

Chapter 1: Doing Business in Digital Times

Test Bank

Multiple Choice

1. Food manufacturers must be able to trace all ingredients _____ in case of contamination or recall.
 - a. Along their supply chain
 - b. In processed products they sell
 - c. Imported from outside North America
 - d. In perishable food they export

Answer: A

Difficulty: Medium

Section Reference: Chapter Snapshot and Opening Case

Learning Objective: Provide a real-world example of doing business in digital times.

AACSB: Use of information technology

2. _____ are data visualizations that display the current status of key performance indicators in easy-to-understand formats:
 - a. Predictions
 - b. Dashboards
 - c. Digital models
 - d. Real-time reports

Answer: B

Difficulty: Easy

Section Reference: Chapter Snapshot and Opening Case

Learning Objective: Provide a real-world example of doing business in digital times.

AACSB: Use of information technology

3. A top concern of well-established corporations, global financial institutions, born-on-the-Web retailers, and government agencies is how to design their digital business models in order to do all of the following, except:
 - a. Deliver an incredible customer experience
 - b. Improve profitability
 - c. Implement cloud computing
 - d. Increase market share

Answer: C

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Analytic skills

4. Forrester research repeatedly confirms there is a strong relationship between the quality of a firm's _____, which in turn increases revenue.
- a. Mobile apps and business transactions
 - b. IoT capabilities and KPIs
 - c. Business model and marketing efforts
 - d. Customer experience and loyalty

Answer: D

Difficulty: Hard

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

5. Enterprises can acquire the latest business apps and digital services as they are needed and without large upfront investments by switching from owning IT resources to _____.
- a. cloud computing
 - b. private data centers
 - c. data synchronization
 - d. machine-to-machine technology

Answer: A

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

6. Amazon Elastic Compute Cloud, known as EC2, eliminates the need to invest in hardware up front, so companies can develop and deploy applications faster. EC2 reduces the time it takes to acquire server space from _____.
- a. weeks to minutes
 - b. weeks to days
 - c. months to weeks
 - d. months to days

Answer: A

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

7. Machine-to-machine (M2M) technology enables sensor-embedded products to share reliable real-time data _____.
- a. over short distances
 - b. via radio signals
 - c. using cloud services
 - d. via databases

Answer: B

Difficulty: Hard

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Reflective thinking skills

8. An estimated _____ % of big data are unstructured.
- a. 25
 - b. 33
 - c. 50
 - d. 80

Answer: D

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Reflective thinking skills

9. The field of _____ involves managing and analyzing massive sets of data for purposes such as target marketing, trend analysis, and the creation of individually tailored products and services.
- a. Data science
 - b. Cloud computing
 - c. Machine-to-machine technology
 - d. Business models

Answer: A

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Reflective thinking skills

10. All of the following are examples of the influence of social, mobile, and cloud technologies *except* _____.

- a. Connections and feedback via social networks have changed the balance of influence.
- b. Customers expect to use location-aware services, apps, alerts, social networks, and the latest digital capabilities at work and outside work.
- c. Customer loyalty and revenue growth depend on a business' ability to offer unique customer experiences that wow customers more than competitors can.
- d. Consumers are less likely to trust tweets from ordinary people than recommendations made by celebrity endorsements.

Answer: D

Difficulty: Hard

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Reflective thinking skills

11. Zipcar has pioneered the *car rental by the hour* business model. What technology enables Zipcar to lease cars for short time spans to registered members?

- a. Social networks
- b. Mobiles
- c. Sensors
- d. Wearables

Answer: C

Difficulty: Hard

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Reflective thinking skills

12. Which if the following is not an example of the Internet of Things is being used by businesses?
- a. A network of ground sensors that allow agricultural operations to adjust the amount of fertilizer and water applied to specific field locations.
 - b. Sensors in shoppers club cards that make it possible for retailers to offer discounts or promotions to consumers at the point of sale.
 - c. Sensors in rental cars that allow companies to base rates on the driving behavior of their customers
 - d. Sensors on packages of cereal, pasta, soup or other food products made for children that allow companies to determine young consumer's satisfaction with the nutritional value of the product.

Answer: D

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

13. Examples of _____ that can be facilitated by digital technologies are credit approval, opening a new account, order fulfillment, and shipping a product.
- a. Strategic activities
 - b. Business processes
 - c. Planning activities
 - d. Competitive advantages

Answer: B

Difficulty: Hard

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

14. The goal of _____ is to eliminate unnecessary non-value added processes, then to simplify and automate the remaining processes to reduce cycle time, labor, and costs.

- a. Strategic planning
- b. Business process reengineering
- c. Real-time information systems
- d. Business Intelligence

Answer: B

Difficulty: Easy

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

15. All functions and departments in the enterprise have tasks that they need to complete to produce outputs or _____ in order to meet their _____.

- a. deliverables; objectives
- b. business processes; budgets
- c. milestones; deliverables
- d. processes; business model

Answer: A

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

16. AutoTrader redesigned its legacy order fulfillment process in order _____

- a. To process hundreds of orders and contracts each month
- b. To document how tasks were performed
- c. To reduce cycle time
- d. To move processing to the cloud

Answer: C

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

17. What are the basic components of business processes?

- a. Inputs and outputs

- b. Data, knowledge, and activities
- c. People, technology, and outputs
- d. Inputs, activities, and deliverables

Answer: D

Difficulty: Hard

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

18. Routine formal processes are referred to as _____.

- a. cross-functional processes
- b. standard operating procedures
- c. business tasks
- d. standardized transactions

Answer: B

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

19. Applying IT to a manual or outdated process will _____:

- a. Minimize cycle time
- b. Not optimize the process
- c. Eliminate wasted steps
- d. Improve the outputs

Answer: B

Difficulty: Hard

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

20. Which of the following is not a goal of business process reengineering?

- a. eliminate unnecessary or non-value-added processes
- b. simplify and automate remaining processes

- c. reduce cycle time, labor, and costs
- d. increase innovation

Answer: D

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

21. BPR is part of the larger discipline of _____, which consists of methods, tools, and technology to support and continuously improve business processes.

- a. business process management
- b. cycle time reduction
- c. business model optimization
- d. standard operating procedures

Answer: A

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

22. In order to be successful, BPM requires all of the following *except* _____.

- a. buy-in from a broad cross section of the business
- b. software to map processes that are performed manually
- c. the right technology
- d. highly effective change management processes

Answer: B

Difficulty: Hard

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Reflective thinking skills

23. _____ means being able to respond quickly in order to take advantage of opportunities faster or better than competitors.

- a. agility

- b. flexibility
- c. responsive
- d. IT consumerization

Answer: A

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

24. _____ means having the ability to quickly integrate new business functions or to easily reconfigure software or apps.

- a. agility
- b. flexibility
- c. responsive
- d. IT consumerization

Answer: B

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

25. _____ means that IT capacity can be easily scaled up or down as needed, which essentially requires cloud computing.

- a. agility
- b. flexibility
- c. responsiveness
- d. IT consumerization

Answer: C

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

26. _____ is the migration of privately-owned mobile devices into enterprise IT environments.

- a. agility
- b. flexibility
- c. responsiveness
- d. IT consumerization

Answer: D

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

27. Two key components of corporate profitability are _____ and _____.

- a. SWOT; strategic planning
- b. Employee performance; technology
- c. Industry structure; competitive advantage
- d. Agility; commodities

Answer: C

Difficulty: Hard

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

28. _____ is the scanning and review of the political, social, economic, and technical environments of an organization.

- a. Business Intelligence
- b. Strategy
- c. SWOT
- d. Strategic analysis

Answer: D

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

29. IT agility, flexibility, and mobility are tightly interrelated and primarily dependent on:

- a. An organization's IT infrastructure and architecture
- b. The IT division's strategic hiring and training practices
- c. IT's integration with production and accounting units
- d. Strategic alignment between IT budget and company mission statement

Answer: A

Difficulty: Hard

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

30. Matt is using his own tablet for work purposes, which is an example of a trend called _____.

- a. Mixed use IT
- b. Employer IT cost shifting
- c. IT consumerization
- d. BYOM

Answer: C

Difficulty: Easy

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

31. Using a combination of mobile and database technology, Pizza House keeps records of the pizza preferences of all its customers. When Sam orders from Pizza House, he only says "send me the usual" when he calls in his order; and hangs up. Accessing the database, the Pizza House worker knows his address, his usual order, and what credit card to bill. The streamlined ordering and fulfillment efficiency give the Pizza House _____.

- a. A strategic plan
- b. A strategic model
- c. A competitive advantage
- d. A sustainably business edge

Answer: C

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

32. IT functions that do not provide a competitive advantage, such as computers, databases, and network services are examples of _____.

- a. commodities
- b. specialties
- c. niche functions
- d. apps

Answer: A

Difficulty: Easy

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

33. SWOT Analysis involves analyzing a company's competitive situation on each of the following factors *except*:

- a. Strengths
- b. Weakness
- c. Opportunities
- d. Technology

Answer: D

Difficulty: Easy

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

34. Price wars or other fierce reactions by competitors are examples of:

- a. Strengths
- b. Weaknesses
- c. Opportunities
- d. Threats

Answer: D

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

35. The _____ process is designed to provide answers to the following types of questions:

- What is the long-term direction of our business?
 - What is the overall plan for deploying our resources?
 - How do we achieve competitive advantage over rivals in order to achieve or maximize profitability?
- a. Enterprise resource planning
 - b. Profit margin analysis
 - c. Strategic planning
 - d. Market research

Answer: C

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

36. According to the business strategy model developed by Harvard University Business professor Michael Porter's, an industry's profit potential is largely determined by _____.

- a. The intensity of competitive forces within the industry
- b. Availability of necessary resources to produce the product/service
- c. Technological proficiency of companies in the industry
- d. Availability of skilled and unskilled labor

Answer: A

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

37. According to the Five Forces Model developed by Harvard University Business professor Michael Porter, all of the following are major factors that determine a company's standing in an industry, except:

- a. Threat of entry of new competitors
- b. Political and/or economic factors
- c. Bargaining power of suppliers
- d. Threat of substitute products/services

Answer: B

Difficulty: Hard

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

38. According to the Five Forces Model developed by Harvard University Business professor Michael Porter, all of the following are major factors that determine a company's standing in an industry, except:

- a. Competitive rivalry among firms existing in the industry
- b. Bargaining power of suppliers
- c. Bargaining power of customers or buyers
- d. Technological (IT) superiority

Answer: D

Difficulty: Hard

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

39. Harvard University Business professor Michael Porter proposed that companies could follow one of three different competitive strategies. Which of the following is not one of Porter's recommended strategies?

- a. Low price strategy
- b. Cost leadership strategy
- c. Differentiation strategy
- d. Niche strategies

Answer: A

Difficulty: Hard

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

40. Primary activities are those business activities through which a company produces goods, thus creating value for which customers are willing to pay. They include all of the following except:

- a. Inbound logistics, or acquiring and receiving of raw materials and other inputs
- b. Human Resources, including hiring, compensation and negotiating labor disputes
- c. Outbound logistics, which includes packaging, storage, delivery, and distribution
- d. Marketing and sales to customers

Answer: B

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

41. iTunes was a significant breakthrough that forever changed the music industry and the first representation of Apple's _____.

- a. IT consumerization
- b. Sustainable competitive advantage
- c. Incompatibility with Windows
- d. future outside its traditional computing product line

Answer: D

Difficulty: Hard

Section Reference: Enterprise Technology Trends

Learning Objective: Describe enterprise technology trends and explain how they influence strategy and operations.

AACSB: Use of information technology

42. Which of the following is not one of the IT directions or trends for the late 2010s?

- a. Financial industry faces less regulation of communicating with customers via social media
- b. Transition away from the traditional *desktop and documents era* and toward business apps in the cloud
- c. Customers who are more socially engaged and intolerant of delays
- d. More NFC applications in products and services

Answer: A

Difficulty: Medium

Section Reference: Enterprise Technology Trends

Learning Objective: Describe enterprise technology trends and explain how they influence strategy and operations.

AACSB: Dynamics of the global economy

43. IT job growth is estimated at _____ by 2018, according to the U.S. Department of Labor; and salaries in many IT jobs will increase by up to 6%.

- a. 10%
- b. 25%
- c. 33%
- d. Over 50%

Answer: D

Difficulty: Medium

Section Reference: How Your IT Expertise Adds Value to Your Performance and Career

Learning Objective: Assess how IT adds value to your career path and performance, and the positive outlook for IT management careers.

AACSB: Dynamics of the global economy

44. _____ evaluate the newest and most innovative technologies and determine how they can be applied for competitive advantage. They develop technical standards, deploy technology, and supervise workers who deal with the daily IT issues of the firm.

- a. Project Managers
- b. Chief Technology Officers
- c. CEOs
- d. CFOs

Answer: B

Difficulty: Medium

Section Reference: How Your IT Expertise Adds Value to Your Performance and Career

Learning Objective: Assess how IT adds value to your career path and performance, and the positive outlook for IT management careers.

AACSB: Dynamics of the global economy

True/False

45. Machine-generated data and social media texts are examples of big data.

Answer: True

Difficulty: Easy

Section Reference: Chapter Snapshot and Opening Case

Learning Objective: Provide a real-world example of doing business in digital times.

AACSB: Use of information technology

46. Data visualization refers to the use of statistics to find meaningful insight in the data, or better understand the data.

Answer: False

Difficulty: Easy

Section Reference: Chapter Snapshot and Opening Case

Learning Objective: Provide a real-world example of doing business in digital times.

AACSB: Use of information technology

47. More data are collected in one day now than existed in the world 10 years ago.

Answer: True

Difficulty: Easy

Section Reference: Chapter Snapshot and Opening Case

Learning Objective: Provide a real-world example of doing business in digital times.

AACSB: Use of information technology

48. Dashboards provide static summary charts, that when clicked, drill down to the detailed data.

Answer: False

Difficulty: Medium

Section Reference: Chapter Snapshot and Opening Case

Learning Objective: Provide a real-world example of doing business in digital times.

AACSB: Use of information technology

49. Dashboards are data visualizations that display the current status of KPIs in easy-to-understand formats

Answer: True

Difficulty: Medium

Section Reference: Chapter Snapshot and Opening Case

Learning Objective: Provide a real-world example of doing business in digital times.

AACSB: Use of information technology

50. Customer experience is about building the digital infrastructure that allows customers to do whatever they want to do, through whatever channels they choose to do it.

Answer: True

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

51. Dropbox, Gmail, and Google Drive are examples of the Internet of Things.

Answer: False

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Reflective thinking skills

52. Digital business models refer to a set of capabilities enabled when physical things are connected to the Internet via sensors.

Answer: False

Difficulty: Easy

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

53. Cloud computing, for example, Amazon Elastic Compute Cloud, known as EC2, eliminates the need to invest in hardware up front, so companies can develop and deploy applications faster.

Answer: True

Difficulty: Hard

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

54. Machine-to-machine (M2M) technology enables sensor-embedded products to share reliable real-time data via satellite or optics.

Answer: False

Difficulty: Hard

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

55. By adding bar codes to trucks, utility meters, heart monitors, vending machines, and other equipment they sell, companies can track and manage their products remotely.

Answer: False

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

56. IoT combined with big data analytics can help manufacturers improve the efficiency of their machinery and minimize energy consumption, which often is the manufacturing industry's second-biggest expense.

Answer: True

Difficulty: Hard

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

57. Big data are what high-volume, mostly text data are called.

Answer: True

Difficulty: Easy

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

58. Big data tend to be unstructured and less time-sensitive than traditional (or small) data.

Answer: False

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Reflective thinking skills

59. Enterprises use real-time data from tweets and sensors to gain insight into their customers' interests and preference.

Answer: True

Difficulty: Easy

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Reflective thinking skills

60. Big data analytics has increased the demand for data scientists.

Answer: True

Difficulty: Easy

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Reflective thinking skills

61. From an IT perspective, the mobile devices form the core; the cloud forms the endpoints; and social networks create the connections between the cloud and mobiles.

Answer: False

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Dynamics of the global economy

62. At LinkedIn, data analytics lead to a significant increase in the number of connections members created with other members.

Answer: True

Difficulty: Hard

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Reflective thinking skills

63. Cloud computing can often make it difficult to deploy tools that can scale on demand to serve a growing number of users.

Answer: False

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

64. In the simplest terms, a process consists of activities that convert inputs into outputs by doing work.

Answer: True

Difficulty: Easy

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Dynamics of the global economy

65. Designing an effective process can be complex because you need a deep understanding of the inputs and outputs, how things can go wrong, and how to prevent things from going wrong.

Answer: True

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Dynamics of the global economy

66. Elapsed time is the time required to complete a given process.

Answer: False

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

67. Informal processes are needed for the situations involving safety, security, or compliance.

Answer: False

Difficulty: Hard

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

68. An effective informal business process documents who will perform the tasks; what materials to use; and where, how, and when the tasks are to be performed.

Answer: False

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

69. Because a company's success depends on the efficiency of its business processes, even small improvements in key processes can have a significant payoff.

Answer: True

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

70. Methods and efforts to simply automate existing processes are referred to a business process reengineering, or BPR.

Answer: False

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

71. Having a competitive edge means possessing an advantage over your competition.

Answer: True

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

72. Mass migration to mobile devices from PCs has expanded the scope of IT beyond traditional organizational boundaries—making location practically irrelevant.

Answer: True

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

73. The research firm Gartner defines industry structure as the difference between a company and its competitors *that matters to customers*.

Answer: False

Difficulty: Easy

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

74. Computers, databases, and network services are examples of commodities that do not provide a competitive edge.

Answer: True

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

75. SWOT analysis involves the evaluation of industry strengths and weaknesses and also opportunities and threats, which are internal factors.

Answer: False

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

76. When managers perform SWOT analysis, the outcomes are objective, forward-looking, and based on consistent views.

Answer: False

Difficulty: Hard

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

77. Michael Porter's competitive forces model, also called the five-forces model, has been used to identify competitive strategies.

Answer: True

Difficulty: Easy

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

78. Industries that have large profit margins deter entrants into the market to a greater degree than industries with small margins.

Answer: False

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

79. IT creates barriers to entry that help reduce the threat of entry.

Answer: True

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

80. Looking at Apple's history, you see innovative products and services that shaped the future.

Answer: True

Difficulty: Easy

Section Reference: Enterprise Technology Trends

Learning Objective: Describe enterprise technology trends and explain how they influence strategy and operations.

AACSB: Use of information technology

81. Data stored on mobiles are at reduced risk compared to desktops.

Answer: False

Difficulty: Easy

Section Reference: Enterprise Technology Trends

Learning Objective: Describe enterprise technology trends and explain how they influence strategy and operations.

AACSB: Use of information technology

82. Privacy regulations may prohibit financial institutions from posting or responding to customers comments through social media sites.

Answer: True

Difficulty: Hard

Section Reference: Enterprise Technology Trends

Learning Objective: Describe enterprise technology trends and explain how they influence strategy and operations.

AACSB: Use of information technology

83. Most recently, tech innovations are seldom triggering opportunities and threats to business models and strategies.

Answer: False

Difficulty: Medium

Section Reference: How Your IT Expertise Adds Value to Your Performance and Career

Learning Objective: Assess how IT adds value to your career path and performance, and the positive outlook for IT management careers.

AACSB: Use of information technology

84. With rare exceptions, every business initiative depends on the mix of IT, knowledge of its potential, the requirements for success, and, equally important, its limitations.

Answer: True

Difficulty: Medium

Section Reference: How Your IT Expertise Adds Value to Your Performance and Career

Learning Objective: Assess how IT adds value to your career path and performance, and the positive outlook for IT management careers.

AACSB: Use of information technology

85. What companies can do depends on what their information technology and data management systems can do.

Answer: True

Difficulty: Easy

Section Reference: How Your IT Expertise Adds Value to Your Performance and Career

Learning Objective: Assess how IT adds value to your career path and performance, and the positive outlook for IT management careers.

AACSB: Use of information technology

86. Understanding IT trends that affect the ways business is done and getting in front of those trends give you a career edge.

Answer: True

Difficulty: Medium

Section Reference: How Your IT Expertise Adds Value to Your Performance and Career

Learning Objective: Assess how IT adds value to your career path and performance, and the positive outlook for IT management careers.

AACSB: Use of information technology

87. Workers with specialized technical knowledge and strong communications and business skills, as well as those with an MBA with a concentration in an IT area, will have the best prospects.

Answer: True

Difficulty: Easy

Section Reference: How Your IT Expertise Adds Value to Your Performance and Career

Learning Objective: Assess how IT adds value to your career path and performance, and the positive outlook for IT management careers.

AACSB: Reflective thinking skills

Short Answer

88. Forrester research repeatedly confirms there is a strong relationship between the quality of a firm's customer experience and customer _____.

Answer: loyalty

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

89. _____ are specialized software, capabilities, and components all geared toward exploring huge volumes of data to provide greater insight.

Answer: Data analytics

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

90. Dropbox, Gmail, and Google Drive are services accessible via the Internet and examples of _____.

Answer: cloud computing

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

91. _____ refers to a set of capabilities enabled when physical things are connected to the Internet via sensors.

Answer: Internet of Things (IoT)

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

92. Machine-to-machine technology uses _____ embedded in products to share reliable real-time data via radio signals.

Answer: sensors

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

93. _____ involves managing and analyzing massive sets of data for purposes such as target marketing, trend analysis, and the creation of individually tailored products and services.

Answer: data science

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

94. _____ technology builds computing, connectivity, and sensor capabilities into materials.

Answer: Wearable

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

95. _____ are the outputs or tangible things that are produced by a business process.

Answer: Deliverables

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

96. _____ is the time required to complete a given process.

Answer: Cycle time

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

97. The three components of a _____ are inputs, activities, and deliverables.

Answer: business process

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

98. With a _____ arrangement, companies pay for their software usage based on a subscription fee or on a per usage basis.

Answer: Software as a Service (SaaS)

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

99. Routine formal business processes are referred to as _____.

Answer: standard operating procedures, or SOPs

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

100. The goal of _____ is to eliminate the unnecessary non-value-added processes, then to simplify and automate the remaining processes to significantly reduce cycle time, labor, and costs.

Answer: BPR or business process reengineering

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Use of information technology

101. To maintain competitiveness, companies need IT _____ in order to be able to respond quickly.

Answer: Agility

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

102. To maintain competitiveness, companies need IT _____ in order to easily scale up or down IT capacity as needed.

Answer: Responsiveness

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

103. To maintain a competitive advantage, company IT operations needs to be _____ meaning having the ability to quickly integrate new business functions or to easily reconfigure software or apps.

Answer: Flexible

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

104. IT _____ is the migration of consumer technology into enterprise computing environments because personally-owned IT is as capable and cost-effective as its enterprise equivalents.

Answer: consumerization

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

105. Computers, databases, and network services are examples of IT _____.

Answer: Commodities

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

106. _____ is a series of processes in which an organization selects and arranges its businesses or services to keep the organization viable (healthy or functional) even when disruptions occur.

Answer: Strategic Planning

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

107. _____ is part of the strategic planning process where a firm identifies its strengths, weaknesses, opportunities, and threats.

Answer: SWOT Analysis

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

108. _____ defines the plan for how a business will achieve its mission, goals, and objectives.

Answer: Strategy

Difficulty: Easy

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

109. According to Porter's strategic planning model, an industry's profit potential is largely determined by the intensity of _____ forces within the industry.

Answer: Competitive

Difficulty: Easy

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills

110. _____ are those business activities through which a company produces goods, thus creating value for which customers are willing to pay such as purchasing of materials, processing materials into products, and delivery of products to customers.

Answer: Primary activities

Difficulty: Medium

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Use of information technology

111. _____ technology is an umbrella description covering several technologies that communicate within a limited distance.

Answer: Near-field communication (NFC)

Difficulty: Medium

Section Reference: Enterprise Technology Trends

Learning Objective: Describe enterprise technology trends and explain how they influence strategy and operations.

AACSB: Dynamics of the global economy

112. _____ evaluate the newest and most innovative technologies and determine how they can be applied for competitive advantage. They develop technical standards, deploy technology, and supervise workers who deal with the daily IT issues of the firm.

Answer: Chief Technology Officers

Difficulty: Hard

Section Reference: How Your IT Expertise Adds Value to Your Performance and Career

Learning Objective: Assess how IT adds value to your career path and performance, and the positive outlook for IT management careers.

AACSB: Use of information technology

113. _____ develop requirements, budgets, and schedules for their firm's information technology projects. They coordinate such projects from development through implementation, working with their organization's IT workers, as well as clients, vendors, and consultants.

Answer: IT Project managers

Difficulty: Hard

Section Reference: How Your IT Expertise Adds Value to Your Performance and Career

Learning Objective: Assess how IT adds value to your career path and performance, and the positive outlook for IT management careers.

AACSB: Use of information technology

Essay Questions

114. Explain the characteristics of big data. Describe two sources of big data collected by enterprises.

Answer:

Big data are high-volume, high variety, and mostly unstructured or text data. Enterprises collect big data from multiple channels and sources, including:

- mobile devices and sensors embedded in products and physical things
- social content from texts, tweets, posts, blogs.
- clickstream data from the Web and Internet searches.
- videos and photos from retail and user-generated content.
- financial, medical, research, and customer transactions.

Difficulty: Medium

Section Reference: Every Business is a Digital Business

Learning Objective: Describe the use of digital technology in every facet of business and how digital channels are being leveraged.

AACSB: Use of information technology

115. What is the goal of business process reengineering (BPR)? Explain why simply applying IT to manual or outdated processes -- instead of reengineering those processes -- will not optimize them.

Answer:

Methods and efforts to eliminate wasted steps within a process are referred to as business process reengineering (BPR). The goal of BPR is to eliminate the unnecessary non-value-added processes, then to simplify and automate the remaining processes to significantly reduce cycle time, labor, and costs. After unnecessary processes are identified and eliminated, the remaining ones are redesigned (or reengineered) in order to automate or streamline them. Simplifying processes naturally reduces the time needed to complete the process, which also cuts down on errors.

Applying IT to a manual or outdated process will not optimize it because improving processes starts with determining whether or not they are still necessary.

Difficulty: Medium

Section Reference: Business Process Management and Improvement

Learning Objective: Explain the types, sources, characteristics, and control of enterprise data, and what can be accomplished with near-real-time data.

AACSB: Reflective thinking skills

116. List and explain the five industry (market) forces in Michael Porter's competitive forces model.

Answer:

1. Threat of entry of new competitors. This force refers to the strength of the barriers to entry into an industry, which is how easy it is to enter an industry. The threat of entry is lower (less powerful) when existing companies have ISs that are difficult to duplicate or very expensive. Those ISs create barriers to entry that reduce the threat of entry.
2. Bargaining power of suppliers. Bargaining power is high where the supplier or brand is powerful; e.g., Apple, Microsoft, and auto manufacturers. Power is determined by how much a company purchases from a supplier. The more powerful company has the leverage to demand better prices or terms, which increase its profit margin.
3. Bargaining power of customers or buyers. This force is the reverse of the bargaining power of suppliers. This force is high where there are a few, large customers or buyers in a market.
4. Threat of substitute products or services. As the threat of substitutes increases, profit margin decreases because sellers need to keep prices competitively low.
5. Competitive rivalry among existing firms in the industry. Fierce competition involves expensive advertising and promotions; intense investments in research and development; or other efforts that cut into profit margins.

Difficulty: Hard

Section Reference: The Power of Competitive Advantage

Learning Objective: Identify the five forces of competitive advantage and evaluate how they are reinforced by IT.

AACSB: Reflective thinking skills.

117. List and briefly explain three of the IT directions for the late 2010s

Answer:

1. More Mobile Business Apps, Fewer Docs on Desktops

The direction is away from the traditional desktop and documents era and toward business apps in the cloud.

2. More Socially Engaged—but Subject to Regulation

Engaging customers via mobiles and social media sites—and those customers who do not tolerate delays—is the norm.

3. More Near-Field Communication (NFC) Technology

NFC technology is an umbrella description covering several technologies that communicate within a limited distance.

Difficulty: Medium

Section Reference: Enterprise Technology Trends

Learning Objective: Describe enterprise technology trends and explain how they influence strategy and operations.

AACSB: Dynamics of the global economy

118. Explain why this statement is true: What companies can do depends on what their information technology and data management systems can do.

Answer:

For over a decade, powerful new digital approaches to doing business—and getting through your day—have emerged. And there is sufficient proof to expect even more rapid and dramatic changes due to IT breakthroughs and advances. Understanding trends that affect the ways business is done and getting in front of those trends give you a career edge.

Difficulty: Hard

Section Reference: How Your IT Expertise Adds Value to Your Performance and Career

Learning Objective: Assess how IT adds value to your career path and performance, and the positive outlook for IT management careers.

AACSB: Use of information technology