

Impact of Information Technology on Global Business

Module 3

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Information Technology

- The development, implementation, and maintenance of computer hardware and software systems to organize and communicate information electronically.
- In the broadest sense, information technology refers to both hardware and software that are used to store, retrieve, and manipulate information.

Efficiency and Effectiveness of IT

- Internet make the world smaller, large companies can now contact with employees and partners around the globe.
- IT also shrieked the distance and time, simplified the complex business processes
- For example: JP Morgan is investing over 24 billion in over 1000 companies around the world



Management Teams and Diversity

- Changes in the environment have been in need of increasing their staffing clientele to become more global
- Change of diversity has caused faster turnaround in business
- Better information has been spread as employees no longer have to waste time with data and reports



Management Teams and Diversity

- There has been a decrease in the amount of IT work with new methods of conferencing between diverse management teams across the country
- External partners are seeing benefits with new diverse company training programs



Growth of E-commerce

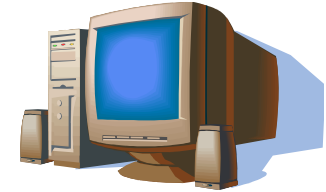
- Out of 2800 manufacturing businesses surveyed in 2005, 96% use the internet and 67% have home pages.
- Out of 11,056 service sector companies surveyed, 92% use the internet and 60% have home pages.

Table 1

Examples of businesses using the Internet-based e-commerce

Business	Application of Internet-based e-commerce
Airlines	Over a 100 airlines have created Web sites and are actually receiving orders for tickets
Banks	There are more than 140 banks on the Web from 26 countries
Media and publishing	Many publishing houses have developed Web versions of traditional print media, and entirely new Electronic Magazines "e-zines"
Retail	Many retailers are now marketing on the Web and hundreds of on-line products and services are offered

Growth of E-Commerce



- Number of letters, voice calls and faxes around the globe have reduced.
- 30% of internet users say it has resulted in new business.
- Physical meetings and relationships are becoming scarce.

Growth of E-Commerce

- electronic commerce spells the end of geography and borders as industrial organization constructs



Positive Impact of IT

- Provides protection from routers, firewalls, IP strategies, and viruses
- More accessible (Bluetooth)
- Paperless technology
- Assurance technology for stakeholders



Negative Impact of IT

- Y2K
- Spam
- Expectations to replying to e-mails have changed, now faster response is expected



Inter and Intra Organizational Impact of Information technology

- within the same organization
- between suppliers and customers
- formation of technology-partnering alliances

Ahn, H.J., Lee H. (2004). An Agent-Based Dynamic Information Network for Supply Chain Management. *BT Technology Journal*, 22(2), 18-27.

Intra Organizational Impact

- All companies and organizations
- Communicate, transfer and share
- Accenture , Dell, IBM, Gap, GE, Microsoft, Hospitals, etc.

Inter Organizational Impact: Between Suppliers and Customers

- Improves manufacturing time and reduces cost

- Dell, Inc.



- Dick Hunter, vice president of Dell's Americas Manufacturing Operations, "For Dell and our suppliers, information is increasingly replacing inventory, and we are regularly identifying, gathering and sharing new types and levels of data"

Davis, C. (2004). The Dell model. *Supply Chain Europe*, 13(4), 42.

Formation of Technology Partnering Alliances

- IBM, i2, and Ariba run the Worldwide Retail Exchange (WWRE), members include Target, Best Buy, U.S.-based Albertson's, CVS, Gap, Inc., Kmart, Walgreens
- Automobile Companies

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