

# The strategic role of information technology in the value creation process of small and medium enterprises: Integrating business models, performance and assimilation

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## *Abstract*

The purpose of this paper is to put forth a new conceptualization of the role of information technology (IT) in small and medium-size enterprises' (SMEs) value creation process. An IT-centered perspective integrating business models, the relationship between IT and performance, and the management of assimilation is developed. Key concepts and issues are presented. Some implications for future research are laid out.

*Key words:* Business models, Information technology, Organizational theory, Strategic planning, Value creation

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## **1 Introduction**

The Canadian context provides an interesting case in point for studying how firms use technology. According to Industry Canada [1], the Information Technology (IT) sector generated 140 billion Canadian dollars in sales for 2006 and grew at an annual compounded rate of 4.6% between 1997 and 2006. During that same period, the services sub-sector grew 8.2% annually while some of its components benefited from growth rates over 10% like Internet service providers (+27%) or data housing services (+17,2 %) [1]. The direct implication from the above is that individuals and larger businesses have joined the IT revolution. Small and Medium Enterprises (SMEs) with various business models are also part of this revolution. IT thus remains a critical factor in the value creation process. Unfortunately, SMEs lag behind larger businesses and individuals in terms of adoption in Quebec [2]. Another prime example of such a lag resides in the fact that 48% of Canadian SMEs are not yet