



Master of International Business and Entrepreneurship

Ch 7: Value Creation and Strategic Information Systems

Information Systems for
Managers

Learning objectives

- Define key terminology, including the concepts of total value created, customer willingness to pay, supplier opportunity cost, and added value.
- Explain how to compute total value created and added value.
- Explain how to estimate the portion of the total value created that will be appropriated by each of the entities who contributed to its creation.
- Explain how to differentiate between strategic information systems and tactical information systems.
- Define and explain how to utilize the concept of IT-dependent strategic initiatives.

What does it mean to
Create Value

Creating Added Value

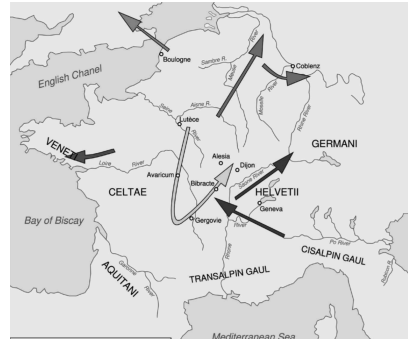


Customer willingness to pay

Suppliers opportunity cost

Strategic Information Systems

- ❖ A firm achieves competitive advantage when:
 - ❖ It is able to generate added value
 - ❖ Creating a unique and positive difference between CWP and SOC
- ❖ Strategic information systems
 - ❖ Information systems used to support or shape the competitive strategy of the firm
 - ❖ Designed and implemented to enable the creation and appropriation of value



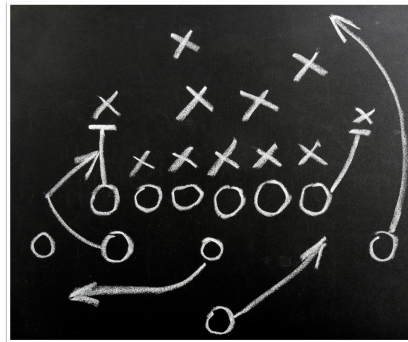
Strategic Information Systems

- ❖ Defined by their purpose
- ❖ No need for proprietary IT:
 - ❖ Technology alone does not determine added value
 - ❖ Information Systems enable the firm's value-creating strategy
- ❖ Tactical systems are:
 - ❖ Critical to business operations
 - ❖ But do not generate added value



Tactical Systems

- ❖ HR/PR systems
 - ❖ Used to process employees pay
- ❖ Restaurant Point-of-Sale (POS) system
 - ❖ Used to manage
 - ❖ Reservations
 - ❖ Seating
 - ❖ Order taking
 - ❖ Delivery
 - ❖ Billing



IT-Dependent Strategic Initiatives

IT-dependent strategic initiatives consist of identifiable competitive moves (or projects) – designed to lead to sustained improvements in the firm's competitive position – that depend on the use of IT to be enacted.





It's not a few big ideas; it's a whole series of little things that add up to superiority.

Michael H. Jordan, former CEO, Frito Lay

What we learned

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