

IBM Software Group: Enabling “A New Era of Smart”

CIMdata Commentary

Key takeaways:

- *IBM's 12th annual Software Group analyst event drew 100+ analysts, in town to engage with senior IBM managers (only VPs or above, outside of analyst relations)*
- *The “Smart” message is used across IBM, and it is the IBM Software Group that enables products, infrastructure, and other assets to embody that intelligence*
- *The depth and breadth of their offerings and expertise is impressive, and they are making progress bringing it all to bear on specific accounts and problems*

IBM Software Group held their 12th annual Analysts Insights event in Stamford, CT on November 19-20, 2013. (To review the Twitter stream, please search using the hashtag #swgai.) Attendance was limited to just over 100 leading analysts. The event operated like clockwork due to the efforts of the large and very helpful IBM Analyst Relations team. But the analysts were there to engage with IBM Software Group's senior leaders: all IBMers in attendance were at the VP level and above.

Our host was Mr. Steven A. Mills, IBM Senior Vice President and Group Executive for Software & Systems. Mr. Mills has been a leader in the Software Group since its inception in 1995, and today is responsible for product businesses with \$40 billion in annual revenues. His opening message about the event was simple: IBM is here to help the analyst community understand the depth and breadth of what IBM can offer. Bringing his senior leaders to help make that information clear illustrates the commitment of IBM to engaging the analyst community. The nearly two-day event included many different ways to engage: straight presentations, small group discussions, Chat with the Experts sessions, demonstrations, and one-on-one meetings.

The theme for the event was “A New Era of Smart.” IBM's corporate “Smarter Planet” campaign is ubiquitous on TV and in print in the US. The impact in the PLM space is that manufactured products across many industries get their value from embedded software. The IBM Software Group is where a lot of the “smarts” must emanate. Their different businesses provide infrastructure, development tools, collaboration tools, and technology devoted to reaching this goal. The “new era” solutions all build on IBM's strengths in big data and analytics, as shown in Figure 1. That figure also shows the role of IBM's Watson, famous for winning on Jeopardy. What did “he” do to celebrate? His developers added a new set of APIs so that IBM and partners can leverage the Watson technology to add a cognitive layer to their decision making support, as shown in Figure 1. Watson can help users to go beyond big data and analytics to being able to answer real questions, and help to solve real problems. All of the presentations picked up some element of this Smart thread.

Mike Rhodin, Senior Vice President of the IBM Software Solutions Group, spoke of the “customer activated enterprise.” According to the most recent IBM Global C-suite study, high performing companies are 54% more likely to collaborate extensively with their customers¹. Companies are looking to leverage cloud, mobility, social business, and big data/analytics offerings to more fully engage with their customers. IBM has skin in the game in all of these

¹ “Leading Through Connections: Insights from the Global Chief Executive Office Study,” IBM Institute for Business Value, 2012.

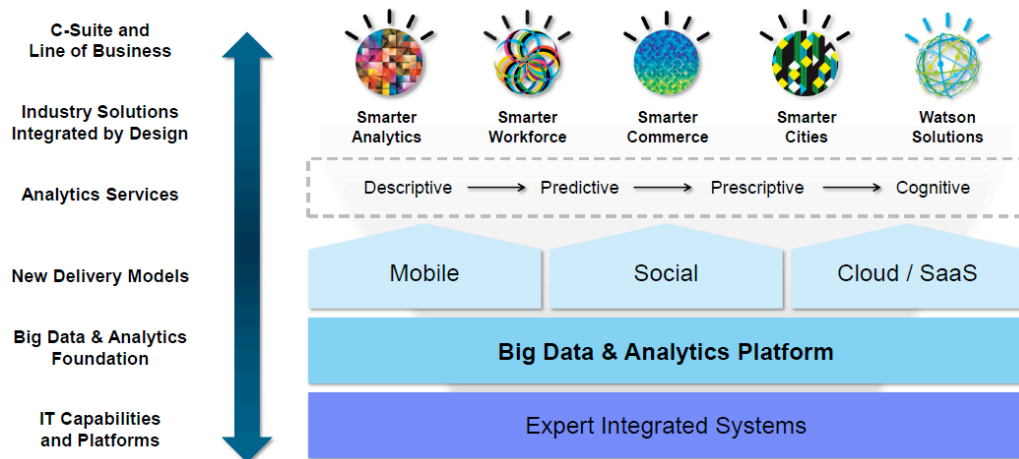


Figure 1 – IBM “New Era” Solutions Build on Big Data & Analytics Foundation

areas. They confirmed that cloud offerings are generally not replacing existing systems; they are supplementing them, further complicating the IT landscape.

Robert LeBlanc, Senior Vice President in the IBM Middleware group, stated that mobile is becoming central to companies of all sizes. IBM cited a recent study that showed 41% of respondents were using enterprise apps on their mobile device. How do we know that this route to corporate productivity is getting more popular? Because the “bad guys” have significantly increased their attacks through mobile malware. They see mobile devices as the weakest link. Mr. LeBlanc and other IBM speakers highlighted IBM’s answer to this challenge, the IBM MobileFirst platform. This offering provides a range of tools to support development, testing, deployment, and management of enterprise mobile applications.

Phil Gilbert shared the progress on a recent IBM initiative, IBM Design. Mr. Gilbert is the General Manager of a group chartered to create new design organization(s) and culture within IBM. They have made a lot of progress in their one year in existence. He showed images from their new state-of-the-art, 50,000 ft² facility in Austin, TX. They are filling the building and program with recent graduates from more than the leading computer science programs. Graphic designers, anthropologists, and other specialties have a home in the new Design team, which will be built out over five years. Mr. Gilbert claimed they were “maniacally focused” on creating “delightful user experiences,” which requires deep thinking and significant user research. To create a design culture, IBM Design is indoctrinating the masses:

- New hires complete a three month design camp to build skills and learn a set of common processes
- As product teams are formed, they complete a one week design camp to ensure they are on the same page for the work ahead
- They recently completed their first Executive design camp, a one day event for 30-35 Senior Vice Presidents and other business leaders

This focus in the sessions on designing user experiences is a consistent refrain often heard in the PLM space.

IBM’s take on social business was particularly interesting. Yes, IBM can provide social platform tools, providing similar functionality to others in the market. But their Smarter Workforce solutions bring much more. These Talent Management solutions provide tools to

conduct cultural assessments and other data collection, and then analyze the data for reporting and subsequent action. The solution also uses natural language processing (NLP) to complete sentiment analyses of open ended responses. When an analyst suggested that the platform supported “Moneyball” for the organization, the metaphor seemed apt. Tools to keep a finger on the pulse of the organization can prove invaluable to maintaining optimal efficiency. This new, improved Integrated Talent Suite will ship in January.

As in most events, some competitive sparring occurred in the sessions, with IBM positioning themselves and their offerings against some familiar names. For example, IBM claimed that their analytics capabilities have 100 times the price performance of SAP’s HANA. The IBM cloud panel could not get itself to mention a company that starts with “A.” In the closing session, the crowd urged Steve Mills to share his thoughts about Amazon, one of IBM’s competitors in cloud, and Oracle. He did not disappoint, but his focus was on IBM, and how the company will take advantage of the great opportunities that lay ahead.

Conclusion

IBM is a key player in the PLM Economy, and much of what they bring to that market comes from the IBM Software Group, a huge, complicated business delivering about a quarter of IBM’s total revenues. The IBM Software Group Analyst Insights event did succeed in showing off all of their businesses, using a range of pedagogical techniques. With multiple tracks, it was difficult to cover it all. IBM’s commitment to openness and open standards informs their development, and ensures that their offerings will support a broad range of customers and use cases across multiple industries. What IBM also demonstrated across the sessions is their improving ability to draw unique power and learning from the scope of their work, to bring it to bear in products and specific customer engagements. Their business creates vast opportunities for learning, including over 20,000 Smarter Planet engagements, over 30,000 Big Data/Analytics engagements, and relationships with over 1,000 academic organizations. Some of the offerings shown at the event illustrate the early benefits of this learning approach and IBM’s renewed emphasis on design and user experience. Does Watson know the answer about what is coming next?

About CIMdata

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