CIS 410-50-4248 Final Exam James Cook 5441819

1. Spend less on IT

IT used to provide a competitive advantage to the company. The more they invested, the higher their advantage against their competitors. This worked because the pioneers were the first to introduce technology to the industry. Access to proprietary innovations was the key to success in the early stages of the IT industry due to the lack of competition. However, as time passed, IT gradually transitioned from an advantage to a commodity. The commoditization resulted from a standardization of technology and a continuous development of the industry players that closed the gap. This reduced the cost-effectiveness of heavy investment in IT, often making it a financial burden for the company. According to the text, many companies tend to overspend on technology resources, such as computers and data storage. Wasted resources bring no benefit to the business, but it isn't easy to properly optimize the use. Moreover, the research from Alinean shows that the companies with good performance are the ones with the minimal spending towards IT. From this perspective, it is crucial to spend less on IT, the amount invested doesn't seem to be directly proportional to the benefits.

One of the benefits of spending less on IT is that a saved budget can be allocated elsewhere. IT software and equipment expenditure can be expensive when poorly managed. Shaving off unwanted and wasted resources may help the company to focus better on what matters.

Given that the cost for MIPS (million instructions per second) comes down by a significant amount every year and Moore’s Law suggests IT hardware’s rapid advancement, it is a matter of time before IT investment may become obsolete in just a couple of years. What’s achievable this year could be done in the next two years with just half of the price, as Moore’s Law points out the tendency of hardware advancement doubling every two years.

One downside to spending less on IT would be the cases where the company is the leading party in the industry, and heavy investments are inevitable to carry on the innovation. In such cases, competitive advantage may still be valid, and reduced investments may result in a loss of dominance.

1. Follow, Don’t Lead

Like the reasons to reduce IT spending, leading in IT costs a lot of money. It also involves high risks when leading new technologies, especially when the market impact is unsure. It takes a short time before other businesses catch up with the latest innovations. Proprietary technologies will be available across the industry as commodities or standards. As a result, unless there is an absolute competitive advantage that a company must pursue, it may often be better to follow and not to lead the pack.

The reason to follow is that widely available technology tends to be cheaper and more cost-effective. The pioneers finalized the technology, and the market risks have already been tested. All that is left is to align the available IT resources to business goals, which eases the process. Not only that, but the company may also learn from the experiences of the groups that directed the innovation and avoid mistakes they made. This may be beneficial when a tiny error can cause serious company-wide damage.

However, following may not always be the best way. Factors that differentiate companies often come from proprietary innovations that allow the company to have specialties. If the company only follows all the time, clients may fail to find value in the company, and the services are easily replaceable by the competitors.

1. Focus on risks, not opportunities

In IT, it is critical to manage the risks. From being one of the features, IT became the core of the business to many modern firms. In a modern business world, without the power of IT, it is nearly impossible to keep up with the industry. Technology is prone to failures, and tiny errors can shut down the entire system. Sometimes, opportunities may seem appealing and projected to be beneficial to the company. The text suggests that unlike what it appears, IT opportunities are short-term gains, and their benefits are hardly justifiable compared to placing risks to lower priority. Based on the two recommendations above, opportunities may involve innovations that require heavy spending and leading the industry. In such cases, focusing on risks automatically gains more value.

Focusing on risks allows the business to operate with much higher stability, ensuring that the services are available all the time. It is like following and not leading, a conservative move towards a rapidly changing market. Although giving up opportunities may result in missed opportunities to gain a competitive advantage in the market, for the reasons discussed above, it may not be worth the move due to increased uncertainty. The key here is to focus on streamlining the existing technology and ensuring its optimal operating conditions. High risk high return may not be a viable strategy in the IT world.

Now for the IVK, all three recommendations appear to be valid options. IVK is not in the position of industry leader, so there is no need to increase the IT budget and chase for innovations. Given that companies with low IT budgets tend to perform better, IVK should consider multiple cost-saving measures to optimize its IT resources. However, reducing the budget should only be done to a level that streamlines the operation, and it should not harm ongoing IT projects in any way. Williams should focus on the risks and vulnerabilities underlying the IT department that may contribute to worsening the situation in case of a crisis. Past instances of lacking instructions and outdated manuals during emergencies are risks that must be mitigated as soon as possible.