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Business Integration  
Briefing

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***INPUT Business Integration Briefing***

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# Business Trends Affecting Use Of SI

Role	Average Importance
Slow economic recovery in 1993	4.4
Pick-up in economy in 1993	4.2
Reduction in defense spending	4.1
Increasing competition	4.1
Greater technology dependence	3.8
Restructuring and re-engineering	3.7

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Notes:

## Changing Roles for SI

Role	Average Importance
Advice and planning for IT usage	4.2
Business consultancy	4.1
Development of methodology and program management skills	3.9
Recommend products/services	3.8
Business Process Re-engineering	3.7

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Notes:

# User Requirements Driving SI

Use Requirements	Average Importance
Complex industry-specific solutions	4.1
High level of connectivity	4.0
Guidance on client/server planning	4.0
Introduction of key new technology	3.8
Restructuring and re-engineering	3.7

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Notes:

# User Expectations from SI

Expectations	Average Importance
More rapid solution	4.3
SI vendor knowledge of industry solutions	4.2
Improved IT planning	4.0
Pace of IT technology change	3.8
Vendor experience with new technology	3.7

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Notes:



# Technological Factors Impacting SI Usage

Factor	Average Impact
Client/Server expansion	4.3
Expanded networks	4.2
Support for distributed systems	4.0
Open systems implementation	4.0

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Notes:

## Driving Forces Justifying SI Usage

Driving Force	Relative Importance
Increased revenue	4.1
Increased service	4.0
Improved quality	4.0
Support for restructuring	3.8
Revision of IT strategy	3.5

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Notes:

## SI Market Factors in Discrete Manufacturing

- Positive business factors:
  - Increase in consumer confidence
  - Pressure to improve productivity
  - Pressure to improve sales and support
  - Need to respond to foreign competition

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Notes:

## SI Market Factors in Discrete Manufacturing

- Positive IT factors:
  - Desire to use new IT technology
  - Need to integrate "information islands"
  - Need for re-engineering
  - Increasing use of electronic commerce

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Notes:



## SI Market Factors in Discrete Manufacturing

- Negative factors:
  - Slow recovery in selected areas
  - Cut in defense spending
  - Pressure to control expenditures
  - Need to staff with industry and IT knowledge

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Notes:

# SI Market Factors in Telecommunications

- Positive factors:
  - Expanding network usage by business
  - Increasing use of network-dependent business services (EDI)

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Notes:

# SI Market Factors in Telecommunications

- Positive factors:
  - Growth of new products/services
  - Anticipated use of multimedia
  - Need for restructuring/  
re-engineering

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Notes:

# SI Market Factors in Telecommunications

- Negative factors:
  - Possible regulatory impacts
  - Historical resistance to changes in business organization
  - Unionized employees
  - Internal technical directions

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Notes:



# SI Market Factors in Retail Distribution

- Positive business factors:
  - Improving consumer confidence
  - Increasing interest in faster supply and improved service

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Notes:

## SI Market Factors in Retail Distribution

- Positive IT factors:
  - Increasing use of communications and network services (e.g., EDI)
  - Expanding use of POS and card technology
  - High rate of growth for use of SI

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Notes:

## SI Market Factors in Retail Distribution

- Negative factors:
  - Low profit margins
  - Precarious condition of some large companies
  - Desire to economize on IT expenditure
  - Limited number of large companies

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Notes:

# SI Market Factors in Banking/Finance

- Positive business factors:
  - Favorable spread on interest rates
  - Increase in stock trading volume
  - Pick up in the economy in 1993

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Notes:



# SI Market Factors in Banking/Finance

- Positive IT factors:
  - Need for expanded networks
  - Need for more integration and improvements in major systems
  - Growth of electronic banking

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Notes:

## SI Market Factors in Banking/Finance

- Negative factors:
  - Competition from foreign and non-bank institutions
  - Continuing impact of savings and loan problems
  - Mergers and acquisitions
  - Possible outsourcing

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Notes:

# SI Market Factors in Health Services

- Positive business factors:
  - Government interest in expanding services
  - Increasing outpatient business
  - Need for improved cost management

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Notes:

# SI Market Factors in Health Services

- Positive IT factors:
  - Need for more care data
  - Need for improved network applications

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Notes:



# SI Market Factors in Health Services

- Negative factors:
  - Small number of large organizations
  - Government and insurance industry pressures

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Notes:

# SI Market Factors in Health Services

- Negative factors:
  - Difficulty in isolating funds for IT projects or service
  - Problems in gaining recognition as an IT supplier

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Notes:

# SI Market Factors in Business Services

- Positive factors:
  - Improvement in the economy
  - More complex products and services
  - Changes in law and business regulations
  - Expanding need for networks and database use

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Notes:

## SI Market Factors in Business Services

- Negative factors:
  - Strong in-house control of IS
  - Many small enterprises
  - Many business mergers and acquisitions

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Notes:

# Definition of Business Process Re-engineering

“The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed.”

*- Michael Hammer and James Champy*

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Notes:

## BPR is “Fundamental”

- Starting with the WHY?, not the HOW?
  - Why do we do this?
  - Why do we do it this way?
- Determine what the organization must do
- Examine how it should be done

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Notes:



## BPR is “Radical”

- BPR demands reinvention and redesign
- Existing procedures and structures must be disregarded
- Improvement or modification is not sufficient

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Notes:

## BPR is “Dramatic”

- BPR targets major improvements
- Incremental change is a function of traditional methodology—insufficient for BPR
- Use BPR to build a new road—not to repair the old surface

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Notes:

## BPR Focuses on the “Process”

- Business Process definition

“A collection of activities that takes one or more kinds of input and creates an output that is of value to the customer”.

- *Michael Hammer and James Champy*

- The process must be redesigned without constraints of existing jobs, tasks or structures

BI-7

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Notes:

## Leading BPR Service Providers (U.S.)

- Andersen Consulting
- McKinsey & Co.
- CSC Index
- EDS Consulting Services
- Bain & Co.
- Hammer & Co.

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Notes:

## Characteristics of Reinvented Business Processes

- Broken processes - requirement for change
- Important processes - high customer impact
- Feasible processes - design is practical

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Notes:

# Characteristics of Required Information Systems

- Data integrated across applications
- Capability for rapid change
- Location independence
- Information accessibility

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Notes:



# New Applications

- Data integration driven by BPR
- Speed of market change must be reflected in speed of application development
- Closer association of business process to application

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Notes:

# New Architectures

- Combination of centralized and de-centralized approach
- Widespread availability of data essential for decentralized decision making
- Processing and data location determined by application need instead of by hardware restrictions

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Notes:

# New Technologies

- Rapid application development tools
- Client/Server CASE tools
- Systems and network management tools
- Desktop-based transaction management
- Voice/image recognition

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- Software and Services Vendors
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  - Procurement Plans (PAR)
  - Forecasts
  - Awards (FAIT)
- Commercial Application (LEADS)

## CUSTOM PROJECTS

For Vendors—analyze:

- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

For Buyers—evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

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