MANAGEMENT

INFORMATION

SYSTEM

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Strategy

Information Goods

- Information good in economics and law is a type commodity whose market value is derived from information it contains. Examples include CDs containing pieces of music, DVDs containing movie content and books containing short stories.

- Information goods are in contrast to material goods such as clothes, food and cars. These can either exist in digitized form or analog format.

Information

- Information in MIS, means the processed data that helps the management in planning, controlling and operations. Data means all the facts arising out of the operations of the concern. Data is processed i.e. recorded, summarized, compared and finally presented to the management in the form of MIS report.

Characteristics of Good MIS

- For information to be useful to the decision maker, it must have certain characteristics and meet certain criteria. Some of the characteristics of good information are discussed as follows:

→ **Understandable**: Since information is already in a summarized form, it must be understood by the receiver so that he will interpret it correctly. He must be able to decode any abbreviations shorthand notations or any other acronyms contained in the information.

→ **Relevant**: Information is good only if it is relevant. This means that it should be pertinent and meaningful to the decision maker and should be in his area of responsibility.

→ **Complete**: It should contain all the facts that are necessary for the decision maker to satisfactorily solve the problem at hand using such information. Nothing important should be left out.

→ **Available**: Information may be useless if it is not redily accessible in the desired form, when it is needed.

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→ **Reliable**: The information should be counted on to be trustworthy. It should be accurate, consistent with facts and verifiable. Inadequate or incorrect information generally leads to decision of poor quality.

→ **Concise**: Too much information is a big burden on management and cannot be processed in time and accurately due to "bounded rationality".

→ **Timely**: Information must be delivered at the right time and the right place to the right person. Premature information can forgotten by the time it is actually needed.

→ **Cost-effective**: The information is not desirable if the solution is more costly than the problem. The cost of gathering data and processing it into information must be weighed against the benefits derived from using such information.

Information Technology

- Information technology (IT) is the use of any computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data.

Vendor Lock-in

- In economics, vendor lock-in, also known as proprietary lock-in or customer lock-in, makes a customer dependent on a vendor for products and services, unable to use another vendor without substaintial switching costs. Lock-in costs that create barriers to market entry may result in antitrust action against a monopoly.

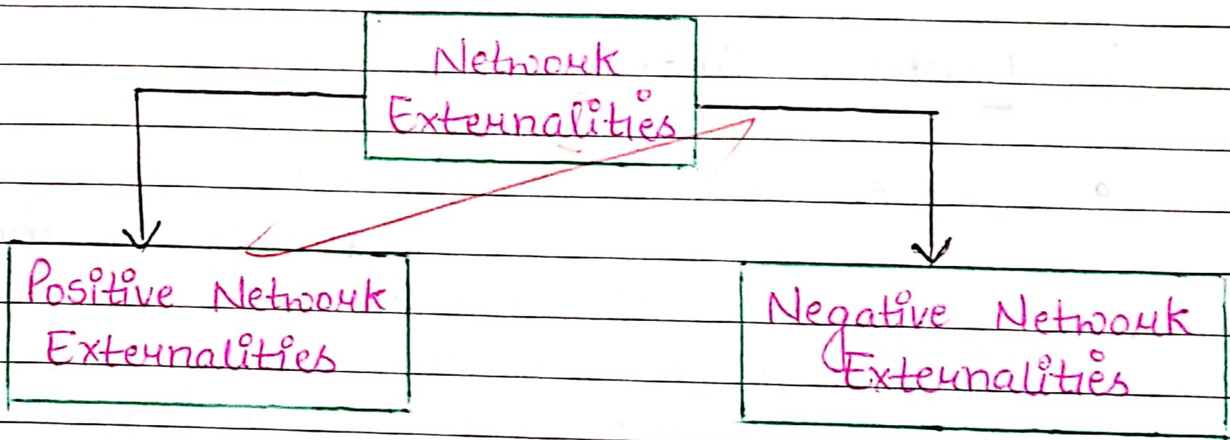
Switching Costs

- Switching costs are the costs that a consumer incurs as a result of changing brands, suppliers or products. Although most prevalent switching costs are monetary in nature, there are also psychological, effort-based and time based switching costs.

- A switching cost can manifest itself in the form of significant time and effort necessary to change suppliers, the risk of disrupting normal operations of a business during a transition period, high cancellation fees and a failure to obtain similar replacement of products or services.

Network Externalities

- Network externalities are the effects a product or service has on a user while others are using the same or compatible products or services.



→ Positive Network Externalities exist if the benefits are an increasing function of the number of other users.

→ Negative network Externalities exist if the benefits are a decreasing function of the number of other users.

- For example, Facebook likely confers positive network externalities since it is more useful to a user if more people are using it as well. Conversely, a road can confer negative network externalities since a driver on the road creates traffic for other drivers of the road.

Positive Feedback

- Positive Feedback is a process in which the end products of an action cause more of that action to occur in a feedback loop. This amplifies the original action.

Feedback Control

- Positive Feedback is when the output of a system is positively correlated with the input, i.e. more output prompts more input or less output prompts less input. For example, stock market sometimes exhibit positive feedback.

Tippy Market

→ Likelihood of Market Tipping

Economics of Scale
↓ (Demand and Supply side)

Demand for variety →	Low	High
Low	Unlikely	Very Likely
High	Very Unlikely	Depends.

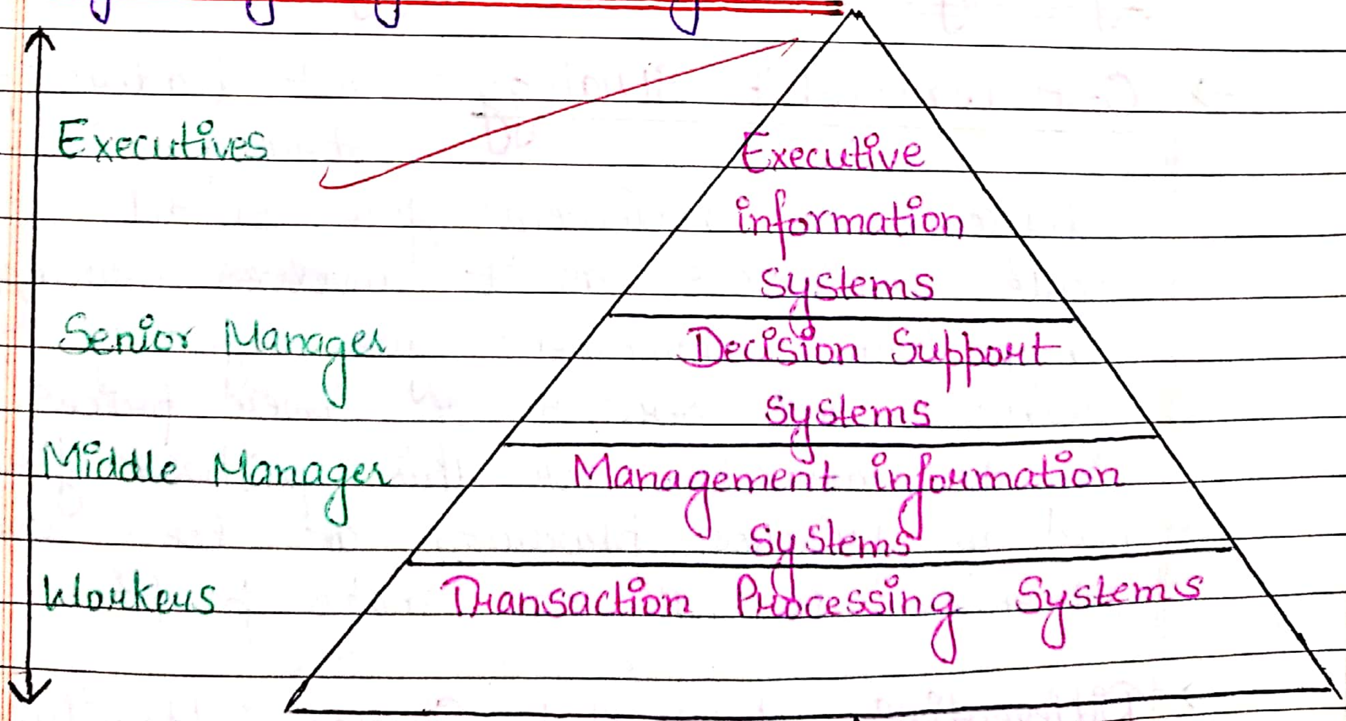
→ **Tippy Market** : Market that is subject to strong positive feedback, such that the market will "tip" in favor of the firm that is able to reach critical mass and dominate it.

→ **Tipping Point** : The moment in evolution of a market where one organization or technology reaches critical mass.

Information System

- An information system is the information and communication technology that an organization uses, and also the way in which people interact with this technology in support of business processes.

Types of Information Systems



Competitive Strategy.

- Competitive Strategy is a long-term action plan of a company which is directed to gain competitive advantage.

- Competitive Strategy is a long-term action plan of firm so as to gain a competitive advantage over its rivals in the industry. This strategy is focussed to achieve above average position and generate a superior Return on Investment (ROI).

- This strategy is very important when firms having a competitive marketplace and several similar products available for customers.

Types of Competitive Strategy

→ Cost leadership Strategy: Cost leadership strategy is difficult to implement for small scale businesses as it involves making long term commitment for offering products and services at lower prices in the market. For this purpose firms need to produce products at low cost otherwise it will not make profit.

→ Differentiation Leadership Strategy: Identifying attributes of a product which are unique from competitors in the industry is the driving factor in the differentiation leadership strategy. When a product is able to differentiate itself from other similar products or services in the market through superior brand quality and value added features it will be able to charge premium prices to cover the high cost.

→ **Cost Focus Strategy**: This strategy is quite a resemblance to the cost leadership strategy, however, a major difference is that the cost focus strategy business target a particular segment is offered the lowest price of the product or service. This type of strategy is very useful to satisfy your consumer and increase brand awareness.

→ **Differentiation Focus Strategy**: Similar to the cost focus strategy, differentiation focus strategy targets a particular segment within the market, however instead of offering lower prices to consumer, firms differentiate itself from its competitors. Differentiation strategy offers unique features and attributes to appeal its target segment.

Value Chain

- A value chain is a set of activities that a firm operating in a specific industry performs in order to deliver a valuable product for the market.

Support Activities
- Firm Infrastructure
- Human Resource Management
- Technology Development
- Procurement

Inbound Logistics | Operations | Outbound Logistics | Marketing & sales | Services

Primary Activities

CIO

- CIO stands for Cheif Information Officer. A CIO is a high ranking executive responsible for managing and sucessfully implementing the information and computer technology systems of a company. As technology becomes more sophisticated and expands globally, the role of a CIO has increased in popularity and importance.

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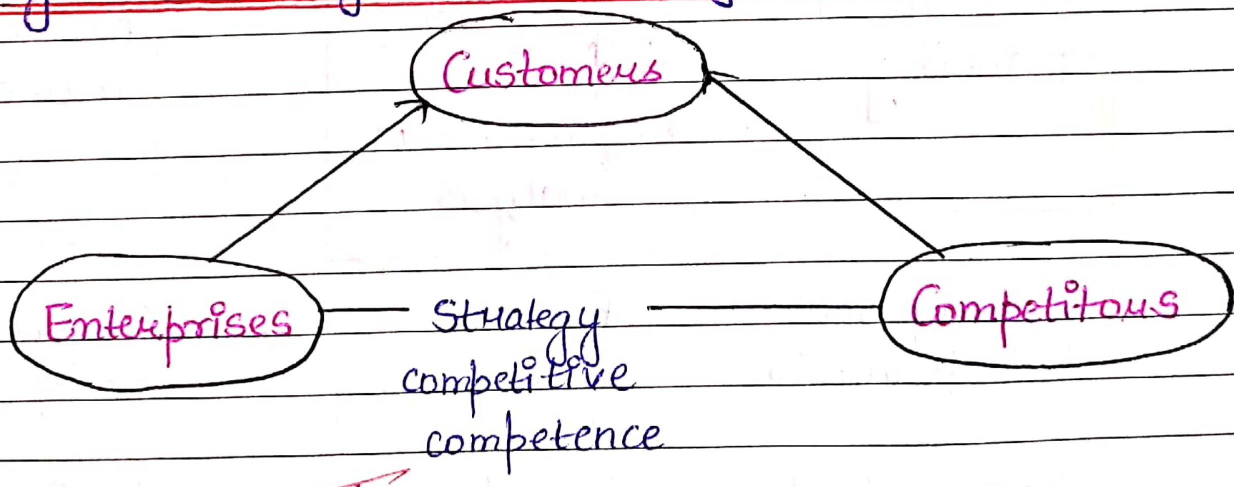
Role of CIO

1) CIO must fulfill the role of business leader.
2) The role of CIO is very important as he has to implement information and computer technology of the company.
3) He makes executive decision for the purchase of IT equipments from suppliers and he is responsible for creation of new IT systems.
4) As a business leader, he is responsible for leading and directing the work force of specific organisation.
5) Strategic planning for the growth of organization is done by CIO.
6) CIO is responsible for the technology and software which are running in organisation.

Information System Planning (ISP)



- Information System Planning is a structured approach developed by IBM to assist organizations in establishing a plan to satisfy their short and long term information requirements.

- The complexity of the information resources environment suggests that planning is vital to success.

- The plan describes the structure and content of the information system and how it is to be developed.

- The organization's strategic plan should be the basis for the MIS strategic plan.

- The overall responsibility of IS planning is the responsibility of Chief Information Officer (CIO).

Three Stage Model of Planning Process

Strategic planning	Organizational information requirements analysis	Resource allocation
Strategy set transformation	Business system planning	Comparative cost / benifit
Strategy Grid	Critical sussess factors	Portfolio approach
Strategy fit	Ends/ means analysis	Chargeout
Derivation from organizational plan		Streering committee ranking.

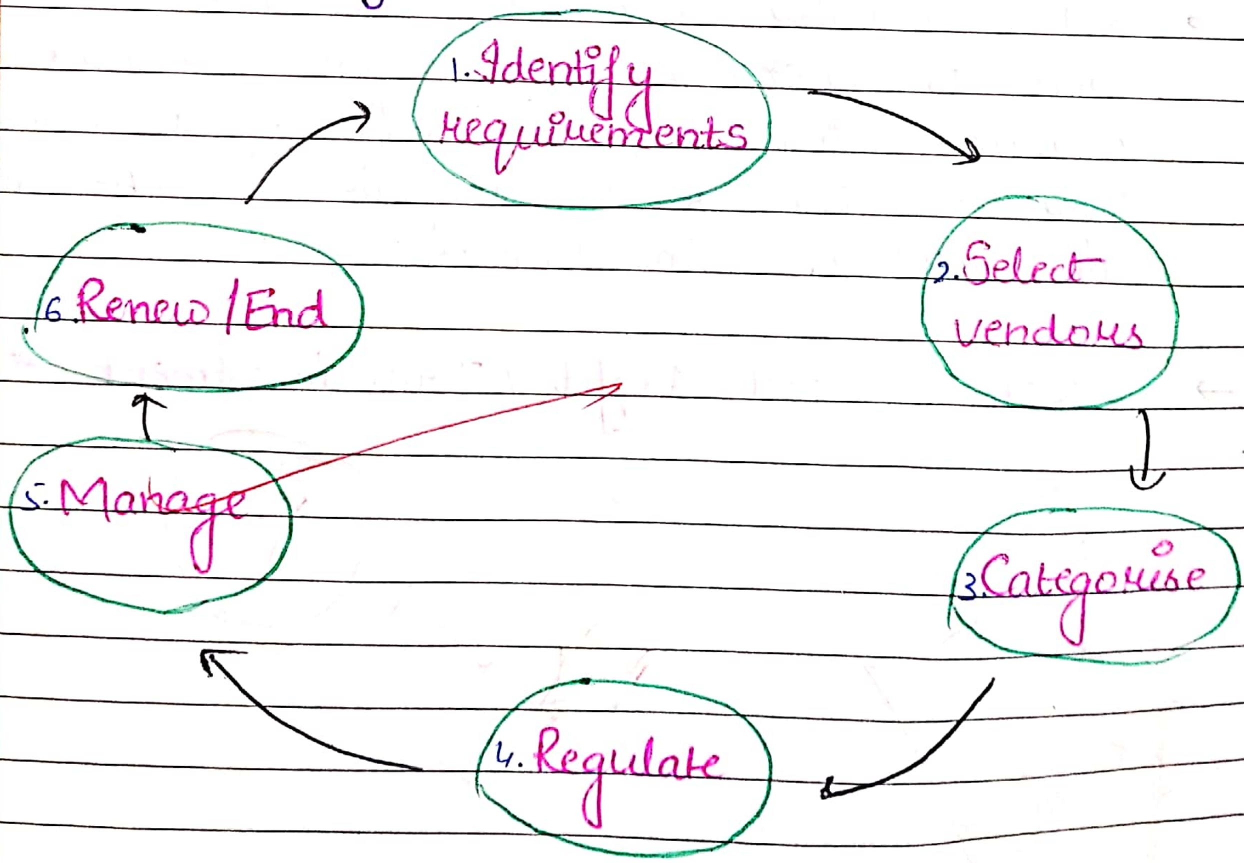
Vendor

- A vendor is an individual or company that sells goods or services to someone else in the economic production chain.

Vendor Coordination

- Vendor coordination is a complex process involving vendor selection and management. Selecting and working with the vendors who can provide the products and services needed for a project requires plenty of time and resources.

Vendor Management



Return on Investment

- Return on investment is a ratio between net profit and cost of investment. A high ROI means the investment's gains compare favorably to its costs.

- As a performance measure, ROI is used to evaluate the efficiency of an investment or to compare the effeciencies of several different investments.

- ROI measures the gain or loss generated on an investment relative to the amount of money invested.

- ROI is usually expressed as a percentage and is typically used for personal financial decisions, to compare a company's profitability or to compare the efficiency of different investments.

→ ROI = Net Profit / Total investment * 100

Well appreciated

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