

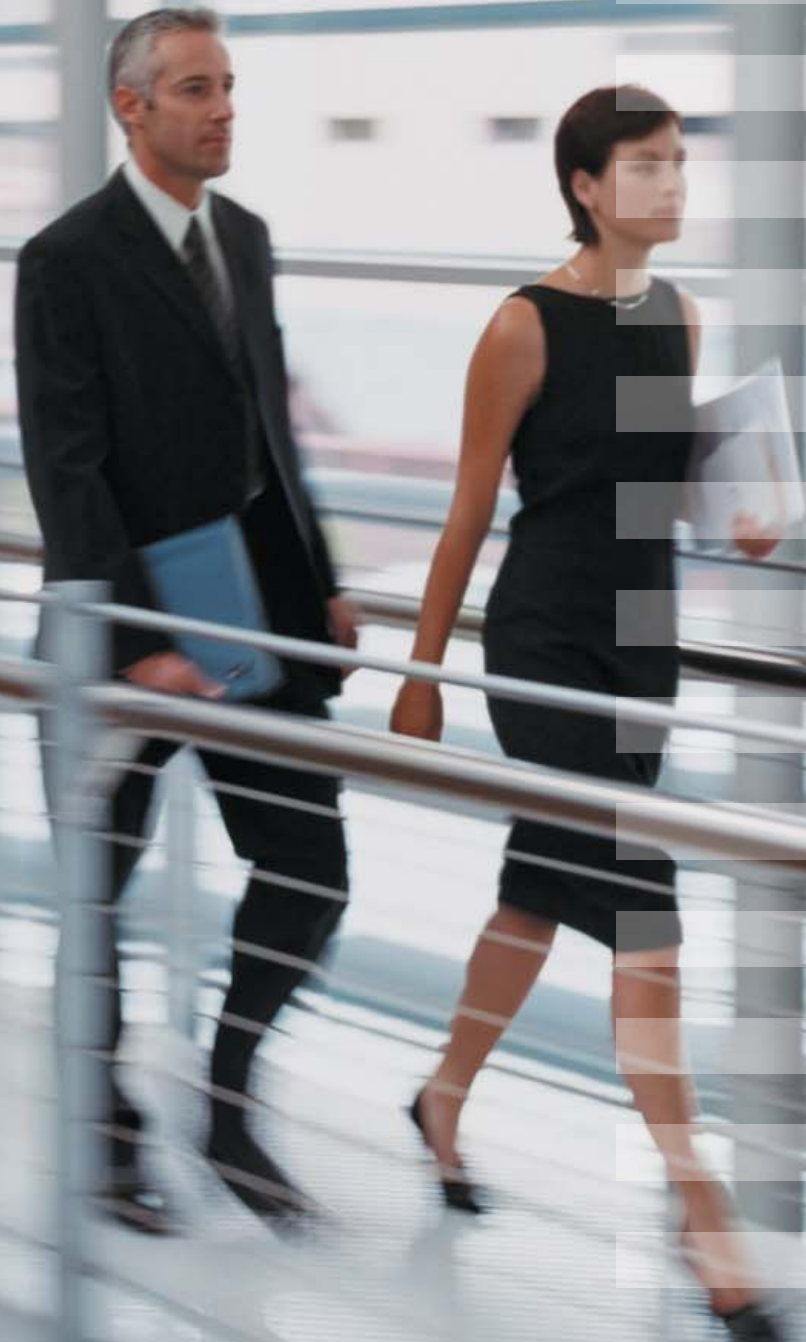
IBM Business Consulting Services



Oracle
JD Edwards

IBM Application Management Services for reducing total cost of ownership

Leveraging core competencies to drive business value





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 reexamined 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 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.

Companies concentrate on core competencies to gain competitive edge.

More and more, companies are redeploying their scarce resources, people, capital and, perhaps most important, management attention, to focus on core areas of business. 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. Just like other business organizations, companies like yours that depend on enterprise resource management planning (ERP) tools must pit revenue growth desires against cost realities. You want to take advantage of procedures that will

both differentiate your company from the competition and lower total cost of ownership. Oracle JD Edward Application Management Services (AMS) from IBM can help your organization optimize cost savings, integrate information technology (IT) infrastructures and facilitate business process adaptation to unlock hidden value.

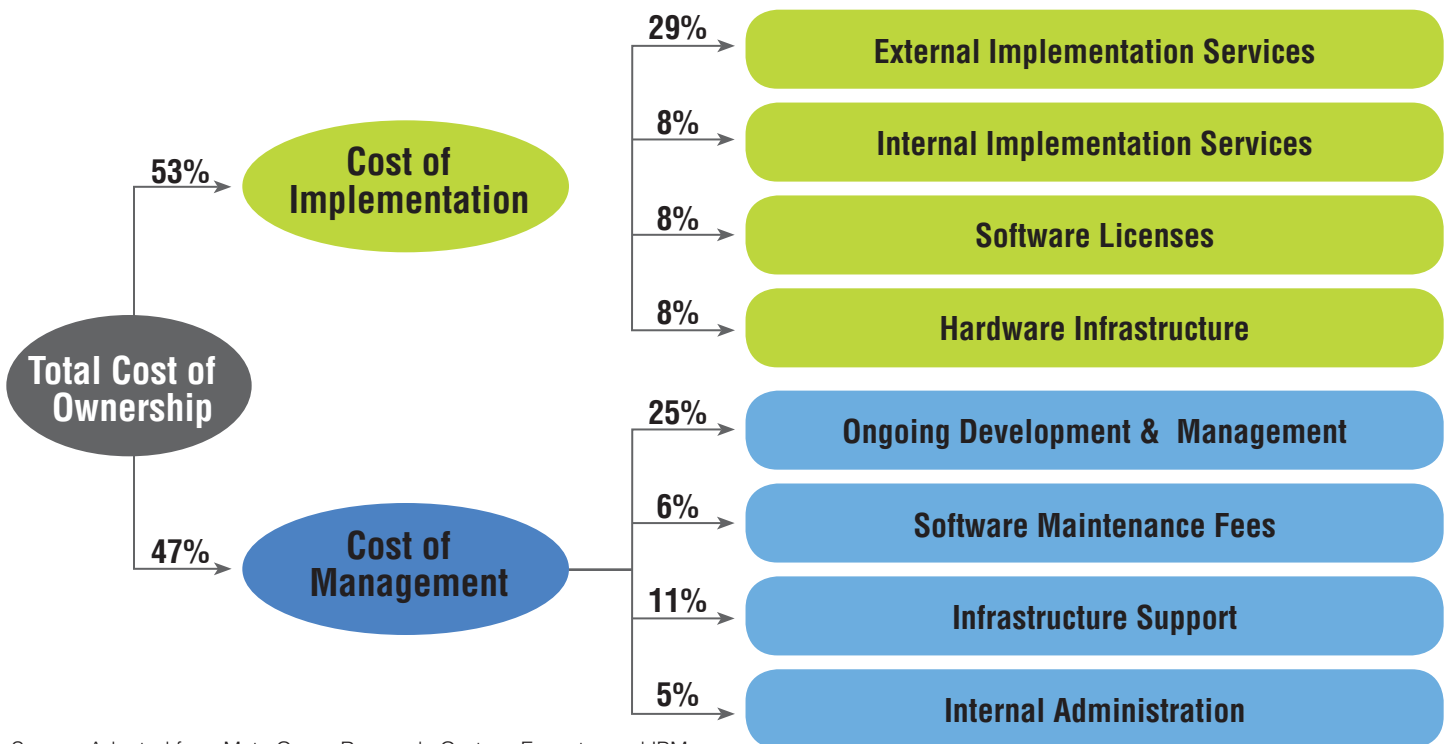
IT begins to live up to earlier promise by delivering new value

IT has always been viewed as a critical business enabler. Over the last 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.



Source: Adapted from Meta Group Research, Gartner, Forrester and IBM benchmarks, Aug 2003

These enhanced needs to drive profitable growth have focused attention on utilizing the integrated and enabling capabilities of Oracle JD Edwards to rapidly drive business benefits in areas such as marketing, sales, product innovation and the supply chain.

IT outsourcing helps lower the total cost of ownership

For a variety of historical reasons, many large companies have implemented ERP in a piecemeal fashion, site-by-site and country-by-country or business unit by business unit. Typically, a large percentage of corporate IT spending goes toward maintenance costs. Any remaining IT funds are generally insufficient to allow companies to achieve the business and technology transformations they desire.

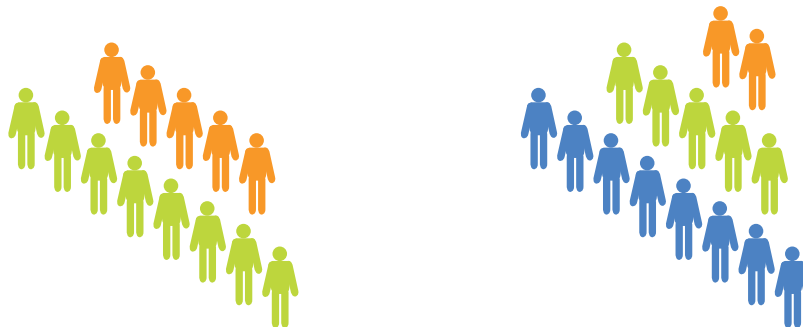
By streamlining processes and components, and outsourcing non-core business activities, your company can gain greater IT flexibility, and savings can be redirected to concentrate on business differentiation tactics. By refocusing and reinvesting in areas such as consumer marketing and innovation, as well as by aligning human and working

capital with strategic priorities, businesses like yours can begin unlocking revenue and driving growth.

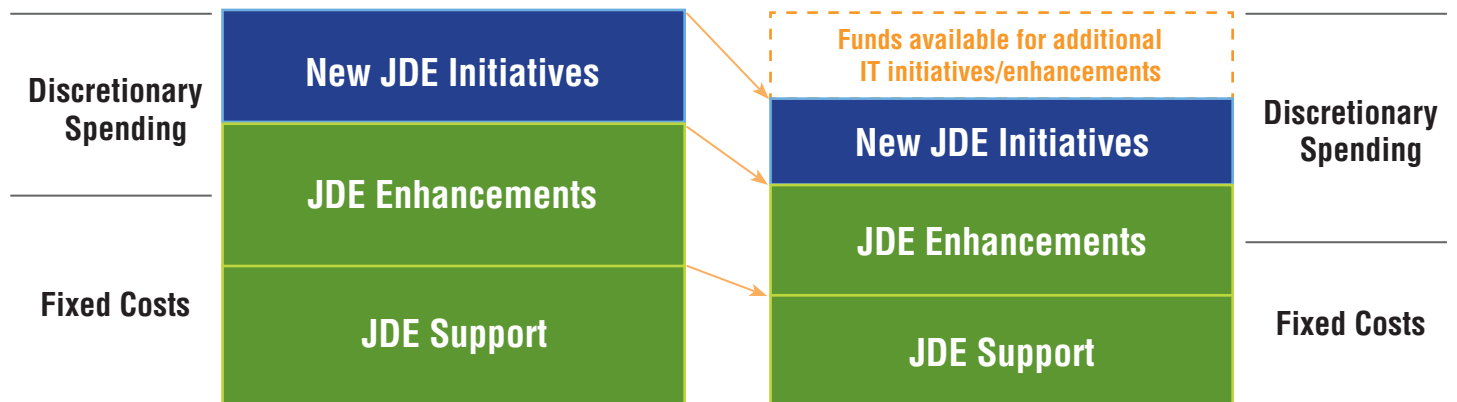
Many best-of-breed technology suppliers have attained and can offer outsourcing clients unprecedented efficiencies and operating capabilities. Tier-1 solution providers—such as IBM—have emerged and are offering full-scale services in most major industry areas. Taking advantage of outsourcing partners allows you to better focus on core functions, reduce costs and leverage more flexible, scalable IT environments, all of which support new business model development.

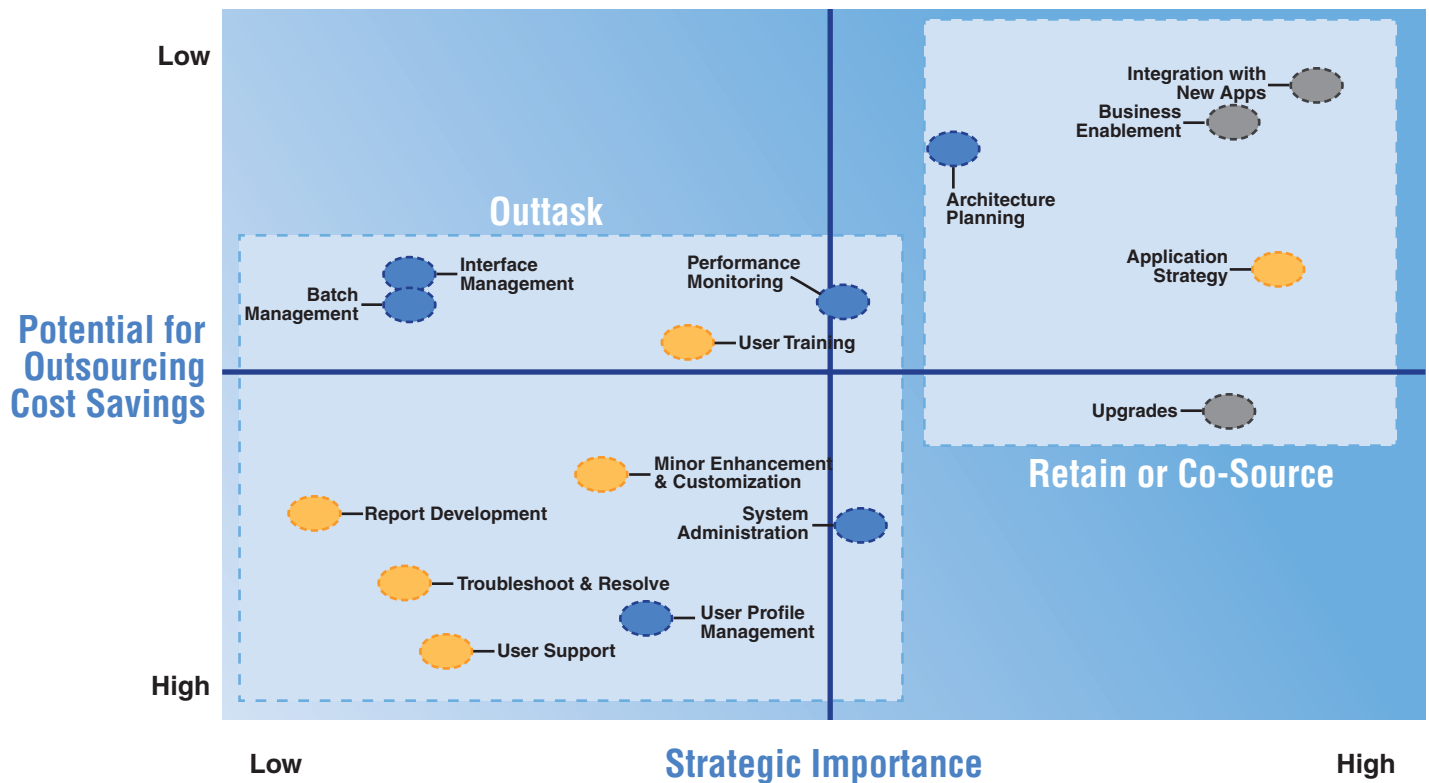
Before you begin your own TCO and IT value review, you should first differentiate between core and non-core business segments and identify areas where outside service providers can provide optimum savings. You also need to prioritize how to allocate IT resources across core business components. To achieve these imperatives, you should balance organizational effectiveness and efficiency.

More capacity...



...Less spending





Value levers are key to driving down TCO

IBM Application Management Services (AMS) for Oracle JD Edwards has a variety of IT service and capability levers 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 upon whether your goal is to:

- Generate operating cost savings in the region of 20-40+% over a 3 to 5 year timeframe
- Enable your organization to focus on core business competencies while IBM focuses on operational efficiency
- Enhance IT effectiveness and drive new innovation
- Deliver flexible staffing and shared support resources when you need them, only when you need them

Selecting the right lever is critical to determining the value that can be unlocked in your organization. Specific levers can be used to target opportunities within your organization. IBM helps by projecting benefit and cost savings for each combination of levers. You can choose to implement as few as one or as many as all of the levers to achieve benefits; ranging from the tactical to enterprise-wide transformation. Because each lever builds on the others, when you implement all of the levers you can realize the full economy of scale and achieve the greatest possible value proposition and cost savings over time.

IBM AMS for Oracle JD Edwards 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 for Oracle JD Edwards can help you drive competitive advantage and best-in-class innovation.

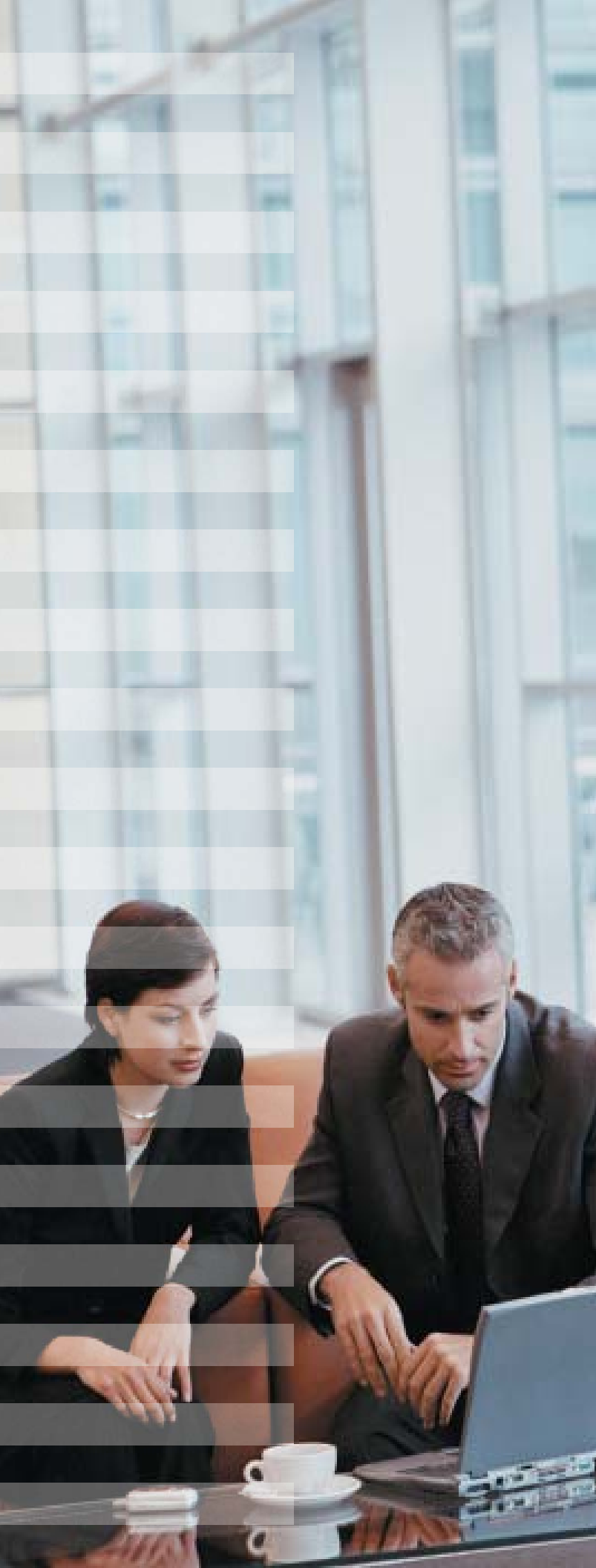
A high-tech company needed to increase information technology's (IT's) level of contribution to the business, improve the delivery of IT projects and reduce overall IT costs.

Based on our experience as the world's leading Application Management Services (AMS) company, IBM has found that a typical company spends the majority of its IT money on application and infrastructure support. Human efforts, as well as hardware and software technology, are often duplicated throughout the enterprise, dramatically increasing overhead and total cost of ownership. Technology obsolescence, heterogeneous applications and application complexity, in addition to the difficulties of achieving core process functionality, are but a few of the myriad of problems organizations face. However, application outsourcing offers a tremendous opportunity to improve cost efficiencies.

A company might begin by refining focus and identifying savings in any number of places, whether reducing headcount, rationalizing their application portfolio, or restructuring applications and enabling core process functionality.

By applying some of the AMS levers, a high tech company can generate savings and improvements by utilizing the AMS levers to:

- Align IT with the companies business needs
- Jointly develop objectives and strategies
- Have IBM develop and implement a set of AMS management processes and tools
- Develop tracking and reporting metrics to qualify the ongoing contribution of IT
- Utilize IBM Global-Local (Glo-cal) model to provide flexibility and contribute to the quality of deliverables and overall cost savings
- Improvements allowed reduction in IT budget
- More efficient processes resulted in significantly reduced workload



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- Internal staff better able to focus on core business strategies and developing emerging technologies

Ultimately, significant savings can be realized no matter how many AMS levers are implemented. The key remaining questions become where and when do you want to begin transforming your business's core competencies, and how are those non-core operations best addressed to generate cost reduction and gain efficiencies?

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 Oracle JD Edwards application support and Oracle JD Edwards specific consulting services, IBM is in a prime position to create solutions that can unlock the value of your enterprise's Oracle JD Edwards 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 business and return their focus to core business competencies. IBM Application Management Services for Oracle JD Edwards helps tailor the infrastructure and applications required to provide the flexibility necessary to successfully meet new challenges and customer needs, supports future growth, and enables your company to become more responsive to market demand and more resilient to market change.

IBM can help Oracle JD Edwards clients realize currently untapped cost-savings potential. IBM and Oracle JD Edwards have had a relationship in excess of 25 years, and we share more than 1,000 customers worldwide. Our experience and expertise in Application Management Services for Oracle JD Edwards mean we can deliver cost-effective solutions capable of enhancing your company's competitive advantage—so you can get back to business.





For more information

To learn more about IBM Application Management Services for Oracle JD Edwards, please contact your IBM representative.

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