

## Real-Time 'Cyclones' Sweep Up in Time

David Flint

Most enterprises benefit by removing latency from operational processes. The real-time enterprise cyclones model also shows the benefits of time-based changes to management and leadership processes.

## ANALYSIS

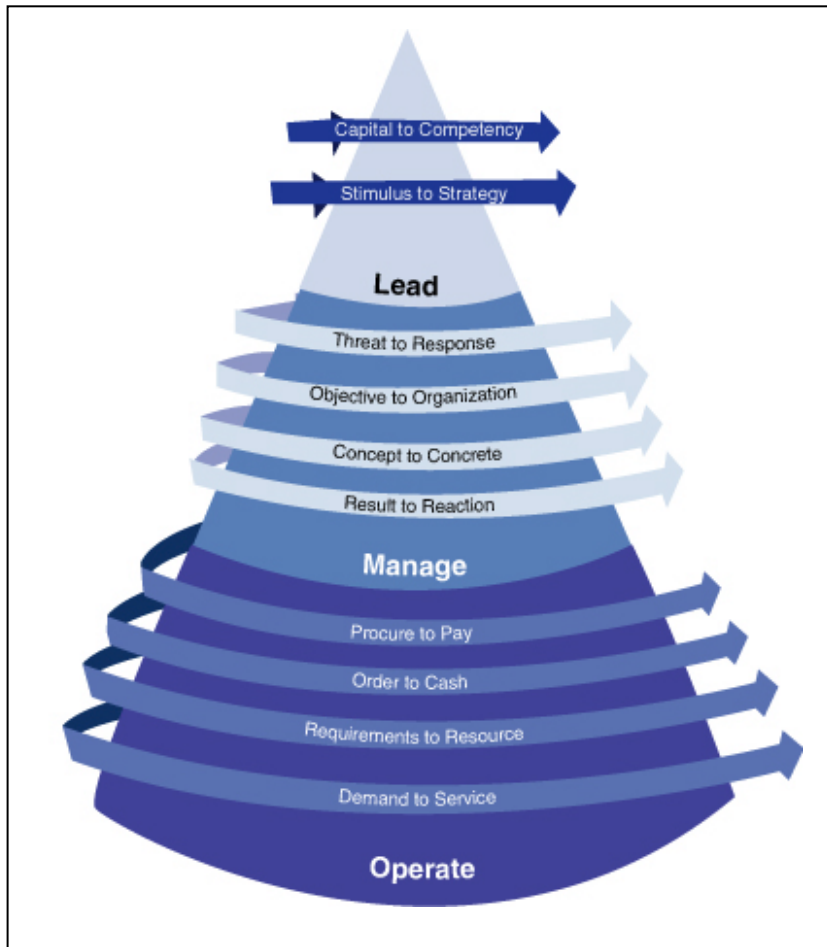
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Our research has identified literally scores of cases in which a focus on radical time reduction has created significant business benefits. For instance:

- Ford saved itself \$1.2 billion per annum and improved its responsiveness when it reduced its product development time from seven years to four years.
- A major international bank's real-time risk management system has allowed it to respond rapidly to changes in market conditions — giving it a substantial competitive advantage (see "Real-Time Risk Management and Capital Allocation").
- A major telecommunications enterprise increased its productivity by 33 percent and order volume by 60 percent in Internet Protocol (IP). It achieved this by reducing the duration of its provisioning process from between 30 and 60 days to 18 days.

We have also identified many more cases — many processes in many industries — where such initiatives would pay off. The effect of addressing these opportunities will be to create cyclones of change that will sweep through enterprises and industries. In "The RTE 'Cyclones' Model Changes the View," Mark Raskino, Andy Kyte, David Flint and Alexander Drobik describe the 10 RTE cyclones. Our research shows that, though time reduction is a common theme, the benefits and means of achieving these reductions differ between the layers of the pyramid (see Figure 1).

**Figure 1. The RTE Cyclones**



Source: Gartner Research

At an operational level, the benefits are: Reduced inventory, risk reduction and lower process costs. The main methods are: Real-time data capture, process simplification and integration of major applications. This is the most obvious level at which to apply RTE principles, since it has been part of many IT initiatives for many years. In "Real-Time Enterprise Delivers Value in Lead Management," Claudio Marcus shows how the same principles apply in a less-obvious process.

The benefits at management level are less obvious, but may, as we show in "Real-Time 'Cyclones' Sweep Through Management," be even more significant. The benefits are: Faster exploitation of emerging opportunities; damage reduction when things go wrong; and increased agility in dealing with threats and changes, both big and small. The main methods are: Re-engineering managerial processes; implementing business activity monitoring; and creating a collaborative and empowered culture.

These benefits are hardest to see at leadership level. They are usually associated with rapid implementation of a strategy, or the development of a business competency, rather than with faster planning. The main methods are the creation of strong, managerial clarity and consensus. This is a social process and is critical because it removes the confusion and conflict that so often attend the changes needed to implement strategic decisions.

The sheer scale of the opportunity, not to mention the barriers that impede all major change, means that no organization can transform all its processes at once. Two Gartner analysts discuss how organizations should assess the financial benefits of RTE:

- In "The Value of Becoming a Real-Time Enterprise," John Roberts discusses the financial benefits that are created when latency is removed from operational processes.
- In "Releasing Cash Flow Through the Real-Time Enterprise," Martin Reynolds stresses the importance of increased velocity in understanding RTE benefits.

Though many enterprises have embraced parts of the RTE change agenda, most have applied it only partially. The scope for further improvement, both within and between organizations, remains vast. The initiatives required will challenge the skills and resolution of every business leader during the coming years. They will also change the nature of business profoundly.

### **Featured Research**

"Real-Time Risk Management and Capital Allocation" — Describes how an international bank improved its risk management by streamlining its risk management systems. **By Mary Knox**

"The RTE 'Cyclones' Model Changes the View" — Explains the 10 cyclones of RTE-based change. **By Mark Raskino, Andy Kyte, David Flint and Alexander Drobik**

"Real-Time Enterprise Delivers Value in Lead Management" — Shows how automation of the lead management processes can reduce latency to enhance the relevance and value of leads. **By Claudio Marcus**

"Real-Time 'Cyclones' Sweep Through Management" — Explains how time-based transformation applies to managerial processes. **By David Flint**

"The Value of Becoming a Real-Time Enterprise" — Discusses the financial benefits that are created by removing latency from operational processes. **By John Roberts**

"Releasing Cash Flow Through the Real-Time Enterprise" — Stresses the importance of increased velocity in creating RTE benefits. **By Martin Reynolds**

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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