

A case study on infosys technologies ltd essay



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This paper discusses about the company, Infosys and its Business-IT Alignment. I further explored how important it is for the organization before reviewing details of the company's business objectives, goals, vision and business strategy. The company's IT structure and what its capabilities are and whether it is aligned with its business strategy was a paramount goal of this study. The data collected from primary and secondary sources was analyzed by using the strategic alignment framework proposed by Luftman and Brier. Results from my analysis indicated that the IT alignment at Infosys is at an optimum level.

Among the main reasons for this achievement is the personal involvement of its founder and Chairman, Mr. Narayana Murthy, in its IT-Business alignment efforts. Arising from the positive effort by senior management, the main key enablers for this company are their efficient management skills and constant development of information systems within the company to complement its strategies to be a market leader. In concluding this study, I agree with Luftman's and Brier's findings that IT strategies are just as important as business strategies and it should be aligned for any company to succeed in a competitive environment.

The paper discusses on organizations Business Strategy, IT Alignment and its Governance mechanism and how is it supporting to its requirements. I have chosen Infosys Technologies LTD, Bangalore, INDIA, Which is a Technology Consulting and Services company for the above purpose. Reasons for choosing this company are its robust structure and its urge to become the top global company in the world. The company's progress in the past years

shows the companies effectiveness in terms of growth through Organic and In-Organic methods to meet its goals. 3. 0 Literature Review

According to Jerry Luftman and Tom Brier (1999), in the recent decades, billions of dollars have been invested in IT and a key concern of business executives is alignment that is applying IT in an appropriate and timely way and in harmony with business strategies, goals and needs. The authors state that the importance of alignment has been well known and documented since the late 1970's and the importance of alignment grows as companies strive to link businesses and technology in light of dynamic business strategies and continuously evolving technologies.

While alignment is discussed extensively from a theoretical point of view the author says that there is no empirical evidence regarding the appropriate route for aligning business and IT strategies. As alignment of an IT strategy with their business is the fundamental principle that has been advocated form time to time. (Refer # Figure - 2) According to the author, business IT alignment, IT is applied in an appropriate and timely way, in harmony and collaboration with business needs, goals and strategies. The terms such as "harmony", "linkage", "fusion", "fit", "match" and "integration" are often used synonymously with the term "alignment".

According to Jerry Luftman, Hunter Muller (July 2005), The Efficiency of an IT project lies in how a business modifies its processes to take advantage of new technologies to meet its goals. Companies can maximize the total value of IT ownership with good portfolio management and governance, so the focus should be on companywide returns making TCO an important aspect in

the process of aligning the company's Business Strategy to IT. (Refer # Figure's - 3 & 4) Luftman, Bullen, Liao, Nash and Neumann (2004, pp. 89 - 90) discuss a Six-Step process to asses Strategic Alignment.

According to Kenneth J. Sousa, Laurie E MacDonald, Kenneth T Fougere (September / October 2005) Computer Security is a major issue. The importance of computer security has grown in tandem with the business development and the IT infrastructure development, the internet has emerged as a new era in communication and data transfer which are very critical for any business in today's global environment. This has put more emphasis for companies to pressure high security standards earlier security was focused on employees and safeguards but now a system administrator must be concerned with outside threats that may occur via the internet.

(Refer # Appendix - 1) (Continued from page 10) According to Rockart, Earl and Ross (1996), Communication is a very important component in todays businesses they further Suggest that communication ensures that business and IT capabilities are integrated into the business effectively. Luftman, Papp and Brier (1999), have reported that IT understanding the business was considered by senior executives to be one of the top three enablers of alignment.

Reich and Benbasat (2000) have found that shared knowledge of business, IT and communication between IT and business managers positively influence alignment. The areas that comprise the Communications component are: 1. Mutual Understanding of IT and Business Environments 2. Inter / Intra-Organizational Learning 3. Communication protocol rigidity.

Knowledge Sharing 5. Liaison breadth / effectiveness According to Jerry Luftman and Tom Brier (1999), IT governance addresses how to prioritize and select projects and how to appropriately allocate IT resources e. g, staff, budget ect. Henderson, Venkatraman, Oldach (1996), Luftman (1996), say that governance is the choice organizations make when allocating decision rights for IT activities such as selecting and prioritizing projects, assuming ownership of technology and controlling budgets and IT investments.

(Continued from page 11) The areas that comprise Governance component are; 1. Pervasiveness of business strategic planning with IT involvement 2. Pervasiveness of IT strategic planning with business involvement 3. Structure of the IT Organization 4. IT budgeting

5. IT Investment Management 6. Frequency, Formality and effectiveness of steering commitments 7. Integration of Project Prioritization 4. 0 Industry Overview Outsourcing Outsourcing is a process through which companies leverage on countries providing cheaper labor with high intellectual expertise. But in today's Global scenario, IT has become the backbone of businesses worldwide and 'outsourcing' is the process through which these companies can concentrate on their core competencies by offloading their non-competent work to Outsourcing Service Providers.