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This report is based on an interview with Mr. T, and takes a look at D Company’s information management systems with particular focus on its privacy policies, planning and strategic use of IT. It was found that the company has a very good degree of privacy procedures in place for protecting their client’s sensitive information and innovations, and this was apparent through the policies and procedures they have in place externally. However, internally the interview identified several concerning gaps in the IS system, in particular security related issues.

Strategically however, the company’s attitude towards IT was very interesting. The company’s relationship with IT is essentially that they are an expert on all major types of technologies, leasing existing software off large companies, and providing this and their expertise in using the software to other companies wanting to build solutions of their own. According to Ward and Peppard’s Classifying Information Systems model (2002), the company uses IT for their clients in a “ strategic” way, as the clients have a high need for reliability and new IT.

Internally however, the company uses IT in a “ factory” way; it is essential for the primary processes of the business, but new innovations are not essential, and innovation is not embarked on. A detrimental result of this attitude is that future IT planning is fragmented and non-existent in some areas of the business’ IT operations. The organization, its products and its industry D Company was formed in Christchurch in 1965 to provide shared computer outsourcing services for Christchurch firms.

The company quickly expanded as they met a growing need for the development of information management systems and information processing in New Zealand. By 1971, the company had integrated nationally, and became the largest New Zealand owned IT Company, with operations in Auckland, Hamilton, Wellington and Christchurch, adding its own data communications network throughout New Zealand and providing payroll services along with a range of other software applications.

Today D Company has grown to incorporate core business services of systems development and integration, outsourcing services and technical support, and the provision of technological solutions like call centre operations, payroll services and engineering support services to large corporations. It currently has over 3, 000 staff in New Zealand, Australia and Malaysia, and a turnover of $NZ 600 million. The New Zealand market for companies requiring special technology services is small.

D Company's largest threat within the industry is IBM, and until recently the two were very competitive, each providing services to major telecommunications companies (Vodafone for Company D and Telecom for IBM) with contracts worth hundreds of millions of dollars a year. However, Telecom recently moved their operations to India, and in the process, IBM lost their main competitive share in the New Zealand market, and have not yet successfully managed to coax Vodafone away from D Company for reasons like switching costs, lock-in, privacy, history and other related factors.

So currently, D Company is in a better competitive position. Threat of New Entrants: The barriers to entry like data networks mean that it is very difficult for major competitors to enter the market. Small businesses which provide some of the solutions D Company provides do exist, but on the whole these are not a threat because they cannot service the large clients as D Company can. Threat of Substitute Product: Firms are moving away from in-house provision of IT, to a more outsourcing model of business.

A substitute for D Company's offerings would be the in-house servicing of these specialized systems, which would be expensive to install in money, time, infrastructure and maintenance, and would be unlikely to occur. D Company also ensures that they access the latest technologies available through alliances with large software companies like Microsoft, so they are able to offer customers more than they would be able to get if they waited for technologies to come to market. Bargaining Power of Suppliers: For IT solution services, the supplier includes both hardware and software providers.

In the hardware industry, there are countless brands and famous suppliers in this highly competitive market which grants D Company price and bargaining advantages. However, for the software industry, there are a few giant companies like Microsoft which monopolize the global market. To overcome this, D Company has established itself as a " Gold Partner" of Microsoft, meaning they have the closest possible relationship with the company, with the best prices and earliest release of their software which is a form of competitive advantage for D Company.

Bargaining Power of Customers: With such a small market in New Zealand, the customer quantity is limited, and the growth rate of customer is slow, so the customer has a good deal of bargaining power, especially when D Company has a few giant accounts which make up the bulk of their earnings. However, the switching costs apparent in these relationships act to neutralize this power.