Information Systems Dispatching in the Global Environment, Acer, A Case of Horizontal Integration

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EXECUTIVE SUMMARY

This case study presents the implementation of information systems in a context of global enterprise restructuring. Based on the background of the second organisational restructuring of Acer Group, it evidences the combinations of corporate strategy and information technology (IT) practices and shows how this enterprise shifts and reallocates its resources in order to concentrate on the most profitable segments of the entire supply chain. Drawing upon IT adoption and supply chain management (SCM) literature, we discuss the issues of organisation restructure affecting the information systems dispatching along the supply chain from a theoretical and practical lens. Particularly, this article provides an aspect looking into the installing of global logistics management (GLM) information systems, which requires the integration of existing enterprise resource planning (ERP) systems in different sites. It offers a direction to academics and practitioners to rethink the necessary elements required to enact adoption plans of information systems in a digitally enabled global business.

Keywords: global logistics management; information dispatching; organisation re-engineering

ORGANISATIONAL BACKGROUND

Acer Group, a Taiwan-based multinational corporation, acts as a set of Roman legions and ranks among the top 10 information technology (IT) vendors in the world. Its major business consists of product designing, global marketing, channel delivering, and after-sales servicing. The branded products of Acer Group encompass desktop and mobile PCs; servers and storage; displays; peripherals; communication devices; and systems solutions for enterprises, government, education, and home users. Established in Taiwan in 1976, Acer Group has been restructured two times, the first time in the early 1990s and the second time in 2000. The key successful factor of Acer Group was initially its strong capability of product innovation, which brought
about the corporate strategy and confidence in competing with other global giants by its own brands. For example, it inaugurated the era of 32-bit PC to the market ahead of IBM Corp. and authorised ChipUpTM technique to Intel Corp. in the early 1990s. The antecedent efforts had enabled the products of Acer Group to penetrate into each segment of the international markets, which led to the first organisational restructuring (Table 1). That was when Acer Group started to enjoy the upswing of company reputation; it had expanded its operation through setting up various business units and subordinates around the world in order to achieve the strategy of global logistics management.

The second organisational restructuring of Acer Group occurred in the year 2000. It was driven by several issues that included the decline of profit margin in PC-related products, (Table 2). Beginning in the year 2001, Acer Group was divided into three large global business units (GBU); namely, Acer Inc., BenQ, and Wistron (Appendix 1). Each of them focuses on particular markets, products, or segments of the supply chain; all of them enjoy the revenue scales of billions of U.S. dollars (Acer Inc.: $4.6 billion; Appendix 2, BenQ: $2.8 billion; Wistron: $2.3 billion

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Table 1. The first organisational restructuring of Acer Group (1992)

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<thead>
<tr>
<th>Corporate situation</th>
<th>Driving forces (external factors)</th>
<th>Driving forces (internal factors)</th>
<th>Content</th>
<th>Outcome</th>
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</thead>
<tbody>
<tr>
<td>Acer had an unexpected minus revenue US$607 million in 1991</td>
<td>Rise of new competitors mostly were mainboard OEM manufacturers, since the trend of vertical disintegration threatened old system integrator such Acer and IBM</td>
<td>• Hierarchical organisation could not respond to the market quickly • Unclear responsibility and empowerment</td>
<td>• Building flat organisations and rundown numbers of employees • Building up global brand and business units for local touch</td>
<td>Revenue growth rate from 1993 to 1995: 51%, 69%, 81% Profit growth rate from 1993 to 1995: 2,436%, 207%, 72%</td>
</tr>
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Table 2. The second organisational re-engineering of Acer Group (2000)

<table>
<thead>
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<tbody>
<tr>
<td>Unbalanced resources allocation of business units led to a stagnancy in sales</td>
<td>• Competition had made a serious decline of profit margin in PC markets • Without focusing on either OEM or brand market, Acer had lost its competitiveness compared to other Taiwanese IT manufacturers • Investment failure on a business of e-commerce and media provider</td>
<td>Conflict in OEM operation and own brand business Overlapping of resources allocation on existing strategic business units</td>
<td>Restructuring the global group into three global business units (GBU): Acer Inc., BenQ, and Wistron (also named ABW family), and following three own and three multiple strategy with business process re-engineering (each GBU had its own brand, market, and global operation team; multiple suppliers, multiple production lines, and multiple channels (See The URLs of Acer Groups: the ABW family: Acer <a href="http://www.acer.com">www.acer.com</a>; Wistron Corporation: <a href="http://www.wistron.com/">http://www.wistron.com/</a>; and BenQ corporation: <a href="http://www.benq.com/">http://www.benq.com/</a>)</td>
<td>Revenue in all the groups: US$13 billion in 2002; US$15.9 billion in 2003; and US$22 billion estimated in 2004</td>
</tr>
</tbody>
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Synthesised from Shih (2004)
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