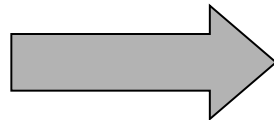
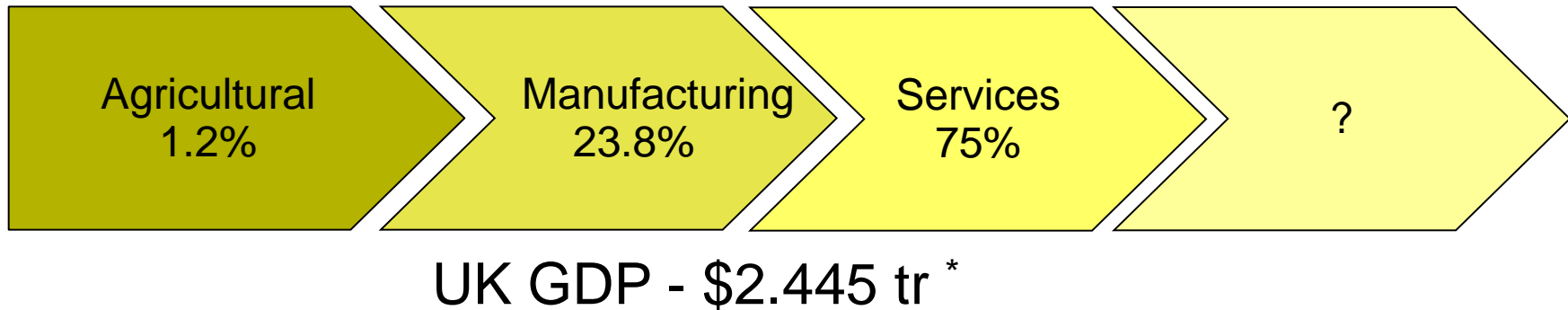


In search of new value



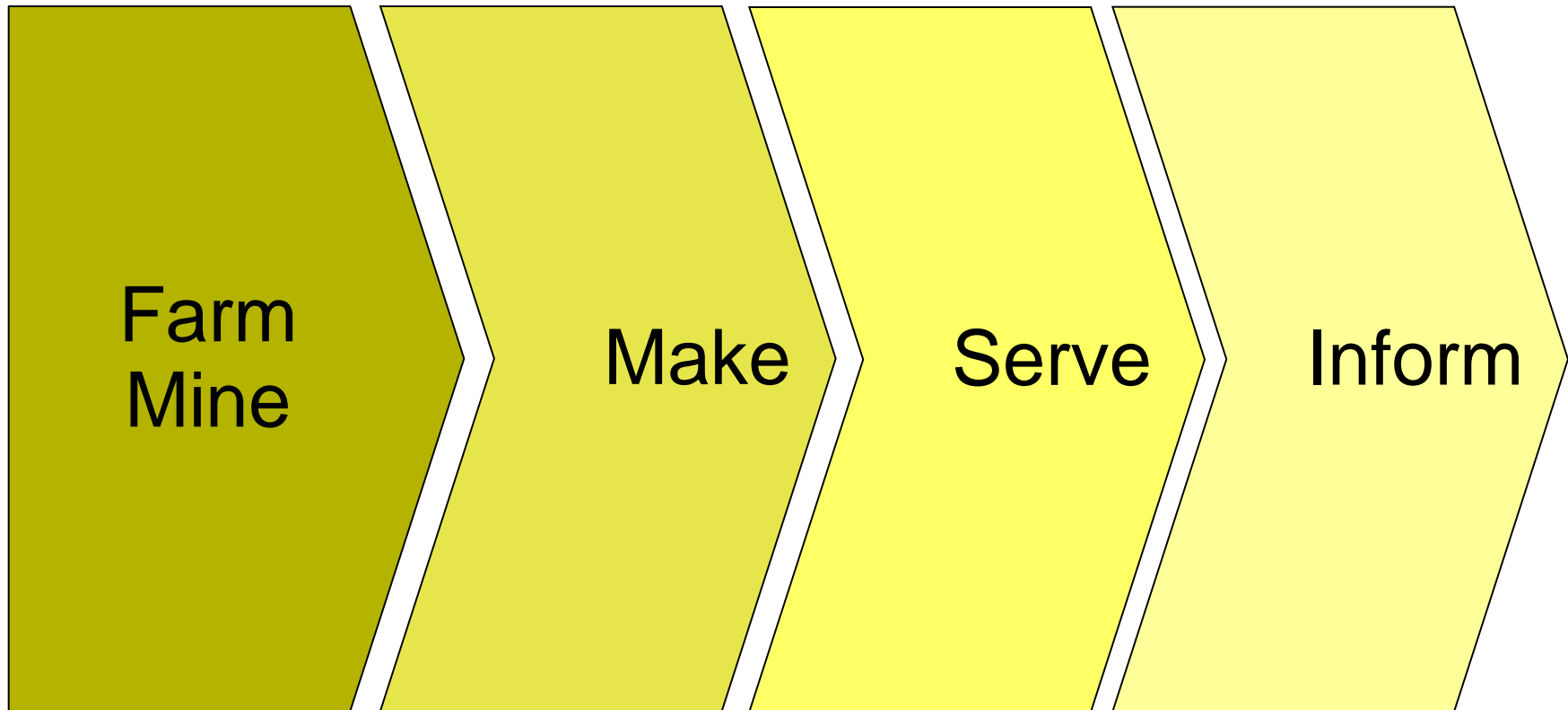
Over time machines continue to replace what people do..

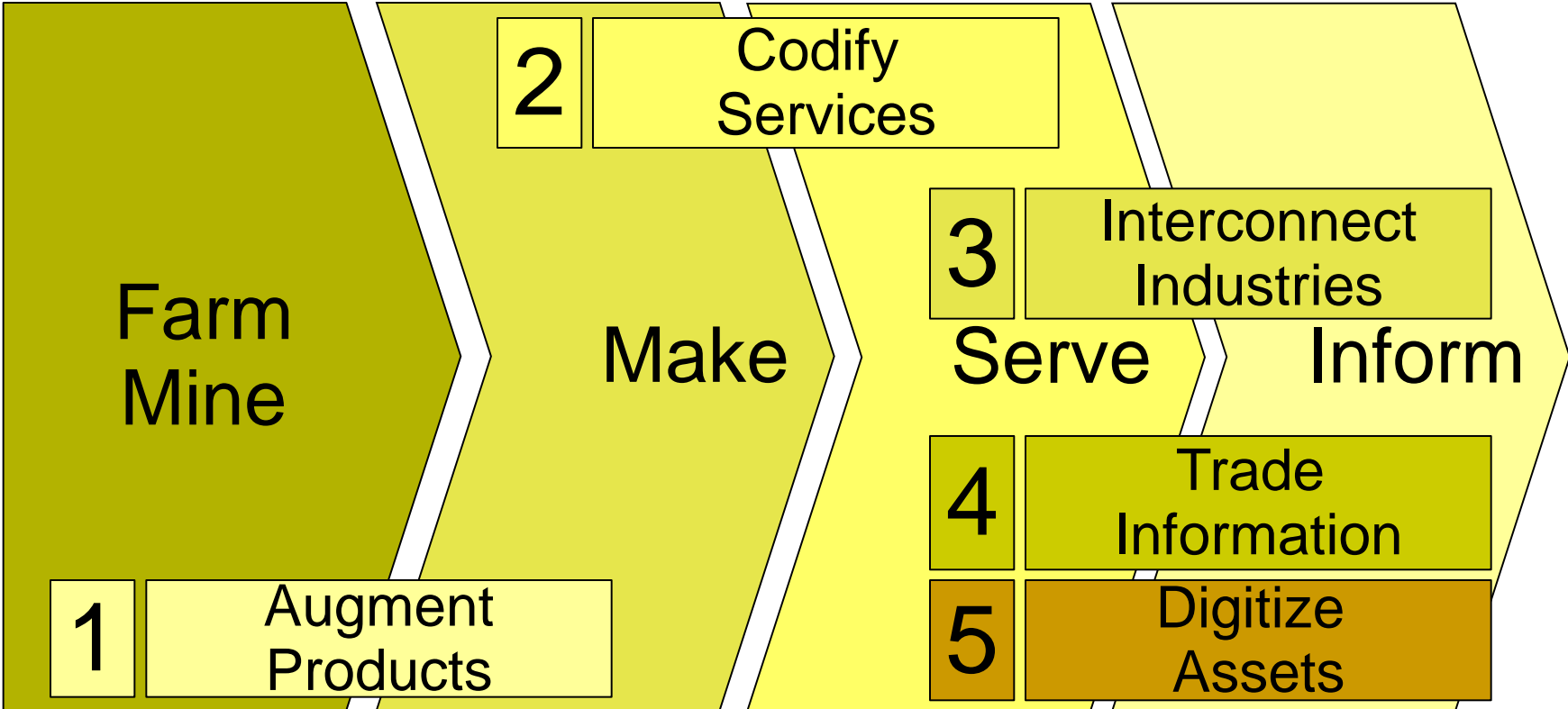




- Services has three core elements:
 - Creative
 - Routine
 - Personal
- The routine services will commoditise; this will be driven by software and assets
- How can businesses use this transition to create new opportunities?

* Source wolframalpha.com - 2011





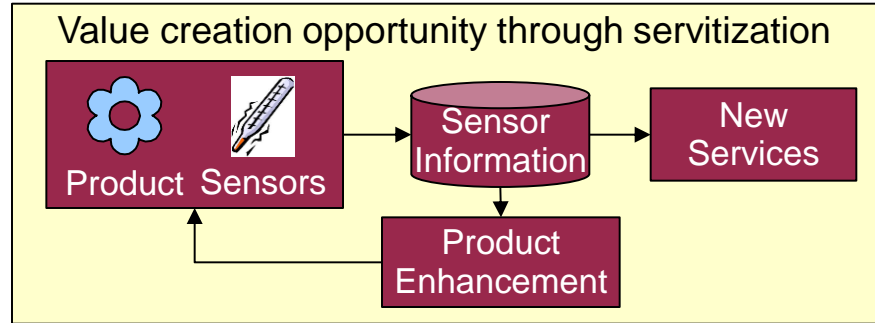
Service offerings from embedded sensor data

1 **Augment Products**

- *“Smart” device data adds client value & redefines the business*

Pattern Elements

Business model based on physical product sale
 Ways to collect multi-customer usage information
 Ability to create key customer value from information
 Sell value as a service rather than value add



“Smart Bearing” Example

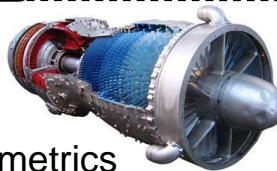
Client sells broad range of bearings, etc.
 Counterfeits cost industry ~€4.5bn in 2009
 “Smart bearing units” are now possible
 Would sense wear, vibration, heat, pressure, etc.



Can warn of failure, reduce friction, lower costs
 Would be sensor of overall machine status
 Also, can “call home” to validate genuineness
 IBM helped with design & standard creation

Rolls-Royce “Smart Engine” Example

RR sells & services aircraft engines
 3rd parties threaten service business
 Can collect & transmit real-time engine metrics
 Allows RR to assure clients of in-flight operations



RR sells engine flight hour service, not engines
 Information drives improved engines & service
 RR will instrument all engines & expects growth
 IBM helped with information collection & analysis

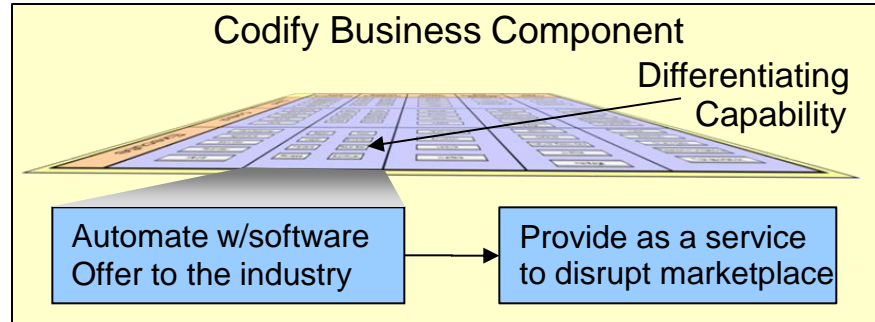
Transform differentiating capability into service

- Use a capability to produce industry-leading BPO-like service

2 Codify Services

Pattern Elements

Client has industry-leading capability
 Differentiating but peripheral to main customer value
 Can be captured in software & replicated for others
 Provide it as a service – even to competitors



Retail Group Catalogue Example

Client is traditional catalogue retailer
 Declining profits due to Internet sellers
 Focused on agile, on-line catalogue
 Interactive, location-aware, personal



Tailored-to-customer-needs-& behaviours
 Standard platform for content delivery from others
 Single source for goods from multiple vendors
 IBM analytics help personalize & tailor promotions

Telco Digital Media Service Example

Client provides traditional “data pipes”
 Manages complex phone data movement
 Adapting system to distribute digital media
 Allows media providers to focus on media



Handles quality, digital rights & device issues
 For content providers, media retailers, advertisers
 Customized ad placement, cross-sell, upsell
 IBM middleware, BAO & Smarter Commerce

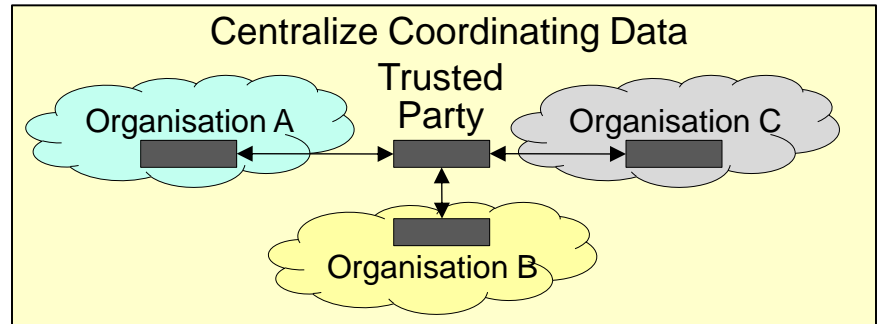
Integrate distributed information to create value

3 Interconnect Industries

- Improve interactions across organizations by sharing data

Pattern Elements

- Trusted organisation to consolidate information
- Streamline interactions across organisations
- Integrate into multiple systems
- Provided as a service to organisations



Rio, Brazil Intelligent Operations Centre

- Mudslide left 15,000 homeless
- Host 2014 Soccer World Cup
- Host 2016 Summer Olympic Games
- Established city-level Intelligent Operations Centre



- Initial focus was on flood prediction
- Expanded to manage response to emergencies
- Became city's information management centre
- Monitor transportation, water, weather and energy
- Operational 24/7, 365 days a year

UK City Development Example

- Budget cuts demand radical approaches
- Economic master plan to focus on:
 - Electric vehicles production facility
 - Software City: building on software firms
 - University City: integrate thought leadership



- City-wide transformation programme
- Create compute platform for IT services for firms
- City-level integration to see new growth opportunities

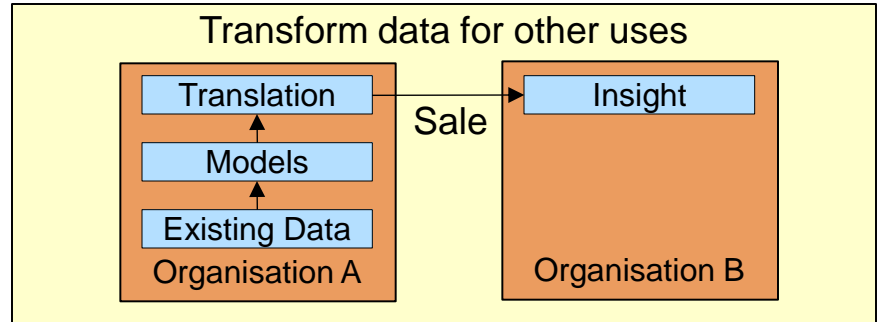
Translate data into value for adjacent industries

4 Trade Information

- *Transform the treasures hidden in data stores to real value*

Pattern Elements

Translate existing data for adjacent organisation
 Uses experiences from partners to create models
 Translate model results to meaningful information
 Sell information as a service



Met Office – Open Platform

Rich source of global weather data
 Weather predictions sold to BBC
 Open platform for prediction models
 Involve partners and academics



Initially assess risks for insurance companies
 Eventually sell insights to energy providers & retailers
 UK Government sponsoring PoC
 Significant partnering opportunity for IBM

Mobile – New insights from call data

Declining revenues from mobile services
 Exploring options for new revenue streams
 Over-the-top services not generating value



Sell aggregated movement data to GPS providers
 Exploring pattern for new value sources:
 Call patterns for corporates
 New advertising opportunities
 Retail consumer patterns

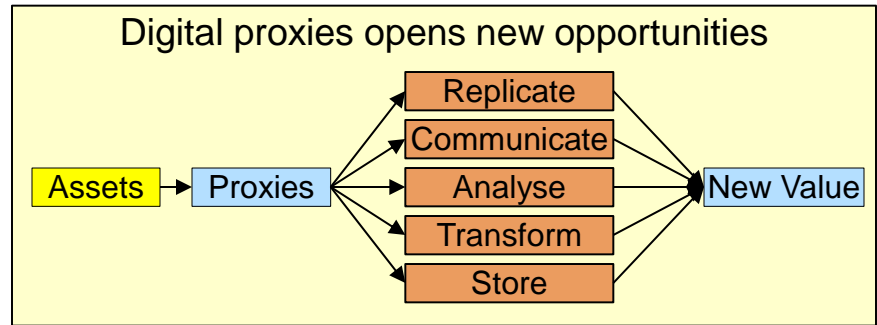
Leverage digital asset representation to create value

5 **Digitize Assets**

- *Build a new value proposition using the flexibility of digital assets*

Pattern Elements

Substitute digital proxy for classic assets
 Identify digital operation(s) that create new value
 Replicate / communicate / analyse / transform / store
 Apply and deliver value to (new) customers



News Provider Asset Reuse Example

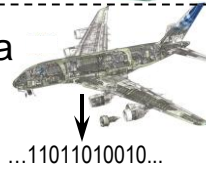
Client provides financial-related data
 Strong position in Financial Services sector
 New devices create new market segments
 Integrate global news gather & distribute



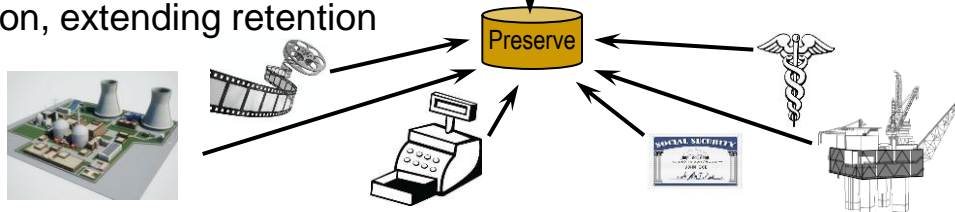
Standardize infrastructure using IBM Media Hub
 Transform, analyze, reformat, edit & annotate data
 Mechanism for new services for new customers
 Support for broad usage of data repository

Aero Archive / Retrieve Digital Data

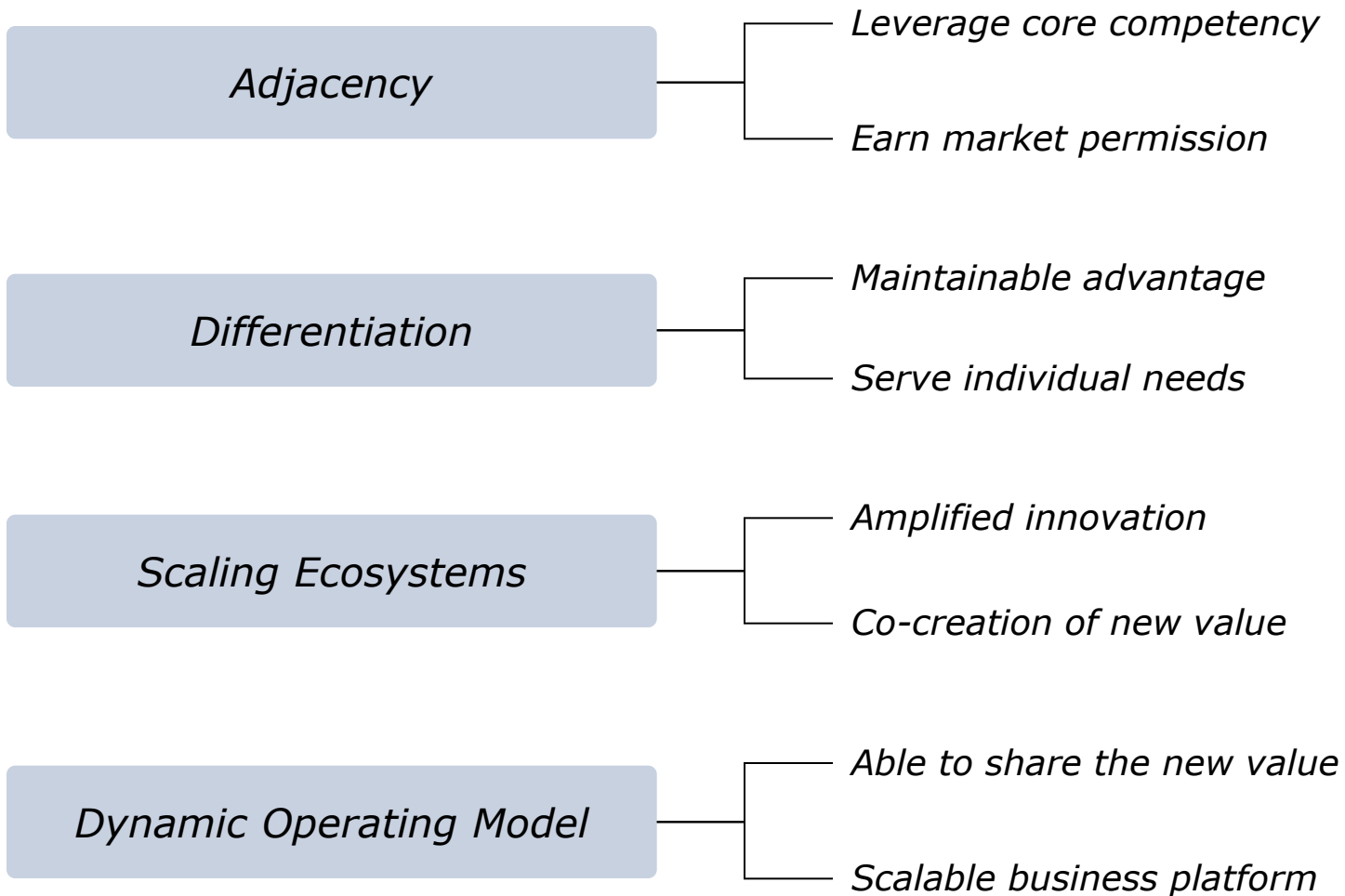
Aerospace must preserve digital design data
 Exponentially increasing volume of data
 Emerging standards, evolving technology
 Growing regulation, extending retention



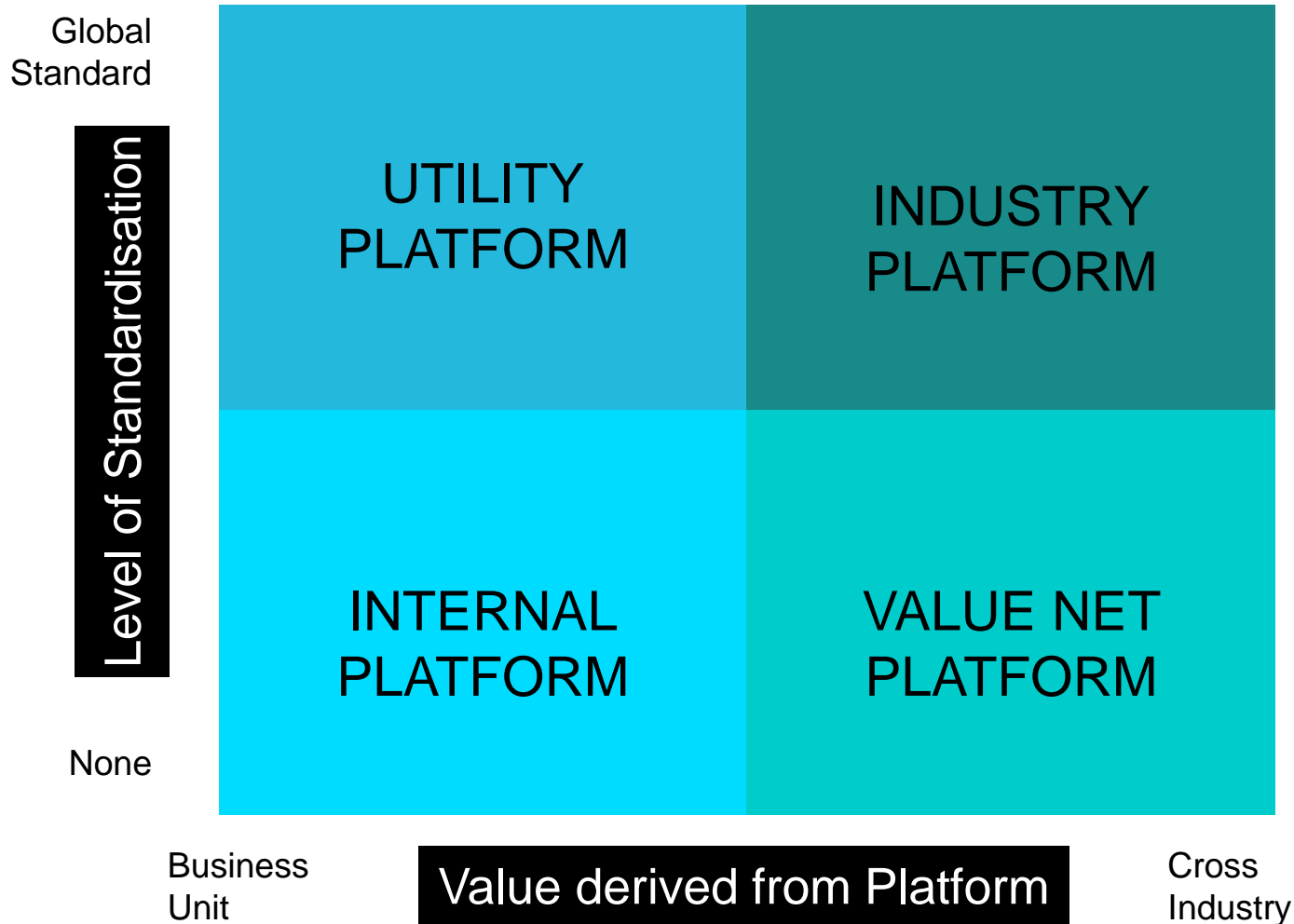
Also impacting many, varied industries
 Preservation platform would have broad use
 Client partnering with IBM to develop platform



What is it that is enabling these *Stand Out* enterprises?



Evolving the business platform enables this innovation



***Idea
Generation***

***Business
Model***

***Platform
Vision***

***Delivery
Trajectory***