

# AIS Introduction Summary & Review

The value chain concept is composed of two types of activities known as primary **and support**.

The value of information can best be determined by the **benefits associated with obtaining the information minus the cost of producing it**.

Firms use *predictive analysis* **to provide an educated guess regarding what is expected to occur in the near future**.

AIS adds value to an organization by the following

- A customer service representative can find a customer's account data, purchase history, payment history, and salesperson's name while on the phone with the customer, to resolve issues quickly.
- Suppliers are able to access sales data directly from the point-of-sale system of a retailer and deliver inventory automatically when needed.
- Client tax files are encrypted and made available on the CPA firm's network to any employee with an access code.

A good example of how an AIS is used to share knowledge within an organization is **the use of a corporate database to help staff identify the relevant experts who can help with a particular client**.

The American Institute of Certified Public Accountants (AICPA) has recognized the importance of AIS and the major impact information technology has on the area of accounting. To recognize individual CPAs who have met educational and experiential requirements in this area, the group formally created the designation known as the **CITP-Certified Information Technology Professional**.

The primary objective of accounting is to **provide useful information to decision makers.**

The **general ledger and reporting cycle** is *not* a transaction cycle.

Chopra, Limited, is an Indian company operating in New York state. It offers stylized, boutique public relations services to upscale retailers in quaint New England towns. A major source of revenue is a weekly newsletter that reports on current and projected tourist travel and spending patterns. Preparation of the newsletter requires study and analysis of weather conditions, economic activity, and travel costs. It is available at an annual subscription rate of \$299.99. There are currently 190 subscribers. Preparation and distribution of the newsletter costs \$12,000 annually. Chopra has always been able to manage to keep its newsletter operation above their breakeven point. The value of information to Chopra is **at least \$12,000.**

### **System congruence**

Is when a subsystem achieves its goals while contributing to the organization's overall goal.

The contrast between data and information can be stated as **Information is the primary output of an accounting information system.**