



Achieving the Dual Goals of Innovation and Horizontal Integration through Business Platforms

This current and particularly deep economic recession has made it more imperative than ever for commercial organisations and public sector bodies to rethink 'the way we do things around here'. In the early phases of any downturn the inevitable focus is on cutting cost wherever possible, but this can only achieve so much before customers suffer and the organisation lacks the muscle to innovate its way to growth.

Innovation is therefore key to future success. But innovation not limited to product and service; it can also occur internally in the way an enterprise organises its resources and the way it operates. In the 1990s the focus was on innovating (reengineering) business processes; today it's on achieving greater horizontal integration.

Horizontal integration is not new. For many years enterprises – particularly those comprising multiple divisions operating in multiple geographies – have pursued the synergy agenda by horizontally integrating their business processes and IT systems. In the best and most thoughtful cases this led to an understanding that centralisation was rarely the answer and the best way forward lay in providing common and shared solutions, whilst acknowledging the need for authentically justified dedicated and specific differences. This approach also created technology platforms that enabled easier integration of acquisitions.

In the early 2000s, we saw differentiated types of horizontal integration emerge with a greater focus on sharing of knowledge and experience across the enterprise. We also saw increased investment in Innovation at both the enterprise and business unit levels, and collective bonds of performance where peers across the enterprise were encouraged and incentivised to improve the performance of all parts of the enterprise, not just the P&L for which they were primarily accountable.

IT systems obviously play a significant role in achieving greater innovation and horizontal integration. Current thinking is to view them as business platforms upon which the business can grow and innovate in an agile way. Admittedly they can represent a significant initial investment, but once in place allow the business to do things more quickly and at less cost than otherwise would have been the case.

Internal Silos Can Suck the Life out of Social Initiatives

A good example of a new form of business platform is social networks. Not only does this relatively new technology allow companies to engage and retain customers, it enables horizontal integration through better internal communication.

But whilst external information is flowing into the enterprise more freely than ever before, internal communication at most companies hasn't changed to accommodate this says Ann All in a recent *IT Business Edge* [article](#).

Ann argues that companies will never derive value from this new information flow if it ends up in the same old silos.

This is another good example of how new technologies require us to challenge traditional thinking about how we organise our enterprise.

To read Ann's article, click [here](#).

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We use innovative experiential learning approaches to develop the insights and

Banking, supply chain and distribution are good examples of industries where the focus is increasingly on building business platforms. But they don't have to be industry specific. The emergence of inter- and intra-collaboration platforms – based upon developments in social media – can significantly enhance innovation and knowledge-sharing capability across the enterprise.

capabilities needed by today's business and technology leaders. Our focus is always on outcomes, not process.

Undoubtedly these business platforms represent a truly differentiated and competitive basis of doing business in the future, and the most forward-looking organisations have invested time in understanding what capability they bring.

Thus, the dual goals of achieving innovation AND horizontal integration are now not in conflict, but rather complement one another in moving business performance to new levels.

To read my full article where I give some historical context to this thinking, click [here](#).

I welcome your thoughts.

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