

Chapter 7 Enterprise-Wide Information Systems

- 1) SAP Canada estimated that _____ of businesses in Canada falls into the category of small-or medium sized operations.
- A) 90%
 - B) 75%
 - C) 95%
 - D) 80%

Answer: A

Page Ref: 254

Skill: R

- 2) Companies use information systems to support their various business processes and activities for internal operations, which does NOT include:
- A) manufacturing.
 - B) order processing.
 - C) interaction with suppliers.
 - D) human resource management.

Answer: D

Page Ref: 230

Skill: A

- 3) Applications running on different computing platforms include the following characteristics EXCEPT:
- A) same pieces of data need to be stored in several versions throughout the organization.
 - B) data cannot be readily shared between systems.
 - C) inexpensive to operate and maintain.
 - D) difficult to integrate.

Answer: C

Page Ref: 230

Skill: A

- 4) _____ information systems are information systems that allow companies to integrate information across operations on a company-wide basis.
- A) Functional area
 - B) Executive
 - C) Management
 - D) Enterprise-wide

Answer: D

Page Ref: 230

Skill: R

- 5) The emergence of the Internet and Web has resulted in _____, opening up new opportunities and methods for conducting business.
- A) delineating the customer and supplier networks
 - B) the integration of customer and supplier networks
 - C) the globalization of customer and supplier networks
 - D) the integration of all business processes within an organization

Answer: C

Page Ref: 230

Skill: A

- 6) Enterprise systems can help companies find innovative ways to conduct business, which lead to several advantages. These advantages do NOT include:
- A) an increase in the accuracy of on-time shipments.
 - B) a decrease in the number of anticipated surprises.
 - C) an increase in customer satisfaction.
 - D) tremendous inefficiencies within an organization.

Answer: D

Page Ref: 231

Skill: A

- 7) One of the most important factors when deciding to implement enterprise solutions involves:
- A) selecting and implementing applications that meet the requirements of the business, as well as its customers and suppliers.
 - B) implementing applications that meet the requirements of the customers and suppliers.
 - C) selecting applications that meet the requirements of the business.
 - D) selecting the customers and suppliers to work with.

Answer: A

Page Ref: 231

Skill: A

- 8) An information system can be used to support a billing process which would lead to all of the following EXCEPT:
- A) reduce the requirements for skilled managers.
 - B) reduced material and labor costs.
 - C) reduced use of paper.
 - D) less handling of paper.

Answer: A

Page Ref: 231

Skill: A

- 9) Internally focused systems support _____ areas, processes or activities within the organization.
- A) functional
 - B) operational
 - C) organizational
 - D) managerial

Answer: A

Page Ref: 231

Skill: A

- 10) At _____ of the business process in an organization, value is added in the form of work performed by people associated with that process and new, useful information is generated.
- A) some stages
 - B) various stages
 - C) each stage
 - D) successive stages

Answer: C

Page Ref: 231-232

Skill: A

- 11) The fulfillment department receives information about the customer order. Accordingly, items are picked from inventory and packaged for distribution. A(n) _____ which specifies the items in the package is then forwarded to the shipping department.
- A) packing list
 - B) invoice
 - C) shipping list
 - D) order-entry application

Answer: A

Page Ref: 232

Skill: A

- 12) The key purpose of a(n) _____ system is to streamline the flow of information from one company's operations to another's.
- A) management information
 - B) interorganizational
 - C) operational
 - D) intraorganizational

Answer: B

Page Ref: 232

Skill: R

- 13) _____ can be accomplished by integrating multiple business processes in ways that enable firms to meet a wide range of unique customer needs.
- A) Economies of scale
 - B) Competitive advantage
 - C) Strategic information planning
 - D) Process reengineering

Answer: B

Page Ref: 232

Skill: R

- 14) A _____ refers to the flow of information through a set of business activities, in which information flows through functional areas that facilitate the internal activities of the business.
- A) company's inventory
 - B) data warehouse
 - C) flow diagram
 - D) value chain

Answer: D

Page Ref: 233

Skill: R

- 15) _____ activities are functional areas within an organization that process inputs and produce outputs.
- A) Secondary
 - B) Primary
 - C) Support
 - D) Organizational

Answer: B

Page Ref: 233

Skill: R

- 16) _____ involves the business activities associated with receiving and stocking raw materials, parts and products.
- A) Inbound logistics
 - B) Marketing and sales
 - C) Outbound logistics
 - D) Operations and manufacturing

Answer: A

Page Ref: 234

Skill: A

- 17) At Chapters.indigo.ca, orders that have been processed by the operations area are forwarded to _____, which picks the products from inventory and coordinates delivery to the customer.
- A) inbound logistics
 - B) outbound logistics
 - C) customer service
 - D) marketing and sales

Answer: B

Page Ref: 234

Skill: R

- 18) Support activities include infrastructure, human resources, _____ and procurement.
- A) technology development
 - B) operations and management
 - C) customer service
 - D) marketing and sales

Answer: A

Page Ref: 235

Skill: A

- 19) _____ provides the necessary components to facilitate a business process.
- A) Technology
 - B) Infrastructure
 - C) Human resource
 - D) Procurement

Answer: B

Page Ref: 235

Skill: A

- 20) _____ is classified as a support activity since the primary activities cannot be accomplished without the employees to perform them.
- A) Human resources
 - B) Technology development
 - C) Infrastructure
 - D) Procurement

Answer: A

Page Ref: 235

Skill: A

- 21) The _____ business activity can leverage information systems by accumulating purchase orders from the different functional areas within the corporation.
- A) technology development
 - B) operations and manufacturing
 - C) procurement
 - D) marketing and sales

Answer: C

Page Ref: 215

Skill: A

- 22) Externally focused systems can be used to coordinate a company's value chain with another company's value chain or with consumers, such as in:
- A) real estate.
 - B) business-to-consumer electronic commerce.
 - C) consulting.
 - D) advertising.

Answer: B

Page Ref: 236

Skill: A

- 23) An upstream information flow consists of information that:
- A) is passed on to the company's distributors and customers.
 - B) is produced by one department and sent along to other departments.
 - C) is produced by a company and sent along to another organization.
 - D) is received from another organization.

Answer: D

Page Ref: 236

Skill: A

- 24) _____ systems are highly useful for standardized repetitive tasks, such as making entries in a check register.
- A) Stand-alone
 - B) Custom
 - C) Expert
 - D) Packaged

Answer: D

Page Ref: 236

Skill: A

- 25) If packaged applications cannot meet the requirements of the business, the managers must conduct a(n) _____ analysis to ensure that taking the custom application approach will prove worthwhile to the company.
- A) optimization
 - B) cost-benefit
 - C) earned value
 - D) what-if

Answer: B

Page Ref: 236

Skill: R

- 26) _____ applications are systems that focus on the specific needs of individual departments and are not designed to communicate with other systems of the organization.
- A) Internally-focused
 - B) Packaged
 - C) Stand-alone
 - D) Custom

Answer: C

Page Ref: 237

Skill: R

- 27) The process of conversion transfers information stored on legacy systems to a new, integrated computer platform, which typically comes in the form of:
- A) Enterprise Resource Planning.
 - B) Supply Chain Management.
 - C) Total Quality Management.
 - D) Customer Relationship Management.

Answer: A

Page Ref: 237

Skill: A

- 28) Customer Relationship Management applications concentrate on the _____, integrating the value chains of a company and its distributors.
- A) upstream information flows
 - B) downstream information flows
 - C) legacy systems
 - D) externally focused systems

Answer: B

Page Ref: 237

Skill: A

- 29) Each department implements applications to assist it with its daily business activities, and as a result, these applications tend to be:
- A) externally focused.
 - B) infrastructure-specific.
 - C) run on the same platforms.
 - D) similar in each department.

Answer: B

Page Ref: 237

Skill: A

- 30) Legacy systems and their associated _____ applications can prove problematic when information from multiple departmental systems is required to make decisions.
- A) custom
 - B) internally focused
 - C) stand-alone
 - D) packaged

Answer: C

Page Ref: 237, 239

Skill: R

- 31) In contrast to _____, ERP applications make accessing information easier by providing a central information repository.
- A) data warehouses
 - B) packaged applications
 - C) custom applications
 - D) legacy systems

Answer: D

Page Ref: 239-240

Skill: R

- 32) ERP applications that access the data warehouses are designed to have:
- A) different user interfaces to access different pieces of information.
 - B) the same look and feel, regardless of the unique needs of a particular department.
 - C) varying look and feel, depending on the needs of the organization.
 - D) different look and feel, depending of the unique needs of a particular department.

Answer: B

Page Ref: 240

Skill: R

- 33) Microsoft Word and Microsoft Excel have similar _____ and simply differ in the features and functionality that each application offers.

- A) operations screens
- B) command prompts
- C) user interfaces
- D) capabilities

Answer: C

Page Ref: 240

Skill: R

- 34) ERP systems are _____ applications that are purchased from software vendors.

- A) packaged
- B) internally-focused
- C) stand-alone
- D) custom

Answer: A

Page Ref: 240

Skill: A

- 35) _____ holds the largest market share with over 76,100 installations and has become one of the largest software supplier in the world.

- A) SSA BAAN
- B) SAP
- C) Oracle
- D) PeopleSoft

Answer: B

Page Ref: 240-241

Skill: R

36) ERP vendors include the following EXCEPT:

- A) SSA BAAN.
- B) Ashton Tate.
- C) Microsoft.
- D) Oracle.

Answer: B

Page Ref: 240

Skill: R

37) Companies typically either opt for _____ control or allow particular business units to govern themselves.

- A) shared
- B) distributed
- C) centralized
- D) decentralized

Answer: C

Page Ref: 241

Skill: A

38) One of the areas related to control involves the consistency of:

- A) legacy systems used in each department.
- B) policies and procedures.
- C) transactions involved in each department.
- D) business activities.

Answer: B

Page Ref: 241

Skill: A

39) Each function in an ERP system is classified as a component, and components are often bundled together to form software:

- A) modules.
- B) packages.
- C) applications.
- D) systems.

Answer: A

Page Ref: 241

Skill: A

40) If the vanilla version of an ERP system does not support a certain business process, the software may require _____ to accommodate it.

- A) customizations
- B) modifications
- C) integrations
- D) differentiations

Answer: A

Page Ref: 242

Skill: A

41) Altering the way in which business processes are conducted is known as:

- A) Supply Chain Management.
- B) Customer Relationship Management.
- C) Business Process Reengineering.
- D) Enterprise Resource Planning.

Answer: C

Page Ref: 243

Skill: R

42) In today's highly competitive markets, _____ hold the balance of power because, if they become dissatisfied with the levels of service they are receiving, there are many alternatives readily available to them.

- A) suppliers
- B) competitors
- C) business partners
- D) customers

Answer: D

Page Ref: 245

Skill: A

43) Vendors such as Oracle (Siebel) argue that the cost of trying to get back customers that have gone elsewhere can be _____ times as much as keeping a current one satisfied.

- A) 50 to 75
- B) 25 to 100
- C) 50 to 100
- D) 0 to 25

Answer: C

Page Ref: 245

Skill: R

44) The two main objectives of applications focusing on downstream information flows are to attract potential customers and to:

- A) develop and maintain customer satisfaction.
- B) create customer loyalty.
- C) decentralization of databases.
- D) achieve competitive advantage.

Answer: B

Page Ref: 245

Skill: A

45) _____ applications provide salespeople with computerized tools to assist them in their daily routines.

- A) Supply Chain Management
- B) Enterprise Resource Planning
- C) Customer Relationship Management
- D) Sales Force Automation

Answer: D

Page Ref: 245

Skill: R

46) Canadian grocery giant Sobeys Inc., has ditched this software because it could not handle its ordering and data processing needs for its stores in Ontario and Atlantic Canada:

- A) SAP.
- B) PeopleSoft.
- C) Oracle.
- D) Accpac.

Answer: A

Page Ref: 244

Skill: R

47) CRM applications are commonly integrated with ERP to leverage _____ information to serve customers.

- A) internal
- B) internal or external
- C) external
- D) internal and external

Answer: D

Page Ref: 246

Skill: R

48) In general, CRM applications are modularized along two lines:

- A) sales and service.
- B) service and postsales.
- C) advertising and sales.
- D) marketing and sales.

Answer: A

Page Ref: 246

Skill: A

49) With the gaming industry growing exponentially, MGM Mirage has deployed _____ to help it design marketing campaigns, such as seasonal promotions and special events, for its existing customers.

- A) BPR
- B) ERP
- C) SCM
- D) CRM

Answer: D

Page Ref: 247

Skill: R

50) Companies that have successfully implemented CRM focus on driving revenue as well as streamlining costs as opposed to emphasizing cost cutting alone because:

- A) the National Quality Research centre has favoured revenue generation strategies over cost cutting.
- B) CRM applications only allow revenue generation strategies and not cost cutting opportunities.
- C) cost cutting tends to have a lower limit whereas revenue generation strategies are bound only by the size of the market itself.
- D) revenue generation strategies are easier to implement than are cost cutting strategies.

Answer: C

Page Ref: 248

Skill: A

- 51) By developing and maintaining stronger, more integrated relationships with _____, companies can reduce costs associated with inventory levels and get new products to market more quickly.
- A) customers
 - B) suppliers
 - C) competitors
 - D) business partners

Answer: B

Page Ref: 249

Skill: A

- 52) _____ is commonly used to refer to the producers of supplies that a company uses.
- A) Value chain
 - B) Supply network
 - C) Supply chain
 - D) Value system

Answer: C

Page Ref: 249

Skill: R

- 53) A more descriptive term to describe the flow of materials from suppliers to a company is _____ because multiple suppliers are involved in the process of servicing a single organization.
- A) supply network
 - B) supply chain
 - C) value chain
 - D) value system

Answer: A

Page Ref: 249

Skill: A

- 54) Problems such as excessive inventories, inaccurate manufacturing capacity plans and missed production schedules can run rampant when:
- A) more and more suppliers are involved in a supply network.
 - B) there is a one-to-one relationship between the supplier and a company.
 - C) multiple suppliers service a single organization.
 - D) firms within a supply network do not collaborate effectively.

Answer: D

Page Ref: 249

Skill: A

- 55) Applications focusing on _____ information flows have two main objectives - to accelerate product development and to reduce costs associated with procuring raw materials, components and services from suppliers.
- A) integrated
 - B) upstream
 - C) internally-focused
 - D) downstream

Answer: B

Page Ref: 250

Skill: A

56) _____ applications are commonly integrated with ERP to leverage internal and external information to collaborate with suppliers.

- A) CRM
- B) BPR
- C) SFA
- D) SCM

Answer: D

Page Ref: 250

Skill: R

57) Like ERP and CRM applications, SCM packages are delivered in the form of _____, which companies select and implement according to their business requirements.

- A) solutions
- B) components
- C) systems
- D) modules

Answer: D

Page Ref: 250

Skill: R

58) To pursue supplier collaboration as a basis to achieve competitive advantage, company managers need the capability to monitor and analyze factors that drive supplier _____ to ensure they can meet the demands based on prevailing market conditions.

- A) productivity
- B) competitiveness
- C) selection
- D) collaboration

Answer: A

Page Ref: 250

Skill: A

59) Dell uses Ariba's SCM applications to automate its formerly paper-based purchasing process, shorten the time it takes to obtain goods and services from suppliers and lower overall _____ costs.

- A) procurement
- B) production
- C) software
- D) sourcing

Answer: A

Page Ref: 251

Skill: R

60) Canadian National Railways (CN) adopted a SCM package from I2 Technologies. Company executives utilized this package to address the following issues EXCEPT:

- A) forecast business opportunities as well as to translate incoming market information.
- B) stop their desktop computers from constantly crashing.
- C) could not utilize the company's many assets to meet customer needs.
- D) difficulty analyzing information coming in from the marketplace.

Answer: B

Page Ref: 251, 253

Skill: R

- 61) The collaborative fulfillment module does NOT include the following functions:
- A) fulfilling orders from channels on time with order management, transportation planning and vehicle scheduling.
 - B) sharing information and integrating processes up and down the supply chain.
 - C) supporting the entire logistics process, including picking, packing, shipping and international activities.
 - D) committing to delivery dates in real time.

Answer: B

Page Ref: 252

Skill: A

- 62) The supply chain _____ module in SCM packages allows a company to monitor every stage of the supply chain process, from price quotation to the moment the customer receives the products and issue alerts when problem arise.
- A) collaboration
 - B) performance management
 - C) exchange
 - D) event management

Answer: D

Page Ref: 252

Skill: A

- 63) The implementations of enterprise systems are often _____ originally envisioned.
- A) not as effective as
 - B) more costly and more time consuming than
 - C) as costly and time consuming as
 - D) less expensive than

Answer: B

Page Ref: 253

Skill: A

- 64) A recent survey suggested that _____ percent of companies that undertake enterprise system implementations do not fully realize the results they had hoped.
- A) 10 to 20
 - B) 40 to 60
 - C) 30 to 40
 - D) 60 to 80

Answer: B

Page Ref: 253

Skill: R

- 65) One of the recommendations related to enterprise system implementations includes taking a(n) _____ approach to implementations.
- A) organizational
 - B) internally-focused
 - C) thorough
 - D) multidisciplinary

Answer: D

Page Ref: 253-254

Skill: A

66) In a survey of 64 Fortune 500 companies that have implemented enterprise systems, _____ percent were shown to have experienced productivity problems after going live.

- A) 15%
- B) 10%
- C) 25%
- D) 20%

Answer: C

Page Ref: 255

Skill: R

67) A critical reason that enterprise system implementations fail is believed to be a direct result of lack of _____ management support.

- A) top-level
- B) operational level
- C) organizational level
- D) managerial level

Answer: A

Page Ref: 254-255

Skill: A

68) Using _____ tends to move companies through the enterprise system implementation more quickly and tends to help companies train their personnel on the applications more effectively.

- A) executives
- B) business partners
- C) consultants
- D) vendors

Answer: C

Page Ref: 255

Skill: A

69) _____ is often the most overlooked, underestimated and poorly budgeted expense involved in planning enterprise system implementations.

- A) Help from outside experts
- B) Customization
- C) Executive sponsorship
- D) Training

Answer: D

Page Ref: 255

Skill: A

70) Enterprise systems affect the entire organization and, thus, companies should include personnel from _____ in the implementation project.

- A) different levels and departments
- B) the same level in different departments
- C) the executive level
- D) different levels in the same department

Answer: A

Page Ref: 234

Skill: A

- 71) Nordia's big break came in 2002 when they secured a large contract with the State of California for a call centre to handle interactions from people with:
- A) motor impairments
 - B) cognitive impairments
 - C) hearing and speech impediments
 - D) sight impairments

Answer: C

Page Ref: 229

Skill: R

- 72) Organizations use information systems to to support various business activities involving internal operations. They can also use systems to to support external interactions with all of the following EXCEPT:
- A) business partners
 - B) suppliers
 - C) customers
 - D) employees

Answer: D

Page Ref: 230

Skill: A

- 73) Applications running on different computing platforms:
- A) have been replaced by enterprise systems.
 - B) will become more prevalent.
 - C) are easily integrated.
 - D) are difficult to integrate.

Answer: D

Page Ref: 230

Skill: R

- 74) The Information and Communications Technology (ICT) sector in Canada _____ between 2000 and 2004. The sector total reflects a _____ in manufacturing and a _____ in services.
- A) grew; rise; fall
 - B) shrank; rise; fall
 - C) shrank; fall; rise
 - D) grew; fall; rise

Answer: D

Page Ref: 231

Skill: R

- 75) _____ is the function responsible for the activities associated with receiving and storing raw materials, parts and products.
- A) Outbound logistics
 - B) Accounts receivable
 - C) Inbound logistics
 - D) Operations

Answer: C

Page Ref: 234

Skill: R

76) _____ is the function responsible for order processing and/or manufacturing.

- A) Accounts payable
- B) Outbound logistics
- C) Operations
- D) Inbound logistics

Answer: C

Page Ref: 234

Skill: R

77) Chapters.indigo.ca can automatically update sales information at the point of distribution, allowing managers to _____ in real time.

- A) edit order information
- B) contact suppliers for replenishment
- C) view inventory and revenue information
- D) authorize payment

Answer: C

Page Ref: 234

Skill: A

78) Hewlett-Packard uses an information system to provide customer service. The system allows customers to:

- A) search for and download product information.
- B) check the status of an order.
- C) place orders.
- D) make warranty claims

Answer: A

Page Ref: 234

Skill: A

79) Support activities are business activities that:

- A) are internally focussed on employees.
- B) augment manufacturing processes.
- C) enable primary activities to take place.
- D) are externally focussed on suppliers.

Answer: C

Page Ref: 234

Skill: A

80) _____ refers to the purchasing of goods and services that are required as inputs to the primary activities.

- A) Procurement
- B) Accounts receivable
- C) Accounts payable
- D) Inbound logistics

Answer: A

Page Ref: 235

Skill: R

81) Information created inside the organization and sent to customers is travelling:

- A) internally upstream.
- B) externally downstream.
- C) externally upstream.
- D) internally downstream.

Answer: B

Page Ref: 236

Skill: A

82) Enterprise systems come in two forms:

- A) support and primary
- B) packaged and custom
- C) upstream and downstream
- D) internal and external

Answer: B

Page Ref: 236

Skill: R

83) Together, stand-alone applications and the computers they run on are referred to as _____ systems.

- A) legacy
- B) conversion
- C) enterprise
- D) interorganizational

Answer: A

Page Ref: 237

Skill: R

84) Microsoft chose which Enterprise Resource Planning vendor to implement in its own organization?

- A) Oracle
- B) Microsoft
- C) SAP
- D) SSA BAAN

Answer: C

Page Ref: 238

Skill: R

85) At Microsoft, what caused a two-year delay in implementing the SAP ERP system?

- A) lack of budgetary approval
- B) lack of proprietary business practices
- C) lack of executive buy-in
- D) lack of system integration

Answer: C

Page Ref: 238

Skill: R

86) Applications that integrate business activities across departmental boundaries are referred to as _____ applications.

- A) stand-alone
- B) conversion
- C) legacy
- D) enterprise resource planning

Answer: D

Page Ref: 239

Skill: R

87) The terms 'resource' and 'planning' have very little to do with contemporary ERP systems, which grew out of MRP systems in the 1990s. The 'M' stands for:

- A) Manufacturing
- B) Mechanical
- C) Material
- D) Modern

Answer: C

Page Ref: 239

Skill: A

88) An interesting competitive landscape in the ERP sector is being created as _____ and _____ both begin to focus on the middle segment in the market.

- A) Microsoft; SAP
- B) SSA BAAN; JD Edwards
- C) SAP; Oracle
- D) SSA BAAN; Oracle

Answer: A

Page Ref: 241

Skill: R

89) Key components of the mySAP Business Suite include all of the following EXCEPT:

- A) ERP
- B) Product Lifecycle Management
- C) Customer Relationship Management
- D) Supply Chain Management

Answer: C

Page Ref: 241

Skill: R

90) Key components of the mySAP ERP application include all of the following EXCEPT:

- A) Procurement services
- B) Operations management
- C) Business analysis
- D) Self-services

Answer: A

Page Ref: 242

Skill: R

91) Other terms for Business Process Reengineering include all of the following EXCEPT:

- A) Business Practice Redesign
- B) Business Activity Modelling
- C) Workflow Management
- D) Business Process Improvement

Answer: A

Page Ref: 243

Skill: R

92) Princess Cruises uses _____ to inform long-term customers about current offers and promotions.

- A) upstream alerts
- B) SCM
- C) ERP
- D) email

Answer: D

Page Ref: 247

Skill: A

93) Advances in both hardware and software are leading to potential _____ issues as CRM becomes increasingly capable of segmenting customers into increasingly specific groups.

- A) legal
- B) marketing
- C) ethical
- D) budgetary

Answer: C

Page Ref: 248

Skill: R

94) Retail giants such as Wal-Mart are in the process of requiring that certain suppliers equip their shipments with _____ in order to streamline the _____ process.

- A) RFID; SCM
- B) ERP; CRM
- C) CRM; RFID
- D) SCM; RFID

Answer: A

Page Ref: 251

Skill: A

95) SAP has recently introduced a new version of mySAP CRM that includes all the following functionality EXCEPT:

- A) adaptive forecasting
- B) supplier capacity analysis
- C) transportation planning and vehicle scheduling
- D) replenishment process

Answer: B

Page Ref: 253

Skill: A

96) Running different applications on similar computing platforms can create tremendous inefficiencies within organizations because data cannot readily be shared between the systems.

Answer: True False

Page Ref: 230

Skill: A

97) Enterprise systems come in a variety of shapes and sizes, each providing a unique set of features and functionality.

Answer: True False

Page Ref: 231

Skill: A

98) Management information systems are information systems that allow companies to integrate information across operations on a company-wide basis.

Answer: True False

Page Ref: 232

Skill: R

99) Interorganizational systems could be used to coordinate the flow of information from a company to its potential or existing customers who exist outside the organization.

Answer: True False

Page Ref: 232

Skill: A

100) Sharing information between organizations helps companies to adapt more quickly to changing business processes.

Answer: True False

Page Ref: 232

Skill: A

101) The flow of information through a set of business activities is referred to as a value chain in which information flows through functional areas that facilitate the internal activities of the business.

Answer: True False

Page Ref: 233

Skill: A

102) Support activities are functional areas within an organization that process inputs and produce outputs.

Answer: True False

Page Ref: 234

Skill: A

103) The functional area of outbound logistics focuses on the distribution of the end products.

Answer: True False

Page Ref: 234

Skill: A

- 104) Support activities are business activities that enable the primary activities to take place and include infrastructure, human resources, technology development and procurement.
Answer: True False
Page Ref: 234-235
Skill: A
- 105) Procurement includes the design and development of applications that support the primary business activities.
Answer: True False
Page Ref: 235
Skill: R
- 106) Any information that feeds into a company's value chain, whether its source is another company's value chain or an end consumer, is considered to be part of the value system.
Answer: True False
Page Ref: 235
Skill: A
- 107) An upstream information flow relates to the information that is produced by a company and sent along to another organization.
Answer: True False
Page Ref: 236
Skill: A
- 108) The development costs of custom systems are much lower than packaged applications due to the time, money and resources that are required to design and develop them.
Answer: True False
Page Ref: 236
Skill: A
- 109) Legacy systems are typically older systems that are either fast approaching or beyond the end of their useful life within the organization.
Answer: True False
Page Ref: 237
Skill: R
- 110) Customer Relationship Management applications concentrate on the upstream information flows, integrating the value chains of a company and its distributors.
Answer: True False
Page Ref: 237
Skill: A
- 111) Each department normally has its own computing system that runs its necessary applications.
Answer: True False
Page Ref: 237
Skill: A

- 112) Given that older systems are not designed to communicate with other applications beyond departmental boundaries, they are classified as legacy systems.
Answer: True False
Page Ref: 237, 239
Skill: A
- 113) Enterprise Planning systems are applications that integrate business activities across departmental boundaries.
Answer: True False
Page Ref: 237
Skill: A
- 114) Storing data in a single place and making it available to everyone within the organization empowers everyone in the organization to be aware of the current state of business and to perform their jobs better.
Answer: True False
Page Ref: 240
Skill: A
- 115) ERP systems are stand-alone applications that are purchased from software vendors such as BAAN, Oracle and PeopleSoft.
Answer: True False
Page Ref: 240
Skill: R
- 116) Because all companies are different, packaged software applications will exactly fit the unique requirements of a particular business.
Answer: True False
Page Ref: 236, 241
Skill: A
- 117) The features and modules that the ERP comes with out of the box are referred to as the vanilla version.
Answer: True False
Page Ref: 242
Skill: R
- 118) ERP implementations will go more smoothly when companies change their business practices to fit the way the ERP software operates.
Answer: True False
Page Ref: 243
Skill: A
- 119) CRM suites typically include SFA modules, as well as the ability to track activities related to the customers throughout the entire marketing department.
Answer: True False
Page Ref: 245
Skill: A
- 120) CRM applications come in the form of packaged software that is purchased from software vendors.
Answer: True False
Page Ref: 246
Skill: R

- 121) Sales modules in CRM applications include SFA functions which are designed to assist companies with the postsales aspects of the business activities, such as marketing and prospecting.
Answer: True False
Page Ref: 246
Skill: A
- 122) The service side of CRM brings with it many opportunities to gain competitive advantage by providing customized, individual attention to existing customers.
Answer: True False
Page Ref: 247
Skill: A
- 123) The further out in the supply chain one looks, the less and less suppliers are involved.
Answer: True False
Page Ref: 249
Skill: A
- 124) Applications focusing on downstream information flows accelerate product development and reduce costs associated with procuring raw materials, components and services from suppliers.
Answer: True False
Page Ref: 250
Skill: A
- 125) Companies need to have a distributed system that captures information from the various methods they use to communicate upstream with their suppliers.
Answer: True False
Page Ref: 250
Skill: R
- 126) Many companies utilize SCM applications to accelerate production.
Answer: True False
Page Ref: 250
Skill: R
- 127) Canadian National Railways (CN) adopted an SCM package from I2 Technologies to forecast its business opportunities as well as to translate incoming market information.
Answer: True False
Page Ref: 251
Skill: R
- 128) Vendors such as Siebel Systems work with consulting firms such as Accenture and IBM rather than maintaining a huge, internal implementation division.
Answer: True False
Page Ref: 255
Skill: R

- 129) A critical reason that enterprise system implementation fail is believed to be a direct result of a lack of top-level management support.
Answer: True False
Page Ref: 254
Skill: R
- 130) In a survey of 64 Fortune 500 companies that have implemented enterprise systems, 25 percent have experienced productivity problems after going live.
Answer: True False
Page Ref: 255
Skill: R
- 131) Enterprise systems affect the entire organization and, thus companies should include personnel from different levels and departments in the implementation project.
Answer: True False
Page Ref: 257
Skill: A
- 132) Nordia Inc. got a big break in 2002 when they secured a contract from the State of California to set up a call centre to handle interactions from people with visual impairments.
Answer: True False
Page Ref: 229
Skill: R
- 133) Companies can use information systems to support both internal and external business activities.
Answer: True False
Page Ref: 230
Skill: R
- 134) Rather than storing information in a central location, enterprise systems allow data to be located in the functional area where they originated and are used.
Answer: True False
Page Ref: 230
Skill: A
- 135) Customers have an increasing number of options available to them, and are thus demanding more sophisticated products that are customized to their unique needs.
Answer: True False
Page Ref: 230
Skill: R
- 136) Information systems cannot be used to provide competitive advantage owing to the existence of legacy systems.
Answer: True False
Page Ref: 231
Skill: A

- 137) Information systems can be used to support either internal or external business processes but not both simultaneously.
Answer: True False
Page Ref: 231
Skill: R
- 138) Externally-focussed systems coordinate business activities with suppliers, customers and support activities within the organization.
Answer: True False
Page Ref: 232
Skill: A
- 139) Support activities are business activities that enable primary activities to take place.
Answer: True False
Page Ref: 234
Skill: R
- 140) Procurement refers to the purchasing of goods and services that are required as inputs to primary activities.
Answer: True False
Page Ref: 235
Skill: R
- 141) If you are planning a career in management information systems, it is likely that you will find a job in the technology business activity.
Answer: True False
Page Ref: 235
Skill: R
- 142) A company can create additional value by integrating external applications with suppliers, business partners and and customers.
Answer: True False
Page Ref: 235
Skill: R
- 143) Supply Chain Management applications operate on the upstream information flows, integrating the value chains of a company and its suppliers.
Answer: True False
Page Ref: 237
Skill: R
- 144) After careful consideration of the alternatives, Microsoft chose to implement the ERP application from vendor Oracle.
Answer: True False
Page Ref: 238
Skill: R

- 145) Wal-Mart has cancelled its requirement that certain suppliers must include RFID tags in their shipments owing to cost uncertainty.
Answer: True False
Page Ref: 251
Skill: R
- 146) The emergence of the Internet and Web has resulted in the _____ of customer and supplier networks, opening up new opportunities and methods to conduct business.
Answer: globalization
Page Ref: 230
Skill: A
- 147) Primary activities include inbound logistics, operations and manufacturing, outbound logistics, marketing and sales and _____.
Answer: customer service
Page Ref: 234
Skill: A
- 148) At Dell, during the _____ process, inventory levels from inbound logistics are verified and, if the appropriate inventory exists, workers pick up the components from existing supplies and build the product to the customers specifications.
Answer: operations and manufacturing
Page Ref: 234
Skill: R
- 149) Flows of external information into and from a company can be _____ to create additional value and competitive advantage.
Answer: leveraged
Page Ref: 236
Skill: A
- 150) Companies can gain several advantages by integrating and converting _____ systems so that information stored on separate computing platforms can be consolidated to provide a centralized point of access.
Answer: legacy
Page Ref: 237
Skill: R
- 151) The beauty of ERP lies in the fact that accurate, _____ information can be shared throughout the organization.
Answer: real-time
Page Ref: 239-240
Skill: A
- 152) _____ involve additional software that is integrated with the ERP or direct changes to the vanilla ERP application itself.
Answer: Customizations
Page Ref: 242
Skill: R

- 153) Many ERP vendors build _____ into their applications to provide guidelines to management to identify business activities within their organizations that need to be streamlined.
Answer: best practices
Page Ref: 243
Skill: R
- 154) _____ is the system of applications which mainly focus on contract management and scheduling.
Answer: Sales Force Automation (SFA)
Page Ref: 245
Skill: R
- 155) A(n) _____ describes the flow of materials from suppliers to a company because multiple suppliers are involved in the process of servicing a single organization.
Answer: supply network
Page Ref: 249
Skill: R
- 156) _____ management applications are commonly integrated with ERP to leverage internal and external information to collaborate with suppliers.
Answer: Supply chain
Page Ref: 249
Skill: R
- 157) Supply chain _____ creates an online supply chain community that enables partners to collaborate on design, procurement, demand and supply management, and other supply chain activities.
Answer: exchange
Page Ref: 252
Skill: A
- 158) Although _____ do not necessarily need to make decisions concerning the enterprise system, it is critical that they buy into the decisions made by project managers.
Answer: executives
Page Ref: 254
Skill: A
- 159) Project managers need to include in the enterprise system implementation personnel from midlevel management, the information systems department, external consultants, and, most important, _____.
Answer: end users
Page Ref: 234
Skill: A
- 160) The total Canadian ICT sector dollar value was _____ in 2004 than in 2000.
Answer: higher
Page Ref: 231
Skill: R

161) Generally, the flow of information through a set of business activities is referred to as a _____

Answer: value chain

Page Ref: 233

Skill: A

162) _____ activities are business activities that allow primary activities to take place.

Answer: Support

Page Ref: 234

Skill: R

163) Human Resources is considered a _____ activity because the _____ activities cannot be accomplished without the employees to perform them.

Answer: support; primary

Page Ref: 235

Skill: A

164) _____ refers to the purchasing of goods and services that are required as inputs to the primary activities.

Answer: Procurement

Page Ref: 235

Skill: R

165) A _____ information flow relates to information that is produced by a company and sent along to another organization.

Answer: downstream

Page Ref: 236

Skill: R

166) _____ applications are software programs written by third-party vendors.

Answer: Packaged

Page Ref: 236

Skill: R

167) If company personnel create an application for the organization, it is referred to as a(n) _____ application.

Answer: custom

Page Ref: 236

Skill: A

168) Together, stand-alone applications and the computers they run on are referred to as _____ systems.

Answer: legacy

Page Ref: 237

Skill: R

169) Lack of _____ caused a two-year delay in Microsoft's implementation of SAP in their organization.

Answer: executive buy-in

Page Ref: 238

Skill: R

170) _____ systems are systems that operate within the confines of a particular business need.

Answer: Legacy

Page Ref: 239

Skill: R

171) Enterprise Resource Planning takes stand-alone applications a step further by providing a data _____ and similar application _____ that service the entire enterprise.

Answer: warehouse; interface

Page Ref: 239

Skill: R

172) _____ _____ _____ is a systematic, structured improvement approach by all or part of an organization whereby people critically examine, rethink and redesign business processes.

Answer: Business Process Reengineering

Page Ref: 243

Skill: R

173) Princess Cruises uses _____ to alert its long-term clients to current offers and promotions.

Answer: email

Page Ref: 247

Skill: R

174) Western ERP vendors are required to reduce their margins on sales of systems in China because Chinese competitors can duplicate such systems more cost effectively owing to the low cost of domestic _____.

Answer: labour

Page Ref: 249

Skill: A

175) In contrast to barcode technology, _____ tags can be read without needing to open the package containing them.

Answer: RFID (or Radio Frequency IDentification)

Page Ref: 251

Skill: R

176) Define primary activities and give a brief description of each of the primary activities included in the value chain network.

Answer: Primary activities are functional areas within an organization that process inputs and produce outputs. They include inbound logistics, operations and manufacturing, outbound logistics, marketing and sales and customer service. Inbound logistics involves the business activities associated with receiving and stocking raw materials, parts and products. Once the components have been stocked in inventory, the functional area of operations takes over. Operations can involve such activities as processing orders and/or manufacturing processes that transform raw materials and/or component parts into end products. The functional area of outbound logistics mirrors that of inbound logistics. Instead of involving the receipt of raw materials, parts and products, outbound logistics focuses on the distribution of end products. The marketing and sales functional area facilitates the presales activities of the company and these include the creation of marketing literature, communication with potential and existing customers and pricing goods and services. The customer service functional area focuses on the postsales activities of the company. Customers may have questions and need help from a customer service representative.

Page Ref: 234

Skill: A

177) What are support activities in the value chain network? Give a brief description of each of the support activities.

Answer: Support activities are business activities that enable primary activities to take place. They include infrastructure, human resources, technology development and procurement. Infrastructure refers to the hardware and software that must be implemented to support the applications that the primary activities use. Human resources involves the business activities associated with employee management, such as hiring, interview scheduling, payroll and benefits management. Human resources is classified as a support activity since the primary activities cannot be accomplished without the employees to perform them. Technology includes the design and development of applications that support the primary activities. Technology can involve a wide array of responsibilities such as the selection of packaged software or the design and development of a custom application to meet a particular business need. Finally, procurement refers to the purchasing of goods and services that are required as inputs to the primary activities. The procurement business activity can leverage information systems by accumulating purchase orders from the different functional areas within the corporation.

Page Ref: 235

Skill: A

178) What is a value system and how does information flow between companies in a value system?

Answer: A company can create additional value by integrating internal applications with suppliers, business partners and customers. Companies accomplish this by connecting their internal value chains as a value system, in which information flows from one company's value chain to another company's value chain. Any information that feeds into a company's value chain, whether its source is another company's value chain or an end customer, is considered part of the value system. The value system can be viewed as a river of information that flows from a source to an ultimate destination. Like a river, at any particular point there is a flow coming from upstream and progressing downstream. Value systems comprise upstream and downstream information flows. An upstream information flow consists of information that is received from another organization whereas a downstream information flow relates to the information that is produced by a company and sent along to another organization.

Page Ref: 235-236

Skill: A

179) Name the different types of enterprise systems and explain the issues involved in choosing these systems.

Answer: Enterprise systems come in two forms: packaged and custom. Packaged applications are software programs that are written by third-party vendors whereas custom applications are software programs that are designed and developed by company personnel. Packaged systems can be purchased off-the-shelf and are highly useful for standardized, repetitive tasks, such as making entries in a check register. They can be quite cost effective since the vendor that builds the software application can spread out development costs through selling to a large number of users. Yet, packaged applications may not be well suited for tasks that are unique to a particular business. In these cases, companies may choose to develop custom applications that can accommodate their particular business needs. The development costs of custom systems are much higher than packaged applications due to the time, money and resources that are required to design and develop them. Furthermore, applications need to be maintained internally when changes are required. With packaged applications, the vendor makes the changes and distributes new versions to its customers. In all, there are trade-offs when choosing between the packaged and custom application routes. Managers must consider whether packaged applications can meet the business requirements and, if not, conduct a cost-benefit analysis to ensure that taking the custom application approach will prove worthwhile to the company.

Page Ref: 236-237

Skill: A

180) Name and describe three of the most prevalent issues facing management when selecting an appropriate packaged ERP application for a company.

Answer: The most prevalent issues facing management are control, business requirements and best practices. Control refers to the locus of control over the computing systems and decision making regarding these systems. Companies typically either opt for centralized control or allow particular business units to govern themselves. In the context of ERP, these decisions are based on the level of detail in the information that must be provided to management. Some corporations want to have as much detail as possible made available at the executive level whereas other companies do not require such access. Because all companies are different, no packaged software application will exactly fit the unique requirements of a particular business. ERP applications come in a variety of shapes and sizes, each designed to accommodate certain transaction volumes and business activities. One of the major hurdles posed to companies that implement ERP applications involve changing business processes to accommodate the manner in which the software works. ERP implementations are often used as a catalyst for overall improvement of underlying business processes. ERP applications are designed to operate according to industry-standard business processes, known as best practices. Many ERP vendors build best practices into their applications to provide guidelines to management to identify business activities within their organizations that need to be streamlined. Implementations will go more smoothly when companies change their business practices to fit the way the ERP software operates.

Page Ref: 240-242

Skill: A

181) What are the objectives of applications focusing on downstream information flows and explain what applications are available to support these objectives?

Answer: Applications focusing on downstream information flows have two main objectives - to attract potential customers and create customer loyalty. The process of attracting potential customers or prospects can be streamlined by implementing Sales Force Automation (SFA) applications, which mainly focus on contact management and scheduling. SFA applications provide salespeople with computerized support tools to assist them in their daily routines. SFA focuses on presales marketing and sales functions whereas Customer Relationship Management (CRM) applications go beyond SFA by offering postsales support activities as well. CRM offers a completely integrated approach to customer management. CRM suites typically include SFA modules, as well as the ability to track activities related to customers throughout the organization. CRM helps close the loop once the sale has been made. CRM also integrates the multiple ways that companies interact with customers such as electronic mail and call centres. By providing exactly the information the customer requests, CRM can help build customer loyalty through demonstrated responsiveness.

Page Ref: 245-246

Skill: A

182) What are the objectives and advantages of Supply Chain Management applications?

Answer: Applications focusing on upstream information flows have two main objectives. First to accelerate product development and next to reduce costs associated with procuring raw materials, components and services from suppliers. Many companies utilize Supply Chain Management (SCM) applications to accelerate product development. The ability to swiftly react to changing market conditions can provide companies with the competitive advantage of bringing products to market more quickly than their competition. The other major reason that SCM applications are becoming widely used is based on the fact that they can help companies streamline costs and create efficiencies across their supply networks. SCM applications are commonly integrated with ERP to leverage internal and external information to collaborate with suppliers. The appropriate SCM technology, combined with the coordination of business processes with the supply network, can provide substantial paybacks for companies. SCM solutions help streamline work flow and enhance employee productivity. Companies can more efficiently manage business travel, time and expenses and collaborate with suppliers in real time.

Page Ref: 248-253

Skill: A

183) Companies that have successfully installed enterprise systems are found to follow a basic set of recommendations related to enterprise system implementations. Give a brief description of each of these recommendations.

Answer: There are four recommendations related to enterprise system implementations. Recommendation 1 is to secure executive sponsorship. Although executives do not necessarily need to make decisions concerning the enterprise system, it is critical that they buy into the decisions made by project managers because they have the ultimate authority regarding the availability and distribution of resources within the organization. Similarly, executive sponsorship can propel the implementation because executive management can obliterate any obstacles that arise. Recommendation 2 is to get help from outside experts. Consultants can give companies a head start since they are already trained on the package being implemented. They also have experience in helping other companies implementing the software, making them keenly aware of potential problem areas that may arise during the implementation. Recommendation 3 is to thoroughly train users. A company can allay fears and mitigate potential productivity issues by training users before the system goes live and giving them sufficient opportunities to learn the system. The last recommendation is to take a multidisciplinary approach to implementations. Companies should include personnel from different levels and departments in the implementation project because enterprise systems affect the entire organization.

Page Ref: 253-257

Skill: R

184) List and explain the functionality of the six key capabilities of mySAP ERP.

Answer: 1) Business analysis - enables evaluation of business performance by taking advantage of functionality for analyzing workforce, operations and supply chain
2) Financial and management accounting - manage corporate finance functions by automating financial supply chain management, financial accounting and management accounting
3) Human capital management - maximizes profitability with functionality for employee transaction management and life-cycle management.
4) Operations management - allows streamlining of operations with integrated functionality for managing end-to-end logistics processes while expanding collaborative capabilities in supply chain management, product life-cycle management and supplier relationship management.
5) Corporate services management - Optimizes centralized and decentralized services for managing real estate, corporate travel and incentives and commissions.
6) Self-services - provides an employee-centric portal enabling both employees and managers to create, modify and view key information. Use a broad range of technologies including web browser, voice and mobile devices for easy access to internal and external business content.

Page Ref: 242

Skill: R

185) Explain Business Process Engineering, both as an activity itself and then in the context of ERP implementation. What is the relationship between the two.?

Answer: BPR is a systematic, structured improvement approach by all or part of an organization whereby people critically examine, rethink and redesign business processes in order to achieve dramatic improvements in one of more performance measures such as quality, cycle time or cost. Information technology is a critical partner in the process, which has five steps:

- 1) develop a vision for the organization that specifies business objectives
- 2) identify the critical processes that are to be redesigned
- 3) understand and measure the existing processes as a baseline measure
- 4) identify the ways in which IT can be used to improve the processes
- 5) design and implement a prototype of the new process(es)

In the context of ERP, some form BPR is almost always necessary since the organization must change to fit the way the ERP enforces best practices. It is possible, though not recommended, to change the ERP to match the business, but then why bother? BPR is sometimes used as a euphemism for 'downsizing'.

Page Ref: 243-244

Skill: A

186) Explain how RFID technology will radically alter supply chain management.

Answer: The information on RFID chips can be 'read' by appropriate hardware without having to be run past a barcode scanner or hand counted. Entire shipments can be tallied simply by having the shipment pass within the proximity of a reader, eliminating the need to disassemble pallets of goods for inventory management. In addition, information about the production process (date and time of manufacture, location, components, quality control, etc - these are not mentioned in the text but are for illustration only) can be written to the chips, giving the capacity for cradle-to-grave information. Tremendous efficiencies in the retail sector are predicted. ERP vendors (such as SAP) are building modules to allow for streamlining of SCM.

Page Ref: 251

Skill: A