

Emergence of Collaboration as a Competitive Tool

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- **It is proposed that in the near future Collaboration Networks will emerge as a competitive differentiator.**
- **Dynamic networks of companies will compete bringing Core competencies together to mutual benefit.**

Operating Principles

- **Networks of Companies will Compete**
- **Business process will evolve to span Enterprises**
- **Commercial Relationships will polarize**
- **“Trust” imperative will grow**
- **New model of Value assessment and Allocation**

1. Networks Compete

- **Increasing commercial pressures will lead to collaboration between companies in bringing Products and Services to Market.**
- **Outsourcing core incompetence**
- **Focus on Core Capabilities**
- **'Servicizing' of Core Capabilities**

2. Process Evolution

- **Continued progression towards cross-company process flows**
 - Enterprise cross-silo / function flows
 - Trading Partner interactions – connected process
 - Collaborative continuous process
- **Supported by workflow, operated as commercial infrastructure – dynamic, responsive.**
- **Governance, legal and commercial Framework**

3. Commercial Relationships Polarise

- **A polarization of commercial relationships**
- **At one extreme, commoditisation of more product and services**
 - **Increased competition**
 - **Dynamic brokering**
- **At other extreme tighter collaborative ventures**
 - **Key capability relationships**
 - **Long term tightly meshed processes**

4. "Trust" Imperative

- **Trust of all components of the Business Network is critical**
- **Business and Commercial relationships are based on Trust, of first or third parties.**
- **Trust is supported by documentation (audit)**
- **Trust extends beyond Security**
- **Trust requires Verification mechanisms**

5. Equitable Value Allocation

- **Needs for efficient mechanisms for**
 - **IP registration and recognition**
 - **Value Allocation**
 - **Financial instruments**
 - **Equitable process**
 - **Governance, Legal and Commercial Framework**
 - **Contract Negotiation and Settlement**

Example Scenario – Product Design

- **This example scenario looks at how a flexible, dynamic and often ‘blind’ network can form around a commercial opportunity to provide a timely competitive response to a request.**
- **The scenario looks at the high level process that forms in response to the specific needs of the opportunity and how the physical capability and capacity of potential contributors are modeled to match requirements.**

The Scenario – the Client

“Not2Loud.com” a newly formed music and media publisher are to support their launch with a ‘Gadget’ presented to key sponsors, clients, partners and media.

To support this last minute marketing exercise a Tender Document is prepared posted to a ‘Design Hub’.

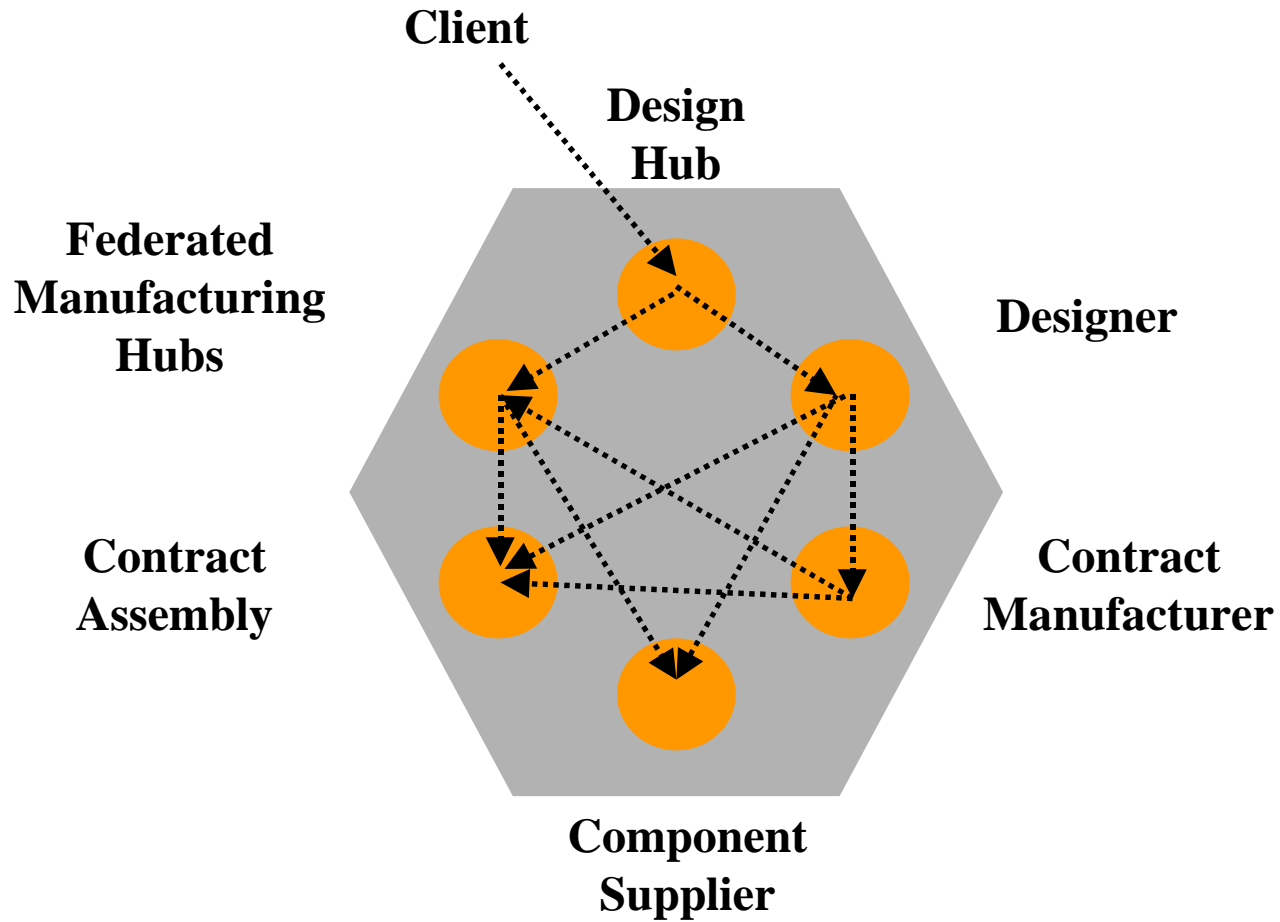
Three days to closure on responses and the clock is ticking....

The "Brief"

Not2Loud.com (N2L) wants to arrange for the delivery, to a select list of 1000 people, a device, fashioned to promote the Not2Loud.com Company and capable of promoting Not2Loud.com as a new Industry Media publisher and distributor.

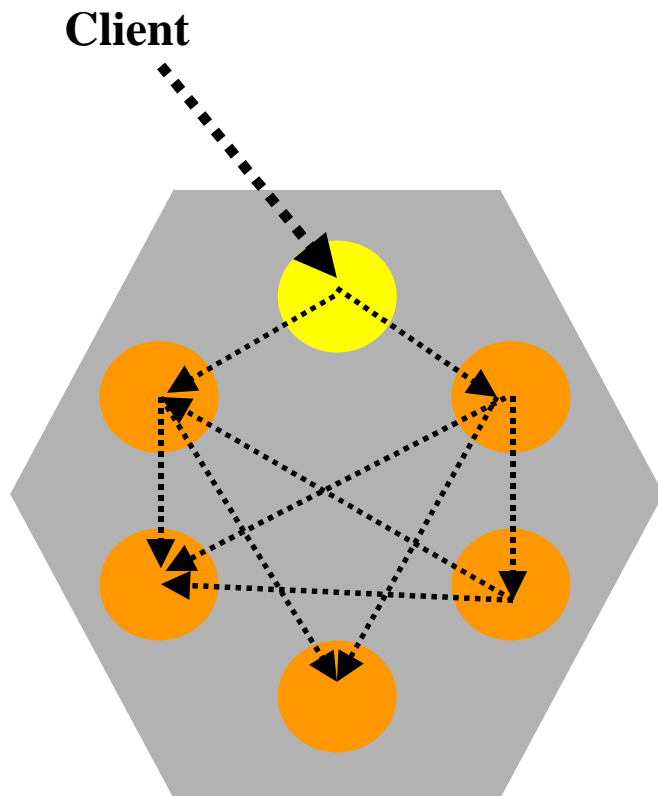
Unit price must not exceed \$225 - all inclusive.

Product Design Players



Product Design VCN

1. "Initiation"



Action

Not2Loud marketing submits requirements brief to a Design Hub specifying a deadline of 3 days for return submissions.

Requirement is for design, build schedule (committed) and price no greater than \$225 per unit.

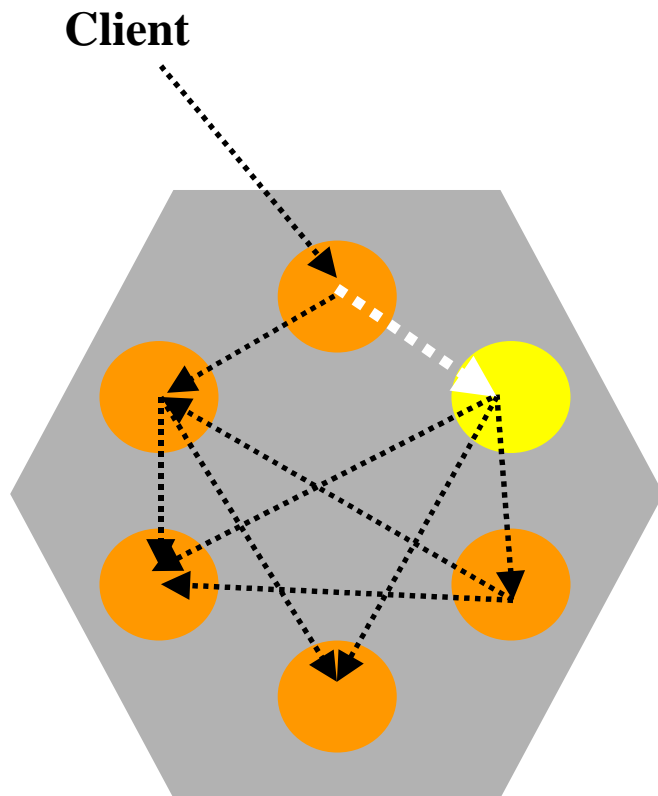
Response

Design hub validates Not2Loud, profile matches requirement against registered members capabilities and issues alert and Request for Proposal to matched list.

Alerts Not2Loud of submission status.

Product Design VCN

2. "Alert Posting"



Action

The Design Hub matches capability profiles of registered users.

Issues alert of posting to registered designers through preferred contact approach. E-mail, pager, mobile (voice, SMS or WAP) etc.

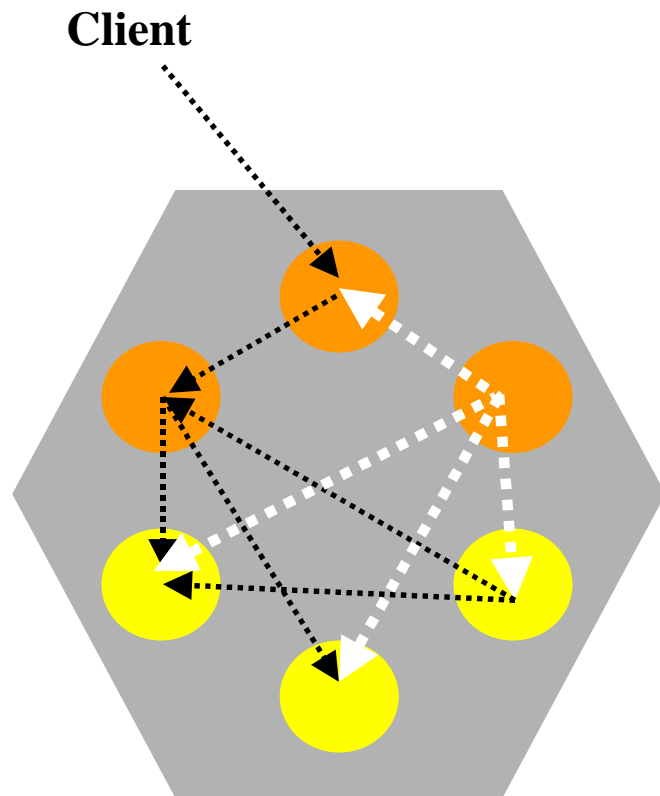
Response

On receiving a pager alert our Designer checks the detail of the incoming message, receives the brief and decides to invest some time in responding to the submission.

Designer issues a response and initiates a design response.

Product Design VCN

3. “Design Enquiry”



Action

At this stage the Designer has acknowledged the enquiry, read the brief, assessed the probability of success (based on time and cost) and initiated several requests for information back through the design Hub, and to federated manufacturing and finance Hubs.

Response

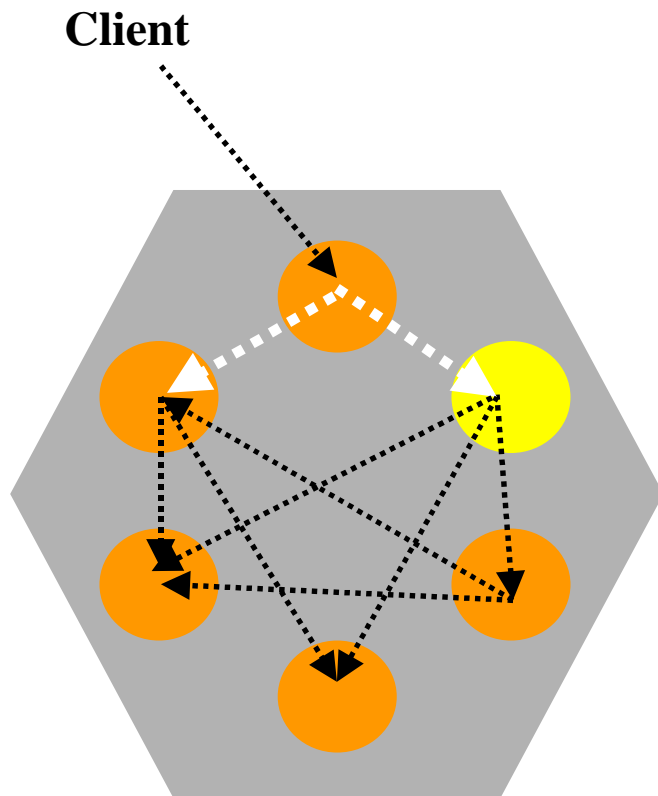
One enquiry requests image information on the Not2Loud company Logo.

Parallel enquiry issued to the Hub for price, size and availability information on ‘mechanisms’.

Further enquiry issued for material (Case) and fabrication capability.

Product Design VCN

4a. “Component Response”



Action

Receipt

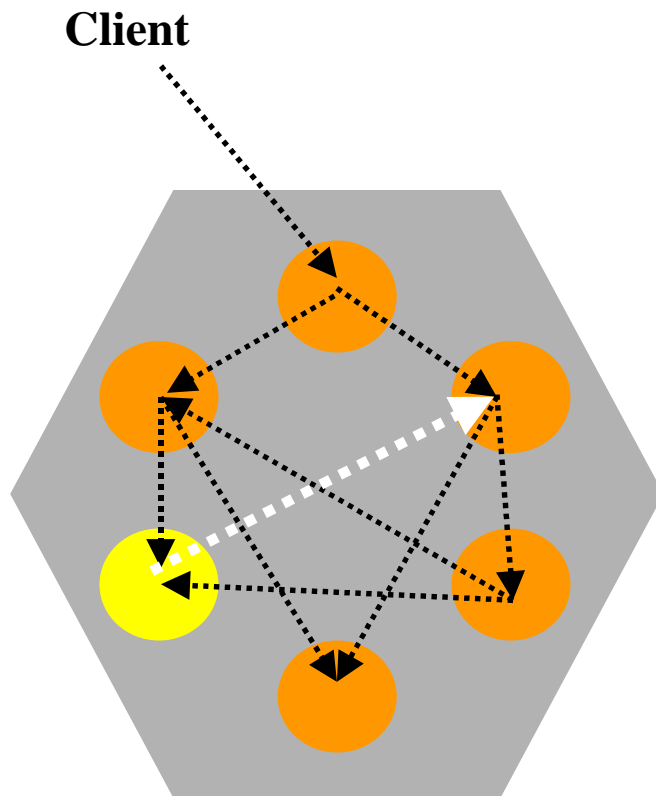
The Hub returns the Logo, translating the format into that preferred by the designer. This includes full usage limitations – colours to be used, font proportions, and a limited duration grant for use of the logo by the designer.

Response

The Designer receives the two dimensional model, manipulates this into a number of three dimensional models and prepares a detailed material enquiry based on the colour specifications.

Product Design VCN

4b. “Component Response”



Action

Receipt

The mechanism search returns a list of devices based on the constraints set by the designer covering

- unit price
- availability
- Capability
- size

Response

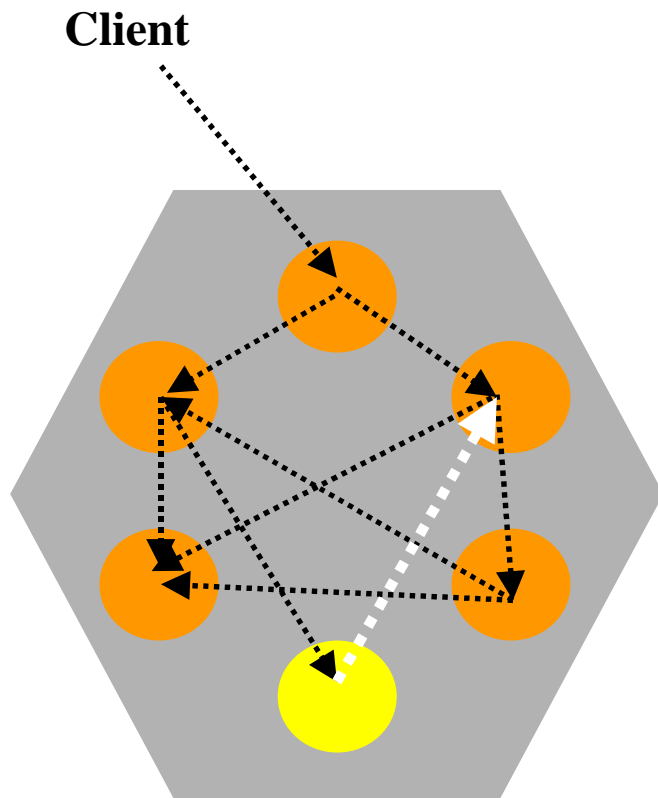
In addition to the basic price information the information returned includes

- physical tolerances
- heat emissions
- power consumption
- configurability.
- delivery lead time

A link to a 3D manipulatable model offered by the manufacturer is provided.

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4c. "Component Response"



Action

Having manipulated the two image components of Case and mechanism (sized accordingly) the enquiry for casing material can be 'Firmed Up' and issued for bid.

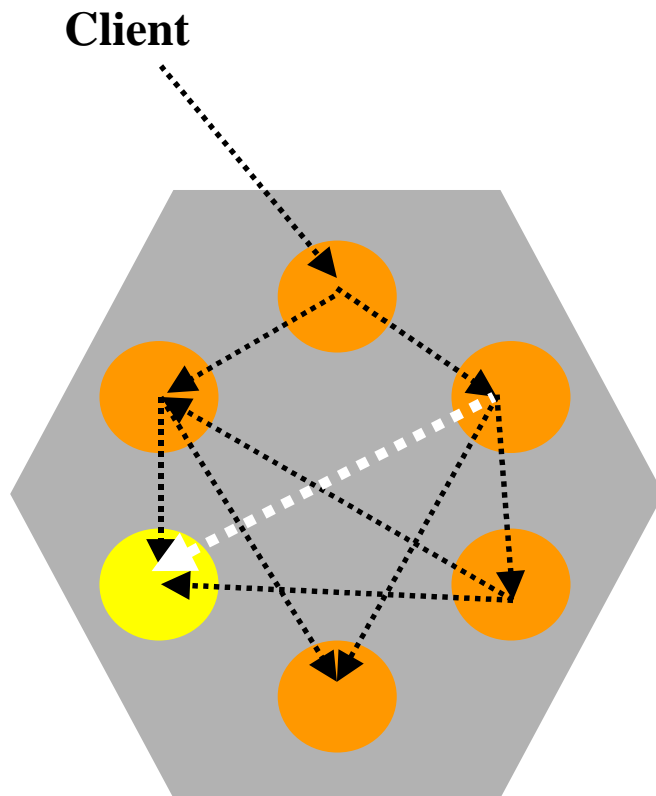
Response

The image of the case is provided to the potential suppliers.

Each supplier models the fixture of the mechanism to the case, checks heat, weight and other implications, estimate mould manufacture cost and time and issues a bid back for negotiation.

Product Design VCN

5. “Assembly”



Action

The designer has selected three options for the product.

Final assembly and shipment to distribution (via Not2Loud) are the next stage.

Enquiries issued for capacity and capability

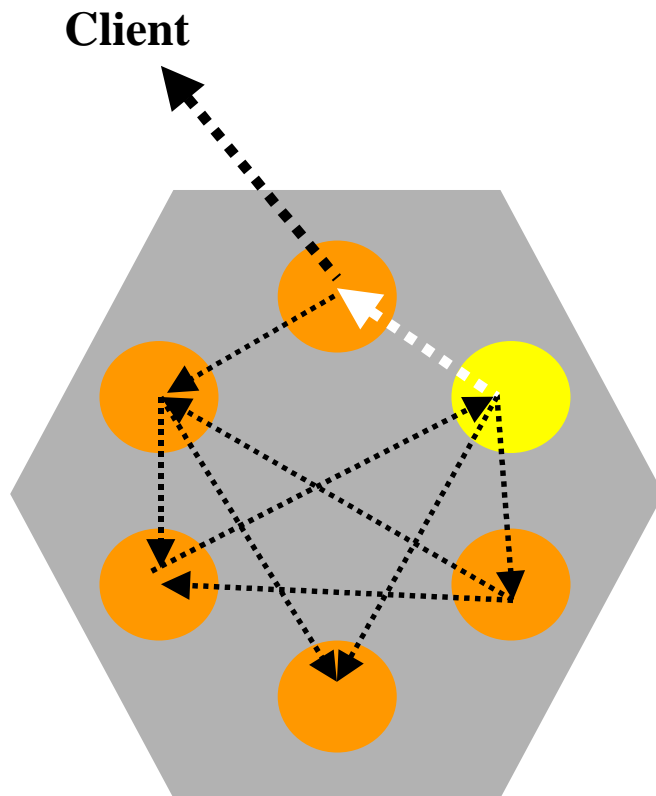
Response

All ‘jobbing’ assembly capabilities from independent operators and major manufacturers modelled (anonymously) through a Federated manufacturing Hub.

Modelling also includes shipping, Import/export and tax implications.

Product Design VCN

6. "Proposal"



Action

Bid is assembled, all costs and value allocations are positioned.

At this stage, elemental negotiation with partners are completed, prices adjusted and the proposal – document and model, submitted.

Response

The Value Collaboration Network is primed and ready to go.

Should the bid be accepted then a by activating the network established by the Designer through the Hub the request is fulfilled.

Hub value includes ongoing arbitration – or offering to prime.

Warranting Further Discussion

- **Establishment and Operation of**
 - **Governance Framework**
 - **Legal Framework**
 - **Commercial Framework**
- **Protection, registration and exploitation of intellectual property**
- **Detail of Financial Services Involvement**
- **Detail of Trust mechanisms**
- **Relative value of Hub's vs. dynamic brokering**

Scenario Implications

- **Entire scenario is viable today with today's technology**
 - Doesn't yet scale
 - Inhibited by commercial (contractual) constraints
- **Almost all components are available**
- **Many providers coming up to speed**
- **Manufacturing capability already exists, though not yet scaling.**
- **Biggest reliance on Software and it's architects**

Summary

- **Dependent on always-on Infrastructure**
- **Dependent on adoption of changes to commercial relationships**
- **Leverages existing core capabilities to new market opportunities**
- **Provides a mechanism for the Physical industries to exploit the e-services revolution**
- **Value Collaboration Networks offer the logical evolutionary path for SCM, ERP, CRM, CI, Hubs, Portals**