

View Point



Collaboration 2.0

From Execution to Orchestration - Lessons
for Manufacturers from Davos

B.G. Srinivas

Every year, the World Economic Forum picks a theme for its annual meeting in Davos, Switzerland. The themes are usually quite prescient and predict what lies ahead in the coming year. Though I've had the privilege to attend Davos for several years now, never before have I felt the theme resonated quite as much with manufacturers as it did this year.

The 2008 theme was the
“Power of Collaborative Innovation.”

Manufacturers today face a rapidly changing landscape that is being fueled by the increasing complexity of globalization. If manufacturers can adapt to these new challenges, they may realize significant benefits. Over the past few years we've seen manufacturers leverage emerging economies in China, India, Latin America and Eastern Europe as resource bases as well as markets, helping grow their bottom line. Technology ubiquity is breaking down all traditional barriers of information and knowledge across countries, businesses and consumers. Though it's been often discussed, we are truly seeing the global competitive playing field being leveled and the promise of the flat world.

For manufacturers, collaboration across geographies with service providers, contractors, partners and suppliers has been integral to their global operations. Yet, there is a shift that must occur from collaboration to collaborative innovation. Today, there are emerging technologies to enable this new form of co-creation that can keep manufacturers globally competitive. With these technologies, manufacturers can efficiently and effectively create, capture, locate and share knowledge and expertise internally, while also enabling employees to leverage that knowledge to solve problems. In doing so, they must embrace new forms and models of collaboration to better adapt to evolving market conditions, and continue to take advantage of opportunities created by globalization. The operating paradigm for managers must change from one of execution to one of collaborative orchestration.

Technology for collaboration

Consider a \$2 billion dollar manufacturing company that services global markets, with a focus on the United States. Traditionally, functional areas such as procurement, logistics and new product development have successfully leveraged widely deployed technologies to drive collaboration for partnering and sourcing. This is the domain of large-scale enterprise applications including enterprise resource planning, supplier relationship management, warehouse management systems, supply chain management, product lifecycle management, product data management, electronic data interchange. While providing the transactional backbone for the company, these enterprise applications and associated middleware along with infrastructure also facilitate structured internal information exchange and collaboration.

In contrast, functional areas such as sales, customer and account management, channel management, new product design and development that have recently emerged as candidates for collaboration, did not get enabled through the traditional technology propositions. For these areas, emerging technologies broadly classified as “Web 2.0”- enabled, including RSS, blogs, wikis, widgets, podcasts and social networking hold significant promise. These technologies are quickly finding a place in the corporate world by allowing for unstructured collaboration with partners, suppliers and customers. In doing so, these technologies enable the shift from basic execution towards orchestration, creating new opportunities. These emerging technologies will allow the \$2 billion manufacturer, in the earlier example, to go beyond mere transactions and share knowledge, learnings and experiences amongst employees in specific departments or functions or geographies. To illustrate this further, designers and engineers physically located across the globe can collaborate on building a new product through wikis, while extracting valuable customer preferences and feedback from self-organizing communities and blogs, and feeding these insights into the product development process via employee portals.

Even the functional areas traditionally dependent on transactional systems can boost collaboration by leveraging these emerging technologies. Thus, in the same \$2 billion manufacturing company example, a set of managers responsible for collaborating with five logistics service providers can do so through a portal or wiki - providing all parties a complete view of vendor performance and anecdotal context to the service-level data associated with them.

There is no doubt that these emerging technologies add a certain level of complexity, but there is no way for a manufacturing company, or any organization for that matter, to capture all the necessary information, structured and unstructured, without also utilizing these newer technologies. Similarly, now that these technologies are more readily available, they can't easily be bypassed as they provide individual-oriented collaborative tools that enable the shift from closed architectures towards open models. This doesn't mean the end of traditional technologies - these will continue to facilitate structured collaboration in many functional areas. However, for manufacturers to be successful in today's complex, flattening world, the new and emerging technologies must have a place in their collaboration toolkits.

Collaboration 2.0

The transition to becoming an orchestration expert begins with knowledge management. Knowledge sharing and informal learning has become exceedingly critical for manufacturers as operations grow more complex and companies continue to expand globally. In most organizations, a significant amount of knowledge resides with employees or in disparate silos of data files and systems. The problem is compounded in the manufacturing sector, which faces the threat of losing implicit, institutional knowledge due to high turnover (e.g. in high tech) or high tenure-levels and aging workforce (e.g. in industrial manufacturing or aerospace).

Collaboration technologies play a central role in the management of organizational knowledge. Collaboration tools based on Web 2.0 and social networking technologies can not only facilitate rich, seamless and instant sharing of knowledge across communities and organizational units within an enterprise, but they also enable capturing expertise - unstructured and anecdotal information - that would otherwise be lost.

Looking ahead

While the benefits of collaboration technologies are clear, the fact remains that many organizations in the industry have not overcome the organizational, managerial, and political barriers that can hinder their adoption. For example, how intellectual property - both product and process - will be developed and protected in this open, collaborative environment. In addition, there is the organizational challenge of training and developing operational managers for orchestration roles versus execution roles, and to leverage tools built around the new technologies for decision-making. Nearly half of the executives polled in a recent McKinsey & Co. survey are not using any Web 2.0 technologies for knowledge management*.

That said, the immense business benefits of utilizing these emerging collaboration technologies must outweigh the risks. If used properly, these new technologies lead to knowledge retention, more effective training & development, quicker onboarding for new or transitioning employees, faster decision-making, lower operating risks, complementary insights from structured and unstructured data and so on. These emerging technologies may in fact be the more cost-effective option, particularly in emerging markets with a younger, technology savvy workforce.

Manufacturers will continue utilizing traditional technologies for collaboration. In parallel, they should experiment with the new and emerging collaboration technologies that allow exchange of knowledge and expertise beyond just transactions, a key to success in the next phase of globalization. Manufacturers that combine both will be better positioned to seize the opportunities and create competitive advantage in the complex and flattening world.

*Source: How businesses are using Web 2.0: A McKinsey Global Survey © 2007 McKinsey & Company.

About the Author

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