**Information systems in organizations** is the study of the integration of two major areas of study: business and systems. **Business,** for our purposes in this course, includes organizations that are for profit, not for profit, and governments, and they can be of any size or shape. We will deal with formal organizations as opposed to ad hoc organizations, which are temporary in nature and have a limited scope and objective.

Before we begin our analysis of the specifics of these businesses, it is important that we understand that all of us, including the businesses that we will discuss, are part of the world we live in, and that affects our lives and the strategies of all businesses. Jim Carroll, a futurist, did a webcast for SAP (Systems Applications and Products), a major software supplier, in which he defines the current world environment and how it affects people and business and the resulting systems activity. It will place this course and module in proper perspective. We will watch the first part of the webcast, which is approximately 14 minutes long, but very interesting and enjoyable.

View SAP's Jim Carroll webcast before continuing, or you may read a transcript. (**Note:** The transcript is from a different version of Carroll's presentation, but it addresses the same concepts.)
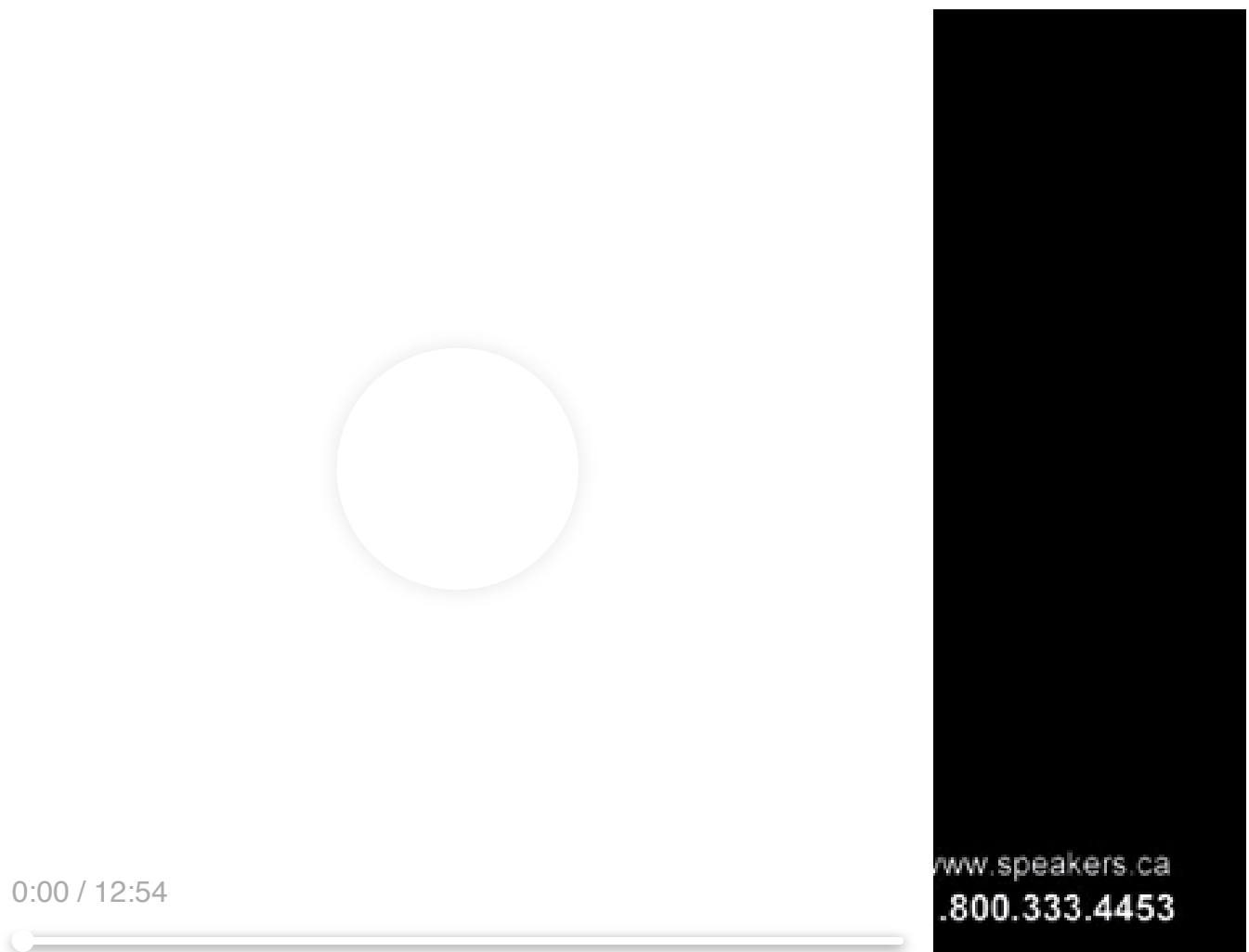
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The two major areas of business that we will focus on are people and organization, although all aspects of business will be involved. **People** include those employed at the business as well as people outside—customers, suppliers, contractors (those who are directly involved in the business), and others who are indirectly involved in the business and whose actions or activities can affect the business. It is important to note that "65% of children in preschool will be employed in roles and jobs that don't exist today [Australia's Innovation Council chairman]" (Carroll, 2007). The **organization** is the physical structure of the business and how systems and people integrate into that organization. **Systems** are business processes and computer systems used in the business.

The factors discussed in this module will help you understand and define the systems needed to support any business. Focusing on a company's systems without first understanding its **business model**, the fundamentals of its **business type** (manufacturing, construction, finance, distribution, service, government, and so on), and its **strategy** can lead a person to formulate technology

"solutions" that ineffectively support the business and its objectives. Information systems are only tools that are used to support a business; therefore, if the tools are not aligned with business requirements, resources (time, money, and people) may be wasted, triggering an undesirable outcome.

To begin, you must understand the factors that help define the many different business models you may encounter and how these factors may influence your organization and its systems needs. To help you with this, we will describe and explain an **organization model**.

Once you understand the organization model, you must also learn to recognize the competitive forces that influence business strategy and, therefore, systems strategy. Rapid changes in both technology and the business environment are having more and more influence on business strategy. Later in this module, we will examine a **competitive forces model** that will clarify many of these considerations.

The next area that we will study is the "scorecard" that organizations use to determine if they are winning or losing in comparison with their objectives and their competition. Regardless of an organization's objective or type, the score is kept in terms of money; therefore, it is crucial to understand how these scorecards are calculated—**financial performance analysis.** We will also examine nonprofits and governments. Although these organizations do not strive to make a profit, they must nevertheless maintain scorecards to ensure that they have sufficient financial resources to achieve their objectives and guarantee their survival and growth.

We will end this module with a discussion of the **value chain concept**, which highlights specific business activities in which competitive strategies can best be applied (Laudon & Laudon, 2006) and in which information systems are most likely to have a specific benefit, or value added.