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ARTICLE

Purpose of IT in Business Transformation Services

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Abstract

The Business Transformation Services practice aims at transforming business at a faster pace through improvement in existing processes within an organisation. The practice adopts a holistic approach by looking at the three cornerstones of an organisation - Processes, Technology and People.

Process improvements are brought about by adopting best practices and industry standards. The convergence of high-performance computing, global high-speed communications, and advanced sensing and data analysis, is driving the next information technology inflection point. And this technology inflection is setting the stage for business transformation. Early-adopters are already benefiting through global collaboration, real-time business responsiveness, and more productive mobile work forces. In addition, businesses are enjoying increased agility that allows them to rapidly respond to changing market needs and opportunities. There are some drivers of the transformation such as wireless mobility, converged network, and autonomic data sources. People are the knowledge people not the data people. They are skilled in the respective domain and that is mandatory to take the competitive advantage.

Viewed from the perspective of global competition, the transition to a service-oriented framework is more than an opportunity - it is necessary to maintain the pace of industry innovation, and a mandate for competitiveness in any business that depends on the effective use of information. "Drive thy business, or it will drive thee."

Introduction

The model for creating business value has changed these days. Companies today participate in extended business, where real operational efficiency and revenue enhancement come from greater visibility, integration, and synchronization among connected partners. The importance of process optimization encompassing the entire company cannot be over

emphasized. Optimized processes lead to customer satisfaction, revenue enhancement, cost reduction and quality products. The transformation starts with redefining the firm's strategic vision—that is, the shared composite of goals, competencies, and capabilities a firm deploy to create and sustain competitive advantage. At this early stage of the business transformation, one thing is clear: The digital business transformation is best initiated from a position of strength rather than weakness.

The convergence of high-performance computing, global high-speed communications, and advanced sensing and data analysis is driving the next information technology inflection point. And this technology inflection is setting the stage for business transformation. Early-adopters are already benefiting through global collaboration, real-time business responsiveness, and more productive mobile work forces. In addition, businesses are enjoying increased agility that allows them rapidly to respond to changing market needs and opportunities.

These days primarily the 'information age business transformation' is based on the integration of many new IT technologies, infrastructure components and devices. While the potential is great, the multiple challenges of dealing with IT systems complexity, satisfying more stringent requirements for compliance, privacy and safety, while reducing costs, are inhibiting IT from delivering transformation in many organizations. Enterprises need a way of building, delivering and *orchestrating* IT resources that reduces complexity, lowers costs, and improves flexibility. Achieving this requires a fundamental shift to a set of innovative business processes supported by a very modular, manageable IT infrastructure.

In the digital business context, departments and operating entities that have traditionally dominated organizations are subordinated and replaced by five core enterprise processes: ***human resource development, financial stewardship, integrated operations, customer accommodation***, *and* ***measurement and metrics***. These core processes represent the fundamental competencies that all organizations must incorporate to avoid stagnation and achieve sustainable profitable growth. Stagnation in this context is defined as performing at or near a given industry average.

The second important dimension of digital transformation is real-time connectivity and decision making. Web-based information connectivity is driving a major shift in the "anticipatory" model of operations that has guided businesses for the past century.

The third dimension of the digital business transformation is a commitment to achieve and sustain operational excellence. Senior leadership must drive this commitment, which must extend throughout the organization. This commitment is based on a candid—and sometimes even brutal—acknowledgment of what constitutes sustained superior service performance from the customer's perspective. We call this "customer centricity" because it clearly focuses channel-wide behavior on creating customer value.

Information technology (IT) infrastructure investments are an extremely important part of e-business and constitute a major portion of IT investments in many organizations. IT infrastructure investments include investments in connectivity, systems integration, and data storage that may be used by multiple applications. Prior research has recognized the importance of a flexible IT infrastructure as a source of competitive advantage. Evidence regarding the value of IT infrastructures is anecdotal, and there is a realization that large investments in IT infrastructures are often difficult to justify. ***This paper expands on the idea that the value of an IT infrastructure depends on its use in an organizational context, and presents a relatively simple approach to understanding and assessing the value of IT infrastructure investments.*** This approach is based on the asset valuation literature in finance. An example is provided to illustrate the proposed approach, and managerial implications are discussed.

DRIVERS OF TRANSFORMATION

Today's reality of intense global competition is creating a need for increased operational efficiency, global collaboration, and workforce mobilization. While becoming more efficient, they must also become more agile and responsive, and find more ways to use information to create new customer value. In some cases, this means outsourcing part of the IT infrastructure, especially areas that do not provide distinct competitive advantage or that inherently require integration outside the corporation itself, as in mobile infrastructures, trading networks, etc. Yet in-house and outsourced portions of the IT solution must work together and be managed seamlessly by IT. Some of the new IT technologies providing core capabilities to achieve these goals include:

• **Wireless mobility--**anywhere, anytime access made possible by a rapidly proliferating choice of high-speed wireless connectivity options (Celluar, WiFi, WiMax, etc.).

• **Converged networks**—very high-speed (Gigabit and above) networks employing coaxial cable, optical, and wireless techniques to deliver simultaneously all types of content such as

traditional computer data (XML..), downloaded or streaming music and radio, Internet-based telephone (VoIP), and Video-On-Demand (streaming video).

• **Autonomic data sources**—sensors, controllers and self-organizing device networks that make it possible to monitor all kinds of natural and commercial processes inexpensively, automatically, and in real time. Radio Frequency Identification (RFID) tags and readers are among these new components.

THE CHALLENGES

Reinventing business operations to exploit information technology and facilitate business collaboration means examining every face of every job. It means asking the hard question, "Do current actions add value to our core or key customers?" If so, what is the quantifiable value proposition, and how can it be maximized? If not, how can the resources used to perform this action be redeployed? The digital transformation depends on fully understanding how to use the power of emerging generations of Internet-based network applications such as those being developed by Internet. These applications will provide a communication backbone for integrated operations and event management competency. Importantly, use of this technology must be accompanied by a willingness to change traditional organizational practices.

Expanding Internet capabilities provide an information framework that potentially can replace traditional one-to-one, one-to-many, or many-to-one communication with Web-based, simultaneous, many-to-many connectivity. Within that framework, all participants in a business simultaneously have access to the same strategic and operational information. At the same time, they have the ability to communicate plans and actions. Traditional command-and-control practices can be replaced with open and shared information access. This facilitates the synchronized distribution of information and knowledge across the business, which serves to motivate and accelerate the pace of value creation. Quite frankly, even the best of firms today have much to learn when it comes to exploiting this emerging information infrastructure.

BUSINESS TRANSFORMATION APPROACH

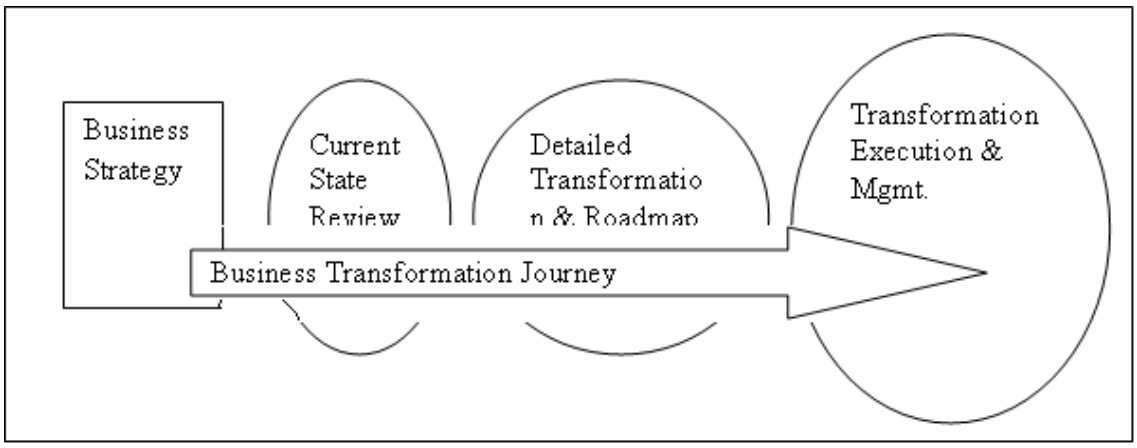
The business transformation can be done step by step. This is the proposed

life cycle of the business transformation. The steps are:

1) Current State Review
2) Detailed Transformation and Road Map

3) Transformation execution and Management

Fig 1: Transformation Life Cycle



BUSINESS PROCESSES

Today the business process is not as simple as it was before the introduction of Information technology. The driving force behind world economic growth has changed from manufacturing volume to improving customer value. Today for the entire company, the main business value of becoming a customer-focused business lies in its ability to help them keep customer loyal, anticipate their future needs, respond to customer concerned and provide top class customer service. Internet technologies can make customers the focal point of customer relationship management (CRM). CRM systems, Internet, Intranet and extranet websites create new channels for interactive communication within a company, with customer, business partner and other external environment.

One of the most important implications of competitive advantage is business process re-engineering (BPR).It is a fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality, speed and service. Most of the companies use cross functional enterprise resource planning (ERP) software to reengineer, automate and integrate their manufacturing, human resource, distribution and finance business process.

Business Process Modelling – Changing Business by Changing Business Process

1) Strategy :
   a) Specialization
   b) Market Position
   c) Competitive environment

2) Sales:
   a) Time to market
   b) Product Innovation
   c) Customer Relationship Management

3) Delivery:
   a) Process innovation
   b) 24 hours global trading
   c) Interactive Financial Services
   d) Platform Automation

4) Risk:
   a) Risk Based Capital
   b) Concentration

5) Shareholder:
   a) Overhead and efficiency Ratio

TECHNOLOGY PROCESS

Modern Information Technology infrastructures consist of multiple hardware architectures. These are a variety of software operating environments, complex internal and external networking, and a host of applications that must interoperate in order to provide end-to-end service to customers and internal users alike. Responding to opportunities and competitive challenge can mean adding new applications to the portfolio of a business. Some are added to support new lines of business, others for internal use, some others to allow communication with different businesses – both suppliers and customers – and others are brought on-line to comply with industry or government regulations. As the need for providing increased IT service grows, so does the infrastructure needed to support it. Infrastructures' needs to be adequately provisioned to handle peaks that can be predicted, like seasonal increases in transaction volume, as well as those that may catch the IT department by surprise. New servers are acquired. Middleware, application software, and operating software are acquired. The network grows in size and complexity, and skilled staff is needed to maintain all that. As the need to provide higher levels of service rises, budgets are tending to move in the opposite direction. IT executives are constantly challenged to provide more service with smaller budgets. In many cases, simplification of the

infrastructure can help provide the best of both worlds: higher levels of service along with reduced complexity, lower cost of operation and better return on IT investments.

Organizations today need constantly to adapt themselves to keep abreast the evolving market place and the technology requirements. Innovating to meet the customer requirements is more the norm, with technology being a key driver. The right investments in technology are key since it should be able to add value to the organization and at the same time provide sufficient data to take the right decisions.

From being support functions, Information Technology departments are now recognized as business enablers. The key to such transformations is robust processes that help in optimizing and standardizing various processes within the Information Technology department and at the same time aligns Information Technology strategy with the business strategy. There is also a need for suitable metrics to monitor the effectiveness of these processes in managing technology. The processes will cover both internal functional areas as well as the Management. Adoption of these frameworks help in reducing delivery time, ensuring quality in the process, improving customer satisfaction and can lead to compliance to relevant standards such as BS15000, ISO etc.

PEOPLE

In an economy where the only certainty is uncertainty, the one sure source of lasting competitive advantage is knowledge. When market shifts, technology proliferate, competitor multiply and product obsolete almost overnight. Successful companies are those that consistently create new knowledge and dissemination is widely acknowledged throughout the organization and quickly embody it in new technologies and product. Knowledge creating companies usually explore two kinds of knowledge-- Explicit and Tacit. Tacit knowledge is very important and it resides in the worker of that company. So making personal knowledge available to others is the central activity of the knowledgeable company. It takes place continuously and at all levels of organization.

Now-a-days all the organizations whatever business they are in, recruit only the knowledge oriented workers or trained workers who possess that skill set which is required by that organization.

CONCLUSION

Information technologies can support many competitive strategies. They can help a business to cut the costs, differentiate and innovative in its products and services, promote growth,

develop alliances, lock in (constantly attract) customers and suppliers. A key stretagic use of Internet tehnology helps to build a loyal and aspirant customer database. Reengineering of process and product with the help of ERP package helps an organization to take competitive advantage time to time. IT can enable a company to become agile. It can help to sustain in the market though the product in market changing rapidly. Internet helps in information flow by providing computing, telecommunication resource to communicate and coordination. And at last a good company is always a knowledge creating company and it is highly supported by the knowledge worker the company recruits. Information technology helps in the entire field and pulls all the business to transform for betterment of their company.

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