



Software
Summit 2010 

Websphere Strategy

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For us to make sense of this new world, we must consider four critical questions

“New business & process demands ”

I Need to Work Smart

How can we work smarter supported *by flexible and dynamic processes* modeled for the new way people buy, live & work?

Smart Work

“Data is exploding and it’s in silos”

I Need Insight

How can we take advantage of the wealth of information available in real time *from a multitude of sources* to make more intelligent choices?

New Intelligence

“My infrastructure is inflexible and costly”


I need to respond quickly

How do we create an *intelligent infrastructure* that drives down cost, is secure, and is just as dynamic as today’s business climate ?

Dynamic Infrastructure

“Our resources are limited”

I Need Efficiency

How do we drive greater efficiencies, compete more effectively, and respond more quickly by taking action now on energy, the environment, and sustainability? 

Green & Beyond

WEBSPHERE helps enable a Smarter Planet



Providing a next-generation open integration platform



built on a Service Oriented Architecture (SOA)



customized for your industry

Next-generation open integration platform

... delivering proven value to solve real business problems

WebSphere

Business Agility

by empowering LOB's and IT professionals to create an agile business through dynamic business processes and infrastructure technology

Lotus

Empowering People

Give people the capabilities they need to create more value for their organization

Information Management

Information On Demand

to deliver the right information, in context, to optimize business processes and activities

Service Management

Tivoli

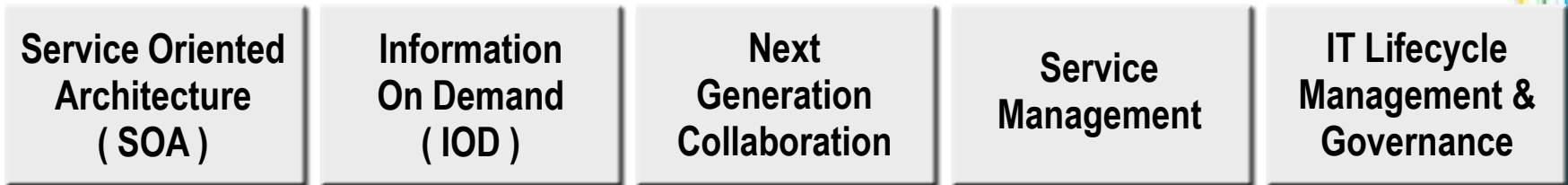
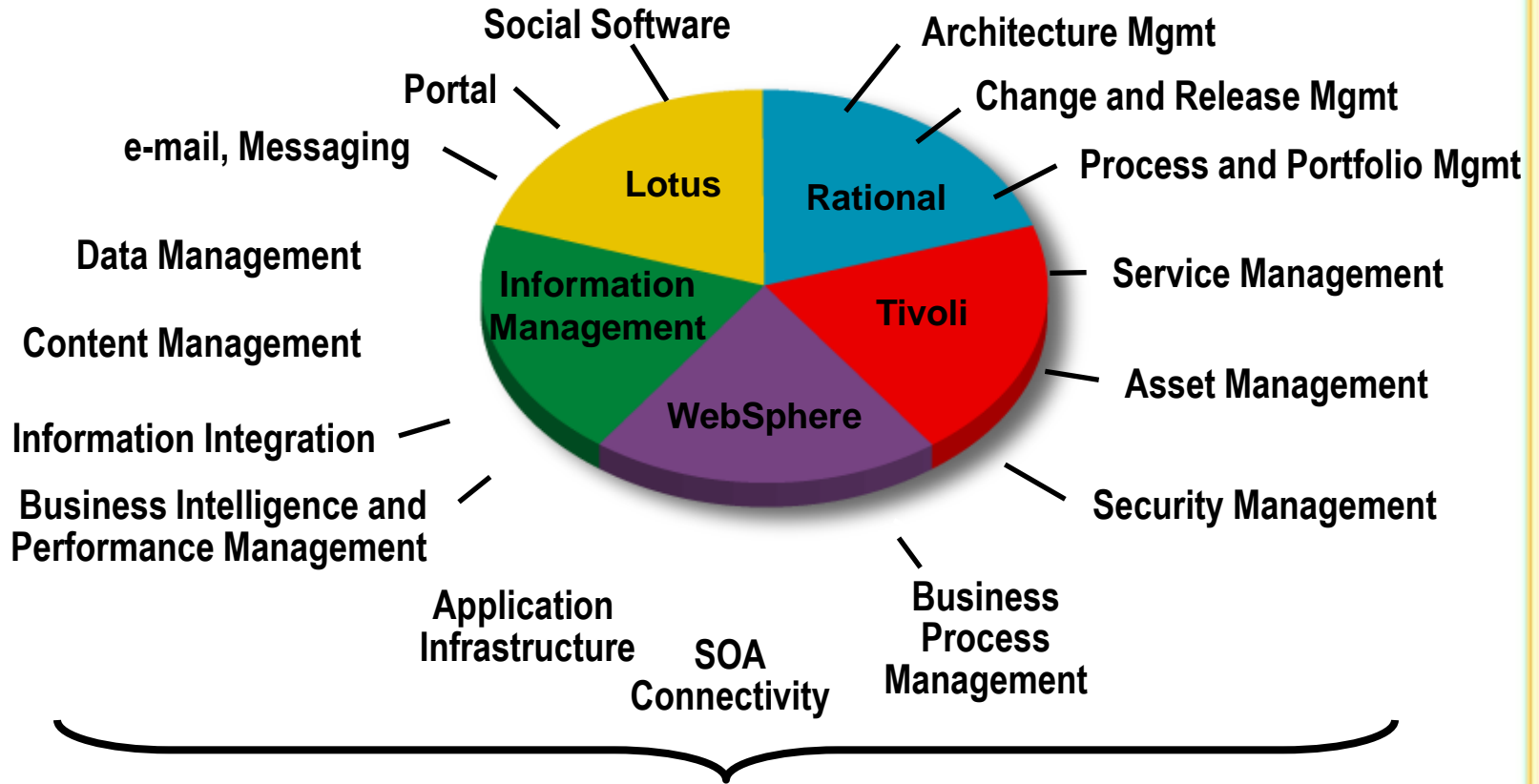
to enable innovation by reducing operational labor, and improving asset productivity and quality of service

Software Lifecycle Management

Rational

to better govern the business process of software and systems delivery enabling innovation at lower cost

Leveraging Our Portfolio to Deliver Solutions.....

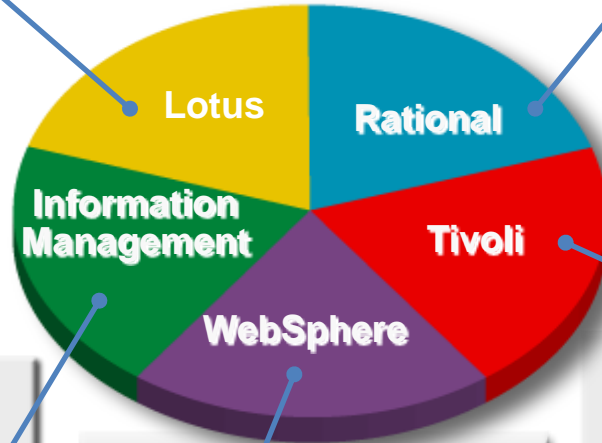


...with acquisitions added to enhance and extend the portfolio

Aprix
PureEdge
Bowstreet
WebDialogs
Net Integration
Outblaze Ltd.

Ubique
Databeam
Pathware
ONEstone
Trilog

Rational
Information Labs
SystemCorp
BuildForge
Watchfire
Telelogic AB



Informix
Tarian
CrossAccess
Green Pasture
Trigo
Alphablox
Venetica
DataMirror
Princeton Softech
Solid Information Tech
Cognos

Ascential
DWL
iPhrase
SRD
LAS
Unicorn
FileNet

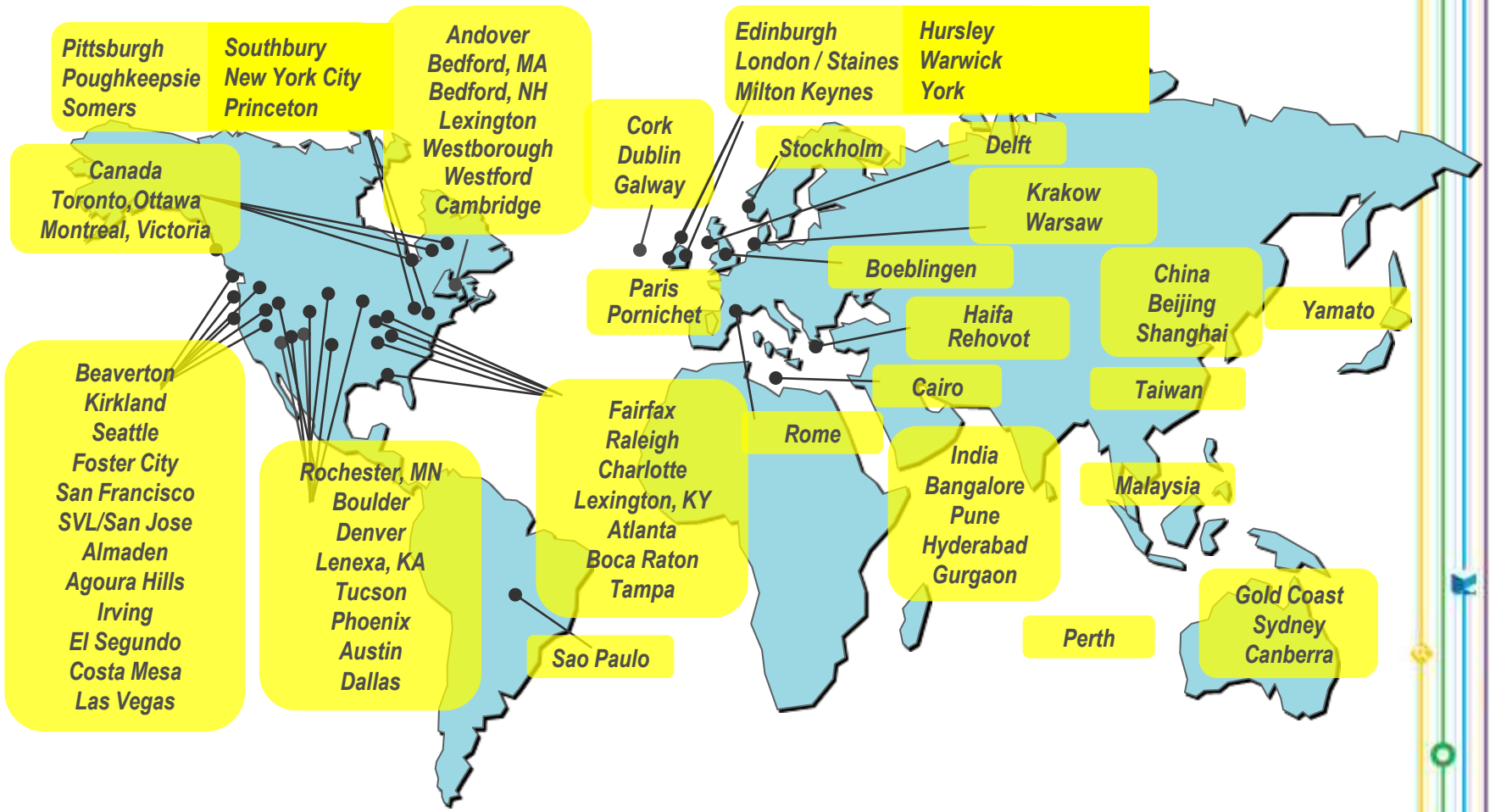
Object Technology
Int'l
Wallop Software
OpenOrders
CrossWorlds
Holosofx
Gluecode
DataPower
Webify
InfoDyne
Cast Iron

AptSoft
ILOG
Lombardi

Accessible SW
Metamerge
TrelliSoft
Access360
Think Dynamics
Candle
Cyanea Systems
Isogon
Collation
CIMS Labs
Ubiquity

Unison
DBMX
DASCOM
Rembo
MRO
Micromuse
Vallent
Dorana
Consul Risk
Encentuate
FilesX

....and a HUGE community of developers.....6,700 developers WW for Websphere



...and a great Global WebSphere Community – www.websphere.org



- **What is The Global WebSphere Community?**
 - A diverse and knowledgeable network of members engaged in local and global collaborative activities related to IBM WebSphere software
- **Who belongs to the community?**
 - Members include IBM WebSphere customers, developers, IBM business partners, consultants and IBMers (technical, support & sales)
- **Why should I join?**
 - Communicate openly, express ideas and share experiences with peers and IBM WebSphere software executives
 - Pursue technical education related to IBM WebSphere software
 - Learn about available IBM WebSphere business partner solutions
 - Expand your networking opportunities at local meetings

Global WebSphere Community Facts

- 124 worldwide user groups
- 13,300 members
- 49% membership growth
- 39,168 site visits/month

North America:
62 user groups
6,857 members

Europe/Middle East/Africa:
22 user groups
3,019 members

Virtual Groups:
5 user groups
*442 members

Latin America:
10 user groups
1,217 members

Asia Pacific:
25 user groups
2,200 members

* Also counted within geographies

IBM's SOA leadership:

Largest Customer Base!

- **7022 Customers**
- **512** SOA-focused Customer Success Stories; **113** on ibm.com
- Market LEADER in LA with 50% market share and in Mexico with 36% market share

Strongest Ecosystem

- **7420** SOA community business partners

Smart
SOA

Unparalleled expertise & investment

- **14,000 Websphere employees**
- **Trained IBM SOA community** over 100K
- **13,000+** assets in the SOA business catalog (90% from business partners)
- **Broadest, Deepest** portfolio of offerings

World Class Events

- **6000+** attendees came to Impact 2010 for 500+ sessions
- Expected 7000 next year!!!



WEBSPHERE EVOLUTION



WebSphere as a brand began with the WebSphere Application Server family of products

1998: WebSphere is Born!

IBM comes up with the name for a global product centered around the World Wide Web



WebSphere name purchased from small web integration company in California for price... and surfing trip to Hawaii!

WebSphere®

WebSphere Application Server announced May 5, 1998 at IBM Technical Interchange Conference in Orlando, Florida

Today

*WebSphere is #1 in SOA and BPM market share (60%+ MS in LA!!)
Over 93% of the Fortune 100 use WebSphere
Over 700 patents on WAS technology
Over 1,000,000 downloads of WebSphere sMash
WebSphere User Group membership is over 30,000 users
Largest BPM partner ecosystem with over 2500 business partners*

WebSphere delivers capabilities to maximize BUSINESS AGILITY

2010: The Evolution Continues....

April 29th 1968
Billions of transactions per day



40 Years Ago
Transaction Processing
CICS is Born



15 Years Ago
Messaging
MQSeries is Born

WebSphere MQ is used by 90% of the Fortune 100!!



11 Years Ago
Transaction Processing for the Web
WebSphere is Born (WAS)



5 Years Ago
Application Infrastructure
Connectivity & Integration
Process Management
SOA is Born



2008
SOA Leader
BPM Leader
Messaging Leader
Web 2.0 Innovator

2010...
Maximize Business Agility
LOB and IT Alignment
Dynamic Business Processes
Flexible Infrastructure



WebSphere Software from IBM

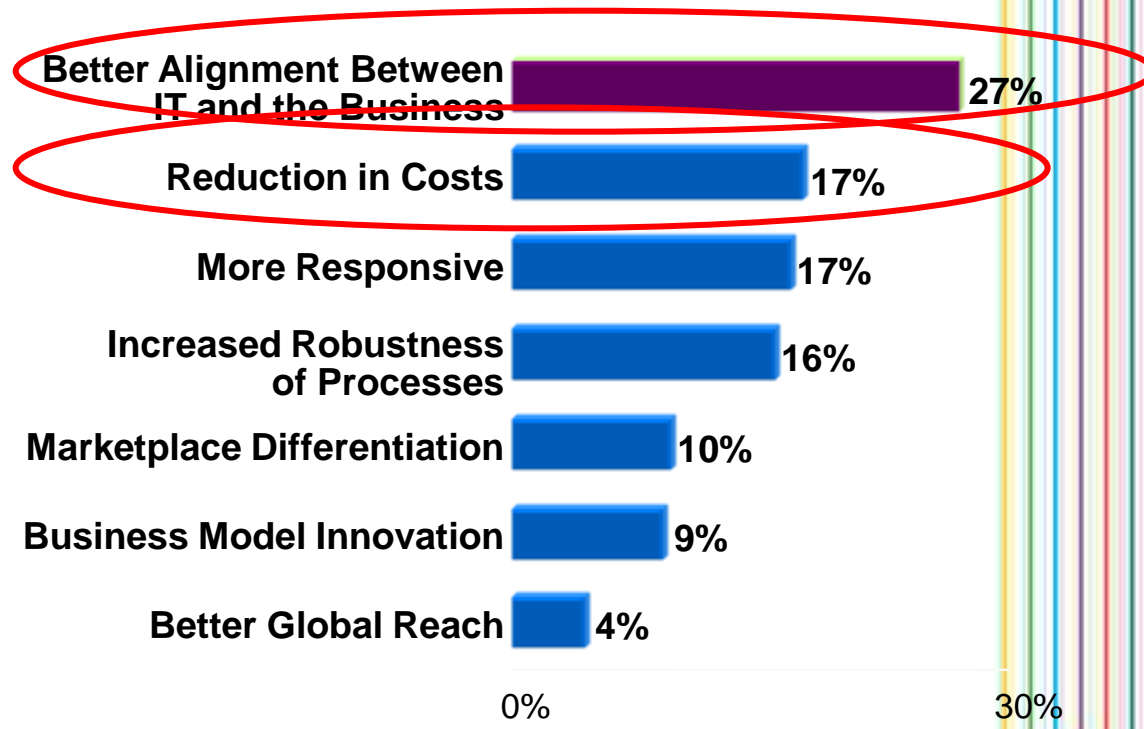
Delivering Smart SOA™ Capabilities for a Smarter Planet

Business Process Management



Work Smarter for Business Agility with SOA. SOA Projects drive strong IT and Business Alignment

“Aligned IT and Business result in DOUBLE the productivity gains of isolated business and IT efforts”



Source: London School of Economics – McKinsey survey and analysis of 100 companies in France, Germany, UK and US

Source: Survey at IBM IMPACT Event, April 2008

WebSphere TODAY – The need for alignment!!!!

Aligning stakeholders unlocks the value of BPM

Design IT approach to meet business needs

IT Architect

Modify rules, policies and processes

Business Analyst

Balance IT tasks to implement design

IT Leader

Process Owner

Build, assemble & deploy IT components

IT Developer

Analyze metrics, optimize process models and dashboards

Process Owner

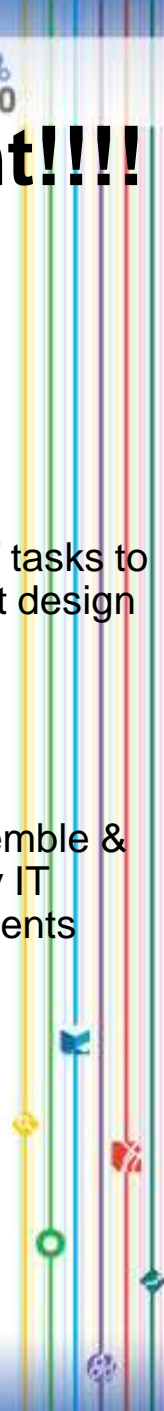


Review KPIs, manage task lists and staff productivity

Business User

Manage and Monitor from mobile devices

Business Leader



While they are joint stakeholders, a 2008 study highlights that business and IT professionals value things differently

Brand Attribute importance ratings in the U.S. highlighted the differences between what is valued by the business and what is valued by IT

Brand Attribute	IT	LOB
Products integrate well with existing systems and applications.	1	10
Products are reliable and built on proven technology and best practices	2	1
Products offer the simplicity and ease of use that I require	3	8
IBM exhibits proven expertise (innovation, leadership, tenure)	4	3
IBM offers the most complete range of products and solutions to solve my problems	5	13
Solutions enable better alignment with and support of business goals	6	14
Overall, integrates and works well in heterogenous environments	7	5
IBM allows my business to be more adaptable and flexible	8	2
Products support improved collaboration among employees, partners, customers	9	12
Enables and treamlines product innovation, development, and market launch	10	15
Products deliver fast time to value	11	9
IBM demonstrates trust and personal responsibility in relationships	12	4
IBM innovates in ways that matter to customers and the world	13	7
IBM is dedicated to every client's success	14	6
IBM is a market leader	15	16
Solutions have unique or advanced capabilities not available from another vendor	16	17
IBM is the SOA market leader	17	11

Source: Brand Development Program Survey (2008) – data is US only

Websphere Evolution: Empowering business and IT professionals requires alignment of business strategy through application infrastructure



Link **business strategy to process execution** and enhance business productivity with horizontal integration across commodity applications

Provide a **single view of business processes** enabling optimization and continuous improvement to increase efficiency and reduce cost

Enable connectivity both within and across processes, fostering **collaboration, insight, and cost effective re-use** of data and knowledge

Provision a **scalable and reliable infrastructure** for the most demanding business-critical applications including **extreme transaction processing**

WebSphere continues along the path, organically and through acquisition, to maximize business agility

Organic Enhancement
Acquisition Enhancement

BPM Portfolio
Role Based Support
BRMS, Optimization, and Visualization (ILOG)
WebSphere Business Events (AptSoft)

BPM BlueWorks
C & P Integrated Information Framework
WebSphere Commerce
Industry Content Packs
WebSphere Front Office for Financial Markets (InfoDyne)



CICS Events Enabling
Extreme Transaction Processing
WebSphere CloudBurst
DataPower
Foundation: Application Servers



WebSphere ESB
WebSphere Service Registry & Repository
Federated Connectivity
SOA Reference Architecture



BPM Customer Success:

BPM in a Credit Bureau (credit reports, disputes, scores, etc.)

Strategic Intent

- Improve the current credit dispute process
- Take the credit dispute process online
- Reduce process errors and rework

Customer Situation

- No Websphere Experience
- Came from a workflow implementation disaster
- Big competitive App Server installed base





Client Challenges

- Development Agility required due to previous project failure
- Handle a huge workload efficiently: More than 300 disputes per day
- 3000 credit report requests per day
- Several disputes impugned

Compelling Reason to Act

- Project – needed to go live in 2 months
- Competition arising
- Failure to meet regulatory SLAs implies heavy fines

BPM Requirements

Achieved	Requirement	Met By
	Demonstrate creation of business processes from a business user perspective	Modeler
	Demonstrate the workflow capabilities	WPS
	Demonstrate the integration capabilities with existing infrastructure	WID / WPS
	Demonstrate the ability to implement complex workflows	WID



Benefits confirmed by the customer: both IT and LOB

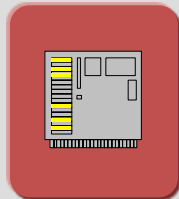
- Ease of Use: Development (IT Stakeholder)
- **Accelerated Time-to-Market**: Quick development and process deployment (LOB Stakeholder)
- Will **easily implement new Business Process** on IBM WPS (LOB and IT Stakeholders)
- Handling workload perfectly
- Adheres to the strategic enterprise architecture direction for the group
- IBM good knowledge of the client's business
- Trusted Advisor relationship with client decision maker

Customer Success with BRMS: Traditional Approach = Business Rule rigidity

Business Rules are typically found in



Manual Processes



Mainframe



Monolithic Applications



Spreadsheets

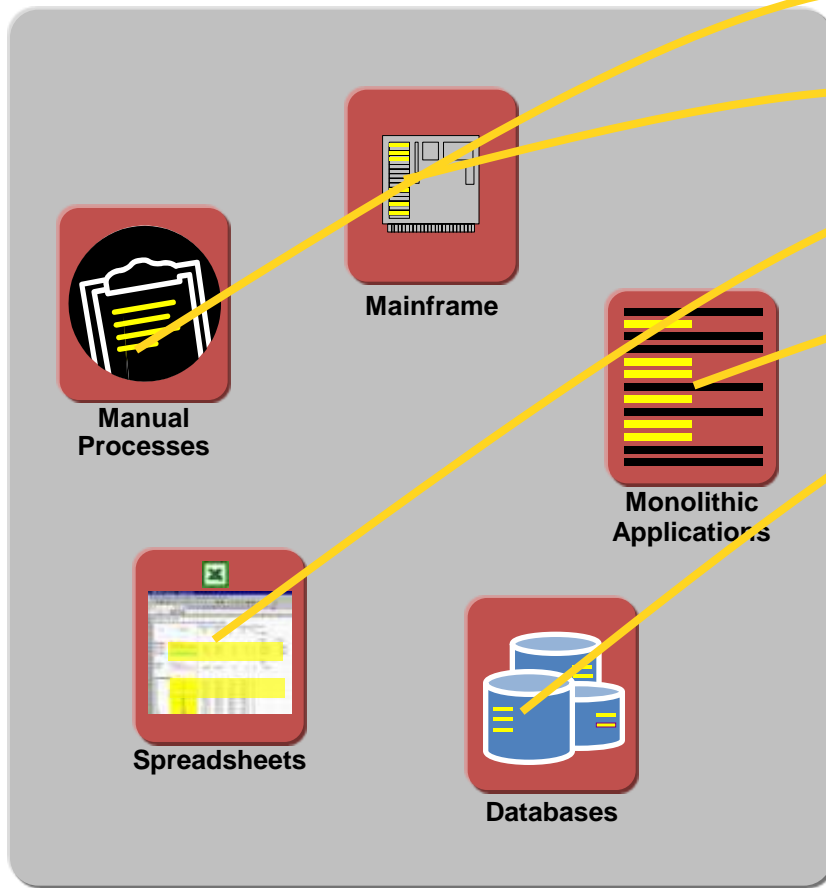


Databases

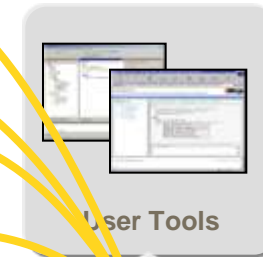
Issues

- Rules are hidden in code
- Most changes have to be programmed or at least require IT resources
- Duplication and multiple versions of the same rules
- Copy and paste versus reuse of the business rules
- Lack of auditability, traceability
- No easy way to test/simulate the change

Customer Success: Business Rule Management System



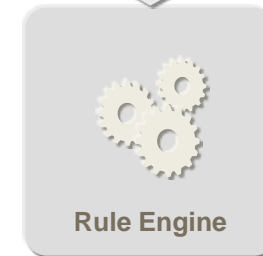
The major elements of a Business Rule Management System (BRMS)



User Tools provide accessibility and rule management (LOB - Modify or ADD new rules))



Rules are extracted and stored in a Rule Repository



Rule Engine provides execution and deployment throughout the process

Customer Success: BRMS System on a Tax collection Agency

Business challenge:

Low tax collection (<10% of GDB, LA average is 20%, OECD 35%)

Very Expensive tax collection (0.0115 pesos/peso)

Very difficult for taxpayers to register and pay taxes

Very complex and constantly changing tax rules

Solution:

Solucion Integral (Tax Payer Identification Service)

SOA centric Solution, with several services using a BRMS

ILOG manage 1,000's tax rules, many of them changed on an often basis

Benefits:

Real tax collection increased by 8.1%

Income tax collection gres by 12.9%

Collection grew by 4.17% of GDP (best in 13 years)

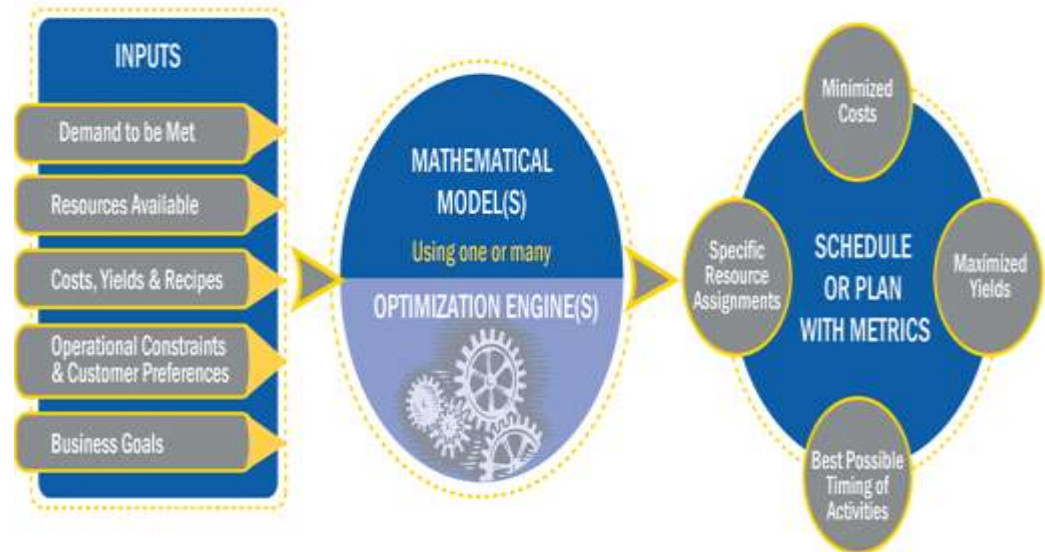
544K new taxpayers (35% more than in 2006)

Cost dropped by 10%

- **Industry:** Government
- **Solution:** Tax collection
- **Deployment country:** Mexico
- **Product:**
 - IBM WebSphere® ILOG JRules®

Customer Success: ILOG Optimization

- Optimization helps businesses make complex decisions and trade-offs about limited resources, **automating decisions**
 - Understand trade-offs and sensitivities to various changes
 - It gains insights into input data
 - It views results in new ways
- Very advanced engine / algorithm: It discovers previously unknown options or approaches automatically evaluating **millions of billions of options**
- Use cases in every industry



Customer Success: A Brazilian Bank

Cash Management – A Bank's Nightmare

THE PROBLEM

- Banks Carry Millions or Billions in cash
- Banks need to meet the currency demands of their customers (agencies, ATMs)
 - 3,000 agencies
 - 6,000 ATMs
 - All sorts of constraints
- Banks must optimally balance currency inventory holding costs, stock-out costs, and replenishment costs
- Banks must meet regulatory requirements, and keep costs down when unexpected events disrupt replenishment plans
- Decision needs to be made in a 40 minutes window, on a daily basis!!

THE SOLUTION WITH OPTI

- ILOG team engaged
- Expected reduction in inventory levels and carrying costs
 - Cash inventory reduction of 35%
 - Replenishment costs reduced by 55%
 - Overall cost reduction between 30 – 50%
- Meet regulatory requirements
- List available daily within planning time windows (40 minutes)
- Agility in the face of uncertainty
- Solid Reporting





Customer Success: IBM Lab Increases Productivity and Agility Using Smart SOA Infrastructure: WebSphere CloudBurst

Industry Pains

- OS security compliance issues due to virtualization
- Low rates of hardware utilization
- Agile development requires high quality and broader testing

Smarter Business Outcomes

- No OS security compliance violations in 4 months
- Increased server utilization up to 90%
- Reduced standardized topology deployment from over 2 hours down to 18 minutes
- Leveraged existing hardware and software assets



Why Smart SOA Infrastructure?

“The ability to provide compliant patterns and images in our public lab while leveraging the speed and rapid deployment of virtualization is significant for our efforts to consolidate hardware, and reduce costs while at the same time providing onDemand access to development and test environments necessary for Agile development”. **Frank Varone, Test and Quality Manager for WebSphere Application Server**

Why IBM and WebSphere?

Process



- **Over 10 years in market** with core human and process workflow capabilities
- BPM Competency Center with over **1000 engagements**
- 65 packaged BPM best practices delivered through BPM Framework
- Most expertise to deliver BPM with more than **400 customers** using IBMs Industry Models

Connectivity



- “Most well connected SOA” in the industry with **1,500 unique** connection points
- IBM WebSphere MQ – voted best Java Messaging tool²
- **Tens of billions** of messages every day sent using WebSphere
- WebSphere MQ is used by **90% of the Fortune 100**
- IBM Overall Winner in Application Integration Middleware³

Reuse



- **Listed 1st in market share for Application Server software**³
- **90%** of the World's 100 largest corporations run their businesses on WebSphere Application Server⁴
- Almost **2,000** partner applications have been built on WebSphere Application Server
- **2,600** partners “certified” with WebSphere Application Server family skills

Nobody invests more

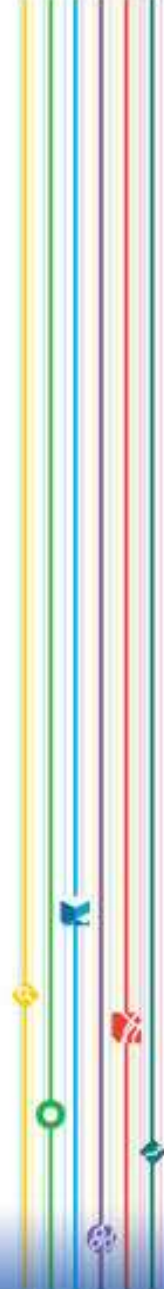
- Investing over **\$1B** a year in SOA and Web services
- **6,700+** IBM developers
- **10,750+** IGS practitioners trained on WebSphere
- **300+** SOA-related patents

Nobody has the same breadth, depth and experience

- Broad portfolio relied on by over **87,000 customers**
- Extensive ecosystem – **2,500+ SOA partners** and 3,150 active ISV solutions
- Ability to migrate applications across the largest number of platforms
- 8 of the world's 10 biggest banks, 10 of the world's 10 biggest auto manufacturers
- 9 of the world's 10 biggest telcos, half of the world's 30 biggest electronics companies
- 4 of the world's 10 biggest retailers, 80% of biggest US health plans
- Equally significant percentage of the world's small and medium sized businesses

GRACIAS!!





BACKUP



BRMS Benefits

- **Improved agility**
 - Rules can be more easily accessed and changed
- **Reduced IT maintenance costs**
 - Business users can change rules
- **Improved regulatory compliance**
 - Policy automation ensures consistency and compliance
- **Increased revenue opportunities**
 - Being able to respond to a competitor's offer more quickly, for example
- **Improved customer experiences**
 - Consistency in how customers are treated and faster business response times



Second Focus

Area...OPTIMIZATION

- How can a large drug company determine the monthly product mix at their Indianapolis plant that maximizes corporate profitability?
- What price for Xbox consoles and games will maximize profit from Xbox sales?
- IBM would like to undertake 20 strategic initiatives that will tie up money and skilled programmers for the next five years. They do not have enough resources to undertake all 20 projects. Which projects should they undertake?
- How do bookmakers find the best set of "ratings" for NFL teams to set accurate point spreads?
- How should I allocate my retirement portfolio among high-tech stocks, value stocks, bonds, cash, and gold?



Optimization Scenarios

Retail and Healthcare

- Product configuration
- Space management
- Pricing & promotions optimization
- Workforce scheduling
- Marketing campaign optimization

Financial Services

- Portfolio optimization and rebalancing
- Portfolio in-kinding
- Trade crossing
- Loan pooling
- Product/price recommendations
- Cash Management / Distribution

Transportation & Logistics

- Depot/warehouse location
- Fleet assignment
- Network design
- Vehicle routing & scheduling
- Vehicle & container loading
- Crew & driver scheduling
- Maintenance scheduling

Manufacturing

- Plant location
- Plant layout
- Supply chain management
- Production planning
- Detailed scheduling
- Combinatorial auctions for procurement

Utilities, Energy & Natural Resources

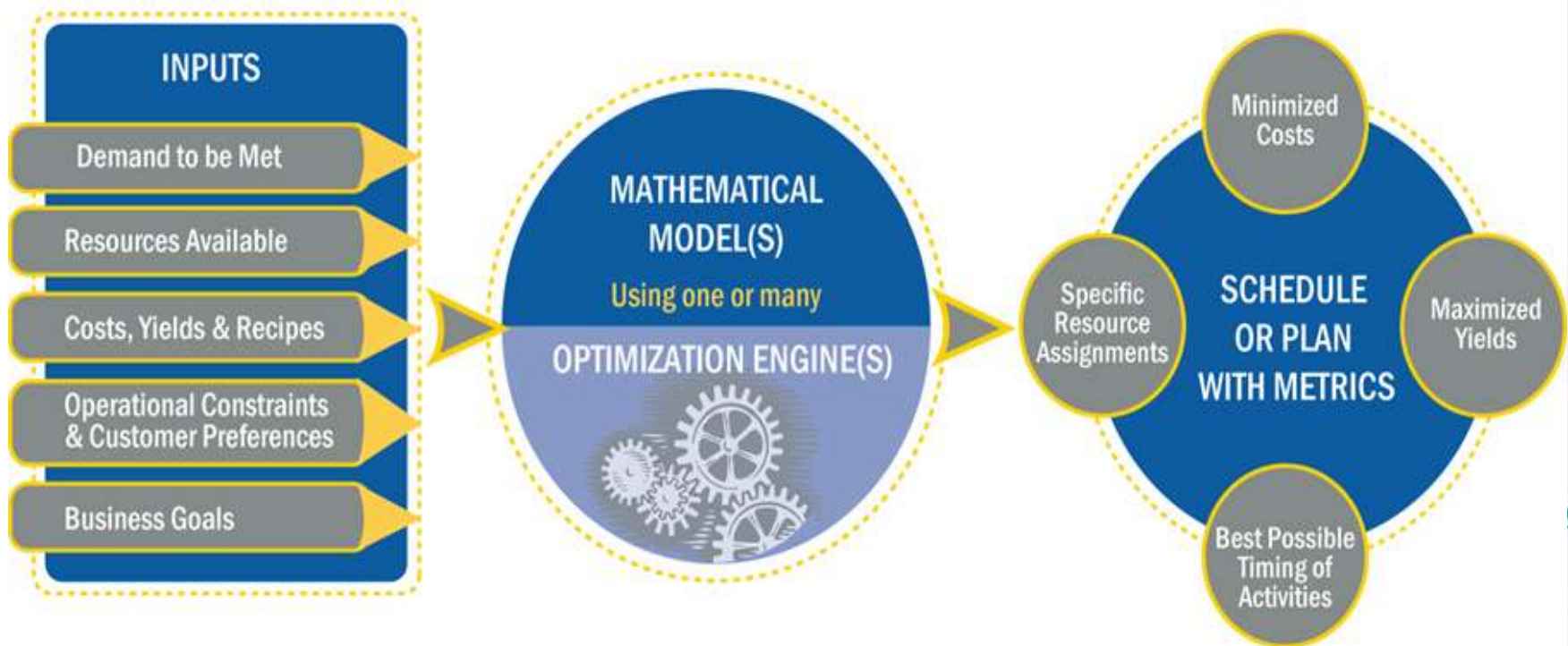
- Supply portfolio planning
- Power generator scheduling
- Distribution planning
- Water reservoir management
- Mine operations
- Timber harvesting
- Trading Optimization

Telecom

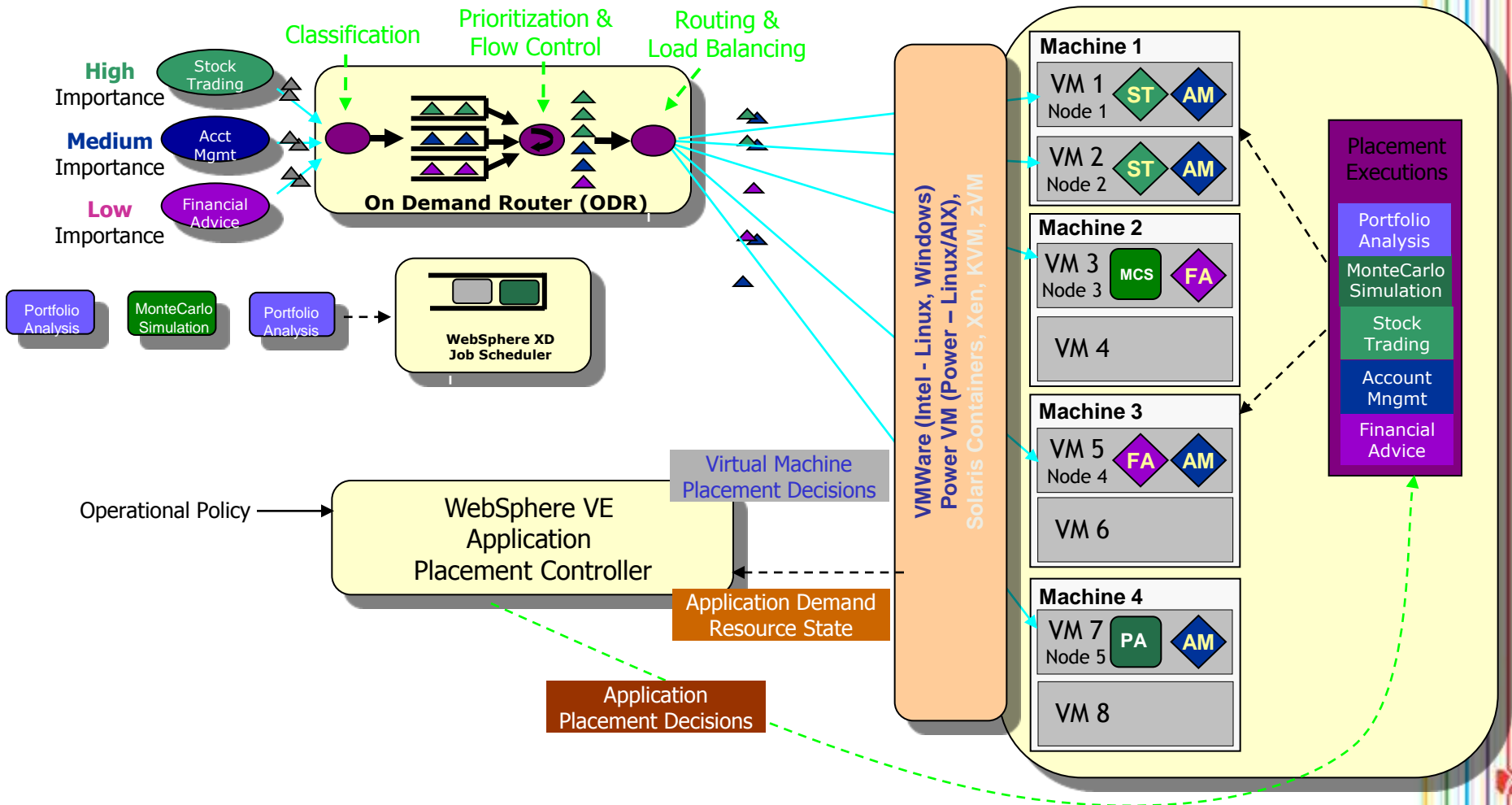
- Network capacity planning
- Routing
- Adaptive network configuration
- Antenna and concentrator location
- Equipment and service configuration
- Field technician dispatching

The Solution: A world class Optimization Engine – Brazilian Bank Case

The Structure of Optimization Models



High Level Architecture



Application Placement Controller dynamically modifies placement of applications in either physical or virtual machines based on application-specific SLA objectives and operational policies.