

**UNIVERSITY OF SWAZILAND**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**MAIN EXAMINATION 2007**

**TITLE OF PAPER:** MANAGEMENT INFORMATION SYSTEMS II

**DEGREE AND YEAR:** BCOM

**COURSE NUMBER:** COM 502/BA416

**TIME ALLOWED:** TWO (2) HOURS

**INSTRUCTIONS:** 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)

2. THE CASE STUDY SECTION (A) IS COMPULSORY

3. ANSWER ANY TWO QUESTIONS FROM SECTION B.

**Note** MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.**

## SECTION A

People are kidding themselves. It sounds so good just to pay a fixed, known amount to some vendor, and all your problems go away. Everyone has the computers they need, the network never goes down, and you never have to endure another horrible meeting about network protocols, and the latest worm. You're into information systems." Except it doesn't work that way. You trade one set of problems for another. Consider the outsourcing of computer infrastructure. What is the first thing the outsource vendor does? It hires all the employees who were doing the work for you. Remember that lazy, incompetent network administrator that the company had, the one who never seemed to get anything done? "Well he is a baaak as an employee of your outsource company. Only this time he has an excuse, Company policy won't allow me to do it that way".

"So the outsourcers get their first level employees by hiring the ones you had. Of course, the outsourcer says it will provide management oversight, and if the employees don't work out they'll be gone". What you're really outsourcing is middle level management of the same IT personnel you had. But there is no way of knowing whether the managers they supply are any better than the ones you had.

Also, you think you had bureaucratic problems before every vendor has a set of forms, procedures committees, reports and other management tools. They will tell you that you have to do things according to the standard blueprint. They have to say that because if they allowed every company to be different they'd never be able to gain any leverage themselves and they'd never be profitable.

"So now you're paying a premium for the services of your former employees, who are now managed by strangers who are paid by the outsource vendor, who evaluates those managers on how well they follow the outsource vendors profit generating procedures. How quickly can they turn your operation into a clone of all their other clients? Do you really want to do that?

"Suppose you find all this out and decide to get out of it. Now what. How do you undo an outsource agreement? All the critical knowledge is in the minds of the outsource vendors employees who have no incentive to work for you. In fact their employment contract probably prohibits it. So now you have to take an existing operation within your own company, hire employees to start that function, and relearn everything you ought to have learned in the first place".

"Gimme a break. Outsourcing is fools gold, an expensive leap away from responsibility. It's like saying 'we can't figure out how to manage an important function in our company, so you do it! You can't get away from IS problems by hiring someone else to manage them for you. At least you care about your bottom line."

**Answer the following Questions**

1. Hiring an organisation's existing IS staff is common practice when starting a new outsourcing arrangement. What are the advantages of this practice to the outsource vendor? What are the advantages to the organisation? 15 marks
  
2. Explain how it is possible for an outsource vendor to achieve economies of scale that are not possible for the hiring organisation. Does this phenomenon justify outsourcing? Why or why not? 15 marks
  
3. Consider the statement, "we can't figure out how to manage an important function in our company, so you do it" Do you agree with the sentiment of this statement? If this is true, is it necessarily bad? Why or why not? 20 marks

## SECTION B

**Answer any two questions**

### **Question 1**

Discuss the drivers towards user dominance in a networked organisation. 25 marks

### **Question 2**

(a) Discuss the three important project dimensions that influence the implementation risk. 18 marks

(b) What do you understand by portfolio risk? 7 marks

### **Question 3**

Tension between IT staff and business users can be managed by establishing clear policies that specify the user domain and IT domain. Discuss the tasks that constitute the central core of IT responsibilities. 25 marks

### **Question 4**

Hosting models can be roughly categorised along service lines. Discuss. 25 marks