Seat No.: _____ Enrolment No.______

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA Sem-I Examination January 2010

Subject code: 810003 **Subject Name: Management Information System**
Date: 22 / 01 / 2010 **Time: 12. 00 – 2.30 pm**
Total Marks: 70

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1 **Read the case given below and answer the questions:**

AMAZON.COM: AN INTERNET GIANT FINE-TUNES ITS STRATEGY

Amazon.com made Internet history as one of the first large-scale retail companies to sell over the Web: in 2004 it hit $4 billion in online revenues, and by 2006 its sales guidance estimates $10 billion in revenue. It has grown to become one of the largest Internet retailers on earth. But the real significance of Amazon for this chapter is Amazon's continuous innovation in business strategy and information systems. In fact, the two are closely connected at Amazon: its business innovations are all driven by huge investments in information systems.

In 1995, former investment banker Jeff Bezos took advantage of new business opportunities created by the Internet by setting up a Web site to sell books directly to customers online. There were three million titles in print, and any one physical bookstore could only stock a fraction of them. A "virtual" bookstore offers a much larger selection of titles. Bezos believed consumers did not need to actually "touch and feel" a book before buying it, and Amazon.com provided online synopses, tables of contents, and reviews to help with selection. Amazon.com was able to charge lower prices than physical bookstores because it maintained very little of its own inventory (relying instead on distributors) and did not have to pay for maintaining physical storefronts or a large retail sales staff.

Amazon tried to provide superior customer service through e-mail and telephone customer support, automated order confirmation, online tracking and shipping information, and the ability to pay for purchases with a single click of the mouse using credit card and personal information a customer had provided during a previous purchase. This was called "1-Click" express shopping, and it made the shopping experience even more convenient.

In 1998, Amazon started selling music, CDs, videos, and DVDs, revising its business strategy "to become the best place to buy, find, and discover any product or service available online"—the online Wal-Mart. Its offerings grew to include electronics, toys, home improvement products, video games, apparel, gourmet food, travel services, personal care, and jewelry. It also introduced Amazon.com

Auctions (similar to those offered by eBay), and eShops (online storefronts for small retailers). To service these new product lines, Amazon significantly expanded its warehouse and distribution capabilities and hired large numbers of employees. These moves strained its ability to adhere to its original vision of being a "virtual" retailer with lean inventories, low head count, and significant cost savings over traditional bookstores.

In 2001 and 2002, Amazon tried to increase revenue by cutting prices, offering free shipping, and leveraging its technology infrastructure to provide e-commerce services to other businesses. Amazon's Merchants and Amazon Marketplace allow other businesses to fully integrate their Web sites into Amazon's site to sell their branded goods using Amazon's fulfillment and payment systems. Nordstrom, The Gap, and Target stores use Amazon to sell their goods and then pay Amazon commissions and fees. In the Amazon Marketplace program, individuals are encouraged to sell their used or new goods on Amazon's Web site even when they compete directly with Amazon's sales of the same goods. Sales by third parties now represent 25 percent of Amazon's revenues.

Amazon refined its business model further to focus more on efficient operations while maintaining a steady commitment to keeping its 49 million customers satisfied. In early 2001, Amazon closed two of its eight warehouses, laid off 15 percent of its workforce, and consolidated orders from around the country prior to shipping to reduce shipping costs. *Amazon* used six sigma quality measures to reduce errors in fulfillment. These measures reduced fulfillment costs from 15 percent of revenue in 2000 to 10 percent by 2003.

Amazon finally became profitable in 2003 and remains an online retailing powerhouse growing at over 60 percent a year! It continues to innovate with IT-enabled services: free unlimited two-day shipping for $79 a year (Amazon Prime). Amazon entered the dry goods grocery business in 2006. These innovations increased its costs and reduced its profits, much to the disappointment of the stock market, which has depressed Amazon's stock from a high of $100 in 2000 down to the mid $20 range in 2006.

But Amazon faces powerful online retail competitors such as eBay and Yahoo! who also are very adept at using information systems to develop new products and services. Google is emerging as a competitor because so many consumers use its search engine—six billion searches are performed each month at Google—and in the process are exposed to search engine ads. Google is expanding into other shopping services: Google Base offers free classified listings of goods for sale and Google Checkout provides an online service that stores users' financial information to facilitate purchases from participating Internet vendors. Amazon is countering with new offerings, such as a digital mapping service with street-level photographs, a grocery store for non-perishable items sold in bulk, and selling short stories online for 49 cents apiece, along with additional expenditures to improve customer convenience and the shopping experience.

Recently, the company's profits have started to drop. The question is whether Amazon can turn its leadership in e-commerce into genuine long-term success.

Can Amazon keep adapting its strategy to remain profitable and powerful?

Sources: Mary Crane, "Child's Play? Amazon Takes On Toys," Forbes.com, July 5, 2006; "Amazon Adds Groceries To Its Site," The *Wall Street Journal,* June 15, 2006; Randall Stross, "Trying to Get a Read on Amazon's Books," *The New York Times,* February 12, 2006; Bob Tedeschi, "Making Several Stops at Shops Online, but Paying All at Google," *The New York Times,* July 17, 2006; *The New* Tori; *Times,* February 12, 2006; Gary Rivlin, "A Retail Revolution Turns 10," *The New York Times,* July 10, 2005; and Shaheen Pasha, "Amazon Has New Stories to Tell," *CNN Money,* August 22, 2005

	(a)	Analyze Amazon.com using the competitive forces and value chain models. How has it responded to pressures from its competitive environment? How does it provide value to its customers?	**07**
	(b)	Why did the company change its strategy? Do you think Amazon can continue to be successful? Explain your answer	**07**
Q.2	**(a)**	Define Networking. Discuss different forms of Networking with its characteristics, Also Elaborate how each one of them will provide value to business.	**07**
	(b)	What is Normalization? Explain the benefit of it in Database Designing.	**07**
		OR	
	(b)	Define Data mining and discuss the role played by it in Managerial Decision Making.	**07**
Q.3		Enumerate and discuss various Internet Business Models for E-commerce. Distinguish between a pure-play internet business model and a click and mortar business model.	**14**
		OR	
Q.3		What are Knowledge Work Systems? What role do they play in Knowledge Management? What are the generic requirements of knowledge work systems?	**14**
Q.4		Security isn't simply a technology issue, it's a business issue. Discuss.	**14**
		OR	
Q.4		Should companies be responsible for unemployment caused by their Information System? Why or Why Not?	**14**
		OR	
Q.4		"Knowledge increases exponentially," is a phrase with which we are all familiar. How does this concept apply to electronic business and the emergence of the digital firm? Support your contentions.	**14**
Q.5		Discuss major factors to be considered in building International Information System. Also Discuss main Technical issues faced by Information System.	**14**
		OR	
Q.5		What is Business Process Re-engineering? What steps are required to make it effective? How does it differ from Business Process Management?	**14**

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