CIO LEADERSHIP EXCHANGE

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SMARTER PLANET PERSPECTIVES

Cloud Computing: Insights from the Enterprise

ING

Why did ING need a cloud solution?

ING is a global financial services company offering banking, insurance and asset-management services to 85 million customers in more than 50 countries. ING is headquartered in Amsterdam, has over 100,000 employees and is one of the top 25 companies in Europe, with $1.6 trillion in assets. Like most financial institutions, ING faced significant pressure to reduce capital and operational expenses in order to remain competitive in the post credit crisis market. The company needed to restructure, reduce IT costs and significantly improve time-to-delivery of new IT environments to the business.

How did IBM help ING?

ING sought to enhance its IT environment by implementing a private cloud for the provisioning of computer resources. To get started on its transformation journey, ING has begun a large data center consolidation project with IBM, which will ultimately merge 16 worldwide data centers into two highly efficient centers. IBM used its Business Value Assessment tool to illustrate the savings and strategic advantage ING could expect to see at each step (consolidating, standardizing, and virtualizing), and how reinvesting the savings could fund the next step in the data center transformation. ING was able to start the process and immediately realize savings using their existing infrastructure.

What are the key benefits from using a private cloud solution?

Thanks to automation, standardization and self-service capabilities, ING has realized faster time-to-value for infrastructure deployment, from months or weeks to hours or minutes. Scheduled decommissioning is also driving better utilization of assets and cost takeout. The company is now able to deploy IT services faster to meet the increased need for development, test, pre-production and production systems, allowing IT staff to focus on other high-value projects.

ING also uses service management tools for visibility of system deployment status across the entire provisioning cycle, so administrators can identify bottlenecks and continue to drive process optimization. Using a single management process for multiple resource pools also means fewer tools and administrators, which reduces risk. The single management platform will ultimately enable business partner-driven provisioning, eliminating much of the need for intermediaries. The consistency in delivery of hardware and software stacks will drive economies of scale in configuration, support, security, and auditing, which includes compliance. Additionally, the open and extensible platform established by IBM does not limit ING to a single vendor-specific platform.

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What does the future of cloud computing look like at ING?

Tony Kerrison, ING's Chief Technology Officer and Head of Infrastructure Services, has approximately five percent of the application portfolio on the company's private cloud and expects that number to grow significantly in 2011. After spending 2010 building the foundation, he expects 2011 to be a year of deployment. In conjunction with ING's cloud deployment, a virtual desktop infrastructure (VDI) is being implemented. All of ING's remote access users connect via VDI, and the majority of ING users will be VDI based in 2012. ING also plans to rollout VDI on mobile devices such as the iPad, and has an e-mail application in test now.

Though the cost of laptops is coming down, ING sees increased desire from its employees for the flexibility and independence that comes with mobile devices, which in turn reduces real estate costs with more employees working remotely or at shared desks.

The provisioning capability of the private cloud creates more productivity for the application teams, from testing through production. As ING set standards around self provisioning and educated people about virtualization and cloud services, it became clear that the company was moving toward a service-based IT organization model, which a cloud infrastructure ultimately supports.

"Our job in running technology in banks will be all about managing the portfolio across four segments: our legacy environment, which is a high availability traditional infrastructure; a private cloud infrastructure that provides flexibility, efficiency, scalability and control; hybrid computing environments (that use a mix of internal and external cloud services); and public clouds. Our job is to balance all the aspects of running that portfolio to optimize it as much as we can."

Tony Kerrison, Chief Technology Officer and Head, Infrastructure Services, *ING*

The New Path to Value: Business Analytics and Optimization

Nationwide Mutual Insurance Company

Why did Nationwide need business analytics?

Nationwide Mutual Insurance Company is based in Columbus, Ohio, and is one of the largest diversified insurance and financial services organizations in the United States. The company provides customers with a full range of insurance and financial services, including auto, motorcycle, boat, homeowners, life, farm, and commercial insurance, as well as administrative services, annuities, mortgages, mutual funds, pensions, long-term savings plans, and health and productivity services. The 85-year-old company has 36,000 employees worldwide and with more than 16 million policies, Nationwide is the sixth largest property and casualty insurer in the United States. It is a leader in defined contribution plans and variable annuity products, and is also the largest insurance provider to farm owners.

In 2008, the company was facing insurance marketing challenges as well as the global financial crisis. Internal and external research showed that customer interactions, of which Nationwide has approximately 45 million a year, are one of the most important factors in determining customer satisfaction and renewal in the financial services and insurance industries. These findings, coupled with the company's business strategy of delivering the best personalized experience for its customers, led Nationwide to pursue an analytical approach to improve these interactions.

What was Nationwide's analytics approach?

Nationwide began by creating a multi-year business transformation program called Customer Information Management (CIM), to establish a single enterprise-wide view of its customers' profiles, preferences and interactions. CIM was created to search, view, and update customer information regardless of interaction channel, and to develop and use analytics to deliver a personalized customer experience. The company had more than eight million interactions with its customers each month and these interactions offered rich analytic opportunity, but the information was stored in many disparate systems making business analytics a true challenge.

Implementing the processes to collect and consistently manage customer information was challenging for Nationwide. Another concern was ensuring that every person in the company—from the servicing unit, to the claims department and third parties—had access to individual customer preferences and the analytically created recommendations for them. In 2009, Nationwide centralized its analytics function and looked to its neighbor, The Ohio State University, to help find the necessary talent to meet the increasing demand for better and faster analysis. As a result of this collaboration, the Nationwide Center for Advanced Customer Insights at the Fisher College of Business at The Ohio State University was established. The Center is a mutually beneficial venture, staffed by a Nationwide Executive in Residence, faculty from the departments of Business, Statistics, Psychology and Economics, and MBA and PhD students, who help Nationwide tackle its challenges. In return, Nationwide provides the Center with real case studies to work with and learn from.

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How has the analytics project progressed and what does the future of analytics look like at Nationwide?

Adoption of analytics capabilities has significantly increased at Nationwide and insights that deliver a personalized customer experience have become part of the operating fabric of the company. Utilization of prioritized customer management actions has increased tenfold, to more than four million personalized customer experiences each year, and has improved retention rates by two points.

Nationwide is focused on retaining and deepening customer relationships, growing its business and driving more efficient operations. To achieve these goals, the company has embraced a highly collaborative approach to developing analytic studies by bringing analysts, process experts, business leaders, and information management professionals together.

Nationwide decided to work with IBM because its analytics tools automate many steps in the process and reduce implementaton time significantly. To improve customer experience and operations efficiencies, Nationwide, partnering with IBM, will deploy the next phase of predictive and self-learning analytics.

"The best information and analytic capabilities will not impact customer relationships without the corresponding capability and business processes to act on that information."

Kathy Koontz, Associate Vice President, Customer Analytics Information and Capabilities,
Nationwide Mutual Insurance Company

The Rise of Social Collaboration Computing:
Enabling a Social Business Marketplace for Innovation

CEMEX

What drove CEMEX to embrace social collaboration computing?

CEMEX is one of the largest building materials companies in the world, operating in 50 countries with 47,000 employees and generating $14 billion in annual revenue. A few years ago, CEMEX sought to shift the culture of its company to face challenges and capitalize on opportunities, by engaging its employees to share their ideas and expertise. CEMEX decided to establish a platform for open collaboration—an internal social network with a business focus—and chose IBM's Global Business Services to build it using Lotus Connections. CEMEX then launched Project Shift to bring its global community closer together.

How has CEMEX become a leader in social collaboration computing?

CEMEX began Project Shift with five innovation initiatives and 2,000+ users in April 2010. A year later, it has nine such initiatives, and 20,500 employees have adopted Shift and are virtually sharing opinions, thoughts, information, experience, knowledge and best practices. Since CEMEX has opened the platform to all employees, more than 500 virtual communities with common locations, markets and skill sets have grown organically. Wikis, blogs and discussion forums are being used in each of these communities as a means to solve local problems with global talent, and share and store the knowledge generated.

Tangible results are becoming evident in ways that affect CEMEX's bottom line. Rapid development of new products and a considerable reduction in time-to-market have emerged from this new form of global collaboration. Cost reductions in travel, testing, and research have become possible through the real-time interaction Shift has enabled between CEMEX locations worldwide. A reduction in travel has also greatly reduced CEMEX's CO_2 footprint.

The most important benefits, however, are not easily quantified. They include the adoption of the latest collaboration practices and benchmarks; visibility for employees at all levels of the company based on the quality of their contributions, not their hierarchical position; and a more positive work environment that encourages employees to become engaged and feel they are contributing.

What were the benefits of using IBM's Lotus Connections tool?

Project Shift not only represents new collaboration practices at CEMEX, but also a new concept to generate innovation. Those who have adopted the tool are now discovering how useful all of the available functionalities are in fostering real-time interaction, including knowledge management and progress tracking, to make teamwork seamless and efficient. Teams have discussion forums and wikis to gather data and find solutions to their specific problems, while leveraging the knowledge of the whole network. They also have access to idea jam exercises to post ideas, and then vote for, rank, and prioritize them for implementation. All of these tools empower the employee base, encouraging them to participate in innovation.

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"The partnership between CEMEX and IBM will continue to grow as the Lotus Connections platform has enabled a massive internal change at CEMEX and made a big company look like a small company."

Gilberto Garcia, Innovation Director, *CEMEX*

Mobility and the Workplace of the Future

Hilton

How did Hilton Worldwide become a leader in mobile computing?

Hilton Worldwide is a globally integrated enterprise with ten distinct brands, more than 130,000 employees, and 3,600 hotels in 82 countries. Last year, Hilton launched the Hilton Worldwide Innovation Collaborative—a partnership with IBM and other technology companies around the world—to develop a mobile strategy. Hilton Chief Information Officer, Rob Webb believes that working with partners instead of running Hilton's technology operations internally differentiates the company as an innovation leader in the hospitality industry. Hilton assumed its leadership role in mobile computing when it became one of the first hotel companies to implement free Wi-Fi for its Hilton Honors Gold/Diamond customers.

How did IBM help Hilton?

Hilton Worldwide had selected IBM to run its data center, core reservation system and e-mail system, and in 2010, also began using the IBM Mobile Enterprise Services (MES) platform, which provides a service desk and mobile administrators to Hilton Worldwide employees, including 5,000 BlackBerry users and 1,000 Apple device users. Previously, administrative requests and user problems were handled by an internal service desk, with approximately 75 tickets opened each day. With MES, tickets dropped to five a day, which allowed better utilization of IBM's resources in developing cost-saving solutions for Hilton's mobile telecommunications, for example, in sending roaming alerts that save the company hundreds or thousands of dollars per user.

What does the future of mobile computing look like at Hilton?

The company launched iPhone applications across its brands a few years ago and is close to offering two new custom-built iPad apps, working with IBM and other vendors on the development and infrastructure. The first is a virtual concierge app, which allows guests to order room service, request a car from valet parking, book tee times and learn more about the hotel, with rich video and audio linked into the property management system. The second is a conference app, piloted at an internal owner's conference, which provides attendees with meeting materials, including biographies and photos, and allows them to exchange messages and arrange meetings. Hilton can also push photos and videos to the iPads, update changes in real time, and share operating and customer information with its owners.

Mr. Webb is now expanding Hilton's iPad use at the corporate level, providing them to more than 350 senior executives, and the IT department is piloting business intelligence on the devices for operations reporting. Additionally, Hilton has embarked on an aggressive plan to streamline and link all mobility efforts under a centralized steering committee, to ensure the most innovative and practical applications are developed in a way that is supported, scalable, and global in capability.

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"Corporate, owners and guests are all driving innovation, but there's a pull from the guests. We have to be ready for guests bringing mobile devices into our property."

Rob Webb, Chief Information Officer, *Hilton Worldwide*