Determining the Business Information Systems Strategy

- Set of known requirements and potential opportunities can be identified through in-depth analyses of business environment as well as role of information and systems
- Needs and options result from business pressures, organisation of activities, resources and people
- Resources and technologies need to be acquired and deployed effectively to facilitate “ideal” apps

Determining the IS Strategy

- Systems and information will already exist and normally be deployed
- Strategy MUST therefore identify what is eventually required and what has already been achieved
- IS plan must identify migration path that overcomes existing weaknesses, exploits strengths and enables new requirements to be achieved so that it can be resourced and managed appropriately

Determining the IS Strategy

- IS/IT strategy MUST be integrated in terms of information, systems and technology via coherent set of actions and process of adaptation to meet changing needs of organisation as it evolves
- Changing circumstances will mean the organisation will have to be capable of effective responses to unexpected problems and opportunities

Determining the IS Strategy

- How can the models and processes of IS/IT strategic planning (chapt. 3) and tools and techniques of analysis (chapt. 2, 4 and 5) be consolidated into approach to identify appropriate application systems and information resources required?
- How can the organisation at the same time take advantage of new opportunities as they arise?

Determining the IS Strategy

- To avoid wasted IS/IT investments and misuse of resources some aspects of IS strategy will have to be adjusted quickly and decisively while MUCH of the strategy will not need to change
- Is application model suggests IS applications described as ‘strategic’, ‘high potential’, ‘key operational’ or ‘support’
**Determining the IS Strategy**

- **Main factors influencing balance of portfolio**
  - **External long term – external business environment**
    - State of the industry in terms of profitability, growth and structure
    - Degree to which IS/IT is capable of changing the products, markets and interrelationships
  - **External short term – external IS/IT environment**
    - Actual use of IS/IT by competitors and other industry players to gain relative advantage
    - Opportunities created by IS/IT to change balance of competitive forces and influences

- **Internal long term – internal business environment**
  - How new IS/IT applications could more effectively support or enhance business strategy
  - How new IS/IT applications could enable business to adopt more appropriate strategy to suit future business environment

- **Internal short term – current application portfolio**
  - Degree to which existing systems support chosen strategy and criticality of systems avoiding business disadvantage and/or sustaining existing advantages
  - Existing approach to IS/IT management and appropriateness to business strategy
  - IS/IT resources and competencies that the organisation has or can easily acquire

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**Determining the IS Strategy**

- Internal and external factors considered in terms of influence in determining what could and should be done rather than how to do it is the focus of this stage in planning process (see fig. 6.1 pg. 280)
- Iterative relationship – supply can constrain demand (dd) and modification of dd will require different strategies for supply
- Approaches and methods used earlier in the planning process need to be brought together to ensure comprehensive & coherent set of demands is identified and agreed

- Although strategic quadrant depicted as all-important appropriate investments in applications in other quadrants will produce significant contributions to improved performance
- Inability to manage support or key operational systems successfully will reduce and absorb resources on applications of lesser importance

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**Determining the IS Strategy**

- This stage involves how various techniques and approaches can be brought together to ensure that the products of analysis are consistent and can be reconciled in more detailed planning
- Main objective is to identify required applications and priorities and be able to deploy resources to achieve them successfully (see fig. 6.2 pg. 281 Framework for determining business IS Strategy)

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**Determining the IS Strategy**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
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<tbody>
<tr>
<td>Assess need for immediate investment (6-12 months)</td>
<td>Appraisal of IS/IT in relation to business</td>
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Determining the IS Strategy

- Portfolio divided into three components
  - **Existing** – currently in place & being developed to be installed in near future (6-12 months)
  - **Required** – those necessary to achieve business objectives and strategy within business planning horizon and shown to have specific contributions to make
  - **Potential** – those that might prove valuable in the future provided they prove feasible to deliver and can produce relevant benefits

- Products of each category needs to be interrelated and consolidated – iterative process – refers to
  - Need to continually reappraise how both external and internal environments are changing and role IS/IT is or should be fulfilling in business and its relationships (central column)
  - Need to identify and monitor new and emerging IS/IT-based opportunities to create potential advantages (or that might result in disadvantages if ignored) (right column)
  - Need to make decisions on how to best deploy available business and IS/IT resources in immediate future (left column)

- Identifying how IS/IT could impact the strategy
  - Identify steps that address range of opportunities and threats that IS/IT offers and poses for the business
  - Involves assessing IS strategy implications of the industry environment, exploring competitive forces, assessing external value chain relationships and analysis of current business strategy (See fig. 6.3 pg. 283)

- Enables basic investment stance an IS/IT to be adopted – innovative, aggressive, defensive or survival
  - Acts as guide to types of opportunity to be sought
  - Assumes that a business unit is being considered
  - Additional implications across business units considered later

- Business objectives & strategies products of number of considerations
  - What the organisation **might do** based on environment it operates in or by moving into new environments
  - What the organisation **wants to do** based on the values and views of senior executives and stakeholders
  - What the organisation **can do** based on its resources and capabilities

- Objectives need to be prioritised if only into low medium and high and measurement criteria established
  - Another way of structuring objectives is to consider them at three levels
    - **Permanent** – reflect mission and overall company goals and long-term intentions
    - **Strategic** – which the company wants to achieve in medium-term
    - **Tactical** - company and divisions can & must achieve in short-term to make strategic and permanent objectives achievable
Determining the IS Strategy

- Analysing the Industry Value Chain and Information Flows
  - Industry value chain effectively a high-level information flow model
  - Demonstrates role information can play in determining overall performance of industry & how it can be used by suppliers, customers and competitors to effect potential achievement of strategy

- Determining Strategic Potential
  - Next stage to consider in more detail how key business processes (information & systems terms) relate to & are affected by other organisations' systems in industry value chain
  - Strategic potential of IS/IT & its effect on overall value chain can be identified
  - RUC analysis and S6G enable consideration of which other parties in industry, to what extent & for what purpose organisation can & should extend information through external value chain & exert pressure to accommodate external changes in industry & processes

- Establishing Relative Priorities for IS/IT Investments
  - Involves analysis of internal value chain to identify what business does and how it could be better carried out
  - Analysis of organisation to show how it is structured to do it will most likely produce a 'mismatch'

- Determining Strategic Potential
  - Ability to take advantage of such opportunities depends on
    - Effectiveness of existing internal systems in linking chain together
    - Possibility of economics of obtaining additional information
    - Willingness of suppliers & customers to co-operate, based on benefits they perceive

- Establishing Relative Priorities for IS/IT Investments
  - Equally inevitably existing systems and information resources will have been established more from organisational than value chain perspective
  - Value chain offers firmer foundation than current organisational structure or relationships model in terms of understanding and analysing key business processes and activities & identifying appropriate requirements
Determining the IS Strategy

- Establishing Relative Priorities for IS/IT Investments
  - Important to identify primary activities – those essential to value-adding processes & to describe key information requirements of each & links among them
  - As a result, existing value chain can be ‘extended’ or redefined in terms of external relationships

- Processes needing most improvement should be identified from analysis of competency
  - Eg. Customer intimacy – IS/IT should be targeted on innovation or extension of customer-facing activities
  - Problematic processes need to be targeted to bring back to required levels

- Opportunities for gaining advantage from IS/IT exist in both primary & support activities as do ‘opportunities’ to incur a ‘disadvantage’
  - Disadvantage incurred more immediately due to failure of primary activities
  - Analysis details how and how effectively business relates to trading partners

- Support activities more organisationally dependent – either assist in planning or controlling primary activities
  - IS can be used to enhance efficiency, management’s performance or add value to business in terms of external relationships and perceptions

Determining the IS Strategy

- Assessing New Options for Investment
  - What could IS/IT do for all firms in industry in terms of changing parameters & relationships?
  - What could IS/IT do for the organisation based on its particular position in industry?
  - Which options offer most immediate benefit in terms of business objectives/strategy & way the business operates & is managed?
  - Will generate two classes of options – high potential (worth further evaluation) & strategic (relates directly to business strategy)

- Large Organisations & Multiple SBUs
  - Number of factors to be considered (see page 295)
  - Corporation overall needs to gain from synergies and economies
  - Need to compare results of each SBU analysis and share ideas
  - Reveal cross-unit opportunities so results can be ‘pooled’ and made available to others to ‘adapt’, adopt or join in development if appropriate