Data Explosion: Redefining Metrics

January 2007
Explosion of IT Platforms and Concepts

- ASCII
- B2B
- B2C
- BOI
- CAD
- CIO
- CPC
- CPP
- CTO
- CTR
- EDI
- HTM/HTML
- ISP
- ISS
- KM
- MIME
- MRP
- POP
- POS
- Point Of Sale
- ROI
- XBRL
- Chat
- Client
- DNS
- Domain
- FTP
- Gateway
- Hypertext
- Internet
- MultiMedia
- OPAC
- Packet
- Port
- PPP
- Protocol
- Router
- Server
- Signature
- SPAM
- TCP
- Telnet
- Trojan Horse
- WWW

Data changing our world

- Innovation from outside
- Collaborative selling
- Supply networks
- Standardized subassemblies

“We’re moving towards a world where operations are network-centric. There used to be vertical silos, [but in the future we’ll] have horizontal businesses that can integrate with each other.”
- Stephen Miles, MIT
Revenue value of information

- Delivering Better Service
  - Matching Organization of Resources to Demand
  - Segmenting and Prioritizing Orders
  - Customizing product and service delivery

- Launching More New Products Faster
  - Launching New Products More Frequently
  - Launching New Products Faster

- Increasing Margins: Rapid, Flexible Response
  - Rapid Response
  - Postponement
  - Dynamic Pricing
Cost value of information

- Lean manufacturing and lean distribution
- Inventory management
- Supplier partnering
- Cross-docking and fleet rationalization
- Quality management
- E-procurement
Core competency drives IT architecture

### How Strategy Drives Choice of Metrics

<table>
<thead>
<tr>
<th>Competency</th>
<th>Customer Intimacy</th>
<th>Operations</th>
<th>Supply Chain</th>
<th>Marketing / Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example</td>
<td>Used car dealership</td>
<td>Outsourced IT services</td>
<td>Oil company</td>
<td>IT: Social networking</td>
</tr>
<tr>
<td>Time horizon</td>
<td>The moment</td>
<td>3 months</td>
<td>1 year</td>
<td>3-5 years</td>
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<tr>
<td>Metrics</td>
<td>Hit rate</td>
<td>Balanced scorecard</td>
<td>Forecast variance</td>
<td>Thought leadership</td>
</tr>
</tbody>
</table>
1. Convert data to information

Supply and Demand Imbalance

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity ($M)</th>
<th>Demand ($M)</th>
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<tbody>
<tr>
<td>2006</td>
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<td>2011</td>
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<td>2012</td>
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</table>

Millions of US Dollars
2. Convert information to strategy

Families of Sourcing Strategies

- Rationalization
- Centralization of procurement
- Group purchasing

- RFx
- Global sourcing
- Auctions
- Payment terms

- Value engineering
- Standardization
- Spec simplification

- E-Procurement
- Long-term agreements
- Supply chain integration
- Purchasing cards
- Portals

- Scale
- Integration
- Competition
- Value

3. Create value above the market

- Value: Lower lifecycle costs
- Integration: Reduced transactions costs
- Scale: Economies of scale
- Competition: go direct to manufacturers

Creating Price Leverage through Sourcing Strategy

- Value
- Competition
- Integration
- Scale
**Global Supply Chain Economics**

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- **Cost and Price Analysis** that helps financial and operational managers plan and budget by providing benchmark, best practice, and forecast data tailored to their companies' supply chains.
- **Supply Chain Consulting** services that help supply chain leaders make high-stakes decisions related to mergers & acquisitions, market entry, capital investments, outsourcing, off-shoring, and make-or-buy.

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