Sofon bridges gap between Business and IT

Tension between Business development and IT support

To what extent is your organization capable of anticipating new developments, again and again, at an increasingly fast pace? Of facing the daily challenges it comes across? Customers increasingly ask for more specialized product and service solutions, with shorter timeframes for delivery, and the pressure to offer them a good price also plays a part.

The challenges we face are individualization and customization. Growing into a successful and profitable business is key in the current business climate, as are making optimal use of the expertise, experience and information available, and having maximum flexibility to allow speedy anticipation of situations.

Internally, this creates tension between the business side of things on the one hand, and those who are responsible for the IT infrastructure of the organization on the other hand. This tension is captured well by the following quotes:

> **'We must constantly review our services and business models and be ready to adapt and demonstrate innovative ability and agility.'**
>
> **'Our infrastructure needs to be stable and trustworthy, while at the same time allowing innovative business solutions to be rolled out quickly into production.'**

The business calls for modern applications that are easy and very intuitive to use and can be produced and adapted quickly. Applications that also depict and support their own best practice, and are accessible through multiple channels and devices from all across the world at any given time.

Oftentimes, there is a market opportunity that must be responded to, a specific problem that needs solving, or the relevant legislation and regulations end up changing. It must be possible for changes to be made quickly and without any risk, and the application has to be easy to use regardless of the user's specific IT knowledge, product knowledge or other expertise. The user must be guided along and supported based on their personal needs, not based on the software developer's principles.

In practice, this leads to an increasingly large divide between Business and IT, as the needs and possibilities of the two are based on completely different principles (see figure 1). As a result, the IT infrastructure, based on design paradigms that are several decades old, cannot provide the desired support for the business processes, let alone at the pace that the business requires nowadays. This so-called agility is not a mere dream, conjured up by company management, but a must, prescribed by changes in the business environment, in terms of economic and political aspects as well as technical ones, but most of all by the increased individualization of customers and their needs.

FRONT OFFICE

- Language of the customer
- Dynamic
- Customer-specific
- Unique
- Problem-oriented
- Need-oriented
- Needs have no limits and change at any given moment, they demand an agile process and IT-infrastructure
- Pace of change dictated by the customer

BACK OFFICE

- Language of the production
- Stable
- Generic processing
- Mass
- Production-oriented
- Transaction-oriented
- Variation limited by the possibilities of the 'production' facility, in most cases a rigid IT infrastructure
- Pace of change dictated by the possibility to change the 'production' facilities

Figure 1: the divide between Business and IT

The Pace-Layered Application Strategy

The business's needs can be divided into the following three categories of IT systems:

1. Operational efficiency: the contribution is not unique and is primarily intended to support transaction within the production and supply processes. In doing so, commonly accepted standards, which hardly ever undergo changes, are adopted and followed, as with financial and administrative processing, stock management and logistics, as well as production planning.
2. Differentiating capacity: the business wants to use product/service and order processing to differentiate itself from its competition, to market their own best practice and fine tune as needed to continue to be able to set itself apart from its competitors. This requires a great degree of adaptability as well as fast and reliable implementation of new functionalities, without decreased operational efficiency.
3. Supporting new opportunities. The business wants to experiment, to then be able to translate those experiments into new differentiating capacity if they are successful. In experimenting, the business is not yet aware of all the details, but wants to be able to play around to study the effects of a new idea. This requires a lot of adaptability from the IT department and the implementation of various channels and technologies.

Gartner has developed a model that allows IT strategy to connect more closely to these three categories, based on the categorization of the applications. Central to this is a three-layer model, with a different strategic focus and thus different IT product families for each layer.
This model, called the Pace-Layered Application Strategy model (see figure 2), is primarily intended to aid better categorization, selection, management and control of software applications. The model is inspired by the dynamics of today's world, in which it is crucial for companies to have more effective, faster and cheaper answers to the necessary change, differentiation and innovation, without having to abandon previously made investments.
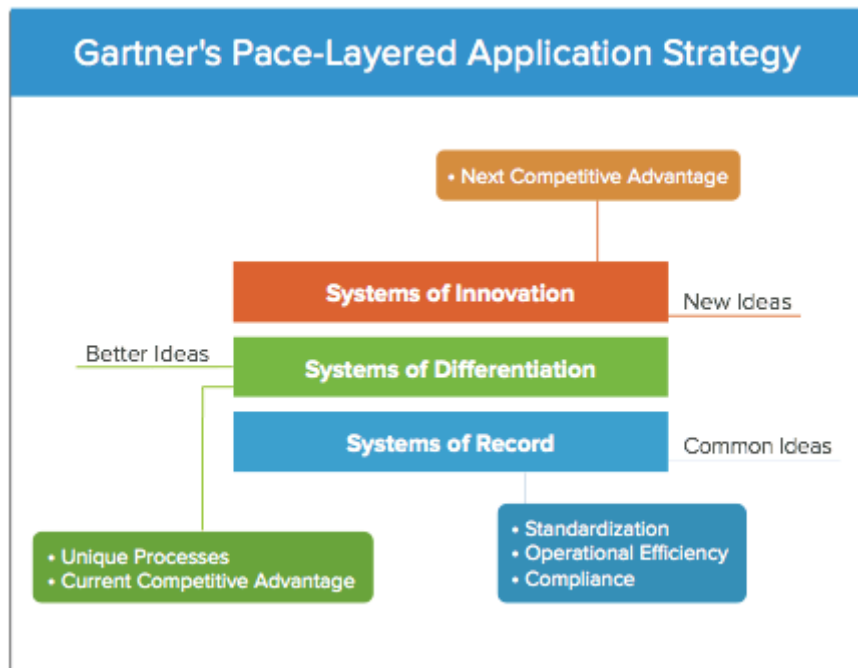
Figure 2: Pace-Layered Application Model

The layers of the model have the following characteristics:

1. **Systems of record**: standard applications that have proven themselves, or legacy systems developed in-house, that support business-critical transaction processes and manage master data that is critical to the company. The average rate of change is low, because these processes are highly standardized and are the same for everyone involved, usually based on international legislation and regulations and widespread standards.
2. **Systems of differentiation**: applications that support processes that are used to set the business apart from its competitors. The life cycle of these systems is short (between 1 and 3 years) and they need to be adapted frequently to account for changing experiences and customer needs.
3. **Systems of innovation**: applications that have to meet new demands and opportunities in the business, with a short lifespan (0 to 12 months), using external resources and new technologies.

Sofon and the Pace-Layered Strategy

Sofon Guided Solutions lines up well with the layers of differentiation and innovation in particular. Sofon has completely let go of the traditional methods for system development, which means that our solutions essentially straddle the gap between business and IT. This allows us to satisfy the need for quick changes using the existing IT infrastructure, without having to discard previous investments in this IT infrastructure. In fact, optimal use is made of the existing investments, within the design paradigms that they are based on.
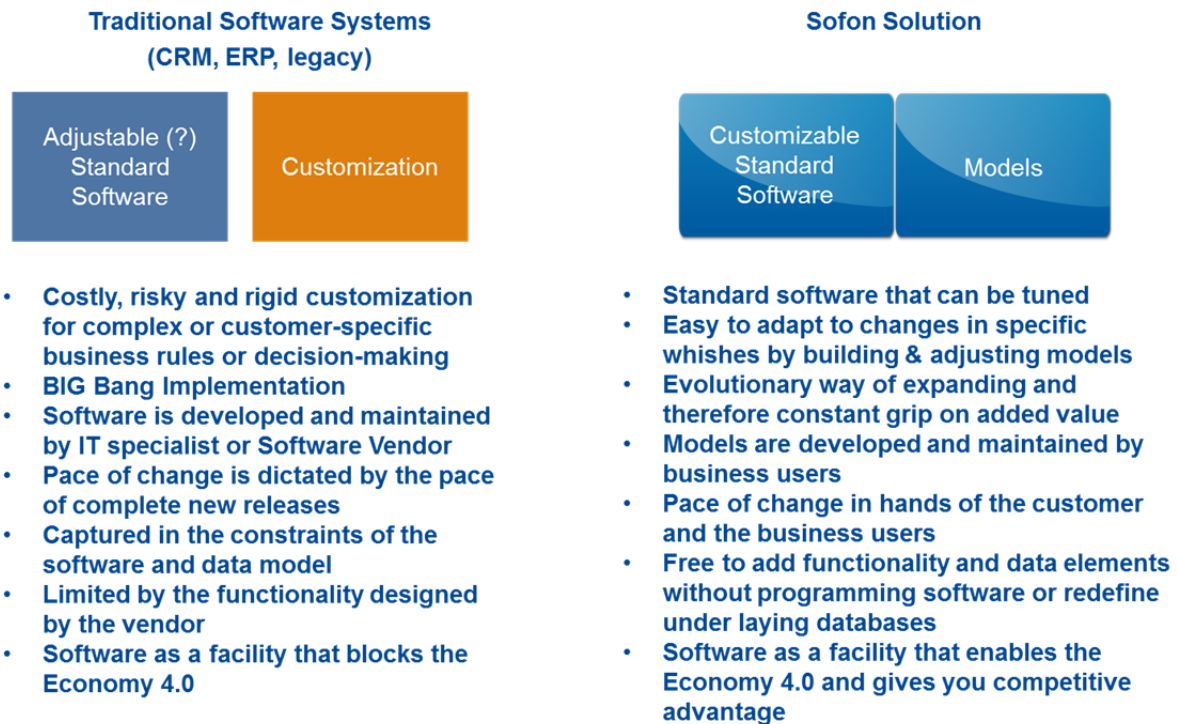
Figure 3: Sofon as 'gearbox' between Business en IT

Sofon realizes this by positioning its solution in between the standard software packages that are traditionally used to support the front office (CRM, etc.), the back office (ERP, administrative processing, legacy), and product development (PDM, PLM, CAD/CAM). Sofon retrieves data from these various applications and combines it to create flexible and easily customizable models. Moreover, it feeds the relevant data (such as documents, routing and BOMs) back into the surrounding systems in any desired form.

Figure 4: Tuning of the different specialisms by explicit sharing, communicating, and combined use of the same knowledge

The crux of the Sofon software is formed by realizing models using Sofon standard software. These models contain your business rules and logic and are fed by current data. They provide support and guidance for the business throughout a customer's entire lifecycle, from lead all the way to cash and service. Changes can be made easily and are provided in a version update, a so-called 'distribute'. Once they are released, they are available to all users. This does not mean that the old version goes out of use; it continues to exist. As such, the implementation of new releases carries very little risk and is neither expensive nor time consuming; instead, changes can be implemented on the fly. This is a revolutionary concept, which is drastically changing system development, as shown below.

Traditional Software Systems (CRM, ERP, legacy)

Adjustable (?) Standard Software | Customization

- Costly, risky and rigid customization for complex or customer-specific business rules or decision-making
- BIG Bang Implementation
- Software is developed and maintained by IT specialist or Software Vendor
- Pace of change is dictated by the pace of complete new releases
- Captured in the constraints of the software and data model
- Limited by the functionality designed by the vendor
- Software as a facility that blocks the Economy 4.0

Sofon Solution

Customizable Standard Software | Models

- Standard software that can be tuned
- Easy to adapt to changes in specific whishes by building & adjusting models
- Evolutionary way of expanding and therefore constant grip on added value
- Models are developed and maintained by business users
- Pace of change in hands of the customer and the business users
- Free to add functionality and data elements without programming software or redefine under laying databases
- Software as a facility that enables the Economy 4.0 and gives you competitive advantage

Figure 5: Sofon Solutions versus standard software

This set-up allows you to showcase your differentiating capacity in useful applications, using your existing IT infrastructure. Sofon does not replace anything; instead, it adds to existing technology and in doing so gives new life to your existing systems, incorporating them into a dynamic environment that is constantly changing. As such, our solutions bridge the gap between the three payers of the Pace-Layered model.

By introducing the use of models, your systems and investments in the 'Systems of Record' layer retain their value. You use the models to take care of the 'Systems of Differentiation': not by using templates, but by evolving your best practice and constantly fine tuning it to wishes, needs and results in practice. Our models also give you plenty of opportunities for the level of 'Systems of Innovation'.

Sofon ties in well with various technological developments. Our software can be used both online and offline and there are both Windows and web versions. Moreover, our software has been Gold-certified by Microsoft in relation to the Azure platform, and as such is completely SaaS and Cloud-proof. But not only that: using our models also allows you to introduce new products to the market at record speeds. By changing some of the rules and logic, you will be able to play around and optimize the results. You yourself will be the one in control of the software's functionality and therefore the software's added value, not the IT department.

Traditional Software Systems (CRM, ERP, legacy)	Sofon Solution
• Quotes, orders, contracts, NDAs can only contain the rules that the vendor has designed • Pace of change depends of the pace of change of the vendor • Changes imply a re-installation of the software and database on servers, PCs, laptops and so on • The BIG Bang means completely new functionality, new work processes and demands other skills at a certain point in time, which leads to resistance and disorder • Upgrading to newer versions leads to risky and costly projects, is time-consuming and has a slow time frame • High TCO	• Quotes, orders, contracts, NDAs can freely be adapted to specific wishes, can contain complex rules, data can be added freely and so on, and all the elements can be used in calculations, business rules and so on • All models that were built in the past can be used in the new versions of the Sofon software without any special effort • Functionality, skills and work process are changed in a natural way and evenly at any time • New versions of the models are distributed (DIS), require no installation but are at the disposal of the users at the moment they login again • Data-driven application, Business Rules and Logic in the models, fed by the latest data • Low TCO

Figure 6: The so-called 'Agility' of Sofon Solutions

As such, Sofon not only closes the gap between Business and IT, but also revalues your existing IT infrastructure and ensures that all of the layers in the Pace-Layered Application model are covered. This turns your IT into an *enabler* and a *differentiator,* instead of a burden to bear.

Sofon Solutions connects the two worlds in a pleasant manner and thereby directly contributes to improvement of your EBIT, and also places you at the forefront of modern and client-oriented companies. Ready for the economic world of the future!

Figure 7: Sofon bridges the gap Business en IT