

GLOBAL  
EDITION



# Experiencing MIS

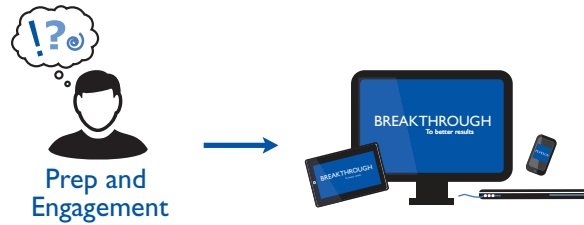
SEVENTH EDITION

David M. Kroenke • Randall J. Boyle

ALWAYS LEARNING

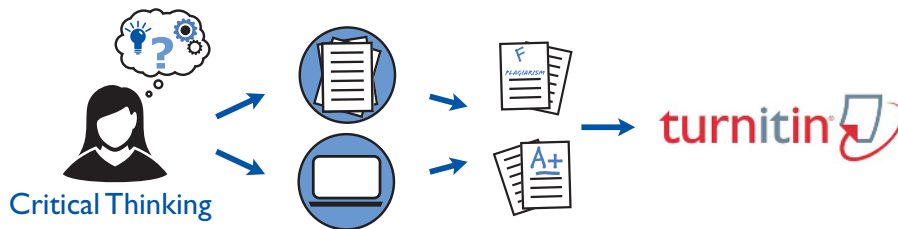
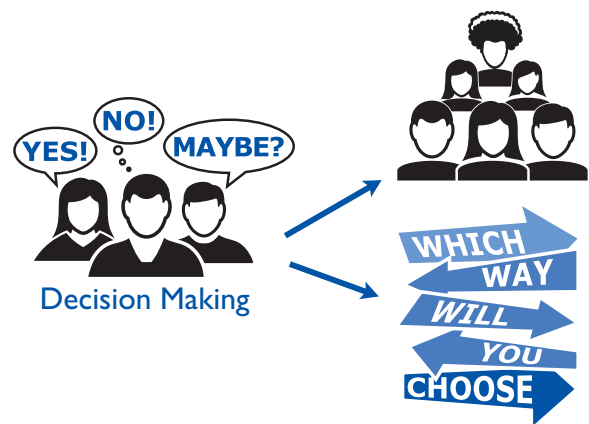
PEARSON

# MyMISLab™: Improves Student Engagement Before, During, and After Class



- **NEW! VIDEO LIBRARY** – Robust video library with over 100 new book-specific videos that include easy-to-assign assessments, the ability for instructors to add YouTube or other sources, the ability for students to upload video submissions, and the ability for polling and teamwork.
- **Decision-making simulations – NEW and improved feedback for students.** Place your students in the role of a key decision-maker! Simulations branch based on the decisions students make, providing a variation of scenario paths. Upon completion students receive a grade, as well as a detailed report of the choices and the associated consequences of those decisions.
- **Video exercises – UPDATED with new exercises.** Engaging videos that bring business concepts to life and explore business topics related to the theory students are learning in class. Quizzes then assess students' comprehension of the concepts covered in each video.

- **Learning Catalytics** – A “bring your own device” student engagement, assessment, and classroom intelligence system helps instructors analyze students' critical-thinking skills during lecture.
- **Dynamic Study Modules (DSMs) – UPDATED with additional questions.** Through adaptive learning, students get personalized guidance where and when they need it most, creating greater engagement, improving knowledge retention, and supporting subject-matter mastery. Also available on mobile devices.



- **Writing Space – UPDATED with new commenting tabs, new prompts, and a new tool for students called Pearson Writer.** A single location to develop and assess concept mastery and critical thinking, the Writing Space offers automatic graded, assisted graded, and create your own writing assignments, allowing you to exchange personalized feedback with students quickly and easily.

Writing Space can also check students' work for improper citation or plagiarism by comparing it against the world's most accurate text comparison database available from **Turnitin**.

- **Additional Features** – Included with the MyLab are a powerful homework and test manager, robust gradebook tracking, Reporting Dashboard, comprehensive online course content, and easily scalable and shareable content.

<http://www.pearsonmylabandmastering.com>



*Dear Student,*

College is a fun time in your life. You've experienced the freedom of living on your own, made new friends, and enjoyed once-in-a-lifetime experiences. However, at this point in your college career you've begun to realize that a life transition is on your horizon. You will graduate and you will need to find a career, not just another job. Now is the time to start thinking about that career and how you prepare for it.

Most students say they want a successful career. But defining *successful* is different for each. Most students want an exciting, stable, well-paying job. You owe it to yourself to think about what that job is and how you're going to get it. Which jobs pay the salary you want? Are some jobs more stable than others? What type of work do you want to do for the next 40 years?

This MIS course is important for answering those questions. Over time, technology creates new jobs . . . examples today are mobile application developers, social media analysts, information security specialists, business intelligence analysts, and data architects, to consider just a few jobs that didn't exist 20, even 10, years ago. Similarly, the best jobs 20 years from now probably don't currently exist.

The trick to turning information systems to your advantage is getting ahead of their effect. During your career, you will find many opportunities for the innovative application of information systems in business and government, but only if you know how to look for them.

Once found, those opportunities become your opportunities when you—as a skilled, creative, nonroutine problem solver—apply emerging technology to facilitate your organization's strategy. This is true whether your job is in marketing, operations, sales, accounting, finance, entrepreneurship, or another discipline.

Using technology in innovative ways enabled superstars like Steve Jobs, Bill Gates, Larry Ellison, Mark Zuckerberg, Larry Page, Sergey Brin, and Jeff Bezos to earn billions and revolutionize commerce. You may not be such a superstar, but you can exceed beyond your expectations by applying the knowledge you learn in this class.

Congratulations on deciding to study business. Use this course to help you obtain and then thrive in an interesting and rewarding career. Learn more than just the MIS terminology; understand the ways information systems are transforming business and the many, many ways you can participate in that transformation.

In this endeavor, we wish you, a future business professional, the very best success!

*David Kroenke & Randy Boyle*

# The Guides



Each chapter includes two unique guides that focus on current issues in information systems. In each chapter, one of the guides focuses on an ethical issue in business. The other guide focuses on the application of the chapter's contents to some other dimension of business. The content of each guide is designed to stimulate thought, discussion, and active participation in order to help *you* develop your problem-solving skills and become a better business professional.

## **Chapter 1**

*Ethics:* Ethics and Professional Responsibility, p. 52

*Guide:* Five-Component Careers, p. 54

## **Chapter 2**

*Ethics:* I Know What's Better, Really, p. 78

*Guide:* Egocentric Versus Empathetic Thinking, p. 80

## **Chapter 3**

*Ethics:* Yikes! Bikes, p. 106

*Guide:* Your Personal Competitive Advantage, p. 108

## **Chapter 4**

*Ethics:* Free Apps for Data, p. 142

*Guide:* Keeping Up to Speed, p. 144

## **Chapter 5**

*Ethics:* Querying Inequality?, p. 172

*Guide:* Theft by SQL Injection, p. 174

## **Chapter 6**

*Ethics:* Cloudy Profit?, p. 202

*Guide:* From Anthem to Anathema, p. 204

## **Chapter 7**

*Ethics:* Dialing for Dollars, p. 230

*Guide:* One-Stop Shopping, p. 232

## **Chapter 8**

*Ethics:* Synthetic Friends, p. 266

*Guide:* Digital Is Forever, p. 268

## **Chapter 9**

*Ethics:* Unseen Cyberazzi, p. 298

*Guide:* Semantic Security, p. 300

## **Chapter 10**

*Ethics:* Hacking Smart Things, p. 336

*Guide:* EMV to the Rescue, p. 338

## **Chapter 11**

*Ethics:* Privacy Versus Productivity: The BYOD Dilemma, p. 362

*Guide:* Is Outsourcing Fool's Gold?, p. 364

## **Chapter 12**

*Ethics:* Estimation Ethics, p. 390

*Guide:* The Final, Final Word, p. 392

## **Chapter Extension 11**

*Guide:* Developing Your Personal Brand, p. 572

## **Chapter Extension 12**

*Guide:* Data Mining in the Real World, p. 588

# LEARNING AIDS FOR STUDENTS

We have structured this book so you can maximize the benefit from the time you spend reading it. As shown in the table below, each chapter includes a series of learning aids to help you succeed in this course.

Resource	Description	Benefit	Example
<b>Question-Driven Chapter Learning Objectives</b>	These queries, and the subsequent chapter sections written around them, focus your attention and make your reading more efficient.	Identify the main point of the section. When you can answer each question, you've learned the main point of the section.	Chapter 6, Q6-1: Why Is the Cloud the Future for Most Organizations?
<b>Guides</b>	Each chapter includes two guides that focus on current issues relating to information systems. One addresses ethics, and the other addresses other business topics.	Stimulate thought and discussion. Help develop your problem-solving skills. Help you learn to respond to ethical dilemmas in business.	Chapter 5 <i>Ethics Guide</i> : Querying Inequality?  Chapter Extension 12 <i>Guide</i> : Data Mining in the Real World
<b>So What?</b>	Each chapter of this text includes a feature called So What? This feature presents a current issue in IS that is relevant to the chapter content and asks you to consider why that issue matters to you as a future business professional.	Understand how the material in the chapter applies to everyday situations.	Chapter 2 So What?: Augmented Collaboration
<b>How Does the Knowledge in This Chapter Help You?</b> (near the end of each chapter)	This section revisits the opening scenario and discusses what the chapter taught you about it.	Summarizes the "takeaway" points from the chapter as they apply to the company or person in the story and to you.	Chapter 11 How Does the Knowledge in This Chapter Help You?
<b>Active Review</b>	Each chapter concludes with a summary-and-review section, organized around the chapter's study questions.	Offers a review of important points in the chapter. If you can answer the questions posed, you understand the material.	Chapter 9 Active Review
<b>Key Terms and Concepts</b>	Highlight the major terms and concepts with their appropriate page references.	Provide a summary of key terms for review before exams.	Chapter 6 Key Terms and Concepts



Resource	Description	Benefit	Example
<b>Using Your Knowledge</b>	These exercises ask you to take your new knowledge one step further by applying it to a practice problem.	Tests your critical-thinking skills and keeps reminding you that you are learning material that applies to the real world.	Chapter 4 Using Your Knowledge
<b>Collaboration Exercise</b>	A team exercise that focuses on the chapter's topic.	Use Google Drive, Windows OneDrive, Microsoft SharePoint, or some other tool to collaborate on team answers.	Collaboration Exercise 3, which explores the use of information systems at a high-value bike rental service
<b>Case Study</b>	A case study closes each chapter. You will reflect on real organizations' use of the technology or systems presented in the chapter and recommend solutions to business problems.	Requires you to apply newly acquired knowledge to real situations.	Case Study 6: Cloud Solutions that Test for Consumer Risk and Financial Stability
<b>Application Exercises</b> (at the end of the book)	These exercises ask you to solve business situations using spreadsheet (Excel) or database (Access) applications and other Office applications.	Help develop your computer skills.	6-2, which builds on your knowledge from Chapter 6 by asking you to import spreadsheet data into Access and produce cost reports
<b>SharePoint Hosting</b>	Pearson will host Microsoft SharePoint site collections for your university. Students need access to MyMISLab and a browser to participate.	Enables students to collaborate using the world's most popular collaboration software.	

*This page intentionally left blank*

# Experiencing MIS

**Seventh Edition  
Global Edition**

**David M. Kroenke  
Randall J. Boyle**

**PEARSON**

Boston Columbus Indianapolis New York San Francisco Amsterdam  
CapeTown Dubai London Madrid Milan Munich Paris Montréal Toronto  
Delhi Mexico City São Paulo Sydney Hong Kong Seoul Singapore Taipei Tokyo



Vice President, Business Publishing: Donna Battista  
Editor-in-Chief: Stephanie Wall  
Acquisitions Editor: Nicole Sam  
Development Editor: Laura Town  
Program Management Team Lead: Ashley Santora  
Program Manager: Denise Weiss  
Editorial Assistant: Olivia Vignone  
Editorial Assistant, Global Edition: Alice Dazeley  
Assistant Project Editor, Global Edition: Saptarshi Deb  
Vice President, Product Marketing: Maggie Moylan  
Director of Marketing, Digital Services and Products:  
Jeanette Koskinas  
Executive Field Marketing Manager: Adam Goldstein  
Field Marketing Manager: Lenny Ann Raper  
Product Marketing Assistant: Jessica Quazza  
Project Management Team Lead: Jeff Holcomb  
Project Manager: Karalyn Holland  
Project Manager, Global Edition: Nitin Shankar  
Senior Manufacturing Controller, Global Edition: Trudy Kimber  
Operations Specialist: Carol Melville

Creative Director: Blair Brown  
Senior Art Director: Janet Slowik  
Interior and Cover Designer: Karen Quigley  
Interior Illustrations: Simon Alicea  
Cover Images: (c) Marina Strizhak / 123RF  
Vice President, Director of Digital Strategy & Assessment: Paul Gentile  
Manager of Learning Applications: Paul Deluca  
Digital Editor: Brian Surette  
Director, Digital Studio: Sacha Laustsen  
Digital Studio Manager: Diane Lombardo  
Digital Studio Project Manager: Robin Lazrus  
Digital Studio Project Manager: Alana Coles  
Digital Studio Project Manager: Monique Lawrence  
Digital Studio Project Manager: Regina DaSilva  
Media Production Manager, Global Edition: Vikram Kumar  
Assistant Media Producer, Global Edition: Naina Singh  
Full-Service Project Management and Composition:  
Integra Software Services Pvt. Ltd.  
Printer/Binder: Vivar in Malaysia  
Text Font: 9.5/13 Photina MT Pro

Microsoft and/or its respective suppliers make no representations about the suitability of the information contained in the documents and related graphics published as part of the services for any purpose. All such documents and related graphics are provided “as is” without warranty of any kind. Microsoft and/or its respective suppliers hereby disclaim all warranties and conditions with regard to this information, including all warranties and conditions of merchantability, whether express, implied or statutory, fitness for a particular purpose, title and non-infringement. In no event shall Microsoft and/or its respective suppliers be liable for any special, indirect or consequential damages or any damages whatsoever resulting from loss of use, data or profits, whether in an action of contract, negligence or other tortious action, arising out of or in connection with the use or performance of information available from the services.

The documents and related graphics contained herein could include technical inaccuracies or typographical errors. Changes are periodically added to the information herein. Microsoft and/or its respective suppliers may make improvements and/or changes in the product(s) and/or the program(s) described herein at any time. Partial screen shots may be viewed in full within the software version specified.

Microsoft® and Windows® are registered trademarks of the Microsoft Corporation in the U.S.A. and other countries. This book is not sponsored or endorsed by or affiliated with the Microsoft Corporation.

*Pearson Education Limited*  
Edinburgh Gate  
Harlow  
Essex CM20 2JE  
England

and Associated Companies throughout the world

Visit us on the World Wide Web at: [www.pearsonglobaleditions.com](http://www.pearsonglobaleditions.com)

© Pearson Education Limited 2017

The rights of David M. Kroenke and Randall J. Boyle to be identified as the authors of this work have been asserted by them in accordance with the Copyright, Designs and Patents Act 1988.

*Authorized adaptation from the United States edition, entitled Experiencing MIS, 7<sup>th</sup> edition, ISBN: 978-0-13-431906-3 by David M. Kroenke and Randall J. Boyle, published by Pearson Education © 2016.*

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without either the prior written permission of the publisher or a license permitting restricted copying in the United Kingdom issued by the Copyright Licensing Agency Ltd, Saffron House, 6–10 Kirby Street, London EC1N 8TS.

All trademarks used herein are the property of their respective owners. The use of any trademark in this text does not vest in the author or publisher any trademark ownership rights in such trademarks, nor does the use of such trademarks imply any affiliation with or endorsement of this book by such owners.

ISBN 10: 1-292-16357-7  
ISBN 13: 978-1-292-16357-4

#### **British Library Cataloguing-in-Publication Data**

A catalogue record for this book is available from the British Library

Typeset in Photina MT Pro  
Printed and bound by Vivar in Malaysia.

*To C. J., Carter, and Charlotte*  
—David Kroenke

*To Courtney, Noah, Fiona, and Layla*  
—Randy Boyle

# CONTENTS OVERVIEW

*Experiencing MIS* offers basic topic coverage of MIS in its 12 chapters and more in-depth, expanded coverage in its chapter extensions. This modular organization allows you to pick and choose among those topics. Here chapter extensions are shown below the chapters to which they are related. You will preserve continuity if you use each of the 12 chapters in sequence. In most cases, a chapter extension can be covered any time in the course after its related chapter. You need not use any of the chapter extensions if time is short.

## Part 1 Why MIS?

**Chapter 1** The Importance of MIS 35

**Chapter 2** Business Processes, Information Systems, and Information 63

**CE 1** Collaboration Information Systems for Decision Making, Problem Solving, and Project Management 399

**CE 2** Collaborative Information Systems for Student Projects 412

## Part 2 Information Technology

**Chapter 4** Hardware and Software 119

**Chapter 5** Database Processing 153

**CE 3** Mobile Systems 433

**CE 5** Database Design 467

**CE 4** Introduction to Microsoft Excel 2013 449

**CE 6** Using Microsoft Access 2013 481

**CE 7** Using Excel and Access Together 501

## Part 3 Using IS for Competitive Advantage

**Chapter 7** Organizations and Information Systems 213

**Chapter 8** Social Media Information Systems 241

**CE 9** Enterprise Resource Planning (ERP) Systems 544

**CE 11** Enterprise Social Networks and Knowledge Management 567

**CE 10** Supply Chain Management 559

## Part 4 Information Systems Management

**Chapter 10** Information Systems Security 309

**Chapter 11** Information Systems Management 345

**CE 14** Data Breaches 605

**CE 15** International MIS 616



**Chapter 3** Organizational Strategy, Information Systems,  
and Competitive Advantage 91

**Chapter 6** The Cloud 185

**CE 8** Network and Cloud Technology 529

**Chapter 9** Business Intelligence Systems 277

**CE 12** Database Marketing 582

**CE 13** Reporting Systems and OLAP 593

**Chapter 12** Information Systems Development 371

**CE 16** Systems Development Project  
Management 633

**CE 17** Agile Development 646

**CE 18** Business Process Management 655

# CONTENTS

Preface p. 21

## Part 1 Why MIS?

This Could Happen to You p. 33

### CHAPTER 1: THE IMPORTANCE OF MIS P. 35

This Could Happen to You p. 35

#### 1. Why Is Introduction to MIS the Most Important Class in the Business School? p. 37

The Digital Revolution p. 37

Evolving Capabilities p. 37

Moore's Law p. 38

Metcalf's Law p. 39

Other Forces Pushing Digital Change p. 39

This Is the Most Important Class in the School of Business p. 40

#### 2. How Will MIS Affect Me? p. 40

How Can I Attain Job Security? p. 41

How Can Intro to MIS Help You Learn Nonroutine Skills? p. 42

#### 3. Why Are MIS-Related Jobs in High Demand? p. 43

So What?: *Biggest IPO Ever: Alibaba* p. 45

What Is the Bottom Line? p. 46

#### 4. What Is MIS? p. 46

Components of an Information System p. 47

Management and Use of Information Systems p. 48

Achieving Strategies p. 48

#### 5. What Is Your Role in IS Security? p. 49

Strong Passwords p. 49

Password Etiquette p. 50

How does the knowledge in this chapter help you? p. 50

Ethics Guide: Ethics and Professional Responsibility p. 52

Guide: Five-Component Careers p. 54

Case Study 1: *zulily* p. 58

### CHAPTER 2: BUSINESS PROCESSES, INFORMATION SYSTEMS, AND INFORMATION P. 63

This Could Happen to You p. 63

#### 1. Why Does the Falcon Security Team Need to Understand Business Processes? p. 65

#### 2. How Can Business Process Modeling Help Organizations? p. 65

How Best Bikes Works p. 65

The Existing Best Bikes Process p. 66

How Best Bikes Processes Must Change to Support 3D Printing p. 68

#### 3. How Can Information Systems Improve Process Quality? p. 69

What Is Process Quality? p. 69

Using Information Systems to Improve Process Quality p. 71

#### 4. What Is Information? p. 72

Definitions Vary p. 72

Where Is Information? p. 73

So What?: *Augmented Collaboration* p. 74

#### 5. What Data Characteristics Are Necessary for Quality Information? p. 75

Accurate p. 75

Timely p. 76

Relevant p. 76

Just Barely Sufficient p. 76

Worth Its Cost p. 76

How does the knowledge in this chapter help you? p. 77

Ethics Guide: I Know What's Better, Really p. 78

Guide: Egocentric Versus Empathetic Thinking p. 80

Case Study 2: *Eating Our Own Dog Food* p. 85

### CHAPTER 3: ORGANIZATIONAL STRATEGY, INFORMATION SYSTEMS, AND COMPETITIVE ADVANTAGE P. 91

This Could Happen to You p. 91

#### 1. How Does Organizational Strategy Determine Information Systems Structures? p. 93

#### 2. What Five Forces Determine Industry Structure? p. 93

#### 3. What Is Competitive Strategy? p. 95

#### 4. How Does Competitive Strategy Determine Value Chain Structure? p. 96

Primary Activities in the Value Chain p. 96

Support Activities in the Value Chain p. 97

Value Chain Linkages p. 97



**5. How Do Value Chains Determine Business Processes and Information Systems? p. 98**

**6. How Do Information Systems Provide Competitive Advantages? p. 98**

*So What?: Driving Strategy* p. 100

Competitive Advantage via Products p. 101

Competitive Advantage via Business Processes p. 102

How Can an Organization Use IS to Create Competitive Advantages? p. 102

How Does This System Create a Competitive Advantage? p. 104

**How does the knowledge in this chapter help you? p. 105**

**Ethics Guide: Yikes! Bikes p. 106**

**Guide: Your Personal Competitive Advantage p. 108**

**Case Study 3: The Amazon of Innovation p. 113**

## **Part 2 Information Technology**

**This Could Happen to You p. 117**

### **CHAPTER 4: HARDWARE AND SOFTWARE P. 119**

**This Could Happen to You p. 119**

**1. What Do Business Professionals Need to Know About Computer Hardware? p. 121**

Hardware Components p. 121

Types of Hardware p. 121

Computer Data p. 123

**2. How Can New Hardware Affect Competitive Strategies? p. 124**

The Internet of Things p. 124

Self-driving Cars p. 126

*So What?: New from CES 2015* p. 129

3D Printing p. 130

**3. What Do Business Professionals Need to Know About Software? p. 131**

What Are the Major Operating Systems? p. 132

Virtualization p. 135

Owning Versus Licensing p. 137

What Types of Applications Exist, and How Do Organizations Obtain Them? p. 137

What Is Firmware? p. 138

**4. Is Open Source Software a Viable Alternative? p. 138**

Why Do Programmers Volunteer Their Services? p. 139

How Does Open Source Work? p. 139

So, Is Open Source Viable? p. 140

**How does the knowledge in this chapter help you? p. 141**

**Ethics Guide: Free Apps for Data p. 142**

**Guide: Keeping Up to Speed p. 144**

**Case Study 4: PSA Cruising with Information System p. 149**

### **CHAPTER 5: DATABASE PROCESSING P. 153**

**This Could Happen to You p. 153**

**1. Why Do You Need to Know About Databases? p. 155**

Reasons for Learning Database Technology p. 155

What Is the Purpose of a Database? p. 155

**2. What Is a Database? p. 157**

Relationships Among Rows p. 158

Metadata p. 159

**3. What Is a Database Management System (DBMS)? p. 160**

*So What?: Not What the Data Says...* p. 161

**4. How Do Database Applications Make Databases More Useful? p. 163**

Traditional Forms, Queries, Reports, and Applications p. 164

Thin-Client Forms, Reports, Queries, and Applications p. 165

Multiuser Processing p. 167

**5. How Can Falcon Security Benefit from a Database System? p. 168**

**6. What Are Nontraditional DBMS Products? p. 169**

Need to Store New Data Types Differently p. 169

Need for Faster Processing Using Many Servers p. 169

Nontraditional DBMS Types p. 170

Will These New Products Replace the Relational Model? p. 170

What Do Nonrelational DBMS Mean for You? p. 170

**How does the knowledge in this chapter help you? p. 171**

**Ethics Guide: Querying Inequality? p. 172**

**Guide: Theft by SQL Injection p. 174**

**Case Study 5: Searching for Classic and Vintage Car Parts... p. 179**

**CHAPTER 6: THE CLOUD P. 185****This Could Happen to You p. 185**

- 1. Why Is the Cloud the Future for Most Organizations? p. 187**  
 What Is the Cloud? p. 187  
 Why Is the Cloud Preferred to In-House Hosting? p. 189  
 Why Now? p. 190  
 When Does the Cloud Not Make Sense? p. 191
- 2. How Do Organizations Use the Cloud? p. 191**  
 Cloud Services from Cloud Vendors p. 191  
 Content Delivery Networks p. 192  
 Use Web Services Internally p. 193
- 3. How Can Falcon Security Use the Cloud? p. 194**  
 SaaS Services at Falcon Security p. 194  
 PaaS Services at Falcon Security p. 194  
 IaaS Services at Falcon Security p. 195
- 4. How Can Organizations Use Cloud Services Securely? p. 195**  
 Virtual Private Network (VPN) p. 195  
 Using a Private Cloud p. 196  
 Using a Virtual Private Cloud p. 197  
*So What?: Net Neutrality Enabled* p. 198
- 5. What Does the Cloud Mean for Your Future? p. 199**

**How does the knowledge in this chapter help you? p. 201****Ethics Guide: Cloudy Profit? p. 202****Guide: From Anthem to Anathema p. 204****Case Study 6: Cloud Solutions that Test for Consumer Risk and Financial Stability p. 208****Part 3 Using IS for Competitive Advantage****This Could Happen to You p. 211****CHAPTER 7: ORGANIZATIONS AND INFORMATION SYSTEMS P. 213****This Could Happen to You p. 213**

- 1. How Do Information Systems Vary by Scope? p. 215**  
 Personal Information Systems p. 215  
 Workgroup Information Systems p. 215  
 Enterprise Information Systems p. 216  
 Inter-Enterprise Information Systems p. 216

**2. How Do Enterprise Systems Solve the Problems of Departmental Silos? p. 216**

- What Are the Problems of Information Silos? p. 217
- How Do Organizations Solve the Problems of Information Silos? p. 219
- An Enterprise System for Patient Discharge p. 219
- Business Process Reengineering p. 220

**3. How Do CRM, ERP, and EAI Support Enterprise Systems? p. 221**

- Customer Relationship Management (CRM) p. 221
- So What?: Workflow Problems* p. 223
- Enterprise Resource Planning (ERP) p. 224
- Enterprise Application Integration (EAI) p. 224
- What Are the Challenges When Implementing and Upgrading Enterprise Systems? p. 225
- New Technology p. 227

**4. How Do Inter-Enterprise IS Solve the Problems of Enterprise Silos? p. 227****How does the knowledge in this chapter help you? p. 229****Ethics Guide: Dialing for Dollars p. 230****Guide: One-Stop Shopping p. 232****Case Study 7: Interorganizational IS - The National Programme for IT in the NHS Experience p. 237****CHAPTER 8: SOCIAL MEDIA INFORMATION SYSTEMS P. 241****This Could Happen to You p. 241****1. What Is a Social Media Information System (SMIS)? p. 243**

- Three SMIS Roles p. 243
- SMIS Components p. 246

**2. How Do SMIS Advance Organizational Strategy? p. 247**

- Social Media and the Sales and Marketing Activity p. 248
- Social Media and Customer Service p. 249
- Social Media and Inbound and Outbound Logistics p. 249
- Social Media and Manufacturing and Operations p. 250
- Social Media and Human Resources p. 250
- So What?: Facebook for Organizations... and Machines?* p. 251

**3. How Do SMIS Increase Social Capital? p. 252**

- What Is the Value of Social Capital? p. 252
- How Do Social Networks Add Value to Businesses? p. 253
- Using Social Networking to Increase the Number of Relationships p. 254
- Using Social Networks to Increase the Strength of Relationships p. 255
- Using Social Networks to Connect to Those with More Resources p. 255

#### 4. How Do (Some) Companies Earn Revenue from Social Media? p. 257

You Are the Product p. 257

Revenue Models for Social Media p. 257

Does Mobility Reduce Online Ad Revenue? p. 258

#### 5. How Can Organizations Address SMIS Security Concerns? p. 259

Managing the Risk of Employee Communication p. 260

Managing the Risk of Inappropriate Content p. 261

#### 6. Where Is Social Media Taking Us? p. 263

How does the knowledge in this chapter help you? p. 265

Ethics Guide: Synthetic Friends p. 266

Guide: Digital Is Forever p. 268

Case Study 8: Sedona Social p. 272

### CHAPTER 9: BUSINESS INTELLIGENCE SYSTEMS P. 277

This Could Happen to You p. 277

#### 1. How Do Organizations Use Business Intelligence (BI) Systems? p. 279

How Do Organizations Use BI? p. 279

What Are Typical Uses for Business Intelligence? p. 280

#### 2. What Are the Three Primary Activities in the BI Process? p. 281

Using Business Intelligence to Find Candidate Parts p. 282

#### 3. How Do Organizations Use Data Warehouses and Data Marts to Acquire Data? p. 287

Problems with Operational Data p. 288

Data Warehouses Versus Data Marts p. 290

#### 4. What Are Three Techniques for Processing BI Data? p. 291

Reporting Analysis p. 291

Data Mining Analysis p. 291

BigData p. 292

#### 5. What Are the Alternatives for Publishing BI? p. 294

Characteristics of BI Publishing Alternatives p. 294

So What?: BI for Securities Trading? p. 295

What Are the Two Functions of a BI Server? p. 296

How does the knowledge in this chapter help you? p. 297

Ethics Guide: Unseen Cyberazzi p. 298

Guide: Semantic Security p. 300

Case Study 9: Hadoop the Cookie Cutter p. 304

## Part 4 Information Systems Management

This Could Happen to You p. 307

### CHAPTER 10: INFORMATION SYSTEMS SECURITY P. 309

This Could Happen to You p. 309

#### 1. What Is the Goal of Information Systems Security? p. 311

The IS Security Threat/Loss Scenario p. 311

What Are the Sources of Threats? p. 313

What Types of Security Loss Exist? p. 313

Goal of Information Systems Security p. 316

#### 2. How Big Is the Computer Security Problem? p. 316

#### 3. How Should You Respond to Security Threats? p. 318

#### 4. How Should Organizations Respond to Security Threats? p. 319

So What?: New from Black Hat 2014 p. 321

#### 5. How Can Technical Safeguards Protect Against Security Threats? p. 322

Identification and Authentication p. 322

Single Sign-on for Multiple Systems p. 323

Encryption p. 323

Firewalls p. 325

Malware Protection p. 325

Design for Secure Applications p. 327

#### 6. How Can Data Safeguards Protect Against Security Threats? p. 327

#### 7. How Can Human Safeguards Protect Against Security Threats? p. 328

Human Safeguards for Employees p. 328

Human Safeguards for Nonemployee Personnel p. 330

Account Administration p. 331

Systems Procedures p. 332

Security Monitoring p. 333

#### 8. How Should Organizations Respond to Security Incidents? p. 334

How does the knowledge in this chapter help you? p. 335

Ethics Guide: Hacking Smart Things p. 336

Guide: EMV to the Rescue p. 338

Case Study 10: Hitting the Target p. 342



## CHAPTER 11: INFORMATION SYSTEMS MANAGEMENT P. 345

### This Could Happen to You p. 345

#### 1. What Are the Functions and Organization of the IS Department? p. 347

How Is the IS Department Organized? p. 347

Security Officers p. 348

What IS-Related Job Positions Exist? p. 349

#### 2. How Do Organizations Plan the Use of IS? p. 349

Align Information Systems with Organizational Strategy p. 349

Communicate IS Issues to the Executive Group p. 351

Develop Priorities and Enforce Them Within the IS Department p. 352

Sponsor the Steering Committee p. 352

#### 3. What Are the Advantages and Disadvantages of Outsourcing? p. 352

*So What?: Is James Right for the Job?* p. 353

Outsourcing Information Systems p. 353

International Outsourcing p. 355

What Are the Outsourcing Alternatives? p. 355

What Are the Risks of Outsourcing? p. 356

#### 4. What Are Your User Rights and Responsibilities? p. 358

Your User Rights p. 358

Your User Responsibilities p. 359

### How does the knowledge in this chapter help you? p. 361

#### Ethics Guide: Privacy versus Productivity: The BYOD Dilemma? p. 362

#### Guide: Is Outsourcing Fool's Gold? p. 364

#### Case Study 11: iApp\$4 U p. 368

## CHAPTER 12: INFORMATION SYSTEMS DEVELOPMENT P. 371

### This Could Happen to You p. 371

#### 1. What Is Systems Development? p. 373

#### 2. Why Is Systems Development Difficult and Risky? p. 373

The Difficulty of Requirements Determination p. 374

Changes in Requirements p. 375

Scheduling and Budgeting Difficulties p. 375

Changing Technology p. 375

Diseconomies of Scale p. 375

Is It Really So Bleak? p. 376

#### 3. What Are the Five Phases of the SDLC? p. 376

#### 4. How Is System Definition Accomplished? p. 377

Define System Goals and Scope p. 377

Assess Feasibility p. 378

Form a Project Team p. 378

#### 5. What Is the Users' Role in the Requirements Phase? p. 379

Determine Requirements p. 379

Approve Requirements p. 380

Role of a Prototype p. 381

#### 6. How Are the Five Components Designed? p. 381

*So What?: Using This Knowledge for Your Number-One Priority* p. 382

Hardware Design p. 382

Software Design p. 383

Database Design p. 383

Procedure Design p. 383

Design of Job Descriptions p. 383

#### 7. How Is an Information System Implemented? p. 384

System Testing p. 384

System Conversion p. 385

#### 8. What Are the Tasks for System Maintenance? p. 386

#### 9. What Are Some of the Problems with the SDLC? p. 387

The SDLC Waterfall p. 387

Requirements Documentation Difficulty p. 388

Scheduling and Budgeting Difficulties p. 388

### How does the knowledge in this chapter help you? p. 389

#### Ethics Guide: Estimation Ethics p. 390

#### Guide: The Final, Final Word p. 392

#### Case Study 12: When Will We Learn? p. 397

# CHAPTER EXTENSIONS

## CHAPTER EXTENSION 1: COLLABORATION INFORMATION SYSTEMS FOR DECISION MAKING, PROBLEM SOLVING, AND PROJECT MANAGEMENT P. 399

### 1. What Are the Two Key Characteristics of Collaboration? p. 399

Importance of Effective Critical Feedback p. 399

Guidelines for Giving and Receiving Critical Feedback p. 401

Warning! p. 401

### 2. What Are Three Criteria for Successful Collaboration? p. 402

Successful Outcome p. 402

Growth in Team Capability p. 402

Meaningful and Satisfying Experience p. 402

### 3. What Are the Four Primary Purposes of Collaboration? p. 403

Becoming Informed p. 403

Making Decisions p. 404

Solving Problems p. 405

Managing Projects p. 406

### 4. What Are the Components and Functions of a Collaboration Information System? p. 407

The Five Collaboration System Components p. 407

Primary Functions: Communication and Content

Sharing p. 408

## CHAPTER EXTENSION 2: COLLABORATIVE INFORMATION SYSTEMS FOR STUDENT PROJECTS P. 412

### 1. What Are the IS Requirements for Student Project Collaborations? p. 412

Required Features p. 412

Nice-to-Have Features p. 413

Collaboration Tool Characteristics p. 413

### 2. How Can You Use Collaboration Tools to Improve Team Communication? p. 414

### 3. How Can You Use Collaboration Tools to Share Content? p. 416

Shared Content with No Control p. 418

Shared Content with Version Management on Google

Drive p. 418

Shared Content with Version Control p. 420

### 4. How Can You Use Collaboration Tools to Manage Tasks? p. 423

Sharing a Task List on Google Drive p. 423

Sharing a Task List Using Microsoft

SharePoint p. 424

### 5. Which Collaboration Information System Is Right for Your Team? p. 425

The Minimal Collaboration Tool Set p. 425

The Good Collaboration Tool Set p. 427

The Comprehensive Collaboration Tool Set p. 427

Choosing the Set for Your Team p. 427

Don't Forget Procedures and People! p. 428

## CHAPTER EXTENSION 3: MOBILE SYSTEMS P. 433

### 1. What Are Mobile Systems? p. 433

### 2. Why Are Mobile Systems Important? p. 433

Hardware p. 434

Software p. 434

Data p. 435

Procedures p. 435

People p. 436

### 3. How Do Native and Web-Based Mobile Applications Compare? p. 436

Developing Native Mobile Applications p. 436

Developing Web Mobile Applications p. 438

Which Is Better? p. 439

### 4. What Characterizes Quality Mobile User Experiences? p. 440

Feature Content p. 440

Use Context-Sensitive Chrome p. 440

Provide Animation and Lively Behavior p. 440

Design to Scale and Share p. 441

Use the Cloud p. 442

### 5. What Are the Challenges of Personal Mobile Devices at Work? p. 444

Advantages and Disadvantages of Employee Use of Mobile Systems at Work p. 444

Survey of Organizational BYOD Policy p. 445

## **CHAPTER EXTENSION 4: INTRODUCTION TO MICROSOFT EXCEL 2013 P. 449**

- 1. What Is a Spreadsheet? p. 449**
- 2. How Do You Get Started with Excel? p. 450**
- 3. How Can You Enter Data? p. 452**  
Key in the Data p. 452  
Let Excel Add the Data Using a Pattern p. 453
- 4. How Can You Insert and Delete Rows and Columns and Change Their Size? p. 456**
- 5. How Can You Format Data? p. 459**
- 6. How Can You Create a (Simple) Formula? p. 460**
- 7. How Can You Print Results? p. 462**

## **CHAPTER EXTENSION 5: DATABASE DESIGN P. 467**

- 1. Who Will Volunteer? p. 467**
- 2. How Are Database Application Systems Developed? p. 467**
- 3. What Are the Components of the Entity-Relationship Data Model? p. 468**  
Entities p. 468  
Relationships p. 469
- 4. How Is a Data Model Transformed into a Database Design? p. 471**  
Normalization p. 472  
Representing Relationships p. 473
- 5. What Is the Users' Role? p. 475**
- 6. Who Will Volunteer? (Continued) p. 476**

## **CHAPTER EXTENSION 6: USING MICROSOFT ACCESS 2013 P. 481**

- 1. How Do You Create Tables? p. 481**  
Starting Access p. 482  
Creating Tables p. 482
- 2. How Do You Create Relationships? p. 486**
- 3. How Do You Create a Data Entry Form? p. 488**
- 4. How Do You Create Queries Using the Query Design Tool? p. 492**
- 5. How Do You Create a Report? p. 494**

## **CHAPTER EXTENSION 7: USING EXCEL AND ACCESS TOGETHER P. 501**

- 1. Why Use Excel and Access Together? p. 501**

- 2. What Is Import/Export? p. 501**  
Import/Export of Text Data p. 502  
Import/Export of Excel and Access Data p. 505
- 3. How Can You Create Charts with Excel? p. 505**  
Creating a Pie Chart p. 505  
Creating a Column Chart p. 507
- 4. How Can You Create Group Totals in Access? p. 508**
- 5. How Can You Use Excel to Graph Access Data? p. 514**
- 6. How Can You Use Access to Report Excel Data? p. 517**
- 7. How Can You Combine Excel and Access to Analyze Data? p. 520**

## **CHAPTER EXTENSION 8: NETWORK AND CLOUD TECHNOLOGY P. 529**

- 1. What Is a Computer Network? p. 529**
- 2. What Are the Components of a LAN? p. 530**  
Connecting Your LAN to the Internet p. 531
- 3. How Does the Internet Work? p. 533**  
An Internet Example p. 533  
Carriers and Net Neutrality p. 533  
Internet Addressing p. 534  
Processing on a Web Server p. 535
- 4. How Does the Cloud Work? p. 536**  
Service-Oriented Architecture (SOA) p. 537  
Protocols Supporting Web Services p. 539

## **CHAPTER EXTENSION 9: ENTERPRISE RESOURCE PLANNING (ERP) SYSTEMS P. 544**

- 1. What Is the Purpose of ERP Systems? p. 544**
- 2. What Are the Elements of an ERP Solution? p. 547**  
Hardware p. 547  
Software: ERP Application Programs p. 548  
Data: ERP Databases p. 548  
Procedures: Business Process Procedures p. 548  
People: Training and Consulting p. 550
- 3. How Are ERP Systems Implemented and Upgraded? p. 550**
- 4. What Types of Organizations Use ERP? p. 551**  
ERP by Industry Type p. 551  
ERP by Organization Size p. 552  
International ERP p. 552
- 5. How Do the Major ERP Vendors Compare? p. 553**  
ERP Market Leaders p. 553  
ERP Products p. 553  
ERP in the Future p. 555

## CHAPTER EXTENSION 10: SUPPLY CHAIN MANAGEMENT P. 559

1. What Are Typical Inter-Enterprise Processes? p. 559
2. What Is a Supply Chain? p. 559
3. What Factors Affect Supply Chain Performance? p. 561
4. How Does Supply Chain Profitability Differ from Organizational Profitability? p. 562
5. What Is the Bullwhip Effect? p. 562
6. How Do Information Systems Affect Supply Chain Performance? p. 564

## CHAPTER EXTENSION 11: ENTERPRISE SOCIAL NETWORKS AND KNOWLEDGE MANAGEMENT P. 567

1. How Do Organizations Develop an Effective SMIS? p. 567
    - Step 1: Define Your Goals p. 567
    - Step 2: Identify Success Metrics p. 568
    - Step 3: Identify the Target Audience p. 569
    - Step 4: Define Your Value p. 569
    - Step 5: Make Personal Connections p. 570
    - Step 6: Gather and Analyze Data p. 570
  2. What Is an Enterprise Social Network (ESN)? p. 570
    - Enterprise 2.0 p. 571
    - Changing Communication p. 571
- Guide: Developing Your Personal Brand p. 572**
- Deploying Successful Enterprise Social Networks p. 574
3. What Are the Benefits of Knowledge Management? p. 575
  4. What Are Expert Systems? p. 576
  5. What Are Content Management Systems? p. 577
    - What Are the Challenges of Content Management? p. 577
    - What Are Content Management Application Alternatives? p. 578

## CHAPTER EXTENSION 12: DATABASE MARKETING P. 582

1. What Is a Database Marketing Opportunity? p. 582
2. How Does RFM Analysis Classify Customers? p. 582
3. How Does Market-Basket Analysis Identify Cross-Selling Opportunities? p. 583
4. How Do Decision Trees Identify Market Segments? p. 585
  - A Decision Tree for Student Performance p. 585

A Decision Tree for Loan Evaluation p. 587

**Guide: Data Mining in the Real World p. 588**

## CHAPTER EXTENSION 13: REPORTING SYSTEMS AND OLAP P. 593

1. How Do Reporting Systems Enable People to Create Information? p. 593
2. What Are the Components and Characteristics of Reporting Systems? p. 593
  - Report Type p. 596
  - Report Media p. 597
  - Report Mode p. 597
3. How Are Reports Authored, Managed, and Delivered? p. 598
  - Report Authoring p. 598
  - Report Management p. 598
  - Report Delivery p. 599
4. How Are OLAP Reports Dynamic? p. 599

## CHAPTER EXTENSION 14: DATA BREACHES P. 605

1. What Is a Data Breach? p. 605
  - Why Do Data Breaches Happen? p. 605
2. How Do Data Breaches Happen? p. 606
  - Hitting Target p. 607
  - How Did They Do It? p. 607
  - The Damage p. 608
3. How Should Organizations Respond to Data Breaches? p. 608
  - Respond Quickly p. 609
  - Plan for a Data Breach p. 609
  - Be Honest About the Breach p. 609
4. What Are the Legal Consequences of a Data Breach? p. 610
5. How Can Data Breaches Be Prevented? p. 611

## CHAPTER EXTENSION 15: INTERNATIONAL MIS P. 616

1. How Does the Global Economy Affect Organizations and Processes? p. 616
  - How Does the Global Economy Change the Competitive Environment? p. 617
  - How Does the Emerging Global Economy Change Competitive Strategy? p. 617
  - How Does the Global Economy Change Value Chains and Business Processes? p. 618

## 2. What Are the Characteristics of International IS Components? p. 618

What's Required to Localize Software? p. 619

IBM's Watson Learns Japanese p. 620

What Are the Problems and Issues of Global Databases? p. 620

What Are the Challenges of International Enterprise Applications? p. 621

## 3. How Do Inter-Enterprise IS Facilitate Globalization? p. 622

How Do Global Information Systems Affect Supply Chain Profitability? p. 622

What Is the Economic Effect of Global Manufacturing? p. 623

How Does Social Media Affect International Business? p. 624

## 4. What Are the Security Challenges of International IS? p. 624

Legal Environment p. 624

Physical Security p. 625

Cultural Norms p. 625

## 5. What Are the Challenges of International IS Management? p. 626

Why Is International Information Systems Development More Challenging? p. 626

What Are the Challenges of International Project Management? p. 627

What Are the Challenges of International IS Management? p. 629

## CHAPTER EXTENSION 16: SYSTEMS DEVELOPMENT PROJECT MANAGEMENT P. 633

### 1. Why Is Formalized Project Management Necessary? p. 633

### 2. What Are the Trade-offs in Requirements, Cost, and Time? p. 634

### 3. What Are the Dimensions of Project Management? p. 635

### 4. How Does a Work Breakdown Structure Drive Project Management? p. 637

### 5. What Is the Biggest Challenge for Planning a Systems Development Project? p. 639

### 6. What Are the Biggest Challenges for Managing a Systems Development Project? p. 640

### 7. What Is the Single Most Important Task for Users on a Systems Development Project? p. 641

## CHAPTER EXTENSION 17: AGILE DEVELOPMENT P. 646

### 1. Why Is the SDLC Losing Credibility? p. 646

### 2. What Are the Principles of Agile Development Methodologies? p. 647

### 3. What Is the Scrum Process? p. 648

Scrum Essentials p. 648

When Are We Done? p. 649

Key Roles p. 650

### 4. How Do Requirements Drive the Scrum Process? p. 650

Creating Requirements Tasks p. 650

Scheduling Tasks p. 651

Committing to Finish Tasks p. 651

Hocus-Pocus? p. 652

## CHAPTER EXTENSION 18: BUSINESS PROCESS MANAGEMENT P. 655

### 1. Why Do Organizations Need to Manage Business Processes? p. 655

A Sample Ordering Business Process p. 655

Why Does This Process Need Management? p. 655

### 2. What Are the Stages of Business Process Management (BPM)? p. 657

### 3. How Do Business Processes and Information Systems Relate? p. 658

### 4. Which Come First: Business Processes or Information Systems? p. 660

Business Processes First p. 660

Information System First p. 661

Another Factor: Off-the-Shelf Software p. 661

And the Answer Is... p. 662

### 5. How Is BPM Practiced in the Real World? p. 663

Defining the Process Problem p. 663

Designing the New Process p. 665

Create Process Components p. 665

Implement New Processes p. 665

*Application Exercises p. 669*

*Glossary p. 684*

*Index p. 701*

In Chapter 1, we claim that MIS is the most important class in the business curriculum. That's a bold statement, and every year we ask whether it remains true. Is there any discipline having a greater impact on contemporary business and government than IS? We continue to doubt there is. Every year brings important new technology to organizations, and many of these organizations respond by creating innovative applications that increase productivity and otherwise help them accomplish their strategies.

Over the past year, we've seen the largest IPO in history (\$25 billion) come from e-commerce giant Alibaba. Amazon revealed that it's using an army of Kiva robots to increase productivity in its fulfillment centers by 50 percent. And we've seen an unprecedented flurry of IoT smart devices aimed at personal, home, and automobile automation services hit the market. It seems like every industry is running full tilt toward the smart door. Technology is fundamentally changing the way organizations operate. It's forcing them to be more productive, innovative, and adaptable.

Even innovations we've known about for several years took big leaps forward this year. MakerBot made huge strides in 3D printing by introducing new composite filaments that can print materials that look just like wood, metal, and stone—not just plastics. Mercedes-Benz was the hit of CES 2015 when it debuted its new driverless F 015 car with saloon-style doors, complete touch-screen interface, and front-room seating. And Google announced it was deploying 25 of its driverless cars around Mountain View, California, starting summer 2015.

Large-scale data breaches were a major problem again this year. eBay, Home Depot, JP Morgan Chase, and Anthem all suffered enormous data losses. Sony Pictures lost more than 100 TB of confidential corporate data, and Apple lost hundreds of explicit celebrity photos to hackers. And these are just a fraction of the total number of organizations affected this year.

In addition, normal revisions were needed to address emergent technologies such as cloud-based services, mobile devices, innovative IS-based business models like that at zulily, changes in organizations' use of social media, and so on.

More sophisticated and demanding users push organizations into a rapidly changing future, one that requires continual adjustments in business planning. To participate, our graduates need to know how to apply emerging technologies to better achieve their organizations' strategies. Knowledge of MIS is critical. And this pace continues to remind us of Carrie Fisher's statement "The problem with instantaneous gratification is that it's just not fast enough."

## WHY THIS SEVENTH EDITION?

The changes in this seventh edition, Global Edition, are listed in Table 1. Substantial changes were made in Chapter 1 to strengthen the argument for MIS being the most important course in the business curriculum. The chapter now looks at the Digital Revolution and the exponential change happening to technology. It discusses how digital devices are changing due to increased processing power (Moore's Law), connectivity (Metcalfe's Law), network speed (Nielsen's Law), and storage capacity (Kryder's Law). It then gives examples of how new technology creates entirely new types of businesses and forces existing businesses to change the way they operate.

Chapter 1 also includes new salary data projections from the Bureau of Labor Statistics through 2022. These salary projections cover pay ranges from typical information systems jobs, general business occupations, and managerial-level positions.

Chapters 1 through 6 begin with a new discussion of Falcon Security, a privately owned company that provides surveillance and inspection services for companies using flying drones.

**Table 1** Changes in the Seventh Edition

Chapter	Change
1	New Falcon Security Part 1 Introduction
1	New Falcon Security chapter introduction
1	New So What? Feature: Biggest IPO Ever: Alibaba
1	Updated industry statistics throughout the chapter
1	New Q1-1 covering the Information Age, Digital Revolution, and power of exponential change
1	New discussion about forces pushing digital change: Bell's Law, Moore's Law, Metcalfe's Law, Nielsen's Law, and Kryder's Law
1	New Q1-2 looking at how changes in technology will affect students' future job security
1	New statistics about projected technology job growth from BLS
1	Combined discussion about MIS, IS, and IT
2	New Falcon Security chapter introduction
2	New So What? Feature: Augmented Collaboration
2	New Guide: Egocentric Versus Empathetic Thinking
2	Updated Q2-1 for Falcon Security
2	Updated Q2-2 for Best Bikes example
2	Updated SharePoint images
3	New Falcon Security chapter introduction
3	New So What? Feature: Driving Strategy
3	Updated Q3-1 focusing on organizational strategy and systems structure
3	Revised Q3-2 five forces examples using Falcon Security
3	Updated statistics in the chapter and Amazon case study
4	New Falcon Security chapter introduction
4	New So What? Feature: New From CES 2015
4	New Ethics Guide: Free Apps for Data
4	Updated industry statistics throughout
4	New discussion about augmented reality hardware
4	Updated developments in 3D printing, self-driving cars, and IoT
4	Updated terms: <i>Internet Explorer</i> to <i>Edge</i> , <i>Windows 8</i> to <i>Windows 10</i>
5	New Falcon Security chapter introduction
5	New justification for learning database technology
5	New Q5-5 on Falcon Security maintaining video metadata in a database
5	New discussion of NewSQL and in-memory DBMS
6	New Falcon Security chapter introduction
6	New So What? Feature: Net Neutrality Enabled
6	New Guide: From Anthem to Anathema
6	Updated statistics and AWS offerings
7	Added new technology as a fifth implementation challenge
8	New Ethics Guide: Synthetic Friends
8	New Guide: Digital Is Forever
8	New discussion about the use of social media in recruiting
8	Expanded discussion of social capital using a YouTube channels example
8	Expanded discussion of mobile ad spending
8	Updated social media statistics throughout the chapter

Chapter	Change
9	Replaced predictive policing example with reporting application in medicine
9	Updated parts analysis example to remove AllRoad Parts and keep the example anonymous
9	New So What? Feature: BI for Securities Trading
9	Updated WebTrends and HDInsight description
9	Included latest CEO surveys on the importance of BI
10	New So What? Feature: New from Black Hat 2014
10	New Guide: EMV to the Rescue
10	New Ethics Guide: Hacking Smart Things
10	New discussion of notable APTs
10	Updated security statistics and figures throughout the chapter
10	New discussion of ransomware
10	Added discussion of recent large-scale data breaches
11	New Ethics Guide: Privacy Versus Productivity: The BYOD Dilemma
11	Updated IS jobs, descriptions, and salary data
12	New So What? Feature: Using This Knowledge for Your Number-One Priority
12	Rewrote explanation of why systems development is important to all business professionals today

Chapter Extension	Change
All CEs	Added new auto-graded questions
CE 2	Changed <i>Microsoft Lync</i> to <i>Skype for Business</i> and <i>Google Grid</i> to <i>Google Drive</i>
CE 2	Updated images for Skype for Business, SharePoint, and Google Drive
CE 3	Updated statistics about mobile adoption and use
CE 3	Updated <i>Windows 8</i> to <i>Windows 10</i> and <i>Internet Explorer</i> to <i>Microsoft Edge</i>
CE 5	Updated E-R notation for minimum cardinality to conform to contemporary usage
CE 8	Added discussion of new net neutrality regulations
CE 8	Added discussion about personal area networks (PANs) and Bluetooth
CE 9	Defined hybrid-model
CE 9	Updated ERP vendor rankings and comments; replaced Epicor with Sage
CE 9	Discussed the effect of mobility, security threats, and the Internet of Things on enterprise applications
CE 11	Updated social media statistics
CE 14	Updated data breach statistics and trends
CE 14	Added new figures with updated major data breaches
CE 14	Updated QCE14-2 related to the Target data breach
CE 15	Added new discussion of localization using IBM's Watson
CE 15	Expanded discussion of EU's "right to be forgotten" law
Appl Ex	Added new data files and updated images
Appl Ex	Added new exercise using open source software (LibreOffice)
Appl Ex	Added new exercise using software to compress and encrypt files (7-Zip)
Appl Ex	Added new exercise related to social media policy



Chapters 7–12 continue to be introduced by PRIDE Systems, a cloud-based virtual exercise competition and healthcare startup. In addition to motivating the chapter material, both case scenarios provide numerous opportunities for students to practice one of Chapter 1’s key skills: “Assess, evaluate, and apply emerging technology to business.”

This edition continues to have a focus on teaching ethics. Every Ethics Guide asks students to apply Immanuel Kant’s categorical imperative, Bentham and Mill’s utilitarianism, or both to the business situation described in the guide. We hope you find the ethical considerations richer and deeper with these exercises. The categorical imperative is introduced in the Ethics Guide in Chapter 1 (pages 52–53) and utilitarianism is introduced in the Ethics Guide in Chapter 2 (pages 78–79).

As shown in Table 1, additional changes were made to every chapter, including eight new So What? Features, four new Ethics Guides, and updates to chapter cases. Additional figures, like one showing mobile ad spending in Chapter 8, were added to make the text more accessible. Numerous changes were made throughout the chapters in an attempt to keep them up to date. MIS moves fast, and to keep the text current, we checked every fact, data point, sentence, and industry reference for obsolescence and replaced them as necessary.

To reiterate the preface of earlier editions, we believe it is exceedingly important to make these frequent adaptations because of the delays associated with a 2-year revision cycle. Text materials that we develop starting in April of one year are published in January of the next year and are first used by students in September—a minimum 17-month delay.

For some areas of study, a year and a half may not seem like a long time because little changes in that amount of time. But in MIS, entire companies can be founded and then sold for billions of dollars in just a few years. YouTube, for example, was founded in February 2005 and then sold in November 2006 to Google for \$1.65 billion (21 months). Facebook started in 2004 and currently (2015) has a market capitalization exceeding \$212 billion. MIS changes fast—very fast. We hope this new edition is the most up-to-date MIS textbook available.

## **STRUCTURE, ORGANIZATION, AND APPEARANCE OF THIS TEXT**

Teaching today is a very different endeavor than it was years ago. Students have many more distractions and demands on their time. They are quick to tune in and quick to tune out, so much so that someone compared their attention spans to those of Labrador Retriever puppies. We can lament that fact, but we can’t change it. What we can do is to meet students where they are and creatively attempt to obtain their engagement.

We designed this text with that hope and goal in mind. Every feature of this book is designed to make it easy for students to engage with the content, not by watering it down but rather, we hope, by making it interesting and relevant to them. This text is not an encyclopedia; it attempts to teach essential topics well. It does so by providing opportunities for students to actively engage with the content, by providing features to help students better manage their study time, and with an appearance that makes it easy for students to pick up and start.

## **ACTIVE ENGAGEMENT**

The structure of this edition of *Experiencing MIS* provides many opportunities for active engagement. Each chapter includes a So What? feature that contains exercises and questions for students to answer to demonstrate the relevancy of the chapter’s material to them. As with earlier editions, each chapter contains two guides that describe practical implications of the chapter contents that can be used for small in-class exercises. Finally, this edition contains 41 application exercises (see page 669).

## FACILITATE STUDENT STUDY

Today's students were reared in an environment of constant stimulation and channel surfing, and it seems nearly impossible for many students to focus on a single topic for more than a few minutes. Again, we can wish it otherwise, but short attention spans are students' and our reality. And recent research does seem to substantiate students' claim that, except for texting in class, students can multitask in class without problem.<sup>1</sup>

This text is structured to accommodate today's students' learning styles. First, to help students manage their time, it is organized around questions. Each chapter or chapter extension starts with a list of questions. Each major heading of the material is one of those questions, and the end of the chapter or extension includes an Active Review in which students are asked to demonstrate their learning of the answer to each question. Students should study until they can answer the questions; that may be 5 minutes or 5 hours, but their job is to answer those questions. This technique, from Marilla Svinicki's research, vastly helps students manage their study time.<sup>2</sup>

You can also use the questions to structure class sessions or at least parts of those sessions.

You can open class by asking students to "do the questions." Go around the room and call on someone to answer a question or part of one.

Second, students learn more when they are emotionally engaged in the material. The purpose of the vignettes that introduce each chapter is to raise student emotion; their purpose is to cause students to care about the chapter material.

Third, 82 percent of students in the business school prefer visual learning to auditory (voice or word) learning.<sup>3</sup> To make it easier for students to open this book and continue to read it, interesting and engaging art and photos have been used. *In every instance, however, we have insisted that the photo or art be related to the topic under discussion; these photos are not simply eye candy.* Pearson allows us to personally review and approve every photo and art exhibit in this text. We believe a good book does not have to appear boring, but all art must be relevant.

## FEATURES FOR ENGAGING THE STUDENT

*Experiencing MIS* was written to make it impossible for readers of this text to miss the importance of MIS in business. The text is designed to be approachable, easy to use, sometimes humorous, with an upbeat and in-your-face attitude, but always with the goal of underlining the importance of MIS to all businesspeople in the 21st century.

An important part of making the text approachable was choosing a modular design. The text consists of 12 short chapters along with 18 supplemental discussions, called chapter extensions.

The modular nature of this text is discussed in more detail later in this preface.

### Emphasis on Collaboration

As with prior editions, this text emphasizes collaboration. It is one of Reich's key skills for the 21st-century professional, as described in Chapter 1. We believe we need not only to require our students to collaborate but also to teach them key skills for doing so. The first two chapter extensions present collaboration techniques and collaboration information systems, respectively. Each chapter also includes a collaboration exercise at the end of the chapter.

Additionally, Pearson Education is sponsoring Microsoft SharePoint for student use. At your request, Pearson will set up a SharePoint site collection that your students can use when responding to the collaboration exercises at the end of each chapter. Students need nothing more than a browser to participate. See your Pearson sales representative for more information.

### Opening Scenarios for Parts and Chapters

Each part and each chapter opens with a scenario intended to get students involved emotionally. We want students to mentally place themselves in the situation and to realize that this

situation—or something like it—could happen to them. Each scenario sets up the chapter’s content and provides an obvious example of why the chapter is relevant to them. These scenarios help support the goals of student motivation and learning transfer.

Furthermore, both of these introductory cases involve the application of new technology to existing businesses. Our goal is to provide opportunities for students to see and understand how businesses are affected by new technology and how they need to adapt while, we hope, providing numerous avenues for you to explore such adaptation with your students.

In developing these scenarios, we endeavor to create business situations rich enough to realistically carry the discussions of information systems while at the same time simple enough that students with little business knowledge and even less business experience can understand. We also attempt to create scenarios that will be interesting to teach. This edition introduces the new Falcon Security case and continues the PRIDE Systems case from the sixth edition.

## Falcon Security

The chapters in Parts 1 and 2 are introduced with dialogue from key players at Falcon Security, a privately owned company that provides surveillance and inspection services for companies using flying drones. We wanted to develop the case around an interesting business model that students would want to learn more about. Drones get a lot of attention in the press, but students may not know a lot about how they’re used in business. Drones are getting cheaper and easier to fly and have a lot more functionality than they did just a few years ago. It’s likely that students will see drones deployed widely during their careers.

Falcon Security is considering strengthening its competitive advantage by 3D printing its own drones. Buying fleets of drones is expensive, and they become outdated quickly. However, were the company to do so, it would be changing its fundamental business model, or at least adding to it. Making drones would require Falcon Security to hire new employees, develop new business processes, and potentially develop a new IS to support the custom-built drones. All of this is good fodder for Chapter 3 and for underlining the importance of the ways IS needs to support evolving business strategy.

Ultimately, Falcon Security determines that it does not want to become a drone manufacturer. It could print some drone parts, but not enough to make it cost effective. They’d still have to buy a lot of expensive component parts to assemble an airworthy drone, something they’re not sure they can do consistently. Falcon decides to focus on its core strength of providing integrated security services.

Students may object that, in studying Falcon Security, they devoted considerable time to an opportunity that ultimately didn’t make business sense and was rejected. But this outcome is at least as informative as a successful outcome. The example uses knowledge of processes as well as application of business intelligence to avoid making a serious blunder and wasting substantial money. Falcon Security didn’t have to open a factory and 3D-print a fleet of custom-built drones just to find out it would be a mistake. It could make a prototype, *analyze* the costs and benefits, and then avoid making the mistake in the first place. The very best way to solve a problem is not to have it!

## PRIDE Systems

The Performance Recording, Integration, Delivery, and Evaluation (PRIDE) system was first developed for the fourth edition. In that version it was an embryonic, entrepreneurial opportunity that used mobile devices, data-gathering exercise equipment, and the cloud to share integrated data among health-care providers, heart surgery patients, health clubs, health insurance companies, and employers.

PRIDE is a real-world prototype developed for the owner of a health club who wanted to connect the workout data of his club members to their workout data at home and to their employers, insurance companies, and healthcare professionals. PRIDE is written in C#, and the code runs against an Azure database in the cloud. The PRIDE system uses the Windows Phone emulator that is part of Visual Studio. PRIDE was going to be ported to iOS and Android devices after demonstrating feasibility and after the club owner obtained financing. Unfortunately, before the prototype reached that point, the sponsor of the project lost interest.

As reflected in the PRIDE case, the developers realized that it was unlikely to succeed because, as Zev says in Chapter 7, “Doctors don’t care about exercise.” Dr. Flores was too busy as a cardiac surgeon to make his startup a success. Therefore, he sold it to a successful businessman who changed the staff and the strategy and repurposed the software. All of this is described at the start of Chapter 7.

### Use of the Categorical Imperative and Utilitarianism in Ethics Guides

Since the introduction of the Ethics Guides into the first edition of this text, we believe there was a shift in students’ attitudes about ethics. Students seem, at least many of them, to be more cynical and callous about ethical issues.

As a result, in the fifth edition, we began to use Kant’s categorical imperative and Bentham and Mill’s utilitarianism to ask students, whose ethical standards are often immature, to adopt the categorical imperative and utilitarian perspectives rather than their own perspectives and, in some cases, in addition to their own perspectives. By doing so, the students are asked to “try on” those criteria, and we hope in the process they think more deeply about ethical principles than they do when we allow them simply to apply their personal biases.

The Ethics Guide in Chapter 1 introduces the categorical imperative, and the guide in Chapter 2 introduces utilitarianism. If you choose to use these perspectives, you will need to assign both of those guides.

### Modular Design

Not every MIS class is the same, and even though most MIS professors would agree on the basic content of this class, each professor has his or her own interests, expertise, and emphasis. Further, courses differ not only because of student and professor interests, but also because of the local employment environment, the grade level at which the class is taught, the background and educational maturity of students, and so on.

To support such specialization, the text is organized into short chapters and optional chapter extensions. Each of the 12 short chapters describes the minimum essentials of a topic. Additional material is then presented in 18 optional chapter extensions. Thus, for example, Chapter 9 addresses the basic ideas and purpose of business intelligence. That chapter is then supported by two chapter extensions: one on data mining and one on reporting and OLAP.

You can pick the extensions that relate to your class’s interests and needs, or you can use just the chapter itself and skip the extensions without loss of continuity. For a more specific description of how the book is organized, see the section titled “How Is the Content Organized?”

### Guides

This book contains boxed essays called “guides” that amplify each chapter’s core material. These features are intended to force students to grapple with some intriguing aspect of the core material, to think about its relevance to them and their future needs as businesspeople, and to discuss that material in small groups or as a class.

Each chapter in this book contains two guides—one of which addresses ethics and one on some other topic. Guides appear in some of the chapter extensions as well. Use of the Ethics Guides will expose students to some of the fundamental principles relating to ethics, information systems, and business in general. The other guides present a variety of ideas: some from cognitive science that will help students become better problem solvers; some that show “contrarian” opinions that have been commonly voiced in business settings; and some that state our personal opinions. All of the guides encourage students to grapple with some idea and its application to them either now or as future business professionals. Working with the guides should help students transfer knowledge from their MIS class to other classes and eventually to their business careers.

### Integration of Excel and Access

Most MIS courses today include some use of Microsoft Office. Usually, professors adopt a main MIS book and then select another book for Office instruction. The result is an expensive

package for the student to buy and a schizophrenic break between the “principles” text and the “applications” text.

To eliminate these problems, this text includes four chapter extensions on Microsoft Excel and Access 2013. Chapter Extension 4 teaches the fundamentals of Excel. Chapter Extension 5 teaches database design, and Chapter Extension 6 shows how to apply the principles of database design using Microsoft Access. Finally, Chapter Extension 7 discusses the use of Excel and Access together. Data are passed back and forth between those products so that students can compare and contrast Excel and Access features and strengths. Also, students learn practical skills for managing real data.

Most students should be able to learn (or review) fundamental Excel and Access skills with no supplemental text. Students who need extra instruction can, of course, find it in one of the many excellent tutorials. But having that material in this text means that most students need not buy another book. Those exercises are consolidated into one list, starting on page 672.

## HOW IS THE CONTENT ORGANIZED?

The text is organized into four parts. See the graphic outline on pages 10–11 of the front matter for a visual presentation of the parts and chapters and of the relationship of the chapter extensions to the parts and chapters.

Part 1, “Why MIS?,” introduces MIS and explains why and how it is important for business students. The three chapters in Part 1 address basic MIS definitions and the five-component framework, show how information and information systems relate to business processes, and explain the role of IS in support of organizational strategy and competitive advantage. Chapter extensions for Part 1 concern collaboration techniques and collaboration IS.

Part 2, “Information Technology,” addresses fundamental IT concepts. The three chapters in Part 2 discuss hardware and software, database processing, and data communication. Chapter Extension 3 describes the development of Web and native mobile applications and describes an array of bring your own device (BYOD) policies. The next four chapter extensions teach the basics of Excel and Access, describe database design techniques, and show how to use Excel and Access together. Finally, Chapter Extension 8 discusses data communication technology that supports the cloud with particular focus on SOA and Web service standards.

Part 3 is titled “Using IS for Competitive Advantage.” The three chapters in this part consider organization and systems, social media, and business intelligence systems. Part 3 chapter extensions present information on systems for ERP and supply chain management. Chapter Extensions 12 and 13 discuss database marketing and reporting systems and OLAP.

Part 4, “Information Systems Management,” concludes the text with three chapters that address information systems security, IS management including outsourcing, and systems development. Note that due to the increased importance of security, that chapter is the first chapter in this part. Part 4 chapter extensions include a detailed description of data breaches, discussions of international MIS, systems development project management, agile systems development with scrum, and business process management.

Again, the goal of the modular organization of this text is to allow you to pick and choose among those topics that best fit your needs. You will preserve continuity if you use each of the 12 chapters in sequence, but you need not use any of the chapter extensions if time is short.

## INSTRUCTOR RESOURCES

At the Instructor Resource Center, [www.pearsonglobaleditions.com/Kroenke](http://www.pearsonglobaleditions.com/Kroenke), instructors can easily register to gain access to a variety of instructor resources available with this text in downloadable format. If assistance is needed, our dedicated technical support team is ready to help with the media supplements that accompany this text. Visit <https://support.pearson.com/getsupport/s/> for answers to frequently asked questions and toll-free user support phone numbers.

The following supplements are available with this text:

- Test Bank
- TestGen<sup>®</sup> Computerized Test Bank
- PowerPoint Presentation

## ACKNOWLEDGMENTS

First, we wish to thank Earl McKinney, professor of information systems at Bowling Green University and author of *Processes, Systems, and Information*, for many hours of insightful conversation about the role of processes in this MIS course as well as for his deep insights into the theory of information. We also thank David Auer of Western Washington University for help with data communications technology and Jeffrey Proudfoot of Bentley University for his insights on information security.

Many thanks as well to Jeff Gains of San Jose State University for helpful feedback about prior editions of this text; Jeff's comments have strongly influenced revisions for years. Also, a special thanks to Harry Reif at James Madison University for most insightful observations about ways to improve this text.

At Microsoft, we are grateful for the help of Randy Guthrie, who supports MIS professors in many ways, including facilitating use of DreamSpark as well as giving many presentations to students. Also, we thank Rob Howard for conversations and consulting about SharePoint and SharePoint Designer and Steve Fox for helpful conversations about both SharePoint and Microsoft Azure. Regarding our SharePoint program, a very special thanks to David Auer of Western Washington University and Laura Atkins of James Madison University, who serve as the community proctors for our SharePoint MIS community site, which enables dozens of professors and hundreds of students to learn how to use SharePoint. Our SharePoint solution is hosted by NSPI in Atlanta, Georgia.

Thanks to Neil Miyamoto, co-owner of The Firm (<http://thefirmmpls.com/>), for the ideas behind the PRIDE case. Additionally, we thank Don Nilson, a certified scrum master, for essential ideas and guidance on the new material on agile development and scrum.

Laura Town is the development editor on all of our MIS books, and we continue to be grateful for her support, knowledge, expertise, and great attitude through thick and thin! The textbook industry is undergoing dramatic changes at this time, and Laura's knowledge, guidance, and wisdom on the textbook production process is most appreciated.

We would like to thank those who contributed to the development of our excellent Instructor Resources: Instructor's Manual, Roberta M. Roth; PowerPoints, Steve Loy; and Test Bank, Katie Trotta/ANSR Source. We would also like to express our thanks to the following authors for creating a superb set of resources for our MyLab: John Hupp, Columbus State University; Timothy P. O'Keefe, University of North Dakota; Roberta M. Roth, University of Northern Iowa; J. K. Sinclair, Arkansas State University; and Melody White, University of North Texas.

Pearson Education is a great publishing company, chock-full of dedicated, talented, and creative people. We thank Judy Leale and Karalyn Holland for taking over production management of a complex set of texts and doing it so efficiently and willingly. We also thank Janet Slowik, art director, and her team for redesigning this book so beautifully. Finally, we thank Sue Nodine of Integra-Chicago for managing the production of the book.

No textbook makes its way into the hands of students without the active involvement of a dedicated and professional sales force. We thank the Pearson sales team and especially Anne Fahlgren, the marketing manager for this text.

Thanks also goes to our former, and now happily retired, editor Bob Horan for his years of friendship, support, and wise counsel. Finally, like so many authors in college publishing, we owe tremendous thanks to our current editor, Nicole Sam. Nicole continues to provide us with the skilled guidance necessary to make these texts a great success.

**David Kroenke**  
**Randy Boyle**