Chapter XIII

Information Technology Strategic Alignment: Brazilian Cases

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ABSTRACT

This chapter presents a study about the effectiveness of Information Technology (IT) applications in Brazilian companies. IT has been considered a strategic issue for successful companies. On the other hand, the discussion about the results of Information Technology (IT) applications considering the return over the investments and the effectiveness of their management still remains controversial. Effectiveness evaluation allows strategic alignment between IT and company business visions and should be analyzed as a continuous process. In order to discuss these issues, in this chapter, a comparative analysis about IT strategic impacts is performed using different theoretical models. The study is based on multiple cases: financial services, telecommunications, and building materials companies. Interviews with the main actors from different levels of the organization hierarchy have been done.

INTRODUCTION

Information Technology (IT) has assumed an important position in the strategic function of the leading companies in the competitive markets (Porter, 2001). Particularly, e-commerce and e-business have been highlighted among IT applications (Porter, 2001; Evans & Wurster, 1999). Two basic points of view can be used for understanding IT's role: the acquisition of a competitive advantage at the value chain and the creation and enhancement of core competencies (Porter & Millar, 1985; Duhan et al., 2001).

Effectiveness, in the context of this chapter, is the measurement of the capacity of the outputs of an Information System or of an IT application to fulfill the requirements of the company and to achieve its goals, making this company more competitive. In a few words, effectiveness can be understood as the ability to "do the right thing" (Laurindo & Shimizu, 2000; Walrad & Moss, 1993; Maggiolini, 1981; Drucker, 1963).

Several problems have been discussed concerning IT project results in effectiveness of their management. In spite of different approaches about the "productivity paradox," there is a general consensus about the difficulty of finding evidence of returns over the investments in IT (Brynjolfsson, 1998; Willcocks & Lester, 1997; Brynjolfsson, 1993; Strassman, 1990). The evaluation of IT effectiveness allows the strategic alignment of objectives of implemented systems and their results with the company business vision (Laurindo et al., 2002; Laurindo, 2002; Laurindo & Shimizu, 2000; Hirscheim & Smithson, 1998).

The comparison and evaluation of business and IT strategies and between business and IT structures must be a continuous process, since the company situation is constantly changing to meet market realities and dynamics.

In order to understand how IT effectiveness can be managed, a comparative analysis about the role of IT in Brazilian companies is presented. The theoretical models used in effectiveness analysis were based on the Rockart's Critical Success Factors method, McFarlan Strategic Grid (1984), and Henderson & Venkatraman Strategic Alignment Model (1993) approaches. Three case studies are performed in financial, telecommunications and building materials companies.

FINDING STRATEGIC IT APPLICATIONS

Critical Success Factors (CSF) is a widespread method used for linking IT applications to business goals and for planning and prioritizing information systems projects. This method was proposed by Rockart (1979), although King & Cleland (1975 and 1977) had suggested a similar idea (critical decision areas) before.

According to this method, the information systems, especially executive and management information systems, are based on the current needs of the top

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