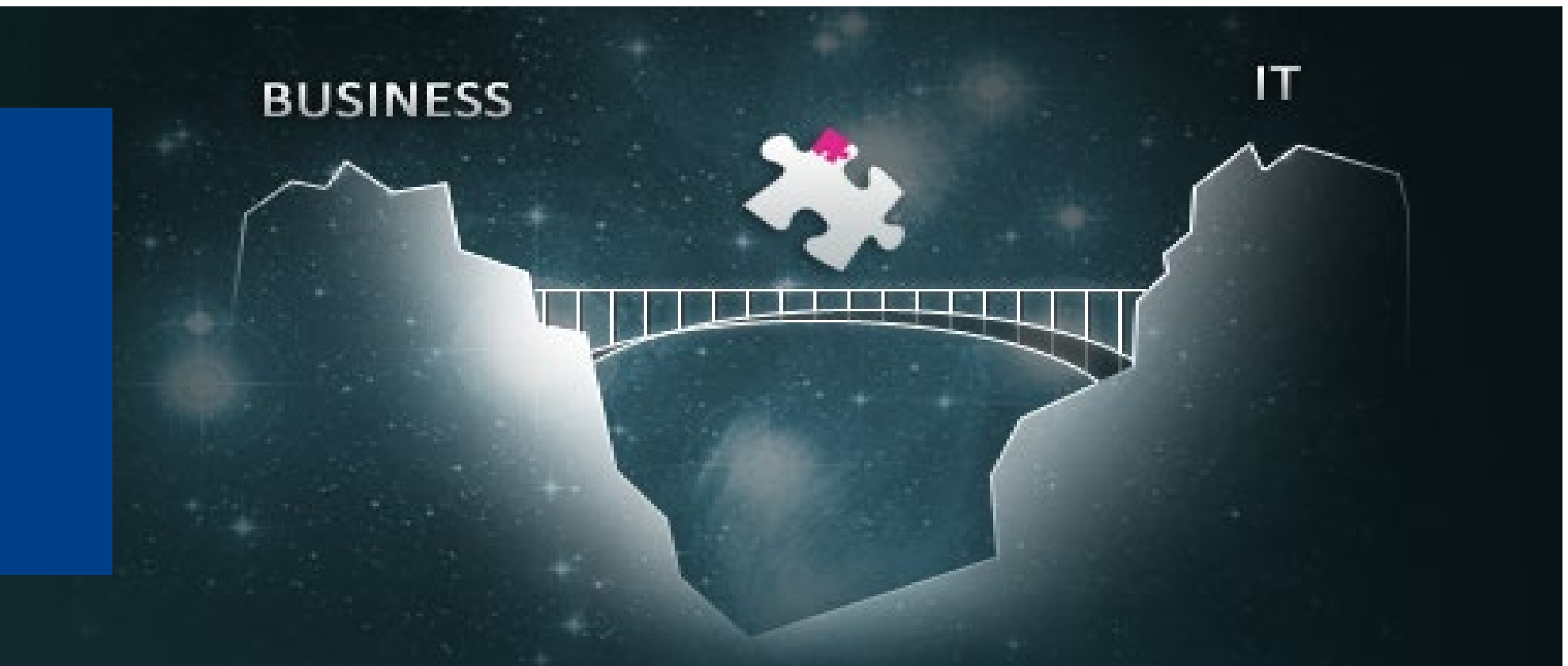


Alignment of Business and IT

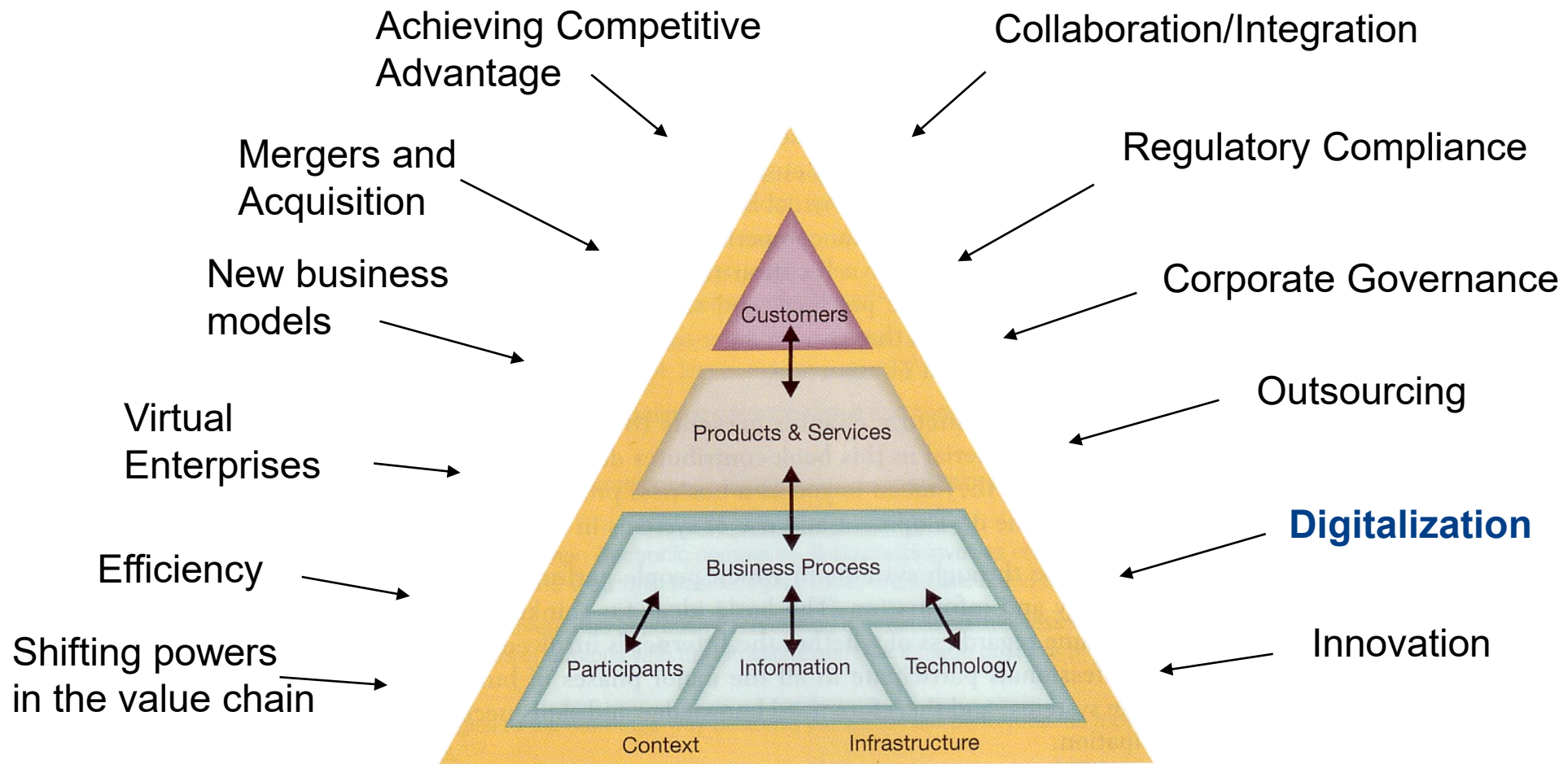
Introduction

Prof. Dr. Knut Hinkelmann



Continuous Change

Increasingly dynamic environment: Challenges confronting an Enterprise



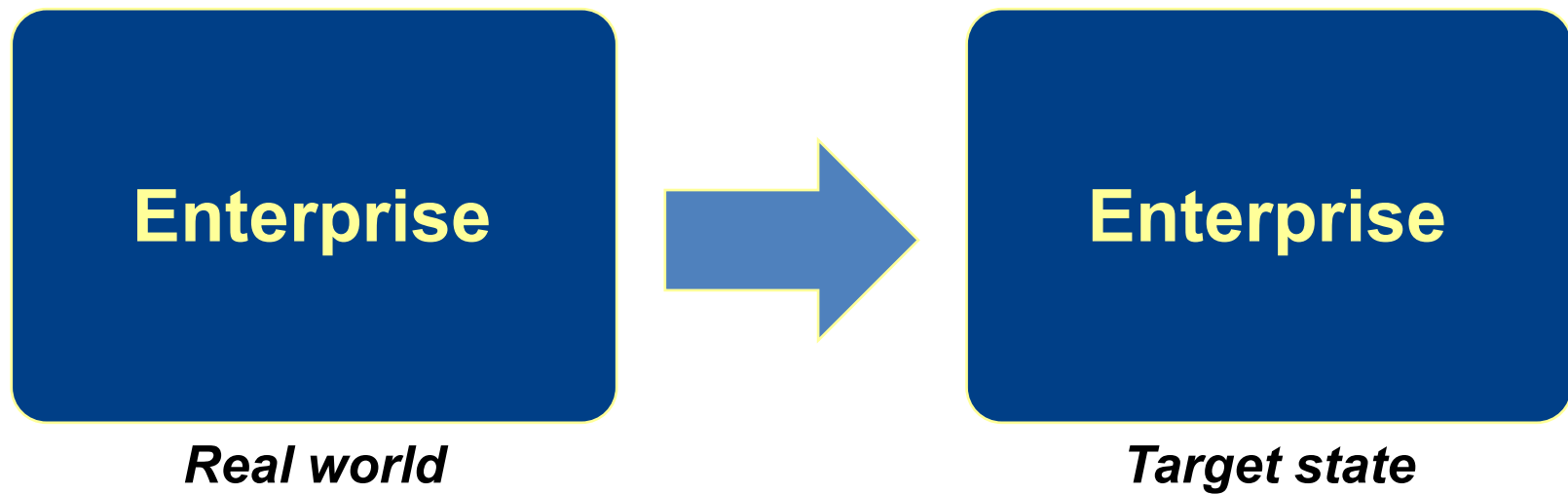
Demand for Continuous Change

- In a continuously changing environment, enterprises need the ability to
 - ◆ quickly **adapt** themselves quickly to **changes** in their environment,
 - ◆ **seize opportunities** as they avail themselves
- This puts challenge on enterprise's management to make the **right decisions** at the **right time**

Source: Op 't Land, M.; Proper, E.; Waage, M.; Cloo, J. and Steghuis, C.: Enterprise Architecture - Creating Value by Informed Governance, Springer-Verlag 2009, page 6.

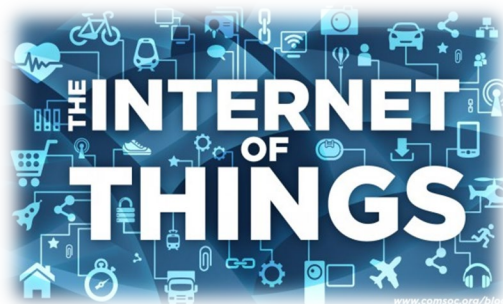
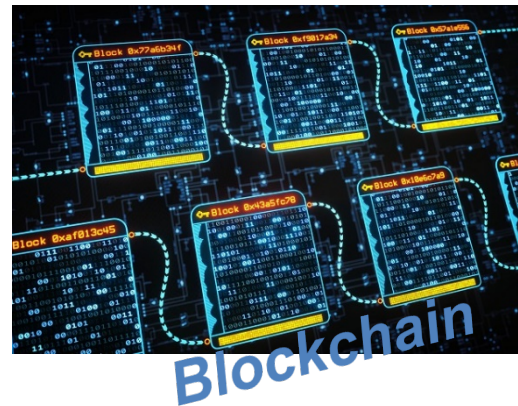


Reaction to Change



Enterprises React to Technology Change

- Technology is constantly changing and changing quickly



Changes in IT lead to Changes in Business

- Value must come not just from the IT tools that are selected, but also in **the way that they are used** in the organization.
- For this reason, the scope of Business-IT Alignment also includes the **redesign how work is accomplished**.
 - ◆ Organisation, Processes, Information
- Thus, to achieve its full potential for business value, implementing IT also includes **organizational change management**

Enterprises Respond to Market Change

- Change affects all elements of an enterprise's **value creation**: products and services, corporate capabilities and assets, alliances, partners, suppliers, and customers.
- Enterprises respond to the changing market environment
 - ◆ by adapting their **core competencies** and strengthening their **customer and supplier** relationships,
 - ◆ by redesigning their **organisational structures and processes** for being efficient and effective, and
 - ◆ by leveraging **information systems** and **information technology** for digitising their business.

(Ahlemann et al. 2012, p. 19)



Changing the Enterprise while it is Up and Running

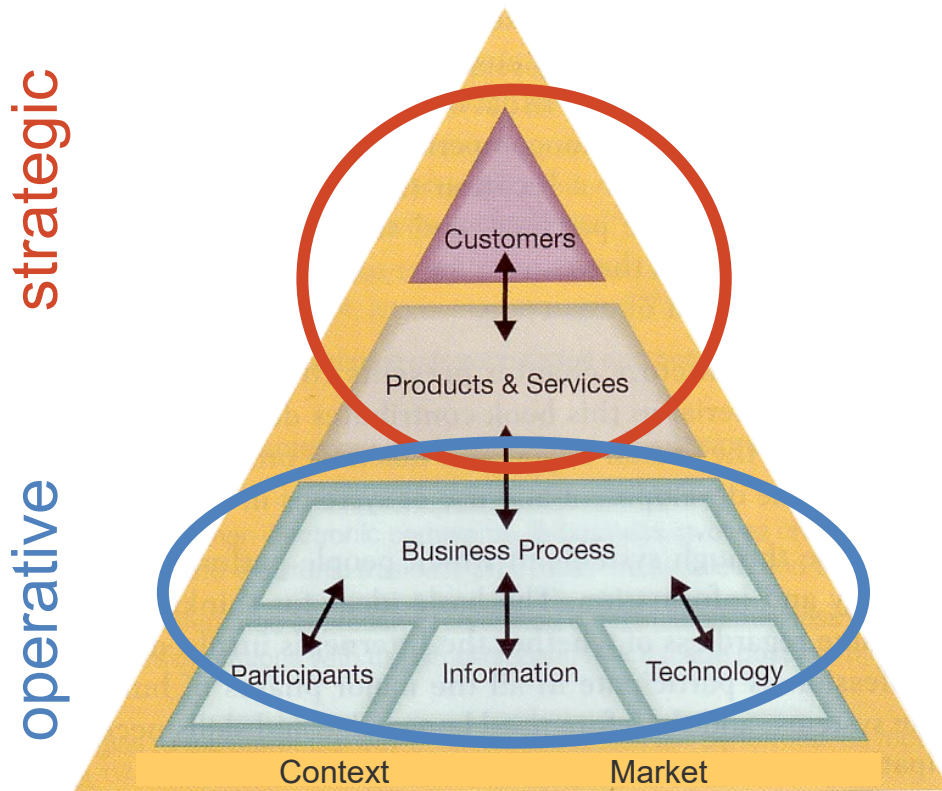


<https://www.youtube.com/watch?v=L2zqTYgcpfg>

Questions to British Airways Case

- What were the reasons for the business transformation (internal/external, Business/IT)?
- What elements of the enterprise are affected by this transformation?
- What decisions need to be made in such a change project?

Changes affect ...



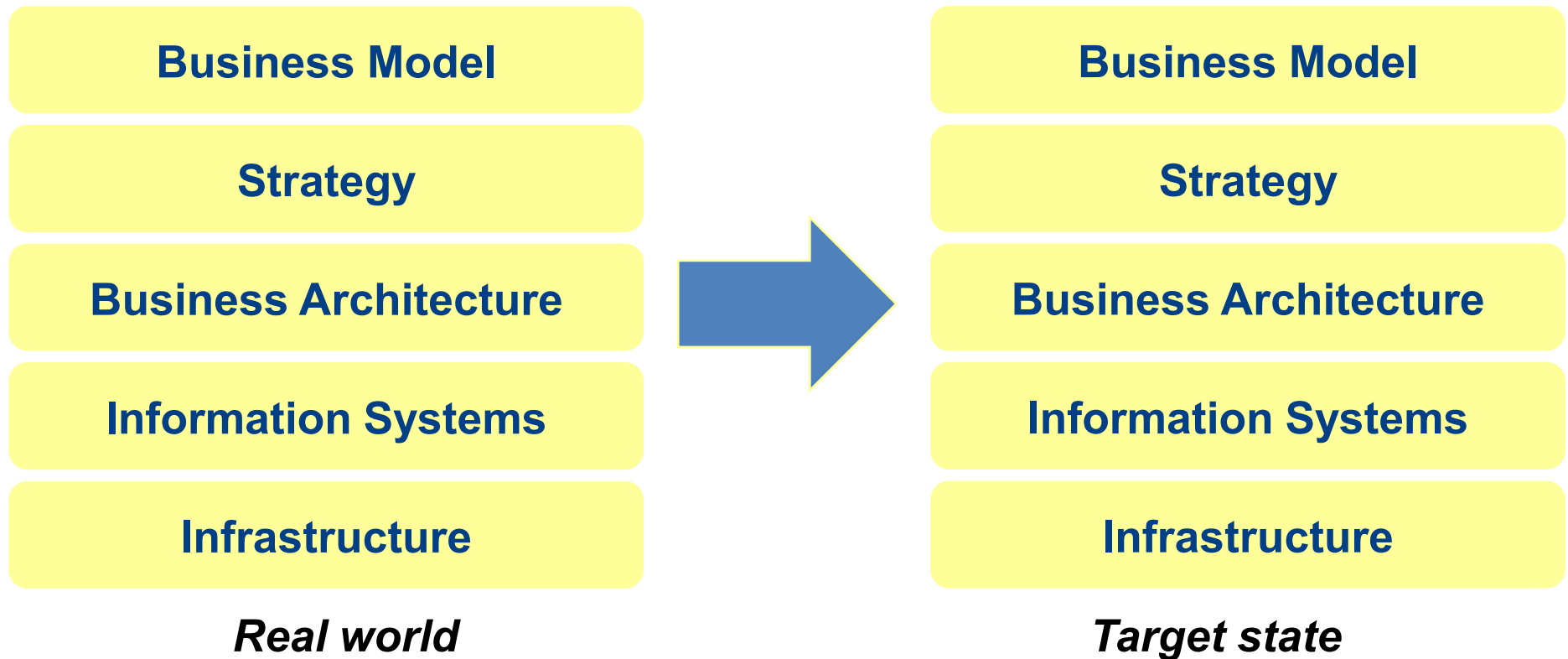
■ Value creation:

- ◆ **Business Model**
(value proposition, customers, revenue stream)
- ◆ **Strategy**
(customers, products and services)

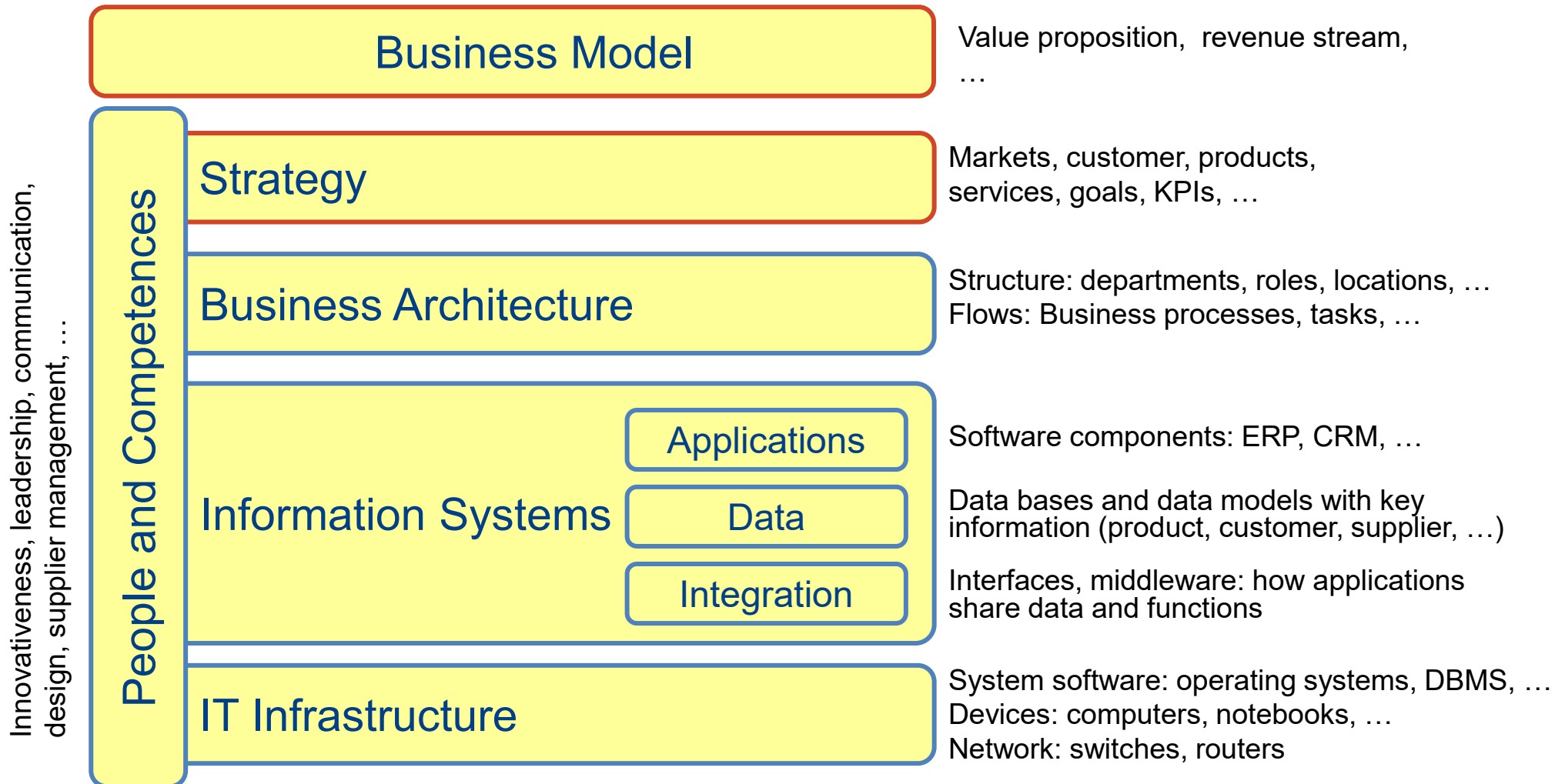
■ Enterprise Architecture

- ◆ **Business Architecture**
(business processes, organisation structure)
- ◆ **Information Systems**
(Applications and Data)
- ◆ **IT Infrastructure**

Reaction to Change



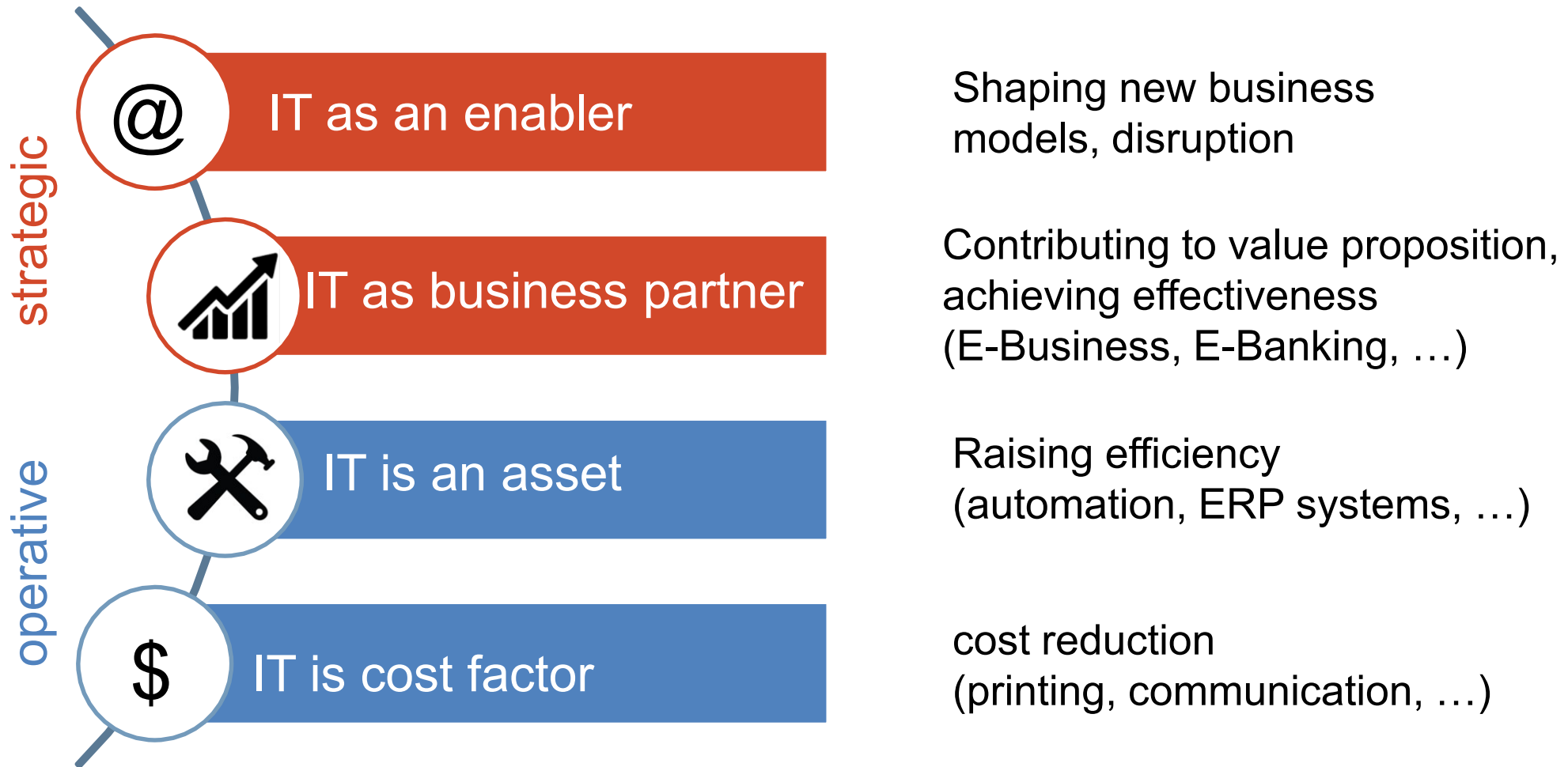
What is Affected by Change



Adapted from (Ahlemann et al. 2012, p. 19)

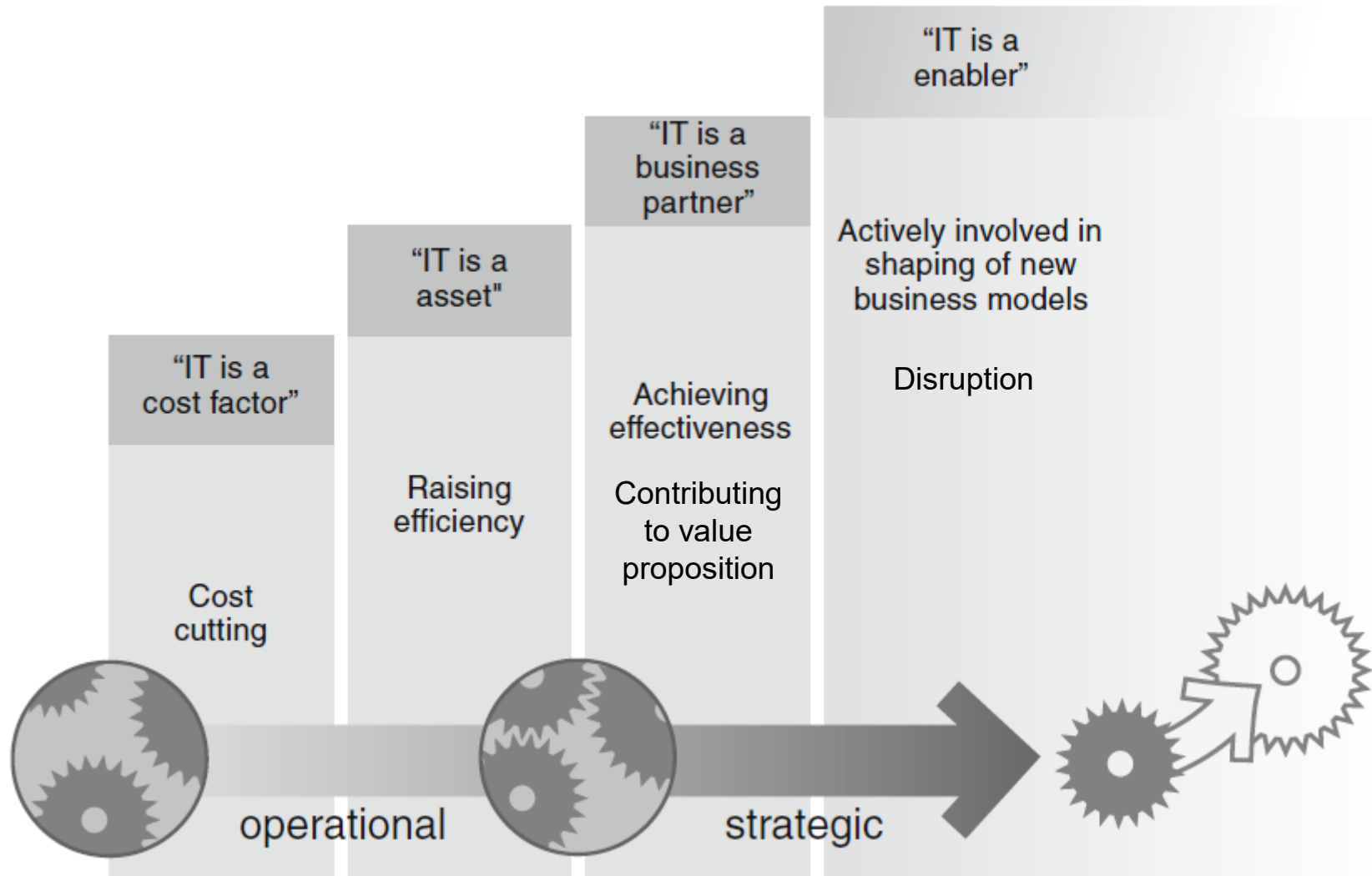
Role of Information Technology

Role of IT Enterprises



Source: (Hanschke 2013, p11 ff)
N. Tschichold, ELCA

The Role of IT



(Hanschke 2010, p. 12)

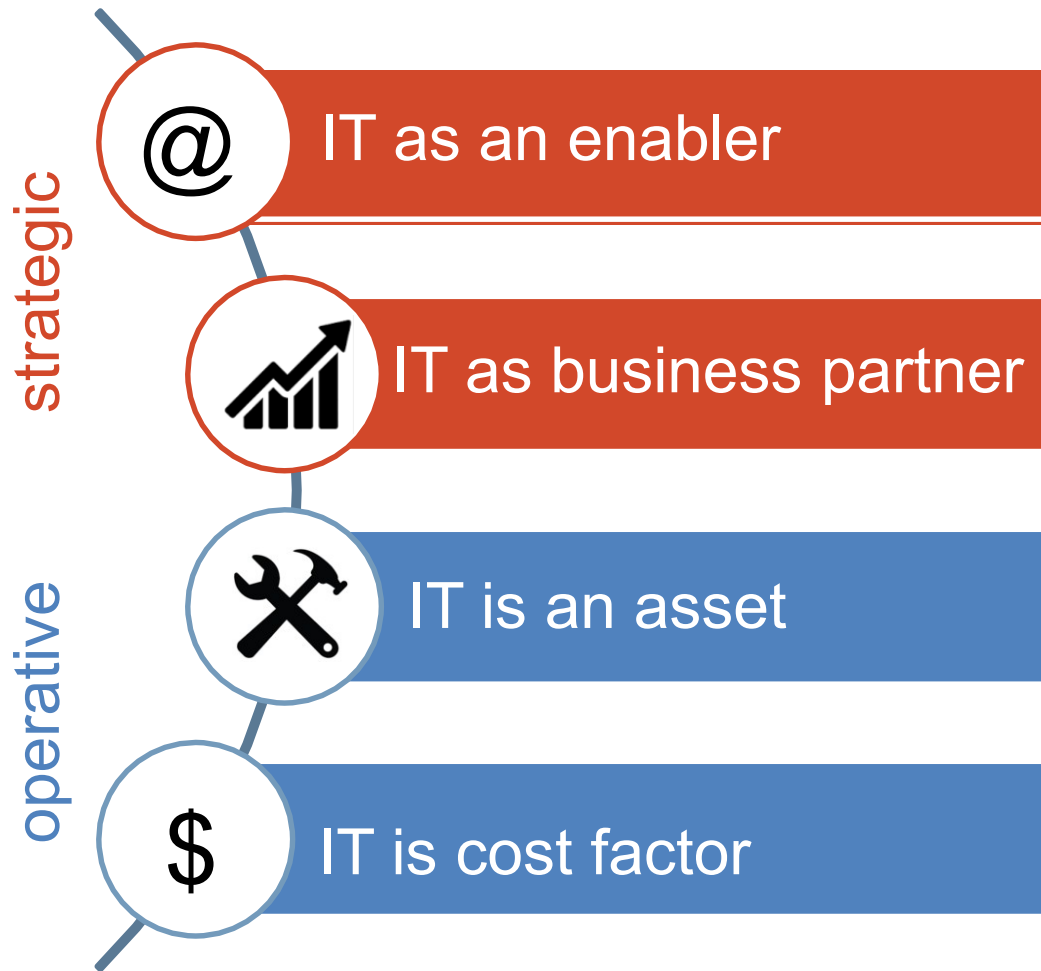
Roles of IT

- **IT as a cost factor:** provider of IT commodity products
- **IT as an asset:** IT solutions are integral to core business processes, enacting security and compliance requirements, deliver operational excellence, raising efficiency and quality
- **IT as business partner:** contributor to value proposition and enterprise strategy, deliver valuable input for business decisions, raise operational effectiveness
- **IT as enabler:** ability to anticipate future demands through new technology, agility it needs to adapt quickly to change, ability to generate new business ideas through existing and innovative technologies

(Hanschke 2010, p. 121f)



Strategic Importance of IT

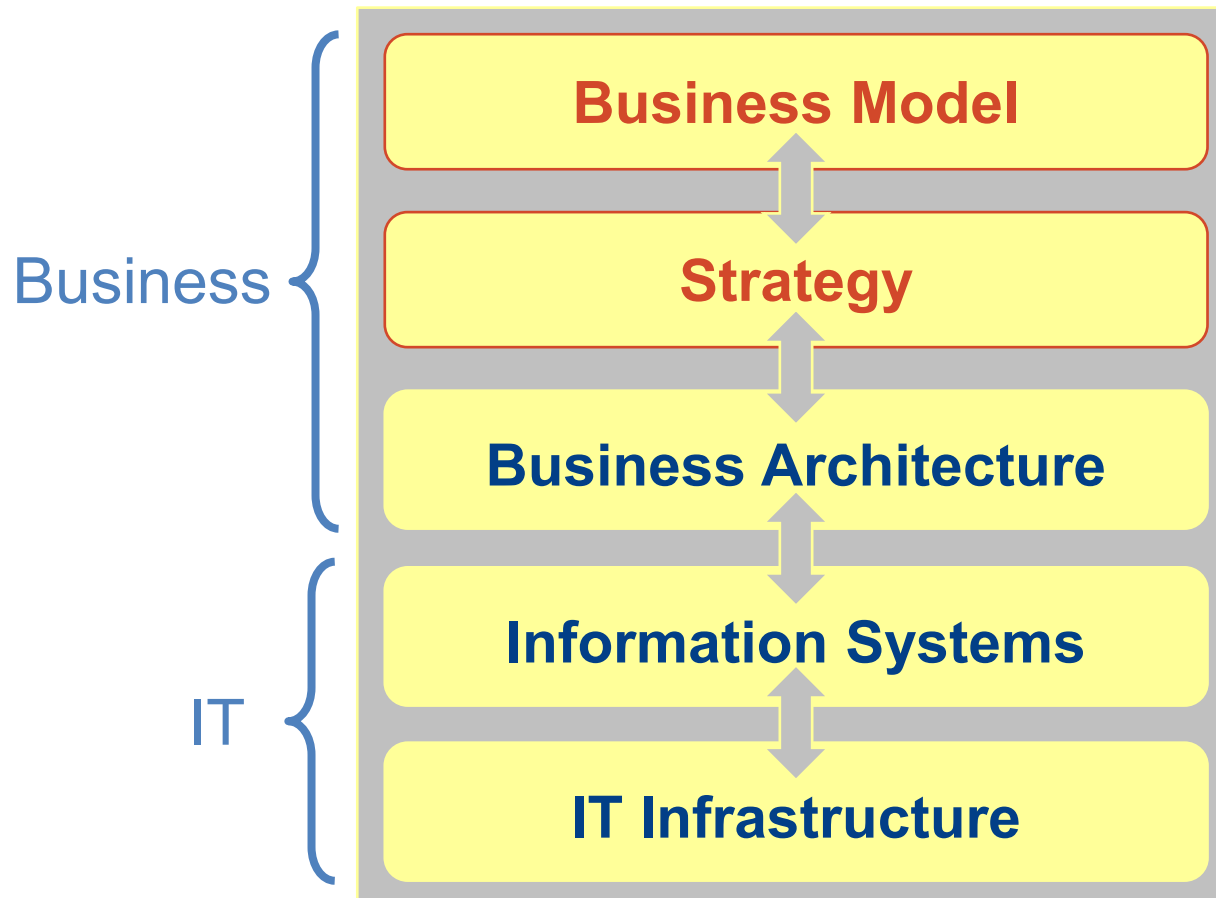


Source: (Hanschke 2013, S. 27ff)
Graphic: N. Tschichold, ELCA

Mutual Dependencies between Business and IT

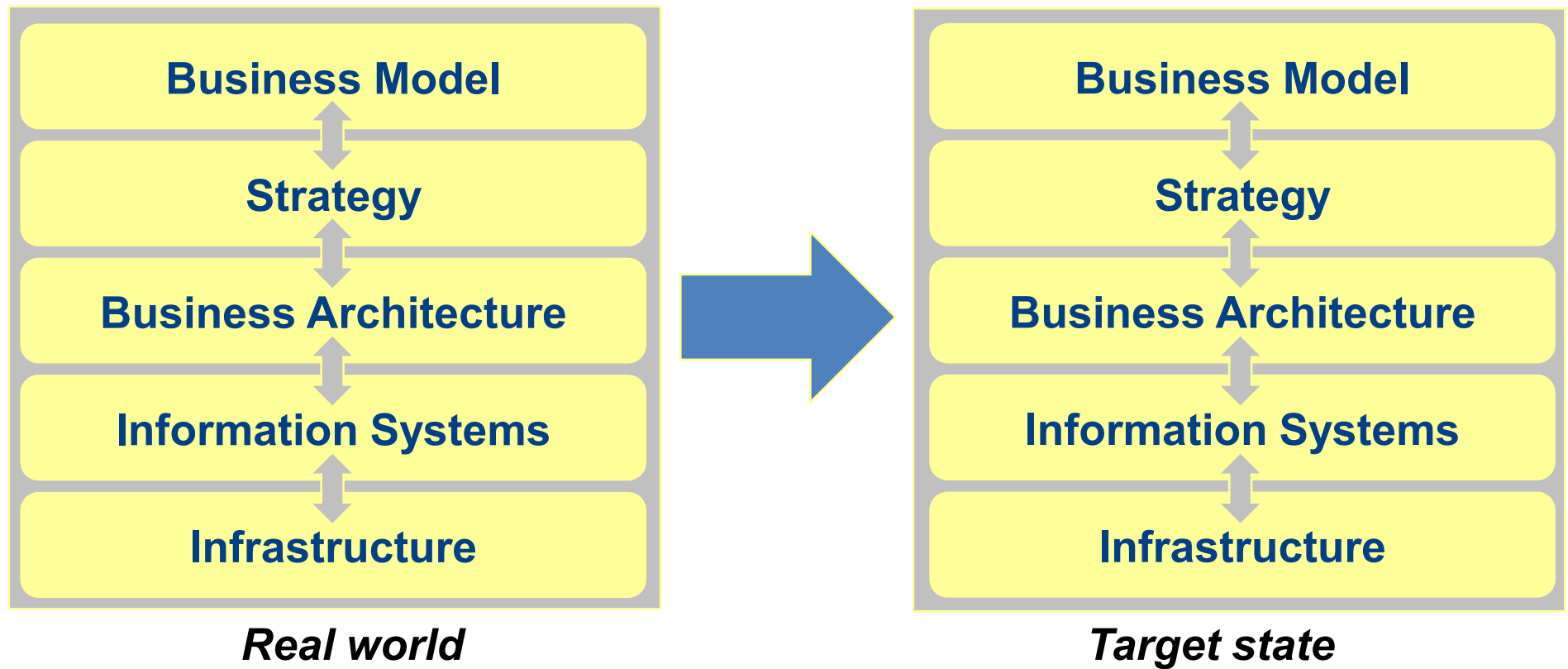
- Almost all processes have become IT reliant, if not fully automated.
- Thus, there is a mutual influence between information systems and the design of the business
 - ◆ New IT may lead to new business models, strategies, or business process (re-engineering).
 - ◆ A (re-)design of a business process often demands changes in the IT
 - ◆ Changes in IT applications and information systems can demand a re-design of business processes

Mutual Dependencies between Business and IT



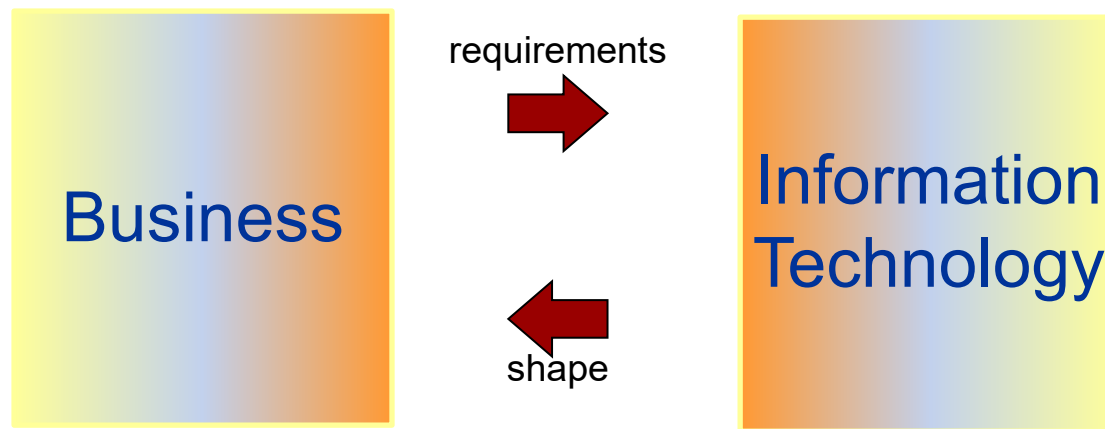
Business influences IT and IT influences business between all layer: from business model to infrastructure

Reaction to Change



Business-IT Alignment

Business-IT alignment is a *dynamic* state in which a business organization is able to use information technology (IT) effectively to achieve business objectives



The Ultimate Goal: Business-IT Convergence

“Forget IT-business alignment. [There is] a small number of companies where business and IT are virtually indistinguishable... IT and the business are not so interested in aligning but rather are fully engaged in converging on an enterprise vision or goal that hovers above every department and project plan and is crystal clear to each and every employee.”

Julia King (2010)

Julia King (2010) Beyond Alignment. Computerworld. <https://www.computerworld.com/article/2550559/it-management/beyond-alignment.html>



Business-IT Convergence

