1. The Network Experience – New Value from Smart Business Networks

Peter H.M. Vervest¹ and Li Zheng²

¹Rotterdam School of Management, Erasmus University Rotterdam, The Netherlands, pvervest@rsm.nl
²Department of Industrial Engineering, Tsinghua University, Beijing, China, lzheng@mail.tsinghua.edu.cn

Introduction: Beijing, 18–23 May 2008

This introduction gives an overview of the Discovery Event “The Network Experience – New Value from Smart Business Networks”, Beijing, 18–23 May 2008, it presents the background, the objectives, the programme organisation, the structure of the book and a readers guide. In addition, we pay tribute to the many people who helped to make the event an unforgettable experience for all who could join.

The Starting Points

Business networks rather than individual companies are now determining competitive advantage. Organisations and companies combining in agile and dynamic networks are able to generate exceptional or “smart” results. Smart business networks (SBNs) enable new ways for organisations to derive value from the combination of many individual organisations which, grouped as a network, are able to compete more effectively and respond with more agility to a changing world. The rapid advances of digital networks are creating and demanding new organics – the ways in which organisations combine and act to generate sustainable growth and profit.

In the industrial times of Marx and Taylor, the main source of growth and profit was provided by production facilities with coordinated processes in a single location (a factory or department store). Then, with improvements in communication, the coordination of processes within and between linked organisations in the supply chain provided the better margins.

We are now witnessing the emergence of smart business networks enabling dynamic and agile relationships between companies. Acting as nodes in the network, suppliers, customers, business partners and competitors combine to generate “smart” results enabled by “smart” technologies. Companies are beginning
to understand that skills in managing dynamic networks can provide more profit and greater competitive advantage than a single facility or supply chain can.

**The Challenge**

The individual company will no longer lie at the hub of its business network. It must participate in many technology-enabled business and social networks. Rather than acting in near-to-static value chains, dynamic process paths will connect the business network participants. To achieve this the business processes of each participant must connect quickly and effectively. To be able to participate, the business processes of all network players will need to be compatible and information needs to be portable. This is a formidable challenge!

For instance, how does one define atomic modules of processes that plug and play seamlessly within and between companies? How does one develop and implement them? How can consensus be attained? How does one manage a network of processes effectively as well as efficiently?

Companies recognise these issues but lack the benefit of a body of research and experience to underpin their actions. Academic researchers are now beginning to define relevant research topics and to provide answers and guidelines.

Taking this challenge, this book presents the results of an intense gathering of academics and business people, in Beijing, discussing and interacting to try to find answers.

**Background: The Smart Business Network Initiative**

On invitation of Cordys and Rotterdam School of Management, a group of international academics met for the first time in 2004 at the castle The Vanenburg, The Netherlands. Cordys is a prime provider of Business Process Management software. Based on its founder’s longstanding and highly respectable experience in enterprise software, in particular enterprise resource planning software (ERP), Cordys believes that the future organisation will become “process centric” and will operate in a flexible network of business partners that co-operate and execute parts of the processes among themselves. A business operating platform is required that enables the flexibility needed in tomorrow’s agile world.

---