

**Helping you make the journey  
to e-business on demand.**

# From business as usual to on demand business

The fundamental tenets of business are a constant. Create a market for an offering of value. Supply it to the customer in a timely manner. Ask and receive a fair price for your goods or services. And finally, effectively manage the ongoing relationship with your customers to build loyalty and recurring revenue. Since the dawn of commerce, through boom, bust and even the over-exuberance of the dot-com era, these basic elements have been the key to success and survival.

But as surely as the fundamentals don't change, change continues to come. In recent years, transformation in the global economic landscape has had a dramatic impact on how businesses grow and compete. Deregulation has opened the door to competition from smaller, fast-on-their-feet up-and-comers that have driven larger players to consolidate just to survive. Trade initiatives such as the North American Free Trade Agreement (NAFTA) and institutional systems such as the European Economic Union (EEU) have eroded economic borders and fostered the growth of globalization. And most significant, the Internet, Linux and open-source technologies and innovations in network technology have created a variety of new, efficient, nonproprietary and widely accepted business models.



These powerful forces of change are driving a new way of doing business and a new way of business management thinking: the on demand enterprise.

### **The on demand enterprise: Responding dynamically to change**

Opportunities arise. Threats, both competitive and geopolitical, are always there. Customers are demanding more personalized services. And they want it faster than ever seemed possible.

In the face of this ever-changing business landscape, the ability to respond with flexibility to changes is paramount. Organizations that can provide goods and services in realtime, that can adapt their cost structures and operational processes quickly, and that can optimize their information technology (IT) infrastructures around open standards to remain productive in the face of all these changes, have moved beyond business as usual, to e-business on demand™.

On demand enterprises are able to sense change before it occurs, whether it's a fluctuation in supply *or* demand. They have integrated their key partners, suppliers and employees with their business processes so that they are able to respond in realtime to their needs.

On demand organizations have built cost structures and business processes that can adapt quickly to shifts in the marketplace. On demand enterprises have learned how to reduce risk while driving business performance. They've got a handle on their costs and consequently are able to more accurately predict the financial outcomes of their organization's initiatives.

# On demand enterprises are focused on what is core—on what got them where they are in the first place.

They've built strategic relationships with trusted partners and integrated them into their processes so that non-core tasks, ranging from manufacturing and fulfillment to human resources and financial operations, are managed by experts in those respective areas.

And they've made it all work around the clock, around the globe, so that virtually no matter what the world brings to their door, from computer viruses to earthquakes, from political change to sudden spikes in demand, they can react quickly.

These organizations realize that the real value comes when they apply information technology to their processes holistically—not in isolation, but as an integrated whole based on an understanding of how they relate to one another. That knowledge has empowered them to reconfigure their IT infrastructures to create efficiencies across the enterprise. It has enabled them to improve performance by managing processes horizontally instead of in organizational silos. They've discovered and taken advantage of the hidden value in their operations by creating agile, responsive systems that adapt to change quickly.

## ***IBM Global Services: Your partner on the journey***

The journey to becoming an on demand business starts with a new way of thinking. It means taking a different approach to how you conduct business today. A way of thinking about a world where customers purchase goods and services around the clock, from around the world. It is a world where customers are independent and have high expectations. And their demands are met. The journey begins with on demand thinking—about driving real business value out of your enterprise. IBM Global Services wants to be your partner on that journey.

Today, we're helping customers around the world undertake the journey. They're asking us to help them integrate their existing IT systems and applications. They're leveraging IBM's leadership and services in Linux and open-source code to discover business value that has previously been locked away in proprietary computing models. They're tapping into our deep industry knowledge to provide them with a holistic view of their business processes in order to revise their business models. With a close eye to the return on their IT investments, customers are choosing to take advantage of our insight and expertise on many levels—from comprehensive outsourcing and application management to hosting and utility computing services.

Our strength as a partner on the on demand journey comes from having followed the path ourselves. A decade ago, we saw the need to reduce our costs, to simplify our business processes and reduce complexity within our organization. With thousands of employees doing business in 160 countries as 20 different business units, each with its own fulfillment, manufacturing, accounting, payroll and IT systems, we needed to start thinking like an on demand business and we needed to do it quickly. And so we applied the on demand tenets of a holistic approach, horizontal integration, and IT outsourcing and standardization to reduce our time-to-market, simplify our infrastructure and lower our costs.

We utilized the power of Linux for mission-critical applications on 1,100 servers to drive more than US\$10 million in savings the first year alone. And, our development cycles have gone from 48 months to 16 months. Our on-time shipping is up from 30 percent to 95 percent. Our customer satisfaction is up over 5 points. And we've reaped more than US\$14 billion in benefits from our investment.

IBM Global Services is uniquely qualified to take the on demand journey with you. Our 180,000 experts apply their insight in industries ranging from financial services to health-care, from aerospace to education, and are skilled in areas such as supply chain management, customer relationship management, human capital solutions and business transformation. We can provide the service and support to help you reap the rewards of moving to open-source standards and technologies. And, we work hand in hand with hardware and software experts across the breadth of IBM to help ensure a seamless implementation of your IT solution. In addition, IBM Business Consulting Services is an organization with virtually unmatched strategy, process, deployment and start-to-finish accountability.



- ▶ Aerospace
- ▶ Automotive
- ▶ Banking
- ▶ Chemicals and petroleum
- ▶ Consumer packaged goods
- ▶ Education
- ▶ Electronics
- ▶ Energy and utilities
- ▶ Financial markets
- ▶ Government
- ▶ Healthcare
- ▶ Insurance
- ▶ Life sciences
- ▶ Media and entertainment
- ▶ Retail
- ▶ Telecommunications
- ▶ Travel and transportation
- ▶ Wholesale

## The on demand journey: Fusing insight, technology and people

The journey to becoming an on demand organization can be taken one step at a time. It can start at any entry point and grow at a pace that is appropriate for your company. IBM Global Services takes a holistic approach that fuses on demand thinking, business insight and information technology with your people to help you create a different business climate and culture. This thoughtful, all-encompassing process is helping organizations achieve new levels of integration and productivity.



This stepped approach to improving business processes and the IT infrastructure is helping companies to be more responsive to changes in demand, supply, pricing, labor, capital markets and the needs of their customers. With the savings these organizations can accrue from restructuring their IT assets, and the bottom-line benefits they can achieve from streamlining business processes, they are better able to undertake new initiatives and self-fund their on demand journeys.

The on demand journey has three dimensions, each important to your success:

- Business design and processes
- IT operating environment
- Organization and culture

**Business design and processes**—One of the dimensions of the on demand journey focuses on how the business and the associated business processes operate on top of the IT infrastructure.

Defining your business rules and mapping them to processes that can respond dynamically to market forces enables you to control costs along the entire value chain. We'll take a close look at your business processes, from procurement to customer relationship management and beyond. We'll help you identify precisely what parts of your value chain will derive



the biggest benefits from an on demand adoption—and we'll help you begin there. We'll partner with you to diagnose requirements and develop a strategy that takes into account the particulars of your specific industry. We'll create a plan designed to reduce risk and to provide rapid, optimal return on your investment. We'll help you achieve your goals with a flexible, open infrastructure. Our application portfolio management services reflect our deep industry expertise, with leading application integration capabilities and a disciplined application management approach that is designed to drive innovation and deliver measurable results.

IBM Global Services can assist you in transforming your business designs and processes and integrating them with your employees, suppliers and customers, in a wide range of business focus areas.

- **IBM Business Consulting Services** links industry-oriented business strategy and process consulting capabilities with systems integration capabilities to deliver end-to-end solutions.
- **Business Transformation Outsourcing** is a strategic, comprehensive approach that encompasses the management and streamlining of critical business processes, including transformation of legacy systems and applications to support new, on demand initiatives.

- **Strategic Outsourcing Services** allows customers to easily make the transition to the next generation of infrastructure applications by turning over management and operation of their applications and IT systems to IBM.
- **IBM Application Hosting** provides customized, comprehensive infrastructure and application solutions that enable customers to embrace a Web-enabled business model.
- **IBM Application Management Services** addresses the broad spectrum of application development and maintenance needs, allowing customers to reduce costs while optimizing their IT environments.
- **IBM Business Continuity and Recovery Services** helps customers achieve a state of business continuity where critical business processes, IT systems and networks are continuously available.

Additionally, IBM Global Services offers initiatives such as IBM Integrated Industry Solutions, a framework for the development of solutions suited to the unique needs of a broad range of industries, as well as business capabilities such as business process outsourcing.



**IT operating environment**—Another dimension of the on demand journey is the IT operating environment.

The complexity of the IT infrastructure is the number-one issue facing CIOs today. Analysts estimate that the typical large corporation depends on 49 different software applications to run the business. These labyrinthine aggregations of applications and systems make it more difficult, and more costly, to respond to change. This is where on demand thinking kicks in. IBM Global Services can evaluate how well your applications and infrastructure are working across the enterprise and then determine if there are other—better—ways of doing things.

- We can help you reduce your fixed costs with outsourcing solutions that enable you to get the computing power you need when you need it, and pay for only what you use.
- We can help you integrate your enterprise horizontally to link data, legacy systems and custom applications.
- We can help you connect your enterprise with other enterprises, other business processes and other applications by helping you build a security-enhanced infrastructure on open industry standards.
- We can optimize utilization of your computing capacity by enabling you to virtualize your data centers and allow distributed computing resources to be shared and managed as if they were one.
- We can start you on the path to implementing autonomic systems that heal and protect themselves, and that automatically balance workloads, install device drivers and upgrade software, saving time, reducing man-hours and lowering risk.
- We can help you build a security-rich operating environment that is designed to enable you to protect your assets from threats, be they natural or man-made, while safeguarding the privacy of your data, your employees and your customers.

To attain the flexibility that the on demand world requires, IBM Global Services can help you understand your IT environment and optimize your network with a variety of offerings.

- **IBM Managed Hosting** provides an infrastructure that is managed by IBM, and offers modular, flexible, scalable solutions that enable you to purchase what you need and grow later.
- **IBM Strategy and Change** helps tie all the pieces together, from strategic assessment to designing and architecting an open solution, from porting, migration and implementation to education and world-class technical support.
- **IBM IT Optimization Services** provides a comprehensive framework for evaluating and transforming your IT environment to simplify your technical architecture, helping to reduce costs and increase efficiency.
- **IBM Managed Storage Services** is an on demand storage offering that enables you to obtain storage capacity and management services with an initial capital investment.
- **IBM Managed Hosting - Services Anywhere** enables you to take advantage of the capabilities of an IBM e-business Hosting™ Center no matter where your hosting operation resides.
- **IBM ITS Strategy & Assessment Services** helps customers to create an on demand IT environment by defining requirements and developing roadmaps that leverage on demand technology to create a flexible, resilient infrastructure. ITS offers end-to-end services to enable customers to develop, deploy and manage IT infrastructures and technologies.
- **Web Services** allows you to share information with partners and customers running different platforms and programs, helping to improve customer loyalty and competitive advantage and to increase profits. Built on existing e-business infrastructure and a common set of standards, Web services allows you to leverage prior investments to automate communication, data exchange and business processes between organizations.

IBM Global Services also offers capabilities such as server/storage consolidation and open infrastructures that enable you to reduce the complexity of your IT environment while transitioning from a fixed-cost structure to a more variable cost structure.

IBM Global Services offers proven, best-of-breed solutions from strategic partners, built on open standards for ease of deployment. Whether you need a comprehensive outsourcing solution or want to optimize the solutions you already have, IBM Global Services can help you build an on demand infrastructure—one that is variable and can react quickly to change, that is automatic, saving you time and money through self-healing and self-provisioning, and finally, that is built on open standards for faster and easier deployment of new applications.

**Organization and culture**—Insight is powerful. Technology is a potent force. But at the end of the day, it's the people in your organization that bring dynamics to the on demand journey. To be able to react with agility to external pressures, the people in your organization must accept and embrace the changes that an on demand business requires. Creating an on demand business means creating a fundamentally different business model, with different organizational structures, decision processes, relationships, measurements and rewards. The people in your organization will be challenged to work together in materially different ways to create a new business climate and culture that will create value across the entire organization. They must acknowledge individuality and independence. IBM Global Services can help you align your culture to meet the needs of this new era in business.



In addition to our organization and culture services, we can help you be more productive by providing a set of tools and services that are designed to:

- Improve collaboration and productivity through security-rich intranet solutions
- Reduce administrative costs through employee self-service solutions
- Increase employee satisfaction by reducing cycle times and improving the accuracy of responses to inquiries
- Create a more productive and focused workforce by aligning employees with the organization's overall strategic goals.

To help our customers create cultures that are truly on demand, IBM Global Services provides a variety of offerings and e-learning capabilities.

- **IBM On Demand Workplace** is a portal-based work environment that helps transform the way people work by simplifying how employees communicate and collaborate through a single, roles-based interface to critical work tools—from content to applications to business processes to people.
- **IBM Strategy and Change** frames industry issues into client-specific points of view, formulates viable strategies and drives transformation to enhance competitiveness and create new economic value.

- **Human Capital Management Solutions** support customers with tailored solutions built around their human resource and overall people strategies.
- **IBM Learning Solutions** enable customers to respond proactively to the requirements of an on demand business. Learning, especially e-learning, will engender substantial change in people by equipping them with the realtime skills, knowledge and mindset needed to perform effectively in the on demand era.
- **IBM IT Education Services** ensures that customers have the appropriate technical skills to achieve maximum productivity for their on demand solution.
- **The Cynefin Center for Organization Complexity** is an on demand think tank that seeks to solve complex business problems by harnessing the insight of thinkers in a variety of business, academic and scientific disciplines around the world.
- **The IBM Institute for Business Value** provides senior executives with research-based strategic insights that address critical challenges faced by organizations in their quest for business value in the on demand world.

### Can you see it? Realizing the potential of on demand

Around the world, in a wide variety of industries, organizations are looking to IBM Global Services for on demand thinking to help them meet the challenges of the on demand world.



# Saks Incorporated

## Ringling up on demand procurement

“A retailing company has two basic functions,” observes Bill Franks, executive vice president and chief information officer of Saks Incorporated. “It buys stuff, and it sells stuff. As simple as that sounds, you have to have superior capabilities within your company to facilitate these two things.”

With revenues of nearly US\$6 billion, Saks is buying and selling a lot of stuff. With more than 250 stores across the United States, Saks sought to get a better handle on its sourcing expenses by centralizing the procurement of goods and services. In alliance with Ariba, IBM Global Services provided Saks with a Leveraged Procurement Services solution that focused on nonproduction goods such as operational supplies. Ariba provided the underlying engine, while IBM Global Services provided the services and industry expertise necessary to implement the solution.

Today, Saks has a single, Web-based view of all of its requisition and procurement activities, and estimates that it is getting 12 to 14 percent savings over decentralized purchasing. The on demand solution now enables the retailer to capture accurate information about its spending habits, which, in turn, allows it to aggregate its purchasing and realize economies with its vendors.

*“It all boiled down to expertise. There were specific market areas that we knew very well ... but for commodity products that all companies buy, we relied on IBM’s broader knowledge and business savvy.”*

*Rick Shaller, Vice President of e-business  
Saks Incorporated*



# Finnair

## On demand in the air

One of the world's oldest and most respected air carriers, Finnair has been a leader throughout the industry in leveraging e-commerce initiatives to improve customer service. Together with IBM Global Services, Finnair is working to bring wireless check-in, e-ticketing, and Internet and wireless ticket sales to its customers.

Finnair and IBM are creating an innovation center to serve as an incubator for these new e-business solutions. The center will draw on IBM Global Services' technology and industry expertise, in combination with Finnair's deep airline industry experience. The relationship is a significant departure from traditional IT outsourcing. It builds on Finnair's in-house IT capabilities while leveraging the on demand thinking and airline industry expertise of IBM Global Services.

*"The resources IBM is bringing to Finnair through the new innovation center will be invaluable to us as we work toward our goal of generating more than half of our ticket sales via the Internet by 2006."*

*Eero Ahola, Senior VP Corporate Business  
Development and Strategy  
Finnair*

# All England Lawn Tennis and Croquet Club

## Serving up on demand at Wimbledon

Long recognized as the world's premier event in tennis, traditional yet contemporary Wimbledon has become an on demand business.

Like customers everywhere, tennis fans and media representatives are demanding more services, faster. To meet this dramatic increase in demand during the two-week tournament held every summer, the All England Lawn Tennis and Croquet Club turned to IBM Global Services to help deliver scoring and player information to press and fans around the world via a variety of channels, including the official Wimbledon Web site and an intranet site used on the tournament's premises by players, press and the public.

Doubles partners since 1990, the All England Lawn Tennis and Croquet Club and IBM work together year-round to provide support for the club's back-office IT functions. But during the Wimbledon championship, traffic from over four million tennis fans requires the club's IT capacity to increase by a staggering 250 percent. The comprehensive solution, built on Linux, IBM AIX® and Microsoft® Windows NT®, integrates 24 applications that are implemented by a team of more than 180 experts from around the world. The solution enables the club to tap into IT applications and processing power when and how they need it, allowing them to scale to meet the demands of an audience spellbound by a tie-breaker in the final match.



*“We have a world-class e-business infrastructure that sets new records every year. IBM has always managed to support the constant increases in demand for the Club’s online services.”*

*Jeff Lucas, IT Director  
All England Lawn Tennis and Croquet Club*



# Movielink

## Lights. Camera. Action. On demand

Action, adventure, drama and comedy. Movielink, a high-profile joint venture of media giants Metro-Goldwyn-Mayer Studios, Paramount Studios, Sony Pictures Entertainment, Universal and Warner Brothers, delivers a wide variety of popular movies on demand directly to viewers from its Web site. Under close scrutiny from the media, Movielink, whose heterogeneous core systems are a mix of Linux, Microsoft Windows® and other mainstream operating systems, needed a hosting services partner to help ensure a smooth Web site launch and to provide the scalability and reliability that would allow it to respond to spikes in rental demand.

Hosted at two state-of-the-art IBM e-business Hosting Centers, the solution encompasses virtually all of Movielink's underlying technologies, including disaster recovery, synchronization, traffic routing, Internet connectivity, security, data recovery, archiving and storage management.

Movielink is now handling tremendous traffic volumes and has registered approximately one million unique visitors per month since January 2003. High customer satisfaction rates have enabled the company to grow and expand. And, the ability to take advantage of a utility-like pricing model for its information technology resources is allowing Movielink to provide uninterrupted service while focusing exclusively on its core competencies.

*“Everyone in the technology world knows that if you want industry-leading scalability, reliability and availability, combined with the confidence that you don't have to worry about your core systems, there's only one place to go: IBM.”*

*Bruce Anderson, Vice President of Operations  
Movielink*

## A journey to productivity, profitability and competitive advantage

On demand business starts with on demand thinking. A new kind of thinking that makes connections between unlike things. That draws analogies. That breaks things down in more understandable pieces and parts.

And from that thinking comes insight. Insight that can help you look at your business in a different way. That lets you see your business processes not in isolation, but in how they relate to each other. Insight that means that you can start managing your processes horizontally across the enterprise instead of in silos that add complexity and make the whole business harder to manage. Insight that makes flexibility the end game and that builds anticipation, accommodation and adaptation into every solution.

As your partner on your on demand journey, we bring a track record that comes from thousands of customer engagements. We use proven, tested methodologies that are designed to deliver results. We use our accumulated knowledge to analyze your legacy systems and to integrate them with innovative e-business technologies without disrupting your business. We partner with you on the journey to help ensure that your organization moves logically along the path and that your savings are wisely reinvested in further IT optimization.

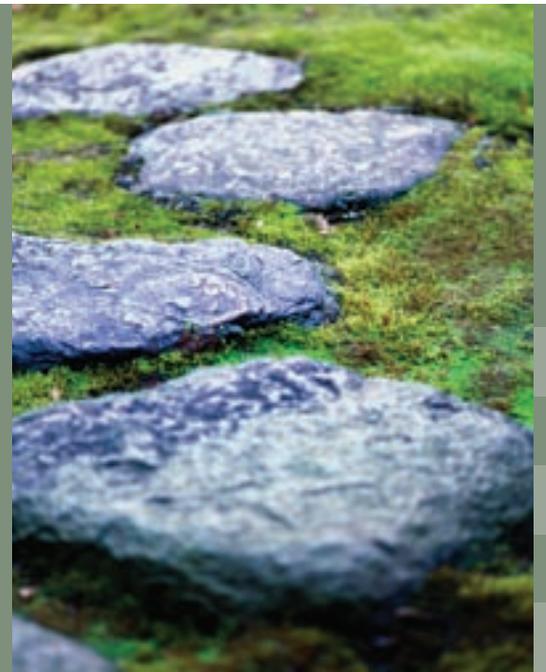
More than virtually any other company in the world, IBM brings more people—from process analysts to coders to human capital experts—with more kinds of insight and expertise, to help you change your business—whatever that may take.

Take the on demand journey with on demand people. The people of IBM Global Services.

**ibm.com**/services/thinking

*A journey of a thousand miles  
starts with a single step.*

Lao Tzu  
Sixth Century B.C.





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