

UNIVERSITY OF SWAZILAND

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER

MAY, 2012

TITLE OF PAPER : STRATEGIC INFORMATION SYSTEMS

COURSE CODE : BA 502 FULL TIME /IDE BA 502

TIME ALLOWED : TWO (2) HOURS

- INSTRUCTIONS:**
- 1. THE NUMBER OF QUESTIONS IN THIS PAPER FOUR (4)**
 - 2. SECTION A IS COMPULSORY.**
 - 3. ANSWER ANY TWO (2) QUESTIONS IN SECTION B**
 - 4. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE INDICATED ALONGSIDE THE QUESTION.**

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH, AS WELL AS FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR USE OF RELEVANT EXAMPLES.

SPECIAL REQUIREMENTS: NONE

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION A

When information systems management awards a million-dollar outsourcing contract for a highly visible strategic project and the winner has been underbid by several other companies, management must have good reasons. And the project must prove to be a success. That was precisely the situation when VISA International Inc. offered a large mission critical development project to DMR Consulting of Manzini Swaziland.

VISA International's commercial card division, which is based in Mastapha, decided it needed to offer VISA's large corporate customers worldwide, a way to produce reports related to their VISA expenditures. The goal was to enable the customers to easily summarise and analyse all VISA charges through a report that each corporation could customise. A project was established to develop the customizable software system so that it could be distributed to customers. This extra service could be a strategic advantage for VISA.

According to Mandla Sibiyi, vice president of information service at VISA's commercial card division, the company originally planned to develop the system itself. Although VISA's 1000-person IS staff did not have the necessary skills, the intent for them was to learn the technology so that they could support the new system after it was in use. However, after the project began, according to Sibiyi, VISA found, "we did not have enough resources to do everything we wanted." Ultimately, he decided to outsource the whole project, despite the fact that quality and on-time delivery were critical, because the final product was to be urgently distributed to customers.

Outsourcing was a risky alternative. This was a large, mission-critical project, the kind that most companies want to do themselves. In addition, studies have shown that 25% of outsourcing projects are cancelled due to high costs and/or poor quality. Nonetheless, Sibiyi proceeded and received about 10 bids on the project. DMR was selected despite the fact that several bids were lower. What were the keys to DMR's submission? First DMR's project proposal included a complete project development methodology. Sibiyi was informed how the project would proceed, how he and his staff would relate to the project and what kinds of reports would be submitted. In addition, whereas many bids answered request for proposal questions with a simple "yes", DMR added a full explanation on how it would accomplish the task. Sibiyi felt comfortable knowing exactly what he was buying and how it would be done. The DMR responses gave him confidence in the quality of its work, and the likelihood of a positive outcome. Also, all the programming was to be done in Mbabane City, which saved VISA the expense of supplying DMR's 40 staffers office space. Sibiyi was also pleased to find that the project would have two managers, one each from VISA and DMR. Thus Sibiyi (who became the Vice Project manager) would always know what was happening and be able to ensure a quality product.

The project was a success. VISA maintained control over the project, being able, for example, to review designs before they were implemented. DMR met its schedule, and the project ended on time and within budget. More than 300 large corporations are now using the system. Ultimately, VISA awarded DMR a long-term contract to maintain the system.

Questions

- 1 When should a company outsource its IT activities? Discuss 20 marks
- 2 What factors account for the success of an outsourcing alliance? (reference to the case in question should also be highlighted) 20marks
- 3 What dangers did outsourcing pose in the case under consideration? 10 marks

SECTION B

ANSWER ANY TWO QUESTIONS

Question 1

Organisation A, which is a Law firm has E2,000, 000 for operations and has been given a budget of E1,000,000 to manage a project which is IT related. Organisation B, which is an IT company, has E250, 000 for operations and has been given a budget of E500, 000, also IT related. What should each of the companies consider when handling the projects they have been given?

25 marks

Question 2

Discuss the opportunities for using IT business model performance?

25 marks

Question 3

There are changes that trigger transition in the role of IT for firms that continue to evolve their dependence on IT. It is important to recognize transition in the role of IT. Discuss 25marks

Question 4

Discuss any two drivers towards better IT governance

25 marks