

Assignment 2: MIS Organization

Questions 1

Read Chapter 3. List and explain 20 interesting terms important and related to MIS context: not from dictionary.

Answer

1. **Agency theory:** Information technology also can reduce internal management costs. According to agency theory, the firm is viewed as a “nexus of contracts” among self-interested individuals rather than as a unified, profit-maximizing entity (Jensen and Meckling, 1976).
2. **Product differentiation:** Product differentiation is a marketing strategy that helps a company's goods or services stand out from those of its competitors.
3. **Benchmarking:** This involves comparing the efficiency and effectiveness of your business processes against strict standards and then measuring performance against those standards.
4. **Best practices:** Consulting companies, research groups, government agencies, and industry associations usually pick "best practices" as the most successful solutions or ways to solve problems for consistently and effectively reaching a business goal.
5. **Business ecosystem:** Another term for these loosely coupled but interdependent networks of suppliers, distributors, outsourcing firms, transportation service firms, and technology manufacturers is "e-commerce."
6. **Competitive forces model:** Arguably, the most widely used model for understanding competitive advantage is Michael Porter's competitive forces model.
7. **Core competency:** An activity in which a company is the global leader.
8. **Customer experience management:** The management of interactions with customers throughout the entire business relationship has become an important competitive strategy.
9. **Switching costs:** The cost of switching from one product to another.
10. **Disruptive technologies:** Riding the Wave Sometimes a technology and the business innovation that results from it come along and completely transform the business landscape and the environment.
11. **Efficient customer response system:** Directly connects consumer behavior to manufacturing, distribution, and supply chains.
12. **Mass customization:** Personalization is the process of making products or services for each person using the same production resources as mass production.
13. **Network economics:** Refers to market conditions in which the economic worth of a product depends on the quantity of consumers.
14. **Organization:** Is a stable, structured social system that extracts resources from the surrounding environment and transforms them into outputs.
15. **Primary activities:** Primary activities are most closely linked to the making and selling of the company's goods and services, which add value for the customer.

16. **Support activities:** Support activities consist of organization infrastructure (administration and management), human resources (staff recruiting, hiring, and training), and technology, and make the execution of primary activities feasible.

17. **Value web:** A value web is a group of independent businesses that work together to make a product or service for a market. They do this by coordinating their value chains with the help of information technology.

18. **Virtual company:** A virtual organization connects people, assets, and ideas through networks. This lets it work with other companies to make and sell products and services without being limited by physical locations or traditional organizational boundaries.

19. **Transaction cost theory:** Similar to production costs, firms and people attempt to minimize transaction costs.

20. **Routines:** Often referred to as "standard operating procedures," these are exact rules, processes, and practices that have been designed to address practically all anticipated circumstances.

Questions 2

Explain and gives two examples about the following statement "ISs can improve the overall performance of the business units by promoting Synergies, and Core Competencies".

Answer

Example of promoting Synergies: Microsoft & IBM and One Drop & Apple

Numerous technological advancements, including cloud computing, AI, and cybersecurity, have resulted from the partnership between Microsoft and IBM. They have also worked together to make Watson, IBM's supercomputer, an important part of making new products in both fields.

Apple and One Drop collaborated not only in marketing but also in creating their product. The engineers at One Drop were given access to iOS devices so they could work closely with Apple's engineers on making a cheap water filtration system for countries with poor infrastructure.

Example of Core Competencies: Netflix

Netflix is another example. Some might claim that content delivery is its fundamental skill. However, this capability has been broadened to incorporate not only physical and digital content, but also original content. In 2011, when the firm stated it was experimenting with original content, it was evident that CEO Reed Hastings was unwilling to accept that the company had surpassed its core strength. It had reportedly just spent \$100 million on a new series called House of Cards, which had just been released. In addition, it would invest in more original programming, such as the programs Lilyhammer and Arrested Development. Hastings remarked at the time, "When we start taking creative risks, that is, reading a screenplay and speculating if it's going to be a great success and who would be a good fit for the actors," creative risks are taken. We believe it is preferable to allow others to take innovative risks and reap the advantages when they succeed.