

IT Strategy



KNOW*Digital*

April 29, 2020
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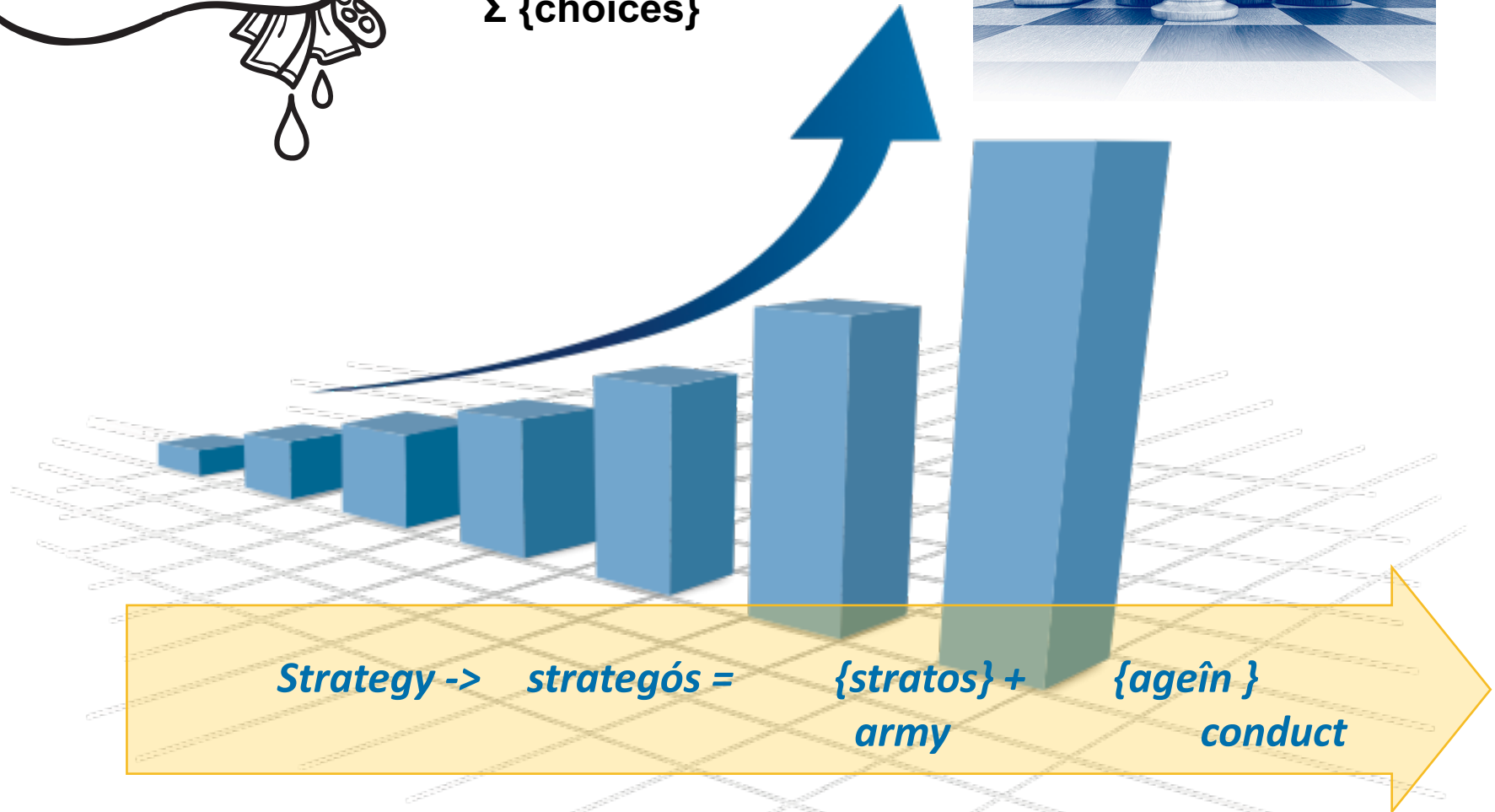
- Business Strategy
- Alignment Business - IT
- IT Strategy easily done (top-down)
- Key elements of an IT Strategy (bottom-up)
- Exercise: Defining an IT Strategy

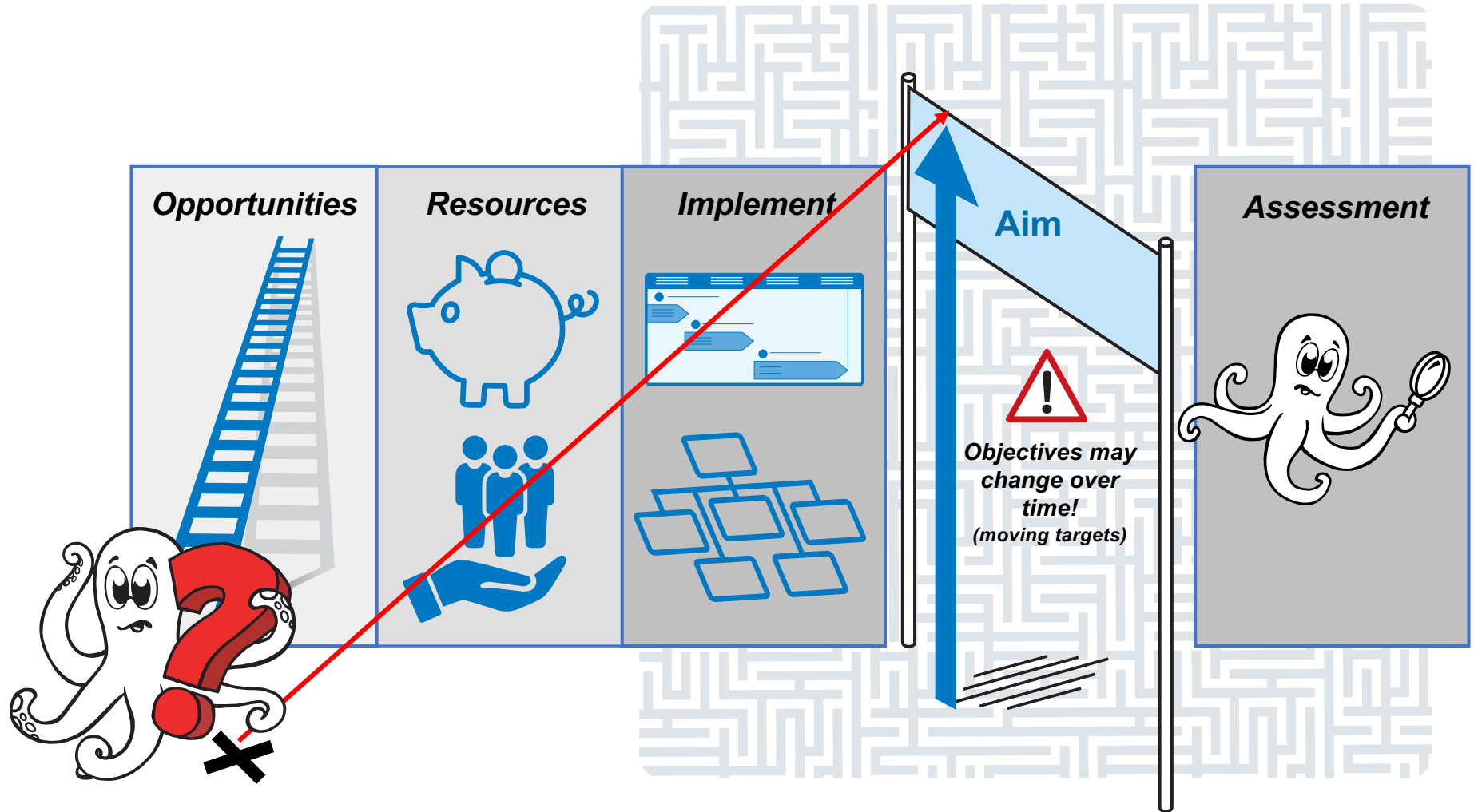


Definition of business strategy



Business strategy =
 Σ {choices}







Products / Technologies

- Technologies
- Knowledge and competencies / Patents
- Added value analyses
- Economies of scale
- Leverage of competition

Markets / Customers

- Location
- Market shares
- Identification of customers
- Decision mode of customers
- Motivation for purchasing
- Market rules and regulations
- Market trends

Competitors / Environment

- Identification and classification of competitors
- Market shares per competitor
- Vertical versus horizontal integration
- Financial analyses
- Positioning of the company





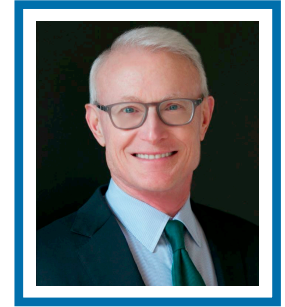
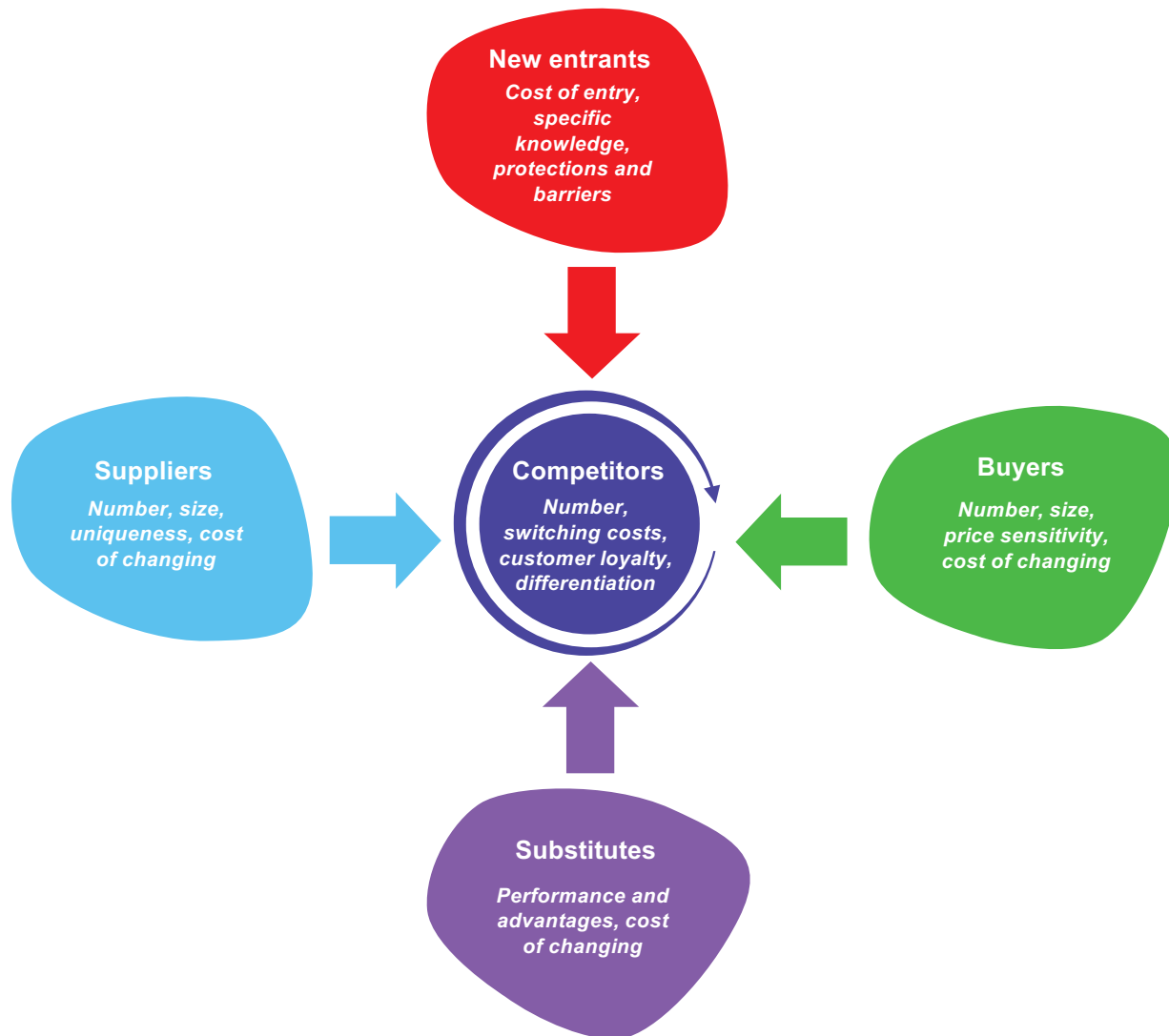
Shareholder
Value

Stakeholder
Value

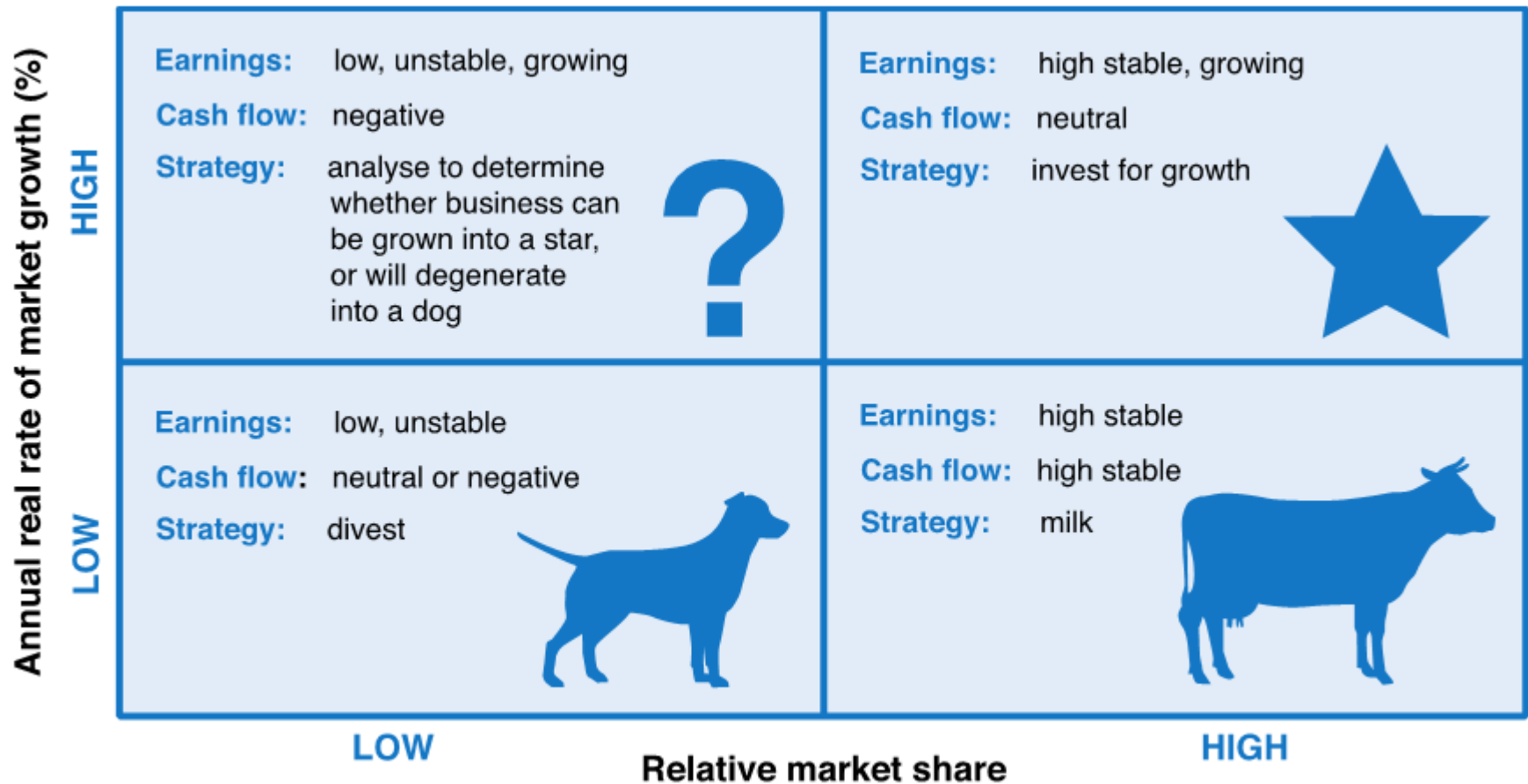


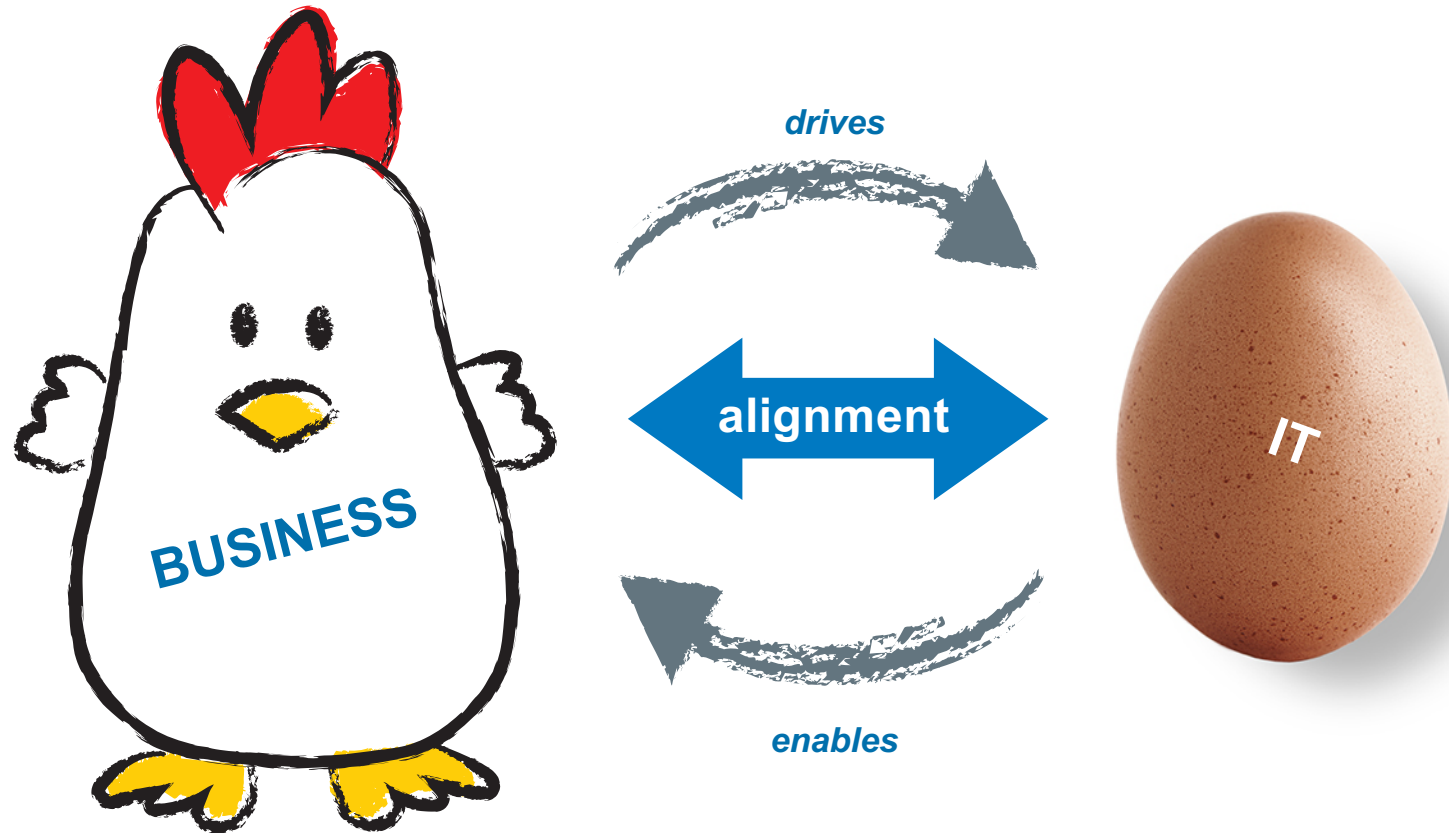
Edward
Freeman

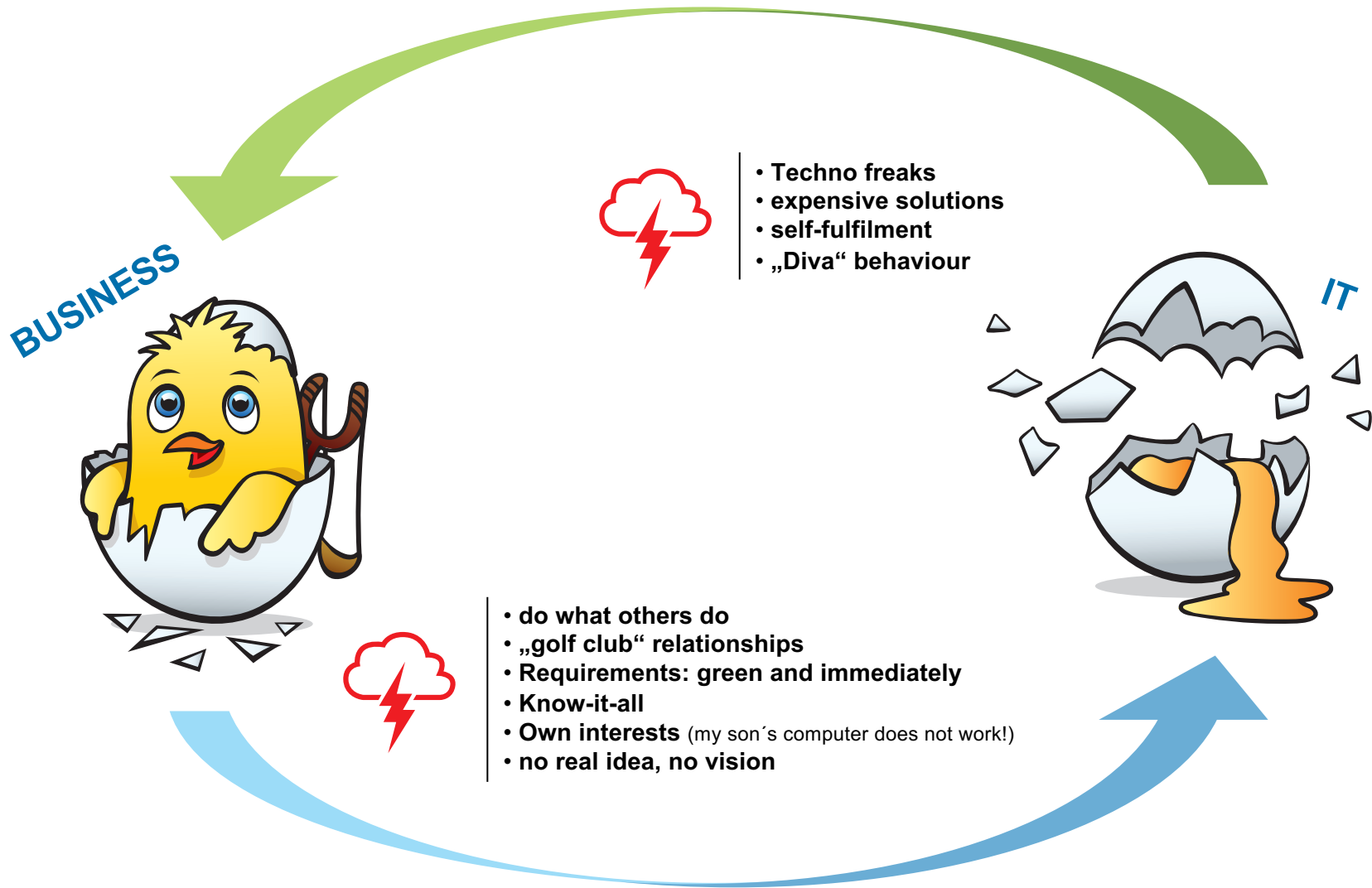
5 competitive forces analysis

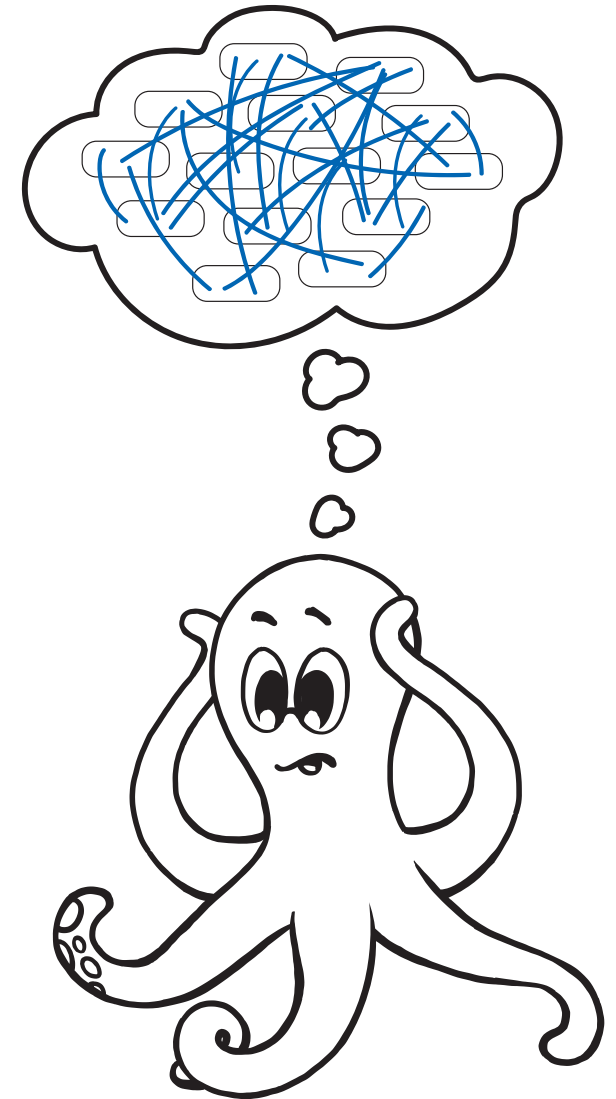
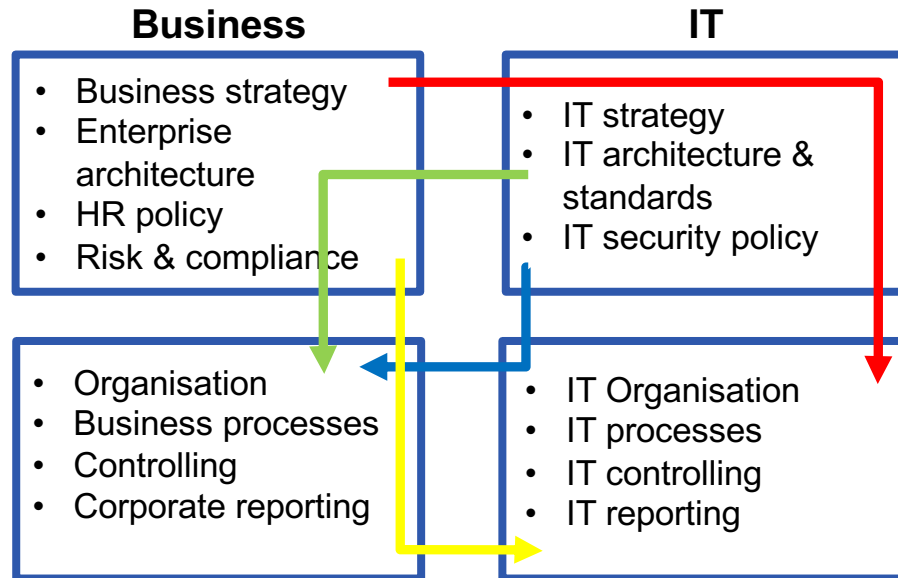


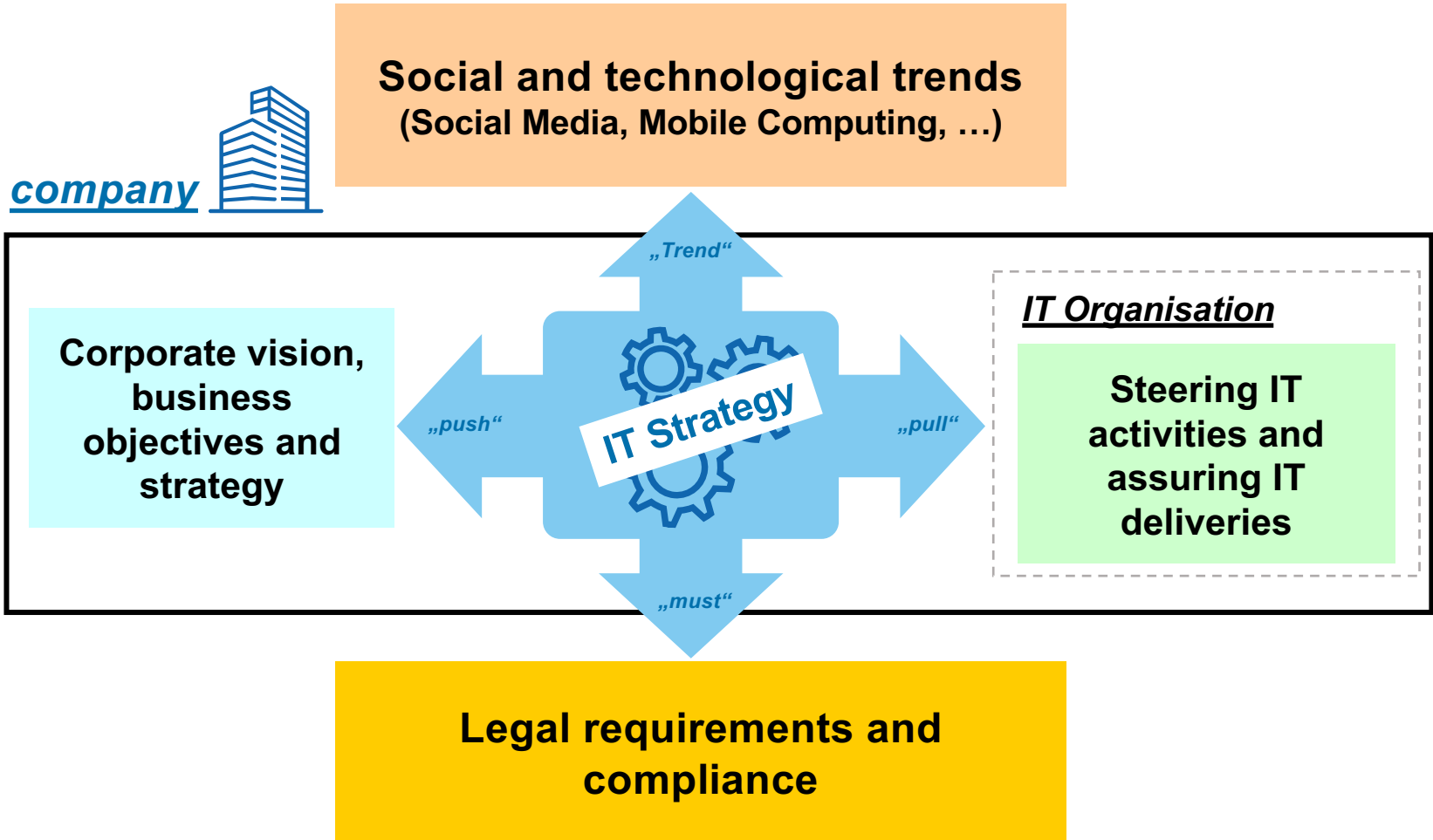
**Michael
Porter**











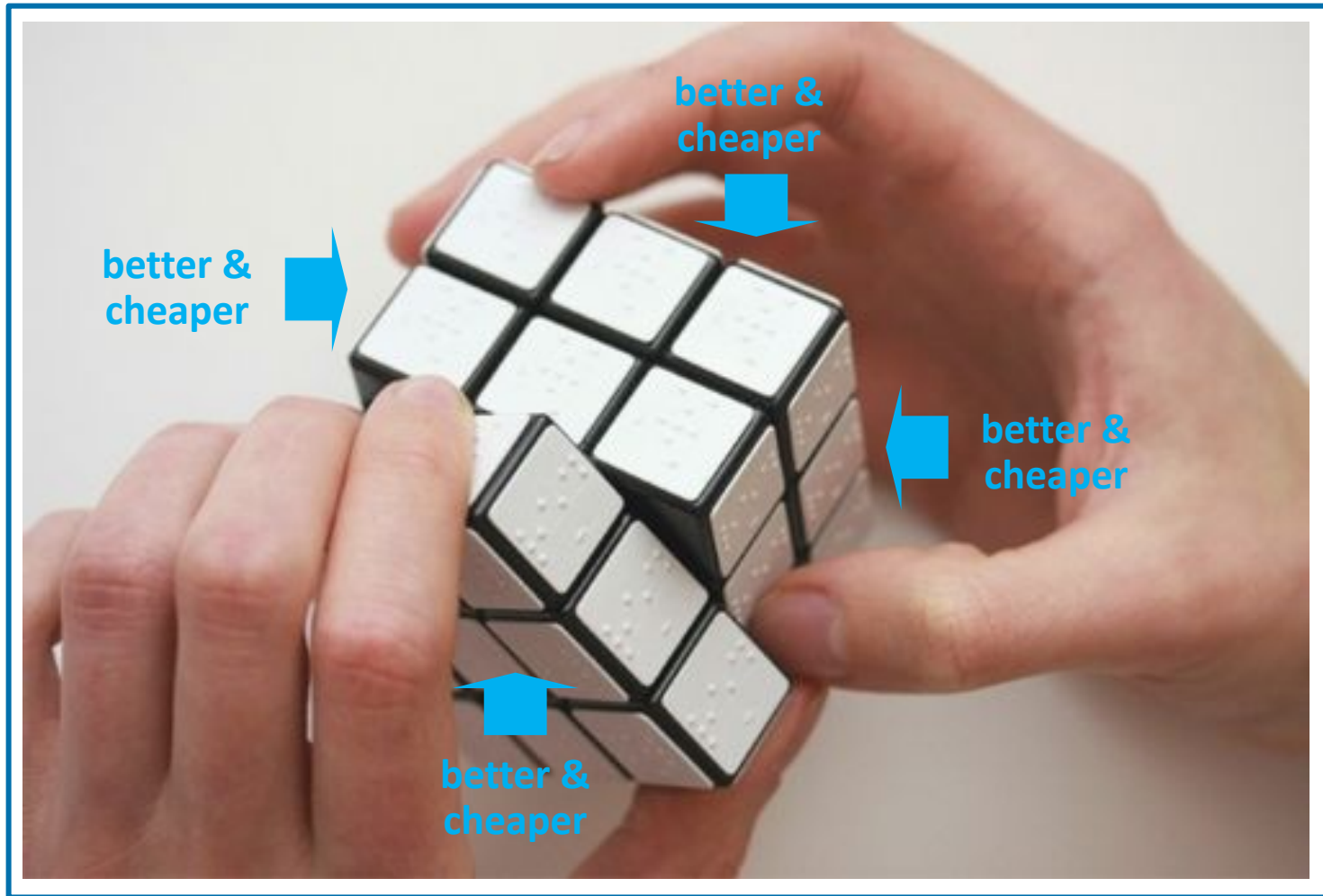


Cheaper



Better

What do we do now?



IT Strategy should look like an hamburger



Easy to handle

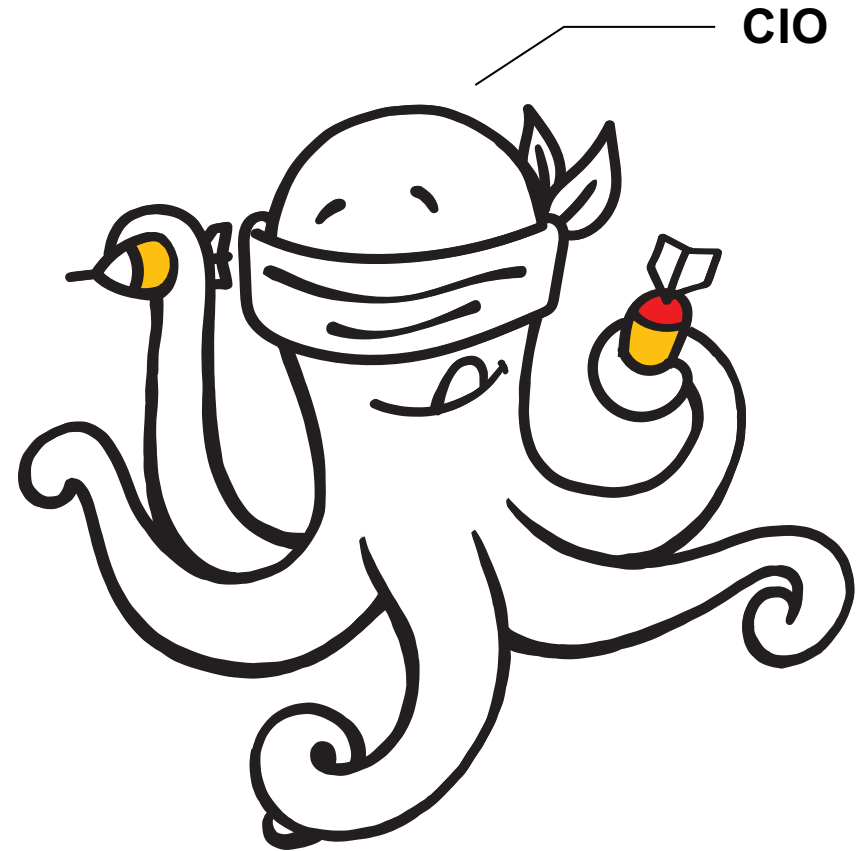
Tasty

Always available

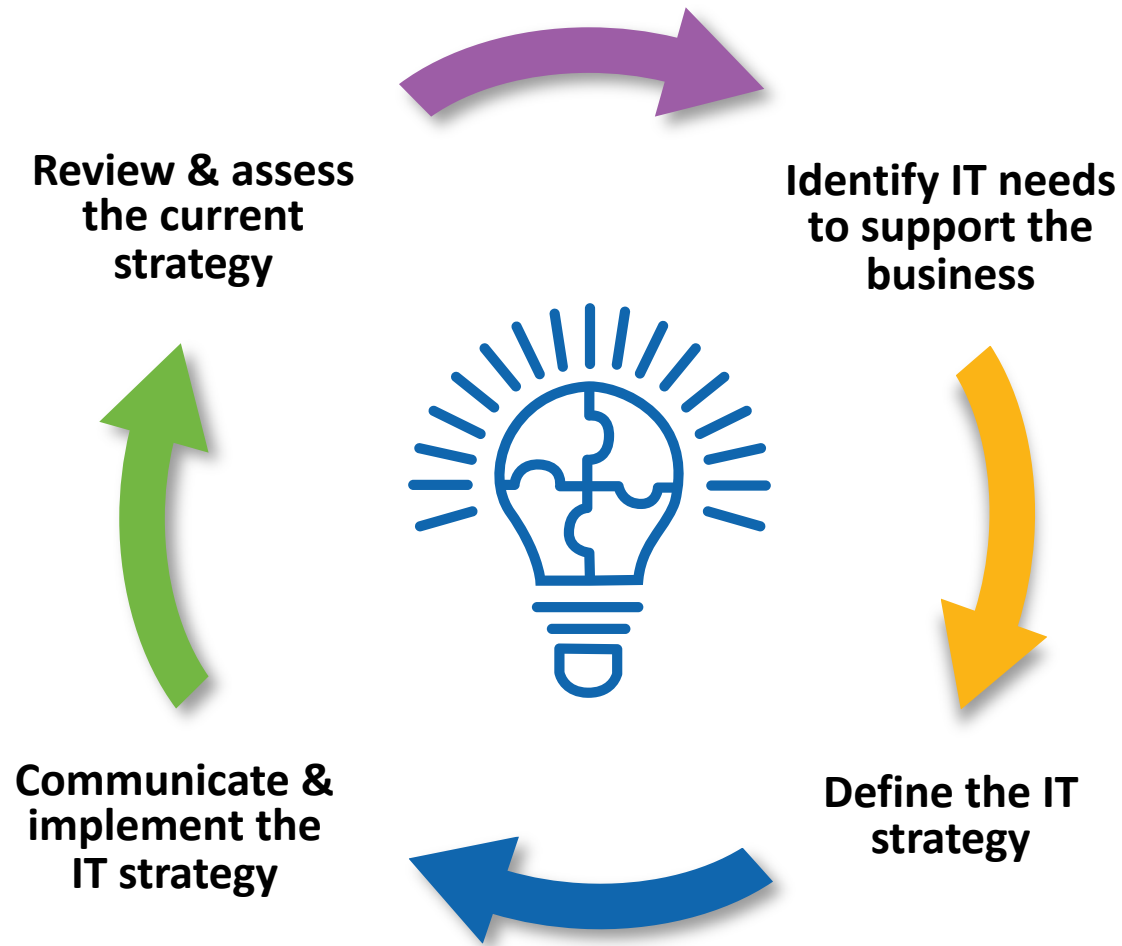
Cheap

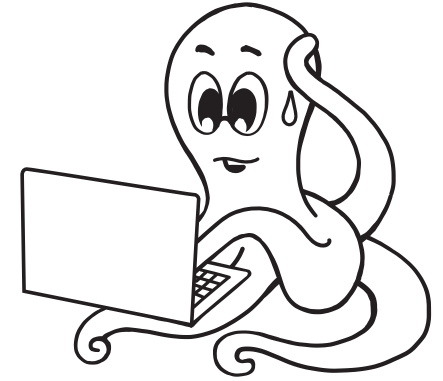
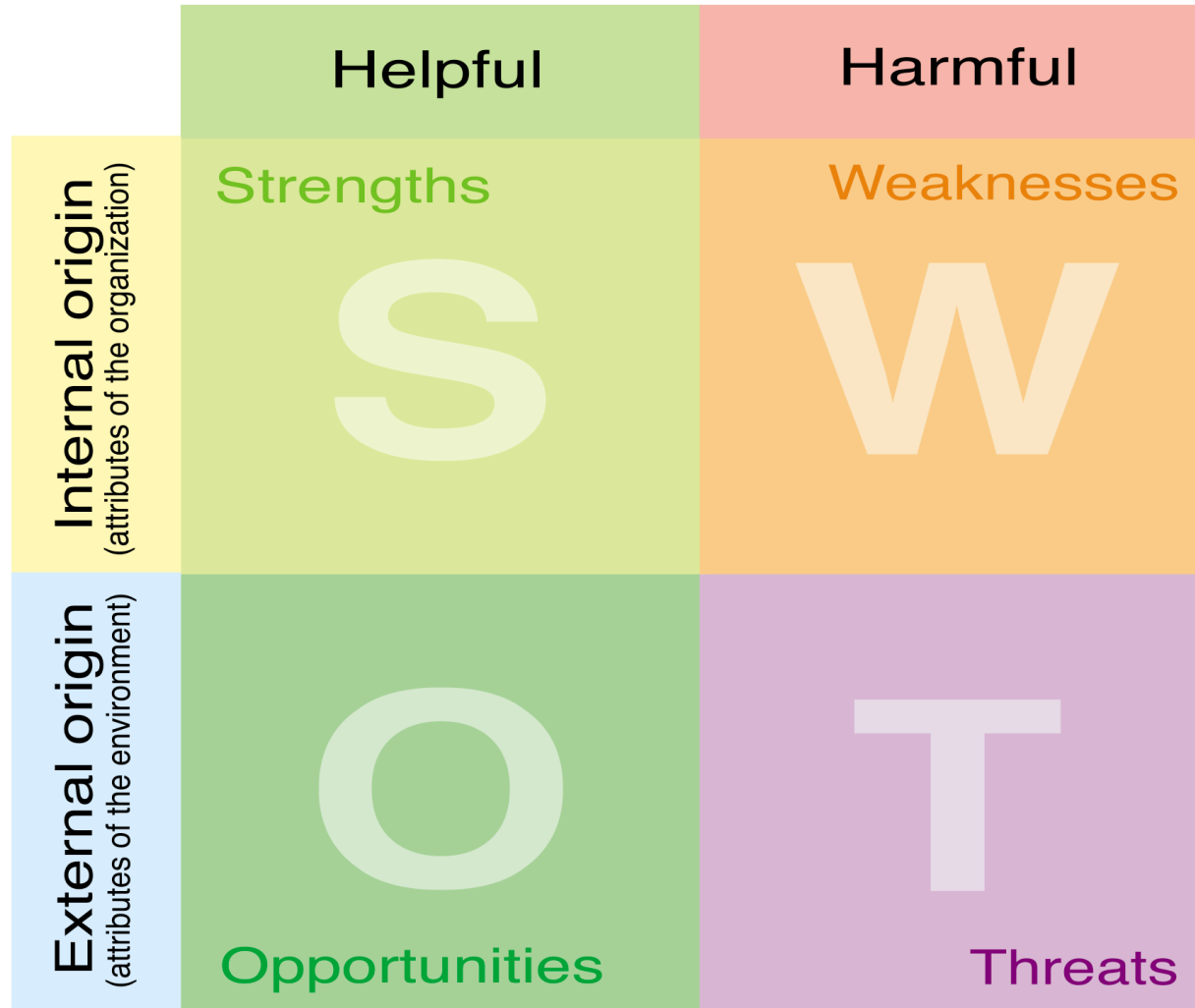




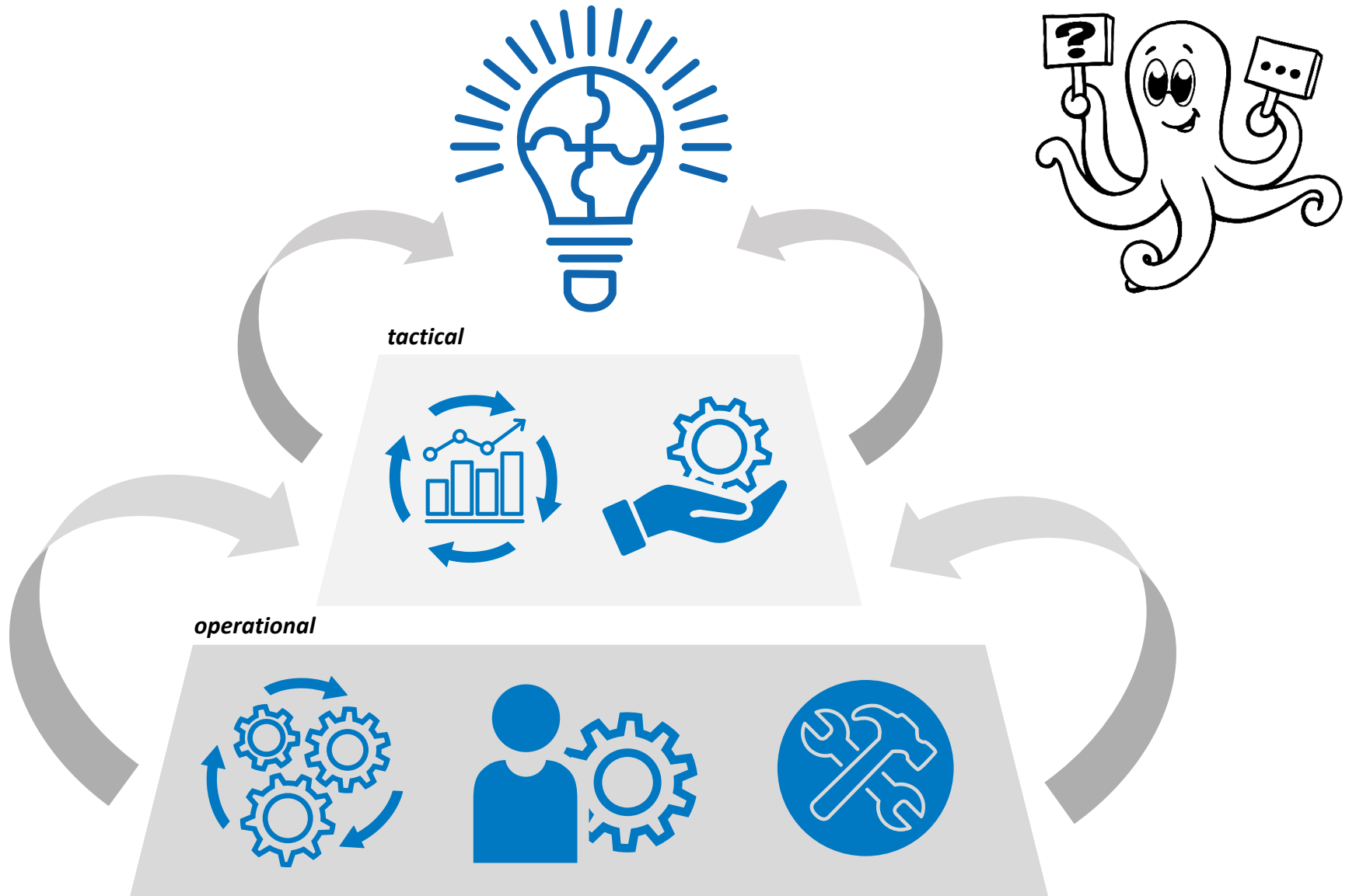


CIO



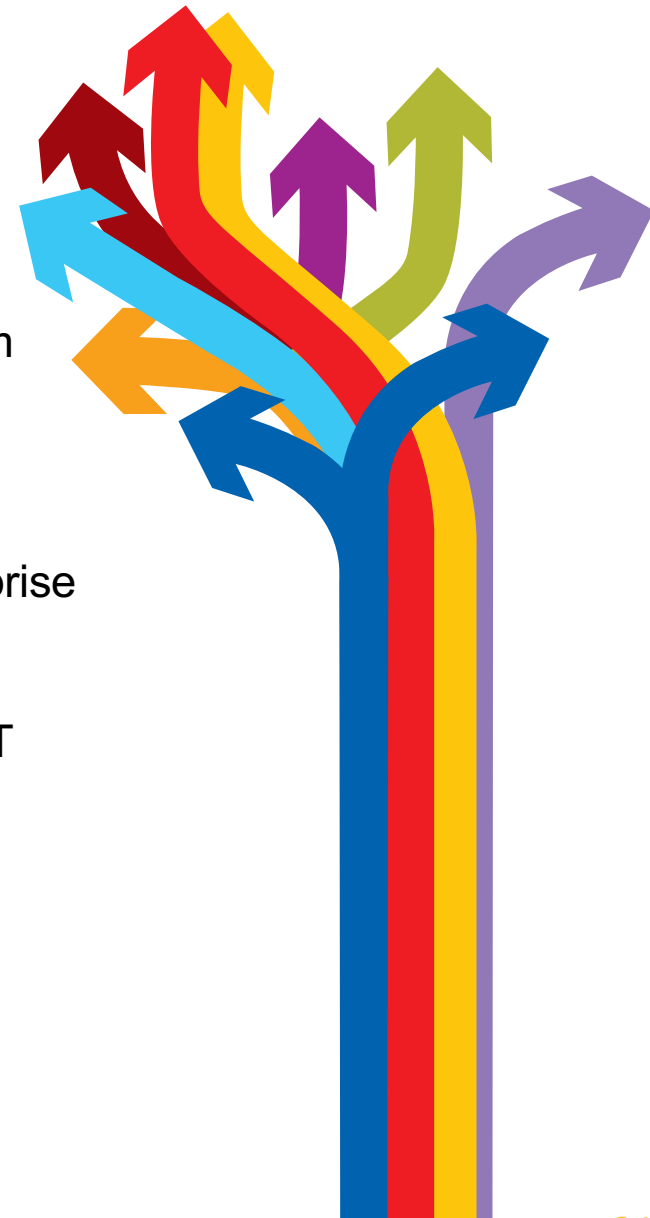


Bottom-up Approach: what is needed in an IT Strategy?





- **Element 1**
Definition of the IT organization (make-or-buy)
- **Element 2**
Identifying appropriate IT partners, especially for long-term partnerships
- **Element 3:**
Quality specifications according to the needs of the enterprise
- **Element 4**
Definition of the IT architecture and standards, including IT security guidelines
- **Element 5**
Definition of strategic projects
- **Element 6**
Definition of IT services required





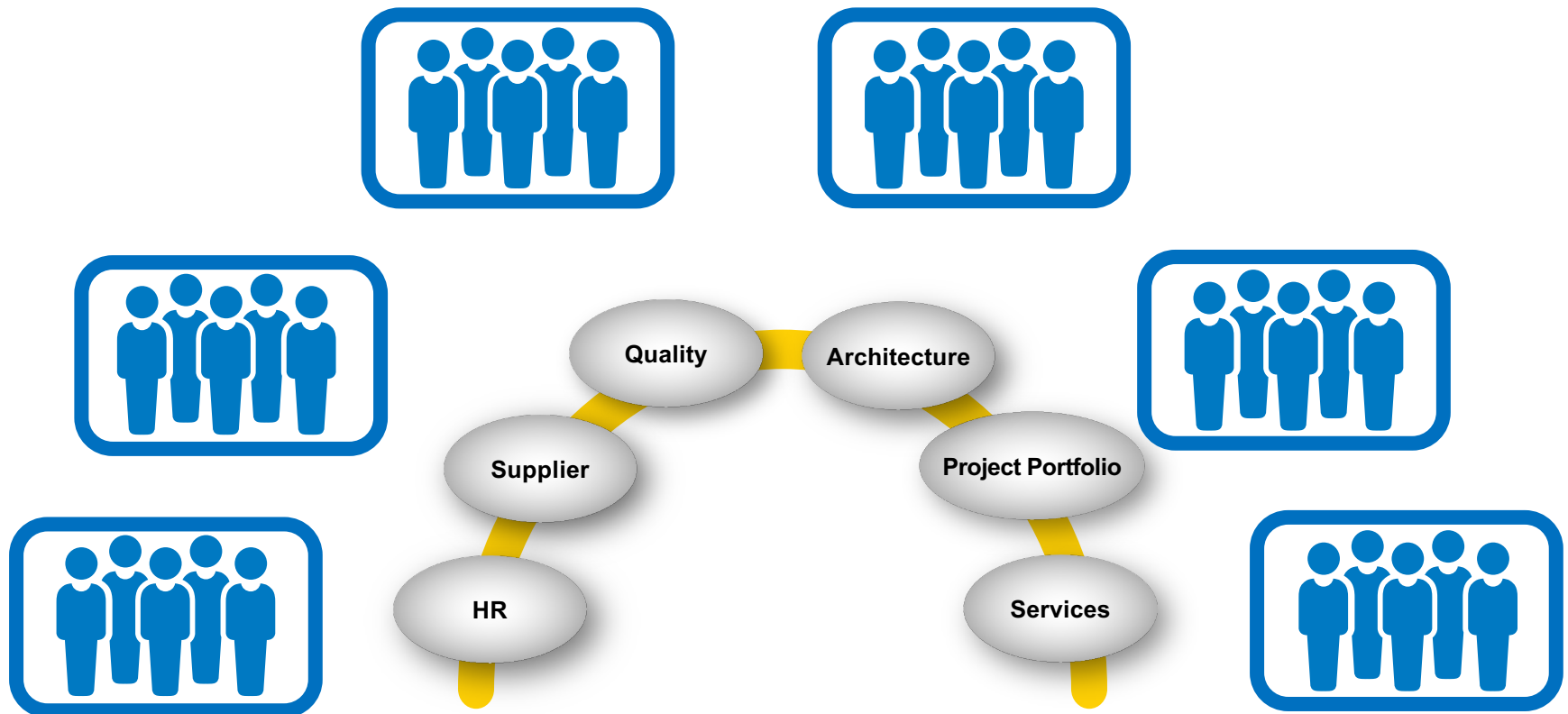
Meta Pharma was founded at the beginning of the 20th century as a local small wholesale drug business that distributes imported medications. The company wants to gain leadership on global healthcare in the 21st century.

Meta Pharma strongly developed in Europe, especially Switzerland, Germany and the Netherlands. It has chemical plants in the USA, Argentina and Brazil. In the last years, a plant was built in China and one in Korea. Biological laboratories have been launched in Germany, Switzerland, USA and China.

It employs more than 10,000 people in more than 40 countries. It produces 900 million boxes of generic drug products a year, markets its products in more than 100 countries and has an annual revenue of 2 billions US \$.

The company has done several investments in biological developments requesting high amount of money. Therefore, IT expenses need to be optimised.

The board of Meta Pharma asks you to investigate possibilities to reduce IT costs, especially by analysing different project proposals to save costs on mid-term perspective.





HR

Design the IT organisation and manage competencies

- How many internal FTEs (full-time equivalents)?
- Which IT competencies need to be kept and developed internally?
- Which Organigram?

Supplier

Work with trustful external partners

- Which Sourcing Strategy?
- IT Outsourcing? If yes, with whom?
- How can I minimize risks?

Quality

Define quality requirements

- Which quality standards must be achieved?
- Is an IT quality management system in place?
- Should we aim at an ISO certification?



Architecture

**Define IT architecture,
IT standards,
Security guidelines**

- Which IT systems are in use?
- System map: how are the different IT systems interconnected?
- Which IT standards?
- Which security guidelines?

Project Portfolio

**Select the most
appropriate projects
to be conducted**

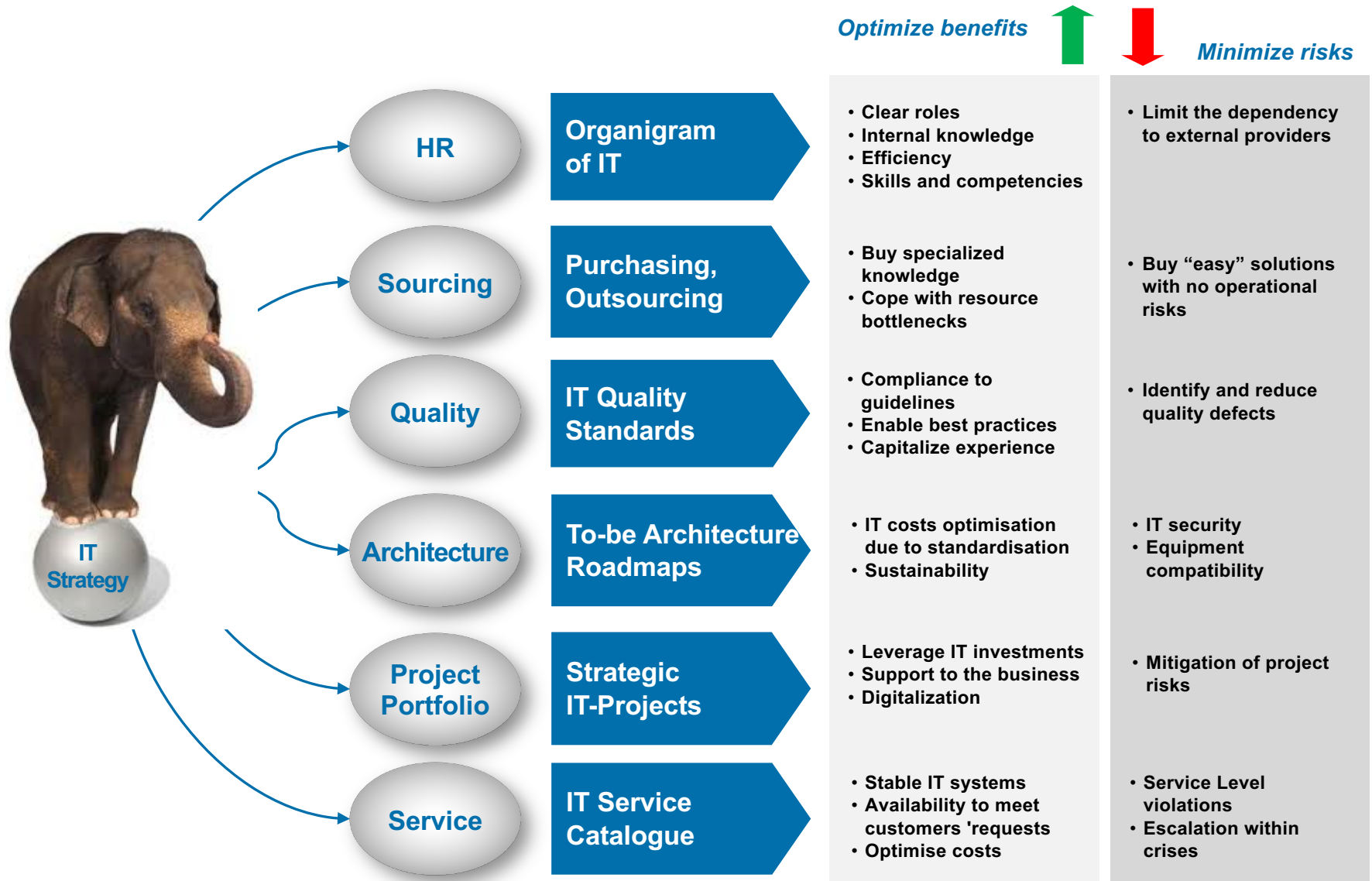
- Which projects are strategic?
- Which criteria are used to select strategic projects?
- Are business cases really implemented and monitored?

Service

**Definition and
assessment of
services delivered**

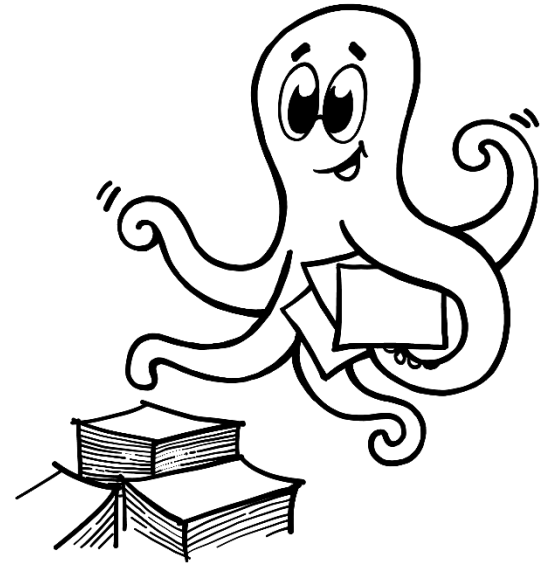
- How are IT services defined?
- How stable run IT operations?
- How expensive are IT operations and how is it run?

Finding the balance, depending on the situation





- Porter five competitive forces
- BCG Matrix “Cash cows, Stars, Dogs, Question Marks”
- 6 Elements of an IT Strategy





- Mangiapane M, Büchler R (2015) Modernes IT-Management. Springer, Wiesbaden
- Pilorget L, Schell T (2018) IT Management. Springer, Wiesbaden
- Porter ME (2008) The Five Competitive Forces That Shape Strategy. Harvard Business School





KNOWLEDGE

