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 $900 thousand, and will result in a savings of $750 thousand in year 1, $350 thousand in year 2, and no savings in the years 3 and after. 
Answer the following:

**What is the rate of return (ROR) of the investment?**

**Should you deploy the information system?** (based on the above conditions)

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. Be sure to show your work!

![Diagram showing cash flows: Initial investment of -$900K, savings of $750K in Year 1, $350K in Year 2, and no savings in Years 3 and 4.]

II) Complete the review quiz of O’Brien’s Chapter 2 (at the page 91 of the course reader, and that’s at the end of the O’Brien Chapter 2 material in your course reader). Match the descriptions to the BEST terms/concepts listed in the above “Key Terms and Concepts” section. You only need to write down the letter of the definition with the corresponding terms/concepts in your homework.

III) Construct a basic Porter 5-forces model for Fry’s Electronics. Define the industry; list some of Fry’s Electronics 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 Fry’s Electronics labor have strong or weak negotiating power, as compared to a skilled labor force at a hi-tech company?