

Question Paper

E-Business (MB351IT) : July 2007

Section A : Basic Concepts (30 Marks)

- This section consists of questions with serial number 1 - 30.
- Answer all questions.
- Each question carries one mark.
- Maximum time for answering Section A is 30 Minutes.

1. Kranti solutions, a US based company doing skin care products business, having huge amount of information regarding customers. One day when customer called, they had spent considerable time locating the required information. So the company is suffering from
 - (a) Silo effect
 - (b) Ripple effect
 - (c) Polo effect
 - (d) Cosmetic effect
 - (e) Channel effect.
2. Which of the following refers to the ability of the system to handle numerous users concurrently and allow them to complete transactions in the minimum possible time?
 - (a) Scalability
 - (b) Portability
 - (c) Modularity
 - (d) Reusability
 - (e) Adaptability.
3. Indian Motors automobile company selling their products and services directly to individual consumers. Which of the following model the company has implemented for their business?
 - (a) B2B model
 - (b) B2C model
 - (c) C2C model
 - (d) G2C model
 - (e) G2B model.
4. Which of the following is/are the activity/activities of E-selling process?
 - I. E-browsing.
 - II. E-buying.
 - III. E-procurement.
 - (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (II) above
 - (d) Both (I) and (III) above
 - (e) All (I), (II) and (III) above.
5. Catholic Bank provided Internet banking facility to its customers. Due to some reasons it is not provided all the facilities, which ultimately got negative opinion which result in loss of customers. The catholic Bank is suffering from
 - (a) Security risks
 - (b) Operational risks
 - (c) Financial risks
 - (d) Legal risks
 - (e) Reputational risks.
6. Vendor Managed Inventory (VMI) process involves

- I. Sharing of forecast information.
 - II. Information on current Inventory levels.
 - III. Information of product status.
 - (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.
7. In e-business, an organization cannot maintain the same kind of relationship with all its suppliers. It has to formulate a strategy depending on contribution of each supplier to the success of a company. Suppliers can be classified into many categories depending upon the type of components they supply. So, which among the following suppliers, whose products and services are essential for business but are not crucial for success?
- (a) Suppliers of scarce products
 - (b) Suppliers of strategic products
 - (c) Suppliers of non-strategic products
 - (d) Suppliers of commodity products
 - (e) Suppliers of service products.
8. Satya technologies recently switched to an Internet networking technology called Virtual Private Networks to interconnect their global company. The reason(s) the company switched to Virtual Private Networks is/are
- I. VPNs are more cost effective.
 - II. It offers better security.
 - III. It is easy to set up and maintain.
 - (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (III) above
 - (e) All (I), (II) and (III) above.
9. Pillsbury organization wants to adopt new technology being convinced about the benefits by creating an e-business case. The e-business case involves preliminary assessment of the scope of the project, project planning and justification of the project. After assessing the scope, the next step is to assess the feasibility of the business case. So which of the following feasibility relates to the acceptability of e-business case in an organization?
- (a) Organizational feasibility
 - (b) Financial feasibility
 - (c) Cross functional feasibility
 - (d) Technical feasibility
 - (e) Operational feasibility.
10. Which of the following connects organizations with its suppliers, vendors, partners and customers?
- (a) Intranet
 - (b) Extranet
 - (c) Internet
 - (d) Virtual Local Area Network (VLAN)
 - (e) Wide Area Network (WAN).
11. A platform that integrates Enterprise Application Integration (EAI) and Enterprise Information Portal (EIP) into a unified platform is referred to as
- (a) Complete Integration Platform
 - (b) Middleware Integration Platform
 - (c) Information Integration Platform
 - (d) Consolidated Integration Platform
 - (e) Application Integration Platform.
12. General Packet Radio Service (GPRS) is a nonvoice value-added service that allows information to be sent and received across a mobile telephone network. GPRS has several consumer and corporate

applications. So which of the following consumer and corporate applications of GPRS technology has alert mechanism?

- (a) Chat application
- (b) File transfer
- (c) Document sharing
- (d) E-mail alerts
- (e) Mobile Internet browsing.

13. Secure Electronic Transaction (SET) is an industry standard developed by MasterCard and Visa. Which of the following organization was **not** involved in developing it?

- (a) GTE
- (b) IBM
- (c) Netscape
- (d) Verizon
- (e) Intel.

14. Which of the following activities that form a part of inbound logistics?

- I. Delivery appointment.
- II. Messaging delivery status.
- III. Receiving goods.

- (a) Only (I) above
- (b) Only (II) above
- (c) Both (I) and (II) above
- (d) Both (I) and (III) above
- (e) Both (II) and (III) above.

15. In e-business projects, which of the following projects are also known as radical projects?

- (a) Incremental projects
- (b) Breakthrough projects
- (c) Platform projects
- (d) Profitable projects
- (e) Subcontract projects.

16. Which of the following types of e-business projects will be undertaken by companies that are trying to explore new markets or new business opportunities?

- I. Incremental.
- II. Breakthroughs.
- III. Platform.

- (a) Only (I) above
- (b) Only (II) above
- (c) Only (III) above
- (d) Both (I) and (II) above
- (e) Both (II) and (III) above.

17. Which of the following is/are key driver(s) of convergence?

- I. Product configuration.
- II. Deregulation of markets.
- III. Competitive imperatives.

- (a) Only (I) above
- (b) Only (II) above
- (c) Only (III) above
- (d) Both (I) and (II) above
- (e) Both (II) and (III) above.

18. Which of the following is **not** an advantage of implementing Enterprise Resource Planning (ERP) system in an organization?

- (a) Lead time reduction
- (b) Punctuality in shipment
- (c) Increase in cycle time

- (d) Enhanced customer satisfaction
(e) Improved supplier performance.
19. The e-supply chain comprises of five components. Which of the following is **not** a component of e-supply chain? :
- (a) Collaborative replenishment
(b) Collaborative planning
(c) Collaborative product development
(d) E-Procurement
(e) Supply chain replenishment.
20. Which of the following statement(s) is/are **not true** regarding integrated make-to-stock model of supply chain management? :
- I. Production is based on forecasted demand.
II. Companies wait for customers to place orders.
III. The latest trend in make-to-stock is to assemble the final product in the distribution channel.
- (a) Only (I) above
(b) Only (II) above
(c) Only (III) above
(d) Both (I) and (II) above
(e) All (I), (II) and (III) above.
21. Which of the following company/companies adopt a build-to-order strategy? :
- (a) IBM
(b) Acer
(c) Compaq
(d) Dell
(e) Both (b) and (d) above.
22. In Supply Chain Execution, which of the following activities comes under Replenishment process? :
- I. Aggregate inventory planning.
II. Capacity planning.
III. Forecasting.
IV. Allocating inventory prioritize orders.
- (a) Both (I) and (III) above
(b) Both (II) and (III) above
(c) (I), (II) and (III) above
(d) (I), (III) and (IV) above
(e) (II), (III) and (IV) above.
23. Which of the following supply chain keep fine-tuning the weak links on the basis of changing market conditions to get competitive advantage? :
- (a) Enterprising supply chain
(b) Intelligent supply chain
(c) Collaborative supply chain
(d) Integrated supply chain
(e) Responsive supply chain.
24. Which of the following statement(s) is/are **false** with regard to the big bang approach of ERP implementation? :
- I. Most organizations prefer big bang approach because the risks can be more easily controlled in this approach.
II. Forces employees to cope with change quickly.
III. Big bang approach calls for rapid realignment of processes, greater commitment from the organization in terms of time and resources and greater cooperation from employees in terms of longer hours of work.
- (a) Only (I) above
(b) Only (III) above
(c) Both (I) and (III) above

- (d) Both (II) and (III) above
(e) All (I), (II) and (III) above.
25. ARIS (Architecture of Integrated Information System) developed by Prof. A.W. Scheer of the IWI University of Saarland, Germany is the most widely used method for an integrated process view. According to the ARIS framework which of the following view is also called control view?
- (a) Data view
(b) Function view
(c) Organization view
(d) Process view
(e) Program view.
26. Organizations, generally classify their suppliers into categories. In the procurement process, the less critical and strategic materials are procured from
- (a) Certified suppliers
(b) Approved suppliers
(c) Probationary suppliers
(d) Both (a) and (b) above
(e) Both (b) and (c) above.
27. There are different approaches used to produce flexible products. Which of the following approach enables organizations to configure from scratch, the products that meet customer specifications and offer highly customized products?
- (a) Assemble-to-order approach
(b) Engineer-to-order approach
(c) Simulation approach
(d) Big bang approach
(e) Phased approach.
28. The maintenance of ERP system is done with various tools. Which of the following are tasks of the Use-management tool?
- I. It helps the management monitor the performance of various ERP applications.
II. It manages the applications when they are being accessed by users.
III. It manages inventory and assets, configures software, modifies applications when needed and distributes software.
IV. It schedules jobs, monitors events, data output, backup and recovery.
- (a) Both (I) and (II) above
(b) Both (I) and (III) above
(c) Both (II) and (III) above
(d) Both (II) and (IV) above
(e) Both (III) and (IV) above.
29. Which of the following statements are **false** with regard to e-CRM tool used for personalization of products and services?
- I. Rules based software is used for cross-selling.
II. Rules based software keeps track of products/services that an online visitor has browsed.
III. Tracking customer behavior and grouping customers exhibiting similar behavior is possible through rules based software.
IV. Rules based personalization is used for selling all products and services.
- (a) Both (I) and (II) above
(b) Both (III) and (IV) above
(c) (I), (II) and (III) above
(d) (I), (III) and (IV) above
(e) (II), (III) and (IV) above.
30. Based on spending habits, customers can be classified into various types of loyalists. In this context, Which of the following statements(s) is/are **true**?
- I. Deliberate loyalists are those who are not willing to take pains to shift to new products.
II. Emotional loyalists are those who have an emotional attachment with the brand.

III. Inert loyalists are more likely to switch.

- (a) Only (I) above
- (b) Only (II) above
- (c) Only (III) above
- (d) Both (I) and (III) above
- (e) All (I), (II) and (III) above.

END OF SECTION A

Section B : Caselets (50 Marks)

- This section consists of questions with serial number 1 – 6.
- Answer **all** questions.
- Marks are indicated against each question.
- Detailed explanations should form part of your answer.
- Do not spend more than 110 - 120 minutes on Section B.

Caselet 1

Read the caselet carefully and answer the following questions:

1. Even though Cypress has increased the number of analysts in its database marketing area from three to more than 30 in five years, there were many pitfalls. So explain the common errors that limit the success of database marketing in organizations. < /

(9 marks)

2. In the caselet, marketing professor Deepak deshमुख given a solution which says “You need smart thinking on top of the database”. In your opinion, mention the factors that need to be looked at carefully before using a database for marketing. < /

(9 marks)

Benefits and Challenges of Targeted Marketing

SanJose-based Cypress has made web-based satisfaction surveys the cornerstone of its customer segmentation and targeted marketing efforts and its entire customer relationship management program. Cypress’ real-time customer satisfaction monitoring system from Satmetrix systems triggers the e-mails to Verdi and will soon produce the data that determine the bonuses awarded to employees, based on responsiveness to customers. Data warehouses, data marts, data mining tools, statistical and analytical software and CRM systems are enabling ever more sophisticated customer research, segmentation and targeted marketing. Cypress has right idea about surveys, says Fred Reichheld, director emeritus at management consultancy Bain & Co. in Boston. He says companies often spend millions of dollars on surveys, but don’t have a system that helps their front-line employees use the results at an individual customer level.

Cypress has increased the number of analysts in its database marketing area from three to more than 30 in five years but there were many pitfalls. It says the targeted marketing that its customer segmentation has boosted the returns from its sales campaigns ten fold. Using time-and-motion studies and activity-based costing, Fleet, Marketing Manager has computed the cost of every kind of transaction and customer interaction.

To help predict future contributions, Fleet buys data from external sources such as credit bureaus. “We figure out what’s the customer’s total wallet, and then we can see what our share of the wallet is,” says Brain Wolf, Sr. vice president for corporate marketing. The possibility of getting even a small share of a big wallet makes such customers a juicy marketing target. At many financial institutions, including Fleet, caller identification and routing systems linked to a database of customer histories and characteristics are used to ensure that the most valuable customers get preferential treatment. Some companies spend years and years and millions of dollars building these databases, but when it comes to making a calculation around customer value, they can’t pull it off.

Deepak deshमुख, marketing professor at Case Western University says IT-based initiatives often backfire because it’s so easy to spit out promotional e-mails or make dinnertime telemarketing calls to some favored customer segment. Even though there are many pitfalls, the solution Deshmukh says is “You need smart thinking on top of the database.”

Caselet 2

Read the caselet carefully and answer the following questions:

3. AT&T confronted several problems while implementing CRM projects related to cultural, organizational related factors. To overcome such problems, what suggestions do you recommend? < /

(6 marks)

4. To catch-up with the competition AT&T adopted SIEBEL CRM. Briefly explain SIEBEL CRM < /

applications.

(6 marks)

AT&T Wireless Self-Destructs

JACK LEE Marked Nov. 24, 2003, on his calendar because that was the day he would finally be able to change his cell phone carrier without losing his phone number, thanks to a Federal Communications Commission ruling. But Lee, president of Tangara Technologies, a company that develops software for forms, decided to wait a day before switching to AT&T Wireless to let the chaos of "number porting" die down a little. Little did he know that the chaos was just beginning?

Lee ordered his new phone on Nov. 25. When he went to the AT&T Wireless website to check the status of his order a day later, he was greeted with a message: "We could not find a porting request for this number in the system. Please contact Customer Care." It was the beginning of a two-month odyssey in which Lee estimates he made 15 to 20 calls to AT&T Wireless, sent nearly as many e-mails and spent 60 hours on the phone dealing with customer service representatives or waiting on hold-with the line often going dead when AT&T Wireless's customer service lines became overloaded.

After being routed all over the company, Lee finally discovered what was going on. A major CRM system had crashed during an upgrade and customer service representatives could not set up or access new accounts. AT&T confronted several problems while implementing CRM projects. It also faced problems related to cultural, organizational related factors. The system breakdowns, which continued through February 2004, swamped other AT&T systems, gridlocked customer service phone banks and sent furious customers scurrying to other providers.

The breakdown couldn't have come at a worse time for AT&T Wireless. It deprived the Telco of thousands of potential new customers and cost the company an estimated \$100 million in lost revenue. But that wasn't all. The failure so damaged AT&T Wireless's mistakes offer valuable lessons for CIO's. For one, it's unwise to freight major system upgrades with external complications. AT&T Wireless's CRM upgrade was hamstrung from almost the very beginning by rumors of outsourcing deals and future layoffs. These rumors generated pervasive morale problems that hurt the productivity of project staff. Second, it should be understood that complex projects require flexible deadlines. AT&T Wireless undertook a difficult upgrade that affected roughly 15 systems just before it was faced with an immovable deadline, the federally mandated Nov. 24 number portability date. Finally, it always pays to have a plan B. Without one, AT&T Wireless was forced to move forward even as it became apparent that its upgrade would not be completed in time.

Playing Catch-up with the competition:

When AT&T Wireless began its Siebel CRM system upgrade in 2003, it was a company that had slipped from unquestioned market leader to middle of the pack. Its overall market share had slid from an industry leading 25 percent at the end of 2001 to 17 percent in 2003, third behind Verizon and Cingular. Worse, AT&T Wireless was playing catch-up on its most important technology asset, its phone network. One of the older wireless companies, AT&T Wireless made an early bet on a technology called TDMA that could not handle data transfer over cell phones, the next big thing for business customers. Even before AT&T Wireless was spun out from its parent AT&T in 2001, it had begun a furious build out of an expensive new network-global system for mobile communications, or GSM, that could not only handle data but had the added advantage of global compatibility with overseas providers. Only one other major carrier, Cingular, was saddled with the challenge of building out a new GSM network while still servicing the old one. The other carriers had all chosen network technologies that could handle data transfers.

AT&T Wireless installed Siebel's CRM system in 2001 to be the front end of its customer service process. The back end, however was a complex mishmash of systems, say former employees. Telco billing systems, for example, were stuffed full of different rate plans and arcane metering processes. Systems that tracked calls and set up new phone numbers communicated with hundreds of thousands of different telephone switches around the country and the world. To work for AT&T Wireless, Siebel's version 6 had to be highly customized. Though the software came with integration tools, consultants usually resorted to writing point-to-point scripts to hook the systems together. Policing the overall integration in a scenario like this is difficult at best. Indeed, a former AT&T Wireless employee who worked on the project recalls the test system crashing and remaining down for six weeks during the summer of 2002 when AT&T Wireless began preparing Siebel version 6 to deal with number portability. And when Siebel 6 was finally up and running, it still couldn't handle all the information that customer service representatives needed.

On Nov. 19, The Wall Street Journal ran a story on planned layoffs and outsourcing at AT&T Wireless and CIO Corrado responded in a memo to the staff: "We are in the awkward position of having reports in the press about a contract with HP before we have communicated with the employees who will be affected. We have just today signed a letter of intent with HP to deliver the services provided by the following teams: Desktop Services; Retail Field Services; Business Office WAN/Telecom; MSI Packaging; Service Desk-password reset and desktop calls." But as for bigger questions, namely that support and maintenance for the Siebel system would be outsourced to offshore provider

Wipro and Tata, Corrado did not address the rumors directly. Instead, he concluded: "We currently outsource work throughout the company, including work within both Customer Services and IT. We will continue evaluating the best mix of internal and external resources as we work to achieve best-in-class margins." In fact, AT&T Wireless was planning to move overseas more than 3,000 positions in its computer operations and customer service.

Caselet 3

Read the caselet carefully and answer the following questions:

5. Building on a Knowledge Management Foundation, Marconi began evaluating KM technologies and the concept of Knowledge Management framework among agents. If you were to be in place of Marconi, discuss about the steps to be followed in developing Knowledge Management framework from organizational point of view.

(12 marks)

6. What is Knowledgebase and explain how it changed the agent's roles?

(8 marks)

Marconi-Know-it-Alls

To streamline customer service, Marconi employed a system to facilitate knowledge sharing among its tech support personnel. In the process, the roles of tech agents changed dramatically.

When Marconi went on a shopping spree and acquired 10 telecommunications companies over a three-year period, it faced a serious challenge: How could the \$3 billion manufacturer of telecommunications equipment ensure that its technical support agents knew enough about newly acquired technology to provide quick and accurate answers to customers on the phone? And how could Marconi bring new agents up to speed on all the company's products?

As new agents and products joined the company's ranks, Marconi wanted to supplement the website with a more comprehensive Knowledge Management System. As engineers from the newly acquired companies came on board, however, they were hesitant to share their knowledge about the products they had been supporting. "They felt that their knowledge was a security blanket that helped guarantee their jobs, with all of the acquisitions, it was essential that we all avoid hoarding knowledge and share it instead" says Dave Breit, director of technology and R&D for managed services in Warrendale, Pa.

At the same time, Marconi wanted to streamline its customer service organization by making more of its product and systems information available directly to customers and shortening the length of customer calls. "We wanted to leverage the Web for customer self-service versus increasing the number of agents, we also wanted to provide our frontline engineers with more information more quickly so that they could resolve more calls faster" says Breit.

Building on a KM Foundation, Marconi began evaluating Knowledge Management technologies and the concept of knowledge management framework among agents. Agents were already accustomed to working in teams of three or four people, gathering in war room fashion to solve customers' technical issues. And a year earlier, Marconi had started basing a percentage of agents' quarterly bonuses on the amount of knowledge they submitted to Tactics Online as well as their involvement with mentoring and training other agents and this approach allowed us to build a very open knowledge-sharing environment.

On the Front Line

Tactics Online complements the new system. "The data stored in Knowledgebase are specific troubleshooting tips and hints on our various product lines," says Zehra Demiral, manager of knowledge management systems. Tactics Online, on the other hand, is more of a doorway for customers to come into our customer support organization. From there, customers can access Knowledgebase or their service requests.

Changing Roles as Breit anticipated, implementing Knowledgebase has changed the agents' roles. Agents stated more in-depth troubleshooting because they have more information available at their fingertips.

The transition wasn't quite as painless. Rather than simply submitting HTML pages to Tactics Online, they were now asked to analyze the problems in a very procedural way and create diagnostic 'trees'. "That's a more analytical way to think through a problem. Most of these guys had thought in terms of 'what is the fastest way to solve a problem' rather than 'what is the most efficient way to solve a problem'" says Breit.

With hundreds of people submitting solutions, Marconi tended to get a lot of wheel reinvention. "There can be five or six ways to solve the problem, but there's one way that's most efficient," says Breit. To unearth and disseminate the most efficient solutions, agents were required to flowchart each of their solutions for the first three months following Knowledgebase's launch. "It was somewhat painful, but they eventually felt they benefited because they understood how they solve problems" says Breit.

As a result, agents now create technical solutions for customers in the most efficient and logical way possible instead of simply offering a "quick and dirty" solution.

Agents also had to change the way they present the solutions to customers. "We wanted to provide a collaboration tool for employees and a library source for our customers," says Demiral. Engineers wanted to provide a lot of detailed information yet we needed a degree of simplicity for customers. Most of the time, the immediate focus is on what a great collaboration tool this is and how it overcomes geographical distance among agents.

Making it work Demiral spent a lot of time to make their solutions less complex and streamline the review process. "We had to go through two iterations of how to organize and present the content, customers tend to think in terms of the product and then the problem. But engineers often think about the problem first and then the product" says Demiral. The result: Customers often wouldn't fully understand the solution.

Marconi confronted cultural issues as well. "Business needs are different in different parts of the world, what may be normal business practice for Americans may not be common elsewhere" says Demiral. In Europe, for example, the value of the Knowledgebase system was not readily accepted. But once employees there saw that customers could use the system to solve some of their own problems, they got on board. Such an experience has been incorporated into how Marconi approaches KM. "We sometimes have to introduce the idea of knowledge management over time, validate it and then move forward" says Demiral.

Besides bonuses, knowledge contributors receive recognition during meetings and in a newsletter. "Rewards help feed this culture, peer pressure also plays a role. Everyone wants to contribute because it's the right thing to do. You also have to make sure that the system works well and that employees use it long enough to see it work. It has to be embedded in training and fully integrated into daily operations so that it just becomes part of how you do business" says Breit.

END OF SECTION B

Section C : Applied Theory (20 Marks)

- This section consists of questions with serial number 7 - 8.
- Answer **all** questions.
- Marks are indicated against each question.
- Do not spend more than 25 -30 minutes on section C.

7. Briefly explain the fundamental properties of digital currencies.

<1

(10 marks)

8. M-business has brought about a radical transformation across various industries. Explain the impact of m-business on.

<4

- a. Retail Industry.
- b. Tourism Industry.
- c. Automotive Industry.

(4 + 4 + 2 = 10 marks)

END OF SECTION C

END OF QUESTION PAPER

Suggested Answers E-Business (MB351IT) : July 2007

Section A : Basic Concepts

1. Answer : (a)

[< TOP >](#)

- Reason : Although a huge amount of information is available in the company, it is difficult to use the information since it is scattered across different files in different formats and at different locations. This is referred as Silo effect. So option (a) is answer.
2. Answer : (a) [< TOP >](#)
- Reason: Scalability refers to the ability of the system to handle numerous users concurrently and allow them to complete transactions in the minimum possible time. So option (a) is answer.
3. Answer : (b) [< TOP >](#)
- Reason: The Business-to-Consumer (B2C) model deals with B2C transactions. The e-businesses that adopt B2C model sell their products and services directly to individual consumers. So option (b) is answer.
4. Answer : (c) [< TOP >](#)
- Reason: E-browsing, E-buying, E-customer services are activities of E-selling process. So option (c) is answer.
5. Answer : (e) [< TOP >](#)
- Reason: Reputational risk is the risk of getting significant negative opinion , which may result in loss of funding or customers. So option (e) is the answer.
6. Answer : (c) [< TOP >](#)
- Reason: Vendor Managed Inventory process involves Sharing of forecast information, Information on current Inventory levels and logistics information between the suppliers and the firm. So option (c) is answer.
7. Answer : (c) [< TOP >](#)
- Reason: The suppliers whose products and services are essential but not crucial for success are Suppliers of non-strategic products. So option (c) is answer.
8. Answer : (e) [< TOP >](#)
- Reason: The reasons the companies switched to virtual private networks are VPNs are they are more cost effective, It offers better security and it is easy to set up and maintain. So option (e) is answer.
9. Answer : (a) [< TOP >](#)
- Reason: Organizational feasibility relates to the acceptability of e-business case in an organization. So option (a) is answer.
10. Answer : (b) [< TOP >](#)
- Reason : While internet can be accessed by everyone, extranet can be accessed only by selected people outside the organization like business partners. They also provide secure environment for conducting transactions. So Extranets connects organizations with its suppliers, vendors, partners and customers through a telecommunication system using internet protocols but also cost may outweigh its benefits because it requires deployment of costly web servers, security systems, legacy systems, integration, support and maintenance. Intranet is a combination of networks within an enterprise.
- Virtual LANs (VLAN) are an extension of LANs configured with help of management software.
- WAN is a computer network spread over a wide geographical area consisting of two or more LANs.
- So option (b) is the correct option.
11. Answer : (d) [< TOP >](#)
- Reason: Consolidated Integration Platform (CIP) integrates Enterprise Application Integration (EAI) and Enterprise Information Portal (EIP) into a unified platform. So (d) is the correct option.
12. Answer : (d) [< TOP >](#)
- Reason : Whenever a new e-mail is received by users, they are notified about it on their mobile phones through GPRS. So e-mail provides alerts mechanism for this purpose. So option (d) is the answer.
13. Answer : (e) [< TOP >](#)
- Reason : Secure Electronic Transaction (SET) standard was developed with the help of GTE, IBM,

Netscape and Verizon. Intel was not involved in it. So option (e) is the answer.

14. Answer : (d) [< TOP >](#)
 Reason : The activities involved as a part of inbound logistics are Delivery appointment and Receiving goods whereas Messaging delivery status is a part of outbound logistics. So option (d) is the correct option.
15. Answer : (b) [< TOP >](#)
 Reason : Breakthrough projects are also known as radical projects. So option (b) is the answer.
16. Answer : (b) [< TOP >](#)
 Reason : Breakthroughs or radical projects are undertaken by companies that are trying to explore new markets or new business opportunities. So option (b) is the answer.
17. Answer : (e) [< TOP >](#)
 Reason : The key drivers of convergence are deregulation of markets and competitive imperatives. So option (e) is the answer.
18. Answer : (c) [< TOP >](#)
 Reason : The advantages of implementing ERP system in an organization are reduction in cycle time, lead time reduction, punctuality in shipment, enhanced customer satisfaction, improved supplier performance and flexibility and reduction in quality, cost etc. So option (c) is the answer.
19. Answer : (a) [< TOP >](#)
 Reason : The e-supply chain comprises five components, namely: supply chain replenishment, collaborative planning, collaborative product development, e-procurement and e-logistics. Each of these components plays a significant role in the success of the supply chain. So option (a) is answer.
20. Answer : (b) [< TOP >](#)
 Reason: The unique characteristic of the make-to-stock model is that companies do not wait for the customers to place orders. Remaining statements I and III are true regarding integrated make-to-stock model of supply chain management. So option (b) is answer.
21. Answer : (d) [< TOP >](#)
 Reason: There are millions of configurations possible for a computer, and a customer may select any one of them. There are two ways that a company can meet the customer demand. It can invest a huge sum of money and manufacture all types of models. Major companies like IBM, Compaq and Acer do this in the manufacture of PCs. Another strategy might be to develop a responsive and integrated supply chain. As soon as a customer places an order and specifies the configuration, all the requirements of processors, hard disks and other peripherals are known to the suppliers and the schedule is also made available to them, they supply the materials on the required dates. This strategy is called build-to-order and is adopted by companies such as Dell Computers. So option (d) is answer.
22. Answer : (c) [< TOP >](#)
 Reason: Aggregate inventory planning, Capacity planning, Forecasting comes under Replenishment process. Allocate inventory prioritize orders activity comes under production process. So option (c) is answer.
23. Answer : (b) [< TOP >](#)
 Reason: Intelligent supply chain keep fine-tuning the weak links on the basis of changing market conditions to get competitive advantage. So option (b) is the answer.
24. Answer : (a) [< TOP >](#)
 Reason: Statement I is false, remaining statements are true about big bang approach. Most organizations prefer phased implementation because the risks can be more easily controlled in this approach. So option (a) is the answer.
25. Answer : (d) [< TOP >](#)
 Reason: The process (control) view integrates all the three views. By adopting the process view, the management can develop an architecture specifying all the functional modules required in an ERP package. So option (d) is answer.
26. Answer : (e) [< TOP >](#)
 Reason: Organizations, generally classify their suppliers into categories – certified, approved and

probationary. Most critical components are procured from certified suppliers while less critical and strategic materials are procured from approved and probationary suppliers. So option (e) is answer.

27. Answer : (b)

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Reason: Two types of approaches can be used to produce flexible products – the assemble-to-order approach and the engineer-to-order approach. The assemble-to-order approach offers only limited options and features to customers. The engineer-to-order approach enables organizations to configure from scratch the products that meet customer specifications and offer highly customized products. Big bang approach, Phased approach are approaches to ERP implementation. So option (b) is answer.

28. Answer : (d)

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Reason: Use-management tool: It schedules jobs, monitors events, data output, backup and recovery. It manages the applications when they are being accessed by users.

Service management tools: These help the management monitor the performance of various ERP applications. These tools need to be powerful as they have to analyze thousands of transactions that occur simultaneously in an ERP system.

System administration tool: It manages the network and systems for ERP. It manages inventory and assets, configures software, modifies applications when needed, and distributes software.

So option (d) is answer.

29. Answer : (d)

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Reason: Organizations can build customer loyalty by personalizing and customizing their products/services to meet customer requirements. Personalization can be achieved by e-CRM tools like inference based and rules based software. Inference based software is generally used for cross-selling. It tracks customer behavior and groups together customers who have similar behavior. Rules based personalization is used for selling specific products and services. The software keeps track of the products/services that an online visitor has browsed for. This would enable organization to offer customized products/services to the visitors. So option (d) is answer.

30. Answer: (b)

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Reason: Based on spending habits, customers can be classified into various types of loyalists. These include emotional loyalists, who have an emotional attachment with the brand, inert loyalists, who are not willing to take pains to shift to new products and deliberate loyalists, who select the best products. The emotional and inert loyalists are less likely to switch. So option (b) is answer.

Section B : Caselets

1. Some of the common errors that limit the success of database marketing in organizations are:

- **Relevance of database:** A database maybe used for different purposes by different business entities. Hence, the database design and data management are of prime importance. The cost of designing and setting up a database system is much lower than the cost of maintaining it. The database should contain only useful or relevant information. But identifying what data is relevant is a costly and complex task. The higher the level of uncertainty pertaining to the data, the greater will be the expenses. Hence, it is advisable to maintain data only for essential factors so that the costs are justified. For database marketing to be effective, it should be used in tandem with marketing programs.
- **The assumption that once the database has been set up, database marketing starts delivering results:** Setting up a database is just the starting point for database marketing. The real test of marketing skill lies in the successful application and use of databases. The database should be used effectively for providing better customer service.
- **Complex and Costly Data Warehouses:** One-to-one marketing helps in strengthening the organizations relationships with its customers. This requires the maintenance of a database by the company to store and use information about customers. Generally, a data warehouse - a central repository of data from different databases within the company is used for this purpose.
- **Excessive Targets:** Through its database marketing initiatives, an organization may witness an increase in sales in the short term. However, in the 'longer term, sales do not increase at the same rate. Hence, organizations should not set overambitious targets that cannot be accomplished, based on, the rise in sales in the short term.
- **Acceptance of database marketing initiative within the organization:** This is the most critical factor for the success of any database marketing initiative in an organization. Employees must be convinced of the benefits of database marketing for goals to be successfully met.
- **Absurd loyalty bonuses:** The goal of database marketing is to improve the frequency of purchases, strengthen customer relationships and increase customer share. Hence, offers and bonus schemes to the customers that boost up the sales temporarily are not relevant in the context of database marketing.
- **Indirect means of data collection:** Very often companies collect data about customers through indirect sources such as credit card companies and data services agencies, these actions may offend customers and hamper relations between customers and the company.

2. The factors that need to be looked at carefully before using a database for marketing are:

- **Purpose of Database:** The purpose of using the database and its role in the operations of the business should be identified clearly. This will help to recognize the benefits of using the database. The database should be designed to hold all the required customer data, and should anticipate additional information space that may be needed at a later stage. .
- **People Using the Database:** It is important to determine who is going to use the database since different departments have different data requirements. Is the database going to be used only by a particular department or several departments in the organization? Working this out will help in deciding what data is to be captured and stored in databases.
- **Usability and Reliability of Data:** The usability is the relevance of the data for different business requirements. Before collecting more data, the company should ascertain the usability and reliability of existing data. Reliability refers to the accuracy of the data.
- **Convenience for Users:** The database should also be convenient for end-users. Hence, it is important to decide how the data will be displayed, what queries will be frequently made, and so on. Generally, users prefer to get information in the form of reports either on screen or as printouts.
- **Expertise for setting up the Database:** Technical knowledge and expertise is required for setting up databases. Hence the company has to make a trade-off between the benefits and cost, and arrive at an implementation strategy. Either an in-house team or external consultants can be given the responsibility of setting up and managing the company's databases.
- **Application of database:** The benefits of database marketing through the effective use of information can be realized only if the database design enables optimal use of the database.

3. AT&T confronted several problems while implementing CRM projects related to cultural,

organizational related factors. To overcome these problems, the suggestions recommended to overcome such problems are as under:

- To overcome cultural resistance, decentralize decision making powers while implementing projects.
- Enhance customer experience for improved loyalty.
- Customer-centric companies maximize value by implementing insight directly into business processes to stimulate interest, close business, and satisfy a need for commitment to relationship.
- Optimize customer life cycle with 360 degree view of customer facing processes.
- Leverage customer data for differentiation to improve customer satisfaction, loyalty and performance.
- Provide competitive edge and to increase win-win situation, forecast problems accurately.
- Deliver dynamic, real-time offers based on customer behavior.
- CRM helps in handling the diverse working procedures uniformly.
- Increase customer loyalty by tailoring service levels.
- AT&T outsourced work throughout the company, including work within both Customer Services.
- The lack of incentive programs while implementing e-CRM could be an impediment to its success.
- Organizations must shift from a silo centric infrastructure that limits information sharing across divisions to a customer centric infrastructure. However, there could be resistance among organizations to discontinue old applications.

CRM closely integrates the front line operations with internal processes like product development, strategic planning and financial processes. The ultimate aim of e-CRM is to incorporate customer requirement in the production and service processes.

4. **SIEBEL** is a leading e-business applications service provider that enables organizations to improve their business processes and deliver superior customer service across multiple channels and product lines.

Siebel provides a family of multi channel applications that enable organizations to integrate customer information and make it easier to deal with customers across multiple channels including the web, call centers, resellers and dealer networks.

Siebel offers several other applications in various fields of areas such as:

Siebel Dotcom Applications: Companies can create and execute Internet-based marketing campaigns to identify and acquire new customers and develop customized products and offer services.

- Siebel E-Commerce
- Siebel E-Marketing
- Siebel E-Mail Response
- Siebel E-Briefings and E-Content Services
- **Siebel Call Center Applications:** Siebel Call Center Applications consists of various components such as:
 - Siebel Service
 - Siebel Call Center
 - Siebel Telesales
- **Siebel Field Sales and Service Applications:** This category includes the following components:
 - Siebel Sales
 - Siebel Field Service
 - Siebel e-Configurator
 - Siebel Incentive Compensation
 - Siebel Handheld, Voice and Wireless
- **Siebel Marketing Applications:** Siebel Marketing Applications enables organizations to target audiences effectively and measure, monitor a refine campaign performance to ensure optimal return on investment. It has various components.
 - Business Analysis and Planning

- Siebel Complete Campaign Management
- **Siebel Channel Applications:** Siebel Channel Applications provides a relationship management solution that supports the entire process of managing partners over the Web and it consists of following component.
 - Siebel E-Channel

5. **If I were to be in place of Marconi, the steps to be followed in developing a knowledge management framework are as follows:**

Identify the goals of the knowledge management project: While formulating goals, companies should ensure that these goals can be translated into action. These goals should also facilitate the use of newly discovered knowledge.

Determine where knowledge resides in the company: Knowledge is present everywhere, but it is difficult to identify and capture hidden knowledge. Tacit knowledge resides in the minds of the employees or in their relationship with external entities. When the knowledge is not tacit it resides in the databases and lies unused. This happens because knowledge in the database is either hidden or undervalued.

Determine what information the company needs to capture: Identifying is finding the information that is relevant to the organization. Knowledge analysts can help employees understand information needs. They can also help apply existing knowledge to processes and provide advice on how to improve business processes.

Collect, clean and prepare data: Companies must assimilate data from internal and external data sources and follow a standard structure for storing the data. Ratios and rolled up summaries can be generated using conversions. This step is very significant since it makes up for more than 70% of the total efforts required for knowledge management implementation. It will be relatively easier for companies to collect, clean and integrate data if they have a data warehouse in place.

Balance outward and inward data: Most often businesses focus on internal business processes. However, this is less relevant in today's changing business scenario. To function effectively companies should be alert in grasping information from external sources. The challenge is to collect and organize external data.

Develop new approaches to categorizing information: The latest trend in KM is categorizing information across business applications. This categorization should be relevant to the business operations. For example, IMS Health a health care data provider reorganized its intranet based on activities like recruiting, skill enhancements etc. This is a meaningful exercise as compared to revamping the organizational structure.

Learn how to mine data: This step entails building a model for selecting the data mining tool, transforming data, generating samples and testing and validating the model.

Validate the model: An independent data set should be used to test the model for data accuracy. Companies should run a pilot test to assess the sensitivity and usability of the model.

Deploy the model: The model should be used to predict and alter organizational behavior. Deployment may involve the installation of computers to capture data and generate real time predictions.

Monitor the model: Companies should monitor the model regularly so that it can be changed along with environmental changes. Changes in product, competition etc. should be incorporated in the model.

Measuring the ROI of knowledge management: Knowledge is subjective, hence quantifying knowledge is difficult. Some companies use software to quantify knowledge returns.

Knowledge capturing is an iterative process. It may sometimes involve the integration of data from several sources. At other times there may be need to disintegrate the data.

6. Knowledgebase is a centralized repository for information: a public library, a database of related information about a particular subject, and whatis.com could all be considered to be examples of knowledge bases. In relation to information technology (IT), a knowledgebase is a machine-readable resource for the dissemination of information, generally online or with the capacity to be put online. An integral component of knowledge management systems, a knowledge base is used to optimize information collection, organization, and retrieval for an organization, or for the general public. A well-organized knowledgebase can save an enterprise money by decreasing the amount of employee time spent trying to find information about - among myriad possibilities - tax laws or company policies and procedures. As a customer relationship management (CRM) tool, a knowledge base can give customers easy access to information that would otherwise require contact with an organization's staff; as a rule, this capacity should make the interaction simpler for both the customer and the organization. A number of software applications are available that allow users to create their own knowledge bases, either separately or as

part of another application, such as a CRM package.

Knowledgebase is the primary step in organization's transformation. Information, like the direction in which the industry is heading and how the customer expectations and preferences are changing, should be stored for future reference. For identifying the key opportunities that exist, the data has to be analyzed and segregated. It helps in the decision-making process. This involves generating a sequence of systems and trying to find answers to the business problem so that the company can formulate a strategy for the future. Tactics Online is more of a doorway for customers to come into our customer support organization. The data stored in Knowledgebase are specific troubleshooting tips and hints on our various product lines. From there, customers can access Knowledgebase or their service requests. As a result, agents now create technical solutions for customers in the most-efficient and logical-way possible instead of simply offering a "quick and dirty" solution. Agents also had to change the way they present the solutions to customers and provided a collaboration tool for employees and a library source for our customers. Agents also had to change the way they present the solutions to customers. So it helped provide a collaboration tool for employees and a library source for our customers. Knowledgebase helps in taking strategic decisions and strategy formulation, also helps in finding out ways in which the customers' tastes and preferences have changed and what needs to be done to enhance their experience. By implementing knowledgebase has changed the agents' roles. Agents stated more in-depth troubleshooting because they have more information available at their fingertips.

Section C: Applied Theory

7. **The fundamental properties of digital currencies are:**

- Monetary value
- Convenience
- Security
- Authentication
- Non-refutability
- Accessibility and Reliability
- Anonymity

Monetary value

Digital currency should have a value, which can be exchanged for other goods and services. Digital currency does not have an intrinsic value and therefore it has to be linked to another system of value. The most common is to be base the value of digital currency on bank deposits, credit or pre-payments using the real currency. As digital currency becomes more and more acceptable, the full functionality of a currency like exchangeability and transferability may be achieved.

Convenience

Digital currency should be convenient to use, store, access and transport. It should be scalable and interoperable and compatible with different platforms and operating systems.

Security

Digital currency should be very secure because they are more susceptible to theft. Some online Digital currency use encryption technology. Others use smart cards which store the Digital currency in tamper proof hardware. The smart card should withstand accidents and careless handling like washing etc.

Authentication

Digital currency is verified by authenticating the digital signatures of banks or payers attached to the digital currency or by contacting a trusted third party each time a transaction is made.

Accessibility and Reliability

Digital currency has the advantage over physical cash because it can be transported over a network conveniently. A person may have digital cash at his home PC and can access it through modern and telephone line from anywhere. As a network is used for payment, digital payment systems should be reliable and easy to access.

Anonymity

Unlike non-cash transactions, each transaction is anonymous. An anonymous payment system is required to hide customer purchasing pattern and other related information. The degree of anonymity can vary between digital currencies. Some systems can hide only payee information while others can hide bank's user identity. But in case of weak anonymity, user's identity can be traced. But anonymity in digital

currencies reduces transaction costs by eliminating third party verifications and prevents information from being exposed to third parties or merchants, which may be used for price discrimination against consumers/users.

8. a. Impact of M-Business in the Retailing Industry

M-business has brought significant improvements in supply chain efficiency for the retailing industry. Consumer-focused companies in the industry have taken steps to use wireless technology to interact with customers and make efforts to reduce cycle time and costs. As consumers begin to adopt wireless applications, three stages of development will evolve in the retailing industry. The first stage will witness an improvement in communication between the organization and its employees, suppliers and customers. In the second stage, the business model will be revamped using the new data acquired from consumers. The final stage, which is still to evolve, is likely to transform the entire industry, by processing previously untapped data and changing the rules of competition. Wireless technology has enhanced existing business processes by enabling faster and simple communication. For example, Sears Roebuck has provided hand-held devices connected to the Local Area Network (LAN) to its sales force. This enables the sales force to check and change prices, check inventory and even receive prints of price lists. The benefits to the retailing companies include better customer service, better pricing of products and streamlining of internal operations. The second stage will have a stronger impact than the first wave, since businesses will revamp their business processes. For example, NTT DoCoMo in Japan had entered into partnership with vending machine manufacturers to provide wireless capabilities. Apart from information transmission, the wireless facility also facilitates inventory checking and handling of maintenance problems. The results are encouraging with a 70% increase in profits per machine.

b. Impact of M-Business in the Tourism Industry

Intense global competition has made certain factors important in the travel and tourism industry. The factors are: the satisfaction derived by demanding customers, the building of brand loyalty, price transparency and the handling of fragmented channels. Mobile devices have become an effective tool to link customers and companies in the tourism industry. Since mobile devices are not usually shared, it is easy to establish the identity of the user. The authentication process can also be improved. For example, FinnAir was a pioneer in introducing Wireless Application Protocol (WAP) enabled services to its customers. Customers could check for availability of seats, and make bookings and payments via the mobile phone. Mobile technologies will have a major impact on the entire value chain of the tourism industry. The role of travel agents will also change. They will now become specialized travel providers who will help customers in their decision process. The use of the wireless Internet in the tourism industry raises few basic questions. They are:

- What information can be made available through mobile devices and what are the customers' information requirements?
- What information can be forwarded to customers and what information can be obtained from them?
- Is checking of inquiry status easy?
- Are customer support executives easily accessible?
- Is there consistency in the use of websites, call centers and other customer contact points so that the latest information is available?

The wireless revolution will revamp the travel industry. Companies will develop strategies that will help leverage the opportunities opened up by mobile technologies.

Companies in the tourism industry need to adopt a customer-focused approach, involving customer segmentation and analysis of customer base. This approach will help in prioritizing customers according to their value to the company. Then the company can develop plans for each customer segment. By enabling electronic interaction, companies will be able to capture customer-related information every time there is interaction between the company and customers, and also retrieve information and conduct data mining. Data mining helps in the segmentation and evaluation of customers. By following these steps, companies can decide what type of information the customer would wish to receive.

c. Impact of M-Business in the Automotive Industry

M-business will have a significant impact on the automotive industry. Car manufacturers can transform themselves into mobility service providers. Two major trends relating to m-business in the automobile industry are evident - mobility services, and convenient and secure in-car devices.

Car companies can now leverage their brand, and offer data services on various mobile devices thus establishing a direct link with the customers. Mobile devices offer mobility services in combination with personal information tools. As far as in-car services are concerned, the question is whether customers will prefer in-car console devices or mobile devices. The mobile devices will be a distraction to the driver rather than being a utility. Hence, consoles that are connected to vehicle sensors and switches, and possess bi-directional communication capabilities will be preferred. Most importantly, these in-car devices must be safe and convenient for the drivers.

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