Tamkang University 淡江大學





#### **Hot Issues of Information Management**

#### Information Systems in Global Business: UPS (Chap. 1)

1051IM4B02 TLMXB4B (M0842) Tue 3,4 (10:10-12:00) B507



#### **Min-Yuh Day**

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淡江大學 資訊管理學系





#### 課程大綱 (Syllabus)

週次(Week) 日期(Date) 內容(Subject/Topics)

- 1 2016/09/13 Introduction to Case Study for Information Management Hot Topics
- 2 2016/09/20 Information Systems in Global Business: UPS (Chap. 1) (pp.53-54)
- 3 2016/09/27 Global E-Business and Collaboration: P&G (Chap. 2) (pp.84-85)
- 4 2016/10/04 Information Systems, Organization, and Strategy: Starbucks (Chap. 3) (pp.129-130)
- 5 2016/10/11 Ethical and Social Issues in Information Systems: Facebook (Chap. 4) (pp.188-190)

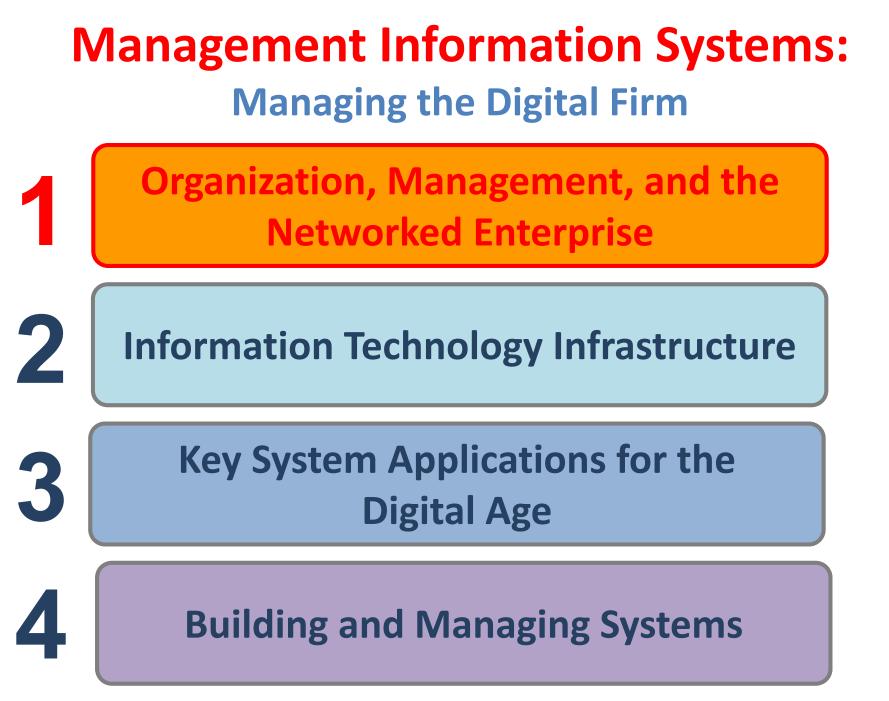
#### 課程大綱 (Syllabus)

週次(Week) 日期(Date) 內容(Subject/Topics)

- 6 2016/10/18 IT Infrastructure and Emerging Technologies: Amazon and Cloud Computing (Chap. 5) (pp. 234-236)
- 7 2016/10/25 Foundations of Business Intelligence: IBM and Big Data (Chap. 6) (pp.261-262)
- 8 2016/11/01 Telecommunications, the Internet, and Wireless Technology: Google, Apple, and Microsoft (Chap. 7) (pp.318-320)
- 9 2016/11/08 Midterm Report (期中報告)
- 10 2016/11/15 期中考試週

#### 課程大綱 (Syllabus)

- 週次 日期 內容(Subject/Topics)
- 11 2016/11/22 Enterprise Applications: Summit and SAP (Chap. 9) (pp.396-398)
- 12 2016/11/29 E-commerce: Zagat (Chap. 10) (pp.443-445)
- 13 2016/12/06 Enhancing Decision Making: Zynga (Chap. 12) (pp.512-514)
- 14 2016/12/13 Building Information Systems: USAA (Chap. 13) (pp.547-548)
- 15 2016/12/20 Managing Projects: NYCAPS and CityTime (Chap. 14) (pp.586-588)
- 16 2016/12/27 Final Report I (期末報告 I)
- 17 2017/01/03 Final Report II (期末報告 II)
- 18 2017/01/10 期末考試週



Chap. 1 Information Systems in Global Business: UPS

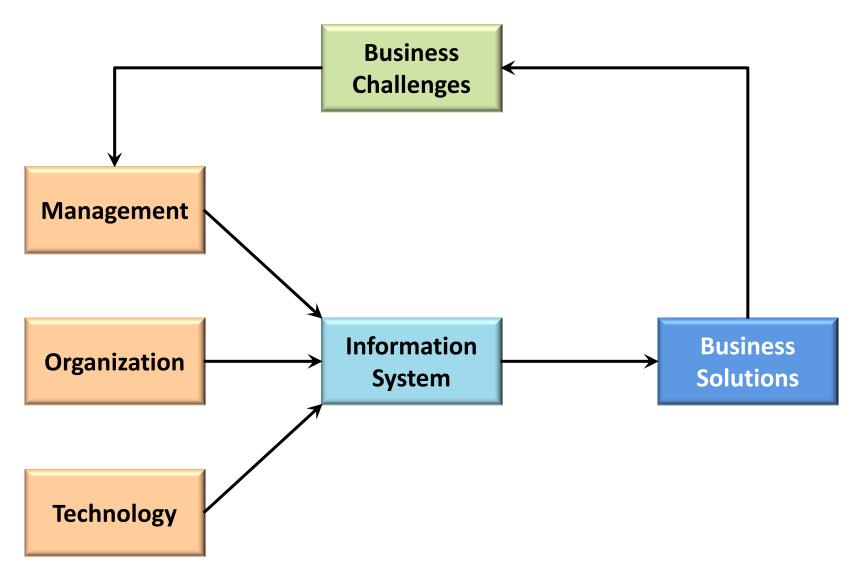
## **Case Study: UPS (Chap. 1)** (pp.53-54) UPS Competes Globally with Information Technology

- 1. What are the inputs, processing, and outputs of UPS's package tracking system?
- 2. What technologies are used by UPS? How are these technologies related to UPS's business strategy?
- 3. What strategic business objectives do UPS's information systems address?
- 4. What would happen if UPS's information systems were not available?

## Information Management (MIS) Information Systems



#### **Overview of Fundamental MIS Concepts**



#### **Business Model**

8	6	2		4	1
Key Partners	Key Activities	Value		Customer Relationships	Customer Segments
	7	Proposition		3	
	Key Resources			Channels	
9 Cost Structure			5 Revenue Streams		

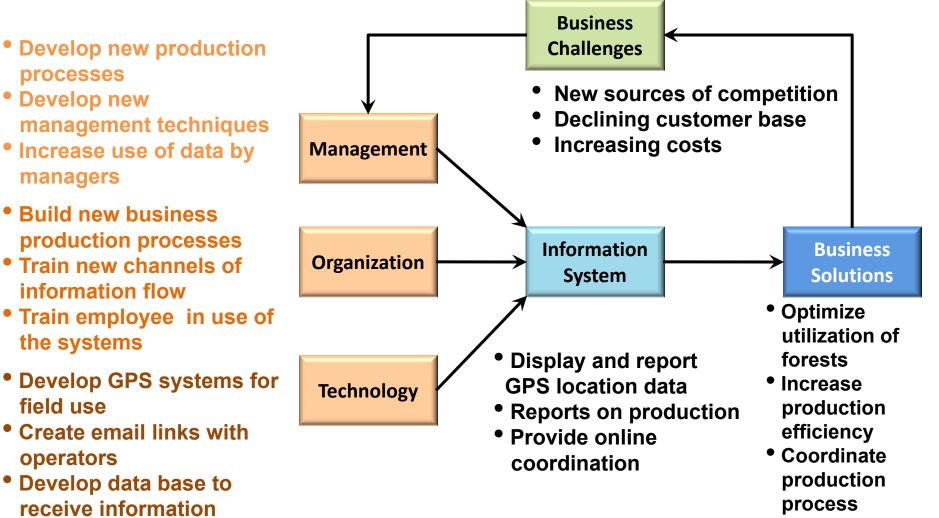
#### **Ponsse:**

#### Efficiency in Wood Harvesting with Information System



Source: http://www.ponsse.com/

#### Overview of Fundamental MIS Concepts using an integrated framework for describing and analyzing information systems



Source: Kenneth C. Laudon & Jane P. Laudon (2014), Management Information Systems: Managing the Digital Firm, Thirteenth Edition, Pearson.

## Information Systems in Global Business

- 1. How are information systems transforming business and what is their relationship to globalization?
- 2. Why are information systems so essential for running and managing a business today?
- 3. What exactly is an information system? How does it work? What are its management, organization, and technology components?
- 4. What are complementary assets? Why are complementary assets essential for ensuring that information systems provide genuine value for an organization?
- 5. What academic disciplines are used to study information systems? How does each contribute to an understanding of information systems? What is a sociotechnical systems perspective?

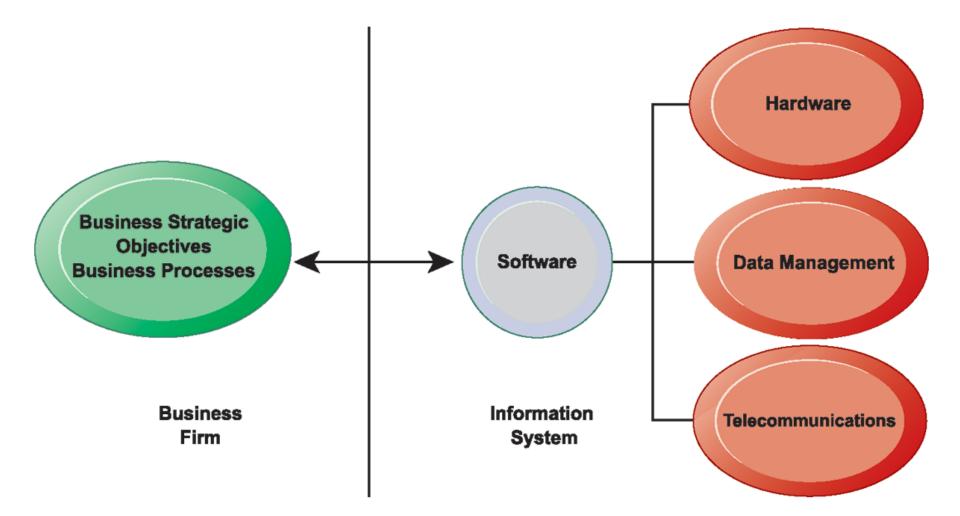
# How information systems are transforming business

- Emerging mobile digital platform
- Growing business use of "big data"
- Growth in cloud computing

#### **Globalization opportunities**

- Internet has drastically reduced costs of operating on global scale
- Increases in foreign trade, outsourcing
- Presents both challenges and opportunities

#### The Interdependence Between Organizations and Information Technology



## **Strategic Business Objectives of Information Systems**

- 1. Operational Excellence
- 2. New Products, Services and Business Models
- 3. Customer and Supplier Intimacy
- 4. Improved Decision Making
- 5. Competitive Advantage
- 6. Survival

#### **1. Operational Excellence**

- Improvement of efficiency to attain higher profitability
- Information systems, technology an important tool in achieving greater efficiency and productivity
- Walmart's Retail Link system links suppliers to stores for superior replenishment system

## 2. New Products, Services, and Business Models

- Business model: describes how company produces, delivers, and sells product or service to create wealth
- Information systems and technology a major enabling tool for new products, services, business models
  - Examples: Apple's iPad, Google's Android OS, and Netflix

#### **3. Customer and Supplier Intimacy**

- Serving customers well leads to customers returning, which raises revenues and profits.
  - Example: High-end hotels that use computers to track customer preferences and used to monitor and customize environment
- Intimacy with suppliers allows them to provide vital inputs, which lowers costs.
  - Example: JCPenney's information system which links sales records to contract manufacturer

#### 4. Improved Decision Making

- Without accurate information:
  - Managers must use forecasts, best guesses, luck
  - Results in:
    - Overproduction, underproduction
    - Misallocation of resources
    - Poor response times
  - Poor outcomes raise costs, lose customers
- Example:
  - Verizon's Web-based digital dashboard to provide managers with real-time data on customer complaints, network performance, line outages

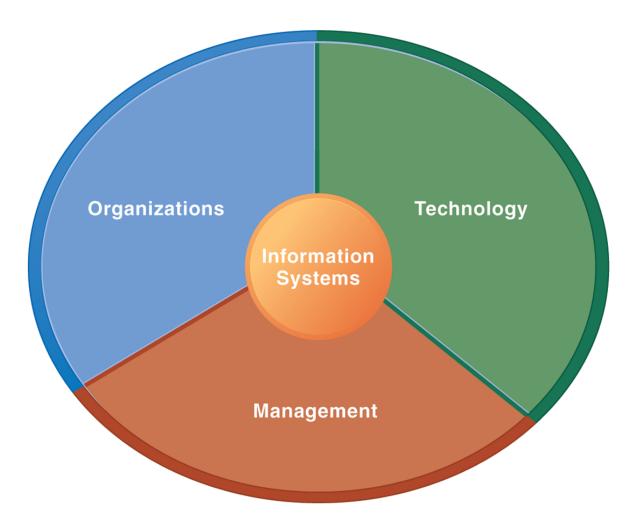
#### 5. Competitive advantage

- Delivering better performance
- Charging less for superior products
- Responding to customers and suppliers in real time
- Examples: Apple, Walmart, UPS

#### 6. Survival

- Information technologies as necessity of business
- Industry-level changes
  - Example: Citibank's introduction of ATMs
- Governmental regulations requiring recordkeeping
  - Examples: Toxic Substances Control Act, Sarbanes-Oxley Act

#### **Information Systems Are More Than Computers**



## **Dimensions of Information Systems**

#### Organizations

People, structure, business processes, politics, and culture.

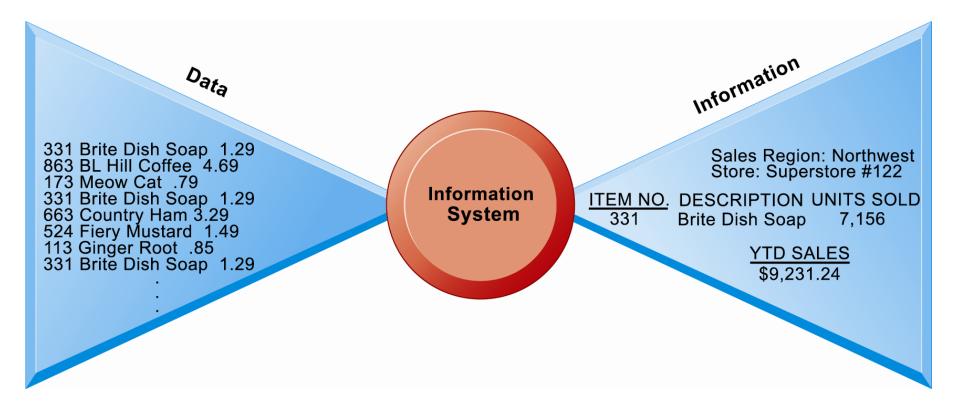
#### Management

 Make sense out of the many situations faced by organizations, make decisions, and formulate action plans to solve organizational problems.

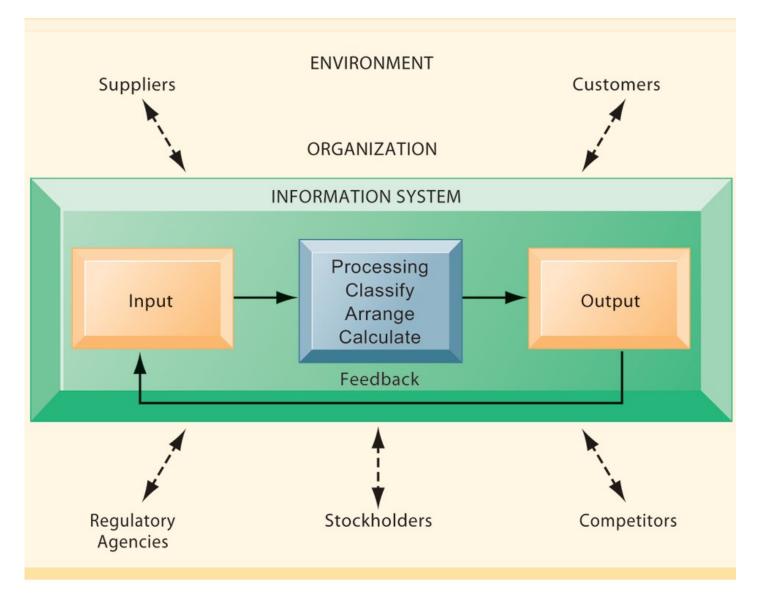
#### • Information Technology

 Computer hardware, software, data management technology, networking and telecommunications technology

#### Perspectives on Information Systems: Data and Information



#### **Functions of an Information System**



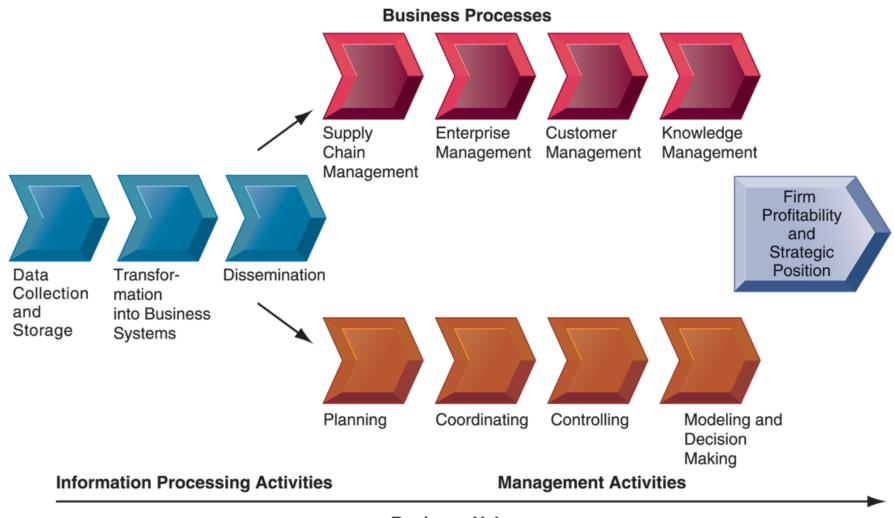


#### **MAJOR BUSINESS FUNCTIONS**

FUNCTION	PURPOSE			
Sales and marketing	Selling the organization's products and services			
Manufacturing and production	Producing and delivering products and services			
Finance and accounting	Managing the organization's financial assets and maintaining the organization's financial records			
Human resources	Attracting, developing, and maintaining the organization's labor force; maintaining employee records			

## IT ISN'T JUST TECHNOLOGY: A BUSINESS PERSPECTIVE ON INFORMATION SYSTEMS

#### **The Business Information Value Chain**



#### **Business Value**

#### **The Business Information Value Chain**

 From a business perspective, information systems are part of a series of value-adding activities for acquiring, transforming, and distributing information that managers can use to improve decision making, enhance organizational performance, and, ultimately, increase firm profitability.

## **COMPLEMENTARY SOCIAL**, **MANAGERIAL, AND ORGANIZATIONAL ASSETS REQUIRED TO OPTIMIZE RETURNS FROM INFORMATION TECHNOLOGY INVESTMENTS**

#### **Organizational assets**

- Supportive organizational culture that values efficiency and effectiveness
- Appropriate business model
- Efficient business processes
- Decentralized authority
- Distributed decision-making rights
- Strong IS development team

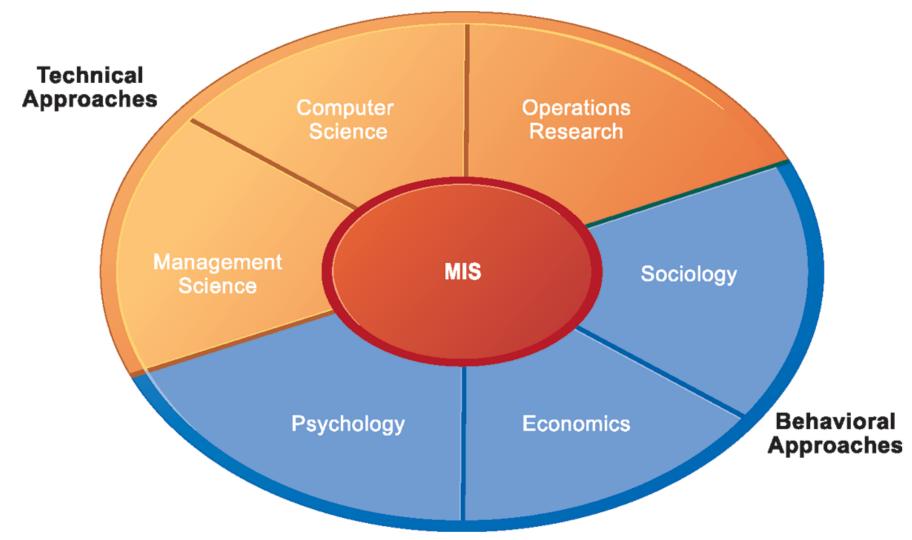
#### **Managerial assets**

- Strong senior management support for technology investment and change
- Incentives for management innovation
- Teamwork and collaborative work environments
- Training programs to enhance management decision skills
- Management culture that values flexibility and knowledge-based decision making.

#### **Social assets**

- The Internet and telecommunications infrastructure
- IT-enriched educational programs raising labor force computer literacy
- Standards (both government and private sector)
- Laws and regulations creating fair, stable market environments
- Technology and service firms in adjacent markets to assist implementation

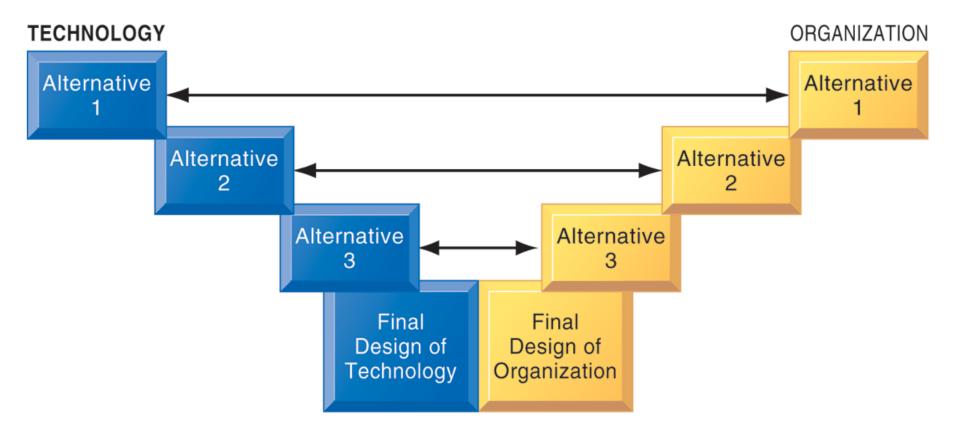
### **Contemporary Approaches to Information Systems**



**Contemporary Approaches to Information Systems** 

- Technical Approach
- Behavioral Approach
- Sociotechnical Systems

### A Sociotechnical Perspective on Information Systems



# Business Model

#### **Business Model**

8	6	2		4	1	
Key Partners	Key Activities	Value Proposition		Customer Relationships	Customer	
	<b>7</b> Key			3	Segments	
	Resources			Channels		
9		5 Revenue Streams				

#### **Definition of Business Model**

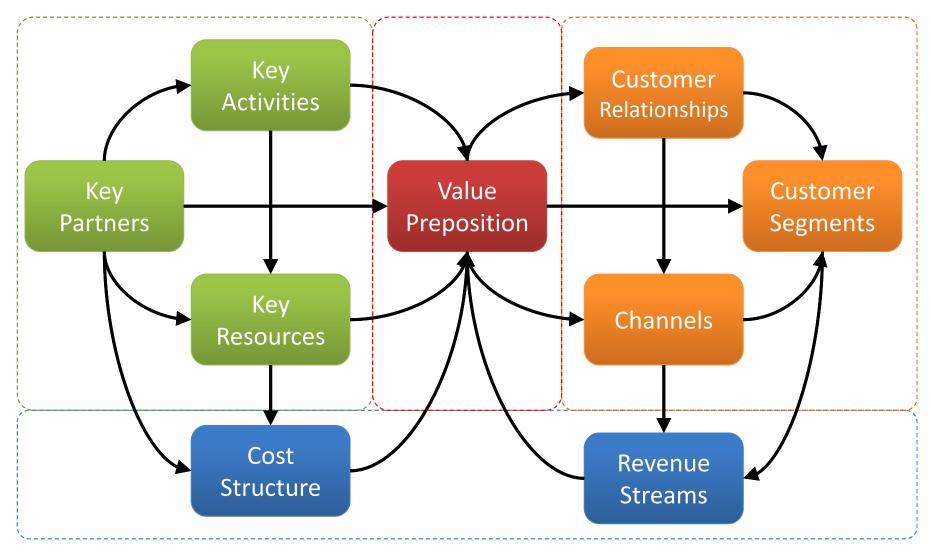
### A business model describes the rationale of how an organization creates, delivers, and captures value.

#### **Definition of Business Strategy**

### A business strategy is a long term plan of action designed to achieve a particular goal or set of goals or objectives.

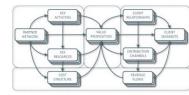
#### **Business Model Canvas**

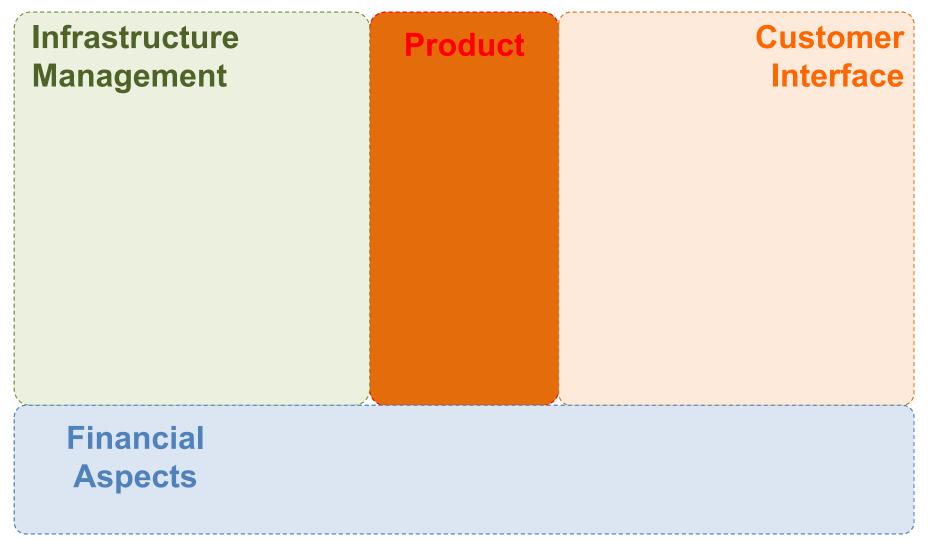




Source: http://nonlinearthinking.typepad.com/nonlinear\_thinking/2008/07/the-business-model-canvas.html https://www.youtube.com/watch?v=QoAOzMTLP5s

### **Business Model Canvas**





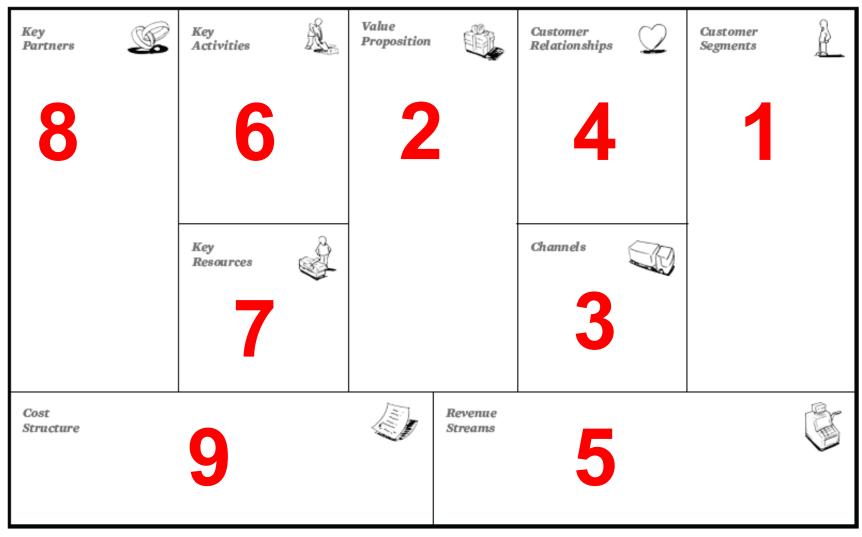
Source: <u>http://nonlinearthinking.typepad.com/nonlinear\_thinking/2008/07/the-business-model-canvas.html</u> <u>https://www.youtube.com/watch?v=QoAOzMTLP5s</u>

#### **Business Model Canvas Explained**

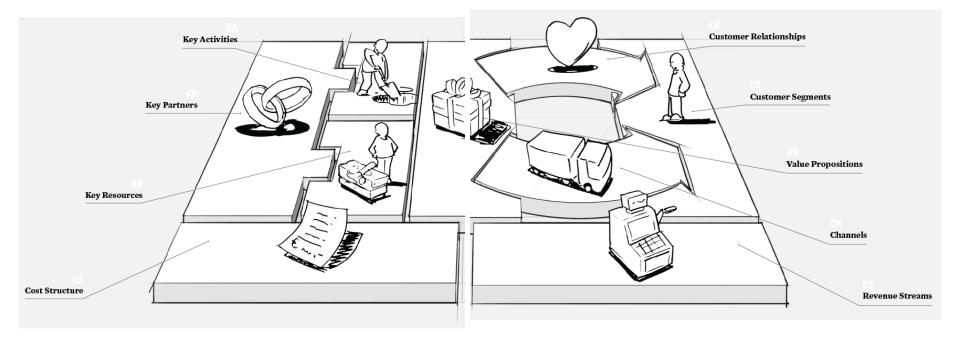


Source: http://www.youtube.com/watch?v=QoAOzMTLP5s

### The 9 Building Blocks of Business Model

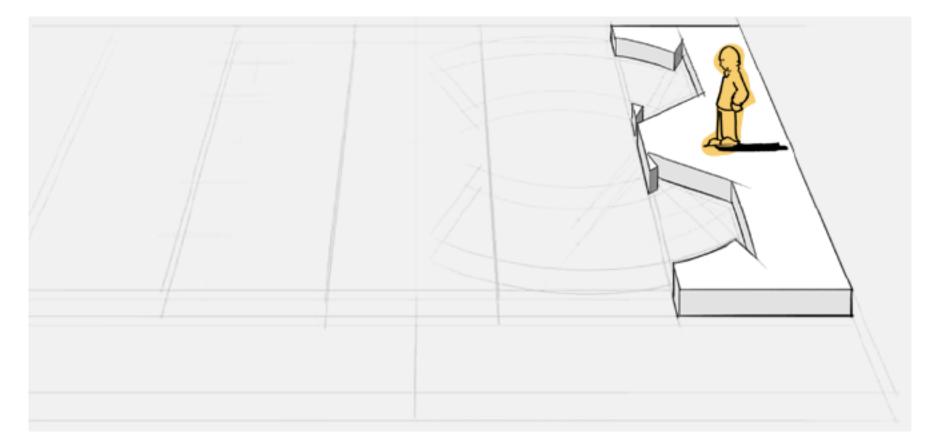


### The 9 Building Blocks of Business Model



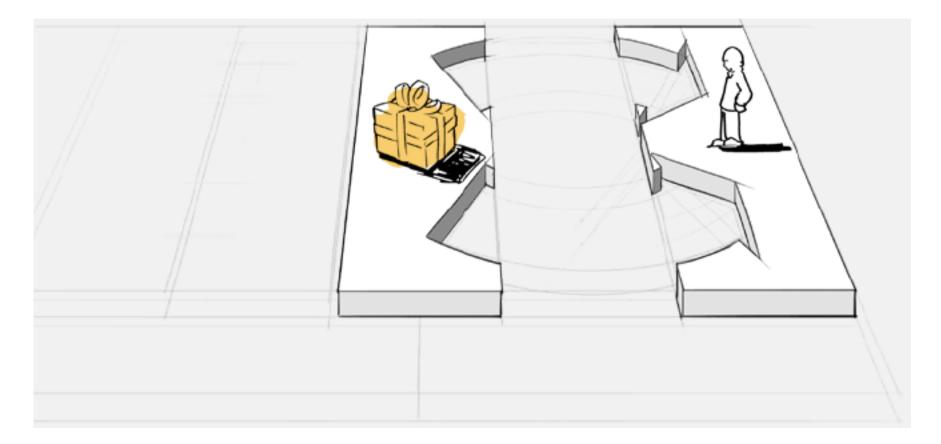
#### **1.** Customer Segments

Defines the different groups of people or organizations an enterprise aims to reach and serve



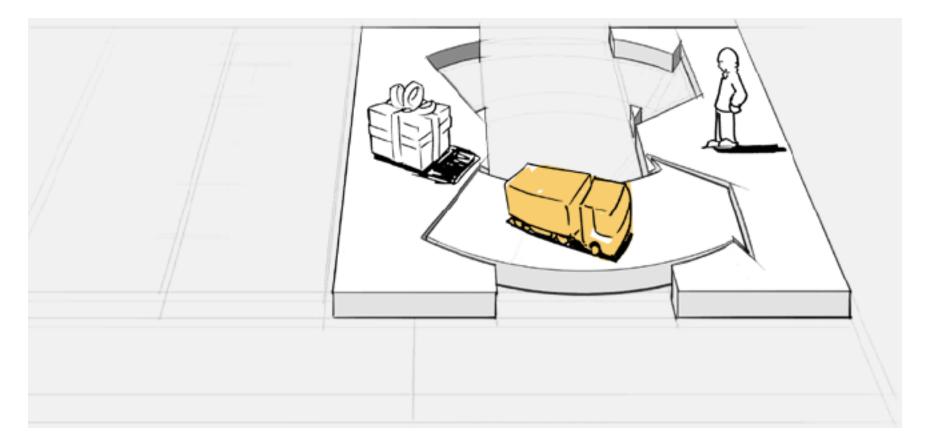
### **2. Value Propositions**

Describes the bundle of products and services that create value for a specific Customer Segment



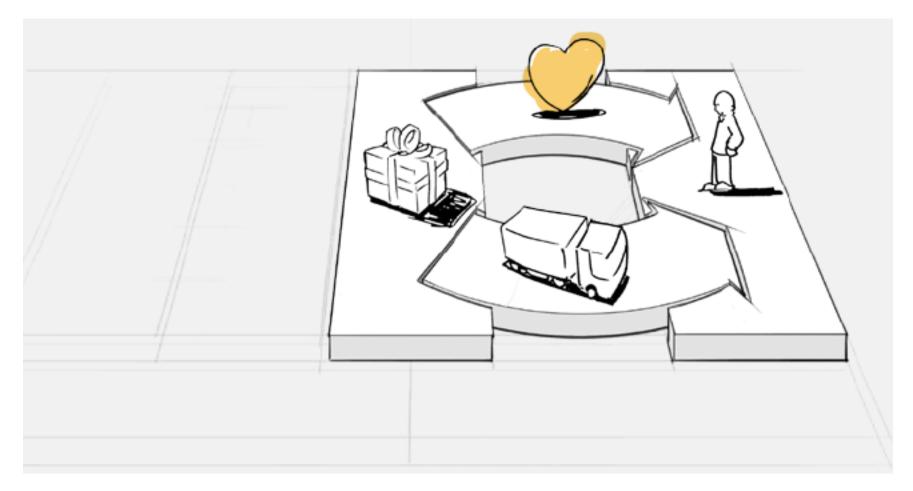
#### **3.** Channels

Describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition



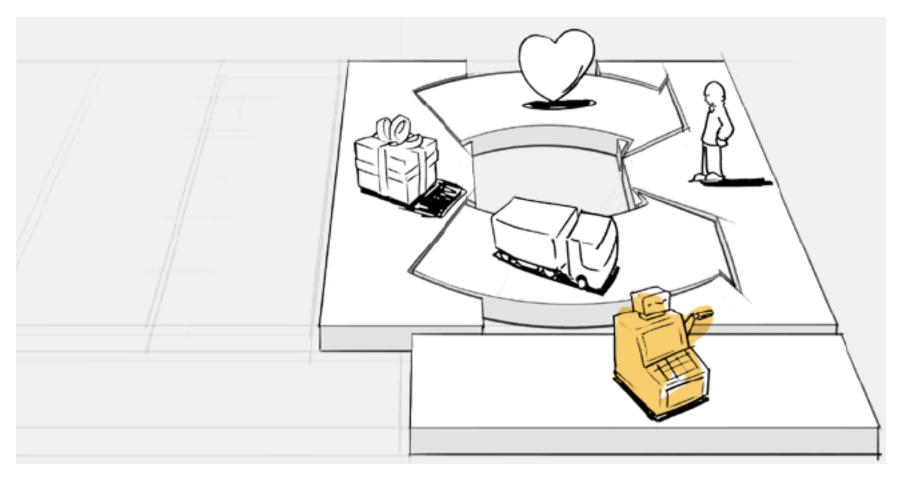
#### 4. Customer Relationships

Describes the types of relationships a company establishes with specific Customer Segments



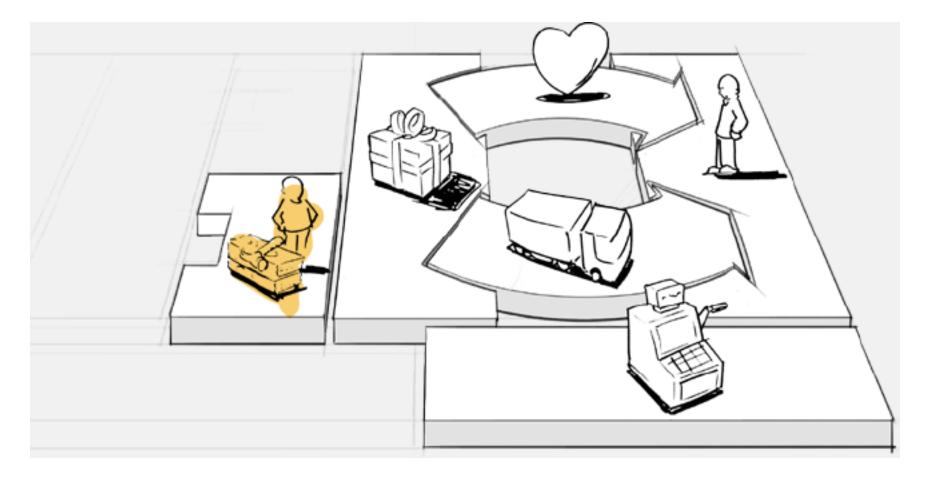
#### **5. Revenue Streams**

Represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings)



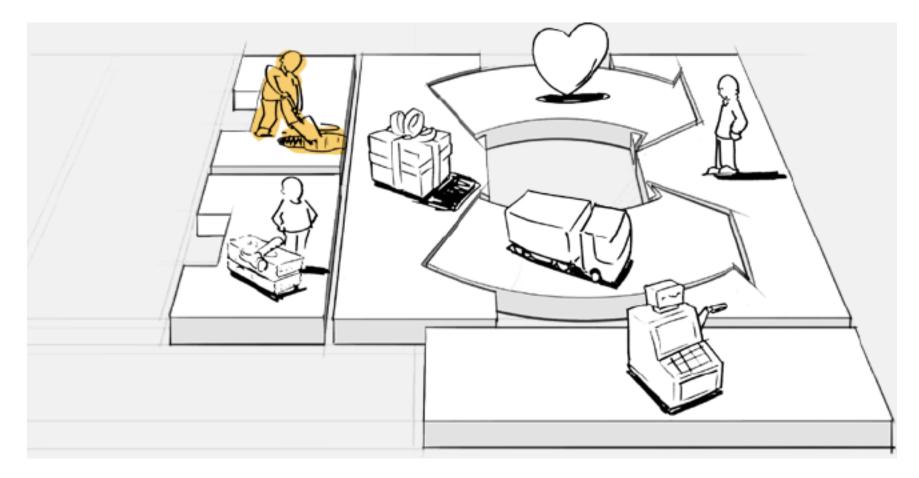
#### 6. Key Resources

Describes the most important assets required to make a business model work



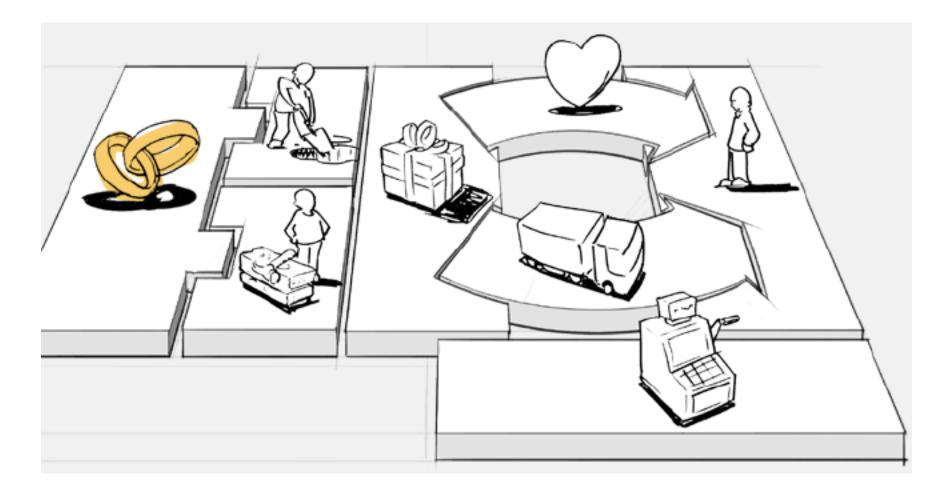
#### 7. Key Activities

Describes the most important things a company must do to make its business model work



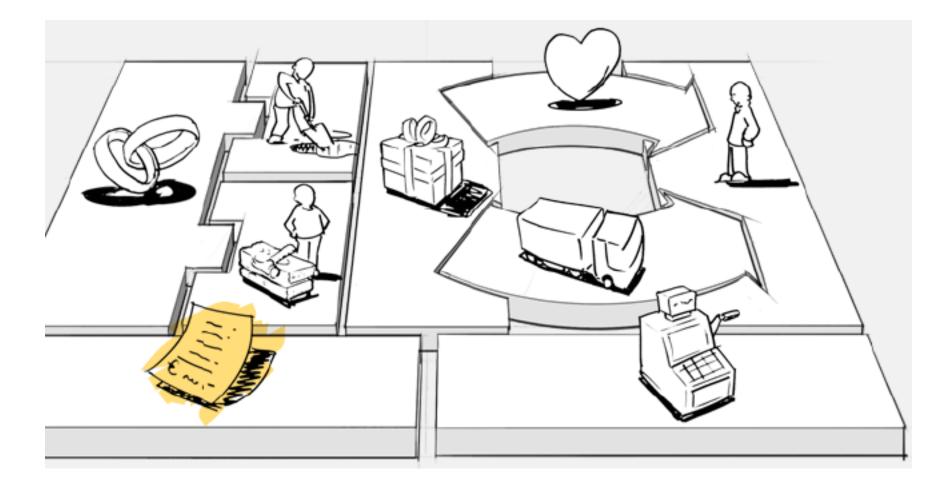
### 8. Key Partnerships

Describes the network of suppliers and partners that make the business model work



#### 9. Cost Structure

#### Describes all costs incurred to operate a business model



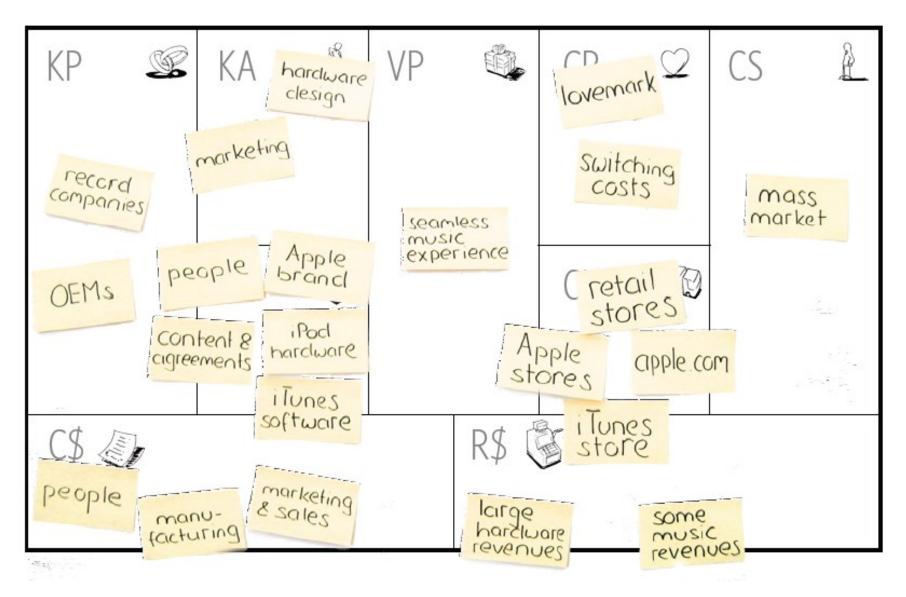
### The 9 Building Blocks of Business Model

- 1. Customer Segments
  - An organization serves one or several Customer Segments.
- 2. Value Propositions
  - It seeks to solve customer problems and satisfy customer needs with value propositions.
- 3. Channels
  - Value propositions are delivered to customers through communication, distribution, and sales Channels.
- 4. Customer Relationships
  - Customer relationships are established and maintained with each Customer Segment.

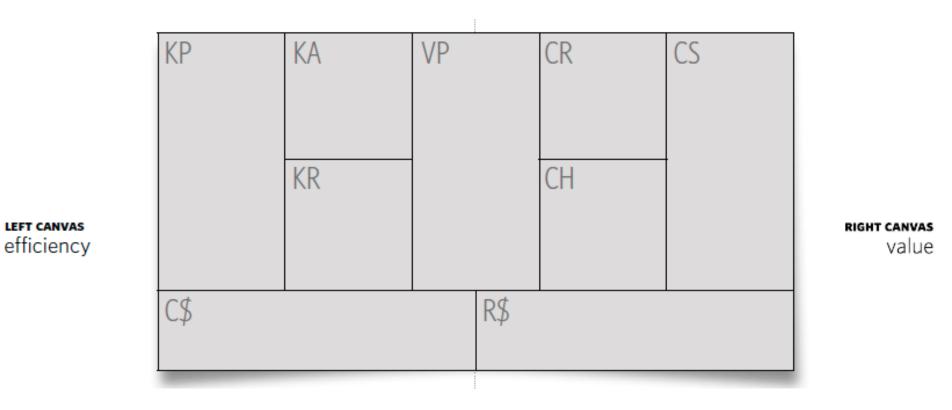
### The 9 Building Blocks of Business Model

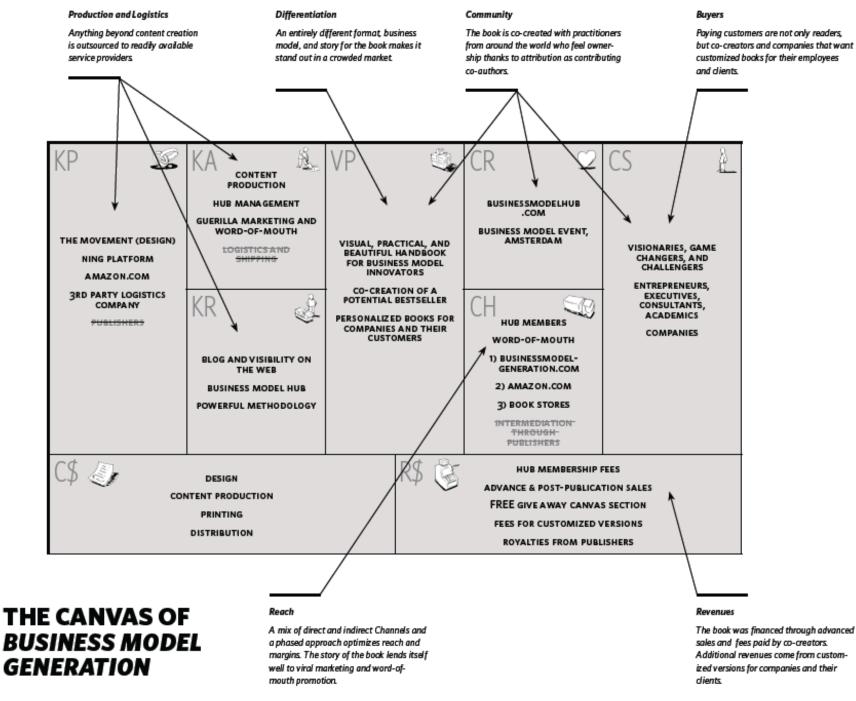
- 5. Revenue Streams
  - Revenue streams result from value propositions successfully offered to customers.
- 6. Key Resources
  - Key resources are the assets required to offer and deliver the previously described elements...
- 7. Key Activities
  - ...by performing a number of Key Activities.
- 8. Key Partnerships
  - Some activities are outsourced and some resources are acquired outside the enterprise.
- 9. Cost Structure
  - The business model elements result in the cost structure.

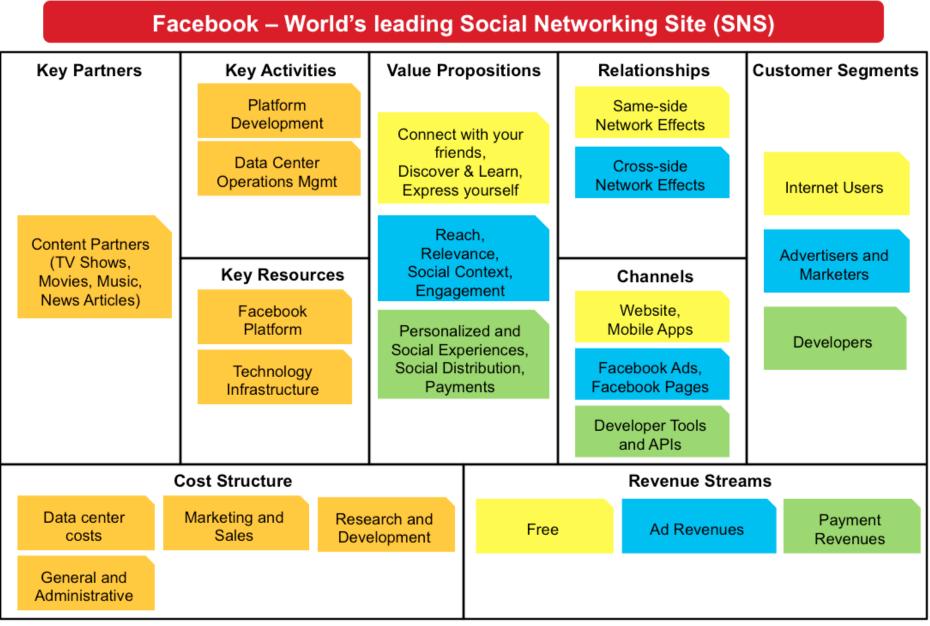
#### **Business Model Generation**

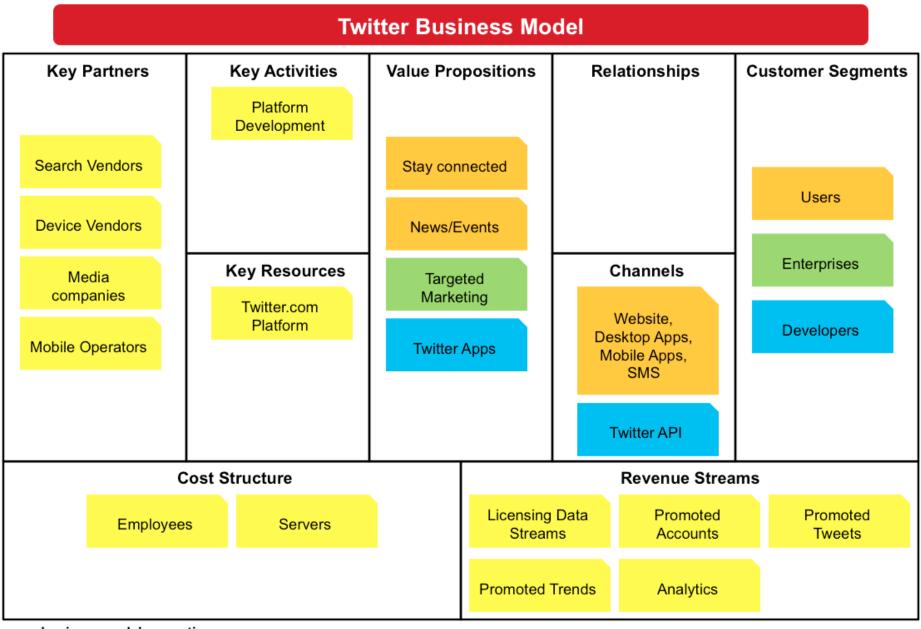


#### **Business Model Generation**



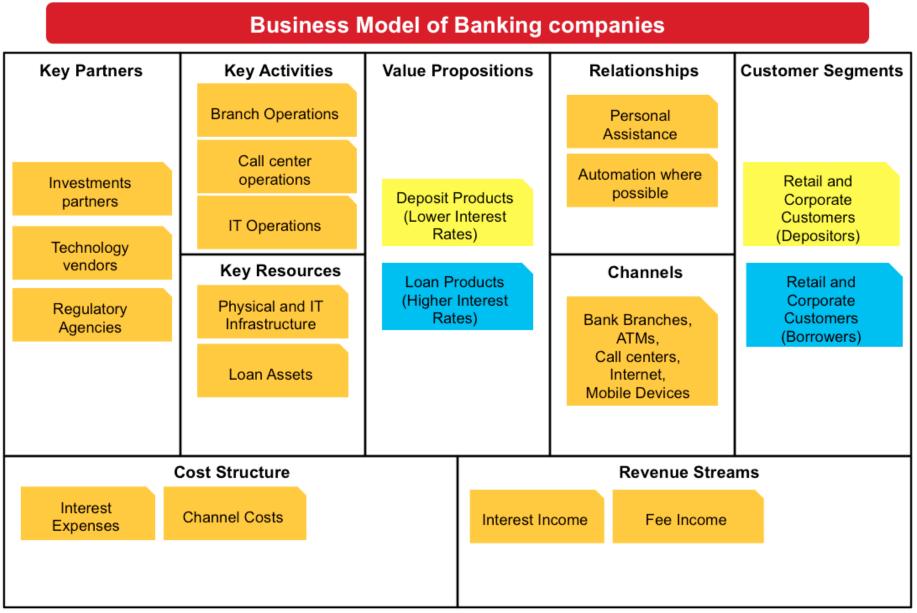


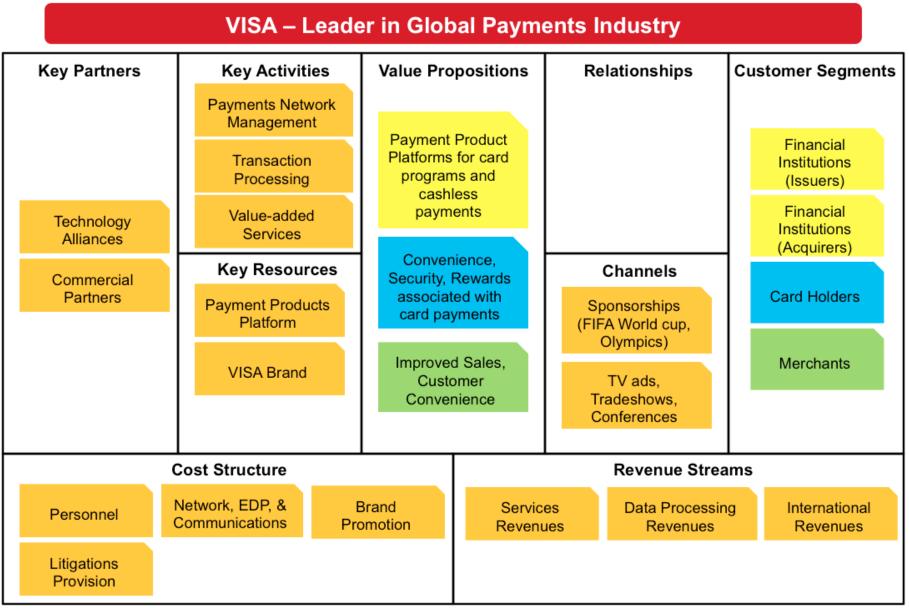


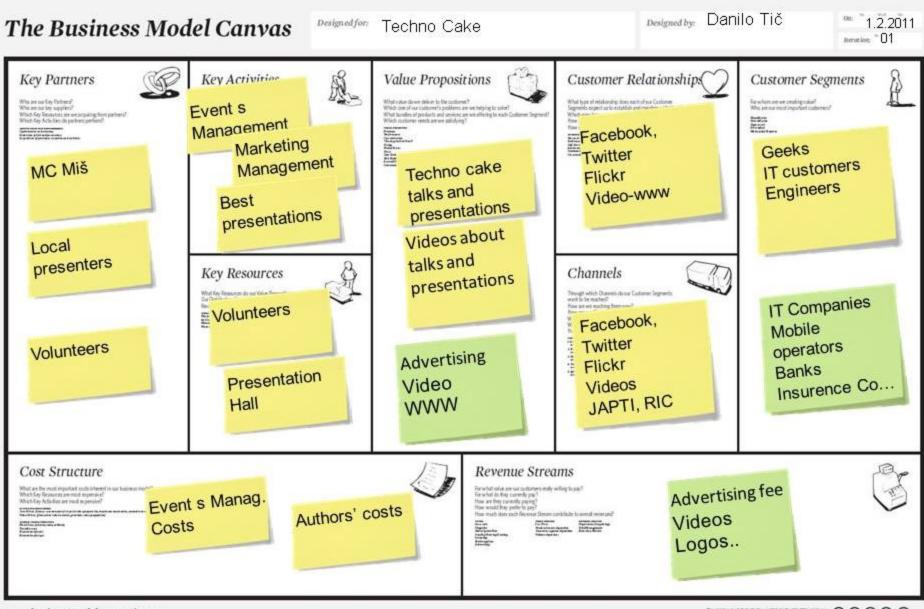


Google Business Model								
Key Partners	к	ey Activities	Value Pro	positions Relationships		ps	Customer Segments	
	Proc	D – Build New lucts, Improve sting products	Web Sear Goo		mail, Automation (where possible)		Internet Users	
Distribution Partners Open Handset Alliance OEMs (for Chrome OS devices)		age Massive IT frastructure	Targeted A Adword		Dedicated Sales for large accounts		Advertisers, Ad Agencies	
			Extend Ad using A				Google Network Members	
	Ke	ey Resources			Channels			
	C	atacenters	Display A Mgmt S		Global Sales and Support Teams		Mobile device owners	
		Ps, Brand		latforms – hrome OS			Developers	
				eb-based e Apps			Enterprises	
Cost Structure				Revenue Streams				
Traffic Acquisition Costs Personnel		inly				d Revenues – gle n/w websites		
Data center Soperations		S&M, G&A		Ent	Enterprise Product Sales		Free	

LinkedIn – World's Largest Professional Network								
Key Partners	Key Activities		Value Propositions		Relationships		Customer Segments	
	Platform					Same-side twork Effects		
	Development		Manage Pr Identity a Profession	nd Build	Cross-side Network Effects		Internet Users	
Equinix (for data center facilities)	Key Resources		Identify and Reach the Right Talent		Channels		Recruiters	
Content Providers	LinkedIn Platform	n	Reach th Audio	-	LinkedIn Website, Mobile Apps		Advertisers and Marketers	
			Access to LinkedIn Database Content via APIs and Widgets		Field Sales		Developers	
Cost Structure				Revenue Streams				
Web Hosting costs			roduct elopment	Free Offe and Pren Subscript	nium Hiring Solution		Marketing Solutions	
General and Administrative								







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## **How Airbnb Works? Insights into Business Model** R **Revenue Model**

Source: http://nextjuggernaut.com/blog/airbnb-business-model-canvas-how-airbnb-works-revenue-insights/

### **Airbnb Business Model Canvas**

#### Key Partners

- Hosts (People who rent their space)
- Guests (People who book spaces)
- Photographers (Freelance)
- Investors
- Payment Processors

#### Key Activities

Product Development & Management
Building Host network and Managing hosts
Building travelers network and managing guests

#### Key Resources

- Local Hosts
- Skilled Employees
- Technology

#### Value Propositions

Hosts - Hosts can earn money by renting their space. - Airbnb offers insurance to house owners. - Free photo shoots for property listings through photographers.

Guests - Guests can book a homestay instead of hotel. - Prices are often less as compared to hotels.

#### Customer 🐝 Relationships

- Customer Service
- Social Media
- Promostional Offers
- Home Insurance

#### Channels +++

- Website - Mobile App for Android - Mobile App for iOS

#### Customer Segments

#### Hosts

People who own a house and want to earn extra money.
People who want to meet new people.

Guests

 People who love to travel.
 People who want to stay comfortably at a cheap price.

#### **Revenue Streams**



- Commission from Hosts upon every booking - Commission from Guests upon every booking

#### Cost Structure

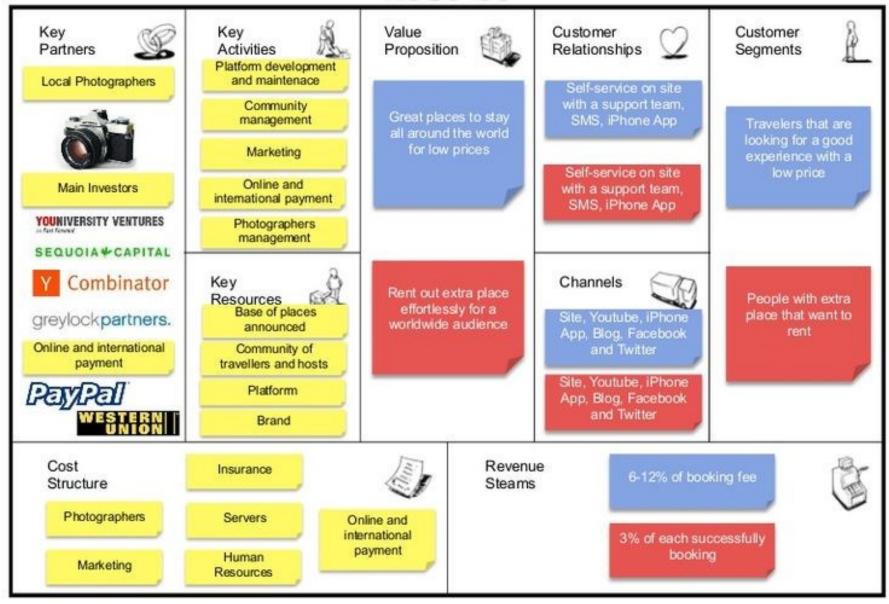
- Technological Set up & running costs

- Salaries to permanent employees
- Payments to freelance photographers





#### 29 mar - 2012



### **Case Study: P&G (Chap. 2)** (pp.84-85) Piloting Procter & Gamble from Decision Cockpits

- What management, organization, and technology issues had to be addressed when implementing Business Sufficiency, Business Sphere, and Decision Cockpits?
- 2. How did these decision-making tools change the way the company ran its business? How effective are they? Why?
- 3. How are these systems related to P&G's business strategy?



#### (Hot Issues of Information Management)

- 請同學於資訊管理專題個案討論前
   應詳細研讀個案,並思考個案研究問題。
- 請同學於上課前複習相關資訊管理相關理論, 以作為個案分析及擬定管理對策的依據。
- 3. 請同學於上課前

先繳交資訊管理專題個案研究問題書面報告。

4.上課時間地點:

週二 3,4 (10:10-12:00) B507

### References

- Kenneth C. Laudon & Jane P. Laudon (2014),
   Management Information Systems: Managing the Digital Firm, Thirteenth Edition, Pearson.
- Kenneth C. Laudon & Jane P. Laudon原著,
   游張松 主編,陳文生 翻譯 (2014),
   資訊管理系統,第13版,滄海