

## Chapter: Chapter 01: Information Systems in the 2010s

### Multiple Choice

1. The importance of being an *agile enterprise* has increased significantly because of \_\_\_\_\_ and \_\_\_\_\_.

- a) competition; slowed population growth
- b) social networks; rapid economic recovery
- c) slow economic recovery; advances in mobile technology
- d) rapid population growth; corporate strategy

Ans: c

Difficulty: Hard

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB: Reflective thinking skills.

2. \_\_\_\_\_ are valuable to businesses because they can connect, communicate, collaborate, and do commerce on-demand, in real-time, and at a distance.

- a) Multimedia networks
- b) Interactivity applications
- c) Broadband infrastructures
- d) Podcasts

Ans: b

Difficulty: Medium

Section Ref: Quick Look at Chapter 1

AACSB: Use of information technology

3. Which of the following is not an impact of the mass migration of users from PCs to mobile devices?

- a) It has improved the privacy of users and security of corporate networks.
- b) It has expanded the scope of information systems beyond traditional organizational boundaries.
- c) It has torn down the walls between business, professional, and personal lives.
- d) It has made location irrelevant to a large extent.

Ans: a

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance  
AACSB: Reflective thinking skills.

4. Which of the following is a characteristic of competitive advantage?
- a) It is a long lasting edge over competitors if based on IT.
  - b) It is short-lived if competitors quickly duplicate it.
  - c) It requires the use of social media and networks.
  - d) It provides a big strategic payoff.

Ans: b

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance  
AACSB: Reflective thinking skills.

5. While of the following statements about mobile market opportunities is false?
- a) Mobiles are replacing computers as the primary way to connect with public and private networks and to get work done.
  - b) Mobile gadgets are starting to look and feel like handheld computers, able to run all sorts of software.
  - c) Desktop and laptop computers are taking on more and more nontraditional duties, like streaming media to TV sets, stereos, and other household appliances.
  - d) Touch-navigate devices running on 3G and 4G networks create business opportunities and eliminate business threats.

Ans: d

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance  
AACSB: Use of information technology

6. According to Pew Research, newspapers have seen ad revenue \_\_\_\_\_ during the time between 2007 to 2010.
- a) rise 10%
  - b) remain constant
  - c) fall 43%
  - d) fall 75%

Ans: c

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance  
AACSB:

7. Facebook's rapid growth and its ranking as number one is an interesting and informative business case because:

- a) it shows the power of IT to disrupt the status quo and transform industries.
- b) it is a public company with an immensely-profitable business model.
- c) it has positioned itself solely as a social network.
- d) all of the above

Ans: a

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB: Use of information technology

8. In March 2010, \_\_\_\_\_ pulled in more Internet traffic in North America than Google.

- a) eBay
- b) Facebook
- c) Microsoft
- d) Apple

Ans: b

Difficulty: Easy

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB:

9. Innovation leads to profitable growth if that innovation:

- a) generates new profit pools.
- b) increases demand for products and services.
- c) attracts new competitors.
- d) Both a and b

Ans: d

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB: Reflective thinking skills.

10. How a company generates revenue from its assets is referred to as its \_\_\_\_\_.

- a) asset infrastructure
- b) business model

- c) corporate culture
- d) organizational structure

Ans: b

Difficulty: Easy

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB:

11. Nokia makes and sells cell phones and generates profit from these sales. This statement defines Nokia's business \_\_\_\_\_.

- a) model
- b) processes
- c) supply chain
- d) value proposition

Ans: a

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB:

12. According to McKay and Marshall, a comprehensive business model is composed includes each of the following elements except:

- a) A description of all products and services the business will offer.
- b) A description of the business process required to make and deliver the products and services.
- c) A description of the customers to be served.
- d) A description of competitive forces in the industry.

Ans: d

Difficulty: Medium

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts

AACSB:

13. Basic functions of an IS are:

- a) input, processing, and output.
- b) input, processing, output, and feedback.
- c) user interfaces, data sources, processing, and reporting.
- d) hardware, software, data, and procedures.

Ans: b

Difficulty: Medium

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts  
AACSB:

14. Which of the following is not a component of an information system?

- a) input
- b) hardware
- c) network
- d) people

Ans: a

Difficulty: Medium

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts  
AACSB: Use of information technology

15. A company believes that superb customer service and on-time delivery are valuable and critical to their success. Their beliefs and values form the \_\_\_\_\_ that influences the company's IT investments.

- a) feedback
- b) business functions
- c) social context
- d) inputs

Ans: c

Difficulty: Hard

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts  
AACSB: Use of information technology

16. \_\_\_\_\_ are shaking-up or disrupting the ways companies do business, the jobs of managers and workers, the design of business processes, and the structure of markets.

- a) IT innovations
- b) Wireless networks
- c) Social media
- d) Social networks

Ans: a

Difficulty: Medium

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts  
AACSB: Use of information technology

17. Performance improved significantly at 1-800-Contacts after the company invested in \_\_\_\_\_ that enabled call center operators to monitor their performance as often as every 15 minutes.

- a) semiautomatic business processes
- b) dashboard reporting tools
- c) private networks
- d) social networks

Ans: b

Difficulty: Medium

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts

AACSB: Use of information technology

18. IS capabilities support all of the following business objectives except:

- a) improving productivity.
- b) reducing waste.
- c) facilitating collaboration.
- d) automating decision making.

Ans: d

Difficulty: Medium

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts

AACSB: Use of information technology

19. The value of an information system is determined by the relationships among ISs, people, and business processes—which are influenced strongly by:

- a) fast, accurate communication and collaboration.
- b) huge amounts of information that is accessible via networks.
- c) organizational culture..
- d) automation of decision making

Ans: c

Difficulty: Medium

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts

AACSB:

20. Widespread adoption of new technology is going to \_\_\_\_\_ the usual way business is done.

- a) disrupt

- b) cause minor changes in
- c) destroy
- d) have little effect on

Ans: a

Difficulty: Easy

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Use of information technology

21. What has made *location* practically irrelevant to doing business?

- a) social media
- b) social networks
- c) widespread use of mobile devices
- d) Google

Ans: c

Difficulty: Medium

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Reflective thinking skills.

22. The 1-800-CONTACTS case study showed the importance of \_\_\_\_\_ on performance.

- a) daily reports
- b) feedback
- c) IT departments
- d) training

Ans: b

Difficulty: Medium

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Use of information technology

23. Information bottleneck can create \_\_\_\_\_ that keep managers from knowing what is going on as it is going on.

- a) information overload
- b) blindspots
- c) windows
- d) dashboards

Ans: b

Difficulty: Medium

Section Ref: 1.3 Business Performance Management and Measurement  
AACSB:

24. A negative ethical impact of mobile marketing efforts is that they can be \_\_\_\_\_.  
a) invasive  
b) expensive  
c) innovative  
d) pervasive

Ans: a

Difficulty: Easy

Section Ref: 1.3 Business Performance Management and Measurement  
AACSB: Ethical understanding and reasoning abilities.

25. Critical business processes are those that improve employee performance and \_\_\_\_\_.  
a) strategic planning  
b) commodities  
c) profit margins  
d) business models

Ans: c

Difficulty: Easy

Section Ref: 1.3 Business Performance Management and Measurement  
AACSB:

26. Business models include a \_\_\_\_\_, which is an analysis of the benefits of using the specific model.  
a) revenue model  
b) supply chain  
c) value proposition  
d) profit margin

Ans: c

Difficulty: Hard

Section Ref: 1.3 Business Performance Management and Measurement  
AACSB:



27. Managers decide to increase the number of new accounts by 4.0% within the next quarter. This is an example of:

- a) an objective.
- b) a strategy.
- c) customer loyalty.
- d) qualitative metric.

Ans: a

Difficulty: Hard

Section Ref: 1.3 Business Performance Management and Measurement

AACSB:

28. A company's goals are increased sales and improved customer loyalty. Which of the following is correct?

- a) Sales revenue is a rather easy-to-calculate quantitative metric.
- b) Customer loyalty is a quantitative metric with a longer time dimension.
- c) Sales revenue is a quantitative metric with a longer time dimension.
- d) Customer loyalty is a qualitative metric with a shorter time dimension.

Ans: a

Difficulty: Hard

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Use of information technology

29. In order to manage performance, a fundamental requirement is \_\_\_\_\_.

- a) using real-time dashboards and reporting tools
- b) being able to measure
- c) knowing that the indicator is measuring the right thing
- d) b and c

Ans: d

Difficulty: Medium

Section Ref: 1.3 Business Performance Management and Measurement

AACSB:

30. Measuring performance requires each of the following except:

- a) comparing results to competitors.
- b) identifying the most meaningful measures of performance.
- c) being able to measure them correctly.
- d) selecting the set of measures that provides a holistic indicator of performance.

Ans: a

Difficulty: Medium

Section Ref: 1.3 Business Performance Management and Measurement

AACSB:

31. Concern about environmental damage and reducing a company's carbon and energy footprints on the planet has triggered efforts for \_\_\_\_\_.

- a) data centers
- b) EPA
- c) green IT
- d) RFID

Ans: c

Difficulty: Easy

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Ethical understanding and reasoning abilities.

32. \_\_\_\_\_ are a measure of the impact a business' activities have on the environment, and in particular climate change.

- a) Carbon footprints
- b) Hydrogen footprints
- c) Toxic wastes
- d) Greenhouse emissions

Ans: a

Difficulty: Medium

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Ethical understanding and reasoning abilities.

33. Why are companies, such as Monsanto and Wells Fargo, willing to invest in the building of new data centers?

- a) To stop wasting capital maintaining outdated energy-inefficient data centers.
- b) To comply with government energy regulations.
- c) To develop new computing capabilities.
- d) To improve business process performance.

Ans: a

Difficulty: Easy

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Ethical understanding and reasoning abilities.

34. Ethical issues can be challenging because:

- a) there are no standards of right and wrong.
- b) security is more important than privacy.
- c) all countries agree on what is ethical.
- d) what is considered ethical by one person may seem unethical to another.

Ans: d

Difficulty: Easy

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Ethical understanding and reasoning abilities.

35. KD Company is looking to expand its business operations into a developing country. As part of SWOT analysis, KD needs to investigate that country's:

- a) political stability
- b) economic stability
- c) critical infrastructure
- d) All of the above

Ans: d

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB:

36. \_\_\_\_\_ is a series of processes in which an organization selects and arranges its businesses or services to keep the organization viable even when unexpected events disrupt its businesses, markets, products, or services.

- a) Strategic planning
- b) SWOT
- c) Value proposition
- d) Threat analysis

Ans: a

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB: Use of information technology

37. An organization's \_\_\_\_\_ addresses questions such as, "What is the long-term direction of our business?"

- a) operations
- b) critical infrastructure
- c) strategy
- d) opportunities

Ans: c

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB:

38. \_\_\_\_\_ is the scanning and review of the political, social, economic and technical environment of the organization.

- a) Strategic analysis
- b) Business performance
- c) Operational planning
- d) Value analysis

Ans: a

Difficulty: Easy

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB: Use of information technology

39. \_\_\_\_\_ involves the evaluation of strengths and weaknesses, which are internal factors; and opportunities and threats, which are external factors.

- a) Strategic analysis
- b) Business performance
- c) Operational planning
- d) SWOT analysis

Ans: d

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB: Use of information technology

40. Price wars or other fierce reactions by competitors are examples of:

- a) strengths.
- b) weaknesses.
- c) opportunities.

d) threats.

Ans: d

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB: Use of information technology

41. According to Porter's competitive forces model, there are five major forces in an industry that affect the degree of competition. Those five forces impact:

- a) sales.
- b) profit margins.
- c) marketing.
- d) expenses.

Ans: b

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB:

42. FedEx and UPS have ISs that are difficult to duplicate and very expensive. Those ISs:

- a) create barriers that reduce the threat of entry.
- b) increase the threat of substitute services.
- c) decrease bargaining power of customers.
- d) increase bargaining power of suppliers.

Ans: a

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB: Use of information technology

43. \_\_\_\_\_ involve the purchase of materials, the processing of materials into products, and delivery of products to customers.

- a) Supply chains
- b) Logistics
- c) Primary activities
- d) Support activities

Ans: c

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB:

44. For most organizations, if their computer networks go down, \_\_\_\_\_.

- a) social networks are used
- b) data centers are used to store data
- c) so does the business
- d) business continues as usual

Ans: c

Difficulty: Easy

Section Ref: 1.5 Why IT is Important to Your Career, and IT Careers

AACSB:

45. According to *Occupational Outlook Handbook, 2010-11 Edition* published by the U.S. Bureau of Labor Statistics, what is the outlook for Computer and Information Systems Manager?

- a) Employment is expected to grow faster than the average for all occupations.
- b) A master's degree in a computer-related field is required for entry-level positions.
- c) Employment is expected to grow slower than the average for all occupations.
- d) Job prospects are uncertain.

Ans: a

Difficulty: Medium

Section Ref: 1.5 Why IT is Important to Your Career, and IT Careers

AACSB: Use of information technology

### **True/False**

46. During the last decade, Facebook, LinkedIn, YouTube, Twitter and blogs became extensions of businesses to reach customers, prospects, and business partners.

Ans: true

Difficulty: Easy

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB: Use of information technology

47. The massive adoption of smart devices has created a huge base of multi-tasking users, and a market for companies to tap and target.

Ans: true

Difficulty: Easy

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB:

48. Facebook created an entirely new market and changed the game for industries who were not its usual competitors--namely, music, media, and consumer electronics companies.

Ans: false

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB: Use of information technology

49. Some types of IT, such as databases and network services, are commodities, which do not provide a special advantage.

Ans: true

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB:

50. A SWOT model spells out how a company creates or adds value in terms of the goods or services it produces.

Ans: false

Difficulty: Easy

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB:

51. An IS can be as small as a smartphone with a software app that can snap tags to load a Web site. Or it may include several thousand computers of various types, scanners, printers, and other devices connected to databases via wired and wireless telecommunication networks.

Ans: true

Difficulty: Medium

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts  
AACSB: Use of information technology

52. ISs have a purpose and a social or organizational context.

Ans: true

Difficulty: Easy

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts  
AACSB: Use of information technology

53. Discarded PCs and other computer equipment are waste disposal problems.

Ans: true

Difficulty: Easy

Section Ref: 1.3 Business Performance Management and Measurement  
AACSB: Ethical understanding and reasoning abilities.

54. IT no longer creates challenging ethical issues because practices such as employee e-mail monitoring and unrestricted use of customer data are accepted as necessary or legal.

Ans: false

Difficulty: Medium

Section Ref: 1.3 Business Performance Management and Measurement  
AACSB: Ethical understanding and reasoning abilities.

55. Strategy planning is critical for all organizations, including government agencies, healthcare, education, military, and other nonprofit and not-for-profit ones.

Ans: true

Difficulty: Easy

Section Ref: 1.4 Strategic Planning and Competitive Models  
AACSB:

56. During SWOT analysis, there is usually agreement among managers because SWOT analysis is objective, forward-looking, and data-driven.



Ans: false  
Difficulty: Medium  
Section Ref: 1.4 Strategic Planning and Competitive Models  
AACSB:

57. According to Porter's competitive forces model, Apple, Microsoft, and auto manufacturers have strong bargaining power as suppliers because their brands are powerful.

Ans: true  
Difficulty: Medium  
Section Ref: 1.4 Strategic Planning and Competitive Models  
AACSB: Reflective thinking skills.

58. Rivalry among existing firms in the industry is a competitive force that is most likely to be weak when entry barriers are low; threat of substitute products is high, and suppliers and buyers in the market attempt to control.

Ans: false  
Difficulty: Hard  
Section Ref: 1.4 Strategic Planning and Competitive Models  
AACSB: Reflective thinking skills.

59. Sabermetrics is the mathematical analysis of baseball player batting and pitching performances.

Ans: true  
Difficulty: Medium  
Section Ref: 1.5 Why IT is Important to Your Career, and IT Careers  
AACSB: Use of information technology

60. A batch system is an IS that provides fast enough access to information or data so that an appropriate decision can be made, usually before data or situation changes.

Ans: false  
Difficulty: Easy  
Section Ref: 1.5 Why IT is Important to Your Career, and IT Careers  
AACSB: Use of information technology

## Short Answer

61. In March 2010, Facebook pulled in more traffic in North America than \_\_\_\_\_.

Ans: Google

Difficulty: Easy

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB:

62. Basic types of IT are \_\_\_\_\_ because companies need to function, but they do not provide a special advantage.

Ans: commodities

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB: Use of information technology

63. How a company generates revenue from its assets is referred to as its \_\_\_\_\_.

Ans: business model

Difficulty: Medium

Section Ref: 1.1 Positioning IT to Optimize Performance

AACSB:

64. A(n) \_\_\_\_\_ collects, processes, stores, analyzes, and distributes information for a specific purpose or objective.

Ans: information system (IS)

Difficulty: Easy

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts

AACSB:

65. \_\_\_\_\_ is a set of applications or programs that instruct the hardware to process data or other inputs such as voice commands.

Ans: Software

Difficulty: Medium

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts

AACSB: Use of information technology

66. Energy and \_\_\_\_\_ footprints are a measure of the impact a business' activities have on the environment, and in particular climate change.

Ans: carbon

Difficulty: Easy

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Ethical understanding and reasoning abilities.

67. \_\_\_\_\_ relates to standards of right and wrong,

Ans: Ethics

Difficulty: Easy

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Ethical understanding and reasoning abilities.

68. \_\_\_\_\_ analysis involves the evaluation of strengths and weaknesses, which are internal factors; and opportunities and threats, which are external factors.

Ans: SWOT

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB:

69. \_\_\_\_\_ activities are those business activities through which a company produces goods. Examples of those activities are purchasing materials, processing materials, and delivery of products to customers.

Ans: Primary

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB:

70. Innovation and adaptability are \_\_\_\_\_ because they are examples of things that must go right for a company to achieve its mission.

Ans: critical success factors

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB:

## Essay

71. Identify three interactivities that have potential business value and that can occur by snapping a 2D tag.

Ans: Answers will vary. Some examples are the following:

- Open a microsite on the mobile browser.
- Push (deliver) text or a message, such as an ad or address, to the handheld.
- Start streaming a video or audio file.
- Download an image, document, or other type file.
- Initiate an e-mail, instant message, phone call, fax, or other communication.

Difficulty: Medium

Section Ref: *Quick Look at* Chapter 1

AACSB: Reflective thinking skills.

72. List and describe the four basic functions of an information system.

Ans.: Four basic functions of an information system are:

1. **Input.** Data and information about business transactions are captured or collected by point-of-sale scanners, Web sites, and received by other input devices.
2. **Processing.** Data is transformed, converted, analyzed for storage or transfer to an output device.
3. **Output.** Data, information, reports, etc. are distributed to digital screens or hardcopy (paper); sent as audio; or transferred to other ISs via communication networks.
4. **Feedback.** A mechanism that monitors and controls operations.

Difficulty: Easy

Section Ref: 1.2 Information Systems and Information Technology: Core Concepts

AACSB:

73. There are two fundamental requirements for managing business performance: being able to measure and knowing that your indicator is measuring the right thing. Explain each of these requirements and why they are challenging.

Ans.: In order to manage performance, two fundamental requirements are:

1. **Being able to measure.** You cannot manage what you cannot measure. Stated in reverse, if you cannot measure a process, you cannot manage or control it. To be reliable, “measuring” needs to be fact-based and/or data-driven.
2. **Knowing that your indicator is measuring the right thing.** Not all performance metrics are clearly linked to the desired outcome. You often need to find surrogate quantitative measures for qualitative metrics that can reliably measure what you want measured. Even for quantitative metrics, measuring is challenging. Adding to the challenge is that managers rarely agree on which sets of indicators are the right ones to track.

Difficulty: Medium

Section Ref: 1.3 Business Performance Management and Measurement

AACSB: Reflective thinking skills.

74. List and explain the four major steps in business performance management (BPM).

Ans.: The major steps in business performance management are:

**Step 1. Decide on desired performance levels.** Specific metrics are set for desired performance levels so that the company can evaluate its success.

**Step 2. Determine how to attain the performance levels.** The issue is *how to get there?* This is determined by the corporate strategies and plans.

**Step 3. Periodically assess where the organization stands with respect to its goals, objectives, and measures.** This is accomplished by monitoring performance and comparing it to the values set in Step 1.

**Step 4. Adjust performance or goals.** If performance is too low, corrective actions need to be taken to close the gap.

Difficulty: Medium

Section Ref: 1.3 Business Performance Management and Measurement

AACSB:

75. List and explain the five industry (market) forces in Michael Porter’s competitive forces model.

Ans.: **1. Threat of entry of new competitors.** This force refers to the strength of the **barriers to entry** into an industry, which is how easy it is to enter an industry. The threat of entry is lower (less powerful) when existing companies have ISs that are difficult to duplicate or very expensive. Those ISs create barriers to entry that reduce the threat of entry.

**2. Bargaining power of suppliers.** Bargaining power is high where the supplier or brand is powerful; e.g., Apple, Microsoft, and auto manufacturers. Power is determined by how much a company purchases from a supplier. The more powerful company has the leverage to demand better prices or terms, which increase its profit margin.

**3. Bargaining power of customers or buyers.** This force is the reverse of the bargaining power of suppliers. This force is high where there are a few, large customers or buyers in a market.

**4. Threat of substitute products or services.** As the threat of substitutes increases, profit margin decreases because sellers need to keep prices competitively low.

**5. Competitive rivalry among existing firms in the industry.** Fierce competition involves expensive advertising and promotions; intense investments in research and development; or other efforts that cut into profit margins.

Difficulty: Medium

Section Ref: 1.4 Strategic Planning and Competitive Models

AACSB: Reflective thinking skills.

## Chapter: Chapter 01: Information Systems in the 2010s

### Multiple Choice

1. Interactivity applications include all of the following properties except:

- a) connecting
- b) communicating
- c) commerce at one time
- d) collaborating

ans: c

2. An agile enterprise is\_\_\_\_\_.

- a) an enterprise that moves quickly
- b) an enterprise that has the ability to adapt rapidly
- c) a new enterprise
- d) there is no such thing as an agile enterprise

ans: b

3. Mobile devices are replacing computers in mobile marketing opportunities as a way to \_\_\_\_\_.

- a) access digital content
- b) just make phone calls
- c) only connect to public networks
- d) Mobile devices are not used in mobile marketing

ans: a

4. A business model is a method of doing business by which a company can generate \_\_\_\_\_ to sustain itself.

- a) customers
- b) a great company image
- c) sales revenue and profit
- d) a web presence

ans: c

5. The basic functions of an IS (information system) are \_\_\_\_\_.

- a) input, processing, output, feedback
- b) input, processing, output, people

- c) input, software, hardware, applications
- d) operation system, application programs, people

ans: a

6. \_\_\_\_\_ technology has torn down the walls between our business lives and our personal lives.

- a) Digital
- b) Critical
- c) Information
- d) Mobil

ans: d

7. The two requirements to manage performance are \_\_\_\_\_.

- a) the ability to measure and measuring the right thing
- b) knowing how to use metrics and reporting whenever is convenient
- c) using whatever measures are available and reporting every 5 minutes
- d) a great consulting firm and knowing what the other companies measure

ans: a

8. SWOT is an acronym for \_\_\_\_\_.

- a) Silence, Winner, Opportunities, Thrills
- b) Saturation, Weakness, Over kill, Think tank
- c) Strengths, Weaknesses, Opportunities, Threats
- d) Safe, Wealthy, Opportunities, Thanks

ans: c

9. Which of the following is NOT part of Porter's competitive model forces?

- a) Threat of entry of new competitors
- b) Threat of information security
- c) Bargaining power of customers or buyers
- d) Threat of substitute products or services

ans: b

10. The \_\_\_\_\_ evaluates the newest and most innovative technologies and determines how they can be applied for the complete advantage.



- a) Chief Executive Officer
- b) Chief Security Officer
- c) Chief Technology Officer
- d) Chief Financial Officer

ans: c

### **True/False**

1. 2D tags cannot be used on mobile phones.

ans: False

2. 80% of all Twitter interactions take place over mobile devices.

ans: True

3. ISs do not exist in isolation.

ans: True

4. Dashboard reporting tools were implemented to assist 1-800-CONTACTS to report sales and inventory data.

ans: True

5. Companies do not care about the carbon footprints technology leaves or green IT.

ans: False

6. Critical success factors are those things that must go right for a company to achieve its mission.

ans: True

7. IT projects are always successful.

ans: False