# Chapter 1
Business Information Systems in Your Career

LEARNING TRACK 3: THE BUSINESS INFORMATION VALUE CHAIN

Every business has an information value chain, illustrated in Figure 1-3, in which raw information is systematically acquired and then transformed through various stages that add value to that information. The value of an information system to a business, as well as the decision to invest in any new information system, is, in large part, determined by the extent to which the system will lead to better management decisions, more efficient business processes, and higher firm profitability. Although there are other reasons why systems are built, their primary purpose is to contribute to corporate value.

The business perspective calls attention to the organizational and managerial nature of information systems. An information system represents an organizational and management solution, based on information technology, to a challenge posed by the environment. Every chapter in this book begins with short case study that illustrates this concept. A diagram at the beginning of each chapter illustrates the relationship between a changing business environment and resulting management and organizational decisions to use IT as a solution to challenges generated by the business environment.

FIGURE 1-3   The business information value chain.
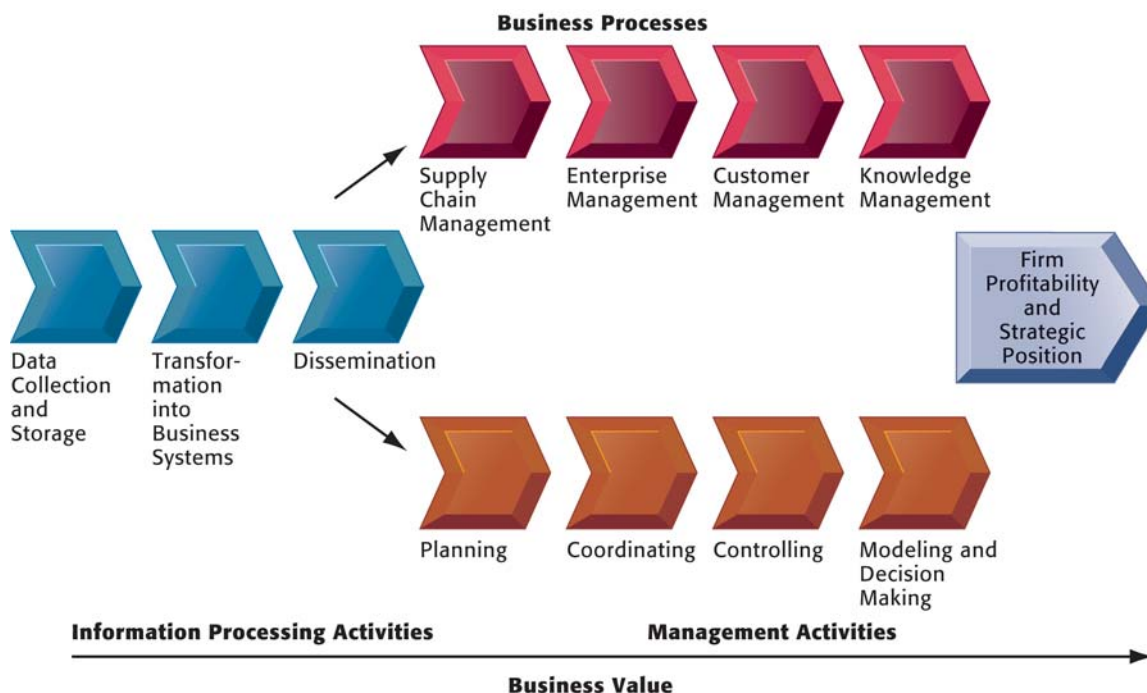
From a business perspective, information systems are part of a series of value-adding activities for acquiring, transforming, and distributing information that managers can use to improve decision making, enhance organizational performance, and, ultimately, increase firm profitability.

To fully understand information systems, a manager must understand the broader organization, management, and information technology dimensions of systems (see Figure 1-4) and their power to provide solutions to challenges and problems in the business environment. We refer to this broader understanding of information systems, which encompasses an understanding of the management and organizational dimensions of systems as well as the technical dimensions of systems, as information systems literacy. Information systems literacy includes a behavioral as well as a technical approach to studying information systems. Computer literacy, in contrast, focuses primarily on knowledge of information technology.

FIGURE 1-4   Information systems are more than computers.

Using information systems effectively requires an understanding of the organization, management, and information technology shaping the systems. An information system creates value for the firm as an organizational and management solution to challenges posed by the environment.