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Innovating with Information Systems: What do the most agile firms in the world do?

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Key Concepts

- **What is important for a company**

Operating Model: *The desired level of business process integration and business process standardization for delivering goods and services to customers.*

- **How to get there**

Enterprise Architecture: *The organizing logic for key business process and IT capabilities reflecting the integration and standardization requirements of the firm's operating model.*

IT Governance: decision rights and accountability for effective use of IT.

- **The asset**

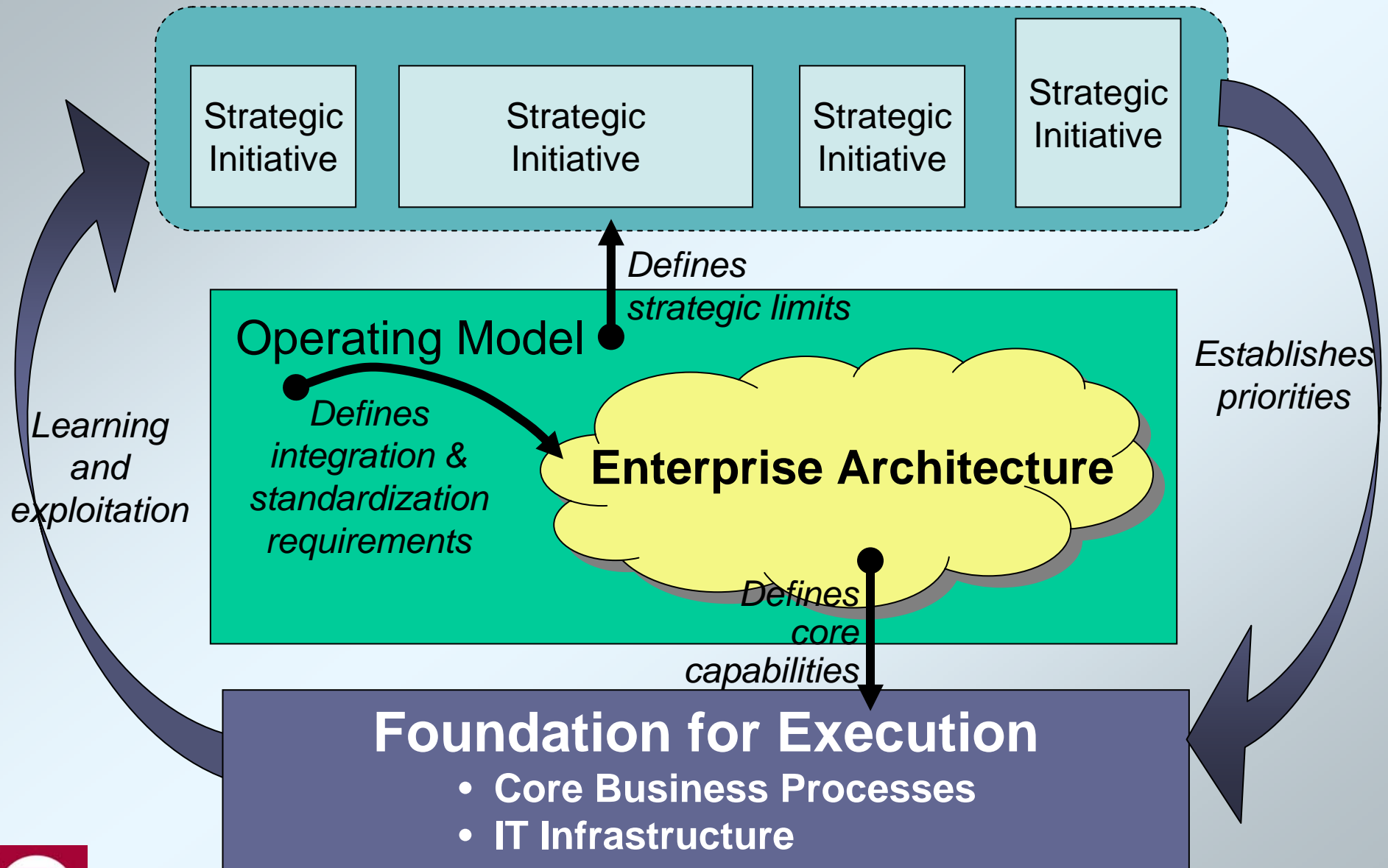
Foundation for Execution: *IT infrastructure and digitized business processes automating a company's core capabilities*

- **The Result**

Better Performance: *More agility, high profits, lower IT risk, more satisfied senior management*



Designing a Foundation for Execution



Characteristics of the Four Operating Models

Business Process Integration

<p>High</p>	<p>Coordination</p> <ul style="list-style-type: none"> Shared customers, products or suppliers Impact on other business unit transactions Operationally unique business units or functions Autonomous business management Business unit control over business process design Shared customer/supplier/product data Consensus processes for designing IT infrastructure services; IT application decisions are made in business units 	<p>Unification</p> <ul style="list-style-type: none"> Customers and suppliers may be local or global Globally integrated business processes often with support of enterprise systems Business units with similar or overlapping operations Centralized management often applying functional/process/business unit matrices High-level process owners design standardized process Centrally mandated databases IT decisions made centrally
<p>Low</p>	<p>Diversification</p> <ul style="list-style-type: none"> Few, if any, shared customers or suppliers Independent transactions Operationally unique business units Autonomous business management Business unit control over business process design Few data standards across business units Most IT decisions made within business units. 	<p>Replication</p> <ul style="list-style-type: none"> Few, if any, shared customers Independent transactions aggregated at a high level Operationally similar business units Autonomous business unit leaders with limited discretion over processes Centralized (or federal) control over business process design Standardized data definitions but data locally owned with some aggregation at corporate Centrally mandated IT services
	<p>Low</p>	<p>High</p>

Business Process Standardization



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Source: *Enterprise Architecture as Strategy: Creating a Foundation for Business Execution*, J. Ross, P. Weill, and D. Robertson, Harvard Business School Press, 2006.