

White Paper

Auto-piloting IT in the Auto- component Sector

How processes can be adopted at the turn of a tap
and steer your business efficiency...

About the Author

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Venguswamy Ramaswamy, or “Swamy” as he is better known, globally heads the TCS Small and Medium Business (SMB)-iON. iON is a strategic business unit of TCS and provides end to end business solutions to the SMB segment.

In his previous role, he was the Director of TCS' Global Consulting Practice (GCP) and was instrumental in the structural formation, development and positioning of TCS' consulting offerings. Consulting Magazine has named him amongst the top 25 consultants of the year 2007.

During his 16 year tenure at TCS, Swamy has held several strategic positions including managing key customer relationships, building and heading the Process Consulting group, managing the Corporate Resource Management function, leading numerous Centers of Excellence, as well as launching TCS' first steps in geographies such as Hungary and China.

Swamy is a firm believer in the power of IT to create business value and is known for his interest in Innovation & Quality and expertise in Six Sigma. He is also recognized as a champion of many digitization drives within TCS, including deploying digital platforms for Six Sigma, creativity and talent acquisition.

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From Japanese fiction to information age

The Japanese had mooted the concept of robots moving to mainstream in manufacturing, replacing labourers. It did not work perfectly the way it was fancied (the imperfection was aptly exploited by Chaplin in *Modern Times*, putting himself as a guinea pig before an automatic feeding machine; the age-old satire remains refreshing even to this day). Civilization had a different version of it in store – instead of the labourer, processes got more automated, thanks to the digital age. The automobile industry still uses robots in crash tests and extreme driving simulations. Autopilots, as they are called, are robots that would vary speed and direction to test the limits of a product prototyped by an automaker. Nonetheless, the vendors, who make auto-components, would need autopilots too - to test the speed and direction of the processes. This may sound fanciful; yet, process automation has taken off the ground in the SMB auto sector, where a prospering business is the pay off to fierce competition. For the Indian auto SMB, this bandwagon is wide open, provided it overcomes a few challenges...

The vicious cycle of IT investments chasing changing processes

Many of the processes in SMBs are still evolving. Hence, deciding on a process before digitization, runs into a vicious cycle. More often, SMBs resort to a word-of-mouth ERP system, hiring expensive consultants, only to realize, what they have achieved is a bigger accounting system that pretends to do much more. Eventually, many of such projects digress from the core objective – to improve efficiency.

Efficiency, again, is not just cutting cost but developing capabilities as opportunities unfold. This would mean keeping processes dynamic and optimized at the same time. One pitfall in the pursuit of efficiency is that we end up cutting capital budgets to find that it has little effect on the variable cost. Yet, with the need for dynamic cost structures, like different ingredients in the same product made for different customers, our handle on the variable cost components become the determining factor in competitiveness; this would sustain efficiency in the long run.

From an IT perspective, digitizing processes is not the sole answer, unless the system renders the right process on demand, each time finding a new optimizing avenue.

Processes made to opportunity; execution at one touch?

To visualize this, consider a mid-sized auto-lamp manufacturer who would supply to multiple automakers, each having different specifications for its models. One automaker may put more emphasis on night-driving safety, hence would like lighting systems designed for better lateral illumination. Moreover, models would have varied battery power, affecting the electrical parameters of the lamp. Consider the aesthetics, knowing that auto is a very stylized industry; a lamp would have to comply with different casing designs. When an auto-lamp maker is faced with orders of such diversity, it would have to leverage product modularity and sharing of resources in the most efficient manner. The optimization may span demand planning, design, production scheduling, and distribution, not to mention different lead times attached to those. It would then need processed information to find the most efficient way to consolidate.

Normally, not many SMBs have the wherewithal to look at this aspect from an end-to-end perspective. Rather, most optimizations are local and manual. For example, production schedule is often left at the behest of the plant manager, who would optimize within the immediate job orders placed on him with resources available on shop floor. Hence, processes, for end-to-end optimization, demand IT systems to be enablers and prescriptive at the same time.

Sadly, let alone the limited knowledge on choosing right systems, SMBs are still grappling with the problems of volatile IT staff in the segment and scarce capital budgets. Right IT at the right time, for the right purpose and paid as it is used, remains a pipedream; or is it?...

Turn on the tap; let the processes flow

Change in technology is driven by adoption; even compelling innovations would have to change its course to attain commoditization. The same has happened to IT of late. On demand and prescriptive systems, but with no capital investment, is what we call IT on tap.

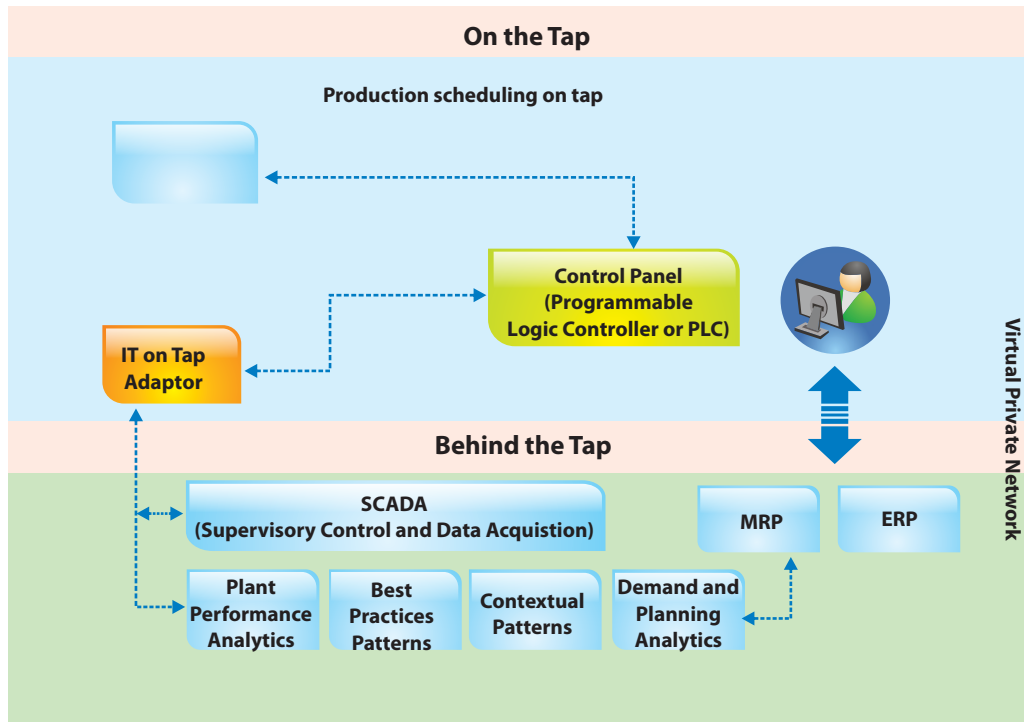
This is not a fanciful thought, but a well-adopted paradigm in mid-sized manufacturing.

IT service delivery has changed. With remote management capability, a diverse set of systems can be delivered incrementally and in concert, while being hosted remotely. This has made the adoption cycle shorter, bearing less risks. For example, one may simply start with the modest milestone of automating plant schedules based on changing demand patterns. The sources of data (like plant control panel systems, or the PLC, and order records) could be shared over secured network to an accomplished "IT on Tap" provider (see illustration), who would deliver the needed optimization rules on the browser to users with discretionary control (systems referred to as SCADA). To the SMB, it is IT rented and paid on usage – no capital investment. Moreover, transition to IT on tap is quicker, sometimes taking less than two-three weeks for the system to go live.

IT on Tap is the answer to the Indian auto SMB's need to bridge the efficiency gap, which has widened on a global turf. Having it, the domestic and world market looks bigger to us. Question: Does the downturn actually affect the decision to embrace it, when capital investment is not incidental here?

If anything at all, the reliability of the IT provider does matter.

At TCS, we claim that our "IT- as- a- Service" for the SMB does not stop at on-demand IT but extends to on-demand processes, testing the process limits in speed and direction. One would only pay for IT on usage, keeping capital investment aside. In turn, we would render processes helping the SMB autopilot its efficiency journey.



Why iON

iON provides comprehensive solutions that address varied IT requirements. From network to ERP, iON is offered as a single service, in a pay-per-use model, allowing you to leverage the solution's true potential. iON ensures integration of all processes along with ease of use.

iON promises:

- **High performance in normal broadband;**
- **Stringent security and data privacy ;**
- **Guaranteed availability (99 per cent uptime);**
- **Disaster recovery;**
- **Reduced need for IT staff.**

iON, therefore, manages your processes while you use the software. You gain from:

Integrated solutions

We ensure that all your solutions are connected. For example, if you are using a CRM along with an ERP, and have a document management system to organise your files, we ensure that these solutions are connected and work as one. So for you, it is simply IT and not applications.

Increased agility

We bring in the agility to keep pace with changing processes or a new line of business. We help you configure the processes to work differently or simply choose new practices recommended by the software. Our activation system flags on best practices while the system is running. As you pick and choose, we give you more options to choose from.

A pay-as-you-use model

This model eliminates capital investment as we provide the IT infrastructure and software on rent. You pay as you use and only for the number of users who actually use the software. The rent is charged monthly. Typically, the cumulative rental for three years is equal to the capital cost of acquiring similar or lesser software with one-time payment. Usually, the ROI exceeds rental within three months, when best practices are well followed. The rental includes maintenance and training, with no hidden costs.

Personalised solutions

Although this is a cloud service, the software is configurable to each business. You will always get the flavour of your own business by picking and choosing what processes you would need.

Automatic upgrades

We continuously invest in our solutions to ensure best practices. We enrich the software based on user feedback and business and statutory changes. We ensure the upgrade without disrupting the user.



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About iON

iON is Tata Consultancy Services' strategic unit for Small and Medium Business. iON provides end-to-end business solutions to the SMB segment, the growth engine of the economy. iON caters to the needs of multiple industry segments with best practices gained through TCS' global experience, domestic market reach, skills, know-how and delivery capabilities.

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