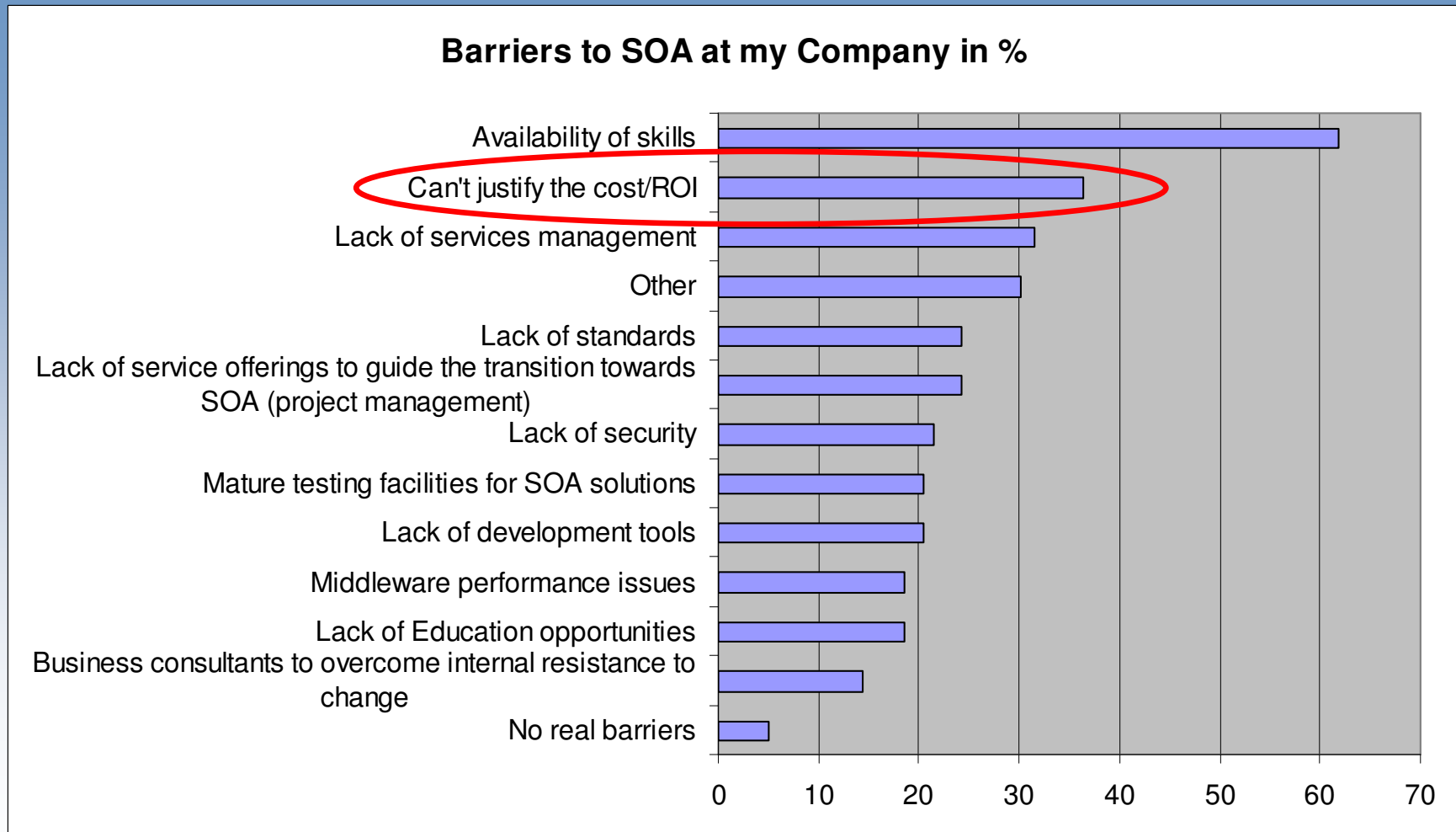IBM

# Business Value of SOA

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

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# IBM Survey Found the Same Concern:
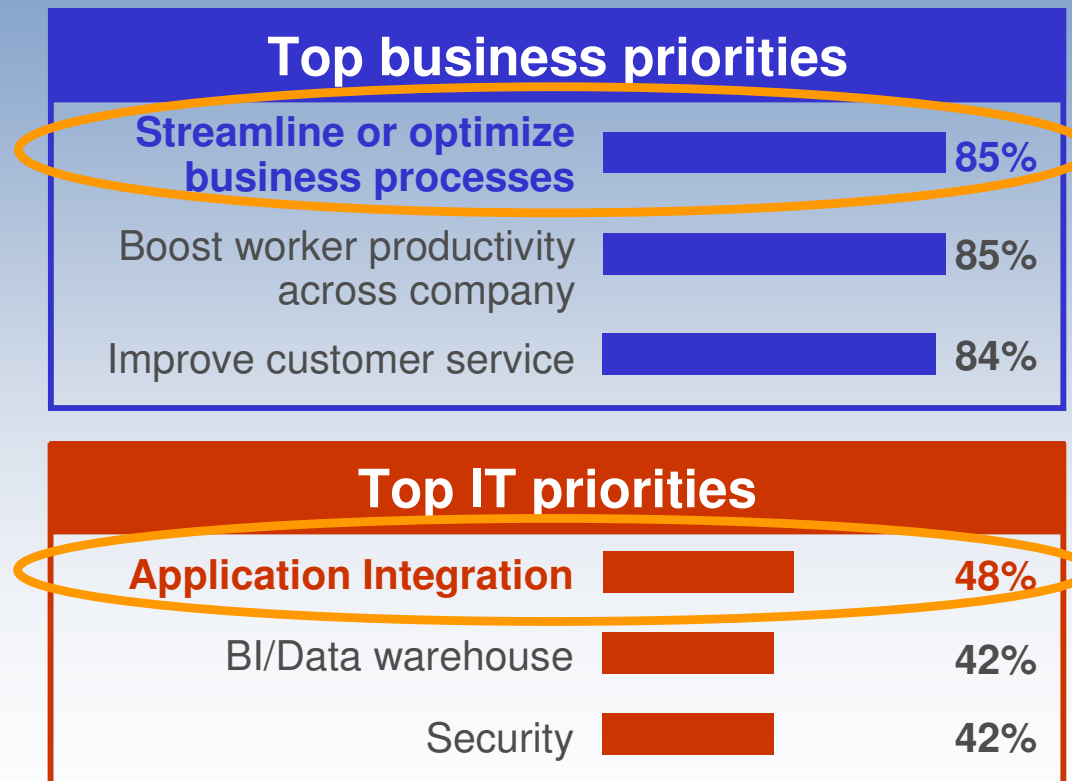## #2 barrier: *unable to justify cost / ROI*

**Barriers to SOA at my Company in %**

| Barrier | % |
|---|---|
| Availability of skills | ~62 |
| Can't justify the cost/ROI | ~36 |
| Lack of services management | ~31 |
| Other | ~30 |
| Lack of standards | ~24 |
| Lack of service offerings to guide the transition towards SOA (project management) | ~24 |
| Lack of security | ~22 |
| Mature testing facilities for SOA solutions | ~21 |
| Lack of development tools | ~21 |
| Middleware performance issues | ~19 |
| Lack of Education opportunities | ~19 |
| Business consultants to overcome internal resistance to change | ~14 |
| No real barriers | ~5 |

(Axis: 0 10 20 30 40 50 60 70)

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

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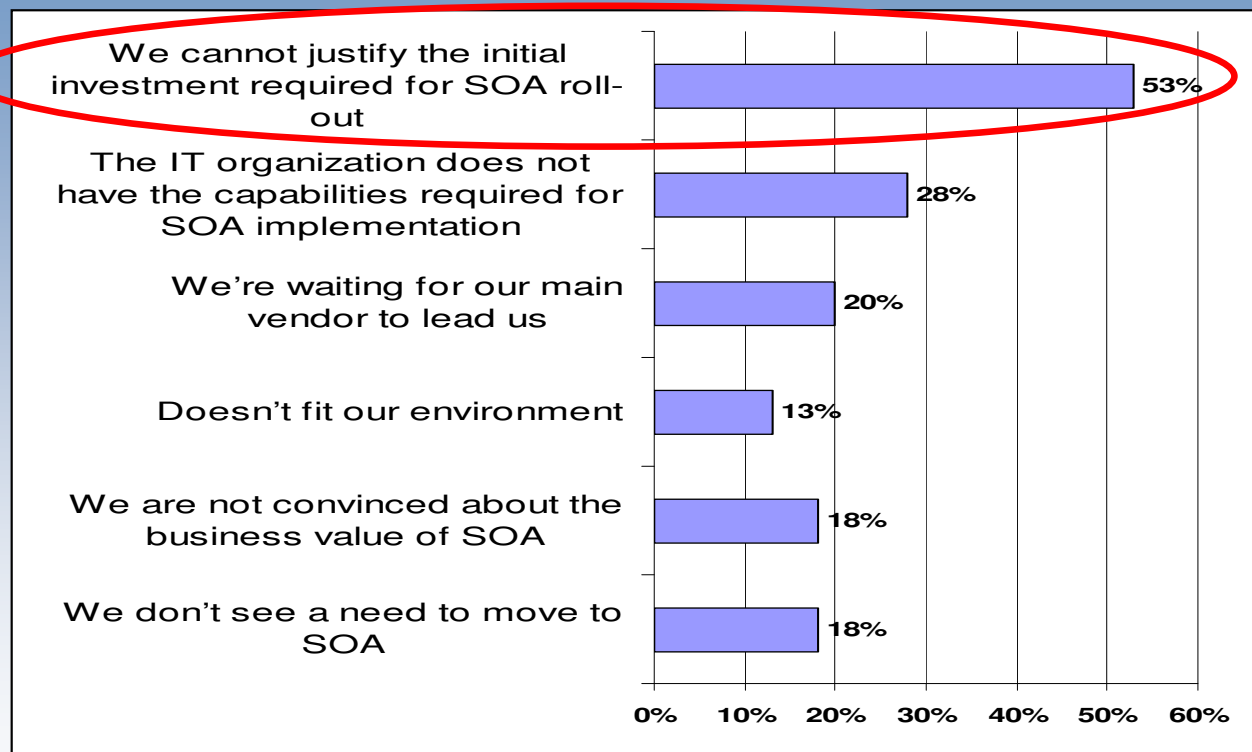# Responding more effectively to changing market conditions is a CEO imperative

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

## Top business priorities

| | | |
|---|---|---|
| **Streamline or optimize business processes** | | **85%** |
| Boost worker productivity across company | | **85%** |
| Improve customer service | | **84%** |

## Top IT priorities

| | | |
|---|---|---|
| **Application Integration** | | **48%** |
| BI/Data warehouse | | **42%** |
| Security | | **42%** |

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

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# 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

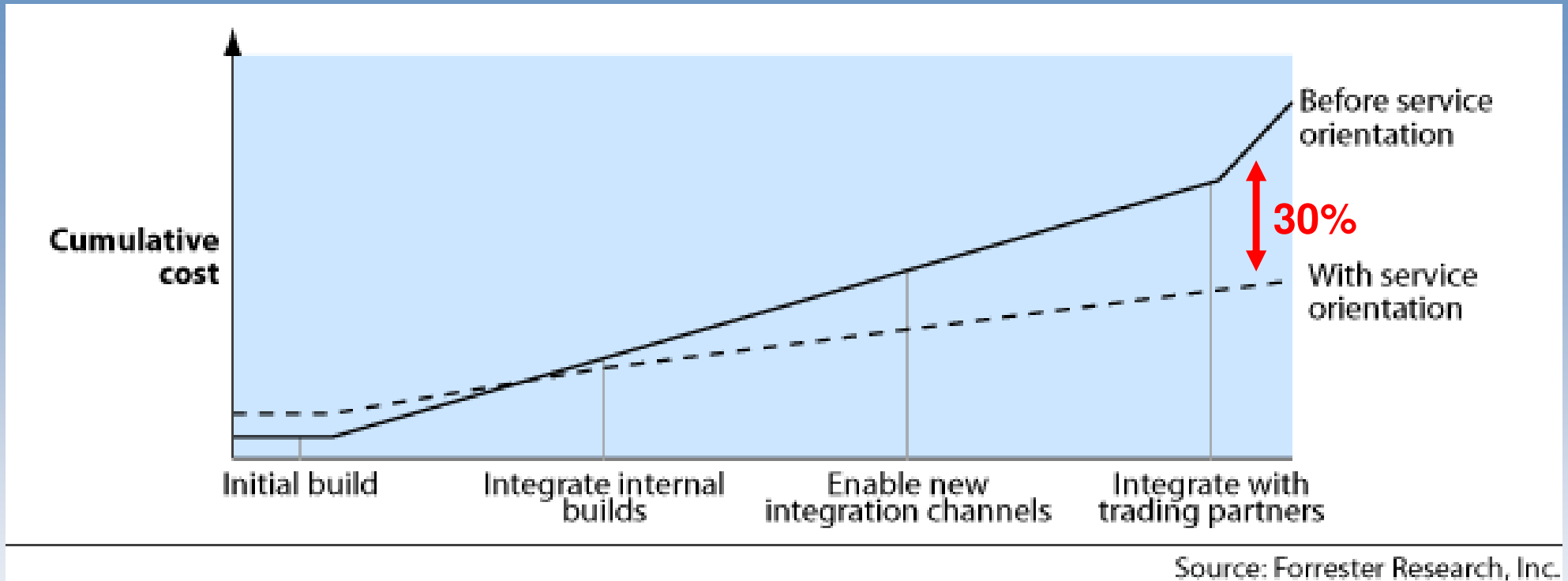*"In 2005, **76% of IT budgets were spent on maintenance** and 27% on new investments.*

*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



Source: Forrester Research, Inc.

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

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

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# 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*

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# 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

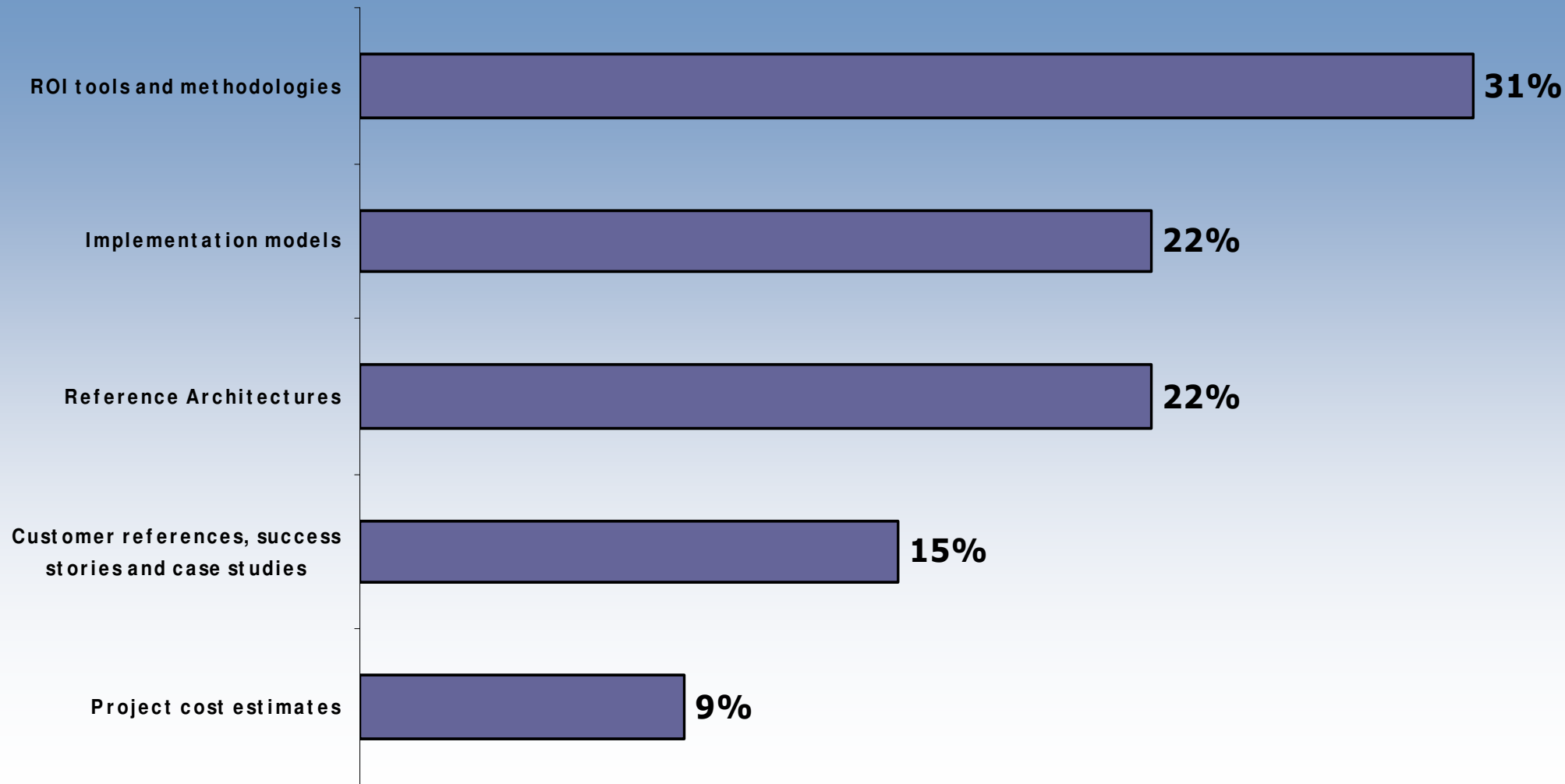http://www-306.ibm.com/software/solutions/webservices/pdf/modernizing_app_integration.pdf

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# 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
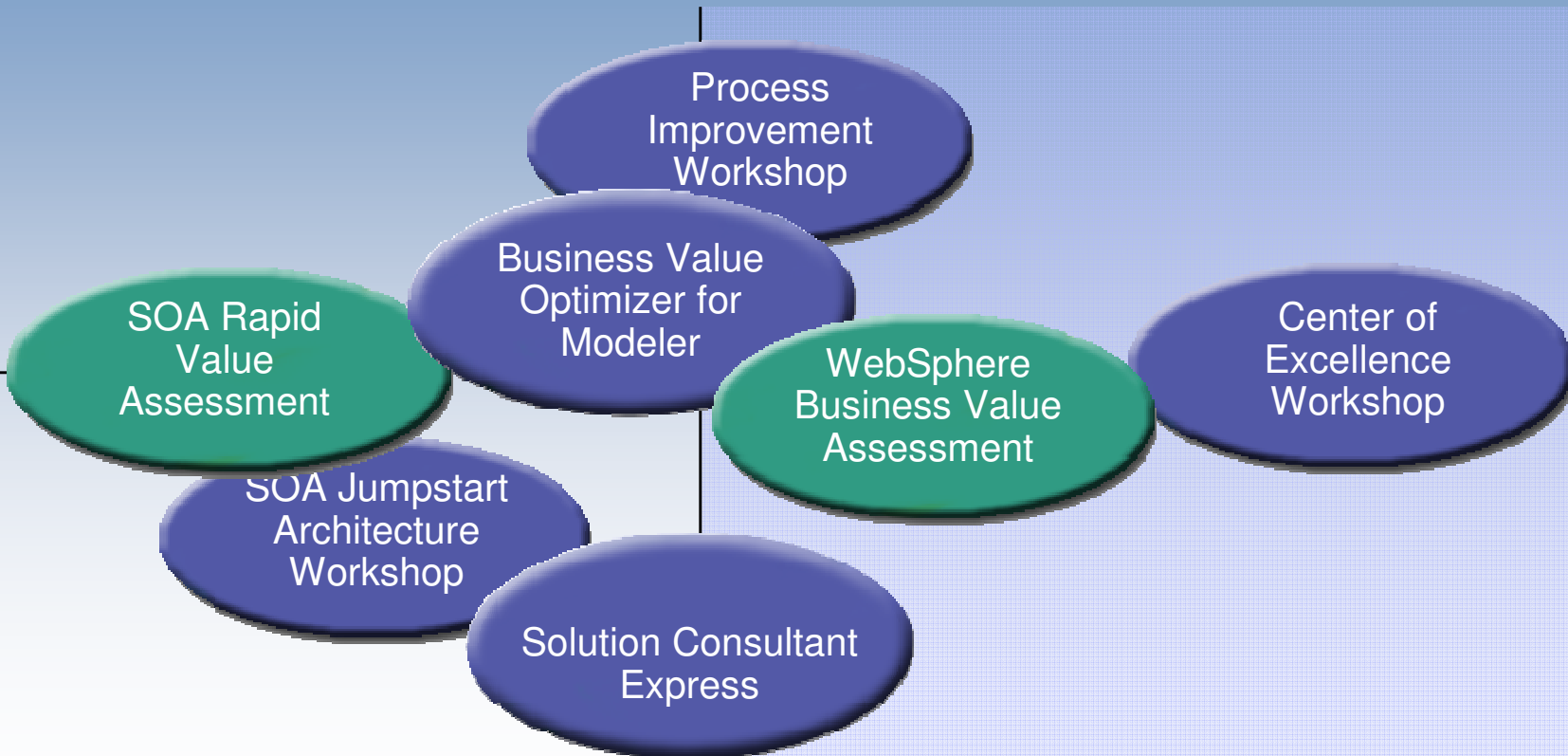
IBM

# Preferred tools to help building a business case

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

ROI tools and methodologies — **31%**

Implementation models — **22%**

Reference Architectures — **22%**

Customer references, success stories and case studies — **15%**

Project cost estimates — **9%**

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| Build Relationship | Explore Opportunity | Describe Capabilities | Articulate IBM Value | Develop Solution | Close Sale | Meet Expectations |
|---|---|---|---|---|---|---|
| Noticing | Identifying | Validating | Qualifying | Conditionally Agreeing | Winning | Implementing |

**Business**

**Technical**

Process Improvement Workshop

Business Value Optimizer for Modeler

SOA Rapid Value Assessment

WebSphere Business Value Assessment

Center of Excellence Workshop

SOA Jumpstart Architecture Workshop

Solution Consultant Express

Note: use *only* if needed to win!

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*Internal Use Only*

# 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

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# Value Assessments – **Customer benefits**

1. Showing competitive advantage

2. Tie IT & Business solution together

3. Justify costs for moving into SOA

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# 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

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# 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**

| | R&D | Finance | Acctng | R&D | Mkt | Sales |
|---|---|---|---|---|---|---|
| BPM | 1 | | | | 1 | 1 |
| User Interaction Services | | | | | 3 | |
| Information as a Service | | | | | | |
| Integration Platform | 5 | 5 | 5 | | 5 | 5 |
| Enterprise Service Bus | | | | | 1 | 2 |
| Service Registry | | | | | | |
| Service Management | | | | | | |
| Development Platform | | | | | 4 | |
| Security | | | | | 4 | |
| Governance | | | | | | |

**Roadmap**

**ROI**

Y0   Y1   Y2   Y3   Y4   Y5   Y6

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# Cost Savings by Modeling and Simulating

WebSphere
Business Modeler

**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

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

| Probability | Average Process Time (min:sec) | Average Cost | Case | Case Description | Probability | Average Process Time (min:sec) | Average Cost |
|---|---|---|---|---|---|---|---|
| 32.91% | 10:11 | $5.40 | 1 | Direct mail, Complex | 35.57% | 8:16 | $4.38 |

# Real Business Case Example



Calculate Risk Factor Flow Chart

# 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**

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# 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
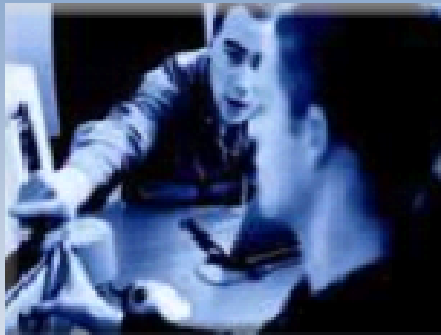
**To-Be Process**



**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**

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# 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

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# 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

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# 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

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# Step 1 – Select Business/IT Challenges or Products

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# Step 2 – Update Questionnaire

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# 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

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# Step 5 – Review ROI results

**IBM Corporation ROI Analyst™ - Business Value Analyst for WebSphere - Microsoft Internet Explorer**

**Business Value Analyst for WebSphere**

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

| ROI Analysis | Initial | Year 1 | Year 2 | Year 3 |
| --- | --- | --- | --- | --- |
| Benefits | $0 | $421,239 | $1,268,280 | $1,282,422 |
| Cumulative Benefits | | $421,239 | $1,689,519 | $2,971,941 |
| Costs | $621,710 | $212,349 | $221,342 | $221,342 |
| Cumulative Costs | $621,710 | $834,059 | $1,055,401 | $1,276,743 |
| Cash Flow | ($621,710) | $208,890 | $1,046,938 | $1,061,080 |
| Cumulative Cash Flow | ($621,710) | ($412,820) | $634,118 | $1,695,198 |
| | | | | |
| ROI | 133% | | | |
| Risk Adjusted ROI | 107% | | | |
| NPV Savings | $1,250,390 | | | |
| IRR | 79% | | | |
| Payback Period | 17 month(s) | | | |
| | | | | |
| Risk Adjusted Discount Rate | 9.5% | | | |

| Breakeven | Cash Flow |

$3,500,000

$3,000,000

$2,500,000

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Done    Local intranet

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# Step 6 - Produce a Report

# Step 7 – Customize and Present Proposal

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# 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

IBM

# TCO Analysis for 5 Years

**Total Cost of Ownership**

21% → **Cost of Implementation**

- 14% → **Application Build**
- 1% → **Startup Costs**
- 3% → **Software Licenses**
- 3% → **Hardware Infrastructure**

79% → **Cost of Operations**

- 15% → **Application Maintenance**
- 27% → **Application Upgrades**
- 10% → **Software Maintenance Fees**
- 27% → **Infrastructure Support and Administration**

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# Total Cost of Ownership – Benchmarks COTs Environment

**Total Cost of Ownership**

**21%** → **Cost of Implementation**

- **14%** → **Design/Build/Test**
- **1%** → **Startup Costs**
- **3%** → **Software Licenses**
- **3%** → **Hardware Infrastructure**

Software at **13%**

**79%** → **Cost of Operations**

- **15%** → **Code Maintenance**
- **27%** → **Application Upgrades**
- **10%** → **Software Maintenance Fees**
- **27%** → **Infrastructure Support and Administration**

On Going Costs **4 x** Implementation

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# Demonstrate cost savings with TCO BVA

**Cost to Build—Includes Software**



Cost (millions)

$3
$2
$2
$1
$1
$0

**18% less**

**35% less**

Non-EAI    Other EAI    IBM-WBI

**Ongoing Costs**



Annual Cost (millions)

$2.5
$2.0
$1.5
$1.0
$0.5
$0.0

**47% less**

**77% less**

Non-EAI    Other EAI    IBM-WBI

# Typical Value Assessment Engagement Timeline



Kickoff Call

Prep Work (checkpoint calls as required)

Workshop (2-3 days)

Executive Presentation

Week 1    Week 2    Week 3    Week 4

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

# Business Case Result – Option 1

| 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: | 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 | $ 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 |

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# 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 |
| | Adjustment Factor ▼ | TCO (NPV) | % of Total | | | | | | | | | | |
| **Implementation Costs** | | | | | | | | | | | | | |
| 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 |
| 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% |

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# 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**

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# 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**

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# 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**

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**1** **Leverage Business Processes: IBM SOA Business Catalog**
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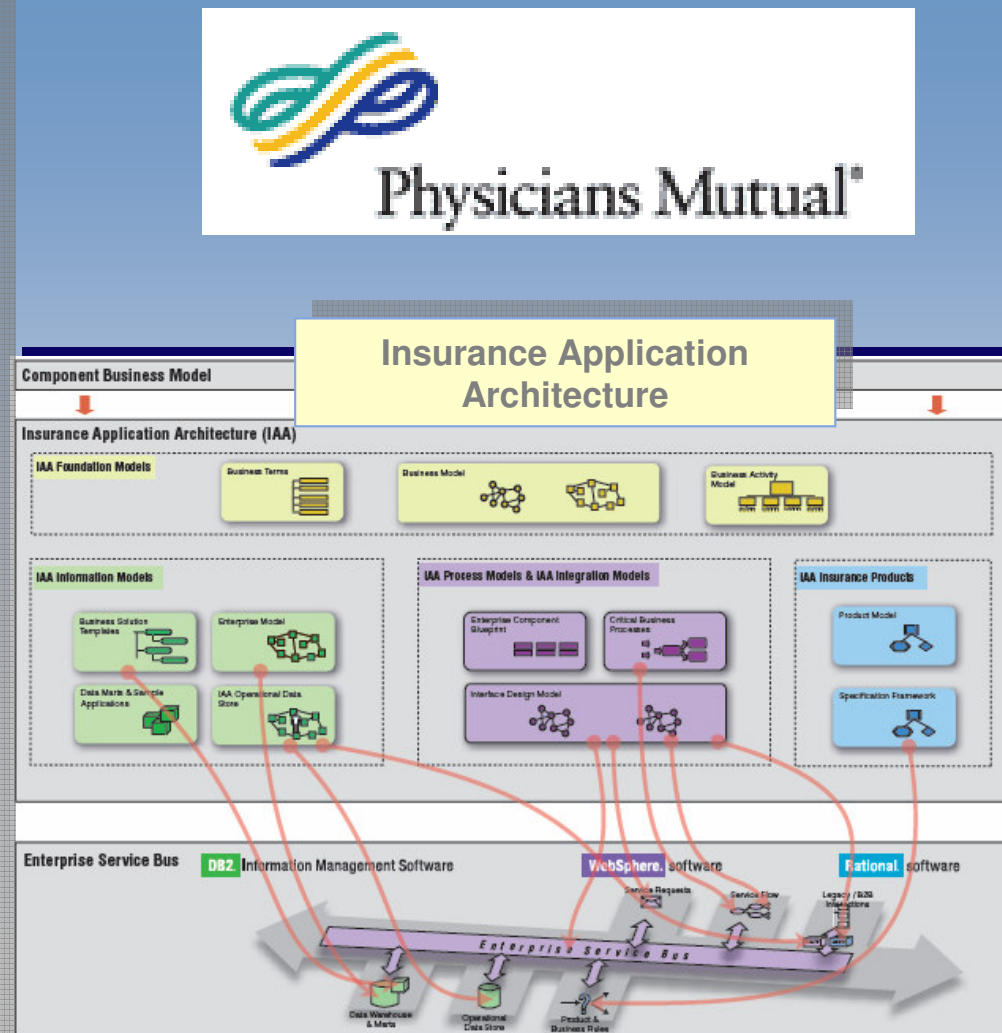- Over 100 WebSphere Adapters and Pack
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# Physicians Mutual uses IBM Insurance Application Architecture Models and BPM w/ SOA Software to optimize Insurance Processes

- **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

# 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

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# 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.**

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WebSphere Software for SOA

# 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**

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# 2005 WebSphere Value Based Selling Wins

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# Thank You.

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