Introduction to Information Systems

Essentials for the Internetworked E-Business Enterprise

Eleventh Edition

James A. O'Brien

Chapter 2

Competing with Information Technology

Irwin/McGraw-Hill

Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Chapter Objectives

- **Identify several basic competitive strategies and explain how they can use information technologies to confront the competitive forces faced by a business.**
- **Identify several strategic uses of information technology for electronic business and commerce, and give examples of how they give competitive advantages to business.**
- **Give examples of how business process reengineering frequently involves the strategic use of e-business technologies.**

Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Chapter Objectives

- **Identify the business value of using e-business technologies for total quality management, to become an agile competitor, or to form a virtual company.**
- **Explain how knowledge management systems can help a business gain strategic advantages.**

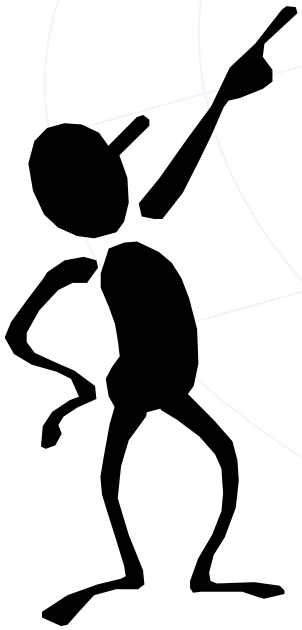
Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

The Competitive Environment

Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

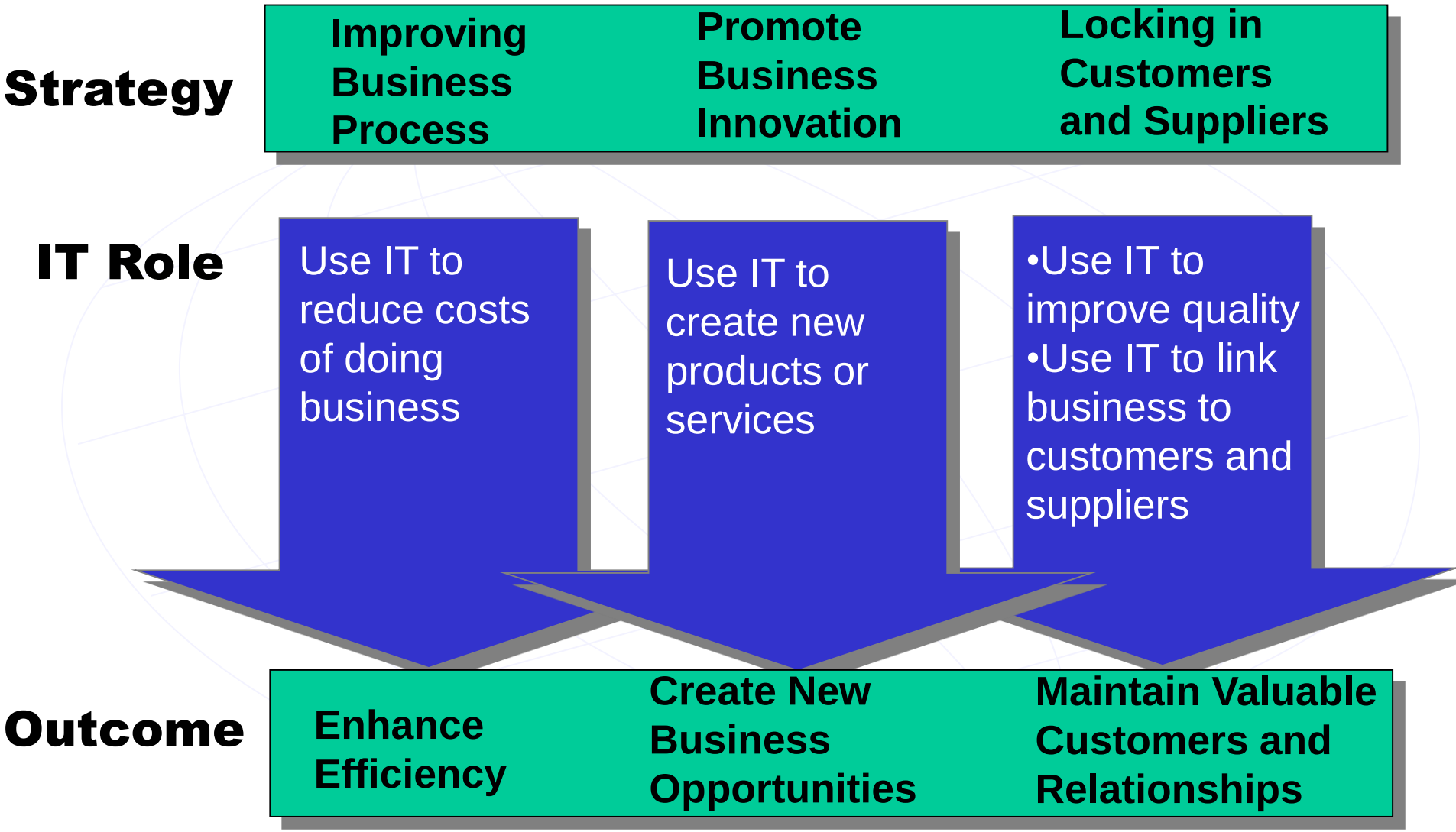
Fundamental Competitive Strategies - Cont.

- **Cost Leadership Strategies**
- **Differentiation Strategies**
- **Innovation Strategies**
- **Growth Strategies**
- **Alliance Strategies**



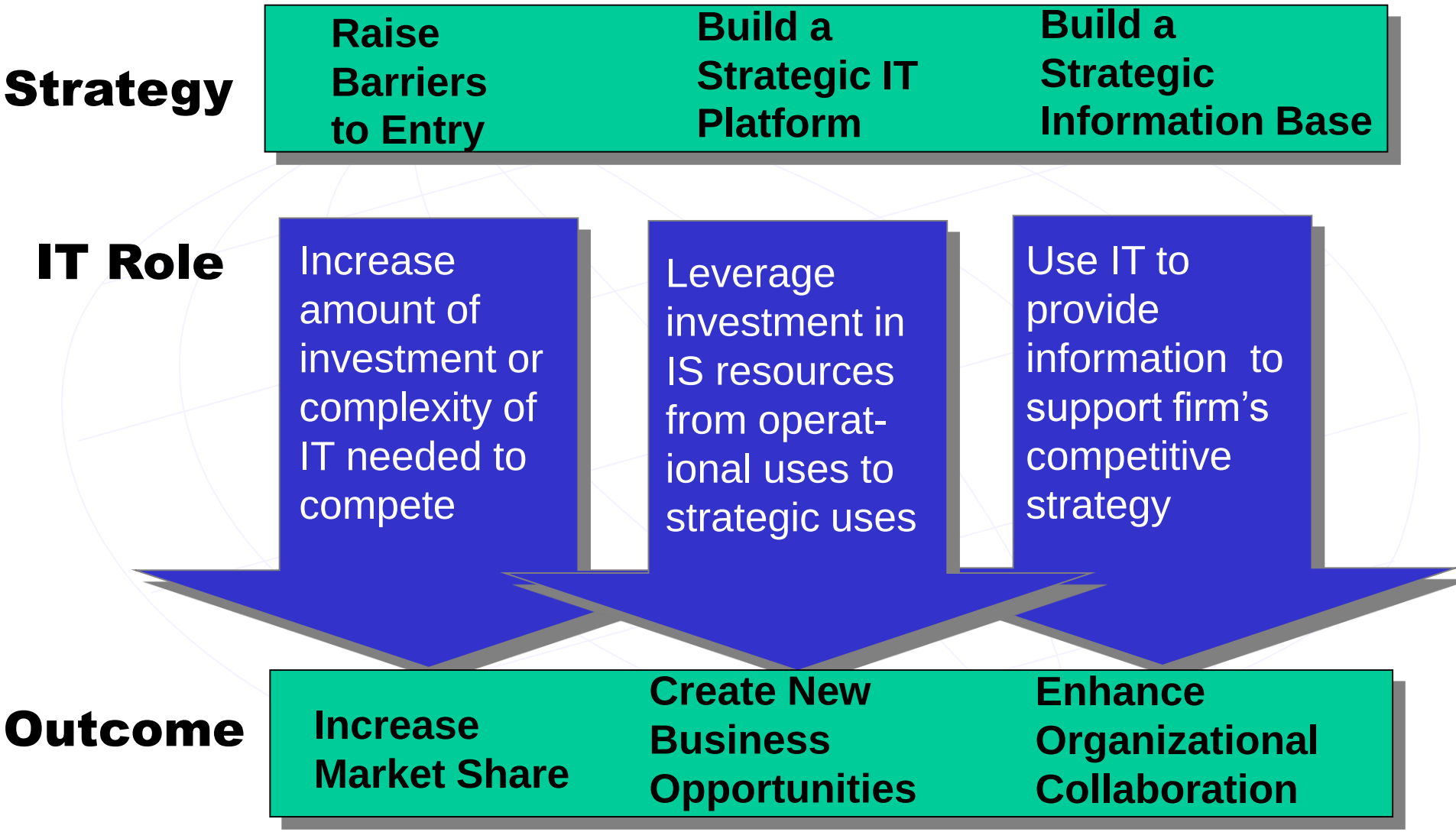
Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Strategic Uses of Information Technology



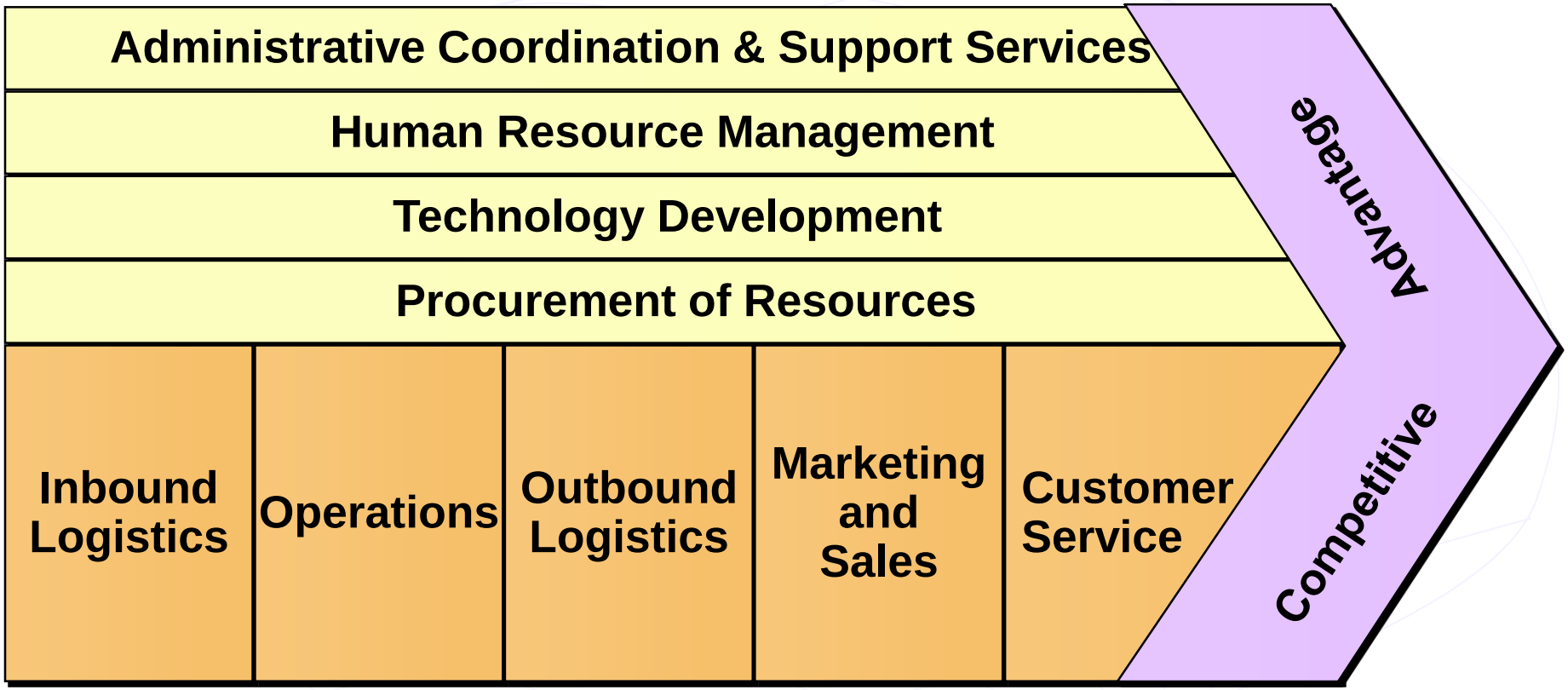
Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Strategic Uses of Information Technology



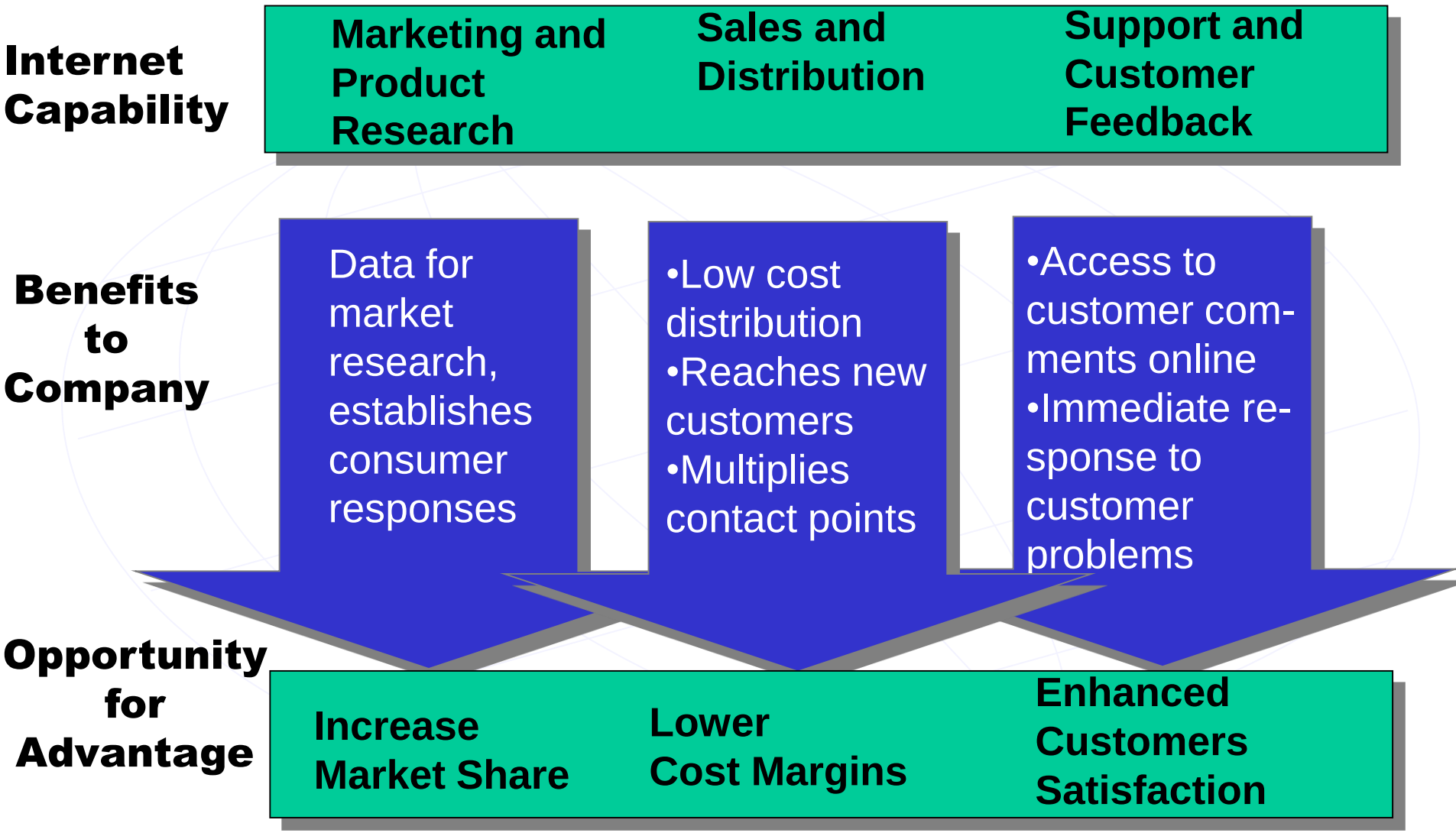
Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

The Value Chain



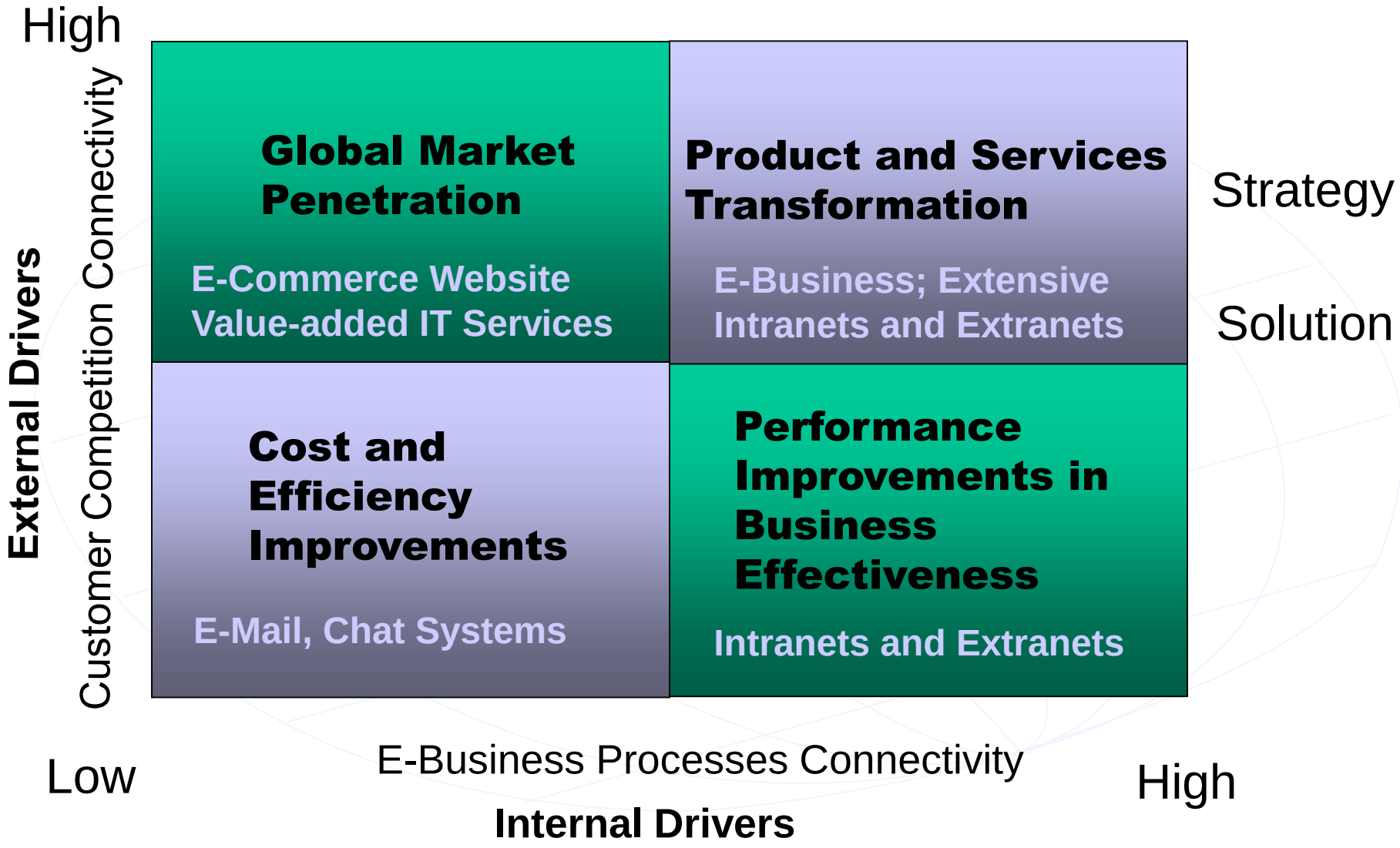
Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

The Internet Value Chain



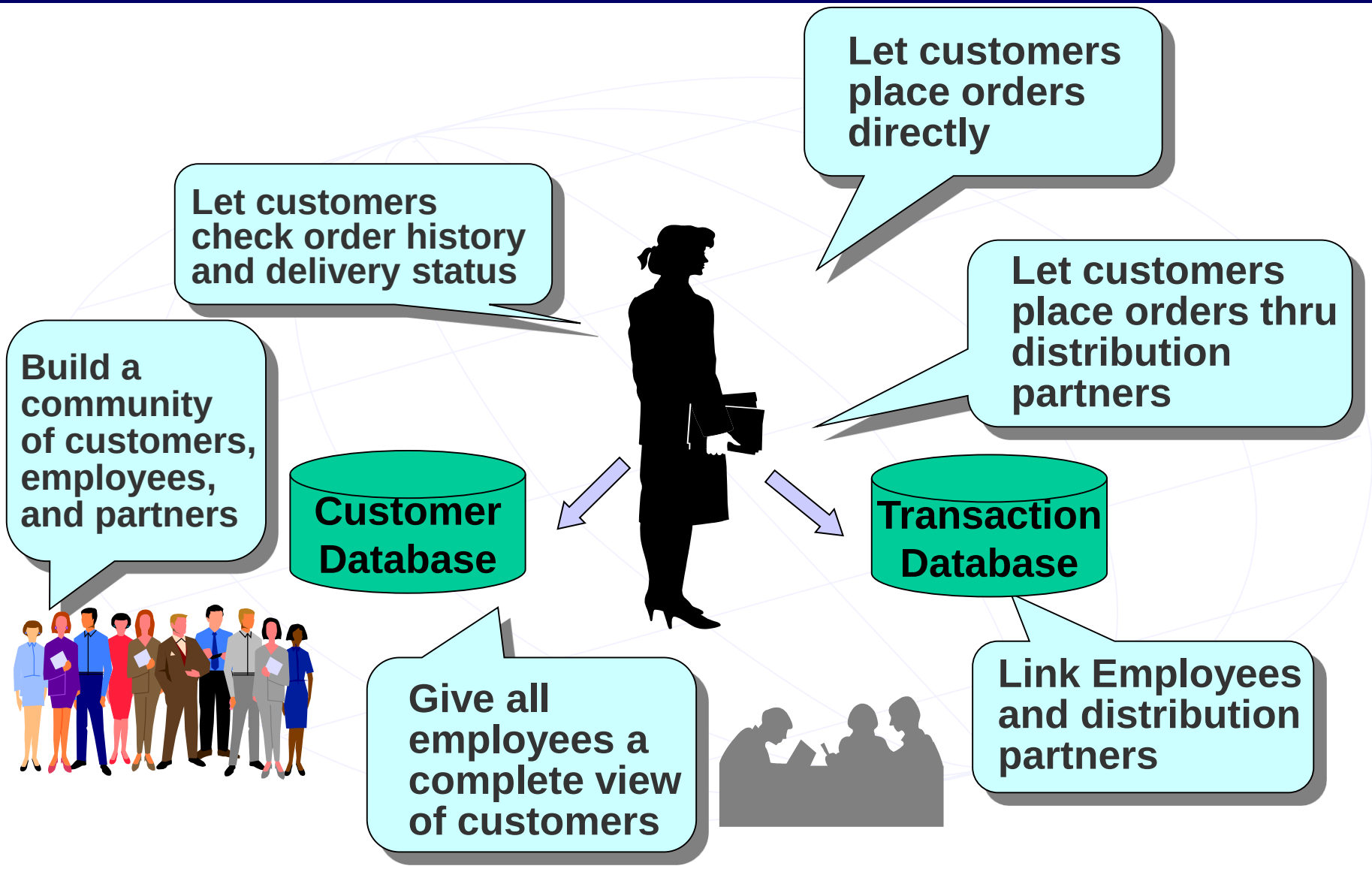
Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Strategic Positioning of Internet Technologies



Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Customer-Focused e-Business



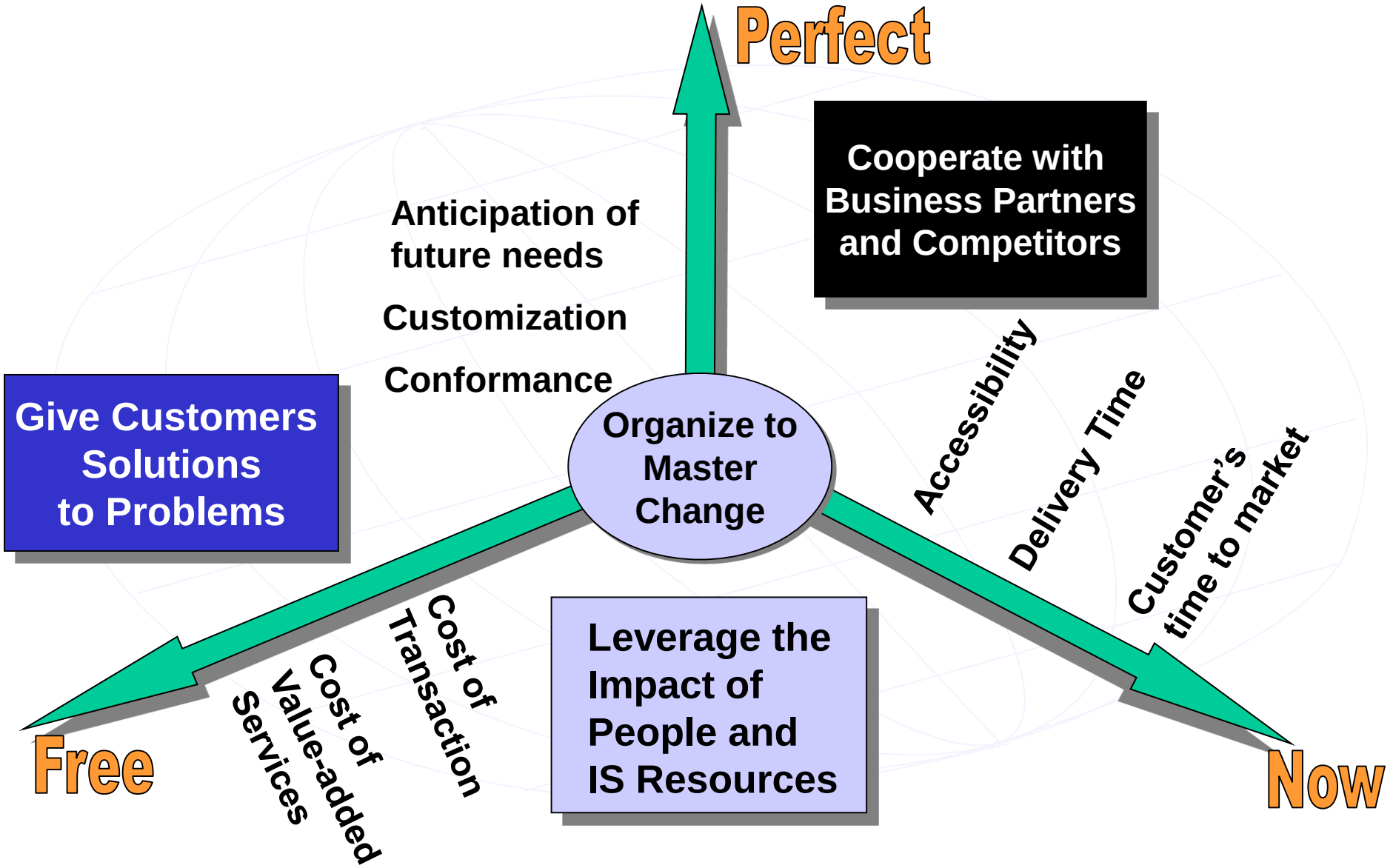
Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Business Reengineering and Quality Management

	Business Quality Improvement	Business Reengineering
Definition	Incrementally Improving Existing Processes	Radically Redesigning Business Systems
Target	Any Process	Strategic Business Processes
Potential Payback	10%-50% Improvements	10-Fold Improvements
Risk	Low	High
What Changes?	Same Jobs - More Efficient	Big Job Cuts; New Jobs; Major Job Redesign
Primary Enablers	IT and Work Simplification	IT and Organizational Redesign

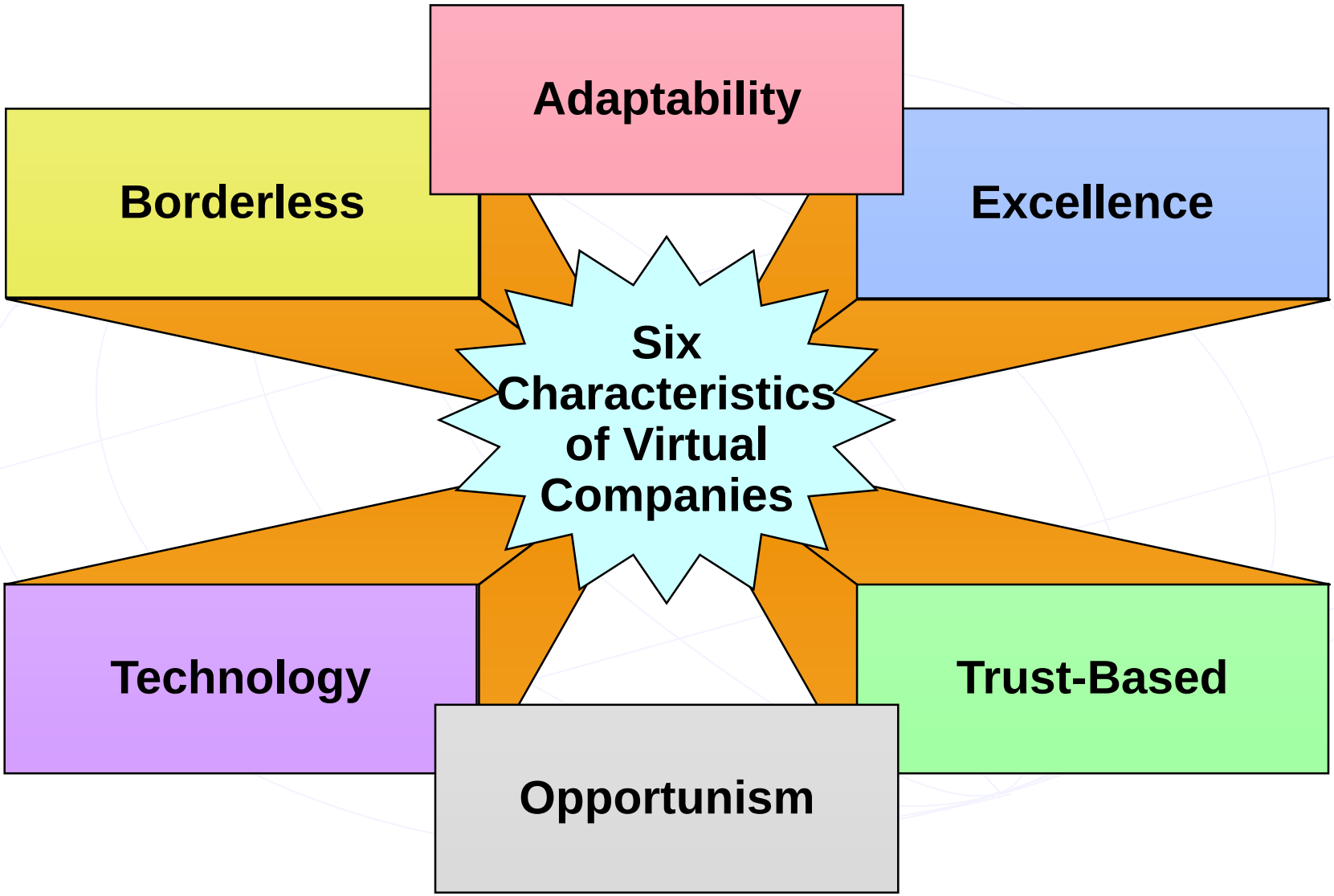
Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

The Customer- Focused Agile Competitor



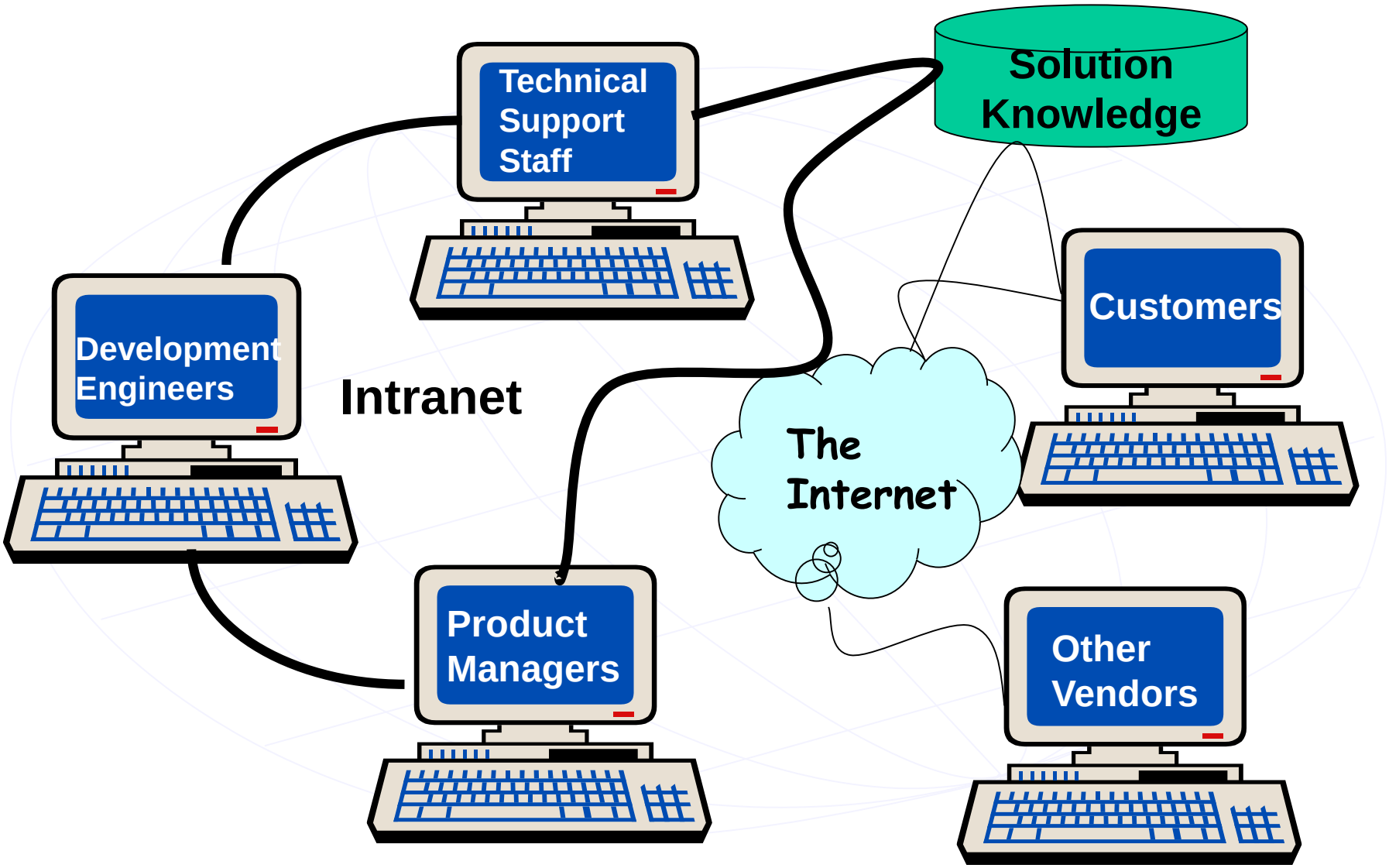
Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Virtual Corporations



Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Knowledge Management Systems



Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Chapter Summary

- **Information systems can play several strategic roles in business.**
- **The Internet, intranets, extranets, and other Internet-based technologies can be used strategically for e-business and e-commerce that provide a competitive advantage.**
- **A key strategic use of Internet technologies is to build an e-business which develops its business value by making customer value its strategic focus.**

Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Chapter Summary (cont)

- **IT is a key ingredient in reengineering business operations, by enabling radical changes to business processes that dramatically improve their efficiency and effectiveness.**
- **IT can be strategically used to improve the quality of business performance.**
- **A business can use IT to help it become an agile company, that can respond quickly to changes in its environment.**

Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.

Chapter Summary (cont)

- **Forming virtual companies has become an important competitive strategy in today's dynamic global market.**
- **Lasting competitive advantages today can only come from innovative use and management of organizational knowledge by knowledge creating companies and learning organizations.**

Copyright © 2002, The McGraw-Hill Companies, Inc. All rights reserved.