

eBCM Business Assets: **BUSINESS PROCESSES, MODELS AND MANAGEMENT**

LEARNING OBJECT #10

eBUSINESS IMPLEMENTATION

Outline

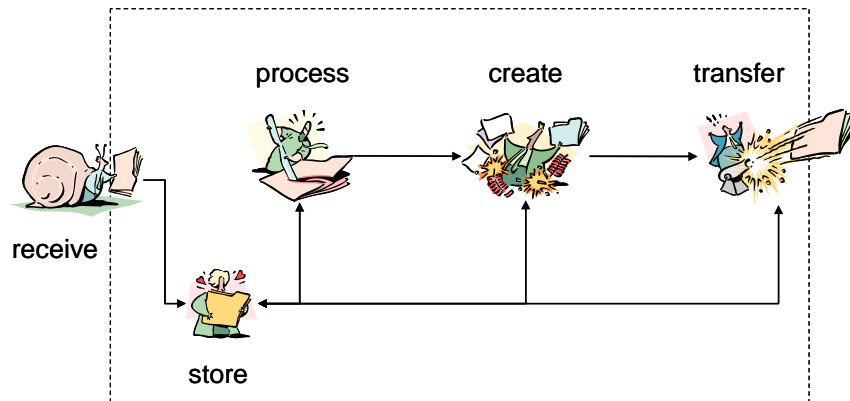
- The promise and demise
- Know what you have and what you want
- The approach to eBusiness
- Implementing eBusiness solutions

The promise and demise

The eBCM model recognises three major external driving forces of eBusiness development and emergence of opportunities and threats, i.e. advancement in technology and business innovations; market and competition evolution and changes in policy and societal aspects. The internal driving forces to a large extent reflect the external forces, with owners and management reacting to the opportunities and threats with actions such as reengineering business processes, organisational changes, improvements of corporate infrastructure, and strengthening human resources. For modern businesses to thrive in the ever evolving competitive environment, they need to optimise on their use of resources and react efficiently to customer's request for products and services. Utilisation of information and communication technology (ICT) can support businesses in reaching this objective, but if not properly implemented, it may turn to be a bottleneck which in worst cases leads to a down-fall of the business operation.

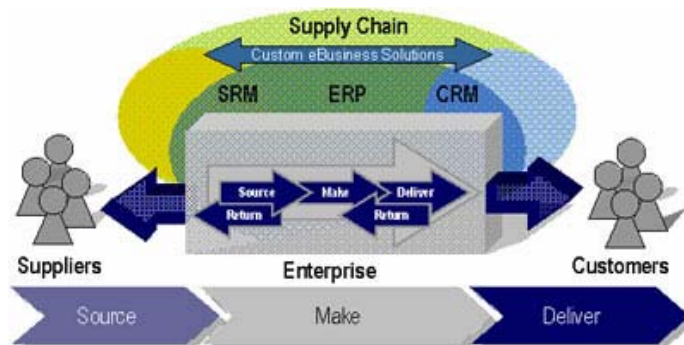
Know what you have and what you want

Business processes are the engineered way of delivering the products or services to end customers. These processes have in most companies evolved over time, based on accumulated knowledge and experience of best practice and thereby become a key intangible asset. The challenge companies are now facing is that these "best practice" methods are to a large extent, with ICT, becoming obsolete and inadequate. Most companies, especially the SMEs, react to this fact in an ad-hoc manner, not having the resources for assessment, planning and ICT solution sourcing. Needing to improve the business processes, but not really having an overview of available solutions to that need, managers tend to delay their actions and investments as long as possible, in some cases too long, losing valuable business to the competition and not utilising the opportunities given. Turning a business into an eBusiness operation has to do with the flow of and access to information. Every CEO of a SME has a reasonably good overview and understanding of the information received, processed, created, stored and transferred in his company.



What he may not know is the additional information he could receive from external sources and the information he could improve his operation and service by communicating to his business partners and own service providers. Documenting the internal flow of information, inputs and outputs, exploring the feasibility of additional information and deciding on improvement priorities is a good starting point for any eBusiness strategy, simple or comprehensive.

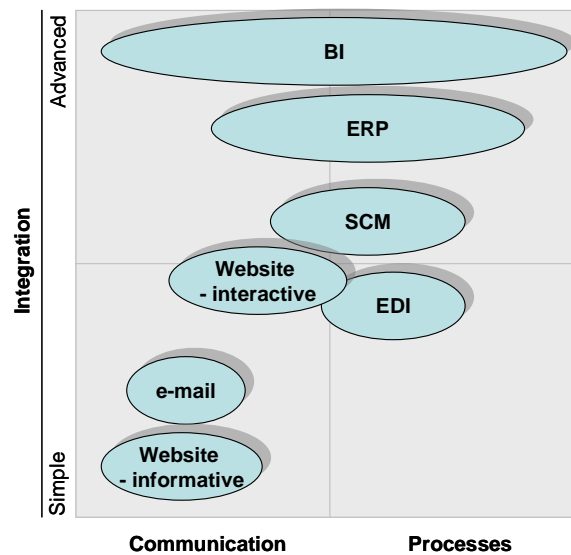
The approach to eBusiness



Particular functions of eBusiness

eBusiness models have become, due to competition and new business innovations, more and more sophisticated and ICT technology dependent. They cover several categories like sourcing (catalogue hubs), ownership (consortia bound), service-based (total procurement, auction houses), and revenue and supply chain (pay-per-view, micro payment) models.

Advanced business processes have developed in functional clusters, such as Customer Relationship Management (CRM), Enterprise Resource Planning (ERP), Supply Chain Management (SCM), Mobile Resource Management (MRM) and evidentially Business Intelligence (BI) clusters. The figure is one way of illustrating the positioning the different functional clusters with regards to their use and level of integration with other internal or external partners and systems.



The particular functions sorted by the systems commonly are the following:

- ERP system.
 - Bookkeeping
 - Financial accounting
 - Assets management
 - Banking transactions (through internet)
 - Personnel administration
 - Resource planning and optimisation
- CRM system.
 - Information about customer and their contact-persons
 - Customers' history of orders
 - Analytical tools to prioritise customers
 - Communication management tool (e-mail sending and phone-call making possibility)
- Supply Change Management.
 - List of available products and services provided by suppliers
 - Ordering management
 - Stock information exchange between eBusiness partners (automatically through internet)
- Webpage's Content Management System (CMS).
 - Web based trading / online sales
 - Management of company's (product's) website(s)
 - Feedback management
- Intranet.
 - Document management
 - Knowledge management

Respectively, new business architectures with ICT influence, like ASP (Application Service Provision), SOA (Service Oriented Architecture), On-demand services, Utility Computing, RTI (Real-Time Infrastructure) and many more, have emerged outlining the new orientation for enterprise ICT usage and the increasing interplay between an enterprise and the systems of its customers and industry suppliers.

When deciding on an overall eBusiness strategy one can take the comprehensive approach or the simple approach or a combination of both. A comprehensive approach means selecting

and/or realigning the company business model¹, business processes² and ICT architecture³ to meet the objectives of the company by utilising ICT in an optimal way. The simple approach can for the SMEs be attractive, which stands for focusing on the current information flow and exploring opportunities to increase the use of ICT in the current business operation, i.e. reverse engineering the company operations.

The simple approach

Reverse business process engineering is the process of analysing a current business process as-is, its components, functionality, necessary resources and external factors and redesigning the process for enhanced productivity and customer satisfaction. There are many tools available for gathering information, such as the Unified Modelling Language (UML) and Architecture for Information System (ARIS™). When applying the simple approach, the key questions a manager is facing are:

1. Which are my business process units (departments / production areas)?
2. Which are the inputs of information to these units (from suppliers, service providers, government, employees or other units)?
3. What kind of information processing occurs in the units?
4. Which are the outputs of information?
5. Is the flow of information to, within and from the units efficient and sufficient?
6. Which are the bottlenecks in the business process information flow?
7. How can the bottlenecks be resolved, taking into account the corporate available resources?
8. Where is the biggest value-add when looking at the available solutions (improve current systems, build, buy or lease), cost-efficiency and overall information flow improvements?
9. Are there any non-technical issues to be considered before taking a decision, such as customers' expectations, employees' view to change or other?

With an overall understanding of the business process information flow and ways to improve the flow, the manager is in a good situation to take an informed decision about the most rational thing to do for enhancing the operational efficiency of the company. In many cases it becomes more economical to revise a business process, rather than asking for modifications of the solutions. Each decision should then be followed by a well structured implementation plan and efficient project management, including change management aspects.

Implementing eBusiness solutions

A key to a successful implementation and operation of eBusiness solutions is full top-level support, efficient project management and access to the necessary knowledge and expertise. Building up an eBusiness operation should be considered a long term objective, where overall integration of the different ICT solutions and continuous operation should be made a priority.

¹ Wikipedia - The term business model describes a broad range of informal and formal models that are used by enterprises to represent various aspects of business, such as operational processes, organizational structures, and financial forecasts.

² Wikipedia - A business process is a set of linked activities that creates value by transforming an input into a more valuable output. Both input and output can be artifacts and/or information and the transformation can be performed by human actors, machines, or both.

³ Wikipedia - Business architecture is an architecture that structures the accountability over business activities prior to any further effort to structure individual aspects (processes, data, functions, organization, systems, applications, etc.). A Business Architecture arranges the accountabilities around the most important business activities (for instance production, distribution, marketing, etc.) and/or the economic activities (for instance manufacturing, assembly, transport, wholesale, etc.) into domains.

Typically a new application implementation plan in a larger enterprise should include:

1. Preparation of new working environment.
 - Establish and activate strategic teams
 - Provide supportive material
2. Application installation and adjustment.
3. Setting up the necessary infrastructure for transmission of data (if necessary).
4. Testing of the new application.
5. Training.
 - All employees
 - General introduction of advantages and improvement to working conditions
 - Managers
 - Overall application functionality and value proposition (managerial view)
 - Departments
 - Overall application functionality and value proposition (staff view)
 - Application use
6. Displacement period – start of use of a new system.
 - Support to individual employees
 - Preparation of operational instructions
 - Archive old application data
7. Finish installation.
 - Activate operational procedures

Most SMEs do not have an internal ICT expert with the necessary overview to architect a holistic approach towards eBusiness and maintain the systems in peak condition. Even though solutions providers do provide consultancy and training on their own systems and sometimes assist in establishing an overall view, the manager would be advised to look for impartial advice from consultants that do not have a vested interest in the company's eBusiness strategy. When there are many ICT solutions providers serving the same company, the responsibility for inadequate system performance often falls into a gray area, where solutions providers argue for the quality of their own systems and installations. Frequently the company (buyer) has to pay for the damage, in many cases because he lacks the understanding of the problem and just wants the system back up and running a.s.a.p. In larger enterprises an IT manager (CIO) is in charge of overall system functionality and is able to prepare for system malfunction and request the necessary service and training from the solutions providers, i.e.:

- Organise ICT systems in way they serve all business processes.
- Ensure the users' satisfaction (including system users via internet).
- Effectively optimise ICT tools (keep costs under control and produce the value add by effective data processing methods).
- Ensure reliability of information systems and reduce the impact of errors.
- Get acquainted with main new technologies. ICT innovations may offer new business possibilities for enterprises.

Training an in-house person to manage the ICT systems on a daily basis is an investment with a very quick return. This goes for any size of a company. This person does not have to be ICT educated, just interested in technology, organised, alert, open minded and willing to assist others in dealing with their more or less frequent problems. This person is the one to be trained when buying a new system or expanding on the current ones and should always be present when a technician from the solutions provider comes to the company to inspect or repair. Gradually this person will know all there is to know about the systems, at least enough to keep them operational and maintained.