Chap 2 : IT Strategic Principle
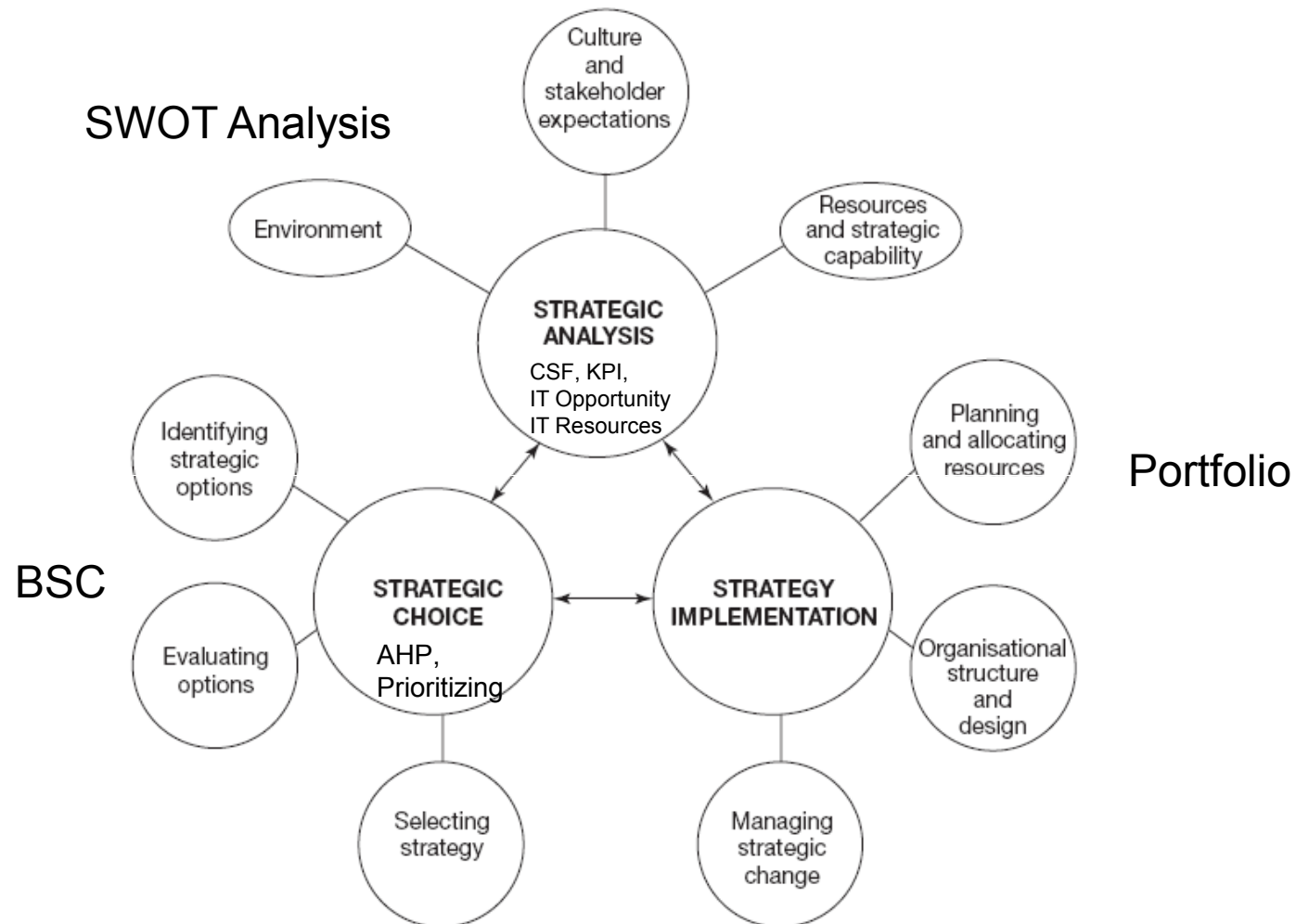
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MAGISTER OF INFORMATION SYSTEM

From Last Lecture: How is to do IS Strategy?

SWOT Analysis

Culture and stakeholder expectations

Environment

Resources and strategic capability

STRATEGIC ANALYSIS

CSF, KPI, IT Opportunity IT Resources

Identifying strategic options

Planning and allocating resources

Portfolio

BSC

STRATEGIC CHOICE

AHP, Prioritizing

Evaluating options

STRATEGY IMPLEMENTATION

Organisational structure and design

Selecting strategy

Managing strategic change

A planning framework for strategy

Source: Johnson and Scholes (1993: 23) in Clarke

IS Strategy Position

Business Strategy

Proportional

Alignment

Organizational Strategy

Information Strategy
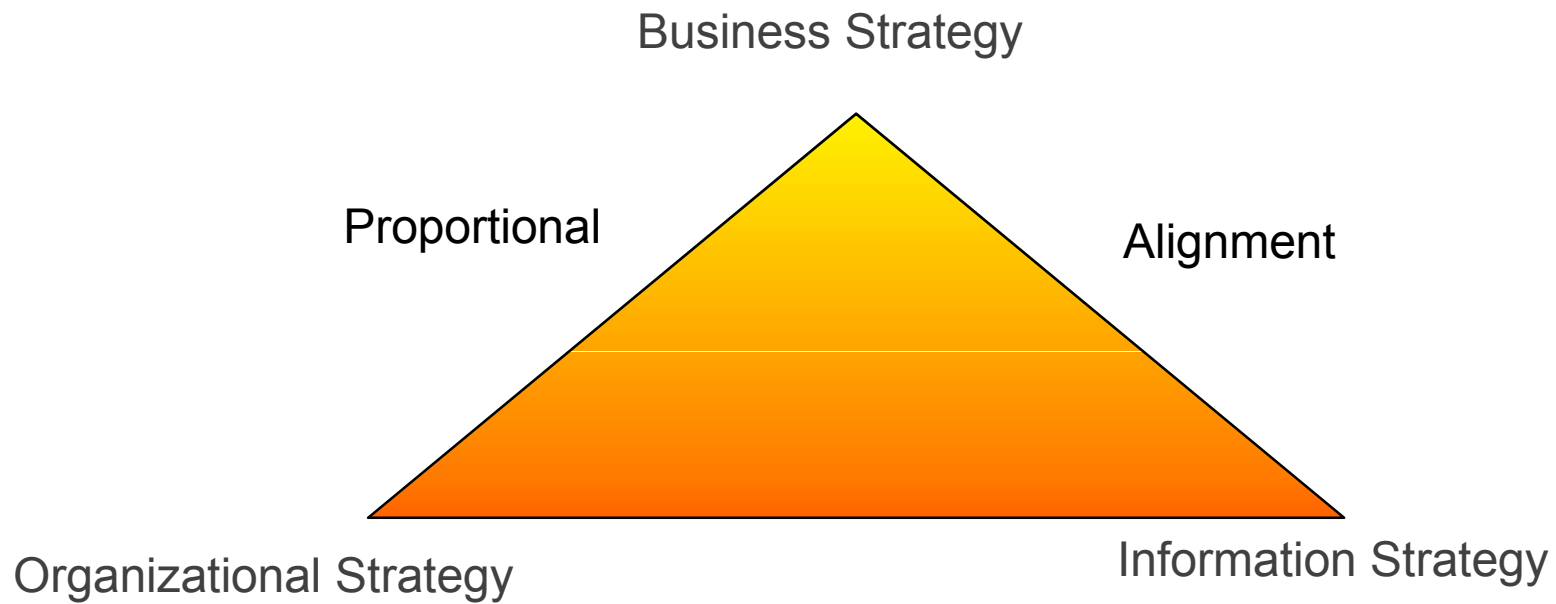
What kind of IS strategy should be made?

- Understandability (clear goal, focus, scope)

- Realizable (phase/timing bound, effective)

- Robustness (standard, policy)

- Completeness (still efficient, Portfolio, Project Management)

- Consistency

- Stability (enduring, amendment)

- Repeatable and measureable ,(Strategy as pattern)r

- Interoperability

Source: Harisson, R. (2009) Togaf version 9 Foundation, Study Guide, Van Harren Publishing

Where do we starting IT Strategic?
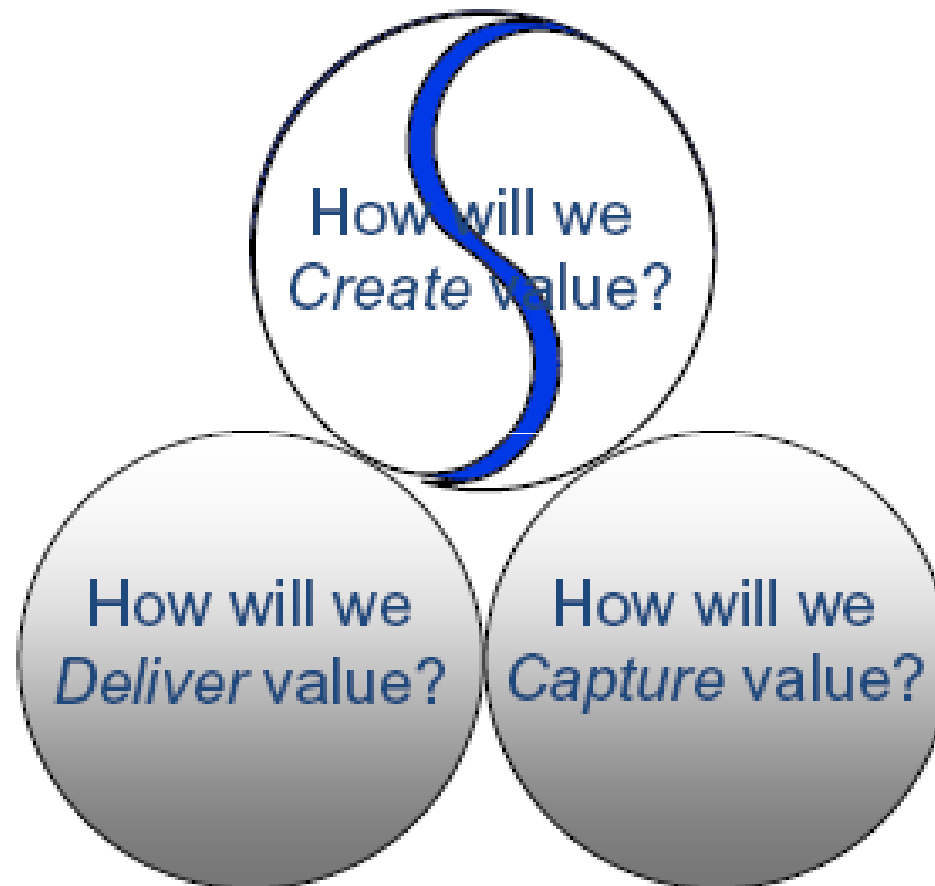
Effective strategies tackle 3 key questions:

- **How will we create value?**

  - How will the technology evolve?

  - How will the market change?

  - How do we organize effectively?

- **How will we capture value?**

  - How do we compete to gain sustainable competitive advantage?

  - How should we compete if standards are important?

  - How to manage technology platforms?

- **How will we deliver value?**

  - How should we execute the strategy?

  - How do we make strategic decisions and take decisive action?
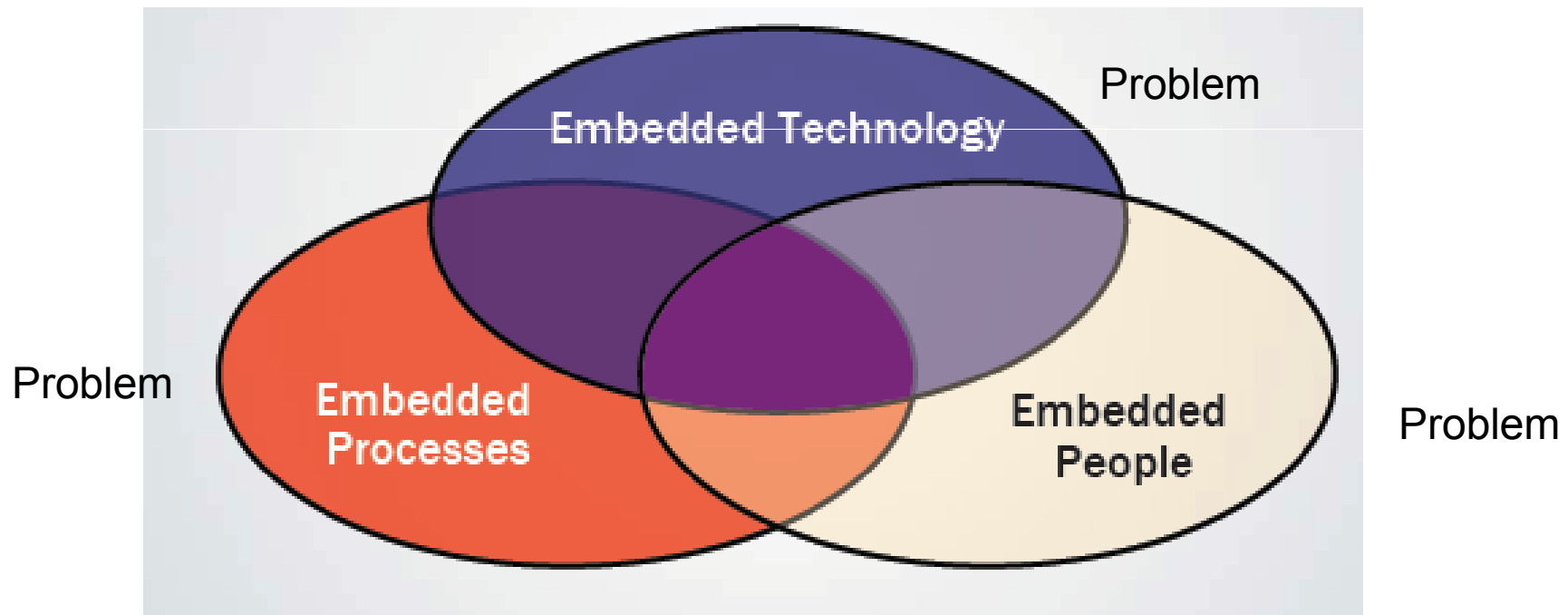
The Problem with IT
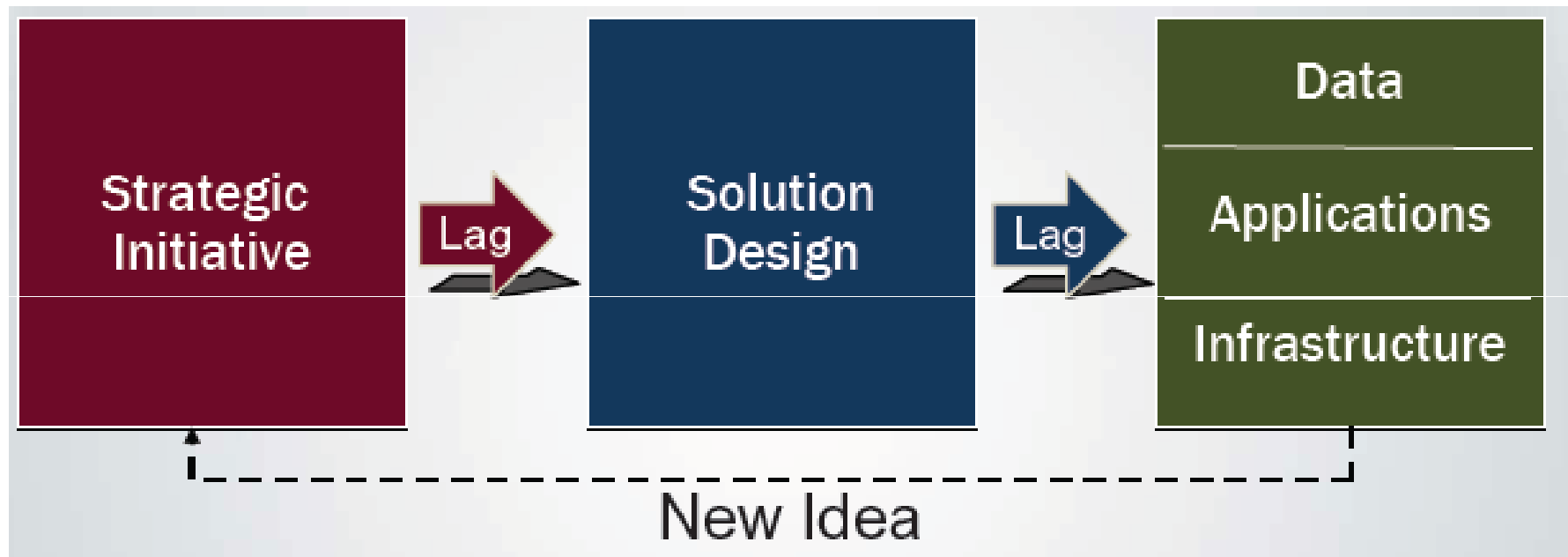
The IT Landscape at most firms
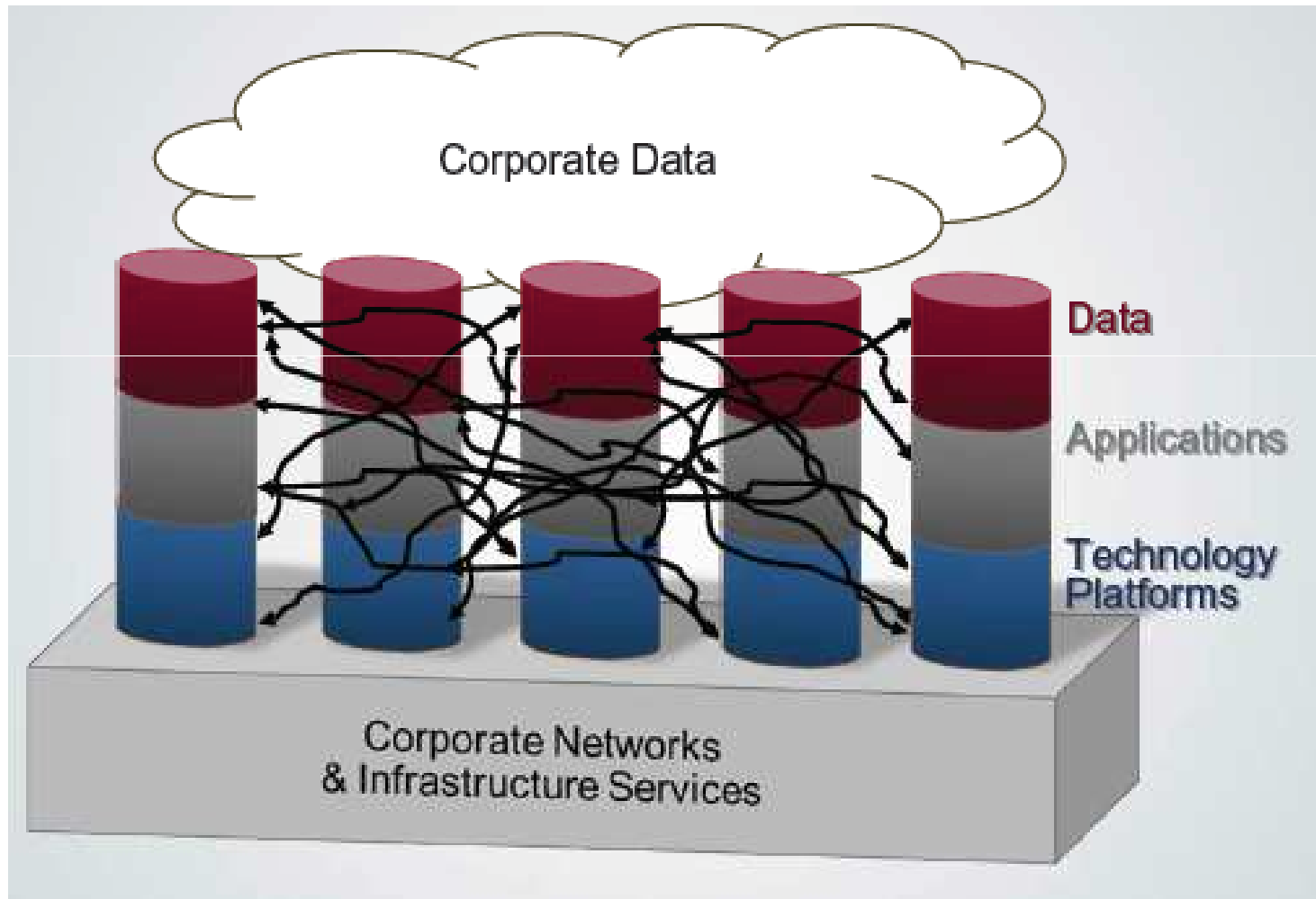
The nature of the problem

- IT invariably provides a long-lived solution to an immediate business problem or opportunity and thus becomes an inhibitor rather than enabler of change

Example: Selling has to come near to customer

- Tesco Virtual Store in UK Gatwick (November 2012)

How do we make IT a strategic asset instead of a liability?

Three things to get right

1. Operating model

2. IT governance and decision making processes

3. Development and management of a digitized platform

The operating model…

- *the desired level of business process integration and business process standardization for delivering goods and services to customers.*

- The operating model describes how a firm will profit and grow.

There are four operating modelsThere models

	Low — Business Process Standardization	High — Business Process Standardization
High Business Process Integration	**Coordination** ■ Unique business units with a need to know each other's transactions ■ Example: Indovision, Telkomsel ■ Key IT capability: access to shared data, through standard technology interfaces	**Unification** ■ Single business with global process standards and global data access ■ Example: Air Asia, UPS Packet ■ Key IT capability: enterprise systems reinforcing standard processes and providing global data access
Low Business Process Integration	**Diversification** ■ Independent business units with different customers and expertise ■ Example: Ultra Jaya, Matahari Group ■ Key IT capability: provide economies of scale without limiting independence	**Replication** ■ Independent but similar business units ■ Example: Aston Hotel ■ Key IT capability: provide standard infrastructure and application components for global efficiencies

IT governance...

- *Framework for decision rights and accountability to encourage desirable behavior in the use of IT.*

- .Governance complements organizational structure to enable a firm to meet conflicting objectives

Five key IT decisions need to be governed

Principles for IT	High level statements about how IT is to be used. Driven by business principles (e.g., operating model)
Enterprise Architecture	Organizing logic for data, applications, and infrastructure captured in a set of policies, relationships, and technical choices to achieve desired business and technical standardization and integration
IT Infrastructure Strategies	Strategies for shared IT capability (both technical and human) delivered as reliable services (e.g., network, help desk, shared data)
Business Application Needs	Specifying the business need for purchased or internally developed IT applications
IT Investment and Prioritization	Decisions about how much and where to invest in IT including project approvals and justification techniques