



Leveling the Playing Field: Competing and surviving in a flat world

Introduction

Globalization: to some it is a threatening word that inspires thoughts of outsourcing and job loss; to others it brings the promise of increased revenues and the chance to recruit talented resources. Either way you look at it one thing is clear: globalization is not a passing trend. As Kofi Annan put it, “It has been said that arguing against globalization is like arguing against the laws of gravity”. This couldn’t be truer than it is today when more people than ever have access to global technologies like computers, cell phones and most importantly, the internet. It is no longer something that only the most advanced companies and countries can experience through the purchasing of expensive technologies – it is at the fingertips of the world’s population. The facts are staggering: more than two billion people now use cell phones, nine trillion emails are sent in one years time, and over one billion Google searches are conducted everyday (more than half in languages other than English).¹

The fact is that in today’s world globalization touches every aspect of our lives. It is so prevalent that we are now questioning a basic scientific principal: is the world round or flat? The resounding answer is “flat” and this new, flat world is changing the way everyone has to do business.

New world, new demands

As the world changes and centers of economic activity shift to new locations, the demands on all businesses continue to rise. These economic shifts are not small in any sense of the word: today, Asia (excluding Japan) accounts for 13 percent of the world GDP while Western Europe accounts for more than 30 percent.¹ With this shift of development from the United States and other Group of Eight (G8) nations, businesses are facing new challenges and demands, but also many new opportunities.

The rise of China and India has forced companies to move in to the global arena, be it through outsourcing or competition, whether they are ready for it or not. Companies are being pressured to bring more competitive products to market more quickly and at reduced costs and it will take new technologies and international collaboration to achieve these goals.

A flat world

These new, developing economies and the high availability of information has created what many people refer to as a “flat world” – a world where anyone, anywhere can perform a job for a company sitting halfway around the globe. This new-found ability has forced manufacturers to take another look at

where they are producing their products, who is designing them, and what is happening along every step of the product lifecycle. In order to stay competitive the manufacturing industry is looking to find low-cost providers not only in production but also in labor and talent. The low-cost providers are often those that have an abundance of resources – both natural and human, which many of these developing nations have. To put this in perspective there are 33 million university-educated, young professionals in developing countries, more than double the number in developed nations.¹ While this access to such a diverse and rich human resource pool has its benefits, it also brings new problems to light. The constraints of time and space are putting pressure on manufacturers and forcing them to find ways to more effectively communicate and collaborate.

The flattening of the world...could usher in an amazing era of prosperity, innovation and collaboration, by companies, communities, and individuals.

***-
Thomas L. Friedman, The World is Flat***

Surviving in a flat world

Survival in the flat world depends on being able to mitigate the constraints of time and space on your extended enterprise. If you can effectively diminish these limitations you will be able to better communicate and collaborate with your supply chain which will result in improved efficiencies and decreased times to market. With teams

spread across geographic locations, company boundaries and disparate systems this task of integration seems like a daunting one to many companies, but there is an easy answer made possible by the same thing that flattened the world in the first place: the World Wide Web. Web-based tools, software and hardware hosted by a third party, provide a way for all constituents of the extended enterprise to access any pertinent information when they need it, where they need it. “In the Business Web, as it is being called, you can access tools on the Web, use them from the Web, and store all your business data on the Web, rather than on your own computers”.² This internet services revolution gives all those that subscribe the benefit of “access from anywhere” solutions, allowing them to benefit from a global operation: a 24/7/365 work schedule.

By using web-based tools for your enterprise you allow your design team in Detroit, Michigan to work on a car design and at the end of the day they post it to the chosen solution site. As Detroit closes down for the day, your team in Bangalore, India pulls the design down from the tool and works with it, comments on the design, and the cycle continues.

Enabling your global teams to work together on the same project you have eliminated the constraints of time and space and will experience an increase in efficiencies because of it. But along with the value of accessing a solution anytime and anywhere is another benefit of hosted solutions, such as web-based solutions: hosted solutions give you access to information with minimal capital investment.

Hosted solutions: what do they mean to you? Hosted means a third party has invested in the hardware, the software, and the human resources so that the consumers of the service do not have to purchase them.

The whole reason an organization invests in a hardware / software solution is to get to usable, actionable information. According to the Value Stack, the hardware, software, and human resources that go along with that solution are all a cost of getting to that actionable information.



The Value Stack
Courtesy of Pathworks, Inc.

In contrast a hosted, web-based solution lets a company skip the resource-intensive lower rungs of the Value Stack and gets you straight to the information.

Hosted, web-based solutions are going to be a key strategy in the battle to survive in the flat world. Without these web-based solutions the cost of implementing effective global communication and collaboration solutions would be exorbitant, not to

mention the time lost during the implementation and “ramp-up” period.

Leveling the playing field

Globalization doesn't just effect large companies, it effects companies of every size. Because you don't have an office in a different region or a different country doesn't mean you won't be working with a project or program constituent located in another country. Unfortunately, small-to-mid sized companies often feel they can't compete in the global economy because they don't have the financial or human resources to implement the necessary tools to help them participate in this global movement and win contracts abroad. All of this is changing with the web-based software revolution.

Through web-based solutions companies that normally would not have been able to afford many software and hardware solutions can now take advantage of tools that large, multi-national organizations have been using for years to reduce costs and improve efficiencies. It is this revolution that is giving scale to companies, allowing them to work and act as larger corporations would. “Mom and pop” shops can now take advantage of the same tools that large tier suppliers have implemented and use them to work with other manufacturers in China and India to produce competitive products for the market at greater speeds. And because of the nature of web-based solutions, it allows the subscribing party to focus on what is important to them, turning a profit and growing their business, as opposed to spending the time and resources on maintaining complex IT systems.

But does it work?

Buzz words have come and gone and along with solutions that are supposed to help you manage every aspect of your business, from product design to delivery. Though as many companies have experienced, these solutions are often difficult to stand-up and bringing people on board is equally difficult. Months, and sometimes years, go by before a company can begin using some large implementations of software costing the company thousands in lost productivity. Hosted, web-based solutions allow you to by-pass the implementation period and start working almost immediately. Thousands of companies are already benefiting from hosted solutions today.

Hybrid Development Project

Three competing, global OEMs needed to work together on a development project for hybrid cars. Over 1,000 project members would be spread over 11 global locations and they needed a common system where they could store and collaborate on all project-relevant information. This solution needed to be accessible by everyone regardless of time zone, company location and operating system. In the beginning two of the OEMs wanted to use their internal systems, but it was quickly decided that letting the other project partners behind their firewall where intellectual property other than hybrid project information was being stored was not ideal. A neutral, federated space was needed for all partners to access.

After evaluating traditional hardware and software solutions the project constituents decided that a hosted solution would be the most beneficial

due to the globally dispersed nature of the project teams. The Hybrid Team decided on Autoweb's Workwise^{CX} as their tool of choice for the entire project. Autoweb's Workwise^{CX} is a hosted, web-based work area that enables teamwork in a federated space regardless of location. Based on UGS' Teamcenter Community™, Workwise^{CX} offers a virtual room for collaboration in a secure, traceable environment.

Workwise^{CX} was chosen because it enabled broad program management using a single tool for critical project functions such as calendaring, workspace and document management, and conferencing capabilities. Autoweb's tool also met the three company's stringent data security requirements.

While the project has just recently been kicked-off, more than half of the project members have been trained on the system and are using it. The project partners expect a large reduction in program travel costs and anticipate at least a 15 percent reduction in overall product development time.



Korean OEM Software Implementation

A major Korean OEM had purchased a large software solution from a U.S. provider to integrate their supply chain. The two companies were 15,000 miles and 13 hours apart. In order to decrease implementation timelines for this software solution, the OEM subscribed to Autoweb's Workwise^{CX} as

a place to store, share and collaborate on project-critical information. Why did the Korean OEM choose Workwise^{CX}? In addition to the Korean language support, it was web-based which reduced the effects of time and space created by the different locations, and it also reduced the amount of redundant work that is often done in large project roll-outs. Workwise^{CX} also has application sharing capabilities that would allow the software company to conduct remote training sessions.

Through the use Autoweb's hosted, web-based solution the software implementation project was completed 60 percent ahead of schedule and 100 percent of internal software users were trained and on-board before they shut-down their legacy system. In addition, the companies eliminated three trans-Pacific trips for a hard cost savings of over \$30,000; this does not include the soft costs associated with time spent out of the office.

Autoweb's "access from anywhere" model

Autoweb is a provider of hosted, web-based data management and exchange tools that reduce engineering and production costs, shorten product development cycles, increase intellectual property security and create operational efficiencies. Autoweb's delivery model, the "access from anywhere" model, helps diminish the effects of time and space on the extended enterprise, allowing companies to take advantage of and work effectively in the global economy. Additionally, the hosted nature of our products mean that there are shorter implementation cycles and our customers are up and running quicker

than those companies that purchase traditional software solutions.

Some of the hosted services available from Autoweb include:

Workwise^{CX}: A virtual work area that enables teamwork in a federated space, regardless of location. It allows users to create virtual rooms with specific business functions. Based on UGS' Teamcenter CommunityTM, Workwise^{CX} is a hosted, utility solution that is available on a project-by-project basis. It offers a virtual space for collaboration in a secure, traceable environment.

Autoweb Intellectual Property Exchange: A highly secure, on-demand data exchange solution that supports the user's engineering processes with the ability to move large engineering files quickly and securely among and between supply chains.

DataVault: A hosted content management solution that provides data management capabilities with a minimal up-front, capital investment. Through functions like version control, status tracking, and file-level security, DataVault brings the values gained from large content management software deployments to the small-to-mid sized market.

Through the "access from anywhere" business model Autoweb has been able to help thousands of companies achieve scale and economic gains through avoiding the cost and capital investment of hardware, software, and human resources that go along with traditional software models.

About Autoweb

Autoweb is a leading global provider of engineering data management and exchange services. With over 20,000 users from more than 3,000 companies in 45 countries, Autoweb connects the global manufacturing community. Thousands of companies trust Autoweb with their most sensitive intellectual property including:

- BAE Systems
- Daewoo
- DaimlerChrysler
- Delphi
- Faurecia
- Ford
- General Motors
- Honda
- Honeywell Aerospace
- Mercedes-Benz
- Mitsubishi
- Nissan
- Pratt & Whitney

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Bibliography

1. *Ten trends to watch in 2006*; The McKinsey Quarterly; Ian Davis and Elizabeth Stephenson; January 2006
2. *The World is Flat*; Thomas L. Friedman; Farrar, Straus, and Giroux; 2004