Discussion Starter Questions
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Information Drives Business

Network of Brains

Network of Businesses

Network of Resources

Source: The Future Has Arrived, Peter Zandbo
Business Network Transformation

Goal: Taking business collaboration to the next level.
Necessity: Supporting collaboration with *flexible, agile, linkable* technology among partner companies.

Technology infrastructure that eases/promotes collaboration.
- Based on industry standards (where they exist).

Internal mode of operating that supports collaboration.

Ability to handle outsourced or collaborative functions *with as much efficiency as internalized processes*.

Ability to exercise security and governance in a rational and effective manner.

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Efficiency and Innovation

![Network Efficiency Diagram](image1)

- Out-tasking and process excellence

![Network Co-Innovation Diagram](image2)

- Collaboration and competitive differentiation

Source: The Future Has Arrived, Peter Zeiselke
ERP and Collaboration

Traditional ERP can provide a backbone for effective within-company business process deployment and information handling among functional areas. SCM, CRM, etc. can extend this backbone to external data producers and consumers and process participants. Establishing a truly unified method of process collaboration without tying all partners to a single software product or execution environment pushes IT to its contemporary limits.

Business Process and IT Process Capability

Source: The Concours Group
Business Process and IT Process Capability

1. **Discrete Exploitation** - Piecemeal implementation of business capability and enabling technology
2. **Intra-Process & Systems Integration** - End-to-end integration of a single process and related systems (e.g., procurement to payment)
3. **Inter-Process & Systems Integration** - Integrated demand and supply management processes and systems
4. **Dynamic Processes and Systems** - Real time operations and systems cross-company
5. **Re-configurable Processes and Systems** - Ability to show different faces to different customers and partners

Is this important?

"Collaborate or perish."

Google CEO Eric Schmidt

“The greatest change in the way business is being conducted is the accelerating growth of relationships based not on ownership but on partnership.”

Peter Drucker
Is this important to IT?

CEOs believe collaboration is absolutely critical, but there is a problem: Although collaborative aspirations were high, actual implementation was dramatically lower. Citing a lack of the skills and expertise needed to partner externally, many CEOs refer to partnering as ‘theoretically easy’ but ‘practically hard to do.’

*IBM Global Services Global Study of 765 CEOs*

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Key premise of Network Transformation

Commodity-type (everyone does it the same way) and unimportant operations that provide no differentiation should be outsourced.

Outsourcing providers require management and oversight to ensure performance targets are met.

Differentiating and core operations should be built in collaboration with partners to establish unique benefits for targeted customers.

Speed and intimacy of information exchange is key.
Collaboration

Organizations only actively collaborate when the benefit gained is greater than the time and effort needed to collaborate.

Collaboration is undertaken with a purpose. The purpose determines how the collaboration is structured.

Every network has an entity that organizes the network and is responsible for its outcome—“choreographer.” Governance is needed to manage the collaboration.

Source: Collaborative Networks are the Organizations, Jeffrey Shuman and Janice Twomey
Dell's Value Web

Adapting Business IT

Consolidation & efficiency | Agility & innovation
Command & control | Insight & Collaboration
Internal R&D | Co-Innovation
Uniformity | Diversity

Source: Business Network Transformation: Leveraging a Business Process Platform enabled by enterprise SOA, Abdul Razack
Technology driving business processes

How information can be used (gathered, processed, distributed) creates new business models and opportunities.

6 Levels of technology driving business opportunities:

1. Access
2. Transaction
3. Digitization
4. Virtual Organization
5. Collaboration Network
6. Innovation Network

Source: Smart Business Networks Enable Strategic Opportunities Not Found in Traditional Business Networks, Roger Nagel

Level 1: Access to Information

Provides:

Convenience (Amazon.com)
Consumers empowered, can act rapidly, have more complete knowledge.

Transparency (FedEx)
Nothing hidden, see information as it develops, builds trust, automate interaction, more informed.

Introduction & Referral (Google)
Learn of other opportunities and options, speed finding of resources, benefit from others’ experience.
Level 2: Transactional Integration

Provides:
- Customization of products (Dell)
  - Customers can develop *own feasible solutions.*
- New market structures (eBay)
  - Customers can interact in a way not possible without technology.
- Transactional convenience (*E-ZPass*)
  - Automating the purchase/payment process.

Level 3: Digitization

Turning the physical into electronic.

Provides:
- Digital products and delivery (iTunes)
- Distribute & print on site (stamps.com)
- Facilitate interactivity (iPhone apps)
- Self sufficiency (airline: book, choose seat, buy, check in)—removing professionals from the process
  - Printing/sharing photographs
  - Editing movies

*Digitization is only just beginning!*
Level 4: Virtual Organization

Grouping of companies that come together based on a shared opportunity.
Collaborate in a limited way on a limited set of activities--project oriented.
  Reduce concept-to-cash cycle.
Trust is a key issue!
Technology at the forefront for communication, sharing, and building mutually beneficial and mutually participative processes. (Groupware, etc.)
Example: One World

Level 5: Collaboration Network

Characteristics:
  High complexity, relationship oriented
  Project teams—span company borders. Organize around an orchestrator.
  Focus: build expertise, drive innovation, market development.
Examples: Boeing Goldman Sachs
Boeing 787 Dreamliner

Source: Collaborative Networks are the Organizations, Jeffrey Shuman and Janice Twombly
Level 6: Innovation Network/Coordinated Network

Characteristics
- High volume, transaction oriented.
- Outgrowth of value chains.
- Organize around a concentrator.
- Focus: efficiency, speed, adaptability.
- Examples: Li & Fung

Collaborative vs. coordinated networks

Collaborative networks (business user-centric)
- Adaptivity, communication
- Share information
- Participation
- Actionable analytics

Coordinated networks (business process-centric)
- Efficiency, computing
- Share processes
- Automation
- Process innovation

Source: Business Network Transformers: Leveraging a Business Process Platform enabled by enterprise SOA, Abdul Razack
Classification of network relationships

**Operational networks**—collaboration on a tactical level. Focused on efficiency and effectiveness improvement.

**Collaborative networks**—long-term strategic collaboration. Focus: strengthening market position.

**Innovative networks**—shared R&D. Focus: future product development and joint ventures.

**Interest group networks**—alliances to protect mutual interests. Even competitors ally for personal benefit.

Enabler

Business processes are no longer cross function within a company, they are now cross company in many instances.

IT must be an enabler of collaboration.

IT systems must embrace standards.

Agility is key.

Resource protection and information governance must not be neglected.

IT systems architecture must allow and facilitate the above goals.