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## FRONT PAGE

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## Management Summary

Odderøya Fashion Fortress is facing new challenges caused by the expiration of a globally used software and by ongoing and planned expansion efforts. The company is basically well prepared for the changes because management and employees are already used to work in international teams with different social and cultural background.

However, in this report we at SIST recommend some changes in the strategy: So far OFF used an authoritarian strategy for devices and applications. As we see that the opposite, the laissez-faire strategy, is not advisable, we will present two middle ground approaches: **broadening the scope** and **segmenting employees by role**.

The introduction of **social media functionality** can help to lower barriers between different cultures and also lets new employees socialize into the company.

In the case of OFF we recommend a **centralized IT function** as the work is done across offices' and locations' boundaries. The need for **standardization** is expressed through the proposed strategies and the recommended software system. **Flexibility** is achieved through **SaaS** and **cloud solutions**.

Frameworks like the **TOGAF Architecture Development Method** are useful to provide guidance in the process of transforming the enterprise.

## Status Quo and Expansions

Odderøya Fashion Fortress (OFF) is a medium-sized multinational fashion company headquartered in Kristiansand, Norway. The company can be divided in four functional fields: global management, (2) design offices, (3) productions offices and (4) sales offices. An organizational chart showing functions and locations is provided in Figure 1.

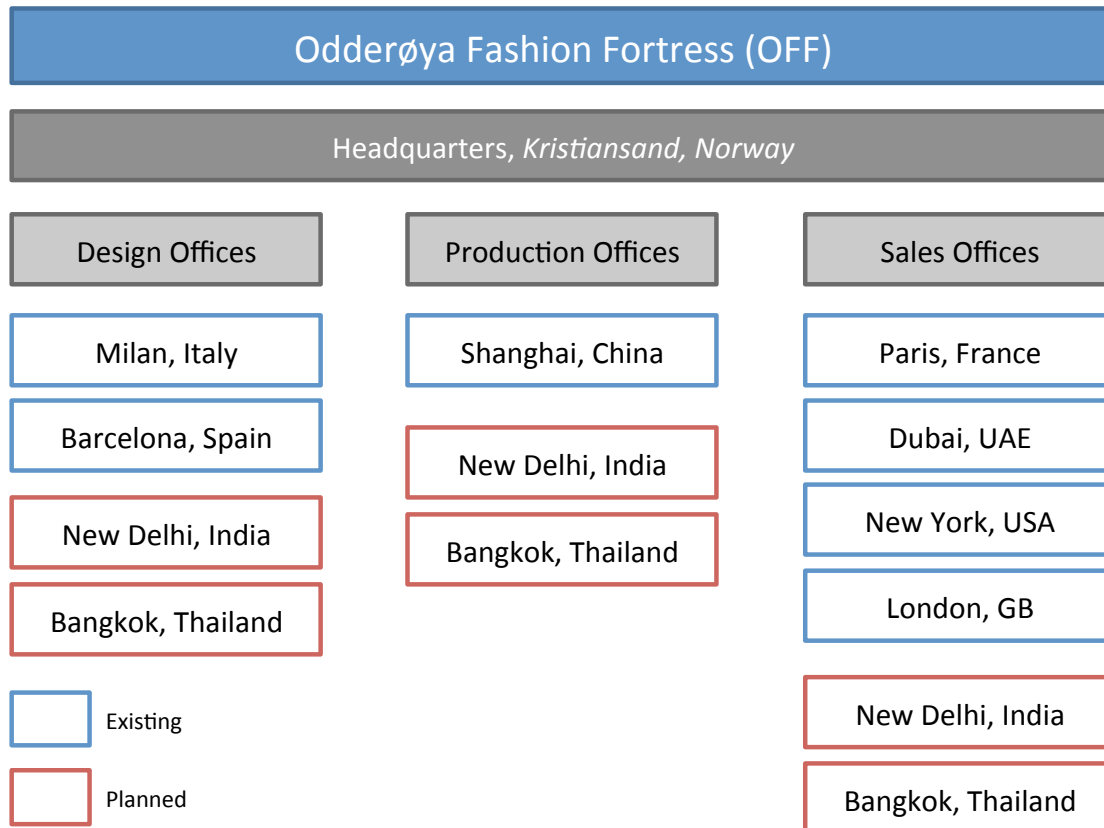


Figure 1: Organizational chart of OFF

The company's current offices are situated in five different time zones resulting in twelve hours difference in worst case. To illustrate the distances between the headquarters and the respective offices we also created a world map including the offices (cf. Figure 2). An interactive version of the map can be found here: <http://goo.gl/qYM9Hr>.



Figure 2: World map visualizing current and planned locations of OFF

Despite of the internationality, OFF is mainly organized and working in distributed teams containing of at least three offices. It is structured centralized without own decision-making competence in one office alone. Rather, decisions are made in vertical and multinational teams across office boundaries<sup>1</sup>. Thus, there is a high need for computer-supported collaboration, which especially implements dislocated work. As teams have to be able to work together there is also a need for a high level of standardization.

### IT within OFF

As the company deals with fashion, IT must be considered as a supportive function meaning that it has to solve requirements defined by the business. But the requirements are relatively high because the company is acting in a very international setting with the need for a strong computer supported cooperative/collaborative work (CSCW). Up to now, this has been realized by providing all employees with devices, a software called DisWork and a set of rules how to use it and to collaborate. Employees have been dissatisfied with this authoritarian style. Additionally, the development of DisWork is discontinued and a follow-up solution is needed soon.

### Role of Expansion and the Nepalese Joint Venture

The ongoing expansions to Bangkok and New Delhi, and the planned joint venture (JV) in Nepal are challenging OFF and the IT function besides the problems with DisWork. New offices will

<sup>1</sup> Assumption based on the information provided.

mean higher demand and some security risks, as standards in those countries are not clear and pirated software is not uncommon.

Our following propositions and recommendations are generally future-proof for all further expansions. We assume that the current international offices are fully owned and controlled by OFF. We expect also the new offices in Bangkok and New Delhi to be owned by OFF. Hence, there is no new or different situation to what OFF is used to do.

The JV in Nepal might be different as the local company and partner will have a certain interest in influencing decisions also related to the IT. Although there will be kinds of collaboration between the JV and OFF's offices, the JV will still be an independent entity. The following strategies can be used to handle the JV's IT in terms of collaboration but it is questionable whether the local partner will agree. It might be advisable to develop an own strategy for the JV also addressing the expected pirated software.

Nevertheless, the following strategies and recommendations allow for a tight integration of other systems because of the modularity (SOA) and flexibility (SaaS).

## A Strategy OFF Will Love

DisWork's missing further development can be seen as chance for OFF to change its IT function to a future-proof structure, which will create value for both the management and the employees. Until now OFF stuck to the authoritarian strategy (cf. Figure 3) causing dissatisfaction among employees. Those want to use devices and applications they are used to use in private life.

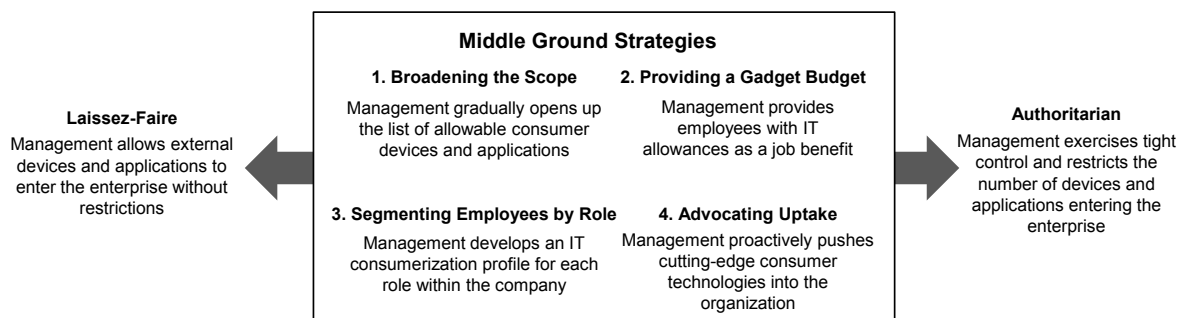


Figure 3: Management Strategies for IT Consumerization (Harris, Ives, & Junglas, 2012)

SIST's experience shows that most companies that are resisting going away from the authoritarian style, reason it with data security and protection arguments but also fear an unmanageable integration work for all possible devices and applications. Hence, staying with a small number of allowed and supported devices and tools is perceived as easier manageable.

With this attitude, companies neglect serious concerns of their employees and potentially miss important technological advances resulting in a loss of competitive power. Furthermore, if people are prohibited to do, what they think is more efficient, they will search for and find shortcuts and workarounds resulting in even worse situations for the company.

In general, the so-called IT consumerization, which is the business adaption of devices or tools that originate in the consumer market, is expected to bring three kinds of benefits: (1) Innovation, (2) Productivity and (3) Employee Satisfaction (Harris et al., 2012). The last benefit is expected to occur also at OFF. A guarantee for the others cannot be given without a detailed analysis of OFF's processes and possibilities emerging from new devices and applications.

When recommending a new strategy different to the authoritarian we have to take the drawbacks of potential strategies into account. So, leaving employees complete freedom to choose the devices and applications may increase employees' satisfaction but can cause serious hazards and risks. This strategy is called *laissez-faire* (cf. Figure 3). Usually, we see that this strategy is not taken very consciously rather it is a result of not thinking about or not pursuing defined rules. As is often the case, the middle between those two extremes is most recommendable.

### Broadening the Scope

We do not see the necessity to prohibit all but one device in general. It is also difficult to establish the usage of a tool that is seen as worse than (free) products at the consumer market. This is what we think has happened to DisWork. Employees learned about a better experience when using e.g. Skype, Google Drive or Dropbox. This experience was then transferred to their business tasks and compared to the existing solution. People have become frustrated because they are sure they could do better if the policy would allow them to do.

Following Harris et al. (2012) we recommend to define requirements that devices have to meet in order to be permitted like certain kinds of encryption technology or of operating systems. Especially for security reasons, a functionality to delete all data from remote is advisable. New technology can make the implementation of this strategy even easier when devices are physically

divided into two individual parts: one for business purpose and one for private purpose. The data ownership question can become a problem with the “older” devices where everything is mixed and employees might have to agree that also private data can be deleted or is treated as confidential.

Regarding the applications, OFF’s employees stated that apps from Google Play or Apple’s App Store are better alternatives. As we at SIST support our customers in integrating systems it is not a good advice to allow all products available in those stores for two reasons: (1) Some applications are known to gather information about the device or about the user and her usage, or they might not fulfill requirements in terms of encryption. (2) The integration with standards and common systems is most essential. What a single employee probably will not understand is the fact that 20 different applications and ways how to communicate and collaborate among the teams are not long-term oriented and will create silos, which we want to prevent. If you leave all teams the choice to determine their respective application you will end up with a number of different applications.

Consequently, we recommend having an intensive screening of available tools and also letting employees make suggestions. But at the end there should be a short list with apps that can connect to common systems. This last issue is what we at SIST think is most valuable: The combination of common systems, which are running in the background, with different ways of accessing it. Certainly, this broadening-the-scope-approach needs quite a lot setup work. It is also useful to regularly revise the list of agreed devices and applications, as the markets are very vivid and changing.

## Segmenting Employees by Role

From a second perspective we want to address that not every employee needs to have the same liberties in choosing devices and apps. We see that OFF is divided in the areas *Management*, *Design*, *Production* and *Sales*. A manager has definitely different requirements than a production employee. This applies for both devices and apps. Hence, sticking to the authoritarian strategy for all roles is obviously not suitable. The following segmentation is considered as basis for a further and more detailed analysis. Because of missing information about the actual tasks of those offices and what low-level roles are, the table focuses on assumptions for devices on a very abstract level.



Table 1: Roles to segment requirements

Management	Design	Production	Sales
<ul style="list-style-type: none"> <li>• All kinds of devices (also smartphones, tablets)</li> </ul>	<ul style="list-style-type: none"> <li>• Devices that fit design tasks (big screens)</li> </ul>	<ul style="list-style-type: none"> <li>• Very restrictive</li> <li>• Normal computer might be sufficient to participate in meetings</li> </ul>	<ul style="list-style-type: none"> <li>• All kinds of devices (also smartphones, tablets)</li> </ul>

The scientific source we base our suggestions on is Harris et al. (2012). They also summarize this strategy as follows: “While it requires substantial planning and development, the advantage is that it aligns job content with technological tools efficiently and effectively.” (Harris et al., 2012, p. 107). And this is what we want, don't we?

### Internationality and Social Media

We have reasoned why there is a different strategy than the authoritarian necessary. But what should be used in detail? We at SIST are convinced that too many different systems and applications are barriers for efficiency like also mentioned earlier. In contrast we think that a limited number of common systems, which are very flexible and can address all needed functionality is most suitable for OFF.

As example system we can offer IBM Connections<sup>2</sup>, which is a great enterprise suite addressing all imaginable use cases regarding team work. Besides file management and integration of mail clients like Microsoft Outlook, it focuses on social media principles, which we find would improve OFF's international collaboration. Like in private social networks, an employee can create a profile with basic and also advanced information (skills, interests etc.). People can search for others or for keywords within the system. Collaboration groups are organized in communities. This modular system can be expanded and connect to other systems e.g. for video conferencing. It is based on a service-oriented architecture (SOA) and can be implemented and maintained through OFF's IT staff or also ordered as cloud solution. As it is web-based it is possible to access the system from mobile devices; some features are also available as native applications.

We think this system can address all employees' wishes but is at the same time secure and OFF can be sure to own the data. That is not necessarily the case when using free software.

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<sup>2</sup> <http://www-03.ibm.com/software/products/en/conn>

## Transforming to a Flexible Company

OFF is acting in the international market with international teams for quite long. The company has learned about challenges in international markets and seems to be well positioned for further expansions. Still, we are going to address some points the company needs to change in order to be better prepared for the planned changes.

### Infrastructure

The company is admittedly international and we see other examples where this internationality is a reason to create a certain federal IT structure with some common systems for all subsidiaries and some local applications. But as the work in OFF is almost completely done in internationally connected teams across national boundaries, we see a need for a strongly centralized but flexible structure, especially because we are talking about systems to support tasks and collaboration.

Although the infrastructure is already prepared, the collaboration systems are most likely just one part of the enterprise's IT. So, it is still advisable to use a framework like TOGAF to assure the systems are best connected to existing ones. TOGAF and its Architecture Development Method (ADM) provides operational guidance in planning and executing transformations in the enterprise. It considers not only technical IT issues but also business and cultural implications (cf. Figure 4).

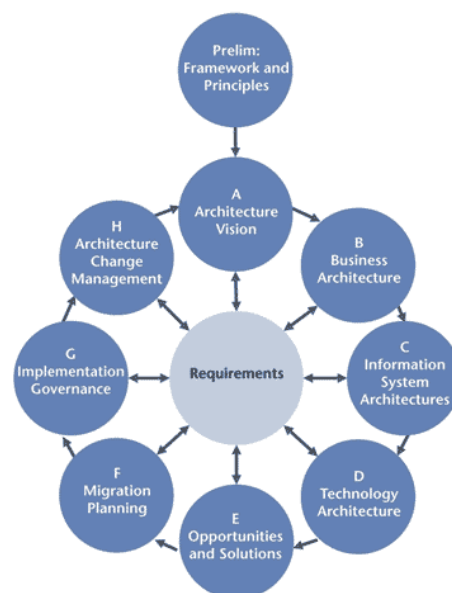


Figure 4: TOGAF Architecture Development Framework

## Personnel

The transformation to the new strategy will overload the current capacity of OFF's IT department. Therefore, IT experts are needed. For the short-term transformation phase we recommend to use our knowledge at SIST as external consultants. For the ongoing maintenance the needed skills are not high but OFF should be interested in long-term employees. Hence, following a scientific recommendation (Weitzel, Eckhardt, & Laumer, 2009) we think that OFF needs to be present on job fairs for IT staff and should also offer internships to identify and bind graduates early. The proposed changes in the IT strategy will effect the happiness of (future) employees, the social media functions can help to socialize new staff into the company (especially meaningful for so-called millenials). For scarce skills OFF might introduce a benefits program to create incentives to stay with them. But in general, there is not a huge need for more IT staff as we recommend outsourcing parts of the IT.

## Sourcing

The right sourcing strategy determines how flexible OFF will become. The expansion plans apparently need a high degree of flexibility. New server capacity might be needed within a few days. Therefore, we recommend – regardless of which software system will be used – to bank on Software as a Service (SaaS) and cloud solutions. OFF is rapidly growing and the IT department might not be able to grow equally fast. The decision to outsource most IT work allows OFF also focusing on its core competences. Although it might be more expensive in the long run, OFF needs flexibility now.

## Day-to-day Operations

Like mentioned also earlier some parts of the strategy need a regular analysis and probably minor adaptations. We recommend establishing a central committee including a CIO and responsible IT employees at the offices to discuss needed improvements. Thereby, dissatisfaction of employees can be addressed fast.

## References

- Harris, J., Ives, B., & Junglas, I. (2012). IT Consumerization: When Gadgets Turn Into Enterprise IT Tools. *MIS Quarterly Executive*, 11(3), 99–112.
- Weitzel, T., Eckhardt, A., & Laumer, S. (2009). A Framework for Recruiting IT Talent: Lessons from Siemens. *MIS Quarterly Executive*, 8(4), 151–159. Retrieved from <http://misqe.org/ojs2/index.php/misqe/article/view/280id>