

Discuss the following statement: “The adoption of Enterprise IT is the single most significant change that can happen to any company/SME.”

Initial Post:

Enterprise information technology (EIT) is the usage of technical equipment such as computers or software, in enterprises, to work with the existing data towards individual goals (IEE Computer Society, 2022). The company Miele has a diverse IT hardware and software portfolio, which shows the usage of EIT sufficiently. During the recent years Miele went through a digital transformation, establishing digital business models such as an online-shop and, also aligning the enterprise resource planning software (ERP) worldwide (Ivanović & Marić, 2021)

For Miele the harmonisation of the ERP systems was challenging because it operates 50 subsidiaries worldwide, which also used different IT software and hardware, that fulfilled the local customers and employee's needs. Therefore, central standards were established to reduce the duplication of effort and clean up the enterprise's architecture. This change resulted in better user support from the central departments and further, a more secure IT environment (Markus & Tanis, 2000).

Despite these positive aspects, the change was also challenging, as all investments are very and needed a project set-up (Mikalef et al., 2021). Further, the modification of existing processes to support new business models can be tough if the ERP system does not support the needed business case. At Miele the processes of the household sector and the professional sector, vary a lot. While the household is mainly a make-to-stock production for various customers, the professional customers have highly individual wishes (Fan et al., 2000).

Combining those different models in one EIT architecture, often leads to conflicts of interest between the involved departments. Therefore, splitting up both processes in the ERP system would follow an effectivity gain and satisfy the people (IEE Computer Society, 2022).

To sum it up, for Miele the integration of central digital ERP in the EIT structure was a huge change as it resulted in a better overview and support of all processes. But this change also showed that Miele's company structure with different business models, needs continuous development to reach all desired advantages (Samimi, 2020).

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Submitted:

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Peer Response 1:

Thank you, Tobias, for sharing your thoughts.

Mentioning several internal and external factors is particularly interesting as they have a huge influence on a company's development (Rodrigues et al., 2021). First, your elaborations on EIT and EIT documentation show that a structured approach in EIT management can be highly beneficial for a company. Nevertheless, Ziemanns (2022) argumentation about the system architecture of a company, which does not necessarily have to be documented, conflicts with the goals of a standardized EIT system for a company, as an architecture which is not known or not described cannot be improved (Van den Berg et al., 2019).

Second, the digitalisation is also an important factor when it comes to organisational change, it not only influences the hardware and software used within a company, but also the way people work. Additionally, companies must develop new business models to step-up with the customer's needs and sell the products in a way the customers like to buy them (Bulkina & Kripyki, 2022).

Overall, your argumentation is clear, but adding parameters like the need for continuous development of EIT, the high costs of IT projects and the digitalisation would enhance the significance EIT has for a company. Lastly, without a functioning and documented EIT a company will not satisfy the customers and employees (IEE Computer Society, 2022).

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Word count: 219

Peer Response 2:

Thank you, Nelson, for sharing your thoughts.

You showed that a proper Enterprise IT (EIT) management and a digital IT portfolio can improve the customer satisfaction, as a company can quickly react to customers need (Bulkina & Kripkyi, 2022).

For an organisation it is especially interesting how this change towards a managed and digital EIT can be performed.

Do you have any personal experience regarding the challenges and the bad side effect such a change brings to a company? Further, are there specific examples for the performance improvement especially regarding the effectivity of business processes?

The mentioned effectivity gain reached by process reengineering could potentially lead to conflicts within an organisation if the organisation has different business models, as all processes should ideally run on the same software and hardware (IEE Computer Society, 2022).

Moreover, there are also several internal and external factors which influence a company's change, for example the worldwide Covid 19 pandemic, which was an essential driver for digitalisation (Almeida et al., 2020)

Finally, you mentioned data-driven management, here the data quality is essential. Otherwise, you get "GIGO" ("garbage in, garbage out"), meaning the data quality needs to be checked regularly to ensure a trustworthy decision basis (Grimes, 2010). How would you ensure to reach those benefits of digitalisation and data-driven decision making? For example, at Miele we do regular reviews with the involved departments and have two reporting systems with different data sources to ensure a sufficient data quality.

References:

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Summary Post:

Arguing that the integration of a central digital ERP in Miele's EIT structure was one of the biggest changes for the company is true but does not include the whole impact the adoption of EIT had for Miele. There are also other aspects worth mentioning, such as the data management and the change management towards a digital EIT infrastructure (Khajed Hosseini et al., 2010).

Using the COBIT 5 framework, the challenges for Miele become clearer. The COBIT framework can be divided in five key components of which three aspects are especially relevant to track the impact the adoption of EIT had for Miele (Mangalaraj, G. et al., 2014):

- Covering the enterprise end-to-end, which shows that a good documentation and project set-up is necessary.
- Meeting stakeholder needs, Miele covered this aspect by a global organisational change management which balanced the conflicts of interests and managed the acceptance to reduce the usage of shadow IT.
- Enabling a holistic approach, as Miele has 50 subsidiaries worldwide keeping the balance between local optimisations with the company wide performance was one of the biggest challenges Miele had to overcome (Khajed Hosseini et al., 2010).

Further, external, and internal factors like technological innovation and societal factors influenced Miele's development in the last 20 years massively. For example, Miele developed machines which were convenient and sustainable. This included also programmable washer extractors introduced in 2004 or the purchase of the company KptnCook in 2021 which established an app for healthy and sustainable cooking (Miele & Cie. KG, n.d.).

Overall, the adoption towards EIT management at Miele is on a good way to be the most significant change for the company, improving not only the elasticity and resilience but also refining the way people work and Miele sells. The opportunity to develop new skillsets for the employee's and improving the speed of business processes lays a good foundation for the future growth of Miele. Even the internal and external factors such as innovation rely on IT technology and therefore on EIT.

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Word count: 336

Informal Response:

Thank you for sharing your comments with us, I am happy to hear that you are interested in Miele's IT strategy, and I am glad to answer your questions.

First, we set up two different projects to handle the digital transformation process. One project for the initial planning and alignment of all business requirements and a second rollout project. In the first “planning project”, a workforce from different subsidiaries was formed and together with external consultants we tried to align on all software and hardware needs.

Overall, navigating the conflicts between different business models was complicated in the beginning, but we aligned on the same hardware and split up on some software decisions. For example, we have different online shops for household and professional business.