

Chapter IV

Strategic Alliances Through the Use of ICT

Reuters expects to save £150 million over the next 10 years through a £500 million outsourcing deal, led by Fujitsu Services to revamp and manage the media company's internal I.T. infrastructure (Computer Weekly 2007).

In a move that has sparked intense debate, "The New York Stock Exchange (NYSE) is using off-the-shelf technology (Netezza) to cut the time taken to access Business Critical data on its network from up to 26 hours to just over 2 minutes (Computer Weekly 2008).

INTRODUCTION

It is important for today's dynamic organizations to develop a strong and sustainable links with outside organizations and agencies. It may be necessary for your firm to have robust links with your customers and suppliers. It may also be necessary for your firm to set up links with other organizations in what have become known as strategic alliances.

Strategic Alliances are joint developments or alliances. They may only be for the lifetime of a project. Some may be much formalized, inter-organizational arrangements. There can also be very loose arrangements of cooperation and informal networking between organizations, with no shareholding or ownership involved (Johnson & Scholes, 2003). More recently purchasers and suppliers have been able to develop more tightly coupled links through electronic integration. However, there is a requirement to undertake further research across a range of business sectors (Grover & Saeed, 2007).

Why should organizations even consider setting up a strategic alliance? The main benefit of a strategic alliance is a *situation where 'partners' can achieve more jointly than they could independently.*

Explained in a different way a strategic alliance is:

An alliance of resources or programmes between two or more independent organizations designed to increase the marketing potential of each organization, i.e. symbiotic marketing (Varadarajan & Rajaratnam, 1986).

They can be viewed as:

- Formal coalitions between 2 or more firms for short or long-term ventures emanating from opportunistic or permanent relationships that evolve into a form of partnership among players (Hax & Majluf 1991).

Developing information systems across organizational boundaries can lead to potential problems in the area of project and change management. By their very nature these system developments will be complex as political and cultural issues may be at the forefront of these projects. In many instances a myriad of different stakeholders may need to be accommodated before progress can be made. Those stakeholders with high interest in the new system may lack the power to implement it (Boonstra et al. 2008).

Depending on the type of circumstances in which they are set up and the environment in which firms are working strategic alliances are Relationships where partners bring a particular skill or resource, usually one that is complementary, and by joining forces both are expected to profit from the others experience (Jeannet & Hennessey, 1992).

Increasing numbers of organizations are straining to make their supply chain management more effective under the pressure of increased competition. Strategic alliances may be the answer if they are viewed as a stream of **value-chain** activities where alliances enable each stage to be accomplished with the help of a partner, i.e. the marketing of a product (Stafford, 2002).

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