

7.7: Study Questions

? Study Question 7.7.1

List the five forces in Porter's Competitive forces model.

Answer

The five forces in Porter's Competitive Forces model are: threat of new entrants, threat of substitute products or services, bargaining power of suppliers, bargaining power of customers, and position among current contestants.

? Study Question 7.7.2

What does it mean for a business to have a competitive advantage?

Answer

A company has a competitive advantage when it can generate greater profits than the industry average over a sustained period.

? Study Question 7.7.3

What are the primary activities and support activities of the value chain?

Answer

The primary activities are inbound logistics, operations, outbound logistics, marketing & sales, and service. The support activities are procurement, human resource management, technological development, and firm infrastructure.

? Study Question 7.7.4

What has been the overall impact of the Internet on industry profitability? Who has been the true winner.

Answer

The Internet has increased competition and lowered profitability overall by making it easier for new entrants and suppliers. The true winners from the Internet are consumers, who have greater choice and lower prices.

? Study Question 7.7.5

List two examples of how Amazon.com used Porter's five forces model to gain a competitive advantage.

Answer

Amazon reduced supplier power by allowing easy comparison of alternative vendors on its marketplace. It increased threat of substitution with digital media like ebooks.

? Study Question 7.7.6

Give an example of how the internet impacted Barnes and Noble's online(bn.com) profitability.

Answer

The Internet enabled new online entrants like Amazon to compete directly with bn.com, limiting its profitability. Digital books also became a threat of substitution.

? Study Question 7.7.7

List and Compare the different information systems. How are they the same? How are they better?

Answer

TPS automates transactions, DSS analyzes data for decisions, ESS provides strategic information to executives for complex data-driven decisions. They enable operations, tactical management, and strategy development.

? Study Question 7.7.8

Give an example of a semi-structured decision and explain what inputs would be necessary to make the decision.

Answer

Pricing holiday merchandise requires analyzing past sales data, demand forecasts, and competitor pricing, but also manager judgment based on experience.

? Study Question 7.7.9

What does a collaborative information system do?

Answer

It allows workers to communicate, share information, coordinate, and make decisions collectively through tools like shared documents, video conferencing, and shared workspaces.

? Study Question 7.7.10

How can IT play a role in competitive advantage, according to the 2008 article by Brynjolfsson and McAfee?

Answer

IT can provide competitive advantage through process innovations if applied strategically, but it requires good management and implementation. IT tends to amplify differences between companies.

? Study Question 7.7.11

What is the productivity paradox and how did the perception around it change over time?

Answer

The productivity paradox refers to the observation that as investment in IT increased, productivity decreased or remained stagnant. Later research found that IT can positively impact businesses in less tangible ways that are difficult to quantify.

? Study Question 7.7.12

How does Business Process Management (BPM) software provide a competitive advantage?

Answer

BPM helps companies optimize workflows and business processes. This improves efficiency, lowers costs, and enhances customer service.

? Study Question 7.7.13

What are some examples of collaborative systems used in business?

Answer

Examples of collaborative systems include shared documents, cloud-based services like Google Drive, video conferencing tools like Zoom, and enterprise social networks.

? Study Question 7.7.14

How can artificial intelligence provide business value?

Answer

AI can provide insights from data, personalized recommendations, more natural interfaces, automation of tasks, and improvements in areas like security.

? Study Question 7.7.15

15. What are some differences between a transaction processing system (TPS) and a decision support system (DSS)?

Answer

A TPS automates structured routine transactions while a DSS helps analyze data to support semi-structured management decisions.

Exercises

1. Discuss the idea that an information system by itself can rarely provide a sustainable competitive advantage.
2. Review the [Zoom](#) website. What features of Zoom would contribute to good collaboration? What makes Zoom a better collaboration tool than something like Skype or Google Hangouts?
3. Think of a semi-structured decision that you make in your daily life and build your own DSS using a spreadsheet to help you make that decision.
4. Give an example of AI that you see used in your daily life. Describe one way it can be improved or combined with another information system to gain an advantage.
5. What is an example of a business process you interact with regularly that could be improved through automation? How would technology streamline this process?
6. Think of a key business decision you recently made. What type of information system (TPS, DSS, ESS) would have helped you make that decision? Why?
7. What daily tasks could you automate using a personal TPS? How would this save you time and effort?
8. What collaborative tool would make you more productive working on a group project? How specifically would it help?
9. What data could you analyze with a personal DSS to help make better financial decisions?
10. Pick an industry and analyze it using Porter's Five Forces model. What does this reveal about competition levels and profit potential?

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