

Industrial IT and Collaborative Commerce:

Accelerating next-generation eMarketplaces

An important element of ABB's Industrial IT strategy is to provide our customers with growing capabilities for collaborative commerce which links manufacturers, suppliers and customers across the value chain. Among the companies supporting us in this area is SKYVA International, a software innovator in which ABB has a majority share.

The Industrial IT vision calls for bringing all of ABB's products, systems and services under a common architecture – far from a trivial job. Giving us some idea of the task is Dinesh Paliwal, ABB executive committee member, who says: "Inside ABB we talk a lot about SKYVA as a company helping us Industrial IT-enable our products, but we have some 200,000 products, so there is still a lot of work to do."

ABB and SKYVA International formalized their relationship at the CeBit Exhibition this spring by jointly announcing the release of *skyva* 3.0, a software product offering an easier way to build and deploy distributed value chain solutions for evolving businesses. This software is one critical step toward giving

ABB's customers real-time access to every part of their value chain, from inventory to costs through planning, research and development to fulfillment – in other words, collaborative commerce.

The software allows customers to model, assemble and configure individualized solutions to match their unique business processes. Customers can build new solutions that interact in a real-time, distributed and dynamic way for collaboration and information visibility across their entire value chain.

One key advantage with this open software is that it provides a platform where all the information is easily shared. In the past, companies tended to build proprietary, inflexible enterprise systems. This approach often makes it difficult for companies to integrate their systems with one another and make changes over time to match evolving business requirements.

So, SKYVA obviously offers a set of very capable products, which makes it well worth listening to what Guenther Moeckesch, president and CEO of SKYVA since its inception in October of

1996, had to say about them in a recent interview.

Q: How do you define Collaborative Commerce? What does SKYVA deliver?

Today, businesses are striving to respond to the challenges of adapting to the Internet and the digital economy. There is an increasing realization that business processes must integrate and collaborate effectively across the entire value chain to deliver compelling and sustainable value.

SKYVA helps companies link the business processes of suppliers, buyers and customers to create supply chain value that is greater than what each organization can deliver separately. We help companies reap the rewards that supply chain optimization and collaborative commerce has to offer by aligning storefront transactions with back-end production systems tied to real-time customer demand.

Q: Can you explain the need for businesses to collaborate across the value chain?

Let me explain the value chain first. A value chain is more than a supply chain. Supply chains focus on the movement of

SKYVA (www.skyva.com), a provider of enabling software for Collaborative Commerce, was founded in 1996. In October 2000, ABB acquired a 53-percent stake in SKYVA, and has transferred a number of software engineers into the Medford, Massachusetts-based business-to-business service and software provider.

physical goods. Value chains include a larger collection of participants, including suppliers, buyers and partners. As we bring this larger collection of people into the process of selling and delivering goods, there is a greater need for integration. That's what collaboration is all about – bringing more parties to bear on the delivery of goods and services.

A traditional supply chain approach bases its strategic and tactical analysis on static data – a snapshot of the business situation at a given time. The value chain offers real-time planning and execution through integration of all participants in the business process. The value chain fully leverages the dynamic nature of the extended supply chain of an enterprise or eMarket, providing better decision support for all decision-makers.

Q: What's the difference between the way the industry as a whole is handling this challenge and SKYVA's approach?

Many vendors are addressing their customers' need to collaborate by acquiring or aligning with strategic partners to provide needed functionality across multiple domains and industries. This approach allows vendors to sell more solutions in multiple verticals, but users suffer the same drawbacks that packaged applications have today. With a packaged solution, there are business constraints because each application is built on different and proprietary data structures. Thus, there is a lack of effective integration and flexibility across their business processes, making it very

difficult to respond to dynamic market conditions.

SKYVA is approaching this challenge from a very different perspective. SKYVA delivers a cross-industry, application framework that drives collaborative business functionality. The application framework is designed from the ground up to build and integrate supply chains to eMarketplaces. SKYVA enables the user to tailor the solution model to match the desired business processes. This unique approach accommodates changes quickly and at reasonable cost through the life cycle of the solution model while protecting your investment in legacy systems.

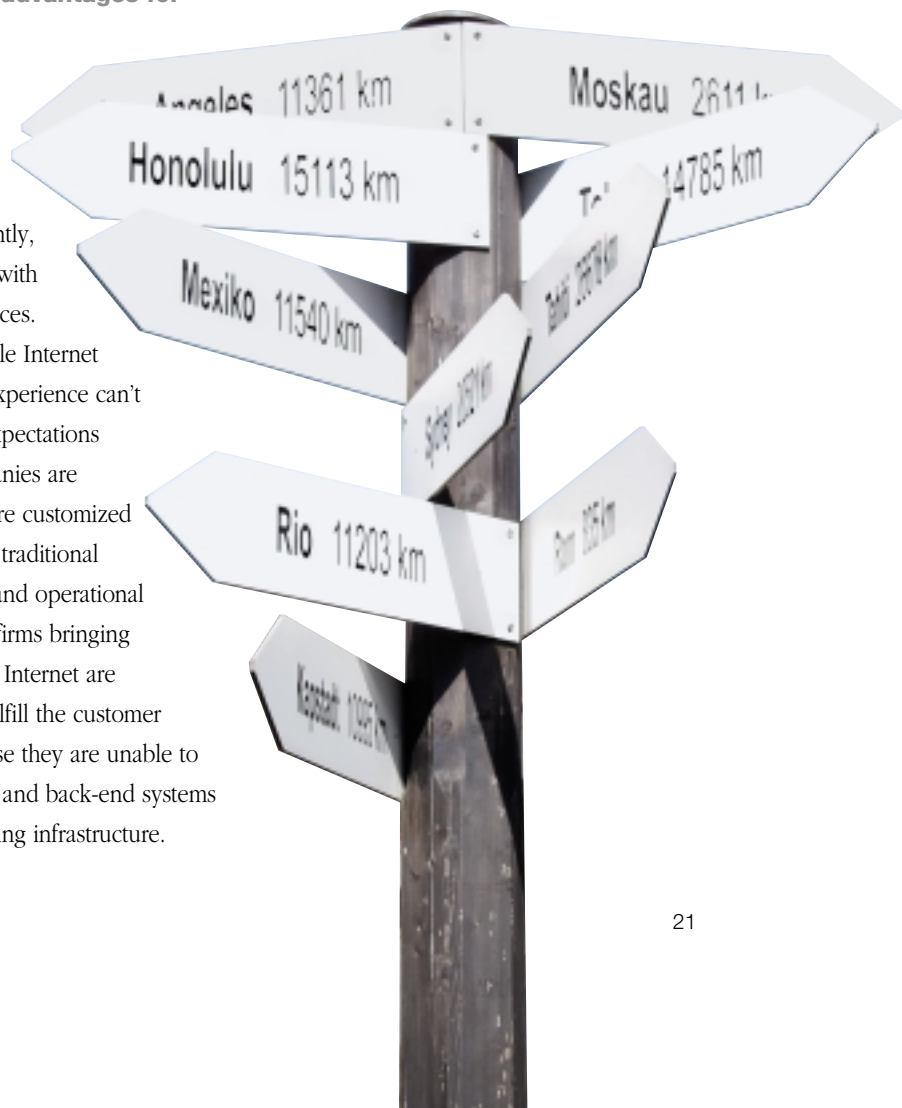
Q: How does SKYVA create competitive advantages for customers?

Customers are demanding tailor-made products to be delivered instantly, often bundled with additional services. Today the whole Internet procurement experience can't always meet expectations because companies are trying to procure customized products using traditional supply chains and operational models. Thus, firms bringing business to the Internet are struggling to fulfill the customer promise because they are unable to integrate front- and back-end systems with their existing infrastructure.

SKYVA generates a competitive advantage by offering a new generation of software that enables businesses to connect, collaborate, execute, and measure across multiple domains. By delivering more than just the transaction, SKYVA lets users manage the entire process from customer order through planning to fulfillment and execution, thereby reducing operational costs, enhancing customer care and improving overall supply chain management.

Q: It sounds as though SKYVA has a unique approach. Can you explain what makes this so powerful?

What is truly unique is the SKYVA





Guenther Moeckesch, president and CEO of SKYVA International

framework that provides an application platform incorporating technical components that address portability, distribution, transaction processing and real-time event processing as well as application components such as demand-match logic and execution logic. All of which can be connected to provide highly scalable, customizable, and reusable solutions that span the breadth of inter- and intra-enterprise business processes, and public and private eMarketplace demands.

What makes this approach so powerful is the ability to constantly add value at the generic application level (bottom-up) while allowing a services/implementation group to assemble final solutions that are driven by customer requirements specified through the customer's business process (top-down). The resulting system is open and scalable, allowing for growth and modification as demanded by the business environment. The framework also allows interconnectivity with existing applications through custom adapters

recognizing that customers need to leverage and protect their investment in an existing infrastructure.

Q: What do you see as the critical success factors in this fast-paced market?

To stay competitive, companies need to move aggressively to reap the rewards that eMarketplaces have to offer. They need dynamic, industrial-strength collaborative commerce solutions. If companies want to optimize and extend their value chain and increase profitability, it is imperative to have a flexible framework to ensure success. The ability to change the application real-time, as the business process changes, is key.

The successful businesses will be those who are able to integrate and collaborate across the widening value chains. Organizations must be able to streamline individualized core business processes while executing local practices as a member of the total value chain – Collaborative Commerce becomes an integral part of the corporate mission.

Q: What are the benefits companies can expect from a SKYVA-enabled Collaborative Commerce solution?

If you are a clicks and mortars company, SKYVA software can extend and enhance your legacy systems through an application framework approach. The SKYVA solution enables you to connect the entire value chain to see what products are available, at what price, and when they can be delivered – in real time.

If you are a market maker, we can help you accelerate the development and delivery of your eMarketplace and synchronize your value chains. The SKYVA solution provides software, infrastructure, and new business processes that manage the procurement life cycle across the entire value chain – from order to fulfillment.

With a SKYVA solution the ultimate benefit is time to market, time to solution, time to profit.

The last word, however, lies with ABB's Dinesh Paliwal. "Through its Industrial IT commitment, ABB aims to do for industry what Microsoft has done for the office environment – 'bundle' productivity tools all the way from process automation to business automation. Our partnership with SKYVA will further expand the Industrial IT arena – all the way from the web store to the plant floor."

(Interview courtesy of Pam Warren, SKYVA International.)