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A warm welcome to Julie Fraser and Tony Christian and a fond farewell to Jenny Jacobsberg

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Hello and Goodbye

Cambashi has opened an office in the USA and we are delighted to welcome Julie Fraser, previously Principal of analyst firm Industry Directions. Julie has joined Cambashi as President and Principal Industry Analyst of Cambashi Inc.

Julie's extensive experience of information technology in industry, with focus areas in Manufacturing Execution Systems and Supply Chain solutions, is enabling Cambashi to offer broader and deeper knowledge and insights in Engineering, Plant Floor, Supply Chain and Enterprise Solutions.

Another welcome addition to the Cambashi team is Tony Christian. Tony has a wealth of technology experience, covering engineering, manufacturing, energy and information technology, and a CV that encompasses technical R&D roles in the communication and railways industries, and more recently various roles within the CAE and CAM industries and with British Aerospace and AVEVA.

We must now take this opportunity to wish Jenny Jacobsberg a fond farewell. Having been with Cambashi for 18 years, Jenny is due to retire at the end of September 2008, but will continue to keep a hand in the runnings as a non-executive Director.

Quote for Today

"To the pessimist the glass is half empty, to the optimist the glass is half full. To the engineer the glass is twice as big as it ought to be."

Feature Article: Convergence and Dispersion - New Business Models Require New IT Approaches

In the past several years, two key trends have captured the imagination of management consultants and their corporate clients: innovation and globalization.

More and more companies are devising business strategies to confound the competition by improving, not only the speed, but also the effectiveness and profitability of innovations. They are also fostering in processes and relationship structures, as well as products.

Globalization is driving companies to re-think not only where they perform certain activities, but also whether they want to own those processes and assets, or outsource them to a partner.

These two trends are driving specific strategies for industrial companies that may appear to work in opposite directions.

- Convergence: On the one hand, innovation and globalization force different departments and disciplines to work together effectively, and to better synchronize the cycles of major business processes such as product design, production, and supply chain response.
- Dispersion: On the other hand, these two trends are leading to a reliance on facilities and business partners located throughout the world to operate an effective industry network. We've heard many times that companies now compete as networks, not enterprises.

So what does that mean for IT? How can applications support these major shifts?

First, current "enterprise applications" must be viewed as important foundational systems and reliable data sources. These include ERP, PLM, SCM, CRM, and MES. However, these are not necessarily the sole starting point for extensions to handle convergence and dispersion.

There are boundary-spanning specialty applications that no doubt will eventually be subsumed by the vendors of these other software suites – but do not fit into those boxes neatly. For example, applications to optimize features and options across a product set; applications to accurately and consistently assess new products for both market appeal and costs; applications to manage and optimize pricing; and so on.

Clearly, companies must provide improved capabilities for work flow and business process flow to be automated across multiple departments. Beyond that, companies must create special capabilities for multi-discipline teams – which may be static or ad hoc, depending on the situation – to work together effectively. This teamwork is particularly critical at major decision points – at product concept go/no go, transfer into production, when a quality problem arises, if supplier capabilities shift, as new distribution needs or opportunities arise, etc.

Companies also need multi-facility and multi-partner capabilities. The fact that most companies play roles in many industry networks means that new systems must cope with contractual differences, IP protection fears, and constant change. So specialized systems designed to handle the ever-changing relationship rules between trading partners are also likely to be critical.

The good news is, the investments that industry has made in IT to date will be a strong foundation. The SOA, BPM and analytics investments that solution providers are now making will serve this new environment well. It will allow these applications to integrate more effectively, to serve data to each other and to new applications, and to ensure that major disciplines have a core system of record.

However, for most companies, this is just the start. Improved information flows across industry's extended supply and distribution chains will be supported by applications specifically designed to make multi-company business processes faster and more efficient. The role of industry network performance as a source of competitive advantage will grow. Management teams will invest in IT solutions that offer visibility, insight and management of the industry network, not just their own enterprise.

Julie Fraser

Hot Topic: Carbon footprint – an investment opportunity for innovative application developers?

With the roll out of the European Emission Trading Scheme, businesses are coming under increasing regulatory pressure.

Companies have numerous ways to address their energy use, but often no way of knowing how effective their actions will be. What companies need is a quick and easy way of seeing how much carbon they are emitting, and from which part of their operations.

To calculate carbon emissions, one needs two things – a comprehensive view of operations, including incoming and outgoing supply chains; and a carbon calculation model to convert business operations into tonnes of carbon. There are many such calculation engines; typically amongst the most reliable are those that convert energy bills, such as electricity or gas.

Once the carbon footprint is known, focus needs to be made in the areas of business where most savings could be made. Rather like balanced scorecards for optimising profit and revenue, one needs a balanced scorecard for carbon. This is where many of the carbon calculation engines fall short. Simply using an electricity bill to calculate footprint does not tell a business where electricity is actually being used. Nor does it allow one to model how much impact each potential process change might make.

However, some inroads are being made in this area – for example in the ERP world, Access Accounting has worked with the Carbon Trust and Defra, the UK's environment agency, to develop a module for their ERP solution. Its aim is to help companies to work out how best to reduce their carbon footprint. As an example, Healeys Printers discovered that around 20% of their carbon footprint was generated by attendance at two events, which had necessitated flights by both staff and resellers.

Infor has developed a "Sustainability Edition" of their Enterprise Asset Management (EAM) solution. This monitors energy usage by metering each asset, allowing managers to benchmark the performance of specific parts of the business. They can then re-engineer the processes in that business, or simply replace the asset with a more efficient version.

Similarly, ILOG has developed a tool to track the carbon footprint of a company's supply chain. The extension to its Supply Chain Applications, called Carbon Footprint, allows users to track which activities in the supply chain generate the most carbon emissions. It allows one to set an emission cap as a non-negotiable constraint on supply chain planning. ILOG's proposition is that the tool will help to identify inefficiencies in the supply chain.

More to the point, vendors with "carbon footprint" solutions are appealing to companies' wallets by pointing to the cost savings that can be made using their solutions. With the possibility of selling carbon savings on the European carbon exchange, as well as improved efficiency in business, solutions with 'carbon focused' capabilities could be a more compelling investment.

Allan Behrens

Book review: Think ASEAN – Rethinking Marketing to the ASEAN Community 2015, Authors: Philip Kotler, Hermawan Kartajaya, Hooi Den Huan

For those of you who don't know, ASEAN is the Association of Southeast Asian Nations. It was formed in 1967 by five countries. ASEAN now has 10 members and is a diverse market of 540 million people. The member countries are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand, Singapore and Vietnam. The "ASEAN Community 2015" of the book's sub-title, is the vision to create a single market along EU lines by 2015. The economic and political success of

the EU provide a compelling model from which to build an economic community that fosters trade, and strives for peace and stability.

This book provides basic information about the formation of ASEAN, the organisation's goals and history – plus insights into the economies and cultures of the member countries. There are also a number of case studies. For IT professionals, the explanation of the role of technology in globalisation in the early part of the book is unnecessary.

I imagine that those working in this region will already be familiar with much of the overview country information contained within the book. However, if you are about to be assigned to a new role covering the region, then this book should prove a useful primer.

If you are looking for a resource to help make market entry or campaign decisions in region, I think you will find that the selective nature of the content and the level of detail would be disappointing.

Bob Brown

Noticeboard

Events

20-24 October 2008, SYSTEMS, Munich, Germany
22-25 October 2008, SMAU, Milan, Italy