

Manufacturers Need to Change the Way They Think About Their IT

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Manufacturers today continue to have a project-based approach when it comes to IT. This approach, often practiced and most easily managed under project P&Ls, is not able to achieve the macro objectives of an organization in terms of:

- Reducing cost of IT ownership
- Increasing agility of solution delivery
- Reaching to growing end users
- Integrating the enterprise through collaboration
- Providing real time enterprise business insights

As the next era of Information technology advances, both IT maturity and IT architectures have evolved significantly to meet these needs. However, although many organizations have begun to change their approach to IT, manufacturing firms in particular, have been slow to latch on to this trend regarding IT. Notable exceptions exist in regards to how supply and value chains are constructed — tier 1 suppliers and OEMs — but the overall reticent adoption of business-aligned IT practices hinders the realization of outcomes demanded of IT by manufacturing 'business' groups.

Where could IT take the manufacturing business?

The question to ponder is: what is the value in making a paradigm shift in a manufacturing firms approach to IT? Some of the most compelling answers to this question include:

- **Business Integration:** Manufacturing organizations are often confounded by business integration challenges impacting customer insights, stock rationalization, vendor consolidation & relationship management, demand forecasting, etc. Taking a holistic approach to IT will significantly improve business integration and elevate the many manifestations of the Issue.
- **Reach:** Technology can be used to interpret what is happening in factory shop floors to plan and manage supply chain strategies, mobilize maintenance to avert plant instability, indicate delays or advancements in production to aid JIT stock of spares and material. Sales activities and opportunities recorded on mobiles and social media sites are being tracked to sense market needs. When the organization is wired together by a holistic IT approach, it becomes far easier to setup and subscribe to such information 'reach'.

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- **Business Agility:** Improved speed at which business solutions are delivered can give business leaders opportunity to ideate new ways of running operations and collaborating with customers and partners. The flexibility to experiment with new business models can be a significant business differentiator.
- **Benefit from Modernization:** A focus on modernization shows promise not only in driving down costs, but also affects business efficiency through predictability, automation and people collaboration.
- **Total Cost of Ownership:** Standardization of architecture and technologies, which go behind running IT holistically, significantly increases the potential for cost optimization.

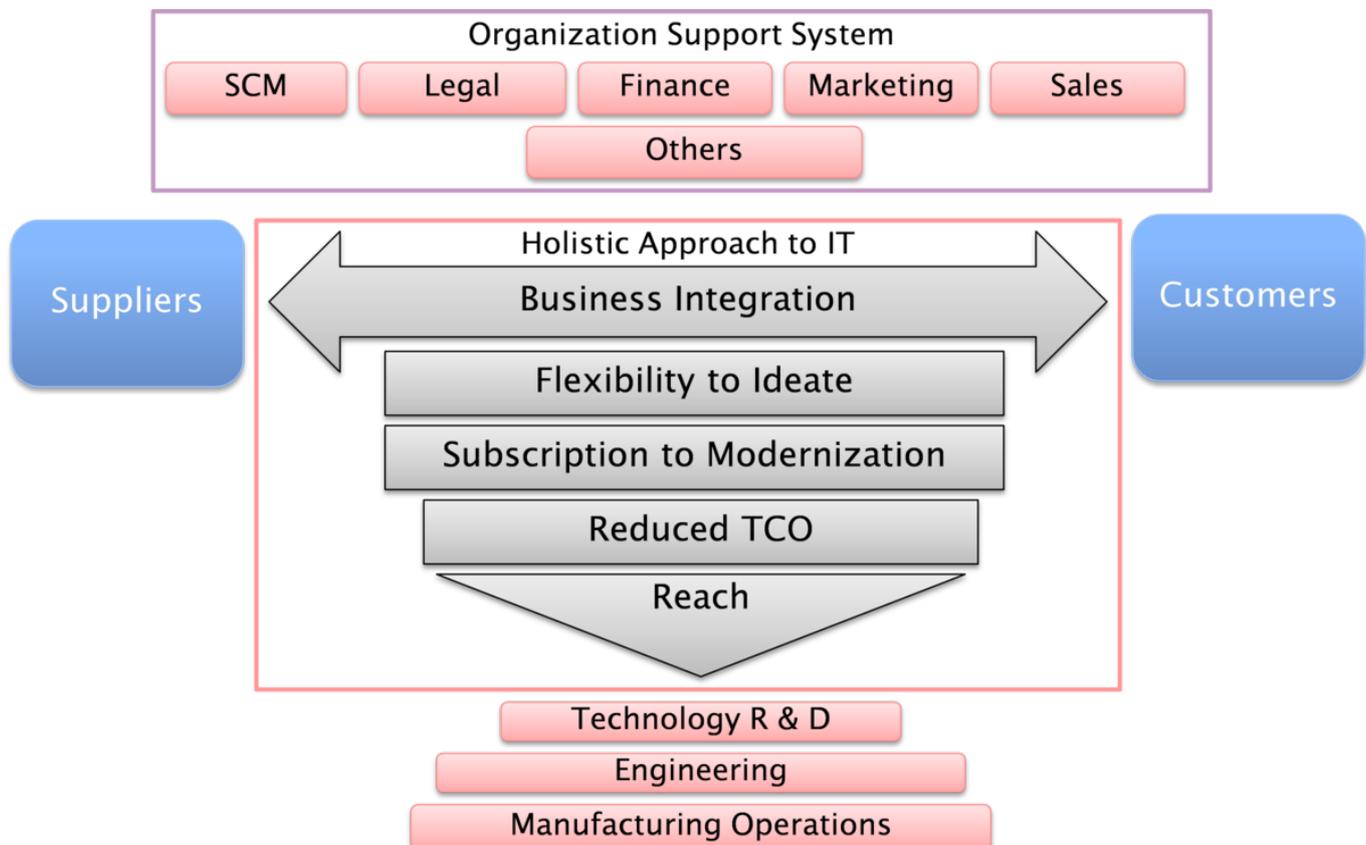


Figure 1: Value of Holistic IT to a Manufacturing Enterprise

Of course, change cannot happen overnight; it will take the systematic restructuring of the organization's IT capability and a different IT-Business interface.

Building Blocks of the New World

The core capabilities that enable IT to be run holistically and consumed as a service are founded on the advances in technology and maturity of Enterprise Architecture patterns. Some of the foundational capabilities to rely on include:

- **Cloud Technology:** Cloud technology allows the organization to pay for hardware resources based on usage. Organizations can decide the level of

service based on number of users, response time, up-time, criticality of applications to business, level of security impositions, etc.

- Process Integration through SOA: Service Oriented Architecture (SOA) supports high reuse and has enabled interdepartmental and partner collaboration through the management of far reaching and complex enterprise processes.
- Information Management (IM): The formidable amount of information that business rely on need mature Information management capabilities that provide a single & holistic version of truth.
- Application As a Service: Cloud-based applications such as Salesforce.com have proven to be secure, cost far less to use and maintain, are easy to scale and easy to integrate with on-premise applications and information. 'Application as a service' is proving to be a significant game changer.
- Self Service Models: To allow tech-savvy business users to construct solution on their own specifically for Business Intelligence and simple process solutions.
- Rationalized Enterprise Application Portfolio: Rationalizing Application Portfolio by identifying strategic applications, dropping redundant applications and redirecting users to strategic platforms helps realize technology standardization in aid of reduced TCO.

The synergetic value of the pieces put together defines the benefit of running IT by the new paradigm.

Realizing the Paradigm Shift

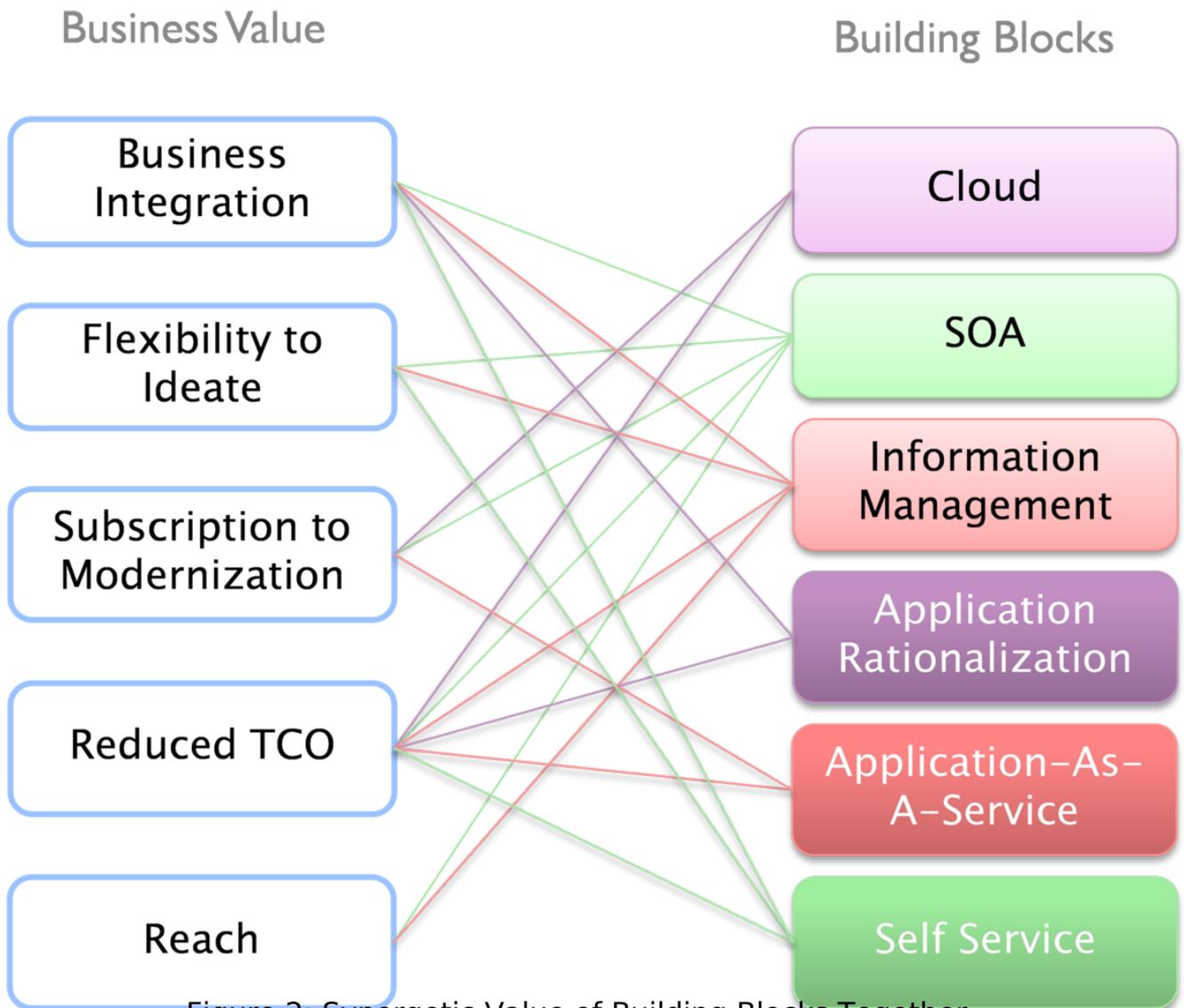


Figure 2: Synergetic Value of Building Blocks Together

Although the benefits of the paradigm shift are alluring, the value realization and the breakeven time span are dependent on the planning, execution and partner ecosystem.

The first thing is selecting a suitable partner. External stakeholders, like Wipro, leverage economies of scale to optimize usage of IT hardware, software and licenses, applications and data using technologies such as Cloud, SOA, IM, etc. On the other hand, the risk of losing would be the only motivator for internally run IT.

Also, use of proven methodologies is critical to certainty of the business outcome, in making the shift. This can be secured by adopting proven architecture frameworks & delivery models to direct the transformation journey.

Conclusion

Running IT holistically is evolving and becoming the norm outside the manufacturing sector. The value to manufacturing firms is in the connectivity and

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collaboration of core manufacturing processes to customers and partners. Ramping up to this world though needs to be architected and driven in a fashion that yields regular dividends to business to sustain trust in the philosophy and in turn business commitment to changing their approach to IT.

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