THE SUCCESS AND FAILURE OF STRATEGIC PLANS

Industry Report

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Introduction

Strategic information systems may offer a variety of services for an organization, but all bolster the organization's capabilities in some way. These systems are not self-serving, but are intended to serve the objectives of the organization which employs them. The level of complexity to which these systems are designed and their extensive integration into organizational operations, often necessitate a degree of planning on the part of the organization. To successfully integrate information systems, they must be strategically planned for, and complement the organizational objectives to which they serve. Examples of the implementation of strategic information systems planning are prevalent throughout modern culture, from the unsuccessful release of the flagship US healthcare exchange website, healthcare.gov, to the very successful delivery of Apple's iPhone, which repeatedly pushes the boundary of mobile device capability and quality. While these two systems serve very separate purposes, they both uniquely illustrate both successful and unsuccessful strategic planning and implementation of information systems. In order to further delineate moderately successful uses of strategic planning, two additional cases will be examined to better depict the spectrum of degrees of success.

Unsuccessful Planning – Healthcare.gov

The US federal government healthcare website, Healthcare.gov, was opened to the public in October 2013, with the intention of providing affordable health insurance to millions of Americans and their families. The website was created in response to the Patient Protection and Affordable Care Act, which is a law aimed at reforming the healthcare industry in the United States, which was signed into law by President

Barack Obama on the 23rd of March, 2010 (White House, n.d.). A provision of the Act addresses the creation of health care exchanges, which subsequently developed into the Healthcare.gov federal exchange in late 2013. While the website was being developed over a two and a half year period, it experienced significant troubles up until its release.

While many of the troubles were technological in nature, they are attributed to failures of adequate management and planning. Straight after the rollout of the Healthcare.gov website, it was reported that in the first week, only one (1) percent of the 3.7 million of those who attempted to register were successful (Ford, 2013). Furthering the troubles, long wait times plagued the exchange, preventing many more customers from shopping for affordable coverage options. After investigation of the extensive delays, it was found that, whereas the exchange was expected to reach up to 60,000 users simultaneously, it was, in reality, only reaching closer to 250,000, which overloaded the site's servers and caused issues with latency (Mullaney, 2013). Coupled with continuous glitches and vulnerabilities in the system, these problems led to an effective failure of the launch of the federal health care exchange, which was a tremendous blow to the President's landmark Act.

From the onset of the troubles surrounding the Healthcare.gov website, it was clear that there had been a failure of leadership in managing the system's development. Whereas the workload of the drafting and implementation of the Affordable Care Act had been handled "in house", the development of the exchange system was outsourced to a third party company. Often the effects of senior leadership throughout the planning process is detrimental to the success of the planning for information systems. Research conducted by Basu et al (2002), found that the greater is the involvement of senior management in information systems planning, the greater is success and the realization of the objectives for the planning. Although senior leadership was intimately involved with the realization of the Act, it failed to engage in planning processes for the development of websites. This lack of involvement by senior leadership led to an uncoupling of business and information systems strategies, and a failure of the information systems planning process to reach its goals.

Another planning blunder which jointly caused an ineffective launch of the system, was the lack of the allocation of sufficient time for its development. From the passage of the Affordable Care Act in March 2010, through to the launch of Healthcare.gov, a gap of just over two and a half years was devoted to the conception, planning, development, and testing of the system, all of which needed to be completed during that timeframe. This short time frame and the sheer size of the website did not allow a sufficient amount of time to create a robust system. The importance of the amount of time allotted for the planning of information systems is highlighted by Dhillon (2014), who states that the success of information systems planning is dependent upon sufficient time being given to creative thinking and to allocating sufficient resources to these means in order to avoid handling problems in a reactive manner.

Whilst two and a half years might have been ample time to design a smaller system, it was insufficient for the healthcare exchange system, which was reported to have reached roughly 500 million lines of code on its completion (LaFraniere, Austen, & Pear, 2013). From the onset of the planning process for the website, senior leadership should have been kept fully aware of developments, on the understanding that its development would be an extensive undertaking which would require a much greater timeframe than that that was allocated. Assigning more time to the planning process could have mitigated many of the troubles which were experienced during the sites' launch.

Moderately Successful Planning – The Virtual Information Sharing Network

The Virtual Information Sharing Network (VISN) was an attempt made by the Commonwealth of Virginia's Homeland Security Program to provide decision makers and responders with real time information, which is critical for planning, response, and recovery operations prior to, during, and after a disaster event. Whilst support for the design of the VISM system was derived at a local level, the management of the program was handled by the Office of Homeland Security within the Governor's Office, and development of the program was delegated to a third party supplier. Whereas the senior management of the federal health care exchange failed in the management and strategic planning of the development of VISN, it was closely aligned to the operational business strategy and coordination with the vendor throughout the design phase of the system.

A strength of the planning process for VISN was the fact that the management employed an incremental planning process as opposed to a comprehensive planning process. Dhillon (2014) suggests that when managers employ incremental planning, the "focus is on a limited number of themes and [information systems] decisions are made on a one-by-one basis" (Dhillon, p. 38). Although this process took longer for the planning and development of VISN, it allowed for a more focused effort on each element of its implementation.

While the VISN system was largely supported by senior leadership from its initial conceptualization through to its development, senior leadership changed with the political winds. As the old management board departed and the new one took office, so too did the business strategies. These changes impacted the entirety of the Governor's Office, and both the Office of Homeland Security and the VISN system were impacted greatly. Whereas the VISN system had once earned the support of senior leadership, it now had to justify itself to a new management team and had to find its place in the new business strategy. Business strategies often change, such as in this case, and Dhillon (2014) contends that although information strategies must be dynamic, IT applications often depend upon some level of stability in order to survive.

A major strength of the VISN system was that its strategy was derived from engagement with local stakeholders, who would be the ones that would utilize the system most. Bozarth (2006) explains that a broad participation, with the inclusion of key stakeholders from lower levels, is an integral element of the strategic information systems planning process. Whilst the new senior leadership may disagree with the idea of VISN, ongoing support from stakeholders would provide a better justification for continuing to support the system. While the VISN system was at a clear disadvantage as it had to justify its existence to new senior leadership, such justifications often exist during the strategic planning process. Their existence is recognized most by Lederer and Mendelow (1987), who state that the successful implementation of information systems "requires an enormous marketing effort to convince top management of the value of the information resource to the organization, and of the necessity for IS management to be aware of top management's objectives" (Lederer & Mendelow, p. 397). Although justifying strategic systems may seem unnecessary, it is quite often required, as senior management may well not recognize their purpose, or may decide to retain only some systems when their organization is under economic strain.

Successful Planning – Android by Google

Android was initially conceived in 2003 by Andy Rubin, and was quickly bought by Google in 2005, to then become the Android mobile operating system, and the first Android phone was released in 2008 on the T-Mobile network (Kovach, 2013). Although Google had never been involved in the mobile device market before, their decision to release the software as an open source operating system allowed the usage of their system to spread rapidly. Under this business strategy, by August 2013, Android already provided the operating software for 80% of the world's mobile devices, whilst Apple iOS only supported 13% (Kovach, 2013). Even though the use of the Android operating system is so widespread, this does not necessarily translate into monetary gain for Google. Google decision to acquire Android and then make the operating system open source, was a result of a strategy that forecast that as more manufacturers utilized the system, this would drive up demand for Google's web resources generated through mobile web traffic (Chen, 2012). Despite the positive return that resulted from this strategy, Google's business model lacks insight into future changes in mobile marketing, and the growing concerns of mobile security, which could potentially negatively affect the company.

There is no question that the open source status of Android allowed Google's operating system to force itself to the top, by becoming the most widely used operating system software in the mobile market. But, beyond this, it limits the system from future growth into other markets where other systems might soon flourish. One such reason for this is the lack of security provided by the mobile platform. According to Symantec (2014), as the Android mobile operating system spread, so too did mobile forms of malware, with five new families of malware being

created each month in 2013. While the effects of these threats have not damaged the Android market, it is likely to hinder its growth in the future.

As Blackberry's hold on government and business industries loosens, other companies such as Apple and Google will be vying to fill the void. Having a secure platform to offer to businesses and governments is essential to gaining their support for a mobile solution, because of the increase in data theft, as the number and sophistication of data breaches is increasing each year (Verizon, 2014). The strategic plan for Android is currently working well, but, depending on how Google plans to incorporate Android into its business strategy in the future, it will have to rethink the open source design. According to Dhillon (2014), most organizations consider information systems planning as a function needed to meet the budget, or as a means to forecast for the future, but to truly develop future organizational plans, planning must take on a strategic orientation. Assuming that Google plans to maintain its mobile system, then it should examine a way to secure its platform in order to be able to compete better with other systems.

Furthermore, as it currently stands, Android is a key operational or supportive application within Google's impressive range of products. Key operational applications are defined as those which an organization currently depends on, and support applications as those which are valuable to the organization, but not crucial to the success of a business (Dhillon, 2014). The open source nature of Android means that Google does not necessarily gain any form of direct capital from its use by other manufacturers, but rather depends upon the use of its mobile online applications as a source of revenue. If Google plans to retain Android as a competitive mobile platform, then it should seek to align the operating software as a strategic system, being integral to the company's business strategy. Dhillon (2014) explains that strategic applications share strong bonds with the overall business strategy of an organization and are driven by business objectives. Prioritizing the Android operating system as a strategic system would improve its ability to react to changing markets and demands.

Very Successful Planning – Apple iOS

With the release of the first version in June 2007, iPhone changed how mobile phones operate, with its Chief Executive Officer, Steve Jobs, proclaiming that it was "literally five years' ahead of any other mobile phone" (The Telegraph, n.d.). Whereas every other system previously mentioned had failed, Apple strategically planned for the iPhone device almost perfect way. The iPhone device was designed and planned in synchronization with Apple's business strategy, and it has become the cornerstone of the company's product line. The device's name is associated with quality, capability, and security, whilst other devices fail to meet, or match, even one of its attributes. The reasons for the success of the iPhone and of its iOS operating system are many. Under the helm of Steve Jobs, technological development and

business strategy were strongly bonded, as he was a businessman and understood the importance of the two.

One of the greatest strengths of Apple's iPhone and iOS operating system is the niche that they have carved for themselves. Comparing the iPhone to Android, Apple falls quite short of Android's 80% share of the mobile device market, however Apple has sought out, and conquered a section of the market, which its products selling on reputation alone. The thinking behind carving out a niche to subsequently develop a system further is not new, and is described by Dhillon (2014) as being a legitimate information systems strategy option. Apple began concentrating its efforts on mobile equipment with the launch of multimedia players, called iPods, and then simply integrated mobile data capabilities into this device, in order to expand into the mobile phone market. A comparative model was developed by Amazon, which started as an online book retailer, but then expanded as revenue and demand for other products increased.

Another strength of Apple is its ability to maintain its information systems relevant and its capability to continuously plan for and develop newer technologies which are in demand. According to the product life cycle, as a product progresses through time, it moves through four stages: initiation, growth, maturity, and then ends in decline. Whilst it is often the case that the life of products result in this pattern, using product portfolio management allows an organization to manage and strategize for their products based on their market positioning (On The Mark, 2005). Apple leverages this capability effectively by reengineering the device, based on the demands of the market and consumer perception.

Conclusion

Whilst not all organizations engage in strategic information systems planning, it is nevertheless an essential means of integrating IT and information systems into an organizational environment. Although the examples provided above are uniquely different I terms of the type of information systems, they each delineated the dos and don'ts of strategic planning. Whereas the newly designed federal healthcare exchange failed to successfully strategize for its own business objectives, Apple's iPhone exemplifies good strategic planning for information systems. No strategy is ever going to fully plan for the implementation and integration of a business's information system, but the absence of any strategic planning can, however, significantly hinder its ability to be implemented.

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