MIS 760-B: IT Strategy

School of Business at Stevens Institute of Technology

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Individual Assignment on Alignment, Partnership and Competitive Advantage

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Describe how an IT strategy can be aligned with the business and how to drive a partnership with the business to create a competitive advantage.

Introduction

Every business should have a vision, set of goals and objectives. These business goals and strategies are laid upon IT. The IT infrastructure must be correctly developed according to the business aspects. They need to be well aligned to support each other concurrently for the business to achieve better and improve across each intent. This alignment plays a key role to support the business and innovate continuously. Firm's can have improved decision-making process due to IT speculation, analytics and use them to gain higher benefits and gain in depth analysis and understanding.

Alignment is gaining highest priority these days since Business Strategy and IT Strategy layover each other as a stack and if any one of them fall's off then the whole firm would be in trouble. The process of alignment must be handled by experienced professionals who have relevant knowledge of how the business procedures would be carried out.

Companies are gaining competitive advantage by the alignment of IT and Business and capturing markets rapidly by bringing in innovative breakthrough products.

 The benefits of alignment are listed below

- Competitive Pricing Strategy that gives you an edge over competitors.
- Cost Cutting over various business procedures.
- Analysis of business from various aspects with historical information and project future predictions based on past data.
- Develop an understanding of customers and their expectations which helps in persuading them.
- Review and examine various Strengths, Weakness, Opportunities and threats of the business and its various decisions.

Business-IT Alignment helps Data driven decision-making process (IT) with business to achieve general business goals. The alignment amongst Business and IT causes genuine association which drives the organization's business execution exponentially and furthermore gives a competitive standpoint for the firm.

The golden string binds each part of the business ecosystem which helps accomplishing productive and enhanced execution.
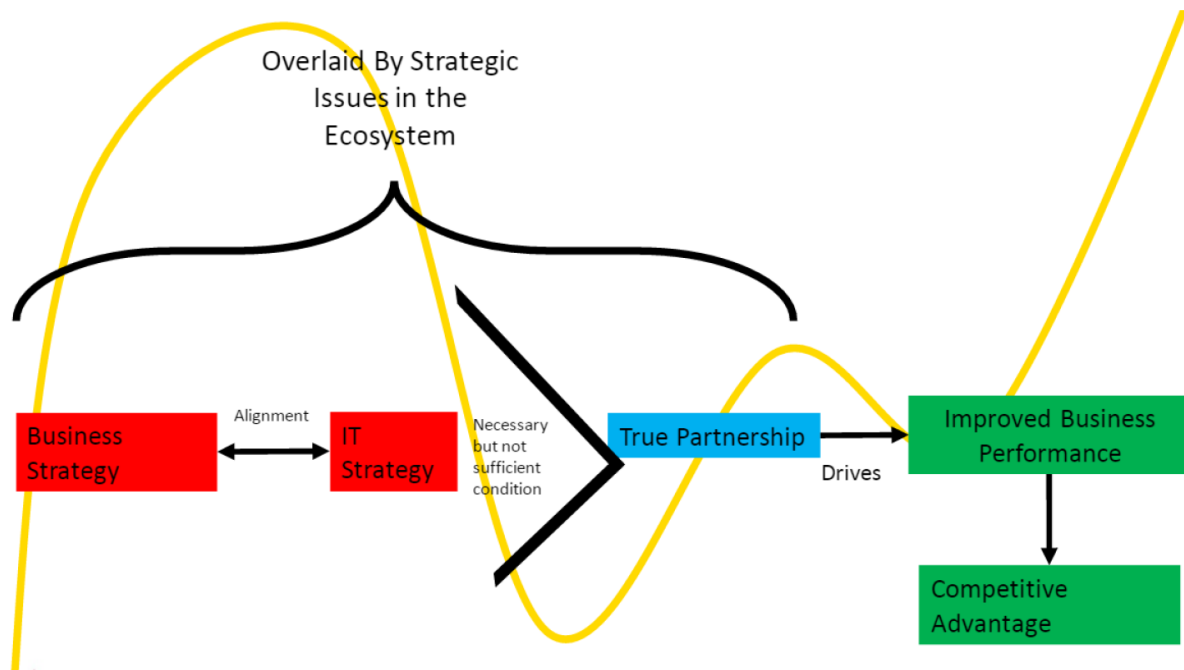
The foremost reason for the alignment of Business and IT is to refine the value that IT can deliver to the firm.
To achieve a strategic IT route, the below stated statements should be followed:

- The employees should be trained on how to use IT to achieve business goals and deliver goals that would help in contributing the objectives of the business.

- The departments should have a common concluding epicenter of thoughts on where the less time and funds are to be spent and the trade-offs the firm will make to make better profits and create a better product/service.

- The IT side and the business side should be able to communicate with each other at ease and be able to correlate and understand daily tasks/operations and processes with innovative and highly optimized ideas which can help the firm gain more tangible and intangible benefits.

The main factors that play a major role in getting Business Strategy and IT Strategy rightly aligned are:

- Designating the most suitable person as CIO who has had such previous experience.
- Appointing the right Executive team and senior management.
- The Business and IT Strategy alignment should be checked by using stage based checkpoints.

Companies these days have a new C-Executive for this alignment task.

Chief Information Officer [CIO]
CIO's are mainly responsible for the IT Technology/software stack to help achieve business goals and needs. They need to ensure that IT Strategy and business Strategy is well aligned. They need to focus and pay attention toward the business goals, vision, daily requirements and tasks to understand what the firm would require and therefore devise a set of requirements that can be used to list what kind of IT products/software's/technology can be brought in to align both the strategies.

The ideal qualities of a CIO are
- To bridge the gap between business & IT
- Should know about the latest technology
- Should know when to upgrade or change the technology
- Strategies for the firm to function according to their vision
- Should bring in innovative IT solutions that align with the business goals, objectives and vision
- Be able to handle project demands and allocate resources accordingly

How to drive a partnership with the business to create a competitive advantage

Companies can create various unique moves to gain competitive advantage. The aim is to create a clear difference that is important to your customers and is something your competitors cannot match. You can create competitive advantage by developing a strategy of leadership in factors such as cost, quality, innovation and customer experience.

Knowledge

The firm needs to maintain a huge knowledge base to create a EDW [Enterprise wide Data Warehouse], which can help them by gaining more insights from the past experiences and decisions s well as it can be used for future prediction from the available data. Subject Matter Expert's [SME's] also play a major role in helping the firm over knowledge gain. SME's can help the firm improve over their products/services from many aspects and perspectives.

Cost

Cost is also one of the most important factors when you place your product in a market. If the product is an innovative product with new technology it can be priced at a higher price point, if there are similar products available in the market then you have to use the competitive strategy and also analyze over the competitor's sales and cost strategy.

Innovation

Innovation brings in new feature that are unique to your product and persuade your product in the market. These innovations help your products lay a better and higher value compared to other products. This

increases the competition and the firm gains a larger share of the customer market for the product. The minutest improvement/detail of the product also helps gaining an edge over competitors

Partnership

Partnership strategy can improve many aspects of competitive advantage, as partners would work in their specific direction to bring in the best to the firm. This helps the firm develop exponentially. Each partner would be assigned a specific module to develop which helps them be focused and concentrate more over research and innovation.

Customer Experience

Customer's are the main driving force of any business. The firm needs to understand who their customers are and segment them according to their needs and various other factors. Conduct surveys and understand how to improve further. These feedbacks help the company improve to a large extent.

The various way to gain competitive advantage are:

- Identify Customer base [Customer Segmentation]
- Identify needs of various customer segments
- Conduct surveys and gain feedback and insights to improve over product/service
- Identify common problems faced by costumers
- Bring in innovative solutions that none of the competitors have introduced
- These new solutions should perform better, be more efficient and have better customer interfaces
- Use Analytics to improve products, service and business decisions
- Use analytics to also project the future for making further decisions and keep trying to optimize and bring innovative solutions
- Analyze over competitor's strategies and price accordingly

Develop unique products that create a differentiation advantage

Companies develop unique products with unique features and services that create high demand for their products/services and the firm gains higher profit margins. These profit margins are further reutilized for further research, innovation and next-gen technology. Such companies soon turn into brands that offer high quality services/products that has a strong customer relationship since they have been successfully continuously incorporating all the customer needs and adding some more to it. This impresses people and increases their willingness to pay more.

Example: Apple introduced their iPad, which was a 10-inch tablet that customers had never thought of and turned out to be a new breakthrough for the customers.

Another example: Apple introduced Touch ID [Fingerprint Sensor] for faster unlocking of phones which was completely new for the mobile industry.

With such innovations every year they have been raising the bar for every industry they enter from Mobile phones, tablets, computer to watches. This helps them create a raising demand and you can always observe peculiar craze in their customers about the product that helps increasing the sales too.

Every year apple launches a new iPhone, you can see people standing out of the stores in a queue overnight to get the iPhone on the first day.

Cost Advantage

Companies can research over their cost cutting factors and look upon the points where they can make tradeoffs to reduce their manufacturing costs. This helps them gain higher profits by pricing them at a similar price against other competitors with similar specification. These profits can be further used to develop better products and can be invested into product/service improvement research and bring innovative solutions. Further improving the brand and carving a niche in the customer market.

Tools to analyze and build a Strategy

Porter's 5 Forces

It evaluates the business case situation according to Porter's forces

- o Threat of new entry
- o Competitive rivalry
- o Supplier power
- o Buyer power
- o Threat of substitution
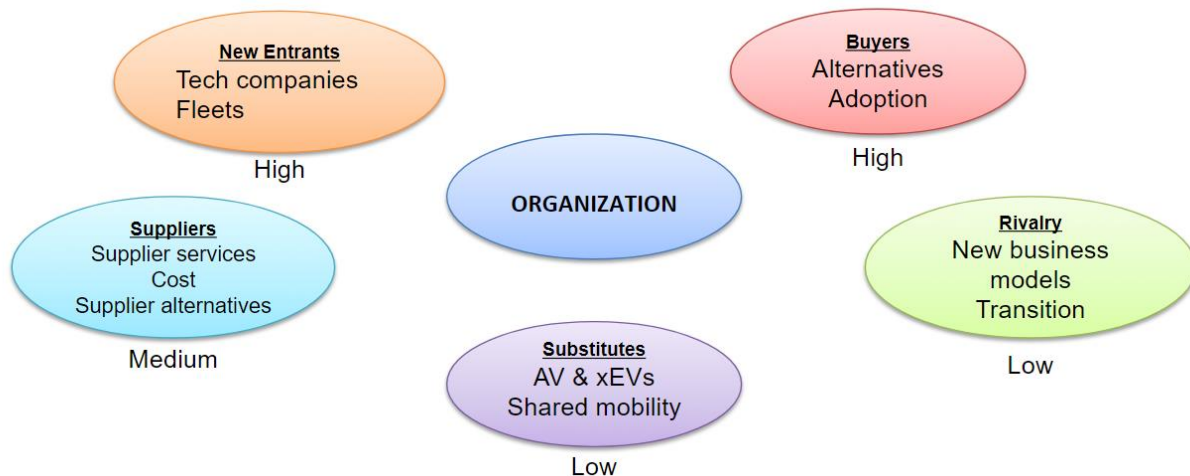
SWOT Analysis

Strengths	Weaknesses
● Real-Time Performance Feedback	● The Interface Challenge 1: Interaction Methods
● Cuing Stimuli to Support "Error-Free Learning"	● The Interface Challenge 2: Wires and Displays
● Self-Guided Exploration and Independent	● Immature Engineering Process
● Interface Modification Contingent on User's Impairments	● Platform Compatibility
● Complete Naturalistic Performance Record	● Front-End Flexibility
● Safe Testing and Training Environment	● Back-End Data Extraction, Management, Analysis, Visualization
● Gaming Factors to Enhance Motivation	Side Effects
● Low-Cost Environments That Can be Duplicated and Distributed	

Opportunities	Threats
● Emerging Tech 1: Processing Power and Graphics/ Video Integration	● Too Few Cost/Benefit Proofs Could Impact VR
● Emerging Tech 2: Devices and Wires	Rehabilitation Adoption
● Emerging Tech 3: Real-Time Data Analysis and Intelligence	● Aftereffects Lawsuit Potential
● Gaming-Industry Drivers	● Ethical Challenges
● Close-Knit VR Rehabilitation Scientific and Clinical Community	● Limited Awareness/Unrealistic Expectations
● Academic and Professional Acceptance	
● Integration of VR with Physiological Monitoring and Brain Imaging	

Pestle Analysis

PESTLE/PESTEL Analysis is used to analyze over Economic, Political, Social, Technological, Environmental and Legal factors.

This is used to brainstorm over the opportunities and threats arising from the following factors. Therefore, helping the firm to take the most appropriate action

Capgemini IT Strategy

Capgemini Consulting has leading expertise in successful industrialization of IT organizations:

- New operational models: globalization, off shoring and IT shared service centers
- New engagement models: cloud computing and SaaS
- Cost-cutting through new technologies: virtualized infrastructures / applications
- Improving operational performance: lean IT, six sigma
- Setting up financial transparency and improved performance: service catalogues, costing – pricing systems, service level adjustment, usage based invoicing
- IS landscape rationalization
- Shaping of new IT governance models
- Sourcing and skills
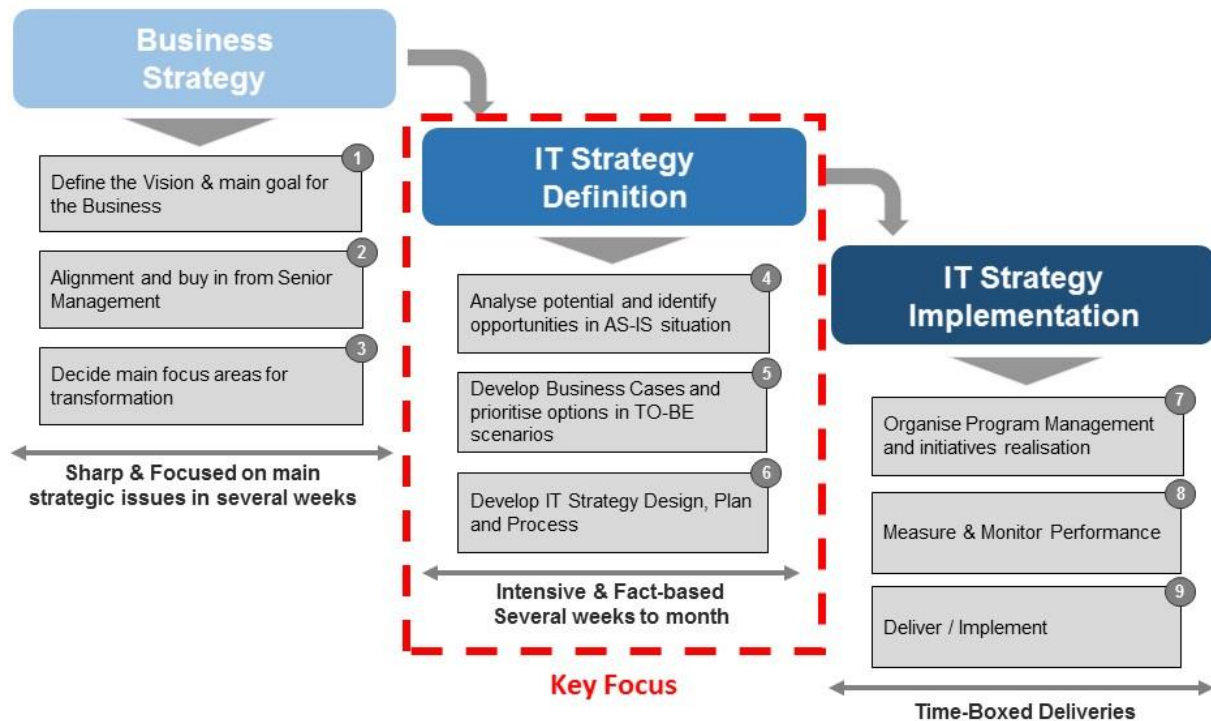
Capgemini is a leading technology consulting firm; the diagram above shows how well they align their Business Strategies and IT Strategy which caters to customers needs of any level.

Conclusion

The conclusion that can be drawn is that strategic alignment of all Business Strategy and IT Strategy becomes progressively more important as the size and complexity of a business grows. This alignment helps the organization benefit through the long-term goals. Though, aligning them is not an easy task. It takes a couple of months of planning, research and iteration of development to get them set through. Aligning the business to its high-level strategies, however, requires more than just aligning the organization structure. Alignment must reach all stakeholders of the business and must influence the way the work is accomplished. This requires that the processes of the business be examined and the impact of proposed changes upon them be assessed by rejuvenation and other tools.

To achieve a complete alignment of IT and Business Strategy understanding, communication and collaboration of various departments of the firm is crucial. I would recommend the use of cross functional teams to attain better results.

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