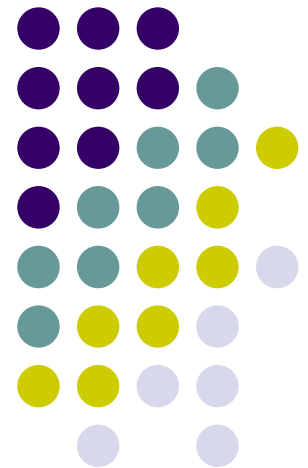


Relating and Aligning Business, IS and IT Strategies

4

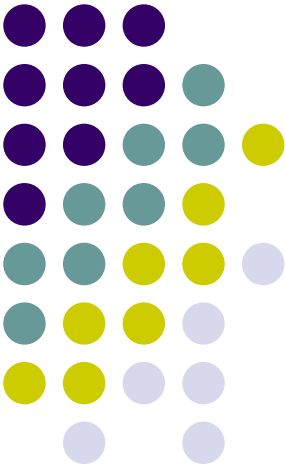


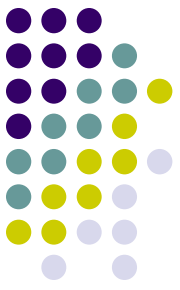


Definitions

- Strategy – Decisions that aim to help achieve sustainable competitive advantage
- IS Strategy, is concerned with the firm’s required information systems or applications set, or the ‘What’ question
- IT Strategy is concerned with the technology and infrastructure building set, or the ‘how’ question”
- IT Service Management is the discipline of managing and supporting existing IT systems

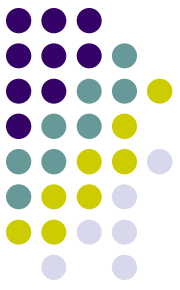
Understanding Strategy





Why do organisations exist?

- Commercial:
 - To make a sustainable profit for the stakeholders
- Government:
 - To provide services to the community and good stewardship of taxpayer resources
- Not For profit:
 - To provide non-core but highly desirable services to the community and to manage donations and costs recovered



تعريف استراتژي

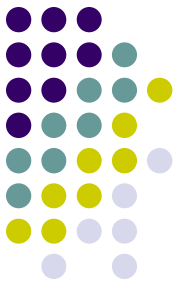
- استراتژي يك مجموعه منطقي از فعاليتهاي متوالي است كه با هدف نگهداري مزيت رقابتي و بهبود موقعيت در ارتباط با مشتريان تعريف ميشود.

- Strategy can be defined as a **rational set of time-sequenced actions** aimed at gaining a **sustainable advantage over competition** and **improving position with customers**.

- Strategy answers the **what** and **where questions** concerning your business.

- استراتژي به سئوالات چه چيز وكجا در سازمان پاسخ ميدهد

- It is a **shared vision** describing **what** that the organization should **be in the future** and where it is going, not how it will get there.



Business Strategy

- What then is the strategy of the business?
 - The strategic choices that will make the mission tangible and move the company toward the vision.
- Products and services
 - **What** are we going to sell?
- Customers and markets
 - To **whom** will we provide the service & products?
- Competitive advantage
 - **Why** will people buy from us? - (price, quality, service)
- Product and market priorities
 - **Where** will we focus?
- Systems and structures
 - **How** will we *enable* our strategic choices?
 - IT systems and services fit within this strategic component



برنامه ریزی

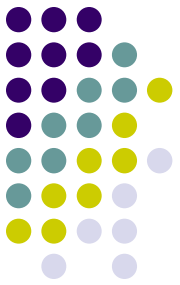
- برنامه ریزی روشی برای تصمیم گیری سیستماتیک برای تخصیص منابع است.

- Planning is the **approach** to making decisions concerning systematic **allocation of resources**

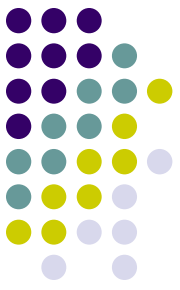
- يك طرح استراتژيك بيان تمایلات در مورد مشتریان، رقبا، تامین کنندگان و سرمایه گذاران و است

- A strategic plan is a detailed, specific declaration of your intentions with regard to customers, competitors, suppliers, investors, equipment, location, employees and the future of your firm

- Strategic planning is systematic means of making the firm successful through the discipline of strategic thinking and vision used as a framework for all other decisions in the firm.

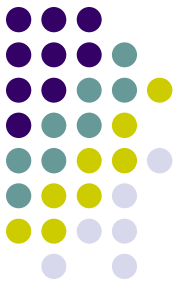


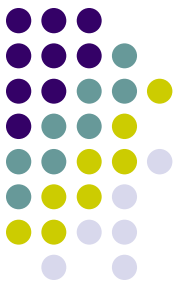
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Mission Statement

- To achieve the vision many companies will develop a “mission” that encapsulates the competitive position of the company
- The Mission statement describes HOW the company is going to achieve the vision.
- For Example:
“Through provision of service and use of best practice we will continuously meet or exceed our customer’s expectations.”
- What does this mean for IS and IT?

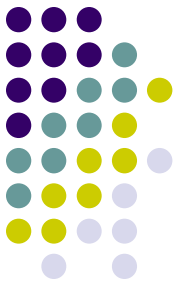




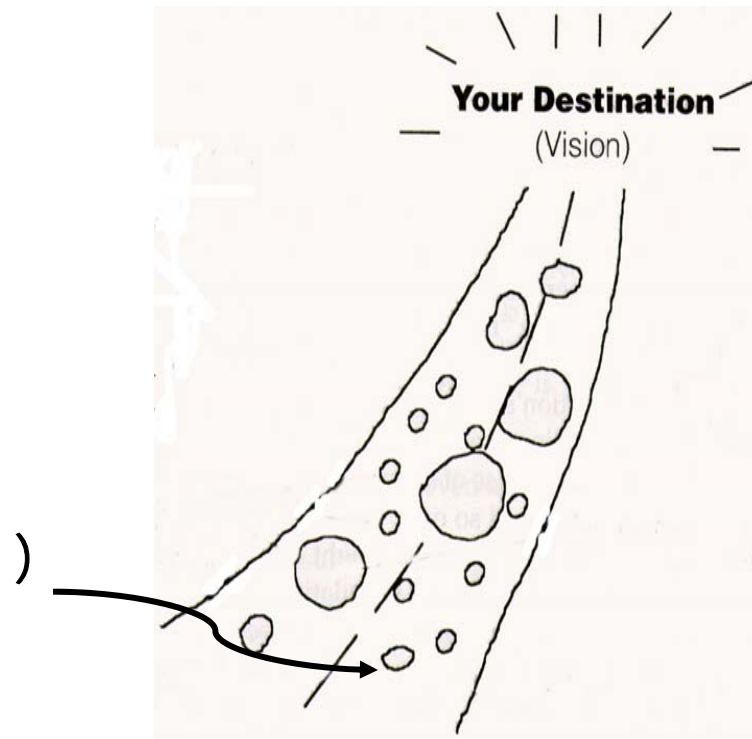
Vision Statement

- Successful organisations have a clear view of what they wish to achieve in the marketplace
- Most develop a vision statement which answers the question:

“Where do we want to be as a company?”
- For Example:
 - *“To achieve market leadership in provision of Financial Services for Asia Pacific”*
- What does this mean for IS and IT?

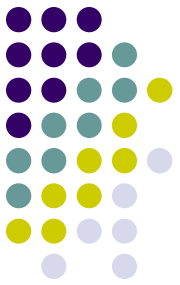


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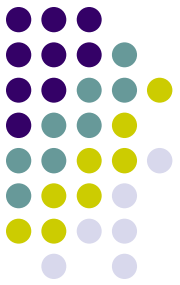


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(Shared Vision)



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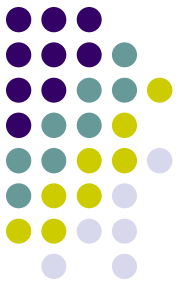
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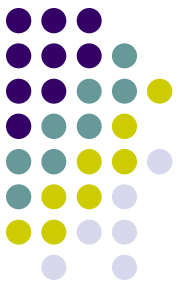


5



How do IS and IT drive the business?

Porter's 5 Forces - Can IS and IT...?



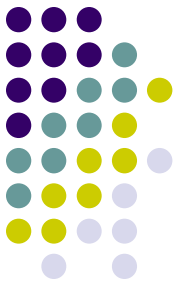
*Build Barriers to
entry for new
players?*

*Reduce
Supplier's
Power?*

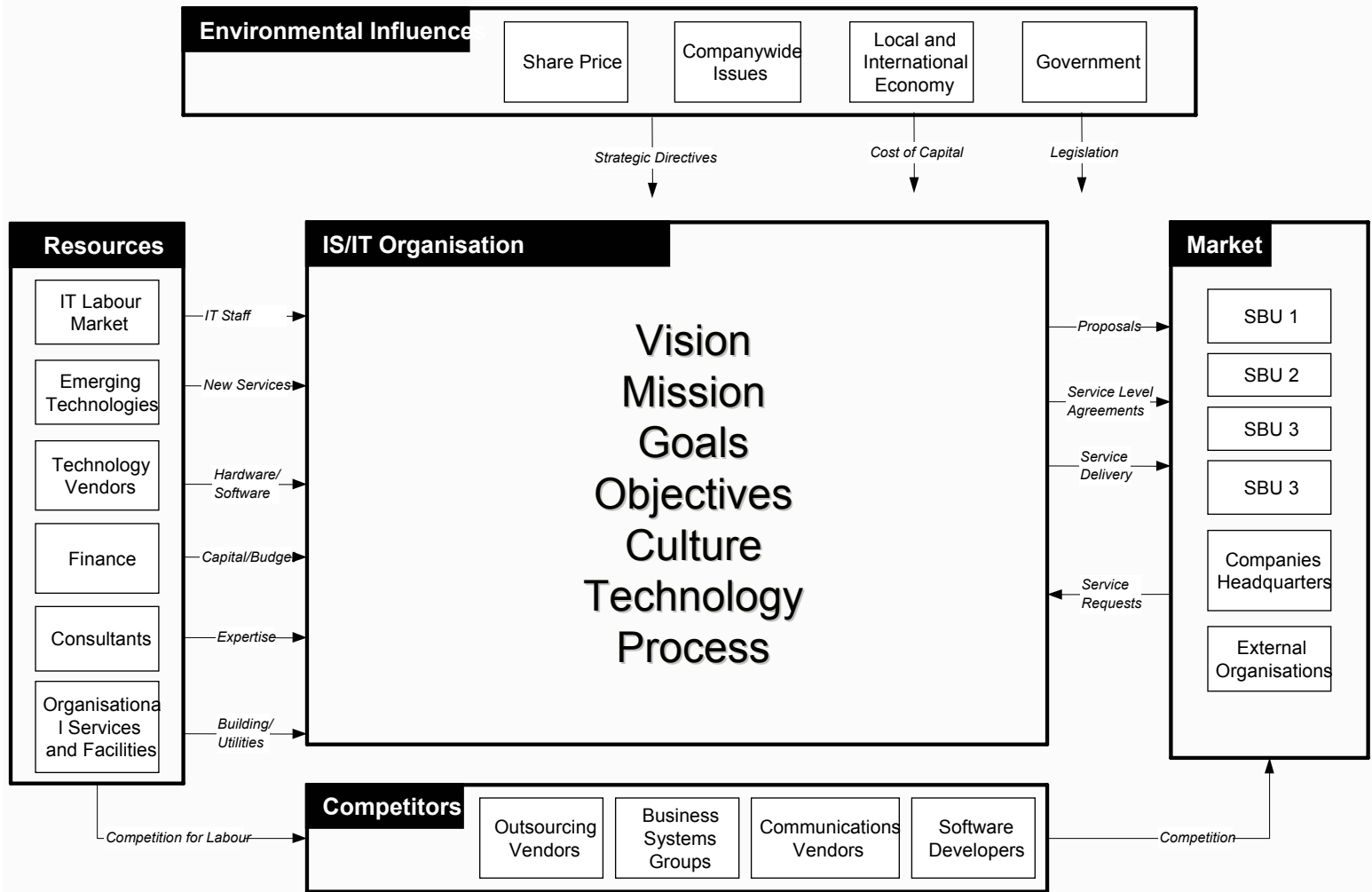
*Change the basis of
Competition?*

*Reduce
Customer's
Power?*

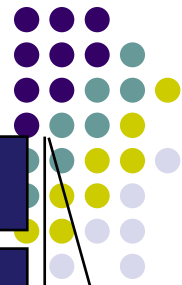
*Help introduce
Substitute Products
or services?*



IS/IT Strategic Environment



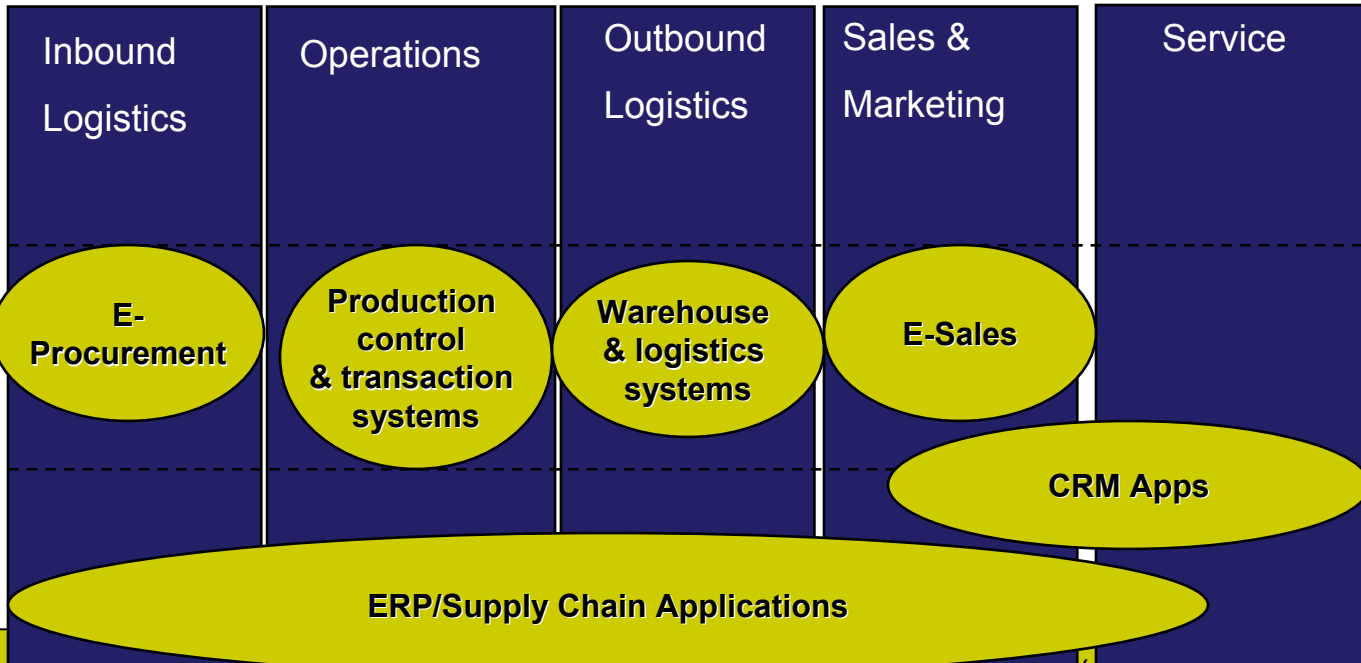
How IS and IT sit within the Business



Secondary Activities

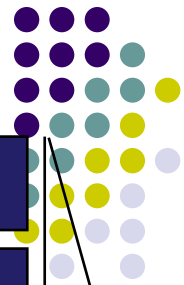


Primary Activities



Margin

How IS and IT sit within the Business

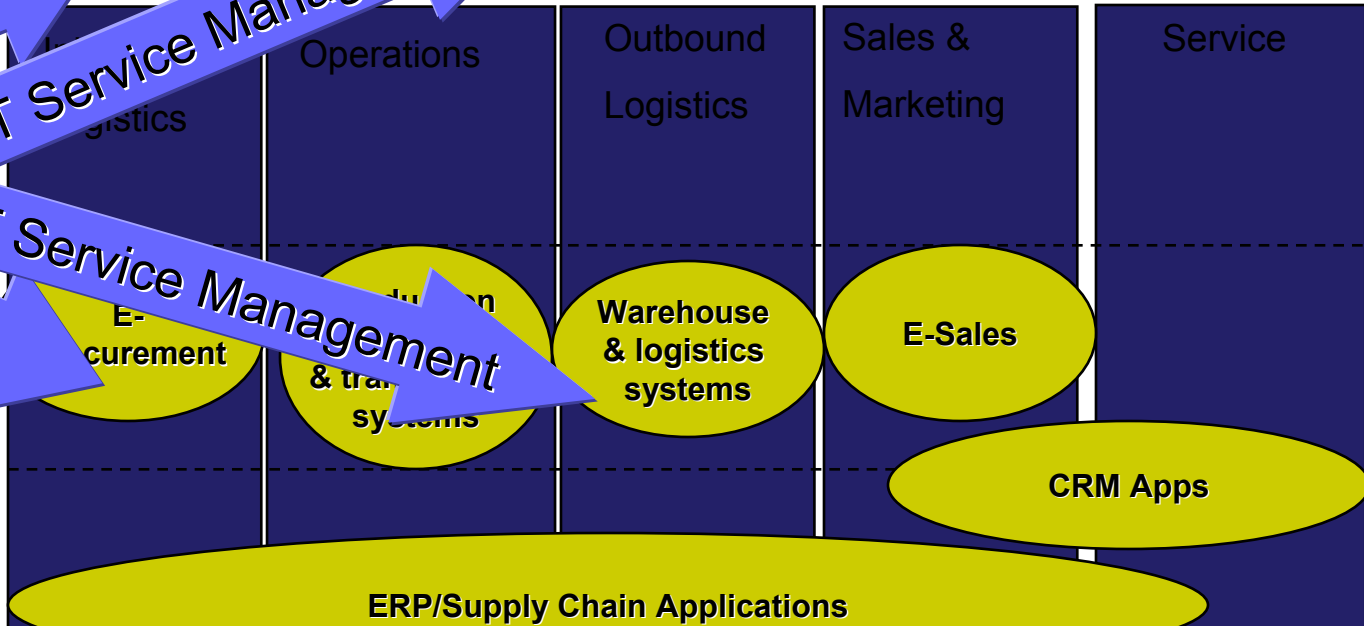


Secondary Activities

- CEO, Legal, Corporate, Public Relations, Corp Affairs
- Human Resources, OHS Management
- Corporate Development, R & D, Product Innovation
- Finance, Accounting

IT Infrastructure: E, Network, Databases, Mainframe, Client Server, Infrastructure Projects

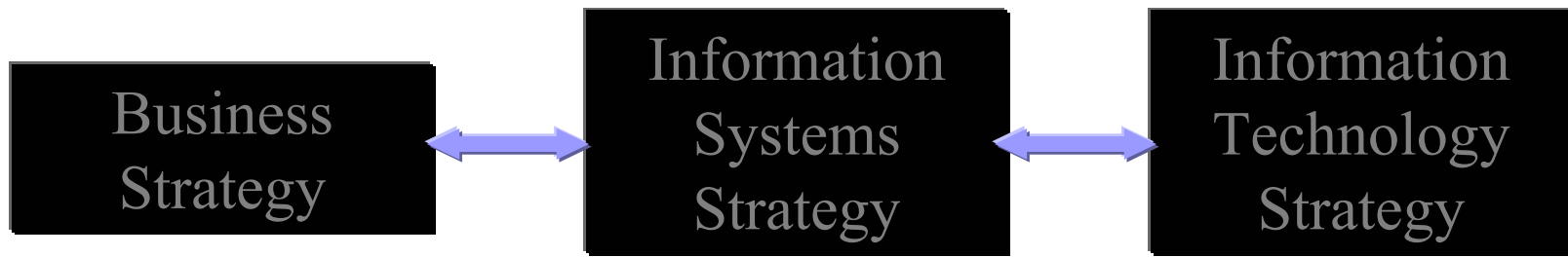
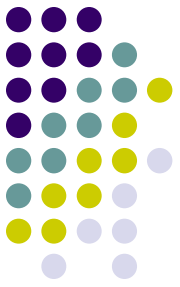
Primary Activities



Margin

Traditional View

- Business IS & IT Strategic Relationship

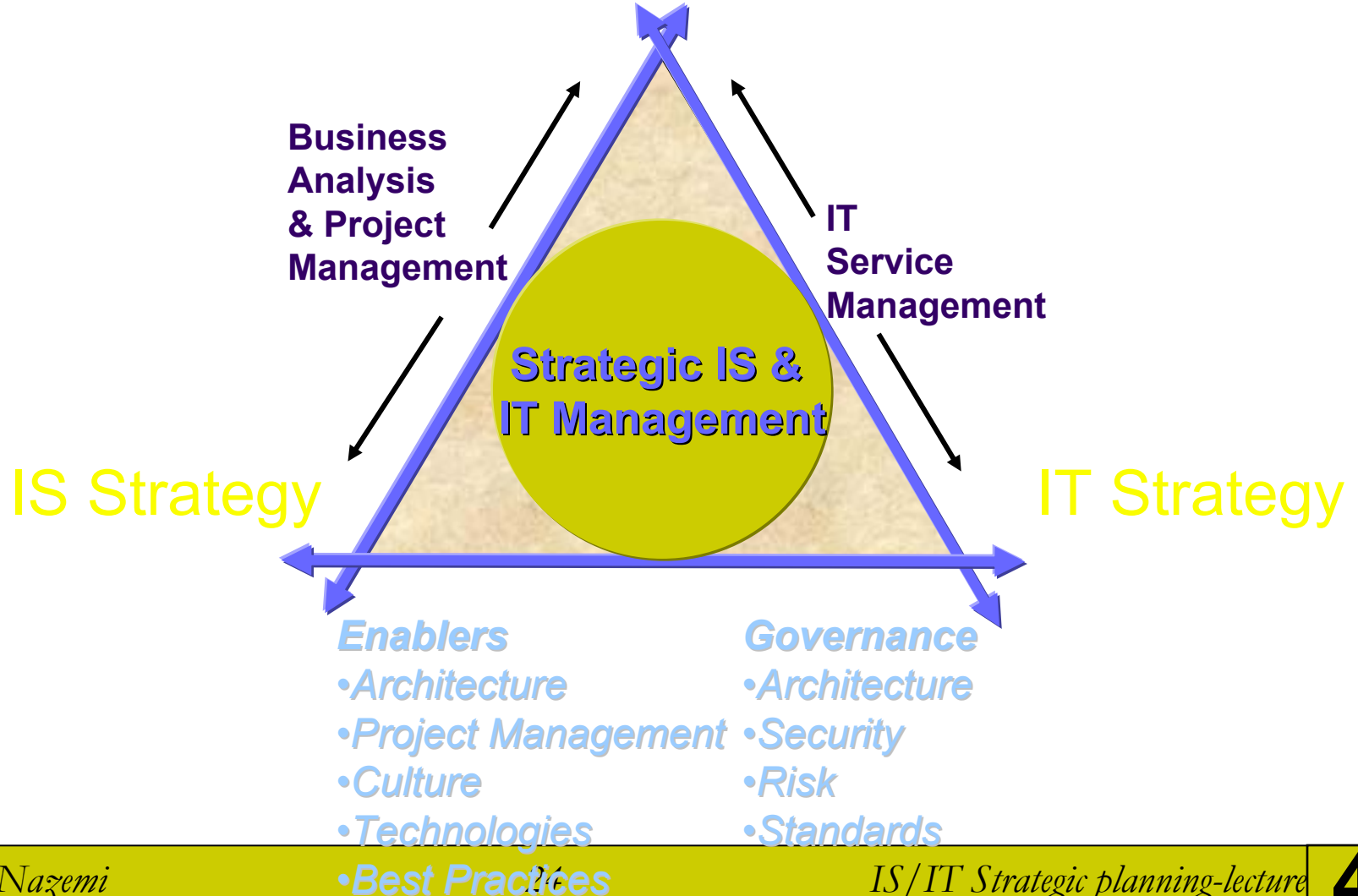




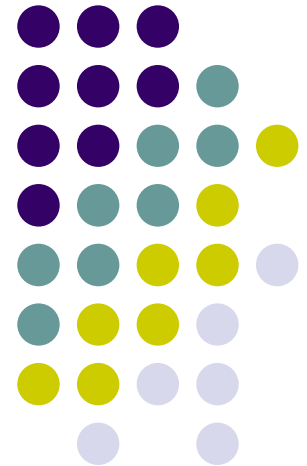
Emerging View

- Strategic Business/IS/IT Relationship

Business Strategy



Developing the Strategy



What does the Business expect of IS & IT?

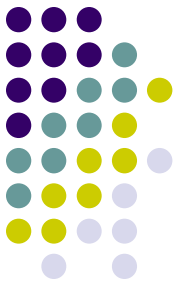


- Applications that effectively automate business process
- Predictable project outcomes that meet the business case objectives
- Value for money
 - Alignment of costs with strategic intent
 - Total cost of ownership equal or better than industry averages
- “Clean and manageable” IT services
 - Reliable, Available, High Performance
 - Accessible, Secure, Recoverable
- Responsiveness to major outages
- Continuous improvement of Quality of Service and reduction in cost of mature services

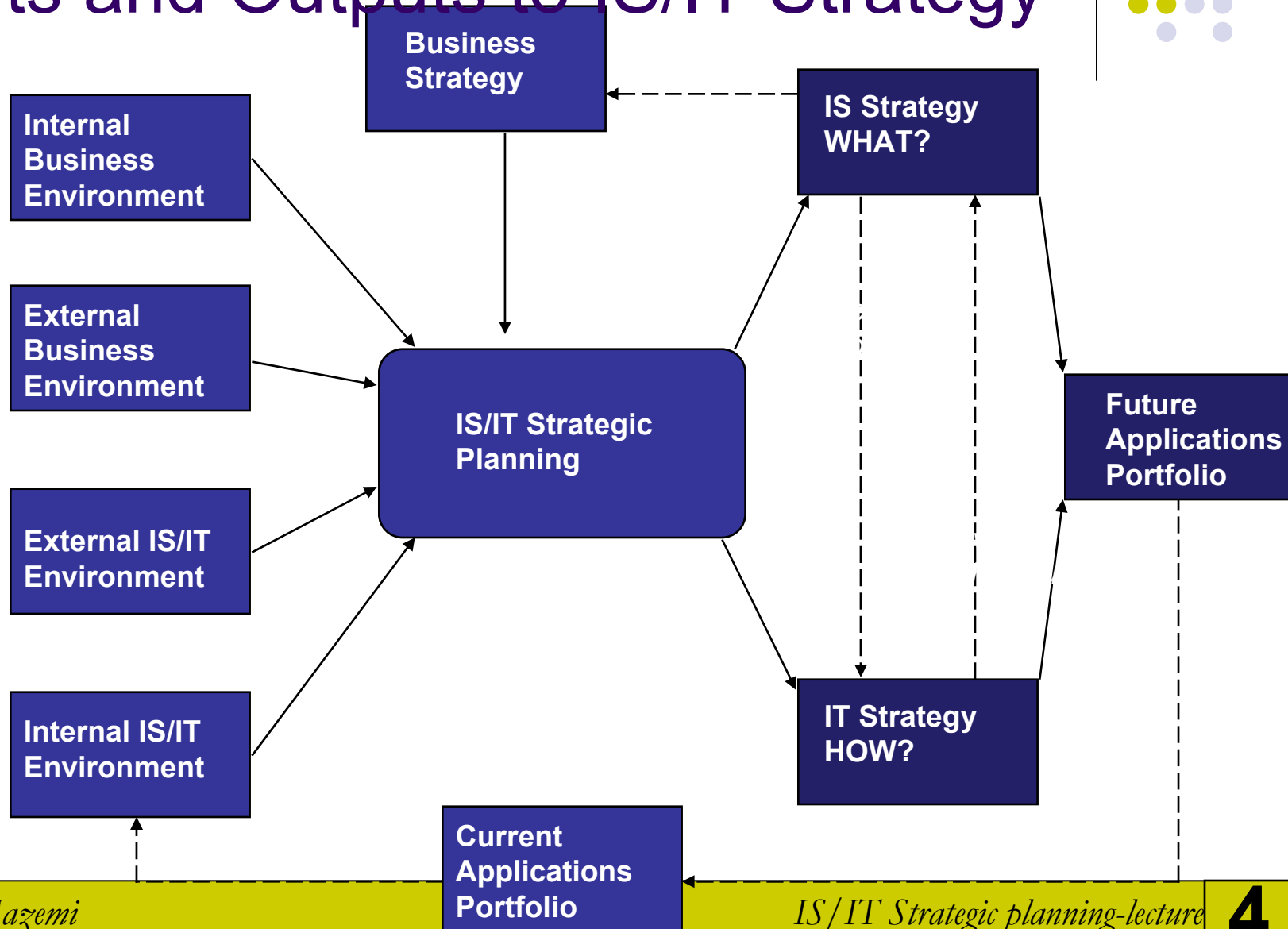
What do IS & IT expect of the business?



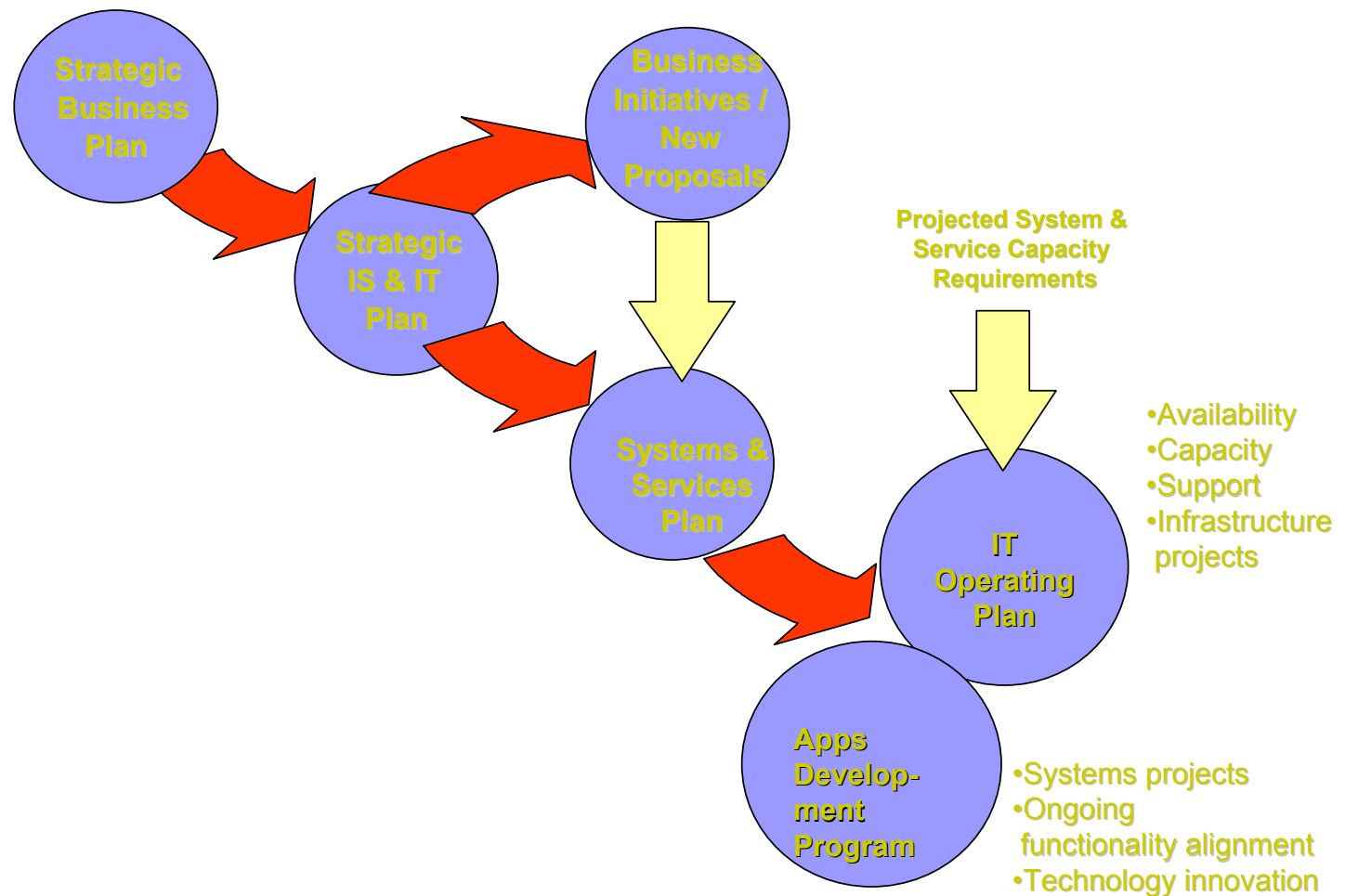
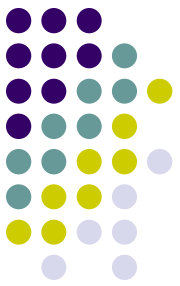
- Clear articulation of the business strategy
- Involvement in setting IS and IT strategies
- Appropriate funding to execute the strategy
- Involvement in developing business cases for systems and infrastructure projects
- Provision of business resources i.e. people, for projects
- Governance over IT spending and risk
- Engagement in developing service levels and maintaining their alignment
- Co-operation in resolution of technology problems e.g. major outages



Inputs and Outputs to IS/IT Strategy



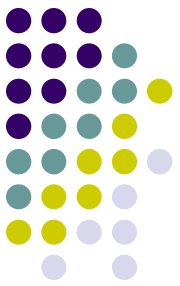
Waterfall Approach to Strategy Development





Information Systems Strategy

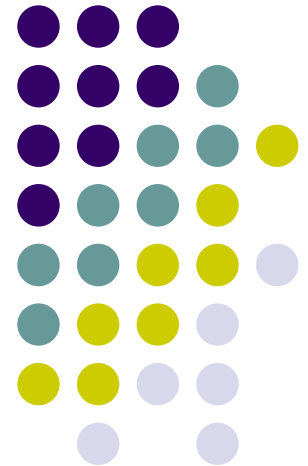
- New applications to meet business requirements
 - Time to market issues
 - Functionality and reliability Vs rapid development and deployment
- What are the priorities?
- Buy or build?
- Balancing supply and demand - budget!
- Considering new technologies and trends
- What are the architecture options, constraints and opportunities?
- Which suits the business more, integrated solutions or “Best of breed” point solutions?
- Managing the Applications Portfolio
 - E-Commerce, CRM, ERP, Intranet etc
 - How well are our systems supporting our business processes?

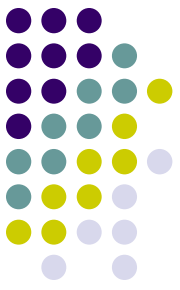


IT Strategy

- Organisation
 - functions, roles and responsibility
 - outsourcing
- People
 - Culture, alignment of performance management, allocation of roles and responsibility
- Technology
 - Architecture, Infrastructure plans, Management Tools
- IT Services Management
 - Availability, reliability, performance, flexibility, alignment
- Management Processes
 - strategic, tactical, operational
- Quality
 - Approach, measuring and improving, documentation

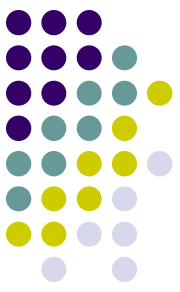
Articulating and Implementing the Strategy





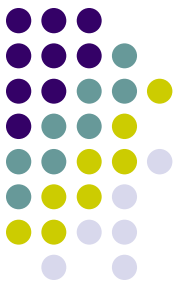
Articulating the Strategy

- Generally strategy is “workshopped” between IS, IT and Business
 - Be careful not to outsource the “thinking” to clever consultants who don’t really understand your business
- Strategy is then documented in plans which articulate strategic IS and IT direction for a period of 1 to 3 years
- Business plans are drawn up for the following 12 months
- Operational plans are drawn up to address how operations will be run for the year including
 - Continuous improvement
 - Capacity plans
 - Security
 - IT Service continuity
- A portfolio/programme of IS and IT projects is required to address the plans
 - Business case for each project relies heavily on the strategy
- Budgets are developed and resources are allocated



Implementing the Strategy (1)

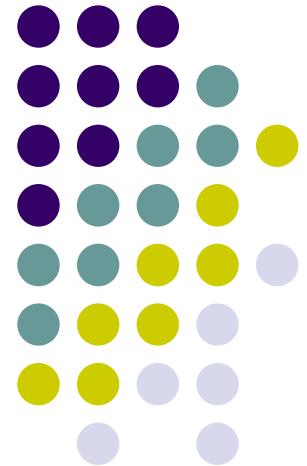
- Business, IS, and IT engage together in implementing and governing the projects
 - Application development
 - E-commerce initiatives to bring new product to market and to “webify” old business processes
 - Adaptation of Commercial Off the Shelf Product to meet business needs
 - Infrastructure
 - E.g Migration from NT 4 to Win 2k
 - Implementation of VPN to enable virtual office
 - Implementation of new high availability infrastructure to support E-Commerce customer facing business processes



Implementing the Strategy (2)

- Service Improvement plans
 - Improvement of service levels
- Process improvement initiatives
 - Introduction of best practice
 - Improvement of process maturity
- Structural changes of functions and roles
- Training and development plans
- Culture change programs
- Implementation/alignment of management and measurement tools

Measuring Performance against Strategic Objectives



“Balanced” Scorecard Measurement of Performance and Progress



Financial

How do we look to stake-holders?

- Business growth
- Profitability
- Cost control
- Accountability
- Efficiency and economy
- Return on investment
- Contracts management

Customer

How do customers see us?

- Customer satisfaction
- Quality of products & services
- Price
- Value for money
- Reliability of products and services
- Customer service
- Business image

Innovation

Can we continue to improve and create value?

- Market intelligence
- Business flexibility
- Managing R&D, new technology
- Measuring effectiveness
- Learning ability & process maturity
- Infrastructure planning and design

Internal

What must we excel at?

- Productivity
- Business continuity
- Skilled staff, bus. & IT expertise
- Delivery times
- Common language
- Information sharing
- Resource management
- Control over bus. & IT capabilities



Example BSC for IT



Financial

As customers how do we view the costs of IT provision?

- Understanding IT costs to the business
- Ability to control IT costs to the business
- Economy of IT provision
- Return on IT infrastructure investments
- IT contracts management

Customer

What do we as customers expect of IT provision?

- Availability of IT services
- Quality of IT services
- Performance of IT services
- Value for money* IT services
- Reliability of the IT infrastructure
- Support of hands-on IT users

Innovation

Does our IT infrastructure enable us to continue to improve the business?

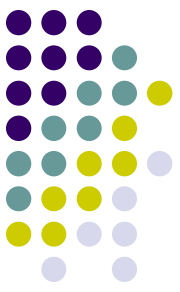
- Flexibility of the IT infrastructure
- Ability to control changes to IT services and the IT Infrastructure
- Adaptability of the IT infrastructure to changing demand in the business
- Communication and knowledge transfer
- Business productivity in relation to IT costs
- Harnessing (new) technology

Internal

What must our IT providers (internally) excel at?

- Service-oriented culture
- Skilled staff, bus. & IT expertise
- Efficiency of IT service provision
- Service delivery times
- Processing capacity
- Security
- Accountability of IT provision





Summary

- Need to understand the business vision, mission and strategy
- Then IS and IT need to be examined to check alignment with business strategy and to find ways of helping the business compete
 - IS provides applications that enable the value chain
 - IT provides infrastructure to support the applications portfolio and business process availability and performance needs
- Strategy is often developed using a waterfall model but IS and IT can often drive business strategy
- Once developed, the strategy is articulated in business plans and a portfolio of projects to address strategic initiatives
- Progress toward strategic objectives should be managed using a “balanced” approach which includes the needs of all stakeholders and a balance of lead and lag indicators