



Business Analytics on zEnterprise High Performance Analytics & Integrated Attached Co-processors



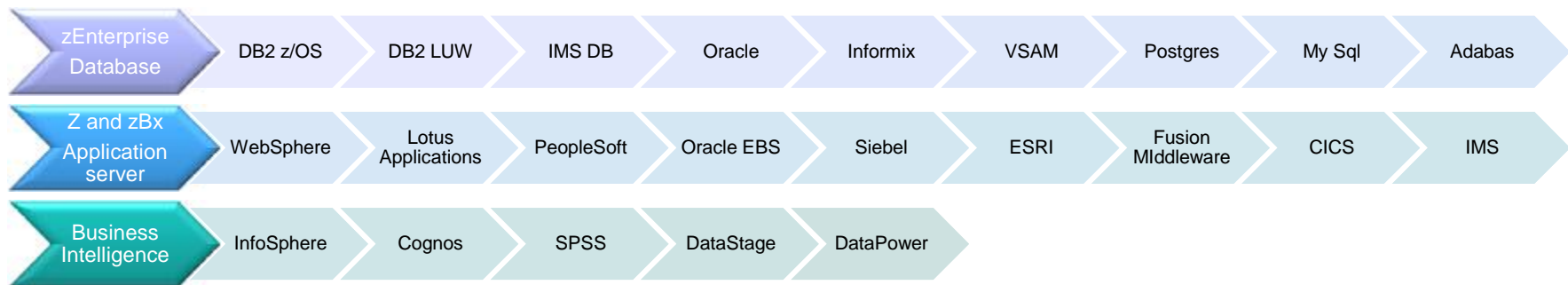
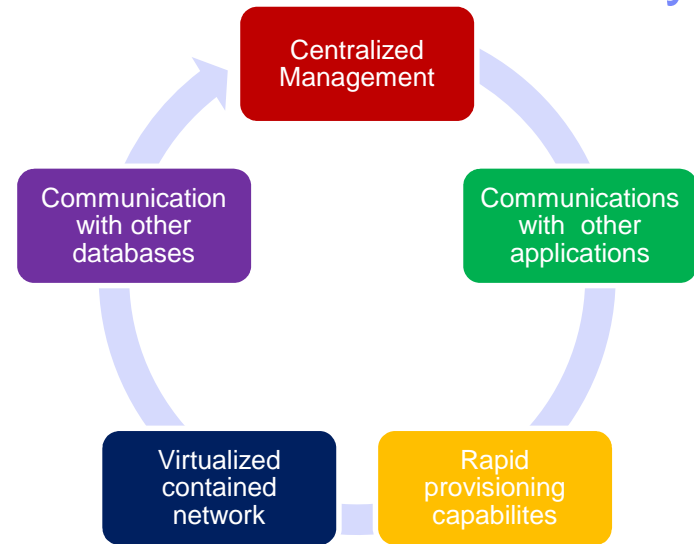
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WW IT Optimization and Cloud System z Sales Leader

IBM Systems & Technology Group
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zEnterprise Solutions Can Support and Integrate Data Like No Other Platform, Providing a Foundation for Other Analytic and Application Capability

- § The only platform that can run nine commercial databases, supported at the same time
- § Better align and synchronize data, for data integrity. Use the internal architecture to consolidate database communications
- § Leverage internal networking between databases and applications
- § Centralize management across entire enterprise



- § Consolidation of databases
- § Tighter integration of data to applications
- § Business intelligence close to the data

These workloads have recognizable patterns

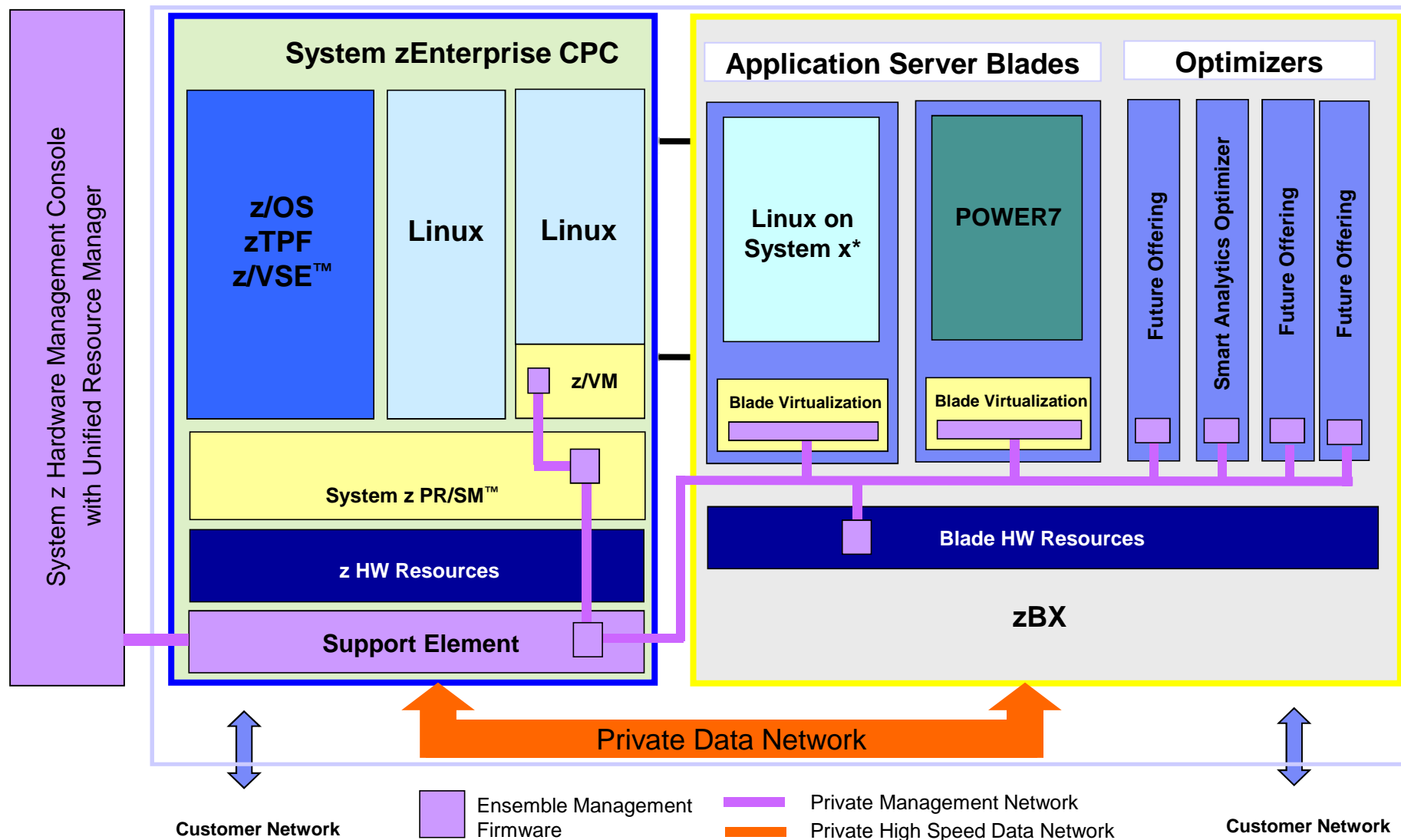
Core Applications	
Database (z) • DB2® for z/OS®, IMS™	Database (z) • DB2 for z/OS • Oracle on Linux for z
Application (z) • CICS® • COBOL • WebSphere®	Application (z) • WebSphere

SAP	
Database (z) • DB2 for z/OS	Database (z) • DB2 for z/OS
Application (z) • Linux® for z	Application (x86) • Linux for x86
Database (z) • DB2 for z/OS	
Application (Power) • AIX®	

Multi-Tier Web Serving	
Database (z) • DB2 for z/OS	Database (z) • DB2 for z/OS
Application (z) • WebSphere	Application (Power / UNIX) • WebSphere • JBoss
Application (x86) • WebSphere • Apache / Tomcat	
Database (z) • DB2 for z/OS, IMS	Database (z) • DB2 for z/OS or IMS
Transaction Processing (z) • CICS, MQ	Application (Power / UNIX) • WebSphere • JBoss
Application (Power / UNIX) • WebSphere • JBoss • WebLogic	Presentation (x86) • WebSphere • Apache / Tomcat
Presentation (x86) • WebSphere • Windows	

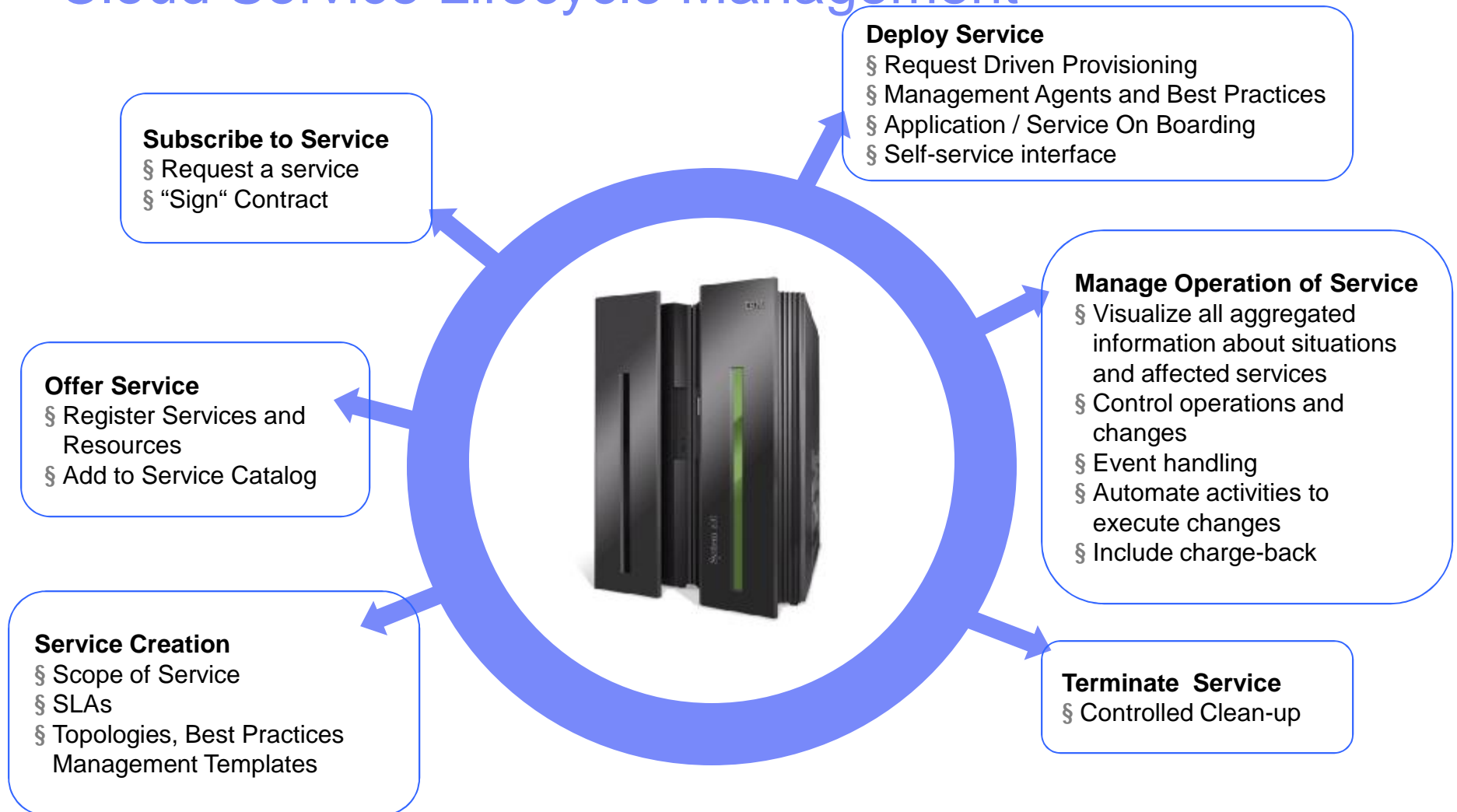
Data Warehouse & Analytics
Master Data Management Database (z) § DB2 for z/OS Application (z) § WebSphere MDM (AIX, Linux on z)
Analytics § System z/OS § DB2 § Cognos® (Soon!) § SAS § Linux for System z § Cognos § SPSS § InfoSphere™ Warehouse

zEnterprise with a System z Blade Extension (zBX)

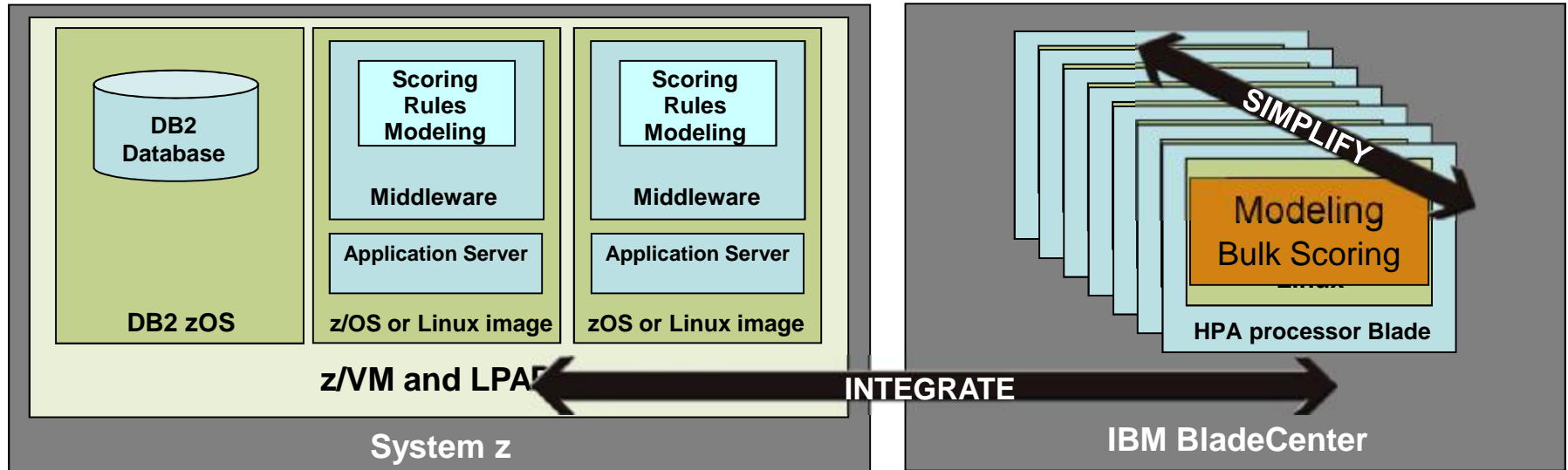


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Cloud Service Lifecycle Management



Hybrid Schema Mainframe and HPA Accelerator



Why Business Analytics on System z

- Highest Frequency compute threads in industry z196
- Very good floating point performance z196
- Large Shared Resource Pool
 - Single point of resource management
 - Single point of operational control
 - Efficient use of underlying compute resources
 - Manage unpredictable loads between instances
 - Easy/fast provisioning
- Integration w/Commercial Business Processing
 - Security
 - Reliability
 - Availability
 - Auditing
 - Monetary Transactions

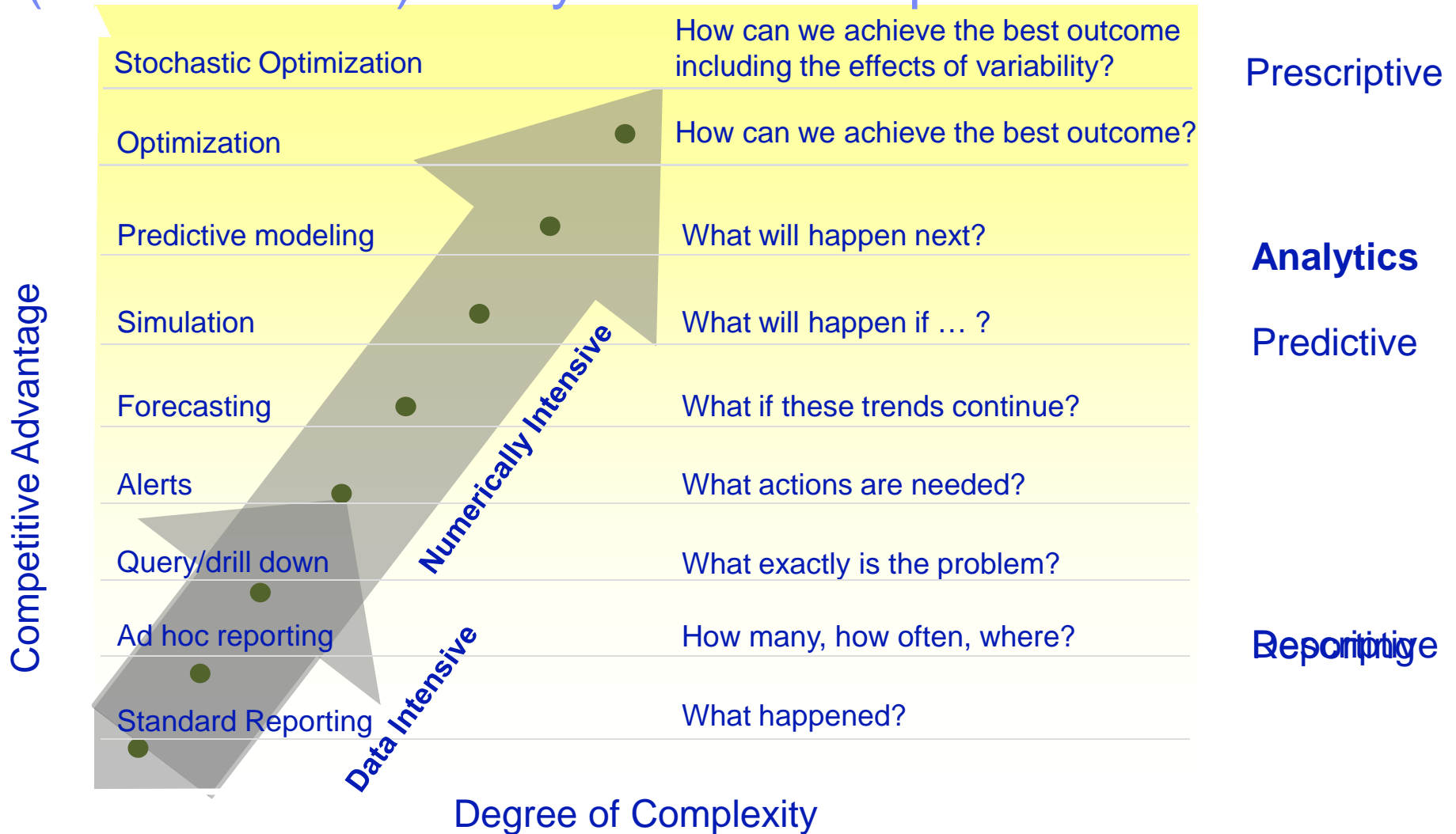
Why Analytics on HPA Blade

- Compute thread rich environment
- State of the art Vector/SIMD architecture

Why Analytics on zGryphon

- HPC enhanced commercial computing
- Single operational domain
 - Avoid standalone distributed cluster
- Extend strengths of System z

zHPC > EdgeHPC > Commercial HPC > Business Analytics (Mathematical) Analytics Landscape



Increasing prevalence of compute and data intensive parallel algorithms in commercial workloads driven by real time decision making requirements and industry wide limitations to increasing thread speed.

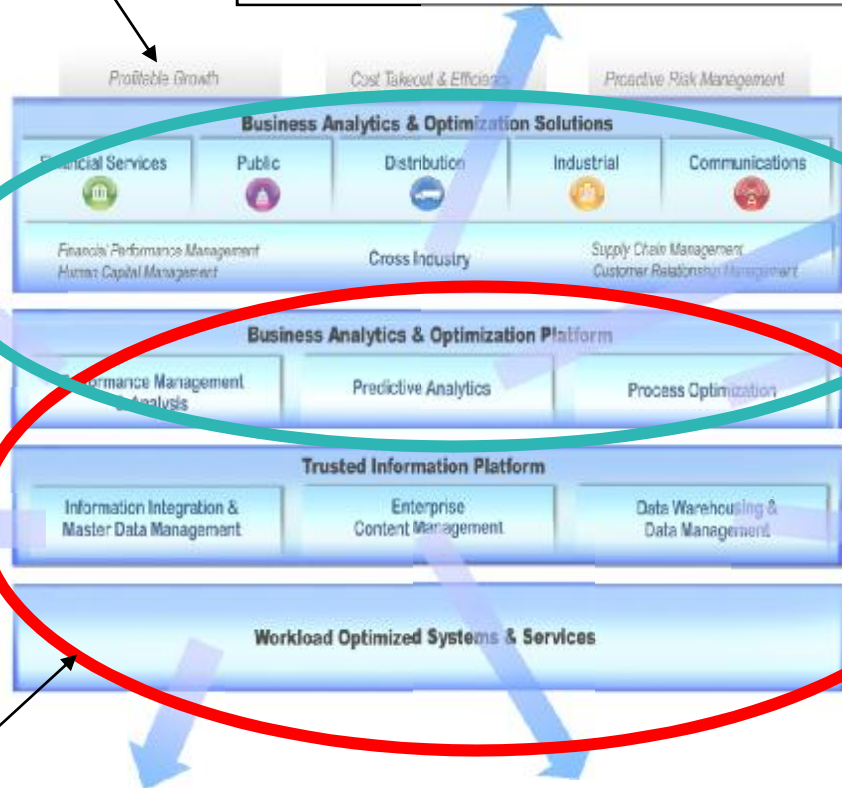
Based on: Competing on Analytics, Davenport and Harris, 2007

Market Leading Business Intelligence & Analytics Software

Concentrating on this bit

- Cognos 10 Customer Performance Sales Analytics
- Cognos 10 Workforce Performance
- Cognos 10 Financial Performance Analytics
- Cognos 10 Supply Chain Performance Procurement Analytics
- Entity Analytic Solutions

- Cognos 10 BI
- Cognos Planning
- Cognos TM1



- SPSS
- iLog

- Filenet BPM
- iLog

- DB2
- Informix
- IMS
- solidDB
- Optim
- Datastage
- Discovery
- Database tools
- InfoSphere Warehouse
- InfoSphere Streams
- Mashup Hub
- DB2 for z/OS

- InfoSphere Information Server
- InfoSphere MDM Server
- InfoSphere MDM Server for PIM
- InfoSphere Foundation Tools
- Telco Data Warehouse & Other Industry Models
- Traceability Server

- Smart Analytics Systems

- Filenet P8
- eDiscovery
- Content Manager
- InfoSphere Content Collector
- Records Management
- Content Integrator

This is plumbing

Surveyed Customer Reqs

Customers want to integrate analytics with Operational processes

New BI trends map well to core strengths of DB2 for z/OS and System z

Mixed workload performance - becoming single most important performance issue for DW/BI

Moving to a strongly centralized, shared infrastructure to improve economies of scale

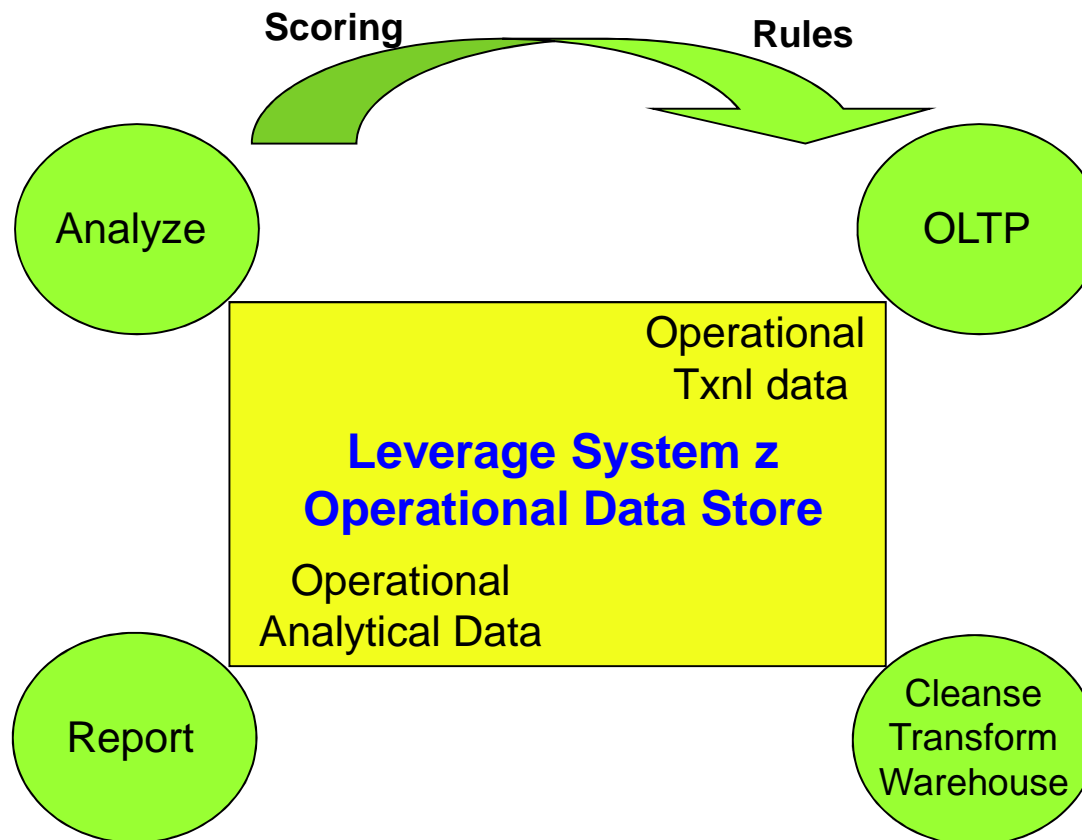
- ***New DB2 features, Cognos/SPSS/ILOG software offerings, new optimizations and improved solution packaging with ISAS/ ISAO***

- ***Single view of enterprise, Continuous availability/DR, Security, Governance, Query prioritization***

- ***Virtualization and WLM enables consolidation of diverse DW and BI environments onto System z - zISAS***

- ***z196 performance w/ integrated zBX + technology providing new ways to integrate analytic solutions while managing costs – iSAO***

System z Platform Direction: From Data hub to Analytics hub



§Exploit Industry Trends that play to the strengths of System z

- Data Consolidation and creation of "Enterprise Database of Record"
- Operational Business Intelligence with z QOS requirements
- Operational trxs integrated with predictive analytics to provide additional insight

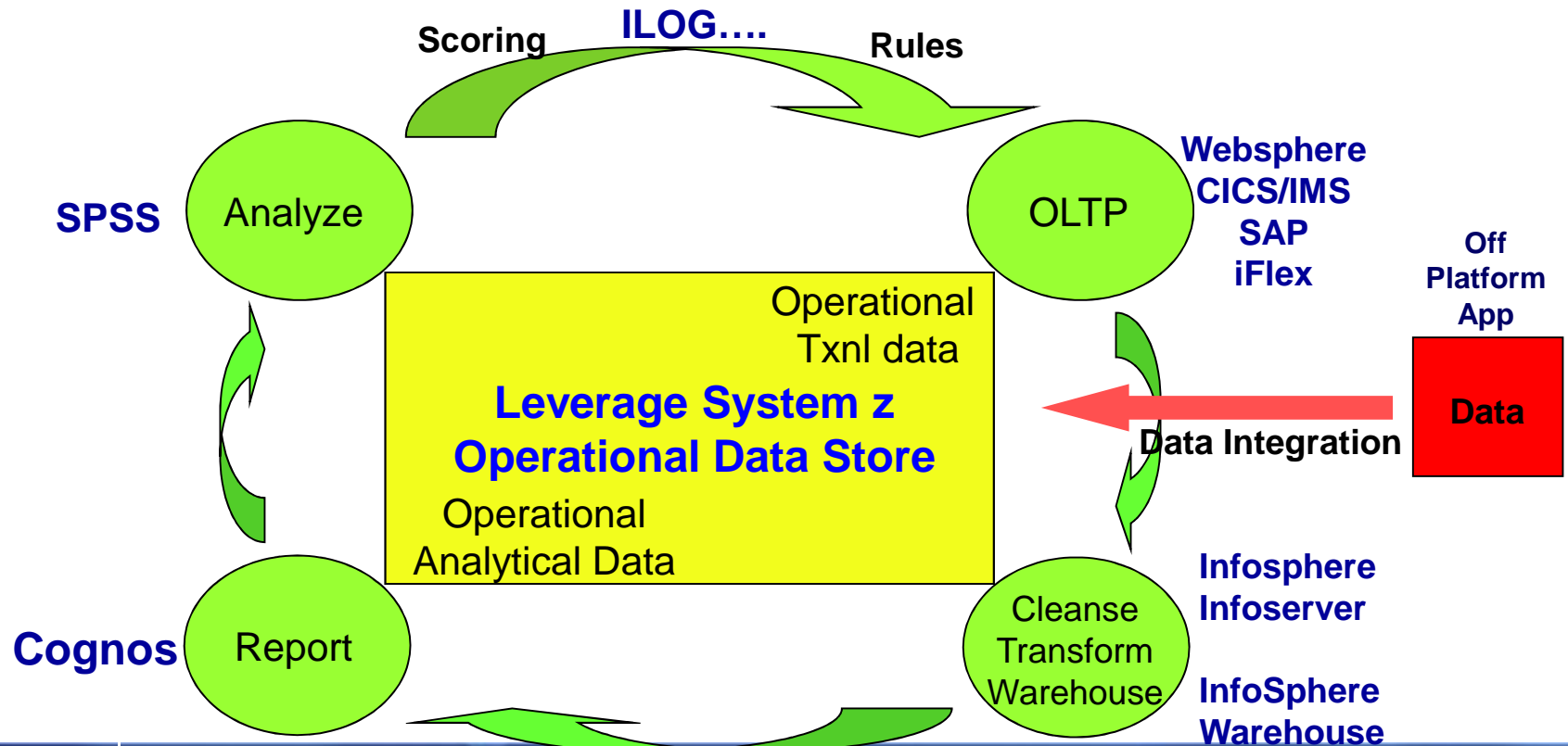
§Leverage z Hybrid architecture, accelerators, multi-workload integration (zOS/zLinux)

System z Platform Direction: From Data hub to Analytics hub

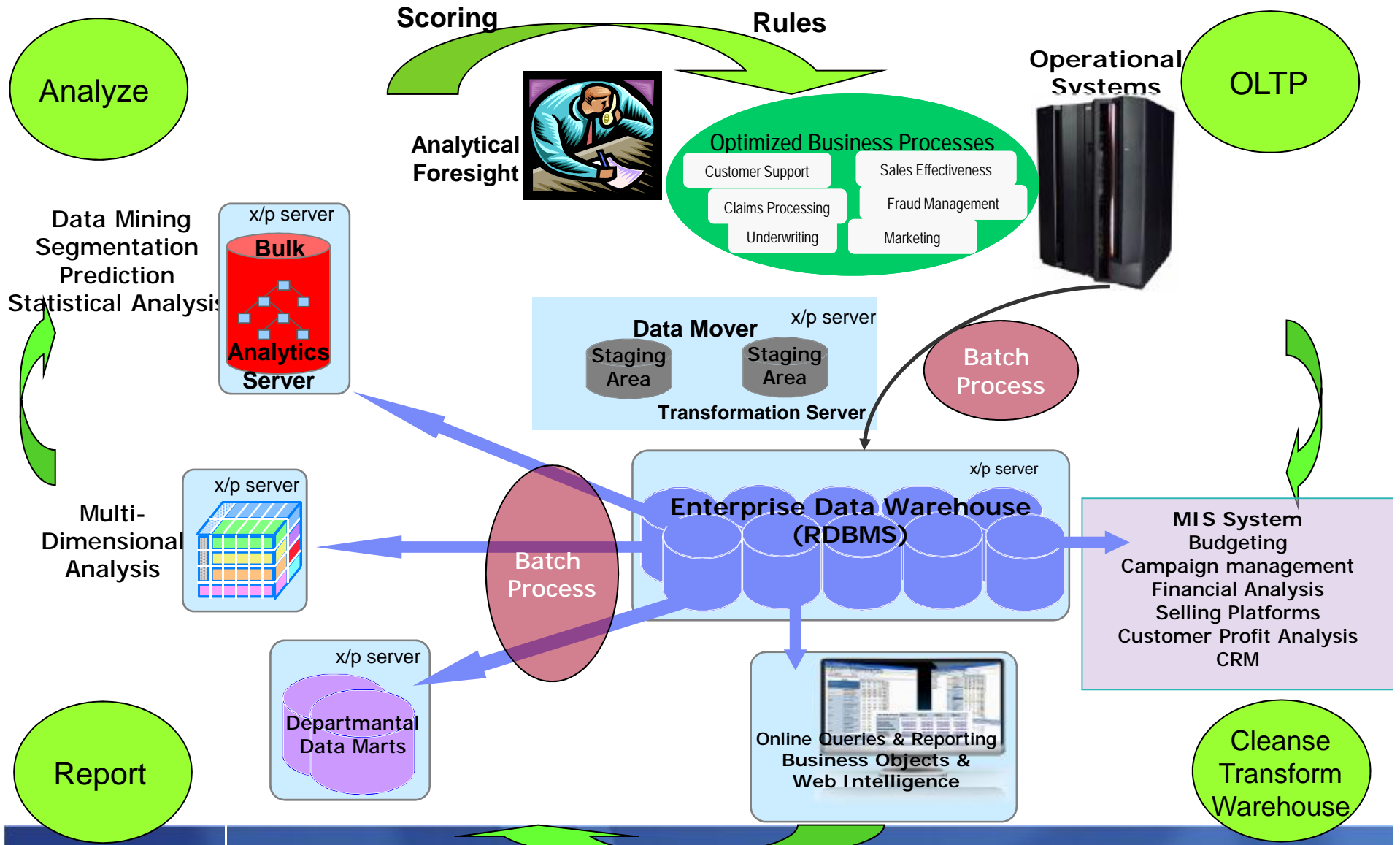
§ Exploit Industry Trends that play to the strengths of System z

- Data Consolidation and creation of "Enterprise Database of Record"
- BI/Analytics application consolidation and creation of enterprise single version of truth
- Operational Business Intelligence with z QOS requirements
- Operational trxs integrated with predictive analytics to provide additional insight
- Superior end/end analytics life cycle integration
- Analytics as a service in an internal or external cloud

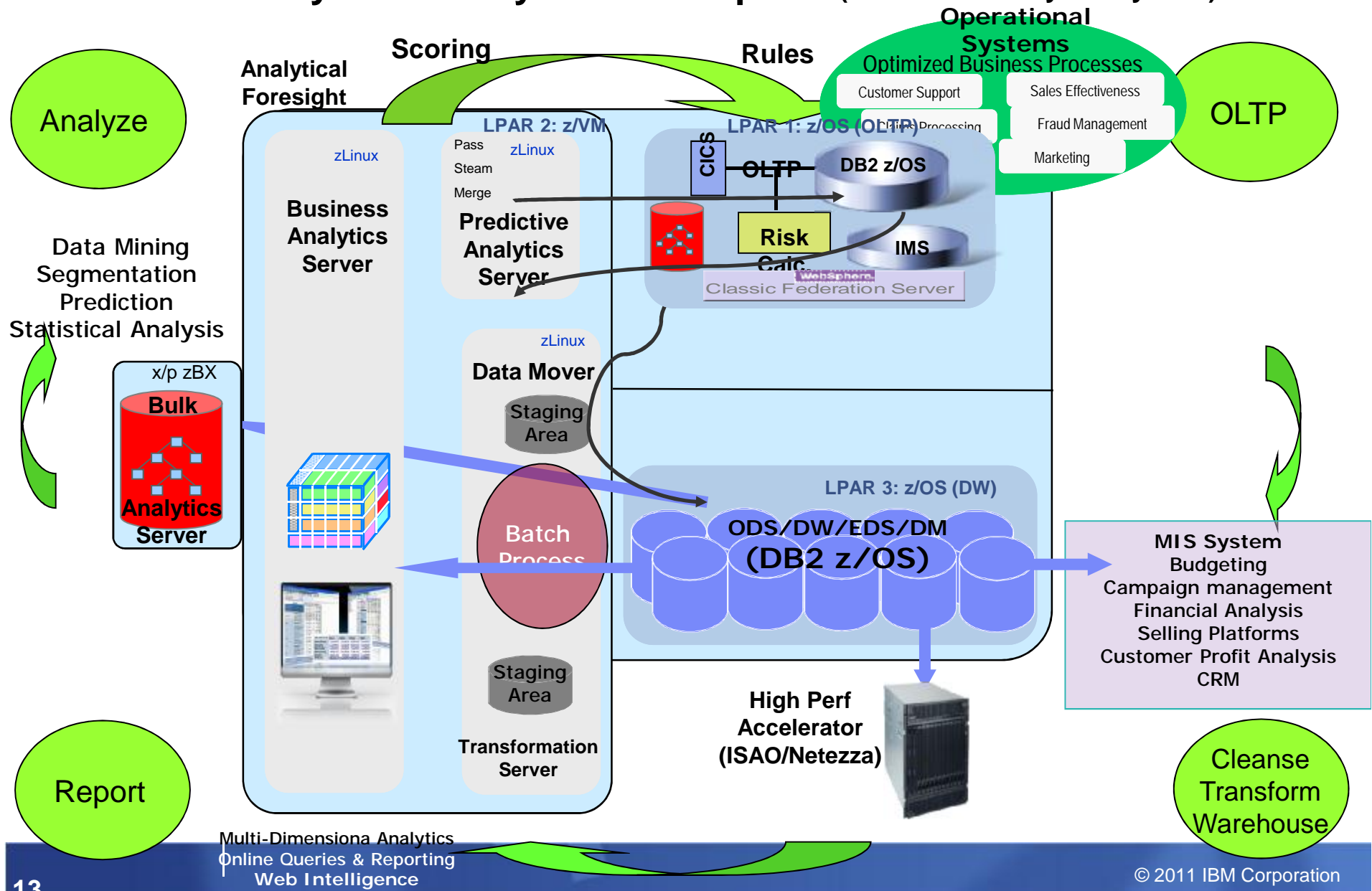
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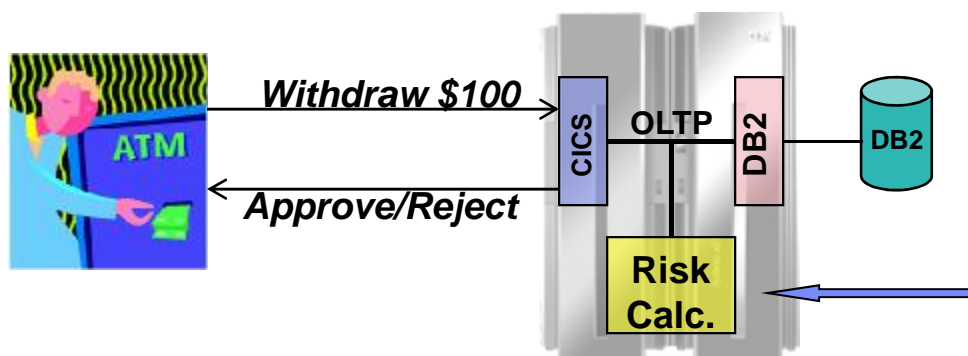
Business Analytics Life Cycle – Async and Distributed



Business Analytics Life Cycle – zEnterprise (IBM Smart Analytics System)



Evolution of OLTP



Ø Real time 'transactional' analytics

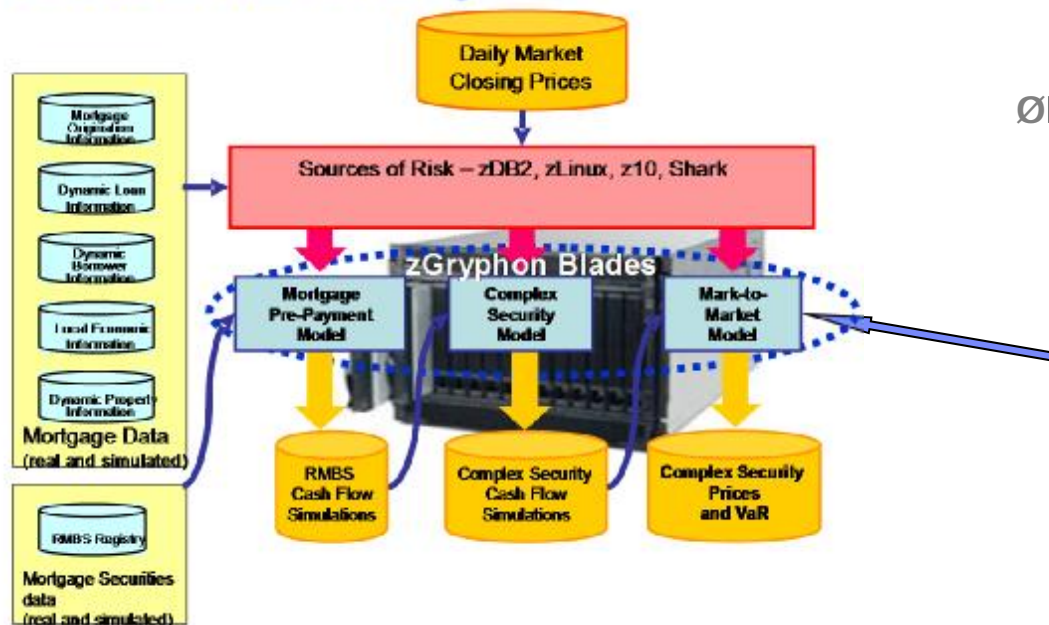
- **Credit Card Fraud Detection**

- Ø Compute intensive 'neural network' calculations required off-load to alternative hardware
- Ø Batch runs overnight – business imperative for real time response. POC w/ ACI/PRM using z/OS and HPC.
 - > Latency costs of offload negated compute advantages of HPC

- **Optimized on-board floating point architecture would re-host this application on z/OS**

- Ø Eliminate network latency delays
- Ø Add value to OLTP transaction
- Ø Huge savings potential the sooner the act of fraud is detected

Bulk Data Analytics



Ø Batch and near real time

- **Risk Analysis (IBM Treasury POC)**

- Multiple repositories of operational data
- Sophisticated numerical algorithms
 - > Bayesian probability algorithms
 - > Monte Carlo simulation

- **Batch and near real time good match for host/accelerator offload**

- High performance accelerator HW building block
- High speed bulk data transport
- Efficient data cleansing/transformation engines – ETL
- Value added proprietary data mining algorithms
- Open standard host/accelerator programming model

System z and the Predictive Business

Customers demanding
real time decision making

Data Currency

Compute Intensive Modeling
and Optimized algorithms

Integration with core online business
applications and data with shared
infrastructure to improve economies of
scale

- *Enable real time transactional analytics w/ embedded SPSS/iLOG scoring/rules in IMS, CICS, WAS - z196's industry highest frequency compute threads, competitive floating point performance*
- *Differentiated data flow from operational to DW to Analytic repositories, Event driven modeling/scoring refresh, And....*
- *SPSS/iLOG algorithms on z196 with integrated attached zBX co-procs using thread rich P7 vector archoptimized algs, modeling embedded in DB2*
- *Deeper integration of Cognos, SPSS, iLOG into z196 ecosystem. Operational Data Store w/ platform mgmt, high speed connectivity, acceleration enable the zEnterprise Analytics Hub*

Predictive Analytics Use Case Scenarios – US Credit Union Example

A. Higher withdrawal limits to increase customer satisfaction

- ∅ Many Neighborhood Financial Centers, ATMS, Kiosks do not have service personnel to override withdrawal limits.
- ∅ Need real time method of scoring member to determine appropriate limit while limiting risk
- ∅ Built a **scoring model and embedded it in credit union's daily transaction processing system** to automatically determine withdrawal limits
- ∅ Saved staffing costs, increased customer satisfaction, retention, enabled increased revenue generation with reduced risk

B. Targeted campaigns to improve retention, revenue

- ∅ Exported member data from CU's BI system, **applied analytic techniques such as regression to create member profiles** to predict likelihood members will need additional products/services
 - ∅ e.g. Home equity line of credit
- ∅ Combined member usage characteristics w/ census information (i.e. local home ownership)
 - ∅ Filtered out 30-40% of unlikely candidates. Focused on 60-70% most likely to respond
- ∅ Increased 'lifted' revenue generated per marketing \$\$ by 60-100%
- ∅ Analysts wrote queries for rules to assist customer service. Recommendations pop-up on monitors during customer calls for relevant offers

C. Grow customer base while risk shrinks

- ∅ Attract new customers w/ prior financial problems
- ∅ **Used scoring models to control deposit loss**
- ∅ Boosted CU bottom line and benefited customers avoiding check cashing services and payday lenders

D. Identify new branch locations

- ∅ **Created predictive model** to help identify new branch locations, operate existing branches more profitably, close sites
- ∅ **Factor and regression analysis** to identify composite performance based on new customers, deposits, loan distributions

Predictive Analytics enabled getting more mileage of data. Saved over \$1M annually, increased revenue and improved member satisfaction

Analytic Functional Areas

Cross Sell	Analysis and exploitation of hidden relationships in data about existing customer behavior to predict efficient future activity (purchase of products)
Direct Marketing	Analysis of customer characteristics (demographics, responses) to predict the amount of variability and tailoring of a marketing campaign
Collection Analytics	Analysis of customer characteristics to predict ability to pay and optimization of resources to facilitate collection.
Portfolio Prediction	Analysis of a portfolio of items (patients, products, financials, stores, etc.) to predict (score) a future outcome (survivability, placement, profitability, etc.)
Customer Retention	Analysis of a customers past characteristics to predict the likelihood of a customer's future action.
Risk Analysis	Quantitative analysis to numerically determine the probabilities of various adverse events and the likely extent of losses if the event occurs
Fraud Detection	Analysis of transactions to predict the likelihood of fraud usually based on a score or probability.

Mapping industry requirements to analytic functions

Example: FSS (Banking and Insurance)

<u>FSS Analytics Trends</u>	<u>Industry Requirements</u>	<u>Relevant Functional Areas</u>
Core Banking	Customer Insight	Customer Retention, Cross-Sell, Direct Marketing
	Product Recommendations	Customer Retention, Cross-Sell, Direct Marketing
	Fraud Detection and Prevention	Fraud Detection, Risk Analysis, Collection Analytics
	Underwriting	Risk Analysis
Payments	Fraud Detection and Prevention	Fraud Detection, Risk Analysis, Collection Analytics
	Anti Money Laundering	Fraud Detection
	Underwriting	Risk Analysis
Financial Markets	Fraud Detection and Prevention	Fraud Detection, Risk Analysis, Collection Analytics
	Portfolio Analysis	Portfolio Prediction, Risk Analysis
	Product Recommendations	Customer Retention, Cross-Sell, Direct Marketing
Insurance	Cause and Effect Analysis	Portfolio Prediction, Risk Analysis
	Underwriting	Risk Analysis
	Fraud Detection and Prevention	Fraud Detection, Risk Analysis, Collection Analytics

Mapping Trends and Requirements to Analytical Function Retail Sector

Retail Trends in Analytics

Product Optimization and Shelf Assortment

Customer Driven Marketing

Fraud Detection and Prevention

Integrated Forecasting

Localization and Clustering

Market Mix Modeling

Price Optimization

Product Recommendation

Real Estate Optimization

Supply Chain Analytics

Workforce Efficiency Optimization

Industry Requirements

Merchandise Performance

Customer Insight/Customer Churn

Fraud Detection and Prevention

Merchandise Performance/Customer Insight

Store and Channel Performance

Promotion Planning

Merchandise Performance

Promotion Planning

Store and Channel Performance

Supply Chain Optimizations

Store and Channel Performance

Mapping Trends and Requirements to Analytical Function Telco Sector

Telco Trends

Market Optimization

Network Analytics

Revenue Assurance

Industry Requirements (from Sector Team)

Customer Churn

Customer Retention

Product Cross Sell

Integrating Telco with retail sales

Social Networking Models

Behavioural Analytics

Cell Tower Energy Management

Network Traffic Optimization

Capacity Planning

Circuit Consolidation

Budget Forecasting

Mapping Trends and Requirements to Analytical Function Healthcare Sector

Healthcare Trends

Life Sciences

Healthcare Payer

Healthcare Provider

Industry Requirements (from Sector Team)

Gene Pool Analysis

Drug Discovery

Bioinformatics

Insurance Fraud

Clinical Cause and Effect

Medical Record Management analytics

Network Management analytics

Employer Group Analytics

Executive Analytics

Patient Access

Clinical Resource

Patient Throughput

Quality & Compliance

Mapping Functional Areas to Tasks

Function

Task

Cross Sell	Association
Direct Marketing	Classification, Clustering, Association
Collection Analytics	Clustering, Association
Portfolio Prediction	Prediction
Customer Retention	Classification, Estimation
Risk Analysis	Classification, Clustering, Prediction
Fraud Detection	Anomaly Detection

Mapping Tasks to Techniques/Algorithms

Task

Technique/Algorithm

Association	Association Rules(Apriori), Decision Trees, Minimum Description Length
Classification	Decision Trees, Neural Net, Naïve Bayes, Support Vector Machines
Clustering	Clustering, Attribute Analysis, K-Nearest Neighbor
Estimation	Logistic, Regression, Discrete Choice Models
Prediction	Linear Time Series, Non-linear Time Series, Exponential Smoothing
Anomaly Detection	Support Vector Machine

SPSS Analytic Components – 1 of 4 Charts

Procedure Family	Procedure	Computation Model Fit
LINEAR	ALM	Automatic linear modeling
LINEAR	ANOVA	Analysis of variance
LINEAR	DISCRIMINANT	Classify cases into groups based on predictor variables
LINEAR	MEANS	Group means and statistics for target variables within categories of predictor variables
LINEAR	ONEWAY	One-way analysis of variance
LINEAR	REGRESSION	Regression
LINEAR	T-TEST	T-tests for one sample, independent samples and pair samples
LINEAR	UNIANOVA	Univariate analysis of variance
LINEAR	GLM	General linear model
LINEAR	2SLS	Two-stage least-squares
LINEAR	WLS	Weighted least-squares
LINEAR	CSGLM	Linear regression for complex samples




NON-LINEAR	GLMM	Generalized Linear Mixed Model
NON-LINEAR	PLUM	Multinomial model for an ordinal target with 5 links
NON-LINEAR	PLS	Partial least squares
NON-LINEAR	COXREG	Cox proportional hazards regression to analysis of survival times
NON-LINEAR	GENLIN	Generalized Linear Model
NON-LINEAR	GENLOG	multinomial & Poisson general loglinear analysis & multinomial logit analysis
NON-LINEAR	HILOGLINEAR	Multinomial hierarchical loglinear models
NON-LINEAR	LOGLINEAR	multinomial & Poisson general loglinear analysis & multinomial logit analysis
NON-LINEAR	MIXED	Linear Mixed Model
NON-LINEAR	VARCOMP	estimates for variances of random effects under a general linear model
NON-LINEAR	CNLR	Constrained nonlinear regression
NON-LINEAR	LOGISTIC REGRESSION	Logistic regression for a binary target
NON-LINEAR	NLR	Nonlinear regression
NON-LINEAR	NOMREG	Multinomial logit model for a polytomous nominal target
NON-LINEAR	PROBIT	Logistic and Probit (binary)
NON-LINEAR	CSCOXREG	Cox proportional hazards regression for complex samples
NON-LINEAR	CSLOGISTIC	Nominal multinomial logistic regression for complex samples
NON-LINEAR	CSORDINAL	Ordinal multinomial regression with 5 links for complex samples

DATA MINING	Bayes Network	Bayes Network
DATA MINING	NaiveBayes	Self Learning
DATA MINING	SVM	SVM (Support Vector Machine)
DATA MINING	MLP	Neural networks
DATA MINING	RBF	Neural networks



Categories of Optimization Problems Covered by ILOG Technology

Mathematical Programming 	Continuous Optimization (NP-complete)	linear programming (LP) <ul style="list-style-type: none"> •linear objective function •linear constraints
		quadratic programming (QP) <ul style="list-style-type: none"> •quadratic objective function
		quadratically constrained programming (QCP) <ul style="list-style-type: none"> •quadratic constraints
	Discrete Optimization (NP-hard)	mixed integer programming (MIP) <ul style="list-style-type: none"> •one or more non-continuous variables •includes MILP, MIQP, and MIQCP
Constraint Programming (Combinatorial Optimization)		Vehicle Routing
		Job Scheduling
		Custom Search

Major iLOG Algorithms of Mathematical Optimization

§ Optimisers

– Simplex

- Dual and primal simplex
- Dual simplex is often the best choice
- Problems where both dual and primal simplex perform poorly are rare
- Research literature of running simplex on GPUs exists

→ – Barrier

- Suitable for large, sparse problems
- The only optimizer for QCP problems
- Parallel version available

– Network

- Suitable for network-flow problems

– Sifting

- Suitable for problems with large column/row ratios
- Extension of simplex

§ Search strategies

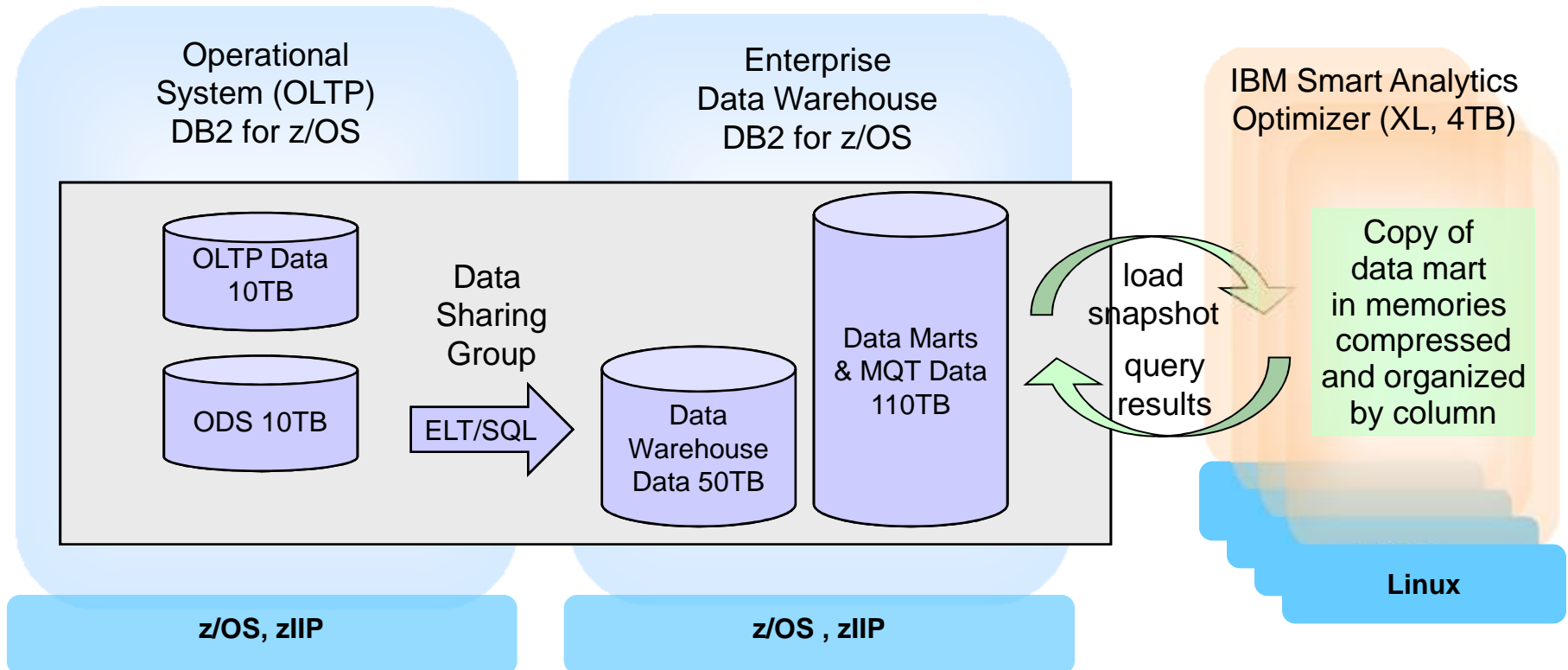
→ – Branch and cut

- Search tree with nodes being subproblems
- Parallel version available

– Dynamic search

- A variation of branch and cut

Data Warehousing And OLTP Co-Located On zEnterprise



- § Operational data moved to warehouse via ELT
- § DB2 for z/OS centrally manages warehouse and data marts

- § ISAO accelerates query execution
- § Transparent to applications

ODS – Operational Data Store

Summary

- § Business Analytics exploits operational data to try to operate your business better.
- § Fully integrated solution: HPC + algorithms + transactions + data => insight

Ø Cognos, SPSS, ILOG, Infosphere WH with DB2/zOS provide the base for powerful new integrated Business Analytics Solutions with real time OLTP applications



Ø Emerging host/accelerator programming models will facilitate the ease of exploiting co-processors without specific accelerator architecture knowledge with cross-vendor portability

Ø zEnterprise with integrated attached co-processors provides a unified combination of scalability, aggressive single thread performance and Power based throughput computing threads and vector processing

Questions

SPSS Predictive Analytics Models Available on System z

§ SPSS on Linux for System z supports over 30 models,

- The 8 popular models support database push back for scoring in DB2 z/OS.
- 5 popular models now available listed below:

1. Logistic regression, Trees (Algorithm names Include CHAID, Quest, C&R Tree)

- Finance-Used in banking to predict which customers are credit worthy. Which customers should I make a loan to?
- Finance, Retail, Insurance, Entertainment-Used in marketing departments to determine which customers are going to respond to an offer
- Insurance-Used in insurance to determine which claims are legit vs. Fraudulent
- Telecommunication -Predicting customer churn

2. Cluster Analysis (Algorithm names Include K Means, Kohonen, Two Step)

- Finance, Banking, Insurance -Used in marketing departments across industries to better understand customer segments
- Customer attrition analysis

3. Market Basket Analysis (Algorithm name" Apriori)

- Retail -Product assortment planning

4. Time series analysis/forecasting

- Retail -forecasting catalog sales, forecasting demand, sales planning

5. Cox Regression

- Retail, Telecommunications -Predicting the time for customer churn
- Healthcare -determining the efficacy of a drug