

Group Tasks

You can either form a group (five people) choosing any topic you like (check your idea with me or the TA) or provide a list of your top three preferences from among the topics listed below (due by February 23). Possible topics could include:

1. Strategic agility: IT as enabler or barrier
2. Offshoring as a global platform for innovation
3. How “X” will impact strategy and firm performance (where “X” could be RFID, privacy, business process outsourcing (BPO), etc.

A. IT Enabled Business Models in One Industry

The aim is to understand the current and potential use of IT enabled business models (i.e., e-business) in one industry. Groups will choose an industry to carefully investigate (e.g., retail banking, travel, car manufacturing, specialty retail, legal services). Examples of projects completed by student groups in previous years will be placed on the MIT Server.

The aim of your group assignment is to understand the actual and potential impact of IT for your chosen industry. The intent is to profile, from a senior management perspective, the network of buyers and sellers and exchange of information in the industry. Many industries are undergoing change with the boundaries of the particular industry blurring. To account for these changes you should take a broad definition of your industry. To provide focus you should take the perspective of one type of firm (e.g., large insurance company in the insurance industry, a boutique label in the music industry, a largest travel agent in the travel industry) but NOT a particular firm (e.g., Citibank or MIT Sloan or The IRS).

To complete your analysis I suggest you:

- Perform a detailed industry analysis using a series of tools including those covered in class (e.g., Porter’s five factors, business operating models, etc.)
- Conduct a literature review particularly of studies of the market power of the participants and the current use of IT enabled business models.
- Interview participants in the industry—I should be able to give you pointers to people who may be helpful
- Consider using Scenario Analysis as described by Clemons and Bradley in the reading for session 13.
- Analyze future viable IT enabled business models.

This is an emerging and fast changing area so I have no firm views on your group’s deliverables for the project. However, to provide a general guideline, the presentation should draw on your work in the following areas:

- Identification and definition of the industry
- A very brief discussion of the traditional participants and stakeholders, roles and responsibilities, relative power of the stakeholders (e.g., market shares etc.), regulations, profitability, and growth.

- Brief discussion of the drivers of change in the industry and identification of the leaders.
- Profile of the current practice of business, both marketplace (physical) and marketspace (electronic).
- Identification of the likely changes to the industry enabled or caused by IT and other major factors (regulation, globalization, concentration, disintermediation, etc.)
- Identification of the key (current and emerging) business operating model in the industry. This is the major deliverable of the project.
- Prediction of the state of the industry in five years (e.g., business models).
- Recommendations for firms of the type you have focused on.

B. Information Systems Strategy

To better understand IS strategic planning, conduct interviews with two or three consulting firms with IS strategy practices. Contact me to get the names and contact details of two consulting firm (e.g., from BCG and Microsoft) who have agreed to talk with you.

Important issues include:

1. How do they define IS Strategy?
2. Typically, which group/person in an organization are their clients. Why are they usually called in?
3. What is the general approach the consulting firm uses?
4. What tools, methods, techniques are used?
5. Brief (anonymous) descriptions of one or two successful engagements.
6. How do they determine if it was a successful engagement?
7. How to choose an IS strategy consultant.

Finally, identify the strengths and weaknesses of the approach the consulting firm uses.

C. IT Outsourcing

Outsourcing of IT is increasing at approximately 10% per annum in large organizations. However, there is little guidance for what IT activities should and shouldn't be outsourced. Prepare a presentation and report for a group of senior managers from many different organizations addressing the following.

What is IT outsourcing?

1. What are the different types of outsourcing arrangements and what IT activities can be outsourced?
2. Describe one or more examples of organizations that have outsourced.
3. In what circumstances should an organization consider outsourcing and what are the risks?

4. Produce a framework to help a firm decide whether and what IT activities should be outsourced.

Information Sources:

1. Several books and articles by Rudy Hirschheim or Mary Lacity or Leslie Wilcocks.
2. Firms that have outsourced – see me for details.

D. Role of CIO

Your group has been invited to the next meeting of the CEO Circle to present on the “Role of the CIO.” The CEO Circle is a group of about 100 London and New York based CEOs who meet on a regular basis to discuss issues of mutual interest and hear from speakers.

At a previous meeting several of the members mentioned the challenge of the managing the most senior information technology manager in the organization.

Prepare a 20-minute presentation (followed by 15 minutes of questions) on the role of the CIO.

In your address consider:

1. The role and responsibilities of the CIO.
2. The type of person and skills required for the job.
3. How to assess the performance of the CIO
4. Recommendations for managing the CIO.

Information sources:

1. Mark Polansky CIO Search Consultant with Korn Ferry in NYC
2. CIO Magazine Top 100 CIOs

E. Tools for Implementation of IT Governance

There is a growing market for tools that claim to help implement all or part of IT governance. Conduct a study on the market of IT governance tools.

Important issues include:

1. Estimate the size of the market?
2. Identify the key players in the market (e.g., ProSight, etc.) either via your own research or using third party analysis (e.g., Gartner – see TA for details on how to access Gartner materials)?
3. Conduct a case study of one or more tools used in an organization. See me for introductions to tool vendors who can provide case study sites. Consider:
 - What was the motivation for adopting the tool?
 - Was there a formal business case and what were the details?
 - What were the costs and benefits?

- What were the critical success factors for successful implementation?
4. What are your predictions for the market for IT governance tools?

F. Applying Real Options to IT Investment Justification

The Real Options framework is a promising way to value particular types of IT investment.

1. Conduct a review of the managerial literature.
2. Demonstrate IT options to several different types of IT investments.
3. Provide recommendations for the use of options for IT investments.
4. (Optional) Provide a case study of IT options use in a firm.

Information sources:

1. Amram, Martha, and Nalin Kulatilaka. *Real Options: Managing Strategic Investment in an Uncertain World*. Boston, MA: Harvard Business School Publishing, 1998. ISBN: 978-0875848457. [ISBN-10: 0875848451]
2. Benaroch, Michel. "Managing Information Technology Investment Risk: A Real Options Perspective." *Journal of Management Information Systems* 19, no. 2 (Fall 2002): 43-84. (More technical treatment.)
3. Luehrman, Timothy. "Investment Opportunities as Real Options: Getting Started on the Numbers." *Harvard Business Review* 76 (July-August 1998): 51-67.

G. Compliance

To better understand effective ways to meet the ever increasing need for compliance conduct a study on how IT assets are being used for compliance. The scope of the study can either be compliance in general in 2007/8 in a US listed firm or compliance for any firm to one specific requirement such as Sarbanes Oxley, HIPA, Privacy, Basel II, etc.

Important issues include:

1. What are the key challenges of compliance in general?
2. How do firms organize to achieve compliance (e.g., chief compliance officer, agreements, incentives etc.)?
3. What tools, methods, techniques are used for compliance?
4. What is the role of IT in compliance?
5. Brief case studies of one or two successful compliance initiatives in any organization from the literature.
6. How can firms build a modular compliance capability so that each they do not need to start over each time there is a new compliance requirement?

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