SaaS will be ‘the Cloud’

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What is Cloud?

Cloud is a model through which products, services and solutions are delivered and consumed in real-time over the Internet.

Essential Characteristics
- Elasticity
- Pay as you use
- Multi Tenant Model
- On-Demand Service

IT Cloud Services
- Cloud Applications
  - Software as a Service (SaaS)
- Cloud Platform
  - Platform as a Service (PaaS)
- Cloud Infrastructure
  - Infrastructure Services (IaaS)

Source: MD&I Analysis, IDC Cloud Definition, 2013
Private, Public, Hybrid Cloud...

Private Cloud & IT

Benefits:
- Fully customizable
- Robust management
- Secure by design

Public Cloud

Benefits:
- Low entry cost
- Pay-per-use
- Highly elastic

Dynamic Hybrid

Best of both worlds. Better outcomes.

- Maximize return on existing IT investments
- Match workloads to best-fit infrastructure
- Hit the right balance of risk to speed
- Meet seasonal capacity without CapEx
- Add new capabilities quickly
SaaS model provides multiple benefits such as speed and reduced cost

**Benefits**
- Speed
- Reduced up-front cost, potential for reduced lifetime cost
- Transfer of some/all support obligations
- Elimination of licensing risk
- Elimination of version compatibility
- Reduced hardware footprint

**Challenges**
- Extension of the security model to the provider (data privacy and ownership)
- Governance and billing management
- Synchronization of client and vendor migrations
- Integrated end-user support
- Scalability

Source: MD&I Analysis, Stefanini IT Solutions (http://www.slideshare.net/ronanms/pt-20110816vcloudvcomputingrev01)
PAC Report on SaaS Providers and their Ecosystems
Cloud is revolutionizing how both IT and line-of-business executives consider and consume IT.

- 80% of new IT investments will directly involve LOB executives by 2016.
- 70% of IT budgets are spent on operations and maintenance.
- 6 out of 10 organizations overspend on IT without improving IT services.
- CFOs authorized 26% of all IT investments during the past year.
- CMOs will control more IT buying decisions in 2017 than the CIO.
More and more organizations are using public cloud services. Public cloud services account for 16% of IDC CloudTrack market in 2015, but 33% of YoY growth.

- 31%+ of companies will source greater than 50% of total IT spend from the Public Cloud by 2016.

Non-US markets gaining momentum to become nearly 50% of the revenue in 2014.

Source: WW Cloud Services Forecast, IDC #236552, August 2012.
In next two years, SaaS adoption to grow much faster than on-premise solutions

Key Take Aways

48% of organizations are holding spending Flat or Decreasing for Traditional On Prem software and solutions

71% of those organizations are increasing their spend on cloud based solutions.

- New investments in on-premises solutions, integration and consulting
- New investments in SaaS subscription, integration and consulting

Less than 5% expect declines
Data Security & Privacy and Integration with existing enterprise applications are the key concerns related to SaaS adoption

Survey Question: Of the following, please rank the top three most important concerns that you have related to the Cloud

- Data security / privacy concerns: 55%
- Data / transaction integrity concerns: 35%
- Regulatory compliance: 32%
- Integrating Cloud-based data or workflow with...: 27%
- Cloud provider transparency (e.g., uptime, SLAs,...): 24%
- Ability to customize Cloud solutions: 22%
- Dependable delivery of required high availability/...: 21%
- Viability of Cloud providers: 21%
- ROI of Cloud not yet verified: 19%
- Provider lock-in: 18%
- Cross-border data restrictions: 17%

Source: 2013 Global Cloud Adoption Survey Report, Saugatuck Technology Inc. 2013 global survey; n = 218

Key Highlight

- These are not necessarily obstacles or inhibitors to Cloud use. These are concerns that must be addressed

- Data security-related concerns are – and likely always will be – top ranked, regardless of how secure a provider’s solution may be
Speed and flexibility surpass cost savings for the first time as key benefits of SaaS

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Speed of implementation and deployment</td>
<td>71%</td>
</tr>
<tr>
<td>Allows us to focus resources on more important projects</td>
<td>69%</td>
</tr>
<tr>
<td>Improved business agility</td>
<td>68%</td>
</tr>
<tr>
<td>Faster delivery on new features and functions from SaaS/as-a-service providers</td>
<td>65%</td>
</tr>
<tr>
<td>Support business innovation with new capabilities</td>
<td>63%</td>
</tr>
<tr>
<td>Lower overall costs</td>
<td>55%</td>
</tr>
<tr>
<td>To support a large number of mobile and remote users</td>
<td>53%</td>
</tr>
<tr>
<td>Lack of in-house IT staff to maintain a traditional software solution</td>
<td>50%</td>
</tr>
<tr>
<td>Gaining a feature or functionality that is not available in a traditional, licensed software package</td>
<td>48%</td>
</tr>
<tr>
<td>Improve collaboration with business partners (suppliers, customers)</td>
<td>48%</td>
</tr>
<tr>
<td>Iterative deployment model supports a higher level of innovation within the business</td>
<td>45%</td>
</tr>
<tr>
<td>Having access to a wide ecosystem of solutions around the core SaaS application</td>
<td>42%</td>
</tr>
<tr>
<td>Ability to substitute upfront costs with regular monthly payments</td>
<td>42%</td>
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To learn from the leading organizations, we segmented enterprises by level of SaaS adoption and competitive advantage.

**Pacesetters** (19% of the total) have the highest level of SaaS adoption and are gaining competitive advantage through these broad efforts.

**Challengers** (41%) have adopted SaaS more narrowly, but are gaining competitive advantage through their existing SaaS deployments.

**Chasers** (40%) are slower to adopt SaaS and gain competitive advantage through it.

Source: IBM Center for Applied Insights Champions of Software as a Service: How SaaS is fueling powerful competitive advantage
For more info, visit: [ibm.com/ibmcai/saas](http://ibm.com/ibmcai/saas)
Want to hone your own competitive edge through SaaS?

Set ambitious objectives
Consider the full range of benefits that SaaS could help you attain.

- Where can you speed application deployment and implementation?
- Which business processes could be better optimized?
- How could broader, smoother and more frequent collaboration inside and outside your organization improve results?
- Which teams could do a better job by leveraging big data to inform decision making?

Take a more strategic and collaborative approach
Incorporate your SaaS initiatives within an enterprise-wide cloud strategy.

- What elements would round out your current SaaS strategy?
- How could you better integrate SaaS strategy into a broader cloud strategy?
- Are you exerting just the right amount of control over SaaS deployment?
- What changes are needed to keep your governance structures current?

Broaden your collaborative base
Multiply your chances of success by encouraging close IT and LOB collaboration.

- Are you leveraging the best minds of IT and LOB for SaaS selection and investment decisions?
- Where else could IT and LOB gain from each other’s perspectives and resources? SaaS deployment? Security?
- How can SaaS help you tap valuable expertise beyond your organization?

Source: IBM Center for Applied Insights Champions of Software as a Service: How SaaS is fueling powerful competitive advantage
For more info, visit: ibm.com/ibmcai/saas
Software-as-a-Service is no longer only about economics -- it is about innovation

- Lower upfront costs and variable pricing
- IT flexibility and scalability
- Better service and complete solutions
- Agility and rapid time to value
- More innovation and productivity
- New business models
IBM has a full breadth of cloud offerings...

Automating Business Innovation
- Business Processes
- Recruiting
- Procurement
- Payment Processing
- Help Desk
- Accounting

Marketplace of High Value Consumable Business Applications
- Marketing
- Commerce
- Supply Chain
- Talent Management
- Analytics
- Collaboration
- IT Management

Rapid App Development through Composable and Integrated Platform
Built using open standards
- Mobile
- Security
- Big Data & Analytics
- Development & DevOps
- Integration
- Integration/ API Mgmt
- Traditional Workloads

Enterprise Class, Optimized Infrastructure
Built using open standards
- Compute
- Storage
- Networking

With IBM’s broad portfolio of 100+ best-in-class SaaS offerings and BPaaS for industry and domain expertise, you can move quickly to grow your business.
IBM Cloud for Social Business accelerates business transformation with easy-to-use social cloud collaboration tools to help create a smarter workforce.

**Key offerings:**

**IBM Connections:** Cloud-based enterprise-class email, calendaring, instant messaging, web conferencing, file sharing and social business services.

**IBM Cloud Notes:** Enterprise-grade email in the cloud for businesses of all sizes that can be configured to support a hybrid environment that allows integration between on-premises systems and the cloud.

**Kenexa:** Cloud-based integrated talent management solutions that help customers optimize their most important asset—their workforce.
IBM Cloud for Smarter Commerce accelerates the transformation of the entire customer experience

Accelerate value chain integration across processes and ecosystems by moving business process innovation to the cloud

Use insights derived from market and customer behavior, analyzed in the cloud to increase agility and accelerate customer value

Collaborate across the value chain by using the cloud to create business networks

Key Cloud offerings:

- **B2B Integration and File Transfer**
  Automates business processes shared with trading partners

- **Logistics Management**
  Automate of inbound and outbound transportation processes

- **Supply Chain Visibility**
  Optimize inbound supply and outbound supply chain processes

- **Strategic Supply Management**
  Enable Procurement organizations to directly impact the bottom-line

- **Commerce**
  Deliver a seamless, end-to-end customer experience across channels

- **Price, Promotion and Product Mix Optimization**
  Quantify consumer behavior to make predictive merchandising and marketing planning decisions.

- **Digital Marketing Optimization**
  Turn site visitors into repeat customers and loyal advocates by orchestrating a compelling experience through each customer’s lifecycle.

- **Cross-Channel Marketing Optimization**
  Engage each customer and prospect in a cross-channel dialog that builds on past and current behavior.

- **Marketing Performance Optimization**
  Strategically assess, manage, and plan marketing programs and spend for maximized ROI.
IBM Cloud for **Smarter Analytics** accelerates the ability to turn information into insights...focused on high-value initiatives in core business areas

**Key offerings:**

- **IBM Social Media Analytics**
  Uncover and transform consumer sentiment into actionable insights

- **IBM SPSS Data Collection**
  Understand attitudes, preferences and opinions with survey research

- **IBM Watson Engagement Advisor**
  Lowers the barriers to engagement between customers and companies

- **IBM Cognos Sales Performance Management**
  Drive sales performance, improve accuracy and reduce commission cycles

- **IBM Concert**
  Improve speed and quality of team-based decision-making

- **IBM Cognos TM1**
  Transform the entire planning cycle: target setting, budgeting, reporting, scorecarding, analysis

**With IBM Smarter Analytics software in the cloud, you can:**

- Achieve faster time-to-value for your business analytics deployment
- Improve your project success rate
- Provide more user communities with access to the business analytics needed to drive your business forward
- Ease the path to business analytics implementation

**Marketing**

**Sales**

**Finance**

**Risk**

**Operations**

**Industry**
IBM Cloud for Smarter Cities help cities of all sizes leverage information, anticipate problems and coordinate resources to deliver exceptional service to their citizens

Key offerings:
IBM Intelligent Operations Center on IBM Cloud
Improve the delivery of services with visibility across city operations.

IBM Intelligent Transportation on IBM Cloud
Real-time communication and collaboration for traffic control.

IBM Intelligent Water on IBM Cloud
Enables utilities to better manage their water, assets and customers.

IBM Intelligent City Planning and Operations on IBM Cloud
Enables cities to improve services, uncover missed revenue opportunities and reduce costs

Smarter cities provide value to their citizens by:
- Leveraging information across and beyond city agencies and departments
- Anticipating problems proactively to minimize the impact of disruptions
- Coordinating resources and processes to respond to issues rapidly and effectively

Key systems:
- Infrastructure: Water, transportation and energy
- Planning and Management: Public safety law enforcement, emergency management, agency administration, city planning and operations
- Human: Social programs, healthcare, education
IBM Business Process as a Service delivers business process innovation, combining embedded analytics, tools and methodologies with industry-specific expertise

Key offerings:
IBM BlueWorks Live
Document, share and automate processes in an easy-to-use, business-focused, browser-based tool.

IBM Business Process Management on Cloud
Provide visibility and control of your business operations to help you reinvent your business processes.

IBM ARCollect™
Streamlines collections and dispute management. Enables end-to-end, cross-ERP and cross business unit or company accounts receivable management

IBM Payment Systems
Secure payment processing platform for multi-channel retailing

IBM Cloud Service Delivery for Electronics
Cloud-based service delivery infrastructure that helps you deliver new services and a richer customer experience.

Implement BPM tools directly

Engage IBM expertise as a service

Leverage industry vertical solutions
Why do the world’s leading companies rely on IBM SaaS solutions?

- 100+ best-in-class solutions
- Broad coverage for front office roles with 8 SaaS suites for the c-suite
- Deep domain expertise across 17 industries delivered through IBM Global Business Services
- Customer-centric value with outcome-based subscription models
- Enterprise-grade security standards
- Flexible deployment across private, public, and hybrid cloud environments
- Large and expanding global SaaS business partner community
### Acquisitions complement the SaaS growth Strategy

#### Growth initiatives

<table>
<thead>
<tr>
<th>Cloud</th>
<th>Recent Acquisitions (since 2010)</th>
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<tbody>
<tr>
<td>Network automation</td>
<td>2010</td>
</tr>
<tr>
<td>Governance, compliance, risk management</td>
<td>2010</td>
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<tr>
<td>Financial governance</td>
<td>2010</td>
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<tr>
<td>Financial risk management</td>
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#### Analytics

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<tr>
<td>OpenPages</td>
<td>Governance, compliance, risk management</td>
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<tr>
<td>Netezza</td>
<td>Data warehouse appliances</td>
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<tr>
<td>STARANALYTICS</td>
<td>Automated BI</td>
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<tr>
<td>Vivisimo</td>
<td>Data navigation &amp; exploration</td>
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<tr>
<td>Varicent</td>
<td>Compensation &amp; sales performance mgmt</td>
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#### Mobile

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<tr>
<td>Worklight</td>
<td>Mobile computing platform</td>
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<tr>
<td>Trusteer</td>
<td>Mobile customer experience mgmt</td>
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<tr>
<td>Tealeaf</td>
<td>Mobile Customer Engagement</td>
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#### Social

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<tr>
<td>nitix</td>
<td>Small business server solutions</td>
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<tr>
<td>Outblaze</td>
<td>Hosted, multilingual e-mail service</td>
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<tr>
<td>Kenexa</td>
<td>Talent Management</td>
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#### Security

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<tr>
<td>Sterling Commerce</td>
<td>B2B integration</td>
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<tr>
<td>unica</td>
<td>Enterprise marketing mgmt</td>
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<tr>
<td>Core metrics</td>
<td>Web analytics</td>
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<tr>
<td>DemandTec</td>
<td>Pricing, promotion and product mix optimization</td>
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<tr>
<td>Trusteer</td>
<td>Web fraud detection</td>
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<tr>
<td>Security Intelligence</td>
<td>Fraud protection and advanced security</td>
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#### Smarter Commerce

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<th>Smarter Commerce</th>
<th>Recent Acquisitions (since 2010)</th>
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<tr>
<td>Emptoris</td>
<td>Procurement &amp; contract mgmt</td>
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<tr>
<td>xtify</td>
<td>Mobile Customer Engagement</td>
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Security Commitment – Letter from the Chief Legal Officer

Security commitment

- Protecting your data is a top priority to us. We have standards, processes, and tools in place to protect your data, ranging from system architecture to monitoring, detection, and prevention of unauthorized access.
- We also apply our industry leading security expertise to our security standards and regularly audit our services against them.
- We provide security education and annually require IBM employees to certify that they will comply with established Business Conduct Guidelines.
- We have a world-wide security incident handling process monitored 24/7/365 by trained personnel.

Customer data privacy commitment

- Your data is yours.
- We do not use your data for any reason except to deliver services and support to you.
- Access to your data is only granted as necessary to deliver services and support to you (i.e., least required privilege).
- Our services are designed to protect your proprietary content.
- We will use your contact information according to IBM’s Privacy Policy and the terms and conditions of your service and as needed to support you and to keep you informed on happenings within your services.

External validation commitment

- Many of our services are certified against SSAE16 SOC 2, as well as against other industry standards, as they apply.
- Many of our services are self-certified under Safe Harbor (U.S.-EU & U.S.-Switzerland), where Safe Harbor Privacy applies.
- Our own security standards are regularly reviewed against and informed by broadly accepted, industry standard best practices including: ISO 27001, SSAE 16 S0OC 2
Security Commitment continued

Your data and the US government

IBM has not provided client data to the National Security Agency (NSA) or any other government agency under the program known as PRISM.

IBM has not provided client data to the NSA or any other government agency under any surveillance program involving the bulk collection of content or metadata.

IBM has not provided client data stored outside the United States to the U.S. government under a national security order, such as a FISA order or a National Security Letter.

IBM does not put “backdoors” in its products for the NSA or any other government agency, nor does IBM provide software source code or encryption keys to the NSA or any other government agency for the purpose of accessing client data.

Your data and ANY government

IBM has and will continue to comply with the local laws, including data privacy laws, in all countries in which it operates.

In general, if a government wants access to data held by IBM on behalf of an enterprise client, we would expect that government to deal directly with that client.

If the U.S. government were to serve a national security order on IBM to obtain data from an enterprise client and impose a gag order that prohibits IBM from notifying that client, IBM will take appropriate steps to challenge the gag order through judicial action or other means.
SaaS will be ‘the Cloud’