



# Strategic Change and Information Technology: Simplification and Integration Across the Value Chain

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## ABSTRACT

Attempts to gain strategic alignment of IT strategy with business strategy have usually involved fitting IT management into an established divisional organisation design, rather than using IT as one of the strategic drivers of the design. This dominant divisional design is characterised by high levels of differentiation, and driven by a desire for bottom-line accountability. The current IT management solution to the dual pressures for cost and technology - driven centralisation on the one hand, and business driven devolution on the other, has typically involved a federal IT structure, essentially fragmenting IT services among the differentiated units and levels of the organisation. In this paper we examine these current patterns of IT management, describe their problems, and outline an alternative strategic IT perspective. Whereas the dominant design utilises hierarchical structures to achieve differentiation, the alternative is concerned with horizontal

structures to achieve integration. IT can provide a powerful platform for such integration and hence plan a proactive role in business redesign. We illustrate this perspective with four Australian case examples of strategic IT management.

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