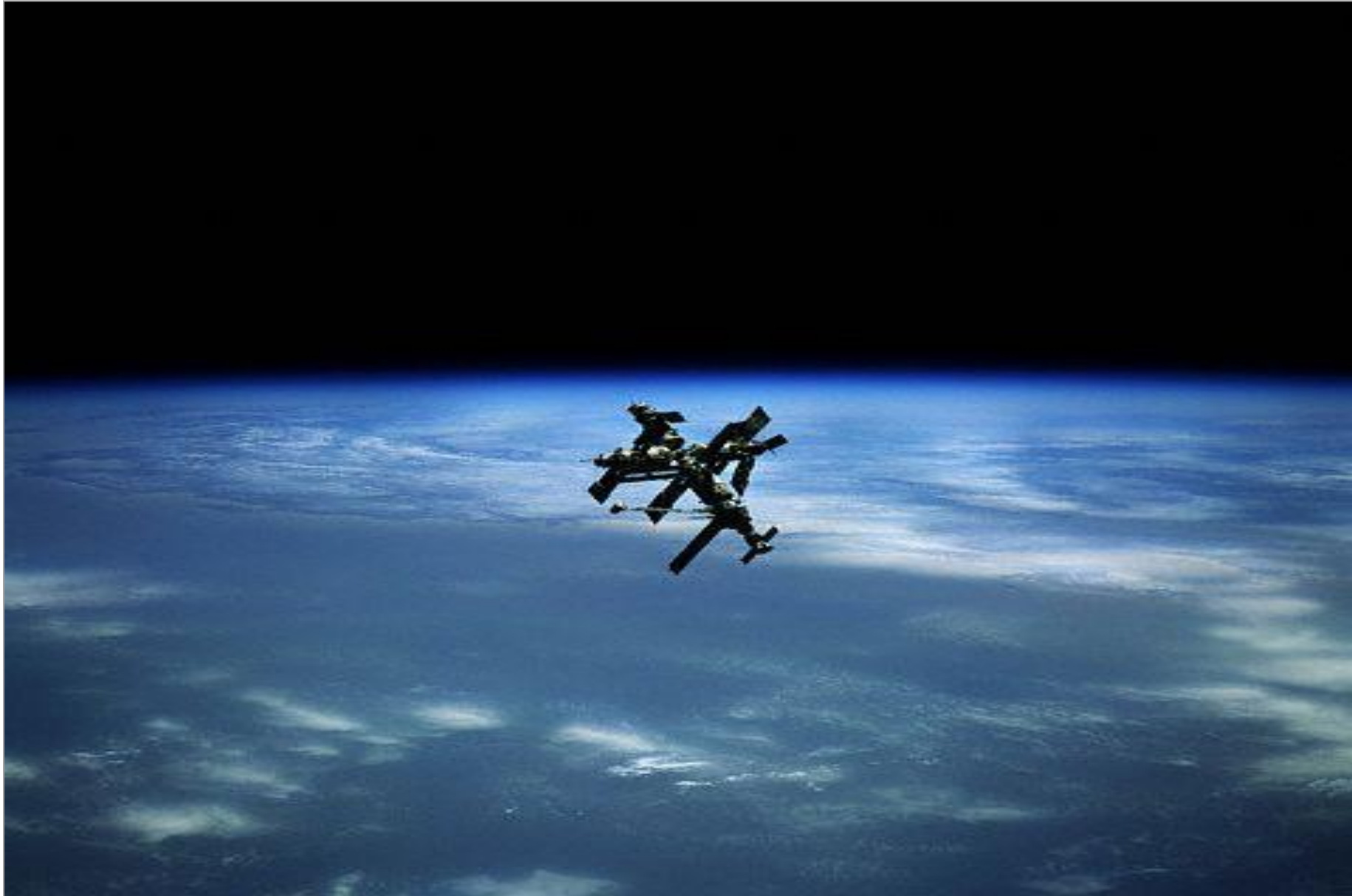


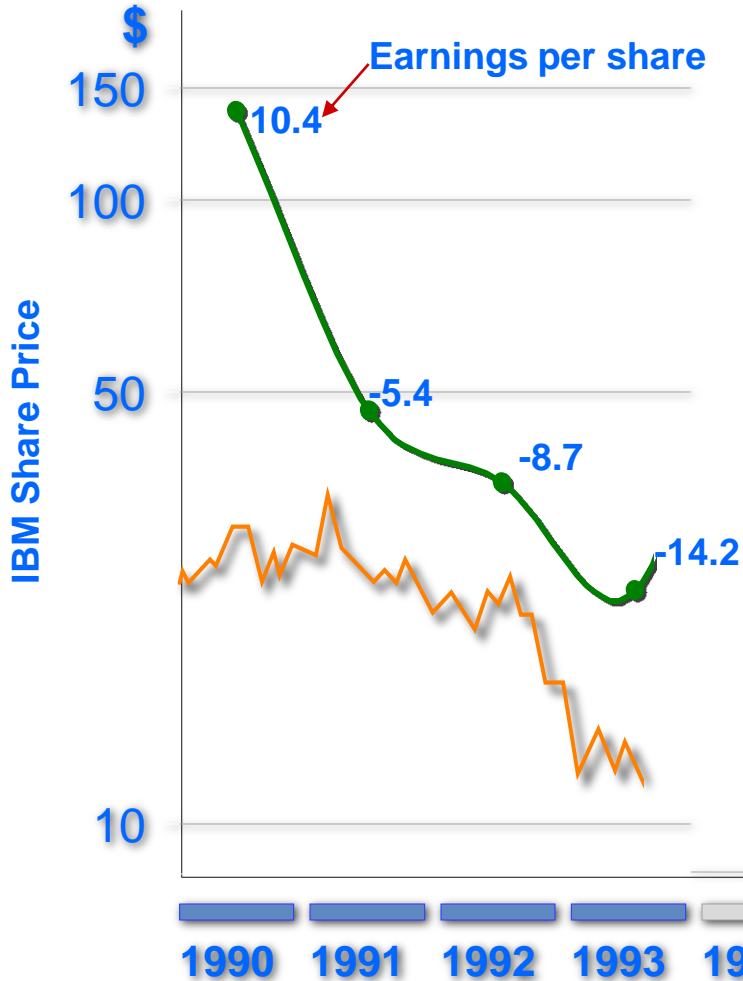
# Global Services trends, Past, Present and Future

**Kees Donker** (Executive for Government , Innovation and Technology , IBM Benelux /// Kees51 B.V.)  
April the 5th 2013





# The financial markets agreed – the case for transformation was clear



- \$ 16B loss over last three years
- Country and unit independence
- Multiple customer interfaces
- Selling 5,000 HW and 20,000 SW products

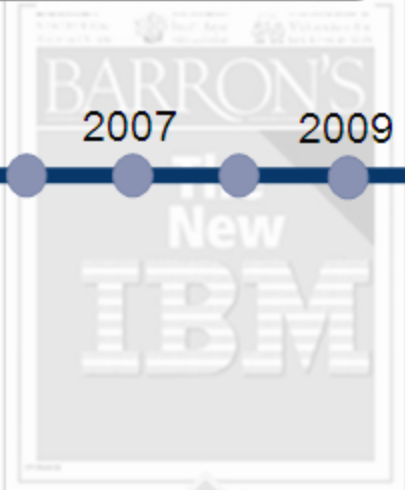
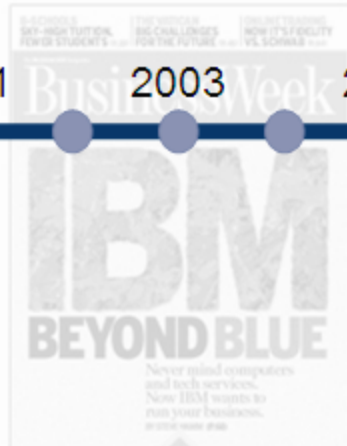
# IBM's Transformation: An Ongoing Journey

Focus Areas


- Keeping company together & stabilizing business
- Bringing massive decentralization under control (e.g., 128 CIOs to 1; 70 ad agencies to 1)
- From country to global brand P&L statements
- Move to integrated solutions
- Dramatic growth in services

**"I think the greatest challenge facing the company is ... to adapt our strategy, structure and culture to a world of constant change. I can't promise this journey will be easy or fast... the steps we will take will not be pussyfooting but bold strides."** -- Lou Gerstner, 1993

1993 1995 1997 1999 2001 2003 2005 2007 2009



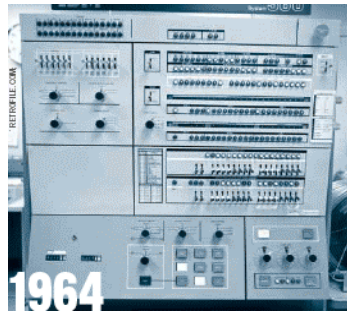
**Phase One**  
Gerstner era ('93 thru 2002)



2005

2006

IBM has a long history of renewing itself in response to shifts markets, technology, customers and competitors



**IBM's Revolutionary History**

Accounting  
Machines

The First  
Mainframe

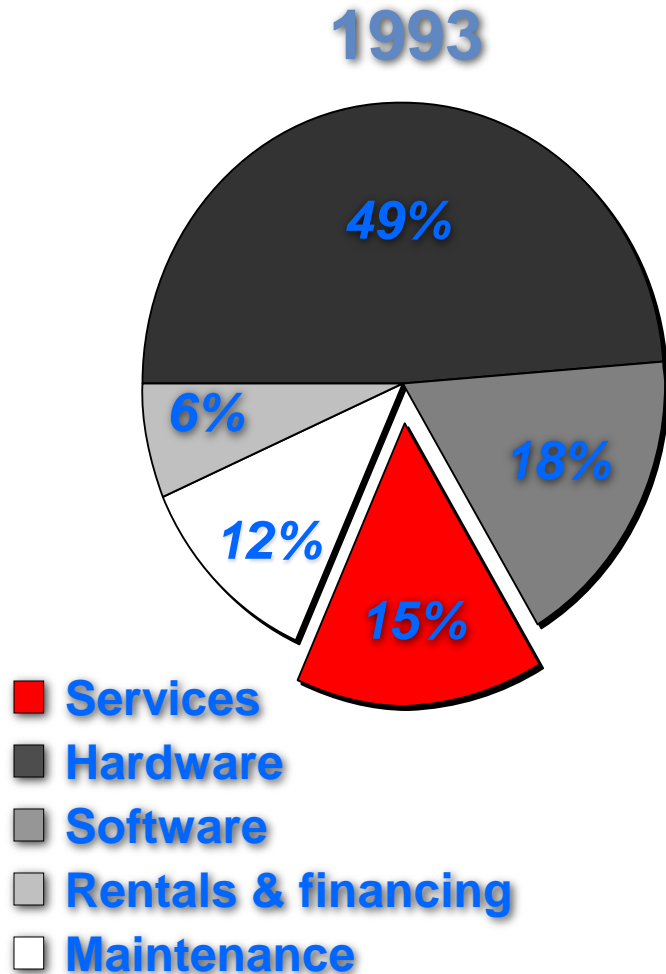
Personal  
Computers

**Services  
Transformation**

On-Demand  
Solutions &  
Delivery



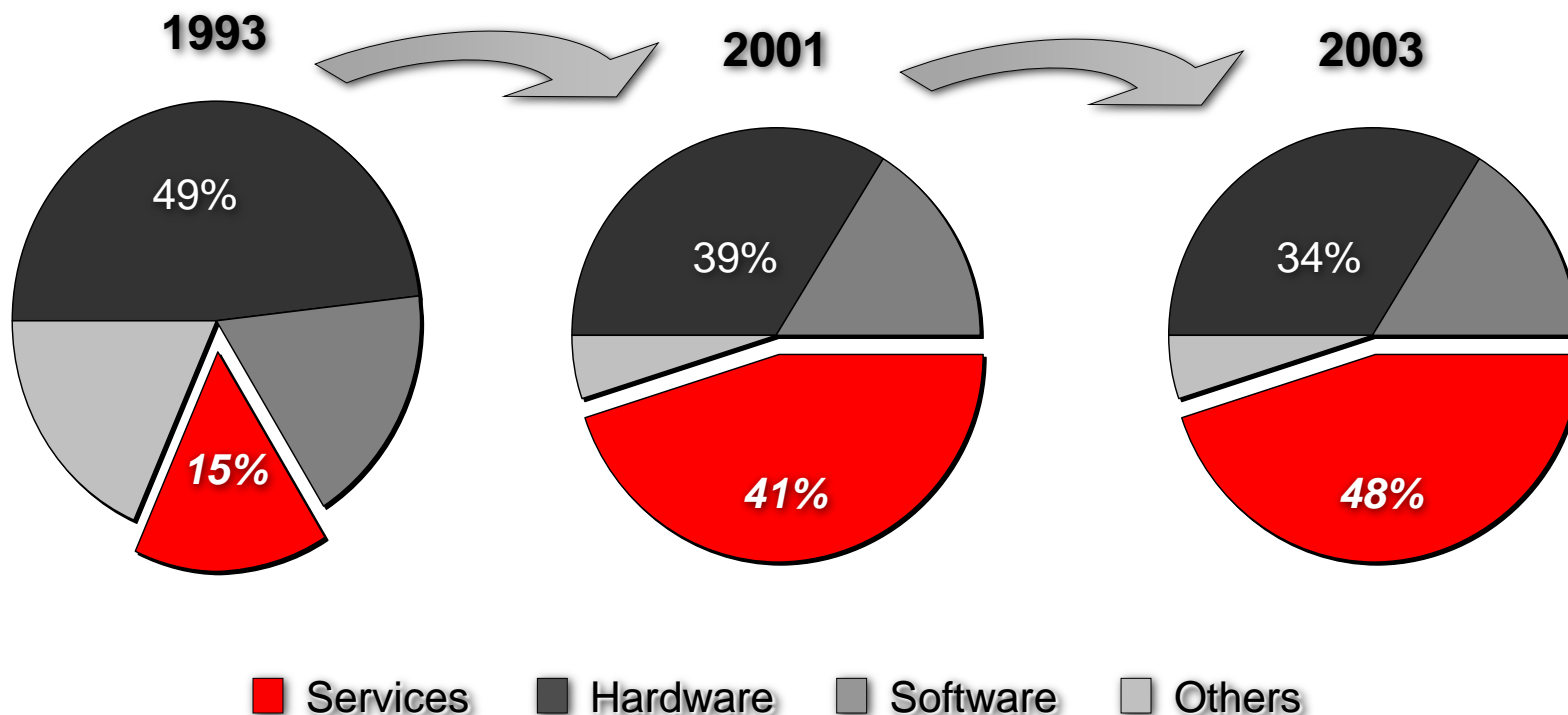
Market trends indicated that the future of the computer industry needed to move beyond hardware and software



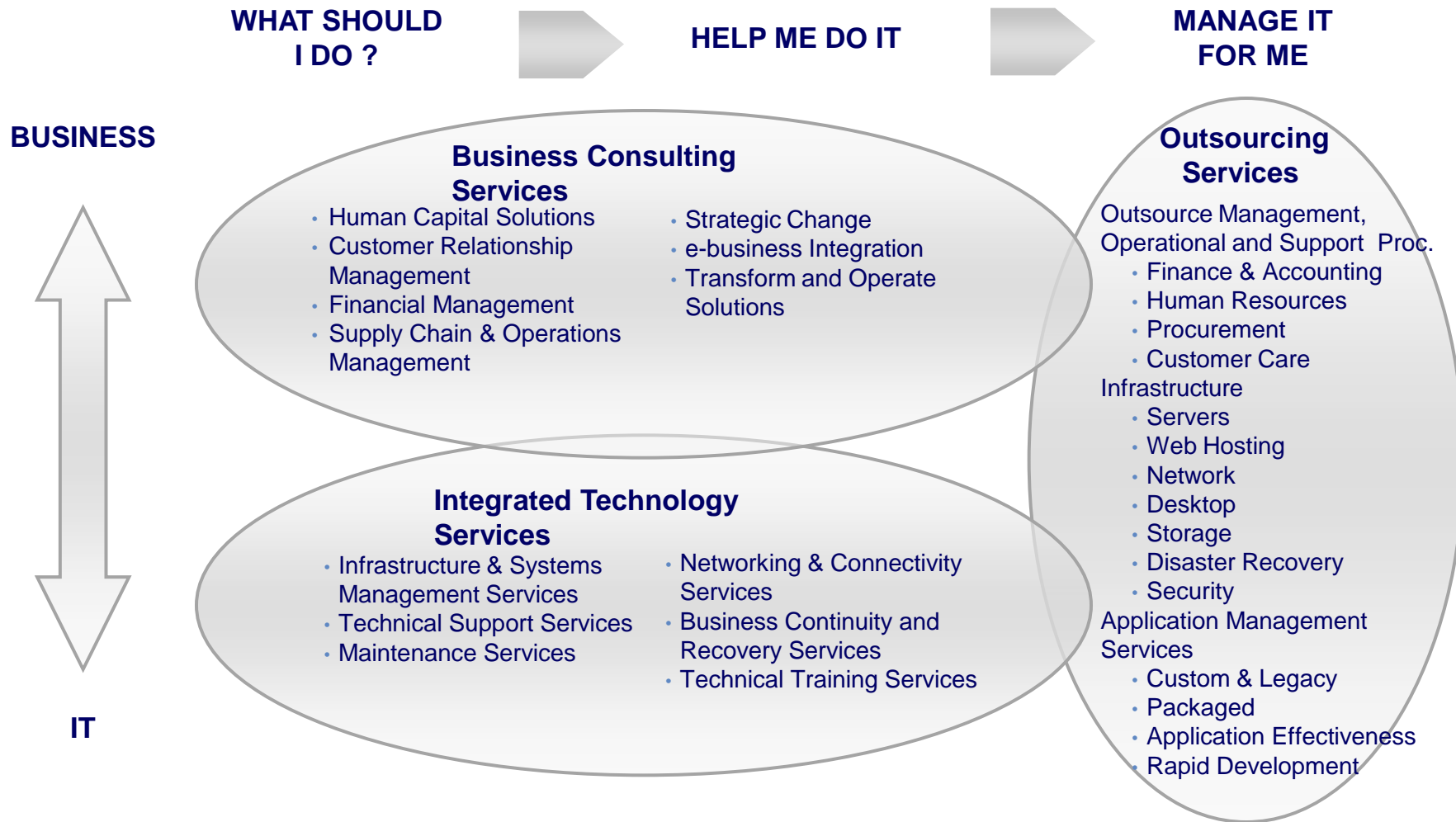
### *Drives of Services Transformation*

- **Erosion of margins in core markets**
- **Hardware and related services became commodity with strong competition**
- **Most IBM services was for free – but strong core capabilities existed**
- **Trend to large and complex business solutions**
- **Customer Demand for Integrators – Tired of Unique, Stand-alone Technologies**

IBM Global Services grew 22% annually for 10 years to become the largest business within IBM

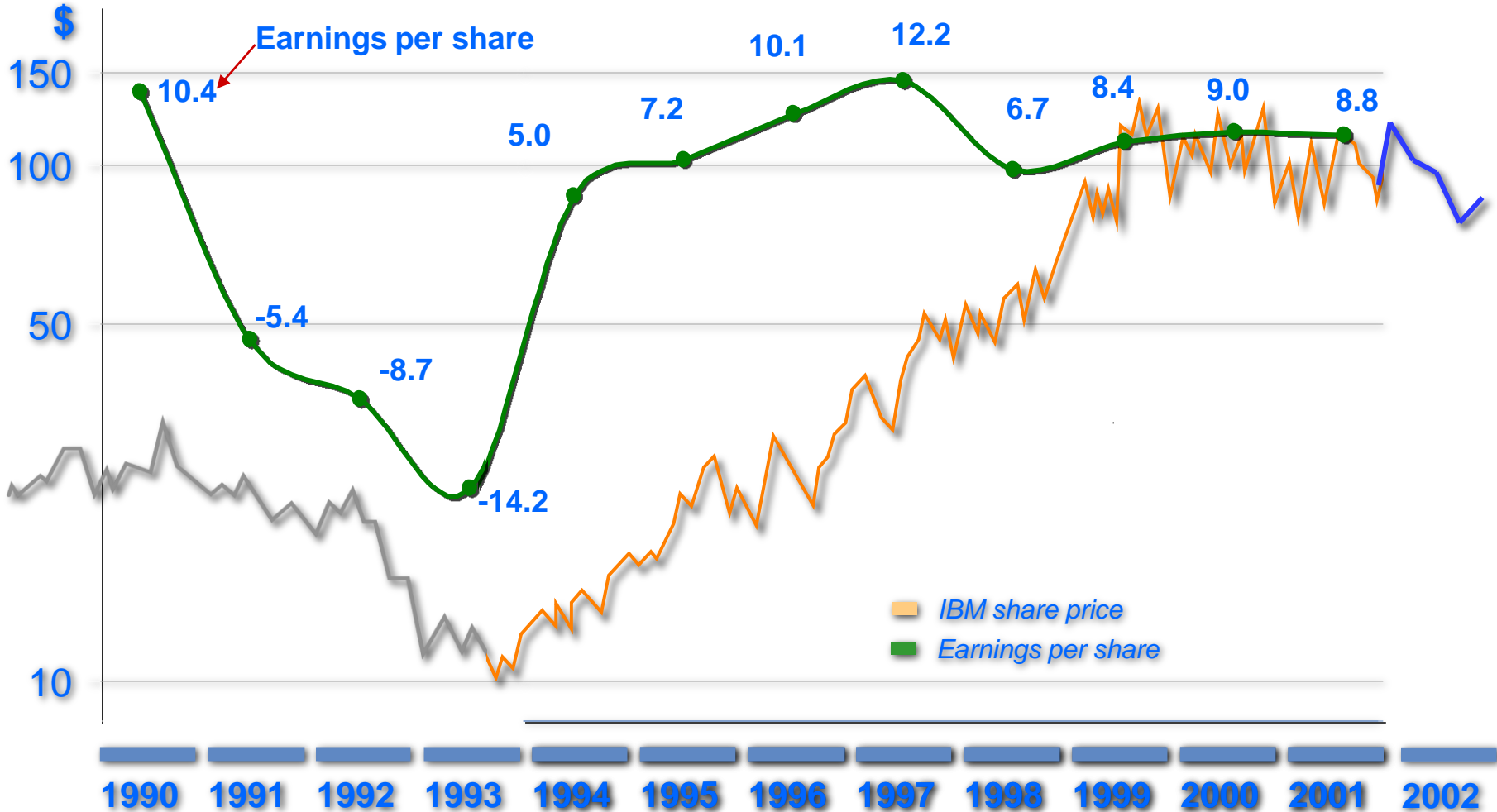


# Global Services has built a portfolio of end-to-end services in response to the market demand



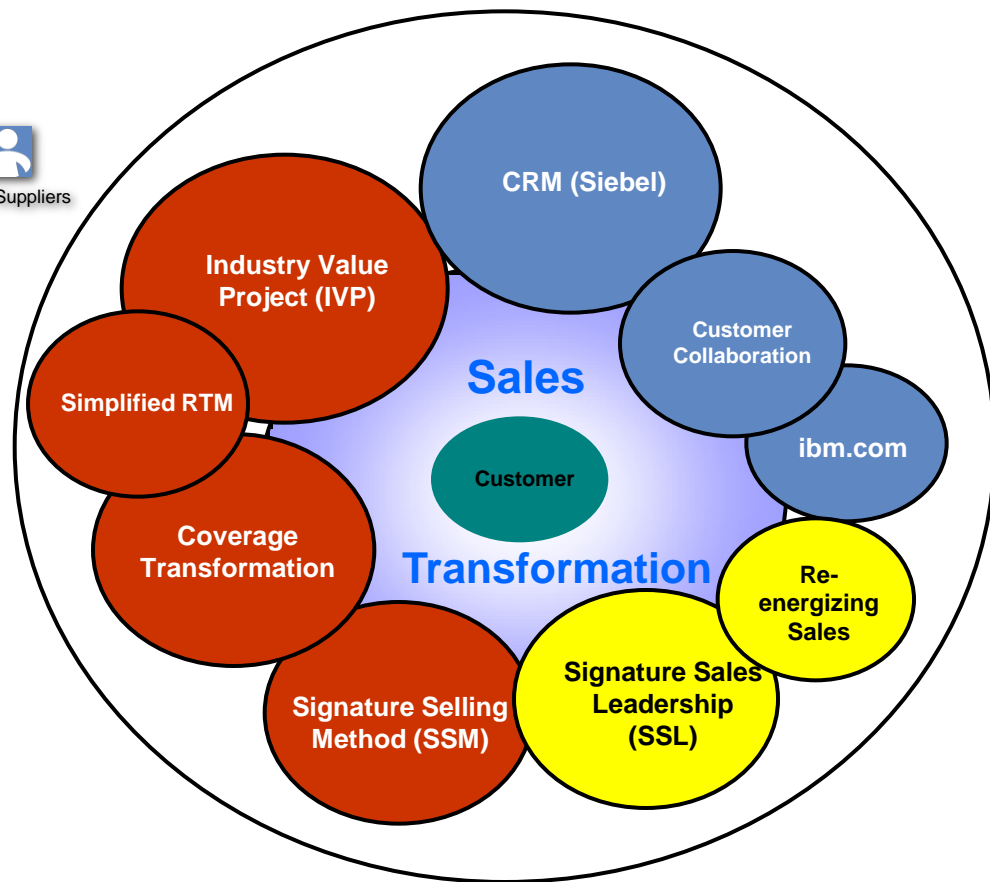
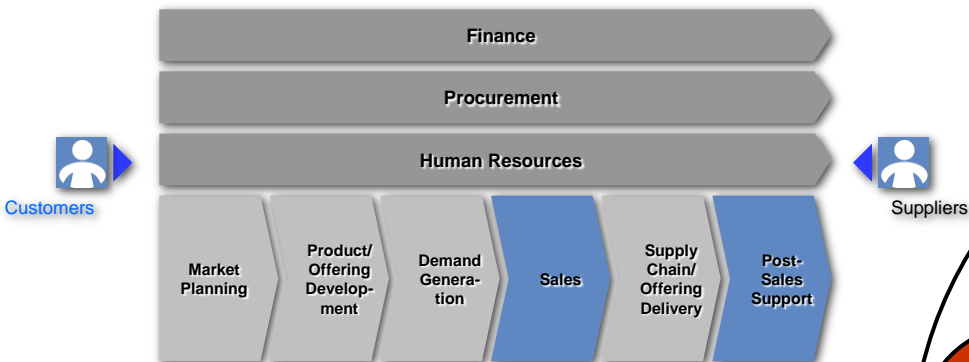


# The transformation activities have paid off



A Customer Centric Sales Transformation Initiative was launched that contained a portfolio of activities

### Value Chain Transformation model



- = Process Initiative
- = Organizational Development Initiative
- = Technology Initiative

# The IBM transformation provides insight into the key success factors of building a solutions business

*"I have worked in services companies and product companies. I will state unequivocally that services businesses are much more difficult to manage...the skills required in managing services processes are very different...the business model is different. The economics are entirely different.*

*This is the kind of capability you simply can't acquire. The bet you're really making is on your own commitment to invest both the years and capital, then build the experience and discipline it takes to succeed"*

**-Louis V. Gerstner,  
"Who Says Elephants Can't  
Dance"**



Commit for long run to business and cultural change  
– Services unprofitable for years, divisional boundaries need to be overcome



Invest in people and processes to support them  
– Services depend on knowledge and active community



Align resources closely to customer demands  
– Build skills and solutions that are customer specific



Stick to core strengths and stay focused on strategy  
– Avoid distractions and understand brand permission

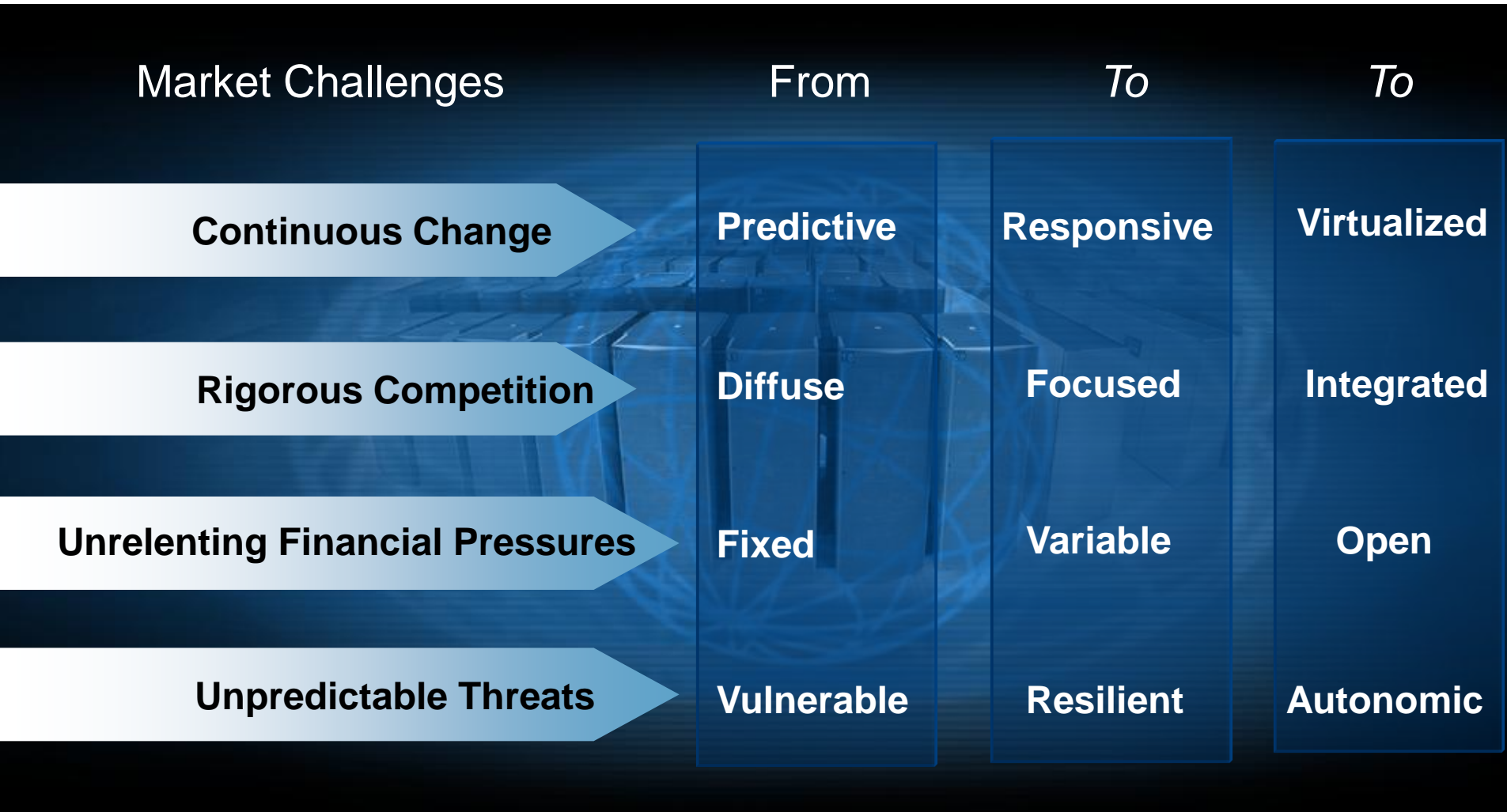


Build and leverage multiple value chains  
– Alliances and co-opetition become a way of life



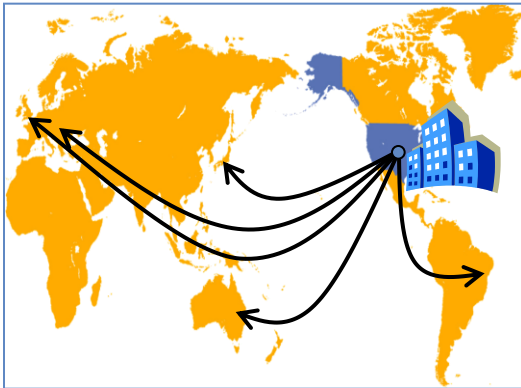
Adapt, anticipate – be quick to innovate  
– Continuously review, refocus and regenerate portfolio

Traditional models are no match for current realities:  
Business and IT architectures need to evolve



# A Globally Integrated World asks for a Globally Integrated Enterprise

## International



**HQ in one country  
Sell in many  
Export/Import**

## Multinational



**Replicate operations  
in many countries  
(HQ, R&D, Manu, etc.)**

## Globally Integrated



**Draw on global skills  
and global delivery.  
Tasks performed in  
one location for  
customers in many  
Countries**

C 19th

C 20th

C 21st

# IBM's Transformation: An Ongoing Journey

“The crisis in our financial markets has jolted us awake to the realities and dangers of highly complex global systems. But in truth, the first decade of the 21st century has been a series of wake-up calls with a single subject: the reality of global integration.” - Sam Palmisano, Nov. 6, 2008

Focus Areas

- Shift to high-value solutions
- Move to Values-based culture
- Lowering center of gravity for decision-making
- Becoming premier globally integrated enterprise
- Maintain focus and execute in a radically shifting market
- A Smarter Planet

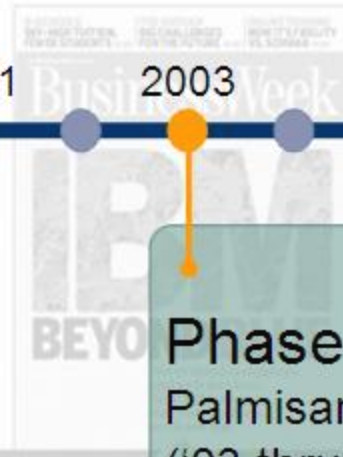
1993 1995 1997 1999 2001 2003 2005 2007 2009



1992



2004



2003



2009

Phase Two  
Palmisano era  
(‘03 thru  
present)





# IBM Strategy and Values

**Focus on open technologies and high-value solutions**

**Deliver integration and innovation to clients**

**Become the premier Globally Integrated Enterprise**

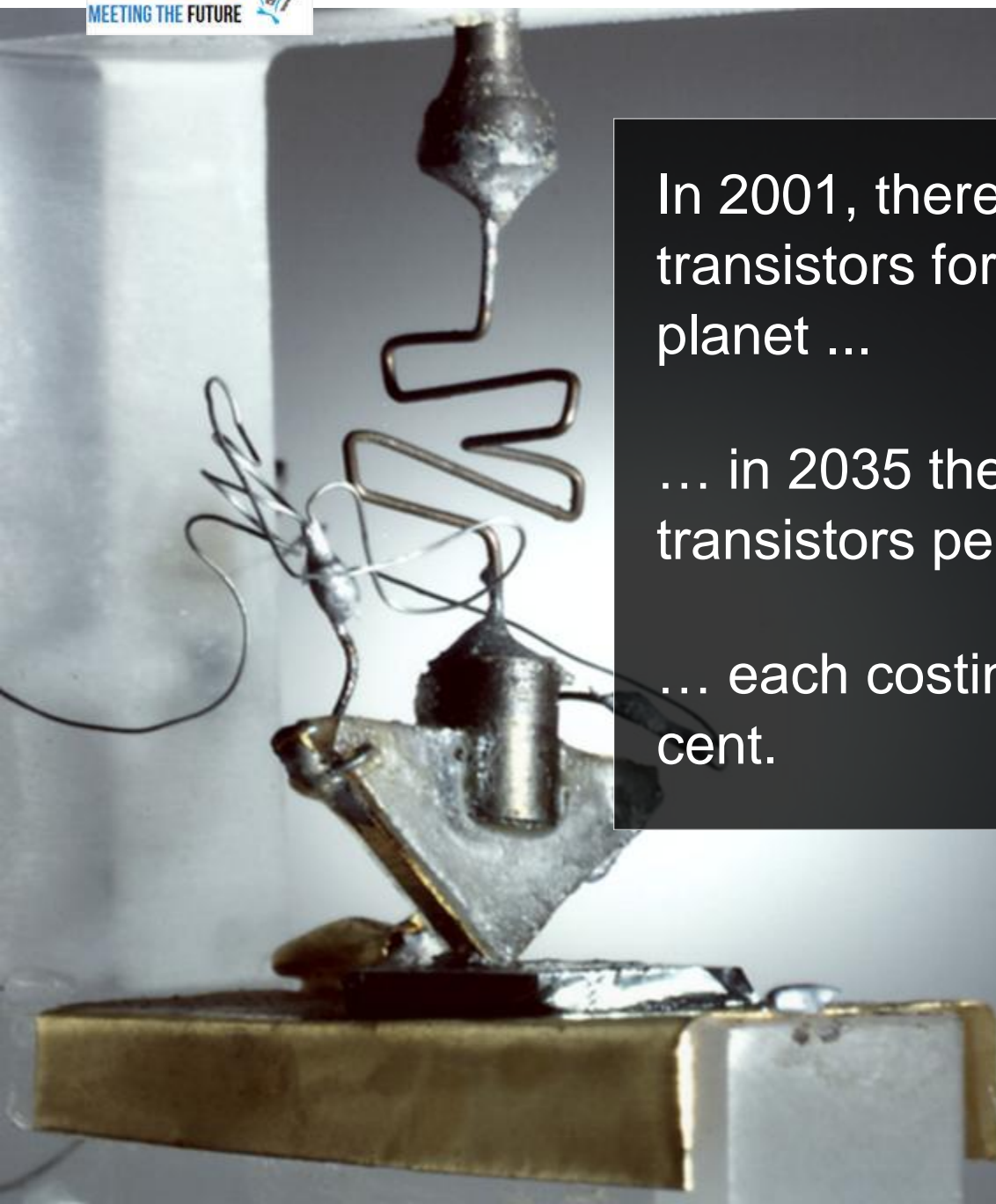
## ... Building a Smarter Planet

	Our world is becoming <b>INSTRUMENTED.</b>		
	Our world is becoming <b>INTERCONNECTED.</b>		
	All things are becoming <b>INTELLIGENT.</b>		

IBMers Value



Dedication to every client's success.  
Innovation that matters—for our company and for the world.  
Trust and personal responsibility in all relationships.



In 2001, there were 60 million transistors for every human on the planet ...

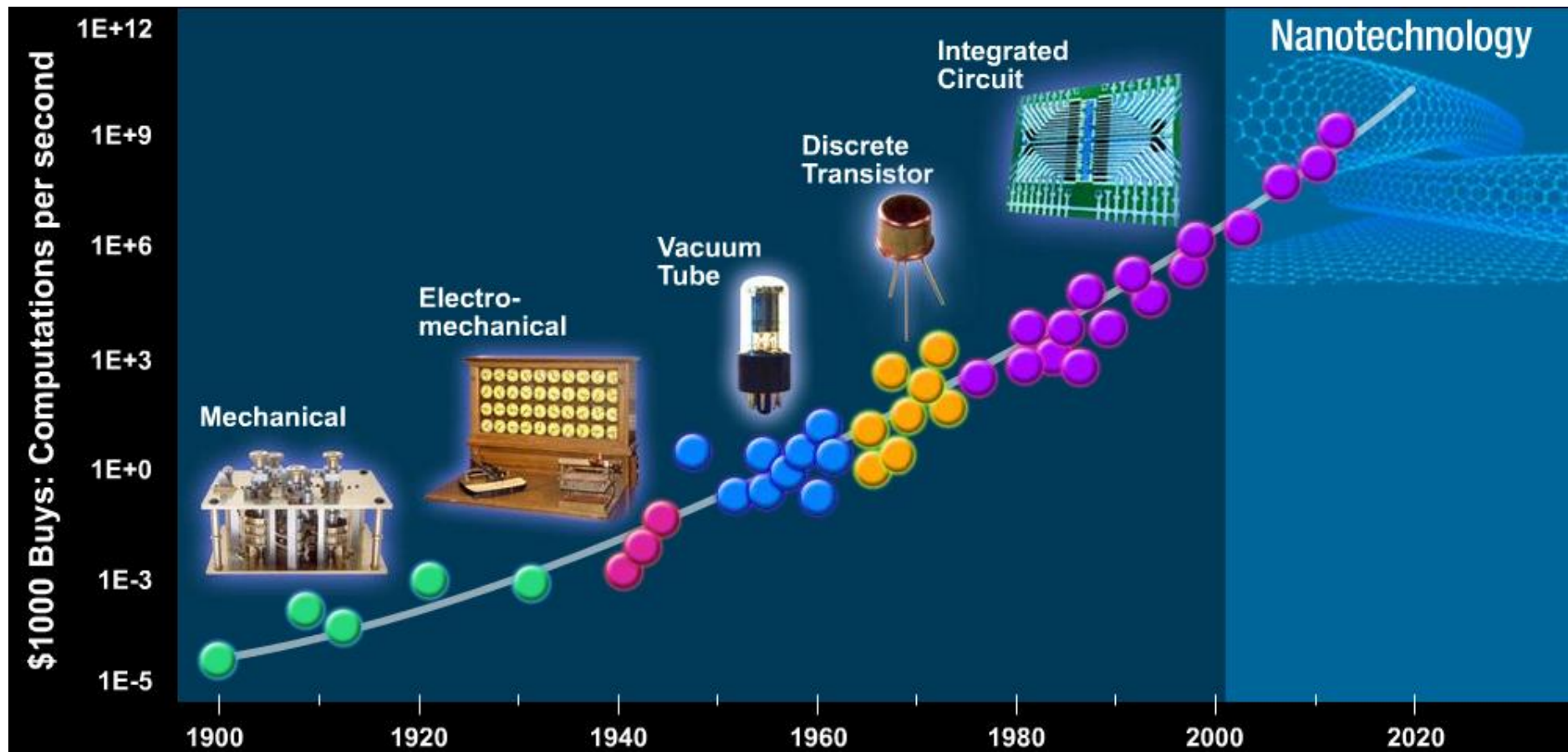
... in 2035 there will be 100 billion transistors per human...

... each costing 1/10 millionth of a cent.

# Examples of big data explosions

- Google receives per day 10 years speakrecognition questions
- 400 million tweets per day
- More than 2000 cameras along the Dutch motorways , on Manhattan only there are 20.000 cameras along the streets and avenues
- 3.2 billion likes per day
- 1 billion users of Facebook
- 4 billion movies watched by 800 million users of the internet
- The amount of medical information is doubling every 5 years
- 60 hours of video actions every minute
- 1,85 million security cameras in Great Britain
- 300 million fotos uploaded
- In 2020 24 billion devices will be connected with the internet.

# Accelerating Advances in Technology

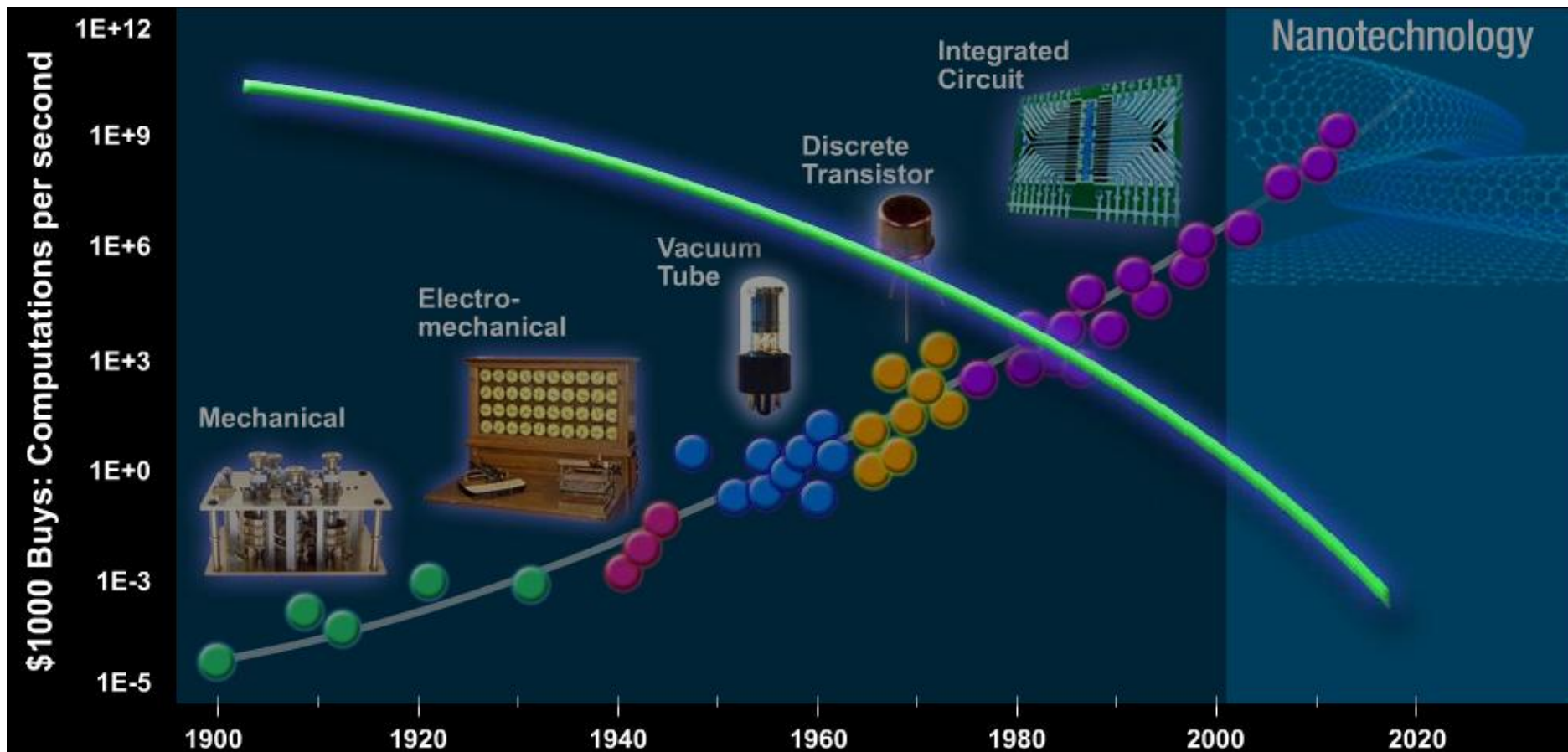


Source: Kurzweil 1999 – Moravec 1998



# Accelerating Advances in Technology

## *Driving Costs Steadily Downward*



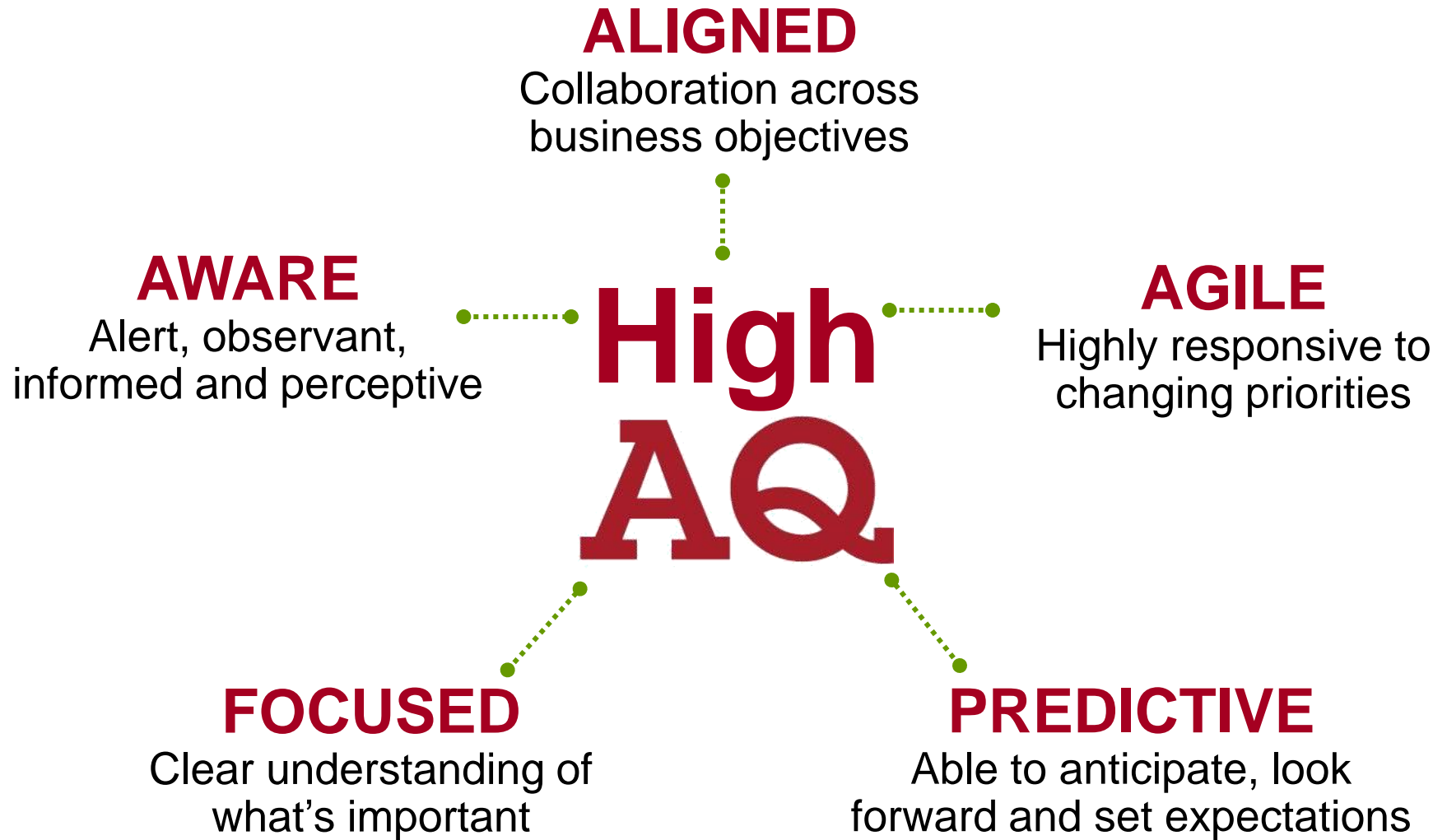
Source: Kurzweil 1999 – Moravec 1998

**AQ = Analytics Quotient**

$$= \frac{\text{Realized}}{\text{Potential}}$$

The more you infuse analytics into your business, the higher your AQ and the better you and your business will perform





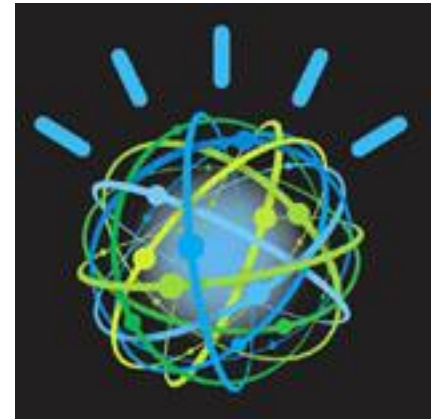
# Elementary, My Dear Watson



Can we design a computing system that rivals a human's ability to answer questions posed in natural language, interpreting meaning and context and retrieving, analyzing and understanding vast amounts of information in real-time?

## What is Watson?

- A computing system named after our founder Thomas J. Watson.
- Rivals a human's ability to answer questions posed in natural language with speed, accuracy and confidence.
- Leverages the power of IBM Content Analytics to perform lexical analysis as part of natural language processing.
- Harnesses a cluster of IBM's commercially-available POWER7 system optimized to process thousands of simultaneous tasks at rapid speeds.
- Incorporates a number of IBM exclusive technologies for the specialized demands of processing an enormous number of concurrent tasks and data while analyzing information in real time.
- **This is not search**, where a query retrieves a list of links to potential answers based on popularity and page ranking.



***Watson's ability to understand the meaning and context of human language, and rapidly process information to find precise answers to complex questions, holds enormous potential to transform how computers can help people accomplish tasks in business and their personal lives.***

**We need a different kind of education and a better use of IT to keep , increase and continue success in our beautiful world**



**Thank you for your attention**

# BACK – UP



# Imagine If You Had All the Answers You Need to Win

IBM Business Analytics and Optimization Solutions Can Ensure That You Do!

## Used by Watson



### IBM Content Analytics

Natural Language Processing and content analysis leveraging UIMA



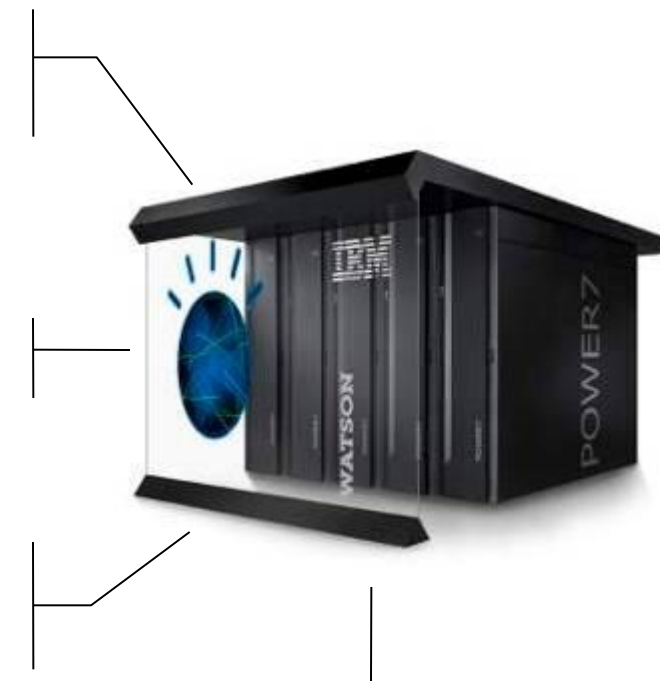
### InfoSphere BigInsights

"Big Data" analysis (Hadoop)



### IBM Power Systems

Thousands of parallel processes



### Workload Optimized Systems

Integrated, Optimized by Workload such as the Smart Analytics System

## Related Innovations

### InfoSphere Warehouse DB2, Informix, Netezza

Aggregating and storing data and content



### InfoSphere Streams

Massively parallel analysis



### Business Analytics

BI, Predictive Analytics and more



### ECM Solutions

IBM eDiscovery Analyzer  
IBM Classification Module  
IBM OmniFind Enterprise Search



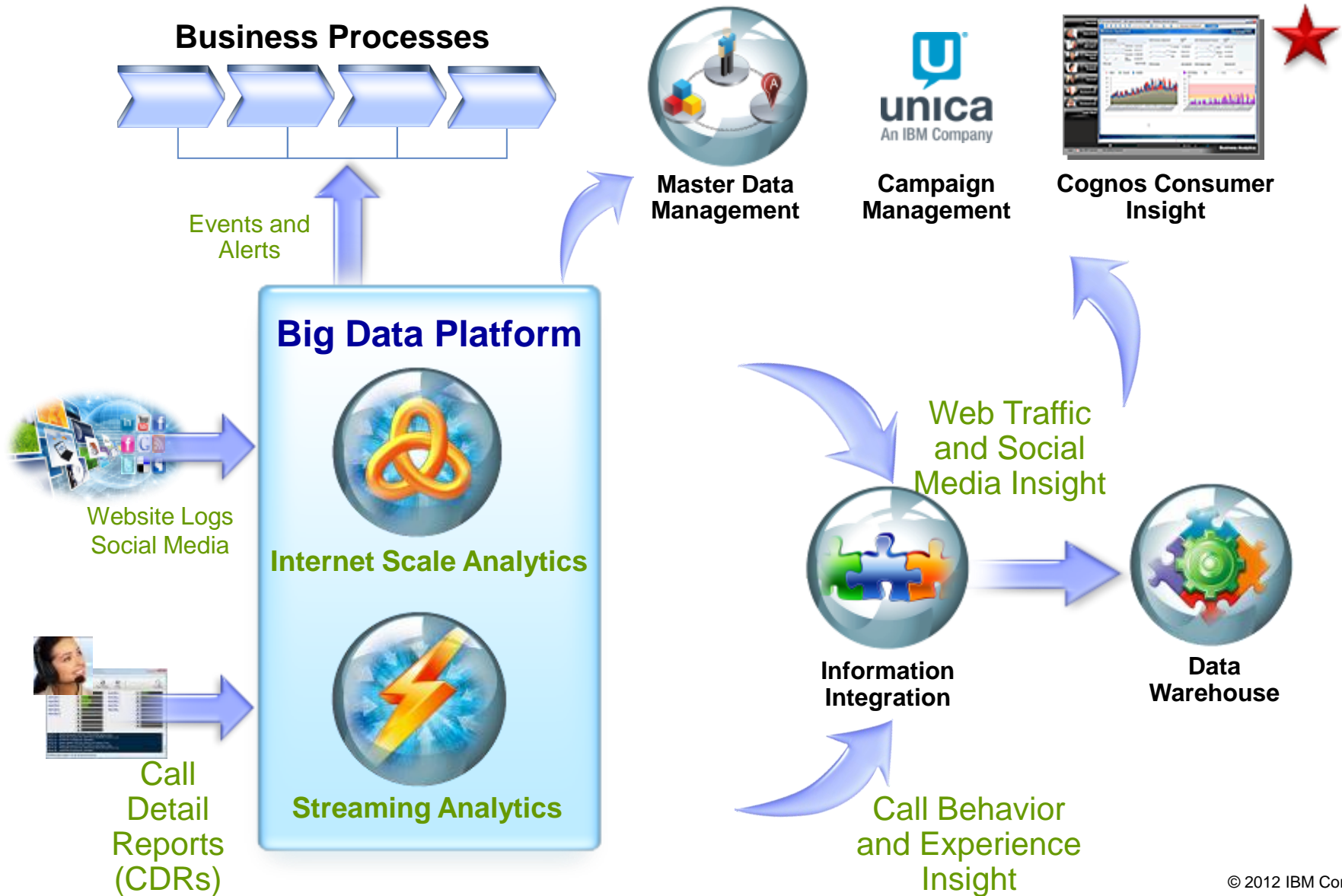
### IBM Global Business Services

Research, expertise and analytical assets





# Big Data Example: The 360° Multi-Channel Customer Sentiment Analysis



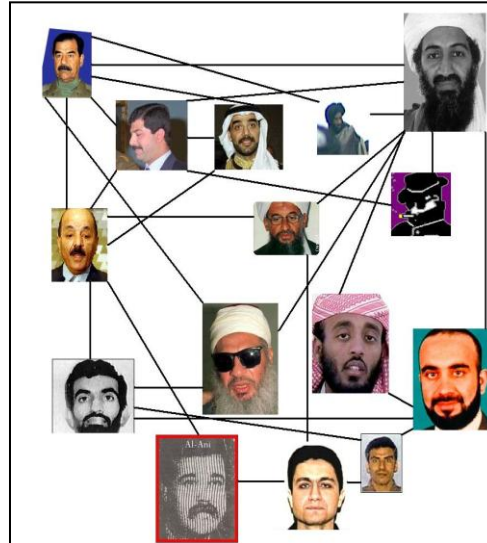
## Summary

- Our customer are outperforming and have a high “AQ”
- They are advancing their journey by upping their:
  - Decision-making savvy
  - Readiness and capacity to leverage analytics across critical roles and processes
  - Mastery of information
- We are delivering a comprehensive, unified business analytics system that meets both the growing demands of the business user, while enabling Finance and IT to deliver the appropriate level of enterprise governance and control
- IBM Business Analytics empowers:
  - All People*
  - ...for All Decisions*
  - ...with Analytic Freedom*
- Only IBM can enable total solutions...*now and in the future*

What's Your  
**AQ?**



# There has been a change in the world



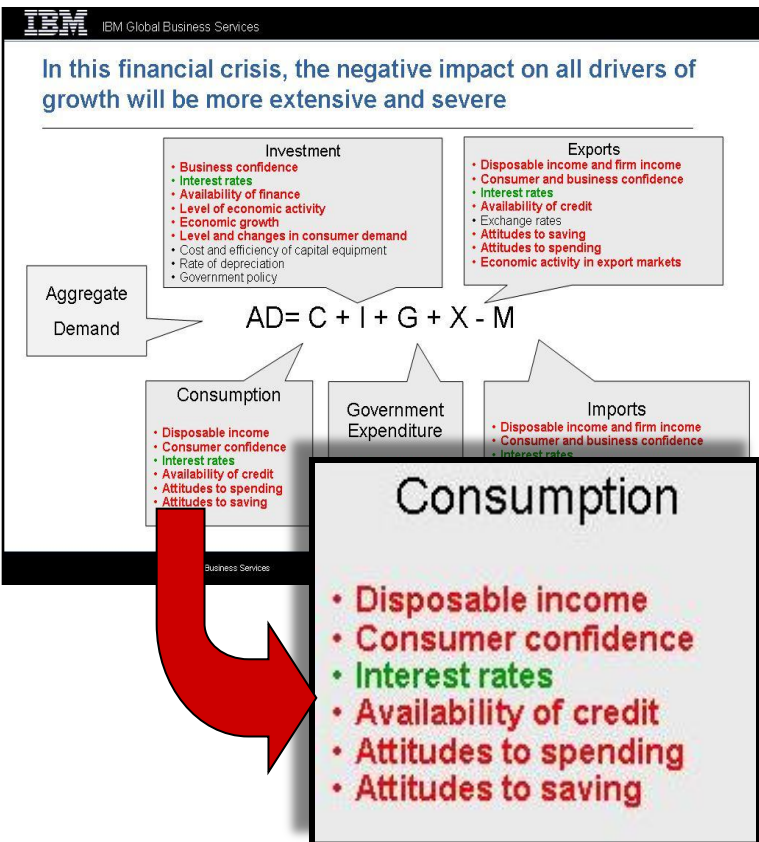
- President 2.0
  - Barack Obama becomes first African-American President of the United States after a campaign promising **Change**
- War 2.0
  - Al Qaeda is “Enemy #1” worldwide, representing a **Change** in the way wars are fought
- Web 2.0
  - The internet goes through a **Change** and becomes a social network platform, connecting people like never before

**And now we are undergoing Economic Change . . .**

# These economic changes impact companies

## Economic Change

## Corporate Response

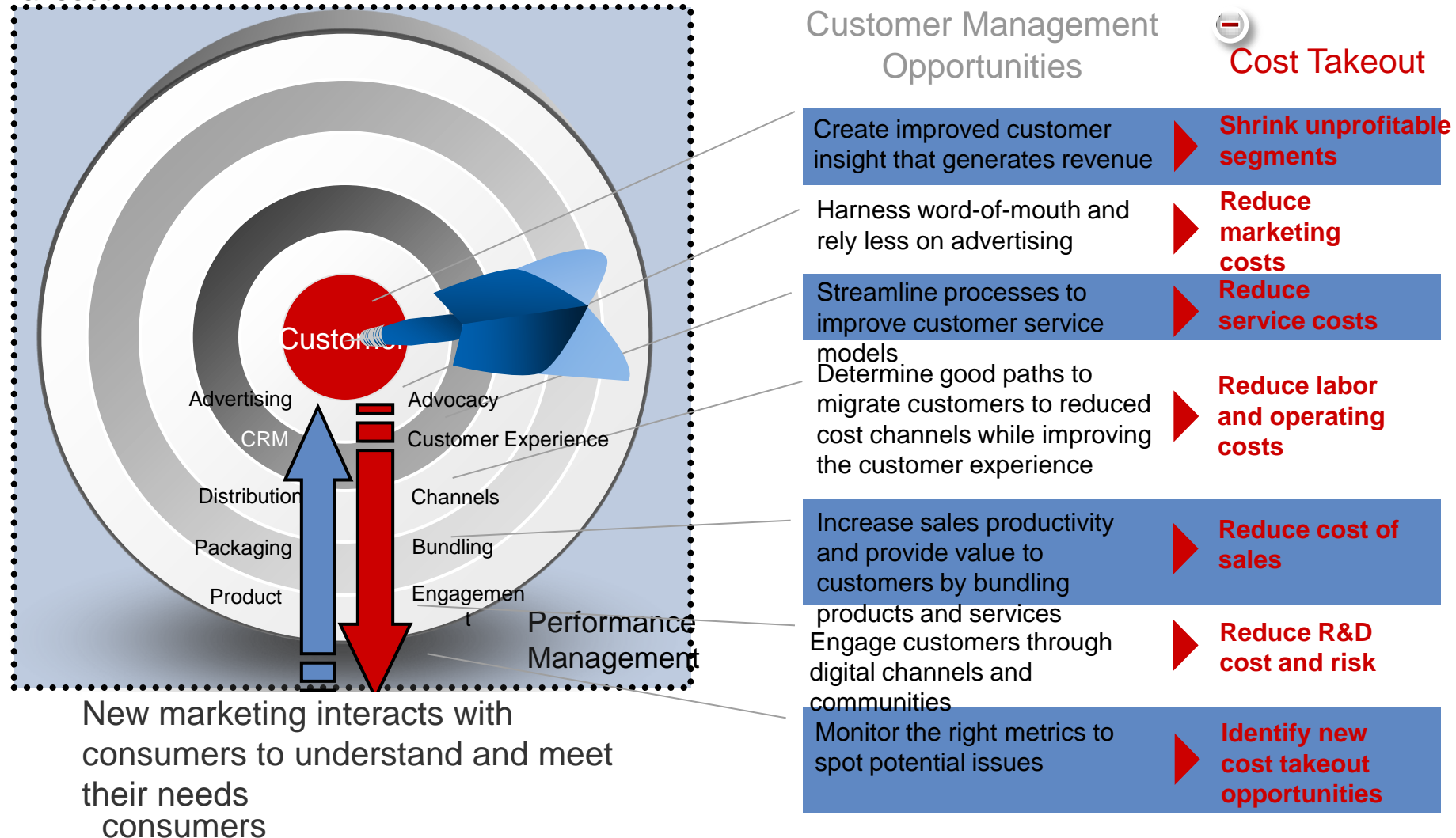


## Cost Takeout

- Shrink unprofitable segments
- Reduce marketing costs
- Reduce service costs
- Reduce labor and operating costs
- Reduce cost of sales
- Reduce R&D cost and risk
- Identify new cost takeout opportunities

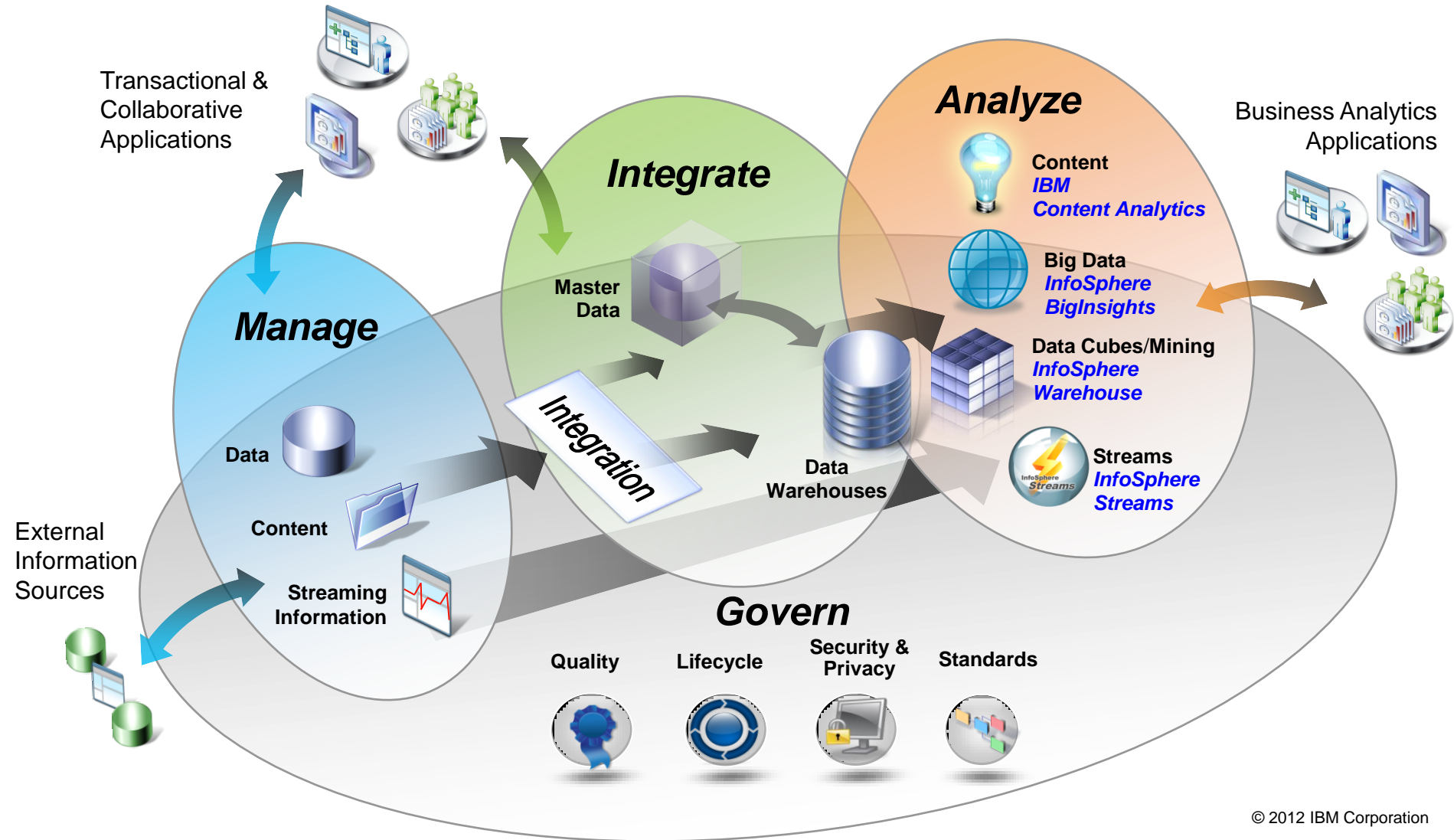
# The Change from “You Sell” to Customer 2.0

The direction of marketing processes become two-way, opening up new opportunities for Cost Takeout





# Delivering trusted information for smarter business analytics

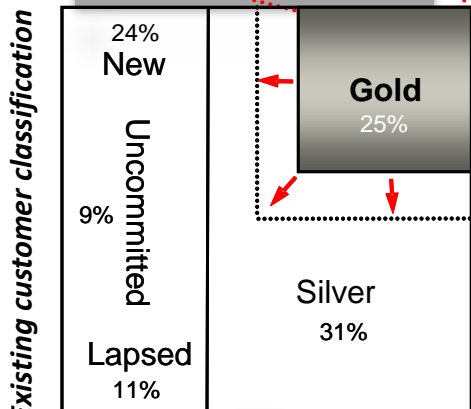




# Next Best Action Decisioning Flow

## Value Tiers

Micro-Cluster:1	Micro-Cluster:3
Micro-Cluster:2	Micro-Cluster:N



### Clustering & Segmentation

**Priors**  
"Remember Me"  
How has the customer engaged in the past?

*Existing infrastructure we leverage*

*Analytics we customize*

**Posterior**  
S  
"Relevant Action"  
Highest probability action bet accounting for Priors and current Conditions.

### Complex Event Processing

**Conditional**  
"Recognize Me"  
How is the customer interacting right now?

*Event processing tools we bring*

### Bayesian Network

Decisions we model

**Decision Trade-off**  
(ActionEngine)

Actions, messages, offers are pieced together based on Posterior bet.

*Objects we bring*

**Action Repository**  
(Activities or Actions)  
Exact 'action' is aligned with appropriate assets (creative, copy, scripting, 'hot button', etc.)

*Knowledge database we codify*

API

Call Center

Internet

Mobile

*API's we develop*

**Channel or Device Execution**





## **Healthcare:**

Growing volumes of structured text, including medical records containing non-standard data formats, are untapped. Physicians are battling information overload, which can contribute to inaccurate or incomplete diagnoses. There is a growing demand to integrate information and apply analytics to improve healthcare quality and reduce costs.

## **Technical Support and Contact Centers:**

Contact center representatives and tech support providers are overwhelmed with content. The ability to automatically analyze disparate sources of natural language content would help technicians identify the best information to assist users most efficiently and effectively.

## **Enterprise Knowledge Management:**

Governments and businesses worldwide manage huge amounts of internal and external data. It is difficult to provide key information where and when needed for decision-making. Technology can help manage this complexity by handling vast quantities of natural language content to provide for and even anticipate a user's information needs.

# Getting Started: Lay the foundation for tactically increasing sales pipeline

## Call to Action:

*Engage with your clients and prospects to educate them on Watson, and the possibilities Watson's capabilities present for their businesses*

*Set the agenda with clients about the need for workload optimized systems, ECM, analytics, "Big Data" management and how applying these technologies can transform businesses*

*Work with your sales leaders to invite clients and prospects to participate in Jeopardy! Watch Events, and visit IBM Labs, and Briefing Centers*



## Resources:



*Educate yourself and your clients with video, articles*



*Download papers to use with clients as door-openers and leave-behinds*



*Watch Watson play on Jeopardy! with your clients*

- [YouTube Videos](#)
- [Watson Overview Package](#)
- [Watson External Site](#)

- [Solution Briefs](#) (2 pgs each)
  - Watson and BAO
  - Watson and Workload Optimized Systems
  - Watson and Industry Transformation

- [Invite clients](#) to a Jeopardy! viewing party in designated cities
- [Event in a Box-](#) to organize your own viewing event

- [High Impact Collateral](#)



**THE END**