



***How to Use
Information Technology
Strategy to
Add Shareholder Value***

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What is an Information Technology (IT) Strategy ?

The objectives of an IT strategy

- ◆ To utilise IT to create a business competitive advantage
 - to increase market share

- ◆ To align IT to the business strategy and vice versa
 - to increase your organisation's revenue
 - to serve your customers better and quicker than your competitors

- ◆ To derive operational benefits to your business
 - by reducing the cost of doing business
 - by increasing productivity

The components of an IT strategy

- ◆ To develop an IT vision for your business

- ◆ To develop a blueprint for your implementation of IT
 - Strategy
 - Structure for the IT division
 - People
 - Process

- ◆ To develop an IT action plan to implement your IT strategy



Link between IT strategy and Shareholder Value

The link between IT and shareholder value

Take a 'big picture' view of shareholder value and consider the following...

- IT can increase a company's market share, help gain it a competitive advantage, increase productivity and reduce cost by deploying the following new technologies...

- ↑ Internet and E-Commerce

- ↑ Data Warehousing

- ↑ Customer relationship management via packages

- ↑ Enterprise Resource Planning systems

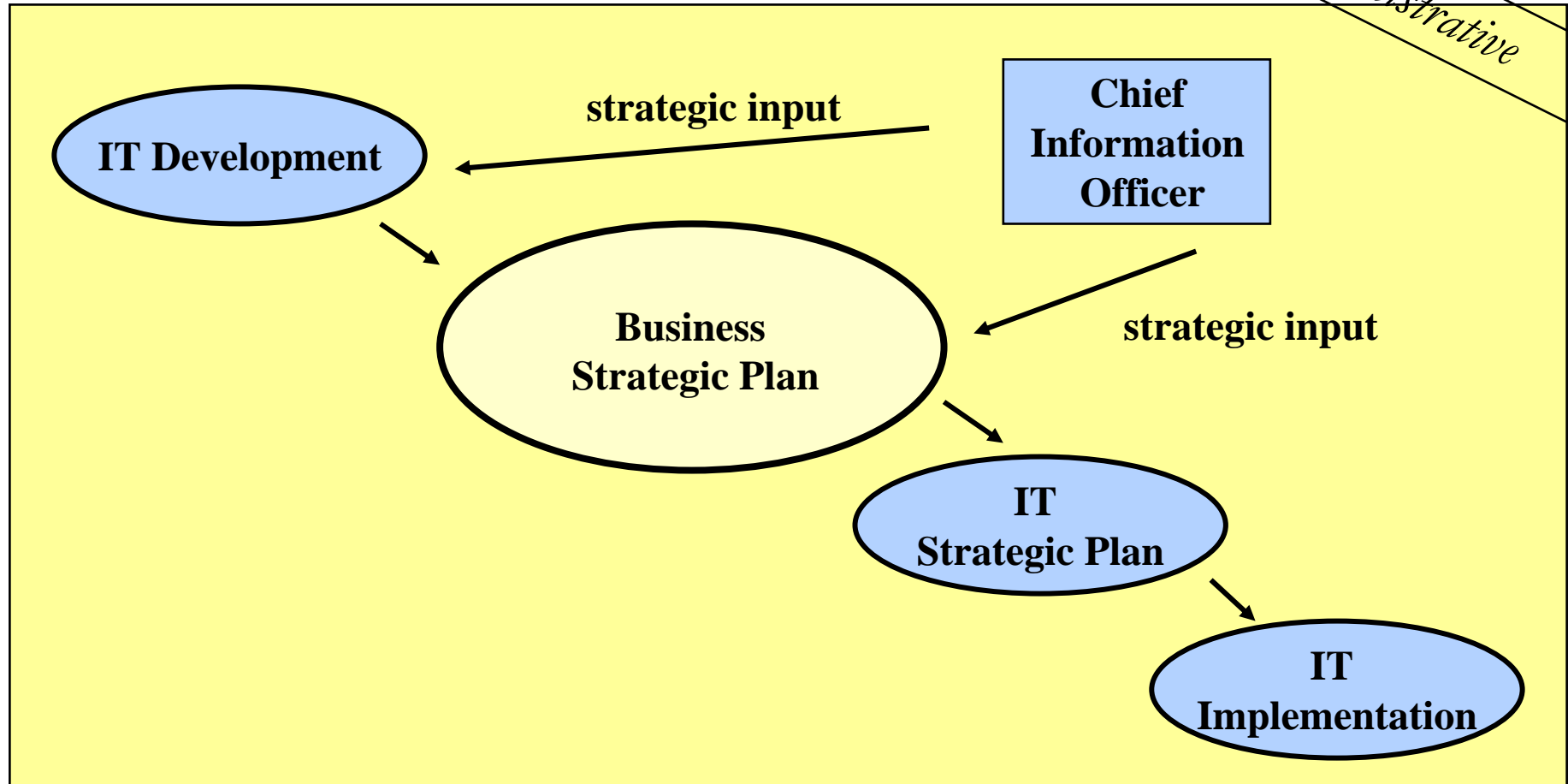


**Case study from
a Financial Institution
on
'How to develop an IT strategy'**

Case study - The IT vision

What IT should be delivering to the organisation ?...

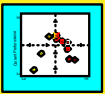
Illustrative



Case study - The IT blueprint should encompass...

... Internal IT environment

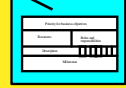
requirement gaps



- Open systems technology
- Future IT architecture
- IT standards

...Internal business environment

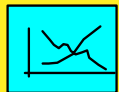
business plans



Illustrative

...External IT environment

trends



...External business environment

business and regulatory trends

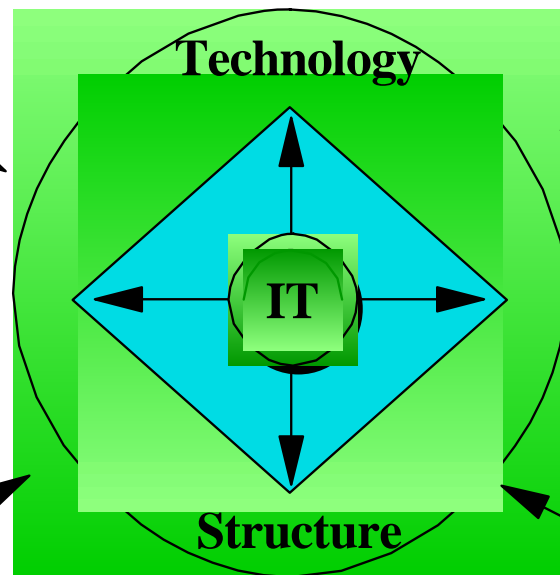


Process

- IT operations and services
- Outsourcing strategy

People

- IT skills
- Roles and responsibility



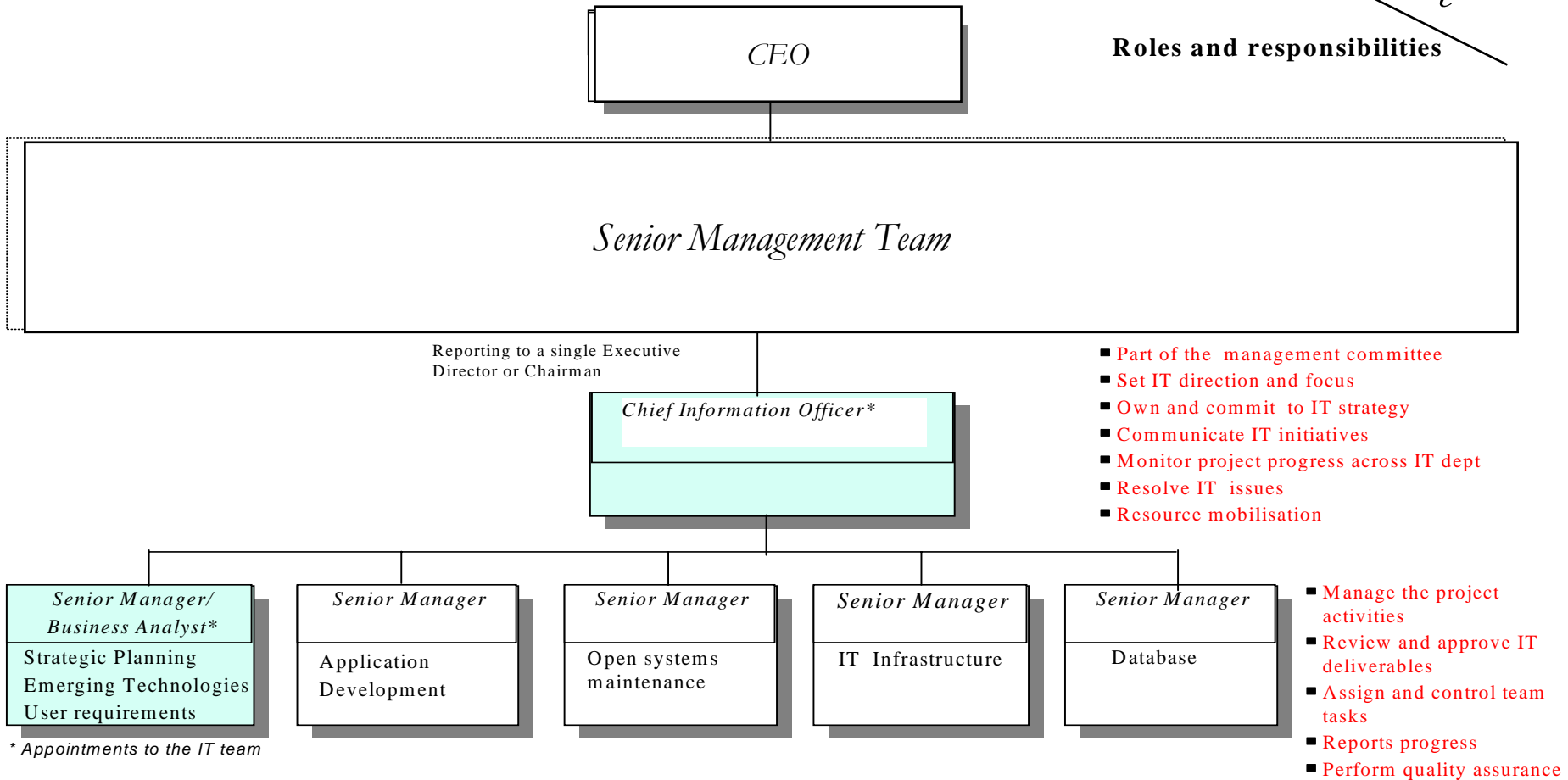
- IT organisation and management

IT blueprint

Case study - The organisational structure

Illustrative

Roles and responsibilities



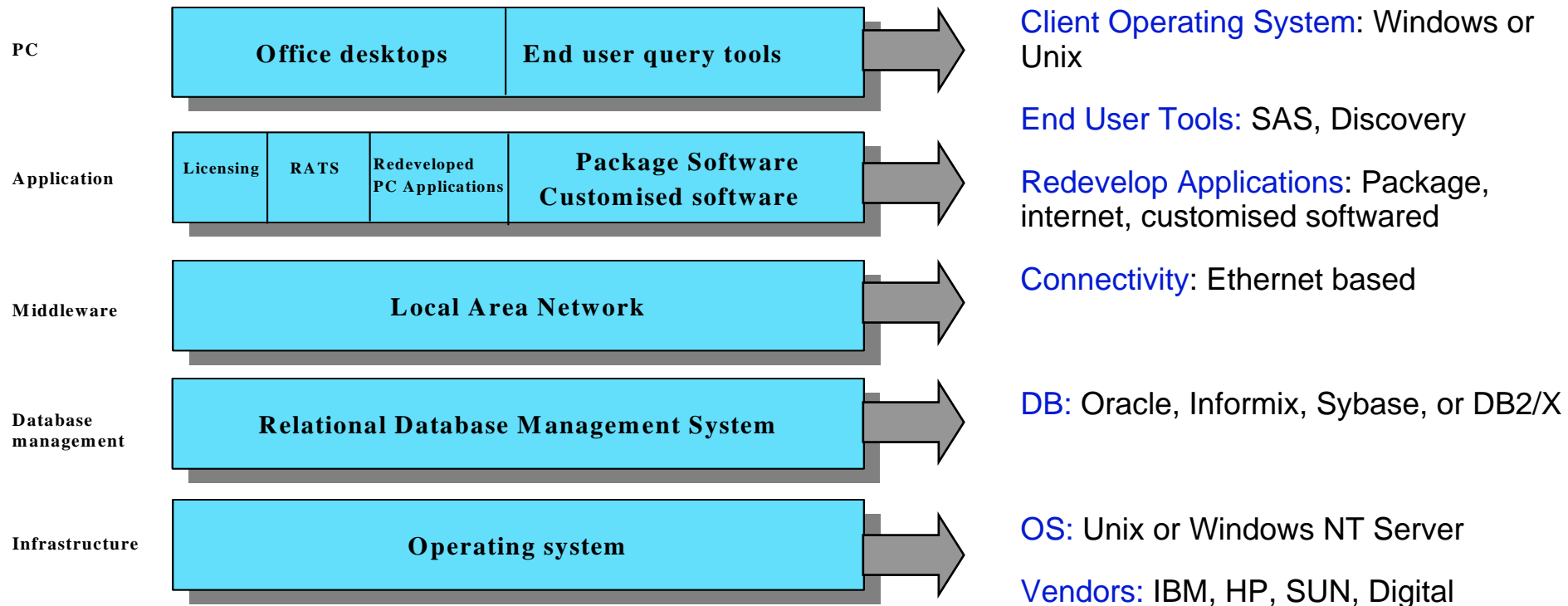
Case study - The 'layering' of the new Technology

Illustrative

Layers...

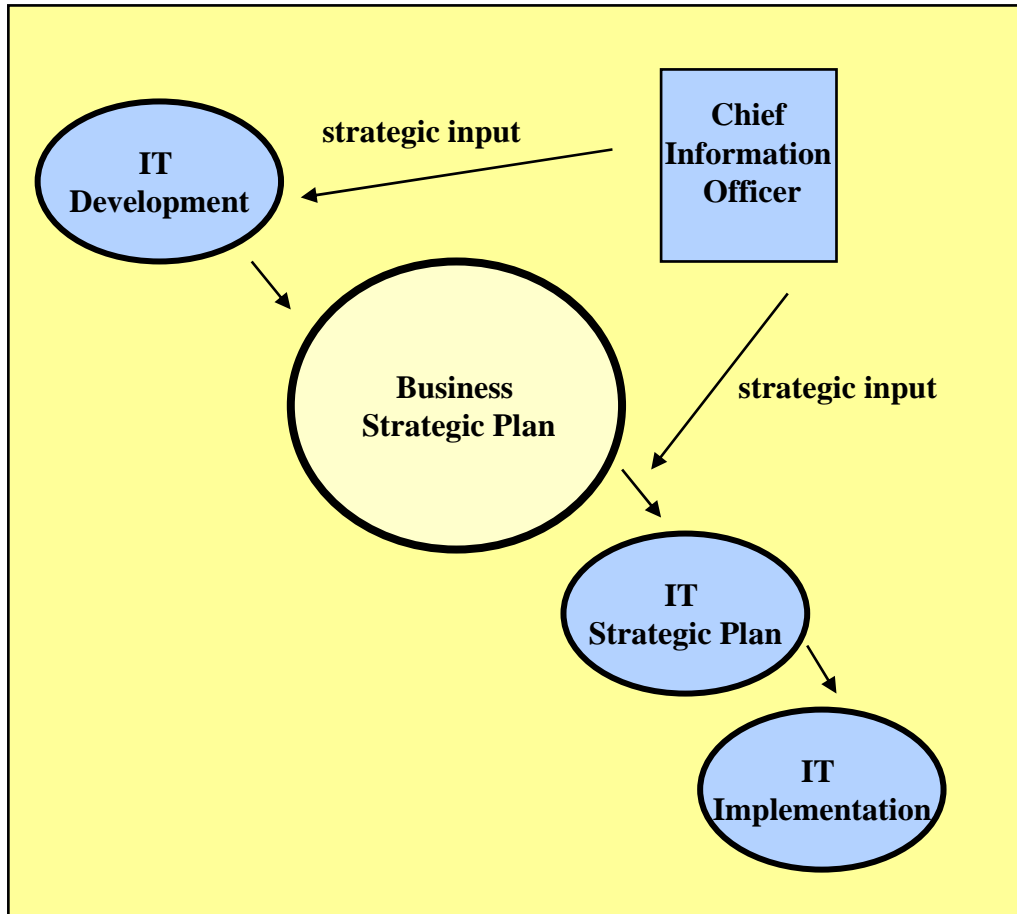
Technology blueprint...

Open system options...



Case study - The role of a Chief Information Officer...

Illustrative



- Part of the management committee
- Set IT direction and focus
- Own and commit to IT strategy
- Communicate IT initiatives
- Monitor project progress across IT group
- Resolve IT issues
- Resource mobilisation

Case study - An example of an IT action plan

Illustrative

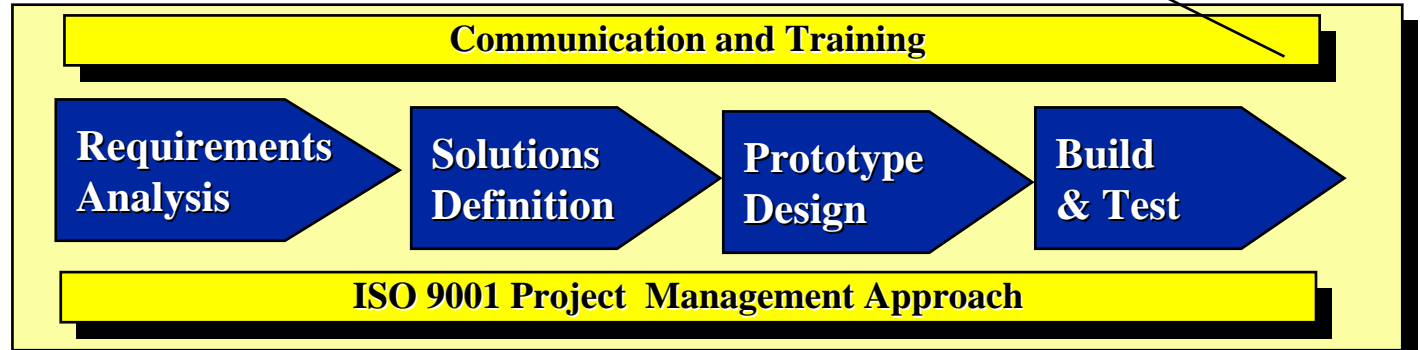
IT Action plan	1998	1999	2000	2001
<ul style="list-style-type: none"> • Y2K projects* • IT Quickwins projects • Migrate to Open Systems <ul style="list-style-type: none"> -high level requirement specification -test and develop migration plan to open systems -redevelop AS400 and PC applications -enhance network -implement intranet/extranet/workgroup • SMART* • IT organisation projects <ul style="list-style-type: none"> -changes to IT structure -changes to IT processes 		<p>6 mth</p> <p>6 mth</p> <p>3 mth</p> <p>6 mth</p> <p>12 to 18 mth</p> <p>3 mth</p> <p>6 mth</p> <p>6 mth</p>	<p>9 mth</p>	

* *Out of scope of our project*

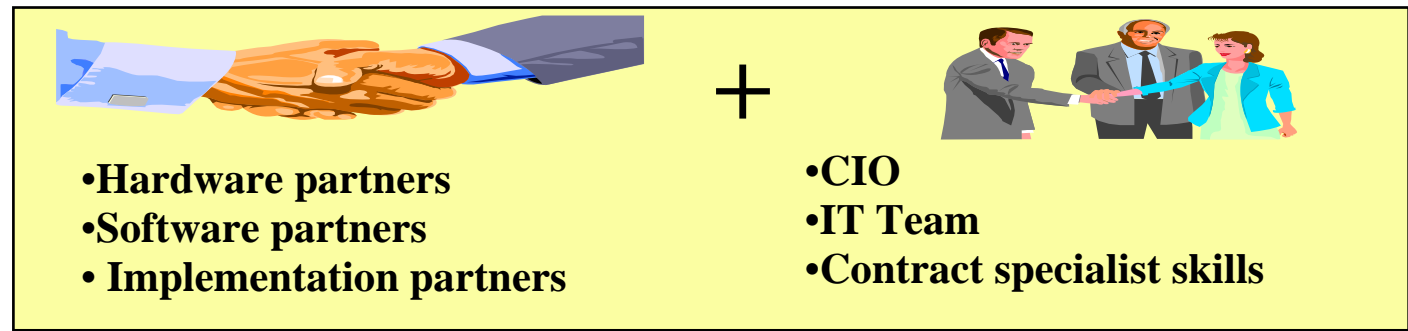
Case study - an example for implementing the IT strategy...

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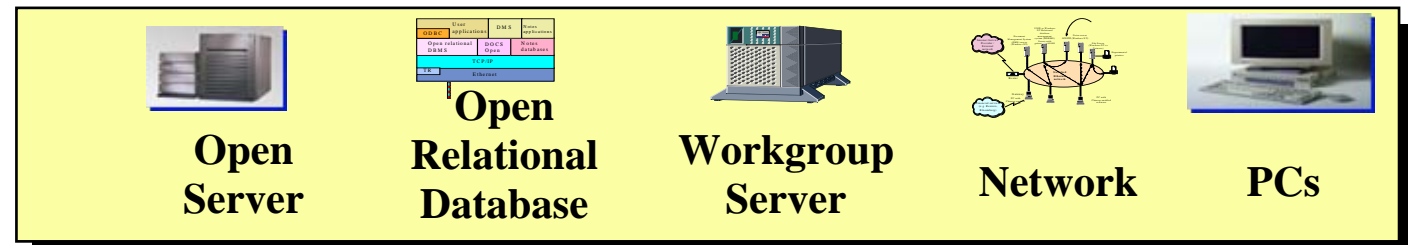
◆ Enhance IT Processes



◆ Select partners
◆ Enhance structure/people



◆ Migrate to open systems

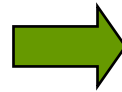




Benefits of an IT strategy to Shareholder Value

Benefits of an IT strategy to shareholder value

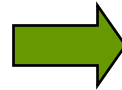
•Implement a unique IT vision



•Create a competitive advantage

↑ Increase market share

•Deliver new technology



•Reduce the cost of doing business

↑ E-Commerce

↑ Improve supply chain

↑ Data Warehousing

↑ Understand customer profile

↑ Enterprise resource planning



↑ Increase productivity

↑ Customer relationship management systems



↑ Improve customer care

↑ Implementation partners

↑ Reduce the risk of implementation