**Information systems organization and strategy**

**Features of an organization**

* **organizations environment** refers to the factors or third parties surrounding the organization which influences their performance, operation and resources.
* **organizations culture** is the perspectives or assumptions the members in the organization have which define their goals and products e.g. it is assumed that lecturers go to university to lecture.
* **organization structure** refers to a system that defines the formation or hierarchy in the organization i.e. different functions in a organization will be defined.
* **organizations politics** are the behind-the-scene efforts to sell ideas, obtain power in the market and achieve other goals.

**Economic impact of information systems in an organization**

* The cost of the firm purchasing resources from suppliers will be lowered using information systems i.e. placing orders by email will be much cheaper than ordering via paper.
* IT as a factor of production can replace labour in order to automate repetitive and boring tasks. This will be done if labour costs increased.
* It decreases the cost of acquiring and analyzing information.

**Porter’s Competitive Forces Model**

Michael Porter’s competitive forces model is for understanding a company’s competitive advantage.

**Five competitive forces shapes fate of a firm**

1. **Traditional competitors** – these are companies who continue to devise new products and service in order to keep up with competition in the market.
2. **New market entrants** – new businesses who decides to provide goods and services which already exists in the market.
3. **Substitute products and services –** these are the products businesses introduce if the cost of their primary product becomes to high for consumers.
4. **Customers** - the people purchasing the product the business is offering.
5. **Supplier** – the market power of suppliers when a firm fails to keep up with the prices set by suppliers.

**Information systems strategies for dealing with competitive forces**

* **Product differentiation** – changing the overall look and feel of a product through packaging, design and implementing new functionality can be done via a information system to set the product apart from its competitors.
* **Customer and supplier intimacy** – using information systems to establish strong relationships and loyalty with suppliers and customers e.g. sending an email to customers that wishes them happy birthday.
* **Focus on a niche market** – identify small markets to satisfy their needs, as these markets are not usually catered for by large businesses. Information systems assists with analyzing sales data and establishing proper marketing techniques to thrive in this small market.

**Business value chain model**

This model identifies specific activities in a business where competitive strategies can be best applied and see where information systems are most likely to have a strategic impact.

**Primary activities**

Activities related to production and distribution of the product to customers.

* **Inbound logistics** – storing resources needed in distribution and production e.g. inventory control, transportation.
* **Outbound logistics** – storing finished products for distribution to customers e.g. warehousing, order fulfilment.
* **Sales and marketing** – facilitating selling of products to customers or promoting goods and services via advertising, price reduction, specials, etc.
* **Services** – maintenance and repair of goods and services e.g. training, installation, customer support.

**Secondary activities**

Makes the delivery and execution of primary activities possible.

* **Procurement** – obtaining raw materials, servicing spare parts or other resources though special efforts.
* **Technology development** – developing technology assist value chain activities such as research, process automation, design.
* **Human resource management –** activities associated with recruitment, development, retention and compensation of employees.