

**MIS 3534 Fall 2014 –
Strategic Management of
Information Technology
*Day 13 – IT-Driven Competitive
Strategies***

Min-Seok Pang

**Management Information Systems
Fox School of Business, Temple University
minspang@temple.edu**

Dec. 8th, 2014

Why should we hire you? (1/2)

- How would you answer? How would you sell yourself?



<http://www.cnn.com/2009/LIVING/worklife/07/20/cb.why.should.hire.you/>

If the interviewer asks what you've learned here, what would you say?

Week	Topic	Cases
1	Introduction	IVK
2	IT and Competitive Strategy (I)	Otis Elevator
3	IT and Competitive Strategy (II)	Wyndham International
4	Business Value of IT (I)	San Francisco Airport San Diego Schools
5	Cost of IT (I)	IVK
6	Cost of IT (II)	IVK
7	IT Governance	IVK
8	Enterprise Architecture	IVK
9	Strategic IT Outsourcing (I)	IVK
10	Business Value of IT (II)	B&K Distributors
11	Strategic IT Outsourcing	Bharti Airtel
12	IT Risk Management	IVK
13	IT-Driven Competitive Strategy	ITC eChoupal

Why should we hire you? (2/2)

- There are three finalists for one job position. Only ONE will be hired.
- Explain why you should be the one to be hired to your interviewer. Sell yourself!



https://twitter.com/CentricaGrad_FE
http://polycentric.csupomona.edu/news_stories/2011/06/compsci-grad-tackles-complex-code.html
[http://commons.wikimedia.org/wiki/File:Uncle_Sam_\(pointing_finger\).jpg](http://commons.wikimedia.org/wiki/File:Uncle_Sam_(pointing_finger).jpg)

What did you learn from Otis and Wyndham?

- What did you learn from Otis and Wyndham cases (with IT and Competitive Strategies)?
- Today's topic is "IT-Driven Competitive Strategy." How different do you think this topic is from Day 2 and 3 topic?

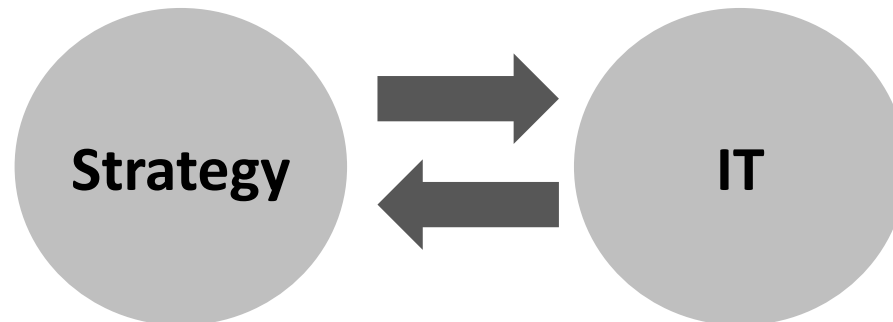
**Otis**

A United Technologies Company

**WYNDHAM**
BYREQUEST

Today, we'll discuss ...

- We have discussed that competitive strategies affect how companies use IT.
- Today, we'll discuss the other way around.
 - How IT affects competitive strategies.
 - How firms can leverage IT in formulating new strategies for disruptive innovation and sustainable competitive advantages.



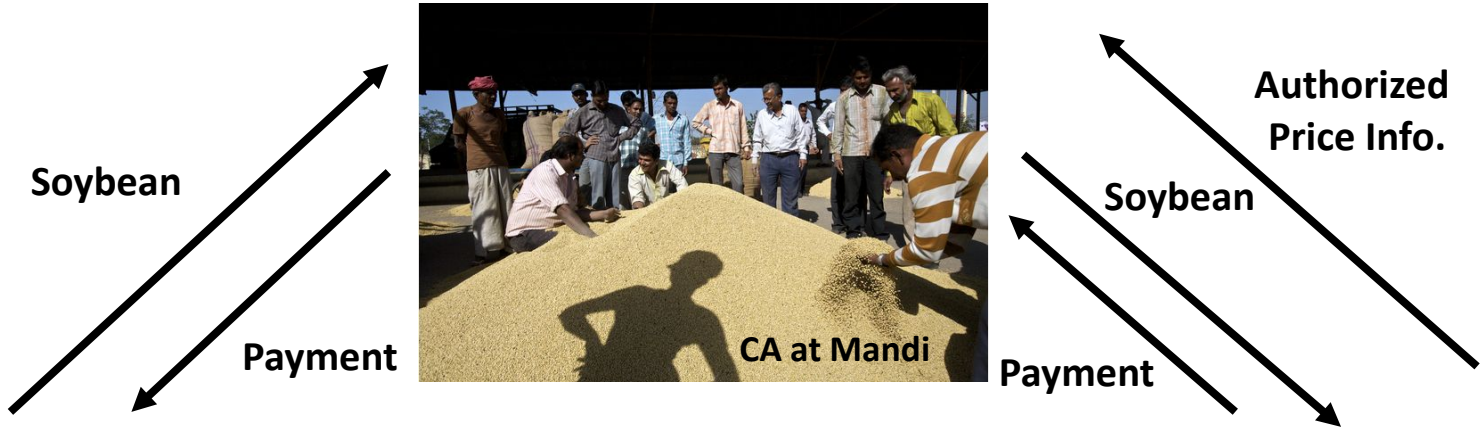
ITC eChoupal

- Describe eChoupal. What is this for?
- With eChoupal, what is ITC trying to accomplish?



http://www.indiantelevision.com/perspectives/y2k4/rural_itc.htm

How did the old supply chain of soybean work?



<http://www.cargill.com/connections/soy-grows-in-egypt/index.jsp>
<http://www.bloomberg.com/news/2012-09-20/soybean-meal-exports-from-india-to-climb-on-record-crop.html>
<http://www.farmersguardian.com/store-and-drying-facility-saves-grain-exports-from-ruin/25037.article>

The Old Supply Chain of Soybean (1/2)

- What are the “*choke points*” in the old supply chain of soybean?



- Who are the *losers* and the *winners* in this relationship?
- What are *the other losses* to the farmers than lost revenues?

You've got an offer!

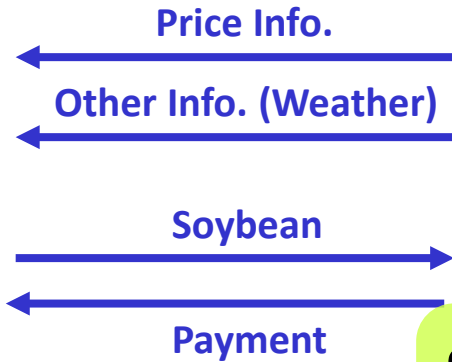
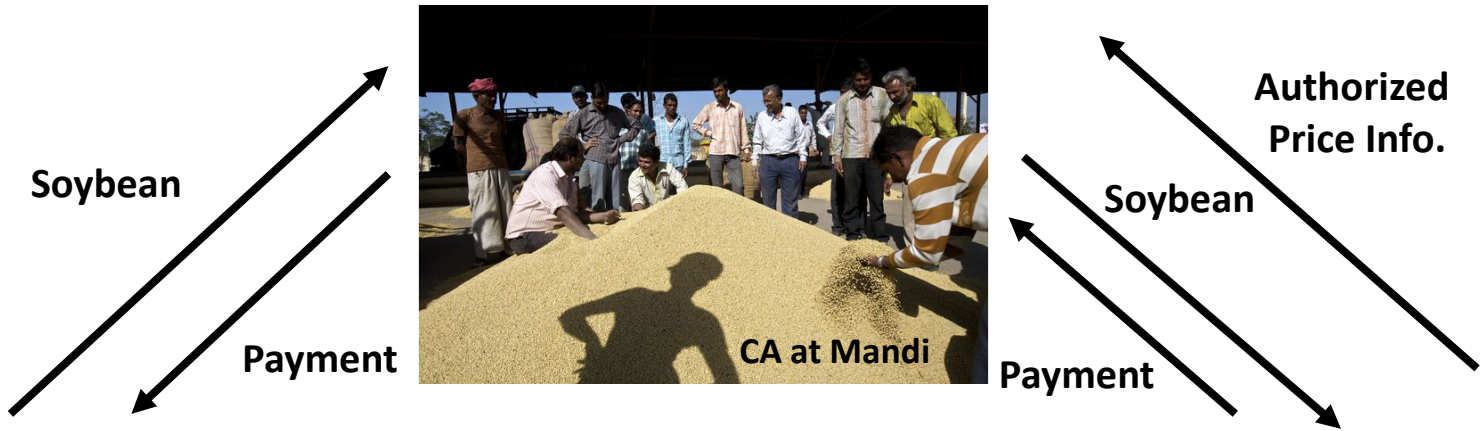
- Suppose you've got a job offer with \$50,000 salary, healthcare, and 401(k).
- Would you take the offer?
- Before you take or turn it down, what should you do?
- What should you do
 - if you have no way to do “research”?
 - if you don't have time to wait?



The Old Supply Chain of Soybean (2/2)

- The losers are farmers, and the winners are CAs (middlemen)
- The old supply chain has been plagued by inefficiencies such as
 - too much mark-ups to CAs who do few value-adding activities
 - insufficient compensation to farmers, which discourages quality improvement and better planning
 - loss of soybean during transactions at Mandis due to manual processes
 - loss of soybean due to inadequate warehouse facilities

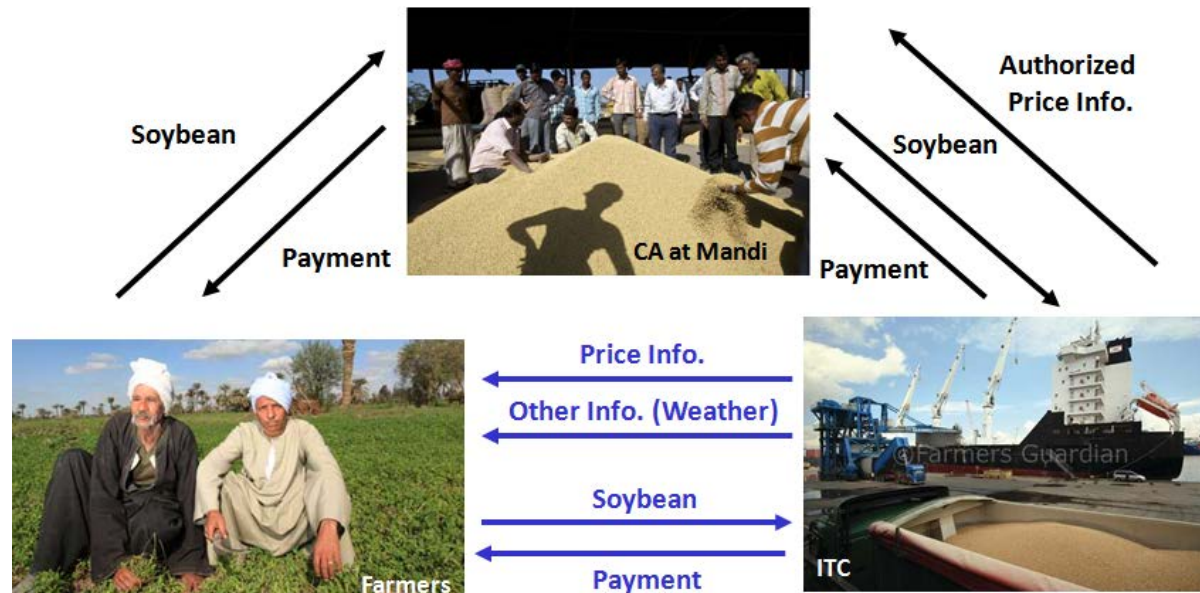
How does eChoupal work here?



eChoupal reduces information asymmetry between farmers and middlemen.

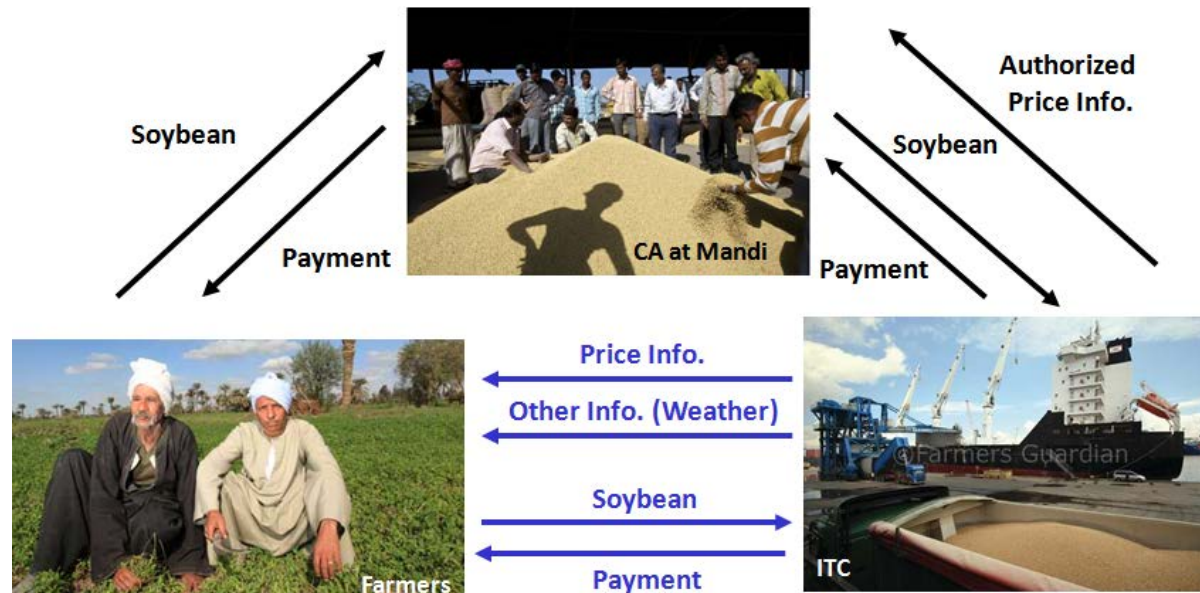
<http://www.bloomberg.com/news/2012-09-20/soybean-meal-export-from-india-to-climb-on-record-crop.html>
http://www.farmersguardian.com/store-and-drying-facility-saves-grain-exports-from-ruin/25037_article

Benefits of eChoupal to Farmers (1/2)



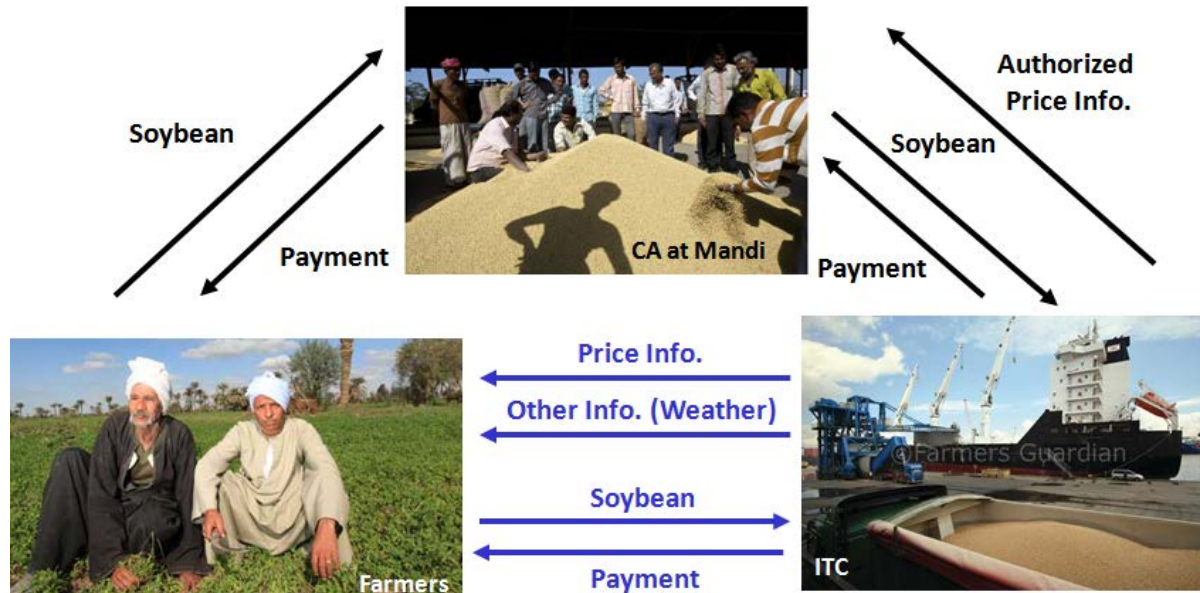
- What are the benefits of eChoupal to farmers?
 - What are the other benefits beyond increased revenues?
- What is the other information from eChoupal to farmers?
 - Why does ITC provide such information?

Benefits of eChoupal to Farmers (2/2)



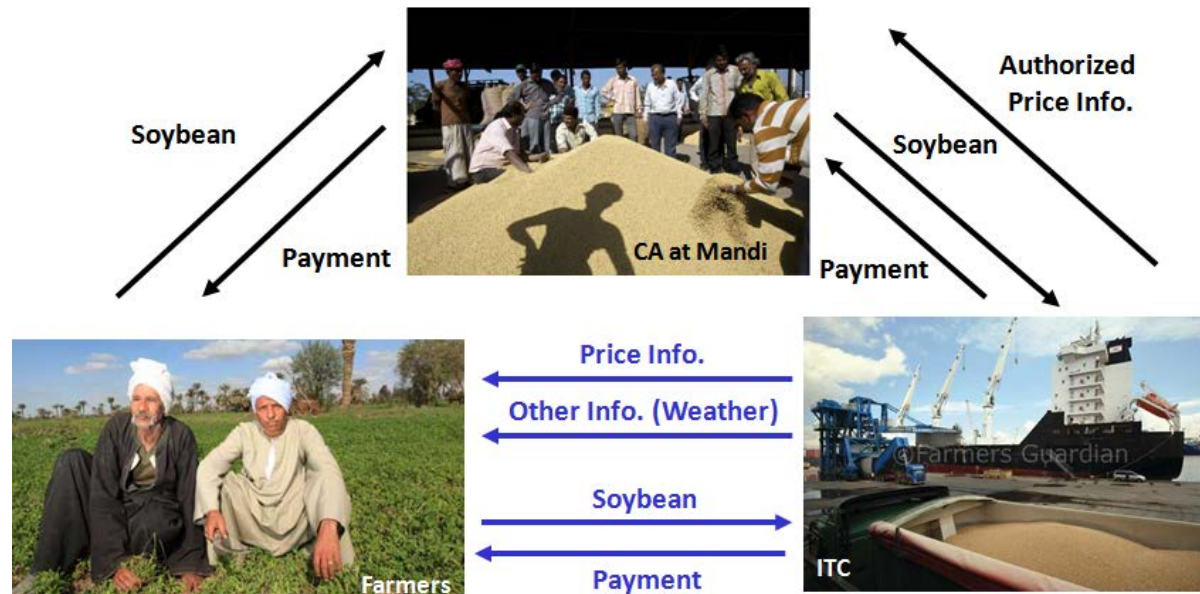
- With eChoupal, the farmers are receiving proper payments for their produces.
- With the proper payment and a variety of information and best practices, farmers are encouraged to improve the quality of their crops and do a better planning in their work.

Value of eChoupal to ITC (1/4)



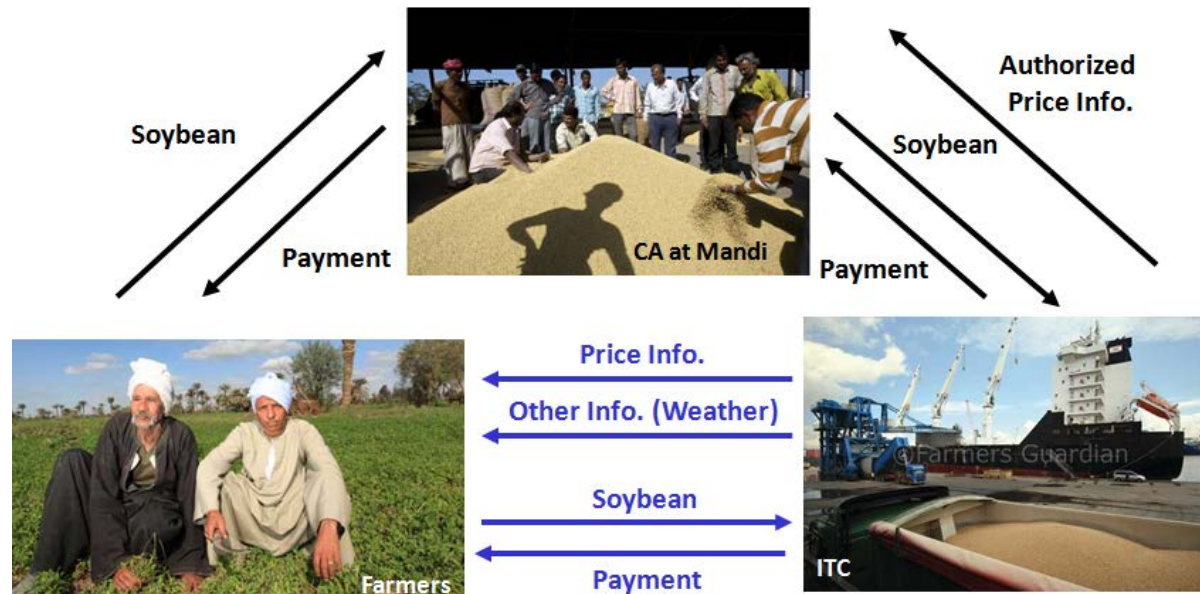
- Is ITC a charity? Why is it concerned about farmers' lives and well-being?
- What is the value of ITC to eChoupal?
- Why does ITC allow eChoupal farmers to go to Mandis as they used to?

Value of eChoupal to ITC (2/4)



- For example, before eChoupal, a CA pays farmers \$50 for a certain amount of crops and sells it to ITC for \$100.
- After eChoupal, ITC can pay the farmers \$70 for the same amount, benefiting both the farmers and ITC!

Value of eChoupal to ITC (3/4)



- ITC allowed farmers to continue to go to Mandis. But at the same time, it guaranteed a price level to farmers.
- Farmers will choose certainty over uncertainty from auctions at a Mandi. ITC may be able to lower its price to farmers slightly.

Value of eChoupal to ITC (4/4)

- Improve efficiency in the whole supply chain
 - Reduced loss in the supply chain
- Greater profits to both farmers and ITC
- Improvement in produce quality from
 - reduced uncertainty for the farmers
 - spread of knowledge on farming techniques
- Improved *social values*
 - more visible market
 - fairness to farmers



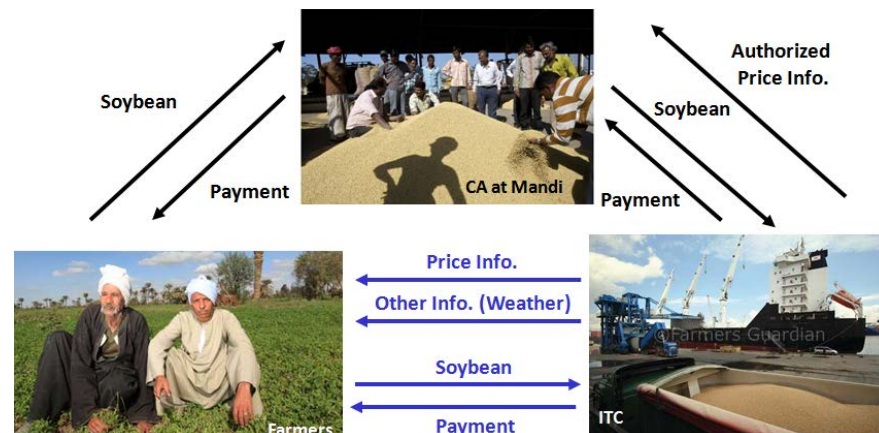
<http://zorkmode.deviantart.com/art/Almost-Everybody-Happy-172649549>

eChoupal Success Factors (by the Authors)

- Trust between ITC, the farmers, and other participants
- Clear value to everyone in the supply chain
 - *Everybody wins.*
- Foundation in existing social structure (*Choupal*)
 - Use of *Sanchalak* as a *change agent*.
- Choice to farmers (who can go to either a Mandi or ITC)
- Incremental adoption
- *Simplicity (not sophistication)* of technologies
- A strong sense of nationalism (“Best for India”)

Competitive Advantages from eChoupal (1/2)

- How could ITC achieve competitive advantages from eChoupal?
 - Are these sustainable?
 - If ITC does not care about the farmers but instead exploits them, would its advantages be sustainable?
- Could this be possible without IT and the Internet?
- Could ITC's competitors copy this innovation quickly?



Competitive Advantages from eChoupal (2/2)

- If ITC chose to exploit the farmers, it could have earned short-term profits but could have not achieved long-term sustainable value creation.
- This innovation could not have been possible without IT.
- Competitors may be able to easily imitate the use of IT in eChoupal, but would take long time to emulate other success factors (trust, use of existing social structure, ability to manage changes).

Any Other Example? (1/2)

- Can you think of any other examples, in which a new entrant with IT disrupts the existing industry by eliminating “*choke points*”?
- How do FreshDirect, Uber, Airbnb, and Khan Academy disrupt the existing industries by address which *choke points*?



U B E R



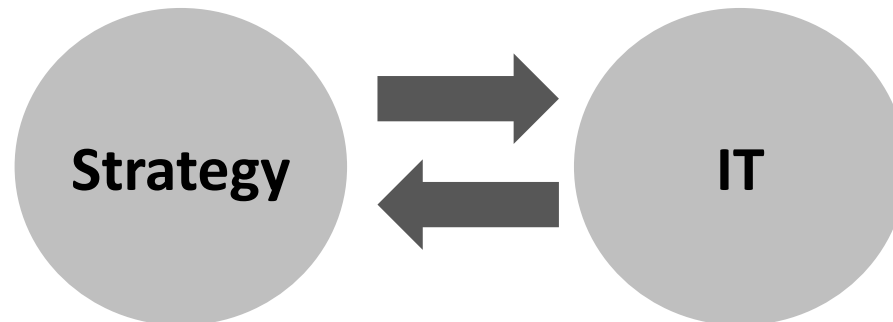
KHAN
ACADEMY

Any Other Example? (2/2)

- FreshDirect, Uber, Airbnb, and Khan Academy address the following choke points or inefficiencies in the existing industries.
 - limited space at grocery stores and limited selection for customers
 - heavily regulated amount of taxicab fleets and pricing
 - untapped lodging spaces in urban downtowns
 - limited classroom space and one-size-fits-all education
- (Except FreshDirect) these companies are not using the most sophisticated technologies.

IT is a catalyst to new competitive strategies.

- IT is an enabler, a facilitator, and a catalyst in developing new competitive strategies.
- Smart use of technologies (not necessarily state-of-the-art ones) can produce a competitive strategy that shakes up the existing industries.
- That's why CIO can stand for a chief *innovation* officer.



Job Offers to Mr. Barton

- What are the three choices to Mr. Barton?
- Which opportunity would you advise Mr. Barton to take? Why?
- Can he become a CEO someday? Is he a good CEO material, compared to other executive candidates?
- Remember *“IT department is positioned to understand how the business works better than any other department”* (p. 11)?





More CIOs Are Gaining Stature As Business Strategists

CIOs are earning business credibility, sharpening their strategic profile, according to our 2013 State of the CIO

CIOs Share How They Made the Leap to CEO

CIO Pay Tied to Overall Earnings

Our exclusive research reveals how much top-tier CIOs are paid with their companies' fortunes.

Innovative CIOs Show How to Succeed With IT

A select few CIOs are generating cold hard cash through IT. We rounded up examples of CIOs who generate revenue through sales or developing a product or service sold externally.

CIO Helps Civil War-Era Company Prepare for Digital Future

Western Union has survived dramatic business upheavals. How can this venerable company survive the digital payments revolution?



give their home companies a competitive edge.

Do you want to become like Mr. Barton?

- Would you like to be a successful executive like Mr. Barton in the future?
- If you do, what would it take to be a great CIO?



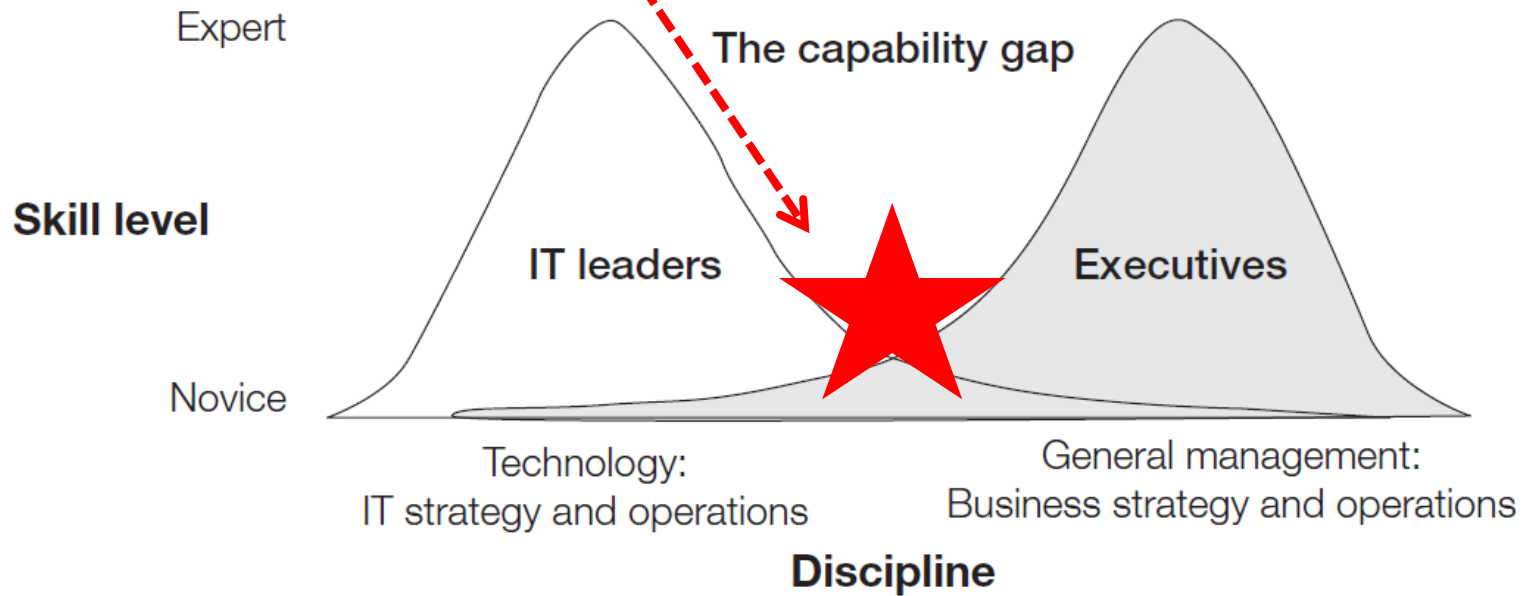
<http://www.fastcompany.com/1790016/inspired-facebook-nation-obamas-chief-disruptor-brings-startup-culture-govt>

<http://www.techweb.com/news/47903044/wal-mart-s-way.html>

http://www.memphisbioworks.org/bionotes/summer10_MCAN.html

Are you here?

The IT leader/general manager capability gap



Are you ready to be...?

- A capable *business leader* specialized in technologies who speaks in business languages and can explain to anyone
 - How IT management should be aligned with competitive strategies
 - How IT helps firms create business opportunities and achieve sustainable competitive strategies
 - How IT resources contribute to value creation in the business and government sectors
 - How to lead organizational transformation and innovation with IT
 - How to manage risks borne out of IT that firms depend on

Risks to MIS Majors

- A recruiter might say,

Well, she/he knows a little bit about business and a little bit about IT too. I get that, which is fine. But I don't think she/he knows either deep enough. I would rather hire a real business major or a real engineering major.

- What would you say to this recruiter?
- If you don't want to hear this, what should you do?



<http://findtheclient.com/2012/02/how-to-win-skeptical-clients/>


What's in your competitive advantages?

- What should be your competitive advantages as an MIS major
 - that differentiate yourself from other majors?
 - Differentiation reduces bargaining power of buyers and rivalry among existing competitors.
- What should be your core competencies
 - that you can do better than anyone else?
 - Core competencies have to be valuable and inimitable.

CIOs Struggle with the Great Talent Hunt

Finding IT pros with business skills has always been a bear. So award-winning CIOs are taking radical steps to train, recruit or grow the hybrid staff they covet. (Plus: Meet the new members of the CIO Hall of Fame and the Ones to Watch winners.)

By Stephanie Overby
Wed, May 01, 2013

 4 Comments




"Business savvy comes from years of experience working on the business side, generally at a level high enough to have a broad cross-functional perspective," says Dave Smoley, a 2013 CIO Hall of Fame inductee. "Because technical competence comes from years of experience working and training in math, science and technology, it is rare to find both in one individual." Smoley, until recently the CIO of Flextronics International, joined pharmaceutical company AstraZeneca as CIO on April 15.

"It's hard for tech people--even middle managers on up to senior managers--to think the way that the business thinks," says [Teri Takai, CIO for the Department of Defense](#) and a 2013 CIO Hall of Fame inductee. "They tend to explain things from their own perspective."

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At the DoD, Takai's lieutenants excel at highly technical projects, but she reminds them that their technical solutions are only as good as their ability to communicate them to senior defense leaders. "I tell them you have to use Aunt Linda language," she says. "How would you explain this to your mother, assuming she's no expert. Or your neighbor?"

At SquareTwo Financial, it took time for IT employees to get comfortable with business discussions. "It's difficult for a developer to stand up say, 'I'm going to show you what my product does and do it in a way that a business person can understand it.' Not, 'Hey, I wrote this code this way and here are my SQL statements,' but, 'Here's the business value of why I designed this the way I did,'" Weeks says.

My Suggestions (1/3)

- You have to be an expert in two areas.
- It is easy to find an expert in one area, but not in two or more.
- An expert in at least one technology area
 - database, business intelligence, system analysis and design, security, project management, and so forth
- An expert in at least one functional area or one industry
 - Finance, accounting, marketing, management, strategy, or operations
 - Retail, manufacturing, hospitality, finance, government, healthcare, and so forth

My Suggestions (2/3)

- What should differentiate you from engineers?
- Communication skills
 - a translator between business-side and technology-side
- Finance / accounting
 - Will this technology create value to my customers and company?
- Understanding of customers and competitors
 - What do customers want?
 - What would competitors do?

My Suggestions (3/3)

- What should differentiate you from business managers?
- Knowledge on current, up-to-date technologies
 - What you have learned here will be obsolete in a matter of years. DO NOT stop reading technology news or magazines.
- Curiosity and willingness to try something new and innovate.
 - Don't be afraid to try something new, to yourself, to your company, to your colleagues.
 - Be an early adopter, an innovator, and a change leader.

Technology News Sites to Recommend

- MIT Technology Review (<http://www.technologyreview.com/>)
- BusinessWeek (<http://www.businessweek.com/technology>)
- CIO Magazine (<http://www.cio.com/>)
- InformationWeek (<http://www.informationweek.com/>)
- Government Technology (<http://www.govtech.com/>)
- ZDNet (<http://www.govtech.com/>)
- NextGov (<http://www.nextgov.com/>)

GOOD LUCK

to your career and future endeavors!