EXCERPT

The World Wide World:
IT Ain't Just the Web Anymore!

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Rearden Commerce: Chore-chain management

BY CHRISTINA KOUKKOS

"We live in a tech-centric world where hundreds of billions of dollars have been spent [on application development] in discrete product areas," begins Rearden Commerce founder and CEO Patrick Grady. "But none of it interoperates, and efforts at system integration have not helped much. In fact, we've reached a state of diminishing returns. It takes more effort to make applications interoperate than to do it manually."

Grady hopes to solve this problem with Rearden Commerce, neé Talaris, a company he founded in 2000 but which has been in stealth mode until now. The goal is to provide an e-commerce platform and service grid based on Web-services and service-oriented architecture (SOA) (SEE **RELEASE 1.0**, DECEMBER 2003) for what he describes as "user-centric computing: an environment in which all your disparate applications, services, devices and content streams interoperate as one meta app and work asynchronously on your behalf."

The concept is not a new one, the company readily concedes: "Others have tried [to do the same], most publicly Microsoft's .Net/Passport/Hailstorm initiatives and HP's eSpeak," he continues. "Both failed, for a number of technical and business model reasons." Just as Trumba is utilizing new technologies to implement an old idea (flexible, dynamic calendaring) better, so does Rearden hope to use both lessons learned from its predecessors and new Web services technologies to succeed where others have failed.

One reason for others' failure, Grady believes, is that they lacked a real-world application to solidify demand and galvanize suppliers. To address this Rearden developed an e-procurement application for employee business services (EBS) including audio and Web conferencing, shipping, dining, courier services and travel. In addition to providing a real-world application of the company's vision, the applica-

tion, dubbed Rearden EBS, helps "pay the bills and galvanize a network effect," says Grady. It also solves a problem visible to operating executives rather than just to IT staff.

Grady says that in the US alone, businesses spend $1.5 trillion annually on corporate services, with only about 60 percent of that spent with preferred vendors or according to corporate policies. Rearden EBS aims to control that spending. It provides a single interface for a customer's employees to purchase products and corporate services in the context of their own personal preferences (American Airlines, aisle seat; Marriott Hotel, high floor) while also enforcing corporate policy (no first-class flights for *you*, buster!; no meals costing more than $8.75) and using only approved suppliers with negotiated corporate discounts. Any changes in corporate policy or service providers are enforced immediately for all end-users.

Rearden EBS also will help employees make better ad-hoc purchasing decisions by displaying vendor and pricing choices side-by-side: Why send it priority overnight when simple overnight will get it there just three hours later and save the company $20?

Toby Redshaw, VP of technology for Motorola, a customer who uses Rearden EBS for package shipping in the Motorola corporate offices, talks about Rearden like a true believer: "Folks raved about the interface, how much better it was that what we had before. They said, 'Don't take it away! I don't care if it's just a pilot!' And then there were the savings. . . ." Deb Stanton, general manager of global procurement for Whirlpool, another customer, agrees: "I have anecdotal evidence that people are making better decisions. When they use Rearden EBS to ship something, they say, 'I had no idea it was that much money.'" Both Motorola and Whirlpool plan to use other Rearden EBS services.

Rearden is betting that using open standards plus specific apps will help it succeed where eSpeak and others failed. "I would like to see a world where all applications, services, devices and content can get on to the Rearden platform easily," says Grady. "In fact, we may some day open up our API so that we are not our own bottleneck."

Rearden's competitive advantage, says Grady, is the "orchestration of all these services, and a deep understanding of the semantics and ontologies of complex services." Over the last five years, Rearden has abstracted out the common traits of many services and developed what it calls services business language. It has also worked hard to understand the business logic of processes such as booking travel, shipping a package and reserving a conference call. The company has hired a number of the business-process experts including Mark Orttung, former VP of product marketing at Sabre-Holdings' online business-to-business e-commerce unit, and Corey Billington, former VP of supply-chain services at HP. The company also works closely with the major service providers in every sector it serves.

Rearden customers pay an annual fee of $250,000 to $1 million (depending on the size of the company) and $10 per month per user. In addition to Whirlpool, Motorola and HP the company has signed three-to-five-year deals with a number of other as yet undisclosed customers – mostly large enterprises.

The Rearden platform can be a de-facto aggregator of purchasing power for small and medium-size enterprises (SME) as well. In fact, Rearden plans to partner with companies that want to provide its service to SMEs. It already has partnered with HP, which will resell Rearden as part of its business-process outsourcing services.