

UNIVERSITAS KOMPUTER INDONESIA



Chap 1 : Introduction Information System Strategy

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MAGISTER OF INFORMATION SYSTEM

What is Strategy?

Author	Definition	Discipline
Andrews (1965)	<p>“Strategy is the pattern of major objectives, purposes of goals [...] stated in such a way as to define what the business the company is in or is to be in and the kind of company it is or is to be”</p> <p>(Source: Andrews, 1965 as cited in O’shannassy, 1999, p. 3)</p>	Management Science
Andrews (1980)	<p>“... strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes or goals,[which] produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers and communities.”</p> <p>(Source: Andrews ,1980; as cited in Mintzberg et al.,1998 p. 51)</p>	Management Science
Porter (1991)	<p>“Strategy is the act of aligning a company and its environment. That environment, as well as the firm’s own capabilities are subject to change. Thus the task of strategy is to maintain a dynamic, not a static balance”</p> <p>(Source: Porter, 1991, p. 97)</p>	Management Science

What is Strategy?

Author	Definition	Discipline
Mintzberg & Quinn (1991)	<p>“Strategy is the pattern or plan that integrates an organization’s major goals, policies, and action sequences into a chosen whole”</p> <p>(Source: Mintzberg and Quinn, 1991, p. 5)</p>	Management Science
Cardullo (1996)	<p>“...a strategy is used to allocate factors based in the organization’s needs and should manage: 1) core competencies and shortcomings, 2) unanticipated changes in the environment, and 3) contingent moves by competitors or agents³⁷.”</p> <p>(Source: Cardullo, 1996, p. 46)</p>	Management of Technology

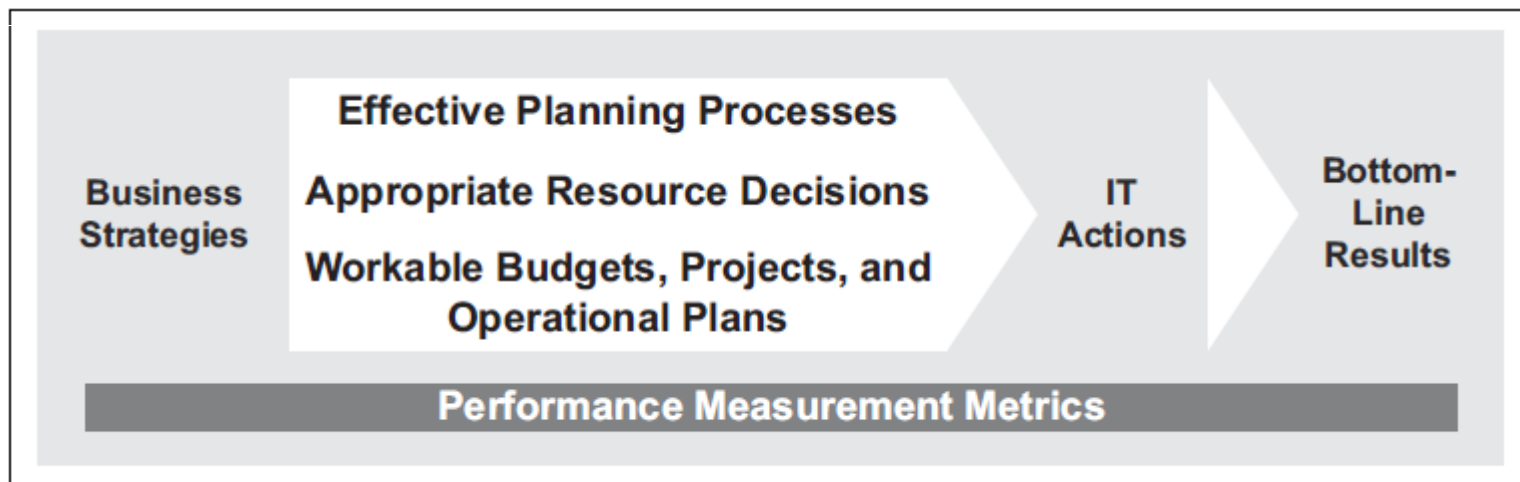
Where this Topic

- IT Governance → Good Corporate Governance
- ERP – Strategic Planning
- Risk Management → Confidential, Security, Mitigation
- Operating Management
- etc

Why We need IT Strategy ?

- Effective Planning Process
- Appropriate Resource Decision
- Workable Budget, Project, and Operational Plan

EXHIBIT 1.4 Strategy-to-Bottom-Line Value Chain



Source: Benson, et.all (2004*, Business Strategy to IT Action, John Willey & Son),

How to make Business Strategy mapping to IT Strategy

Table 3-2 Business Strategy Elements Mapped to IT Strategy

		IT Strategy				
		Infrastructure	Service	Applications	Integration	Sourcing
Inputs from Business Strategy	Geographic					
	Governance					
	Future					
	Legacy IT					
	Virtual					
	Customer					
	Funding					

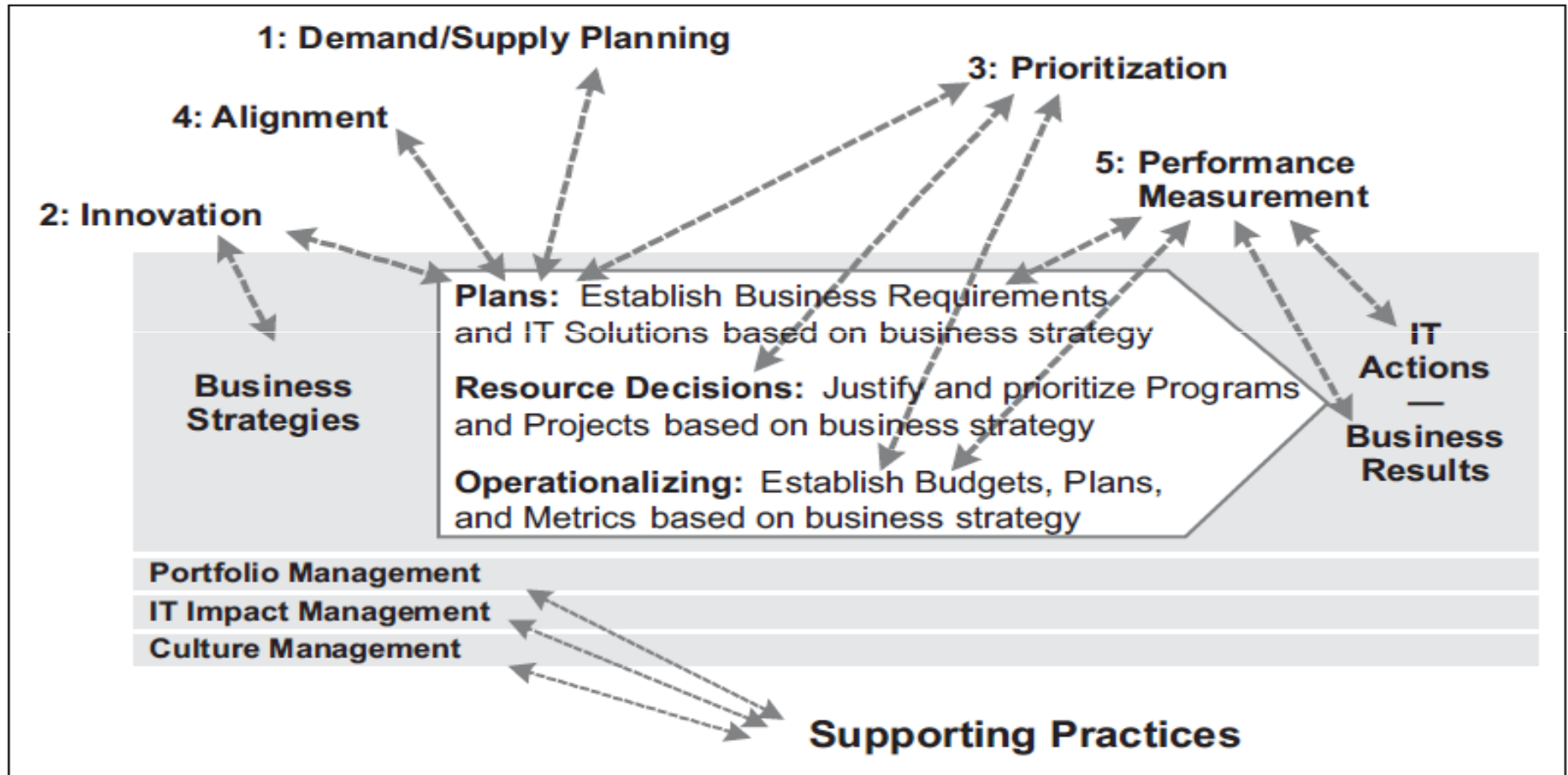
Gatner Grid, source: Bente, S., Bombosch, Langade S, (2012), Collaborative Architecture Enterprise, Elsevier , p44

How well Company does IT Strategy? (Benson, et.all 2004)

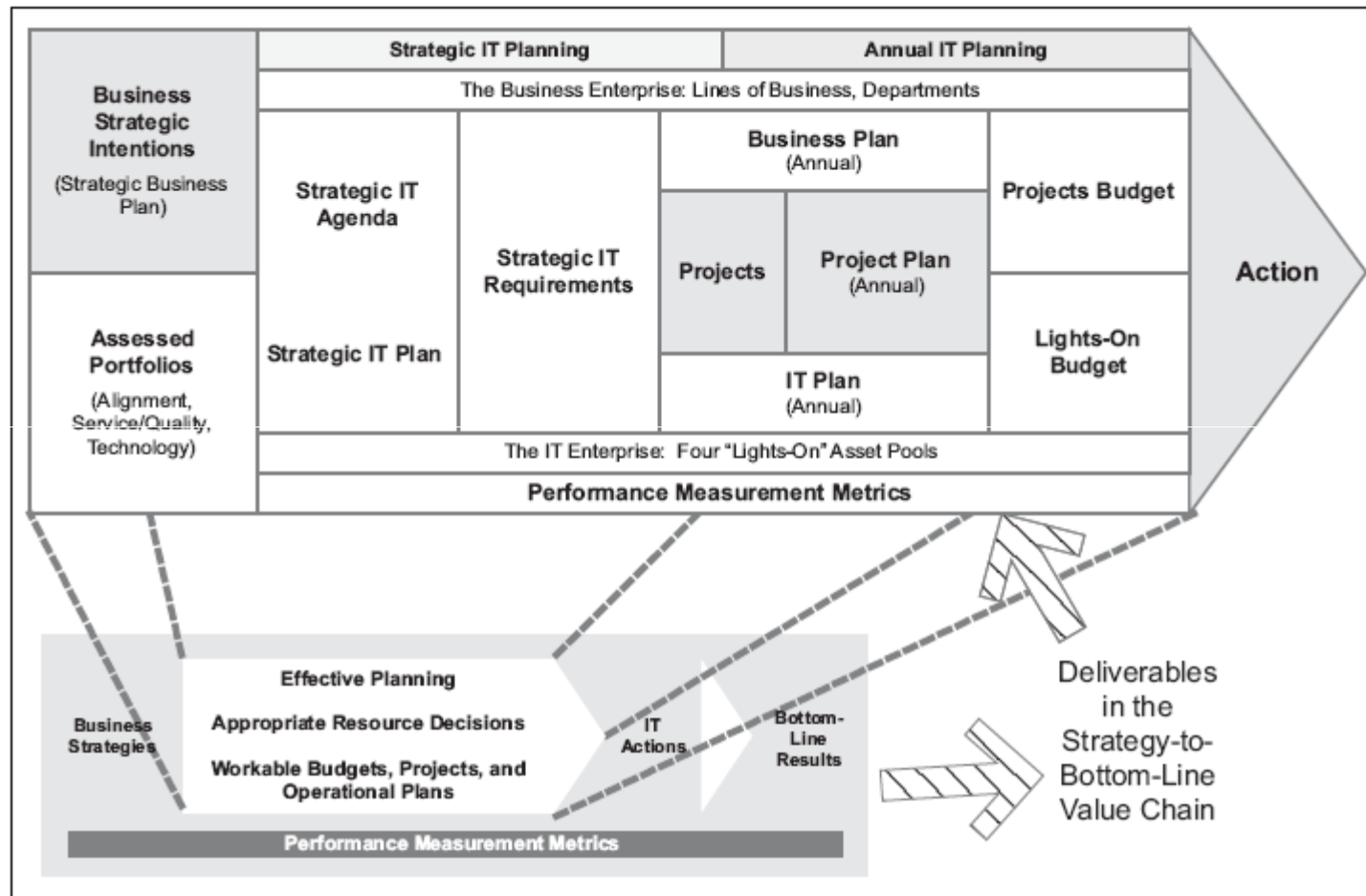
- Business and IT planning processes are **fully connected** and **integrated**.
- IT-enabled innovations **impact** business planning and result in new business strategies and improved ways to implement current business strategies.
- IT investments are **prioritized** against business strategy.
- The entire IT spend—including development, operations, maintenance, and services—is **aligned** with business strategy.
- IT business and technical performance is **tracked**.
- Business and IT management teams consistently **execute the management processes** that improve IT's contribution to the business's bottom-line performance.
- Planning and management processes focus on the entire IT investment, including both Lights-On and Projects.
- IT and business managers participate effectively in these management processes.

What's IT Strategy using for practically?

EXHIBIT 1.5 New Information Economics Practices



Strategy-to-Bottom-Line Value Chain



AFFORDABILITY AND IMPACT

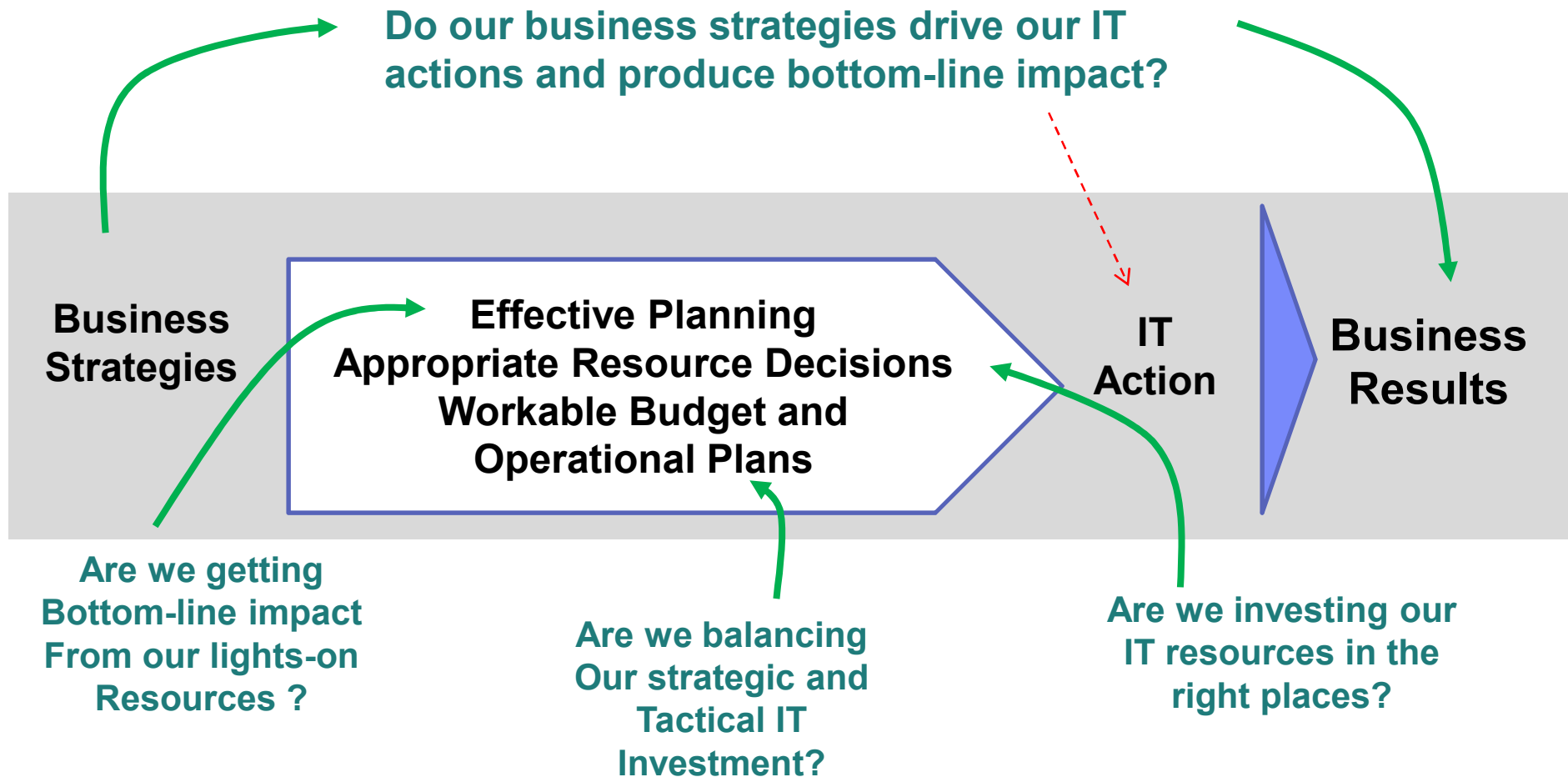
AFFORDABILITY QUESTIONS

- What can we afford to spend on IT?
- Can we reduce unnecessary IT costs?
- Can we redeploy expenses to support needed projects?

IMPACT QUESTIONS

- Are we investing IT resources in the right places?
- Do our business strategies drive our IT actions and produce bottom-line impact?
- Are we getting bottom-line impact from our lights-on resources?
- Are we balancing our strategic and tactical investments?

IMPACT QUESTIONS: THE ROADMAP FOR THE RIGHT ACTIONS

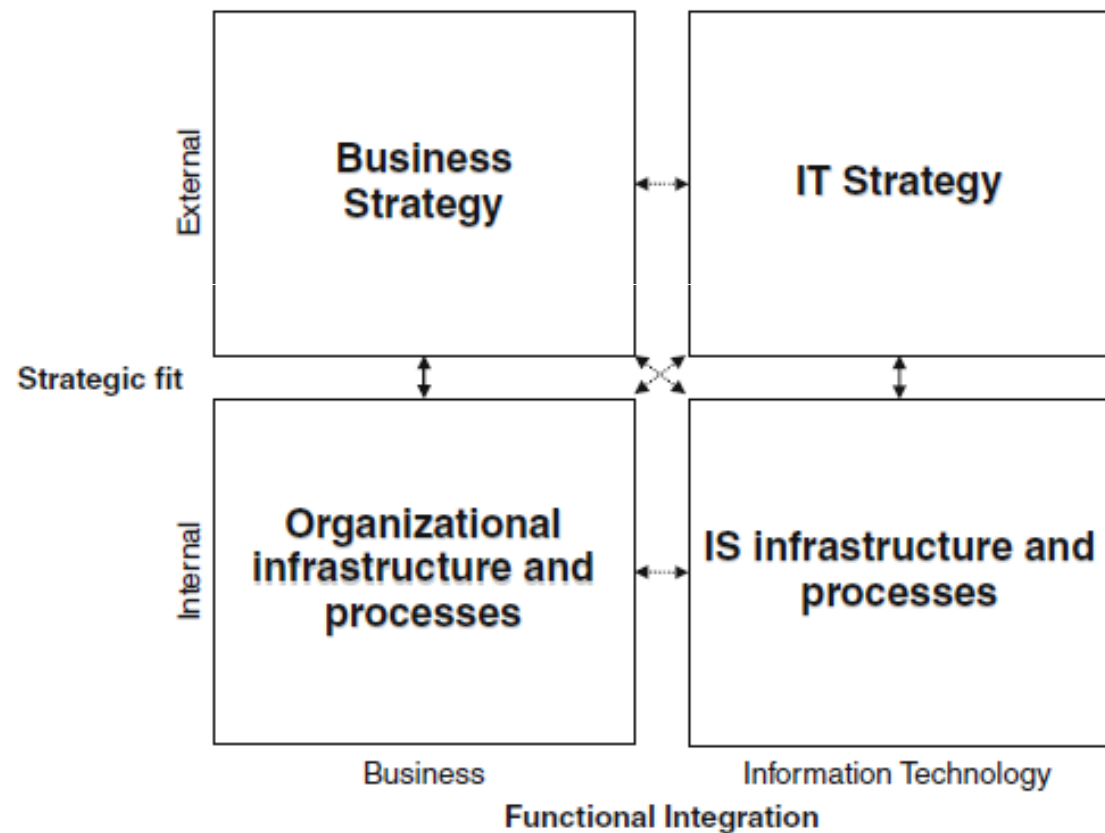


IT Strategy Position in IT Governance (Cobit)

[Germ] Chap XI

- Alignment of IT has been synonymous with IT strategy

**Strategic
Alignment Model
(SAM)
Henderson dan
Venkatraman**

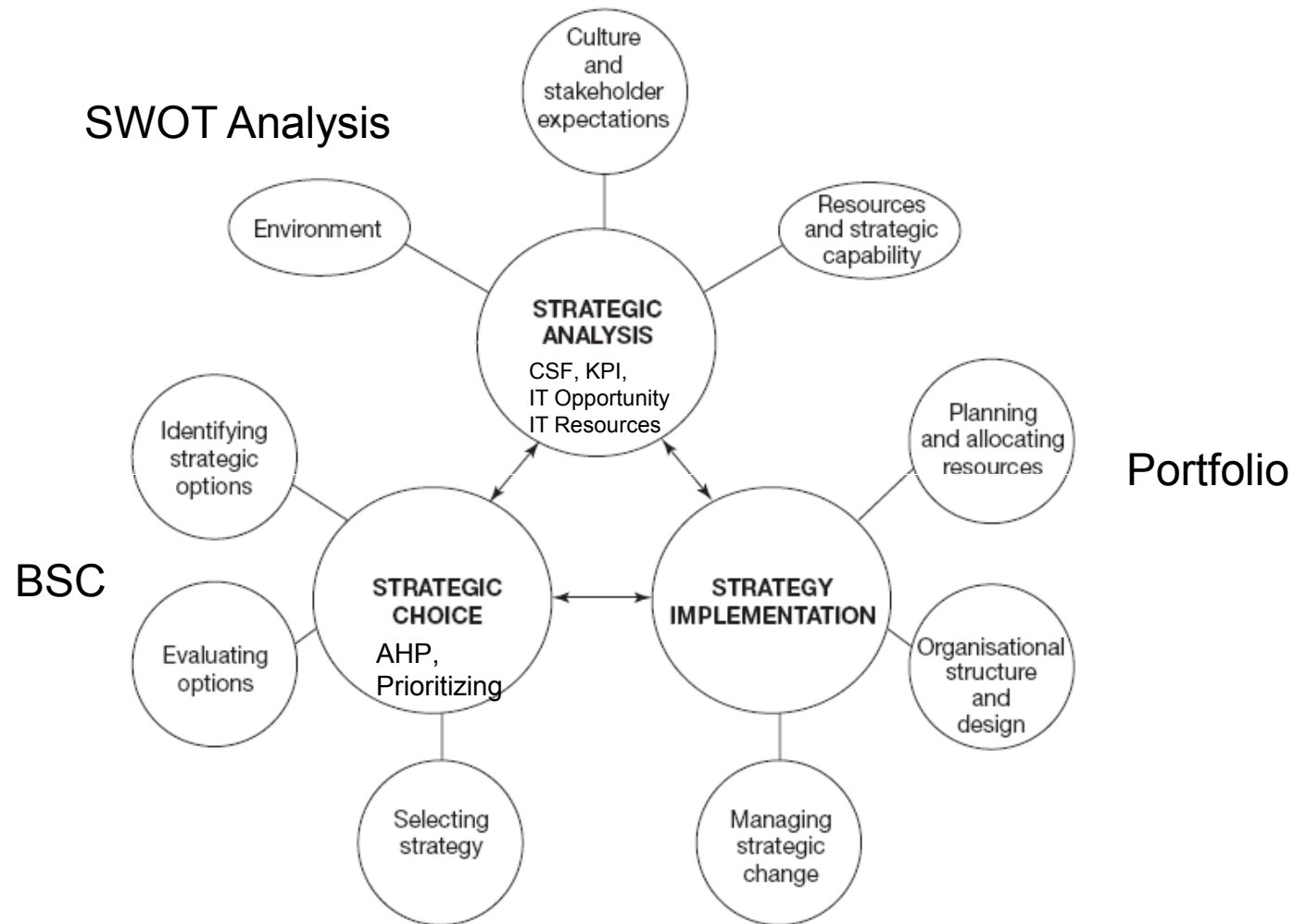


IT Strategy Position in IT Governance (Cobit)

[Germ] Chap XI

- Alignment of IT has been synonymous with IT strategy
 - Ascertaining that IT strategy is aligned with enterprise strategy
 - *Cascade strategy, policies and goals down into the enterprise and align the IT organisation with the enterprise goals*
- Planning and Organisation: This domain covers IT strategy
 - *Provide organisational structures to support the implementation of IT strategies*
 - Directing IT strategy to balance investments between supporting and growing the enterprise
 - Balanced Scorecards translate strategy into action to achieve goals
- Acquisition and Implementation: To realise the IT strategy
 - Are sufficient IT resources, infrastructure and competencies available to meet strategic objectives?

How is to do IS Strategy?



A planning framework for strategy

Source: Johnson and Scholes (1993: 23) in Clarke