# IT Strategy

## Idea In Short

Today, many organizations are realizing the importance of Information Technology [IT] to keep their business working. IT plays an important role in the day-to-day operations of today's businesses. An IT Strategy is a comprehensive plan that defines how Information Technology [IT] should be deployed to meet IT and business goals.

## What is IT Strategy?

IT Strategy goes by various names, such as Information Technology Strategy, Technology Strategy, Information and Communications Technology [ICT] Strategy or Information Systems [IS] Strategy). Regardless of the nomenclature, it is an approach to create sustainable value through optimal deployment of IT assets and capabilities. In short, IT Strategy specifies the framework to create sustainable value through IT. It documents the artifacts, processes, deliverables and timelines to maximize the return on IT investments.

> One cannot be at all sure that any operational plan will survive the first encounter with the main body of the enemy (Helmuth von Molkte)

An IT Strategy is a comprehensive plan that defines how technology should be utilized to meet IT and business goals. It is a blueprint of how technology can support your overall business strategy. It encompasses all facets of technology management, including cost, hardware and software management, vendor management, and risk management.

## Elements of IT Strategy

Traditionally, enterprises consider IT a support function. They operated their IT departments as cost centers that enabled other business units achieve their goals. However, due to social and demographic shifts in customer preferences, IT has assumed a central role in

many organizations. For many Internet-based businesses, IT is the foundation upon which the business is built. Hence, developing and executing a clear and strategic IT plan is an absolutely crucial business strategy for it to achieve its goals. Many organizations employ external consultants architect a comprehensive IT strategy. These consultants bring in the required objectivity, specialized know-how and industry best-practices that organizations benefit from. Some organizations have the resources and expertise to develop a solid IT strategy in-house. If your organization is such, make sure to include other business stakeholders to gather the necessary buy-in and support for enterprise-wide IT initiatives.

## Vision and Mission

These are the most important components that you should establish. Vision and mission outline where your business aspires to be, with regards to IT and how you can get there.

## Roadmap

A detailed roadmap articulates the steps your organization should take to derive more value from its IT investments and achieve a competitive advantage.

## Business Alignment

Given the deep integration of IT with every aspect of your company, the alignment of IT goals and business goals is crucial to have an awareness of what the company expects to achieve and what can be contributed to these goals.

## Budget

Your IT Strategy is incomplete without a financial perspective. Generally, your IT strategy should explicitly cover the entire budget you require and the associated costs to drive organizational outcomes. Therefore, developing a financial analysis of IT systems and processes helps govern IT performance.

## Competitive Advantage

Your IT strategy should ensure that it delivers an edge against your competitors. Conduct a competitive analysis and identify the advantages your company has with respect to your competitors.

### Tactical Goals

Your IT strategy should explicitly state how it will help achieve your organization's tactical (short-term) goals. This can include staff training, IT infrastructure assessment, IT supplier reviews, process re-engineering, etc.

### Strategic Goals

In addition to tactical goals, your IT strategy should also have a long-term IT goal. Your long-term goal should be clear and well-aligned with your organization's vision. This can include modernizing your website, embracing AI, new Enterprise Resource Planning [ERP] system introduction, or integrating new technologies.

### Continuous Assessment and Monitoring

The fast-changing dynamics of today's IT era poses a threat of your organization going off in the wrong direction. You should continuously assess the technology landscape for innovations that could positively shape your organization. You don't want to embrace each technology fad. Similarly, you should not miss innovation opportunities that offer your organization a distinct competitive advantage. Hence, your IT strategy should include a framework to continuously assess your current position and identify the changes needed to ensure that your organization is properly aligned with marketplace dynamics.

### Governance

IT governance is a formal framework that provides a structure for organizations to ensure that IT investments support business objectives. Through effective governance, you can ensure that company executes the right actions and tackles challenges that come with technology adoption.

### IT Infrastructure

This component presents all the software, hardware, application, networks, and systems necessary to run the business. Your IT infrastructure will help your business achieve its goals on time and budget.

## Importance of IT Strategy

## Case eCommerce

Amazon strives to be Earth's most customer-centric company where people can find and discover virtually anything they want to buy online. By giving customers more of what they want – low prices, vast selection, and convenience - Amazon.com continues to grow and evolve as a world-class e-commerce platform. This world's largest bookseller is a software company - its core capability is its amazing software engine for selling virtually everything online. Today, even the books are software!

## Case Music Streaming

Likewise, today's dominant music companies are software companies, too - Apple's iTunes and Spotify. The traditional record labels increasingly exist only to provide those software companies with content. As these examples demonstrate, Information Technology plays a central role in the very existence of businesses. For organizations that do not have a comprehensive IT strategy in the 21$^{st}$ century, it is only a matter of time that they are disrupted by agile and nimbler upstarts.

## IT as a norm

Across industries, Information Technology is becoming the norm, rather than the exception. With IT becoming central to core business processes and operations, business strategy alone is no longer adequate. Aligning the business and IT strategies is more important than ever before. Organizations can simply not afford to have just a basic IT strategy. Instead, they should architect a comprehensive IT strategy that is aligned with their core business and corporate strategies. The rapid adoption and spread of IT, increasing Internet connectivity and changing customer preferences – as the recent COVID-19 pandemic showed, customers increasingly prefer conducting transactions through online channels, rather than offline, physical stores – are challenging organizations' ways of conducting business. Hence, having an IT strategy is no longer a luxury, but rather an existential necessity. Organizations not only need to harness the power of IT, but also leverage the synergies among their business processes and capitalize on the efficiency gains resulting from scale and scope economies of proper IT deployment.

## Industry-wide transformation

In addition, the advent of digital and cloud technologies has enabled organizations around

the world to reinvent how they meet the unique needs of their market. In fact, 82% of CEOs have a digital business transformation effort underway and most enterprises have believed for some time that cloud is key to their digital ambitions, with 88% of enterprises citing a cloud-first strategy in 2025. Yet, according to McKinsey Research, 70% of such initiatives fail to achieve their stated goals. Gartner projects that traditional, on-premises IT will still receive 72% of the IT spend by enterprises in 2022. Traditional enterprises' good intentions to keep up with the pace of innovation, created by cloud native companies disrupting almost every industry worldwide, is not enough. They are seeking guidance to transition into modern cloud-powered digital businesses through proven methodologies and mechanisms. In short, organizations require an IT Strategy that is robust, coherent and proactive.

## Why create IT Strategy?

Organizations lay out their business strategies that outline the business goals the organizations want to achieve and roadmaps how they intend to go about achieving those business goals. Without a business strategy, an organization is likely to lack direction, cohesion and ultimately profits. Hence, setting a business strategy will help an organization's staff and other stakeholders to understand the direction the organization intends to go and how it intends to get there. IT plays a key role to any business, contributing to the overall business strategy. It is pivotal that the IT Strategy is aligned with the overall business strategy to ensure that IT goals, expectations, budgets and roadmaps are set correctly. The primary reason why an organization architects an IT strategy is to reduce the operational bottlenecks, achieve scale economies and derive value from its IT investments. A good IT strategy can enable all these objectives. Furthermore, a good IT strategy also enables quickly responding to external marketplace challenges and competition. A well thought out IT strategy can be a source of sustainable advantage as well.

## Drivers of IT Strategy

### Rapid Change

Technology is constantly changing and changing quickly. Your response to these changes must be in near real time to be effective. You can't ignore change, you must continually respond to changes in technology, to stand still is to lose ground

### Competitive Landscape

The economy and competition force you to take a closer look at your IT operations. You must be as efficient as possible to remain competitive. At first, all new technologies provide a competitive advantage. Eventually, they become a competitive necessity. Finally, a competitive disadvantage as it ages out and needs replacement. If your organization still uses outdated technologies that no longer provide a competitive advantage, replace them.

## Social Media and Networking

Social media and networking have emerged as a way of providing person to person connections and sharing information. Both are critical. Customers have changed the way they research and find solutions to their business problems. Integrate social media into your business processes. Social media provides new channels to engage with your customers.

## Smart Spending / Cost containment

You need to be smart about technology spending. Some companies use open source software to cut costs. However, it is not enough to simply cut costs. You should target the savings towards other revenue generating initiatives. There are smart ways to spend your IT budget. Through proper IT governance, make sure you're getting the most for your IT spend. Stop thinking that IT is just an expense or a commodity. IT hardware and software might be commodities. But, how you deploy them defines your strategic advantage. IT is more than buying technology.

## Green IT

Using less energy leads to immediate cost savings. Green IT enables you to produce more with fewer resources. In addition, it demonstrates to your clients that you are committed to running your business in a responsible way. Additionally, ensure that your IT vendors contribute your IT in an environment-friendly and sustainable way.

## Virtualization

Server virtualization drives down IT costs. It lowers the total cost of ownership, reduces support costs and increases hardware utilization. As a result, you have more budget to spend on strategic IT initiatives. Many companies have already taken advantage of server virtualization. The next logical step is to virtualize end-user desktops [VDI]. Through desktop virtualization, enterprises can reap the same benefits as they did with powerful

servers.

## Mobility

As users become more tech savvy, they are demanding the capability to work anywhere anytime. Many employees personally own newer and better technology than in most enterprises. Your technology strategy should support employees to be as productive and efficient as possible. In addition to increased mobility, employees are also working flexible hours and working from home as well. As an employer, you need to provide the most flexibility without losing control. This flexibility will also help with staff recruitment and retention.

## Cloud

Cloud solutions and web hosted applications make it easier to collaborate and work together virtually. While there are some security concerns, if well managed, the risk is minimal and the benefits excellent. The cloud is also much more scalable. The cloud is not only scalable up but also scalable down. Your business is not always in a growth mode. When you need to cut back, the cloud makes that easier as well.

## Knowledge Management

Knowledge Management is critical in today's global knowledge-based economy. Proper knowledge management leverages your most important assets – your people and your information. A conscious approach to knowledge management leads to a fly-wheel effect. Employees take information, add knowledge and create both, knowledge and value for your business. As an IT strategist, you can support them by implementing the systems and policies that enable knowledge creation and sharing. Subsequently, knowledge management fosters innovation. Plan how you will capture, store and share institutional knowledge once it is created. Ensure that knowledge Management is integrated into your organization's business processes.

## Security

New threats to your company are appearing daily. You need to decide which to guard against and how much to spend to stay safe. You can spend an infinite amount of money on security. Often, the biggest security threat is uninformed employees. Educate your people to

recognize the basic ways to keep your business safe and guard your intellectual property. It will be the best investment you can make in your business. As of 2021, ransomware is the latest security threat.

## Finance

Through IT Strategy, you can anticipate and budget for all technology expenses. This allows business units to focus on achieving their goals rather than jostling for cost approvals.

## Maintenance

With the IT strategy, you can plan your IT maintenance cycles. You consider all aspects from software patch management [operational] to major capital expenses (CAPEX), such as hardware and software upgrades. Such planning prepares the IT team and business units with the schedule of the upcoming changes that they can plan for. From an operational perspective, scheduled planning and implementation cycles minimize downtime and improve IT performance. Across the board, giving employees the right tools and training help them perform better at their jobs. With a coherent IT strategy, employees see that their employers are making the best efforts to stay competitive. Adding training plans to IT strategy will also help improve staff morale and employee retention.

## Flexibility

An IT Strategy isn't a technical guide for every system. However, it does provide a framework for how the organization plans to move forward. Prior preparation positions organizations to better adapt and respond to changes in the business, marketplace and even, the macroeconomic environment.

## Shadow IT

In large enterprises, the organization's central IT is responsible for governing the IT assets across the organization. However, it's not unusual in such enterprises, for departments or business units to develop their own systems. Often, this happens without the knowledge, input or management of the central IT department. This is Shadow IT. This leads to an unmanageable IT sprawl of systems. Undoubtedly, the business has not budgeted for these assets. Furthermore, such initiatives have no Senior Managerial buy-in. Without IT input, these systems may be insecure and contribute to support issues. In turn, these issues cause

extra impact to users, as the IT Helpdesk will take longer to identify root causes of problems.

## Summary

As an IT leader, you must understand your business, build consensus and synergy among factions, break down the information silos and prioritize IT initiatives to benefit the entire organization. You must align IT Strategy with your business's core values, guiding principles and goals. To succeed with technology, you must have the support and commitment of company leadership and the financial resources to make these changes. There is a definite cost to implementing a successful IT Strategy. You must weigh and balance many factors that drive your IT decisions. An IT assessment is an excellent way to identify and prioritize technology initiatives. Your IT Strategy should reflect an understanding of your practice and support the goals and values of your organization. Clearly communicate your commitments and expectations, carefully manage change and reward excellence and address failure. Take extra time to gain buy-in for your ideas and work with your company leaders to make sure that you have met as many needs as possible.