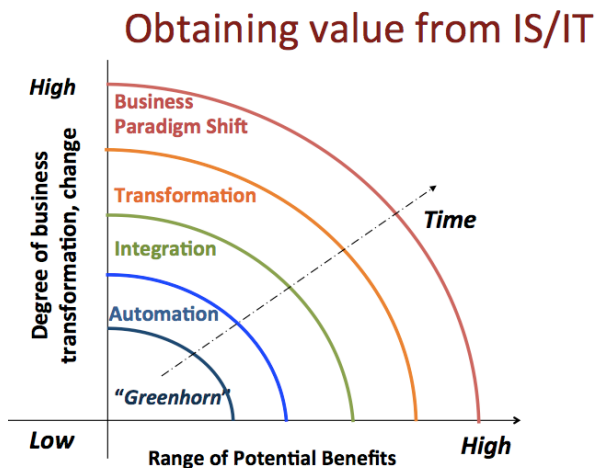


The simplified model of Venkatraman (1991, 1994).

Using Information Systems and Technology (IS/IT), different degrees of business optimization can be achieved, as the following:

- Localized exploitation (also referred to as “automation”),
- Internal integration,
- Business process redesign (transformation),
- Business scope redefinition (also referred to as “paradigm shift”).



Automation – a company can automate routine work – i.e., tasks which are repeated often, have low complexity, or do not require managerial decision making. Automation usually boosts company’s efficiency, reduces costs.

Integration – at this level company can link together otherwise disintegrated or weakly integrated processes, establish IS/IT-supported information flow between different departments and processes (within one or between different companies). Normally integration brings the company benefits of better access to information for faster and more informed decision making, reduction of paperwork, elimination of manual routines, etc.

Transformation – IS/IT allows the firm to change the way the business processes were executed traditionally. Transforming the concept of “being efficient” from “being fast” to “being smart”. Not only routines, but also processes can be rendered redundant and eliminated, significantly reducing cost of running the business.

Paradigm shift – fundamental redefinition of how the firm can achieve on its business goals. IS/IT is used to establish new processes, which take advantage of informational integration, smart application of IS/IT in different processes, at different operational and managerial levels of organization.

References

Venkatraman, N. (1991). “IT-Induced Business Reconfiguration.” In *The Corporation of the 1990s. Information Technology and Organizational Transformation*, ed. Scott M. Morton. Oxford University Press.

Venkatraman, N. (1994). *IT-Enabled Business Transformation: From Automation to Business Scope Redefinition*. *Sloan Management Review*, 35(2), 73–87.