Chapter 3 Review Questions

**1. According to Kargaarld, what is the “cheap revolution”?**

The cheap revolution is this phenomenon were CIO are shifting from buying expensive proprietary hardware to cheap generic, i.e. Google servers run on cheap servers and when one breaks its replaced for a new one instead of being repaired, other aspects of this cheap revolution are labor outsourcing, the use of free-open source software instead of expensive proprietary products, and the use of VoIP to cut telecommunications costs.

**2. Why does Brian Arthur compare the British railway and canal revolutions with today’s information revolution?**

Because just like in the railway revolution the new technology saw a great connecting of commerce and the coming of steam power, and the same happens in this revolution which started with the microprocessor and brings us the age of digital of everything, the web, and interconnected commerce.

**3. According to Michael Porter, what is the only way to sustain advantage through the internet?**

It’s to create a distinct value chain that offers unique value, and this chain must be highly integrated, so the potential competitors must replicate the entire system to duplicate the value proposition. He also recommends using the internet to complement business strategy and not to replace it.

**4. According to Carr, why does use of IT no longer matter strategically? How should the management of IT change?**

Such technology only can create a strategic advantage only at the beginning of its life cycle, when technology is expensive and risky, and now that it has reached the end of its buildout, it has become a commodity and investing in commodity technologies cannot provide such differentiation. Management of IT should change from offense to defense and focus on three areas: Manage the risk, keep costs down, and stay behind the technology leaders.

**5. According to Cairncross, what is the challenge for corporate management of widely dispersed enterprises?**

The challenge is maintaining cohesion, with so many employees working out of their home, cars, hotels rooms, airports, or costumer sites, it is important to create a sense of belonging.

**6. What is an experience curve? Give examples**

Using IT as the basis for a product or service can be viewed as moving up a series of experiences curves. The Shipping industry is a good example; at the beginning the original industry was trucking, then when Ups based its business on LTL( less than trucks) shipping a new package delivery experience was born, then when FedEx capitalized its functions on tracking and overnight delivery the new overnight delivery experience was born, next when companies outsource their inventory and distribution service to FedEx and other companies a new Advanced Logistic experience was born, afterward when these companies extended beyond logistics by having the global reach and local presence in far flung locations a new Supply-chain management experience was born, and most recently the use of GPS to track in real time the location of a product has created a latest curve: the Global Positioning experience.

**7. How has the internet changed consumer expectations?**

With the use of the internet consumer expectation has grown, they now expect services to be fast (on-demand), they also expect personalization, gratification, and convenience.

**8. According to Cairncross, what is the shift taking place today in running a company?**

The shift is taking place form running a company to keeping costumers happy, this shift is having a profound effect on company structure and offerings.

**9. According to Terence Channon, why does Elance feel like a community?**

It feels like a community because everything is very open, you can see who is bidding on a job, the work they’ve done, how they responded to a posting, even who won a bid. You form relationships with clients, employers, other bidder, and people-at-large.

**10. What is the next big management challenge, according to Michael Hammer? Who will be winners?**

The next big management challenge is streamlining processes that span across company boundaries. The winners will be those that change their processes to mesh with others they deal with so that they have chains of activities performed by different organizations.

**11. How do General Mills and Land O’ Lakes cooperate?**

They combine their deliveries on General Mills trucks, Land O’ Lakes ships its butter to General Mills warehouse and they deliver making a better use of General Mills trucks. This result in higher supermarket satisfaction, they are also planning on integrating order-taking and billing processes.

**12. Explain loose, close, and tight relationships.**

- Loose relationship provides ad hoc and limited access to internal information, business processes remain distinct and requires little risk and costs.

- Close relationship: Two parties exchange information in a formal manner; more incentives and thus impetus to ensure success, has moderate risk (sharing confidentialities) and costs.

- Tight relationship: Two parties share at least one business process; business critical, has high risk and costs (requires integration), and boundaries become blurred

**13. According to SLBG, what are the prerequisites for it to implement SBT with a retailer?**

First, to deal with major points of contention, second, retailers must have an SBT executive sponsor, third, assign a point person, fourth, to plan the relationship, fifth create an as-is process map of how its process currently works and a to-be process map of how it will work in the future, sixth SBLG only works with retailers that have invested in achieving almost 100 percent accuracy in their point-of-sale system, and seventh prices must be synchronized with retailer first.

**14. What is a demand-pull value chain? How does Dell exemplify this concept?**

It’s the reverse of the supply-push; the demand-pull value chain is where a customer’s order triggers creation of the customized product or service the customer has defined, therefore the chain of events is reversed from running a company to keeping the customer satisfied. Dell exemplifies this with the ability of its customer to customize their orders and depending on that dell provides the order to its suppliers, a perfect example of demand-pull value chain.

**15. Identify three potential applications of mobile computing, Highlight the benefits and identify the challenges.**

Communication apps, remote control apps, business apps

Some benefits of mobile computing are mobility, improve decision making, increased productivity and reduced cost and improved customer relations. And some challenges are security, loss of connectivity, and compatibility.