

# Using Process-Based Business Software to deliver Value Chain Management

## Introduction

It is estimated that 80% of the content of packaged business software goes unused by most enterprises and that this overhead incurs large costs due to the software's complexity and service needs. Process-Based Business Software is the next generation of enterprise applications and with XSOL companies can say goodbye to a one-size-fits-all package.

XSOL's high-level business model enables definition of systems with exactly the features business needs, making it easier to create value in a company's demand-supply chain.

## The Evolution of 'Best Practice'

In the beginning basic business calculations were performed by head and hand. Slowly, these simple, repetitive tasks became automated. As computers became more complex, so did the tasks and calculations they could perform. Repetitive functions like payroll were among the first to be automated, followed by financial, order processing, and inventory control functions.

Today the majority of companies use packaged software applications to run their business. The pre-determined system functions in these applications are termed Best Practice and are the package vendor's recommended way to run business. This 'one-size-fits-all' approach has resulted in the development of very complex Enterprise Systems capable of handling a wide range of business applications with thousands of programs, millions of lines of program code and increasingly sophisticated ways to configure the system. Size and complexity make it difficult for Best Practice systems to keep pace with the rapid changes taking place in the way business is being conducted.

Companies are looking to leverage the Intellectual Capital in their organisation - the unique business processes they have developed to deal with activities in their demand and supply chains - processes that differentiate them from their rivals. They are looking for opportunities to improve value creation, to better understand and integrate with their customers, to improve responsiveness to market demand and to provide a higher quality of service.

These companies want to go beyond the features of Best Practice software, from what makes them the same to what makes them unique. Creating new software applications is beyond the budget of all but a few and even then their technology means they have limited capability to respond to the dynamic changes that are a feature of business today.

## Process-Based Business Software - The Next Step

Process-Based Business Software enhances the evolution of business systems. It focuses on an enterprise's processes, the unique ways that a company services its customers - both external and internal. This approach enables a business to optimise the use of its resources and help manage events more intelligently by sitting on top of existing applications. At its most sophisticated it provides end-to-end life cycle management of multi-step business transactions.

For a manufacturing and distribution business this means fundamental business processes such as:

- Providing key customers unique service
- Designing or acquiring new products
- Having ready access to materials
- Making components just-in-time
- Assembling products on demand
- Managing customers sales activity
- Optimising business cycle times
- Integrating with sources of demand and supply

Importantly, many of the processes involved in undertaking business transactions occur outside a company and inside their business partners' organizations - such as suppliers and customers. Integration in this area offers major benefits to both parties - reducing delays, improving quality and cutting costs, such as inventory.

Process-Based Business Software enables companies to manage their whole business processing cycle, providing visibility and control over transactions that occur both inside and outside the organization. XSOL goes further, enabling companies to integrate directly with the data in their business partner's computer systems.

### Intellectual Capital

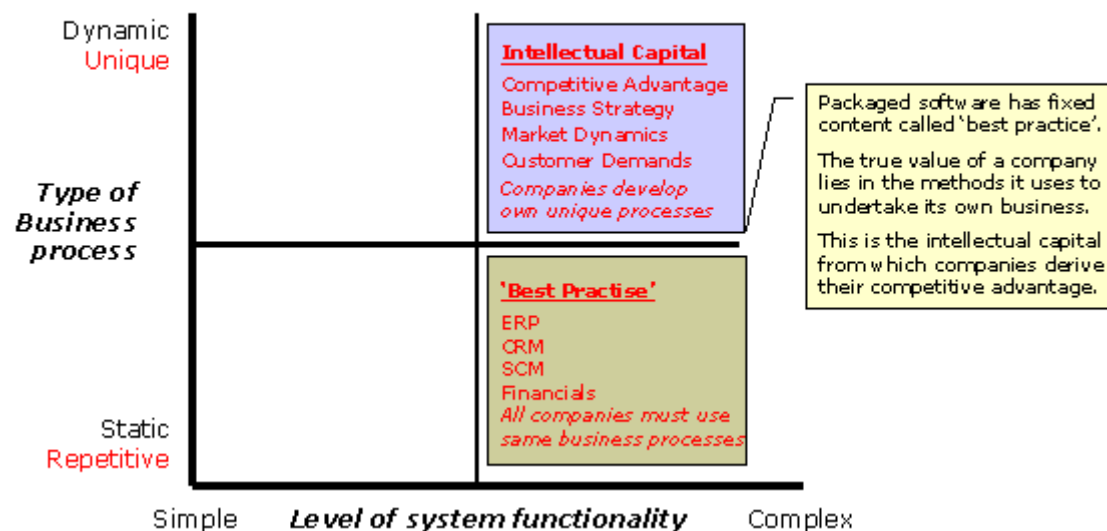
Business processes are as unique to a company as DNA is to a person. While the tasks required to complete a transaction may be similar, no two companies employ their resources - customers, staff, applications or data - in the same way. Successful companies simply employ resources and operate in their industry better than their competitors.

This uniqueness is the Intellectual Capital that gives one company a competitive advantage over another - success is based not so much on what you make and sell, but how you make and sell it. Not only are a company's processes unique and increasingly complex - they are constantly changing as the demands of its customers and suppliers change.

The Business Meta-model in XSOL enables a company to leverage their intellectual capital by adding their unique business processes to the model.

In the best-practice software model, typically only 80% of the functionality of the system is used. The bulk of the software is an overhead, both in user training and system maintenance, whereas XSOL provides only the application functionality required to meet the unique requirements of each business process.

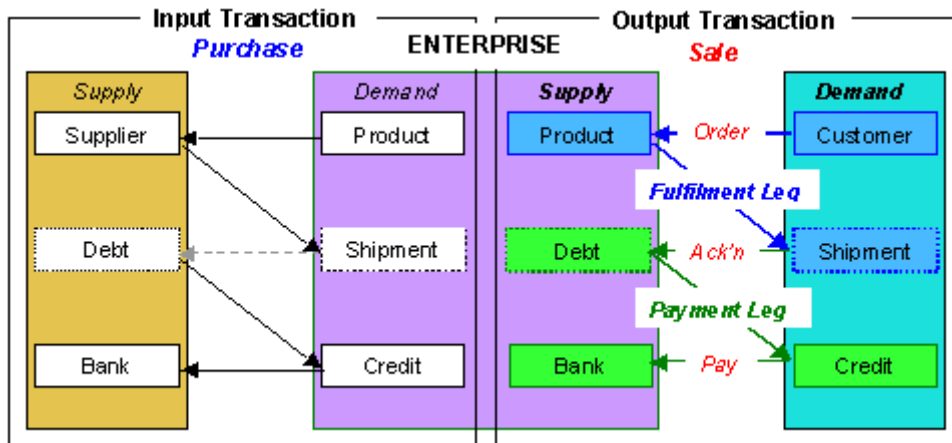
### Solution Focus – Customer Value Management



Enterprise Systems market Best Practice versus Intellectual Capital sectors

## Value Chain Management

The heart of the XSOL Business Meta-model is the Transaction - linking demand and supply in a series of processing steps that are prompted by the system. This is the strength of Process-Based Business Software; managing the flow of activity in a business system to ensure that it is processed efficiently and any problems are elevated for swift resolution. The objective is for the system to enable demand to be satisfied by supply as effectively as possible by integrating with the 'customer' - the initiator of the demand.



XSOL Business Meta-model showing Transactions, Resources and Task flow.

XSOL identifies this as Value Chain Management - the company's interaction between the parties in its demand chain - always focused on customer demand.

Value Chain Management is the business area with the greatest potential for Business

Process Management to:

- Unlock value
- Improve competitive performance
- Increase profitability

The ability to 'unlock' value lies in automating the unique business processes a company employs to build a close relationship with its customers and suppliers. 80% of a company's revenue can come from as little as 20%, or even less, of its customer base. Not only are these customers the biggest and best - they can also be the most demanding and the most challenging. XSOL enables any or all customers to be treated on an individual basis, each having a unique system through which they deal with the company. The system can even become an integral part of their own business and be operated from within their own company - enabling an exceptionally efficient supply chain.

There have always been risks associated with the deployment of new Enterprise Solutions. XSOL minimizes this in three ways, by:

- Rapidly replicating the business functionality of existing Enterprise System modules to enable business processes to be streamlined and customized to meet the unique requirements of the company.
- Embracing and extending existing Enterprise Systems to provide new application functionality by automating business processes that have traditionally been too unique, too dynamic or too expensive to address.
- Providing an integration layer for business processes that transcend a number of different Enterprise Solutions.

XSOL offers a seamless transition to a new system that reduces the resource required to maintain existing applications by 80-90%. It is designed for a changing business environment. It alters as the business grows, reducing the cost of creating new applications by up to 75% - by allowing business analysts to both define and change business processes on demand and on-line.