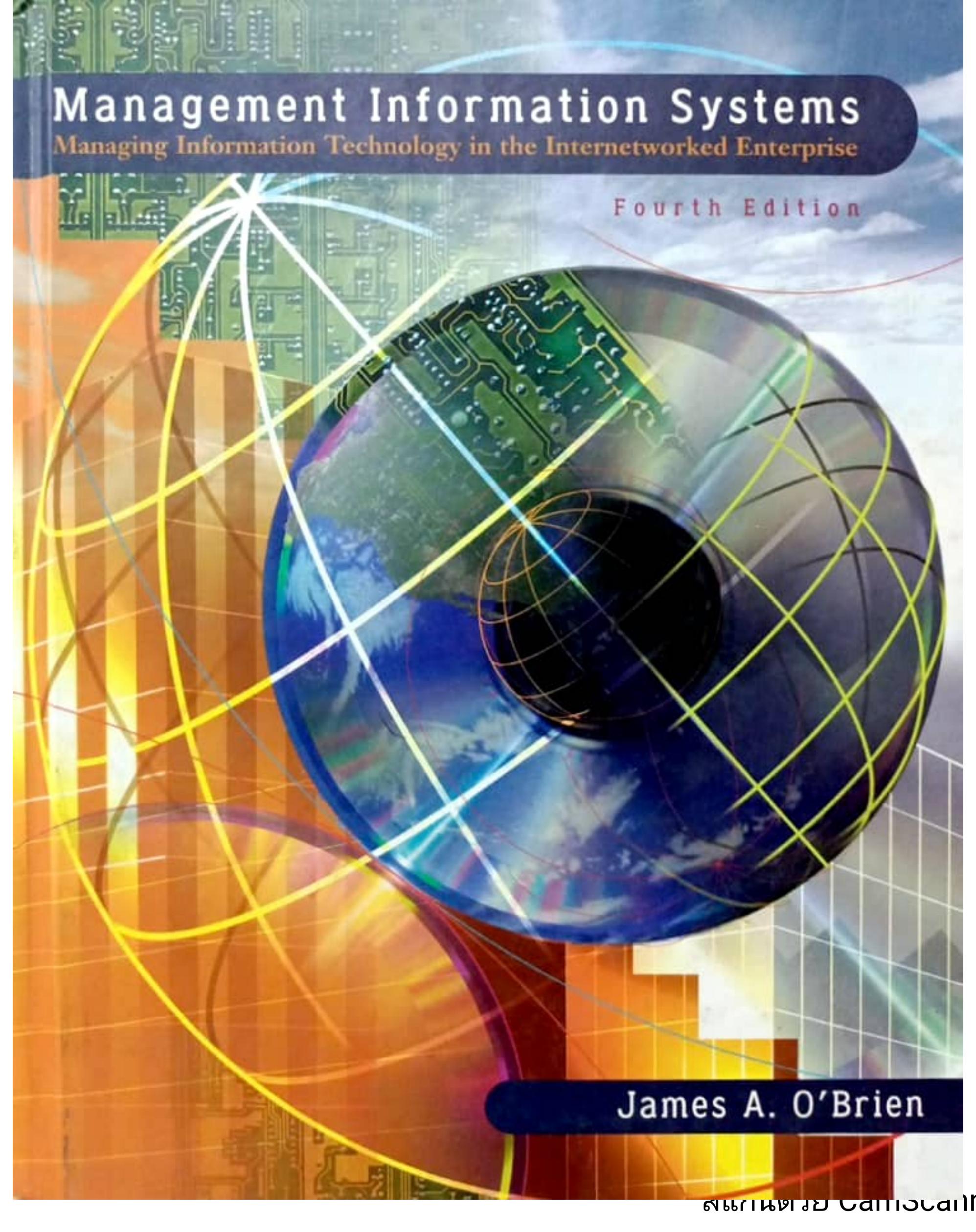


Management Information Systems

Managing Information Technology in the Internetworked Enterprise

Fourth Edition



James A. O'Brien

Brief Contents

Module I

Foundations of Information Systems

1 Introduction to Information Systems in Business 4

Section I: Why Study Information Systems? 6
Section II: Why Businesses Need Information Technology 16

2 Fundamentals of Information Systems 36

Section I: Fundamental Information System Concepts 38
Section II: Overview of Information Systems 54

3 Solving Business Problems with Information Systems 76

Section I: A Systems Approach to Problem Solving 78
Section II: Developing Information System Solutions 91

Module II

Information Technology: A Managerial Overview

4 Managerial Overview: Computer Hardware 124

Section I: Computer Systems: End User and Enterprise Computing 126
Section II: Computer Peripherals: Input, Output, and Storage Technologies 147

5 Managerial Overview: Computer Software 174

Section I: Application Software: End User Applications 176
Section II: System Software: Computer System Management 193

6 Managerial Overview: Telecommunications 216

Section I: Telecommunications and the Internetworked Enterprise 218
Section II: Technical Telecommunications Alternatives 238

7 Managerial Overview: Database Management 262

Section I: Database Management: Managing Data Resources 264
Section II: Technical Foundations of Database Management 280

Module III**Business Applications of Information Technology**

- | | |
|---|---|
| 8 The Internet and Electronic Commerce 302
Section I: The Internet and Business 304
Section II: Fundamentals of Electronic Commerce 322 | 11 Information Systems for Managerial Decision Support 452
Section I: Management Information and Decision Support Systems 454
Section II: Artificial Intelligence Technologies in Business 473 |
| 9 Intranets, Extranets, and Enterprise Collaboration 348
Section I: Intranets and Extranets in Business 350
Section II: Enterprise Collaboration Systems 370 | 12 Information Systems for Strategic Advantage 506
Section I: Fundamentals of Strategic Advantage 508
Section II: Strategic Applications and Issues in Information Technology 524 |
| 10 Information Systems for Business Operations 402
Section I: Business Information Systems 404
Section II: Transaction Processing Systems 431 | |

Module IV**Managing Information Technology**

- | | |
|---|--|
| 13 Managing IT: Enterprise and Global Management 562
Section I: Managing Information Resources and Technologies 564
Section II: Global Information Technology Management 588 | 15 Managing IT: Security and Ethical Challenges 652
Section I: Security and Control Issues in Information Systems 654
Section II: Ethical and Societal Challenges of Information Technology 670 |
| 14 Managing IT: Planning and Implementing Change 614
Section I: Planning for Business Change with IT 616
Section II: Implementing Business Change with IT 630 | |

Appendices

- Appendix A: Real World Case Studies A1**
- Appendix B: Tools for End User Analysis and Design B1**
- Glossary G**

Name Index I1**Company Index I7****Subject Index I12**

Contents

Module I Foundations of Information Systems

Chapter 1

Introduction to Information Systems in Business 4

Section I: Why Study Information Systems? 6

Why Information Systems Are Important 6

The Real World of Information Systems 6

Real World Case: NFO Research and TalkCity:
Transforming Market Research on the Web 7

Analyzing NFO Research and TalkCity 8

What You Need to Know 8

A Framework for Business End Users 8

Information System Resources and Technologies 9

An End User Perspective 10

An Enterprise Perspective 10

A Global Information Society 11

The Ethical Dimension of IT 14

Success and Failure with IT 14

Real World Case: Philadelphia and Washington, D.C.:
Success and Failure in IT 15

Section II: Why Businesses Need Information Technology 16

The Fundamental Roles of Information Systems 16

The Increasing Value of Information Technology 19

The Internetworking of Computing 19

The Internetworked Enterprise 21

Globalization and Information Technology 22

Business Process Reengineering 24

Competitive Advantage with IT 26

Real World Case: Tripod Inc.: The Business Success
of a Web Community 28

Real World Problems: NetMarket and CUC
International: Success in Electronic Commerce, 30;
Tatex Thermographers: The Business Value of the
Web, 31; Reuters and Bloomberg: Ethical Issues in
Computer Analytics, 31; Campbell Soup Company:
The Business Value of IT, 32; Mazda Motor
Corporation: The Business Value of Global
Intranets, 32

Chapter 2

Fundamentals of Information Systems 36

Section I: Fundamental Information System Concepts 38

Introduction 38

Real World Case: American Management Systems: The
Business Benefits of Knowledge Management 39

Analyzing American Management Systems 38

System Concepts 40

Feedback and Control 41

Other System Characteristics 42

Components of an Information System 42

Information System Resources 44

People Resources 44

Hardware Resources 45

Software Resources 45

Data Resources 46

Network Resources 47

Information System Activities 48

Input of Data Resources 48

Processing of Data into Information 48

Output of Information Products 48

Storage of Data Resources 50

Control of System Performance 50

Recognizing Information Systems 51

Analyzing American General's Information System 51

Real World Case: American General Insurance: Moving to Sales Force Automation Systems 53

Section II: Overview of Information Systems 54

The Expanding Roles of Information Systems 54

Trends in Information Systems 55

Types of Information Systems 55

Operations Support Systems 56

Transaction Processing Systems 56

Process Control Systems 57

Enterprise Collaboration Systems 57

Management Support Systems 59

Management Information Systems 61

Decision Support Systems 61

Executive Information Systems 62

Other Classifications of Information Systems 63

Expert Systems 63

Knowledge Management Systems 63

Strategic Information Systems 63

Business Information Systems 64

Integrated Information Systems 64

Real World Case: W. L. Gore and Associates:

Global Enterprise Collaboration Systems 66

Real World Problems: Creative Computers, Inc.: Internet Telephone and Web Marketing, 69; *The Daily Oklahoman*: An Advertising Sales Management System,

70; Mobil Oil Company: Supply Chain Management Systems, 70; 1-800-FLOWERS, Inc.: Web-Based Information Systems, 71; Beaton's Cranberry Growers: Using a Geographic Information System, 71

Chapter 3

Solving Business Problems with Information Systems 76

Section I: A Systems Approach to Problem Solving 78

Real World Case: Camelot Music: Solving Business Problems with Information Technology 79

Analyzing Camelot Music 78

The Systems Approach 80

Defining Problems and Opportunities 81

Systems Thinking 82

Developing Alternative Solutions 83

Evaluating Alternative Solutions 84

Selecting the Best Solution 85

Designing and Implementing a Solution 85

Postimplementation Review 85

Using the Systems Approach 85

A Case Study Example: Auto Shack Stores: Solving a Business Problem 86

Defining the Problem 87

Statement of the Problem 87

Statement of Business Requirements 87

Summary of Alternative Solutions 87

Evaluation of Alternative Solutions 88

Rationale for the Selected Solution 88

Real World Case: Millipore Corporation: Analyzing Web Site Requirements 90

Section II: Developing Information System Solutions 91

The Systems Development Cycle 91

Starting the Systems Development Process 93

Feasibility Studies 93

Systems Analysis 95

Organizational Analysis 96

Analysis of the Present System 96

Functional Requirements Analysis 96

Systems Design	98
<i>User Interface, Data, and Process Design</i>	98
<i>System Specifications</i>	100
Prototyping	100
<i>The Prototyping Process</i>	102
Implementing a New Information System	103
Maintenance of Information Systems	105
Computer-Aided Systems Engineering	105
<i>Using CASE Tools Inc.</i>	106
End User Development	106
<i>Doing End User Development</i>	107
<i>Focus on IS Activities</i>	107

Real World Case: Reebok International: Redeveloping a Web Site 109
Real World Problems: Hallmark Cards: Solving the Total-Cost-of-Ownership Problem, 112; Union Pacific Corporation: Solving the Year 2000 Problem, 112; U.S. Agency for International Development: Failure in Systems Development, 113; Nabisco Inc.: Challenges of Distributed Systems Development, 113; JCPenney Company: Solving Application Performance Problems, 114

Module II Information Technology: A Managerial Overview

Chapter 4

Managerial Overview: Computer Hardware 124

Section I: Computer Systems: End User and Enterprise Computing 126

Real World Case: SpeedServe and Merrill Lynch: Mainframes as Electronic Commerce Web Servers 127

Analyzing SpeedServe and Merrill Lynch 126

Trends in Computer Systems 126

Computer Generations 128

Microcomputer Systems 130

Multimedia Systems 132

Network Computers 132

Midrange Computer Systems 136

Mainframe Computer Systems 138

Supercomputer Systems 139

Technical Note: Computer System Concepts and Components 140

The Computer System Concept 141

The Central Processing Unit 142

Primary and Secondary Storage 142

Multiple Processors 143

Computer Processing Speeds 144

Real World Case: Evangelical Lutheran Good Samaritan Society: Switching to Network Computing 146

Section II: Computer Peripherals: Input, Output, and Storage Technologies 147

Introduction 147

Input Technology Trends 148

Pointing Devices 150

Pen-Based Computing 150

Voice Recognition and Response 150

Optical Scanning 152

Other Input Technologies 153

Output Technologies and Trends 154

Video Output 154

Printed Output 155

Storage Trends and Trade-Offs 156

Computer Storage Fundamentals 156

Direct and Sequential Access 157

Semiconductor Memory 159

Magnetic Disk Storage 159

Types of Magnetic Disks 160

Magnetic Tape Storage 161

Optical Disk Storage 161

Business Applications 163

Real World Case: AG Communication Systems: The Business Case for Notebook Computers 164

Real World Problems: Grenley-Stewart Resources and Rosenbluth International: Using Personal Digital Assistants and the Web, 168; Seagate Software: Managing Network Server Farms, 169; Sears, Roebuck, and Co.: Moving to Network Computers, 169; Republic National Bank and Principal Financial Group: Using Virtual Tape Systems, 170; XL Homes, Inc.: Using a Network Scanner, 170

Chapter 5

Managerial Overview: Computer Software 174

Section I: Application Software: End User Applications 176

Introduction to Software 176

Real World Case: General Motors, Wayne Memorial Hospital, and Others: Using Speech Recognition Software 177

Analyzing General Motors and Others 176

Software Trends 178

Application Software for End Users 179

Software Suites and Integrated Packages 180

Web Browsers and More 181

Electronic Mail 183

Word Processing and Desktop Publishing 184

Electronic Spreadsheets 185

Database Management 186

Presentation Graphics and Multimedia 187

Multimedia Technologies 188

Personal Information Managers 189

Groupware 190

Real World Case: Vanguard Cellular, GE Capital, and Others: Application Software for the PalmPilot 192

Section II: System Software: Computer System Management 193

System Software Overview 193

Operating Systems 193

Operating System Functions 193

Popular Operating Systems 196

Network Management Programs 197

Database Management Systems 198

Other System Management Software Programs 199

Programming Languages 199

Machine Languages 199

Assembler Languages 200

High-Level Languages 201

Fourth-Generation Languages 201

Object-Oriented Languages 202

HTML and Java 203

Programming Packages 205

Language Translator Programs 205

Programming Tools 205

Real World Case: Home Depot, Service Merchandise Co., and Time New Media: The Business Benefits of Java 207

Real World Problems: Sears, Roebuck & Co. and E. D. Smith & Sons: A Software Suite for Network Computing, 211; Chevron Corporation: Surveying End User Software Satisfaction, 211; BC Telecom, Charles Schwab, and Others: Standardizing on Web Browsers, 211; Chase Manhattan Bank: Developing a Business Application with Java, 212; Brite Voice Systems: Using Java-Based Software and Web Browsers, 212

Chapter 6

Managerial Overview: Telecommunications 216

Section I: Telecommunications and the Internetworked Enterprise 218

Networking the Enterprise 218

Real World Case: Deckers Outdoor Corporation: Using the Internet as a Virtual Public Network 219

Analyzing Deckers Outdoor Corporation 218

Business Applications of Telecommunications 220

The Business Value of Telecommunications 221

Trends in Telecommunications 222

Industry Trends 222

Technology Trends 224

Application Trends 225

The Internet Revolution 225

Internet Applications 226

The Information Superhighway 227

A Telecommunications Network Model 228

Types of Telecommunications Networks	250
<i>Wide Area Networks</i>	250
<i>Local Area Networks</i>	250
<i>Internetworks</i>	252
<i>Intranets and Extranets</i>	252
<i>Client/Server Networks</i>	253
<i>Interorganizational Networks</i>	254
Real World Case: Office Depot: Using the Web for Electronic Commerce	237
Section II: Technical Telecommunications Alternatives	238
Telecommunications Alternatives	238
Telecommunications Media	238
<i>Twisted-Pair Wire</i>	238
<i>Coaxial Cable</i>	238
<i>Fiber Optics</i>	239
<i>Terrestrial Microwave</i>	240
<i>Communications Satellites</i>	240
<i>Cellular Phone Systems</i>	240
<i>Wireless LANs</i>	241
Telecommunications Processors	242
<i>Modems</i>	243
<i>Multiplexers</i>	243
<i>Internet Protocol Processors</i>	244
Telecommunications Software	244
<i>Common Software Functions</i>	244
Telecommunications Network Topologies	246
<i>Star, Ring, and Bus Networks</i>	246
Network Architectures and Protocols	247
<i>The OSI Model</i>	248
<i>The Internet's TCP/IP</i>	248
Bandwidth Alternatives	248
Switching Alternatives	249
Access Alternatives	250
Real World Case: Citibank and AT&T: Improving Global Network Performance	252
Real World Problems: AMVESCAP, PLC: Capitalizing on Intranets and Extranets, 256; NationsBanc and MapQuest: Balancing Internet/Intranet Web Server Performance, 256; BMW of North America and Millipore Corporation: Switching to Thin-Client/Fat-Server Computing, 257; On Command Corporation:	

The Business Benefits of a Virtual Private Network, 257; TravelPlus, Inc.: Switching to Network Computing Networks, 257

Chapter 7

Managerial Overview: Database Management 262

Section I: Database Management: Managing Data Resources 264

Introduction 264

Real World Case: Sears, MCI, and First American: Stocking Data Warehouses with External Information 265

Analyzing Sears, MCI, and First American 264

Foundation Data Concepts 266

Character 266

Field 266

Record 267

File 267

Database 267

The Database Management Approach 268

Using Database Management Software 269

Database Development 269

Database Interrogation 270

Database Maintenance 272

Application Development 272

Types of Databases 273

Hypermedia Databases on the Web 275

Managerial Considerations for Data Resource Management 276

Benefits and Limitations of Database Management 277

Real World Case: Vtel Corporation: Integrating Business Applications with a Data Warehouse 279

Section II: Technical Foundations of Database Management 280

Database Structures 280

Hierarchical Structure 280

Network Structure 280

Relational Structure 280

Multidimensional Structure 281

Object-Oriented Structure 282

Evaluation of Database Structures 283

Object Technology and the Web 284
 Accessing Databases 284
Key Fields 284
URLs 285
Sequential Access 286
Direct Access 286
 Database Development 287
Data Planning and Database Design 288

Real World Case: Sabre Technology Solutions and American Airlines: Using Object/Relational Data Warehouses 291

Real World Problems: Sun Chemical: The Business Benefits of Data Marts, 294; Lockheed Martin and Hilton Hotels: Using Lightweight Database Management Systems, 294; U.S. Department of Energy and Lockheed Martin: Improved Reporting with a Multidimensional Database, 295; Canadian Tire Acceptance Ltd: Improving Customer Service with Linked Databases, 295; Travelers Property Casualty Corporation: Reducing Costs with Shared Databases, 296

Module III Business Applications of Information Technology

Chapter 8

The Internet and Electronic Commerce 302

Section I: The Internet and Business 304

Introduction 304

Real World Case: GeoCities, Inc.: Finding Business Success on the Internet 305

Analyzing GeoCities, Inc. 304

Business Use of the Internet 306

Communications and Collaboration 306

Electronic Commerce 307

Interactive Marketing 307

Strategic Alliances 308

FedEx and UPS 309

Interactive Marketing 310

Push versus Pull Marketing 311

Silicon Graphics Incorporated 313

The Business Value of the Internet 314

Assessing Strategic Business Value 315

American Airlines 317

Customer Value and the Internet 318

Bay Networks 319

Real World Case: AMP, Inc.: The Business Value of a Secure Electronic Commerce Server 321

Section II: Fundamentals of Electronic Commerce 322

Introduction 322

Foundations of Electronic Commerce 323

Electronic Commerce Technologies 324

Electronic Commerce Applications 326

Business-to-Consumer Commerce 327

Retailing on the Web 327

Amazon.com 329

Business-to-Business Commerce 330

Supply Chain Management 330

Wholesaling on the Web 332

Marsball Industries 332

Electronic Data Interchange 333

Hewlett-Packard Corporation 334

Electronic Payments and Security 335

Electronic Funds Transfer 336

Secure Electronic Payments on the Internet 336

Real World Case: Great American Knitting Mills and Others: Outsourcing EDI on the Internet 340

Real World Problems: Sony Online Ventures: Show Business and E-Commerce on the Web, 343; General Motors Corporation: Benefits and Limitations of Electronic Commerce, 343; Wal-Mart, FedEx, and Spiegel: Providing Customer Support on the Web, 344; E-Toys, Barnes & Noble, and Others: Paying for Success in E-Commerce, 344; GeoCities, Inc.: Electronic Commerce in Virtual Communities, 344

Chapter 9

Intranets, Extranets, and Enterprise Collaboration 348

Section I: Intranets and Extranets in Business 350

The Intranet Revolution 350

Real World Case: US West Communications: The Business Value of a Corporate Intranet 351

Analyzing US West Communications 350

Intranets, Extranets, and the Internet 352

Applications of Intranets 353

SunWeb 355

Intranet Technology Resources 357

3M Frontier 359

The Business Value of Intranets 360

Examples of Business Value 360

Cadence On Track 362

The Role of Extranets 364

Extranet Examples 365

The Future of Intranets and Extranets 366

US West Facility Check 367

Other Plans for the Future 367

Real World Case: Nu Skin International: The Business Value of a Distributor Extranet 369

Section II: Enterprise Collaboration Systems 370

Enterprise Collaboration 370

Teams, Workgroups, and Collaboration 370

Enterprise Collaboration System Components 372

Planet LSI 372

Groupware for Enterprise Collaboration 373

Electronic Communication Tools 375

Electronic Mail 375

Internet Phone and Fax 376

Web Publishing 376

Amdahl Web 376

Electronic Conferencing Tools 379

Data and Voice Conferencing 379

Videoconferencing 379

Discussion Forums 381

Chat Systems 383

Animation House and Web Forum 384

Electronic Meeting Systems 384

Collaborative Work Management Tools 386

Calendar and Scheduling 386

Task and Project Management 387

Workflow Systems 387

Silicon Graphics Workflow 388

Knowledge Management 389

Real World Case: Motorola Inc.: Enterprise Collaboration and Knowledge Sharing via an Intranet 392

Real World Problems: Reliance Group Holdings: Moving to Intranets and Extranets, 395; Dow Chemical Company: Collaboration via Data Conferencing, 396; Knight-Ridder, Inc.: A Business Case for the Intranet, 396; Shell Oil Company: Using an Intranet for Knowledge Management, 397; Amoco Chemical: An Intranet Publishing Solution, 397

Chapter 10

Information Systems for Business Operations 402

Section I: Business Information Systems 404

IS in Business 404

Real World Case: Gulf States Paper Corporation: Machine Vision Systems in Manufacturing 405

Analyzing Gulf States Paper 404

Cross-Functional Information Systems 406

Marketing Information Systems 408

Interactive Marketing 408

Sales Force Automation 409

Sales and Product Management 410

Advertising and Promotion 411

Targeted Marketing 411

Market Research and Forecasting 412

Manufacturing Information Systems 413

Computer-Integrated Manufacturing 413

Collaborative Manufacturing Networks 415

Process Control 416

Machine Control 417

Robotics 417

Computer-Aided Engineering 418

Human Resource Information Systems 420

HRM and the Internet 420

HRM and the Corporate Intranet 420

Staffing the Organization 422

Training and Development 423

Compensation Analysis 423

Governmental Reporting 423

Accounting Information Systems 424

Online Accounting Systems 424

Order Processing 424

Inventory Control 426

Accounts Receivable 426

Accounts Payable 426

Payroll 426

General Ledger 427

Financial Information Systems 427

Cash Management 427

Online Investment Management 427

Capital Budgeting 428

Financial Forecasting and Planning 429

Real World Case: Book-Of-The-Month Club: Direct Marketing on the Web 430

Section II: Transaction Processing Systems 431

Transaction Processing 431

Strategic TPS Networks 431

The Transaction Processing Cycle 431

The Data Entry Process 431

Traditional Data Entry 432

Source Data Automation 433

Batch Processing 434

Advantages and Disadvantages 435

Realtime Processing 436

Fault Tolerant Processing 436

Advantages and Disadvantages 438

Database Maintenance 438

Document and Report Generation 438

Inquiry Processing 439

Real World Case: Adaptec, Inc.: Improving Manufacturing Operations through Electronic Commerce 441

Real World Problems: Hot Jobs, Inc.: Improving Job Hunting on the Web, 445; EarthLink Network:

Analyzing Web Site Traffic for Advertising Effectiveness, 445; Gulf Canada Resources: Using an Intranet for Corporate Budgeting, 446; Orinda HealthCorp: The Business Value of Computer-Based Recruiting Systems, 446; First Financial Federal Credit Union: Offering Web-Based Financial Services, 447

Chapter 11

Information Systems for Managerial Decision Support 452

Section I: Management Information and Decision Support Systems 454

Introduction 454

Real World Case: Parsons Brinckerhoff: Intranets: Everyone's Information System 455

Analyzing Parsons Brinckerhoff 454

Information, Decisions, and Management 456

Management Information Systems 457

Management Reporting Alternatives 458

Intranet Reporting at CBS 459

Online Analytical Processing 460

OLAP at MasterCard International 462

Decision Support Systems 462

DSS Models and Software 464

Examples of DSS Applications 465

DSS at American Airlines 465

DSS at PepsiCo 465

GIS in Business 466

Using Decision Support Systems 466

What-If Analysis 467

Sensitivity Analysis 467

Goal-Seeking Analysis 468

Optimization Analysis 468

Executive Information Systems 469

Rationale for EIS 469

EIS at Conoco and KeyCorp 471

Real World Case: Office Depot, Inc.: The Business Value of Online Analytical Processing 472

Section II: Artificial Intelligence Technologies in Business 473

An Overview of Artificial Intelligence 473

The Domains of Artificial Intelligence 474

Neural Networks 476	Real World Case: GATX Capital Corporation: Sharing Information Technology for Competitive Advantage 509
<i>Neural Nets at Infuseek 477</i>	<i>Analyzing GATX Capital 508</i>
<i>Data Mining at Bank of America 478</i>	Competitive Strategy Concepts 510
Fuzzy Logic Systems 478	Strategic Roles for Information Systems 512
<i>Fuzzy Logic in Business 480</i>	<i>Improving Business Processes 513</i>
Genetic Algorithms 480	<i>Promoting Business Innovation 514</i>
<i>GE's Engeneous 480</i>	<i>Locking In Customers and Suppliers 515</i>
Virtual Reality 480	<i>Creating Switching Costs 515</i>
<i>VR Applications 481</i>	<i>Raising Barriers to Entry 516</i>
<i>VR at Morgan Stanley 484</i>	<i>Leveraging a Strategic IT Platform 516</i>
Intelligent Agents 484	<i>Developing a Strategic Information Base 517</i>
<i>Wizards by Microsoft 485</i>	Breaking Business Barriers 517
Expert Systems 486	<i>Breaking Time Barriers 517</i>
<i>Components of an Expert System 486</i>	<i>Breaking Geographic Barriers 518</i>
Expert System Applications 488	<i>Breaking Cost Barriers 519</i>
<i>ES for Advertising Strategy 488</i>	<i>The New Economics of Information 519</i>
<i>ES at Canada Trust 490</i>	<i>Breaking Structural Barriers 520</i>
<i>CBR for Help Desk 490</i>	The Value Chain and Strategic IS 521
Developing Expert Systems 491	Real World Case: Ford Motor Company: Using Intranets and Extranets for Competitive Advantage 523
<i>Knowledge Engineering 491</i>	Section II: Strategic Applications and Issues in Information Technology 524
<i>ES Development at MacMillan Bloedel 492</i>	Introduction 524
The Value of Expert Systems 492	Reengineering Business Processes 525
<i>Benefits of Expert Systems 492</i>	<i>The Role of Information Technology 525</i>
<i>Limitations of Expert Systems 493</i>	<i>Uarco, Inc. 526</i>
Hybrid AI Systems 493	<i>Ford Motor Company 527</i>
<i>Hybrid AI at Veratech 495</i>	<i>CIGNA Corporation 527</i>
Real World Case: Charles Schwab & Co.: Using an Intranet for Decision Support 496	Improving Business Quality 530
Real World Problems: GAF Materials Corporation: Using Online Analytical Processing for Manufacturing Cost Management, 500; Sears, Roebuck & Co.: Using Geographic Information Systems in Operations Management, 500; Reynolds Metals Company: Forecasting for Decision Support, 501; Konica Business Machines: The Business Value of an Expert System, 501; Computer Associates International: Using Neural Networks for System and Network Management, 502	<i>Total Quality Management 530</i>
	<i>Sun Microsystems 531</i>
	<i>AMP Corporation 532</i>
	Becoming an Agile Competitor 533
	<i>The Role of Information Technology 534</i>
	<i>Ross Operating Valves 534</i>
	<i>Motorola and Toshiba 534</i>
	Creating a Virtual Company 535
	<i>Virtual Company Strategies 536</i>
	<i>Cisco Systems 537</i>
	<i>Steelcase, Inc. 537</i>
	Building the Knowledge-Creating Company 537
	<i>Knowledge Management Systems 538</i>

Chapter 12

Information Systems for Strategic Advantage 506

Section I: Fundamentals of Strategic Advantage 508

Introduction 508

<i>Storage Dimensions</i>	539	Real World Case: Intuit Corporation: Strategic Transitioning to Web Commerce	550
<i>Arthur Andersen & Co.</i>	539	Real World Problems: The Atlanta Journal-Constitution: Strategic Positioning for Web Competition, 553; Boeing and Deere & Co.: Competitive Advantage with ERP Systems, 554; First American and Sears Roebuck: The Strategic Effects of Data Warehousing, 554; Dana Commercial Credit and MCI: Total Quality Management with IT, 555; Elf Atochem North America: Strategic Outsourcing and Systems Development, 555	
Using the Internet Strategically	541		
<i>Internet Value Chains</i>	542		
<i>McAfee Associates</i>	543		
<i>Digital Equipment Corporation</i>	544		
The Challenges of Strategic IS	546		
Sustaining Strategic Success	547		

Module IV Managing Information Technology

Chapter 13

Managing IT: Enterprise and Global Management 562

Section I: Managing Information Resources and Technologies 564

Introduction 564

Real World Case: CheckFree, Inc.: Choosing an Information Technology Architecture 565

Analyzing CheckFree 564

Managers and Information Technology 566

Poor IS Performance 567

Management Involvement and Governance 568

Organizations and Information Technology 570

Information Resource Management 572

Strategic Management 573

The Chief Information Officer 573

Operational Management 573

Centralization versus Decentralization 574

Changing Trends 575

Managing Systems Development 578

Managing IS Operations 578

Resource Management 579

Human Resource Management of IT 579

Careers in Information Systems 580

Technology Management 581

Network Management 581

Advanced Technology Management 583

Distributed Management 583

Managing End User Computing 583

Managing Internet Access 586

Real World Case: The Home Depot, Inc.: Managing Information Technology 587

Section II: Global Information Technology Management 588

The International Dimension 588

Global IT Management 588

Cultural, Political, and Geoeconomic Challenges 588

Challenges in Europe 590

Challenges in China 590

The Global Company 591

ABB Asea Brown Boveri 591

Rosenbluth Travel 592

Global Business and IT Strategies 593

Global Business and IT Applications 594

Chase Manhattan Bank 596

Global IT Platforms 596

The Internet as a Global IT Platform 597

Global Data Issues 599

Global Systems Development 600

Systems Development Strategies 601

You and Global IT Management 602

Real World Case: 3M, Whirlpool, and Groupe Schneider: Global Business/IT Strategies 604

Real World Problems: Fingerhut Corporation: Splitting IT Management, 607; Shared Medical Systems: Client/Server System Management, 608; Blockbuster Entertainment and Dow Chemical: Business/IS Relationship Management, 608; Sumitomo Bank and McDonald's: Global Network Management, 609; Standard Chartered Bank: Challenges of Global IT Management, 609

Chapter 14**Managing IT: Planning and Implementing Change 614****Section I: Planning for Business Change with IT 616**

Introduction 616

Real World Case: The U.S. Federal Aviation Administration: Failure in IS Planning 617

Analyzing the FAA 616

Organizational Planning 618

Planning Terminology 619*Types of Planning* 619*Strategic Information Systems Planning* 619*Tactical and Operational Planning* 622*S. C. Johnson & Son, Inc.* 623

Information Systems Planning Methodologies 623

The Scenario Approach 623

Royal Dutch Shell 624*Denny's, Inc.* 624

Planning for Competitive Advantage 624

Bristol-Meyers Squibb Co. 625

Critical Success Factors 626

Business Systems Planning 627

Computer-Aided Planning Tools 628

Real World Case: WineAccess.com, Inc.: Developing an E-Commerce Web Site 629

Section II: Implementing Business Change with IT 630

Introduction 630

Managing Organizational Change 630

British Petroleum Exploration 632*End User Involvement* 633*TRW Information Services* 633

Implementing New Systems 633

Acquiring Hardware, Software, and Services 635

Hardware and Software Suppliers 636*Suppliers of IS Services* 636

Evaluating Hardware, Software, and Services 636

Hardware Evaluation Factors 638*Software Evaluation Factors* 639*Evaluating IS Services* 639

Other Implementation Activities 640

Testing 640*Documentation* 641*Training* 641*Conversion Methods* 642*IS Maintenance* 643**Real World Case: Armstrong World Industries: Implementing Sales Force Automation** 644**Real World Problems:** Orient Overseas Container Shipping Line: Implementing Financial Software, 647; Nabisco, Inc.: Sprinting to Year 2000 Success, 647; Chiron Corporation: Recommendations for IT Implementation, 648; Virtual Vineyards: Evaluating Java for Web Site Development, 648; Ford Motor Company: Developing and Implementing Intranet Applications, 649**Chapter 15****Managing IT: Security and Ethical Challenges 652****Section I: Security and Control Issues in Information Systems 654**

Why Controls Are Needed 654

Real World Case: Microsoft and the Cult of the Dead Cow: Hacking into Windows NT 655

Analyzing Microsoft and the Cult of the Dead Cow 654*What Controls Are Needed* 656

Information System Controls 657

Input Controls 657*Processing Controls* 658*Output Controls* 660*Storage Controls* 660

Facility Controls 661

Network Security 661*Physical Protection Controls* 664*Biometric Controls* 664*Computer Failure Controls* 664

Procedural Controls 665

Standard Procedures and Documentation 665*Authorization Requirements* 665*Disaster Recovery* 666*Controls for End User Computing* 666

Auditing Information Systems 667

Real World Case: Dow Corning and Universal Health Services: Business/IT Ethics 669

Section II: Ethical and Societal Challenges of Information Technology 670

The Ethical Dimension 670

Ethical Foundations 671

Business Ethics 673

Ethical and Societal Dimensions of IT 674

Information Ethics 674

IT and Employment 675

IT and Individuality 676

IT and Working Conditions 676

Privacy Issues 678

Privacy on the Internet 678

Corporate E-mail Privacy 679

Computer Matching 680

Privacy Laws 680

Computer Libel and Censorship 681

Computer Crime 682

Computer Crime Laws 682

Examples of Computer Crime 682

Health Issues 688

Ergonomics 689

Societal Solutions 689

You and Ethical Responsibility 690

Real World Case: Omega Engineering, Inc.: Security Failures and Computer Crime 692

Real World Problems: First Union and Sears Roebuck: The Ethics of Computer Matching, 695; General Motors and AT&T: The Ethics of Customer Profiles, 696; Young & Rubicam and National Semiconductor: Securing the Internet, 696; Prudential Insurance and Geico: Disaster Recovery Contingency Plans for Year 2000, 697; James A. Cooley: How to Fight Spam, 697

Appendices

Appendix A: Real World Case Studies A1

Bank of America: Leadership in IS Development and Project Management A3

Sonoco Products Company: Reengineering Business and Information Technology A8

Yahoo! Incorporated: Building a Business Brand on the Internet A14

America Online: Success in the Business of Cyberspace A20

U.S. Internal Revenue Service: Failure in Information Technology Management A31

Appendix B: Tools for End User Analysis and Design B1

Introduction B1

Overview of Analysis and Design Tools B1

System Components and Flows B2

The User Interface B2

Data Attributes and Relationships B2

Detailed System Processes B3

The IS Component Matrix B3

Checklist for End User Analysis and Design B3

System Flowcharts B4

Data Flow Diagrams B4

Entity Relationship Diagrams B10

Glossary G

Name Index I1

Company Index I7

Subject Index I12