TIM 50 - Business Information Systems
Lecture 3
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Announcements

- Read
  - Otis Case
    - Assignment about reading due Thursday.
    - (On ecommons)
  - Begin Laudon & Laudon Ch 8 (83-97 until end of section 2, can skip case on 93)

Essentials of Management Information Systems
Chapter 2 E-Business: How Businesses Use Information Systems

The Time/Space Collaboration Tool Matrix

Collaboration technologies can be classified in terms of whether they support interactions at the same or different time or place, and whether these interactions are remote or colocated.

Figure 2-12

The Information System’s Function in Business

- Programmers
- Systems analysts
- Principle liaisons to rest of firm
- Information systems managers
  - Leaders of teams of programmers and analysts, project managers, physical facility managers, telecommunications managers, database specialists, managers of computer operations, and data entry staff
- Senior managers: CIO, CSO, CKO
- End users
- External specialists

Information Systems Services

- Services provided by the information systems department include:
  - Computing and telecommunications services
  - Data management services
  - Application software services
  - Physical facilities management services
  - IT management services
  - IT standards services
  - IT educational services
  - IT research and development services

Porter Competitive Model?

- What is it?
  - A model to help understand the competitive environment in which a company operates.

- What are the “5 forces”?
  - Intra-Industry Competition
  - Bargaining power of Suppliers
  - Bargaining power of Customers
  - Substitutes
  - Threat of New Entrants.
Porter Competitive Model
(Identify the Industry and the Specific Market Being Evaluated)

- Potential New Entrants
- Intra-Industry Rivalry
- Bargaining Power of Suppliers
- Bargaining Power of Buyers
- Substitute Products and Services

Porter Model in Business Paper

- You must include a Porter Model in your Business Paper
  - Figure
    - Make it look nice!
  - Narrative analysis of the five forces
    - Identify the industry.
    - Identify the major buyers, suppliers, potential new entrants, substitutes, and intra-industry rivals.
    - Discuss if and why these players put strong or weak competitive pressures on your business.

Example: Usefulness of Porter Model

- Suppose Alice, who is a dentist, opens an office

  - Suppliers
    - Staff
    - Hygienists
  - Inte-industry rivals
    - SBUs: Alice’s Dentist Office
    - Other local dentist offices
  - Buyers
    - Public in general
    - Insurance companies
    - Those wanting cosmetic dentistry
  - Substitutes
    - Alternative Medicine?

“Primary” Porter Strategies

- In economics you will learn a market where
  - Product is a commodity
  - Firms all have the same production costs
  - New firms can enter market at no cost ("free entry")
  - Profits are driven to zero.

- Consequently Firms need to
  - Differentiate and/or
  - Achieve Cost leadership
“Primary” Porter Strategies

**Differentiation**—customer values the differences that you provide in products, services or capabilities.

**Cost**—become the lowest cost provider. If this is the only primary strategy in the industry, over time there will only one ultimate winner.