

# Are we ready to pay for a Digital Factory ?

Dr Tom Harris  
Hi Consulting

Grid Technology and Your Business:  
Current benefits and Future Plans

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# White Rose Grid Consortium Project



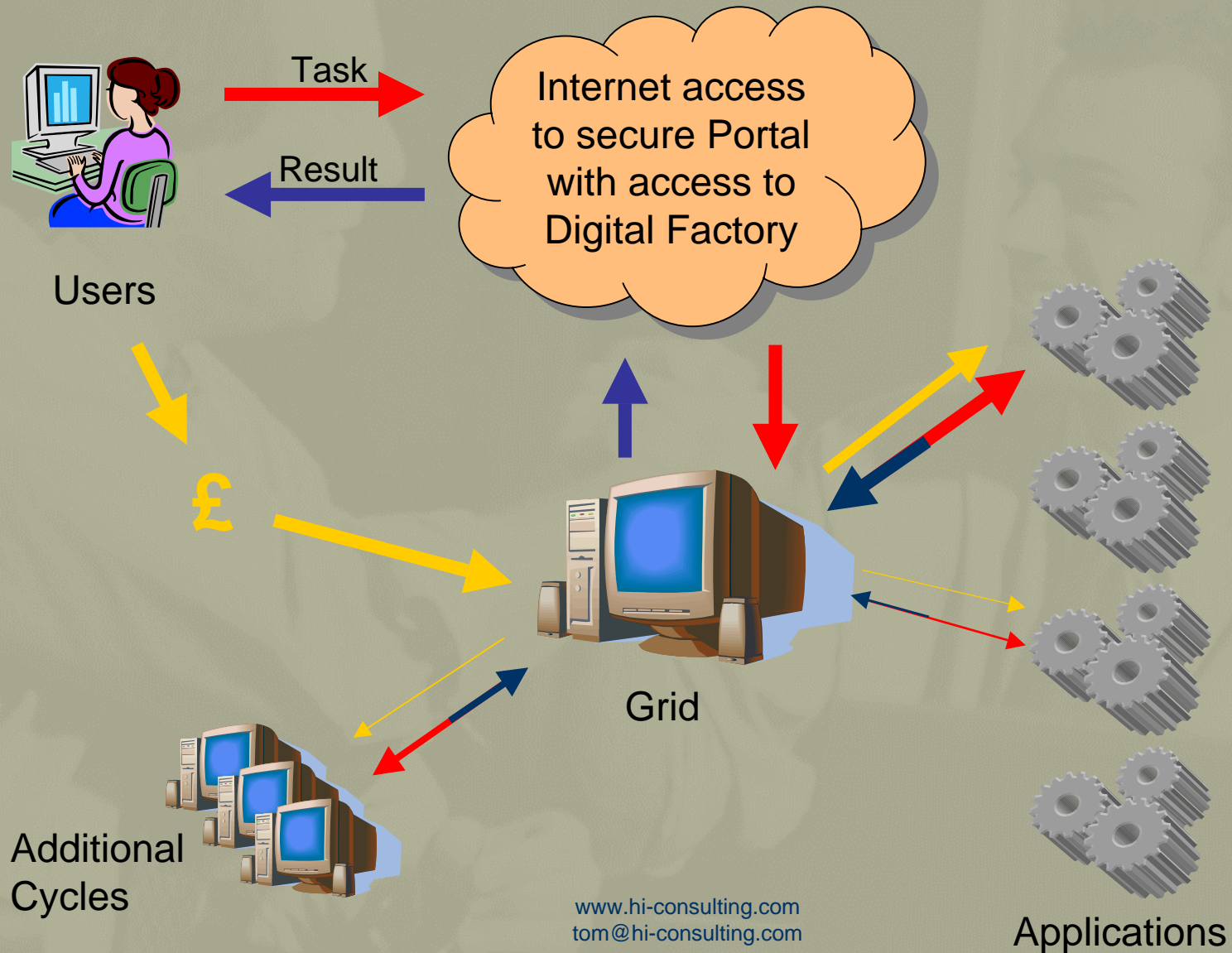
## **Brief:**

Explore the commercial feasibility of offering a Digital Factory Service to companies in the Yorkshire Region.

## **Method:**

- Examine the theoretical opportunity and develop an outline Business Proposition
- Test the proposition within a range of industry sectors (Media, Engineering, Business Services)
- Refine the proposition and identify the strengths and weaknesses of the opportunity

# Digital Factory Concept



# Business proposition

## The Market

- Customer Pain – Expense of buying in-house hardware, occasional utilisation justification, keeping up to date
- Incentives – Economic, cash flow, outsourcing of non-core activities
- Customers – local and remote, SME base, peak supply for larger companies
- Evidence – slim, ASP is slowly being adopted
- Behavioural Change – Trust issues, control & responsibility, user interaction changes
- Market Behaviour – Good

# Business proposition

## The Industry

- Competition – ASP suppliers, Direct software sales, falling hardware prices
- Ease of Market Entry – Tough, especially given trust and behavioural changes, price will be key
- Supplier Power – Strong, without applications the service is a non-starter, Suppliers have some conflicts of interest with their existing businesses
- Buyer Power – Differentiation will be hard and based on added value and price
- Substitutes – Little IP protection or proprietary knowledge so barriers to competition are low

# Media/Games Sector

## Zoo Digital Group plc

Sheffield based SME in the computer games design and DVD creation software industry

### Grid Suitable Applications:

- DVD code builds (50+ processor hours)
- Network Rendering (20fps of complex games scenes)
- Inter Enterprise applications

# Drivers

## Positive Drivers

- Reduced in-house IT spend
- Cash Flow benefits
- Sector has an outsourcing culture

## Concerns

- Bandwidth (DVD code can be up to 10Gb)
- Commodity market
- Poor differentiation from Render Farms

Interest: Medium

# Engineering Sector

## **Fluent Europe Ltd.**

Global leader in Computational Fluid Dynamics software and services. Customers in all industries and geographies.

### Grid Suitable Applications:

- CFD simulations can take weeks of processor time!
- Grid based software delivery

# Drivers

## Positive Drivers

- Peak Demand coverage
- CFD access for small companies

## Concerns

- Diminished user experience
- Little cost saving on in-house computing needs
- Security and trust

Interest: Medium/Low

# Business Services Sector

## **Agilisys Ltd.**

National IT service provision company, 600 employees, provides customers with business software solutions for Payroll, CRM, Data management etc.

## Grid Suitable Applications:

- Advanced ASP
- Large systems such as Geographical Information Systems

# Drivers

## Positive Drivers

- Better service to customers
- Strategic partnership opportunity

## Concerns

- Not many worthy applications
- Little added value potential

Interest: Low

# Conclusions

- The Grid Service Provision / Digital Factory Industry is going to be about Added Value
- To deliver Added Value, the service needs to be very carefully focussed on a particular target niche and expand out through careful market segmentation
- The initial target niche must be the one with the biggest problem to solve, the most to gain with the simplest value chain
- Media looks good, but it is way too large
- The next step is to drill down further and find the ideal niche to make an impact and learn the business

# Thank You

Dr Tom Harris, Hi Consulting

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