

MATHENY: Welcome to this IBM Rational podcast. I'm Angelique Matheny with IBM. Today we'll hear from Patrick Roach, Principal Engineer, Communications and Navigations Systems with a major aerospace company; and, our own Scott Hebner, Vice President, Marketing and Offering Management, IBM Rational Software.

And they'll explain why this year's Innovate 2010 conference in Orlando, Florida, from June 6th to June 10th is a must-attend event. Scott, welcome to the podcast. Thanks for joining us. Why don't I let you take it from here?

HEBNER: Great. Well, thank you, and thank you for all of you listening in for a few minutes here to the podcast. It is certainly becoming increasingly clear that businesses around the world are prioritizing product and service innovation as a top business priority, and the need to do that while controlling risk and cost.

There's been an array of surveys and market intelligence that clearly shows that this in fact is becoming a new focus item for just about every business around the world. Recently Frost & Sullivan, a major business consulting firm, came out with a study that showed the number one priority of CEOs around the world is in fact driving innovation for their businesses.

And now, for the first time, trumps the previous focus areas of navigating the economic turndown and globalization and dealing with emerging markets and so forth. And this whole notion of product and service innovation was really key to differentiating their offerings and being competitive in the long haul.

Our own CIO survey of over 2,500 CIOs around the world also showed the same thing, that CIOs are increasingly focused on driving innovation and partnering with their business colleagues to ensure that they're doing exactly what the business needs to drive a new level of product and service innovation.

And these customers are clearly speaking by who they're hiring. In fact, CNN and Money Magazine recently did a survey of over 35,000 people which showed the number one job occupation of the future is the system engineer -- and that is the people, the big thinkers that are going to manage the projects to drive this new level of product and service innovation where software, mechanical technologies, and electronics all come together to really drive a Smarter Planet.

And that occupation is projected to grow 45 percent over the next decade, and will become, out of 26 different occupations that they track, the number two occupation in

terms of salary.

So clearly the market is really beginning to heat up around driving a new level of innovation that's really, if you think about it, driven by software. And I think the software-driven innovation agenda is upon us. And what customers are looking to do is get new levels of expertise built in their organizations on how they go about designing, delivering and managing this new level of software-driven innovation while controlling risk and cost.

Now, if you just take the automotive industry as an example, today's modern automobile is like 30 computers on wheels and has up to 100 million lines of code in it. Just think about that: there's a thousand different software components in a car, about 10,000 interfaces that have to not only be developed and delivered to integrate and work together as a system of systems, but then you need to maintain all those interfaces over perhaps a 20-year lifespan of the automobile.

At the same time, these automobiles that are smart products in themselves are being integrated with other IT services on the back end. For example, reverse 911 calls: if an automobile gets into an accident, it can locate where you are, it can call emergency services, it can give information from the sensors on what happened.

GPS services is another example. It's projected by the year 2012 that the average automobile will have about 45 different IT services that are interconnected to it. A perfect example of innovation that's occurring in the automotive industry that's tying together an array of smarter products and services into what we call an intelligent system of systems.

In many ways every business is becoming a software business.

In fact, software's evolving to become perhaps the most enduring strategic business asset with a cumulative value of nearly \$5 trillion, which has grown over the last 15 years at a compounded rate of 10 percent. That's an amazing amount of growth for this particular strategic asset.

And you know, customers have traditionally managed software as an operational expense, but increasingly viewing it as strategic and managing it as such. So it is very apparent in today's news that building a leadership competency in software and systems delivery is becoming one of the defining business imperatives of the future.

But to help our customers succeed with their innovation agendas, we've launched the Innovate 2010 Conference. This is built upon 13 years of the Rational Software Conference.

It's totally revamped and upgraded not only to continue to

deliver what our previous attendees have expected from the Rational Software Conference, but now taking it to a whole new level to focus on overall product and service innovation.

Innovate 2010 is the premiere software and product delivery event, packed with hundreds of technical sessions, hands-on technical workshops, skill-building sessions, and including new tracts on smarter products, agile development, cloud computing, power systems, packaged applications, enterprise architectures, SOA, and much, much more.

At Innovate 2010, you'll have the opportunity to network with over 4,000 software and systems peers and see exciting keynotes from a number of IBM senior executives, including Steve Mills, General Manager and Group Executive for IBM Software Group; and Robert LeBlanc, who runs our middleware organization; Jon Iwata, who's the father of IBM's Smarter Planet strategy and the Senior Vice President for Communications and Marketing; Colleen Arnold, who's a senior vice president who runs our Global Business Services. Just to name a few.

And of course our leader here at IBM around product and service innovation, Danny Sabbah, who leads the effort to help provide the tools and the infrastructure and the best practices to help customers drive software-driven

innovation.

You'll also hear from our very own IBM Fellow Grady Booch and a series of guest speakers from Babcock Ranch, who are building a bottoms-up smart city in southern Florida, to UPS in Eaton, to Dean Kamen, the creator of the Segue Personal Transporter, and Jay Walker, who will bring us through a history of innovation.

You won't want to miss this conference. It's going to be, again, totally revamped and will help our customers and help you all understand what IBM can do to help you build a real competency and software-driven innovation all the way across the lifecycle, from the design, delivery and ongoing maintenance and management of these smarter solutions and all the investment management that need to go around that.

So today I'm thrilled to be joined by Patrick Roach, who is the Principal Engineer for Communications and Navigation Systems with a major aerospace company who will be spending some of his time with us today to talk about his experiences at recent conferences. So, Patrick, can you tell us about your company's business and what you're trying to achieve as an organization?

ROACH: Yes. We sell communication and navigation systems to airplane manufacturers, and what we're trying to

do as an organization, of course, is to maximize our product delivery and minimize our cost. We are achieving this by constantly improving our processes and toolset.

HEBNER: What business in the process challenges are your teams facing?

ROACH: Well, the biggest challenges we face are keeping up with the demands of our customers and the demands of the different agencies that levy restrictions on the products we sell.

HEBNER: Now, you have attended conferences before when it was the Rational Software Conference. And give us a little bit of insight on how it's helped you and your teams overcome some of these challenges and helped you build your innovation agenda.

ROACH: Sure. Well, I've attended three IBM conferences -- the last two years I've attended, and I attended one back in about 1997. I've also attended TeleLogic conferences every year for the last 13, so this will actually be my 14th year that I've attended the conferences.

Some of the things that I really enjoy are the exhibit area. There we get to meet subject matter experts and developers

from both IBM and different partners and learn about tool solutions and processes that help overcome our technology challenges. So that's one of my favorite things.

The other thing is you get to network with other professionals with similar challenges, so you get to go to the different presentations that are done not only by people at IBM and other partners, but other professionals in the same industries that you're in. So you get to see the real-life experiences that people have actually worked through.

Another thing that I enjoy is the script exchanges; this has been going on for years. And they do contests where you go to a different session broken out by product, and different scripts that help with different daily routines that you need to do are submitted by different users and they're reviewed by IBM. And then if they're accepted, they get presented at one of the sessions, and then everybody sees and get copies of the scripts.

And then everybody votes on what their favorite one is, and that person gets a t-shirt or something like that. So that's a lot of fun. But it's really helpful, because a lot of the scripts that people have developed are for real-life problems that they've solved.

And as you've mentioned, we get to meet and greet some of guys, like Danny Sabbah, Grady Booch. That's always a lot of fun. And then last year, we got to see in the keynotes the MythBusters. That was a lot of fundamental. So overall, the conferences have a lot of things that are really helpful in solving some of the challenges that we face.

HEBNER: Okay. You bring up a good point. One of the things that we always try to do with these conferences is make sure that there's a good mix of obviously the business and the technical discussions and education, but we also want to make sure that we're having fun.

And so there's a lot of activities that go on at the conference designed just to get out and do networking with peers. And we provide ample opportunities to get to know people from other companies and the IBMers, of course, and the Business Partners of IBM that are there, and really kind of driving up that level of community, if you will, that continues to show up every year and builds every year to more and more people.

And it's good to see the community growing every year and continuing to stay in touch. But as a result of your time at these conferences and what you've learned there, how have you gone back and implemented and optimized your processes

as a result?

ROACH: Well, some of the things we've seen, me personally, what I gained was a really good process for upgrading our software. You know, everybody struggles with that. IBM was really helpful as far as talking to the experts at the exhibit area on different ways that it works best to do the upgrade.

Some of the tools that we found at the conference were like the DOORS Change integration that we implemented about four years ago. And the Rational Publishing Engine is probably the greatest thing that we've seen lately. We just got that at the conference last year. It's been around a while, but we hadn't taken the time to have it demoed to us.

And seeing it at the conference with the ability to ask all the experts right there about different ways that it's used and how it works and that sort of thing was really helpful.

HEBNER: Now, do you feel that you can actually quantify at least in a qualitative manner the return on your investment for attending?

ROACH: Oh, absolutely.

In fact, we did a study at the end of one of our programs, the Rational Publishing Engine we actually implemented and

used to actually close out our last program. And we took our publishing of our formal documents from around 10 hours to literally the push of a button where what used to take ten hours, we just push the button, just launched the script, and it goes and the documents are finished. So it takes literally no time.

And then the DOORS Change integration, we did a study to see basically what we think it saved us, and including the cost over the life of the program, including the cost of the software to both purchase it and pay the maintenance, it saved us over \$215,000 over the life of our project.

HEBNER: That's great to hear. You know, Patrick, thank you very much for taking time to be on this podcast today. We look forward to seeing you at the conference in sunny Orlando, Florida, June 6th through the 10th.

And for everyone on the podcast, you won't want to miss this year's conference. You know, again, this focus on driving product and service innovation while controlling risk and cost is certainly becoming a key business priority across the world. And this is what we'll focus on in building that community and that communication and that collaboration around as a group how we can best drive this software-driven innovation agenda.

So please visit the conference Web site for more information and to register. That's at ibm.com/software/rational/innovate. And thank you for your time today. We look forward to seeing you at the conference in Orlando.

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