Extreme Competition

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The Singaporean Connection:

Going Global with Business Process Collaboration

While skimming a new book, *The World is Flat?: A Critical Analysis of Thomas Friedman's New York Times Bestseller,* the words of authors Ronald Aronica and Mtetwa Ramdoo jumped off of the pages, "Globalization is the greatest reorganization of the world since the Industrial Revolution." If ever there was an incontestable reason why companies must become process-managed enterprises, that one sentence said it all. To survive in the brave new world of total global competition, companies must now compete with their business processes—the way work gets done, *how* they *do* what they do. New process management tools and techniques enable bewildering new possibilities for the way work gets done, where it gets done, by whom and for whom.

It is no longer feasible or practical for companies to own the entire array of assets needed to develop an innovative product or service. Companies need to collaborate with a global network of super-specialized partners to churn out innovative products and stay ahead of competition. The only practical way they can do that is through sophisticated business-to-business interactions made possible by this new form of IT we call business process management (BPM).

With BPM, events, or requests by customers, can trigger processes across trading partners located in, let's say, New York, Singapore, Shanghai and Taipei. *These business processes interact so seamlessly that it appears that they are all being handled by a single system, a single company, rather than by an alliance of companies acting as one.* BPM supports both system-to-system (S-2-S) interactions and, increasingly, human-to-human (H-2-H) interactions. To play the game of extreme competition in the twenty-first century, a company has to become a super specialist and collaborate with other super specialists—and seamlessly interact with their business processes at both the systems and human levels.

Let's see what one super-specialized company does in this new digital, process-powered world of strategic alliances. Working behind the scenes for companies like Microsoft, Sun, Nortel, Xerox, HP, Motorola, Ericsson, and Sony, is Flextronics, a Singaporean contract manufacturer that has become "the biggest tech company you've never heard of." From its modest beginnings in 1990, Flextronics has become a global giant of tech manufacturing and assembly, product design and testing. With $15.9 billion in annual revenues and 95,000 employees, it is larger than many of its customers.

The popular products the company makes are everywhere: all of Microsoft's Xbox game consoles, most of Hewlett-Packard's inkjet printers, all of Xerox's desktop copiers, all of Sony Ericsson's cell phones, and much of Nortel's telecommunications equipment ($2 billion). All these products have "*Flextronics Inside*," but strict confidentiality agreements with its customers prevent Flextronics from talking openly.

Based on what services (design, manufacturing, assembly, testing, or all of these) the customer wants, Flextronics enables its customer's processes to collaborate with its own processes in real

time. This process collaboration makes Flextronics a virtual extension of its customers' businesses.

For the production of Xbox, Microsoft was able to collaborate with Flextronics' manufacturing processes in real time and maintain complete visibility and control of the entire production process. Microsoft wanted to get the Xbox out before the Holiday shopping season of 2001—so quality, cost and time-to-market were all critical. According to Todd Holmdahl, general manager for Xbox hardware, "These [process] tools give us the ability to view all inventory positions, including work in progress, warehouse inventories, vendor-managed inventory, and inventory levels on hand at suppliers. We also have the ability to see real-time production outputs, by factory, by SKU (stock keeping unit), by line."

Sun Microsystems is a virtual manufacturer as a result of process collaboration. Sun takes orders from customers, configures systems, and then hands the orders off to external manufacturing partners for production and shipment. The only part of the order Sun touches directly is the information. Sun uses an assortment of suppliers, including Flextronics.

Flextronics has created intangible assets—R&D, product lifecycle management processes and organization structures to enable its customers to plug into its work processes. Behind the intangible assets are Flextronics' tangible assets. Flextronics has a network of physical facilities in 32 countries and five continents. This global presence provides customers with complete design, engineering, and manufacturing resources that are vertically integrated with tangible component capabilities to optimize their operations by lowering their costs and reducing their time to market. Flextronics is thriving because it has created the tangible resource balance for process collaboration. Flextronics' acquisition of Hughes Software and Frog Design Inc. signals that Flextronics wants to become a one stop, soup-to-nuts developer of electronics and tech equipment.

Other firms in the consumer electronic space, like Compal, HTC, and Quanta, all in Taiwan, are climbing up the innovation chain. Some critics say that companies that collaborate with networks of partners on everything from design, software, and manufacturing, risk becoming irrelevant and losing sustainable competitive advantage. *Business Week* ran an article in March 2005 titled "Outsourcing Innovation," saying companies might be going too far in farming out R&D to cut costs and get products to the markets faster. Truth be known, companies have a tough balancing act ahead as they seek to innovate through alliances, while retaining their proprietary advantages. In many cases this will lead to the continued rise of patent filings and the increasing use of massive advertising budgets and public relations campaigns by what some are already calling the "branding bullies." On the other hand, innovative small companies will stay under the radar of the huge transnational corporations, and focus their offerings on the underserved segments of markets, or use "unbranding" and "no logo" techniques (American Apparel in the U.S. and Muji in Japan) to appeal to those fed up with in-your-face brands. All is changed as new forms of supply chains, and even core-competency webs, are bubbling up across the globe. Sound daunting? It is. But as Dr. Kiran Garimella writes in his just-released book, *The Power of Process*, "Process management can enable innovation, address compliance, increase controllership, manage risk, improve customer-centricity, and ensure agility."

In summary, business process collaboration is at the heart of creating twenty-first century *killer value chains.* Thus this brave new world of total global competition increasingly will be brought to you by business process management and its capability to handle the growing complexity and rapid change inherent in globally integrated businesses. The twenty-first century enterprise must, of necessity, be the process-managed enterprise. Forget about justifying BPM adoption to tinker around and improve back office process, for that's not what matters. What matters is that BPM is enabling the greatest reorganization of the world since the Industrial Revolution.