Part 1: Smart Business

1. Describe Alibaba’s business model and explain the role of automation in enabling it. (15%).

Alibaba’s business vision is to “foster the development of an open, coordinated, prosperous e-commerce ecosystem” (2) Their strategic imperative was to “make sure that the platform provided all the resources, or access to the resources, that an online business would need to succeed” (2)

Smart Business – “all players involved in achieving a common business goal…are coordinated in an online network and use machine-learning technology to efficiently leverage data in real time” (3), most “operational decisions are made by machines, allow companies to adapt…to changing market conditions and customer preferences, gaining tremendous competitive advantage over traditional businesses” (3-4)  
- data scientists come up with probabilistic prediction models, then “the algorithm uses loads of data to produce better decisions in real time with every iteration”, which becomes the basis for business decisions. “Thus machine learning is more than a technological innovation; it will transform the way business is conducted as human decision making is increasingly replaced by algorithmic output.” (4)

For example, for Ant, “Our algorithms can look at transaction data to assess how well a business is doing, how competitive its offerings are in the market, whether its partners have high credit ratings, and so on.” (4) Ant automatically analyze in real time. The algorithm also evolves in real time to improve the quality of decision with each iteration.

Automating

1. “datafy” every customer exchange – capture live data for machine learning
2. Software every activity – build models on how humans make decisions then replicate with software
3. Have common standard for data to be used across Alibaba’s
4. Create models/algorithm that make logic or market dynamics that the business is trying to optimize

AI powered chatbot

1. Does Alibaba demonstrate operational effectiveness or strategic positioning? Why? (10%)

Strategic positioning – unique

Operational effectiveness - better

Part 2: Enterprise Strategy and Market Positioning

3. Explain how the IS strategy triangle was applied by Alibaba. Support and justify your explanation. (15%)

4. Apply Porter's Five Forces framework to analyze Alibaba’s competitive strategy based on the information provided in the case and other available information about the relevant industry (globally or in Asia). Your discussion must clearly analyze each of the five forces and also identify how Alibaba has used (and could use) IS to gain a competitive advantage. (30%)

Industry rivalry

Threat of entry

Threat of substitutes

Bargaining power of buyers

Bargaining power of suppliers

Part 3: Future Recommendations

5. Discuss what Alibaba, should make a priority going forward. Research and develop a list of three most critical IS-related challenges currently facing Alibaba and your propositions for how each challenge needs to be addressed by Alibaba. (15%)

6. Propose one IS initiative/solution that could maintain and improve Alibaba’s strategic position by 2025. Provide a feasibility study in support of your IS initiative/solution. The feasibility study should, at least, describe: technical feasibility (e.g. any considerations Alibaba must make with regard to buying, building and/or enhancing existing technology); economic feasibility (e.g. a discussion of costs and Alibaba’s ROI expectations); and schedule feasibility (e.g. estimated target for completion and attainment of benefits). Justify why this is important for Alibaba to adopt and include possible risks of not adopting such an IS initiative/solution. (15%)