2002 Users Conference
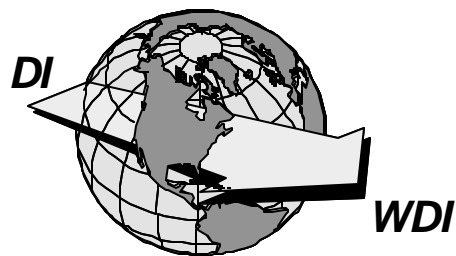
Leveraging Existing Business Infrastructure – the Ultimate "ROI"

Randy Smith

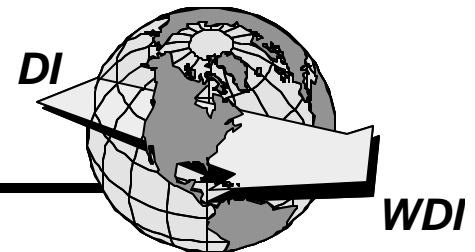**eSI2, Inc.**

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2002 User Conference

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Agenda

★ **eBusiness Return on Investment (ROI)?**

★ **Top Three Concern's of CIO's**

★ **Integration / Collaboration….**

  • **"Ready, Fire, Aim?"**

★ **Evolution of e-Business**

★ **Business Reality Landscape**

★ **Leveraging e-Business Architecture / Solutions**

★ **Success Factors for e-Business**

★ **Q/A**

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eBusiness Return on Investment (ROI)?

★ $40 Billion a year…..

  ✓ 110 million per day…..

  ✓ $4.6 million per hour…..24hrs/day, 365 days/year

★ Industry Statistics:

  ✓ 30% - Incorrect order information

  ✓ 53% - Invoice / Purchase Order item match
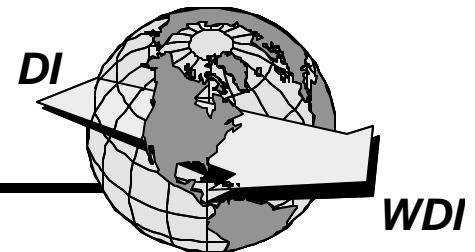
  ✓ Each error costs around $70.00 to fix

  ✓ Manual entry of ordering, shipping, purchasing and receiving information

 ✓ Among the first industries to adopt electronic data exchange

  ✓ Relative to other industries: Leader in the use of EDI

★ Unique industry? / Unique problem?

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Top Concerns of CIO's

★ *Availability of Applications that Fulfill Business Needs*

★ *Information Systems Technology Support of Business Growth*

★ *Ability to Secure Information from unauthorized Access*

★ *The Integration Imperative – integration is no longer a Choice—it's an obligation*

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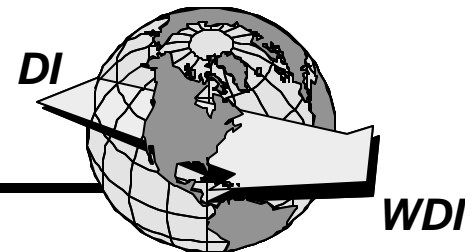
Integration / Collaboration…"Ready, Fire, Aim?"

★ **Disparate Systems** (aggressive acquisition binges?)

★ **Multiple versions of information** (You have the updated version…, right?)

★ **Missing processes / controls** (the Enron model?)

★ **Manual Entry, Re-entry**

★ **Unusable web sites**

★ **Inaccurate or incomplete information**

★ **Unavailable when you need it**

★ **Customer service (?)**

★ **Independent to all our current processes**

★ **Web Solutions that don't utilize existing business processes/rules**

★ **"Wow" design, but ignores many (or all) of our key business rules, requirements, processes, controls**

★ **I thought we had a backup….**

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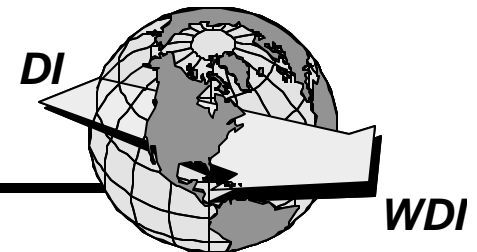*WDI*
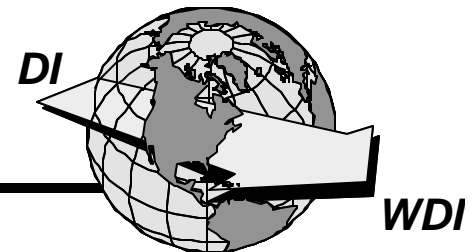
Integration / Collaboration…"Ready, Fire, Aim?"

★Thought for the day…..

- "Programming today is a race between software engineers striving to build bigger and better idiot-proof programs, and the Universe trying to produce bigger and better idiots.

  So far, the Universe is winning."
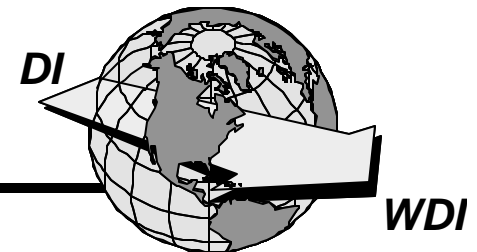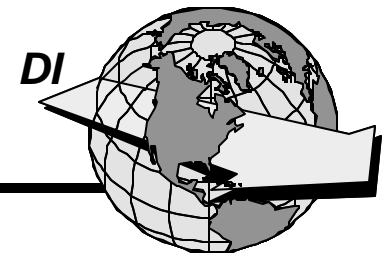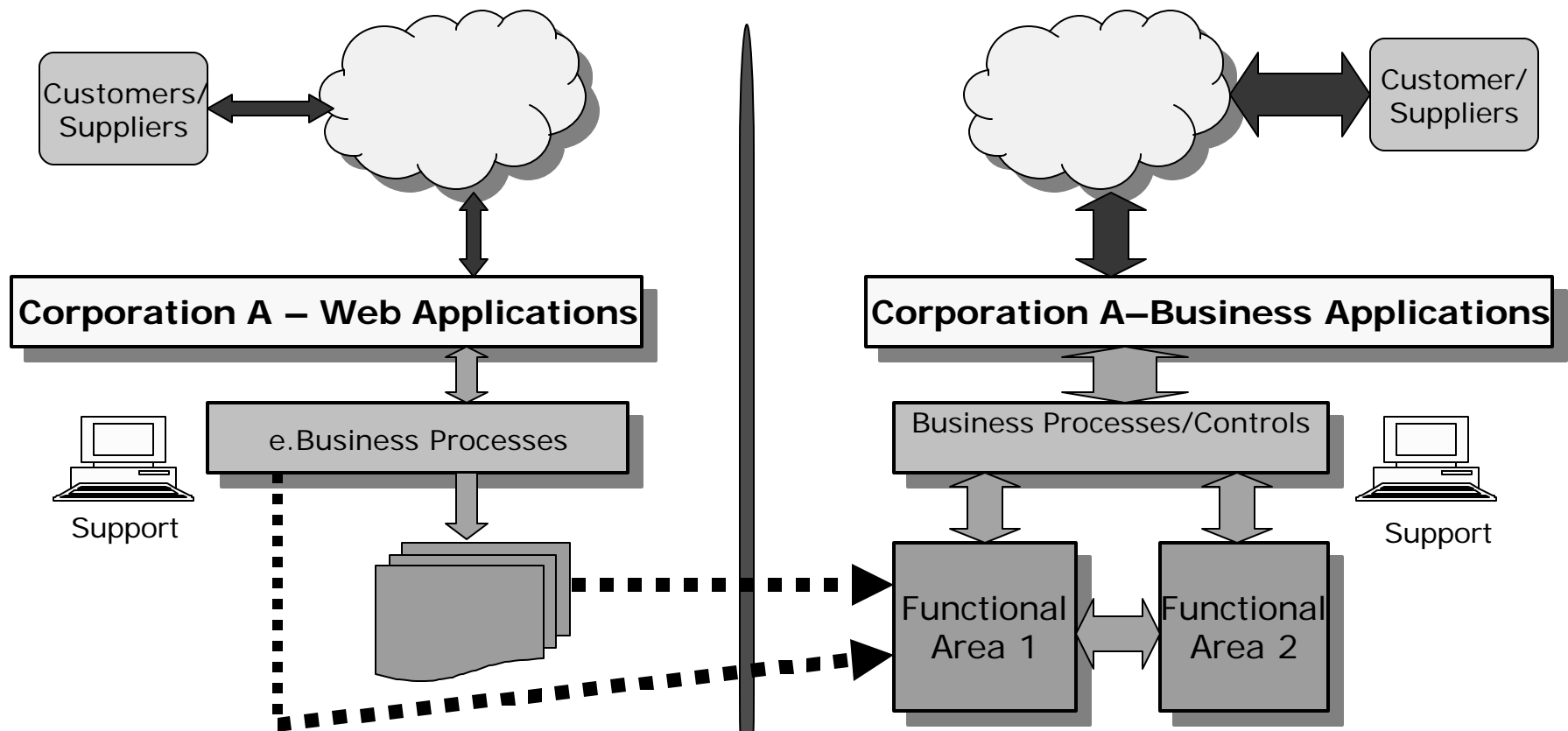
  - Rich Cook

  March 2002

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"e"volution of eBusiness…

★ **Ok, so how did we get here?**

- Competition – the need for presence (b2c, dot.bombs)
- Acquisitions / Mergers / Consolidations / Growth
- Lack of Corporate Belief in IS as a Strategic Asset
- E-business decisions independent of business analysis and business modeling
- Built stand-alone solutions
- Decision to "webify" ALL systems in the corporation
- Solutions that didn't consider the "normal" access points or end-user's needs

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"e"volution of eBusiness...

Customers/Suppliers

Corporation A – Web Applications

e.Business Processes

Support

Customer/Suppliers

Corporation A—Business Applications

Business Processes/Controls

Functional Area 1

Functional Area 2

Support

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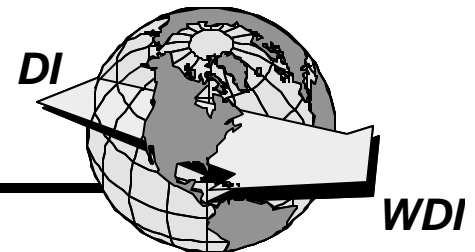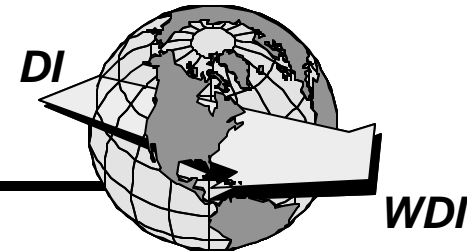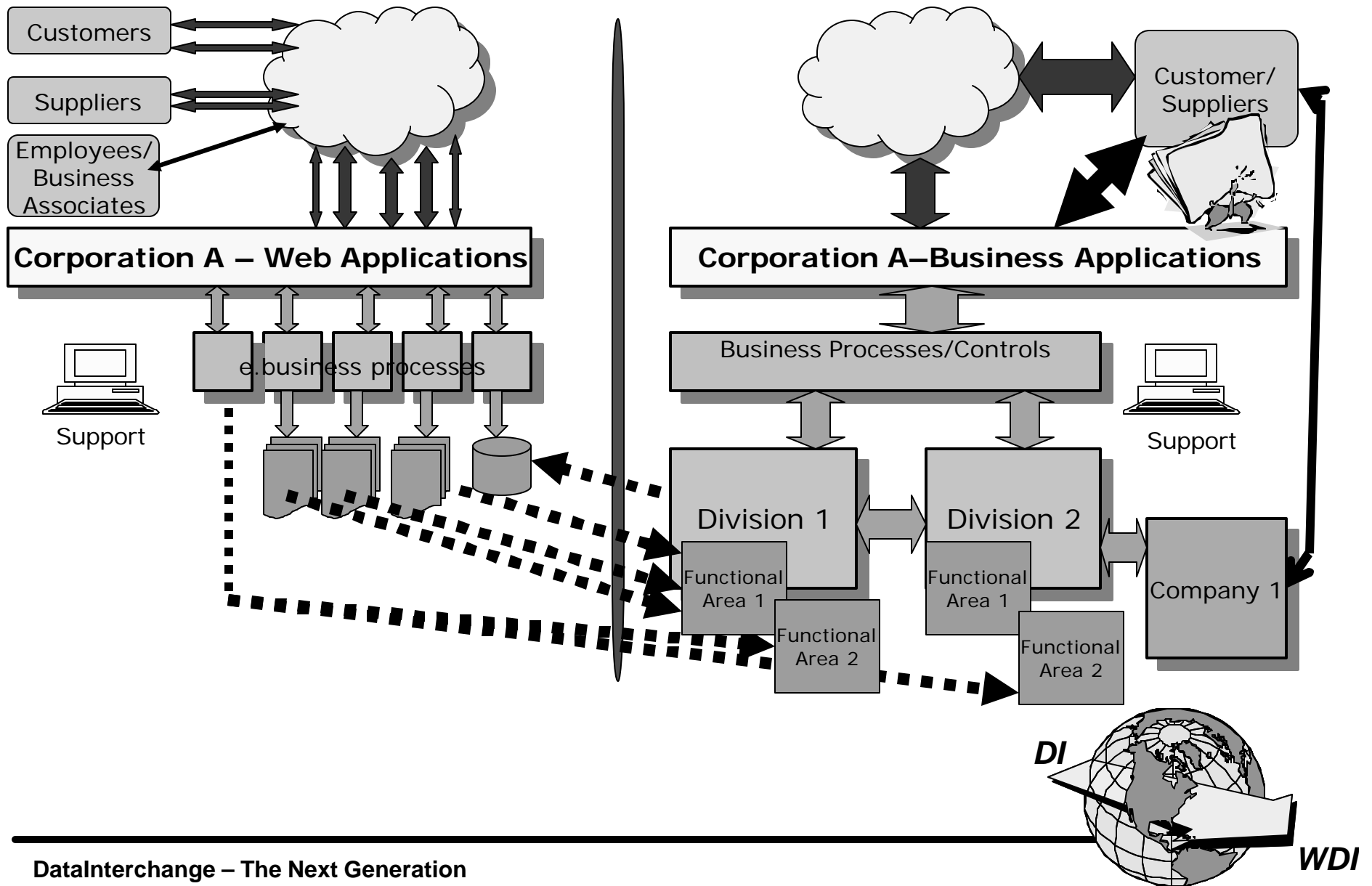
eBusiness: Results/Challenges

- ★ Few or no Business Application Interfaces
- ★ Manual / Duplicate Processes (re-entry of data)
- ★ Inaccurate / missing business information
- ★ Inconsistent or non-existent Business Rules
- ★ Lack of Business Transaction management/process controls
- ★ Multiple Customer / Supplier Interfaces
- ★ Redundant Client Support organizations
- ★ Increased costs and overhead

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e-Business to e-Solutions

Phase I	Phase II	Phase III	Phase IV
Basic Presence	Basic e-Com Websites	Integrated E-Business Tx -> Proc	Value Chain Integration
Web Site	Buy/Sell Catalogs	ERP & Workflow Integration	Business Functions/ Process Integration
	"e-Facade"		

Today

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Business Reality Landscape

Customers

Suppliers

Employees/
Business
Associates

Corporation A – Web Applications

Support

e.business processes

Customer/
Suppliers

Corporation A—Business Applications

Business Processes/Controls

Support

Division 1

Division 2

Functional
Area 1

Functional
Area 2

Functional
Area 1

Functional
Area 2
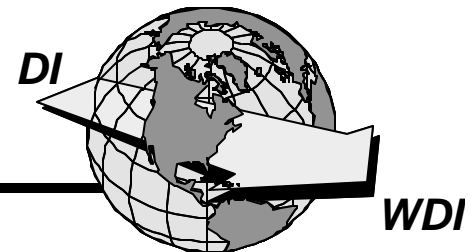
Company 1

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Business Reality Landscape

★ *Fact: The average large* **organization:**

- *Maintains 6 operating environments*
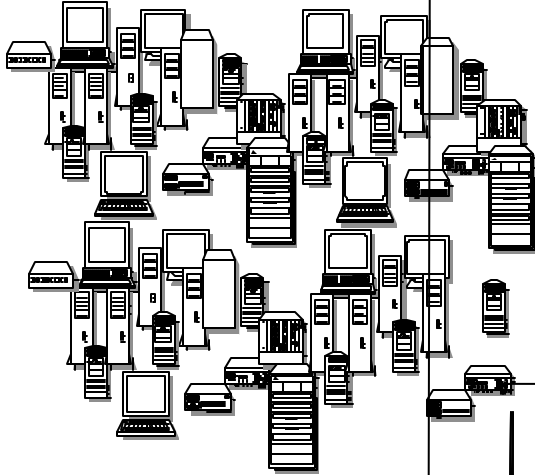- *Has over 150 different workflow applications on desktops alone*

Gartner Group - 2001

★ **Trend: Clients are demanding less complex solutions…..**

- *Reduced complexity = lower costs*
- *Improve Reliability and Performance*

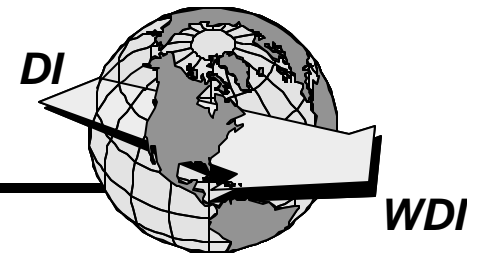*DI*

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Business Simplification Model

Old Model

New Model

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e-Business Solutions Leveraging

★ **The keys:**
- Stop! Until you can define, design, integrate with your business needs and requirements
- Leverage existing business rules, processes, controls
- 'e' adaptation of processes, controls
- Integration
- Transaction management

★ **Levels?**
- Vertical – Internal/External
- Horizontal – Functional areas, companies
- Process, Rules

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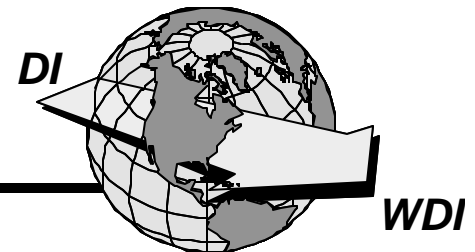
e-Business Success Factors
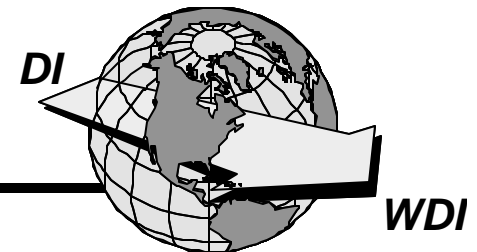
★ **Business vision first, technology** second

    ⚡ **Partnerships between business managers and I.T. managers**

    ⚡ **Central to your business**

★ **e-business priorities = business priorities**

★ **Integrate e-business with core operations**

    ⚡ **Leverage business-proven systems, applications and processes already in place**

    ⚡ **Consistency across all sales channels**

e-Business Success Factors

★ **Not optional:**

 ⚡ **Scalability,availability, security**

   – **97% reliability ='s 263 hours of lost business a year**
   – **46% of customers will select another vendor, if they encounter problems on a web site**

★ **Customer knowledge ='s an advantage**

  ⚡ **Leverage the best real-life business intelligence**

★ **Major process transformation requires identifying all sub processes**

  ⚡ **Focus on the business and it's processes**

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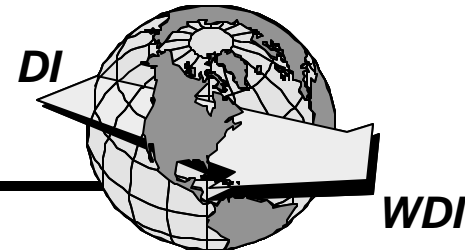
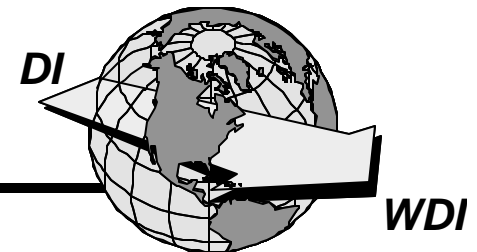# e-Business Success Factors

★ **Plan for exponential growth**

  ✗ **Triple-digit growth is the norm in e-business**

  ✗ **Demand spikes of 1,000%**

★ **Performance management**

  ✗ **Three attributes to remember:**

    – **Reliability builds trust**

    – **Security builds confidence**

    – **Manageability ensures performance**

★ **Data + Process = Business Strategy**

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e-Business Success Factors

★ **Utilize Software Products, "building blocks",Tools and Outsourcing**
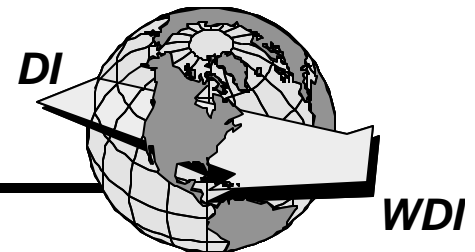
⤢ Select software building blocks and tools that assist you with business integration (as well as web-site development)

⤢ Select people who know what works and what doesn't

★ **Make business decisions, not technology or "fad" decisions**
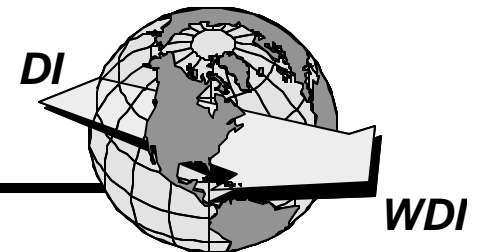
★ **Analyze technology relative to your business**
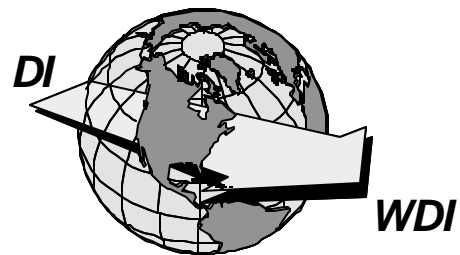
★ **Plan for change:**

⤢ Tomorrow will be different

"e" Summary

★ **e-business priorities should be your business priorities**

★ **Integrate vertically, horizontally, functionally**
  – **Systems**
  – **Applications**
  – **Processes**
  – **Controls**
  – **Operations / Support**
  – **People!**

★ **Eliminate duplication of processes**

★ **Simplify (take one success at a time)**

★ **Plan for change (change IS constant)**

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Q / A

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