

## The Real-Time Enterprise: Key Issues for 2003

**During 2003, leading-edge enterprises will increasingly adopt real-time enterprise approaches to drive changes in businesses and systems. Gartner addresses the Key Issues concerning the RTE.**

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### Core Topic

Business Management of IT: Real-Time Enterprise

### Key Issue

Which businesses are best placed to gain competitive advantage from RTE?

## The Growing Need for the Real-Time Enterprise

During the slow economic recovery throughout 2003, the need to drastically reduce end-to-end, business process cycle times will become apparent to many enterprises, as will the recognition that IT will provide the means to do so.

The capabilities offered by the real-time enterprise (RTE) are already a source of competitive advantage for some organizations. For others, lack of these capabilities will mean an increasingly visible drive toward bankruptcy. Slow operational processes incur additional inventory costs and cause loss of sales if goods can't be delivered to schedule. Slow managerial processes result in enterprises missing windows of opportunity (which are narrowing because of increasing instability) and being unable to make timely responses to external threats. RTE capabilities, and their use in the time-based transformation of business processes, will become competitive necessities. Through 2006, few enterprises will remain unaffected.

This Core Topic underlines the technical, social and economic aspects of the RTE business endeavor, and the technology and applications that support it. It aims to reinforce clients' strategic planning, business changes, prioritization, application planning, architecture, and the design and deployment of the RTE.

### **Key Issue: Which businesses are best placed to gain competitive advantage from RTE?**

Business pressures apply to all enterprises: Technological cycles shorten; the demanding, time-tortured customer is everywhere; and there is an urgent need for greater transparency for all public companies. For most, the required changes are a matter of catching up and are not an advantage. Yet some enterprises —

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such as Dell Computer, easyJet Airline and Wal-Mart Stores — have turned the pursuit of real time into a major advantage. Research on this Key Issue will establish the distinctive characteristics needed for enterprises to gain a competitive edge from the RTE.

**Key Issue: How should enterprises initiate, govern, organize and manage time-based transformation?**

Many enterprises have extensive experience with process-improvement projects, but with varying degrees of success. Effective management — especially of stakeholder relationships — is a critical success factor and time-based transformation projects are likely to demand better management than previous process-improvement projects. This is because they will be more numerous and are more likely to be found in unfamiliar areas, such as the managerial cyclones. Research on this Key Issue will identify the special requirements and strengths of time-based transformation projects, and will provide practical advice.

**Key Issue: How should enterprises select the first processes to undergo time-based transformation?**

In most enterprises there are many processes that are slower than industry norms. Almost every process is, by definition, slower than the corresponding processes of the best performers. That fact is not, of course, enough to require action. Some processes may be unimportant, infrequent and slow, but they nonetheless meet customers' needs. Enterprises have only finite supplies of resources (technical, financial, organizational and psychological) that can be used for change. Research on this Key Issue will provide both general and sector-specific advice on the priorities for transformation.

**Key Issue: How must current systems be changed to support the RTE?**

IT systems alone have the potential to enable large enterprises to operate in real time. However, many IT systems don't do so — and some actually obstruct change. Delays are introduced by batch processing, excessive manual checking and the use of e-mail as a medium for extended discussions. Reduction of these delays is blocked by the multiplicity of "silo" applications and the lack of real-time visibility into processes, especially where they cross organizational boundaries. Research on this Key Issue will identify the main problem areas in applications and IT infrastructure, and will advise on the best ways to address them.

**Key Issue: What tools and technologies will enable enterprises to operate in real-time?**

The RTE will exploit a wide range of existing tools and technologies; databases, bar-code scanners, radio systems and LANs will all play a part. But some new tools and technologies such as e-tags, Web services, wireless LANs, instant messaging and integration brokers are likely to fill critical roles. Research on this Key Issue will identify the most useful technologies and indicate when each will be ready for mainstream use.

**Key Issue: Which vendors will be successful in providing RTE solutions?**

The RTE presents vendors with many opportunities to develop new products, such as those needed for real-time management, and to relabel old ones. However, the application of a label doesn't prove value or relevance. In fact, given the novelty of the RTE, it is almost certain that technology alone will have little to offer, therefore associated services will be vital. These factors raise the stakes for vendors. They must understand their clients' needs, convert technologies into products, identify and devise supporting services, and recruit partners that can deliver the requisite services. Many vendors, some with exciting technologies, will not survive. Research on this Key Issue will identify the critical success factors for vendors.

**Key Issue: How should enterprises select IT services companies to implement RTE solutions?**

As a significant business initiative, time-based transformation demands change management, project management and technical skills. It also demands skills that people and enterprises lack. Many will look to external service providers (ESPs) to supply the missing capabilities, although the RTE is equally unfamiliar to many ESPs. Research on this Key Issue will identify the most critical criteria to apply when selecting an RTE services provider.

**Key Issue: What particular competencies are required from staff in the RTE?**

The RTE is not just about technology. An enterprise doesn't respond in real time because supervisors and managers get early warning of developing problems. It's an RTE only if they respond promptly and effectively to such warnings. In the RTE, employees must have the competencies, knowledge, skills and attitudes necessary to play their roles well. Research on this Key issue will identify what capabilities key staff should have.

## **Key Issue: How will the pursuit of the RTE affect the corporate structure of an enterprise?**

The RTE will not happen unless each decision can be rapidly allocated to the appropriate place in the corporate structure. Many structures are too opaque for this to happen and therefore, they must change to provide increased transparency. By demanding rapid responses to changing situations, the RTE may increase the importance of decision makers being "on the scene." However, by making information instantly available everywhere, it may instead, strengthen the power of central management. More likely, both trends will apply to some extent and in varying degrees, depending on the situation. Research on this Key Issue will describe the organizational changes that must accompany the transformation of business processes.

### **The Rocky Road to Real Time**

The transition to the real-time enterprise will place severe demands on the organizations that attempt it: Executives must lead; process owners must make hard decisions; staff at all levels must learn to respond promptly to threats and opportunities; and IS managers must simplify and consolidate IT applications and infrastructures. Gartner's research on the RTE will help executives and managers to play their parts well.