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# Ancelus Database delivering Fast, Embedded, Real-Time, In Memory, Open Source Content Management for Big Data Analytics, Retail Category Management, Cyber-Security and Healthcare

*John E. Layden*
*Chief Executive Officer*
**Time Compression Strategies**

**CEOCFO:** ***Mr. Layden, at Time Compression Strategies you offer a merger of technology and business process. Would you tell us what that means day to day?***
**Mr. Layden:** Having spent a large number of years in the IT industry, one of the things we witnessed over and over again was the idea of people going out looking for software that automated their business processes. After watching that for a while, we decided that might be the wrong approach. In fact, rather than automating a current business practice, which by definition they were not happy with, why not use technology to enable a new business process. In doing that, we discovered that some of the barriers were inherent in the existing database management technology, so we ended up in inventing a database technology that would support some visionary ideas on what a business process could be.

**CEOCFO:** ***Would you give us an example?***
**Mr. Layden:** For example, let us take one of the oldest pieces of ERP technology. One of the foundation points of the ERP technology is the Bill of Material Processor. It goes back to 1963 when the limitation on computers and software technology said that the only way we could do this is start with the end item that we want to produce and go through the Bill of Material and figure out all of the individual parts that we need to build it. That was the beginning of MRP which morphs into ERP and it got bigger and bigger. The foundational view of what question you are asking hasn't changed. It seems to me that it might be more interesting in the short-term at least to say, fine we did the planning six weeks ago. But right now we have the material that we have, what if I take the material that I have available and ask the question backwards. What can I build to completion, given the material that I have right now? That requires a completely different software structure and one that is not possible with traditional technology. Instead of "exploding" the bill into components, why not "implode" the bill?

**CEOCFO:** ***How do you make the case so people understand that they should take a new approach?***
**Mr. Layden:** It is a difficult process because the ideas of current business models are so deeply embedded. We have been training people for many decades on the use of costing systems, P&L and balance sheets to manage a business. It goes back even further than that, the concept of double-entry bookkeeping goes back to 1135 AD when the Knights Templar first used it. The bill of lading goes back to the Sumerian civilization in 3500 BC and we are automating business processes that are extremely old. One of the things beginning to break through is that people like Dell, Walmart, Amazon, have begun to pursue different business models; business models where local efficiency and machine utilization no longer dominate. Order velocity is the primary focus. The whole concept of order velocity driving profit is a bit new but we now have some very big and successful companies to point to that use velocity concepts as opposed to margin concepts or efficiency concepts as the primary drivers. What happens is that we get profitability, not necessarily margins. We get overall system efficiency as a side benefit.

**CEOCFO:** ***What types of companies are using your services today?***
**Mr. Layden:** Most of what we have done from the standpoint of the business process concepts has been in manufacturing, distribution and supply chain management. The database that emerged also captured significant attention in the arena of telecom switching systems and network management. We are probably the most widely installed software

company that you have never heard of. The idea of integrating a new business process with the technology to make it happen is mostly seen in manufacturing where the time delays, customer delivery performance and profitability all need to compete on the same playing field in a complex flow environment. You can't optimize on a single dimension and be successful.

**CEOCFO:** ***How have you reached out to potential clients and what is your strategy going forward?***
**Mr. Layden:** We have been around for 33 years. Early on, we partnered with hardware suppliers who gave us lots of exposure, but this time the channels will be different. We have a highly disruptive technology and we are now working on a marketing strategy that will help us find the early adopters in a broader market place. It is ranging well outside of the arena of manufacturing. We are talking to people in healthcare, aerospace and defense, many other fields. However, all of the complex systems and big data analytics, as an example large complex systems, have begun to fail using traditional technology. So our challenge now is to find those people who are prepared to step out of the standard environment of conventional wisdom and take the next step and say we have to do this differently.

**CEOCFO:** ***Besides the concept that it makes sense, why are you confident that you will be able to get your message across?***
**Mr. Layden:** We have many mechanisms to get the message to the marketplace. But the people we need to reach are those that already realize that automating existing processes will not gain sustainable advantage. We plan to filter on finding the early adopters, who already recognize the opportunities offered by the new methods. Going directly to the mass market requires longer educational time, so that will wait until later. Our goal is to find the prospects that have already figured it out.

**"You need to find the operating myths in the business that are not aligned, and provide rock-solid information in real-time to make sure that they have what they need to re-align their decisions… In 1993 it required one dollar of durable goods, supply chain inventory to deliver one dollar at point of use. As of last year, it still required one dollar of durable goods, supply chain inventory to deliver one dollar at point of use. That needs to change if we are going to remain competitive."- John E. Layden**

**CEOCFO:** ***What is involved in an implementation?***
**Mr. Layden:** The software is straightforward; it is not terribly complex from the standpoint of implementation or the user view. The internal sophistication has been automated to eliminate the need for complex configuration and development. What happens at the process level is the CEO gets new ways to guide the organization, inform the front line people. I think it was Peter Drucker who said, "culture eats a strategy for breakfast." The point is we want to drive a change in the culture and you do that by changing the myths embedded in the business processes. All businesses run on a set of myths –"this is how it works here, this is how our customers behave, this is how the factory behaves and this is how we deliver our services". The way you change myths in an organization is that you change the information that you deliver to the key people on the frontlines of the business. You give them better information and they will eventually build a new set of myths. They will change the culture.

**CEOCFO:** ***How do you keep people from slipping back into the old thinking?***
**Mr. Layden:** It is driven primarily by what information you provide. I have worked with over twelve hundred companies all over the world and the thing that I see over and over again is that the people on the frontlines (our primary focus) are not formally resistant to change but they have a set of myths that they use to run their piece of the business. They know that it works or at least it works well enough. They are resistant to doing anything that might screw up how they perform for the business. They do not want to mess up. The key is that you have to provide them with better information, more timely, more insightful, more connected to business dynamics and priorities to allow them to make decisions on a different basis. If you try to change the culture or try to change how people perform without changing the fundamental information they use, it usually fails. You need to find the operating myths in the business that are not aligned, and provide rock-solid information in real-time to make sure that they have what they need to re-align their decisions.

**CEOCFO:** ***How do you go about finding that?***
**Mr. Layden:** We have a group of partner companies that are up to speed on how to do this process. It is about asking many questions, monitoring what is going on, listening to the stories they tell about the business. When you come across something that does not sound quite right or that sounds like an efficiency related argument as opposed to a velocity related argument, then you begin to drill deeper. Some of the things we know in advance. For instance we were processing paperwork in a healthcare environment, billing, credit card processing. You can go in directly and start measuring velocity and find the things that prevent straight line processing in minimum of time. Once we can measure

those things you begin to find that some of the myths of what makes a business successful that are out of line with reality. You begin to eliminate those pieces of the process. The remaining process is the one you want to automate.

**CEOCFO:** ***What surprised over time as the company and concept have grown and evolved?***
**Mr. Layden:** We developed the first network oriented Advanced Planning and Scheduling system back in the early nineties. That has been a passion for twenty years prior to that, trying to figure out the solution for that. I guess it was my naivety that said that if you build it, they will come. It was an excellent piece of technology and we presented it to the marketplace and everyone said it was wonderful, but "could you make it work just like the old one?" We asked ourselves "Good grief, what have we done?" That was the biggest surprise. I think the second surprise was how long ti took to figure out the new pricing model. The first insight occurred in an executive committee presentation at A. O. Smith Corporation in 1978 as we talked through what was going on in a particular business unit. The curve that we use today was sketched on a flip chart. It took from that time, until quite recently before we understood what caused it to behave like that. To me that was a surprise. It was completely contrary to what we learned in MBA school; in fact, it may not be completely finished yet. We had a new insight this morning on how the pricing model interacts with market share.

**CEOCFO:** ***Why pay attention to Time Compression Strategies?***
**Mr. Layden:** The biggest advantage we bring to the table is our broad view of how processes and technology fit together. Combine that with our history of translating corporate level goals to front line metrics and it becomes a powerful agent for positive change. A concern that I have when I look at what has happened in American industry for example, is the recent backsliding in the factory velocity. It directly results from of a return to local efficiency view, rather than overall system efficiency. We made tremendous progress inside the factory with the introduction of advanced planning and scheduling in 1992. We drove down the time delays through the factory rather dramatically until about 2005. At that point, the dominant thinking shifted from velocity mindset back to the efficiency mindset. We've started to lose ground on velocity since then. We help our customers stay out of those traps. Outside the factory, the manufacturing supply chains have made no progress. We saw automation of the administrative functions, not the physics of the overall system. In 1993 it required one dollar of durable goods, supply chain inventory to deliver one dollar at point of use. As of last year, it still required one dollar of durable goods, supply chain inventory to deliver one dollar at point of use. That needs to change if we are going to remain competitive.

**Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

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