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| LEARNING OBJECTIVES |  |

* Explain why the Introduction to MIS class is the most important class in the business school.
* Define what is meant by “MIS.”
* Explain how to use the five-component model.
* Explain why the difference between information technology and information systems is important.
* Explain what is meant by “information.”
* Describe necessary data characteristics.
* Anticipate the technology of the year 2024.

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| CHAPTER OUTLINE |  |

* Why is Introduction to MIS the most important class in the business school?
* What are cost-effective business applications of Facebook or Twitter, or whatever else will soon appear?
* How can I attain job security?
* How can Intro to MIS help you learn non-routine skills?
* What is the bottom line?
* What is “MIS”?
* Components of an information system.
* Management and use of information systems.
* Achieving strategies.
* How can you use the five-component model?
* The most important component—YOU.
* All components must work.
* High-tech versus low-tech information systems.
* Understanding the scope of new information systems.
* Components ordered by difficulty and disruption.
* Why is the difference between information technology and information systems important?
* What is “information”?
* Definitions vary
* Where is information?
* What are necessary data characteristics?
* Accurate
* Timely
* Relevant
* Just barely sufficient
* Worth its cost
* 2024?

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| Using MIS InClass 1 |  |

## Information Systems and Online Dating

1. *Visit one of the proprietary method sites and one of the common interest sites.*

Students’ choice of sites to visit will vary.

1. *Summarize the matching process that is used by each site.*

Student answers will vary depending on the sites visited. For illustration:

From the PerfectMatch.com Web site: “perfectmatch.com® (PerfectMatch), a leading online dating and relationship service, is the best approach for adults seeking successful, lasting relationships. It is the only online dating and relationship service to offer the Duet Total Compatibility System (Duet®), co-developed by renowned relationship expert Dr. Pepper Schwartz (Dr. Schwartz). Based on over 35 years of research, Duet® analyzes the “whole person,” taking into account each member's Personality, Values and Ideals, Life and Lovestyle, Preferences and their Love & Money Assessment to identify and find the person right for them. This unique and proprietary system enables PerfectMatch to provide both the best online capabilities and member experience to those seeking real love, a relationship or marriage.” From [www.perfectmatch.com/aboutus/index.asp?v=0&rt=/index.asp](http://www.perfectmatch.com/aboutus/index.asp?v=0&rt=/index.asp) accessed 9/23/2010.

From the GoodGenes.com Web site: “goodgenes.com is an exclusive introduction network. We provide opportunities for single graduates and faculty of specific universities and colleges to meet well-educated members of the opposite sex. GoodGenes requires proof of status as a graduate or faculty member from all applicants before joining. We also discreetly verify the status. This means that you can feel more comfortable choosing the companion that's right for you.” From [www.goodgenes.com/Pages2/intro.html](http://www.goodgenes.com/Pages2/intro.html) accessed 9/23/2010.

1. *Describe the revenue model of each site.*

perfectmatch.com allows users to begin to use the site with a free basic membership, but a fee-based premium membership is required to actually use the system and find potential matches. This is referred to as a “freemium” revenue model. The site also includes some advertising for an additional revenue stream.

goodgenes.com requires a membership fee. There is no advertising on the site.

1. *Using general terms, describe the need these sites have for:*
   1. *Hardware*

Hardware includes the servers that store the Web pages and customer data, and run the profile development and person matching applications.

* 1. *Software*

Software includes the Web server and database server operating systems, the database management system, the HTML pages for the Web site, and the application software that does the personality assessment and person matching.

* 1. *Data*

Data is the collective characteristics of the clients that are entered into the system during the profile development process, plus the membership data entered in by each client.

* 1. *Procedures*

Procedures are the ways that the clients interact with the system, to enter data, get results, and decide to pursue certain matches, etc.

* 1. *People*

People are the clients plus those who develop and maintain the site and the matching software, and customer support personnel.

1. *People sometimes stretch the truth, or even lie, on matching sites. Describe one innovative way that one of the two companies your team chose in step 1 could use information systems to reduce the impact of this tendency. As you prepare your team’s answer, keep the availability of nearly free data communications and data storage in mind.*

People’s claims could be compared with other information they have posted about themselves on social networking sites. Inconsistencies could be easily identified—such as the person who is registering on a dating site for singles but has a Facebook page with photos of a spouse and children.

1. *Suppose the company in your answer to step 5 has requested your team to implement its idea. Explain how having strong personal skills for each of Reich’s four abilities (abstract thinking, systems thinking, experimentation, and collaboration) would enable each of you to be a better contributor to your team.*

Abstract reasoning will enable the team to construct and use a model or representation of ways that client characteristics can be verified through “connections” with data found on other social networking sites. Systems thinking involves identifying and modeling the components of a system and connecting the inputs and outputs among those components into a sensible whole, one that explains the phenomenon observed. This will be valuable to create the verification model that can be used to assess the veracity of the client’s profile. Experimentation is the willingness and ability to try various approaches to this assessment problem in a systematic way. Collaboration is the ability to work effectively in a team to attack this project effectively.

1. *Working as a team, prepare a 3-minute verbal description of your answer to steps 5 and 6 that all of you could use in a job interview. Structure your presentation to illustrate that you have the four skills in step 6.*

Student responses will vary.

1. *Deliver your answer to step 7 to the rest of the class.*

Student responses will vary.

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| USING YOUR KNOWLEDGE |  |

1. *One of life’s greatest gifts is to be employed doing work that you love. Reflect for a moment on a job that you would find so exciting that you could hardly wait to get to sleep on Sunday night, so that you could wake up and go to work on Monday.*
2. *Describe that job. Name the industry, the type of company or organization for whom you’d like to work, the products and services they produce, and your specific job duties.*

Student answers will vary. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Explain what it is about that job that you find so compelling.*

Student answers will vary. Look for some common themes, such as: variety, challenging, interesting work, helping others, and making a difference. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *In what ways will the skills of abstraction, systems thinking, collaboration, and experimentation facilitate your success in that job.*

Student answers will vary. Look for the fact that these skills will help in dealing with new/complex issues: Abstraction will help in the making and manipulating of models. Systems thinking will help in constructing a sensible whole out of the observed components. Collaboration will improve the ability to give and receive constructive feedback. The ability to experiment will improve the ability to analyze and take advantage of an opportunity. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Given your answers to parts a through c, define three to five personal goals for this class. None of these goals should include anything about your GPA. Be as specific as possible. Assume that you are going to evaluate yourself on these goals at the end of the quarter or semester. The more specific you make these goals, the easier it will be to perform the evaluation. Use Figure 1-3 for guidance.*

Student answers will vary. Some desirable goals that you should try to motivate your students to adopt might be:

* I want to be able to recognize the underlying business need that is addressed by information systems I encounter.
* I want to be conversant with basic technical terminology so that I am not intimidated when evaluating a new technology.
* I want to strengthen my nonroutine cognitive skills.
* I want to be an effective collaborator—able to give and receive critical feedback.
* I want to understand the most effective process of developing an information system.
* I want to know what questions to ask and I want to be able to understand the answers I’m given so that I can play an important role for my future employer. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Consider the costs of a system in light of the five components: costs to buy and maintain the hardware; costs to develop or acquire licenses to the software programs and costs to maintain them; costs to design databases and fill them with data; costs of developing procedures and keeping them current; and finally, human costs both to develop and use the system.*
2. *Over the lifetime of a system, many experts believe that the single most expensive component is people. Does this belief seem logical to you? Explain why you agree or disagree.*

It is likely that this belief is true. An information system is only as good as the people who have developed it and who make use of it to perform their business functions more effectively and efficiently. It is very costly to hire and retain qualified, creative, and motivated people. Without those people, however, even the most technically sophisticated system will be of little value to the organization. (LO: 3, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Consider a poorly developed system that does not meet its defined requirements. The needs of the business do not go away, but they do not conform themselves to the characteristics of the poorly built system. Therefore, something must give. Which component picks up the slack when the hardware and software programs do not work correctly? What does this say about the cost of a poorly designed system? Consider both direct money costs as well as intangible personnel costs.*

If a system does not meet its requirements, the people and procedures will have to adjust and “pick up the slack.” People will have to change their behaviors to work with the system. This may result in reduced productivity, at a minimum. In addition, annoyance and frustration may build to the point where people actually avoid the system in some fashion—they may find a way not to use the system at all (thus defeating its purpose) or they may avoid using it by increasing absenteeism or they may find another job. (LO: 3, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *What implications do you, as a future business manager, take from parts a and b? What does this say about the need for your involvement in requirements and other aspects of systems development? Who eventually will pay the costs of a poorly developed system? Against which budget will those costs accrue?*

It is hoped that students will appreciate how important it is that business professionals play an active role in systems development. Requirements not only must be delineated for the system, but business managers (who are paying the bills) must ensure that the requirements are being fulfilled in the new system. If they are not fulfilled, the business unit not only will have wasted the development costs; it will experience ongoing costs of decreased productivity and possibly higher staff turnover. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Consider the four definitions of information presented in this chapter. The problem with the first definition, “knowledge derived from data,” is that it merely substitutes one word we don’t know the meaning of (information,) for a second word we don’t know the meaning of (knowledge). The problem with the second definition, “data presented in a meaningful context”, is that it is too subjective. Whose context? What makes a context meaningful? The third definition, “data processed by summing, ordering, averaging, etc.”, is too mechanical. It tells us what to do, but it doesn’t tell us what information is. The fourth definition, “a difference that makes a difference”, is vague and unhelpful.*

*Also, none of these definitions help us to quantify the amount of information we receive. What is the information content of the statement that every human being has a navel? Zero—you already know that. In contrast, the statement that someone has just deposited $50,000 into your checking account is chock-full of information. So, good information has an element of surprise.*

*Considering all of these points, answer the following questions:*

1. *What is information made of?*

Information is made of data that has been processed in some way so as to provide meaning and insight to the recipient of the data. (LO: 5, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *If you have more information, do you weigh more? Why or why not?*

If you are carrying around a 1,000-page report that contains data, then you might say that data causes you to physically weigh more. However, conceiving new insights from that data (information) does not result in a weight gain. It results in a change in your brain. (LO: 5, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *When you give a copy of your transcript to a prospective employer, how is that information produced? What part of that information production process do you control? What, if anything, can you do to improve the quality of information that the employer conceives?*

A transcript from a prospective employee is meaningful to an employer trying to fill a position. The content of the transcript (courses taken, grades earned) has value in the hiring context. The employer will view the transcript (data) and make judgments about the prospect as to how well he or she fulfills the position requirements (information). Therefore, the transcript can help the employer produce information as to the suitability and desirability of a candidate. In this case, the only thing that the prospective employee controls is the content of the transcript—the input, or the data. By taking rigorous courses from exceptional educational institutions and performing well in those courses, the prospective employee can influence the information conceived by the employer in a favorable way. (LO: 5, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Give your own best definition of information.*

Student answers will vary. Despite its subjectivity, I still like “information is data that is meaningful within a context.” Also, look for the fact that data usually must be transformed in some way to be meaningful. Moreover, to provide value the information must make a difference to the recipient. (LO: 5, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Explain how you think it is possible that we have an industry called the* information technology industry*, but we have great difficulty defining the word* information*.*

We have many everyday terms that are difficult to define. We speak of the health care industry, but we typically only define “health” in the negative (the absence of disease). This is just another example of a term that is broadly understood but difficult to define precisely. (LO: 5, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

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| COLLABORATION EXERCISE 1 |  |

*Collaborate with a group of fellow students to answer the following questions. For this exercise, do not meet face to face. Coordinate all of your work using email and email attachments, only. Your answers should reflect the thinking of the entire group, and not just one or two individuals.*

1. *Abstract reasoning*
2. *Define* abstract reasoning, *and explain why it is an important skill for business professionals.*

Abstract reasoning is the ability to construct and use a model or representation. Being able to construct a model or representation of a complex situation through abstract reasoning is an important skill for business professionals, who frequently must make decisions under uncertain and highly complex situations. This is a highly marketable skill. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Explain how a list of items in inventory and their quantity on hand is an abstraction of a physical inventory.*

The inventory list and quantity on hand is a representation of the actual items on shelves in the warehouse. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Give three other examples of abstractions commonly used in business.*

Student answers will vary, but some examples include projects plans, budgets, and business process models. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Explain how Jennifer failed to demonstrate effective abstract-reasoning skills.*

Jennifer was unable to develop a model of the firm’s supply chain. She developed a model that made no sense and had goods placed in inventory before they were even ordered. She claimed that she knew the process but couldn’t put it down on paper. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Can people increase their abstract-thinking skills? If so, how? If not, why not?*

Yes, abstract thinking skills can be developed with practice. Working with existing models is a place to start, but actually creating the models and examining their usefulness is even more essential to develop these skills. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Systems thinking.*
2. *Define* systems thinking, *and explain why it is an important skill for business professionals.*

Systems thinking involves identifying and modeling the components of a system and connecting the inputs and outputs among those components into a sensible whole, one that explains the phenomenon observed. This is an important skill because business people have to be able to identify and understand the relationships among the elements involved in a complex situation. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Explain how you would use systems thinking to define why Moore’s Law caused a farmer to dig up a field of pulp wood trees. Name each of the elements in the system and explain their relationship to each other.*

Pulp wood trees are the input in the production of paper. Moore’s law implies that more and more content will be stored digitally, and there will be less printed material produced. Consequently, the demand for paper will fall. The farmer recognizes that the value of his trees will decline over time as there is less demand for paper, so he decides to use his land to produce a product with a projected value. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Give three other examples of the use of systems thinking with regard to the consequences of Moore’s Law.*

Student answers will vary. Some examples include Kodak shifting its business away from film cameras and film development to digital cameras and photo printers; Google’s project of scanning and digitizing books; and Amazon and Sony’s development of electronic reader devices. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Explain how Jennifer failed to demonstrate effective systems thinking skills.*

Jennifer was unable to understand and model the correct components and relationships between components in the firm’s supply chain. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Can people improve their systems thinking skills? If so, how? If not, why not?*

Yes, systems thinking skills can be developed with practice. Applying existing models to different situations is a place to start, but actually creating the models, critiquing the models, and examining their usefulness is even more essential to developing these skills. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Collaboration*
2. *Define* collaboration, *and explain why it is an important skill for business professionals.*

Collaboration is the ability to work productively with others when developing ideas and plans. A good collaboration results in a final work product that is superior to one that would be developed by a person working alone. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Communication Abilities)

1. *Explain how you are using collaboration to answer these questions. Describe what is working with regards to your group’s process and what is not working.*

Student answers will vary. It is important that you stress that students should not just divide the work up between the group members and assemble the individual contributions into a whole (a typical student approach to a group project assignment). Good collaboration involves several iterations in which ideas are contributed, reviewed, critiqued, and refined. All members contribute to the development and refinement of ideas. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Communication Abilities)

1. *Is the work product of your team better than if one of you could have done separately? If not, your collaboration is ineffective. If that is the case, explain why.*

Student answers will vary. It is likely that students have not spent enough time and effort reviewing and evaluating each other’s ideas and improving the work product. Many times student groups are satisfied with whatever is contributed and little attention is paid to critique and refinement. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Communication Abilities)

1. *Does the fact that you cannot meet face to face hamper your ability to collaborate? If so, how?*

Student answers will vary. Email is not a very easy way to collaborate due to the time lag involved between when messages are sent and eventually read. Because there is no central repository of the work product that all members can access, it is difficult to know what the latest version of the work product is and to keep track of changes to the work product. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Communication Abilities)

1. *Explain how Jennifer failed to demonstrate effective collaboration skills.*

Jennifer was unwilling to share her ideas and work-in-progress with others because she wanted to wait until she felt she was “done.” She failed to seek out the benefit of having others review her ideas as they are developing and help her improve upon them. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Can people increase their collaboration skills? If so, how? If not, why not?*

Collaboration skills can definitely be improved with practice. It may be hard for some people to offer half-formed ideas to others and to subject themselves to criticism, but the benefits will help them overcome this reluctance. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Experimentation.*
2. *Define* *experimentation*, *and explain why it is an important skill for business professionals.*

Experimentation involves creating and testing promising new alternatives, consistent with available resources. In today’s demanding business environment, new ideas will be essential to success, and business people have to overcome their fear of failure and pursue new approaches rationally. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Explain several creative ways you could use experimentation to answer this question.*

Students could experiment with different ways of collaborating, other than emailing. For example, the group members could arrange to meet in a chat room and work together on developing their answers by communicating in that forum. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *How does the fear of failure influence your willingness to engage in any of the ideas you identified in part b?*

If any of the group members respond to a suggested process with the comment, “that will never work,” he may be reflecting his fear of failure. Unwilling to try a new way of doing things may be an accurate assessment that the approach is unworkable, but it could also be an unwillingness to work in a new way. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Explain how Jennifer failed to demonstrate effective experimentation skills.*

Jennifer was unable to share new ideas with others. She was willing to do what she was told, but did not have the confidence to discuss any new ideas she had with others in case the ideas did not work out. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Can people increase their willingness to take risks? If so, how? If not, why not?*

It is hard for some people to change their innate willingness to take risks. The best way to overcome this is to work with a group that accepts new ideas with enthusiasm and does not ridicule a member for suggesting a new approach. Once some success is gained, it will be easier to take risks in the future. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Job Security*
2. *State the text’s definition of* job security*.*

The text defines job security as “a marketable skill and the courage to use it.” The text also argues that marketable skills are no longer specific task-related skills, but rather “strong nonroutine cognitive skills.” (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Evaluate the text’s definition of* job security*. Is it effective? If you think not, offer a better definition of* job security*.*

It is likely that students will be dismayed that the more traditional task-oriented skills they are learning (e.g., computer programming, accounting) will not provide them with job security. That is probably contrary to the message they receive from their parents and grandparents. However, this definition of *job security* should cause the students to think critically about what they are getting from their college education and may cause them to think differently about their experiences in college. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *As a team, do you agree that improving your skills on the four dimensions in Collaboration Exercise questions 1-4 will increase your job security?*

Student answers will vary, but we hope that thinking about these dimensions will change their attitudes about what comprises marketable skills and how to work to develop them. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

1. *Do you think technical skills (accounting proficiency, financial analysis proficiency, etc.) provide job security? Why or why not. Do you think you would have answered this question differently in 1990? Why or why not?*

Technical skills are not irrelevant to job security, but they are not sufficient to guarantee job security. This circumstance is very different than in 1990, when technical skills probably were sufficient to get and keep a decent job. (LO: 1, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)

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| CASE STUDY 1 |  |

## The Amazon of Innovation

1. *How has Amazon sustained its competitive edge over the years through continuous innovation in its information systems?*

Amazon launched its first online bookstore in 1994 for which it required an IS for enabling online purchase of a variety of books by the user. First innovation was in 1996 when it integrated its IS with sellers called Associates Program, so that sellers could feature Amazon’s products on their Web sites and earn revenue. Another innovative feature was one-click shopping which is a trademark of Amazon. Another major innovation came with AWS in 2002, where using cloud services, other users could lease time on Amazon’s infrastructure and where the company offered a variety of payment options. Another feature added to its IS was in 2003 when consumers could search the contents of the book. The kindle is a major innovation which makes Amazon a vendor of tablets, online music, and video. It runs its own currency – the Amazon coins, a recent introduction in 2013, which lets the consumer buy rapidly and easily from Amazon.

1. *Discuss the strategies followed by Amazon for online retail business. How is Amazon applying its information systems to manage the online retail business?*Amazon created the business model for online retailing. It started as an online bookstore and by 2011, it sold products in 29 categories. Amazon associates its sellers to sell its inventory on their Web sites from which they earn revenue. It has vast IS infrastructure which it leases to other vendors through cloud services. Sellers can sell their own products through Amazon Web sites or use/rent Amazon infrastructure to sell via their own Web sites. Other than this it allows customers to review the products, provides an option for the users to search within the books, and ships goods for free for frequent customers.
2. *Warehouse capacity can be a cause of worry for organizations, but not for Amazon. Discuss how Amazon optimally utilizes warehouse capacity by applying the order-fulfillment service.*

Since the festival period utilizes complete inventory space of Amazon, all round the year its infrastructure is in excess of utilization. In 2012, it shipped more than 15.6 million units. Therefore, OFS was a means to use the excess capacity by leasing it to other companies. Using order fulfillment service, the vendor can ship their products to Amazon inventory, and access Amazon information system to track the products. The vendor can use Amazon warehouse and shipping services for their own order fulfillment while the customer has no knowledge of the same. This way Amazon earns revenue by offering its inventory and shipping services to other vendors and sharing the inventory maintenance costs.

1. *As a student of MIS, discuss various issues that need to be taken into account (order collection centers, return of orders by customers, breakage during transit) before starting the order-fulfillment service by Amazon.*

The following activities need to be considered before starting the OFS by Amazon:

* Shipping of goods from the vendor to Amazon warehouse – requires tracking inventory from vendor and condition of goods
* Access of Amazon information system by vendor – security issues
* Delivery of goods to consumers – probable issues of breakage during transit, returned product by the consumer which has to be notified back to the vendor
* Integration of vendor’s order processing information with Amazon – provision of cloud services.

1. *How is Amazon Web Services helping other organizations by sharing its experience and IT infrastructure?*

* Amazon Web Services (AWS) allows organizations to lease time on computer equipment in very flexible ways. Amazon’s Elastic Cloud 2 (EC2) enables organizations to expand and contract the computer resources they need within minutes. Amazon has a variety of payment plans, and it is possible to buy computer time for less than a penny an hour. The key to this is the ability of leasing the organization’s computer programs to interface with Amazon’s so as to automatically scale up and scale down the resources leased. For example, if a news site publishes a story that causes a rapid ramp-up of traffic, that news site can, programmatically, request, configure, and use more computing resources for an hour, a day, a month, and so on.

1. *Cloud services are helping Amazon in sharing its excess infrastructure capacity. Discuss the various features provided by Amazon cloud services that are helping the company to attract a large number of customers (refer to Amazon’s Web site).*

Features provided by Amazon cloud services include:

* Order-fulfillment services offered by Amazon enables the vendors to integrate their order processing information system with Amazon’s over the web
* EC2 (elastic cloud 2) by Amazon enables the firms to lease Amazon’s massive infrastructure
* Another feature is a variety of payment plans offered by Amazon for leasing
* Scalability of the resources leased. For example, if a news site publishes a story that causes a rapid ramp-up of traffic, that news site can, programmatically, request, configure, and use more computing resources for an hour, a day, a month, and so on.

1. *Although Amazon has three vital business lines, it is working around the clock and that too at very thin profit margins. Discuss the skill set of a prospective employee most suited for a job at Amazon.*

The most suitable skills of the employees who seek jobs at Amazon would be:

* Creativity – employees should be able to propose innovations in information systems
* Analytical skills – analyze the customer reviews and feedbacks to look out for possible modifications in current offering by Amazon
* Listening skills – continuous interaction with vendors for leasing AWS or OFS or stocking products to listen to their feedback and suggest improvements
* Computer and technical skills – to work on information systems
* Leadership skills – thinking long term from a customer’s perspective

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| MyMISLab |  |

1. *The text states that data should be worth its cost. Both cost and value can be broken into tangible and intangible factors. Tangible factors can be directly measured; intangible ones arise indirectly and are difficult to measure. For example, a tangible cost is the cost of a computer monitor; an intangible cost is the lost productivity of a poorly trained employee.*

*Give five important tangible and five important intangible costs of an information system. Give five important tangible and five important intangible measures of the value of an information system. If it helps to focus your thinking, use the example of the class scheduling system at your university or some other university information system. When determining whether an information system is worth its cost, how do you think the tangible and intangible factors should be considered?*

Tangible costs:

* Cost of hardware components.
* Cost of software components.
* Cost of database components.
* Cost of training users.
* Cost of hiring users and/or developers.

Intangible costs:

* Cost of searching for data that is difficult to find.
* Cost of making a poor decision when information arrives after the fact.
* Cost of frustration when system does not work as expected.
* Cost of decision errors when data is inaccurate.
* Cost of employees trying to work around or avoiding a problematic system.

Tangible value:

* Increased sales to new customers.
* Increased sales due to increase in repeat customers.
* Increased employee productivity.
* Decreased hiring costs due to lower employee turnover.
* Increased quality resulting in fewer defects in the final output.

Intangible value:

* Increased employee satisfaction.
* Increased customer satisfaction.
* Improved management decision making.
* Decreased employee absenteeism.
* Decreased employee turnover.

To determine if data is worth its cost, the values of all relevant tangible costs and benefits should be estimated as accurately as possible (easier said than done, of course). In addition, the values of intangible costs and benefits can sometimes be estimated with a little effort. If the intangibles cannot be quantified, they should at least be described so that their existence is recognized and appreciated. (LO: 5, Learning Outcome: Describe the components of an information system (IS), AACSB: Reflective Thinking Skills)