Complete Contents

Part One Organizations, Management, and the Networked Enterprise 31

Chapter 1 Information Systems in Global Business Today 32

- Opening Case: Efficiency in Wood Harvesting with Information Systems 33
- 1.1 The Role of Information Systems in Business Today 35

 How Information Systems are Transforming Business 35 What's New in Management Information Systems? 36 Globalization Challenges and Opportunities: A Flattened World 38
- ◆Interactive Session: Management Running the Business from the Palm of Your Hand 39

The Emerging Digital Firm 41 • Strategic Business Objectives of Information Systems 42

- Perspectives on Information Systems 45
 What Is an Information System? 45 Dimensions of Information Systems 48 It Isn't Just Technology: A Business Perspective on Information Systems 52
- ◆Interactive Session: Technology UPS Competes Globally with Information Technology 53

Complementary Assets: Organizational Capital and the Right Business Model 56

Contemporary Approaches to Information Systems 58
 Technical Approach 58 • Behavioral Approach 58 • Approach of This Text: Sociotechnical Systems 59

Learning Track Modules: How Much Does IT Matter?, Information Systems and Your Career, The Mobile Digital Platform 61

Review Summary 62 • Key Terms 63 • Review Questions 63 • Discussion Questions 64 • Hands-On MIS Projects 64 • Video Cases 65 • Collaboration and Teamwork Project 65

◆ Case Study: Mashaweer 66

Chapter 2 Global E-business and Collaboration 70

- Opening Case: Telus Embraces Social Learning 71
- 2.1 Business Processes and Information Systems 73
 Business Processes 73 How Information Technology Improves Business
 Processes 75
- 2.2 Types of Information Systems 75Systems for Different Management Groups 76
- ◆Interactive Session: Technology Schiphol International Hub 78

Systems for Linking the Enterprise 83

- ◆Interactive Session: Management Piloting Procter & Gamble from Decision Cockpits 84
 - E-Business, E-Commerce, and E-Government 87
- 2.3 Systems for Collaboration and Social Business 88

 What is Collaboration? 88 What Is Social Business? 89 Business
 Benefits of Collaboration and Social Business 90 Building a Collaborative
 Culture and Business Processes 91 Tools and Technologies for
 Collaboration and Social Business 92
- 2.4 The Information Systems Function in Business 98

 The Information Systems Department 99 Organizing the Information Systems Function 100

Learning Track Modules: Systems from a Functional Perspective, IT Enables Collaboration and Teamwork, Challenges of Using Business Information Systems, Organizing the Information Systems Function, Occupational and Career Outlook for Information Systems Majors 2012–2018 100

Review Summary 101 • Key Terms 102 • Review Questions 102 • Discussion Questions 103 • Hands-On MIS Projects 103 • Video Cases 104 • Collaboration and Teamwork Project 104

◆ Case Study: Modernization of NTUC Income 105

Chapter 3 Information Systems, Organizations, and Strategy 108

- **Opening Case: Will Sears's Technology Strategy Work This Time? 109
- 3.1 Organizations and Information Systems 111
 What Is an Organization? 112 Features of Organizations 114
- 3.2 How Information Systems Impact Organizations and Business Firms 119

 Economic Impacts 119 Organizational and Behavioral Impacts 120 •
 The Internet and Organizations 123 Implications for the Design and Understanding of Information Systems 123
- 3.3 Using Information Systems to Achieve Competitive Advantage 123

 Porter's Competitive Forces Model 124 Information System Strategies for Dealing with Competitive Forces 125 The Internet's Impact on Competitive Advantage 128
- ◆Interactive Session: Organizations Technology Helps Starbucks Find New Ways to Compete 129

The Business Value Chain Model 131

- ◆Interactive Session: Technology Automakers Become Software Companies 134 Synergies, Core Competencies, and Network-Based Strategies 136
- 3.4 Using Systems for Competitive Advantage: Management Issues 140
 Sustaining Competitive Advantage 140 Aligning IT with Business
 Objectives 141 Managing Strategic Transitions 142

Learning Track Module: The Changing Business Environment for Information Technology 142

Review Summary 142 •Key Terms 143 • Review Questions 143 • Discussion Questions 144 • Hands-On MIS Projects 144 • Video Cases 146 • Collaboration and Teamwork Project 146

◆ Case Study: Can This Bookstore Be Saved? 147

Chapter 4 Ethical and Social Issues in Information Systems 150

Opening Case: Ethical Issues Facing the Use of Technologies for the Aged Community 151

- 4.1 Understanding Ethical and Social Issues Related to Systems 153

 A Model for Thinking About Ethical, Social, and Political Issues 155 Five Moral Dimensions of the Information Age 155 Key Technology Trends

 That Raise Ethical Issues 156
- 4.2 Ethics in an Information Society 159

 Basic Concepts: Responsibility, Accountability, and Liability 159 Ethical Analysis 160 Candidate Ethical Principles 161 Professional Codes of Conduct 161 Some Real-World Ethical Dilemmas 162
- 4.3 The Moral Dimensions of Information Systems 162
 Information Rights: Privacy and Freedom in the Internet Age 162 •
 Property Rights: Intellectual Property 169
- ◆Interactive Session: Technology Life on the Grid: iPhone Becomes iTrack 170
 Accountability, Liability, and Control 174 System Quality: Data
 Quality and System Errors 176 Quality of Life: Equity, Access, and
 Boundaries 176
- ◆Interactive Session: Organizations Monitoring in the Workplace 179

 Learning Track Module: Developing a Corporate Code of Ethics for Information Systems 183

Review Summary 184 • Key Terms 184 • Review Questions 185 • Discussion Questions 185 • Hands-On MIS Projects 185 • Video Cases 187 • Collaboration and Teamwork Project 187

◆ Case Study: Facebook: It's About the Money 188

Part Two Information Technology Infrastructure 191

Chapter 5 IT Infrastructure and Emerging Technologies 192

*Opening Case: Reforming the Regulatory System for Construction Permits 193

- 5.1 IT Infrastructure 195

 Defining IT Infrastructure 195 Evolution of IT Infrastructure 197 Technology Drivers of Infrastructure Evolution 201
- 5.2 Infrastructure Components 206

 Computer Hardware Platforms 207 Operating System Platforms 207 •

 Enterprise Software Applications 208 Data Management and Storage 208

 Networking/Telecommunications Platforms 208 Internet Platforms 209
 - Consulting and System Integration Services 209
- 5.3 Contemporary Hardware Platform Trends 210

The Mobile Digital Platform 210 • Consumerization of IT and BYOD 210 • Grid Computing 211 • Virtualization 211

- ◆Interactive Session: Management Should You Use Your iPhone for Work? 212 Cloud Computing 213 Green Computing 216 High-Performance and Power-Saving Processors 216
- ◆Interactive Session: Organizations Nordea Goes Green with IT 217

Autonomic Computing 218

- 5.4 Contemporary Software Platform Trends 219

 Linux and Open Source Software 219 Software for the Web: Java, HTML, and HTML5 219 Web Services and Service-Oriented Architecture 221 Software Outsourcing and Cloud Services 223
- 5.5 Management Issues 225

 Dealing with Platform and Infrastructure Change 225 Management and Governance 226 Making Wise Infrastructure Investments 226

Learning Track Modules: How Computer Hardware and Software Work, Service Level Agreements, The Open Source Software Initiative, Comparing Stages in IT Infrastructure Evolution, Cloud Computing 229

Review Summary 230 • Key Terms 231 • Review Questions 231 • Discussion Questions 232 • Hands-On MIS Projects 232 • Video Cases 233 • Collaboration and Teamwork Project 233

◆ Case Study: Should Businesses Move to the Cloud? 234

Chapter 6 Foundations of Business Intelligence: Databases and Information Management 238

• Opening Case: BAE Systems 239

- 6.1 Organizing Data in a Traditional File Environment 241

 File Organization Terms and Concepts 241 Problems with the Traditional
 File Environment 242
- 6.2 The Database Approach to Data Management 244

 Database Management Systems 244 Capabilities of Database Management Systems 249 Designing Databases 251
- 6.3 Using Databases to Improve Business Performance and Decision Making 254

The Challenge of Big Data 254 • Business Intelligence Infrastructure 254 • Analytical Tools: Relationships, Patterns, Trends 257

◆Interactive Session: Technology Big Data, Big Rewards 261

Databases and the Web 262

- ◆Interactive Session: Organizations Controversy Whirls Around the Consumer Product Safety Database 264
- 6.4 Managing Data Resources 265
 Establishing an Information Policy 265 Ensuring Data Quality 266

Learning Track Modules: Database Design, Normalization, and Entity-Relationship Diagramming, Introduction to SQL, Hierarchical and Network Data Models 267

Review Summary 268 • Key Terms 269 • Review Questions 269 • Discussion Questions 270 • Hands-On MIS Projects 270 • Video Cases 272 • Collaboration and Teamwork Project 272

◆ Case Study: Lego: Embracing Change by Combining BI with a Flexible Information System 273

Chapter 7 Telecommunications, the Internet, and Wireless Technology 276

- **Opening Case:** RFID and Wireless Technology Speed Up Production at Continental Tires 277
- 7.1 Telecommunications and Networking in Today's Business World 279
 Networking and Communication Trends 279 What Is a Computer
 Network? 280 Key Digital Networking Technologies 282
- 7.2 Communications Networks 285
 Signals: Digital vs. Analog 285 Types of Networks 286 Transmission
 Media and Transmission Speed 287
- 7.3 The Global Internet 288
 What Is the Internet? 288 Internet Addressing and Architecture 288
- ◆Interactive Session: Organizations The Battle over Net Neutrality 292
 Internet Services and Communication Tools 293
- ♦ Interactive Session: Management Monitoring Employees on Networks: Unethical or Good Business? 296

The Web 298

7.4 The Wireless Revolution 307

Cellular Systems 307 • Wireless Computer Networks and Internet

Access 308 • RFID and Wireless Sensor Networks 310

Learning Track Modules: LAN Topologies, Broadband Network Services and Technologies, Cellular System Generations, Wireless Applications for Customer Relationship Management, Supply Chain Management, and Healthcare, Web 2.0 313

Review Summary 314 • Key Terms 315 • Review Questions 315 • Discussion Questions 316 • Hands-On MIS Projects 316 • Video Cases 317 • Collaboration and Teamwork Project 317

◆ Case Study: Apple, Google, and Microsoft Battle for Your Internet Experience 318

Chapter 8 Securing Information Systems 322

- **Opening Case:** You're on LinkedIn? Watch Out! 323
- 8.1 System Vulnerability and Abuse 325
 Why Systems Are Vulnerable 325 Malicious Software: Viruses, Worms,
 Trojan Horses, and Spyware 328 Hackers and Computer Crime 330 •
 Internal Threats: Employees 335 Software Vulnerability 335
- ◆Interactive Session: Organizations Stuxnet and the Changing Face of Cyberwarfare 336
- 8.2 Business Value of Security and Control 338

- Legal and Regulatory Requirements for Electronic Records
 Management 338 Electronic Evidence and Computer Forensics 339
- 8.3 Establishing a Framework for Security and Control 340
 Information Systems Controls 340 Risk Assessment 341 Security
 Policy 342 Disaster Recovery Planning and Business Continuity
 Planning 343 The Role of Auditing 344
- 8.4 Technologies and Tools for Protecting Information Resources 345
 Identity Management and Authentication 345 Firewalls, Intrusion
 Detection Systems, and Antivirus Software 347 Securing Wireless
 Networks 349 Encryption and Public Key Infrastructure 349 Ensuring
 System Availability 350 Security Issues for Cloud Computing and the
 Mobile Digital Platform 352 Ensuring Software Quality 353
- ◆Interactive Session: Technology MWEB Business: Hacked 354

Learning Track Modules: The Booming Job Market in IT Security, The Sarbanes-Oxley Act, Computer Forensics, General and Application Controls for Information Systems, Management Challenges of Security and Control, Software Vulnerability and Reliability 356

Review Summary 357 • Key Terms 358 • Review Questions 358 • Discussion Questions 359 • Hands-On MIS Projects 360 • Video Cases 361 • Collaboration and Teamwork Project 361

◆ Case Study: Information Security Threats and Policies in Europe 362

Part Three Key System Applications for the Digital Age 365

Chapter 9 Achieving Operational Excellence and Customer Intimacy: Enterprise Applications 366

- * Opening Case: Technology Helps Nvidia Anticipate the Future 367
- 9.1 Enterprise Systems 369
 What Are Enterprise Systems? 369 ◆ Enterprise Software 370 ◆ Business Value of Enterprise Systems 371
- 9.2 Supply Chain Management Systems 372

 The Supply Chain 372 Information Systems and Supply Chain

 Management 374 Supply Chain Management Software 376 Global

 Supply Chains and the Internet 376
- ◆Interactive Session: Organizations DP World Takes Port Management to the Next Level with RFID 377
 - Business Value of Supply Chain Management Systems 379
- 9.3 Customer Relationship Management Systems 381

 What Is Customer Relationship Management? 381 Customer Relationship Management Software 382 Operational and Analytical CRM 386 Business Value of Customer Relationship Management Systems 386
- 9.4 Enterprise Applications: New Opportunities and Challenges 387

 Enterprise Application Challenges 387 Next-Generation Enterprise Applications 388

11

Learning Track Modules: SAP Business Process Map, Business Processes in Supply Chain Management and Supply Chain Metrics Best-Practice Business Processes in CRM Software, 391

Review Summary 392 • Key Terms 393 • Review Questions 393 • Discussion Questions 393 • Hands-On MIS Projects 394 • Video Cases 395 • Collaboration and Teamwork Project 395

◆ Case Study: Summit Electric Lights Up with a New ERP System 396

Chapter 10 E-commerce: Digital Markets, Digital Goods 400

- Opening Case: Groupon's Business Model: Social and Local 401
- 10.1 E-commerce and the Internet 403

 E-Commerce Today 403 Why E-commerce Is Different 405 Key

 Concepts in E-commerce: Digital Markets and Digital Goods in a Global

 Marketplace 409
- 10.2 E-commerce: Business and Technology 412

 Types of E-Commerce 413 E-Commerce Business Models 413 E-Commerce Revenue Models 416
- ◆Interactive Session: Organizations Location-Based Marketing and Advertising 417

Social Networking and The Wisdom of Crowds 420 • E-Commerce Marketing 421 • B2B E-commerce: New Efficiencies and Relationships 426

- ◆Interactive Session: Management Social Commerce Creates New Customer Relationships 427
- 10.3 The Mobile Digital Platform and Mobile E-commerce 431
 Location-based Services and Applications 432 Other Mobile Commerce
 Services 433
- 10.4 Building an E-commerce Presence 434

 Pieces of the Site-Building Puzzle 435 Business Objectives, System

 Functionality, and Information Requirements 435 Building the Web Site:

 In-house Versus Outsourcing 436

Learning Track Modules: E-commerce Challenges: The Story of Online Groceries, Build an E-commerce Business Plan, Hot New Careers in E-commerce, E-commerce Payment Systems 439

Review Summary 439 • Key Terms 440 • Review Questions 440 • Discussion Questions 441 • Hands-On MIS Projects 441 • Video Cases 442 • Collaboration and Teamwork Project 442

♦ Case Study: To Pay or Not to Pay: Zagat's Dilemma 443

Chapter 11 Managing Knowledge 446

Opening Case: Designing Drugs Virtually 447

11.1 The Knowledge Management Landscape 449
Important Dimensions of Knowledge 449 • The Knowledge Management
Value Chain 451 • Types of Knowledge Management Systems 453

- 11.2 Enterprise-Wide Knowledge Management Systems 454
 Enterprise Content Management Systems 455 Knowledge Network
 Systems 456 Collaboration And Social Tools and Learning Management
 Systems 456
- 11.3 Knowledge Work Systems 457

 Knowledge Workers and Knowledge Work 457 Requirements of

 Knowledge Work Systems 458 Examples of Knowledge Work Systems 459
- ◆Interactive Session: Technology Firewire Surfboards Lights Up with CAD 460
- 11.4 Intelligent Techniques 463

Capturing Knowledge: Expert Systems 463 • Organizational Intelligence: Case-Based Reasoning 466 • Fuzzy Logic Systems 467 • Machine Learning 468

◆Interactive Session: Organizations Albassami's Job is not Feasible without IT 469

Intelligent Agents 473 • Hybrid AI Systems 474

Learning Track Module: Challenges of Knowledge Management Systems 474
Review Summary 475 • Key Terms 476 • Review Questions 476 • Discussion
Questions 477 • Hands-On MIS Projects 477 • Video Cases 478 • Collaboration
and Teamwork Project 478

◆ Case Study: Knowledge Management and Collaboration at Tata Consulting Services 479

Chapter 12 Enhancing Decision Making 482

- Opening Case: Moneyball: Data-Driven Baseball 483
- 12.1 Decision Making and Information Systems 485

Business Value of Improved Decision Making 485 • Types of Decisions 485 • The Decision-Making Process 487 • Managers and Decision Making in the Real World 488 • High-Velocity Automated Decision Making 491

12.2 Business Intelligence in the Enterprise 492
What Is Business Intelligence? 492 • The Business Intelligence
Environment 493

◆Interactive Session: Organizations Analytics Help the Cincinnati Zoo Know Its Customers 494

Business Intelligence and Analytics Capabilities 496 • Management Strategies for Developing BI and BA Capabilities 500

12.3 Business Intelligence Constituencies 501

Decision Support for Operational and Middle Management 501 • Decision Support for Senior Management: Balanced Scorecard and Enterprise Performance Management Methods 504 • Group Decision-Support Systems (GDSS) 505

♦ Interactive Session: Management Colgate-Palmolive Keeps Managers Smiling with Executive Dashboards 506

Learning Track Module: Building and Using Pivot Tables 508

Review Summary 508 • Key Terms 509 • Review Questions 509 • Discussion Questions 510 • Hands-On MIS Projects 510 • Video Cases 511 • Collaboration and Teamwork Project 511

Part Four Building and Managing Systems 515

Chapter 13 Building Information Systems 516

Opening Case: New Systems and Business Processes Put MoneyGram "On the Money" 517

- 13.1 Systems as Planned Organizational Change 520
 Systems Development and Organizational Change 520 Business Process
 Redesign 522
- 13.2 Overview of Systems Development 525
- ◆Interactive Session: Organizations Burton Snowboards Speeds Ahead with Nimble Business Processes 526

Systems Analysis 528 • Systems Design 528 • Completing the Systems Development Process 529 • Modeling and Designing Systems: Structured and Object-Oriented Methodologies 532

- 13.3 Alternative Systems-Building Approaches 537

 Traditional Systems Life Cycle 537 Prototyping 538 End-User

 Development 539 Application Software Packages and Outsourcing 541
- 13.4 Application Development for the Digital Firm 544

 Rapid Application Development (RAD) 544 ComponentBased Development and Web Services 544 Mobile Application
 Development 545

Learning Track Modules: Unified Modeling Language (UML), A Primer on Business Process Design and Documentation, A Primer on Business Process Management 546

◆Interactive Session: Technology What Does It Take to Go Mobile? 547
Review Summary 548 • Key Terms 550 • Review Questions 550 • Discussion
Questions 551 • Hands-On MIS Projects 551 • Video Cases 553 • Collaboration
and Teamwork Project 553

◆ Case Study: Honam Petrochemical's Quest for Better Management Reports 554

Chapter 14 Managing Projects 556

Opening Case: Nu Skin's New Human Resources System Project Puts People First 557

- 14.1 The Importance of Project Management 559
 Runaway Projects and System Failure 559 Project Management
 Objectives 560
- ◆Interactive Session: Management Austin Energy's Billing System Can't Light Up 561
- 14.2 Selecting Projects 563

 Management Structure for Information Systems Projects 563 Linking Systems Projects to the Business Plan 564 Information Requirements

- and Key Performance Indicators 566 Portfolio Analysis 566 Scoring Models 567
- 14.3 Establishing the Business Value of Information Systems 567
 Information System Costs and Benefits 568 Real Options Pricing
 Models 570 Limitations of Financial Models 571
- Managing Project Risk 571
 Dimensions of Project Risk 571 Change Management and the Concept of Implementation 572 Controlling Risk Factors 574
- ◆Interactive Session: Organizations Westinghouse Electric Takes on the Risks of a "Big Bang" Project 578

Designing for the Organization 579 • Project Management Software Tools 580

Learning Track Modules: Capital Budgeting Methods for Information System Investments, Information Technology Investments and Productivity, Enterprise Analysis (Business Systems Planning) and Critical Success Factors 581

Review Summary 582 • Key Terms 582 • Review Questions 583 • Discussion Questions 583 • Hands-On MIS Projects 583 • Video Cases 585 • Collaboration and Teamwork Project 585

◆ Case Study: NYCAPS and CityTime: A Tale of Two New York City IS Projects 586

Chapter 15 Managing Global Systems 590

(available on the Web at www.pearsonglobaleditions.com/laudon, "Instructor Resources")

- *Opening Case: L'Oréal's Global Makeover 15-1
- 15.1 The Growth of International Information Systems 15-3

 Developing an International Information Systems Architecture 15-4 The Global Environment: Business Drivers and Challenges 15-5 State of the Art 15-8
- 15.2 Organizing International Information Systems 15-9
 Global Strategies and Business Organization 15-9 Global Systems to Fit the Strategy 15-10 Reorganizing the Business 15-11
- 15.3 Managing Global Systems 15-12

 A Typical Scenario: Disorganization on a Global Scale 15-12
 Global Systems Strategy 15-13 The Management Solution:
 Implementation 15-15
- ◆Interactive Session: Organizations Hasbro Develops a Global Systems Strategy 15-17
- Technology Issues and Opportunities for Global Value Chains 15-19
 Computing Platforms and Systems Integration 15-19 Connectivity 15-20
 Software Localization 15-21
- ◆Interactive Session: Management CombineNet ASAP Helps Primark Manage Its Global Supply Chain 15-23

Review Summary 15-25 • Key Terms 15-25 • Review Questions 15-26 • Discussion Questions 15-26 • Hands-On MIS Projects 15-26 • Video Cases 15-28 • Collaboration and Teamwork Project 15-28 • Case Study: Sherwin-Williams Paints the World 15-29

References 591 Glossary 607

Indexes 621