



# Enterprise Global Positioning

— Adexa, Inc.

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► Hurwitz Report



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## iii Executive Summary

In order to remain competitive companies need solutions that support their need to make rapid business decisions; Adexa's corporate GPS system is such a solution.

### 1 Finding the Way to Achieve Corporate Objectives Requires Precise Information

The corporate reality today is that it's nearly impossible to identify key issues amid all the noise. Existing systems either address only part of the problem, or they rely on historical data and can't plan for the future.

### 2 Companies Need a Corporate Global Positioning System to Show Them the Way

Companies definitely feel the need for information systems to provide guidance in meeting their strategic objectives.

### 2 Adexa Is the First Company to Offer a Corporate GPS

Adexa's Corporate GPS system provides the best combination of high-level Corporate Planning, Analytics, Supply Chain Planning, Collaboration, and Supply Chain Event Management to help steer companies to their goals.

### 6 The Hurwitz Take

Hurwitz Group believes that Adexa should be considered not only by companies currently in the market for an SCM application, but also by any company that needs to identify where it is, where it needs to be, and that understands that the right IT solutions can help it reach its goals.

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## EXECUTIVE SUMMARY

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It is no longer enough to have stand-alone applications for supply chain management, supply chain planning, and supply chain event management. These applications are too critical to a company's survival to operate in a vacuum. Yet many companies have invested in a best-of-breed approach, or have legacy applications in place that don't include the latest functionality or technology. Even more important, most of these applications focus on where the company has been, because they rely on historical data, and tell the user little or nothing about the current situation. And they are rarely capable of presenting a plan for moving forward.

In today's difficult economic climate, companies are under the gun to grow or at least sustain market share, at the same time demonstrating a greater return on assets. While reduced resources have negatively impacted both strategic and operational visibility, rising customer expectations and increasing dependence on outsourcing and suppliers necessitates robust collaboration abilities. Performance is measured by results, but measurement is difficult or impossible when underlying business systems are not integrated. The process frequently disintegrates into squabbles over which system has the "correct" data, or even worse, the data cannot be accessed to provide metrics. And with the ever-increasing pace of business, companies need to react immediately to changes in their supply chain. They need immediate, actionable recommendations for problem resolution, not a stack of reports or meaningless alerts.

Many systems in place today can't meet these needs. They provide historical information, but without predictions for the future. They

present event messages, but make no recommendations for problem resolution. They're like a snapshot or a mirror, reflecting old or stagnant information. What companies actually need to succeed today is definitely not a mirror reflecting the past, or a static data warehouse that can't offer a plan for the future. What companies need is a business Global Positioning System, or GPS, that shows not only where a company has been, but also where it is, and where it's going. A business GPS can help a business to plan the best route to reach its goals, just as a geographical GPS system helps plan a route to a destination.

Too many systems today ignore this need, and continue to offer information that isn't organized for action-ability. In an attempt to overcome the paucity of available, actionable guidance, many companies attempted to solve their business problems by implementing and interfacing a series of "best-of-breed" applications. This approach led to increasing silos of information that didn't really address the problems. So how can companies resolve their increasing needs for useable information? The answer is not in huge monolithic ERP systems that purport to be all things to all people. Nor is it in integrating a series of best-of-breed applications, with the resulting "silos of information" this approach is notorious for. The solution is an application from a vendor that understands and addresses the need for both historical and forward-looking information. Companies need a solution that supports their need to make rapid business decisions in order to remain competitive. A solution that understands that the supply chain is really a circle, encompassing the company, its customers, and its suppliers is key. Until recently, these applications didn't exist. Today, there is one company that provides a corporate GPS system, and that company is Adexa.

## Finding the Way to Achieve Corporate Objectives Requires Precise Information

The corporate reality today is that it's nearly impossible to identify key issues amid all the noise. And while it's more critical than ever to benchmark against the competition to retain market share, most operational business systems lack sophisticated modeling capabilities. Existing systems either address only part of the problem, or they rely on historical data and can't plan for the future. The truth is, most SCM (supply chain management), APS (advanced planning management), and ERP (enterprise resource planning) systems ignore business intelligence. At best, they include a few hard-wired performance metrics that function off historical data. No tools exist to help companies identify problems that interfere with reaching strategic objectives.

Some stand-alone business intelligence applications have the sophisticated modeling technology to assist a company in identifying barriers to its goals, but offer no guidance in what to measure or how to measure it. The assumption is that a sophisticated data warehouse exists to support the company's modeling efforts. But even if the data warehouse exists, it contains historical information, not current status. And even when the BI tool provides KPIs (key performance indicators), relying on historical rather than current data means there is little or no guidance provided in the meaning or the appropriate action to take to effect improvement.

SCM systems, which actually came in to being in an attempt to improve the business processes by shedding light on unfolding issues, have also missed the mark. Even after the lengthy and expensive deployments common to many SCM applications, the results don't measure up to expectations. Even though many SCM systems include sophisticated event management functionality, the lack of integration with a company's transactional ERP system, coupled with the lack of integrated predictive analytics has left many such messages un-actionable. And despite all the hype around "collaborative commerce" and the "collaborative value chain," many SCM systems still present web-based EDI and call it collaboration.

ERP systems provide a place to process real-time transactions, which would seem to make them the ideal solution for providing up-to-the-minute information about the company's current state. Unfortunately, ERP systems also typically lack the sophisticated BI tools and supporting data structures to provide the real-time guidance companies need. Despite recent inclusions of "workflow" functionality, most ERP systems still rely on lengthy reports to present information to users. Reports, even so-called "exception" reports, hide problems and patterns in a sea of irrelevant detail. Reports don't recommend the best course of action to resolve a problem and stay on-track to meet corporate goals. Like a hiker trying to use a compass while

standing next to a large metal object, they fail to point out the right path, and leave end-users stranded in a literal sea of data.

## Companies Need a Corporate Global Positioning System to Show Them the Way

Obviously, business intelligence applications have an important place in a company's IT arsenal. It takes a combination of high-level corporate planning, business analytics, supply chain planning, collaboration, supply chain event management, and ERP to effectively guide a company in today's fast moving economy. Most companies have at least some of these applications in place today. They continue to flounder because of the lack of integration in the disparate applications.

Companies usually can't afford to throw out their investment in these existing systems, and often don't want to undertake a "big bang" implementation to replace existing systems anyway, due to the risk and disruption inherent in the changes. But they definitely feel the need for information systems to provide guidance in meeting their strategic objectives.

What's needed is an application with all the pieces to fill in the gaps, but that can be easily integrated with systems already in place. It should be capable of being implemented modularly, as a company is ready to undertake each phase of the project. It should rely on both historical and current information. Most importantly, it should not only report on the current situation, but also offer a plan to get back on track to reach the company goals.

## Adexa Is the First Company to Offer a Corporate GPS

One company that provides a solution with all these characteristics is Adexa. Adexa's Corporate GPS system provides the best combination of high-level corporate planning, analytics, supply chain planning, collaboration, and supply chain event management to help steer companies to their goals.

Adexa is committed to its customers' success. This commitment shows in the carefully orchestrated combination of project planning, products, and services that Adexa brings to the table for each client engagement.

The Adexa GPS consists of five major modules (see Figure 1), each supporting a specific area of the company's business needs. These areas are:



**Figure 1. The five major phases of Adexa’s corporate GPS system.**

- ▶ **Corporate Planning.** Includes Adexa’s unique “Corporate Planning” process designed to ensure that companies understand and achieve their corporate goals.
- ▶ **Analytics.** Consists of Adexa’s “Business Analytics.” Business Analytics ensures that companies know where they are against their goals at all times, and exactly which metrics are in danger of being missed.
- ▶ **Collaborative Solutions.** Includes collaborative demand planning, collaborative supply planning, order fulfillment, supplier management, and order life-cycle management.
- ▶ **Optimization Solutions.** Includes sales, operations and inventory planning (SOPI), supply chain planning, factory planning, and scheduling.
- ▶ **Event Management.** Includes Adexa’s industry leading “Supply Chain Event Management.”

Corporate Planning assists in the strategic planning process, helping companies articulate and plan for their strategic goals. Collaborative Solutions provides tools to facilitate communication among employees, suppliers, customers, partners, and other stakeholders. Optimization Solutions provides a comprehensive planning process that supports the company’s strategic objectives and instantly notifies responsible individuals when results miss targets. Analytics ensures that a company can measure its results against goals, and identify areas of concern. Supply Chain Event Management provides immediate notification of disruptions in the supply chain.



## Corporate Planning

The process starts with Adexa's Corporate Planning. Corporate Planning includes an upfront identification of the customer's objectives and goals for the project, and results in a detailed process to achieve those objectives. As the project rolls out, Adexa continually reconfirms that the customer is on target to meet its objectives. This includes formal quarterly review sessions, where results are revisited and project refinements put in place where necessary. Along with Adexa's consulting team, members of its Global Support organization, and its Service and Solution partners may participate in the review sessions.

The corporate planning sessions that provide the direction for the company's GPS system are meetings of high-level members of both teams, and are scheduled every two to six months, depending on the customer's goals and needs. In these sessions, potential revenue opportunities are identified and linked directly to the company's business strategies. KPIs that relate to return on invested capital are reviewed and compared to competitors' results. At this time, the overall business objectives are defined, and strategies affecting people, equipment, and inventories are put in place. The clear thinking engendered by this process enables the company to ensure that tactical and operational solutions are put in place that support the overall objectives. After extensive "what-if" analysis, the company has a roadmap for business decisions, including make vs. buy, capacity bottlenecks, material shortages, and supply chain imbalances.

This process alone can be invaluable to a company by helping it to optimize asset utilization, identify and remove business constraints before they can inhibit the company's growth plans, and reduce the risks of business decisions through modeling of potential outcomes. Not only does this provide a clear picture of where the company is today, but also provides a roadmap to reach its future goals.

## Collaborative Solutions

Adexa's Collaborative Solutions provides an up-to-date view of the company's demand and supply plans. These plans can span multiple business units to aid in the negotiation of corporate contracts and to allow suppliers a complete picture of the enterprise's needs. Because the Collaborative Supply Planning interoperates with the Event Management and Analytics solutions, buyers and suppliers have immediate visibility into exceptions such as delays and forecast changes. In addition, the planning model assists in sourcing materials across multiple suppliers using a variety of methods.

The resulting visibility puts the enterprise in a strong position during supplier negotiations. Supplier management is simplified as volume purchase agreements are spread across multiple business units and two-way communication is facilitated. The resulting improvements in

purchase price variances, reduced inventories, smoother production runs due to fewer material shortages, and shorter lead times are critical to meeting the company's financial objectives.

Collaborative Solutions also provides visibility into a company's order and fulfillment systems and removes barriers to internal and external communication by providing consistent, real-time information securely accessible to all stakeholders in the process. This helps to reduce order management costs, shortens overall delivery times, and increases customer satisfaction.

## Optimization Solutions

Optimization Solutions provides a window into the company's ERP and APS systems. Order promising quickly calculates inventory availability and quotes accurate delivery dates based on actual status. It also provides a "capable to promise" or CTP that takes into account not only material status, but also available plant capacity to arrive at a realistic order promise date. Customers can access their order status and delivery information directly; this further reduces costs and delivery lead times while increasing customer satisfaction.

Product life-cycle management, also included in Optimization Solutions, helps improve time-to-market for new products by providing a simple platform for optimizing the design process. By providing a mechanism for gauging customer interest up front, PLM can improve the quality and accuracy of new product forecasts, and helps to reduce obsolescence.

Sales, operations, and inventory planning (SOIP) results in a high-level plan that is revisited every one to three months. This process helps to balance inventory and demand across the supply chain, and provides advance warning of material and capacity constraints that can be exacerbated by short lead times. The result is a maximized order fulfillment rate with fewer lost sales due to stock outs. Sales and production plans are in alignment, which reduces inventories and maximizes revenue and customer satisfaction.

Supply chain planning allows a company to synchronize constraint-based build schedules with sales forecasts, optimizing capacity utilization, and order fulfillment while reducing production and inventory costs. Having a well-defined master production schedule clarifies priorities and enables the company to quickly gauge the effect of changes due to unexpected occurrences.

Factory planning and scheduling generates constraint-based, detailed production schedules that are consistent with the company's overall objectives. Priorities are easily recognized, ensuring that workers complete the most important jobs first. Bottlenecks are clearly visible, in time to take action to minimize disruption and maximize throughput. Production schedules remain on track, helping to ensure the company meets revenue goals and keeping customers satisfied.

## **Analytics**

The next important aspect of Adexa's Corporate GPS is Analytics. This real-time solution monitors a wide range of industry standard operational and financial KPIs and notifies responsible parties when results fall outside expected ranges. Unlike many other system KPIs, however, Adexa's GPS system aggregates information from across the enterprise, performs the necessary calculations, and presents the results in real-time.

## **Event Management**

Adexa's industry leading Event Management system notifies users whenever there is a potential or actual disruption in the supply chain. By allowing the user to drill down on the information, Adexa's GPS helps identify the source of the imbalance so immediate action can be taken to resolve the problem. The immediate access to exception information that directly impacts the company's strategic objectives allows for faster and better decision making. Decisions are made based on the current facts, not past data or vague hunches.

## **Integration with Legacy Systems**

While Adexa and its network of partners can offer solutions to address every phase of the business process, it also realizes that most businesses already have applications in place to address some of these functions. Adexa's GPS has a flexible architecture that allows it to integrate with most existing systems. By integrating with legacy systems, Adexa's GPS can provide the same level of benefit to the enterprise as if all of the applications were part of its own solution, without requiring its customers to throw away their previous investments. This gives the customer the best of all possible worlds — either a complete integrated solution from Adexa and its partners, or a "plug-and-play" with existing applications. Either way, the Adexa GPS provides a precise picture of the enterprise's performance toward its goals.

## **The Hurwitz Take**

Companies no longer need to struggle through long involved integration projects, or suffer with segregated silos of information. A corporate GPS system, such as the one offered by Adexa, can provide a clear identification of a company's current business position and a roadmap for how to achieve its objectives. Because Adexa is currently the only company to recognize the need for the full range of business planning and operational systems to be integrated with business analytics using both current and historical data, it makes sense for companies looking to improve the attainment of strategic objectives to evaluate the Adexa GPS offering. Hurwitz Group believes that Adexa should be considered not only by companies currently in the market for an SCM application, but by any company that needs to identify where they are, where they need to be, and that understands that the right IT solutions could help them reach their goals.



## About Hurwitz Group

Hurwitz Group, an analyst, research, and consulting firm, is a recognized leader in identifying and articulating the business value of technology. Known for its real-world experience, consultative style, and pragmatic approach, Hurwitz Group provides strategic guidance to its clients by delivering analysis, market research, custom content, and consulting services. Clients include Global 2000, software, services, systems, and investment companies.