Sagive Greenspan: Operational Excellence

Gal Oestreicher-Singer: So, in the context of operational excellence, we talked in the course a lot about integrative systems, enterprise systems and the benefits of integrated data sources. I know you have some interesting examples from the retail industry that you can share with us.

Sagive Greenspan: Yeah. So, first of all, when I think about integration, there is the, you know, two ways of looking at a system. One of them is called 'best of breed', in which you are taking the best system that you can take from each segment. And then you integrate them together in order to create the ecosystem that you need to manage your business.

And the other one is 'best of suite', meaning that you are taking a suite of product from one vendor, and you are maybe to some extent compromising on taking the best one, but you are getting one a holistic system that will manage your business from one place, without needing to integrate yourself because the vendor already did it. And it is probably - I don't know - a 30, 40 years old debate on what is the right thing to do. And I can tell you that I did both.

In the fintech, I was 'best of breed' providing the best payment system there is, but not the full banking system. In ERP, in retail I'm providing a best of suite.

Now let's take retail as an example. When you look at a retail system and think about it holistically, you have the POS itself, what's in the store. You have the e-commerce website. And then there is the entire retail system and the ERP. The retail system is what's providing the promotions, the pricing, all the inventory management, the supply chain, the replenishment. It's a very complex system. And the ERP in the back in the back end, that is all your finance, etc. And there are often people are integrating them themselves. And then the challenge here is how do you reconcile the whole thing?

How do you make sure that whatever SKU that you have in the POS, is there the same one that appears in your inventory system, the same one in your replenishment, that the inventory is always up to date between what was sold to what's in the inventory toward the CFO sees when he looks at his financial reports.

This is very complex to reconcile. And when we are convincing our customers why it's good to take best of breed, we're saying that you will not need to reconcile, you will not need to worry about whether the data exists exactly in the same places throughout the whole chain.

And if it looks simple, it's not. These systems often go out of sync, and you need a lot of, you know, a lot of effort, manual, digital, etc. in order to keep them current. And that's not easy. So, business process integration is very essential in order to manage your business in a coherent way. The question is whether you have deep enough pockets in order to take the best systems and integrate them yourself and then keep them integrated all the time. Or you are taking it from one house and saying it's the vendor's problem. I want to focus on my business. The vendor will focus on its integration.

Gal Oestreicher-Singer: So best of suite is usually less expensive for a company, or more appropriate for smaller scale businesses.

Sagive Greenspan: I would. Yeah, I can. I can say so. Yes, for sure. Best of breed. And if you don't have deep enough pockets and a good enough team, professionals that can work on it or bring professionals in order to do it, it will be very difficult to do it. So therefore, usually smaller, small or medium businesses will usually go with the best of suite approach. And bigger companies sometimes will take best of suite, sometimes take best of breed. AMDOCS, which, for instance, is an Israeli company providing best of suite for telcos. They are providing best of suite for AT&T and T-Mobile in very large enterprises.

Still, there will always be some process integration with others because even if best of suite system like my ERP or retail system or AMDOCS in telcos, etc., that will never cover everything.

So, there will always be a need to do a process integration on some peripheral business processes. The question is whether it's going to be on your entire business processes or it will be only on some, you know, satellite system and some, you know, less, you know, central business process in your organization.

Gal Oestreicher-Singer: So, we are talking about cost and indeed I hear a lot of managers saying we want integration, we know the benefits are clear, the problem is the cost and more so than certainty about costs. We know when we start, we're not sure how much it's going to cost in the end. Any advice to managers that are getting started? How do you think about integration? What are the first steps that you would recommend?

Sagive Greenspan: So, I would recommend to think about where you want to be, not where you are now, and how to bridge the gap. You know, the reason that it usually happens, and it's true, it happens a lot, the phenomena that you describe is that people are saying, let's collect all the dreams of everyone around

me and let's take the system and try now to see how do we implement all of them.

And my advice is to start the other way around. Start by choosing the system that you think is closest to your needs, whether it's the best of a suite, which is usually easier or the best of breed, and see how you integrate it and then try to see how do you utilize the existing technology that you have in the best way we can. Don't try to bend the system and customize the system to death in order to match it the way how you do business today. See what are what are the systems that exist?

And many of them already have a lot of experience. You know, I have, you know, 10,000 ERP customers. We have seen anything and everything. We have hundreds of retail chains. We have seen almost every retail combination there is. If they come and say, okay, show us what you have and let's see what is really mandatory, and then tweak it, tweak our system to the absolute mandatory and not try to do everything, not try to imitate everything that you have to. Then the new system, your chances of doing projects fast and quick and is a lot easier. I usually use the example of the cars and probably the young people will not even understand my example you know. Many, many years ago they were you know, the car windows used to have the manual handle. And sometimes people say, I want I want the manual handle to open the window. And what we tell them, guys, you don't need the manual handle. You need to open and close the window. How we do it, it's a different story. We have the better way to do it. Don't try to recreate the handle. Try to say I want to open and close the window. What is the best way to do it? It will save you a lot of time, money and energy.

Gal Oestreicher-Singer: So, managers should focus on what they want and trust the experts on how to get it done.

Sagive Greenspan: Exactly. And see how do you get as close as you can to the vanilla product that you thought that is best and tweak the minimum you can in order to do it. By the way, there is a big difference between what they think during the design and what they see after. So even if you go with the, you know, try to get commercial value out of the system as quickly as you can and then do phase two and phase three and don't try to boil the entire ocean on day one because your business is changing. And by the time that you start the project to the end of the project, your business will change and some of it might be irrelevant. So try to get into production as quickly as you can, get commercial value, see what the system can bring you, and then over time, tweak it again and again and again.