GROUP CASE STUDY 1

Assigned: September 15, 2014
Due: Monday October 6th, 2014 before the Class by Email to Vasant (required). Also, please bring a hard-copy, and submit (recommended).
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Description

Come up with an IT Business Case and RFP for a large Book company, BooksForAll, with $2 billion in revenue, and $150 million in income. The company is doing pretty well, and sells the books in the 500 stores throughout the U.S as its core business. In addition to the books, it also sells music CDs and videos to take advantage of the customers coming to stores. The book business accounts for about the 90% of its revenue. BooksForAll had been market-aware, and has tried to transform itself from a brick-and-mortar company to the one that also has online presence and digital book distribution service called “book everywhere” on the Web. However, with a growing presence of two of its biggest competitors who are almost double in their revenues compared to BooksForAll. The company is working in an IT strategy to improve sale, decrease cost of operation, and diversify to a number of channels outside the web and store. Incidentally, 10 years back BooksForAll was the market leader in terms of sales as well as customer satisfaction. That is not the case now as BooksForAll is now pretty much a third choice for the customers.

BooksForAll IT systems seem to be old. They run from two data centers based in Philadelphia and Houston. The online system has been hardly stable. There was a 4 hour outage last month, where customers who wanted to buy and read digital books online couldn’t do so. The POS (point of sales) systems run using mainframe technology. Online ordering and billing is being done through a 3rd party vendor BookCom, who integrates with the mainframe POS system through EDI and Web Services, but it has been reported to have slow performance at the peak hours of 6 PM to 10 PM when the system has heavy customer load. The customer care is provided by the company call center platform and web-based portal; however, call centers take the bulk of load (50,000 calls per day by 1,000 customer service representatives, which is 80% of all the customer service
issues). Altogether, the company sells some 250,000-300,000 books every day, of which 30% are digital books.

The IT department led by the new CIO, who was recruited from a well-known online company has suggested revamping of the company IT infrastructure in next 3 years. He does not recommend replacing everything at the same time; however, modern billing, ordering, customer care systems should be developed. The system should allow introduction of new books, physical and digital, faster and cheaper. Customers should be able to read the book anywhere and anytime once they pay for it. There may be a need for tiered pricing structure that supports one, two, or multiple platforms.

The business goals are to reduce Customer care issues by 30%, double the revenue to $4 billion, and improve income to $600M in next 3 years. Marketing and Sales can contribute to about 50% of the increase in revenue, but the rest should come from this IT initiative. Ultimately what can be done depends on a number of factors, but that’s what the goals are for now. The current IT budget of $100M includes all aspect of IT, with a new development of about $30M on yearly basis and the rest is for support and minor enhancements to the existing systems. The company could find money to spend for a right IT Business case.

**Deliverables:**
- Develop an IT Business Case (3-4 pages, single space – use the template provided in the class)
- Develop an RFP to support the IT Business Case assuming at least 50% of work would be done through the vendor(s) (3-4 pages, single space – use the template provided in the class)
- Summarize your key findings in a presentation and present in the class (5 pages): 25% of grade

**Additional Guidance**

This exercise should be done in a group. You can build upon the Individual Case Study 1.

For both Business Case and RFP, please focus on the sections relevant to IT. For example, Project Scope section of the RFP should focus on the IT related changes or enhancements. Similarly, Goals and Objective and Cost Benefits sections of the Business Case should focus on IT related changes.

Use your creativity and make realistic assumptions where appropriate. All students in the group would get the same grade for this assignment.

Any questions, let’s discuss at the end of the regular classes (preferred), or feel free to contact me.