

**Managing and Using Information Systems: A  
Strategic Approach, 6th Edition**

**Complete Test Bank**

# Chapter 0 (Introduction)

File: 6e c00 introTestBank.docx, Chapter 0, Introduction

## Multiple Choice

1. What requires a unit of analysis, has been processed, and requires human mediation?

- a) Data
- b) Information
- c) Knowledge
- d) Legacy
- e) None of the above

Ans: b (Medium)

Response: See page 11

2. Roles that managers fill, according to Mintzberg, include all of the following except:

- a) Figurehead
- b) Disseminator
- c) Disciplinarian
- d) Entrepreneur
- e) Resource Allocator

Ans: c (Hard)

Response: See page 9

3. Which of the following is not a Decisional role?

- a) Entrepreneur
- b) Disturbance handler
- c) Negotiator
- d) Resource allocator
- e) Spokesperson

Ans: e (Medium)

Response: See page 9

4. What skills would be required to be a visionary manager?

- a) Communication and Information gathering
- b) Flexibility and creativity
- c) Analytical and organizational
- d) All of the above
- e) None of the above

Ans: b (Easy)

Response: See page 7

5. Define Wisdom:

- a) knowledge infused with intuition and judgment that facilitates the ability to make decisions
- b) a process
- c) all forms of technology used to create data
- d) anything that makes a person clever
- e) only d and b

Ans: a (Easy)

Response: See page 12

6. Data is:

- a) information endowed with relevance and purpose
- b) set of specific objective facts or observations
- c) some information
- d) all of the above
- e) only a and c

Ans: b (Medium)

Response: See pages 10-12

True/False

7. Information systems (IS) managers should participate in all of the important IS decisions, even if those decisions do not impact the IS department.

Ans: True (Easy)

Response: See page 2

8. Information for top management is usually based on a long time horizon, with great detail and high structuredness.

Ans: False (Medium)  
Response: See page 11

#### Short Answer

9. Pricing of things is most often based on \_\_\_\_\_ while pricing of information goods is most often based on \_\_\_\_\_

Ans: cost, value (Hard)  
Response: See page 13

10. If a manager exhibits creativity, curiosity, and confidence, we would say that he or she supports the role of \_\_\_\_\_ very well.

Ans: visionary (Hard)  
Response: See page 7

11. The Chief Technology Officer of Wal-Mart states that every company is becoming a \_\_\_\_\_ company.

Ans: tech or technology (Medium)  
Response: page 4

#### Essay

11. Provide two examples of how the economics of things are different from the economics of information.

12. Provide two reasons business managers should participate in information systems decisions.

13. How does a functional view differ from a process view of a firm?

# Chapter One

File: 6e chapter1TestBank.docx, Chapter 1, The Information Systems Strategy Triangle

## Multiple Choice

1. The "Managerial Levers" concept is useful for the following reasons:

- a) Management can find what "levers" to push to force people to do what they want.
- b) Management should not make a change unless they align multiple issues, such as tasks, measures, values, incentives, etc.
- c) System investments need to be financially highly leveraged.
- d) All of the above
- e) None of the above

Ans: b (Medium)

Response: See page 26

2. All of the following are likely causes of Kaiser Permanente's difficulties before their new

KPHealthConnect EXCEPT for:

- a) Bonus incentives not matching strategy
- b) The alignment of the Information Systems Strategy Triangle
- c) The failure of automated systems

- d) The leadership and organizational culture
- e) Patient service processes needing to be updated and streamlined

Ans: c (Medium)

Response: See pages 17-18

3. A general manager should:

- a) Rely on IS personnel to make IS decisions
- b) Ignore how IS are used and managed
- c) Have a deep technical knowledge of IS
- d) Understand the use and consequences of technologies relevant to the business
- e) Not be expected to ask or understand technology related questions

Ans: d (Easy)

Response: See pages 20,25

4. When a company's business strategy and technology strategy are intertwined, this situation is known as \_\_\_\_\_.

- a) convergence
- b) alignment
- c) dynamic
- d) differentiation
- e) technologically adjusted

Ans: a (Hard)

Response: See page 19

5. Organizational, cultural, and control variables are considered the \_\_\_\_\_ used by decision makers to effect change in their organization.

- a) collaboration tools
- b) managerial levers
- c) events
- d) IS
- e) organization objectives

Ans: b (hard)

Response: See pages 9-10

6. The \_\_\_\_\_ is a plan articulating where a business seeks to go and how it expects to get there.

- a) vision statement
- b) mission statement
- c) stakeholder statement
- d) stockholder statement
- e) business strategy

Ans: e (Medium)

Response: See page 20

7. Organizations seek to gain a competitive advantage by differentiation, cost, or \_\_\_\_\_.

- a) service
- b) focus
- c) profit

- d) value
- e) speed

Ans: b (Easy)

Response: See pages 21-22

8. Google has disrupted a number of industries, particularly the advertising and software industries. Google's ability to quickly and aggressively provide new products and services is best described by:

- a) Porter's Generic Strategies
- b) The Hypercompetition Model
- c) The Information Systems Strategy Triangle
- d) The Social Business Strategy
- e) Customer Relationship Management

Ans: b (Easy)

Response: See page 23

9. Through the use of various technologies, a ski resort tracks the slopes each customer skis and the times he or she skis them. Skiers then have the ability to view this information online, and can choose to seamlessly share their accomplishments on Facebook. In addition, photographers positioned at the resort post pictures on Facebook for the skier. This ski resort has worked hard to develop a strong:

- a) IS Strategy
- b) Social business strategy



- c) Business strategy
- d) Organizational strategy
- e) Customer strategy

Ans: b (Hard)

Response: See page 27

10. The organizational strategy should ideally \_\_\_\_\_ the IS strategy.

- a) drive
- b) complement
- c) dictate
- d) ignore
- e) sustain

Ans: b (Easy)

Response: See page 18

11. The general manager for a retail clothing outlet was recently cited as saying, "IT is the cornerstone of our company. All of our decisions are based on the sophisticated systems that we have deployed throughout our organization. IT drives our decisions." What position should the manager hold regarding IT and its influence on decision making?

- a) IT should drive business decisions.
- b) Organizational goals should drive IT decisions.
- c) Organizational strategy should drive IS decision making.
- d) Business strategy should drive IS decision making
- e) All strategy should be driven by IT strategy.

Ans: d (Hard)

Response: See page 18

12. To remain competitive, an organization's business strategy must adapt and respond to all of the following variables. Which variable in particular does IS help to determine?

1. Market forces
2. Customer demands
3. The capabilities of the organization
4. The organization's mission
5. Organizational design

Ans: c (Hard)

Response: See pages 26-27

13. The physical means by which information is exchanged among hardware components is called \_\_\_\_\_.

- a) hardware
- b) software
- c) networking
- d) personnel
- e) data

Ans: c (Medium)

Response: See page 27

14. Significant changes in IS should trigger a reassessment of the \_\_\_\_\_.

- a) business strategy

- b) social strategy
- c) process strategy
- d) data strategy
- e) system strategy

Ans: a (Medium)

Response: See page 25

15. A social business strategy is designed to use social IT tools for all of the following EXCEPT:

- a) Collaborating with stakeholders
- b) Building deeper connections with stakeholders
- c) Innovating with stakeholders
- d) Excluding stakeholders
- e) Networking with employees, customer and/or suppliers

Ans: d (Easy)

Response: See page 27

16. General managers should take an active role in decisions about information systems. This is

vital because:

- a) The IS department cannot be trusted to make good decisions.
- b) The IS department has not been trained to make general business decisions.
- c) The IS department does not have the company's best interests as its focus.
- d) Information systems are designed to support business objectives.
- e) Information systems are normally incongruent with business strategies.

Ans: d (Medium)

Response: See page 19

17. This framework is called the \_\_\_\_\_ because it relates business strategy with IS strategy and organizational strategy.

- a) Porter's Generic Framework
- b) Hypercompetition Model
- c) Information Technology Matrix
- d) IS Strategy Model
- e) Information Systems Strategy Triangle

Ans: e (Easy)

Response: See page 18

18. Before Kaiser Permanente adopted its new business strategy, its IS Strategy Triangle was out of \_\_\_\_\_.

- a) control
- b) alignment
- c) adjustment
- d) scope
- e) specification

Ans: b (Medium)

Response: See pages 17-18

19. By using IS to achieve economies of scale and generate operating efficiencies, Walmart epitomizes which one of Porter's generic strategies?

- a) Differentiation
- b) Focus
- c) Cost leadership

- d) Broad focus
- e) Cost differentiation

Ans: c (Easy)

Response: See page 22

20. A bank provides its customers mobile applications that significantly simplify traditional banking activities. For example, a customer can use a smartphone to take a picture of a check and electronically deposit into an account. This unique service demonstrates the bank's desire to practice which one of Porter's strategies?

- a) Differentiation
- b) Focus
- c) Cost leadership
- d) Broad focus
- e) Cost differentiation

Ans: a (Medium)

Response: See page 22

21. The managerial levers identifies the crucial, interrelated components for designing an organization. The components include all of the following EXCEPT:

- a) Decision rights
- b) Social media
- c) Business processes
- d) Incentives and rewards
- e) Performance measurement and evaluation

Ans: b (Medium)

Response: See page 26

22. Technology guru Tim O'Reilly said this about the publishing industry: *"To adapt, publishers need to cannibalize their own business, experimenting with new forms, new formats, and new business models."* This statement is consistent with:

- a) Generic framework
- b) Focus strategy
- c) Hypercompetition
- d) Direct strategy
- e) Porter's generic strategies

Ans: c (Medium)

Response: See pages 23-24

23. L.L. Bean is an online/catalog retail company that aggressively uses tools like instant messaging to communicate with customers regarding potential purchases and uses Facebook for branding activities. This use of technology supports which strategy?

- a) IS strategy
- b) Business strategy
- c) Organizational strategy
- d) Mission strategy
- e) Social business strategy

Ans: e (Medium)

Response: See page 27

24. GE recognized that it could only sustain its competitive advantage for a limited time as competitors attempted to outmaneuver them. What was the model that Welch applied to help solve this problem?

- a) Destroy your organization
- b) Grow your organization
- c) Destroy your system
- d) Grow your system
- e) Destroy your business

Ans: e (Medium)

Response: See page 24

25. Business strategies based on hypercompetition focus on customer satisfaction and profit maximization but also build in a component of business intelligence. Business intelligence helps an agile organization to:

- a) Predict and respond to new opportunities
- b) Use current information technologies less extensively
- c) Manage internal challenges
- d) React to supplier demands
- e) Collaborate

Ans: a (Medium)

Response: See pages 1-30

26. Which one of the following is NOT part of the information systems strategy matrix?

- a) Hardware

- b) Software
- c) Networking
- d) Personnel
- e) Data

Ans: d (Medium)

Response: See page 27

27. Which is not a question that can be used to understand organizational design?

- a) Who holds the decision rights to critical decisions?
- b) What are the characteristics, experiences, and skill levels of the people within the organization?
- c) Where is the organization's headquarters located?
- d) What are the key business processes?
- e) What is the culture of the organization?

Ans: c (Medium)

Response: See page 26

28. When an organization qualifies its product or service in a way that allows it to appear unique in the marketplace, this is called:

- a) Focus
- b) Differentiation
- c) Cost Leadership
- d) Business Strategy
- e) Mission

Ans: b (Easy)

Response: See page 22



29. The plan an organization uses to provide information systems and services:

- a) Cost Leadership
- b) Differentiation
- c) Focus
- d) IS Strategy
- e) Business Diamond

Ans: d (Easy)

Response: See page 26

True/False

30. Hypercompetition refers to where a firm obtains more than 5 strong competitors.

Ans: False

Response: pages 23-24

31. Apple's introduction of the iPhone while iPod sales were still very strong is an example of DYB.

Ans: True

Response: See page 24

32. Once a firm is out of alignment, it does not mean that it has to stay that way.

Ans: True

Response: See page 19

33. A social business strategy needs to align itself with the organization's IT strategy but not the business strategy.

Ans: False

Response: See page 27

34. There has been accelerated competition among market leaders concurrent with the increases in the quality and quantity of IT investments.

Ans: True

Response: See page 24

35. To avoid unwanted consequences, altering the IT Strategy requires adjustments to the organizational strategy.

Ans: True

Response: See page 18

36. The IS strategy drives the business strategy.

Ans: False

Response: See page 18

Short Answer

37. The \_\_\_\_\_ framework suggests that the speed and aggressiveness of the moves and countermoves in any given market create an environment in which advantages are “rapidly created and eroded.”

Ans: hypercompetition

Response: See page 23

38. The managerial lever includes organization, control, and \_\_\_\_\_.

Ans: culture

Response: See page 26

39. A clear and compelling statement that unifies an organization's efforts and describes what the organization is all about is called its \_\_\_\_\_.

Ans: mission

Response: See page 19

40. According to Porter's Generic Strategies Framework, a company that limits its scope to a narrower segment of the market is exercising this type of strategy.

Ans: focus

Response: See page 22

41. GE employees develop a DYB strategy to destroy an existing competitive advantage so that they can then find fresh new ways to serve the customer by next applying a \_\_\_\_\_ strategy.

Ans: Grow your business or GYB

Response: See page 24

42. In order to assess the critical issues in information management, a manager should know the IS infrastructure components. These are hardware, software, network and \_\_\_\_\_.

Ans: data

Response: See page 27

43. CRM stands for \_\_\_\_\_.

Ans: Customer Relationship Management

Response: See page 23

44. Social business opportunities fall into one of three categories: collaboration, engagement or \_\_\_\_\_.

Ans: innovation

Response: See page 27

45. The IS strategy can affect and is affected by changes in a company's business and \_\_\_\_\_ strategies.

Ans: organizational

Response: See page 18

46. According to Porter, a company that makes its services available 24/7 would be practicing a \_\_\_\_\_ strategy.

Ans: differentiation

Response: See page 22

Essay

47. List the three categories of social business opportunities and give an example of each.

48. Dell's original business strategy was to only sell custom-built computer systems directly to customers. Dell now sells to major retail outlets such as Walmart and Best Buy. Which one of Porter's generic strategies was Dell exhibiting when only selling directly to the customer? And which one of Porter's generic strategies is Dell demonstrating today? Explain your answers.

49. Is a company more likely to adjust its mission statement or its business strategy? Explain your answer.

50. What is alignment in the context of the Information Systems Strategy Triangle and why is it important for a business to be in alignment?

51. Today's market place is considered to be a very competitive and dynamic environment. Explain what this means and give examples of this competitive dynamic.

52. Match the following goals with the UPS strategy it represents.

Business Strategy	Securely provide specialized transportation and logistics services to individuals and businesses.
IS Strategy	Create technologies and logistics systems that support efficient flow of

	information and packages worldwide.
Organizational Strategy	Empower employees to ensure safe transport of goods and to value commitment to teamwork.

## Chapter Two

File: 6e chapter2TestBank.docx, Chapter 2, Strategic Use of Information Resources

Multiple Choice

1. Two automobile manufacturers are working together to develop hybrid technology. This type of relationship between the two automobile manufacturers is best described as:

- a) Co-opetition
- b) Strategic alliance
- c) Competition
- d) Collaboration
- e) Business strategy

Ans: a (Medium)

Response: See page 48

2. While information systems can be used to gain a strategic advantage, they have inherent risks.



Hershey Foods, for example, crippled its Halloween sales when its complex IS system failed to support its supply and inventory needs during peak production season. This is an example of which specific IS risk?

- a) Awaking a sleeping giant
- b) Implementing IS poorly
- c) Demonstrating bad timing
- d) Running afoul of the law
- e) Mobile-based alternative removes advantages

Ans: b (Medium)

Response: See page 49

3. Suppose Zara has a linked supply chain with Silk City, a fabric supplier. Zara and Silk City use IT to seamlessly exchange data, communicating requirements as well as delivery expectations. The relationship between Zara and Silk City is best described as:

- a) Strategic alliance
- b) Co-opetition
- c) Collaboration
- d) Dependence
- e) Competition

Ans: a (Medium)

Response: See page 47

4. The Nike + iPod Sports Kit is a sensor in your shoe that syncs with your iPod and provides details about your workout. This inter-organizational relationship affords both Nike and Apple a business advantage. This relationship between Nike and Apple is best described as:

- a) Strategic alliance
- b) Co-opetition
- c) Collaboration
- d) Dependence
- e) Competition

Ans: a (Medium)

Response: See page 47

5. Kodak was once the largest supplier of photographic film. In 2004 it was dropped from the Dow Jones Industrial Average after having been listed for 74 years. Kodak failed to use IT to fend off which one of the following of Porter's 5 competitive forces?

- a) Bargaining power of suppliers
- b) Threat of substitute products
- c) Potential threat of new entrants
- d) Bargaining power of buyers
- e) Industry collaboration

Ans: b (Medium)

Response: See page 38

6. Zara strategically uses information technologies to do all of the following EXCEPT:

- a) Bring new products quickly to market, meeting customer demands
- b) Support a continuous flow of information from stores to manufacturers to distributors
- c) Maintain a rich, centralized repository of customer data
- d) Build silos of responsibilities with limited interaction between store managers, designers and market specialists
- e) Keep its inventory levels very low (relative to other retailers)

Ans: d (hard)

Response: See pages 33, 34, 40, 42, 43, 46, 47

7. Many companies like Zara use POS to capture information on what has sold, to whom and when. This use of technology to realize efficiencies supports which one of Porter's value chain activities?

- a) Outbound Logistics
- b) Marketing & Sales
- c) Operations
- d) Service
- e) Human resources

Ans: b (Medium)

Response: See page 41

8. Which one of the following risks can threaten the IS of a company in a highly regulated industry such as financial services or health care?

- a) Demonstrating bad timing
- b) Awakening a sleeping giant
- c) Mobile-based alternative removes advantages
- d) Running afoul of the law
- e) Implementing IS poorly

Ans: d (Medium)

Response: See page 49

9. A firm releases a new technology only to have a competitor implement a similar technology with more features and value to the consumer. This would be which type of risk?

- a) Demonstrating bad timing
- b) Awakenning a sleeping giant
- c) Mobile-based alternative removes advantages
- d) Running afoul of the law
- e) Implementing IS poorly

Ans: b (Medium)

Response: See page 49

10. Which model is best used to understand the ways in which information technologies allow a firm to both attain and sustain a competitive advantage?

- a) Porter's Competitive Forces
- b) Porter's Value Chain
- c) The Information Systems Strategy Triangle
- d) The Network Effect
- e) The Resource-Based View

Ans: e (Medium)

Response: See page 45

11. Partnering with a competitor is becoming more and more common in today's integrated, technology-based environment. This type of collaboration with a competitor is uniquely described as:

- a) Co-opetition
- b) Integrated supply chain
- c) Business process

- d) Strategic alliance
- e) Value proposition

Ans: a (Medium)

Response: See page 48

12. This risks of using information resources include all of the following except:

- a) Demonstrating bad timing
- b) Awakening a sleeping giant
- c) Implementing IS poorly
- d) Missing cooperative opportunities
- e) Failing to deliver what users want

Ans: d (Easy)

Response: See page 49

13. Facebook has for some years offered services that many individuals have adapted to, making it difficult for them to choose another social networking site. It can be said that Facebook has protected itself well from which competitive force since the beginning?

- a) Bargaining power of suppliers
- b) Threat of substitute products
- c) Potential threat of new entrants
- d) Bargaining power of buyers
- e) Industry collaboration

Ans: c (Medium)

Response: See page 38

14. A company that is in a market with few buying options for the consumer is enjoying a high amount of which one of Porter's Five Competitive Forces?

- a) Bargaining power of suppliers
- b) Threat of substitute products
- c) Potential threat of new entrants
- d) Bargaining power of buyers
- e) Industry competitors

Ans: a (Medium)

Response: See page 38

15. The \_\_\_\_\_ view considers activities that create, deliver, and support a company's product or service.

- a) product and service
- b) creation, delivery, and support model
- c) Asset-based
- d) Resource-based
- e) Porter value chain

Ans: e (Easy)

Response: See page 41

16. Which one of the following is not considered to be a primary activity of the value chain of a firm?

- a) Inbound Logistics
- b) Service
- c) Sales & Marketing

- d) Technology
- e) Operations

Ans: d (Medium)

Response: See page 41

17. Which part of the value chain includes the manufacturing of goods?

- a) Inbound Logistics
- b) Outbound Logistics
- c) Operations
- d) Service
- e) Organization

Ans: c (Easy)

Response: See page 41 (Figure 2.5)

18. Which "view," applied in the area of Information Systems, helps identify two subsets of information resources: those that enable a firm to attain competitive advantage and those that enable a firm to sustain the advantage over the long-term?

- a) Resource-Based View
- b) Information-System View
- c) Information-Resource View
- d) System-Based View
- e) Organization View

Ans: a (Medium)

Response: See page 45

19. Porter's value chain framework suggests that a competitive advantage can stem from:

- a) Lowering costs and adding value
- b) Reducing isolated costs
- c) Disregarding customer data
- d) Optimizing internal costs
- e) Improving customer service

Ans: a (Medium)

Response: See pages 41, 42

20. All of the following benefit from the network effect EXCEPT:

- a) Wikis
- b) Twitter
- c) Email
- d) Facebook
- e) Network bandwidth

Ans: e (Medium)

Response: See page 32

21. Porter's five "Forces," used so often in the text for analysis of IT applications, include all of the following except:

- a) Threat of substitute products
- b) Bargaining power of suppliers
- c) Bargaining power of customers
- d) New entrants
- e) Switching costs

Ans: e (Easy)

Response: See page 38



22. The supply chain:

- a) Points out the concept of weak link in an ordering process
- b) Helps us understand how value is built inside a single firm.
- c) Is composed of several value chains linked into a larger chain (a chain within a chain).
- d) All of the above
- e) None of the above

Ans: c (Medium)

Response: See page 41

23. An inter-organizational relationship that affords one or more companies in the relationship a strategic advantage:

- a) Co-opetition
- b) Customer Relationship Management (CRM)
- c) Supply Chain Management (SCM)
- d) Information Resources
- e) Strategic Alliance

Ans: e (Medium)

Response: See pages 47-48

24. Which is not a prescribed area of focus for gaining competitive advantage?

- a) Strongholds
- b) Cost/Quality
- c) Deep Pockets
- d) Timing/Know-how
- e) Insider Information

Ans: e (Easy)

Response: See page 38

25. Which is not a competitive force:

- a) Bargaining power of buyers
- b) Bargaining power of competitors
- c) Threat of substitute products or services
- d) Rivalry among existing firms
- e) Threat of entry of new competition

Ans: b (Medium)

Response: See page 38

26. Which of the following is NOT a primary activity of the Value Chain model?

- a) Inbound Logistics
- b) Operations
- c) Outbound Logistics
- d) Purchasing
- e) Marketing and Sales

Ans: d (Medium)

Response: See page 41

27. Which of the following is a support activity of the Value Chain Model?

- a) Operations
- b) Facilities
- c) Organization
- d) Informatics
- e) Outbound Logistics

Ans: c (Medium)

Response: See page 41

28. A strategy where companies cooperate and compete at the same time with companies in its value net:

- a) Co-opetition
- b) Teamwork
- c) Classwork
- d) Strategic Alliance
- e) Risk

Ans: a (Easy)

Response: See page 48

True/False

29. Unlike most assets, information resources do not lose value over time.

Ans: False (Medium)

Response: See page 34

30. Supply Chain Management (SCM) consists of technological components as well as a process

that brings together information about customers, sales and marketing.

Ans: False (Medium)

Response: See pages 42, 48

31. A firm that acquires a supplier is looking to reduce the "bargaining power of suppliers" force.

Ans: True (Medium)

Response: See page 38

32. Zara's use of information resources has given it a substantial advantage over its competitors.

Ans: True (Easy)

Response: See page 40

33. Salesforce.com is an example of SAAS (Software as a service).

Ans: True (Easy)

Response: See page 36

34. The three major categories of IT capabilities are technical skills, management skills, and relationship skills.

Ans: True (Medium)

Response: See page 36

35. A link between a firm's IS strategy and business strategy focuses more on its external requirements than internal requirements.

Ans: True (Medium)

Response: See page 36

36. A link between a firm's IS strategy and organizational strategy focuses more on its external requirements than internal requirements.

Ans: False (Medium)

Response: See page 36

37. In order to maximize the effectiveness of an organization's business strategy, the manager must be able to identify and use information resources.

Ans: True (Medium)

Response: See page 36

Short Answer

38. SCM stands for \_\_\_\_\_.

Ans: Supply chain management

Response: See page 42

39. This is a collection of firms that, using technology, extend their business relationships and connect their value chains.

Ans: Value system

Response: See page 42

40. List the three IS tools used to optimize the operations of a firm's value chain.

Answ: ERP, SCM, CRM

Response: See page 42

41. This IT asset is business data that has been captured, organized and made available to an organization.

Ans: Information repository

Response: See page 36

42. List the four support activities of the value chain.

Ans: Organization, Human Resources, Technology, Purchasing

Response: See pages 41, 43

43. Information resources are defined as the available data, technology, people, and \_\_\_\_\_ available in an organization to be used by managers to complete business tasks.

Ans: Processes

Response: See page 36

44. IT resources consist of IT assets and IT \_\_\_\_\_.

Ans: Capabilities

Response: See page 36

45. For a company whose main product is information (like a financial services company), the company must co-create its \_\_\_\_\_ strategy and \_\_\_\_\_ strategy.

Ans: Business, IS

Response: See page 50

Essay

46. List one externally managed IT resource a company may use and how it provides a strategic advantage.

47. Explain why relationship skills are becoming more important to IS managers in today's economy.



48. Provide an example of two companies that have built a strategic alliance. Briefly explain the benefits of the relationship.

49. Provide an example of two companies that have built an effective co-opetition. Briefly explain the benefit of the relationship.

50. List a Web 2.0 technology and how it benefits from the network effect.

51. Give an example of a company whose switching costs are too high, effectively keeping its customer captive. How is this company using technology to maintain high switching costs?

52. Explain how Zara has aligned its information systems strategy with its business strategy

43. Why is it that more and more firms need to co-create their business and IS strategy?

## Matching

54. Over the different eras, organizations have adapted their information systems strategy as technologies have matured. Place these different needs satisfied by information systems in order of maturity. In other words, which need is most likely the first need to be satisfied by an organization?

First	Need to lower existing transaction costs
Second	Need to innovate and create opportunities
Third	Need to use social IT platforms to collaborate and engage stakeholders

55. Match the technology with the era it dominated.

Era I 1960s	Centralized mainframe
Era II 1970s	Centralized minicomputers
Era III 1980s	Decentralized minicomputers and personal computers
Era IV 1990s	Client server
Era V 2000s	The Internet
Era VI 2010+	Social networks, mobility and cloud computing

56. Starbucks allows customers in the US to use smartphones to pay for their purchases in an effort to drive sales. Starbucks uses a reader in the store to scan a bar code displayed on the customer's smartphone screen. While this use of information resources may be used to gain a strategic advantage, there are possible risks. Match the potentially harmful experience below

with the IT risk it represents:

Implementing IS poorly	Someone reported that the use of the mobile payment application was causing longer lines at the cash register.
Demonstrate bad timing	A very small percentage of customers use the service because few have mobile devices and even fewer are able to download and use the application.
Awaking a sleeping giant	A large credit card processing agency deploys a smartphone application for mobile payments that can be used in any retail environment.

57. Identify each resource below as an IT asset or an IT capability.

IT asset	Information repository
IT asset	IT infrastructure
IT asset	Software
IT asset	Network
IT capability	Ability to design, develop and implement IS
IT capability	Project management
IT capability	Relationship skills

58. Match an organization's activity with the competitive force it has successfully influenced.

Threat of new entrants	Walmart's massive, complex inventory control system is hard for others to replicate and gain the same economies of scale.
Bargaining power of the buyer	Amazon's One Click ordering system makes buying online easy, enticing the customer to return for other purchases.
Threat of substitute product	Apple's ability to create new products even at the risk of cannibalizing existing products.
Bargaining power of suppliers	Amazon's purchase of Zappos.

---

59. Match Zara's use of IT to the competitive force it influences.

Threat of new entrants	Zara has a highly collaborative group of designers, sales people and manufacturing planners who are supported by a unique IT that is hard for any retailer to replicate.
Threat of substitute product	IT enables Zara to turn around new products, reacting within 3 weeks to customer's likes and dislikes.
Bargaining power of suppliers	Zara cuts and dyes much of its fabric, making it less dependent on those that provide fabric.

---

60. Match Zara's primary activity to the Porter's value chain activity it represents.

Inbound logistics	Zara receives fabric from a supplier.
Outbound logistics	Using automated conveyer belts, finished clothes are sorted and shipped to stores.
Operations	Fabric is cut and sewn and the finished clothes are packaged.
Marketing & Sales	POS capture what has been sold.

61. Match Zara's support activity to the Porter's value chain activity it represents.

Human Resources	Store managers are trained to not only service customers but also discover what the customer wants but is unable to find.
Technology	Zara works with hardware and software vendors to develop and design automated systems that support activities like the distribution of goods and the cutting of fabrics.
Purchasing	Fabric suppliers are paid for the fabric Zara has purchased.

62. Social capital is a valuable resource for businesses. Match the category of social capital with the questions it seeks to answer.

Structural	Who is connected to whom?
Relational	How do connected people interact?
Cognitive	How do the connected individuals think?

63. Match the methodology used to align a firm's business strategy with its information strategy.

Porter's 5 Competitive Forces	Information resources should be used to strategically alter the marketplace while benefiting the firm's position in the industry.
Porter's Value Chain Framework	Information can lower cost of business and strategically adds value to the firm's internal operations.
Resource-Based View	Leverage IT resources that are identified to create and sustain a strategic advantage for the firm.

Multiple Choice

1. Cognizant's organizational structure was \_\_\_\_\_, but realized as its organization grew and its services became more complicated that a \_\_\_\_\_ structure for the organization was more appropriate.

- a) hierarchical, networked
- b) matrix, networked
- c) flat, matrix
- d) hierarchical, matrix
- e) flat, hierarchical

Ans: d (Hard)

Response: See page 55, 56, 61

2. The organizational structure of Tata Consulting Services (TCS) is a \_\_\_\_\_ organizational structure.

- a) hierarchical
- b) networked
- c) matrix

- d) flat
- e) zero time

Ans: a (Hard)

Response: See pages 56, 57

3. All statements below are true about a matrix organization structure EXCEPT:

- a) The design supports both function and purpose.
- b) Operating complexities can be reduced by sharing information among management.
- c) Workers are assigned to two or more managers.
- d) One weakness is that multiple dimensions of a business are not integrated well with a matrix organization
- e) Confusion must be dealt with through frequent meetings and conflict resolution sessions.

Ans: d (Medium)

Response: See page 61

4. This type of organizational structure is based upon the concepts of division of labor, specialization, and unity of command. Key decisions are made at the top and filter down through the organization.

- a) Hierarchical
- b) Networked
- c) Flat

- d) Matrix
- e) Social

Ans: a (Medium)

Response: See page 60

5. This newer organizational design is designed to be highly flexible so that resources can be configured quickly to respond to changing demands.

- a) Up time organization
- b) Social networked organization
- c) Hierarchical organization
- d) Matrix organization
- e) Elastic enterprise

Ans: e (Hard)

Response: See page 62

6. IS plays three important roles in management control processes. These processes are data collection, evaluation, and \_\_\_\_\_.

- a) transformation
- b) management
- c) communication
- d) implementation
- e) conversion

Ans: c (Medium)

Response: See pages 63-64



7. Organizational design is all about making sure that \_\_\_\_\_ are properly allocated, reflecting the structure of formal reporting relationships.

- a) decision rights
- b) business processes
- c) values
- d) incentives
- e) IS

Ans: a (Medium)

Response: See page 58

8. Traditional organizations have one of four types of organizational design. What are these four structure types?

- a) Traditional, flat, matrix, technology
- b) Hierarchical, flat, matrix, networked
- c) Matrix, networked, flat, information
- d) Matrix, flat, networked, traditional
- e) Social, networked, matrix, hierarchical

Ans: b (Medium)

Response: See page 59

9. In which type of organizational design do middle managers do the primary information processing and communication function, telling subordinates what to do and then reporting the outcome to senior management?

- a) Flat

- b) Networked
- c) Hierarchical
- d) Matrix
- e) Hybrid

Ans: c (Medium)

Response: See page 60

10. In which type of organizational structure will employees report to two or more supervisors?

- a) Hierarchical
- b) Networked
- c) Flat
- d) Matrix
- e) Functional

Ans: d (Medium)

Response: See page 61

11. In which type of organizational structure is power centralized and the type of environment

best supported stable and certain?

- a) Flat
- b) Networked
- c) Hierarchical
- d) Matrix
- e) Traditional

Ans: c (Medium)

Response: See page 60

12. In which type of organizational structure is power distributed, and particularly suited for an environment that is dynamic and unstable?

- a) Flat
- b) Networked
- c) Hierarchical
- d) Matrix
- e) Hybrid

Ans: b (Medium)

Response: See page 61

13. A networked organizational structure feels both like a\_\_\_\_\_ and a\_\_\_\_\_ organizational structure because it supports a rigid structure with well-connected communication networks.

- a) matrix, flat
- b) flat, hierarchical
- c) hierarchical, hybrid
- d) flat, networked
- e) matrix, traditional

Ans: b (Medium)

Response: See page 61

14. When using information technologies to collect data for the purpose of monitoring workers,

a manager should do all of the following EXCEPT:

- a) Inform employees when and what is being monitored.
- b) Consider the privacy rights of individuals.
- c) Ensure monitoring is meaningful to the organization's mission.
- d) Capture qualitative inputs in addition to quantitative data.
- e) Require workers to complete additional tasks.

Ans: e (Hard)

Response: See page 64

15. At Zara, decision rights for ordering have been granted to whom?

- a) Regional managers
- b) Headquarters
- c) Store managers
- d) Central production
- e) The commercial team

Ans: c (Medium)

Response: See page 59

16. Zara's store managers place orders that reflect their localized needs. However, order fulfillment is ultimately the responsibility of the commercial team in headquarters because:

- a) Store managers have no real decision rights.
- b) The commercial team does not trust the store managers.
- c) Store managers do not have visibility into regional demands but the commercial team does.
- d) The commercial team has more direct contact with the designers and production.
- e) Store managers have no access to sales information for their store.

Ans: c (Hard)

Response: See page 59

17. All of the following help to develop informal networks that play an important role in an organization EXCEPT for:

- a) Job rotation
- b) Company softball team
- c) Virtual communities
- d) Performance reviews
- e) Attendance at a conference

Ans: d (Hard)

Response: See page 62-63

18. The dimensions of national culture include all of the following EXCEPT:

- a) The distribution of power in society
- b) The extent to which society tolerates uncertainty
- c) Avoidance of uncertainty
- d) The acceptance of technology by society
- e) The degree to which society engages in future-oriented behaviors

Ans: d (Medium)

Response: See page 69

19. Effective, cross-cultural communication in today's global and "flattened" world is:

- a) Easy to achieve
- b) Difficult to achieve

- c) Of little consequence to the organizational strategy
- d) Achieved by using the best available technologies
- e) No longer an issue for managers

Ans: b (Medium)

Response: See pages 70-71

20. The negative consequences of monitoring an employee's discrete tasks include all of the following EXCEPT:

- a) The worker can become disconnected from the larger business process.
- b) There can be less of an opportunity for the worker to broaden his/her skills.
- c) The worker feels empowered to make significant contributions to the business.
- d) The personal freedoms of the worker may be intruded upon.
- e) The privacy rights of an employee may be violated.

Ans: c (Medium)

Response: See pages 64-65

21. A matrix organization:

- a) Can involve multiple bosses and multiple teams
- b) Requires quite a bit of communication to be successful
- c) Were rare for quite a while but have become more common in recent years
- d) All of the above
- e) None of the above

Ans: d (Medium)

Response: See page 55

22. Which of the following is not an organizational design variable?

- a) IT Infrastructure
- b) Decision rights
- c) Informal networks
- d) Structure
- e) Formal reporting relationships

Ans: a (Hard)

Response: See page 55

23. Which of the following is not an organizational structure?

- a) Hierarchical
- b) Flat
- c) Power Distant
- d) Matrix
- e) Networked

Ans: c (Medium)

Response: See page 59

24. Which organization structure typically assigns workers two or more supervisors in an effort to make sure multiple dimensions of the business are integrated?

- a) Hierarchical
- b) Flat
- c) Matrix
- d) Networked
- e) Informal

Ans: c (Easy)

Response: See page 59

True/False

25. Cognizant needed to reinvent its organizational structure many times to make sure that it properly facilitates the flow of information between employees.

Ans: True (Medium)

Response: See page 55

26. Different organization structures reflect the different organizational strategies that are used by firms to implement their business strategy.

Ans; True (Medium)

Response: See page 57

27. An organization feels hierarchical when IT is used primarily as a communication vehicle.

Ans: False (Medium)



Response: See page 61

28. A firm is usually a mix of different organizational structures, known as a hybrid structure.

Ans: True (Medium)

Response: See page 62

29. The use of performance data by managers is generally welcomed by workers and nonthreatening to workers when the data is used for compensation rather than to improve performance.

Ans: False (Medium)

Response: See page 65

30. National culture no longer predisposes workers to act in a certain way.

Ans: False

Response: See pages 66-67

31. Differences in organizational and national culture normally do not affect system development and use.

Ans: False (Medium)

Response: See pages 66-68

32. If a technology is to be successfully implemented into an organization, either the technology must fit the organization's culture or the culture must be shaped to fit the behavioral requirements of the technology.

Ans: True (Hard)

Response: See page 66-68

Short Answer

33. The three components of the organizational strategy are organizational design, management control systems and \_\_\_\_\_.

Ans: Organizational culture

Response: See page 57

34. A \_\_\_\_\_ organization allows a firm to concentrate on both function and purpose.

Ans: Matrix

Response: See page 59

35. \_\_\_\_\_ reduces the operating complexity of a matrix organization.

Ans: IS

Response: See page 61

36. IS makes it possible to evaluate performance by capturing current data in addition to analyzing historical data. Often managers are faced with an overwhelming volume of data and analyzing it becomes very time consuming, a situation known as \_\_\_\_\_.

Ans: Analysis paralysis

Response: See page 65

37. A corporate culture is a firm's set of shared values and \_\_\_\_\_

Ans: beliefs

Response: See page 66

38. This term is used to describe a situation where technology enables individuals from all parts of the organization to reach and communicate with all other parts of the organization.

Ans: Technological leveling

Response: See pages 61-62

39. Ideally, the person who has the most information about a decision and who is in the best position to understand the relevant issues is the person with \_\_\_\_\_ for the decision.

Ans: Decision Rights.

Response: See page 58

40. This IT-enabled network links individuals together, regardless of location, so that they may get to know people and find useful information.

Ans: Social network

Response: See page 63

## Essay

41. Cognizant moved to a matrix organization to “foster continuous operational implementations and better bottom-line results for clients.” Explain how the change of organizational design allowed Cognizant to succeed.
42. Compare and contrast the organizational structures of Cognizant (after restructuring) and that of Tata Consultancy Services (TCS).
43. How does IS impact the 3 managerial levers: organizational, control and cultural?
44. Explain how Cognizant’s “10/10/10” program is designed, its cultural impact and the role IS plays in supporting it.
- 45 Assume you are a manager of a local doctor’s office. How could you use IS to help monitor the performance of the nurses and doctors? State the benefits as well as the challenges.

46. List some examples of informal networking that occurs in organizations. How can management utilize informal networks to the organization's advantage?

47. Give an example of a tool or virtual community that enables a large, global informal network. What is its value to a participant and the participant's firm?

48. What recommendations would you give a manager who supports a team of individuals with a multitude of cultural differences?

#### Matching

49. Match the organizational structure to the statement that best represents it.

Networked organization	Decision rights are highly decentralized.
Flat organization	Decision rights are not clearly defined.
Matrix organization	Decision rights are shared between

	managers.
Hierarchical organization	Decision rights are highly centralized.

50. Match the organizational structure to the power structure it supports.

Centralized	Hierarchical organization
Decentralized	Flat organization
Distributed	Matrix organization
Distributed	Networked organization

51. Match the organizational structure that you would find supporting the organization strategy of the following firms:

Flat organization	A start-up venture in its first few years of existence
Matrix organization	A multi-national organization with regional and functional divisions
Hierarchical organization	A military organization like the Navy

52. Match the organizational variable to its description.

Decision Rights	The authority to make decisions necessary to plan and run the business.
Business processes	The set of tasks needed to complete

	key objectives of the business.
Formal reporting relationships	The structure set up to ensure coordination with the organization.
Informal networks	The mechanisms used to develop organizational relationships outside of the formal reporting relationships.

53. Match a firm's actions with the cultural layer it helps to define.

Low power distance	Invest heavily in training
Values	Believe in helping employees to develop so they can perform better in the future
Assumptions	Workers inherently know that customer issues take precedence

54. Hofstede identified cultural dimensions and researched expected behaviors within that society. Match the cultural dimension to the organizational impact it can have.

Uncertainty Avoidance	The willingness to take risk or avoid risk.
Power Distance	The likeliness of innovation
Individualism/Collectivism	The propensity to hire from within the organization
Masculinity/Femininity	The level of conflict to be anticipated
Confucian Work Dynamism	The willingness to delay gratification



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Multiple Choice

1. What was involved in the American Express BlueWork program?
  - a) A system that tracks the hours each employee works in a given day

- b) Employees are provided with opportunities for flexible arrangements
- c) Employees are provided with better office facilities so they stay in the office longer
- d) Employees can work on tasks they choose, as long as they are in the office
- e) Employees who are wary of newer technologies

Ans: b (Medium)

Response: See page 75

2. All of the following are new types of jobs created by the growing reliance on technology EXCEPT:
- a) Database administrator
  - b) Web site designers
  - c) Network security advisor
  - d) Editors/writers
  - e) Social media specialists

Ans: d (easy)

Response: See pages 78, 79

3. Which one of the following is a valid statement?
- a) The cost to access information has risen.
  - b) It takes more time to access information.
  - c) Personal productivity has dropped as a result of technology.
  - d) Traditional job roles have not changed much as a result of technology.
  - e) Most jobs today have a significant information systems component.

Ans: e (easy)

Response: See page 80

4. IBM has implemented a social network analysis tool that maps the \_\_\_\_\_ and the connections of IBM employees, supporting innovation by allowing employees to find others in the company with particular skills, interests or expertise.
- a) knowledge
  - b) IS
  - c) friendships
  - d) departments
  - e) job descriptions

Ans: a (Hard)

Response: See page 84

5. The concept of “jobs” is being replaced with the concept of work, requiring a framework that links the IS Strategy with the organization strategy to answer all of the following EXCEPT:

- a) What work will be performed?
- b) Who is going to do the work?
- c) Where will the work be performed?
- d) When will the work be performed?
- e) Who will develop the IS?

Ans: e (Easy)

Response: See page 77

6. Which collaboration technology is becoming more and more popular both inside and outside organizations, consuming much of our attention on a day-to-day basis?

- a) Intranet
- b) Wikis
- c) VoIP
- d) Social networking on mobile devices

e) Talking on mobile phones

Ans: d (Easy)

Response: See page 83

7. The main benefit of \_\_\_\_\_ is that users can work collaboratively to easily create and edit Web pages, and link them to useful resources.

- a) a Wiki
- b) Groupware
- c) RSS (web feeds)
- d) Social networking sites
- e) a Virtual Private Network

Ans: a (Medium)

Response: See page 82

8. This model suggests that employee attitudes may change if they think the new system will help them to do more or better work for the same effort, and that it's easy to use. Employee participation in the system's design and implementation also helps.

- a) Information Management Model (IMM)
- b) Employee Technology Model (ETM)
- c) Capability Maturity Model (CMM)
- d) Computer Access Model (CAM)
- e) Technology Acceptance Model (TAM)

Ans: e (Medium)

Response: See page 95

9. The Department of Veterans Affairs (VA) realized it did not have adequate policies, education or technology in place for remote workers when:

- a) An employee whose laptop carrying unencrypted, sensitive military personnel information was stolen.
- b) Because of lack of coordination, all remote workers were not available for an extended period of time.
- c) Employees posted sensitive data on a public social networking site.
- d) Employees copied sensitive data over an unsecured network.
- e) A virus from an employee's remote computer crashed the VA's intranet.

Ans: a (Medium)

Response: Pages 90-91

10. Shoshana Zuboff studied how papermakers' jobs were changed by the introduction of computers. What was one of her findings?

- a) Web portals were useful in a manufacturing context
- b) The workers felt empowered by the technology
- c) The workers sabotaged the technology
- d) The managers were unable to take their typical shortcuts
- e) The workers were no longer able to smell and squeeze the pulp, resulting in lower productivity

Ans: e (easy)

Response: See page 79

11. Steve works for a pharmaceutical company and he specializes in marketing and sales. He

generally works from home. According to the text, what type of worker is Steve?

- a) Telecommuter
- b) Mobile device
- c) Global worker
- d) Vagabond worker
- e) Contract worker

Ans: a (easy)

Response: See pages 76, 86

12. Which one of the following is NOT a factor driving the use of telecommuting?

- a) Geographic flexibility
- b) Higher productivity
- c) Higher job satisfaction
- d) Lower employee turnover
- e) Stronger sense of company culture

Ans: e (Medium)

Response: See page 91

13. Team members who are \_\_\_\_\_ and prefer to do several activities at one time may want to have IM or VOIP available to them so that they can communicate with their colleagues and still work on other tasks.

- a) bichronous
- b) monochronous
- c) asynchronous
- d) synchronous
- e) polychronous

Ans: e (Medium)

Response: See page 94

14. Which virtual team challenge is more difficult for managers to manage/manipulate since there may be a great deal of difference between groups and individuals?

- a) communication
- b) technology
- c) diversity
- d) management
- e) location

Ans: c (Medium)

Response: See page 91

15. IT has altered employees and the way they work by doing all of the following EXCEPT:

- a) Creating new types of jobs
- b) Greatly changing day-to-day tasks
- c) Supporting new ways to manage talent
- d) Needing more technically knowledgeable individuals
- e) Providing distinct lines between work and play

Ans: e (Medium)

Response: See page 83

16. The qualities found in a successful remote worker include all of the following EXCEPT:

- a) Self-discipline
- b) Socialized into the corporate culture
- c) Self-starter

- d) Ineffective communicator
- e) Proficient in a wide range of technologies

Ans: d (easy)

Response: See page 90

17. To help employees accept new technologies like an information system, a manager will do all of the following EXCEPT:

- a) Ensure employees find the system easy to use
- b) Demonstrate that the system will allow them do more or better work for the same amount of effort
- c) Train the user on the new system
- d) Reward users of the new system
- e) Provide minimal rationale for the new system

Ans: e (easy)

Response: See page 96

18. Diversity in virtual teams increases the communication challenges. However, virtual teams with diversity have demonstrated which of the following?

- a) More creative solutions.
- b) Better compliance with deadlines.
- c) Equitable performance management.
- d) Tighter security policies.
- e) A high degree of self-reliance.

Ans: a (Medium)

Response: See page 94



19. While there are many advantages to working remotely, there are some potential problems.

For example, once work has been successfully performed remotely, a company may find

economic reasons to let go of workers and choose to \_\_\_\_\_ the work abroad.

- a) Outplace
- b) Offshore
- c) Automate
- d) Recruit
- e) Isolate

Ans: b (Medium)

Response: See page 91

20. Managers in today's global, virtual workforce must rethink how they break from traditional

methods of managing, particularly in the all of the following ways EXCEPT:

- a) Hiring new employees
- b) Evaluating an employee's contribution to a team and the company
- c) Creating individual-based rewards and compensation policies
- d) Setting strategic objectives
- e) Supervising employees

Ans: d (Hard)

Response: See page 84

21. The type of controls that will be most likely be used for remote workers is:

- a) Behavior
- b) Electric shock
- c) Outcome
- d) All of the above
- e) None of the above

Ans: c (Easy)

Response: See page 85

True/False

22. One of the best examples of outcome controls is the re-hiring of Steve Jobs by Apple as CEO

Ans: False

Response: This is an example of personnel controls. See page 84

23. The Technology Acceptance Model states that the two main drivers of system use are management mandates and incentives.

Ans: False

Response: See page 95

24. According to Thomas Friedman, collaboration is the way that small companies can “act big” and flourish in today’s flat world.

Ans: True (Easy)

Response: See page 81

25. Virtual teams and remote work have advantages but no known disadvantages over face-to-face teams and showing up at an office.

Ans: False (Medium)

Response: See pages 91-96

26. Knowledge-based work allows employees to work remotely rather than having to physically be present at a store, manufacturing facility or office building.

True (Medium)

Response: See page 87

27. As a result of increased flow of information, firms have seen an increase in middle managers.

Ans: False (Medium)

Response: See pages 81-82

28. The Internet greatly enhances collaboration.

Ans; True (easy)

Response: See page 83

29. Teams operate in one of four ways, which are represented by combinations of two dimensions: "place" vs "time," and each dimension is either "same" or "different."

Ans: True (Medium)

Response: See page 82.

30. Digital natives are willing to take a lower-paying job with better social media access, device choice, and mobility over a higher-paying job with less technological flexibility.

Ans: True (Medium)

Response: See page 83

Short Answer

31. This is a list of activities on a Web site that briefly highlights what individuals are doing, thinking, and updating and in return gives the community a sense of what is happening.

Ans: activity stream

Response: See page 84

32. Two dimensions of considering virtual team activity are: same or different \_\_\_\_\_ and same or different \_\_\_\_\_.

Ans: place, time

Response: See page 82

33. The traditional approach uses subjective observation while the digital approach involves \_\_\_\_\_

Ans: objective assessment

Response: See page 85

34. Telecommuting is (more/less) accepted by people in countries such as Japan and China

Ans: less

Response: See page 89

35. Technology today has increased the ways work blends together with other aspects of life.

This is very similar to how work was configured in \_\_\_\_\_ societies.

Ans: Preindustrial or agricultural

Response: See page 76

36. Employees may resist a change in IS by: denying that the system is up and running, trying to convince others it has no value, refusing to use the system, and/or \_\_\_\_\_ the system by distorting or altering inputs.

Ans: sabotaging

Response: See page 94

37. Today's IT increases the effectiveness of workers, particularly with the use of both \_\_\_\_\_ tools and collaboration tools.

Ans: Communication

Response: See page 96

38. What do we call members of the generation that's grown up using computers, the Web and social network sites as a normal, integrated part of their lives?

Ans: Digital natives

Response: See page 86

39. The factors driving the emergence of telecommuting include: changing demographics and lifestyle preferences, more powerful technologies, increasing reliance on web-based technologies, and \_\_\_\_\_.

Ans: a shift to knowledge-based work or energy concerns

Response: See pages 88-89

40. An advantage of virtual teams is that members in different parts of the world can cooperate to get work done faster due to time zone differences. Teams can upload their results every evening and another distant team can download those files immediately, in what is the start of their day. What is this called?

Ans: Following the sun.

Response: See page 91

41. A virtual team is faced with communication, technology and \_\_\_\_\_ challenges.

Ans: Diversity or cultural

Response: See page 92.

Essay

42. Why are teams using collaborative tools like groupware and wikis to coordinate their work rather than a communication tool like e-mail?

43. Explain how IS radically changed the paper maker's work at a paper mill.

44. Describe one job that once existed but today is obsolete (or is slowly becoming obsolete) because of technology.

45. List the challenges that a global, virtual team must overcome to be successful.



46. How have hiring practices been impacted by IT?

47. Data entry has always been a challenge in many business processes. There are technologies that have removed this challenge by allowing data to be captured at the time it is created, reducing the need for data entry clerks. List a specific example of this technology and the impact it has had on a particular industry.

Matching

48. Identify the following technologies as primarily supporting either communication or collaboration efforts.

Communication tool	E-mail
Communication tool	Instant messaging
Communication tool	Video conferencing
Collaboration tool	Social networking sites
Collaboration tool	Blogs
Collaboration tool	Groupware

49. Identify the following technologies as primarily supporting either communication or

collaboration efforts.

Communication tool	Google Gmail
Communication tool	Twitter
Communication tool	RSS feed from Yahoo!
Collaboration tool	Linked-In
Collaboration tool	SharePoint

50. Match the technology with its classification.

Skype	Voice over Internet Protocol (VoIP)
Wikipedia	Wiki
SharePoint	Groupware
FTP	File Transfer
Facebook	Social networking site

52. The life cycle of a virtual team consists of 5 phases. List these phases in the order they occur in the life cycle.

1 <sup>st</sup>	Preparation
2 <sup>nd</sup>	Launch
3 <sup>rd</sup>	Performance management
4 <sup>th</sup>	Team development
5 <sup>th</sup>	Disbanding

53. Match the factor driving the use of telecommuting with its effect.

Shift to knowledge-based work	Removes the requirement to perform work at a specific location.
Changing	Provides workers with geographic and time-

demographics and lifestyle preferences	shifting flexibility.
Reliance on Web	Provides workers with the ability to stay connected to co-workers and customers
Energy concerns	Reduces the costs of commuting and maintaining office space, and can reduce travel.
New technologies	Makes working remotely practical and cost effective.

54. Match the scenarios below as either representative of a virtual team or a more traditional team (non-virtual team).

Virtual team	Scheduling meetings is difficult because of different time zones.
Traditional team	Teams often have face-to-face discussions.
Virtual team	Reliance on technology to support team effectiveness.
Traditional team	Easily formed group identity.
Virtual team	It's necessary for individuals to have strong communication skills.
Virtual team	More likely to be diverse.

55. Lewin's change model to gain acceptance of new technology is based on 3 stages. Match the stage to its objective.

Unfreezing	Motivate employees for the new technology.
Changing	Provide employees with the new technology.
Refreezing	Reinforce the value of the new technology by highlighting successes.

56. Lewin's change model to gain acceptance of new technology is based on 3 stages. Order the stages based on the stage a manager would seek to achieve 1<sup>st</sup> and so on.

1st	Unfreezing
2nd	Changing
3rd	Refreezing

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Multiple Choice

1. Which one of the following enterprise systems is social IT increasingly integrating with?
- a) ERP
  - b) SCM
  - c) PLM
  - d) CRM
  - e) SAP

Ans: d (easy)

Response: See page 114

2. This is an approach that links a company with providers of the raw components it needs to make a product or service, manufacture that product or service, and delivers it to customers.

- a) Customer Relationship Management (CRM)
- b) Supply Chain Management (SCM)
- c) Product Lifecycle Management (PLM)
- d) Enterprise Resource Planning (ERP)
- e) Value Chain Management (VCM)

Ans: b (Easy)

Response: See page 114

3. Businesses today link their customers and suppliers through a single network that optimizes cost and opportunities for all. This is possible because of all of the following reasons EXCEPT:

- a) Standardized communication networks (like the Internet)
- b) The availability of SCM enterprise systems
- c) The inability to coordinate workflow across organizational boundaries
- d) The globalization of business
- e) The ubiquity of IT

Ans: c (Medium)

Response: See pages 114-115

4. Enterprise systems are useful for organizations seeking to do all of the following EXCEPT:

- a) Encourage duplication of data
- b) Centralize decision making
- c) Make effective use of organizational databases
- d) Unify operations
- e) Standardize processes

Ans: a (Medium)

Response: See page 116

5. Organizations use the enterprise system to drive the redesign of a business process (rather than the process driving the system implementation) for all of the following reasons EXCEPT:

- a) The organization is just starting out and has no defined processes.
- b) The business process itself is not seen as a competitive strategic advantage.
- c) There is little time or resources to deviate from best practices.
- d) The organization has highly specialized processes that are not seen as best practices.
- e) The needs of the business are met by the enterprise system.

Ans: d (Hard)

Response: See page 118-119

6. In this business structure the firm is a hierarchy organized around a set of functions. Each

group has a core competency that it concentrates upon.

- a) Technology
- b) Business reengineering approach
- c) Functional
- d) Process Control
- e) Business process

Ans: c (Medium)

Response: See page 101

7. This type of process reengineering uses a radical improvement method for change.

- a) Business Process Reengineering
- b) System Development Engineering
- c) Six Sigma
- d) System Quality Management
- e) Total Quality Management

Ans: a (Medium)

Response: See page 105

8. If an organization was going to make substantial changes to its customer service department, it would use this type of transformation tool.

- a) Business Process Reengineering (BPR)
- b) Reengineering Process Control (RPC)
- c) Engineering Control System (ECS)
- d) Total Process Improvement (TPI)
- e) System Process Control (SPC)

Ans: a (Medium)

Response: See page 106

9. These are comprehensive software packages that incorporate all modules needed to run the internal operations of a business. They should include the following modules: Manufacturing, Accounting, Human Resources and Sales.

- a) SCM systems
- b) Groupware system
- c) ERP systems
- d) CRM systems
- e) PLM systems

Ans: c (Medium)

Response: See page 110

10. All of the following are characteristics of an ERP system EXCEPT:

- a) ERP systems provide seamless integration of information flow across the organization.
- b) ERP systems provide best (or at least “very good”) practices for generic business processes.
- c) ERP systems have evolved to support newer IT architectures.
- d) ERP systems work “out of the box” with little configuration requirements.
- e) ERP systems are usually software packages obtained from a provider/vendor

Ans: d (Medium)

Response: See page 112



11. Middleware is software used to:

- a) connect processes running on different computer systems across a network.
- b) integrate a computer's operating system and its applications.
- c) connect a computer system to the network.
- d) support agile process redesign.
- e) provide best business practices to ERP systems.

Ans: a (Medium)

Response: See page 112

12. Enterprise Rent-A-Car was able to model and better understand how service requests were handled and then optimize the process, greatly benefiting the customer experience. Enterprise achieved this benefit using which tool?

- a) Business Process Management (BPM)
- b) Radical redesign
- c) New Product Development (NPD)
- d) Six sigma
- e) Product life cycle management

Ans: a (Medium)

Response: See page 108

13. All of the follow are negative outcomes found in a firm that is set up using a functional model, EXCEPT for:

- a) suboptimization
- b) communication gaps
- c) lose site of the business goals

- d) lost information
- e) redundancy of expertise

Ans: e (Medium)

Response: See pages 101-102

14. A company that wants to make incremental improvements to existing business processes would utilize which of the following?

- a) Total quality management
- b) Workflow management
- c) Business process management
- d) Business process reengineering
- e) Enterprise resource planning

Ans: a (Medium)

Response: See pages 105-106

15. Which one of the following is NOT a quality associated with agile and dynamic business processes?

- a) Designed to support incremental improvement of processes
- b) Relies on a high degree of IT
- c) Allows for companies to take advantage of the latest innovations
- d) Change requires significant redesign effort
- e) Readily supports changing business requirements

Ans: d (Hard)

Response: See pages 106-107

16. When would an organization elect to use BPR over TQM?

- a) When they want to make small, incremental changes
- b) When they need to attain aggressive improvement goals
- c) When they have time to refine their improvement goals
- d) When there is not a need to make significant immediate changes
- e) When they want the employees to have control over the changes

Ans: b (Medium)

Response: See page 106

17. Computer systems in the 1960s and early 1970s were typically designed around a specific departmental need and did not interface very well. These systems were designed to support:

- a) The functional perspective.
- b) The entire enterprise.
- c) The silo perspective.
- d) Incremental change.
- e) Social IT and mobile needs.

Ans: c (Medium)

Response: See page 110

18. The Six Sigma process received its name from:

- a) The intersection of six bell curves, where there are no errors
- b) Six degrees of freedom in removing an error, called "sigma"
- c) Six tries to change or give up
- d) Six standard deviations, or less than 3.4 defects per million
- e) Sigma, the computer company that invented it

Ans: d (Hard)

Response: See page 106

19. \_\_\_\_\_ is an all-encompassing tool used for modeling, building, executing and monitoring business processes that go across organizational boundaries (and often systems).

- a) Enterprise system
- b) Workflow diagrams
- c) SharePoint
- d) Business Process Management systems
- e) Integrated information systems

Ans: d (Medium) Response: See pages 107-108

20. All of the following are good metrics a firm can use to measure the success of a business process EXCEPT for:

- a) A customer's satisfaction with the quality of the product received
- b) The time elapsed from when the customer placed an order to the time the product is received
- c) The change in demographics of a region.
- d) The number of orders the customer places in a given timeframe.
- e) Revenue received from a service

Ans: c (Hard)

Response: See page 102

21. ERP systems are expensive for all of the following reasons EXCEPT:

- a) The software is costly to purchase.
- b) There is an enormous amount of work required to implement.
- c) There are a number of hidden costs such as project management, training and support.
- d) They require organizational changes and impact the way people work.
- e) They do not require business process redesign.

Ans: e (Medium)

Response: See page 112

22. Apple Inc. has developed iTunes, a unique propriety software system that supports Apple's need to delivery digital content to its customers. Apple chooses to develop iTunes rather than use an existing enterprise system solution, most likely because:

- a) The critical process of content delivery is Apple's strategic advantage.
- b) The ability to integrate with existing enterprise systems does not exist.
- c) It was too costly for Apple to purchase an enterprise system.
- d) The existing solutions were developed by a fierce competitor
- e) Apple was not satisfied with the look and feel of existing enterprise systems.

Ans: a (Hard)

Response: See page 102

23. An effective workflow diagram should do all of the following EXCEPT:

- a) Map the sequence and details of a business process
- b) Identify all persons/roles who play a part in the process
- c) Use active verbs to describe activities
- d) Identify inputs and outputs of a process
- e) Try to mask the steps of a business process

Ans: e (Medium)

Response: See page 107

24. Sloan Valve Company redesigned their new product development process and as a result greatly reduced time-to-market as well as improved quality. Which one of the following enterprise systems supported Sloan's transformation?

- a) ERP
- b) SCM
- c) PLM
- d) TQM
- e) NPD

Ans: c (Hard)

Response: See page 110

25. The major difference between an ERP and ERP II system is this feature.

- a) Advances in software usability and flexibility
- b) Information is made immediately available to external stakeholders using social and collaborative tools
- c) Information is made available to all departments in the company
- d) Advanced querying and reporting capabilities
- e) Close integration with e-business technologies

Ans: b (Hard)

Response: See page 111

26. ERP systems have all of the following characteristics except:

- a) They are expensive
- b) They are implemented in all, or nearly all, large organizations
- c) They are difficult to implement
- d) Organizations use them to reduce redundancy and make better decisions
- e) They are expensive but are easy to use.

Ans: e (Medium)

Response: See page 111

27. Reengineering is all of the following except:

- a) Gradual and systematic
- b) Threatening to employees
- c) Associated with very high reward if it succeeds
- d) Associated with quick rewards if it succeeds
- e) Sometimes suspected to be used to justify downsizing

Ans: a (Medium)

Response: See pages 105-106

28. ERP has all the following advantages except:

- a) Modules throughout a corporation can communicate with each other
- b) While purchasing is difficult, the vendors such as SAP make it worthwhile due to easy implementation
- c) Have predefined software that represents "pretty good practices" or even "best practices"
- d) Enables standardized procedures in an organization
- e) Reduces inconsistent data stored in various locations of the organization

Ans: b (Medium)

Response: See page 111

29. The system should drive the transformation in a company when:

- a) The firm has competitive advantage because of its processes
- b) Advantageous processes exist in the organization
- c) When a firm has been around for a long time
- d) When the systems are in a crisis
- e) When employees have quite a lot of knowledge about transformation in the firm.

Ans: d (Medium)

Response: See page 118

True/False

30. The Process Perspective is also called the Silo perspective

Ans: False

Response: See page 100

31. At the heart of how a business operates, you will find a collection of core business processes.

Ans: True

Response: See page 99



32. The speed and magnitude at which organizations must make changes today continues to decrease as a result of technology.

Ans: False

Response: See page 100.

33. Early computer systems were designed to support the silo perspective rather than a cross-functional business process approach.

Ans: True

Response: See page 110.

34. Enterprise systems are large information systems that provide the core functionality needed to run a business and share data across all divisions of the business.

Ans: True

Response: See page 110

35. ERP systems are credited with establishing new business models, rather than simply making a firm improve its practices.

Ans: False

Response: See page 112

36. Sloane Valve's successful effort to redesign its new product development (NPD) process can be classified as radical redesign.

Ans: True

Response: See page 105

37. Business processes are functional in nature and rarely cut across different departments in an organization.

Ans: False (Medium)

Response: See page 102

38. The functional perspective keeps the "big picture" in view.

Ans: False (Medium)

Response: See page 102

39. Personnel often react more favorable to incremental change rather than radical change because incremental change gives them control and ownership of improvements.

Ans: True (Medium)

Response: See page 106

Short Answer

40. List one of the largest enterprise systems vendors as identified in this chapter.

Ans: SAP or Oracle (may also allow for Salesforce.com)

Response: See page 110.

41. What does SCM stand for?

Ans: Supply Chain Management

Response: See page 110.

42. The reason some supply chains are succumbing to the “neighborhood effect” in which factories are built closer to suppliers and consumers is to reduce \_\_\_\_\_ costs.

Ans: transportation

Response: See page 115

43. The enterprise system used to manage all information regarding customer interactions is called\_\_\_\_\_.

Ans: CRM (customer relationship management)

Response: See page 113

44. This is a set of information system tools used to enable information flow within and between processes across an organization.

Ans: Enterprise systems

Response: See pages 110-112

45. This type of organizational structure (perspective) results in duplication of information, lack of coordination between departments, and lack of communication on a company wide basis.

Ans: Silo or Functional

Response: See page 101

46. This is the tool that is used to help map a sequence of tasks that support a business process.

Ans : Workflow diagram

Response: See page 107

47. IS can impede change, particularly when the \_\_\_\_\_ don't match the capabilities of the IS.

Ans: Business processes

Response: See page 100

48. A business uses \_\_\_\_\_ to measure the critical success dimensions of a business process.

Ans: Metrics

Response: See page 102

## Essay

49. Describe a business process by identifying the input to the process, some tasks associated with the process, the output of the process and a metric that could measure its effectiveness.
50. Outline how Zara demonstrates a strong sense of process perspective in comparison to other more traditional retailers who seem to have a silo perspective.
51. Identify the benefits a company can receive after successfully implementing a CRM system.
52. Explain why installing an enterprise system often requires the redesign of existing business processes and the impact this has on the organization.
53. Explain issues companies have with one another when linking systems in order to participate in an integrated supply chain.

## Matching

54. Identify the specific components of the payroll business process.

Hours worked by employees for the pay period	Input
Determination of employee benefit costs	Task
Pay distributed to employees	Output
Accuracy/completeness of employee payments	Metric

55. Match the task of the order fulfillment process to the department that would most likely be responsible for completing the task.

Receipt of payment from the customer for the motorcycle	Accounting
Sale of a customized motorcycle to a customer	Sales
Manufacturing the customized motorcycle for the customer	Manufacturing
Packaging and shipping the customized motorcycle	Delivery

56. Associate the quality/perception of change to the appropriate change management strategy.

Continuous process improvement	Incremental change
Greater internal resistance	Radical change
Empowerment of the individuals	Incremental change
Challenging old assumptions	Radical change

57. Match the description below as belonging either to the functional (silo) perspective or the business process perspective.

Process perspective	Recognition that processes are cross-functional.
Process perspective	Managers are able to coordinate work to ensure the optimal creation of value for the organization.
Functional perspective	Without seeing the big picture, often a business is not as effective.
Functional perspective	Self-contained business units like accounting, marketing and sales allow an organization to optimize expertise.
Functional perspective	Communication gaps between departments are often wide and handoffs between departments are often a source of problems.

58. Order the tasks below as they would appear in a simple, linear workflow diagram for the procurement process.

1st	Receive requirements for goods
2nd	Create and send a purchase order to a vendor for the needed goods
3rd	Receive the goods from the vendor
4th	Verify the vendor's invoice
5th	Pay the vendor for the goods

59. Match the business process with the enterprise system that supports this process.

ERP	Financial management
ERP	Operations management
CRM	Customer services and support history
CRM	Loyalty program management
SCM	Demand planning and forecasting
SCM	Service parts planning
PLM	Innovation management



60. Match the scenario below to the enterprise system it represents.

SCM	Kimberly Clark, a consumer products company, uses this IS to provide end-to-end visibility of the supply process in real time.
CRM	Ritz Carlton uses this IS to capture information about guest preferences to enhance the customization of the services it provides its guests.
ERP	CEMEX uses this IS to standardize its manufacturing, accounting, procurement, finance and HR business processes.
PLM	Sloan Valve Company uses this IS to reduce the time-to-market for a new product to less than 12 months (down from 24 months).

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Multiple Choice

1. “Reuse” is a benefit of service-oriented architecture because it supports:

- a) Using sensitive data again and again
- b) The breaking apart of functionality into small services that can be used by many different systems
- c) Access to servers from many locations.
- d) The selection of a specific computing device by each employee.
- e) Reliable capacity-on-demand

Ans: b (Medium)

Response: See page 130

2. Google Maps is a web mapping service that provides street maps and directions. A Google Maps component can be added to a business's web site to provide customers directions to the business location. This use of Google's service by a business is an example of \_\_\_\_\_.
- a) Centralized architecture
  - b) Decentralized architecture
  - c) Service-oriented architecture
  - d) Internet-based architecture
  - e) Enterprise architecture

Ans: c (Medium)

Response: See page 130

3. Mohawk's need for flexibility required a change to its IT architecture. SOA was chosen by Mohawk because Mohawk:
- a) Needed to be able to scale up or down operations as called for by the market or by its own arrangements with suppliers
  - b) Wanted to eliminate the dependency on its ERP system.
  - c) Needed to upgrade its infrastructure components to meet the increased IT demands.
  - d) Believed that SOA provides the appropriate level of security it did not have with its original architecture.
  - e) Benefited from standardizing on the SAP suite of products and reducing its reliance on multiple vendors.

Ans: a (Medium)

Response: See pages 124-125

4. The architecture that the large paper company Mohawk adopted enables the company to scale technology services up and down instantaneously according to its needs. The architecture is called:
- a) Centralized
  - b) Decentralized
  - c) Service-oriented
  - d) Internet-based
  - e) Mainframe

Ans: c (easy)

Response: See pages 124-125

5. A manager must know enough about the IT architecture and IT infrastructure so that he or she can:
- a) Select the correct wireless provider.
  - b) Make realistic use of IT and know what to expect from IT.
  - c) Choose the appropriate IT infrastructure components.
  - d) Limit future business options.
  - e) Ensure a rigid IT structure.

Ans: b (Medium)

Response: See page 126.

6. Which of the following best describes cloud computing?
- a) Virtual desktop computing
  - b) Lightweight software that takes up little storage space
  - c) Computing services that can be accessed on demand across the Internet

- d) The World Wide Web
- e) Mobile-based social IT

Ans: c (Medium)

Response: See pages 137-138

7. The components of enterprise architecture are: core business processes, linking and automation technology, the people who are served by the system and: \_\_\_\_\_,

- a) Enterprise software
- b) A centralized architecture
- c) IT systems
- d) Shared data
- e) A framework

Ans: d (Medium)

Response: See page 136

8. This architecture is a complex framework whose main objective is to map how the organization's IT supports the business processes.

- a) Centralized architecture
- b) Decentralized architecture
- c) Service-oriented architecture
- d) Web-based architecture
- e) Enterprise architecture

Ans: e (Hard)

Response: See page 136

9. This provides a blueprint for translating a business strategy into a plan for IS.

- a) IS infrastructure
- b) IS architecture
- c) ERP systems
- d) Centralized architecture
- e) SOA

Ans: b (Medium)

Response: See page 125

10. The IT infrastructure components should be evaluated based on their expected financial value. All of the following are used to quantify the financial value of IT components EXCEPT for the:

- a) Usability
- b) Risks
- c) Benefits
- d) Costs
- e) Maintenance

Ans: a (Hard)

Response: See page 142

11. The type of architecture where larger software programs are broken down into services

which are then connected to each other, in a process called orchestration, is called:

- a) SOA
- b) ERP
- c) SAP
- d) ISP
- e) OSP

Ans: a (Medium)

Response: See page 130

12. Mary from sales is asking about the plan to implement Salesforce.com's application. You explain to her that you are in the process of getting technical specifications and pricing so that you can move forward with the rollout. This would be part of which of the following plans?

- a) IT architecture
- b) IT infrastructure
- c) System architecture
- d) Server upgrade program
- e) IT strategy

Ans: b (Hard)

Response: See page 130

13. Marketing has repeatedly asked the IT department about the possibility of aligning the new marketing plan with the company's web site. They would like the new web site to be able to support more active content and permit customers to query an online catalog. You let them know that this is currently being considered and that you're determining if this new business strategy can be translated into a viable plan of action. This would be part of which of the

following?

- a) IT architecture
- b) IT infrastructure
- c) System architecture
- d) Server upgrade program
- e) IT strategy

Ans: a (Hard)

Response: See page 127

14. The type of software used in SOA architecture is often referred to as what?

- a) Services-oriented architecture
- b) Software-as-a-service
- c) Systems software
- d) Software-as-an-architecture
- e) System-as-a-service

Ans: b (Medium)

Response: See page 130

15. Which type of computer/IT architecture is limited to a central computer system?

- a) Mainframe
- b) Web-services
- c) Peer-to-peer
- d) Wireless
- e) Server-to-server

Ans: a (Medium)

Response: See page 130

16. \_\_\_\_\_ is the architecture where significant hardware, software and possibly even data elements reside on the Internet.

- a) Internet-oriented architecture
- b) TCP/IP architecture
- c) Web or Cloud-based architecture
- d) Mobile architecture
- e) Centralized architecture

Ans: c (Medium)

Response: See page 132

17. A small company in Des Moines wants to set up an IT infrastructure for its workforce. The company recently moved to an older building that has solid walls and ceilings. Furthermore, most of the staff likes the flexibility of moving around the open office space to perform work on their laptops. Which communication infrastructure makes most sense for this company?

- a) Mainframe
- b) Web-services
- c) Peer-to-peer
- d) Wireless
- e) Server-to-server

Ans: d (Medium)

Response: See page 132

18. All of the following are robust platforms EXCEPT for \_\_\_\_\_.



- a) iPhone IOS 9
- b) Android KitKat
- c) Windows 10
- d) MS Office 2016
- e) Mac OSX

Ans: d (Medium)

Response: See page 127

19. A computer's hardware and \_\_\_\_\_ specify its platform.

- a) system software
- b) software applications
- c) hardware
- d) storage
- e) mobility

Ans: a (Medium)

Response: See page 127

20. Understanding the life span of the IT infrastructure and architecture is called:

- a) IT life cycle
- b) Strategic timeframe
- c) Architecture life cycle
- d) IT life span
- e) System timeframe

Ans: b (Medium)

Response: See page 140

21. Hypercompetition implies that any architecture must be designed with maximum scalability

and \_\_\_\_\_ to ensure it can handle the imminent business changes.

- a) modularity
- b) speed
- c) flexibility
- d) sustainability
- e) availability

Ans: c (Medium)

Response: See page 140

22. During an ice storm, JetBlue Airlines had an IT infrastructure that demonstrated which one of

the following technical issues?

- a) Security
- b) Scalability
- c) Adaptability
- d) Maintainability
- e) Standardization

Ans: b (Medium)

Response: See page 141

23. Risks associated with cloud computing include all of the following EXCEPT:

- a) Increased dependency on third-party suppliers
- b) Security
- c) Lack of standards for virtual infrastructures
- d) Retooling existing applications to move to the cloud
- e) Scalability

Ans: e (Medium)

Response: See page 138

24. All of the following are reasons why a company may choose to use cloud computing for its IT infrastructure EXCEPT:

- a) Cost savings
- b) Speed to provision additional capacity
- c) Reduce dependency on third-party suppliers
- d) Consolidation of servers and even the elimination of a data center
- e) Reduce server maintenance costs

Ans: c (Hard)

Response: See pages 137-138

25. Using a cloud service from Amazon.com, the New York Times was able to

- a) Establish a strong social media presence.
- b) Virtualize its mobile application.
- c) Quickly digitize old articles without needing to purchase additional infrastructure components.
- d) Build a web-based application to search past articles for keywords
- e) Standardize its virtualization infrastructure.

Ans: c (Medium)

Response: See page 138

26. A legacy system is all of the following, except:

- a) Usually found on a mainframe
- b) A system that is already in place, from the past
- c) A system that often holds the middle tier of a multiple-tier system.
- d) Old systems that often require hard-to-use command languages
- e) Systems that most often have detailed information that can be accessed by a system at a higher tier.

Ans: c (Hard)

Response: See page 139

27. An example of when a software-defined architecture is most appropriate:

- a) A firm can't make the decision and wants software to do it
- b) Resources need to be re-allocated dynamically depending on the situation or time of day
- c) Sales are expected to be very high
- d) Sales are expected to be very low
- e) BYOD is discouraged in a firm

Ans: b (Medium)

Response: See pages 130-131

True/False

28. It is predicted that cloud computing utilization will decrease over time.

Ans: False (Easy)

Response: See page 138

29. An IT architecture with a high level of flexibility and agility will be in a position to support changing business needs.

Ans: True (Medium)

Response: See page 124

30. The idea of concurrently designing IT and business processes is out of the question. Instead, IT should be aligned with existing business processes.

Ans: False (Hard)

Response: See page 137

31. An enterprise architecture is a complex framework for establishing an IT architecture and infrastructure by defining how IT supports the business processes of the firm.

Ans: True (Medium)

Response: See page 136

32. For Barclay's Bank, the enterprise architecture ensures the appropriate linkage between IT investment and business needs.

Ans: True (medium)

Response: See page 137

33. There are very few mainframe computers still in operation today.

Ans: False (medium)

Response: See page 130

Short Answer

34. Rigid architectures and organizational models are known to hamper the agility needed to grow a business in today's hypercompetitive environment. Which one of the traditional IT architectures do you consider to be "rigid"?

Ans: Centralized

Response: See page 130

35. This type of architecture is popular in many organizations where a high level of security is required to protect the infrastructure assets.

Ans: Mainframe architecture

Response: See page 131

36. Consumerization of IT is growing at a phenomenal rate because employees and \_\_\_\_\_ want to use their own devices to access a company's IS.

Ans: Customers

Response: See page 133

37. The primary reason to base an organization's architecture on its strategic goals is to prepare for inevitable \_\_\_\_\_ in the future.

Ans: changes

Response: See page 140

38. The functional specifications such as hardware, software and storage specifications are all part of this.

Ans: IT Infrastructure

Response: See page 128

39. This is the physical location where a company will run and manage centralized computing needs such as servers and mainframe computers.

Ans: Data center

Response: See page 130

40. As a result of social business, companies are being asked to include \_\_\_\_\_ in their architecture.

Ans: mobile or social/mobile media or capabilities

Response: See pages 143-144

41. A platform refers to the hardware and \_\_\_\_\_ on which application software run.



Ans: Operating system or system software

Response: See page 127

42. This is the electronic representation of numbers and text.

Ans: data

Response: See page 129

43. Software-as-a-service (SaaS) applications that are delivered over the Internet are often referred as this.

Ans: Web-services

Response: See page 130

Essay

44. As a small, newly formed organization, which IT architecture do you think you would choose and why?

45. Explain how cloud computing services benefit from virtualization.

46. Why would an organization use cloud computing for its IT infrastructure needs?

47. Explain what cloud service the New York Times successfully utilized and the benefit this solution provided.

48. Why must an organization's IT architecture be based on an organization's strategic goals?

#### Matching

49. Match the term to the right that best describes the IT architecture on the left.

Centralized Architecture	Mainframe
Decentralized Architecture	Server-based
Service Oriented Architecture	Web-based

50. Match the IT architecture with the quality that best identifies it.

Centralized Architecture	Easiest to secure
Decentralized Architecture	Very Scalable
Service Oriented Architecture	Provides a high degree of agility

51. An organization should translate its 1. \_\_\_\_\_ into a(n) 2. \_\_\_\_\_ and then translate the later into the 3. \_\_\_\_\_.

1.	Business Strategy
2.	IT Architecture
3.	IT Infrastructure

52. Match each software product below to its classification as either system software or an application.

System software	Microsoft's Windows
System software	iPhone's iOS
Application	Microsoft Excel
Application	SAP R/3
Application	Linked-In

53. When determining the IT architecture and its appropriate IT infrastructure, a manager may seek answers to the questions listed below. Match the question with the IT component it helps to select.

Should our employees get a desktop computer, a laptop or a tablet device?	Hardware
Shall we implement Salesforce.com or Oracle CRM On Demand?	Software
Can we purchase a standard ERP package or do we need to write our own application?	Software
Who will provide us wireless capabilities?	Network
Will our critical business information be backed up on-site or done remotely over the Internet?	Data

54. Match each term below with its definition.

Capacity-on-demand	The availability to quickly acquire additional computing services when necessary and reduce services when not needed.
Consumerization of IT	The drive to port applications to personal devices like smartphones and tablets.
BYOD	The desire employees have to connect their personal devices to corporate enterprise systems.

55. Architectural principles are applied to the design of an IT architecture. Match the architectural principle below to a question that would be asked to define that principle for a given company.

Buy over build	Is there a vendor who provides the application needed or will it need to be developed?
Flexibility and agility	Will the system support future changes in the business?
Data security	Is the data protected against unwanted hackers?
Speed and quality	Can the application be completed successfully and in the timeframe desired?
Innovative	Can the IT support newer technologies?

56. Designing an IT infrastructure requires an understanding of technical issues. Match the

technical issue below with the questions that will be asked about it.

Adaptability	Can the infrastructure adjust to emerging technologies?
Scalability	Is the architecture able to easily increase or decrease capacity as demand changes?
Security	Are the right mechanisms in place to protect the infrastructure assets?
Maintainability	Can the infrastructure over time be supported with needed platforms, parts, and software?

57. Match the IT architecture choice with the term for which it is often associated.

Cloud computing	Virtualization
SOA	SaaS
Centralized architecture	Mainframe
Enterprise architecture	TOGAF

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Multiple Choice

1. In the Office of Personnel Management's case, the security breach made many people vulnerable to this.

a) Loss of personal property

- b) Inaccurate personal data
- c) Identity theft
- d) Loss of access to personal data
- e) Credit card fees

Ans: c (Hard)

Response: See page 148

2. When the Office of Personnel Management was hacked, all of the following are true except:

- a) The hackers gained access to the building to steal the records
- b) It took the Office of Personnel Management many months to detect the break-in
- c) The hackers likely exploited a stolen password
- d) The hackers did not need to escape in the blue turbocharged vehicle
- e) None of the above (indicating that all are true)

Ans: a (Medium)

Response: See page 148

3. Many organizations and even consumers use this to control access to a network like the Internet, allowing only authorized traffic to pass.

- a) Encryption
- b) VPN
- c) Firewall
- d) Anonymizing tools
- e) Filtering

Ans: c (Medium)

Response: See page 158

4. If you receive an email that says it is from Sam Johnson, your boss, with an odd EXE file as an attachment, it could be dangerous for all of the following reasons except:

- a) It could be dangerous because the email might not really be from Sam.
- b) It could be dangerous because the email might be from Sam's computer without his or her knowledge.
- c) It could be dangerous even if it was sent knowingly because Sam didn't know a virus might be attached.
- d) It could be dangerous because Sam gave someone his password once a long time ago
- e) None of the above (indicating that all are true).

Ans: e (Medium)

Response: See page 162

5. It is estimated that \_\_\_\_ % of all firms have been breached:

- a) 5% or less
- b) 10% to 20%
- c) 40% to 60%
- d) 70% to 90%
- e) Over 95%

Ans: e (Medium)

Response: See page 149

6. Who is responsible for decisions about security strategy?

- a) IT people
- b) Shared: IT leaders and business leaders
- c) Business leaders
- d) Consultants
- e) Team of consultants and IT people

Ans: c (Medium)

Response: See page 149

7. Who is responsible for developing security education, awareness, and training programs?

- a) IT people
- b) Shared: IT leaders and business leaders
- c) Business leaders
- d) Consultants
- e) Team of consultants and IT people

Ans: b (Medium)

Response: See page 149

8. In the Anthem Blue Cross breach, where 80 million names, birthdays, social security numbers, etc., were stolen, the hackers got in by:

- a) Breaking into the building where they were stored
- b) Obtaining passwords of five or more high-level employees
- c) Making phone calls to insiders posing as IT people needing to log into their accounts
- d) Emailing each of the 80 million patients asking for their private information
- e) Recovering patient records from a large recycling bin

Ans: b (Medium)

Response: See page 151

9. \_\_\_\_ of breaches are caused by stealing a password



- a) A very low percentage (somewhere around 1%)
- b) A low percentage (around 10%)
- c) A moderate percentage (around 25%)
- d) A high percentage (around 50%)
- e) A very high percentage (around 80%)

Ans: e (Medium)

Response: See page 151

10. The most common password of all in 2014 is:

- a) Something complex that is hard to remember
- b) None at all—they most commonly skip passwords and just press ENTER to continue
- c) “password”
- d) “123456”
- e) “Rihanna”

Ans: d (Medium)

Response: See page 152

11. An “evil twin” in the context of computer security is:

- a) A virus-laden attachment that looks just like a sincere attachment
- b) A duplicate badge that allows a nasty person entry into a data center
- c) Someone who looks just like the Chief Information Officer, but steals data
- d) An operating system that is not genuine
- e) A counterfeit wifi connection in a hotel or coffee shop that appears to be genuine

Ans: e (Medium)

Response: See page 152

12. The cost of a data breach in 2015 is estimated to be:

- a) between \$13 and \$18 per record
- b) between \$43 and 65 per record
- c) between \$145 and \$154 per record
- d) between \$100 and \$1,000 per record
- e) between \$4,520 and \$4,580 per record

Ans: c (Medium)

Response: See page 153

12. On the black market, stolen data in a “kit” that contains credit card information plus social security number and medical information is worth:

- a) between \$13 and \$18 per record
- b) between \$43 and 65 per record
- c) between \$145 and \$154 per record
- d) between \$100 and \$1,000 per record
- e) between \$4,520 and \$4,580 per record

Ans: d (Medium)

Response: See page 154

13. It usually takes \_\_\_\_ for someone in a firm to discover a security compromise in a system, after the evidence shows up in logs or alerts

- a) Several seconds
- b) Several minutes
- c) Several hours

- d) Several days
- e) Several months

Ans: e (Medium)

Response: See page 148

14. Included in the five critical elements that are used to raise security in a firm are all of the following except:

- a) Infrastructure
- b) Law enforcement
- c) Policies
- d) Training
- e) Investments

Ans: b (Hard)

Response: See page 155

15. Examples of multi-factor authentication are:

- a) passwords and text messages
- b) passwords with longer than one character
- c) a human will chat with you to see who you are
- d) using two badges to allow you into a building
- e) none of the above

Ans: a (Medium)

Response: See pages 157, 158

16. All of the following are classic signs of a phishing message except:

- a) Your email in-box is full and you must click on a link to increase storage
- b) You just won a lottery or contest, and you need to click on a link to claim your prize
- c) Poor grammar or spelling in a note that purports to be from a large company
- d) Goods or services are offered at an impossibly low price
- e) An emailed ad oddly does not provide any active links

Ans: e (Hard)

Response: See page 161

17. Spoofing is:

- a) When someone makes fun of you for falling for a phishing scam
- b) When the “from” address says the name/email address of a person different from who really sent it
- c) When hackers snoop around in a system
- d) When a person from IT unlocks your email account
- e) When you receive a notice of an inheritance

Ans: b (Medium)

Response: See page 162

True/False

18. Over time, attackers have had to increase their skills to be able to attack systems or create viruses.

Ans: False

Response: See page 155

19. Thanks to tightened security in operating systems, it is more difficult than ever

before for hackers to break into systems, compared to the early 1990s, when people were much less often protected, less aware of risks, and more easily fooled.

Ans: False

Response: See page 155

20. If you receive an email from your son, and the body of the email tells you to open an attachment because it is funny, the risk is pretty close to zero because it came from your son.

Ans: False

Response: See page 162

21. In the Target breach, the HVAC systems were actually attached to the retail sales system.

Ans: True

Response: See page 153

22. In the Target breach, the IT department was warned on or about the time the files were transferred.

Ans: True

Response: See page 153

23. According to the late L. Dain Gary, "You cannot make a computer secure."

Ans: True

Response: See page 154

24. A hacker who buys credit card information from hackers receives a short-term guarantee in case the card is declined.

Ans: True

Reesponse: See page 155

25. You can purchase stolen credit cards on the “deep web” using a browser called “Tor.”

Ans: True

Response: See page 155

26. The deep web is a part of the internet that includes unindexed websites offering both legal and illegal items, such as passports, citizenship, and even murders for hire.

Ans: True

Response: See page 155

27. The Deep Web is reputed to be 400 times larger than the public web.

Ans: True

Response: See page 155

28. A challenge question is when you are stopped at the gate and the guard asks who you are.

Ans: False

Response: See page 156

29. Two factor authentication is when you use two different methods for people trying to use the system. For instance, you can use a password and a challenge question

Ans: True

Response: See page 156

30. Firewalls can be either in hardware or software form.

Ans: True

Response: See page 157

Short Answer

31. This is a situation in which the thief counterfeits a different person's address

Ans: spoofing

Response: See page 162

32. What is a piece of software that traps keystrokes and stores them for hackers to inspect later?

Ans: Key logger

Response: See page 152

33. What is Poulson's Law?

Ans: Information is secure when it costs more to get to it than it is worth.

Response: See page 154

Essay

34. What security and controls should a company use to protect its computer infrastructure? Why do managers need to be involved in the decisions about security and control measures?
35. Internal threats are considered the most lethal threat. What are they, why are they so lethal and what can a company do to protect against them?



36. What are the shortcomings of passwords?

37. What is a challenge question?

38. Of the seven security policies noted in Chapter 7 (Figure 7.5), name at least three.

Matching

39. Match the security tool to its security category.

Hardware system security and control	Firewalls used to control access to a network
Hardware system security and control	Encryption techniques to protect the content of transmitted messages
Network and software security control	Server software to protect Web sites
Network and software security control	Security information management schemes to protect against unauthorized access to computers and the network
Broadcast medium security and controls	Filtering software that keeps “black listed” sites from displaying

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Multiple Choice

1. This is a plan designed to counter a manmade or natural disaster that could cripple an enterprise.

- a) Business Continuity Plan
- b) Disaster Recovery Plan
- c) Business Disaster Plan
- d) Disaster Business Case
- e) Business-IT Maturity Model

Ans: a (Medium)

Response: See page 169

2. Which of the following should a manager expect from the IS organization?

- a) Promoting enterprise security.
- b) Participating in setting and implementing strategic direction.
- c) Innovating current processes.
- d) Managing data, information and knowledge
- e) All of the above

Ans: e (Hard)

Response: See page 169

3. According to the research by Peter Weill, a firm that boosts investments in infrastructure is

typical of those firms with a focus on (1) \_\_\_\_\_ and a firm that boosts investments in transaction systems is typical of those firms with a focus on (2) \_\_\_\_\_

- a) (1) transactions (2) connections
- b) (1) savings (2) expansion
- c) (1) cost (2) ability
- d) (1) agility (2) cost
- e) (1) ability (2) agility

Ans: d (Medium)

Response: See page 176

4. The responsibility of the IT organization is to:

- a) Manage core business functions like selling, accounting and manufacturing.
- b) Partner with business managers to ensure the right IS exists to support the business strategy.
- c) Set the business strategy.
- d) Have sole responsibility for building information systems for the organization.
- e) Design business processes.

Ans: b (Medium)

Response: See page 170-171

5. A company that seeks an IT portfolio that lowers costs as the primary business objective will be more likely to increase spending on \_\_\_\_\_ because these applications can help automate processes.

- a) strategic systems
- b) infrastructure
- c) informational systems
- d) transactional systems
- e) social media

Ans: d (Hard)

Response: See pages 175-176

6. This method of IT funding is the most equitable, as the costs associated with IT are based on use. However, it can be difficult and tedious to calculate the usage costs.

- a) Allocation
- b) Corporate budgeting
- c) Usage
- d) Distributed
- e) Chargeback

Ans: e (Medium)

Response: See pages 182-183

7. Sam has just purchased 10 new high speed color laser printers for his company. He is very excited because he got a 40% discount and paid only \$2,990 for each unit. His boss, Joe, wants to know things such as operating costs, support, overhead, etc. for the printers. Joe wants to know this value:

- a) RCO
- b) TCO
- c) ROI
- d) NPV
- e) EVM

Ans: b (Hard)

Response: See pages 185-187

8. Activity based costing \_\_\_\_\_

- a) groups costs into meaningful buckets that are then distributed based on the activity or product they support.
- b) is useful for allocating small project work.
- c) charges all costs to “cost centers”.
- d) considers only initial capital investments.
- e) calculates ongoing maintenance costs.

Ans: a (Hard)

Response: See pages 184-185

9. This financial calculation provides a percentage rate that measures the relationship between the amount the business gets back from an investment and the amount invested.

- a) IRR
- b) ROI
- c) Payback
- d) NPV
- e) EVA

Ans: b (Medium)

Response: See pages 176-177

10. Scorecards provide a summary of information gathered over a period of time. Another common IT monitoring tool is the \_\_\_\_\_.

- a) baseline
- b) metrics
- c) portfolio
- d) dashboard
- e) monitor

Ans: d (Medium)

Response: See page 180

11. Joe works for a company where the IT department charges him for the number of CRM login accounts that are in his department. What type of IT funding model is his company deploying?

- a) Allocation
- b) Corporate budgeting
- c) Usage
- d) TCO
- e) Chargeback

Ans: a (Medium)

Response: See page 183

12. Denise works for a company where the IT department charges her department for actual usage of a SharePoint server, determining how often users log in and how much storage space her department consumes. What type of IT funding model is the company deploying?

- a) Allocation method
- b) Corporate budget method
- c) Usage method
- d) Distributed method
- e) Chargeback method

Ans: e (Medium)

Response: See page 182-183

13. To justify an IT investment and receive necessary support and approval, a manager must often create a(n) \_\_\_\_\_.

- a) IT portfolio
- b) community plan
- c) business case
- d) workflow diagram
- e) business technology plan

Ans: c (Medium)

Response: See page 173

14. Building a business case for an IT investment:

- a) Allows management to establish priorities for investing in different projects.
- b) Helps gain commitment for the IT investment from business managers.
- c) Creates a basis for monitoring the investment.
- d) Identifies the benefits of the investment.
- e) All of the above.

Ans: e (Medium)

Response: See page 173



15. Critical to the business case is the identification of both \_\_\_\_\_ and \_\_\_\_\_.

- a) costs, risks
- b) costs, benefits
- c) advantages, disadvantages
- d) assumptions, risks
- e) benefits, detriments

Ans: b (Medium)

Response: See page 173

16. A local marketing firm is considering launching a new and extensive social media marketing campaign. This investment of resources is being looked at through the length of the project since it is anticipated to last at least 5 years. What financial calculation should be used to compute the investment's value, taking into account the time value of money?

- a) ROI
- b) NPV
- c) EVA
- d) IRR
- e) TCO

Ans: b (Hard)

Response: See page 177

17. Mary is recommending IT investments in the neighborhood of \$250 million for her company.

However, the board is hesitant since it's such as capital-intensive project. If the project fails the company could go out of business. What financial calculation should they use?

- a) ROI
- b) NPV
- c) EVA
- d) IRR
- e) FV

Ans: c (Hard)

Response: See page 177

18. A CIO must spend part of the day performing \_\_\_\_\_ tasks and the some part of the day working on operational tasks. Rarely can a CIO focus on just one task in any given day.

- a) Administrative
- b) Strategic
- c) Database
- d) Financial
- e) Technology

Ans: b (Medium)

Response: See page 171

19. In the early days of IT, the CIO would report to the \_\_\_\_\_ as IT was seen as a way to control costs. As technology has become more strategic and able to deliver a competitive advantage, CIOs now report directly to the \_\_\_\_\_.

- a) CFO; CEO
- b) CEO; CFO
- c) CFO; COO

- d) COO; CEO
- e) CEO; CTO

Ans: a (Medium)

Response: See pages 171-172

20. Which dimension of the balanced scorecard answers the question “How do customers see us?”

- a) Customer perspective
- b) Innovating and learning perspective
- c) Internal business perspective
- d) Financial perspective
- e) Supplier perspective

Ans: a (Medium)

Response: See page 178

21. Which dimension of the balanced scorecard answers the question “How do we look to shareholders?”

- a) Customer perspective
- b) Innovating and learning perspective
- c) Internal business perspective
- d) Financial perspective
- e) Supplier perspective

Ans: d (Medium)

Response: See page 178

22. All of the following are new roles found in an IT organization today EXCEPT:

- a) Community manager
- b) Chief Social Media Officer
- c) Chief Knowledge Officer
- d) Chief Privacy Officer
- e) Chief administrative assistant

Ans: e (Medium)

Response: See page 172

23. WalMart, the world's largest retailer, uses RFID tags to track movement of goods across its intense supply chain. One identifiable benefit is that pallets of goods no longer need to be manually logged by a worker when received. Instead, an information system automatically logs the goods as they arrive. This benefit is identified as which type of business change:

- a) Innovation
- b) Efficiency
- c) Cessation
- d) Work force reduction
- e) Doing new things

Ans: c (Hard)

Response: See page 174

24. Valuing an IT investment is difficult because of many reasons. One of the reasons is:

- a) Many IT investments are necessities and payback is hard to calculate.
- b) Increased customer satisfaction is not valued enough to justify costs.
- c) IT investments often add no real business value.

- d) IT managers do not see the need to value an investment whose payback period is relatively short.
- e) IT is seen as “a necessary evil”.

Ans: a (Hard)

Response: See page 176

25. The balanced scorecard:

- a) Is a tool used to communicate the organizational metrics using a traffic light approach (red/yellow/green).
- b) Is a method used to evaluate the health of an organization by looking at all value drivers such as the customers, the workforce, the financials and business processes.
- c) Focuses its attention on an organization's financials.
- d) Is used to communicate the TCO for an IT investment.
- e) Is one of many metrics used to evaluate the value of an IT investment.

Ans: b (Medium)

Response: See page 178

26. All of the following are methods used to value an IT investment EXCEPT:

- a) Payback analysis
- b) ROI
- c) NPV
- d) CTO
- e) IRR

Ans: d (Medium)

Response: See page 177

27. An IT dashboard provides:

- a) Summary information gathered over a period of time.
- b) Statistics on system usage.
- c) A distraction from where more IT attention should be focused.
- d) Current and critical measurements for the organization in an easy to read manner.
- e) A snapshot of a firm's financial data at any given point in time.

Ans: d (Medium)

Response: See page 180

28. All of the following are qualities of a dashboard EXCEPT:

- a) Highly summarized
- b) Key metric driven
- c) Raw data
- d) Effective Visualization
- e) Alerts

Ans: c (Medium)

Response: See page 180

29. While a relatively simple method for funding, corporate budgeting \_\_\_\_\_

- a) helps control the costs of IT.
- b) may result in an IT organization that is less end-user oriented.
- c) encourages sharing of funding resources between IT and business units.
- d) levies charges on specific users or business units.
- e) gives business managers sole control over IT decisions.

Ans: b (Hard)

Response: See page 184

30. Four asset classes of IT investments include:

- a) Financial Systems
- b) Marketing systems
- c) Control systems
- d) all the above
- e) none of the above

Ans: e (Medium)

Response: see page 175

True/False

31. Corporate budgeting is a wise choice for funding newer technologies and innovation.

Ans: True (Medium)

Response: See page 184

32. The allocation method is the most equitable funding method used by many IT organizations.

Ans: False (Medium)

Response: See page 184

33. The business side of IT is very different from the business itself.

Ans: False (Medium)

Response: See page 165

34. The scope of responsibilities for an IT organization seems to expand with increased IT maturity.

Ans: True (Medium)

Response: See page 168

35. Financial measures are the sole means for making management decisions.

Ans: False (Medium)

Response: See pages 177-178

36. Often the customer of an IT organization is not an external customer but rather an internal customer.

Ans: True (Hard)



Response: See pages 178-179

37. A CIO must have a strong understanding of technology and a limited understanding of the business.

Ans: False (Medium)

Response: See page 171

38. Labor costs associated with an IT infrastructure far outweigh the actual capital investment cost.

Ans: True (Medium)

Response: See page 186

39. There are three main ways to handle funding for IT, including chargeback to users, allocation of costs to users, and providing IT services from a corporate budget.

Ans: True (Easy)

Response: See page 182

40. TCO, discussed by Gartner, stands for Technology Chief Officer

Ans: False (Easy)

Response: See page 185

41. Traditional valuation methods such as ROI, NPV, and IRR cannot be applied to information technology because it is technical, not business-oriented.

Ans: False (Easy)

Response: See page 176

42. IT leaders must be part of the business strategy discussion.

Ans: True (Medium)

Response: See page 171

Short Answer

43. Avon uses this to monitor the status of its IT projects, knowing that a red-coded item indicates a serious problem.

Ans: Dashboard

Response: See page 180

44. This model is helpful in teasing out the differing needs for managing IT at different levels of sophistication of the IT function.

Ans: Business-IT Maturity Model

Response: See page 167

45. Two methods for communicating metrics are dashboards and \_\_\_\_\_.

Ans: Scorecards

Response: See page 178

46. This is the senior-most executive in the enterprise responsible for IT vision and leadership for IT initiatives.

Ans: CIO or Chief Information Officer

Response: See page 171

47. This costing technique looks beyond the initial capital investment of an IT solution and includes costs associated with technical support, administration, training and system retirement.

Ans: Total cost of ownership (TCO)

Response: See page 185

48. What does TCO stand for?

Ans: Total cost of ownership (TCO)

Response: See page 185

49. What does CIO stand for?

Ans: Chief Information Officer

Response: See page 171

50. The process called “true up” is used to balance true expenses against payments made for this particular funding method.

Ans: Allocation

Response: See page 183

51. This is a term used to describe a person who aligns business and IT strategies and uses technology to create a competitive advantage.

Ans: Business technology strategist

Response: See page 171

Essay

52. Why would an organization use the balanced scorecard and focus its metrics on more than just financials?

53. Describe at least one new role emerging in organizations today as a result of social business.

54. Why is it particularly difficult to determine the value of an IT investment?

55. Besides financial metrics, what metrics help an IT organization manage its IT investments?

56. List some soft costs one would anticipate when implementing an IT solution.

57. It is determined that a mobile application needed to support the Sales, Marketing and Finance departments will cost \$60,000. The Sales department has 20 employees and all employees will need the application. Likewise, all 10 of the Marketing department employees will need the application. Only 1/3 of the Finance department is interested in the mobile application. The Finance department has 30 employees. The CIO has decided to fund the mobile application using either the allocation method or chargeback method.

Which funding method does each department wish the CIO will choose to use and why?

58. Why is TCO so difficult to define? What are some of the challenges of determining TCO?

59. An airport is in the process of implementing a new baggage claim system that tags each passenger's baggage with RFID. Readers are installed around the airport to track bags and see that the baggage is delivered to the right plane or the right carousel. The airport is considering different funding models to see if the airlines, the airport or the passengers will be charged. Use

the three funding models to explain how this new IT could be funded.

60. Managing a global IT organization has challenges that extend beyond managing a global team. What are the specific issues a global IT organization has to consider?

61. What can a manager expect from the IT organization?

Matching

62. Match the three levels of Business-IT maturity to the business organization's approach to IT.

Remember that Level 3 is more mature than Level 1.

Level 1	Demand for IT is for efficiency and cost savings
Level 2	Focus of IT is on effective business processes
Level 3	IT's role is for innovation and rapid reconfiguration of business processes

63. Match the three levels of Business-IT maturity to the term that best describes the level of

maturity. Remember that Level 3 is more mature than Level 1.

Level 1	Functional use of IT to gain efficiencies
Level 2	Business process view focused on information integration across the organization
Level 3	Inter-enterprise information integration

64. Match each IT organizational activity with its related level of maturity (based on the Business-IT maturity model). Remember that Level 3 is more mature than Level 1.

Level 1	Develop and maintain systems
Level 1	Operate the data center
Level 2	Innovate current processes
Level 1	Provide general support
Level 3	Anticipate new technologies
Level 3	Participate in setting and implementing strategic goals
Level 3	Integrate the use of social IT

65. Match the activity an IT organization provides with its description.

Promoting enterprise security	Maintain the integrity of the enterprise infrastructure including the information assets.
Operating the data center	Maintain and run large mainframe computers, rows of servers or other platforms on which company data and applications reside
Manage data, information and knowledge	Database administration
Integrating the use of social IT	Provide customer-, supplier-, and employee-facing applications for engagement, collaboration and innovate



66. Match the title with its responsibility.

Chief Technology Officer (CTO)	Track emerging technologies and manage the IT architecture
Chief Information Officer (CIO)	Realize the benefits and manage the costs and risks associated with IT while also being a visionary for IT
Chief Network Officer (CNO)	Build and maintain internal and external networks
Chief Social Media Officer (CSMO)	Be responsible for the effective use of online networking and collaborative environments
Chief Mobility Officer (CMO)	Oversee the viable use of smartphone applications

67. Match the component of the business plan with its objective.

Financial discussion and analysis	Details the costs, revenue and benefits as well as the TCO calculations.
Benefits and business impacts	Presents nonfinancial outcomes such as new business, innovations, competitive response and the impact on the organization and the supply chain.
Schedule and milestones	Details expected metrics along the project's time line.
Risk and contingency analysis	Includes sensitive analysis on the proposed investment and the ability to manage anticipated consequences.

68. Peter Weill's produced a study that identified the 4 main categories that make up a company's IT portfolio: the IT infrastructure, transactional systems, informational systems, and strategic systems. Weill's research shows that most companies spend a majority of their IT portfolio on the 1. \_\_\_\_\_ and the least amount of money is spent on the 2. \_\_\_\_\_. A company that is seeking to be highly agile should spend more money on the 3. \_\_\_\_\_ to

provide a nimble platform and less money on the 4. \_\_\_\_\_ which tends to lock in current business processes.

1.	Infrastructure
2.	Strategic systems
3.	Infrastructure
4.	Transactional systems

69. A balanced scorecard is a method used by IT departments to measure overall health and success of an IT investment. Match a type of measurement an IT organization may report with the appropriate balanced scorecard category it supports.

Customer Perspective	The percentage of repeat client business.
Internal Perspective	The percentage of projects completed on time.
Internal Perspective	Uptime versus downtime of a critical information system.
Learning Perspective	The number of employees trained on the use of collaborative technologies.
Customer Perspective	Client satisfaction surveys.
Financial Perspective	Percentage of projects completed on or below budget.

70. Match the dashboard with its appropriate description.

Service dashboard	Shows the important metrics about the IS such as uptime, throughput, service tickets, bug fixes ...
Portfolio dashboard	Provides status, problems, progress and expenses for strategic projects.
Business-IT dashboard	Shows relevant business metrics and the IT systems that support them.
Improvement dashboard	Monitors the progress toward import goals of the IS organization itself

71. Match the funding model to its method by which costs are recovered.

Corporate budget	Costs are recovered using the corporate coffers
Chargeback	Costs are recovered by charging individuals, departments or business units based on actual usage and cost
Allocation	Costs are recovered based on something other than usage and more on a fee or charge based on number of employees, logins, or revenues for a department

File: chapter9TextBank.docx, Chapter 9, Governance of the Information Systems Organization

Multiple Choice

1. This is an IT governance framework that is consistent with COSO controls.

- a) HIPPA
- b) COBIT
- c) SoX
- d) ISACA
- e) ISO

Ans: b (Medium)

Response: See page 202

2. The Sarbanes-Oxley Act of 2002 was primarily aimed at which functional unit of a corporation?

- a) Marketing
- b) Production
- c) Sales
- d) IT
- e) Finance

Ans: e (Medium)

Response: See pages 200-201

3. All of the following are frameworks for implementing Sarbanes-Oxley compliance EXCEPT:

- a) COSO
- b) BCP
- c) COBIT
- d) ITIL
- e) Committee for Sponsoring Organization of the Treadway Commission

Ans: b (Medium)

Response: See page 201-203

4. All of the following are mechanisms that can be created to ensure good IT governance EXCEPT:

- a) Policies
- b) Review boards
- c) Steering Committees
- d) Consultants
- e) IT Governance Council

Ans: d (Medium)

Response: See page 195

5. After Intel faced strong shifts in technologies, such as cloud services, social networking, mobile devices, etc., Intel realized that it needed to establish better governance, creating a

\_\_\_\_\_.

- a) Employee boards
- b) Customer boards
- c) Security committees
- d) Information governance boards
- e) Higher control framework

Ans: d (Medium)

Response: See page 192

6. This is a balanced approach to managing a company's IT organization.

- a) Centralization
- b) Decentralization
- c) Federalism
- d) Joint-Control
- e) Business Centricity

Ans: c (Medium)

Response: See page 193

7. This type of organization management is where IT controls most of its IT infrastructure in one location.

- a) Distributed IS organization
- b) Decentralized IS organization
- c) Federalism
- d) Joint-Control IS organization
- e) Centralized IS organization

Ans: e (Easy)

Response: See page 193

8. Most companies would like to obtain the advantages derived from both centralized and decentralized organizational paradigms. What type of IT governance model would best help them to achieve this goal?

- a) Distributed Control
- b) Decentralized
- c) Federalism
- d) Joint-Control
- e) Centralized

Ans: c (Medium)

Response: See pages 193-194

9. IT organizations implement powerful information systems like ERP and SCM that provide centralized data repositories. In addition, business units have tools for their particular units that individuals can use to report on and analyze collected data. This IT governance approach is best described as: \_\_\_\_\_.

- a) Distributed Control
- b) Decentralized
- c) Federalism
- d) Joint-Control
- e) Centralized

Ans: c (Hard)

Response: See page 194

10. \_\_\_\_\_ of the 1960's dictated a centralized approach to IT governance.

- a) Servers
- b) Mainframes
- c) Networks
- d) PCs
- e) The WWW

Ans: b (Medium)

Response: See page 193

11. \_\_\_\_\_ of the 1980's allowed computing power to spread and gave rise to a decentralized approach to IT governance.

- a) Servers
- b) Mainframes
- c) Networks
- d) PCs
- e) The WWW

Ans: d (Medium)

Response: See page 193

12. \_\_\_\_\_ organizations scatter IT components in different locations to address local business needs.

- a) Distributed Control
- b) Decentralized
- c) Federalism
- d) Joint-Control
- e) Centralized

Ans: b (Medium)

Response: See page 193

13. The IT Governance Council reports directly to the board of directors or the \_\_\_\_\_.

- a) CIO
- b) CTO
- c) CEO
- d) COO
- e) CFO



Ans: c (Medium)

Response: See page 199

14. IT governance has two major components: the assignment of decision-making authority and responsibility, and the \_\_\_\_\_.

- a) cost considerations
- b) decision rights
- c) business plan
- d) capability maturity model
- e) decision-making mechanisms

Ans: e (Hard)

Response: See page 199

15. The archetype that is represented by a group of business executives that might or might not include the CIO is:

- a) IT monarchy
- b) Feudal
- c) Federal
- d) Business monarchy
- e) IT duopoly

Ans: d (Medium)

Response: See page 197

16. The archetype that is represented by IT executives and one other group is:

- a) IT monarchy
- b) Feudal
- c) Federal
- d) Business monarchy
- e) IT duopoly

Ans: e (Medium)

Response: See page 197

17. IT decisions have been categorized by Peter Weill and Jeanne Ross. These categories include

all of the following EXCEPT:

- a) IT principles
- b) IT architecture
- c) IT infrastructure
- d) Business application needs
- e) IT security

Ans: e (Hard)

Response: See page 195

18. The decision about approval and justification of new technologies would fall into which one

of the five major IT decision categories?

- a) IT principles
- b) IT architecture
- c) IT infrastructure
- d) Business application needs
- e) IT investment and prioritization

Ans: e (Hard)

Response: See page 196

19. The decisions that determine how IT assets are structured fall into which one of the five major IT decision categories?

- a) IT principles
- b) IT architecture
- c) IT infrastructure
- d) Business application needs
- e) IT investment and prioritization

Ans: b (Hard)

Response: See page 196

20. This IT governance archetype consists of IT individuals or groups of IT executives.

- a) Business monarchy
- b) IT monarchy
- c) Feudal
- d) Federal
- e) IT Duopoly

Ans: b (Medium)

Response: See page 197

21. This IT governance archetype consists of C-level executives and at least one other business

group. An IT executive may be an additional participant.

- a) Business monarchy
- b) IT monarchy
- c) Feudal
- d) Federal
- e) IT Duopoly

Ans: d (Hard)

Response: See page 197

22. A steering committee works especially well with this particular IT governance archetype.

- a) Business monarchy
- b) IT monarchy
- c) Feudal
- d) Federal
- e) IT Duopoly

Ans: d (Hard)

Response: See page 199

True/False

23. A steering committee is geared only towards the highest level of the organization and reports directly to the board of directors or the CEO.

Ans: False (Medium)

Response: See page 199

24. As a result of Sarbanes-Oxley, IT managers are now required to manage the level of controls needed to mitigate risk in business processes.

Ans: True (Medium)

Response: See pages 200-201

25. The global nature of business today makes complete centralization impossible.

Ans: True (Medium)

Response: See page 193

26. IT plays a major role in ensuring the accuracy of financial data.

Ans: True (Medium)

Response: See pages 200-201

27. As a result of Sarbanes-Oxley Act, the CEO, CFO and CIO must certify financial accounting records.

Ans: False (Medium)

Response: See page 200

28. There were pressures for centralizing IT back when mainframes ruled, but today's use of "consumerized" technologies have provided strong pressure, by IT people, for decentralization.

Ans: False (Medium)

Response: See pages 191-192

29. Federal IT provides for strong centralization, like the U.S. Federal Government.

Ans: False (Medium)

Response: See page 195

## Short Answer

30. What act was passed in 2002 in response to the rogue accounting activities of major global corporations such as Enron, Worldcom and their accounting firm Arthur Andersen?

Ans: Sarbanes-Oxley Act (SoX)

Response: See page 193

31. This is a committee that is formally designated to approve, monitor and review specific topics that ensure IT governance.

Ans: review board

Response: See page 199

32. This is the act through which behavior is aligned with business goals through empowerment and monitoring.

Ans: Governance

Response: See page 192

33. The combinations of people to whom decision rights are allocated are classified by various IT governance \_\_\_\_\_.

Ans: archetypes

Response: See pages 195-197

34. This IT governance archetype consists only of business unit leaders, key process owners, or their delegates.

Ans: Feudal

Response: See page 197

35. This is a highly specific measurement used to indicate whether business process goals are being met.

Ans: Key performance indicator

Response: See page 202

36. This term is used to describe the increasingly powerful tools available to consumers that are impacting corporations.



Ans: consumerization of technology

Response: See page 191

Essay

37. Explain how federalism is able to capture the benefits of centralized and decentralized IT governance while eliminating the drawbacks of each.

38. Why is it recommended that the IT governance archetype for an organization's information security strategy be business monarch?

39. Explain the value steering committees offer the IT organization.

40. Define federalism as it pertains to organizational structures. How does it improve on the centralized model?

41. Explain the role the IT organization has in ensuring a company's Sarbanes-Oxley compliance.

42. Detail the 3 stages of business continuity planning.

#### Matching

43. Review the description of 3 different IT organizations and map the organization's design to the IT governance model it best represents.

Federalism	Strong IT vision and leadership; business units have ownership
Decentralized	Flexible IT; lacks synergy and integration
Centralized	Highly structured IT; does not meet the needs of all business units

44. Match the advantages below as either being associated with a centralized IT governance approach or a decentralized IT governance approach.

Centralized	Global standards and common data
Centralized	Economies of scale
Centralized	Better control of security and databases

Decentralized	Technology customized to local business needs
Decentralized	Greater flexibility
Decentralized	Closer relationship between IT and business units

45. Match the disadvantages below as either being associated with a centralized IT governance approach or a decentralized IT governance approach.

Centralized	Technology may not meet the needs of the business units
Centralized	Poor relations between the business units and the IT organization
Centralized	Slow support for strategic initiatives
Decentralized	Duplication of staff and data
Decentralized	Higher infrastructure costs
Decentralized	Difficulty negotiating preferential supplier agreements

46. Match the organization with the IT governance approach it has chosen.

Centralized	UPS and its standardized IT environment
Decentralized	FedEx and its focus on localized innovation
Decentralized	VeriFone and its globally distributed employees
Federalism	Home Depot and its hybrid approach to governance
Centralized	Zara and its technology-supported structure that coordinates all actions

47. Match the allocation of decision rights below with the IT governance archetype it represents.

Business monarchy	The CEO, COO and CFO decide to expand the SCM information system to support manufacturing's growth in China.
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IT monarchy	The CIO and the data center manager decide to outsource server maintenance.
Feudal	The Marketing department decides to implement a new social business strategy.
Federal	The CFO, CEO and CIO focus energies to ensure SoX compliance globally.
IT Duopoly	IT works the Sales department to roll out a new social networking marketplace.

48. Match the SoX compliance methodology with its description.

COBIT	An IT governance framework that links IT processes, IT resources, and information to the company's strategies and objectives.
COSO	A non-IT specific control framework for managers and auditors to use to mitigate risk.
ITIL	A globally adopted set of concepts and techniques for maintaining information technology infrastructure, development, and operations.

File: chapter10TestBank.docx, Chapter 10, Information Systems Sourcing

Multiple Choice

1. Kellwood, the American apparel maker, decided to consolidate and bring IT operations back in-house in order to reduce costs. Kellwood choose which of the following strategies?

- a) Outsource
- b) Backsource
- c) Offshore
- d) Captive center
- e) Farshore

Ans: b (Medium)

Response: See page 208

2.Outsourcing to a company located in the same time zone is referred to as this type of sourcing.

- a) Farshoring
- b) Nearshoring
- c) Zoneshoring
- d) Insourcing
- e) Cloud computing

Ans: b (Easy)

Response: See pages 220-221

3.If a company decides to make and develop IS, they are using this type of sourcing.

- a) Outsourcing
- b) Cloud computing
- c) Inshoring
- d) Offshoring
- e) Insourcing

Ans: e (Medium)

Response: See page 210

4.The purchase of a good or service that was previously provided internally, or that could be provided internally, is called:

- a) Outsourcing
- b) Insourcing
- c) Inshoring
- d) Offshoring
- e) Nearsourcing

Ans: a (Easy)

Response: See page 211

5. The most common driver for insourcing is to:

- a) Keep employees loyal to the company.
- b) Make a system that cannot be bought.
- c) Develop internal skill sets.
- d) Maintain control over the development of the system
- e) Keep core competencies in-house.

Ans: e (Medium)

Response: See page 210

6.Which one of the following needs would suggest outsourcing as an option?

- a) Reduced capacity.
- b) Ease of transition to new technologies
- c) Increase supplier relations
- d) Growth of data centers
- e) All of the above.

Ans: b (Hard)

Response: See page 212

7. In 1989, Kodak chose a(n) \_\_\_\_\_ approach to outsourcing IS activities and chose to work with suppliers like IBM, DEC and Businessland. This approach was soon dominated by other firms.

- a) offshore
- b) multivendor
- c) nearshore
- d) centralized
- e) full outsourcing

Ans: b (Medium)

Response: See page 211

8. The initial reason organizations outsourced IT was which one of the following?

- a) Downsizing
- b) Innovation
- c) Cost reduction
- d) Standardization
- e) Capacity

Ans: c (Medium)

Response: See page 211

9. Organizations choose to outsource IT activities for all of the following reasons EXCEPT:

- a) To realize cost savings

- b) To have access to specialists they do not have in-house
- c) To create a core competency
- d) To infuse cash into the company
- e) To support capacity on demand

Ans: c (Hard)

Response: See pages 211-212

10. Outsourcing providers have more experience dealing with a large number of IS staff and as a result, are often good at doing all of the following EXCEPT:

- a) Marketing IS talent
- b) Providing relevant technical training
- c) Retaining IT workers for short-term employment
- d) Hiring good IT professionals
- e) Developing and sharing best practices

Ans: c (Medium)

Response: See page 212

11. All of the following are risks associated with IS outsourcing EXCEPT:

- a) Loss of control
- b) Dependency on outsourcing providers
- c) Inadequate adaption of newer technologies
- d) Requiring more training of in-house staff
- e) Potential loss of competitive secrets

Ans: d (Medium)

Response: See pages 212-213



12. Of the following list, the newest sourcing option for today's IT organizations is:

- a) Outsourcing
- b) Insourcing
- c) Farshoring
- d) Cloud computing
- e) Onshoring

Ans: d (Easy)

Response: See page 216

13. Ensuring a cultural fit with an outsourcing provider is especially important when an organization is considering which one of the following?

- a) Offshoring
- b) Insourcing
- c) Onshoring
- d) Cloud computing
- e) Selective outsourcing

Ans: a (Medium)

Response: See page 219

14. Organizations may shy away from cloud computing because \_\_\_\_\_

- a) it does not support multiple time zones.
- b) it costs more money than offshoring.
- c) of increased data security and privacy concerns.
- d) SLAs cannot be established.
- e) short term contracts are required.

Ans: c (Medium)

Response: See page 217

15. The functions of an entire data center can be replaced by which one of the following cloud computing providers?

- a) Software as a Service (SaaS)
- b) Application Service Provider (ASP)
- c) Platform as a Service (PaaS)
- d) Infrastructure as a Service (IaaS)
- e) Outsourcing as a Service (OaaS)

Ans: d (Medium)

Response: See page 218

16. iCloud is an example of which one of the following?

- a) Offshoring
- b) Insourcing
- c) Farshoring
- d) Cloud computing
- e) Backsourcing

Ans: d (Easy)

Response: See page 216

17. This is when an IS organization uses contractor services, or even builds its own data center, in a distant land.

- a) Cloud computing
- b) Insourcing
- c) Inshoring
- d) Offshoring
- e) Nearsourcing

Ans: d (Easy)

Response: See page 219

18. IT organizations will outsource which one of the following IT activities?

- a) Programming
- b) IT transactions
- c) Knowledge-based business processes
- d) Data storage
- e) All of the above.

Ans: e (Medium)

Response: See page 215

19. A small cluster of three countries (China, Malaysia and Korea) are creating a reputation for this type of outsourcing.

- a) Farshoring
- b) Nearshoring
- c) Cloud computing
- d) Captive center
- e) Full outsourcing

Ans: Hard (b)

Response: See page 221

20.To provide potential customers an idea of an outsourcing provider's development capabilities, the Software Engineering Institute developed this rating.

- a) Tier \*
- b) IaaS
- c) ISO9001
- d) CMM
- e) Six Sigma

Ans: d (Medium)

Response: See page 221

21.Which of the following makes countries attractive for offshoring?

- a) English language proficiency.
- b) Political stability.
- c) Economic stability.
- d) Countries with friendly relationships.
- e) All of the above.

Ans: e (Easy)

Response: See page 221

22. This is a type of captive center that performs core business processes for a parent company and outsources noncore work offshore.

- a) Hybrid Captive
- b) Shared Captive
- c) Divest Captive
- d) Terminated Captive
- e) Core Captive

Ans: a (Medium)

Response: See page 211

23. What is it called when a company brings IS capabilities that were previously outsourced back in-house?

- a) Backsourcing
- b) Insourcing
- c) Software as a Service
- d) Nearshoring
- e) Cloud computing

Ans: a (Easy)

Response: See page 223

24. Outsourcing decisions can be difficult and expensive to reverse because of:

- a) Cultural differences.
- b) The complicated infrastructure and staffing considerations.
- c) Data security.
- d) Data loss.
- e) CMM.

Ans: b (Medium)

Response: See page 223

True/False

25. The global outsourcing market is growing.

Ans: True (Medium)

Response: See page 209

26. Only large, multi-national organizations pursue outsourcing arrangements.

Ans: False (Medium)

Response: See page 209

27. Using outsourcing providers frees up a business's employees so that they can devote their energies to core competencies for the business.

Ans: True

Response: See page 210

28. Outsourcing an IT infrastructure will always save an organization money.

Ans; False

Response: See page 213

29. The reasons given for backourcing are similar to the reasons given for outsourcing in the first place.

Ans: True

Response: See page 223

30. More highly developed countries tend to offer higher levels of skills at lower costs.

Ans: False

Response: See page 222

31. Outsourcing of IT services began in 1949 with Eastman Kodak.

Ans: False

Response: See page 211

32. From the perspective of outsourcing clients, one of the best things about outsourcing are the 10-year long-term agreements.

Ans: False

Response: See page 217

Short Answer

33. This is the formal contract between clients and an outsourcing provider that describes the expected performance of the service.

Ans: Service Level Agreement (SLA)

Response: See page 217

34. This was the first country to make IT outsourcing a total industry.



Ans: India

Response: See page 221

35. To reduce its dependence on a single outsourcing provider, an organization will seek flexibility and take a “best-of-breed” approach. What is the term used to describe this use of multiple outsourcing vendors?

Ans: Selective outsourcing or strategic sourcing

Response: See page 215

36. This is the most widely used form of cloud computing.

Ans: SaaS, Software as a Service or Application Service Provider

Response: See page 218

37. To manage control yet realize the financial benefits that come with outsourcing, firms have created these subsidiaries to operate on their behalf and provide services.

Ans: Captive center

Response: See page 210

38.This is the most traditional approach to sourcing.

Ans: Insourcing

Response: See page 210

39. Cloud computing is a form of outsourcing in which IT services are provisioned over the \_\_\_\_\_.

Ans: Internet

Response: See page 216

40. If a company decides to outsource to a company in another country that is close in proximity as well as culturally, economically, and politically similar, they are using this type of outsourcing

Ans: Nearshoring

Response: See page 220

Essay

41. Explain the options a company has when the quality of work done by an outsourcing firm is no longer satisfactory.

42. Explain how an IS outsourcing provider is able to derive savings that companies themselves cannot realize.

43. How can an organization benefit from outsourcing an IS capability for which it internally has no skills or experience?

44. An outsourcing organization may not recommend the use of newer technologies. Why not?

45. Make the argument for why an outsourcing provider may actually provide better data security than an organization's IT organization can.

46. Compare and contrast cloud computing with offshore outsourcing.

47. How can a government create an environment where companies from other nations will want to offshore work to their country? List several specific examples.

#### Matching

48. Match the work activity as something that a company would ideally either outsource or insource.

Outsource	Commodity work
Insource	Confidential work
Insource	A core competence
Insource	Value-added activities
Outsource	Work based on a skill lacking in the organization

49. Determine if the following scenario warrants a make or buy decision.

Buy	An organization would like to venture into social analytics but has no experience or skills to begin the efforts.
Make	A retailer wants to upgrade its website bidding system; the bidding system is developed internally and it provides a strategic advantage over other retailers.
Make	An innovative approach to customized manufacturing needs to be kept a secret; the hope is that this new process will surprise and shakeup the industry.
Buy	The internal website designer has limited availability

	and is always consumed by the marketing department.
--	---

50. Match the decision made to mitigate outsourcing risk with the major decision area it represents.

Selection	Choose a compatible outsourcing provider.
Contracting	Define the length of the outsourcing relationship.
Scope	Outline which IT capability an outsourcing provider will deliver.
Contracting	Establish appropriate SLA's.

51. Match the IT activity with the cloud computing provider that can satisfy that service.

IaaS	Using virtualization, networks and capacity on demand, replace the functions of a company's data center.
PaaS	Provides computing capacity on needed hardware for a company.
SaaS	Provides software application functionality through a web browser.

52. Match the various cloud computing forms with their definition.

Private cloud	Data is managed within the company's existing infrastructure
Community cloud	Data is managed for several companies who share a specific concern
Public cloud	Data is managed by the cloud provider

53. Match the region/country with its development tier.

Tier 1: Mature Software Exporting Nation	The 3 I's: India, Ireland and Israel
Tier 2: Emerging Software Exporting Nation	Some Eastern European countries
Tier 3: Infant State Software Exporting Nation	Vietnam
Tier 2: Emerging Software Exporting Nation	Brazil

54. Match the scenario with its sourcing option.

Insourcing	Bank One develops and deploys IS services using internal groups.
Cloud Computing	Rather than build data centers, Netflix “rents” an IS infrastructure and accesses it via the Internet.
Onshoring	A US pharmaceutical firm has established an IT support center in a rural part of Pennsylvania.
Offshoring	DHL entrusts 90% of its IT development and maintenance projects to a large Indian-based company, InfoSys.
Nearshoring	Outsourcing giant Tata Consulting provides British customers IS services from Budapest, Hungary.
Captive Center	A German-based firm has developed a large subsidiary in India that handles all of its mobile application development tasks.

File: chapter11TestBank.docx, Chapter 11, Managing IT Projects

Multiple Choice

1. In today's hypercompetitive business environment, firms that have strong project management skills have a higher likelihood of success because they are able to:
  - a) Spend money wisely.
  - b) Adapt processes and systems and therefore innovate faster than their competitors.
  - c) Optimize business processes.
  - d) Change and adapt in a slow yet methodical manner, reducing risk.
  - e) Utilize social and mobile platforms.

Ans: b (Medium)

Response: See page 229

2. To help with organization and complexity, a project manager will break a project up into:
  - a) Variables
  - b) Business processes
  - c) Subprojects
  - d) Infrastructure
  - e) Work

Ans: c (Medium)

Response: See page 230

3. To maintain balance in a project with a fixed budget and a well-defined scope, a project team will require flexibility \_\_\_\_\_.
  - a) with the deadline.
  - b) in spending.
  - c) with project quality.
  - d) with assumed risks.
  - e) in achieving the goals of the business case.

Ans: a (Hard)

Response: See page 232

4. This is a temporary endeavor undertaken to create a unique product, service or result.

- a) project
- b) event
- c) scope
- d) requirement
- e) system

Ans: a (Easy)

Response: See page 230

5. Scope may be divided into product scope and \_\_\_\_\_ scope.

- a) project
- b) cost
- c) time
- d) time
- e) sequence

Ans: a (Medium)

Response: See page 231

6. The project triangle includes 3 sides - time, scope and \_\_\_\_\_.

- a) cost
- b) product
- c) event



- d) quality
- e) requirements

Ans: a (Medium)

Response: See page 231

7. What is at the center of the project triangle?

- a) Agility
- b) Quality
- c) Speed
- d) Cost
- e) Focus

Ans: b (Easy)

Response: See page 231

8. This project cycle plan tends to be used for projects that have direct relationships between time and resources.

- a) PERT
- b) Gantt
- c) CPM
- d) NPV
- e) Flowchart

Ans: c (Medium)

Response: See page 235

9. An organization may convert from an old system to a new system by choosing to run both the old and new systems at the same time until the new system is fully accepted. This is known as

\_\_\_\_\_.

- a) Cutover
- b) Parallel conversion
- c) Direct cutover
- d) Agile development
- e) SDLC

Ans: b

Response: See page 241

10. This project cycle plan chart looks very much like a bar chart and is easy for management to read because of its visual nature.

- a) PERT
- b) Gantt
- c) CPM
- d) NPV
- e) Flowchart

Ans: b (Medium)

Response: See page 235

11. Which one of the following is NOT one of the four essential elements of any project?

- a) Common project vocabulary
- b) Project team
- c) System evaluation
- d) Project cycle plan
- e) Project management

Ans: c (Hard)

Response: See page 233

12. What does PMO stand for?

- a) Project Maintenance Office
- b) Project Mission and Objectives
- c) Product Maintenance Office
- d) Project Mission Office
- e) Project Management Office

Ans: e (Easy)

Response: See page 232

13. What type of software is released under a license approved by the Open Source Initiative (OSI)?

- a) System Architecture Software (SAS)
- b) Open System Software (OSS)
- c) Shareware Software (SS)
- d) Open Source Software (OSS)
- e) Source System Software (SSS)

Ans: d (Medium)

Response: See page 246

14. Which one of the following software products is NOT an open source software release?

- a) PERL
- b) Open Office
- c) Linux
- d) Mozilla
- e) Microsoft Office

Ans: e (Medium)

Response: See page 247

15. This development methodology is more traditional and more structured than other approaches.

- a) Agile programming
- b) Prototyping
- c) Open source deployment
- d) Software development life cycle (SDLC)
- e) Critical path method (CPM)

Ans: d (Medium)

Response: See page 240

16. Open source software \_\_\_\_\_.

- a) is free.
- b) requires an organization pay a per user fee.
- c) is costly.
- d) is not allowed to be modified.
- e) is provided by software vendors like Microsoft and SAP.

Ans: a (Medium)

Response: See page 246

17. To reduce risk, a project should have which one of the following qualities.

- a) High complexity
- b) High clarity
- c) Big in size
- d) Large in budget
- e) Lots of programmers.

Ans: b (Medium)

Response: See page 248

18. Increasing project success requires gaining commitment from stakeholders. All of the following help to sustain that commitment for the life of the project EXCEPT:

- a) Continually reminding stakeholders of the project benefits
- b) Placing key stakeholders on the project team
- c) Encouraging the project sponsor to provide public support for the project
- d) Surprising the stakeholders by keeping the system's workings a secret
- e) Assigning the right leader to be the project sponsor

Ans: d (Easy)

Response: See page 251

19. All of the following are indications that the project is successful EXCEPT:

- a) Customers receive a significant benefit from the project.
- b) The project meets its return on investment goal.
- c) The project meets the established time and budget criteria.
- d) The project prepares the organization for future success and growth.
- e) The project profits are high and last for a very short time period.

Ans: e (Hard)

Response: See page 252

20. A successful project begins with a \_\_\_\_\_ that articulates the purpose and details of the project, benefits and costs, stakeholders, and required resources.

- a) project plan
- b) Gantt chart
- c) business case
- d) dashboard
- e) strategy

Ans: c (Medium)

Response: See page 232

21. If someone wants a system cheaply, quickly, and with a large scope, we can conclude:

- a) That desire represents the three sides of the Project Triangle
- b) This is normally not possible: you can usually only achieve two of those three objectives at a time.
- c) Management might be providing an impossible goal.
- d) All of the above
- e) None of the above

Ans: d (Easy)

Response: See page 232

22. A system development life cycle

- a) Assures us that as some systems die others are born in a sort of "circle of life."
- b) Is a chain of events that count down to the demise of a system.
- c) Illustrates the steps needed to go from one stage to another: for example, analysis to design to construction to implementation to operation to maintenance.
- d) Specifies how to build a prototype quickly then improve on it.
- e) Is a self-propelled ride at the "Technology Amusement Park" in San Francisco.

Ans: c (Easy)

Response: See page 240

23. 67% of projects fail, if you define success by:

- a) Being on or under budget
- b) Meeting performance criteria
- c) Being completed on time
- d) All of the above
- e) None of the above

Ans: d (Easy)

Response: See page 229

True/False

24. According to Brooks, adding extra personnel to a system project more often makes it later, not earlier.

Ans: True (Easy)

Response: See page 240

25. In calling something a "project," the issues of uniqueness and temporariness are very important.

Ans: True (Easy)

Response: See page 230

26. Strong project leadership can trade off against strong project management processes. That is, if the leader is not strong, then processes can be strengthened to make up for it. And if the processes are weak, a strong leader is needed.

Ans: True (Easy)

Response: See page 234

27. Prototyping and RAD can be used to minimize problems of defining a scope that is too broad or narrow at the beginning of a project.

Ans: True (Hard)

Response: See page 242



28. Open source software is free but often an organization will have to pay for training and technical support for the software.

Ans: True (Medium)

Response: See page 247

29. Adding more people to a project can be helpful, but most projects are not made more efficient by simply adding labor.

Ans: True (Medium)

Response: See page 240

30. A research firm found that a majority of software projects are delivered late or over budget or simply fail to meet expectations.

Ans: True (Easy)

Response: See page 229

31. To support a common language and improve communication, a project manager should develop a private collection of acronyms and make frequent use of them.

Ans: False (Easy)

Response: See page 239

32. The riskiest approach to system implementation is a parallel conversion.

Ans: False (Medium)

Response: See page 241

33. The maintenance and review phase is the longest phase of the software development lifecycle.

Ans: True (Medium)

Response: See page 242

34. Small projects that are low in complexity and low in clarity are low in risk.

Ans: False (Medium)

Response: See page 249

35. A project is a permanent endeavor undertaken to create a unique product or service.

Ans: False (Easy)

Response: See page 230

36. Integrating within the organization is a mechanism to manage project complexity, and includes frequent team meetings as an example.

Ans: True (Medium)

Response: See page 250

Short Answer

37. To transform resources into profits, organizations combine two types of work - operations and \_\_\_\_\_.

Ans: projects (Medium)

Response: See page 230

38. These are the individuals and organizations that are involved in or may be affected by a given

project.

Ans: Project stakeholders

Response: See page 230

39. This is the term used to describe what happens when a project's scope increases after it has started.

Ans: Scoop creep

Response: See page 231

40. What is the name given to the department that develops project management skills, boosts efficiency for projects, and improves project delivery?

Ans: Project Management Office

Response: See pages 232-233

41. A good project manager defines a realistic project scope and then manages the project so that it can be completed on time and within \_\_\_\_\_.

Ans: Budget

Response: See page 233

42. This plan organizes the discrete project activities and orders them along a timeline, identifying the critical beginning and ending dates as well as necessary time and resources.

Ans: Project cycle plan

Response: See page 235

43. Agile development tends to be \_\_\_\_\_-oriented rather than process-oriented.

Ans: People

Response: See page 242

44. List one example of open source software.

Ans: Linux (and many others)

Response: See page 246

45. Project risk is a function of these 3 determinants.

Ans: Complexity, clarity and size

Response: See page 248

46. What are the three outside elements of the project triangle?

Ans: Time, Cost, and Scope

Response: See page 231

47. This is the term used to describe Web apps that are created by combining existing applications, data, and infrastructure.

Ans: mashup

Response: See page 247

Essay

48. Explain why in a project only two of the three project elements (cost, time and scope) can be optimized and the third must be adjusted to maintain balance.

49. Identify an example of project management software and the features/functionality you would expect it to provide.

50. Explain why IT projects are seen as just business projects involving significant amounts of technology.

51. Why does the addition of more people to a project not speed up the project efforts?

52. List some strategies a manager should consider when trying to manage a project's technical complexity.

53. How do companies manage risk? What are the factors that contribute to a high-risk project?

Matching

54. Identify the following qualities as either being associated with operations or project work.

Operations	Repetitive
Operations	Formal quality control
Project	Purpose is to sustain the enterprise
Project	Temporary

55. Classify the following organizational activity as either operations or a project.

Operations	Backing up the data repository to support business continuity planning.
Operations	Monitoring the performance of all information systems and networks using a dashboard.
Project	Provide a mobile application to employees that allow them to post travel expenses and verify reimbursement payments.
Project	Development of a CRM-like system to integrate marketing and sales activities with activities of the global supply chain.
Project	Reengineering of the sales order process to include social network analysis.

56. Match the project responsibility as being that of the project manager or the project sponsor.

Project sponsor	Liaison between the project team and the project stakeholders
Project sponsor	Senior level project champion
Project manager	Assign team members to work on the project
Project manager	Manage project risk
Project manager	Measure the project's status
Project manager	Take corrective action when necessary

57. Match the three major project periods to Lewin's phases of the change model.



Requirements period	Unfreezing
Development period	Changing
Production/distribution period	Refreezing

58. Match the description to the SDLC project phase it represents.

Initiation and feasibility	Project is scoped, considered and planned.
Requirements definition	System specifications are identified and documented.
Functional design	The system is designed in conceptual terms.
Technical design and construction	The system is built or a purchased system is customized.
Verification	The system is reviewed to ensure it meets requirements.
Implementation	The system is brought up for use.
Maintenance and review	The system is repaired and upgraded as needed.

59. Match the activity to the SDLC project phase to which it belongs.

Initiation and feasibility	Costs are detailed and timeline developed.
Requirements definition	Identify user requirements
Functional design	Complete a detailed analysis of the new system including data-flow diagrams.
Technical design and construction	The system is built.
Verification	End users test the system for usability, security and operability.
Implementation	The system “goes live”.
Maintenance and review	Evaluate and monitor system usage, making minor adjustments as needed.

60. Match the development methodology with its characteristics.

Agile development	Iterative, speedy and active user interaction
Prototyping	Evolutionary development that provides a tangible model to users early in the process
SDLC	Traditional and structured

## Multiple Choice

1. Knowledge management is the process that generates, captures, codifies and \_\_\_\_\_ knowledge across an organization in order to achieve a competitive advantage.
  - a) Analyzes
  - b) Transfers
  - c) Applies
  - d) Limits
  - e) Saves

Ans: b (Medium)

Response: See page 260

2. An organization's only sustainable competitive advantage lies in:
  - a) The data warehouse.
  - b) The creation of unrealistic expectations.
  - c) The employees' knowledge and how they apply that knowledge to business problems.
  - d) The use of business intelligence.
  - e) The business processes.

Ans: c (Hard)

Response: See page 260

3. This allows individuals to own their creativity and innovation in a way similar to owning physical property.
  - a) Intellectual property
  - b) Open source license agreement
  - c) Economies of scale
  - d) Intellectual capital

e) Patents

Ans: a (Medium)

Response: See page 273

4. Business analytics fuel \_\_\_\_\_ decision making.
- a) social
  - b) fact-based
  - c) profit-driven
  - d) intuition-based
  - e) top-down

Ans: b (Hard)

Response: See page 259

5. Unlike other baseball teams at the time, the Oakland A's used this to manage the team and carry themselves to the playoffs.
- a) Players with lots of determination
  - b) Young players with the willingness to play
  - c) Factual data
  - d) High player salaries
  - e) High batting averages

Ans: c (Medium)

Response: See page 259

6. Knowledge that has been identified, captured, and leveraged to produce higher-value goods or services or some other competitive advantage for the firm is called:

- a) Information
- b) Intellectual capital
- c) Competitive advantage data
- d) Business intelligence
- e) System data

Ans: b (Medium)

Response: See page 272

7. All of the following are main processes of knowledge management EXCEPT:
- a) The generation of knowledge
  - b) The capturing of knowledge
  - c) The absorption of knowledge
  - d) The codification of knowledge
  - e) The transfer of knowledge

Ans: c (Medium)

Response: See page 264

8. These are collections of data designed to support management decision making, and sometimes serve as repositories of organizational knowledge.

- a) Data-marts
- b) Data containers
- c) Data warehouses
- d) Data storage centers
- e) RAID

Ans: c (Medium)

Response: See page 265

9. \_\_\_\_\_ is hard to explain, hard to transfer, and highly personal to the source.

- a) Data
- b) Tacit knowledge
- c) Implicit knowledge
- d) Explicit knowledge
- e) Information

Ans: b (Medium)

Response: See pages 262-263

10. IT is traditionally focused on \_\_\_\_\_.

- a) data
- b) tacit knowledge
- c) implicit knowledge
- d) explicit knowledge
- e) information

Ans: d (Medium)

Response: See page 263

11. All of the following are common elements of a BI system EXCEPT for:?

- a) Reporting
- b) Dashboards
- c) Querying
- d) Supply chain management
- e) Scorecards

Ans: d (Medium)

Response: See page 264

12. \_\_\_\_\_ is the process of analyzing data warehouses for “gems”.

- a) Data combing
- b) Data translation
- c) Data mining
- d) Data searching
- e) Data manipulation

Ans: c (Easy)

Response: See page 266

13. \_\_\_\_\_ includes the movement from tacit knowledge to explicit knowledge.

- a) Externalization
- b) Socialization
- c) Internalization
- d) Combination
- e) Appropriation

Ans: a (Medium)

Response: See page 263

14. This is an ad-hoc codification system that manages tags for annotating and categorizing content.

- a) Collaborative data store

- b) Folksonomy
- c) Data mart
- d) Socio-content
- e) Social Network

Ans: b (Medium)

Response: See page 264

15. All of the following are examples of socialization EXCEPT for:

- a) Sharing war stories
- b) Apprenticeships
- c) Conferences
- d) Non-structured activities, like an office party or lunch discussion
- e) Project management

Ans: e (Hard)

Response: See page 263

16. Capital One found \_\_\_\_\_ in combination with business analytics to be a very low-cost way to design and develop new products and services for customers.

- a) Socialization
- b) Experimentation
- c) Absorption
- d) Externalization
- e) Globalization

Ans: b (Medium)

Response: See page 259



17. By utilizing business analytics, a company can learn which one of the following?

- a) Which products are moving slowly versus which products are moving quickly
- b) Which products have been sold in the past 3 months
- c) Who is likely to buy the product in a given period of time
- d) Where each product sits (warehouse, store or factory location)
- e) The suppliers who contributed to the manufacturing of the product

Ans: c (Hard)

Response: See page 259

18. All of the following are components of business analytics EXCEPT for:

- a) A data repository
- b) Software tools
- c) Project stakeholders
- d) Data driven environment
- e) A skilled workforce

Ans: c (Easy)

Response: See page 265

19. This company approach is one in which facts are gathered and analyzed as the first step in decision making.

- a) Information-driven management
- b) Hierarchical structure
- c) Network structure
- d) Evidence-based management
- e) Social analytics

Ans: d (Medium)

Response: See page 266

20. This is the term used to describe the techniques and technology that make it possible to deal with very large volumes of information that are created and stored for analysis.

- a) Data warehouse
- b) Database
- c) Big data
- d) Data analytics
- e) Business intelligence

Ans: c (Easy)

Response: See page 268

21. To support the analytical needs of an organization, data warehouses need to be all of the following EXCEPT:

- a) Scalable
- b) Compatible with the IT infrastructure
- c) Agile to support changing requirements
- d) Secure
- e) Inaccessible

Ans: e (Medium)

Response: See page 269

22. The four main types of intellectual property are all of the following EXCEPT:

- a) Patent
- b) Trademarks
- c) Designs
- d) Data warehouse
- e) Copyrights

Ans: d (Medium)

Response: See page 273

True/False

23. Companies that use big data and analytics can be helped by making information more hidden, and making sure to avoid experimentation (which can become reckless).

Ans: False (Medium)

Response: See page 260

24. The CEO-level sponsorship of and passion for analytics enabled firms like Caesars and Capital One to achieve the success they did.

Ans: True (Medium)

Response: See page 267

25. A company that is using statistical analysis tools to report on why something happened has achieved a higher level of analytical maturity than a company that's using tools to predict what will happen next.

Ans: False (Hard)

Response: See pages 267

26. "False discoveries" are a downside to the analysis of big data.

Ans: True (Medium)

Response: See page 269

27. Data is more important than knowledge.

Ans: False (Easy)

Response: See page 261

28. More human contribution goes into creating information than knowledge.

Ans: False (Medium)

Response: See page 261

29. Tacit knowledge is easy to formalize.

Ans: False (Medium)

Response: See page 263

30. Knowledge is valuable information from the human mind while information is data with relevance and purpose

Ans: True (Medium)

Response: See page 261

31. Data is defined as simple observations of the state of the world, and it is easily captured on machines.

Ans: True (Medium)

Response: See page 261

## Short Answer

32. This is the process of combing through massive amounts of data to identify previously unknown relationships among data.

Ans: Data mining

Response: See page 266

33. Business intelligence is a more specific form of knowledge management that seeks to extract knowledge from \_\_\_\_\_.

Ans: data

Response: See page 260

34. Researchers at the University of Arizona are able to predict asthma-related emergency room visits with \_\_\_\_\_ percent accuracy.

Ans: 70

Response: See page 268

35. This tool displays key metrics in a graphical form and has drill down capabilities that get to the next level of detail.

Ans: Dashboard

Response: See page 264

36. Netflix is credited with accurately predicting viewer preferences, and collects detailed information about viewer behavior. What does Netflix use to gain such capabilities?

Ans: Big data and/or analytics

Response: See page 258

37. Business analytics tools are used with data in the \_\_\_\_\_ to gain insight and support decision making.

Ans: Data warehouse

Response: See page 266

38. These are tools that analyze the impact social IT has on a business.

Ans: Social analytics or social media analytics

Response: See page 269

39. This is one of the features of Google Analytics that allows an organization see how specific search queries drive traffic to the organization's web site.

Ans: search optimization

Response: See page 271

Essay

40. Give examples of how Netflix takes advantage of business analytics, and what benefits they receive from doing so.

41. Explain how information-based intellectual property, such as a digital book, is different from physical property and why it is harder to protect.



42. How has Web 2.0 (social media) changed how organizations make decisions that impact customers?

43. List some examples of what a company should do if it seeks to gain a competitive advantage from analytics.

44. Identify some of the sources of big data.

45. How can a company use social analytic tools to further their mission?

46. List the four main processes of knowledge management. Which process is the most difficult to perform? Why?

Matching

47. Determine if the following is data, information or knowledge.

Data	This is the third visit by a customer this month.
Information	A customer spends on average \$100/visit but today has only spent \$20.
Knowledge	A customer will stay longer in the store and spend more if given a free sample of something.

48. Match the attribute as belonging to data, information or knowledge.

Data	Easily captured
Data	Easily structured
Information	Requires a unit of analysis
Knowledge	Most valuable
Knowledge	Hard to transfer

49. Identify the following actions as either using explicit knowledge or tacit knowledge.

Explicit knowledge	Generating monthly financial reports
Explicit knowledge	Installing software based on a written procedure.
Tacit knowledge	Estimating the number of man hours required for a mobile app development project.
Tacit knowledge	Deciding as a consultant how to optimize a business process for the client.

50. Match the activity with the knowledge management process it represents.

Knowledge generation	Through analysis, learning that the best customers are people 65 and older.
Knowledge capture	Scanning the organization for new ways to work efficiently.
Knowledge codification	An informational document is tagged and posted on a collaborative site for everyone to easily access.
Transfer of knowledge	A senior consultant shares her best practices with the organization.

51. Match the business analytic tool with the question it sets out to answer.

Statistical Analysis	Why is this happening?
Forecasting/extrapolation	What if these trends continue?
Predictive modeling	What will happen next?
Optimization	What is the best that can happen?

52. Match the level of analytical capability to its maturity level. Level 1 is the lowest level of maturity and Level 5 is the highest level of maturity.

Level 1	Reporting
Level 2	Analyzing
Level 3	Descriptive
Level 4	Predictive
Level 5	Prescriptive

53. Match the analytical capabilities maturity level with the question it seeks to answer.

Reporting	What happened?
Analyzing	Why did it happen?
Predicting	What will happen?
Descriptive	What is happening now?
Prescriptive	How should we respond?

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Management

Multiple Choice

1. TJX's handling of its serious data breach is consistent with which one of the following?
  - a) Stakeholder theory
  - b) Stockholder theory
  - c) Social normative
  - d) Social contract theory
  - e) Corporate social responsibility

Ans: b (Medium)

Response: See page 282

2. Which normative theory of business ethics would TJX have displayed if it had informed customers as soon as the breach was corrected and told other retailers how to prevent future security breaches?
  - a) Stakeholder
  - b) Stockholder
  - c) Social contract
  - d) Investor
  - e) Corporate social responsibility

Ans: c (Medium)

Response: See page 282

3. This is the term used to describe ethical dilemmas that arise with the development and application of IT.
  - a) Stockholder theory
  - b) PAPA principles
  - c) Information ethics
  - d) Normative theories

e) IT dilemmas

Ans: c (Medium)

Response: See page 280

4. All of the following are examples of green computing EXCEPT:

- a) Virtualization
- b) Cloud computing
- c) Tidal powered servers
- d) Server workloads moved to off-peak hours
- e) Cookies

Ans: e (Medium)

Response: See page 293

5. Green computing is often associated with supporting the triple bottom line known as:

- a) Economic, environmental and social
- b) Stockholder, stakeholder and society
- c) People, Privacy and Property
- d) Google, Facebook and Microsoft
- e) Data, information and knowledge

Ans: a (Medium)

Response: See page 293

6. This is a text message that is stored on a user's computer by a Web server that helps trace the user's browsing habits.

- a) Script

- b) Cookie
- c) Id theft
- d) Firewall
- e) Data file

Ans: b (Medium)

Response: See page 287

7. In the chapter, there is the statement, "Internet companies are in business for the money and hence they really would prefer to keep their customers in the dark about how their personal data is being used to generate profits". Assuming this statement is true, with which ethical theory would you say these Internet companies are most aligned?

- a) Stockholder theory
- b) Stakeholder theory
- c) Property theory
- d) Fiduciary theory
- e) Normative theory

Ans: a (Medium)

Response: See pages 280-282

8. "Who owns information?" and "What are the just and fair prices for its exchange?" are part of this ethical issue:

- a) Privacy
- b) Accuracy
- c) Ownership
- d) Property
- e) Accessibility

Ans: d (Medium)

Response: See pages 285, 290

9. What principles, developed in 2000 by the US Department of Commerce (DOC) in consultation with the European Commission, allow U.S. companies to be placed on a list maintained by the DOC?

- a) Safe Harbor framework
- b) Approved Business framework
- c) PAPA framework
- d) Property Harbor framework
- e) Safe Business framework

Ans: a (Medium)

Response: See page 290

10. The European Union Directive on Data Protection does all of the following EXCEPT:

- a) Expect accurate and up-to-date data on collected personal information
- b) Allow companies to only keep data as long as necessary
- c) Set standards for the collection, storage and processing of personal information
- d) Regulate data standards for publically traded companies
- e) Prohibit the transfer of personal data to non-European Union nations that do not meet certain standards

Ans: d (Hard)

Response: See pages 289-290



11. Questions like “Who is responsible for the reliability of information?” and “Who will be accountable for errors in the information?” are part of this ethical issue.

- a) Privacy
- b) Accuracy
- c) Authenticity
- d) Perfection
- e) Purpose

Ans: b (Medium)

Response: See page 290

12. The question “What information does a person or an organization have a right or a privilege to obtain?” is part of this ethical issue.

- a) Privacy
- b) Accuracy
- c) Accessibility
- d) Perfection
- e) Property

Ans: c (Medium)

Response: See page 291

13. In today’s digital word, individuals can control their privacy through choice, \_\_\_\_\_ , and correction.

- a) Protection
- b) Consent
- c) Property
- d) Communication
- e) Consideration

Ans: b (Medium)

Response: See page 286

14. A company should examine this area of the control of information if it wants to determine what data it has the right to monitor and capture from its employees.

- a) Privacy
- b) Accuracy
- c) Accessibility
- d) Perfection
- e) Property

Ans: a (Hard)

Response: See page 288

15. Today's managers must ensure that information about their employees and customers is only available to those who have a right to see it and use it, an issue referred to as:

- a) Screening
- b) Accuracy
- c) Accessibility
- d) Perfection
- e) Property

Ans: c (Medium)

Response: See page 291

16. A manager who primarily focuses on the shareholders of the corporation rather than all of the vested parties in the businesses operations and activities is practicing which theory of normative business ethics?

- a) Stakeholder theory
- b) Investor theory
- c) Stockholder theory
- d) Shareholder theory
- e) Social contract theory

Ans: c (Medium)

Response: See page 280

17. This theory of normative business ethics seeks to create value for people in a manner that is just and nondiscriminatory.

- a) Stakeholder theory
- b) Investor theory
- c) Social contract theory
- d) Shareholder theory
- e) Stockholder theory

Ans: c (Medium)

Response: See page 282

18. This act of 1996 is designed to safeguard the electronic exchange of patient records in the health care industry.

- a) SoX
- b) HIPAA
- c) IETF

- d) COBIT
- e) PAPA

Ans: b (Medium)

Response: See page 289.

19. Information privacy guidelines should come from what level in a company?

- a) CEO and top-level executives
- b) Middle management
- c) Employees
- d) Federal regulations
- e) State laws

Ans: a (Medium)

Response: See pages 291-292

20. The European Union relies on a government data protection agency and specific privacy protection standards outlined in the \_\_\_\_\_.

- a) Safe Harbor Framework
- b) PAPA Principles
- c) Directive on Data Protection
- d) HIPPA
- e) SoX Act

Ans: c (Medium)

Response: See page 289

21. Google Flu Trends aggregates personal search data in order to estimate world-wide flu activity. Google's site has drawn criticism due to the sharing of users' online behavior without getting their consent. This, in essence, violates the user's right to:

- a) Privacy
- b) Property
- c) Accuracy
- d) Accessibility
- e) Identity

Ans: a (Medium)

Response: See pages 285-286

22. An Internet web site that wishes to abide by fair privacy practices will do all of the following EXCEPT:

- a) Allow the consumer the choice to participate in the site or not
- b) Post policies about how personal information gathered from consumers will be used
- c) Afford the consumer the opportunity to view and contest the accuracy of the data collected
- d) Secure collected consumer information
- e) All of the above

Ans: e (Easy)

Response: See pages 285-290, 291-292

23. Target found out a teenager was pregnant by (1) \_\_\_\_\_ and revealed that fact to her dad by (2) \_\_\_\_\_

- a) (1) Overhearing the teen in the store; (2) Calling her dad
- b) (1) Her purchases of diapers; (2) sending an official letter to the dad
- c) (1) Her purchases of unscented soap, cotton balls and vitamins; (2) mailing her some ads for diapers and maternity clothes
- d) (1) Her sudden elation when visiting the children's department; (2) sending a video of her tears of happiness in that department
- e) None of the above

Ans: c (Medium)

Response: See page 283

True/False

24. Unlike the European Union, the U.S. has no general legislature ensuring Internet privacy rights. Instead, the U.S. encourages self-regulation and has introduced industry-specific regulations as needed.

Ans: True (Medium)

Response: See page 289

25. Over time it becomes easier to maintain the accuracy of information.

Ans: False (Easy)

Response: See page 290

26. The Stakeholder theory requires managers to pursue projects in ways that are compatible with the well-being of society.

Ans: False (Medium)

Response: See page 281

27. Green computing is a passing phase and will likely be less strategic to companies in the very near future.

Ans: False (Medium)

Response: See page 293

28. "Digital natives" are uncomfortable building relationships on the Internet because they understand the consequences of sharing information publically.

Ans: False (Medium)

Response: See page 288

29. Those who possess the "best" information and know how to use it, win.

Ans: True (Medium)

Response: See page 284

30. The concern about privacy on Facebook and other social media sites is greater in the U.S. than it is in Europe.

Ans: False (Medium)

Response: See page 286

Short Answer

31. This is a growing service designed to help individuals and companies clean up their online presence so that a search for their name produces favorable results.

Ans: Reputation management

Response: See page 287



32. This term is used to define energy-efficient computing resources.

Ans: Green computing

Response: See page 357

33. The social contract theory is made up of two distinct components – social welfare and \_\_\_\_\_.

Ans: Justice

Response: See page 292

34. Green computing benefits \_\_\_\_\_ which is sometimes referred to as “People, Planet, Profit”.

Ans: 3BL or triple bottom line

Response: See page 293

35. In today’s digital world, individuals can control their privacy through \_\_\_\_\_, consent, and correction.

Ans: Choice

Response: See page 286

36. List the four areas, as outlined in the text, which deal with control of information.

Ans: Privacy, Accuracy, Property, and Accessibility

Response: See page 285

37. Give an example of U.S. legislature designed to ensure the privacy and protection of information for a specific industry.

Ans: HIPAA, Gramm-Leach-Bliley, Fair Credit Reporting

Response: See page 289

Essay

38. Explain how green computing can satisfy each of the three normative theories of business ethics.

39. Provide an example of a company that has faced a dilemma reconciling their corporate policies within a country where it hopes to operate.

40. Give reasons why users are so willing to forgo privacy on the Internet.

41. How does the European Union approach data protection differently than the United States?

#### Matching

42. Match the U.S. legislative/regulatory act with the industry for which it governs the control of information.

Sarbanes-Oxley Act	Publically held companies
HIPAA	Health insurance companies and health care providers
Gramm-Leach-Bliley Act	Financial institutions
1974 Privacy Act	Government agencies
Fair Credit Reporting Act	Consumer reporting agencies

43. Match each normative theory of business ethics to its primary objective.

Stakeholder	Balance the rights and interests of all those who hold a claim on the firm
Stockholder	Legally increase profits and maximize shareholder value

Social contract	Create value for society
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44. Match the critical question with the information control issue it addresses.

Privacy	Can the information be used for purposes other than those for which it was initially captured?
Privacy	Can the information provided be used to identify personal preferences or history even if the provider doesn't want it known?
Accuracy	Who is accountable for errors in the information?
Property	Who owns the information?
Accessibility	What information does an organization have the right to obtain?
Accessibility	Does the person retrieving the information "need to know" the information that is being retrieved?

45. Match the managerial control concern with the challenges a manager may face on a regular basis.

Privacy	Surveillance of employees to ensure productivity and utilization
Property	Aggregating customer data and providing it to a marketing firm for a fee
Accessibility	Giving employees improper rights to view other employee's personal data
Accuracy	Holding on to outdated customer records

46. Match the situation below with the area of information control it falls under.

Privacy	A Web site seeks detailed information about your family; you do not feel that this information is in any way relevant to your usage of the Web site's
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	services.
Accuracy	You have been the victim of a banking error. The error was corrected. Regardless, it appears on your credit report and your credit rating is terrible, impacting your ability to get a loan.
Property	You believe that by contributing online to one non-profit your personal information has been shared with several other non-profit organizations that you are not familiar with.
Accessibility	A friend indicates that his log in allows him to see not just his grades but also all student grades.

47. Bradley Manning, a U.S. intelligence officer, took over 500,000 documents from the U.S. State Department and gave them to a public Web site called Wikileaks for publication. These documents were far ranging in their content. Match the actions below with the failure to control and the misuse of sensitive information.

Property	Even though the documents were made available on the site Wikileaks, the U.S. State Department still holds that the documents are classified and under their regulation.
Accessibility	Manning was allowed to log into a database of classified information. No one monitored his retrieval of information that was outside the scope of his duties.
Privacy	The U.S. State Department acknowledges that personal comments and assessments of foreign leaders revealed in some documents were strictly for the purpose of U.S. diplomacy.