

Transform your application portfolio to handle dynamic cycles, new projects and unforeseen events.



Leveraging your application assets to drive high business value

Highlights

- **Transform your application environment into a self-funding, self-perpetuating ecosystem that delivers a measurable return on investment**
- **Reduce costs and total cost of ownership of applications with a highly integrated, flexible and streamlined infrastructure**
- **Gain highly qualified resources for the ability to better meet new business demands and deliver new services and functions faster**
- **Choose from a variety of IBM Application Management Service offerings that fit your unique requirements**

As the global economy continues to experience ups and downs, long-term corporate goals—increasing revenue and containing costs—remain constant. However, as the economic pendulum swings slowly back into expansion mode, industry executives are again contemplating growth and ways of gaining leadership advantage. In doing so, many have carefully re-examined their business, giving serious consideration to its present value structure and primary focus. Today's C-level leaders see revenue growth, realized through delivery of new, differentiated products and services, as their primary business objective, with cost control running a close second in corporate priorities. C-level executives are looking for ways to lower expenses and reinvest savings into revenue growth strategies that can transform the business and boost financial performance.

Increasingly, companies are turning to experts like IBM Application Management Services (AMS) to help manage business applications and support functions. By optimizing and outsourcing non-core functions, corporate leaders can better focus on, and further develop, core business competencies, while lowering total cost of ownership.

Managing an application portfolio is a balancing act among costs, risk and business value

Even best-in-class organizations face pressure to manage continuous change, deliver high quality and attain peak performance—without interrupting service.

Organizations must somehow strike a balance among driving revenue, improving operating margins, effectively executing fundamental business procedures, and, in parallel, making certain that non-core business areas run efficiently. In addition to all of this, in the drive to extend value and

benefits, operation optimization must now extend beyond the corporate four walls as companies engage directly with customers, consumers, partners and suppliers.

In today's business climate, an organization's ability to achieve this balance is directly correlated with the effectiveness, efficiency, depth and breadth of its application portfolio. Too often, organization resources become consumed with application enhancement and support, especially as their portfolio grows. Consequently, their application portfolio is misaligned with business strategies and objectives, which in turn

can breed further waste and potentially disastrous long-term results.

The logical solution to all of these issues lies in the introduction of a simple and cost-effective means for application portfolio management. Additionally, it's important to integrate application management procedures that will both differentiate your company from the competition and lower total cost of ownership.

IBM AMS can help your organization align IT investments with business objectives, respond to marketplace forces with agility and unleash business



value—through the optimization of your application portfolio.

IT begins to live up to earlier promise by delivering new value

IT has always been viewed as a critical business enabler.

Over the past 20 years, tremendous change has occurred in technology, software, and business process and organization support models. Companies no longer use IT just to facilitate basic business functions. Today, more organizations count on IT to both help ensure seamless integration over the extended value network and make information available for informed, proactive business decisions.

Companies rely on IT to reduce operating and support costs—without sacrificing quality—and to enable new business processes and functions, such as customer relationship management (CRM) and product lifecycle management (PLM). Increasingly, organizations are moving many back-office support functions, including customer, financial and human resource tasks, to either a shared services or third-party outsourcing provider. The role of IT to drive process, organization and technical change has never been more challenging and important. Heightened

technology capabilities have arrived just in time, as increased business complexity makes more demands on companies—demands that require increasingly precise business process implementation and follow-through.

Additionally, in the wake of stricter international regulatory requirements, such as those stipulated under the USA PATRIOT and Sarbanes-Oxley acts, IT capabilities have become critical to integrating and performing repetitive and time-consuming processes like data gathering, processing and presentation. Companies rely on IT to establish, maintain and meet basic regulatory agency rules.

Application Management Services are at the heart of reducing costs, risk and delivering value

Application development and maintenance is an enormous investment. Changing the business model for this investment can help you realize significant savings. These savings can be turned into real value for your business. By reinvesting these dollars into new capabilities to address the needs of the business and the demands of the market, your business can be more responsive and the value of your IT can rise significantly.

What's more, an experienced, skilled AMS provider can help assure the ongoing performance and flexibility of your applications by relentlessly focusing on quality excellence and continuous improvement in the management and optimization of your portfolio of applications. The methodologies IBM employs for its AMS clients is the same framework successful organizations use to become best-in-class:

Work smarter and not just harder

- Drive toward consistency and continuous improvement
- Establish consistent metrics

- Become productivity focused
- Create high-reusability environment

Be sure they are working on the right things

- Align work and budget with business priorities
- Leverage business/IT/supplier governance
- Adhere to architectural guidelines and standards
- Initiate a cost-based chargeback mechanism for application services

Balanced use of external suppliers

- Enlist focused supplemental support to get more work done
- Provide expanded support for wider coverage

Focus on innovation

- Optimize portfolio
- Transform the portfolio leveraging new technologies such as service-oriented architecture and Web Services

IBM AMS—services for improved organizational performance

We offer the most integrated approach to application management services in the industry—backed by IBM's extensive global resources, technical innovation out of IBM Research, and the deep industry knowledge of IBM Global Business Services and a global network of partners.

Our experience addresses virtually every type of application—from legacy mainframe systems to Web-based and custom applications, plus off-the-shelf solutions from leading vendors like PeopleSoft, SAP and Siebel Systems.

IBM AMS encompasses a set of complementary offerings that can be deployed separately or together. These offerings extend from management of an organization's entire application portfolio to "toe in the water" services relevant across a particular set of applications.

In addition, the IBM global testing organization provides access to

**Case Study:
IBM Full Outsourcing Services**

With IBM Full Outsourcing Services, we focused on increasing performance and efficiency alongside innovation, allowing a major North American telecom service provider to concentrate on creating new service solutions.

What we provided:

- Full application portfolio management
- Global delivery from three geographies
- Transformation to CMMI Level 3
- An innovative gain sharing mechanism

Benefits of the AMS engagement included:

- Improved system availability by 15x
- Enhanced productivity by more than 100% over three years
- Saved more than \$400M in overall productivity savings over the life of the contract
- Exceeded customer satisfaction target

IBM Application Management Services offering**Our service**

IBM Staff Augmentation Services

IBM provides skilled personnel, who work under your direction to develop, maintain, manage and support your applications.

IBM Application Out-tasking Services

IBM provides ongoing management of and support for your packaged applications (such as SAP and Oracle), custom applications and traditional applications.

IBM Design-Build-Manage Services

IBM designs, builds and provides ongoing management for a targeted set of applications.

IBM Portfolio Outsourcing Services

IBM assumes full responsibility for the support, maintenance, enhancement and evolution of your enterprise or business unit application portfolio.

IBM Co-management Services

IBM collaborates with you to transform your IT organization to a high-performance unit through targeted transformation strategies and hands-on staff mentoring.

IBM Business Application Modernization Services

IBM collaborates with you to transform your existing application portfolio and processes so that your applications better meet your business needs.

IBM Full Outsourcing Services

IBM assumes full responsibility for the support, maintenance, enhancement and evolution of your entire application portfolio, in addition to delivery of some or all infrastructure functions.

cutting-edge test centers that offer a full range of software testing solutions and services to help maintain stability, reduce cost, improve productivity and reduce the risk of production failures.

From multi-channel integration to customer relationship management, we can provide assistance with a single application, a subset of non-core applications, or the entire application portfolio.

IBM optimizes management of your application environment

IBM gives you a full spectrum of application management services. Our approach is flexible, enabling you to select the scope of services that are right for your business. It's important to choose the level of service and the degree of productivity, flexibility, risk and value that makes sense for your business. We have an application management service that can help you get the most value from your application

portfolio. These services cover everything from providing resources while you continue to manage your applications to collaborating with you in your application management and taking over the support, maintenance, enhancement and evolution of your entire application portfolio.

Not sure which option is best in your unique situation? We can help you determine in what capacity IBM should help and which value should be the

focus, whether it's business value, delivery and operations, cost or all of the above. Our goal is to help ensure your business success by providing the collective best practices from IBM.

In accomplishing your organization's needs, we empower the right people, with proven processes and technology to support the entire delivery lifecycle. It's all about integrating technical process and resource capabilities to accelerate the pace of change—from the business end to operations and development.

The overarching objective of any IBM AMS offering option is service quality excellence and continuous improvement



through consistent processes. We strive to execute processes that build quality into each deliverable. To that end, IBM services are driven through mature processes and an integrated tool suite.

The ability to easily scale projects and support resources dynamically, in line with fluctuating demands, is within reach only when you adjust your resources to handle dynamic cycles, new projects and unforeseen events. The IBM global resource model provides the skills you need, when and where you need them. This model can position your capabilities to provide the around-the-clock and follow-the-sun support your customers depend on for critical applications.

In a global economy, our clients require around-the-clock support. IBM global support processes and tools enable that 24/7 support aligned with your application priorities. What “global support” means to IBM is providing support coverage not only within our client's normal business hours, but also in emergency instances with help desk support and multilingual support skills.

Our clients' business depends on a secure environment to ensure continuity and mitigate risk. That's

Case Study: IBM Co-management Services

Our co-management partnership with a major North American healthcare provider has delivered business improvements while transforming the client's own delivery team.

What we provided:

- Industry and organization transformation consultants
- Project and program management
- SEI CMMI, organizational change and business analysis

Benefits of the AMS engagement included:

- Increased productivity, quality and business satisfaction
- Reduced application support and development costs
- Improved linkage between business and IT
- Gained faster response to business needs
- Organizational transformation
- Enhanced skills of client's staff through mentoring

why IBM manages all aspects of the global relationships and assumes the risks associated with using worldwide resources. As a key benefit, IBM provides a choice of locations and rates,

giving enterprises the confidence that application-related work can be readily transferred among locations should any type of disruption occur in a particular geography.

Another critical piece of the puzzle is to ensure access to the right skills in order to build industry-aligned solutions. You require the right people with the right skills, in the right location, at the right time. IBM's global, highly skilled resource base provides industry and technical certified knowledge to build and support your solutions.

Your application portfolio should establish the continuous improvement framework to drive high value to the business. IBM can help you identify what's critical to the business, then align the application portfolio to business priorities, measure progress to technical and business goals, and outline priority actions and savings road map.

IBM AMS offerings

IBM offers a range of services that allow you to leverage your existing systems and staff to transform your applications and deliver increasing levels of productivity and business value. Multiple entry points and growth paths are possible.



Driving value goes hand-in-hand with driving down total cost of ownership

IBM AMS encompass a variety of IT services, capability levers and entry points that can be employed to achieve your company's value transformation. While corporate needs vary, your company's unique situation dictates a different mix of levers, depending on whether your goal is to:

- Reduce operating costs for ongoing management and support
- Reduce total cost of ownership of vital applications
- Improve productivity and efficiency of your application portfolio

- Enable your organization to focus on core business competencies, while IBM focuses on operational efficiency
- Enhance IT effectiveness, performance and drive new innovation
- Transform your application portfolio
- Deliver flexible staffing and shared support resources when and only when you need them

Selecting the right capability level and entry point is critical to determining the value that can be unlocked in your organization. Specific AMS service offerings can be used to target opportunities within your organization. IBM helps by projecting benefit and



cost savings for each combination of offering choices. You can choose to implement as few as one or as many as all of the capabilities to achieve benefits, ranging from the tactical to enterprise-wide transformation.

Because each IBM AMS service offering builds on the others, when you implement all of the strategies, you can realize the full economy of scale and achieve the greatest possible value proposition and cost savings over time.

IBM AMS allows your management team to fund core initiatives by improving non-core business efficiencies, so you can reduce costs and potentially increase revenues. By unlocking multiple transformational goals in parallel and helping to revamp operations, IBM AMS can help you drive competitive advantage and best-in-class innovation.

Why IBM?

By combining our broad understanding of how technology can be used to facilitate your company's business process with our leadership position in application support and consulting services, IBM is in a prime position to create solutions that can unlock the value of your enterprise's application investments. We can enable your business to become more efficient and effective and can help you on your drive toward business growth.

With our extensive industry expertise and in-depth understanding of business processes and information technology, we are uniquely qualified to work with companies that want to get out of the IT management business and return their focus to core business competencies. IBM AMS helps tailor the infrastructure and applications that are required to provide the flexibility necessary to successfully meet new challenges and customer needs, support future growth, and enable your company to become more responsive to market demand and more resilient to market change.

IBM can help clients realize currently untapped cost-savings potential. Our experience and expertise in Application Management Services mean we can deliver cost-effective solutions capable of enhancing your company's competitive advantage—so you can get back to business.

It's simple to get started.

Let us earn your trust.

Enter into an IBM AMS partnership at any level you wish.

To learn more about IBM AMS, contact your IBM sales representative, or visit: www.ibm.com/services

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