I) You have a plan to deploy an information system in your company. Your boss tells you to deploy your proposed information system if the return on investment is more than 20%. Suppose the information system requires an initial investment of $1 million, and will result in a savings of $700 thousand in year 1, $600 thousand in year 2, and no savings in the years 3 and after. What is the rate of return (ROR) of the investment? Should you deploy the information system? For purposes of calculation, assume that the savings are realized in “lump” sums each year rather than distributed throughout the year. This is illustrated by the figure below.

![Year 0 Year 1 Year 2 Year 3 $1 million $700K $600K $0](image)

II) Complete the review quiz of O’brien chapter 2 (found on page 91 of the course reader).

III) Construct a basic Porter 5-forces model for McDonald’s. Define the industry; list some of McDonald’s direct competitors, its suppliers, buyers, substitutes for its products, and potential new entrants. Draw your porter model in the classic way that we used to draw our example in class. For each item you list in your model, state whether you think that item has strong or weak negotiating power, or is a strong or weak threat, and justify your answers. For example if you listed labor as one of the suppliers, do you think McDonald’s labor have strong or weak negotiating power, say as compared to a skilled labor force at a hi-tech company?