Name:_____ Class:_____ Date:_____

Chapter 2 – Analyzing the Business Case

True / False

1. Systems requests seldom are aimed at improving service to users within a company.
   a. True
   b. False

ANSWER: False

2. Internal and external factors affect every business decision that a company makes, and IT systems are no exception.
   a. True
   b. False

ANSWER: True

3. A strategic plan that stresses technology tends to create an unfavorable climate for IT projects that extends throughout an organization.
   a. True
   b. False

ANSWER: False

4. As users rely more heavily on information systems to perform their jobs, they are likely to request even more IT services and support.
   a. True
   b. False

ANSWER: True

5. Information systems that interact with customers usually receive low priority.
   a. True
   b. False

ANSWER: False

6. Competition drives many information systems decisions.
   a. True
   b. False

ANSWER: True

7. Economic activity has a negligible influence on corporate information management.
   a. True
   b. False

ANSWER: False

8. Most large companies rely on one person to evaluate systems requests instead of relying on a systems review committee.
   a. True
   b. False

ANSWER: False

9. When assessing schedule feasibility, a systems analyst must consider the interaction between time and costs.

Chapter 2 – Analyzing the Business Case

a. True
b. False

ANSWER: True

10. The first step in evaluating feasibility is to accept and include all systems requests, even those that are not feasible.
a. True
b. False

ANSWER: False

11. Feasibility analysis is an ongoing task that must be performed throughout the systems development process.
a. True
b. False

ANSWER: True

12. The purpose of an interview, and of the preliminary investigation itself, is to convince others that a project is justified, not to uncover facts.
a. True
b. False

ANSWER: False

Modified True / False

13. It is easier to assign dollar values to intangible benefits.
ANSWER: False - tangible

14. The Pareto chart, sometimes called a scatter diagram, is a problem solving tool.
ANSWER: False - XY chart

15. In a preliminary investigation report, the findings section includes a summary of a project request and a specific recommendation.
ANSWER: False - recommendations

Multiple Choice

16. The term _____ refers to the reasons, or justifications, for a proposal.
a. business case
b. use case
c. work statement
d. problem charter

ANSWER: a

17. Systems development typically starts with a _____.
a. feasibility study, followed by a systems request, which includes a preliminary investigation
b. systems request, followed by a preliminary investigation, which includes a feasibility study
c. preliminary investigation, followed by a feasibility study, which includes a systems request

d. feasibility study, followed by a preliminary investigation, which includes a systems request

ANSWER: b

18. _____ planning is the process of identifying long-term organizational goals, strategies, and resources.
a. Prospect
b. Pilot
c. Strategic
d. Vertical

ANSWER: c

19. Strategic planning starts with a _____ that reflects a firm's vision, purpose, and values.
a. relationship diagram
b. feasibility study
c. performance assessment
d. mission statement

ANSWER: d

20. _____ usually focus on long-term challenges and goals, the importance of a firm's stakeholders, and a commitment to the firm's role as a corporate citizen.
a. Performance assessments
b. Relationship assessments
c. Vision statements
d. Mission statements

ANSWER: d

21. A _____ must be achieved to fulfill a company's mission.
a. key performance factor
b. core competency
c. critical success factor
d. vision competency

ANSWER: c

22. The overall aim of a _____ is to avoid seeking goals that are unrealistic, unprofitable, or unachievable.
a. SWOT (Strength, Weakness, Opportunities, and Threats) analysis
b. CSF (Critical Success Factor) analysis
c. BCF (Business Case Factor) analysis
d. SWCT (Strategy, Weakness, Cost, and Technology) analysis

ANSWER: a

23. Hardware-based security controls include _____.
a. password fields
b. online forms
c. system patterns
d. biometric devices

Chapter 2 – Analyzing the Business Case

ANSWER: d

24. _____ limitations result when a system that was designed for a specific hardware configuration becomes obsolete when new hardware is introduced.
    a. Accessibility
    b. Relationship
    c. Feasibility
    d. Performance

ANSWER: d

25. _____ technology uses radio frequency identification (RFID) tags to identify and monitor the movement of each individual product, from a factory floor to the retail checkout counter.
    a. EPC (Electronic product code)
    b. EPOD (Electronic proof of delivery)
    c. MCC (Magnetic character code)
    d. RTPD (Real-time product delivery)

ANSWER: a

26. _____ components can provide automated response to sales inquiries, online order processing, and inventory tracking.
    a. Just-in-time (JIT)
    b. Customer relationship management (CRM)
    c. Automatic teller machine (ATM)
    d. Total cost of ownership (TCO)

ANSWER: b

27. Electronic data interchange (EDI) enables _____ inventory systems, which rely on computer-to-computer data exchange to minimize unnecessary inventory.
    a. CRM (Customer relationship management)
    b. EPOD (Electronic proof of delivery)
    c. JIT (Just-in-time)
    d. RFID (Radio frequency identification)

ANSWER: c

28. Many companies implement _____ systems that integrate all customer-related events and transactions.
    a. CRM (Customer relationship management)
    b. TCO (Total cost of ownership)
    c. JIT (Just-in-time)
    d. RFID (Radio frequency identification)

ANSWER: a

29. Using _____, a supplier can use radio frequency identification (RFID) tags on each crate, case, or shipping unit to create a digital shipping list.
    a. EPOD (Electronic proof of delivery)
    b. PPOD (Physical proof of delivery)
    c. RPS (Radio positioning system)

d. RDS (Radar detection system)

ANSWER: a

30. The objective of a _____ is to use the combined judgement and experience of several analysts to evaluate systems projects.

a. computer resources committee
b. data storage committee
c. system networking committee
d. topology identification committee

ANSWER: a

31. _____ means that a proposed system will be used effectively after it has been developed.

a. Operational feasibility
b. Technical feasibility
c. Schedule feasibility
d. Economic feasibility

ANSWER: a

32. _____ refers to the practical resources needed to develop, purchase, install, or operate a system.

a. Operational feasibility
b. Technical feasibility
c. Schedule feasibility
d. Market feasibility

ANSWER: b

33. _____ includes ongoing support and maintenance costs, as well as acquisition costs.

a. CRC (Customer relationship costs)
b. TCO (Total cost of ownership)
c. JIT (Just-in-time costs)
d. RCT (Real cost of time)

ANSWER: b

34. Of the measures of feasibility, questions such as "Does management support the project?" and "Will the new system require training for users?" would help predict a system's _____.

a. schedule feasibility
b. technical feasibility
c. economic feasibility
d. operational feasibility

ANSWER: d

35. Of the measures of feasibility, questions such as "Does the proposed platform have sufficient capacity for future needs?" and "Will the hardware and software environment be reliable?" should be considered while assessing _____.

a. schedule feasibility
b. technical feasibility

c. economic feasibility
d. ethical feasibility

ANSWER: b

36. _____ means that the projected benefits of a proposed system outweigh the estimated costs.
a. Economic feasibility
b. Schedule feasibility
c. Operational feasibility
d. Technical feasibility

ANSWER: a

37. Which of the following is an example of a tangible benefit?
a. A user-friendly system that improves employee job satisfaction
b. A sales tracking system that supplies better information for marketing decisions
c. A new website that enhances a company's image
d. An online package tracking system that improves service and decreases the need for clerical staff

ANSWER: d

38. Which of the following is an example of an intangible benefit?
a. A user-friendly system that improves employee job satisfaction
b. A new scheduling system that reduces overtime
c. An online package tracking system that improves service and decreases the need for clerical staff
d. A sophisticated inventory control system that cuts excess inventory

ANSWER: a

39. _____ are the benefits that can be measured in dollars.
a. Tangible benefits
b. Intangible benefits
c. Ethical benefits
d. Agile benefits

ANSWER: a

40. _____ are advantages that are difficult to measure in dollars but are important to a company.
a. Tangible benefits
b. Intangible benefits
c. Tactile benefits
d. Real benefits

ANSWER: b

41. _____ result from a decrease in expenses, an increase in revenues, or both.
a. Tangible benefits
b. Intangible benefits
c. Agile benefits
d. Ethical benefits

Chapter 2 – Analyzing the Business Case

ANSWER: a

42. Of the measures of feasibility, _____ assesses tangible and intangible benefits to a company in addition to costs.
    a. schedule feasibility
    b. technical feasibility
    c. economic feasibility
    d. operational feasibility

ANSWER: c

43. _____ means that a project can be implemented in an acceptable time frame.
    a. Operational feasibility
    b. Technical feasibility
    c. Schedule feasibility
    d. Economic feasibility

ANSWER: c

44. When assessing _____, a systems analyst must consider the interaction between time and costs.
    a. resource feasibility
    b. technical feasibility
    c. schedule feasibility
    d. market feasibility

ANSWER: c

45. Projects that provide the _____ are assigned the highest priority when setting priorities for systems requests.
    a. greatest benefit, at the lowest cost, in the shortest period of time
    b. greatest benefit, at the highest cost, in the shortest period of time
    c. least benefit, at the lowest cost, in the longest period of time
    d. least benefit, at the highest cost, in the longest period of time

ANSWER: a

46. Which of the following is an example of a discretionary project?
    a. Creating a new report for a user
    b. Adding a report required by a new federal law
    c. Including annual updates to payroll and tax percentages
    d. Updating quarterly changes in reporting requirements for an insurance processing system

ANSWER: a

47. Projects where management has a choice in implementing them are called _____ projects.
    a. discretionary
    b. nondiscretionary
    c. appended
    d. concatenated

ANSWER: a

Chapter 2 – Analyzing the Business Case

48. Projects where management has no choice in implementing them are called _____ projects.
    a. discretionary
    b. nondiscretionary
    c. appended
    d. concatenated

ANSWER: b

49. A systems analyst conducts a preliminary investigation to study the _____ and recommend specific action.
    a. systems request
    b. project scheduling report
    c. systems validation
    d. project staffing report

ANSWER: a

50. A popular technique for investigating causes and effects is called a _____ diagram.
    a. causebone
    b. fishbone
    c. jawbone
    d. crossbone

ANSWER: b

51. A _____ is an analysis tool that represents the possible causes of a problem as a graphical outline.
    a. causebone diagram
    b. fishbone diagram
    c. jawbone diagram
    d. crossbone diagram

ANSWER: b

52. When using a _____ to investigate the causes of a problem, an analyst first states the problem and then draws a main bone with sub-bones that represent possible causes of the problem.
    a. causebone diagram
    b. fishbone diagram
    c. jawbone diagram
    d. crossbone diagram

ANSWER: b

53. Determining the _____ means defining the specific boundaries, or extent, of a project.
    a. project index
    b. project matrix
    c. project scope
    d. project table

ANSWER: c

54. To avoid the problem of _____, a project's scope should be defined as clearly as possible.

a. project dilation
b. project expansion
c. project creep
d. project drift

ANSWER: c

55. Projects with very general scope definitions are at risk of expanding gradually, without specific authorization, in a process called _____.
a. project dilation
b. project creep
c. project expansion
d. project drift

ANSWER: b

56. A _____ is a requirement or condition that a system must satisfy or an outcome that a system must achieve.
a. trigger
b. constraint
c. query
d. key

ANSWER: b

57. The objective of _____ is to gather data about project usability, costs, benefits, and schedules.
a. mediation
b. fact-finding
c. project execution
d. project maintenance

ANSWER: b

58. A(n) _____ is not as flexible as a series of interviews, but it is less expensive, generally takes less time, and can involve a broad cross-section of people.
a. fishbone
b. experiment
c. survey
d. research

ANSWER: c

59. The _____, named after a nineteenth-century economist, is a widely used tool for visualizing issues that need attention and is drawn as a vertical bar graph.
a. Pareto chart
b. Gantt chart
c. Scatter chart
d. XY chart

ANSWER: a

Chapter 2 – Analyzing the Business Case

60. A _____ is a summary of a project request and a specific recommendation.
a. case for action
b. routine report
c. breakdown report
d. case for approval

ANSWER: a

61. In a preliminary investigation report, the _____ section contains a brief description of the system, the name of the person or group performing the investigation, and the name of the person or group who initiated the investigation.
a. introduction
b. recommendations
c. expected benefits
d. time and costs estimates

ANSWER: a

62. In a preliminary investigation report, the _____ section contains the results of the preliminary investigation, including a description of the project's scope, constraints, and feasibility.
a. appendix
b. introduction
c. recommendations
d. findings

ANSWER: d

63. In a preliminary investigation report, the _____ section is included in the report if supporting information must be attached.
a. appendix
b. introduction
c. recommendations
d. findings

ANSWER: a

CASE

Critical Thinking Questions
Case 2-1

Lara, managing director of an information technology firm, has received a big project from one of their highly valuable clients. However,
the project received is different from the usual projects they handle.

64. Lara performs certain analyses and ensures that the company's image will not be at risk by taking this project. This is an example of _____.
a. operational feasibility
b. economic feasibility
c. technical feasibility
d. schedule feasibility

Chapter 2 – Analyzing the Business Case

ANSWER: a

65. Lara is involved in many other projects so she appoints a project manager for this project to ensure that the project is completed on time. This is an example of _____.

a. operational feasibility
b. economic feasibility
c. technical feasibility
d. schedule feasibility

ANSWER: d

Multiple Response

66. A SWOT (Strength, Weakness, Opportunities, and Threats) analysis contributes to the strategic planning process by examining a firm's _____ resources.

a. technical
b. human
c. financial
d. logistical

ANSWER: a, b, c

67. The main reasons for systems requests are _____.

a. improved services to customers
b. reduced support for new products and services
c. better performance
d. reduced cost

ANSWER: a, c, d

68. _____ are external factors that shape corporate IT choices.

a. Technology
b. Competitors
c. Managers
d. Suppliers

ANSWER: a, b, d

69. _____ are internal factors that shape corporate IT choices.

a. Technology
b. User requests
c. Strategic plan
d. Company finances

ANSWER: b, c, d

Matching

Identify the letters of the choices that best match the sentences or definitions.

a. Schedule feasibility

Chapter 2 – Analyzing the Business Case

b. Electronic product code
c. Customer relationship management components
d. Systems development
e. Electronic proof of delivery
f. Systems request
g. Just-in-time
h. Preliminary investigation
i. Organization chart
j. Case for action

70. It typically starts with a systems request, followed by a preliminary investigation, which includes a feasibility study.
ANSWER: d

71. This might propose enhancements for an existing system, the correction of problems, or the development of an entirely new information system.
ANSWER: f

72. It is a system that provides the right products at the right place at the right time.
ANSWER: g

73. It is a technology that is expected to overshadow bar code technology in the future.
ANSWER: b

74. They provide automated responses to sales inquiries, online order processing, and inventory tracking.
ANSWER: c

75. With this application, a supplier can use radio frequency identification (RFID) tags on each crate, case, or shipping unit to create a digital shipping list.
ANSWER: e

76. When assessing this, a systems analyst must consider the interaction between time and costs.
ANSWER: a

77. Its end product is a report to management.
ANSWER: h

78. It shows formal reporting relationships of a group.
ANSWER: i

79. It is a summary of a project request and a specific recommendation.
ANSWER: j

Essay

80. Discuss in detail the six main reasons for systems requests, including examples where appropriate.
ANSWER: The six main reasons for systems requests are stronger controls, reduced cost, more information, better performance, improved service to customers, and more support for new products and services.

Stronger controls: A system must have effective controls to ensure that data is secure and accurate. Some common security controls include passwords, various levels of user access, and encryption, or coding of data to keep it safe from unauthorized users. Hardware-based security controls include biometric devices that can identify a person by a retina scan or by mapping a fingerprint pattern. The technology uses infrared scanners that create images with thousands of measurements of hand and finger characteristics. In addition to being secure, data also must be accurate. Controls should minimize data entry errors whenever possible. For example, if a user enters an invalid customer number, the order processing system should reject the entry immediately and prompt the user to enter a valid number. Data entry controls must be effective without being excessive. If a system requires users to confirm every item with an "Are you sure? Y/N" message, internal users and customers might complain that the system is not user-friendly.

Reduced cost: The current system could be expensive to operate or maintain as a result of technical problems, design weaknesses, or the changing demands of a business. It might be possible to adapt the system to newer technology or upgrade it. On the other hand, cost-benefit analysis might show that a new system would be more cost effective and provide better support for long-term objectives.

More information: A system might produce information that is insufficient, incomplete, or unable to support the company's changing information needs. For example, a system that tracks customer orders might not be capable of analyzing and predicting marketing trends. In the face of intense competition and rapid product development cycles, managers need the best possible information to make major decisions on planning, designing, and marketing new products and services.

Better performance: The current system might not meet performance requirements. For example, it might respond slowly to data inquiries at certain times, or it might be unable to support company growth. Performance limitations also result when a system that was designed for a specific hardware configuration becomes obsolete when new hardware is introduced.

Improved service: Systems requests often are aimed at improving service to customers or users within a company. For instance, allowing mutual fund investors to check their account balances on a website, storing data on rental car customer preferences, or creating an online college registration system are all examples of providing valuable services and increased customer satisfaction.

More support for new products and services: New products and services often require new types or levels of IT support. For example, a software vendor might offer an automatic upgrade service for subscribers, or a package delivery company might add a special service for radio frequency identification (RFID)-tagged shipments. In situations like these, it is most likely that additional IT support will be required. At the other end of the spectrum, product obsolescence can also be an important factor in IT planning. As new products enter the marketplace, vendors often announce that they will no longer provide support for older versions. A lack of vendor support would be an important consideration in deciding whether or not to upgrade.

81. Describe in detail the internal factors that affect the business decisions a company makes.

ANSWER: Internal factors include the strategic plan, top managers, user requests, information technology department, existing systems and data, and company finances.

Strategic plan: A company's strategic plan sets the overall direction for a firm and has an important impact on IT projects. Company goals and objectives that need IT support will generate systems requests and influence IT priorities. A strategic plan that stresses technology tends to create a favorable climate for IT projects that extends throughout the organization.

Top managers: Because significant resources are required, top management usually initiates large-scale systems projects. Those decisions often result from strategic business goals that require new IT systems, more information for decision making, or better support for mission-critical information systems.

Name:_____ Class:_____ Date:_____

Chapter 2 – Analyzing the Business Case

User requests: As users rely more heavily on information systems to perform their jobs, they are likely to request even more IT services and support. For example, sales reps might request improvements to a company's website, a more powerful sales analysis report, a network to link all sales locations, or an online system that allows customers to obtain the status of their orders instantly. Or, users might not be satisfied with the current system because it is difficult to learn or lacks flexibility. They might want information systems support for business requirements that did not even exist when the system was developed.

Information technology department: Systems project requests come from the IT department. IT staff members often make recommendations based on their knowledge of business operations and technology trends. IT proposals might be strictly technical matters, such as replacement of certain network components, or suggestions might be more business oriented, such as proposing a new reporting or data collection system.

Existing systems and data: Errors or problems in existing systems can trigger requests for systems projects. When dealing with older systems, analysts sometimes spend too much time reacting to day-to-day problems without looking at underlying causes. This approach can turn an information system into a patchwork of corrections and changes that cannot support the company's overall business needs. This problem typically occurs with legacy systems, which are older systems that are less technologically advanced. When migrating to a new system, IT planners must plan the conversion of existing data.

Company finances: A company's financial status can affect systems projects. If the company is going through a difficult time, the project may be postponed until there is more cash available to finance the effort. On the other hand, if the company is enjoying financial success, the decision to embark on a new project may be easier to make.