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Does IT Deliver Strategic Value?

Changing the Way Fashion Companies Compete

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Software vendors spend a lot of time talking about the strategic value of their solutions. In some cases, this is mere rhetoric used in hopes of better positioning their products and services to the executives that must approve their deals. Nevertheless, the strategic value of information technology to the fashion business becomes more apparent with each passing year.

The impact of information technology is easier to identify in industries like computer systems where IT accounts for a high percentage of total spending. While it is true that apparel, leather, textiles, and retail all rank quite low among U.S. industries in IT 'intensity', specific technologies are clearly changing the way our industry operates and competes in the global marketplace.

Of course, the cost savings and other benefits identified in a return-on-investment analysis are often considered strategic in the highly competitive business of fashion. But when we look beyond this traditional measure of IT value, we can see how technology is enabling forward thinkers to innovate and replicate entire business processes. In much the same way software companies quickly update and distribute a new version of software globally via the internet, innovative fashion companies are defining new business practices and processes in their IT systems and quickly deploying them across the entire supply chain to gain competitive advantage. Embedding these processes in their business systems also ensures consistency and compliance with the new processes.

This practice is most obvious with enterprise software solutions that have the potential to electronically tie together multiple departments and locations; like ERP does with manufacturing and accounting. While ERP has long served as the backbone for manufacturing, a number of other IT solutions are emerging as strategic enablers in today's global supply chain business models. For example, product lifecycle management (PLM) solutions tie together the concept-to-sourcing processes to innovate and streamline the front-end of the fashion business. Similarly, supplier relationship management (SRM) and global trade management (GTM) solutions are driving innovation in the procurement-to-payment back-end.

Clearly, the companies that benefit most are those that not only find better ways of doing business, but also employ technology to rapidly leverage this advantage over competitors. Market leaders often use this strategy to maintain or increase their market share and value. But any company with new ideas can use technology to rapidly scale-up to overtake today's leaders. In fact, technology is one of the reasons that competition is accelerating in many industries, including fashion.

But will the rapid adoption of PLM and other technologies become so widespread that it no longer offers significant advantages? This does not happen because, even with large scale use of technology, innovation and replication require uncommon leadership and execution from business leaders. As a case in point, many companies already use IT to collect a wealth of data from their operations, yet few are actually using this data creatively.

But be warned: greater use of technology across any industry almost always means increased competition and shorter-lived advantage. To win in this environment, we encourage companies to view IT efforts not only from a traditional ROI perspective, but as a way to gain competitive advantage by implementing faster and better ways of working. Changing your focus from automating old processes to finding new ways of doing things will help you realize greater strategic value from your IT investments.

Productive Solutions, LLC is an Atlanta-based consulting firm providing actionable advice and measurable results through business strategy, enterprise consulting, and technology guidance services. Contact Rick Ludolph at r.ludolph@productivesol.com or visit the website at www.productivesol.com.