

## Start Planning Now for the Real-Time Enterprise

**Mark Raskino**

During 2003, the real-time enterprise will reach the mainstream as a powerful new approach to IT-enabled business improvement. It is never too early to start planning.

## ANALYSIS

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Although predictions oscillate and certainty is low, the majority of economists expect modest economic growth and confidence for 2003. How will enterprises seek growth and improvement as they gently open up capital budgets and consider new spending on IT-enabled business improvements? They can't return to Internet hype; they must spend wisely and show demonstrable value from further IT investment.

### **A New Approach Is Relevant Now**

During 2003, discussions of IT-enabled business change will start to center on the topic of time. A focus on time-based transformation will emerge because it meets the current needs for tight financial controls, clear justification of expenditure and transparent measures of value creation. The emerging market term for this endeavor is the real-time enterprise (RTE). We are seeing an increasing number of IT and service vendors using this term to describe the purpose of their next-generation offerings.

### **RTE Is Business-Driven**

Let's introduce the Gartner definition of RTE:

**"The RTE is an enterprise that competes by using up-to-date information to progressively remove delays to the management and execution of its critical business processes."**

The rationale for this definition is explained in "The Gartner Definition of Real-Time Enterprise." It is a focus for change that necessitates the deployment and exploitation of IT from a business perspective — which makes it unusual. It is not a technology in search of a problem, as has so often been the case in the past (see "The Real-Time Enterprise: The Quest for Strategic Gains" ).

The RTE sets strategic business targets for reducing end-to-end cycle times in the process areas that are most critical to its particular business strategy. This might be in operational, day-to-day areas, such as the order-to-cash cycle. It may also be in high-impact, strategic areas, such as mergers and acquisitions, or new product development. There are a number of these different target areas. We refer to them as the "cyclones" of RTE. By focusing on time reduction in these areas, waste and inefficiency can be sucked out of the organization. Gartner has identified 10 of these cyclones; they are explored in "The RTE 'Cyclones' Model Changes the View."

### **Considerations**

There are four strategic benefits of RTE:

- Reduction of waste and inefficiency
- Competitive customer service
- Better management decisions
- More-transparent management decision making

**Reduction of waste and inefficiency** — the majority of processes in the majority of enterprises could be run more quickly and efficiently if they were re-engineered to take full advantage of the technologies of the Internet era. It has been observed before (for example in, "Competing Against Time," Stalk and Hout, 1990) that radical exercises in reducing elapsed time often generate significant cost savings as well.

**Competitive customer service** — this is the age of the "time tortured" consumer who will trade price for improved speed and convenience. Customers have higher expectations and demand faster response times, or they will take their business elsewhere. But it's not just tactical service-delivery times that win customers. Enterprises that can quickly deliver new products and improvements to the market will more likely win customer attention and competitive advantage.

**Better management decisions** — managers who have up-to-date information can make more-skillful judgements, which in turn, reduce risks and improve outcomes. The ever-increasing economic pace gives managers ever-decreasing windows of time in which to make decisions. Managers need time to assimilate, deliberate, formulate and communicate. The earlier that accurate and complete information is brought to their attention, the longer they have to meet deadlines and the better quality the decision is likely to be.

**More-transparent management decision making** — managers given low-grade, late information will have to work on assumptions and make decisions that they are uncomfortable with. Occasionally, the temptation will be to "post-rationalize," that is, to revise tardy information to make the "facts fit the decision."

In the current business and financial-market climate, transparency and fundamental value-creation efficiency are becoming much more important — reflect for a moment on the cases of Enron, Worldcom and Andersen, and consider how managers in many businesses will now be less-inclined to base their decisions on late, low-grade management information. This RTE transparency driver is explored in "IT-Accelerated Corporate Transparency Will Enable RTE."

### **Where Should We Start?**

Those embarking on RTE in 2003, will most likely be technology-aggressive enterprises. For those that are, getting off to the right start will be key to success. In "Six Imperatives for a Real-Time Enterprise Endeavor," we explain what needs to be done. This is a mission where business and IS commitment are of equal importance. Without both, there will be very little value to be gained from attempting RTE. A key reason is that, despite its name, RTE cannot be limited to a single enterprise view. The enterprise core organization must speak with one voice to be heard in a virtualized business environment. Virtualization has now reached the point where no significant business change program can be attempted in isolation from the other members of the value chain or network (see "Real-Time Process Management: Rules Before Actions").

If common purpose is agreed, IS has a great deal to offer. Many Internet-era, IT applications are rapidly maturing and ready for widespread, mainstream use. However, they are mostly underutilized, because business process, organizational and cultural changes are slower to arrive than first-phase technological implementations. Many more timesaving technologies are being added, such as wireless data access, Web services and instant messaging. RTE offers a framework for leveraging and exploiting technological possibilities. The fundamental concepts and behaviors of the RTE, which we have observed so far, are explained in "Nine Key Principles of the Real-Time Enterprise."

### **Featured Research**

"The Gartner Definition of Real-Time Enterprise" — Defines the RTE as a business improvement concept. **By Alexander Drobik, Mark Raskino, David Flint, Tom Austin, Neil MacDonald and Ken McGee**

"The Real-Time Enterprise: The Quest for Strategic Gains" — Discusses how RTE will soon become a major area for IT investment. **By Mark Raskino**

"IT-Accelerated Corporate Transparency Will Enable RTE" — Describes the effects of information transparency. **By Mark Raskino**

"Six Imperatives for a Real-Time Enterprise Endeavor" — Describes the key imperatives to trigger an RTE transformation. **By Mark Raskino and Andy Kyte**

"Real-Time Process Management: Rules Before Actions" — Addresses the issues of real-time management of a value network. **By Cassio Dreyfuss**

"Nine Key Principles of the Real-Time Enterprise" — Identifies the core concepts of the RTE. **By Mark Raskino**

### Recommended Reading and Related Research

"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**

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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