

# Overcoming the Challenge of Cooperating with Competitors: Critical Success Factors of Interorganizational Systems Implementation

**Nitza Geri**  
**The Open University of Israel**  
**Raanana, Israel**

[nitzage@openu.ac.il](mailto:nitzage@openu.ac.il)

## Abstract

The growing phenomenon of competitors that use a common interorganizational system (IOS) raises challenging strategic and organizational issues. Sometimes organizations join IOS initiatives although it seems to weaken their competitive position. This paper analyzes, in retrospect, the fully automated Tel-Aviv Continuous Trading system (TACT) implemented by the Tel-Aviv Stock Exchange (TASE) and its members, about a decade after its inauguration. It examines TACT's organizational feasibility and its critical success factors, using the Theory of Constraints (TOC) as a theoretical basis. The paper provides a comprehensive analysis of one system, including the point of view of both the initiator (TASE) and the participants (TASE members). TACT's complexity was further enhanced since all users had to convert to it simultaneously. Therefore, intensive cooperation was required between all members, especially between Israel's five largest banks who had seemingly faced a value paradox of IOS, since TACT was supposed to undermine their competitive position. This research emphasizes the importance of a neutral intermediary that manages the IOS, provides guidelines for successful IOS implementation, and suggests that the main critical success factor is information systems management skills.

**Keywords:** Interorganizational systems (IOS), information systems adoption and implementation, organizational feasibility of information systems, strategic value of information systems, electronic stock exchange, Theory of Constraints (TOC).

## Biography



**Nitza Geri** is Head of Undergraduate Management Studies at the Department of Management and Economics, the Open University of Israel, and a member of the Chais Research Center for the Integration of Technology in Education. She holds a B.A. in Accounting and Economics, an M.Sc. in Management Sciences and a Ph.D. in Technology and Information Systems Management from Tel-Aviv University. Nitza is a CPA (Israel) and prior to her academic career she had over 12 years of business experience. Her research interests and publications focus on various aspects of the value of information, and information systems adoption and implementation, including strategic information systems, e-business, value creation and the Theory of Constraints, managerial aspects of e-learning systems adoption and use. Personal site:

[http://www.openu.ac.il/Personal\\_sites/nitza-geri.html](http://www.openu.ac.il/Personal_sites/nitza-geri.html).