

Information Systems Strategy and IT Governance ITC4212

Dr Nalaka Lankasena
Faculty of Technology
University of Sri Jayewardenepura



IS Strategy

Reference:

Anita Cassidy, A Practical Guide to Information Systems Strategic Planning, Second Edition, 2006

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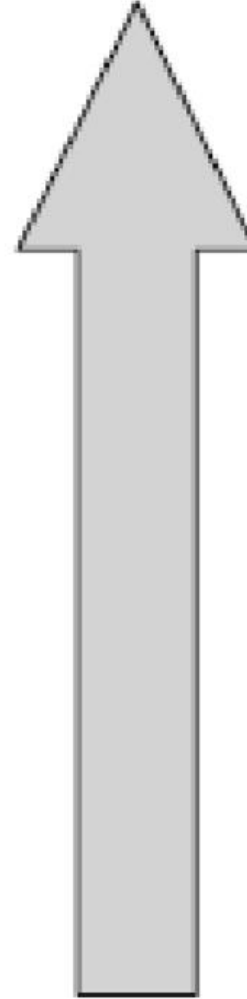
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IS Strategy

- **IS strategy** is the plan an organization uses to provide information services.
- IS allows a company to implement its business strategy

IS responsibilities

Value to the Business



- IS strategic planning
- Prioritization
- Portfolio management
- Program management
- Project management
- Business process re-engineering
- Analysis and design
- Technical design
- Systems development
- Maintenance
- Support
- Testing
- Operations

Benefits of IS Planning

- Although the reasons driving the development of an IS strategic plan maybe different, there are similarities in the benefits of a plan.
- There is more value and benefit in the strategic planning function than many other IS responsibilities.
- The benefits of IS strategic plans include:
 - **Effective management** of an expensive and critical asset of the organization
 - **Improving communication and the relationship** between the business and IS organization
 - **Aligning the IS direction and priorities to the business direction and priorities**
 - **Identifying opportunities** to use technology for a competitive advantage and increase the value to the business
 - **Planning** the flow of information and processes
 - Efficiently and effectively **allocating IS resources**
 - **Reducing the effort and money required** throughout the life cycle of systems

Alignment components

Business

Goals

Objectives

Strategies

Information Systems

Strategy

Organization

Processes

Infrastructure

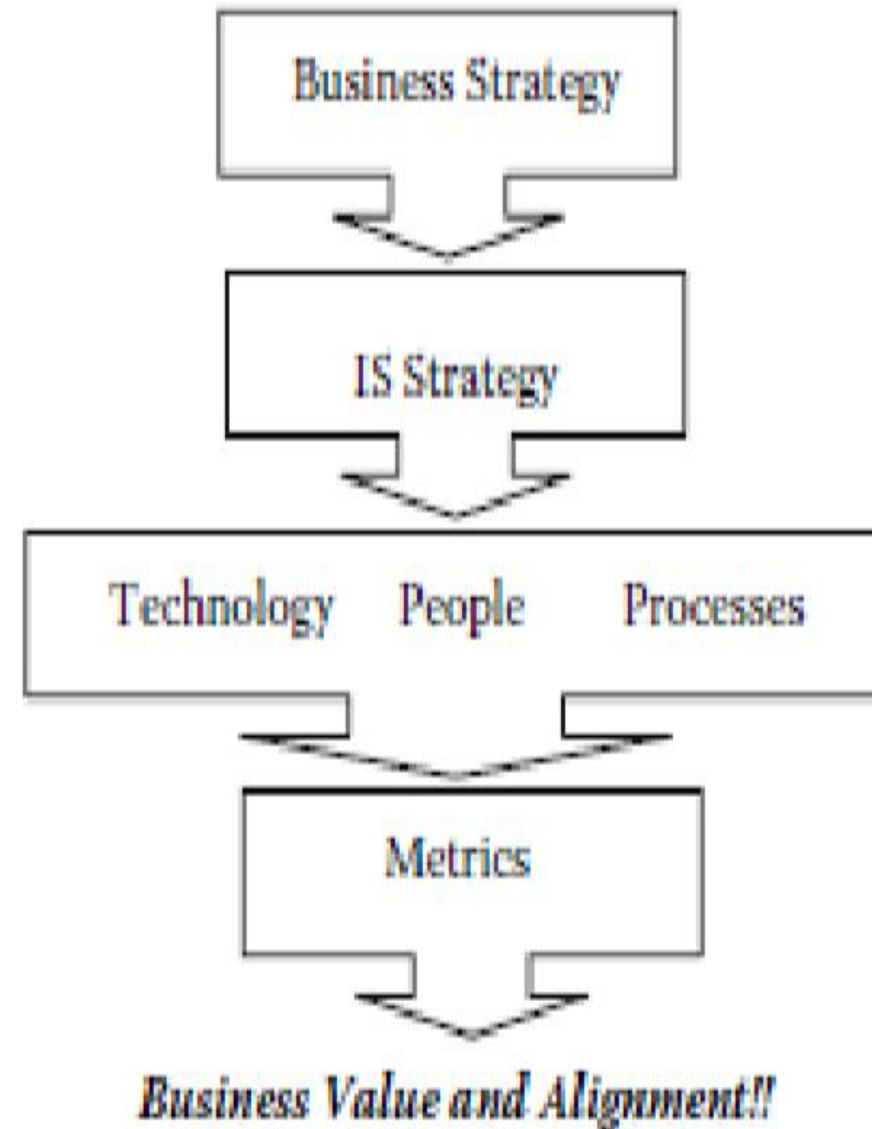
Applications

Projects

Budget

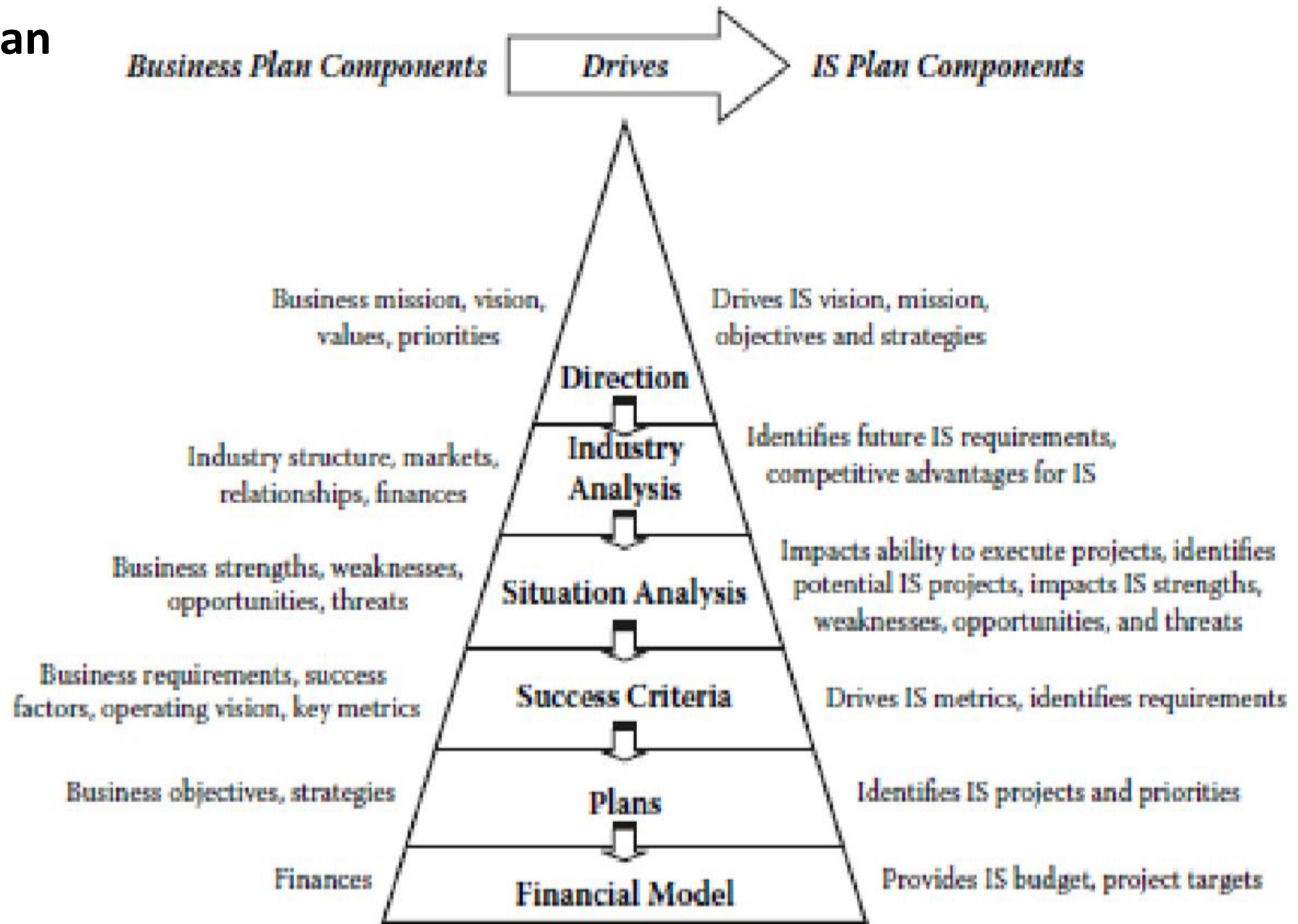
Metrics

Business value & alignment



Business and IS plan alignment

- Correlations should be visible when reviewing each section of a company's business plan and IS plan.
- All of the IS components should have the same objectives and direction as the business.



Symptoms of poor IS alignment?

Exercise

Symptoms of poor alignment

It is easy to identify organizations that have not achieved alignment. Symptoms of poor alignment include:

Cancelled projects	Never enough resources; fighting for resources
Redundant projects	Slow progress
Projects that do not deliver the intended value	Uninvolved business management
Lack of coordination between the business and IS	High IS costs with a sense of low value
Systems that do not meet the needs of the business	Systems and tools not fully utilized
Systems that cannot respond quickly to the demands of the business	Lack of integration of systems
Business users unsatisfied with IS services	IS decisions made as a result of emotion or opinions
Reactive, constant fire fighting	

Planning transformation

With Planning, Companies Transform IS

From This

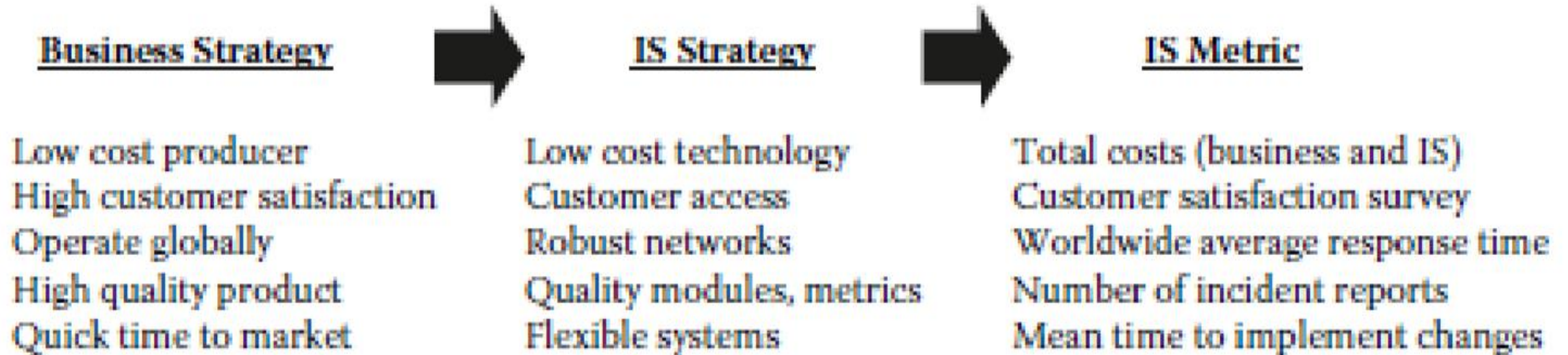


To This

- Reactive, never enough resources, unpredictable results
- “Squeaky wheel gets the oil”
- Unhappy and uninvolved business management
- High IS costs, sense of lack of value
- Systems and tools not fully utilized, software bought and falls by the wayside, projects canceled
- Lack of integration, islands of information, incomplete or inaccurate information
- Few metrics, unknown value or progress
- IS decisions made on opinions, may or may not be the best solution
- IS used for efficiency
- IS separate from the business
- IS viewed as an expense to control
- IS viewed as technical resources

- Proactive, resources matched to business value, predictable results
- IS priorities aligned with business priorities
- Satisfied and involved users and business management
- Costs matching value provided
- Systems and tools planned in advance to meet the needs
- Integrated accurate business information
- Demonstrates, measures, and increases the value of IS
- Planned IS architecture based on the business direction
- IS used for business growth
- IS inseparable from the business
- IS viewed as an asset to manage
- IS viewed as business problem solvers

Different business strategy and IS strategies



In organizations where IS aligns with the business, different business strategies result in unique IS strategies and priorities

Business strategies



- As shown in the Figure, successful market leaders focus on one of the following value propositions: **operational excellence, customer intimacy, or product leadership**. Each of these value propositions results in very different IS focus and priorities
- The **business strategies of operational excellence, customer intimacy, or product leadership** require different IS strategies and priorities.

Operationally excellent environment

Operationally Excellent Environment

<p>Business Strategy</p> <ul style="list-style-type: none"> – Business process focus – Standardized and automated processes – Low prices – Focus on costs, removing waste 	<p>IS Organization</p> <ul style="list-style-type: none"> – Centralized – High technical skills
<p>IS Strategy</p> <ul style="list-style-type: none"> – Reduce IS costs – Focus on processes and efficiency – Support business process management 	<p>IS Processes</p> <ul style="list-style-type: none"> – Performance and Availability Mgmt – Change Mgmt – Problem Mgmt – Software Distribution Mgmt
<p>Technology</p> <ul style="list-style-type: none"> – ERP, Costing, Pricing, Supply Chain – Mobile technology – In general, conservative deployment 	<p>IS Metrics</p> <ul style="list-style-type: none"> – IS costs – Availability, reliability, service levels – IS process improvements



Customer intimate environment



"Successful market leaders must have one consistent driving niche as the basis for all company priorities and decisions"

Customer Intimate Environment

Business Strategy <ul style="list-style-type: none"> – Driven by the customers – Customer satisfaction critical 	IS Organization <ul style="list-style-type: none"> – Business Analysts critical role – Organized by customers – Decentralized
IS Strategy <ul style="list-style-type: none"> – Driven by customer needs – Support customer relationship mgmt 	IS Processes <ul style="list-style-type: none"> – Service Level Mgmt – Customer Satisfaction Mgmt – Business Analysis, Understanding Requirements
Technology <ul style="list-style-type: none"> – CRM, Order Entry, Shipping, Marketing – Customer database is an asset – Internet functionality important 	IS Metrics <ul style="list-style-type: none"> – Customer satisfaction

Product leadership environment

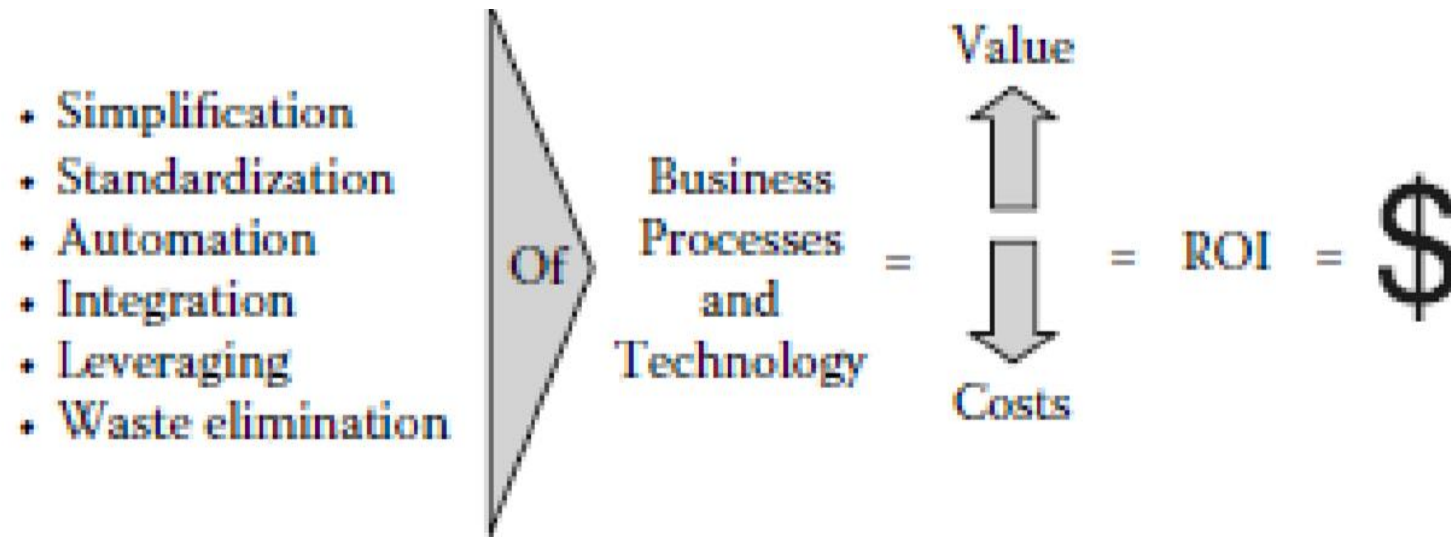


Product Leadership Environment

Business Strategy <ul style="list-style-type: none"> – Future driven – Decisive – Risk taking – Flexible organization 	IS Organization <ul style="list-style-type: none"> – Loose organization, flexible
	IS Processes <ul style="list-style-type: none"> – System Development Process
IS Strategy <ul style="list-style-type: none"> – Technology enabling cooperation – Flexibility – Support product management 	IS Metrics <ul style="list-style-type: none"> – Time to implement projects
Technology <ul style="list-style-type: none"> – Product Data Mgmt, Engineering systems, Document Mgmt, CAD to Mfg interface, Configurator, Project Mgmt – Knowledge mgmt, conferencing, PLM 	

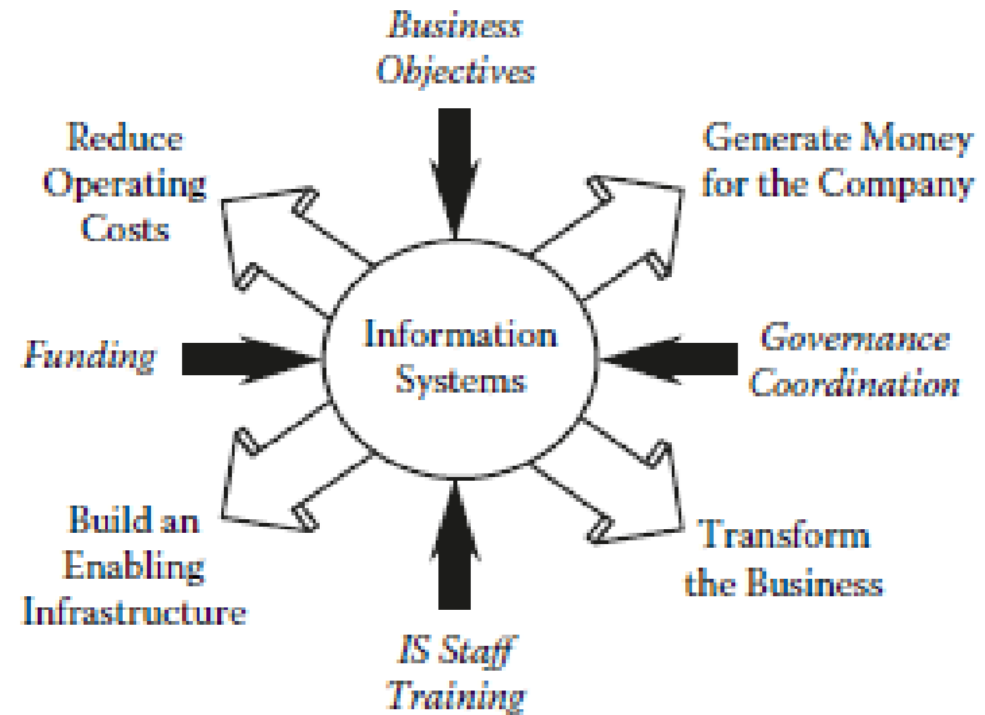
Role of IS in business process improvement

Increasing the value of business



- The role of IS increases as the business increases its business process goals.
- Companies that **simplify, standardize, automate, integrate leverage, and eliminate waste of both processes and technology** realize an increased value and decreased cost to the business. The bottom line is that the **IS plan can affect a company's return on investment and profitability.**

Expectations of IS

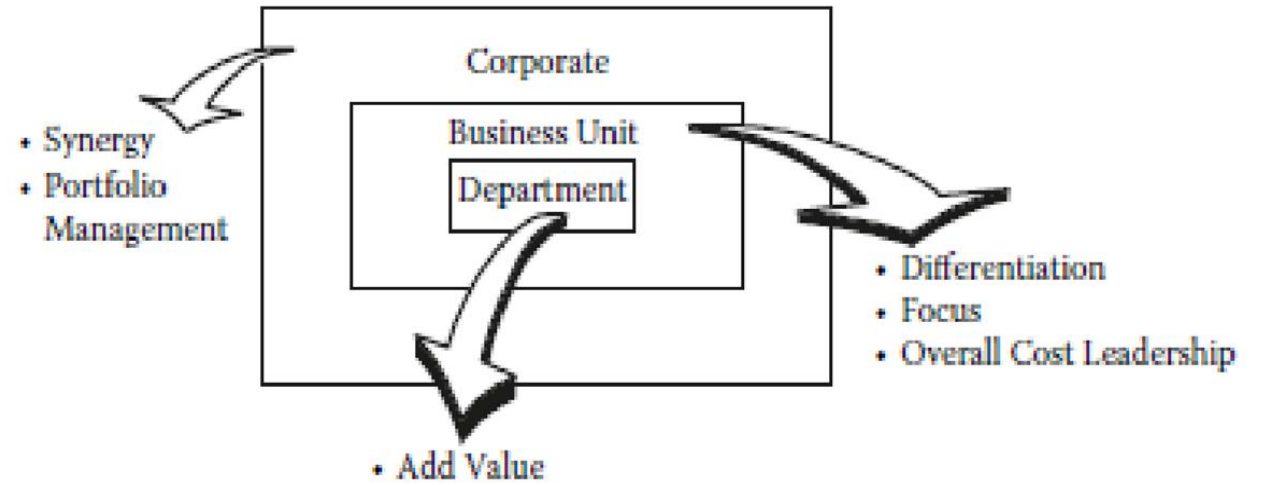


IS must utilize both computing and human resources to obtain the most value for the corporation.

Planning Approach

Synergy: Organisational parts interact to produce a joint efforts that is greater than the sum of the parts acting alone.

Portfolio management: The selection, prioritisation and control of an organisation's programmes and projects, in line with its strategic objectives, and capacity to deliver.



Corporate policy and business unit strategies

- The **purpose of IS**, like any other organization in the company, is to **add value**.
- The **purpose of the planning process** is to **help the IS organization determine how to add optimum value to the company**.
- How an IS organization adds value can be **drastically different depending on the corporate or business unit strategies**.
- The **business unit strategy and corporate policy establish the boundaries for the IS direction**, as shown in the Figure a complex or large organization needs to consider the business direction and strategy of the corporation as well as the business unit strategy in its IS planning.

Summary

- Recognizing the need for an IS strategic plan and **beginning the process is the most difficult step** in the journey.
- **Strategic planning will help establish IS as a key resource and enabler to meeting business goals.**
- **Completing an IS strategic plan adds value to the organization.** The plan can improve the management of the IS asset, improve communication between the business and IS department, align the IS direction with the business, provide business opportunities and increase the value to the business, and plan the flow of information and processes. A plan can also result in the proper allocation of resources and reduce the cost of the life cycle of systems. A company should think through what it hopes to accomplish with its strategic planning project.
- The **business strategies of operational excellence, customer intimacy, or product leadership require different IS strategies and priorities.**
- For a large complex organization, think about your planning approach from a **corporate or divisional scope.**

Q&A

Questions
Answers

THANK
YOU