

PCC+IPCC – MAY 10

PAPER-1

PAPER – 6 : INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

Section A: Information Technology

Attempt all questions.

1)

a) Describe briefly the following terms :

- i) Virtual memory
- ii) Server
- iii) Mirror log
- iv) Site blocking
- v) Electronic purse

5x1=5marks

b) Explain each of the following :

- i) Encryption
- ii) AGP slot
- iii) Flash memory
- iv) ASCII
- v) Live Backup

5x1=5marks

2) Answer the following :

- a) Explain the various functions performed by database administrator. 4marks
- b) What is expert system ? explain with it's components and advantages. 6marks

3)

- a) Describe the primary components of an Intrusion Detection System (IDS). 5marks
- b) Define Business Continuity Planning .[BCP].What are the components of BCP. 5marks

4)

- a) Draw a flow chart to compute and print Income-tax, Surcharge and Education cess on the income of a person, where income is to be read from terminal and tax is to be calculated as per the following rates: 10 marks

Slab	Rate (Rs.)
(i) 1 to 1,00,000	No tax
(ii) 1,00,001 to 1,50,000	@ 10% of amount above 1,00,000
(iii) 1,50,001 to 2,50,000	Rs. 5,000 + 20% of amount above 1,50,000
(iv) 2,50,001 onwards	Rs. 25,000 + 30% of amount above 2,50,000

Surcharge @ 10% on the amount of total tax, if the income of a person exceeds Rs. 10,00,000 and Education cess 2% on the total tax.

5)

- a) What is Supply Chain management [SCM]? What problems are faced by it? 5marks
- b) Explain 3-tier architecture with its advantages.- 5marks

SECTION – B
Attempt **all** questions.

- 6) State with reasons which of the following statements is correct or incorrect :
- a) Liquidation is the last resort option for a business organisation.
 - b) A core competence is a unique strength of an organization which may not be shared by others.
 - c) Diversification can bring synergistic gains.
 - d) Reengineering involves slow and gradual improvement in the existing work processes that occur over a period of time.
 - e) SWOT analysis merely examines external environment of an organization.
- 5x1=5marks
- 7)
- a) Define augmented marketing. 2marks
 - b) What do you understand by key success factors ? 3marks
 - c) What is benchmarking? 2marks
- 8)
- a) Explain and discuss the concept of value chain analysis. 6marks
 - b) What is turn around management ? Explain various stages in its implementation. 6marks
- 9)
- a) Discuss ansoff's matrix. 6marks
- 10) Civil Aviation Brain Technologies Ltd (CABT) is a software development company supporting requirement of aviation sector. The company was established more than a decade ago by Rohit Kapoor having experience of working in Silicon Valley. His entrepreneurial desires brought him back to India to promote this company. Started then with a paltry capital of Rs. 3 lakhs, the company, at present, enjoys a valuation of more than 18 crores. Almost everybody acknowledged the competency of CABT in developing customised software for the sector. The high growth of the company was mainly on account of the heavy inflows of the capital in the sector from various rich business houses that have diversified into aviation. However, CABT saw stagnation in last three years. The order position was dwindling. The margins were also reducing. Last one year was particularly bad for the CABT and its annual sales reduced by 15 % for the first time since its inception. Most of the business houses that had entered in the aviation sector, had little prior experience in the industry. However, their desire to diversify and seeing opportunity in the newly opened sector prompted them to invest heavily into the sector. However, things did not turn out to be as expected. The tough competition between several players, reduction in the fare by railways and high prices of aviation fuel created problems for the industry. The sector was not able to generate reasonable profits thus resulting difficulty in maintaining operations. They were in need for hard to come by capital. Lately, the sector is witnessing some consolidation with companies planning for mergers or even contemplating closures .The general global recession also resulted in the reduction of travel expenditure of corporates resulting in decrease in the order position of CABT.
- (a) Discuss the nature of diversification by the business houses entering into aviation sector. 4marks
 - (b) Discuss the importance of remaining in the area of expertise for the business houses. 4marks
 - (c) What went wrong in the aviation sector 4marks

- (d) Is it appropriate for CABT to remain in the software development for aviation sector alone? 4marks
- (e) What are the options available for Rohit Kapoor? 4marks

SUGGESTED ANSWERS/HINTS

SECTION-A

- 1)
- a) Describe briefly the following terms :
- i) Virtual memory- ch1 unit3
 - ii) Server-ch1unit1
 - iii) Mirror log-ch2
 - iv) Site blocking -ch4
 - v) Electronic purse-ch4
- 5x1=5marks
- b) Explain each of the following :
- i) Encryption-ch4
 - ii) AGP slot-ch1unit1
 - iii) Flash memory-ch1unit1
 - iv) ASCII-ch2
 - v) Live Backup-ch2
- 5x1=5marks
- 2) Answer the following :
- a) Explain the various functions performed by database administrator.-ch2 4marks
- b) What is expert system ? explain with it's components and advantages.-ch1unit3
6marks
- 3)
- a) Describe the primary components of an Intrusion Detection System (IDS).-ch3
5marks
- b) Define Business Continuity Planning .[BCP].What are the components of BCP.-ch3
5marks
- 4)
- a) Draw a flow chart - refer module
- 5)
- a) What is Supply Chain management [SCM]? What problems are faced by it?-
ch3 5marks
- b) Explain 3-tier architecture with its advantages.-ch3 5marks

😊 AaLL the best 😊

SECTION-B

- 6) State with reasons which of the following statements is correct or incorrect :
- a) Liquidation is the last resort option for a business organisation.

Correct: Liquidation as a form of retrenchment strategy is considered as the most extreme and unattractive. It involves closing down a firm and selling its assets. It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities a firm could pursue, and the stigma of failure. The company management, government, banks and financial institutions, trade unions, suppliers, creditors, and other agencies are extremely reluctant to take a decision, or ask, for liquidation.

- b) A core competence is a unique strength of an organization which may not be shared by others.

Correct: A core competence is a unique strength of an organization which may not be shared by others. If business is organized on the basis of core competence, it is likely to generate competitive advantage. A core competence provides potential access to a wide variety of markets. Core competencies should be such that it is difficult for competitors to imitate them.

- c) Diversification can bring synergistic gains.

Correct: Diversification can have synergistic advantage. It may be possible to improve the sales and profits of existing products by adding suitably related or new products, because of linkages in technology and/or in markets. Diversification can also utilise existing facilities and capabilities in a more effective and efficient manner.

- d) Reengineering involves slow and gradual improvement in the existing work processes that occur over a period of time.

Incorrect: Reengineering does not involve slow and gradual improvement in the existing work processes. It is a revolutionary approach towards radical and total redesigning of the business processes.

- e) SWOT analysis merely examines external environment of an organization.

Incorrect: SWOT analysis presents the information about both external and internal environment in structured form to compare external opportunities and threats with internal strengths and weaknesses. This helps in matching external and internal environments so that strategic decision makers in an organisation can come out with suitable strategies by identifying patterns of relationship and develop suitable strategies.

5x1=5marks

7)

- a) Define augmented marketing.-ch5 2marks
 b) What do you understand by key success factors ?-ch3 3marks
 c) What is benchmarking?-ch7 2marks

8)

- a) Explain and discuss the concept of value chain analysis.-ch6 6marks
 b) What is turn around management ?Explain various stages in its implementation.-ch4
 answer is as follows : Turnaround Management is the formulation and implementation of a strategic plan and a set of actions aimed towards corporate renewal and restructuring, during times of severe corporate financial distress. Rising

competition, business cycles and economic volatility have created a climate where no business can take viability for granted. Turnaround strategy is a highly targeted effort to return an organization to profitability and increase positive cash flows to a sufficient level. Organizations those have faced a significant crisis that has negatively affected operations require turnaround strategy. Turnaround strategy is used when both threats and weaknesses adversely affect the health of an organization so much that its basic survival is a question. When organization is facing both internal and external pressures making things difficult then it has to find something which is entirely new, innovative and different. Being organization's first objective is to survive and then grow in the market; turnaround strategy is used when organization's survival is under threat. Once turnaround is successful the organization may turn to focus on growth.

Action plan for turnaround strategy

- (i) *Assessment of current problems:* The first step is to assess the current problems and get to the root causes and the extent of damage the problem has caused. Once the problems are identified, the resources should be focused toward those areas essential to efficiently work on correcting and repairing any immediate issues.
- (ii) *Analyze the situation and develop a strategic plan:* Before you make any major changes; determine the chances of the business's survival. Identify appropriate strategies and develop a preliminary action plan. For this one should look for the viable core businesses, adequate bridge financing and available organizational resources. Analyze the strengths and weaknesses in the areas of competitive position. Once major problems and opportunities are identified, develop a strategic plan with specific goals and detailed functional actions.
- (iii) *Implementing an emergency action plan:* If the organization is in a critical stage, an appropriate action plan must be developed to stop the bleeding and enable the organization to survive. The plan typically includes human resource, financial, marketing and operations actions to restructure debts, improve working capital, reduce costs, improve budgeting practices, prune product lines and accelerate high potential products. A positive operating cash flow must be established as quickly as possible and enough funds to implement the turnaround strategies must be raised.
- (iv) *Restructuring the business:* The financial state of the organization's core business is particularly important. If the core business is irreparably damaged, then the outlook for the entire organization may be bleak. Prepare cash forecasts, analyze assets and debts, review profits and analyze other key financial functions to position the organization for rapid improvement.

During the turnaround, the "product mix" may be changed, requiring the organization to do some repositioning. Core products neglected over time may require immediate attention to remain competitive. Some facilities might be closed; the organization may even withdraw from certain markets to make organization leaner or target its products toward a different niche.

The "people mix" is another important ingredient in the organization's competitive effectiveness. Reward and compensation systems that encourage dedication and creativity encourage employees to think profits and return on investments.

(v) *Returning to normal*: In the final stage of turnaround strategy process, the organization should begin to show signs of profitability, return on investments and enhancing economic value-added. Emphasis is placed on a number of strategic efforts such as carefully adding new products and improving customer service, creating alliances with other organizations, increasing the market share, etc.

6marks

9) Discuss ansoff's matrix.- ch3

6marks

10) This case is for your practice. Remember, there is no rigid solution to a case problem. You can arrive at your own solutions. The opinions differ and your approach will also be different. However, you must offer supporting evidence for your views and judgments. For answering the questions, you should draw inferences from theoretical concepts of strategic management and integrate them. You should not rely upon unsupported opinions and over generalizations and clearly demonstrate that your interpretations are reasonable, logical and objective

😊 GOOD LUCK 😊

