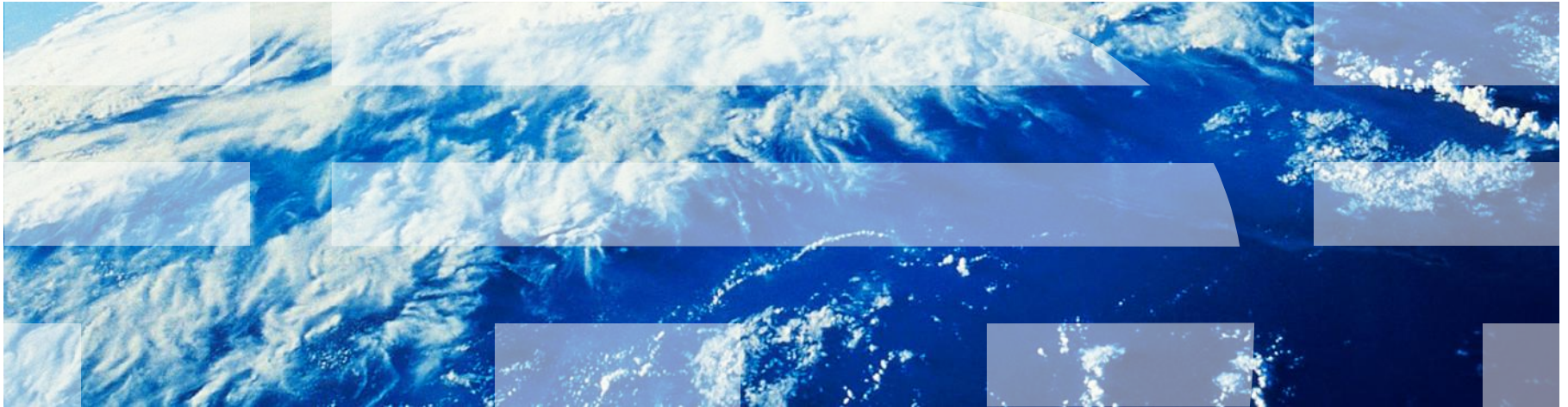


Selecting the Right Cloud-based Applications

Or

What is your Cloud Strategy?

WebSphere Cast Iron



Erik Hoogerhuis, Director, Channel Sales

- SaaS/Cloud economics
- Application categories
- Considerations for selecting a Cloud-based application
- Running a hybrid application enterprise
- Integration considerations

Cloud Services

an emerging delivery & consumption model,
applicable to many business and consumer offerings

Benefits

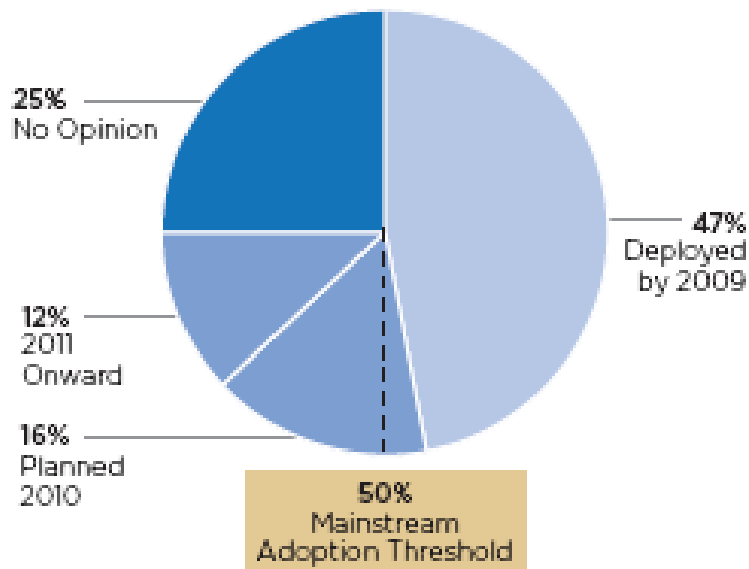
Key Attributes

- Cost efficient → Shared, standard service
- Simpler to adopt → Solution-packaged
- Faster to deploy → Self-service
- Scalable to need → Elastic scaling
- Priced to use → Use-based pricing
- More accessible → Accessible via the Internet
 Standard UI technologies
- Solution ecosystems → Published service interface/API

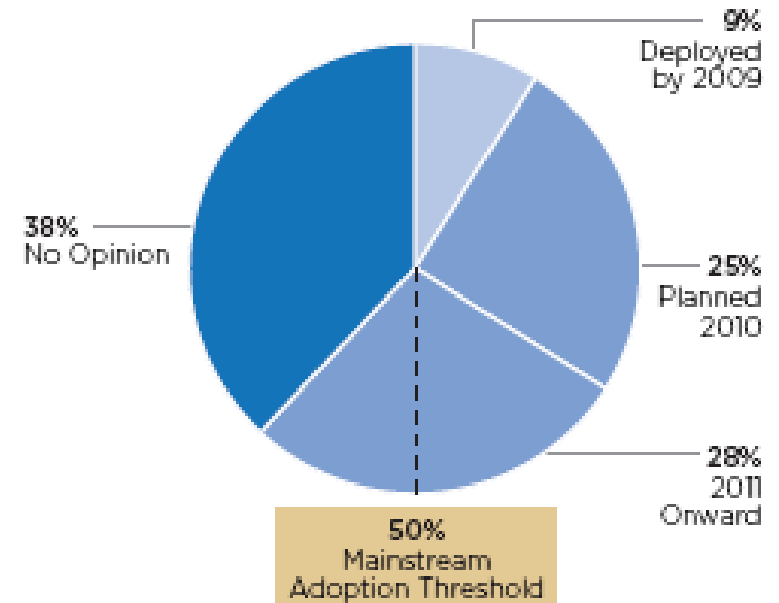
Software-as-a-Service (SaaS) is predicted to reach mainstream adoption in 2010, with Infrastructure-as-a-Service (IaaS) following after 2012

- However, IT leaders predict that IaaS will not account for the majority of infrastructure until at least 2015

Software-as-a-Service Adoption Timeline



Infrastructure-as-a-Service Adoption Timeline

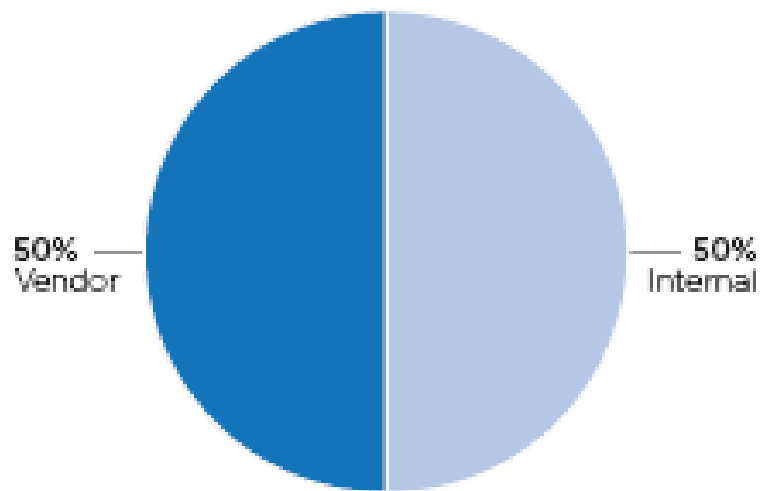


Source: "The Future of Corporate IT: A Five-Year View of Five Shifts in IT Value, Ownership, and Role," Corporate Executive Board, June, 2010

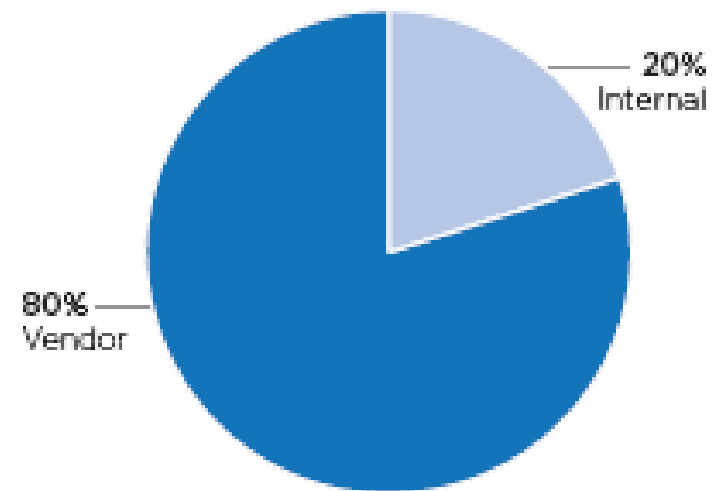
The economics of cloud significantly increase the percentage of spend that is externalized, a trend that will be compounded as cloud services expands deeper into applications and infrastructure

Estimated Vendor Share of Total Lifetime Spend¹ on an Application

On Premise



Cloud



Source: "The Future of Corporate IT: A Five-Year View of Five Shifts in IT Value, Ownership, and Role," Corporate Executive Board, June, 2010

IBM Business Solutions on Cloud reinvent business by transforming business processes so that organizations can engage with employees, citizens, customers and extended communities

Business goals:

- Reduce capital costs associated with designing, deploying and operating business applications
- Speed time to market through increased efficiency and automation
- Minimize business risk by scaling operations to meet market dynamics and business strategy

IT goals:

- Optimize business application availability, capacity and scalability to meet LOB needs
- Reduce burden on internal IT resources
- Reduce complexity of service delivery by leveraging SaaS economies of scale and shared innovation

Key features:

- Software application functionality delivered over the public Internet
- Provided through a usage-based pricing model
- Underlying application resources are shared among a large number of users, which supports configuration for individual customers but typically no customization
- Turns software-related spending from capex into opex
- Typically much faster implementation times than packaged business applications
- Upgrades are typically instantaneous and are the burden of the vendor
- Availability, capacity and scalability are the responsibility of the vendor

Benefits:

- Focus internal resources where you need them most
- Leverage shared application innovation without capital investment risk
- Instant and ongoing scalability
- Faster ROI and time to market by deploying new business applications faster
- Predictable costs and change management through usage based pricing models

Determine what is important for your project



Achieving the benefits of Business Solutions on Cloud with proven Software as a Service (SaaS) solutions

Social Business on Cloud

Integrate the collective knowledge of people-centric networks to accelerate decision-making, strengthen business processes, and increase innovation

Smarter Cities on Cloud

Helping cities of all sizes get started more quickly to leverage information, anticipate problems and coordinate resources to deliver exceptional service to their citizens

Smarter Commerce on Cloud

Helping companies accelerate their ability to transform the entire customer experience

What the Market is Telling Us

- There is universal interest in cloud computing across all industries and geographies

Cost Take-out is Key Driver



- #1 reason to move to a public cloud is lower total cost of ownership*
- Top reasons for moving to a private cloud include cost/resource efficiencies, as well as enhancing speed and flexibility*

Security is Top Concern



- Security concerns are the top barrier to adoption of both public and private clouds*
- Experience managing large outsourcing engagements gives IBM the tools to manage customers' top cloud concerns*

Adoption Patterns are Emerging



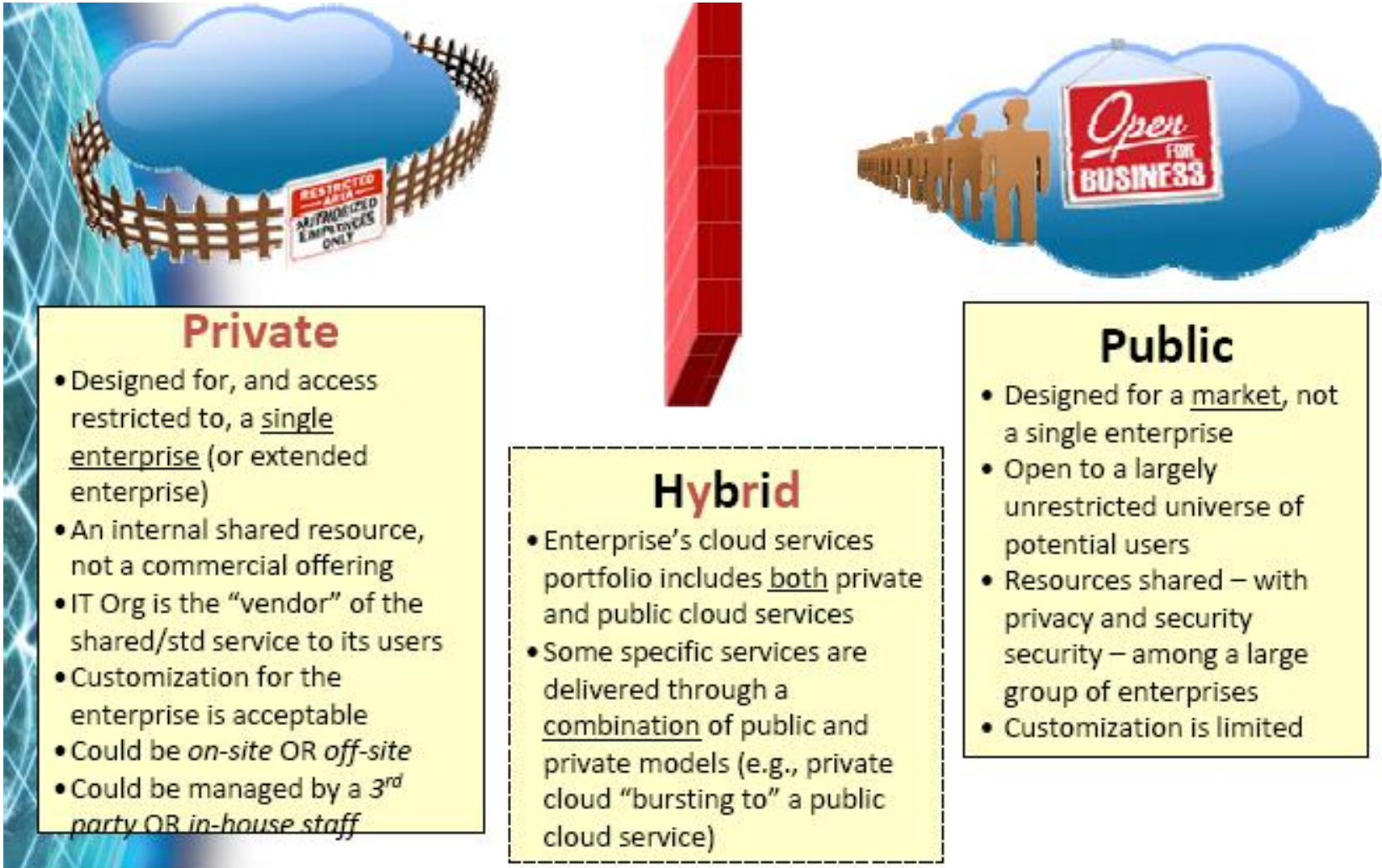
- Three distinctive end-user cloud buying patterns are emerging: exploratory, solution-focused and transformational*
- There are reports that public clouds are being adopted faster than originally forecast*

Industries under the Greatest Pressure Lead Interest in Cloud



- In terms of market opportunity, Financial Services, Manufacturing, High Tech, Government and Retail are the top five industries for cloud*

Cloud Deployment Models



Source: “Bringing Cloud Into the Enterprise...and the Enterprise Into the Cloud” IDC Presentation, Cloud Leadership Forum, June 13-15, 2010

Considerations

Centralized

- Do you have a cloud strategy?
- How are you prioritizing requirements?
 - Budget availability?
 - Strongest voice?
 - Oldest application for upgrade?
 - Replace existing apps or “surround/augment” incremental functionality?

Decentralized

- Each business unit drives own requirements
- Is there an approval/review process for “experimenting”?
- Do you know what cloud applications are being used?

Build vs. Buy

- Variety of Cloud-based applications
- Internal cost of development and support

Core Enterprise Applications Categories	Percentage of Firms Worldwide Indicating Purchase Within 12 months
BI & Corporate Performance Management	57%
Collaboration Technologies (e.g., E-mail, Web Conf.)	56%
Customer Service and Support	54%
Finance and Accounting	51%
Treasury and Cash Management	48%
E-Commerce	48%
Salesforce Automation	47%
Time and Labor Management	47%
Human Resources/Benefits Administration	47%
Governance, Compliance and Risk Management	47%
Supply Chain Management	46%
Payroll	46%
Enterprise Resource Planning/Manufacturing	45%
Supplier Relationship Management	44%
Procurement & Sourcing	44%
Product Lifecycle Management	44%

Source: Saugatuck Technology Inc. 2009 global user survey; n = 1793



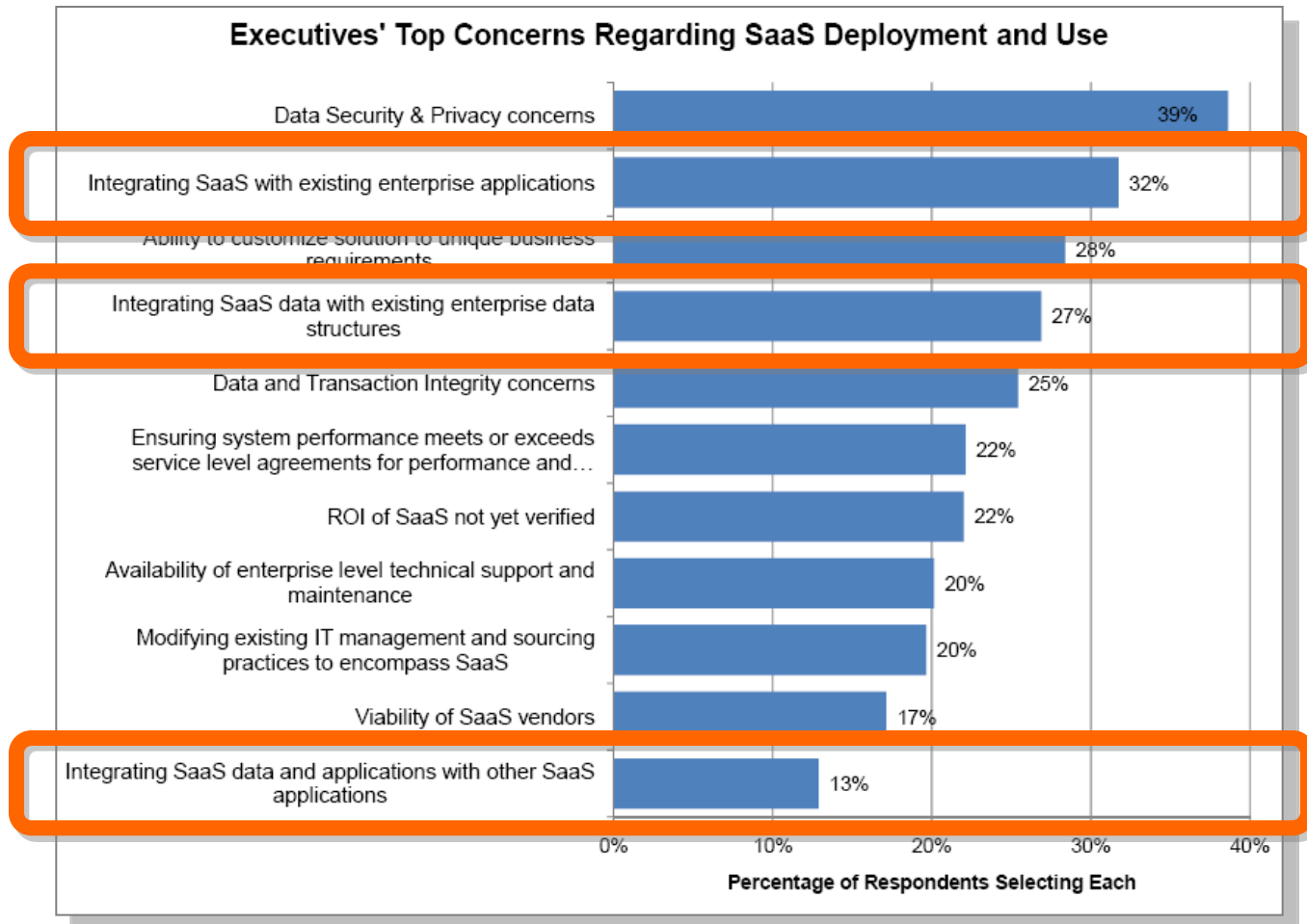
Line of Business

- Increased business agility – speed of process change
 - Easier to bring in new applications
 - Easier to integrate
 - Point to point
 - Multi-functional processes
- Shift to process ownership

IT

- Shift to “process advisor”
 - Application licensing considerations
 - Application functional analysis
 - “Best practices” – security, integration, change management, MDM, etc.
- Core process ownership
 - Master data management
 - Data warehousing
 - Data back-up

SaaS Buyers Feeling the Pain



Gartner



- Integrated applications offer significantly greater business value
 - Updated, synchronized, clean data
 - Reduced churn rate
- Stability/knowledge of business process
- Speed of business process change
 - Application functionality enhancement
- Application upgrade/replacement cycle
- SaaS applications enhance functionality more often
- Ease of integration
 - API's
 - Simplicity/complexity of use case

- Custom code vs. integration platform
 - Scalability
 - Debugging tools
 - Monitoring/Reporting
 - Documentation
 - Governance
 - Ease of change
 - IT/LOB resource availability
 - Skill set

- Integration location
 - Appliance behind firewall
 - Integration in the cloud

Customer

- Clearly define your needs/expectations, or work with a vendor(s) to clarify them

Vendor

- Solid understanding of integration issues
- Solid understanding of Web technologies
- Solid understanding of service oriented technologies (Web Services, API's)
- Multiple implementation experiences
- Long term success rather than “lowest cost” approach
- Knows its technical and project management skills and sticks to these
- Ability to articulate benefits and value of one solution over another

Thank you