

IBM

Agenda

- eBOD Introduction
- BTO Introduction
- Cases

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e business on demand & Business Transformation Outsourcing

IBM BCS General Manager
0153 8

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Firms must respond to the new reality with focus in a variable and resilient manner to opportunities and threats

Unstoppable Drivers

<p>Competitive Darwinism</p> <p>Committed to operational excellence, using tightly integrated strategic partners to manage selected non-differentiating activities</p>	<p>Continuous Discontinuities</p> <p>Seeing almost intuitive in its ability to sense and anticipate change in the market environment and the needs of all its constituents</p>	<p>Unrelenting Financial Pressures</p> <p>Able to adopt cost structures and business models that enable it to reduce risk and to do business at higher levels of productivity, cost control, capital efficiency and financial profitability</p>	<p>Unpredictable Threats</p> <p>Prepared for change and threats – be they technological, economic or political – enabling the business to continue operating with consistent stability, security and privacy</p>
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on demand imperatives

Source: IBM Institute for Business Value, *IBM: The New Agenda*, Service Perspectives, Oct 2005

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Unstoppable drivers are creating a new market reality

on demand Environment

<p>Competitive Darwinism</p> <p>Due to increasingly transparent markets, competitive intensity is growing in severity as existing players and new entrants scramble to provide value to customers</p>	<p>Continuous Discontinuities</p> <p>The change in customer demands, technological innovations and government regulations is increasingly sudden and dramatic</p>	<p>Unrelenting Financial Pressures</p> <p>The growth and profitability of revenues and margins becomes even more challenging due to economic uncertainties and demanding investors</p>	<p>Unpredictable Threats</p> <p>Persevering dangers befalling the global firms are increased exposure to natural disasters, unstable geopolitics and other market shocks</p>
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Source: IBM Institute for Business Value

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The on demand business model is the next wave of value realization, fueling increased growth, efficiency and effectiveness

On Demand Business: The New Agenda for Value Creation

Source: IBM Institute for Business Value

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External Analysis - Environmental Trends and Emerging Opportunities

BTO is all about the "1" - transformation

Source: MacquarieBank, PwC Consulting 2000

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BTO is a critical component of the transformation to an on demand business model

transformation to on demand

Source: IBM Institute for Business Value

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The benefits of outsourcing – from tactical to strategic

<p>BTO Extended Enterprise Continuous Strategic Change with Outsourcing</p> <p>Process Enhancement Process Improvement while Outsourcing</p> <p>Cost Reduction Cost Take Out</p>	<p>BPO Return on Investment</p>
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Client Benefits

- Focus on core business
- Increase flexibility to adapt quickly
- Reduce barriers to change
- Innovate, improve and transform processes
- Speed time to benefits
- Improve decision support
- Reduce costs

Business Process Outsourcing targets reducing a client's costs and investment in business processes

Business Transformation Outsourcing addresses the spectrum of a client's needs and plans, both tactical and strategic

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IBM's BTO solutions deliver improved business results through continuous strategic change and the operation and transformation of the client's business processes, applications and infrastructure – measured against business outcomes

Business Processes				
Finance & Administration	Human Resources	Customer Relationship Management	Procurement	Service After Sales
Industry Specific				

Applications Transformation
 Technology Transformation
 Flexible Deal Structures & Financing

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The list of major clients leveraging IBM's BTO expertise is growing rapidly

<p>Finance & Administration</p> <p>Williams LAMT IBM</p>	<p>CRM</p> <p>Sprint Nextel IBM D&B</p>
<p>Service After Sales</p> <p>PHILIPS RBC Insurance</p>	<p>Banking Back Office</p> <p>Bank of America Citigroup IBM</p>
<p>Procurement</p> <p>United Technologies Goodyear Citicorp</p>	<p>Human Resources</p> <p>Albert Heijn Williams P&G IBM</p>

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nhn (next human network) is the market leader in Asia's booming on-line gaming industry

nhn

- The largest and fastest growing internet company in Korea
- Operates the No. 1 search portal
- Manages the leading online gaming portal, with 17 million members and 2.3 million users each day

Asia's booming on-line gaming industry

- The boom industry in Asia - Korea has the largest percentage of online gaming, with 63 percent of all internet users visiting games Web sites
- Highly competitive - market reaching saturation point
- Consumers constantly demanding new and exciting games
- nhn's competitive advantage is reliant on developing and launching the hottest games first

NAVER

한게임

hanGame

EM+DI

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nhn plans to build on their spectacular success in the on-line gaming industry with plans to launch new revenue initiatives



nhn's strategy

- To maintain leadership in game development
- To launch into new markets such as China and Japan
- To build extraordinary customer loyalty

nhn is set to dramatically grow its revenue through smarter CRM techniques aligned to its portal with BTO



BTO for customer contact

nhn is leveraging the expertise and scale of IBM's customer contact and customer care capability so that they can focus on the CRM processes associated with rapid product development and successful market launches.

IBM will focus on improving customer satisfaction through a much improved delivery of customer service. IBM will also consult on CRM techniques and deployment.

Transition and Transformation. Delivering the agreed outcomes



Agreed Outcomes

- A multi-channel customer support centre to support new products and markets
- Improved customer satisfaction at current cost levels as measured by average call waiting, average call handling
- Better targeting of customer segments
- Longer term outcome to reduce the cost per interaction as nhn's volume continues to grow
- Infrastructure to support hundreds of millions of users simultaneously
- Variable pricing

Transition and Delivery

- Established call centre operations in Korea, leveraging IBM's global call centre standards to establish leading practice processes, security and governance
- IBM manages all in-bound customer contact, including voice, fax and internet enquiries, includes activities such as subscriptions, game activation, scoring clubs
- Transformation projects underway to segment customer base

Daksh acquisition strengthens global sourcing capabilities



High-performance teams with deep expertise in business process delivery

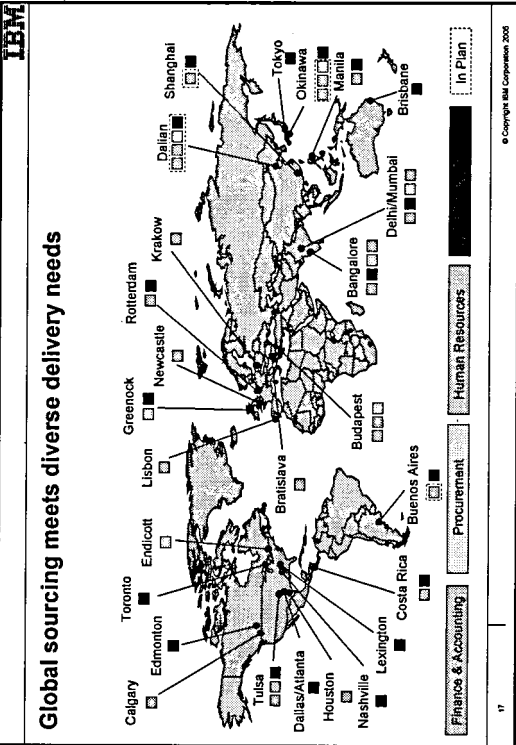
- CRM Customer Care, Banking Back Office, Insurance Claims Management, Travel and Transportation, Retail
- More than 6,000 employees
- Global delivery centers in India and the Philippines

Proven track record in BPO

- Leadership position among Indian service providers
- Customer Centric
- Consistently ranked high in customer satisfaction
- Marquee clients in each of its solution areas

Clients:

- Fortune 25 Financial Services Conglomerate
- Fortune 25 Computer Hardware Provider
- Fortune 100 Telecom Client
- Fortune 100 Health Insurer
- Fortune 150 Airline
- Fortune 200 Insurance Broker
- Fortune 500 eRetailer
- Fortune 1000 Financial Software Market Leader
- One of the World's Leading Internet Portals



The promise of IBM Business Transformation Outsourcing

Delivering improved business results through continuous strategic change and the operation and transformation of the client's business processes, applications, and infrastructure measured against business outcomes.

To enable companies to become on demand enterprises, we:

- Lead where we have world-class expertise in business transformation, offering clients expert help
- Are accountable for operating business processes, people and technology, reducing client risk
- Innovate and continuously improve by leveraging our solutions, experience and skills, and global delivery network, transforming our clients' business with them
- Deliver significantly improved business value and outcomes for clients
- Accelerate and sustain business transformation enabling clients to focus on core competencies.

Process Change

BTO

- Extended Enterprise
- Continuous Strategic Change while Outsourcing

Process Enhancement

Process Improvement while Outsourcing

Cost Reduction

Cost Take Out

Return on Investment

BPO

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