

Chapter VI

Identifying Opportunities for Using ICT

Organizations that fuse technology, business process design and business relationships are expected to outperform those that do not by at least 15% per year, but only if they have a high level of credibility and the necessary skills (Gartner symposium, Barcelona, 2005).

The Eden Project in Cornwall has launched what is believed to be the U.K. first paperless ticketing system based on mobile phone technology. Visitors to the garden park will be able to order, purchase and redeem their tickets using their mobile phones (2007).

INTRODUCTION

The reason for going ahead with a new information system (IS) development can come from many sources. A new business requirement may force an organization to develop a new IS. An existing IS may be coming to the end of its usefulness. The firm may decide to either update its existing system or develop a completely new system.

Exhibit 6.1.

Mini Case: L'Oreal's ICT Strategy

In 2007, L'Oreal developed software to help its account manager's work with major retail chains to forecast and improve sales of its products. The global cosmetics firm has developed an application based on Cognos planning software that uses sales data from the company's core SAP (enterprise resource planning) database. The system enables retailer-specific sales forecasts to be produced much faster than the previous system, which was based on Excel spreadsheets. Each week, sales information from retailers' electronic point of sale systems is uploaded into the cosmetic firm's SAP data warehouse. It is then transferred into Cognos. The tool enables L'Oreal's national account managers to run planning and forecasting models that project unit sales and profit margins on L'Oreal products in retailers including Asda, Boots, Tesco, and Morrisons.

An organization may review its existing systems and discover that an existing system is not providing the up to date information that is required by the organization. Users within the organization may have new decisions to make and that may prompt the firm to implement a new IS. The organization may find itself under increased competition. It may feel that it has to develop a new IS to keep up with rival companies. Smaller firms have a similar range of problems but are not even able to call on experienced information systems (IS) staff to tailor their software and usually have to rely on off-the-shelf packages (Maguire et al 2007).

A new technology may become available that puts pressure on the organization to update its existing technology platform. It is important that the organization does not rush into an information system development without careful planning. Too many organizations have implemented IS without considering the repercussions. This is an important issue even for small and medium-sized enterprises (Maguire & Magrys, 2001). Larger firms can spend billions of pounds (sterling) on new information systems. It is likely to be the biggest capital expenditure they undertake. They do this even though the measures for performance evaluation are rather underdeveloped (Tallon & Kraemer, 2007).

Is the quest for strategic business advantage through ICT no more than the emperor's clothes? While the tailors assure us it is not, a growing body of research suggests that this may be the case. Equally worrying, some researchers say managers are finding it increasingly difficult to believe technology alone is a contributor to sustainable competitive advantage (Irani et al. 1999). These findings are echoed in a working paper from City University Business School which says that while users endorse the need for competitive advantage from their ICT systems they rarely adopt

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