IT Transformation Initiative in a Realty Firm
- A Case Study

Baljit Singh Sidhu
MBA, PMP, ITIL

reachbaljit@yahoo.com

Pune

Abstract -- **Transformation by its very definition means changing from one state to another. The objective of IT transformation is to build up more efficient enterprise architecture and transform the IT organization into an effective business partner. This is achieved through a state of business IT alignment. IT transformation is a process that results in a state of business IT alignment.**

IT Transformation means a significant change of organization's IT systems with an aim to achieve a state of alignment of IT strategy with business strategy. There are many reasons why organizations should align IT with Business, like cost reduction, productivity enhancement, implementation of new business strategies or to gain competitive edge etc. Several case studies have also corroborated that significant cost and performance efficiencies have been achieved by organizations through business IT alignment.

In this paper we present a case study of IT Transformation initiative undertaken in a Realty and Construction organisation (Realty Firm).

Keywords: **IT Transformation, Enterprise Architecture, Business IT Alignment, IT Strategy, Realty and Construction organisation**

I. INTRODUCTION

Definition

Transformation has been defined by practitioners and scholars in a number of ways.

Transformation is an often used and misunderstood term. It means many things to many people. But we see transformation as more than the changes which might occur under a normal day to day business decision making processes such as enacting improvement programs or the adoption of a new IT system alone. This might be described more appropriately as "business as usual". In our view real transformation involves a fuller business wide change in systems and processes driving overall business or service improvement.. [1].

'When change is radical, they [companies and industries] must manage a metamorphosis by way of transformation.' *(Perrott, 2008, p. 63)* [2].

IT transformation is a complete overhaul of an organization's information technology (IT) systems.

IT transformation usually involves changing the IT department from being a reactive, inflexible organization to being a more pro-active, flexible part of the business that can respond quickly to changing business

requirements [3].

- Transformation is the creation and change of a whole new form, function or structure. To transform is to create something new that has never existed before and could not be predicted from the past. Transformation is a change in mindset. It is based on learning a system of profound knowledge and taking actions based on leading with knowledge and courage.
- The transformation is a fundamental change of the entire corporate culture, which is wide and affecting the whole organization. The change is about the ability of the organization to improve its react time and to realize the improvement of processes and procedures.
- At its root, IT Transformation is about cultural change. If you're not seeking to fundamentally change the way IT does business - to change organizational behaviors and attitudes - then it's not an IT Transformation. It's merely a project.
- It may be a big project. It may be a vitally important project. But it's still not transformation. You may need to transform in order to make the project a success, but transformation is about cultural change. Pure and simple.
- If it's a transformation effort and you don't focus on your people and on behaviors, your initiative will fail. If you call something transformation that isn't, you're just setting yourself up to not meet expectations

Difference between transformation and change

There is a distinction between Change and Transformation that I draw. Change is something that can be purposefully or randomly reversed. Moving a chair or an office is change. Transformation is doing something that cannot be randomly or purposefully reversed. It can be modified moving forward in time though. The best illustration? Baking a cake. Imagine the ingredients on a table. I leave the room and someone moves them around. I walk back in a put them back to where they were. We have just experienced change. We leave the room when someone bakes the cake. We return and no matter how we tear at the cake, we just cannot get the ingredients back. That's transformation.

As it is change is when something is new, better or improved. Transformation is at a level above this. For implementing a new process, it's important to remove the structures that support the old process. Identify checks to see if new process is followed. Transformation cannot happen suddenly. It undergoes a long process for which anybody would need support and require conscious efforts towards it.

If you are not seeking to change the culture of your organization – to change organizational behaviors and attitudes – then it's not an IT Transformation. It's merely a project

Key drivers of IT Transformation

There could be a number of reasons why organisation looks to transform their IT environment. Some of them are discussed below [4].

1. **Business Processes**
   - Ever changing business environment or processes
   - Competitive pressures
   - Need for faster or wider market reach
   - Need to comply with newer regulations

2. **Service Levels**
   - Need for improved turnaround time

- Need to improve service levels
- Enhance IT processes
- Achieve 24x7 operations

3. Technology Change
- Technology migrations or upgrades
- Change in enterprise architecture
- Fast paced technology change

4. Resource Availability
- Heavy dependencies on key resources with functional and technical knowledge
- Managing frequently changing skills requirement
- Relieve internal resource constraints

5. Maintenance Expense
- Pressure on IT budgets
- Forced to do more with less
- Higher maintenance cost
- Too much investment in patch works and ad-hoc investments
- Returns on overall investments

II. BACKGROUND

We present here a case study of a prominent real estate and construction company (realty firm) in the western part of our country. Name of the company is withheld owing to permission not granted by their Management.

A leading developer of Software Parks and Special Economic Zones (SEZs) and amongst the early Indian realty firms to attract foreign direct investments (FDI), the firm deals in Real Estate, Investment, Project Management and Consulting. Developers of millions of square feet of the private sector IT parks, firm's project portfolio includes High-end Office and Commercial Spaces, Hospitality projects, Premium Residential Developments, Integrated Townships and Special Economic

Zones. They are also partners with internationally renowned consultants and construction companies for its developments at various stages of execution.

Pre Transformation Scenario
The situation before affecting a large scale IT Transformation was typical of a traditional Indian firm with substantial amount of business but operating in an unorganized sector. They used to have a sizeable number of PCs and laptops but there was no designated IT department but only a couple of hardware support personnel on contract and they were known as EDP guys! There was no IT deployment or procurement policy as such with decisions largely being taken by the senior member of the user function. A bare minimum network was implemented by the vendor which used to break down frequently. The company hardly used any enterprise applications except payroll and a customized version of small real estate ERP. The data integrity was an issue faced by them. Apart from that many processes were not part of the IT applications which impacted the efficiency of the work force as there was no coherent approach.

III. NEED FOR IT TRANSFORMATION

Suddenly the company saw their fortunes transforming with Govt. deciding to open the Realty sector for Foreign Direct Investment [FDI]. Company was able to successfully pitch for FDI infusion in its operations which meant complying with a number of global business norms including that of enterprise IT services. The company was forced to organize its affairs which brought in a big number of additional manpower. Consequently they had to shift to a spanking new office with much larger space to accommodate all newly created departments. Professional advisory firms were engaged to bring in improved work culture. Operating on a bigger scale to cater to larger

market segments meant automation of better quality that can keep pace with rapidly changing business environment and deal with competition.

This necessitated a critical analysis of the way IT systems were deployed and their utility.

A core strategy team comprised of members of the senior management and key department heads was created to deal with this challenge. This team along with the business advisory partners set out to chalk out the business roadmap for the organisation and way and means to achieve the objectives. It was obvious that IT has to play a significant role in this endeavor. Therefore the company decided to hire a senior level executive for the role of a Chief Information Office (CIO) who was given the mandate of carrying out IT Transformation aligned with the company's vision.

IV. THE TRANSFORMATION PROCESS

The CIO was entrusted with developing a Transformation Strategy. A core committee was formed to assist him in this task. The CIO decided in concurrence with the team to use the following steps as a guideline while approaching this task [5].
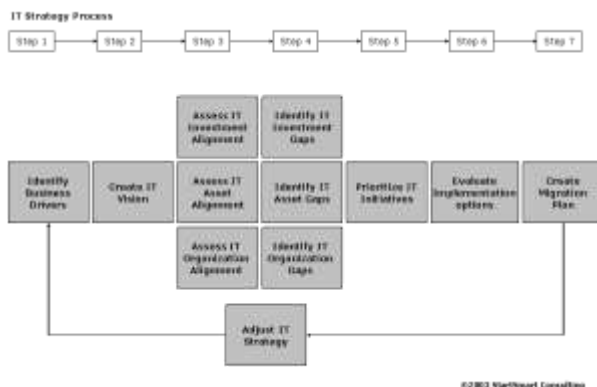
Also, an attempt was made to compile a list of key IT applications deployed by the prominent companies in realty sector. This content of this list was further corroborated by a study

conducted by Ernst & Young [6];

TABLE I
KEY IT APPLICATIONS DEPLOYED IN REALTY
FIRMS

Business Intelligence (BI)
Data Warehousing (DW)
Customer Relationship Management (CRM)
Employee Life Cycle/HR application
ERP applications
Financial consolidation application
Intranet/Employee Self Service portals
Specialized Industry specific business application

V. DEPLOYMENT STRATEGY

ERP: As a result of this exercise it was decided that in view of the company should deploy an efficient ERP system that can handle key business processes as mentioned in the following table. Relevant ERP modules were also identified in this exercise.

Business Processes	Modules
Finance and Controlling	FICO: Finance and Controlling
Procurement and material handling	MM: Materials Management
Quality aspects	QM: Quality Management
Project Management	PS: Project System
Facility Maintenance	PM: Plant Maintenance
Leasing of property	RE-FX
Sale of property	SD: Sales
Storage and management of legal documents	DMS: Document Management System

The company did an informal survey to

identify the most suitable ERP for their domain. This survey of the competition revealed that SAP was considered the most successful best-of-breed ERP.

SAP Implementation was carried out with all the above modules in a 'big-bang' approach using ASAP Methodology. ASAP Roadmap provides the methodology for implementing and continuously optimizing the SAP System. It divides the implementation process into five phases and offers detailed Project Plans to assist.[7] A core team was formed with adequate representation from all the functions to be implemented. This team was trained on the following functions to be performed by them in post-golive environment.

- Application Support day-to-day basis
- Technical Support and health check
- User training – both refresher and new users
- System Enhancements
- New Rollouts

Duration: 6 months

Intranet Portal: SharePoint Portal was chosen for intranet rollout to facilitate intra-department communication and leveraging its utility as a document repository.
Duration: 3 months

Employee Self Service and HR application: This application was deployed to manage recruitments, induction, training, travel, leaves, benefits, payroll and admin processes for the entire workforce.
Duration: 4 months

This covered all the major deliverables identified for the first phase of IT Transformation. The company would embark on the second phase once the applications consolidate. Some of the applications identified for the subsequent phases are

Customer Relationship Management and Business Intelligence tool.

Post Transformation Scenario
By analyzing the post implementation scenario we have found that the company has been able to garner great mileage as a firm with sound business systems and controls which has elevated their standing in the market. Many other benefits being derived are as under;

- They have been able to reduce errors in project estimation. Forecasts are more accurate which has reduced project costs to a fair degree.
- There is a much tighter control on inventory and quality checks are more effective.
- There is a more efficient and sales cycle resulting in greater customer satisfaction.
- They manage to conduct their operations with relatively smaller work force. So the cost of manpower has reduced.
- All the critical documents are now in electronic form and more securely stored. No unauthorized person can lay hands on them.

Buoyed by the success of this initiative the company is now looking to expand the scope and vision for further transformation endeavors. It will now target to further improve IT efficiencies especially in the area of customer service so as to strategically position the organization as a high-performing, futuristic and tech-savvy outfit.

VI. CONCLUSIONS

As we have seen that transformation is that

bold change which drives success. It means using technology to fundamentally alter the way business is conducted in an industry. And deliverables and success depend on the focus of each IT transformation initiative.

Some of the lessons shared by thought leaders are worth a mention here;

- First and foremost is to have a clear shared vision of the change that is continuously communicated to all the stakeholders.
- Make sure that there is clear understanding and acceptance of the reasons for the change by everyone.
- Create and implement metrics linked to the desired business results.
- Don't aim for complete perfection immediately. Be prepared to accept even if deliverables are 80% right.

In conclusion, we have seen how an organisation can reap tremendous rewards by following a well-structured and strategic approach of transforming their IT environment.

IT transformation can be considered as a vehicle that helps an organisation achieve greater heights at manageable cost. It must be reckoned that the rewards for implementing a holistic IT transformation strategy over piecemeal IT tactical decisions are immense. But the path to success does require a committed vision and an understanding of the inevitable challenges that an organization will experience along the way.

REFERENCES

[1] Coleman Parkes Research, *Transformation Governance, benefits and how to get it right.*

[2] Perrott, B. E. *Towards a Model of Transformation: Manager's Perceptions of Transformation in an ebusiness Environment.* Journal of Information & Knowledge Management, 7 (2). (2008).. p. 63-74.

[3] Available: http://searchcio.techtarget.com/definition/IT-transformation

[4] *Key drivers of Application Transformation*, ©Patni Computers Ltd., 2005

[5] *IT Strategy Process*, ©2003 StartSmart Consulting

[6] *Investing in growth: Enterprise IT Investment Trends 2011.* Ernst & Young, p.58-59

[7] Available: http://help.sap.com/saphelp_47x200/helpdata/en/48/623972d55a11d2bbf700105a5e5b3c/content.htm.