

**Challenge-The-Expert**

**C-Commerce:  
Strategies, Architectures, &  
Implementation Roadmaps**

**Rod Heisterberg, Ph.D.  
Managing Partner  
Rod Heisterberg Associates, LLC**

**Silicon Valley World Internet Center**

**August 14, 2002**

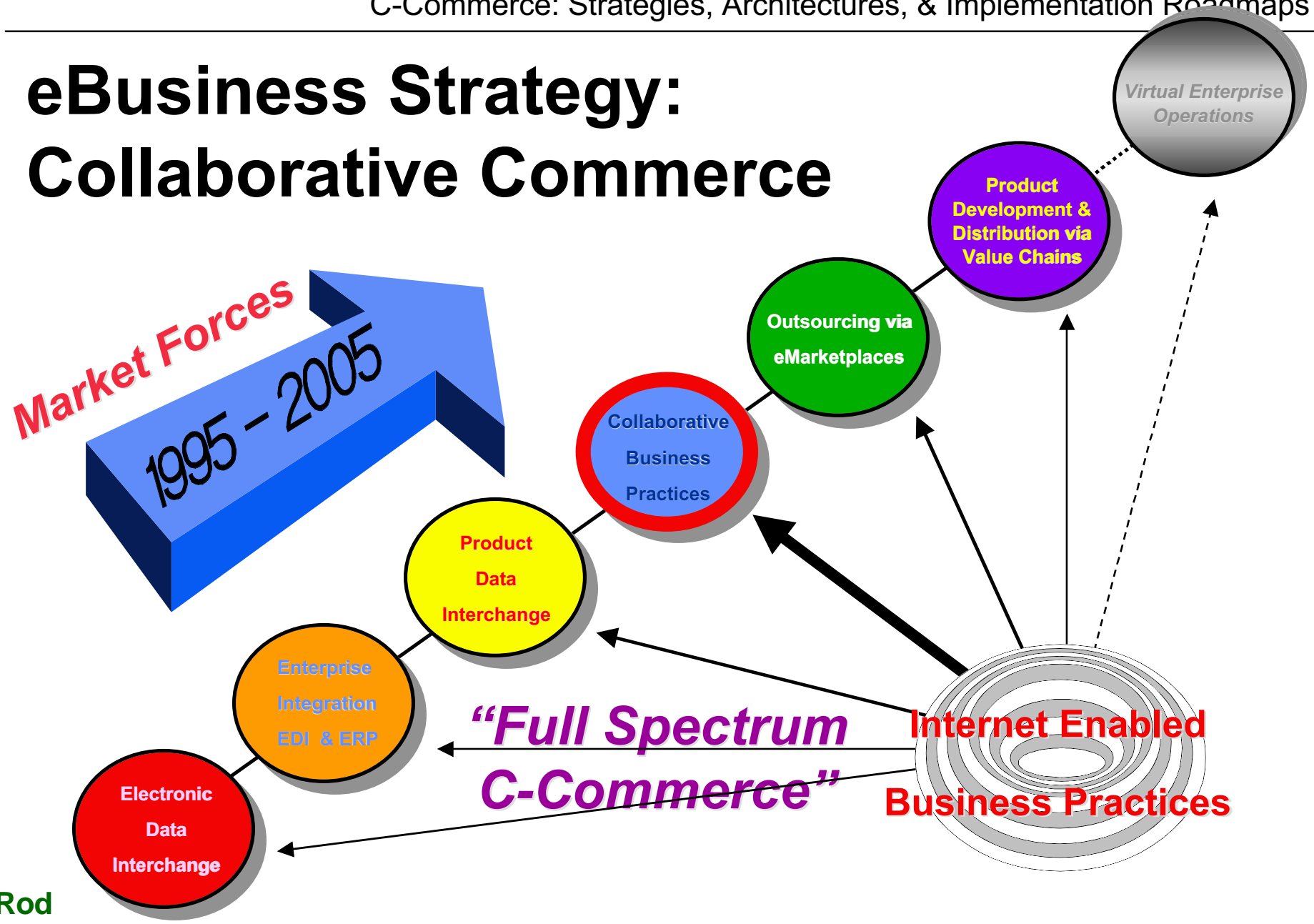
**Rod  
Heisterberg  
Associates, LLC**

# Agenda

- **Introductions**
- **Business Decision Reengineering**
  - C-Commerce Industry Trends
  - Strategic Planning for Building C-Commerce
  - Strategic Planning for Performing C-Commerce
- **Lesson Learned & Next Steps**

# C-Commerce Industry Trends

# eBusiness Strategy: Collaborative Commerce



# Collaborative Commerce Defined

Collaborative Commerce (C-Commerce) is a *strategy* for the next stage of eBusiness evolution.

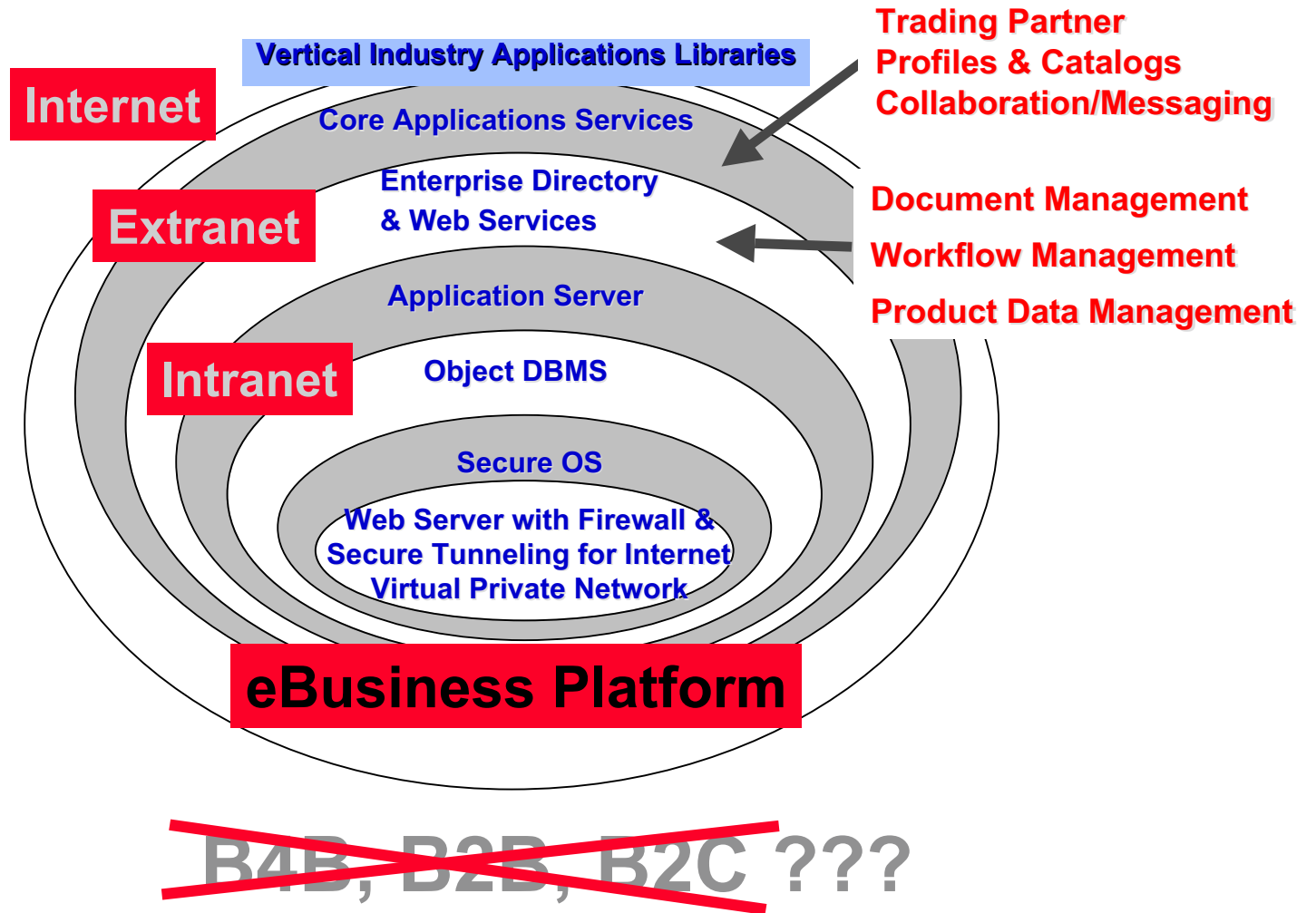
C-Commerce business practices enable trading partners to create, manage, and use data in a shared environment to design, build, and support products throughout their lifecycle, working separately to leverage their core competencies together in a value chain that forms a virtual enterprise.

# C-Commerce Trends--- Overview

Sustainable competitive advantage may be realized by adoption of Collaborative Commerce (C-Commerce) strategic concepts and critical success factors, as well as a strategic planning methodology that incorporates the use of a **Balanced Scorecard** with supply chain management metrics to affect an ***adaptive strategic planning process for value chain optimization***. The focus is on commercial enterprises and their eBusiness strategies to facilitate a shared data environment using:

- Integration Hub technologies
- C-Commerce business practices
- International/industry standards and commercial best practices for the functional management and exchange of business and technical information
- Value chains with trading partners operating in a virtual enterprise

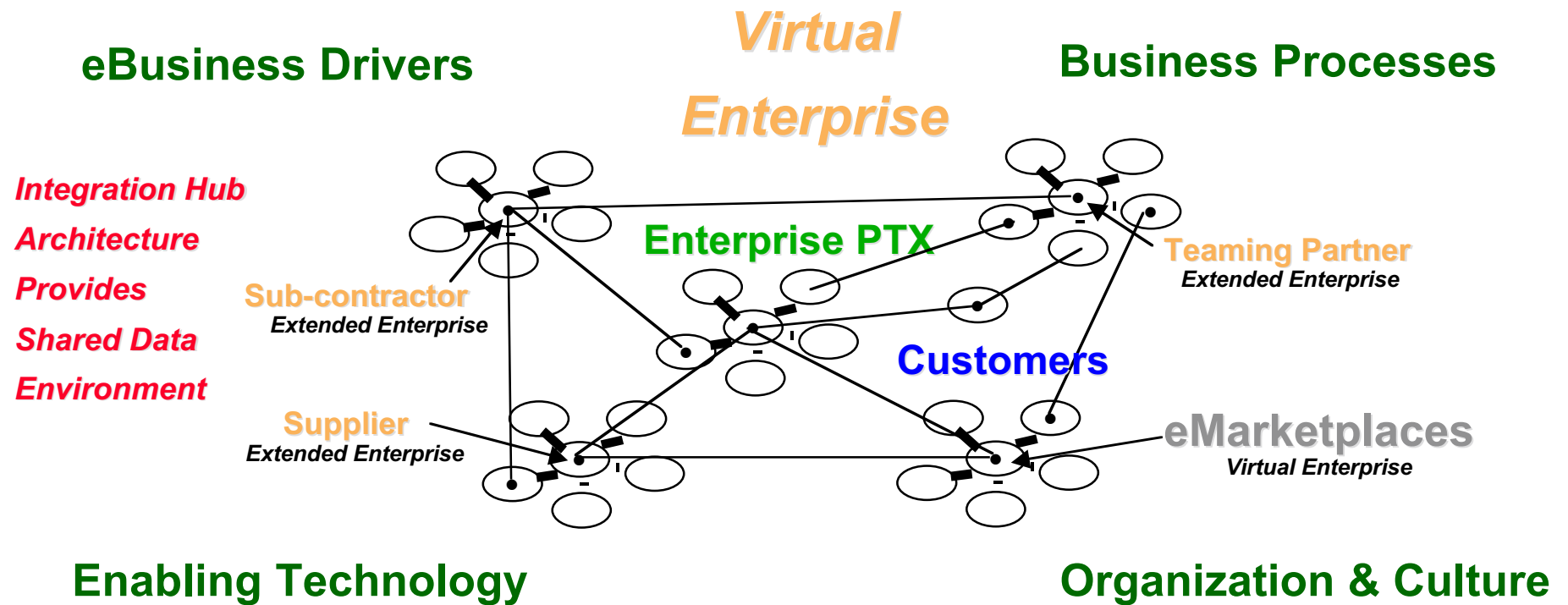
# Integration Hub Architecture



**Value Chain = B4B2B2C**

# Virtual Enterprise Environment

## Trading Partner Value Chain Business Rules: Who, What, When, Where, Why, & How





# C-Commerce Critical Success Factors

## **Technical Architecture** (Business Case = Inventory Visibility)

- leveraging Internet technologies for first internal and then external data sharing
- providing loosely coupled application interoperability via Integration Hubs across the value chain

## **Application Architecture** (Business Case = Event Notification)

- focusing on core competencies for collaborative business practices
- integrating Value Chain Management applications
  - ✓ Demand Chain → **Collaborative Product Commerce (CPC)**
  - ✓ Supply Chain → **Collaborative Planning, Forecasting & Replenishment (CPFR)**
- building virtual enterprises on trusted value chains to redefine competitive advantage

## **Business Architecture** (Business Case = Performance Measurement)

- generating real time visibility, event notification, and performance measurement throughout the value chain
- reengineering value chain management decision making process

# C-Commerce Business Models

- Collaborative Product Commerce (CPC)
  - Collaborative Product Development
  - Mass Customization
  - Strategic Sourcing
- Collaborative Planning, Forecasting & Replenishment (CPFR®)
  - CPFR Committee is a Working Group under the Voluntary Interindustry Commerce Standards (VICS) Association consisting of retailers, manufacturers, & technology solution providers
  - Providing guidelines & standards for enterprises to transform **Supply PUSH** into **Demand PULL**
  - Software vendors are building CPFR ® compliant solutions

Replacing **Inventory** with **Information** by Reducing Uncertainty

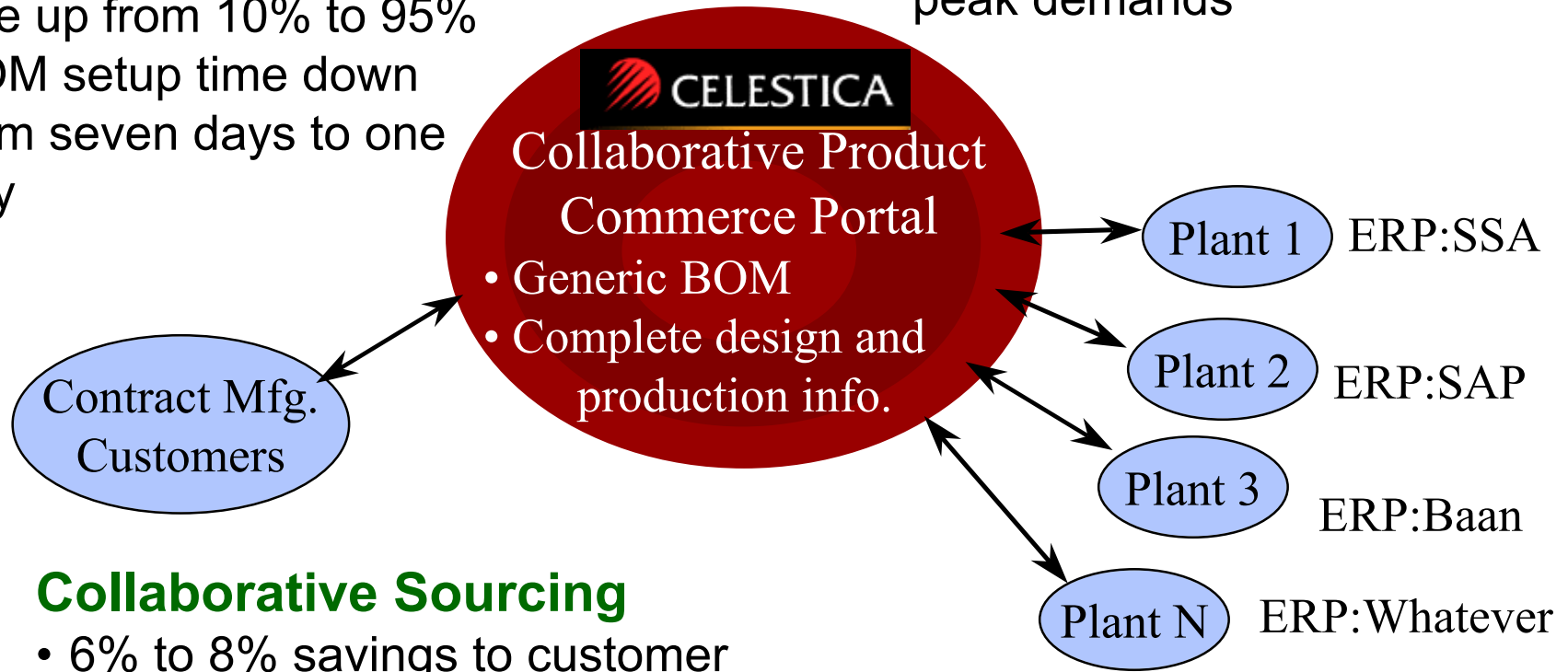
# CPC Case Study: Contract Manufacturing

## Collaborative Design

- First-pass BOM accuracy rate up from 10% to 95%
- BOM setup time down from seven days to one day

## Collaborative Manufacturing

- fast line startup (48 hrs.) with knowledge transfer responds to peak demands



## Collaborative Sourcing

- 6% to 8% savings to customer

# CPFR Case Study: CPG & Electronics

## PTX:

### • Walmart

- Engaged in early CPFR Pilot
- Deployed *SupplierLink* to over 10,000 trading partners

### •Dell

- Developed proprietary CPFR-like process & data definitions for trading partners
- Implemented in advance of RosettaNet process & data standards

## eMarketplace:

### •Procter & Gamble

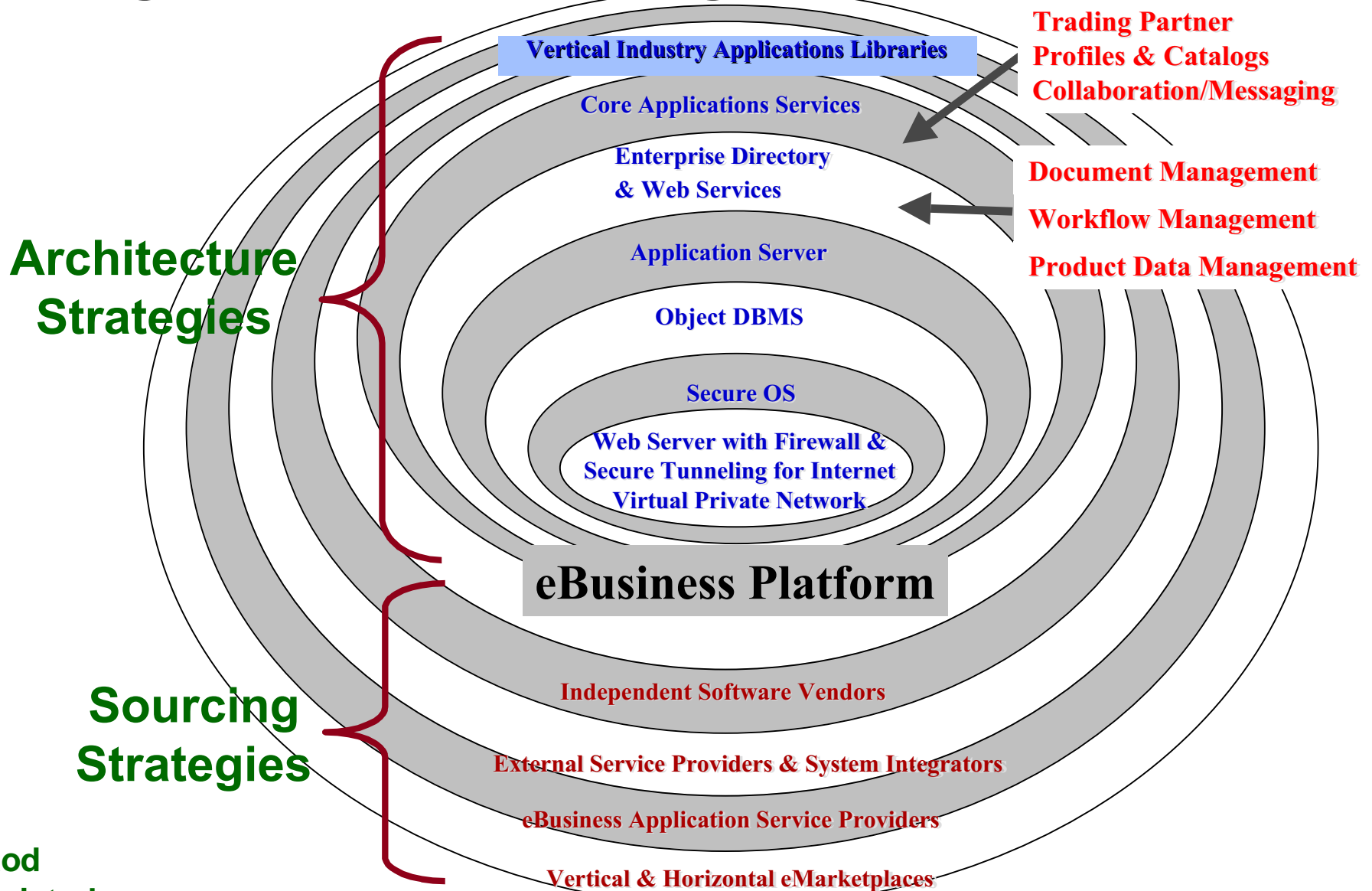
- Deploying Transora-hosted catalog with 60,000 products
- Leveraging UCCnet Global Registry repository for product data standards

### •Acer

- Deploying e2Open Supply Chain Collaboration services for supplier integration
- Leveraging RosettaNet process & data standards

# Strategic Planning for Building C-Commerce

# Integration Hub Strategies



# Strategic Planning for C-Commerce

Throughout the global marketplace, executive teams are asking the same questions that show concern over enterprise sustainable competitive advantage and even survival:

- How are my industry's business models changing?
- What candidate business models will work for me?
- Where are the gaps in my enterprise readiness?
- What roadmap can I use to manage these changes?

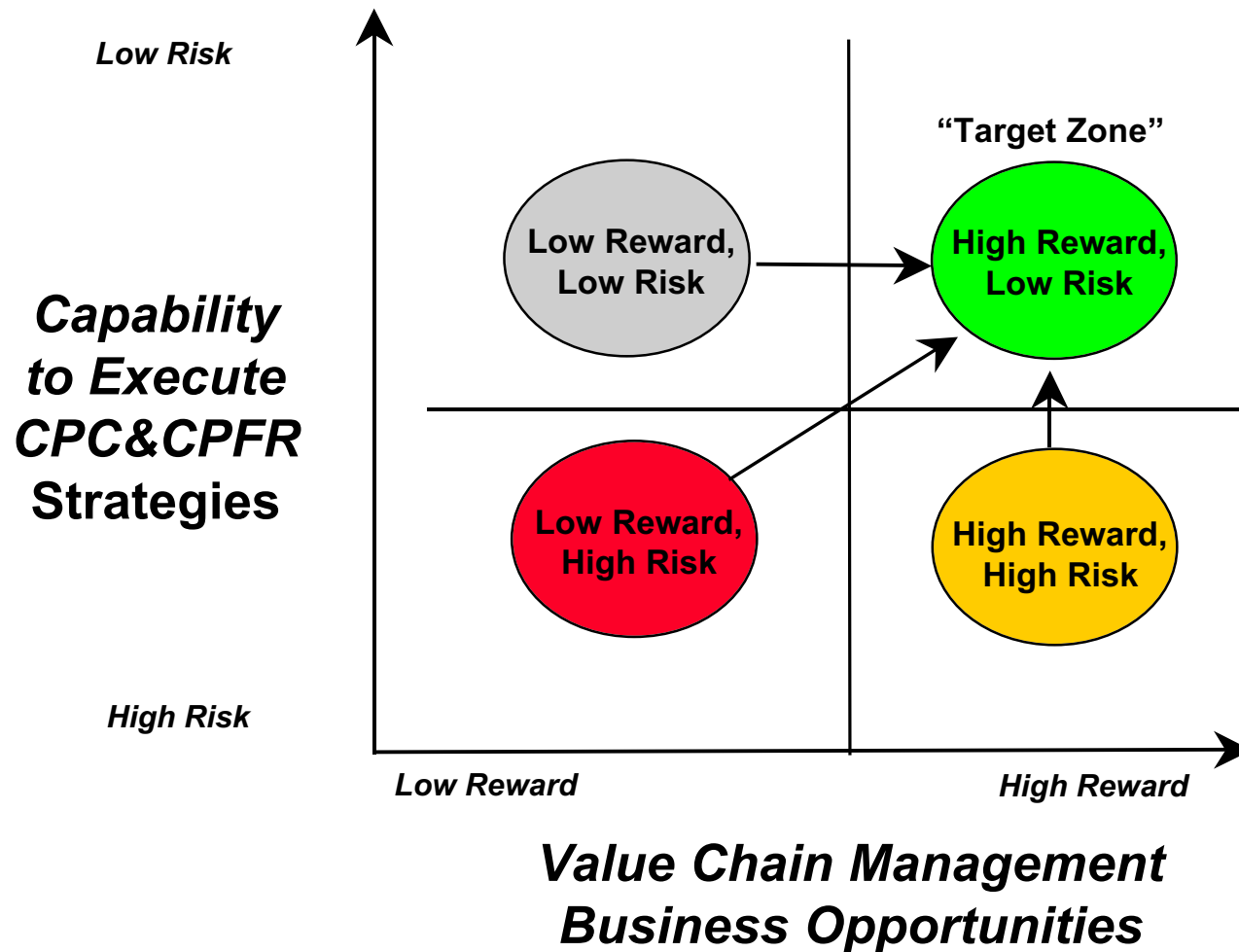
Enterprises may employ a C-Commerce strategic planning methodology to build such a roadmap, as follows:

- Step 1: C-Commerce Strategic Visioning
- Step 2: C-Commerce Readiness Assessment
- Step 3: Gap Analysis
- Step 4: C-Commerce Strategic Architecture
- Step 5: Implementation Roadmap

The challenge is to exploit the opportunities presented by C-Commerce, and then determine what and where the level of investment should be in the enterprise IT portfolio.



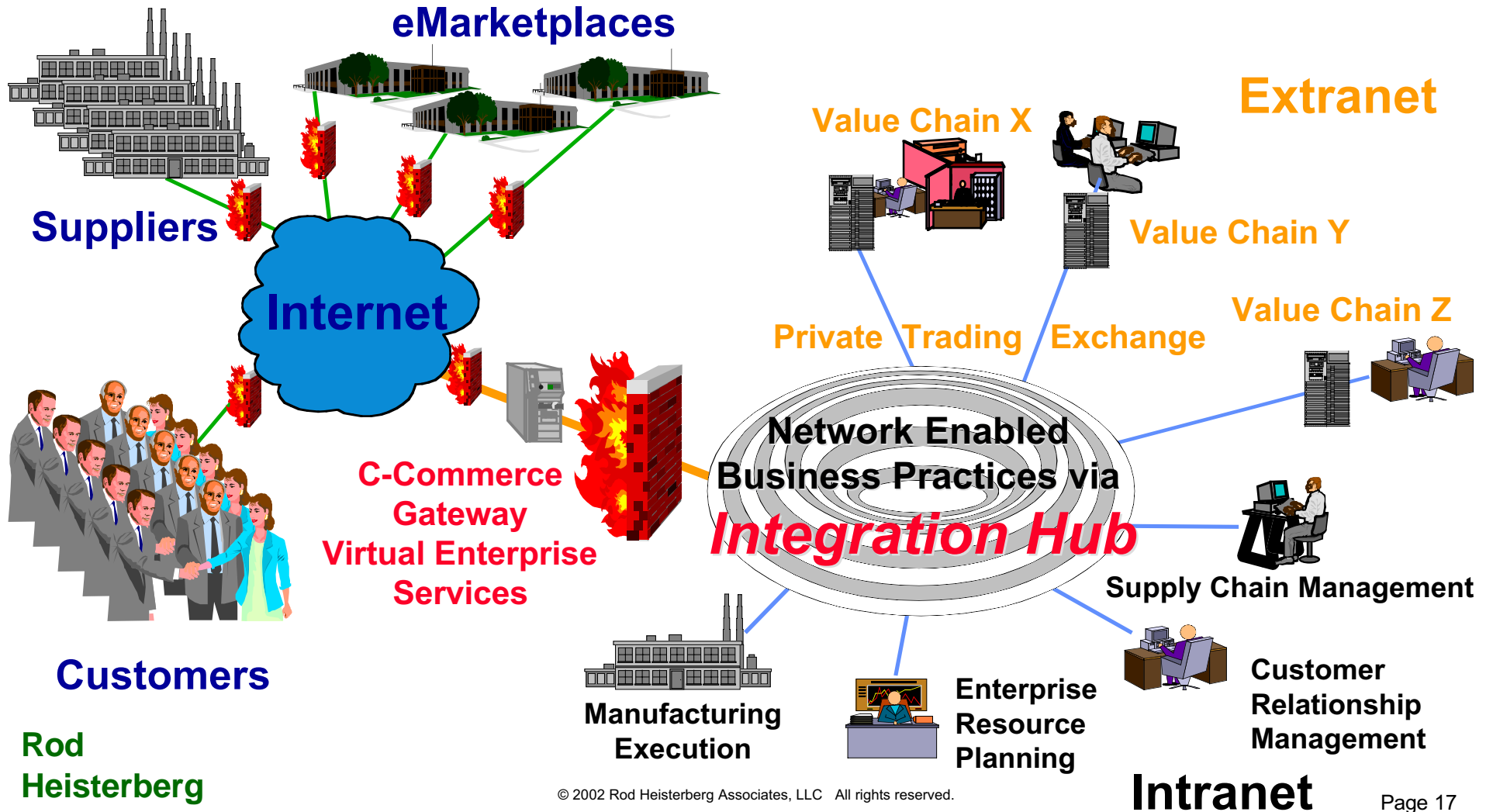
# C-Commerce Strategy Framework





# Value Chain Management Scenarios

## *eBusiness Vision Utilizing Virtual Enterprise Strategy for C-Commerce*



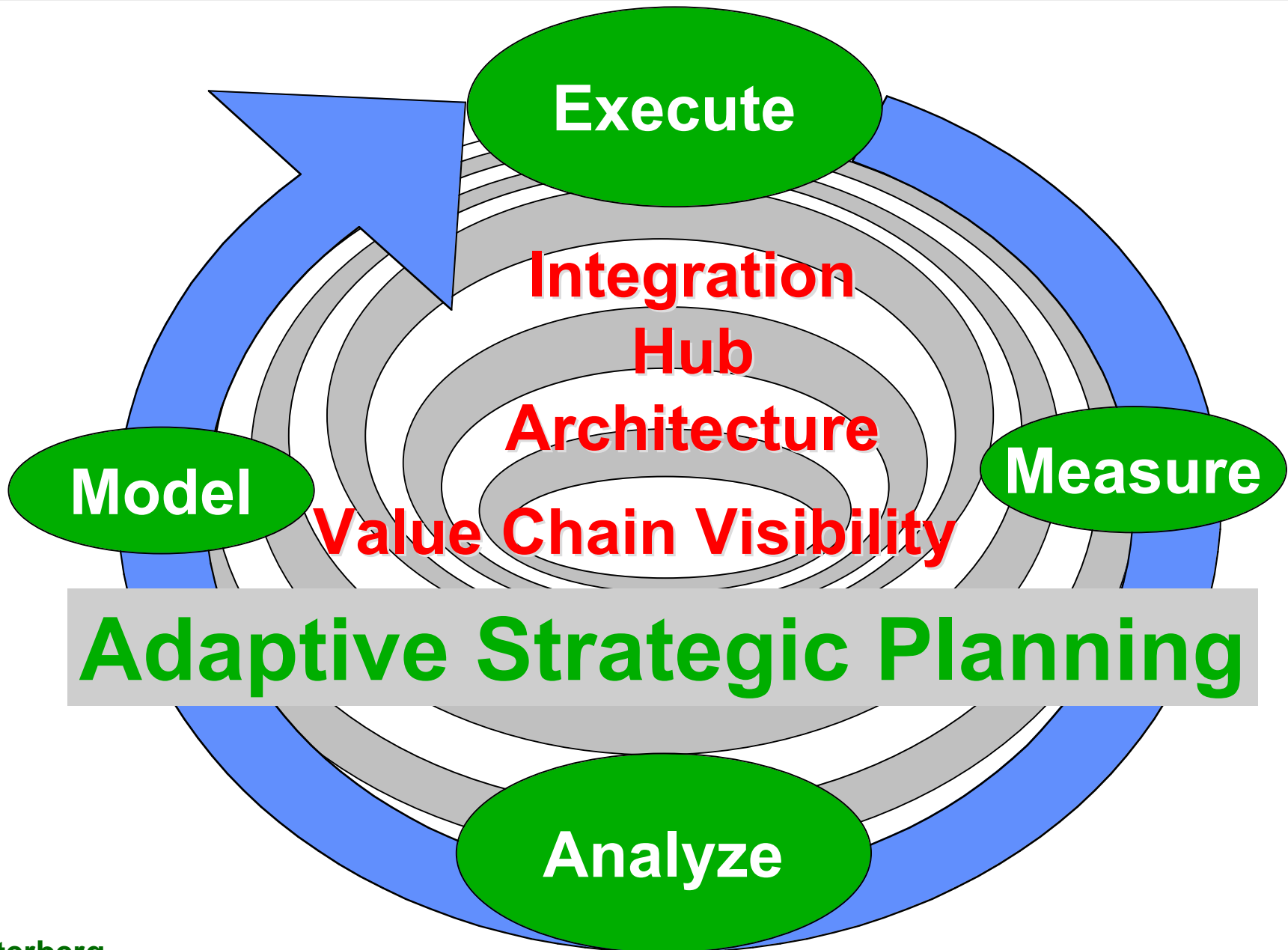
# Strategic Planning for Performing C-Commerce

# Balanced Scorecard for C-Commerce

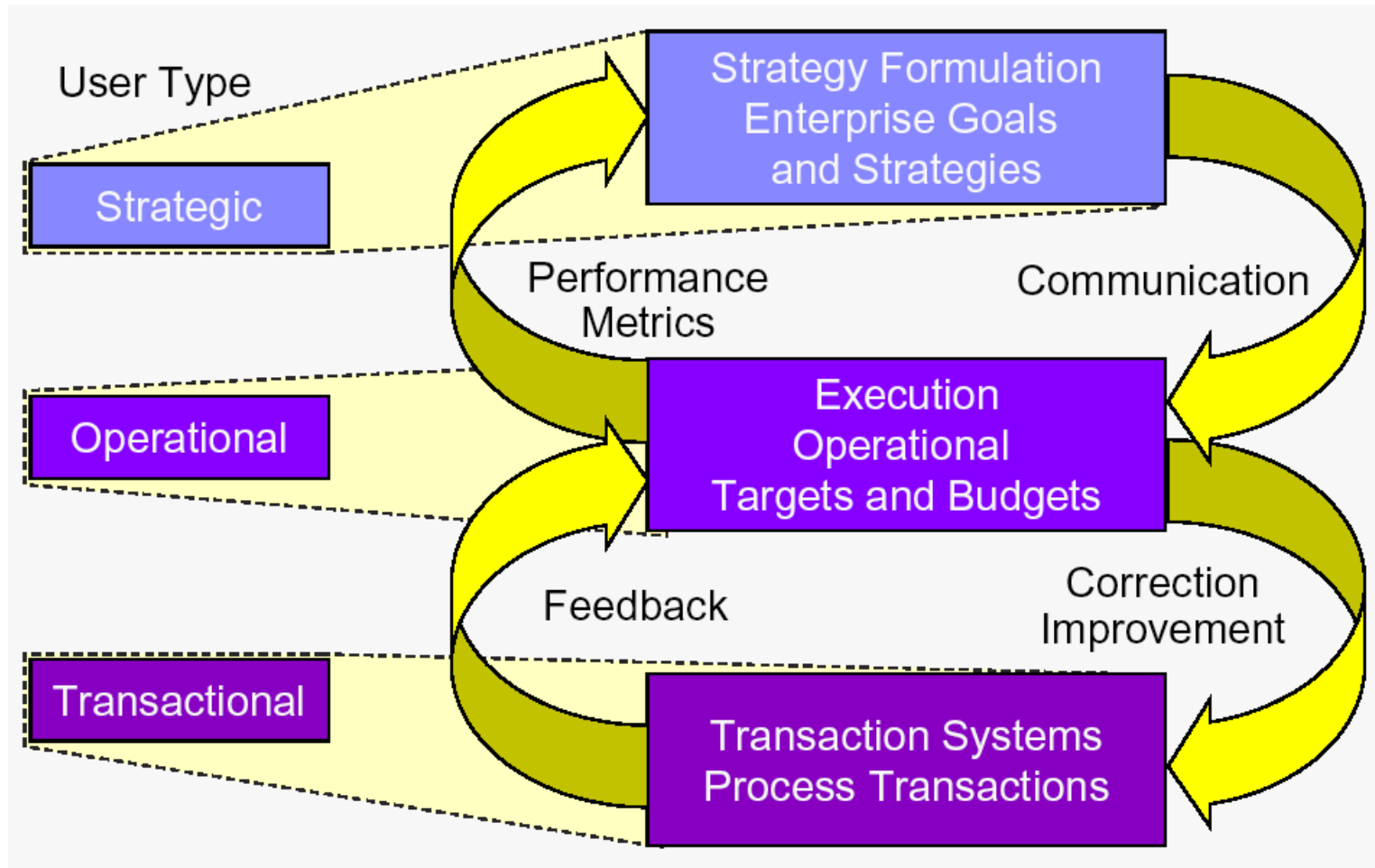
Balanced Scorecard metrics selected to drive value chain performance displaying *time versus agility* as the critical success factors in a real time dashboard to support business management decision making

## Metric Selection Reflects C-Commerce Strategy

Balanced Scorecard Perspectives	Critical Success Factors	
	Time	Agility
Customer	relative customer order response time	customer perception of flexible response
Business Process	supply chain cycle efficiency	number of choices relative to average response time
Innovation and Learning	number of shared data sets relative to total data sets	rate of improvement in product finalization point
Financial	cash-to-cash cycle	supply chain gross margin



## Business Decision Reengineering with Adaptive Planning Processes



Source: Gartner

## Lesson Learned & Next Steps

# C-Commerce Strategy Imperatives

## ***Vision:***

Ensure the CEO communicates the strategic C-Commerce vision

***Review:*** Constantly review all C-Commerce investments using adaptive strategic planning to realise incremental benefits

***Marketspace:*** Account for value chain opportunities & core competency threats in the C-Commerce strategic planning process

***Plan:*** Develop individual business case for each C-Commerce initiative & orchestrate as an integrated IT investment portfolio

***Management:*** Create new performance management systems in order to harmonise C-Commerce activities via balanced scorecard approach

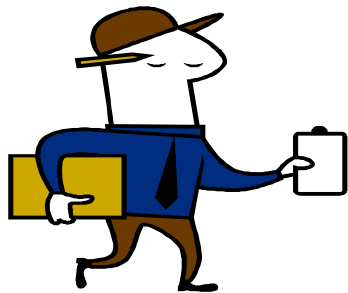
# Recommendations



Begin pursuing customer-driven C-Commerce strategies now for competitive advantage.



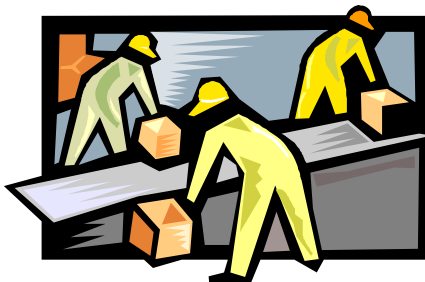
Expand trading partner focus to broader value chain opportunities.



Outsource design-build-support operations with compelling value propositions for products & services, that are not core competencies to the enterprise.



Exploit Internet-centric Integration Hub technologies.



Determine how each business function will execute or support virtual enterprise collaboration.



## FOR FURTHER INFORMATION

**Rod Heisterberg, Ph.D.**

**Managing Partner**

**Rod Heisterberg Associates LLC**

**Telephone: 650.254.1551**

**eMail: [rodheisterberg@aol.com](mailto:rodheisterberg@aol.com)**