INFORMATION TECHNOLOGY -- A COMPETITIVE NECESSITY OR A COMPETITIVE ADVANTAGE?

By Terry J. Wilk, MBA, FCHIME, Senior Vice President| Coker Group

I was talking with a few executives recently about their information technology (IT) systems and the staff that support these systems. In one way or another, all of the executives expressed disappointment with their systems or staff or both! Overall, they felt that their IT systems and organization were falling far short of their (and the Board's) expectations. Notable comments emphasized the ongoing slowness and unreliability of their IT systems, the high cost to purchase and maintain their IT systems, the lack of interoperability between their IT systems, and the unfriendly and invisible IT employees assigned to support these systems. In essence, the executives felt that their past investments in IT and staff were made out of a *competitive necessity* rather than to create and sustain a *competitive advantage*. Notice the differences in definition of these two terms:

Competitive means:
As good as or better than others of the same kind;
able to compete successfully with others.
+
Necessity means:
The fact of being required or indispensable by a circumstance.

Versus

Competitive means:
As good as or better than others of the same kind;
able to compete successfully with others.
+
Advantage means:
A condition or circumstance that puts one
in a favorable or superior position.

Therefore, a *competitive necessity* is something that is required to catch up or stay up with someone else to compete with them. In a sense, it is the price of admission one must pay for the privilege to enter and play the game. For example, a hospital wants to offer its clinical services in a new market, and its competitors are delivering clinical results and diagnostic reports electronically directly to a physician's EMR. Then, to compete, that hospital must ensure that it can provide at least the same level of electronic results and report service delivery.

On the other hand, a *competitive advantage* is something that someone does or has

available that tips the scale in their favor. This position alone does not guarantee a win, but it will significantly raise the odds that one can succeed as long as that advantage is not easy to replicate. Using the same example above, in addition to offering electronic results and report delivery directly to a physician's EMR, a hospital could capture data from the remote heart and glucose monitors worn by patients and send that data and trending information to the physician's EMR, as well. This capability can become a competitive advantage if no other hospital is providing this service to physicians in that market.

So, why should anyone care? The reason is that understanding the significant role that IT can play in a successful business is critical in establishing a proper perspective about IT. The effective communication of this perspective and scope is crucial to securing the necessary support for approving and executing key initiatives that can deliver the greatest value to an organization.

I am interested in hearing your thoughts about IT Competitive Necessity vs. IT Competitive Advantage. What experiences and opinions do you have in this regard? How do you determine what is a competitive necessity vs. a competitive advantage in your world of IT? Are there specific metrics that you or your customers find useful in defining competitive advantage or determining the strategic significance of IT? I look forward to your feedback!

Please share your thoughts about IT Competitive Necessity and Competitive Advantage by contacting Terry J. Wilk, MBA, FCHIME, Senior Vice President at twilk@cokergroup.com, or by calling 678-832-2021.