

NEC was a huge well reputed Japanese multinational company with wide spread global presence, providing information system services and products. NEC was a very experienced player in system integration and was a resourceful company.

Even though formation of strategic alliances were believed to be the divine formula to be successful in ERP industry in terms of implementation and selling and also the prime drive from the IFS Global from its inception, IFS as a company was far behind the competition, as the formation and continuation of successful alliances were quite challenging and difficult to execute. Whilst NEC and IFS Japan Partnership was believed to be the most successful channel partnership in IFS Global, many partnerships IFS formed, even within the APAC region had not delivered the intended results. This had been the case for partnerships, even with NEC, outside Japan.

The first section of this full paper describes the background of IFS and its initial sales and partnership strategies. Then the ERP industry growth, IFS Focus Industries and IFS Architecture in Late 1990s would be discussed briefly. The next section would be focused on IFS entry to Asia Pacific Region, Japan Economy, Japanese Manufacturing Industry and IFS entry to Japan. This will shed light on to understand why Japan was an attractive market to IFS in the light of its strengths in manufacturing functionality.

Final part of the paper would be focused on analysis of strategic alliance formation, structural preferences and alliance performance, in the light of the resource based theory for strategic alliances developed by T.K.Das and Bing Sheng Teng in year 2000 and also based on transaction cost economics.

The resource based theory for strategic alliances propose and discuss four essential components of strategic alliances: rationale, formation, structural preferences, and performance. The resource based rationale highlight the value maximization of firms trough combination and utilization of valuable resources. The overall rationale for entering into a strategic alliance is to aggregate, share, or exchange valuable resources with other firms when these resources cannot be efficiently obtained through market exchanges or mergers/ acquisitions. The resource-based logic suggests that the competitive advantage of alliances is based on the effective integration of the partner firms' valuable resources.

According to this theory, the performance of alliance can be measured by its endurance, profitability and objective attainment and the performance is a function of resource alignment. The