Application Servers

2002 Market Conditions:  
Why Buy?  
Differentiators?  
What to Buy?

Agenda

- Application Servers
  - History
  - Opportunity Area
  - Differentiating Factors
- e-business Infrastructure
  - Design criterion
  - Role of Application Servers
Why Buy?

- **Save Money**
- **Make More Money**

<table>
<thead>
<tr>
<th>Vendor Capability</th>
<th>What is More Important to Motivate Your Investment in e-business Solutions?*</th>
<th>What are Vendors More Effective at Doing?**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrate the specific impact that e-business solutions will have on your organization</td>
<td>70%</td>
<td>24%</td>
</tr>
<tr>
<td>Explain the technologies that go into the solutions and convince you of their technical merit</td>
<td>28%</td>
<td>72%</td>
</tr>
<tr>
<td>Don't Know</td>
<td>2%</td>
<td>4%</td>
</tr>
</tbody>
</table>

* Percent of those interviewed that provided this response. Source: The Mckinsey Group interviews and analysis.

How do they buy?

- Decisions made at Stage 1 drive the agenda in Stage 2.
- Advocacy is essential to move the process from Stage 1 into Stage 2.

- To ensure that its solutions are viable and preferred in the solution selection stage, IBM’s advantage will be to understand and influence the phase 1 process, where the core business functionality is decided.
Market Pressures

<table>
<thead>
<tr>
<th></th>
<th>Reduce Cost</th>
<th>Generate Revenue</th>
<th>Improve Productivity</th>
<th>Reduce Cycle Time</th>
<th>Improve Quality</th>
<th>Customer ROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web Publishing</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td>Collaboration</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40%</td>
</tr>
<tr>
<td>Supply Chain Management</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>44%</td>
</tr>
<tr>
<td>Customer Self-Service</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>47%</td>
</tr>
<tr>
<td>Full Back-End Integration</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>68%</td>
</tr>
</tbody>
</table>

Source: Meta ROI Study

SMB View

Small & Medium Businesses e-business Adoption

Worldwide 4Q2000 (100-999 Employees)

- Moving towards higher levels of e-business adoption:
  - To improve productivity
  - Be more responsive to customers

- 6.7% Value Networks
- 13.8% Internal Integration
- 19.1% e-business Transactions
- 34.5% Web Publishing
- 25.5% Access

4Q2000 Comparison

- Dynamic e-business: 4%
- 6.7% Value Networks: 8%
- 13.8% Internal Integration: 14%
- 19.1% e-business Transactions: 38%
- 34.5% Web Publishing: 36%

IBM Market Research
Availability

Cost of lost business and availability

Scheduled Downtime
The majority of all downtime is planned
- Backups
- Fixes
- Upgrades

Unscheduled Downtime
Recoverable Outage
- Application failure
- Operator error
- Power outages
- Network failure
- Hardware failure

Disaster
- Loss of the IT facilities

Source: IMEX Research.com Jan 2002
http://www.highavailabilitycenter.com/index.shtml