

CHAPTER 1 – INTRODUCTION

1.1. Background

The economy growth occurs simultaneously with technology development. This is indicated by the worldwide Internet evolution. Moreover, technology advance has been giving a major improvement in the business. The more company optimizes its technology system, the more profit will be obtainable.

There are several significant aspects have tightening the business competition. Firstly, globalization changed the way business operates. The success of businesses today and in the future depends on their ability to operate globally. Secondly, the knowledge and information – based economy have accelerating the technology and information system. Across all industries, information and technology have become important assets in the business strategy. Thirdly, a new phenomenon in the business is digital firm where the business processes are digitally enabled. Consequently, the new company demanded to become more flexible and adaptable toward its new environment. In that case, companies should also be able to improve their business process using the technology and information system and obtain sustainable competitive advantage eventually.

As the elaboration above, this research would analyze the business process that has not adopted a fully automated system. Therefore, an integrated automation system will be developed to increase efficiency and gain competitive advantage in a limited company.

1.2. Company Background

PT. X was created in late 1996 as part of the commitment of its holding company to take part in the development of Indonesia's information technology industry. The company, as one of the first Internet Service Providers (ISP) in the country, has

played an important role in developing and furnishing both its retail and corporate clientele in Indonesia with enhanced Internet access.

In the years since the company's launch, given its experience, high quality services and motivated team of staff; PT. X has effectively grown into one of Indonesia's prominent ISPs, host to two renowned portals, as well as provider of innovative Information Technology (IT) consultancy, technology system integration, and cyber solutions including Internet banking and e-commerce--in short-a total IT business solution.

Supported by the holding company and its subsidiaries, which comprises leaders in the telecommunications and information technology industries, the company ensures its ability to provide clients with genuine cutting-edge and cost effective solutions for Integrated Communication Technology.

1.3. Problem Identification

Theory of competitive advantage by Michael E. Porter described that competitive advantage is the heart of a company's performance in competitive markets. Company's competitiveness influenced by the business performance. Superior performance can be generally indicated from the whole business activities. However, business processes are important aspect in managing the business and should be considered in order to sustain competitive advantage.

Information technology including Internet encourages the company to improve manual system in the business process through automation such as web-based system or software. In this concept, manual process refers to as a system which not maximizing information technology. However, a computer technology is already utilized in the business process. There is a sharp distinction between computer technology and information technology. Computer technology pointed as the physical equipment for input, storing and processing information. Information technology

referred to as one of the manager tools that used to cope with change. From this point on, when the term manual process is used, it is referring to a business process conducted with a paper-based system.

Following is a brief illustration of sales order process. To begin with, the sales order process starts from acceptance of customer purchase order (PO). Next, customer purchase order (PO) will be input into the customer's database and then will be forwarded to sales department before sales order (SO) can be proceed. After sales order (SO) was complete, it need to be approved by the management including general manager and directors then will be forwarded to the relevant division such as Sales Department, Finance and Accounting Department, and Production Department. Afterwards, production process such as work installation, item purchasing and so forth should be implemented. In this context, the whole processes should be manually conducted with paper-based system which most probably problems occurred are inefficiency and human error.

The thesis research was specified in sales order process that was not optimizing fully automated system. The sales order process is automated by using web-based application only to the extent of approval process. Therefore, the manual system is transformed into an integrated and fully automated system. Most cases, business process automation is converting paper-based system into computerized system that reduces human error and increases efficiency.

It may be inferred, automation that is not applied in the business process may result less competitive business. Although business process automation could be enforced in entire process, it might also cause some barriers and obstacles in the implementation.

1.4. Research Questions

Question #1: What are the problems in the manual business process?

Question #2: What are the expectations from business process automation?

Question #3: How is the comparison between the traditional business process and the automated business process?

1.5. Objectives of the Study

The objectives of the study are:

1. To identify the efficiency, effectiveness, and productivity in the business process.
2. To improve the business processes through automation in order to obtain a sustainable competitive advantage.
3. To analyze the comparison between manual business process and automated business process.

1.6. Purpose of the Study

The study is significant in two bases:

Theoretically, the study was expected to give broaden knowledge which specifically related to Business Process Automation for author, students and business practitioners.

Practically, the study is significant owing to its beneficial contribution for academic purposes and business practitioners in order to improve the business process within the organization.

1.7. Scope of the Study

Due to the timeframe and to have a focal analysis, scope of study is specified on an analysis of sales order business process using automation system. Apart from the scope mentioned above are not considered, and consequently excluded from the study.