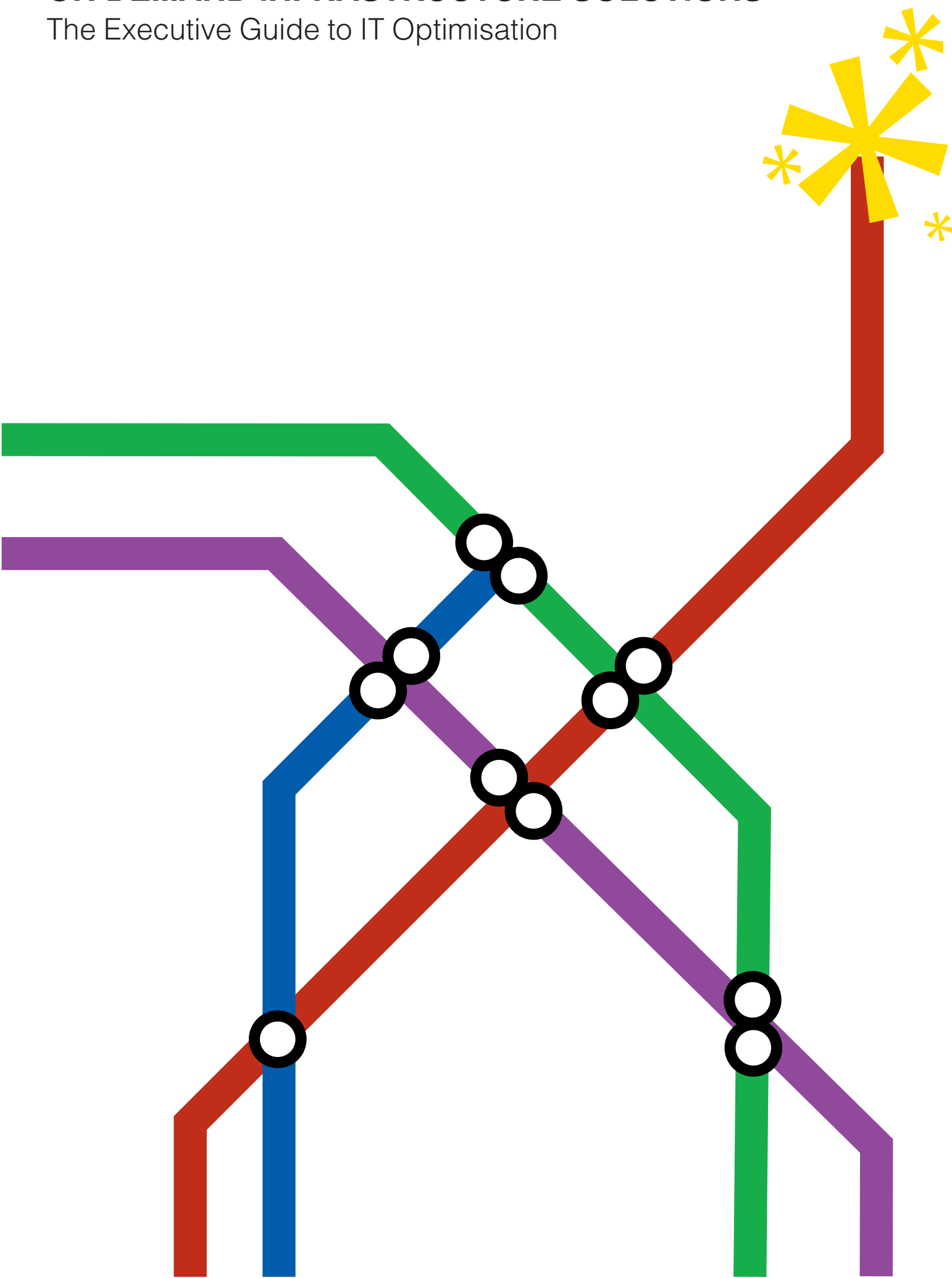


ON DEMAND INFRASTRUCTURE SOLUTIONS

The Executive Guide to IT Optimisation





The role of the IT department/CIO in enabling business innovation

After years of cost-cutting and efficiency campaigns, business leaders are now refocusing on top-line growth – and they're seeing innovation as the means to achieve it.

The IBM® Global CEO Study 2006, which is based on in-depth interviews with 765 CEOs from 20 different industries, reveals that a key consideration for CIOs is the integration of business and technology to enable and drive innovation.

While product, service and operational innovations remain important, competitive pressures have pushed business model innovation much higher on the CEO's innovation agenda. CIOs were seen to have an important but challenging role to play by becoming business model innovators who help to pursue new business opportunities outside their comfort zone.

The study also identified a tremendous leadership opportunity for CIOs, who can provide strong vision and direction while helping to spearhead enterprise-wide innovation efforts. And that the greatest gains will be made by those who proactively construct the right mindset and infrastructure to make it happen.

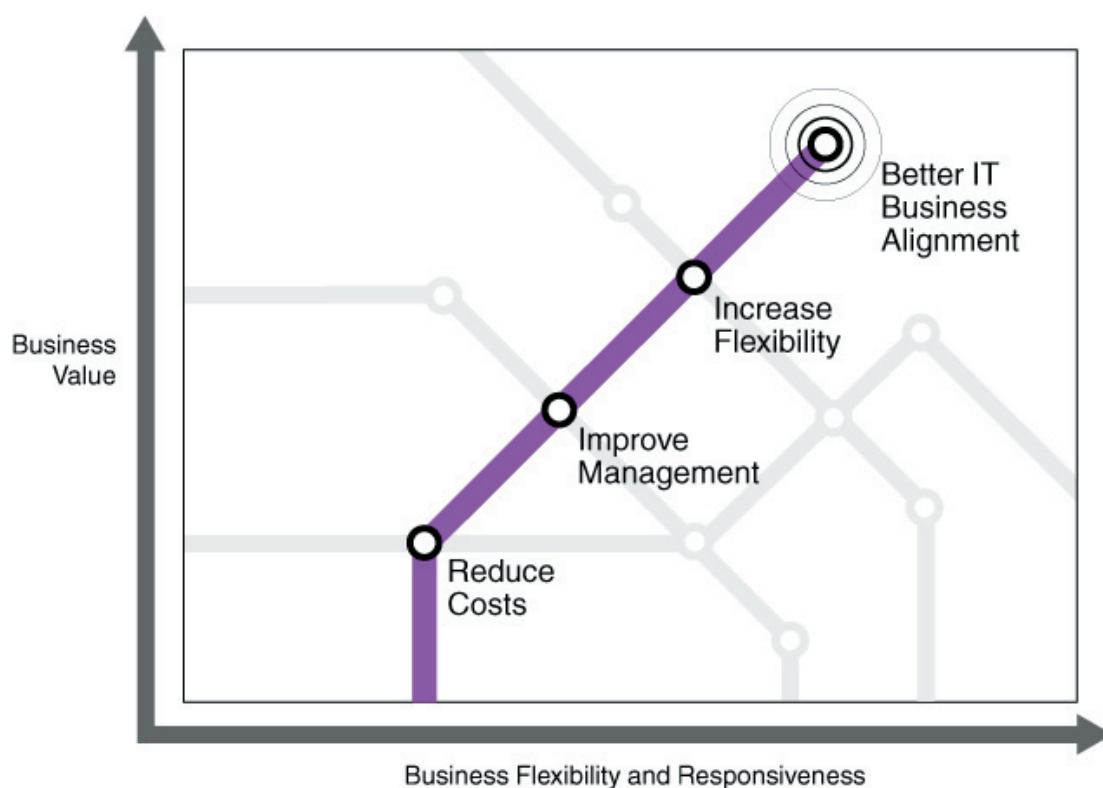
Enable your business to innovate through IT optimisation

There is a push for organisations to become on demand. This refers to an enterprise whose business processes – integrated end-to-end across the company and with key partners, suppliers and customers – can respond with flexibility and speed to any customer demand, market opportunity or threat. To get from where your organisation is now, to where it wants to be, involves a clear IT strategy that is aligned to business objectives.

The question becomes: How can CIOs rebalance the spending mix to maintain or improve service, increase efficiency across the business and drive top-line growth?

There are four stages an organisation needs to pass through to achieve IT optimisation.

IT OPTIMISATION - THE TECHNOLOGY ROADMAP



1. Reduce Costs

When there is an increasingly complex proliferation of servers, storage and network assets, the immediate aim needs to be to start reducing costs. It is estimated that up to 80% of IT budgets are directed at day-to-day operations. This includes systems administration, systems management, and application maintenance (especially for legacy). It stands to reason that by reducing the costs of your day-to-day operations, you free up resources to spend on more innovative IT programs.

2. Improve Management

The next step is to improve management by locating infrastructure in a purpose built data centre in order to leverage shared management toolsets and best practices. The aim is to reduce complexity and cost while improving both proactive and re-active responses to infrastructure issues. This helps you gain better value from your investments.

3. Increase Flexibility

It's important to be responsive to your customers' demands. You need the flexibility of being able to ramp up or scale down your IT infrastructure accordingly. Why? Because it means you can respond to increases in activity. You'll also be able to bring new products, services and other initiatives to market more quickly.

4. Better IT Business Alignment

At this stage, business strategies, enabled by technology, are able to drive breakthroughs in business model design and process innovation.





IBM's On Demand Infrastructure Solutions and how they help IT align to your business objectives

Why partner with an external service provider?

- Infrastructure lifecycle management is expensive and complex
- Access to capital funding isn't easy
- There is pressure to reduce IT operational costs on a regular basis
- Systems and IT personnel cannot keep pace with technology advances and scalability requirements
- Using an external service provider releases strategic resources to focus on projects that enable business growth
- Gain access to specialised skills, resources and technology

What are IBM's On Demand Infrastructure Solutions?

It's a new way of running your IT infrastructure – faster, more efficiently and focused only on the activities that build value. These solutions allow you to concentrate on what really matters – your business and creating advantage through business innovation – with the confidence that IBM will take care of the hardware, software and service support for today's and tomorrow's business processes.

How IBM's On Demand Infrastructure Solutions can help

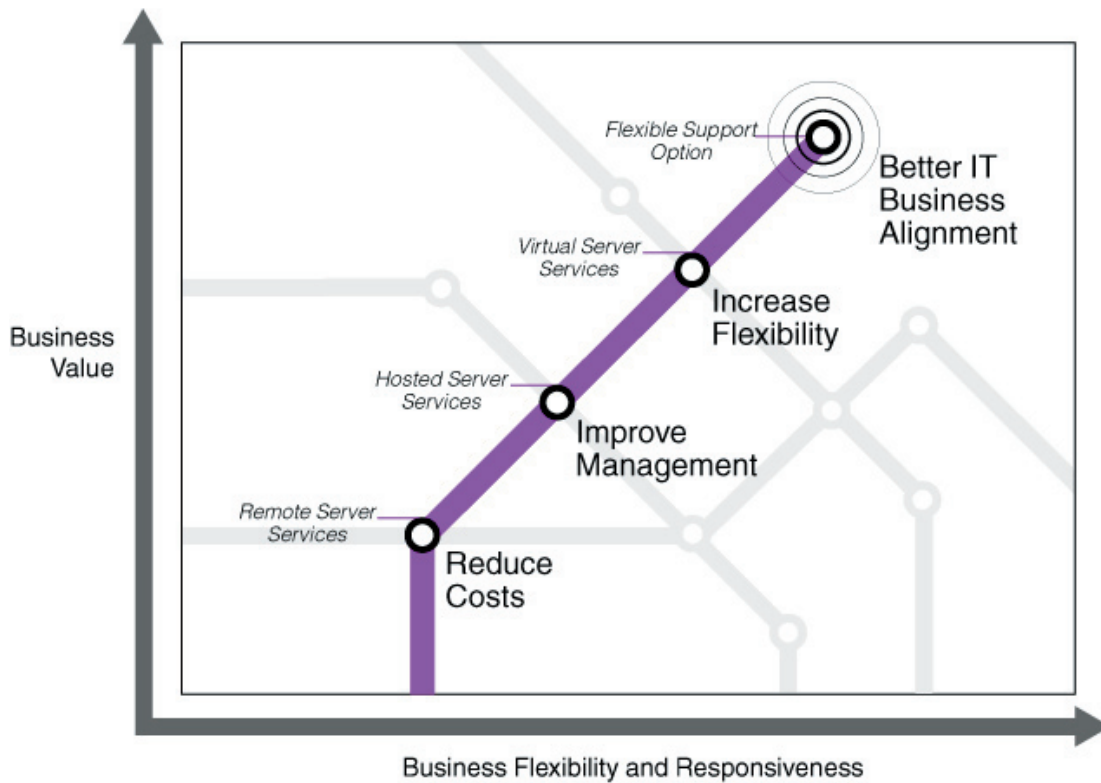
IBM's On Demand Infrastructure Solutions provide the foundation for On Demand Business by creating a more flexible, autonomic infrastructure which can improve application performance. The result is the ability to use the infrastructure to support changing business policies, through:

- A greater speed and agility in responding to changing business requirements
- The rapid deployment of new application capabilities
- A flexible technology infrastructure
- Shifting IT away from a high fixed cost to a variable cost that aligns to business activity
- Greater transparency of the true cost of IT service delivery

IBM's On Demand Infrastructure solutions are under-pinned by Universal Management Infrastructure (UMI)

UMI is defined as an integration of IBM products (hardware and software), architecture and industry best practices, consolidated into a toolset of solutions for building and managing utility-based IT environments. Based on open standards, UMI can work across diverse platforms and integrate cleanly with legacy tools and business processes. In short, UMI helps to increase IT management efficiency and it provides the foundation for On Demand Business by supporting automation, integration, virtualisation and open standards.

IT OPTIMISATION - THE TECHNOLOGY ROADMAP



The On Demand Infrastructure Solutions portfolio includes:

1. Remote Server Services

The first managed hosting solution to offer you the benefits of a managed hosting environment in your own facility. No matter where your current hosting operation resides, you gain the service capabilities of a fully-managed IBM hosting environment. Remote Server Management is made possible through the deployment of a dedicated IBM cabinet infrastructure installed at your hosting facility and linked to the shared infrastructure at an IBM central management site. You choose the solution that best fits your budgetary and business requirements.

Benefits:

- Acquire the capabilities of a fully managed IBM operation (24x7 monitoring and support) without relocating
- Retain the level of control you want over your hosting environment
- Gain access to critical IT skills without the high costs of training and retention
- Refocus technical staff on your core business instead of day-to-day IT operational issues
- Reduce cost of outages, by prompt alerting and attention to problems

2. Hosted Server Services

Hosted Server Services help relieve your company of the task of managing computing resources, allowing you to focus on your core business and strategic initiatives. Your infrastructure is housed in a secure, managed data centre thereby gaining access to IBM's world-wide skill base through 24x7 monitoring. Servers can be accessed through a number of connectivity options including internet, secure internet, frame relay or MPLS. Hosted Server Services also provides the technical skill and support to supplement your in-house staff as needed.

Benefits:

As for Remote Server Services, plus:

- Secured physical location with UPS, backup generators and air conditioning
- Option of leveraging Managed Storage Services for storage and backup
- Helps minimise your technology investment
- Provides flexibility to adopt and deploy new technology
- Offers control over your information systems

3. Virtual Server Services (VSS)

Hosted and managed by IBM, VSS provides you with a virtualised infrastructure, designed to satisfy peak scalability requirements without necessitating an overbuilt infrastructure. The virtual servers pool their CPU, memory and disk resources, enabling each logical machine to dispense capacity to applications as needed. You pay only for the resources you need today – more closely matching costs with business requirements. The flexible, usage-based pricing model helps you to estimate and adjust the baseline capacity you need monthly and then pay for the capacity actually used.

Benefits:

As for Hosted Server Services, plus:

- Reduce support and infrastructure costs
- Flexible charging based on asset usage requirement
- Rapid deployment of new server environments
- Improved speed to market for applications
- Leverage industry best practices
- Transfer risk of technology obsolescence
- Makes enterprise-wide reporting possible

4. Flexible Support Option (FSO)

FSO is an enterprise solution that enables you to outsource management responsibility for all or part of your dedicated IT infrastructure. Under this solution, IBM provides you with a dedicated UMI environment and takes over management of your server infrastructure without necessarily assuming ownership of your assets. This is designed to:

- Optimise your servers and infrastructure to be responsive and resilient in the face of changing market and business conditions
- Dispense systems management on demand via the Universal Management Infrastructure
- Let you choose the infrastructure location (IBM data centre, your data centre or a combination of both) and platform that are most strategic for your needs (including Windows, HP-UX, Sun Solaris, IBM AIX®, IBM OS/400 and Red Hat Linux)

Benefits:

As for Virtual Server Services, plus:

- Business Transformation option
- Standardised architecture
- Consolidate and unify infrastructure to reduce complexity and accelerate new application deployment
- Enables you to retain more control over your IT environments
- Ability to house your servers on dedicated infrastructure at IBM, or on your own site
- Greater choice of hardware and operating system platforms, including support for HP and Sun

Managed Storage Services (MSS)

MSS is IBM's on demand storage and backup solution – designed to help you store and protect your data in the open environment (UNIX®/Wintel). You receive on demand storage capacity, monitoring, management, reporting services, backup and restore in a security-rich and highly scalable environment.

How we can help:

IBM experts 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 how to create advantage through business innovation. 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 IBM On Demand Infrastructure Solutions, including costs, speak to your sales rep or call **132 426** in Australia and ask for On Demand Infrastructure Solutions.



