

## INVITED VIEWPOINT

# Logistics Information Management

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## The Enterprise Strikes Back

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As organisations are still coming to terms with a multitude of events beyond their control, such as September 11 2001, the bursting of the dot-com bubble, global and national economic recessions, geopolitical and socio-economic instabilities in Latin America, Asia and the Far East, it seems trite to forecast and even suggest what companies should be looking forward to in the next few months. But look forward they must in order to leverage and maximise their businesses. Whilst I feel that there are going to be a few "killer" trends that will signify the coming years as being a landmark year for the connected business (which I will talk about later), I think that there can only be one fashion that will be here to stay for a good while yet : the IS function of the enterprise.

The last 5 years in the IT industry, have shown that many organisations are still heavily involved with conducting the business of business, or rather, the business of dealing with uncertainty. The promise and subsequent rejection of the 'new economy' heightened and has brought deeper meaning to the digital divide that separates economic growth from economic stagnation, in many parts of the world. However, along with the rises and falls of the era of "rational exuberance" and the rapid advances in understanding how business is conducted electronically, organisations have had ample chance to learn about modern business practices. They have had the chance to learn about how not to run companies; how to harness information technology and present themselves as sole leaders in their markets; how to assess the worth of their organisation (increasingly regarding human capital as a vital asset as well as other traditional items that can be accounted for); how to target and market more effectively to their customers; and most importantly of all, how to survive and maintain business continuity in quite unpredictable circumstances, keeping in mind the complexity of being able to return value to their shareholders. For those organisations that have been fortunate enough not to succumb to either economic or geopolitical events so far, the logical question is where, and what happens next?

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Companies, especially those who have a closely aligned IS infrastructure and set of business processes, should be able to see the constituent parts that make up and hold up their organisation. These are the fundamental foundations of business product, market, capital finance and innovation, upon which every company should be at least in part made up from. So, in every sense, companies at this moment in time have little to lose, but much to gain from their assets and experiences. Whilst the mantra of the last 5 years may have been to attempt to carry out *all* business in a radically different, electronic, way, the philosophy for the next 5 years should be to execute core business activities in an exceptional way. This may sound like regurgitating the concept of best practice management - and why not ? Even though many organisations have been or indeed, still are in the midst of large-scale cost-cutting exercises that are seeking to rid them of excess capacity, I can foresee that very rapidly enterprises will be able to discern the path of progress through highlighting what they do best.

The annals of IS case studies have shown us that the common theme that exists between both IS success and failure, is the quotient of learning and self-realisation that occurs. This same approach must be, and will be, used by large as well as medium-sized organisations, as they attempt to see what has remained of their businesses and market segment after the first 18 months of the 21<sup>st</sup> century. So, how will this trend manifest itself ?

As has been the case since the mid 1980's, successful and progressive organisations will distinguish themselves by how effectively they can leverage their IT/IS function. Mergers and acquisitions activity has been rampant over the last 20 years, more so than perhaps at other times in economic history. Even though many smaller companies have attempted to collaborate and create alliances in order to compete with their sector leaders, larger organisations have tended to have always won the day (witness the rise and fall of bespoke web-shops such as Razorfish, QXL, Scient). In part this has been due more to industry consolidation than anything else : the absorption of PriceWaterhouseCoopers Consulting by IBM Global Services, KPMG Consulting by Atos Origin, CMG by Logica, and Compaq by Hewlett Packard, to name a few. This, in my opinion, has been primarily achieved through either not understanding or leveraging the use of IS internally and / or the provision of IT to external stakeholders in a controlled manner. For example the merger between two of the world's pharmaceutical giants, Glaxo Wellcome and SmithKline Beecham presented an enormous integration effort to the resulting merged company. A particular aspect of the merger which enabled the majority of the integration effort not to go to waste, was in identifying and aligning core operating strengths of each of the businesses which subsequently, were indirectly upheld by vitally strong IS functions. This was an indirect but important benefit of this particular experience.

Thus, although enterprise computing has always been high on the list of motivational or internal environmental guiding factors for an organisation, it will once again become a key critical success factor, because of maturing software and hardware solutions and the need to be realistic about what IS can deliver. Many vendor, market

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and economic analysts that have surveyed organisations post September 11<sup>th</sup> 2001, have found that the majority of organisations have attempted to maintain their IT strategy for the next year, and ride-out any global storms through strict adherence to their balance sheets, and a deeper understanding of the technologies that they have already invested in, can offer them. For enterprise software companies that have always maintained that the strength of an organisation is based upon on how interconnected its people are to its systems, this may well have signalled a minor gold rush (though it has been a long time in coming).

A questionmark still remains as to which year will be the year when enterprise technologies and concepts such as ERP / ERP II, business intelligence and supply-chain management make their presence felt as the saviour of the modern day enterprise. Will enterprise management information systems emerge from the back-office ? The simple fact is that much of the potential of the new economy powerhouse has relied upon extracting the most from existing assets as possible and transforming them into novel structures along the way (people, process and systems). What has, or more precisely has *not* occurred, is the realisation that most of these processes and systems, that have sought to be re-engineered and "re-packaged" have at best never worked properly, or at worst never even existed in the organisation. For this reason, I believe that many companies who rely upon a robust IS infrastructure will return to first principles and attempt to fix the rights and wrongs of late 1990's IT hedonism. Yes, this does include botched ERP, CRM and early-adopter electronic commerce applications. But now is perhaps the best and the only time, to revisit and go back to the first principles of enterprise computing and get some of these basic things right, if only to satisfy issues of corporate governance: consistent management reporting; consistent purchasing procedures; efficient accounts payable and accounts receivable; optimised inventory control and sales order management cycles; clear communication and sales marketing policies; robust supplier- contractor relationships. This is the sound of one thing only : process, process, process. And the manner by which process can be delivered and made to live, must surely be via IT/IS.

In doing so, balancing the impact of IS infrastructures against the flexibility required to react to a constant business flux is a necessity. This is borne out by realizing the promises of the dot-com age of the recent past, namely everything the new economy promised to deliver but didn't. Instead, what the new economy *really* meant to most organisations, was a new way of looking at what they already had and a method for accessing new markets. Going forward from our current position of consolidating the effectiveness and cost of IT/IS, there is a real requirement to leverage core enterprise IS infrastructure, to get the most out of the business. Emergent technologies such as biometric identification (security), and wireless connectivity (sales force automation, and personal information management), can then only be fully realised when information can be clearly derived from core enterprise systems which have undergone such a "makeover". Until the manner by which enterprise processes and knowledge can be brought together through the effective fusion of technology infrastructure and

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integration between systems, there will be little value to be had from such forms of IT/IS.

Indeed many enterprise software solution vendors such as SAP, Siebel and Microsoft, have now come round to the conclusion that developing functionality that requires at least some of their core components to be present, can act as a skeleton on which to sheath computing "muscle". For example, this can be seen in the recent trend towards developing enterprise-wide portals that allow not only employees but also potentially customers, clients and partners to access a company's business information, through web technologies such as web services. This integration of information has been, and will continue to be, supported by software and techniques such as Enterprise Application Integration (EAI), which attempts to aggregate and harmonise information flows and processes between (inter / intra-) enterprise systems. This "plug and play" approach to enterprise computing has been more than just a passing fad.

However, the true effectiveness of integrated information must still surely exist within a defined and known organisational operating structure. Either way, enterprise business technology must be stabilised and consistent to enable organisation's to grow and prosper beyond their current states. Only then, can companies who conduct profit making business be called enterprises. And as we have seen so often in the past, those organisations which survive industrial and economic shake-outs, survive because they are the best in their class or exhibit inherent internal process or stakeholder-led characteristics which are best of breed or best practice.

In conclusion then, the IS function is most definitely a key factor in upholding vital business functions, and needs to be understood better. Ongoing harmonisation with existing or emerging business processes is an associated and inherent requirement, in order maintain the close relationship between business and technology delivery. The question remains as to whether any renewed approach to leveraging IT/IS in a wholesale manner through a "back to basics" campaign, could make organizations lose sight of their entrepreneurial spirit? Well, not really. But then again, this is not an epitaph for the modern day enterprise.

And the enterprise will strike back...

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