Using IT & IS to Create Competitive Advantage: 
A Case Study

Juhi Chanchalani  
American University of Sharjah  
PO BOX 26666  
Sharjah, UAE  
00971-50-6848171  
g00037073@aus.edu

ABSTRACT
In this paper, the authors describes the impact of IT & IS on various companies in creating a competitive advantage.

Today's era of globalization and technology has brought forward the importance of IT & IS and its practical application in any type of organization, be it a profit-oriented business or an NGO. This project aims to find if regionally established companies use IT and IS to create a competitive advantage, and if so, how. In order to achieve the stated aim, analyses have been done on a fully digital company through interviews, survey and personal observation. Project results prove that the use of IT and IS has been used by the company not only as a critical factor of operation but also to achieve competitive advantage.

1. INTRODUCTION
This paper is a case analysis on an e-business company situated in United Arab Emirates (UAE) - Musafir.Com. It touches upon aspects such as opportunities and threats that a company operating online in the travel and tourism industry faces, and whether IT and IS are strong components in changing the way of operation and the basis of competition in the industry. In order to build upon the stated objectives, the company under analysis, Musafir.Com, will be used to observe and interpret the changing patterns in Information Systems (IS) and how these changes contribute to both an effective strategic objective and staying competitive, while being unique and niche in its approach. The paper also discusses Musafir.Com’s infrastructure in conjunction to their IT & IS strategy and how the benefit of being the first-mover into the market is helping the company face competition.

The authors have opted to analyze Musafir.Com because it is the first e-business conducting e-commerce in the travel and tourism industry in UAE. Launched in 2009, Musafir.Com is a new, start-up company which deals with online airline bookings, hotel packages and reservations and creating travel itineraries, i.e. it is a travel agency hosted on the World Wide Web and provides their customers with the variety and flexibility to plan and customize their trip according to their needs. Since it is operates as an e-business, the most crucial aspect for the company is its Information Technology (IT) infrastructure and how the company utilizes it in order to maximize profits and minimize costs. The company has a flat organizational structure, with low “power distance” amongst manager and employees, and closely knit company values into the culture. The marketing and technology manager, Albert Dias, who is also the co-founder of the company, manages the operations, publicity, and technological development along with overseeing the strategic development of the company.

2. COMPANY DESCRIPTION
Musafir.Com is the UAE's first fully digital firm in the Travel and Tourism industry that is a separate legal entity and not a group’s website. Founded by AUS alumni Sheikh Mohammed bin Abdullah Al Thani, Sachin Gadoya and Albert Dias in August 2008, this entrepreneurial website was launched in 2009 under the incorporated umbrella of Universal Tourism LLC – an IATA accredited travel agency, which was founded by Sheikh Mohammed bin Abdullah Al Thani and Sachin Gadoya in 2005. Located in Sharjah, UAE, Musafir.Com is a privately owned company and operates in the Travel and Tourism Industry as an „e-commerce” firm, and mainly exists to assist customers in gathering travel information and making legitimate flight and hotel reservations. To use their services, one has to be at least 18 years of age, resident of the United Arab Emirates (UAE), possess the legal authority to create a binding legal obligation, and provide true, accurate, current and complete information.

2.1 Business Model
Musafir.Com’s business model is to provide their customers with an online service that allows them full control and flexibility to book, change and cancel their tickets, hotels and tours all over the internet. As an e-business it intends to use IT & IS to reach out to a mass number of customers and make leisure travelling easy and fun. With a strategic objective to innovation and customer satisfaction while retaining their cost advantage, Musafir.Com aims at providing the best online reservation service in the region and attaining a competitive edge over its major competitors.

2.2 Business Strategy
Musafir.Com is a small enterprise and relatively new in the market, it needs to strike a balance between its cost and product innovation that it delivers. This forms the key business strategy for the company – managing funds efficiently alongside providing quality standard service, which further shape the functional and operational strategies. Their business plans and strategies are planned 3-5 years in advance based upon the fast changing market trend and needs. These plans incorporate the marketing strategies, enhancement of their online service and a continuous improvement program for their website.

2.3 Michael Porter’s 5 Competitive Forces
Musafir.Com’s position amongst competitors has been analyzed on the basis of Michael Porter’s 5 competitive forces. The competitors in the market have a larger market share as they have been established in the market for a longer period of time, exercising a strong threat onto the company. Further, the substitute products, such as airline and hotel specific websites for reservations and physical travel agents, have been more established in the regional market and are preferred by consumers in comparison to travel websites such as Musafir.Com. Moreover,
since it only offers service as an intermediary between the customers and the airlines and hotels, it can only bring together all the options and variety but cannot impose its choice over the customers or the suppliers, limiting the company’s power. External forces have a lot of implications on the competitive position of Musafir.Com in the market, and the company plans to use IT & IS to gain a competitive advantage.

3. IT INFRASTRUCTURE AND IS STRATEGY
The IT strategy of any company is the most crucial and critical aspect for the company to attain success and maintain its presence strongly amongst competitors in the market. Keeping cost minimization as the main priority when investing and identifying opportunities, Musafir.Com has its servers outsourced. They manage their internal system organization over the internet rather than the Intranet, and the management aims at having everything archived digitally. They do not use an ERP system primarily because of the size and nature of the business, but have an exceptionally well designed CRM system. The company’s website is the sole representative of the company and its service delivery portal as well. Also, in accordance with the fast growing trend of using WEB 2.0 technologies, the company is active on social networking websites and blogs.

4. IMPACT OF IT AND IS
IT & IS generally creates a competitive advantage for any company because it improves the business processes and makes it efficient. With more than 99% of the budget diverted purely for the purpose of meeting technology expenditure, approximately 75% of the procurement done online and e-commerce activity generating more than 75% in revenue, every department at Musafir.Com is coordinated well to create an ideal team to achieve success. IT & IS has successfully created competitive advantage for Musafir.Com in various areas, such as building switching costs and changing the basis of competition.

4.1 Building Barriers to Entry
UAE and Sharjah’s rules and regulations make it extremely hard to enter the travel and tourism market. The entry is even harder as an e-commerce firm, and the functions are highly regulated by the Economic Ministry of the country. Thus, the market is more difficult to enter due to regulations rather than IT barriers. Cloud Computing, the internet and growing computing powers are giving Musafir.Com the competitive edge over physical travel agents and to some extent over its competitors as well, however, the same technology and doubling of computer power every 18 months would also obsolete any investment that the company makes because the trends would change at a pace faster than at which it can be recovered. Thus any advantage created by IT & IS will only be temporary for Musafir.Com and in the long run bring the competition in the market to the same level.

4.2 Building Switching Costs
Musafir.Com’s IS helps in building switching costs. By using Musafir.Com, customers can access the website through a standard web browser and internet connection and create a travel itinerary for themselves at any point during the day, without any time or travel costs. Musafir.Com also uses Web 2.0 technologies, such as Facebook and Twitter, to keep their customers updated with the latest in the travel world, be it flight delays, travel tips or promotions and offers, something which has not yet been adopted by other online or physical travel agencies, and has no replacement.

4.3 Changing the Basis of Competition
In the traditional travel and tourism industry, the competition was based on providing the lowest prices for the best travel experiences which changed the basis of competition. However now people are no longer competing only in the physical world: Musafir.Com has brought the competition into the virtual world. With the help of internet, browsers, networks and connections, the level of competition has been increased to new heights and basis, being not only low prices, but also have a variety of options with innovation to provide a premium travel experience. Therefore, in the long run, IT & IS can change the basis of competition in this industry.

4.4 Generating New Products
IT & IS has already helped Musafir.Com generate new products. The company previously provided services such as change and cancellation of itineraries and tickets in person. Now these changes can be made online on the website itself. Moreover, the development of MusafirPlus as a CRM database of the company has helped not only the customers in maintaining and updating their information but it has also helped Musafir.Com in managing their customers’ database and preferences more efficiently. Thus IT & IS can generate new products and for an online company like Musafir.Com, new products are essential to ensure that the company stays ahead of the competition.

5. RECOMMENDATIONS
Musafir.Com is performing fairly despite the fact that it is a newly established company. However, as an e-business, their investment in IT is comparatively less and they have yet to achieve a stable position in the market. Musafir.Com needs to increase their IT investments in two aspects: development of functional systems and having an in-house backup of their information.

6. ACKNOWLEDGMENTS
professor, MIS department at American University of Sharjah, for giving them the opportunity to conduct this study. Also, sincere thanks are extended to Mr. Albert Dias, Marketing and Technology Director at Musafir.Com, for helping them and providing them with ample information on his company. Last but not the least, a big cheer out to their teammates, Areej Qadri and Khadija Nanji, without whom conducting this study would not have been possible.

7. REFERENCES