

Chapter 9: Global IT Strategy

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Introduction

- Global IT strategy is mainly driven by business strategy with global focus.
- Globalization of business has gained pace and IT has enabled various products to reach distant corners of the world.
- There is a need to manage technology differently because of the spread and large variations it has experienced during globalization.
- With the advent of globalization, both threats and opportunities increased for every company in the world.
- Some barriers of competition which were very effective a few years ago have fallen out with the advent of globalization and new market dynamics.
- Globalization, coupled with distributed computing, has increased the opportunities and competition manifold.
- Globalization perceives the world as one big market place (boundary-less world).

IT Strategy in Global Environment

- Global strategy is about competing and doing business in global environment.
- It is about creating qualitative and quantitative advantages, handling issues in a global environment, and enabling efficient information management (IM) and decision making in the global scenario.
- Global scenario has changed the dimension of competition, the need of penetration, the quality measures, and has made it necessary for organizations to keep themselves abreast with new technology.

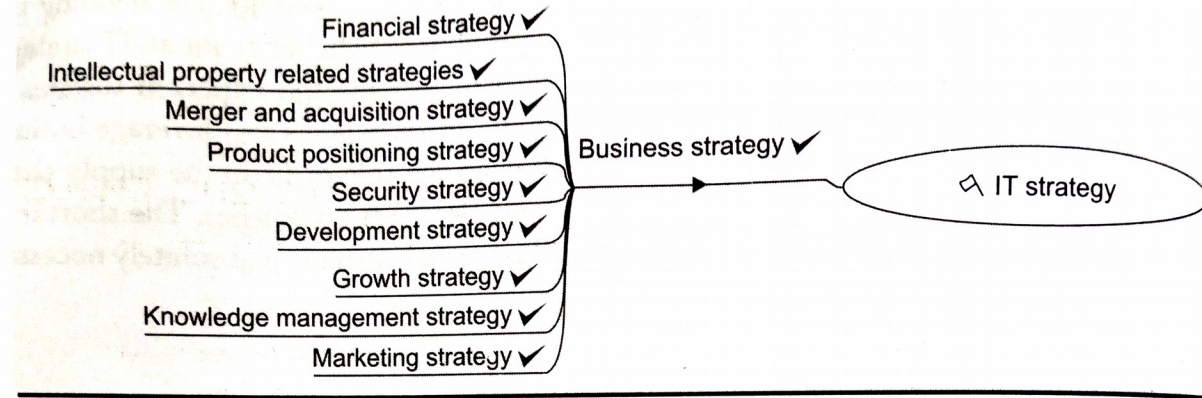


Figure 10.1 Global forces acting on a business in global environment

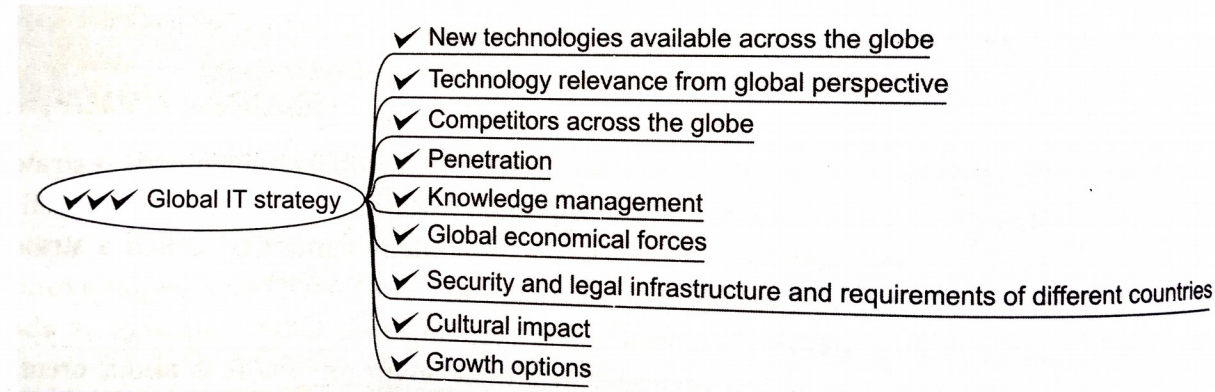


Figure 10.2 Global IT strategy

Global Product Life Cycle

- Different strategies are taken at different phases of global product life cycle.
- Phases: -
 - Global IT Entry
 - Environment analysis is the most important strategy at the Entry phase. Trends of social, economical, technological, legal and political nature etc should be considered . The IT strategy at this phase can handle overall global positioning and decide when to enter, where to enter, and how to enter.
 - Global IT Investment
 - At this phase, the investment strategy is taken. There is always a need to strike a balance between IT innovation and investment in meeting the immediate business goals.
 - Global IT Expansion
 - At this phase, strategy about expansion on the technology front, business offering front, and on the overall business horizon etc. are considered. Also taken into account are distributed infrastructure and effective use of centralized information storage in order to enable decision making.
 - Global IT Penetration
 - The market penetration strategy is taken at this phase of the global product life cycle. The desired market segment can be achieved through IT strategy The IT strategy should be able to decide the use of technological innovation to penetrate the market and further build on the existing customer base.
 - Global IT Termination
 - The 'information and support tool' for terminating a product from a global market is required and IT strategy helps provide such tools. So, a strategy need to be designed for graceful exit or a part of the product, version of the product, or the overall business.

Technological Environment and Global IT Strategy

- IT aspects of global strategy include: -
 - Producing / developing a product
 - Standardization / configuration of product / system
 - Global availability of product / system / service
 - Servicing / supporting product / system globally
 - Enhancement to product / system w.r.t. global context
 - Global positioning of product / system
 - Global Knowledge economy

Global Strategic Management

- Global Strategic management is built around general issues of products which have a global visibility.
- Here are some common ***technology strategies*** for global environment: -
 - Local Strategies
 - Global Strategies
 - Glocal (Customized) Strategies
 - Global KM
 - Managing the knowledge to obtain global competitive advantage
 - Global strategic positioning of technology
 - Positioning the product and the company globally to get strategic advantage over competitors.

Global Distribution Channel

- There are two aspects of being global:-
 - One, you have customers across the globe but do not have a presence everywhere.
 - Two, even though you have a presence in many places across the world, you are serving customers in a particular continent or country.
- The basic difference between local and global strategies, in relation to the distribution channels, lie in the following factors: -
 - Spread of market
 - Difference in culture
 - Intense competition
 - Unknown variables
 - Compatibility issues

Global IT Strategic Issues

- Information Acquisition
 - It is important to make the acquired information available strategically when required to desired locations, and build the knowledge on the those information.
- Global Competencies
 - Intercultural communication, global knowledge, change management and learning, and global mindset contribute to global success.
- Uncertainty
 - Globalization increases uncertainty in some cases; and also reduces it by providing a wider customer segment.
- Global Decision-making
 - There are various decisions which are based on global strategy and global environment such as partnership, investment, employment and strategic positioning decision.

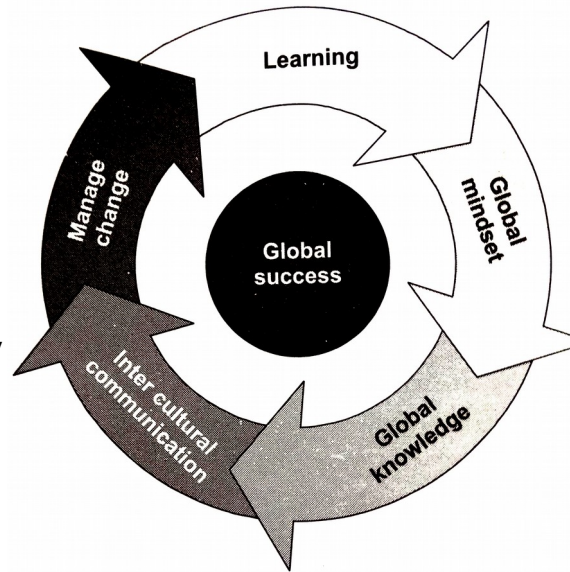


Figure 10.7 Global competencies

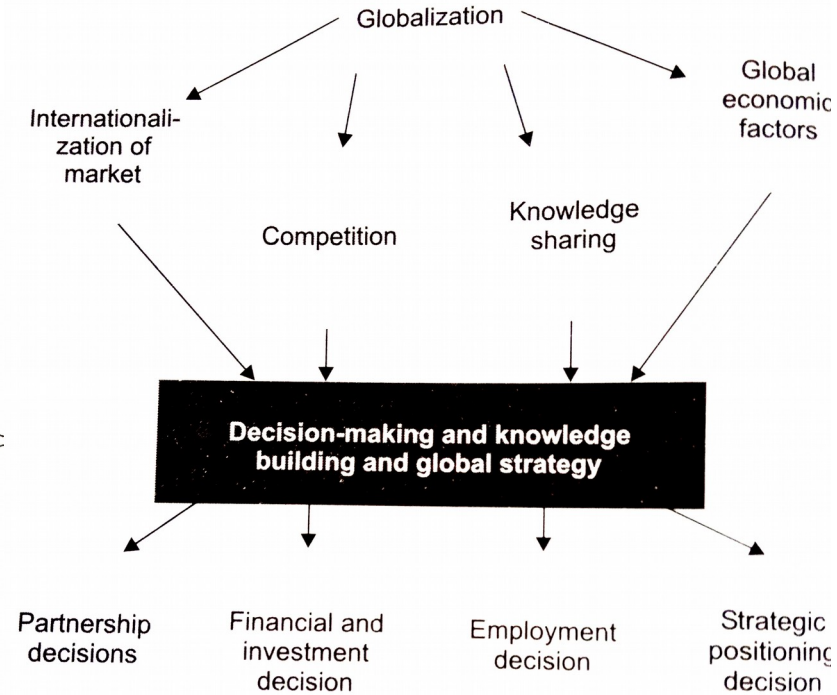


Figure 10.9 Decision-making in a global environment

Global Project Management

- Includes: -
 - Global technical forces
 - Technical skill distribution
 - Networks and communication
 - Knowledge management
- Different activities of Project management phases may be done in different countries.
 - e.g. the customer may be in one country while project analysis and designing may be done in another country.
- Project strategies are built around project business objectives.
- Global project managers make use of resources and opportunities available across the globe. They make use of different locations, people, and global knowledge.

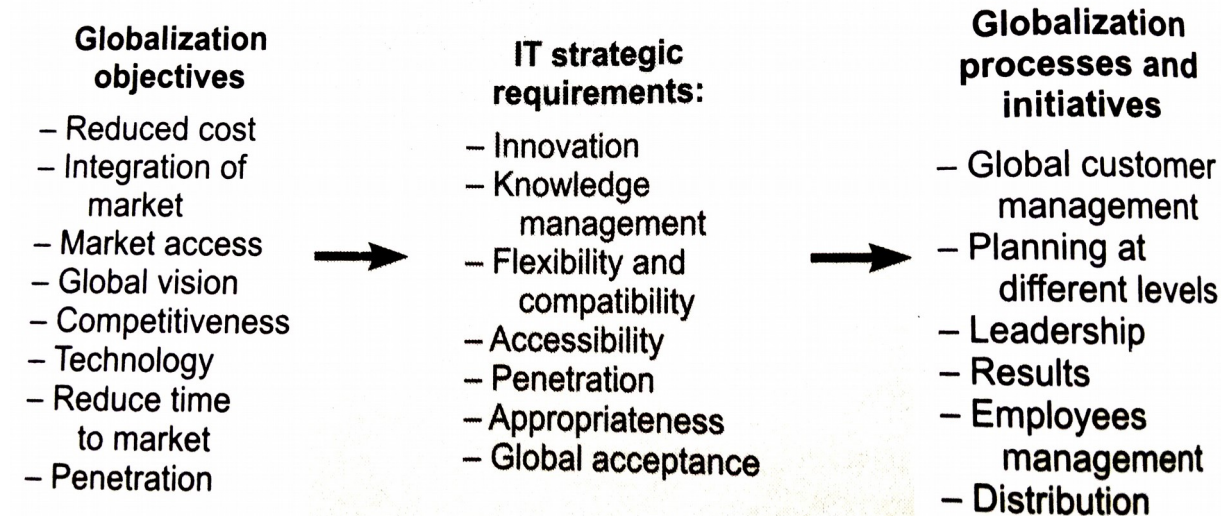
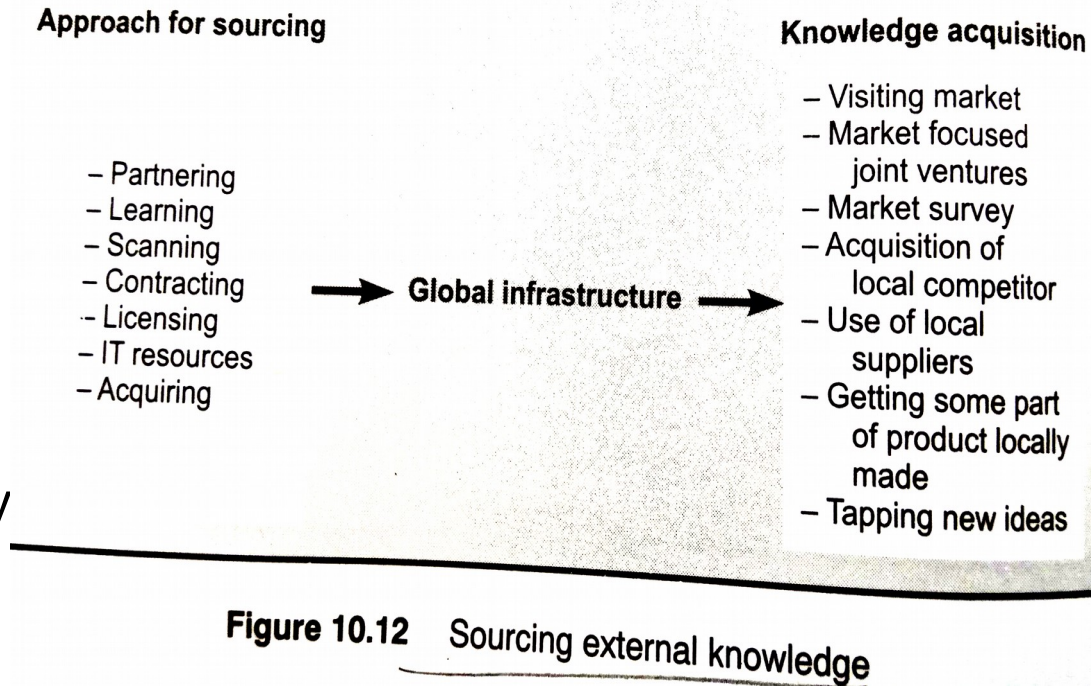


Figure 10.10 Strategic initiatives

Global Innovation and Knowledge Management

- Knowledge and skills have become the engine for economic growth.
- Global IT strategy and global KM go hand in hand. The global IT strategy enables organizations to successfully manage global knowledge.
- Global strategy goes through different phases and as then number of unknowns increase, so do the learning and tuning at every stage.



Convergence Model of IT in a Global Organization

- Overall convergence is required in a global organization because of variations in cultures, technologies, geographies, and requirements.
- Technical, Infrastructural, people-centric factors (soft and hard aspects) should be taken into account to build a successful global organization.
- This convergence model has various components such as
 - Organizational structure and
 - Internal and external business processes
 - People, processes, knowledge, and skills
 - Information system components, communication methods.
- IT strategies for globalization need to ensure a smooth convergence.

Compiled from

- Parag Kulkarni & Pradip K Chande, IT Strategy for Business