Chapter 36
IT Strategy Follows Digitalization

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ABSTRACT

The IT strategy is a key anchor for the further development of a company-centric information management. For serving as such, existing IT strategies need a regular check and revision to meet the ever-changing requirements of the companies' markets, to fit to the corporate strategy, and to get the most value out of the possibilities new IT technologies offer. The postulate is that all business areas need to think and act "digital." This, of course, does require a "digital agenda" in every business area of a company that needs to be orchestrated based on a digital corporate strategy and supported by an adequate IT strategy. For IT this means that it will move towards the role of a business enabler that delivers the fundamental layer to allow a company to participate in the digitalization trends and get the benefit of the opportunities and manage challenges successfully.

INTRODUCTION

Digitalization is one of the most powerful and important phenomenon than any technology innovation before (Nordstöm, 2015). Digitalization has an enormous value and with it everything has the capability to change (Salo, 2006). With the ability of changing the way, products and services are consumed by the suppliers, consumers and partners completely different ways traditional industries being blurred (Rai, A., Pavlou, Im, & Du, 2012; Ray, Muhana, & Barney, 2005; Sambamurthy, Bharadwaj, & Grover, 2003).

In this sense the question of a new IT strategy emerges as companies need to understand where to invest in digital technology and what it deserves to get the highest value out of this investment. Much of that investment concentrated on applying new technologies to existing products, practices and processes. Going mobile, adding analytics, or extending the online experience are essential considering the transformation of the business with digital, in the face of changing consumer expectations, options and information.

Refining the business and digitalize them is more than just extend the IT strategy with digitization by new functions and processes. Digital is more than a set of technologies. It is about the abilities those technologies create. Digital is the application of information and technology to raise human performance and in this sense the human factor is the essence of digital transformation as it creates the type of value that leads to revenue. In addition – of course - goals for creating efficiencies that largely drive down the cost of creating short-term benefits but drain the economy and growth needs to be considered. Digital technology has a transformation potential starting in its silos such mobile, cloud, process, customer, supply chain, etc. (Rai, Pavlou, Im, & Du, 2012; Klein, & Rai, 2009; Saraf, Langdon, & Gosain, 2007; D'Adderio, 2001). Now it is the time to go down to the essence of the IT strategy asking the question how can a business win using information and technology raising human performance.

DIGITALIZATION

Background

Currently we see a lot of information addressing the topic of digitalization. Beyond the pure buzz-word a lot of previously effective and useful assumptions, structures and procedures have to be adapted to become successful in the new digitalized world. Our chapter focuses on the company's IT and highlights in detail what the required changes in its various levels and dimensions for corporate IT are to meet the new digital requirements. The idea of our chapter is to make the relevant levels and dimensions transparent, outline how the various elements interfere with each other and how this transforms the corporate IT in regards to its positions and importance of the company, the structure and processes within an IT organization and the requirements towards agility and skills.

What Does Digitalization Mean?

As a trend, the substantial growth in the output in the recent years has changed. What is now of importance for many firms is the adoption of 'customer orientation through the reengineering of the value proposition of the desires and expectations declared by customers. This requires an increases for of collaboration, information sharing and flexibility (Jarach, 2002). In that sense the digitalization creates new patterns of action for the companies and especially for the IT. In simplified terms, the digitalization impacts the IT in various ways which should be reflected in an appropriate IT strategy, IT organization and IT processes. The impact the digitalization has towards the IT is huge as digital tools is to increase the coordination and adaptation possibilities since many organizations are reaching for the goal that is changing. The coordination with help of IT is possible if initial investments and adaptations to IT are made. The focus is on simple product, service and money exchange rather than knowledge or informational exchange. To move into this new digital era as a traditional organization it is necessary to accelerate the digitization of business processes that goes should go beyond simply automating an existing process. Processes must be re-invented, including cutting the number of steps required, reducing the number of documents, developing automated decision making, and dealing with regulatory and fraud issues. In parallel the operating models, organizational structures, and roles need to be redesigned to match the reinvented processes. Data models have to be adjusted and rebuilt to enable better decision making,

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