

Strategy Clinic

Question

My brief is to set technology strategy to develop and support new business at a new media company. I've read statements to the effect that technology alone is rarely the key to unlocking commercial value, and that companies will leverage information itself in new ways in the years to come – whether by using information to make smarter calls, or to create new models. How can I get a good handle on the state of the art in this area?

Dominic Barrow's Answer

The state of the art strategy achieves two parallel and often competing objectives. It harnesses the value of everyone's personal strategies for exploiting information and technology, while holding the total bottom-line costs of IT within pre-planned constraints.

These strategies are the third generation of corporate strategies for IT (or "IT Strategy 3.0", as they have recently been called). They bear little resemblance to the original IT Strategies on which many of us were brought up, and are a paradigm shift from the more recent second-generation strategies.

First-generation strategies were focused on technology roadmaps and the people that delivered them. The IT department's role was initially to be the creators, and then integrators, of IT systems. Post Y2k and dot-com, second-generation strategies then treated IT as a collection of services that must perform satisfactorily and become progressively more efficient. In "IT Strategy 2.0" the IT department became a quasi-supplier of IT services to internal 'customers', with Account Managers or the equivalent to manage relationships with, and demand from, 'the business'.

As everyone has become more confident at using IT to create value, and executives have kept the lid on IT costs, another major shift has occurred in strategies for IT and the IT department's role. Third-generation strategies for IT are now primarily focused on the people that invest in and exploit IT, and on company-wide IT costs. The IT department's primary role is corporate leadership in the creation of value from business investments involving IT.

So you have a choice of three generations of strategy for IT. Each means a very different role for you and your department. As the company's chief strategist for IT, your first decision is which of them will be the most appropriate. Then propose a one-page statement of that strategy to your executive colleagues, to secure their backing and involvement.