

**Message from
the Vice President,
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Marketplace trends are driving fundamental changes in the current business environment: Customers are demanding more personalized service, suppliers are both competitors and partners, competition is fierce and relentless, and global market conditions are growing increasingly complex.

Given these challenges, companies must strive to become on demand businesses. To do this, traditional company value chains and business models must be dramatically transformed, decisions must be made dynamically, and business processes must be able to quickly adapt to execute those decisions. Organizations must be designed to respond immediately to unpredictable economic fluctuations. The transformation to an on demand model will require combining business processes with the evolution in technology—not easily done, but the benefits will far outweigh the effort.

What are the implications of managing an on demand business? Clearly, business operations will change dramatically in the on demand world. Decision makers will obtain information in real-time and will be able to transform that information into business insight that can be quickly acted upon in response to marketplace changes. All of a company's business processes will be integrated into a single business system that can adapt to new conditions; moreover, the company's distribution channel, supply chain, and other processes will be able to automatically change to take advantage of those insights in the most profitable way.

These changes all sound logical, but there are unique challenges in becoming and managing an on demand business: How can a company change its culture and operations to be responsive, adaptable, and resilient? How can a company take advantage of all the changes that becoming an on demand business entails? The answers require a powerful combination of information technology and business knowledge that is focused on horizontal integration. Many companies have already transformed business processes, and in doing so have upgraded their infrastructure and cut costs from their operations, but historically this has been done vertically, business unit by business unit, function by function. In the transformation to e-business on demand, companies will look at a single process such as product development, which cuts across various business units inside and extends to partners and customers outside. If a company can transform that horizontal process and integrate it from end to end, it will have the potential to improve speed and efficiency and the ability to adapt quickly to supply and demand fluctuations.

This transformation requires the kind of technologies and services that IBM is inventing and offering as part of our on demand strategy. It may also require a cultural change for companies that have become comfortable operating in silos. Although taking the initial steps might not be easy, companies that take these steps will quickly realize the benefits of running on demand businesses. The papers in this issue of the IBM Systems Journal present valuable insight into some of the areas that companies will need to address as they begin their own e-business on demand transformations.



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