

# Quantifying the Value of Financing IT Analytics Solutions

Sponsored by IBM

[info@cabotpartners.com](mailto:info@cabotpartners.com)

Ravi Shankar, Ph.D., MBA, Srinu Chari, Ph.D., MBA,

September 2018

## Executive Summary

*The speed and scope of the business decision-making process is growing because of several emerging technology trends in Cloud, Analytics, Social, Mobile, the Internet of Things (IoT) and Artificial Intelligence/Machine Learning (AI/ML). Of these intertwined trends, Analytics is a critical game-changing business opportunity with AI/ML experiencing significant growth.*

*With successful Analytics solutions, companies can deliver exceptional customer experience, enhance marketing effectiveness, increase operational efficiencies, reduce financial risks, improve product quality and reliability, etc. But these businesses are also challenged to make a compelling financial business case and manage the higher than normal risks and rewards inherent in their Analytics investments. Financing is an effective way to do this.*

*With financing, companies can conserve cash, get early access to new technologies, refine precise solution needs and stage investments before committing large capital outlays, exit unprofitable projects for a fee and minimize losses and economically upgrade to the most current hardware without worrying about outdated technologies. Financing also allows clients to better align their cash outflows with benefits as they progress on their Analytics journey from descriptive to predictive to prescriptive including AI/ML.*

*As the world's largest captive information technology (IT) financier, IBM Global Financing provides a simple single financing solution with necessary funding approved upfront for IBM and appropriate non-IBM components. Cash outlays can be matched to benefits and specific milestones with attractive interest-rate protection. IBM Global Financing also provides asset disposition solutions and refurbished equipment to help clients with environmental and other corporate responsibilities. IBM Global Financing is an excellent choice for financing Analytics initiatives.*

*The three-year business case analysis presented in this paper compares the financial metrics for an IBM Analytics implementation project with and without IBM Global Financing for three Analytics solution sizes and investments – small, medium and large. The quantitative model incorporates scaling factors for lower failure risks and greater rewards in later years as the solution succeeds and matures. Unsuccessful projects contribute to sunk costs which could be smaller with Financing even when early termination costs (only for some hardware) are considered. The IT Solution Value Predictor especially developed for IBM Global Financing by Cabot Partners automates the application of this model.*

*The analysis makes a compelling case for clients to choose IBM Global Financing for Analytics project implementations. The Payback Period (PP) is 2 to 4 times lower, the Internal Rate of Return (IRR) is 4 to 11 times better and the Return on Investment (ROI) is about 67% to 107% higher with IBM Global Financing.*

Copyright© 2018. Cabot Partners Group, Inc. All rights reserved. Other companies' product names, trademarks, or service marks are used herein for identification only and belong to their respective owner. All images and supporting data were obtained from IBM or from public sources. The information and product recommendations made by the Cabot Partners Group are based upon public information and sources and may also include personal opinions of both Cabot Partners Group and others, all of which we believe to be accurate and reliable. However, as market conditions change and not within our control, the information and recommendations are made without warranty of any kind. The Cabot Partners Group, Inc. assumes no responsibility or liability for any damages whatsoever (including incidental, consequential or otherwise), caused by your or your client's use of, or reliance upon, the information and recommendations presented herein, nor for any inadvertent errors which may appear in this document. This paper was developed with IBM funding. Although the paper may utilize publicly available material from various vendors, including IBM, it does not necessarily reflect the positions of such vendors on the issues addressed in this document.

Cabot Partners Group, Inc. 100 Woodcrest Lane, Danbury CT 06810, [www.cabotpartners.com](http://www.cabotpartners.com)

**Cabot**

**Partners**

Optimizing Business Value

## Analytics Helps Organizations Produce High Value Insights ...

The relentless rate and pace of technology-enabled business transformation and innovation are astounding. Several fast-growing intertwined technology trends – Cloud, Big Data Analytics, Social, Mobile, Internet of Things (IoT) and Artificial Intelligence/Machine Learning (AI/ML) with an estimated compound annual growth rate (CAGR) of 54.4%<sup>1</sup> – continue to be profoundly disruptive, reshaping the economics of the information technology (IT) industry and the needs of customers.

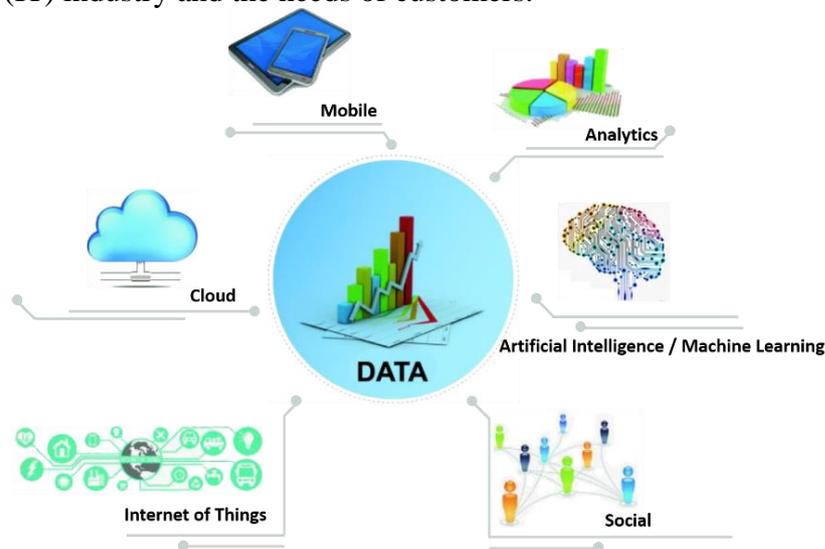


Figure 1: The Intertwined Technologies of Cloud, Social, Mobile, IoT, Analytics and AI/ML

By 2025, the world is expected to have a total of 180 zettabytes of data (or 180 trillion gigabytes), up from less than 10 zettabytes in 2015<sup>2</sup>. In 2018, about 4.3 exabytes (10<sup>18</sup> bytes) of data is expected to be created daily – over 90% will be unstructured<sup>3</sup> including language-based data (e.g. emails, Twitter messages, books) as well as non-language-based data (e.g. images, slides, sensor data, audios, videos).

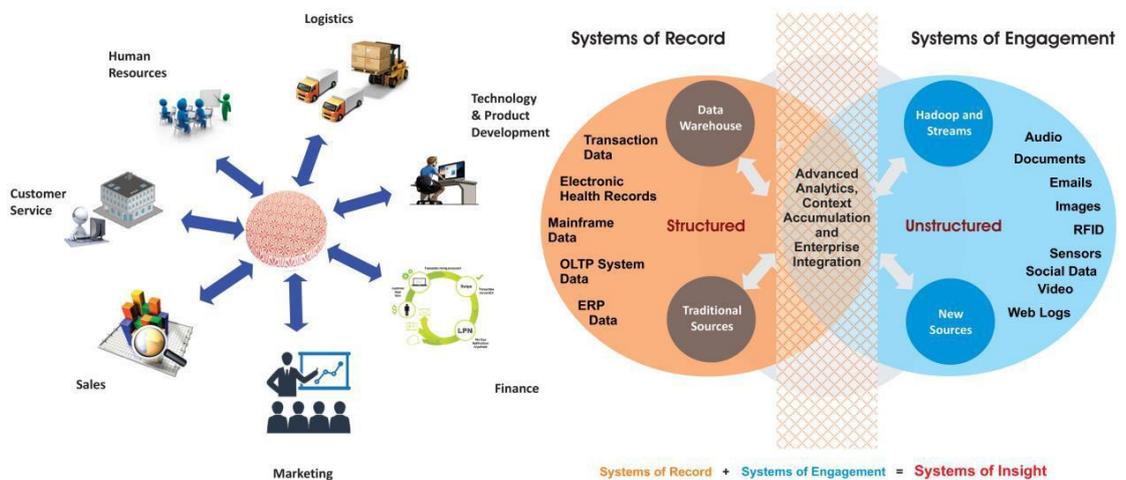


Figure 2: High Value Insights from Enterprise Integration of Structured and Unstructured Data

Organizations have a lot of internal data in the back office (Systems of Records) and are gathering a lot more through stakeholder interactions (Systems of Engagements). All this voluminous data can be static or dynamic and exist in a variety of forms: structured (in existing enterprise IT systems like customer relationship management (CRM), inventory, and billing, etc.), unstructured (audio, video, social media, email, chats, etc.). Analytics enables organizations to frame strategic business questions and combine Systems of Records with Systems of Engagements to produce new High Value Systems of Insights.

<sup>1</sup> <https://www.idc.com/getdoc.jsp?containerId=prUS42439617>

<sup>2</sup> "IoT Mid-Year Update from IDC And Other Research Firms." Gil Press, Forbes, August 5, 2016

<sup>3</sup> <https://storageservers.wordpress.com/2016/02/06/how-much-data-is-created-daily>

AI and  
Machine  
Learning  
CAGR of  
54.4%

Analytics  
produces high  
value insights  
but data  
volumes  
exploding

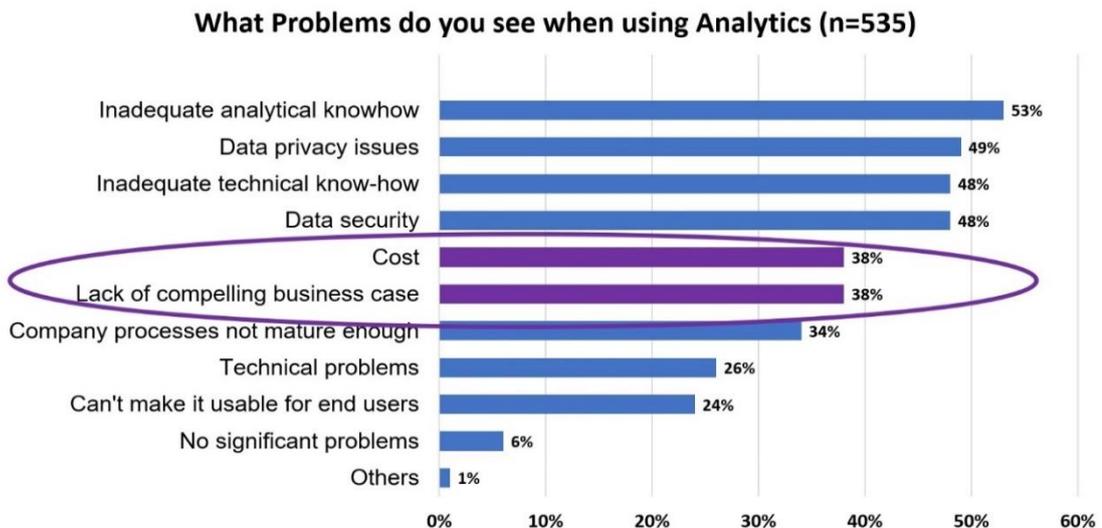
Integrating  
systems and  
data across the  
enterprise  
increases value  
from analytics

*Economic value from analytics is immense*

Businesses are investing in analytics to improve customer experience and loyalty, discover new revenue opportunities, detect fraud and breaches, enhance product quality, improve patient outcomes, mitigate financial risks, and more. Likewise, analytics helps governments respond faster to emergencies, analyze terrorist threats better and more accurately predict the weather – all of which are vital for national security, public safety and the environment. The economic value of analytics is immense.

### ... But Financial Justification of Analytics Investment is Crucial

Financial justification is becoming crucial with the increasing involvement of business users and executives in the buying process of IT solutions especially analytics.<sup>4,5</sup> Figure 3 reinforces this conclusion and depicts the results of a recent survey.<sup>6</sup> The implementation costs of analytics projects and the lack of compelling business cases to justify the cost and benefits are problems that are definitely on the mind of IT, finance and business executives.



**Figure 3 Survey Results Indicating the Importance of a Business Case for Analytics Initiatives**

There are several recent studies quantifying the business value and return on investment (ROI) obtained from analytics solutions that range from 250% to over 1000%<sup>7,8</sup>; with a substantial increase in ROI as the solution matures. But, there are also associated risks of failure which could be substantial with analytics implementations. In fact, even well-planned analytics projects have up to 60% failure rate<sup>9</sup>. This is not surprising, as most emerging technologies in early adoption phases typically have a high risk to reward ratio, making the associated financial business case even more critical. Financing IT Analytics solutions is one effective way to lower risks while keeping the rewards intact. This is like a recent college graduate (who must commute for their first job) leasing a car versus buying a car. The financial commitment is still there but he/she doesn't have to risk large amounts of capital on day 1 that he/she may not have.

### Why Finance IT Analytics Solutions?

Many businesses particularly medium-sized businesses implementing IT solutions face an important decision on whether to buy or finance. There are many technical and business considerations that may influence this key decision. Businesses must use a comprehensive cost-benefit analysis framework to evaluate their IT investments objectively. Relevant financial metrics such as ROI, Total Value of Ownership (TVO), Net Present Value (NPV), Internal Rate of Return (IRR), and others over several years must be computed and

<sup>5</sup> [https://www.capgemini-consulting.com/resource-file-access/resource/pdf/big\\_data\\_pov\\_03-02-15.pdf](https://www.capgemini-consulting.com/resource-file-access/resource/pdf/big_data_pov_03-02-15.pdf)

<sup>6</sup> <https://bi-survey.com/challenges-big-data-analytics>

<sup>7</sup> <http://public.dhe.ibm.com/software/analytics/spss/marketing/events/idc-business-value-pa.pdf>

<sup>8</sup> <http://nucleusresearch.com/press/roi-of-business-analytics-increases-significantly-as-solution-matures/>

<sup>9</sup> <https://www.networkworld.com/article/3170137/cloud-computing/why-big-data-projects-fail-and-how-to-make-2017-different.html>

*Comprehensive cost-benefit analysis needed for analytics investments*

*Analytics investments have very high risks and rewards... Financing helps lower risks while keeping rewards intact*

compared. This helps justify investment decisions, improves the IT organization's effectiveness and deepens collaboration between Business and IT.

For IT solutions including Analytics, some key benefits of financing include:

- Cash conservation through financing allows businesses to hold onto more cash to take advantage of other investment opportunities and navigate changing business conditions
- Lowers acquisition price barriers, providing early access to new technologies to develop and nurture additional innovative business opportunities
- Better handle on true IT solution needs before committing a lot of capital to a purchase
- Staged financial commitments with early exits for unprofitable projects to mitigate losses (some companies including IBM sometimes offer early termination for a fee for hardware. IBM also provides global asset recovery services (GARS) for some hardware)
- No burdens with disposing of used and out of date equipment
- Greater flexibility of choice to economically upgrade to the most current technologies to help drive additional business value and greater productivity and efficiencies.

Many successful analytics projects begin generating significant benefits after an initial ramp-up period of about two to three quarters. Financing allows companies to better align their cash outflows to the benefits as the solution becomes successful and matures (Figure 4 depicts a typical medium sized analytics configuration). If benefits do not accrue, with financing, the company may have some flexibility to either terminate the lease or loan for a fee or try out an alternative solution approach. This is sometimes offered for some hardware components.<sup>10</sup> Whether the analytics project is successful or not, with financing, companies can minimize capital investment risks while maximizing their business benefits.

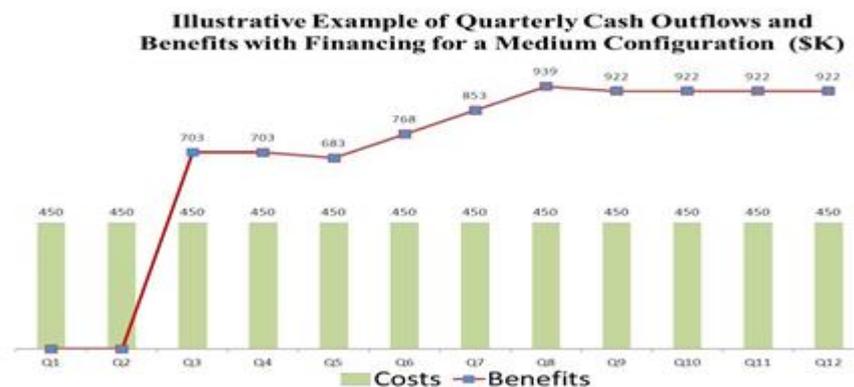


Figure 4: Quarterly Cash Outflow with Financing Aligns Better with Benefits Realized (\$K)

There are several choices to finance IT solutions. But if a company has already decided to implement an IBM Analytics solution, they would be better served by financing from IBM Global Financing, the world's largest captive IT financier.

## IBM Global Financing – the Right Choice

IBM Global Financing offers custom payment plans to companies to manage their capital and highly-skilled resources very effectively. With a global reach, deep technology expertise and industry-leading financial services, IBM Global Financing is the right choice for credit-qualified clients of all sizes for the following reasons:

- Reduces complexity and provides a simplified single solution and financing for IBM and non-IBM content
- Mitigates a range of business and technology risks inherent in purchasing and deploying IT solutions for Analytics initiatives

<sup>10</sup> <https://www.ibm.com/financing>

Financing analytics solutions have numerous benefits

Financing analytics allows companies to better manage capital investment risks and rewards

With global reach and deep technology expertise, IBM Global Financing is the right choice

- Improves critical time-to-business value, because all necessary funding is approved and available, up front
- Lowers net cash outlay (sometimes even zero cash outlay) from the initial installation period to the projected realization of operational benefits with budget certainty by:
  - o Matching cost outlays to anticipated benefits with tailored repayment terms
  - o Consolidating and structuring payments in line with expected project milestones and funding requirements, helping better manage the uncertainties of project timing and cash outlays
  - o Providing for fixed-rate financing, with interest-rate protection as required.

IBM Global Financing also understands the environmental issues that affect business and IT and can help clients with corporate responsibility and profitability. By providing comprehensive funding solutions, asset disposition strategy, and refurbished equipment as an alternative, IBM Global Financing helps clients optimize data-center space, minimize energy consumption, and reduce costs for Analytics projects for the entire solution stack (Figures 5 and 6 in next page).

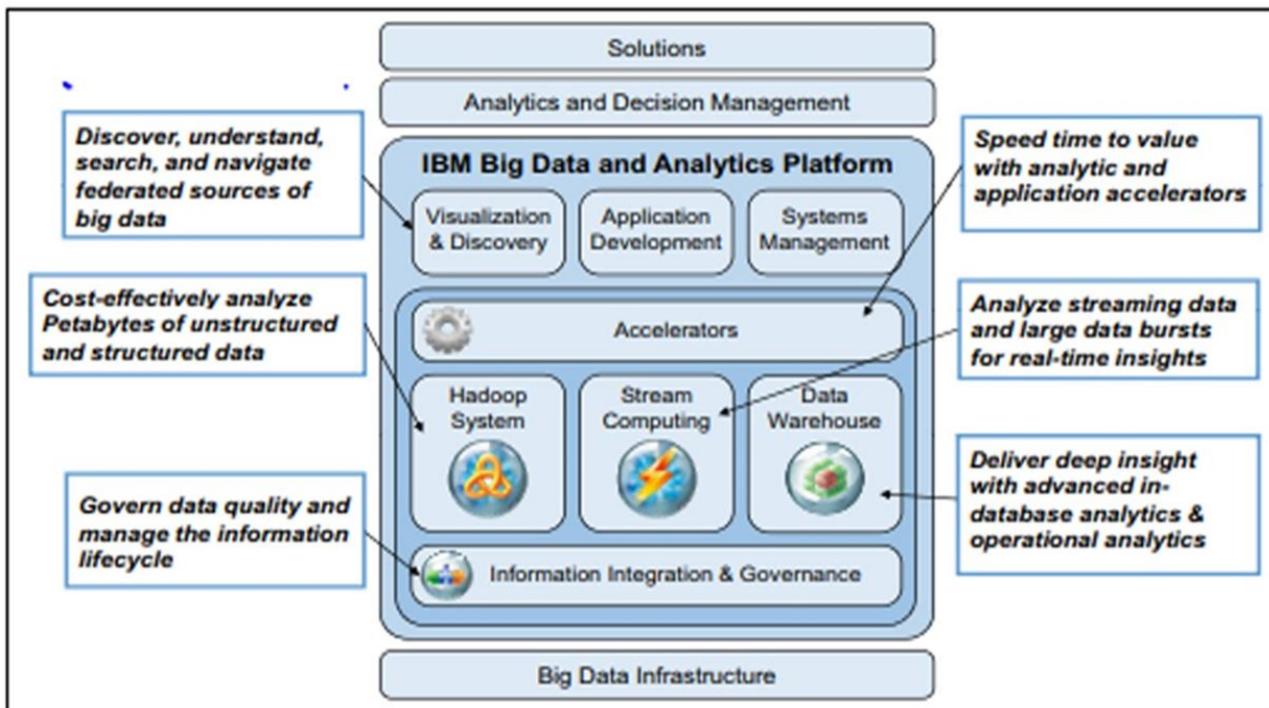


Figure 5: Big Data Analytics Solution Stack Ranging from Services, Software and Systems

Since analytics solutions are still evolving and have a higher risk-reward profile than typical IT solutions, IBM Global Financing offers some unique value<sup>11</sup> that clients should seriously assess and consider using a quantitative business case model.

## Considerations for a Quantitative Business Case Model

The majority of data doesn't offer much value unless iteratively and progressively analyzed by the user and the system to produce powerful insights and recommended actions to produce the best outcome. In today's analytics holy grail, the system (IBM Watson is a notable example) constantly sifts through data, discovers insights and tells the user the best course of action.

The analytics landscape continues to evolve rapidly; giving clients unprecedented capabilities to progressively solve complex problems and get higher rewards. But the risks are also higher. Figure 6 depicts this current landscape by analytics type, risk, reward and time-criticality.

<sup>11</sup><http://www.ibm.com/financing/us/big-data-and-analytics/index.html>

*Reduces complexity, mitigates risks and lowers cash outlay*

*IBM Global Financing offers value across the entire analytics solution stack*

*To get value, data must be analyzed for actionable insights*

Predictive and Prescriptive have the highest risks and rewards

The analytics landscape is evolving rapidly; with higher risks and rewards

From data to descriptive to diagnostic to predictive to prescriptive with AI and Machine Learning

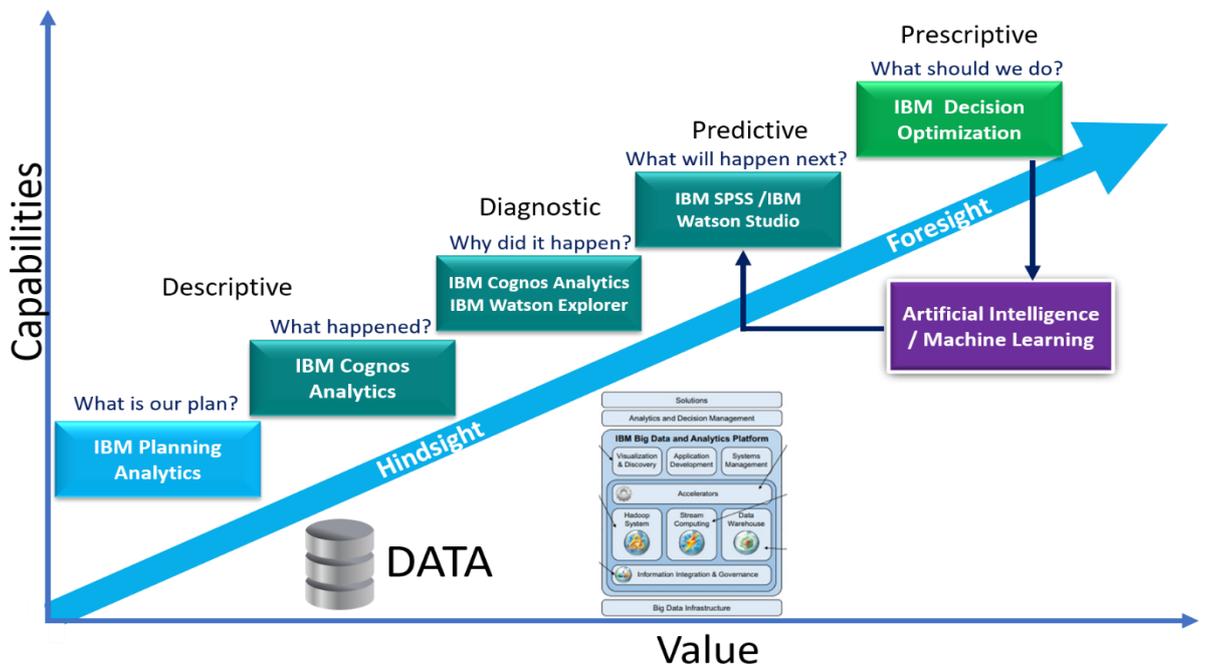


Figure 6: A Client's Analytics Journey from Data to Insights to Knowledge to Best Actions

**Data** is fundamental in any analytics initiative. A data warehouse is typically built to capture, store, secure, retrieve and manage the raw and processed data. Today, data warehousing is widely used by clients and traditional implementations are usually low risk activities. Modern warehouses with newer technologies such as Hadoop<sup>7</sup> and Apache Spark are riskier to implement. But unless data is converted to insights, there is little reward.

**Descriptive** analytics is dominant today and with low to medium risk and reward. It condenses data into nuggets of insights summarizing what happened. Social media analytics is one prominent descriptive analytics example.

**Diagnostic** analytics examines and drills down into data in greater detail to understand the causes of events and behaviors and determine why did it happen.

**Predictive** analytics (medium risk and reward) uses a combination of several statistical, modelling, data mining, and machine learning techniques to analyze data to make probabilistic time-critical forecasts about the future. Weather prediction and customer sentiment analysis are some noteworthy predictive analytics examples.

**Prescriptive** analytics goes beyond descriptive and predictive analytics. It recommends one or more courses of action and the likely outcome of each action, including the usually time-critical "next best action". IBM's Predictive Customer Intelligence solution is one example<sup>12</sup>.

**AI/Machine Learning** systems continuously build knowledge over time by processing natural language and data. These systems learn a domain by experience just as humans do and can discover and suggest the "best course of action"; providing highly time-critical valuable guidance to humans. IBM's Watson is the premier AI system in the market today<sup>13</sup>.

<sup>12</sup> <http://cabotpartners.com/Downloads/infrastructure-for-predictive-customer-Intelligence-June-2015.pdf>

<sup>13</sup> <http://www.ibm.com/smarterplanet/us/en/ibmwatson?re=CS1>

Prescriptive analytics and AI computing have the highest risk-reward profiles and generally require larger investments.



Figure 7: Integrating analytics across the Enterprise – Large Investment, Risk and Reward

Another key determinant of investment and risk-reward level is the size of the organization. A small investment with lower risks and rewards may suffice for small and medium businesses (or specific departments in an enterprise). However, larger enterprises that integrate analytics deployments across multiple departments (Figure 7) may require larger investments and could be riskier but with greater reward potential.

The quantitative model developed here considers a wide range of analytics solution scenarios and configurations for financing from IBM Global Financing. The [IT Solution Value Predictor](#) especially developed by Cabot partners automates the application of this model.

## [IT Solution Value Predictor](#)

The IT Solution Value Predictor uses a comprehensive cost-benefit analysis framework to help clients evaluate their IT investments objectively. The projected Total Value of Ownership (TVO) and key financial metrics over several years (typically three) are computed. This holistic framework helps to build a business case to justify investment decisions, improve IT organization's effectiveness and deepen collaboration between Business and IT organizations. IT Solution Value Predictor tool specifically developed for IBM Global Financing by Cabot partners automates the application of the model.

To demonstrate the benefits of using the IT Solution Value Predictor tool, an IBM Analytics solution implementation is compared with and without IBM Global Financing.

The input parameters that go into the IT Solution Value Predictor tool are:

### *Implementation of Analytic Solutions / Business Imperative by Industry*

The IT Solution Value Predictor addresses business challenges/imperatives corresponding to twelve industries. For illustrative purposes, **Healthcare and Lifesciences** has been selected and clients typically deploy analytics for the following imperatives:

1. Detect Claims Fraud
2. Improve Clinical Outcomes and Diagnoses
3. Enhance Operational Efficiencies
4. Personalize Treatments and Therapies
5. Discover New Drugs
6. Comply with Regulations

*Integrating analytics across the enterprise increases risks and rewards*

*A unique Value Predictor tool for IBM Global Financing for analytics solutions*

*The Value Predictor illustrated for a Healthcare analytics example*

*Sponsored by IBM*

For illustrative purposes, “**Enhance Operational Efficiencies**” has been selected as the business imperative.

### Analytics Project Type

Four specific Analytics types are considered (Figure 6). These are in increasing order of capabilities and value creation. But they also correspond to greater risks and deployment complexity/costs. This is considered in the TVO model. For illustrative purposes, “**Descriptive**” and “**Predictive**” have been selected as the analytics project types.

### Investment Range

The TVO model developed for the base case is for a three-year horizon. It starts with the size of the solution and investment. Three sizes are considered: Small (\$100K to \$500K), Medium (\$500K to \$3M) and Large (\$3M to \$10M). The model assumes that value delivered by the IT Solution increases with the size of investment when other variables are unchanged.

### IT Solution Mix:

The model provides the flexibility to specify the ratio of Hardware, Software and Services. The model assumes that the value delivered by Software is greater than Services which is greater than Hardware. For illustrative purposes, the IT Solution Mix is: **Hardware (20%), Software (40%) and Services (40%)**. Table 1 details the solution sizes and associated costs assumed for the three cases.

Investment	Small	Medium	Large
Hardware	\$60,000	\$200,000	\$1,000,000
Software	\$120,000	\$400,000	\$2,000,000
Services	\$120,000	\$400,000	\$2,000,000
<b>Total</b>	<b>\$300,000</b>	<b>\$1,000,000</b>	<b>\$5,000,000</b>

Table 1: Analytics Solution Sizes and Associated Costs

### Investment Capital Risks

The model estimates the corresponding risk-weighted benefits from the value delivered if the initiative is successful. This is consistent with several recent industry studies. The larger the solution/investment size, the greater the value and risk. This value is distributed as risk-weighted benefits in the form of quarterly cash inflows. These inflows accrue quickly after an initial ramp-up period of a few quarters; stabilizing to a uniform value in latter quarters.

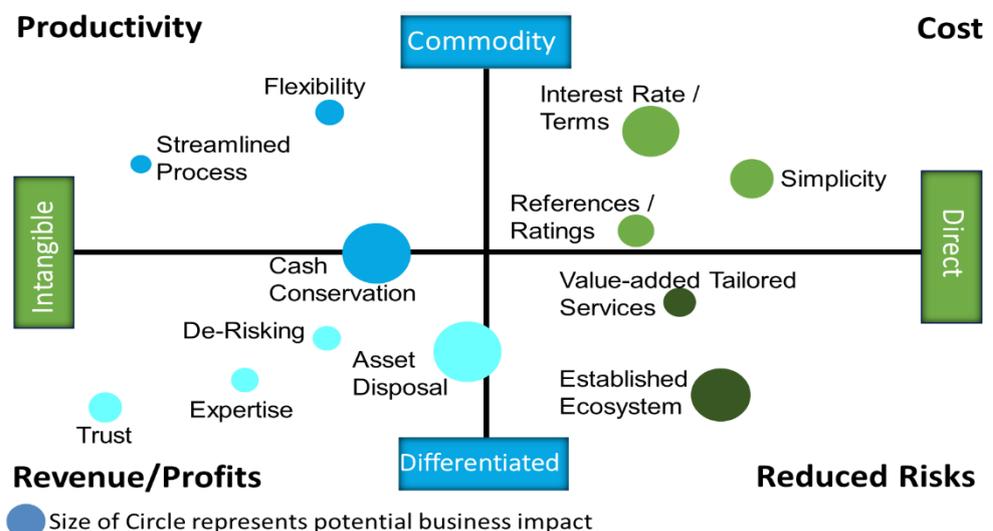


Figure 8: TVO Cost and Value Drivers for Analytics and Financing

Variables include: Industry, Business Imperative, Project Type, Investment Range and IT Solution Mix

Small, medium and large solution configurations with hardware analyzed

TVO model considers Cost, Productivity, Revenues/ Profits and Risks

## Value Drivers and Client Personalized Value

Figure 8 (previous page) depicts the inter-related value drivers that impact the TVO delivered. IBM Solution value drivers include Ease of Administration/Deployment, Trust, Expertise, Value Added Tailored Services and Established Ecosystem. Financing value drivers include Interest rates/Terms, Streamlined Process, Cash Conservation, De-Risking, Asset Disposal, References/Ratings and Simplicity.

Figure 9 depicts the IT Solution Value Predictor which consolidates these input value drivers and then computes business benefits and client value: Lower Costs, Improved Productivity, Higher Revenues/Profits and Reduced Risks.

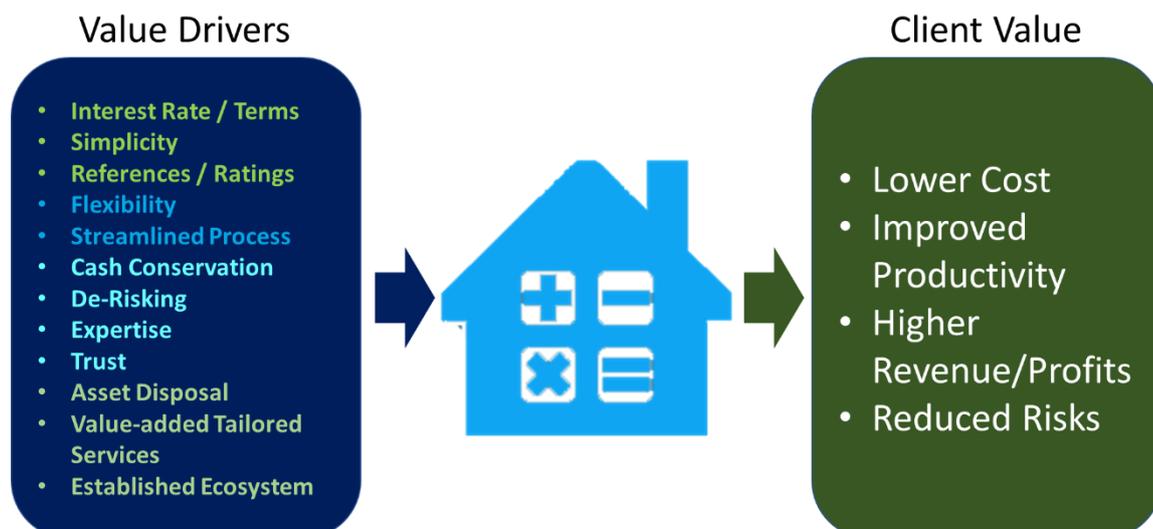


Figure 9: Value Drivers and Client Personalized Value

The value drivers quantify business impacts using best practices industry data, targeted industry expert interviews and secondary research as follows:

**Ease of Administration/Deployment:** Faster deployment generates more profits and contributes to the value sooner. Easier administration lowers the total cost of ownership while improving data scientist productivity.

**Ratings/References:** Improves trust and demonstrates Expertise.

**Trust/Expertise:** Predict the number of hours you could save through more reliance on and better collaboration with IBM during the lifespan of financing. Better business growth and enhanced productivity by leveraging deep expertise that exists in IBM around technologies and industries to build your specific IT solution faster and with higher quality.

**Value-added Tailored Services/Established Ecosystem:** Predict the number of hours you could save by selecting IBM or certified IBM Business Partners with an excellent track-record and deep expertise for the IT solution. Better business growth and enhanced productivity (faster time to value) in your solution deployment.

**Flexibility/De-Risking:** Could help you lower your acquisition price barriers, providing early access to new technologies to develop and nurture additional innovative business opportunities. May give you a better handle on true IT solution needs before committing a

Many interrelated cost and value drivers considered in the TVO model

Lower Costs, Improved Productivity, Higher Revenues/Profits and Reduced Risks.

Value drivers include: ease of administration and deployment, trust/expertise, tailored services, established ecosystem, flexibility and de-risking

lot of capital to a purchase. Could help stage financial commitments with early exits (only for some hardware) for unprofitable projects to mitigate losses.

**Cash Conservation:** Allows a client to hold onto to more cash to potentially take advantage of other investment opportunities and navigate changing business conditions.

**Asset Disposal:** There are no additional burdens with disposing of used and outdated equipment and clients have greater choice to economically upgrade to the most current technologies to help drive additional business value and greater productivity and efficiencies.

**Streamlined Process/Simplicity:** Saves time in the Financing transaction. Enhances productivity.

**Interest Rates (Geography dependent)/Term:** Lower rates not only reduce payments but also conserve cash that is either scarce or can be deployed more effectively elsewhere in the business to produce a superior return. Longer Financing term drives more value.

### IT Solution Value Predictor Tool Output

For each case, the tool calculates the following Key Financial Metrics:

**Payback Period (Breakeven Period)** is the length of time (quarters) required to recover the cost of an investment.

**Net Present Value (NPV)** is the difference between the present value of cash inflows and the present value of cash outflows i.e. the value in today's dollars.

**Return on Investment (ROI)** for a fixed time horizon (usually 3 years) measures the gain or loss generated on an investment relative to the money invested.

**Internal Rate of Return (IRR)** is the discount rate at which the NPV of all the cash flows (both positive and negative) from a project or investment equals zero. At a bare minimum, the IRR should be higher than the discount rate for making a worthwhile investment.

## Discussion and Results Valuing IBM Global Financing for Analytics

Analysis/results using the IT Solution Value Predictor tool make a compelling case for clients to choose IBM Global Financing for implementing analytics solutions.

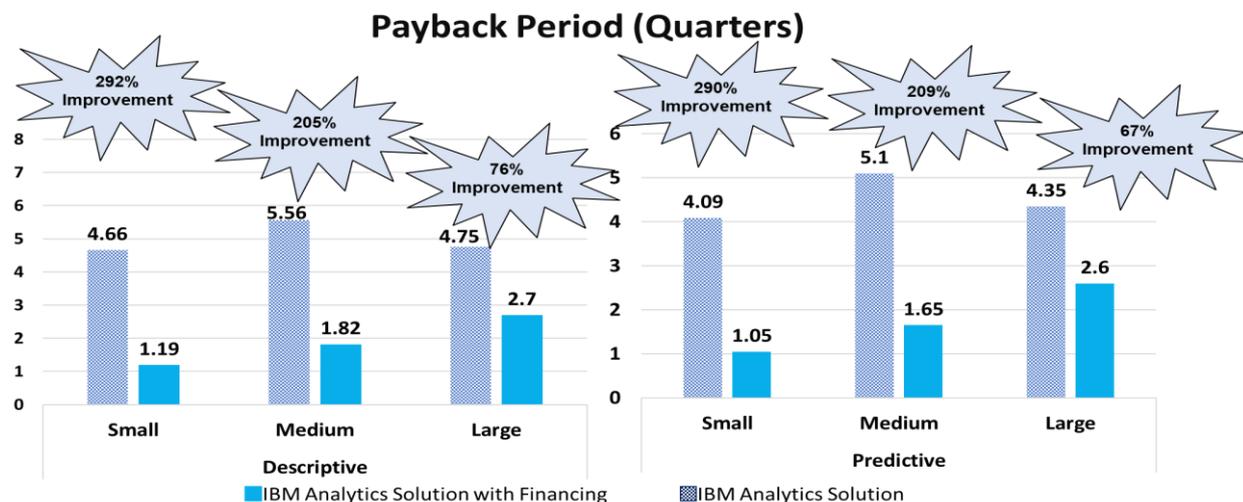


Figure 10: IBM Global Financing Delivers up to 290% Improvement in Payback Period

Additional value drivers include: cash conservation, asset disposal, streamlined process and interest rates

Payback Period, ROI and Internal Rate of Return (IRR) are key financial metrics calculated

Payback Period 2 to 4 times lower with IBM Global Financing

Figure 10 (previous page) depicts the Payback Period (in quarters). Across the spectrum, Payback Period for IBM analytics solutions with IBM Global Financing is less (superior) compared to the implementation without IBM Global Financing. For smaller size implementations, the Payback Period is much less compared with larger implementations because of the higher investment amount that needs to be recovered in larger implementations. The Payback Periods are in the same range for comparable implementations for both Descriptive and Predictive cases.

Figure 11 shows that the ROI for an IBM analytics solution with IBM Global Financing is much superior to an implementation without IBM Global Financing. The difference in ROI ranges from 67% to 107%. Larger implementations have a higher ROI compared to smaller implementations – highlighting the improvements in value as clients scale their analytics footprints.

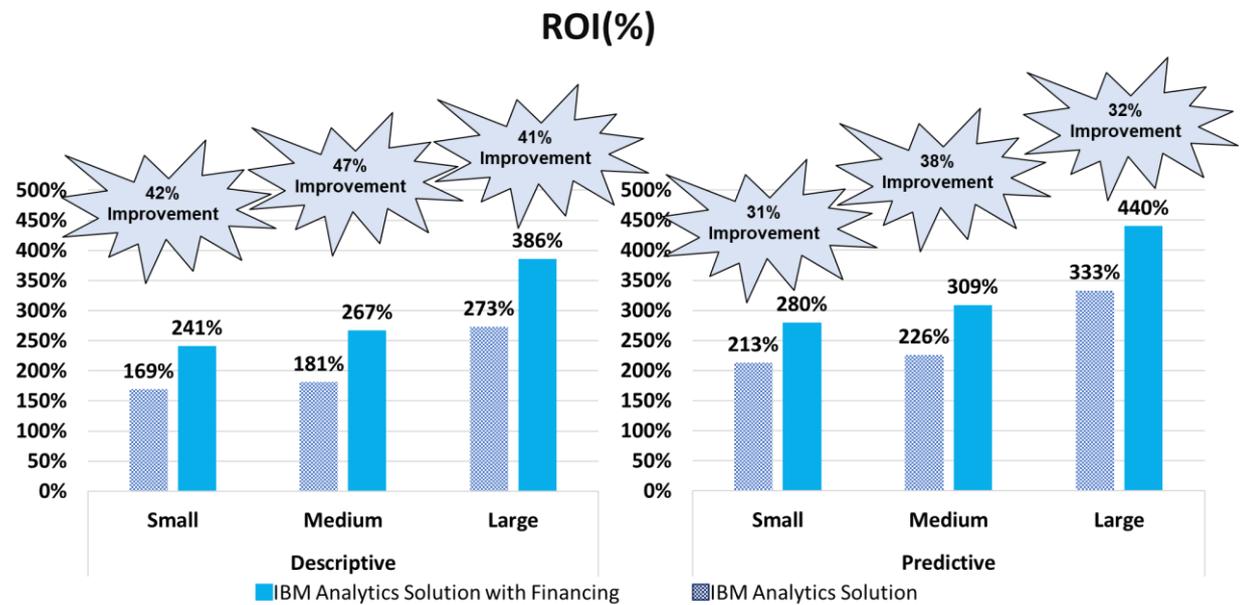


Figure 11: IBM Global Financing Delivers up to 47% Improvement in ROI

Figure 12 depicts the IRR for the various cases. Compared with other financial metrics, the IRR is much higher ( about 4 to 12 times) for an IBM analytics implementation with IBM Global Financing. The IRR advantage is more pronounced for Predictive compared to Descriptive. Predictive projects are typically more complex but also deliver more value.

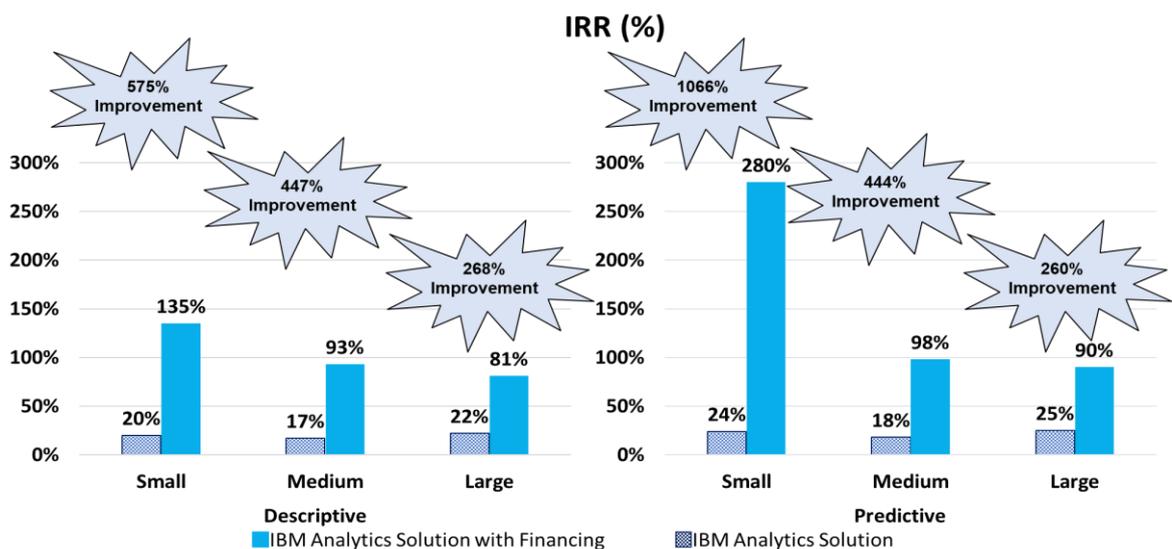


Figure 12: IBM Global Financing Delivers up to 1066% Improvement in Internal Rate of Return

The ROI is about 67% to 107% higher with IBM Global Financing

The IRR is 4 to 11 times better with IBM Global Financing

Sponsored by IBM

## Client Example

This example highlights how a digital marketing agency is leveraging IBM Analytics solutions and IBM Global Financing to provide operational insight and transform complicated unstructured data into meaningful visualizations, recommendations and optimizations.

### IMM

#### Super-agile digital marketing campaigns delivering increasing value every day

<p><b>Description/Challenges</b></p>	<ul style="list-style-type: none"> <li>• Harness clients' unique and varied data sets to target thousands of digital ads that IMM buys each day and deliver the right message to the right person at the right time</li> </ul>
<p><b>Solution / Results</b></p>	<ul style="list-style-type: none"> <li>• IMM uses IBM Analytics to crunch vast amounts of data from multiple sources, enabling smarter, faster, and more tailored campaigns for clients that drive business impact in real-time.</li> <li>• IMM's big data analytics architecture is built around IBM® BigInsights® for Hadoop, IBM PureData® System for Analytics and IBM Streams, with IBM Cognos® Business Intelligence and IBM SPSS® Modeler providing reporting, data mining and predictive modeling capabilities.</li> <li>• <i>Five-year financing deal from <b>IBM Global Financing</b> to take advantage of these solutions while minimizing the impact on its cash flow.</i></li> </ul>
<p><b>Benefits</b></p>	<ul style="list-style-type: none"> <li>• 30% faster insights translate into higher returns on marketing spend for clients.</li> <li>• Increased sales by targeting specific customers to improve conversion rates.</li> <li>• Decreased the time it took to deliver campaign analysis reports from 12 hours to 45 minutes</li> </ul>

*"By continually optimizing our campaigns with IBM solutions, we can drive incremental sales to stretch our clients advertising dollar further. We are already at a stage where many of our clients are amazed by the new insight we can now deliver—but we see this as just the start of our journey"*

Ken O'Brien, SVP, Applied Sciences and Technology at IMM

## Summary and Recommendations

Investing in analytics is a game-changing opportunity for companies. But the risks of failure are also high especially with higher value predictive, prescriptive and AI/Machine Learning solutions and larger deployments. As the world's largest captive IT financier, IBM Global Financing helps companies better manage these risks and rewards and close the business case for Analytics investments by:

- Staging financial commitments with early exits for unprofitable projects to mitigate losses
- Aligning cash outflows to value as the solution becomes successful and matures

*IMM assisted clients increase sales by targeting specific customers and improved conversion rates.*

*IBM Global Financing helps companies better manage risks and rewards and close the business case for analytics projects.*

*Sponsored by IBM*

- Lowering acquisition price barriers; providing early access to new innovative technologies
- Eliminating burdens with disposing out of date equipment
- Providing a simplified single solution for financing with interest-rate protection.

The other advantages with IBM Global Financing include cash conservation which allows businesses to hold onto more cash to take advantage of other investment opportunities with greater ROI and navigate changing business conditions. If these additional sources of value are considered, the business case for IBM Global Financing will be even more compelling.

The IT Solution Value Predictor (developed by Cabot Partners) is a comprehensive cost-benefit analysis tool to help clients evaluate their analytics investments objectively. This holistic approach helps build a business case to justify analytics investment decisions, improve an IT organization's effectiveness and deepen collaboration between Business and IT organizations.

The Value Predictor considers tangible and intangible value from financing and makes a compelling case for clients to choose IBM Global Financing for analytics project implementations: Payback Period (PP) is 2 to 4 times lower, the Internal Rate of Return (IRR) is 4 to 12 times better and the Return on Investment (ROI) is about 60% to 110% higher compared with no financing.

With global reach and deep technology expertise and a track record of deploying successful Analytics solutions, clients should seriously consider IBM Global Financing for funding analytics investments.

*Cabot Partners is a collaborative consultancy and an independent IT analyst firm. We specialize in advising technology companies and their clients on how to build and grow a customer base, how to achieve desired revenue and profitability results, and how to make effective use of emerging technologies including HPC, Cloud Computing, Analytics and Artificial Intelligence/Machine Learning. To find out more, please go to [www.cabotpartners.com](http://www.cabotpartners.com).*

*IBM, the IBM logo, and [ibm.com](http://ibm.com) are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the web at "Copyright and trademark information" at [ibm.com/legal/copytrade.shtml](http://ibm.com/legal/copytrade.shtml).*

*IBM Global Financing offerings are provided through IBM subsidiaries and divisions worldwide to qualified commercial and government clients. IBM Global Financing lease, loan and financing offerings are provided in the United States through IBM Credit LLC. Rates and availability are based on a client's credit rating, financing terms, offering type, equipment and product type and options, and may vary by country. Non-hardware items must be one-time, non-recurring charges and are financed by means of loans. Other restrictions may apply. Rates and offerings are subject to change, extension or withdrawal without notice and may not be available in all countries. IBM and IBM Global Financing do not, nor intend to, offer or provide accounting, tax or legal advice to clients. Clients should consult with their own financial, tax and legal advisors. Any tax or accounting treatment decisions made by or on behalf of the client are the sole responsibility of the client. For IBM Credit LLC in California: Loans made or arranged pursuant to a California Financing Law license.*

*For analytics, IBM Global Financing delivers lower Payback Period (2 – 4 times), higher ROI (60% to 110%) and substantially higher IRR (4 to 12 times) compared to no financing*