**Strategic Information Systems Planning**

1. When making a decision about new IT capabilities
   A. they should be standardized so that the operations can be managed efficiently.
   B. they should be flexible so that the firm can react to local needs better and more quickly
   C. IS professionals should make the decision after weighting the trade-off between standardization and flexibility
   D. general and functional managers should make the decision after weighting the trade-off between standardization and flexibility
   E. The end user of the technology should make the decision after weighting the trade-off between standardization and flexibility

2. Which of the following is(are) not the purpose(s) of strategic information system planning process?
   A. Gathering information about the availability of current IS resources
   B. Gathering information about the performance of current IS resources
   C. Selecting IS projects to fund as part of the yearly budgeting process
   D. Providing a roadmap for decision-making about information systems
   E. All of the above are the purposes of strategic information system planning process

3. When performing an information systems assessment, what kind of information systems resources does the planning team need to take inventory of?
   A. Technical resources
   B. Data and information resources
   C. Human resources of IS professionals
   D. Human resources of the user community
   E. All of the above

4. Information Systems Guidelines are a set of statements specifying how the firm should use its technical and organizational IS resources to achieve the IS vision. What is (are) the purposes(s) of these guidelines?
   A. To simplify tactical and operational decision-making
   B. To ensure that future decisions are aligned with the information systems vision
   C. To set expectations for behavior
   D. To guide future decision making
   E. All of the above

5. Which of the following is not an advantage offered by the information system planning process?
   A. The planning process enables and supports intra-organizational communication
   B. The information systems plan is an informal contract that specifies the objective of information systems deployment and the responsibilities of the parties involved.
   C. The planning process gives the firm an overall direction and purpose when selecting IS projects.
   D. The planning process is a cost-effective way to select IS projects to fund as part of the yearly budgeting process
   E. All of the above are the advantages offered by the information system planning process
6. Why do we need to create an Information System Vision during the strategic IS planning process?
   A. It tells us the opportunity for new strategic directions and initiatives that new technologies make possible.
   B. It helps us understand the performance of our current IS resources.
   C. It defines the role that information systems should play in the organization.
   D. It provides a set of guidelines that the firm should follow when using and managing IS resources.
   E. All of the above.

7. The following statement: “We will store data centrally for all mission critical applications” is an example of:
   A. Information Systems Vision
   B. Information Systems Guideline
   C. Information Systems Assessment
   D. Information Systems SWOT analysis
   E. Strategic planning.

8. A long-term proposal that identifies new systems, new projects, or new directions for the IS organization is an example of:
   A. A business strategy
   B. A strategic initiative
   C. An information systems assessment
   D. An information systems vision
   E. An information systems guideline.

9. Which of the following parties should be involved in the process of strategic information system planning?
   A. IS professionals
   B. Functional managers
   C. General managers
   D. End-users
   E. Only A, B and C.

10. There are six key questions that senior executives should answer when getting involved in information systems management. The first question is “How much should we spend on IT?” This question is intended to:
    A. Decide what the role of information systems and technology should be in the organization.
    B. Decide what business processes are most important to the firm at a given point.
    C. Decide the degree of service the firm needs, and that they are willing to pay for.
    D. Weigh the cost/benefits of standardization and flexibility.
    E. Assign responsibility for information systems projects.

11. Which of the following is(are) not the purpose(s) of strategic information system planning process?
    A. Gathering information about the availability of current IS resources
    B. Gathering information about the performance of current IS resources
    C. Selecting IS projects to fund as part of the yearly budgeting process
    D. Providing a roadmap for decision-making about information systems
    E. All of the above are the purposes of the strategic information system planning process.
12. When there is a limited potential for new systems and functionalities to make a substantial contribution, but even a small disruptions to current IS infrastructure can endanger the firm’s well-being and future viability. The firm should:
   A. View IS as a tool to support and enable operations, but offer little potential to significantly benefit the organization.
   B. Closely monitor its current systems, and need to be willing to fund their maintenance and upgrade.
   C. Be extremely proactive with respect to information systems and IT investments.
   D. Engage in some reorganization
   E. Do all of the above

13. An information system vision defines the role that information systems should play in the organization. For what kind of organizations do information systems play a more strategic role?
   A. The organizations whose success in the marketplace depends heavily on their ability to introduce IT innovations
   B. The organizations which are more mature and less IT-intensive
   C. The organizations whose information systems impact their day-to-day operations
   D. All of the above as information systems should always play a strategic role
   E. None of the above answers is correct

14. Which of the following statement(s) about a firm’s Proposed Strategic Initiatives is(are) not true?
   A. They are long-term (three to five year) proposals that identify new systems and new projects.
   B. They need to be precisely articulated.
   C. They must be aligned with the information vision and the proposed role of IS in the firm.
   D. They need to identify a set of future avenues for exploitation of the IS resources.
   E. All of the above statements are true

15. The advantages of the IS planning process are:
   A. To enable and support intra-organizational communication
   B. To create a shared mental image of team members’ role
   C. To specify the objective of IS deployment
   D. To create a context for decision making
   E. All of the above
Value Creation and Strategic Information Systems Questions

16 Why is an analysis of added value useful?
   A. It helps managers in making decision of whether they should go ahead with the initiative or not
   B. It helps managers in evaluating how to respond to a competitor who took the leadership position
   C. It helps managers in computing a number for the value added by an initiative envisioned
   D. It helps managers in measure how much benefit their competitor is drawing from an innovation, and what benefits are likely to accrue to them if they choose to replicate the initiative.
   E. All of the above

17 Which of the following is “the minimum amount of money the suppliers are willing to accept to provide the firm with the needed resources”?
   A. Total Value Created
   B. Customer Willingness to Pay
   C. Firm Cost
   D. Supplier Opportunity Cost
   E. (e) None of the above

18 Giving the following information, how much is the total value created?

<table>
<thead>
<tr>
<th>Value continuum</th>
<th>Supplier opportunity cost</th>
<th>Firm cost</th>
<th>Customer willingness to pay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$15</td>
<td>$25</td>
<td>$40</td>
</tr>
</tbody>
</table>

   A. $10
   B. $15
   C. $25
   D. $40
   E. None of the above is correct

19 Consider the following information, how much value does the customers appropriate?

<table>
<thead>
<tr>
<th>Value continuum</th>
<th>Supplier opportunity cost</th>
<th>Your Firm’s cost</th>
<th>Price</th>
<th>Customer willingness to pay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$15</td>
<td>$25</td>
<td>$36</td>
<td>$40</td>
</tr>
</tbody>
</table>

   A. $4
   B. $10
   C. $15
   D. $25
   E. $40
20 The firm’s added value is measured as that portion of the value created in the transaction involving the firm minus the total value that could be created if the firm did not exist. When will the added value be zero even if the firm did not take part in the exchange?
A. When the suppliers do not want to negotiate
B. When the competitors offer perfect substitutes of your products with the same supplier opportunity cost
C. When the firm cost is equal to supplier opportunity cost
D. When customer willingness to pay is equal to price
E. Added value will never be zero

21 Given the following information, how much is your firm’s added value?

![Diagram showing added value calculation]

A. $2  
B. $3  
C. $4  
D. $5  
E. $6

22 Which of the following statement(s) about strategic information systems is(are) not true?
A. Strategic information systems are used to support or shape the competitive strategy of a firm
B. Strategic information systems critical to business operations but that do not generate added value
C. Strategic information systems enable the creation and appropriation of value
D. Strategic information systems are defined in terms of the purpose they serve
E. All of the above are true

23 Which of the following statement(s) about strategic information systems is (are) not true?
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C. Strategic information systems enable the creation and appropriation of value
D. Strategic information systems are defined in terms of the purpose they serve
E. All of the above
24 Which of the following is “the minimum amount of money the suppliers are willing to accept to provide the firm with the needed resources”?
A. Total value created
B. Customer willingness to pay
C. Firm cost
D. Supplier opportunity cost
E. None of the above

25 Which of the following is (are) ways to create value?
A. Increase customer willingness to pay
B. Decrease supplier opportunity cost
C. Decrease firm costs
D. Price discounting
E. Only A and B

26 We can confidently conclude that a firm has added value when:
A. It creates value for its customers
B. It has low supplier opportunity cost
C. It manages its firm cost aggressively
D. It does something unique and valuable
E. It appropriates less than its fair share

27 With the terminology introduced in Chapter 7, a firm has a competitive advantage when:
A. It creates significant value for its customers by providing outstanding service
B. It has created added value
C. It manages its firm cost aggressively
D. It is able to negotiate harder than competitors
E. It appropriates

28 Which of the following is “the maximum amount of money the firm’s customers are willing to spend in order to obtain the firm’s product”?
A. Total value created
B. Customer willingness to pay
C. Firm cost
D. Supplier opportunity cost
E. None of the above

29 Given your understanding of the definition of Added Value, when will your firm’s added value be zero?
A. When the suppliers do not want to negotiate.
B. When the competitors offer a perfect substitute of your products and have the same supplier opportunity cost
C. When the firm cost is equal to supplier opportunity cost
D. When customer willingness to pay is equal to price
E. Added value can never be zero

30 Given your understanding of the definition of value creation, who benefits?
A. The entire supply chain (except customers)
B. Tier-1 Suppliers only
C. The Firm only
D. Customers Only
E. Any or all of the suppliers and customers, or the firm itself
Value Creation with Information Systems

31 The iPod’s entrance into the music player-industry has caused the increased threat of which of the following:
A. Threat of substitutes or services for other music players
B. Increased bargaining power of other suppliers
C. Decreased rivalry amongst existing competitors
D. Decreased rivalry amongst all competitors – old and new

32 Which of the following is not an example of a primary activity in the value chain?
A. Inbound logistics
B. Service
C. Procurement
D. Marketing and sales

33 Which of the following is an example of mirroring capabilities?
A. Amazon.com monitoring customer behavior while shopping
B. Amazon.com’s suggestive selling initiative
C. Your university library electronic reserves
D. Vending machines embedded with microchips

34 At what stage in the process of identifying data-driven strategic initiatives should an analysis of the upside potential and data availability occur?
A. Prioritize initiatives
B. Conceptualize initiatives
C. Identify relevant transaction processing systems
D. Inventory data currently available

35 Which of the five competitive forces is related to whether or not a company can begin competing in a market different from the one they currently compete in?
A. Availability of substitutes
B. Threat of new entrants
C. Bargaining power of suppliers
D. Bargaining power of buyers
E. Rivalry among existing competitors

36 Which of the five competitive forces is related to an automotive company being forced to change to a different tire supplier just to meet customer demands?
A. Availability of substitutes
B. Threat of new entrants
C. Bargaining power of suppliers
D. Bargaining power of buyers
E. Rivalry among existing competitors

37 Which of the five competitive forces is influencing a passenger train line, when a new automobile manufacturer causes a reduction in the number of people that ride trains?
A. Availability of substitutes
B. Threat of new entrants
C. Bargaining power of suppliers
D. Bargaining power of buyers
38 Which of the five competitive forces is related to the inability of a clothing manufacturer to influence the details of the contracts for their raw materials, such as denim or zippers?
   A. Availability of substitutes
   B. Threat of new entrants
   C. Bargaining power of suppliers
   D. Bargaining power of buyers
   E. Rivalry among existing competitors

39 Which of the five competitive forces is related to price wars between two gas stations on opposite sides of an intersection?
   A. Availability of substitutes
   B. Threat of new entrants
   C. Bargaining power of suppliers
   D. Bargaining power of buyers
   E. Rivalry among existing competitors

40 Which of the following is a primary activity?
   A. Inbound logistics
   B. Outbound logistics
   C. Procurement
   D. Infrastructure Development
   E. Technology Development

41 Which of the following is a support activity?
   A. Mounting a tire on a new vehicle
   B. Unloading new tires at the receiving dock of an automotive factory
   C. Purchasing tires to be mounted on new vehicles
   D. Loading vehicles with a new type of tire on a railcar for shipment
   E. Replacing a tire on a vehicle under warranty

42 Considering the role of information systems in value chain analysis requires which of the following?
   A. Assuming that the value chain is comprised of only the movement and processing of material
   B. Assuming that the value chain is comprised of only the movement of information, which can be accomplished with technology
   C. Assuming that the value chain is comprised of both the movement and processing of material, which enables the firm’s activities related to technology.
   D. Assuming that the value chain is comprised of both the movement and processing of material, and the processing of information, which together enable the firm’s activities
   E. Assumes nothing, except that information can be used to track the movement of material in a value chain and has nothing to do with its process, nor with the information itself being of any intrinsic value.

43 The CSLC should be viewed from which viewpoint?
   A. Suppliers
   B. Customers
   C. The firm
   D. Competitors
   E. Any non-participant
44 What is the first stage of the CSLC?
   A. Acquisition
   B. Ownership
   C. Requirements
   D. Retirement
   E. Recycling

45 The CSLC is broken down into thirteen stages. One of these involves making sure that the goods or services that have been purchased actually meet the applicable specifications. Which stage is this?
   A. Specify
   B. Select Source
   C. Establish Requirements
   D. Acquire
   E. Evaluate and Accept
Appropriating IT-Enabled Value Over Time

46 How can IT resources help to create a sustained competitive advantage?
A. Because competitors who seek to replicate the initiative must first develop or acquire the needed IT resources
B. Because competitors who seek to replicate the initiative must overcome the preemptive mechanisms, such as complementary resources, enacted by the leader
C. Because IT resources are highly visible yet complex and unique, and those projects take more time to complete
D. Because the people that implement IT solutions are difficult to find and, when found, tend to stay with one employer.
E. There are no sustained competitive advantages, other than relationships between consumers that the company can capitalize on.

47 The sustainability of a competitive advantage grounded in an IT-dependent strategic initiative is measured by:
A. An estimate of the likely time delay competitors will face in replicating the leader’s initiative
B. The inverse of the number of response lag drivers associated with the barrier
C. An estimate of the amount of money competitors will lose before beginning to replicate the advantage
D. The amount of profit a firm loses in creating the advantage in the first place
E. Competitive advantages do not last long in hypercompetitive industries.

48 The risks associated with an IT-enabled initiative are:
A. IT complexity, IT uniqueness, IT Visibility
B. Project size, technology experience, and organizational change
C. IT technical skills, IT management skills, and relationship assets
D. IT assets and IT capabilities
E. IT technical skills, IT management skills, and relationship assets

49 Which are the five sub-dimensions of the IT project barrier?
A. Tangible Resources, Intangible Resources, Activity System, Business Process, and External Resources
B. IT complexity, IT uniqueness, IT Visibility, Process Complexity, & Process Change
C. IT infrastructure, Information Repositories, IT technical skills, IT management skills, and relationship assets
D. Co-specialized tangible investments, Co-specialized intangible investments, relationship exclusivity, value system structure, and concentrated value-system links
E. Firm infrastructure, HR management, technology development, procurement, IT support

50 The two major components of the IT resources barrier are:
A. IT technical skills and IT management skills
B. IT technical skills, IT management skills, and relationship assets
C. IT assets and IT capabilities
D. IT infrastructure and information repositories
E. Software, Hardware, and Networks

51 According to the class discussion of “IT doesn’t matter,” IT managers should:
A. Spend less in IT investment because it is difficult to gain competitive advantage though IT as the commoditization of IT continues
B. Not invest in new IT as waiting will decrease the risk of buying something technologically flawed or doomed to rapid obsolescence
C. Focus their attention on IT-dependent strategic initiatives rather than IT investments.
D. Focus on vulnerabilities, not opportunities, when contemplating IT investments
E. All of the above

52 Is IT an indistinct commodity?
A. Yes, because IT is a transportation mechanism, which carries digital information just as railroads carry goods
B. No, because IT ranges from extremely complex technology (e.g., large data warehouses, infrastructure projects), to small applications (e.g., a personal web site)
C. Yes, because information technology is just one of the support activities in creating value
D. No, because companies are spending more and more money in IT investment

53 Response lag is
A. A measure of the delay of competitive response to an IT-dependent strategic initiative
B. The time and cost it takes to identify whether IT investments can be used to generate added value
C. One of the four barriers to erosion of IT-dependent competitive advantage
D. All of the above
E. Only A and B

54 Why can IT resources help to create a sustainable competitive advantage?
A. Developing IT infrastructure generally takes more than five years
B. The trust and respect between the IS function and business managers take time to be accumulated
C. A firm’s brand and reputation usually develop over time
D. Only A and B
E. Only A and C

55 Which of the following are response-lag drivers associated with the complementary resources barrier?
A. Structural resources, such as a great location or a great property for a hotel company
B. The characteristics of the IT core, such as IT uniqueness or visibility
C. IT assets, such as an infrastructure or a data repository
D. IT technical skills and IT management skills
E. None of the above

56 The complexity of the technology is:
A. The extent to which competitors can observe the enabling technology of an IT-dependent strategic initiative
B. A function of the size and scope of the IT project
C. A function of the bundle of skills and knowledge necessary to effectively design, develop, implement, and use it
D. All of the above
E. None of the above

57 When you have been successful in generating competitive advantage with an IT-dependent strategic initiative what must you, as a manager, do in order to try and maintain such advantage?
A. Plan to continuously remain ahead of competition by looking to reinvigorate and reinforce the barriers to erosion associated with your initiative
B. Consider if it is possible for your firm to sustain the competitive advantage as a binary condition and invest only when it is possible to sustain
C. Invest in proprietary IT so that nobody can imitate
D. All of the above
E. Only A and B

58 The process by which a firm accrues or builds up a resource over time is important for you to recognize as it is often the basis for rejuvenating barriers to erosion. Such process is called:
A. Asset-stock accumulation
B. Value-system link concentration
C. IT infrastructure investing
D. Capability development
E. None of the above

59 The process by which an organization is able to improve its performance over time by developing its ability to use available resources for maximum effectiveness is known as:
A. Asset-stock accumulation
B. Value-system link concentration
C. IT infrastructure investing
D. Capability development
E. None of the above

60 Switching costs are a fundamental response lag driver of which barrier to erosion?
A. IT project
B. Preemption
C. IT resources
D. Complementary Resources
E. Presumption