

Chapter I

Strategic View on Creating Business Value through Mobile Technologies

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ABSTRACT

Business value from any technology comes when it is applied, in practice, by the business to earn economic as well as social advantage. This is particularly true of mobile technologies, wherein their ability to provide location and time independence is a significant advantage to business. Such an advantage, however, can only be derived when mobile technologies are carefully incorporated, with a long-term strategic view in mind. This chapter describes and discusses such strategic view of mobile technologies in order to create business value.

INTRODUCTION

This chapter deals with how mobile technologies might create business value. The main arguments revolve around an analysis of the concept of value and the idea of strategic incorporation of technology – in our case mobile technologies – in the business process. These arguments are developed by recognizing that the concept of business value subsumes the concept of profit. Profit oriented economic viability is a necessary but not sufficient condition for creation of value (Freeman et al., 2007-2008; Figge and Hahn, 2005). A distinction needs to be made between *utility value*, assessed subjectively by customers, which is related

to the concept of product quality, *exchange value*, which is realized in the form of revenue and economic profits and *essential value*, realized in the fundamental improvement of the societal condition. There is – in other words – a rising tide of informed opinion that sees ethical, moral, cultural and ecological sustainability of the firm and of the society as fundamental in any analysis of the purpose and goals of organizations and their approach to creation of value. The discussion herein applies these otherwise subjective concepts to value creation in a mobile business.

In line with such considerations, value creation and ultimately value maximization have as much to do with what product is available, as they do with where

to sell it, to whom, when and at what price, but also – and unfortunately much ignored – why? Consider, for example, the offering of a mobile service to a sales force. Value maximization, has a lot to do with demand and how one navigates or manipulates this concept to one's advantage. Value maximization also has to do with the amount of supply and competing products that can satisfy the same demand. Simply put, values are maximized when each item to be sold is sold at the highest return possible for that particular item to be sold. From there on, it is all about figuring out the right mix. By this we mean: determining which item should be sold where and when. We will see shortly however, that such maximization produces potentially only a local maximum. A strategic plan that aims to create, reconfigure or improve an enterprise model or process must be cognizant of such distinctions relative to the concept of value. We will discuss this in some great detail later in the chapter.

Mobile technologies, as a part of an enterprise process remodeling option, offer some unique characteristics that are not available from other communications technologies. The powerful dual feature afforded by mobility of 'time and location' independence provides for immense potentials in enhancing the capabilities of the enterprise comparable only to earlier technological revolutions such as the original introduction of computing or electronic communication to the business world (Greenfield, 2006; Hansmann, 2003). Use of mobile technologies enables businesses to create and manage business processes that are not tied to a particular user location. This ability to handle business transactions at any place and time opens up opportunities for businesses to do a much better job of customizing, personalizing and altering their offerings to suit the customers -as time imperatives demand it. Furthermore, the relative low costs and abundant availability of mobile gadgets such as mobile phones, PDAs (Personal Digital Assistants) and integrated devices such as iPhones (latest release from Apple, in mid-2007) has brought the potential of mobility within the grasp of many organizations. It should be however stressed that the ready availability of a plethora of such low cost devices can be a potential trap for organizations contemplating making a move towards becoming a mobile business. Becoming a mobile business takes much more than just equipping the sales force with handheld devices.

Using mobile gadgets to carry out the same business processes that would otherwise have been conducted in a physical manner is not a true strategic use of mobility. This is so because, as with some previous

revolutionary technologies, such usage would only be automation of the existing processes, a move that although at times economically efficacious, is often sub-optimal in its scope. Strategic use of mobility must benefit from a 'ground-up' holistic thinking, consideration of all internal as well as external factors of a business whether they might be, or are deemed to be, influenced by mobility or not! The greatest benefits always hide in corners into which one does not think of looking. Consideration of the human element, relative to customers' employees and other stakeholders must feature paramount in our considerations. The objective of introducing mobile technologies in short is to "re-optimize the enterprise in terms of its ability to create value, using the new potential available in terms NOT of *mobile technologies per se* but in terms of *time and space independence*. It is the *concept* that is the enabler not the technology.

STRATEGIC BUSINESS VIEW

Today's business exists in a tetherless world. The next stage of the communication revolution is wireless/mobile communication. The potential for the elimination of physical connectivity between communicating devices results in profound changes in the nature of the relationship between people and processes. For example, the impact of mobility on the organization of the business and its relationship with customers can be potentially significant (Greenfield, 2006). The ability of businesses and customers to connect to each other – independent of time and location – is of course the core driver of this change. There is, thus, a corresponding social and behavioral revolution that is taking place hand-in-hand with the technological one mentioned earlier. However there is sufficient evidence extant, anecdotal and otherwise, pointing to the profound social and organizational changes that will be inevitable as a consequence of the (m-) revolution.

What is important to recognize is that, in general, technology is neither a necessary nor a sufficient precursor for productivity or progress. In fact, without due strategic considerations as are discussed in this chapter, technology can occasionally be detrimental to both! Consider, for example, the fact that the average time spent on a "computer" at work has increased by more than 60% compared only to a decade ago. Yet almost twice as many people feel that they are less productive in their jobs than workers did ten years ago.

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