

## Real-Time Operations Demand Real-Time Applications

David Flint

The real-time enterprise will leverage its real-time applications infrastructure to provide better customer service. It needs to review these applications to run operational processes in real time.

## ANALYSIS

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The real-time enterprise (RTE) demands new business processes, better data-capture techniques and changes in managerial culture. RTE requires a major change program that, necessarily, affects the major business applications, such as enterprise resource planning (ERP), supply chain management (SCM) and customer relationship management (CRM) packages, and also their sector and enterprise-specific equivalents supporting critical business processes. Fortunately, it will not usually require the wholesale replacement of these applications, but it does require changes in the way that they are used and in the way substantial additional functions are implemented.

These major applications play three key roles in the RTE: 1) They coordinate and integrate the steps that comprise each operational business process; 2) they manage the links with trading partners' operational systems; and 3) they offer a base from which customers can be provided with real-time services.

### **1. Process optimization: Coordinate and integrate**

Many enterprises have already applied real-time principles to their internal operational processes. Under slogans such as "lean manufacturing" and "business process re-engineering," they have streamlined these processes, saving time and money. ERP packages have often played key roles in these initiatives.

ERP packages often fall short of supporting completely real-time processes. In "ERP II Is a Critical Player in the Real-Time Enterprise," Brian Zrimsek and colleagues stress the need to consider real-time requirements when selecting and deploying ERP systems. There are often weaknesses in implementation and Zrimsek identifies four common sources of delay and explains how to address them.

### **2. Linking with trading partners**

Most ERP and SCM packages already include some support for links with trading partners. However, in most cases, this support is inadequate for the RTE. In "Balance Optimization- and Synchronization-Focused SCM," Jeff Woods and Maria Jimenez point out that RTE requires support for nonlinear information flows and that this requires collaborative commerce (c-commerce), rather than established SCM applications.

Collaboration between suppliers to produce better designs and demand forecasts is a key part of c-commerce.

### **3. Real-time customer service**

Of course, trading partners include customers. Many customers are businesses themselves and may be pursuing RTE initiatives of their own. Indeed, enterprises that supply major retailers, such as Wal-Mart and Tesco, have been wrestling with these issues for some years. For business customers, major applications and the operational, design and planning processes that they support will generally be the focus for RTE initiatives.

Consider, for instance, the experience of Premier Farnell (PF) a global distributor of electronic and industrial components (see "How Delivery Outsourcing Boosts a Distributor's Business"). Fast, often overnight, delivery has long been a key part of the enterprise's value proposition, and its ability to provide such a service is based on a partnership with United Parcel Service of America (UPS). Real-time integration between their systems allows UPS to provide PF with real-time movement information, which PF provides to its customers. PF finds that the most valuable

feature is the ability to inform the person who ordered the components, as soon as they have been delivered on site. This often saves the time that the parts would otherwise take to move from goods-in to the place where they are needed.

For consumers, and less advanced (or less important) business customers, the focus of RTE will be on the ad hoc interactions discussed by Esteban Kolsky in "Real-Time Customer Service: Is It Possible?" Here, as Walter Janowski argues in "Real-Time Enterprise Affects Customer Interactions in CRM," enterprises must carefully consider the trade-offs between speed and quality. Would customers prefer a partial answer instantly or a complete answer the next day? Although there can be no general solution to such questions, it is important to ask them. In most cases, some customers will prefer "quick and dirty" — thus, most enterprises will have some need for real-time customer service.

Major business applications will play a vital role in supporting the movement to the RTE. As the pressures for efficiency increase and customers' tolerance for delays falls, IS managers will need to systematically remove delays from major processes, extend their applications portfolios and use the resulting repositories of real-time data to improve service to customers, trading partners and their own staff.

### **Featured Research**

"ERP II Is a Critical Player in the Real-Time Enterprise" — RTE changes the selection criteria for ERP packages and requires specific implementation work to eliminate delays. **By Brian Zrimsek, Lee Geishecker and Yvonne Genovese**

"Balance Optimization- and Synchronization-Focused SCM" — RTE requires collaborative commerce on non-linear supply networks; not conventional supply chain management. **By Jeff Woods and Maria Jimenez**

"Real-Time Customer Service: Is It Possible?" — Enterprises contemplating real-time customer service should first balance strategy, benefits and costs. **By Esteban Kolsky**

"Real-Time Enterprise Affects Customer Interactions in CRM" — When implementing a CRM strategy, leverage real-time techniques to deliver stronger intimacy and greater relevance in customer interactions, but don't sacrifice quality of response for speed of response. **By Walter Janowski**

### **Recommended Reading and Related Research**

"How Delivery Outsourcing Boosts a Distributor's Business" — Premier Farnell, a leading distributor of electronic and industrial parts, obtains efficiency and customer service benefits from its relationship with UPS. **By David Flint.**

This research is part of a set of related research pieces. See "It's Time for the Real-Time Enterprise" for an overview.

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