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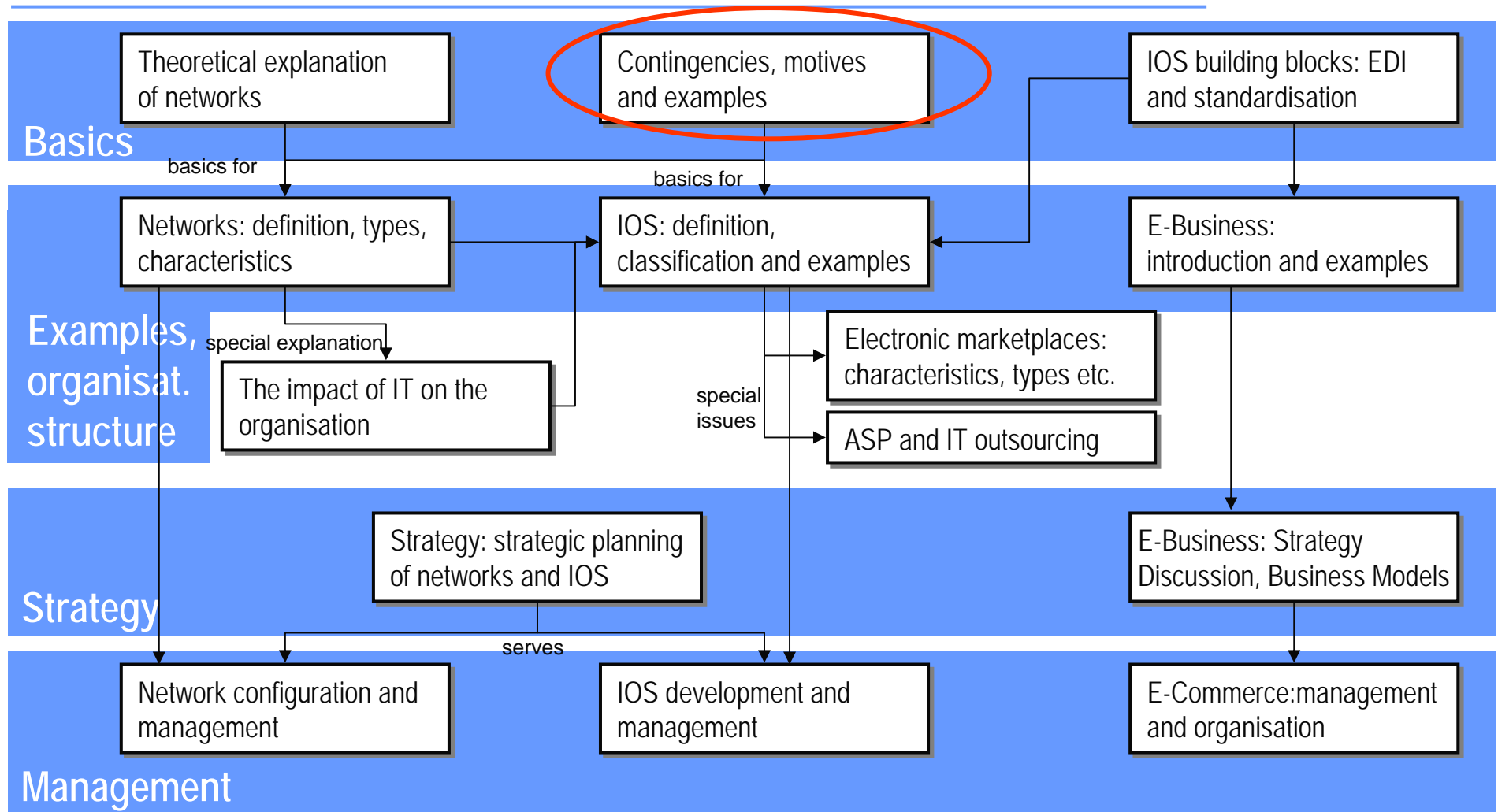


## Contingencies, drivers, motives for networking. Network and IOS examples.

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Lehrstuhl für Wirtschaftsinformatik und  
Interorganisationssysteme  
Institut für Wirtschaftsinformatik  
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# Course Outline



## Objectives of this modul

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- Give an overview of **motives** for networking and collaboration
  - why does it seem to be a promising solution?
- Introduce environmental changes and **drivers**
  - what drives firms to establish cooperation links and inter-firm networks?
- Illustrate the network idea with several real-life **examples**
- Give an introduction to inter-organisational information systems with real-life examples
- Show the **necessity of management** of networks and IOS
- Give an **outlook** to the next steps of the course

# Agenda

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1. Contingencies and motives for networking

2. Network examples

3. IOS examples

4. Lessons learned and outlook

# Agenda

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1. Contingencies and motives for networking

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# There is a trend towards partnering and networking between companies

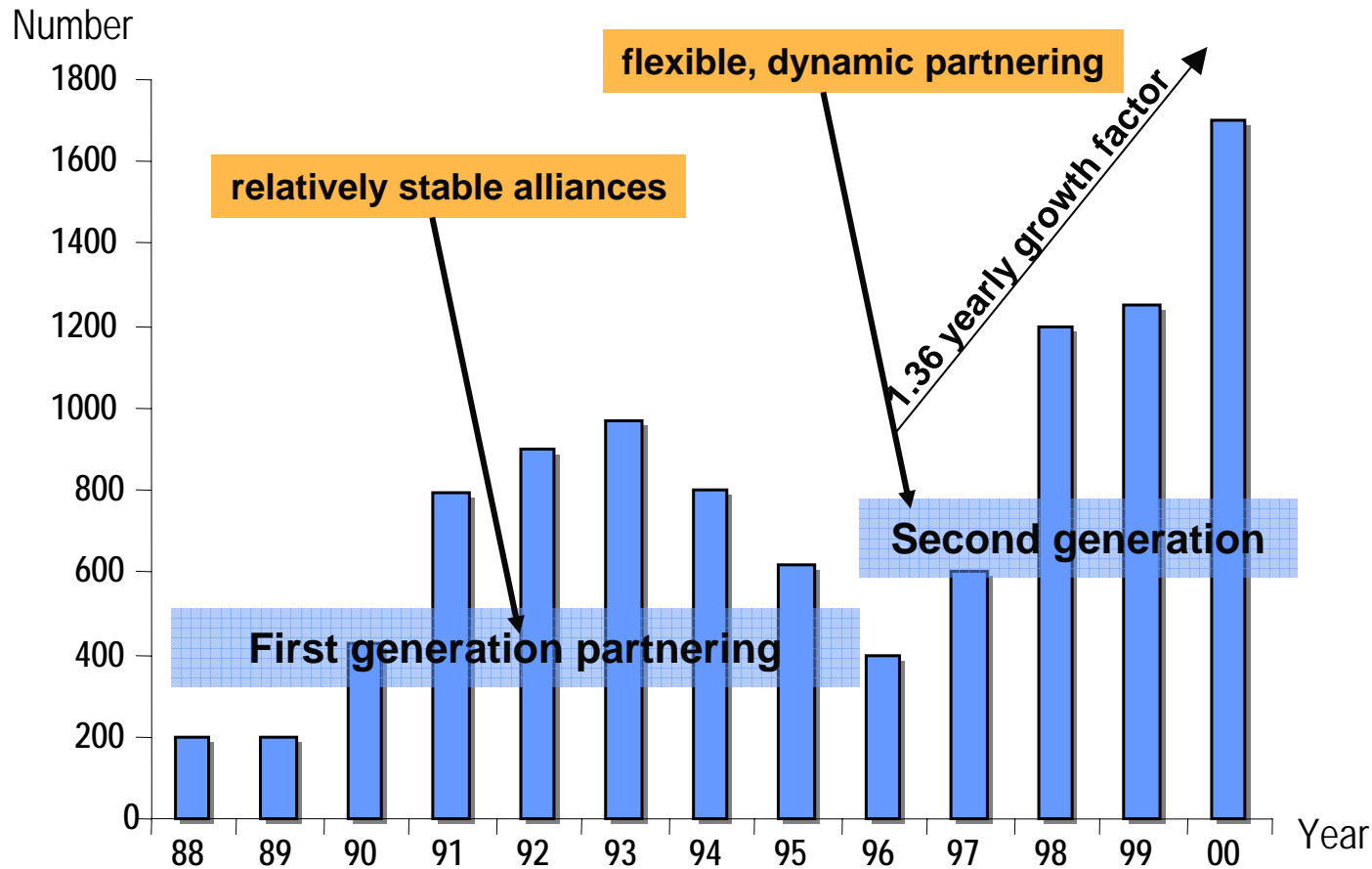
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1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned

- Increasing collaboration along Supply Chains (SCM):
  - e.g. automotive sector: e.g. DaimlerChrysler
- Emergence of virtual organisations
  - collaboration of small and mid-sized companies (SMEs)
- New networked business models in e-Business based on the Internet
  - web-based business integrate services from different providers
- Convergence of technologies (WebTV, MultimediaWeb, UMTS etc.)
  - leads to inter-industry cooperation, e.g. between Telecommunications and Media companies
- Technological innovation and shorter development and product life cycles drive the emergence of development partnerships
  - e.g. in the Chip manufacturing Industry

# Empirical evidence: increasing amount of worldwide partnerships

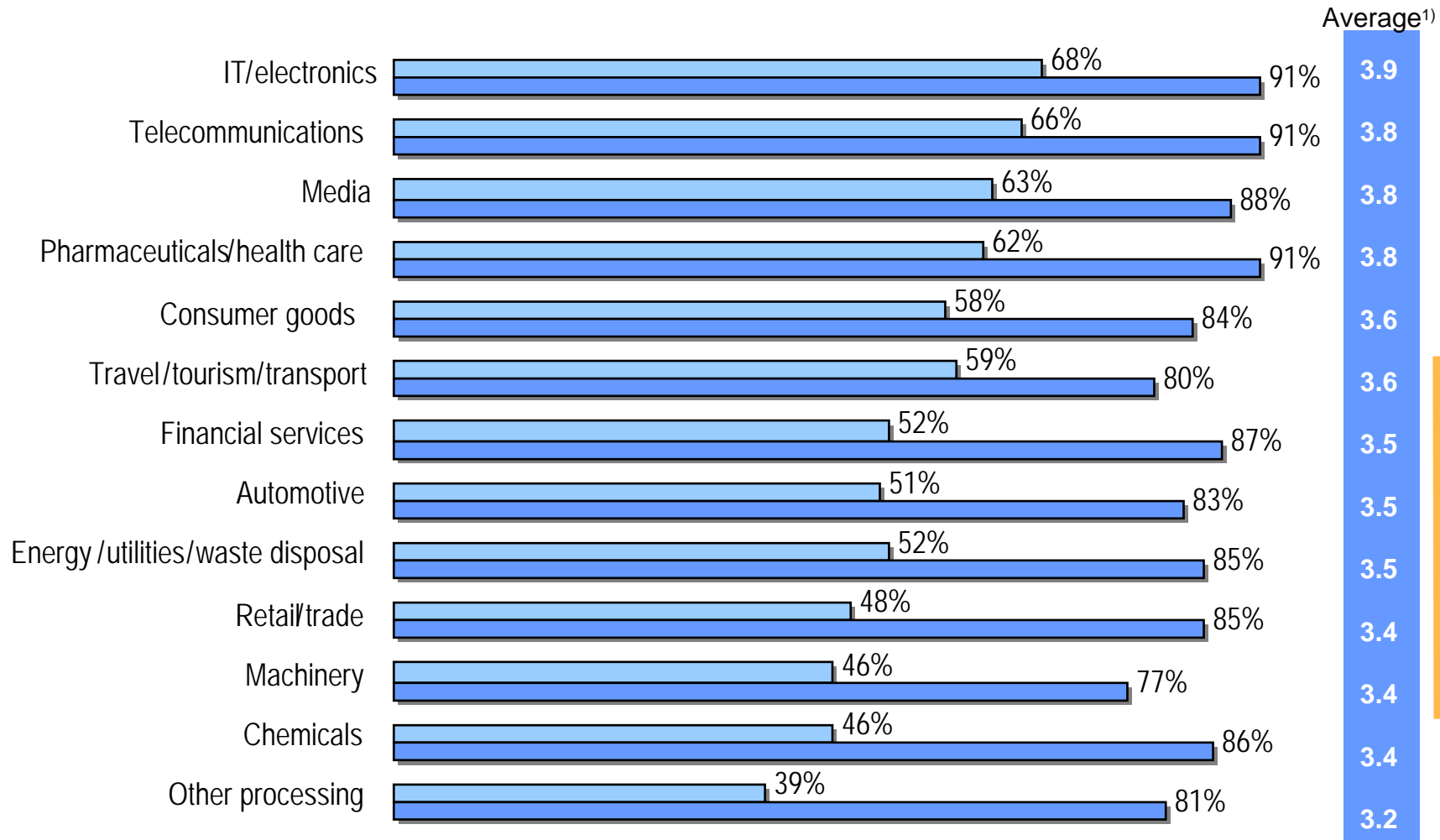
1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned



Source : Thomson Financial Securities Data – worldwide partnerships with at least one partner from Europe were considered

# Importance by sectors – 2001 and 2005

- 1. Contingencies
- 2. Networks
- 3. IOS examples
- 4. Lessons learned



Source: Arthur D Little (2001)

Percentage of responses with high or very high indication ■ Today (2001) ■ In future (2005)

<sup>1)</sup> (5) = very high; (4) = high; (3) = medium; (2) = low; (1) = very low

## Contingencies: underlying trends

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### 1. Technology changes

- new ways of communication and information processing
- redefine market roles and rules
- new opportunities and challenges, not to be achieved alone

### 2. Globalisation

- changing competition, eroding of market structures
- often based on deregulation of former closed national markets
- collaboration to enter new markets, or to reduce competition

### 3. Changing customer behaviour/needs and fragmented markets

- individualisation and mass customisation
- increasing uncertainty
- R&D partnerships & supply chain collaboration

### 4. Increasing information intensity & importance of knowledge

- products, services and production processes increasingly information intensive
- companies are not able to access and control necessary knowledge alone

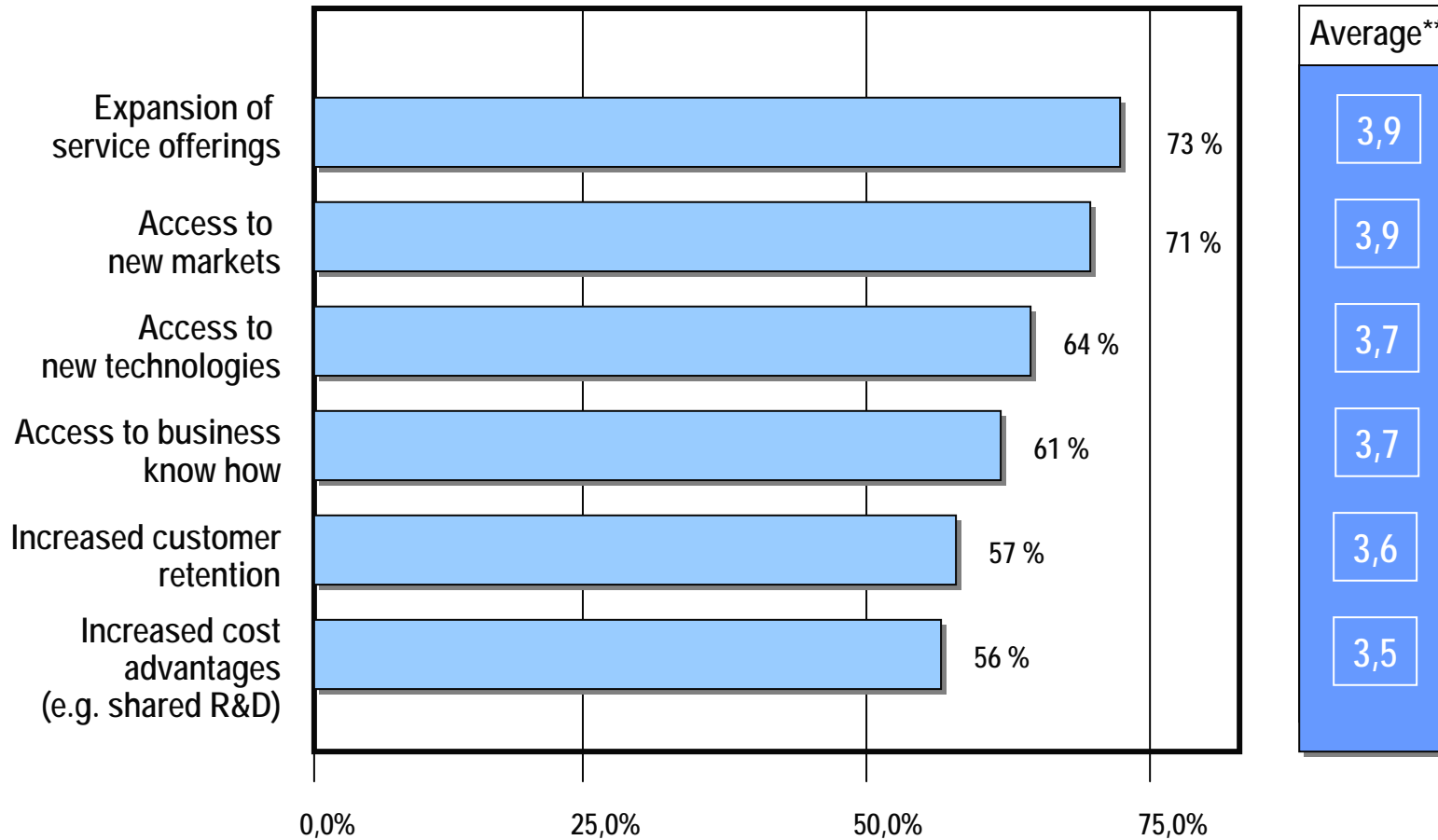
## Challenges: ... complex contradictions

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- "think global - act local"  
"Varying types of cooperative partnerships develop across national boundaries as organisations attempt to ... take advantage of the connections or intimate knowledge that only a 'local' can have ..." Scott (1992), 208
- Flexibility (customisation) and efficiency (time to market, shorter product life cycles)
- Complexity and reliability (product and service quality)
- Autonomy and control

# Motives: Which objectives are pursued with partnering 1/2

- 1. Contingencies
- 2. Networks
- 3. IOS examples
- 4. Lessons learned



percentage of high/very high responses

\*\* (5) very high | (4) high | (3) medium | (2) low | (1) very low

Sourcel: Arthur D. Little

# Motives: Which objectives are pursued with partnering 2/2

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1. Contingencies
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4. Lessons learned

- Integrate external competencies:
  - “It is unlikely that organisations can master all the key competencies they need.
  - Thus, it is essential that organisations collaborate to gain access to such competencies to enhance their scope.” (Prahalad/Hamel 1990.)
- Gain access to new technology or markets
- obtain economies of scale in joint research, production, marketing,
- Build complementary skills
- Share risks for activities
- Technology licensing agreements  
(Nassimbeni 2000, 545)

# Exemplary taxonomy of inter-firm strategies for cooperation

1. Contingencies
2. Networks
3. IOS examples
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Strategy domain	Motivation	Examples, type of arrangement
<b>Market-oriented strategy</b>	Enter a new market, develop a market	Marketing, distribution partnership
	Enter a new market, overcome barriers to entry	Code-sharing-, information partnerships in tourism market
	Reduce competition within the market	R&D collaboration; coalitions with competitors
<b>Functional strategy</b>	Technology management: expand resource base; especially for innovation management	Technology partnerships: UMTS alliances: Telefonica/Sonera; Vizsavi, etc.
	Procurement: order pooling	Procurement cooperations: EUROSELECT
	Information management: collaborative development of infrastructures and information resources. Especially coordination along the value chain (collaborative planning and forecasting) knowledge and innovation learning competition, coopetition	CPFR partnerships (retail sector)  Information partnerships  Internalizing external know how
	Operations: reduction of vertical integration (operations, manufacturing), flexibility concerns, scale of operations	Outsourcing partnerships, supplier networks, contract manufacturing

[Klein 1996, pp. 27]

# Exemplary taxonomy of inter-firm strategies for cooperation

1. Contingencies
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Strategy domain	Motivation	Examples, type of arrangement
<b>Functional strategy (cntd.)</b>	Distribution: Enlargement of regional range, customer groups etc. flexibility concerns	Marketing Alliances, Outsourcing partnerships, distribution partnerships (shop-in-shop), logistics networks
	Marketing: customer service co-branding reputation transfer	Co-Brand initiatives (MegaBrands): SonyEricsson, StarAlliance
<b>organisational strategy</b>	Higher flexibility of small organisational units	Quasi desintegration: Outsourcing partnerships
	Synergies due to vertical cooperation and virtual or quasi integration	Inter-firm process integration: e.g. supply chain hubs
	Economies of scale and achievement of critical size in single enterprise areas	Transaction partnerships
<b>Risk strategy</b>	Risk reduction (innovation, volatile demand, seasonal variations)	Outsourcing, R&D partnerships
<b>Generic strategy</b>	Adoption of common strategy patterns	e.g. UMTS sector: partnership dominated or Airline Alliances

[Klein 1996, pp. 27]

# Economic motives: “increasing efficiency” vs. “extending scope”

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1. Contingencies
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Two major directions can be distinguished:

**1. Cost-oriented strategies** concentrating on efficiency concerns:

“do the same things, but do them better by cooperating”.

**2. Strategic positioning** in terms of differentiation regarding quality, services or value. This strategy is about enhancing the company’s scope:

“doing different things by cooperating”.

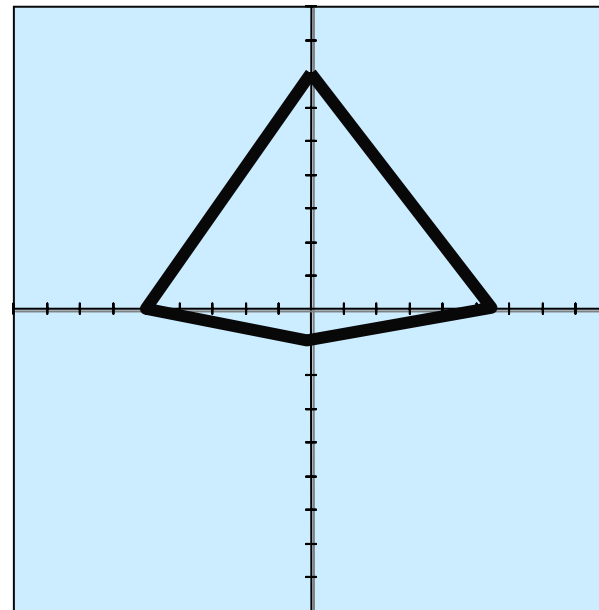
## Motives: Profiling the collaboration idea

### Enhance:

Quality, Services,  
Add Value, Scope,  
Knowledge

### Share/Manage Risks

Market, financial,  
legal, operational,  
investment risks



### Improve:

Efficiency,  
reduce costs,  
enhance scale.

### Redefine/innovate:

New products,  
new services,  
new processes,  
new business ideas

Acc. to: Merchand, Donald A., Hard IM choices for senior managers, Financial Times Supplement Mastering Information Management, April 5, 1999, S. 4

# Summary

## Partnering and Networking: Rationale

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- There is a trend towards networking
- Several factors drive the formation of networks
- Networking seems to be a promising reaction
- But networking is risky to some extent
- Ergo: What matters is an explicit network management
- A classification of network types is necessary

# Agenda

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1. Contingencies
<b>2. Networks</b>
3. IOS examples
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## Common structure for all examples


- contingencies/drivers
- motives of the co-operating parties
- object of networking (what the parties do)
- managerial cooperation challenges
- cooperation risks
- other (market) risks
- usage of IOS



IBM, Sony, Toshiba team on chip processes

# The StarAlliance: global airline alliance

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**Star Alliance and Aeroports de Paris Sign MoU Outlining Co-location at CDG1**

PARIS, March 8th, 2005 - Jaan Albrecht, CEO Star Alliance and Pierre Graff, President of Aéroports de Paris signed an agreement on the principles of a partnership between the alliance and the airport.

[more ...](#)



**The Star Alliance Network Welcomes TAP Portugal as the Alliance's 16th Member Carrier**

At a joining ceremony held in Lisbon today, March 14th, 2005, representatives of the Star Alliance network welcomed TAP Portugal as their 16th member. With Portugal's leading airline having joined, the

www.staralliance.com

1. Contingencies
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## Airline Alliances: StarAlliance

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- **contingencies/drivers:**
  - deregulation, globalisation: new competition
  - increasing importance of information: passenger data
  - major competitors are forging alliances
- **motives of the co-operating parties:**
  - enhance service portfolio:
    - global presence/more destinations
    - global, networked routing of passengers (data routing)
  - efficiency concerns: share infrastructure
- **object of networking (what the parties do):**
  - connect their distribution/reservation systems and share data
  - compile a global star alliance flight&destination table (code sharing)
  - joint marketing and customer retention activities: miles&more

1. Contingencies
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## Airline Alliances: StarAlliance

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### ■ managerial cooperation challenges:

- configuration of alliance network and partner attraction
- process connections, technical interfaces, logistics
- cultural differences

### ■ cooperation risks:

- partners drop out (e.g. Ansett Australia)
- operational inefficiencies, complexity
- conflicts due to internal competition (e.g. SIA and Thai)
- technical breakdown of vital IOS

### ■ other (market) risks:

- industry crisis: e.g. September 11

### ■ usage of IOS:

- global distribution systems (GDS, CRS), data exchange
- joint web-activities

# UMTS partnerships and consortia

- 1. Contingencies
- 2. Networks
- 3. IOS examples
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## UMTS-Licence Alliances:

e.g.. Group 3G (now Quam):  
Joint Venture of Sonera (FIN)  
and Telefonica (ES)



## Development alliances:

- E-Plus and Group 3G
  - Deutsche Telekom and British Telecom Wireless (Viag Interkom; O2)
- Share risks and the immense costs of developing and implementing UMTS infrastructures.

## Standardisation Bodies:

„UMTS soll das GSM-System - verwendet von der Telekom (D1) und Mannesmann (D2) - ablösen und ist ein Kompromiß zwischen dem Vorschlag von Ericsson und Nokia ("W-DCMA"-Gruppe) auf der einen und Siemens, Bosch, Motorola, Alcatel, Nortel, Sony und Italtel ("UMTS-Allianz") auf der anderen Seite" (Quelle: Glossar.de)

## Bilateral Alliances for various purposes:

- Vodafone and T-Mobile cooperation for the development of mobile payment systems



1. Contingencies
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## UMTS partnerships and consortia

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- **contingencies/drivers:**
  - technological evolution and changes
  - deregulation: UMTS auctions to facilitate market competition
  - increasing importance of information and knowledge
- **motives of the co-operating parties:**
  - sharing risks and costs of developing new infrastructures
  - innovation: develop novel services
- **object of networking (what the parties do):**
  - negotiations on new standards
  - joint bidding in the UMTS auctions: financial purposes: risk and effort balancing
  - joint development and resource/knowledge sharing

1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned

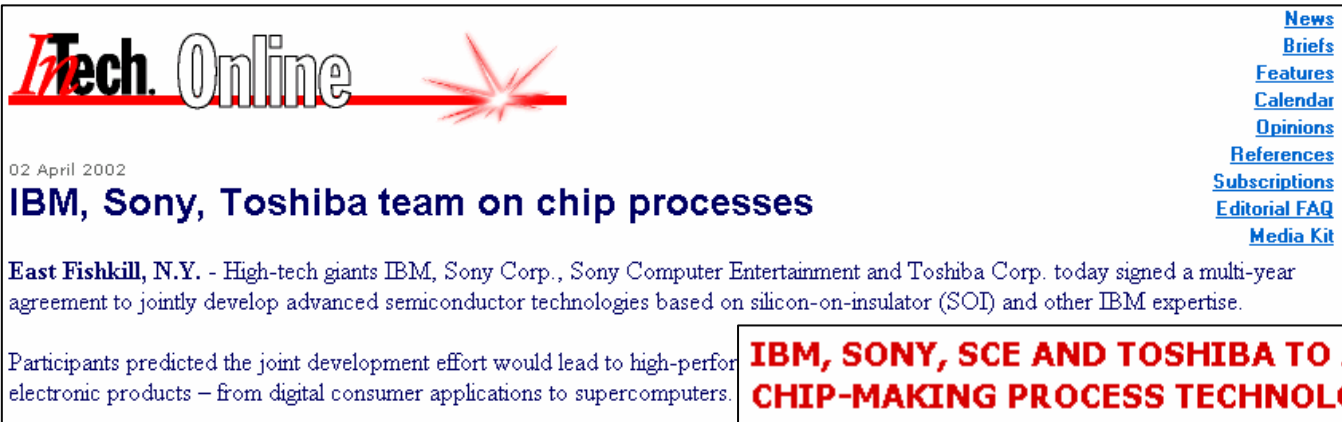
## UMTS partnerships and consortia

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- **managerial cooperation challenges:**
  - innovation management, joint development activities
  - intellectual property rights issues in innovation projects
  - interest balancing
- **cooperation risks:**
  - technological failure in R&D activities
  - financial investment risks
- **other (market) risks:**
  - no customer acceptance of new UMTS services
  - competition with other technological systems (e.g. i-mode)
- **usage of IOS:**
  - UMTS services/systems are IOS !
  - ergo: the purpose of the alliances is to develop new IOS

# Chip development alliances: e.g. IBM, Sony and Toshiba

1. Contingencies
2. Networks
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**InTech Online**

02 April 2002

## IBM, Sony, Toshiba team on chip processes

East Fishkill, N.Y. - High-tech giants IBM, Sony Corp., Sony Computer Entertainment and Toshiba Corp. today signed a multi-year agreement to jointly develop advanced semiconductor technologies based on silicon-on-insulator (SOI) and other IBM expertise.

Participants predicted the joint development effort would lead to high-performance electronic products – from digital consumer applications to supercomputers.

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## SEMICONDUCTORS

### IBM, Sony and Toshiba to co-develop advanced chip processes

By [David Lammers](#)  
EE Times

April 4, 2002 (9:56 a.m. EST)

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## IBM, SONY, SCE AND TOSHIBA TO JOINTLY DEVELOP CHIP-MAKING PROCESS TECHNOLOGY

Tuesday, April 2, 2002

### Powerful alliance is formed for semiconductor processes

(BUSINESS WIRE)--In a unique collaboration, IBM, Sony Corporation, Sony Computer Entertainment Inc. and Toshiba Corporation have signed a multi-year agreement to jointly develop advanced semiconductor technologies based on silicon-on-insulator (SOI) and other IBM materials advances. This will lead to the development of high-performance, low-power chips necessary for a wide range of future electronic products, from digital consumer applications to supercomputers.

The team will spend several hundred million dollars over four years to develop new process technologies for building chips with features as small as 50 nanometers on 300 mm wafers. Smaller features mean more can be packed on a single chip. The parties plan to use this technology to create system-on-chip (SoC) designs, integrating processor, memory and communications functions, which normally are found on separate chips within a device.

The new processes are expected to be the world's most sophisticated, incorporating advanced chip-making materials pioneered by IBM, such as copper wiring, silicon-on-insulator (SOI) transistors and "low-k" insulation. The use of new designs and materials will be guided by the applications requirements of Sony, one of the world's largest consumers of semiconductors. Toshiba will contribute its high-volume manufacturing capability and SoC technology expertise to meet targeted performance and quality levels.

# Chip development alliances: e.g. IBM, Sony and Toshiba

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1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned

- **contingencies/drivers:**
  - technological evolution and changes, changing customer behaviour:
    - new technical needs
    - smaller and mobile devices
    - convergence of services and devices
- **motives of the co-operating parties:**
  - share risks and costs of developing new infrastructures
  - share knowledge and technologies
  - innovation: develop novel services
- **object of networking (what the parties do):**
  - negotiations on new standards
  - share development infrastructures (hardware)
  - share personnel and experts: joint teams in IBM laboratory

## Chip development alliances: e.g. IBM, Sony and Toshiba

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1. Contingencies
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4. Lessons learned

- **managerial cooperation challenges:**
  - innovation management, joint development activities
  - intellectual property rights issues in innovation projects
  - interest balancing
- **cooperation risks:**
  - technological failure in R&D activities
- **other (market) risks:**
  - other superior competing technologies
  - time-to-market
- **usage of IOS:**
  - e.g. joint development databases
  - CSCW and groupware for distance collaboration

# Joint Mass Customisation Initiatives: e.g. the public funded EUROShoE project



**EUROShoE** is a research project aimed at a dramatic renovation of the concept of the shoe as a product and of its production, based on the transformation of the first from a mass produced good to a mass customised one; this product evolution goes in parallel with a transformation of the footwear company into an extended and agile enterprise capable of handling the complexity that such a change in the nature of the product implies and of mastering the new challenges deriving from a direct involvement of the consumer in the design and manufacturing process of the shoe he is going to buy.

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- 1. Contingencies
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# Example: 3D feet scanning technology



**Shoefit** Foot Scanning for Customized Shoes

ShoeFit is the first complete solution for shoe retail world-wide that is based on a 3D Foot Scanner in combination with a collection of individualized high-quality shoes for men.

- The 3D Foot Scanner - Compact, Fast, Touch-less**  
The feet of the customer are recorded by the Foot Scanner three-dimensionally and without contact in just a few seconds, and the image is then depicted with more than 100,000 points. The digital foot is the basis for a new form of commerce and is the innovative way to a new customer relationship. Once scanned, the customer needn't visit the dealer physically again. The customer data is now available by connecting to the central data base via the internet or other networks from any place, any time.
- The Integrated Shoe Collection by Sándor Kiss**  
The basic assortment includes a range of well-sewn men's shoes manufactured by Sándor Kiss. Only the best materials are used for Sándor Kiss products in traditional Hungarian manufacture. Most important is the excellent workmanship. The well-balanced fit is the result of the experience of generations of last production in shoe manufacture and is characteristic for well-sewn, high-quality shoes.




Foot Scanning > **ShoeFit** [Printversion of this Page](#)

g for Customized Shoes

ete solution for shoe retail n a 3D Foot Scanner in on of individualized high-

**Compact, Fast, Touch-less**

are recorded by the Foot Scanner without contact in just a few then depicted with more than l foot is the basis for a new form of vative way to a new customer d, the customer needn't visit the ne customer data is now available al data base via the internet or olace, any time.

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ollection by Sándor Kiss

udes a range of well-sewn men's ándor Kiss. Only the best materials are used for Sándor Kiss products in traditional Hungarian manufacture. Most important is the excellent workmanship. The well-balanced fit is the result of the experience of generations of last production in shoe manufacture and is characteristic for well-sewn, high-quality shoes.



# Joint Mass Customisation Initiatives: e.g. the public funded EUROShoE project

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1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned

- **contingencies/drivers:**
  - technological evolution and changes: new technological opportunities
  - changing customer behaviour and needs: trend towards individualisation
- **motives of the co-operating parties:**
  - enhance service portfolio
  - innovation: new technologies (e.g. 3D feet scanner technology)
- **object of networking (what the parties do):**
  - joint development activities
  - joint marketing initiatives
  - operational coupling of value chains
  - value chain wide data processing (SCM)

# Joint Mass Customisation Initiatives: e.g. the public funded EUROShoE project

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1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned

- **managerial cooperation challenges:**
  - negotiations on standards: data, interfaces, processes etc.
  - innovation management
  - process coordination: to avoid operational inefficiencies
  - special case EUROShoE: managing a large scale research project
- **cooperation risks:**
  - technological failure in R&D activities
  - competition among participants: opportunism, mistrust
- **other (market) risks:**
  - lack of customer acceptance
- **usage of IOS:**
  - joint development databases
  - interfirm data processing
  - end-customer web-services and mass customisation interfaces

# Virtual organisation: the virtual factory at Lake of Constance (Euregio Bodensee)

1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned



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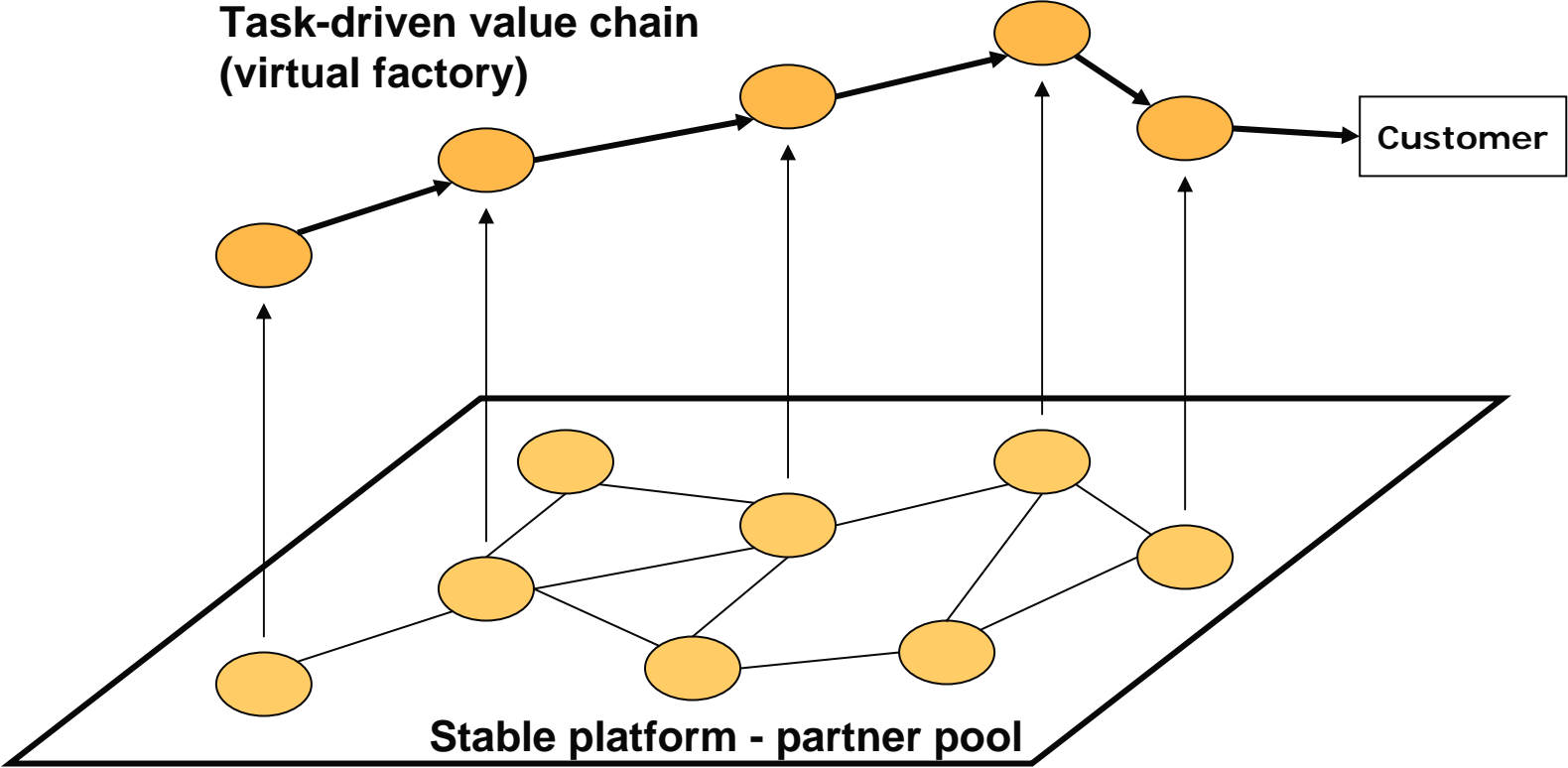
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# Virtual organisation: the virtual factory at Lake of Constance (Euregio Bodensee)

1. Contingencies
<b>2. Networks</b>
3. IOS examples
4. Lessons learned



# Virtual organisation: the virtual factory at Lake of Constance (Euregio Bodensee)

1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned

- **contingencies/drivers:**
  - globalisation: new levels of global competition
  - technological evolution and changes: new technological needs
- **motives of the co-operating parties:**
  - enhance service portfolio
  - achieve virtual size: compete with larger firms:
    - economies of scope
  - efficiency concerns: core competence concentration allows better
    - economies of scale
- **object of networking (what the parties do):**
  - joint customer-specific order fulfilment
  - connect value chains and inter-firm processes
  - joint development in project with high degree of novelty
  - share production capacities

# Virtual organisation: the virtual factory at Lake of Constance (Euregio Bodensee)

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1. Contingencies
2. Networks
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4. Lessons learned

- **managerial cooperation challenges:**
  - inter-firm order processing and coordination
  - partner attraction and integration (management the pool of firms)
  - conflict management and resolution
- **cooperation risks:**
  - dependence on external network
  - no clear position in the market (brand management concerns)
  - drop out of important partner firms
  - problems with the integration of partner competencies
- **other (market) risks:**
  - lack of customer acceptance
- **usage of IOS:**
  - partner competence databases
  - joint (development) databases
  - interfirm data processing
  - CSWC and groupware

# Freelance Networks: e.g. „freelancers.network“ or „The Freelance Network“

1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned

The screenshot shows the homepage of the Freelance Network website. The header features the logo "freelancers.network" in a stylized font. Below the logo, there is a navigation menu with links for "client login", "freelance login", "submit project", "find talent", and "find work". A secondary navigation bar contains buttons for "US", "CLIENTS", "FREELANCE", "WORKS", "SEARCH", and "HOME". The main content area is titled "Welcome to Freelance Network" and "Resources for Clients - Support for Freelancers". It describes the network's services, including providing marketing resources, supporting communication projects, and enabling clients to submit project work. A sidebar on the left contains a list of links such as "Homepage", "Join the Freelancer's Network", "Update your details", "Find a freelancer", "Post a project", "Find a project", "Post a job", "Find a job", "See Dan's Pages", "See Andy's Pages", "Link to this site", "Resources", "Join/Leave Forum", "Forum Messages", "+Additions+ Adverts", "Advertising", "Contact Us", and "Subscribe to our newsletter". At the bottom left, there are logos for "WIRTSCHAFTS INFORMATIK" and "IOS" (Institut für Informationsökonomie und -systeme) at the "Universität Münster".

**freelancers.network**

**Homepage**  
[Join the Freelancer's Network](#)  
[Update your details](#)  
[Find a freelancer](#)  
[Post a project](#)  
[Find a project](#)  
[Post a job](#)  
[Find a job](#)  
[See Dan's Pages](#)  
[See Andy's Pages](#)  
[Link to this site](#)  
[Resources](#)  
[Join/Leave Forum](#)  
[Forum Messages](#)  
[+Additions+ Adverts](#)  
[Advertising](#)  
[Contact Us](#)  
**Subscribe to our newsletter** - enter your email address and hit return  
  
**Freelancers.net is owned and operated by Andy Stowell and Dan Winchester**

**In a hurry? Need a freelancer quickly?**  
**Premium Projects prices slashed!** For a limited time reach our database of freelancers for only £25 (excluding VAT). Premium Proj (nor inst

client login   freelance login   submit project   find talent   find work

US   CLIENTS   FREELANCE   WORKS   SEARCH   HOME

**freelance network**

**Welcome to Freelance Network**  
**Resources for Clients - Support for Freelancers**  
The Freelance Network supplies companies with marketing related resources from Event Producers to Project Managers, to Support Talent on a contract basis.

Freelance Network specializes in putting great teams together to support communication projects. A team can be as few as one and as large as necessary.

The Freelance Network is a dynamic site which enables clients to submit project work and is a resource for industry specialists who wish to post and represent their skills.

If you are interested in posting work use the submittal form in the [CLIENT](#) section.

If you want to join the Freelance Network as a talent resource or have already been accepted, you will be assigned a member code, a Freelance Network User Name and Password. These will give you access to the [FREELANCE](#) section.

Freelance Network talent can use Freelance Network to enter time sheets, create Freelance Network Profiles, and view, schedule and receive assignment details.

WIRTSCHAFTS INFORMATIK   IOS  
Universität Münster

Examples:

[www.freelancers.net](http://www.freelancers.net)

[www.thefreelancenetwork.com](http://www.thefreelancenetwork.com)

1. Contingencies
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4. Lessons learned

## Freelance Networks: e.g. „freelancers.network“

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### ■ contingencies/drivers:

- globalisation: opportunity to get in contact with individuals globally (especially in knowledge intensive and web-based business, e.g. consultancy, software development)
- technological evolution and changes: new and flexible opportunities to get in contact with and to manage a network of freelancers

### ■ motives of the co-operating parties:

- achieve virtual size: to be able to perform large project: economies of scope
- flexibility concerns: be independent, but participate in interesting projects

### ■ object of networking (what the parties do):

- loose-coupled network of individuals to perform specific projects
- joint customer-specific order fulfilment
- pool competencies to achieve superior project teams
- share capacities

1. Contingencies
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3. IOS examples
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## Freelance Networks: e.g. „freelancers.network“

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- **managerial cooperation challenges:**
  - find the right competencies (partner identification) for a project
  - coordination and project management: esp. in solely computer mediated environments
  - trust management: can I trust another unknown expert to fulfil a specific task?
  - conflict management and resolution
  - quality management
- **cooperation risks:**
  - dependence on quality of unknown individuals: opportunism
  - cultural and communication differences: misunderstandings
  - drop out of important partners
- **other (market) risks:**
  - lack of customer acceptance: project structure may be confusing for customer
- **usage of IOS:**
  - freelance web-portal: some sort of electronic marketplace
  - e-mail, groupware and other CSCW tools
  - joint databases

# Value-/Supply-Chain-Networks: Sainsbury supermarket ECR supplier network

1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned

**J Sainsbury plc** | Store locator | Our websites | Contact us | Search | Site index

Home | About us | Investors | Media | Responsibility

**Share price** 289.50p  
19 Apr 2005 14:03  
Delayed 15 minutes

We're a leading UK food retailer with interests in financial services. J Sainsbury plc comprises Sainsbury's Supermarkets, Sainsbury's Bank, Bells Stores, Jackson's Stores and JB Beaumont. Our goal is to ensure that we get maximum benefit from our investments while the b...

**Impacts of IFRS**  
This will be announced at 07:00am (BST) on 26 April 2005. A live audio webcast...

**Sainsbury's information direct**  
© J.Sainsbury plc 2002

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**history**

Sainsbury's Information Direct (SID) was launched in the summer of 1998 by the Supply Chain to act as a portal for electronic business to business between Sainsburys and its suppliers. Its first additions were the Performance Data Site (PDS), where suppliers can access performance data measures such as sales, availability and stock holding, and the Collaborative Planning System (CPS), where promotions/events can be managed collaboratively. The toolkit has been enhanced and improved through a number of major developments since then, as well as being implemented across a wider group of suppliers. It has also moved away from being solutions just for the Supply Chain, and has become more cross divisional within Sainsburys.

# Value-/Supply-Chain-Networks: Sainsbury supermarket ECR supplier network

- 1. Contingencies
- 2. Networks
- 3. IOS examples
- 4. Lessons learned

## b2b toolkit

 <b>PDS</b> <a href="#">Performance Data Site</a>	 <b>Helios</b> <a href="#">Documents for Suppliers</a>	 <b>Horizon</b> <a href="#">Exception &amp; Event Management</a>
 <b>Primary</b> <a href="#">Primary Systems Menu</a>	 <b>TDocS</b> <a href="#">Technical Documents</a>	 <b>Web EDI</b> <a href="#">Electronic Data Interchange</a>
 <b>UDEX</b> <a href="#">Universal Descriptor Exchange</a>	 <b>CARES</b> <a href="#">Customer Product Complaints</a>	 <b>Infolink</b> <a href="#">infolink™</a>
 <b>Insight</b> <a href="#">Category Insight</a>	 <b>SCORE</b> <a href="#">Supplier Scorecarding</a>	 <b>Emptorius</b> <a href="#">Primary Logistics Emptorius™</a>

[www.sainsburys.co.uk/sid](http://www.sainsburys.co.uk/sid)

# Value-/Supply-Chain-Networks: Sainsbury supermarket ECR supplier network

1. Contingencies
2. Networks
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4. Lessons learned

- **contingencies/drivers:**
  - Increasing importance of information: it is increasingly important for all participants in the value chain to share information to better meet customer needs (idea of efficient consumer response)
- **motives of the co-operating parties:**
  - efficiency concerns: improve disposition processes, stock availability as well as customer service
- **object of networking (what the parties do):**
  - Sainsbury shares information with suppliers over an Extranet
  - joint planning of promotion activities
  - collaborative planning and forecasting of demands
  - development of further ECR opportunities

„The real-time visibility and collaborative process that SID PDS enables has delivered genuine benefit. It has helped us to **better manage promotional opportunity and risk, minimised inventory across the total supply chain and improved promotional execution.** Most importantly, it helps us achieve our ultimate goal of better servicing the customer.“  
Andy Richardson, Kraft Jacobs Suchard

# Value-/Supply-Chain-Networks: Sainsbury supermarket ECR supplier network

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1. Contingencies
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- **managerial cooperation challenges:**
  - attraction and convincing of suppliers (ECR adoption)
  - technical solution
- **cooperation risks:**
  - drop out of important partners
  - transparency of internal data to suppliers: vulnerability in case of diffusion of information to competitors
- **other (market) risks:**
  - low risks in case of failure, mainly operational project
- **usage of IOS:**
  - Extranet, EDI

# Just-in-Time Supply-Chain-Network: DaimlerChrysler Supplier Network Collaboration

1. Contingencies
2. Networks
3. IOS examples
4. Lessons learned

The screenshot shows the DaimlerChrysler website homepage. At the top, the logo 'DAIMLERCHRYSLER' is displayed in white on a dark blue background. Below the logo is a navigation bar with links for 'Worldwide', 'Search', 'Site Map', 'Contact', 'Help', and 'Deutsch'. A weather and stock section shows 'New York 39.68 USD' and 'Xetra (GER) 30.56 EUR' for April 18, 2005. A search bar is located below the stock information. The main content area is titled 'DaimlerChrysler Top News' and features three news items: 1. 'Tracinda v. DaimlerChrysler et al.: Federal District Court in Wilmington, Delaware Decides in Favor of DaimlerChrysler on all Claims' with a brief summary and a 'more' link. 2. 'Mercedes Car Group Boosts Worldwide Sales by Two Percent in March 2005 to 117,500 Vehicles' with a summary and a 'more' link. 3. 'Board of Management Approves Personnel Changes' with a summary and a 'more' link. On the right side, there is a 'Highlights' section with a link to 'April 06: Annual Meeting 2005' and a 'Geneva 2005' section with a grid of car images and a link to 'DaimlerChrysler at the 75. Geneva International Auto Show 2005'. A large image of a car is visible at the bottom right of the page.

# Just-in-Time Supply-Chain-Network: DaimlerChrysler Supplier Network Collaboration

1. Contingencies
2. Networks
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4. Lessons learned

## e-Supply Chain Management cuts costs in logistics

„(...)

DaimlerChrysler has embarked on a program called **Supplier Network Collaboration**, in order to **improve communication and planning for both the suppliers and the Company**. The program involves sharing weekly and monthly forecast information of parts requirements to all critical tiers of the supply chain, relative to a specific commodity or module. In addition to **sharing real-time requirements**, the program creates exception-based alerts to detect supply issues and avoid them completely, thereby supporting the **just-in-time manufacturing** principles and avoiding the need for inventory stockpiling. Also suppliers will be able to optimize their production capacities. (...)"

source: DCXnet - DaimlerChrysler eBusiness  
[http://www.dcx.net/business/supply\\_achievement\\_e.htm](http://www.dcx.net/business/supply_achievement_e.htm)

„DaimlerChrysler uses a combination of Web, EDI and manual processes to communicate with suppliers“, Louise Linder, director of materials and supply operations for DaimlerChrysler said.

Each day, Daimler tells suppliers what it expects and when parts should be delivered. The carmaker within the last year intensified its efforts to save money by employing a **lean manufacturing and just-in-time inventory strategy**, keeping parts to a minimum as it builds cars to meet demand.

"We have to be able to react week-by-week, so we have put the systems in place to make sure that suppliers can respond to us very quickly," Linder said.

Source: InternetWeek, Sep. 28 - 2001  
<http://www.internetweek.com/newslead01/lead092801.htm>

# Just-in-Time Supply-Chain-Network: DaimlerChrysler Supplier Network Collaboration

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1. Contingencies
2. Networks
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## ■ contingencies/drivers:

- changing customer behaviour: customers become increasingly unwilling to wait several months for a car
- Increasing importance of information: it is increasingly important for all participants in the supply chain to share information to better meet customer needs

## ■ motives of the co-operating parties:

- efficiency concerns:
  - decrease stock inventories and therefore costs
  - improve supply-chain processes (speed-up)

## ■ object of networking (what the parties do):

- information sharing
- integration, adaptation and aligning of manufacturing processes
- just-in-time ordering and delivery
- joint planning, but also developing

# Just-in-Time Supply-Chain-Network: DaimlerChrysler Supplier Network Collaboration

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1. Contingencies
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## ■ managerial cooperation challenges:

- logistical challenges: alignment, scheduling of processes
- convince partners
- integrate systems, establish functioning and performing infrastructure

## ■ cooperation risks:

- technical fallout of systems (e.g. Sep. 11)
  - can lead to shut down of assembly line!
- lack of willingness to share information and to adapt to the processes of the OEM
- leads to fewer, higher integrated suppliers, which then can gain more power (also problematic then: drop out of important partners)

## ■ other (market) risks:

- low risks in case of failure, mainly operational project

## ■ usage of IOS:

- web-based Extranet, EDI

# Just-in-Time Supply-Chain-Network: DaimlerChrysler Supplier Network Collaboration

1. Contingencies
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September 28, 2001

## Web Supply Chains Revised

By [RICHARD KARPINSKI](#)

Manufacturers that have used the Web to regulate incoming parts and keep inventories to a minimum were thrust into chaos on Sept. 11 when parts didn't come and assembly lines screeched to a halt.

### See Also

[More on post-9/11 supply chain disruptions](#)

Lean inventories quickly became a handicap following the terrorist attacks in New York and Washington, which grounded air traffic and snarled cross-border commerce. Shutting down an assembly line because of stalled parts deliveries can cost big manufacturers \$10,000 per minute. It's a risk companies never had to factor into their supply chain planning--until now.

Balancing that risk against the rewards of keeping inventory costs down will be job one for manufacturers as the international crisis persists.

The immediate impact was severe for some companies. Automakers--some of the leanest manufacturers this side of high tech--were hit particularly hard. DaimlerChrysler had to shut down one assembly line for a few hours. Harder hit were Ford and General Motors, impacted for several days across multiple lines.

<http://www.internetweek.com/newslead01/lead092801.htm>

1. Contingencies
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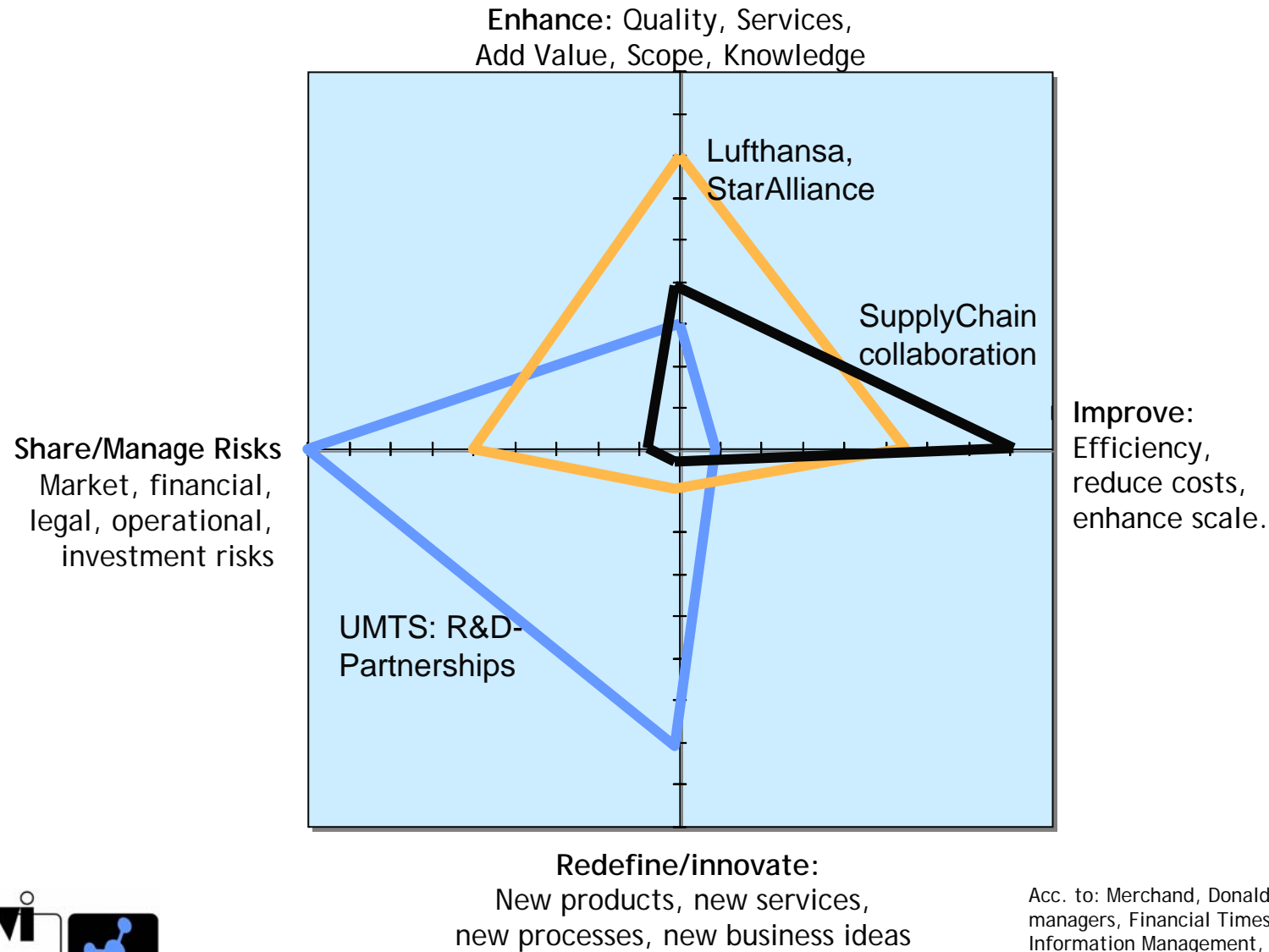
## Network examples summary

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- **Global alliances**
  - e.g. StarAlliance
  - connect and integrate processes; joint marketing; market access
- **Development partnerships**
  - e.g. UMTS, chip development
  - joint innovations
- **New service networks**
  - e.g. mass-customisation, web-based value webs
  - bundle services, new services, virtualize business, internet frontend
- **Virtual organisations/Virtual Networks**
  - e.g. Virtual Factory, Freelance Networks
  - pool resources/competencies; fulfil customer-specific projects
- **Value-/Supply Chain Collaborations**
  - e.g. retail: Sainsbury ECR; automotive: DaimlerChrysler Supplier Network
  - connect/integrate processes; improve performance (efficiency)

# Network examples summary: Profiling the collaboration Idea

1. Contingencies
<b>2. Networks</b>
3. IOS examples
4. Lessons learned



Acc. to: Merchand, Donald A., Hard IM choices for senior managers, Financial Times Supplement Mastering Information Management, April 5, 1999, S. 4