

***Processes, Systems, and Information (Kroenke/McKinney)***  
**Chapter 6 Supporting Processes with ERP Systems**

1) With information silos, the data needed by one process are stored in an information system designed and used in another process.

Answer: TRUE

Page Ref: 158

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

2) Information silos create islands of automation that increase the efficiency and effectiveness of processes and make process integration easy.

Answer: FALSE

Page Ref: 158

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

3) ERP and EAI systems are referred to as enterprise systems.

Answer: TRUE

Page Ref: 158

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

4) An EAI system tackles the problem of information silos by providing layers of software that connect information systems together.

Answer: TRUE

Page Ref: 158

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

5) An EAI system uses a centralized database.

Answer: FALSE

Page Ref: 158

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

6) An EAI system appears as an integrated database to the user.

Answer: TRUE

Page Ref: 158

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

7) The major benefit of an EAI system is that it enables organizations to use existing applications.

Answer: TRUE

Page Ref: 159

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

8) Converting to an EAI system is more disruptive than converting to ERP.

Answer: FALSE

Page Ref: 159

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

9) An ERP product is a suite of software, a database, procedures and a set of processes for supporting business operations with a single, consistent, information system.

Answer: TRUE

Page Ref: 159

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

10) ERP is so named because it attempts to integrate all the resources of an enterprise into a single information system.

Answer: TRUE

Page Ref: 159

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

11) The primary purpose of an ERP system is to enable a gradual move to an EAI system.

Answer: FALSE

Page Ref: 159

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

12) Businesses used information systems to support their processes well before the Internet was invented.

Answer: TRUE

Page Ref: 163

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

13) In the 1970s, manufacturing companies used a software called material requirements planning to efficiently manage inventory, production, and labor.

Answer: TRUE

Page Ref: 163

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

14) Material requirements planning provided financial-tracking capabilities and the opportunity to schedule equipment and facilities.

Answer: FALSE

Page Ref: 163

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

15) JIT synchronizes manufacturing and the supply of materials.

Answer: TRUE

Page Ref: 163

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

16) The Sarbanes-Oxley Act compelled companies to exercise greater control over their financial processes.

Answer: TRUE

Page Ref: 164

Difficulty: Easy

Chapter LO: 2

17) For a product to be considered a true ERP product, it must include applications that integrate the processes in SCM, manufacturing, CRM, HR, and accounting.

Answer: TRUE

Page Ref: 164

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

18) SCM includes procurement, sales order processing, inventory management, supplier management, and other related activities.

Answer: TRUE

Page Ref: 164

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supply chain management and performance

19) CRM includes activities such as manufacturing scheduling, capacity planning, quality control, and other related activities.

Answer: FALSE

Page Ref: 164

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the functions of customer relationship management (CRM) systems

20) Accounting includes activities such cash management and fixed-asset accounting.

Answer: TRUE

Page Ref: 164

Difficulty: Easy

Chapter LO: 2

21) An ERP solution cannot be partially implemented.

Answer: FALSE

Page Ref: 164

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

22) The customization of ERP software to meet customer requirements without changing program code is called configuration.

Answer: TRUE

Page Ref: 164

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

23) If a new ERP customer has requirements that cannot be met via configuration, then the customer must turn to an EAI system.

Answer: FALSE

Page Ref: 164

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

24) Application code can be added to any ERP implementation using specific application languages such as Java.

Answer: TRUE

Page Ref: 165

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

25) Custom software is expensive both initially and in the long-term because it is not guaranteed to work with newer versions of ERP software.

Answer: TRUE

Page Ref: 165

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

26) An ERP solution contains a company's actual operational data.

Answer: FALSE

Page Ref: 165

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

27) Relational databases are modular.

Answer: TRUE

Page Ref: 165

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss best practices for using and managing databases

28) The modularity of a database refers to the impact on its overall structure if tables are added or removed.

Answer: TRUE

Page Ref: 165

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss best practices for using and managing databases

29) Currently, most ERP products are rented, stored on cloud vendor hardware, and paid for by use.

Answer: FALSE

Page Ref: 166

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

30) The people involved with an ERP system fall into three roles: users, engineers, and analysts.

Answer: FALSE

Page Ref: 166

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

31) In the context of an ERP system, an analyst works for the ERP vendor or a third party and helps budget, plan, train, configure, and implement the system.

Answer: FALSE

Page Ref: 166

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

32) In the context of an ERP system, users and analysts are both employees of the firm implementing the system.

Answer: TRUE

Page Ref: 166

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

33) A systems analyst writes additional code where necessary for implementing an ERP system.

Answer: FALSE

Page Ref: 167

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

34) An architect is the high-level planner of an information system who ensures the compatibility of technology and directs technology toward strategic goals.

Answer: TRUE

Page Ref: 167

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

35) One of the shortcomings of using an ERP product is that data sharing does not occur in real time.

Answer: FALSE

Page Ref: 167

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 3

Course LO: Describe the uses of enterprise systems and enterprise resource planning

36) Implementing an ERP system is harder for an organization that hasn't implemented some type of enterprise system in the past.

Answer: TRUE

Page Ref: 168

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 4

Course LO: Describe the uses of enterprise systems and enterprise resource planning

37) The configuration decisions that implementation teams must make are usually about item identifiers, order size, and the structure of the BOM.

Answer: TRUE

Page Ref: 169-170

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 4

Course LO: Describe the uses of enterprise systems and enterprise resource planning

38) Companies of different sizes have one very important difference that has a major impact on ERP: the availability of skilled business and IT analysts.

Answer: TRUE

Page Ref: 172

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Describe the uses of enterprise systems and enterprise resource planning

39) Small organizations expand IT from one person to a small staff, but frequently this staff is isolated from senior-level management.

Answer: FALSE

Page Ref: 172

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Describe the uses of enterprise systems and enterprise resource planning

40) Midsize organizations have a full IT staff that is headed by the chief information officer.

Answer: FALSE

Page Ref: 172

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Describe the uses of enterprise systems and enterprise resource planning



41) An IT analyst is a business and IT professional who sits on the executive board and is an active participant in organizational strategic planning.

Answer: FALSE

Page Ref: 172

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Describe the uses of enterprise systems and enterprise resource planning

42) International ERP solutions are designed to work with multiple currencies.

Answer: TRUE

Page Ref: 172

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Describe the uses of enterprise systems and enterprise resource planning

43) Intel and AMD are some of the top vendors of ERP products.

Answer: FALSE

Page Ref: 173

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

44) Infor is known primarily for its retail-oriented ERP software.

Answer: FALSE

Page Ref: 173

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

45) All the ERP products of Microsoft Dynamics are well integrated with Microsoft Office and Microsoft's development languages.

Answer: FALSE

Page Ref: 174

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

46) Oracle is the gold standard of ERP products and offers the most expensive of ERP products.

Answer: FALSE

Page Ref: 174

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

47) SAP produces and sells cost-specific platforms to speed up the configuration process.

Answer: FALSE

Page Ref: 175

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

48) A configuration is a distinct and logical grouping of processes.

Answer: FALSE

Page Ref: 175

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

49) Prior to SAP, early ERP programs were customized products where companies wrote their own programs to support their own processes.

Answer: TRUE

Page Ref: 176

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

50) The SAP Business Suite runs on an application platform called NetSuite.

Answer: FALSE

Page Ref: 176

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

51) \_\_\_\_\_ occur(s) when data are isolated and replicated in separated information systems.

- A) Information silos
- B) Automation
- C) Encapsulation
- D) Metadata publishing

Answer: A

Page Ref: 158

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

52) An enterprise application integration product is \_\_\_\_\_.

- A) a suite of software applications that tackles the information silo problem by providing layers of software that connect information systems together
- B) a suite of software, a database, procedures and a set of processes for supporting business operations with a single, consistent, information system
- C) a strategy that uses business process management to radically enhance the customer service experience
- D) a suite of applications, a database, and a set of inherent processes for managing all the interactions with a customer, from lead generation to customer service

Answer: A

Page Ref: 158

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

53) Which of the following statements is true about an EAI system?

- A) It utilizes a centralized database.
- B) It provides users with access to metadata files that describe the location of an organization's data.
- C) It appears as an integrated database to the user.
- D) It prohibits information silos from communicating with each other and sharing data.

Answer: C

Page Ref: 158

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

54) Which of the following is a function of an EAI system?

- A) It provides segregated data.
- B) It modifies existing departmental information systems.
- C) It requires the implementation of new information systems.
- D) It enables a gradual move to ERP.

Answer: D

Page Ref: 159

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

55) The major benefit of an EAI system is that it \_\_\_\_\_.

- A) provides greater returns than an ERP system
- B) utilizes centralized databases
- C) enables organizations to use existing applications
- D) requires the use of formalized procedures

Answer: C

Page Ref: 159

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

56) The primary purpose of an ERP system is \_\_\_\_\_.

- A) customization
- B) duplication
- C) integration
- D) customer acquisition

Answer: C

Page Ref: 159

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

57) By the 1970s, manufacturing companies began to use a software called \_\_\_\_\_ to efficiently manage inventory, production, and labor.

- A) enterprise application integration
- B) enterprise resource planning
- C) business performance management
- D) material requirements planning

Answer: D

Page Ref: 163

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

58) \_\_\_\_\_ synchronizes manufacturing and supply—manufacturing occurs just as raw materials arrive.

- A) Just-in-case manufacturing
- B) Just-in-time delivery
- C) Material requirements planning
- D) Manufacturing resource planning

Answer: B

Page Ref: 163

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

59) Which of the following federal laws required companies to exercise greater control over their financial processes?

- A) the Gramm–Leach–Bliley Act
- B) the Volstead Act
- C) the Tower Amendment
- D) the Sarbanes-Oxley Act

Answer: D

Page Ref: 164

Difficulty: Easy

Chapter LO: 2

60) Which of the following activities is included in supply chain management?

- A) sales prospecting
- B) bill of materials
- C) inventory management
- D) quality control

Answer: C

Page Ref: 164

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supply chain management and performance

61) Which of the following activities is included in customer relationship management?

- A) procurement
- B) marketing
- C) bill of materials
- D) payroll

Answer: B

Page Ref: 164

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the functions of customer relationship management (CRM) systems

62) Which of the following activities is included in human resources?

- A) capacity planning
- B) call center support
- C) benefits administration
- D) cash management

Answer: C

Page Ref: 164

Difficulty: Easy

Chapter LO: 2

63) The customization of ERP software to meet different customer requirements without changing the program code is called \_\_\_\_\_.

- A) modularity
- B) configuration
- C) automation
- D) process blueprinting

Answer: B

Page Ref: 164

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

64) Which of the following is NOT included in an ERP solution?

- A) database design
- B) operational data
- C) initial configuration data
- D) stored procedures

Answer: B

Page Ref: 165

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

65) ERP vendors sometimes train an organization's users to become in-house trainers in training sessions called \_\_\_\_\_.

- A) train the trainer
- B) training simulation
- C) on-the-job training
- D) virtual hands-on training

Answer: A

Page Ref: 165

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

66) Organizations are facing an ERP hardware dilemma as employees are increasingly using \_\_\_\_\_ to accomplish business activities and processes, including processes that interact with the company's ERP system.

- A) smartphones
- B) the Internet
- C) teleconferencing
- D) personal computers

Answer: A

Page Ref: 166

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

67) A \_\_\_\_\_ works for the ERP vendor or a third party and helps budget, plan, train, configure, and implement an ERP system.

- A) user
- B) consultant
- C) systems analyst
- D) business analyst

Answer: B

Page Ref: 166

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

68) The inherent processes defined in an ERP solution are also known as \_\_\_\_\_.

- A) database transactions
- B) stored procedures
- C) transaction logs
- D) process blueprints

Answer: D

Page Ref: 166

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

69) A \_\_\_\_\_ understands the technical aspects of ERP and helps plan, configure, and implement an ERP system for company use.

- A) trainer
- B) project manager
- C) systems analyst
- D) developer

Answer: C

Page Ref: 167

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning



70) A(n) \_\_\_\_\_ defines objectives and organizes, plans, and leads the team that implements the ERP solution.

- A) architect
- B) project manager
- C) systems analyst
- D) business analyst

Answer: B

Page Ref: 167

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

71) A(n) \_\_\_\_\_ writes additional code where necessary for implementing ERP systems.

- A) developer
- B) project manager
- C) architect
- D) user

Answer: A

Page Ref: 167

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

72) A(n) \_\_\_\_\_ is a high-level planner of IS who ensures compatibility of technology and directs technology toward strategic goals.

- A) developer
- B) business analyst
- C) architect
- D) trainer

Answer: C

Page Ref: 167

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

73) Which of the following is an organizational benefit of using an ERP product?

- A) It controls the unionization of labor.
- B) It facilitates data sharing in real time.
- C) It creates an island of automation.
- D) It promotes the duplication of data.

Answer: B

Page Ref: 167

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 3

Course LO: Describe the uses of enterprise systems and enterprise resource planning

74) Which of the following challenges of implementing an ERP system is related to configuration decisions?

- A) perceived threat to department autonomy
- B) top management oversells capabilities
- C) actions to be taken if the customer modifies the order
- D) failure to specify objectives and measures for new processes

Answer: C

Page Ref: 170

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 4

Course LO: Describe the uses of enterprise systems and enterprise resource planning

75) The \_\_\_\_\_ specifies the raw materials, quantities, and subassemblies needed to create a final product.

- A) bill of material
- B) bill of lading
- C) item identifier
- D) inventory list

Answer: A

Page Ref: 170

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 4

Course LO: Describe the uses of enterprise systems and enterprise resource planning

76) Which of the following challenges of implementing an ERP system is people-related?

- A) the structure of the bill of material
- B) the order size
- C) the approval of customer credit
- D) the failure to specify objectives for new processes

Answer: D

Page Ref: 170

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 4

Course LO: Describe the uses of enterprise systems and enterprise resource planning

77) Which of the following industries was one of the first major customers of ERP?

- A) the education industry
- B) large aerospace manufacturers
- C) large alcohol breweries
- D) the retail industry

Answer: B

Page Ref: 171

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 5

Course LO: Describe the uses of enterprise systems and enterprise resource planning

78) Which of the following statements is true of small organizations?

- A) They expand IT from one person to a small staff, but frequently this staff is isolated from senior-level management.
- B) They employ only one or two IT analysts who not only manage the ERP system, but also the entire IS department.
- C) They employ several IT analysts to manage the ERP system.
- D) They have a well-staffed IS department, with distinct roles for IT personnel.

Answer: B

Page Ref: 172

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 5

Course LO: Describe the uses of enterprise systems and enterprise resource planning

79) The \_\_\_\_\_ is a business and IT professional who heads the IT staff in large organizations, sits on the executive board, and is an active participant in organizational strategic planning.

- A) CEO
- B) CIO
- C) COO
- D) CFO

Answer: B

Page Ref: 172

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Describe the uses of enterprise systems and enterprise resource planning

80) Who are the top two ERP vendors?

- A) Epicor and Oracle
- B) Oracle and SAP
- C) Epicor and Infor
- D) Microsoft Dynamics and SAP

Answer: B

Page Ref: 173

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

81) \_\_\_\_\_ is known primarily for its retail-oriented ERP software.

- A) Oracle
- B) Infor
- C) Microsoft Dynamics
- D) Epicor

Answer: D

Page Ref: 173

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

82) \_\_\_\_\_ is an ERP software owned by Infor.

- A) Baan
- B) Epicor
- C) AX
- D) Nav

Answer: A

Page Ref: 173

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

83) \_\_\_\_\_ enables cost-effective application flexibility and allows organizations to connect their application programs with the Epicor 9 in highly customizable ways.

- A) AOP
- B) OOP
- C) SOA
- D) ROA

Answer: C

Page Ref: 173

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

84) Which of the following ERP products offered by Microsoft have the most capabilities?

- A) Nav and GP
- B) SL and AX
- C) AX and Nav
- D) GP and SL

Answer: C

Page Ref: 173

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

85) Which of the following ERP products offered by Microsoft is the easiest to use?

- A) SL
- B) AX
- C) Nav
- D) GP

Answer: D

Page Ref: 173

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

86) Oracle's ERP products are designed according to \_\_\_\_\_.

- A) SOA principles
- B) NetWeaver architecture
- C) EMS standards
- D) ABAP principles

Answer: A

Page Ref: 174

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

87) Oracle's high-quality CRM products are branded as \_\_\_\_\_.

- A) PeopleSoft
- B) Siebel
- C) Epicor 9
- D) Solomon

Answer: B

Page Ref: 174

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

88) Which of the following statements is true about Oracle and its ERP products?

- A) It is known primarily for its retail-oriented ERP software.
- B) It is known to create easy-to-use products.
- C) It is known to produce fully featured products with superior performance.
- D) It is known for its cost-effective solutions.

Answer: C

Page Ref: 174

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

89) Which of the following is the gold standard of ERP products?

- A) Oracle
- B) Microsoft Dynamics
- C) Epicor
- D) SAP

Answer: D

Page Ref: 174

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

90) The core business of SAP AG is \_\_\_\_\_.

- A) providing consulting and training services in ERP software
- B) selling software solutions and related services
- C) developing personal computers, laptops, and smartphones
- D) selling licenses for its software solutions and related services

Answer: D

Page Ref: 174

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

91) All SAP implementations start with an SAP \_\_\_\_\_.

- A) utility-based platform
- B) industry-specific platform
- C) cost-specific platform
- D) task-specific platform

Answer: B

Page Ref: 175

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

92) A module is a(n) \_\_\_\_\_.

- A) distinct and logical grouping of processes
- B) preconfiguration platform devised for a particular industry
- C) collection of interconnected and interdependent programs
- D) inherent process in an ERP system

Answer: A

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

- 93) Which of the following statements is true about SAP and its ERP products?
- A) SAP has made a rapid move to thin-client, cloud-based solutions.
  - B) SAP addresses the needs of only small and mid-sized organizations.
  - C) SAP provides industry-specific platforms which are configured to a company.
  - D) SAP has overcome its dependence on client-server architecture.

Answer: C

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

- 94) \_\_\_\_\_, one of the more well-known versions of SAP, was the first truly integrated system that was able to support most of an organization's major operational processes.

- A) R/3
- B) NetWeaver
- C) ABAP
- D) NetSuite

Answer: A

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

- 95) The SAP Business Suite runs on an application platform called \_\_\_\_\_.

- A) R/3
- B) NetSuite
- C) NetWeaver
- D) Baan

Answer: C

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning



96) \_\_\_\_\_ connects SAP to hardware, third-party software, and output devices.

- A) NetWeaver
- B) ABAP
- C) R/3 software
- D) NetSuite

Answer: A

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

97) Which of the following is true about ABAP?

- A) It has SOA capabilities that help it to integrate SAP with non-SAP applications.
- B) It enables the Business Suite/NetWeaver approach to be more adaptive to new IT developments.
- C) It is a high-level application language of SAP that is used to enhance the functionality of an SAP implementation.
- D) It connects SAP applications to hardware, third-party software, and output devices.

Answer: C

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

98) What are information silos? What problems do they cause in a database?

Answer: An information silo occurs when data are isolated and replicated in separated information systems. With information silos, the data needed by one process are stored in an information system designed and used in another process. Because information silos exist in isolation from one another, they create islands of automation that can diminish the efficiency and effectiveness of processes and make process integration difficult.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

99) How can the problem of information silos be solved?

Answer: The problem of information silos can be solved in two ways:

1. By enterprise resource planning (ERP) systems
2. By enterprise application integration (EAI) systems

The enterprise application integration system is a more decentralized approach than the enterprise resource planning (ERP) system. ERP and EAI systems are sometimes referred to as enterprise systems.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

100) Define EAI and explain how metadata is used by EAI.

Answer: An enterprise application integration (EAI) system tackles the silo problem by providing layers of software that connect information systems together. EAI is software that enables information silos to communicate with each other and to share data.

Although there is no centralized EAI database, EAI software keeps files of metadata that describe where all the organization's data are located and how the data must be transformed to work at each location. These details are hidden from users; the EAI system appears to be an integrated database to the user.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

101) List the functions of an EAI system.

Answer: EAI does the following:

- It connects information silos via a new layer of software.
- It enables existing applications to communicate and share data.
- It provides integrated data.
- It leverages existing systems, leaving departmental information systems as is, but providing an integration layer over the top.
- It enables a gradual move to ERP.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

102) Give several reasons why a firm might want to use an EAI rather than ERP.

Answer: The major benefit of EAI is that it enables organizations to use existing applications while eliminating many of the problems of information silos. Converting to an EAI system is not nearly as disruptive as converting to ERP, it can be less expensive, and it provides many of the benefits of ERP. Some organizations develop EAI applications as a stepping stone to complete ERP systems.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

103) Define ERP. Describe the primary purpose of an ERP system.

Answer: An enterprise resource planning (ERP) product is a suite of software, a database, procedures and a set of processes for supporting business operations with a single, consistent, information system. These systems integrate process data from departments such as accounting, human resources, sales, and operations into a single system. ERP is so named because it attempts to integrate all the resources of an enterprise into a single information system.

The primary purpose of an ERP system is integration. ERP systems standardize processes and bring the data from a company's processes into one place so that the data can go out to many places in real time.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 1

Course LO: Describe the uses of enterprise systems and enterprise resource planning

104) Describe how businesses used computers for inventory purposes before the advent of the Internet.

Answer: Although the term ERP is relatively new, businesses have been using IS to support their processes for 50 years, well before the Internet. In the 1960s, a business could use a dedicated phone line, a computer card reader, and punch cards to send inventory orders to a supplier. By the 1970s, businesses began to buy their own mainframe computers and manufacturing companies began to use software called material requirements planning (MRP) to efficiently manage inventory, production, and labor. As computing power became cheaper, manufacturing resource planning (MRPII) was developed that added financial-tracking capabilities as well as the opportunity to schedule equipment and facilities. The business environment continued to evolve with the advent of just-in-time (JIT) delivery, which synchronized manufacturing and supply.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

105) What are the different business functions integrated by ERP?

Answer: For a product to be considered a true ERP product, it must include applications that integrate the processes in the following business functions:

- Supply chain management (SCM; procurement, sales order processing, inventory management, supplier management, and related activities)
- Manufacturing (manufacturing scheduling, capacity planning, quality control, bill of materials, and related activities)
- Customer relationship management (CRM; sales prospecting, customer management, marketing, customer support, call center support)
- Human resources (payroll, time and attendance, HR management, commission calculations, benefits administration, and related activities)
- Accounting (general ledger, accounts receivable, accounts payable, cash management, fixed-asset accounting)

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

106) Define configuration. What are its limitations?

Answer: ERP software accomplishes interprocess data integration. The software typically resides on servers and on client machines in the company. The software can be customized to meet customer requirements without changing program code. This customization is called configuration. There are limits to how much configuration can be done. If a new ERP customer has requirements that cannot be met via configuration, then the customer either needs to adapt its business to what the software can do or write application code to meet its requirements. Code can be added to any ERP implementation using specific application languages such as Java. The most common use of this application code is to create company-unique reports from ERP data.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

107) What are the three roles of people involved with an ERP system?

Answer: The people involved with an ERP system fall into three roles. Users are the employees of the firm implementing the system. Analysts, also called systems analysts or business analysts, are also employees. Analysts have specialized training or education that enables them to support, maintain, and adapt the system after it has been implemented. Many analysts have a background or education in MIS or IT. A third role is consultant. A consultant works for the ERP vendor or a different company, called a third party, and helps budget, plan, train, configure, and implement the system. These consultants may work at the implementing firm for a period before, during, and after the implementation.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

108) Describe inherent processes and explain how they are a part of ERP.

Answer: ERP systems specify processes for the implementing organization. These processes are called inherent processes. For the implementing organization, some of the changes it must make from existing processes to ERP processes are minor and hardly noticed, but some changes can be significant. ERP systems include hundreds, or even thousands, of processes and activities. Some ERP vendors call these inherent processes process blueprints. Organizations implementing an ERP system must either adapt to the predefined inherent processes or design new ones. In the latter case, the design of a new process may necessitate changes to software and database structures, which increases expenses.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

109) Describe the different ERP job titles.

Answer:

Consultant: Employed by firm other than implementing company or ERP vendor

Systems analyst: Understands technical aspects of ERP; helps plan, configure, and implement ERP system for company use

Developer: Writes additional code where necessary for implementing ERP systems

Project manager: Defines objectives; organizes, plans, and leads team that implements ERP solution

Business analyst: Understands process aspects; helps plan, configure, and implement ERP system for company use

Architect: High-level planner of IS at an organization; ensures compatibility of technology and directs technology toward strategic goals

Trainer: Trains end users on how ERP system operates, explains their roles, and trains trainers

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 2

Course LO: Describe the uses of enterprise systems and enterprise resource planning

110) What are the benefits of using an ERP product?

Answer: The benefits of using an ERP product are:

- It implements processes that are industry best practices.
- Data sharing occurs in real time.
- Management can be more insightful and provide better oversight.
- The information silo problem is solved.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 3

Course LO: Describe the uses of enterprise systems and enterprise resource planning

111) Explain the kinds of configuration decisions ERP implementation teams must make.

Answer: ERP implementation teams must answer the following questions:

- What do we select as our item identifier?
- How long are resupply times?
- What will be our order sizes?
- Which BOM format should we use?
- Who approves customer credit (and how)?
- Who approves production capacity (and how)?
- Who approves schedule and terms (and how)?
- What actions need to be taken if the customer modifies the order?
- How does management obtain oversight on sales activity?

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 4

Course LO: Describe the uses of enterprise systems and enterprise resource planning

112) What are the people-related issues faced by ERP implementation teams?

Answer: There are several people-related issues faced by ERP implementation teams. ERP implementations change the way work is done in the organization. People tend to resist change even when the benefits of the change are well known.

Another common problem is that top management believes that the hard part of the implementation process is the decision to implement. Once that decision is made, they believe that they can move on. Instead, they need to stay involved, monitor implementation progress, devote appropriate resources, and share a vision with their employees about why this system will be helpful.

A second top management problem is overselling the vision of what the system will do. Often management can be blinded by the benefits of the promised system and not look carefully at the assumptions behind the promises. This can lead top management to buy more features than they need or that the organization can implement successfully.

Another problem can arise when a manager views the ERP solution as a threat to his or her department's autonomy, to his or her way of doing things.

Finally, management may fail to specify how their grand vision of this ERP system translates into day-to-day operations. More specifically, they fail to specify objectives and measures for the new processes. Management must develop specific objectives and measures for processes appropriate to the company's strategy.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 4

Course LO: Describe the uses of enterprise systems and enterprise resource planning

113) What ERP needs are unique to midsized and large organizations?

Answer: Midsize organizations expand IT from one person to a small staff, but frequently this staff is isolated from senior-level management. Such isolation can create misunderstandings and distrust. Because of the expense, organizational disruption, and length of ERP projects, senior management must be committed to the ERP solution. When IT management is isolated, such commitment is difficult to obtain and may not be strong. This issue is problematic enough that many ERP consultants say the first step for these firms in moving toward ERP is to obtain deep senior-level commitment to the project.

Large organizations have a full IT staff that is headed by the chief information officer (CIO), who is a business and IT professional who sits on the executive board and is an active participant in organizational strategic planning. ERP implementation will be part of that strategic process and, when begun, will have the full backing of the entire executive group.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 5

Course LO: Describe the uses of enterprise systems and enterprise resource planning

114) Briefly describe the ERP products offered by Microsoft Dynamics.

Answer: Microsoft Dynamics is composed of four ERP products, all obtained via acquisition: AX, Nav, GP, and SL. AX and Nav have the most capabilities; GP is smaller and easier to use. Although Dynamics has over 80,000 installations, the future of SL is particularly cloudy; Microsoft outsources the maintenance of the code to provide continuing support to existing customers. Each product is particularly capable in different business functions. None of these products is well integrated with Microsoft Office, none of them uses SOA, and none of them is integrated at all with Microsoft's development languages. In fact, Microsoft's ERP direction is difficult to determine.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning

115) Name the top two vendors of ERP solutions and explain how they are unique.

Answer: Oracle is an intensely competitive company with a deep base of technology and high-quality technical staff. Oracle developed some of its ERP products in-house and has complemented those products with others obtained through its acquisition of PeopleSoft (high-quality HR products) and Siebel (high-quality CRM products). Because they are designed according to SOA principles, Oracle's ERP is adaptable and customizable. Beginning with its first DBMS product release, Oracle has never been known to create easy-to-use products. It is known, however, for producing fully featured products with superior performance. They are also expensive.

SAP is the gold standard of ERP products. SAP is used by midsized and large companies and offers the most expensive of the ERP products. To speed up the configuration process, SAP produces and sells industry-specific platforms. SAP uses classic, thick client, client-server architecture, rather than a browser-based approach that would be easier to use on a wide range of devices, such as smartphones and other thin clients.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the uses of enterprise systems and enterprise resource planning



116) How does SAP speed up the configuration process? What is a module?

Answer: To speed up the configuration process, SAP produces and sells industry-specific platforms. An industry-specific platform is a preconfiguration platform that is appropriate for a particular industry, such as retail, manufacturing, or health care. All SAP implementations start with an SAP industry-specific platform and are further configured to a particular company. A module is a distinct and logical grouping of processes. For example, SD, the Sales and Distribution module, is a collection of processes supervised by the marketing department. These processes record customer data, sales data, and pricing data. Not every module is implemented in every installation of SAP. Companies that install SAP choose modules for their implementation.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning

117) Explain the important characteristics of SAP's ERP.

Answer: SAP was the first ERP software designed to work at different companies. One of the more well-known versions of SAP is called R/3. The R/3 program (where R means "real time") was the first truly integrated system that was able to support most of an organization's major operational processes. The R/3 platform uses classic, thick client, client-server architecture, rather than a browser-based approach that would be easier to use on a wide range of devices, such as smartphones and other thin clients. SAP later rebranded its R/3 software as the SAP Business Suite. The SAP Business Suite runs on an application platform called NetWeaver. NetWeaver connects SAP to hardware, third-party software, and output devices. NetWeaver also has SOA capabilities that help it integrate SAP with non-SAP applications. These features enable the Business Suite/NetWeaver approach to be more adaptive to new IT developments compared to R/3. ABAP is SAP's high-level application language that is used to enhance the functionality of an SAP implementation.

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AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the uses of enterprise systems and enterprise resource planning