

WHITE PAPER

Innovators Use B2B Integration Software to Shrink Cycle Times and Cost

Sponsored by: Sterling Commerce, an IBM Company

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EXECUTIVE SUMMARY

Enterprises begin the process of rethinking business-to-business (B2B) integration when they realize their existing approach is some combination of too expensive, not responsive enough, or an impediment to the innovation required to meet new demands from customers.

IDC conducted a study on behalf of Sterling Commerce, an IBM Company, to determine how Sterling Commerce customers were using B2B integration software innovatively to improve core processes. We looked at the drivers causing companies to fundamentally change their B2B integration processes, the cultural and technical challenges they had to resolve, and the benefits achieved by making the change.

Several industries were represented in this study, and we found similarities across the industries as well as a shared understanding of needs between supply chain or value chain participants. Four common drivers led to B2B reengineering using gateway software:

- Shift to real-time, more dynamic business cycles
- Evolution from point-to-point electronic data interchange (EDI) to integration-driven processes
- Focus on process efficiency and cost control
- Creation of a standardized integration utility built on B2B gateway software

Enterprises had to overcome many challenges as they reengineered their B2B processes. In some cases, B2B teams showed remarkable tenacity in the face of resistance from lines of business. Alternatively, there were cases where lines of business were so focused on improving relationships with customers and partners and the efficiency of their B2B processes that they took control of the B2B reengineering decision.

B2B teams also had to learn how to decompose integration into separate steps as well as identify areas of repeatability. They had to focus on how to train globally distributed team members and developers. In addition, they confronted skills gaps as they learned how to treat integration as a process.

The companies in this study all responded to increasingly complex requirements from customers or lines of business by thinking through the issue of B2B from an architectural point of view, with the goal of simplifying and making their B2B processes more efficient and reusable. This document should provide guidance and inspiration to help you respond in kind to requests coming into your team that may already be creating the need to transform your B2B processes in a similar way.

SITUATION OVERVIEW

In a study of large enterprises that reengineered their B2B integration processes by adopting a B2B gateway, we found broad alignment in the reasons behind reengineering as well as reasons for choosing a B2B gateway. A common trait of the study group was the need to standardize and simplify integration to handle an increasingly chaotic business environment. As business units struggled to grow by expanding partners and channels, they also focused on customer retention by agreeing to operate more dynamically while accepting more stringent service-level agreements.

Another common requirement was the need to more fully leverage existing technology investments by implementing more of the functionality of the products that companies had already purchased. As the recession forced enterprises to cut costs, there was also the need to handle more work with fewer resources. This situation created a mandate to gain better reusability out of their approach to integration.

Traditionally, there has been a clear separation between B2B integration and the applications that automate an enterprise's processes. Today, there is a much stronger focus on managing processes, which encompass not only automation but also visibility and control of the process. That means the integration tools and technologies that link applications are recognized as critical to process performance.

This is true with the companies in this study that are improving their processes by improving their integration capabilities. They have found that gaining visibility and control to support customer needs and decrease costs required improvements in their B2B gateway software capabilities. Because this type of software sends and receives customer and partner data involving orders and order fulfillment, the gateway is the entry point of automated customer transactions. Focusing on process improvements around B2B gateway software allows enterprises to improve the speed of their business and become more efficient.

In our study, we found four common drivers that led to B2B reengineering using gateway software:

- Shift to real-time, more dynamic business cycles
- Evolution from point-to-point EDI to integration-driven processes
- Focus on process efficiency and cost control
- Creation of a standardized integration utility built on a B2B gateway

This study was conducted on behalf of Sterling Commerce, an IBM Company. It involved interviewing the B2B teams of more than 15 Sterling Commerce customers across several industries, including manufacturing, retail, distribution and logistics, telecommunications, insurance, banking, and healthcare. The goal was to find out:

- ☒ Why they needed to reengineer their B2B processes
- ☒ What the factors were that led to the decision to focus on B2B gateways
- ☒ What cultural and technical challenges they encountered during implementation and how they resolved them
- ☒ What the benefits were once they completed the process

We found common challenges across all industries as well as consistency in initiatives to meet those challenges where two or more companies operated as part of a supply or value chain. For example, as retailers move to a real-time supply chain and as they add service-level agreements to their contract terms, manufacturers and logistics providers in this study are increasing their efforts to monitor their integration processes to rapidly identify fulfillment problems in addition to speeding up their cycles to support their retail customers.

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B2B Integration Reengineering Background

Enterprises begin the process of rethinking B2B integration when they realize their existing approach is some combination of too expensive, not responsive enough, or an impediment to innovation. In customer discussions and several research projects, we found four key reasons that lead to a decision to reengineer B2B integration:

- ☒ Better align with business initiatives
- ☒ Improve customer service
- ☒ Improve process efficiency due to high cost or unreliability
- ☒ Solve problems associated with existing or pending skills shortages

The process of B2B integration involves several core activities, including mapping, communications, visibility, process integration, troubleshooting, and partner community management. Enterprises commonly handle B2B integration using on-premise software or managed services, or a hybrid model that combines the two.

In our research about why enterprises make a decision to reengineer their B2B integration processes, we have found that typically two or more problems combine into a tipping point that forces the reassessment and change.

An enterprise's ability to respond to any of these problems often dictates how it approaches reengineering. We also have found that whether B2B integration is considered a component of competitive differentiation (strategic) or simply a cost of doing business (tactical) strongly influences the decision about how to reengineer B2B integration.

On-Premise B2B Gateway Software

B2B gateway software handles inbound and outbound message or file communications, mapping, translation, and integration. This traffic handles standards-based communications such as AS2, SFTP, and FTPS. Gateway software also translates community format standards such as EDIFACT, X.12, RosettaNet, and SWIFT. Gateways also audit transactions and provide monitoring and reporting.

B2B gateway software is used increasingly by enterprises to process non-EDI-based files and messages, such as sending a customer list in a common database standard rather than EDI. Customers are also using gateway software to exchange message-oriented data requiring integration.

B2B Cloud Services

Vendors have offered B2B cloud services for years in the form of the value-added network (VAN), which provides reliable, secure hosted services to receive, store, and forward structured interenterprise messages related to transactions. Recent years have seen VANS evolve with the addition of business services, combined with multitenant B2B gateway software, to become B2B integration cloud platforms. Beyond reliable, secure delivery of messages, features include protocol conversion, message and file translation and validation, monitoring, exception reporting, paper-to-digital and fax-to-digital conversions, and partner self-service, including supplier portals for submitting transactions and documents.

Another cloud offering is the B2B integration managed service, which uses the B2B cloud platform as its technology foundation. This is a business process outsourcing model that takes over a set of responsibilities that are traditionally managed by an enterprise's internal staff. Services typically include handling all mapping activities that prepare data for transmission to trading partners or in a format that is compatible with the internal target systems. Also typically included are monitoring and different levels of troubleshooting.

Hybrid B2B Model

A hybrid approach involves using a managed service for some portions of B2B and upgrading on-premise B2B integration through adoption of on-premise software. B2B gateway software is used to link the cloud offerings with applications residing in the datacenter.

This paper is focused on why companies choose to use B2B gateway software to improve processes.

REENGINEERING B2B INTEGRATION USING GATEWAY SOFTWARE

Prior to the recession, many enterprises were focused on simplifying and standardizing their processes. Rather than supporting unique implementations of technology in every facility across a region, they began to unify and standardize implementations of their core applications, particularly their ERP systems.

Businesses were able to justify standardization initiatives because, once completed, they lowered operating costs. Because standardization also removes the complexity of supporting many frequently incompatible methods of achieving automation, there was also the potential to speed up technology enablement of new revenue initiatives.

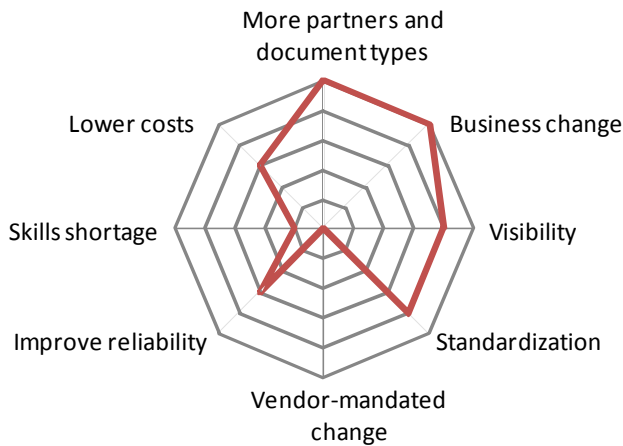
With the recession, standardization continues to be important, but investments have a greater focus on externally facing processes and specific areas that require change to support newer expansion initiatives. Examples include visibility, order management, the shift from batch to real-time processes, and the rearchitecting of integration from a focus on EDI to a broader focus on integration for expansion and customer alignment.

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The labels in Figure 1 illustrate common reasons why enterprises have reengineered their B2B processes, while the red line indicates common reasons why organizations decided to reengineer by investing in on-premise B2B integration software.

FIGURE 1

Factors Leading to On-Premise B2B Focus



Source: IDC, 2010

Shifting to Real-Time, More Dynamic Business Cycles

Many enterprises we spoke with are under pressure to become much more responsive to customer needs or to reduce costs. When a process is entirely under the control of a single enterprise, speeding up cycle times is straightforward, if not simple. The problem of improving customer responsiveness is more significant when an enterprise controls only a piece of a larger process, yet the cycle time of the end-to-end process needs to be faster.

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This trend toward real time is evident across all industries studied for this white paper. Examples include:

- ☒ In manufacturing, there is a need to reduce the cost of inventory, particularly where demand is volatile. When there is adoption of dynamic demand planning applications, upstream manufacturers are being asked to be more agile. One manufacturer that assembles electronics for the high-tech industry uses its B2B gateway to receive order data in real time from its customers and synchronizes that data with its assembly line to configure products on demand as they are assembled. This manufacturer also confirms and sends acknowledgements to its customers in real time. In essence, the customer and manufacturer operate as an end-to-end process via the B2B gateway, communicating in real time to keep the customer's demand process and manufacturer's assembly processes synchronized.
- ☒ In healthcare, a Florida hospital reengineered its patient admission process to utilize electronic insurance eligibility inquiries. When the patient provides the hospital with insurance information, the registration system sends a transaction to the B2B gateway and, from there, to the appropriate clearinghouse or payer organization. The insurer verifies the information, approves coverage, and provides eligibility and copayment information or other limitations. The B2B gateway maps this verification and sends a transaction back to the registration system.

All of this happens in near real time during the registration process while the patient waits to be admitted. Based on the insurer's response, the hospital can explain at registration what is covered and what isn't covered and ask for the patient to provide a credit card or some other means to pay what isn't covered by insurance. By improving the cycle time on patient eligibility, the hospital was able to reduce the number of accounts receivable days from the payer as well as improve the rate of collections from patients.

- ☒ In insurance, providers are more responsive to care providers, and they are also adopting real-time processes to support new business. For example, an insurance company is able to generate binding quotes in less than a minute, drawing on multiple data sources provided by external partners.
- ☒ In retail, a large home improvement retailer moved to a real-time, event-driven architecture when the IT group realized that in order to build a dashboard to manage and automate its process around tracking trucks, it would have to move from a batch-oriented architecture to a real-time architecture. Now, it monitors central processing cycles that run every 15 minutes as opposed to every 6 hours. This has expedited the process behind identifying exceptions and taking action to recover from them.

This retailer has also benefited because it was able to manage a leaner inventory. By keeping safety inventory at a minimum, the large retailer was able to cut overhead costs and at the same time improve its fulfillment process.

- ☒ In media, a publisher is shifting to a more dynamic process by mining purchase order transactions as they are processed through the B2B gateways to identify changing trends in demand. By speeding up the ability to analyze key data, the publisher is able to respond more quickly to fast-breaking trends. Prior to the change, the publisher had to wait until the data was processed by the gateway, then by the ERP application, and then by the data warehouse before analyzing the data. The publisher was able to remove hours of wait time, significantly improving its ability to respond to opportunities.

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The need for faster cycle times across a multienterprise process spans multiple industries and multiple process domains. By using a B2B gateway to exchange messages with their partners, the enterprises interviewed for this white paper were able to reduce cycle times to respond in seconds or minutes. Depending on the business objective, each of these enterprises was able to win new business, gain better control over costs, or respond more quickly to adjustments in demand.

Evolving from Point-to-Point EDI to Integration-Driven Processes

Traditionally, B2B integration involved exchanging documents with trading partners based on EDI standards. That has evolved with the companies participating in this study to a broader view of integration. While EDI integration continues to be critical, B2B integration has evolved to include the exchange of many types of data. Rather than supporting only standard types of communications, the study participants are working with their customers or partners to automate the exchange of data in a multitude of agreed-upon ways.

We have found in some cases that more than 50% of the traffic exchanged with trading partners is associated with non-EDI, real-time status messages. Effectively, the B2B teams are being asked to support the exchange of data that controls multienterprise collaborative business processes rather than simply exchanging EDI formats.

The top executives of a Fortune 500 United States–based equipment and supplies distributor realized that they needed to systematically decrease the costs of their core processes. The distributor sell thousands of products to customers, and some of the items are priced so low that the cost of selling and delivering an item may exceed the cost of the item itself. The executives also wanted to minimize the cost of purchasing items for their customers.

Part of the structural process change involved transforming EDI from point-to-point integration to a highly standardized integration process. The B2B technical team, with a full-time staff of five, developed a business process framework as part of the standardization effort. The framework includes 10 core processes. Every transaction processed through a standardized B2B gateway goes through those same 10 processes.

The developers also created a set of core generically written communication processes that support FTP, SFTP, HTTP, and file systems. This gives the distributor a standard approach to adding a partner regardless of transaction type and regardless of whether the data is formatted in EDI, XML, or flat file.

Because any well-designed process provides command and control, visibility is critical. Part of the B2B team's design of the business process framework included a requirement to monitor all transactions flowing through the B2B gateway. The team created a table used to stage all data prior to sending. The communications processes interact with the staging table to collect data used for monitoring. From there, data is pushed through the 10 core generic processes, which include:

- ☒ Determining how to batch the data prior to sending
- ☒ Controlling the number of documents that are delivered as a batch
- ☒ Scheduling and controlling the frequency of delivery

Not all of the transactions processed by the B2B gateway are EDI based either. An increasing amount of traffic involves distributing reports to partners and other ad hoc types of communications.

Managing Heterogeneous Processes across a WAN

The use of a B2B gateway also extends to handle integration across a WAN. The IT group of a large food manufacturer realized that internally it was experiencing problems with application-to-application (A2A) incompatibility that were similar to the problems it had with B2B integration — files needed to be transferred securely and reliably across all of the systems in each bakery, and those systems were all incompatible with each other. Rather than adopting an enterprise service bus (ESB) or enterprise application middleware, it made a decision to adopt B2B gateway software to automate the internal order distribution process. The manufacturer went from a multihour manual process across each plant to a fully automated process handled in minutes.

The manufacturer currently uses its B2B gateway software as a hub that handles any data that requires integration, including the outsourced EDI traffic. The outsourced EDI traffic is also routed through the hub in order to integrate it with the manufacturer's internal applications and processes.

Leveraging a B2B Gateway to Exchange Data across Applications

To mitigate the expense of an expanded assortment of suppliers and products, retailers have been intent on improving profit margins by reducing expenses. Instead of investing in new integration technology, many businesses are choosing to push the capabilities of their B2B technology investments into their internal environments. Increasingly, B2B technology suites are becoming hubs with the potential to fulfill both internal and external integration needs.

Recently, a major U.S. apparel retailer tied together all of its ecommerce systems by leveraging its B2B integration platform. The company's interactions with its Web sites, call centers, order management, warehouses, and connections with third-party external services are all processed by its B2B hub. This initiative made it less expensive and faster for the retailer to deploy new interfaces while also increasing the security and scalability of the company's ecommerce operations.

The company's interactions with its Web sites, call centers, order management, warehouses, and connections with third-party external services are all processed by its B2B hub.

Similar to the food manufacturer mentioned earlier, a large discount home goods retailer opted to use its B2B integration platform as an internal integration hub for real-time, message-oriented translations instead of investing in an enterprise service bus. The decision was based on a mandate from management to fully leverage existing IT investments and purchase only technology that has net-new functionality. Ultimately, the retailer improved interoperability among trading partners, third-party services partners, and the retailer's own systems by standardizing all touch points on one platform.

All of these examples have the common characteristic that the new functionality involves solving problems of data heterogeneity that go far beyond EDI.

Process Focus May Lead to Hybrid Approach to Integration

Shifting from EDI to a focus on process also creates a hybrid approach to B2B integration. Many of the study participants made decisions about how to reengineer their B2B processes by focusing on cost control as well as increasing the speed of situational awareness. When these issues came into considerations, chances are the enterprise adopted some type of hybrid approach to B2B integration.

A food manufacturer opted to outsource EDI processing to a managed service provider because the team assessed the cost versus value of managing that aspect of integration and found it more affordable to enter into the outsourcing relationship. However, it also needed strong on-premise B2B capabilities for internal and custom external integration. The B2B gateway treats the managed service provider as a trading partner.

Other enterprises opted to use their value-added networks for visibility to speed up warnings about problems. Like the food manufacturer, they used the transformation and orchestration capabilities of their B2B gateways to handle customization, value-added work, and orchestration.

Process Efficiency and Cost Control

Cost control is a strong theme across discussions with enterprises that reengineered their B2B processes. A cornerstone of cost control is process efficiency. Two important ways to improve efficiency are by reducing the variability of a process and by preventing mistakes.

Reducing Variability

Integration can be implemented through point-to-point mechanisms, where each integration job is treated as a standalone capability or by developing a common framework with components that can be applied to each new integration request. The first approach tends to increase process variability, while the latter reduces it.

In reengineering its B2B process, the distribution arm of a large publisher examined its B2B integration process and identified tasks and orchestrations that could be standardized. It then created a modularized approach that allowed it to standardize processing, regardless of transaction type. For example, the team created one job that polls the back-office system to look for outgoing files, regardless of document type and trading partner. In addition, it created a task that checks for the types of file by prefix and then, based on the prefix, executes the workflow aligned with that prefix type.

When the team onboards new trading partners and new transaction types or makes changes, it focuses on the net-new capabilities. As a result, the publisher's cycle times for customer onboarding and change management are significantly faster. Since the change, the team is able to onboard a new customer, when needed, in hours rather than weeks. The team is also able to handle the faster cycles and increased change management work without any increase in headcount.

This publisher, in essence, created a center of stability in a highly complex and volatile business setting. This was a common theme across the enterprises interviewed for the study.

Preventing Mistakes

The further a transaction containing mistakes is brought into applications, the more problematic and expensive it is to solve the resulting problems. This issue was broadly recognized by enterprises in this study. Identifying problems at the gateway was one common goal in reengineering B2B integration.

Nowhere was this more evident than in discussions with logistics providers. They operate on razor-thin margins and provide service to many customers. Non-asset-based logistics providers also broker on behalf of a large number of carriers of all sizes. Under these circumstances, there is an opportunity for many types of mistakes to occur, and as a result, the providers are constantly at risk of not being profitable.

One area that created the need for B2B reengineering for logistics providers was the need to support FIFO (first in, first out) as they process transactions. Problems occur when customers send their logistics provider a file containing consolidated EDI data covering several document types, including orders, changes, and cancellations. Records related to the same order may be sent in any order within the same consolidated file.

Without a FIFO process to identify documents related to the same order and then reorder by time and date, a logistics provider could dispatch a carrier to pick up and deliver an order when the order has already been cancelled.

Preventing this type of mistake is a major concern. Several features of a modern B2B gateway are useful to orchestrate FIFO reordering. Enterprises we spoke with use the mailbox facility as a persistent queuing mechanism. As a file is decomposed into records, the records are sent to the appropriate mailbox. Documents are correlated with each other and organized by time. The order, order change, and cancellation sequences are placed in the correct time order prior to being sent to the ERP application. Correctly sequencing the records prior to processing them in the ERP prevents mistakes.

FIFO is not the only mistake solved with a B2B gateway. Over the past several years, we have seen a much more significant effort by enterprises to solve data quality problems as part of the integration process.

In this study, we also found that customers are using the mailbox to hold, or queue, documents that will be amended or appended in some way prior to delivery. The mailboxes are also used to decompose files and orchestrate and transform the resulting records to prepare them for receipt by the target systems.

Other software products are capable of handling records orchestration, but enterprises in this study have such a wide range of heterogeneity and sizes to deal with — from very large files to small messages — that they find it is more efficient to standardize on one product and fully use its capabilities for all similar types of integration inside and outside their organization.

B2B Gateway Evolves to Generalized Integration Utility Service

B2B gateway software functionality has evolved over time. Initially, the gateway was used to handle transformation of EDI documents, but there was a need to also handle the heterogeneous security and communications protocols. Capabilities then evolved to handle orchestration associated with transformation and data quality as well as troubleshooting, reporting, and monitoring.

A gateway is now considered core infrastructure by companies interviewed for this study. They have invested to:

- ☒ Standardize their processes involving application-to-application and business-to-business integration on a single platform (This includes consolidating and synchronizing data between datacenters and over a WAN from branch locations to a datacenter.)
- ☒ Build standardized reusable processes to reduce the effort to add new trading partners, new standards-based document types, and new types of custom integration requests and to handle data quality
- ☒ Create standard approaches to problem identification, troubleshooting, and reporting

Because enterprises have standardized on a common platform, they are also building in advanced functionality to speed up the performance of the gateway for newer, more innovative types of functionality.

Enterprises we interviewed for this study have uniformly found that, by consolidating to one platform, they can increase their speed, innovate, and meet changing internal and customer needs because they can leverage their expertise on one platform rather than spreading resources across many platforms.

A large distributor, for example, is now improving the core performance of its B2B gateway by optimizing out-of-the-box processes to increase the speed of high-volume, low-latency processing for an important customer self-service application.

A manufacturer is able to accept custom requests from customers because the B2B team was able to expand the scope of its services by learning how to use and then adopt the B2B gateway's orchestration capabilities.

A food manufacturer was able to reengineer a manual order distribution process that took several hours each day across its hundreds of plants to a fully automated process that took only minutes to distribute work across plants.

A large financial services firm requires all integration to be handled by its gateway software, regardless of whether it is internal or external. The team built a callable integration service utility using its B2B gateway as the core platform.

Because of the continued poor economy, many enterprises are focused on improving the leverage of existing investments as a way to control expenses. A retailer made a decision to expand its capabilities around its B2B gateway to encompass internal, real-time application-to-application integration. While the team considered adopting an enterprise service bus, it decided to extend the B2B gateway.

The retailer is now in the process of training its developer and testing organizations so they can learn how to utilize the B2B gateway for applications that require integration.

ESSENTIAL GUIDANCE

In our study, we found many issues that enterprises had to overcome as they reengineered their B2B processes. In some cases, B2B teams showed remarkable tenacity in the face of resistance from lines of business. Alternatively, there were cases where lines of business were so focused on improving their relationships with customers and partners and the efficiency of their B2B processes that they took control of the B2B reengineering decision.

The B2B teams also had to learn how to decompose integration into separate steps as well as identify areas of repeatability. They had to focus on how to train team members distributed around the world as well as developers. In addition, they confronted skills gaps when they needed to understand what part of a process should be part of an application versus part of integration functionality.

The enterprises in this study also shared how they were able to justify and obtain funding to initiate the reengineering effort. Their insights are provided for those groups trying to figure out whether the time is right to introduce B2B reengineering and how to make a business case for the process change.

Overcoming Organizational Challenges

The organizational changes needed to support process improvement often encounter resistance from IT, business staff, and management. B2B managers can expect a period of adjustment and may need to introduce changes gradually in order to gain internal support for these initiatives.

The food manufacturer encountered cultural resistance within IT to adopting new B2B processes because the changes affected a cross-section of business and IT operations.

A significant change involved the shift from building capabilities to purchasing and implementing commercial off-the-shelf software. Another change involved outsourcing. Because process change was pushed from the top down, the affected business units had to absorb the impact and move on.

In another case, the B2B team knew it needed to change because it was turning away too many customer requests and also spending an increasing amount of budget on change management. But because the B2B operations were so large, the team did not want the disruption the change implied. In this case, change had to be nondisruptive and evolutionary. It also had to be cost neutral, which necessitated an internal reorganization that involved consolidating and outsourcing the problem identification and troubleshooting process to lower costs.

Overcoming Gaps in Knowledge

Another common challenge is the skills gap in moving from a point-to-point integration model to a process-centric, reusable approach. The B2B teams we interviewed for this study had to look at how they traditionally handled integration, decompose the common steps involved, and build reusability into their efforts. There was also the challenge of moving from a batch- and file-oriented approach for integration to a model where some of the B2B traffic had to be handled via Web services. These changes required training and experimentation as well as collaboration to share code and best practices. But as new requests are made, the enterprises that made a shift to a more adaptive form of integration have found that they are able to respond more rapidly and more comprehensively than when they had a narrower, EDI-centric view of integration.

Another area of challenge around skills was determining where process improvement should occur. In our discussions, a key challenge was how to resolve the gap in knowledge between the applications team and the B2B team. In one case, the determination was made that integration was more difficult than maintaining enterprise applications, and the two groups were reorganized into one. The B2B manager was promoted to manage the combined unit.

In other cases, the decision about where to change a process was negotiated. For example, a change that involved business functionality was made in the application, while integration issues were moved from the application to the integration hub. Another decision was to move problem detection, visibility, and reporting about customer data to the integration hub from the application to speed up the identification of problems or opportunities.

Making the Case for Reengineering B2B Processes

The use of technology to integrate and improve externally focused processes offers enterprises strategic capabilities for identifying and capitalizing on new business opportunities and increasing the reliability and predictability of their business-to-business interactions. In addition, there is the opportunity to improve efficiency and gain leverage by standardizing on a common platform for handling internal application-to-application and external business-to-business integration.

Building a business case for B2B reengineering using on-premise software includes:

- ☒ Reviewing new demands from customers that will increase costs unless changes are made to the existing approach to integration
- ☒ Identifying the different approaches to both B2B and A2A integration inside the organization and calculating the cost benefit by standardizing and consolidating
- ☒ Determining when your organization first identifies problems (Is it when customers call in to complain?) and tracing the cost of problem identification and resolution and comparing it with the cost of improving integration processes (Additionally, identifying the relationship between complaints involving integration and the change in revenue from those customers is an important way to classify the urgency of undergoing B2B reengineering.)
- ☒ Looking at manual processes that could be automated

Aside from cost savings from improving B2B operations by increasing the efficiency of integration, a range of business benefits should be considered in making the business case for adopting B2B software:

- ☒ Shifting from paper to the electronic exchange of data can save money and justify an investment in integration. An insurer realized \$8.6 million in direct savings by converting a paper and postage mortgage lien process to a fully automated process.
- ☒ Preventing bad customer experiences can improve an enterprise's reputation and result in new business.
- ☒ Maintaining up-to-date, synchronized data between different systems within an enterprise and between partners allows an organization to make decisions based on current data, which can drive both cost savings and new revenue opportunities.

The participants in this study had widely varying skills with B2B integration when they embarked on a reengineering effort. Most already managed EDI-based B2B integration using gateway software. The effort and challenges involved expanding the use of this software to accommodate new types of business-critical use cases. All of the participants were able to point to major business changes they enabled because of their innovative thinking about leveraging their B2B capabilities.

As your company seeks better efficiency or worries about meeting the needs of increasingly demanding customers, or if requests from business for changes to your B2B processes begin to be overwhelming, the innovators discussed in this white paper will hopefully provide inspiration and concrete ideas to help you successfully respond to these new demands.

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