



V. Scoping the Problem

Types of information system projects

Choosing Among Alternatives

Example: The Hotel Checkout System

Example: The Computer Books By Mail Corporation

Business Process Reengineering



Why Start an Information System Project?

- ***Types of information system projects:***
 - ✓ *Computerize a function within an organization;*
 - ✓ *Integrate existing information systems;*
 - ✓ *Develop a new application for an existing information system;*
 - ✓ *Convert an existing application to a new platform;*
 - ✓ *Modify or extend an existing application.*
- ***Reasons for initiating an information system project:***
 - ✓ *Problem-driven: competition, crisis,...*
 - ✓ *Change-driven: new needs, growth, change in business, change in environment;*
 - ✓ *Opportunity-driven: new technology;*
 - ✓ *Part of a previous plan.*



Where Do We Start?

- **Scope the problem** - what is the objective of the project? ... the "vision" of those who are pushing for it? (Provided by the "customer")
e.g., "Meeting scheduling is too costly right now"
- **Scope the solution** - given the vision, how much do we tackle?
e.g., "Build a system that schedules meetings", vs
"Build a system that maintains people's calendars" vs ...
- **Choose a business process** - what is the scheduling process?
e.g., "Anyone who wants to schedule a meeting goes to the secretary, gives details and the secretary handles the rest" vs
"Anyone can submit a meeting request, participants are informed and a negotiation settles meeting details."
- **Choose among alternative computerized solutions, given a business process** -- assuming that the secretary handles timetable gathering...
e.g., "Computer takes in scheduling request details, outputs a solution"
vs "Solution arrived at interactively by secretary and computer" ...



Scoping the Problem

The problem is usually defined vaguely by the customer:

- Consider a university textbook store; say the manager wants to computerize the book order forms filled out by instructors;
- A large insurance company wants to cut down the average time it takes to process an insurance claim from 2 months to 2 weeks;
- A telecommunications company wants to integrate its billing system with customer record systems of several affiliates, so there is only one billing system...

or,

- Put a man on the moon by the end of the decade (...the sixties, that is)



Scoping the Problem

Often, what the analyst gets when she begins her study is **symptoms** rather than **causes** (...the problem). For example, consider the following case:

"Ontario patients needing a particular type of X-ray testing have to wait for months"

- The long wait is the symptom, not the problem. The problem may be:

Shortage of X-ray machines;
 Shortage of trained staff;
 Shortage of doctors to process the data
 Inefficient scheduling procedures
 ...



Scoping the Problem

For the Bookstore example: "Textbooks are often not ordered in time for the start of classes"

- But that's just a symptom, so you ask the manager "why?":
 "Because we don't receive the booklists from instructors early enough"
- Is that just a symptom of some other problem?...so ask the instructors "why?": "Because the instructors aren't allocated to courses early enough"
- Is that just a symptom of some other problem? ...so ask the UG office "why?" "Because we never know who's available to teach until the last minute"
- Is that just a symptom of some other problem? ...so ask the dept chair "why?": "Because there's always uncertainty about who gets hired, sabbaticals, etc."
- Is that just a symptom of some other problem?...so ask the dept chair "why?": "Because instructors we want to hire don't accept our offers early enough"...



Scoping the Problem (cont'd)

- Is that just a symptom of some other problem? ...so ask the new recruits "why?": "Because some other universities seem to wait for ages before making offers"
- Is that just a symptom of some other problem? ...so ask U of Waterloo, etc, "why?": "Because it takes our department a long time to reach consensus on hiring"
- Is that just a... ...oh wait... ...maybe we can develop a decision support system for faculty hiring at U of Waterloo, and that will help us get our textbooks for the start of class...



Scoping the Problem

- The next thing that needs to be settled during analysis is the **scope** of the solution to be tackled.
- Suppose you decided that **delay in processing booklists from instructors** is the right level of problem to tackle.
- Should we try to:
 - Just computerize the submission of textbook forms for all courses, or
 - Computerize submission of forms and ordering from publishers, or
 - Computerize submission of forms, ordering from publishers and the management of book inventories.
- Scoping is about selecting among different **scopes and boundaries** for the solution to be implemented, e.g., a new system which only handles purchase orders, vs one that handles budgets as well.
- In addition to these, we assume that **organizational goals and objectives** are fixed, so the systems analyst does not have to worry about this dimension (in practice, this may not be realistic.)



Choosing Among Alternative Business Processes

- What is the space of alternatives we are choosing from? There are two dimensions along which we have choices.
- The first (and most important) is between different **business processes**, i.e., between different ways of accomplishing the same task, e.g., handling an invoice, handling a loan application, handling an insurance claim,...
- Consider the purchasing department of a university:
 - ✓ **Current purchase process:** If someone wants to buy equipment, she requests a purchase order from the purchase order department, purchase order is issued, vendor sends equipment to purchase order department, is paid and equipment is shipped to researcher;
 - ✓ **Alternative process:** Researcher's department issues purchase order, gets equipment, charges researcher's budget
- There are clearly other alternatives as well...



Choosing Among Alternative Computerized Solutions

- For each proposed business process, we can look into what tasks can be computerized, or facilitated by the system to be built,
- Consider the textbook store example again: assuming that we only want to automate the submission of textbook lists from instructors, we can have:
 - Instructors submit via email, an employee edits all incoming messages and prepares purchase order lists for publishers, or
 - Instructors submit via email and a program analyses incoming messages and prepares purchase order lists for publishers, or
 - Instructors submit via email and a program analyses incoming messages and prepares purchase order lists for publishers which are sent out electronically too
 - ... (web-based alternatives)...



A Hotel Checkout System

Consider a hotel checkout system. Currently, the system is updated twice a day with charges, including room charge per day, room service charges (for such things as snacks delivered to one's room), room video charges (if the customer uses the room's pay-TV), restaurant charges (if the customer dines in the hotel's restaurant and charges the bill to her room) and when the customer leaves, at which time the customer is supposed to mention any recent charges and the bill is paid in full.

Hotel management wants to change the system because there are often billing errors, such as: customers leaving without paying some charges; also, sometimes customers are double-billed because they declare a certain charge, for which they have already been billed. In addition, management expects business to grow because of a major extension to the hotel facility, and is worried that manual updates of customer records will become problematic. Instead, management thinks it may make sense to have continuous on-line updates of customer accounts from the hotel cafeteria (responsible for room service), the pay-TV system (which charges a customer as soon as she starts viewing a pay-TV video) and the hotel restaurant (assume there is only one).



Scoping the Problem

- Current (batch) information system has problems, including:
 - ✓ Loss of income because of inaccurate and untimely reporting;
 - ✓ Cost of feeding information into the checkout system;
 - ✓ Potential problems with business expansion.
- Alternatives
 - ✓ Stay with current batch system;
 - ✓ Stay with current system but increase number of batch updates per day;
 - ✓ Build new on-line check-out system.
- Selection criteria
 - ✓ Cost (development costs for new system vs higher operating costs for batch system);
 - ✓ Customer convenience/satisfaction;
 - ✓ Reduction of losses due to unreported charges;
 - ✓
- Recommendation
 - ✓ Go with on-line system



The Computer Books By Mail Corp.

The **CBM (Computer Books by Mail)** Corporation was recently acquired by a national holding corporation and is now a division. Established 12 years ago, the company's business has been to act as book-jobber, receiving orders from librarians for books about computers, ordering the books from the appropriate publisher, at a discount, and filling the order on receipt of the books from the publisher. Invoices are produced by a service bureau computer from forms filled out by CBM staff. Business is currently running at about 100 invoices per day, each with an average of 4 book titles and an average value per invoice of \$150.

The new management plans to expand the operation considerably, improving service levels by holding stocks of the 100 most frequently ordered book titles and making it possible for all professionals (not only librarians) to order by calling a toll-free number, 1-800-372-6657 (800-DP-BOOKS, of course) as well as by mail, as at present. This will create problems of credit checking and create the need for an inventory control system of some sort. The people who take the orders over the phone will need rapid access to a catalog of books to verify authors and titles and to be able to advise callers what books are available on any given topic.



The Computer Books By Mail Corp.

The volume of transactions on the new system will, of course, depend on the acceptance of this new method of ordering, but it is projected to grow to 1,000 invoices per day or more, though with a lower average of books per invoice (since librarians tend to order more books at a time than professionals).

A systems analyst has been assigned to this newly acquired division with the responsibility of investigating and specifying the new system on behalf of the Vice President of Marketing.

Alternative Scopes

- Computerize the order verification process.
- Computerize accounts receivable.
- Integrate order verification, requisitions and accounts receivable.
- Of course, each one of these alternatives will have different budget and project-length implications.



Business Process Reengineering

- Requirements analysis explores alternatives which may involve changes in the way an organization does business (remember that one of the roles of the requirements analyst is to be a “change angel”)
- Changing an organization’s business processes is very popular today and is referred to as **business process reengineering** (BPR).
- BPR calls for a drastic, global restructuring of an organization which eliminates boundary lines between departments and makes the organization focus on the **global business processes** that define its business.
- For an insurance company, these business processes might be: **sellInsurancePolicy, processRenewal, handleInsuranceClaim.**
- For a telephone company the business processes might include: **sellSubscription, processMonthlyPayment, handleServiceCall, handle-Problem.**



Breaking Local Boundaries

- “Conventional” work structure tries to divide up tasks into ever smaller subtasks which are assigned to departments, teams or individuals.
- BPR proposes work teams which collectively take responsibility for a business process and carry it out from start to finish.
- For example, the conventional way of handling insurance claims might be to give each claim to an assessor, who checks it out and passes it on to a lawyer, who makes his recommendation and passes it on to the finance department, etc.
- The BPR way, has a team of people handle all aspects of an insurance claim and process it from start to end.
- Often, this restructuring reduces wasteful paper shuffling, replaces it with (computerized) information handling.
- The members of a team can now identify with each case they handle, get credit/blame for the handling.



Additional Readings

[Hammer90] Hammer, M., "Re-Engineering Work: Don't Automate, Obliterate", *Harvard Business Review*, July-August 1990.

[Hammer93] Hammer, M., and Champy, E., *Re-Engineering the Corporation*, Harper Business, 1993.

