

Selling IBM's Innovative Solutions

Starting point for selling solutions based on IBM's innovative technology

Practical reference for Solution Advisor certification

Tools to help you drive sales



Dave Bartek
Lynn Behnke
Srinu Bezwada
Richard Lai
Cheryl McPherson
LindaMay Patterson
Murthy Rallapalli
Keng Loon Yap



International Technical Support Organization

Selling IBM's Innovative Solutions

January 2007

Note: Before using this information and the product it supports, read the information in “Notices” on page ix.

Second Edition (January 2007)

This edition applies to selling IBM innovative technology.

© Copyright International Business Machines Corporation 2004, 2007. All rights reserved.

Note to U.S. Government Users Restricted Rights -- Use, duplication or disclosure restricted by GSA ADP Schedule Contract with IBM Corp.

Contents

Notices	ix
Trademarks	x
Preface	xi
The team that wrote this redbook	xi
Become a published author	xiv
Comments welcome	xiv
Chapter 1. Introduction to selling solutions	1
1.1 What is Innovation enabled by on demand business?	2
1.2 Defining business in the on demand era	2
1.2.1 What is an on demand business?	3
1.2.2 Becoming an on demand business	3
1.2.3 What is the IBM on demand business strategy?	4
1.2.4 Why is IBM talking about innovation?	5
1.3 Dealing with a changing world	5
1.4 Focus on small and midsized businesses	7
1.5 Delivering innovation	8
1.6 A practical solution: IBM Express Portfolio	9
1.7 The IBM Innovation for On Demand initiative	11
Chapter 2. Innovation and on demand business	13
2.1 Value proposition	14
2.1.1 Innovating the business to differentiate and capture new value	16
2.1.2 Making better use of resources	16
2.2 Things to know about innovation and on demand business	16
2.2.1 The on demand story	17
2.3 The journey to becoming on demand business	20
2.4 Continuing with the next steps	21
Chapter 3. Marketplace directions	23
3.1 Innovation is driving change	24
3.1.1 Technology plays a key role	27
3.2 The four unstoppable drivers	29
3.2.1 Continuous change	30
3.2.2 Rigorous competition	31
3.2.3 Unrelenting financial pressures	31
3.2.4 Unpredictable threats	32
3.3 The response to the unstoppable drivers	32

3.3.1 Responsive	33
3.3.2 Focused	34
3.3.3 Variable	35
3.3.4 Resilient	35
3.4 Industry examples	36
3.4.1 Utilities industry	36
3.4.2 Banking industry	37
3.4.3 Healthcare industry	38
Chapter 4. Sustaining innovation through on demand business	39
4.1 Beginning the discussion.	41
4.1.1 Questions to ask	41
4.1.2 A question to answer.	42
4.2 The evolution of on demand business.	42
4.2.1 How on demand business delivers innovation that matters	42
4.2.2 Innovation at IBM	43
4.3 Solutions that sustain innovation that matters.	44
4.3.1 Functional expertise	44
4.3.2 Infrastructure solutions	47
4.3.3 Innovative solutions for mid-sized companies	49
4.4 IBM solution implementation techniques.	54
4.4.1 Summary of IBM implementation techniques	55
4.5 Flexible Financial and Delivery Options	56
4.5.1 Financing options	57
4.5.2 Making the right on demand business decisions	59
4.5.3 Value across the enterprise	59
Chapter 5. Innovation enabled with on demand business value proposition	
61	
5.1 Enabling innovation through on demand business	62
5.2 Innovating the business to differentiate and capture new value	63
5.2.1 Optimizing the value net	63
5.2.2 Increasing business flexibility	64
5.2.3 Improving the client experience	65
5.2.4 Extracting greater value from data	65
5.2.5 Driving business innovation	66
5.3 Making better use of resources to be more productive	66
5.3.1 Optimizing today's IT investments	66
5.3.2 Improving employee productivity.	67
5.3.3 Streamlining processes.	68
5.4 Increasing security and resiliency	68
5.5 Increasing data privacy	70
5.6 Facilitating and enhancing business control compliance requirements	72

Chapter 6. Mapping the IBM offerings: business and infrastructure solutions	75
6.1 Key investment areas	76
6.2 Business value proposition for large enterprise	78
6.3 Business value proposition for small and midsize business	79
6.4 Business value proposition for IBM Global Services	80
6.5 Business value proposition for IBM Software and industry solutions	81
6.6 Business value proposition for the IBM Systems Group	81
6.7 Business value proposition for IBM Printing systems	83
Chapter 7. Building client relationships	87
7.1 Understanding the client imperatives	88
7.2 Qualifying questions to access a client's critical needs	89
7.3 Understanding a client's business strategy	90
7.3.1 Business strategy approaches	92
7.3.2 Driving forces of the business strategy	93
7.3.3 Needs and initiatives of the business strategy	94
7.4 Understanding client's constraints	95
7.5 Helping the client set priorities	96
7.6 Understanding the client's technology preferences	97
7.6.1 Helping the client understand what IBM has to offer	99
7.6.2 Helping the client resolve issues	101
7.7 SMB client pain points and IBM Express portfolio	108
7.7.1 IBM Solution Builder Express overview	110
7.8 Being responsive to client questions	111
7.9 Understanding client's decision process/method	112
Chapter 8. Creating a buying vision and energizing the sales process	113
8.1 Business investment priorities and drivers	114
8.2 Converting an opportunity into a lead	115
8.2.1 Prospecting and demand-generation activities	117
8.2.2 Getting to know your client	117
8.3 Setting client expectations	118
8.3.1 Identifying client pain areas	119
8.3.2 Identifying clients' intended direction and business goals	119
8.3.3 Mapping IT solutions with business goals	120
8.3.4 IBM technical resources	121
8.3.5 Proposing the solution	122
8.3.6 Identifying costs, responsibilities, and critical factors	123
8.3.7 Following the on demand business roadmap	124
8.3.8 Preparing the proposal	124
8.3.9 Responding to common client objections	127
8.4 Responding to the competition	128

Chapter 9. Moving the sale forward	133
9.1 Sales aids to assist the Solution Advisor.	134
9.1.1 Business Position Model	134
9.1.2 Customer Initiatives Map.	135
9.1.3 Account Plan	136
9.1.4 Opportunity Plan	136
9.1.5 Value Proposition	137
9.1.6 Solution Framework	137
9.1.7 Decision Support Plan.	138
9.1.8 IBM Quick Proposal for business partners: Americas.	139
9.2 Acquiring the client as a reference	139
9.2.1 Contracting work to technical resource teams	140
9.3 Achieving growth through serving clients	140
9.4 Ensure client satisfaction, stay involved throughout the project	142
Chapter 10. Resources, tools, and references	143
10.1 PartnerWorld	144
10.2 Tools and resources	147
10.2.1 FinListic ValueMANAGE ON-LINE	147
10.2.2 Client Business Value	147
10.2.3 Solution Consultant Express Tool.	148
10.2.4 Assessment tools	148
10.2.5 Web sites	149
10.2.6 White Papers, books, and reports.	150
10.2.7 Education and training	151
10.2.8 Multimedia.	152
Chapter 11. Innovation enabled by on demand business examples	153
11.1 Government of Sample Town	154
11.1.1 Client background.	154
11.1.2 Business need.	154
11.1.3 Solution implementation	154
11.1.4 Benefits of the solution	156
11.2 ITSO Toys	156
11.2.1 Client background.	156
11.2.2 Business need.	157
11.2.3 Solution implementation	157
11.2.4 Benefits of the solution	158
Appendix A. Sample test	161
Sample questions.	162
Answers to sample test	167
Appendix B. Industry basics	173

Opportunities in the Industries	174
Automotive	174
Banking (Financial institutions)	177
Consumer packaged goods	179
Electronics	182
Fabrication and assembly	185
Healthcare	187
Insurance	190
Life sciences	192
Retail	193
Wholesale	196
Additional details and tools	197
Related publications	199
IBM Redbooks	199
Other publications	199
Online resources	200
How to get IBM Redbooks	201
Help from IBM	201
Index	203

Notices

This information was developed for products and services offered in the U.S.A.

IBM may not offer the products, services, or features discussed in this document in other countries. Consult your local IBM representative for information on the products and services currently available in your area. Any reference to an IBM product, program, or service is not intended to state or imply that only that IBM product, program, or service may be used. Any functionally equivalent product, program, or service that does not infringe any IBM intellectual property right may be used instead. However, it is the user's responsibility to evaluate and verify the operation of any non-IBM product, program, or service.

IBM may have patents or pending patent applications covering subject matter described in this document. The furnishing of this document does not give you any license to these patents. You can send license inquiries, in writing, to:

IBM Director of Licensing, IBM Corporation, North Castle Drive, Armonk, NY 10504-1785 U.S.A.

The following paragraph does not apply to the United Kingdom or any other country where such provisions are inconsistent with local law: INTERNATIONAL BUSINESS MACHINES CORPORATION PROVIDES THIS PUBLICATION "AS IS" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Some states do not allow disclaimer of express or implied warranties in certain transactions, therefore, this statement may not apply to you.

This information could include technical inaccuracies or typographical errors. Changes are periodically made to the information herein; these changes will be incorporated in new editions of the publication. IBM may make improvements and/or changes in the product(s) and/or the program(s) described in this publication at any time without notice.

Any references in this information to non-IBM Web sites are provided for convenience only and do not in any manner serve as an endorsement of those Web sites. The materials at those Web sites are not part of the materials for this IBM product and use of those Web sites is at your own risk.

IBM may use or distribute any of the information you supply in any way it believes appropriate without incurring any obligation to you.

Information concerning non-IBM products was obtained from the suppliers of those products, their published announcements or other publicly available sources. IBM has not tested those products and cannot confirm the accuracy of performance, compatibility or any other claims related to non-IBM products. Questions on the capabilities of non-IBM products should be addressed to the suppliers of those products.

This information contains examples of data and reports used in daily business operations. To illustrate them as completely as possible, the examples include the names of individuals, companies, brands, and products. All of these names are fictitious and any similarity to the names and addresses used by an actual business enterprise is entirely coincidental.

COPYRIGHT LICENSE:

This information contains sample application programs in source language, which illustrate programming techniques on various operating platforms. You may copy, modify, and distribute these sample programs in any form without payment to IBM, for the purposes of developing, using, marketing or distributing application programs conforming to the application programming interface for the operating platform for which the sample programs are written. These examples have not been thoroughly tested under all conditions. IBM, therefore, cannot guarantee or imply reliability, serviceability, or function of these programs.

Trademarks

The following terms are trademarks of the International Business Machines Corporation in the United States, other countries, or both:

Redbooks (logo) ™

ibm.com®

i5/OS®

pureXML™

Component Business Model™

CICS®

DataBlade™

Domino®

DB2®

Everyplace®

Express Middleware™

Express Portfolio™

Global Innovation Outlook™

Infoprint®

Informix®

IBM®

Lotus®

PartnerWorld®

Rational Unified Process®

Rational®

Redbooks™

System i™

Tivoli Enterprise™

Tivoli®

TotalStorage®

Virtualization Engine™

WebSphere®

Workplace™

Workplace Forms™

Xcelerated Memory Technology™

The following terms are trademarks of other companies:

Oracle, JD Edwards, PeopleSoft, and Siebel are registered trademarks of Oracle Corporation and/or its affiliates.

ITIL, IT Infrastructure Library, IT Infrastructure Library is a registered trademark of the Central Computer and Telecommunications Agency which is now part of the Office of Government Commerce.

ITIL, is a registered trademark, and a registered community trademark of the Office of Government Commerce, and is registered in the U.S. Patent and Trademark Office.

Java, Solaris, Streamline, Sun, Sun Microsystems, and all Java-based trademarks are trademarks of Sun Microsystems, Inc. in the United States, other countries, or both.

Microsoft, Outlook, Windows, and the Windows logo are trademarks of Microsoft Corporation in the United States, other countries, or both.

Intel, Intel logo, Intel Inside logo, and Intel Centrino logo are trademarks or registered trademarks of Intel Corporation or its subsidiaries in the United States, other countries, or both.

UNIX is a registered trademark of The Open Group in the United States and other countries.

Linux is a trademark of Linus Torvalds in the United States, other countries, or both.

Other company, product, or service names may be trademarks or service marks of others.

Preface

Arm yourself with the knowledge and tools to help you sell IBM® solutions and enable IBM clients to become innovative businesses enabled by on demand. This IBM Redbook serves as a practical reference for those who desire to understand the IBM innovation enabled by on demand and how to sell the IBM innovative technology. It provides the perfect starting point for those who want to integrate on demand business concepts into their selling practice. It also serves as a guide for anyone preparing to take the IBM Certified for On Demand Business Solutions Advisor V2 Exam via Test 818.

This IBM Redbook targets those seeking information about Innovation enabled by on demand business. First, it specifically addresses anyone who is trained in or interested in learning more about the IBM solutions or consulting in the on demand business arena. Second, it targets experienced information technology (IT) marketing, sales, and presales individuals across the IBM, independent software vendors (ISVs), IBM Business Partners, and the general IBM community. Third, it provides guidance to anyone who is interested in becoming certified or re-certified as an *IBM Certified for On Demand Business – Solution Advisor V2* via Test 818.

After reading this publication, your knowledge will expand in the following capacities:

- ▶ You will understand the IBM Innovation enabled by on demand business strategy.
- ▶ You will be able to identify business opportunities and target markets.
- ▶ You will know how to sell solutions in line with the strategy.
- ▶ You will have the ability to articulate and sell solutions that support Innovation enabled by on demand business.
- ▶ You will understand how to be more adaptive to the dynamics in the marketplace.

The team that wrote this redbook

This version of the redbook was updated by a team of specialists from around the world through the International Technical Support Organization (ITSO).

Dave Bartek currently works with IBM assisting clients as they sort through components and architectures for enterprise solutions. Dave has worked in the

vendor, consultant, and client sectors in senior roles as manager, consultant, project manager, capacity planner, performance analyst, systems engineer, and now, software architect. Dave holds the following certifications: Solution Advisor and Designer for e-business and On-Demand, technology certifications for SOA, DB2®, Business Intelligence, and CICS® Web Enablement, as well as Architect certifications with IBM and the Open Group. Current affiliations with IMA, IASA, WWISA & IAF assist his efforts in facilitation, problem solving, and financial models.

Lynn Behnke is a Project Leader in the ITSO, Rochester Center, where he developed a class on competitive selling, led teams that create IBM Redbooks™, and wrote various technical marketing materials. Prior to joining the ITSO, Lynn was a Senior Program Manager in IBM Systems & Technology Group.

Srinivasa Bezwada is based in Sydney and works for IBM as the AP SWG Sales Operations Manager supporting Industry Solutions, GBS/GTS Alliance, and SWAT initiatives in China and India. He has 20 years of experience in the IT industry across Asia Pacific, which encompasses marketing, sales, and technical responsibilities working with clients across AP. He holds technical certifications from Lotus®, Microsoft®, and IBM in addition to an MBA, and is currently working on his Ph.D. Srinivasa is also an IBM University Ambassador and lectures in the areas of Marketing and Global Business Strategy at the University of Newcastle in Australia.

Richard Lai is a Business Analyst for the Industry Solutions Practice in Application Services at IBM Canada in Markham, Ontario. Richard has proven experience and leadership in consulting, design, and implementation of innovative solutions in industries such as financial services, technology, and telecommunications. His professional focus areas include process modeling and optimization, organizational improvement, and Global Resourcing (Outsourcing) project/program transition. Richard has a Bachelor of Science in Electrical Engineering (Computer Science) from Queen's University and is an IBM Certified for On Demand Business Solution Advisor.

Cheryl McPherson is a Marketing Programs Manager responsible for driving the IBM Global Business Partner Innovation that Matters marketing initiative. Cheryl leads the Global Business Partner Innovation that Matters strategy and implementation, which includes developing key messages and marketing deliverables. She is responsible for a comprehensive Business Partner enablement program and professional level certifications on IBM technologies and offerings. Cheryl works across the global PartnerWorld® and geography teams. She also leads innovative marketing initiatives including a co-marketing program designed to generate opportunities for leading IBM Business Partners. Cheryl has an overall knowledge of the IBM solutions across hardware, software, and service offerings.

LindaMay Patterson is an Advisory Software Engineer in the ITSO, Rochester Center. She leads teams that produce System i™ and IBM software related presentations, Web content, and IBM Redbooks. Before joining the ITSO, LindaMay worked on various IBM Redbooks about pervasive (mobile) computing. She has also published numerous articles.

Murthy Rallapalli is the team lead for the e-business Application Center of Competence based in Alpharetta, GA. He is a Security architect helping applications in the design of secure architectures and providing consulting in the area of Data Privacy. He is a Certified Information Systems Security Professional (CISSP) and Senior IT Architect certified. He holds a Masters degree from Regis University in Colorado and is currently pursuing a Ph.D. in Information Security at Steven's Institute of Technology, New Jersey.

Keng Loon Yap is an IT Specialist for IBM Australia located in Sydney. He is part of the Network Services Department and is responsible for network implementation. Keng Loon has attained the IBM Certified for On Demand Business - Solution Advisor and Solution Designer V2 certifications.

This redbook was originally produced by a team of specialists from around the world through the International Technical Support Organization (ITSO).

- ▶ Sandra Jolla
- ▶ Scott Bergquist
- ▶ Saubir Chakabarty
- ▶ Sharon Childers
- ▶ Jeff Hall
- ▶ Kathleen Padva
- ▶ Michael Ransom
- ▶ Matt Robbins
- ▶ Rodney Umrah

Thanks to the following people for their important contributions to this project:

- ▶ John Gifaldi, Global Marketing Specialist - On Demand Business Certification

Become a published author

Join us for a two-to-six week residency program! Help write an IBM Redbook dealing with specific products or solutions, while getting hands-on experience with leading-edge technologies. You will team with IBM technical professionals, Business Partners and clients.

Your efforts will help increase product acceptance and client satisfaction. As a bonus, you will develop a network of contacts in IBM development labs, and increase your productivity and marketability.

Find out more about the residency program, browse the residency index, and apply online at:

ibm.com/redbooks/residencies.html

Comments welcome

Your comments are important to us!

We want our IBM Redbooks to be as helpful as possible. Send us your comments about this or other redbooks in one of the following ways:

- ▶ Use the online **Contact us** review redbook form found at:

ibm.com/redbooks

- ▶ Send your comments in an Internet note to:

redbook@us.ibm.com

- ▶ Mail your comments to:

IBM Corporation, International Technical Support Organization
Dept. HYJ Mail Station P099
2455 South Road
Poughkeepsie, NY 12601-5400



Introduction to selling solutions

This chapter provides you with the basics of the IBM Innovation enabled by on demand. By reading this chapter you will develop an understanding of the following:

- ▶ Innovation enabled by on demand business
- ▶ On demand business

This chapter also explains the IBM Certified for On Demand Business Initiative.

1.1 What is Innovation enabled by on demand business?

Companies are looking for ways to differentiate their products and services, grow their market share, and address the increasing pressures in the world today. These pressures are the impetus for innovation. Companies must go beyond simply looking at their existing products and services; instead, they must innovate by the following:

- ▶ Offering new, differentiated products/services
- ▶ Transforming processes and business models to create competitive advantage
- ▶ Leveraging workforce intellectual capital
- ▶ Transforming their industry with unique approaches to address customer needs

How are all these means of innovation accomplished? The IBM experience suggests that if innovation is the *why* behind changing your business—then on demand business is the *how* to change your business. Companies embracing on demand business demonstrate an increased capacity to innovate by becoming more agile, integrated, open, and flexible. Companies embracing on demand business are doing the following:

- ▶ Fusing their information technology (IT) environment and their business to create new business models
- ▶ Embracing an open, responsive, and flexible IT infrastructure
- ▶ Integrating processes across the enterprise and with key partners and suppliers

The key enabler for the development and deployment of innovative solutions is the IBM on demand business strategy. IBM understands that becoming an on demand business is a journey, which means IBM and its partners are there every step of the way to help companies transform their business.

1.2 Defining business in the on demand era

The on demand era is the name we use to describe a movement in business and computing—a movement that is changing the way technology is deployed and used in business. The dynamics of the market are changing, and that requires a new way of thinking about business processes and about the information technology infrastructure that supports them.

Companies are now moving beyond simply integrating their various processes and moving into a world in which they need to be able to sense and respond to fluctuating market conditions in real time. IBM is leading the way toward the on demand world, and has the business insight and technology expertise to help our clients become innovative businesses enabled by on demand.

1.2.1 What is an on demand business?

An on demand business is an enterprise whose business processes are integrated end-to-end across the company and with key partners, suppliers, and customers. An on demand business can respond with flexibility and speed to any customer demand, market opportunity, or external threat.

Businesses are progressing along a continuum from access through integration to on demand business.

1.2.2 Becoming an on demand business

A trademark of an on demand business is one that enables its leaders to see and manage the company as an integrated whole, even if non-core parts of its business are handled by others.

How a particular company or industry becomes an on demand business is vastly different. Each company has unique needs and processes, which will be at a different point in the path to on demand business.

An on demand business will seem almost intuitive in its ability to anticipate and respond to dynamic, unpredictable changes in demand, supply, pricing, labor, competitors' moves, capital markets, and the needs of all its constituencies—customers, partners, suppliers, and employees. And these businesses must respond to customers, partners, suppliers, and employees to keep them informed, motivated, and engaged.

An on demand business uses flexible cost structures and business processes. This flexibility enables it to adapt to changing business needs and conditions, reduce risk, and to do business at high levels of productivity, cost control, capital efficiency, and financial predictability.

An on demand business concentrates on its core competencies, its differentiating tasks, and assets, with tightly integrated strategic partners managing selected tasks, everything from manufacturing, logistics and fulfillment, to HR and financial operations.

An on demand business manages change and threats ranging from computer viruses to earthquakes to spikes in usage, with consistent availability and

security. This resiliency, a characteristic of an on demand business, is the ability to remain flexible and to have the support to overcome adversity.

1.2.3 What is the IBM on demand business strategy?

Becoming an on demand business is about changing the way your clients operate and reduce costs, serve their clients better, minimize risks, and improve their speed and agility in the marketplace. A business can only meet these needs if it has on demand capabilities, and those that develop them early will gain considerable competitive advantages.

IBM, with its business partners, offer an industry-specific experience in combining business process knowledge and technology, through flexible options. This lets clients make better use of resources, be more productive, and innovate to differentiate and capture new value.

There are multiple starting points to help our clients achieve business and IT breakthroughs. It is all about finding the right starting point for each client and using the appropriate approach. Figure 1-1 shows key starting points. These starting points may not be specific solutions but a means to start the discussion with clients.

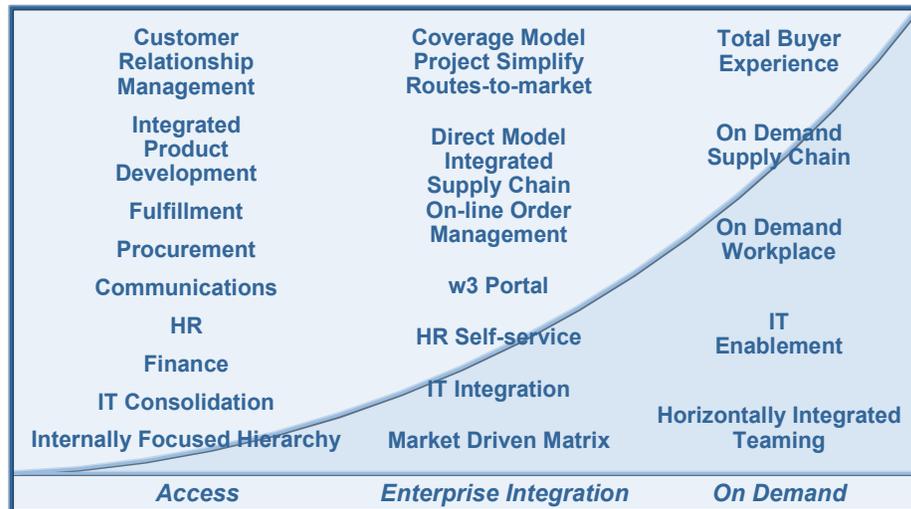


Figure 1-1 Starting points

The Global CEO Study 2006 gives us a richer view of how leaders are driving innovation, sheds light on which innovations matter the most, and shows that collaboration, partnering, and technology integration are linked to innovation.

Competitive pressures have pushed business model innovation much higher than expected on CEOs' priority lists. But its importance does not negate the need to focus on products, services and markets, and operational innovation.

1.2.4 Why is IBM talking about innovation?

The strategic intent for Innovation enabled by on demand business is threefold:

- ▶ First, innovation is at the top of the business leader's agenda and on the minds of C-level executives.
- ▶ Second, innovation opens up uncharted business opportunities that will resonate with client objectives to achieve differentiation.
- ▶ Third, the powerful combination of IBM and our global network of Business Partners—with our combined expertise and capabilities—positions us as the ideal partners for client innovation.

Understanding your clients' industry, business, and business processes will help provide value to your client and help them see how you can improve innovation in their organization. For an overview of the various industries, see Appendix B, "Industry basics" on page 173.

1.3 Dealing with a changing world

A fundamental conclusion of the Global CEO Study 2006 is that CEOs recognize innovation as the most important capability for differentiation and growth. The determining pressures and opportunities driving CEOs to make this conclusion include the following:

- ▶ *Commoditization pressures* is a factor in most industries, as companies with cheaper labor or better access to resources compete.
- ▶ *New or increased competition* can come from halfway around the world and from companies that were partners or suppliers. Competition can come from enterprises that were, until recently, in completely different channels and industries.
- ▶ *Global market opportunities* with access to technology and the Internet, even small companies can compete on a global scale.
- ▶ *Adjacent market opportunities* caused by increased integration of the world's economies, societies, and information.
- ▶ *Global volatility and disruption* such that when disasters and price fluctuations occur in any part of the world, they can affect almost immediately, almost anywhere.

- ▶ *Competing business models* can provide another industry player with competitive advantage. This must be considered both a threat and an opportunity for an enterprise today, depending on their flexibility and openness to change.

In fact, today companies and institutions of all sizes are making innovation their top priority. In the recent global CEO Study (2006) that IBM conducted, 87% of CEOs see moderate to major change (as shown in Figure 1-2) in their organizations in the next two years to address the pressures and opportunities before them.

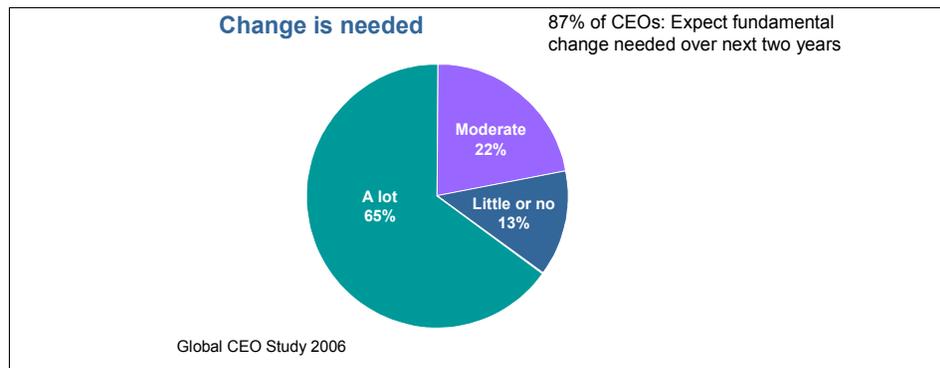


Figure 1-2 Likelihood of change in companies

The real issue becomes how and what to change in order to mitigate the pressures and exploit the opportunities. IBM, in order to deal with these same pressures and to take advantage of the opportunities, used innovation as the underlying mechanism for transforming into the company it is today. According to the Global CEO Study 2006, two thirds of the respondents are looking to innovation as the means to survive and flourish in this competitive environment. In fact, CEO's are showing a new willingness in making bold business changes provided the changes render business value. No longer are companies just interested in simply improving efficiency or cost cutting. Companies know that in order to grow they must evolve their businesses and their industries.

IBM in conjunction with their Business Partners are ideally qualified to help these companies innovate their businesses and evolve their industries. The IBM team and their partners are focused on delivering innovation enabled by on demand business to make these changes happen.

1.4 Focus on small and midsized businesses

A recent study indicated that small and midsized businesses (SMBs) believe most business solutions are designed, developed, and priced for the large enterprise. SMBs are the backbone of many economies. Thanks to technology like the Internet, these businesses can participate globally allowing them to broaden their market.

Another study indicated that IT spending in SMBs is growing faster than in the enterprise segment. IBM has recognized the potential opportunity in providing hardware and software solutions to SMB. IBM has stepped up to this challenge by providing the IBM Express portfolio of products. The IBM Express portfolio of middleware solutions has become the foundation for our Business Partners to build business solutions. With this winning combination, IBM and their partners launched an all out effort to bring IBM products and Business Partner solutions to SMB.

The IBM Innovation enabled by on demand business approach was very successful in the large enterprises and is now reaching into the SMB space thanks to the Express portfolio and advances in technology. To aid Business Partners, IBM extended its successful PartnerWorld programs to better support partners focusing on SMB by providing the PartnerWorld Express Advantage program.

Partnerworld Express Advantage program, provides IBM Business Partners with the tools and resources needed to sell profitably in the SMB segment. PartnerWorld Express Advantage provides IBM Business Partners selling in to SMB, the offerings, tools, education, incentives, and resources needed to effectively sell products, solutions, and services. PartnerWorld Express Advantage is a key component of the new IBM Express Advantage that offers midsized clients access to an unparalleled network of people, products, and services designed to help solve business problems.

The IBM Express Advantage initiative offers SMB simplified access to a unique set of products and services, and the best-in-class Business Partner ecosystem. The IBM Express Advantage offerings are designed specifically for the SMB and to help you (Business Partners) meet your client's urgent business challenges. These solutions are packaged and priced for SMB and are easy to manage, enabling you to quickly implement an effective solution with limited up front investment. Also the Express Advantage offerings are geared to differentiate your solutions and services by meeting the following challenges:

- ▶ Analyze and use information to make better business decisions
- ▶ Drive product and service differentiation
- ▶ Enhance IT security, dependability, and compliance

- ▶ Get the most out of your IT investments
- ▶ Improve employee productivity
- ▶ Improve their clients' experience
- ▶ Increase business flexibility
- ▶ Optimize their value net—improving responsiveness to clients, suppliers, and partners

IBM provides many sales resources to help you with your SMB clients, as shown in Figure 1-3.

Sales resources			
Identify	Qualify & present	Propose	Win & Support
			
<ul style="list-style-type: none"> ▶ Solution area overview ▶ Marketplace assessment ▶ Engaging clients ▶ Express education ▶ Technology Assessment Tool ▶ Client Web sites 	<ul style="list-style-type: none"> ▶ Deliverables ▶ SMB Express success stories ▶ Selling focus guides ▶ Express Advantage Offerings sales kits ▶ Virtual Loaner Program 	<ul style="list-style-type: none"> ▶ Express Advantage Offerings by business or infrastructure solution or enabling technology ▶ Express microsite ▶ Configure, price, propose ▶ IBM Express Advantage Selling Guide 	<ul style="list-style-type: none"> ▶ Technical support ▶ Redbooks and redpapers ▶ Customer Reference Database (CRDB) – SMB+Express ▶ IBM Business Partner Client Reference Program

Figure 1-3 Express Advantage sales support

1.5 Delivering innovation

In this uncertain economy, SMBs must continue to strengthen relationships with existing clients, reach new customers, and enter new markets while increasing revenues and reducing cost. With these pressures only the most innovative, focused, and resilient companies can survive and thrive. These companies realize they must not only innovate their products and services, but the way they run their businesses. They need a business model that allows them to be flexible and responsive, so they can take on opportunities and challenges as they arise.

As an IBM Business Partner, you have a unique opportunity to help your clients innovate by helping them along the path to an on demand business. You can help your clients innovate by broadening the definition of innovation to one that goes beyond invention (innovation in products and services), and help them understand that they need to be innovate with their business model as well. This more flexible and responsive business model is accomplished by integrating both technology and business on multiple fronts.

Figure 1-4 shows how IBM Express middleware is designed for SMB and Business Partners.

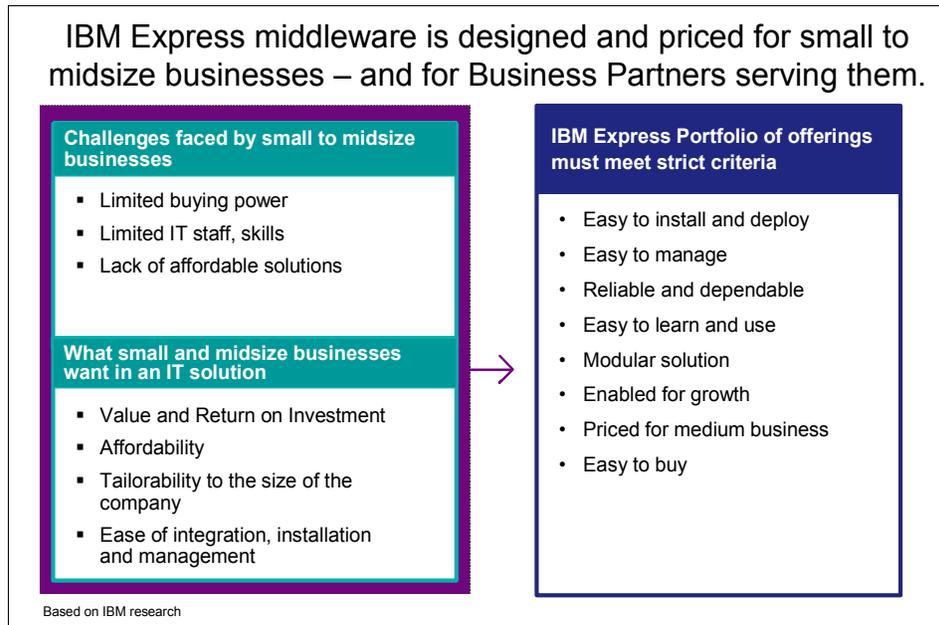


Figure 1-4 IBM Express middleware value to SMB

The point to make with your clients is rather simple: The opportunity before you is not only to create a more innovative product or service. The goal is to create a *more innovative company*. Once they see the bigger picture they will understand the value of technology in their business.

1.6 A practical solution: IBM Express Portfolio

The IBM Express Portfolio™ has it all: software, hardware, printers, middleware, services, and financing options. In addition, every one of the IBM Express Portfolio of offerings is packed with features and options that help assure usability and make it simple and economical to scale up or down as business

needs dictate. IBM made sure that all of the elements of the IBM Express Portfolio are easy to acquire, install, deploy, and pay for.

The IBM Software Express Portfolio is one part of a global IBM Express Advantage initiative dedicated to SMBs. This initiative evolved from the commitment of IBM to provide world-class value to SMBs worldwide. IBM Express Advantage offers solutions, support, and expertise designed specifically to meet the unique requirements of these businesses. Express Advantage includes a free concierge service that gives your client direct, guided access to the IBM networks of people, products, and services. Your client can quickly and easily get connected with the right resources to help them get on with their business. To explore the entire range of Express Advantage solutions by industry and business need, or to visit with the Express Advantage Concierge, go to the following Web address:

<http://www.ibm.com/businesscenter/smb/us/en/index>

To continue to explore in more detail the Express offerings available in Express Advantage, use the following Redpaper: *IBM Software Express Buying and Selling Guide*, REDP-3975.

Most of the products in the IBM Express Portfolio of offerings are available through our extensive network of 90,000 IBM Business Partners, including independent software vendors (ISVs), resellers, systems integrators, and consultants, who have assumed a key role in helping clients of all sizes select, deploy, and enhance their IBM Express Portfolio.

The Internet enables your client to reach customers, suppliers, and trading partners anywhere, at any time. It enables your client to reach other businesses and business processes. IBM Software Express offerings help your client exploit the Web and take full advantage of the global reach that the Web affords. IBM Express Portfolio offerings help extend and exploit all dimensions of a Web presence—access, publishing, transactions, and integration—as well as enable dynamic interaction between businesses. IBM Express Portfolio offerings also help you and your client foster innovation by facilitating collaboration. Solutions for information management, team work, and security management help your client build an environment that encourages and supports internal collaboration throughout their business and external collaboration with partners and customers. Collaboration is a fundamental way to foster innovation.

In short, IBM Express Portfolio offerings help your client become an on demand business while building a sustainable competitive advantage through innovation that matters.

1.7 The IBM Innovation for On Demand initiative

Innovation is what makes a company special. It enables a company to cut costs and drive growth in new ways, from new sources and attract new customers. It opens doors in emerging markets. It lets large companies move more quickly and lets smaller companies compete on a global scale. It lets an organization differentiate itself and move up the value change. To successfully build an innovative on demand business, organizations need to have a flexible IT infrastructure that supports the business needs to help differentiate the organization from their competitors and strengthen their true competitive advantage.

The IBM Certified for On Demand Business Initiative is designed to increase IT sales and designer professionals' proficiency in two key roles—certified for On Demand Business Solution Advisor and Solution Designer. These certifications focus on key sales and technical capabilities required to guide clients' IT infrastructure strategy development by combining a unique blend of business insight, technology and products, effective solution design, and implementation and maintenance competencies. Both certifications span the IBM breadth of hardware, software, and services offerings. This gives the certified professional a solid foundation for understanding and promoting the IBM cross brand solutions by bringing together all the products and services available through IBM into a complete solution for your clients' IT infrastructure to support their business goals.

When you become certified for on demand business as a Solution Advisor or Solution Designer, you differentiate yourself as a trusted advisor, which will help you lead your company or your clients through their transformation into becoming a fully integrated, innovative on demand business.

For additional information about the IBM Certified for On Demand Business initiative, visit the following Web address:

http://www.ibm.com/certify/certs/eb_index.shtml

Solution Advisor

BM Certified for On Demand Business - Solution Advisors V2 (Test 818) is a replacement for Test 816 (IBM Certified for On Demand Business - Solution Advisor). To keep competitive in the marketplace, it is highly recommended that current IBM Certified for On Demand Business - Solution Advisors become IBM Certified for On Demand Business - Solution Advisors V2 by preparing for and passing Test 818. The Solution Advisor is responsible for the following:

- ▶ Preparing sales and marketing people to help clients determine how they can transform their business
- ▶ Engaging the client

- ▶ Evaluating clients' current environment
- ▶ Identifying enabled by Innovation enabled by on demand business opportunities
- ▶ Developing a solution with the client
- ▶ Closing the sale
- ▶ Ensuring client satisfaction and identifying new opportunities

The Solution Advisor certification validates the ability to translate client business requirements into implementable solutions for Innovation enabled by on demand business. It takes into consideration security, networking, and existing client environments to design a secure scalable solution. This certification is for those with general IT consulting or architecting experience.

If you plan to take Test 818, we recommend that you read *all* chapters in this book and complete the sample test found in Appendix A, "Sample test" on page 161.

Solution Designer

IBM Certified for On Demand Business - Solution Design V2 (Test 817) is designed to assess the candidate's ability to design an implementable Innovation enabled by on demand business solution that meets client business requirements. It tests skills in the following areas:

- ▶ Gather and evaluate client business requirements
- ▶ Identify and document current processes and infrastructure related to the business requirements
- ▶ Design an Innovation enabled by on demand business solution
- ▶ Validate the Innovation enabled by on demand business design
- ▶ Present solution to the client
- ▶ Assist the project management team with implementation and deployment



Innovation and on demand business

Many clients are seeing the results of taking the on demand business journey. They have transformed their business, making it more innovative, flexible, responsive and resilient. IBM and our Business Partners will continue to meet our clients' needs by enabling them to make progress toward reaching their strategic imperatives.

IBM and our Business Partners deliver technology, standards, and solutions that stimulate breakthroughs in business innovation and productivity. These achievements drive the success of our clients businesses because we have the following:

- ▶ The end-to-end insight and experience necessary to help clients anticipate and navigate the issues, regardless of the entry point
- ▶ A track record of applying end-to-end business and technology experience and expertise to solve clients' needs in the context of their industry
- ▶ Superior offerings designed to meet the requirements of the innovation enabled by the on demand business world

In this chapter we take a closer look at innovation and on demand business. This chapter discusses how IBM and IBM's Business Partners deliver solutions that stimulate breakthroughs for their clients and provide business value.

2.1 Value proposition

Clients value partners who help them solve business problems and move their business forward by aiding them with their business model, business processes, and providing the right technology and business solutions enabling them to compete more effectively. IBM and our partners' position of strength lies in the unique ability to help clients:

- ▶ Respond to changing conditions

In order to seize opportunities every business needs flexibility. To be flexible businesses need an open, standards-based IT environment.

- ▶ Analyze their business model

A business model that works for the clients' business and sets them apart from their competition is critical. It must fit with today's competitive business environment. The right business model can help clients with the following:

- Optimize performance
- Deal with changes in the market
- Enable them to overcome existing and new competition
- Enable them to seize new opportunities
- Leverage their strengths or the scale and skills of partners

- ▶ Examine business processes

Identifying and restructuring bottleneck business processes, is a valuable service to provide to clients. Streamlining and integrating outdated processes can have major impacts on a client's business. Extending processes so they are integrated internally and even externally to their partners and customers can revolutionize their way of doing business.

- ▶ Challenge the management culture

Helping your client establish innovation as a cornerstone of their management culture is essential in this competitive world. Enabling their employees, partners, and customers to collaborate and share ideas is essential to driving the business forward.

- ▶ Make services special

Helping clients provide top-notch services to their customers has a direct impact on the bottom line. Keeping existing customers is as important as finding new ones, and you can help your clients build that loyalty by helping them enhance and innovate their services.

- ▶ Make products special

Customers can be fickle. You can help your clients speed innovation in their products by providing the business solutions and IT infrastructure necessary to support innovation. New innovative product ideas can be delayed because

the business processes and business applications can not support them. Helping clients create a business environment that is flexible, resilient, and integrated is critical to driving the product pipeline.

As shown in Figure 2-1, IBM combines the full equation of business strategy and infrastructure management resources with deep-seated alliances and strategic partners across all industries. Only IBM and our Business Partners can provide this end-to-end strategic portfolio to help companies realize the promise of the on demand era.

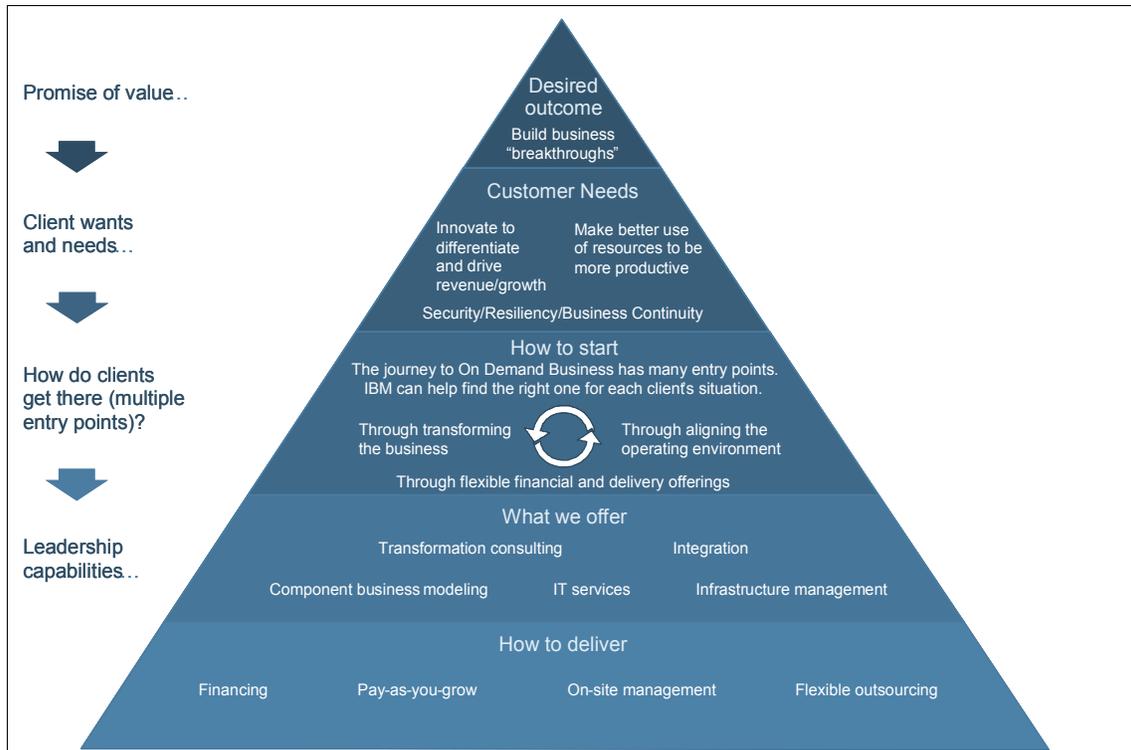


Figure 2-1 The IBM end-to-end strategic portfolio

IBM and IBM Business Partners offer industry-specific experience in combining business process knowledge and technology through flexible options. This expertise helps to make better use of resources so that the client can be more productive and innovative to differentiate and capture new value. Only IBM and our Business Partners, with our end-to-end capabilities, can help develop a customized business model that is focused on your clients' business needs in their industry.

2.1.1 Innovating the business to differentiate and capture new value

Companies need a partner to help them deliver new business value and growth in the market through product innovation or personalized customer service. Or they may need a partner to help transform their business model and business processes. Whatever the case, IBM and our Business Partners are here to help.

In the face of fierce global competition, companies must be able to anticipate, respond rapidly, and always be available. IBM and our Business Partners can help companies become more *on demand*. We do so by integrating processes and business behavior horizontally, across teams and value networks, to respond more quickly to market changes.

IBM and our partners can deliver innovation enabled by on demand incrementally, through technology-based improvements to clients' business environment. Our approach is one that fuses innovation, business value, and enabling technology to help clients move forward with an on demand business model.

2.1.2 Making better use of resources

In today's difficult economic climate, companies want to make better use of the resources that they have, whether by saving a step in a business process or improving linkage with their partners. Companies are looking to achieve more from the resources that they have in place so they can generate additional opportunity.

Ultimately, they want to reduce their expenses and operating costs. IBM solutions for on demand business help companies focus on their core competencies, so they can identify what is really important to their business. This can lead to streamlining and improving their business processes or determining what can be done better by outside sources.

2.2 Things to know about innovation and on demand business

Innovation and on demand business is all about opening up a great new opportunity for IBM, our Business Partners, and our clients. Today, on demand business is a reality. There are four key categories that you should understand:

- ▶ What's going on in the *market*, and how it relates to clients' needs.
- ▶ The *clients' needs* and vision, and how can IBM help to achieve them.
- ▶ How *IBM* sells innovation enabled by on demand to clients, and how innovation is used internally to create value.

- ▶ The steps to selling this great opportunity, and how the opportunity relates to the overall solutions initiative.

First, innovation enabled by on demand business starts with a company's business model and business design. Innovation in business models is driven by horizontal integration and not the vertical process. Second, the technical characteristics necessary to support horizontal integration have changed. The infrastructure needs to be simple, more automatic, more autonomic, and more cost effective. Finally, given all these shifts and the current business environment, clients are insisting on different ways to access, manage, and buy technology.

How do we expand this adoption into small and midsized businesses (SMBs)? Everyone needs to lead the charge. You need to connect with your client information technology (IT) executives and tell them this great story. Begin telling them how they can rejuvenate their IT functions and use innovation to deliver real business value for their organizations. Part of this process is to identify business *champions* who can drive solution initiatives for on demand business across the organizational boundaries.

The Global CEO Study 2006, indicates that the CEOs understand innovation is critical to their success and that business model innovation can preempt threats and differentiate their businesses. This is what innovation enabled by on demand is all about. We have the experience, skills, and technology to help clients modernize and integrate their business processes, their people, and their data.

We need to share this information with our clients' IT executives, and let them know how looking at their business through the on demand business lens can help them advise their CEOs and CFOs on solving their business problems.

It is vital that we position ourselves correctly the first time out. Nobody can achieve innovation enabled by on demand business like IBM. But we have to cut through the marketplace confusion, understand the relationship to solutions, and tell that story loud and clear to clients.

2.2.1 The on demand story

IBM CEO Sam Palmisano defines on demand business as, "An enterprise whose business processes, integrated end-to-end across the company and with key partners, suppliers, and customers, can respond with flexibility and speed to any customer demand, market opportunity, or threat."

IBM's expansive technical capabilities and solution portfolio enables us to work with clients to obtain an on demand business. We are working in new ways, creating new partnerships, and venturing into new markets to better serve our

clients. We bring our clients a wide range of capabilities that are necessary for them to innovate because of the following IBM characteristics:

- ▶ Experience and knowledge of what it takes to innovate and win in different industries. We offer critical business and technology capabilities that drive superior performance.
- ▶ A vision and view into the future of technology by creating more innovative solutions than any other company.
- ▶ Insight into the future of business through our thousands of consultants and industry experts engaged with clients around the world every day.
- ▶ A devotion to collaboration, working in new kinds of partnerships with our clients and Business Partners, and investing in and promoting open standards.
- ▶ Proven capabilities with a leadership position in service-oriented architecture (SOA) and proven systems and storage technologies for virtualization, openness, and collaboration. Our business consulting and business design tools and expertise are world renowned.

Our clients talk about the day-to-day challenges they are facing. They also mention how globalization is effecting their industry and business. It is important to broaden the discussion and get them thinking about their uniqueness and about how they can build on that to develop more opportunities for innovation. IBM succeeds through demonstrating how we integrate and transform client businesses into an on demand business, enabling the clients to achieve sustained, continued innovation.

Following are key examples of the way solutions and capabilities help clients:

- ▶ Transform business

The reinvention of a company's strategy processes, technology, and culture to increase business productivity and enable flexible growth—this can only be accomplished by effectively bringing together deep business process insight, advanced technologies, and cultural changes. Business transformation does not have to cover the whole business at once; instead, it can occur for a single business process, at a department level, or for the value net.

Business transformation requires a complete understanding of the issues, challenges, and pain points facing companies. It requires in depth knowledge of how a business process functions in an on demand environment, the technology needed to enable it, and the cultural changes necessary to make it effective.

The IBM solution portfolio brings together high-value services, software and hardware, and Business Partner offerings to address business challenges at both the industry level as well as in key business process areas.

► Collaborate in new ways

Businesses realize that collaboration across the business and even beyond to partners, suppliers, and customers is essential. IBM offers collaboration products that bring people closer, helping to improve communication and productivity.

Companies need collaborative processing, driven by two distinct trends:

- The need for the real-time exchange of ideas, insights, and experiences
- The evolution of technological capabilities that support a rich exchange of digital information between collaborators

A new generation of interactive devices and rich applications together with the ability to enable a rich flow of digital information between those engaged in the exchange is the basis for collaborative processing.

This type of interaction gives people and companies more freedom to innovate and can allow resources to be used more efficiently.

► Evolve the IT infrastructure

To thrive in today's environment, businesses must use technology judiciously to create a flexible IT infrastructure that enables them to transform business processes and to take advantage of opportunities to innovate.

IBM Systems agenda, as defined in the paper *IBM Systems agenda for On Demand Business*, identifies a vision for IT infrastructure:

- *Virtualize everything* to dramatically enhance the ability to simplify IT and improve utilization.
- *Commit to openness* based on open and industry standards, enabling systems to integrate better and more easily.
- *Collaborate to innovate* by using technology to allow employees, partners, and customers to share and exchange ideas.

In many cases this vision was implemented in IBM products and is ready for companies to deploy.

► Address issues facing small and midsize companies

Small and midsize businesses (SMBs) are drivers of economic growth and in many cases the backbone of any economy. SMBs have pressures coming from many directions to increase IT investment.

To help SMBs with these pressures IBM designed the IBM Express Portfolio specifically for SMBs. The Express Portfolio is competitively priced with solutions that are easy to acquire, install, use, manage, and integrate. This portfolio includes scalable hardware, middleware, service, and financing solutions, designed and priced for SMBs. This portfolio provides core capabilities helping SMBs work faster, more efficiently, and cost effectively.

With capabilities in the Express Portfolio, SMBs can now access the global scale and expertise previously available only to large enterprises. They can increase operational productivity and dependability, maintain differentiation, and increase flexibility and responsiveness. All capabilities that are critical to competing in this global business environment.

2.3 The journey to becoming on demand business

Becoming an on demand business does not happen overnight. It is a journey. As companies move into the business integration stage, the dynamics change. The focus switches from stand-alone processes and applications to value chains that cross departmental lines and organizational boundaries. This triggers the need for a cultural shift that must be driven from the top down.

In the on demand business world, an organization must have access to a holistic view of its clients. It must have seamless movement of information through its value net, even when partners come and go. Finally, it must have a cost-effective, resilient infrastructure that can handle unpredictable demands, and survive natural as well as man-made threats. Therefore, in this stage, it is critical that a team of business and IT leaders work together to establish the business priorities and then align the IT strategy to deliver on them.

A key research Business Partner of IBM notes that, even in the midst of what appears to be the worst technology recession in decades, “a small, select group of companies (about one in four) is using the downturn to build competitive advantage through selective investment in new, strategic IT initiatives.”

These companies are remaking themselves by fusing the passionate pursuit of business leadership with a disciplined, evolutionary approach to IT infrastructure optimization. They are doing it by embracing the on demand business value creation cycle. Simply defined, this is a philosophy of re-investment, following an ongoing cycle designed to continuously increase business value. Companies take the savings achieved through IT optimization to fuel business leadership initiatives and to tap into a powerful, self-perpetuating funding source for on demand business transformation.

Achieving this requires defining key business priorities, breaking them into processes, and developing a deep understanding of your existing asset base. Following are the key questions to discuss with the client:

- ▶ What systems and processes are in place today?
- ▶ Where does the data reside?
- ▶ Who has access to the data?
- ▶ Who needs to have access to the data?
- ▶ What are the requirements for logistics or workflow?

- ▶ How do data and transactions flow today?
- ▶ What is manual? What is electronic? What should be electronic?
- ▶ What are the needs of the people inside the organization and in the supplier network?
- ▶ What are the key resources?

Armed with a solid understanding of the organization's core assets, capabilities, and needs you can establish a baseline. This is the baseline by which you can determine the success of your on demand business initiatives.

2.4 Continuing with the next steps

With this information and understanding of on demand business, what do you do next to advance your client on their journey to an on demand business? Here are three simple steps to help you work with your client:

1. Work with your client to determine where they are in their approach.
 - Assess how on demand ready your clients operations are and how far they need to go.
 - Determine how to break down any siloed structures and internal or external boundaries with trading partners in the value chain.
 - Identify opportunities to outsource major components that do not hold a comparative advantage for your client, for example, client management, supply chain, Product Lifecycle Management (PLM), IT management, human capital, finance or legal.
 - Analyze how effectively your client's technology infrastructure can support on demand business requirements such as, integrated data, smart tools, or grid computing for flexibility, capacity, and efficiency.
2. Establish the on demand business focus for your client's organization.
 - For core components, develop a business case for the potential economic value that can be unlocked by making that component operate in an on demand business fashion.
 - Look for opportunities to make the transition using self-funding models.
 - Reinvest some portion of the savings from each project into the next step that moves your client's organization closer to becoming an on demand business.
3. Work with your client to seek partners that can help speed them along the way.
 - Help to evaluate your client's current partners in terms of value to their solutions, access to new markets, and ability to supply critical

competencies or even contingencies. For example, access industry specialists and subject matter experts through the vast chain that is available within IBM and IBM Business Partners.

- Use these resources to determine which partners can best adapt to your client's new on demand business operations, which may include the technology or network infrastructure, culture, or the ability to respond with speed and agility.

Before you go out and speak to your clients, it is important to have a view of the current marketplace. Chapter 3 Chapter 3, "Marketplace directions" on page 23 prepares you for your client discussion with market related information.



Marketplace directions

IBM's Global CEO study 2004, found that chief executive officers (CEOs) worldwide were relying on innovation to drive profitable growth. The Global CEO Study 2006 further examined innovation both from its challenges and its opportunities. This study finds that CEOs feel fundamental changes in their business are needed within the next two years, while new products and services remain a priority. They are placing increasing emphasis on differentiating themselves through innovation in the basics of their business models. Also, many CEOs believe external collaboration across their business ecosystems will yield a multitude of innovative ideas.

This chapter gives insight into the following questions:

- ▶ What is driving all of this?
- ▶ What is happening with technology and in the marketplace to make innovation the pivotal component in many businesses?
- ▶ What role does change play? How do you respond to change?

3.1 Innovation is driving change

The landscape has been changed by both advances in computing and in telecommunications and the social and political changes stimulated by these advances in technology. Businesses and institutions everywhere can take advantage of this changing environment and the new generation of tools, techniques, and models that have come of age. Innovation is permitting companies to drive growth in new ways, from new sources, and enabling large companies to move more quickly and small companies to compete on a global scale.

The current business environment is increasingly marked by new competition and relentless commodization with innovation serving as the key driver of value. Results from the Global CEO Study 2006, indicates that those CEOs looking to innovate their business model feel that products and services can be copied but the business model is the true differentiator. The thought is that the business model is the toughest thing for the competition to duplicate, so it is their competitive advantage. In fact CEOs are now giving business model innovation as prominent a place on their agendas as product, services or markets innovation and operational innovation.

Figure 3-1 shows the changes in thinking of CEOs between The Global CEO Study 2004 and the new Global CEO Study 2006.

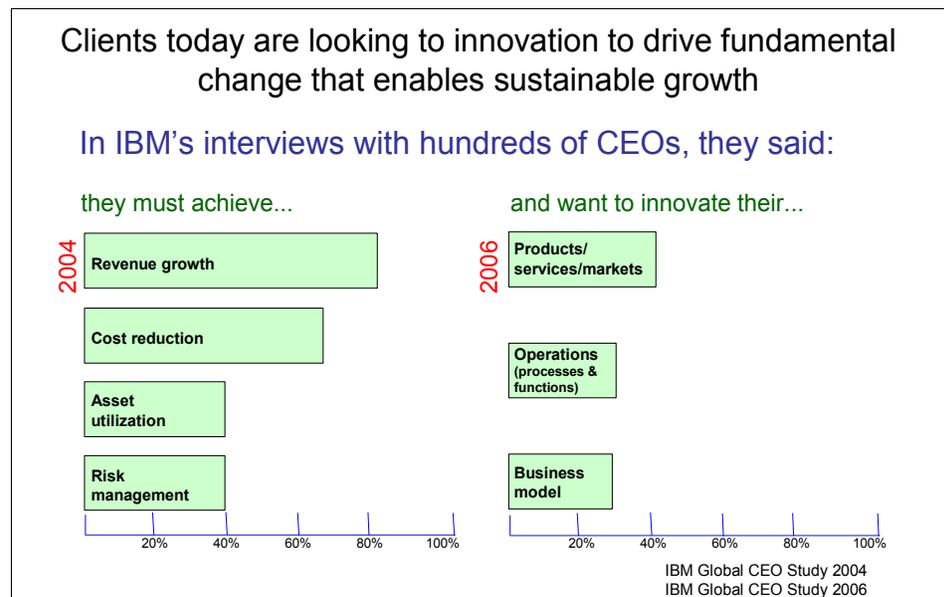


Figure 3-1 CEO rethinking their priorities

Major market trends, as shown in Figure 3-2, are changing and shaping the business challenges facing companies today. The business environment is becoming increasingly dynamic in very important ways. Companies are facing enormous volatility related to commoditization pressures, new and increasing global competition, global market opportunities, volatility and disruption, and competing business models. These trends are becoming increasingly powerful as the free market expands and barriers between world entities evaporate.

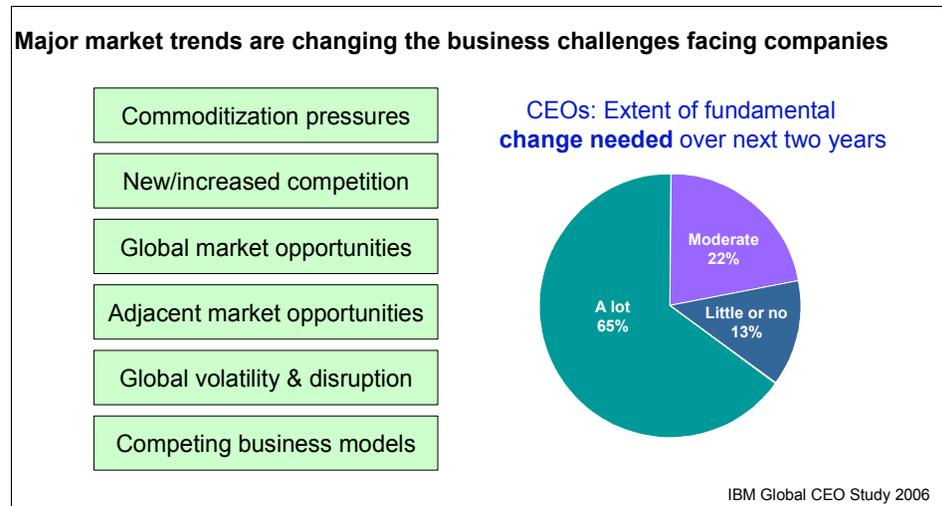


Figure 3-2 Business challenges

Almost two-thirds of corporate CEOs acknowledge the need to make fundamental changes in their organizations in the next two years. Following are a few of the 2006 study findings:

- ▶ Business model innovation is becoming the new strategic differentiator.
- ▶ Companies emphasizing business model innovation are outperforming their competition.
- ▶ Employees are the most significant source for innovative ideas.
- ▶ Collaboration between a company and its partners increases innovation within the company and its market.

Taking a wholistic view of innovation, it consists of more than just moving the business in a new direction; instead, it encompasses, collaboration, openness, and a global view and integration of the business by using technology. To truly take advantage of innovation, companies must go beyond a focus on products and services, they must innovate across multiple dimensions of their business:

- ▶ Product innovation

Companies must develop and bring to market products that stand out—in features, function, cost, and availability. These products must appear in the market at the right place and time to warrant customer acceptance. This can be accomplished by applying advanced technology in product design and features. To maximize the product's opportunity, collaborative relationships between the companies' designers and developers along with their partners is essential.

- ▶ Services innovation

Service businesses are as vulnerable to commoditization as manufacturers. These companies must distinguish themselves from their competition. This is accomplished in two ways: customize when their competitors offer one-size fits-all and cut prices to beat rivals who are not capitalizing on the new tools of innovation.

- ▶ Business process innovation

Organizations are a collection of business processes. Integrating supply chain management and customer relationship management can streamline and enhance key business processes. Setting in motion a plan to implement, integrate, and manage the organizations' business processes is viewed as fundamental to competitive differentiation.

- ▶ Business model innovation

To become the *disruptive force* within your industry, you need to focus on business model innovation. A majority of the CEOs, interviewed in CEO Study 2006, are focusing on business innovation, and fierce changes in the competitors business model could radically change their industry landscape. Companies are re-conceptualizing their operations and business models to leverage their partners' economies of scale and expertise. This results in radically different cost structures and the ability to deploy assets in new ways to capture high-value opportunities.

- ▶ Management and culture of innovation

Does your company have classic behaviors, unessential financial models, or organizational structures that need re-engineering? Developing game-changing products or services is not the hard part of enterprise innovation. Having an innovative organization that adapts and evolves is key to making change happen. Collaboration must be built into the processes to constantly unlock new ideas, allowing the overall organization to leverage, refresh, and contribute to shared intellectual capital.

- ▶ Policy and societal implications of innovation

When corporations innovate in these areas, it raises broader implications for privacy, piracy, digital rights, intellectual property, global trade, and more. Shifts in society, demographics, and public policy are reshaping familiar markets and an enterprise must continually make itself relevant in accordance

with these changes. Even though societal changes threaten an enterprise, it also creates the largest and most meaningful business opportunities.

3.1.1 Technology plays a key role

Technologies have emerged that enable companies to support their businesses operations in ways that were never previously imagined. The Internet has become the means to make connections between entities (people, institutions, and business). This has been helped by open standards, enabling easier connectivity of networks, systems, data, and applications. Technology is also enabling the critical objectives of modern business, increasing productivity by “doing more with less” and growing through innovation.

Open standards and the unbridled growth of open development communities around the world are expanding the boundaries of what IT can achieve. Open development and deployment platforms (such as Linux®, XML and Java™) are lowering the total cost of ownership of technology resources and contributing to the productivity boom. Common protocols for networks, data, distributed computing, and applications are allowing new levels of integration and collaboration with clients, partners, and employees.

A whole new generation of tools, techniques, and models have come of age. These innovation enablers are more powerful, affordable, and accessible than ever before, such as:

► Embedded intelligence

Computing is no longer just about computers. For example, more than half of the world’s chips supply ends up in consumer-electronic gear. Just think, the chip in a musical birthday card has more computing power than the computers used in the first flight to the moon. Radio frequency identification (RFID) costs are dropping as production volumes rise, and as costs decrease the technology will become common place, making the tracking of goods effortless.

► Connectedness of everything

The vast interconnected web of people and things has changed the way people, business, and institutions interact. We are rapidly approaching the point where a trillion machines, devices, and other objects will be connected. Four leading types of *things* will increasingly account for the number of devices and objects connected to the Internet:

- tagging things - RFID
- feeling things - sensors
- thinking things - smart objects or embedded intelligence
- shrinking things - nanotechnology

- ▶ Supercomputing for everyone

The power of supercomputing is now available to companies of every size, and in every industry. More than 70% of the most powerful super computers were installed in 2005. Supercomputing has become more affordable, it currently costs approximately 50 cents per hour for CPU time. It is estimated that virtualization can result in an overall IT cost reduction of 15-30 per cent above and beyond what can be achieved through consolidation. All this is making access to information and applications more efficient and making people and businesses more effective.
- ▶ Information put to work

Making effective use of the phenomenal amount of data that gets generated daily is now available. Businesses are not only getting a handle on all this data but are also very close to getting real business intelligence from it. This is possible due to new technology, advanced analytics, and mass adoption of standards.
- ▶ Collaboration and co-creation

New kinds of relationships in business are creating a new understanding of how intellectual capital can be created and managed. The real-time exchange of ideas, information, insights, and experiences is critical to the success of companies. Collaboration enables people to work together dynamically in an open and shared environment, giving people and companies more freedom to innovate and allow resources to be used more effectively. In the CEO Study 2006, CEOs identified employees, business partners, and customers as the top sources of new ideas and innovation.
- ▶ Marketplace for expertise

We understand the importance of seeking economies of scale in growing a business. Now consider *economies of expertise* where the wide variety and availability of different kinds of skills and expertise can be accessed 24X7. In this networking era, blogs and Wikis are a new way to interact and exchange information. Developing expertise is also critical. From the CEO Study 2006, we learned that CEOs believe employee education is a critical success factor. In fact people skills are now considered more important than technology, globalization, and regulatory concerns.
- ▶ Virtual corporation

A virtual corporation brings to bear the Component Business Model™ (CBM). The goal of creating a CBM is to determine which components of IT are costing you too much, which components are performing well, and which have strategic value. You can add strategic value by identifying opportunities to increase effectiveness and reduce costs. This is all accomplished by understanding the components in your business.

Worldwide spending on business process outsourcing is growing annually. Also, many firms are either looking into and actually deploying service-oriented architecture (SOA) solutions, which is making their processes more flexible and responsive.

Concurrent with the emergence of open standards and technologies, there have been increasingly rapid advances in microprocessor, wireless networking, storage, and even global positioning technologies at lower costs. Also, new fertilization technologies allow distinctly simplified management of rapidly expanding computing, networking, and storage infrastructures. This in turn drives significantly improved resource utilization, security, and increased levels of autonomic capabilities.

3.2 The four unstoppable drivers

We are clearly in a new era marked by volatility and intense global competition, which places tremendous financial pressure and higher degrees of risk on enterprises. As a result, businesses have an urgent need to adapt quickly to life in this new era and the market reality that they now face.

But it is important to first understand the market forces that are compelling businesses to transform their fundamental organizations, relationships, and processes.

- ▶ Continuous change
- ▶ Rigorous competition
- ▶ Unrelenting financial pressures
- ▶ Unpredictable threats

Figure 3-3 on page 30 explains each of these drivers.

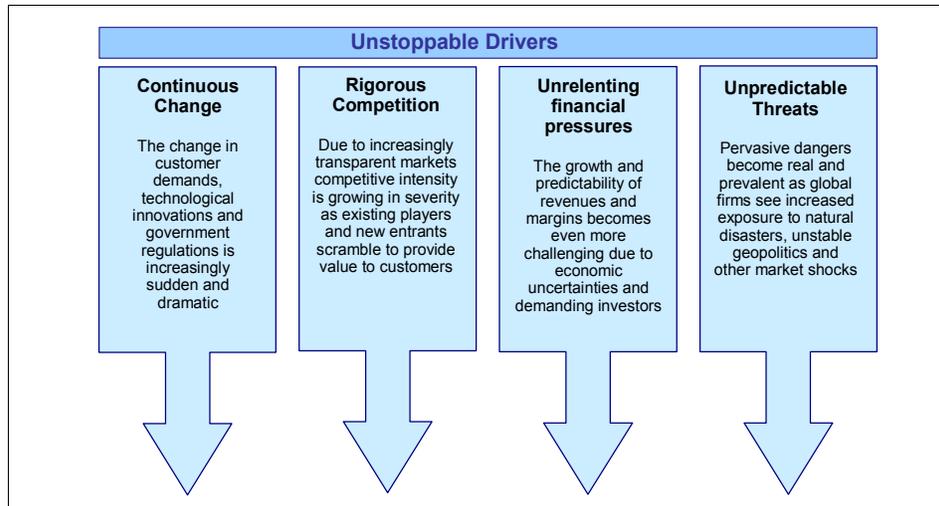


Figure 3-3 Unstoppable drivers

3.2.1 Continuous change

The pace of change continues to gather speed, affecting virtually every aspect of business and our everyday lives. Technology innovation is accelerating exponentially in processing power, miniaturization, connectivity, and price and availability. This evolution of technology continually expands the realm of what is possible.

Consumers are very technology savvy and are embracing new technologies faster with each successive wave of technological advances. Businesses compete in an era where real-time information and information access is available virtually everywhere and at any time, allowing clients and competitors to adjust their behavior at ever increasing speeds. Further, due to the interconnectivity of world markets, any disruption (whether it's regulatory, sovereign, terrorism, or disaster related) produces wide ranging shocks and ripples that may have persistent affects on the business environment.

As organizations find that competitive advantages are harder to sustain, they are compelled to respond to market changes more dynamically than in the past. This results in shorter, but more frequent business cycles across industries. In some cases, the balance of power in an entire sector or industry can be upset or reversed in an extremely short time frame. For example, this power shift has happened in the consumer goods industry. Large retailers now clearly have a tremendous influence on their consumer packaged goods suppliers. They have forced efficiencies and automation back through the entire value chain to drive

out every possible cost. This creates an environment where suppliers have no choice but to respond quickly.

3.2.2 Rigorous competition

The competitive environment that businesses are facing is becoming remarkably intense. Both new and established players struggle to provide value to clients in increasingly transparent markets. These are markets in which large amounts of relevant data, such as product pricing, features, quality, trusted ratings, and so on, are available, with minimal cost, in real-time to clients, competitors, and suppliers. It is very easy for the customer to go online or somewhere else for similar goods and services, often at an equal or better price.

Clients are armed with greater information and more choices than ever before. They have raised their expectations in terms of low prices, increased service levels, and higher-quality products.

Both traditional and emergent competitors, in pursuit of elusive growth opportunities, are seeking to do the following:

- ▶ Expand market share
- ▶ Enter new geographic, product, and demographic markets
- ▶ Change the way that their markets are defined

The globalization of business services, in addition to traditional manufacturing activities, further intensifies competition as enterprises exploit global scale and cost disparities at an ever-increasing rate.

These factors, combined with a litany of conflicting and changing local, country, regional, and global regulations, have created the most challenging and complex competitive business environment in recent years.

3.2.3 Unrelenting financial pressures

Growing the aggregate value of an enterprise consistently over time is extremely difficult as top line growth tends to slow, profit margins are squeezed, and informed investors increasingly regard business performance with cynicism. Higher levels of competition and fluctuating demand have produced an environment of reduced margins and rates of return.

To sustain bona fide profit levels, companies cut cost, outsource, and process performance enhancements. To create new, long-term value for shareholders, companies need to grow revenue at a higher rate than that of the overall market. They must do so with financial transparency (for example, with complete disclosure to shareholders and regulatory bodies), predictable results, and reputable management standards.

3.2.4 Unpredictable threats

Risks to business performance and continuity are becoming more widespread as companies are exposed to larger, damaging shocks to their competitive and operating environments. Any unexpected outbreak of geopolitical instability produces a threat to businesses and affects energy prices and the availability of other resources and capital. As a result, companies must be prepared for risks associated with terrorism, military actions, legal decisions, political actions, or regulatory mandates in every country (region) in which they operate. Other dangers, such as computer viruses or network hacking, may disrupt business operations or place client or employee security and privacy at risk.

Natural disasters, which have been on the increase, have the ability to threaten business operations or even shut down an entire industry supply chain without warning. As seen recently, unexpected dangers can emerge quickly and have far-reaching consequences. For example, the economic effects of Hurricane Katrina, which hit Louisiana and Mississippi in late August 2005, were far-reaching. The repairs and reconstruction in the region have made it the costliest natural disaster in US history. Also consider the damage to the economy caused by the interruption of the oil supply, and closure of ports had a dramatic effect on imports and exports. Also, before the hurricane, the region supported approximately one million non-farm jobs, with 600,000 of them in New Orleans. The impact to the country and particularly Louisiana and Mississippi were enormous.

Note: For more details on the effects of Hurricane Katrina review Wikipedia http://en.wikipedia.org/wiki/Economic_effects_of_Hurricane_Katrina#_note-1

Organizations that operate with traditional approaches have difficulty competing effectively in such an intense business environment. Businesses need to have safeguards in place against unimaginable threats. More importantly, companies must build sufficient flexibility to react quickly to the unimaginable when it happens.

3.3 The response to the unstoppable drivers

The market forces that businesses now face are not entirely new, but they are more intense and dynamic than ever before. The emergence of technology that is unequivocally open, flexible, and integrated is allowing for an effective and innovative response. Businesses are now finding that it is possible to form organizations that process and support technology that can cope effectively with the four unstoppable drivers: continuous change, rigorous competition, unrelenting financial pressures, and unpredictable threats.

Companies that adhere to traditional approaches and responses may be left behind. Meanwhile their competitors will adapt more successfully to their common environment by mastering the four dimensions of being *responsive*, *focused*, *variable*, and *resilient*. Figure 3-4 identifies the key attributes of an on demand business.

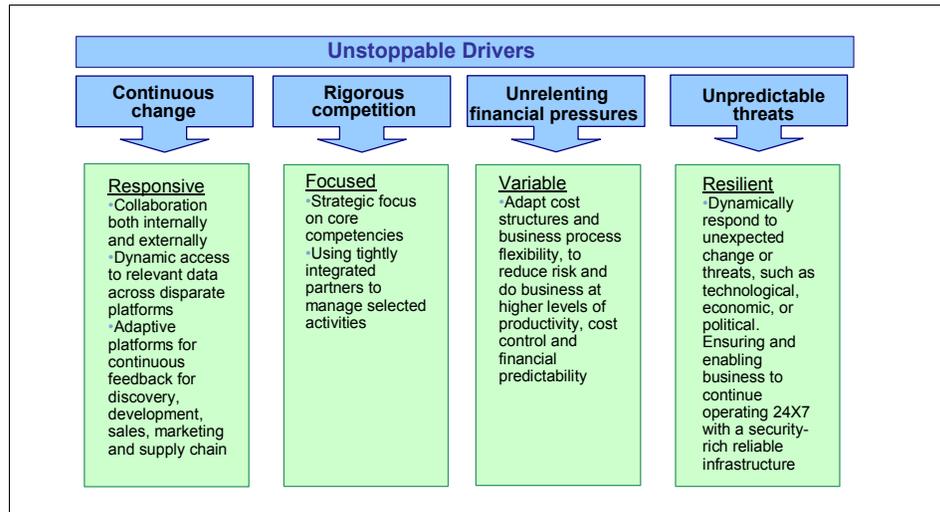


Figure 3-4 Response to unstoppable drivers

3.3.1 Responsive

Companies that have reached a high degree of on demand business maturity have the ability to sense and respond quickly to unforeseen changes in their business environment. This requires that organizations closely monitor shifts in consumer behavior, competitor activity, labor conditions, supply constraints, regulatory change, and other market events.

Responsiveness is not simply having the capability to produce information that is accurate, real time, and actionable across the enterprise. It also means having the capability to adjust forecasts, pricing, manufacturing, and purchase decisions immediately. Responsive companies have the ability to customize offerings to fit specific client needs without sacrificing the ability to offer a low price. Not surprisingly, responsive companies build flexible and high-performing organizational structures and processes that strive to attain best practice benchmarks and encourage continuous adaptation.

Responsiveness helps companies gain an advantage when faced with continuous change by enabling them to align their behavior to changing market conditions better than their traditionally-minded competitors possibly can. This

drives market share and increased margins. Responsiveness also facilitates optimal capital utilization. In doing so, it reduces inventory requirements and limits capital expenditure to support products or markets that are unprofitable. It also manages risk by keeping key business decisions synchronized with changing market requirements.

3.3.2 Focused

Focused businesses concentrate on innovating those aspects of their business models that matter most to their success. They typically rely on a tightly integrated network of business partners to manage non-differentiated activities.

Focus requires understanding how the market is likely to evolve and what the company's role is within it. It requires a clearly defined value proposition for clients and stakeholders, along with an understanding of where the company can gain long-term comparative advantage. Focus also means putting the responsibility for non-differentiating business model components in the hands of external specialists. These specialists can bring scale and scope efficiencies, as well as higher-quality service, often at a lower cost than can be accomplished internally.

What to focus on is determined by a variety of factors such as, industry maturity and direction, company success, available future competencies, knowledge, and competitors' strengths. For instance, some companies focus on client-oriented activities such as customer relationship management. They emphasize such areas as marketing, sales, and client support that can help differentiate them. Other companies have a strong focus on production, stressing such areas as procurement, manufacturing, and logistics.

As part of their strategic decisions, businesses look for processes and aspects of their business to outsource, allowing them to focus on core competencies and reduce cost. Companies are discovering that they can improve the performance of such support functions as information technology infrastructure, human resources administration, client service, and finance. They accomplish such enhancements by turning to third parties who focus on these areas.

Focus helps companies create value in an environment that is plagued by rigorous competition. It keeps investments directed toward select areas that help sustain comparative advantage. This prevents the spreading thin of resources across activities that could be better accomplished by specialized external providers.

Focus helps companies grow revenues by taking market share from traditional competitors who aren't providing clients the value they expect and by concentrating on emerging products and market areas. It improves margins by

reducing operational costs, withdrawing from products and markets with low profitability, and targeting areas with the highest profit potential. It also optimizes the use of capital by decreasing ownership of non-differentiating assets and reducing the working capital requirements of remaining activities.

3.3.3 Variable

Variability means being able to adapt cost structures and business processes flexibly, reducing risk with increasing cost control, capital efficiency, and reducing the impact of financial and business volatility. Variability is about having business partners that help take the *fixed* out of fixed costs through variable pricing and supply. These partners execute similar activities for many other parties around the world. Therefore, they are much better placed to offset swings in demand across various industries, enabling them to provide flexible supply at a lower cost.

Variability helps accelerate value realization in a world of unrelenting financial pressures. It helps to reduce risk and conduct business at higher levels of productivity, cost control, capital efficiency, and financial predictability.

Variability also helps to grow revenues by having infrastructure ready (but not necessarily on the balance sheet). This enables the business to consistently meet demand volumes and to avoid the awkward position of having to forego a new product or market opportunity. It improves margins by reducing fixed costs. This allows the company to pay only for actual use, not availability, and reduce costs across all levels of volume, especially lower levels. Variability reduces capital requirements by leveraging the capacity of external providers and optimizes working capital by creating more flexible internal capabilities.

Most importantly, variability manages risk by reducing investments in inefficient assets. This potentially reduces the company's debt burden by decreasing the need to finance new assets and by driving greater financial predictability.

3.3.4 Resilient

Businesses must be prepared for changes and technological, economic, natural, or political threats. To be successful, they must continue operating with consistent availability, privacy, and security features. Resilience requires a commitment to plan and prepare for potential shocks that could impact the business in any location in which it operates.

Resilience means having the ability to safeguard human, physical, and virtual assets. It is about protecting the privacy of employee, supplier, provider, and client information. It builds redundancy in key parts of the operational model to

help ensure continuity. It also determines whether external partners are also prepared for changes and threats.

Resilience provides value where many unpredictable threats exist. It finds ways to avoid or lessen the economic consequences of potential business disruptions. It also positions the organization favorably against less resilient competitors.

Resilience helps to grow revenues. It does this by keeping the business constantly available to clients and employees, allowing the company to gain market share. It improves margins by reducing recovery costs through *self-healing* capabilities and by garnering client loyalty for non-stop availability.

Resilience also helps manage risk. In doing so, it reduces business disruptions, provides greater predictability in performance, and uses external specialists who increase overall resilience through their scale and distributed capabilities.

3.4 Industry examples

On demand business stands at the heart of making innovation a fundamental part of today's business. It is instrumental in incorporating new technologies into a business and is pivotal to obtaining deeper IT integration of business processes. The following industry examples may give you ideas on how you could make your business an innovative on demand business.

3.4.1 Utilities industry

ITSO Energy, a fictitious energy company, owns and operates the Hawaiian islands energy network. Managing and maintaining this network is critical to maintaining their high quality service record. Increasing the quality of information available to their field engineers, balancing the workload, and providing operational flexible working environment are key to handling the dynamic needs of this business. A critical goal of this business is to reduce operating costs by 25 percent. To accomplish this goal, they are mobilizing the field force operations and back office using the IBM Mobile Workforce Management Solution. This allows the field engineers to have *always on* access to applications, including parts ordering and status checking. The solution enables better call management and better interaction with the field engineers. The solution gave field engineers access to previously manual applications, such as labor claiming, time and travel accounting and opened up a peer-to-peer communication and information exchange. All these capabilities increase the effectiveness and availability of the field engineers.

By mobilizing the field service operations and streamlining the back office ITSO Energy was able to see significant cost savings and quality improvements such as the following:

- ▶ Improved data quality feeding into core business processes
- ▶ Better deployment of the field staff
- ▶ Immediate access to information at the *point of need* by the field engineers
- ▶ Dramatic planning and managing line improvements, along with better equipment and substation maintenance
- ▶ More responsive service activation and service change activities

IBM's ability to provide mobile workforce management solutions helped ITSO Energy realize a quick return on investment while at the same time improving customer service.

3.4.2 Banking industry

ITSO Banks, a fictitious five branch local bank, was feeling the pinch of competitors in the area. They were starting to lose customers to competitors because they did not take advantage of the information they had about their customers to offer them additional services. Customers want to know what options are available to them and want the bank to speak to their needs. By integrating their customer information, which was used to create a composite customer view, ITSO Banks felt they could enhance their customer analysis and improve their cross-sell and retention proposition. They, also, wanted to measure the effectiveness of their marketing, sales, and service strategies so they could better serve their customers.

ITSO Banks, with the help of IBM and their business partners, built an integrated customer service solution that lowers the cost of managing customer requests from various channels in real-time and delivers relevant information to bank employees located in a centralized call center, so they can better serve and market to the customers.

Key benefits that ITSO Banks experienced:

- ▶ Improved responsiveness to customers (the main reason customers were departing)
- ▶ A return on investment in less than one year
- ▶ A consistent 20% decrease in call handling time, allowing the call center to respond more quickly to customer calls
- ▶ Increased revenues because the call center agents now have the ability to cross-sell services

This solution enabled ITSO Banks to improve customer service, stop the migration of customers to other banks, and opened new avenues for selling to and servicing their customers.

3.4.3 Healthcare industry

ITSO Medical, a fictitious hospital, like others in the healthcare industry is trying to overcome inefficient procedures and communications, and a slow, error-prone, paper-based business. ITSO Medical is working with IBM and IBM Business Partners to equip their providers with integrated clinical information and point-of-care applications. Also, this solution will provide their administration with decision support tools and solutions to help them meet HIPAA compliance requirements.

By working with IBM Healthcare solutions, ITSO Medical now has an integrated and interconnected, electronic, Web-based information network enabling private and secure transmission of healthcare data. By replacing the paper-based infrastructure with an electronic one, ITSO Medical was able to collect, disseminate, and analyze data for the following:

- ▶ Rapid detection of adverse health and drug effects
- ▶ Improving decision support for quality-of-care intervention
- ▶ Providing efficient analytics and reporting mechanisms
- ▶ Automating mandatory reporting and collaboration with business partners
- ▶ Monitoring groups to improve detection and response time for adverse care events and disease outbreaks
- ▶ Reducing the need for manual collection of patient care data for reporting and quality reviews

Thanks to the IBM Healthcare solution, ITSO Medical was able to enhance their patient care, reduce cost and institute efficiency improvements for a valuable return on investment. They also reduced their liability through improved treatment delivery and mechanisms that reduce errors. Ultimately, they were able to remain competitive by demonstrating their ability to provide a higher quality care.



Sustaining innovation through on demand business

Chapter 3, “Marketplace directions” on page 23 identified the capabilities that allow a business to respond to changing marketplace trends by becoming an on demand business. Following are the capabilities discussed in that chapter:

- ▶ *Responsiveness*—the ability to respond quickly to change.
- ▶ *Variability*—the ability to quickly adapt the business to changing conditions.
- ▶ *Focus*—the ability to continuously focus assets on business priorities.
- ▶ *Resiliency*—the ability to with stand potentially natural and social disasters.

This chapter describes how these capabilities help businesses succeed by delivering innovation that matters. It describes the following items:

- ▶ The evolution of the IBM on demand business strategy
- ▶ Solutions that help businesses develop innovative business processes to deliver innovative products and services to customers
- ▶ IBM techniques for implementing an on demand business strategy that can sustain innovation that matters
- ▶ Financing and delivery options to help your clients implement IBM solutions quickly and economically

But first the chapter provides questions that can help you begin a discussion of "Innovation that Matters" with your clients and prospects.

4.1 Beginning the discussion

Many people still think of innovation in terms of invention, the creation of new or improved products. Yes, product improvement can be part of innovation, but only part. When we talk about innovation that matters, we mean bringing together all of the capabilities available to a business today in unique ways in order to create real customer value and differentiation. We mean treating innovation as a continuous process that enhances business performance, not an end in itself.

4.1.1 Questions to ask

You can start a conversation about innovation by asking your client a single question: "What makes your business special?" Then frame the subsequent discussion with questions like the following:

- ▶ Are you encouraging innovation to create true differentiation across your organization?
- ▶ Would you describe the services you provide to your customers as unique or innovative?
- ▶ Would you consider your human resource processes as innovative as your research and development projects?
- ▶ Have you considered new ways to turn your supply chain into an "on demand" chain?
- ▶ Are you looking to your infrastructure to uncover hidden opportunities for transforming business processes?
- ▶ Do you believe you have access to the best innovators in your industry—within and beyond your enterprise or institution?
- ▶ Is there an adjacent market opportunity that you lack—a business model to pursue?
- ▶ Are you concerned about any of the following:
 - Limited market feedback loops and limited collaborative processes
 - Limited management information inhibited by fragmented systems
 - Low utilization and heterogeneous systems with limited integration
- ▶ Are you concerned that your latest innovation might be your last?

By helping a client answer such questions, you will gain insight about the client's business. For example, you will gain the following:

- ▶ A deep understanding of the issues, challenges, and pain points your client is facing

- ▶ An in-depth knowledge of how the business processes, enabling technology, and culture of an on demand business can help your client address pressing issues
- ▶ Insight into significant reasons to change the business now

With this knowledge you are ready to demonstrate the value that IBM solutions can deliver to your client, and how IBM solutions can help your client sustain competitive advantage by delivering innovation that matters.

4.1.2 A question to answer

But be sure you are ready to answer this question yourself: "Is *on demand business* just a fading buzz word?" The answer is, "No. *On demand business* is not a fading buzzword. It is a business strategy that is evolving into an engine for innovation that matters."

4.2 The evolution of on demand business

On demand business has not faded; instead, it is evolved. As marketplace forces such as global competition, commoditization of industries, and advancements in technology move business in new directions, on demand business is proving to be the engine that enables innovation for clients. It is helping businesses integrate processes end-to-end and facilitate open collaboration across the enterprise, key enablers of sustained innovation.

4.2.1 How on demand business delivers innovation that matters

When you look at innovation that matters, you see that it occurs in multiple areas simultaneously. Innovation on this level requires broad, open collaboration. It requires end-to-end integration. It requires capabilities of on demand business. On demand business is the engine that enables innovation for clients. An on demand business integrates people, processes, and technology so a business can run faster, simpler, and smarter.

In summary, marketplace forces are making innovation matters more important now than ever. On demand business enables business to respond to those forces by delivering innovation that matters, as illustrated in Figure 4-1 on page 43.

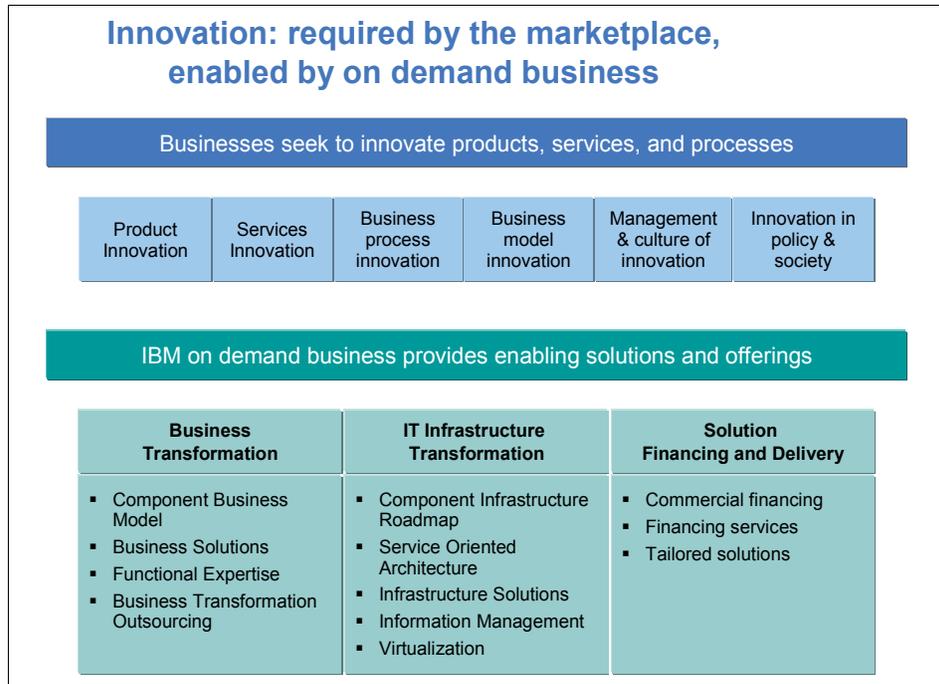


Figure 4-1 The role of on demand business in delivering innovation that matters

4.2.2 Innovation at IBM

IBM has demonstrated our ability to innovate through our own internal transformation, enabling us to deliver shareholder value through efficiency and revenue growth. We spent several years reinventing ourselves. Once decentralized and dominated by geographical hierarchy, IBM is now a globally integrated company with one management structure and go-to-market strategy with a strong foundation of core values. As the world continues to "flatten" as the Internet and the lowering of trade and political barriers make it possible to do business instantaneously with billions of other people across the planet, IBM continues its transformation, adopting an innovation agenda that focuses on the following:

- ▶ Maintaining differentiation and movement up the value chain in the face of relentless commoditization and disruptive business models
- ▶ Finding new levers of productivity, given the shrinking upside of cost-cutting
- ▶ Becoming the premier example of an on demand business—a firm that is responsive and horizontally integrated end-to-end and that takes advantage of service-oriented architectures, new technologies, and the global spread of the Internet

- ▶ Commercializing our lessons learned to help our clients outperform industry peers

From our internal transformation, we learned that there are many different starting points and approaches to innovation: business strategy, business design, processes, services, IT infrastructure, and application support, to name a few. Any company can have a presentation or a white paper on business transformation, but few have the real-life experience and expertise that ensures tangible results. Our history sets us, IBM, apart.

Now IBM is helping clients of all sizes, in all industries, embrace on demand business to succeed, not by doing the same things better but by doing new things that drive extraordinary results. We are helping them become more innovative through combinations of our products and services that solve problems and create differentiation.

So, in your conversations with clients, lead with the innovation message. When it comes time to capitalize on the opportunities and build the solutions, draw upon the capability, expertise, experience, and skills you gain from experience in implementing and profiting from the IBM on demand business strategy.

4.3 Solutions that sustain innovation that matters

To help clients tune their processes, organizations, and value net to deliver continuous innovation, IBM's expanding solution portfolio brings together high-value services, software and hardware, and ISV offerings to address business challenges at several levels, including the following:

- ▶ Functional levels, such as strategy and human resource management
- ▶ Industry-specific levels
- ▶ The fundamental level of IT infrastructure
- ▶ Comprehensive offerings tailored for small and midsize companies

The following sections describe IBM offerings in each of these areas.

4.3.1 Functional expertise

Whether our clients are looking to synchronize supply and demand, drive cost reduction and improve business performance management, optimize channels, or gain new customer insights, IBM offers a broad range of capabilities that innovate, enhance, and streamline business processes and functions. Clients can look to us to develop new answers to complex business problems by drawing on proven expertise across many functional areas, such as those described here.

Application innovation and management services

Our application development and systems integration services offer consulting and delivery to help clients innovate and grow through custom application development, management, and integration services. This includes multi-delivery options, integration of new and emerging technologies, and leveraging of open standards such as Web services. The resulting solutions support innovation by spanning organizational and geographic borders.

To learn more about IBM application innovation and management services, visit the following Web site:

http://www.ibm.com/services/us/bcs/html/bcs_applicationinnovation.html?re=bcs_home

Financial management

The IBM Financial Management and Business Transformation Outsourcing practices implement the financial processes and underlying technologies required to overcome today's most complex business challenges. We help clients better integrate processes, people, technology, and information to drive enterprise-wide profit improvement and share-holder value while reducing the cost of finance through efficient execution. Improved business insights allow a company to invest in continued growth and innovation.

Learn more

To learn more about IBM financial management services, visit the following Web site:

http://www.ibm.com/services/us/bcs/html/bcs_financialmgmt.html?re=bcs_home

Human capital management

The IBM Human Capital Management (HCM) practice works with organizations to reshape company behaviors and empower employees to excel. Capabilities include Human Resources Transformation with a focus on Business Transformation Outsourcing (BTO) and shared service centers; work force enablement, including real-time analytics, planning and performance; and talent management and learning transformation from e-learning to outsourcing. The result is a highly skilled, responsive, and flexible work force capable of competing in rapidly changing global marketplaces.

Learn more

To learn more about the Human Capital Management practice, visit the following Web site:

http://www.ibm.com/services/us/index.wss/bus_serv/bcs/a1005263

Marketing, sales, and services

The IBM Marketing, sales, and services practice can help companies streamline and integrate sales, marketing, and customer service. The results can be extremely powerful: lower contact center costs, increased customer satisfaction and sales conversion rates, improved sales performance across all channels, and reduced field service operations costs. This, in turn, can help an organization respond more rapidly and effectively to changing customer expectations.

Learn more

To learn more about the IBM marketing, sales, and services practice, visit the following Web site:

http://www.ibm.com/services/us/bcs/html/bcs_salesmrktingservices.html?re=bcs_home

Strategy and change

The IBM Strategy and Change practice frames industry issues in client specific points-of-view and then formulates strategies to address them. These solutions tap into the IBM business innovation, research, and technology leadership to address both business and technology issues. The new strategies are tied to solutions that can be delivered quickly and they leverage the IBM global reach, financing options, and first-hand experience in transforming a company into an innovative on demand business. The strategy and change practice can help clients create a strategy that permits them to drive transformation, enhance competitiveness, and create new sources of economic value.

Learn more

To learn more about the IBM strategy and change practice, visit the following Web site:

http://www.ibm.com/services/us/bcs/html/bcs_strategyplanning.html?re=bcs_home

Supply chain and procurement

The IBM comprehensive supply chain management practice and offerings address every phase of the supply chain including design, source, plan, build and distribute. The goal is to improve collaboration with partners, accelerate time to market and build new efficiency into all aspects of supply chain management. This enables unmatched business optimization not just within the enterprise, but across the entire value chain.

Learn more

To learn more about the IBM supply chain management practice, visit the following Web site:

http://www.ibm.com/services/us/bcs/html/bcs_supplychainprocurement.html?re=bcs_home

4.3.2 Infrastructure solutions

Employing the right IT infrastructure is critical for deriving as much value as possible from business solutions deployed on the infrastructure. By tightening the link between the technologies that run the business and overall business goals, IT infrastructure can help your client achieve the goal of sustaining competitive advantage by delivering innovation that matters.

To help your client appreciate the importance of the right infrastructure to on demand solutions, point out potential benefits such as the following:

- ▶ Real time response to marketplace conditions based on continuous flow of current, trusted business data
- ▶ Simplification and better management of complex, heterogeneous IT environments, plus reduction of IT administrative costs
- ▶ Simplified building, development, and deployment of innovative business applications
- ▶ Improved resource utilization with attendant reduction in operating costs
- ▶ Improved communication and collaboration within the business and beyond
- ▶ Online solutions that react quickly to changes in the marketplace by rapidly modifying business processes

Emphasize that IBM creates more technology than any other company in the world. More importantly, IBM understands and can deliver the flexible infrastructure needed to support innovation better than anyone. By blending leadership technology, decades of experience and our own innovation, we deliver core solutions that solve the most common IT problems. These solutions are cross-IBM offerings backed by a dedicated sales team, a dedicated marketing team, and Information Technology Services (ITS) delivery resources. They are built on open industry standards to support integrated processes in a secure environment. These solutions are customized by industry teams as appropriate and can be tailored to individual clients as well.

To learn more about IBM infrastructure solutions, visit the following Web site:

<http://www.ibm.com/solutions/itsolutions/index.jsp>

Examples of core infrastructure solutions are summarized in Table 4-1.

Table 4-1 Infrastructure solutions to support innovation that matters

Solution area	Issues addressed	Description	Client value
Business continuity	Can I ensure that critical business processes are continuously available?	Technology and services that raise and protect availability of systems, networks, and other IT assets	<ul style="list-style-type: none"> - Reduced downtime - Visibility as a trusted enterprise
Business intelligence	How can I deliver complete, consistent, and trusted information?	Scalable capacity to dynamically store, manage, analyze, update, and distribute critical business data across the enterprise	<ul style="list-style-type: none"> - Enhanced decision making based on current marketplace, customer, and product data - Cross enterprise collaboration based on shared access to current project data
Information Management	Can I manage information from creation to disposal on cost-effective infrastructure?	Systems, storage, and software to integrate, manage, and store information throughout its life cycle	<ul style="list-style-type: none"> - Improved decision making and collaboration based on integrated, trusted, accessible information - Reduced information management costs - Increased resource utilization
IT resource optimization	How can I provide responsive IT infrastructure that is easier and less expensive to manage, upgrade, and run?	Systems, storage, and technology to protect and virtualize assets and allocate them as needed to meet changing requirements	<ul style="list-style-type: none"> - Increased resource utilization through use of virtualized resources - Enhanced availability through use of self-managing technology - Reduced administrative costs
IT security	How can I better mitigate and manage security risks?	Robust industry-relevant security products, services, and solutions	<ul style="list-style-type: none"> - Increased protection of sensitive business data - Increase physical security of IT environments

Solution area	Issues addressed	Description	Client value
IT service management	Can I reduce costs by automating, integrating, and optimizing change processes?	IBM Managed Services, including hosting and strategic outsourcing, to align technology investments with business goals and raise IT flexibility	<ul style="list-style-type: none"> - Reduced costs - Competitive advantage from ability to scale processes quickly to respond to changing business conditions
SOA business flexibility	How can I increase business flexibility and reduce complexity by integrating applications across disparate systems?	Service oriented architecture to build business processes from reusable components, or "services," independent of where they run	<ul style="list-style-type: none"> - Competitive advantage from fast response to changing business requirements and reduced time-to-market - Reduced time to develop and deploy new applications
User platform	How can I provide secure, personalized access anytime, anywhere?	Systems, technology, software, and services integrated to provide workplaces tailored to user roles and requirements	<ul style="list-style-type: none"> - Enhanced innovation following from increased collaboration as employees with colleagues, partners, suppliers, and customers in tailored environments. - Increased productivity

4.3.3 Innovative solutions for mid-sized companies

Midsized businesses are a key driver of economic growth. IBM has developed a focused strategy to ensure that we do not lose sight of the specific needs of such an important part of the marketplace.

IBM Express Advantage

IBM Express Advantage is IBM's tailored approach for mid-sized companies. Express Advantage complements the solutions available to large businesses by providing a portfolio of offerings tailored to meet the specific needs of mid-sized businesses: solutions that are competitively priced and easy to acquire, install, use, manage, and integrate.

The IBM Express portfolio of offerings includes more than 125 scalable hardware, middleware, services, and financing solutions designed and priced for

mid-sized businesses, providing smaller companies access to scale and expertise previously available only to large enterprises. Clients can acquire these offerings easily from IBM or from our Business Partners who will support customers in their local areas and local languages.

Figure 4-2 illustrates the key values of IBM Express Advantage to mid-sized businesses as they strive to achieve competitive advantage through sustained innovation. You can learn more about Express Advantage at the following Web site:

<http://www.ibm.com/businesscenter/smb/us/en/expressbridge>

IBM Express Advantage

ibm express advantage™

- Simple solutions to tough problems, priced and designed for medium-sized businesses.
- Products that are easy to buy, install and manage.
- Easy access to IBM and local providers with a wide range of capabilities and rich industry knowledge.

Value for our mid-sized clients

Offerings

- A comprehensive line of offerings, including hardware, software, and services, designed and priced for the mid-sized companies for exceptional price performance, manageability, and ease of use and installation with superior financing options.

Business Partner Ecosystem

- From IBM's vast network of Business Partners, the broadest range of applications, combined with deep expertise with mid-sized companies in every industry, local presence, and the support and backing of IBM to deliver simple, affordable, customized solutions built on IBM offerings.

Customer Experience

- Enhanced capabilities to help mid-sized clients navigate the breadth of IBM to find the right IBM and IBM Business Partner resources.

Figure 4-2 Key values of IBM Express Advantage for mid-sized businesses

Industry solutions for mid-sized companies

IBM Express Advantage offers mid-sized businesses the same kinds of industry solutions available to larger customers as they work to achieve business models that support continuous innovation. The difference is that Express solutions are designed to serve the specific needs of smaller businesses, such as constrained IT budgets and staff. Offerings include, for example, solutions for financial services, discrete manufacturing, wholesale and retail distribution, and health care. Country-specific industry solutions are also available.

Examples of Express infrastructure solutions are summarized in Table 4-2 on page 51.

Table 4-2 Examples of industry solutions for mid-sized companies

Solution areas	Issues addressed	Description	Client values
Banking	How can I cost-effectively meet customer needs with secure processes that meet stringent compliance requirements?	Solutions to help financial institutions meet customer needs in a secure, compliant business environment	<ul style="list-style-type: none"> - Enhanced customer satisfaction - Increased availability of services provided by highly available, highly secure systems - Reduced potential of compliance violations, enabled by quick response to emerging regulatory requirements
Healthcare	How can I optimize the operation of my clinic while enhancing services to patients and expanding my client base?	Business training, strategy development, clinical information solutions in emerging areas such as imaging and clinical genomics, and interoperability technology to provide secure access to patient information across a geographic area and between related businesses	<ul style="list-style-type: none"> - Increased ROI on current investment in information systems - Improved patient safety, staff productivity, and customer satisfaction - Secure integration of patient data across multiple stakeholders such as local and remote medical facilities, government agencies, and insurance agencies - Reduced administrative and operating costs
Industrial	How can I manage standard manufacturing processes more flexibly and efficiently?	Advanced solutions for forecasting, plant floor and warehouse logistics, and procurement that can be implemented with existing resource planning systems	<ul style="list-style-type: none"> - Increased efficiency and reduced costs - Streamlined inventory flow - Faster response to fluctuations in demand

Solution areas	Issues addressed	Description	Client values
Multi-channel retailing	How can I integrate disparate channels into a cohesive shopping environment?	Portfolio of solutions to help retailers integrate multiple channels such as in-store, Internet, and catalog touchpoints into a consistent, single customer view	<ul style="list-style-type: none"> - Increased customer satisfaction, loyalty, and wallet-share resulting from shopping experiences that span channels seamlessly - Competitive advantage based on customer-centric integration of channels - Increased revenues resulting from integration of marketing, merchandising, and reporting across channels - Reduced costs from improved inventory management
Wholesale distribution	How can I improve operations and processes to build a more responsive, manageable wholesale business?	Solutions for: controlling warehouse operations such as receiving, picking, and space management; refined forecasting and demand planning; back office operations such as billing, accounts receivable, general ledger, sales analysis, and purchasing	<ul style="list-style-type: none"> - Faster response to customers resulting from improved efficiency and accuracy of warehouse operations - Improved ROI resulting from more effective use of space - Reduced costs resulting from improved inventory management - Increased revenue resulting from improved management of accounts receivable, increased sales analysis, and more responsive procurement

Infrastructure solutions for midsize companies

The value of any business solution can be enhanced or diminished by the infrastructure that supports it. To help midsize businesses derive the most value from their business solutions, whether industry-specific or generalized, IBM Express Advantage offers infrastructure solutions tailored to the specific requirements of the midsize business. Like Express industry solutions, Express infrastructure solutions are built on open technologies that incorporate advanced hardware and middleware and that are supported by IBM and IBM Business Partner technical services.

Examples of Express infrastructure solutions are summarized in Table 4-3.

Table 4-3 Examples of infrastructure solutions for midsize companies

Solution area	Issues addressed	Description	Client value
Business continuity	How can I ensure availability of IT services to both internal and external customers?	Hardware, software, and services to provide a highly available IT environment	<ul style="list-style-type: none"> - Reduced downtime - Visibility as a trusted enterprise
IT resource optimization	Can I deploy my business solutions on infrastructure that is responsive, efficient, and cost-effective?	Solutions that raise the scalability, utilization, and efficiency of IT infrastructure	<ul style="list-style-type: none"> - Increased response to requirements resulting from more responsive IT infrastructure - Reduced operating costs based on improvements in infrastructure efficiency - Increased ROI resulting from increased utilization of IT infrastructure
IT security	Can I reduce the costs of IT security without compromising security?	Solutions that increase automation of managing user identities, enforcing access rights, and protecting systems from intrusion	<ul style="list-style-type: none"> - Reduced administrative costs for security functions - Improved enforcement of access controls - Increased protection from spam, viruses, spyware, and other threats

Solution area	Issues addressed	Description	Client value
SOA business flexibility	Can I increase business flexibility and reduce complexity by integrating applications across disparate systems?	Service-oriented architecture to integrate applications across disparate systems	<ul style="list-style-type: none"> - Competitive advantage from fast response to changing business requirements and reduced time-to-market - Reduced time to develop and deploy new applications

Software Express case studies

For a wide variety of customer case studies, look at the IBM software Express case study compilation, *How IBM Express software adds value to SMBs*. This compilation of case studies, published in November 2006, demonstrates how small and mid-sized businesses around the world are using the IBM Express portfolio of software solutions to improve their productivity and business processes. These IBM Express solutions are designed and priced to fit the needs and budgets of mid-sized businesses.

To view the document, look for IBM Software Case Studies at the following Web site:

<http://www.ibm.com/software/express>

4.4 IBM solution implementation techniques

No company should expect to become capable of continuous innovation overnight. As IBM found out, business transformation is a multi-stage journey that requires thought and planning at each step. First, a company must determine what makes it special, and which aspects of innovation will matter to their evolving business strategy. Then the company must determine which capabilities and solutions address these aspects. Finally, the company must implement those changes.

Through first-hand experience of transforming IBM, we built and refined a range of techniques that provide a proven, disciplined approach to implementing changes that result in continuous innovation within IBM. Today these techniques are helping our clients accelerating their own business transformation.

Techniques include the following:

- ▶ Component business modeling (CBM)
- ▶ Component business modeling for the business of IT (CBM-BoIT)

- ▶ Component infrastructure roadmap (CIR)
- ▶ Service-oriented modeling and architecture (SOMA)

4.4.1 Summary of IBM implementation techniques

Table 4-4 summarizes the characteristics of each technique. By examining the purpose and value of the different techniques with your client, you can identify those that will best help your client achieve the goal of implementing business and infrastructure solutions that deliver innovation that matters.

Table 4-4 Summary of IBM solution implementation techniques

Technique	Issues addressed	Description	Client value
CBM (component business modeling)	How do I focus on the pieces of my business that can drive growth and differentiation?	An analytical technique that breaks an organization into a structure of components and services, then identifies those that are different	- An in-depth analysis of the structure and components of an enterprise - A business map that identifies functions that could provide competitive differentiation
CBM-BoIT (CBM for the business of IT)	How can I manage my IT to ensure the agility required to meet changing business needs?	An analytical technique that provides a framework for IT that can meet volatile requirements	- Better understanding of current business issues and priorities. - High-level definition of potential initiatives for improving flexibility of IT
CIR (component infrastructure roadmap)	How can I develop a more flexible, secure, responsive infrastructure aligned with my business priorities?	A process for comparing the current and desired states of the IT environment, then specifying initiatives to bridge gaps	- IT assessment summary - Candidate initiatives to achieve the desired vision - Customized roadmap of specific, prioritized initiatives

Technique	Issues addressed	Description	Client value
SOMA (service-oriented modeling and architecture)	How do I design and develop a flexible application environment to support our business processes and goals?	A technique that leverages many best practices in software engineering to identify, specify, and implement business services and processes	- An SOA strategy for designing and implementing solutions - Detailed specification of SOA solution components

To learn more about each technique, visit the following Web sites:

► CBM

<http://www.ibm.com/services/us/igs/cbm/html/cbm-intro.html>

► CBM-BoIT

<http://www.ibm.com/services/us/index.wss/multipage/imc/executivebrief/a1021753/1?cntxt=a1005119>

► CIR (requires a PartnerWorld user ID and password)

https://www.ibm.com/partnerworld/mem/news/news_cirforbpdesc.html

► SOMA

<http://www.ibm.com/developerworks/webservices/library/ws-soa-design1/>

4.5 Flexible Financial and Delivery Options

Flexible Financial and Delivery Options offerings (FFDO) from IBM Global Financing include innovative managed services, IT capacity offerings, and financing offerings that mitigate risk and provide increased flexibility and choice in how clients can acquire, pay for, and manage the technology to run their businesses. FFDO enables rapid and successful realization of the benefits of on demand business solutions by performing the following actions:

- Driving rapid payback and improved ROI
- Providing choice through a range of options in configuration, management, ownership, and deployment
- Taking advantage of the IBM scale of capabilities and experience

Flexible financing and deliver models share common characteristics. For example:

- ▶ Instead of buying, building, testing, and deploying an application environment in-house, clients acquire the application as a hosted service and pay through usage metrics, such as named users, number of transactions, and data used.
- ▶ The hosted application can be either managed in a client dedicated environment, or for those clients looking for maximum responsiveness and cost savings, in an environment that supports multiple organizations and subscribers through a single instance.

This means new revenue streams come with the ability to meet client demands for flexible delivery models. And fewer objections are raised during the sales cycle by eliminating large up-front capital expenditures or lengthy development times.

Traditionally, if clients wanted more computing power, they bought more hardware and software. Clients are no longer willing to continually invest in computing resources simply to keep pace with changing technology. Today, IT spending must be able to show a proven business benefit. With FFDO, you can help your clients better align their IT resources and spending with business requirements. They can access infrastructure, applications, and business processes based on their needs, with the flexibility to scale up or down. By purchasing IT capabilities as a service, clients enjoy flexible pricing based on usage.

The benefit of this computing model is clear. Freed from underused assets and long-term fixed IT costs, your clients can devote more attention to their core business and be more responsive to business needs. FFDO includes innovative industry and application solutions and infrastructure and management services. It also includes financing options that provide your clients with increased flexibility in acquiring and managing the technology they need to run their businesses.

Industry solutions and application services deliver the business processes and leading-edge applications that clients need as a service. This frees them from management costs and headaches and allows much faster implementation and quicker return on investment (ROI) than an in-house implementation.

Infrastructure and management services give clients the provisioning, management, and capacity resources required to lower costs, particularly up front capital expenses, while benefiting from IBM management of their IT solution.

4.5.1 Financing options

Clients can manage their acquisition of computing capacity at just the same pace as their needs grow, and they can align payments into a stream that matches the

business value realized. What's more, clients have the flexibility to choose how they access FFDO:

- ▶ Client owned or managed
Clients acquire the offerings, architectures, system designs, and integration services that they need to build their own dedicated computing capacity. They run the service as a “utility” to meet their internal business needs.
- ▶ Vendor owned and managed
Clients address business requirements using services provided by IBM that leverage standardized business processes, application, or infrastructure components to optimize execution cost and speed.

Clients invest in the latest on demand business technology for one reason—to achieve lasting competitive advantage. Today, competitive advantage does not necessarily lie in the newest software release or the fastest chipset. Rather, it lies in how those IT resources are deployed to meet business objectives.

Solutions for on demand business allow clients to prioritize precious resources and enjoy the economies of scale inherent in this new computing model. With FFDO, you can help your clients reduce the time it takes to launch new capabilities and cut costs, including up front capital expense. This enables the client to gain the capabilities and infrastructure that can dynamically support their business needs.

Financial and IT deployment considerations can be a compelling, even a determining factor in a prospect's decision to implement solutions for on demand business. Sometimes an organization's fiscal sensitivities are obvious and sometimes they are not. Here are some questions you can ask to help qualify your clients and assess their most critical needs:

- ▶ Does the client's IT resources keep them from responding to changes in their marketplace because they are not scalable or agile enough?
- ▶ Does the client want to get more for less, improving IT utilization rates and potentially reducing infrastructure expenses?
- ▶ Does the client need the flexibility to dynamically deploy, provision, and pay for IT services?
- ▶ Can the client benefit from proven business process solutions (Customer Resource Management (CRM), Enterprise Resource Planning (ERP) procurement, and so on) that can improve IT ROI and execution time lines?
- ▶ Does the client want to show the board of directors that the client is lowering fixed IT costs and improving the equity of their company?

Answering *yes* to one or more of these questions can point the way to the most promising entry point into the organization.

4.5.2 Making the right on demand business decisions

Organizations seeking to gain competitive advantage and speed ROI from IT investments are likely candidates for FFDO. If they seem uncertain or have issues about the magnitude of the investment, you may want to focus your discussions with them in one of the following ways:

- ▶ Present the flexibility of choice for having solutions delivered on or off premise. Emphasize the cost and time savings of partnering, buying, or both, rather than building select IT capabilities.
- ▶ Outline the benefits of leveraging current IT assets while migrating to a more standardized, flexible, open-platform IT environment.
- ▶ Introduce the efficiencies and economies of scale that are possible when standardized software implementations are deployed (fewer proprietary applications).
- ▶ Discuss the client's need to tighten budgets, reduce capital investments, and more closely align IT spending with business goals.
- ▶ Examine their ability to both handle current workloads and scale up (or down) to meet the demands of new business solutions and an expanding user base.
- ▶ Explain that solutions for IBM on demand business are proven and that they can provide fast access to new capabilities, reducing risk and time.

One or a combination of these approaches should help you deal with your client's objections and steer them toward the FFDO that is right for their business.

If your clients are on the on demand business track, IBM and IBM Business Partners are uniquely qualified to provide the flexible IT financial and delivery options they will need to succeed. Unlike other providers, IBM and IBM Business Partners have a deep knowledge and long experience in managing and financing heterogeneous client environments. The result is that they can provide your clients with a clear roadmap and strategy to take them wherever it is they want to go. Additionally, when combining our industry and business process experience with market-leading technology, IBM and IBM Business Partners can be a trusted advisor and accountable source for meeting client's needs.

4.5.3 Value across the enterprise

Regardless of the level of management that you approach within the organization, FFDO can be tailored to meet your client's unique needs:

- ▶ For IT executives at large enterprises who need to maximize their computing resource utilization by reliably and securely aligning their IT capabilities with the changing needs of their business processes and users

- ▶ For line of business (LOB) executives at large enterprises who need to anticipate and rapidly respond to marketplace changes by streamlining their business and IT processes
- ▶ For middle management LOB and IT executives who need to anticipate and rapidly respond to marketplace changes by streamlining their business and IT processes and maximizing their IT resources in a secure, reliable environment



Innovation enabled with on demand business value proposition

The manifestation of extraordinary market challenges and, conversely, the vigorous response that innovation enabled with on demand business enables, allows fundamental change in the way that businesses are constructed and operate. Despite all of the structural change and threats that businesses are experiencing, tremendous value is to be captured for those companies that have the drive to adapt. Innovation enabled with on demand business allows adaptive businesses to create and capture value in a number of fundamental ways.

This chapter explores the value proposition of innovation enabled with on demand business and innovation that matters.

5.1 Enabling innovation through on demand business

On demand business is the engine that enables innovation for businesses by integrating people, processes, and technology so a business can run effectively and efficiently. This approach puts businesses in the best possible position to respond quickly to marketplace realities and remain competitive. It also provides a basis for new levels of innovation within the organization. Companies are investing in innovation to differentiate and capture new value. They realize the value of business processes integrated end-to-end, both within their business and with their partners.

You can think of it this way: Innovation is the *why* and on demand business is the *how*. By creating an on demand business you have the basis for making innovation a cornerstone of your business. An on demand business has integrated technology with new business process designs, supported by a more flexible, responsive, and open infrastructure. In essence a successful business does the following:

- ▶ Aligns business processes and IT infrastructure
- ▶ Applies advanced technology to enable new business designs
- ▶ Enables innovation by having mechanisms that allow employees, partners, and clients to collaborate on new and innovative ideas

5.2 Innovating the business to differentiate and capture new value

When IBM talks about innovation that matters, we mean bringing together all of the capabilities available to a business today in unparalleled ways that create real customer value and differentiation. Innovation that matters means treating innovation as a continuous process that enhances business performance. When you look at innovation this way, you see that it occurs in multiple areas simultaneously. Innovation at this level requires broad, open collaboration. It requires end-to-end integration. In essence, it requires an on demand business.

Leading companies are focusing their resources on driving breakthroughs that will move them far ahead of their competitors. They are not focusing on cost cutting measures. The innovation that matters is different from those that preceded it for precisely this reason.

There is opportunity in applying technology to efficiently achieve what historically was done. There is also the opportunity to create major step improvements through continuous innovation to create breakthroughs. The continuous innovation achieves this by fusing new business designs and next-generation technologies to perform tasks differently, not just once, but over and over again.

At its core, an on demand business has the power to do more than just to improve efficiency. An on demand business can make the transition from continuous improvement to continuous innovation.

5.2.1 Optimizing the value net

During the recent economic downturn, as companies downsized, moved facilities, and restructured to reduce costs, the complexity of Supply Chain Management (SCM) increased. With the market recovering, companies are in the situation of having to address pent up demand with reduced capacity.

Companies that employ on demand business differentiate their supply chains by detecting capacity and supply constraints, assessing impacts of potential decisions, and making changes quickly. In on demand business, partners are added or deleted on a global basis, as demand changes, and with minimal costs or risk to business continuity. As a result, manufacturing companies can adjust to new build requirements nearly instantaneously (within 24 hours).

When a required change is detected, it is easily communicated to the partner network as a result of on demand business collaboration processes, information flow, and integrated management systems. By working effectively with partners and leveraging on demand business technologies, a company can flex its extended supply chain. This enables the company to vary capacity, address

supply chain disturbances, exploit cost advantages, and adjust to new build requirements simultaneously. The company accomplishes this by working with a network of partners as one virtual factory and achieving true differentiation.

5.2.2 Increasing business flexibility

All companies try to match expenses to revenue. This is a fundamental and seeming perpetual struggle for most companies. Usually it takes a company from two to three quarters to adjust expense ratios given a change in revenue. Analysis by IBM Institute for Business Value has shown that during the recent economic downturn, information technology (IT) spending actually increased from 3% to 4% in a typical company that had a 20% year-to-year drop in revenue and net income down even further. This is a prime example of how traditional companies struggle to keep revenues and expenses in line.

Companies that employ on demand business build variable cost structures, allowing them to adjust costs to revenue within a quarter. This provides enormous value to enterprises, particularly those that are publicly traded, by enabling them to meet financial goals even when revenue declines. Further, on demand business technologies allow key executives to have instant visibility into performance indicators for all aspects of the business anywhere in the world. For instance, IBM CEO, Sam Palmisano, can log into the IBM intranet anytime and view key performance metrics, updated in near real time, for all IBM brands and geographies.

Leading companies are so proficient in managing volatility that they can sustain negative cash cycles. For example, suppose a major retailer orders 500,000 copies of a DVD from a major supplier and needs to reimburse the supplier within 30 days. Within the first week, the retailer stocks the DVDs on the shelves of its stores across the country. Within three weeks, it sells almost all of the DVDs. In this scenario, the retailer would have received the DVDs, shipped them to its stores, and sold them to their clients (making a profit in the process), all before they even paid the supplier.

Companies that implement on demand business typically exhibit the following best practices, which increase their business flexibility:

- ▶ Outsource non-core business components, including production, distribution, human resources (HR), finance, and IT
- ▶ Implement a transparent demand/supply chain
- ▶ Share risk and reward with suppliers, subcontractors, and partners
- ▶ Understand and mitigate emerging risks of operating in an ecosystem
- ▶ Pursue risk and reward arrangements with vendors

5.2.3 Improving the client experience

For over a decade, companies have been trying to orient themselves to be more client focused. In doing so, they have been responding more effectively to client wants, needs, and demands. However, on demand business companies strive to shape demand, which goes beyond being only responsive to client demand.

This means that the end-to-end client experience, across every touch point, is a differentiating competency for companies that use on demand business. Leading companies manage client relationships rapidly, seamlessly, and with trust. On demand business technologies enable those employees that interact with clients to have an integrated view of the clients wants, needs, and behaviors across transactions and channels. This allows real-time responsiveness to client needs (for example, proactive service, cross-sell, and up-sell).

Companies that implement on demand business also work to identify the right person, at the right time, at the right place, to better serve clients. Employees can have instant access to centers of knowledge within a company so that they can handle client inquiries with minimal hand-offs.

5.2.4 Extracting greater value from data

To make all of the differentiating activities work within an on demand business, it is critical that the “right” data be made available anytime, anywhere, and from anyone. Although security and privacy are of utmost concern, there is a danger in protecting a company’s data assets from those that need them for legitimate business purposes. Companies have a tendency to lock data in a virtual coffer, allowing access to only a privileged few.

Further, traditional reporting and querying processes may not be sufficient to meet the needs of an environment built around knowledge. For instance, new distributed algorithms for data sampling allow analysts of leading companies to efficiently build models that enable them to predict how each client will act in a given situation. The data is used to develop targeted campaigns, trade promotions, and products. The large quantities of data that must be managed, governed, and made accessible on a wide scale, require new data architectures and query tools. Care must be taken so that the user community is not overwhelmed with data, which could strangle processes.

Addressing ease of access, breadth of relevant results, and “usability of results” issues are key factors to enable agile business decision making. On demand business environments require access to multiple types of data wherever and whenever needed. Quality of service guarantees, along with the computing and network infrastructures, need to evolve in support of these requirements. Making daily business decisions increasingly relies on the ability to analyze large

volumes of both structured and unstructured data. Businesses that harness this capability can better anticipate market and consumer shifts and enjoy leadership according to other key metrics (time-to-market, client satisfaction, and so on.).

Companies can create value by managing and making accessible enterprise knowledge that goes beyond transactional or client data. Documents, presentations, and other materials may have valuable information that can be referenced or reused. Value may be derived from non-traditional data that companies may have at their disposal. For instance, companies can use voice monitoring technologies for client calls to sense voice tones that identify an irritated client. These calls can be forwarded immediately to a specialist or supervisor.

5.2.5 Driving business innovation

For many companies, time to market is the top business challenge facing them. To be late to a new market, or with a new product, can mean lost market share, substantial competitive disadvantage, and the inability to set standards, all of which can be extremely difficult to overcome.

In general, organizations that employ on demand business are consistently first to establish profitable markets by doing the following:

- ▶ Allowing the integration of design activities with the research and development activities of internal and external clients
- ▶ Enabling rapid identification of a market opportunity
- ▶ Providing enhanced decision making ability
- ▶ Virtualizing the design infrastructure to minimize capital costs
- ▶ Allowing efficient use of resources across a distributed design team

5.3 Making better use of resources to be more productive

In addition to enabling companies to differentiate the critical aspects of their business and capture value from unexpected areas, on demand business promises to deliver immense productivity gains to companies that embrace the possibility.

5.3.1 Optimizing today's IT investments

Typically, companies apply on demand business concepts first in the area of information technology to make better use of IT resources. By adapting open,

autonomic, virtualized, and integrated technologies, companies can substantially lower the cost of integrating and running their IT operations without giving up functionality or availability. Further, by leveraging outside specialists to manage IT assets, companies can pay for only those resources that they use. This is similar to paying a utility bill. In this case, IT spending can be adjusted with changes in revenue.

In the early 1960s, IT was used to automate simple, small slices of processes, such as paycheck printing. Over time, an ever larger part of these processes was automated. Later, these automated processes were linked and integrated. Today, business process integration is a major theme of the IT services industry, and all of this is putting new demands on IT infrastructure. Even in traditional companies, an ever-increasing percentage of business processes are critically dependent on IT for efficient operation.

Today, in the on demand era, operations are becoming touchless and simultaneous across different facilities and with trading partners. This is partially enabled by technology, but it is mostly due to a cultural shift whereby companies and their partners are now using standard-based technology allowing better integration, connectivity, and data exchange.

Companies with on demand business deploy infrastructures that sense changes in capacity and self correct. They can support security, transparency, and access across partners, clients, and geographies. Systems can seamlessly link across the enterprise and trading partners. This enables real-time visibility to critical data, while decreasing complexity to end users. In addition, due to the lower cost of operating resources, companies can devote the majority of their IT budgets to creating new capabilities, rather than on maintenance.

5.3.2 Improving employee productivity

Companies that employ on demand business see considerable increases in employee productivity. On demand companies look to outsource non-differentiating components of their businesses, which allows them to focus their human capital on true value adding activities. On demand companies also use technology to simplify employee access to content, applications, people, and processes. Because of these factors, companies that have a high level of on demand business maturity have a revenue-per-employee ratio that is much higher than the industry average, a high level of pay, and, as a result, low employee turnover.

In an on demand business environment, organizational flexibility increases so that departments, levels, and reporting structures matter less. Skills, projects, and relationships matter more. Companies can match work to people and people to work without a time lag. Employees have visibility into their individual and

organizational performance metrics and their “score” relative to business objectives, in real time.

5.3.3 Streamlining processes

One of the first steps that a company should take when embarking on an on demand business journey is to determine its truly differentiating process areas and the processes needing more efficiency. Those that are standard, such as IT, finance and accounting, human resource management, and so on, may be managed by external specialists or outsourced. This guarantees productivity gains in those areas by leveraging best-in-class providers. It also acts to change a significant amount of a company’s fixed costs to variable costs. However, another way that companies can squeeze value out of its operations is to become more efficient in those differentiating processes and components that they retain.

In the on demand era, streamlining processes is not simply a matter of performing the same functions with fewer steps. It is about optimizing operations for cost and quality, often on a global basis. For example, IBM has developed optimization algorithms around key business processes and has run them many times in simulations to derive the most efficient methods for product and supply chain planning. Based on this optimization research, IBM has developed integrated, and optimized solutions to interrelated, complex problems, including inventory management, product design, and production scheduling for leading steel manufacturers in Japan. These solutions resulted in significant savings, attributable to reduced production costs and lead-time reductions.

5.4 Increasing security and resiliency

Business contingency is both a threat and an opportunity for companies in today’s business environment. The terrorist attacks on 11 September 2001 against the United States cost companies billions of dollars as the global economy shuddered.

Information Technology (IT) security is a vital component of business success and is very important to securing their business data and information and to the security their business processes. As the Internet increasingly becomes an effective means to conduct business, the challenge of protecting IT infrastructures from intruders and malicious code attacks such as trojan horses, viruses, malicious scripts, and malicious applications.

To overcome the immense threat faced by many organizations, a company must identify every individual accessing its network and allow access only to authorized users who are identified and meet the company’s compliance criteria.

Every time an intruder successfully breaks into a corporate network or infects computers with a virus or malicious code, it can cause damage that may result in substantial financial loss (loss of revenue) to the businesses involved. Companies must defend their IT infrastructure continuously and keep themselves protected from intrusions. For example, one infected server or workstation can potentially bring the whole company network to its knees because it did not comply with their security policies.

IBM is taking the lead in industry-relevant security products, services and solutions to address safety and security concerns. IBM has the resources to help assess, detect, protect, correct and recover from security exposures in IT and physical security environments.

Resiliency is another issue that companies must deal with. Often, the realization that there are resiliency exposures comes at a time of crisis when a core business application and the associated processes are at a standstill. An outage is most likely caused not by a disaster, but by some unexpected, non-disaster situation such as the failure of a critical component somewhere in the IT infrastructure. A disaster recovery solution can be defined as one that necessitates a remote recovery resource. Most businesses have some level of disaster recovery. The most common being nightly tape backups and off-site archiving. Having an acceptable disaster recovery solution does not necessarily translate into an acceptable solution for typical, non-disaster outages. In fact, in the event of an actual disaster, clients may be more tolerant of recovery delays and problems. The real challenge is *how to maintain 24x7 operations* during a non-disaster outage.

Companies must focus on both non-disaster and disaster related outages and put plans in place for both events. Infrastructure providers are finding big business in contingency planning services, largely due to the following factors:

- ▶ Geopolitical instability threatens operational performance of globally integrated firms.
- ▶ Natural disasters continue to create economic turmoil.
- ▶ Computer viruses and other virtual dangers threaten the IT environment, client and employee security and privacy.
- ▶ Labor unrest erupts within sensitive industries and spreads to other economic sectors.
- ▶ Demographic shifts will cause expected and unexpected changes in the business climate.

On demand business technologies and concepts reduce the impact of catastrophic change and support long term survival by building redundancy and the appropriate level of security throughout the business model.

This leads to the following:

- ▶ Reduction of exposure to unforeseen shocks
- ▶ Preparation for potential changes and threats
- ▶ Implementations that are anticipatory of future disruptive events

These elements drive risks from the business and create value for the enterprise.

5.5 Increasing data privacy

This section lays out the general principles that underlie specific privacy practices. It will be of most interest to readers who want background on the thinking behind privacy approach. Due to the increased visibility and oversight of privacy of data, various companies choose to implement privacy guidelines differently. The goal is to protect the Personally Identifiable Information (PII) of our customers. If the customer elected to limit further use of their Personally Identifiable Information from use for future contacts, this personal data should not be collected or stored in any contact management system. However, if their personal data is already in a contact management system due to a prior contact, the data may continue to reside there, unless, of course, the customer requests by appropriate communication to have it removed. This is extremely important and companies should implement it with utmost seriousness. For example, it is not uncommon in the United States to receive a copy of privacy policies and statements when you visit a doctor's office.

It has become mandatory for companies to comply with regulatory guidelines such as the Gramm-Leach-Bliley Act (GLBA, also known as the Financial Services Modernization Act). The Gramm-Leach-Bliley Act has provisions to protect consumer information held by financial institutions. This act provides the authority for federal agencies to enforce and administer the Financial Privacy Rule and the Safeguards Rule.

There are various places where customer's PII may be exposed. It is the responsibility of the corporation to ensure that each and ever place where customer's PII is exposed is carefully analyzed and proper data privacy protection measures are enforced upon. For example, a PII may be collected at any of the following channel points:

- ▶ Sales, service, or support
- ▶ Product development
- ▶ Human Resources
- ▶ Press relations
- ▶ Stockholder relations

- ▶ Any other organization of function that has contact with visitors to company's external Web sites

PII can be used in various ways, such as the following:

- ▶ Accuracy of the data

Personal data used for contact purposes should be accurate and complete and should be kept up-to-date to the extent feasible. Out-of-date data can lead to wasted mailings, unwanted telephone calls, and unneeded contacts. For the same reasons, personal data should be retained for no longer than is required for the purposes stored. The longer unwanted data is stored, the greater the probability of misusing or exposing it.

- ▶ Limited use of personal data

Data collected from Web site visitors who choose to limit the use of their data to a single transaction must be entered only into the systems that are necessary to perform the transaction.

If the visitor requests information about fulfillment materials, the visitor's data must be entered in the fulfillment system, and not into the contact management system. Information about an individual ordering products must be entered only in the appropriate product ordering system. Care should be taken to ensure that contact information does not later "leak" into the customer contact management systems used for selecting contacts for future marketing campaigns.

Data from individuals who request limited use of their information must not be entered into any customer contact tracking system. If this individual's information must be passed onto a business partner or an associate for contact or fulfillment, the business partner must be advised that the information provided in this contact cannot be used for future marketing contacts. In addition, all contracts with Business Partners must ensure that they provide for the proper use and control of information security, and that the contract must limit usage of the data given to the Business Partner in the same way as our Web site privacy practices present it to the client.

- ▶ Unlimited use of personal data

These instances apply to all other, unlimited contacts with Web site and online visitors either in the form of business clients or consumers

- Marketing to business clients

Business customers are those customers buying for the use of a business. All contacts with business customers originating from the Internet or other online systems, and intended for future marketing use, must be entered in the designated Direct Marketing (DM) country customer contact system. This includes information provided by the customer and requests for the suppression of future mailings.

Suppression allows the customer to request that they receive no further unsolicited contacts from the business. Adhering to suppression list requests must become a way of life for the corporations and organizations, world wide. The direct marketing organizations must have the mandate to perform this mission in all geographies. In the absence of this mandate, it is possible to loose the customer base slowly but surely.

– Marketing to consumers

Consumers are individuals purchasing for their personal use. Clearly there may be some overlap with business customers, especially in the small office-home office area. All contacts with individual consumers must be entered in the appropriate consumer marketing database system or process for a given geography. These databases must be used as the primary focal point for tracking:

- Customer suppression requests
- Customer interests and preferences

5.6 Facilitating and enhancing business control compliance requirements

Recently, businesses have been forced to cope with a significant surge of government regulations dealing with fiduciary compliance, such as Basel II, International Accounting Standards (IAS), and Sarbanes-Oxley. This wave of regulation, as well as investor backlash to well-publicized financial scandals such as those affecting Enron and WorldCom, is compelling finance organizations to improve risk management for the enterprise.

Any company with stock that is publicly traded in the United States must comply with the Sarbanes-Oxley Act, regardless of whether the company's headquarters is located in the U.S. This compliancy requirement was enacted to protect individual investors, and corporations are required by law to provide truthful financial statements. All public financial statements released by corporations are subjected to intense scrutiny by regulatory authorities. Hence these legislations mandate every company maintain the integrity of its own data and provide the same level of protection to the data it cares for.

Regulators and investors alike are demanding that companies strengthen their fiduciary responsibilities around managing risk and business returns including providing increased confidence and control. Chief financial officers (CFOs) must now manage the quality and risk inherent in enterprise resource allocation and value creation strategies. Essentially they must manage the volatility of the firm's value net and report the results accurately and honestly.

The CFOs of on demand companies are better prepared to address these challenges due to the following:

- ▶ Consistent, integrated sources of data
- ▶ Rules-driven processing and reporting
- ▶ Integrity in financial and performance metrics

The on demand business model relies on the end-to-end integration of business processes and technologies. For many years, improving the responsiveness of the finance department often meant simply implementing Enterprise Resource Planning (ERP) or data warehouse integration solutions.

On demand business in finance can now help companies capitalize on these previous investments. It can also make integration happen much more quickly through such vehicles as the virtual close, end-to-end financial process management, enhanced business intelligence (BI), and business transformational outsourcing. By harnessing the full power of technology and seamlessly integrating it with componentized processes, finance can be uniquely positioned to help the enterprise respond with flexibility and speed to any regulatory change.



Mapping the IBM offerings: business and infrastructure solutions

Today, IBM delivers breakthroughs in business innovation and productivity to drive the success of your business in this dynamic, fast paced world. IBM has the industry and technical expertise to create solutions that can help transform your organization. IBM solutions can integrate hardware, software, business consulting, IT services, and Business Partner applications.

This chapter identifies the key investment areas based on client needs. It also presents an overview of the various business value propositions by IBM business units.

6.1 Key investment areas

Research with chief executive officers (CEOs), chief information officers (CIOs), line of business (LOB) executives, and information technology (IT) management across diverse clients indicates the following key investment areas emerging as primary client needs. Satisfying these needs enables businesses to make progress towards reaching their strategic business imperatives.

▶ **Optimize the value net**

Connect suppliers, partners, and buyers to minimize complexity, reduce time, and cut the costs of inventory, production, sales, and delivery.

▶ **Increase business flexibility**

Manage market volatility and unpredictability more effectively by creating flexible structures, processes, and resources that can cope with constant change.

▶ **Extract greater value from data**

Federate fragmented and inaccessible information to achieve more informed, accurate, and timely business decisions.

▶ **Improve the client experience**

Increase the loyalty of clients by making them better informed and by finding ways to consistently meet or beat their ever-rising expectations.

▶ **Drive business innovation**

Increase speed to market and delivery of new products and services.

▶ **Optimize today's IT investments**

Increase capacity utilization, enable heterogeneous environments, and remove siloed IT infrastructures that are difficult and costly to manage.

▶ **Improve employee productivity**

Introduce systems and processes that increase employee communication and collaboration. Provide everyone access to all the necessary resources, skills, and tools.

▶ **Streamline™ processes**

Remove disconnected and fragmented processes that result in business inefficiency and process redundancy.

▶ **Increase security and resiliency**

Provide ongoing business continuity for employees, suppliers, and clients, increasing both business and IT productivity and efficiency in operations. Provide the ability to scale resources up or down to address client demand.

► **Facilitate and enhance business control compliance requirements**

Enable streamlined business controls so resources can focus on differentiating activities. Provide the ability to respond rapidly to end consumer safety issues and conform to government regulatory requirements. Establish a framework for real-time business performance management, business risk management, content management, and data integrity.

IBM and IBM Business Partners provide industry-specific offerings and solutions to meet the needs of these key investment areas. This is done by combining business process knowledge and technology, through flexible options, to enable to clients make better use of resources to become more productive. IBM, with its end-to-end capabilities, can help clients develop a customized roadmap that is focused on the needs of their businesses in the context of their industry. That is, the client can start from a point that is appropriate for them. This may be from a single-product purchase through an entire enterprise transformation that provides intermediate and long-term value to assist in becoming an on demand business.

Clients are focused on and progressing toward the following strategic imperatives:

► Innovate the business to differentiate and capture new value.

Organizations need an innovation partner to help them deliver new business value and growth in the market through product innovation, more personalized client service, or transformation of business processes. In the face of fierce global competition, organizations must be able to anticipate change, rapidly respond to change and their competition, and always be available to their clients and partners. IBM can help organizations become more of an innovative and an on demand business by integrating processes and business behavior, across teams and value chains, to respond more quickly to market changes.

CEOs indicated in the Global CEO Study 2006 that a key source of innovation comes from their employees and their business partners. By knowing their products and services, the market and their business processes, these people can identify ways to innovate the products and services, anticipate changes in the market and competition while enhancing the business processes and operating environment.

In order to take advantage of this knowledge, organizations need to enable collaboration and capture and share expertise and knowledge. The correct information at the right time can enhance decision making and allow organizations to take the right actions.

► Make better use of resources to be more productive.

In today's difficult economic climate, organizations want to make better use of resources, whether by saving a step in a business process or by improving linkages with their business partners. Organizations want to achieve more out of the resources they have in place so they are free to generate additional opportunity. Ultimately, they want to reduce their operating costs. Solutions from IBM and their Business Partners help organizations focus on core competencies.

As shown in Figure 6-1, progress in the investment areas and toward the strategic imperatives delivers the end state where the business is designed and equipped to “break through” in the on demand business world.

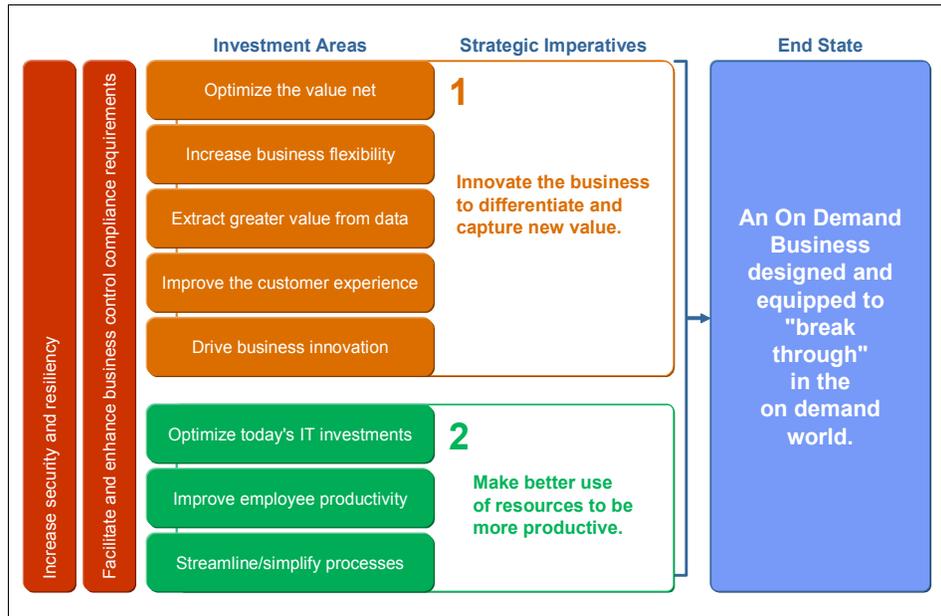


Figure 6-1 investment areas, strategic imperatives, and end state

6.2 Business value proposition for large enterprise

Figure 6-2 on page 79 shows, at an overview level, what IBM offers large enterprise clients in each of the investment areas.

Optimize the value net	Increase business flexibility	Extract greater value from data	Improve the customer experience	Drive business innovation	Optimize today's IT investments	Improve employee productivity	Streamline processes
1	2	3	4	5	6	7	8
<ul style="list-style-type: none"> • Create seamless internal integration, enabling real-time visibility across the value chain and value nets • Synchronize demand and supply, approaching ability to customize efficiently for real-time for one • Optimize inventory/logistics for value and margin • Provide dynamic, real-time pricing enabled across supply chain 	<ul style="list-style-type: none"> • Develop and deploy solutions that enable the enterprise to sense changes in environment and respond dynamically • Provide variable cost operations • Offer usage-based costs 	<ul style="list-style-type: none"> • Provide access to complete information anywhere, anytime • Identify opportunities through data analysis • Asset-based development to protect and reuse unique intellectual property 	<ul style="list-style-type: none"> • Fully automate customer and channel self-service with access to all functions and channels • Create a seamless, single view of customers with consistent interaction models across all channels 	<ul style="list-style-type: none"> • Develop Web-based product design and simulation tools • Offer collaborative organizational tools, including distributed knowledge, linked with market feedback • Software development platform to differentiate products and operational efficiency 	<ul style="list-style-type: none"> • Provide shared services models applied throughout organization • Consolidate virtual and local applications and infrastructure management • Create highly utilized, interconnected, autonomous infrastructure • Develop resilient infrastructure that is self-diagnosing, self-healing • Virtualize data centers with grids of resources, both on-and-off premises 	<ul style="list-style-type: none"> • Integrate HR processes and streamlined processes; efficient shared business support functions; HR staff with internal coach and external BPO management roles • Develop highly flexible employee (re) deployment enabled by virtualized learning • Build robust HR portals with rich self-service functionality • Automate and integrate software development as a business process for higher IT ROI 	<ul style="list-style-type: none"> • Remove redundant steps or touches in business processes, automate process steps across business units; reduction in non-core activities • Implement collaboration tools across organizational boundaries to speed up information flow • Reduce non-core activities through BTO • Automate links with external partners
<p>9 Increase security and resiliency</p> <ul style="list-style-type: none"> • Ability to recover quickly from external disruptions to operations • Protection from external threats • Resilient infrastructure and processes <ul style="list-style-type: none"> • Provide dynamic, real-time pricing enabled across supply chain 							
<p>9 Increase security and resiliency</p> <ul style="list-style-type: none"> • Ability to recover quickly from external disruptions to operations • Protection from external threats • Resilient infrastructure and processes 							
<p>10 Facilitate and enhance business control compliance requirements</p> <ul style="list-style-type: none"> • Effectively distribute risk among partners • Robust risk management to reduce capital requirements • Increased ability to manage regulatory compliance 							

Figure 6-2 Large enterprise investment area offerings

6.3 Business value proposition for small and midsized business

Figure 6-3 on page 80 shows, at an overview level, what IBM offers small and midsized clients in each of the investment areas.

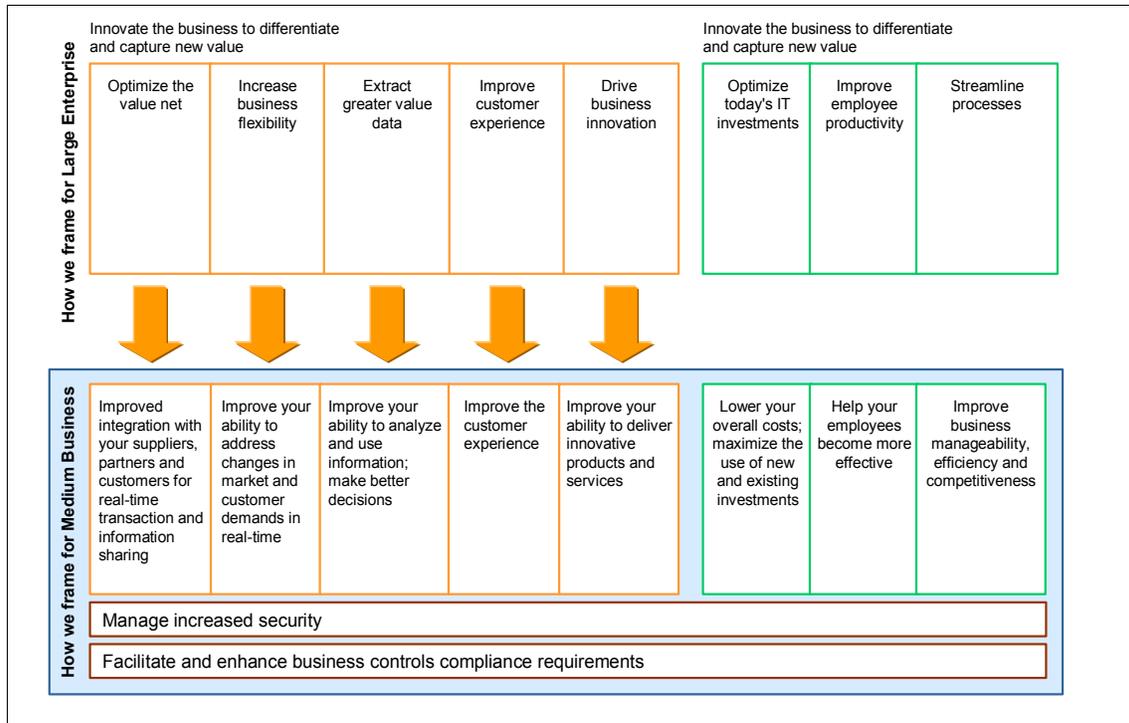


Figure 6-3 Small and medium business investment area offerings

6.4 Business value proposition for IBM Global Services

IBM Global Business Services expertise ranges across key business issues and deep into industries in virtually every country and every culture worldwide. Global Business Services business experience is real and so are the results that the team brings to clients. They help clients unlock value in areas such as human resources, sales, marketing, finance, accounting, business strategy, supply chain, logistics, and procurement. They show clients new ways to transform their business, their thinking—and their bottom line.

With Global Business Services' unique combination of industry insight, high-powered research, and technology expertise, they can transform your business like no other firm.

Now you can take a quick, easy innovation assessment and learn how your company rates on key elements of innovation. Based on the insights of the Global CEO Study 2006, the tool analyzes your responses to key questions

about your organization's innovation approach—and compares the results to those of the 750 CEO Study participants.

Find out how your organization rates along critical dimensions of innovation. Come away with recommendations for how to move your company forward. Establish an innovation strategy that will help you stay ahead of our industry.

For more details on the innovation assessment, see the following Web site:

http://www.ibm.com/services/us/bcs/html/gbs_ceo_iat.html?re=gbshome

6.5 Business value proposition for IBM Software and industry solutions

IBM software can help businesses innovate by helping build supportive business processes and structures. IBM software is open, scalable, secure, and industry focused. IBM software products and industry solutions help you innovate and become more flexible, while making the most of current resources and controlling costs.

IBM industry solutions, built on IBM Workplace™ and WebSphere® middleware, enhance productivity by integrating people, processes, and information. These flexible, customizable software combinations can help you solve business problems specific to your needs.

IBM software provides high-performance technology tuned with applied business expertise. This can help businesses increase their productivity, manage business change and complexity, and improve time to realized business advantage.

IBM software solutions securely integrate, manage, optimize, and extend IT investments. Clients are able to realize differentiated business performance by capturing and applying their unique business practices through software development.

6.6 Business value proposition for the IBM Systems Group

IBM's open standards-based portfolio of systems, servers, storage systems and emerging technologies can help businesses large and small resolve today's most common and immediate infrastructure management issues—and build the IT foundation for on demand business. IBM products bring business value:

- ▶ IBM Systems

IBM Systems are being designed around the core principles of collaboration, openness, and virtualization, which are essential ingredients of the kind of integrated infrastructure that can move your business to the next generation of computing, collaborative processing. Collaborative processing is what happens when an organization transcends its standard organizational boundaries, changing the way people interact with each other and with the IT environment that supports them.

▶ IBM Servers

IBM offers proven hardware that drives real results for every-sized business. IBM servers and systems deliver leading-edge technology developed with an eye toward recognized industry standards.

▶ IBM Storage

IBM is a market leader in the storage industry. Innovative technology, open standards, excellent performance, a broad portfolio of storage proven software, hardware, and solutions offerings—all backed by IBM with its recognized leadership are just a few of the reasons why you should consider IBM storage offerings.

▶ Emerging technology

IBM provides various technologies that enable you to solve existing problems and to reach into the future of computing:

- IBM *Virtualization* moves you beyond simple partitioning and islands of virtualization for single technologies or platforms. It offers a holistic view of all your IT resources, allowing you to better manage, delegate, and provision assets in a way that fully supports business goals. Our open, virtualization-enabled server and storage systems allow you to create Service Oriented Architecture (SOA) and Web Services environments for an on demand business even across a heterogeneous, multi-vendor environment.
- *Open standards* enhance flexibility and increase possibilities while helping to protect your current technology investments. By building on this philosophy, IBM's goal is to offer a choice of systems employing technology innovation that can fit within any IT environment, from integrated systems to components that integrate more easily into an existing structure.
- IBM can help your organization optimize what you have today with the vast new potential of *collaborative processing*, where people across an enterprise and beyond can share information and work collectively to solve problems in a highly secure, dynamic, and shared environment.

IBM systems, in conjunction with an extensive portfolio of software and services, provide a foundation that helps you get the most out of IT. Also, you can leverage complementary approaches for the following:

- ▶ Improving IT asset utilization
- ▶ Enabling rapid response to changing business requirements
- ▶ Employing virtualization and systems management technologies to increase flexibility and responsiveness

6.7 Business value proposition for IBM Printing systems

IBM print and electronic output solutions give you the technology you need to implement an information-delivery environment. Such an environment can sense and respond to market requirements, manage costs through increased utilization and productivity, and ensure business continuity.

Based on technology leadership and the broadest support for open standards, IBM print and electronic output solutions help you achieve the most from your output infrastructure. Only IBM, with end-to-end output assessment capabilities, can help you build a plan to consolidate, optimize, and integrate your output environment. And this, in turn, helps reduce client print and output costs.

IBM provides printers to fit your business needs:

- ▶ Network printing

Many companies have turned from centralized, in-house reproduction centers to distributed, network-based printing to support departments and workgroups. Network printing is successful for several reasons:

- Applications are closer to the users who can turn around jobs much more quickly, which streamlines overall workflow.
- Distributed, network printing for typical short-run general office projects is generally more economical than the two alternatives: reproduction centers or individual inkjet or desktop printers.
- Internet “Pull printing” using ImageQuick technology to print Web pages directly from the printer can help reduce pre-printed forms, brochures, and manuals.
- Printers on a network can be monitored and managed much more efficiently through management software, so you can reduce help desk costs.

- Networked printers pave the way for device and supply consolidation, which can provide dramatic cost savings while you boost functionality through multi-function printers.
 - Advancements in security at both the data stream and printer levels contribute in multiple ways to protect data and control access with the use of both monochrome and color printers.
- ▶ Commercial printing
- By operating, monitoring, and managing your print environment with scalable and dependable IBM Infoprint® digital output solutions, you can continually improve quality and effectiveness while achieving a lower total cost of operation. Commercial printing environments:
- Book publishing

Achieve cost and turnaround objectives for high-quality short-run jobs, while you significantly reduce inventories by printing on demand.
 - Direct mail

Combine print quality, media flexibility and bottom-line focused hardware and software management tools to sharpen your competitive edge.
 - Service bureaus

Thrive in a high-volume, low-margin business by reducing operational costs while you meet deadlines with accuracy and integrity.
- ▶ Transaction output
- When you have a flexible, scalable printing infrastructure, you can respond more readily to customer requests and take advantage of new opportunities, markets, or customers as they emerge.
- In addition, government regulations require compliance. Your business needs to be able to act and react quickly—to become an on demand business.
- IBM Infoprint solutions can help transform your infrastructure and output to be more flexible, reliable, customer-specific, and to meet compliance requirements. With open solutions that work with your existing infrastructure, you can increase productivity and improve return on investment while helping to assure document integrity.
- ▶ Industrial, warehouse, and distributed print
- Versatility, reliability, and cost effectiveness are absolute mission-critical requirements for warehouse and industrial environments. In an on demand world, you cannot afford to miss a step, especially since your applications run the gamut—from general office printing and reports to financial spreadsheets to supply chain labels, RFID tags, and shipping documentation.

Everything runs on information, and it is printers that turn information into the documentation that you need to run your supply chain efficiently. Slowdowns or breakdowns can cause disruption in your supply chain, threaten customer satisfaction, and even trigger charge backs.

Leverage IBM's output solution expertise to minimize your clients' risk. Take advantage of the latest technology while the client simplifies and integrates output throughout their supply chain. IBM's broad portfolio of industry-leading thermal, impact, and laser printers offer rugged, reliable support for demanding users, applications, and environments.

In addition, IBM can help your client implement end-to-end RFID and wireless solutions, along with boosting security and improving productivity through the use of multifunction devices.



Building client relationships

People prefer to work with those that they trust. Clients are no different. They prefer working with others that are trusted and knowledgeable about their business. IBM and its partners bring trust to the client relationship through our huge breadth and depth of technology experience, methods, guidance, and resources that are being applied in the industry. This is evidenced with the many IBM and partner customers who have already started and implemented their on demand journey.

This chapter provides insight into building the client relationship by the following:

- ▶ Understanding the client in a broader sense
- ▶ Asking questions that reveal their true problems and priorities
- ▶ Helping identify and prioritize their business problems and requirements

This chapter examines how to determine and understand the client's driving forces, business strategy, technology preferences, and financing preferences.

7.1 Understanding the client imperatives

An in depth understanding of the client's imperatives and strategy is essential in order to start and move a relationship forward with a client on their on demand journey. It is essential to have an understanding of the business strategy and the issues and problems that they face.

An excellent way to develop knowledge on your client's imperatives is to work with them to elicit information about their business. Some starting points include sharing and confirming the information presented in the Global Innovation Outlook™ 2.0 and the Global CEO Study 2006. Verify if the information presented in these studies holds true for your client. Furthermore, expand to identify not only how they wish to transform their business to an Innovation enabled by on demand business but more specifically what they want to do. This can be done through the use of the qualifying questions shown in Table 7-1 on page 89.

Also it is just as important to determine what the client does not want. Investigate to find the level of need and commitment to move to an on demand business as some clients may not want to move to on demand business immediately. For example, their current business model may suffice overall but the client may want to consider Innovation enabled by on demand business for particular areas of their business.

Research on clients and information about their respective industry is also available on PartnerWorld:

<http://www.ibm.com/partnerworld/>

Implementing an on demand model requires a deeper understanding of the business, knowledge of potential new strategies, and use of technical assets. This is fundamentally a different solution play in that standards, technology, and business models come together in ways they have not in the past to provide new options for growth, markets, use of assets, speed, and taking advantage of or creating new strategies. It requires not only management and governance, but a strong client sponsor that is willing to work with a Solution Advisor as a partner.

Establishing and building the client relationship is extremely important to function as a trusted Solution Advisor to your client's needs. With knowledge of your client's industry and internal organization you can better understand your client and establish the client relationship effectively. Information about the industries is available in Appendix B, "Industry basics" on page 173.

7.2 Qualifying questions to access a client's critical needs

As previously mentioned, it is important to gain a deep understanding of the client, their business strategies, and imperatives as a basis to effectively develop the client relationship and transform the client towards an on demand business. Table 7-1 lists some thought provoking questions to initiate a dialogue with a client.

Table 7-1 *Qualifying questions*

Business area	Questions
Innovation	<ul style="list-style-type: none"> <li data-bbox="727 522 1367 586">▶ Do you think that you have taken traditional cost cutting as far as possible? <li data-bbox="727 597 1367 661">▶ Do you understand the value of taking innovation further? <li data-bbox="727 671 1367 736">▶ Are you encouraging innovation to create true differentiation across your organization? <li data-bbox="727 746 1367 810">▶ Would you describe the services you provide to your customers as unique or innovative? <li data-bbox="727 821 1367 920">▶ Would you consider your employees and partners as equal players in innovative as your Research and Development? <li data-bbox="727 930 1367 994">▶ Have you considered new ways to turn your supply chain into a <i>demand</i> chain? <li data-bbox="727 1005 1367 1069">▶ Are you looking into your infrastructure to uncover hidden opportunities? <li data-bbox="727 1079 1367 1178">▶ Is there an adjacent market opportunity that you want to pursue but lack the business model to pursue it? <li data-bbox="727 1189 1367 1253">▶ Are you concerned that your latest innovation may be your last?

Business area	Questions
Growing and cost cutting	<ul style="list-style-type: none"> ▶ What are some key areas or concerns holding you back today? ▶ Are there any potential new market opportunities with suppliers or customers? ▶ How do you transform your business to make it more competitive? ▶ How do you tap into a broader set of expertise and resources? ▶ How do you transform your IT environment?
Globalization and international concerns	<ul style="list-style-type: none"> ▶ Do you think the <i>flattening</i> of the world effects your company? ▶ Does your strategy include always having control of your complete supply chain? ▶ Do you have or experiment with opening up your processes to your partners, so they can either share in the processes or perform part or all of these processes?

7.3 Understanding a client's business strategy

As a Solution Advisor, your job is to go inside the organization and determine the following:

- ▶ How it operates
- ▶ How things are supposed to work
- ▶ How things actually do work
- ▶ Who holds the purse strings
- ▶ Who makes the decisions

These factors are all important in determining the clients' business strategy. As you work with the client, your goal is to become a logical member of their organization and a trusted asset to their team.

Broad knowledge of your client's industry and the challenges that they and their competitors face is an essential element in understanding a client's business strategy. Learning about your client's industry does the following:

- ▶ Help you understand the competitive forces within their industry
- ▶ Help in evaluating the attractiveness of, and growth opportunities within, this or a related industry

- ▶ Help your client to develop effective strategies to raise their profitability, power, and competitive position

To gain a broad knowledge of your client's industry and marketplace, there are several resources available through Partnerworld:

<http://www.ibm.com/partnerworld/>

On demand materials are also available through IBM Partnerworld, which contains an Innovation enabled by on demand business section. There are briefs by industry to get you started and information regarding *Innovation that Matters*. Further industry insight to understand the industry your client works in and the challenges they face can also be found in the Market Intelligence section.

The *Global Innovation Outlook 2.0* provides a platform for some of the world's most interesting thinkers to engage in a series of open, candid and freewheeling conversations about important issues of our day from healthcare to the environment, the role of government to the future of the enterprise. The outlook provides ideas, statistics, and direction of where innovation and industries are heading. The Global Innovation Outlook 2.0 is available at the following Web site:

<http://www.ibm.com/gio>

Another sources is the *Global CEO Study 2006*, provided by IBM, based on in person interviews with more than 750 of the world's top CEOs and business leaders from all major countries and industries. The most comprehensive CEO level study of its kind, the survey provides comprehensive insight on the planning agenda of these CEOs over the next two-to-three years. The Global CEO Study 2006, is found at the following Web site:

http://www.ibm.com/services/us/bcs/html/bcs_ceostudy2006.html

To determine more specific knowledge about how your client views its own image and what its business goals are, turn to these publicly available forms of information:

- ▶ Their annual report
- ▶ Their Web site
- ▶ News articles relating to them

As you meet with key personnel within the prospective client's organization, you will find that people have different roles, responsibilities, and views. While you are trying to ascertain if they will do business with you, they are making decisions about you as well.

We recommend that you follow the IBM Signature Selling Methodology (SSM), which provides a common playbook for teaming with your client. For information about SSM, refer to (you will need a your password and id) the following Web site:

http://www.ibm.com/partnerworld/pwhome.nsf/weblook/pe_ssm2_rev.html

7.3.1 Business strategy approaches

A business strategy is a client's vision statement and continuous value proposition of what they are delivering to their customers and identifies the customers they are trying to serve. The main purpose of a business strategy is to ensure that there is the same direction for each of the key things that get done in their organization every day. Clients may use various business strategies in order to operate effectively and respond to marketplace challenges and competitors.

To understand a client's business strategy, a Solution Advisor must first understand some common business strategies and their methods. The aim of a component business model (CBM) is to match technology with particular needs and to formulate a strategy to get the most out of it.

A CBM helps to develop a clear line of sight from a client's organizational processes to its business strategy and technological response. This leads to fact-based decisions about the most effective methods for managing change. By deconstructing a client's business operations into components (similar activities that utilize the same data), a CBM clearly depicts how the components collaborate across product lines, functions and geographies, and at the same time points the way to eliminating redundancies, closing gaps, and improving efficiency and resilience.

These examples of business strategy approaches may be in use by clients. Understanding these approaches provides background that is important when engaging clients on business strategy.

► **Balanced scorecard (BSC)**

Produced by Robert S. Kaplan and David P. Norton in the 1990s, the balanced scorecard is a management system that provides a clear prescription as to what companies should measure in order to *balance* the financial perspective. It enables organizations to clarify their vision and strategy and translate them into action.

The balanced scorecard suggests that the organization should be viewed, measured, and analyzed relative to the following four perspectives:

- The Learning and Growth Perspective
- The Business Process Perspective
- The Customer Perspective

– The Financial Perspective

More details on the balanced scorecard can be found at The Balanced Scorecard Institute:

<http://www.balancedscorecard.org/>

▶ Michael Porter's Value Chain

Many clients follow Michael Porter's value chain, which identifies interrelated generic activities that are used to model the firm as a chain of value-adding activities.

The use of the value chain is a good starting point to open dialogue on the client's strategy and open a dialogue in terms of where they are creating value in their business.

From the business strategies above, a Solution Advisor should really get a perspective from their clients on how they visualize their whole company and the kind of strategy or methods they follow.

Basic information about the value chain can be found at the following Web site:

<http://www.netmba.com/strategy/value-chain/>

7.3.2 Driving forces of the business strategy

As you meet with your prospective client, you need to determine the driving forces within the organization. Following are examples of driving forces:

- ▶ Cut costs
- ▶ Increase growth
- ▶ Innovate products and services
- ▶ Transition from a low-cost provider to a high-service provider
- ▶ Produce unique products

Typically, these driving forces are dictated by the company leaders in the form of a business strategy. Each individual within the company has different objectives that are related to the business strategy. For example, the executives are concerned about the business outcomes that the strategy will produce. The outcomes will have measurable financial and functional value in the organization. At the departmental level, individuals should have detailed actions that align with and support the overall strategy.

Business plans are created in support of the strategy. In general, organizations spend a lot of time planning long-term, short-term, and departmental strategies that support a solution to a specific problem. In reality, not all plans are implemented. Plans can be discontinued due to costs, lack of perceived value or benefit, insufficient information, or unattainable time lines.

Hence, a good starting point with clients to determine the driving forces of their business strategy is to determine what are the hot spots and starting points. Furthermore, a Solution Advisor should have some insight on where the client is taking their business and what are the near and long term priorities.

7.3.3 Needs and initiatives of the business strategy

A specific need is what causes a client to follow through on a plan or business initiative. Needs can be articulated in many ways. Examples may be a business problem that impacts the bottom line, an infrastructure issue that impacts revenue producing departments of the organization, or a development tool that is not meeting the needs of a development team. Needs are evaluated (and prioritized) in their alignment with the business strategy and initiatives.

To be an effective Solution Advisor, you must understand your client's business strategy, business initiatives, and needs. For example, an insurance company desires to expand into new markets (a business strategy). The executive team has defined that their company will increase market penetration of new accounts by 20% by offering an expanded portfolio of solutions for on demand business. This in turn suggests the IT department needs a higher performing network to support the infrastructure required by the on demand business offerings (a business driver and need).

An organization has active and dormant needs. An active need supports the business strategy and is explored to support an initiative. A dormant need supports the business strategy and specific initiatives, but clients have yet to see how the need can be met. Your challenge as a Solution Advisor is to turn dormant needs into active needs.

In the previous example, the insurance company did not consider new foreign accounts, because they thought that language and currency barriers would prevent them from capitalizing on them. Therefore, selling to foreign markets was a dormant need for them. The Solution Advisor, working with the client's information technology (IT) department, determines that with the proper infrastructure so they can support multiple languages and currencies. The Solution Advisor can then work with the executive team to help bridge the gap from technical functionality to business need, and turn a dormant need into an active need.

In addition to managing their own needs, clients must either lead or respond to their competitors. Ideally, they are the innovator and come up with the new way or new product in their market. However, if their competitors are first to market, they need to respond appropriately and quickly. For example, a soft drink retailer has recently seen a slow down in sales due to diet trends. Their soft drinks are

high in carbohydrates, and consumers are turning to low-carbohydrate drinks. They want to offer a low-carbohydrate option before their competitors do.

This need drives research and development, test markets, marketing, and sales. It was likely overlooked in their long-range planning, but it is a market trend that demands their response if they are to keep pace with their competitors or gain market share.

When clients create their business strategies and initiatives, they look for ways to improve their business, not just maintain status quo. They want to be more efficient while differentiating themselves from the competition.

Although the examples in this chapter illustrate clear-cut business strategies, initiatives, and drivers, they may not be as clearly or cleanly defined with your clients. It is important that you glean this information from your client and help them develop their plans in the context of on demand business.

The IBM Innovation enabled by on demand helps move your clients to a breakthrough level. Clients must understand the IBM Innovation enabled by on demand strategy, have a desire to follow it, and begin the evolution.

While technology is the enabler to attain the breakthrough in the business, it is not as simple as that. At the core of the client's strategy are the clients' business processes. To reach the breakthrough level with the strategy, the processes must be framed in line with business transformation and the operating environment. Your ability to communicate this continuously during client meetings is crucial to your success as a Solution Advisor.

7.4 Understanding client's constraints

Each client has restrictions or constraints that it must operate within. The most common constraints are cost (budget), time, and effort. A Solution Advisor must consider constraints in order to be successful when proposing or scoping solutions for the client. Considering the constraints illustrates the Solution Advisor's knowledge of their clients' industry and at a deeper level knowledge of the client's organization and business.

Some important client constraints to consider include the following:

- ▶ Culture or leadership constraints

For innovation to occur there is a need for a fresh mind set and a culture that fosters new ideas and parties. For example, a client may wish to add a new supplier in the supply chain or involve an external organization for outsourcing. This requires leadership, communication, and campaigning from both the Solution Advisor and most importantly the client sponsors in order to

achieve buy-in. This cultural change and leadership involvement in communication and campaigning should not be underestimated as they can be substantial roadblocks to an on demand solution.

- ▶ Service Level Agreements (SLA)

SLAs detail how a client must deliver its services. A client may have a service level agreement signed with clients that they service that must be considered when producing a solution.

- ▶ Resources

A client may have constraints on quality and quantity of resources. In terms of human resources, the skill sets that the resources possess can also be a constraint.

- ▶ Organizational constraints

A good example of an organizational constraint is the involvement of unions in the client's labor force. There may be restrictions on the time and hours worked, the roles and activities performed by the organization, and how processes may be implemented. Furthermore, the client may have constraints related to their use of third-party vendors or contractors, which may have restrictions that their employees do not have.

7.5 Helping the client set priorities

The Solution Advisor needs a holistic understanding of how businesses operate through industry-specific business processes. They must be able to identify factors that drive business performance. With this understanding, the Solution Advisor will be able to do the following:

- ▶ Identify new opportunities with clients
- ▶ Respond to client-identified issues
- ▶ Articulate the business value of altering processes
- ▶ Link business issues to IBM offerings

The industry trend is shifting from the old *product sell* model to true partnering and risk sharing. Sellers should use research and data to learn about the client's business needs before they present services and solutions. The Solution Advisor must be equipped to speak to top-level executives in the language of their industry and to partner with them to solve underlying business issues. Selling on demand business requires IBM sellers and practitioners to use the collection of tools and industry-focused assets to engage line-of-business and senior-level client executives in a dialog about their business.

When this is done properly, the result is an issue-based sale that is based on identifying a client need. It often includes more than a product. Although a

product (hardware or software) might fill a gap, the issue-based solution can do the following:

- ▶ Identify a gap in business performance
- ▶ Establish the size of the gap

To implement IBM products and services to fill the gap, an IBM issue-based solution sale can include consulting services, software, hardware, outsourcing, financing, legal, marketing, and any of the other products and services that IBM and our Business Partners offer. It is highly likely that the issue-based solution involves transformation of the company's business processes, because performance gaps are generally caused by business processes that are not optimum. Issue-based solution sales may take longer than straight product sales. However, there is greater potential for the seller to gain substantially more revenue.

Issue-based sales have more extensive sales cycles with multiple stakeholders, buyers, and salespeople:

- ▶ Selling an issue-based solution starts with an investigation to find the problem, rather than trying to identify a want or need. This investigation can expand to encompass other elements as you engage with your clients or prospective clients.
- ▶ It is also likely that the decision makers and influencers of the client will be at a higher organizational level and part of the operations or product organizations. Therefore, solutions sales are more likely to target line of business (LOB) executives rather than the IT organization.

To capture an executive's attention and sell issue-based solutions, you must be able to link IBM solutions to improvements in overall client performance and value. To do so, use a top-down opportunity assessment approach. This approach captures executives' attention by focusing on those issues that drive performance and create shareholder value.

7.6 Understanding the client's technology preferences

Businesses constantly try to find means to overcome new and existing challenges. They develop new strategies, innovate and drive to increase productivity, and most importantly evaluate their organizational structure and corporate culture. In doing so, they may also evaluate their IT needs and existing technology to create business flexibility and optimize the IT infrastructure. A Solution Advisor must be inclusive of all the clients technology preferences as there could potentially be a need for integration of all hardware and software assets. Therefore, it is important for the Solution Advisor to understand the

clients' technology preferences to design and suggest the right solutions that cater to clients with respect to their business needs and initiatives.

As clients pursue their business objectives, they are challenged by continuous change, rigorous competition, financial pressures, and unpredictable threats. Getting a technology infrastructure that supports a company's on demand business initiatives involves an evolutionary approach whereby existing technologies deployed today within client environments can be used to extract immediate value and benefits to the business.

Clients have told us to evolve their infrastructure. Two key areas of focus have risen to the top as illustrated in *the* focus areas (shown in Figure 7-1 on page 99):

- ▶ There must be an increased focus on business flexibility.
To support horizontal business processes in an organization, clients are increasing their focus on overall flexibility. This leads them to develop the capability to make elementary processes work together seamlessly and quickly. Offerings and solutions that support creating business flexibility are referred to as integration.
- ▶ IT environments to support the on demand business capability must be simpler and more manageable.

Clients are increasingly deploying capabilities that let them repurpose application functionality to support horizontal processes, but that requires much more automation and virtualization of resources. Offerings and solutions that deliver on IT simplifications are referred to as infrastructure management.

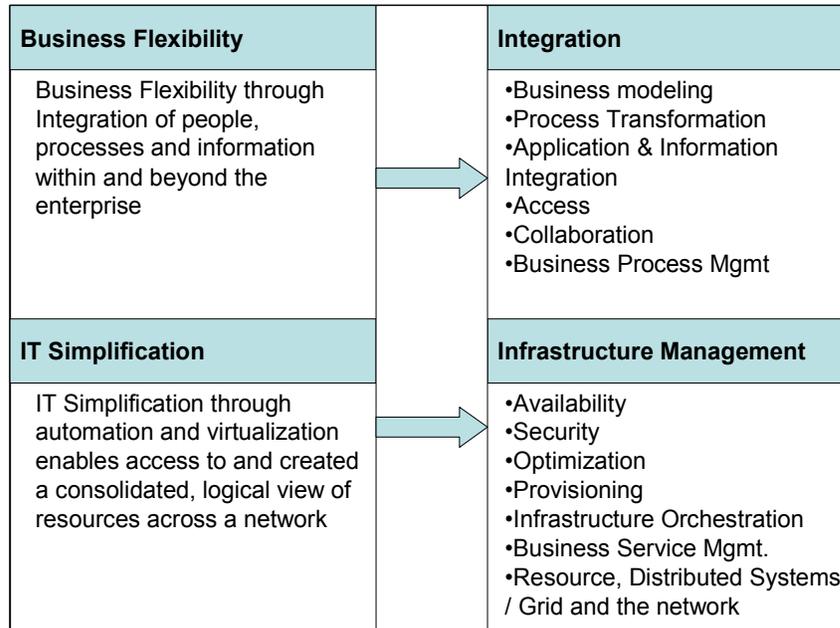


Figure 7-1 On Demand Operating Environment focus areas

7.6.1 Helping the client understand what IBM has to offer

One of the inhibitors to clients starting on the on demand journey is assurance that they have good guidance. Rather than talk about point products, ensuring that your customer understands that the IBM and their partner community has helped many customers along this path is crucial, and that there are a vast array of not just products and offerings but experience in developing and deploying business solutions and a variety of enabling tools to help make the projects run smooth and effectively:

► **Competency centers**

The worldwide IBM Innovation Centers provide our Business Partners with easy access to in-depth IBM skills and cross-platform test environments, to help them design, implement, port, and test their applications for an on demand world. IBM expert teams can be leveraged in over 30 centers to help you build leading-edge solutions faster on IBM platforms and Linux. Activities range from architectural integration consulting to scalability and performance testing.

The IBM Innovation Centers are also supported by the network of IBM server briefing, benchmark, design centers, and services support that provide

additional capabilities across the IBM Servers and TotalStorage® product lines.

For more details, see the following Web site:

<http://www.ibm.com/isv/spc/index.html>

► Business patterns

IBM has identified key business patterns, a group of proven, reusable assets, that can speed the process of developing applications. These patterns are particularly focused upon addressing common business application problems and providing answers to frequent architecture, design, and implementation questions. IBM and their partners use these patterns as the following:

- A starting point for an end-to-end system architecture.
- A detailed example and prescriptive approach, following the product mappings and guidance provided.
- A way to design more complex, multi-channel systems, when several patterns are used together.

► Industry data models

For a company to create an individual data model requires examination of systems that use and catalog each and every data element created and stored within the company. All the data elements must be identified and normalized (by definition) across the systems. Next they must consider any additional data fields and elements required in the future. By obtaining their industry (common) data model, a company obtains the basic information they need to build their data model and can speed their effort to create a custom data model.

► Reference architectures

IBM has at its disposal reference architectures to help business partners and clients create and deploy business solutions. A reference architecture is a resource containing a consistent set of architectural best practices for use by the organization.

► Middleware and component infrastructure roadmap

IBM Express Middleware™ is designed, developed, and priced to meet the needs of midsized companies. It provides the following:

- High functionality in an integrated package
- Ease of use
- Competitive pricing
- Flexibility
- Investment protection

IBM developed the Component Infrastructure Roadmap to provide guidance to client IT executives in planning and implementing initiatives that integrate

on demand technologies and capabilities into their IT environment. The Component Infrastructure Roadmap is based on an analytic framework and planning technique, complemented by a comprehensive database of IT projects that can help you achieve your business and IT objectives.

7.6.2 Helping the client resolve issues

Our objective is not to overwhelm clients with products and offerings but to guide and assure them that IBM has helped thousands of clients deal with issues.

This section identifies various client issues and identifies some of the methodologies and products IBM can use to help them deal with these issues:

- ▶ **Issue:** I don't even know what my business process is exactly, let alone what would happen if I changed it!

Possible options:

- *Business Process Management* - IBM has various tools and services that help you manage the business activities your organization performs and helps you optimize and adapt the processes.
- *Modeling and Monitoring* - IBM provides business process modeling tools that enables you to model, design, simulate, analyze, and generate reports for your business processes; integrate your new and revised process; and define your organizations, resources, and business items. IBM also has tools to create a business activity monitoring environment that displays key performance indicators and metrics through dashboards and scorecards.

- ▶ **Issue:** There are so many versions of the truth from the information but I have to try to make decisions, and it is not even current.

Possible options:

- *Master Data Management* - IBM provides a variety of products within the Information Management and Tivoli® offering to help manage, maintain, and secure your data.
- *Information as a Service* - Information complexity can be minimized and reduced when information is treated like an always-available service. You can transition from a complex information landscape into an environment that will make information more accessible, consistent, and flexible and ensure that the right information is available to the right people and processes at the right time.
- *Data federation* - Products like IBM WebSphere Information Integrator provide the ability to achieve transparency, heterogeneity, extensibility, and openness while optimizing performance.

- *Dashboards* - Various IBM products such as the IBM Workplace Dashboard Framework delivers reusable service-oriented components, robust administration tools, and dashboard-specific features that speed the creation of standards-based, active dashboards.

- ▶ **Issue:** There are applications all over the place, but getting them into one interface would be great!

Possible options:

- *Portal* - IBM WebSphere Portal software, the recognized market leader, extends the portal concept with support for workflows, content management, simplified usability and administration, open standards, security, and scalability.
- *Collaboration* - IBM Lotus Domino® and IBM Workplace provide products that help your employees, customers, and business partners share information using a common interface.
- *Workplace* - IBM Workplace products provide a full range of integrated ready-to-use communication and collaboration tools to enable people to do their jobs more effectively anytime, anywhere.

- ▶ **Issue:** Data is not the problem, making sense of it and doing it now is!

Possible options:

- *Business Intelligence* - IBM combines industry leading System platform offerings with the most extensive portfolio of information management software in the industry, from world class database software, to information integration, master data management, analytics, Web services, and more to deliver solutions ranging from department-level datamarts to massive enterprise data warehouses.
- *Composite Application Management* - For example, the IBM Tivoli Composite Application Management solution helps you quickly isolate, diagnose, and fix business-critical application performance problems. When an incident occurs, this Tivoli solution helps the IT staff quickly resolve it by facilitating the information flow between the operations, development, and support groups. A powerful visualization of problem information is available using the Tivoli Enterprise™ Portal, along with customizable views of performance metrics.

- ▶ **Issue:** Operations and maintenance costs are only part of the problem, running the IT environment to expectations gets harder each year with these complex systems.

Possible options:

- *IT Infrastructure Library*® - Information Technology (IT) Infrastructure Library (ITIL®) is one of the hottest trends in IT service management today. First developed in the 1980's by the United Kingdom's Office of

Government Commerce, ITIL is a non-proprietary set of best practices that have become the de facto international standard for IT service management.

- *Tivoli Change and Configuration Management Database Configuration Discovery and Tracking (CCMDB)* - The IBM Tivoli Change and Configuration Management Database Configuration Discovery and Tracking (CDT) Version 1.1 is an agentless deep discovery tool that can discover the configuration information of application systems as well as their components and relationships automatically. It also discovers installed hardware and software components in a complex computer server environment and tracks changes to all these components over time.

IBM Tivoli CCMDB CDT V1.1 is the core component of the IT Service Management strategy from IBM and fills the role of the Change Management Database for your implementation of ITIL aligned IT processes.

- *Federated security* - Improving productivity by aggregating views that deliver information and integration in the context of a business process is a key motivator for adopting a service oriented architecture (SOA). As companies adopt more innovative business models, an increasing amount of the vital information that needs to be integrated into the consolidated user interfaces is contained in different security domains or organizations.

Using federated single sign-on techniques to help integrate this information from multiple domains at the presentation layer can provide quick benefits and savings with a relatively small investment, and is a popular early step in the path towards the benefits of an SOA.

Improving productivity by aggregating views that deliver information and integration in the context of a business process is a key motivator for adopting a service oriented architecture (SOA). As companies adopt more innovative business models, an increasing amount of the vital information that needs to be integrated into the consolidated user interfaces is contained in different security domains or organizations.

Using federated single sign-on techniques to help integrate this information from multiple domains at the presentation layer can provide quick benefits and savings with a relatively small investment, and is a popular early step in the path towards the benefits of an SOA.

- ▶ **Issue:** We don't want to rewrite everything, just connect everything up and share information!

Possible options:

- *Business driven development* - Is an approach to developing solutions that involve exploiting a combination of process management and enterprise application integration. For example, rather than rewriting existing

applications to combine their functionality, use tools to understand the processes that current applications execute and link them together with application integration software. The goal is to provide a single, integrated view of a process across the business with minimal disturbance to the existing applications.

- *Service-oriented architecture (SOA)* - SOA defines integration architectures based on the concept of a service. SOA is an integration architecture approach based on the concept of a service. The business and infrastructure functions that are required to build distributed systems are provided as services that collectively, or individually, deliver application functionality to end-user applications or other services. SOA specifies that within any given architecture, there should be a consistent mechanism for services to communicate. That mechanism should be loosely coupled and support the use of explicit interfaces. SOA brings the benefits of loose coupling and encapsulation to integration at an enterprise level. It applies successful concepts proved by Object Orientation.
- *Enterprise service bus (ESB)* - ESB is emerging as a middleware infrastructure component that supports the implementation of SOA within an enterprise. ESB supports the concepts of SOA implementation by doing the following:
 - Decoupling the consumer's view of a service from the actual implementation of the service
 - Decoupling technical aspects of service interactions
 - Integrating and managing services in the enterprise
- ▶ **Issue:** Compliance and audits seem to be hitting every part of my business, I need a system to address it.
- ▶ **Possible options:**
 - *Compliance management* - The process that ensures that the security policies and standards of a company are adhered to is called compliance management. It requires the ability to report on the current compliance status of the security controls of any installed system and to react to any observed deviations. Most businesses today heavily rely on their IT systems, and damage incurred to their critical systems through downtime can force a company out of business. It is a good business practice to minimize the risk to IT systems in proportion to their importance to the business. The factors that influence how much compliance you need can be based on economical, technological, regulatory, or legal reasons.

IBM provides various products that deal with compliance management, such as the following:

- Tivoli Security Compliance Manager
 - Rational® Portfolio Manager, Rational Method Composer, and Rational Unified Process®
- *SOA Governance* - Comprised of best practices, processes, and new software, IBM's SOA Governance portfolio helps clients establish tailored decision rights in the organization and implement the policy, measurement, and control mechanisms necessary to carry out those decisions. Effective governance helps free teams from the uncertainties and challenges of trying to figure out who needs to agree on what so they can focus on creating and delivering innovative business solutions.

The IBM SOA Governance portfolio draws upon IBM's experience in helping hundreds of clients improve their governance approaches and use SOA to meet business goals. To help govern their SOA, customers can choose from numerous IBM offerings, including the recently announced IBM Workplace for Business Strategy Execution to help customers measure performance of their business strategy.

- ▶ **Issue:** We don't seem to even speak the same language with our partners, any communication change takes forever.

Possible options:

- *WebSphere Partner Gateway* - IBM WebSphere Partner Gateway V6.0 provides a consolidated B2B gateway for partner community integration. It integrates external processes and partner communities with internal processes and infrastructures. It also centralizes partner management, ensuring consistent security and service-levels applied to all external interactions.
- *DB2 pureXML™* - DB2 has comprehensive, native, document-centric XML support. *Native* means that XML documents are stored on disk in tree structures matching the XML data model, avoiding the need to map between XML and relational structures and deal with corresponding limitations. This native XML storage is complemented with XML indexes, full XQuery, SQL/XML, and XML schema support and various utilities. While a document-centric XML system is the best for regulatory compliance and overall communication, customers needing a data-centric XML system can use Informix® Dynamic Server, which represents XML data in its hierarchical format.
- *WebSphere Message Broker* - WebSphere Message Broker is a powerful information broker that allows both business data and information, in the form of messages, to flow between disparate applications and across multiple hardware and software platforms. Business rules can be applied

to the data that is flowing through the message broker in order to route, store, retrieve, and transform the information.

- *Web services* - Web services are self-contained, modular applications that can be described, published, located, and invoked over networks. Web services encapsulate business functions, ranging from a simple request-reply to full business process interactions. The services can be new or can wrap around existing applications.
- *Open standards* - IBM promotes open standards for interoperability. Open standards for software interoperability are typically built by software engineers from technology companies who collaborate under the auspices of organizations such as W3C, IETF, and OASIS. IBM actively participates with these and other organizations.

- ▶ **Issue:** I have so many under utilized pieces of hardware in my shop and at the same time have service levels that don't get met.

Possible options:

- *Workload management* - IBM products such as IBM Tivoli Workload Scheduler provide seamless management in the most complex host and distributed computing environments. With a single console that schedules, coordinates, and automates, you can count on consistent and reliable operations across the enterprise.
- *Provisioning* - IBM products such as Tivoli Provisioning Manager help organizations with provisioning, configuration, and maintenance of servers and virtual servers, operating systems, middleware, applications, storage, and network devices acting as routers, switches, firewalls, and load balancers. With the latest release of the Tivoli Provisioning Manager, users can benefit from significant ease of use enhancements including a new graphical user interface, better reporting, and streamlined use scenarios that provide more out-of-the-box value.
- *Virtualization* - Businesses of all sizes continue to struggle with the complexity inherent in most IT environments. The IBM Virtualization Engine™ delivers capabilities that enable simplification within a server or storage environment or across an infrastructure.
- *Autonomic computing* - Autonomic computing is the ability of an IT infrastructure to adapt to change in accordance with business policies and objectives. Quite simply, it is about freeing IT professionals to focus on higher-value tasks by making technology work smarter.

Autonomic computing systems consist of four key attributes:

- Self-configuring - able to adapt to changes in the system
- Self-healing - able to recover from detected errors
- Self-optimizing - able to improve use of resources
- Self-protecting - able to anticipate and cure intrusions

- ▶ Issue: I need to create a data processing environment which can withstand planned and unplanned outages, as well as easily share information without adding to my programmers backlog of tasks.

Possible options:

- *Outage mitigation* - Both leading IBM Information Management data server products now provide the ability to maintain a real-time copy of production databases on a standby secondary server. This secondary server can almost immediately assume processing responsibilities should the primary server experience a failure.

Informix Dynamic Server provides additional functionality in that the secondary server can also support read-only operations. As a result, reporting or other read-intensive applications can be directed to this copy, reducing the processing load on the primary server. The next release of Informix Dynamic Server version 11.1 (code named Cheetah), is planned to include significant enhancements in this area, including the ability to define multiple secondary copies. Each secondary server can support read-only operations and can be promoted to handle primary processing responsibilities. With this functionality, database copies could be maintained in more than one location enhancing the business's ability to withstand various types of outage. These secondary servers could also serve as bunker backups for disaster recovery.

- *Data sharing* - With the Enterprise Replication (ER) functionality of Informix Dynamic Server, customers can easily build clusters of servers (with hundreds of nodes) which share data. The definitions for which subsets of data are shared, which nodes are allowed access under which conditions, and conflict resolution can be defined and executed within the server using basic SQL commands. No additional application overhead or processing is required. The entire cluster can be defined, instantiated, synchronized and maintained from one node with a few four word commands. Another significant benefit is that the process can occur without interrupting ongoing user operations. Ongoing maintenance, including database changes, operating system or data server upgrades, cluster and data validation/resynchronization can occur on a node-by-node basis or by broadcasting to the entire cluster at once and without requiring a cluster outage. Websphere MQ can be used to send and receive event notification and other data-oriented messages between applications and/or data servers.

- ▶ Issue: I need to know who my customers are, where they are located, how they correlate to each other and future customers, as well as the location of my products, documents and other key items in my organization.

Possible options:

- *Spatial analysis* - The Informix Dynamic Server Enterprise Edition includes the integrated Spatial DataBlade™, which provides industry-leading SQL-based spatial data types and functions. These types and functions can be used directly through standard, easy-to-write SQL queries or with client-side Geographic Information Systems (GIS) software (such as ESRI and MapInfo). With this technology, spatial information (such as location and proximity) can be included in general data operations or analysis without sacrificing performance or increasing application complexity. An additional DataBlade, the IBM Informix Geodetic DataBlade can also be purchased to enable round-earth modeling of data with or without a time dimension.
- *Radio Frequency Identification (RFID)* - The WebSphere RFID Information Center is a scalable, secure, deployable, and standards-based repository for sensor information and the integration of RFID events from RFID devices into business processes. Compliant with the evolving EPCglobal EPCIS and Data Exchange standards, this technology has primarily been used for identification and spot-specific location by retailers and manufacturers but can be extended further into the enterprise or for other purposes.
- *RFID and spatial location services*- To date, most spatial applications and data have been based on satellite-oriented location services. With the emergence of reliable and accurate radio frequency (RF) locator systems, it is now possible to deploy identification and location services for in-building use. With these services it is possible to use RFID tags not only to track products and shipments, but also to track critical paper-based documents. With the WebSphere RFID Information Center, the Informix Dynamic Server (upon which the Information Center is built) and the Informix Spatial DataBlade, it is possible to precisely locate and track the document wherever it might be either inside or outside a building.

7.7 SMB client pain points and IBM Express portfolio

SMB clients prefer and accept only those technology offerings that fulfill their immediate business needs and objectives. Figure 7-2 shows how the IBM Express middleware is designed and priced for SMB.

IBM Express middleware is designed and priced for small to midsize businesses – and for Business Partners serving them.

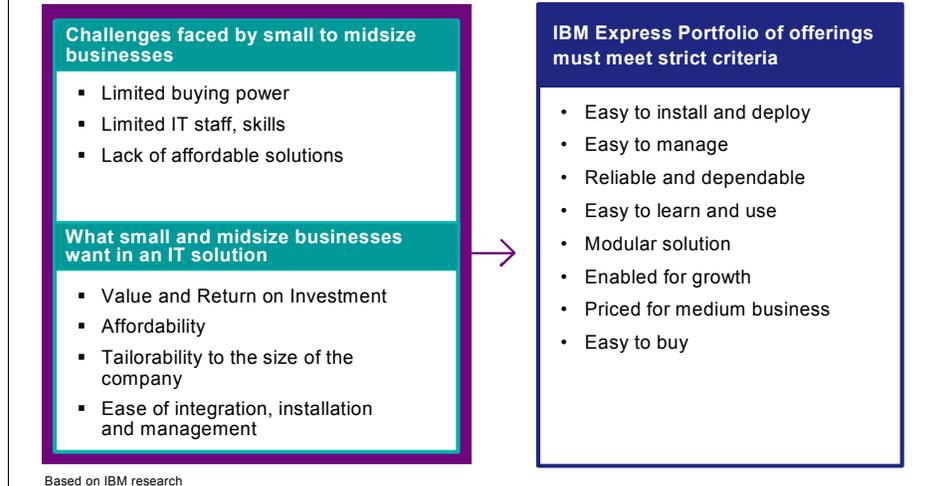


Figure 7-2 IBM Express middleware for SMB

Table 7-2 takes a closer look at how Express middleware maps to common SMB client pain points.

Table 7-2 Capabilities required of an On Demand Operating Environment

Customer pain points	Express middleware offerings
Differentiation Clients want to drive product and service differentiation	<ul style="list-style-type: none"> ▶ IBM Express Runtime ▶ WebSphere Application Server - Express ▶ WebSphere Commerce - Express
Productivity Clients need to improve employee productivity	<ul style="list-style-type: none"> ▶ Lotus Domino Express ▶ WebSphere Portal - Express ▶ Workplace Services Express ▶ Workplace Forms™ Express
Decisions Clients want to analyze and use information to make better business decisions	<ul style="list-style-type: none"> ▶ IBM DB2 Express 9 ▶ IBM DB2 Everyplace® Express ▶ Informix Dynamic Server Express

Customer pain points	Express middleware offerings
Flexibility Clients must increase business flexibility	<ul style="list-style-type: none"> ▶ WebSphere Business Integration Server Express ▶ WebSphere MQ Express ▶ WebSphere Partner Gateway Express
Security and compliance Clients must enhance IT security, dependability, and compliance	<ul style="list-style-type: none"> ▶ IBM Tivoli Storage Manager Express ▶ IBM Tivoli Monitoring Express ▶ IBM Tivoli Identity Manager Express ▶ IBM Tivoli Provisioning Manager Express

For more details on IBM Express products, see the Redpaper *IBM Software Express Buying and Selling Guide*, REDP-3975 located at the ITSO Web site:

<http://www.redbooks.ibm.com/>

7.7.1 IBM Solution Builder Express overview

IBM Solutions Builder Express (SBE) is a portfolio of sales and technical tools plus implementation assets developed and tested with IBM Business Partners. Built upon a Midmarket Solutions Reference Architecture and based on IBM Express middleware, IBM Solutions Builder Express helps you target client needs for SMB, so you can do the following:

- ▶ Accelerate solution design, customization and deployment in the SMB space
- ▶ Build unique and repeatable SMB solutions--faster and easier for increased ROI potential
- ▶ Penetrate new markets and expand existing ones
- ▶ Uncover new upsell opportunities for your value-added products and services - helping to increase return on investment
- ▶ Win repeat business from your SMB customers
- ▶ Qualify for key IBM channel incentives and programs

For additional information about Solution Builder Express, visit the following Web site (requires a PartnerWorld user ID and password):

https://www.ibm.com/partnerworld/mem/strategy/smb_tech_sbe_home.html

Starting points

Solution Starting Points are the core technical deliverables of IBM Solutions Builder Express Advantage Offerings. And, as their name suggests, Solution

Starting Points are just that: starting points to which you add your customization and services. Oriented around several SMB and Infrastructure solution areas, Starting Points can be delivered as industry or cross-industry solutions, and every Solution Starting Point features detailed information to expedite implementation and deployment.

For more details on Solution Starting points, visit the following Web site (requires a PartnerWorld user ID and password):

https://www.ibm.com/partnerworld/mem/strategy/smb_tech_sbe_starting_points.html

Solution Consultant Express tool

The IBM Solutions Consultant Express tool, a Web-based consultant tool, helps identify new SMB opportunities and accelerates the solution design. The tool guides the user through the analysis of business requirements via an interview process and, leveraging years of IBM experience, prescribes the solution technology that best fits the requirements. The solution recommendation includes architectural design, software, hardware, implementation guidance, and a consolidated view of available resources—all at your fingertips.

The Solution Assembly Toolkit is designed to simplify the process of creating and deploying industry solutions. It provides development and deployment tools for creating and delivering a complete solution package containing IBM middleware that is fully integrated with business applications. When used in conjunctions with IBM Solutions Builder Express Solution Deployment Accelerators, the Solution Assembly Toolkit further reduces solution deployment time and effort.

For more details on these tools, visit the following Web site (requires a PartnerWorld user ID and password):

https://www.ibm.com/partnerworld/mem/strategy/smb_tech_sbe_toolbox.html

7.8 Being responsive to client questions

A Solutions Advisor can be the key point of contact between the client, IBM, and its partners—responding to client questions should be done with some regard.

To be a key contact, the Solutions Advisor should ensure that responses are formulated after due diligence. At times, a Solution Advisor can be too responsive too early in the sales cycle and answer questions regarding products, prices, and solutions too early without all the proper research and follow up required. This can lead to solutions that are incomplete and do not meet the client's expectations.

As Solution Advisors work in business strategy areas, they may showcase previous experiences and expertise. They must be aware of previous confidentiality agreements with clients and ensure that the previous agreements along with their current client's confidentiality are protected.

Finally, when working with clients, remind them of where they are in the solution cycle and assure them of their path. This allows the Solution Advisor and client to take an inventory of the progress and ensure that expectations are being met.

7.9 Understanding client's decision process/method

It is important to understand the client's decision making process or method, in order to target solutions to the correct audience and obtain the necessary buy-in and approvals to proceed. This first involves understanding client details such as the business, organization, technology stakeholders, stakeholder's goal, and situation. Moreover, with regards to stakeholders and their goals, a particularly good understanding of the motivation of both the sponsors and executives from a business and technology perspective are required. Identifying these factors provides a basis to allow you to tailor the solution to the appropriate audience.

Being knowledgeable on the actual process that a client goes through to make a decision is important. A client's decision process at best maybe simple, just requiring the sign off from a single stakeholder or may also be lengthy, involving multiple reviews with corresponding updates to submitted proposals and documentation and buy-in from multiple stakeholders. In any case, it is the responsibility of the Solution Advisor to follow up and maintain the client relationship throughout the client's decision process.



Creating a buying vision and energizing the sales process

Selling in today's market requires an understanding and application of a broad range of technology solutions, software applications, consulting, and services offerings. Client satisfaction, long-term retention, and a client's business success are all key performance indicators and can be a roadmap to your success.

This chapter discusses creating the buying opportunity and focuses on the following:

- ▶ Business investment priorities and drivers
- ▶ How to perform opportunity identification, qualification, and converting the opportunity into a lead
- ▶ How to set the client expectation of the business value of IBM Solutions
- ▶ How to respond to the competition

8.1 Business investment priorities and drivers

The Global CEO Study 2006 shares insights of how 765 CEOs view innovation in their companies and their industry. Many of these leaders within the current global business environment are reevaluating their preconceptions about innovation:

- ▶ *Business model innovation* is high on CEO's priority list while the overriding need is to focus on products, services, and markets.
- ▶ *Internal and external collaboration* is indispensable. Internal collaboration between employees is vital but external collaboration, where business partners and clients provide input is becoming key to their success.
- ▶ *Innovation requires orchestration from the top*. CEOs need to drive innovation by creating a team-based environment.

For the full Global CEO Study 2006 and other related information, see the following Web site:

<http://www.ibm.com/ibm/ideasfromibm/us/enterprise/mar27/index.html>

Innovation does not mean the basics of operating the business are ignored; instead, innovation plays a role in various aspects of the business:

- ▶ Business model
Innovation in the structure and financial model of the business.
- ▶ Operational
Innovation that improves the effectiveness and efficiency of core processes and functions.
- ▶ Products/services/markets
Innovation applied to products or services or go-to-market activities.

All organizations strive for operational excellence, which drives today's decisions around enterprise solutions. Following are some business elements that continue to drive solution decisions that clients require:

- ▶ Corporate consolidations, mergers, and acquisitions
- ▶ Focus on core competencies within any organization
- ▶ Global competitors and cheaper goods and services
- ▶ Intense focus on expense management and cost reductions
- ▶ Expanded use of incentive management to drive employee performance toward corporate goals
- ▶ Production and sale of a profitable mix of products to clients

- ▶ Requirements to design and launch new products and services faster, more frequently, and at a lower cost
- ▶ Segmented channel management programs and profitable sales channels
- ▶ Development of virtual manufacturing and distribution capabilities through the extended supply chain
- ▶ Establishment of operational excellence and lean manufacturing programs to reduce production costs
- ▶ Management of spending on the materials and components that go into finished products
- ▶ Improved risk to reward ratio and improved management control
- ▶ Process management and quality programs
- ▶ Improved customer support, fulfillment, and service
- ▶ More integrated, responsive, and cost-effective relationships with suppliers
- ▶ Improved time to market through collaboration with design partners and suppliers
- ▶ Better employee collaboration and better information access
- ▶ Access to information and collaboration across the Internet

8.2 Converting an opportunity into a lead

Great opportunities start with strong sales leads. The stronger the lead is, the better your chances are for turning it into an opportunity that IBM will pursue.

In many ways, effective funnel management (prospect base and opportunity pipeline) is at the heart of sales excellence. To do it well means to focus on those opportunities that represent a high probability of resulting in profitable business. Without a disciplined methodology for identifying the right opportunities to pursue, resources are wasted on opportunities that are not likely to result in profitable business.

When developing your ideal client profile, first focus on the demographics or “hard data” of your most profitable clients. This may include company size, industry, geographic location, compatibility of your product, or budget. It is also important to consider the attitude and values of your best clients: company culture, propensity to take risks, perception of quality versus quantity, and so on. By combining these two sets of characteristics, you will find that you pieced together the ideal profile of the prospects that you should pursue first. This leaves you with a shorter list of opportunities. However, this list will allow you to achieve a much higher level of success with the least amount of time and effort.

Managing a *swift funnel* also requires a rigorous understanding of your client's decision-making process. This means that you must know what your prospects are thinking to understand their underlying needs and interests in the sale. You must know what makes them say "yes". To achieve a true win-win outcome, you must make sure that you can create a fit between your solution and your client concept.

Swift funnel: This is the process of prioritizing your activity with leads and closing opportunities and then creating new leads.

Effective *funnel management* is a reflection of your ability to consistently identify the right opportunities and to understand the true needs of your prospects. As a result, you can keep your funnel moving and win more business while creating value where it is needed most.

Funnel management: This is the process of qualifying and prioritizing activities with prospects that lead to closing opportunities.

A *strong lead* is a potential opportunity where the client's vital signs are strong and favor IBM. An opportunity's *vital signs* are good indicators of the likelihood that your prospect will take action to buy. Following are the vital signs:

- ▶ A compelling reason to act: There is an acknowledged business urgency to pursue.
- ▶ An IBM unique value: The prospect perceives a differentiation in our relationship and solution approach that meets their needs better than anyone else's.
- ▶ Support of the key decision leader: You have access to and support of the key player who can make things happen.
- ▶ Client benefit value: The prospect perceives high benefit from this solution approach.

Clients want an innovation enabled with on demand business strategy that leverages people, processes, relationships, and technology infrastructure to achieve their revenue goals and expense reductions. The economic pressure to become an innovative business is present and growing in all industries today. An innovative business will continue to invest in strategic technology infrastructure and process-oriented applications that support key initiatives and help them gain a competitive advantage.

At this stage of the cycle, the Solution Advisor needs to concentrate on the key activities that are presented in the following sections.

8.2.1 Prospecting and demand-generation activities

Calling on new clients or accounts in prospecting and generating demand requires the Solution Advisor to develop or maintain proficiency with the following:

- ▶ Industry trends
- ▶ Terminology
- ▶ Directions and issues

Focus areas preselected by industry or brand, such as Must Win Growth Initiatives, give sellers a direction for this crucial preparation. Following are some characteristics of all sellers:

- ▶ Be conversant in IBM points of view, based on our research and experience with business issues
- ▶ Maintain an appropriate level of proficiency with current IBM solutions

Sellers that use lead-generating strategies and events are often more successful in developing a list of prospects to begin their opportunity identification efforts.

8.2.2 Getting to know your client

Territory planning helps you to become more familiar with your client set and the possibilities for IBM partnership and solutions to address client needs. Territory accounts should use the identified preferred routes-to-market to increase overall productivity and client satisfaction. The seller must be familiar with the following:

- ▶ Scope of the territory.
- ▶ Targeted accounts.
- ▶ Specific solution areas, such as CRM, SCM, business to business (B2B), specifics of industry, and so on.
- ▶ Specific emerging growth opportunities, such as wireless applications, digital media, life sciences, business process integration, Linux, and so on.
- ▶ Specific brand challenges and initiatives.

Executive-level business conversations tend to focus on strategy, goals, and business capability rather than technology. The chances of succeeding are better when there is a complete understanding of the client's business.

IBM points-of-view: Client scenarios that illustrate how similar business issues were addressed. A good source of information is on the IBM Global Business Services Industry Expertise Web site:

http://www.ibm.com/services/us/bcs/html/bcs_industryexpertise.html

8.3 Setting client expectations

To set realistic client expectations, it is imperative to see the world through the client's eyes. On demand business sellers need to understand the client's industry, their business and requirements, how IBM Solutions resolves their business challenges, and the specific business value that IBM solutions provide.

The fact is that IBM is not providing solutions for itself but for clients, so *remain objective* in your view of how clients see IBM. It is imperative to understand the client's perspective on the business value that IBM brings to their business. How do you obtain this information? Simply, take time to ask your clients directly. Most clients will freely apprise you of their thoughts about doing business with IBM and their view on the value that IBM can provide to their organization. This information is now knowledge for you to use to improve and exceed your client expectations.

To help understand the client, employ the following principles:

- ▶ Ethical business practices provide lucrative returns for both you and IBM.

Clients really appreciate your honesty throughout the entire sales cycle. They understand that there are times, although certainly not the norm, when there are activities and policies through which they will need to navigate to obtain a good business relationship with IBM.

When you approach these situations in your client engagements, do not imply that these activities are trivial. Rather, establish a clear and detailed roadmap with the client and explain the process to follow to overcome the issues. Verify that the client understands what needs to be done each step of the way. Consistently use checkpoints to understand where the client is in executing the process.

- ▶ Do not assume that clients have a good understanding of the business value of IBM solutions.

It is human tendency to think that because you are familiar with IBM solutions, your clients are too. It is safer to assume that explanations of IBM solutions and the business benefits are necessary, and then provide the client with the option of indicating that the details are not needed.

Provide clients with adequate information, demonstrations, and references of IBM's solutions. If you do not do this, many clients will not bother to invest time away from their busy schedule to seek the information. Instead, they simply invite the competitor who provides an unambiguous explanation and presentation of their solutions and business value.

- ▶ Know your competitors well.

You and your competition are vying for the same business in the same marketplace. Clients have more options now than ever before. Clients from a particular marketplace may choose a competitor instead of IBM or vice versa.

For market segments that choose the competitor, it is crucial to understand and identify what the competitor is doing to appeal to these clients. Then use this information to your advantage. Usually, IBM solutions have the same business capabilities and benefits, and often times many more.

- ▶ Make specific commitments to your client and exceed on your promises.

There are many factors outside of your control that can prohibit you from delivering on your commitments to the client. Therefore, it is critical to inform the client as soon as possible if there is such a situation. Then provide a well thought out plan to resolve the unforeseen issue. Clients appreciate honesty and most provide latitude for correction.

8.3.1 Identifying client pain areas

The first step in identifying client pain areas is to discuss with your point-of-contact the problem that they want to solve. Does the client have resources that are under utilized? Do they have a Web site that has been flooded with traffic? Where can we help the client?

After you determine what problem the client is looking to IBM to help solve, move toward identifying their pain areas. Discuss with the client what is keeping them from reaching their goals or causing their company problems. Then engage someone in authority in their IT department to begin identifying their pain areas.

Does the client's IT department have too little computing resources, or do certain areas have an abundance of resources and others too few? Is the problem with their network or in raw computing time? Maybe the problem is neither, and instead lies with input/output (I/O) access to their disk farm. Identifying these client pain areas is a definitive first step in helping the client decide on an innovation enabled with on demand business solution.

The client may have pain areas that lie elsewhere in their enterprise. For example, the client may have billing problems or problems concerning staffing or applications. The goal is to identify these pain areas to maximize the client's satisfaction and generate as much revenue as possible from the client.

8.3.2 Identifying clients' intended direction and business goals

The Signature Selling Methodology (SSM), which supports the sales process, is Team IBM's common approach to client interactions. SSM helps sellers create

value for clients. It is designed to supplement and compliment, but not replace, the skills and selling styles of the sellers.

SSM reinforces the planning, executing, and managing of sales through seven selling stages. These stages are mapped to seven client buying stages, which include developing the strategic direction of business goals of their organization. The SSM stages are used as reference points to indicate where the client is in their buying process and where IBM is in the selling process. Creating a buying vision and energizing the sales process occurs primarily in stages one through three of SSM.

In stage one of the client's buying process, clients evaluate their business vision, environment, and strategies. To identify the client's vision and strategies, the on demand business seller has to build the relationship through understanding the client's business environment, processes, and issues.

In stage two of the client's buying process, clients refine their business strategies and initiatives. The responsibility of the on demand business seller at this point is to leverage the derived relationship-building interactions to explore opportunities with the client.

In stage three of the client's buying process, Team IBM must establish the business capabilities that the client needs and that the client has positively recognized. The on demand business seller should then articulate IBM's capabilities and qualify the opportunity further while the client evaluates options.

8.3.3 Mapping IT solutions with business goals

Gone are the days where companies purchased and implemented technology because it was the latest on the market. Today, IT solutions are considered and bought only if it is in line with the company's business objective and can provide the organization a competitive edge in the marketplace. The IT organization is now generally involved in most large-scale plans in the organizations.

The seller must be careful and meticulous when recommending IBM technical solutions that resolve a client's business issue that feeds into a business objective. The seller should have a clear understanding of the following areas before recommending the appropriate IBM solution. It is also understandable that this information may be practical to obtain for all opportunities:

- ▶ Company's vision
- ▶ Company's primary business goals and objectives
- ▶ Company's key operating goals and initiatives for the current year
- ▶ The business unit goals and objectives
- ▶ Time frame for implementation completion

After understanding this information, the on demand business seller should assemble a team within IBM that is knowledgeable and has experience in resolving similar client business challenges. This team works together and recommends a solution that supports current and future business goals, as well as maximizes the benefits of the existing technology.

Companies compete in the marketplace by an ongoing investment in leading-edge technology, the integration of solid technology into their existing work practices, or both. Smart growth and better use of technology to directly support the company's needs give the on demand business seller the chance to identify additional opportunities to fulfill the client's goals. Achieving these business goals through IBM solutions is a critical factor for future growth of our clients and IBM. If our clients are successful using IBM technology, by extension IBM is successful.

8.3.4 IBM technical resources

The technical resources available from IBM to help architect the solution during the pre-sales cycle are many and varied.

IBM's help desks and phone support are extensive and invaluable in designing solutions for clients. One example of this support is IBM Techline. Techline is a group of IBM professionals that provide phone support to IBM and non-IBM sales representatives for the purpose of helping them to sell more IBM solutions. They can be engaged for pre sale and post sale discussions concerning IBM solutions and technologies. You can also arrange for conference calls with a Techline representative and your client. By using Techline as one of the tools to design the on demand business solution, you save time and optimize your solution design.

IBM's corporate Web pages have an extensive collection of online technical, installation, and service manuals. A resource that provides tremendous assistance in your sales cycle is the IBM Redbooks Web site:

<http://www.redbooks.ibm.com/>

This Web site provides an extensive library of technical manuals and IBM Redpapers that discuss all types of IBM solutions and technologies. You can use these resources to research your solution and provide your client with excellent *how to* product documentation so they can understand, at a low level, how your solution might work. The IBM Redbooks Web site can be an invaluable on demand business resource for answering your client's questions or for helping you to design your on demand business solution.

Visit the following Web page for examples of customer reference material that may have a similar solution from IBM:

<http://www.ibm.com/software/success/cssdb.nsf/topstoriesFM?OpenForm&Site=default>

You can also consult experts within IBM who can assist in helping address client concerns about your on demand business solution. For example, you may want to engage IBM Global Services to send a systems engineer on site with your client to discuss implementation and installation issues. By engaging them in the pre sales cycle and having them implement and maintain throughout the post sales cycle, you can have a consistent presence to help explain and implement your on demand business solution.

Furthermore, by including service offerings from IBM Global Services, you help to generate additional revenue streams to IBM Global Services via your solution. You also help to ensure a more comprehensive on demand business solution.

8.3.5 Proposing the solution

After you create a proposal for how IBM can help solve the client's problem or problems, you are ready to present a low level (but not technical) presentation of the solution to the client.

Your proposal must consist of all the hardware, software, and services pieces that you consider crucial to the solution. You must also be aware of your client's budget and the scope of the solution.

For example, a client may be on a tight budget and have only adequately skilled employees available to implement the solution. In this situation, you want to articulate IBM Smooth Start Services to help the client get up and running with the solution. Be conscious of the viability of this offering within the big picture. If the client is on a tight budget but needs to implement the solution immediately, Smooth Start Services should be a requirement. However, if the client is on a tight budget but has ample time for implementation, Smooth Start Services should be mentioned as an option, not a core piece of the offering, for the client to consider.

IBM has many options concerning financing, business consulting, and learning services for skill enhancement for you to consider as part of your final solution.

Ultimately, use both your knowledge of the solution to assemble your proposal and your knowledge of the client. Choose and highlight the pieces of the solution that you consider crucial to solving the client's problems. Mention lesser alternatives and alternate courses of action available from IBM that may further assist the client.

8.3.6 Identifying costs, responsibilities, and critical factors

The following tasks should be performed in order to identify costs, responsibilities, and critical factor:

- ▶ Identifying the associated costs for hardware, software, services, and maintenance
- ▶ Determining who is responsible for implementing these technology pieces
- ▶ Identifying the critical factors associated with integrating all of these pieces

First, identify all of the associated costs. For hardware, all of the costs may not be up front, because the standard warranty periods on most systems ends long before the client has finished using them. It is important to obtain a target price for monthly or extended hardware maintenance and present it to the client so that they can effectively plan for these costs within their enterprise.

Do the same for software. Many software packages are bundled with a maintenance period where the client receives free upgrades and technical support. However, when this standard package expires, the client may continue within the program for additional fees. You communicate this up front.

If services are part of the solution, be sure that all associated parties understand which services at what cost are going to be delivered to the client. Make sure to communicate this message to your client.

Similarly, you must determine who is responsible for implementing various software, hardware, and service elements of your solution. For the hardware, determine whether the client sets it up or if IBM installs it. If it is client set up, be sure the client is aware of this and that they are comfortable with the idea of being responsible for hardware installation. If they are not comfortable with being responsible for hardware setup, IBM offers such services as Smooth Start to set up hardware.

If there are software elements to your solution, determine who is responsible for the installation and configuration. It is important that IBM representatives, Business Partners, and the client understand the responsibilities that accompany the software purchases that are being approved.

Client participation in this step is critical. For example, a system that is going to be installed will be attached to an existing storage network within the client enterprise. This storage network may be owned by a department within the client company that has strict protocols for adding additional servers. Also, it is conceivable that the department with which you are working may not be aware of these issues. You must pursue every aspect of the solution in how it needs to interface with the current client IT infrastructure and business processes.

Finally, the core piece of identifying the critical factors of the solution lies with identifying the peak points of your client's expectations.

8.3.7 Following the on demand business roadmap

It is important that the on demand business seller schedules meetings with the client and Team IBM to determine the client's business requirements, where the client is on the on demand business roadmap (see Figure 8-1), and where they want to go. In regard to business needs, Team IBM can now execute a high-level solution mapping to the on demand business roadmap. That is, we can resolve the client's business issues in line with their business transformation, business processes, or On Demand Operating Environment. Where the client enters the on demand business roadmap and where they want to take their business determines the appropriate solution.

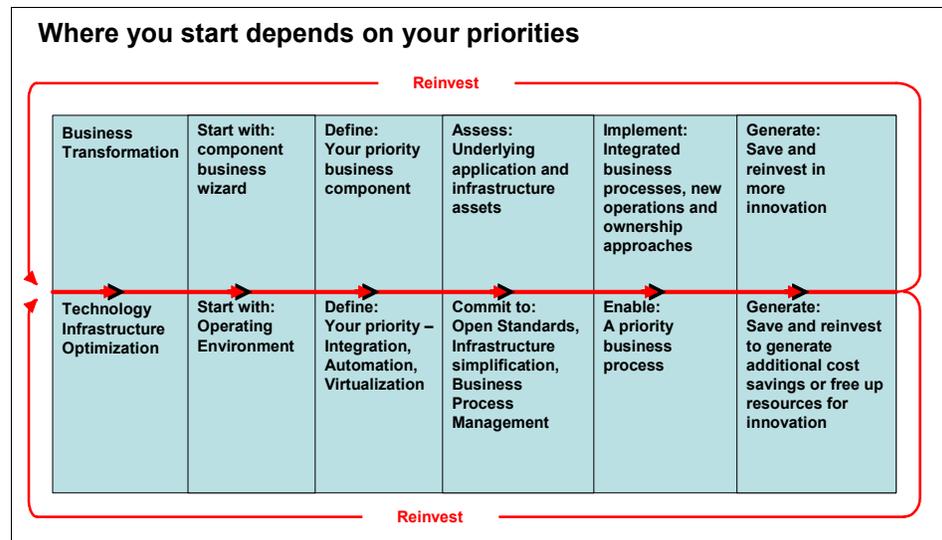


Figure 8-1 The on demand roadmap

8.3.8 Preparing the proposal

The on demand business seller should create proposals that clearly demonstrate to the client that IBM understands the following:

- ▶ The business problems that they are trying to solve
- ▶ That the solution that IBM is proposing will solve those problems

This skill includes the ability to perform the following activities:

- ▶ Develop an effective proposal strategy that responds to client requirements, issues, and priorities. The strategy must also address IBM's strengths and reflect an understanding of the client's conditions of satisfaction and fulfillment.
- ▶ Create proposal content that implements the proposal strategy and is easy to understand. This includes the effective use of techniques, such as theme statements, visuals, summaries, and proposal insert materials.
- ▶ Create a professional document that presents a positive branding image and is easily recognizable as an IBM proposal.

A successful approach to preparing business proposals is to make the content *client-centric*. This means that the client should feel that the proposal is written *to them* rather than *down at them*. The entire contents of the proposal should revolve around the client's needs.

To help write proposals that place the client in the center, begin by answering the following questions.

- ▶ What is the business challenge?

State the client's business issue or issues in one or a few sentences. If you are struggling to do so, you may not have a clear understanding of their requirements. There is no point in proceeding until you obtain clarification from the client on their business needs.
- ▶ Why does this business issue need for us to resolve it?

Determine with the client the specific reasons for seeking a solution for their business challenges. By doing this, you can document this information and demonstrate in the proposal the quantifiable business impact of IBM's solution.
- ▶ What business goals must be accomplished?

There are three different goals to address:

 - *Strategic goals*: These include such issues as human resources (HR) strategies, building brand recognition, mandatory government legislation, marketing drives, and responding to public perception about the agency's product or services.
 - *Business goals*: These address how to increase productivity, become more efficient, streamline operations, automate business process, and leverage product lines.
 - *Technical goals*: These goals encompass aligning business and technical processes, improving quality, enhancing products, and using emerging technologies.

To assist in identifying long-term objectives, such as business expansions, new product lines, or references to competitive threats, of the client, visit their company Web site and download the most recent annual report. Knowing this information can give you an inside track into their strategic business drivers. When you understand these goals, you can write your proposal from a position of strength, which gives you an immense advantage over your competitors.

- ▶ What business challenges have the highest priority?

Document all of the client's issues and objectives. Rank the top five in order of priority and write your response based on that order.

- ▶ Which products or services can achieve these goals?

After you know and document the client's top five goals, use Team IBM and industry and technical resources to map the client's goals with the recommended IBM solution. Document the mapping clearly in the proposal in a client friendly manner.

- ▶ What results can follow each of your recommendations?

The recommended IBM solution needs to be verified with credibility, using market research, survey, analyst reports, and so on. Be careful not to use absolute statements in your proposal unless you are positive that IBM can support the claims. Remember, a proposal is a legally binding document. Consider covering the following areas:

- Why the technical resources that you are recommending are the best qualified to implement the recommendations in the proposal
- How the recommendation or recommendations help the client attain their most important goals
- Barriers to implementing the recommendations
- IBM client references who successfully implemented the recommended solution
- The costs involved in achieving the client's goals and the estimated project time frames
- The consequences if the client chooses not to act on these recommendations in the proposal

When you complete the proposal, step back and verify that the proposal is clear. Try as best as possible to complete the first draft of the proposal well before the delivery deadline date. Set it aside for 24 hours and then read it again. If you are unclear about some sections, note the location and plan a re-write. This provides the opportunity to modify the proposal before you deliver the final version to the client. After you send the proposal to the client, solicit them for feedback.

8.3.9 Responding to common client objections

Some clients can be reluctant to do business with IBM based on past experiences or hearsay. In the past, when a client contracted with IBM, IBM may have appeared to be doing business with 160 companies. Hardware, software, and services offerings differed from country to country (region to region). Support structures also differed from country to country (region to region).

Although all of these past issues are not resolved, many are. If you properly identify the opportunity and involve the Sales Support Center, the odds of delivering a solution to the client's satisfaction increase dramatically.

To overcome many objections, leverage IBM's own *Innovation that matters* experience. IBM created and continues to innovative solutions to real world business problems. If you encounter client objections that you cannot address, contact an IBM Sales Support Center (SSC) for assistance. Resources from the SSCs have experience with many opportunities and can address the client's concern.

Table 8-1 list common client objections and how to address them.

Table 8-1 Common client objections and how to address them

Objection	What to do or say
When I do business with IBM, it's like doing business with 160 different companies.	In the past, IBM had a cumbersome global sales process. However, that process was extensively refined and streamlined so that clients can work with a single-opportunity owner.
The account team in the United States promised us that certain capabilities would be available worldwide, but the IBM specialist we spoke with at our European headquarters said that the capability was not available there.	Some services capabilities may not be readily available in all countries (regions), but IBM will make every effort to meet global clients' requirements by obtaining resources from other countries (regions) or subcontracting to IBM Business Partners.
Your prices vary from country to country (region to region) for essentially the same product.	Tariffs, taxes, labor rates, import duties, and other cost variables account for pricing differences. The SSC can help in explaining these differences to your client.
Does my company have to order IBM products within the country (region) that we plan to use them?	IBM has a centralized ordering process available. You can order your products centrally, but they are purchased locally to ensure that your warranties and service are intact.

Objection	What to do or say
Will I get consistent service levels internationally?	IBM developed a world-class service organization and has a worldwide set of services offerings available. There may be instances where service delivery varies. Just as in remote areas of your own country (region), remote areas around the world may not deliver service in exactly the same way. Be sure to review any variances with the client in advance.
Why can't I buy the products at my headquarter locations and then ship them internationally to other locations?	This sounds like a simple solution but actually creates numerous problems. This may void warranty service by transporting products out of the country (region) in which they were purchased. Additionally, excessive import duties and shipping charges may be incurred.
My company has been operating locally forever and it seems to work. The last thing I want to do is have one central IT office that makes decisions for the entire global organization.	Although a centralized IT structure may not be wanted, perhaps having common systems globally would be an advantage. In this situation, each IT infrastructure is managed locally, but they all use the same components. This can help control pricing and streamline services.

8.4 Responding to the competition

All sales people face competition. If you do not have any competition at the moment, then count your blessings. But if your solution (product or service) is a good one, you soon will have competition, not that competition is all bad. In fact, it can even help your sale. First, it is easier to get a decision from clients when they have a choice between solution A and solution B rather than between solution A and nothing. Second, competition helps to keep you prepared. Thus, your selling can actually improve because of your competition.

Your competition can help you, providing that you know how to use it. Here are some ways to put your competition to work for you, and beat them at the game of business!

- ▶ Learn your solution well.

No matter how much you think you know about your solution, it is possible that you do not know everything. By investigating everyone else, your own vision of the niche that you are trying to fill may crystallize. Obtain as much information as you can from your competitor. Learn about their solution, price, location, promotion, management, and financial position.

Usually, a home business has a particular specialty, an area in which it outshines its rivals. Your solution may be first in quality, but your competition may have a better ad campaign. You may be ahead when it comes to service,

but perhaps your competitor beats you in price. Experience the competition itself. The result is an important addition to your knowledge of the industry and of the solution.

- ▶ Identify the weaknesses of your competitors.

Determine the strengths and weaknesses of your competitor through an exhaustive and critical examination of their literature and solutions. The most effective way to evaluate a competitive solution is to pose as a client. Call and ask for job rates, delivery schedules, terms of payment, discount policies, warranties, or guarantees. Evaluate your experience, from your initial contact to its conclusion.

You can also talk with the clients and suppliers of your competitor. Find important information such as defects in and dissatisfactions with what your competitor sells or makes. When you know where your competitor is vulnerable, you can concentrate on the superior features that you have to offer. Write down those vulnerable points on paper and your corresponding strong points next to them. If you do not have strong points in those areas, implement them. Play these “trump cards” in your advertising.

- ▶ Determine your vulnerable spots.

A careful examination of your competitor’s solution and methods can help you determine your own soft spots, those points at which you are vulnerable. Knowing your weak points forces you to seek ways to improve them or compensate for them.

If they are subject to improvement, for example poor service, take the extra time and effort necessary to rectify them. If they are not subject to improvement, for instance your competitor sells a solution with a patented feature that you cannot duplicate, study your solution and find a feature, one that you can put forth as a greater value, that cancels the competitor’s advantage. Understanding your weaknesses can help you identify what is unique about your business and help you target what will benefit your client.

- ▶ Expect disagreements and objections.

Find out what clients may find objectionable about your solution. Even if they do not tell you directly, you may hear a good line on their objections by paying close attention to the types of questions that they ask you. Make a list of all objectionable claims and write down the facts to refute them.

- ▶ Leverage your competitor’s strength.

If you know a potential client is seriously considering patronizing your competition, do not interpret that as your cue to give up. Rather, take it for what it is: a legitimate buying signal. The client is interested in buying your type of solution. Your competition may have done half of your work for you. All that remains for you to win the sale is to convince the client that your solution is superior.

- ▶ Know what makes your clients buy.

Frequently, a client fails to buy because a business neglects to mention the one consideration that weighs heavily with her or him. It is not always easy to determine what that factor is, but there are various clues to look for. One of the best clues is what your prospect says about your competition. Often, a prospect drops references to your competitor that are almost as good as a blueprint of his or her particular desires.

For example, if the prospect mentions that Competitor A offers a similar solution for less money, then you know that this prospect's hot button is money. That is your cue to either come down in price if you can, or explain how your solution will save the prospect money in the long run.

- ▶ Be enthusiastic and self confident!

Whenever you find your enthusiasm waning for your own solution line, visit the competitor. Make a critical comparison between solutions. By the time you leave, you may be enthusiastically resold on your solution. This enthusiasm will carry over to your advertising and, ultimately, to your clients.

- ▶ Improve your closing techniques.

Frequently, a prospect is undecided between your solution and that of a competitor. Your job is to tip the scale in your favor. One man who owns a home-based advertising service devised this approach: He hands his prospect a pen, lays a sheet of paper in front of him or her, and says, "Here's a list of what you receive from our service. Would you mind checking off the things that you would receive from the other source that you are considering?"

Aside from learning a lot about his competition through this technique, this man subtly forces his prospect to make his own comparison between the two services under consideration.

- ▶ Learn from the mistakes of others.

Every sales person should learn from his or her mistakes, but you can also learn from the mistakes that your competitor makes. Maria R. runs a house cleaning service. She received a call from a new client requesting her service, who was using one of Maria's competitors and had become dissatisfied with the other company's service. The new client complained to Maria that the competitor did not come every week, as contracted, and neglected to clean some areas of the house. In other words, they did a terrible job.

Not only did Maria win the contract, but she became more diligent about serving her other clients, learning that a less than excellent job can lose clients. Maria's competitor helped Maria's business a great deal.

- ▶ Be on the lookout for good ideas.

Good ideas are everywhere, if you know where to look. If it is true that you can learn from a competitor's mistakes, it is equally true that you can benefit from a rival's successes. This does not mean that you should be blindly imitative. It means that you should be alert to ideas that can stimulate your own thinking.

How, precisely, can you adapt Competitor A's successful use of direct mail? What can you learn from Competitor B's computerization? What is the logical extension of Competitor C's use of client surveys?

Such questions as these will stir your own creativity, and some of the answers will amaze you. A new look at your competition as described here will prove what some sales people have always known: Competition, properly harnessed, can work *for* you, not against you.



Moving the sale forward

In this stage of the buying and selling cycle, the Solution Advisor must overcome any concerns, such as costs, contract term, or specific refinements to the selected solution.

Following is what your focus in this stage:

- ▶ Close the sale by making all necessary refinements to the solution.
- ▶ Resolve any open concerns blocking the client's final approval.
- ▶ Negotiate the final terms and conditions with Contracts and Negotiations and Legal Assistance, if required.
- ▶ Prepare the contracts and obtain the signature of both the client and your company.

9.1 Sales aids to assist the Solution Advisor

Sales aids are available to assist the Solution Advisor during the phases of the sale. Each kit includes all the aids, examples, and guidance associated with either creating or winning an opportunity. Following are the two kits:

- ▶ The *Creating Opportunities Kit* includes the following:
 - *Business Position Model* used to understand your clients current and preferred position
 - *Customer Initiatives Map* describes the plans to achieve goals through actions
 - *Account Plan* consolidates knowledge about your client and opportunities
- ▶ The *Winning Opportunities Kit* includes the following:
 - *Opportunity Plan* helps manage your sales activity and progress to increase your likelihood of winning
 - *Value Proposition* describes the value of IBM's solution for the decision leader
 - *Solution Framework* describes your client preferences and how to develop the solution
 - *Decision Support Plan* addresses key concerns to win the opportunity

To access these kits go to PartnerWorld (you will need a user ID and password):

https://www.ibm.com/partnerworld/mem/sell/sel_ssm_sales_aids.html

9.1.1 Business Position Model

The Business Position Model (BPM) enables a business conversation with your client executives by visually capturing the clients current and preferred positions. It also enables you and your client to explore the client's business initiatives and to understand how they support the client's shift to improve strategic progress and competitive performance.

Following is the value of the BPM to you:

- ▶ Structure your high-level and relevant business conversation with your client executives
- ▶ Understand and describe the client's current and preferred positions for strategic progress and competitive performance
- ▶ Recognize synergies and gaps in direction leading to more potential opportunities
- ▶ Begin to describe the clients Compelling Reason to Act

- ▶ Reveals gaps to complete end-state, resulting in more potential opportunities

Following is the value of this guide to the client:

- ▶ Powerful yet simple approach to describing and exploring choices in business direction
- ▶ Recognize synergies and commonality among initiatives that could increase leverage and reduce cost
- ▶ Recognize gaps among business initiatives that may produce incomplete or ineffective results

The BPM can be used in various ways to open a channel of communication with your client executive.

9.1.2 Customer Initiatives Map

The Customer Initiatives Map (CIM) consolidates learning from your client conversations on business position, focusing on your client's business goals, and learning the client's supporting projects underway or under consideration.

Following is the value of a CIM to you:

- ▶ Consolidates and captures the learning from your business conversations
- ▶ Confirms your learning with your client and demonstrates your understanding of their needs
- ▶ Allows you to compare your learning on the client's business plans and projects with other members of Team IBM
- ▶ Identifies thought leadership areas where the client's strategy and plan are incomplete
- ▶ Helps you recognize new opportunities in the synergies and gaps among initiatives

Following is the value to your client:

- ▶ Provides structured documentation and communication of a business goal and supporting projects
- ▶ Recognizes synergies and commonality among projects that could increase leverage and reduce costs
- ▶ Recognizes gaps among projects that may produce incomplete or ineffective results

The CIM should be used in person with your client executive to explore together the range of projects that support your clients business initiatives. It can also be

used with others on your team to develop a complete view of initiatives and projects across your clients organization.

9.1.3 Account Plan

The Account Plan documents Team IBM's analysis, decisions, and actions from Team Account Planning.

This document enables Team IBM to think strategically through the client's eyes, look for opportunity fit to what's important to the client and IBM, optimally align channels and resources, and determine issues and actions to achieve the teams goals.

The Account Plan provides the client with focused planning and attention to their business needs, enabling the team to better address their needs and ultimately lead to greater client satisfaction.

You should use the Account Plan internally and with IBM Business Partners to guide the teams priorities, including opportunities and relationships. You can review plans (as appropriate) with the client to build the relationship.

9.1.4 Opportunity Plan

The Opportunity Plan, including the Opportunity Assessment, enables you to document critical facts about the opportunity, assess the opportunity and gaps in the sales strategy, and identify actions to close the gaps and execute the sales strategy.

The Opportunity Plan provides you and Team IBM:

- ▶ Enables Team IBM to assess whether the client opportunity is real, and ultimately determine the best action to take to advance the opportunity.
- ▶ Provides insight into choosing a competitive strategy for the opportunity.
- ▶ Enables Team IBM to analyze wins and losses.

This document helps the client indirectly by enabling Team IBM to provide the solution that meets the clients needs. This document is not shared with the client.

9.1.5 Value Proposition

The SSM Value Proposition consolidates and summarizes the business value your client can expect from implementing Team IBM's recommended solution.

Following is the documents value to you:

- ▶ Provides a structured and concise means of describing the business value of IBM's solution
- ▶ Arms your client's Decision Leader with a compelling justification for taking action and buying the proposed solution

Following is the documents value to your client:

- ▶ Describes and quantifies the business value of the solution
- ▶ Reflects client-specific categories of investment and results
- ▶ Enables the client to track actual versus expected results to assess the value and return on investment

Use this information to keep Team IBM focused on developing a solution that provides the client's desired business value and to maintain an ongoing conversation about the solution and its value with your client Decision Leaders.

9.1.6 Solution Framework

The Solution Framework is a structure for developing a comprehensive IBM solution with your client and Team IBM. The framework is based on IBM's Industry Value Proposition solution framework, using the following major elements:

- ▶ Thought leadership
- ▶ Applications
- ▶ Middleware
- ▶ Platforms
- ▶ Infrastructure
- ▶ Deployment

This framework provides value to you in the following ways:

- ▶ Provides a consistent structure for developing a comprehensive solution with your client and Team IBM
- ▶ Emphasizes IBM services for strategy, business design, and solution deployment
- ▶ Tests client receptivity to IBM solution components before developing a detailed solution recommendation

This framework provides value to your client in the following ways:

- ▶ Provides a comprehensive view of all aspects of the solution and the range of options to consider
- ▶ Supports informed decisions about the total solution and selection of each component

The Solution Framework can be used at various states in the sales process and used both with the client and Team IBM.

9.1.7 Decision Support Plan

The Decision Support Plan enables Team IBM and the client decision leader to identify and remove the remaining barriers to an IBM decision.

The values of a DSP to you is that it can do the following:

- ▶ Build increasing client buy-in and alleviate client concern by identifying and managing risk
- ▶ Help Team IBM manage the sell cycle and evaluation process to create a competitive advantage
- ▶ Provide opportunities for Team IBM to demonstrate unique business value
- ▶ Plan IBM and client resource requirements

The value of DSP to your clients is that it can do the following:

- ▶ Identify and address major concerns throughout the organization
- ▶ Plan IBM and client resource requirements
- ▶ Help ensure a decision with company-wide support
- ▶ Help ensure that the client realizes expected benefits and return on their investment

The DSP can be used as an interview guide with your client decision leader to uncover remaining concerns:

- ▶ Determine with decision leader the magnitude of the risk
- ▶ Develop actions to mitigate or eliminate risk
- ▶ Designate action owners and target dates for resolution

Key points to remember are to pay attention to the decision leader's personal concerns—a successful implementation is critical to the decision leader's reputation.

9.1.8 IBM Quick Proposal for business partners: Americas

There are customizable proposal templates available for use in proposing IBM products to end users. This content is available to America's Business Partners. Quick Proposal templates assist you in preparing a high-quality, comprehensive proposal for your software sales opportunities.

They can be geographic and regional tailored collateral for use in your client proposals.

To access and download IBM Quick Proposal for IBM Business Partners, go to the following Web site (login required):

http://www.ibm.com/partnerworld/mem/sell/sel_ppc_selling.html

9.2 Acquiring the client as a reference

Today, organizations are working harder than ever to make their enterprises stand out from the competition. IBM can help leverage the company's accomplishments. Convincing your client to become a reference for your company can bring many competitive advantages.

After you acquire a client as a reference, your company has proof that the solution was successfully implemented and can cite your reference as proof. This is useful in addressing client concerns about the viability of the solution that you are providing.

It also allows your company to expand its client base by using the reference that the client gave you in presentations to your client's competitors within the same industry. Finally, the client reference increases the breadth of documented expertise within a given industry and provides your company with increased credibility with your solution in the industry.

More importantly, however, is discussing the advantage for the client in becoming a reference for your company. Every time your company uses the reference in question, it results in additional advertising for the client. Also, once their industry point of view is documented within the reference, it can improve the quality of future solution rollouts.

Following are the benefits of acquiring an IBM reference:

- ▶ Help from IBM in communicating the success of your IT projects and investments, which can highlight your industry leadership
- ▶ Broader potential exposure through articles in trade and business publications

- ▶ Potential to advance your career with experience from speaking at events and networking with your peers in other companies and industry specialists

By becoming an IBM client reference, a company can showcase its strength and success in a variety of ways:

- ▶ Direct client communication: Establishes new relationships for the client
- ▶ Enhanced media coverage: Opens new doors for the client
- ▶ Effective marketing material: Communicates a client's message
- ▶ Video testimonials: Illuminates a client's achievement
- ▶ High profile speaking engagements: Strengthens a client's marketplace position

9.2.1 Contracting work to technical resource teams

You must contact the various technical resource teams as appropriate to their particular areas within your on demand business solution. For example, part of your solution might include hardware from IBM that is classified as client install, but the client wants an IBM technician to handle the installation. In this case, contact IBM Global Services so that an engineer that is assigned to the account can arrange for the installation of the hardware upon its arrival.

However, the client may be interested in doing the installation themselves, but they lack the proper training. In this case, contact IBM Learning Services to enroll the client in the proper training courses so that they can properly handle their installation.

Finally, the solution may include offerings from various third-party or independent software vendor (ISV) teams. In this case, it is appropriate to get the proper billings from them. Then begin a dialog with them about what is necessary to integrate their offerings with your on demand business solution.

9.3 Achieving growth through serving clients

IBM places significant emphasis on client satisfaction. The result of client satisfaction is repeat business and new opportunities. How do you make your client highly satisfied? There are four simple steps to achieve this objective:

1. Know your client's business requirements and the personal benefits that he or she will derive from the successful implementation of IBM's solution to solve their business challenge.
 - a. Understand the client's industry, business environment, and requirements so that you can identify and relate to the client's issues. The client can derive personal career enhancement (further help to position for

- promotion, increase credibility in the eyes of their peers, and so on) if the solution is deployed successfully.
- b. Make it as easy and simple as possible for your client to do business with IBM.
 - c. Listen keenly to the client and apprise them of what they need to know and when they need to know it. Be honest and respectful.
 - d. Provide a single point of contact to IBM. Anticipate and be available as the client's needs arise.
 - e. Provide experts from Team IBM (industry and technical resources, solutions, services, and so on) to solve client business issues.
 - f. Deliver on your formal and informal commitments.
2. Know what your client expects.
 - a. Learn your client's specific expectations for your current relationship and transaction. Confirm the accuracy of your understanding with them.
 - b. Influence the client's expectations to match IBM's capability, if needed. Check with your client frequently to see how you are doing or if their expectations changed. Communicate thoroughly and frequently.
 - c. Use the IBM *Set/Met* and *Conditions of Satisfaction* processes to help you do all this effectively.
 - d. Set realistic time expectations with the client. This provides room for Team IBM if an unexpected challenge occurs that may cause delay for client deliverables.
 3. Deliver a superior client experience.
 - a. Do not procrastinate. Endeavour to exceed your client's expectations at all times where possible. Champion client satisfaction within Team IBM.
 - b. Take personal responsibility. Have or develop a passion for excellence and leverage your interpersonal relationships to delight your client.
 - c. Resolve issues and complaints quickly and effectively. Always seek feedback from your client regarding the effectiveness of the resolution process used.
 4. Close the loop and ask for more.
 - After completion, show your client that you met or exceeded their expectations.
 - If you meet or exceed the client's expectation, you earn the right to ask for additional business and a reference. Reference selling is key to IBM.

9.4 Ensure client satisfaction, stay involved throughout the project

In the final stage of the buying and selling cycle, the client (buyer) implements the solution and monitors it against the project plan to validate the solution's success. The Solution Advisor monitors the implementation of the solution and ensures that the client's expectations are met by the following:

- ▶ Working with the client to track the solution benefits
- ▶ Managing the implementation activities to meet or exceed the client's expectations
- ▶ Establishing checkpoints with the client to ensure that conditions of satisfaction are met or exceeded and to look for ways to extend client value and create new opportunities

For additional resources that are available to support the client's satisfaction and look for additional new opportunities, visit the following Web page:

https://www.ibm.com/partnerworld/mem/sell/pe_ssm2_rev.html



Resources, tools, and references

This chapter provides resources, tools, and references to help you sell in the small and mid-sized business market. It is important to assess the current environment to determine the tactical and strategic direction for the client to proceed in their on demand business journey.

IBM has developed offerings to assist IBM teams, including Solution Advisors, in determining the correct on demand business plays to use as the starting point with your client.

10.1 PartnerWorld

PartnerWorld is the program for IBM Business Partners. Within PartnerWorld you will find a wealth of tools and support to help Business Partners meet client needs, shape a more profitable business, and achieve their goals. To explore the PartnerWorld Web site, visit the following Web site (to take full advantage of this and associated Web sites you will need to sign in):

http://www.ibm.com/partnerworld/pwhome.nsf/weblook/index_us.html

PartnerWorld Express Advantage

PartnerWorld Express Advantage is for IBM Business Partners selling in the high growth small and midsized business (SMB) market. PartnerWorld Express Advantage provides the offerings, tools, education, incentives, and resources you need to effectively sell products, solutions, and services. PartnerWorld Express Advantage is a key component of the new IBM Express Advantage that offers SMB clients access to an unparalleled network of people, products, and services designed to help solve business problems.

Listed in Figure 10-1 are the PartnerWorld Express Advantage Focused Initiatives.

Get into action - join the community!

- Penetrate the mid-market and Sell IBM!
- Lead with IBM Express Advantage Offerings
- Leverage **PartnerWorld Express Advantage:**
www.ibm.com/partnerworld/smb

PartnerWorld Express Advantage Focused Initiatives
<ul style="list-style-type: none">• Built on IBM Express Differentiate your mid-market solutions and services offerings and align with Express Advantage• PartnerWorld Industry Networks Build vertical market solutions using industry tailored resources• Express Seller Bring point product offerings to market via simplified terms and conditions via this mid-market channel program• SMB ISV Advantage Invitation-only initiative for mid-market ISVs committed to achieving a majority share of their business on IBM technology

Figure 10-1 PartnerWorld Express Advantage focused initiatives

PartnerWorld Express Advantage provides many benefits including the following:

- ▶ Marketing to create awareness and generate leads
- ▶ Selling to close deals faster
- ▶ Technical support to design, develop, and test your solutions
- ▶ Training to help build skills and get certified
- ▶ Collaboration to connect to IBM sales and Business Partners

More details on the benefits are shown in Figure 10-2.

PartnerWorld Express Advantage Benefits		
Simplified access to IBM's world class portfolio of mid-market offerings, tools, education, incentives, sales and marketing resources		
Training	Marketing	Selling
<ul style="list-style-type: none"> • SMB College web lectures • On Demand SMB e-book • Advantage in Action newsletter • Express web lectures 	<ul style="list-style-type: none"> • Campaign Designer SMB Toolkit • Industry insights • Infrastructure insights • Marketing Center 	<ul style="list-style-type: none"> • SMB Sales Dashboards • SMB sales incentives • Know Your IBM • Attach Connector Tool • SMB competitive information • SMB sales kits • SMB success stories • IBM Financing Advantage
Technical	Collaboration	
<ul style="list-style-type: none"> • Solution Builder Express • Virtual Innovation Center 	<ul style="list-style-type: none"> • SMB Territory Manager lists • PartnerWorld Contact Services • Teaming Toolkit 	
Visit PartnerWorld Express Advantage today! www.ibm.com/partnerworld/smb		

Figure 10-2 PartnerWorld Express Advantage benefits

For more details on PartnerWorld Express Advantage, see the following Web site:

http://www.ibm.com/partnerworld/pwhome.nsf/weblook/pub_strategies_smb.html

IBM Express Advantage

IBM created IBM Express Advantage to help growing companies like yours access the critical business and technology capabilities needed to innovate, compete, and win. Now, you have access to products and solutions all specially designed and competitively priced to address your unique business and IT needs.

- ▶ Simplify tough problems

IBM Express Advantage offerings combine hardware, software, services, and financing in competitively priced prepackaged offerings designed specifically for midsized businesses.

- ▶ Get real answers

IBM Express Advantage Concierge is our newly enhanced customer support service where you can call with IT or account questions and quickly be connected to the right resources and solutions.

- ▶ Get local help for your business

IBM Business Partner network provides you with industry insight, local support, and the business and IT expertise to help you find and implement the right IBM solution for your unique IT needs.

For more details on IBM Express Advantage, visit the following Web page:

<http://www.ibm.com/businesscenter/smb/us/en/>

PartnerWorld Industry Network

PartnerWorld Industry Networks offer a rich set of benefits and resources to help you grow your business in the industries and markets you serve. This Web site has information about a wide variety of industries and a plethora of case studies and success stories. The industries included are the following:

- ▶ Automotive
- ▶ Banking
- ▶ Education and learning
- ▶ Electronics
- ▶ Energy and utilities
- ▶ Fabrication and assembly
- ▶ Financial markets
- ▶ Government
- ▶ Healthcare and life sciences
- ▶ Insurance
- ▶ Media and entertainment
- ▶ Retail
- ▶ Telecommunications
- ▶ Travel and transportation
- ▶ Wholesale

For more details on any of these industries, visit the following Web page:

<http://www.ibm.com/isv/marketing/industrynetworks/>

10.2 Tools and resources

To help you learn more about key components of on demand business, use the following assessment tools and related resources:

- ▶ FinListic Value MANAGER On-LINE
- ▶ Client Business Value
- ▶ Key Web sites
- ▶ Presentations
- ▶ White papers
- ▶ Education and training resources
- ▶ Books and reports

10.2.1 FinListic ValueMANAGE ON-LINE

FinListics Solutions, a 3rd party company, provides a tool commonly used by our IBM sales reps called FinListics ValueMANAGER ON-LINE, which is an easy-to-use, Web-based tool that helps you sell more by identifying gaps in a client's financial performance and articulating the real value of your solutions with IBM to a client's executive management team. In a short time period, the tool evaluates a client's key financial trends and benchmarks performance against peer companies and in relation to the industry.

The accompanying Web-based CFO Ed Value Selling courseware gives sales professionals all the information they need to use financial terminology and use that knowledge to sell more, even if they have little or no background in finance.

For more details about FinListics ValueMANAGER ON-LINE, see the following Web page:

https://www.ibm.com/partnerworld/mem/strategy/smb_selling_finlist.html

You can access sales education modules about the IBM Small and Medium Business Value Cycle, at the following Web page:

https://www.ibm.com/partnerworld/mem/strategy/smb_selling_valuecycle.html

Note: FinListics ValueMANAGER ON-LINE is not an IBM offering and must be obtained directly from the FinListics Solutions company. Availability of FinListics Solutions offerings and aids may vary by geography.

10.2.2 Client Business Value

The dialog about Innovation and on demand business starts with deep understanding of your client's business and the issues they are dealing with to maintain competitive advantage and return value to their stock holders.

- ▶ Successful selling focuses on the client's point of view, which is performance-focused rather than product-focused.
- ▶ You can shorten the sell cycle and increase your credibility with the client when you understand their industry and their business issues.
- ▶ The language of business is financially oriented. You must use this language when selling at executive levels.

To initiate meaningful discussions with business executives, IBM sellers must perform a financial analysis to determine where the company is performing well and where improvement is needed. They can then discuss how potential IBM services and solutions can help increase cash flow and shareholder value.

For more information about CBV, visit the following Web page:

https://www.ibm.com/partnerworld/mem/strategy/ebod_cbv.html

10.2.3 Solution Consultant Express Tool

The IBM Solutions Consultant Express Tool provides a prescriptive approach for fitting the right solution to your clients' business needs and their current IT environment. It accelerates solution design by codifying the information in the Patterns for e-business in an easy-to-use tool that guides you through the solution design process. From your answers about the client's business problem and their IT environment, the tool can recommend the best pattern to solve the problem. The pattern identifies the appropriate Express products that are required to implement the pattern. From there it provides information in the form of pattern guidance that helps you get started with the implementation of the pattern.

For more details, visit the following Web page:

https://www.ibm.com/partnerworld/mem/strategy/smb_tech_sbe_mmct.html

10.2.4 Assessment tools

How on demand are your clients? Find out by using any of the various On Demand Assessment Tools in the following listing. These tools enable you to engage earlier in the sales cycle when needs are being identified, increase opportunities in the pipeline, shorten the sales cycle, and improve your win ratio to drive revenue.

Note: The following information is on the PartnerWorld Web site, which requires a user ID and password in order to view the contents.

For details on the tools visit the following Web page:

https://www.ibm.com/partnerworld/mem/strategy/ebod_sales.html

▶ **Attach Connector Tool**

Attach Connector Tool is designed to super-size your sales by helping you sell more IBM hardware, software, and services with each sales opportunity. This cross-selling tool carefully walks you through a sale by providing the right questions to ask to uncover new opportunities and deliver more complete solutions.

For more details, visit the following Web page:

<https://www.ibm.com/partnerworld/mem/attach/index.jsp>

▶ **Attach Connector Tool with the Technology Assessment Tool**

Help your clients develop an On Demand Operating Environment using the latest tool to join the on demand assessment suite of tools. Help your clients develop an on demand business technology blueprint based on their current capabilities and IT goals.

For more details, visit the following Web page:

https://www.ibm.com/partnerworld/mem/sell/sel_spt_cir_desc.html

▶ **Automation Assessment Tool**

Register and download the Automation Assessment tool, which helps your clients assess the maturity of their existing autonomic capabilities and helps guide the development of their autonomic computing strategies. Download the Automation Assessment Tool interactive demo to see the tool in action.

For more details, visit the following Web page:

https://www.ibm.com/partnerworld/mem/pat/autonomic_vat.html

For more information and links to related tools and resources, visit the following Web page:

https://www.ibm.com/partnerworld/mem/strategy/ebod_sales.html

10.2.5 Web sites

IBM provides various Web sites with information to help you and your clients.

▶ **Executive Interaction Channel**

This site brings together the best of IBM's thought leadership and organizes it around the business issues that senior executives have indicated matter most to them. To access the executive interaction channel, visit the following Web page:

<http://www.ibm.com/innovation/us/index.shtml>

- ▶ Industry insights

While the advantages to becoming on demand business are clear, it is not obvious how those benefits apply in a particular industry, or how the IBM Business Consulting Services team of experts is working with companies such as yours, right now, making real, measurable improvements. IBM developed these point-of-views to pinpoint areas of transformation within an industry. To access the industry point-of-views, visit the following Web page:

<http://www.ibm.com/services/ondemand/thinking.html>

- ▶ PartnerWorld Industry Networks

IBM PartnerWorld Industry Networks (PWIN) offer a rich set of benefits and resources to help you grow your business in the industries and markets you serve.

Find out more about PWIN at the following Web page:

<https://www.ibm.com/isv/marketing/industrynetworks/index.html>

10.2.6 White Papers, books, and reports

The following white paper and books will increase your knowledge and understanding of business innovation and on demand business:

- ▶ Chief Innovation Officer - Introducing the new CIO

The IT and communications revolution is changing character. The information age has entered an era of technology deployment: applying maturing technologies to achieve business innovation. This shift requires a profound change in the roles and responsibilities of the corporation's top technology executive, the Chief Information Officer. This paper is available at the following Web page:

<http://www.ibm.com/ibm/ideasfromibm/us/cio/mar06/index.html>

- ▶ *Let Go to Grow* by Linda Sanford

- ▶ *Let Go to Grow* encapsulates some of IBM's best thinking on how companies can position themselves for growth in today's highly competitive marketplace. Based on IBM's experience in becoming an on demand business and how other industry leaders are doing the same, this book lays out a methodology for developing a long-term growth strategy that fosters innovation—the one ingredient all businesses need to succeed.

- ▶ *The World is Flat* by Thomas Friedman

- ▶ Thomas L. Friedman's account of the great changes taking place in our time, as lightning-swift advances in technology and communications put people all over the globe in touch as never before—creating an explosion of wealth in

India and China, and challenging the rest of us to run even faster just to stay in place.

► *Expanding The Innovation Horizon: The Global CEO Study 2006*

For this report, IBM talked to 765 CEOs and thought leaders from 21 industries around the world. Learn for yourself how the men and women on top are using innovation to their advantage. To read the report, visit the following Web page:

http://www.ibm.com/services/us/bcs/html/bcs_ceostudy2006.html?re=wmys

10.2.7 Education and training

Consult the following education and training resources to help you learn more about the key components of on demand business.

Note: Access to the education and training requires a user ID and password for PartnerWorld.

► PartnerWorld University

PartnerWorld University (PWU) is an e-learning resource that provides all Business Partners easy access to a wide-range of training and education modules to help you keep pace with technology, client business requirements, and IBM strategy.

<http://www.ibm.com/partnerworld/pwu>

The Business Partner Seller's Compass, available at PWU, is a learning module that examines the CEO focus areas for 2006 and what it means for your client. You will also examine how Innovation that Matters is taking shape in an industry and understand when and how to use existing materials that are available to help you with your clients.

For more information, visit the following Web page:

<http://www.ibm.com/services/weblectures/dlv/Gate.wss?handler=Component&sequence=2&action=load&customer=partnerworld&offering=pw2&itemCode=1tu20584&xpos=0&ypos=0&ns=0,6>

► Signature Selling Method

This highly interactive (e-learning) offering is designed to offer IBM Business Partners a fast-paced learning environment with proven sales techniques. Working through an end-to-end sales cycle, you learn how to advance sales, differentiate yourself from your competitors, and increase your selling speed, quality, and volume.

Access is available through PartnerWorld Registration. For details, visit the following Web page:

http://www.ibm.com/partnerworld/pwhome.nsf/mktgsale/tac_sel_sfe1a.html

10.2.8 Multimedia

Listed are teleconferences that require a PartnerWorld user ID and password in order to access the contents.

► Innovations to Break Out and Grow

Own the conversation with mid-market clients. Advantage in Action, an IBM SMB knowledge tool for IBM Business Partners. To view this Webcast by Donn Atkins, visit the following Web page:

https://www.ibm.com/partnerworld/mem/strategy/ebod_innov_matters.html



Innovation enabled by on demand business examples

This chapter presents two examples of organizations that are establishing an Innovation enabled by on demand business. Although the names are fictitious, the situations are realistic.

11.1 Government of Sample Town

This scenario discusses the solution defined for Sample Town's government offices. The goal is to provide the towns people Web access to various government services, so the people can perform government business transactions and view city related information from the comfort of their homes.

11.1.1 Client background

Sample Town's government is responsible for the well-being of this town. The major industries in the town are agriculture, tourism, fishing, and manufacturing. The population of approximately 60,000 is about 40% rural, but Sample Town is changing. The town has been discovered and with the advances in technology more people are moving into town and working remote. Sample Town's government provides the following various services:

- ▶ Tracking the local arts and events and community culture and heritage
- ▶ Providing inspection and building management
- ▶ Providing law enforcement and the court system
- ▶ Administering licenses and registrations
- ▶ Collecting local taxes, fees, and fines
- ▶ Promoting youth activities and community activities

11.1.2 Business need

Sample Town had a Web site that provided basic information and services to the town—pressure is on to provide more services online. Its legacy Sun™ Microsystems™ Solaris™ servers and Intel®-based servers running Linux did not have the concurrent loading and retrieval performance that the government needed to provide online business transactions. As a result, the citizens had to go to the town government office buildings to pay bills, apply for government funding, or complete other business before those offices closed at 5 p.m., during the normal work week.

Fending off disgruntled constituents, the incumbent administration promised the people of Sample Town that it would provide reliable around-the-clock availability to its business services. To keep its promise, the government sought a cost-effective, easy-to-implement, reliable solution that would establish a central repository for government-wide information and services.

11.1.3 Solution implementation

Admiring the proven performance of an IBM solution, Sample Town's information technology (IT) department purchased and installed a System x3455. The IBM

System x3455 provides Sample Town a growth path and provides them with the confidence to deploy enhanced business applications. In addition to the advanced integration functions and improved scalability and performance, the new system provides the following:

- ▶ Space-saving design helps save valuable real estate for large and small cluster deployments
- ▶ Increased performance per-watt efficiency with dual-core processing
- ▶ Integrated memory controller helps reduce traditional x86 front-side bus bottlenecks
- ▶ Integrated IPMI 2.0 management controller for superior security and manageability
- ▶ Xcelerated Memory Technology™ means faster access to memory for large memory configurations
- ▶ Built-in expansion flexibility for high-bandwidth cluster networking with IBM eXtended I/O technology
- ▶ Server partitioning virtualization software available for server consolidation

To this solid and easy to manage platform, Sample Town added the power of DB2 V9.1 for Linux, UNIX®, and Windows® that delivers new features to address the needs of Sample Town's government *business*. DB2 V9.1 includes the capability to integrate data from across their organization, focus limited IT resource on creating value, and provide a secure and resilient information management system for their valuable information assets.

DB2 V9.1 introduces the first hybrid data server, serving data from both pure relational and pureXML structures. This technology delivers unprecedented application performance and development time/cost savings that makes XML data cost effective for the first time, enabling greater insight faster at lower cost.

Enhancing their existing Web site, Small Town selected WebSphere Application Server - Express Version 6.1, which is an affordable, ready-to-go solution for developing, running, and managing dynamic Web sites and applications. It is designed to meet the needs, like Sample Town's government service needs. WebSphere Application Server - Express combines the power and function of an industry-leading application server with ease-to-use, visual development tools, integrated applications, wizards, and samples to help clients get up and running quickly.

Working together, the System x3455, DB2 software, WebSphere Application Server - Express, and the Linux operating system provide the capabilities needed by Sample Town to provide essential transactions and information on an around-the-clock basis.

11.1.4 Benefits of the solution

With its new scalable, open-source solution, Sample Town has a strategic platform for its growing IT infrastructure. Built on open-standards, the IBM DB2 V9.1 applications provide easy access to multiple data sources. They facilitate the enterprise-wide sharing of information on Sample Town's Web site. WebSphere Application Server - Express provides the tools and runtime environment required to make all information access and Web applications a reality. The Linux operating system delivers the high performance, cost-effectiveness, and security that the government needs for its sensitive systems.

The IT department projects a 20% increase in productivity, one-hour-per-day savings in human resources, and a 15% increase in revenue by providing the citizens with the online ability to do the following:

- ▶ Buy licenses and permits
- ▶ Pay bills, taxes, fees, and fines online
- ▶ Apply for government funded projects
- ▶ Review and apply for government job opportunities
- ▶ Locate government departments and officials
- ▶ Access online government publications
- ▶ Stay informed on community activities and events

11.2 ITSO Toys

This scenario discusses the solution defined for ITSO Toys, a toy manufacturer in need of a robust modernized IT environment that supports expanding working environment. ITSO Toys is also thinking of making various applications available to customers and suppliers, streamlining some of their business processes.

11.2.1 Client background

Founded in 1985, ITSO Toys is one of the top toy brands in North America. With 2,000 employees and approximately US\$500 million in revenues, ITSO Toys is known worldwide for its safe, high-quality plastic building blocks and toys for toddlers, preschoolers, and older children.

ITSO Toys' toddler line includes shape-sorting blocks, buckets, and vehicles. Its preschool line integrates electronics into toys that teach numbers, colors, and shapes, and music. For older children, ITSO Toys offers its Robotic collection, which includes build-it-yourself radio-controlled robots and a Dragon product line that includes mythical settings, dragons, and fortresses.

11.2.2 Business need

Part of the ITSO Toys mission is to achieve operational excellence to provide its customers with high-quality toys that encourage creativity and learning. To this end, the company relies heavily on its IT infrastructure. In particular, ITSO Toys relies on robust Enterprise Resource Planning (ERP) applications from PeopleSoft, that support everything from materials requisition to supply-chain logistics to distribution and marketing. For collaboration services such as, e-mail, messaging, and document management, ITSO Toys relies on IBM Lotus Domino.

ITSO Toys runs its mission-critical business processes on an System i platform. The state-of-the-art System i platform serves the ERP applications and the collaboration solutions. However, the company's employees access the applications via 5250 terminals with 5250 emulation software. Their green-screen emulation software is slow and making the employees inefficient in their use of ERP applications and increasingly unwilling to exploit the IBM Lotus Domino-based collaboration software.

ITSO Toys wanted to extend its green-screen applications to the Web so that employees could easily connect, via a Web browser, to corporate business and collaboration applications running on the System i platform. ITSO Toys engaged an IBM Business Partner to implement a solution based on IBM software and selected IBM for the following reasons:

- ▶ ITSO Toys wanted to build on their existing relationship with IBM and the Business Partner, as well as take advantage of its already installed System i platform.
- ▶ The IBM Business Partner was willing to implement a proof of concept to demonstrate how IBM WebSphere technology would meet and exceed the stated requirements.
- ▶ The pricing was competitive.
- ▶ The IBM solution could be implemented quickly.

11.2.3 Solution implementation

ITSO Toys selected a solution built on IBM WebSphere technology, IBM WebFacing Deployment Tool for WebSphere Development Studio V6.0.1 with Host Access Transformation Services (HATS) Technology and WebSphere Portal - Express for Multiplatforms, Version 5.0.2.

IBM WebFacing Deployment Tool for WebSphere Development Studio V6.0.1 with Host Access Transformation Services (HATS) Technology delivers an integrated modernization solution for the IBM System i customers. It is a runtime enabler allowing the WebFacing Tool and HATS technologies to work together in

an integrated fashion. Both WebFacing Tool and HATS Toolkit customers can work seamlessly with their existing projects, while taking advantage of the new capabilities when combined with i5/OS® V5R4.

WebSphere Portal - Express for Multiplatforms, Version 5.0.2 contains the customizable portal, an integrated document manager, a selection of portlets, the toolkit for creating new portlets and the WebSphere Application Server for running the portal. It provides capabilities to do the following:

- ▶ Increase employee productivity through easy access to critical business applications and information.
- ▶ Improve customer and business partner satisfaction and loyalty resulting from portals that are customized to each user's unique needs and interests.
- ▶ Reduce costs for building and maintaining first class portals.
- ▶ Enables ITSO Toys to quickly build portals to simplify and accelerate access to personalized information and applications

IBM WebFacing Deployment Tool for WebSphere Development Studio V6.0.1 with Host Access Transformation Services (HATS) Technology and WebSphere Portal - Express for Multiplatforms provide ITSO Toys with the tools to extend its traditional 5250 applications from the green screen to an HTML format. This allows employees to use a Web browser interface making the ERP application accessible and easily navigable across the enterprise.

11.2.4 Benefits of the solution

The new look and feel provided by the IBM software enhanced ITSO Toys existing applications significantly, greatly increasing end-user application usage and satisfaction. The easy-to-use interface accelerates the employee efficiency. Now employees can easily navigate the host applications to take advantage of advanced functionality without stumbling over the complexity of the old views.

ITSO Toys estimates that productivity increased by 15%. Employees can access information 20% faster than before. Now employees have the time and confidence to leverage the robust collaboration tools provided by IBM Lotus Domino.

Finally, building a Web foundation on open standards-based WebSphere software provides ITSO Toys with a strategic view to future Java-based solutions. ITSO Toys is in a position to leverage the WebSphere Development Studio tools to build new business applications, saving time and development costs. With this integrated and visual development environment, ITSO Toys has the opportunity to use in-house resources for development or access

WebSphere expertise from either IBM or the ever-expanding IBM Business Partner community.



Sample test

This appendix provides a sample test for Test 818, IBM Certified for On Demand Business - Solution Advisors V2. Use this set of sample questions to gain a good feeling for the scope and nature of the actual test questions. The Test 818 questions use the same terminology and look and feel.

We established fundamental guidelines for constructing the test questions, these guidelines help you understand the style of the test questions:

- ▶ Always answer with the best answer. In some cases any answer may seem “correct”. Focus on the root issues described in the question to determine the best answer.
- ▶ If the question has more than one correct answer, it is clearly indicated as part of the question. The test tool used for Test 818 (generally a specialized PC application) enforces the correct number of answers.

Sample questions

1. A media and communications company recently acquired a publications house. The CEO needs to consolidate the IT infrastructures to help the company become more profitable and lead its market space. The CEO is aware of IBM's Innovation enabled by on demand business initiatives. What should the solution advisor do first before meeting with the client?
 - a. Become familiar with IBM tool for Opportunity Identification and Growth.
 - b. Prepare a sample proposal for IT consolidation and set up a meeting to discuss the proposal with the CEO.
 - c. Use IBM's industry point-of-view data to understand how mergers and acquisitions impacted businesses in similar industries.
 - d. Arrange a customer briefing on IBM server and storage virtualization including references where mergers and acquisitions were successful in similar situations.
2. A telecommunications company was recently acquired by another large telecommunications company. Each company had multiple business applications and IT environments prior to the merger, and now an IT task force was created that must make them work together. What is the immediate potential opportunity that a solution advisor should identify?
 - a. Software opportunities for IBM to integrate the different business applications through middleware
 - b. Hardware opportunities for high-end IBM servers as they have to move the business applications to a more robust environment
 - c. Migration services opportunities for IBM and its business partners
 - d. Services opportunities for Business Process Integration
3. A manufacturing organization wants to minimize its software reprogramming and maintenance requirements by avoiding proprietary solutions. What strategy should the solution advisor recommend as best meeting the client's needs?
 - a. Enterprise JavaBeans-based, quick to deploy, leveraging core systems
 - b. Open standards-based, quick to deploy, leveraging core systems
 - c. Java-based, quick to deploy, leveraging core systems
 - d. HTML-based, quick to deploy, leveraging core systems

4. An online retailer is struggling with high variability of online demand. At times their Web site volume is very high and at other times there is very little activity. What is the best next step for the solution advisor with this online retailer? (Select two answers.)
 - a. Organize a benchmark of a server sharing solution.
 - b. Present a proposal for outsourcing the Web servers.
 - c. Articulate the benefits of utilizing IBM hardware versus competitive hardware solutions.
 - d. Determine the client's willingness to deploy a utility model as part of their IT strategy.
 - e. Describe Innovation enabled by on demand business solutions that similar companies implemented to solve this problem.
5. An IT Director is interested in improving their IT infrastructure to support an On Demand Operating Environment. However, the client wants to know where to start and what IT projects to implement. Which IBM assessment tool can a solution advisor use to gain a better understanding of the client's IT environment and current capabilities?
 - a. IBM Executive Assessment Tool
 - b. IBM Technology Assessment Tool
 - c. IBM Solution Consultant Express Tool
 - d. IBM On Demand Opportunity Assessment
6. The implementation of a new order management application is anticipated to take over 12 months. This application is vital to solve the short-term business needs of the client. Which of the following is most likely the root cause for the extended implementation time?
 - a. The service level requirements established for this application
 - b. What the integration issues are for this new application
 - c. On which platforms the application is to be tested
 - d. Anticipated software release updates

7. Providing a consistent IT infrastructure service level is one of the key issues of a client. What key feature of an On Demand Operating Environment should the solution advisor develop to create this buying vision?
 - a. Autonomic computing that reduces dependence on human intervention to maintain complex systems.
 - b. IT simplification through automation and virtualization, enabling access to and creating a consistent, logical view of resources across a network.
 - c. Integration that provides business flexibility through the consistent integration of people, processes, and information within and beyond the enterprise.
 - d. Provisioning that provides effective means of sharing capacity, reallocating and reconfiguring storage resources.
8. A client has several departments that create peak loads on server capacity, with each department having its peak load at different times during the quarter. The solution advisor suggests a potential solution that will help the client automatically allocate server processing capacity to adjust to these peaks. Which capability of an On Demand Operating Environment is described in this solution?
 - a. Access management
 - b. Business process management
 - c. Infrastructure orchestration
 - d. Application and information integration
9. In the wake of recent natural disasters, the Chief Information Officer (CIO) of a mid-size financial services company is concerned with unpredictable threats to the company's infrastructure. The aspect of the on demand strategy the CIO is most interested in is resiliency. Which of the following IBM capabilities best align to the CIO's buying vision? (Select two answers.)
 - a. Grid computing
 - b. On demand business hosting
 - c. Service-oriented architecture
 - d. Middleware solutions on demand
 - e. Business continuity and recovery services

10. A Fortune 500 distributor of hardware and software is developing an extranet for suppliers and partners. Data will be received and sent to multiple partners in different formats so ensuring the accuracy of the data is critical. The company needs a solution that meets the needs of both large and small organizations. How should the solution advisor respond to highlight the relevant IBM strengths?
 - a. Describe IBM's market leadership in information integration, collaboration, and message queuing.
 - b. Offer IBM services to standardize all partners on Linux, so that they can access the appropriate business applications.
 - c. Highlight the fact that IBM's Intel-based servers can run Microsoft Message Queuing economically at the partner sites.
 - d. Suggest an IBM DB2 solution that integrates information about diverse databases, giving real-time access as though it were a single database.
11. A client developed a business case for the e-learning project that satisfies part of the solution vision of providing education to remote marketing teams at a reduced cost. As part of the evaluation criteria, what should the solution advisor include in the business case to justify the project's approval?
 - a. Specification of current metrics for the business case before any work is started
 - b. Use of the business case only to help the client's management team understand the solution
 - c. An estimation of clear and measurable benefits that emphasizes the validity of the business case
 - d. A list of all of the business and technical evaluation criteria associated with the business case
12. The solution advisor is developing a potential solution and wants to set the appropriate levels of client expectation during the implementation phase. What is the most critical factor that should be identified to the client?
 - a. Outsourcing possibilities
 - b. Total price of the project
 - c. Functional capabilities of the technology
 - d. Risks associated with the proposed project
13. A manufacturing company identified system problems and asked the solution advisor to recommend an appropriate solution. During the conversations with client representatives, the solution advisor sensed that the client's industry is going through a severe cash flow problem. What should the solution advisor recommend the client do to move the process ahead?

- a. Postpone the system upgrade until the next fiscal year
 - b. Consider an on demand solution with flexible finance terms built in
 - c. Call for Request for Information (RFI's) and choose the least expensive vendor
 - d. Speak with their financial institution to get approval to finance the solution
14. A CEO agreed to the proposed solution, however his budget is already allocated for the year. What should the solution advisor recommend to move ahead with the project?
- a. Suggest flexible financing alternatives
 - b. Change a portion of the proposal to reduce the cost
 - c. Defer the proposal signing until the next fiscal year
 - d. Begin implementation based on the CEO's statement of intent
15. Based on an advisor's recommendation, a book publisher implemented an online feature for reviewing and purchasing books. The CEO is interested in comparing the current business results to past results without this feature. What should be the solution advisor's next step?
- a. Recommend that the CEO implement a Web measurement system to provide site analytics.
 - b. Request data from system logs from the IT department to show incremental purchases online.
 - c. Recommend that the CEO do a client survey to obtain their views about the new features implemented.
 - d. Discuss with client's finance department the increased revenue and obtain the invoicing details for new customers.

Answers to sample test

The correct answers are highlighted.

1. A media and communications company recently acquired a publications house. The CEO needs to consolidate the IT infrastructures to help the company become more profitable and lead its market space. The CEO is aware of IBM's Innovation enabled by on demand business initiatives. What should the solution advisor do first before meeting with the customer?
 - a. Become familiar with IBM tool for Opportunity Identification and Growth.
 - b. Prepare a sample proposal for IT consolidation and set up a meeting to discuss the proposal with the CEO.
 - c. Use IBM's industry point of view data to understand how mergers and acquisitions have impacted businesses in similar industries.**
 - d. Arrange a customer briefing on IBM server and storage virtualization including references where mergers and acquisitions have been successful in similar situations.

Rationale: Try to understand the potential opportunity, enabling you to be ready for the broader discussions around merges and acquisitions. Plus, you will have other industry related examples to share with the client.

2. A telecommunications company was recently acquired by another large telecommunications company. Each company had multiple business applications and IT environments prior to the merger, and now an IT task force was created which must make them work together. What is the immediate potential opportunity that a solution advisor should identify?
 - a. Software opportunities for IBM to integrate the different business applications through middleware**
 - b. Hardware opportunities for high-end IBM servers as they have to move the business applications to a more robust environment
 - c. Migration services opportunities for IBM and its business partners
 - d. Services opportunities for Business Process Integration

Rationale: This is an immediate and long-term opportunity, get them on the right path, starting out.

3. A manufacturing organization wants to minimize its software reprogramming and maintenance requirements by avoiding proprietary solutions. What strategy should the solution advisor recommend as best meeting the client's needs?
 - a. Enterprise JavaBeans-based, quick to deploy, leveraging core systems
 - b. Open standards-based, quick to deploy, leveraging core systems**
 - c. Java-based, quick to deploy, leveraging core systems

d. HTML-based, quick to deploy, leveraging core systems

Rationale: This is the correct choice because the Innovation enabled by on demand business recommends a standards based model to leverage existing investments.

4. An online retailer is struggling with high variability of online demand. At times their Web site volume is very high and at other times there is very little activity. What is the best next step for the solution advisor with this online retailer? (Select two answers.)
- a. Organize a benchmark of a server sharing solution.
 - b. Present a proposal for outsourcing the Web servers.
 - c. Articulate the benefits of utilizing IBM hardware versus competitive hardware solutions.
 - d. Determine the client's willingness to deploy a utility model as part of their IT strategy.**
 - e. Describe Innovation enabled by on demand business solutions that similar companies have implemented to solve this problem.**

Rationale: These answers show the client real examples and IBM's experience in helping other clients with the same or a similar problem.

5. An IT Director is interested in improving their IT infrastructure to support an On Demand Operating Environment. However, the client wants to know where to start and what IT projects to implement. Which IBM assessment tool can a solution advisor use to gain a better understanding of the client's IT environment and current capabilities?
- a. IBM Executive Assessment Tool
 - b. IBM Technology Assessment Tool**
 - c. IBM Solution Consultant Express Tool
 - d. IBM On Demand Opportunity Assessment

Rationale: The IBM Technology Assessment Tool helps a client identify a solution based on IBM technology. This tool can help you create a technology blueprint based on your client's current capabilities and IT goals. This tool assists in identifying your client's IT maturity and understanding where they are today and where they want to go.

6. The implementation of a new order management application is anticipated to take over 12 months. This application is vital to solve the short-term business needs of the client. Which of the following is most likely the root cause for the extended implementation time?
- a. The service level requirements established for this application
 - b. What the integration issues are for this new application**

- c. On which platforms the application is to be tested
- d. Anticipated software release updates

Rational: Integration issues add complexity to implementing new applications, especially issues, identifying all the interfaces and developing a comprehensive testing plan and implementing it.

7. Providing a consistent IT infrastructure service level is one of the key issues of a customer. What key feature of an On Demand Operating Environment should the solution advisor develop to create this buying vision?
- a. **Autonomic computing that reduces dependence on human intervention to maintain complex systems.**
 - b. IT simplification through automation and virtualization, enabling access to and creating a consistent, logical view of resources across a network.
 - c. Integration that provides business flexibility through the consistent integration of people, processes and information within and beyond the enterprise.
 - d. Provisioning that provides effective means of sharing capacity, reallocating and reconfiguring storage resources.

Rationale: IBM Self-Managing Autonomic Technology helps transform IT infrastructures into more resilient, responsive, efficient, and secure systems, simplifying and automating various human interventions.

8. A client has several departments that create peak loads on server capacity with each department having its peak load at different times during the quarter. The solution advisor suggests a potential solution that will help the client automatically allocate server processing capacity to adjust to these peaks. Which capability of an On Demand Operating Environment is described in this solution?
- a. Access management
 - b. Business process management
 - c. **Infrastructure orchestration**
 - d. Application and information integration

Rationale: Infrastructure orchestration enables the client to seamlessly manage the allocation of IT resources, processes, and users as one cooperative entity.

9. In the wake of recent natural disasters, the Chief Information Officer (CIO) of a mid-size financial services company is concerned with unpredictable threats to the company's infrastructure. The aspect of the on demand strategy the CIO is most interested in is resiliency. Which of the following IBM capabilities best align to the CIO's buying vision? (Select two answers.)
- a. Grid computing
 - b. **On demand business hosting**

- c. Service-oriented architecture
- d. Middleware solutions on demand

e. Business continuity and recovery services

Rationale: These are both ways of targeting CIO concerns. They ensure that regardless of the solution purchased, IBM can keep them running.

10. A Fortune 500 distributor of hardware and software is developing an extranet for suppliers and partners. Data is received and sent to multiple partners in different formats, so ensuring the accuracy of the data is critical. The company needs a solution that meets the needs of both large and small organizations. How should the solution advisor respond to highlight the relevant IBM strengths?

- a. Describe IBM's market leadership in information integration, collaboration and message queuing.**
- b. Offer IBM services to standardize all partners on Linux, so that they can access the appropriate business applications.
- c. Highlight the fact that IBM's Intel-based servers can run Microsoft Message Queuing economically at the partner sites.
- d. Suggest an IBM DB2 solution that integrates information about diverse databases, giving real-time access as though it were a single database.

Rationale: This response provides the only full view of the relevant IBM strengths.

11. A client developed a business case for the e-learning project that satisfies part of the solution vision of providing education to remote marketing teams at a reduced cost. As part of the evaluation criteria, what should the solution advisor include in the business case to justify the project's approval?

- a. Specification of current metrics for the business case before any work is started
- b. Use of the business case only to help the client's management team understand the solution
- c. An estimation of clear and measurable benefits that emphasizes the validity of the business case**
- d. A list of all of the business and technical evaluation criteria associated with the business case

Rationale: The business case and technical evaluation criteria associated with the project; however, the benefits reinforce the business case.

12. The solution advisor is developing a potential solution and wants to set the appropriate levels of client expectation during the implementation phase. What is the most critical factor to identify to the client?

- a. Outsourcing possibilities
- b. Total price of the project
- c. Functional capabilities of the technology
- d. Risks associated with the proposed project**

Rationale: Making the client aware of the known risks associated with the project allows them to better plan for the project and to take steps that may minimize the impact of these risks. Be aware that all risks cannot be identified at the beginning of a project, that is why it is important to monitor the progress of the project.

13. A manufacturing company identified system problems and asked the solution advisor to recommend an appropriate solution. During the conversations with client representatives, the solution advisor sensed that the client's industry is going through a severe cash flow problem. What should the solution advisor recommend the customer do to move the process ahead?
- a. Postpone the system upgrade until the next fiscal year
 - b. Consider an on demand solution with flexible finance terms built in**
 - c. Call for Request for Information (RFI's) and choose the least expensive vendor
 - d. Speak with their financial institution to get approval to finance the solution

Rationale: In this situation an Innovation enabled on demand solution with flexible finance terms built in is most appropriate. The other options do not meet this need.

14. A CEO agreed to the proposed solution; however, his budget is already allocated for the year. What should the solution advisor recommend to move ahead with the project?
- a. Suggest flexible financing alternatives**
 - b. Change a portion of the proposal to reduce the cost
 - c. Defer the proposal signing until the next fiscal year
 - d. Begin implementation based on the CEO's statement of intent

Rationale: IBM Financing provides the CEO with a great way to acquire IT without an up-front investment.

15. Based on an advisor's recommendation, a book publisher implemented an online feature for reviewing and purchasing books. The CEO is interested in comparing the current business results to past results without this feature. What should be the solution advisor's next step?
- a. Recommend that the CEO implement a Web measurement system to provide site analytics.**

- b. Request data from system logs from the IT department to show incremental purchases online.
- c. Recommend that the CEO do a customer survey to obtain their views about the new features implemented.
- d. Discuss with customer's finance department the increased revenue and obtain the invoicing details for new customers.

Rationale: This is the solution the Solution Advisor should recommend, the others do not provide a direct means of providing the information.



B

Industry basics

This appendix provides a basic information about the various industries. The appendix includes the following:

- ▶ An overview of each industry
- ▶ The challenges each industry faces
- ▶ Information technology investment areas for each industry

Opportunities in the Industries

The Solution Advisor *must* understand the key industries that are driving the on demand business opportunity, industry trends, terminology, and the key IBM plays for those industries.

This section provides an overview of the key industries, industry challenges, and information technology investment areas. It acquaints the Solution Advisor with the industry messages, Web sites with additional information, and sales aids in the development and transformation of a client's business issues into industry-oriented solutions.

The Solution Advisor should understand the critical industry issues and trends. Their goal is to become a trusted advisor to their clients and build teams using IBM and our Business Partner solutions.

Automotive

With a total annual output of more than 60 million vehicles, the automotive industry creates revenues of more than U.S.\$1.8 trillion. It consists of manufacturing companies that develop, manufacture, distribute, and service vehicles and vehicle components for business and consumer markets.

The automotive industry is a dynamic industry that is undergoing massive change. Emerging markets, increased competition, and new regulations are dramatically shaping the business landscape. Technologies such as the Internet, pervasive computing, and wireless communication are dramatically shaping the global economy and business landscape. To remain competitive, original equipment manufacturers (OEMs) must balance a combination of ever-changing customer requirements, fuel efficiencies, demands for quality and services, price constraints, excess manufacturing capacities, government regulations, labor issues, and many other concerns. These factors must be reconciled in increasingly shorter time frames, within organizations that span the globe.

The automotive industry is composed of several types of companies. Automotive and Heavy Equipment Manufacturers (OEMs) are the companies that manufacture the end product for delivery to consumer, business, and government customers. Supplying the OEMs is the Automotive Parts and Accessories Industry, comprised of manufacturers who produce a wide range of products including: stampings, carburetors, pistons, piston rings, valves, vehicular lighting equipment, storage batteries, engine electrical equipment, and motor vehicle parts and accessories. The Dealers are the retail and wholesale players moving products from the OEMs to the end consumer.

The Automotive Parts and Accessories Industry has two primary sectors:

- ▶ Original equipment (OE) suppliers produce parts for OEMs.
- ▶ Aftermarket parts manufacturers produce replacement parts for vehicles.

Challenges

Major business challenges for automotive manufacturers include:

- ▶ Customer concentration

The consolidation of OEMs has resulted in the need for fewer suppliers. Consolidation is occurring in the SMB auto suppliers. This increases the need to integrate disparate systems.

- ▶ Evolving business model

Automobiles are becoming more modular and responsibility for design is being pushed to the supply chain. This increases the need for Product life cycle management (PLM) solutions at the supplier level.

- ▶ Shifting markets

High growth markets for new cars include China, Eastern Europe, and Latin America. North America remains the largest market for aftermarket parts and service. SMB manufacturers will need to leverage technology to extend their global reach competitively.

- ▶ Accelerating technology

As the percentage of electronic components in each vehicle increases, so does the need for standards-based technology to ensure inter-operability. This increases the need for electro-mechanical design at the supplier level.

- ▶ Fuel prices

Fuel prices are expected to continue their rise as additional demand from new vehicles (see shifting markets) outpaces the increase in supply. This could result in an industry slowdown as vehicles using alternative fuels are designed and offered affordably.

Automotive chief executive officers (CEOs), chief financial officers (CFOs), and line of business (LOB) executives are becoming more involved in IT-related strategy and buying decisions. Chief information officers (CIOs) are becoming more connected to corporate business strategy. The industry is simultaneously dealing with these landmark issues.

Information technology investment areas

Technology must support and facilitate an ever-changing environment. Technology trends include the following:

- ▶ Taking advantage of the Internet to increase business efficiencies in the supply chain with customers, distributors, and providers
- ▶ Buying packaged applications for customizable, open platforms
- ▶ Integrating enterprise resource planning (ERP) with new functions, such as supply chain management, customer support, and product life cycle management
- ▶ Improving communication and collaboration across the supply chain to exchange data and information efficiently

The role of information technology is increasing with the need to transform into on demand businesses. This has implications on solutions for supply chain, distribution, global collaboration, and for system and process integration across the entire product life cycle.

The automotive industry is starting to require solutions from their vendors. They value Business Partners that display a global presence and offer knowledge, know-how, and reliable, cost-effective, end-to-end solutions.

Automotive suppliers need to leverage technology to be able to exist in today's highly competitive and increasingly global market. In addition to enhancing and integrating existing systems, new systems will be required to meet client demands.

The primary opportunities for business solutions exist in the following areas:

- ▶ Enterprise resource planning (ERP/EAS)
- ▶ Supply chain management (SCM)
- ▶ Customer relationship management (CRM)
- ▶ Business intelligence (BI)
- ▶ Product life cycle management (PLM)
- ▶ Corporate portals
- ▶ On Demand Business
- ▶ Automated procurement
- ▶ Network
- ▶ Wireless/RFID
- ▶ Security

Banking (Financial institutions)

The term financial institution (FI) refers to commercial banks, trust companies, savings banks, savings and loan associations, credit unions, and thrift or other specialized type of financial institution. There are three major types of depository institutions in the United States:

- ▶ Commercial banks
- ▶ Thrift institutions (savings and loan associations and savings banks)
- ▶ Credit unions

These three types of institutions have become more like one another in recent decades, and their unique identities have become less distinct. They still differ, however, in specialization and emphasis, and in their regulatory and supervisory structures.

Commercial banks are the traditional department stores of the financial services world. Thrift institutions and credit unions are more like specialty shops that, in time, have expanded their lines of business to better compete for market share.

Challenges

Financial leaders are focused on three core challenges facing financial institutions (FIs) that are strategically consistent with other industries.

- ▶ Growth
Innovate and differentiate. Improve the customer experience. The factors that drove revenue growth in the past decade are yielding less robust returns today, and they are incapable of driving revenue growth for the next 10 years.
- ▶ Efficiency
Improve business manageability, efficiency, and competitiveness. Protect and grow margins through dramatically lower, stable cost structures.
- ▶ Resilience
Never fail. Facilitate and enhance business controls and compliance requirements. Comply with regulations and protect earnings from risk in any form.

Financial institution leaders are also focused on common issues specific to the banking industry:

- ▶ *Customer relations* across all delivery channels online banking, branch transformation, call center, ATMs, and direct mail
- ▶ *Regulations* government regulation and deregulation, risk management, and security

- ▶ *Revenue growth* new products and wealth management
- ▶ *Consolidation and competition* banking, savings, brokerage, investments, and insurance
- ▶ *Cost reduction* business efficiencies, simplification, automation, and connection of core processing systems

Information technology investment areas

Following are the FI technology trends:

- ▶ Internet technologies have blurred the traditional product and geography boundaries. Barriers of entry are lowered and competition has increased.
- ▶ Increased competitive pressure from new entrants in the space.
- ▶ IT purchases are considered strategic decisions to be made by executive management.
- ▶ IT investments are shifting from cost cutting to revenue generation.
- ▶ In the Americas, service bureaus control most of the technology decisions at FIs that out sourced their back-office environments.
- ▶ Also in the Americas, back-office core vendors are now adding their own on demand solutions. They control the small and midsize marketplace.

To meet the changing demands of the marketplace, FIs are concentrating on new areas of investment.

- ▶ Front-office reinvention through customer insight
 - Understanding of customer needs
 - Data analytics to cross-sell
 - Consistent view of the customer across channels
- ▶ Branch transformation and multichannel delivery
 - Branch renewal and branch automation
 - Enhancing Internet banking and ATM capabilities
 - Integration of branch, call center, ATM, and Internet
- ▶ Payments
 - Payment processing and archiving (checks, cards, and so on)
- ▶ Core banking
 - Back-office systems
 - Document imaging and content management
- ▶ Risk, compliance, and security
 - Imaging and management of records, business controls, privacy, and consolidated data

- Security and disaster recovery
- Fraud prevention and anti-money laundering

Following are the FI industry and business solutions:

- ▶ Reinvent the front office
 - Customer relationship management and business intelligence
 - Branch transformation
 - ATM (U.S. only)
 - Internet banking
- ▶ Risk, compliance, and security
 - Anti-money laundering and fraud detection solutions
- ▶ Core data processing
 - Core data-processing systems
- ▶ Payment systems
 - Check processing and imaging

Possible infrastructure solutions:

- ▶ Call-center solutions
- ▶ Branch networking
- ▶ Portals
- ▶ IBM Workplace
- ▶ Digital media
- ▶ Wireless
- ▶ Security
- ▶ Document imaging

Consumer packaged goods

The consumer packaged goods (CPG) industry is a mature market and one where demand for its products is relatively stable. Simply stated, we eat, drink, and clean regularly all having a significant impact on this segment. The economy and the level of consumer spending directly affect CPG industries. Spending trends, both up and down, ripple through the supply chain and often cause an over, or under, supply situation.

Overall, the demand for CPG products, food processing, beverage and tobacco, health and beauty aids, and general processing of farm, fish, meat, and logging, is consistent from year to year. However, CPG enterprises are tactically complex. They involve people and processes extended along a broad value chain and segregated by roles and functions.

CPG processes span the following:

- ▶ Marketing and sales
- ▶ Manufacturing
- ▶ Procurement and distribution
- ▶ Research and development
- ▶ Human resources
- ▶ Information technology

The dissimilar activities of corporate decision makers, factory managers, account representatives, customer associates, procurement teams, and logistics planners all contribute to a CPG organization's ultimate success or failure — but they normally function in organizational and operational isolation.

Challenges

CPG food manufacturing companies face changing consumer demands, retailer consolidation, increased alternative channel competition, and geographic expansion, in addition to continual cost-cutting pressures.

CPG manufacturers face a difficult marketplace:

- ▶ Top-line sales growth has slowed down to a crawl.
- ▶ Most product categories are mature in developed countries.
- ▶ Clutter is dominant: brands, SKUs, and messages overload consumers.
- ▶ Consumer spending and attention are moving from CPG products to other products and services.
- ▶ The ability to capitalize on growth in emerging markets is filled with difficulties.
- ▶ Retailers are consolidating into global powerhouses.
- ▶ Retail store brands are emerging as a key retailer growth strategy.
- ▶ Viable alternative-channel options have yet to emerge.
- ▶ Product recalls and litigation cases can be devastating to a midsize company.

In order to be successful, CPG manufacturers must focus on the following key challenges:

- ▶ Increasing the leverage with retailers
- ▶ Changing role of CPG company sales force
- ▶ Brand management
- ▶ Corporate takeovers
- ▶ Global supply chains
- ▶ Product packaging and shelf space and product traceability

Information technology investment areas

Today's businesses must be both practical and strategic: driven by pragmatism now, yet poised to prosper tomorrow. As a result of this new mandate, CPG entities of all sizes are learning to build on demand business principles and processes internally to boost the effectiveness of each employee and each employee relationship. These business-to-employee (B2E) efforts, while less visible than supplier, trading partner, or customer-facing activities, can help companies put their own houses in order, first and foremost.

CPG organizations can be characterized as late adopters of technology. Traditional enterprise resource planning (ERP) systems previously offered little value for providing perishable products through the retail market. However, new requirements from retailers and new technologies, such as supply chain management and Radio Frequency Identification (RFID) as well as the overall reduction in the cost of technology, position CPG as a viable consumer of technology.

Why take risks with wholesale shifts in direction, when we have become very proficient at making incremental changes to keep up with market trends? The answer is simple, because so much opportunity to add value exists. Value that is out of reach if you focus on fine-tuning an outdated business model.

Becoming an on demand business is not a one-time change. It is a long-term process, one that some CPG organizations have already begun, whether intentionally or not. To galvanize an organization and gear up for the next stage of competition, CPG organizations need to reevaluate the direction they are taking.

Beyond standard enterprise planning and transaction systems requirements — financial, customer service, human resources, order management, and inventory management — CPG manufacturers require systems support for solutions, such as:

- ▶ ERP and EAS
- ▶ Supply chain management
- ▶ Trade promotion management
- ▶ Collaborative planning, forecasting, and replenishment (CPFR)

To support an on demand business, CPG organizations need an on demand IT infrastructure—one that fosters responsiveness to new business requirements and resilience in the face of external shocks and threats. This greater degree of flexibility can be found in a new type of IT architecture, one that is centered on business processes rather than applications, and capable of delivering IT and business components as services, not just static functionality at fixed costs.

- ▶ Electronic data interchange (EDI)
- ▶ Radio frequency identification (RFID)

- ▶ Portals
- ▶ Wireless
- ▶ Networking
- ▶ Security
- ▶ Digital media

Electronics

The electronics industry is experiencing rapid change, primarily because of what is known as 3C convergence, merging of computers, consumers, and communications. One example of 3C convergence is the additional functionality consumers expect when purchasing almost any pervasive computing electronics product today, found in both software and electronics-embedded purchases.

There are two major segments of the electronics industry:

- ▶ *Electrical components*, for example, motors, electricity distribution apparatus, batteries, insulated wire & cable, TV/Radio receivers/recording devices/signal transmitter apparatus, measuring/checking/testing equipment, printed circuit boards, semiconductors & related devices, process control equipment, watches & clocks, accounting equipment, domestic appliances, photographic equipment & supplies, and publishing of recorded media
- ▶ *Microelectronics and technology systems*, for example, computers and computer peripherals, magnetic, and optical recording media

The expected growth of the electronics industry, fueled by an explosion in Internet capabilities, is virtually greater than in any other industrial sector. The market continually demands faster and cheaper products with more functionality. This puts pressure on companies to shorten their time to market, reduce their costs, and improve their engineering design and execution. Consumer acceptance of the Internet has produced a surge in the use of direct channels. The majority of electronics companies today are beginning to adopt on demand business practices to improve their internal operations and supply chains.

Challenges

The key challenge to the success of electronics firms across industry segments and geographies involves the following:

- ▶ Customer satisfaction

It is becoming imperative that electronics companies shift to a consumer-driven business model. Consumers are smarter and more demanding than ever. They spend less than one percent of their time shopping, and they are projected to spend even less time in the future. They are also barraged with an average of more than 5,000 marketing messages daily, and they often express frustration because retailers do not provide the products or services they desire.

Electronics companies must follow a consumer-driven model to retain market share. In a recent market-perception survey of global electronics industries, conducted by IBM, raising customer satisfaction emerged as the most important business issue among managers in the electronics industry.

As a result, electronics companies are transforming from the merchandise-centric model of the 1980s and 1990s to a consumer-centric model where customers buy products virtually any time and anywhere they desire. Value can migrate to high-performance business designs that enable intimate customer knowledge, supported by flexible, high-velocity supply chains.

Companies in the electronics industry are trying to leverage the Internet to better understand customer requirements. In some cases, these requirements are filtered through retail channels. Whether or not a company's customers are end-user consumers, increasing customer response time is critical to maintaining market share.

► Time to market

Electronics companies must react and adjust faster than companies in many other industries. The result is that the electronics industry market is a rough and tumble place for doing business. Today's great products will be obsolete tomorrow, or they will be imitated by a competitor at a fraction of the cost. Business strategies that work today must change for a company to continue to succeed in the future.

Reducing time to market is critical for electronics companies and for most companies, the most important business area affecting time to market is the product development cycle. This cycle includes not only designing and manufacturing the product but also getting legal approvals, testing, packaging, and distributing the new offerings. Key decisions, such as whether to build or to buy components, must be made early in the cycle and communicated to all participants as quickly as possible. Time to market depends on the following:

- An ability to deliver a wider array of products
 - The company's agility and speed in getting to market
 - An increase in variety available to customers
 - Improving coordination between manufacturers and retail partners
- The efficient development of new products in the build phase
 - Outsourcing assembly
 - Management of resources and supply chain
 - Reducing even further the time to market for every new product
- A rapid commercialization of new technologies
 - Commercialization of research

- Customer demands to tailor products to their preferences
- ▶ Innovation

Given the compressed product life cycles for present and future electronics products, how does an enterprise continually refresh product lines to avoid stale and obsolete products in the marketplace? And how does an enterprise innovate in a cost-effective manner?

Innovation requires a combination of real-time supply chain collaboration, category killer product development, and virtual product development management (VPDM) techniques, such as digital mock-up, product synthesis and supply chain management (SCM).
- ▶ Cost reduction

To respond to a dynamic business environment, leading electronics companies are driving toward major structural and process changes. Information technology (IT) is an instrumental part of that strategy, but the real focus is on solving the business problems of streamlining production, reducing administrative overhead, and removing inefficiencies.

The structural changes occurring in the electronics industry have taken a variety of forms. These include outsourcing, mergers and acquisitions, alliances, downsizing, and divestitures.

These structural changes have several goals. Companies are concentrating on their core businesses and trying to enhance their key competencies. This new focus can involve a shift from producing products to providing systems and related services. Companies are looking for economies of scale, sometimes by sharing research and development (R&D) efforts across a product line. In some cases, a company restructures itself to broaden its product range or expand its market reach.

The process changes occurring in the electronics industry are designed to improve the efficiency and effectiveness of specific processes and linkages within firms. Some examples are concurrent engineering, optimization of supply chain, quality management and product portfolio rationalization (model reuse or the use of standard parts). The goals are to increase internal efficiencies, reduce errors and rework, and become more adaptive to the volatile marketplace.

Information technology investment areas

Beyond standard enterprise planning and transaction systems requirements—financial, customer service, human resources, order management and inventory management—electronics companies require systems support for warehouse management, electronic commerce (electronic data integration, or EDI, and Internet), and supply chain decision support

(demand and supply planning, transportation planning and physical distribution strategy).

Some of the most advanced firms in the industry have implemented supply chain planning systems and developed relationships with business partners that allow them to track and automate the flow of goods from suppliers, through their warehouses and onto outbound trucks. Increasingly, these leaders are implementing cross-docking operations in which they coordinate inbound supplier shipments with outbound requirements and literally move the product from one dock to another, without ever putting inventory into stock.

Such an efficient flow of goods requires both sophisticated technology and highly integrated business partner relationships, and has taken years for even the most progressive companies to implement. As technology becomes less expensive and grows simpler to implement, more midsize and small firms will begin to implement these types of solutions.

Midsize and small firms with survival-and-growth strategies are implementing, and will continue to implement, basic warehouse management systems, inventory planning systems and transportation planning systems. These systems have in the past two years become more plentiful, simpler to implement, and less expensive.

Possible Electronic industry and business solutions:

- ▶ Enterprise resource planning (ERP)
- ▶ Supply chain management
- ▶ Product Life cycle Management (PLM)
- ▶ Customer relationship management
- ▶ Business intelligence (BI)

Following are related infrastructure solutions:

- ▶ Portals
- ▶ IBM Workplace
- ▶ Wireless
- ▶ Security
- ▶ Digital media
- ▶ IBM Engineering & Technology Services (E&TS)
- ▶ Networking

Fabrication and assembly

Fabrication and assembly (F&A) companies (often referred to as other manufacturing) are almost always discrete manufacturers where output is

measured in number of units, rather than process industries (for example, chemicals) where output is measured in quantity (that is, gallons, cubic yards, feet and so on).

Challenges

The key issues facing F&A companies today include the following:

- ▶ Competition
 - Global competitors, just a mouse-click away
 - Need to innovate
- ▶ Speed
 - Shorter lead time
 - Quicker delivery time
- ▶ Flexibility
 - Expensive equipment
 - Multiple products
- ▶ Cost
 - Constant pressure to reduce costs
- ▶ Current environment
 - Economic recession
 - Inventory levels

Information technology investment area

The role of information technology is increasing with the need to transform company strategies into on demand business approaches. Information technology has implications for solutions that include supply chains, distribution, and global collaboration.

Companies in the F&A sector are rapidly changing from simply accepting products from their vendors to requiring concrete solutions. They value partners that display a global presence and offer knowledge, know-how, and reliable, cost-effective end-to-end solutions.

F&A companies need to leverage technology to be able to exist in today's highly competitive and increasingly global markets. In addition to enhancing and integrating existing systems, new systems will be required to meet customer demands:

- ▶ Enterprise resource planning (ERP) and enterprise application systems (EAS)

Integrate and optimize procurement, inventory, planning, forecasting, production scheduling, shipping, human resources (HR), and finance.

- ▶ Product life cycle management (PLM)

Manage product life cycles from conception and development through product data and change management to end-of-life cycle and maximize the business value of product portfolios.

- ▶ Customer relationship management (CRM)

Expand ERP and EAS capabilities to capture important customer data, to anticipate customer needs, and to provide superior service.

- ▶ Supply chain management (SCM)

Expand ERP and EAS capabilities by providing additional analysis for purchasing, sales, forecasting demand, and plant operations.

- ▶ Business intelligence (BI)

Employ business intelligence solutions for manufacturers that deal with high volumes of products and customers, and provide data analysis that can identify untapped opportunities.

IBM, with its Business Partners, can provide F&A leadership and innovative technology to transform customer experiences within an industry-leading, reliable, highly secure, and available infrastructure.

F&A industry and business solutions:

- ▶ ERP and EAS
- ▶ CRM
- ▶ Supply chain management
- ▶ Product life cycle management

Following are related infrastructure solutions:

- ▶ Radio frequency identification (RFID)
- ▶ Portals
- ▶ Wireless
- ▶ Networking
- ▶ Security

Healthcare

The global healthcare industry is being transformed to improve internal operations, reduce administrative and clinical costs, and become more customer focused. Globally, the annual expenditure for healthcare is more than U.S. \$3 trillion, or roughly 8 percent of the world's gross domestic product. In the U.S.,

annual healthcare spending exceeds U.S. \$1 trillion, occupying the largest sector of the nation's economy.

There are three major segments to consider in the healthcare industry:

- ▶ Providers of healthcare
- ▶ Payers for healthcare services
- ▶ Pharmaceutical or pharma companies

Consumer and government pressures on the industry will likely cause the segments to shift and possibly overlap, though speculation remains as to how the industry will be shaped. Finally, several factors add layers of complexity to understanding the healthcare industry: the aging population in the developed world and the introduction of new medical technologies, drugs, and new approaches to well-being.

Challenges

The healthcare industry is on the cusp of a major transformation. Medical centers and research organizations understand that IT can improve clinical operations, financial processes, and patient care. The industry accounts for about 15 percent of U.S. GSP, so additional government funding is unlikely. Consider the following reasons why the industry will have to squeeze more out of existing resources while improving the quality and safety of healthcare:

- ▶ "Environmental" pressures — The aging population will require considerably more medical services and drugs.
 - Cost of chronic care is 80% of healthcare costs.
 - Increasing competition and demands by patients.
- ▶ Consumerism — Today's consumers are very interested in health issues. They demand better value for their healthcare dollars, and better quality of care.
- ▶ Regulatory pressures — In recent years, the U.S. Congress has passed four pieces of legislation aimed mainly at curbing the costs of receiving healthcare.

Healthcare delivery is an information-intensive business. Yet the industry's information infrastructure is dangerously antique. Few U.S. physicians write prescriptions electronically, while only a handful of hospitals keep electronic medical records or have computerized medication ordering. Moreover, information regarding patient information, diagnostics, and treatment is inadequately integrated. Consequently, about a quarter of all patients with serious medical problems do not receive the prescribed treatment. To overcome this information gap, providers need an aligned clinical environment that integrates all hospital areas, partners and suppliers—and that turns disparate data into actionable information.

Information technology investment areas

Why has healthcare lagged in the use of IT, with U.S. hospitals typically spending only three percent of their total operating budgets on IT? Consider that healthcare is a highly complex industry that is not easily automated. A hospital inpatient procedure can generate hundreds of pages of clinical notes, lab test results, diagnostic reports, images, and drug orders. Because there are no data standards or protocols in healthcare IT, computerizing healthcare data has been a slow process. But now providers are looking to IT for ways to control healthcare costs while maintaining quality delivery of care.

Benefits from IT solutions come in two varieties: the bottom line and quality of life. Often a single solution can provide both. Providers want solutions that provide significant return on investment, reduce time delays and medical errors, and improve the quality of patient care. Examples include the following:

- ▶ Physician order-entry and pharmacy management
- ▶ Order entry system
- ▶ Enterprise information systems with computer-aided messaging

The number of applications needed to open a new hospital's doors is about 60—an interoperability nightmare.

Application packages are available, any of which are personal computer-based, for virtually any department of a traditional hospital.

Following are healthcare industry and business solutions:

- ▶ On demand infrastructure
- ▶ Clinical and business optimization
- ▶ Single sign-on
- ▶ Clinical genomics
- ▶ Capacity management
- ▶ Mobility solutions
- ▶ Medical imaging
- ▶ IT strategy
- ▶ Business intelligence
- ▶ Health plans
- ▶ Clinical

Following are infrastructure solutions for healthcare:

- ▶ Security and privacy
- ▶ IBM HIPAA readiness solution portfolio
- ▶ IBM desktop and notebook security
- ▶ IBM WebSphere Business Integration for HIPAA
- ▶ Managed security services
- ▶ Strategy and planning services

- ▶ Design and implementation services
- ▶ Wireless
- ▶ Strategic outsourcing
- ▶ Portals
- ▶ IBM Workplace
- ▶ Digital media

Insurance

The concept of insurance can be traced back more than 2000 years when traders looked for ways to share the risks of embarking on risky caravans or voyages. These traders devised an approach where a loan would be taken out to pay for a risky venture, with the understanding that it would only be repaid with interest if the venture was ultimately successful. The concept of positioning insurance to share risk is still the driving force behind insurance industry practices today.

Challenges

The start of the 21st century has not been easy for insurance companies. Volatile financial markets, extreme unexpected losses, increasing regulation, and more demanding customers have forced insurers to look at how they can transform their companies to meet these challenges. The following links provides a more detailed analysis of what is happening in the insurance industry.

- ▶ Volatile stock market
- ▶ Large liabilities
- ▶ Increasingly demanding and aging customer set
- ▶ Attract and retain high quality distributors
- ▶ Regulatory and compliance pressures
- ▶ Convergence and consolidation
- ▶ Technological developments

Information technology investment areas

To implement the insurance industries imperatives, they need to invest in the following key areas:

- ▶ Customer-centric IT: building a single view of the customer

Historically, insurance companies' IT systems were built to support specific product lines. In today's competitive market it has become essential to change this silo approach and develop a customer view in the company. The ultimate goal for insurers is to build a single view of each customer regardless of the access medium involved — face-to-face, agencies, call centers, traditional access and so on.

- ▶ Integration and business intelligence

Insurers process information. Unfortunately, this data is often scattered over various incompatible systems making comprehensive analysis and reporting extremely complex and error-prone. These shortcomings have become even more important as insurers attempt to meet new compliance reporting requirements, improve customer insight, and accurately price their insurance risks while, at the same time, reducing costs.

- ▶ Distribution channel integration

Agents and brokers are increasingly becoming more demanding in their need to better integrate with insurers' back-end processing systems and utilize the best front office tools. Ease of use and single-entry data capture are important requirements. Specifically designed agent portals and improved links to agency management systems have also been cited as key differentiators for insurers.

- ▶ Core (legacy) systems transformation

The aging, inflexible, brittle, and costly systems of the back office have increasingly become a challenge for most insurers. Many of these systems are decades old, poorly documented and extremely difficult to modify. Most legacy systems were developed using technologies available at the time and require skills that are currently difficult to find. As insurers try to develop new, more efficient business processes, the inability of traditional systems to support new processes has become apparent.

Insurers can generate significant cost savings by establishing improved business processes. Defining and executing a successful set of core transformation solutions should be approached in a holistic manner. Analysis of the current business environment is the essential first step. Balance strategy with innovation to improve insurance core systems. IBM provides solutions to help with replacing, modernizing, or transforming the primary systems that process and issue insurance policies.

Key areas to focus on include the following:

- ▶ Claims
- ▶ Marketing and analytics
- ▶ Sales and customer service
- ▶ Risk and compliance
- ▶ Enterprise resource management

Following are related infrastructure solutions:

- ▶ Portals
- ▶ IBM Workplace
- ▶ Wireless

- ▶ Security
- ▶ Digital media

Life sciences

Historically, the life sciences marketplace was perceived to include pharmaceutical research and development (R&D) organizations, nonprescription drug companies, biotechnology organizations, and government and academic entities engaged in life sciences activities. Today, the industry encompasses the advancement of drugs, therapeutics, and diagnostics capabilities through processes such as the following:

- ▶ Drug research
- ▶ Clinical development
- ▶ Manufacturing and distribution
- ▶ Sales and distribution

The burgeoning field of life sciences includes information-based medicine—where traditional medical imaging and medical diagnostics increasingly reflect new advances in science and information technology (IT). The result of such technologies includes new approaches to the development of therapeutics and healthcare.

Challenges

Competitive pressures and investor expectations are driving scientists in the life sciences industry to develop new drug therapies and make discoveries at a pace necessary to keep them ahead of the product development curve. Surviving and excelling in this environment are contingent upon a number of factors, including increased collaboration across disciplines, the protection of mission-critical data, continuous availability of information technology systems, and greater research efficiency.

Specifically, the pharmaceutical and life sciences industries are faced with the following:

- ▶ Maintaining market share
- ▶ Improving collaborative research environments
- ▶ Establishing company portfolio asset protection (intellectual capital)
- ▶ Complying with government regulations
- ▶ Recovering research and development costs

Information technology investment areas

The life sciences industry is focusing on several IT application areas that have a potential impact on their ability to grow over the next several years:

- ▶ Software solutions centered around data integration as they relate to disparate data
- ▶ Storage and security management software solutions
- ▶ Outsourcing of certain value-chain functions such as clinical trials, regulatory document submission, and manufacturing
- ▶ Mergers and acquisitions with other pharmaceuticals or biotechnology companies

Following are the life sciences industry and business solutions:

- ▶ Laboratory site-enablement services
- ▶ Picture archival and communications systems
- ▶ Optimizing research in high-performance computing environments
- ▶ Providing physical security and data protection
- ▶ Regulatory compliance with electronic signatures
- ▶ Integrating and optimizing Linux
- ▶ Data management optimization services
- ▶ Reliable, disaster-tolerant storage solutions
- ▶ Supply chain management
- ▶ Customer relationship management
- ▶ Enterprise resource planning
- ▶ Business intelligence

The infrastructure solutions are as follows:

- ▶ Wireless technologies
- ▶ Radio frequency identification
- ▶ Digital media
- ▶ Portals
- ▶ IBM Workplace
- ▶ Security

Retail

The retail industry is one of the oldest global industries in history, with roots going back to when people first traded for the goods they needed. Since early trading processes were not very efficient, middlemen purchased items from individuals and would then resell them to end users.

The primary purpose of a middleman is to move products between a supplier and a consumer. The retailer is the last step in the supply chain before reaching the consumer.

Today's retail industry is constantly changing. From its original roots in trading, the retail market now takes many forms, from large megastores to family operations, to online Internet-based operations. Competition is fierce, and the retail landscape is constantly adapting to new players and formats.

Challenges

Today, winning and keeping consumers is more difficult than ever before. Consumers spend money when, where, and how they want. Some consumers place more emphasis on price while others seek convenience and still others rely on great service. Emerging trends are changing how most retailers define their core consumers and their marketplace position.

There are five key trends that effect retail:

- ▶ Empowered consumers

Today's consumers are complex—they want high-quality, low-price products delivered through customized shopping experience options. With greater access to product information than ever before, today's consumers are more knowledgeable and drive the retail experience process. Consumer loyalty decreases as value-conscious shoppers focus on price.

- ▶ Competitive Darwinism

In the retail environment only the fittest survive. Consolidations eliminate weak competitors and only dominant performers sustain successful financial performance. Market saturation drives globalization and segment blurring. To survive, retailers must understand how to meet consumers' needs.

- ▶ Technology tipping points

Consumer acceptance and adoption of current technologies is changing the retail front. Soon consumers and retailers will interact virtually anytime, anywhere using multiple channels— retail stores, the Web, kiosks, telephones, wireless, and so on. New insights about market needs and operational issues are available through advanced data collection and analytical systems. Businesses and suppliers collaborate to transform their supply chains.

- ▶ Operations

To compete in the new customer-centric retailing environment all aspects of operations must be continuously reviewed to ensure that they efficiently meet the new requirements.

- ▶ Macro-trends

As retailers develop their strategies, they must also understand how key macro trends will affect their business. Among the most important are: economy, globalization, regulations, and cultural mobility.

Information technology investment areas

Some of the on demand business key plays include the following:

To execute these imperatives, retailers need to develop six core capabilities:

- ▶ *Motivate shoppers* by understanding them and targeting them with personalized messages and promotions to help motivate them to buy.
- ▶ *Satisfy customers* by giving shoppers personalized service, convenience, easy access to information, and a choice between self-service and assisted-service.
- ▶ *Streamline store operations* by cutting non-value-added tasks from employee activities, managing store inventory, and making certain that the right products are on the shelves.
- ▶ *Help empower employees* by providing associates with the information, policies, and tools they need to serve customers effectively and manage their day-to-day work.
- ▶ *Create expert managers* by giving managers accurate, relevant business information and tools to help them maximize their store's performance.
- ▶ *Conduct seamless trade transactions* by working closely with trading partners to develop and introduce new products, manage fluctuations in demand, enter new markets, and maximize buying and supply chain efficiencies.

Following are key industry and business solutions:

- ▶ Merchandising
- ▶ Supply chain management (SCM)
- ▶ Customer management and marketing
- ▶ Workforce management and competency
- ▶ Operational management
- ▶ Enterprise resource planning (ERP)
- ▶ Multichannel management
- ▶ Business intelligence (BI)

Following are related infrastructure solutions

- ▶ Store of the future
- ▶ Store operations
- ▶ Radio frequency identification (RFID)
- ▶ Portals

- ▶ IBM Workplace
- ▶ Wireless
- ▶ Security
- ▶ Digital media

Wholesale

Traditional wholesale distribution represents a very mature industry where the primary purpose is logistical, moving products between suppliers and consumers. A wholesale distributor acts as the middleman in a typical supply chain pipeline channel.

Wholesalers seek to build and manage relationships with downstream customers and upstream trading partners. The wholesale business revolves around the efficient and effective purchase, storage, reselling, and distribution of goods.

Challenges

There are many forces at work which are impacting all distributors, the key trends are the following:

- ▶ Customer self-service
- ▶ Strategic sourcing
- ▶ Fee-based services and pricing
- ▶ Logistics and fulfillment

For more details on these trends, see the article entitled *The Road To Opportunity In Wholesale Distribution* by Adam J. Fein, Ph.D., of Pembroke Consulting:

<http://www.webpronews.com/enterprise/crmanderp/wpn-15-20040809TheRoadToOpportunityInWholesaleDistribution.html>

Information technology investment areas

In order to compete successfully in today's wholesale industry environment, companies will need to invest in IT in the following key areas:

- ▶ Supply chain management (includes B2B e-commerce)
- ▶ Workforce productivity and management
- ▶ Customer and product insight
- ▶ Enterprise technology foundation (integrate applications)

Two other key business areas that wholesalers must focus on are the following:

- ▶ Developing a comprehensive understanding of their customers and products they offer
- ▶ Improving their workforce productivity

The following key areas relate to specific industry solutions:

- ▶ Supply chain management
- ▶ Business Management Systems/Enterprise Resource Planning (BMS/ERP)
- ▶ Customer relationship management (CRM)
- ▶ Business intelligence (BI)

Related infrastructure includes the following:

- ▶ Network (intranet and Extranet)
- ▶ Security
- ▶ Portals
- ▶ IBM Workplace
- ▶ Wireless
- ▶ Digital media
- ▶ Radio frequency identification (RFID)

Additional details and tools

For more information and to work with some of the tools to build industry skills, the Solution Advisor should visit the following Web sites:

- ▶ For additional information about the industries (requires an IBM ID to sign on to this Web site)

<https://www.ibm.com/isv/marketing/industrynetworks/index.html>

- ▶ For the SMB Industry insights

https://www.ibm.com/partnerworld/mem/strategy/smb_offerings_ind.html

- ▶ For the PartnerWorld Industry networks

<http://www.ibm.com/isv/marketing/industrynetworks/>

Related publications

The information listed in this section is considered particularly suitable for a more detailed discussion of the topics covered in this redbook.

IBM Redbooks

For information about ordering these publications, see “How to get IBM Redbooks” on page 201. Note that some of the documents referenced here may be available in softcopy only.

- ▶ *IBM Software Express Buying and Selling Guide, REDP-3975*
- ▶ *On demand Operating Environment: Creating Business Flexibility, SG24-6633*
- ▶ *On Demand Operating Environment: Managing the Infrastructure (Virtualization Engine Update), SG24-6634*
- ▶ *On Demand Operating Environment: Security Considerations in an Extended Enterprise, REDP-3928*
- ▶ *Moving Forward with the On Demand Real-time Enterprise, SG24-7104*
- ▶ *Enable the On Demand Store with IBM Store Integration Framework, SG24-6698*
- ▶ *Improving Business Performance Insight . . . with Business Intelligence and Business Process Management, SG24-7210*
- ▶ *Retail Solutions: Technology Innovation that Matters, REDP-4087*

Other publications

The following publications are also relevant as further information sources:

- ▶ The Global CEO Study 2006
http://www.ibm.com/services/us/bcs/html/bcs_ceostudy2006.html
- ▶ *The Global Innovation Outlook 2.0*
http://domino.research.ibm.com/comm/www_innovate.nsf/pages/world.gio2004.html
- ▶ *Let Go to Grow: Escaping the Commodity Trap*. By Linda S. Sanford and Dave Taylor. Prentice Hall. December 2005

- <http://www.phptr.com/bookstore/product.asp?isbn=0131482084&r1=1>
- ▶ *Component business models: Making specialization real* By Pohle, George, Peter Korsten and Shanker Ramamurthy. IBM Institute for Business Value. August 2005
<http://www.ibm.com/services/us/index.wss/ibvstudy/imc/a1017908?cntxt=a1003208>
 - ▶ *CRM done right: executive handbook for realizing the value of CRM*
<http://www.ibm.com/services/us/index.wss/summary/bcs/a1002689>
 - ▶ Industry Points of View (POVs)
<http://www.ibm.com/services/ondemand/thinking.html>
 - ▶ *Transforming businesses for innovation and improvement*
http://www.ibm.com/software/info/innovate/new_page/files/BIO_Executive_Brief_012506.pdf
 - ▶ *Test 818: Solution Advisor V2*
<http://www.ibm.com/certify/tests/sam818.shtml>
 - ▶ *On demand business: The new agenda for value creation*
http://www.ibm.com/solutions/plm/doc/content/bin/ibv_cross_od.pdf

Online resources

The following Web sites are also relevant as further information sources:

- ▶ IBM Executive Interchange Channel
<http://www.ibm.com/innovation/us/index.shtml>
- ▶ IBM Certified for Innovation enabled by On Demand
http://www.ibm.com/certify/certs/eb_index.shtml
- ▶ IBM Innovation What Makes You Special
http://www.ibm.com/innovation/us/innovation/index.shtml?P_Site=S3002
- ▶ IBM 2006 Strategy: Innovation Enabled by On Demand Business
http://igc31cont.boulder.ibm.com/courses/wbt/directlink/learninglighthouse/mod1_2combo/content/scos/lighthouse%20project/mod1_2combo/index.htm
- ▶ Service-oriented Architecture from IBM
http://www.ibm.com/software/solutions/soa/index.html?S_TACT=106AJ04W&S_CMP=campaign
- ▶ IBM Its time to be an innovator: Possibilities and inspiration
<http://www.ibm.com/innovation/guide/index.shtml>

- ▶ IBM PartnerWorld Web site
http://www.ibm.com/partnerworld/pwhome.nsf/weblook/index_us.html
- ▶ IBM PartnerWorld Industry information
<http://www.ibm.com/isv/marketing/industrynetworks/index.html>

How to get IBM Redbooks

You can search for, view, or download Redbooks, Redpapers, Hints and Tips, draft publications and Additional materials, as well as order hardcopy Redbooks or CD-ROMs, at this Web site:

ibm.com/redbooks

Help from IBM

IBM Support and downloads

ibm.com/support

IBM Global Services

ibm.com/services

Index

A

Account Plan 136
assessment tool 148
Attach Connector Tool 149
 with the Technology Assessment Tool 149
Automation Assessment Tool 149

B

banking industry example 37
books and white papers 150
breakthrough, on demand business 39
business control compliance requirements 72, 77
 enhancing 72
business elements that drive solution decisions 114
business flexibility 64
 increasing 76
business goal 125
business innovate 16
business innovation 66, 77
 driving 76
Business Position Model (BPM) 134
 value of 134
business transformation 41
 techniques 54
buying process 120
buying vision, creating 113

C

CBM 54
CBM-BoIT 54
certification test, sample 161
CIR 55
client
 buying process 120
 getting to know 117
 identifying pain areas 119
 overcoming objections 127
 relationships 39, 87
 setting expectation 118
 understanding 88
Client Business Value 147
client experience 65

 improving 76
client reference
 acquiring 139
 benefits 139
client satisfaction 142
 steps to achieving 140
client-centric proposals 125
closing techniques 130
collaborative processing 82
common client objections 127
company characteristic
 focused 34
 resilient 35
 responsive 33
 variable 35
competition 31
 closing techniques 130
 disagreements and objections 129
 enthusiasm and self confidence 130
 identifying weaknesses 129
 knowing what makes clients buy 130
 learning from others' mistakes 130
 learning your solution 128
 leveraging competitor's strength 129
 responding to 128
 vulnerable spot 129
 watching for good ideas 131
component business modeling (CBM) 54
Component business modeling for the business of
IT (CBM-BoIT) 54
component infrastructure roadmap (CIR) 55
continuous change 30
contracting work to technical resource teams 140
costs, responsibilities, and critical factors 123
creating a buying vision 113
Creating Opportunities Kit 134
Customer Initiatives Map (CIM) 135
 value of 135

D

data privacy
 increasing 70
data, extracting greater value 65, 76

Decision Support Plan (DSP) 138
value of 138
demand-generation activities 117
driving business innovation 66

E

education and training resources 151
employee productivity 67
improving 76
end-to-end strategic portfolio 15
Executive Interaction Channel 149
expertise at IBM 44
Express Advantage 49, 145

F

Financial Management and Business Transformation Outsourcing 45
financial pressures 31
Financial Privacy Rule and the Safeguards Rule 70
financing
options 57
FinListic ValueMANAGE ON-LINE 147
Flexible Financial and Delivery Offerings (FFDO)
financing options 57
making on demand business decisions 59
value across the enterprise 59
Flexible Financial and Delivery Options (FFDO) 56
focused companies 34
funnel management 116
funnel, swift 116

G

government example 154
Gramm-Leach-Bliley Act 70

H

healthcare industry example 38
Human Capital Management (HCM) 45

I

IBM
expertise 44
Financial Management and Business Transformation Outsourcing 45
Human Capital Management (HCM) 45
mapping offerings to solutions for On Demand Business 75

Marketing, Sales and Services 46
Strategy and Change 46
IBM Certified for On Demand Business initiative 11
Web site 11
IBM Express Advantage 49, 145
IBM Global Services 122
on demand business value proposition 80
IBM Printing Systems on demand business value proposition 83
IBM Quick Proposal for IBM Business Partners 139
Web site 139
IBM Software and industry solutions
value proposition 81
IBM Systems Group on demand business value proposition 81
IBM Web sites 149
Executive Interaction Channel 149
industry insights 150
implementation techniques
summary 55
industry
banking example 37
healthcare example 38
solutions for SMB 50
utilities example 36
industry insights 150
industry solutions
value proposition 81
influencers 114
infrastructure solutions 47
for SMB 53
innovate
business 63
innovation
business 16, 77
enabling 62
innovation enabled by on demand business
examples 153
town government example 154
toy manufacturer example 156
IT investments, optimizing 66, 76

K

knowing your client 117

L

lead, strong 116

M

making the right decisions 44
manufacturer example 156
mapping IT solutions to business goals 120
Marketing, Sales and Services 46
marketplace direction 23

O

objections, client 127
offering mapping to solutions for On Demand Business 75
on demand business 39
 client questions 20
 decisions 59
 drivers 29
 enabling innovation 62
 IBM Global Services value proposition 80
 industry examples 36
 initiative 11
 investment areas 78
 journey 20
 key investment areas 76
 large enterprise value proposition 78
 mapping IBM offerings to solutions 75
 next steps in the journey 21
 response to drivers 32
 SMB value proposition 79
 value proposition 61
on demand operating environment 44
on demand story 17
open standards 27, 82
opportunity
 identification, qualification, and conversion into a lead 115
Opportunity Plan 136
 value of 136
optimizing
 IT investments 66, 76
 value net 63, 76
options, financing 57

P

pain area, client 119
PartnerWorld 144
PartnerWorld Express Advantage 144
PartnerWorld Industry Network 146
PartnerWorld University 151
Personally Identifiable Information (PII) 70

process
 streamlining 68, 76
productivity 66
 employee 67
proposal, preparing 124
proposing the solution 122

R

Redbooks Web site 121, 201
 Contact us xiv
references 143
relationship with client 87
resiliency
 increasing 68
resiliency and security
 increasing 76
resilient companies 35
resources 143
 using 16
resources and tools 147
responding to competition
 closing techniques 130
 disagreements and objections 129
 enthusiasm and self confidence 130
 identifying their weaknesses 129
 knowing what makes clients buy 130
 learning from others' mistakes 130
 learning your solution 128
 leveraging competitor's strength 129
 vulnerable spot 129
 watching for good ideas 131
responsive companies 33
roadmap, on demand business 124

S

sale, moving it forward 133
sales aids 134
sales leads, turning into opportunity 115
sales process, energizing 113
sample certification test 161, 173
security and resiliency 68
 increasing 76
service-oriented modeling and architecture (SOMA) 55
Signature Selling Method (SSM) 119, 151
small and midsize business (SMB)
 industry solutions 50
 on demand business value proposition 79

- solutions 49
- Software Express case studies 54
- Solution Advisor
 - certification 11
 - proposal preparation 124
 - proposing solution 122
 - responsibilities 11
 - SSM 119
- Solution Consultant Express Tool 148
- solution decisions 114
- Solution Designer
 - certification 12
- Solution Framework 137
 - value of 137
- solution proposal 122
- solutions
 - infrastructure 47
- SOMA 55
- strategic goal 125
- Strategy and Change 46
- streamline processes 68
- strong lead 116
- supply chain 46
- swift funnel 116

T

- Techline 121
- technical goal 125
- technical resource teams, contracting work 140
- technical resources, IBM 121
- teleconferences 152
- territory planning 117
- Test 817
 - Solution Designer certification 12
- Test 818
 - sample test 161
 - Solution Advisor certification 12
- threats 32
- tools and resources 147
- transformation
 - business 41

U

- understanding the client 88
- unstoppable drivers for on demand business 29
 - response 32
- use of resources 66
- utilities industry example 36

V

- value across the enterprise 59
- value net
 - optimizing 63, 76
- Value Proposition 137
 - value of 137
- value proposition
 - business flexibility 64
 - innovation and on demand business 14
 - large enterprise 78
 - on demand business 61
- variable companies 35
- virtualization 82
- vital sign 116
- vulnerable spots 129

W

- white paper and books 150
- Winning Opportunities Kit 134

Selling IBM's Innovative Solutions

(0.2" spine)
0.17" <-> 0.473"
90 <-> 249 pages



Selling IBM's Innovative Solutions



Starting point for selling solutions based on IBM's innovative technology

Practical reference for Solution Advisor certification

Tools to help you drive sales

Arm yourself with the knowledge and tools to help you sell IBM® solutions and enable IBM clients to become innovative businesses enabled by on demand. This IBM Redbook serves as a practical reference for those who desire to understand the IBM innovation enabled by on demand and how to sell the IBM innovative technology. It provides the perfect starting point for those who want to integrate on demand business concepts into their selling practice. It also serves as a guide for anyone preparing to take the IBM Certified for On Demand Business Solutions Advisor V2 Exam via Test 818.

By reading this IBM Redbook, you will understand the IBM On Demand Business strategy. You will be able to identify business opportunities and target markets, as well as know how to sell solutions in line with the strategy. You will also have the ability to articulate and sell solutions that support Innovation that matters. Plus, you will understand how to be more adaptive to the dynamics in the marketplace.

INTERNATIONAL TECHNICAL SUPPORT ORGANIZATION

BUILDING TECHNICAL INFORMATION BASED ON PRACTICAL EXPERIENCE

IBM Redbooks are developed by the IBM International Technical Support Organization. Experts from IBM, Customers and Partners from around the world create timely technical information based on realistic scenarios. Specific recommendations are provided to help you implement IT solutions more effectively in your environment.

For more information:
ibm.com/redbooks