

OCTOBER 2007

Successfully apply an IT model to a non-IT business

Applying Lessons Learned from One Industry—to Another

Conventional wisdom says the smart play is to “stick to your knitting,” but we all know that a fresh perspective has the power to transform. Ophir Ronen, currently CEO of Planetary Fuels, is definitely not sticking to his knitting. Without a whisper of biofuel industry experience, Ronen is taking what he learned in his IT career, and using it to transform how the biofuel industry thinks and operates.

Ronen has an entrepreneurial history. Prior to launching Planetary Fuels, he served as chief technology officer for Singlestep Technologies, a company focused on IT information management solutions. However, Ronen is best known as co-founder of Internap Network Services. The company trades on AMEX under the symbol IIP. At Internap, Ronen was director of research and development, and deeply involved in the company's technology and sales strategies.

Today, Ronen is taking what he learned in IT, and leveraging a winning process model from that industry in the world of biodiesel. His goal is to build a network of small, flexible and rapidly deployable refineries located close to either feedstock suppliers or customers and use them to deliver economically competitive, high quality biodiesel. At a recent Northwest Entrepreneur Network meeting, Ronen spoke about the benefits and challenges of taking a working model from one industry and adapting it to another.

Re-thinking a Successful Model

As new industries like biodiesel emerge, competition is fierce. To be successful a

firm has to find new ways to compete. Ophir Ronen's approach has been to analyze successful models and patterns in the IT world and apply the ones that

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make sense to his new industry and company. He explains, “Not all models translate perfectly, but many can be applied to different spaces or industries.” One model that Ronen saw direct application in was “distributed network scaling.” Although common in the software world, it hadn't yet been considered in biodiesel where monolithic approaches were common.

In software, a distributed network scaling model has three universal tenants: Standardization, Automation and Centralized Management. Standardization provides a cookie cutter standard that enable economies of scale. Automation enables a company to scale quickly. Instead of making changes one off, they are made using tools that provide a systematic approach. Finally, centralized management enables fast, thoughtful decision making and centralization of your best resources with the ability to see the big picture.

Using this model at Internap, a company that manages and distributes applications over the Internet, made perfect sense. However, applying it to biodiesel required new thinking. Most biodiesel companies operate using big, standalone refineries. Costs increase significantly when fuel is transported from the single location to others. By re-thinking the distributed network scaling model from

the software industry, Ronen came up with an innovative approach for biodiesel: to build a network of small, flexible and rapidly deployable refineries located close to either feedstock suppliers or customers. Each refinery would be centrally managed, highly automated and standardized.

Here are Ronen's tips for applying this model to other industries:

- **Template-driven scaling:** Look for every opportunity to template a process. This provides critical economies of scale. However, be aware of and make adjustments for local conditions which are always different.
- **Hardware agnostic:** Avoid limiting your choices to a single hardware platform and be wary of new hardware. No matter how tempting it is to go with the latest and greatest, select 3rd generation hardware whenever possible. Remember, first generation is a learning process and second generation is focused on fixing. Third generation is where they get it right.
- **Operation support systems:** Make sure that your operations are very data driven. First time facilities will be riddled with mistakes. With data-driven systems in place you'll be poised to understand the logistics with clear and supporting data. As you increase operations and facilities, this data will be crucial to creating

operational efficiencies across facilities.

- Networked operations center: networking your operations center is key to achieving simplicity. All facilities should be connected to your best engineers centrally located at the operations center through an IP connection. This provides critical leverage because your experienced engineers can provide a “connect the dots” approach to deployment, provide information quickly, and ensure rapid fixes.

So far the results are working for Planetary Fuels. They have found success as a distributed producer of biodiesel. They have taken advantage of automation by using a modular refinery to transport biofuel. They have applied standardized approaches to opening new facilities, and they are creating

efficiencies by centrally managing the distributed facilities. Like in software, the benefits they’re reaping are the same as they were in the IT industry. The business is operated with less people, overhead is decreased and the company is poised for faster growth.

These “Executive Insights” are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWEN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps emerging companies increase corporate visibility and brand awareness. Contact Cheryl at (425) 222-0779, Cheryl@IsenandCo.com or on the web at www.IsenandCo.com.