



# Chapter I: Introduction of Information System Strategy

[Clarke] Chap II  
[Benson] Chap I



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## Definition



### Strategy

**Generalship, the art of war; management of an army or armies in a campaign, art of so moving or disposing troops or ships or aircraft as to impose upon the enemy the place and time and conditions for fighting preferred by oneself.**

*(Concise Oxford English Dictionary, 1974)*

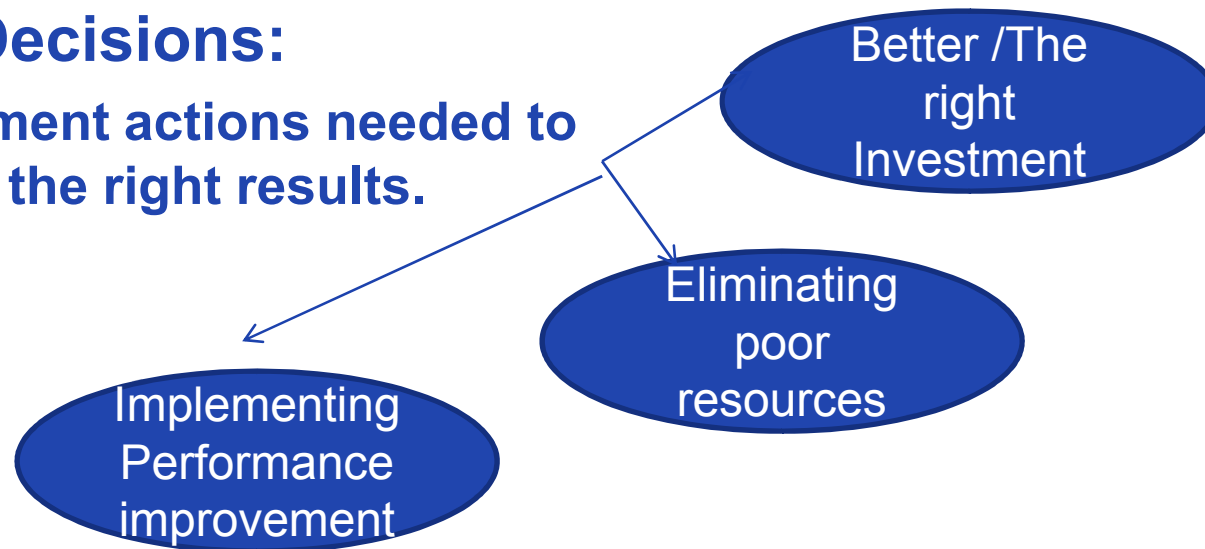
# Goal of IS Strategy

## ❖ Right Results:

controlled IT costs and at the same time improved bottom-line impact.

## ❖ Right Decisions:

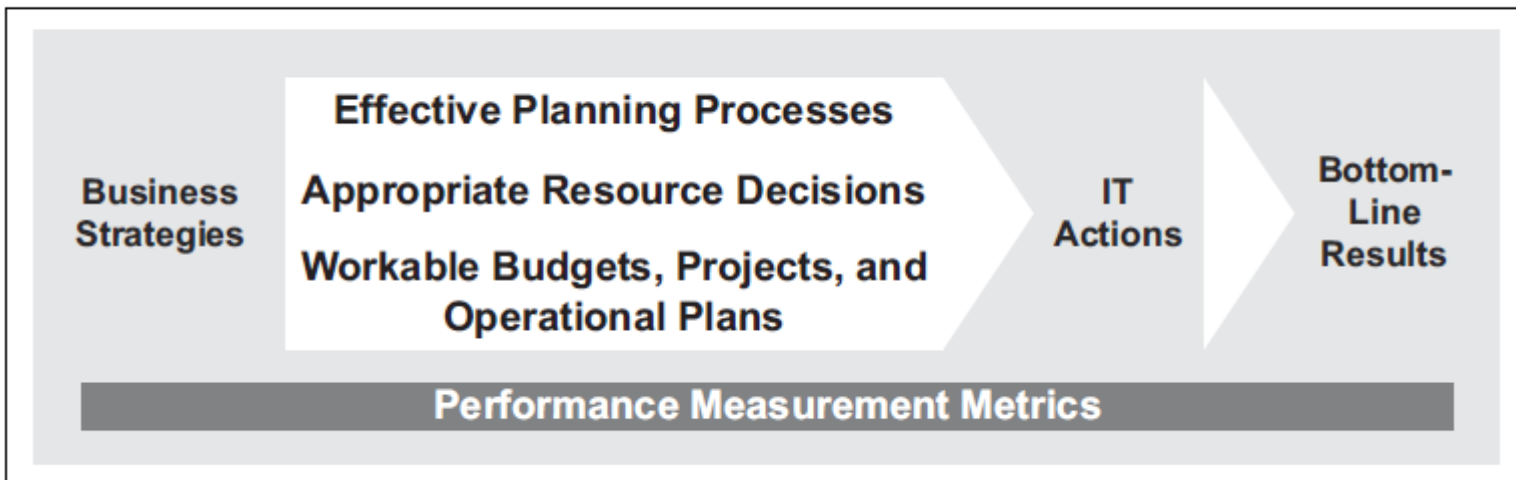
management actions needed to produce the right results.



# Why We need IT Strategy

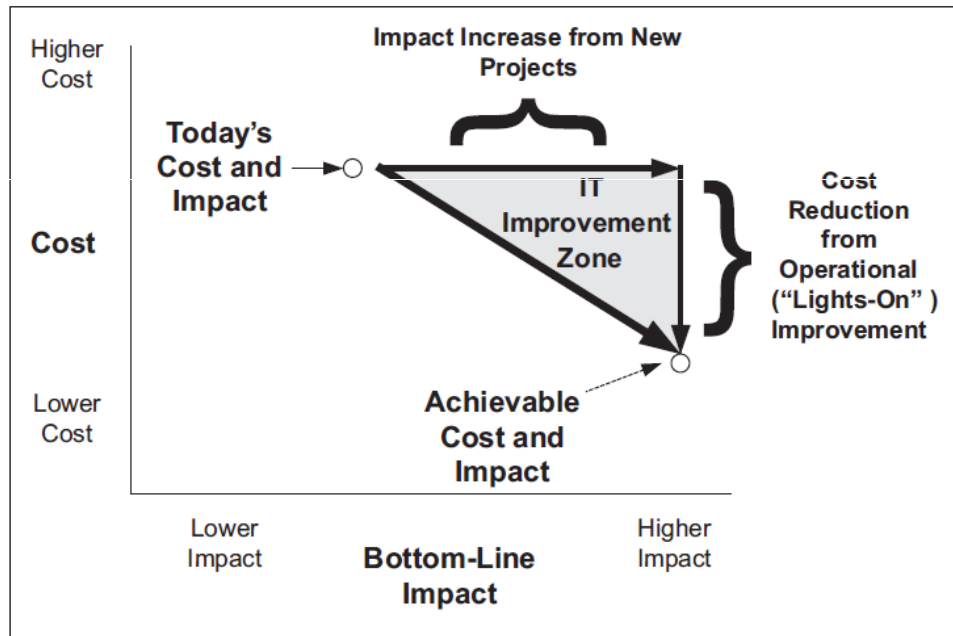
- ❖ Effective Planning Process
- ❖ Appropriate Resource Decision
- ❖ Workable Budget and Plan

**EXHIBIT 1.4** Strategy-to-Bottom-Line Value Chain

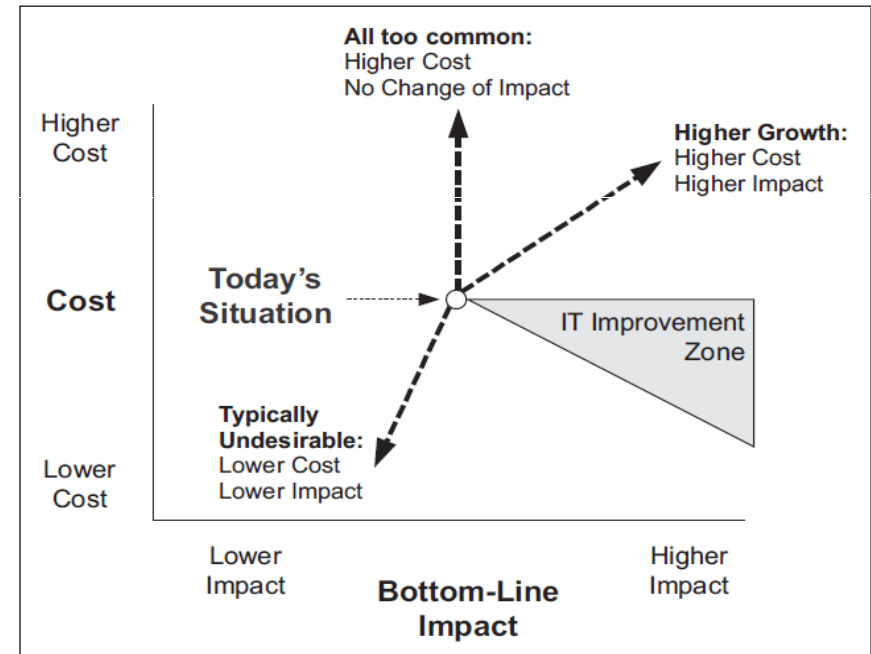


# Ideal and today company's IT profile

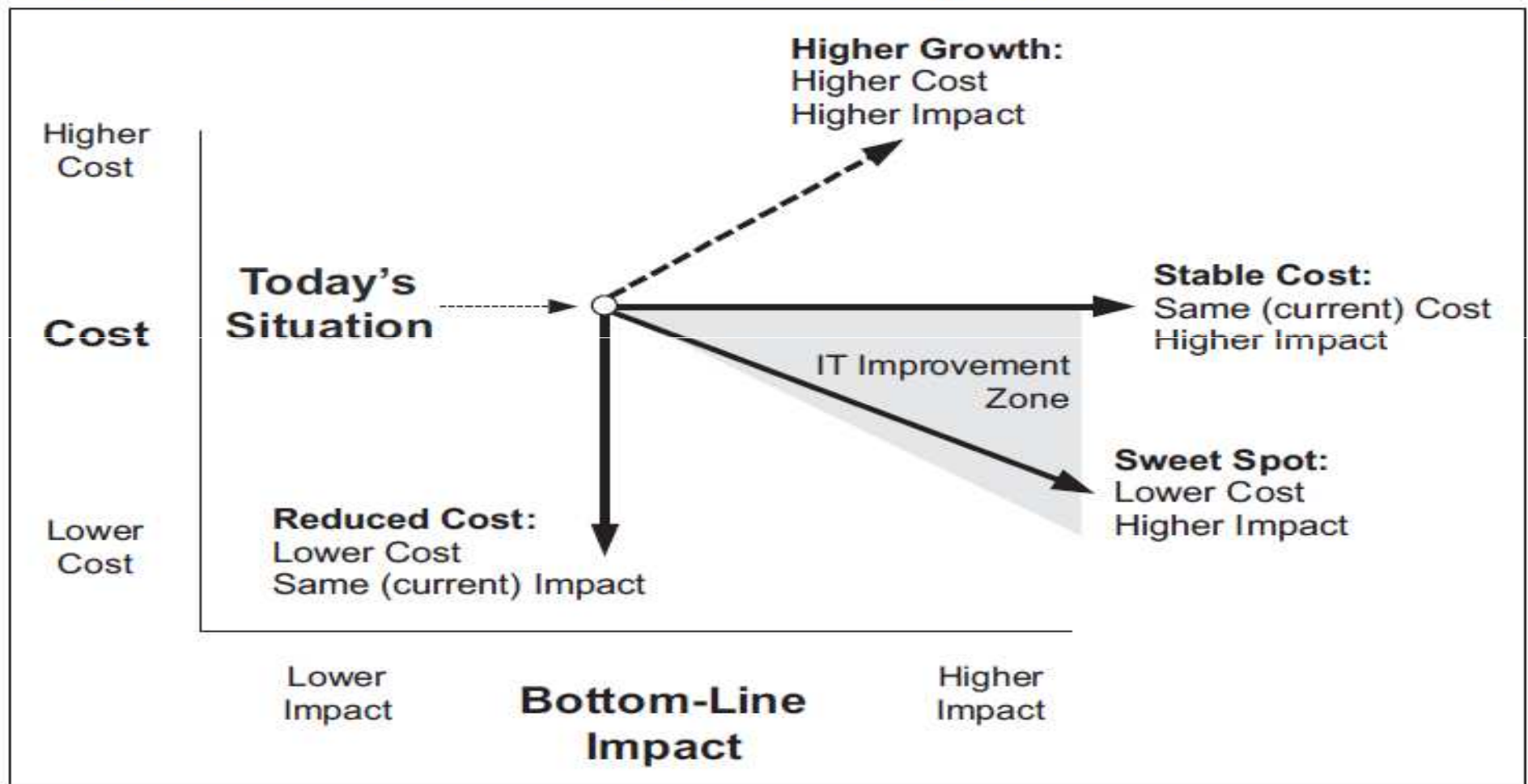
**EXHIBIT 1.1** Our Goal Is the IT Improvement Zone



**EXHIBIT 1.2** Current Patterns for Many Companies



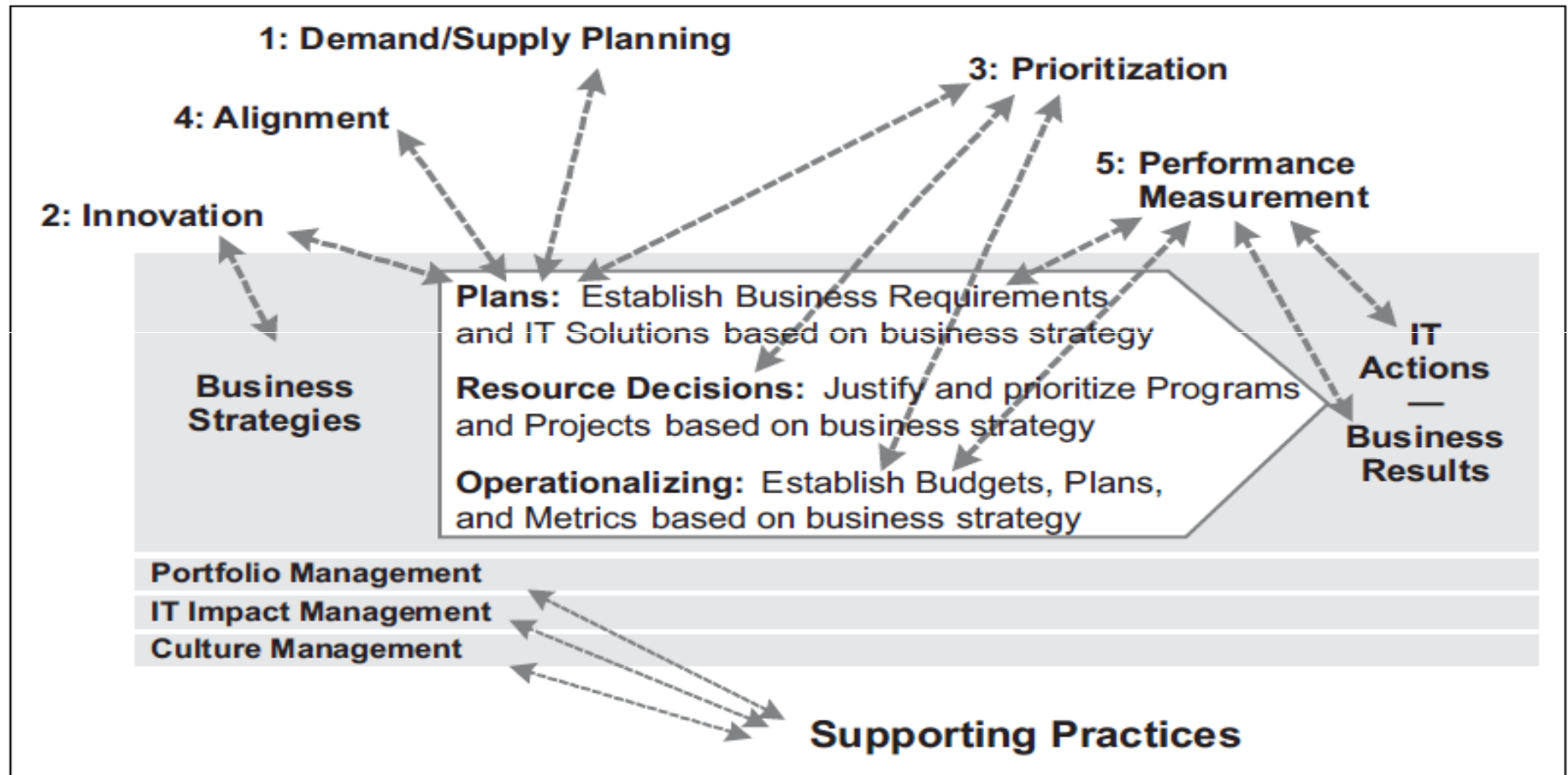
## EXHIBIT 1.3 Possible Outcomes for Companies



# Critical Success Factor (CSF) of IT Strategy

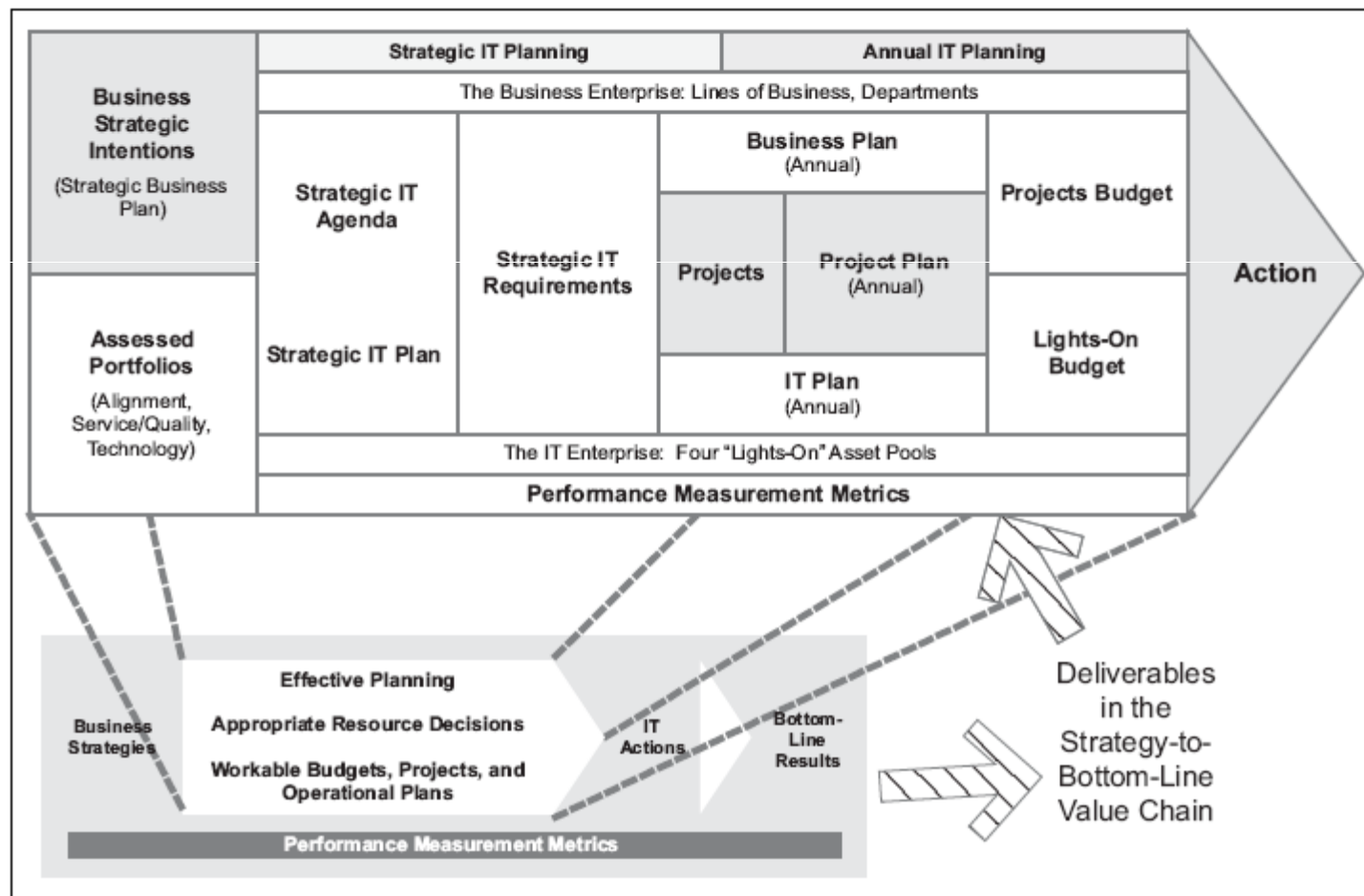
- ❖ Business and IT planning processes are **fully connected** and **integrated**.
- ❖ IT-enabled innovations **impact** business planning and result in new business strategies and improved ways to implement current business strategies.
- ❖ IT investments are **prioritized** against business strategy.
- ❖ The entire IT spend—including development, operations, maintenance, and services—is **aligned** with business strategy.
- ❖ IT business and technical performance is **tracked**.
- ❖ Business and IT management teams consistently **execute the management processes** that improve IT's contribution to the business's bottom-line performance.
- ❖ Planning and management processes focus on the entire IT investment, including both Lights-On and Projects.
- ❖ IT and business managers participate effectively in these management processes.

## EXHIBIT 1.5 New Information Economics Practices





# Strategy-to-Bottom-Line Value Chain





# AFFORDABILITY AND IMPACT



## AFFORDABILITY QUESTIONS

- ❖ What can we afford to spend on IT?
- ❖ Can we reduce unnecessary IT costs?
- ❖ Can we redeploy expenses to support needed projects?

## IMPACT QUESTIONS

- ❖ Are we investing IT resources in the right places?
- ❖ Do our business strategies drive our IT actions and produce bottom-line impact?
- ❖ Are we getting bottom-line impact from our lights-on resources?
- ❖ Are we balancing our strategic and tactical investments?

# IMPACT QUESTIONS: THE ROADMAP FOR THE RIGHT ACTIONS

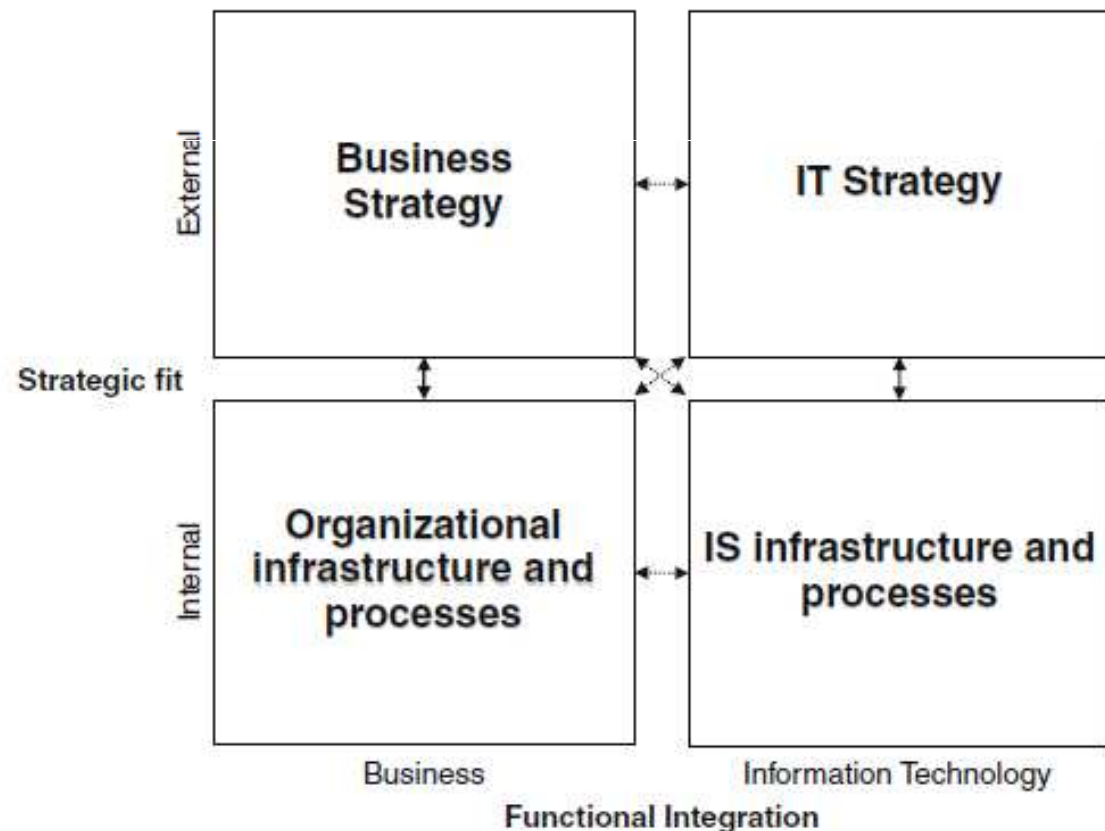


# IT Strategy Position in IT Governance (Cobit)

[Germ] Chap XI

- ❖ Alignment of IT has been synonymous with IT strategy

**Strategic  
Alignment Model  
(SAM)  
Henderson dan  
Venkatraman**



# IT Strategy Position in IT Governance (Cobit)

[Germ] Chap XI

- ❖ **Alignment of IT has been synonymous with IT strategy**
  - Ascertaining that IT strategy is aligned with enterprise strategy
  - *Cascade strategy, policies and goals down into the enterprise and align the IT organisation with the enterprise goals*
- ❖ **Planning and Organisation: This domain covers IT strategy**
  - *Provide organisational structures to support the implementation of IT strategies*
  - Directing IT strategy to balance investments between supporting and growing the enterprise
  - Balanced Scorecards translate strategy into action to achieve goals
- ❖ **Acquisition and Implementation: To realise the IT strategy**
  - Are sufficient IT resources, infrastructure and competencies available to meet strategic objectives?

## DEFINE THE GOALS: MANAGEMENT AGENDA

Management Question	Yes or No?	If No, What Is Our Plan for Correcting This?
Are business and IT planning processes fully connected and integrated?		
Do IT-enabled innovations impact business planning and offer new business strategies?		
Are IT investments prioritized against business strategy?		
Does the entire IT spend, including development, operations, maintenance, and services, align with business strategy?		
Is IT business and technical performance tracked?		
Do business and IT management teams consistently execute the management processes that improve IT's contribution to business bottom-line performance?		