

Network Orchestration

Creating value through collaboration



In this White Paper:

- The evolution of collaboration
- The rules of the new game

A challenging environment

To thrive in the current environment, CEO's around the world are dealing with the question of how to address the challenges at hand, including:

1. Reduced distances

Technological progress has resulted in suppliers all over the world supplying on just-in-time schedules, making resilience a key concern.

2. Transparent and powerful IT

IT systems allow us to easier share information than ever before, including Cloud computing, SaaS developments and social media, but how to best harness this power remains unclear

3. Limited resources

Expanding world population and increasing wealth keeps the pressure on finite resources such as food, water, clean air and raw materials.

4. Increased speed of change

The speed of change is tremendous and the winners of today may find it hard to compete in the near future

5. Increased specialism

The marketplace requires organisations to perform at the best levels in every step of the value chain. Companies therefore focus on their core competencies, at the risk of missing integrative opportunities

The above mentioned challenges are getting too hard for organisations to handle on their own. Companies increasingly turn to collaboration in business networks to not only address these challenges, but also to turn the challenges into opportunities.

New ways of collaboration

Collaboration is a proven method to tackle challenges that are bigger than one can handle alone. What has changed over time is the reason for collaboration and subsequently the way we collaborate.

In our practice, we see organisations moving away from views that best can be describe as '*Control Relationships*' towards a view characterized as '*Orchestrated Networks*'. In the former, the supplier-customer relationship is the norm, short term individual gain is important and the world is dealt with in 1:1 relationships. In the latter, organisations work together in equal partner relations, gain sharing is important and the world is seen as a many-to-many network. In this view, benefits to the wider business network are pursued rather than benefits to a single organisation.

We have termed the new environment an '*Orchestrated Network*' environment and its players Network Orchestrators.

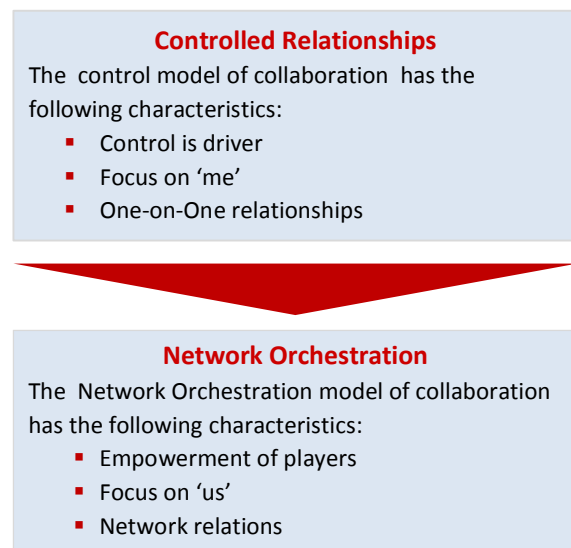


Figure 1: From control to orchestration.

The rules of the new game

In this new environment, we expect new rules to apply and new success factors for the organisations that thrive in the *Orchestrated Network* environment. But what are these new rules, and what are the success factors?

RSM Erasmus University together with BearingPoint conducted a survey to understand the drivers behind Network Orchestration.

Findings from the research show that Network Orchestration matters for business performance as well as agility. Companies that are better Network Orchestrators, have a better business performance and are more agile than their peers.

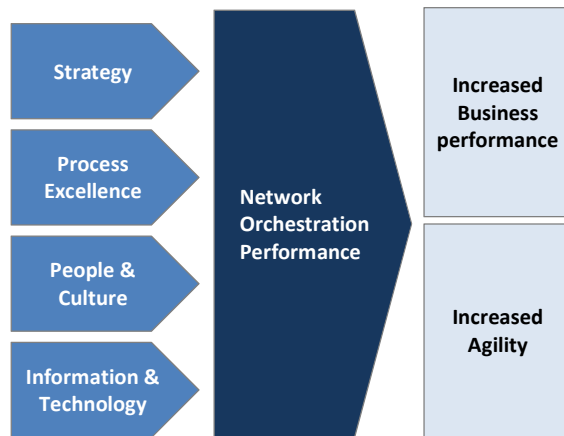


Figure 2: Drivers and outcomes of network orchestration.

The survey results indicate that four main themes drive how well an organisation is able to orchestrate. Figure 3 presents the highlights per theme.

Furthermore, in successful Orchestrated Networks two roles are important, the *coordinator* role (setting the standards and keeping the other players 'on their toes') and the *collaborator* role (focuses on sharing of information).

The survey results support the view that Network Orchestration is an important concept for collaboration in the future. Caroz and BAM-UTS are examples of forward-looking companies that put this into practice (see brief write-up on back cover). BearingPoint is convinced that collaboration and creative ways of working together will be used to address the challenges at hand. Organizations that use Network Orchestration concepts to tackle these challenges will be the shapers of the future.

Strategy	<ul style="list-style-type: none"> A well-articulated Network Philosophy 'Partner unless' instead of 'in-house unless' A clear position within the network All about cooperation and win-win, competition is not the name of the game
Process Excellence	<ul style="list-style-type: none"> Drive for process excellence Modular process design Internal Process Excellence (OpEx) can only be realized if the partners are included Quick Connect capabilities
People & Culture	<ul style="list-style-type: none"> Network Mindset One-on-One relationships moved towards N:N relationships, share relations, open up Invest in the network; not only the 'current partners' are important, the future partners as well
Information & Technology	<ul style="list-style-type: none"> High information visibility and open information sharing between network partners IT standards to facilitate quick connect Cloud and SaaS technologies are enablers used to support collaboration

Figure 3: Drivers of network orchestration per theme.

BearingPoint supports its clients in addressing the indicated challenges and being successful in the new game; using comprehensive assessment tools and structured road maps for Network Orchestrators.



CAROZ is a neutral, non-asset-based, Network Orchestrator. The mission of CAROZ is to set the new standard in logistics by improving the traditional logistics world in an innovative and sustainable manner.

According to CAROZ, modern companies have increasingly exploited logistics optimization possibilities throughout their own supply chain. However, collaborations beyond the boundaries of individual supply chains entail interesting opportunities for further improvement..

The benefits obtained through a transparent collaboration between CAROZ and its network are proportionally distributed over the participants.



BAM is one of the largest building and contracting organization in The Netherlands. Whilst UTS is a large removal firm.

These two companies developed the Smart Building Logistics concept. A collaboration in which UTS applies the removal concepts on building sites. Taking care of the logistics and making sure all building materials are pre-checked and made available on a just-in-time schedule. At the same time UTS removes all waste from the 'work floor' and is responsible for all recycling activities.

This structure allows the BAM workforce to really focus on their core activities, resulting in faster renovation and less delays

Helping our clients get sustainable, measurable results

BearingPoint is a leading European management and technology consulting company serving commercial, financial and public services clients. Our more than 3,250 passionate, experienced consultants help organizations solve their most pressing challenges, day in and day out.

Through our collaborative and flexible approach, we help our clients get practical, sustainable, measurable results, make the right strategic decisions and implement the right solutions.

We are BearingPoint, management and technology consultants. To learn more, contact us at +31 20 504 9000, or visit our website at www.bearingpoint.nl.

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