

eRooms Enable Hewlett-Packard to Team Up with Its Suppliers

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IDC Opinion

How are organizations that are already equipped with traditional groupware using team collaboration?

Hewlett-Packard's Supply Chain Information Systems (SCIS) e-Business group relies on eRoom Technology's software to host custom applications and virtual workspaces that connect the company and its Enterprise Resource Planning (ERP) systems to its external contract manufacturers, suppliers, and resellers for frequent information exchange. This functionality complements the internal information sharing that is facilitated by messaging, groupware, and intranet solutions.

Introduction

Where does team collaboration fit in an environment already equipped with traditional groupware and ERP solutions? The answer is between the large gaps left by these traditional solutions, where the specific needs of teams that span multiple organizations remain unmet.

Hewlett-Packard is a company that recognizes the value of identifying the right tool for each situation. To manage the information and communications needs of its business units, HP relies on an array of solutions, including HP OpenMail, Microsoft Exchange and Outlook, and SAP. To satisfy the team collaboration needs of its workers and outside partners, a group of HP business units are relying on eRoom Technology.

(Please note that when this bulletin was first published, it referred to Instinctive Technology, rather than the current company name eRoom Technology).

The Problem: Crossing the Firewall

SCIS e-Business, an internal HP consulting and systems support services group that was responsible for managing SAP support, began hearing from several HP business units that they needed a better way to communicate with external design partners. Traditional means of communication -- telephone, fax, and email -- were proving to be unreliable and slow. Although existing corporate systems were able to handle most business-to-business supply management, some systems were inadequate for more rapid communications, such as those needed for fine tuning inventories on a weekly basis. The company's SAP solution provided an effective interface for internal users, but it lacked the seamless external communications and access needed to exchange information with external suppliers. HP's large intranet was very useful for internal information exchange, but it could not easily handle the exchange of information through the company firewall.

The Solution: eRooms

After starting to build its own solution and then seeing eRoom Technology's solution, the SCIS e-Business group decided that eRooms could be the simple yet extremely effective solution that it needed for HP's business units.

To address the firewall issue, the SCIS e-Business group decided to contract with Internet service providers (ISPs) to physically host the eRoom software on the ISPs' servers. An HP staff spread across several continents provided 24 x 6 support to ensure that the solution operated reliably. Within a couple of weeks, at a cost of less than \$50,000, a beta version of the hosted eRoom application was available.

Shortly after offering the hosted eRoom solution to internal HP users, the SCIS e-Business group recognized that standard vanilla solutions would not attract users. What was needed were custom applications for eRoom that addressed specific business problems and could demonstrate the practical benefits of eRooms. Working with eRoom Technology, HP took advantage of the eRoom application programming interfaces (APIs) to develop custom applications that could extend the reach of internal solutions, such as SAP, to external partners over the Web.

Custom Applications

One early eRoom application, called Supplier Managed Inventory (SMI-Lite), was designed to provide efficient and secure information exchange between HP and its external partners regardless of size. The application was intended to enable HP business units to eliminate undershipments and overshipments while maintaining low inventory costs. For the first time, HP workers could access inventory and shipment information on their desktops using drag-and-drop graphical views of data on Windows NT servers. Both internal HP users and external partners access the eRoom application to check the demand and supply of parts. HP workers could be automatically notified if the information provided by the supplier did not meet the business parameters set by HP.

Laserjet Imaging Systems (LIS) is one of the HP business units that uses the SMI application. Due to ever-shortening product-development cycles and HP's corporate goal of focusing on core competencies like R&D and design, LIS decided to outsource the manufacturing of its circuit assemblies. Unlike in the past when internal manufacturing processes could rely on engineering and inventory data shared across the company intranet, this change created the need to share this information in a fast and secure manner with contract manufacturers, distribution centers, and resellers located outside of the HP firewall.

The old system required LIS employees around the world to fax or email a weekly spreadsheet that contained that week's plan to partners around the world. The partners would communicate to HP any changes at their end via fax, email, or voicemail. This manual process was too slow and unreliable for effective close-in planning. The result was a time intensive and manual process that suboptimized LIS's global supply chain.

The LIS business unit chose the SMI application to add collaborative capabilities to existing transaction-based systems. It works as follows: The SMI application extracts parts plans entered into SAP by HP and then creates and forwards a spreadsheet to external suppliers. Using a Web browser, suppliers access the spreadsheet in an eRoom and enter their shipment plans. The spreadsheet then automatically checks whether HP's and its suppliers' plans are in synch with each other. If not, suppliers can adjust their plans until the spreadsheet's graph indicates that the inventory line falls within the minimum and maximum levels. After everything checks out, the spreadsheet automatically updates the SAP system.

Whenever LIS or the suppliers make changes, notifications are sent out as needed to team members, who are also notified if a problem such as a low inventory level occurs. An eRoom enables the team to discuss and vote on changes to the plan. The version control in an eRoom ensures that there exists only one current spreadsheet and a history of all changes and related communications. Using the SMI application, the LIS business unit has been able to reduce its inventory investment by turning over stock much more often while letting its workers continue to use SAP. HP estimates that using the SMI program increased worldwide inventory turns by 42%.

Internal Marketing

To help internal business units at HP overcome any doubts about the value of collaboration, HP's SCIS e-Business group has enticed prospective users with 30 days of the hosted service free of charge. This approach has been very successful at letting internal HP business units try the eRoom applications and see the benefits for themselves. So far, all of the business units that have tried the service for 30 days have decided to subscribe to it.

Conclusion

HP started out with 40 early adopters accessing eRooms through an internal service provider. Today, HP has a site license for 100,000 users to take advantage of eRooms.

The lessons that other organizations can learn from HP from its success with eRooms include the following:

- Find the right tool for the job rather than force fit existing solutions to new problems.
 - Customize applications to meet the specific needs of users, which include integration with existing solutions as much as possible. What people want is to work in their native (i.e., desktop) comfort zone. Tying back-office capabilities such as SAP into front-office environments such as eRoom extends the reach and value of enterprise systems investment in a way that users will welcome.
 - Tap the universal reach of the Internet and Web browsers to bring together teams of workers from different organizations, from supplier performance to the customer experience. Connect all the people who are responsible for critical aspects of delivery across all tiers of the supply chain by giving them the tools and the information needed to work together over the Internet.
 - Provide ways for prospective users to try out new applications.
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