

Chapter III:
INFORMATION SYSTEMS STRATEGY : System Failure, Strategy Alignment, Diversification

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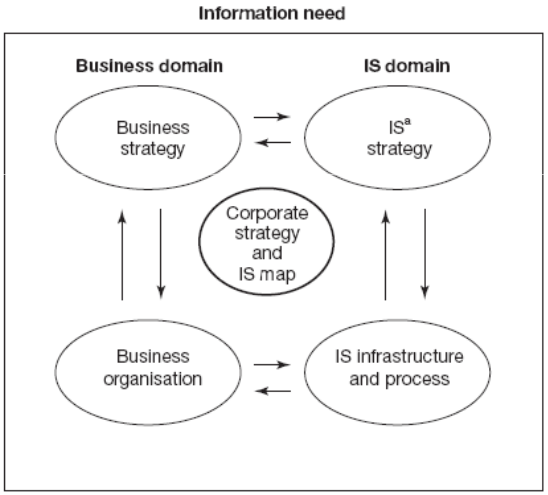
Kegagalan Sistem Informasi

- Jika strategi tidak jalan maka ada kemungkinan terjadi kegagalan Sistem Informasi
- Klasifikasi Kegagalan Sistem Informasi (Information System Failure) [Lyytinen and Hirschheim (1987)]:
  - correspondence failure
  - process failure
  - interaction failure
  - expectation failure.

Strategy Alignment

- Not all organisation have a corporate or business strategy
- Not all company based technology, ilT not drive organisation technology

Extended strategic alignment model



CASE EXAMPLE

Strategy Formulation in UK Universities: The 'Value for Money' Study

In mid-1998, the Higher Education Funding Councils for England, Scotland and Wales and the Department of Education in Northern Ireland commissioned an 'Information Systems and Technology Management Value for Money Study', in which are outlined recommendations for formulating information strategic planning within higher education institutions (mostly universities) in the UK. The key findings of the study may be summarised as:

- Few institutions have a formal *information strategy.*
- Most have a formal *information systems and/or information technology strategy.*
- Few IS or IT strategic plans cover the use of IS or IT throughout the institution.
- Few IS or IT strategic plans link the use of IS or IT to the institution's overall strategic objectives.
- Some institutions have identified the financial and physical resources of the central IS or IT function, but none has a resource model for the institution's IS or IT provision as a whole.

In summary, the key objectives to emerge from this study are a need to:

- Align information strategy with the organisation's overall strategic mission.
- Enable planning and monitoring of IS and IT.
- Identify the resources necessary to deliver the strategy.

THE PROCESS OF STRATEGIC ALIGNMENT IN PRACTICE

Table 5.1 **Planning in stages**

Timeframe/ factor	*Stage 1*	*Stage 2*	*Stage 3*	*Stage 4*	*Stage 5*
Task	IS/IT mapping	Business direction	Detailed planning	Competitive advantage	IT strategy connection
Objective	Management understanding	Agreeing priorities	Firming up the IS strategic plan	Finding opportunities	Integrating IS and business strategies
Direction/ involvement	DP/IT lead	Senior management drive	Users and IS mainly involved	Executive management and users	Partnership of users, general management and IS
Methodological emphasis	Bottom-up survey	Top-down analysis	Matching top-down and bottom-up plus investigations and prototypes	Inside-out processes	Multiple methods accepted
Planning context	Inexperience/ unawareness	Inadequate business plans for the purpose	Complexity apparent	Impatience	Maturity

(Source: Earl, 1989: 86)

DETERMINING THE CURRENT STATUS OF IS AND CORPORATE STRATEGIC PLANNING IN THE ORGANISATION: THE IS MAP

- **Mapping the curret position of strategy stage**
- **Manage suit strategy process**

The alignment perspective

- **Venkatraman *et al.* (1993) refer to four perspectives:**
  - strategy execution;
  - technology potential;
  - competitive potential;
  - service level,

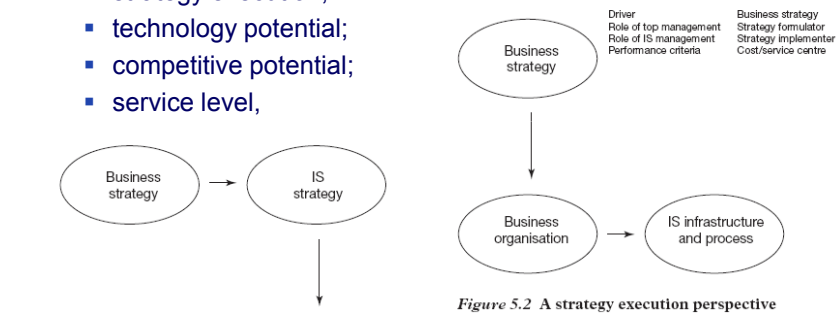


Figure 5.2 **A strategy execution perspective**

Figure 5.3 **A technology potential perspective**

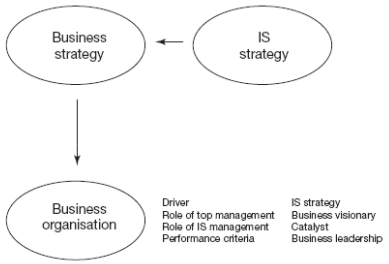
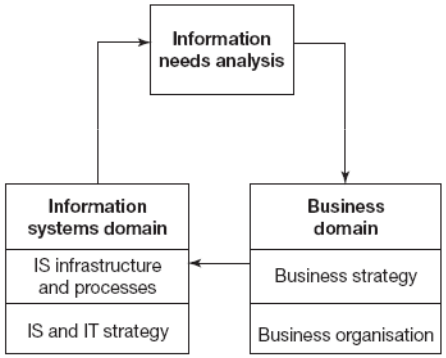


Figure 5.4 **A competitive potential perspective**



Figure 5.5 **A service level perspective**

STRATEGIC ACTION



Structure for corporate information

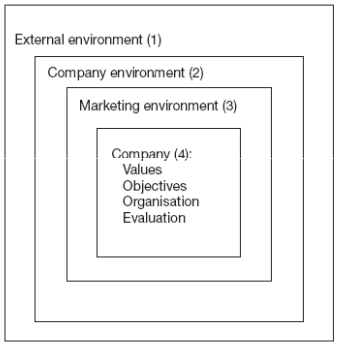


Figure 5.7 **Structure for corporate information**

Source: Adapted from Baets (1992)

Analysis of IT Infrastructure using strategic grid

STRATEGIC	**HIGH potential**
Critical to the business and of the greatest potential value	Potential value high but not confirmed
Essential for primary processes	Needed to support the business but of little strategic value
FACTORY	**SUPPORT**

Figure 5.8 **The strategic grid**

Source: McFarlan (1989)

The technology life cycle

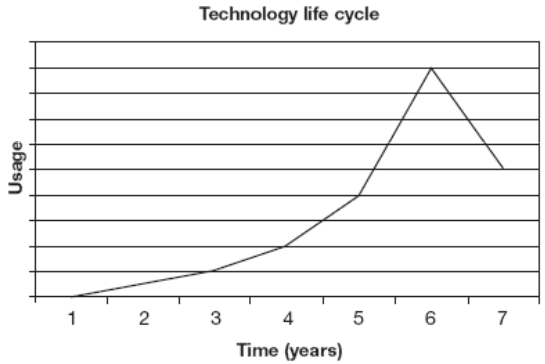


Figure 5.9 **The technology life cycle**

the objectives of application portfolio and technology management are:

1. To conduct internal and external audits to determine the current position regarding applications used and the technology used to support them;
2. To use the audits to determine the applications and technologies available to the organisation;
3. To classify applications according to the strategic grid :
   this should be done for both current and intended or available applications;
4. To determine the available technologies, categorised as emerging, pacing, key or base
5. to match currento applications and technologies to those available.

Technology implementation

