

Business strategy
affecting information
systems and
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A strategy can be defined as a plan. A business strategy can be defined as an explicit description of the strategic destination of a business in terms of what it targets to achieve, as well as the road map of getting to that place or operational status quo. Such a strategy is the means through which an enterprise communicates its vision, mission statement and set objectives. In response to various market forces such as demand and supply, the managers of a company devise this business strategy. To achieve set organizational goals, managers make various decisions which are key to the optimization of processes and resources. Such decisions include financing decisions; investment decisions; operational decisions among others. Hence the need for any organization's information systems to offer the best decision making support to management. An information system is an organized combination of interrelated components which are people resources; computer software and hardware resources and infrastructure which operate within set boundaries to achieve a common goal.

There is strong link between a business strategy and the IS (Information System) strategy as well as the organizational strategy of any business. Prosperous business entities come up with an overruling business strategy which dictates the complementary IS and organizational strategy to be employed. The relationship between these three strategies is called the Information Systems Strategy Triangle. According to the Information System Strategy Triangle, understanding business strategy means providing answers to the questions listed below:

1. What is the business goal or objective?

2. What is the plan for achieving it? What is the role of IS in this plan?

3. Who are the crucial competitors and co-operators, and what is required of a successful player in this value net? (Adapted from Stephanie Overby, “ Found to Fail” CIO Magazine, May 1, 2005, pp. 49-54).

Management’s decisions about the organizational structure, staffing issues and other elements of the organizational strategy and decisions regarding IS components such as hardware and software applications are all dependent on the type of strategy which a business adopts and pursues. There is therefore the need to balance these three strategies through organizational design which positions the IS and organizational strategies as complements of the business strategy. As such, the business strategy affects the information systems and organizational strategy of a company in that any changes in a firm’s business environment not only necessitate business process re-engineering or rethinking the business strategy of giants such as Roche, but revamping the IS infrastructure as well. Where a firm designs its business strategy to use IS to gain a competitive advantage, constant innovation in IS becomes necessary (Stephanie Overby, “ Found to Fail” CIO Magazine, May 1, 2005, pp. 49-54) Resultantly, the three strategies must be constantly reassessed.

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QUESTION 2 : What generic strategy does Roche appear to be using based on this case? Provide a rationale for your response.

Roche mainly employs the Innovation strategy through the use of IT, driving change in organizational culture and the consequent change in business processes. Firstly the innovation strategy is evident in that the organization has had to embrace and organizational revolution to accommodate the technological revolution. The shift in approach in Research and Development - Roche moves towards a system which encourages a warmer style of teamwork as opposed to the ultra competitive culture in which scientists fought for scarce resources and did not encourage flow of information. In the new system, the preferred team members are young, ambitious researchers with the agility to handle change. Klaus Lindpaintner, Roche's worldwide head of genetics research says ' A young researcher can be fully up to speed with the most modern stuff and be less distracted by all of the other things that 50 year-olds focus on'. In addition, there is increased interaction between researcher from different backgrounds or technical expertise for example biologists and statisticians collaborating on how to use data from a Genechip experiment.

Secondly, as Roche's business strategy has resulted in the generation of large amounts for data which need to be screened and processed, the innovation strategy is seen in the information technology that the company employs to deal with this flood of data, for example the Zeiss machine which

is used to increase efficiency and speed in the screening of potential drugs, shortening the time it takes to get the product on the market. Innovation is also demonstrated in the way Roche's computer services experts had to devise a way to use computer capacity effectively, for the storage of raw data and experiments.

Roche has quite evidently begun a form of Business Process Re-engineering (BPR) as a response to the new breakthroughs in medical research. The beginning of research cycle has changed and has more possibilities, as a result the processes that follow have to be upgraded to handle the increased volume of information, as a result Roche's business will be completely remodelled over time.

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QUESTION 3: Apply the hyper-competition model to Roche. Which of the 7 Ss are demonstrated in this case?

The hyper-competition model's chief proponent is Richard D'Aveni, the professor of business strategy at the Amos Tuck School at Dartmouth College. Mr. D'aveni believes that business can no longer be business as usual due to shifting market rules which render it impossible, in an extended time frame, to sustain a company's competitive advantage. The world over, the business environment has slid into a status of hyper-competition where survival for any business goes beyond issues to do with maximizing profits. To ensure that a business continues and survives there is a need for business entities is to focus strategic energies on toppling the market leader by eliminating their present competitive advantage. This new paradigm

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comes in the wake of four main contributors to the new age of hyper-competition, which are

adjusted consumer preferences and the resultant changes in product and service demand;

constant upgrades; research and development in the field of information technology;

world globalization which merge all nations into one global market thus nullifying geographical and industry divides, and

“ deep pockets among competitors” (D’aveni).

Due to the impact of the four forces listed above, there is need to devise new ways of upsetting the market. Mr. D’Aveni came up with a new set of rules key in this new era of hyper-competition, and labeled these simultaneous or sequential strategic thrusts , strategic soothsaying, surprise, speed signals, shifting the rules and stakeholder satisfaction.

Ground breaking developments in human genomics as well as molecular biology in the Pharmaceuticals industry sparked the need for Roche to adopt D’aveni’s new set of rules to stay afloat in the world of hyper-competition.

The following are the Ss which are demonstrated in the case study for Roche Group.

3. 1 SOOTHSAYING, i. e.

Discontinuing the pursuance of obsolete business thrusts and ideas in favour of currently applicable methodologies of innovation and team collaboration.

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Ensuring a speedy and timely identification of people's susceptibility to illness or infirmity.

Roche hires new employees and leverages on existing employees to best prepare for efficient implementation of new ideas.

3. 2 STAKEHOLDER SATISFACTION

Effective maneuvering of Roche's value chain to maximize value addition to cancer drugs, thereby increasing their profitability and efficiency in treating cancer ailments.

Ensuring a speedy detection of side effects caused by the use of certain drugs such as probable toxicity.

Employing the Gene Chip to aid treatment and monitoring of patients, which translates to better health care insurance for Roche's customers.

Maximizing returns to shareholders by producing competitive pharmacy drugs which best meet customer expectations.

3. 3 SPEED

Critically evaluating and analyzing large volumes of data in a shorter period of time using the Zeiss machine.

Achieving the rapid discovering of new and better pharmacy drugs and nipping in the bud toxicity risks through early identification.

Team collaboration in favour of encouraging scientific team competition means that teams take lesser time to be productive due to the pool of

intellectual capital, unlike where individual teams would be stuck with outdated ideas, trying to preserve their careers.

3. 4 SIMULTANEOUS AND SEQUENTIAL THRUST.

Researchers can now consider multiple ideas on a daily basis rather than to spend years focusing on one idea.

Having different initiatives running at different times.

3. 5 SURPRISE

Investing in new technology

3. 6 SIGNALLING

Developing markers for cancer

Media briefing showing the direction market will take.

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QUESTION 4 : How do information systems support Roche's business strategy?

Roche's business strategy has resulted in the generation of large amounts of data which needs to be processed screened, analyzed then either discarded or stored.

4. 1 Screening - The head of clinical research believed that the best hope of finding new drugs fast would be to test as much compounds as possible and discarding as quickly as possible, those that had lower odds of succeeding.

This resulted in the procurement the Carl Zeiss machine which has assisted Roche with efficient and faster testing of compounds per day..

4. 2 Processing / Experimenting- the Genechip has assisted Roche in reducing the time it takes to identify disease markers when conducting experiments on tissue samples. This contributes positively to the business strategy in that it increases the speed at which new products can be identified and developed.

4. 3 Storage - All the data generated as a result of Roche's new strategy which is experiments that are either discarded or continuing with further investigation needs to be stored on the company's data systems. Roche's computers services experts have had to devise an effective way of storage that ensures that all the employees are allocated sufficient storage in their respective areas of responsibility.

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