Strategic positioning of information logistics service providers: guidelines for selecting appropriate organizational models

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Abstract
The development of strategies for information logistics (IL) is currently widely discussed in the literature. Despite all practical needs, there still is a lack of appropriate methodical guidance to the strategy development for IL. Especially the strategic positioning of the IL organization is a fundamental decision which should be taken with care. In this paper, we extend an existing IL strategy components framework, give a detailed characterization of IL service provider types, present guidelines for the identification of the adequate IL service provider type, and evaluate the approach by the application at two companies.

The IL strategy framework subdivides an IL strategy into sourcing, making, and delivery parts and an encompassing governance process. In contrast to other frameworks, it also includes the supply-side and the demand-side (customers) of an IL service provider. The IL service provider types IL business service provider, IL competence center, IL full service provider, and IL platform service provider form the basis for the strategic positioning. By using guidelines, the selection of a desirable IL service provider type is supported. The execution of this strategic positioning is demonstrated at a utility and a financial services company. This documents the applicability, feasibility, and usefulness of the approach.

1. Introduction

Current studies of top managers list the management of information as a strategic asset as one of the most important responsibilities of CEOs and CIOs [26, 39]. Drivers like cross-unit information requirements, regulatory demands, and cost control for example through centralization and outsourcing cause a significant raise in top-management attention to enterprise-wide, consistent, and transparent information supply [39, 42]. Contrary to these demands, in the next few years more than 35 % of all companies will have no precise basis for decisions regarding changes in their core business and their target markets [42]. This is primarily caused by too little investment in information infrastructure and tools. Followed by deficits in user acceptance and technical deficits, most notably strategic deficits are bothering [38].

Information systems (IS) are the infrastructural backbone of information supply [45, 49]. They are increasingly discussed as a part of the corporate strategy [14, 43]. Times when IS and information technology (IT) were classified as pure cost drivers and examined independent of corporate planning seem to be history [5, 39]. In terms of a comprehensive, integrated approach [41], the effective and efficient information supply – information logistics (IL) in short – calls for a strategy which considers internal and external requirements and which ensures the sustainable, high-quality information supply of the organization [16]. Despite all practical needs, there still is a lack of appropriate methodical guidance to the strategy development for IL. Especially the strategic positioning of the IL organization is a fundamental decision which should be taken with care. The goal of this paper therefore is to guide the strategic positioning of IL service providers (ILSPs), as this is one fundamental decision in the development process of an IL strategy.

Building on previous research from the body of knowledge in strategic management, IS and IT strategies, and analytical IS, this paper presents guidelines for the methodically sound positioning of ILSPs. Based on a proposed IL strategy framework and typical ILSP types initially presented at previous HICSS conferences [8, 20], the guidelines can help to find a desirable strategic positioning for the IL organization. In order to document the applicability, feasibility, and utility of the guidelines, the strategic positioning is demonstrated at a utility and a financial services company.

The paper is structured as follows. In the next section, the paper first explicates the research methodology. Then, related work (strategic management, IS and IT strategy, and IL) is examined. Following that, an extended IL strategy framework and a model for typical ILSP types are presented, which form the basis for the guidelines for the strategic positioning of ILSPs presented in the subsequent section. After the practical
evaluation using two cases, the paper concludes with a short summary and gives an outlook on future research.

2. Research methodology

In IS research, two fundamental research paradigms can be distinguished [33, 52]. Behavioral IS research aims at ‘truth’ by exploring and validating generic cause-effect relations. Design oriented IS research aims at ‘utility’ by constructing and evaluating generic means-end relations. Using input from previous, behavioral work [8, 20], the paper can be attributed to the design oriented approach [15, 28], as it is aimed at the construction of guidelines as a solution to enable the methodically sound positioning of ILSPs and at the evaluation of these guidelines in a real-world setting.

The research process in this paper is based on the process proposed by ROSSI and SEIN, which is composed out of ‘identify a need – build – evaluate – learn & theorize’ phases [40]. For the evaluation, a qualitative method, the multiple-holistic case study design type [55], is used to demonstrate state-of-the-art ‘how’ and ‘why’ examples of strategic positioning of ILSPs. This type of case study can be particularly appropriate when analyzing contrasting cases [55]. Since this paper attempts to present guidelines and their application in real-world settings which can differ significantly and should therefore lead to different results, the adoption of the multiple-holistic case study method seems particularly appropriate.

3. Related work

3.1 Strategic management

In the literature, a multitude of definitions exists for strategy. According to Mintzberg [30], the term is used in various manners, the most prominent ones being:

- strategy as a plan for the future (intended strategy),
- strategy as a pattern out of the past (realized strategy),
- strategy as a position on the ground (generally concerning products and markets), and
- strategy as a perspective in the abstract (theory of the business).

Especially the definition of strategy as a position on the ground is relevant in the context of this work. It defines what products a firm wants to offer and what markets the firm wants to get involved in [30].

Strategic management is concerned with the systematic discussion of the basics of long-term business success, accordingly the objective of strategic management is to develop a strategy under consideration of concerns, requirements, interests, and values of participating and affected stakeholders which assures the long-term success of the business [41]. Strategy development as a part of strategic management differentiates two fundamental branches of research [35], which are concerned with strategy content (the content which constitutes a strategy) and with strategy process (the process of strategy formulation and implementation). Strategy content research can be associated with the definitions of strategy as a position and as a perspective; strategy process research can be associated with the definitions of strategy as a plan and as a pattern. Together, strategy content and strategy process research allow analyzing what the characterizing elements of a strategy should be and how this strategy can be formulated and implemented. The paper at hand can be attributed to strategy content research, as it contributes to the characterization of IL strategies by providing guidelines for the strategic positioning of ILSPs.

The content of corporate strategies has been studied extensively. Especially the seminal works of MILES and SNOW [29] (strategic types: defenders, analyzers, prospectors, and reactors) and PORTER [36] (strategic types: differentiation, cost leadership, focus, and asset parsimony) contributed to the identification of archetypal strategies by providing concise characterizations.

The strategy development process is also called strategic planning and addresses the long-term alignment of the whole corporation or important parts thereof [12]. Theories for the development of strategies are discussed controversially in the literature. In a nutshell, MINTZBERG ET AL. list ten different strategy schools [31]. As an example, a procedure for the development of a strategy in accordance to the Design School, which is especially in line with the anticipated research paradigm (cf. section 2), is depicted in figure 1. It should be noted that this development process integrates an internal and an external perspective for analysis, the so-called market-based view [2, 36] and the so-called resource-based view [50].

![Figure 1. Strategy development in accordance to the Design School [31]](image_url)
3.2 Information systems strategy and information technology strategy

For the strategic management of IS (i.e. means by which people and organizations, utilizing technology, gather, process, store, use and disseminate information) and IT (i.e. technology, essentially hardware, software, and telecommunication networks) it is helpful to understand how the role of IS and IT has evolved in organizations.

The history of IS can be roughly divided into three eras [11]: data processing (DP, from 1960s onwards), management information systems (MIS, from 1970s onwards), and strategic information systems (SIS). Since the 1980s, the SIS era’s overall objective is to improve competitiveness by changing the nature or conduct of business. For today’s SIS, critical success factors could be identified [47], including:

- an external, not an internal focus,
- adding value, not cost reduction,
- sharing the benefit / being cross-unit,
- understanding customers,
- being business-driven, not technology-driven,
- incremental development, and
- using the information gained from the SIS to develop the business.

The arrival of a fourth era, called ‘IS capability’, is currently widely discussed [34, 47]. However, beyond an expression of its core objective of enabling an organization to continuously derive and leverage value through IS and IT, ‘IS capability’ has not been clearly defined [47].

As early as 1969, Blumenthal proposed a formalization of the planning process for (management) IS [4]. Thus, the development of IS and IT strategies has been discussed for a long time [13, 19, 24]. The IS strategy refers to IS demand and defines an organization’s requirements or demand for information and systems to support the overall corporate strategy [47]. The IT strategy refers to IT supply and is concerned with outlining the vision of how technology can support an organization’s demand for information and systems [47]. The IS and the IT strategy need to be in sync with the corporate strategy – a process which is also called strategic alignment [14]. The goodness of alignment is measured by the strategic fit [46]. The degree of decentralization of IS/IT control in the organization (diffusion) and the degree of dependence of the business on IS/IT (infusion) shape the internal context of IS/IT strategies [44]. The external context of IS/IT strategies is shaped by competitor’s moves, changes in corporate strategy, and technical innovations [47].

3.3 Information logistics

Analytical IS have become an essential component of the enterprise application landscape and the decision making processes in organizations. They can be classified as SIS [27]. More and more, the challenge of the initial implementation of IS is replaced by questions of continuous operations and further development of analytical IS. This requires an comprehensive overall view regarding all initiatives and projects in this context as well as a long-term planning and budgeting horizon [53] – especially since decision making processes, investments in IT, and IL contribute significantly to the company’s success [6, 21]. The concept of IL recognizes these potentials: as a comprehensive approach to effective and efficient information supply, it extends existing concepts by the view of a cross-unit information supply focused on business needs [9].

Abstracting from technically oriented concepts of information supply (data warehouses, data marts, OLAP etc.), and focusing on conceptual aspects, IL is defined as the planning, implementation, and control of the entirety of cross-unit data flows as well as the storage and provisioning of such data [53]. IL aims at supplying information for all kinds of decisions in an organization. On the one hand, decisions are supported on different hierarchy levels of a company (strategic decision making, management control and operative control). On the other hand, decisions differ regarding their degree of structuring (unstructured, semi-structured, and structured) [23]. IL is not limited to the support of certain process types. In fact, IL serves management processes as well as operational processes. The supply of management processes with aggregated data – a classical application of business intelligence (BI) tools – represents a typical utilization of IL. Likewise conceivable is the supply of operational processes with detailed data, e.g. the timely provision of customer information in order to support pricing in sales processes. As a comprehensive approach, IL addresses the enterprise-wide or even cross-enterprise, effective, and efficient supply of decision-relevant data. In order to realize synergies, potentially conflicting partial views and interests of different organizational units need to be reconciled and historically grown non-transparent and inhomogeneous solutions need to be moved to a comprehensive, integrated, commonly accepted and commonly used platform for analytical demands [7].

The design domains which need to be addressed within the scope of IL are manifold and vary from strategy, organizational aspects, and software to infrastructure [1, 51]. Figure 2 depicts the design domains of IL. Looking at the multitude of design domains one can attribute an even higher complexity to IL than for...
example to BI or data warehousing (DWH), which focus on a subset of these domains.

Figure 2. IL design domains (adapted from [54])

3.4 Quintessence for the strategic positioning of information logistics service providers

From the related work section, the following principal points and contingent influencing factors on the strategic positioning of ILSPs can be deducted:

Strategic management:
- The definition of strategy as a position on the ground defines what products a corporation offers and what markets the corporation is involved in.
- A strategy should be developed under consideration of concerns, requirements, interests, and values of participating and affected stakeholders.
- Strategic positioning as a characterizing element of a strategy is (a part of) strategy content.
- Regarding strategy content, the following strategic types can be distinguished:
  - According to MILES and SNOW: defenders, analyzers, prospectors, and reactors.
  - According to PORTER: differentiation, cost leadership, focus, and asset parsimony.
- Use external and internal analysis for strategy formulation.

IS/IT strategies:
- Selected success factors for today’s SIS are
  - adding value, not cost reduction,
  - sharing the benefit / being cross-unit,
  - understanding customers,
- being business-driven, not technology-driven,
- using the information gained from the SIS to develop the business.
- The IS strategy defines an organization’s demand for information and systems to support the overall strategy of the business (the ‘what’).
- The IT strategy outlines the vision of how technology can support an organization’s demand for information and systems (the ‘how’).
- IS/IT strategies need to be strategically aligned.
- Diffusion and infusion shape the internal context of IS/IT strategies.
- The external context of IS/IT strategies is shaped by competitor’s moves, changes in corporate strategy, and technical innovations.

Information logistics:
- AIS are SIS, therefore the same (or at least similar) success factors should apply.
- AIS require a comprehensive approach to effective and efficient information supply, i.e. IL.
- Essential to the IL approach is its strong business orientation and participation (integration of potentially conflicting partial views).
- The realization of synergies requires a comprehensive, integrated, commonly accepted and commonly used platform for analytical demands.
- These principal points and contingent influencing factors can guide to ask the right questions in terms of the strategic positioning of ILSPs in relation to company specific contexts.

4. Strategic positioning of information logistics service providers

4.1 An extended IL strategy components framework

IL strategy can be understood as a concept to systematically pursue long-range, enterprise-wide, aggregate goals for IL in sync with IS/IT strategies and corporate strategy [8]. In order to reduce the complexity of an IL strategy through decomposition, to foster strategic alignment, and to increase transparency, DINTER and WINTER proposed and empirically validated an IL strategy components framework [7, 8]. The framework is based on the integrated information management (IIM) approach by ZARNEKOW ET AL. [56] and structures an IL strategy into a sourcing strategy, a portfolio strategy, a development strategy, a production strategy, and a delivery strategy. In the following, these partial strategies are described out of the perspective of an ILSP. Additional details on these partial strategies can be found in [7, 8].
The sourcing strategy specifies which services are procured from which vendor and on which scale by the ILSP. The sourcing strategy is massively influenced by strategic requirements of the corporate strategy in regards of vertical integration of IS/IT. This includes decisions regarding outsourcing (of applications, platforms, and whole processes) and vendor management (make vs. buy, single vs. multiple vendors). Besides IS/IT services, also business services (e.g. external market data, external analysis) might be procured.

The portfolio strategy defines which analytical methods, data, and services are provided by the ILSP. Typically provided analytical methods are reporting, ad-hoc analyses, model-based analyses, free analyses (SQL/MDX), and concept-oriented analyses (planning, BSC, …) [18]. With the horizontal scope of data provision, the ILSP defines which data is provided in general. In functionally structured firms, the data portfolio might be structured in accordance to the functions, e.g. HR, marketing, R&D, production, administration, purchasing, and accounting data might be provided [48]. Besides analytical methods and data, an ILSP can provide further services. Examples are specific analyses, internal consulting, governance, and compliance.

Within the development strategy, the development processes, major parts of the integration environments and the IL platform (cf. figure 2) are defined. Regarding the development process, sequential, iterative, and evolutionary approaches can be distinguished [18]. For the development, an incremental (i.e. iterative or evolutionary) approach is recommended (cf. section 3.2). Commonly used integration platforms are centralized, hub-and-spoke, and federated architectures [3, 22]. Similarly to the sourcing strategy, the ILSP needs to align the development strategy with strategic requirements of the IS/IT strategies (e.g. standardized development processes, enterprise architecture).

The production strategy covers operations, maintenance, and support. If the appropriate knowledge is not present or strategic requirements demand so, outsourcing of operations can be a valid option. In this case, aspects of regulations and compliance should be especially considered [17, 25]. A fundamental decision is, if corrective, adaptive, or perfective maintenance should be conducted by proactive monitoring, reactive awaiting, or a combination thereof [10]. Requests by end users need to be handled by an appropriate support organization.

The support organization is closely linked to the delivery strategy, which should handle all aspects of customer management [56]. This includes requirements management, trainings, internal marketing, the general participation of the business in IL, and the integration of IL in the business. In addition, aspects of charging and funding should be addressed.

The conclusions drawn from the related work section, the foundational IIM approach [56], and experiences from practical projects suggest the addition of a governance strategy. Within this strategy, the internal (diffusion/infusion) and external (competitor’s moves, changes in corporate strategy, technical innovations) context should be monitored and, if needed, adequate actions should be fostered. Furthermore, the governance strategy should include tasks similar to the ones of program management, e.g. the setup of IL organizational structures, planning, and monitoring [32, 37].

The resulting extended IL strategy components framework is depicted in figure 3. By the inclusion of the service supplier market and the customer market, the whole IL value chain, consisting of the functions of development, operations, support, and usage [20], is covered.

![Figure 3. Extended IL strategy components framework (adapted from [8, 56])](image_url)

When developing its IL strategy, an ILSP (cf. section 4.2) needs to answer the question of what positioning should be adopted in the IL value chain [20].

4.2 IL service provider types

Klesse and Winter identified four types of ILSPs [20]. By a factor analysis on the functions (development, operations, support, and usage) and IL components (platform, integration infrastructure, and applications), the three factors usage, IS services, and platform (i.e. IT) services could be identified. The extraction of these factors suggests that not the functional decomposition of the IL value chain makes the difference for the ILSP types, but their positioning regarding the IL components [20]. Noteworthy is the fact that the activity shares regarding applications and integration infrastructure are included in a single factor.

Based on the activity shares of these factors, archetypal constellations (clusters) in relation to the degree of business integration and the degree of IS/IT integra-
tion could be identified. The degree of business integration is determined by the activity share in the usage process [20]. The greater the number of tasks which the ILSP performs in the usage process, the higher its level of business integration. IS/IT integration is characterized by the activity shares in IS and platform services [20]. A high level of IS/IT integration is equivalent to a relatively high share of IS and platform service activities of the ILSP. Figure 4 illustrates these service provider types.

Figure 4. IL service provider types (adapted from [20])

In the following, the ILSP types are characterized. It should be noted that these four ILSP types are archetypical and variants of these types occur in practice.

The IL Business Service Provider (ILBSP; usage 60 %, IS 40 %, IT 20 %) is strongly involved in the usage process. Its portfolio includes reporting and the development of customer specific analyses. As a consequence of the concentration on business services, the IS related activity share is reduced. This means that this task is shared with internal or external service suppliers. The ILBSP concentrates on coordination and management tasks of further developments. IT related activities are primarily provided by external IT service suppliers. Concluding, the ILBSP works close to the business and is integrated into an organization's core processes as an information supplier.

The IL Competence Center (ILCC; usage 30 %, IS 40 %, IT 30 %) is the most common ILSP type. Similar to the ILPSP, this type is involved in the usage process only supportively. Equally, services regarding IS and IT are provided in cooperation with IT departments or external service suppliers, which primarily provide implementation services and operations. The portfolio of an ILCC includes planning, developing, and operating IL applications. Typical tasks are program and architecture management, requirements engineering, project management for the implementation of requirements, testing and final acceptance, quality assurance of data and analysis, end-user support, and various aspects of governance. The competence of the ILCC lays in the coordination of various service suppliers. This requires that the members of the ILCC can provide the required knowledge in order to assess the quality of the supplied services. One advantage of the ILCC is, that the whole IL service portfolio can be delivered with a relatively small team. Important tasks are handled in-house, commodities like programming and routine operations are outsourced. The decentralization of usage processes is noteworthy.

The IL Full Service Provider (ILFSP; usage 50 %, IS 60 %, IT 70 %) is massively involved in the usage process. Half of the usage tasks are carried out by the ILFSP, the other half is carried out by the business. Usually, the ILFSP’s portfolio includes the provision of standard reporting, customer specific reporting, and individual analysis. With a similar proportion, the ILFSP is involved in the IS related tasks. The platform is provided by this type of ILSP, too. Altogether, the ILFSP is a service provider which is responsible for all IL functions and components. The business uses the IL platform and IS in its daily operations.

Contrary to the ILBSP, the focus of the IL Platform Service Provider (ILPSP; usage 30 %, IS 50 %, IT 60 %) is on IS and IT. Tasks include designing, implementing, and extending the existing platform (e.g. the DWH) and applications, business operations like data governance, master data management, and business support. The usage process is only partially supported. Power users of the business deliver standard reports and special analyses. Internal and external service suppliers are only involved in routine operations. Planning and implementation tasks as well as technical and business support are provided by the ILPSP, all usage is done by the business units. Concluding, the competence of an ILBSP is not only coordination of IL, but also the development and adaptation of a context-specific IL platform. Therefore, this ILSP type is especially appropriate in situations where internal IT knowledge is available for building the competence for an IL platform. The decentralization of the usage processes is appropriate when the usage processes require rather business than methodical knowledge. Some danger lies in sustaining an inappropriate data quality, as if the involvement of the IL unit is too low regarding usage, the ILSP might lose important business knowledge required to understand the content of the DWH (or other integration infrastructure).
4.3 Guidelines for the identification of the adequate IL service provider type

The ILSP types can help to answer the question of what strategic positioning should be adapted for an IL organization, i.e., what functions and components of the IL value chain should be covered. Figure 5 presents a mapping of the ILSP types and the value chain.

Figure 5. Mapping of ILSP types and value chain

With the help of the quintessence of the related work section (cf. section 3.4), suggestions of a preferable ILSP type for a specific context can be formulated. Table 1 summarizes suggestions when to select the ILBSP.

Table 1. Suggestions for selecting the ILBSP

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>ILBSP</th>
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</thead>
<tbody>
<tr>
<td>SM</td>
<td>Develop a strategy in a participative way</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>Strategic type is one of analyzer, prospector</td>
<td>(x)</td>
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<tr>
<td></td>
<td>Strategic type is differentiation</td>
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<td>(x)</td>
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<td></td>
<td>Using the information gained from the SIS to develop the business</td>
<td>(x)</td>
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<td></td>
<td>IS/IT strategies need to be strategically aligned: this is highly dependent on the design of the IS/IT strategies. No general suggestion can be given, but for example if the IS/IT strategies push outsourcing</td>
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<td></td>
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<td>Internal context: low infusion</td>
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<td></td>
<td>External context: low competence of ILSP regarding use of technical innovations</td>
<td>(x)</td>
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<tr>
<td>IL</td>
<td>Essential to the IL approach is its strong business orientation and participation (integration of potentially conflicting partial views)</td>
<td>(x)</td>
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Table 2 summarizes suggestions when to select the ILCC.

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Table 3 summarizes suggestions when to select the ILFSP.

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<td>Sharing the benefit / being cross-unit</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>Adding value, not cost reduction</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>Understanding customers</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>Being business-driven, not technology-driven</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>Using the information gained from the SIS to develop the business</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>IS/IT strategies need to be strategically aligned: this is highly dependent on the design of the IS/IT strategies. No general suggestion can be given, but for example if the IS/IT strategies push outsourcing</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>Internal context: high diffusion</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>Internal context: high infusion</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>Internal context: low infusion</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>External context: low competence of ILSP regarding use of technical innovations</td>
<td>(x)</td>
</tr>
<tr>
<td>IL</td>
<td>AIS require a comprehensive approach to effective and efficient information supply, i.e., IL</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>Essential to the IL approach is its strong business orientation and participation (integration of potentially conflicting partial views)</td>
<td>(x)</td>
</tr>
</tbody>
</table>

Table 2 summarizes suggestions when to select the ILCC.

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ILSP types might also exist, which were not discovered in the exploratory analysis in [20].

Table 4. Suggestions for selecting the ILSP

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>ILSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>IS/IT</td>
<td>Adding value, not cost reduction</td>
<td>(x)</td>
</tr>
<tr>
<td></td>
<td>Internal context: low diffusion</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td>Internal context: low infusion</td>
<td></td>
</tr>
<tr>
<td>External context: high competence of ILSP regarding use of technical innovations</td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>

5. Evaluation

In the following two case studies are presented. The objective of this section is to demonstrate the applicability, feasibility, and usefulness of the approach.

5.1 Case 1: Utility

The large utility (ca. 90,000 employees) is an early adopter of an enterprise-wide IL. Within this case, the development, implementation, and roll-out process of an enterprise-wide IL strategy has been accompanied over several years.

Major strategic and organizational changes and the resulting demands for cross-unit decision support revealed that a comprehensive, enterprise-wide approach became necessary. Therefore, an IL strategy formulation project was started. Its mandate was to develop (and later on to implement) a concrete, enterprise-wide valid and accepted strategy for all IL projects and IL operations in the company. Breaking down the (long-term) goal of enterprise-wide IL, the overall goals of the IL strategy are:

- A strengthened alignment of IL to business demands.
- Laying the foundations for a flexible IL architecture.
- Harmonization and standardization of analytical IS in order to increase transparency and efficiency.
- Better cooperation between corporate management, business units, and the internal IS/IT service provider.

One result of the strategy development project was the immediate creation of a new central organizational unit, called ‘Center of Excellence’ (CoE). The CoE is strategically positioned as an ILCC. Reasons for this were sharing of benefits / being cross-unit, understanding of customers, being business-driven, not technology-driven, strategic positioning of the internal IS/IT service provider, high diffusion, low infusion (this is slowly changing), and a low competence regarding technical innovations (dependence on external consulting). The CoE’s main tasks are of governing and coordinating nature. No usage, IS, or IT services are provided. In order to reach the long-term goal of an enterprise-wide IL, newly and further developed IS, maintenance, and operations need to comply with standards and should follow guidelines. The CoE developed these standards and enforces the compliance to them. Furthermore, it supports other business, IS, and IT units through consulting work.

5.2 Case 2: financial services company

Within this case, a strategic initiative at a medium-sized financial services company (ca. 1,500 employees) with the objective of creating a self-dependent IL organization has been accompanied.

As a result of the current economic downturn, the company met new challenges regarding transparency (internal requirements of corporate management to get acceptable numbers and figures) and regulatory compliance (external, governmental requirements). Therefore, a strategic program to transform an existing small DWH organizational unit into a better suited IL organization was initiated.

As an organizational model, the ILBSP was chosen. Too many different analytical methods were existent in the company (desktop computing with MS Excel and Access, thousands of sheets and databases), which prevented a continuous, contemporary reporting. Therefore, with the ILBSP type major parts of the usage process were transferred to the ILSP. The IS/IT strategies require outsourcing of development, operations, and support services (i.e. helpdesk) to external strategic partners. Due to this setting, the ILBSP was chosen as organizational model.

6. Conclusions and future work

In this paper, we extended an existing IL strategy components framework (cf. section 4.1), gave a detailed characterization of IL provider types (cf. section 4.2), presented guidelines for the identification of the adequate ILSP type (cf. section 4.3), and evaluated the approach by the application at two companies (cf. section 5). The two cases show that the ILSP types are successfully used in practice. In both cases, the type was consciously chosen based on some of the guidelines presented in section 4.3.

Especially case 1 (cf. section 5.1) gives some interesting directions for further research. In future research, organizational models existing out of multiple ILSP types, i.e. combinations thereof, should be deeply studied. Furthermore, the dependencies and causalities of the guidelines should be examined. Going one step
further, empirical investigations of the consequences of changes in corporate strategy for the IL strategy might be valuable.

In general, our findings can be used to support the development of company-specific IL strategies. These strategies can enable the implementation and advancement of IL as a holistic, but also specialized concept. Future work needs to be done to further refine the general strategic options in all partial strategies and to guide the selection of the available options. The work at hand can be seen as a viable first step for the general strategic positioning of ILSPs.

7. References


[17] IT Governance Institute, Governance of Outsourcing, IT Governance Institute, Rolling Meadows, IL, 2006.


