

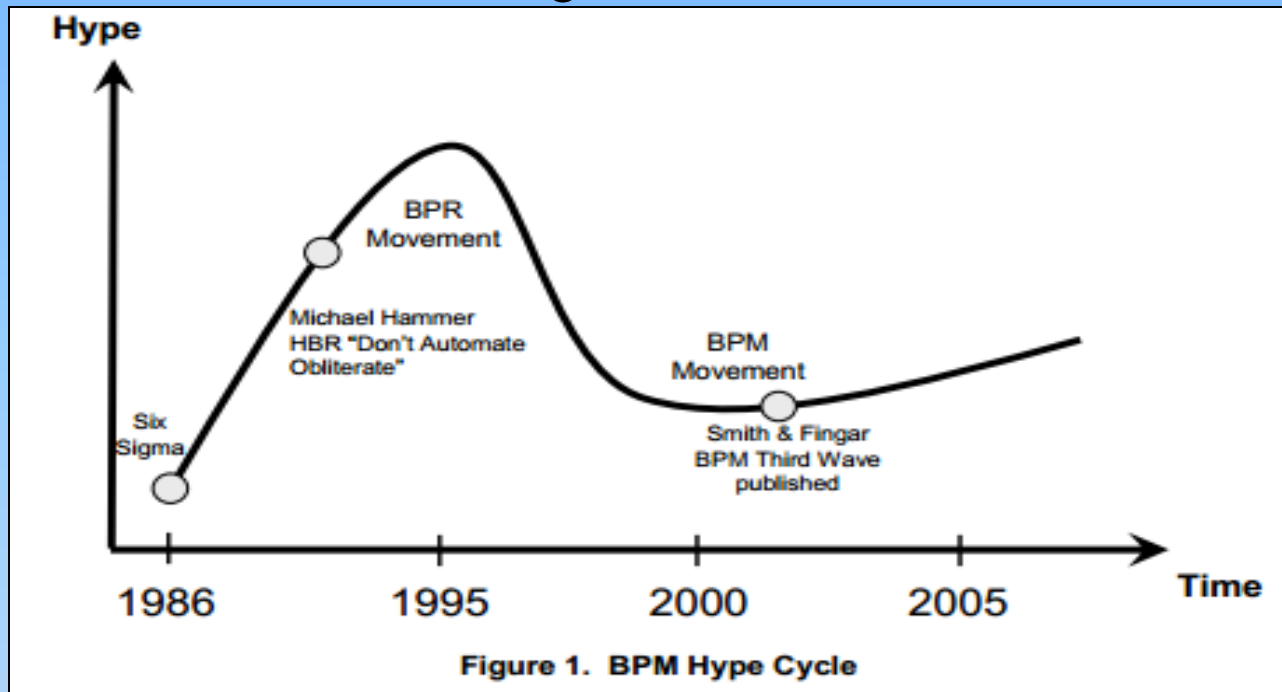
Business Process Management: Amazon



MIS 460 IT Strategy Group 1:

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History of BPM



1980's -- Total Quality Management

1990's -- Business Process Reengineering

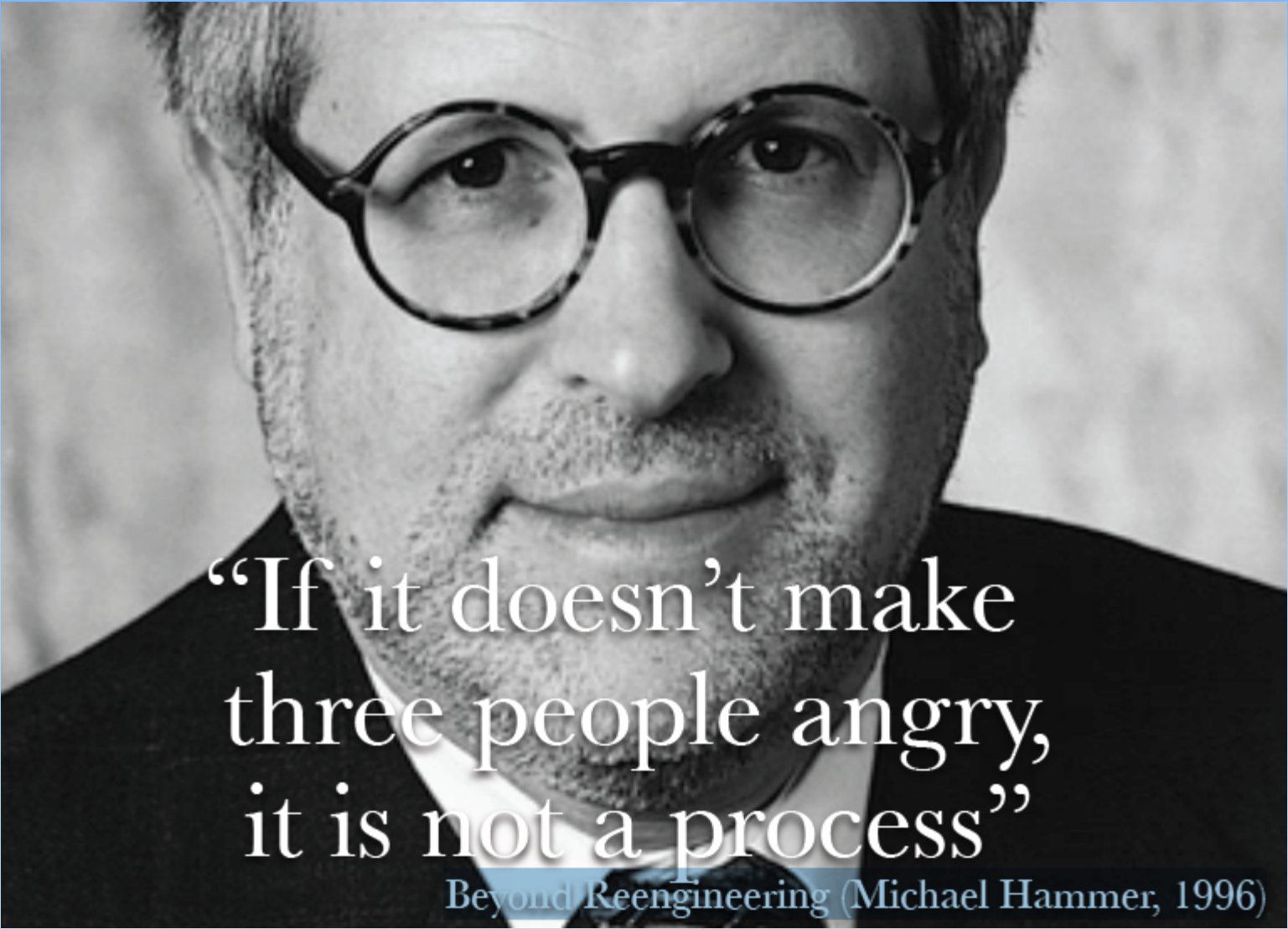
1995 -- Managerial/Collaborative Work

1997 -- Learning Organization, Knowledge Management

2001 -- Business Process Management

#1 Priority

- BPM is a collaborative effort between business units and the IT world.
- BPM is an approach that is designed to produce better processes.
- BPM has recently been identified as the number one business priority.

A black and white close-up portrait of Michael Hammer, a man with glasses and a slight beard, looking directly at the camera. The image is set against a light blue background.

“If it doesn’t make
three people angry,
it is not a process”

Beyond Reengineering (Michael Hammer, 1996)

Different Perspectives, Different Detail

Scope

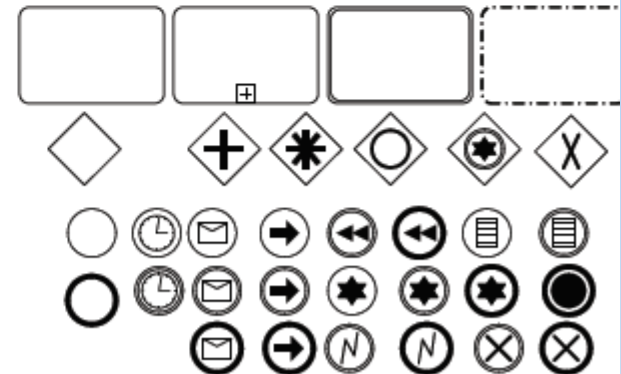
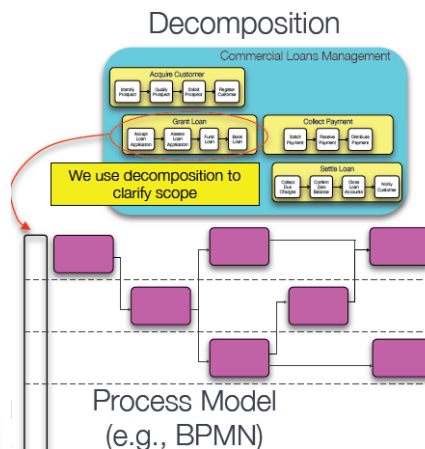
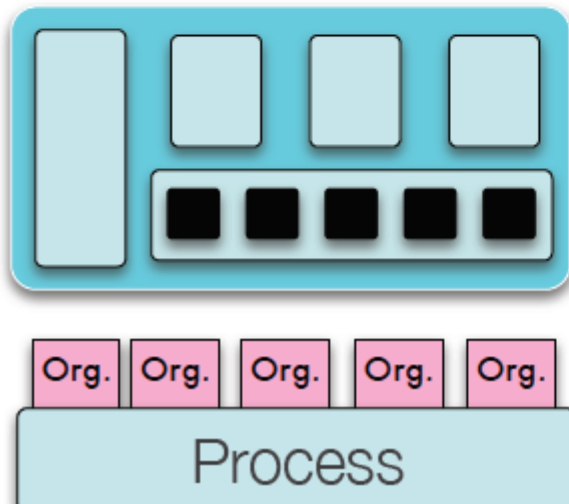
- ▶ Planning
- ▶ A “context diagram”
- ▶ Clarify boundaries, process vs. organization
- ▶ Decomposition
- ▶ Boxes

Concept

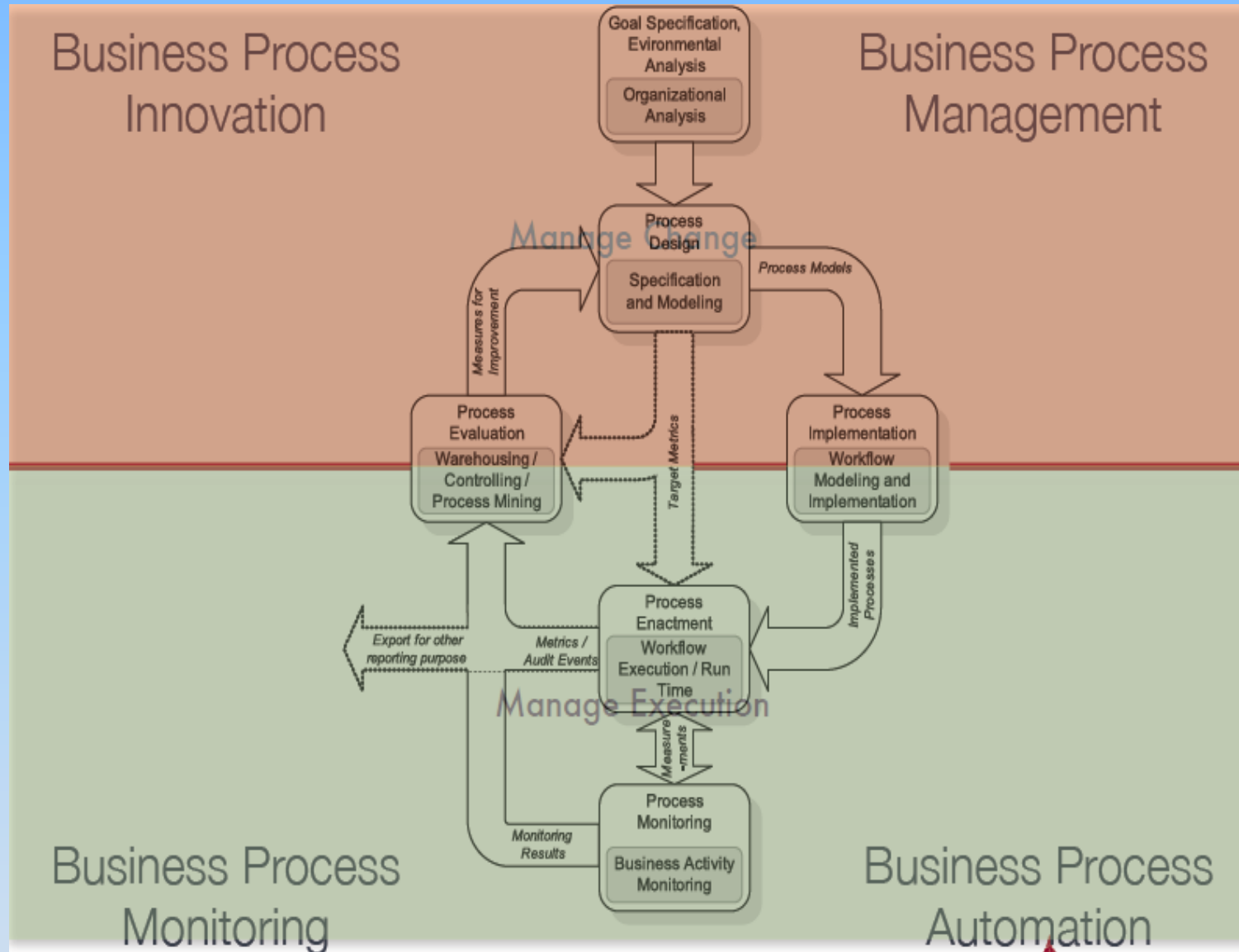
- ▶ Understanding
- ▶ “Business-oriented” overview of concepts
- ▶ Maximize participation
- ▶ The “flow of work,” case by case (“tell a story”)
- ▶ Boxes and lines

Detail

- ▶ Specification
- ▶ All detail for implementation
- ▶ Completeness and rigor
- ▶ Detailed flow (perhaps in BPMN) plus “out of context” rules, procedures, logic, etc.
- ▶ Boxes, lines, operators, ...



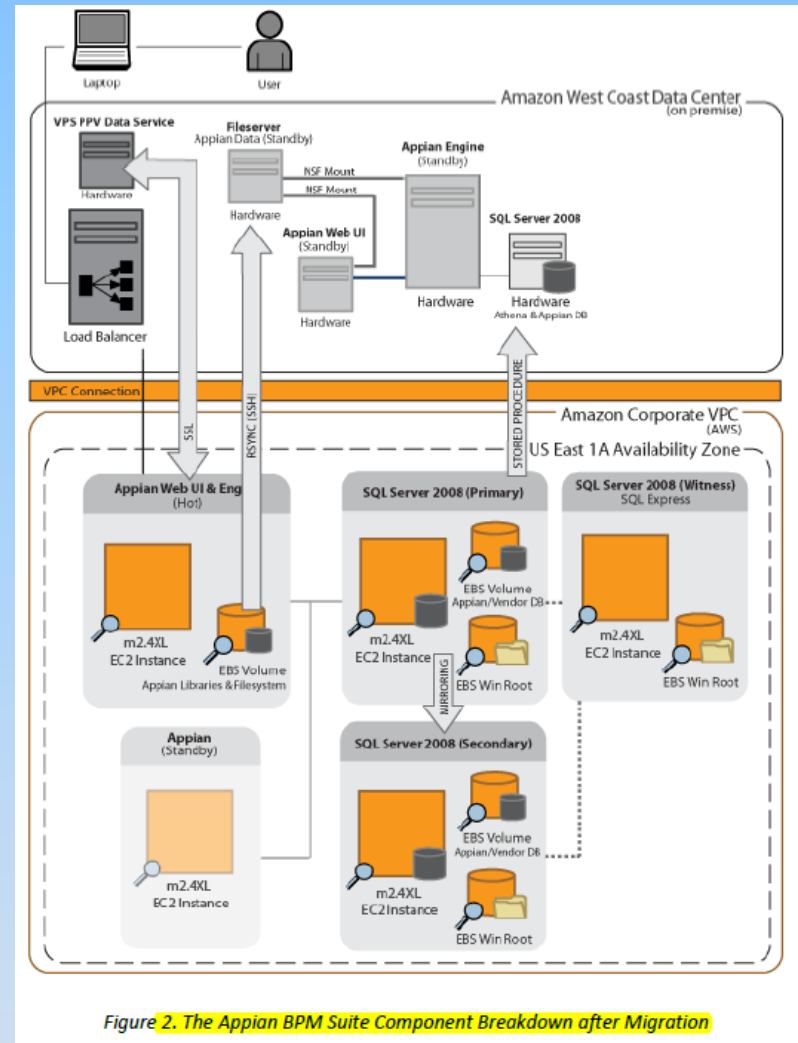
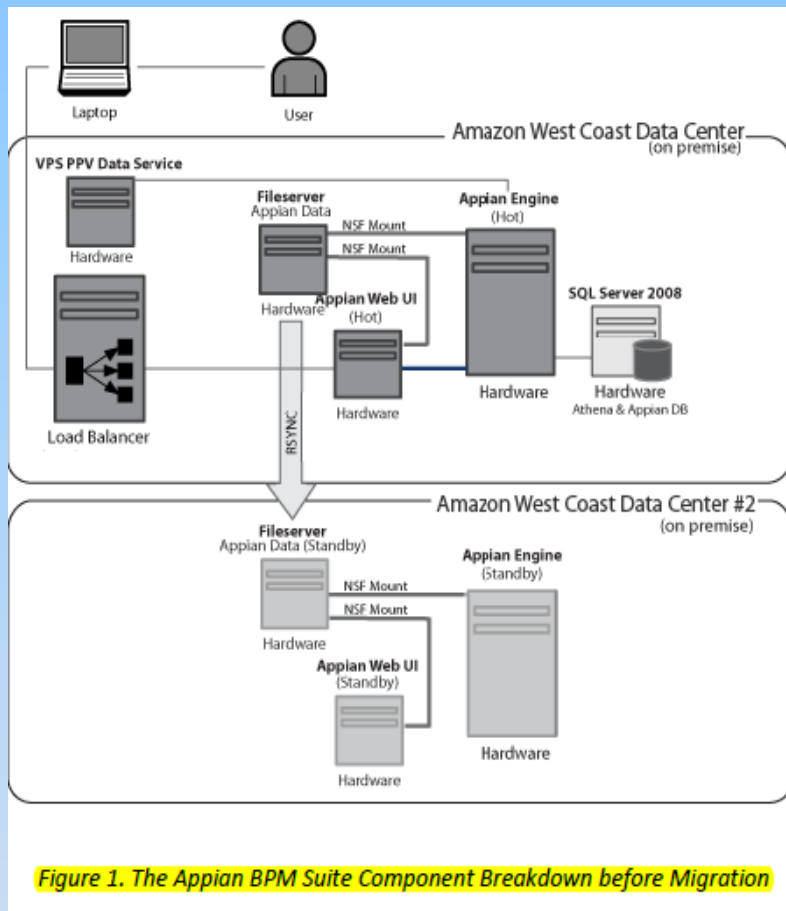
The Process



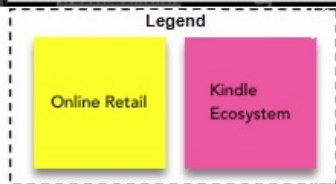
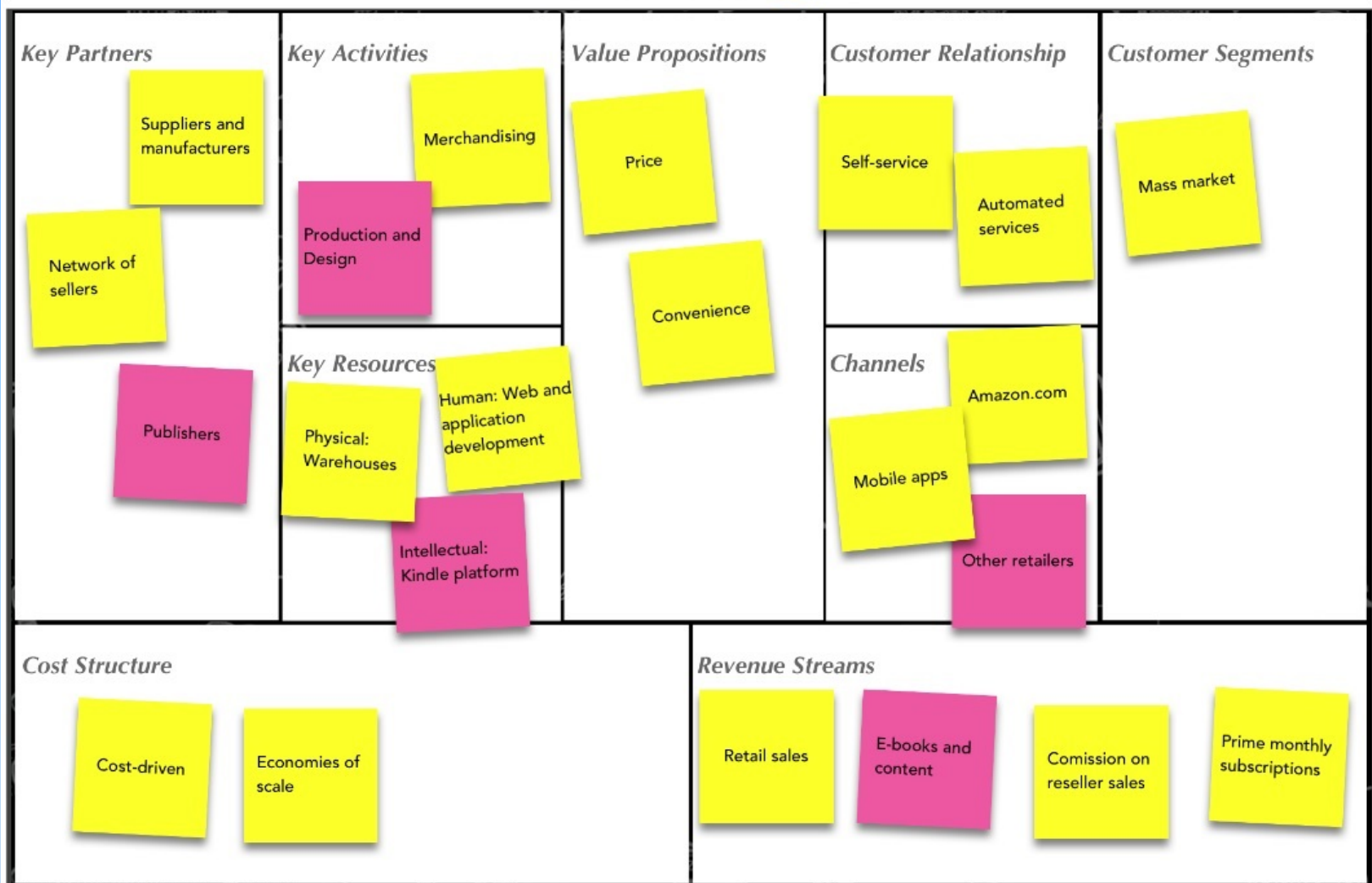
IT Migration Success Criteria

1. Strong Executive Commitment
2. Motivated Engineers
3. High Cloud Readiness and Low Migration effort
4. Strong Vendor Partnership Around Cloud Licensing and Support

Applian BPM Suite Component Breakdown



Amazon's Business Model Canvas



BPM Improves the Business Model

- BPM Migration to the Cloud
- Logistics (Delivery)



- Big Process – Far More Important than Big Data



BPM Improves the Business Model

- Communication with Key Partners and Customers
- Reduce Error Rate
- Acquired Kiva system to improve infrastructure



2011 Customers' Choice Awards: Top Ten (source: [NRF Foundation](#))

1. Amazon.com
2. L.L. Bean
3. Zappos.com
4. Overstock.com
5. QVC
6. Kohl's
7. Lands' End
8. [JC Penney](#)
9. Newegg.com
10. [Nordstrom](#)

As-Is To-Be Analysis

	AS-IS	TO-BE
Business Strategy	<u>Products & Services</u> <ul style="list-style-type: none"> • Wide variety of products that range from several departments • Server Space • Overnight delivery 	<u>Products & Services</u> <ul style="list-style-type: none"> • Amazon Publishing • Cloud Play • Same-day delivery • Increased third-party seller activity • AmazonFresh
Business Strategy	<u>Customers & Clients</u> <ul style="list-style-type: none"> • #1 online retailer <u>Competitors</u> <ul style="list-style-type: none"> • Netflix • eBay 	<u>Customers & Clients</u> <ul style="list-style-type: none"> • Increase brand awareness in other countries <u>Competitors</u> <ul style="list-style-type: none"> • Netflix • eBay • ShopRunner
Business Governance	<u>Internal Decisions</u> <u>Governance</u> <ul style="list-style-type: none"> • Relentless focus on customers <u>Partners</u>	<u>Internal Decisions</u> <u>Governance</u> <ul style="list-style-type: none"> • Relentless focus on customers <u>Partners</u>

As-Is To-Be Analysis

	AS-IS	TO-BE
Business Structure	<u>Org Structure</u> <u>Key Processes</u> <ul style="list-style-type: none"> Customer Service <u>Human Resources</u>	<u>Org Structure</u> <u>Key Processes</u> <ul style="list-style-type: none"> Maintain exceptional customer service <u>Human Resources</u>
IT Strategy	<u>Technology Scope</u> <u>Key Applications</u> <u>System Competencies</u> <u>Governance</u>	<u>Technology Scope</u> <u>Key Applications</u> <u>System Competencies</u> <u>Governance</u>
IT Infrastructure	<u>Architecture</u> <ul style="list-style-type: none"> physical disk space/servers <u>Key Process</u> <ul style="list-style-type: none"> Delivery logistics <u>Human Resources</u>	<u>Architecture</u> <ul style="list-style-type: none"> Movement toward Cloud Kiva Systems for fully automated warehouses <u>Key Process</u> <ul style="list-style-type: none"> Delivery logistics <u>Human Resources</u>

Amazon's Business Problem

“Amazon.com uses Business Process Management (BPM) software to automate a number of mission-critical financial operations processes. These involve disparate teams across the company and include handling confidential financial data for payment, payroll, and accounting processes. Managed correctly, the automation and execution of these financial process applications helps ensure that the company maximizes profit, reduces errors, and eases compliance burdens.”

Amazon's Solution

- Use BPM software to automate important financial operations processes/tasks
- BPM software helps Amazon.com handle a large number of invoices each day
- Appian BPM Suite creates a technology system that combines everything into a single application
- Emphasize a positive user experience

Ansoff Matrix

Existing Products/Services

New Products/Services

Market Penetration Opportunities

- Expand post-delivery surveys to social networking sites
- Improve interface to be more aesthetically pleasing
- Keep up with evolving technology

Product Development Opportunities

- Reach out to new suppliers for more innovative products
- Make more of their own products (Amazon Kindle)
 - Update existing products with new features

Market Development Opportunities

- Introduce the company in more countries
- Make Amazon more popular in existing locations
- Target older generations who are less tech savvy

Diversification Opportunities

- Offer services as well as tangible products worldwide
 - Example: Taxi Service
- Create an Amazon weight loss program where food will be delivered
 - Example: Includes a workout regimen

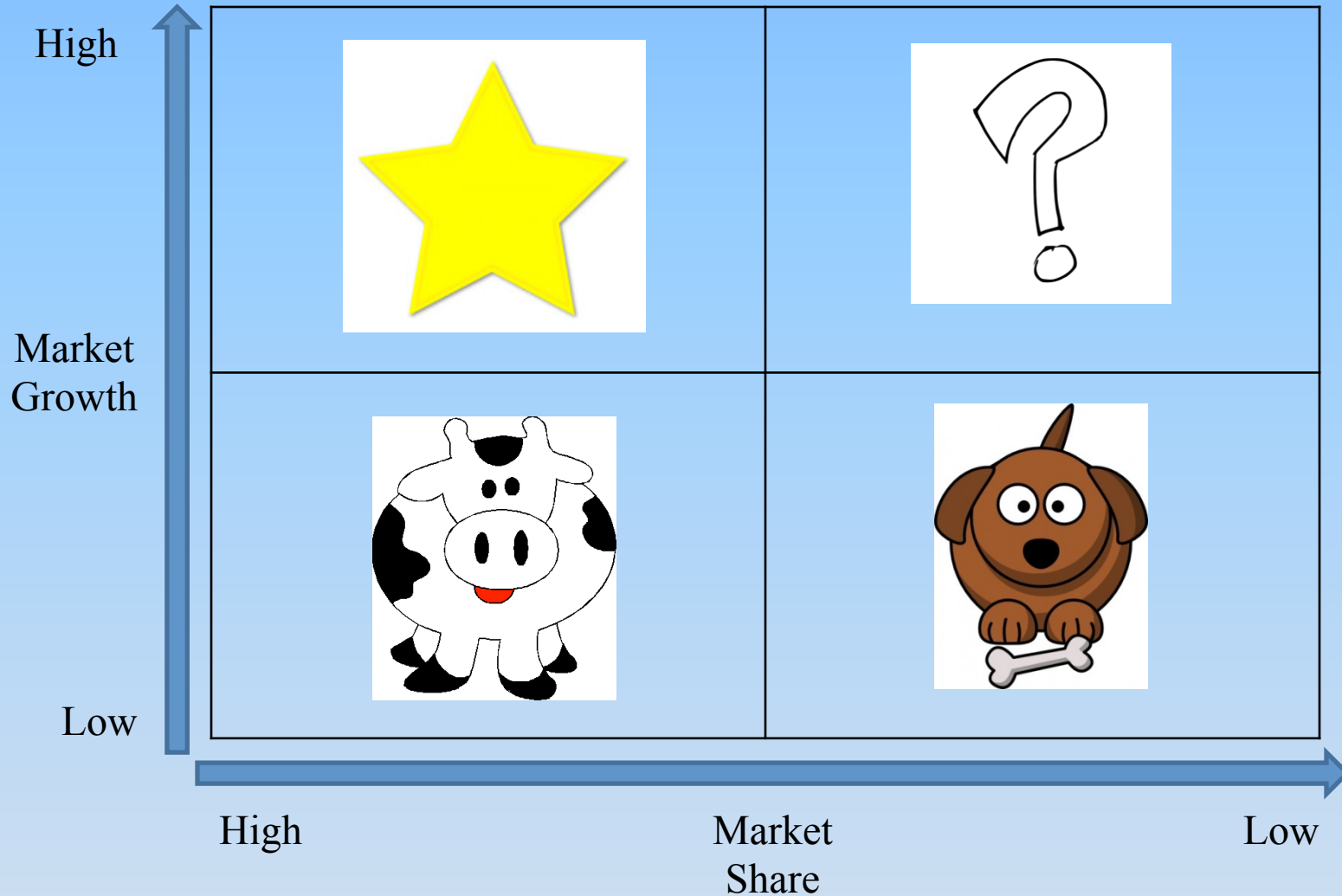
Existing Markets

New Markets

Pestle Analysis

Political	Economic	Social
Technical Environments	Legal Factors	Environment

Boston Matrix



Mintzberg's 5 Ps of Strategy

This is the choice a “player” will make in every possible situation; it is the company’s course of action for business in the future



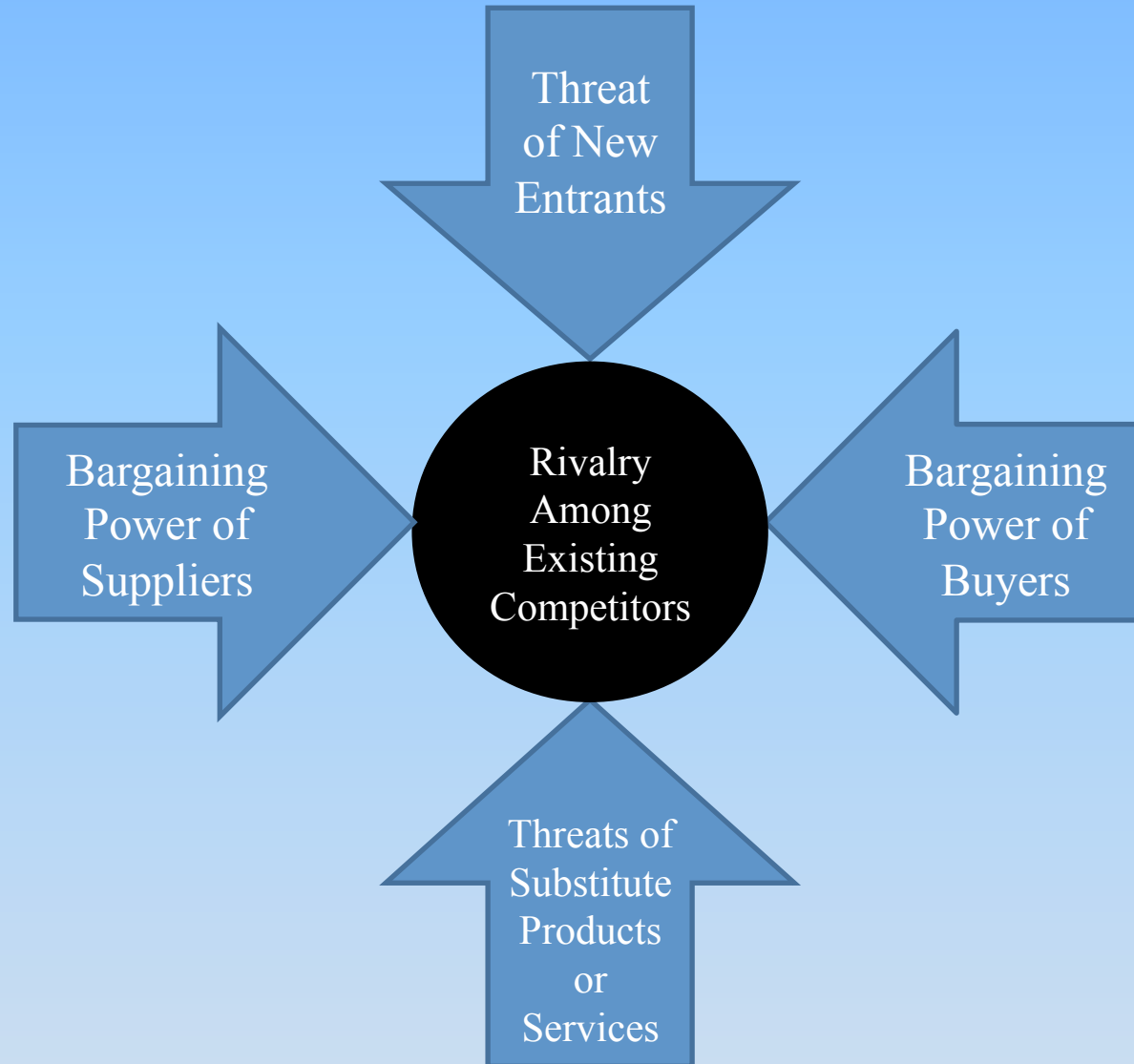
This discusses how a company will cater to the personality of their target market – it unites individuals by common thinking

This is a specific maneuver or aspect of the company that will help to sustain competitive advantage

This defines where the company will be within the marketplace; it delineates their position in the “environment”

This is a study of past patterns of consumer behavior that will help a company moving forward

Porter's 5 Forces



Porter's 6 Additional Forces for Threats

<p>Political & Legal Environment – HIGH</p> <p>Global companies and country specific limitations on technology usage; Data Privacy Laws; Accounting</p>	<p>Demographic Environment – MEDIUM</p> <p>Requires new approach to considering “processing” as an asset which may provide an obstacle to older generation</p> <p>Technologically savvy younger generation may be reluctant to depend on</p>
<p>Complementors – MEDIUM</p> <p>Economic conditions, employment turnover, competition</p>	<p>Social Environment – LOW</p> <p>Integration with both social and mobile networks is available</p>
<p>Technical Environment – MEDIUM</p> <p>Slow or lack of internet connection</p> <p>One company holds key to entire BPM platform</p>	<p>Macroeconomic Environment – MEDIUM</p> <p>Investment in new technology may be cost prohibitive in poor economic conditions</p>

SWOT Analysis

Strengths

- Large customer database
- Most successful online retailer
- Customers can easily compare prices
- Successful promotions and advertisements

Weaknesses

- Purchases are from distributors – not manufacturers
- Not everyone who looks at products makes a purchase

SWOT Analysis

Opportunities

- Expansion is always an option
- Desire to purchase online continues to grow
- E-Commerce is increasing in popularity

Threats

- Market entry is very easy
- Lots of competition
- Consumers still prefer to make in store shopping purchases when it comes to certain products

Alternatives

- Purchase specialty software programs
- Handle exceptions individually
- Auto match documents
- Use a manual spreadsheet to handle exceptions
- Develop internal system for purchase-to-pay

Recommendations

- BPM platform that eliminates writing code
- Tailor BPM platform to specific needs
- Integrate BPM platform with ERP platform
- Build applications for all purchase-to-pay operations
- Use social/mobile interfaces to access BPM platform

6 Next Steps

Step	Step Description and Objective	Assigned Responsibility	Target Completion Date	Issues/Comments/Dependencies
1	Migrate to Amazon Web services cloud from Appian BPM Suite that only controls finances	IT department, CIO	3 months	Transition failing or transition time
2	Strong executive commitment to cloud services	CEO	Immediately	Time
3	Engineers set up the cloud system	Engineering team	3 months	Time, budget, technological issues
4	Transfer all the web-based data from the BPM models	IT department, CIO	1 month	Time, possible internet failures
5	Create strong partnerships around cloud licensing and support	CEO, VP marketing	3 months	Time, failed relationships
6	Test security of cloud system	CIO	1 month	Budget, time

Questions?



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