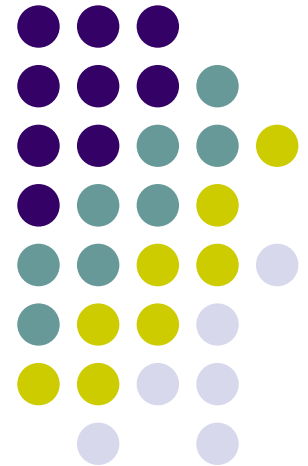
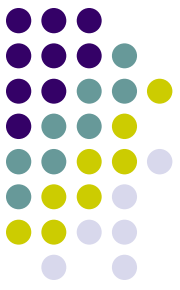


Information Systems Planning and Development Strategies

5

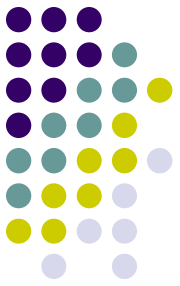




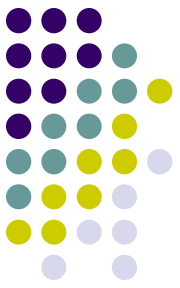
Why have an IS/IT Strategy?

- Systems investments are made that do not support business objectives
- Loss of control of IS/IT
- Systems are not integrated
- No means for prioritising investments
- No mechanisms for deciding optimum resource usage

Why have an IS/IT Strategy?

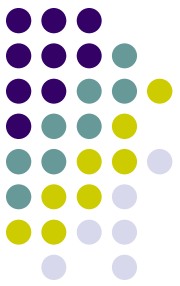


- Poor management information
- Misunderstandings between users and IT specialists
- Technology strategy is incoherent and constrains options
- Inadequate infrastructure investments made
- Problems caused by IS/IT investments can become a source of conflict
- Localised justification of investments can produce benefits that are counterproductive in the overall business context



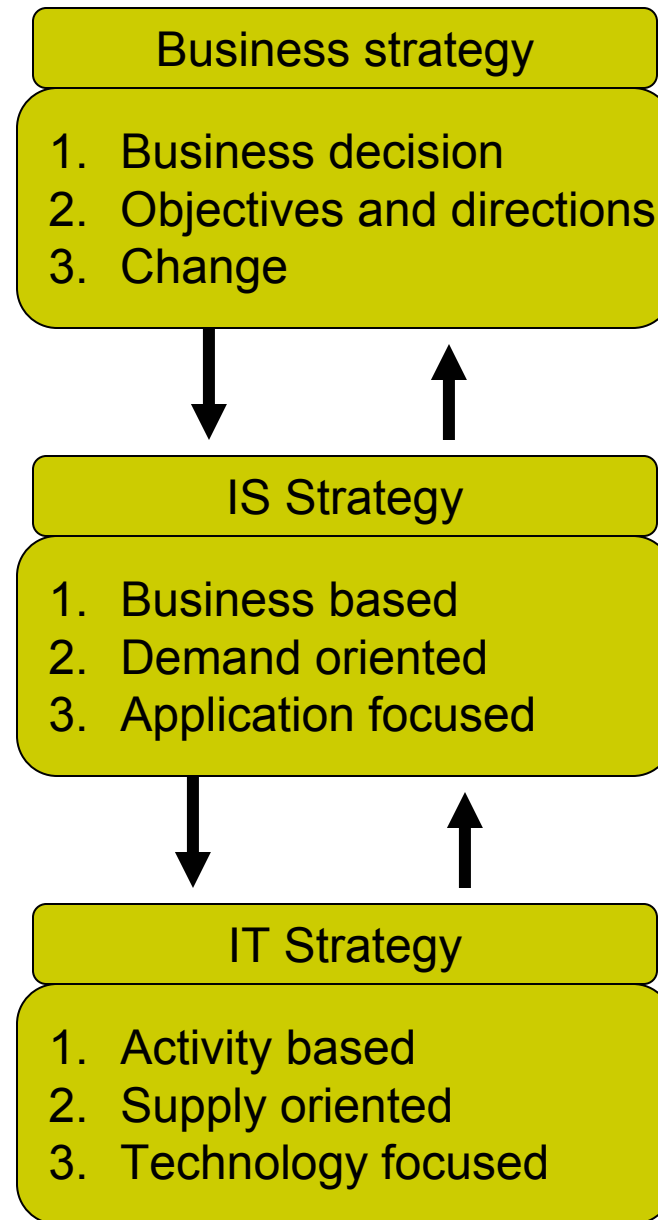
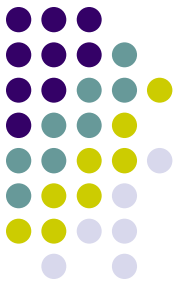
Strategy versus Planning

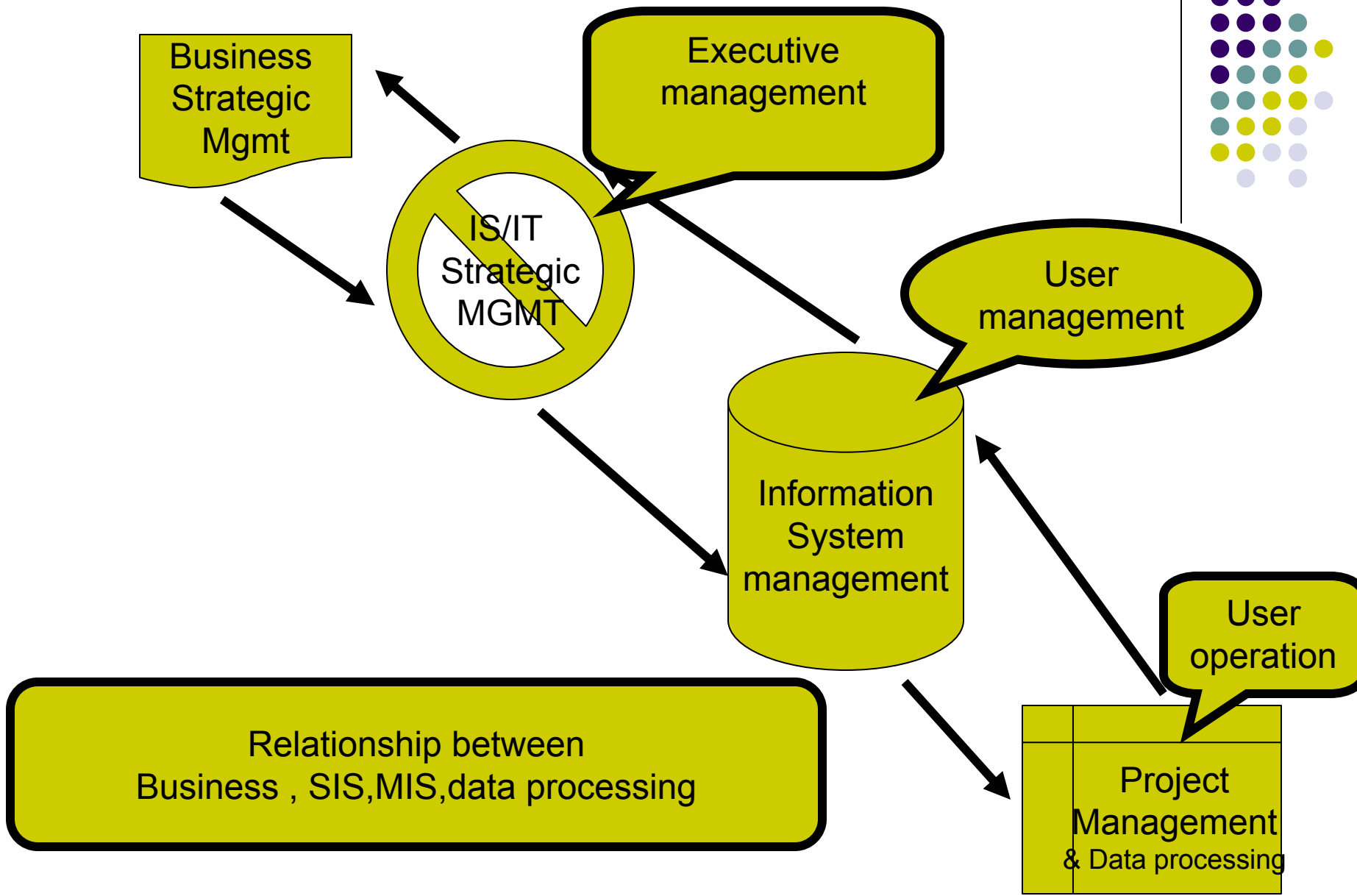
- Strategy
 - “An integrated set of actions aimed at increasing long-term wellbeing and strength of enterprise relative to competitors”*
- Strategic thinking
- Strategic planning
- Opportunistic decision-making

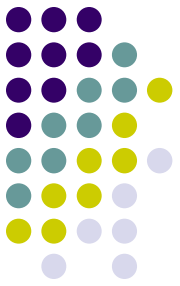


The Strategic Framework

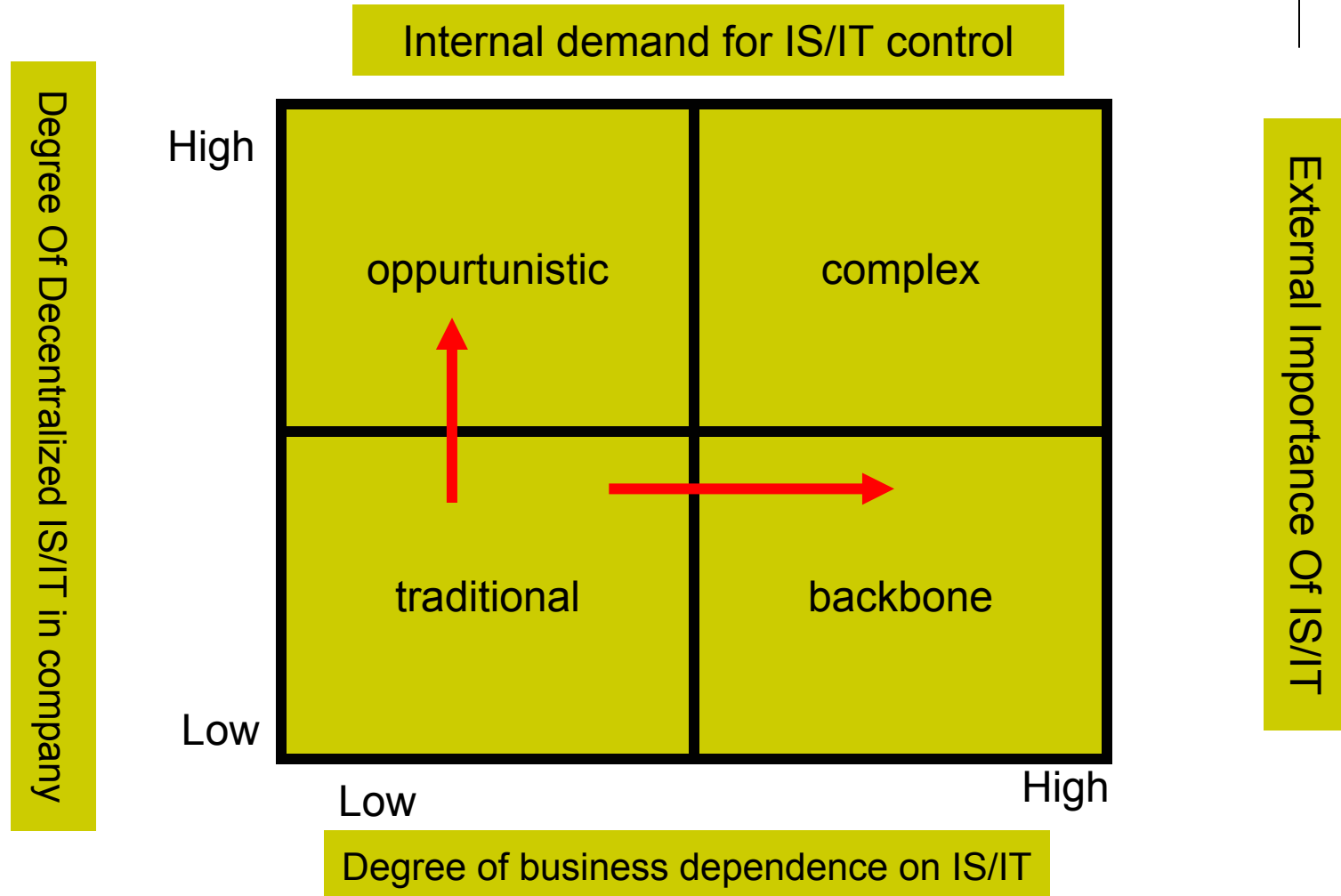
- The external environment
 - Economic/ Social / Political / Legal / Ecological / Technological
- Pressure groups and stakeholders
 - Shareholders / Competitors / Customers/Suppliers / Government / Unions / Employees / “The public” / Media / Financial Institutions
- Internal business strategizing and planning
 - “SBU” / Objectives / Situation analysis / Future strategies

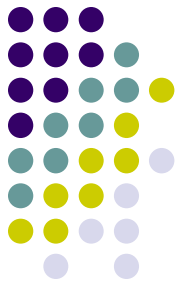






Environment analysis of IS/IT strategy





STRATEGIC

-applications which are critical to sustaining the future business strategy

HIGH POTENTIAL

- applications which may be important in achieving future success

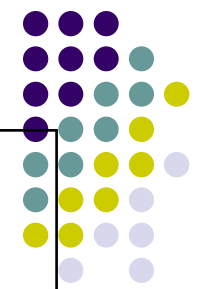
- applications on which the organisation currently depends for success

- applications which are valuable but not critical for success

KEY OPERATIONAL

SUPPORT

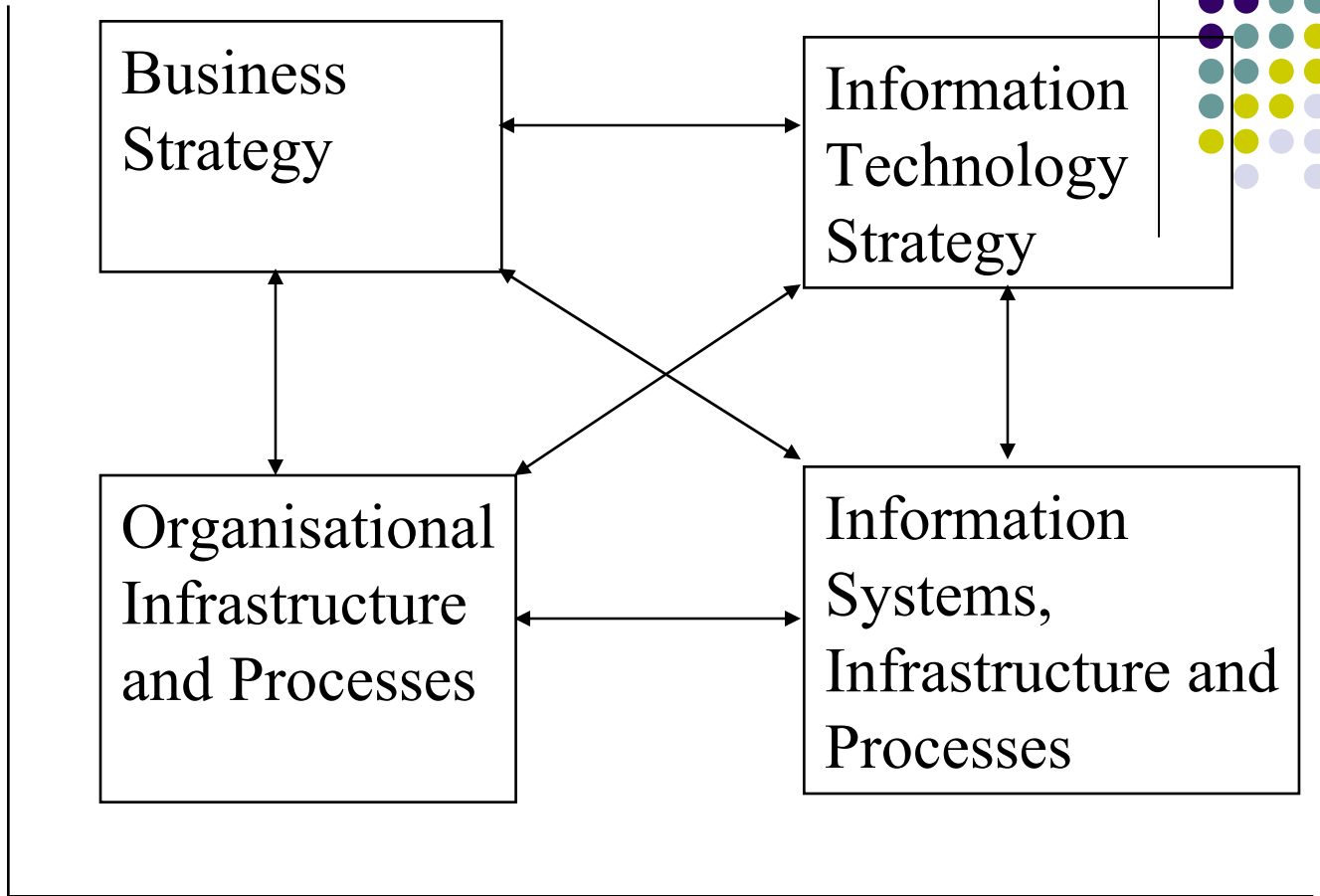
Applications Portfolio



External

STRATEGIC INTEGRATION

Internal



Business Domain

IT Domain

FUNCTIONAL INTEGRATION

The Strategic Alignment Model

Internal organisational pressure



HIGH

“Opportunistic”

“Complex”

Diffusion
degree of decentralisation of IS/IT control

External Competitive Pressure

“Traditional”

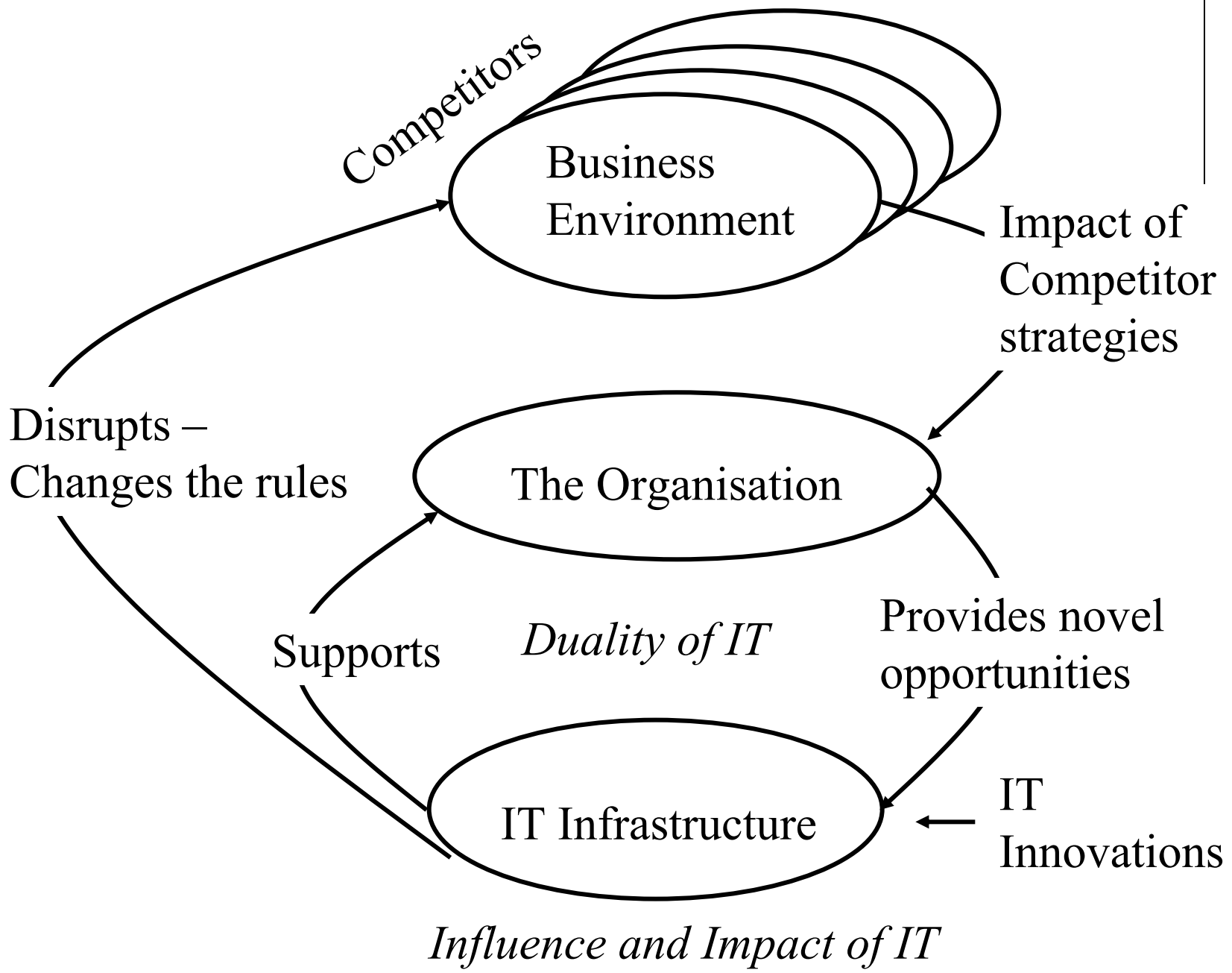
“Backbone”

LOW

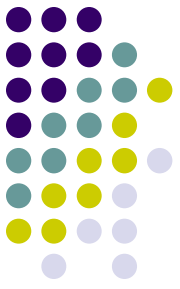
HIGH

Infusion - degree of dependence on IS/IT

Environments of IS/IT Strategy



Evolution of Strategic Management Maturity



- Phase 1 – Financial planning
 - “Meet the budget”
- Phase 2 – Forecast-based planning
 - “Predict the future”
- Phase 3 – Externally-oriented planning
 - “Think strategically”
- Phase 4 – Strategic management
 - “Create the future”

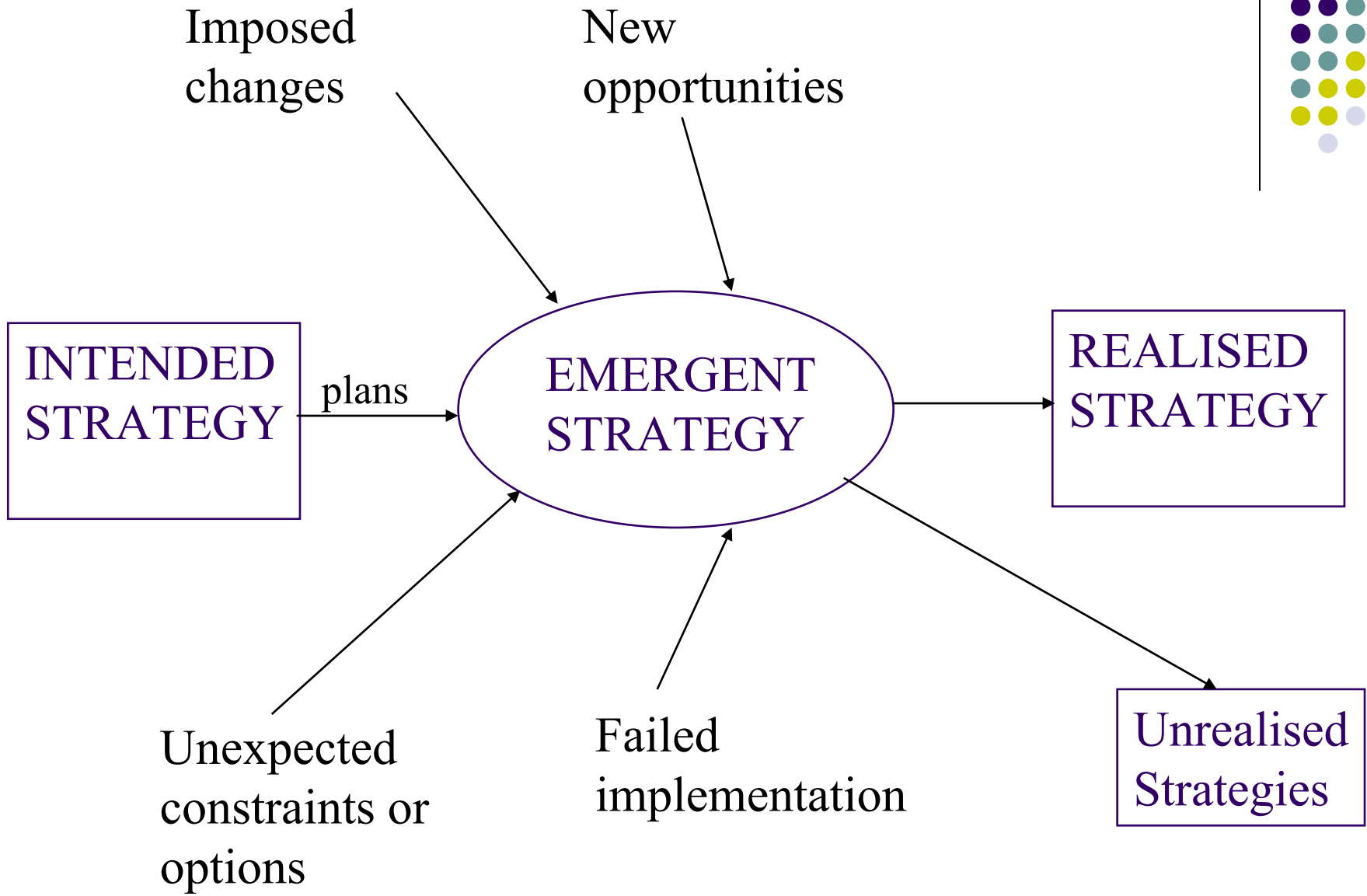
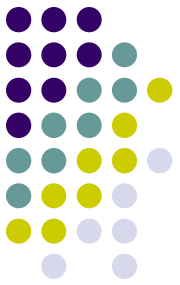
Information system & Environment



	Operational efficiency	Management effectiveness	Business advantage
internal	Data processing	MIS	Internal business integration(BPR , OLAP, Data Flow mgmt)
External	EDI	Information sharing	External business integration (e...)

Purpose <hr/> Focus	Operational Efficiency	Management Effectiveness	Business Advantage Through Change
Internal	Data processing – automation of business tasks and processes	Management Information Systems – (and Executive IS)	Internal business integration by process, job and orgn. Redesign
External	Electronic links between orgns. Automating data exchange	Sharing info. By direct access from one coy. To another's info. Resources	External business integration, changing the roles of firms in the industry

The IS Management Environment



Realities of Strategy Development

Strategy Tools and Techniques



- Portfolio and Planning Matrices
- Competitive Forces and Competitive Strategies
- Resource-based strategies

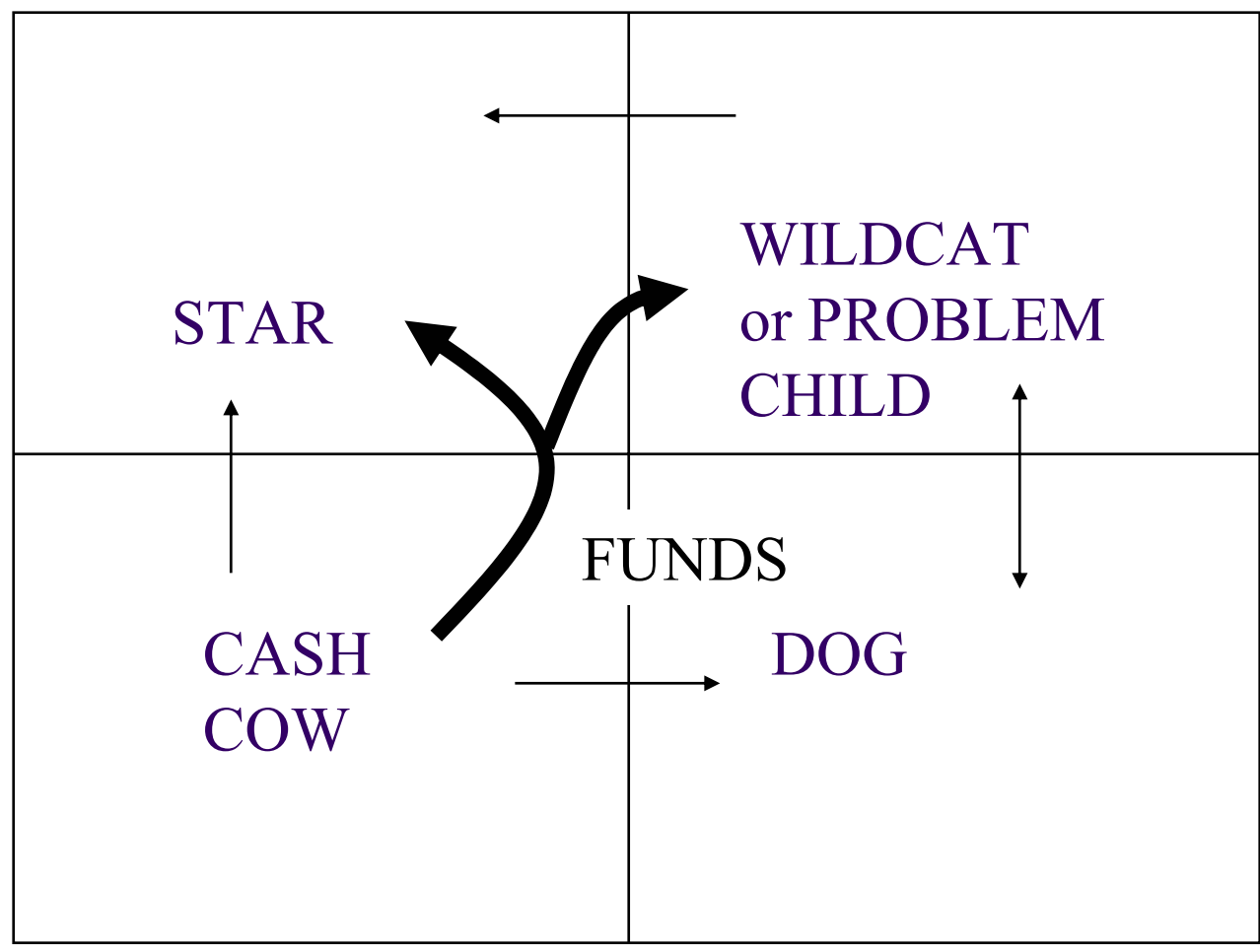


HIGH

a) Market growth

b) Cash use

LOW



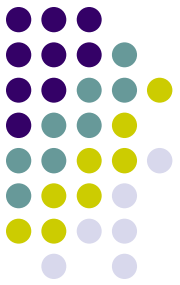
HIGH

LOW

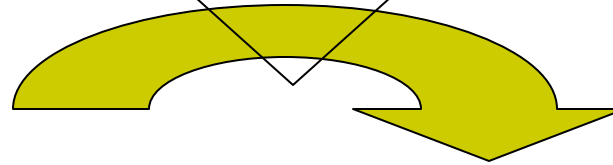
a) Relative market share

b) Cash generation

Boston Consulting Group's Product Portfolio



Threat of
New entrants



Rivalry
Among
Existing
Competitors



Threat of
Substitute
Products or
Services

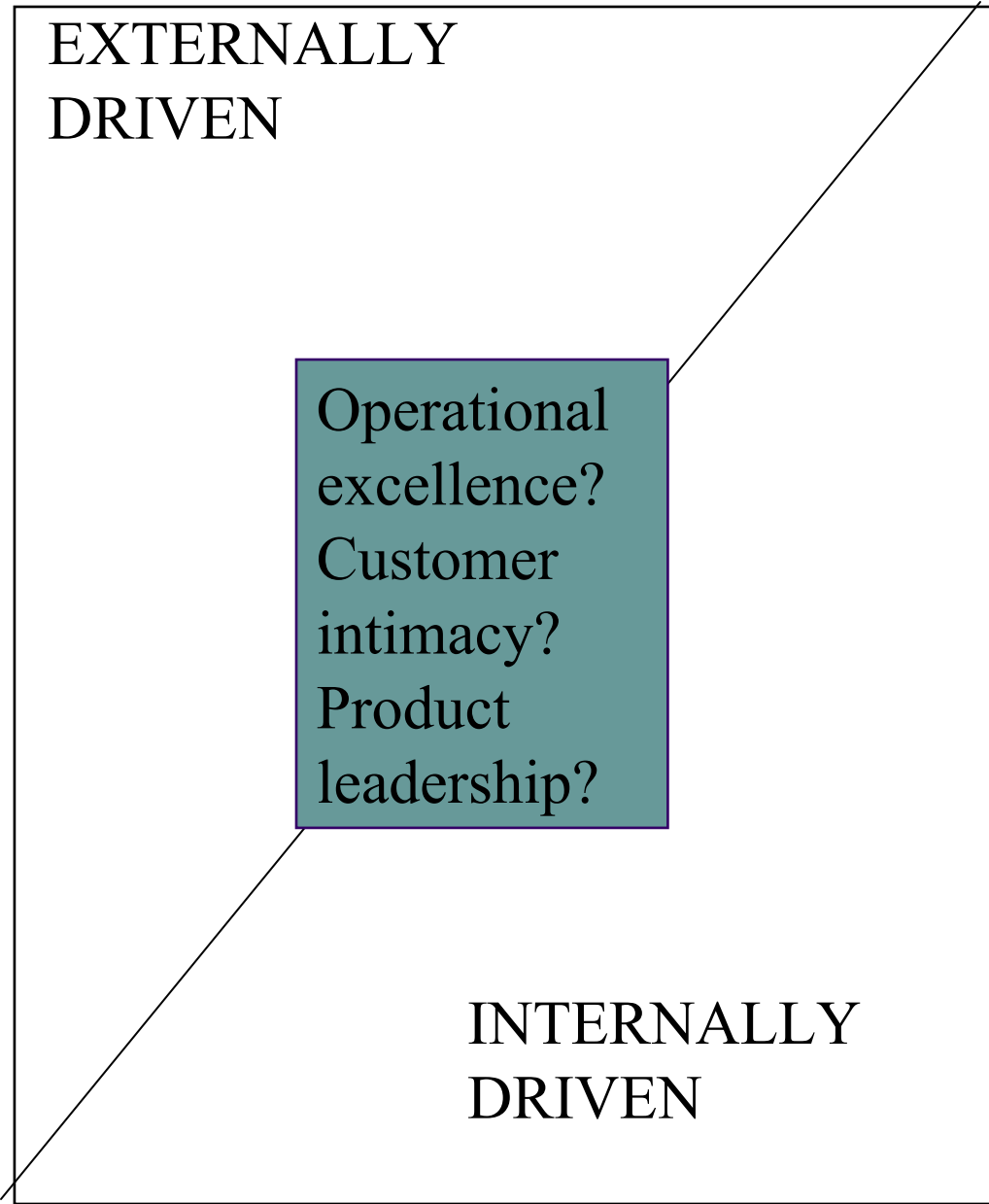
Bargaining
Power of
Suppliers

Bargaining
Power of
Buyers

Industry Competitive
Forces

Table 2.4 *Impact of competitive forces and potential IS/IT opportunities (source: adapted from J. Cash, 'Interorganizational systems: An information society opportunity or threat?', The Information Society, Vol. 3, No. 3, 1988, 98-110)*

<i>Key force impacting the industry</i>	<i>Business implications</i>	<i>Potential IS/IT effects</i>
Threat of new entrants	Additional capacity Reduced prices New basis for competition	Provide entry barriers/ reduce access by: <ul style="list-style-type: none"> - exploiting existing economies of scale - differentiate products/services - control distribution channels - segment markets
Buyer power high	Forces prices down Demand higher quality Require service flexibility Encourage competition	Differentiate products/ services and improve price/performance Increase switching costs, of buyers Facilitate buyer product selection
Supplier power high	Raises prices/costs Reduced quality of supply Reduced availability	Supplier sourcing systems Extended quality control into suppliers Forward planning with supplier
Substitute products threatened	Limits potential market and profit Price ceilings	Improve price/performance Redefine products and services to increase value Redefine market segments
Intense competition from rivals	Price competition Product development Distribution and service critical Customer loyalty required	Improve price/performance Differentiate products and services in distribution channel and to consumer Get closer to the end-consumer—understand the requirements



EXTERNALLY
DRIVEN

Stakeholder
Demands

Operational
excellence?
Customer
intimacy?
Product
leadership?

Resources

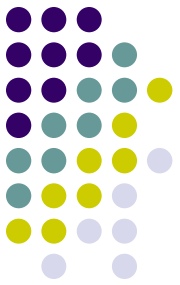
INTERNALLY
DRIVEN

Competencies

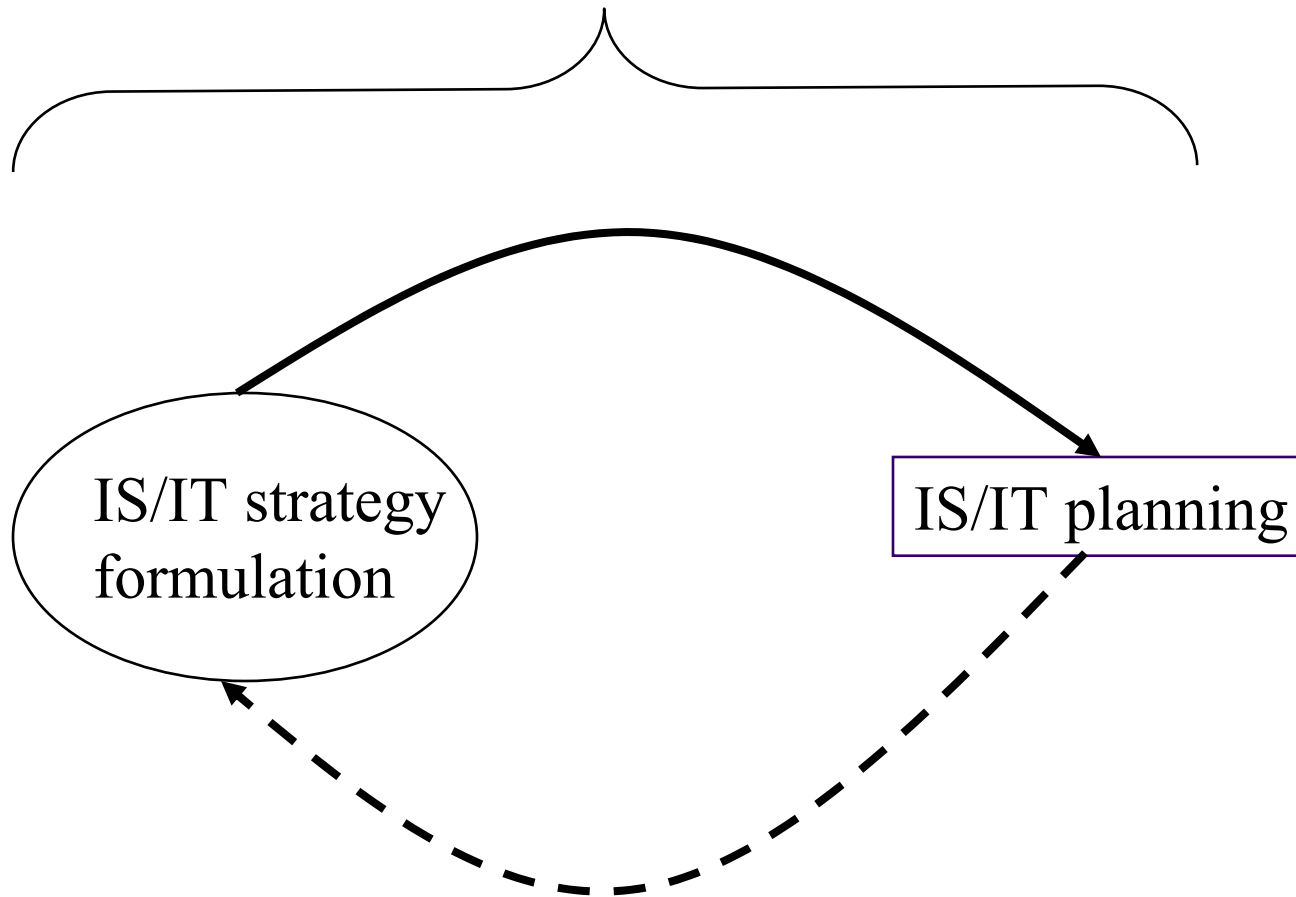
Economic
Environment

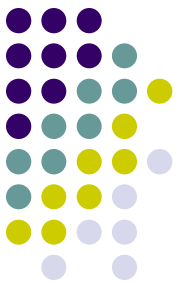
Market
Requirements

Competitors



IS/IT Strategy Process





What and why ?

IS/IT Planning & Strategy

IS/IT Strategic Analysis

How?

Methodologies
Tools

IS Development Strategies

Strategic IS/IT Management

IS/IT Organisation
Info. & Knowledge resources
IT Infrastructure