



Management Cloud Platform

Using Cloud Computing to improve Asset Profitability with inter-Firm Knowledge Flows

TMG Discussion paper

May 2011

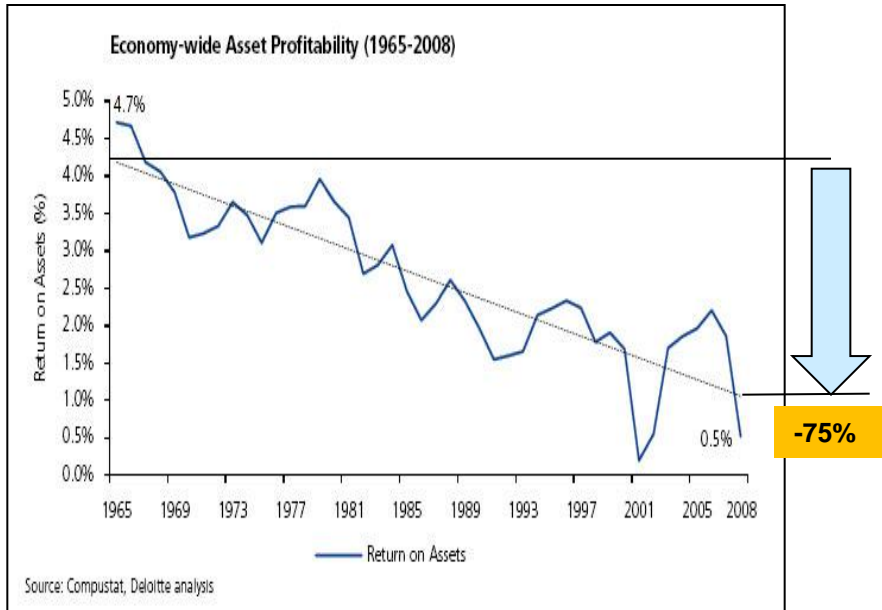


Key Performance Challenge : Established “Push” Management Practices lead to a sustained erosion of Asset Profitability

Challenge

Running faster, Falling behind with “Push” Management (Enterprise 1.0):

The return-on-assets for all American firms has eroded by 75%
Forecasting Demand and planning/organizing resources top-down (=push management model) becomes more difficult in turbulent markets



:The push management model works best in stable markets for maximizing efficiency and minimizing deviations from standard practices .

In dynamic and changing environments the management model must be adaptive and innovative: Therefore the top-down push management model is increasingly challenged and direction-setting starting now to be done more outside-in and bottom-up.

Solution

Leverage the Power of Pull (Enterprise 2.0):

Create services (**Apps**) to draw out resources (e.g. information) and People (e.g. consultants) as needed to address opportunities and challenges based on the TMG Management Cloud Platform

“Pull” Management Program: Driver of Asset Profitability - Example-

- **Leveraged Growth** :: Top-line Growth by e.g. 50% in 3 years by *accelerated knowledge-flow of market strategies (e.g. open innovation) to execution./operation (e.g. cross-selling) in global networks of resources*
- **Dynamic Business-Ecosystems**: Increase Profitability by e.g. 20% and RoA by 30% by improving *quality and performance* with suppliers, customers and partner by collaboration and coordination (extended enterprise with an increasing returns curve)
- **Social Productivity**: Reduce overhead costs by e.g. 15% by better/faster participation in the *flow of knowledge*, reduction of *non-value added interaction cost* and higher passion level of key employees.
- **Elastic infrastructure**: Reduce IT-Capacity by 50% using Cloud Computing Services

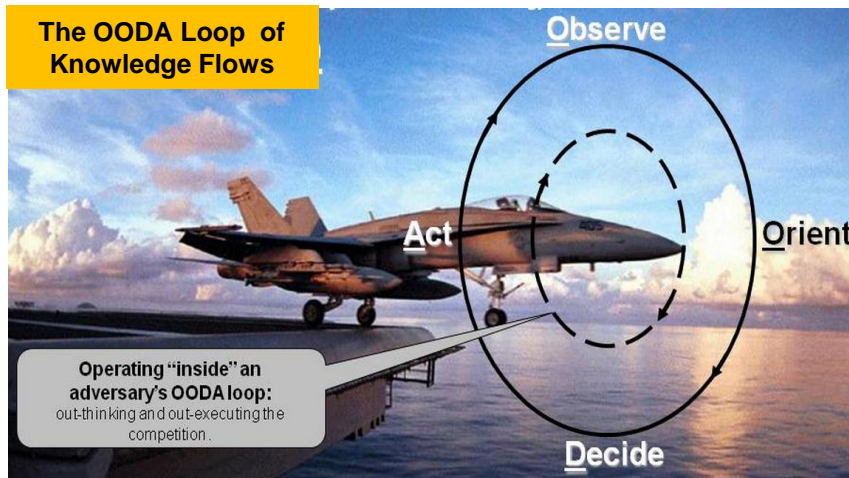


Competitive Challenge: Managers are not prepared for a move away from a corporate growth model of "knowledge stocks" of proprietary product breakthroughs

Challenge

Competition is shifting in a fundamental way:

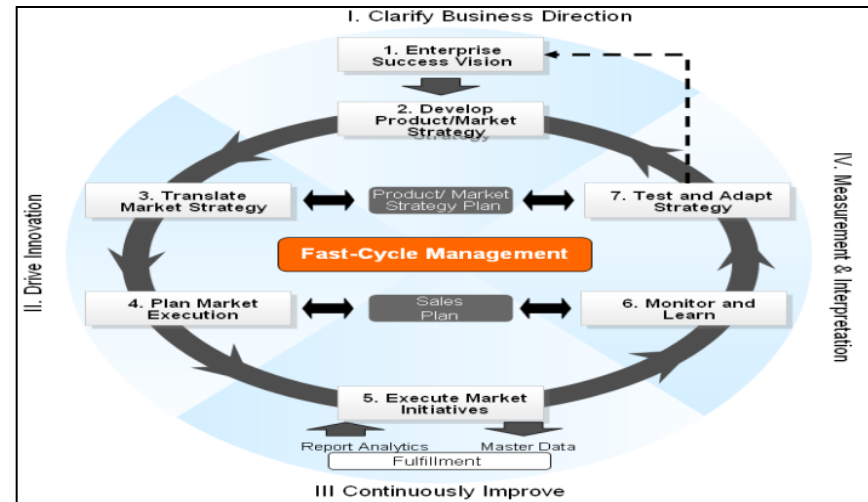
Knowledge stocks/ (proprietary breakthrough or invention) are depreciating fast.
Economic value moves form knowledge stocks to Knowledge Flows

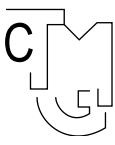


Solution

Leveraged Growth by Fast-Cycle Management of Knowledge Flows:

Open and collaborative management model of integrating the knowledge flows of strategy to operations



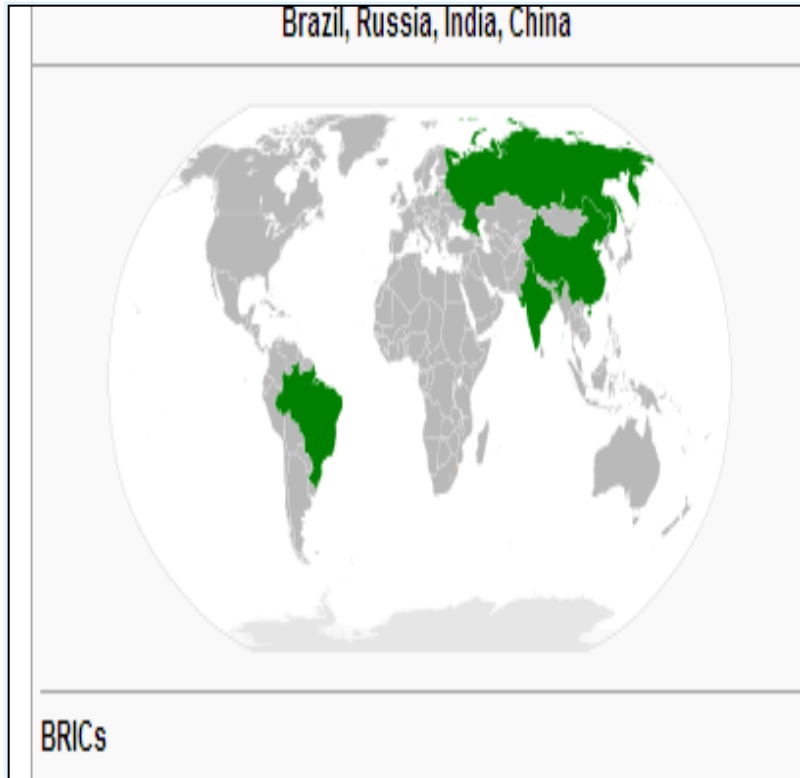


Innovation Challenge: Keeping up with the growth, innovation and competition in the dynamic BRIC Countries by creating scalable knowledge flows with increasing returns.

Challenge

Keeping up with market, business and management and innovation dynamic

Managers find themselves lagging behind their counterparts in rapidly emerging markets such as India or China, where businesses are much more adept at creating broad networks and finding innovation at "the edge" of their business rather than a proprietary core.



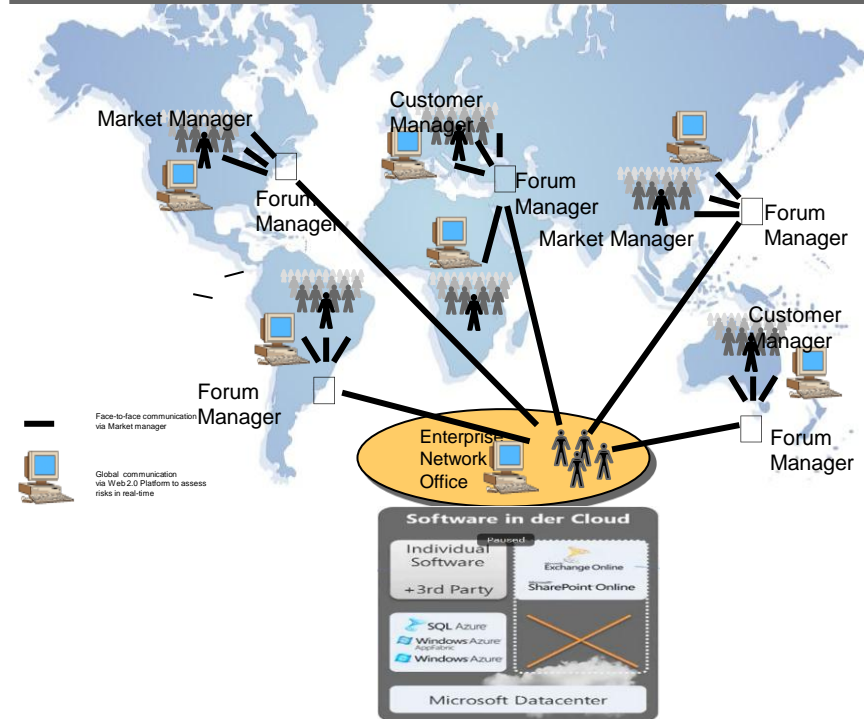
Solution

Create a Dynamic Business Ecosystem with local Market Forums (Institutional Innovation):

Creating broad networks and finding innovation at "the edge" of the business rather than a proprietary core. Local teamwork, collaboration and skill in communication is bringing new heights of invention and success by increasing returns of scalable knowledge flows



The use of the Global Strategicfrontend.com helps the Enterprise Network Office to create the global Management Network Architecture



Social Challenge : Enable the kind of passion of key employees that is necessary for a collaborative, edge-based emphasis by giving access to personalized Services



Challenge

Current Management Processes and enabling systems are fragmented which leads to barriers of team work and development of key people

Manager has to use different, non-integrated proprietary Systems and bridge Information Island.



No industry was composed of more than 20% of **passionate** individuals, and the larger the company, the less likely you were to find them

Solution

Social Productivity by integration of Management Processes and Methods by Apps Services and Talent Development “on-the job” enabled through cloud-based work-environments

Using services (**Apps**) to draw out resources (e.g. information) and People (e.g. consultants) as needed to address opportunities and challenges anytime and anywhere.



A free selection of Mobile management apps by every manager enables self-sufficient operations and greater business impact through unlocking the initiative, creativity and passion of key people.

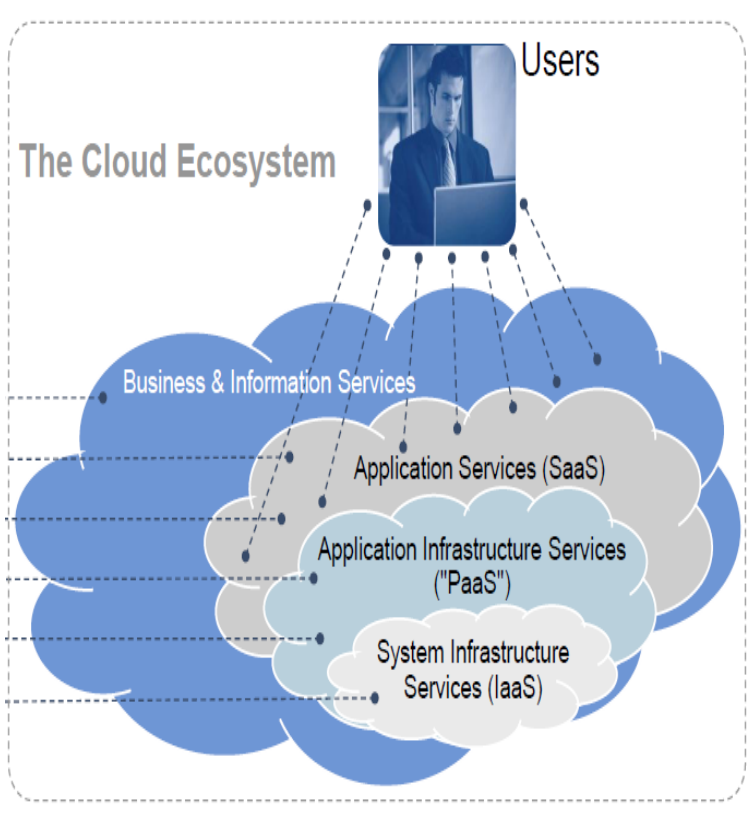
Cloud Challenge : Overcome the barriers for using Cloud Computing by shifting from IT- "Push" with cost-reduction objectives to the "Power of Pull" for increasing asset profitability



Challenge

Overcoming the barriers of cloud computing :

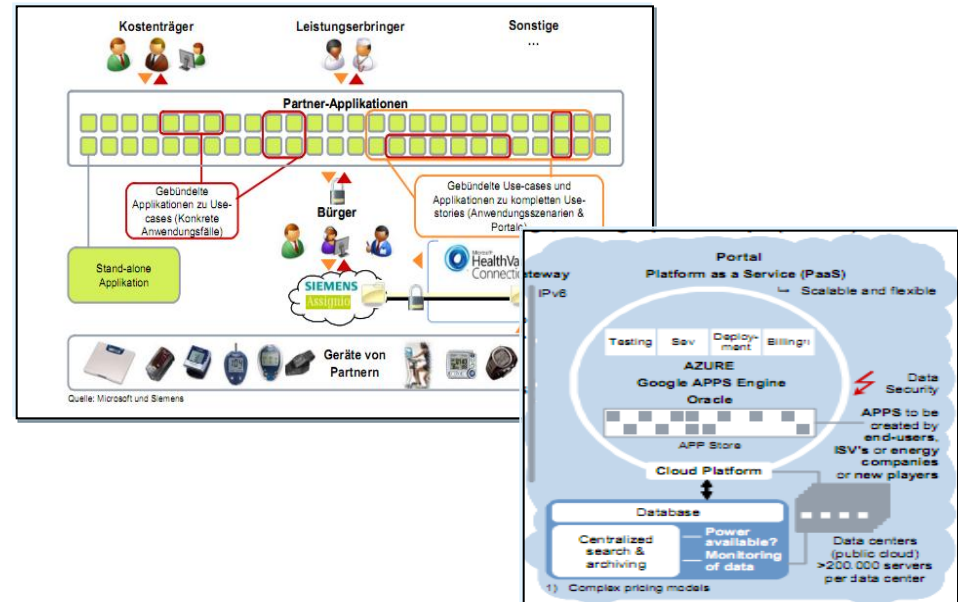
Most of the enterprise IT 'stack' is now available via cloud models in the form of infrastructure, platforms and Applications-as-a-Service .



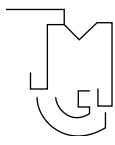
Solution

Elastic Infrastructure with Cloud Broker Model :

Exploiting the Cloud Computing "IT Stack" Potential to improve Asset Profitability by reducing costs & creating and sharing knowledge across boundaries



Solution Approach: Linking Cloud Computing Potential to Profitability Impact for the Firm



Strategicfrontend.com Management Cloud

Technology Foundation

Cloud Computing

Service & Software for scalable Pull Platforms

Forces of Change:

- Computing
- Digital Storage
- Bandwidth
- Cloud Users
- Wireless Subscriptions

Social Productivity

Manager Workplace

Modular Design & Security of flexible Knowledge Access/Creation

Forces of Change:

- Internet Activity
- Wireless Activity
- Social Media Activity
- Worker Passion

Knowledge Flow

Management Process

Fast-Cycle Management of Knowledge Flow

Forces of Change:

- Inter Firm knowledge Flow
- Decision Cycle Time
- Executive Turnover
- Returns to Talent
- Labor Productivity

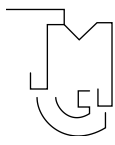
Profitability Impact

Market Value Creation

Closing the Asset Profitability Gap

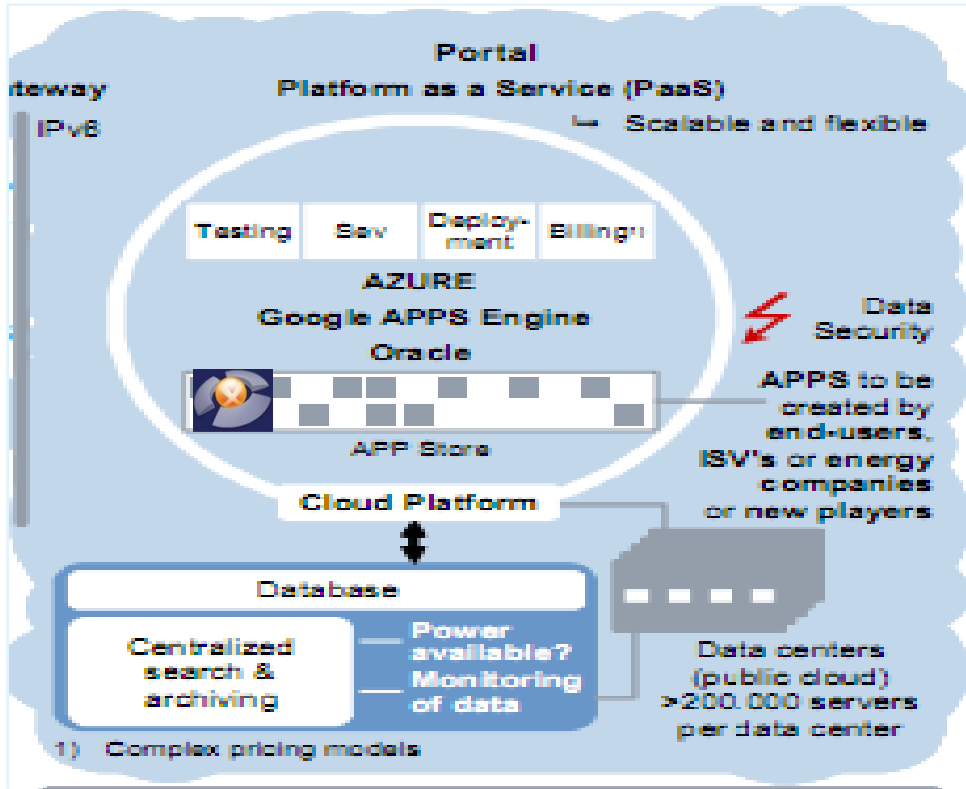
Forces of Change:

- Competitive Intensity
- Stock Price Volatility
- **Asset Profitability**
- Firm Topple Rate
- Shareholder Value Gap
- Consumer power
- Brand Disloyalty
- Economic Freedom



Cloud Computing : Positioning of strategicfrontend.com in the Technology Foundation of leading Cloud-Partner for scalable Apps-based Management and Business Models

Example I: Siemens Cloud Platform & strategicfrontend.com



Example II: Google Cloud Platform & strategicfrontend.com

The screenshot shows the Google Apps Marketplace listing for **Strategicfrontend.com: Free Apps-based Management Cloud** by **TMG Technology Management Group**. The listing includes a 5-star rating, a video product overview, and customer success stories. Key features include:

- Integrate all Executives & Employees in one place
- Create a corporate memory for sharing success
- Increase your Return on Assets (ROA) by 75%

 The listing also provides information on organizational agility, translating strategy into profit, and a complete set of integrated business apps for fast-cycle management. It mentions that the apps are based on methods from major consulting companies like McKinsey & Co. and leading business schools like MIT-Sloan. The listing is for version 13.9.1 and includes data access requirements such as Calendar, Contacts, Docs, and User Provisioning. The vendor information is for **TMG Technology Management Group**, Global Resourcing GmbH, located in Munich, Germany.

Cloud Computing creates a fast moving evolution of a new technology infrastructure which is reducing barriers of entry and movement and creates the potential for high business performance



Manager Workspace: Manager can select, implement and manage Key Topics when they arise by using the smart interface of strategicfrontend.com which is accessible anywhere

Management 2.0 Process

1. Select a Topic & Activate Apps

- a. Benchmarking
- b. Video on each Apps
- c. Post a Topic on Google Calendar

2. Assigning Topic Team/User

- a. Assign users from Google Apps
- b. Create users
- c. Invite Top Consultants via Google Contacts

3. Implementing Topic

- a. Blog: Implementation Studio - Information
- b. Google Wave: Implementation Studio - Collaboration
- c. Demo: Reference Implementation - Coaching

4. Managing Topic with Google Mail

- a. CRM Knowledge Gadget
- b. Projects Knowledge Gadget
- c. Market & Strategy Knowledge Gadget
- d. Competitive Knowledge Gadget
- e. Sourcing Knowledge Gadget

Management Apps

- Business View
- Market Strategy
- Scorecard
- Portfolio
- Innovation
- Product Launch
- Supply Chaining
- Sourcing
- Key Account
- Customer
- Campaign
- Opportunity
- Competitors
- Performance
- Initiative
- Quality

Implementing

-

Managing

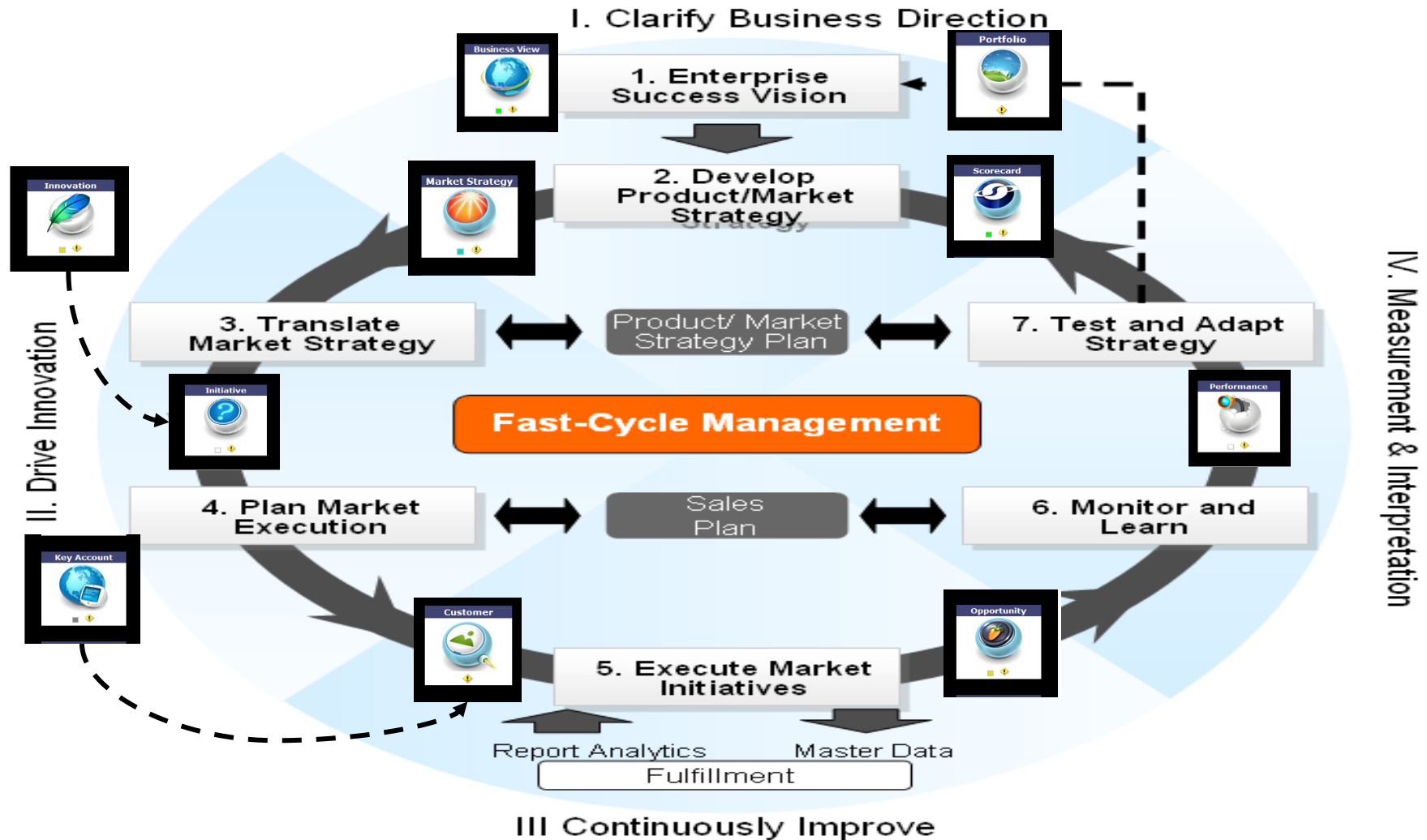
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With the strategicfrontend.com cloud service, you can:

- Personalize Workspaces
- Authorize User
- Create Communities
- Proactively monitor Content
- Provide remote assistance
- Set security policies



Integration of unified communication and collaboration with strategic management apps helps individual managers propel “institutional innovations” by creating inter-firm knowledge flows through professional connectivity

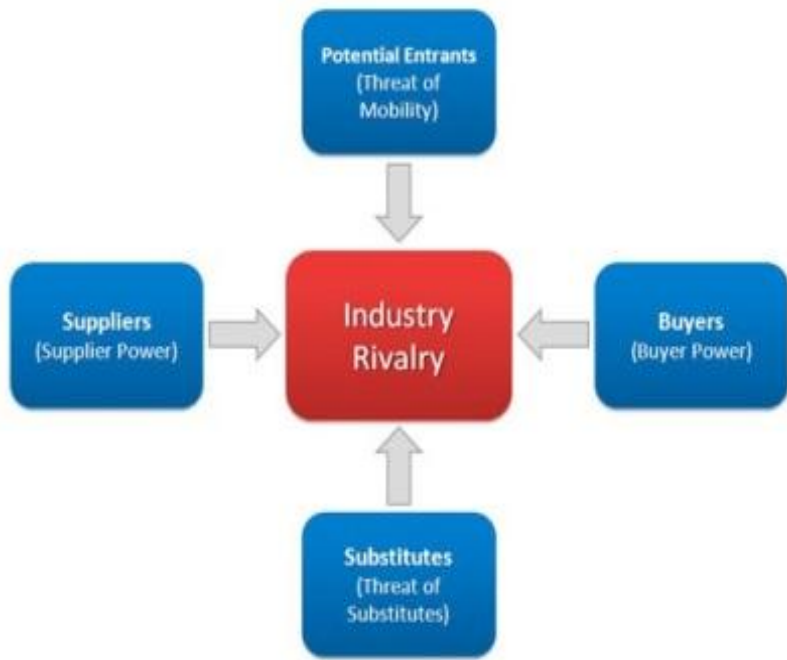


➔ **Fast-cycle management is at the core of organizational agility**, for which Apps help to speed up the frequency of knowledge flow, communication, collaboration and coordination as a team/organization...

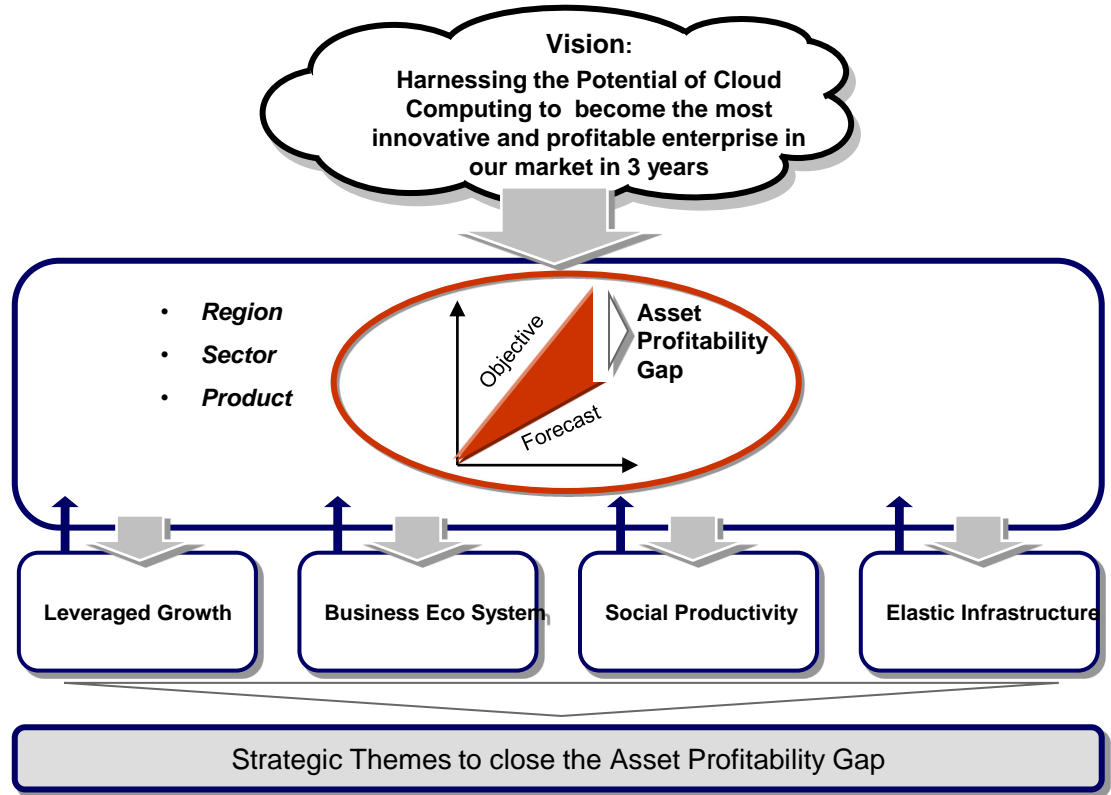
Profitability Impact : Closing the Asset Profitability Gap by Strategic Knowledge Flows across the market eco system



Market Eco System



Inter-Firm Knowledge Flow for Strategic Themes



➔ The ultimate differentiator among companies is the competency to create and sharing knowledge across enterprises by taking full advantage of cloud computing potential

Management Cloud Implementation : Leverage the new cloud platform opportunities

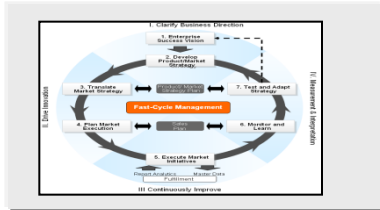


New Way to Consume SW



- One-click availability
- Any Device
- Pay per use(r)

New Processes



- Fast-cycle Management
- High social productivity/power of pull
- Distributed leadership network

New Value Creation Models

Management Forum
Approach for closing the
Asset Profitability Gap

Cloud Manager

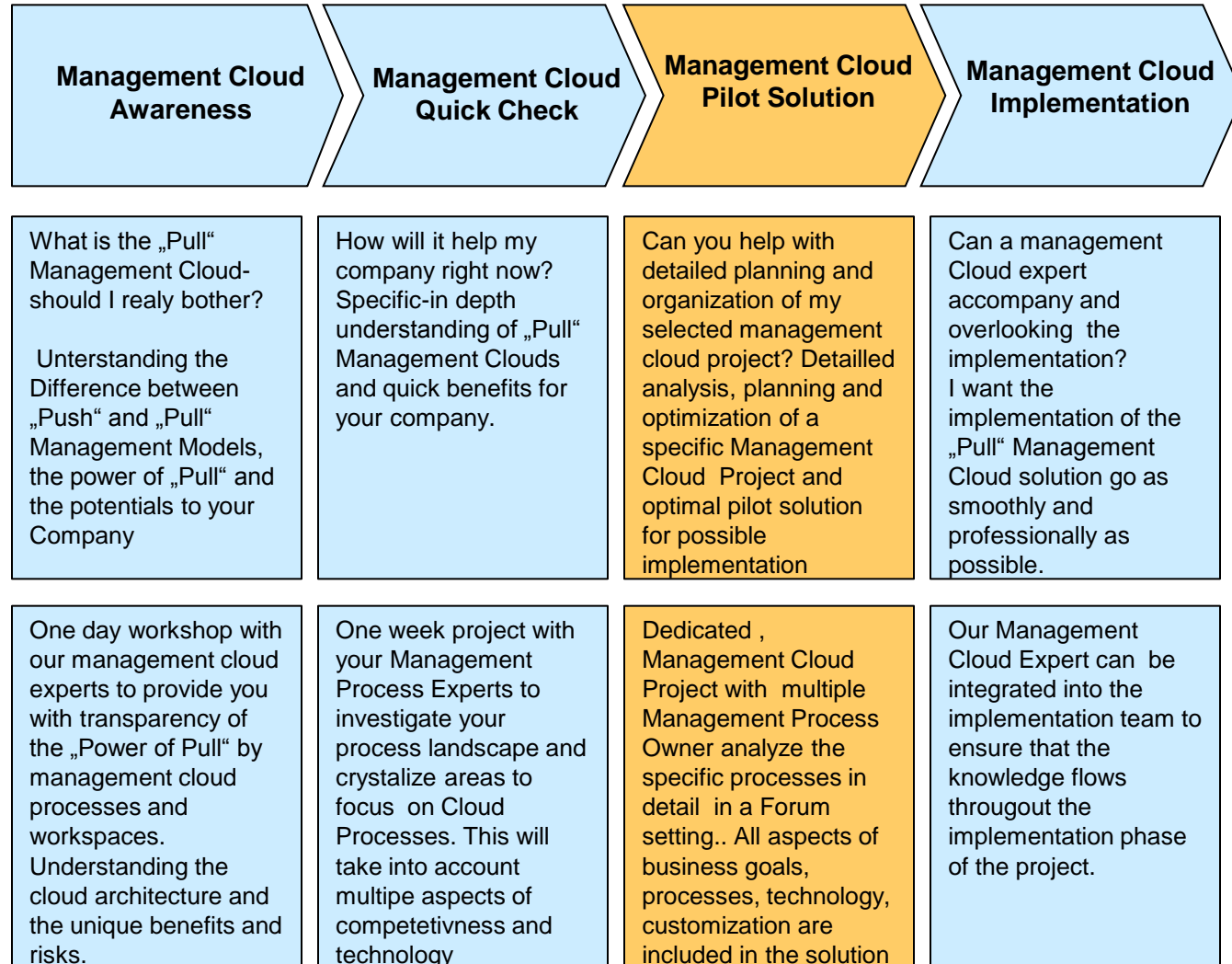


New Deployment Models

- Speed to market
- Elastic infrastructure
- Expanding social networking

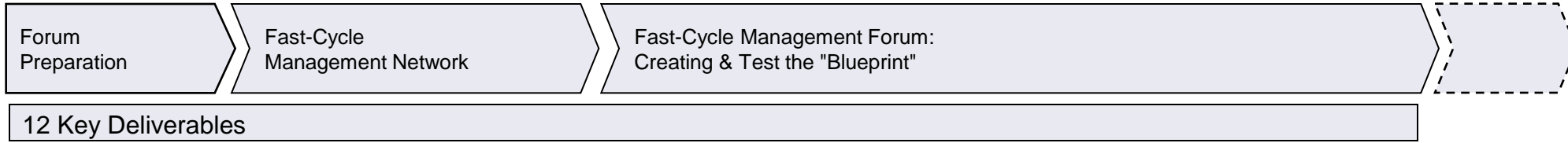
Management Cloud Service Integration: Connecting Management Processes & Workplace Design with Cloud Computing Deployment

Management Cloud Consulting : How to assess and adopt “pull” management cloud implementation for your business

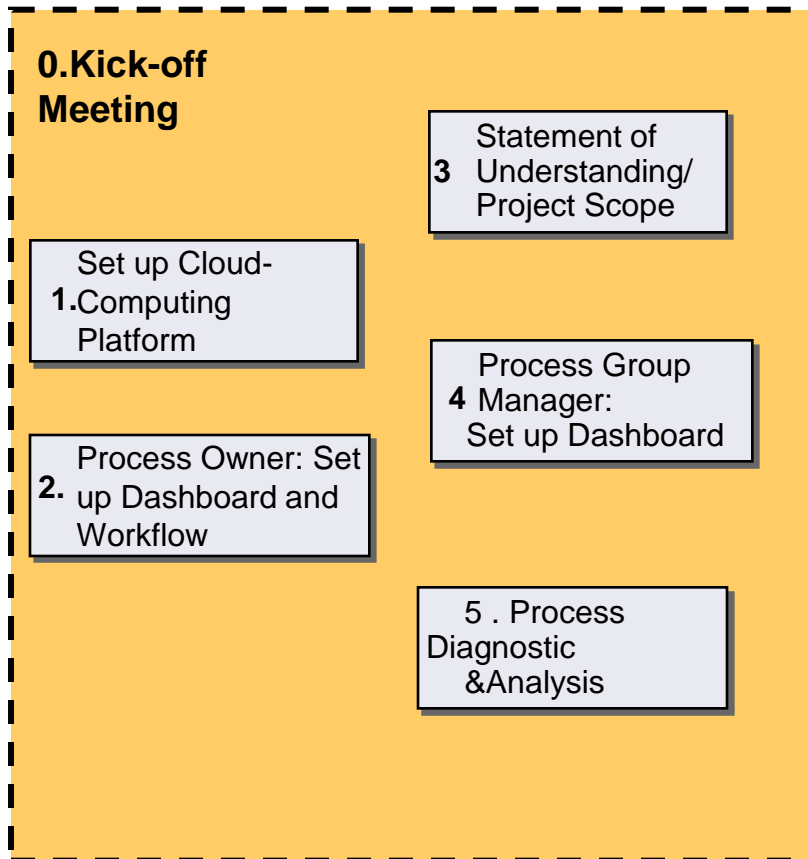




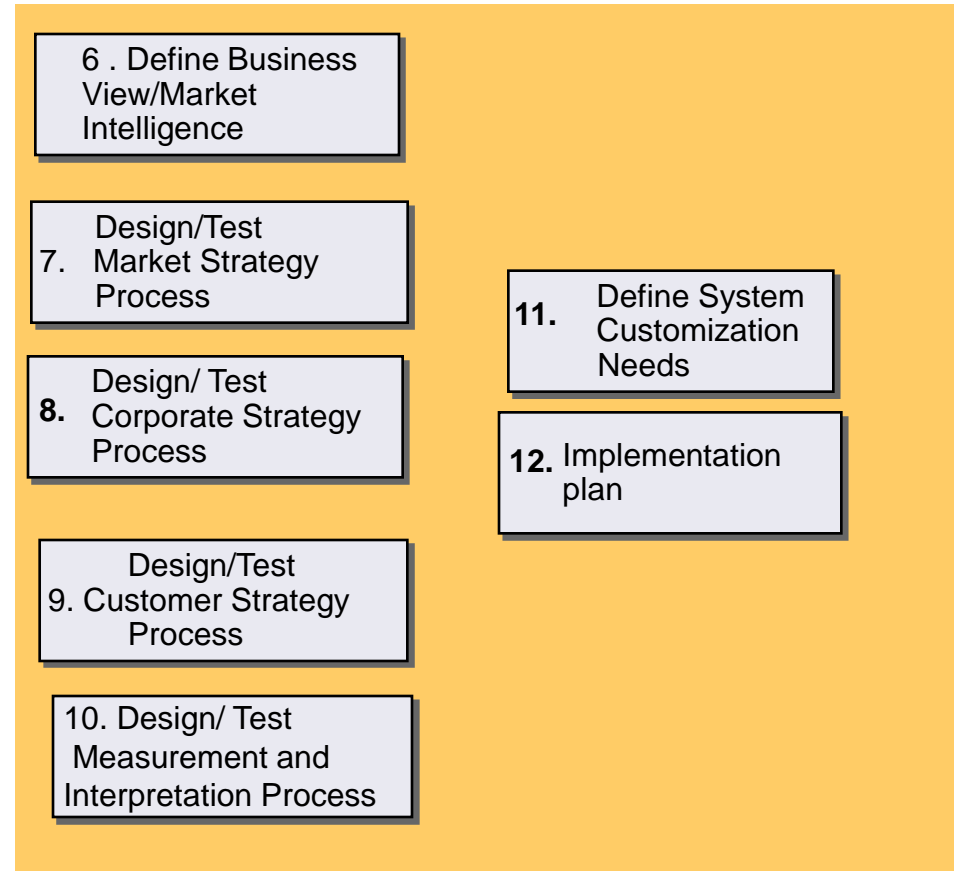
Management Cloud Pilot Program: Leverage Peer-to Peer Groups with 12 Deliverables



Forum Launch Pad



Forum Process Groups Topics



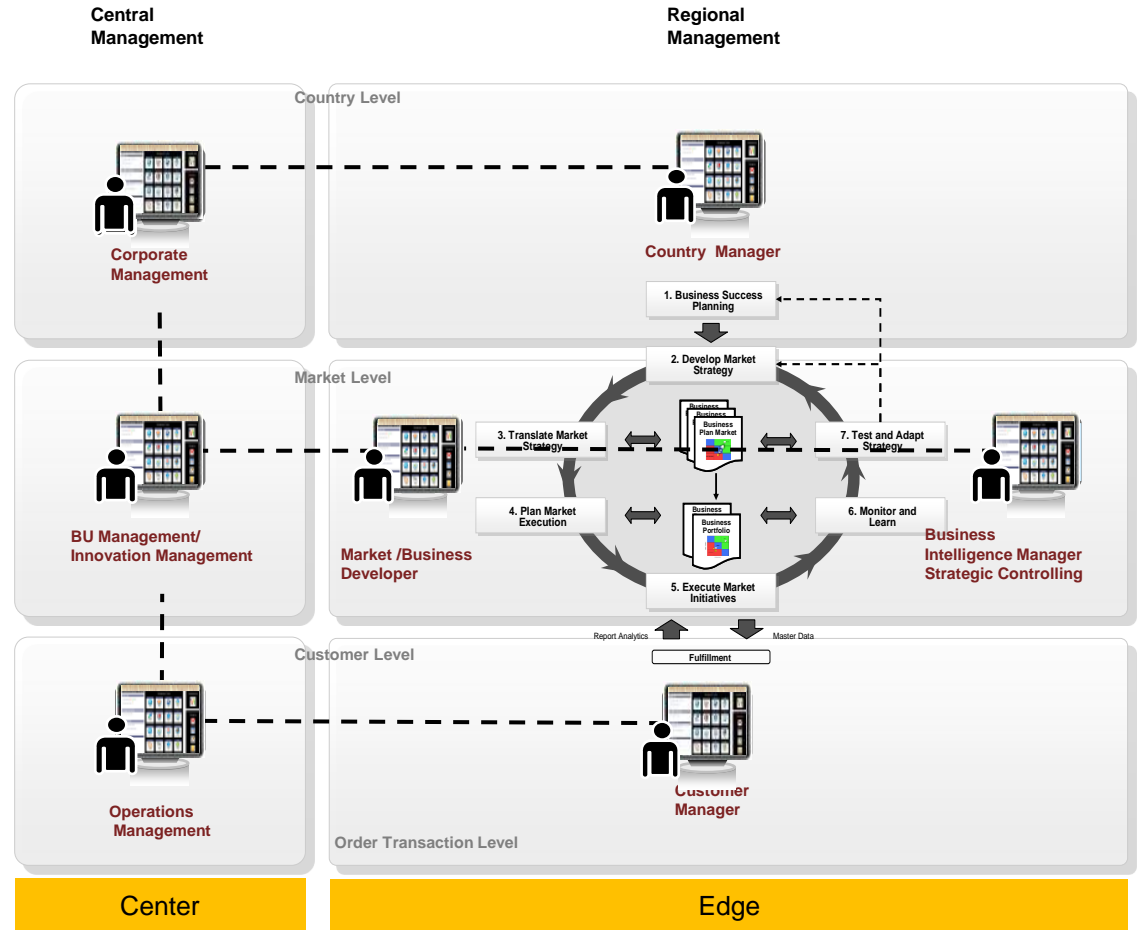


Case Example: Enabling Global Fast-Cycle Strategy with more efficient/flatter structure

Client Example

Enabling Global Strategy and Organization in cross-border business

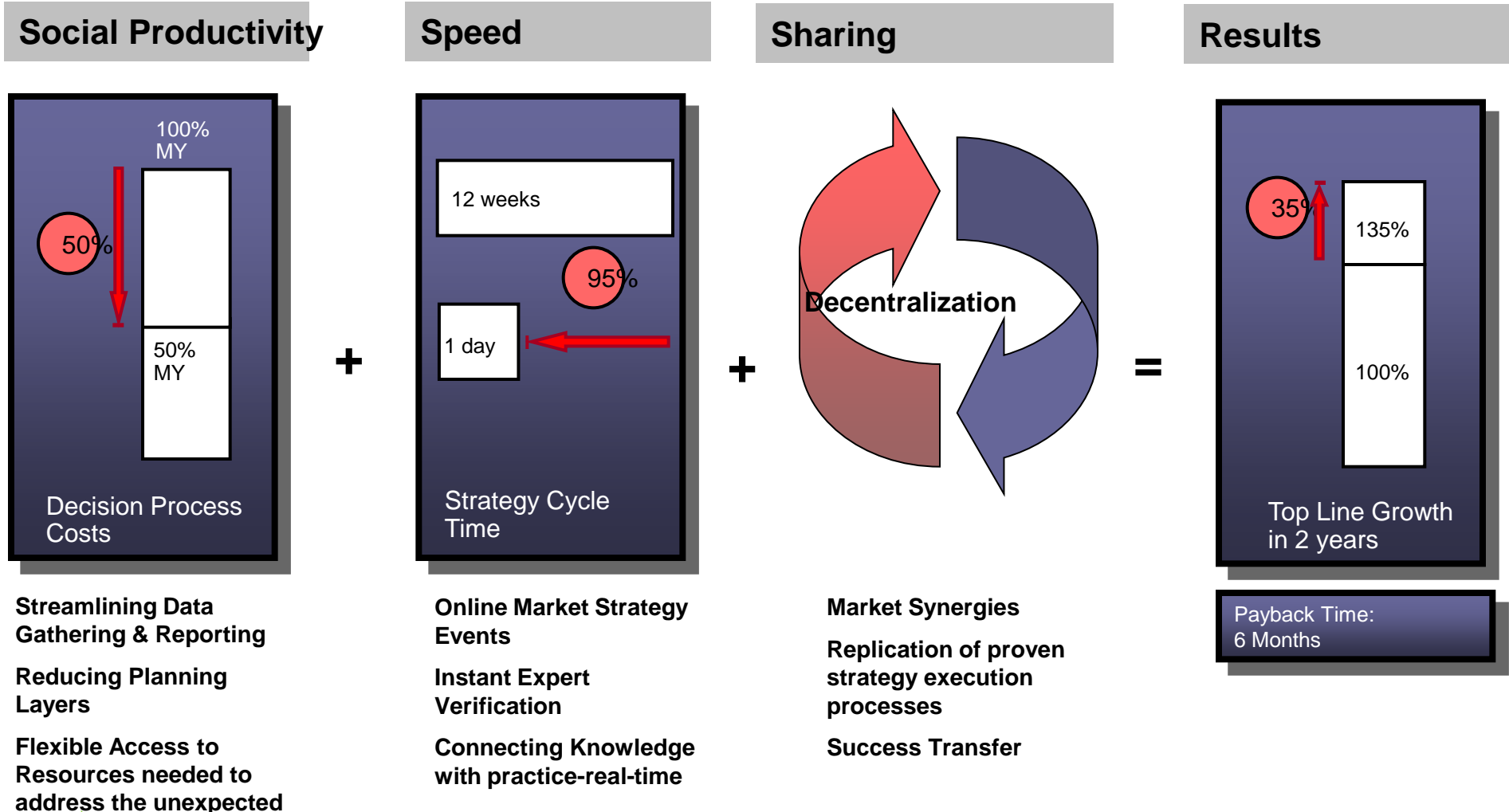
More efficient and flatter structure/hierarchy and a highly variable management and consulting expertise





Client Example

Benefits from Cloud Computing: Achieved Results



➔ **Cloud Computing enables consulting and client management to become more productive**

Fast, simple, reliable

Networked sales information system for INA and FAG Industrial



The introduction of SIS in Schaeffler Group Industrial was the responsibility of: Frank Krüger (3rd from left), David Lorinovich (centre) and Jörg Holler (2nd from right).

Herzogenaurach. In these days of ever more quickly growing markets, it is important to know the markets, competitors and requirements of customers worldwide. In order to fulfil these requirements, software called SIS (Sales Information System) has been in use since the start of the year.

SIS has been used until now by employees of Schaeffler Group Industrial in Western Europe, South America and North America.

The program is currently being introduced in Asia. "The advantages of this software are clear to see" says Klaus Geissdörfer, Head of International Sales. "SIS is used to record and manage all projects, results of market research, customer projects and in future also customer visit reports worldwide". Each employee can access and

thus work with the data in his area of responsibility. A rapid and networked exchange of information is especially important in Asia since this is the growth region with the greatest dynamic.

The program is based on the data that are recorded from market research, external sources – such as the Federal Offices for Statistics – and external sales employees. "Through the compilation and evaluation of this data, it is possible to identify and address so far unused opportunities for sales on a systematic basis", explains Klaus Geissdörfer. Following analysis of the data, strategies and product campaigns are then developed.

Cloud Computing Impact: New Business Value through Growth and Transformation



Leveraged Growth



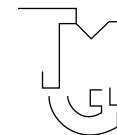
Growing

“Pull” Management & Business Models



Transforming

Appendix: Forces of Change of the “Big Shift” from Push to Pull

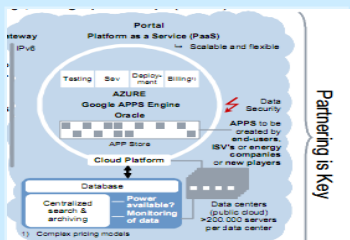


Strategicfrontend.com Management Cloud : Key Link of connecting Cloud Computing to Profitability Impact

Technology Foundation

Cloud Computing

Service & Software for scalable Pull Platforms



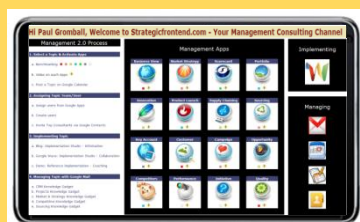
Forces of Change:

- Computing
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Social Productivity

Manager Workplace

Modular Design & Security of flexible Knowledge Access/Creation



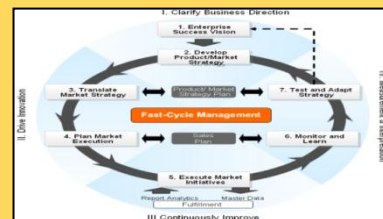
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Knowledge Flow

Management Process

Fast-Cycle Management of Knowledge Flow



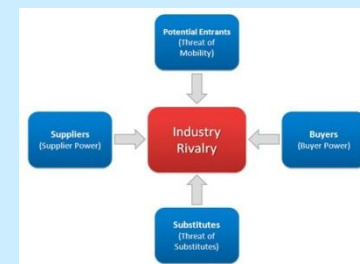
Forces of Change:

- Inter Firm knowledge Flow
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Profitability Impact

Market Value Creation

Closing the Asset Profitability Gap



Forces of Change:

- Competitive Intensity
- Stock Price Volatility
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- Shareholder Value Gap
- Consumer power
- Brand Disloyalty
- Economic Freedom

Realized Cloud Computing Performance Potential

Time

Technology Foundation : The fast moving evolution of a new technology infrastructure (cloud computing) is reducing barriers of entry and movement



Forces of Change

- **Computing**: As Computing Cost drop, the pace of innovation accelerates
- **Digital Storage**: Plummeting storage cost create new cloud services including filtering
- **Bandwidth**: As bandwidth cost drop, the world becomes more connected and flatter
- **Cloud Users**: Accelerating cloud adaptation makes digital technology services more accessible increasing pressure as well as creating opportunities.
- **Wireless subscription**: Wireless advances create continual connectivity for knowledge exchanges



Social Productivity: A free selection of management services (apps) by every manager enables self-sufficient operations and greater business impact through unlocking the initiative, creativity and passion of key people

Forces of Change

- **Internet Activity:** The rapid growth of internet activity reflects both broader availability and richer opportunities for connection with a growing range of people and resources (Apps services)
- **Wireless Activity:** More diverse communication options are increasing wireless usage and significantly increase the scalability of connections
- **Social Media Activity:** The recent burst of social media activity has enabled richer and more scalable ways to connect with people and building sustaining relationship which enables knowledge flows
- **Worker Passion:** Workers who are passionate about their jobs are more likely to participate in knowledge flows and create value for companies.

Knowledge Flows : Sources of economic value moving from “stocks” of knowledge to flow of new knowledge



Forces of Change

- **Inter-firm Knowledge flows:** Individuals finding new ways to reach beyond the four walls of their organization to participate in diverse knowledge flows
- **Decision Cycle Time:** Fast-cycle management is at the core of organizational agility, for which Apps help to speed up the frequency of knowledge flow, communication, collaboration and coordination as a team/organization
- **Executive Turnover:** As performance pressure rise, executive turnover is increasing
- **Returns to Talent:** As contribution from creative classes become more valuable , talented workers get higher compensation and market power
- **Labor Productivity** : Advances in technology and business innovation coupled with hyper competition have both enabled and forced increase in labor

Profitability Impact : Forces of Change require a fundamental redesign of management principles to improve business performance -example



Forces of Change

- **Competitive Intensity:** Competitive Intensity is increasing as barriers to entry and movement erode under the influence of the digital (cloud) infrastructure and public policy
- **Stock Price Volatility:** A long-time surge in competitive Intensity, amplified by macro-economic forces and public policy initiatives, has led to greater volatility and market uncertainty
- **Asset Profitability:** Cost savings and the value of modest productivity improvements tends to get competed away and captured by customers and talent
- **Firm Topple Rate:** The rate to which big companies loose their leadership position is increasing
- **Shareholder Value Gap:** Market “loser's” destroying more value than before- a trend playing out over decades
- **Consumer power:** Consumers posses much more power, based on the availability of much more information and choice
- **Brand Disloyalty:** Consumers becoming less loyal to brands
- **Economic Freedom:** Increased economic freedom further intensifies competition but also enhances the ability to compete and collaborate