



IBM Express Redefines How the Smaller Business Buys IT

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Management Summary

The problem is simple to state, if hard to solve. Medium-sized businesses have lacked a clear way to get the enterprise-class technology capabilities they need at a price (of which the product price may only be a small part) they can afford. This is a challenge that has to be met on multiple fronts – not just the pricing and modularity of the deliverable, but the ease of deployment, management, training, and use, which often add painfully large elements to the total cost of ownership (TCO).

IBM has listened to smaller enterprise, or mid-market, customers¹ and has determined what was needed, both in particular industries and in terms of their IT infrastructure in general. **Smaller businesses need reliably low costs (in all the facets mentioned above) and reliable functionality well tailored to their current needs, but extensible when circumstances demand it. This translates into products that are reliable, modular, and upgradeable. The products have to be easy to install, manage, and use. They have to be easy to acquire over the Web or through local business partners at a palatable price.**

As a result, IBM Express was born. It started as an SMB-focused product category with *WebSphere Application Server* and *IBM Portal*, but quickly grew into a cross-IBM initiative comprising the hardware, software, and services that the moderate-sized enterprise needs to conduct business. Its criteria have grown into a standard of mid-market functionality.

IBM Express is not new news, but at over 60 offerings, it has reached an interesting stage of development. It now comprises hardware that includes servers, storage, desktops, laptops, and a print solution. It includes the essential middleware elements to integrate your applications and data (and thus your business processes). These elements are available both separately and in a pre-integrated version called *IBM Integrated Runtime*. There are several industry-specific business solutions, and “Express”-style offerings from Siebel, SAP, and PeopleSoft, with more Independent Software Vendor (ISV) offerings coming soon. IGS has *Express Service* offerings and is in the process of refining their service channel. To top it off, IBM Global Financing, which sees more than \$2 billion in SMB financing originations, has finance offerings for the Express initiative. Each of the more than 60 Express deliverables meets all the Express criteria. (See exhibit on page 2.) This rigor gives them credibility. Their aggregate breadth gives the mid-sized enterprise a way to get an integrated wholeness custom-tailored to their needs at off-the-rack prices.

Over the past few years, IBM has initiated significant partner support programs for its business partners to give them the financial, co-marketing, knowledge base, and training support to increase their efficiency and market reach. Thousands of partners have signed up. On the development side, hundreds of Independent Software Vendors (ISVs) have qualified for IBM’s Advantage program, and over 1000 participate in IBM’s *PartnerWorld* Industry Networks. Meanwhile, IBM’s on-line *Virtual Innovation Center*, and its 27 globally-distributed physical innovation center sites, let the customer and local partner model different options, kick the tires, and analyze the value, while the SMB Advantage Portal provides information on a range of SMB Advantage offerings. This ecosystem seems to be firing on all cylinders. *Voila!* Express is a new way to buy the richness of enterprise functionality.

¹ Here, the definition of mid-market covers enterprises with 100 to 1000 employees.

Express as Business Philosophy

The focus of *IBM Express* (indeed, the focus of IBM as a whole) is squarely on the *B* of business. This is not a generic *B*, for few businesses of any size think of themselves as generic entities that can be supported with purely general-purpose administrative solutions. **In an era of globalism, differentiation can seldom be a matter of geography. The business needs to do more, or better, and the difference is usually industry-specific. Express offerings are targeted at specific industries.**

Express takes a top-down approach that looks at the processes of an enterprise and determines the kinds of components needed to support them. Customers can then choose the scale of functionality that they require, and which components they want to buy from whom. Express has grown into a cross-IBM strategy that blends existing channel distribution programs with segment strategy to produce a fresh approach for selling and buying to the mid-market. It is far more than the payment-timing twitch of subscription pricing, though customers can have that, too.

Express as Runtime Philosophy

Express reflects a trend to a **linked-component mode of completeness that might be called a runtime philosophy**. The rate of technology evolutions is uneven. Software evolves most quickly, and some applications evolve more rapidly than others. Then, there are always some core applications that have been optimized over years (if not decades) that must be supported. As applications are aggregated and linked to support business processes, ensuring that these composite applications weather patches and module upgrades demands that the integration be supported by defining requirements and relationships (a run-time approach), rather than by one-to-one scripted welds. Basing *Express* around *WebSphere Application Server (WSAS)* allows the smaller enterprise to participate in a J2EE-style environment at whatever level it feels comfortable, from The *Integrated Runtime* and regular Express versions of WSAS to the full-blown enterprise version where appropriate.

Express as Evolution, not Revolution

So how can Express thrive without eviscerating the market for traditional, high-end enterprise products? It is critical not to get caught up in yesterday's bifurcated world of monolithic, high-end enterprise software and low-end products that force a business to alter its processes to fit its software. **The modularization of enterprise applications, of which the Express initiative is an eminent instance, is the evolution that will enable vendors to define products by the complexity they support.**

Express Criteria

- Easy to Install/Deploy
- Easy to Manage
- Reliable and Dependable
- Easy to learn and Use
- Modular Solution
- Enabled for Growth
- Priced for Midsize Business
- Easy to Acquire.

These criteria make a template – almost a stencil – by which to transform large enterprise applications into midsized-friendly forms.

Any comprehensive product with support for multiple languages, currencies, data formats, and qualified with dozens of other highly-evolved, highly-structured applications is expensive to support and evolve over time, and will carry a correspondingly high price. Yet, if you need that breadth of capability, the money is well spent in terms of accelerating the throughput volumes of business processes. In real-time business, patience is rare. Quick customer satisfaction not only closes deals, but also inspires customers to return. **In the large volumes of business generated by the complex enterprise, the support given by comprehensive products is well worth every penny.** Clipper expects software-as-a-service and new hosting models to increase the options for using these complex products, once security is deemed adequate and data quality issues are resolved.

There are many larger enterprises for which many technology needs can be met by Express offerings. Moreover, due to the capabilities given by technology, there are some enterprises with few employees, whose scale and complexity of business processes demand high-end enterprise functionality. IBM is more than content to let its customers buy either its comprehensive high-end products or its Express offerings. This attitude is shared by many software vendors that want to embrace similar multiple routes to the mid market.

Conclusion

It is time to stop thinking about businesses only in simple terms of size - of the number of employees or even in terms of their revenues. In the last few years, with rampant partnering and the automation and outsourcing of generic business processes to those who specialize in them, the number of employees in a company can be a misleading indicator of enterprise complexity. With Express, IBM redefines its customers by the complexity of their activities – a measure that will resonate with those who know their business.



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