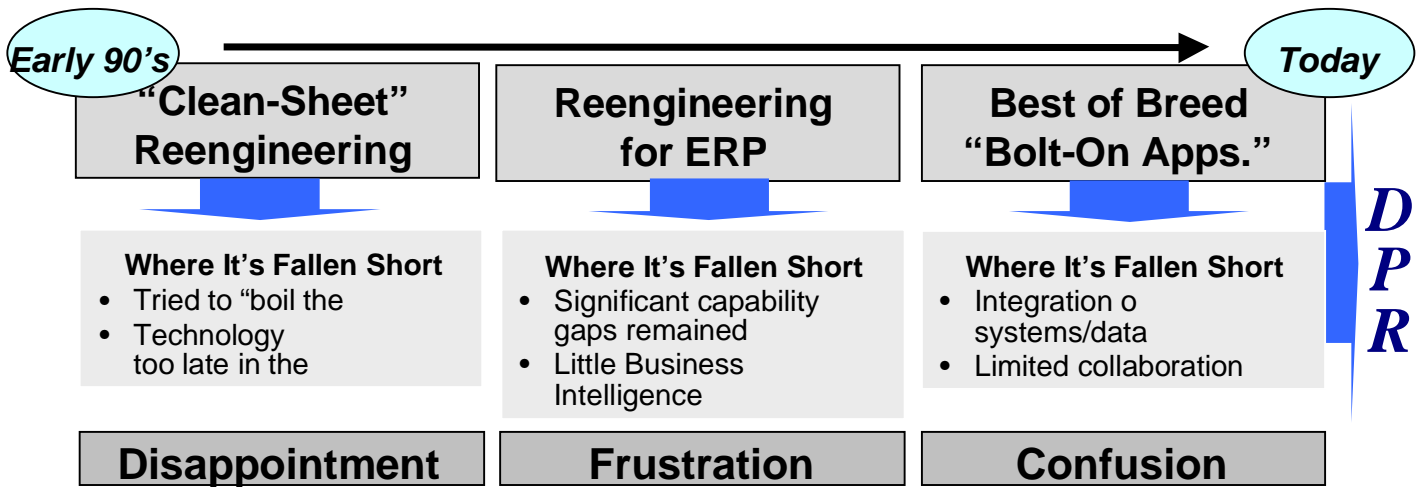


# A New Approach that Finally Delivers ROI: Digital Process Reengineering

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Over the past ten years most major corporations have gone through significant changes. Globalisation, mergers and acquisitions, reengineering, ERP, e-business are some of the more familiar transformations.

Countless millions have been spent on IT systems, software applications and integration services to support the progression of the Global 1000 to today's world of e-business. What's the common thread amongst all those initiatives or programs? The vast majority has not delivered the intended results.



## Current Drivers

As companies rush to adapt to web and e-business technologies, they face tough strategic questions:

Can we make a profit in e-business

Can we produce results quickly and most effectively leverage what we have in place today?

What will the impact be on productivity?

### *Quicker Return*

The current business and investment environment has changed the focus for new initiatives: They have to produce results early. No longer can most companies afford expensive, long-term efforts like ERP implementations with returns coming in years 3 – 4 (if they materialize at all).

### *Leverage what's in place*

In addition, there's increasing pressure to leverage IT infrastructure that was implemented over the past few years. ERP systems, Supply Chain Optimisation

software, CRM software – despite the fact most don't deliver fully integrated capabilities to support e-business – execs are saying, “make some minor modifications, but deliver results.”

### *Productivity*

GE has launched a “Digitisation” initiative that focuses the world's most valuable company on reducing costs through automating processes. Everything from travel to procurement is being looked at to reduce costs. In fact, a big change is that no technology enablers are being turned “inwards” to drive costs out.

## **What is Digital Process Reengineering?**

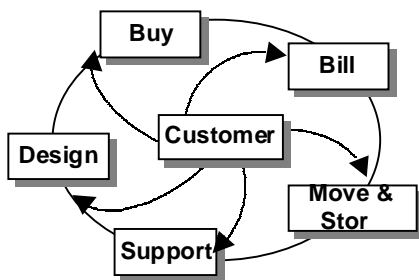
As GE is discovering, it's only now that the digitisation of processes can really produce substantial gains. The infrastructure, database integration and supporting technology can now quickly enable a step change in most processes.

Digital Reengineering takes a process view that allows companies to integrate disparate stakeholders and automate tasks. This creates simple and efficient processes.

But – how is this different from the earlier wave of reengineering in the early 90's

## **A New Approach**

There are some similarities between the new wave of digitisation and the original reengineering in the early 90's. First, the process view remains the same. Every set of activities has a series of inputs and outputs that shape a process. This revolutionary perspective drove much of the change in the early 90's. Second, the goal is to drive a “step change” in performance. We're not talking incremental change here. Oracle and Cisco both claim to have saved over \$1Billion last year through process change. GE hopes to save much more than that this calendar year.



### *The Customer Viewpoint*

The advantage we have now, however, is that today's new digital technologies allow us to deal much more effectively with the needs of the customer. We now have a tool to deliver simple, efficient and effective service to customers of any process. A well-designed web tool will support a customer's needs infinitely better than mainframe or client server technology.

Taking the viewpoint of that customer, and working back to drive integration with ERP or legacy systems allows this process view to take a radically different approach. Organizations must bring together their business skills and expertise with the potential value that lies in large databases of customer transactions to drive more rewarding, cost effective services.

## **Digital Process Reengineering Methodology and Approach**

Leveraging digital solutions and translating them into immediate, measurable results requires a combination of experience and ingenuity. An approach to identifying digital process opportunities may include the following steps:

### *Assess Current State*

Processes should be evaluated against a defined set of desired characteristics as criteria for further development and examination. This evaluation should help one understand how optimised the organisation's critical business processes really are & identify those business processes that are most important for "digitisation."

### *Search for Quick Hits/ROI*

Current processes can be decomposed into detailed sub-processes, each with attributes that can be "e-enabled" in order to generate additional benefits/ROI.

### *Prioritize Opportunities for Process Improvement*

By each process, identify tangible e-business improvement opportunities within your organisation. In addition, quantify the benefit opportunities and investment requirements around the opportunities selected.

### *Create a Process Revision Plan*

Define a plan for implementing the new enablers. Internally, companies should provide education (& *best practices review*) to key constituents on driving bottom-line gains through "digital" process improvement. Additionally, key executives should be aligned with the reengineering goals and buy-in for the high priority initiatives. Finally, a plan or roadmap should be created to further define the details of the implementation processes.

In conclusion, Digital Reengineering offers companies a new way to seek to serve customers, drive cost out of the business and finally leverage much of the technology they've invested in over the past 10 years. A process driven approach that extends the customer perspective inwards – and one that drives towards an ROI. Significant investments in outdated technology are a thing of the past – now target process change can help companies attain a quick return.

## **Case Study Examples - Chamberlain**

The Chamberlain Group, the world's largest manufacturer of garage door openers and other keyless entry systems, was faced with the challenge of competing with larger more efficient dealers. In order to prevent their product from becoming commoditized and potentially losing market share, Chamberlain reengineered their dealer strategies to enhance customer intimacy and loyalty. They sought additional ways to deliver value added services to their dealers while preserving their legacy systems.

The solution was to build an on-line dealer extranet. Through this web tool they now provide enhanced communication with dealers and real time product information, pricing, and ordering of simple products such as garage door openers as well as complex products such as commercial door operators.

### ***Challenges:***

- Develop an online tool that can accommodate multiple business lines and changing products
- Design the site to support multi-lingual content and Chamberlain's international business
- Deliver multi-channel support, including dealers, sales and a call center.
- Build customer loyalty and enhance and extend Chamberlain's online Internet presence to dealers and end customers
- Generate revenue from existing channels and opportunities in new high-growth areas

### ***Solutions:***

- An architecture and content management system that allows the Chamberlain Group to cost-effectively support the maintenance of value added content and products
- A multi-lingual content management system
- A scalable, middleware solution that enables multi-channel support while providing integration with legacy systems
- Capability to order complex product online. A product configurator allows the capability to order and design complex products on-line

### ***Results:***

Through the dealer extranet, Chamberlain now has the capability to sell, communicate and provide information to dealers on-line 24/7 both domestically and internationally. The dealer extranet supports and reinforces their strong relationships with the dealers and provides a differentiator against other manufacturers competing for those relationships.

## **Case Study Examples – Construmix**

•The world's third largest cement company, Construmix, was struggling with a way to enable a timely, effective B2B marketplace to support their small to medium construction customers in Latin America. Their existing customer experience was unfocused and difficult to manage as they were struggling to support their Latin American market. Current processes were failing to establish order, classification and organization to those construction products that were uncommon to the Latin American market. Thus, a reengineered solution was needed to build an online marketplace to support this unique customer segment. An online tool was delivered to automate and deliver product information in context of specific community solutions for the marketplace business processes.

### ***Challenges:***

- Find a method to serve compelling solutions that will support third world construction businesses
- Rapidly launch a B2B scalable exchange that supports the Latin American construction industry
- Create a rich user experience, single-sign-on process and security requirements that meet varying needs of customers
- Provide a compelling destination that supports the current localized market segments
- Support long-term content and supplier availability to the Latin American market
- Elevate customer satisfaction and participation loyalty to global market target

### ***Solutions:***

- Developed a content rich B2B digital community website with high transaction functionality
- Web enabled sourcing, bidding and requisition of construction materials and services
- Established a community environment with tools such as industry search, e-mail and live chat

### ***Results:***

Through the reengineered B2B processes and the web enabled purchasing exchange, partner/community tools are now available 24/7 with interactive capabilities that meet the needs of their specific market. This tightly integrated solution addresses unique construction industry requirements that weren't available within the old methods and processes. The single online process combined data access, administration and communication capabilities that enabled collaboration across the marketplace. Shifting from a paper intensive, lengthy, and limited process to an automated, visible and accessible online process has dramatically simplified the overall process making it more timely and effective.