

Otis elevator:
accelerating business
transformation with it
essay



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Question 1: What kind of company is Otis? OTIS Elevators started out in 1853 by the invention of the “ safety brake elevator. ” Their core business is designing, installing and provide service within the industry of elevators, escalators and walkways. Today OTIS operates worldwide, with headquarter in the U. S.

and different facilities located in European and Asian countries. Through this they have managed to become market leaders in their field. Throughout time the business focus of OTIS have changed. Today the focus has moved from the manufacturing area towards a more total solution, where the most important is to provide a high class customer service. This is to be seen through their vision: “ To become the recognized leader in service excellence among all companies - not just elevator companies - worldwide.

” Question 2: What are the sources of income of Otis? OTIS’s source of income is to be divided in two parts, as follows the development of the market. New markets, as China, mainly profits with new sales, e. g. 62, 000 units of elevators and/or escalators were installed in China in 2002. Concerning the more mature and satiate markets, as Western Europe and the U. S.

, 75 % of the profit is provided service. This allocation of income also reflects the customer demand, as the ability to satisfy elevator performance and specification, together with the service cost often becomes the customer major consideration. This often concludes in discount long-time service contracts offered by the elevator suppliers. The reason for this reaction is understandable as that the elevator service market is high competitive due

to its steady demand, low entry barriers and high profitability. A further indication is that the revenue, now coming from China, eventually will move from new sales toward provided service. This is estimated since the Chinese market, by time, will become a more mature market.

Question 3: How did Otis report elevator failure before 1986? Before OTISLINE were installed the service personnel were dispatched from local offices. With no interaction between the different offices, OTIS had a minimal level of communication throughout the entire cooperation regarding the service area. Due to this the knowledge sharing was very poor and each local office handled each service request single handed, minimizing the efficiency. Further, the communication throughout the organization was also very poor, where service problems never reached the senior management until they had become critical situations.

All together this had a negative impact on the service time causing the customers unnecessary waiting time. In order to installing the OTISLINE a huge amount of data and time must have been required. The transformation must have been a challenge both for the employees as well as for the managers, whose task area now had been increased. While looking at the organization chart you see how complicated the way of communication was/is in the organization. The gain from the new system must have caused a tremendous impact when it comes to the communication speed between the lower organization layers to the top management. An increasing of the company knowledge sharing and an improvement of the product reliability will therefore cause a higher customer satisfaction.

Additional to the OTISLINE another important IT application was implemented called REM elevator monitoring. This system enables the company to monitor an elevator control system and thereby detect problems before customers were even aware of them. Together with the OTISLINE these two systems provide significant data, to improve customer service. Question 4: IT-tool being used by Otis in 2004? The simple IT-tools used at OTIS, was able to contribute with big improvements because of the sideways implementation and use of change management tools e. g. Total Quality Management (TQM) and Lean manufacturing.

The change management tools do not do it alone. An important fact was that OTIS was opened minded towards these changes and was able to convince and really get through with their new vision to their employees, all the way from top till bottom in the organization - there was a will to change, and OTIS was aware of what they needed and how the changes should be done. The IT-tools was not only a new and improved work tool. They had constructed a needed wave of change, all the way around themselves. This again created common standard work methods, which were implemented to optimize the entire work-flow from receiving an order till providing the actually hands-on service for customer.

Furthermore, the implementation of the different programs such as OTISLINE, REM, SIMBA and e*Logistics through the different management models will continue the company's improvements in many areas, focusing primarily on: •Delivery Service •Delivery time •Response time •Solving cumulative issues •Product reliability •Customer service •Customer satisfaction •Speeding communication •Designing Quality products Efficient

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design •Reducing costs •Minimizing inventory levels •Facilitating business processes •Enabling information between departments •Eliminating errors in processes •Reducing internal lead time •Monitoring the supply chain

Question 5: Benefits achieved after business transformation? Benefits from the business transformation can be described through a diversity of key factors, which all originate from several different projects. By engineering the SIMBA program through the standard-interface and modular based architecture, it changed the project architecture and the designs process. The standardisation reduced the number of models used and lowered project costs in the value chain. Distinct engineering programs fell from more than 500 to 50, and the 72 different types of motors ones used were reduced to 10. In addition, the terminology used became standardized in order to avoid misunderstandings and create a more effective environment.

E* Logistics, the most critical project, combined sales, factory and field operations through the web. This enabled infinite amounts of information to circulate throughout OTIS and for employees to be in contact with the *Logistics program. Prior to e*Logistics, the elements included in project proposal were done with minimal pieces of automation and data was dispersed through separate systems. Due to this program, everything became automated and the technology was able to handle the basic steps which made it possible to easily change an order. The proposal's information went directly into OTIS' financial systems.

Also, in sales processing e*Logistics automated the workflow and helped key documents to circulate to all appropriate personnel. Furthermore, through CLCs (Contract Logistics Centres), order fulfilment was achieved by <https://assignbuster.com/otis-elevator-accelerating-business-transformation-with-it-essay/>

concentrating the management of the supply chain. Therefore, nowadays, CLCs is capable of seeing all worldwide orders from the supply chain, source suppliers, and components. Concerning field installation, OTIS moved from a push-system to a pull-system. As a result, instead of delivering the goods it manufactured, the company set a date based upon ideal site conditions. Therefore, OTIS is able to deliver goods efficiently and avoid costs of lost, stolen or damaged goods.

The company also has more control over the financial success since they can overview the whole process. Mentioned above are some of the benefits achieved and all components can be concluded with key-words such as availability, effectiveness, centralization and standardization. These components have made it possible to monitor the whole chain and are effective in eliminating problems before they occur. In addition, the capabilities to make and revise plans are easier since changes made are visible all the time. This reduces costs and time tremendously. Ari Bousbibs vision “ to become the recognized leader in service excellence among all companies - not just elevator companies - worldwide”, is on its way to reality.

The transformation, from making things, to moving things is now a framework of the company. OTIS is always striving to better itself and to further its company's name in satisfying every customers need by always looking forward and continuing to create new goals and visions. That is what creates success.