COLLEGE OF LAW AND MANAGEMENT STUDIES
SCHOOL OF MANAGEMENT INFORMATION TECHNOLOGY & GOVERNANCE
JUNE EXAMINATION: 2013

COURSE AND CODE: IS STRATEGY (ISTN31F)

INFORMATION & INSTRUCTIONS:
DURATION: 90 MINUTES
TOTAL MARKS: 60

INTERNAL EXAMINER: Ms UG SINGH (WESTVILLE)
EXTERNAL EXAMINER: MR MC HUGHES (UNIVERSITY OF THE WITWATERSRAND)

NB: STUDENTS ARE REQUESTED, IN THEIR OWN INTERESTS, TO WRITE LEGIBLY AND IN INK.

THIS EXAMINATION PAPER CONSISTS OF 5 PAGES, INCLUDING THIS COVER SHEET. PLEASE ENSURE THAT YOU HAVE THEM ALL.
Short Answer Questions (26 marks)

1. The manager at Sure Enterprises has asked you to explain how the Internet affects an organizations architecture? (5 marks)

2. An entrepreneur who owns, Computer Zone, a computer support company, comes to you and asks if you can develop a system for his company. The company has offices in all provinces and each office provides the same service but with some context-specific differences. He provides you with the example of one of his offices, which is located in a residential area and therefore does not offer contracts to customers, whilst another office situated in an industrial area does offer contracts to customers. What kind of architecture would you recommend and why? (4 marks)

3. Mr Sibaya, the owner of a law firm, wants to update the policies on Ethical Use of Computers in his organisation. Describe to him the areas of information ethics in which control of information is crucial, according to Mason. (9 marks)

4. Using the value chain model, describe how information technology might be used to provide a winning position for each of the following businesses:
   a. A global airline
   b. A local dry cleaner
   c. An appliance service firm (provides services to fix and maintain appliances)
   d. A bank (8 marks)
4. Palmed Pharmaceuticals wanted to offer its customers a single point of contact for its health care and medical devices. This proved challenging as Palmed was a decentralised organization, with 120 companies that generated operating revenues of R10 billion. Previous success of the business was attributed to an autonomous management structure that held managers accountable for the financial results. These managers focused on making their operating companies run as efficiently as possible, and were not customer focused. Palmed’s customers therefore had to take it upon themselves to deal with multiple invoices, sales calls and contracts with Palmed's operating companies.

This change in Palmed's operations to a one-face-to-the-customer required major IT changes, especially since IT support had been built around decentralized operating units. This required all employees also to rethink IT in terms at the corporate level, as well as the operating level.

Palmed had to realign IT with its new corporate strategy. It began by training staff on the need for integrated systems and common standards. The early groups who went for training found this thinking quite foreign to the environment to which they had become accustomed. The later groups, though, needed little convincing about the value of standards, which became obvious with the implementation of a single global network and desktop configuration.

With the new one-face-to-the-customer strategy, Palmed found it necessary to provide corporate funding for the costs of establishing an IT infrastructure to fit its strategy, in addition to funding initiatives by operating units. This strategy stimulated standardisation and helped management learn how to assess corporate-wide IT investments.
Palmed has continued to evolve its enterprise architecture without dismantling the operating companies. Its strategic objectives supported the operating companies whilst leveraging cross-company IT capabilities. Committees were established to monitor technical standards. New formal organisational units were created to link operating companies with shared customers and markets. Some units sponsored information systems development to support the exchange of data across their operating companies.

4.1 Do you agree that Palmed was correct in assuming that it had to realign its IS Strategy with its new corporate strategy? Justify your answer. (5 marks)

4.2 Discuss Palmed's approach to providing an IT infrastructure to support its one-face-to-the-customer strategy. (5 marks)

4.3 Describe the strengths and weaknesses of this approach. (7 marks)

4.4 What is the link between business strategy, IT infrastructure and management? (2 marks)

4.5 Has Palmed successfully managed to align the above? Explain. (5 marks)
Mr Waltz, the CEO of GameZone, a large online gaming company, states "we have come out top in the casino wars by mining our customer data deeply, running marketing experiments, and using the results to implement finely tuned marketing and service delivery strategies that keep our customers coming back". He claims that this success involves more than just implementing loyalty cards to track customer activity and reward frequent buyers. GameZone’s customer cards track customer usage of the various games offered in their casinos. Sophisticated tools are used to understand as much as possible about their customers. They conducted experiments and focus groups, using well-structured experiments designed to gather data and test hypotheses about what motivated their customers. They studied a customer’s value over time and identified ways to increase spending on repeat visits. They studied individual behaviours and created a program that was customised each customer offering specific incentives based on the results of their analytical models.

5.1 What has driven GameZone to become the leader in the gaming market? (3 marks)

5.2 What differentiates GameZone from other gaming companies? (2 marks)

5.3 List the five (5) capabilities suggested by Davenport and Harris that are characteristics of companies that compete successfully with business analytics. (5 marks)