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In 1989, British Petroleum set out plans to transform its processes in response to economic environment which was very severe for business operations coupled with negative perception of information systems in the exploration company. From this study the authors were able to derive a model which, according to them, can be used by the Organizations successfully to transform the IT functions. This transition increases organization's Business value. The purpose of this study is to analyze and identify the process followed by the British Petroleum company in its transformational process and how this can be used by other companies that seek to incorporate information systems technology in their bid to undergo transformation.

The process of transformation has a number of benefits to the organization's well-being. The application of information technology in the business process greatly helps to improve productivity. Generally, this is achievable through cost reduction, reduction of cycle time and improved work execution process (Computer Associates, N. D.

). Through application of information technology, a business is able to outsource some of its activities. As seen from the case study, information technology adds value to the business by reducing overhead costs as it enables the existence of a lean structure on management.

Outsourcing of some of the business activities also enabled the British Petroleum company to benefit from expertise that was not available within the company. They were also able to right-size the company through downsizing. All this structural adjustments were beneficial to the company as

it helped it to improve its business relevance in the market. Information technology also increases business value by increasing the economies of scales created by outsourcing. Since the core business of an outsourcing company is to complete specific business tasks, they enjoy from economies of scale as they always undertake to carry similar projects from other companies.

There is also the sharing of risk between the business and the company undertaking to do the work outsourced. The benefits accrued from transformed IT functions are evidenced by the British Petroleum company IT approach of the 1990s. The IT restructuring at British Petroleum was triggered by the need to address poor business performance caused by factors that were both internal and external to the firm. British Petroleum Company for example was faced by poor business environment which forced oil prices to drop from \$30 per barrel to \$14 per barrel (Cross, Earl, & Sampler, 1997). It was also faced by issues surrounding its structure which in a way contributed greatly to the cost of its operations. To address these two issues, the management thought it wise to embrace Information Technology which would help the organization in its effort to establish a lean structure and consequently reduce overhead costs through downsizing. Another factor that triggered the restructuring was the view that the previous methods of management were outdated since they were only applicable in stable business environments. Modern business environments are highly unstable and unpredictable which calls for innovativeness in production processes.

This means a new form of management is required to deal with this kind of environment. Information technology application is seen as one way to cope

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with these unpredictable environments. As noted by Epstein and Rejc, (2005), the Information technology platform provides a good architecture where business can get real time information to make major decisions that affect their business. The provision of this real time information about the market trends is another way that an information technology adds value to business processes.

The IT personnel implements the desired IT change by developing systems and software to meet the IT needs of the organization. These personnel should be provided with the necessary tools and resources such as hardware and clear information on what is expected of them. Application of information technology leads to the following changes which in general give a company a competitive edge. It transforms business from: Monopoly supplier to mixed outsourcing: This process helps an organization to reduce overhead costs and benefit from specialized expertise available on outsourcing. Large function to a lean team: The application of IT enables a company to outsource some of its functions.

Therefore, a company can downsize while still performing at the previous levels before outsourcing. From decentralization to centralization: These are some of the processes that a business can adapt in its quench for change. In general, the model suggests a change of focus from strategy to proceeds and people, and from system to people. In conclusion, Information Technology can help a business to improve its flexibility through provision of appropriate information. It can also help a business to reduce costs on overheads and help the business to adapt quickly to changing and unpredictable environments. It is therefore important that business invest in <https://assignbuster.com/in-process-greatly-helps-to-improve-productivity/>

modern Information Technology platforms that are not only beneficial in terms of costs management, but also due to their ability to improve other business processes.

Information technology can increase business value by ensuring that the information sector of any business is put in an up to date manner that makes it beneficial to company decision making processes.

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