



ibm.com/ondemand



THE **WHO, WHAT, WHEN, WHERE, WHY AND HOW** OF BECOMING AN **ON DEMAND BUSINESS**

IBM CEO Sam Palmisano defines an 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 speed to any customer demand, market opportunity or external threat.”

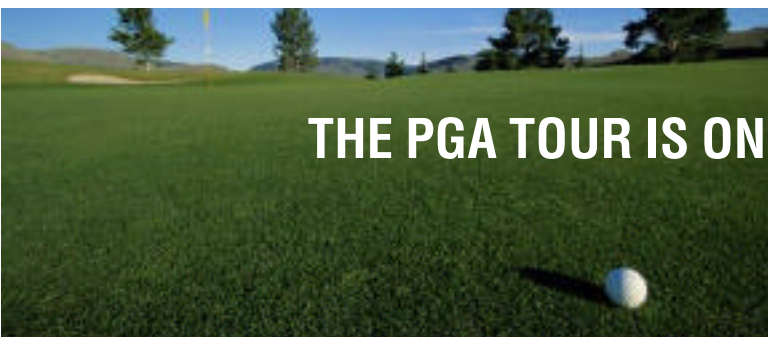
On demand works. In what ways will it work for you? What follows is a deeper look at the key issues that are shaping the world of on demand business.

ON DEMAND BUSINESS™

WHO

Manufacturers and governments. Scientists and fashion designers. Universities and airlines. The big. The small. The up-and-coming. The blue chippers. In short, anyone looking to drive productivity, innovate or explore, profit or perform in a way that meets the ever-changing demands of today's markets.

TAKE A LOOK. THESE ARE JUST A FEW OF THE MANY:



By partnering with IBM, The PGA TOUR teed up three new systems to transform the action into an exciting, responsive multimedia experience. ShotLink provides realtime scoring and improves the speed, accuracy and breadth of tournament scoring data collection. TOURCAST enables golf fans to follow tournament action for every player, hole and shot at PGATOUR.com. And TournamentTracker is an intranet system that provides realtime results to produce statistics and graphics used for broadcasters, media and on-site spectators



Through an online digital media library developed with the help of IBM, customers can locate and copy digital files of scanned National Geographic images in realtime. For example, a recent project entailed a museum looking to purchase over 2,000 images. Before the digital library, the project would have taken three people over a month to complete. With the digital library from IBM? One person working part-time for a day and a half could retrieve those images.



China's Ministry of Education is working with IBM to develop one of the world's largest implementations of grid computing, powered by Linux. By tapping unused computing resources, the grid will link more than 200,000 students and faculty across multiple universities. As the system grows, users will be able to work on intensive projects without intensive costs.

The list goes on. The question now is: who's next? You?

WHAT

So what makes a business on demand?

IT'S RESPONSIVENESS

On demand means building responsiveness into everything. The new 2005 Acura RL automatically downloads diagnostic information and maintenance reminders via satellite, as well as up to the minute traffic conditions. Acura made it happen. IBM Business Consulting Services helped.

IT'S INNOVATION

On demand is making innovation a habit. Understanding tough problems and using new ideas to tackle them. Then turbocharging them with technology. Like helping doctors join the fight against breast cancer by letting them compare millions of cases online with new technology from IBM.

IT'S FLEXIBILITY

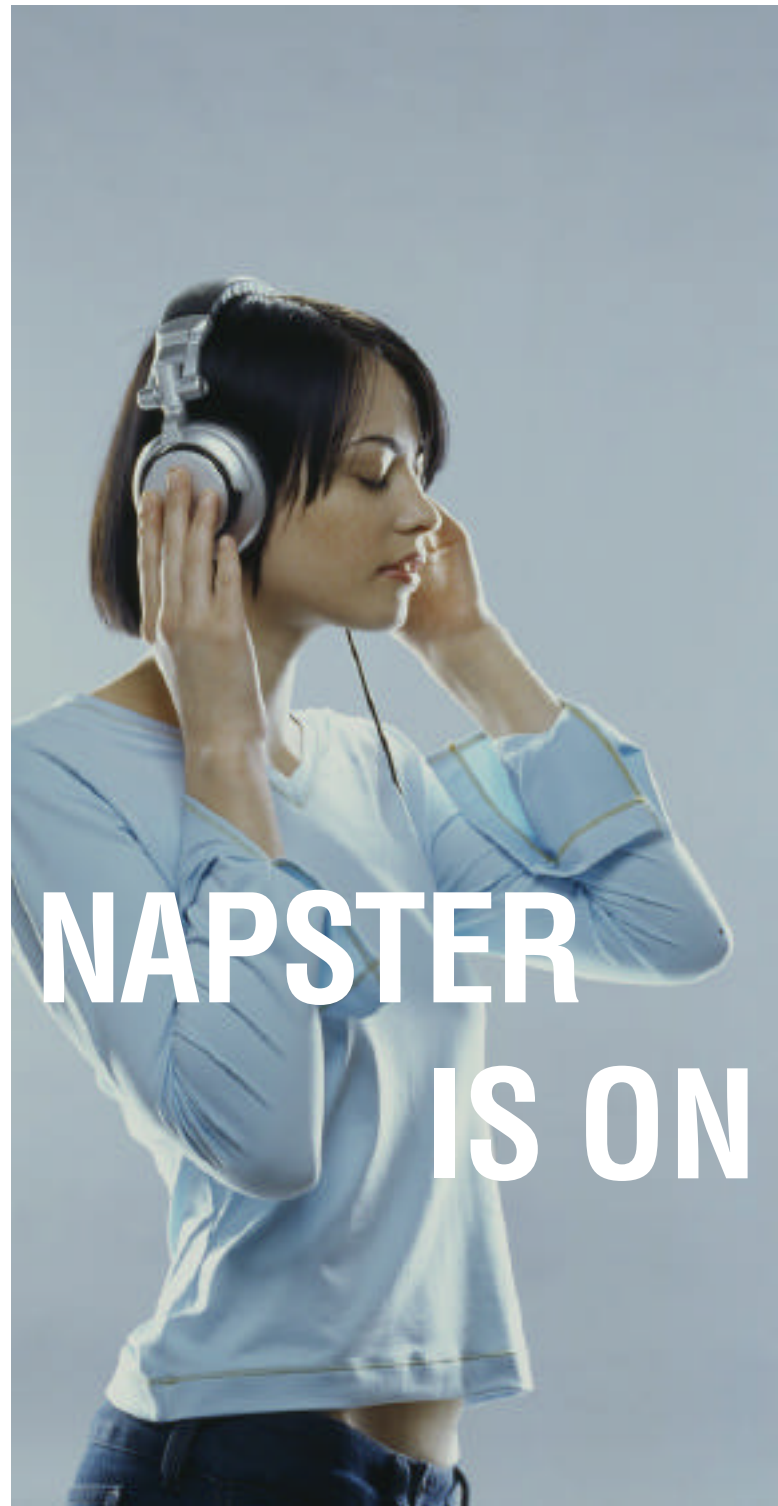
On demand is being ready for anything. In China, it means standardizing on Linux as a national IT platform and working with IBM to build a computing grid to connect universities. Why? To push growth through innovation, optimize resources, and plug into the world.

IT'S FOCUS

On demand is focusing on your strengths and finding great partners to do the rest. It's why Napster teamed with IBM. So university students can download music without swamping local networks. Two expert partners. Over 500,000 songs. Thanks to on demand business.

IT'S ON DEMAND BUSINESS

Ready to respond to the pace, pressures and fluctuations of an on demand world. On demand business is about how you design your organization to respond to ever-increasing levels of competition, customer expectation, cost pressure and market change.



WHEN

You're not going to wake up one day and find yourself with an on demand business. It's an ongoing journey—technology has been evolving and now we're at a stage of on demand computing. Since the beginning of the IT industry, companies have used advancements in computing to build more efficient business models.

It started with the mainframe. Inventory, payroll, reservations—it allowed back-office processes to happen faster, with less overhead. This newfound efficiency started a revolution. But it wasn't enough. As demand for mainframe systems grew, companies looked for ways to take that power and put it in the hands of individual departments, and individual employees.

Enter the era of client-server. Minicomputers and, eventually, PCs allowed companies to make employees more productive, and to integrate systems vertically on a small scale. But it wasn't enough. As the business environment grew more complex and the markets more competitive, companies began looking for ways to create productivity across the organization—to find new efficiencies, new economies of scale, and new value in the resources they had already paid for.

In the era of e-business, the power of the Internet made that happen. Resources on the other side of the world became as accessible as the departmental LAN. Large companies could connect globally, and smaller companies could integrate with partners regardless of distance. But it wasn't enough. The Internet bust proved that technology by itself can't create success. Companies are looking for ways to pull real business value from the network.

WELCOME TO THE ON DEMAND ERA

Now, your customers are demanding new levels of service. Your competitors are fighting harder for market share. And everyone is eyeing the bottom line. In a world of mounting business pressures, your company needs to constantly find new ways to increase productivity.

By making your organization more responsive and efficient, on demand business practices can help you to lower costs, increase efficiency and uncover hidden value in your company's operations.

While technology—especially the latest advances in network computing—is a key enabler of these benefits, IT decisions need to remain firmly rooted in the business needs of the organization. Unlike the failed paradigms of the dot-com era, this new model demands that technology align itself to strategy, not the other way around.

To operate on demand, your organization will need to transform the way it operates. You'll need to re-evaluate your business processes, your technological infrastructure and possibly your corporate culture. And you'll need to be ready to make some far-reaching changes.

The good news is that you can begin this transformation on as large or small of a scale as you wish—you customize this journey according to your needs. Integrate a single vertical silo (your payroll systems, for example), or a single process, and you can begin building value quickly. Reinvest those rewards in the next business improvement, and you can begin a cycle to help keep your company competitive for years to come.



WHERE

On the surface, on demand is everywhere. From Shanghai to Saskatchewan, organizations around the world are moving to meet unpredictable demands. But look deeper.

The real issue is focusing on your own processes enough that, whatever your competition might be doing, you're doing exactly what you need to build a competitive edge. It's where you can use on demand in your own business to speed growth, to improve flexibility, and to make your business more responsive to whatever your customers need, wherever they need it.

So where can you look to speed your journey along?
Here are some suggestions:

START FROM THE TOP.

Operating on demand will involve fundamental changes in the way your company does business. Horizontal integration—across “vertical silos, product silos or functional areas”—can only be driven from the top levels of an organization.

FORGET ABOUT THE FUTURE.

Instead of getting ready for any one thing, get ready for anything. It's the only sure bet. It's the only strategy to trump the unexpected. And it's easier than you think.

KNOCK DOWN THAT WALL.

Yes, business leads and technology enables. But if you still think that business and technology are discrete endeavors, you do so at your peril. Still skeptical? Find the runaway leader at the very top of every industry. Ask them.

BE PRAGMATIC.

Start small, but start now. Get results and use the proceeds to widen your scope. Build ROI upon ROI.

TALK TO US.

We can help. Our consultants, strategists and technology experts can explain their skills and how they can benefit you, and can show you how to think about becoming an on demand business. From simple questions answered, to massive projects that span cultures and continents, we can show you where to start. And how.

WHY

To stay competitive, your business needs to perform faster, leaner and more productively than ever before—to meet demands and dodge obstacles that barely existed five years ago. On demand business can help you rise to these challenges—with strategies and IT-enabled solutions that allow your organization, no matter what its size, to:

INCREASE PRODUCTIVITY.

In an environment of slower economic growth, you need to do more with less. On demand business strategies can drive productivity by helping to:

- Increase the speed at which companies can sense and respond to market changes.
- Increase organizations' flexibility so that they can better take advantage of new opportunities.
- Incorporate the latest technology in a way that's driven by business considerations.

SHORTEN TIME TO VALUE.

Long-term benefits are no longer enough. On demand business allows you to implement IT solutions that can speed ROI while still providing long-term cost savings.

EXPERIENCE ECONOMIES OF SCALE.

Do what you're good at, let someone else do the rest. On demand business lets you take advantage of these new opportunities.

DELIVER OPERATIONAL EXCELLENCE.

In an era where your customers expect flawless service 24 hours a day, operational excellence is a necessity. All businesses will compete around it. Consumers will demand it. Your company's survival will depend on it.



HOW

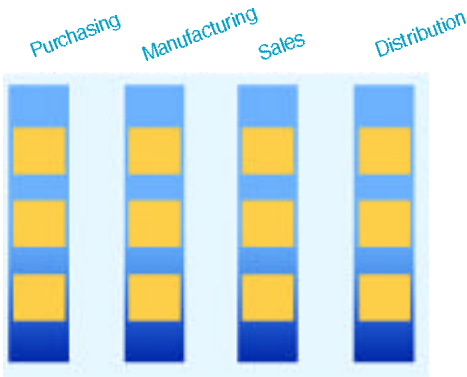
Integration is going to be the key to your on demand transformation. How does it help? It can give your sales people the same customer information as your support people. It lets manufacturing know what R&D is doing long before it hits the factory floor. It can connect your corporate planners to your distributors so you can figure out the holiday-season sales leaders in March. It helps keep your entire organization on the same page. It can let big businesses move like small companies, and small companies realize economies of scale like big businesses.

There are three levels of integration.

HERE'S HOW THEY WORK:

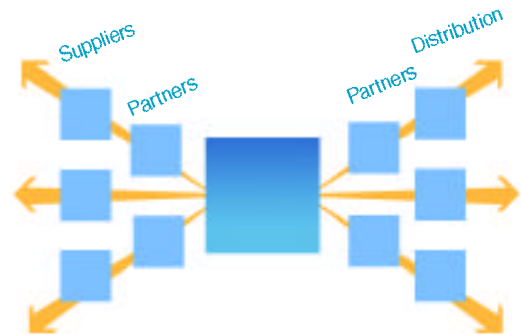
VERTICAL INTEGRATION

Removing the silos that impede the flow of information within a single process or line of business makes that vertical more productive. Organizations can reinvest that added value to improve another vertical, then another, then another...



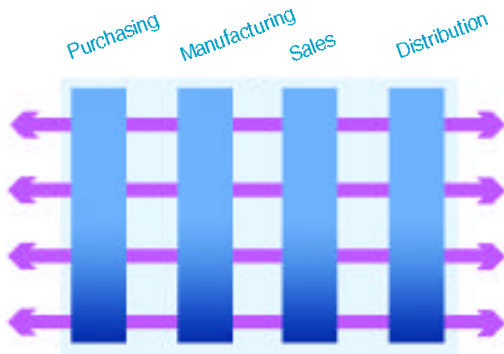
INTEGRATION ACROSS THE VALUE CHAIN

By closely aligning themselves with suppliers, distributors and strategic partners, on demand business can create symbiotic relationships that save money and allow everyone in the value chain to focus on their core competencies.



HORIZONTAL INTEGRATION

Connecting processes within the organization—from purchasing to distribution—helps companies to seamlessly move products and information across lines of business, saving time and reducing waste.



MANY QUESTIONS. ONE ANSWER: IBM

To begin your on demand journey, you might need a partner.

We can help.

IBM consultants have the depth of experience, the industry insight and the technological know-how to help you compete in an on demand world. We understand how IT and business processes interact. We know the ins and outs of implementation and we get results. And since we've spent years putting on demand business to work in our own company, we have first-hand experience of the challenges and the rewards that can come when you transform your business.

For more detailed information about on demand business, visit our Web site.

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

ON DEMAND BUSINESS™

