IBM

Moderator: Kada Sijl
June 23, 2010
10:00 am CT

Coordinator: Good morning and thank you for standing by. At this time all participants are in listen only mode. During the question and answer session, you may press star 1 to ask a question. Today's conference is being recorded. If you have any objection, you may disconnect at this time. And now I'd like to turn the meeting over to our speaker.

Woman: Thank you operator. I'd like to now turn the call over to Jeff Schick.

Jeff Schick: Thank you folks for joining today's call - Harness a Changing Workforce and Drive Growth with IBM's Social Software. My name's Jeff Schick and I'm the IBM Vice President for Social Software and today we're going to be talking about the value of social software to your organization.

Let's go to Page 2. It may seem like the self evident truth that organizations must work smarter but when we get underneath that, are they really? A new paper published by the IBM Institute for Business Value in April 2010 titled The New Way of Working has some startling statistics.

67% of people believe there are colleagues who can help them do their job but don't know how to find them. 25% of our time is spent looking for information and with that said, every week, 42% of people use the wrong information to make decisions.

And when we think in terms of transforming the way we work, when we asked CEOs, 91% of CEOs say they need to restructure the way their organizations work in order to be competitive in today's marketplace. This is a remarkable insight to the efficiency and productivity of organizations today.

Let's turn to Page 3. Why social software now? Social software connects people with people and people with information with ever increasing fluency. No longer is there an impedance match in the collaboration tools that people use. Based upon an IBM 2010 CEO study, getting closer to customers, developing people skills in their organization and designing insight and intelligence with the right information were clearly business imperatives.

And social software, by unlocking that innovation within the organization, can truly help to accelerate those business imperatives.

Efficiency and productivity by getting the right person, or the right opportunity, at the right time to yield the right result is now possible with social software. Connecting people with the information they need through human centric indexing empowering people to get to that which is important. This is all very important in the way an organization can be transformed, creating a culture of sharing and enabling it such that the organization feels like they're connecting every employee to every customer.

Let's go to Page 4. We see substantial investment in social software today. Many organizations are taking the steps to leverage social software and have

been able to show quantifiable, measurable business benefits based upon the innovation in product services that they've derived, the creation of more effective marketing campaigns, genuine better access to knowledge to support better business outcomes and lowering the cost of doing business and driving higher revenues by creating a level of productivity and efficiency in the organization and reusing intellectual property to the benefit of the organization.

These quantifiable benefits demonstrated in the return on investment, demonstrated in return on contribution, are indeed what's fueling the investment in social software today.

Let's turn to Chart 5. Why IBM social software? IBM is indeed the market leader. With the introduction of this technology in 2007, we created the fastest growing software product in IBM history in Lotus Connections and in many respects, organizations like CIO Magazine see Lotus Connections at a minimum of a year ahead of SharePoint in its social computing capabilities out of the box. And we lead the pack based upon Forrester's Way of Collaborative Platform report released in 2009.

And why is this true? Because it is a business social software integrated suite focused on delivering secure and robust collaboration capability, focused on your intranet, your extranet and your Internet such that you don't need to rely on a public or consumer grade network for mission critical business purposes. The technology is built in an open fashion leveraging a variety of different platforms, databases and certainly extensible set of supportive open widgets, as well as restful APIs unlocking an everyday element in the technology.

This enables us to build collaboration into context in the context of rich client applications, in context of business processes and portals that organizations are leveraging today. This is indeed why IBM is a leader in social software.

Let's turn to Page 6. Now, the social software technology enjoys a rich set of Web 2.0 capabilities. Now what's the difference between Web 2.0 and Web 1.0? It used to be tough to publish information. You used to have to know HTML or some sort of a complex offering tool. Now today people can self-generate, share information, publish information easier than ever before unlocking that intellectual property and expertise within the organization.

And the journey has allowed us to use collaboration tools that no longer create an impedance match in the way people work. Email is not the best way to work collaboratively on a document. Perhaps Wiki is where people can come together and collaboratively edit that document, as opposed to passing around as an attachment.

You know, leveraging a content tool that supports check in and checkout, version control, you know, automatic preview from any place on the planet, really will add a genuine productivity to attain building out those documents. Email may not be the best way to get a question answered by sending out a broadcast Email to a narrow cast distribution list - being able to leverage a community that has a discussion forum focused on that particular topic and posing that question such that those constituents in that community that are experts on that topic to provide the answer is a better path.

Using Email to send out a newsletter as a broadcast on a particular set of news or topics may not be the best way to get your word out there. Having that visionary, having that communicator leverage a Blog to share that information

widely or to their community is a better path of conveying that information to the people that need it.

And maybe in the past they lost that Email or they weren't privy to that Email so in the ways that we're talking about that's where social content is available going forward as a source of information.

So the social software technologies offer a very rich set of Web 2.0 capabilities that lets you find the people in the organization that you need, getting the right person over the right opportunity at the right time to yield to right result and leverage the intellectual property in the organization that is most important.

Now, let's go to Chart 7. So what are some of the ways that we see social software transforming business? First off, let me say that these capabilities can be extended to your existing investment. So whether you're using an Email system like Notes or Outlook, whether you're leveraging a portal, you use commerce technology in order to support sales, the social software technology can be infused into those solutions easily by providing access to Blogs, Wikis, discussion forums, experts, communities, to better support the collaborative dimensions of what people do every single day.

This idea is really something that we see as social everywhere where whether you're in a mobile context, in commerce, in application development, you're working in data analytics or business intelligence, all of these capabilities can take advantage of the collaboration features of our social technology and so we've truly enabled those solutions by building a very powerful social platform. So we're not just leveraging collaboration onto collaboration's sake but doing so into the context of the way people work.

Now let's turn to Chart 8. And now let's look at some organizations that have been leveraging social software and their organization and some of the challenges that they might have had and some of the business results they might have seen.

U.S. Bancorp has almost 3000 locations in two dozen states and they've acquired subsidiaries from a variety of different sources and they genuinely lacked the ability to effectively collaborate and share content and coordinate operations across their branch locations. And this resulted in an inconsistent customer retail experiences and a higher employee attrition rate than they would have like to have ever seen.

And so they've been able to leverage our social software technologies in a way that now allows them to find people that can help them when they encounter problems. They can share experiences and leverage communities to share things like practices and documents in this.

These capabilities - do this across the organization, 58,000 employees and really allows them to easily capture, find and share best practices and it has resulted in a tremendous benefit to the bank in and around, not just their competitive advantage, but their customer satisfaction and ultimately yielding a more efficient and productive employees.

Let's turn to Chart 9. (Fine Metal) is one of Europe's largest defense contractors and automobile parts manufacturers. They've leveraged these technologies in a way where they have people working across many different parts of the organization and they're very process oriented in the way they build out their products and solutions, all the way to the automobile parts that they make for Mercedes Benz and BMW, all the way through to the Leopard

tanks and Howitzer cannons they make for the German Army and other military organizations in Europe.

And so as an example, by better connecting their folks, in the development of the Leopard tank, they were trying to solve issues in and around how to build tank tread assemblies and the sort of lubrication and viscosity that is required in order to support the new tank treads in the Leopard tanks. And they actually leveraged knowledge and experience that was sounded in the automobile division - some science that was being done in the automobile division.

This sort of sharing, this sort of connectivity between the people working on product innovation and science and (unintelligible) would have never been possible had they not put in place collaboration technologies and built a culture of sharing across these respective divisions.

Chart 10 - the Practicing Law Institute is a small organization but they've got big capabilities. They support the lawyers in the United States, in and around their continuing education. So in order to retain your license and be able to practice law in the U.S., there's a mandatory set of activities that an attorney may do on a periodic basis. Practicing Law Institute provides that education and enablement on a specific set of topics in order to support that. They have more than 100,000 attorneys leveraging their technology.

But they found that as people came into the Practicing Law Institute, as the attorneys came into the institute, they found that they were just coming there for the education and they didn't enjoy a relationship with those folks before, during and after.

The Practicing Law Institute enabled their attorneys and their educators, through a set of communities in and around intellectual property, anti-trust and

so forth, and now they're connecting their educators with attorneys and attorneys with each other, and really enjoying the stickiness and a relationship that goes beyond just that specific class and now they enjoy, you know, going forward on a continued basis. And they find that this unique business model has set PLI apart and they're enjoying remarkable growth literally almost 1% per day which is amazing from a fueling a growth point of view.

On Chart 11 - well this is one of the premier, you know, language organizations on the planet. And as they - as their own employees wanted to collaborate, they really needed a set of collaboration technologies that would allow them to communicate and share knowledge with other employees around the world.

This is sharing basic common information on building out offerings, strategic direction of where they would take their products, and pairing the (goals) worldwide so there was consistency across how Berlitz delivered their capabilities in each and every country on the planet.

And so they're leveraging our collaboration technologies to be able to find experts as they're building out offerings and to share that intellectual property so that they see a more efficient employee base as they build out their language offerings and make them available to their clients.

Now, Chart 12 has an interesting set of features here. We have as part of this (VisiRail Company) was the largest North American railroad franchise. We have a very detailed case study on these folks and for those of you who are interested in getting in even greater detail, we've got very detailed case studies that represent every industry segment and every country on the planet. And here are some examples of the estimated benefits that this organization will realize over three years as they deploy the technology.

So these folks were looking to create better efficiency in their sales organization as they sold commercial rail services to companies in North America. They genuinely reduced their travel cost by using real time collaboration in order to support the meetings and sharing of information.

By leveraging these tools, and this is important across the - you know, many of the clients that we work with that we've actually seen the ability to attract and retain new employees thus resulting in, you know, a better moral which indeed has allowed them to attract and retain new employees.

And so we see this as an important aspect of how folks that are leveraging social software have really genuinely have quantifiable business benefits based upon a hard (ROI) computed in and around sales and productivity, travel costs, and the ability to retain employees.

And so these are really important measurements. I've done it - this large a rail company and they genuinely see the benefit in leveraging the collaboration technologies from IBM.

So with that, I want to point to on Chart 13 a photo of areas that you can go even further and learn more about social software. This includes URLs for the latest product information and research and white papers. Online we have the collaboration soapbox which is a community on IBM.com that can let you interact with other clients and IBMers on this particular topic.

And for those of you that have not yet experienced any of these technologies but would like the ability to see them first hand, there's the Lotus Greenhouse. I would encourage you all to visit there and if you've not been there before, sign up. We have the latest versions of technology up there and you'll be able

to see the newest release of our portfolio both Connections version 3 and Quickr 8.5 up there. And so I would encourage you all to go out there and visit the Greenhouse and sign up if you haven't done so already.

So that concludes our presentation for today and now I'd like to open it up for some questions. Operator, can you do so?

Coordinator: Thank you sir. At this time if you would like to ask a question, you may press star 1. You'll be prompted to record your first and last name for pronunciation. To withdraw your request, you may press star 2. Once again if you have a question, please press star 1 at this time.

One moment for our first question. Once again if you would like to ask a question, please press star 1 and record your name. We do have a question from (Yvette Butler). Your line's open. Please check your mute button.

(Yvette Butler): Hi. I'm interested in knowing what other companies are using Lotus Connections and Lotus Quicker. You mentioned U.S. Bancorp, (VisiRail) railroad. Are there any other companies that you're willing to opening share are using these products?

Louis Richardson: Hi. This is Louis Richardson. I'll take the call - the question if that's okay. May I ask what company you happen to be from? I'm just curious.

(Yvette Butler): Sure. I'm working at Union Pacific.

Louis Richardson: Okay. Excellent. Yeah. We have a number of companies that user Quickr and Connections. There is - and it basically crosses most industries. If you're familiar with us at IBM, we have a fairly conservative process by which we do references and so forth but if you'd like, you can always drop - you can drop

me a line. This is - you can reach me at richardl@us.ibm.com. I'm the sales executive for the social software area and I'd be more than happy to get with you and share with you some of the others.

Some of them we have that we can't actually give in a forum like this but we have a lot that we'd certainly share on a one on one type basis with you if you'd like.

So again it's richardl@us.ibm.com.

(Yvette Butler): Okay. That sounds good. I was just interested in the particular companies that you listed - why those?

Louis Richardson: Oh.

(Yvette Butler): The blanket answer of, you know, private consultation is who - is the point where we'll give out the name is what we've been getting from multiple correspondents at IBM. So I was just interested on - okay, do you have more to share publicly.

((Crosstalk))

Louis Richardson: Yeah. We have. I would guess if I looked at our current database, we have, you know, close to a 100 or so that are public references that we'd be able to - it's just that these were what was covered for this particular one.

(Yvette Butler): I see.

Louis Richardson: But we have a lot that we can share with you. It's becoming quite popular. What's interesting is that many companies - I mean social software is somewhat new to a lot of companies.

(Yvette Butler): Right.

Louis Richardson: And a lot of them, prior to becoming references, they really want to get it rolled out and understand it and kind of understand what the - you know, we've got a lot of people that will certainly tell you why they chose and we've got a growing number of companies that will be able to tell you not only why they chose but how successful it's been in their company. So that's where we're gaining popularity right now with companies that can actually attest to we've used this for a year or so now and here's the kind of results we're getting. So.

(Yvette Butler): Okay. Awesome. Thank you for your answer.

Louis Richardson: Yeah.

Chris Lamb: Yeah. This is Chris Lamb. Louis, if I could just add, if you go to the links for both the Connections Quickr same time Web pages, on the left-hand side, there's typically a navigation to success stories and that's where you will find a lot of the published case studies from existing customers.

(Yvette Butler): Okay. Okay. Thank you.

Coordinator: Our next questions from (Michelle Lettle) with the Ace Group.

(Michelle Lettle): Hi. This question - can you guys hear me.

Woman:　　　　　Yes. Go ahead.

(Michelle Lettle):　Okay. Great. I heard some statistics back in the January - February timeframe that basically said IBM Connections - the sales numbers for the tool in the fourth quarter were somewhere between 30% and 40% of sales that went to non-IBM companies. Are there any updated statistics?

Chris Lamb:　　　Yeah. Hi. This is Chris Lamb again. Yeah. Off the top of my head I don't have the updated statistics. We do tend to track that and we have continued to see success with our social software into, you know, non-traditional IBM accounts.

　　　　　　　　　And along with that does come from the effort that Jeff mentioned of our social everywhere. You know, where we've done integration with applications that people are already using and we've done integrations, you know, outside of our own portfolio; either with applications that come from other areas of IBM like WebSphere Commerce or Rational or integration with other vendor's products like Outlook, SharePoint and other applications that people already know how to use.

　　　　　　　　　And so by adding the capabilities of social software adds new features, new value, companies can, you know, extend the investment they've already made. So that has been a very successful strategy for us and, you know, we expect those numbers to continue in 2010.

(Michelle Lettle):　Will they be published any time soon?

Chris Lamb:　　　Probably. I don't know - I can't point to that particular piece of collateral we have in the works (unintelligible) they'll be published but, you know, it is one

of our strengths. It's something we're pretty proud of so I wouldn't be surprised if we make those widely available.

(Michelle Lettle): Okay. Thanks.

Coordinator: Once again if you would like to ask a question, please press star 1. One moment.

Louis Richardson: And if I could encourage those on the call, again this is Louis. One of the things that we've found very helpful is this collaboration soapbox that's in the middle of the screen there. This is actually an external community that we've built specifically for people such as yourself who have enough interest in this topic that you'd listen to a call like this or that you're experimenting with this within your own company.

This is the external facing so you can actually come to this place without even registering and you can see what's going on with other people such as yourself who might be sharing. You can register which is just a simple fact of just asking to join. You'll get a registration link coming back to you.

At that point you can actually do what Jeff mentioned earlier about the Web 2.0 experience. You can actually get feedback. You can comment. You can actually write your own Blogs and articles and so forth and we'd love to hear from the, you know, people like the audience here.

Again, we try to post a lot of things out there that we think are just helpful tips. So again we'd very much encourage you to not only go to the collaboration soapbox but join in and participate.

Coordinator: Our next question comes from (Michael Ransley), (Jeff Snudge).

(Michael Ransley):   Yes. Hello. I was wondering how much customization of Lotus Connections are you seeing. Are clients tending to just buy it and install it out of the box or are they tending to tweak it when they get it?

Chris Lamb: Hi. This is Chris. Yeah. I'll take that question. There certainly is a mix. We certainly provide a fair amount of customization capability. When customers are deploying it internally, they can change, you know, the skin of how it looks. They might put their logo up there. They can change the colors of the theme using, you know, style sheets. And so companies often do that because it's, you know, relatively easy to do and helps with adoption to match their internal site.

Some other companies are doing, you know, a broad set of integration. Specifically, they might be imbedding the social capabilities of Connections into their existing portal application. They might have a sales force automation, you know, portal site and they want to create specific, you know, portlets driving content, social content, into that application. And in that case they're doing, you know, a fair amount of customization in putting that social intellectual property in the context of that business process.

And then thirdly, if customers are doing external deployments, those, you know, always tend to be highly branded, highly customized. If you - you know, an example of that that Jeff) talked about with the Practicing Law Institute is a good example of that. So it really does depend on their deployment pattern and the use case.

(Michael Ransley):   Thank you very much.

Coordinator: Once again please press star then 1 if you would like to ask a question.

Woman: Operator, if there's no more calls, we can conclude the call for today.

Coordinator: Thank you. We do not have any further questions. This does conclude the conference for today. Thank you and you may disconnect at this time.

Woman: Thank you operator. Thank you everybody for attending.

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