



AUM

American University Of The Middle East

Management Information Systems MIS 300

Textbook/material required: Haag, S., & Cummings, M. (2009). Management information systems for the information age. 9 th ed. McGraw-Hill, Inc.

Chapter 2: Major Business Initiatives

Pages: 36 - 57



Lesson content: 1/2

- **Case study: Travel agents**

1. Supply Chain Management

- Definition
- SCM systems
- Strategic advantages of SCM systems

2. Customer Relationship Management

- Definition
- CRM systems
- Strategic advantage of having CRM system.
- IT support of CRM systems.



Lesson content: 2/2

- **Case study: Travel agents**

3. Enterprise Resource Planning

- Definition
- ERP systems
- Evolution of ERP systems
- ERP functions

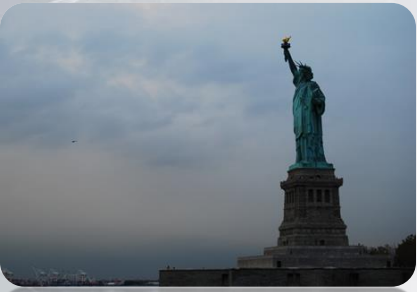
4. Social Media

- Social networking
- Social shopping
- Social playing
- Social locationing



Case Study:

- The death of the travel agent:
 - Think of your last holiday.
 - How many of you booked your flight via travel agent?
 - How many booked it online?
 - Only ten years ago most of us used to book it through travel agents...so what happened?
 - Why are more and more people booking their holidays online?
 - Faster?
 - Cheaper?
 - Convenient?
 - More choices?



Case Study:

- Why do airlines, hotels, and car rentals also encouraged the move online?
- Information Technology (IT) gives businesses:*
 - Competitive edge.
 - Bigger exposure.
 - Reduces cost.
 - Generates more income.
- So is this the end of 'Travel agents?' **



Overview

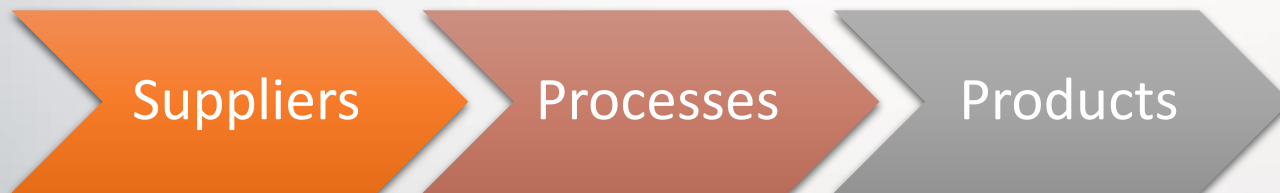
Today we look at four IT systems that have changed the world of organizations:

1. Supply Chain Management Systems
2. Customer Relationship Management Systems
3. Enterprise Resource Planning Systems
4. Social Media



1. Supply Chain Management (p. 36)

- What is a **Supply Chain**?
 - Process by which inventory moves from suppliers, through company, and output as product.
- What is a **Supply Chain Management**?
 - Tracking inventory and information through business processes and across companies.
- What is a **Supply Chain Management System**?
 - The system that supports SCM activities by automating the tracking of inventory and information across the company.





1. Supply Chain Management

- Companies do not like to hold onto inventory for long, why?
 - Too much money tied up.
 - The demand, best price, and expiry dates run out quickly.
 - Takes space which costs money to storage.
 - Items may become obsolete and companies will end up having to sell them for cheap or pay to dispose of them!



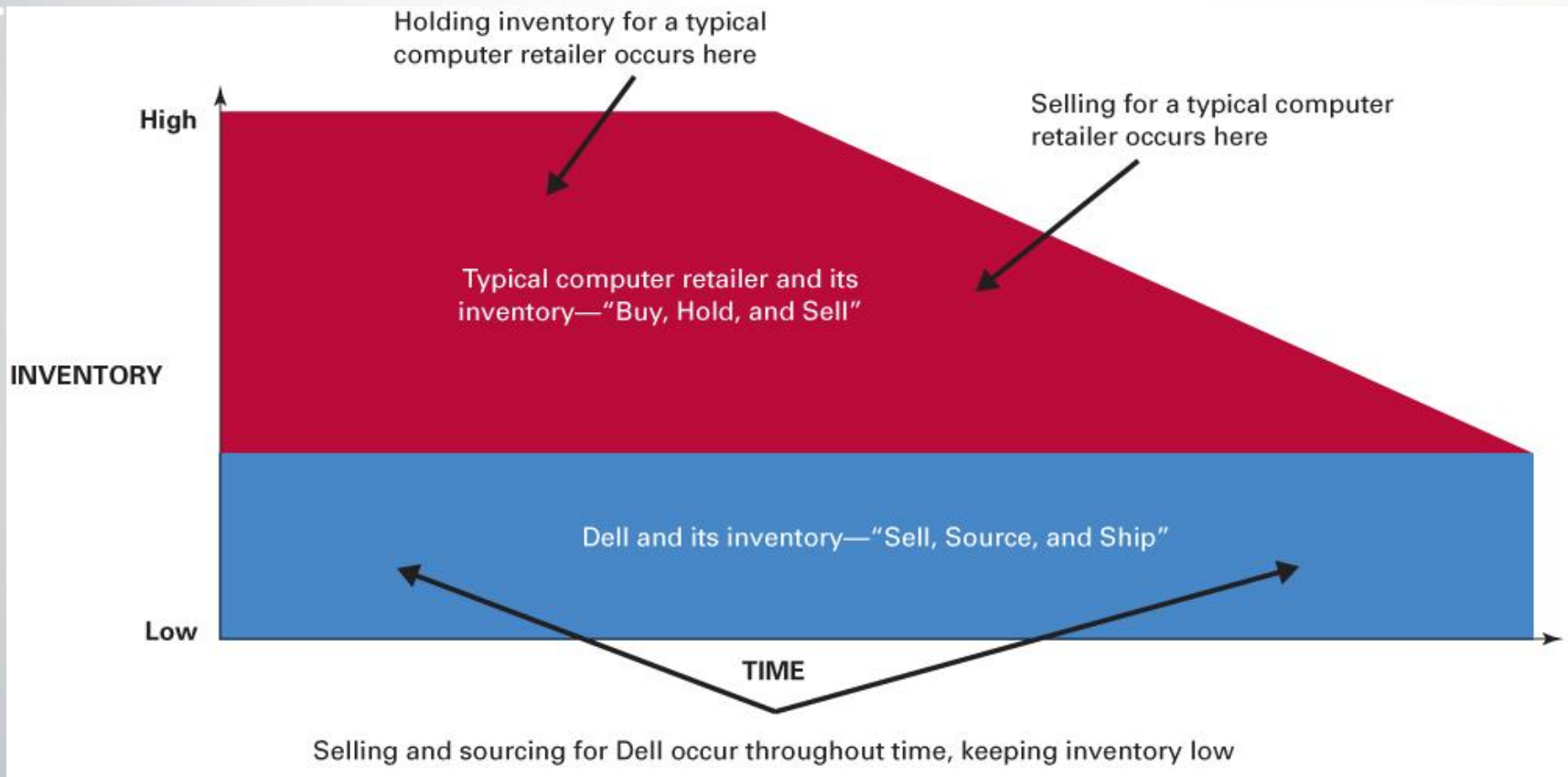
1. Supply Chain Management

- Companies do not like to have little inventory, why?*
- Run out of material to produce.
- Force shut down.
- Customers going to another brand or producer.
- Having a system to make sure this does not happen is where **Supply Chain Management System** comes in.



1. Supply Chain Management

- Two models of Supply Chain Management by retailers:
 - **Buy-Hold-Sell:** Traditional shop way of buying, stocking then selling.
 - **Sell-Source-SHIP:** More of what online businesses do, they get the order first, source, then ship the order directly to the customer.
- Can you see advantages and disadvantages of each?*





1. Supply Chain Management

- Manufacturing companies want to achieve '**Just-in-time**' model:
 - This means to produce and deliver products/service at the exact time the customer wants it.
 - Examples: Amazon publishing model / Apple laptop sale / Dell Computers. *
 - The model aims to almost eliminate inventory storage and keep the latest technology that could be ordered at short notice.
 - To achieve this, companies sometimes use :
 - multiple channels of transport: ships, planes, trucks, or railways...this is called **Inter-model transportation**.
 - Integrate their IT systems with suppliers/sellers to share information...this is called **information partnerships**.



1. Supply Chain Management

- Strategic and Competitive opportunities:
 - Overall Cost Leadership:
 - Passing on the savings of storage to the customer.
 - Running the Organization
 - Increase market share.
- A well designed Supply Management System helps organizations:
 - Reduce **cost** and keep prices competitive.
 - **Revenues** up by not leaving shelves empty.
 - **Production** lines functioning smoothly.
 - Reliable **Transport** with cost to the minimum .
 - **Fulfillment** of right quantities in and products out.



A thought!

- But what happens with products after they are sold?
- There is something missing in the process below:





2. Customer Relationship Management (p. 40)

- Retaining customers would be top priority.
- Being able to predict when and what your customers want, can give your business massive advantage.
 - Having a system that can predict and give individual customer needs.
 - Wells Fargo, US bank, sells four times more products to their own customers than average in US!
- So ***“Customer Relationship Management (CRM) system uses information about customers to gain insights into their needs, wants, and behavior in order to serve them better.”*** p. 40.



2. Customer Relationship Management

- To achieve good CRM, companies:
 - Provide many ways for their customers to contact them: email, fax, phone, office hours...etc
 - This is called **Multi-channel service delivery**.
 - Provide pleasant and excellent after sale experience.
 - Provide sales representatives with all information and **Business Intelligence** focused on customers buying patterns.
 - The system that helps sales representative with BI including forecasting, order management, tracking of orders, and product knowledge is called **Sale Force Automation System**.



2. Customer Relationship Management

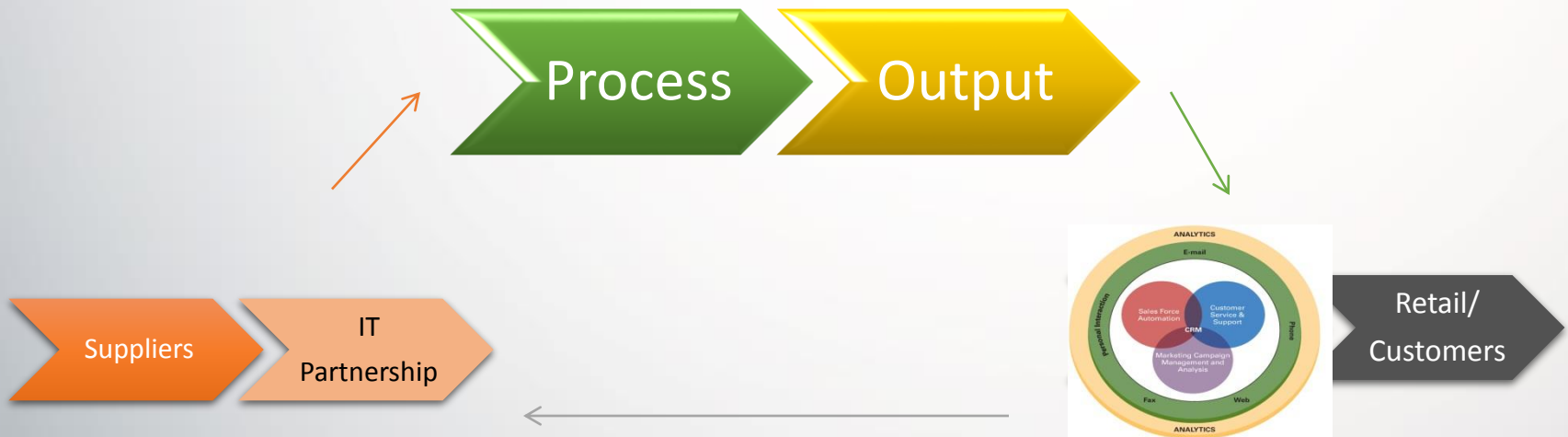
- Closing the loop:
 - Clearly information collected after sales is 'gold' to prepare for customer next orders:
 - Accessories, in few years replacing of the product, insurance, upgrades...
 - Marketing managers measuring success of marketing campaigns.





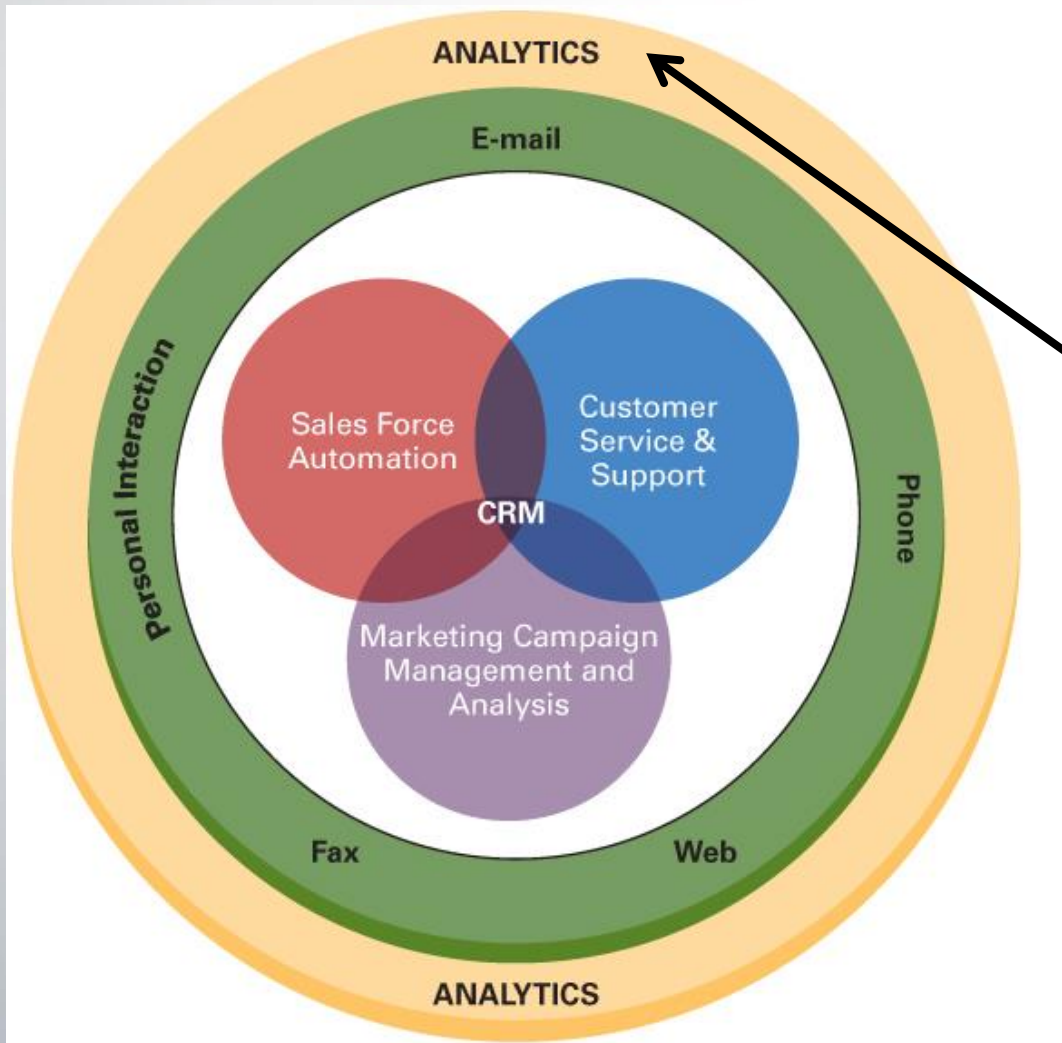
2. Customer Relationship Management

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2. Customer Relationship Management (p. 40)



Analytics is now a huge part of CRM. Analytics use hard data to support decision making.



2. Customer Relationship Management

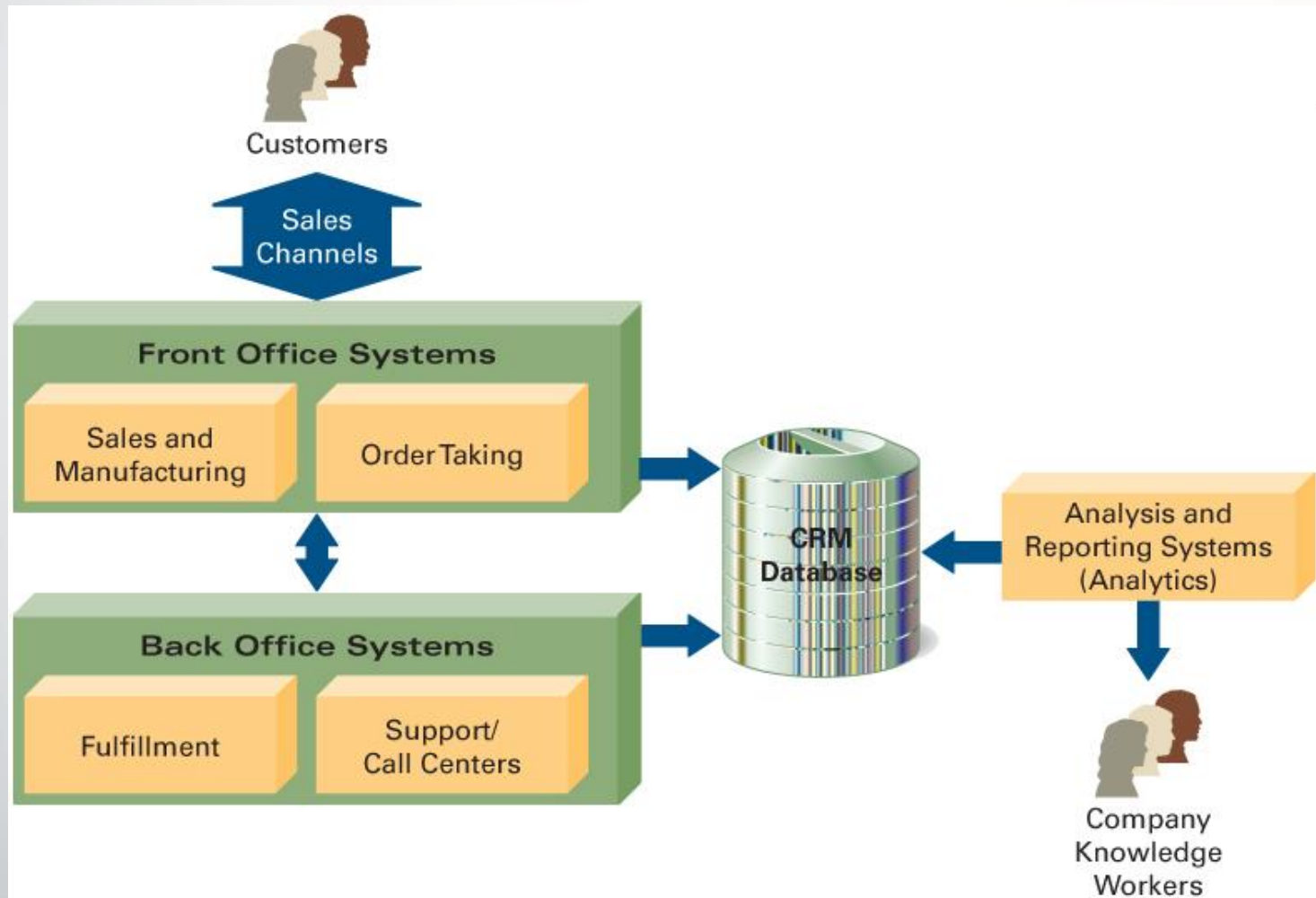
- Strategic and competitive advantages of a good CRM system:
 - Differentiation and focus (Porter)
 - Growing the organization (RGT)
- Keep in mind that while people would pay for a 'delightful' experience, organizations should have tight Supply Chain Management System in place to ensure acceptable price.



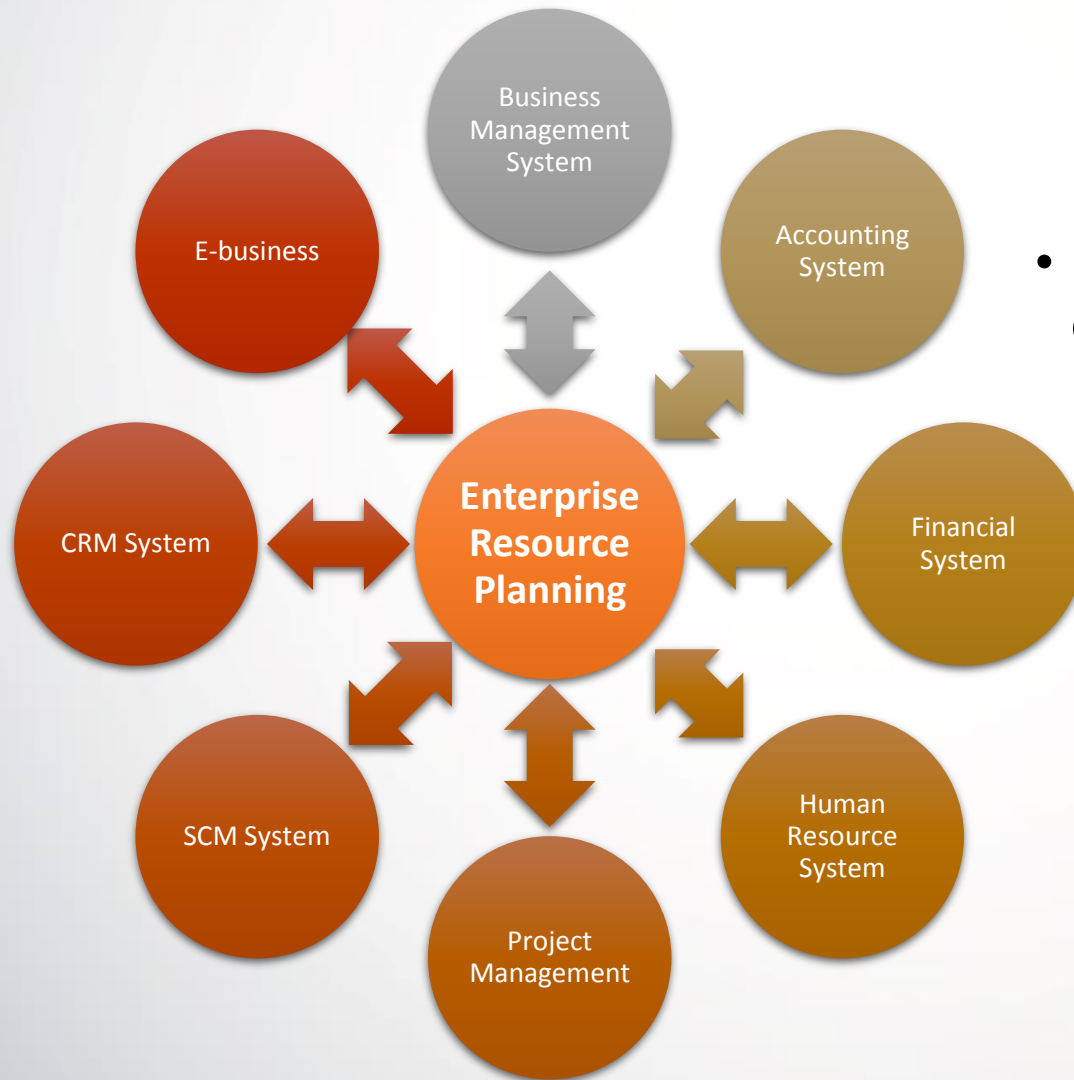
2. Customer Relationship Management

- IT support for Customer Relationship Management:
 - **Front Office Systems:** are the interface with customers / sales channels –Such as online sales, and sales point systems.
 - **Back Office Systems:** are the ones that fulfill and support customer's orders.

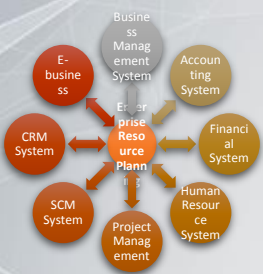
A Sample CRM System Infrastructure (p. 40)



3. Enterprise Resource Planning (p. 45)

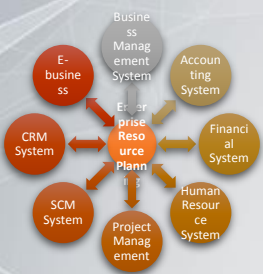


- Everything under one roof!



3. Enterprise Resource Planning

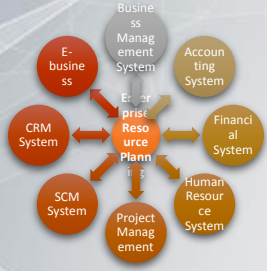
- What is Enterprise Resource Planning?
 - ***“...is collection of integrated software...it includes all technology systems and software in your organization.”*** p.45.
 - No surprise then ERP is the most expensive system with U.S. Federal government spent \$7.7billion on it in 2009.
 - But ERP system did not come about over night, it has been around and evolving since 1970's



3. Enterprise Resource Planning

- ERP Functionality:

- **Legacy Information System (LIS)** represents past systems in which maybe slow, nonextendable, not flexible, yet may contain important information that the business may want access to.
- ERP tries to integrate LIS into its operations as well as other systems.
- Ultimately ERP systems functionality aim to:
 - Integrate information across the board.
 - Present everything as one suite.
 - Provide one interface across the enterprise.



3. Enterprise Resource Planning

- ERP Functionality:
 - **Consider ERP System for a University: p.49**
 - When you register courses, you should not be able if you have outstanding: library books, payments, or missing paperwork.
 - When you register you should get bill to include government allowance, scholarships, and charges.
 - A university also uses the system to make marketing campaigns.
 - A university uses the system to plan classes, avoid clashes, over crowdedness, and under utilization of classes.
 - Plan staff recruitments.



4.Social Media (p. 51)

- **What is Social media?**
 - *“...is collection of Web-based and mobile technologies that create true interactivity among users, most usually allowing users to be both the creators and consumers of content.” p.51*
 - **What they mean:** It is web-mobile based technology allowing you to ‘socialize’ online by sharing, reading, and creating the content.
- Can you think of examples of social media?*



4.Social Media

- **Did you know:**

- **Facebook** has 1.28 billion users (Q2,2014) and in June 2014 it had 829million active users.
- **Whatsapp** has 600 million users (August, 2014).
- **Twitter** has 271 million users (Q2, 2014).
- **LinkedIn** has 259million users (June, 2013)



4.Social Media

- **Technology behind Social media:**
 - **Evolution of Web to Web 2.0:**
 - Early web pages were just static pages in which you just read the content without any interactions.
 - Web technologies allowed spreading of information but it did not discriminate and this was the start of SPAM.
 - Dynamic pages were developed to allow searching for real time information, buying and selling online, and reading content updated in real time. Here Google flourished.
 - Finally, Dynamic pages that tailored the content for uses. Here Facebook and social media took advantage of it.
 - Scientist gave these stages of Web evolution names: **Static vs Dynamic** based on their interaction and **Pull vs Push** based on their initiation.



4.Social Media

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4.Social Media

- **Implications of Social Media:**
 - Social Shopping
 - Social Playing
 - Social 'Saving the world'.
 - Social locationing.



4.Social Media

- **Implications of Social Media: Social Shopping**

- Shopping has always been a 'social experience' can you think why?*
- Retailers use social media to advertise their product...more so some have even used social media in their TV adverts.
- <http://www.youtube.com/watch?v=R-DY6eS4doU>
- Pepsi developed machines that allow you to buy a drink for someone.
- Advertising on social media has become hot businesses.
- Other examples of social shopping are websites dedicated for people to sharing their shopping experiences: Kaboodle.com , ProductWiki, IlikeTotallyloveit.com...etc**



4.Social Media

- **Implications of Social Media: Social Playing**
 - Playing games within social media:
 - Candy Crush
 - Farmville
 - World of Warcraft
 - Second Life.
 - Why do you think social playing is popular?
 - What truly makes these games 'social' is the fact that it's more than just a game.
 - Players can virtually interact, gather in groups, and show off their results.
 - Players spend money to buy money, land, equipment's, customs, and more.



4.Social Media

- **Implications of Social Media: Social “Saving the world”.**
 - Many organization are seeking to build sustainable practices and processes that address the three Ps: People, Planet*, and Profit.
 - Many charities and companies using social media to encourage people to live a cleaner and more sustainable living.
 - The Story of Stuff Project (over 2.8 million views on youtube**)
 - Starbucks BetaCupChallenge a prize of 10,000 Euros for ideas to reduce their waste of paper cups for coffee to go.
 - Elevation Burger Kuwait (over 25,000 likes on Facebook) promotes their sustainability motto online via social media.



4.Social Media

- **Implications of Social Media: Social Location**

- Also called **Location-based services**, is using mobile phone GPS to locate business, entertainment venues, finding friends, and their locations from you.
- Popular Social location systems include Geologi, Facebook Places, Google Latitude, Foursquare, and more.

Key terms you need to review

- There are key terms in the book that you need to review:

Distribution chain, Supply chain management (SCM), Supply chain management systems, Just-in-time(JIT), Inter-modal transportation, Customer Relationship Management (CRM), Customer Relationship Management System, Multi-channel Service Delivery, Sales Force Automation (SFA) systems, Front Office System, Back Office System, Enterprise Resource Planning (ERP) system, Legacy information System (LIS), Social media, Web 2.0, Social Networking Site, Massively Multiplayer Online Role-Playing Games (MMORPGs), and Social Locationing.