

ACC / ACF 2400 ACCOUNTING INFORMATION SYSTEMS (S2 2018)

Week 2 Group Activity

By Marshall B. Romney & Paul John Steinbart (modified from Romney and Steinbart (2018) *Accounting Information Systems*, 14th Edition, pp. 44-46)

Case 1: The use of IT at USAA (problem 1.3)

United Services Automotive Association (USAA) is one of the largest diversified financial services companies in the United States, with close to \$75 billion in assets under management. One reason for its success is the use of IT to lower costs and improve customer service. USAA operates one of the most advanced and successful information systems in the world. It communicates with its widely scattered customers, mostly military officers and their families, primarily by e-mail, phone, and its website.

Early on, USAA made a strategic choice to become one of the more technology-intensive companies in the world. It views IT as a strategic weapon and uses it in several ways, including the following:

- When customers call from their homes, offices, or cell phones, USAA personnel greet them personally by name. Unlike many diversified companies, a customer representative can handle inquiries and transactions about all of USAA's products using a highly integrated database.
- USAA uses its extensive database to keep track of minute details, such as which auto parts are fixed most frequently. It also uses its database to find ways to reduce claims costs. For example, USAA discovered that repair shops would rather charge up to \$300 to replace a windshield with punctures than to charge \$40 to repair it. USAA began offering to waive the deductible if the owners would repair the wind-shield rather than replace it.
- USAA spent extensively to develop an image-processing system that digitizes all paper documents sent in by claimants (over 25 million a year). It takes only a few keystrokes for a policy service representative to retrieve pictures of all the documents in a customer's file. The system can sort and prioritize documents so that employees are always working on the most important and urgent tasks.
- USAA offers its customers remote deposit capture using scanning technology. It was the first U.S. bank to implement a remote deposit capture application for the iPhone. The iPhone application allows customers to take pictures of the front and back of each check and submit them electronically for deposit.

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- USAA is a **world leader in mobile banking**. Customers can use their cell phones and other mobile devices to access and execute banking, investment, stock trading, and insurance applications such as filing claims. Customers can also use **USAA's two-way text messaging system to send messages and receive text alerts and real-time information**. They can also **access person-to-person payment applications** as well as social networking and personal financial management tools connected to bank accounts. **Over 70% of USAA's logins are from cell phone users**.

REQUIRED (discuss in groups):

- a) Why should USAA collect data on which auto parts are fixed most frequently? What could it do with this data?
- b) How does the image-processing system at USAA add value to the organization?
- c) How do the remote deposit capture and mobile banking system at USAA add value to the organization?

Case 2: Albert Heijn and the Bonuskaart (problem 1.6)

Albert Heijn (or AH) is arguably the **largest retail chain in Europe**, owning supermarkets, convenience stores, and online shopping services in food and other goods. AH prides itself on **establishing the first modern supermarkets**. Founded in 1887 in Oostzaan, the Netherlands, Albert Heijn **grew from a humble grocery store to a chain of supermarkets**. Its first supermarket was established in 1952 and, over the decades, AH has been the **shopping destination of choice** for the majority of the people living in the Netherlands and nearby countries. The **chain comprises more than 850 stores**, including more than **200 franchisees**.

It is now expanding to Belgium and other European nations. According to a plan published in late 2011, 150 new Albert Heijn stores would be opened across Europe over a five-year period. The first such store was opened in Aachen, Germany, in September 2012.

AH is known for being an **early adopter of information technology** and has been one of the first supermarkets to take on a **loyalty-card program**. Customers can avail of a discount with a card called '**Bonuskaart**' in Dutch. It is issued to them after their **personal information** is entered into a database.

This provides AH with a **mine of information about its customers**. It utilizes this information to **expand its business and push sales**.

REQUIRED (discuss in groups):

- a) What kind of information do you think AH gathers?
- b) What can the AH accomplish with the data it collects? [Hint: Think in terms of strategy and competitive advantage]
- c) Discuss two (2) potential disadvantages of the loyalty card program?