

## EDITOR'S COMMENTS

It is a pleasure to note that this is the third consecutive quarterly issue for MISQE. As our name suggested when the editors initiated this journal, we expected it to be a "quarterly." In 2002 and 2003, we fell short of that goal. Our guiding principle during those years, as it is today, is to ensure that every submission that becomes an article in MISQE is of high quality in content and readability. Only eight articles fit those criteria in the past two years.

In 2004, however, we have had an increase in both submissions and publishable articles. Thus, we now have had three straight quarters of publication. Perhaps more important, we believe that we have enough submissions in the pipeline to fill our December issue and end the year as a true "quarterly." Our thanks to all of you who have submitted.

An additional, heartfelt thanks to Barbara McNurlin whose fabulous editing has turned some articles with originally passable writing – and fair work by one of the Senior Editors or me – into extremely readable prose. Barbara has been an invaluable part of the MISQE team

### TRANSFORMATION

The days of obtaining competitive advantage from IT are over – or so some "gurus" are telling us these days. There will be no more American Airlines with its Sabre system or American Hospital Supply leading its industry with terminals in its customers. If the managerial goal is long-term advantage, this is most probably true. But, I would suggest this is no longer the best criterion to judge real success in the use of IT.

What both American Airlines and American Hospital Supply did was to utilize IT to create a radically changed, and far better, approach to serving their customers. The fact that they were able to gain a rather lengthy competitive advantage was due both to the technology capabilities of the day and the limited understanding of those capabilities by their competitors. However, the basic principle both organizations utilized – use technology to change the way the company works in order to serve customers better – is still with us. Put in today's terminology, the goal then is to use IT to "transform" the organization into a more effective competitor. Competitive advantage may come

briefly or last for a while – no matter. What is important is to change the organization such that it emerges in a new and stronger competitive position.

The academic literature today is full of articles on "transformation." In general, they define transformation as the "ability to fundamentally change current ways of doing business through major changes in processes, systems and behaviors." To do this effectively requires an in-depth understanding of the business, a knowledge of IT capabilities, a "vision" of what is possible and, perhaps most important, the intestinal fortitude to part with past ways of doing business and make the changes that are necessary. Implementation of new ways of doing things is never easy. When the new ways are very different, change can be very difficult.

### TRANSFORMATION IN THIS ISSUE

Three of the four articles in this issue are stories of very effective transformations and the ways in which they were accomplished. Some key lessons with regard to transformation emerge. The stories are different, but the basic aspects of business and IT understanding leading to the development of a "vision" coupled with effective implementation are all present. One of these articles written TAL Apparel Limited tells the story of a "no-name Hong Kong based apparel manufacturer" that has utilized IT to become world class in what it does. Utilizing IT effectively, TAL now manages production and logistics for several US-based retailers such as JCPenney. More significantly, TAL is now in a position to understand buyer behavior for their customers and thus, for some lines, actually performs the ordering process for these customers. The article won first prize in the 2004 annual SIM Paper Awards Competition.

A second case of "transformation" deals with the University of Illinois Medical Center that, with the leadership of one senior executive and the CIO, transformed the organization from paper-based to a computer-based, networked organization. The transformation occurred despite significant issues raised by the Center's professional staff. The result, however, is vastly improved patient care.

A third article, written about the commercial sector of Fleet Bank, tells the story of a senior executive who, starting with a functional job, saw the need to pull together several functions and radically change both the key processes and the information flow to people in each of the functions. Backed in this by his division president, he developed not only significant financial returns but also a multi-functional network of people who, for the first time, shared common information useful to all.

## **OVERSEAS OUTSOURCING**

What exactly does it take to design and implement effective overseas outsourcing? Mary Lacity calls on her extensive outsourcing knowledge, together with Joseph Rottman, to discuss the 20 critical practices that lead to success in outsourcing to India. The article is based on more than 20 interviews. It marks the first time, for this young journal, that we have published an author (Lacity) three times. As you will see once again in this issue, it has certainly been a pleasure to do so.

My best to you all,

Jack