



Chapter IV

Strategy Analysis

Stages 1 to 3 cover strategy analysis in the Y model. While stage 1 is concerned with describing the current IS/IT situation, stage 2 is concerned with describing the current and desired business situation, and stage 3 is concerned with analyzing needs for change based on the gap identified when comparing current and desired situation as illustrated in Figure 4.1.

Describing Current IS/IT Situation

The Y model starts with a description of the current situation. We focus on the IS/IT situation, as this will be the subject of change later in the model. First of all, we have to understand in what ways the company is using IS/IT. Many approaches can help us gain an understanding of the present IS/IT situation. We will look at some of them:

- I. Benefits of IS/IT.* IS/IT is applied in business organizations to achieve benefits. We can study current IS/IT in the organization to understand what benefits have been achieved so far. Here we can determine what main benefit categories are currently the case. We will make distinctions between rationalization benefits, control benefits, organizational benefits, and market benefits.
- II. Stages of IS/IT growth.* IS/IT in business organizations change over time. New hardware and software, new areas of applications, and new IS/IT support functions

emerge. Most business organizations develop through stages over time. Here we can determine at what stage the business organization is for the time being. We will make distinctions between a total of nine stages. These nine stages are classified into three eras: data processing, information systems, and information networks.

- III. *IS/IT in management activities.* Management activities can be studied in a hierarchical perspective of operational, tactical, and strategic management. Current IS/IT in the organizations can be assigned to these levels to determine the extent of support at each level.
- IV. *IS/IT in business processes.* In a company, many business processes take place at the same time. Some of the processes may rely heavily on IS/IT, while others are mainly manual at the current point in time.
- V. *IS/IT support for value configuration.* We make distinctions between value chain, value shop and value network. In each of these value configurations, IS/IT can support activities. The current IS/IT situation is described by identifying activities in the value configuration depending on the extent of technology support.
- VI. *Strategic integration.* Business strategy and IT strategy have for a long time suffered from lack of coordination and integration in many organizations. Here we measure the current IS/IT situation by use of ten integration mechanisms to determine integration stage in an organization.
- VII. *IS/IT support for knowledge management.* We have introduced four ambition levels for knowledge management, so here we can determine at what level a business organization is.
- VIII. *IS/IT in e-business.* For most firms, becoming an e-business is an evolutionary journey. We introduce six stages to describe the evolving e-business: external communications, internal communications, e-commerce, e-business, e-enterprise, and transformation.
- IX. *IS/IT enabled business transformation.* IT-enabled transformation can include business direction change, but more often, we find examples at lower levels, such as business design change and business process change.

Description of the current situation assumes that we have been able to define borders for our study. Borders exist for both breath and depth. Breath is a question of whether the whole company or only one division should be studied. Depth is a question of whether all aspects such as technology, marketing, management, and finance should be included in the study. We recommend both extensive breath and thorough depth to ensure that a wide range of alternative solutions and alternative actions can be identified in later stages of the Y model. In the case of breath, this may imply that both suppliers and customers are included because there may be electronic market places used by our suppliers and customers. In the case of depth, this may imply that analysis of top management is included because management competence in the area of IS/IT can influence both management attitudes and ambitions concerning future applications of IS/IT.

Description of the current IS/IT situation should focus on issues of importance in technology and knowledge management. Less emphasis should be put on technology

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