EXAM EBUSINESS INNOVATION Dec 21, 2004, 13.30-16.30

Instructions: *This is a closed book exam – it is not allowed to consult any material – physical or electronic. Be sure to switch mobile phones off and store them in a closed bag. Be sure to indicate name and student number on each sheet. Grade for the exam is Sumof Points / 10). Concise yet complete answers are better than long-winded answers. You may answer in English on in Dutch. Success!!*

Question 1 (30 points)

Porter claims in his article (HBR March/June articles & Syllabus eBusiness Innovation) that standardization of products as required for e-business undermines overall profits for an industry.

a) Give an argumentation showing that standardization of products (as referred to by Porter) *does* undermine overall profits for an industry. (15 points)

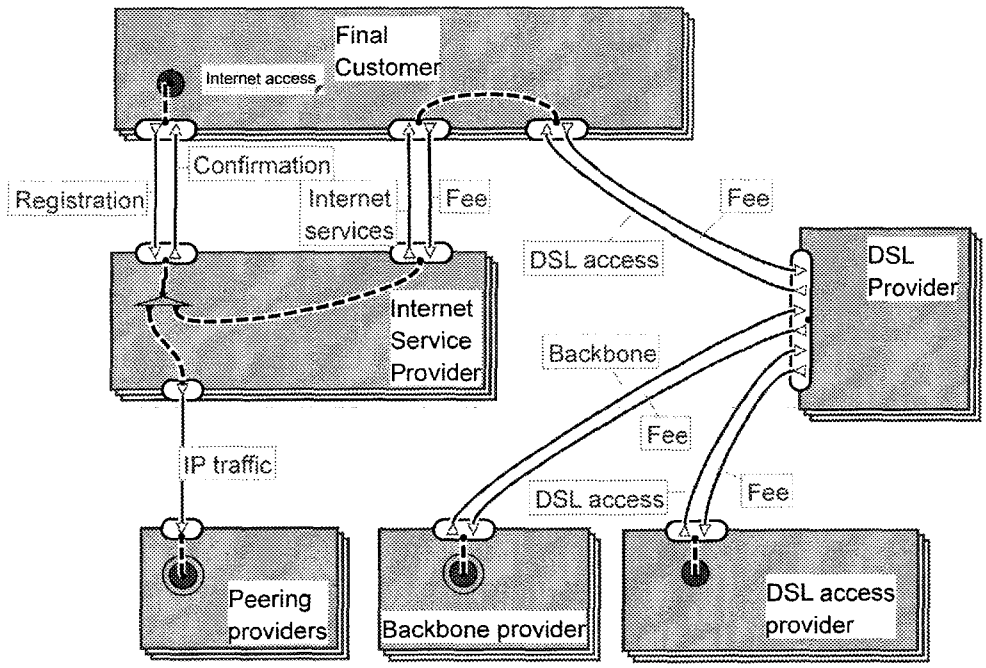
b) Give an argumentation showing that standardization (as referred to by Porter) does *not* undermine competitive advantage for an enterprise. (Hint: you can use the reaction of David Ticoll as a starting point) (15 points)

Question 2 (35 points)

a) Consider the following text and the corresponding e^3*value* diagram. Which mistakes are in the diagram, given the textual description? (15 points)

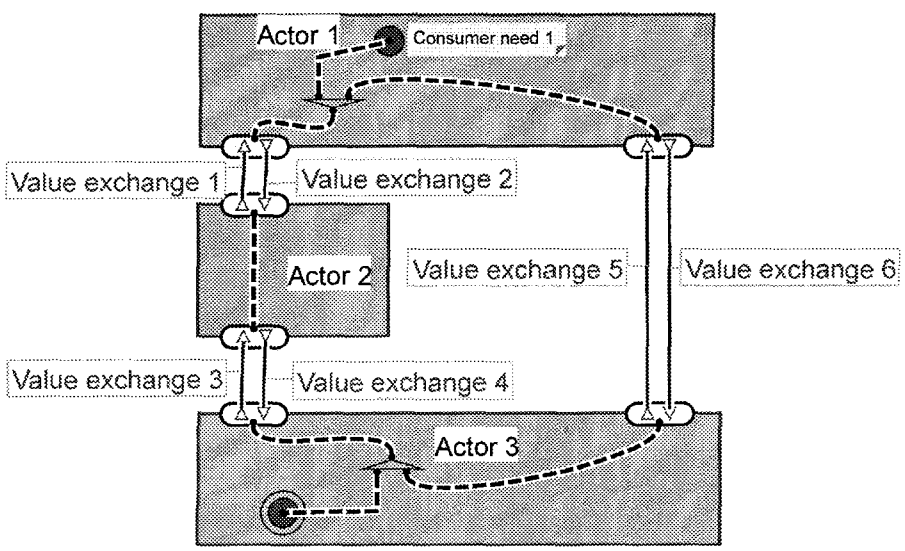
Text: Customers want to surf on the Internet. To do so, they register themselves at an Internet Service Provider (ISP). Additionally, they also use an xDSL provider to obtain physical access. Of course, a fee needs to be paid for the ISP services and the xDSL access. The ISP delivers the usual services such as surfing capability, email and web-hosting. Many times, the ISP has to deliver IP-traffic that is outside the scope of his own network. For this purpose, the ISP uses some peering-providers to deliver network traffic (the Internet consists of many interconnected networks managed by service providers; they use each other networks to deliver traffic). The DSL provider delivers DSL access, and for doing so s/he needs two parts. First, local DSL access is needed (from the home of the final customer to some point of presence of the DSL provider). Second, backbone capacity is needed to interconnect the various points of presences, the ISP and the peering providers.

Diagram:



b) Consider the following (abstract) *e³value* diagram. Argue why this diagram can not be valid. Note: it is not asked to improve the diagram; only to explain why the diagram can not be considered as a valid *e³value* diagram.

(Hint: Sometimes it helps to draw an illustrative case rather than an abstract example, so you may try to draw a diagram that looks the same as the one below, but now with meaningful names, to help you in finding what is wrong.) (10 points)



c) Explain the difference(s) between an *e³value* diagram and a diagram representing a value chain according to Porter. (10 points)

Question 3 (10 points)

In e-Business literature, often a distinction is made between authors that present various specific *types* of e-business models on the one hand; and authors that present *structures* to describe e-business models in general.

Summarize for each research stream (*types / taxonomies of e-business models* and *structures of e-business models*) the work of a representative researcher.

Question 4 (25 points)

a) During the e-business strategy construction process (Net Readiness) of Cisco Systems, two matrices are constructed. Explain those two matrices, by discussing the aspects in the matrices (13 points).

b) One of the keywords in Cisco's strategy making process is *innovation.*
   1. Describe the notion of innovation (6 points).
   2. Give an example of a product that can be currently be seen as innovative, and argue why you think it is innovative. The argumentation should relate to your interpretation of *innovation* in the previous question (6 points).