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interBiz

New Systems & Potential for eBusiness & Supply Chain Management

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Reasons for This Topic #1

- E-commerce transactions & applications?

  Many B2B companies use e-com sparingly, for basic EDI, few transactions with few partners.

- A more demanding business environment?

  All companies operate in the same marketplace where e-commerce influences partner relationships & expectations.

This is why the difference is the business environment, not e-commerce itself, for many companies.

Reasons for This Topic #2

Limitations of Enterprise Systems

What does your CEO use from enterprise systems?

Several facilities or applications? **Or** Just financials & selected reports?

- Bottom up design (base: transactions & finance)
- Added layer of reactive management tools
- Little use by executives for business management

The Need:

Wider scope for business management systems

Objective & Topics

Examine feasibility of more comprehensive business management systems

- ***Management needs & enterprise systems***
- E-business management approaches
- Strategies for getting there

E-Commerce or E-Business?

- E-Commerce
  - Internet based trade (selling & buying)
  - You are implementing now
  - Essential *for survival….today!*

- E-Business
  - Using all the resources of systems & internet
  - You probably haven't started
  - A huge management area & potential
  - Prerequisite *for success….tomorrow?*

There are different levels of e-com. & e- bus.

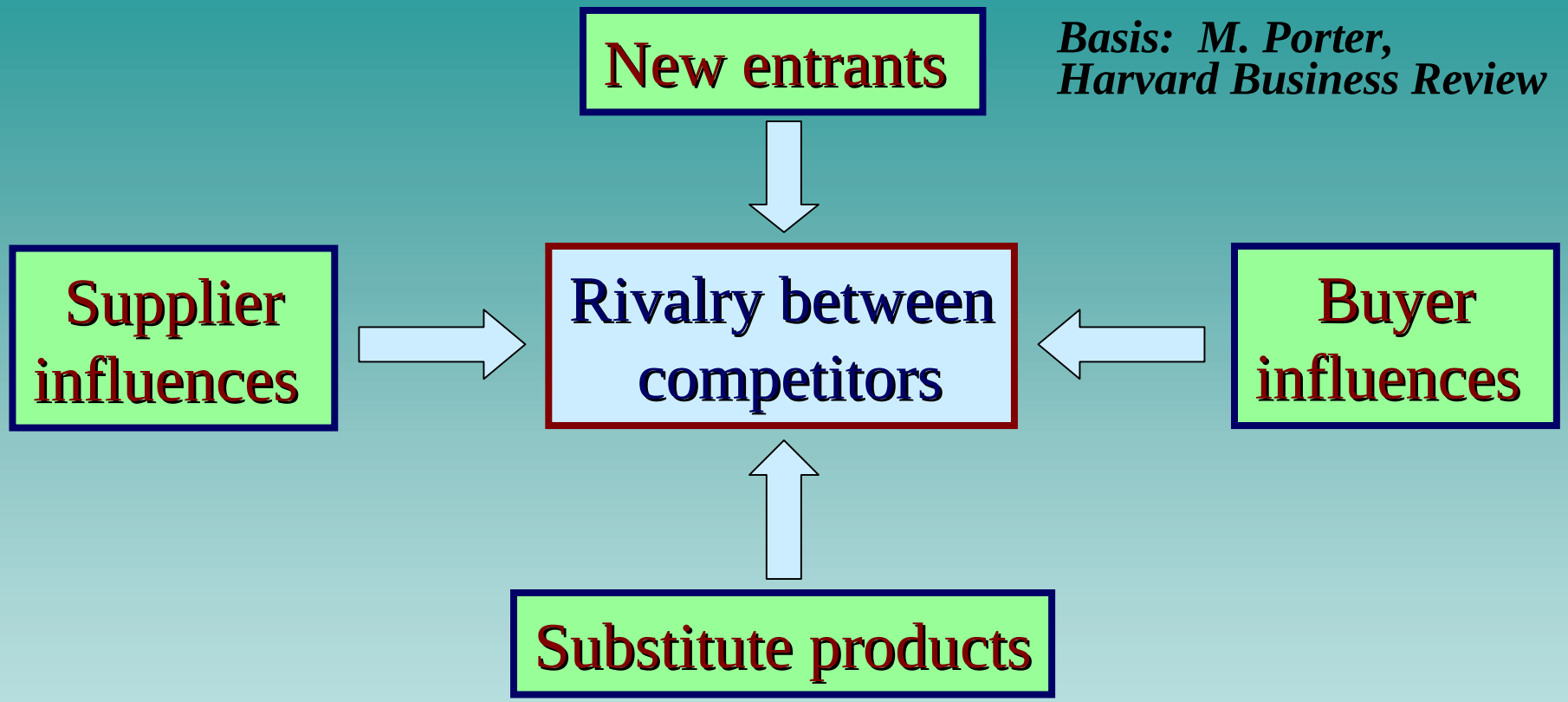
Today's Challenges

- Customer service
- Quality
- Responsiveness
- Lead times

- Faster & more volatile
- Different expectations:
  - Customer
  - Supplier

- *More demanding (not less)!*
- *How to meet the challenge?*

What Determines Profitability?

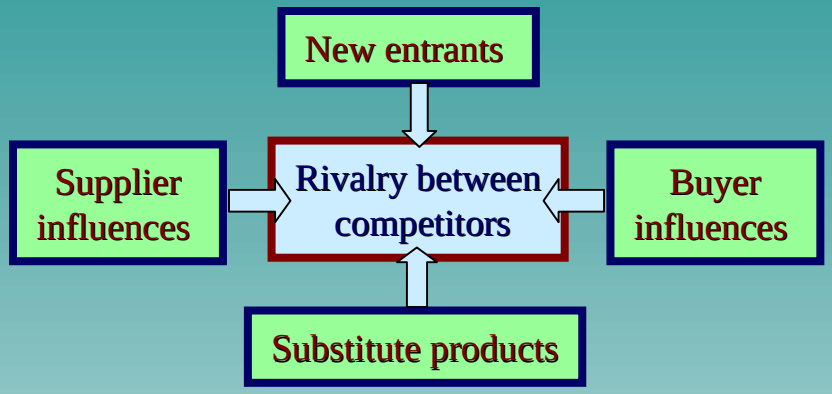


Basis: M. Porter, Harvard Business Review

- *Are these factors covered by typical enterprise systems?*
- *How does an executive get all the information?*
- *How are the different sources monitored?*

Executive's Business Concerns

- Industry issues
- Competitive forces
- Corporate goals
- Possible strategies
- Critical success factors



Since these factors not covered by enterprise systems, the need is for systems to:

- *Access any/all information sources*
- *With filters & alerts for exceptions.*

Example: Executive Business Planning

Typical business scenario…looking at sales revenue
Examples of information sources

- Period sales/revenue forecast
- Current representative pipeline
- Recent sales analysis (trends)
- Current orders (backlog)
- Asset/inventory status
- Activity/production resource status
- Competitor's new products or pricing
- New entrants, technology, substitutes
- Customer business outlook or credit status
- Industry or analyst projection
- Current sales, marketing, operating budgets

Much of this information is external (red), on PC's or elsewhere

Executive Planning Needs

- Period sales forecast
- Sales representative pipeline
- Recent sales analysis (trends)
- Current orders (backlog)
- Asset/Inventory status
- Activity/production resource status
- Competitor's new products or pricing
- New competitors, entrants, technology
- Customer's business cutback or credit status
- Industry or analyst projection
- Current sales & marketing budgets

Today's approach… meetings with staff who collect/collate information

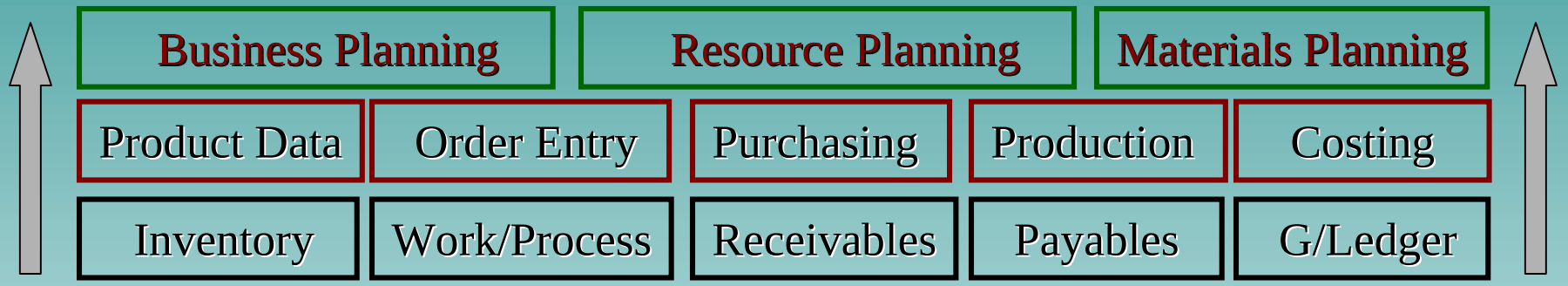
Is there a better way to get all this together and…

- Assess impacts
- Decide actions
- Monitor activity
- Identify future problems?

Enterprise Systems: Bottom Up Design

Based on transactions & financial operations…

…with added layer of management tools (e.g.ERP)



- *Little help with CEO's wider responsibilities*
- *A top down perspective would be beneficial*
- *But must take advantage of current systems*

Enterprise Systems Are Reactive

Typical Enterprise System:

Exception messages only triggered when desired result is past and not achieved.

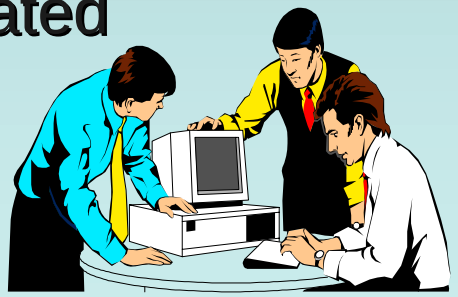
Examples:

- *Customer order is behind schedule.*
- *Expected replenishment not arrived.*
- *Revenues/sales below forecast.*
- *Costs higher than budget.*

Is there a proactive alternative?

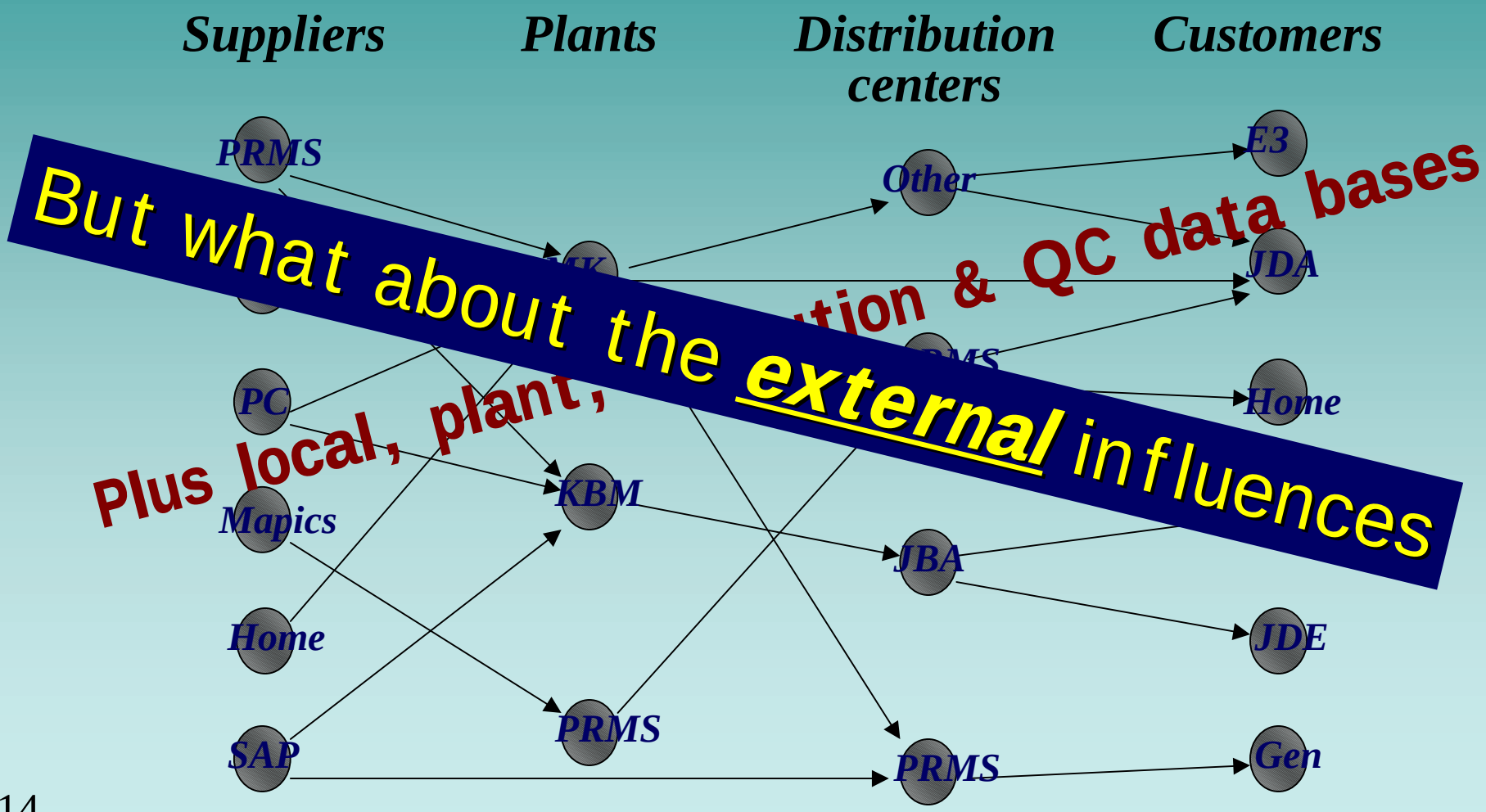
For *Proactive* Information

- Earlier knowledge…forewarned is forearmed
- Future influences outside enterprise system
- More than local operational data needed
- Consider such aspects as:
  - External data sources (Nielsen, D & B, analysts)
  - Data analysis & monitoring of events/activity
  - Rules for context & direction for action
  - Presentation of exceptions/alerts
  - Pattern identification & prediction capabilities
  - Disparate internal systems to be integrated



Example: The Supply Chain

Network of events & activities across disparate systems



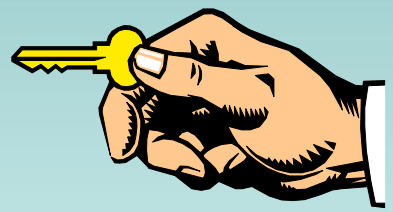
Influences on Supply Chain

Examples of ***external*** influences

All of utmost importance to top management

Supply Chain Execution Factors

- Commodity or material scarcity or price changes
- Supplier performance and profitability
- Transportation disruptions
- Changes to major client credit or business outlook
- Current and projected weather
- Energy availability and prices
- International economic & currency projections
- Quality variances
- Available resource capacity
- Cash flow
- Etc.



All are important to proactive & comprehensive management, but relevance varies by company

Objective & Topics

- Management needs & enterprise systems
- ***E-business management approaches***
- Strategies for getting there

Typical E-Business Systems Strategy

- Base is legacy enterprise applications
- Add applications for:
  - Web-sites & CRM
  - Additional EDI or XML
  - E-buy & e-Sell
- Extend common systems across enterprise

But these approaches….

- *Incur disruption & unnecessary expense*
- *Only deal with internal information & applications*
- *Only cover selected (not all) trading partners*

….and may not provide what is needed!

Key to E-Business Management

Design for executive top down view
& perspective of total business & influences

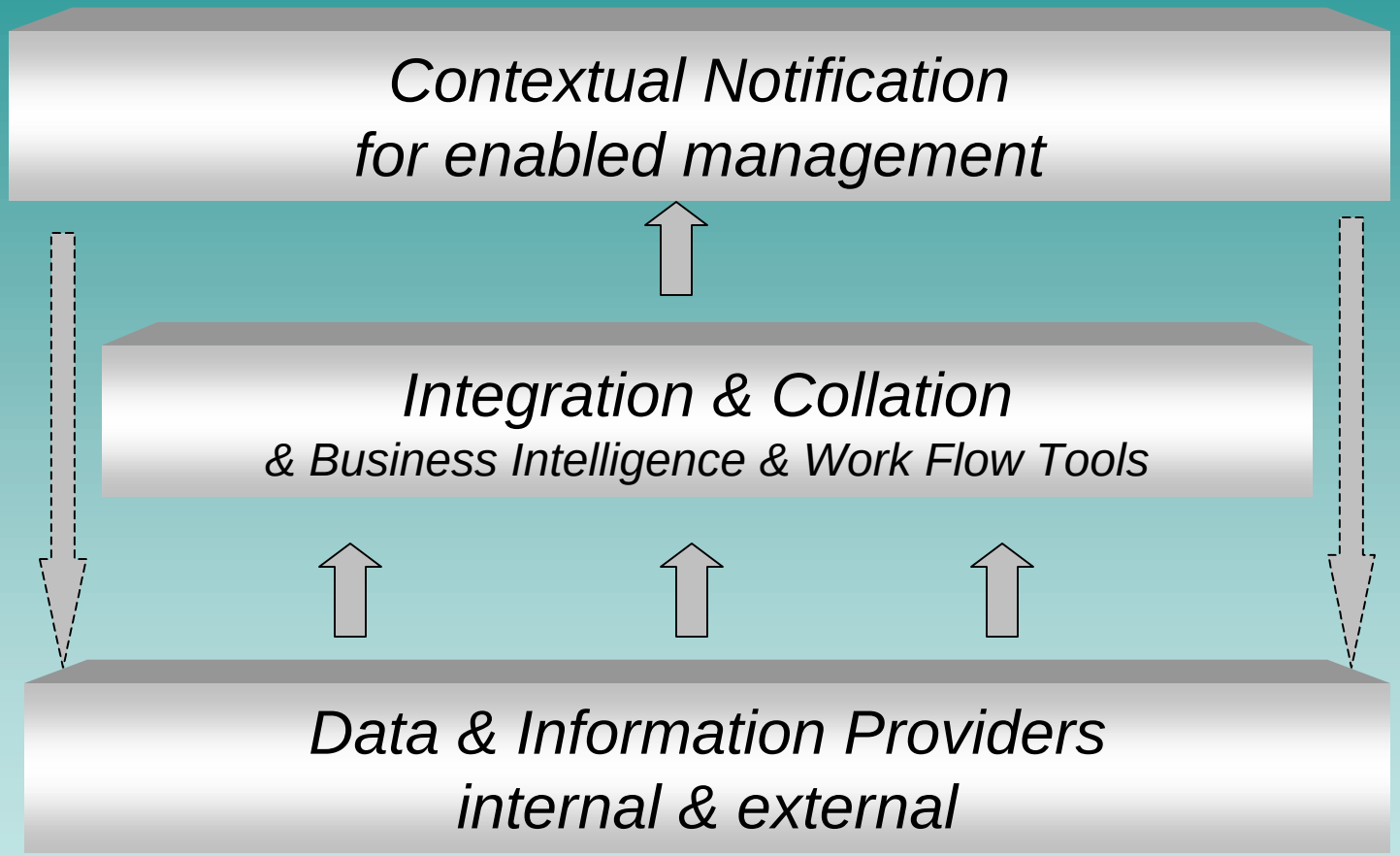
Contextual visualization

Key performance indicators

Filters & alerts | Workflow rules | Predictive analysis

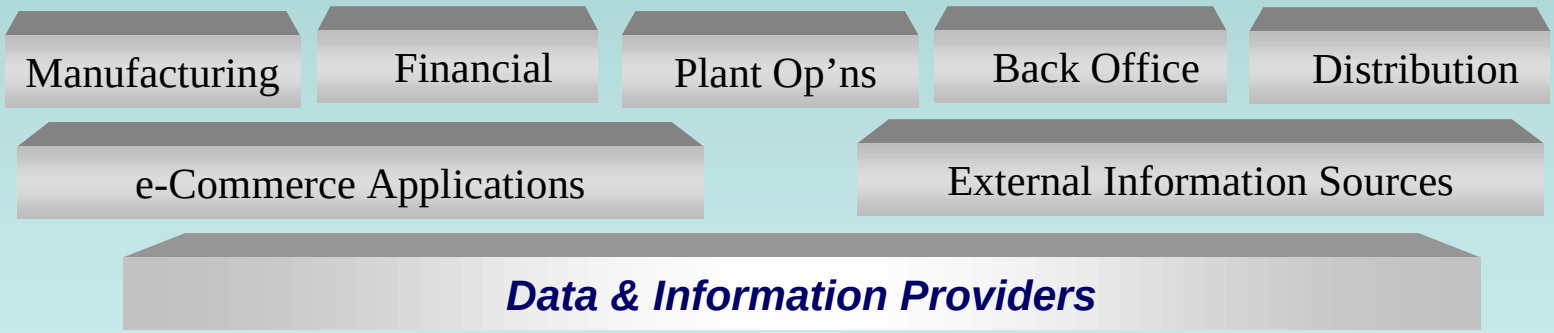
Internal & external information sources

E-Business Management Architecture

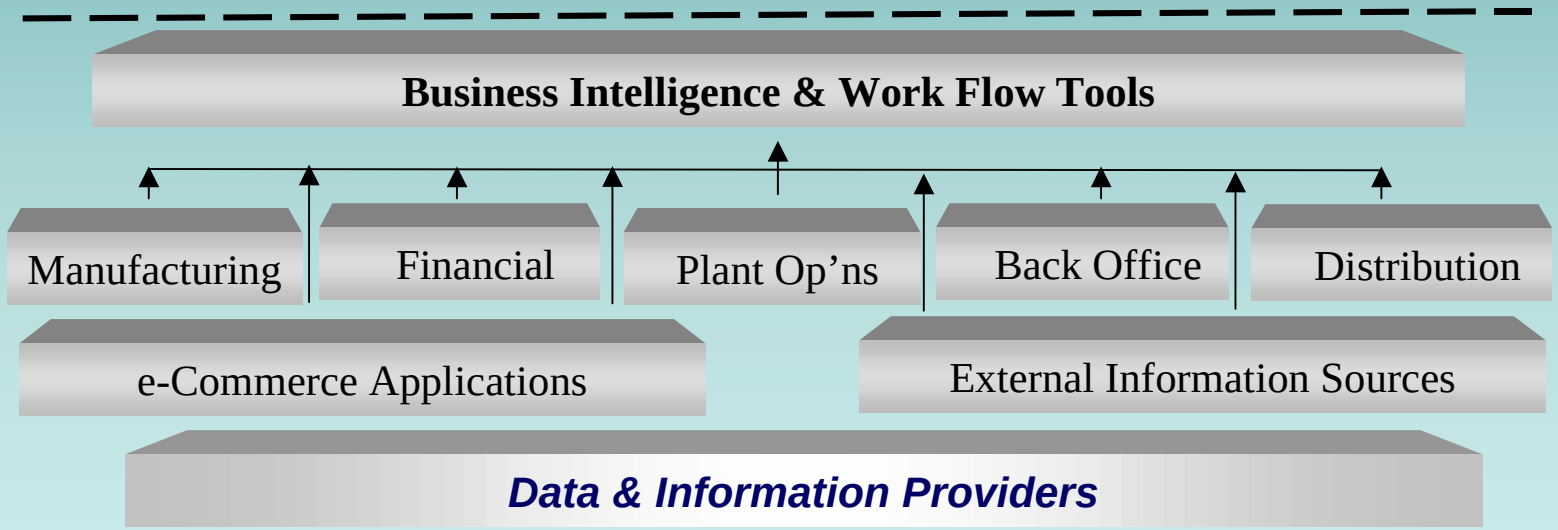


Layers of facilities & tools

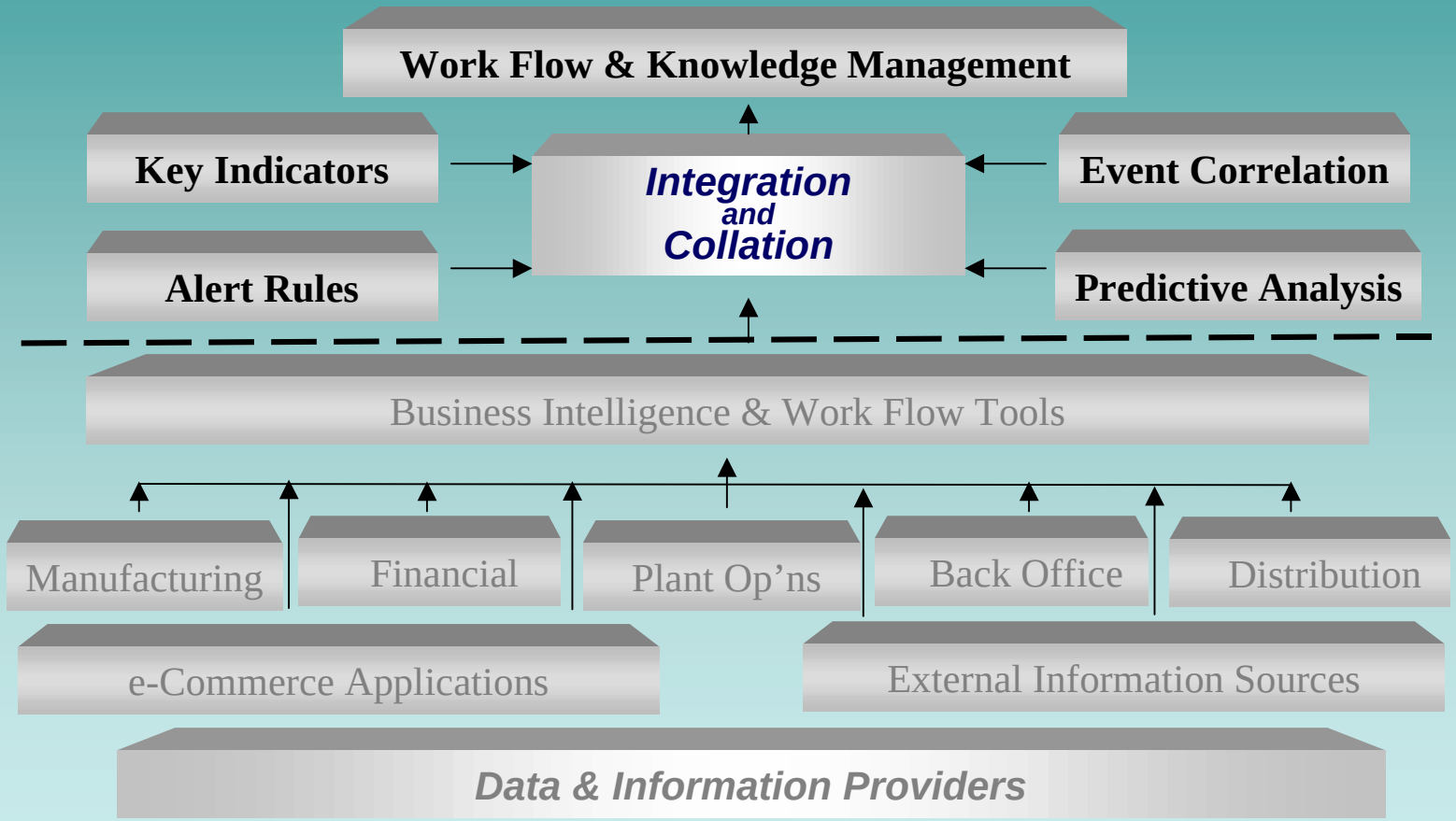
E-Business Management System (1)



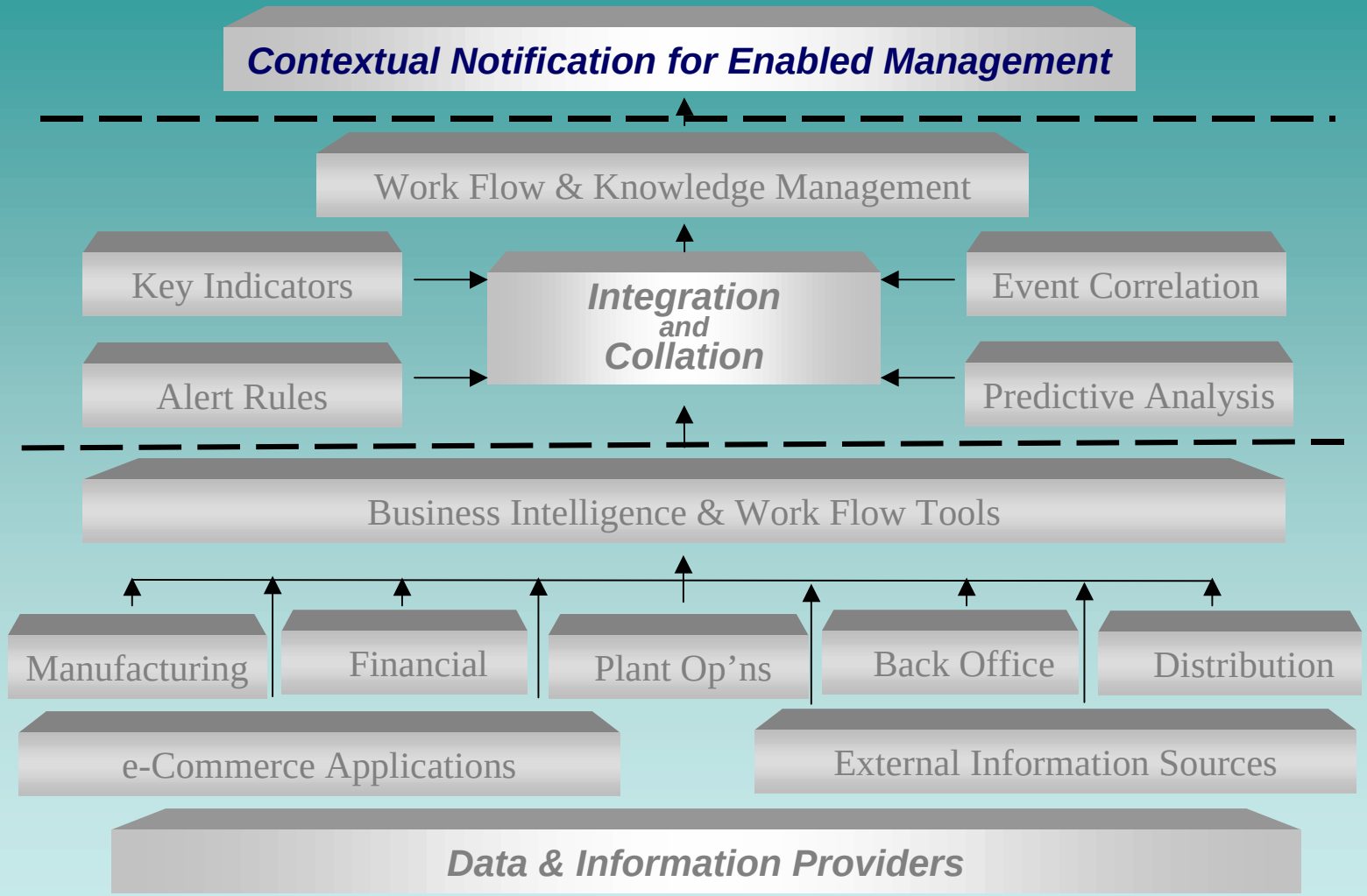
E-Business Management System (2)



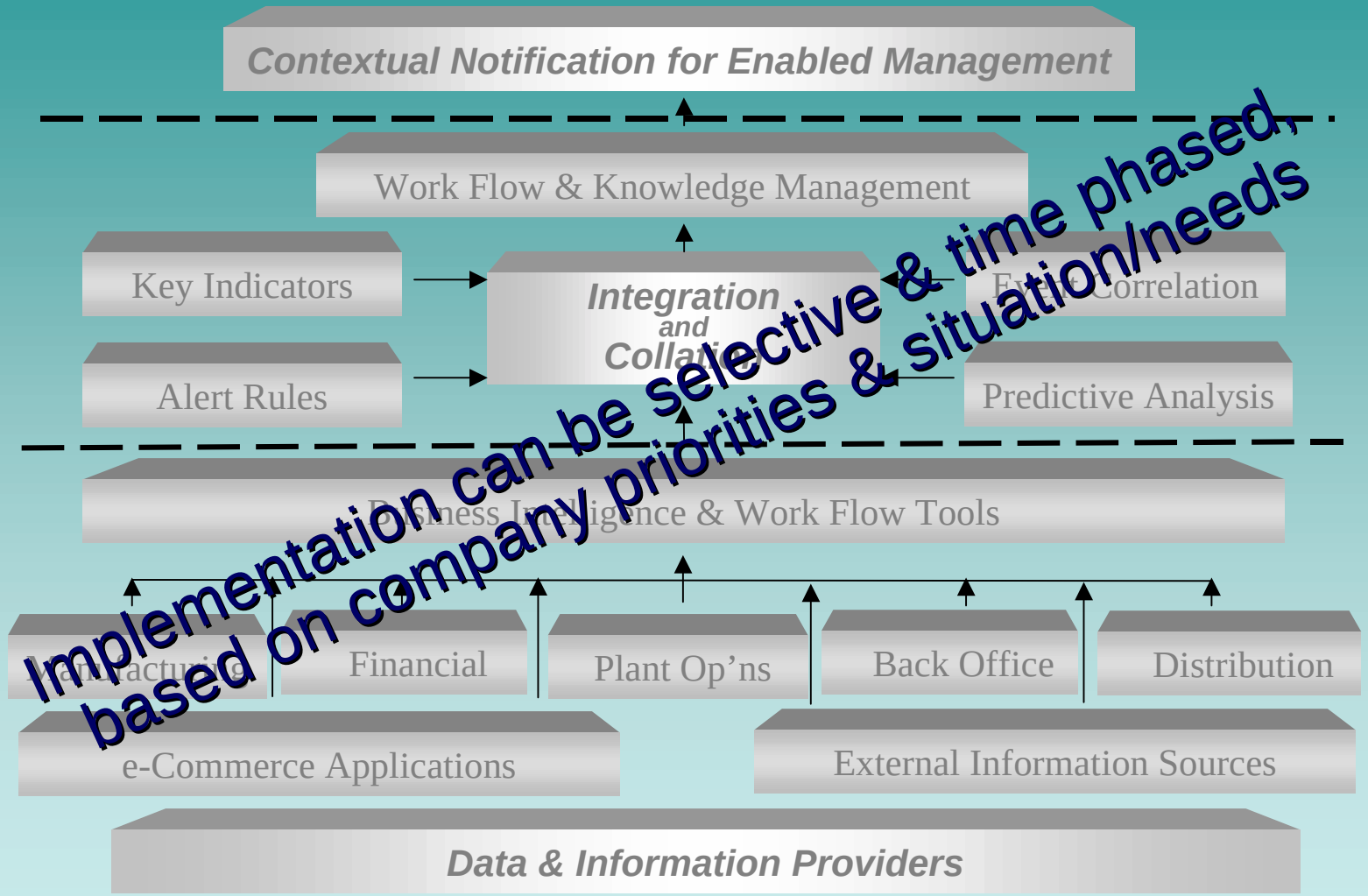
E-Business Management System (3)



E-Business Management System (4)



E-Business Management System



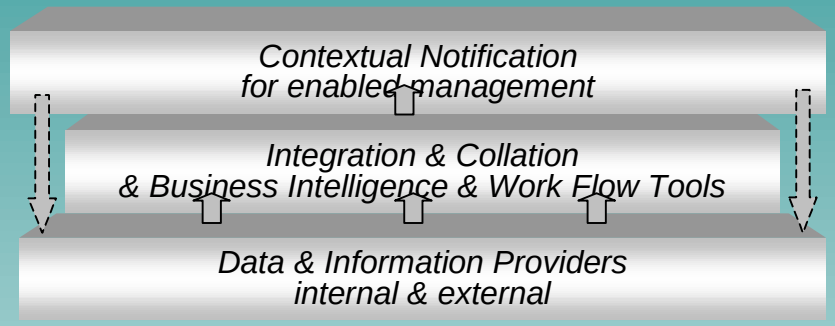
Objective & Topics

- Management needs & enterprise systems
- E-business management approaches
- ***Strategies & getting there***

E-Business Management Tools

Summary:

- Information providers
- Integration & collation
  - Key indicators
  - Alert rules
  - Event correlation
  - Predictive analysis
  - Workflow and KM
- Contextual notification & visualization



Expanding to E-Business Management

Concept

Achieving an e-business management system requires different and expanded approaches for:

- Integrating multiple and disparate internal systems, home grown and different vendors.
- Including information from external sources, such as D&B, Nielsen, competitors.
- Analyzing and presenting alerts for required action while avoiding information overload.
- Providing more than a rear view mirror view to support proactive management

Expanding to E-Business Management

Strategy

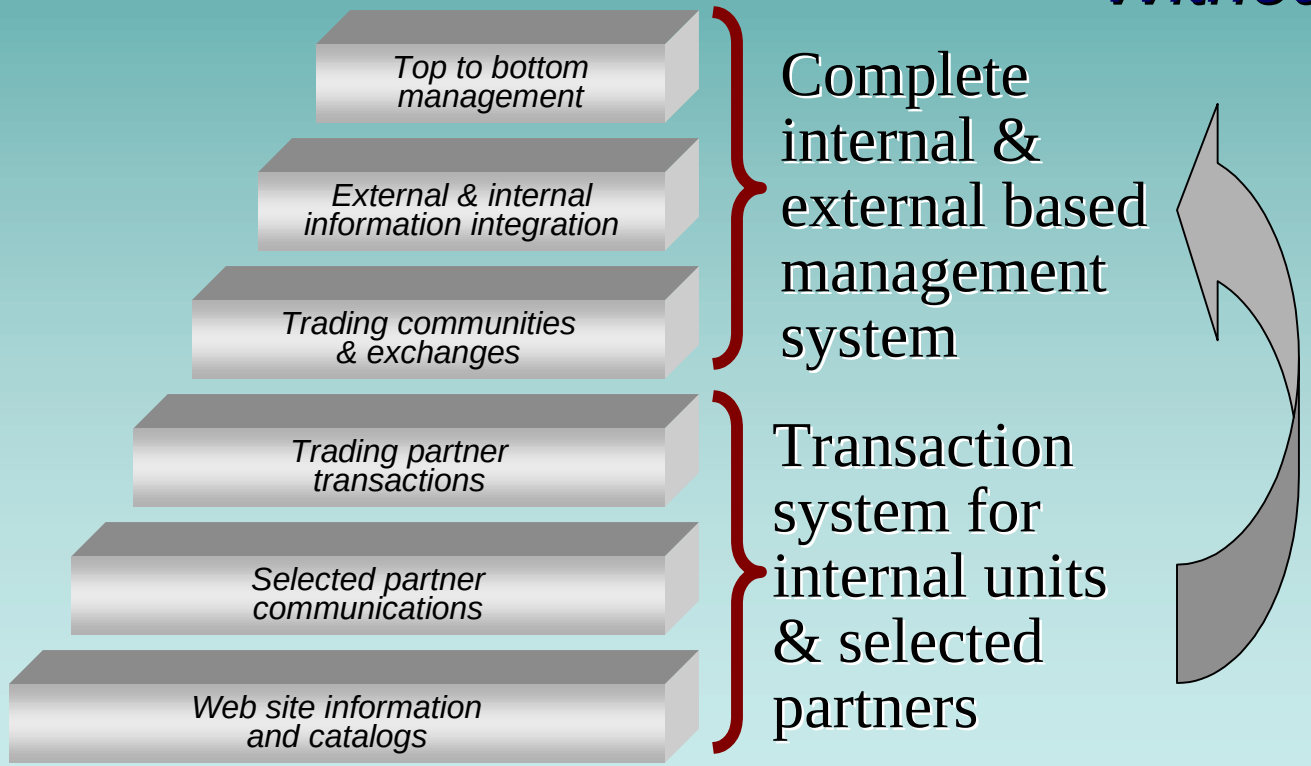
- Overcome limitations of enterprise systems
- New & strategically viable systems must be:
  - Based on a new look at requirements
  - With mindset change & more creativity
  - Top down view, not bottom up
  - Focused on key business issues
  - Proactive rather than reactive
  - External & internal sources

Six Levels of E-business

Different Levels of E-business

From basic web presence to e-business management

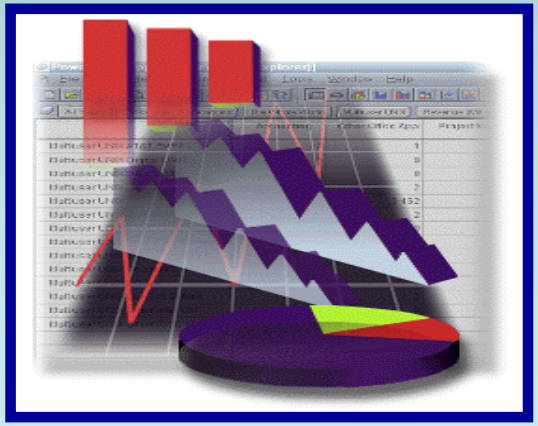
- ***How to use them?***
- ***How to get there?***
- ***Without disruption***



Expanding to E-Business Management

Challenge: bridging any IT/executive disconnect by:

- Getting to know what is needed
- Mapping an IT strategy to provide
- Prioritizing the opportunities
- Starting now, before your competitor



Expanding to E-Business Management

- Plan for e-commerce & e-business:
  - Planning & execution
  - Management
- Technology is there, not so difficult/costly
- Make sure you look at strategic need
- Focus on top management concerns
- Involve executives in function definition
- Specify & prioritize all information sources
  i.e. Internal & external information sources
- Current mindset is the only constraint

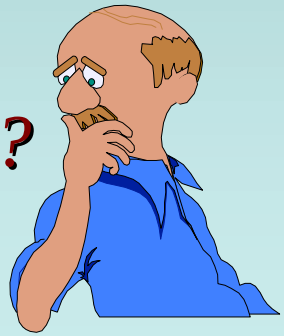
Summary: E-Business Management

- Provide unified view of all resources for global control
- Build on existing investments in technology
- Support collaboration with customers & suppliers
- Bridge existing & disparate platforms and the internet
- Contextual visualization for faster, better decisions
- Retain executive attention with manage-by-exception
- Use past events & conditions to predict future
- Deliver right information, early, to right manager

Three Options? Think About It..

- Anyone can make a decision given enough facts
- A good manager can make a decision without enough facts
- A perfect manager can operate in complete ignorance

Which situation do you want in your company?



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Thank you for your time

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