Chapter 2 Review Questions

**1) Describe the five waves of innovation from Primozic and colleagues.**

Wave 1, Reducing Cost: Began in 1960s and the main purpose was to save money by automating manual processes.

Wave2, Leveraging investments: Began in 1970s, it also focused on saving money but it did by making more effective use of corporate assets to increase profitability.

Wave 3, Enhancing products and services: began in 1980s and this time the attention was shifted to use IT to produce revenue, this was made by using IT to improve functions like customer service.

Wave 4, Enhancing executive decision making: Began on the late 1980s and it focused on changing the fundamental structure of the organization as well as creating real-time business management systems.

Wave 5, Reaching the consumer: Began in the 1990s when IT began to be used to communicate directly with consumers, this wave changed the rules of competition and restructured their industry by creating new businesses using the Internet, e-commerce, and now wireless technologies.

**2) Describe the three ways American Airlines is reaching the consumer.**

1. Internet, They were the first company to create a website, giving consumer the option to purchase tickets online.

2. AAdvantage, this was frequent flyer program that gave points to consumers each time they flew with AA and they redeem those points for free trips.

3. NetSAAver, This service sent consumers an email containing the “the special of the week” (empty seats on flights during the upcoming weekend)

**3) According to Cox, what are the four areas that make up the overall responsibility of the IS function?**

1. Operations of IT infrastructure

2. Development and maintenance

3. Digital convergence and integration

4. Search for innovative business idea and systems requirements

**4) What are the two major roles IS departments are likely to play in the future, according to Cox?**

1. Becoming the broker between technical service providers and business units.

2. Development and management of the IT architecture for the enterprise.

**5) What is IS Lite?**

IS Lite is called to moving of IS’s work to outsources and knowledgeable users.

**6) What are the three IT eras and what has been the CIO’s job in each, according to Ross and Feeny?**

1. Mainframe Era: Deliver software applications on time and within budget, and make sure that they run reliably.

2. Distributed Era:

Organizational designer – make IS organization responsive to the business

Technology adviser – Align business and IS by educating business management on IT opportunities and helping the business solve their problems.

Technology architect – Understand future capabilities design the IT architecture for the entire enterprise, and the sell the business on adopting the appropriate technical standards.

Informed buyer – Draw on external resources by offloading work to them to leverage internal IS resources.

3. Web Era: Business visionary, need to believe and then convince others that the Internet will lead to new business models, key role is to help the business leverage the Internet.

**7) What are seven ways to understand business?**

1. Encourage project teams to study the marketplace

2. Concentrate on lines of business

3. Sponsor weekly briefings

4. Attend industry meetings with line executives

5. Read Industry publications

6. Hold informal listening Sessions

7. Partner with a line executive

**8) How is John Leggate selling his Digital Business vision within BP?**

By keeping up with the latest technology and moving processes and systems to the web and simplifying both at the same time.

**9) Describe the needs of champions**

Information: need facts and expertise like cost, risk of operation for persuading other that the technology will work

Resources: such as hardware and software which can be loaned to them free of charge or provided in some other way

Support: IS management can assist a champion win endorsement of upper management by helping to create plans for introducing new technology, IS department can assist by contacting vendors and choosing an appropriate implementation approach

**10) How does the corporate technology planning group foster experimentation within Aetna?**

They Sought out Business Champions: They held workshops on specific technologies, published one-page issue papers describing certain technologies, and talked to people in a wide number of functions.

They Studied Pilot Projects: They did systematic research during the pilot using before-and-after questionnaires to measure how attitudes changed

They Established Steering Committees: They sometimes held a one-day magnet session to find champions

**11) What is IT governance and why has it become important?**

It is the assignment of decision rights and the accountability framework to encourage desirable behavior in the use of IT. And it has become important because IT expenditures have become so large and so diverse that management has had to find a way to bring order to all decision making.

**12) What is an IT Principle? Give an example**

It is a high level statement about how IT will be used to create business value, an example is that IT purchasing from major vendors must be centrally coordinated to minimize costs and ensure consistency

**13) According to Farrell, what three conditions of IT investments yielded the greatest productivity increases in industries dependent on IT and that faced growing competition?**

1. The IT investments targeted the main levers of productivity

2. The IT investments were made in the right sequence and at the right time

3. The IT investments were complemented with innovations in management practices

14) What are five lessons Sy Aslan has learned from his work on portfolio prioritization?

1. Realize that benefits come more from the Discussion than the Prioritizations

2. Put projects into categories where they are comparable

3. Address projects risks

4. Prioritize Quarterly and apportion your budget accordingly

5. Be consistent

**15) Describe the three kinds of people involved in change management, as described by ODR. Compare ODR approach with other approaches that you are aware of.**

1. The sponsor: the person of group that legitimizes the change, in most cases contain someone in top management who is highly respected

2. The Change Agent: the person or group who causes the change to happen, they are often the IS staff

3. The target: The person or group who is being expected to change at whom the change is aimed

I don’t know of any other approaches but I know that in many place they have a person from the target group as a leader which is trained to resolved issues or answer doubts of the target group therefore avoiding the change agent to do that job

**16) What is CIO Martin’s role these days at Rexam Beverage Can Americas with respect to customers?**

He spends a lot of time giving presentation to stakeholders demonstrating the value of online ordering using the internet and interlinking systems; he focus on strategy and getting the company’s external relationships under control, he also visit costumers and tell them about what Rexam is doing in important areas and the potential benefits to the costumers, he basically translate Rexam system solutions to the customers business problems