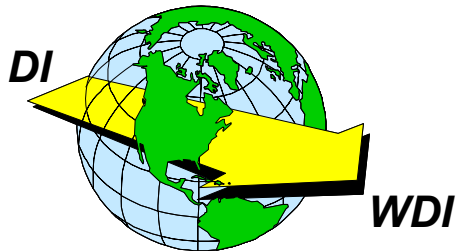


2002 Users Conference

**Leveraging Existing Business
Infrastructure – the Ultimate “ROI”**

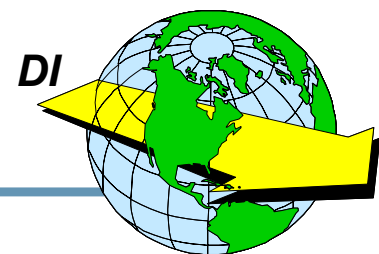
**Randy Smith
eSI2, Inc.**

The Next Generation



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**



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

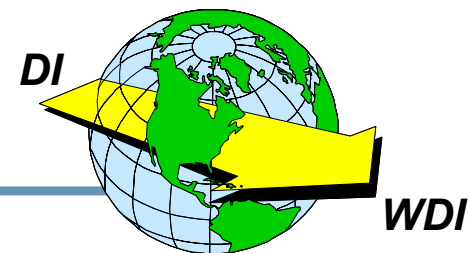
➤ Each error costs around \$70.00 to fix

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

➤ Among the first industries to adopt electronic data exchange

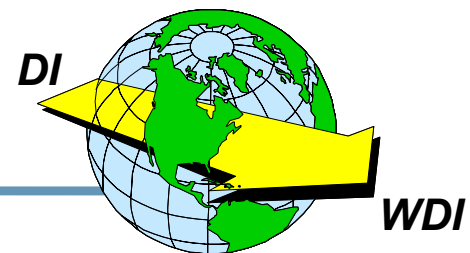
➤ Relative to other industries: Leader in the use of EDI

★ Unique industry? / Unique problem?



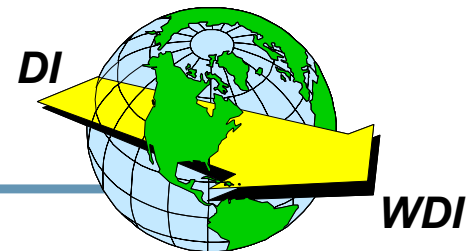
Top Concerns of CIO's

- ★ *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*



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....**



Integration / Collaboration...“Ready, Fire, Aim?”

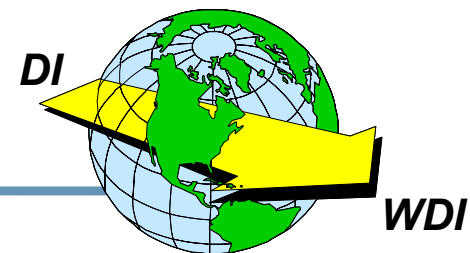
★ Thought for the day.....

- "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

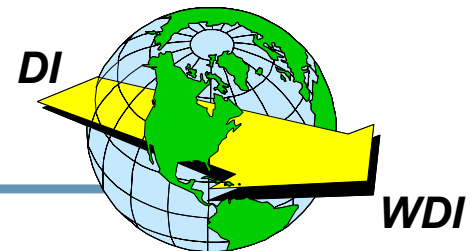
March 2002



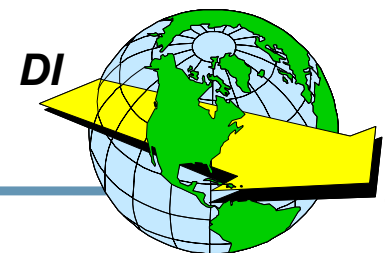
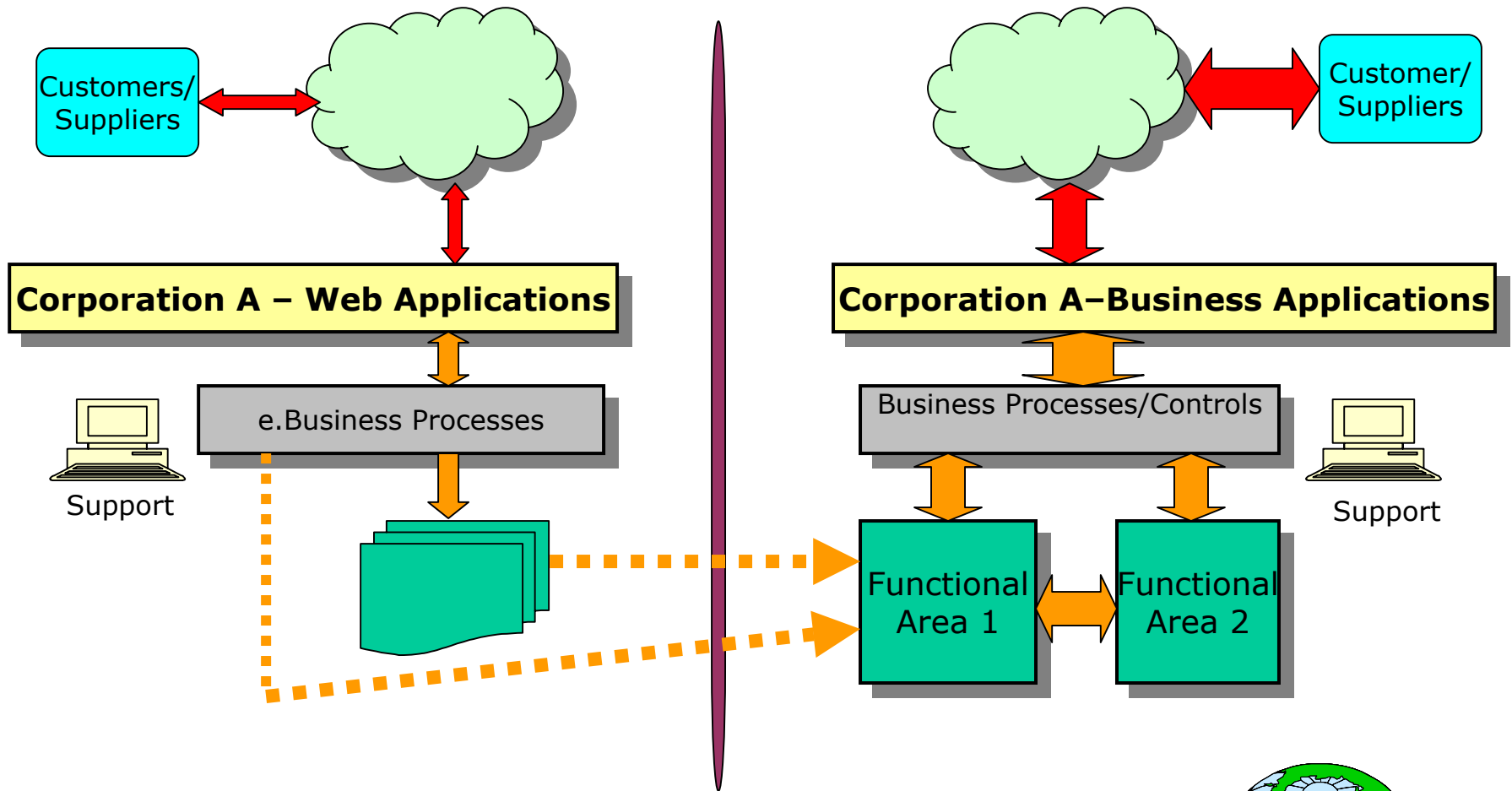
“e”volution of eBusiness...

★ 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

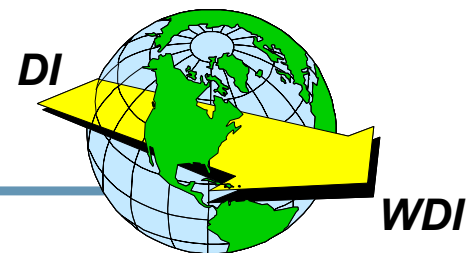


“e”volution of eBusiness...

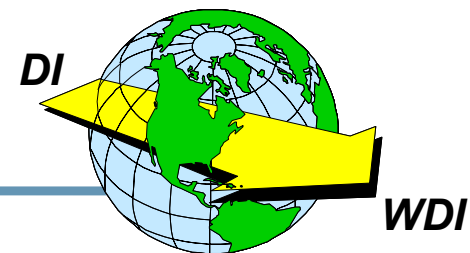


eBusiness: Results/Challenges

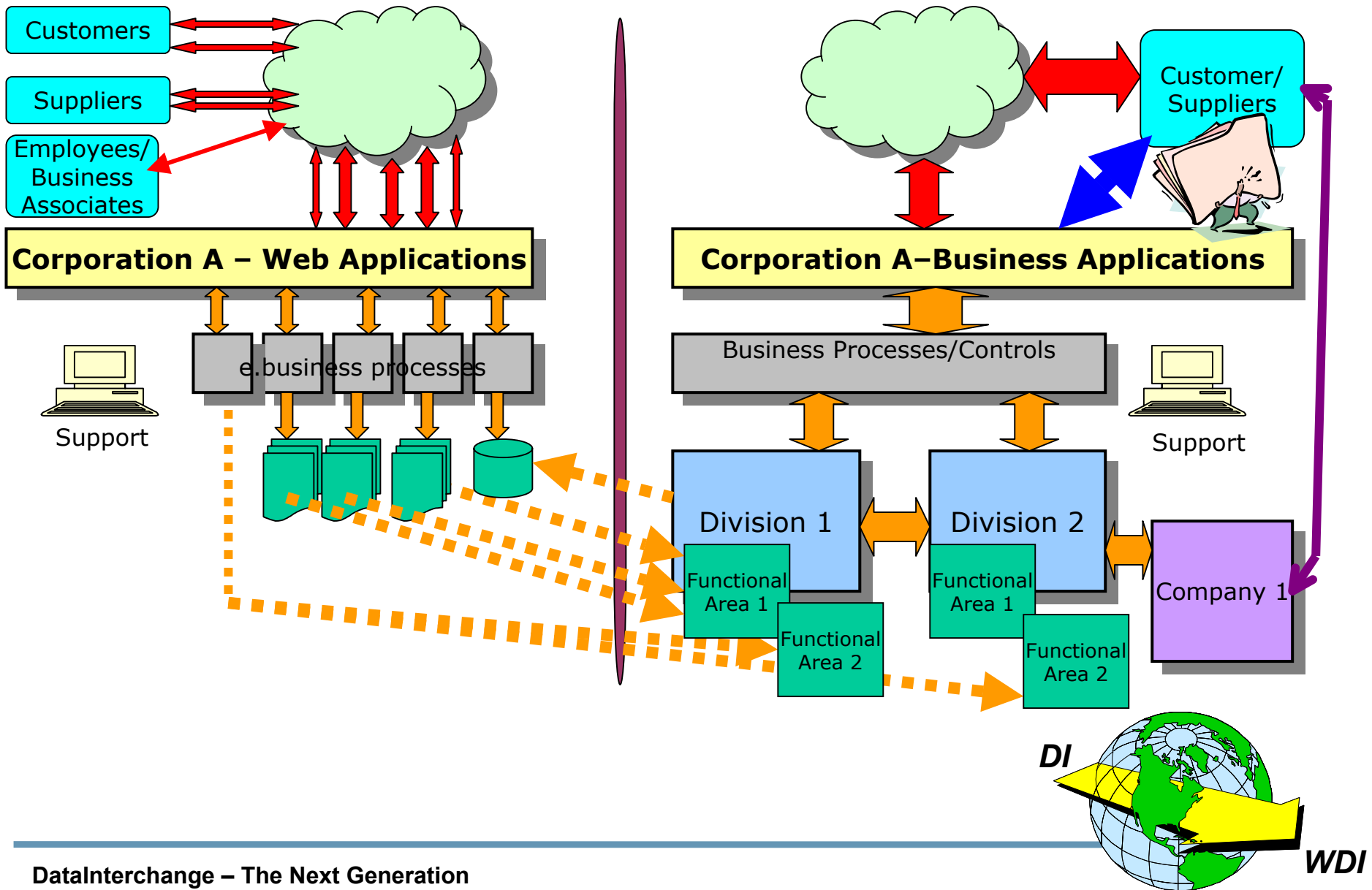
- ★ Few or no Business Application Interfaces
- ★ Manual / Duplicate Processes (re-entry of data)
- ★ Inaccurate / missing business information
- ★ Inconsistent or non-existent Business Rules
- ★ Lack of Business Transaction management/process controls
- ★ Multiple Customer / Supplier Interfaces
- ★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



e-Business to e-Solutions



Business Reality Landscape



Business Reality Landscape

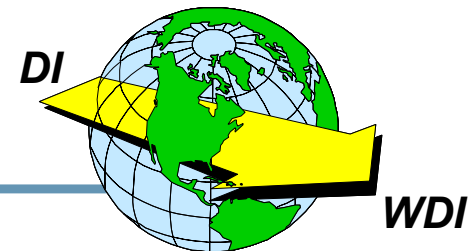
★ **Fact: The average large organization:**

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

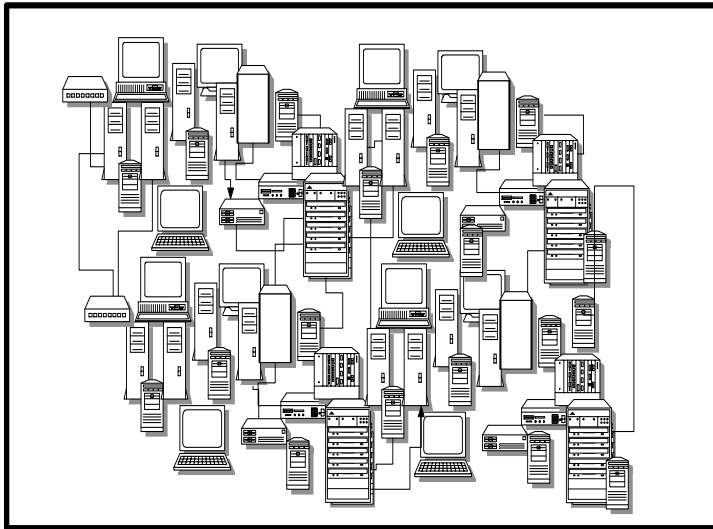
Gartner Group - 2001

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

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



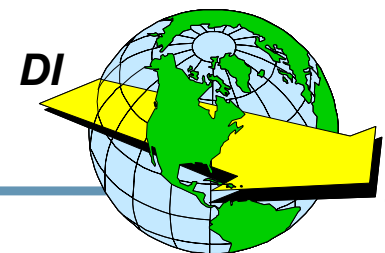
Business Simplification Model



Old Model



New Model



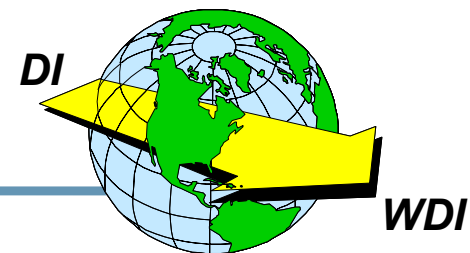
e-Business Solutions Leveraging

★ 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



e-Business Success Factors

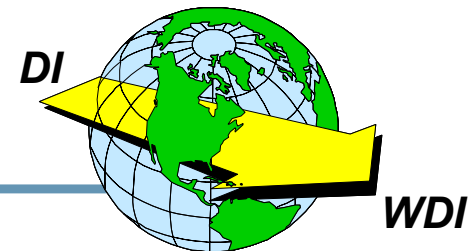
★ Business vision first, technology second

- ✔ 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

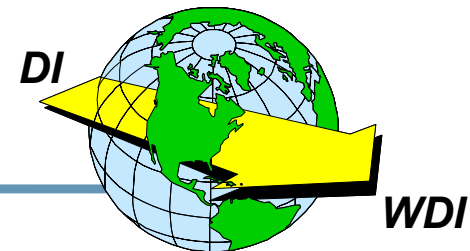
- 97% reliability = 's 263 hours of lost business a year
- 46% of customers will select another vendor, if they encounter problems on a web site

★ 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



e-Business Success Factors

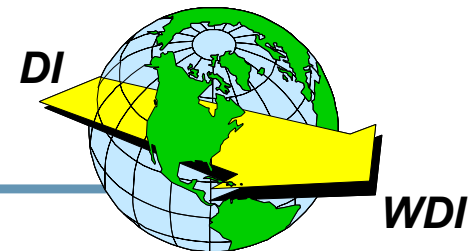
★ Plan for exponential growth

- ✔ Triple-digit growth is the norm in e-business
- ✔ Demand spikes of 1,000%

★ Performance management

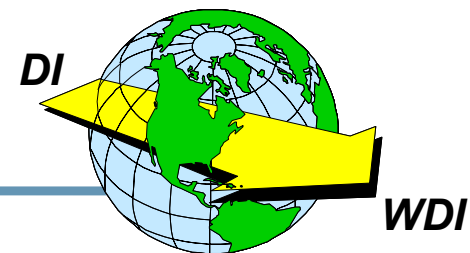
- ✔ Three attributes to remember:
 - Reliability builds trust
 - Security builds confidence
 - Manageability ensures performance

★ Data + Process = Business Strategy



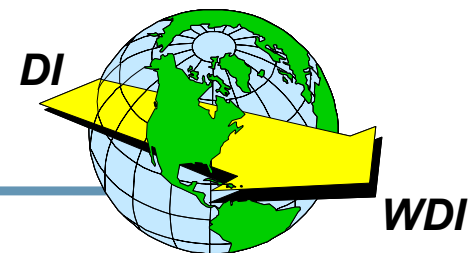
e-Business Success Factors

- ★ **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



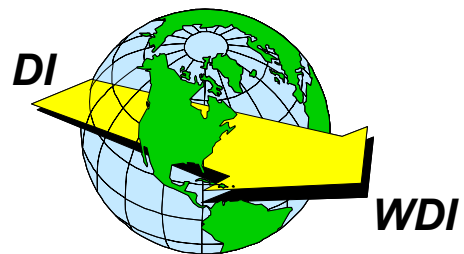
“e” Summary

- ★ 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)



Q / A

The Next Generation



2002 User Conference