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Strategic Information Systems Plan

EXECUTIVE SUMMARY

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Executive Summary

Introduction

- This report documents planning activity for the KIMIS project at Kwangju Bank in the city of Kwangju, South Korea. The report is a Strategic Information Systems Plan (SISP) for a Strategic Data Model. KJB and KEMI staff defined this model with Clive Finkelstein of Visible Systems Australia Pty Ltd (previously called Information Engineering Services Pty Ltd - IES). Micro Banking Systems (MBS) Corporation in Seoul provided consultants for additional data modelling and project management support to the KIMIS project.
- KJB managers and business experts reviewed the Strategic Data Model in a Review Session. It identifies information that is needed by KJB managers to achieve the strategic goals and objectives in the KJB Strategic Plan.

What is a Strategic Model?

- A town plan is the plan for construction of a city. So also a Strategic Model is the "town plan" needed for construction of databases to support the Bank and its customers. As the layout of streets in a suburb is documented using a street map and a street directory, so also data definitions are documented using a data map and a data directory: called a data model.
- Operational data, summarized in an Information Warehouse, can be analyzed historically. For example, many factors that contribute to the profitability of a Branch over time can be analyzed in an Information Warehouse. An Information Warehouse can be developed from the KJB Strategic Model to analyze the Bank's operational databases so that any time-dependent and other trends can be determined.
- As a street directory enables people to find their way about the city, so a "*Repository*" is a directory of information in the Information Warehouse and in KJB databases and systems. The Strategic Model documented in this SISP report, with more detailed data models still to be developed at the tactical level, provide input to the KJB Repository.

What are the Benefits of a Strategic Model?

- The KJB Strategic Model, used to develop databases for an

Information Warehouse (and for operational use where relevant), provides the following benefits to the Bank:

For Business Efficiency:

- A framework for provision of timely and accurate information: accessed, manipulated and presented in many different ways to support the changing requirements of business.
- A directory of information defining the meaning of data, its current and historical context, and the relationship of that data to other data.
- Data integration to remove data inconsistencies: reducing situations where regions and branches maintain different versions of the same data or depend on data distribution from head office. Data distribution can fail, or locations can update data at different times.
- An Information Warehouse that offers ease of use in obtaining information from operational data bases, where that is currently very difficult to obtain.

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With an Information Warehouse:

- Reduction of inflexible, hardcopy reports that are not responsive to business needs.
- A saving in ad-hoc programming costs and time: desktop tools enable managers and their staff to obtain information without having to wait for IT resources to perform the work.
- Instant access to data to satisfy immediate information needs of management, so removing the delays caused by multiple interactions between managers and IT staff - with intrinsic possibilities for misunderstanding.
- Timeliness: delays in access to information incur considerable costs for the Bank - due to an inability to respond promptly, and wasted resources, both human and material.
- Sophisticated end user tools for user friendly access - with a capability to "drill down" through different levels of data summarization and aggregation in an Information Warehouse, from the big picture to fine detail. A manager can examine the result of an information request and request further information to be provided immediately.
- Trend analysis: the opportunity to examine trends over time and respond where needed to achieve outcomes.
- "What if" scenarios: the ability to create hypothetical situations

and assess their affect on the Bank. For example, *"if manpower in an area was to change in a defined way, how would this affect costs and product delivery?"*

How Was the SISP Developed?

- The Strategic Plan identifies information needed by goals, objectives and key performance indicators (KPIs). The SISP reviewed the Mission, Vision, Direction, Strengths, Weaknesses, Opportunities and Threats (SWOTs), Goals and Objectives of the Bank.
- The KJB Strategic Plan was analyzed by *Visible Advantage*, an Integrated Computer Aided Software Engineering (I-CASE) software package that automates support for *business-driven Enterprise Engineering* - the methodology used for this SISP project. Diagrams, reports and matrices that were produced are documented in Appendices of the SISP Report.
- Business-planning methods help staff develop detailed plans at lower levels. Business-driven data modelling methods then help them to identify their information needs, based on those developed plans. Identified information is then provided from the Information Warehouse.
- The Strategic Model was analyzed to identify Business Activities and develop Project Plans for data modelling. Activities were identified which management should assess, to identify priorities. These activities will become priority projects to be developed and delivered early to provide maximum benefit to the Bank.
- Some activities may already be carried out as functions in various business units of the Bank. Other activities exist in current functions but have not yet been identified because of the high-level focus of the Strategic Model. Activities may also suggest functions that do not yet exist; they may address new directions to be taken by the Bank - such as Internet-related activities for Electronic Banking and Electronic Commerce to support the Bank's Global Banking goal using the Internet.
- Each activity was described in banking terms: what the activity represents; why it is needed; and how the Bank uses it. Examples that illustrate the operation of the activity were also included, drawn from current functions or described for new functions that are needed to support that activity.
- Each Activity was assigned to the relevant Function that is (or should be) responsible for that Activity. Some activities related to functions in particular business units. Other activities applied to different business units, but not as a function of that business unit. Activities were therefore also assigned to

Business Units - as for assignment of activities to functions.

How Can an Information Warehouse Help Us?

- Definition of Goals, Objectives and KPIs in Strategic Plans indicates information that will be required by managers. Some of this can be summarized from operational databases on a periodic basis and printed in reports. Other analysis of information can be done in an Information Warehouse.
- Software packages that help managers analyze information and present results in graphical, tabular or report format on a desktop computer are readily available for an Information Warehouse. These packages are Executive Information Systems (EIS), Decision Support Systems (DSS) and OnLine Analytical Processing (OLAP) systems. Key criteria for the purchase of EIS, DSS or OLAP packages are ease of use and flexibility for specification by managers of any required analysis and presentation formats.
- An Information Warehouse delivers information from many perspectives or dimensions; this is called "multi-dimensional analysis". It enables managers to examine change trends over time. Demographic change trends (or other population changes) that affect needs for banking products and services - and help management assess the most effective ways of delivering those products and services to satisfy the needs - are all of great interest to KJB management.
- What cannot be purchased from outside, however, is the information that is to be analyzed and presented by these packages. The Strategic Model represents that information; it will be defined in greater detail later, by tactical and operational modelling in priority areas.
- Much information is performance-related: Goals, Objectives and KPIs should be measurable and can be calculated and presented by an Information Warehouse using EIS, DSS and OLAP packages. But a problem exists: one of monitoring progress towards achievement of the results (or "targets") over time. This monitoring can be carried out automatically within manager-defined boundaries by Decision Early Warning (DEW) systems.
- An Information Warehouse can deliver this information to a manager's desktop in Head Office or in bank branches throughout the country and overseas. It enables bank managers to interrogate data at the branch level, to analyze data themselves, and to create ad-hoc reports - without time-consuming and expensive programming to develop inflexible hardcopy reports.

What Does the SISP Tell Us?

- Three main project areas emerged that are all important to the Bank: *Marketing; Risk and Finance; Planning and Resource*. In each project area there are several focus areas, each of which comprise a number of projects for activities identified in the Strategic Model. These are summarized below. They are described in more detail in the SISP Report.

Project Area	Project Focus Area
Marketing	Market Customer Product Branch
Risk and Finance	Risk Portfolio and Treasury Finance Cost
Planning and Resource	Planning Performance External Factor Resource

- There is much work yet to be done to identify the information that is of most interest to management, so that the Information Warehouse can deliver it. Priorities were identified so that resources can be allocated first to those project focus areas that offer greatest benefit to the Bank and to management. Other areas can be left till later.

Project Priorities

- A number of candidate model views were considered to determine priority projects for the Tactical Modelling phase. These were discussed in terms of the basic and advanced

systems that apply to each area. Detailed Project Maps were developed for the highest priority model views. Advantages and disadvantages of each view were identified. The model views follow:

- *Customer Management* : For Marketing purposes
- *Financial Management* : For enhancement of the quality of profit and loss control
- *Portfolio And Treasury* : For the improvement of funds management and asset control
- The Strategic Model and SISP will enable KJB to align its information systems directly with its strategic plans, and build an Information Warehouse. However these benefits will only be achieved if the strategic model is expanded to tactical and operational model detail, and priority systems and databases are implemented. The following recommendations therefore address the initial steps that should be taken to achieve this.
- The assessment of project priorities indicated that an emphasis on Customer Management and on Portfolio and Treasury for initial tactical modelling offer considerable potential to KJB. These will also need to include some of the prerequisite activities from Financial Management and Market Management.

Recommendations

- *The first model view for tactical modelling should be Customer Management.*

Customer Management is a priority area in the strategic model. The focus on Customer Management is fundamental also to the other priority areas.

- *Tactical business plans should provide input for Customer Management.*

The Mission, Goals, SWOTs (Strengths, Weaknesses, Opportunities and Threats), Strategies and KPIs for Customer Management should be defined sufficient to be used for tactical modelling of Customer Management.

- *Financial Management should be the second model view for tactical modelling.*

As Financial Management activities are prerequisites for Portfolio Management, some tactical modelling of Financial Management will need to be completed before starting to do tactical modelling in the Portfolio Management model view..

- *Tactical business plans provide input to Financial Management.*

Documented tactical business plans for Financial Management Plans are needed for tactical modelling in the Financial Management area.

- *Portfolio Management should be the third model view for tactical modelling.*

When tactical modelling for part of Financial Management has been completed, tactical modelling in the Portfolio Management model view can commence..

- *Tactical business plans provide input for Portfolio Management.*

Tactical business plans for Portfolio Management should be documented for use as input to tactical modelling.

- *Schedule Concurrent Tactical Modelling Projects.*

Tactical business planning and tactical modelling for these model views should be conducted with three project teams working initially together, and then progressively moving to concurrent tactical modelling..

This completes the Executive Summary of the SISP Report. The next section comprises the body of the report, while the Appendices contain the detailed documentation of the strategic model.

References

- Additional Information about Visible Advantage (previously called IE: Advantage) is available from <http://www.ies.aust.com/~ieinfo/vproducts.htm>.
- Additional Information about Enterprise Engineering, which is based on business-driven Information Engineering, is available from <http://www.ies.aust.com/~ieinfo/homeindex.htm>.

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