



# IS STRATEGY ,MANAGEMENT

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# Information system strategy

- The first business activities that were computerized are payroll, sales, stock control, and invoicing.
- The same activities were computerized to make them more efficient.
- Ex: payroll previously required large numbers of manual payroll clerks to perform the activity. When computerized, it did not need all these clerks.

# Information system strategy

- Projects that seek to reduce the cost of performing a particular process or task by utilizing information technology. They simply seek to achieve the same objectives at lower cost and perform existing tasks more efficiently.
- The cost justification for revamping systems that have already been computerized is more difficult, however more recently, there have been a number of justifications based on cost savings.

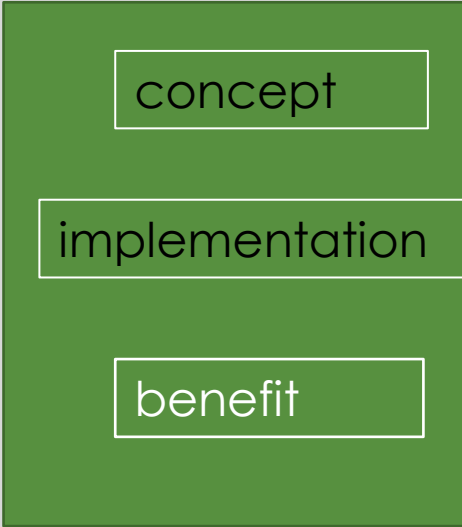
# Information system strategy

- A major problem with the cost / benefit justification of computer systems or IT investments in organizations is that it is very difficult to justify systems that do not deliver savings but may deliver benefits such as
  - increased market share.
  - New opportunities.
  - Better management information.

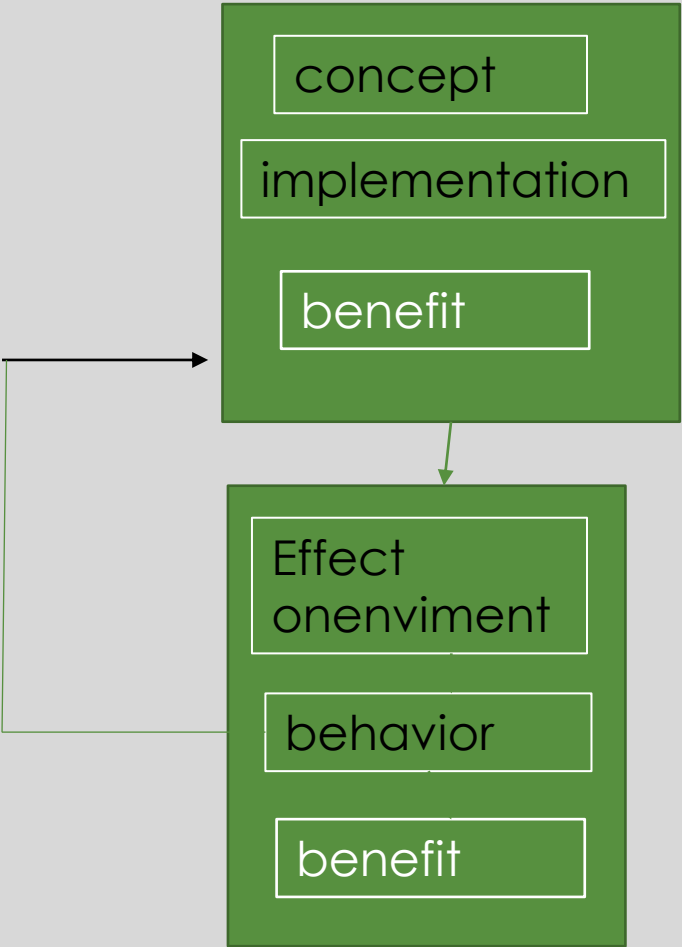
# Information system strategy

- Over the years information systems moved from just being about cost savings and efficiencies to more strategic or effectiveness systems.
- Information systems can be used to improve the business in market place in this way:
  1. Redefine the boundaries of particular industries.
  2. Develop new products or services.
  3. Change the relationships between suppliers and customers.

# Information system strategy



Efficiency projects



stage1

stage2

Effectiveness projects

# Benefits realization process

- Process which may result in stage 1, however it is not necessary for any cost benefits to accrue at this stage.
- The second stage of the process is the effect of the implementation of stage 1 on the environment and any resultant change in behavior leading to stage 2 benefits.
- Stage 2 benefits may be for example improved sales resulting in improved revenues.

# Industry analysis framework strategy

- Identify the competitive forces that any company needs to consider:
  1. It deals with the industry and competitive dynamics.
  2. It highlights that competition is not simply concerned with the action of rivals.
  3. It facilitates discussion and is based on sound principles of industrial economics.



# Technology driven model

- The reaction of some organization has been implicitly to make the assumption that investment in IT will automatically result in business success and the achievement of competitive advantage.
- It is the view that if the technology exists it should be employed.
- A result of this approach is information technology that may not be appropriate for the needs of the organization and a lack of control over IT budgets.

# Competitor driven model

- An alternative model or approach that some organizations have adopted is to react to their competitors by copying them.
- There is evidence that this happens in some sectors rather more than other.
- The competitor driven model is an approach based on fear that an organization's competitors will use information technology to gain significant advantage over them. Therefore they must copied at each stage of their development.

# Competitor driven model disadvantages

1. By simply following competitor the organization will never innovate to its own strengths and advantages.
2. It may miss opportunities for being a leader itself.
3. It may still lose out by not itself being the first in the field.