

Based on a presentation by John G. Sifonis, Cisco Systems Inc.

E-commerce, e-business, e-marketing, e-NOUGH. According to our February seminar speaker, it is now time to drop the “e” and start thinking in terms of a single strategy rather than separating e-strategies from business strategies. It is all one strategy for competing in today’s new economic environment. Mr. John G. Sifonis, Managing Director of the Internet Business Solutions Group of Cisco Systems, Inc., has spent 35 years in industry and consulting, working with clients in identifying and implementing business strategies. He has co-authored several books including one on the seminar’s topic.

Introduction And Overview

The new economy presents both a challenge and an opportunity for businesses. They can either be a part of it or be left behind. The new economy is a customer centric model that removes a lot of the barriers to entry for new competitors, yet allows existing competitors to improve their business models and eliminate existing inefficiencies. “One thing is certain: the changes made possible by the Internet are strategic and fundamental” according to the Harvard Business Review (March/April 1998).

The Emergence of the New Economy

According to John Sifonis, it is very simple to establish a web presence but quite difficult for managers in an established business to create a web-based business model. The new economy is a networked economy and greatly differs from the bricks and mortar organizations of the past. New organization models are characterized by information flows based on trust, authority coming from the purpose being pursued, and power coming from knowledge. The old models are defined by information flows based on “need to know”, authority coming from “law”, and power based on position.

The new economy requires not only adopting new business models but also the ability to execute the model. Then being able to change it again as newer options arise. It is a “winner take all” formula where superior business models capture a disproportionate amount of the value. The first question that needs to be answered is “are you net ready?” From John’s case studies and client engagements, he has identified the measures to determine if a company is able to take advantage of emerging Internet enabled opportunities. He refers to this ability as “Net-Readiness”.

Key Drivers of Net-Readiness

The drivers of net readiness are identified as leadership, governance, organizational competencies, and technology. By evaluating specific questions in each of these areas Mr. Sifonis has been able to develop a measure of a company’s net-readiness. The primary characteristics of a net-ready company are the ability to:

Leadership

- Integrate e-business initiatives into corporate strategy (the “e” in eBusiness is silent)
- Promote an e-business culture
- View IT as a strategic asset
- Encourage & reward failure
- Encourage/metric information/knowledge sharing
- Be paranoid of competition Governance
- Establish metrics for measuring e-business impact
- Develop e-business funding model
- Establish cross functional teams
- Demand near term e-business results
- Make e-business a business driven decision
- Transform IT to e-business consultants
- Understand our own as well as partners/suppliers governance model

Organizational Competencies

- Ruthlessly execute i.e., walk away from a failed project without concern for sunk costs
- Demonstrate corporate agility
- Form as well as dissolve partnerships quickly
- Function within new world complexities (e.g., globalization, personalization, reduced barriers to entry)
- Operate with concurrency (parallel vs. serial)
- Be customer centric

Technology

- Develop a scalable technology infrastructure that leads the applications
- Establish enterprise-wide standards
- Buy don't build (then consider partnering or building)
- Create flexible application solutions
- Build internal technology competencies

Okay I am Net-Ready, Now What?

(Note: The March 15 ISRC Roundtable will focus on the WHAT)

Once an organization has become net-ready, then John Sifonis recommends that a program of prioritization mapping for implementing e-business solutions be undertaken. He identifies projects on a two-dimensional scale of “ease of implementation” and “business criticality”. He recommends starting with the easiest to implement and lowest business criticality. This approach allows for gaining competencies while assuming the lowest risk of failure. Projects quickly evolve to the higher criticalities and more innovative solutions that allow for attaining competitive advantages; John refers to these as “breakthrough strategies”.

Summary

Competition is getting more intense. It is even becoming more difficult to recognize who your competition is in the networked environment. In order to survive in the net-ready marketplace, organizations have to dramatically refocus. This is even a more customer centric environment than business models followed in the past. Adopting an e-culture is not an easy task for business, but disproportionate rewards go to the first-to-market. It starts with an internal evaluation to determine the strength of the drivers of success and implementing plans to improve those strengths. Only then should an implementation plan be mapped. John concluded his presentation with a quote from a colleague, "Implementing e-Business is harder than it looks; the impact is greater than anyone can imagine."

Additional Information

Hartman, Amir and Sifonis, John. *Net Ready: Strategies for Success in the E-economy*. McGraw – Hill. New York. 2000.

This book is the basis for John's presentation and more fully explains the concepts he presented in the seminar.

<http://www.isrc.com/ppt/feb01.ppt>

A copy of the John Sifonis' slides is available on the ISRC web site.