Cycle Time

Centers of excellence in digital supply chains

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INTRODUCTION

In this installment of Cycle Time, I intend to continue exploring the digital value chain with an emphasis on customer engagement and a breakthrough approach in using DAM-enabled processes to engage customers. This requires that we start with what we call a *center of excellence*.

Technology enables individuals, groups and organizations to create value, using less time, labor and money, as well as improving quality, usability and availability.

Value in this context represents an output or performance results from a particular process, procedure or service for which customers or partners will pay to receive, use or resell.

However, technology does not create anything; individuals, groups and organizations create value; technology only enables.

Broadly defined, a center of excellence may represent any individual, group or organization that produces consistently excellent work or deliveries that meets or exceeds customer criteria for value, quality and satisfaction.

The figure below depicts a more specific and concrete example of *center of excellence* – a particular configuration of individuals, groups and organizations that use technology to maximize value-creation.

In particular, the example below emphasizes how a center of excellence harnesses a *digital business infrastructure* and provisions a product or service to other parties of a *global business ecosystem*.

GLOBAL BUSINESS ECOSYSTEM

The term *global business ecosystem* connotes three key distinctions with regard to doing business in the Engaged Era.

Multiple roles: Some numbers of integrators will become business customers, and some numbers of business customers and resellers will become internal users (through long-term partnerships such as facilities management, business process outsourcing and customer portfolio management).

Process as a service: Computing resources and software applications will continue migrating to outsourced IT service management firms. Cloud computing, software as a service and on-demand utility computing all connote a similar idea, with one significant difference, however.

Using IT industry standards such as XBRL, XAML and BPEL however make it easy for a firm to quickly develop, reconfigure and provision new IT services to any number of businesses of the global business ecosystem. The result? Rapid, continuous, ongoing introduction of myriad innovations will continue to rock businesses around the world.

Process as a service becomes the primary driver of value creation in the global business ecosystem.

Plug-and-play mergers and acquisitions: Service innovation constitutes an oxymoron for many service firms. Most service firms do not innovate new services.

Most service firms grow through a combination of organic growth and merger-acquisitions.

GISTICS predicts that the digital business ecosystem will engender a huge, relatively long-lived wave of acquisitions: larger firm

Figure 1: Centers of excellence represent the future of digital asset management: highly automated operations that produce consistently high-quality work.

with strong balance sheets and an M&A-friendly capital structure will buy tens if not hundreds of small, agile, rapidly innovating firms with robust, well-architected digital business infrastructures – *the operational capability to rapidly develop, reconfigure and provision IT-based engagement services* to any number of businesses of the global business ecosystem (Figure 1).

DIGITAL BUSINESS INFRASTRUCTURE

The term *digital business infrastructure* connotes four key distinctions with regard to the Engaged Era.

Autonomous business operations represent aggressive reinvestment of earnings and productivity dividends back into innovation and process improvements.

Systematized best practices represent a commitment to documenting and codifying best practices, using a best-practices framework such

as ITIL-CoBIT or Lean Six Sigma to build a brand-franchise platform.

Orchestrated business processes represent the creation of policy-managed workflows, applying business process management to managed on-demand services and federated work management (to the person, individualized control panels summarizing the person's work to perform).

Statistical process-quality improvement represent benchmarked work and ongoing efforts to 'beat the benchmark' with productivity-enhancing innovation.

IT SERVICE MANAGEMENT

The effective, sustainable engagement of customers demands stable, agile and expandable IT services capabilities.

Mastery of the customer engagement cycle entails more than just great creative and execution; mastery includes the dynamic, on-demand provisioning of innovative web services.

Figure 2: Seven centers of excellence that will lead the customer engagement revolution.

As defined elsewhere in this paper, centers of excellence represent digital business operations that bring distinctive value to a global business ecosystem, and, in particular, to business customers and end-use consumers.

Figure 2 depicts seven featured centers of excellence among a larger, partial set of 29 other centers of excellence of the marketing supply chain.

Engagement operations represent a hybrid operational capability, combining the analytic and creative capabilities of one or more marketing agencies with the direct mail, interactive, sales and service operations of an enterprise marketer. I predict that this one area of the marketing supply chain will undergo explosive growth.

Marcom operations represent one-stop outsourcing partnerships dedicated to speeding the production and fulfillment of localized marketing collateral and online content – a hybrid operation that this paper will examine.

Collateral operations represent hybrid outsourcing partnerships dedicated to speeding the localization of multimodal marketing content – copy, imagery and design used in printed collateral, websites and newsletters – and reducing the per-unit costs of a localized, printed page of content.

Digital asset operations represent capabilities of external centers of excellence in managing the ingestion, clearance and tagging of hundreds of new digital assets per week.

Media operations represent outsourcing partnerships dedicated to speeding the production of print-ready and broadcast-ready ads and promotional materials.

Social media operations represent outsourcing partnerships dedicated to developing and executing online guerilla marketing programs, using social media monitoring tools, viral videos, media-sharing sites and search engine optimization.

Video-sharing represents the capabilities of external centers of excellence in hosting social networks and sharing user-generated media (photos, audios, videos and story-tags).

MERGERS AND ACQUISITIONS TO FOLLOW

Emerging market requirements for exploiting the customer engagement cycle will soon call attention to the next big consolidation of the advertising and marketing service industry.

Centers of excellence, with their digital business infrastructures, will speed merger and acquisition activities.

GUSTICS predicts three centers of consolidation in the increasingly digital supply chain for marketing:

Large or well-capitalized digital or interactive agencies will acquire multichannel analytic firms and pan-regional marcom operations, becoming an engagement operation.

Large or well-capitalized marcom or collateral operations will acquire strong, industry-specialized interactive agencies and multichannel analytic firms, becoming an engagement operation.

Large or well-capitalized media operations will acquire smaller, under-capitalized engagement operations. This scenario emphasizes the most likely survival strategy for magazines,

newspapers, and multimedia publishers: buy brilliantly conceived, under-managed, and under-capitalized engagement operations. In one fell swoop, publishers can redefine customer engagement, using their mastery of information-creation and storytelling, as well as

their operational excellence in content operations.

Future columns will continue to develop the emerging technologies and next practices for customer engagement – the terminus of the digital asset management.