

PEAK PERFORMANCE —

Reinventing *the* Integrated Customer-Driven ENTERPRISE

THERE IS NO ALTERNATIVE.

Today's organizations realize that becoming a customer-driven enterprise, making it easier for customers to do business with the organization, is non-negotiable; it's a must to achieve sustainable competitive advantage. The goal—to consistently deliver an exceptional customer experience—requires that companies apply best practices in every aspect of managing customer relationships.

Embedding best practices for customers into industry-specific business

processes is essential to success, and yet just to identify and document these best practices is one challenge. Integrating them—delivering these best practice-based business processes across the enterprise—is another.

CIOs clearly recognize the enormous economic potential of creating a company where customer information flows freely throughout the entire enterprise, and where streamlined business processes are optimized to serve customer needs, not fragmented by organizational silos. Ideally, the fully-integrated business delivers a superior customer experience while improving profits and lowering costs.



ILLUSTRATION BY DAVID CUTLER

But CIOs also see the messy reality: Their customer-driven business processes—from lead generation to order fulfillment—depend on the integration of vast amounts of data, much of which reside in legacy and custom applications. This data, sequestered from other disconnected systems such as CRM, ERP and SCM, renders many integration solutions inadequate. Vendors promising a “complete suite” of integrated pre-packaged applications cannot possibly solve this complex issue, as these integration models fail to capture the full range of data across legacy and custom applications that is required to execute customer-driven processes.

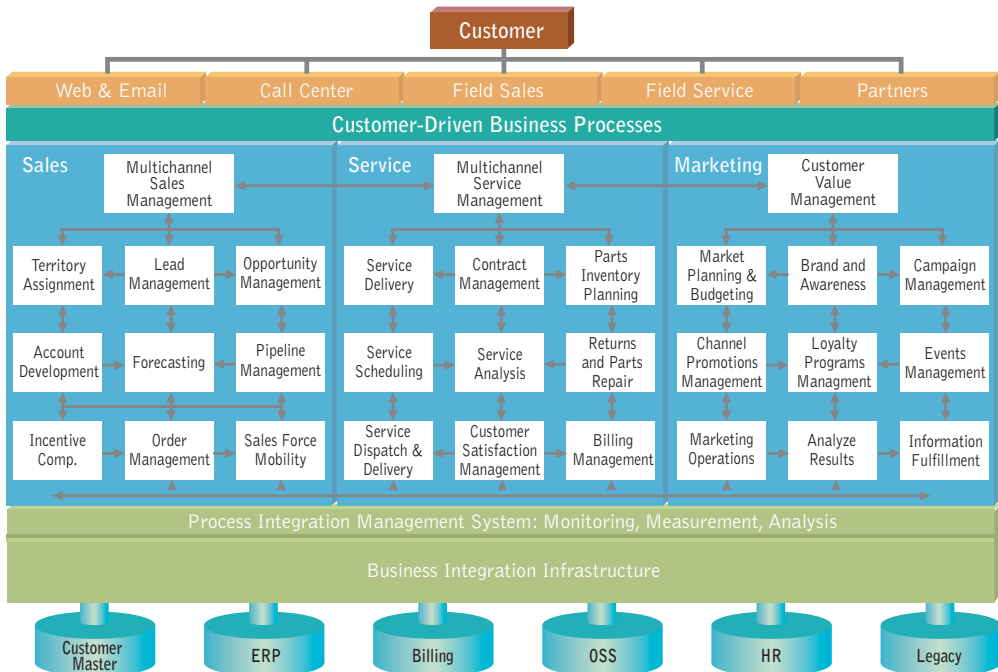
Truly effective integration solutions must take full advantage of emerging open XML and web services standards such as BPEL4WS, XSLT and XSD. These open standards-based integration models are capable of leveraging existing IT investments while enabling the use of best-in-class applications required to achieve optimal, end-to-end busi-

ness processes. About web services alone, Gartner’s Michael Blechar writes in the Aug. 26, 2002, report *“The Impact of Web Services Architecture on AD”* that by 2005 this will be the predominant programming model, used for at least two-thirds, and perhaps as much as 80 percent, of new applications.

“Integration is not merely hooking up your ERP system to a CRM package—that trivializes the problem greatly,” says Mark Sunday, SVP/IT and CIO at Siebel Systems. Only one part of customer-driven process integration is involved with connecting enterprise applications so that information can flow in real time throughout the enterprise. Another challenge is how to choreograph the complex transactions that occur between applications so that they truly reflect the business process being created. It is a Herculean task to orchestrate them all in support of streamlined and effective business processes that keep customers at the center.

In short, while customer-driven business

IBM and Siebel Systems Provide Business Processes for the Multichannel, Customer-Driven eBusiness



process integration might be an IT executive's greatest dream—it can also be the biggest challenge.

“If your organization as a whole is not focusing on customers and how to support them, you're putting yourself at a competitive disadvantage,” says Vince Ostrosky, VP/Customer Relationship Management at IBM. “A commitment to customer focus does not stop with selecting the best-in-class CRM system,” he adds. “It extends to fundamentally improving all the business activities that directly and indirectly support customer transactions. Failing to realize this will prevent a CRM project from reaching desired results.”

With so much at stake, it's no surprise that IT executives are choking back their fears and making a top priority out of integrating systems to build a customer-driven company. “People want integration to be faster, cheaper and easier,” says Paraic Sweeney, VP/Marketing at IBM's WebSphere® Business Integration. “They want to be able to manage the risk associated with change by making integration simpler.”

ROADBLOCKS TO INTEGRATION

Prioritizing customer-driven integration is a great start. But many experts cite significant barriers to fully integrating business processes.

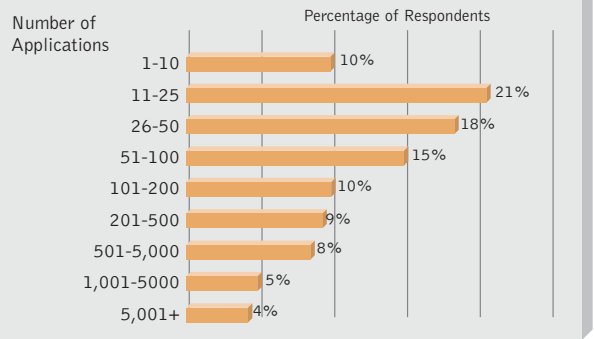
“The problem is that delivering a higher level of customer experience requires integrating many systems, which is cost prohibitive, and projects are often shelved,” says Edward Abbo, SVP/CTO at Siebel Systems. Integration alone is not the answer. Integrating processes to be customer-centric involves transforming how companies do business in ways that deliver the most value and competitive advantage.

Corporations also must ensure that the right business processes get integrated. “Process integration requires an end-to-end analysis of current business processes and data flows,” says Steve Bonadio of Meta Group. “CRM integration differs in some respects insofar as ultimately the customer has to be the primary focal point for what is being integrated—not the organization.”

“The payoff is worth the effort, but integrating a company's business processes need not be so complex,” says Ambuj Goyal, general manager of IBM's Solutions Division. “While it requires CIOs to tackle difficult questions of budget, project scope and technical complexity, integration can be made easier with a pre-built software solution in which integration best practices are embedded in every component.”

Assessing the Integration Challenge

How Many Applications Do You Have in Your IT Environment?



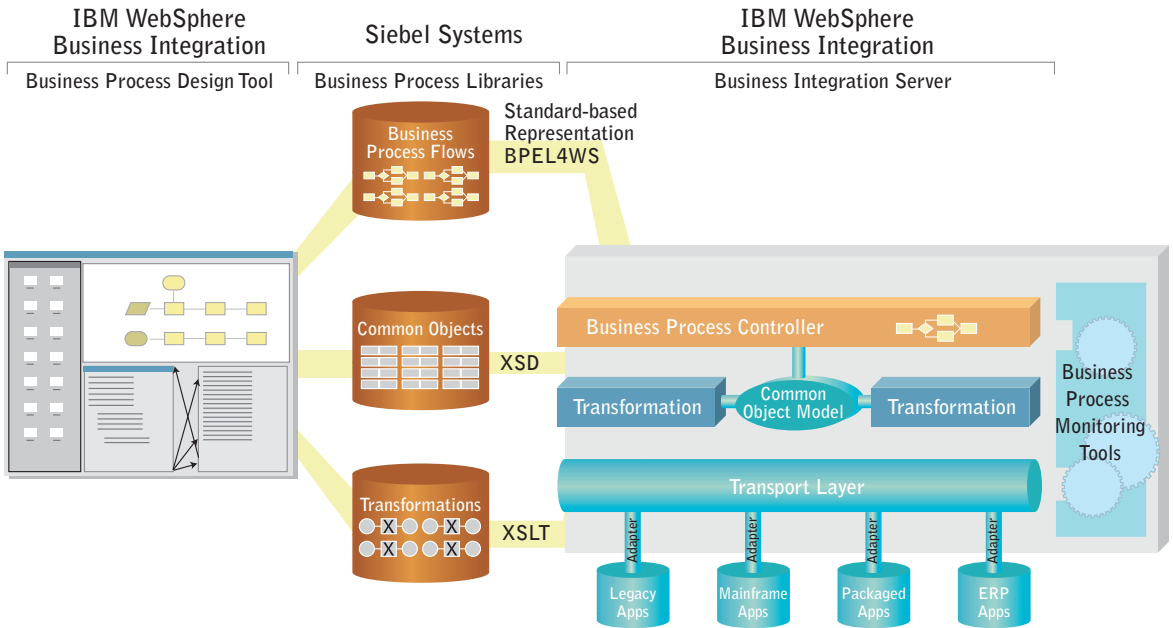
Source: Satmetrix Survey

Most experts say that the average large corporation has anywhere from 50 to 100 separate applications—some large global corporations report as many as 5,000 [see chart above]—including a wide range of systems from legacy to order entry, HR and sales systems. The sheer number of applications makes integration complicated.

“It's not just linking numerous applications that is complex, but also selecting which to include, which systems to retire, and which to replace altogether with a packaged application,” says IBM's Ostrosky. “CIOs must then figure out how to make them all work together to support business activity. By maintaining focus on the process and how it affects customers, the answers become clearer.”

All that technical complexity also adds up to a fairly large line item in the IT budget. According to “*The State of Integration in Today's Business World*,” a recent report from

Who Provides What in the IBM and Siebel Systems Joint Solution in Support of Universal Application Network



The Hurwitz Group, budgets devoted to integration spending can be nearly 30 percent of an overall IT budget. Gartner analysts G.Long and R. Schulte agree, noting in their June 2002 report, *“Building the Business Case for Application Integration,”* that integration projects typically consume about 35 percent of the cost and effort in an application implementation. Says Janelle Hill of Meta Group, “Most enterprisewide integration initiatives are multimillion dollar projects, depending on the size of the company and the scope of the project.”

But just because integration projects can be cumbersome and costly doesn’t mean they have to be.

OVERCOMING THE BARRIERS TO CUSTOMER-DRIVEN PROCESS INTEGRATION

Every company, every industry, is unique in how it relates to its customers, so it stands to reason that a customer-driven integration project will vary according to a company’s

individual processes and goals. Such unique requirements argue for the use of some custom integration work. However, at the same time, CIOs face constant pressure to deliver these initiatives on time and under budget, so an expensive and time-consuming custom project is out of the question.

But now there is a new alternative: the IBM/Siebel joint integration solution, which marries Siebel Systems’ pre-built library of customer-driven business processes to IBM’s WebSphere Business Integration software, using an open standards approach.

The joint solution is designed to support Universal Application Network (UAN) Systems, introduced by Siebel Systems in March 2002. It exemplifies the importance of pre-packaged standards-based integration in implementing best practice-based business processes, while leveraging IBM’s standards-based approach to business integration software. Together, they allow CIOs to implement a scalable platform that embraces new integration

“An integration infrastructure that supports superior customer experience ... has to be flexible, scalable and deliver measurable results. IBM and Siebel put these requirements first.”

—AMBUJ GOYAL, GM OF SOLUTIONS DIVISION, IBM

initiatives such as web services, while lowering the costs and risks associated with integration.

Together, IBM and Siebel Systems have decades of industry expertise in building customer-driven business processes and in solving integration problems. And now the two companies have significantly extended their Global Strategic Alliance to offer customers an industry-leading solution that embodies this expertise.

[For more information see www.IBM-Siebel.com/us/bp]

“Our customers have clearly communicated the need for world-class best practices for sales, marketing, and service,” says Thomas M. Siebel, Chairman and Chief Executive Officer, Siebel Systems. “That’s why we have partnered with IBM to deliver on the promise of pre-built, end-to-end, customer-driven business process-

es that global enterprises are demanding.”

Companies care greatly that their technology investments have solid backing by vendors with a strong track record in delivering results. “And this is especially true in the case of building an integration infrastructure that supports superior customer experience,” says IBM’s Goyal. “It has to be flexible, scalable and deliver measurable results. IBM and Siebel Systems put these requirements first.”

By leveraging IBM’s pre-built business process templates and common object model, Siebel Systems is able to accelerate delivery of its rich library of pre-built, industry-specific business processes. Because their software will work together seamlessly, IBM and Siebel Systems are responding to what customers need: a simple way to integrate business processes from their customer’s point of view.

About the IBM and Siebel Systems Joint Integration Solution in Support of Universal Application Network

THE INTEGRATION SOLUTION brought by IBM and Siebel Systems provides organizations with the ability to choose best-in-class applications that will work seamlessly together to support a customer-driven enterprise [see illustration on the opposite page]. Based on XML and web services standards such as BPEL4WS, XSD and XSLT, the solution lowers development and maintenance costs, and ensures the added benefit that organizations will not be locked into an architecture that becomes technically obsolete over time, preserving investment costs. It is comprised of three components: (1) a library of industry-specific business processes based on best practices provided by Siebel Systems; (2) a selection of business process design

tools, provided by IBM WebSphere, for modeling and configuring these business processes and for creating new ones; and (3) WebSphere Business Integration’s market-leading software, the most reliable, scalable environment in which to execute these business processes. Altogether, these components form the unique IBM/Siebel joint solution in support of UAN, which promises to dramatically reduce the cost and complexity of application integration, and enable organizations to cost-effectively deploy cross-application business processes. The IBM/Siebel joint solution also enables organizations to rapidly respond to business opportunities, optimize organizational performance, and realize unprecedented business value from existing systems.

Successful integration is more than just an out-of-the-box solution. It requires a measured, time-tested approach that incorporates today's business needs and tomorrow's possibilities.

“Siebel Systems has a good handle on customer-related elements. It knows what the big things are that everybody tries to integrate,” says Meta’s Hill. “The buyer wants a much lower-cost solution and a much more packaged solution.”

GETTING INTEGRATION RIGHT

But successful integration requires more than a solution; it demands a measured,

time-tested approach incorporating today’s business needs and tomorrow’s possibilities. It also requires that companies closely examine their business processes for opportunities to streamline processes, and reinvent them to reflect best practices in customer-driven integration. From their extensive integration experience, IBM and Siebel Systems suggest the following best practices for integration, which are inherent in their new joint solution:

Four Tips to Achieve Customer-Driven Integration

Putting the customer at the center of an integration project requires a shift in thinking, says Steve Bonadio of Meta Group. He divides customer-driven integration into the following four areas:

Front to back office integration. This is the traditional start of many integration projects, linking front end applications such as sales automation tools and call center software to back end programs like entitlement or billing systems.

Operational to analytical integration. By integrating operational data such as customer support information, companies can use analytical software to build smarter customer policies. Using analytical tools to parse the customer data helps executives improve profitability, or get a handle on such vexing issues as customer churn, for example.

Cross channel integration. By integrating the systems of different sales channels, such as e-mail and voice mail, executives take a major step in building a comprehensive customer profile.

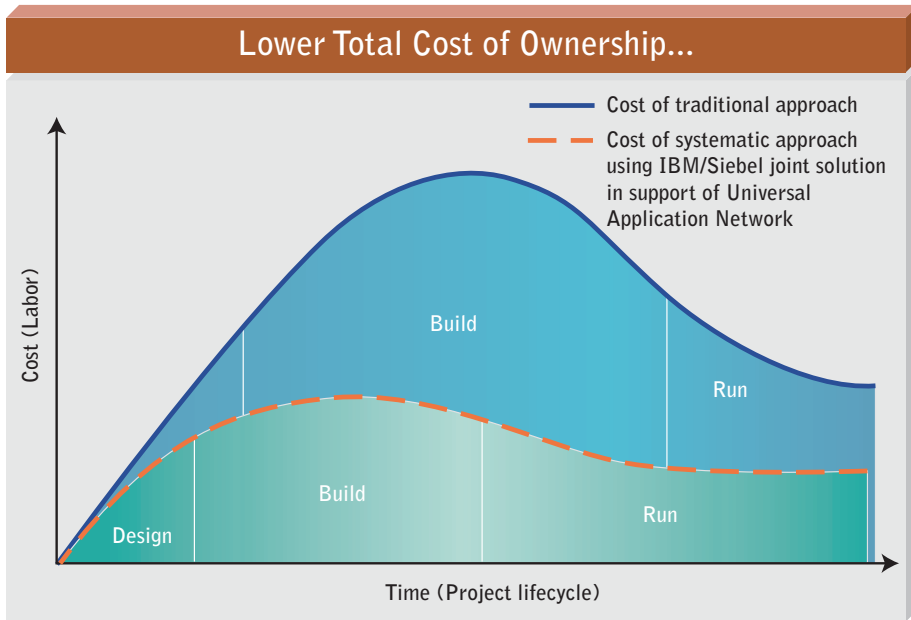
Downstream integration. Companies really need to look at tying the web and e-business elements of their processes to traditional CRM channels for true customer-driven integration.

Drive Your Integration Project Based on Customer Needs

Siebel Systems’ entire business is based on delivering the highest levels of customer satisfaction and building more profitable customer relationships.

“What we’ve done is draw on our experience to identify best practices by industry and embedded those practices in the Siebel Systems suite of business process software,” says Siebel Systems’ Abbo. Siebel Systems has customized its business process software by making processes specific to industries, but also provides tools that let companies easily tailor the software to match their unique requirements. “We expect that customers will mold these business processes to their specific requirements,” says Abbo. “It’s important to be able to build the processes from end to end to reflect customer expectations for each company.” Siebel Systems’ best-of-breed approach also means that companies won’t have to wrestle with the ‘my way or the highway’ demands of some monolithic packaged software products. The customer drives the software integration, not vice-versa.

IBM WebSphere Business Integration software, a leader in its market space, comes with a set of pre-built software components that also preclude the need for a lot of custom coding. Not only are these components ready to use practically “out-of-the-box,” they come



already equipped with functionality that ensures the security, reliability and scalability of the solution—which often have to be coded separately. A tool set is also provided to help customers take the pre-built components to the next level, to meet their unique needs.

Maximize Integration Return on Investment and Total Cost of Ownership

It’s been said before, but it’s worth repeating: Time is money, and the faster a project gets finished properly, the faster the company will reap a return on investment, whether through cost savings or revenue generation.

One of the best methods of speeding projects to completion is by using a systematic approach to integration, like the one IBM and Siebel Systems offer, as compared to traditional approaches where companies build it themselves, or use development tools that require mammoth effort. In fact, in the June 2002 report, *“Building the Business Case for Application Integration,”* Gartner analysts Long and Schulte estimate that companies that opt for a systematic integration approach can integrate applications approximately 20 percent faster.

The Total Cost of Ownership of

WebSphere Business Integration software is markedly lower than that of homegrown integration solutions or those of application suite vendors. “The project implementation time is fast because companies can use the ready-made templates instead of custom-coding each element of the infrastructure,” says IBM’s Sweeney. “And follow-on projects are even faster because you can re-use WebSphere Business Integration components from one project in another.”

The low cost of ownership is also due to the solution architecture that is designed to sustain the vagaries of dynamic business environments. “When you implement these business processes on WebSphere Business Integration, they are less susceptible to the changes that inevitably occur at the application end,” Sweeney says.

The result: faster time to Return On Investment and lower Total Cost of Ownership.

Build a System for the Future

Integration is difficult enough to do once—how do you ensure that your integration solution will grow with the business as customer needs and market conditions evolve

How to get ROI on Integration

Getting the maximum bang for your buck on enterprisewide integration requires a canny mix of technical savvy and business know-how. Tips include:

- **Use proven integration technology** as the basis for the implementation project to ensure an integration solution that will support your business as it changes and grows.
- **Build a centralized strategy** with executive level support, and run it from an integration competency center. This helps keep costs under control and avoid redundant projects.
- **Streamline development.** By using pre-built business process flows—pre-built solutions that define and orchestrate a sequence of steps necessary to achieve a business objective, such as customer creation, credit check, or quote-to-order—companies can cut project development time significantly.
- **Reuse components.** Experts advise the use of common object models, which are representations of data exchanged among applications, such as customer, order or product. Using common objects reduces the number of data transformations between applications from Order N2 to N, saving coding time and speeding project development.
- **Use point-to-point integration only where appropriate.** Costly to code, point-to-point integration is brittle and prone to breakdowns. And since it's not centralized or built in a standard manner, it's even more expensive to maintain.

over time? “The vast majority of companies have a large and complicated application infrastructure,” says Siebel Systems’ Sunday. “Your approach to integration has to be able to deal with that complexity.”

The smart CIO will build an integration platform that is flexible and agile enough to grow with the business, and be able to accept

next-generation integration technologies such as web services. That means using a standards-based solution. “If you can base every aspect of your integration plan on widely accepted standards, it’ll be a key enabler to facilitate cost effective, scalable integration,” says Sunday.

Being entirely standards-compliant, the IBM/Siebel joint integration solution assures CIOs that their solution will meet the future technology requirements of their IT environment. “CIOs want a flexible solution so that integration doesn’t become a stumbling block,” says IBM’s Sweeney. “They don’t want to be forced to use a proprietary solution. By using a standards-based approach, customers can use our solution no matter what platform they standardize on.”

THE BOTTOM LINE ON INTEGRATION

What it all boils down to is this: CIOs must choose projects that will deliver significant business value, either through cost reductions or profit boosting. That’s why they are intrigued by the possibilities inherent in creating an enterprise that has fine-tuned its business processes to maximize value to its customers. With that mandate, many IT leaders are turning to technology companies that can help build a customer-driven business, not just implement technology.

“At the end of the day, I think we’re on the cusp of a new movement where organizations are really going beyond system-to-system integration,” says Meta’s Bonadio. “They’re really taking the discipline several layers up to focus on the business processes.”

Because in the end, customer-driven business process integration is about becoming a customer-driven enterprise. The technology is just there to help. •

To find out more about Siebel Systems’ best-practice business processes and IBM WebSphere Business Integration in support of UAN, point your browser to: www.IBM-Siebel.com/us/bp

This report was written by Carol Hildebrand, a business and technology writer based in Wellesley, Mass.