Introduction to Chapter 2: Competing with Information Technology

Learning objectives:
1) Identify the basic competitive strategies and how IT can be used to confront their competitors.
2) Identify several strategic uses of IT for E-Business and E-Commerce and how they give competitive advantages to business.
3) How the value of reengineering business process frequently strategically uses E-Business technologies

Learning objectives (continued):
4) Identify the value of using E-Business technologies for quality management, becoming an agile competitor, or to form a virtual company.
5) Understand how a knowledge management system can help a business gain a strategic advantage.
6) Identify and evaluate several factors that could help a company sustain a strategic competitive advantage.

Section I: Fundamentals of Strategic Advantage

• Strategic IT: How can IT support competitive business strategies?
  – Allows for more effective business decisions, allow for dynamic and agile reorganization, and workgroup and enterprise collaboration.
• Competitive Strategy Concepts:
  – What are Cost Leadership, Differentiation, Innovation, Growth, and Alliance Strategies.
• Strategic Uses of IT: How does it lower costs, differentiate, innovate, promote growth, and develop alliances? (Fig. 2.3)

Section I: Fundamentals of Strategic Advantage (continued)

• The Value Chain and Strategic IS: How can the value chain be used to analyze importance of IS?
  – The addition of IS to business processes can be evaluated to see how much value it adds to a given process and how it creates a competitive advantage.
• Identifying E-Business and E-Commerce Strategies: What are the four strategies and how they improve business processes?

Section I: Fundamentals of Strategic Advantage (continued)

• Cost Efficiency Improvements
  – Use of internet as a cheaper and more effective alternative to increase competitive advantage.
• Performance Improvement in Business Effectiveness
  – Using IT such as intranets and extranets to improve information sharing between business and its trading partners.
• Global Market Penetration
  – Expanding business by using IT to improve connectivity with customers with value-added information services and customer support.
• Product and Service Transformation
  – Improvement of current extensive IT and deploy it to expand to new areas of the market.

Section II: Using Information Technology for Strategic Advantage

• Strategic Uses of IT:
  – Creating quality products to gain customer loyalty is the new determinant in the market. IT is used to keep track of customers preferences and trends.
  – Using “Business Process Reengineering” (BPR) with new innovation and strategy to improve costs, quality, speed, and service. There can be high benefits or costs from this strategy.
  – Use of IT for “total quality management” to improve quality of products and services over time with input from the customers.
  – Becoming an “agile company” means being able to create products that individualizes customers through cooperation with customers, able to change business process in a short time period, and to provide incentives to employees to increase productivity and innovation.
Section II: Using Information Technology for Strategic Advantage

• Strategic Uses of IT (continued):
  – Creating a “Virtual Company” that uses IT to link itself between customers, assets and ideas. This setup can adapt to the changing market environment.
  – Building a “Knowledge Creating Company” creates a think-tank that creates ideas which is disseminated throughout the company. This is done through connectivity between employees with IT.

• Three factors that contribute to the success of strategic IS:
  – The Environment, Foundation Factors, Management Actions and Strategies.