THE OPEN UNIVERSITY OF SRI LANKA
FACULTY OF ENGINEERING TECHNOLOGY
MASTER OF TECHNOLOGY IN INDUSTRIAL ENGINEERING – LEVEL07
FINAL EXAMINATION – 2005/2006
MEX 7123/MEP2107 – ENGINEERING MANAGEMENT INFORMATION
SYSTEMS AND DECISION MAKING

DATE : *16 May 2006*
TIME **:** *1330 hrs – 1630 hrs*
DURATION : *Three (03) hours*

This paper consists of six (06) questions. Answer Question No.1 and Three (03) others.

Q1. Case Study- Intuit Corporation : Strategic Transitioning to Web Commerce

The 900 employees assembled in August 1997 under a tent at Intuit's Mountain View, California headquarters were worried. Ever since Microsoft's offer to buy Intuit fell apart in 1995, Intuit had seemed to drift. Beside facing pressure from Money, Microsoft's Competitor to Quicken, Intuit had struggled to develop a strategy that embraced the Internet, Intuit's stock price had dropped as low as $22, down from a 1995 high of $87.

Now, finally, the company was set to launch a major Internet initiative. But many people in the tent wondered how Intuit, which pioneered PC finance and tax software (Quicken, Turbo Tax), could possibly make money in the speculative realm of cyberspace.

Intuit's World Wide Web initiative is now well under way. Its Web site, Quicken.com, is an all-in-one personal finances site that offers everything from investment tools to mortgage rates, and even mortgages themselves. Consumers using the Quicken '98 desktop program can make most of the software by downloading data from Quicken.com. By March 1998, Quicken.com had more than 60 million page views, up 25 percent in just one month.

To further ensure that no Web surfer misses its offerings, Intuit paid $70 million to AOL and Excite to secure an exclusive long term presence in their personal finance areas. Says Larry Marcus, an analyst at BT Alex, Brown. "This company gets the highest marks for transitioning from a retail software company into an Internet-based company".

But can it make money? Besides the AOL and Excite deals, Intuit has spent big bucks setting up a 140-person team of producers and editors creating Web pages, engineers running Web servers, and salespeople selling Web advertising. The company is mum on how quickly online revenues are growing, except to say that at the moment they account for less than 5 percent of Intuit's 1997 revenues of $599 million.

Much of that 5 percent comes from selling advertising, but the company also has deals with insurance companies, brokers, and mortgage providers in which Intuit earns a small cut of any sales to Quicken.com users.

Wall Street seems encouraged. The stock price is back up to nearly $50, largely driven by the samle logic behind the mile-high valuations of companies like Yahoo!. One day the Web is going to be big, real big.

A year ago many Intuit employees doubted that proposition. Resignations were higher than ever. Many who left did not believe Intuit would make money selling advertising on the Web, the main source of revenue for most online businesses. Others scorned the slapdash, here-today-gone-tomorrow nature of Web programming, which stands in sharp contrast to the rigorous product planning that is Intuit's greatest strength. "The transition's been much harder than I expected," says CEO Scott Cook, who spent most of his time last year working on the Web strategy and pitching the idea to employees.

Intuit has always seen itself as a "collection of entrepreneurs", says Cook. "To succeed, you need people who have a whole bunch of passion, and you can't just order someone to be passionate about a business direction". So Cook involved as many employees as possible in designing the new strategy-eventually recruiting 70 staffers, or 10 percent of headquarters staff. Six months of deliberations were sometimes chaotic, but once the team settled on a Net strategy, its members became invaluable evangelists for co-workers.

Then Brooks Fisher, who joined Intuit from Info seek, a search-engine company, was given just four months to create a new Quicken.com. His team saw its work up and running in test mode a week before the site's actual launch-exemplary by the Web's standards, but horrifying by the yardstick of a software company.

Many at Intuit still doubted that advertising and services on the Web would ever become a real business. As Silicon Valley veterans, they had a healthy sense of doubt regarding all the hype from venture capitalists about billions of advertising dollars coming to the Web. "There was a real lack of confidence that there was any way for us to make money and pay salaries in the world of the Net," says Cook.

Advertising is still far from proven, but with Intuit's stock price more than double what it was a year ago, Cook says he believes the issue is settled in the minds of most, employees-for now.

    i.   Why is Intuit "transitioning from a retail software company to an Internet based company"?   (15 marks)

    ii.   Why was employee resistance Intuit's greatest challenge in making this transition? How did Intuit meet this challenge?   (15 marks)

    iii.   What are the costs and risks of Intuit's strategy?   (10 Marks)

Q2.

    a.   Explain what is meant by " Organization" in the context of information systems.   (10 marks)

    b.   Describe three (03) eras of developments of organizational IT.   (5 marks)

    c.   Explain the challenges of IT management in the organizational context.

    (5 marks)

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Q3.

    a. Define E-commerce and distinguish it from E-business.   (10 marks)

    b. Briefly discuss organizational, societal and consumer benefits of
       E-commerce.   (5 marks)

    c. What are the risks associated with IS/IT security?   (5 marks)

Q4. "A close examination of Information Systems Development practices in organizations in Sri Lanka reveals that they are not evolved around the expected requirements of organizations." Critically comment on the above statement in the light of following factors;

        - Impact on organizations in a new economy
        - IT as a strategic resource applications
        - Delivery of services

                                   (20 marks)

Q5. A reputed company has a web site advertising their training courses . The site allows prospective students to view contents of courses and make bookings on-line. Further, pages provide general information about the other companies. They are concerned about the reliability of their Internet provider and they are also worried that their site does not appear high enough on the lists provided by search engines. Their final problem concerns the time it takes to access and update their site. They currently use a conventional telephone line but they have been told that an ADSL line would bring greater speed and reliability.

Explain the following:

    a. Meaning of the term " page."   (5 marks)
    b. Role of an Internet Service Provider.   (5 marks)
    c. Meaning and significance of a search engine.   (5 marks)
    d. Significance of an ADSL line.   (5 marks)

Q6.

    a. It is conventionally assumed that there are three levels in an organization at Which decision-making takes place? Identify the three levels and describe the characteristics of information systems that can be used to help in decision-making.   (12 marks)

    b. Describe Artificial Intelligence and compare it with natural intelligence.
                                        (8 marks)

END