



# IBM SaaS: Cognitive at the core

## IBM Amplify

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### TBR perspective

Cognitive was the buzzword across IBM Amplify and IBM InterConnect, the conference about cognitive solutions for marketing, commerce and supply chain practitioners and the hybrid cloud conference, respectively, that ran concurrently in Las Vegas. By embedding Watson-backed cognitive solutions into each of the IBM cloud SaaS and PaaS solutions, IBM showcases the value of cognitive solutions, supported by use cases from well-known clients and brands that are using data integration building blocks to capture better business outcomes.

There has been a noticeable change in IBM's targeted customer persona. While large enterprise IT departments still play a critical role in IBM's go to market strategy, line-of-business (LOB) personas, particularly the chief marketing officer (CMO), at companies of all sizes are being targeted more frequently. Further, during the InterConnect keynote, IBM's Arvind Krishna, senior vice president, Hybrid Cloud, touted that over 4,000 startups are on the IBM Cloud.

As machine learning, artificial intelligence (AI) and cognitive become more mainstream and are at the core of an increasing swath of products from both IBM and its peers, the potential for vendor lock-in moves beyond technology stacks and to the data layer. IBM refers to data as "the fuel for AI" and looks to provide its customers with "trusted transactions for everything," underscoring that "your insights are your insights" with the data control, locality and isolation features that IBM offers to its customers.

"The best cognitive could do is to bring ideas and information in an organized way, the way I want," said Rich Lesser, CEO of The Boston Consulting Group (BCG). Lesser's statement highlights the benefits of utilizing IBM's cognitive solutions, as well as the importance of having an end-to-end view into the consumer life cycle. This, as well as the ability of cognitive solutions to connect the right data at the right time, has resonated through Amplify events for several years, showcasing the importance of the end user's ability to navigate a data lake without the help of Watson.

## IBM Amplify 2017 overview and highlights

IBM brought together its marketing, commerce and supply chain applications and rebranded the portfolio as Watson Customer Engagement. Watson Customer Engagement was the focal point of IBM Amplify 2017. IBM executives were passionate about helping their end users, most often LOB users in these three areas, to more easily consume cognitive-backed applications that would improve their day-to-day work lives and better achieve their strategic business goals. For example, the IBM Watson Content Hub was built from the beginning as a cloud-native SaaS application because the world of digital content management is now so much more than the web and needs to be managed. Also, IBM publicized during Amplify that its Watson Marketing Assistant was launched in beta.

Another LOB-oriented application was announced at InterConnect, IBM's Digital Business Assistant. The new solution uses Watson cognitive technology and links to data sources that LOBs care about most, like Box, Gmail and Salesforce, among others. The application proactively detects potential complications in business situations and either alerts the user and makes a recommendation, or automatically rectifies the situation. As time goes on, the application continually improves its understanding of the individual user and can make even more informed recommendations and decisions.

In addition to the product announcements and updates, IBM announced key customer wins and case studies as a testament to the successes of its Watson Customer Engagement SaaS portfolio, including:

- Retailer 1-800-Flowers.com is utilizing IBM's Watson Customer Engagement Suite and has created a Watson-backed gift concierge for its online customers. Further, the retailer is utilizing the IBM Cloud Payment Gateway solution to help facilitate customers' online payments.
- Women's fashion retailer Charlotte Russe looked to IBM last year to better organize its online order processing system around the holiday season. The retailer notes Watson Customer Engagement solutions were up and running within seven months, including the implementation of the IBM Order Management solution, with the help of the IBM Holiday Readiness team.
- Performance Bicycle, a key customer highlight at both the 2016 and 2017 Amplify events, utilizes Watson Customer Engagement, particularly Watson Content Hub and Watson Customer Experience Analytics, to improve the service given to and experience for the bicycle retailer's customers.
- Titan Company Limited, an India-based watch manufacturer, is utilizing a suite of Watson Customer Engagement solutions to expand its customer base and increase share of wallet among its existing base.

## Blockchain buzz bled through InterConnect and into Amplify

Blockchain is more than a buzzword now, with use cases and success stories being touted by IBM and its peers as the market begins to accept the otherwise nascent technology. Despite Amplify being less focused on technology and more focused on end users and how technology helps business, blockchain was a particularly interesting theme throughout the conference, especially when discussing the supply chain piece of the Watson Customer Engagement portfolio. Blockchain and cognitive, together, serve to transform labor interactions in the economy in much the same way that cloud enablement has shifted and accelerated the movement of data flows. In short, the human side of IT needs to transform to align to the new ways the data side of IT can move throughout organizations as well as their customers and partners. Blockchain and cognitive allow for automated check points so the human approvals of transactions can happen as quickly as the data layer moves.

Supply chain solutions and blockchain together help provide the same version of the truth in real time for all parties involved. Jeanette Barlow, IBM VP Strategy and Offering Management, Supply Chain, indicated that bringing blockchain to supply chain solutions is a key route to market as supply chain organizations are already connected to and trusting of each other. “It is a shared version of events and immediate, so it improves the process across the supply chain,” she said. Barlow is committed to supporting blockchain in her portfolio, and we expect to see product updates and announcements from IBM related to this within the next 12 to 18 months.

## **Watson Customer Engagement is the bright spot in IBM’s SaaS portfolio**

While IBM ranks among the top vendors in the cloud market, and has for some time, TBR believes the company continues to struggle in developing and bringing to market its SaaS solution sets and portfolio. In prior years, while public cloud pure plays such as Salesforce and Marketo homed in on their marketing cloud strategies and appealed to the LOB user, particularly the CMO, IBM appealed more to the IT department, focusing on the IaaS and PaaS layers. But TBR believes the company has made strides in bridging the gap and appealing to both IT departments and LOB users. IBM events continue to showcase the shift in corporate strategy from focusing on the services opportunity around SaaS, as it did at Smarter Commerce Global Summit three years ago, to focusing on ease of use and instant access to these all-cloud-based solutions during the Amplify 2016 and 2017 events. On top of the industry marketing focus that has been at the core of its go to market for decades, IBM developed the overlay segmentation by user persona as new technologies continue to pressure labor skills, and therefore IBM has begun packaging its various composable assets around specific job roles that touch cognitive technologies.

IBM’s prior investments in SaaSifying its software portfolio, particularly WebSphere, and in the acquisitions of companies such as Cognos, Unica, Tealeaf, Silverpop, Xtify, Coremetrics and DemandTec, laid the foundation upon which IBM is building its SaaS portfolio. At IBM Amplify 2016 and again in 2017, each solution announcement and update promoted ease of use for the end user and interoperability and a common user interface throughout the portfolio. This is a notable change in IBM’s SaaS portfolio from years prior, and in the way the company goes to market, particularly as IBM has historically appealed to the large enterprise IT department and is now appealing to the LOB user at organizations of all sizes. IBM is also unifying its customer experience elsewhere in the cloud stack, bringing SoftLayer into the Bluemix portfolio and brand and allowing a single sign-on and user experience across the PaaS and IaaS layers.

TBR’s end-user research, including the Cloud, Digital and Analytics & Insights Customer Research programs, finds that over the past year and a half, the LOB user has gained significant influence in SaaS purchases across the board, whether for marketing, analytics, CRM, ERP or any other SaaS workload. This is due in part to LOB users’ ad hoc, often unsanctioned adoption of SaaS solutions that cater to some of the same, specific personas IBM identifies at these events such as a CMO. Such actions have forced communication and compromise between IT departments and LOB departments regarding cloud adoption and the control and funding of these solutions such that all are sanctioned and optimized across the organization.

This, in our opinion, is where cloud brokerage tools become critical, particularly for less centralized organizations that seek to meter and charge cloud expenses back to each department based on usage. Free trials and freemium models of SaaS purchasing help empower the LOB user, as they highlight the



benefits of the solution during the trial period, which helps promote onboarding. After the trial period, however, it is critical for IT and LOB departments within organizations to reach an agreement as to whether a solution will be onboarded, particularly any solution that brings together various data points, to make sure data is secure and being utilized in the most optimal way for better business outcomes.

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