

Chap 2

Alignment IT with Business Design

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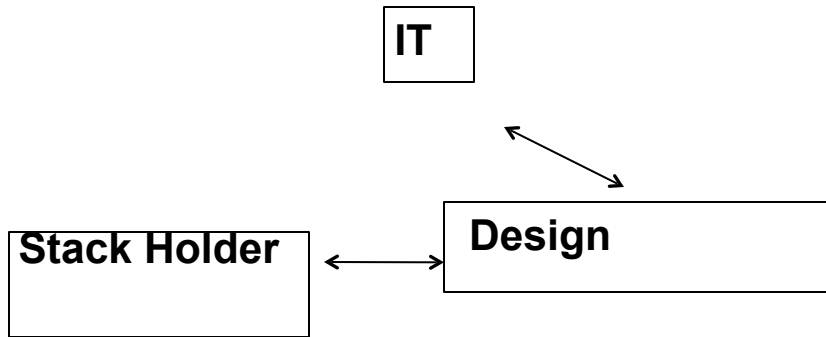
Chap 2

IT Alignment with Business Design

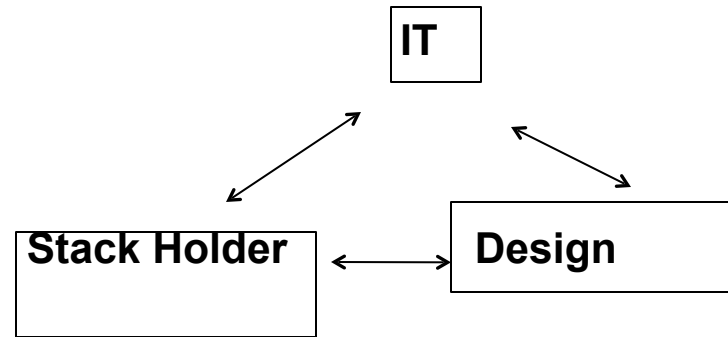
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Role of IT in (Business) Design

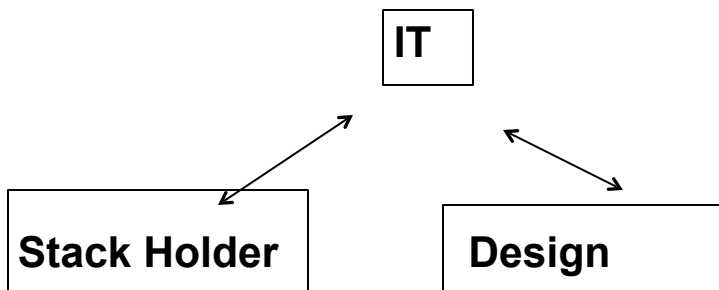
IT – Assisted Business



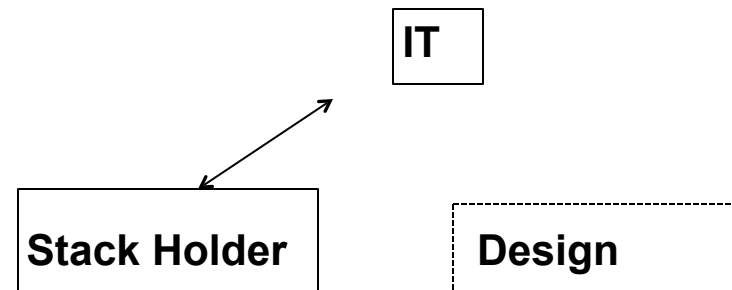
IT – facilitated Business



IT – Mediated Business



IT – generated Business



Three major drivers of IT-Design Production

1. The need to **align technology Design projects with strategic organizational goals**, ensuring they deliver planned value (project governance)
2. The search for **competitive advantage** in the dynamically changing information economy through intellectual assets, information, and IT
3. The proliferation of threats to **intellectual assets, information, and IT**. E.g. Watermarking

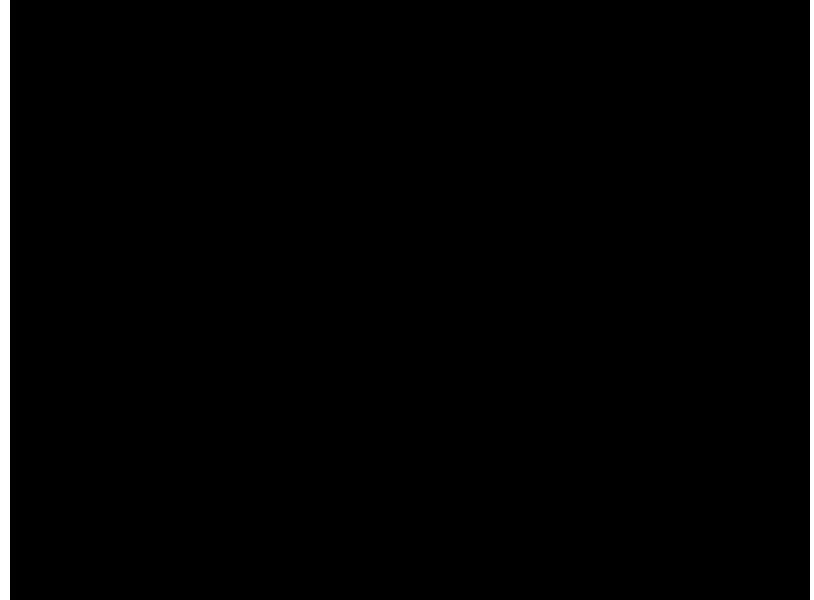
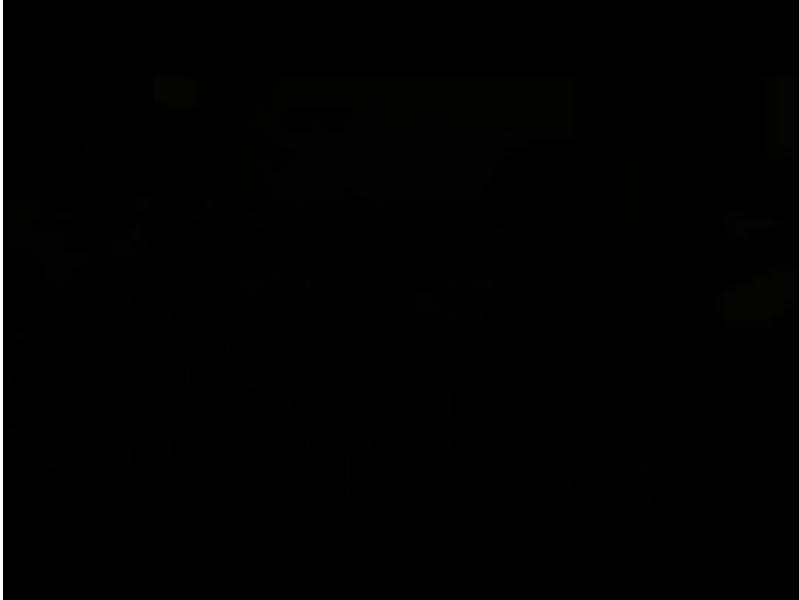
Business Promotion iconing Beautiful Celebrity



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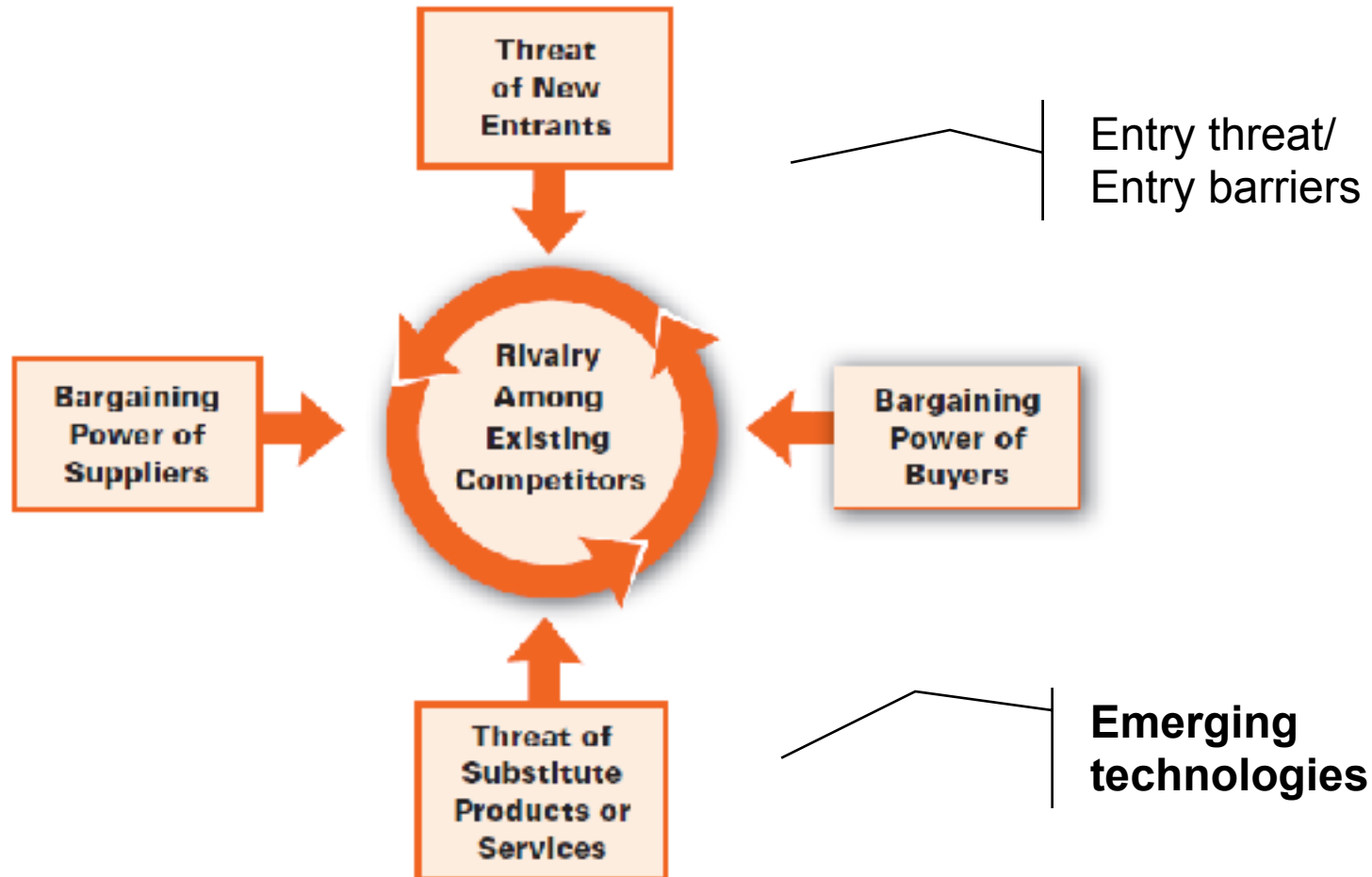


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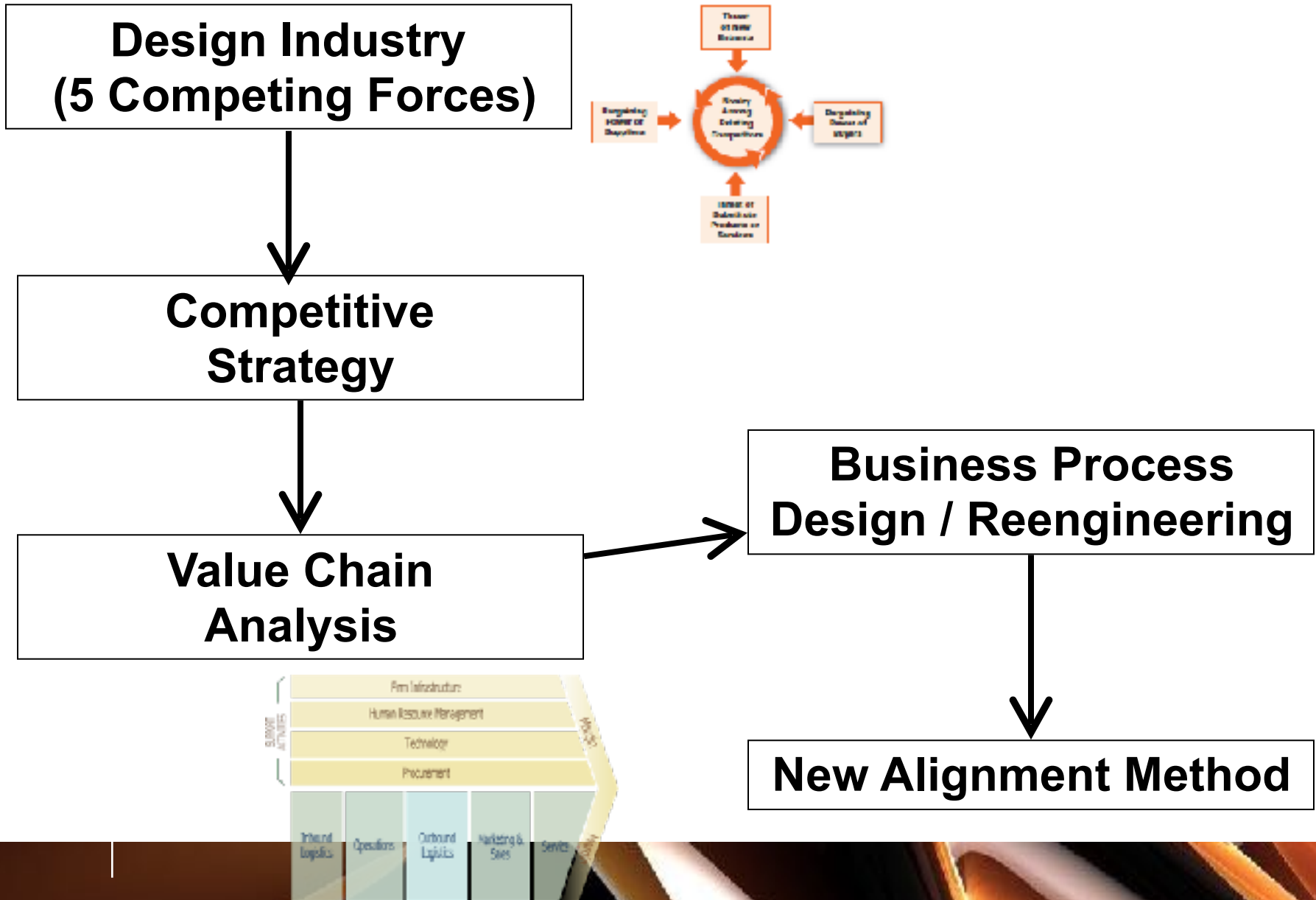
What're strategy to make IT-Design Project alignment with Business Goal ?

- Understandability (clear goal, focus, scope)
- Realizable (phase/timing bound, effective)
- Robustness (standard, policy)
- Completeness (still efficient, Portfolio, Project Management)
- Consistency
- Stability in skill and quality (enduring, amendment)
- Repeatable and measureable ,(Strategy as pattern)
- Observable

The Five Forces That Shape Industry Competition



Alignment Strategy for IT Design Project



Porter Generic Strategies



- Cost Leadership: High volume and low profit margin
- Differentiation strategy: High margin/price, low volume
- Focus

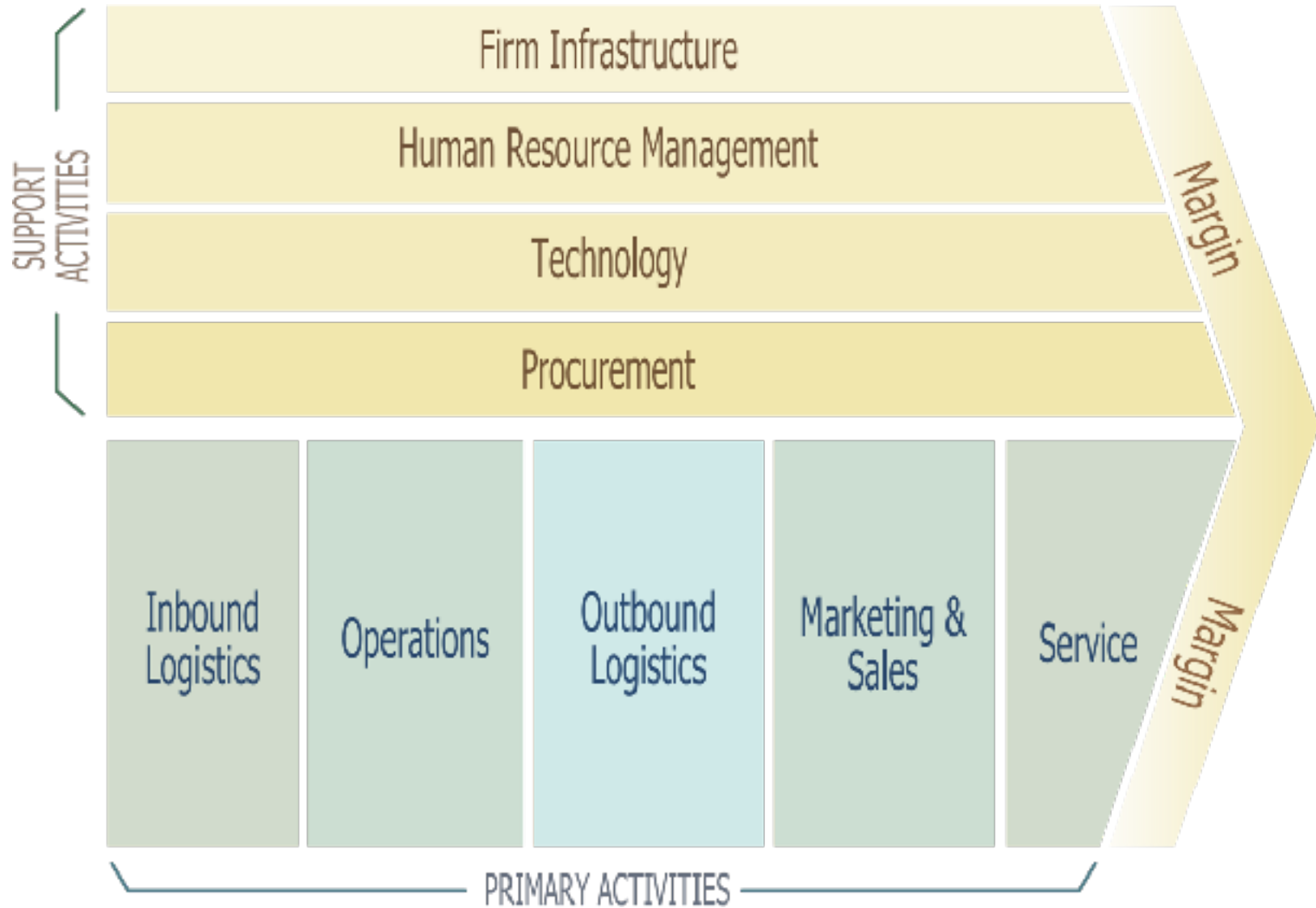
Target Scope	Advantage	
	Low Cost	Product Uniqueness
Broad (Industry Wide)	Cost Leadership Strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (low cost)	Focus Strategy (differentiation)

Source: http://blogs.hbr.org/cs/2011/08/why_hps_departure_from_the_pc.html

Generic Strategies and Industry Forces

<i>Industry Force</i>	<i>Generic Strategies</i>		
	Cost Leadership	Differentiation	Focus
Entry Barriers	Ability to cut price in retaliation deters potential entrants.	Customer loyalty can discourage potential entrants.	Focusing develops core competencies that can act as an entry barrier.
Buyer Power	Ability to offer lower price to powerful buyers.	Large buyers have less power to negotiate because of few close alternatives.	Large buyers have less power to negotiate because of few alternatives.
Supplier Power	Better insulated from powerful suppliers.	Better able to pass on supplier price increases to customers.	Suppliers have power because of low volumes, but a differentiation-focused firm is better able to pass on supplier price increases.
Threat of Substitutes	Can use low price to defend against substitutes.	Customer's become attached to differentiating attributes, reducing threat of substitutes.	Specialized products & core competency protect against substitutes.
Rivalry	Better able to compete on price.	Brand loyalty to keep customers from rivals.	Rivals cannot meet differentiation-focused customer needs.

Value Chain



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