



# Are You IT Strategic? Why Companies Succeed or Fail

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In today's world of commerce, companies ignore the strategic potential of information technology at their peril. Companies in literally every industry need to consider how—not whether—to use IT as part of a business model that will allow them to thrive and grow. Not implementing IT as an integral part of a path forward will doom most companies to stagnation, decline and eventual extinction.

## **The Yin and Yang of Business Failure and Success: The IT Commonality**

At one time, some believed that only businesses engaged in commerce that directly involved IT—producers of computer software, or high tech hardware, etc.—needed to keep up with changes in technology to remain successful. Few believe that anymore given the examples of high profile companies involved in businesses not directly involved with IT that have failed due in large measure to IT shortsightedness. Among the best known of these cases are movie rental company Blockbuster and bookseller Borders. In both instances,

the IT stodginess of these companies was paralleled by the IT creativity of the businesses that largely displaced them: Netflix and Amazon.com respectively.

- Blockbuster was, at one time, the largest video rental firm in the world with over 7100 locations across the globe. Netflix began operations in 1998 and within six years had dramatically cut into Blockbuster's profits using a business model centered around an online ordering system that offered customers a larger selection of movies—without ever having to leave their homes—at a lower price than Blockbuster. Eventually Blockbuster was harmed by its own inability to anticipate and deal with another technological progression: the realization of digital delivery networks that made video on demand a reality. The lesson here is that technology waits for no one; to be successful, companies must constantly be anticipating, measuring and dealing with changes in IT.

- Borders essentially made two mistakes regarding the importance of IT that led to its ultimate demise. The first was outsourcing its online book sales system to its competitor—Amazon. Where Amazon realized that the future of book sales—both traditional and electronic—would be online, Borders treated the concept as an afterthought. With Borders now dissolved, it's clear that the lack of recognition of the importance of IT to its business model was fatal. If that wasn't enough, Borders also failed to recognize the impact that IT modernization was having on another key phase of its business: the sale of music. As music sales moved in the direction of online transactions, Borders doubled down on in-

store commerce. In both cases—and many others, not incidentally--Amazon was ahead of the curve, building its entire business model around the leveraging of ever-progressing IT innovation.

## **How IT Innovation Can Help Your Business Thrive**

By investing in a robust IT model, you can help your business in three principle ways:

1. **Cutting Expenses:** Tasks such as product ordering and development can be streamlined, providing major cost savings.
2. **Increased Efficiency:** The hand to the cost saving glove, an IT upgrade can allow your entire business to accomplish far more in the same period of time.
3. **Reaching Company Goals More Quickly:** The third step in the process, as greater efficiency will allow your business to expand more quickly and increase its profits through qualitative and quantitative improvements.

## **Managed Services as a Means to an End**

While there can be no doubt that keeping up with the ever changing IT development wave is critical, it's equally clear that it's difficult to accomplish for many companies, particularly ones whose substantive business revolves around something outside the IT world. This is where Troinet can help. By contracting with us to handle your IT needs, you're hiring an expert whose business is IT innovation and how to best handle that area of your company's specialized needs.



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