency** | | | |
| Improve Sales and Marketing Productivity | $32,156 | $44,160 | $45,927 |
| Reduce Sales and Marketing Campaign and Outsourced Services Costs | $67,500 | $90,000 | $90,000 |
| Reduce Sales and Marketing Net Fixed Assets | $40,500 | $40,500 | $40,500 |
| Reduce Sales and Marketing Documentation and Compliance Management Costs | $6,750 | $9,000 | $9,000 |
| Reduce Sales and Marketing Exception Costs | $27,000 | $36,000 | $36,000 |
| Improve Customer and Field Service Productivity | $22,968 | $31,543 | $32,805 |
| Reduce Field Service Inventory Shrinkage | $4,950 | $6,600 | $6,600 |

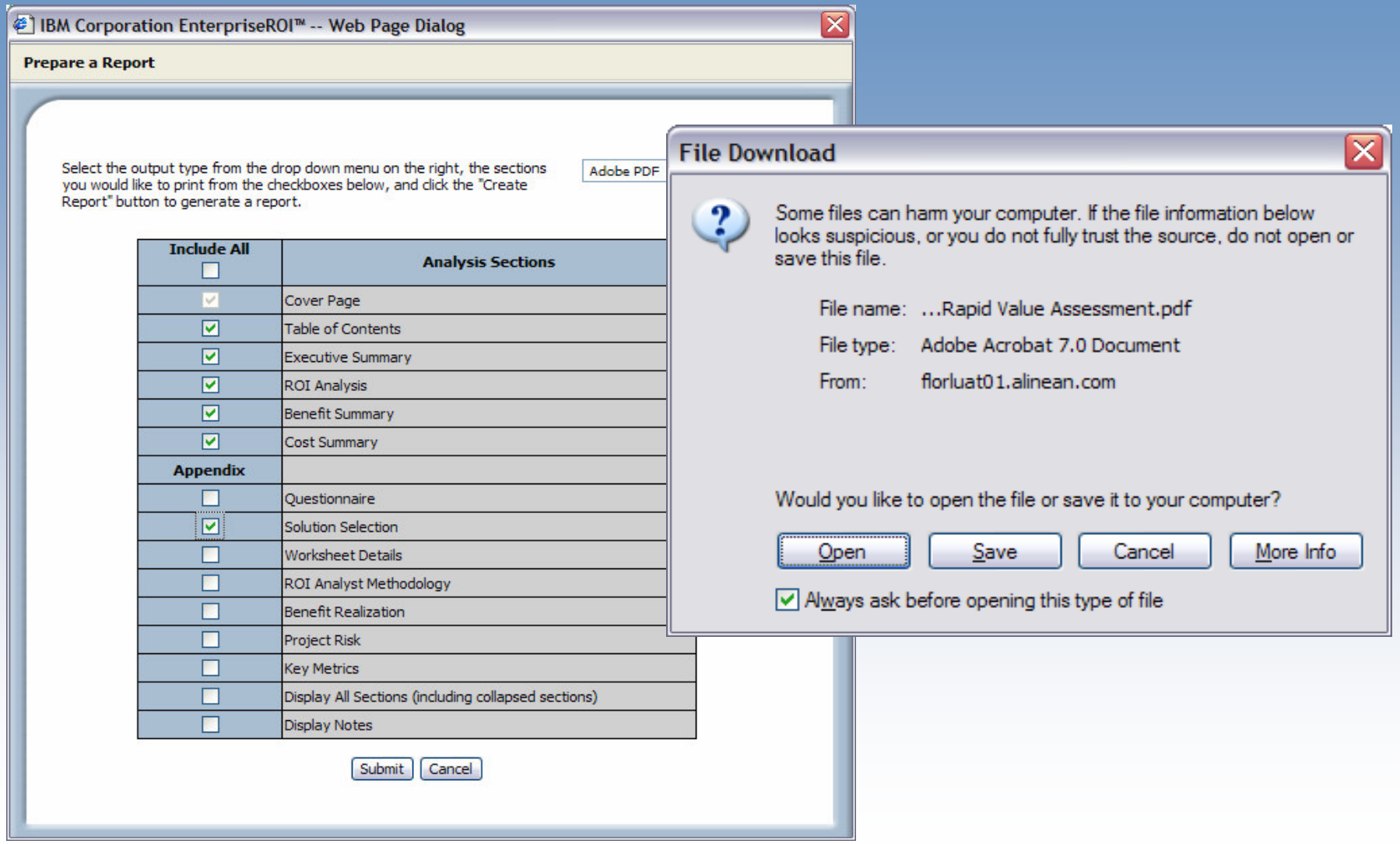
Back | Next

POWERED BY ALINEAN

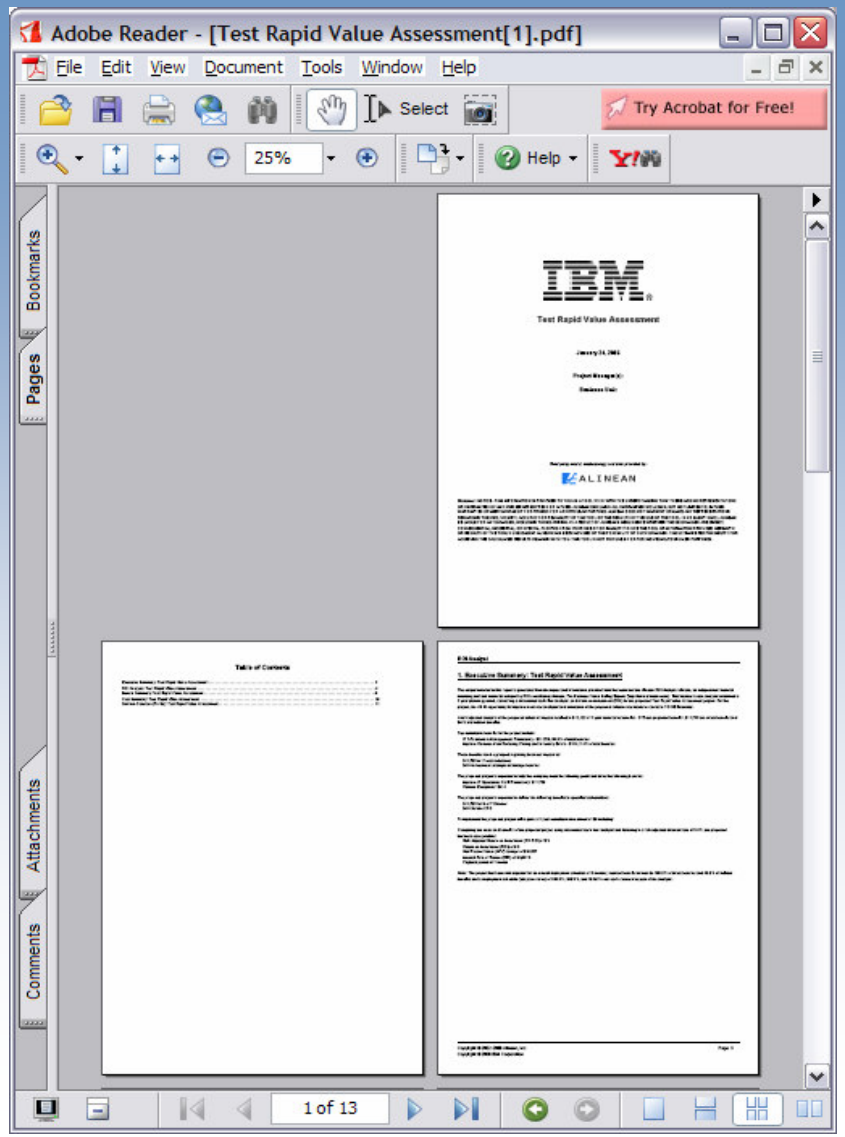
# Step 5 – Review ROI results

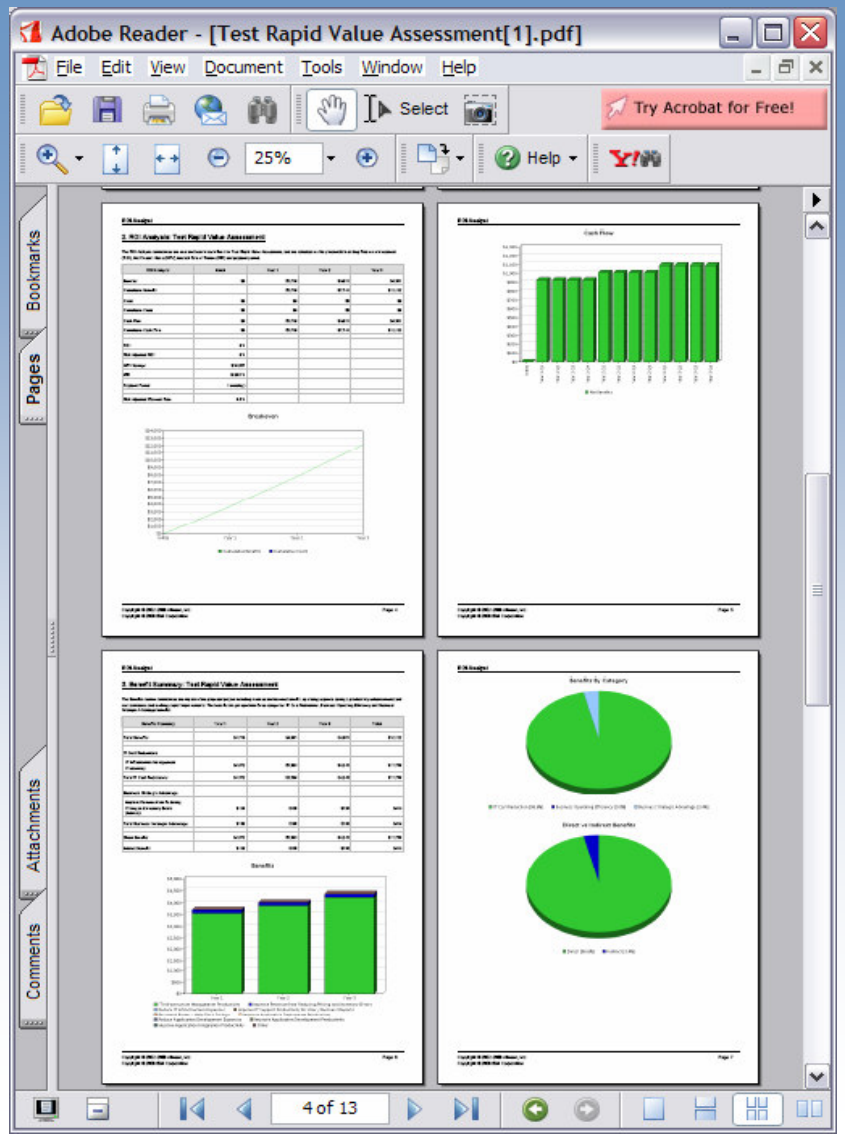


# Step 6 - Produce a Report



# Step 7 – Customize and Present Proposal



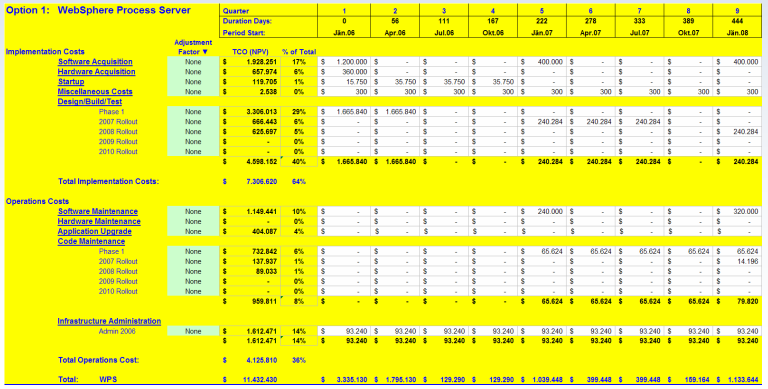






*SOA on your terms and our expertise*

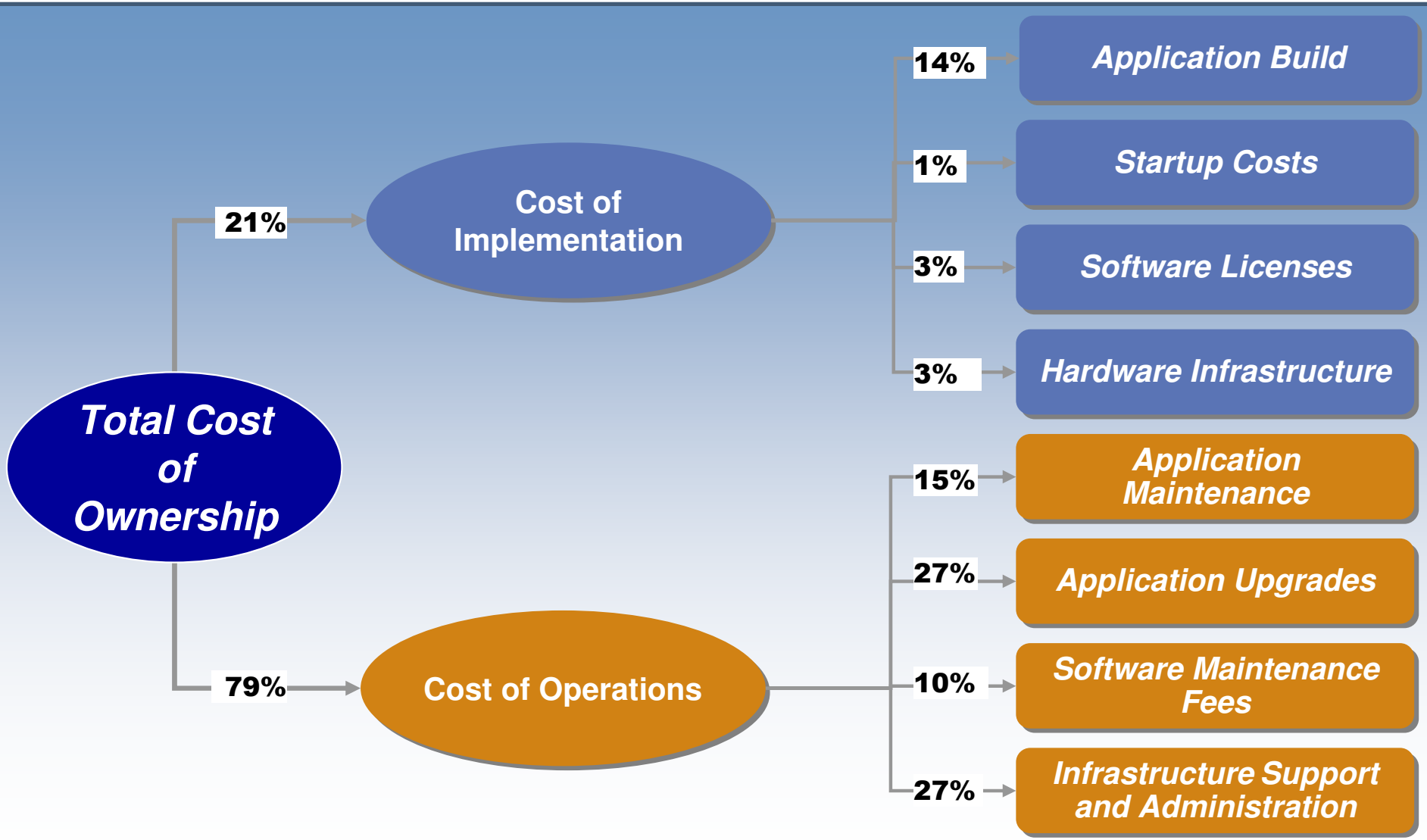
# WebSphere Business Value Assessment

- Based on TCO
- Complex to use as it covers all integration scenarios
- Get a deep understanding of customer environment
- Based on integration metrix, provided by analysts
- Based on WebSphere & SOA
- Designed for Mid & Large Accounts

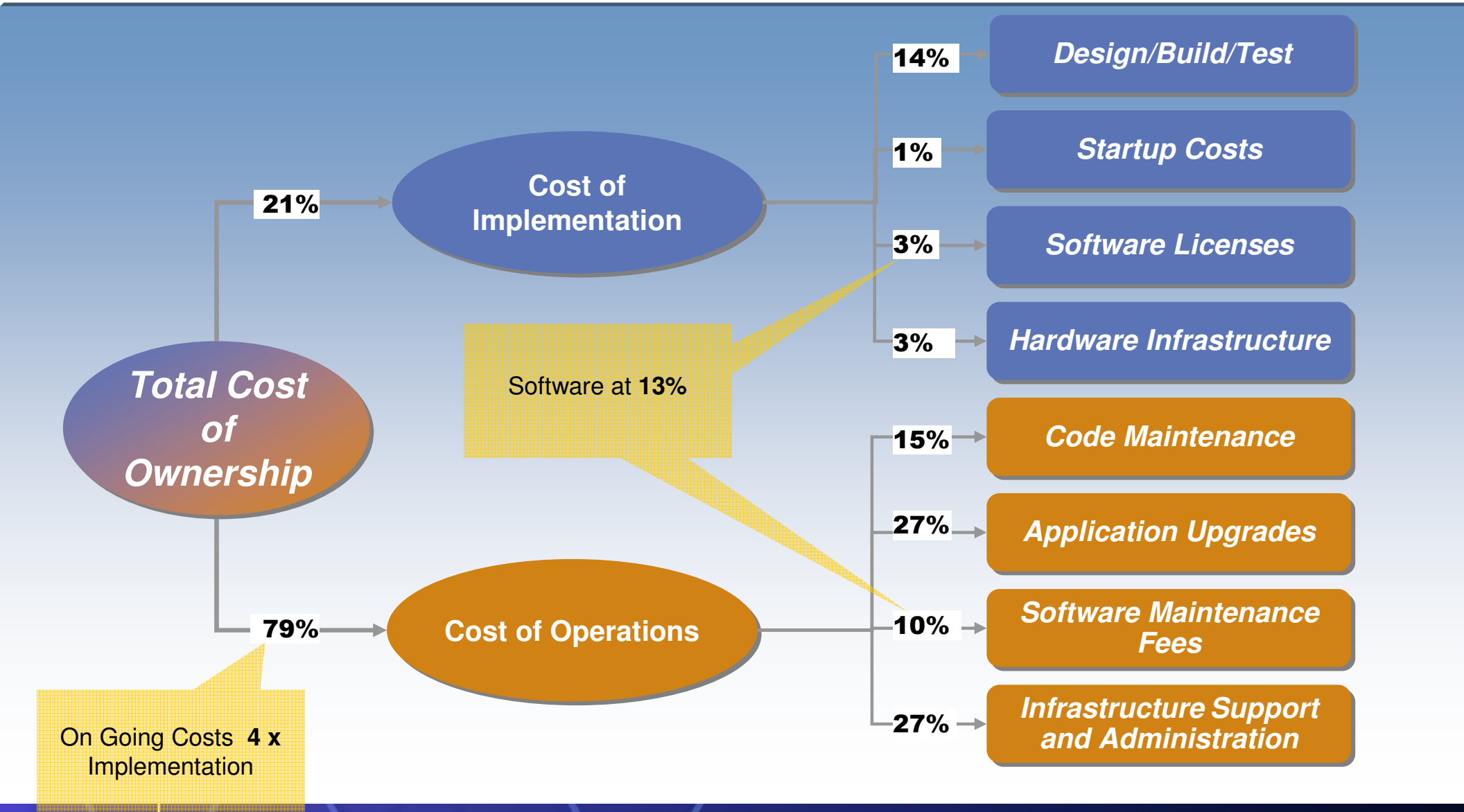


| Option 1: WebSphere Process Server | | | | Quarter | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Duration Days: | 0 | 56 | 111 | 167 | 222 | 278 | 333 | 389 | 444 |
| | | | | Period Start: | Jan.06 | Apr.06 | Jul.06 | Okt.06 | Jan.07 | Apr.07 | Jul.07 | Okt.07 | Jan.08 |
| Implementation Costs | | Adjustment Factor ▼ | TCO (NPV) | % of Total | | | | | | | | | |
| | Software Acquisition | None | $ 1.926.251 | 17% | $ 1.200.000 | $ - | $ - | $ - | $ 400.000 | $ - | $ - | $ - | $ 400.000 |
| | Hardware Acquisition | None | $ 667.974 | 6% | $ 360.000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | Startup | None | $ 119.705 | 1% | $ 15.750 | $ 35.750 | $ 35.750 | $ 35.750 | $ - | $ - | $ - | $ - | $ - |
| | Miscellaneous Costs | None | $ 2.538 | 0% | $ 300 | $ 300 | $ 300 | $ 300 | $ 300 | $ 300 | $ 300 | $ 300 | $ 300 |
| | Design/Build/Test | | | | | | | | | | | | |
| | Phase 1 | None | $ 3.306.013 | 29% | $ 1.665.840 | $ 1.665.840 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | 2007 Rollout | None | $ 666.443 | 6% | $ - | $ - | $ - | $ - | $ 240.284 | $ 240.284 | $ 240.284 | $ - | $ - |
| | 2008 Rollout | None | $ 625.697 | 5% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 240.284 |
| | 2009 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | 2010 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | $ 4.598.152 | 40% | $ 1.665.840 | $ 1.665.840 | $ - | $ - | $ 240.284 | $ 240.284 | $ 240.284 | $ - | $ 240.284 |
| | Total Implementation Costs: | | $ 7.306.620 | 64% | | | | | | | | | |
| Operations Costs | | | | | | | | | | | | | |
| | Software Maintenance | None | $ 1.149.441 | 10% | $ - | $ - | $ - | $ - | $ 240.000 | $ - | $ - | $ - | $ 320.000 |
| | Hardware Maintenance | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | Application Upgrade | None | $ 404.087 | 4% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | Code Maintenance | | | | | | | | | | | | |
| | Phase 1 | None | $ 732.842 | 6% | $ - | $ - | $ - | $ - | $ 65.624 | $ 65.624 | $ 65.624 | $ 65.624 | $ 65.624 |
| | 2007 Rollout | None | $ 137.937 | 1% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 14.196 |
| | 2008 Rollout | None | $ 89.033 | 1% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | 2009 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | 2010 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | $ 959.811 | 8% | $ - | $ - | $ - | $ - | $ 65.624 | $ 65.624 | $ 65.624 | $ 65.624 | $ 79.820 |
| | Infrastructure Administration | | | | | | | | | | | | |
| | Admin 2006 | None | $ 1.612.471 | 14% | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 |
| | | | $ 1.612.471 | 14% | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 |
| | Total Operations Cost: | | $ 4.125.810 | 36% | | | | | | | | | |
| | Total: WPS | | $ 11.432.430 | | $ 3.335.130 | $ 1.795.130 | $ 129.290 | $ 129.290 | $ 1.039.448 | $ 399.448 | $ 399.448 | $ 188.164 | $ 1.133.944 |

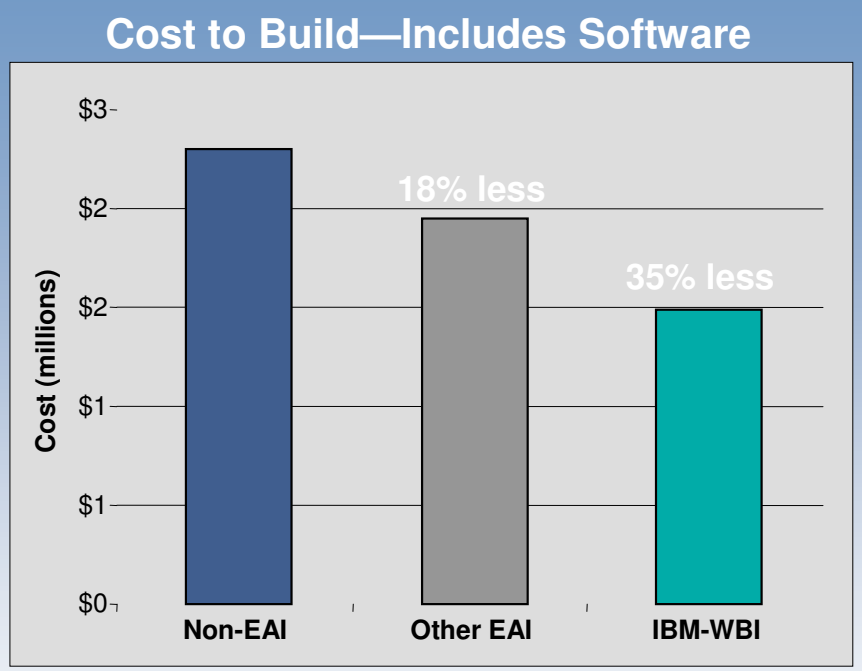
# TCO Analysis for 5 Years

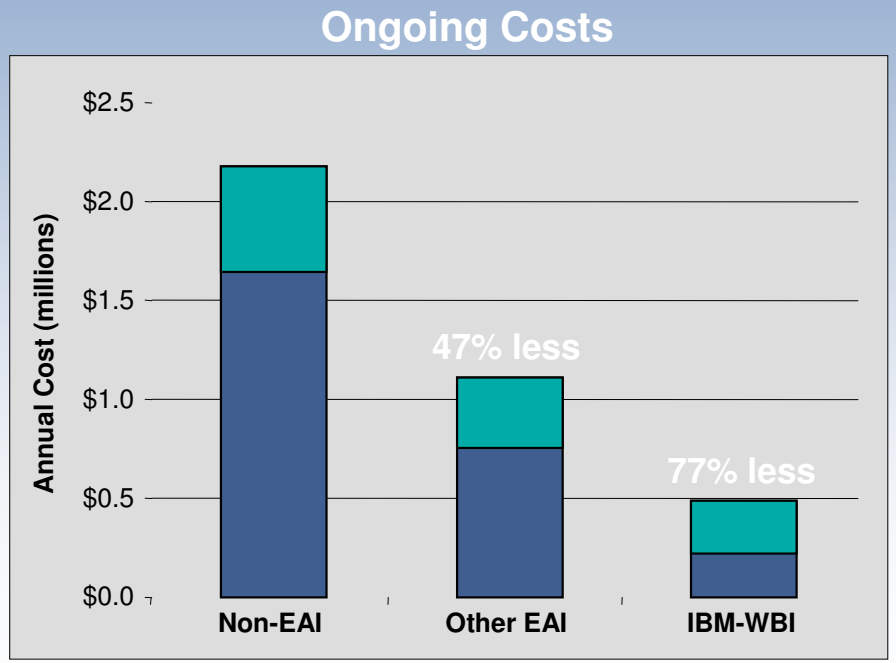


# Total Cost of Ownership – Benchmarks COTs Environment

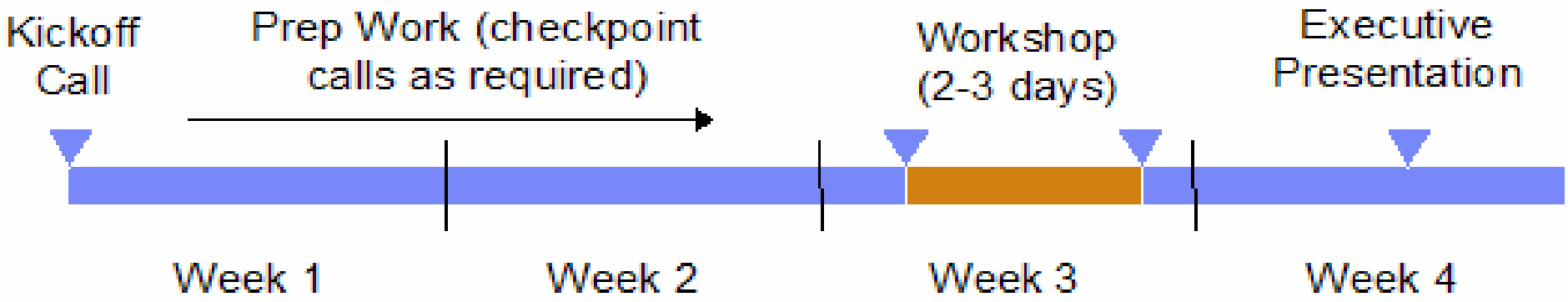


# Demonstrate cost savings with TCO BVA

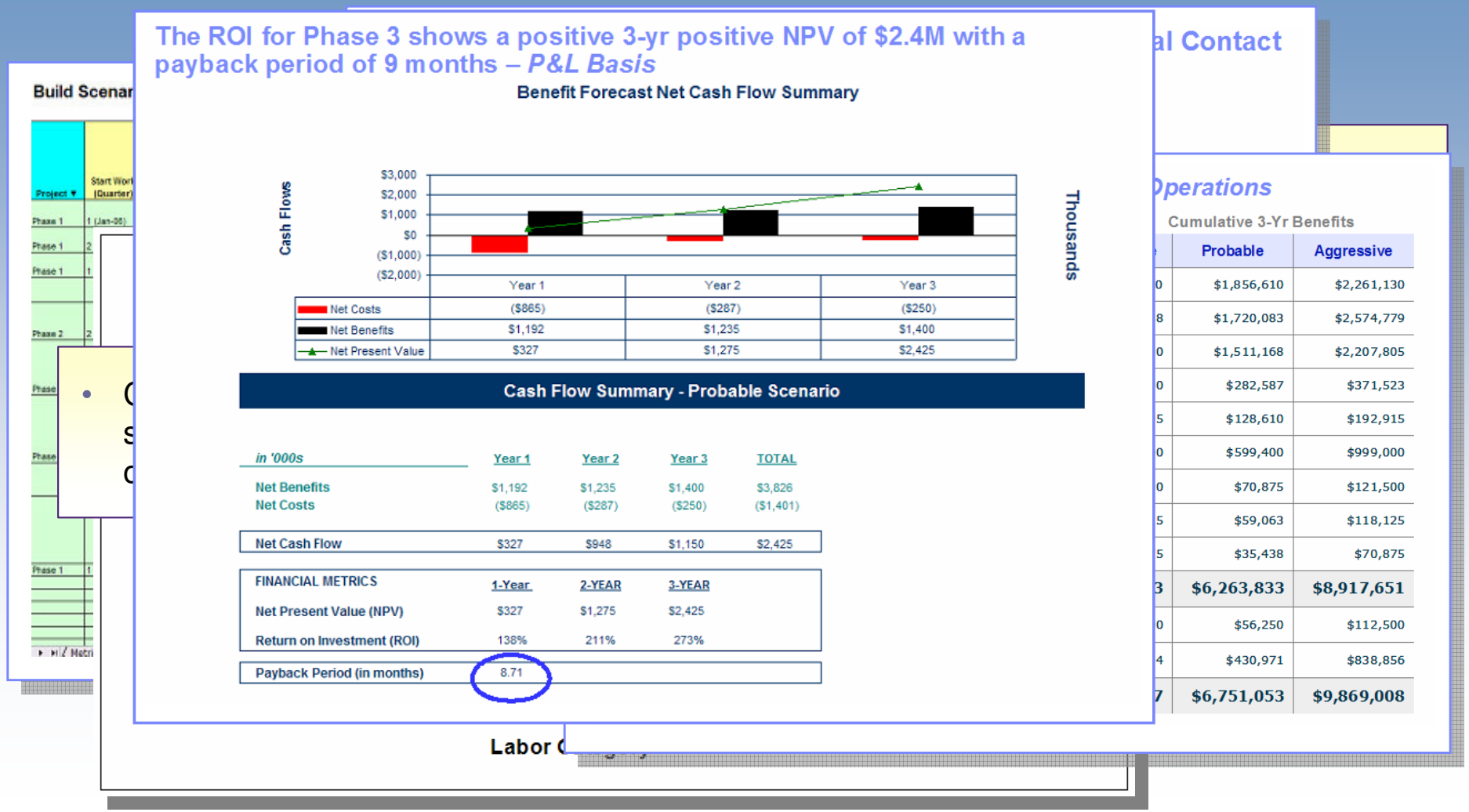


# Typical Value Assessment Engagement Timeline



# WebSphere Value Assessment tools are tuned and tailored to meet customer's requirements






ON DEMAND BUSINESS

# Business Case Result – Option 1

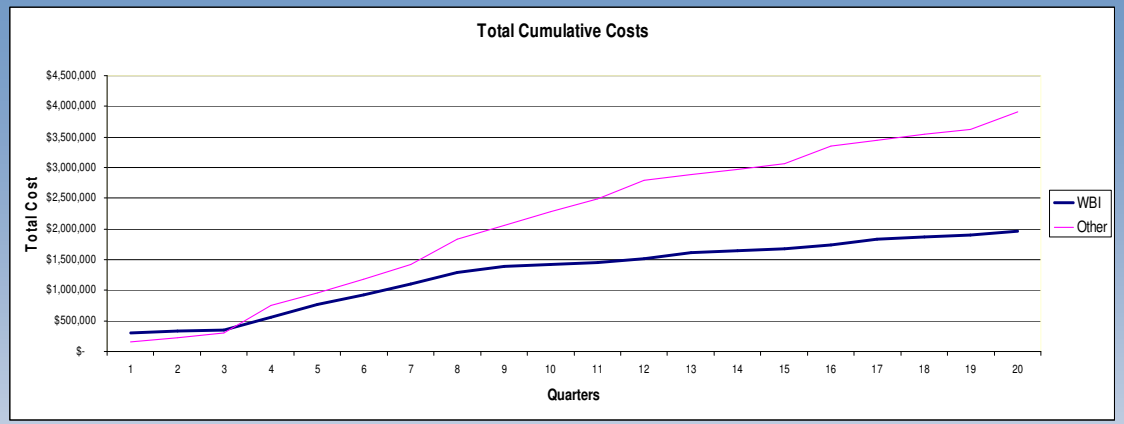
| Option 1: WebSphere Process Server | Adjustment Factor ▼ | TCO (NPV) | % of Total | Quarter | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Duration Days: | 0 | 56 | 111 | 167 | 222 | 278 | 333 | 389 | 444 |
| | | | | Period Start: | Jän.06 | Apr.06 | Jul.06 | Okt.06 | Jän.07 | Apr.07 | Jul.07 | Okt.07 | Jän.08 |
| **Implementation Costs** | | | | | | | | | | | | | |
| Software Acquisition | None | $ 1.928.251 | 17% | $ 1.200.000 | $ - | $ - | $ - | $ 400.000 | $ - | $ - | $ - | $ 400.000 |
| Hardware Acquisition | None | $ 657.974 | 6% | $ 360.000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Startup | None | $ 119.705 | 1% | $ 15.750 | $ 35.750 | $ 35.750 | $ 35.750 | $ - | $ - | $ - | $ - | $ - |
| Miscellaneous Costs | None | $ 2.538 | 0% | $ 300 | $ 300 | $ 300 | $ 300 | $ 300 | $ 300 | $ 300 | $ 300 | $ 300 |
| Design/Build/Test | | | | | | | | | | | | | |
| Phase 1 | None | $ 3.306.013 | 29% | $ 1.665.840 | $ 1.665.840 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2007 Rollout | None | $ 666.443 | 6% | $ - | $ - | $ - | $ - | $ 240.284 | $ 240.284 | $ 240.284 | $ - | $ - |
| 2008 Rollout | None | $ 625.697 | 5% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 240.284 |
| 2009 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2010 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | $ 4.598.152 | 40% | $ 1.665.840 | $ 1.665.840 | $ - | $ - | $ 240.284 | $ 240.284 | $ 240.284 | $ - | $ 240.284 |
| **Total Implementation Costs:** | | $ 7.306.620 | 64% | | | | | | | | | |
| **Operations Costs** | | | | | | | | | | | | | |
| Software Maintenance | None | $ 1.149.441 | 10% | $ - | $ - | $ - | $ - | $ 240.000 | $ - | $ - | $ - | $ 320.000 |
| Hardware Maintenance | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Application Upgrade | None | $ 404.087 | 4% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Code Maintenance | | | | | | | | | | | | | |
| Phase 1 | None | $ 732.842 | 6% | $ - | $ - | $ - | $ - | $ 65.624 | $ 65.624 | $ 65.624 | $ 65.624 | $ 65.624 |
| 2007 Rollout | None | $ 137.937 | 1% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 14.196 |
| 2008 Rollout | None | $ 89.033 | 1% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2009 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2010 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | $ 959.811 | 8% | $ - | $ - | $ - | $ - | $ 65.624 | $ 65.624 | $ 65.624 | $ 65.624 | $ 79.820 |
| Infrastructure Administration | | | | | | | | | | | | | |
| Admin 2006 | None | $ 1.612.471 | 14% | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 |
| | | $ 1.612.471 | 14% | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 | $ 93.240 |
| **Total Operations Cost:** | | $ 4.125.810 | 36% | | | | | | | | | |
| **Total: WPS** | | $ 11.432.430 | | $ 3.335.130 | $ 1.795.130 | $ 129.290 | $ 129.290 | $ 1.039.448 | $ 399.448 | $ 399.448 | $ 159.164 | $ 1.133.644 |

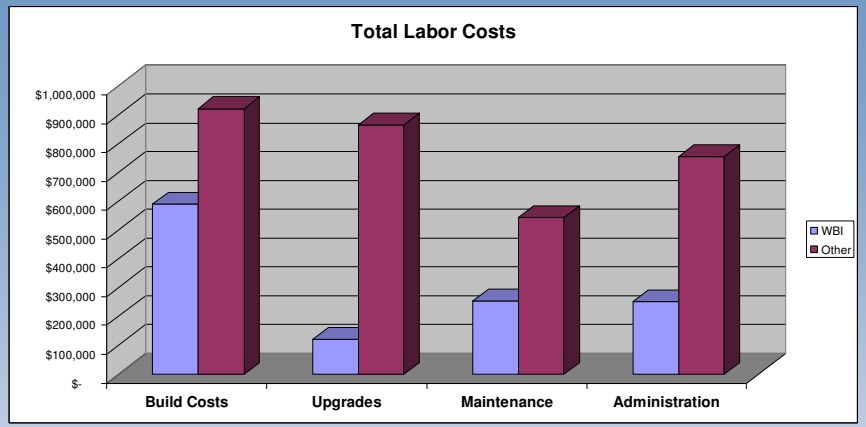
# Business Case Result – Option 2

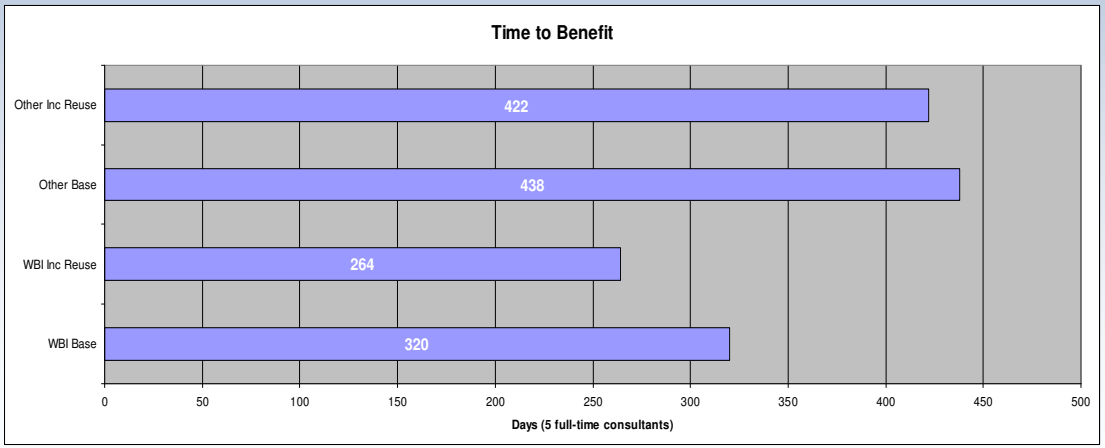
| Option 2: Existing Environment | | | | Quarter | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Duration Days: | 0 | 56 | 111 | 167 | 222 | 278 | 333 | 389 | 444 |
| | | | | Period Start: | Jän.06 | Apr.06 | Jul.06 | Okt.06 | Jän.07 | Apr.07 | Jul.07 | Okt.07 | Jän.08 |
| Implementation Costs | | Adjustment Factor ▼ | TCO (NPV) | % of Total | | | | | | | | | |
| | Software Acquisition | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 400.000 |
| | Hardware Acquisition | None | $ 701.839 | 5% | $ 384.000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | Startup | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | Miscellaneous Costs | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 300 |
| | Design/Build/Test | | | | | | | | | | | | |
| | Phase 1 | None | $ 5.255.565 | 37% | $ 2.648.184 | $ 2.648.184 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | 2007 Rollout | None | $ 1.103.823 | 8% | $ - | $ - | $ - | $ - | $ 397.980 | $ 397.980 | $ 397.980 | $ - | $ - |
| | 2008 Rollout | None | $ 1.036.335 | 7% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 240.284 |
| | 2009 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | 2010 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | $ 7.395.723 | 51% | $ 2.648.184 | $ 2.648.184 | $ - | $ - | $ 397.980 | $ 397.980 | $ 397.980 | $ - | $ 240.284 |
| | Total Implementation Costs: | | $ 8.097.562 | 56% | | | | | | | | | |
| Operations Costs | | | | | | | | | | | | | |
| | Software Maintenance | None | $ 424.850 | 3% | $ 96.000 | $ - | $ - | $ - | $ 96.000 | $ - | $ - | $ - | |
| | Hardware Maintenance | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 320.000 |
| | Application Upgrade | None | $ 1.198.162 | 8% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | Code Maintenance | | | | | | | | | | | | $ - |
| | Phase 1 | None | $ 2.094.645 | 15% | $ - | $ - | $ - | $ - | $ 156.481 | $ 156.481 | $ 156.481 | $ 156.481 | |
| | 2007 Rollout | None | $ 342.821 | 2% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 65.624 |
| | 2008 Rollout | None | $ 221.277 | 2% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 14.196 |
| | 2009 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | 2010 Rollout | None | $ - | 0% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | $ 2.658.743 | 18% | $ - | $ - | $ - | $ - | $ 156.481 | $ 156.481 | $ 156.481 | $ 156.481 | $ - |
| | | | | | | | | | | | | | $ 79.820 |
| | Infrastructure Administration | | | | | | | | | | | | |
| | Admin 2006 | None | $ 2.015.589 | 14% | $ 116.550 | $ 116.550 | $ 116.550 | $ 116.550 | $ 116.550 | $ 116.550 | $ 116.550 | $ 116.550 | |
| | | | $ 2.015.589 | 14% | $ 116.550 | $ 116.550 | $ 116.550 | $ 116.550 | $ 116.550 | $ 116.550 | $ 116.550 | $ 116.550 | $ 93.240 |
| | | | | | | | | | | | | | $ 93.240 |
| | Total Operations Cost: | | $ 6.297.344 | 44% | | | | | | | | | |
| | Total: Exist | | $ 14.394.906 | | $ 3.244.734 | $ 2.764.734 | $ 116.550 | $ 116.550 | $ 767.011 | $ 671.011 | $ 671.011 | $ 273.031 | |
| | | | | | | | | | | | | | $ 1.133.644 |

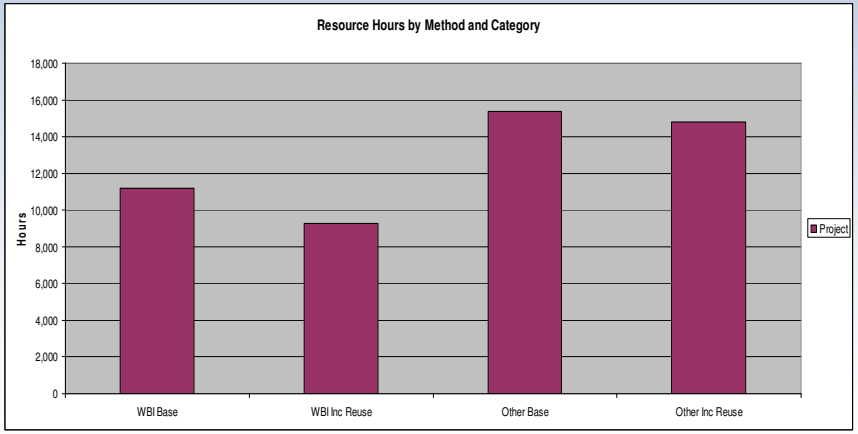
| Savings | | | | Jän-2006 | Apr-2006 | Jul-2006 | Okt-2006 | Jän-2007 | Apr-2007 | Jul-2007 | Okt-2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exist vs. WPS | $ 2.962.476 | | $ (90.396) | $ 969.604 | $ (12.740) | $ (12.740) | $ (272.437) | $ 271.563 | $ 271.563 | $ 113.867 |
| | % Difference | 25,9% | | -2,7% | 54,0% | -9,9% | -9,9% | -26,2% | 68,0% | 68,0% | 71,5% |

# TCO Results


Total Cumulative Costs
Total Cost
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20
Quarters
WBI
Other


Total Labor Costs
$1,000,000
$900,000
$800,000
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$-
Build Costs
Upgrades
Maintenance
Administration
WBI
Other


Time to Benefit
Other Inc Reuse
422
Other Base
438
WBI Inc Reuse
264
WBI Base
320
0 50 100 150 200 250 300 350 400 450 500
Days (5 full-time consultants)


Resource Hours by Method and Category
Hours
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
WBI Base
WBI Inc Reuse
Other Base
Other Inc Reuse
Project

# Savings with WebSphere Process Server at a Government Agency

- Project Scope: **1 project, 160 integration scenarios**
- WebSphere Software Proposed: **WebSphere Business Modeler, Integration Developer, WebSphere ESB, WesSphere Process Server**
- Analysis Duration: **Five years**
- Alternative Solution: **Point to Point**
- Estimated Savings in Development Cost: **60%**
- Estimated Savings in Total Cost of Ownership**: 61%**
- Breakeven Period: **24 months**

# Savings with WebSphere Process Server at a Leading Credit Card Company

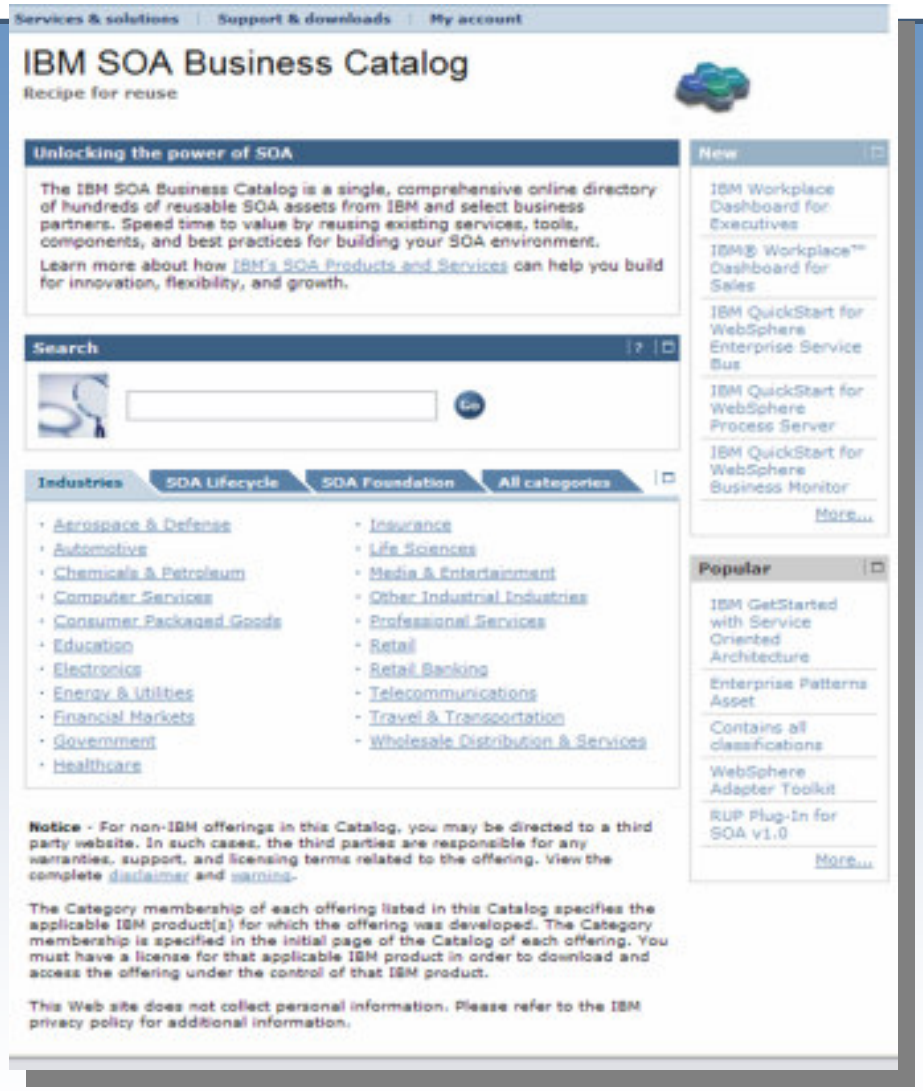
- Project Scope: **1 project, 28 integration scenarios**
- WebSphere Software Proposed: **WebSphere Integration Developer, WebSphere ESB, WesSphere Process Server**
- Analysis Duration: **Three years**
- Alternative Solution: **Point to Point**
- Estimated Savings in Development Cost: **71%**
- Estimated Savings in Total Cost of Ownership**: 46%**
- Breakeven Period: **8 months**

# Savings with WebSphere Process Server at large Financial Institution

- Project Scope: **7 projects, 277 integration scenarios**
- WebSphere Software Proposed: **WebSphere Integration Developer, WesSphere Process Server**
- Analysis Duration: **Five years**
- Alternative Solution: **webMethods**
- Estimated Savings in Development Cost: **28%**
- Estimated Savings in Total Cost of Ownership**: 29%**
- Breakeven Period: **18 months**

# 1 Leverage Business Processes: IBM SOA Business Catalog

*Live with over 300 Components, Models, Extensions, and Services*




**ibm.com/soa/soabusinesscatalog**

**Live June 13th**

## Banking

- 300+ Business Processes
- 1600 Activities

## Insurance

- 200+ Business Processes
- 700 Activities

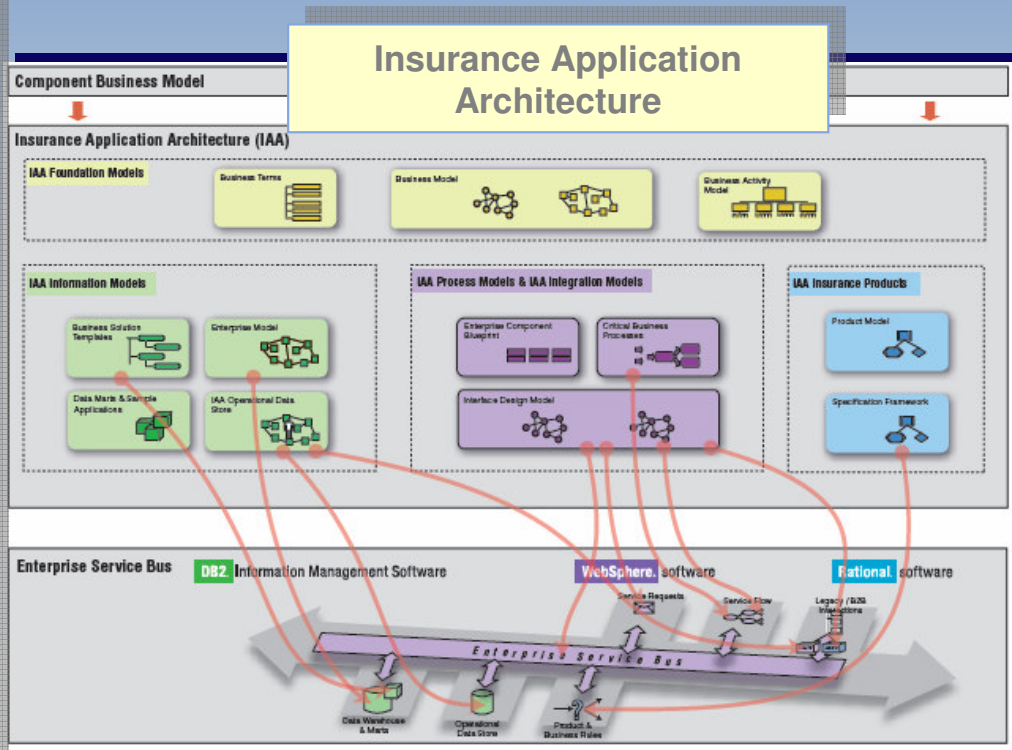
## Cross Industry

- Over 100 WebSphere Adapters and Pack
- Over 50 IBM Portlets
- Rational Patterns and Plug-ins
- SWG, GTS, and GBS SOA Services

# Physicians Mutual uses IBM Insurance Application Architecture Models and BPM w/ SOA Software to optimize Insurance Processes

- **104 years of Individual Health and Life products**
- **Customer-centric business model is driving change:**
  - New products and distribution
  - Need for agility and flexibility
  - Need to reduce operating costs
- **"Greenfield" project kicked off in 2004**
  - Business processes were built in silos
  - All processes across the corporation were analyzed
  - Top six processes targeted for improvement
  - IAA Models Purchased
- **WebSphere Business Modeler, along with the IAA process models deliver:**
  - Quickly built best practice process models
  - Risk reduction
  - Rapid deployment
  - Minimize dependence on ISVs

Physicians Mutual®



# Reduce Costs & Optimize Business Processes with BPM on SOA

## Vision:

A leading global financial institution needed to re-engineer trust services processes and integrate an array of systems and applications in support of the processes

## Business Challenge:

Needed to accommodate growing channels and integrate IT platforms from acquired businesses

## Action Taken:

- **Transform existing infrastructure to SOA**
- **BPM solution to deliver information to several channels from a single interface**

WACHOVIA

## Business Benefits:

### Account Opening Process

- $6 Million Initial Savings
- Account Open process reduced from over 6 months to 6 weeks
- Process activities reduced from 300 to 120, 31 of which were automated
- Fee Income collection increased 10X

### Annuity Quality Control Process

- $1.2 Million Initial Savings
- Automated 80% of their activities
- Added visibility to the process mgmt
- 70% reduction in personnel costs

# Delaware Electric – Adopting BPM on SOA for business flexibility

*Agile Processes: make changes on demand*

## Business Challenge

- Were losing profits and market share because customer satisfaction was poor due to slow, inflexible business processes
- Data was fragmented and applications were in silos

## Action Taken

- **Integrated 27 disparate legacy systems using SCA based process flows**
- **Implemented a standards based development environment to reuse assets**

## Benefits

- **Improved customer satisfaction using paperless interactions resulting in faster transactions and responses**
- **Open exchange of information to improve customer service representative access to information**
- **Reduce cost and leverage investment in technology.**

# Harley Davidson creates an innovative solution to align production with demand

- Financial processes were optimized and automated with production
- Competitive leasing options were made available to customers
- Assets to create new processes were reused to reduce cost
- New processes were deployed quickly to avoid lost revenue opportunities

**"In addition to the obvious time and cost savings that an SOA can help deliver, we'll be able to improve the customer experience and dealership profitability through more targeted marketing strategies that are based on customer and business needs."**

**Jim Haney, CIO, Harley-Davidson**

# 2005 WebSphere Value Based Selling Wins

# Thank You.