

Management Information System
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Week – 12
Managing Global Organizations and Global Projects – Part 2
Lecture – 57
Global Strategies and Business Organization

Hello, everybody! Now, in this section on “Managing Global Organizations and Global Projects”, 2nd part of the section will be focusing on ‘Global Strategies and Business Organization’. So, in the previous section, I talked to you about what is the importance, the significance and the background and the history, and why it all you know came up started.

And it has become such a big business environment; that everybody talks talking about outsourcing and strategies and spreading out and it is becoming boundary less. So, there is not a fixed boundary. So, you have a headquartered company you start a business in say India, but may be you are sourcing your all your material or getting it manufactured maybe say in Sri Lanka or Bangladesh and then you are exporting it to across the world.

So, there is no really geographic boundary that is shading your business enterprises. So, the world is flat, the world is yours. So, you can now operate from anywhere and run operations from anywhere, manage it from somewhere else, source things from a third party, another country, etc.

So, you saw that a classic example of Apple which is iPhone and then see how they work if the headquarters are only just designing. So, that is where their core competency of Apple is designed. So, they are coming up with new and very innovative product. So, that is the most difficult part innovation; creating new products which are shaking the world.

The whole thing the, it is a major shift, sometimes you got a paradigm shifts because of such new things coming up and it has become such a powerful tool as that of small particular handheld device. Yeah, may it can talk connects to the internet and then the whole world is there at your hand at your palm you can do so many things.

So, when it was first invented I mean it just changed everything the way people used to think about communication phone and do business. But they are sticking to design only at the

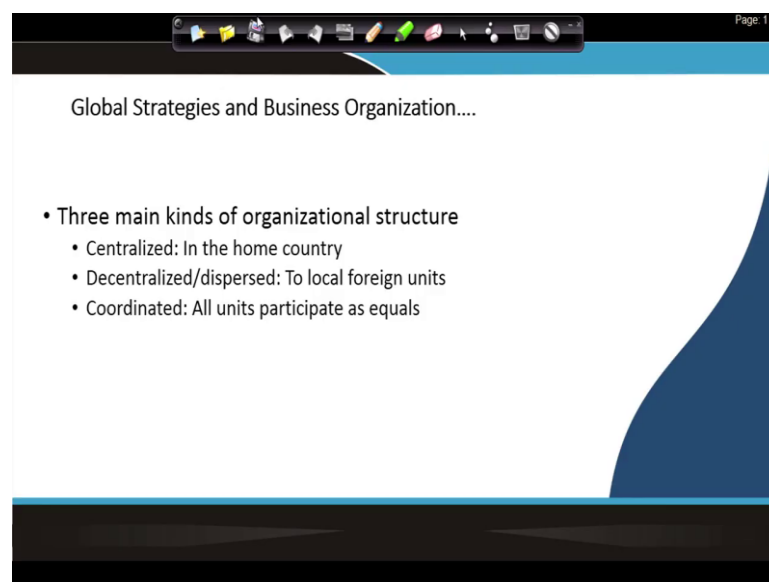
headquarters because that is where the brain is the entire intellectual power goes into that design part. Then once a design is ready you can spread it to anywhere else.

People there are plenty of contractors who are willing to with having very sophisticated machineries, plants etcetera view in these contracting firms they take up orders from various companies; like Apple, Samsung etcetera and manufacture as per their requirement. So, you have given them the design they do it for you and you just do the quality check and ensure that the things are made as per your specifications and your design, the details.

So, that is how the whole thing is now is working it is pretty established. So, now, we will get into the next level say what are the strategies you need to work out and what are the organization structure.

So, more little bit of more practical details about the organization per se and the strategies of course is very important what are the strategies required; so that you can also you know think about at least definitely you need to understand and then you can also think about creating such global organizations.

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So, that is what is the ultimate you know goal should be that can we also set up from India; why not; we can also set up large companies like Apple, like Samsung; why not?

Strategy and business organization the three main kinds of organization structures you need to what are the organization structures involved centralized means in the home country.

Decentralized dispersed is when you are talking to it is local foreign units you also have different foreign units local foreign units and coordinated is all units participate as equals.

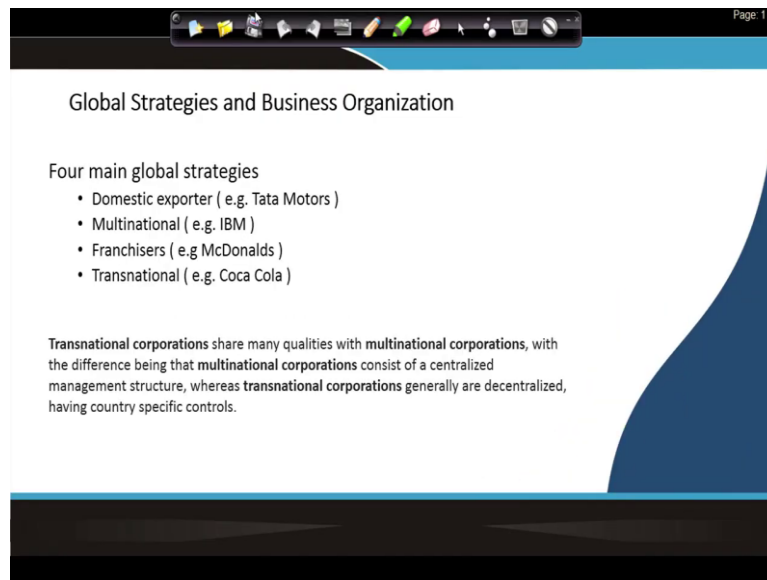
So, there are three kinds. So, all units they participate as equals; decentralized means the foreign units in the local environment they work as per their rules and centralized means in the home country controls everything, like Apple is a centralized. So, from their home country US headquarters they are controlling the entire operations, but if it is coordinator that if you give power to all the local units also country wise then they can participate as equals.

So, those are mostly the multinational type of organizations, but Apple type of organizations everything is controlled from the headquartered in the us they have the retained the everything on the design part, etc.; the business plan, the business model, what models to bring out, where to market all strategies is worked out centrally.

So, nothing is left to there is nothing local, they local are all contractors, but if you take Samsung for example, Samsung has got independent companies in different countries like there is a Samsung India, there is a Samsung in Europe in various countries France etcetera etcetera where they also participate as equals at least they can contribute to the headquarters ideas of what product is required what product will do well, etc.

Take the case of Hyundai motors for example, Hyundai is a South Korean company headquartered in Seoul. But, Hyundai India is doing a very good business and they are bringing out models which are suitable for Indian conditions. So, that is why probably Hyundai India is taking the call they are taking the decisions.

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Global Strategies and Business Organization

Four main global strategies

- Domestic exporter (e.g. Tata Motors)
- Multinational (e.g. IBM)
- Franchisers (e.g. McDonalds)
- Transnational (e.g. Coca Cola)

Transnational corporations share many qualities with multinational corporations, with the difference being that multinational corporations consist of a centralized management structure, whereas transnational corporations generally are decentralized, having country specific controls.

Four main global strategies: domestic exporter, multinational, franchisors and transnational. So, I will give you an example for each of them. So, that you can understand you can you know correlate what is what. Let us see. A domestic exporter say in an Indian context since we are in from India.

So, we are talking everything is respect to India for domestic for us is India, a domestic for in the American US citizen will be US. So, we are talking about India. So, example is Tata motors for example, or your Maruti. So, it is a Indian company which is exporting across many countries in the world. So, it is a domestic exporter.

A multinational for example: IBM. So, it is a American multinational it is a American company headquartered in US; however, they are independent companies in multiple countries like IBM India, IBM France, IBM UK, IBM China, IBM Japan. They are all separate independent companies, but all linked and managed of course, by the headquarters.

There is another categories franchisors – example McDonalds for example. See when you see a McDonald outlet in say Calcutta or Mumbai or Delhi or Gurgaon that company that is running that outlet there in Gurgaon for example, it is not McDonalds.

It is somebody else maybe the some Gurgaon limited some persons individual name Sardar so and so and company. Now, what that company has done it has contacted McDonalds and has been appointed as a franchisor of McDonalds.

So, McDonalds that is worked with them that you are our franchisor in the sense we will give you everything that design, the technology, how to make this food, what missionary to use, how that building should look like, what color combination what the dress your people will wear staff how they will be trained how they will be talking to the customers.

So, everything regarding the operation everything is decided by McDonalds, but it is not a McDonald company. The company is owned by a local Indian person or a group. So, they have now, but running as if you walk into that outlet you will see everywhere it is McDonald. See you will probably think that McDonald is running is the company which is running there, but it is not.

It is only giving and it is getting paid for royalty etcetera etcetera I mean their logo, the design, the building color, the dress, the people, the training, the way they talk and of course, all the plant and machinery the way they things are made the burgers and all that fried French fries etcetera the entire technology of course, comes from there the machineries also there and they give the process how it has to be done.

So, everything from start to finish what sort of raw material to purchase, what quality of potato to purchase, what quality of bread will they will purchase, what quality of chicken they will purchase – everything is standardized.

It is a standard operating procedure given by McDonalds and you have to follow that and they will come and audit once in a while. So, if they find out that you are not doing. So, you are maybe cutting short you are trying to buy a buys a cheaper raw material etcetera.

They will penalize you, they might cancel your franchise also and they can give to somebody else. The fourth one is transnational a very thin difference between transnational and multinational.

So, Coca Cola for example, transnational share many qualities with multinational corporations. So, they there can be an overlap I mean you cannot misunderstand little bit get confused what is the transnational or what is the multinational.

The difference being that multinational corporation consists of a centralized management structure – like IBM multinational is controlled centrally from the headquarters in US whereas,

a transnational corporation generally are decentralized having country specific controls. Example Coca Cola a probably example is a Hyundai also Hyundai motors for example.

So, they have sub control from the headquarters of course, but the plenty of in freedom is given like Coca Cola India is a independent company and they are running the India business. It is a India business is a big component or PepsiCo. So, they have to give the annual report into the headquarters or the finance, etc. will get collated country wise centrally.

But, operations day to day operations your marketing strategies the promotional staff appointing dealers, we are giving discounts, the pricing policy etcetera all the operational things most of them they give lot of freedom to the local entities. So, Coca Cola India guys you run your show and as long as you are showing profit, I do not bother why I should waste my time and energy in running the business for India.

I have got I appoint Indian managers professionals that they are running the show and as long as they give us good return, we are fine and if the return is not good the company is does not make profit, then the headquarters people will come in and they will audit and if they find fault with the management then they will take up the management maybe change some management, hire management people.

Somebody will leave and new persons will be brought in all those things can happen. But, the day to day operations show is left not I would say entirely, but mostly primarily to the local management. The one of the main thing finance is something the money is something which is controlled centrally generally because they are holding say 40 percent share or 30 percent share or maybe sometimes 50, 60, 70.

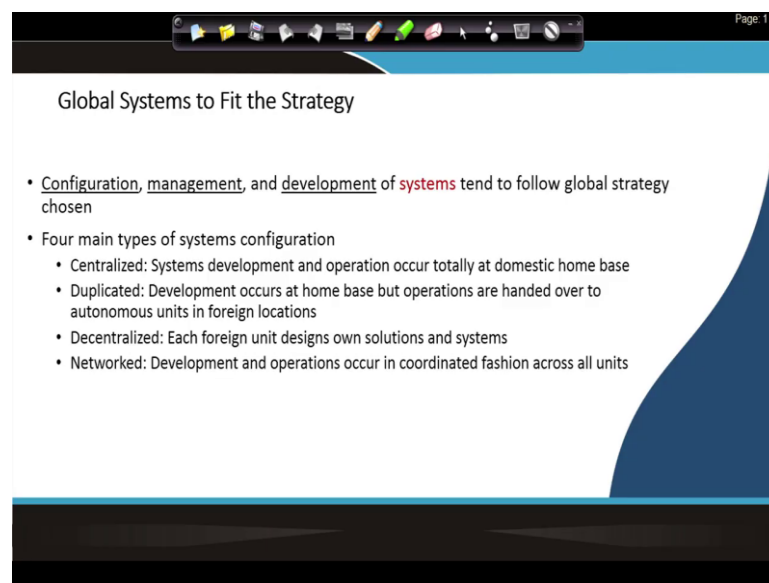
So, depending on how much shareholding you have and they will of course, when they will have more number of shares so, they will have their representative coming in the to the board of directors also.

So, their representation will be there so, they will monitor. Why you have a representation of the board? So that you can monitor the performance of the company on a regular quarterly basis because you have meetings and you get reports and things like that. So, they retain a control, but give a freedom to operate.

But, multinational it is more of controlled from the headquarters less freedom to the local entity. There are some limited very few HR hiring person, recruiting etcetera many operations with IBM or you know control the from decided controlled managed from the local entity.

But anything else you need to have permission clearance from your headquarters and HR policies for example, annual appraisal systems, the bonuses, the increments. All those employee relation and employee staff things material etcetera it always is centrally controlled because they have to maintain certain policy across IBM throughout the world.

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Global systems to fit the strategy. Now, configuration management and development of systems tend to follow global strategy chosen. Now, you have to decide with whichever strategy you are chosen whether it is multinational or franchisee, your transnational or whatever domestic exporter we will not consider here in that same league because that is again bit different.

So, you have to configure manage and develop systems depending on what strategy you have decided. The four main types of systems configuration like a system configuration, now we are getting into more of or the information systems and we will more talk about information system, here is centralized. Systems development and operations occur totally at domestic home base.

What it means that your entire information management system is decided and controlled from the home headquarters, local units do not have any freedom. So, they it is everything is come to say they will decide like locally what sort of you know computers to buy, what sort of servers to use, what sort of bandwidth or network connectivity to use, etc. All of these things is comes from the central headquarters.

Duplicated is another such configuration is development occurs at home base, but operations are handed over to autonomous unit in foreign locations. So, you have a team IT team here sitting in the foreign locations the entire development happens centrally in the headquarters and then they hand it over. This is the thing, this is the design, this is the configuration, these are the type specifications of equipment you need. So, go buy things locally and build up the system and of course, run it and manage it.

So, building is a one-time activity but then running and managing, it is a continuous operation and then changes because things keep changing, getting added, and etc. So, whenever you want to have a new system probably it is a local requirement for example, like our GST thing has come up. So, we need some change in our ERP software for example, which is a very important part of the management system.

So, to do that change you maybe have to inform your central system, headquarters that we are going to do this and this is the justification and obviously, they will of course, they will support that. So, they say as go ahead. So, that is how it works. So, you have to be in close touch with your headquarters, but you have lot of thing to do on your own at your local base.

Decentralized is each foreign unit designs own solutions and systems. This is something it is not a very good practice; each foreign unit designs own solutions, then you know things become, you know, you have got multiple tools, etc.; India will do something, France will do something, Japan will do something, maybe the head companies, headquarter and United States.

And, then it becomes a bit difficult. So, this is what was happening earlier days when things were not in network so much because of internet was not there, etc.

So, all developments were primarily local, but now with the advent of internet technology where everything is now connected network it does not make good business sense to have

multiple types of systems in your different local units because then maintenance, etc. overall if you see from the headquarters perspective you lose money, it becomes expensive.

But if you have the use a same software, same hardware configuration, same network bandwidth, supplier, provider etcetera you can gain lot of benefits from such commonality and that is what these to that is what is desired. So, this in today's world network world probably it is not the best practice and should not be you know chosen this particular configuration.

Like network development and operation occur in coordinated fashion across all units. So, these are as going towards now things have world is in network. So, we can manage development and operations across all units from multiple locations and also from centrally because everybody can talk to anybody because we have network.

So, you can do some development like SAP; if you take the product development - SAP, ERP, product company, they have got a very big development center in India - Bangalore, they have got a big development center in US and of course, they have the biggest development center in Germany that is a headquarters.

And, now they are developing their products new software, etc. additional product improvement etcetera at all these three locations. Bangalore they do something, US they are doing something and headquarters of course, they are doing some and each of that is to be used centrally because the sap software is a common software.

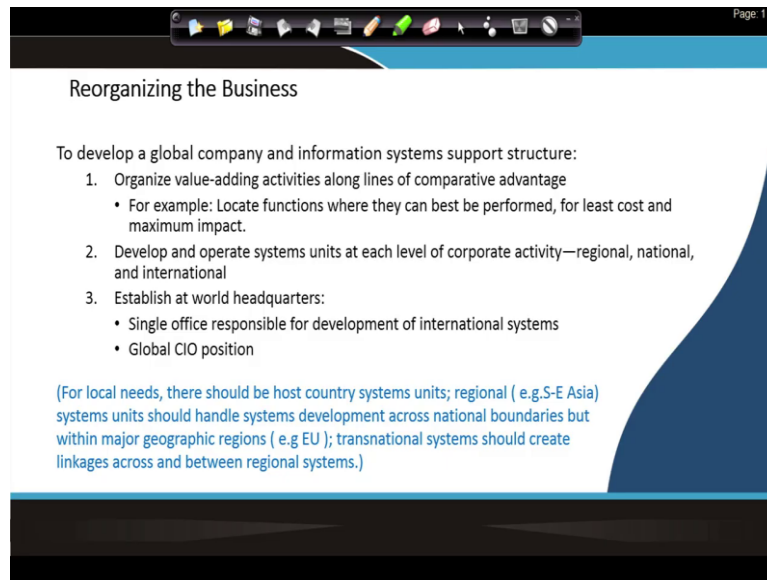
There is no country specific SAP software. So, SAP is one unique software the various sub components it is divided like India you take up these whatever US you work on these and Germany headquarters you work on these things. And, everybody's things will individually get implemented or incorporated rather into that parent mother software SAP.

So, this is networked configuration. So, you are developing an operations it is also maintenance for that the SAP. The whole thing that whole product has to be maintained right because software product you know the customers will be using they will facing problems and they will raise those tickets at the company level SAP level. So, there is a problem in SAP, etc.

And, their maintenance center primarily is again located in India because again because it is you know global resources and cheap resources cheaper compared to a German resource or a US resource, Indian resource; obviously, is much cheaper.

So, the entire maintenance center is in Bangalore, India. So, the overall any maintenance for the product is done from Bangalore and it is done for the whole SAP product which has been used across the world in multiple countries.

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Reorganizing the Business

To develop a global company and information systems support structure:

1. Organize value-adding activities along lines of comparative advantage
 - For example: Locate functions where they can best be performed, for least cost and maximum impact.
2. Develop and operate systems units at each level of corporate activity—regional, national, and international
3. Establish at world headquarters:
 - Single office responsible for development of international systems
 - Global CIO position

(For local needs, there should be host country systems units; regional (e.g.S-E Asia) systems units should handle systems development across national boundaries but within major geographic regions (e.g EU); transnational systems should create linkages across and between regional systems.)

Reorganizing the business – to develop a global company and information system support structure; now we are into again now more details you know, the how the information management takes place.

Organize value-adding activities along lines of comparative advantage. For example: locate functions where they can best be performed or least for least cost and maximum impact. So, you want to develop something a new management system information system. So, locate a functions or where location where you can do it at a better way, efficient way, smarter way with lowest cost and maximum impact.

So, you see where I where we find out I have got so many places where I can work from so many departments which I can use, but which will give me the best return the lowest cost and the best quality of thing what I want to do. Develop and operate systems units at each level of corporate activity regional national or international.

Now, normally such global companies you have got three broad categories. So, you divide. So, it is a international look. So, the overall from headquarters the whole thing all the world you

see the operational headquarters. Regional is where you break into say a continent level a European union that is a region, Asia Pacific that is a region.

Sometimes it depends on the business size for example, Africa is a region, but you can combine say Australia with a Southeast Asia and you call it Asia Pacific or something. Japan, sometimes is a independent region because in many for many organizations Japan is a very big center business center. It produces huge amount of business volume and money.

So, you treat it as a different level although it is a country, but then you have also the national level is where you can say the India, Pakistan, Bangladesh, Nepal, etc., France, Germany you look at take a look at that country level thing and system, but and then you go up gross up to the regional level.

So, India will be reporting to Asia Pacific or Southeast Asia depends how you structure or sometimes it could be just Asia or all African countries are reporting to a region called Africa or sometimes we combine Middle East and Africa.

So, MEA many times they have a region called MEA, Middle East and Africa. So, all Middle East countries and African countries together form a region and you can have then distinct policies and strategies for this region specific area.

So, you have region specific say operational policies. So, you have one for a African middle east, one for Asia Pacific, one for the Americas for example, you can take the whole of Americas as one North and South America together or you can have US as separate because that is the headquarters of most of the international company and then the rest you can take as Americas.

Or sometimes they US and Canada is one unit and then rest Mexico and below is Americas. You can club them because there are lot of small countries are there Panama, Guyana, Bolivia etcetera etcetera. So, they form a region called Americas. So, you are that becomes very easy I mean easier way of handling your strategies and policies.

Establish at world headquarters single office responsible for development of international systems and there is a global CIO position. So, this is normally is what every, or big organization does is that at the headquarters, they have a responsible person called as the global CIO or whatever who is taking over the, it looks after the overall policies.

So, it is very important role because he directly reports to the CEO of that organization and everything has known, we have been talking that, the importance of information system. So, he is owning that, the CIO owns that and that information system is owning it for the entire company across the world, across regions, countries everything.

So, he is a single person at that for this organization for CEO to you know contact when there is some major issues problems or some new thing has to be done and lot of costs are involved. So, he will first call the CIO and then they will take a decision, etc.

For local needs, there should be host country systems units like I was talking regional example Southeast Asia system units should handle systems development across national boundaries, but with within major geographic regions for example, European Union, transnational system should create linkages across again. See you take if you take European Union that is a very interesting thing let within EU there are many countries probably 20 countries or so.

And, each of them have their own countries specific requirement, but; however, European union they have a common parliament they have a common law they have common trade rules.

So, there are lot of commonalities amongst all these countries as far as business is concerned and that is called why they are called they formed that union and they were they were European union parliament in Belgium where that make laws, create laws for the union.

Apart from them of course, like France is a member like, European and like UK for example, it is coming out it is coming out the Brexit they have come out of Europe unions so, the no longer a part of European Union. However, countries like France, Germany, Belgium, Spain, Italy, etc., they are all members of European Union. So, they will have some common rules. So, you can form your strategy policies based on European Union requirements.

Like for example, data storage, that is become a very crucial important discussion point across the world that companies like Facebook or Google or anybody that for that matter. The European Union has come up with a rule that any European Union data has to be stored in servers located within European Union boundaries.

So, you cannot take the, our data outside European Union boundary. So, your server cannot be in US. So, the server which is being accessed by European Union citizens from European Union countries those servers has to be located physically in a European Union country.

The US has also doing that, India we are thinking about it this we have not yet done, but we are all trying to enforce again because of mainly because of security reasons privacy reasons etcetera. So, the, our information, our information regularly relating to our people, what they are doing should not reside in servers in some other country.

It has to be in our country and under our laws and regulations. So, it should follow our company local laws and regulations. So, that is very important. So, these things are now coming up this data thing is you know is a vital that is a starting point of information system. So, how do you store data?

So, you know here about. So, like say Aadhar etcetera we see a discussions in the newspapers that people say whether the security enough, whether your data is getting leaked or somebody can misuse your data, people are still not confident enough that whether the Aadhar for example, we are given everything your biometrics etcetera is there stored, now is it secure?

Can anybody hack it and misuse it maybe do some bank transactions take some money whatever because Aadhar is linked with so many things income tax banks etcetera etcetera. So, through Aadhar if they hack or the data they have access to or whatever or banking accounts.

So, that is why people are still very apprehensive. They are still not very confident because what is happening you do not know, where the data is stored you do not know, who is controlling it you do not know what sort of software is there to manage that security system you do not know.

And, often sometimes you see in the newspapers that Chinese hackers will come in and you know do lot of things or there are people sitting across the world are trying to hack into our systems.

And, things happen not that it just we hear the actual things which happen there is lot things were happening. So, that is why information system I mean you can understand the significance of it in our day to day life. In our everyday life we are so much concerned about what can go wrong.

So, there we have to you have lot of responsibility that the what all I am trying to tell you as an information system person as a manager who is handling information system wherever you

are handling data for of anybody maybe your employee, maybe your other stakeholders, maybe your customer, maybe your vendor, maybe the overall organization.

The first thing you must think about consider whenever you bring in some new system new software or whatever what is a security, how much is security is there, can there be any bridge, can there be any major mishap, can somebody steal our data. So, that is the one of the first concern you must have whenever you are getting into a new system.

Ask these questions to the vendor. Do a check find out anybody a customer is using it, do some reference check what we call what is their experience, what are the customer feedback such which has they have come. So, read those try that. So, do not hurry, do not jump, do not rush because it is such a vital ingredient of your entire ecosystem I would say.

And, lot of responsibilities on your shoulder as a manager to manage this whole thing because if something goes wrong you will be questioned by your management – how did it go wrong, why did not you check this before buying, etc.

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A Typical Scenario: Disorganization on a Global Scale

A traditional multinational consumer-goods company based in United States and operating in Europe would like to expand into Asia

- World headquarters and strategic management in United States
- Separate regional, national production and marketing centers
- Foreign divisions have separate IT systems
- E-mail systems are incompatible
- Each production facility uses different ERP system, different hardware and database platforms, and so on

What things can go wrong . These happen often , specially in cases of Mergers and Take-Overs of existing companies.

A typical scenario, where disorganization on a global scale. A traditional multinational consumer goods company based in United States and operating in Europe say would like to expand into Asia American company, already in Europe now would like to expand in Asia.

So, one headquarters and strategic management in United States looks pretty obvious yes it is a headquartered in US they will have to want to retain all the strategic management and the

headquarters, separate regional national production and marketing centers. So, and the second thing look at there is regional part regional national production marketing centers we will keep it separate.

One of the first part we can I can tell you that world headquarters sometimes they shift for various reasons. There is a American company called Philip Morris which makes those Marlboro cigarettes they shifted the headquarters to Switzerland. For various reasons like they were having political problems in US because cigarette was you know people did not like there is a lot of those sergeant generals' advice and they were heavily taxed or people were discouraged to smoke and etc.

So, they moved to a country where they will have less interference in their business and Switzerland was one country which fitted them. So, the entire headquarters were shifted from US to Switzerland and that is a enormous cost.

I mean shift your whole headquarters then all your employees you have to relocate because in a headquarters you have all the senior management sitting there and you suddenly cannot say all of you go and I will get new people not possible because they are running the business for so long. They know everything.

So, those all those people will have to be shifted and I mean they have to compensated etcetera they have to they have to make arrangements for their staying; rent house. So, it is a huge way amount of effort cost and disruption, but companies do that sometimes, you may have to do it. Anyway that is a not a very common case, but I just told you once this cases like this can also happen, headquarters can shift across countries.

Separate regional, national production and marketing centers, yes, you can have separate marketing centers country-wise; either region-wise or country-wise. Foreign divisions have separate IT systems. Again, as I told you that is not a good practice so, better to avoid.

So, you should have tried to standardize IT systems email systems are incompatible you have different email tools for example. So, this is a disorganization. So, we are pointing bringing it out I am telling you what all the things which can go wrong and it happens.

Then in cases of mergers and acquisition, you bought over a company in another country which you of happens and they have their own IT system because that was a different company; yours

was a different company. Now, you have bought and you have got merge now you are the same company you are the owner of that company.

Now, their e-mail tool and your e-mail tools are different they use Microsoft Outlook you are using say for example, Lotus Notes. So, now, you have to then you know discard one and accept one then the other come whichever is gets discarded those users I mean again retraining, etc. change management program.

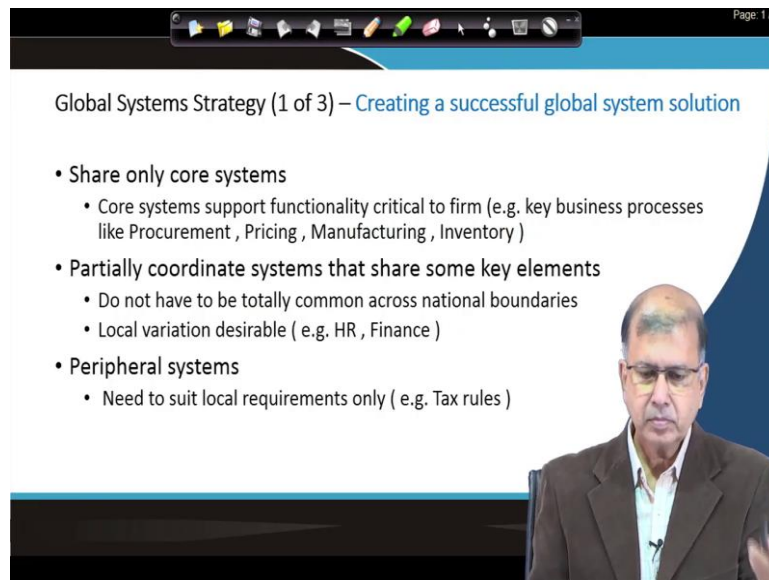
Each production facility uses different ERP systems, different hardware different database platform main thing is ERP system if they were different you use sap they are using oracle problem and even if they were using sap their configurations are completely different. So, again you have to look over and change everything.

So, whenever such things happen a lot of disruption happens and lot of changes have to be done and there where it is you will come in have to play a big role the managers of the MIS team the MIS information team.

What things can go wrong? These happen often specially, in cases of mergers, take-overs as I was talking. So, many things it can go wrong, it is very expensive. You must have seen the State Bank or the banks when they merge in India you might be seeing in the newspapers it takes time 6 months, 1 year for the merger to be completed. Why does it take 1 year for the merger to complete? Because of all this, you have to do all these changes.

Mainly the information domain, IT's, systems and of course, there are HR systems, but the primary thing is IT system. So, IT plays as I have told you right from beginning such a important role in the running of today's business you cannot do anything without IT in large businesses. So, that is why when you merge banks let us say it takes long time, it takes a year almost too.

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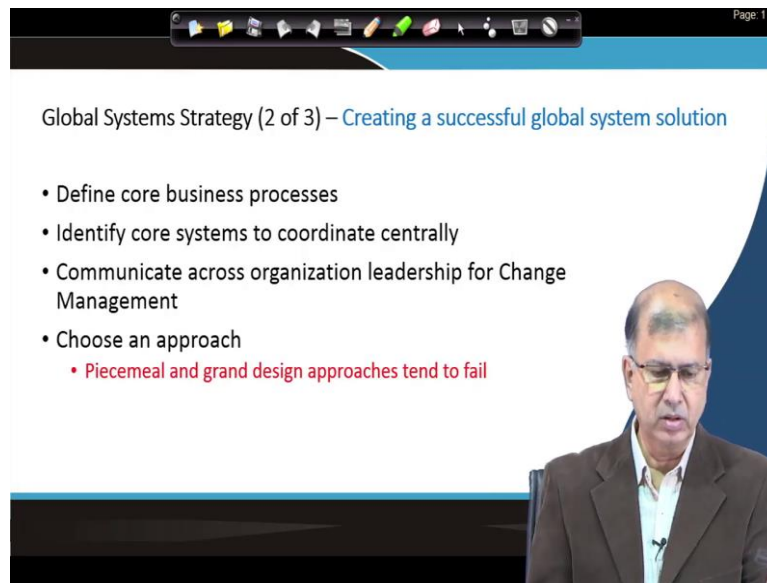
Global Systems Strategy (1 of 3) – Creating a successful global system solution

- Share only core systems
 - Core systems support functionality critical to firm (e.g. key business processes like Procurement , Pricing , Manufacturing , Inventory)
- Partially coordinate systems that share some key elements
 - Do not have to be totally common across national boundaries
 - Local variation desirable (e.g. HR , Finance)
- Peripheral systems
 - Need to suit local requirements only (e.g. Tax rules)

Creating a successful global system solution share only core systems; core systems support functionality critical to function. So, you know large success you just share if the core system not everything then it becomes very complicated again.

Partially coordinate systems that share some key elements; do not have to be totally common across national boundaries. Local variations are desirable, in HR finance areas you need to have some local variations because local rules are different, in the country to country they vary. Peripheral systems need to suit local requirements only; examples tax rules etcetera again country specific. So, you they will be different from across countries.

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Global Systems Strategy (2 of 3) – Creating a successful global system solution

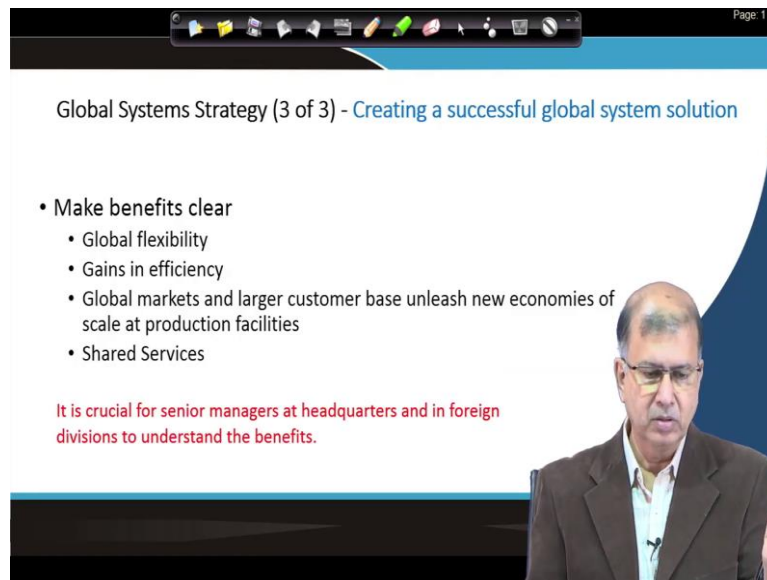
- Define core business processes
- Identify core systems to coordinate centrally
- Communicate across organization leadership for Change Management
- Choose an approach
 - Piecemeal and grand design approaches tend to fail

Define the core business process. The core business processes should be similar across countries. Identify core systems to coordinate centrally. So, these things should be controlled centrally. Communicate across organization leadership for change management as I told you everything here any change you do is a change management issue.

So, the local the country where the change is happening so, those people have to be trained retrained and so, that they can adopt and accept the new or the changed version. Choose an approach piecemeal and grand design approaches tend to fail. So, how the methodology, how will you do it, how will you execute the change is very important.

So, if you do a small pieces one at a time may take a long time. So, that can create a lot of business problems. If you try to do everything together in one shot can also create a problem because you will not have so many people to help you out. You need people to run the whole thing so that can also you do.

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Global Systems Strategy (3 of 3) - Creating a successful global system solution

- Make benefits clear
 - Global flexibility
 - Gains in efficiency
 - Global markets and larger customer base unleash new economies of scale at production facilities
 - Shared Services

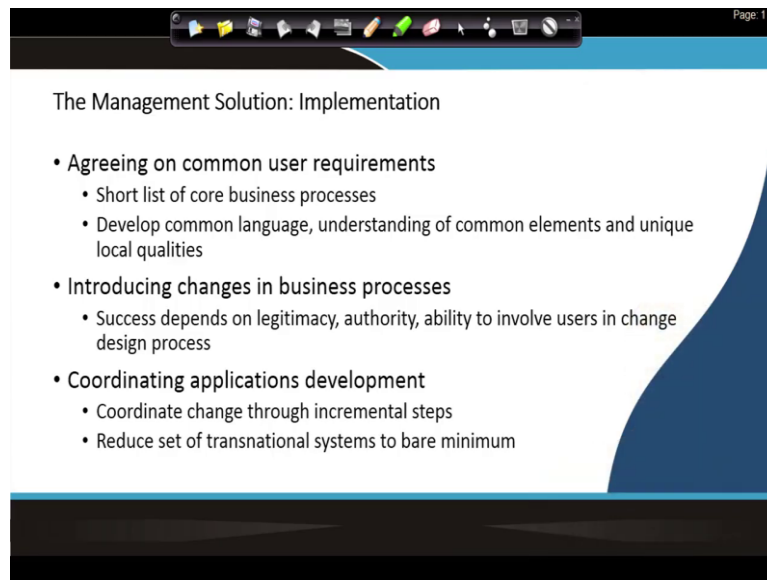
It is crucial for senior managers at headquarters and in foreign divisions to understand the benefits.

So, you have to find out the right methodology and make benefits clear, that is very important. Global flexibility, gains in efficiency, global markets and large customer and base unleash new economies of scale at production facilities and then shared services we will talk later more about shared services.

So, it is crucial for senior managers at headquarters and in foreign divisions to understand the benefits. So, once that is the most important part of change management. First tell them what the benefit they are going to get because of this change or because of this transformation because of whatever it happens.

So, when people understand the benefit then they accept the change and go through the difficulty another difficult phase and excess of training and retraining, reskilling etcetera to enable that change happening.

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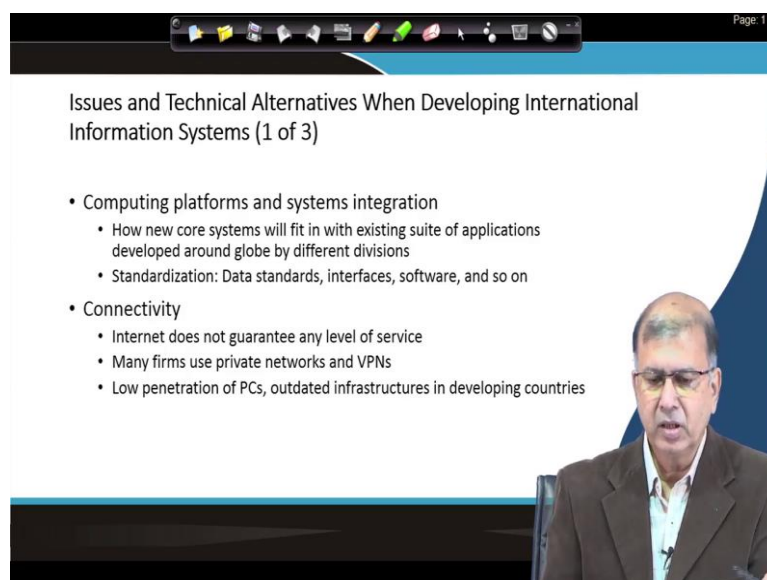


The Management Solution: Implementation

- Agreeing on common user requirements
 - Short list of core business processes
 - Develop common language, understanding of common elements and unique local qualities
- Introducing changes in business processes
 - Success depends on legitimacy, authority, ability to involve users in change design process
- Coordinating applications development
 - Coordinate change through incremental steps
 - Reduce set of transnational systems to bare minimum

Implementation: agreeing on common user requirements; introducing changes in business processes. We have discussed all these coordinating applications development. So, coordination etcetera through incremental steps and reduced set of transnational systems that bare minimum. So, all of these things if you read you will understand, there is nothing much to explain we have been talking about it.

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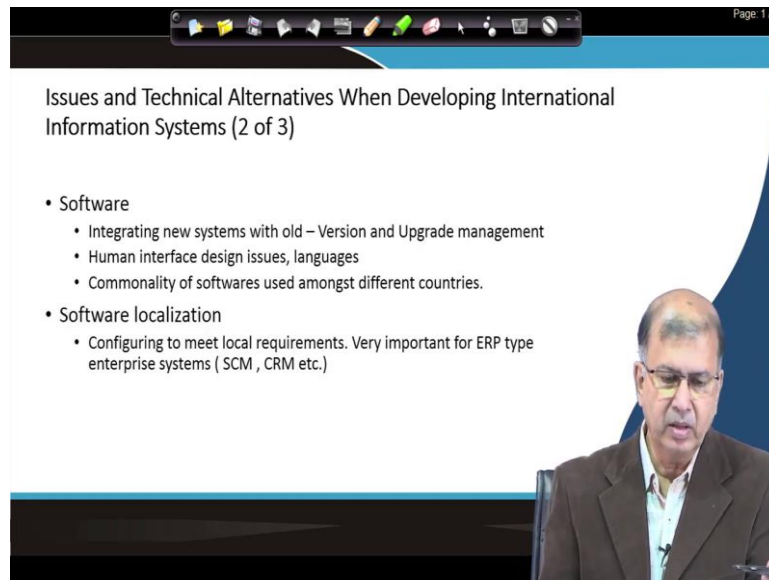


Issues and Technical Alternatives When Developing International Information Systems (1 of 3)

- Computing platforms and systems integration
 - How new core systems will fit in with existing suite of applications developed around globe by different divisions
 - Standardization: Data standards, interfaces, software, and so on
- Connectivity
 - Internet does not guarantee any level of service
 - Many firms use private networks and VPNs
 - Low penetration of PCs, outdated infrastructures in developing countries

Issues and technical alternatives when developing international information systems: computing platforms and systems integration; connectivity, we have discussed all of these in various sessions and I would we will not repeat. You can read.

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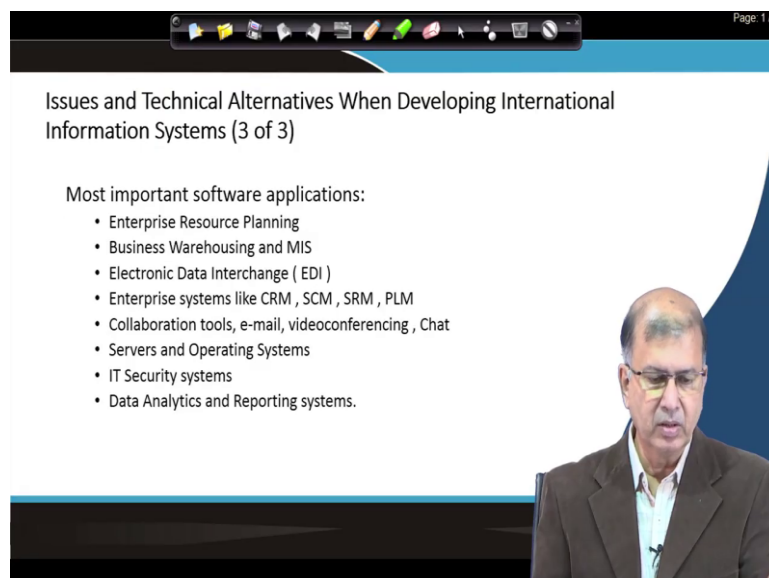


Issues and Technical Alternatives When Developing International Information Systems (2 of 3)

- Software
 - Integrating new systems with old – Version and Upgrade management
 - Human interface design issues, languages
 - Commonality of softwares used amongst different countries.
- Software localization
 - Configuring to meet local requirements. Very important for ERP type enterprise systems (SCM , CRM etc.)

Software, software localization – sometimes localization required configuring to meet the local requirements very important for ERP type enterprise system; like supply chain CRM; there are some companies which are very local because the tax rules and all other things, but rest of things we can; common.

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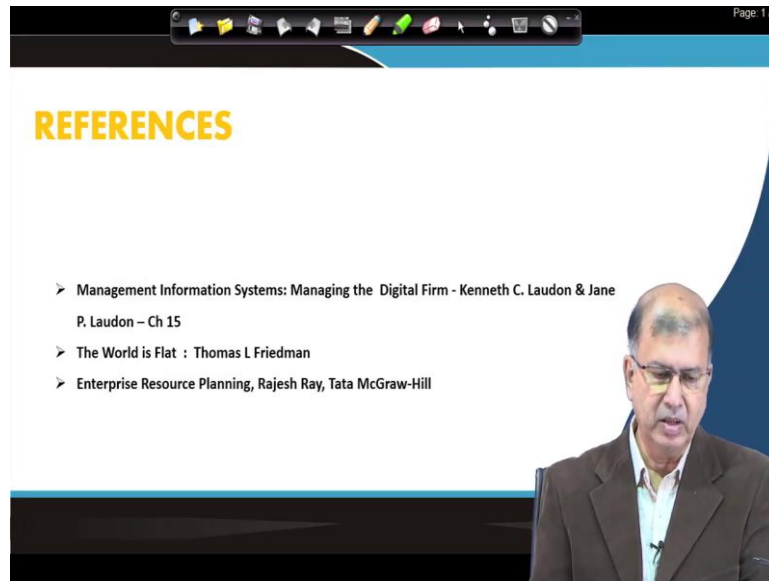
Issues and Technical Alternatives When Developing International Information Systems (3 of 3)

Most important software applications:

- Enterprise Resource Planning
- Business Warehousing and MIS
- Electronic Data Interchange (EDI)
- Enterprise systems like CRM , SCM , SRM , PLM
- Collaboration tools, e-mail, videoconferencing , Chat
- Servers and Operating Systems
- IT Security systems
- Data Analytics and Reporting systems.

And most important software application, some of the most important applications which you need to just know about we are talking are enterprise resource planning, business warehouse, EDI, enterprise system like CRM; we have talked collaboration tools – e-mail, videoconferencing, servers and operating systems, IT security systems, data analytics things. These are the areas of the work for you as a part of MIS; with that this end of the session.

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Page: 1 / 1

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Thank you very much!