

Chapter02

True/False

Indicate whether the statement is true or false.

- 1. Although many information systems are built to solve problems, many others are built to seize opportunities.
- 2. Practically any Web-based system that gives a company competitive advantage is a strategic information system.
- 3. In the 1950s, Japanese automakers brought robots to their production and assembly lines and reduced costs quickly and dramatically.
- 4. The larger the number of companies competing within an industry, the better off each company is.
- 5. Manufacturers of laser and ink-jet printers sell their printers at cost or below cost.
- 6. Instead of differentiating a product or service, an organization might actually add to the product or service to increase its value to the consumer.
- 7. Sometimes, alliances are formed by more than two organizations.
- 8. Google provides Target Corp. with its proprietary search engine, order-fulfillment and customer-service systems, as well as a patented one-click shopping application.
- 9. One way to lock in *buyers* in a free market is to create a situation in which customers fear high switching costs.
- 10. Microsoft's decision to give away its Web browser by letting both individuals and organizations download it free from its site was altruistic.
- 11. The reengineering process makes it possible to determine how much each change contributed to the organization's improved position.
- 12. In a highly competitive industry that traditionally has had a narrow profit margin, JetBlue managed to gain strategic advantage by *reducing cost* and therefore reducing the price to the customer.
- 13. To a great extent, the operating system determines which applications a computer can run.
- 14. The United States, the European Union, and many other countries outlaw monopolies.
- 15. Being on the bleeding edge often means that implementation costs are significantly higher than anticipated.

Multiple Choice

Identify the choice that best completes the statement or answers the question.

- 16. The word "strategy" originates from the Greek word *strategos*, meaning "_____."
 - a. ahead
 - c. task

- ____ 29. ____ often involves adoption of new machinery and elimination of management layers.
- | | |
|------------------|------------------|
| a. Engineering | c. Supermanaging |
| b. Reengineering | d. Supervising |
- ____ 30. Implementation of a(n) ____ requires a business to revamp processes—to undergo organizational change—to gain an advantage.
- | | |
|--------|--------|
| a. BI | c. GIS |
| b. CRM | d. SIS |
- ____ 31. A system can only help a company sustain competitive advantage if the company continuously modifies and enhances it, creating a ____ for competitors.
- | | |
|--------------|---------------------|
| a. destiny | c. manifest destiny |
| b. main goal | d. moving target |
- ____ 32. ____ use physical characteristics of people, such as fingerprints and retina scans, for authentication and access to physical places and online information systems.
- | | |
|-----------------|------------------|
| a. Access codes | c. Human codes |
| b. Biometrics | d. Human metrics |
- ____ 33. Its use of IT technologies placed ____ at the top of the list for on-schedule departures and arrivals, a service that is very important, especially to business travelers.
- | | |
|----------------------|-----------------------|
| a. American Airlines | c. Morris Air |
| b. JetBlue | d. Southwest Airlines |
- ____ 34. The most important metric in the airline industry is ____, which is how much it costs to fly a passenger one mile of the journey.
- | | |
|--|-----------------------|
| a. cost per available seat-mile (CASM) | c. cost per mile (CM) |
| b. cost per available seat (CAS) | d. cost per seat (CS) |
- ____ 35. An operating system (OS) is the software program that “mediates” between any computer program and the ____.
- | | |
|-------------|--------------------------|
| a. computer | c. network administrator |
| b. output | d. database |

Completion

Complete each statement.

36. A company achieves _____ by using strategy to maximize its strengths, resulting in a competitive advantage.
37. The essence of strategy is innovation, so _____ is often gained when an organization tries a strategy that no one has tried before.
38. Companies that are first to adopt advanced systems that reduce labor enjoy _____ for as long as their competitors lag behind.
39. In today’s highly competitive market, _____ might determine an organization’s rise or fall.
40. _____ are expenses incurred when a customer stops buying a product or service from one business and starts buying it from another.

41. eBay's success demonstrates the strategic advantage of the _____, an organization that is the first to offer a new product or service.
42. Charles Schwab gained a competitive advantage over other, older brokerage companies such as Merrill Lynch by opening a site for _____ stock transactions.
43. Organizations can achieve competitive advantage if they are powerful enough to _____ suppliers to their mode of operation or buyers to their product.
44. _____ gives away its Acrobat Reader software, an application that lets Web surfers open and manipulate documents created using different computers running different operating systems.
45. The goal of _____ is not to gain small incremental cost savings, but to achieve great efficiency leaps—of 100 percent and even 1000 percent.
46. In an environment where most information technology is available to all, _____ that are originally developed to create a strategic advantage quickly become an expected standard business practice.
47. JetBlue saves office space, rent, and electricity by using reservation agents who work from home, which is known as _____.
48. _____ software is software that the developer gives to potential adopters for trial use.
49. In the 1970s, _____ was a small software company headed by its young president, who established the company at age 19.
50. Ford created a joint venture with General Motors Corp. and DaimlerChrysler to establish _____, a Web site that serves as an electronic market for parts suppliers who can bid online on requests for proposals posted by the automakers.
51. When failure occurs because an organization tries to be on the technological leading edge, observers call it the _____.