Midterm Review

Matt Warner

one sided 2 sided parkets Know the difference between one sided and two sided markets.

Know the difference between owned, paid, and earned media, and ibound marketing

Netflix offered 1 million dollars to anyone who can improve their engine by 10 percent -

Key terms

Atoms to bits
switching costs. Same side and cross side (in social media) - same side is one group of people that grows with more people
cross side -

1   ptest

Which is not one of the four critical characteristics - resource based view of competitive advantage - scalable

Chapter 1

- Why study IS?
    - Business models and strategies have rapidly changed based on new and evolving technology.

- Hype Cycle
    - Understand and describe parts of hype cycle.
        - (1) Emerging innovation
            - A potential technology breakthrough kicks things off. Early proof-of-concept stories and media interest trigger significant publicity. Often no usable products exist and commercial viability is unproven.
        - (2) Peak of Inflated expectations
            - Early publicity produces a number of success stories - often accompanied by scores of failures. Some companines take action; most do not.
        - (3) Trough of disilusionment
            - Interest wanes as experiments and implementations fail to deliver. Producers of the technology shake out or fail. Investment cointinues only if the surviving providers improve their products to the statisfaction of early adopters.
        - (4) Slope of enlightenment
            - More instances of the technology's benefits start to crystallize and become more widely understood. Second - and third generation products appear from technology providers. More enterprises fund pilots; conservative companies remain cautious.
        - (5) Plateau of productivity
            - Mainstream adoption starts to take off. Criteria for assessing provider viability are more clearly defined. The technology's broad market applicability and relevance are clearly paying off. IF the technology has more than a niche market then it will continue to grow.
    - Impact of AI (High level)

Chapter 3

Understand and apply to examples

- Fast follower problem

    - When a company may not be the first to market with an innovation but seeks to benefit from observing and adapting what others have successfully done. In other words, its an organization that waits for a competitor to successfully innovate before imitating it with a similar product.
    - The Fast follower strategy relies on a company releasing an imitation product in rapid time to secure market share before the competition.
    - Tech can be copied quickly, so followers can indeed by fast.
    - Snapchat pioneered many of the photo and video sharing features such as "Stories" and augmented reality filters, but Facebook properties routinely mimic Snap features, implementing some in as little as four months. Snapchats growth tumbled 82 percent after Instagram Stories launched, and the firm posted a $2.2 billion loss in its first quarter as a public company.

- Four critical characteristics - resource based view of competitive advantage.

    - The strategic thinking approach suggesting that if a firm is to maintain sustainable competitve advantage, it must control an exploitable resource, or set of resources that have four critical characteristics:
        - Valuable
        - Rare
        - Imperfectly imitable
        - Nonsubstitable
    - Telecom firms began digging up the ground and laying webs of fiberglass to meet growing demands, but problems resulted as rivals were doing the exact same thing.
    - A technology called dense wave division multiplexing (DWDM) enabled existing fiber to carry more transmissions than ever before.
        - The end result - the new assests weren't rare, and each day they seemed to be less valuable.

- Five primary components of the value chain.

    - Inbound logistics
    - Operations
    - Outbound logistics
    - Marketing and sales
    - Support

- Porters 5 forces of competitive analysis.

    - Competitive Rivalry
    - Supplier Power
    - Buyer Power
    - Threat of substitution
    - Threat of New Entrants

Chapter 7

- Why do big firms fail?

  - Failure to see disruptive innovations as a threat.
    - Resources aren't dedicated to developing the potential technology
    - Firms don't nuture the needs of a new customer base.
  - Early customers for a disruptive techonolgy care about different features and attributes than incumbent customers.
    - A free call over a quality call.
    - Portable music over high-fidelity music

- Characteristics of Giant Killers?

- How are large firms combating challenges?

- McNamara Fallacy

  - Basing decisions based on past data and examples. This falls under four steps:
    - Measure what can be easily measured: Focusing on numbers that are readily available.
    - Disregard what can't be easily measured: Ignoring imporant aspects that are harder to quantify.
    - Assume what can't be easily measured is not important: Devaluing qualitative elements.
    - Assume what can't be measured doesn't exist: Completely dismissing factors that are difficult to quantify.

- Apply concepts to how Amazon and Netflix grew and continue to grow (chapter 5 8)

Chapter 10

- Impact and characteristics of network effects

  - When the value of a product or service increases as its number of users expands.

    - Also referred to as "network externalities" or "Metcalfe's Law."
    - Most products are not subject to network effects.
    - Presence of network effects are among the most important reasons you'll pick one product or service over another.

- One sided vs two sided markets

  - **One sided market** - Market that derives most of its value from a single class of users.

    - Example of this kind of network is messaging. Value-creating, positive-feedback loop of network effects come mostly from a single group.
    - **same side exchange benefits**: Benefits derived by interaction among members of a single class of participant.

  - **Two-sided market** - Network markets comprised of two distint categories of participant, both of which are needed to deliver value for the network to function.

    - An example of this kind of network is video games. Also mobile payment: the more people who use a given payment platform, the more attractive that platform will be to storefronts and other businesses. If more businesses accept these forms of mobile payment, then this in turn should attract more customers (and so on).
    - **cross-side exchange benefit**: An increase in the number of users on one side of the market, creating a rise in the other side.

  - **A network may have both same-side and cross-side benefits - Xbox:**

    - Cross-side benefits - more users of that console attract more developers writing more software titles and vice versa.
    - Same-side benefits - Xbox Live network allows users to play against each other.

- Recognize when network effects are present

Chapter 11

- Understand and identify Owned, Paid, and Earned Media, and Inbound Marketing

  - **Owned**: Communication channels that an organization controls. These can include firm-run blogs and websites, any firm-distributed corporate mobile website or app, and organization accounts on social media such as Twitter, Facebook, Pinterest, YouTube, and Instagram. (visit the starbucks website? That's media owned by starbucks)

  - **Paid**: Refers to efforts where an organization pays to leverage a channel or promote a message. Paid media efforts include things such as advertisement and sponsorships. (See a starbucks ad online? Thats paid media).

  - **Earned**: Promotions that are not paid for or owned but rather grow organically from customer efforts or other favorable publicity. Social media can be a key driver of earned media (think positive tweets on tiktok or instagram, referring facebook posts, and pins on pinterest)

  - **inbound marketing**: Refers to leveraging online channels to draw consumers to the firm with compelling content rather than conventional forms of promotion such as advertising, e-mail marketing, traditional mailings, and sales calls.

- Impact of Social media in business

  - Enhanced Brand Visibilty
  - Direct Customer Engagement
  - Cost-Effective Marketing
  - Data-Driven Insights
  - Influencer Marketing
  - User-Generated Content
  - Global Reach and Accessibility
  - Rapid Product Feedback and market Research
  - Sales and Lead Generations
  - Crisis Management and Reputation Building

- Crowdsourcing

  - The act of taking a job traditionally performed by a designated agent and outsourcing it to an undefined generally large group of people in the form of an open call.

  - Example: Goldcorp offered up all their data and offered prize money for the best ideas. In a few years, the firm grew into a $9 billion titan.

  - Example: Waze used crowdsourcing to build a better map. Bought by google for $1 billion.

- Understand why companies are building Social media team

12

- Understand what a sharing economy is
  - A sharing economy is essentially a peer-to-peer model of business that allows consumers to share in the creation or use of products, and services. Often taking place across digital platforms, thus it is very much facilitated by technology.
  - Product owners become providers of rentals.
    - Rooms (Airbnb)
    - Cars (turo)
    - Boats (Boatsetter, GetMyBoat)
  - New class of micro-entrepreneurs providing personal services
    - Car rides (Uber, Lyft)
    - Pet sitting (Rover, Wag!)
    - Meal prep (Feastly)
    - Home services (Care.com, Angies list, Handy)
- Understand risk and reward in a sharing economy to:
  - Suppliers
    * **Benefits**
      - Flexibilty
      - Income
      - Low barrier to entry
    * **Risks**
      - Job security
      - Income not steady
      - Liabilty/upkeep
      - Local laws
  - Companies
    - **Benefits**
      - Scalability
      - Cost efficiency
      - Global Reach
      - Flexibility
    - **Risks**
      - Regulatory Challenges
      - Reputation Management
      - Worker Retention
      - Data security
  - Customer
    - **Benefits**

- - - Convenience
      - Variety
      - Lower costs
    - **Risks**
      - Saftey
      - Data Privacy
      - Inconsistent quality
  - Investors
    - **Benefits**
      - High upside
      - Low capitol
      - Disruptive
    - **Risks**
      - Market saturation
      - Regulatory issues
      - Dependence on trust
- What helped drive the sharing economy?
  - Cloud Computing
    * On-demand scaling
    * Global operations/reach
    * Data management for millions of users
    * On-demand cost - pay as you go
  - Mobile devices
  - ML and analytics
  - Dynamic pricing
  - Personal experience
  - Cashless
  - Real time information

Chapter 13

- What is a social graph?

    - A social graph represents the relationships between people (and entities) in a network. It is a foundational concept in social media, business, and data analysis.
    - Nodes represent individuals or entities in a network.
    - Edges are the lines between nodes that represent relationships, such as friendships or transactions.

- How does it differ from interest graph?

    - A interest graph focuses on mapping connections based on shared interests or behaviors, regardless of personal relationships.
    - Nodes represent users, topics, or pieces of content (e.g., articles, videos, posts) that users interact with or follow .
    - Edges Represent the relationship between users and the interests or content they engage with.

- Key features of a social graph?

It overview

- Shadow IT

    ◦ When a business team bypasses IT, creating security risks.
    ◦ Unauthorized tools and applications used by business teams.
    ◦ IT loses control over security and system integration.

- Identify differences in approach between IT and other business functions.

    ◦ It focuses on routine tasks (maintenance, security).
    ◦ It: Long-term system stability, security, scalability.
    ◦ Business: Fast time-to-market, short-term gains.

- Match key functions of IT with the functions they perform.

    ◦ **Managing and Storing Data across Systems**
    ◦ **Cybersecurity and Risk Management**
    ◦ **Software Development and Maintenance**
    ◦ **Networking and Connectivity**
    ◦ **User Support and Helpdesk**
    ◦ **IT Governance and Compliance**
    ◦ **Project Management and IT Alignment**
    ◦ **Vendor and Third-Party Management**

Speed of trust

- 4 areas of trust and why they are important

    ○ Integrity: Acting with honesty and congruence.
    ○ Inten: Aligning motives and behavior
    ○ Capabilities: Having the skills and knowledge
    ○ Results: Achieving outcomes and keeping promises.

- 5 topics built on pyramid (5 dysfunctions of a team) impact of doing well and not doing well.

    ○ Lack of Results
    ○ Avoidance of Accountability
    ○ Lack of Commitment
    ○ Fear of Conflic Conflict
    ○ Absence of Trust

- Impact on IT and Business.